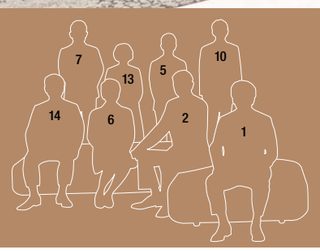
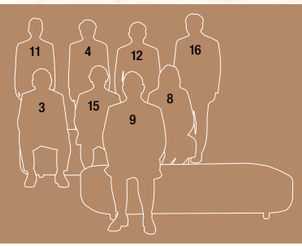
Corporate Governance

We will work to maximize the ability of the organization in order to improve the corporate value of the Mitsubishi Materials Group.

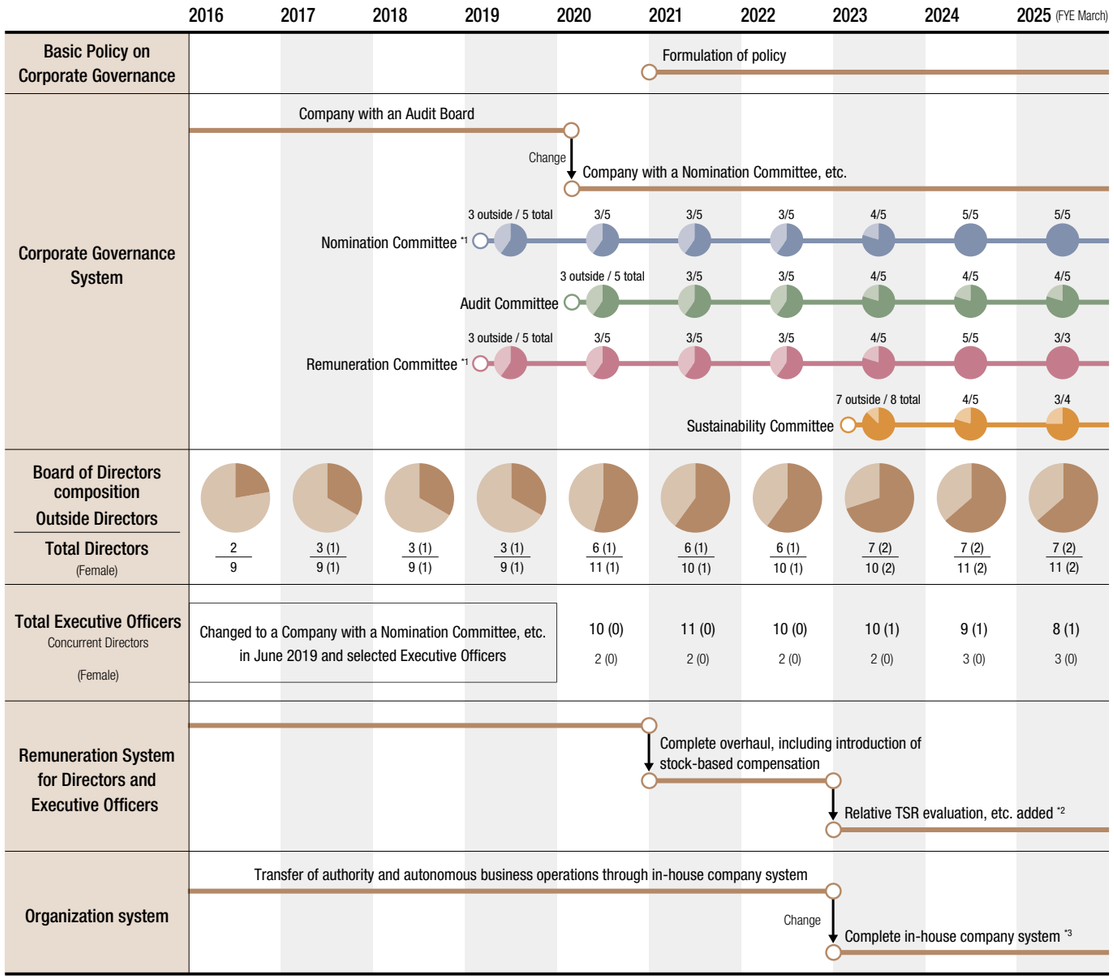


1 Akira Takeuchi
2 Hikaru Sugi
3 Tatsuo Wakabayashi
4 Koji Igarashi
5 Kazuhiko Takeda
6 Rikako Beppu
7 Hatsunori Kiriyama
8 Nozomi Sagara
9 Naoki Ono
10 Nobuhiro Takayanagi
11 Makoto Shibata
12 Tetsuya Tanaka
13 Makiko Nogawa
14 Katsuyoshi Isaji
15 Toshinori Ishii
16 Kazuo Ohara



Efforts in Strengthening Corporate Governance

The Company has been working on the continuous reform of corporate governance, including through the voluntary establishment of the Nomination Committee and Remuneration Committee in 2018, the transition to being a Company with a Nomination Committee, etc., in 2019, and the establishment of Sustainability Committee in 2022.
The Board of Directors has been continuously increasing the ratio of Outside Directors and female directors, and currently has 7 Outside Directors and 2 female directors out of 11 Directors.
With regard to the remuneration system for Executive Officers, the Company introduced stock-based compensation in 2020. From 2022, we added relative TSR evaluation to the annual bonus evaluation items and incorporated targets into non-financial evaluation elements based on the Sustainability Policy.
As for the organizational structure, we have shifted to a complete in-house company system from 2022, and are working to further improve our business competitiveness and strengthen our organizational culture reforms and corporate governance.



*1. Set up in fiscal 2019 as a voluntary committee and became a statutory committee from June 2019.
*2. With regard to the annual bonus of the remuneration system for Executive Officers, we added relative TSR evaluation as an evaluation item and adopted a system to evaluate targets set for each Executive Officer, including initiatives in line with the Sustainability Policy, as non-financial evaluation items.
*3. Transitioned from April 1, 2022 to a complete in-house company system, having all functions necessary for business operations in the in-house company.

Corporate Governance System

Basic Approach

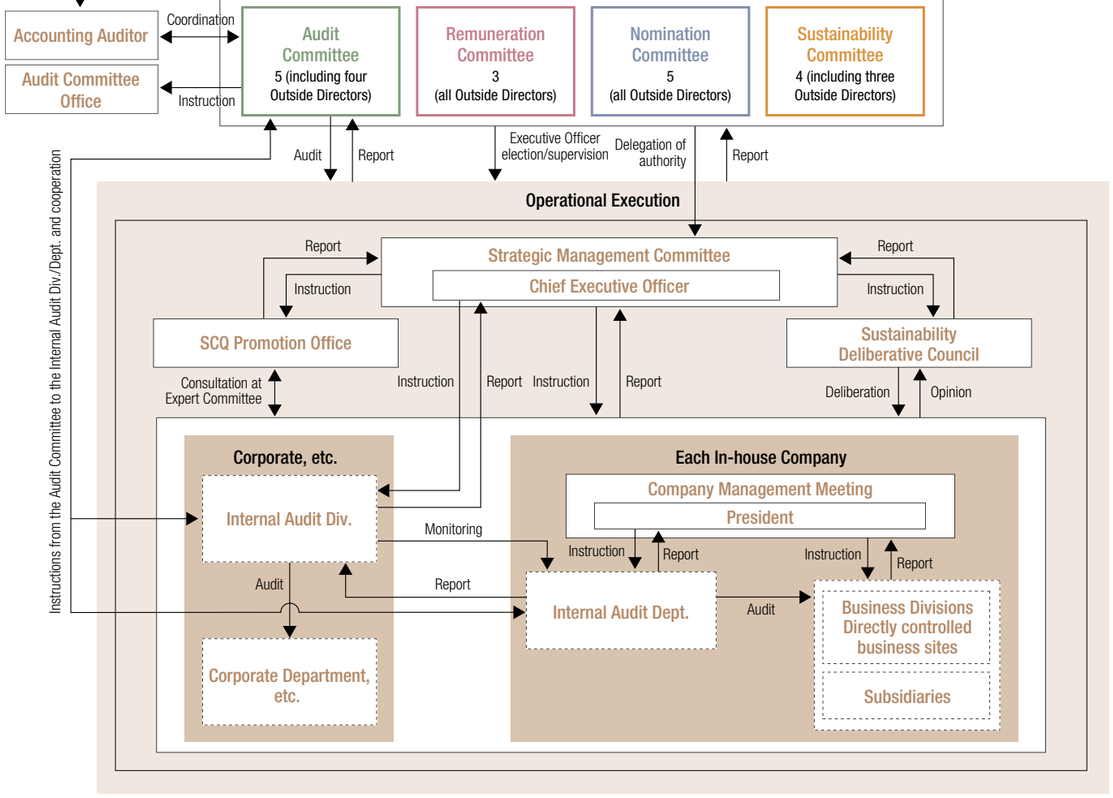
- We have, based on the Corporate Philosophy of the Group, Our Vision, Our Values, Code of Conduct, Our Commitment and the Basic Policy on Corporate Governance established by the Board of Directors, developed trust with all stakeholders related to the Company and its subsidiaries, such as shareholders and investors as well as employees, customers, client or supplier companies, creditors and local communities, and also develop our corporate governance.
- Among the governance systems under the Companies Act, we have chosen to be a Company with a Nomination Committee, etc., and by separating supervision and execution, will strengthen the Board of Directors' management supervisory functions, improve the transparency and fairness of management and accelerate business execution and decision making.
- We acknowledge the enhancement of corporate governance to be one of the most important management issues, and continuously make efforts to improve our corporate governance.

MMC Group has set out "Our Commitment" of "For people, society and the earth, circulating resources for a sustainable future." Toward the realization of its goal, we are introducing in-house company system to, flexibly and appropriately, expand our recycling system and supply high-performance materials and products.

Related Information:

Corporate website ▶ Basic Policy on Corporate Governance
https://www.mmc.co.jp/corporate/en/company/governance.html

Overview of the Corporate Governance System (Chart as of June 26, 2024)



Directors (as of June 26, 2024, at the end of the 99th General Meeting of Shareholders)

1 Akira Takeuchi

Director, Chairman of the Board

Audit Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024)

Board of Directors Meetings 19/19 (100%)
Audit Committee Meetings 17/17 (100%)
Remuneration Committee Meetings 3/3 (100%)
Sustainability Committee Meetings 2/2 (100%)

Personal History

Apr. 1977
Joined the Company
Jun. 2009
Managing Director
Apr. 2014
Executive Vice President
Apr. 2015
President
Jun. 2018
Director, Chairman of the Board (to present)

Reasons for Nominating

Akira Takeuchi, following appointment as Managing Director of the Company in 2009, had served as Director in charge of corporate communications, general affairs, the environment, human resources, safety and health and the affiliated corporations' business. After serving as President, he has been Chairman since June 2018. At present, as Chairperson of the Board of Directors, he plays the leading role in enhancing the effectiveness of the Board of Directors noticeably by proceeding with meetings in such a way as to facilitate open and quality discussions in the Board of Directors meetings. As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. The Company believes that he will strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Director.

2 Hikaru Sugi

Outside Director

Nomination Committee

Chairperson of the Remuneration Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024)

Board of Directors Meetings 19/19 (100%)
Nomination Committee Meetings 14/14 (100%)
Remuneration Committee Meetings 9/9 (100%)
Sustainability Committee Meetings 9/9 (100%)

Personal History

Apr. 1974
Joined Nippondenso Co., Ltd. (currently DENSO CORPORATION)
Jun. 2002
Executive Director, Member of the Board; General Manager, Air-Conditioning Product Div.
Jun. 2004
Executive Director; General Manager, Air-Conditioning Product Div.
Jun. 2005
Executive Director; General Manager, Thermal Systems Business Div.
Jun. 2008
Senior Executive Director, Member of the Board; General Manager, Engineering Research & Development Center
Jun. 2011
Senior Executive Director, DENSO CORPORTION; President and CEO, DENSO INTERNATIONAL AMERICA, INC.
Jun. 2013
Executive Vice President, DENSO CORPORATION; President and CEO, DENSO INTERNATIONAL AMERICA, INC.
Jun. 2014
Advisor, Senior Technical Executive, DENSO CORPORATION
Jun. 2016
Advisor (resigned June 2017)
Jun. 2018
Director of the Company (to present)

Reasons for Nominating

Hikaru Sugi has extensive technical knowledge in development, design and manufacturing processes. He also has insight into corporate strategy from a global perspective and general aspects of management through his experience as a manager of a manufacturer that develops its business all over the world. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as a member of the Nomination Committee and Chairperson of the Remuneration Committee and a member of the Sustainability Committee, he has been involved in selecting candidates for Directors and Executive Officers, deciding on the remuneration of Directors and Executive Officers, etc. of the Company and discussing themes regarding sustainability, etc. of the Company from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Outside Director.

