

(Securities Code: 3864)

June 10, 2022

To Our Shareholders with Voting Rights

Shigeharu Sanada
Representative Director
Mitsubishi Paper Mills Ltd.
2-10-14 Ryogoku, Sumida-ku, Tokyo, Japan

Notice of the 157th 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 157th Ordinary General Meeting of Shareholders of Mitsubishi Paper Mills Ltd. (hereinafter “MPM”). The meeting will be held for the purposes as described below.

You may exercise your voting rights in advance in writing or via the Internet in lieu of voting in person at the meeting. After reviewing the following reference documents for the general meeting of shareholders, please exercise your voting rights following the instructions below no later than 5:30 p.m. on Monday, June 27, 2022.

1. Date and Time: Tuesday, June 28, 2022 at 10 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, the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit and Supervisory Board for the 157th Business Term (from April 1, 2021 to March 31, 2022)
2. Non-Consolidated Financial Statements for the 157th Business Term (from April 1, 2021 to March 31, 2022)

Proposals to be resolved:

Proposal No. 1: Partial Amendment to the Articles of Incorporation

Proposal No. 2: Election of Eight (8) Directors

Proposal No. 3: Election of One (1) Substitute Audit & Supervisory Board Member

Proposal No. 4: Partial Amendments to the Response Policies on Large-Scale Purchases of MPM’s Shares (Takeover Defense Measures) and Continuance Thereof

- 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>).

Guidance on Exercising Voting Rights

1. If you attend the General Meeting of Shareholders

Please present the enclosed voting card at the reception desk upon your arrival.

Date and Time: Tuesday, June 28, 2022 at 10 a.m. Japan time (The reception desk is scheduled to open at 9 a.m.)

2. If you exercise voting rights in writing (by mail)

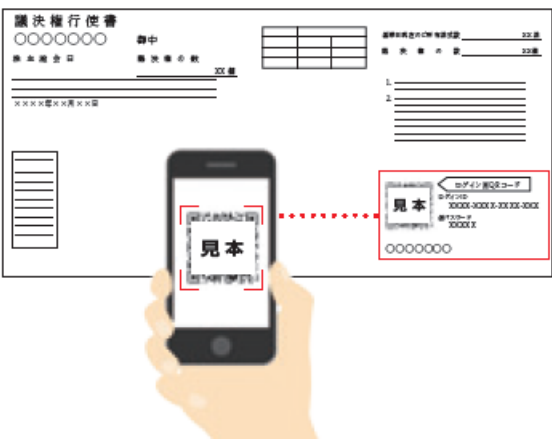

Please state whether you are for or against the agenda items on the enclosed Voting Rights Exercise Form and drop it into a post box.

Voting deadline: Please exercise your voting rights by 5:30 p.m. on Monday, June 27, 2022.

3. Exercising voting rights on the Internet

Please follow the instructions below and enter your approval or disapproval for the proposals.

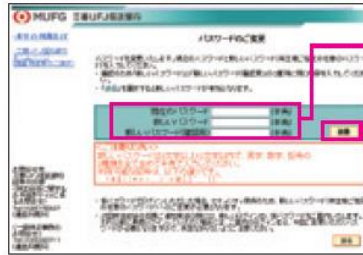
Voting deadline: Entries completed by 5:30 p.m., Monday, June 27, 2022

How to read a QR code	How to enter your login ID and temporary password
<p>You can log into the voting website without entering the login ID and temporary password written on the Voting Rights Exercise Form.</p>	<p>Voting website https://evote.tr.mufg.jp/</p>
<p>1. Please scan the QR code on the voting card.</p>  <p>* QR Code is the registered trademark of DENSO WAVE INCORPORATED.</p>	<p>1. Please access the voting website for PCs.</p> <p>2. Please enter the login ID and temporary password written on the Voting Rights Exercise Form and click submit.</p>  <p>Enter the login ID and temporary password</p> <p>Click "Login"</p>

2. Please follow the instructions on the screen to register whether you approve or disapprove of each proposal.



3. Register a new password.



Register a new password

Click "Submit"

You can log in using the QR code only once.
If you wish to exercise your voting rights again or exercise your voting rights without using the QR code, please see "How to enter your login ID and temporary password" on the right.

4. Please follow the instructions on the screen to register whether you approve or disapprove of each proposal.

- * Screen images are for illustrative purposes.
- For inquiries about operation procedure for exercising voting rights via the Internet using PCs and smartphones, please contact the inquiry desk below.
Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation (Helpdesk)
0120-173-027
(Toll free, Operating hours: 9:00-21:00)
- Institutional investors are permitted to use the platform for the electronic exercise of voting rights for institutional investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1:

Partial Amendment to the Articles of Incorporation

1. Reasons for the amendment

The amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No.70 of 2019) are due to come into effect on September 1, 2022. Accordingly, the Company proposes amending its Articles of Incorporation to prepare for adoption of a system for the electronic provision of materials for the General Meeting of Shareholders. Details are as follows.

- (1) Article 15, Paragraph 1 in the proposed amendments stipulates to the effect that the Company shall take the measure for electronic provision of materials with respect to information that constitutes the content of reference materials for the General Meeting of Shareholders.
- (2) Article 15-2 in the proposed amendments establishes provisions to limit the scope of matters to be stated in the document that will be issued to shareholders who requested the issuance of the document.
- (3) Since the provisions on Disclosure on the Internet and De Facto Provision of Shareholders' General Meeting Reference Documents, etc. (Article 15 of the current Articles of Incorporation) will no longer be necessary, the Company proposes deleting these provisions.
- (4) With the establishment and deletion of provisions described above, supplementary provisions on effective date, etc. shall be established.

2. Details of amendments

Details of the amendments are as follows.

(Underlined part indicates amendments)

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 15 (Internet-based Disclosure of Reference Data for General Meeting of Shareholders)</u></p> <p><u>In convening a General Meeting of Shareholders, the Company may deem to have supplied information about matters to be stated or indicated in reference-documents for the general meeting, business reports, financial statements and consolidated financial statements to shareholders, by disclosing the information via an Internet-used method in accordance with applicable ordinances.</u></p> <p style="text-align: center;">(New)</p>	<p style="text-align: center;">(Delete)</p> <p><u>Article 15 (Electronic Provision Measure, etc.)</u></p> <p><u>Upon convening a General Meeting of Shareholders, the Company shall take the electronic provision measure with respect to information that constitutes the content of reference materials for the meeting of shareholders, etc.</u></p> <p><u>2. The Company may omit all or part of information specified in the Ordinance of the Ministry of Justice and provided in an</u></p>

<p>(New)</p>	<p><u>electronic form from documents delivered to shareholders who have requested, before the record date of voting rights, paper-form documents.</u></p> <p><u>(Supplementary Provisions)</u></p> <p><u>1. The deletion of Article 15 on the current Articles of Incorporation (Disclosure on the Internet and De Facto Provision of Shareholders' General Meeting Reference Documents, etc.) and the new establishment of Article 15 in the proposed amendment (Electronic Provision Measure, etc.) shall take effect on the date of enforcement (hereinafter, the "Enforcement Date") of the amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No.70 of 2019).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 of the current Articles of Incorporation shall remain valid for any General Meeting of Shareholders the date of which is a date within six (6) months of the Enforcement Date.</u></p> <p><u>3. These Supplementary provisions shall be deleted on the date on which six (6) months have elapsed from the Enforcement Date or the date on which three (3) months have elapsed from the date of the General Meeting of Shareholders under the preceding paragraph, whichever is later.</u></p>
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Proposal No. 2: Election of Eight (8) Directors


The terms of the offices of all eight (8) Directors will expire as of the close of this Ordinary General Meeting of Shareholders. Consequently, we will propose that eight (8) Directors including three (3) 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	Ryuichi Kisaka	NEW APPOINTMENT	President and Executive Officer
2	Shigeharu Sanada	REAPPOINTMENT	Director and Senior Executive Vice President Nomination and Remuneration Committee Member
3	Nobuhiro Sato	REAPPOINTMENT	Director and Managing Executive Officer
4	Shigeji Matsuzawa	NEW APPOINTMENT	Managing Executive Officer
5	Kunio Suzuki	REAPPOINTMENT	Director and Advisor
6	Somitsu Takehara	REAPPOINTMENT Outside Independent	Outside Director Nomination and Remuneration Committee Member
7	Yoshihiro Kataoka	REAPPOINTMENT Outside Independent	Outside Director Nomination and Remuneration Committee Member
8	Kazunori Shinohara	NEW APPOINTMENT Outside Independent	


No. (Date of birth, etc.)	Name	
1	Ryuichi Kisaka	
	Number of shares of MPM held: 20,000 shares	
 <p>(May 21, 1956) age 66</p> <p><u>NEW APPOINTMENT</u> <u>CANDIDATE</u></p>	Profile and position in MPM	
	April 1982	Joined Kanzaki Paper Manufacturing Co., Ltd. (current Oji Holdings Corporation (hereinafter “Oji”))
	October 2012	President, Oji Imaging Media Co., Ltd. and Director, Oji Functional Materials Progressing Center Inc.
	June 2013	Corporate Officer, Oji, President, Oji Imaging Media Co., Ltd. and Director, Oji Functional Materials Progressing Center Inc.
	June 2015	Director of the Board and Executive Officer, Oji, Senior Managing Executive Officer, Oji Functional Materials Progressing Center Inc. and President, Oji Imaging Media Co., Ltd.
	April 2017	Director of the Board and Executive Officer, Oji, Deputy General Manager, Corporate Governance Division and Senior Managing Executive Officer, Oji Management Office Inc.
	April 2019	Director of the Board and Executive Officer, Oji and President, Oji Paper Co. Ltd.
	April 2020	Director of the Board and Executive Officer, Oji, General Manager, Corporate Governance Division and President, Oji Management Office Inc.
	June 2021	Advisor, Oji Holdings Corporation
	February 2022	Advisor, MPM
April 2022	President, Executive Officer, MPM (to present)	
	Reasons for nominating as a candidate for Director	
	Mr. Ryuichi Kisaka has a wealth of experience in corporate management in the paper and pulp industry as an Executive Officer of Oji and President of Oji Paper Co., Ltd. He is expected to demonstrate his superior management talent to enhance corporate value by directing the implementation of MPM’s new mid-term management plan from the next fiscal year and maximizing the effects of capital and business alliances with the Oji Group. He has thus been nominated as a candidate for Director.	

No. (Date of birth, etc.)	Name	Number of shares of MPM held: 1,500 shares Attendance of Board of Directors meetings 100% (14/14)
2	Shigeharu Sanada	
 <p>(July 1, 1967) age 54</p> <p><u>REAPPOINTMENT</u> <u>CANDIDATE</u></p>	Profile and position in MPM	
	<p>April 1990</p> <p>May 2016</p> <p>June 2016</p> <p>April 2020</p> <p>June 2020</p> <p>February 2022</p> <p>April 2022</p>	<p>Joined The Mitsubishi Bank Ltd. (current MUFG Bank Ltd. (hereinafter “MB”))</p> <p>General Manager, General Affairs Department, Mitsubishi UFJ Financial Group Inc.(hereinafter “MUFG”)</p> <p>General Manager, General Affairs Department, MB</p> <p>Executive Officer, General Manager, General Affairs Department, MUFG</p> <p>Executive Officer, General Manager, General Affairs Department, MB</p> <p>Executive Officer, Headquarters counselor, MB</p> <p>Director and Managing Executive Officer</p> <p>Director and Managing Executive Officer (Representative Director)</p> <p>Director and Senior Executive Vice President (Representative Director) (to present)</p> <p>(In charge of Corporate Planning Dept., Functional Materials Division, Research and Development Division, General Affairs & Personnel Dept., Legal Dept., Finance & Accounting Dept., Energy Business Dept., Technology & Environmental Dept., Shirakawa Office, Kitakami Division and German Operations Responsible for Raw Materials & Purchasing Dept. and Internal Audit Dept. Director responsible for Sustainability Promotion</p>
Reasons for nominating as a candidate for Director		
<p>Mr. Shigeharu Sanada has extensive experience in the execution of business at mega banks including his experience overseas and has in-depth knowledge of corporate management and a broad human network. He is expected to demonstrate his management talent to enhance the corporate value of MPM over the medium and long term by assisting the President, Executive Officer and strongly promoting the mid-term management plan and structural reforms. He has thus been nominated as a candidate for Director.</p>		

No. (Date of birth, etc.)	Name	Number of shares of MPM held: 4,500 shares Attendance of Board of Directors meetings 100% (14/14)
3	Nobuhiro Sato	
 (September 7, 1957) age 64 <u>REAPPOINTMENT</u> <u>CANDIDATE</u>	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 June 2020 Director and President of Mitsubishi Oji Paper Sales Co., Ltd. (to present) April 2022 Director and Managing Executive Officer, General Manager, Pulp and Paper Material Division (to present) (In charge of Pulp and Paper Material Division General Manager, Pulp and Paper Material 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 Pulp and Paper Material 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: 2,000 shares
4	Shigeji Matsuzawa	
 (February 14, 1961) age 61 <u>NEW APPOINTMENT</u> <u>CANDIDATE</u>	Profile and position in MPM	
	April 1985 Joined Kanzaki Paper Manufacturing Co., Ltd. (current Oji) June 2006 Group Manager, Information Paper Technology Dept., Oji Paper Co., Ltd. June 2010 General Manager, Research & Technology Dept. of Kanzaki Plant, Oji Paper Co., Ltd. April 2013 Deputy Kanzaki Plant Manager, Oji Imaging Media Co., Ltd. June 2013 Seconded to Chief Officer, Kanzan Spezialpapiere GmbH December 2016 Deputy Kanzaki Plant Manager, Oji Imaging Media Co., Ltd. April 2018 Seconded to Chief Officer, Oji Functional Materials Progressing Center Inc. August 2021 Chief Officer, Group Corporate Planning Dept., Oji Management Office Inc. April 2022 Senior Executive Officer, MPM (to present) (In charge of Functional Materials Division, Research and Development Division and German Operations Assistant officer in charge of Kitakami Division General Manager, Functional Materials Division)	
Reasons for nominating as a candidate for Director		
Mr. Shigeji Matsuzawa has been long engaged in research and development in the Oji Group and has a wealth of experience in business operations related to the pulp and paper and functional materials businesses, including those overseas. He is expected to demonstrate his management talent to strongly promote the new mid-term management plan in cooperation with the Oji Group. He has thus been nominated as a candidate for Director.		

No. (Date of birth, etc.)	Name	Number of shares of MPM held: 43,500 shares Attendance of Board of Directors meetings 100% (14/14)
5	Kunio Suzuki	
 (October 12, 1950) age 71 <u>REAPPOINTMENT</u> <u>CANDIDATE</u>	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
	June 2009	President and Chief Executive Officer
	June 2019	Chairman of the Board of Directors (Representative Director)
	April 2021	Director and Advisor (to present)
	Reasons for nominating as a candidate for Director	
	Mr. Kunio Suzuki 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 with Oji Holdings Corporation over the ten years since he became President & CEO in 2009, and has been promoting structural reforms. In order to use his experience and knowledge to properly oversee the management, he has thus been nominated as a candidate for Director.	
6	Somitsu Takehara	Number of shares of MPM held: 0 shares Attendance of Board of Directors meetings 100% (13/14)
 (April 1, 1952) age 70 <u>REAPPOINTMENT</u> <u>CANDIDATE</u> <u>OUTSIDE DIRECTOR</u> <u>CANDIDATE</u> <u>INDEPENDENT</u> <u>DIRECTOR CANDIDATE</u>	Profile and position in MPM	
	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.
	June 2020	Outside Audit & Supervisory Board Member, TOKYO BROADCASTING SYSTEM HOLDINGS, INC. (current TBS HOLDINGS, INC.) (to present)
	Important positions concurrently held at other companies, etc.	
	Representative Director, ZECOO Partners Inc.	
	Outside Audit & Supervisory Board Member, EDION Corporation (scheduled to leave office on June 29, 2022)	
	Outside Director, GENKI SUSHI Co., Ltd.	
	Outside Audit & Supervisory Board Member, TBS HOLDINGS, INC.	
	Reasons for nominating as a candidate for Outside Director and expected roles, etc.	
	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. If he is elected, he will be involved in the selection of candidates for the MPM's Board of Directors and decisions on executive compensation and other matters from an independent standpoint as a member of the Nomination and Remuneration Committee.	

