

Medium-term Management Strategy

FY2031

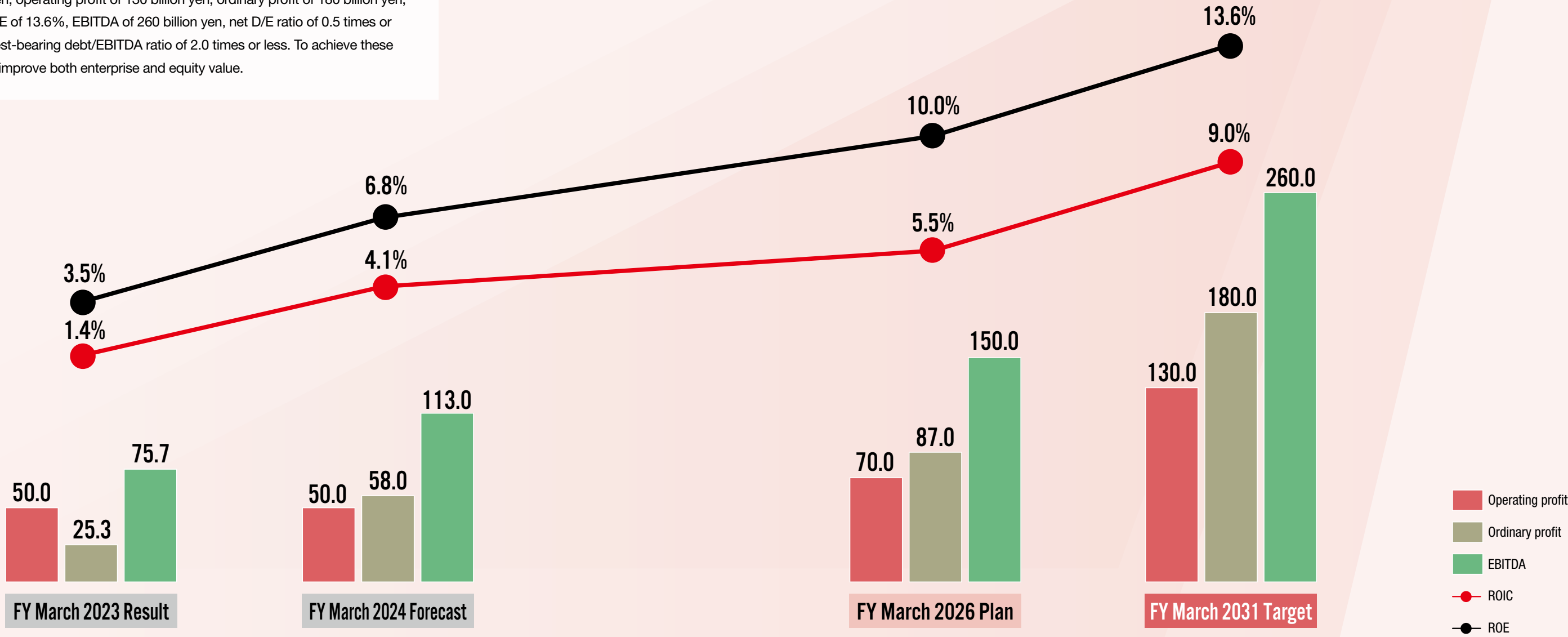
We have formulated a new Medium-term Management Strategy (the FY2031 Strategy) covering the period from fiscal 2024 to fiscal 2031. Through the FY2031 Strategy, we aim to improve both enterprise and equity value.

MMC group has set out “Our Commitment” of “For people, society and the earth, circulating resources for a sustainable future.” MMC Group will build a recycling system of metal resources based on our strengths and realize growth throughout the value chain by expanding the scope, regions and scale of our operations. The FY2031Strategy will be divided into two phases, Phase 1 from fiscal 2024 to fiscal 2026 and Phase 2 from fiscal 2027 to fiscal 2031, in order to achieve the Our Commitment. In fiscal 2026, the final year of Phase 1, MMC plans to achieve net sales of 1.94 trillion yen, operating profit of 70 billion yen, ordinary profit of 87 billion yen, ROIC of 5.5%, ROE of 10.0%, EBITDA of 150 billion yen, net D/E ratio of 0.7 times, and net interest-bearing debt/EBITDA ratio of 3.5 times. Then, in fiscal 2031, the final year of Phase 2, MMC plans to achieve net sales of 2 trillion yen, operating profit of 130 billion yen, ordinary profit of 180 billion yen, ROIC of 9.0%, ROE of 13.6%, EBITDA of 260 billion yen, net D/E ratio of 0.5 times or less, and net interest-bearing debt/EBITDA ratio of 2.0 times or less. To achieve these targets, we aim to improve both enterprise and equity value.

(Unit: billions of yen)

FY March 2023 Result		FY March 2024 Forecast		FY March 2026 Plan		FY March 2031 Target	
Net sales	1,625.9	Net sales	1,670.0	Net sales	1,940.0	Net sales	2,000.0
(Net sales excluding metal)	604.0	(Net sales excluding metal)	706.0	(Net sales excluding metal)	690.0	(Net sales excluding metal)	850.0
Operating profit	50.0	Operating profit	50.0	Operating profit	70.0	Operating profit	130.0
Ordinary profit	25.3	Ordinary profit	58.0	Ordinary profit	87.0	Ordinary profit	180.0
ROIC*	1.4%	ROIC*	4.1%	ROIC*	5.5%	ROIC*	9.0%
ROE	3.5%	ROE	6.8%	ROE	10.0%	ROE	13.6%
EBITDA	75.7	EBITDA	113.0	EBITDA	150.0	EBITDA	260.0
Net D/E ratio	0.7 times	Net D/E ratio	0.7 times	Net D/E ratio	0.7 times	Net D/E ratio	0.5 times or lower
Net interest-bearing debt/EBITDA ratio	5.2 times	Net interest-bearing debt/EBITDA ratio	4.1 times	Net interest-bearing debt/EBITDA ratio	3.5 times	Net interest-bearing debt/EBITDA ratio	2.0 times or lower

Assumed exchange rate for fiscal 2025 and after: 135 yen/US dollar 135 yen/euro, copper price: 360 cents/lb
Assumed exchange rate for fiscal 2024: 135 yen/US dollar, 145 yen/euro, copper price: 390 cents/lb
* Calculate ROIC by deducting the amount of inventories (non-risk inventories) that were previously risk-free due to price hedged from invested capital
From the FY2031 Strategy, the calculation method will be changed prior to the non-risk inventory deduction mainly due to the shift to management based on the ROIC spread based on the WACC of each business



Message from the Chief Financial Officer

Under the FY2031 Strategy, we aim to achieve our medium- to long-term vision and implement strategic business management through our business portfolio, while also focusing on optimization of financial risks and realizing improvement of the issue of ROE and ROIC to achieve our targets.



By maintaining firm financial discipline and making medium- to long-term investments, we aim to increase both enterprise and equity value.

Nobuhiro Takayanagi
Managing Executive Officer
CFO, Responsible for Strategy・Accounting & Finance,
Sustainable Development, Corporate Communications

Q What do you think, looking back on fiscal 2023 and the FY2023 Strategy?

A In order to optimize our business portfolio we evaluated businesses from two perspectives, profitability and growth potential, working to improve our profit structure. However, we recognize that our future challenges are improving profit margins and capital efficiency.

In the FY2023 Strategy, we evaluated each business from two perspectives, profitability and growth potential in order to optimize our business portfolio. Then, focusing on businesses where these were low, we worked to improve profit structure while considering measures from the perspective of M&A and business withdrawal. Our Electronic Materials & Components business was divided into semiconductor-related, electronic devices, xEV materials and polycrystalline silicon businesses, and efforts were made to select and focus on our product portfolio. As a result, we transferred shares in the aluminum business in March 2022; in April 2022, Mitsubishi UBE Cement Corporation, a fifty-fifty joint venture with UBE Corporation, became an equity method company; and in March 2023, we transferred the polycrystalline silicon business, largely completing business

selection.

On the other hand, in terms of financial performance, despite the significant drop in fiscal 2021 due to the COVID-19 pandemic, fiscal 2022 saw earnings improve due to a recovery in demand for semiconductors and automobiles and a significant increase in metal prices. In fiscal 2023, the final year of the FY2023 Strategy, we achieved our FY2023 Strategy targets for sales and operating profit, but not for ordinary profit or our financial indicators due to the impacts of lower operating profit, mainly in Advanced Products business and Metalworking Solutions business, a decrease in mining dividends and deteriorating equity-method income in the cement business. The Group's financial indicators, especially profitability, are inferior to those of its competitors, and the market's evaluation is low., so we recognize that our future

challenges are improving profit margins and capital efficiency.

In Corporate Transformation, we have clarified the division of roles between the Strategic Headquarters responsible for group strategy, the Professional CoE responsible for sophistication and efficiency, and the Companies that carry out autonomous management, promoting changes in management structure (organization and business management) that improve the corporate value of the entire Group. These changes moved large amounts of authority to in-house companies, creating a management structure that enables prompt and flexible business operations according to the business environment and business characteristics. We had been promoting a management system centered on business, so we need to consider how business and function across the Group are connected with regional strategy for promoting overseas expansion, creating an overall plan for the future that further optimizes management structure.

Q Please explain the background behind the division into Phase 1 and Phase 2 of the FY2031 Strategy.

A This is because we will strive to expand the business scale from a medium- to long-term perspective to achieve long-term business development of our Resources business, Resource Recycling business, and Renewable Energy business.

We have previously formed three-year strategies, but results cannot be achieved in this amount of time in businesses such as the Resources business, Resource Recycling business and Renewable Energy business, so a medium- to long-term approach is required to demonstrate Group vision and value. We have divided this medium-term approach into Phase 1 and Phase 2. Phase 1 is the period for strengthening competitiveness. In this phase, we will improve profit growth and profitability based on strengthened cost competitiveness, and invest in medium- to long-term growth areas such as recycling of resources such as LIB

and tungsten. Phase 2 is the period for business expansion. In this phase, we will expand investment in new copper mines and expand resource recycling through efforts such as increasing the capacity of copper smelting and refining. Furthermore, we will expand the scale of carbide tools, supplying products to growth markets such as xEV, and expanding regionally including in overseas markets. In our plan, we aim to make the ROIC spread, the spread between the ROIC and the WACC per business, positive for all businesses, including the required long-term upfront investments in the Resources business, and we also plan to maximize economic

profit (ROIC spread x invested capital, EP).

We recognize that low ROE and ROIC is a financial issue for the Group in carrying out the above plan. To make these improvements, we must strengthen cost competitiveness, and in addition to reducing production costs, improving yield rates, and reducing SG&A expenses, we must also reduce fixed costs and our break-even point. Under the FY2031 Strategy, we are working to strengthen cost competitiveness. We plan to reduce costs by a total of approx. 24 billion yen (Phase 1: approx. 9 billion yen, Phase 2: approx. 15 billion yen). The ratio of accumulated cost reductions to operating profit is expected to be approx. 13% by fiscal 2026 and approx. 19% by fiscal 2031. Through this, our target is a ratio of ordinary profit to net sales of 18% by fiscal 2031.

Strategic Roadmap

- Phase 1 Improving profit growth and profitability by strengthening cost competitiveness and investing in medium- to long-term growth areas centered on resource recycling
- Phase 2 Expansion of business scale through regional development including overseas, in addition to expansion of target business areas

	FY2024 - FY2026	FY2027 - FY2031
	Phase 1 Strengthening Competitiveness	Phase 2 Business Expansion
Expanding the resource recycling	Investment: 110 billion yen (3 years) <ul style="list-style-type: none">● Start LIB recycling● Expansion of the Tungsten business	Investment: 140 billion yen (5 years) <ul style="list-style-type: none">● New copper mine investment● Capacity expansion of copper smelters
Enhancing the supply of high-performance materials and products	Investment: 70 billion yen (3 years) <ul style="list-style-type: none">● Strategic investment in semiconductor manufacturing equipment area● Improving supply chain efficiency	Investment: 110 billion yen (5 years) <ul style="list-style-type: none">● Expanding the scale of carbide tools● Expanding the supply of xEVs materials
Investment in renewable energy	Investment: 5 billion yen (3 years)	Investment: 25 billion yen (5 years)
Strengthening cost competitiveness	Ratio of improvement in ordinary profit to net sales: +5.4% ^{*1}	Ratio of improvement in ordinary profit to net sales: +4.9%
Operating cash flow	280 billion yen (3 years)	790 billion yen (5 years)
EBITDA ^{*2} growth rate (CAGR)	16.5% ^{*3}	11.5%

^{*1} Range of improvement in the ratio of ordinary profit to net sales. Net sales excluding metal.
^{*2} EBITDA=Ordinary profit+Interest expense+Depreciation+Amortization of goodwill (same as below)
^{*3} Cement business loss in fiscal 2023 excluded

Message from the Chief Financial Officer

Q Please share your reasoning and important points behind how you allocate capital in the FY2031 Strategy.

A Because we are also investing from a long-term perspective, we will increase transparency to stakeholders by disclosing how we allocate our funds.

The FY2031 Strategy includes investments from a long-term perspective, so we think it is important to disclose the status of cash inflow and outflow with stakeholders to ensure transparency. We clarified increases in cash inflow through business activities, where funds are to be allocated, including shareholder returns, compared to overall cash inflow, including borrowed amounts. We aim to allocate capital appropriately for investment in growth, maintenance and upgrading, shareholder returns and repayment of interest-bearing debt. In Phase 1, we plan to borrow larger amounts and concentrate investment on efforts to strengthen competitiveness. In Phase 2, we plan to greatly increase cash inflow during business expansion,

using operating cash flow to cover all investments, shareholder returns and debt repayment. As a result, we will reduce financial leverage Company-wide through fiscal 2031, aiming to reduce the net D/E ratio to 0.5 or less and the net interest-bearing debt / EBITDA to 2.0 or less by fiscal 2031. Considering a balance between investment for growth and for maintenance and upgrades that are in line with our mission, business characteristics and financial soundness, and plan to invest 560 billion yen for growth and 340 billion yen for maintenance and upgrades by fiscal 2031.

To set targets for the management of business growth and improvement of corporate value, there are three

management indicators: ROIC, ROIC spread and EP. Above all, we believe that maximizing EP is important to maximize corporate value, so expansion of EP has been set as a vital target. Phase 1 is when we are strengthening competitiveness, and EP will remain at 17 billion yen at the end of fiscal 2026, the final year of phase 1. However, we plan to expand EP to 79 billion yen by the end of fiscal 2031, the final year of the FY2031 Strategy.

Q What measures are you considering to handle a PBR below 1?

A While maintaining financial soundness, we will allocate investments based on investment characteristics and business efficiency and strengthen cost competitiveness to improve profitability, stably achieve a ROE of 10% or more and a PBR ratio of 1 or more, and improve shareholder returns.

The optimization of our business portfolio in the FY2023 Strategy has mostly been completed, and we have made progress on business selection. On the other hand, share market value has declined due to factors such as extraordinary loss and impairment of assets, resulting in an aggregate market value that had fallen below 300 billion yen when the FY2031 Strategy was formulated, and I believe we have deviated from the original corporate value of the Group. In order to bridge this gap, we have focused on the following three points for the FY2031 Strategy.

1. Disclosure of appropriate allocation of management resources
2. Setting out a growth story

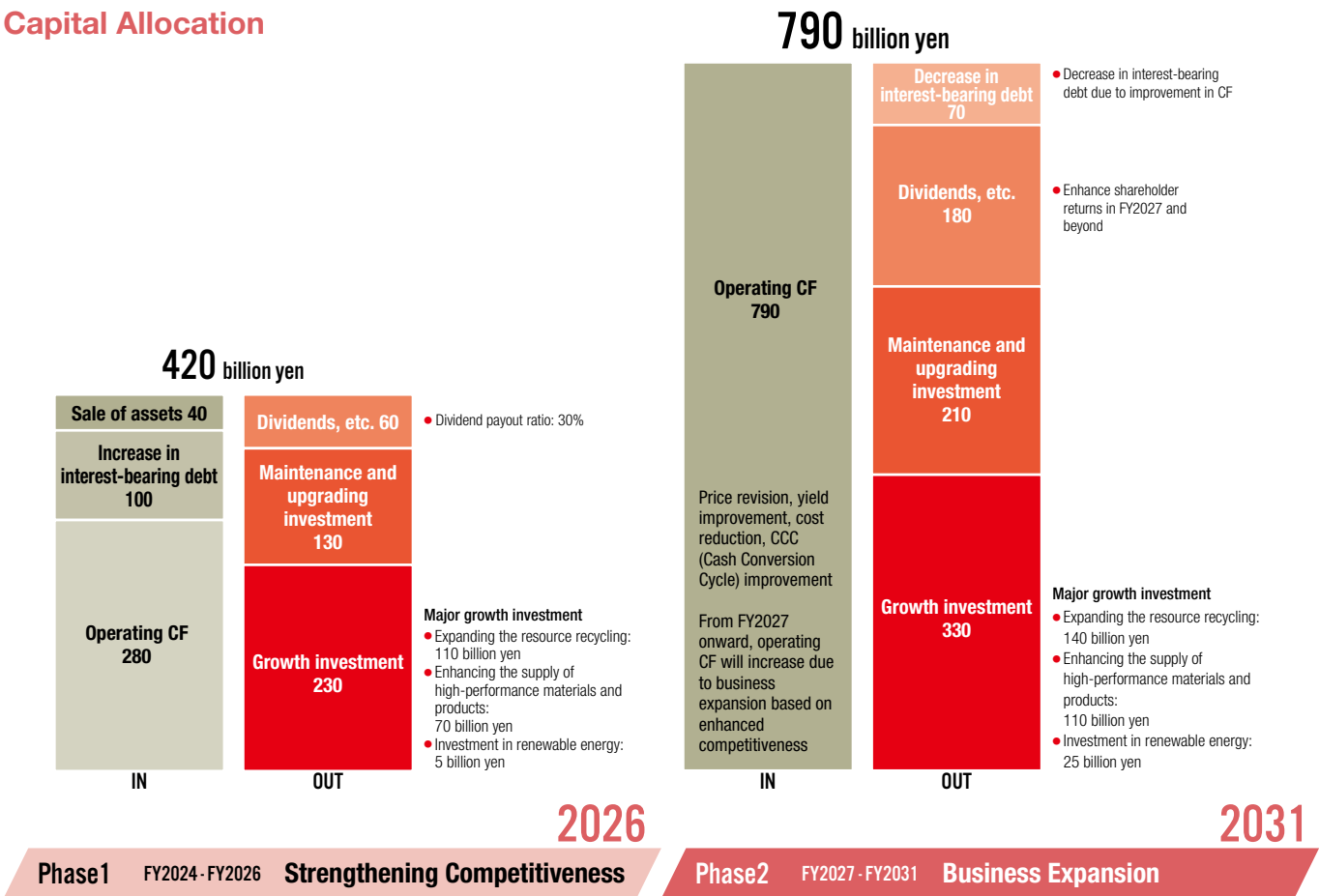
3. Clarifying execution of profit growth
We devoted a great deal of time to reviewing our vision from a medium- to long-term perspective, strategic business operations based on our business portfolio, and optimization of financial risks in order to achieve these targets. We intend to show both internal and external stakeholders our path for growth through steady execution of the FY2031 Strategy, and by allocating resources to individual businesses based on investment characteristics, business efficiency and financial soundness. The FY2031 Strategy's key points are achieving growth that exceeds the industry average and increasing our enterprise and equity value

by restoring market confidence. We also need to strengthen cost competitiveness to improve the ROE and ROIC in the medium- to long-term.