3 Tatsuo Wakabayashi

Outside Director

Chairperson of the Nomination Committee

Remuneration Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024)

Board of Directors Meetings 19/19 (100%)
Nomination Committee Meetings 14/14 (100%)
Audit Committee Meetings 17/17 (100%)
Remuneration Committee Meetings 6/6 (100%)
Sustainability Committee Meetings 2/2 (100%)

Personal History

Apr. 1977
Joined Mitsubishi Trust Bank (currently Mitsubishi UFJ Trust and Banking Corporation)
Jun. 2008
Managing Director, Mitsubishi UFJ Trust and Banking Corporation (MUTB)
Jun. 2009
Senior Executive Director, MUTB;
Jun. 2010
Senior Managing Director and Chief Executive, Trust Assets Division, MUTB; Managing Officer and Group Head, Integrated Trust Assets Business Group, Mitsubishi UFJ Financial Group, Inc. (MUFG)
Jun. 2011
Senior Managing Director, MUTB; Director, MUFG
Apr. 2012
President, MUTB; Director, MUFG
Apr. 2013
President, MUTB; Deputy Chairman, MUFG
Dec. 2013
President, CEO and Chairman, MUTB; Deputy Chairman, MUFG
Jun. 2015
President, CEO and Chairman, MUTB; Director and Deputy Chairman, MUFG
Apr. 2016
Chairman, MUTB; Director, MUFG
Jun. 2016
Chairman, MUTB
Jun. 2018
Part time engagement, Audit & Supervisory Board Member of the Company
Jun. 2019
Director of the Company (to present)
Apr. 2020
Senior Advisor, MUTB (to present)

Reasons for Nominating

Tatsuo Wakabayashi has insight into finance, accounting and other aspects of corporate management from his extensive experience as a manager after having served as President and Chairman at financial institutions. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as a member of the Nomination Committee and the Remuneration Committee, he has been involved in selecting candidates for Directors and Executive Officers of the Company, and deciding on the remuneration of Directors and Executive Officers, etc. of the Company from an objective and neutral position. Also, as a member of the Audit Committee, he has been engaged mainly in auditing the execution of duties by Executive Officers, etc. from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Outside Director.

4 Koji Igarashi

Outside Director

Nomination Committee

Chairperson of Sustainability Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024)

Board of Directors Meetings 19/19 (100%)
Nomination Committee Meetings 11/11 (100%)
Audit Committee Meetings 17/17 (100%)
Remuneration Committee Meetings 3/3 (100%)
Sustainability Committee Meetings 9/9 (100%)

Personal History

Apr. 1980
Joined Ajinomoto Co., Inc.
Apr. 2002
Senior Vice President, Ajinomoto U.S.A., Inc.
Jun. 2007
Executive Officer; Vice President, Amino Acids Company, Ajinomoto Co., Inc.
Jun. 2009
Executive Officer; General Manager, Corporate Planning Div.
Jun. 2011
Member of the Board, Corporate Vice President
Jun. 2013
Member of the Board, Corporate Senior Vice President
Jun. 2017
Advisor (resigned June 2020)
Jun. 2020
Director of the Company (to present)

Reasons for Nominating

Koji Igarashi has extensive technical knowledge of technological development and manufacturing as well as insight into global business development, business reform and creation, promotion of digitalization and overall management through his experience as a manager of a food manufacturer that develops its business all over the world. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as a member of the Nomination Committee and Chairperson of the Sustainability Committee, he has been involved in selecting candidates for Directors and Executive Officers of the Company and discussing themes regarding sustainability, etc. of the Company from an objective and neutral position. Also, as a member of the Audit Committee, he has been engaged mainly in auditing the execution of duties by Executive Officers, etc. from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Outside Director.

5 Kazuhiko Takeda

Outside Director

Nomination Committee

Chairperson of the Audit Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024)

Board of Directors Meetings 19/19 (100%)
Audit Committee Meetings 17/17 (100%)
Sustainability Committee Meetings 9/9 (100%)

Personal History

Apr. 1983
Joined Sony Corporation (currently Sony Group Corporation)
Oct. 2001
Vice President in charge of Accounting, Sony Ericsson Mobile Communications Inc.
Apr. 2006
Executive Officer; CFO, Sony NEC Optiarc Inc.
Aug. 2008
Senior Vice President in charge of Corporate Management and Accounting, Sony Europe B.V.
Oct. 2013
Vice President; Senior General Manager of Corporate Planning & Control Division, Sony Corporation
Jun. 2015
Senior Vice President Corporate Executive in charge of Corporate Planning & Control and Accounting, Sony Corporation
Jan. 2018
Senior Vice President Corporate Executive in charge of Corporate Planning & Control and Accounting, CIO, Sony Corporation
Jul. 2018
Senior Vice President, Sony Corporation; Deputy President and Chief Financial Officer, Sony Interactive Entertainment LLC
Jul. 2021
Executive Alumnus, Sony Group Corporation (to present)
Jun. 2022
Director of the Company (to present)

Reasons for Nominating

Kazuhiko Takeda has extensive knowledge in the fields of corporate management, business operations and administration, finance and accounting, and information technology through his management experience as a senior executive of a conglomerate that develops a wide range of businesses all over the world and as the manager of its major subsidiaries. He also has insight into corporate strategy and overall management from a global perspective based on his many years of experience working in Europe and the United States. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Also, as Chairperson of the Audit Committee, he has been engaged mainly in auditing the execution of duties by Executive Officers, etc. from an objective and neutral position. Additionally, as a member of the Sustainability Committee, he has been involved in discussing themes regarding sustainability, etc. of the Company from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Outside Director.

6 Rikako Beppu

Outside Director

Nomination Committee

Audit Committee

Remuneration Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024)

Board of Directors Meetings 19/19 (100%)
Audit Committee Meetings 13/13 (100%)
Remuneration Committee Meetings 9/9 (100%)
Sustainability Committee Meetings 9/9 (100%)

Personal History

Aug. 1992
Joined Slaughter and May
Sep. 1994
Joined Simmons & Simmons
Oct. 1994
Registered as a member of The Law Society, England and Wales
May 1997
Seconded to Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu)
May 1998
Seconded to Export-Import Bank of Japan (currently Japan Bank for International Cooperation)
Sep. 2001
Partner, Simmons & Simmons
Oct. 2001
Registered as a member of Daini Tokyo Bar Association (registered foreign lawyer)
Sep. 2008
Partner, Lovells (currently Hogan Lovells)
Oct. 2017
Partner, Squire Patton Boggs Tokyo (Foreign Law Joint Business)
Jun. 2022
Director of the Company (to present)
Jun. 2024
Counsel, Squire Patton Boggs Tokyo (Foreign Law Joint Business) (to present)

Reasons for Nominating

Rikako Beppu has in-depth insights based on her advanced legal knowledge through her many years of experience as an attorney at law in Japan and abroad, as well as specialized knowledge in corporate legal affairs, particularly in the areas of global business development and business restructuring. Based on her insight, she has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as a member of the Remuneration Committee and the Sustainability Committee, she has been involved in deciding on the remuneration of Directors and Executive Officers, etc. of the Company and discussing themes regarding sustainability of the Company from an objective and neutral position. Also, as a member of the Audit Committee, she has been engaged mainly in auditing the execution of duties by Executive Officers, etc. from an objective and neutral position. As explained above, she has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that she will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. Although she has no direct experience of being involved in corporate management, for these reasons, the Company believes she is suitable for the position of Outside Director.

7 Hatsunori Kiriyama

Outside Director

Audit Committee

Sustainability Committee

Personal History

Apr. 1985
Joined P&G Far East Inc. (currently The P&G Japan Limited)
Jul. 2002
Vice President and Director of Sales Department, Northeast Asia, The Procter & Gamble Company
Jul. 2005
Vice President, Global Skincare
Jul. 2007
President and Representative Director, The P&G Japan Limited
Jul. 2012
President-Asia, The Procter & Gamble Company
Sep. 2017
Representative Director and CEO, for GL Co., Ltd. (to present)
Jun. 2024
Director of the Company (to present)

Reasons for Nominating

Hatsunori Kiriyama has extensive knowledge of corporate management and marketing as gained from his experience as manager at a leading international company as well as insights into corporate strategies and general aspects of management from a global perspective based on his experience as supervisor of the Asia region and manager at a U.S. company. Moreover, he has extensive insights into development of management human resources based on many years of corporate management experience in and outside Japan. As explained above, the Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Outside Director.

8 Nozomi Sagara

Outside Director

Audit Committee

Sustainability Committee

Personal History

Apr. 1989
Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry (METI))
Jul. 2011
General Manager, Environment Department, Incorporated Administrative Agency New Energy and Industrial Technology Development Organization (currently National Research and Development Agency New Energy and Industrial Technology Development Organization)
Apr. 2014
General Manager, Stockpile Planning Department, Incorporated Administrative Agency Japan Oil, Gas and Metals National Corporation (currently Incorporated Administrative Agency Japan Organization for Metals and Energy Security)
Jul. 2015
Director, Information Systems and Welfare Division, Minister's Secretariat, METI
Jul. 2017
Director-General, Tohoku Bureau of Economy, Trade and Industry
Dec. 2020
Joined Sumitomo Chemical Co., Ltd.
Apr. 2021
Associate Officer, Responsible for Sustainability Dept. and Responsible Care Dept. (resigned June 2021)
Jun. 2024
Director of the Company (to present)

Reasons for Nominating

Nozomi Sagara has extensive knowledge of trade and industry policies through many years of service at the Ministry of Economy, Trade and Industry. She has specialized knowledge in metallic mineral resources, renewable energy, information technology and recycling fields as well as technical knowledge as a Master of Engineering. As explained above, the Company expects that she will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes she is suitable for the position of Outside Director. Although she has no direct experience of being involved in corporate management, the Company believes that she will execute her duties as Outside Director appropriately, based on the above-mentioned experience, insights and knowledge.

9 Naoki Ono

Director, Chief Executive Officer (CEO)
(Responsible for: General Operation of the Company, Internal Audit, Renewable Energy Business, Energy Project & Technology Center)

Sustainability Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024)

Board of Directors Meetings 19/19 (100%)
Nomination Committee Meetings 3/3 (100%)
Sustainability Committee Meetings 7/7 (100%)

Personal History

Apr. 1979
Joined Mitsubishi Mining & Cement Co., Ltd.
Jun. 2014
Managing Director of the Company
President, Cement Company
Apr. 2016
Executive Vice President
President, Cement Company
Jun. 2016
Director; Executive Vice President
President, Cement Company
Apr. 2017
Director; Executive Vice President
General Manager, Corporate Strategy Div.
Jun. 2018
President
Jun. 2019
Director; Chief Executive Officer
Apr. 2021
Director; Chief Executive Officer; CEO (to present)

Reasons for Nominating

Naoki Ono, following appointment as Managing Director of the Company in 2014, served as President of the Cement Company, General Manager of the Corporate Strategy Division and President of the Company. After serving as President of the Company, he has been a Director and Chief Executive Officer since June 2019. At present, as Director, Chief Executive Officer and CEO, he supervises the management of the Group and is leading a variety of measures for management reform. He has been expressing opinions at Board of Directors meetings from a perspective drawing on experience such as being an Executive Officer, thereby contributing to effective deliberations of the Board of Directors. As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. The Company believes that he will strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Director.