No. (Date of birth, etc.)	Name	Number of shares of MPM held: 0 shares Attendance of Board of Directors meetings 100% (14/14)
7	Yoshihiro Kataoka	
 <p>(July 30, 1954) age 67</p> <p><u>REAPPOINTMENT</u> <u>CANDIDATE</u></p> <p><u>OUTSIDE DIRECTOR</u> <u>CANDIDATE</u></p> <p><u>INDEPENDENT</u> <u>DIRECTOR CANDIDATE</u></p>	Profile and position in MPM	
	April 1980	Registered as an attorney-at-law
	April 1983	Hosoda and Kataoka Law Office
	September 1984	Chief, Yoshihiro Kataoka Law 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.	
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)	
June 2021	Outside Director, Higo Bank, Ltd. (Audit & Supervisory Committee Member) (to present)	
Important positions concurrently held at other companies, etc.		
Partner Chief, Kataoka & Kobayashi Lpc		
Outside Director, Higo Bank, Ltd. (Audit & Supervisory Committee Member)		
Visiting professor at Chuo University Law School		
Reasons for nominating as a candidate for Outside Director and expected roles, etc.		
<p>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 MPM. 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. He has thus been nominated as a candidate for Director. If he is elected, he will be involved in the selection of candidates for the MPM's Board of Directors and decisions on executive compensation and other matters from an independent standpoint as a member of the Nomination and Remuneration Committee.</p>		

No. (Date of birth, etc.)	Name	Number of shares of MPM held: 0 shares
8	Kazunori Shinohara	
 <p>(September 25, 1954) age 67</p> <p><u>NEW APPOINTMENT CANDIDATE</u></p> <p><u>OUTSIDE DIRECTOR CANDIDATE</u></p> <p><u>INDEPENDENT DIRECTOR CANDIDATE</u></p>	Profile and position in MPM	
	April 1979	Joined NH Foods Ltd. (hereinafter “NH Foods”)
	April 2010	Executive Officer, General Manager of Corporate Planning Department, Corporate Planning Division, NH Foods
	April 2012	Executive Officer, General Manager of Administrative Division, Fresh Meats Business Division, NH Foods
	April 2014	Executive Officer, General Manager of Administrative Division, Fresh Meats Business Division, General Manager of Business Planning Office, NH Foods
	April 2015	Executive Officer, General Manager of Affiliated Companies Division, NH Foods
	June 2015	Director, Executive Officer, General Manager of Affiliated Companies Division, NH Foods
	April 2016	Director, Managing Executive Officer, General Manager of Affiliated Companies Division, NH Foods
	April 2017	Representative Director, Vice President, Executive Officer in charge of Group Business Structural Reforms, NH Foods
	April 2018	Representative Director, Vice President, Executive Officer in charge of Group Structural Reforms, NH Foods
April 2019	Director, NH Foods	
June 2019	Left office	
Important positions concurrently held at other companies, etc.		
Not applicable.		
Reasons for nominating as a candidate for Outside Director and expected roles, etc.		
Mr. Kazunori Shinohara served as the Representative Director and Vice President of a leading food processing company after engaging in sales, corporate planning including overseas businesses and management of business divisions and has a proven track record in comprehensive corporate management including the structural reform of businesses. He is expected to strengthen corporate governance by utilizing these management experiences in the manufacturing industry to make proposals, etc. in all aspects of MPM’s management. MPM also has large expectations for his supervisory capabilities in the determination of important business operations and the execution of business from an independent viewpoint as an Outside Director. He has thus been nominated as a candidate for Outside Director.		

- Notes: 1. Each candidate does not have any special interest in the Company.
2. Directors and Officers Liability Insurance (D&O Insurance) Agreement
MPM has entered into a D&O Insurance Agreement with an insurance company, naming the MPM’s Directors as the insured. The D&O insurance policy is designed to cover damages that may arise due to the insured assuming responsibility for the performance of their duties or receiving claims related to the pursuit of such responsibility. The candidate is scheduled to be insured under this D&O Insurance policy if he is appointed as a substitute Director and assumes office as a Director.
3. Mr. Somitsu Takehara, Mr. Yoshihiro Kataoka and Mr. Kazunori Shinohara are candidates for Outside Director.
- (1) Limitation of Liability Agreement
Mr. Somitsu Takehara and Mr. Yoshihiro Kataoka have entered into a Limitation of Liability Agreement with MPM which will be effective during their service pursuant to Article 427 Paragraph 1 of the Companies Act. And if Mr. Kazunori Shinohara become outside directors, he plans to enter into a Limitation of Liability Agreement with MPM which will be effective during their service pursuant to Article 427 Paragraph 1 of the Companies Act. Based on this 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 Director
MPM plans to notify the Tokyo Stock Exchange that these three people have become Independent Directors. (Reasons for notification as Independent Director)
These three people meet the Independence Criteria for MPM’s Independent Directors. In consideration of this and the expertise that they have, MPM will appoint them as an Independent Director with no possibility of conflicts of interest with the general shareholders of MPM.
- (3) Term as Outside Director
Mr. Somitsu Takehara and Mr. Yoshihiro Kataoka will have served as Outside Director for six (6) years and three (3) years, respectively, at the close of this Ordinary General Meeting of Shareholders.

(Reference 1) 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.

(Reference 2) The balance of knowledge, experience and ability of each candidate is as follows.

Candidate names	Attribute	Corporate management	Finance and accounting	Manufacturing, technology and R&D	Sales and marketing	Personnel and labor management	Purchasing and procurement	Global mindset	Legal and compliance	ESG
Ryuichi Kisaka	Internal	●	●	●	●			●		●
Shigeharu Sanada	Internal	●	●			●	●	●	●	●
Nobuhiro Sato	Internal	●			●					
Shigeji Matsuzawa	Internal			●				●		
Kunio Suzuki	Internal	●								
Somitsu Takehara	External		●							
Yoshihiro Kataoka	External								●	
Kazunori Shinohara	External	●			●			●		

Proposal No. 3: Election of One (1) Substitute Audit & Supervisory Board Member

In case of the number of incumbent Audit & Supervisory Board Members becomes less than that required by laws and ordinances, we propose that one (1) substitute Audit & Supervisory Board Member be elected.

This proposal requests the election of a substitute for the two (2) current Outside Audit & Supervisory Board Members, Mr. Hiroaki Tonooka and Mr. Satoshi Takizawa.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate is as follows:

Date of birth, etc.	Name	Number of shares of MPM held: 0 shares
(March 30, 1975) age 47	Akito Takahashi	
	Profile	
	April 2000	Registered as an attorney Joined Anderson Mori Law Firm (current Anderson Mori & Tomotsune)
	April 2005	Registered as an attorney, admitted in New York State, the U.S.A
	March 2007	Joined Koichi Nishimura Law Firm
	September 2009	Opened Takahashi Katayama Law Firm (to present)
	March 2012	Outside Audit & Supervisory Board Member, Nippon Carbon Co., Ltd.
	December 2012	Outside Corporate Auditor, ACK Group Co., Ltd. (current Oriental Consultants Holdings Company Limited)
	March 2015	Outside Director, Nippon Carbon Co., Ltd.
	December 2015	Outside Director, Oriental Consultants Holdings Company Limited (to present)
February 2018	Outside Director (Audit & Supervisory Board Member), OSG Corporation (to present)	
Important positions concurrently held at other companies, etc.		
Outside Director (Audit & Supervisory Board Member), OSG Corporation Outside Director, Oriental Consultants Holdings Company Limited		
Reasons for nominating as a candidate for substitute Audit & Supervisory Board Member		
Mr. Akito Takahashi has legal expertise as a lawyer, a deep knowledge of corporate legal affairs, and sufficient insight to oversee corporate management. As MPM believes that he will be able to appropriately and effectively audit management from an independent position even if he were to become an Outside Audit & Supervisory Board Member, he has been nominated as a candidate for Outside Audit & Supervisory Board Member.		

- Notes: 1. No conflict of interests exists between MPM and Mr. Akito Takahashi.
2. Directors and Officers Liability Insurance (D&O Insurance) Agreement
MPM has entered into a D&O Insurance Agreement with an insurance company, naming the MPM's Audit & Supervisory Board Members as the insured. The D&O insurance policy is designed to cover damages that may arise due to the insured assuming responsibility for the performance of their duties or receiving claims related to the pursuit of such responsibility. The candidate for substitute Audit & Supervisory Board Member is scheduled to be insured under this D&O Insurance policy if Mr. Akito Takahashi is appointed as an Audit & Supervisory Board Member.
3. Mr. Akito Takahashi is a candidate for substitute for the Outside Audit & Supervisory Board Members.
- (1) Limitation of Liability Agreement
If Mr. Akito Takahashi assumes office as Outside Audit & Supervisory Board Member, MPM will conclude a Limitation of Liability Agreement with him, limiting his liability pursuant to Article 427 Paragraph 1 of the Companies Act. Based on this 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 Director
If Mr. Akito Takahashi becomes an Outside Audit & Supervisory Board Member, MPM plans to notify the Tokyo Stock Exchange of his being an Independent Director.
(Reasons for notification as Independent Director)
He meets the Independence Criteria for MPM's Independent Directors. In consideration of this and the expertise that he has, MPM will appoint him as an Independent Director with no possibility of conflict of interests with the general shareholders of MPM.

Proposal No. 4: Partial Amendments to the Response Policies on Large-Scale Purchases of MPM's Shares (Takeover Defense Measures) and Continuance Thereof

We request that our shareholders approve the response policies on large-scale purchases of MPM's shares (takeover defense measures) (hereinafter, the plan after the amendments shall be referred to as the "Plan"), which include the contents stated below, that was decided by MPM's Board of Directors, as of May 30, 2022, to continue after making necessary amendments (hereinafter the "Amendments") to the previous response policies on large-scale purchases of MPM's shares (takeover defense measures) (hereinafter the "Current Plan") subject to the approval of the shareholders at the Annual General Meeting of Shareholders.

The Plan will be introduced, in light of the basic policy regarding the concept of persons who control the decisions on MPM's financial and business policies (meaning the basic policy defined in the main paragraph of Article 118, item 3 of the Ordinance for Enforcement of the Companies Act; hereinafter the "Basic Policy"), in order to prevent the decision on MPM's financial and business policies from being decided by inappropriate persons, as well as to maintain and improve MPM's corporate value and the shareholders' common interests. The Plan shall become effective if the approval of the shareholders is obtained.

The Basic Policy and the Plan are as described below, and the necessity of the Basic Policy and major amendments to the Current Plan are as follows.

Necessity of the Basic Policy	If a large-scale purchaser emerges, the Basic Policy is necessary to secure time and provide information for shareholders to make an appropriate decision on whether or not the large-scale purchaser will contribute to MPM's corporate value and the common interests of its shareholders.
Major amendments to the Current Plan	It is specified that when countermeasures are implemented, a general meeting of shareholders may be held in order to confirm the shareholders' intention.

1. The Basic Policy

(1) Contents of the Basic Policy

MPM considers that the concept of MPM's shareholders should be decided through free trade in the market. Therefore, MPM also considers that whether or not to accept a proposal of a purchase which would accompany a transfer of control of MPM should be finally decided by the intention of the shareholders.

However, MPM believes that the Large-Scale Purchase (defined in 3(2)(a) below; hereinafter the same shall apply) of MPM's shares may be assumed to include those which may not be appropriate from the perspective of maximizing MPM's corporate value and the shareholders' common interests.

Accordingly, on one hand, we consider that it is our duty to maximize our corporate value and shareholders' common interests by returning the profits generated by MPM to our shareholders, and that it is the principle to be supported by persons who become MPM's shareholders through free trade in the market. However, on the other hand, it is our Basic Policy that, if there is a risk that MPM's corporate value or our shareholders' common interests as described above could be damaged due to the acquisition of MPM's shares with voting rights accounting for 20% or more of the total voting rights of MPM (hereinafter, the "Controlling Shares") by a person who aims to acquire the Controlling Shares and a person from the person's group (hereinafter, the "Acquirer"), then to the extent permitted by laws and regulations as well as the Articles of Incorporation, we will take appropriate measures in

order to maintain and improve MPM's corporate value and the shareholders' common interests, assuming that the Acquirer is inappropriate as a person who controls the decision on MPM's financial and business policies.

(2) Reasons for maintaining the Basic Policy

The MPM Group has been doing business based on its management resources, including its human resources, with experience and expert knowledge which the Group has developed and evolved together with its customers for many years, the trust that the Group has built, and the close relationship with its clients and various other stakeholders, with "Live up to the trust of its customers in the world market," "Be always on the leading edge of technology" and "Contribute to preserving the global environment and creating a recycling society" as the corporate philosophy. Each of these management resources has know-how and brand image that have been cultivated for many years, and has generated additional values by functioning together.

Meanwhile, these days, with the development of new legal systems, and changes in capital market environment, economic structure, and corporate culture as a backdrop, there has been a trend of forcing acquisition of large quantities of shares unilaterally, without obtaining any consent of the management of a target company. In certain instances, the possibility of the occurrence of situations, such as maintenance and enhancement of MPM's corporate value based on the management resources set forth above being hindered, cannot be ruled out.

Given that situation, it is necessary for MPM to always consider that an Acquirer may appear.

Originally, MPM does not have negative opinions about all types of acquisition of Controlling Shares.

On the back of the circumstances as described above, MPM decided to maintain the Basic Policy as described in (1) above.

2. MPM's initiatives to contribute to the realization of the Basic Policy

(1) Initiatives to improve its corporate value

Currently, MPM has launched a new "Medium-term Management Plan(FY2023/3-FY2025/3)," and is transforming the company toward the creation of a Creation of New MPM Group under the Basic Principle of (i) Strengthen our earing capacity by "selection and concentration" strategies and "expansion of new business," (ii) "Contribution to green society, and (iii) "Organizational change to improve sustainability". This "Medium-term Management Plan(FY2023/3-FY2025/3)" incorporates measures to transform the business portfolio and become carbon neutrality from a medium- to long-term perspective, and was formulated based on the ideal future image of the MPM Group. Based on this plan, MPM is working to enhance our corporate value.

(2) Initiatives for sustainability

Also aiming to contribute to the realization of a sustainable society in the aforementioned new mid-term management plan, the Group is working on sustainability promotion activities by establishing the Sustainability Promotion Committee and assigning a director in charge, in order to grow sustainably by creating social values and contribute to a sustainable society through its business.

(3) Strengthening and enhancement of corporate governance

MPM is making efforts to strengthen its corporate governance by establishing the Basic Policies on Corporate Governance and setting up the Nomination and Remuneration Committee, introducing performance-based stock compensation, reviewing the structure of the Board of Directors and enhancing the effectiveness assessment of the Board of Directors based on the Basic Policies.

3. Contents of the Plan (measures to prevent the decisions on MPM's financial and business policies from being controlled by persons deemed inappropriate under the Basic Policy)

(1) Purposes of continuing with the takeover defense measures under the Plan

As mentioned in the above 1., MPM considers it necessary to take certain measures against the Acquirer, in some cases. However, MPM, as a listed company, believes that, in principle, a decision on whether or not to sell shares to the Acquirer, and the final decision on whether it is appropriate to entrust the management of MPM to the Acquirer, shall be left to each shareholder.

Nevertheless, for shareholders to make a proper decision, it is necessary that they have an accurate understanding of MPM's corporate value and the sources generating such value, upon careful review of the characteristics of business inherent to MPM as outlined above, as well as the history, management resources, and current management policy of the Group as a prior condition. It is easy to make assumptions about cases where information provided by the Acquirer alone would not be sufficient to figure out what kind of potential effects the acquisition of Controlling Shares by the Acquirer would be exerted on MPM's corporate value and the sources generating such value. MPM believes that information supplied by MPM's Board of Directors, who have adequate understanding of the characteristics of business inherent to MPM, as well as its evaluation and opinions on an acquisition of Controlling Shares by such Acquirer, or a new proposal by MPM's Board of Directors upon receipt of the evaluation and opinions in some cases, shall be reviewed by shareholders in order for them to make a proper decision.

Accordingly, MPM considers that securing sufficient time for shareholders to analyze and examine this multilateral information is critically important.

From these perspectives, MPM requests persons who intend to conduct a Large-Scale Purchase or who are currently conducting a Large-Scale Purchase (hereinafter, the "Large-Scale Purchaser") to provide the necessary information regarding such Large-Scale Purchase in advance, and to secure time for consideration and negotiation. In doing so, it enables shareholders to make an appropriate decision on whether or not to accept such Large-Scale Purchase. It also enables MPM's Board of Directors to, upon receiving a recommendation from the Independent Committee (defined in (2)(e) below; hereinafter the same shall apply), present to shareholders its opinions on whether or not to accept such proposal, or an alternative proposal, or enables the Board of Directors to negotiate with the Large-Scale Purchaser for the benefit of the shareholders. Thereby, MPM concluded that it is necessary to make the amendments to the plan in 2019 into the Plan, and to continue with the takeover defense measures under the Plan as one of the measures to prevent decisions on MPM's financial and business policies from being controlled by persons deemed inappropriate under the Basic Policy.