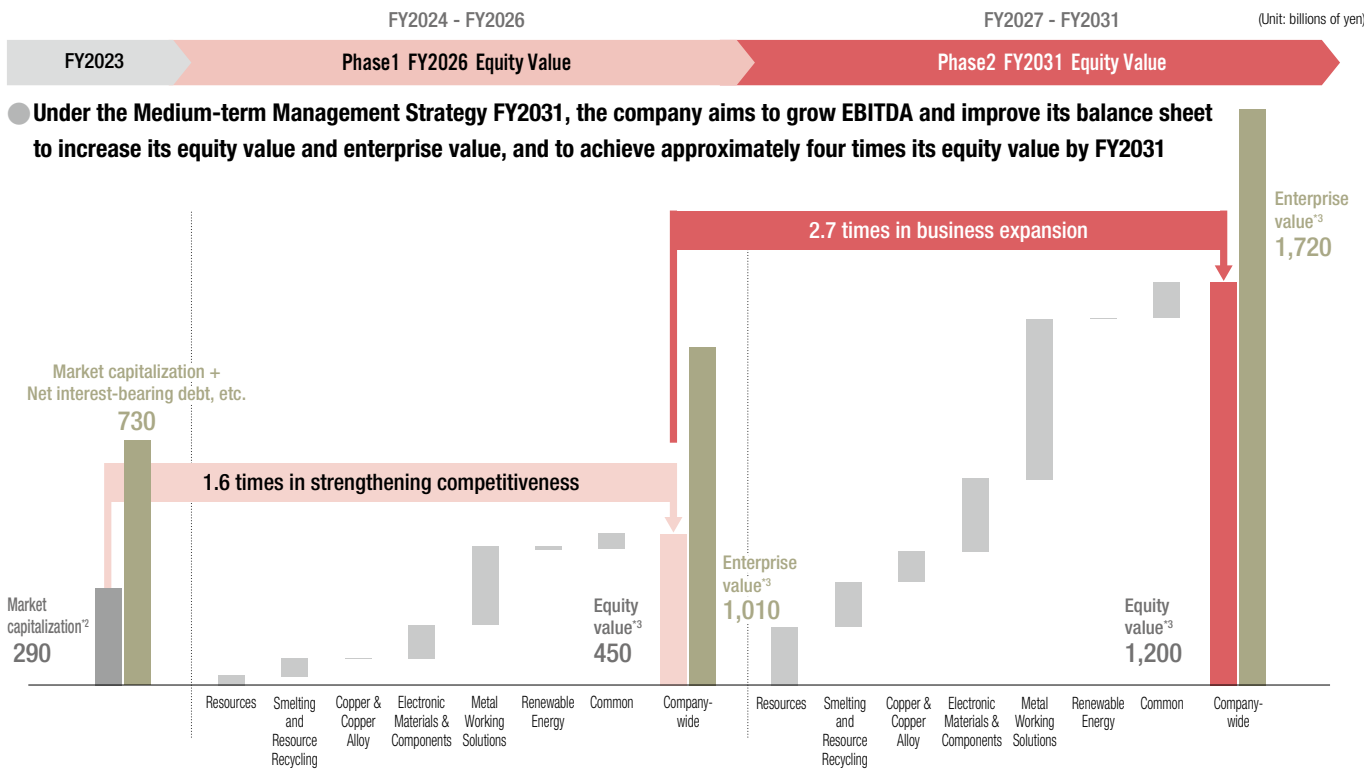
We intend to achieve a stable ROE of 10% or more and PBR of 1 or more, which are standards for favorable market evaluation, and improve shareholder returns.

To steadily implement these measures, we will make medium- to long-term investments while maintaining firm financial discipline, aiming to increase both enterprise and equity value. I believe stakeholders can look forward to a bright future.

Capital Allocation



Enhancing Equity Value and Enterprise Value (by SOTP^{*1} Valuation)



^{*1} Sum-of-the-Parts

^{*2} Market capitalization for fiscal 2023 is as of the end of January 2023

^{*3} Enterprise value is calculated by multiplying EBITDA for each business by a multiple that takes into account the same industry, and net interest-bearing debt is deducted from enterprise value to calculate equity value
Enterprise value and equity value are figures calculated independently by the Company using SOTP valuation based on the business performance forecast of the FY2031 Strategy and the Company does not guarantee the stock price

Medium-term Management Strategy FY2031

Business Strategy

Business Strategy Summary, Risks and Opportunities

Below is are the company strategies, risks and opportunities related to achieving our FY2031 Strategy goals.

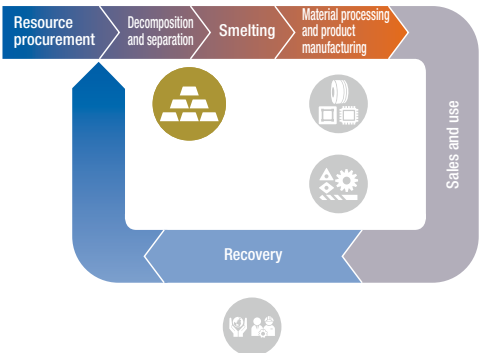
		Risks	Opportunities	FY2031 goals		Business strategy (FY2024-FY2031)	EBITDA/ROIC, EP																				
<div>Metals Company</div>	Resources Business	<ul style="list-style-type: none">Concerns about copper concentrate procurement due to resource nationalism in producing countriesEnclosure of E-Scrap and other recyclable resources in each country/regionStricter environmental regulations on copper mines as well as smelting and refining operationsIncreasing operational load attributed to increase of minor elements in the smelting and refining process	<ul style="list-style-type: none">Growing demand for copper and rare metalsGrowing need for recycling of rare metal resources from the perspective of economic securityIncreasing customer interest in circular economyEnhancing recovery and commercialization of minor elements in operations	Leader in Resource Recycling of Nonferrous Metals	<ul style="list-style-type: none">Securing at least 500,000 tons of copper concentrate per year from mines owned by the CompanyEstablishing supply chains for electrolytic copper (SX-EW^{*1}) <p>^{*1} Solvent extraction and electrowinning: A two-step hydrometallurgical process consisting of solvent extraction and electrolysis collection</p>	<ul style="list-style-type: none">Promotion of technological development to recover rare metal resources contained in copper depositsAcquisition of copper mining interests and securing copper concentrates through continuous investment in minesExpansion of electrolytic copper supply through SX-EW operations at copper mines	<div><div>(billions of yen)</div><div><table><thead><tr><th>FY</th><th>EBITDA (billions of yen)</th><th>ROIC (%)</th></tr></thead><tbody><tr><td>2023</td><td>2.5</td><td>1.1%</td></tr><tr><td>2026</td><td>11.1</td><td>9.0%</td></tr><tr><td>2031</td><td>49.2</td><td>18.6%</td></tr></tbody></table></div><div><div>ROIC spread</div><div><table><thead><tr><th>Category</th><th>Value (%)</th></tr></thead><tbody><tr><td>FY2031 target</td><td>18.6%</td></tr><tr><td>FY2026 plan</td><td>9.0%</td></tr><tr><td>WACC</td><td>9.7%</td></tr></tbody></table></div></div></div>	FY	EBITDA (billions of yen)	ROIC (%)	2023	2.5	1.1%	2026	11.1	9.0%	2031	49.2	18.6%	Category	Value (%)	FY2031 target	18.6%	FY2026 plan	9.0%	WACC	9.7%
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Smelting & Resource Recycling Business		<ul style="list-style-type: none">Major and leading-edge operator in the resource recycling of nonferrous metalsExpanding processes of nonferrous metal resources not limited to E-ScrapBecoming a core supplier in the resource recycling loop based on the world's top-class electrolytic copper supply capacity	<ul style="list-style-type: none">Strengthening and expanding the networks to promote resource recyclingExpansion of electrolytic copper production capacityIncreasing the recycling rate by expanding the treatment of recycled products containing metal resourcesCreation of rare earths and rare metals recycling businessesAccelerating business developments in Japan and overseas (E-Scrap, home appliances, automobile recycling)	<div><div>(billions of yen)</div><div><table><thead><tr><th>FY</th><th>EBITDA (billions of yen)</th><th>ROIC (%)</th></tr></thead><tbody><tr><td>2023</td><td>42.6</td><td>8.3%</td></tr><tr><td>2026</td><td>39.6</td><td>7.1%</td></tr><tr><td>2031</td><td>53.2</td><td>7.6%</td></tr></tbody></table></div><div><div>ROIC spread</div><div><table><thead><tr><th>Category</th><th>Value (%)</th></tr></thead><tbody><tr><td>FY2031 target</td><td>7.6%</td></tr><tr><td>FY2026 plan</td><td>7.1%</td></tr><tr><td>WACC</td><td>5.4%</td></tr></tbody></table></div></div></div>	FY	EBITDA (billions of yen)	ROIC (%)	2023	42.6	8.3%	2026	39.6	7.1%	2031	53.2	7.6%	Category	Value (%)	FY2031 target	7.6%	FY2026 plan	7.1%	WACC	5.4%			
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<div>Advanced Products Company</div>	Copper & Copper Alloy Business	<ul style="list-style-type: none">Impact of natural disasters and political restrictions on the supply chainSoaring raw material and energy pricesChanges in the market environment due to the semiconductor cycle and industry restructuring	<ul style="list-style-type: none">Development and supply of products that contribute to decarbonization	Global First Supplier	<ul style="list-style-type: none">Japan: Establishing a dominant position as Japan's No. 1 manufacturer of wrought copper products as the largest supplierOverseas: Strengthening key account (KA) strategy based on alloy development capabilities	<ul style="list-style-type: none">Improve the recycling rate of wrought copper products and establish a scrap platform baseOverseas (Luvata): Rapid entry into growing markets (xEV, healthcare, environment)Expand sales and strengthen services to overseas customers by establishing a new overseas plant which carries out a downstream process, with the domestic plants as mother ones	<div><div>(billions of yen)</div><div><table><thead><tr><th>FY</th><th>EBITDA (billions of yen)</th><th>ROIC (%)</th></tr></thead><tbody><tr><td>2023</td><td>9.3</td><td>0.6%</td></tr><tr><td>2026</td><td>24.6</td><td>4.0%</td></tr><tr><td>2031</td><td>32.4</td><td>5.0%</td></tr></tbody></table></div><div><div>ROIC spread</div><div><table><thead><tr><th>Category</th><th>Value (%)</th></tr></thead><tbody><tr><td>FY2031 target</td><td>5.0%</td></tr><tr><td>FY2026 plan</td><td>4.0%</td></tr><tr><td>WACC</td><td>2.7%</td></tr></tbody></table></div></div></div>	FY	EBITDA (billions of yen)	ROIC (%)	2023	9.3	0.6%	2026	24.6	4.0%	2031	32.4	5.0%	Category	Value (%)	FY2031 target	5.0%	FY2026 plan	4.0%	WACC	2.7%
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Electronic Materials & Components Business		<ul style="list-style-type: none">Providing products and solutions with added value through concept-in (promoting the adoption of our products at the initial concept-setting stage of product development), focusing on the semiconductor and xEV marketsHighly profitable business entity and sustainably growing entity that is recognized as an indispensable partner in the market	<ul style="list-style-type: none">Highly capital-efficient management through continual restructuring of the business portfolioStrategic investment in focal products in growth areasDeveloping and securing human resources for the creation of new businesses and the promotion of business alliancesEnhancing manufacturing capabilities and DX to enhance production sophistication and profitabilityProviding business and social value (SDGs) for carbon neutrality	<div><div>(billions of yen)</div><div><table><thead><tr><th>FY</th><th>EBITDA (billions of yen)</th><th>ROIC (%)</th></tr></thead><tbody><tr><td>2023</td><td>11.5</td><td>8.7%</td></tr><tr><td>2026</td><td>16.0</td><td>7.8%</td></tr><tr><td>2031</td><td>29.0</td><td>14.2%</td></tr></tbody></table></div><div><div>ROIC spread</div><div><table><thead><tr><th>Category</th><th>Value (%)</th></tr></thead><tbody><tr><td>FY2031 target</td><td>14.2%</td></tr><tr><td>FY2026 plan</td><td>7.8%</td></tr><tr><td>WACC</td><td>7.4%</td></tr></tbody></table></div></div></div>	FY	EBITDA (billions of yen)	ROIC (%)	2023	11.5	8.7%	2026	16.0	7.8%	2031	29.0	14.2%	Category	Value (%)	FY2031 target	14.2%	FY2026 plan	7.8%	WACC	7.4%			
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<div>Metalworking Solutions Company</div>	Metalworking Solutions Business	<ul style="list-style-type: none">Supply chain changes in the automotive industryDecreased internal combustion engines due to mobility revolutionSoaring material and energy prices	<ul style="list-style-type: none">Workpiece materials becoming difficult-to-cutIncreased new demand due to automobile electrificationDemand for recyclingEvolution of digital technologies	A Leading Company in Tungsten Products Recognized by Customers Globally	<ul style="list-style-type: none">Providing tungsten products and solutions with outstanding technology to manufacturing sites around the worldIn addition to the core business of carbide tools, the tungsten business and the solutions business will be the mainstay of earnings	<p>Transforming into a truly global company with the aim of autonomous business development in strategic markets</p> <ul style="list-style-type: none">Stable supply of the world's top quality, high-efficiency products utilizing the strength of materials and coating technology (Carbide tools business)Expansion of business scale for rechargeable batteries in addition to carbide tools, etc. (Tungsten business)Strengthening environmental responsiveness (Tungsten business)Commercialization of solution sales to manufacturing sites (Solution business)	<div><div>(billions of yen)</div><div><table><thead><tr><th>FY</th><th>EBITDA (billions of yen)</th><th>ROIC (%)</th></tr></thead><tbody><tr><td>2023</td><td>27.4</td><td>6.9%</td></tr><tr><td>2026</td><td>39.9</td><td>8.6%</td></tr><tr><td>2031</td><td>68.7</td><td>13.1%</td></tr></tbody></table></div><div><div>ROIC spread</div><div><table><thead><tr><th>Category</th><th>Value (%)</th></tr></thead><tbody><tr><td>FY2031 target</td><td>13.1%</td></tr><tr><td>FY2026 plan</td><td>8.6%</td></tr><tr><td>WACC</td><td>6.5%</td></tr></tbody></table></div></div></div>	FY	EBITDA (billions of yen)	ROIC (%)	2023	27.4	6.9%	2026	39.9	8.6%	2031	68.7	13.1%	Category	Value (%)	FY2031 target	13.1%	FY2026 plan	8.6%	WACC	6.5%
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Renewable Energy Business		<ul style="list-style-type: none">Changes to national policy and revisions to lawsLocal opposition from hot spring operators, etc.Consensus-building with stakeholders	<ul style="list-style-type: none">Depletion of energy resources: Securing energy in JapanClimate change (global warming): Reduction of CO₂ emissions and increased demand for renewable energy	Expansion of Renewable Power Generation to Achieve 100% Self-sufficiency in Renewable Power Electricity	<ul style="list-style-type: none">Further expansion of geothermal power generation businessExpansion of business areas (wind power generation and power generation-related businesses)	<p>Consolidate the renewable energy business in the Strategic Headquarters as a company-wide effort to expand the business from a long-term perspective</p> <ul style="list-style-type: none">New development at one location every three years to expand business (Geothermal)New entrants into wind power generation where power generation costs are expected to decline in the future (Wind)Further development of new biogas plants (Biogas)	<div><div>(billions of yen)</div><div><table><thead><tr><th>FY</th><th>EBITDA (billions of yen)</th><th>ROIC (%)</th></tr></thead><tbody><tr><td>2023</td><td>1.9</td><td>3.8%</td></tr><tr><td>2026</td><td>4.6</td><td>3.7%</td></tr><tr><td>2031</td><td>8.1</td><td>4.7%</td></tr></tbody></table></div><div><div>ROIC spread</div><div><table><thead><tr><th>Category</th><th>Value (%)</th></tr></thead><tbody><tr><td>FY2031 target</td><td>4.7%</td></tr><tr><td>FY2026 plan</td><td>3.7%</td></tr><tr><td>WACC</td><td>1.6%</td></tr></tbody></table></div></div></div>	FY	EBITDA (billions of yen)	ROIC (%)	2023	1.9	3.8%	2026	4.6	3.7%	2031	8.1	4.7%	Category	Value (%)	FY2031 target	4.7%	FY2026 plan	3.7%	WACC	1.6%
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Category	Value (%)																										
FY2031 target	4.7%																										
FY2026 plan	3.7%																										
WACC	1.6%																										

Medium-term Management Strategy FY2031

Business Strategy

Resources Business

With copper demand expected to continue growing in future, we are working to expand our supply volume by participating in new copper mines.



Business Strategies

In Resources business, we will steadily promote development projects for mines in which we already hold stake, while continuing to invest in other mines to acquire stake to secure more than 500,000 tons of copper concentrate per year from mines of which we hold shares. Furthermore, we will work to establish structure for electrolytic copper supply through hydrometallurgy operations from overseas copper mines and develop technology to secure and recover rare metal resources contained in copper deposits.

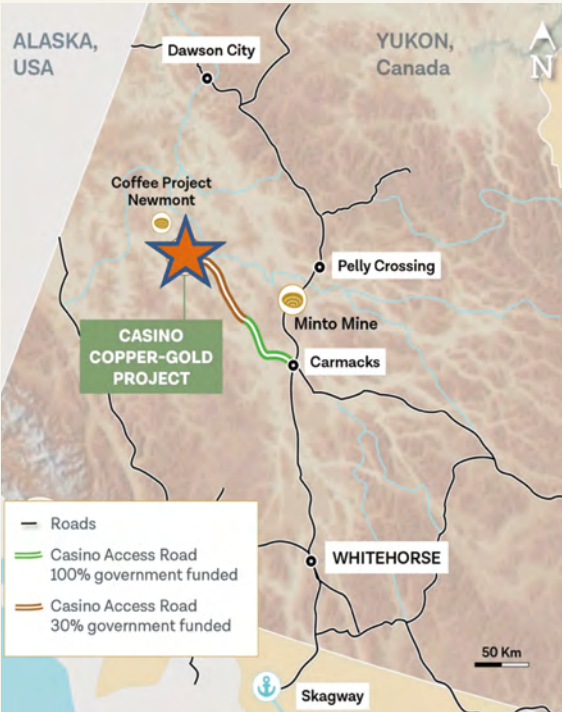
Important Measures

An important measure in the FY2031 Strategy is the advancement of our Mantoverde Development Project. This project focuses on starting production of copper sulfide concentrate and development of new technology such as cobalt recovery. Additionally, we expect to increase our quantity of secured copper concentrate from the current volume of 150,000 tons per year to at least 500,000 tons per year by fiscal 2031 through participating in new medium-sized mines, which results in securing around 30% of copper concentrate processed at Naoshima Smelter & Refinery and Onahama Smelter & Refinery. We also plan to get involved in hydrometallurgy business at copper mines.

TOPICS

Mitsubishi Materials Corporation Acquires an Equity Stake in Western Copper and Gold Corporation (WRN)

In April 2023, we acquired an approximately 5% share in Canada's WRN. WRN owns 100% of the Casino Project, which is located in northwestern Canada, and aims to start production in 2030. In addition to the abundant resources available here, the copper concentrate produced is expected to be clean with few impurities, and a long-term stable supply of copper resources until 2057 is expected. Through the efforts including this capital investment, the Group is working to secure more stable supply of copper concentrate.

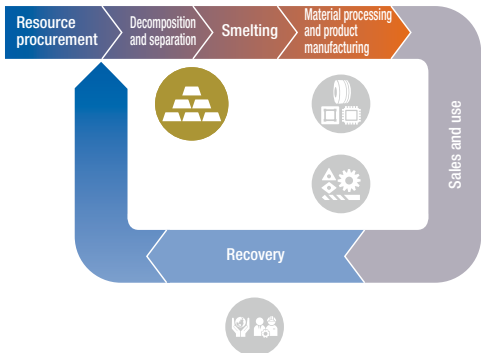


Medium-term Management Strategy FY2031

Business Strategy

Smelting & Resource Recycling Business

We aim to become a major and leading-edge operator in the resource recycling of nonferrous metals.



Business Strategies

In Smelting and Resource Recycling business, we will expand our processes for recycling nonferrous metal resources to become a core supplier in the resource recycling loop based on the world's top-class electrolytic copper supply capacity. To accomplish this, we will expand the scale of our domestic smelters and deepen our Material Grid further than in the FY2023 Strategy to increase our recycling rate, while also creating new rare earths and rare metals recycling businesses. We will also build a recycling center, where parts dismantled from home appliances and automobiles are collected and processed to make them suitable for recycling, which will strengthen our copper scrap collection activities. Furthermore, we are accelerating overseas expansion of our recycling business with utilizing the technology and the know-how we have cultivated in our domestic business.