10 Nobuhiro Takayanagi

Director; Managing Executive Officer; CFO
(Responsible for: Accounting & Finance, Management Strategy, The New Europe Company Preparation, Procurement & Logistics, Corporate Communications)

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024)

Board of Directors Meetings 19/19 (100%)

Personal History

Apr. 1986
Joined the Company
Apr. 2019
Operating Officer
President of Mitsubishi Cable Industries, Ltd.
Vice President, Advanced Products Company
Apr. 2020
Managing Executive Officer
Vice President, Advanced Products Company
Apr. 2021
Managing Executive Officer; CFO
General Manager, Corporate Strategy Dept.
Jun. 2021
Director; Managing Executive Officer; CFO
General Manager, Corporate Strategy Dept.
Apr. 2022
Director; Managing Executive Officer; CFO
General Manager, Management Strategy Div., Strategic Headquarters
Apr. 2023
Director; Managing Executive Officer; CFO (to present)

Reasons for Nominating

Nobuhiro Takayanagi took office as Managing Executive Officer of the Company in 2020. After serving as Vice President of the Advanced Products Company, he has undertaken his duties as Director and Managing Executive Officer since June 2021. Currently, he is responsible for the corporate management of the Group as Director, Managing Executive Officer and CFO, and leads the formulation and execution of the various measures of the Medium-term Management Strategy FY2031. He has been expressing opinions at Board of Directors meetings from a perspective drawing on experience such as being an Executive Officer, thereby contributing to effective deliberations of the Board of Directors. As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. The Company believes that he will strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Director.

11 Makoto Shibata

Director; Managing Executive Officer; CTO
(Responsible for: Monozukuri and R&D Strategy, DX Promotion, System Strategy)

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024)

Board of Directors Meetings 16/16 (100%)

Personal History

Apr. 1984
Joined the Company
Jun. 2018
Director; Managing Executive Officer
General Manager, Governance Div.
Apr. 2019
Director; Managing Executive Officer
General Manager, Corporate Strategy Div.
Jun. 2019
Director; Managing Executive Officer
General Manager, Corporate Strategy Div.
Jun. 2021
Managing Executive Officer
Oct. 2022
Managing Executive Officer; CDO
Apr. 2023
Managing Executive Officer; CTO; CDO
Jun. 2023
Director; Managing Executive Officer; CTO; CDO
Apr. 2024
Director; Managing Executive Officer; CTO (to present)

Reasons for Nominating

Makoto Shibata, following appointment as Managing Executive Officer of the Company in 2017, served as General Manager of the General Administration Division, General Manager of the Governance Division, and General Manager of the Corporate Strategy Division. He has undertaken his duties as Managing Executive Officer since June 2019. (He concurrently served as Director from June 2018 to June 2021, and from June 2023 to the present). Currently, he is responsible for the corporate management of the Group as Director and Managing Executive Officer. In addition, as CTO, he leads research and development strategy and general aspects of IT strategy including DX (digital transformation). He has been expressing opinions at Board of Directors meetings from a perspective drawing on experience such as being an Executive Officer, thereby contributing to effective deliberations of the Board of Directors. As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. The Company believes that he will strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Director.

Directors Skill Matrix

**The main expertise and experience possessed by the Directors are shown in the Skill Matrix in Table 1.
In addition, Table 2 shows from what perspectives the Directors contribute and provide knowledge on the Company's Medium-term Management Strategy working toward achievement in 2030 based on their respective expertise and experience as indicated in the Skill Matrix.**

Table 1: Expertise and Experience of the Directors (Skill Matrix)

Name	Business experience outside the Company	Expertise and Experience: Corporate management & Organizational management	International experience	Sales & marketing	Production engineering	Research & development	Legal affairs	Finance & accounting
Akira Takeuchi	–	●	○				●	○
Hikaru Sugi Independent Director	Automotive products	●	○		○	●		
Tatsuo Wakabayashi Independent Director	Finance	●	○				○	○
Koji Igarashi Independent Director	Food and food materials	●	○		●	○		○
Kazuhiko Takeda Independent Director	Conglomerate	●	○	○			○	●
Rikako Beppu Independent Director	Legal profession		●				●	
Hatsunori Kiriyama Independent Director	Consumer goods	●	●	○				○
Nozomi Sagara Independent Director	Economic, trade and industry government	●	○			○	○	
Naoki Ono	–	●	○	○	○		○	○
Nobuhiro Takayanagi	–	●	○	○			○	○
Makoto Shibata	–	●	○		○	○	○	○

○ indicates expertise and experience possessed (● indicates primary expertise/experience)
*The above Skill Matrix does not cover all the expertise and experience expertise by the Directors.

Table 2: Contribution and Perspectives of the Directors on Key Themes

Name	Achievement of the Medium-term Management Strategy FY2031: Supervision of strategy execution	Supervision of profitability improvement	Supervision of tackling of main sustainability challenges: Strengthen human capital-centric corporate management	Promotion of resource circulation	Strengthen tackling of global environmental challenges
Akira Takeuchi	Perspective based on experience of management of the Group as President of the Company		Perspective from experience as an officer in charge of human resources of the Company	Perspective based on the history of the management of the Company	
Hikaru Sugi Independent Director	Perspective from in-depth knowledge of the entire value chain from development to manufacturing based on technology trends	Perspective from deep knowledge of business performance control in manufacturing	Perspective from experience of human resource management in manufacturing and engineers	Perspective from experience of global management in manufacturing	Perspective based on future technological trends
Tatsuo Wakabayashi Independent Director	Perspective from experience as top management		Perspective based on working styles at a financial institution		
Koji Igarashi Independent Director	Perspective from experience executing medium- to long-term business strategies	Perspective from practical experience in production engineering and development	Perspective from experience of human resource management in manufacturing	Posing of issues from a wide range of perspectives including future trends and exchange with external experts	
Kazuhiko Takeda Independent Director	Perspective from practical experience in global management in manufacturing Perspective on business management from extensive experience as CFO		Perspective from experience as a management executive of a global company	Posing of issues from the financial perspective	
Rikako Beppu Independent Director	Perspective from deep knowledge of global business expansion		Perspective from experience in diversity activities and initiatives	Perspective from experience being responsible for collaboration with many Japanese and overseas companies	
Hatsunori Kiriyama Independent Director	Perspective from corporate management experience at a global manufacturer	Perspective from extensive marketing experience	Perspective from deep knowledge of the development of senior management executives		
Nozomi Sagara Independent Director	Perspective from technological knowledge across different fields		Perspective from experience in human resource management in government offices	Perspective from experience being involved in resource circulation and global environment preservation	
Naoki Ono	Perspective from experience in management supervision of the Group as the CEO of the Company		Provision of perspective from experience as CEO of the Company, and lead person of discussion	Perspective from experience as an officer in charge of the renewable energy business of the Company	
Nobuhiro Takayanagi	Perspective from experience as CFO of the Company			Perspective from experience as a management executive in the metals business of the Company	Perspective from experience as the officer in charge of the global environment of the Company
Makoto Shibata	Perspective from experience as CTO, CDO and CFO of the Company			Perspective from experience as a management executive in the mineral resources and recycling businesses of the Company	Perspective from experience leading the effort to strengthen tackling of climate change issues

*The items above are focused on those with high contribution by the Directors.

Discussions in the Board of Directors, Etc.

Overview of Board of Directors

The functions and duties of the Board of Directors shall be as follows:

- Upon delegation by shareholders, the Board of Directors shall indicate the direction of its management and make an effort to enhance the Group's medium- to long-term corporate value by, for example, engaging in freewheeling and constructive discussion on management policies and management reforms;
- The Board of Directors shall determine matters that may have a serious impact on management, such as management policies and management reforms, in accordance with the provisions of laws and regulations, the Articles of Incorporation and the Board of Directors Rules;
- The Board of Directors shall delegate authority over business execution to an appropriate extent to Executive Officers in accordance with the provisions of the Board of Directors Rules, etc. so that Executive Officers may assume the responsibility and authority to make decisions and execute business promptly in response to changes in the business environment;
- The state of Group governance and the progress of the execution of duties, including the progress of the management strategy, shall be reported by Executive Officers to and supervised by the Board of Directors on a periodic basis.

Outside Directors play a role in supervising the appropriateness of Directors and Executive Officers in the execution of their duties from an objective standpoint and in providing a diverse range of values regarding the management of the Company based on expert knowledge and through experience that differs from internal officers, so that the Board of Directors' management supervisory functions would be further strengthened.

The Board of Directors is comprised of 11 Directors (including 7 Outside Directors) as of June 26, 2024 (the end of the 99th General Meeting of Shareholders).

Major deliberations of the Board of Directors

Deliberation content	Number of deliberations by the Board of Directors	
	Resolved matters	Reported matters
Management strategy and business	3	22
Sustainability	–	8
Corporate governance	1	4
Accounting, finance and IR	4	33
Compliance and internal control	1	21
Committee-related	–	40
Officer-related	10	1
Others	2	3

Briefings for Directors

- We hold briefings for Directors in order to deepen their understanding of the Group's business and help them to exchange opinions with the executive side to improve corporate value. At the briefings, the executive side explains matters relating to the status of progress of the FY2031 Strategy (including identification of material issues) and the summary of individual business and projects, etc., on which participants exchange opinions.
- Themes to be discussed at briefings are mainly set from the following perspectives.

(1) Explaining matters the executive side should explain to Directors (information on the Company's business that is prerequisite for management decisions, etc.), and working to eliminate asymmetry of information between the executive side and Outside Directors.

(2) Exchanging opinions on matters that Directors and the executive side believe should be discussed in order to improve corporate value.

- We held 31 briefings for Directors in the fiscal year ended March 2024. Particularly in regards to the FY2031 Strategy, we exchanged opinions on progress made on the overall concept, individual business strategies, financial plans, etc. at 4 briefings between October 2023 and February 2024.
- We also exchanged opinions on issues related to sustainability such as promotion of DE&I, and the progress of individual business strategies. See the next section for the themes deliberated at briefings for Directors in the fiscal year ended March 2024.

Themes deliberated at briefings for Directors (FYE March 2024)

2023	April 12	FYE March 2024 budget, compliance, individual business strategies
	April 28	Individual business strategies, Group companies
	May 12	Human capital management, individual business strategies
	June 14	Individual business strategies
	July 12	Intellectual property, individual business strategies, human rights
	July 26	Individual business strategies
	August 9	Individual business strategies
	August 30	Compliance
	September 27	Group companies
	October 12	Medium-term Management Strategy
	December 13	Medium-term Management Strategy, intellectual property, Individual business strategies
2024	January 12	Medium-term Management Strategy, individual business strategies
	January 31	Individual business strategies, Group companies
	February 9	DE&I, management policy
	February 28	Individual business strategies
	March 13	Individual business strategies, compliance
	March 27	Individual business strategies

Director Communication

Ensuring an Adequate Schedule for Board of Directors Meetings

Two full days a month are set aside to ensure sufficient time can be devoted to deliberations and considerations by the Board of Directors, individual committees, briefings for Directors, etc. In this schedule, the Board of Directors meetings, committee meetings, briefings for Directors, "free discussions," "Outside Directors' opinion exchange meetings," and other meetings are held as follows.

1-on-1 Meetings between Outside Directors and the CEO

We hold 1-on-1 meetings between part-time Outside Directors and the CEO once every two months to provide an opportunity for communication in addition to discussions at Board of Directors meetings and Free Discussions among Directors. This enables Outside Directors to gain a deeper understanding of Group circumstances and more appropriately supervise business execution. The 1-on-1 meetings also provide the executive side with opportunities to obtain suggestions for more appropriate business execution, by freely choosing topics and exchanging opinions in a closer manner.

Meetings with Investors, etc.

We provide various opportunities for dialogue with Directors so that opinions on the stock market held by shareholders and other institutional investors can be appropriately fed back to the Board of Directors. In addition to regularly held small meetings between Outside Directors and domestic institutional investors, the content of meetings with institutional investors conducted by the executive side are provided to Directors, in order to share thoughts on the stock market for the Company with the entire Board of Directors.