The persons deemed inappropriate under the Basic Policy mentioned above mean, specifically, certain Large-Scale Purchasers determined by MPM's Board of Directors according to prescribed procedures (Large-Scale Purchasers who violate the Plan, and a Large-Scale Purchaser who is an Abusive Purchaser (defined in (2)(f)A(ii) below)), joint holders thereof, persons in special relationships, and persons deemed by MPM's Board of Directors, upon receipt of advice from the Independent Committee, as being substantially controlled by such given persons and acting jointly or in concert with such given persons, or the like (hereinafter, the "Person(s) Who Falls Under Exceptional Reasons".)

Needless to say, regarding the continuation of the takeover defense measures under the Plan, it is desirable to confirm the shareholders' will. Therefore, MPM will confirm the shareholders' will regarding the continuation of the takeover defense measures under the Plan by submitting this agenda to the Annual General Meeting of Shareholders.

For the reasons mentioned above, MPM's Board of Directors decided to submit an agenda to seek

approval of the continuation of the takeover defense measures under the Plan, to the Annual General Meeting of Shareholders.

At present, MPM is not aware of any indications of a specific Large-Scale Purchase.

The status of MPM's major shareholders as of March 31, 2022 is as written on page 44 of the Business Report. Oji Holdings Corporation, MPM's largest shareholder, holds a 32.9% stake in MPM. As Oji Holdings Corporation has established a friendly relationship with MPM as a stable shareholder of MPM, based on a capital and business alliance, the Plan is not applicable to Oji Holdings Corporation at this time. On the other hand, the distribution of our shareholders is widespread, especially that of individual shareholders, and we are promoting the reduction of cross-shareholdings. Under these circumstances, we believe that a Large-Scale Purchase, against MPM's corporate value and against the common interests of shareholders, may be conducted.

(2) Contents of the Plan

Detailed contents of the Plan are as follows.

(a) Definition of the Large-Scale Purchase against which countermeasures shall be implemented

When an act that falls under or is likely to fall under any of the following cases (i) through (iii) (excluding acts that are approved in advance by the Board of Directors of MPM) (hereinafter, collectively referred to as "Large-Scale Purchase") has been carried out or is about to be carried out, the countermeasures under the Plan may be implemented.

- (i) Any purchase or other type of acquisition of share certificates, etc. (Note 1) issued by MPM where the holding ratio (Note 2) of share certificates, etc. of a specific shareholder of MPM accounts for 20% or more
- (ii) Any purchase or other type of acquisition of share certificates, etc. (Note 3) issued by MPM where the combined total of a holding ratio (Note 4) of share certificates, etc. by a specific shareholder (Note 5) of MPM and that by persons in a special relationship with a specific shareholder of MPM accounts for 20% or more (Note 6)
- (iii) Consent or other type of act, irrespective of whether an act as stated in (i) or (ii) above has been implemented or not, between a specific shareholder of MPM and other shareholder(s) (including cases where the number of the other shareholders is plural; hereinafter the same shall apply to this (iii)) of MPM, which makes the said other shareholder(s) fall under the category of a joint holder of shares held by the said specific shareholder (Note 7), or any act (Note 8) which establishes a relationship between the said specific shareholder and the said other shareholder(s) in which either party effectively controls the other, or all parties act jointly or cooperatively (Note 9) (provided, however, it shall apply only when the total ratio of share certificates, etc. issued by MPM held by the said specific shareholder and the said other shareholder(s) accounts for 20% or more)

(Note 1) Refers to share certificates, etc. as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply, unless otherwise prescribed.

(Note 2) Refers to the share certificates, etc. holding ratio as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. For the total number of shares issued by MPM that is used in the calculation of such holding ratio of share certificates, etc., MPM may refer to the most recent information made public by MPM.

(Note 3) Refers to share certificates, etc. as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply in (ii).

(Note 4) Refers to the holding ratio of share certificates, etc. as defined in Article 27-2, Paragraph 8

of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply. For the total number of voting rights of MPM that is used in the calculation of such holding ratio of share certificates, etc., MPM may refer to the most recent information made public by MPM.

(Note 5) Refers to persons in a special relationship as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act.

(Note 6) Includes purchase and other types of acceptance of transfers for value, and cases classified as similar to acceptance of transfer for value as provided for in Article 6, Paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act.

(Note 7) Refers to joint holders defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act. Hereinafter, the same shall apply.

(Note 8) Criteria to determine whether or not “a relationship between the said specific shareholder and the said other shareholder(s) that one party substantially controls the other party or both parties act jointly or in a coordinated manner” has been established is based on the creation of any relationship in terms of new investment, business partnership, transaction or contractual agreement, concurrent positions served by Officers, funding, credit granting, substantive stake with regard to MPM’s share certificates, etc., through derivatives and lending shares and others, as well as direct or indirect impacts on MPM caused by the said specific shareholder and the said other shareholder(s), and others.

(Note 9) Whether or not an act prescribed in (iii) above has been conducted shall be reasonably determined by MPM’s Board of Directors by following recommendations of the Independent Committee. MPM’s Board of Directors may request that its shareholders provide necessary information to the extent deemed necessary for determining whether or not the act falls under the criteria described in (iii) above.

(b) Submission of Statement of Intent

Prior to the commencement or implementation of a Large-Scale Purchase, MPM will have the Large-Scale Purchaser submit to MPM’s Board of Directors a written form with the signature, or name and seal of the representative of the Large-Scale Purchaser, to the effect that the Large-Scale Purchaser will pledge to comply with the procedures prescribed in the Plan (hereinafter, the “Large-Scale Purchase Rules”) and a certificate of eligibility of the representative who signed or sealed (hereinafter, collectively referred to as “Statement of Intent”) in a format separately prescribed by MPM and addressed to the Representative Director of MPM. When the Representative Director of MPM receives such Statement of Intent, he or she should promptly submit it to MPM’s Board of Directors and the Independent Committee.

In addition to the pledge to comply with the Large-Scale Purchase Rules, a Statement of Intent must contain the name of the Large-Scale Purchaser, the address or location of its headquarters or office, etc., the governing law of incorporation, the name of the representative, the contact person in Japan, the number of MPM’s share certificates, etc. currently held by the Large-Scale Purchaser, the status of the Large-Scale Purchaser’s trading of MPM’s shares during 60 days prior to the submission of the Statement of Intent, and a summary of the Large-Scale Purchase plan. Only the Japanese language shall be used in a Statement of Intent.

When a Statement of Intent is submitted by a Large-Scale Purchaser, MPM will disclose such matters deemed appropriate by MPM’s Board of Directors or the Independent Committee in accordance with the applicable laws and regulations (hereinafter, collectively meaning the Companies Act and the Financial Instruments and Exchange Act, and the rules, cabinet orders, cabinet office ordinances, ministerial ordinances, and the like regarding those acts, and the rules of the financial

instruments exchange on which MPM's shares, etc. are listed; hereinafter the same shall apply) in a timely and appropriate manner.

(c) Requesting Large-Scale Purchaser to provide information

MPM will have a Large-Scale Purchaser provide information concerning the matters stated below from (i) to (ix) (hereinafter, collectively, the "Large-Scale Purchase Information") to MPM's Board of Directors within five business days (not counting the first day) of the day on which MPM's Board of Directors receives a Statement of Intent. When MPM's Board of Directors receives Large-Scale Purchase Information, it shall promptly submit it to the Independent Committee.

When MPM's Board of Directors judges that because information initially provided by a Large-Scale Purchaser is not sufficient, it is difficult for shareholders to appropriately determine whether or not to accept the Large-Scale Purchase, and for MPM's Board of Directors and the Independent Committee to form its opinions of approval or disapproval of such Large-Scale Purchase (hereinafter, "forming opinions") or for the Board of Directors to develop Alternative Proposals (hereinafter, "developing alternative proposals") and to present them to shareholders in an appropriate manner, MPM's Board of Directors, after establishing a reasonable deadline for additional information submission, may request that the Large-Scale Purchaser at any time submit additional information necessary in order to enable shareholders to make a proper decision and to enable the Board of Directors of MPM and the Independent Committee to form opinions and develop alternative proposals upon disclosing to shareholders the established specific period and reasons for requiring such reasonable specific period. However, in that case, MPM's Board of Directors shall respect the Independent Committee's opinions as much as possible.

In addition, when MPM's Board of Directors determines that the provision of Large-Scale Purchase Information is completed, MPM shall disclose such completion in accordance with the applicable laws and regulations in a timely and appropriate manner. Furthermore, pursuant to the decision made by MPM's Board of Directors, MPM shall disclose information deemed necessary for shareholders to make an appropriate determination on whether or not to accept such Large-Scale Purchase among Large-Scale Purchase Information, when appropriate after the reception thereof, in accordance with the applicable laws and regulations in a timely and appropriate manner.

Only the Japanese language shall be used when providing Large-Scale Purchase Information, or otherwise giving a notice to or contacting MPM pursuant to the Large-Scale Purchase Rules.

- (i) The outline (including specific name, capital structure, financial position, and the presence or absence of breaches of laws and regulations over the past ten years (outlines thereof, if present) as well as officers' names and the like) of the Large-Scale Purchaser and its group companies, etc. (in the case where the Large-Scale Purchaser is a fund, they include major partners, investors, and other members; hereinafter, the same shall apply).
- (ii) Status of the internal control system of the Large-Scale Purchaser and its group companies, etc. (including the group internal control system)
- (iii) Objectives, method, and details of the Large-Scale Purchase (including type and price of consideration for the Large-Scale Purchase, timing of the Large-Scale Purchase, structure of the related transactions, legality of the method used for the Large-Scale Purchase, feasibility of the Large-Scale Purchase and related transactions)
- (iv) Basis for calculating the consideration for the Large-Scale Purchase (including facts and assumptions which form the premise of the calculation, calculation method, numerical information used in the calculation, and the amount of synergies anticipated to be generated through a series of transactions related to the Large-Scale Purchase and bases for calculation)

thereof)

- (v) Financial support for the Large-Scale Purchase (including the specific names of funds providers (including substantive providers), financing methods, and the specific contents of related specific transactions)
- (vi) Management policies, business plans, capital policies, and dividend policies, etc., which are intended for MPM and the Group, and policies for dealing with and treating employees, business partners, clients of MPM and the Group, and local public bodies and other stakeholders of MPM after the Large-Scale Purchase
- (vii) Restricted matters under the domestic or overseas laws and regulations, etc. that are possible to apply to the Large-Scale Purchase, and the possibility of the acquisition of approvals, licenses, or permissions, etc. under anti-trust laws or other laws and regulations, etc. to be acquired from domestic or overseas governments or third parties
- (viii) Possibility of maintaining the licenses or permissions under domestic or overseas various laws and regulations, etc. necessary in order to conduct the business of the Group after the completion of the Large-Scale Purchase, and the possibility of the compliance with restrictions, including domestic and overseas various laws and regulations, etc.
- (ix) Other information, which was reasonably deemed necessary by MPM's Board of Directors or the Independent Committee

(d) Setting of the Board of Directors' Evaluation Period, etc.

The Board of Directors of MPM will set the period, defined in (i) or (ii) below (in either case, the period shall start from the date on which MPM disclosed that the Board of Directors of MPM has determined that the provision of the Large-Scale Purchase Information has completed; not counting the first day), as the period for evaluation, examination, forming opinions, developing alternative proposals, and conducting negotiations with a Large-Scale Purchaser by the Board of Directors of MPM (hereinafter, the "Board of Directors Evaluation Period"), depending on the content of the Large-Scale Purchase disclosed by the Large-Scale Purchaser.

Unless otherwise provided in this Plan, the Large-Scale Purchase shall be commenced only after the elapse of the Board of Directors' Evaluation Period. Note that the Board of Directors' Evaluation Period has been set by taking into account factors such as the difficulties in evaluating or examining MPM's business activities and the level of difficulty in forming opinions and developing alternative proposals.

- (i) In the case of purchase of all MPM's shares by tender offer in which the consideration will be paid entirely in cash (Japanese yen): maximum 60 days
- (ii) In any other cases of the Large-Scale Purchase except for the case stated in (i): maximum 90 days

During the Board of Directors' Evaluation Period, the Board of Directors of MPM shall evaluate and examine, form opinions, and develop alternative proposals on, and negotiate with the Large-Scale Purchaser regarding the contemplated Large-Scale Purchase, from the viewpoint of protecting and enhancing the corporate value of MPM and the common interests of its shareholders, based on the Large-Scale Purchase Information provided by the Large-Scale Purchaser. In performing such procedures, the Board of Directors of MPM shall seek advice, as needed, from third-party external specialists (financial advisors, lawyers, certified public accountants, and certified public tax accounts, etc.) who are independent from MPM's Board of Directors. All the expenses incurred for such procedures shall be borne by MPM to the extent reasonable.

In cases where it is inevitable that the Board of Directors cannot reach a resolution determining

whether or not to implement the countermeasures within the Board of Directors Evaluation Period due to reasons, including failure of the Independent Committee to make recommendations as stated in (f) below within the Board of Directors Evaluation Period, then the Board of Directors of MPM may extend the period up to 30 days (not counting the first day) to the extent necessary, based on the Independent Committee's recommendations (the same shall apply to re-extensions; however, the period may be re-extended only up to twice). If the Board of Directors of MPM decides to extend the Board of Directors' Evaluation Period, MPM will disclose the resolved specific period and the reason for the necessity of such specific period, in accordance with the applicable laws and regulations, in a timely and appropriate manner.

(e) Establishment of the Independent Committee

MPM has established the Independent Committee comprising three or more independent outside directors and independent outside corporate auditors (including substitutes for them) and outside experts who are independent from the executive management team of MPM (hereinafter, the "Independent Committee"), with the aim to prevent arbitrary decisions by the Board of Directors of MPM on the implementation, etc. of the Current Plan. MPM will maintain the Independent Committee in the Plan.

The Independent Committee may obtain advice and the like, as necessary, from outside experts (financial advisors, lawyers, certified public accountants, and certified public tax accountants, etc.) who are independent from the Board of Directors of MPM and the Independent Committee. All the expenses incurred for obtaining the advice shall be borne by MPM, to the extent reasonable.

The name and brief history of each member of the Independent Committee as of the beginning of the continued takeover defense measures are as described in Appendix 1.

Resolutions of the Independent Committee shall be passed by affirmative votes of a majority of all the members, where all the current members of the Independent Committee are present. However, if any members of the Independent Committee are unable to be present, or if there are any other unavoidable reasons, resolutions of the Independent Committee shall be passed by affirmative votes of a majority of all the members, where a majority of the members are present.

(f) Procedures for recommendations of the Independent Committee and resolutions by the Board of Directors of MPM and a General Meeting of Shareholders to Confirm the Shareholders' Intention
a. Recommendations of the Independent Committee

The Independent Committee shall make recommendations to the Board of Directors of MPM regarding the Large-Scale Purchase, in accordance with (i) through (iii) below, within the Board of Directors' Evaluation Period (including any extended period, if any).

(i) When the Large-Scale Purchase Rules are not complied with

If the Large-Scale Purchaser violates the Large-Scale Purchase Rules in any material respect, and such violation is not corrected within five business days (not counting the first day) after the Board of Directors of MPM gives such Large-Scale Purchaser a written request to correct such violation, then the Independent Committee, in principle, will recommend that the Board of Directors of MPM implement a countermeasure against the Large-Scale Purchase, except where it is clearly necessary to refrain from implementing the countermeasure in order to protect and enhance the corporate value of MPM and the common interests of its shareholders, or when any other particular circumstances exist. If such recommendation is made, MPM shall disclose the Independent Committee's opinion, reasons therefor, and such other information as deemed appropriate, in accordance with the applicable laws and regulations, in a timely and appropriate

manner.

Even after the Independent Committee has recommended that the Board of Directors of MPM implement a countermeasure, if the Large-Scale Purchase is withdrawn, or if otherwise the facts and other circumstances that formed the basis for such recommendation are altered, then the Independent Committee may recommend that the Board of Directors of MPM discontinue implementing the countermeasures, or make other recommendations.

(ii) When the Large-Scale Acquisition Rules are complied with

When the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the Independent Committee shall, in principle, recommend that the Board of Directors of MPM refrain from implementing the countermeasure against the Large-Scale Purchase.