Important Measures

Copper Recycling

We will expand the domain of our resource recycling business by increasing and enhancing the processing capabilities of Naoshima Smelter & Refinery and Onahama Smelter & Refinery, while strengthening alliances in the Mitsubishi Materials Group's value chain, particularly those involved with copper. Also, we will increase the efficiency of our resource recycling by developing new process. Through these measures, we will become more competitive and expand our business as soon as possible.

Recycling lithium-ion batteries (LIB)

We are pursuing a variety of collaborations with other companies for highly efficient recovering and refining business of lithium, cobalt and nickel from Black Mass. In addition, we plan to ensure global competitiveness by utilizing the network established in our E-Scrap business to collect more Black Mass. We will also expand the Mitsubishi Materials Group's business fields from collecting LIB derived from end-of-life vehicles and small home appliances to producing precursor and cathode material, to establish a unified recycling process.

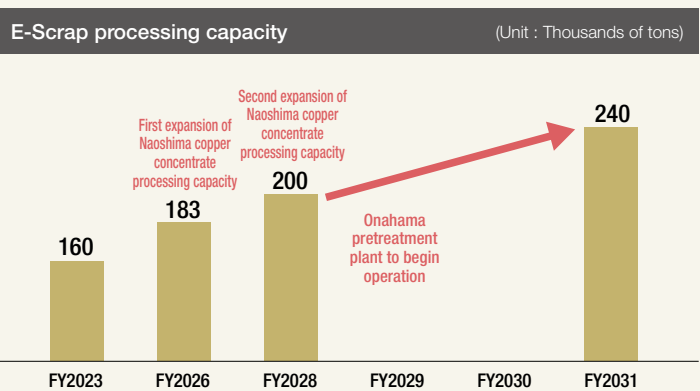
Increase of processing capacity of E-Scrap to 240,000 t/year

Securing raw materials of rare metals is becoming increasingly important for ensuring economic security. In order to strengthen our system of recovery and resupply of rare metals from end-of-life products, we will increase our E-Scrap processing capacity. Specifically, we plan to expand E-Scrap processing capacity to 240,000 tons per year by fiscal 2031 through strengthening the copper smelting facilities at the Naoshima Smelter & Refinery and the Onahama Smelter & Refinery.

TOPICS

Increase of processing capacity of E-Scrap to 240,000 t/year

Our current E-Scrap business involves processing the materials from around the world at our copper smelters in Japan. Moving forward, we will enhance our copper smelter facilities at the Naoshima Smelter & Refinery to expand the processing capacity of copper concentrate and E-Scrap. We have also started preparing construction of pre-treatment facilities at the Onahama Smelter & Refinery with the aim of starting operations in fiscal 2029.



Medium-term Management Strategy FY2031

Business Strategy

Concept for Resource Recycling Expansion

Our main measures for expanding resource recycling are as follows.

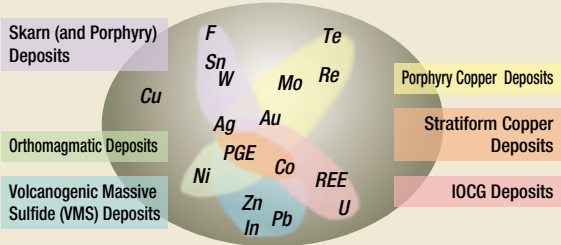
Recovery of Cobalt, etc. at Copper Mines



Mantoverde copper mine

The Group is working to commercialize recovery of rare metals in copper deposits. At the Mantoverde Copper Mine, both sulfide ore and oxide ore contain trace amounts of cobalt. We are developing processing technology for separating and recovering cobalt as a cobalt-nickel intermediary by-product from the ores. We are planning to start operations in 2027, while we plan to promote rare metals recovery business at the other mines of which our company holds shares in the future.

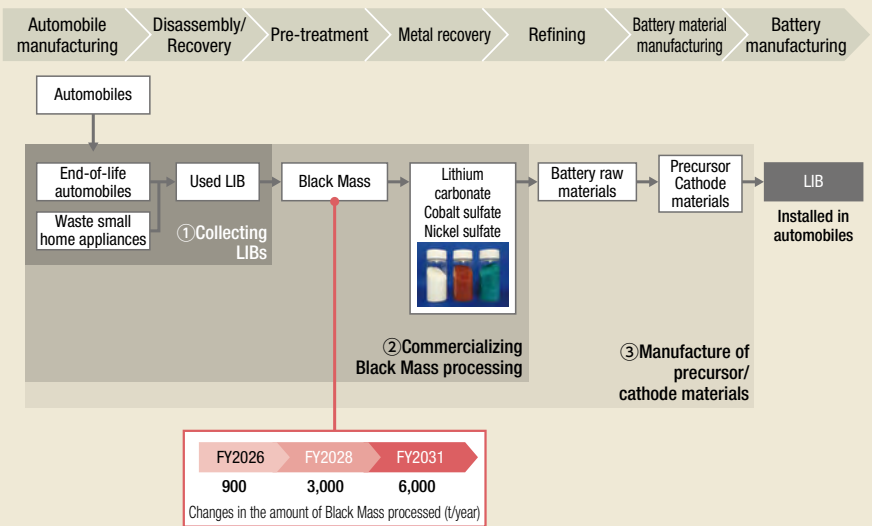
Valuable Metals in Copper Deposits (Potentially Recoverable)



Developing LIB Recycling Technology

We are developing technology for hydrometallurgy operation to recover and refine lithium, cobalt and nickel contained in Black Mass produced in LIB recycling process, with looking into commercialization. Utilizing the copper and precious metal recovery capability and other effective use of metal resources, we will harness the technology and the know-how we have cultivated so far, to accelerate development and establish recycling technology that enables highly efficient recovery of rare metals. Furthermore, by combining intermediate processing systems for sorting and detoxification that we created in home appliance recycling businesses, we will contribute to establishing a unified recycling system from treatment of LIB to stable supply of lithium-ion materials.

LIB Recycling



Investment in Exurban (UK) to Expand E-Scrap Business

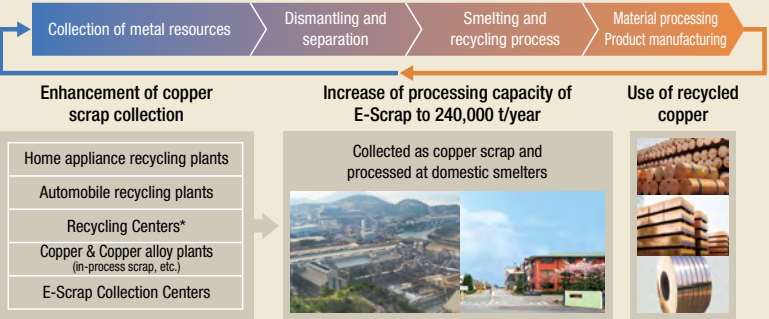
We became a major shareholder after having acquired a portion of Exurban's shares and have established a strategic alliance with the company. Exurban is a British company that is working to realize the world's first zero-waste recycling plant, specializing in processing of recyclable metal materials such as E-Scrap. Through this investment, we will promote business with the company to provide solutions for building resource recycling systems. Furthermore, we will work together, as an important partner, on construction, operation and financing of the new recycling plant which the Exurban Group is planning to build in Indiana, USA.



Copper Recycling

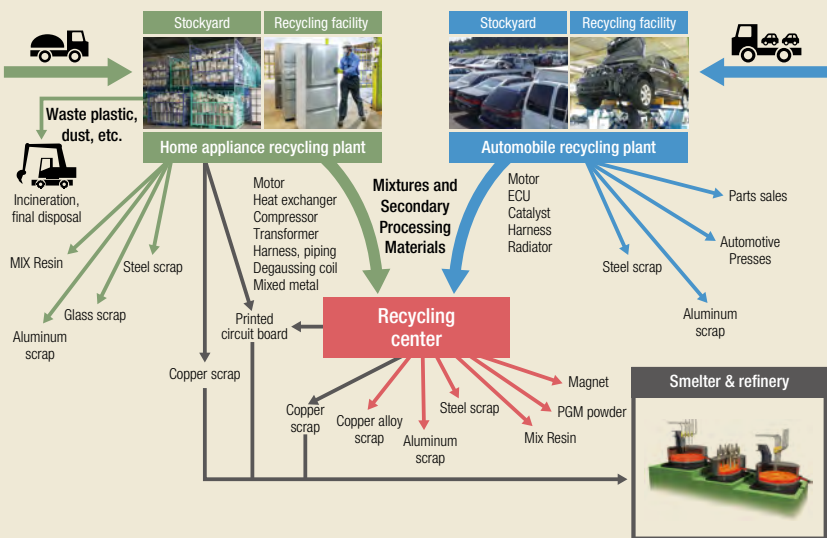
We will expand the domain of our resource recycling by enhancing partnerships in our value chain, particularly those involved with copper. We will also enhance our domestic smelters' capacity as well as our metal recovery capacity to increase the effectiveness of resource recycling. We are promoting collection from copper scrap derived from home appliance and automobile recycling plants as well as from E-Scrap. Furthermore, we will enhance our facilities for dealing with copper scrap and alloy scrap generated in the Group manufacturing processes and punching scrap from our customers' copper product processes.

Copper Recycling



*A base where parts dismantled from home appliances and automobiles are collected and processed to make them suitable for recycling

Recycling Center Plan



We will build recycling centers where parts dismantled from home appliances and automobiles are collected and processed to make them suitable for recycling. The recycling center will handle crushing, sorting and other intermediate processing of parts generated at home appliance and automobile recycling plants. Copper, rare metals, precious metals, lead and other materials will be sorted in order to effectively and efficiently recover various valuable metals at the appropriate recycling facilities. Through these measures, we plan to enhance our domestic collection capacity and, moving forward, apply this model to overseas business development.

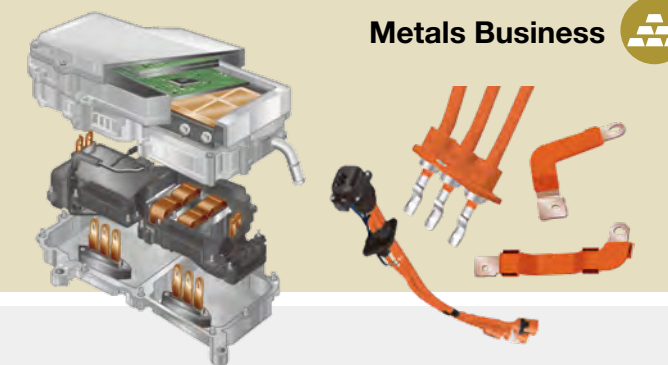


MESSAGE

Katsuyoshi Isaji

Managing Executive Officer
President, Metals Company

Leader in Resource Recycling of Nonferrous Metals



Separated parts from end-of-life automobiles

Q Please give us an overview of the FY2023 Strategy.

A Through the optimization of our business portfolio, we have been able to lay the foundations for future expansion of our Smelting & Resource Recycling business.

On the demand side of raw materials, the plans to build new copper smelters and refineries or to expand existing ones had been already completed. On the supply side, however, the plans to launch or expand several large mines were implemented, particularly in South America, tending to relax the previous imbalance between supply and demand. On the commercial side, we have been able to lay the foundations for future expansion by optimizing our business portfolio through measures that include making Onahama Smelter & Refinery a wholly owned subsidiary and restructuring our Indonesian business. We have also made steady progress in initiatives that include the advancement of our Material Grid operations such as tin recovery and the formulation of frameworks for mining investment and resource engineer training through the expansion of our base in Chile. The next steps we must tackle are capturing growth in the markets for copper and other nonferrous metals, where demand is expected to increase,

and we are establishing business schemes that can reap profits generated by soaring metal prices to the greatest degree possible.

Q Please tell us about the specific business strategies in the FY2031 Strategy.

A We will strengthen our artery and vein businesses and their respective functions and will promote cooperation between the two, through investment in mining and expansion of the scale of our Smelting & Resource Recycling business.

We are not only a major player in nonferrous metallurgy but have also built a strong track record of focusing on the recycling business. Based on these results, we will strengthen our artery and vein businesses and their respective functions, as well as promoting cooperation between the two, through investment in mining and expansion of the scale of our Smelting & Resource Recycling business.

As a future strategy, the Resources business will focus on new mine investment and recovery of rare metal resources. We will invest in new medium-scale copper mines that produce copper concentrate as well as in other exploration projects. We

will also participate in hydrometallurgy operations (SX-EW) in order to establish supply chain for electrolytic copper at copper mines. Furthermore, we plan to promote development of new technology for cobalt recovery at the Mantoverde Copper Mine, in which we hold a 30% stake. Construction is underway at the mine to start commercial production of sulfide ore in 2024. The Zafranal copper mine, in which we hold a 20% stock, obtained environmental permits and is in the process of surveys and analysis for investment decisions. The newest investment, made in April 2023, was in the Casino Project through capital participation to Western Copper and Gold Corporation. Additionally, mainly at the Naoshima Mining & Metallurgy Laboratory, we are working to improve operations through development of recovery technology for valuable metals contained in copper deposits and development of technology to remove impurities of copper from the mines of which we hold shares. We are also promoting the initiatives to enhance and advance our mineral resource technology by strengthening our evaluation system for new development projects. In the medium- to long-term, we expect profits commensurate with our share in the Mantoverde copper mine, where commercial production of sulfide ore will begin in 2024, while the effects of

the Zafranal copper mine, Casino copper mine and new mine investment projects are expected to be realized around fiscal 2031.

In terms of Resources business, we expect a significant improvement in ROIC in fiscal 2031 due to new mine investments and an increase in dividends from the existing mines.

In Smelting and Resource Recycling business, we will expand scale and improve business quality. In terms of scale expansion, we will work to enhance the Naoshima Smelter & Refinery and the Onahama Smelter & Refinery. We will also establish technologies for recovering processing and recycling various nonferrous metals from recyclable materials, not limited to E-Scrap, in order to improve business quality. In addition to deepening the Material Grid pursued in the FY2023 Strategy, we plan to build a recycling center where parts dismantled from home appliances and automobiles are collected and processed to make them suitable for recycling. Furthermore, in order to expand E-Scrap business, we invested in Exurban in March 2023. Exurban is a British company that is working to realize the world's first zero-waste recycling plant, specializing processing of recyclable metal materials such as E-Scrap, and is planning to establish a recycling plant in Indiana, USA.

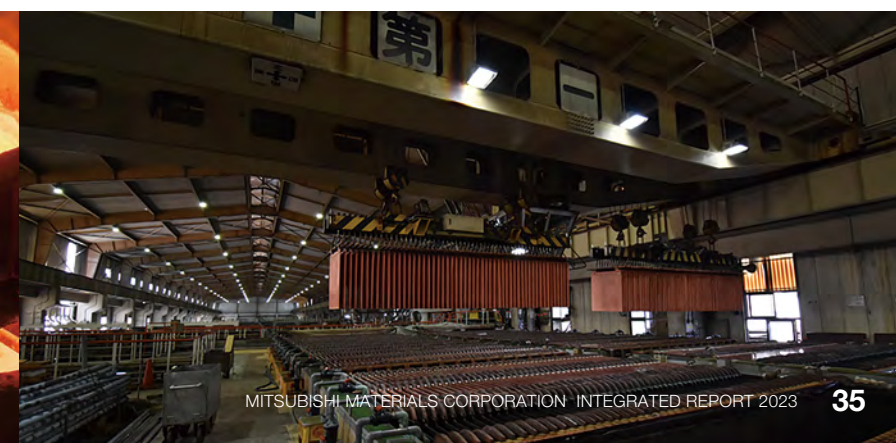
Our Group will participate, as an important partner, in construction, operation and financing of this plant, while aiming to use this foothold to create further opportunity to expand E-Scrap business in the USA, eventually working toward global expansion in Asia and Europe in the future. Restructuring and expansion of our Indonesian business is proceeding smoothly, and we are working to optimize our copper supply chain. In the medium- to long-term, we will complete both improvements to our copper concentrate processing capacity at the Naoshima Smelter & Refinery and introduction of pre-treatment facilities for recyclable materials at the Onahama Smelter & Refinery. As a result, we expect to improve E-Scrap processing capability to capture more profit from the resultant expansion in processing of recyclable metal materials.

In Smelting and Resource Recycling business, although the ROIC spread is not large, we will work to contribute to improvement of corporate value by maximizing economic profit that comes from sustained investment and large amounts of investment capital.

Q Please tell us about future initiatives to build a sustainable society.

A We will maximize the effective use of metal resources by further enhancing our recycling technology and will sustainably and stably supply society with nonferrous metals, demand for which is expected to increase significantly.

As the world works toward a decarbonized, electrified society, we will build metal resource cycle and grow our value chain through expanding domains, areas and scale of our operations. Specifically, we will accelerate efforts to recycle various metals contained in recyclable materials and recover rare metal resources contained in copper deposits in overseas copper mines, thereby contributing to the creation of a recycling-oriented society. We will maximize effective use of metal resources through the environmentally friendly nonferrous metallurgy technology and recycling technology we have developed over the years, and will make active use of joint ventures and M&A to compensate for the business resources and technology we lack, as we work to provide society with steady and sustainable supply of nonferrous metals in response to the expected major increase in demand.

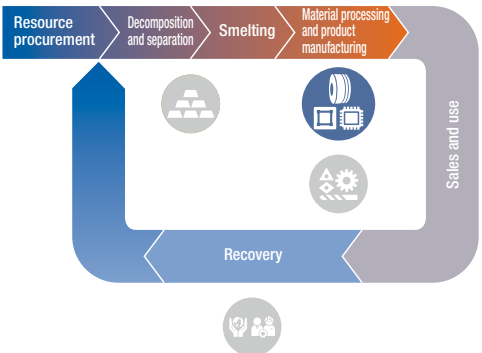


Medium-term Management Strategy FY2031

Business Strategy

Copper & Copper Alloy Business

We will establish a dominant position as Japan’s No. 1 manufacturer of wrought copper products in our Copper & Copper Alloy Business.



Business Environment

- Expanding demand for processed copper products for automobiles accompanying expansion of the xEV market
- Expanding demand for processed copper products for renewable energy
- Expanding demand for medical devices such as MRI in accordance with the advancement of medical care

Business Strategies

Establishment of a dominant position in the rolling business / improvement of the copper recycling rate

- Improving the recycling rate of wrought copper products and establish a scrap platform base
- Overseas (Luvata): Rapid entry into growing markets (xEV, healthcare environment)
- Expanding sales and strengthening services to overseas customers by looking into new overseas plants to carry out downstream processes, with domestic plants acting as a guiding hand

Establish a dominant position in the rolling business

	Terminal and bus bar for xEVs	Terminal and bus bar for automobiles
Target market	EV/HV market	Automobile markets, particularly in emerging countries
Sales plan	Expand sales of pure copper products CAGR (FY2022-FY2031) 4.3%	Expand sales of developed alloys CAGR (FY2022-FY2031) 3.7%
Production increase plan	Compared to FY2022 +1,800 t/month (FY2031)	Compared to FY2022 +1,100 t/month (FY2031)

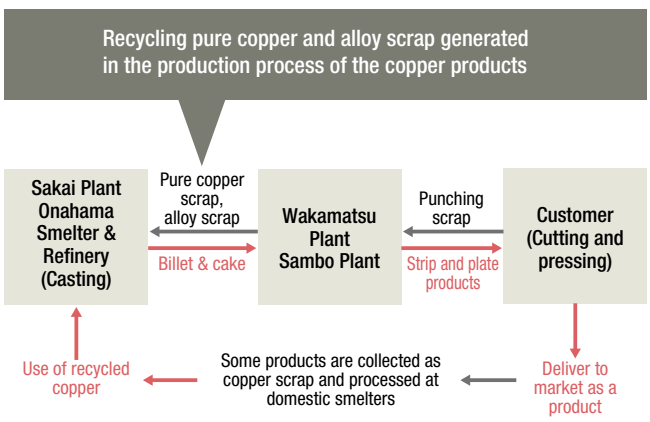
Important Measures

- Japan: Increasing production capacity for rolled products by leveraging our strength in high-performance alloys and expand sales of terminals and bus bars in the xEV market.
- Overseas (Luvata): Expanding sales by utilizing competency like cold forging technology
- Contribution to SDGs by enhancing our copper alloy scrap recycling at the Sakai Plant and Onahama Smelter & Refinery.
- Building an expansion of overseas bases to strengthen local production for local consumption and service



Thin copper strip

Improvement of copper recycling rate

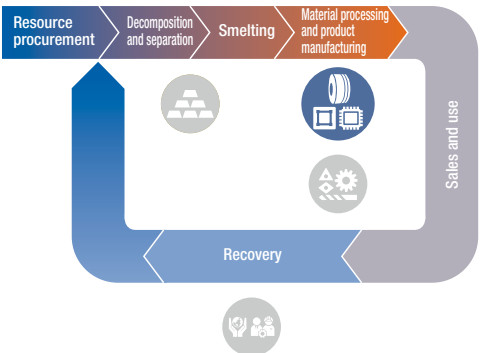


Medium-term Management Strategy FY2031

Business Strategy

Electronic Materials & Components Business

We will provide products and solutions with added value by focusing on the semiconductor and xEV markets.