Opportunities for Dialogue between Outside Directors and Employees

From time to time, the Company holds lectures by Outside Directors for employees and dialogue meetings with employees. The purpose of these is to encourage employees to become more autonomously involved in their work and to gain new values and inspiration through the sharing of the experiences and knowledge of Outside Directors, and for Outside Directors to deepen their understanding of Group employees. In the fiscal year ended March 2024, Outside Directors gave lectures and exchanged opinions with employees, both online and in person.

Outside Directors' Opinion Exchange Meetings

Opinion-exchange meetings among Outside Directors are periodically held for the purpose of exchanging information and sharing recognition from an independent and objective standpoint on a wide range of matters, not limited to just those on the agenda of the Board of Directors. These meetings are held twice a year. Matters on which it is deemed necessary to share and exchange opinions with the entire Board of Directors, including Internal Directors, are held in "Free Discussions among Directors" as described later in this section.

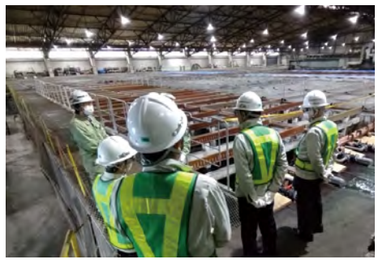
Free Discussions among Directors

Starting in the fiscal year ended March 2024, we set up a new time for free discussion among Directors for the purpose of further stimulating discussions by the Directors. Here, Directors share awareness and exchange opinions on matters raised at Board of Directors meetings and briefings for Directors, and are free to raise issues related to a wide range of matters that are not limited to matters handled at Board of Directors meetings.

Tours of Business Sites for Outside Directors

Tours of business sites are held for Outside Directors in order to deepen their understanding of the Group's business. In the fiscal year ended March 2024, sites that had not been previously visited were observed, which also provided opportunities for interaction with employees at more locations to further deepen understanding of individual businesses and locations. Outside Directors also participate as observers in the Manufacturing and R&D Strategy Committee (general meeting for development strategy for our Innovation Center).

Tours of Hosokura Metal Mining Co., Ltd. (Miyagi Prefecture)



Tours of Onahama Smelting & Refining Co., Ltd. (Fukushima Prefecture)

Establishment of Corporate Secretary Department

The Corporate Secretary Department has been established in the Corporate Division to strengthen the secretariat and other functions of the Board of Directors, Nomination Committee, Remuneration Committee and Sustainability Committee, as well as to consider Corporate Governance strategically.

Evaluation of the Effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors based on the evaluation by each Director on an annual basis. In the fiscal year ended March 2022, the evaluation was conducted using a third-party organization for the first time. (In the future, a third-party evaluation shall be conducted once every three years.) In the fiscal year ended March 2024, the Company evaluated the effectiveness of the Board of Directors by way of a questionnaire-based self-evaluation.
Starting in the fiscal year ended March 2024, we operate a new initiative in which Directors (excluding those who also serve as Executive Officers) comment on each others' contributions to the Board of Directors, etc. As a result of deliberations by the Board of Directors, it was confirmed that the effectiveness of the Board of Directors of the Company was secured in the fiscal year ended March 2024. The Board of Directors will continue to make ongoing efforts to further improve its effectiveness.

Summary of FYE March 2024 Effectiveness Evaluation

It was confirmed that the effectiveness of the Board of Directors of the Company was secured in the fiscal year ended March 2024.
Through the evaluation, it was confirmed that "Efforts will be made to further improve the management of the Board of Directors in order to enhance corporate value, which is one of the most important missions of the Board of Directors, and initiatives will be taken to further improve the following matters in the fiscal year ending March 2025."

- **Development of core management talent**
- **Medium- to long-term competitive advantage of the Company**

Overview of deliberation by the Board of Directors on issues

Development of core management talent	Medium- to long-term competitive advantage of the Company
• In response to the question, "Do you believe Board of Directors meetings include sufficient discussion of development of core management talent?," 6 of 11 Directors responded, "I don't believe so," and 5 responded, "I believe so," so answers in the negative outnumbered those in the affirmative. • This evaluation indicates room for improvement in the following areas with regard to Executive Officer succession plans and the Next-Generation Leadership Talent Development Program. - Diversification of successor talent pool - Increase in the number and ratio of candidates selected for the Next-Generation Leadership Talent Development Program among candidates for Executive Officer successors - Strengthening the linkage between the Next-Generation Leadership Talent Development Program and human resource policies such as promotion and selection - Early identification and planned stretch assignment of Next-Generation Leadership Talent at the managerial and junior levels	• In response to the question, "Do you believe our Company's medium- to long-term competitive advantages (e.g. in business strategies, qualification of management and corporate governance system) have been adequately communicated to the capital market?," 6 of 11 Directors responded, "I don't believe so," and 5 Directors responded, "I believe so," so answers in the negative outnumbered those in the affirmative. Additionally, opinions expressed included, "I believe the Company conveys its philosophy and direction in a timely manner, but results do not back up this assertion," and, "The Company often ends up taking individual measures to achieve short-term profit, so it is not yet in a position to communicate its medium- to long-term competitive advantage." • During a Board of Directors meeting, it was pointed out that "discussions about competitive advantage and business strategy, as well as the content of external release of information and disclosure, need to be discussed separately, and within the Company, we need to first conduct more in-depth consideration and discussion on the former."

FYE March 2025 initiatives on issues

Development of core management talent	Medium- to long-term competitive advantage of the Company
• Regarding Executive Officer succession plans and the Next-Generation Leadership Talent Development Program, Directors will receive explanations from the executive side in Briefings for Directors, and focus on areas identified as having room for improvement during evaluation, etc. (see above).	• Directors will deliberate where the Company's medium- to long-term competitive advantages lie (where it should be emphasized). A Briefing for Directors is held as appropriate if there are any matters for which the executive side should provide explanation during the discussion among Directors. • Content of discussions is conducted looking toward the fiscal year ending March 2026, the final year of Phase 1 of the FY2031 Strategy, leading to review of Phase 2 as needed.

*In order to further improve the management of the Board of Directors, the following points will be considered.
- Further increasing the appropriateness of matters to be discussed by the Board of Directors
- Method of selecting agenda for Briefings for Directors
- Method of deliberation that encourages more substantive discussions

Method of Analysis/Evaluation

Evaluation process

Dec. 2023 to Jan. 2024	Questionnaires were distributed to all 11 Directors and responses were retrieved at the initiative of the Chairman of the Board of Directors.
Early Feb. 2024	Response forms for comments on the contributions of other Directors were distributed to Directors (excluding those who concurrently serve as Executive Officers), and responses were received.
Late Feb. 2024	The Directors discussed the effectiveness of the Board of Directors based on an analysis of the questionnaire results.
Mar. 2024	Following the discussions in February, the Board of Directors passed a resolution on the effectiveness of the Board of Directors for the fiscal year ended March 2024. Response forms collected in early February were provided to Directors in the form of anonymous feedback.

Questionnaire items

The questionnaire uses a four-grade evaluation for the questions below and provides a free comment space where needed.

- **Self-evaluation of the role to be performed by the Directors (Board of Directors)**
- **Size and composition of the Board of Directors and operation status of the Board of Directors**
- **Composition, roles and status of operations of each of the Nomination Committee, Audit Committee, Remuneration Committee and Sustainability Committee**
- **Support system for Outside Directors**
- **Relationship with investors and shareholders**
- **Other matters concerning overall effectiveness of the Board of Directors in general, etc.**

Evaluation of the status of initiatives concerning the issues for FYE March 2024 based on FYE March 2023 evaluation

There was an evaluation of initiatives concerning the following matters taken for further improvement by the Board of Directors in the fiscal year ended March 2024 based on the results of the evaluation of the effectiveness of the Board of Directors in the fiscal year ended March 2023. It was confirmed that although "improvements have been made" in general, "initiatives were not adequate" for certain matters.

Issues recognized	Status of responses
Initiatives related to explanations (explanatory materials) to Directors	• In order to make the explanatory materials for Directors from the executive side simpler and easier to understand with clearer directions, attention was paid to the following points: "The content should focus on important management matters that officers should know and discuss," "Items that are progressing as scheduled should be described as concisely as possible," and "The materials should include the background and history of changes in the external environment including the trends of competitors, and the circumstances surrounding the Group." In addition, efforts were made to keep the explanations from Executive Officers clear and concise, and initiatives were taken to receive questions from Directors on matters to be discussed by the Board of Directors in advance. • In addition, efforts were made in terms of explaining information on the Company's business that is prerequisite for management decisions, and working to eliminate asymmetry of information between the executive side and Outside Directors, through briefings for Directors. • In the questionnaire, opinions such as "It is requested that the explanation from the executive side be further elaborated on to focus on more important points" were found, but the initiatives taken were highly evaluated in general.

Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

Issues recognized	Status of responses
Initiatives related to the Company's medium- to long-term competitive advantage	• The Company appealed to the capital market by disseminating its FY2031 Strategy, which was formulated based on the Company's medium- to long-term competitive advantage, and sending out relevant messages. Specifically, in order to deepen investors' and analysts' understanding of the FY2031 Strategy, we held a Business Strategy IR Meeting, etc. and also organized plant tours at domestic bases for securities analysts and institutional investors in order to promote understanding of the Company's existing businesses and the various initiatives under the FY2031 Strategy. • Regarding the above, opinions expressed in questionnaires included, "I believe the Company conveys its philosophy and direction in a timely manner, but results do not back up this assertion," and, "The Company often ends up taking individual measures to achieve short-term profit, so it is not yet in a position to communicate its medium- to long-term competitive advantage."
Initiatives related to sharing of information between the Nomination Committee and other Directors	• We deepened discussions on matters requiring resolution by the Board of Directors (mainly information on the appointment of Executive Officers, etc. that is to be reported back to the Board of Directors from the Nomination Committee) and shared information with Directors who are not committee members. Specifically, Outside Directors received an explanation from the Chief Executive Officer regarding the succession plan for Executive Officers and other matters and discussed these matters at the informal meetings of Outside Directors. • Further, information was provided by the Chief Executive Officer at the informal meetings of Outside Directors (Outside Directors' Opinion Exchange Meetings) on the status of examination of the succession plan for the Chief Executive Officer. In addition, the Nomination Committee made progress reports to the Board of Directors on the status of examining candidates for Outside Directors. • As a result of the above initiatives taken, the evaluation in the questionnaire improved from the previous fiscal year.
Initiatives related to the supervision of human resource strategy by the Board of Directors	• At the briefings for Directors, explanations were received on the status of diversity promotion (Diversity, Equity & Inclusion (DE&I)) in the organization under the management of each Executive Officer, and discussions were held. • In addition, as a non-financial evaluation item for the annual bonuses of Executive Officers, targets related to DE&I were set for all Executive Officers, and progress was regularly reported to the Board of Directors for discussion. • As a result of the above initiatives taken, the evaluation in the questionnaire improved from the previous fiscal year.

Related Information:

Corporate website ▶ Corporate Governance Report
https://www.mmc.co.jp/corporate/en/company/governance.html

Message from the Chairman of the Board of Directors

We are aiming to become a Board of Directors that further enhances corporate value.

Chairman of the Board of Directors

Akira Takeuchi, Chairman

Working toward sustainable growth and achieving the targets of the FY2031 Strategy

One of the most important functions of the Board of Directors is making appropriate decisions for important matters such as management policies while supervising progress on set business plans.

The Medium-term Management Strategy (FY2031 Strategy) approved by the Board of Directors in February 2023 was formulated once the Directors had spent sufficient time engaged in active discussions with Executive Officers from a variety of perspectives, and all Directors believe that this ambitious plan will bring about continued improvement to corporate value.

The fiscal year ended March 2024 was the first year of the FY2031 Strategy, so we received regular reports from each Executive Officer at Board of Directors meetings and Briefings for Directors on the progress of individual policies, issues and responses, and exchanged opinions regarding these. The Board of Directors strongly supports Executive Officers in achieving the FY2031 Strategy through more effective fulfillment of its supervisory role.

Surrounding economic and social conditions continue to change rapidly, so we must respond quickly and appropriately in order to achieve our goals, even if the business environment differs from that envisioned in the FY2031 Strategy. Further, we recognize the importance of proactively addressing sustainability issues, and intend to have even deeper discussions at Board of Directors meetings.