However, even if the Large-Scale Purchase Rules are complied with, the Independent Committee will recommend that the Board of Directors of MPM implement the countermeasure against such Large-Scale Purchase if such Large-Scale Purchaser is recognized to be a person having any of the circumstances set out in (a) to (k) below (hereinafter, collectively referred to as the “Abusive Purchaser”) and if it deems it appropriate to implement the countermeasures against such Large-Scale Purchase:

- (a) When the Large-Scale Purchaser does not have an intention of actually participating in the management of MPM, but attempts a takeover of MPM’s share certificates, etc., for the purpose of increasing the price of the shares and making parties related to MPM buy back the shares at an inflated stock price (a so-called “green mailer”), or when the main purpose of acquiring MPM’s share certificates, etc. is to acquire a short-term margin
- (b) When the main purpose of participating in the management of MPM is to temporarily control the management of MPM, and cause it to transfer to the Large-Scale Purchaser or its group companies, etc., MPM’s intellectual property, know-how, trade secrets, or major business partners and clients, etc., which are essential to MPM’s business operations
- (c) When the Large-Scale Purchaser is acquiring MPM’s share certificates, etc. with the intent of inappropriately utilizing MPM’s assets as collateral or funds for repayment of the obligations of such Large-Scale Purchaser or its group companies, etc., after taking control over the management of MPM
- (d) When the main purpose of participating in the management of MPM is to temporarily control the management of MPM, and cause it to sell or otherwise dispose of its real estate properties, securities, and other high-priced assets which are irrelevant to MPM’s business for the time being, and then cause it to distribute high dividends temporarily from the profits of such disposals, or to sell the shares at a high price, taking advantage of the opportunity from the sudden rise in share price created by the temporarily high dividends
- (e) When the Large-Scale Purchaser shows no particular interest in or gets involved in the management of MPM, and when, after it acquires MPM’s shares, by using a series of tricks, the Large-Scale Purchaser tries to acquire profits from sales of MPM’s shares to MPM itself or third parties, exclusively in a short or middle term, and when the Large-Scale Purchaser seeks its own profits earnestly, finally intending to dispose of MPM’s assets
- (f) When the conditions proposed by the Large-Scale Purchaser for the acquisition of MPM’s share certificates, etc. (such conditions include, but are not limited to, the type and amount of and the calculation basis for the consideration of the purchase, the content, timing, method, the presence or absence of illegality, and feasibility) are determined to be insufficient or inadequate, on reasonable grounds, in view of MPM’s corporate value
- (g) When the method of takeover proposed by the Large-Scale Purchaser is such an oppressive

method that the shareholders' opportunity or freedom for decision may be restricted due to the structure of such method, as exemplified by a two-stage purchase (purchase of share certificates, etc. in a manner wherein the terms of the second-stage purchase are set more disadvantageously or are unclear, or otherwise concerns of the future liquidity of MPM's share certificates, etc. are raised by suggesting delisting, etc. in the event all of MPM's share certificates, etc. are not purchased during the first-stage of purchase and the shareholders are thereby effectively coerced into accepting the purchase) and partial tender offer (a tender offer to purchase some, but not all, of the share certificates, etc. of MPM)

- (h) When the Large-Scale Purchaser's acquisition of control of MPM is expected to cause significant damage to the corporate value of MPM, as a result of destruction or impairment of the relationships with not only shareholders but also clients and employees, and other stakeholders of MPM, which are the source of the corporate value, or there are reasonable grounds to determine that the protection and enhancement of MPM's corporate value may be seriously hindered; or when MPM's corporate value in the event of its control being acquired by the Large-Scale Purchaser, is determined to be clearly lesser than MPM's corporate value in the event of its control not being acquired by the Large-Scale Purchaser, if comparing its medium to long-term corporate value of both assumed cases
- (i) The fact of the Large-Scale Purchaser's acquisition of control of MPM itself would cause significant damage to the corporate value of MPM, in such cases where MPM would lose an important business partner
- (j) When there are reasonable grounds to determine that the Large-Scale Purchaser is inappropriate as the controlling shareholder of MPM, from the viewpoint of public order and morals, in such cases as where any of the management team members, major shareholders, or investors of the Large-Scale Purchaser has an association with antisocial forces, or terrorism-related organizations
- (k) Other cases which are equivalent to cases stated in (a) through (j) above, and which are determined that the corporate value of MPM or the common interests of its shareholders would be significantly damaged

Note that the disclosure procedures relating to such recommendation, or the procedures relating to the subsequent further recommendation, shall be in accordance with (i) above.

(iii) Other recommendations, etc. by the Independent Committee

In addition to the above, the Independent Committee may recommend matters necessary from the viewpoint of maximizing MPM's corporate value or the shareholders' common interests, as necessary, to the Board of Directors of MPM, or may recommend discontinuation or suspension of implementation of countermeasures, where permitted by certain laws and regulations, etc.

b. Resolution by the Board of Directors of MPM

The Board of Directors of MPM shall make a resolution as to whether or not to implement or discontinue the countermeasure, or other necessary resolutions, during the Board of Directors Evaluation Period from the viewpoint of protecting and enhancing the corporate value of MPM and the common interests of its shareholders based on the Independent Committee's recommendations, while giving maximum respect to these recommendations.

If such resolutions are passed, MPM will disclose the opinion of the Board of Directors of MPM, the reasons therefor, and such other information as deemed appropriate in accordance with the

applicable laws and regulations in a timely and appropriate manner.

c. Resolution by a General Meeting of Shareholders to Confirm the Shareholders' Intention

If the Board of Directors of MPM has determined that it should go through procedures to confirm the shareholders' intention when it determines whether or not to implement the countermeasure under the Plan and if the Board of Directors of MPM deems it reasonable to implement the countermeasure in the case where the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the Board of Directors of MPM shall convene a general meeting of shareholders to confirm the shareholders' intention as soon as possible. Procedures for convening the general meeting of shareholders to confirm the shareholders' intention and the method for the shareholders to exercise their voting rights shall be in compliance with the procedures for convening and voting at the annual general meeting of shareholders or the extraordinary general meeting of shareholders in accordance with laws and regulations and the Articles of Incorporation of MPM.

In these cases, the Large-Scale Purchase shall be conducted after the proposal to implement countermeasures has been rejected at the general meeting of shareholders to confirm the shareholders' intention and the said general meeting of shareholders to confirm the shareholders' intention has closed. If the proposal to implement countermeasures has been passed at the general meeting of shareholders to confirm the shareholders' intention, the Board of Directors of MPM shall make a resolution on the implementation of countermeasures against the Large-Scale Purchaser. If the proposal to implement countermeasures has been rejected at the general meeting of shareholders to confirm the shareholders' intention, countermeasures against the Large-Scale Purchaser shall not be implemented.

The disclosure procedures for such resolution at the general meeting of shareholders to confirm the shareholders' intention shall be in accordance with those in b above.

(g) Specific contents of the countermeasure

The countermeasure to be implemented by MPM against the Large-Scale Purchase under the Plan is assumed to be the countermeasure by way of allotment of share options without contribution provided in Article 277 and thereafter of the Companies Act (hereinafter, the stock options to be allotted shall be referred to as the "Share Options"), in principle. However, if it is determined that the implementation of other countermeasures permitted under the Companies Act, other laws and regulations, and the Articles of Incorporation of MPM is appropriate, such other countermeasures may be taken.

The outline of the allotment of Share Options without contribution as a countermeasure against the Large-Scale Purchase is as set out in Appendix 2, and when the Share Options are actually allotted without contribution, MPM may set the exercise period, conditions for exercise, terms of acquisition, etc. at its discretion in view of its effectiveness as a countermeasure against the Large-Scale Purchase and reasonableness as a countermeasure, including (i) a condition for exercise that prohibits the Persons Who Fall Under Exceptional Reasons from exercising their Share Options, and (ii) terms of acquisition that, when MPM acquires part of the Share Options, allow MPM to only acquire the Share Options held by shareholders other than the Persons Who Fall Under Exceptional Reasons, as well as terms of acquisition that allow MPM to acquire the Share Options held by shareholders other than the Persons Who Fall Under Exceptional Reasons with common shares of MPM as consideration while allowing MPM to acquire the Share Options held by the Persons Who Fall Under Exceptional Reasons with other Share Options to which certain conditions for exercise or terms of acquisition are attached as consideration.

4. Continuation of takeover defense measures under the Plan, and duration, continuance, and abolishment of, and amendment to the Plan, etc.

The duration of the Plan shall expire at the closing of the Annual General Meeting of Shareholders regarding the last business year which ends within three years after this Annual General Meeting of Shareholders. However, even if prior to the expiration of such duration, (i) if a general meeting of shareholders of MPM adopts a resolution to abolish the Plan, or (ii) if the Board of Directors of MPM adopts a resolution to abolish the Plan, then the Plan shall be abolished at the time. Therefore, the Plan may be abolished at any time according to the shareholders' will.

From this year, MPM's Board of Directors will consider whether to continue, abolish, or amend the Plan, if necessary, at the first meetings of the Board of Directors to be held after the conclusion of MPM's Annual General Meeting of Shareholders. If necessary, the Board of Directors will make necessary resolutions.

Further, from the viewpoint of protecting and enhancing the corporate value of MPM and the common interests of its shareholders, MPM's Board of Directors may also review or amend the Plan, if necessary, to the extent not running counter to the entire purpose of the Plan, as well as to the extent reasonably deemed necessary as a result of amendments to laws and regulations, etc., or their guidelines (including changes of laws and regulations, etc., and the establishment of new laws and regulations, etc., which succeed to the former laws and regulations, etc.), or changes of the interpretation or operation thereof, or changes of taxation systems, judicial precedents, or the like, after obtaining the approval of the Independent Committee, on an occasion other than the first meeting of the Board of Directors to be held after the conclusion of MPM's Annual General Meeting of Shareholders.

In the event that a resolution is adopted for the abolishment, amendment, etc. of the Plan, MPM will disclose such matters as the Board of Directors of MPM or the Independent Committee finds appropriate in accordance with the applicable laws and regulations in a timely and appropriate manner.

5. Impact on shareholders and investors

- (1) Impact on shareholders and investors when the Current Plan is revised into the Plan as a result of the Amendments

At the time when the Current Plan is revised into the Plan as a result of the Amendments, the allotment of Share Options without contribution itself will not be implemented. Therefore, the Plan or the Amendments will not have any direct, specific impact on the legal rights and economic interests of the shareholders and investors when they take effect.

- (2) Impact on shareholders and investors at the time of allotment of the Share Options without contribution

When the Board of Directors of MPM allots the Share Options without contribution as a countermeasure against the Large-Scale Purchase, the per share value of MPM's shares held by the shareholders would be diluted, but the value of all shares of MPM held by the shareholders will not be diluted. Therefore, the Board of Directors of MPM does not expect that the allotment of the Share Options will have any direct, specific impact on the legal rights and economic interests of the shareholders and investors.

However, with respect to the Persons Who Fall Under Exceptional Reasons, if the countermeasure is implemented, it may in the end have some impact on their legal rights or economic interests.

In addition, if the resolution of the allotment of the Share Options without contribution is adopted to serve as a countermeasure and the allotment of the Share Options without contribution are

determined subsequently, the investors who have sold or purchased MPM's shares on the assumption that the per share value of MPM's shares would be diluted may suffer an unexpected loss due to stock price movement or the like.

Details of the procedures for the allotment of Share Options without contribution will be disclosed in a timely and appropriate manner in accordance with applicable laws and regulations when these procedures are actually required. Therefore, please check their contents.

6. Rationality of the Plan

(1) Enhancement of requirements by the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and the Common Interests of Shareholders

This Plan fulfills the three principles ((i) the principle of protection and enhancement of corporate value and the common interests of shareholders, (ii) the principle of prior disclosure and shareholder intent, and (iii) the principle of ensuring necessity and appropriateness) required by the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and the Common Interests of Shareholders" published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

(2) Takeover defense is neither a dead-hand takeover defense nor a slow-hand takeover defense

The Plan is neither a dead-hand takeover defense (takeover defense the implementation of which cannot be prevented even if a majority of the members of the Board of Directors are replaced) nor a slow-hand takeover defense (takeover defense that requires time to prevent implementation due to the inability to replace the members of the Board of Directors at once) because the Plan can be abolished at any time by a resolution of the general meeting of shareholders of MPM or its Board of Directors composed of Directors elected at a general meeting of shareholders, as described in 4 above.

(Appendix 1)

Names and Brief Histories of the Independent Committee Members

<Name> Yoshihiro Kataoka

<Brief History> Born on July 30, 1954

April 1980:	Registered as an attorney-at-law
June 1990:	Partner of Kataoka & Kobayashi (up to date)
June 2007:	Member of the Independent Committee of MPM (up to date)
June 2019:	Outside Director of MPM (up to date)

<Name> Kazunori Shinohara

<Brief History> Born on September 25, 1954

April 1979:	Joined NH Foods Ltd.
June 2015:	Director, Executive Officer, General Manager of Affiliated Companies Division, NH Foods
April 2016:	Director, Managing Executive Officer, General Manager of Affiliated Companies Division, NH Foods
April 2017:	Representative Director and Vice President Executive Vice President, NH Foods Responsible for the Group business structural reforms
April 2018:	Representative Director and Vice President Executive Vice President, NH Foods Responsible for the Group structural reforms
June 2022:	Outside Director of MPM (scheduled to assume office on June 28)

<Name> Somitsu Takehara

<Brief History> Born on April 1, 1952

May 1982:	Registered as a certified public accountant
April 2005:	President of ZECOO Partners INC.
July 2006:	Temporary Accounting Auditor of MPM
June 2007:	Member of the Independent Committee of MPM (up to date)
June 2016:	Outside Director of MPM (up to date)
November 2017:	Chairman of the Board of ZECOO Partners INC. (up to date)

(Appendix 2)

Outline of the Case for Implementing Allotment of Share Options Without Contribution

1. Shareholders entitled to allotment

One share option shall be allotted without contribution for one share held by shareholders (excluding, however, the common shares of MPM held by MPM) stated or registered on the last register of shareholders as of the record date separately designated by the Board of Directors.

2. Class and number of shares to be delivered upon exercise of share options

The class of the shares to be delivered upon exercise of the share options shall be common shares. One common share of MPM shall be delivered upon exercise of one unit of the share options.

3. Effective date of the allotment of share options without contribution

To be separately designated by the Board of Directors.

4. The amount of property to be contributed upon exercise of each share option

Contributions upon exercise of the share options are to be made in cash, and the amount of property to be contributed upon exercise of each share option shall be the amount separately determined by the Board of Directors within the extent from the lower limit of one yen up to the upper limit of one-half of the market price of one common share of MPM.

5. Restriction on the transfer of share options

Acquisition of share options by transfer shall be subject to the approval of the Board of Directors.

6. Conditions for exercise of share options

Conditions for exercise of the share options shall be separately designated by the Board of Directors. (Further, conditions for exercise in consideration of the effectiveness as a countermeasure against Large-Scale Purchases may be added, such as the conditions for exercise which prohibit the Persons Who Fall Under Exceptional Reasons from exercising their share options).

7. Acquisition of share options by MPM

(1) At a meeting of the Board of Directors, MPM may establish terms of acquisition which allow MPM to acquire, following the resolution of the Board of Directors, all of the share options, or only the share options held by share option holders other than the Persons Who Fall Under Exceptional Reasons, subject to certain events arising, such as the violation of the Large-Scale Purchase Rules by the Large-Scale Purchaser, or upon the arrival of a certain date designated by the Board of Directors. At a meeting of the Board of Directors, MPM may also establish the terms of acquisition allowing MPM to acquire the share options held by the Persons Who Fall Under Exceptional Reasons with other share options to which certain conditions for exercise or terms of acquisition are attached as consideration.

(2) When MPM adds the aforementioned terms of acquisition, MPM shall formulate the terms of acquisition with a view to establishing effective and adequate countermeasures against the Large-Scale Purchase.

8. Events that cause acquisition of share options without contribution (events that cause abolishment of countermeasures)

MPM may acquire all of the share options without contribution, if either of the following events occurs:

- (a) If the approval is obtained by an ordinary resolution at the General Meeting of Shareholders of MPM regarding a proposal of a Large-Scale Purchase by a Large-Scale Purchaser;
- (b) If the Independent Committee unanimously recommends the abolishment of a countermeasure; or
- (c) If other events separately designated by the Board of Directors occur.