Business Environment

- Solid growth in the semiconductor market at a CAGR (FY2022-FY2031) of 5–6% as applications and data traffic expands
- High growth in the xEVs market (especially the BEV market) at a CAGR (FY2022-FY2031) of 20–25%

Business Strategies

Aggressive strategic investment for growth in existing focal products / strengthening marketing capabilities

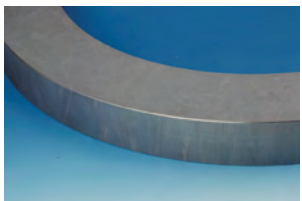
- Highly capital-efficient management through continual restructuring of the business portfolio
- Strategic investment in focal products in growth areas
- Developing and securing human resources for the creation of new businesses and the promotion of business alliances
- Improvement of manufacturing capabilities and DX to enhance production sophistication and profitability
- Providing business and social value (SDGs) for carbon neutrality

Expanding business of focal products

	Phase1 Investment amount	Phase2 Investment amount
Processed silicon products and columnar crystal business: Establish a foundation for business expansion and strengthen production and development systems	11 billion yen	4 billion yen
Sealing products business: Establish a second production base, promotion of automation, and enhancement of the development system	8 billion yen	7 billion yen
Thermistor sensor business: Strengthen mass production and development system of products for xEVs	2 billion yen	2 billion yen

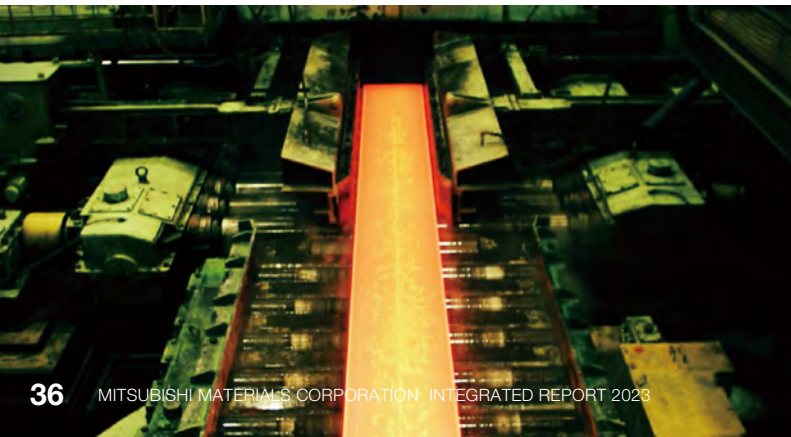
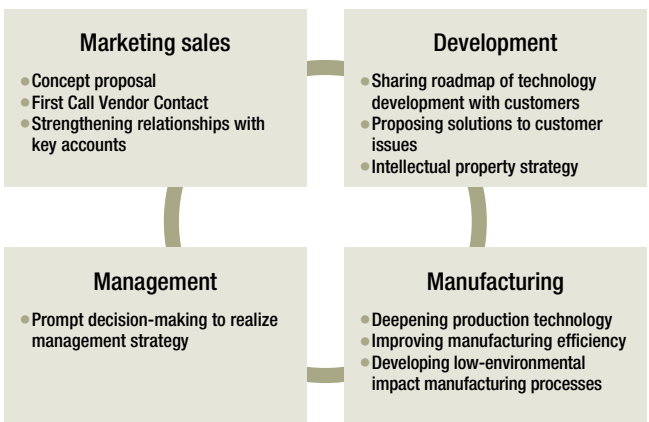
Important Measures

- Organic growth through aggressive investment in focal products and launch of new businesses
 - Processed silicon products / columnar crystal silicon: Building a system for increased production
 - Sealing products: Increasing production capacity through dedicated lines, optimization of production at each site, and automation
 - Thermistor sensors: Development of strategic products for the power semiconductor and xEV markets
- Accelerating the search for new businesses and products by launching the cross-organizational Semiconductor New Technologies & Materials Business R&D Center
- Fortification of manufacturing capabilities, increasing cost competitiveness, and labor savings
- Enrichment of data management and maximizing profitability through DX
- Development and sales expansion of products for applications that reduce GHG and other environmental impact, and improve recycling systems



Processed silicon products (columnar crystal silicon rings)

Strengthening marketing capabilities





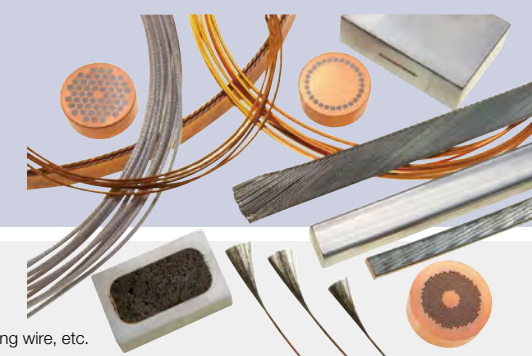
MESSAGE

Toshinori Ishii

Managing Executive Officer
President, Advanced Products Company

Global First Supplier

Advanced Products



Superconducting wire, etc.

Q Please summarize the FY2023 Strategy.

A We implemented various measures such as enhancing customer touch points, optimizing our business portfolio and developing new products, we fell short of the profit we had planned.

The semiconductor market has been strong during the greater number of people working remotely during the COVID-19 pandemic and the progress of automobile electrification.

In such a business environment, we have invested in increasing production capacity for our Copper & Copper Alloy business, and have promoted a strategy of concentrating on the xEV and semiconductor markets for our Electronic Materials & Components business.

However, factors such as the adjustment phase in the xEV market due to a shortage of semiconductor supply, an enclosure of the semiconductor market stemming from the conflict between the United States and China, and the cooling of the overall market caused by the Russia-Ukraine conflict, sales failed to increase and energy prices rose, leading to swelling costs.

Although we implemented pass-through pricing due to rising costs and reduced costs, ordinary profit fell short of our initial plan.

While we did not reach the targets of the FY2023 Strategy, the various measures we have taken will form the basis for the growth strategies of the FY2031 Strategy.

Q Please tell us about the specific business strategies in the FY2031 Strategy.

A We will use ROIC as an indicator to invest intensively in existing products that are core to our business, as well as to search for new business opportunities.

First, management issues for the Company include expanding our product lineup and establishing both new business models and sales methods.

Under the FY2031 Strategy, we will use ROIC as an indicator as we maintain a sound financial position and balance our investments. Additionally, we will intensively invest in core products that support existing businesses as we explore and develop new businesses that will become core to the Company in the years to follow.

The Company's core competencies include both Copper & Copper Alloy business as well as Electronic Materials & Components business. For the former, this includes the development and manufacturing technology for oxygen-free copper and alloys, and for the latter,

the technology for joining and combining dissimilar materials and the development and evaluation technology for functional materials.

The Company-wide goal for 2030 is to continue to be a global first supplier in line with the FY2023 Strategy. In order to achieve this goal, in the Copper & Copper Alloy business, we will aim to establish a dominant position as the largest supplier in Japan by increasing production capacity for rolled products, a strategy we are continuing from the FY2023 Strategy, and further expand sales to key accounts overseas.

In rolled products, by increasing production capacity for high-performance alloys, one of our strengths, we will secure growth opportunities for automotive terminals, the market for which is expanding for xEVs, and expand sales to new key accounts overseas with domestic plants as the guiding hand for these new endeavors, building a business model for overseas expansion in downstream processes with low investment costs.

As for extruded products, we will expand our business in Japan and overseas with a focus on lead-free products, utilizing licensing agreements with other companies through a master license with Luvata for next-generation lead-free free-cutting brass, GloBrass® as well as production optimization of busbars.

Further, Luvata will penetrate into xEVs, medical and environmental markets to grow business by leveraging their strengths in the global market.

In the Electronic Materials & Components business, we will aggressively and strategically invest to grow existing focal products, create new businesses, and pursue more advanced production and profitability to promote carbon neutrality and provide social value.

In the FY2023 Strategy, as part of the optimization of our business portfolio, our Group has formed a joint venture with Furukawa Electric Co., Ltd. regarding the optical components business of Mitsubishi Cable Industries, Ltd., has withdrawn from the sputtering target business and transferred the polycrystalline silicon business to SUMCO Corporation. Moving forward, we plan to concentrate on product and business development for the semiconductor related materials and components, and xEV markets.

In terms of strategic growth investment for existing focal products, we will optimize production and automate processes to improve production capacity. To achieve this, we will build a system to increase production of processed silicon products and columnar crystal silicon, expand dedicated lines for sealing products for pneumatic equipment, and establish a second production base centered on products for semiconductor manufacturing

equipment. As for thermistor sensors, we will proceed with the development of strategic products for the power semiconductor and xEV markets.

To create new businesses, we will launch a research and development system (Semiconductor New Technologies & Materials Business R&D Center) in April 2023 that cuts across all Business Divisions; and will accelerate the search for new businesses and products, especially for semiconductor-related materials and components.

In order to advance production and pursue profitability, we will harness DX to better coordinate information (customer contact points, understanding costs and profits and setting prices) and improve the speed of decision-making to expand sales capabilities and set appropriate pricing.

Q Please tell us about future initiatives to build a sustainable society.

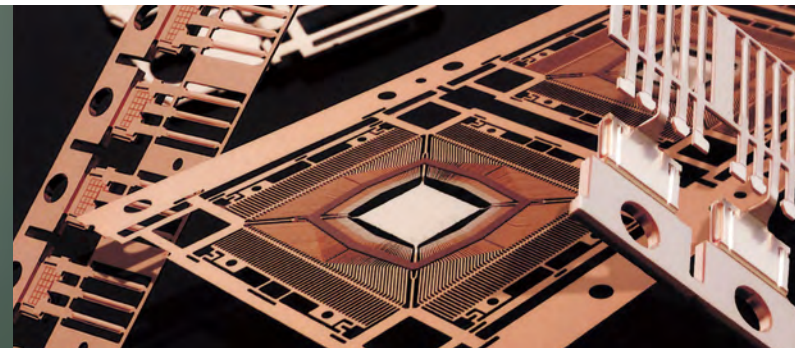
A We will promote strategies to achieve carbon neutrality and explore new businesses with an awareness of the importance of providing social value.

In the Copper & Copper Alloy business, we have started looking into ways to increase the amount of pure copper and alloy scrap generated in the manufacturing process that can be recycled in order to reduce greenhouse gases and contribute

to the realization of a sustainable society. In the Electronic Materials & Components business, we plan to develop and expand sales of products that contribute to applications reducing environmental impact, reduce greenhouse gas emissions by introducing renewable energy, and improve recycling systems.

In order to build a system that can secure stable profits even during an economic downturn, we will reduce costs and improve yields rates in our manufacturing department; increase sales volume and optimize pricing and sales mix in the sales department; and continue to work on reducing costs and create plans that improve operational efficiency in indirectly connected departments.

Through these efforts, we continue to flexibly adapt to changes in the external environment to achieve our goals and become a global first supplier.



Medium-term Management Strategy FY2031

Business Strategy

Metalworking Solutions Business

We aim to become a truly global company by providing tungsten products and solutions with outstanding technology to manufacturing sites around the world.

Business Strategies

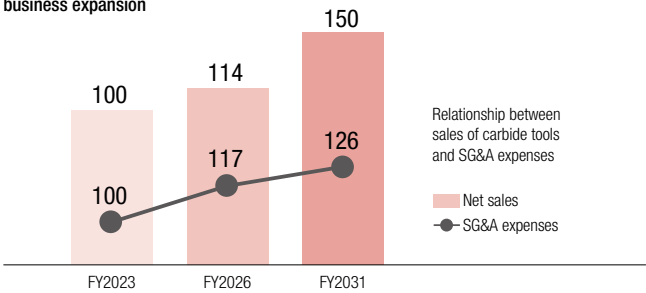
We will continue our transformation into a truly global company with the aim of autonomous business development in strategic markets. To achieve this, in the carbide tools business, we will stably supply the world's top quality, high-efficiency products utilizing our strengths in materials and coating technology. In the tungsten business, we will work to expand the scale of our business by increasing sales of products for rechargeable batteries while strengthening our environmental responsiveness. In the solution business, we plan to commercialize solution sales to manufacturing sites.

Providing solution-selling to manufacturing sites

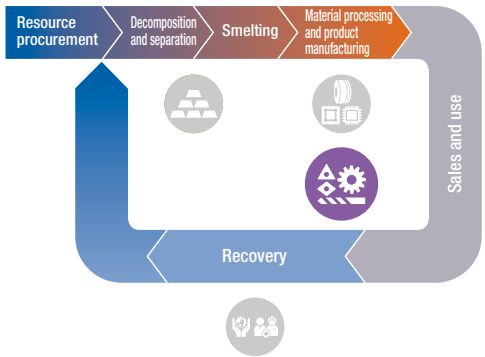
	Tool selection	Tool purchase	Preparations for mass production (trial production)	Mass production	Tool management
Customer challenge	Quick selection of the best tool	Cost reduction through tool cost optimization	Rapid design and trial production of highly productive processing methods	Improvement of machining accuracy Reduction of machining time	Efficient use of tools through regrinding and recycling Minimum tool inventory
Value provided by MMC	Automatic tool selection	Automatic process design (Process digital planning)	Prototype production, Outsourcing	Proposal of mass production quality and economic efficiency	Automatic optimization of machine tool control Automatic monitoring of tool damages for regrinding

Enhancing cost competitiveness by utilizing DX

Reducing SG&A expenses by limiting cost increases associated with business expansion



* Comparisons based on index whereby FY2023 net sales and SG&A expenses are 100



Important Measures

Carbide tools business

We will strengthen our product development capabilities for difficult-to-cut materials/areas, while promoting smart factories by utilizing DX. Furthermore, we aim to strengthen the supply chain by introducing S&OP globally.

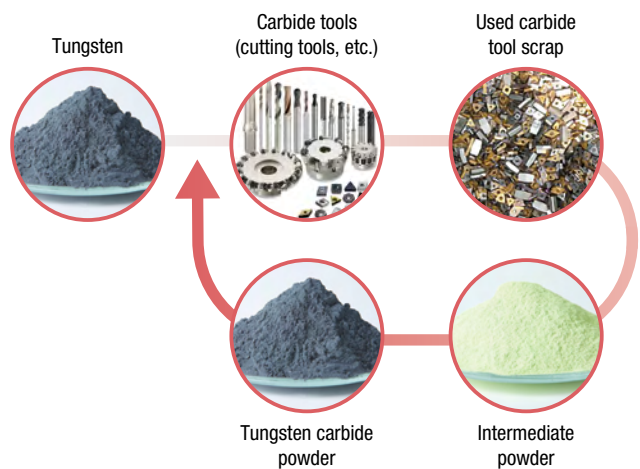
Tungsten business

We aim to strengthen R&D through collaboration with partners and promote cross-selling. We will also work to increase recycling processing capacity globally.

Solution business

We will support customers' manufacturing sites by deepening cutting solutions utilizing DX.

Tungsten raw materialization process



MESSAGE

Kazuo Ohara
Managing Executive Officer
President, Metalworking Solutions
Company

Metalworking Solutions Business



Carbide tools

**A Leading Company in
Tungsten Products Recognized by Customers Globally**

Q Please summarize the FY2023 Strategy.

A Initially, the COVID-19 pandemic had a massive impact on our business performance, but in fiscal 2023, we recovered to nearly pre-pandemic levels. Furthermore, we progressed on strategic measures such as enhancing customer contact points through digital technology, and strengthening service that supports metalworking processes.

Earnings declined in fiscal 2021 due to the COVID-19 pandemic, however, while domestic market conditions remained sluggish due to semiconductor shortages and other supply chain disruptions, business performance improved in fiscal 2022 mainly due to the recovery of the automobile and aerospace industries in Europe and the USA. While fiscal 2023 saw increasing costs as a result of soaring energy prices and other factors, we have recovered to nearly pre-pandemic levels, supported by the results of ongoing productivity improvements and other efforts, as well as a recovery in demand.

As part of our efforts to capture strategic markets, we are driving various measures utilizing digital technology in line with Company-wide DX initiatives, including improving customer touch points in sales activities, strengthening services by providing solutions, and transforming our manufacturing processes into smart factories.

We see the growing demand for solutions to environmental and social issues as

opportunities to expand our business areas in ways that can be tackled with our products and technologies. Demand for tungsten powder for rechargeable batteries has increased with the growth of the market itself, increasing sales.

Q Please share your growth strategy for the FY2031 Strategy.

A We will enhance our competitiveness in the machining of difficult-to-cut and new materials while expanding our cutting solutions. We will also strengthen our ability to respond to local markets, mainly in Europe and the USA.

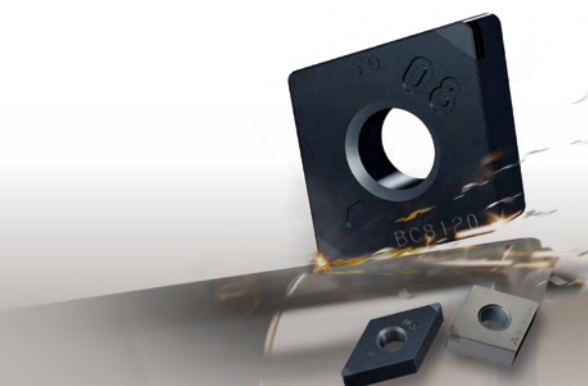
Under the FY2031 Strategy, we will leverage our strengths in materials and coating technology in the carbide tools business to improve our responsiveness, especially in the machining of difficult-to-cut and new materials. Additionally, we will promote the construction of a system that enables circulation within individual areas worldwide, from development and manufacturing to sales and recycling. Furthermore, we aim to achieve stable procurement of raw materials, with the goal of using 80% or more recycled raw materials. We will expand the tungsten business by leveraging the ability of our affiliate, Japan New Metals Co., Ltd., to provide high-quality tungsten products and recycling technology for tungsten carbide. In the solutions business, we will enhance a wide range of cutting solution services by utilizing technical centers around the world and digital technology to expand the solutions

sales business. Through the approaches of each of these businesses, we aim to help our customer manufacturing operations achieve higher levels of sophistication and efficiency, thereby helping to address issues such as the global environment. Promoting these initiatives will lead to improved profitability and higher ROIC.

Q What is your approach for realizing a sustainable society?

A We will contribute to building a prosperous, recycling-oriented and decarbonized society through our efforts to reduce GHG emissions and the provision of environmentally-friendly products.