Further improvements to expanded Corporate Governance

Another important function of the Board of Directors is providing oversight on legal compliance to ensure thorough implementation. Corporate Governance is the foundation of sustainable growth.

The Group has worked to strengthen overall governance since 2018, which has resulted in significant improvements to the level of governance. This improvement is the result of development and expansion of governance-related organizations and systems, including becoming a Company with a Nomination Committee, etc., as well as progress in raising awareness of governance-oriented employees and improving internal communication.

However, there are issues that have yet to be addressed, and the Board of Directors will continue to play its role in strengthening governance.

Initiatives for evaluation of the effectiveness of the Board of Directors and further strengthening of Board of Directors functions

In the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 2024, Directors agreed to continue their efforts to strengthen the Board of Directors' functions with the aim of further contribution to the board's most important mission: the enhancement of corporate value. They also confirmed that they will work toward further improvement in the fiscal year ending March 2025 under the themes of "development of core management talent" and "medium- to long-term competitive advantage of the Company."

As the Chairman of the Board of Directors, I will continue to encourage open and constructive discussion and exchange of opinions at our meetings, and work to ensure that the Board of Directors operates both effectively and efficiently.

Message from the Chairperson of the Nomination Committee

We are enhancing and consistently reforming Nomination Committee functions to achieve sustainable growth for the Group.

Chairperson of the Nomination Committee

Tatsuo Wakabayashi, Outside Director

A year of work selecting outside director candidates and planning for the succession of the CEO

In the fiscal year ended March 2024, discussions focused on the selection of candidates for Outside Directors and planning the succession of the Chief Executive Officer. The committee narrowed down a long list of candidates from those with corporate management experience and others, with the final decisions made through a series of interviews by each committee member as well as with the CEO.

In planning the succession of the Chief Executive Officer, the Committee sought opinions from the current CEO regarding potential successors, and introduced a process of referring to an evaluation of the candidates by a professional third-party organization. We also improved and deepened the existing process through interviews with potential successors by each committee member, exchanging opinions amongst the committee on the current evaluation. In selecting the successor candidates, we must comprehensively evaluate each candidate regarding a variety of aspects, including planning, execution and leadership skills.

To ensure diversity of perspective, we intend to share sufficient information and ensure communication with Outside Directors other than those on the Nomination Committee and confirm their opinions, as we continue with committee functions.

We must contribute to next-generation leadership talent development and promote appointment of non-Japanese talent

While we believe that committee efforts to date have been very productive, human capital management has become increasingly important, so we must always consider whether we are securing the talent necessary to achieve the FY2031 Strategy. We must act quickly to secure the human capital needed to realize our plan. Further issues for the committee to tackle include consideration of how we contribute to next-generation leadership talent development, and further promotion of appointment of non-Japanese talent in order to achieve growth abroad.

Enhancing committee functions is indispensable if we wish to achieve sustainable growth for the Group, I will do everything in my power as Chairperson of the Nomination Committee in this regard

I believe that the Nomination Committee is functioning properly. I recognize that our most important tasks are evaluation for the Chief Executive Officer, and formulating their succession plan. These two issues are discussed exclusively by Outside Directors, and the committee is functioning soundly in an independent manner. Previously, the Nomination Committee was composed of Internal Directors as well as external, but has been composed solely of Outside Directors since June 2023, as has the Remuneration Committee.

Enhancing committee functions is indispensable if we wish to achieve sustainable growth for the Group, so consistent reform is required. Since becoming a Company with a Nomination Committee, etc., in 2019, we have steadily enhanced committee functions, and I will continue to do everything in my power as Chairperson to further improve these functions.

Nomination Committee

Composition (including Chairperson)	Five Outside Directors
Chairperson	Director (Outside) Tatsuo Wakabayashi
Members	Director (Outside) Hikaru Sugi Director (Outside) Koji Igarashi Director (Outside) Kazuhiko Takeda Director (Outside) Rikako Beppu
Functions and duties	The Nomination Committee determines matters such as the policy for the nomination of candidates for Director and the dismissal of Directors, and the content of proposals concerning the election and dismissal of Directors to be submitted to General Meetings of Shareholders. In addition, the Committee deliberates and reports on appointment and dismissal of Executive Officers in response to inquiries from the Board of Directors, then reports back to them. The Committee also deliberates on successor candidates for CEO and plans for candidate development, overseeing the appropriate development of the candidates. The Committee deliberates on candidates for the next CEO in response to inquiries from the Board of Directors and reports back to them.
Number of meetings in FYE March 2024	14
Results	**2023** April 12 • Deliberation on selection of candidates for Outside Directors April 28 • Deliberation on director candidate skills matrix, contributions and perspectives to key themes and CEO succession plan May 31 • Deliberation on selection of candidates for Outside Directors July 12 • Deliberation on annual Nomination Committee schedule, selection of candidates for Outside Directors and CEO succession plan, etc. July 26 • Deliberation on selection of candidates for Outside Directors, and CEO succession plan August 9 • Deliberation on selection of candidates for Outside Directors August 30 • Deliberation on selection of candidates for Outside Directors September 27 • Deliberation on CEO succession plan October 25 • Deliberation on CEO succession plan December 26 • Deliberation on proposals for candidates for Director, Committee members and Chairpersons, Executive Officers, etc. **2024** January 31 • Deliberation on proposals for candidates for Director, Chairperson of the Board of Directors, Committee members and Chairpersons, Executive Officers, etc. February 9 • Resolution on the content of the report on the election of Executive Officers, etc. February 28 • Deliberation on revision to Nomination Committee regulations and the Basic Policy on Corporate Governance in relation to the nomination of CEO successor candidates March 27 • Resolution on candidates for Director • Resolution on the content related to the report on the Chairman of the Board of Directors, Committee members and Chairpersons, and draft order of acting Chairpersons

Nomination of Candidates for Director, Dismissal of Directors and the Election and Dismissal of Executive Officers

Policy for Nomination of Candidates for Director and Dismissal of Directors

Our basic approach to the structure of the Board of Directors, which fulfills the roles of determining the direction of management and exercising supervision over the progress of business execution, is to ensure that it comprises a diverse range of human resources with different expert knowledge, experience, and other qualities. In particular, the Nomination Committee will consider candidates for Outside Director to ensure that they comprise individuals who possess experience and knowledge in corporate management (including in businesses similar to and/or different from the Group's business) and organizational management, and individuals who possess broad and advanced expert knowledge and extensive experience in relation to finance and accounting, legal affairs, production engineering, research and development, sales and marketing, international relations, etc.

In light of the basic policy on the structure mentioned above, the Nomination Committee will nominate and select individuals who satisfy the following requirements as candidates for Director, regardless of individual attributes concerning gender, nationality and race, etc.:

- An individual of exceptional insight and character;
- An individual with a strong sense of ethics and a law-abiding spirit; and
- An individual who can properly fulfill his or her duties concerning the exercise of supervision over the management of the Company and the determination of the direction of management.

Further, with respect to candidates for Independent Outside Director, the Nomination Committee will nominate and select individuals who satisfy the following requirement in addition to the above requirements:

- An individual who has no material interest in the Group and who can remain independent.

The specific selection of talent shall be decided after deliberation by the Nomination Committee.

If any of the following apply to a Director, the Nomination Committee may make a determination on the content of a proposal to be submitted to the General Meeting of Shareholders regarding the dismissal of that Director.

- If a Director has committed a serious violation of a law, regulation or the Articles of Incorporation
- If a Director has committed an act that is significant misconduct regarding performance of duties
- If a Director lacks the judgment required of the position or significantly lacks the ability to discern facts and circumstances
- If a Director is expected to be unable to attend Board of Directors meetings for a significant period of time

The Company considers that an Outside Director is not independent if he or she falls under any of the conditions listed below while meeting the standards for independence established by Tokyo Stock Exchange, Inc.

1. An individual who falls under or has fallen under any of items (1) or (2) below, either presently or in the past:
   (1) An executive or non-executive Director of the Company (excluding Outside Directors); or
   (2) An executive or non-executive Director of the Company's subsidiary.
2. An individual who falls under any of items (1) through (5) below:
   (1) An executive of a client or supplier company of the Company, whose value of transactions amounted to 2% or more of the consolidated net sales of the Company or the client or supplier company as of the end of the previous fiscal year;
   (2) A person who received, as a professional or consultant, etc., consideration of not less than ¥10 million from the Company in the previous fiscal year, excluding his/her consideration as a Director;
   (3) An executive of an organization that received a donation of not less than ¥10 million from the Company in the previous fiscal year;
   (4) A shareholder who directly or indirectly holds at least 10% of the total number of voting rights of the Company or an executive of such shareholder; or
   (5) The Company's Accounting Auditor or its employee, etc.
3. An individual who has fallen under any of items (1) to (5) of 2 above at any time in the past three (3) years;
4. A close relative of any of the persons listed in item (1) or (2) of 1 above, items (1) to (5) of 2 above, or 3 above (excluding unimportant persons); or
5. A person who has served as the Company's Outside Director for a period of more than eight (8) years.

Policy for Election and Dismissal of Executive Officers

In electing Executive Officers responsible for the execution of business tasks, individuals who satisfy the following requirements will be elected, regardless of individual attributes concerning gender, nationality and race, etc.:

- An individual of exceptional insight and character;
- An individual with a strong sense of ethics and a law-abiding spirit; and
- An individual well-versed in management and the business activities of the Group.

In relation to the election process, the Chief Executive Officer will first draft a proposal for the election of Executive Officers after consulting with relevant officers as necessary. The Chief Executive Officer will then submit a proposal for the election of Executive Officers to the Board of Directors based on the deliberations and responses to inquiries at a Nomination Committee meeting, and Executive Officers will be elected by resolution of the Board of Directors based on a comprehensive review of the candidates' personal history, achievements, specialist knowledge, and other capabilities.

In addition, if any event occurs that makes an Executive Officer highly ineligible in light of these standards, the Executive Officer shall be dismissed by resolution of the Board of Directors following a review by the Nomination Committee.

Outside Director Candidates

The Board of Directors and the Nomination Committee continuously deliberate on the ideal composition of the Board of Directors from a medium- to long-term perspective, with the Corporate Philosophy, Vision, Medium-term Management Strategy, and the like in mind. In the selection of specific candidates for Outside Directors, the Nomination Committee deliberates and decides on a case-by-case basis during each selection process, which includes consideration of requirements such as expertise and experience required of potential candidates, confirmation of a candidate list and narrowing down the list of persons to be approached, interviews with the candidates, and decisions on who to informally nominate.

Reasons for and Process of Nominating New Directors

In the nomination of new Directors to be elected at the 99th General Meeting of Shareholders held on June 26, 2024, the selection for candidates took into account deliberation by the Board of Directors and Nomination Committee on the composition of the Board of Directors. After deliberations from December 2022 to March 2024, the Nomination Committee appointed Hatsunori Kiriyama and Nozomi Sagara as candidates for Director in March 2024.

Hatsunori Kiriyama has extensive knowledge of corporate management and marketing as gained from his experience as manager at a leading international company as well as insights into corporate strategies and general aspects of management from a global perspective based on his experience as supervisor of the Asia region and manager at a U.S. company. Moreover, he has extensive insights into development of management human resources based on many years of corporate management experience in and outside Japan.

Nozomi Sagara has extensive knowledge of trade and industry policies through many years of service at the Ministry of Economy, Trade and Industry. She has specialized knowledge in metallic mineral resources, renewable energy, information technology and recycling fields as well as technical knowledge as a master of engineering.

For these reasons, we expect both candidates to contribute to the strengthening of appropriate supervisory and decision-making functions of the Board of Directors, and believe they are suitable for their positions.

Related Information:

Integrated Report ▶ Directors Skill Matrix
P86

CEO Succession Plan

Basic Approach for the CEO Succession Plan

Determining CEO succession is positioned as the most vital decision to ensure the Company's sustainable growth and medium- to long-term enhancement of corporate value. We believe that the decision on whether or not to replace the CEO and the timing of such replacement should be made comprehensively based on the Company's current situation, the performance of the current CEO, the development of successor candidates, and the standby status of successor candidates. In light of this, the Nomination Committee receives reports on the succession plan from time to time so that it can keep abreast of the status of the successor candidates and make comparisons with the current CEO.