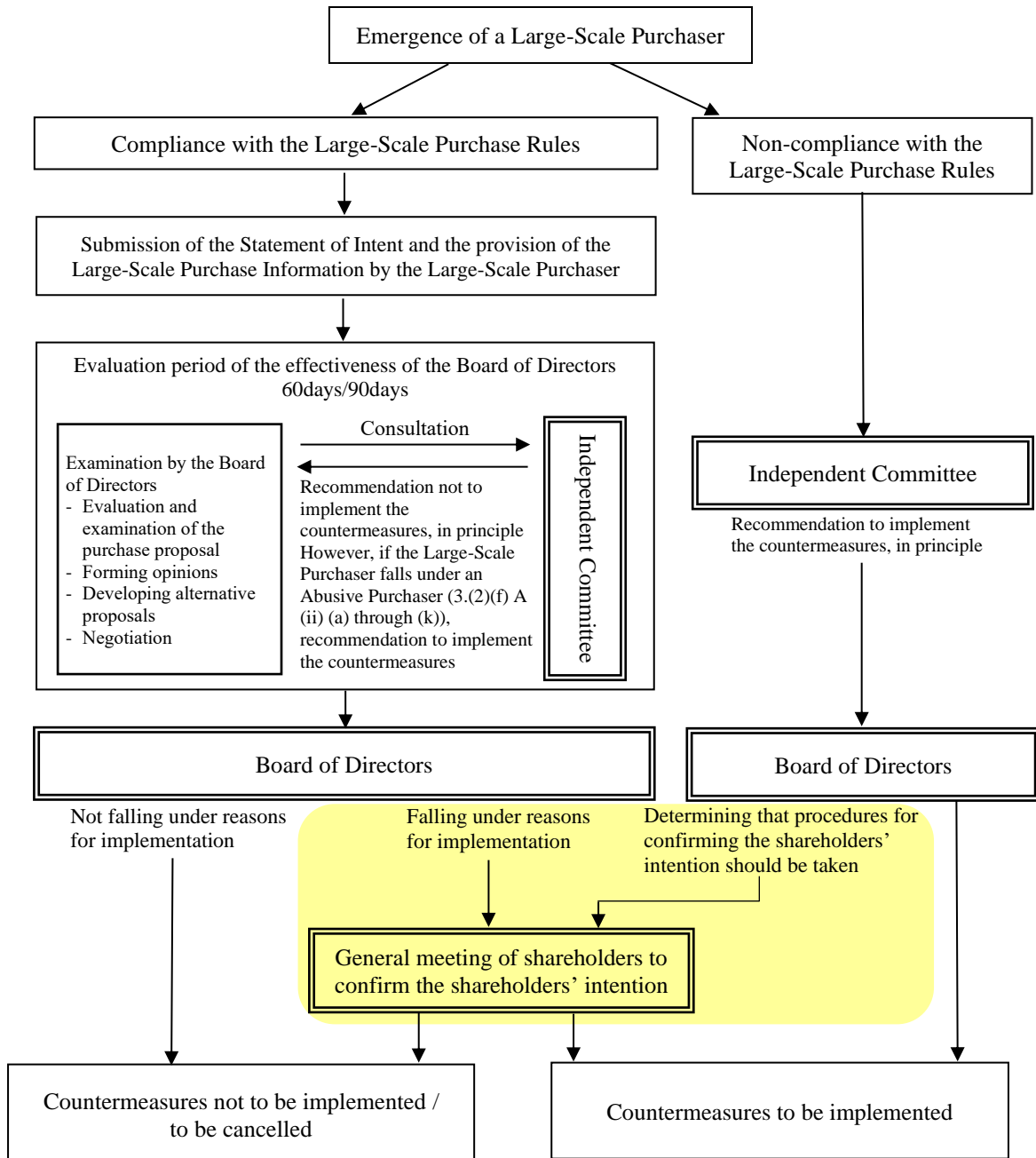
9. Cooperation regarding the disposal of share options

If the Persons Who Fall Under Exceptional Reasons, who received an allotment of share options, are no longer considered, on reasonable grounds, to be a threat to the corporate value of MPM or the common interests of its shareholders, MPM shall, subject to consultation with the Independent Committee, cooperate to a reasonable extent with such Persons Who Fall Under Exceptional Reasons in the disposal of the share options, or share options granted as consideration for acquiring such share options, by such means as supporting the transfer thereof to a third party at a fair price as of the purchase date (as calculated excluding the effect of an inflated market price as a result of being a target of speculation). However, MPM shall have no obligation regarding such types of cooperation.

10. Exercise period of share options, etc.

Exercise period of, and other necessary matters regarding, the share options shall be separately determined by the Board of Directors in consideration of the effectiveness as a countermeasure against Large-Scale Purchases.

Reference: Conceptual Diagram of the Plan's Flows



Business Report

[From April 1, 2021 to March 31, 2022]

1. Current Status of the Corporate Group

(1) Business Developments and Results

During the fiscal year ended March 31, 2022, economic activities showed a certain degree of recovery as progress has been made in balancing quarantine and economics against the spread of COVID-19. On the other hand, logistics disruptions caused by shortages of marine shipping containers and various materials and delivery delays remained unresolved, and energy and material prices soared due to heightened geopolitical risks in Russia and Ukraine.

In the environment surrounding the Mitsubishi Paper Mills Group, demand recovered mainly because restrictions on outings and events were eased. However, a sharp increase in prices of fuels such as crude oil, coal and natural gas, in addition to rising product delivery costs, had a significant impact.

Under these circumstances, the Group worked to improve productivity by expanding and reducing production systems in line with demand trends in each business and, in term of sales, strived to revise product prices and expand sales of new products.

Regarding the New Mid-Term Management Plan (April 2019 - March 2022), which has entered its final year, the Group vigorously worked on the following three fundamental policies and proceeding with the basic principles of “fortification and diversification of the business foundation on its new stage.”(i) Establish a sound business foundation through alliance with Oji Group (ii) Reconstruct and strengthen our existing businesses (iii) Diversify our business foundation by forming new pillars of earnings.

In the alliance with the Oji Group, the Company has transformed its business portfolio and strengthened its management base through capital and business alliances, including the transfer of pressboard business at its Shirakawa Site to Oji F-Tex Co., Ltd. in October 2021.

Consolidated net sales for the fiscal year under review increased to 181,920 million yen (up 12.1% year on year).

On the profit front, despite the impact of soaring prices of raw materials and fuels, a consolidated operating loss was 248 million yen (compared with an operating loss of 1,770 million yen in the previous fiscal year), and consolidated ordinary income was 1,964 million yen (compared with an ordinary loss of 636 million yen in the previous fiscal year) due to the recovery of production and sales volumes as well as the reduction of costs including fixed costs. Profit attributable to owners of parent was 1,096 million yen (compared with a loss attributable to owners of parent of 2,532 million yen in the previous fiscal year).

On the non-consolidated basis, MPM recorded net sales of 95,823 million yen, operating income of 159 million yen, ordinary income of 4,589 million yen and profit of 1,793 million yen.

(2) Summary of Operations by Business Category

●Paper and Pulp Business Net sales 135,986 million yen Operating loss 3,421 million yen

In the domestic market, both sales volume and value increased mainly in printing paper, compared with the previous year when demand had declined significantly affected by COVID-19 pandemic. Both sales volume and value also increased in exports. In terms of production, the Company continued production systems in line with demand trends.

In commercial pulp, both sales volume and value increased due to soaring market prices caused by worldwide delays in physical distribution and damage from heavy rains in North America, among others.

Both sales volume and value increased in European subsidiaries.

On the other hand, soaring prices of raw materials and fuels had a significant impact on costs in Japan and Europe.

As a result of the above, net sales in the Paper and Pulp Business amounted to 135,986 million yen, rising 8.5% year on year. The operating loss increased 2,122 million yen from 1,299 million yen in the previous fiscal year, to 3,421 million yen.

While the future of the COVID-19 pandemic remains uncertain, the degree of recovery in paper demand has been clearly different depending on the type and application. In this environment, the Company has revised product prices of printing paper, communication paper and white paperboard in the second half, but prices of raw materials and fuels currently remain higher than expected mainly due to the impact of the situation in Ukraine.

Under such circumstances, the Company will aim to transform its product portfolio and early stabilize revenue by strongly promoting the expansion of product lineup of paper materials including pulp, kraft paper, functional paperboard and barricote® paper that will contribute to plastic removal, in addition to the optimization of production systems in line with demand trends, continued efforts to optimize inventory levels and deeper alliances with the Oji Group as self-supporting efforts.

●Imaging Media Business Net sales 32,296 million yen Operating income 837 million yen

In regions where the infection situation has calmed down due to progress in vaccination against COVID-19 and other factors, restrictions on travel and event activities have been eased, and demand for photographic sensitive materials and inkjet paper, mainly for image output applications, recovered in both domestic and overseas markets. In growth areas, both sales and income increased due to progress in the development of new business-use inkjet paper and electronics-related products.

As a result of the above, net sales in the Imaging Media Business amounted to 32,296 million yen, rising 28.2% year on year. Operating income increased 2,965 million yen from an operating loss of 2,128 million yen in the previous fiscal year, to 837 million yen.

The Company will work to increase its earning power in Japan and overseas by promoting new sales expansion in growth areas while responding flexibly to market trends in countries around the world, in addition to strengthening the foundation for existing businesses through continuous review of production systems.

●Speciality Material Business Net sales 18,134 million yen Operating income 2,121 million yen

Water treatment membrane supporting bodies and battery separators performed solidly due to increasing demand. Demand for decorative laminate base paper and tape base paper also continued to be robust and exceeded a year-ago level. In this segment, both sales and income increased due to the effect of cost reduction through higher production, in addition to the effect of higher sales.

As a result of the above, net sales in the Speciality Materials Business amounted to 18,134 million yen, rising 19.7% year on year. Operating income was 2,121 million yen, an increase of 615 million yen year on year.

The Company will continue to focus on sales expansion of battery separators, non-woven fabrics, tape base paper and newly launched melt-blown non-woven fabrics, in addition to the acquisition of new users of water treatment membrane supporting bodies and their development to membrane bio-reactor (MBR) applications.

● **Warehouse and Transportation Business** Net sales 7,822 million yen Operating income 231 million yen

Net sales in the Warehouse and Transportation Materials Business amounted to 7,822 million yen, rising 3.6% year on year. Operating income was 231 million yen, an increase of 82 million yen year on year.

● **Other Businesses** Net sales 7,020 million yen Operating income 75 million yen

Net sales were 7,020 million yen, up 24.7% year on year. Operating income was 75 million yen, an increase of 28 million yen year on year.

<Sales Amount by Business Category>

Business Category	FY2020 (156th term)		FY2021 (157th term)		YoY Changes	
	Upper column: Net sales Lower column: Operating income (loss)	Percentage	Upper column: Net sales Lower column: Operating income (loss)	Percentage	Amount	Ratio
	Million yen	%	Million yen	%	Million yen	%
Paper and Pulp	125,340 (1,299)	70.1 –	135,986 (3,421)	67.6 –	10,646 (2,122)	8.5 –
Imaging Media	25,182 (2,128)	14.1 –	32,296 837	16.0 –	7,114 2,965	28.2 –
Speciality Materials	15,144 1,506	8.5 –	18,134 2,121	9.0 –	2,990 615	19.7 40.8
Warehouse and Transportation	7,550 149	4.2 –	7,822 231	3.9 –	272 82	3.6 55.3
Other	5,630 47	3.1 –	7,020 75	3.5 –	1,390 28	24.7 60.7
Total	178,848 (1,724)	100.0 –	201,260 (154)	100.0 –	22,412 1,570	12.5 –
Elimination or corporate	(16,523) (45)	– –	(19,339) (93)	– –	(2,816) (48)	– –
Total	162,325 (1,770)	– –	181,920 (248)	– –	19,595 1,522	12.1 –

(3) Trends in Assets and Operating Results

(1) Status of Assets and Operating Results of the Corporate Group

Classification		FY2018 (154th term)	FY2019 (155th term)	FY2020 (156th term)	FY2021 (157th term)
Net sales	(Million yen)	203,997	194,575	162,325	181,920
Operating income (loss)	(Million yen)	(40)	1,976	(1,770)	(248)
Ordinary income (loss)	(Million yen)	(914)	2,696	(636)	1,964
Profit (loss) attributable to owners of parent	(Million yen)	351	801	(2,532)	1,096
Profit (loss) per share	(Yen)	10.04	17.96	(56.72)	24.62
Net assets	(Million yen)	67,004	60,527	62,902	69,613
Total assets	(Million yen)	232,758	212,217	209,438	215,879

(2) Status of Assets and Operating Results of the Company

Classification		FY2018 (154th term)	FY2019 (155th term)	FY2020 (156th term)	FY2021 (157th term)
Net sales	(Million yen)	115,064	106,452	86,619	95,823
Operating income (loss)	(Million yen)	(1,150)	422	(3,095)	159
Ordinary income (loss)	Million yen	(347)	898	(735)	4,589
Profit (loss)	(Million yen)	1,289	(971)	(5,818)	1,793
Profit (loss) per share	(Yen)	36.86	(21.74)	(130.26)	40.26
Net assets	(Million yen)	53,885	51,245	46,861	49,064
Total assets	(Million yen)	185,400	175,837	166,702	163,109

(4) Issues to be Addressed

Based on the corporate philosophy “Live up to the trust of its customers in the world market,” “Be always on the leading edge of technology” and “Contribute to preserving the global environment and creating a recycling society,” the MPM Group is pursuing corporate activities to achieve its sustainable growth and enhance its corporate value over the medium to long term.

The Group is working on its new Mid-term Management Plan (FY2023/3-FY2025/3), which the Group began to execute in April 2022.

[Mid-term Management Plan (FY2023/3-FY2025/3)]

While the lifestyle changes brought about by COVID-19 have accelerated the decline in demand for paper due to advances in digitalization, the Group will undertake structural reforms at unprecedented speed to strengthen its revenue base in order to respond to these changes in the market.

To attain this goal, the Group has launched the Medium-term Management Plan (FY2023/3-FY2025/3) in the fiscal year under review with a slogan of “Creation of a New Mitsubishi Paper Mills Group.”

Major initiatives in the Medium-term Management Plan are as follows.

- (i) Strengthen our earning capacity by “selection and concentration” strategies and “expansion of new business”

We will ensure the steady increase of sales and profit by intensive investment to our growing “Functional materials business” such as functional non-woven fabric, electronics-related materials including battery separator and electronics industry materials, industrial speciality paper and make it our main business segment. We explore the potential of pulp and paper materials, and open up wide ranging applications, and will change our existing business focusing on “Paper materials business” to stable profit earning fundamental business by selection and concentration.

Through the above initiatives, we will review our business portfolio to realize stronger profitability.

- (ii) Contribution to Green Society

We will engage in activities that contribute to a green society, for example, expanding sales of eco conscious products that the realization of a safe, comfortable and sustainable society, and efforts to Achieve Carbon Neutrality by 2050.

- (iii) Organizational Change to Promote Sustainability

We will work on organizational change to Strengthening corporate governance, promoting sustainability, diversity and inclusion, observance of compliance, work style reform.

We will take the measures above, with the aim of achieving the following targets in FY2025/3.

<Management Targets>

Consolidated indicators	Targets (FY2025/3)
Net Sales	195.0 billion yen
Operating income	7.5 billion yen
Ordinary income	8.5 billion yen
Interest-bearing debt	76.0 billion yen
D/E ratios	1.0

<Precondition> FY2025/3

Exchange rate: 125 yen /US\$, 135 yen /€

Crude oil price (Dubai): 85US\$/BBL

Coal price (Australia): 200US\$/MT

Through the activities above, the MPM Group will work to enhance its corporate value, with the aim of becoming a company that contributes to a sustainable society and grows sustainably by creating social value.

(5) Status of Capital Investment

We have been engaging in capital investment, with a focus on the construction of new facilities for new businesses and environmental measures, mainly for energy saving. We made capital investment of 5,791 million yen in the fiscal year under review, and major facilities and equipment that were completed or ongoing as of the end of the fiscal year under review are as follows.

A. Major facilities that were completed during the fiscal year under review

- The Company

Construction of new production facilities of melt blown nonwoven fabrics and masks
Production facilities of alcohol preparations
Facilities for unbleached kraft

B. Major ongoing facilities as of the end of the fiscal year under review

- The Company

Capacity expansion of waste boilers
Energy-saving measures
Expansion of production facilities of wet nonwoven fabrics (battery separators)
Company-wide IT infrastructure restructuring

- Kitakami HiTec Paper Corporation

Energy-saving measures

(6) Status of Financing

Funds for facilities and working capital during the fiscal year under review were financed by cash on hand, borrowings from financial institutions, and the issuance of commercial paper, among other means.