In the Metalworking Solutions Company, we will promote the reduction of GHG emissions in the manufacturing process by expanding the use of renewable energy through solar power generation and other means, promoting smart factories, and improving the efficiency of equipment. For customers, we will promote reduced energy consumption by supporting greater efficiency at manufacturing sites, and the effective use of resources through the collection and recycling of used tools. In order to achieve our FY2031 Strategy goal of becoming "a leading company in tungsten products recognized by customers globally," we will "circulate resources for a sustainable future" through efforts that increase the utilization rate of recycled materials, preserving limited resources for the future.

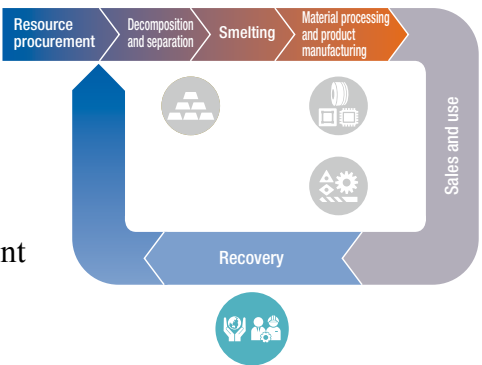


Medium-term Management Strategy FY2031

Business Strategy

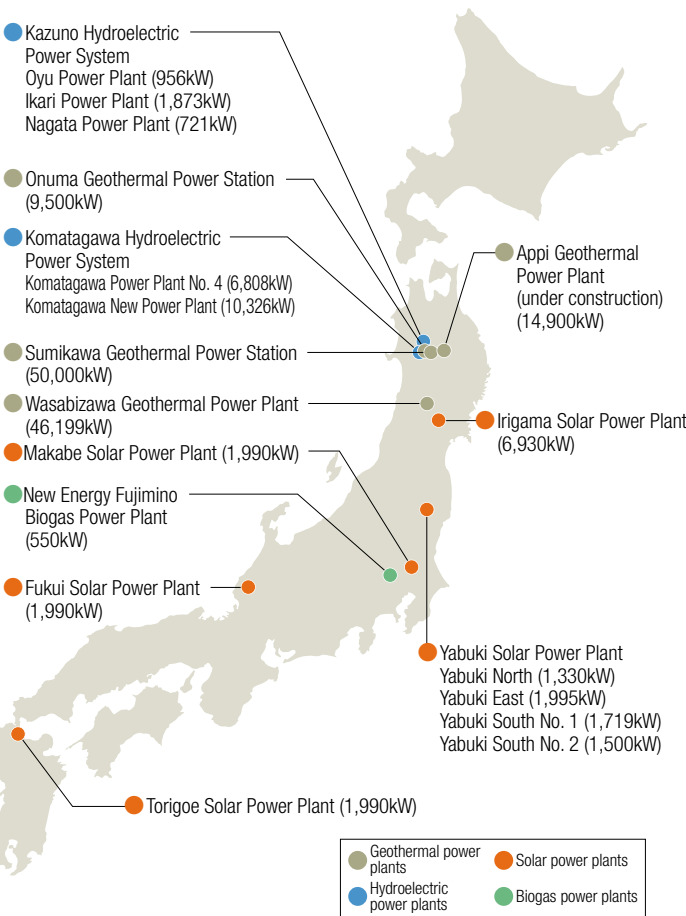
Renewable Energy Business

We aim to expand power generation toward being 100% self-sufficient on renewable energy through further expansion in geothermal, wind power generation and other power generation areas.



Business Strategies

Under the FY2031 Strategy, we aim for long-term business expansion through a Company-wide initiative that consolidates renewable energy business at our Strategic Headquarters. In terms of business expansion, we will promote the development of new geothermal power plants at a pace of one every three years. We will also accelerate our efforts in the area of wind power generation, as the costs of power generation are expected to decline moving forward. In addition, we will work to further develop sites for new biogas plants.



Geothermal power generation currently being considered

- Esan area, Hokkaido Prefecture
- Konomori area, Akita Prefecture
- Appi River upstream area, Iwate Prefecture
- Bandai area, Fukushima Prefecture
- Agatsuma / Adataru area, Fukushima Prefecture

Important Measures

Expansion of renewable energy power generation

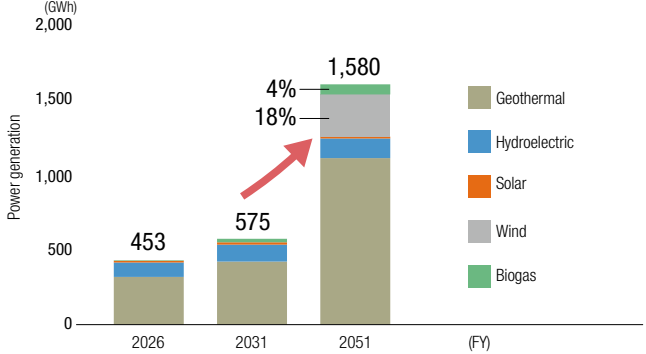
We will accelerate establishment of geothermal power development systems and business expansion as well, with the aim of generating power equivalent to our electricity consumption in fiscal 2051. In addition, we will expand into new renewable energy generation, mainly wind power.

Composition of our power consumption

By fiscal 2036, we will achieve 100% renewable energy, and by fiscal 2051, we will achieve renewable energy power equivalent to our power consumption, aiming to be 100% self-sufficient on renewable power.

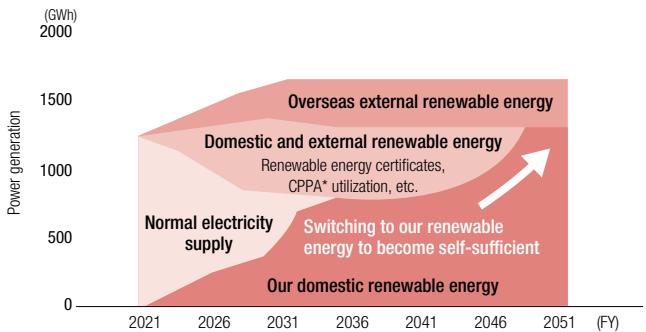
Expansion of renewable energy power generation

Accelerate establishment of geothermal power development system and business expansion, with the aim of generating power equivalent to our electricity consumption in fiscal 2051
Expand into new renewable energy generation, mainly wind power



Roadmap toward being 100% self-sufficient on renewable energy

Achieve 100% renewable energy by fiscal 2036, and achieve renewable energy power equivalent to our power consumption to be 100% self-sufficient on renewable power by fiscal 2051



* CPPA (Corporate Power Purchase Agreement)



Onuma Geothermal Power Station



Komatagawa Power Plant No. 4



Makabe Solar Power Plant

Business progress and medium- to long-term strategy

During the FY2023 Strategy period, we established the Appi Geothermal Power Plant. As the construction of the Komatagawa New Power Plant proceeded on-schedule, we began generating power there in December 2022. This advance will significantly contribute to planned increases in hydroelectric power generation in fiscal 2024. We are also building facilities at the Appi Geothermal Power Plant in anticipation of the start of commercial operation in April 2024, which will contribute to Group-wide power generation from fiscal 2025. Through these efforts, we expect to secure stable earnings and make significant contributions to creating both social and economic value through the development of renewable energy.

Under the FY2031 Strategy, we aim to increase EBITDA (8.1 billion yen) by approximately four times over fiscal 2023 by fiscal 2031.

However, geothermal, wind and other large-scale power plants require a long lead time from when we first start looking into their construction until the start of operation, but it is assumed that profits will emerge

moving forward. For this reason, investment in new power source development will take precedence in the short- to medium-term, and cash flow will continue to be in the negative. Once power begins to be generated, it can be sold at a fixed price over the long-term under the FIT system, so we can expect stable earnings. Additionally, although we won't have large-scale power generation underway in the short term, we plan to secure revenue through the sale of electricity that comes from small-scale hydroelectric power, which takes less time to develop, as well as through solar electricity sales assuming CPPA. Furthermore, we are currently making improvements to stabilize operations at New Energy Fujimino Co., Ltd., which operate biogas business, and will stabilize earnings. Many of the power plants owned by this division are selling electricity under the FIT system, and once this system concludes, they will be selling at market prices. Therefore, in the future, we plan to promote utilization of digital technology to conduct cost-competitive and efficient operational management.



Construction at the Appi Geothermal Power Plant



Water turbine generators at the Komatagawa New Power Plant



A food waste biogasification power plant operated by New Energy Fujimino Co., Ltd.



Yuji Kawamura
General Manager, Renewable Energy Business Division, Strategic Headquarters

Aiming to provide new renewable energy to address the social issue of decarbonization

In April 2023, this division was separated from the Environment & Energy Business Company and launched as a profit-generating division. Under the FY2031 Strategy, we aim to generate power equivalent to our power consumption, an increase of over three times, as a fiscal 2051 target. A long time is required to progress from development to operation of a power plant, so even if surveys begin now, operation won't begin until the late 2030s or 2040s. However, it is vital that we nurture these seeds of future growth. Furthermore, provision of renewable energy to tackle the social issue of decarbonization is a part of our overarching mission of contributing to society, and in recognition of this fact, we will continue to steadily work toward the achievement of our goals.

Medium-term Management Strategy FY2031

Business Strategy

Carbon Neutrality

Dealing with Climate Change

We are helping to build a decarbonized society, and are steadily implementing measures to achieve our ambitious greenhouse gas (GHG) emission reduction targets. Our goal is to achieve carbon neutrality by fiscal 2046 and 100% self-sufficiency in electricity derived from renewable sources by fiscal 2051.

Response and Policies

The Intergovernmental Panel on Climate Change (IPCC) published its sixth Synthesis Report in 2023, in which it stated that human activities have “unequivocally” caused global warming and stressed the urgency with which GHG emissions must be reduced. Countries across the world have been promoting climate change initiatives under the Paris Agreement framework that came into effect in 2020, and with the signing of the Glasgow Climate Pact at the 2021 United Nations Climate Change Conference, there has been a major shift towards the target of limiting global warming to the 1.5°C target by achieving carbon neutrality by 2050.

At Mitsubishi Materials Group, we recognize the seriousness of addressing climate change in line with our Corporate Philosophy of “For People, Society and the Earth.” We are advancing our business activities with the goal of building a decarbonized society in numerous ways. In addition to setting a target of achieving carbon neutrality by fiscal 2046, five years earlier than the Japanese government’s fiscal 2051 target, we aim to generate power equivalent to our electricity consumption from renewable sources by fiscal 2051, achieving 100% self-sufficiency in electricity derived from renewable sources.

Indicators and Targets

The Group revised its GHG emission reduction targets for Scope 1 (direct emissions by the business operator) and Scope 2 (indirect

Related Information:

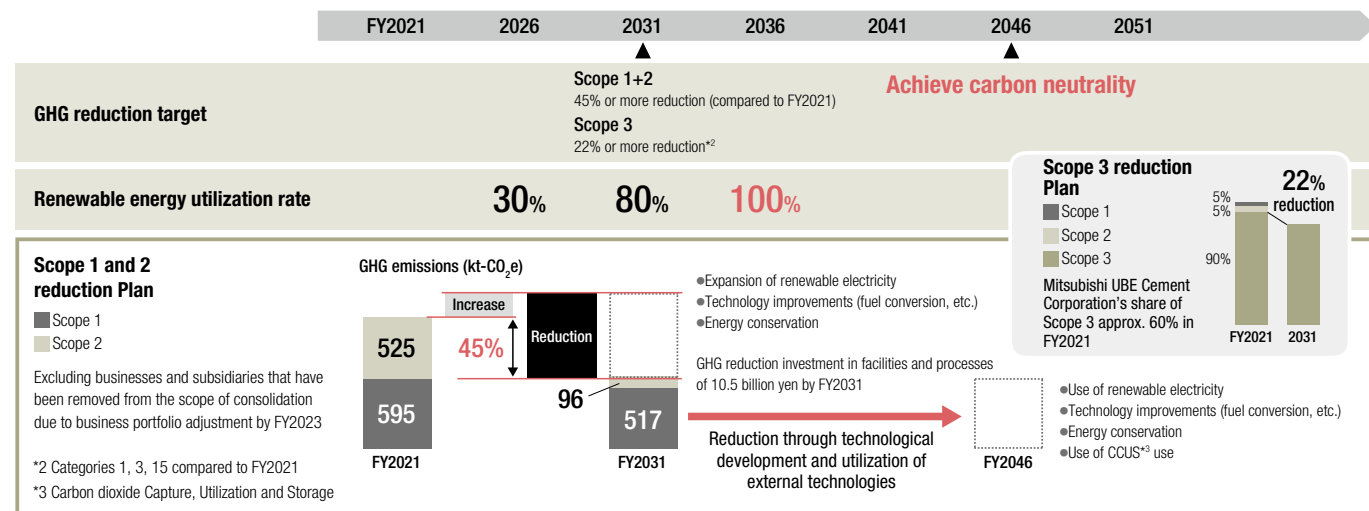
Sustainability Report
► Contribution to Global Environment
<https://mmc.disclosure.site/en/>

emissions resulting from the use of supplied energy)*¹ in February 2023 (subsequent revisions have been applied in July 2023 due to factors such as the transfer of equity in Diasalt Corporation in March 2023).

Our new GHG reduction target was a 45% reduction compared to fiscal 2021, (53% compared to fiscal 2014) by fiscal 2031. To achieve this, we plan to invest 10.5 billion yen in GHG emission reduction by fiscal 2031, mainly focused on energy conservation and facility improvements at manufacturing sites. We have also set a target of reducing GHG emissions from the activities of supply chains (Scope 3) by 22% or more by fiscal 2031 (compared to fiscal 2021).

In order to achieve carbon neutrality by fiscal 2046, we will promote the development and expanded use of renewable energy such as geothermal power, which is one of the Group's strengths. We have set a target of using 100% renewable energy for in-house electricity use by fiscal 2036, 66% of which will come from self-sufficient in-house renewable electricity sources. In line with this, we plan to invest 30 billion yen in the renewable energy business by fiscal 2031. In addition to energy conservation and reducing use of fossil fuels at manufacturing sites, we will work to achieve carbon neutrality by fiscal 2046 by promoting the development of products and technologies that contribute to the building of a carbon-neutral society while also utilizing future technologies such as CO₂ capture (solid adsorption, liquid absorption, permeate membrane separation) and treatment (storage and methanation).

*1 Please see the "Total greenhouse gas emissions (Scope1 + Scope2)" non-financial highlight on page 107 for information regarding total Scope1 and Scope2 emissions trends.



- Target of carbon neutrality by FY2046 and 100% self-sufficiency in renewable energy power by FY2051
- Reduction focused on Scope 2 for FY2031

Acquisition of SBT Certification

In March 2023, Mitsubishi Materials Corporation received SBT certification from the SBT Initiative, an international organization that certifies Science Based Targets (SBT). The SBTs are greenhouse gas emission reduction targets scientifically consistent with the goals set forth in the Paris Agreement.

We are working to achieve our emission reduction targets not only for Scope 1 and Scope 2 emissions from our own efforts, but also for Scope 3 emissions, which occur in our supply chains.

Strategy

We have established and analyzed scenarios based on the TCFD^{*4} recommendations in order to ascertain the impact of climate change on the Group's business operations (risks and opportunities), and established business indicators and targets while maintaining consistency with the FY2031 Strategy announced in February 2023. We established 1.5°C and 4°C scenarios, and estimated the financial impact on the Group in the event that climate change policies, laws and regulations are strengthened, and in the event that carbon pricing systems are introduced and strengthened. We also analyzed impacts on our business from the perspective of risks and opportunities regarding changes in demand for electric vehicles, changes in energy usage patterns, and changes in recycling business demand due to the transition to a recycling-oriented society (see table). In our Company-wide risk management activities, we also manage physical water risks, including damage caused by acute and chronic risks such as torrential rains, floods, storm surges, and droughts, which are considered to be related to climate change.

*4 TCFD: Task Force on Climate-related Financial Disclosures
The TCFD was established in 2016 by the Financial Stability Board, an international organization that seeks to stabilize financial systems.

Governance

We have appointed Executive Officers responsible for management strategy, including our climate change response, and have also established a dedicated department in our Strategic Headquarters to promote the Group's response to climate change. Specifically, the dedicated department promotes the examination of scenario analysis based on TCFD recommendations, as well as evaluation and management of climate related risks and opportunities and discussion and sharing of information on measures to achieve GHG emission reduction targets and other climate change measures. In addition, the Sustainability Committee, which is an advisory body to the Board of Directors, monitors our initiatives of climate change and reports its considerations to the Board of Directors. This content is monitored appropriately.

Risk Management










We recognize climate change as one of the major sources of risks that may have a significant adverse effect on the Group's results and financial position. Accordingly, we are working to address this through our Group-wide risk management activities.

Related Information:

Integrated Report ▶ Risk Management
P74

Scenario Analysis – Summary of Results

▲: Risk elements ● Opportunity elements

Scenario	Theme	Business	Risk/Opportunity Elements	Impact on Business
1.5°C Scenario/ 4°C Scenario	Changes in Carbon Tax, Energy Costs, etc.	Common to All Businesses	▲ Introduction/strengthening of carbon price tax system (increase in operation costs)	Risk: Large 
1.5°C Scenario	Changes in EV Demand	Smelting and Resource Recycling Business	● Increase in xEV sales volume	Opportunity: Large 
			▲ Decrease in the number of scrapped vehicles	Risk: Small 
		Copper & Copper Alloy Business	● Increase in xEV sales volume	Opportunity: Large 
			Metalworking Solutions Business	▲ Rapid change in market for processed products due to modal shift, etc.
	Changes in Forms of Energy Use	Smelting and Resource Recycling Business	● Increase in demand for automotive LIB and solar panel recycling	Opportunity: Large 
		Metalworking Solutions Business	● Increase in demand for EV batteries and storage batteries	Opportunity: Large 
		Renewable Energy Business	● Increase in spread and demand for renewable energy	Opportunity: Large 
	Changes in Demand for Recycling Business Due to Shift to Recycling-Oriented Society	Smelting and Resource Recycling Business	● Increase in demand for E-scrap recycling	Opportunity: Medium 
			● Increase in demand for home appliance recycling	Opportunity: Medium 

Medium-term Management Strategy FY2031

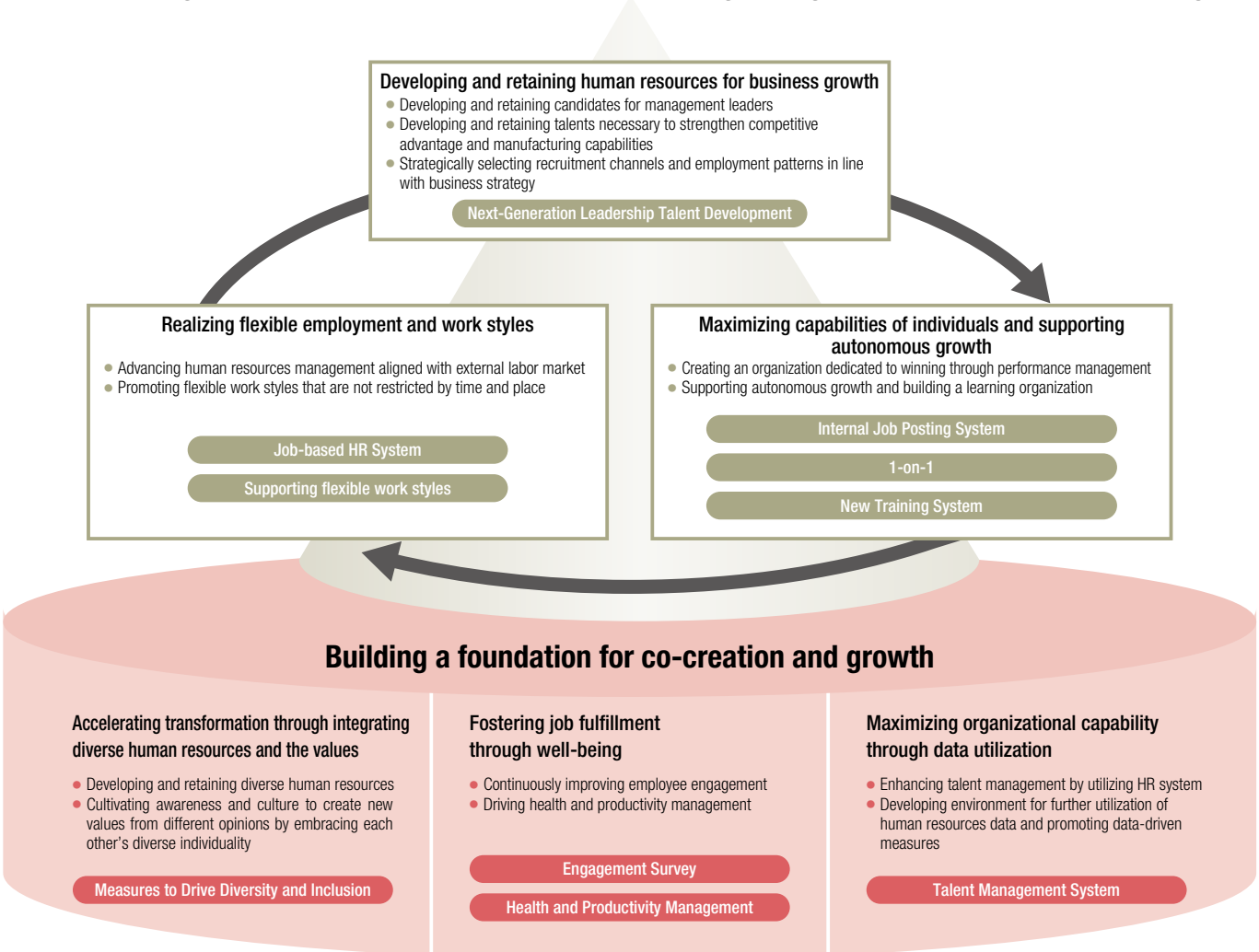
Functional Strategy

Human Resources Strategy

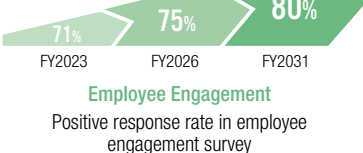
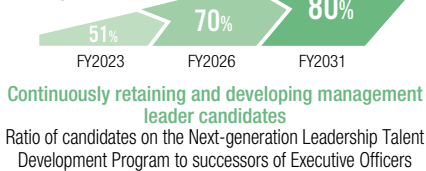
Organization and Human Resources Management Policies

1. Continue to grow through rapid adaptation to changes and global business development and contribute to the realization of a sustainable society.
2. Achieve the vision of the complete in-house company system by thinking and acting autonomously as individuals and identifying and resolving issues autonomously as organizations.
3. Embrace each other's individuality and diversity, and create new value by integrating diverse opinions and perspectives.