The Company operates the Next-Generation Leadership Talent Development Program as a training system to develop future leaders with the aim of training qualified candidates for Executive Officer positions.

Selection Process for CEO Successor Candidates

CEO candidate selection is made from a wide pool of talent, including both current Executive Officers as well as non-executive managerial employees and people outside the company.

Candidate suitability is assessed through interviews by the Nomination Committee, assessments by third-party institutions, and opinions gathered from the current CEO. Information about candidates is shared as appropriate with Nomination Committee members as well as Outside Directors not on the committee in order to eliminate discrepancy in information held by Outside Directors regarding the Succession Plan.

Related Information:

Integrated Report ▶ Human Resources Strategy
P58

Message from the Chairperson of the Audit Committee

We are upgrading the Audit Committee by focusing on substance through a managerial perspective audit.

Chairperson of the Audit Committee

Kazuhiko Takeda, Outside Director

A year of reforms aimed at improving audit efficiency and quality

The fiscal year ended March 2024 was one where we worked on reforms to improve audit efficiency and quality with fresh eyes and fast responses. We have grown into an Audit Committee that provides advice to management by shifting the focus of audits from internal control to management strategy, conducting operational audits from a managerial perspective. In particular, we emphasized a shift from form to substance and from suboptimization to total optimization, as well as increasing transparency. We have implemented a deeper three-pillar audit system (internal audits, Audit Committee audits, and accounting audits), have developed into audits that contribute to consolidated group management, and selected risks and countermeasures in implementing the Medium-term Management Strategy as a distinct priority audit item.

In the three-pillar audit, we have pursued the effectiveness of our audits from a management perspective by emphasizing substance over form and implementing audits that focus on the minimum requirements set by laws and the Articles of Incorporation by dividing roles and collaborating with the Internal Audit Department and the Accounting Auditor. Furthermore, we have also started to broaden the scope of our audits to include DE&I, particularly with regards to support of women's development and advancement and other sustainability issues.

Working with the new Accounting Auditor, we will implement a proactive audit approach to ensure risks associated with change are not overlooked

In the fiscal year ended March 2024, we appointed a new Accounting Auditor. Their audits through fresh eyes have been very stimulating for us. We feel their new approach is beginning to produce the desired results, including a rigorous perspective that does not put off tackling problems and new methods that leverage IT. We believe that it raises Group-wide awareness of streamlining consolidated management by using the same Accounting Auditor for all consolidated subsidiaries in the coming years, and that it contributes to the evolution of organizational audits through strengthening cooperation among the three pillars of the audit. Moving forward, I expect the Accounting Auditor to provide us with a rigorous perspective that does not overlook risks associated with transformative growth, a proactive audit approach based on even more interactive communication, and information that contributes to the advancement of a global governance system.

Leading efforts to upgrade the Audit Committee and make the Board of Directors responsible for business strategy

In an era of global ultra-competition and technological innovation, companies must evolve. Along with internal changes such as new business models, M&A, and overseas expansion for growth, external demands such as financial and non-financial disclosure have been added, and our business environment is becoming ever more complex. To support the achievement of our ambitious FY2031 Strategy targets, we have added sustainability issues as a distinct priority audit item. To meet the higher and higher expectations for the Audit Committee, we must further improve our organizational auditing based on a three-pillar audit system, allocate resources efficiently and persist in conducting audits from a management perspective that focuses on substance rather than form. Moving forward, I will continue to lead efforts to upgrade the Audit Committee and make the Board of Directors responsible for business strategy.

Audit Committee

Composition (including Chairperson)	Four Outside Directors / One Internal Director
Chairperson	Director (Outside) Kazuhiko Takeda (full-time Member of the Audit Committee)
Members	Director (Outside) Rikako Beppu Director (Outside) Hatsunori Kiriyama Director (Outside) Nozomi Sagara Director Akira Takeuchi
Functions and duties	The Audit Committee audits the legality and validity of duties performed by Directors and Executive Officers, via audits either using internal control systems or directly by the Committee. The Audit Committee also elects one full-time Member of the Committee in order to improve the effectiveness of audits conducted by the Committee.
Number of meetings in FYE March 2024	17
Results	**2023** February to May • FYE March 2023 year-end audit May 12 • Resolution on FYE March 2023 audit report, etc. June 23 • Election of full-time, appointed, and specified members of the Audit Committee • Resolution on FYE March 2024 audit plan, etc. July to following February • Mid-term audits (attendance at important meetings, interviews with Executive Officers, visiting audits of sites, hearing results from Audit Department, exchanging opinions with Accounting Auditors, etc.) End of July • First quarter financial results audit • Liaison meeting with standing Audit & Supervisory Board Members of subsidiaries held End of October • Second quarter financial results audit **2024** End of January • Third quarter financial results audit • Liaison meeting with standing Audit & Supervisory Board Members of subsidiaries held February to May • FYE March 2024 year-end audit March 27 • Resolution on FYE March 2025 audit plan, etc. May 13 • Resolution on matters related to FYE March 2025 Accounting Auditor reappointment, FYE March 2024 audit report, etc.

Establishment of Audit Committee Office

To assist the Audit Committee in its duties, the Audit Committee Office was established on April 1, 2022, directly under the Committee as an organization independent from the execution side in order to enhance the Committee's function. The Office consists of a General Manager and four staff members, and it performs administrative work related to the operation of the Audit Committee, collects information, conducts various investigations, attends internal meetings, and fully assists the Committee in the performance of its duties.

Message from the Chairperson of the Remuneration Committee

We are achieving results from the introduction of evaluation of non-financial factors through Executive Officers' annual bonuses, and encouraging achievement of FY2031 Strategy targets through the remuneration system.

Chairperson of the Remuneration Committee

Hikaru Sugi, Outside Director

Revising the performance-linked remuneration system to encourage achievement of the FY2031 Strategy, and newly establishing a committee chairperson allowance in light of their role

The concept of the metric used to evaluate consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating profit from the relevant business sector), which accounts for 60% of Executive Officers' annual bonuses, was revised in the fiscal year ended March 2024. With this, the "consolidated earnings forecast for the following fiscal year at the time of announcement of financial results at the end of the current fiscal year (for the operating profit of the relevant business sector, operating profit used as the consolidated performance forecast basis)" was changed to "consolidated operating income planned in the Medium-term Management Strategy (for the operating profit of the relevant business sector, the planned operating profit of the relevant business sector)." The targets for the FY2031 Strategy are not accumulative figures, but instead, increased figures. While this makes achievement more difficult than in the past, we feel that Executive Officers are adopting perspectives from a greater vantage point. I feel that our stakeholders' expectations for Outside Directors are shifting from a push for major reforms to how to help them reap the rewards of their earnings. In order to meet these expectations, we want to encourage the achievement of FY2031 Strategy targets by establishing an appropriate remuneration system.

Furthermore, we decided to newly establish an allowance for Chairpersons of the Nomination, Audit, Remuneration and Sustainability Committees, which is in effect as of June 2024. This decision was made in light of the relative increase of the importance of the role of Committee Chairpersons, just as the effectiveness of the Board of Directors has been enhanced. Chairpersons are also often required to meet with shareholders and perform other external relations, so in light of these responsibilities, provision of an additional allowance was decided.

Evaluation of non-financial factors based on the CEO's primary evaluation, verified by the Remuneration Committee

The Company introduced evaluation of non-financial factors in Executive Officers' annual bonuses, including initiatives in line with our Sustainability Policy, etc., and we feel that is beginning to produce significant results. Evaluation criteria is based on the commitment of each Executive Officer to achieve targets, and the degree of achievement each fiscal year is verified by the Remuneration Committee upon the CEO's primary evaluation. Some business divisions are achieving ambitious targets ahead of schedule, with further progress expected in sustainability initiatives in particular.

Encouraging action and achievement of FY2031 Strategy targets

The Board of Directors is responsible for overseeing progress on achievement of FY2031 Strategy and holds active discussions. The Remuneration Committee has been discussing the design of the remuneration system to encourage the achievement of these targets. In addition to the aforementioned changes to the concept for performance evaluation indicators and the introduction of evaluation of non-financial factors, including initiatives in line with Sustainability Policy, etc., we, in the past, raised the ratio of performance-based remuneration included in Executive Officers' annual bonuses, and introduced evaluation of relative comparison of TSR that takes stock price and dividends into consideration. We believe the current system better encourages Executive Officers to take action to achieve FY2031 Strategy targets. As we enter the second year of the FY2031 Strategy, the business environment surrounding our Group has become more challenging than when the plan was initially constructed, but the Remuneration Committee will continue to make every effort to ensure our targets are achieved.

Remuneration Committee

Composition (including Chairperson)	Three Outside Directors
Chairperson	Director (Outside) Hikaru Sugi
Members	Director (Outside) Tatsuo Wakabayashi Director (Outside) Rikako Beppu
Functions and duties	The Remuneration Committee establishes policies for determining individual remuneration for Directors and Executive Officers, and determines the individual remuneration to be received by Directors and Executive Officers based on such policies.
Number of meetings in FYE March 2024	9
Results	**2023** April 28 • Deliberation on the results of evaluation of non-financial factors related to annual bonuses for Executive Officers for FYE March 2023 May 12 • Resolution on continuance of stock-based compensation system • Deliberation on the results of evaluation of non-financial factors related to annual bonuses for Executive Officers for FYE March 2023 May 31 • Resolution on amount of individual bonuses for Executive Officers for FYE March 2024 • Deliberation on setting non-financial factors related to annual bonuses for Executive Officers for FYE March 2024 June 23 • Resolution on details of individual remuneration for Directors, etc. • Deliberation on Remuneration Committee schedule August 30 • Confirmation of the background to the current remuneration system and deliberation on future issues October 25 • Reports on trends related to executive remuneration and the results of remuneration standard benchmarks November 29 • Deliberation on suitability of the remuneration system December 26 • Deliberation on suitability of the remuneration system **2024** March 27 • Resolution on details of individual remuneration for Executive Officers for FYE March 2025 • Deliberation on suitability of the remuneration system

Policy on Determining Remuneration for Officers, Etc.

Remuneration System for Directors and Executive Officers

With the aim of creating an attractive remuneration system for outstanding management talent that will drive improvements in the Group's corporate value from a medium- to long-term viewpoint and establishing remuneration governance that will enable the Company to fulfill its accountability to stakeholders, including shareholders, the Company shall establish a policy on determining the remuneration for Directors and Executive Officers (collectively, "Officers") and a remuneration system as follows:

1. Policy on Determining Remuneration for Officers

(1) A system shall be created that provides competitive standards for remuneration compared with companies of a business category and size similar to the Group.

(2) The performance of the functions and duties assumed by each Officer and contributions to the improvement of medium- to long-term corporate value shall be evaluated in a fair and equitable manner, and the evaluation results shall be reflected in remuneration.

(3) Regarding Executive Officer remuneration, in order to have remuneration function as a sound incentive to improve the Group's medium- to long-term corporate value, remuneration shall consist of basic remuneration, an annual bonus based on performance evaluations in each fiscal year, etc. and stock-based compensation, which is a medium- to long-term incentive linked to medium- to long-term performance and corporate value. The remuneration composition ratio shall be determined appropriately in accordance with one's job position. For Director (excluding those who concurrently hold the posts of Director and Executive Officer) remuneration, in principle, only basic remuneration shall be paid in cash, in light of their function and role of supervising the performance of job duties by the Executive Officers. However, Directors who serve as Chairpersons of the Nomination, Audit, Remuneration and Sustainability Committees will be paid allowances in addition to basic remuneration in consideration of their responsibilities.