(7) Status of Principal Parent Companies and Subsidiaries (As of March 31, 2022)

(i) Status of parent company

Not applicable.

(ii) Status of the important subsidiary companies

Company name	Capital stock	Percentage of voting rights of the Company	Main business
	Million yen	%	
Mitsubishi Oji Paper Sales Co., Ltd.	600	99.9	Sale of paper, chemicals, etc.
Kitakami HiTec Paper Corporation	450	100.0	Manufacturing, processing and sale of pulp, resin-coated paper and sanitary products
Mitsubishi Paper Engineering Co., Ltd.	150	100.0	Design/installation of various machine and equipment construction
RYOSHI Co., Ltd.	100	100.0	Operation of sporting facilities, insurance agencies, and real estate business
Diamic Co., Ltd.	100	100.0	Sale of printing-plate materials, etc.
NAMITSU Co., Ltd.	90	100.0	Cargo transportation and warehousing
MPM OJI Home Products Co., Ltd.	80	70.0	Manufacture and sale of household paper
Shin-Hokuryo Forest Products Co., Ltd.	70	100.0	Manufacture and sale of wood chips, etc.
Toho Tokushu Pulp Co., Ltd.	60	100.0	Manufacture and sale of special pulp
Hachinohe Paper Processing Co., Ltd.	50	100.0	Paper trimming, grading and packaging, storage and shipment of paper products
KJ SPECIALTY PAPER Co., Ltd.	50	100.0	Manufacturing, processing and sale of chemical paper
Takasago Paper Processing Co., Ltd.	30	100.0	Paper trimming, grading and packaging
Hachiryō Co., Ltd.	20	100.0	Premise transport, miscellaneous work and processing of packing paper
Ryōkō Co., Ltd.	20	100.0	Construction industry, machine repair
MPM Operation Co., Ltd.	20	100.0	Entrustment with operation and management of production activities of Hachinohe Mill
Kyōryō Chemical Co., Ltd.	12	100.0	Finishing of sensitive coated paper, manufacture and sale of printing plate treatment chemicals
Hokuryō Industry Corporation	10	100.0	Contracted manufacture and finishing of paper, miscellaneous work
Mitsubishi Paper Holding (Europe) GmbH	Thousand EUR 1,000	100.0	Management of European affiliates
Mitsubishi HiTec Paper Europe GmbH	Thousand EUR 11,759	100.0	Manufacture and sale of paper
Mitsubishi Imaging (MPM), Inc.	USD 1,000	100.0	Sale of paper and photographic/printing plate materials
MPM Hong Kong Limited	Thousand HKD 700	100.0	Sale of speciality materials
Zhuhai MPM Filter Ltd.	Thousand CNY 20,103	100.0	Manufacturing, processing and sale of speciality materials

Notes 1. Percentage of voting rights of MPM in Toho Tokushu Pulp Co., Ltd. and Mitsubishi HiTec Paper Europe GmbH includes those of MPM's subsidiaries.

2. Hakuryō Paper Technology Co., Ltd. completed its liquidation on February 28, 2022, following the transfer of production in the pressboard business.

(iii) Status of equity-method affiliated companies

Company name	Capital stock	Percentage of voting rights of the Company	Main business
Hyogo Clay Co., Ltd.	Million yen 25	% 36.2	Manufacturing of tankal and pigments for inkjet paper
MPM Oji Eco Energy Co., Ltd.	400	45.0	Power generation business, power sales business, and any other business incidental or related thereto
Forestal Tierra Chilena Ltda.	Thousand USD 5,380	50.0	Transfer of land and plantation assets in January 2018 and scheduled to be liquidated in the future.

(iv) Other

MPM is an equity-method affiliated company of Oji Holdings Corporation, which owns 33% of voting rights of MPM.

(8) Principal Business (as of March 31, 2022)

The MPM Group's principal business is the manufacturing, processing, and sale of paper, pulp, and photosensitive materials, and the major products and services by business category are as follows.

Paper and Pulp Business	Uncoated printing paper, fine coated printing paper, coated printing paper, special printing paper, information paper and sanitary paper Packaging paper, electrically insulated pressboard, high-grade white paperboard, specialty white paperboard and other specialty paper Bleached kraft pulp and specialty pulp
Imaging Media Business	Inkjet paper, photographic printing paper, base paper for photographic printing paper, printing plate making materials, printing equipment, CTP software and various kinds of treatment chemicals
Speciality Materials Business	Chemical paper, nonwoven fabrics, filters, rewrite media, battery separators and various kinds of speciality materials
Warehouse and Transportation Business	Warehouse and transportation-related Business
Other Businesses	Engineering services, sports facility management, insurance agency business and real estate business

(9) Main Offices and Mills (as of March 31, 2022)**(i) The Company**

Head Office	2-10-14 Ryogoku, Sumida-ku, Tokyo
Mills and Offices	Takasago Mill (Hyogo), Kyoto Mill (Kyoto), Hachinohe Mill (Aomori), Kitakami Division (Iwate) Shirakawa Office (Fukushima)
Sales Offices	Osaka Sales Branch (Osaka)
Laboratories	Takasago R&D Laboratory (Hyogo), Kyoto R&D Laboratory (Kyoto)

(ii) Subsidiaries, etc.,

Paper and Pulp Business	Mitsubishi Oji Paper Sales Co., Ltd. (Tokyo), Toho Tokushu Pulp Co., Ltd. (Tokyo) MPM Operation Co., Ltd. (Aomori), Hachinohe Paper Processing Co., Ltd. (Aomori) Shin-Hokuryo Forest Products Co., Ltd. (Aomori), Hachiryō Co., Ltd. (Aomori) MPM OJI Home Products Co., Ltd. (Aomori), Takasago Paper Processing Co., Ltd. (Hyogo) Mitsubishi Paper Holding (Europe) GmbH (Germany) Mitsubishi HiTec Paper Europe GmbH (Germany)
Imaging Media Business	Diamic Co., Ltd. (Tokyo) Kitakami HiTec Paper Corporation (Iwate), Hokuryo Co., Ltd. (Iwate), Kyoryo Chemical Co., Ltd. (Kyoto) Mitsubishi Imaging (MPM), Inc. (U.S.A)
Speciality Materials Business	KJ SPECIALTY PAPER Co., Ltd. (Shizuoka), MPM Hong Kong Limited (China) Zhuhai MPM Filter Ltd. (China)
Warehouse and Transportation Business	NAMITSU Co., Ltd. (Osaka)
Other Businesses	Mitsubishi Paper Engineering Co., Ltd. (Aomori), RYOSHI Co., Ltd. (Tokyo) Ryoukou Co., Ltd. (Hyogo)

(10) Status of Employees (As of March 31, 2022)**(i) Status of Employees in the Corporate Group**

Business Category	Number of employees	Change from the end of the previous period
Paper and Pulp	1,904	-124
Imaging Media	504	-31
Specialty Materials	439	-34
Warehouse and Transportation	149	+13
Other	276	-6
Group-wide (not belonging to any specific segment)	112	-13
Total	3,384	-195

(Note) The number of employees in the Company-wide (not belonging to any specific segment) category includes employees who belong to the administration division that cannot be classified into any specific business segment.

(ii) Status of Employees in the Company

Number of employees	Change from the end of the previous period	Average age	Average years of continuous service
577	-34	47.5	25.9

(Note) Other than the above, 668 employees are seconded to subsidiaries, etc.

(11) Major Lenders (As of March 31, 2022)

Lender	Borrowing amount
The Norinchukin Bank	13,082 million yen
MUFG Bank, Ltd.	11,936 million yen
Syndicated loans	11,900 million yen
The Nanto Bank, Ltd.	5,068 million yen
Joyo Bank, Ltd.	4,915 million yen
The Hachijuni Bank, Ltd.	4,737 million yen

(Note) Syndicated loans are those provided by 23 financial institutions.

2. Matters related to the Company's shares (As of March 31, 2022)

- (1) Total number of authorized shares 90,000,000 shares
- (2) Total number of shares issued 44,741,433 shares
- (3) Number of shareholders 15,992 people (down 233 people at the end of the previous fiscal year)

(4) Major shareholders

Name of shareholder	Number of shares held	Shareholding ratio
Oji Holdings Corporation	14,693,000 shares	32.9%
The Master Trust Bank of Japan, Ltd. (Trust account)	3,623,500 shares	8.1%
Isao Nasu	2,128,500 shares	4.8%
Mitsubishi Paper Mills Shareholder Association	930,150 shares	2.1%
Custody Bank of Japan, Ltd. (Trust account)	924,400 shares	2.1%
FUJIFILM Holdings Corporation	850,000 shares	1.9%
The Norinchukin Bank	650,000 shares	1.5%
Mitsubishi Paper Mills Employee Shareholder Association	478,656 shares	1.1%
DFA INTL SMALL CAP VALUE PORTFOLIO	471,769 shares	1.1%
Mitsubishi Gas Chemical Company, Inc.	465,000 shares	1.0%

- (Note) 1. The ratio of share contribution is calculated with treasury stock (73,407 shares) deducted. Treasury stock does not include shares of MPM owned by the Board Incentive Plan.
2. The number of shares owned by Mitsubishi Gas Chemical Company, Inc. includes 360 thousand shares contributed by this company as trust assets for a retirement benefit trust. (The name on the shareholders' register is "The Master Trust Bank of Japan, Ltd. (a trust account for a retirement benefit trust and an account for Mitsubishi Gas Chemical Company, Inc.)")

(5) Shareholder composition

Category	Number of shareholders	Number of shares held	Shareholding ratio
Financial institutions	31 persons	8,185,155 shares	18.3%
Other corporations	198 persons	19,025,037 shares	42.5%
Individuals and others	15,607 persons	13,273,195 shares	29.7%
Foreign corporations and others	114 persons	3,076,488 shares	6.9%
Financial instruments business operators	42 persons	1,181,558 shares	2.6%
Total	15,992 persons	—	100.0%

3. Matters related to company officers

(1) Names and the status of important concurrent positions of Directors and Audit & Supervisory

Board Members (as of March 31, 2022)

Director, Chairman (Representative Director)	Yoshiaki Takeda	
President (Representative Director)	Yukihiro Tachifuji	
Representative Director	Shigeharu Sanada	
Director	Nobuhiro Sato	
Director	Shimpei Yamada	
Director	Kunio Suzuki	
Director	Somitsu Takehara	Director, Chairman, ZECOO Partners Inc. Outside Director, Genki Sushi Co., Ltd. Outside Audit & Supervisory Board Member, EDION Corporation Outside Audit & Supervisory Board Member, TBS Holdings, Inc. Partner, Director, Kataoka & Kobayashi LPC Outside Director (Audit and Supervisory Committee Member), The Higo Bank, Ltd. Visiting professor at Chuo Law School
Director	Yoshihiro Kataoka	
Full-time Audit & Supervisory Board Member	Koichi Nakayama	
Audit & Supervisory Board Member	Hiroaki Tonooka	(Director, Trustee, The Kitasato Institute)
Audit & Supervisory Board Member	Takeshi Kobayashi	Director, Chairman, DBJ Capital Co., Ltd. Outside Audit & Supervisory Board Member, Takagi Seiko Corporation Outside Audit & Supervisory Board Member, Keisei Electric Railway Co., Ltd. (Representative Director, President, Mitsubishi UFJ Trust Business Co., Ltd.)
Audit & Supervisory Board Member	Satoshi Takizawa	

(2) Names and Responsibilities of Executive Officers (As of March 31, 2022)

* President, Executive Officer	Yukihiro Tachifuji	(In charge of Corporate Planning Dept., Research and Development Division, Energy Business Dept. and Technology & Environmental Dept.)
* Managing Executive Officer	Nobuhiro Sato	Responsible for Paper Division General Manager, Paper Division Director, President, Mitsubishi Oji Paper Sales Co., Ltd. In charge of Functional Materials Division and Kitakami Division Assistant officer responsible for German operations General Manager, Functional Materials Div.
* Managing Executive Officer	Shimpei Yamada	
* Managing Executive Officer	Shigeharu Sanada	In charge of General Affairs & Personnel Dept., Legal Dept., Raw Materials & Purchasing Dept., Internal Audit Dept. and Shirakawa Office Director in charge of CSR Director, President, Kitakami HiTec Paper Corporation General Manager, Kitakami Div., Deputy General Manager, Functional Materials Div.
Executive Officer	Teiji Ota	
Executive Officer	Yuji Takagami	(Deputy General Manager, Functional Materials Div.)
Executive Officer	Hiroaki Kobayashi	In charge of Energy Business Dept. and Technology & Environmental Dept. General Manager, Technology & Environmental Dept. (Deputy General Manager, Paper Div., General Manager, Sales Administration Dept.)
Executive Officer	Takao Fujiura	
Executive Officer	Hironori Oikawa	(In charge of Corporate Planning Dept., Finance & Accounting Dept. and German operations)
Executive Officer	Hiroshi Mohara	(Head, Takasago Mill, Deputy General Manager, Paper Div., Deputy General Manager, Functional Materials Div.)

Executive Officer	Kunihiro Nakagawa	(In charge of Research and Development Division General Manager, Research and Development Div. (Deputy General Manager, Functional Materials Div., Chairman, Zhuhai MPM Filter Limited))
Executive Officer	Ikuo Fujita	

* Executive Officers with an asterisk concurrently serve as a Director.

- (Note) 1. Directors Somitsu Takehara and Yoshihiro Kataoka are Outside Directors.
2. Audit & Supervisory Board Members Hiroaki Tonooka, Takeshi Kobayashi and Satoshi Takizawa are Outside Audit & Supervisory Board Members.
3. Audit & Supervisory Board Member Hiroaki Tonooka has many years of experience in financial institutions including his serving as a Director and an Executive Officer at Meiji Yasuda Life Insurance Company and has expertise in accounting and finance.
4. Audit & Supervisory Board Member Takeshi Kobayashi has expertise in accounting and finance as he served as a Managing Executive Officer and an Audit & Supervisory Board Member at Development Bank of Japan Inc. and was responsible for the accounting and finance departments at Japan Nuclear Fuel Limited as Managing Executive Officer.
5. Audit & Supervisory Board Member Satoshi Takizawa has many years of experience in financial institutions including his serving as a Director and a Senior Managing Executive Officer at Mitsubishi UFJ Trust and Banking Corporation and has expertise in accounting and finance.
6. MPM has notified the Tokyo Stock Exchange of the appointment of Directors Somitsu Takehara and Yoshihiro Kataoka and Audit & Supervisory Board Members Hiroaki Tonooka, Takeshi Kobayashi and Satoshi Takizawa as Independent Directors with no possibility of conflicts of interest with general shareholders.
7. There are no Directors and Audit & Supervisory Board Members who assumed or left office from the day following the 156th Annual General Meeting of Shareholders held during the fiscal year under review (June 25, 2021) to the end of the fiscal year.
8. Positions and responsibilities of Directors and Executive Officers have been changed as follows effective April 1, 2022.

President, Executive Officer	Ryuichi Kisaka	
Representative Director Senior Executive Vice President	Shigeharu Sanada	(In charge of Corporate Planning Dept., Functional Materials Division, Research and Development Division, General Affairs & Personnel Dept., Legal Dept., Finance & Accounting Dept., Energy Business Dept., Technology & Environmental Dept., Shirakawa Office, Kitakami Division and German operations Responsible for Raw Materials & Purchasing Dept. and Internal Audit Dept. Director responsible for Sustainability Promotion Responsible for Energy Business Dept., Technology & Environmental Dept. and Kitakami Division Assistant officer responsible for Pulp and Paper Materials Div. Director, Chairman, MPM OPERATION Co., Ltd. Director, Chairman, Kitakami HiTec Paper Corporation Responsible for Functional Materials Division, Research and Development Division and German operations Assistant officer responsible for Kitakami Division General Manager, Functional Materials Div. Director, President, Kitakami HiTec Paper Corporation General Manager, Kitakami Div., Deputy General Manager, Pulp and Paper Materials Div., Deputy General Manager, Functional Materials Div. Responsible for Engineering Business Assistant officer responsible for Energy Business Dept. General Manager, Technology & Environmental Dept. (Responsible for General Affairs & Personnel Dept., Legal Dept., Shirakawa Office and property management) (General Manager, Research and Development Div.))
Senior Managing Executive Officer	Kazuhiro Nakauchi	
Managing Executive Officer	Shigeji Matsuzawa	
Executive Officer	Teiji Ota	
Executive Officer	Hiroaki Kobayashi	
Executive Officer	Hironori Oikawa	
Executive Officer	Kunihiro Nakagawa	

Executive Officer	Ryuki Fuchiwaki	Deputy General Manager, Pulp and Paper Materials Div. Managing Executive Officer, Mitsubishi Oji Paper Sales Co., Ltd.
Executive Officer	Fujitaka Mizushima	
Director	Yoshiaki Takeda	Responsible for Corporate Planning Dept. and Finance & Accounting Dept. Assistant officer responsible for German operations
Director and Advisor	Yukihiro Tachifuji	
Director	Shimpei Yamada	

(3) Outline of liability insurance for officers, etc.