Maximizing the value of human resources and creating an organization dedicated to winning



Key KPIs for Human Resources Strategy



We will achieve the aims set forth in the Medium-term Management Strategy by maximizing the value of human resources and creating an organization dedicated to winning.

Makiko Nogawa

Managing Executive Officer
CHRO, Responsible for Human Resources Planning,
D&I・Health & Productivity Management



We welcome your input regarding the human resources strategy.

At MMC, we believe that employees are the source of new value creation and the Group's sustainable growth, and we see talent as "human capital" rather than just resources or sources of costs. Based on this approach, we have a track record of investing in our employees through various human resource measures. We formulated the human resources strategy included in the FY2031 Strategy as a foundation for executing the management strategies set forth in the FY2031 Strategy with a strong will while maximizing the value of our talent and enabling employees and the Company to grow together through investment in human capital.

Maximizing the value of human resources and creating an organization dedicated to winning

With this approach as a basis, we made "maximizing the value of human resources and creating an organization dedicated to winning" the first part of our human resources strategy under the FY2031 Strategy. Looking back, we recognized that there was room to improve in terms of committing to particular results and persevering to achieve them. This time, our human resources strategy expresses our conviction that we will definitely achieve the targets to realize the "growth by expanding resource recycling and enhancing the supply of high-performance materials and products" set out in the FY2031 Strategy. "Winning" means to achieve our goals. To execute this, we must implement the necessary measures persistently and in a fair manner. We will enable each individual to develop their strengths so that they can demonstrate their full potential.

To that end, it is important to secure the talent necessary to implement our management strategies. In order to maintain and strengthen our competitive advantages amidst dramatic changes in the business environment, in addition to continuously developing next-generation leadership talent, we must establish a leading position in the labor market that enables us to secure and develop talent while also transforming our required talent portfolio in line with changes to the business structure. We must diversify our recruitment channels and employment patterns beyond hiring new graduates.

This will be necessary to secure talent in a timely manner, including talent that already possesses the skills necessary to strengthen business competitiveness, talent that can maintain and enhance the manufacturing capabilities across the Group, and the talent required to implement business growth phases and management strategies. We will also provide fulfilling work and workplaces, and support employees' growth while implementing rigorous performance management in order to maximize the value of our talent and create an organization dedicated to winning. Through these efforts, we aim to be the company of choice not only for employees who are currently working within the Group, but also for those who may wish to join us in the future.

Building a foundation for co-creation and growth

"Building a foundation for co-creation and growth" is another crucial pillar of our human resources strategy. In this case, "foundation" refers to the structure, way of thinking and organizations that form the basis supporting various measures related to human capital.

"Co-creation" carries two meanings, referring to both employees creating together and employees engaging in creation together with the Company. In order to cultivate awareness and a culture for the creation of new values based on embracing each other's diverse individuality while integrating diverse opinions and perspectives, we will monitor employee engagement from a fixed point and

improve the organizational capabilities of the entire Group by enhancing each employee's job fulfillment. We will also build a foundation by bringing together a wide range of human resource-related information as data, and use this to support initiatives such as recruitment, talent development and organizational development in an organic manner.

Conclusion

We set three numerical targets in order to ascertain the status and effectiveness of our human resources strategy as part of the FY2031 Strategy. The first of these is an indicator intended to strengthen the pipeline of successor candidates for Executive Officer positions with the aim of continuing to secure and develop candidates for management leaders. We also have an indicator for ensuring diversity within the organization. The final indicator is an engagement score that shows employees' job fulfillment. These three elements will be our main numerical targets as we move forward with our human resources strategy.

Each individual employee plays a central role in our human resources strategy. As employees grow on an individual level, the sum total of this development leads to the growth of the Group. Moving forward, we will continue to contribute to the execution of the FY2031 Strategy through our human resources strategy.

Medium-term Management Strategy FY2031

Functional Strategy

Human Resources Strategy

Initiatives and Achievements for Human Capital Management at Mitsubishi Materials Corporation

HRX is one of our Four Management Reforms and its effort has represented human capital management at Mitsubishi Materials Corporation. The outcome of its effort and progress leads to our human resources strategy under the FY2031 Strategy.

Next-Generation Leadership Talent Development

We established the training system: “Next-Generation Leadership Talent Development Program” in fiscal 2006, and have developed future leaders with the aim of training qualified candidates for Executive Officer positions. Against the backdrop of promoting the complete in-house company system and human resource reforms, we revised the program in fiscal 2023, shifting from the previous training-centered approach to establish a development program that emphasizes work experience. Under the new program, we will select high-potential talent from younger generations and formulate development goals and plans for this talent. With this as a basis, we are developing future leadership talents with cross-divisional and Group-wide perspectives.

During the implementation of the Next-Generation Leadership Talent Development Program in fiscal 2023, the first year of the new program, our activities included moving employees between divisions as part of their development plans, providing training for selected employees, and leadership assessments.

Moving forward, we will gradually increase the number of management leader candidates trained through the program. We have set a target of increasing the ratio of candidates on the Next-generation Leadership Talent Development Program to successors of Executive Officers from 51% in fiscal 2023 to 80% by fiscal 2031.

Job-based HR System

A Job-based HR System for all management-level employees was introduced in April 2022. The system is based on roles and responsibilities and is linked to the external market. In the job grade system, the previous ability-based grade system has been abolished and a new job grade system, based on roles and responsibilities has been established. In the evaluation system, the goals and behavior standards are set based on roles and responsibilities, and we aim to promote the execution of these roles and responsibilities, individuals’ growth, and development. The compensation system is based on compensation levels referenced to the external market and reflects company performance and individual evaluations.

With this system, we define and design organizations and positions based on business strategies and clarify each role and responsibility in business activities by placing the right people in the right positions. In this way, the system serves the function of supporting comprehensive efforts to increase business competitiveness. We are also focusing on rigorous performance management as part of our efforts aiming to maximize the value of human resources and creating an organization dedicated to winning, as set out in our human resources strategy.

Supporting Flexible Work Styles

We strive to develop and expand a variety of support systems in order to create an environment where every employee can continue to perform while realizing a work style that suits the events in their lives and take on the challenge of career advancement.

In fiscal 2023, we introduced a Work-from-home System for the entire Company, including plants, to help employees work with more flexibility while improving productivity, as well as a Remote Work System for managers. We also abolished the core times from the flextime systems in place at our Head Office locations and some of our other offices.

Main systems to support flexible working

System	Overview
Work-from-home System	A system that allows employees who are in charge of work that can be handled at home to work from home
Remote Work System	A system that allows managers to work without restrictions on location (Japan only)
Internal Job Posting System	Implemented as a part of promoting autonomous career building
Area Limited Employment System	A system that allows employees with certain circumstances, such as childcare or long-term care, to be exempt from relocation for a certain period of time
Special Temporary Leave-of-absence System	A system that allows employees who are accompanying a spouse on an overseas assignment or who are studying at their own expense to take leave for a certain period of time
Reemployment System for employees who have once resigned	A system that allows employees who have once resigned due to personal family circumstances (marriage, childbirth, long-term care, etc.) to rejoin the Company under certain conditions
Side jobs / Side businesses	A system allowing employees to engage in non-employment side jobs and side businesses has been introduced with the aim of enabling employees to acquire knowledge, skills and experience that cannot be obtained within the Group, bringing value to the Group while also further promoting awareness of autonomous career building (implemented on a trial basis)

Related Information:

Sustainability Report
▶ Retainment and Utilization of Human Capital
<https://mmc.disclosure.site/en/>

Internal Job Posting System

In order to promote autonomous career development, we upgraded the Internal Job Posting System in February 2022. The aim is to improve

Company-wide corporate values by encouraging employees to take on new challenges at work with a wide range of career development opportunities, developing a culture of autonomous career development, and enhancing the mobility of employees within the Company. The job posting system covers positions within the Company positions, the Group companies, and overseas positions.

Training System

The Training System was revised with the objective of enabling individuals to think autonomously about their own careers and engage in self-development proactively. In concrete terms, we are building an environment where employees learn autonomously, with expansive online learning video services available. By utilizing external online learning videos with frequent updates, employees can access up-to-date knowledge and develop their skills. In addition, against the backdrop of the extension of the mandatory retirement age to 65 and the introduction of a Job-based HR System, we provide “Career Design Training”, which offers opportunities for employees to reflect on their careers at each career stage.

Existing training has also been reorganized to enable employees to develop skills in line with their job roles. “Professional-Common Training” enables employees to learn management skills related to talents and organizations, while “MMC Core Training” covers areas such as company strategy.



1-on-1

1-on-1 meetings have been introduced in order to enhance the quality and quantity of communication between managers and employees within workplaces, helping managers to provide continuous and timely support for the growth of those they lead. The hyphenation in “1-on-1” indicates the connection between managers and employees. During these short, frequently held meetings, employees can speak freely and safely in the knowledge that their manager will listen attentively. This enhances the relationship of trust between managers and employees, creating workplaces with an even greater sense of “psychological safety.” In a survey assessing the program’s implementation, approximately 70% of respondents said they were satisfied with the 1-on-1 meetings with their managers, and further implementation and enhancement of the 1-on-1 system is planned in the future.

Human Resources Committee Meetings

The Human Resources Committee comprises Executive Officers and HRBPs and was established in fiscal 2023. The committee discusses and deliberates human resource measures, including talent development, talent assignment, and Diversity and Inclusion, together with matters such as the selection and training of next-generation leadership talent.

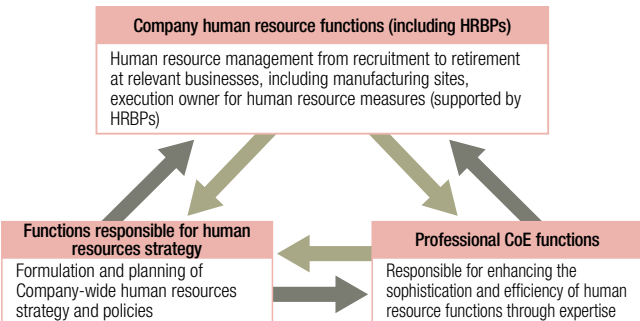
The Human Resources Committee met seven times in fiscal 2023. The committee deliberated Diversity and Inclusion measures, selection and development plans for next-generation leadership talent, and other issues relating to human resources. As a forum for Executive Officers

to directly engage with various human resource-related issues on a regular basis, the committee plays an important role in human capital management.

Enhancing Human Resource Functions to Support Management Strategy Realization

With the aim of ensuring the smooth execution of management strategies, roles relating to human resources functions have been divided into those related to formulating human resource strategies linked to management strategies, those related to advancing business strategies from a human resource perspective, and those related to executing human resource specialist tasks across the entire Company.

In particular, Human Resource Business Partners (HRBPs) have been assigned to each Company to provide strong support in driving business strategies from a human resources perspective.



Talent Management System

Based on the approach that talent is human capital, we launched a Talent Management System with the aim of properly understanding and developing the capabilities of each individual employee in February 2022. This system is intended to ensure the effectiveness of new human resource-related operations and measures, including the Job-based HR System, while also improving existing issues through digital technology, enhancing the sophistication of measures relating to human resources through visualizing and utilizing accumulated human resource data and supporting the autonomous, cross-divisional employee development.

Main Initiatives

- Visualization of human resource data
- System-based performance and analysis of self-statements and engagement surveys
- Accumulation and analysis of leaving reasons based on exit interviews
- Enhancing sophistication of annual performance management cycle
- Publication of key position job descriptions through the system to encourage consideration of career aspirations
- Quality enhancement of 1-on-1 meetings through the logging function of 1-on-1 meeting notes

Medium-term Management Strategy FY2031

Functional Strategy

Human Resources Strategy

Diversity & Inclusion

Basic Policy

The Group's policy on Diversity and Inclusion is stipulated in the Basic Policy on Corporate Governance, Sustainability Policy and Human Rights Policy. In order to embrace and respect diverse personalities, as well as to create new values that are sources of sustainable growth for the Group, we have set new goals for the employment of women, non-Japanese people, mid-career hires and other diverse attributes, and are strengthening our efforts through a variety of measures.

Related Information:

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

Corporate website
▶ Sustainability Policy
▶ Human Rights Policy
<https://www.mmc.co.jp/corporate/en/sustainability/>

Implementation Structure

We established an organization dedicated to Diversity and Inclusion on September 1, 2021, and are accelerating our efforts as a vital pillar of our human resources strategy.

FY2026 Target

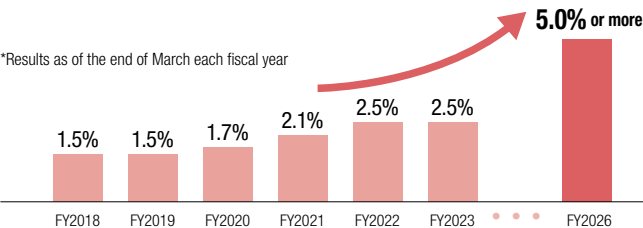
As our vision for Company-wide Diversity and Inclusion, we aim to increase the number of female and non-Japanese managers by about 2.5 times and the number of mid-career hire managers by about 1.5 times between fiscal 2021 and fiscal 2026.

Targets for the Number of Female, Non-Japanese People and Mid-Career Hire Managers

FY2026 Target		
Female managers	Number compared to FY2021 ▶	Approx. 2.5 times
Non-Japanese managers		Approx. 2.5 times
Mid-career hire managers		Approx. 1.5 times

Trends and Targets for Percentage of Women in Management Positions

*Results as of the end of March each fiscal year



Current Status

The number and ratio of female Directors, Executive Officers and managers in each position are as follows.

	Number	Ratio
Female Directors (as of June 23, 2023)	2 (out of 11)	18.1%
Female Executive Officers (as of April 1, 2023)	1 (out of 9)	11.1%
Female managers (as of April 1, 2023)	45 (out of 1,721)	2.6%

Main Initiatives

To achieve our targets by the end of fiscal 2026, we are involved in measures to construct a base and disseminate inclusion, including developing the environment necessary to promote Diversity and Inclusion, as well as promoting a wide range of measures for women, non-Japanese people and mid-career hires, employees with disabilities and the LGBTQ+ community, and measures to promote childcare leave taken by male employees.

- **Base development and dissemination of inclusion measures**
 - Opening Diversity & Inclusion hotline
 - Distribution of video content related to Diversity and Inclusion for all employees
 - Implementation of unconscious bias e-learning for all employees
 - Implementing programs on Diversity and Inclusion in training at each level
 - Conducting seminars for all employees on renewing work styles and encouraging male employees to take childcare leave
 - Conducting nursing care seminars for all employees
 - Including Diversity and Inclusion elements in behavioral evaluation for managers
 - Conducting engagement surveys for all employees
 - Discussing Diversity and Inclusion at the Board of Directors
- **Career support measures**
 - Conducting career interviews
 - Opening the employee hotline
 - Implementing career design training
- **Support of women's development and advancement**
 - Executive Officer career acceleration sponsorship program (for female managers and female career track employees)
 - Career building support (for female career track employees)
 - Implementing action plans at offices and plants
 - Providing external training opportunities

- **Support for non-Japanese employees**
 - Active participation in recruitment events for international students
 - Foreign language support for company entrance exams
 - Language education support both before and after joining the company
- **Support for mid-career hires**
 - Enriching information related to mid-career recruitment on our website
 - Onboarding support initiatives
- **Support for employees with disabilities**
 - Implementing action plans at offices and plants
 - Strengthening of connection with external associations for employees with disabilities
 - Employment support for employees with disabilities (trainees from special education schools)
- **LGBTQ+ support**
 - Release of in-house handbook to promote understanding of LGBTQ+
 - Training sessions led by LGBTQ+ people for human resources staffs
 - Sponsorship of Tokyo Rainbow Pride
- **Support for male employees to take childcare leave**

We aim to further promote Diversity and Inclusion by enabling employees to better balance work and life events such as childcare to create an environment where diverse talents can continue to perform. From fiscal 2023, we set a goal of having 100% of eligible male employees take childcare leave and are actively working to achieve this goal through measures such as continuous awareness building in our training, holding seminars that renew work styles and encouraging the taking of childcare leave by male employees.

Trends in the numbers rates, and days of childcare leave taken by male employee

Period	Number taking leave	Rate of employees taking leave	Average days taken
FY2021	27	15.6%	41
FY2022	56	36.6%	32
FY2023	84	61.3%	51

*A system unique to our company allows a male employee whose spouse gives birth to take 3-day post-natal leave (paid) within two weeks of the date of birth

Related Information:

Corporate website
▶ Diversity & Inclusion
<https://www.mmc.co.jp/corporate/ja/sustainability/diversity/>

*This data is only available in Japanese on the website.

Improving Employee Engagement

As part of our human resources strategy under the FY2031 Strategy, we are striving to improve employee engagement with the aim of fostering job fulfillment through well-being and enhancing productivity. We started conducting engagement surveys on a regular basis in fiscal 2023. By visualizing issues related to organizations and talents, we aim to make improvements, leading to the creation of a vibrant organization where each and every employee feels engaged in their work.

Through initiatives to improve employee engagement, we have set a target of increasing the positive response rate for all engagement survey questions from 71% in fiscal 2023 to 80% in fiscal 2031.

Health and Productivity Management

Our Group positions employee health management as a vital management issue, promotes health and productivity management, and develops activities in cooperation with Mitsubishi Materials Health Insurance Society to improve the mental and physical health of employees and their families.