(4) An annual bonus shall be determined with the emphasis on the performance in each fiscal year, while appropriately evaluating the relative results of Total Shareholder Return (TSR)* and the status of each Executive Officer's implementation of medium- to long-term management strategies, etc.

$$\text{*TSR} = \frac{\text{Average closing price of the stock on each day in March of the current year} + \text{Total amount of dividends per share in the current fiscal year}}{\text{Average closing price of the stock on each day in March of the previous year}}$$

(5) A medium- to long-term incentive shall be stock-based compensation that enables Executive Officers to share awareness of profits with shareholders in order to enhance corporate value from a medium- to long-term viewpoint.

(6) The policies for determining remuneration and the amount of individual remuneration shall be deliberated and determined by the Remuneration Committee composed of a majority of Independent Outside Directors.

(7) Necessary information shall be disclosed actively so that stakeholders including shareholders can monitor the relationship between performance, etc. and remuneration.

2. Remuneration System for Officers

(1) Directors (excluding those who concurrently hold the posts of Director and Executive Officer)
In principle, the remuneration for Directors shall consist of basic remuneration only.
However, Directors who serve as Chairpersons of the Nomination, Audit, Remuneration and Sustainability Committees will be paid allowances in addition to basic remuneration in consideration of their responsibilities. The cash amount shall take into consideration an individual Director's job position, whether he/she is a full-time/part-time Director, etc. and refer to the standards for remuneration of other companies based on the research of outside experts.

(2) Executive Officers
The remuneration payable to Executive Officers shall consist of basic remuneration, which is fixed remuneration, and an annual bonus and stock-based compensation, which are performance-linked remuneration. The remuneration composition ratio shall be in line with "Basic remuneration/Annual bonus/Stock-based compensation = 1.0/0.6/0.4" (*In the case where the annual bonus payment rate is 100%) for the Chief Executive Officer, and for other Executive Officers, the ratio of performance-linked remuneration to basic remuneration shall be set lower than that for the Chief Executive Officer.
Furthermore, the standards for remuneration shall be determined by referring to the standards of peer companies (similar-sized companies determined by the Remuneration Committee) based on the research of outside experts.

<Basic Remuneration>

Basic remuneration shall be paid in cash as fixed remuneration in accordance with one's job position.

<Annual Bonus (Short-term Incentive Remuneration)>

The annual bonus shall be determined based on the consolidated operating profit, relative comparison of TSR, and status of achievement of the non-financial target set for each Executive Officer, on a single-year basis.

The specific evaluation items shall be as follows:

<<Evaluation Items>>

① Consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector)
The consolidated operating profit evaluation factor is based on which earning capacity of the Company's main business is evaluated; to be multiplied by an adjustment factor based on the consolidated operating profit growth rate compared with other companies to enhance consciousness on growth greater than market growth (relative comparison with six nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies, all in Japan)

② Relative comparison of TSR (relative comparison with six nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies, all in Japan) (Evaluation of relative comparison of TSR)

③ Non-financial evaluation of the status of achievement of the targets set for each Executive Officer at the beginning of the term and other relevant factors with regard to efforts aimed at improving medium- to long-term corporate value, which is less likely to be represented in short-term performance, as well as efforts in line with the Sustainability Policy*

*Sustainability Policy Items

1. Build a Work Environment that puts Safety and Health First
2. Respect for Human Rights
3. Promote Diversity, Equity and Inclusion
4. Cultivate Mutual Prosperity with Stakeholders
5. Strengthen Corporate Governance and Risk Management
6. Engage in Fair Business Transactions and Responsible Sourcing
7. Ensure Stable Provision of Safe, Secure, and High Value Added Products
8. Proactive Engagement for the Global Environment

<<Calculation Formula>>

By deeming the amount payable for achievement of the target (Base Annual Bonus) as 100%, the amount for each individual shall be calculated by using the following calculation formula:

Annual Bonus = Base Annual Bonus by Job Position × Payment Rate Based on Performance Evaluation*

* "Payment Rate Based on Performance Evaluation" shall range from 0% to approx. 200% based on a performance.

<<Evaluation Weight>>

The annual bonus shall be determined based on the evaluations of each portion of 60%*, 20% and 20% of the base amount, which depends on one's job position, in terms of consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector), relative TSR comparison and non-financial factors, respectively.

*To be adjusted using consolidated operating profit growth rate compared with other companies.

Chief Executive Officer, Non-Business related Executive Officers

(Evaluation of consolidated operating profit 60% × Adjustment Factor: Evaluation of growth rate 0.9 to 1.1) + Evaluation of relative comparison of TSR 20% + Evaluation of non-financial factors 20%

Business-related Executive Officers

(Evaluation of operating earnings from the relevant business 60% × Adjustment Factor: Evaluation of growth rate 0.9 to 1.1) + Evaluation of relative comparison of TSR 20% + Evaluation of non-financial factors 20%

<<Target of Consolidated Operating Profit for Annual Bonus>>

With regard to the target of consolidated operating profit for annual bonuses, in principle, the consolidated performance forecast for the current period planned in the Medium-term Management Strategy shall be applied. (For operating earnings of the business for which the Executive Officer is responsible, planned consolidated operating earnings from the relevant business sector shall be used.)

The target and actual values of performance-linked indicators used to calculate bonuses for the fiscal year ended March 2024 are as follows.

Evaluation Items		Target	Results
Operating profit	Consolidated	¥50 billion	¥23.2 billion
	Metals business	¥21.8 billion	¥9.8 billion
	Advanced Products business	¥15.5 billion	¥4 billion
	Metalworking Solutions business	¥14.3 billion	¥10.8 billion
Consolidated operating profit growth rate		–	(53.52%)
TSR (Figures in brackets are rankings of six domestic non-ferrous metals companies)		–	134% (3)

<Stock-based Compensation (Medium- to Long-term Incentive Remuneration)*>

Stock-based compensation shall be a system that utilizes a trust for the purpose of achieving the sharing of a common profit awareness with shareholders. This shall be used as an incentive for improving the medium- to long-term corporate value of the Group and under which the Company's shares and cash equivalent to the proceeds from the realization of the Company's shares shall be delivered and paid in accordance with one's job position, upon retirement from the post of Executive Officer. No performance conditions nor stock price conditions shall be set with respect to the shares to be delivered.

Please note that in the case of a non-resident staying in Japan, different treatment may be applied under laws or for any other relevant circumstances.

* The Officers' remuneration system adopts a structure called BIP (Board Incentive Plan) and grants to the Executive Officers the shares of the Company's common stock, etc. It is an incentive plan to, during the determined period of the trust, accumulate points to be given to Executive Officers, and to grant the shares of the Company's common stock equivalent to 70% of such accumulated points (shares less than one unit shall be disregarded) and cash equivalent to realized value of the shares of the Company's common stock equivalent to the remaining accumulated points as compensation to Executive Officers after their retirement.
One point is deemed equal to one share of the Company's common stock, and if a stock split or reverse stock split occurs during the trust period, the number of the Company's shares per point shall be adjusted according to the stock split ratio or reverse stock split ratio of the Company's shares. The maximum number of points to be given to Executive Officers during the three consecutive fiscal years including the fiscal year ended March 2024 (FYE March 2024 to FYE March 2026) shall be 140,000 points in total.

Policy on Determining Remuneration for Officers, Etc.

<Claim for return of remuneration, etc. (Malus and Clawback System)>
If Executive Officers violate laws and regulations or the duty of care of a good manager, the Company may request disqualification of the entitlement to annual bonus or restitution of bonus upon a resolution of the Remuneration Committee. With respect to stock compensation, if the same occurs, the Company may request disqualification of the right to receive delivery of the Company's shares, etc. or restitution of an amount equivalent to the accumulated number of points upon a resolution of the Remuneration Committee.

Details of non-financial evaluation items for annual bonuses for Executive Officers (excluding CEO) (FYE March 2025)

Method for target setting
For non-financial evaluation, each Executive Officer (excluding the CEO) is required to set three target items, one of which is a sustainability issue. Each item is broken down into two or three sub-items. The table below summarizes details of non-financial sub-items set for the fiscal year ending March 2025 in accordance with the Sustainability Policy, etc.

In the fiscal year ending March 2025, we have mandated the promotion of Diversity, Equity & Inclusion and in particular, the setting of targets related to the ratio of female managers. Additionally, many Executive Officers set targets related to proactive efforts to protect the global environment.

Items in line with the Sustainability Policy	Executive Officer						
	A	B	C	D	E	F	G
Build a Work Environment that puts Safety and Health First	○						○
Respect for Human Rights						○	
Promote Diversity, Equity & Inclusion	○	○	○	○	○	○	○
Cultivate Mutual Prosperity with Stakeholders							
Strengthen Corporate Governance and Risk Management	○	○					○
Engage in Fair Business Transactions and Responsible Sourcing			○			○	
Ensure Stable Provision of Safe, Secure, and High Value Added Products							
Proactive Engagement for the Global Environment	○	○	○	○			○

Evaluation process

- Executive Officers' (other than CEO) evaluation
  The progress in achieving targets set by each Executive Officer as non-financial evaluation items is monitored through the Executive Officers' quarterly business execution status report to the Board of Directors. At the end of the fiscal year, the CEO serves as the primary evaluator of each Executive Officer by considering their progress toward achieving their targets. The Remuneration Committee receives an explanation of the results of this initial evaluation by the CEO, then deliberates on appropriateness and determines the final evaluation.
- CEO evaluation
  Given that the CEO oversees the entire Company, the Remuneration Committee deliberates on the CEO's performance of his duties to determine an evaluation from the perspective of Group-wide management and execution of leadership toward achievement of the Medium-term Management Strategy.

Total amount of remuneration, etc. per classification of officers, total amount per type of remuneration, etc., and number of eligible recipients for FYE March 2024

Classification of officers	Total amount of remuneration, etc. (Millions of yen)	Type of remuneration, etc.					
		Monetary remuneration				Nonmonetary remuneration	
		Basic remuneration		Bonus (Performance-linked remuneration)		Stock-based compensation	
		Total (Millions of yen)	Number of eligible recipients	Total (Millions of yen)	Number of eligible recipients	Total (Millions of yen)	Number of eligible recipients
Directors (Other than Outside Director)	88	88	1	–	–	–	–
Executive Officers	489	312	9	76	9	100	9
Outside Directors	126	126	7	–	–	–	–

*1 The total amount of remuneration, etc. paid to Directors who concurrently serve as Executive Officers and applicable employees are shown in the total amount of remuneration for Executive Officers.
*2 The Company had 11 Directors and 9 Executive Officers as of the end of fiscal year 2024.
*3 The Company has introduced stock-based compensation based on a trust scheme, and the above amount of stock-based compensation represents the amount recorded as expenses for the fiscal year ended March 2024.

Deliberation on suitability of the Remuneration System for Directors and Executive Officers

The Remuneration Committee deliberates annually on the suitability of the remuneration system for Directors and Executive Officers. In deliberations, they utilize the results of surveys by external experts to ensure that the system does not deviate too far from the market standard. Specifically, after receiving such a report (such as comparison of remuneration amounts for domestic companies of a similar size or similar organizational structure), the Committee examines the suitability of our system while still considering the roles and responsibilities of individual Officers.

From June 2024, the number of the Committee's members was reduced from five to three, but we are working to eliminate discrepancy of information among Outside Directors by additionally allowing Outside Directors who are not on the Committee to observe meetings. Furthermore, the CEO attends meetings to provide explanations and opinions, etc., as needed.

Message from the Chairperson of the Sustainability Committee

The Group will reach a turning point in the evolution of our sustainability initiatives—moving from a reactive to a proactive approach with the aim of enhancing corporate value.

Chairperson of the Sustainability Committee

Koji Igarashi, Outside Director

Supporting effective sustainability initiatives and fulfilling our responsibility to report appropriately to the Board of Directors

In the Medium-term Management Strategy FY2031, which started in the fiscal year ended March 2024, the Group has set "For people, society and the earth, circulating resources for a sustainable future" as Our Commitment, and we believe making sustainability central to our management is something to be proud of. In terms of business, we are steadily proceeding with initiatives to achieve this goal, appropriately disclosing information outside the Group. While we do not see any major issues with these initiatives, our stakeholders have requested more expeditious achievement of a higher standard. Furthermore, the Corporate Sustainability Reporting Directive (CSRD) coming into effect in the EU will require further acceleration and evolution of sustainability efforts. The Sustainability Committee's role is to understand the latest information and societal trends at a pace that is faster than ever before, discussing them as required to make appropriate reports to the Board of Directors so that the Group can complete effective initiatives as soon as possible.