MPM signs a directors and officers liability insurance policy as specified in paragraph 1, Article 430-3 of the Companies Act to cover damages such as compensation and legal expenses if a damage compensation claim is filed against the insured during the insurance period due to an act committed by the insured in their capacity as the insured under this insurance. However, the above policy does not cover damages arising from the insured's illegal obtaining of benefits or advantages, criminal acts, dishonest acts, fraudulent acts or acts committed with knowledge that they violate laws, regulations, or regulatory statutes.

The insured of the insurance policy is the Directors, Audit & Supervisory Board Members and managerial employees of MPM, and MPM pays all of the premiums for all of the insured.

(4) The amounts of compensation for Directors and Audit & Supervisory Board Members concerning the fiscal year under review

(i) Matters related to resolutions of the Shareholders' Meeting about remuneration for the Directors and Audit & Supervisory Board Members

The amount of monetary compensation for Directors was resolved at the 156th Ordinary Shareholders' Meeting held on June 25, 2021 to be within 280 million yen per year (not including salaries Directors receive for their concurrently serving as employees of the Company). The number of Directors when the annual Shareholders' Meeting ended was eight (including two Outside Directors).

Additionally, separately from monetary compensation, it was resolved at the same Shareholders' Meeting that MPM will contribute up to 150 million yen per fiscal year to a trust as a performance-linked stock compensation plan for Directors and Executive Officers (excluding Outside Directors, part-time Directors and non-residents of Japan), and that the maximum number of shares of MPM to be delivered, etc. through the trust will be a total of 1.8 million points (equivalent to 1.8 million shares) for three fiscal years. As of the conclusion of the Ordinary Shareholders' Meeting, six Directors (excluding Outside Directors, part-time Directors and non-residents of Japan) are participating in the performance-linked stock compensation plan.

The amount of monetary compensation for Audit & Supervisory Board Members was resolved at the 121st Ordinary Shareholders' Meeting held on June 27, 1986 to be within 7 million yen per month. The number of Audit & Supervisory Board Members when the annual Shareholders' Meeting ended was three.

(ii) Policies on decisions related to details of compensation for individual Directors, etc.

MPM has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors for the determination of Directors' remuneration, to ensure the objectivity and transparency of the process. The Nomination and Remuneration Committee, in consultation with

the Board of Directors, reviews the appropriateness of the policies regarding compensation for Directors and Executive Officers and the details of individual compensation and reports to the Board of Directors. The members of the Nomination and Remuneration Committee are appointed from among the Representative Directors and independent Outside Directors, and the chairperson of the Committee is determined by mutual vote of the appointed independent Outside Directors, with the Committee chaired by the chairperson. In addition, the Board of Directors has determined that the amount of individual remuneration, etc. of Directors for the fiscal year under review has been paid in accordance with the policy for determining remuneration, as the amount of individual remuneration, etc. of the Directors has been deliberated by the Nomination and Compensation Committee in accordance with the regulations adopted and established by the Board of Directors and the policy for the fiscal year 2021. Policies on decisions related to details of compensation for individual Directors, etc. are as follows.

MPM's Basic Policies on Corporate Governance stipulate that the remuneration of Directors and Executive Officers shall be appropriate, fair, and balanced to motivate them to achieve the sustainable growth of MPM and the increase of its corporate value over the medium and long term, and the Board of Directors shall make a resolution on this matter after consulting the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors and chaired by an Outside Director.

Compensation for Directors (excluding Outside Directors and part-time Directors) consists of a fixed remuneration (cash) and stock-based compensation. Stock-based compensation consists of fixed portion of not linked to business performance and a portion of linked to business performance. Stock-based compensation that is not linked to business performance is the granting of a certain number of stock delivery points in accordance with the Director's position. Stock-based compensation that is linked to business performance is the granting of stock delivery points linked to the consolidated operating income for each fiscal year during the subject period in accordance with the Director's position. Since indicators for performance-linked remuneration are highly connected to company performance, the consolidated operating income, etc., announced in the consolidated performance forecast are used as indicators to ensure the executive compensation system is highly transparent and objective. Regarding stock-based compensation, the total number of shares to be delivered (one share of the Company's stock per stock delivery point) will be determined after the Director retires. Outside Directors and part-time Directors are not paid Stock-based compensation from the perspective of their independence for Outside Directors, and for the part-time Directors, due to the fact that they do not excuse business operations. Outside Directors and part-time Directors are paid only a fixed remuneration (cash).

(iii) The total amount of remuneration and other payments for Directors and Audit & Supervisory Board Members

Classification	Number of recipients	Total amount of remuneration, etc.	Fixed remuneration	Stock-based compensation	
			Monetary remuneration	Non-monetary compensation (fixed)	Non-monetary compensation (linked to business performance)
Director	Persons 10	Million yen 171	Million yen 157	Million yen 14	Million yen –
Audit & Supervisory Board Member	5	35	35	–	–
Total (Outside Officers)	15 (6)	207 (30)	192 (30)	14 (–)	–

- Notes
- The table above includes the remuneration paid to two Directors and one Audit & Supervisory Board Member who retired at the conclusion of the 156th Ordinary General Meeting of Shareholders held on June 25, 2021 during their terms of office.
 - MPM had decided not to pay Stock-based compensation that is linked to business performance for the fiscal year under review.
 - Each total amount of non-monetary compensation in the table above is the amount of the expenses recorded for the stock delivery points granted in fiscal year 2021 under the performance-linked stock compensation and other compensation plans (BIP Trust) based on the resolution of the Ordinary General Meeting of Shareholders on June 25, 2021.
 - An overview of the performance-linked stock compensation and other compensation plans (BIP Trust) is as follows.

People eligible for the plans	Directors, Executive Officers (excluding Outside Directors, part-time Directors and non-residents of Japan)
Maximum amount of funds provided by MPM	150 million yen per fiscal year The maximum amount at the time of extension is a total of 450 million yen over three fiscal years.
Method of share acquisition	Acquisition from the stock market
Maximum number of shares of MPM to be delivered to Directors	The maximum number of points to be delivered to Directors and others for the three fiscal years during the trust period is 1.8 million points (equivalent to 1.8 million shares). The average number of points to be delivered per fiscal year is 600 thousand points (equivalent to 600 thousand shares).
Details of performance achievement	Amount of consolidated operating income for each fiscal year, etc.
Timing of delivery, etc. of MPM's shares, etc., to eligible persons, etc.	After retirement
Exercise of voting rights	Voting rights shall not be exercised during the trust period.

(4) Matters related to Outside Officers (as of March 31, 2022)

- Important concurrent positions and relationship between MPM and the entities where they hold concurrent positions
Director Somitsu Takehara is the Director and Chairman of ZECOO Partners INC., Outside Director of Genki Sushi Co., Ltd., Outside Audit & Supervisory Board Member of EDION Corporation (scheduled to assume office on June 29, 2022) and Outside Audit

& Supervisory Board Member of TBS Holdings, Inc. MPM has no special relationships with the above companies where he holds concurrent positions.

Director Yoshihiro Kataoka is a Partner and Director of Kataoka & Kobayashi and an Outside Director (Audit & Supervisory Board Member) of The Higo Bank, Ltd. MPM has no special relationships with the above companies where he holds concurrent positions.

Audit & Supervisory Board Member Hiroaki Tonooka is a Director and Trustee of The Kitasato Institute. MPM has no special relationships with the above companies where he holds concurrent positions. (He is scheduled to become a trustee of Japan College of Social Work on May 27, 2022)

Audit & Supervisory Board Member Takeshi Kobayashi is the Director and Chairman of DBJ Capital Co., Ltd., Outside Audit & Supervisory Board Member of Takagi Seiko Corporation (scheduled to assume office on June 24, 2022) and Outside Audit & Supervisory Board Member of Keisei Electric Railway Co., Ltd. MPM has no special relationships with the above companies where he holds concurrent positions.

Audit & Supervisory Board Member Satoshi Takizawa is the Representative Director and President of Mitsubishi UFJ Trust and Banking Corporation. MPM has no special relationships with the above companies where he holds concurrent positions.

b. Main activities for the fiscal year under review

- Attendance at the Board of Directors meetings and the Audit & Supervisory Board meetings

		Board of Directors	Audit & Supervisory Board
Director	Somitsu Takehara	13 meetings /14 meetings (92.9%)	–
Director	Yoshihiro Kataoka	14 meetings /14 meetings (100%)	–
Audit & Supervisory Board Member	Hiroaki Tonooka	14 meetings /14 meetings (100%)	12 meetings /12 meetings (100%)
Audit & Supervisory Board Member	Takeshi Kobayashi	14 meetings /14 meetings (100%)	12 meetings /12 meetings (100%)
Audit & Supervisory Board Member	Satoshi Takizawa	10 meetings /10 meetings (100%)	8 meetings /8 meetings (100%)

- Statements made at Board of Directors meetings and Audit & Supervisory Board meetings
 Director Somitsu Takehara provides advice and recommendations to ensure the adequacy and appropriateness of the decision-making of the Board of Directors, mainly by offering opinions based on his knowledge as a certified public accountant and his extensive experience in corporate management through his management consulting business and other activities. Additionally, as the chairperson of the Nomination and Remuneration Committee, he attended all three Nomination and Remuneration Committee meetings held during the fiscal year under review and contributed to the strengthening of the corporate governance of MPM by taking the lead in decisions on important matters such as the selection of candidates for Directors and officer remuneration and in supervising the execution of operations from an independent, objective and neutral standpoint.
 Director Yoshihiro Kataoka provides advice and recommendations to ensure the adequacy and appropriateness of the decision-making of the Board of Directors, mainly by expressing opinions from the perspective of a lawyer with expertise in corporate legal

affairs. Additionally, as a member of the Nomination and Remuneration Committee, he attended all three Nomination and Remuneration Committee meetings held during the fiscal year under review and contributed to the strengthening of the corporate governance of MPM by taking the lead in deciding important matters such as the selection of candidates for Directors and officer remuneration and in supervising the execution of operations from an independent, objective, and neutral standpoint.

Audit & Supervisory Board Member Hiroaki Tonooka has been engaged in the management of a life insurance company, and based on his experience and expertise in accounting and finance in general, he provides advice and recommendations to ensure the adequacy and appropriateness of the Board of Directors' decision-making in all aspects of management, including expressing opinions from an objective and neutral standpoint, thereby appropriately auditing MPM's business execution.

Audit & Supervisory Board Member Takeshi Kobayashi has been engaged in management and auditing of policy financial institutions, etc., and based on his experience and expertise in investments and loans and general financial matters, he provides advice and recommendations to ensure the adequacy and appropriateness of the Board of Directors' decision-making in overall management, and appropriately audits the MPM's business execution, by offering opinions from an objective and neutral standpoint.

Audit & Supervisory Board Member Satoshi Takizawa has been engaged in the management of a trust bank, etc., and based on his experience and expertise in accounting and finance in general, he provides advice and recommendations to ensure the adequacy and appropriateness of the Board of Directors' decision-making in overall management and appropriately audits MPM's execution of business by providing opinions from an objective and neutral standpoint.

c. Outline of agreement for limitation of liability

The Company has concluded contracts for the limitation of liability, by which the liability for damages stipulated in Article 423, paragraph (1) of the Companies Act of Japan is limited by the provision of Article 427, paragraph (1) of the said Act, with its Outside Directors and Outside Audit & Supervisory Board Members.

The maximum amount of liability for compensation of damages under the agreement is the higher of 10 million yen or the amount stipulated by law.

4. Status of Accounting Auditors

(1) Accounting firm (As of March 31, 2022)

Ernst & Young ShinNihon LLC.

(2) The amount of fees, etc. paid to Accounting Auditors for the fiscal year under review

a. Fees, etc. paid to Accounting Auditors for the fiscal year under review

55 million yen

b. Total amount of money and other financial benefits that the Company and its subsidiaries should pay to Accounting Auditors

73 million yen

Notes 1. Since the amount of fees and other considerations paid to Accounting Auditors under the Companies Act and the amount of remuneration for auditing services under the Financial

Instruments and Exchange Act are not distinguished in the agreement between MPM and the Accounting Auditors, the amount in A above is the sum of these amounts.

2. Among MPM's important subsidiaries, Mitsubishi Paper Holding (Europe) GmbH, Mitsubishi HiTec Paper Europe GmbH, Mitsubishi Imaging (MPM), Inc., MPM Hong Kong Limited and Zhuhai MPM Filter Limited are subject to audits (limited to those under the provisions of the Companies Act and the Financial Instruments and Exchange Act (including equivalent foreign laws and regulations)) of their financial statements by certified public accountants or auditing firms (including those who have qualifications equivalent to these qualifications in foreign countries) other than MPM's Accounting Auditors.
3. Based on the Practical Guidelines for Cooperation with Accounting Auditors published by the members of the Japan Audit & Supervisory Board, the Audit & Supervisory Board obtained and received explanations from the Accounting Auditors and related departments within MPM regarding the comparison of audit plans and results for the previous fiscal year, audit time and compensation and other necessary materials, and further examined the adequacy of audit plans and estimated compensation for the fiscal year under review by reviewing the audit fees of other companies. As a result, MPM determined that the remuneration, etc. of the Accounting Auditors was appropriate and gave its consent as stipulated in Article 399, Paragraph 1 of the Companies Act.

(3) Policy on decision to dismiss or not to reappoint Accounting Auditors

The Audit & Supervisory Board will dismiss the Accounting Auditors with the unanimous consent of the Audit & Supervisory Board Members if any of the items of Article 340, Paragraph 1 of the Companies Act apply regarding the Accounting Auditors.

In cases other than the foregoing where it is deemed difficult for the Accounting Auditors to perform appropriate audits due to the occurrence of events which undermine their suitability or independence, the Audit & Supervisory Board will determine the details of a proposal for the dismissal or non-reappointment of the Accounting Auditors, and the Board of Directors will submit the proposal to the General Meeting of Shareholders based on this decision.

5. Policy regarding decisions on dividends of surplus, etc.

The Company's basic policy regarding dividends of surplus and the like is to regard the distribution of profits to shareholders as a key management issue and maintain stable dividends while comprehensively considering business performance in each business year and internal reserves necessary to prepare for future management initiatives.

As a result of a comprehensive review of recent performance trends, the Company regrets to inform its shareholders that it has decided not to pay a dividend for the current fiscal year.

Under Article 459 of the Companies Act, the Articles of Incorporation stipulate that dividends of surplus, etc. shall be paid by resolution of the Board of Directors.