Through our health and productivity management initiatives, we will create a workplace where employees can be healthy and energized. This will lead not only to the improvement of labor productivity and corporate values, but above all, allow all employees and their families to lead fulfilled lives within the Company, with the goal of enabling productive activity for both the Company and our employees. "The Mitsubishi Materials Group Health and Productivity Management Declaration" was enacted in October 2020, and the Health and Productivity Management Panel was established as a specialized committee under the Sustainable Management Office (now the SCQ Promotion Office) headed by the Chief Executive Officer. In this system, we have implemented a variety of Company-wide measures related to maintaining and improving health.

Fiscal 2023 Initiatives

- Certification as a Health & Productivity Management Outstanding Organization for the second year running in 2023 (Large Enterprise Category)
- Certification as an Excellent Health Company (silver certification)
- Publication of a web page related to health management and external provision of information
- Implementation of health-related training
- Mental health measures
- 100% attendance at regular health checks and action based on results
- Holding of walking events through healthcare app
- Certification as a Sports Yell Company 2023



Medium-term Management Strategy FY2031

Functional Strategy

Human Resources Strategy

Communication Measures

Overview

The Group implements various communication measures with the aim of becoming an organization with good and healthy communication where employees have unrestricted communication.

The Group began its inner branding activities in fiscal 2022 with the goal of encouraging employees to take ownership of “Our Commitment.” We are implementing numerous initiatives based on the three directions of “1. Communication with management,” “2. Connect every single employee and the entire Group horizontally” and “3. Support each challenge.”

Mitsubishi Materials Corporation started distributing smartphones to all employees in fiscal 2023. This is intended to activate internal communication through means such as delivering information to employees in a timely manner and enabling employees to communicate with each other using chat functions while also promoting DX and improving operational efficiency.

● Personal Mission Campaign

Led by our ambassadors, the “My Personal Mission Campaign” was launched in fiscal 2023. Through the campaign, Group employees shared their personal missions toward the realization of “Our Commitment”. Employees’ missions are posted on a special website, which was launched in July 2022. The website also introduces how employees interpret “Our Commitment” in their own way and face their daily work, together with various measures to create good and healthy communication.



Related Information:

Corporate website
▶ Special page: To Fulfill Our Commitment to the Future
<https://www.mmc.co.jp/corporate/en/company/mezasusugata/>

● Town Hall Meetings

In connection with internal branding activities, we hold town hall meetings as a way to enhance communication of management information and promote two-way dialogue.

In fiscal 2023, we held 28 meetings for Mitsubishi Materials employees regarding the Four Management Reforms and eight meetings for Group employees covering areas such as the FY2031 Strategy and financial results.

● Internal Radio-style Broadcasts

Created to promote communication with managers and employees, regular radio-style broadcasts where the CEO personally acts as an entertainment personality, answering a range of questions from Group employees, have been delivered since fiscal 2022. Fiscal 2023 saw a special project comprising real-time broadcasts from work sites, during which employees introduced their workplaces and their work. We have received feedback that this opportunity to hear the CEO's honest views and get an insight into his personality as he converses with guests in a friendly atmosphere distinct from official management messages leads to a better understanding of the Company and management reforms.

● Reverse Mentoring

Reverse mentoring is a program in which young employees become the mentors and give mentoring to Executive Officers. By discussing various themes from a standpoint different from that of work, we aim to provide opportunities to gain mutual awareness and foster culture of good and healthy communication is possible. In fiscal 2024, we implemented a new format reflecting feedback such as the results of participant surveys. This includes a system whereby mentors choose their own mentees based on a profile describing elements such as the mentees’ preferred mentoring period, frequency of sessions and discussion topics.

● Ambassador Activities

Ambassadors are appointed from throughout the Group through an open application process. They promote inner branding, and have been actively fulfilling this role since fiscal 2022. Their main role is to create a mechanism for each employee to take ownership of “Our Commitment” and put it into practice through their actions. In fiscal 2023, the second intake of 16 ambassadors undertook various activities to deepen employees’ understanding of their and the Group’s mission. These activities included the provision of audio material by ambassadors, videos introducing different departments, and the sharing of interviews with people who are active in various fields outside the Group.



Videos introducing different departments

● Half-day Workplace Experiences

Half-day workplace experiences are being carried out as an opportunity for employees to experience jobs at other workplaces. This promotes communication centered on the themes of “know” and “connect.” Know means getting to know other divisions and Group companies by learning about the people and their work and understanding how they contribute to “Our Mission.” Connect refers to horizontal communication and relationship building both between Divisions and Companies and within the workplace. This initiative serves as an opportunity for individuals to consider their own career on an autonomous basis. In fiscal 2023, 33 people took part at 19 workplaces.

Medium-term Management Strategy FY2031

Functional Strategy

Manufacturing Excellence and R&D

Related Information:

Sustainability Report
▶ Maintenance and Improvement of Governance
▶ Initiatives to Create New Value
<https://mmc.disclosure.site/en/>

Achieving sustainable enhancement of corporate value through the creation of new products, technologies and businesses.

Manufacturing Excellence Strategy

Contributing to Group-wide growth by taking differentiation of manufacturing capabilities to the next level.

1. Strengthening manufacturing capabilities

- Working to strengthen manufacturing capabilities by collaborating with work sites while setting high aspirations, and ensuring widespread, effective and rigorous use of digital technology

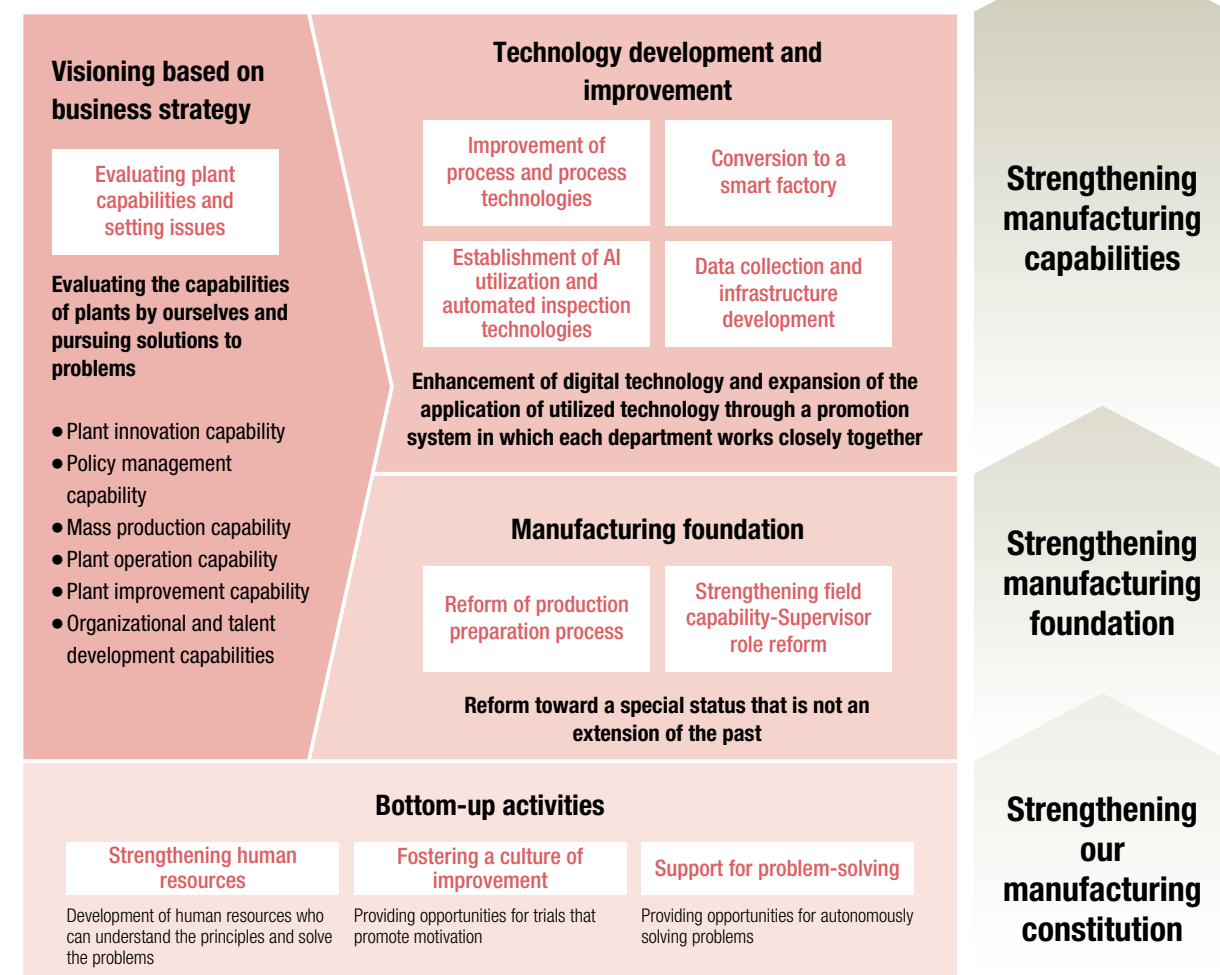
2. Strengthening the manufacturing foundation

- Strengthening production preparation processes, reducing the occurrence of defects, and promoting standardization and visualization regarding talent, goods and equipment

3. Strengthening of manufacturing system

- Developing talent that can understand principles and solve problems, and providing digital skills training programs and support for problem-solving

Specialization



Medium-term Management Strategy FY2031

Functional Strategy

Manufacturing Excellence and R&D

R&D Strategy

Achieving sustainable enhancement of corporate value by creating new products, technologies, and businesses, and providing circulating resources for a sustainable future.

- Developing materials for the future
- Creating new products and technologies to enhance business competitiveness through the integration of the Corporate and Division Labs
- Early realization of R&D results through industry-government-academia collaboration (including CVC)

Commitment through the FY2031 Strategy

Phase 1 (strengthening competitiveness) is primarily focused on improving and strengthening the profitability of Business Divisions. Under the theme of R&D, we will increase the ratio of new products and new technologies within Companies. We also plan to focus on the theme of supporting the future of the Companies and themes relating to commercialization, including the creation of new businesses. In addition, we will continue to steadfastly maintain and develop technical areas such as analysis and CAE*, which are the source of the Group's competitiveness and constitute fundamental technologies in supporting the activities mentioned above.

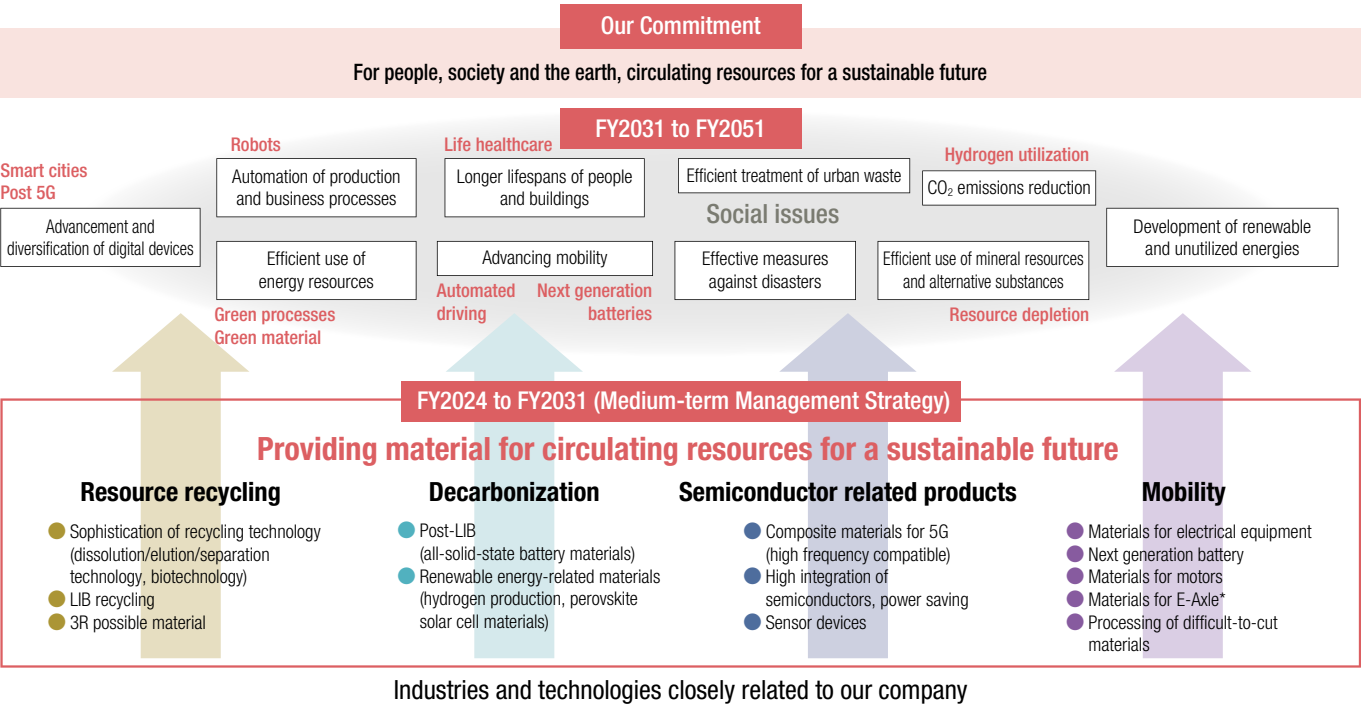
In order to promote the rapid creation of new businesses, will start acceleration programs utilizing external resources with the aim of expediting development. Furthermore, we will combine investment and lending strategies, such as M&A and investment, in the dynamic development of measures that will enable us to create new business ideas more quickly and reliably.

Seeking and creating social value

We established our R&D Basic Policy with the aim of continuing the development of materials for the future, making research and development a key focus in order to realize the growth of the Group.

We have identified areas relating to resource recycling, decarbonization, semiconductors and mobility as fields of focus, and we carry out research and development that includes products and brand strategies incorporating the values that society requires under each theme.

By fiscal 2031, we will strengthen our functions in terms of materials on both the vein and artery sides, and aim to provide society with circulating resources for a sustainable future through new products and process innovations that contribute to the reduction of GHG emissions.



*Abbreviation of computer aided engineering, technology that utilizes computer simulations in the development of materials and processes.
*Abbreviation of electric axle, a single package comprising the main components required for an xEV to run (motor, inverter, reducer, etc.).

Intellectual Property Management

The Group implements the optimization of intellectual property portfolios in line with business and development strategies, and is working to enhance intellectual property-related risk management and intellectual property governance standards.

Commitment through the FY2031 Strategy

The Group aims to optimize its intellectual property portfolios in line with Group-wide business and development strategies. By providing management and technical information based on advanced intellectual property analysis and research (the IP landscape), we are also contributing to the creation of new businesses and the strengthening of existing businesses while promoting strategic use of the Group's intellectual property.

Important Measures

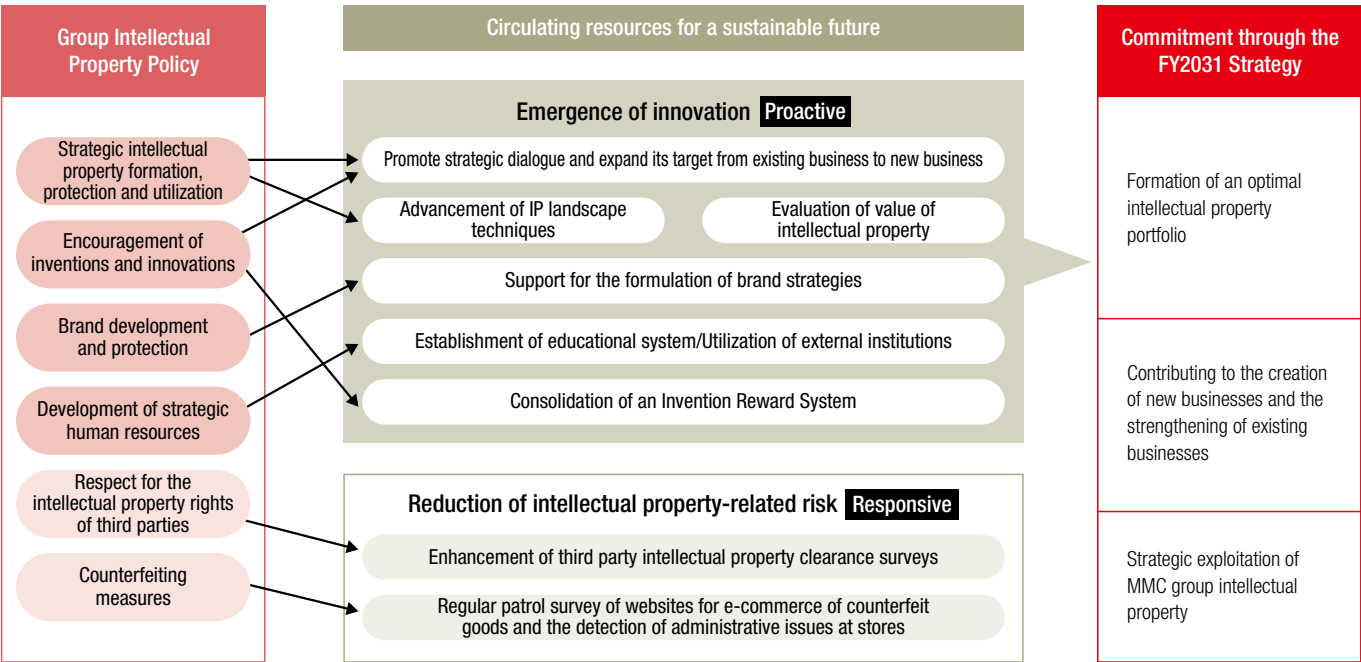
We are working on the advancement of IP landscape techniques, the establishment of intellectual property valuation methods, and strategic formation and utilization of intellectual property. These measures are important in order to achieve the targets set out in the FY2031 Strategy. We continue to enhance our analysis capabilities through the advancement of IP landscape techniques with the aim of providing management and technical information. Leveraging this information, we implement strategic intellectual property formation with the aim of optimizing our intellectual property portfolio in line with business and

development strategies. We also use intellectual property valuation methods to make strategic use of intellectual property while reviewing our intellectual property portfolio.

Specific Measures

In terms of measures for strategic intellectual property formation, we have carried out strategic dialogue since fiscal 2022. In the strategic dialogue, Business Divisions and the Intellectual Property Division share business and intellectual property information, and analyze this information with the aim of incorporating intellectual property perspectives into development and business policies. Going forward, we will extend this strategic dialogue to new businesses across the company and to Group companies. In addition to patents, brand development and protection is also becoming increasingly important. Accordingly, we will work to actively support brand strategy formulation. Continuing to develop talent that can make strategic use of intellectual property information and encouraging inventions and innovations through our Invention Reward System will also contribute to the success of the aforementioned measures.

Intellectual Property Strategy: Specific Measures





We will drive the manufacturing and R&D excellence strategy forward as we achieve our mission of improving profitability in the short term while realizing medium- to long-term growth.

Makoto Shibata
Managing Executive Officer
CTO, CDO, Responsible for Monozukuri and R&D Strategy,
DX Promotion, and System Strategy

Approach and measures behind promoting manufacturing and R&D as part of the FY2031 Strategy

We aim to strengthen the competitiveness of each business in the short term and achieve sustainable growth while responding to social demands in the medium- to long-term. To do this, we aim to be an organization that takes responsibility and acts with agility in areas from idea creation to core research and mass production.

In terms of manufacturing and R&D, the type of organization we strive to be and our raison d’être can be summarized as aiming to strengthen the competitiveness of each of the Group’s businesses in the short term and achieve sustainable growth while responding to social demands in the medium- to long-term.

In terms of social demands, initiatives to achieve carbon neutrality (GHG emissions reduction) and resource recycling are central to our work. In the short term, we will promote energy-saving and other business activities that reduce GHG emissions while also providing technical support for larger-scale recycling. From a medium- to long-term perspective, reducing GHG emissions is essential. In addition to this, our mission is to create value by proactively providing solutions to social issues, such as overcoming resource constraints and driving the transition to a recycling-oriented society. From a financial perspective, the Companies are the Business Divisions; that ultimately provide economic value, and we believe that a company only achieves its purpose when the Business Divisions are able to implement commercialization and profitability. As part of this process, appropriate division of roles between head office organizations and Business Divisions is crucial in order

to reach the desired outcome quickly and efficiently.