Specific discussions on four themes: Climate change, biodiversity, DE&I and resource recycling

In June 2023, we set four specific themes for addressing sustainability issues as a whole, not limited to climate change. Of these themes, for climate change, biodiversity and DE&I, we requested participation of Directors other than committee members and Executive Officers connected to the relevant theme, gathering the latest information through lectures by external experts for discussion and consideration. In terms of promoting resource recycling, we attended lectures on the overall industry outlook for plastic bottle recycling, visited specific recycling businesses for on-site observation and exchanged opinions in order to learn about the business in different industries. The committee also exchanged opinions with Executive Officers based on those activities, confirming the status of implementation, summarizing issues, and discussing the schedule moving forward for Executive Officers' initiatives.

Moving from a reactive to a proactive approach in sustainability initiatives

The Sustainability Committee has been active for two years. To date, the committee has worked to improve our understanding of issues directly tied to the global environment (climate change and biodiversity) and to stay current on the latest trends in everything from DE&I to resource recycling. As a result of these efforts, we have been able to enhance our perspective and hold deeper discussions on matters pertaining to sustainability management, making appropriate reports to the Board of Directors. Moving forward, we intend to continue these efforts as we investigate and discuss cases where sustainability initiatives lead to increased corporate value. Through this, the Group will reach a turning point in the evolution of our sustainability initiatives—moving from a reactive to a proactive approach.

Sustainability Committee

Composition (including Chairperson)	Three Outside Directors / One Internal Director
Chairperson	Director (Outside) Koji Igarashi
Members	Director (Outside) Hatsunori Kiriyama Director (Outside) Nozomi Sagara Director Naoki Ono
Functions and duties	The Sustainability Committee will consider methods for monitoring by the Board of Directors and issues to be considered by the Board of Directors related to sustainability management and others as matters at the request of the Board of Directors for advice. The Sustainability Committee will report its considerations to the Board of Directors.
Number of meetings in FYE March 2024	9
Results	**2023** April 12 • Exchange of opinions between Executive Officers on the direction of future initiatives based on lectures by external experts May 12 • Summary of the previous years' activities of the Sustainability Committee July 12 • Deliberation on annual activity planning for the Sustainability Committee August 30 • Selection of candidates for external expert lecturers and outside site visits to be conducted by June 2024 • Reporting on the content of the Sustainability IR Meeting for investors and analysts October 25 • Deliberation on medium- to long-term activity planning for the Sustainability Committee • Lecture by external experts (topic: biodiversity) December 13 • Lecture by external expert (topic: DE&I) **2024** January 31 • Lecture by external expert (topic: latest trends of climate change issues in Europe) March 7 • Outside site visit (site: company promoting resource circulation in a different industry) March 13 • Exchange of opinions on role of the Sustainability Committee • Collection of opinions regarding external expert lectures and outside site visits

Executive Officer System

Executive Officer

Executive Officers execute business in accordance with the prescribed segregation of duties, based on the delegation of authority from the Board of Directors. The Company has 8 Executive Officers, of which the Chief Executive Officer Naoki Ono, and the Managing Executive Officer Makoto Shibata are elected as Representative Executive Officers upon the decision of the Board of Directors.

Executive Officers (as of April 1, 2024)

Naoki Ono	Chief Executive Officer (Representative Executive Officer) CEO*1 Responsible for: General Operation of the Company, Internal Audit, Renewable Energy Business, Energy Project & Technology Center
Tetsuya Tanaka	Managing Executive Officer CSuO*2 Responsible for: Business Process Management, Safety, Environment & Quality, Environmental Stewardship Center, Global Environmental Affairs, Legal & Compliance
Nobuhiro Takayanagi	Managing Executive Officer CFO*3 Responsible for: Accounting & Finance, Management Strategy, Procurement & Logistics, Corporate Communications*4
Makiko Nogawa	Managing Executive Officer CHRO*5 Responsible for: Talent & Organization Development, Human Resources & Industrial Relations, Human Resources Business Partner, General Affairs, Secretary
Makoto Shibata	Managing Executive Officer (Representative Executive Officer) CTO*6 Responsible for: Monozukuri and R&D Strategy, DX Promotion, System Strategy
Katsuyoshi Isaji	Managing Executive Officer President of Metals Company
Toshinori Ishii	Managing Executive Officer President, Advanced Products Company
Kazuo Ohara	Managing Executive Officer President, Metalworking Solutions Company

*1 CEO: Chief Executive Officer
*2 CSuO: Chief Sustainability Officer
*3 CFO: Chief Financial Officer
*4 In addition to the above, Managing Executive Officer Nobuhiro Takayanagi has been responsible for the New Europe Company Preparation, since May 1, 2024.
*5 CHRO: Chief Human Resources Officer
*6 CTO: Chief Technical Officer

Strategic Management Committee

Following the delegation of authority from the Board of Directors, the Strategic Management Committee reviews and determines important matters concerning the management of the entire Group. The Strategic Management Committee consists of the Chief Executive Officer and the Executive Officers in charge of each department of the Corporate Division. The Chief Executive Officer serves as the chairperson of the committee.

Sustainability Deliberative Council and Sustainability Reviews

As part of sustainability initiatives, Sustainability Deliberative Council and Reviews are implemented starting in the fiscal year ending March 2025, replacing the previous Governance Review and Meeting for Sharing Governance Information. Themes to be covered have shifted from governance-related matters (safety, health, human rights, compliance, environment, quality, communication and information security) to sustainability-related matters in response to global environmental issues and human capital management.

Sustainability Deliberative Council is a forum for the head office and business divisions to deliberate and decide on policy and plans related to the above sustainability-related matters prior to the start of the fiscal year (March).

Sustainability Reviews are forums for each business division to report on progress of activities based on policy and plans decided at the Sustainability Deliberative Council at least once per fiscal year.

Meetings are attended by Executive Officers and heads of relevant departments, with a system in place for sharing and following up on information reported at these meetings.

Status of Audits/Internal Control

Status of Audits

Status of audits performed by the Audit Committee

The Audit Committee examines the status of the development and operation of the internal control system, risks in implementing the Medium-term Management Strategy and the status of countermeasures, the status of measures related to sustainability issues including occupational safety and compliance with the Antimonopoly Act, the appropriateness of auditing methods and the results of audits by Accounting Auditors, as well as other matters.

To these ends, the Audit Committee has established and operates a framework to audit the execution of duties by Directors and Executive Officers. Specifically, the Committee conducts interviews with Directors, Executive Officers, departments in charge of internal audits, and departments in charge of internal control, etc. to assess their progress in executing their duties. The Committee also reviews approval documentation and other relevant materials. Appointed members of the Committee are assigned to investigate the business and asset conditions at the Company's headquarters and key business locations, and they conduct on-site audits of subsidiaries and other entities as required, in accordance with the audit standards and audit plan established by the Committee. Additionally, the Audit Committee enhances coordination by regularly holding meetings with Audit & Supervisory Board Members at major Group companies to strengthen the effectiveness of the Group-wide audit system. To enhance the overall effectiveness of the three-pillar audit system, the Audit Committee, the Internal Audit Department, and the Accounting Auditor actively engage in discussions and collaborate closely to strengthen coordination.

The full-time member of the Audit Committee also interviews with the CFO regularly and with Executive Officers, to exchange opinions. In addition, he receives reports from the Corporate Division on a regular or timely basis and makes suggestions or recommendations. He also attends important meetings such as the Strategic Management Committee, the Group's Management Committee, Budget Deliberation, Monozukuri and R&D Strategy Meetings and Sustainability Deliberative Council, as well as conducting on-site audits of locations both inside and outside Japan, including affiliates, and make comments or suggestions on matters of concern.

Kazuhiko Takeda, Chairperson of the Audit Committee, has extensive knowledge of finance and accounting through his experience as the CFO at a major subsidiary of a listed company.

The Audit Committee Office is set up as an organization directly under the supervision of the Committee to assist the Committee in carrying out its duties.

Status of internal audits

As of June 26, 2024, the Audit Department of the Corporate Division and the Audit Department of in-house companies, which are departments in charge of internal audits, consist of 29 persons, including the General Managers of each Audit Department. They are responsible for conducting internal audit work on the instructions of the responsible Executive Officer in cooperation with the Audit Committee to investigate whether internal control systems are developed and applied in an appropriate manner. They also audit the effectiveness and efficiency of company operations across the Group, the credibility of financial reports, the state of asset preservation and use, the risk management status, and the state of compliance with laws and regulations, and internal rules and standards, based on internal audit plans approved by the responsible Executive Officer and the Audit Committee. Additionally, audits are conducted in close coordination with the Accounting Auditor by sharing information.

The Audit Department of the Corporate Division regularly reports the results of Company-wide audits to the Executive Officer in charge and the Audit Committee, and the Executive Officer in charge regularly reports those results to the Board of Directors.

Internal Control

Since the establishment of the Internal Control System Management Committee in January 2006, we have taken steps such as developing a set of basic principles for improving the Group's internal control systems, and ensuring compliance with the requirements to introduce internal control evaluation and disclosure systems in relation to financial reporting, in an effort to ensure compliance with the Companies Act, the Financial Instruments and Exchange Act, and other relevant legislation, and to establish the optimal internal control systems for both Mitsubishi Materials and the Mitsubishi Materials Group companies.

Regarding evaluations conducted during the fiscal year ended March 2024 on our internal control system for financial reporting, an Internal Control Report was submitted in June 2024 for which we received an unqualified opinion of the auditing firm that the content is appropriate.

Status of Strategic Share Holdings

Status of Strategic Share Holdings

The Company has a policy of not acquiring or holding shares (Strategic Share Holdings) other than purely for investment purposes, except when it is required for the business strategy.

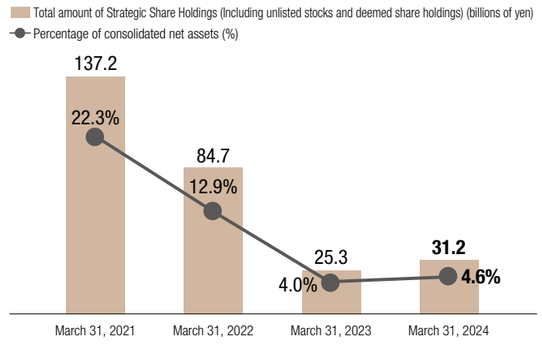
With regard to Shares in the Form of Strategic Share Holdings, the appropriateness of such holdings shall be specifically reviewed and examined at a meeting of the Board of Directors on an annual basis. As a result of such reviews and examinations, the Company will reduce any Shares in the Form of Strategic Share Holdings if it is not deemed to be necessary to hold such shares.

Status of Holdings for FYE 2024

In the fiscal year ended March 2024, out of Strategic Share Holdings (six listed stocks held as of April 1, 2023), we sold all or part of two of the listed stocks and newly acquired one stock, resulting in a total of six listed stocks held as of the end of March 2024.

As of the end of March 2024, the amount of Strategic Share Holdings on the balance sheet was approximately ¥20.1 billion for listed stocks, approximately ¥2.2 billion for unlisted stocks, and approximately ¥8.7 billion for deemed share holdings of equity securities, totaling 4.6% of the Company's consolidated net assets as of March 31, 2024.

Status of Strategic Share Holdings

		Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023	Mar. 31, 2024
Number of Strategic Share Holdings	Listed:	43	30	6	6
	Unlisted:	106	99	56	54
	Deemed share holdings:	4	3	2	1
	Total amount:	153	132	64	61
Total price: (billions of yen)	Listed:	116.7	64.7	14.9	20.1
	Unlisted:	2.8	6.1	2.3	2.2
	Deemed share holdings:	17.6	13.7	7.9	8.7
	Total amount:	137.2	84.7	25.3	31.2

Percentage of Strategic Share Holdings in Consolidated Net Assets