Consolidated Balance Sheets

FY2021

(Mar 31,2022)

(Million yen)

Assets		Liabilities	
Current assets	95,282	Current liabilities	102,720
Cash and deposits	9,047	Notes and accounts payable - trade	24,617
Notes receivable - trade	7,724	Electronically recorded obligations	3,541
Accounts receivable - trade	33,879	Short-term loans payable	56,433
Merchandise and finished goods	23,446	Commercial paper	6,000
Work in process	6,487	Lease obligations	380
Raw materials and supplies	10,857	Accrued expenses	6,728
Other	3,969	Income taxes payable	475
Allowance for doubtful accounts	(130)	Contract liabilities	500
		Other	4,043
Non-current assets	120,596	Non-current liabilities	43,545
Property, plant and equipment	84,590	Long-term loans payable	29,960
Buildings and structures, net	21,335	Lease obligations	586
Machinery, equipment and vehicles, net	37,694	Deferred tax liabilities	694
Land	21,276	Provision for share awards	24
Leased assets, net	1,156	Provision for directors' retirement benefits	69
Construction in progress	1,638	Net defined benefit liability	9,277
Other, net	1,489	Asset retirement obligations	885
		Other	2,048
Intangible assets	1,864	Total liabilities	146,265
Other	1,864	Net assets	
		Shareholders' equity	56,784
Investments and other assets	34,141	Capital stock	36,561
Investment securities	19,868	Capital surplus	6,488
Long-term loans receivable	1,215	Retained earnings	13,962
Net defined benefit asset	10,662	Treasury shares	(228)
Deferred tax assets	1,384	Accumulated other comprehensive income	12,824
Other	1,081	Valuation difference on available-for-sale securities	4,688
Allowance for doubtful accounts	(70)	Foreign currency translation adjustment	952
		Remeasurements of defined benefit plans	7,182
		Non-controlling interests	5
		Total net assets	69,613
Total assets	215,879	Total liabilities and net assets	215,879

Consolidated Statements of Income

FY2021

(Apr'21 – Mar'22)

(Million yen)

Net sales		181,920
Cost of sales		156,151
Gross profit		25,768
Selling, general and administrative expenses		26,017
Operating loss		(248)
Non-operating income		
Interest income	30	
Dividend income	531	
Share of profit of entities accounted for using equity method	1,066	
Foreign exchange gains	1,038	
Other	436	3,104
Non-operating expenses		
Interest expenses	581	
Loss for ship lease	116	
Other	192	891
Ordinary income		1,964
Extraordinary income		
Gain on disposal of non-current assets	53	
Gain on sales of investment securities	1,394	
Gain on sale of businesses	840	
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	285	
Other	430	3,004
Extraordinary losses		
Loss on disposal of non-current assets	402	
Impairment loss	1,317	
Loss on valuation of investment securities	779	
Extra retirement payments	433	
Loss on valuation of shares of subsidiaries and associates	395	
Other	85	3,414
Profit before income taxes		1,554
Income taxes - current		881
Income taxes - deferred		(425)
Profit		1,098
Profit attributable to non-controlling interests		2
Profit attributable to owners of parent		1,096

Balance Sheets

FY2021

(Mar 31,2022)

(Million yen)

Assets		Liabilities	
Current assets	78,628	Current liabilities	84,097
Cash and deposits	7,687	Accounts payable - trade	13,429
Notes receivable - trade	217	Electronically recorded obligations - operating	2,812
Accounts receivable - trade	26,107	Short-term loans payable	54,872
Merchandise and finished goods	13,892	Commercial paper	6,000
Work in process	3,379	Lease obligations	33
Raw materials and supplies	6,254	Accounts payable - other	1,599
Advance payments to suppliers	285	Accrued expenses	4,272
Prepaid expenses	389	Income taxes payable	256
Short-term loans receivable	18,047	Contract liabilities	309
Accounts receivable - other	2,933	Deposits received	105
Other	1,004	Electronically recorded obligations - non-operating	374
Allowance for doubtful accounts	(1,572)	Other	32
Non-current assets	84,481	Non-current liabilities	29,947
Property, plant and equipment	56,780	Long-term loans payable	28,020
Buildings, net	11,947	Lease obligations	68
Structures, net	2,805	Provision for retirement benefits	3
Machinery and equipment, net	24,613	Provision for share awards	24
Vehicles, net	39	Asset retirement obligations	574
Tools, furniture and fixtures, net	403	Other	1,256
Land	14,849		
Mountain Forests And Afforestation, Net	439		
Leased assets, net	91		
Construction in progress	1,589		
Intangible assets	1,705		
Trademark right	4		
Software	63		
Software in progress	743		
Other	893		
Investments and other assets	25,994		
Investment securities	8,200		
Shares of subsidiaries and associates	10,715		
Investments in capital of subsidiaries and associates	311		
Long-term loans receivable	3,393		
Long-term prepaid expenses	73		
Prepaid pension costs	40		
Deferred tax assets	2,895		
Other	388		
Allowance for doubtful accounts	(24)		
		Total liabilities	114,044
		Net assets	
		Shareholders' equity	46,191
		Capital stock	36,561
		Capital surplus	8,094
		Legal capital surplus	8,094
		Retained earnings	1,719
		Other retained earnings	1,719
		Retained earnings brought forward	1,719
		Treasury shares	(184)
		Valuation and translation adjustments	2,873
		Valuation difference on available-for-sale securities	2,873
		Total net assets	49,064
Total assets	163,109	Total liabilities and net assets	163,109

Statements of Income

FY2021

(Apr'21 – Mar'22)

(Million yen)

Net sales		95,823
Cost of sales		82,699
Gross profit		13,124
Selling, general and administrative expenses		12,965
Operating income		159
Non-operating income		
Interest and dividend income	3,807	
Miscellaneous income	1,397	5,204
Non-operating expenses		
Interest expenses	506	
Loss for ship lease	116	
Miscellaneous losses	151	774
Ordinary income		4,589
Extraordinary income		
Gain on disposal of non-current assets	1	
Gain on sales of investment securities	1,042	
Gain on sale of businesses	840	
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	285	
Other	39	2,209
Extraordinary losses		
Loss on disposal of non-current assets	341	
Impairment loss	1,289	
Loss on valuation of investment securities	776	
Provision of allowance for doubtful accounts for subsidiaries and associates	1,572	
Loss on valuation of investments in capital of subsidiaries and associates	719	
Loss on valuation of shares of subsidiaries and associates	395	
Other	196	5,291
Profit before income taxes		1,507
Income taxes - current		142
Income taxes - deferred		(428)
Profit		1,793

Audit reports

Accounting Auditor's Report on Consolidated Financial Statements

Independent Auditors' Report

May 24, 2022

Mitsubishi Paper Mills Limited
To the Board of Directors

Ernst & Young ShinNihon LLC.
Tokyo Office
Designated Limited Liability Partner
Partner responsible for audit services
Certified Public Accountant Akira Sato
Designated Limited Liability Partner
Partner responsible for audit services
Certified Public Accountant Masanori Abe

Audit opinion

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the related notes of Mitsubishi Paper Mills Limited, for the year, from April 1, 2021 to March 31, 2022, pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Corporate Group that consists of Mitsubishi Paper Mills Limited and its consolidated subsidiaries applicable to the consolidated fiscal year ended March 31, 2022, in conformity with accounting principles generally accepted in Japan.

Basis for auditor's opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section. We are independent of the Company and its consolidated subsidiaries in accordance with the professional ethical regulations that are applicable in Japan, and we have fulfilled our other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its accompanying supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit & Supervisory Board and its members are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have no matters to report with respect to the other information.

Responsibilities of management, the Audit & Supervisory Board Member relating to consolidated financial statements

Management's responsibility is to create consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan and to present them properly. The responsibility includes establishing and operating an internal control system that management considers necessary for creating consolidated financial statements that do not include any significant misstatements stemming from injustice or errors and presenting them properly.

In preparing the consolidated financial statements, management is responsible for assessing whether the preparation of the consolidated financial statements based on the going concern assumption is appropriate and for disclosing, as applicable, matters relating to the going concern based on the corporate accounting standards generally accepted in

Japan.

The responsibilities of the Audit & Supervisory Board Member lie in monitoring the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibilities are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to express an opinion on the consolidated financial statement as independent auditors in an auditor's report. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of users on the basis of the consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit as below:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. These audit procedures are selected and performed, depending on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of internal control. However, to design audit procedures that are appropriate in the circumstances, we examine internal control relating to the audit when we assess risks.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Reach a conclusion on the appropriateness of the preparation of the consolidated financial statements by management on the assumption of going concern and, based on the audit evidence obtained, whether material uncertainties exist related to events or conditions that may cast significant doubt on the going concern assumption. If a material uncertainty related to the going concern assumption is identified, we are required to draw attention to it in our auditor's report to the related notes in the consolidated financial statements or, if such notes on a material uncertainty in the consolidated financial statements are inadequate, to express a modified opinion on the consolidated financial statements. The auditor's conclusions are based on audit evidence obtained on or before the auditor's report date, but the risk remains that the company is unable to survive as a going concern due to matters or circumstances in the future.
- Evaluate whether the presentation of the consolidated financial statements and notes are in accordance with the corporate accounting standards generally accepted in Japan and whether the presentation, structure and content of the consolidated financial statement, including related notes, and the consolidated financial statements represent the underlying transactions and accounting events appropriately.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by the auditing standards to the Audit & Supervisory Board Member.

We also report a statement that we have complied with the professional ethical regulations that are applicable in Japan regarding independence, matters that may reasonably be thought to bear on our independence, and the content of safeguards, where applicable, to eliminate or reduce threats to the Audit & Supervisory Board Member.

Conflicts of interest

There is no conflict of interest between the Company and its consolidated subsidiaries and us or its engagement partners which should be disclosed under the provisions of the Certified Public Accountants Act.

End

Mitsubishi Paper Mills Limited
To the Board of Directors

Ernst & Young ShinNihon LLC.
Tokyo Office
Designated Limited Liability Partner
Partner responsible for audit services
Certified Public Accountant Akira Sato
Designated Limited Liability Partner
Partner responsible for audit services
Certified Public Accountant Masanori Abe

Audit opinion

We have audited, pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act of Japan, the non-consolidated financial statements, namely the non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statement of changes in net assets, notes to the non-consolidated financial statements and the related supplementary schedules, of Mitsubishi Paper Mills Limited. (the "Company") for the 157th fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the financial statements etc. referred to above present fairly, in all material respects, the financial position and results of operations of Mitsubishi Paper Mills Limited. applicable to the 157th fiscal year ended March 31, 2022, in conformity with accounting principles generally accepted in Japan.

Basis for auditor's opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are described in the "Auditor's responsibilities for the audit of the financial statements etc." section. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its accompanying supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit & Supervisory Board and its members are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have no matters to report with respect to the other information.

Responsibilities of management, the Audit & Supervisory Board Member relating to financial statements etc. and related data

Management's responsibility is to create financial statements etc. in accordance with corporate accounting standards generally accepted in Japan and to present them properly. The responsibility includes establishing and operating an internal control system that management considers necessary for creating financial statements etc. that do not include any significant misstatements stemming from injustice or errors and presenting them properly.

In preparing the financial statements etc., management is responsible for assessing whether the preparation of the financial statements etc. based on the going concern assumption is appropriate and for disclosing, as applicable, matters relating to the going concern based on the corporate accounting standards generally accepted in Japan.

The responsibilities of the Audit & Supervisory Board Member lie in monitoring the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's responsibilities for the audit of the financial statements etc.

Our responsibilities are to obtain reasonable assurance that the financial statements etc. as a whole are free from material misstatements, whether due to fraud or error, and to express an opinion on the financial statements etc. as

independent auditors in an auditor's report. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of users on the basis of the financial statements etc.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit as below:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. These audit procedures are selected and performed, depending on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The purpose of the audit of the financial statements etc. is not to express an opinion on the effectiveness of internal control. However, to design audit procedures that are appropriate in the circumstances, we examine internal control relating to the audit when we assess risks.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Reach a conclusion on the appropriateness of the preparation of the financial statements etc. by management on the assumption of going concern and, based on the audit evidence obtained, whether material uncertainties exist related to events or conditions that may cast significant doubt on the going concern assumption. If a material uncertainty related to the going concern assumption is identified, we are required to draw attention to it in our auditor's report to the related notes in the financial statements etc. or, if such notes on a material uncertainty in the financial statements etc. are inadequate, to express a modified opinion on the financial statements etc. The auditor's conclusions are based on audit evidence obtained on or before the auditor's report date, but the risk remains that the company is unable to survive as a going concern due to matters or circumstances in the future.
- Evaluate whether the presentation of the financial statements etc. and notes are in accordance with the corporate accounting standards generally accepted in Japan and whether the presentation, structure and content of the financial statement etc., including related notes, and the financial statements etc. represent the underlying transactions and accounting events appropriately.

We report the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by the auditing standards to the Audit & Supervisory Board Member.

We also report a statement that we have complied with the professional ethical regulations that are applicable in Japan regarding independence, matters that may reasonably be thought to bear on our independence, and the content of safeguards, where applicable, to eliminate or reduce threats to the Audit & Supervisory Board Member.

Conflicts of interest

Neither we nor our engagement partners have any interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

The Audit & Supervisory Board Member' Report

Audit Report

Regarding the performance of duties by Directors for the 157th fiscal year from April 1, 2021 to March 31, 2022, the Audit & Supervisory Board Member hereby submits its audit report, which has been prepared through discussions based on the audit reports prepared by the respective Audit & Supervisory Board Member as follows:

1. Outline of Audit Methodology of the Audit & Supervisory Board Member

- (1) the Audit & Supervisory Board Member determined, among other things, the auditing policy and the assignment of auditing duties, received reports regarding the status of execution of audit and its results from each Audit & Supervisory Board Member; received reports from Directors, other relevant employees and independent auditors concerning the performance of their duties; and when necessary, requested them to provide explanations.
- (2) In accordance with the auditors' auditing standards specified by the Audit & Supervisory Board Member and in compliance with the auditing policies and the assignment of auditing duties, each Audit & Supervisory Board Member ensured effective communication with Directors, employees in the internal audit division and other relevant employees, and made efforts to collect the necessary information and improve the auditing environment. Each Audit & Supervisory Board Member carried out the audit in the following manner:
 - (i) Attended the meetings of the Board of Directors and other important meetings; received reports from Directors, employees and other relevant persons regarding the performance of their duties; requested them to provide explanations where necessary; examined important decision documents and associated information; and studied the operations and financial conditions at the head office as well as other principal offices and plants. The Audit & Supervisory Board Member also shared information and communicated with the Directors and auditors, etc. of subsidiaries and received business reports from subsidiaries as necessary.
 - (ii) The Audit & Supervisory Board Member expressed their opinion after regularly receiving reports, and requesting explanations as needed, from Directors, employees and other relevant persons about the contents of resolutions of the Board of Directors regarding the implementation of systems required to be implemented to ensure the proper operations of corporations under Article 100, Paragraph 1 and Paragraph 3 of the Enforcement Regulations of the Companies Act including a system to ensure that the performance of duties by Directors is in compliance with the laws and regulations, and the Articles of Incorporation, which are stated in the business report, and the formulation and operation of the system (internal control system) are implemented according to the resolutions. As for internal control over financing reporting, they received reports mainly from Directors and Ernst & Young ShinNihon LLC. on the evaluation and audit status of such internal control, and ask for explanations as required.
 - (iii) We have reviewed the basic policy regarding how the persons who control decisions on MPM's financial and business policies should be and each of the initiatives described in the "Basic Policy on Control over the Company" in the business report, based on the deliberations at the meetings of the Board of Directors and other meetings.
 - (iv) They monitored and verified whether the Accounting Auditor maintains an independent position and conducts appropriate audits, received a report from the Accounting Auditor on the performance status of its duties and asked for explanations as necessary. Also, the Audit & Supervisory Board Member received notification from the Accounting Auditor to the effect that "systems to ensure that duties are executed appropriately" (the matters listed in each item of Article 131 of the Regulation on Corporate Accounting) had been established in accordance with "Quality Control Standards for Auditing" (Business Accounting Council, October 28, 2005) and where necessary requested explanations.

Based on the aforementioned methods, the Audit & Supervisory Board Member examined for the said fiscal year

the business report and business schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated income statement, non-consolidated statement of changes in shareholders' equity and notes to non-consolidated financial statements) and supplementary schedules and consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in shareholders' equity and notes to consolidated financial statements) and supplementary schedules.

2. Results of audit

(1) Results of audit of business report, etc.

- (i) In our opinion, the business report and supplementary schedules fairly represent the Company's condition in accordance with the related laws and regulations, and the Articles of Incorporation.
- (ii) With regard to the performance of duties by Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of the Articles of Incorporation.
- (iii) In our opinion, resolutions of the meetings of the Board of Directors regarding the internal control system are fair and reasonable. Further, we have found no matters requiring comment regarding the contents of the business report and the performance of duties by Directors in relation to the internal control system, including internal control over financial reporting.
- (iv) We have found no matters requiring comment regarding the "Basic Policy on Control over the Company" in the business report. We acknowledge that none of the efforts based on the Basic Policy are detrimental to the common interests of our shareholders and are not intended to maintain the status of our corporate officers.





(2) Results of audit of financial statements and their annexed detailed statements

In our opinion, the methods and results employed and rendered by the independent auditors, Ernst & Young ShinNihon LLC. are fair and reasonable.

(3) Audit results concerning consolidated financial statements

In our opinion, the methods and results employed and rendered by the independent auditors, Ernst & Young ShinNihon LLC. are fair and reasonable.

May 26, 2022

Mitsubishi Paper Mills Limited Audit & Supervisory Board Member
Full-time Audit & Supervisory Board Member Koichi Nakayama 
Audit & Supervisory Board Member Hiroaki Tonooka 
Audit & Supervisory Board Member Takeshi Kobayashi 
Audit & Supervisory Board Member Satoshi Takizawa 

(Note) Audit & Supervisory Board Members Hiroaki Tonooka, Takeshi Kobayashi and Satoshi Takizawa are Outside Audit & Supervisory Board Members provided for in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.