In establishing our current organizational structure, we aimed to be an organization that takes responsibility and acts with agility in areas from idea creation to core research and mass production. To that end, in addition to research and development, our work includes specialists in areas such as marketing, new business development, intellectual property and manufacturing. However, having so many people on board makes it difficult to manage an organization. We see this as one more challenge, one we feel ready to overcome on the road to success.

Smart factories are central to our measures implemented with the aim of “differentiation of manufacturing capabilities,” as stated in the FY2031 Strategy. Through this initiative, we aim to create high-efficiency factories that are easy to operate by fiscal 2031. These factories should produce high-value-added, environmentally-friendly, and highly-recyclable products. This requires high-level research and development capabilities and the ability to create intellectual property. We are also aiming for “proactive quality management” as part of our specialization. This means maintaining “reactive quality

management,” guaranteeing products with the quality promised to customers, while striving for manufacturing that achieves the same or better quality at a lower cost. We will promote various initiatives to this end, from continuing the fundamental practices of the 5Ss* to advanced data analysis.

In addition to manufacturing and R&D, we have also been working on DX and IT since the period of the FY2023 Strategy. Fiscal 2024 is the first fiscal year of the FY2031 Strategy and the time for us to whole-heartedly implement the four management reforms. We are determined to work as a team to ensure these various measures are implemented and lead to tangible results as soon as possible.

* The “5Ss” refers to five words that begin with “S” in Japanese: Seiri (Clearing out), Seiton (Clearing up), Seiso (Cleaning), Seiketsu (Cleanliness), and Shitsuke (Controlled behavior). It describes activities aimed at creating safe, healthy workplaces and improving productivity.

Medium-term Management Strategy FY2031
Functional Strategy
IT Strategy

We will aim to realize the MMC Group IT WAY by promoting IT modernization to support business.

We will invest on a scale of 10 billion yen while keeping IT costs below 1.0% of net sales* in fiscal 2031 as we move from legacy technology to global standard IT infrastructure.
*Currently approximately 0.8%

Mitsubishi Materials Group is currently utilizing systems developed with legacy technologies (legacy systems). We believe that moving from this legacy technology to global standard IT infrastructure is essential in order to pursue objectives such as making greater use of data, implementing work style reforms, and strengthening IT security measures. It is also crucial that we promote modernization and pursue IT governance (IT security) and IT synergy (commonization/standardization).

We will continue to formulate our IT strategy and provide implementation support on a Group-wide, long-term basis in order to ensure the Group’s continued growth and contribute to the realization of the goals of the FY2031 Strategy.

As part of this work, we plan to implement appropriate levels of IT investment while controlling spending in a suitable manner.

Policy on IT Initiatives	Major measures
Establish and execute the MMC Group IT WAY (IT governance and IT synergies)	<div>■ IT governance = IT security</div> <ul style="list-style-type: none">•Equalize global security levels and implement security measures appropriate for the times•Implement new network and cloud-based security for global common policies and Company-wide enforcement <div>■ IT synergy = Commonization/standardization</div> <ul style="list-style-type: none">•Promote the utilization of data analysis infrastructure, cloud infrastructure, and IT services common to the entire Group
Move from legacy to global standard IT infrastructure and implement appropriate information security measures	<ul style="list-style-type: none">•Gradually refresh systems developed with legacy technologies and move away from legacy architectures by approx. fiscal 2031•Implement ERP starting from accounting area to improve operational efficiency and data availability•Strengthen security measures against increasingly sophisticated external threats in both IT and OT
Develop and secure IT talent who are highly evaluated in the market, in business domains and building an optimal IT organization	<ul style="list-style-type: none">•Optimize the division of roles between the Strategic Headquarters, Companies, Function Companies, and External Partners•Governance and synergies (common and standardized), business support (individual systems), and execution functions•Develop career paths and education plans for IT talent to improve their expertise, while increasing IT talent by approx. 10% by fiscal 2031

Medium-term Management Strategy FY2031

Functional Strategy

DX Strategy (MMDX*1)

We leverage data and digital technology to implement three enhancement strategies, based on improving business added-value, business operation competitiveness, and management speed.

Related Information:
Sustainability Report
▶ Deepening of DX
<https://mmc.disclosure.site/en/>

DX Strategy

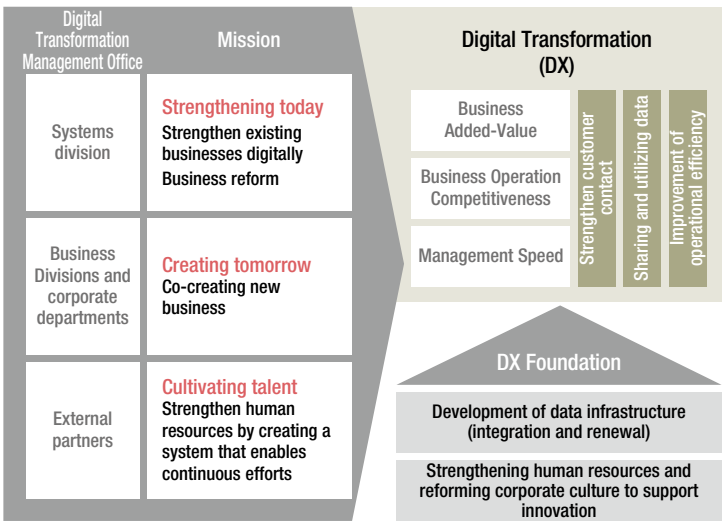
The Mitsubishi Materials Group implements DX strategies that serve as a foundation that enables us to prevail in global competition. We use data and digital technology to strengthen three key pillars of business, which are business added-value, business operation competitiveness and management speed.

Phase 1 of the FY2031 Strategy runs from fiscal 2024 to 2026 and

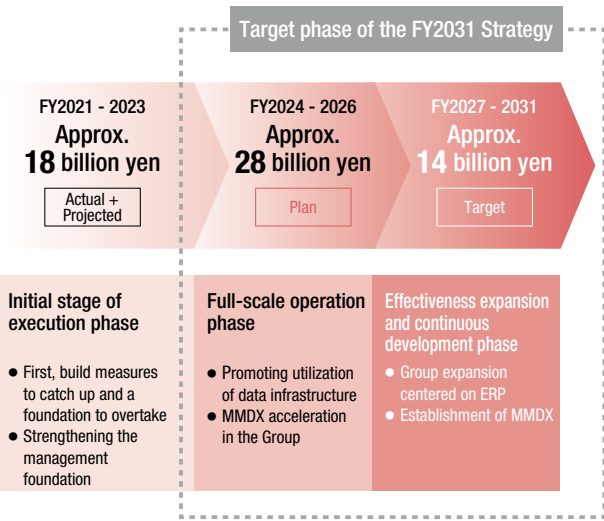
is positioned as the full-scale operation phase. In this phase, we will promote utilization of data infrastructure while accelerating MMDX implementation throughout the Group. Phase 2, fiscal 2027 to 2031, is the effectiveness expansion and continuous development phase. During this phase, we will carry out Group-wide expansion centered on ERP and work to maintain and enhance the establishment of MMDX.

*1 MMDX: Mitsubishi Materials Digital Business Transformation

DX Strategy



DX Strategy Phases



Efforts in MMDX 2.0

While our previous efforts through MMDX had started to show results in various areas, including the enhancement of customer touch points, there remained challenges to be overcome. This included limiting of theme setting to the manufacturing area, parallel implementation of work at separate organizations (such as smart factory activities), deficiencies during the implementation stage, and a lack of understanding of MMDX among on-site employees. With this in mind, we will focus on three key points under MMDX 2.0, starting in fiscal 2023.

The first of these is strengthening the manufacturing area. In order to provide efficiency and effectiveness for worksites, existing work such as smart factory-related activities by the Monozukuri and R&D Strategy Division has been incorporated into DX themes with the

aim of integrating themes and systems. With MMDX 2.0, we will also reorganize the themes into five areas, comprising business related DX, manufacturing related DX, and R&D DX as themes that are relevant as a manufacturing company, together with Company-wide DX and renewing key operation as themes that are relevant to the entire Company.

The second key point is strengthening the execution system. DX Management Office specialists have been transferred to Business Divisions and other bodies that implement DX themes, creating a DX promotion system in which Business Divisions and the DX Division are integrated. In addition, in order to enhance the execution capabilities of the digital and conventional IT areas, which are at the core of DX, and to promote utilization of advanced technology, IT functions have been

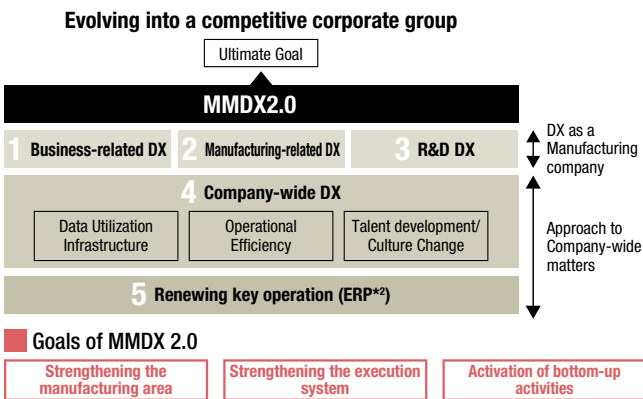
separated from the Group company Material Business Support (MBS) and Mitsubishi Materials IT Solutions (MMIS) has been established as a company with system-related functions, with the participation of some employees from the Head Office DX Promotion Department. Working together with Head Office, this company aims to improve business added-value, business operation competitiveness and management speed through MMDX and achieve more advanced data utilization, working methods and security through IT modernization.

The third and final key point is activation of bottom-up activities. In addition to existing top-down DX themes, we are working to ensure that MMDX comprises Company-wide activities with the engagement of worksites through a challenge program that allows for the creation and failure of themes from worksites and the provision of learning programs and support that accompanies for employees.

Case 1: MEX E-Scrap Business Platform

Our resource recycling business operates by accepting discarded circuit boards and other E-Scrap from around the world, then processing it into precious metals for reuse. The Mitsubishi Materials E-Scrap EXchange (MEX) E-Scrap Business Platform is the first in the industry to provide transaction information from delivery reservations to purchase price confirmation online. It contributes to increasing the transparency of transactions and convenience for stakeholders. Launched in December 2021, MEX is widely used and highly acclaimed by many recyclers and trading company customers involved in E-scrap businesses, including overseas. We are continuing to apply enhancements after the launch, making rapid changes based on

MMDX 2.0 Framework



Goals of MMDX 2.0



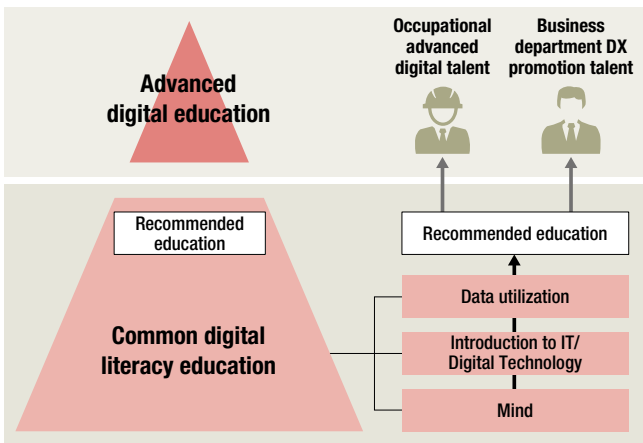
*2 ERP: Enterprise Resource Planning

Case 2: DX Talent Development and Literacy Improvement Initiatives

We are working to implement various measures to provide all employees with a place to learn and practice DX through our Company-wide activities. Among these activities, the development and deployment of DX education and training programs are an area of particular focus. For example, all of the approximately 2,500 employees for whom common digital literacy education is required had completed the course as of May 2023 (at least seven hours of attendance per person across all sessions). This course aims to encourage employees to take ownership of DX, raising standards in order to achieve transformation. A gradual rollout of advanced digital education, which is intended to develop talent with practical skills, has also begun, and we aim to have 1,000 digital specialists by 2025 and 2,500 by 2030.

We are also working to create an environment in which even those without DX-related experience can quickly put DX into practice. Efforts in this area include actively promoting Company-wide dissemination regarding the business intelligence (BI) tool Tableau. As of May 2023, this had succeeded in expanding the number of active users to approximately 1,800.

Overview of DX education and training programs



A competent group of professionals with specialized knowledge and skills, putting Group-wide strategy into practice through effective execution

Jun Nagano
Managing Executive Officer
President, Professional CoE



The mission and future initiatives of Professional CoE

With a focus on enhancing and streamlining corporate operations, Professional CoE strives to deliver high-quality output and improved productivity, aiming to realize the overall corporate strategy. It also contributes to the strengthening of the business competitiveness and profitability of Companies by providing specialized support to Business Divisions.

The goals of Professional CoE and review of fiscal 2023

Mitsubishi Materials Corporation underwent a Group-wide reorganization as part of its Corporate Transformation (CX) in April 2022. As part of this restructuring, the previous Corporate Division was split into two entities: the Strategic Headquarters, which is responsible for formulating Group-wide strategies, and Professional CoE, which is focused on realizing these strategies. Professional CoE is a specialized organization that consolidates functions for the realization of strategies that were previously handled by various departments within the Corporate Division. As a team of professionals equipped with specialized knowledge and expertise, our primary objective is to put Group-wide strategies into practice through sophisticated execution. In order to make Group-wide strategies a reality, we aim to elevate the level of our corporate operations to deliver high-quality output while also improving operational efficiency and achieving high productivity through agile execution. Through these efforts, our mission is to contribute to stable management and improved corporate value on a Group-wide basis.

As a newly-formed organization, a large part of our focus in fiscal 2023 was on communication to ensure that all team members have a clear understanding of our mission, roles and objectives.

We actively engaged in direct dialogue with team members through various channels, including town hall meetings, Roundtables, and 1-on-1 meetings. In addition, recognizing the significance of reducing indirect costs, we worked to visualize the costs of each department, promoted cost consciousness in business operations and brought forward appropriate countermeasures. As a result, we streamlined the organization by consolidating routine operations within the Corporate Division, outsourcing them to shared service subsidiaries, and streamlining overseas subsidiaries under our jurisdiction.

Realizing the targets of the FY2031 Strategy

As a cost center, we at the Professional CoE have a crucial role to play. We must consider how we can contribute to the profit targets of the FY2031 Strategy, then take concrete actions to deliver results. To achieve this, we are focused on improving productivity by streamlining operations and reducing indirect costs.

As part of our DX initiatives, we have also started the introduction of Enterprise Resource Planning (ERP) in the accounting domain. In the procurement domain, we have also initiated the introduction of a new procurement system to replace the current one. As an organization responsible for building these Group-wide systems, we recognize the importance of working with a sense

of urgency, as it plays a crucial role in supporting the realization of the FY2031 Strategy.

Furthermore, one of our critical roles is to make an indirect contribution to profitability by providing agile operational support to Companies, which are profit-earning entities. By providing support based on high levels of expertise, we can help to further enhance Companies' business competitiveness and supporting enhancement of profitability, ultimately contributing to the achievement of the FY2031 Strategy targets.

In our second year as a new organization, we are committed to further accelerating enhancements to the sophistication and efficiency of our operations and reaping the fruits of groundwork we laid in our first year. We will also continue to make significant progress in reducing indirect costs by implementing operational efficiency, which will contribute to enhancing the profitability of the Group. By aligning the vectors of the people within the organization and applying new ideas and decision making criteria, we will implement even more effective measures and demonstrate our ability to be a Corporate Division that outperforms external organizations.



Hidetoshi Asanuma	Kotaro Matsumoto	Yu Sasaki	Yuki Hamanaka
Joined MMC in 2009 Strategic Headquarters Monozukuri and R&D Strategy Division New Business Development Department Business Development Group	Joined MMC in 2020 Advanced Products Company Electronic Materials & Components Division Sales Department, Chemicals Group	Joined MMC in 2021 Metalworking Solutions Company Akashi Plant Administration Department, General Affairs Section	Joined MMC in 2015 Metalworking Solutions Company Tsukuba Plant Material Development Department, Material Development Section

Special Feature:

To Fulfill Our Commitment to the Future

Our ambassadors implement various measures to help each employee take ownership of our Group's Commitment and apply it in their own actions. Four members of the team spoke to us about the vision behind Our Commitment as set out in the FY2031 Strategy, their own personal commitments, and the activities they are engaged in.

How do you spread the word about Our Commitment through your ambassador activities?

Yuki Hamanaka (YH): In the FY2031 Strategy, the Mitsubishi Materials Group set out Our Commitment of "For people, society and the earth, circulating resources for a sustainable future." As ambassadors, we work as a team to think about the best way to communicate this within the Group, then put that into action. **In the FY2023 Strategy, we declared out intention to contribute to the building of a prosperous society, a recycling-oriented society and a decarbonized society as part of our Mission. While this could be interpreted as somewhat passive, with the FY2031 Strategy, we clearly stated that we strive to "circulate resources for a sustainable future" as part of Our Commitment, expressing our purpose as a Group with even greater clarity.**

Hidetoshi Asanuma (HA): I have been engaged in ambassador activities since the first round. The first round coincided with the FY2023 Strategy, under which the Mission was phrased in a way that put the emphasis on the Company. With the FY2031 Strategy, the shift to Our Commitment puts the focus on "us" and feels more proactive. **In the course of my workplace**

interviews with colleagues, they also stated, that the change to "our" has made it easier for them to see how they can take ownership of the Group's Commitment. We have started out by communicating the Group's Mission in writing through the in-house website Link MATERIALS, but in fiscal 2024, we are digging deeper through discussions with ambassadors from various departments to find effective ways to get our message across.

Yu Sasaki (YS): On a personal level, I have to say that the inclusion of "Our" has helped me to take ownership of Our Commitment as a Group. As ambassadors, it's our job to effectively communicate Our Commitment to the people around us. **In addition, the questionnaires and comments we receive in relation to our ambassador activities give me a real sense that everyone is thinking about the Commitment.**

Kotaro Matsumoto (KM): Personally, I had some doubts about whether the Mission set out by the Group in the FY2023 Strategy had been successfully spread throughout the Group. **With the FY2031 Strategy, I feel that the fact that each and every one of us has an essential role**

in reflecting Our Commitment through our actions has been communicated across the Group. Our activities as ambassadors are also an opportunity to raise awareness of how each employee's work is connected to the Group's Commitment.

YH: At the end of the day, I think that "us" and "the Company" both mean the same thing. However, I can see that this simple change in wording has had an impact on awareness among people throughout the Group. In our ambassador activities, we exchange opinions about the work we want to do, then implement initiatives based on various themes. **We also engage in dialogue with external parties, and knowing how the Group is viewed externally and the ways in which our work is benefiting society helps us take pride in what we do as part of Mitsubishi Materials Group.**

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“ I take pride in being part of Mitsubishi Materials Group, and want us to be a Group that meets society's needs and is appreciated by people around the world. I want to take our corporate value even further through connections that transcend Divisions and Companies, making most of the technologies that Mitsubishi Materials Group has to offer by further expanding my knowledge of our products and services. ”



Knowing how the Group is viewed externally and the ways in which our work is benefiting society helps us take pride in what we do as a Group

I get a real sense that everyone is thinking about Our Commitment

What initiatives are you involved in to communicate Our Commitment and what elements are you particular about?

HA: Ambassador activities generally end after a one-year term, but I believe the way of thinking and acting stays with you far beyond that. I hope to remain active as one of the alumni of the ambassador program. I am involved in the development of new businesses, and we are working to design business strategies, business plans and concepts that can enhance corporate value in the future. **I want to maintain strong awareness of "circulating resources for a sustainable future."**

YH: I work in material development as part of the Metalworking Solutions business, so I'm involved in the "arterial" side of circulation. While there is awareness that what we do can lead to prosperity for people, I don't think I can quite say that Our Commitment is always top of mind. I want to regularly review the actions and decisions I take in my day-to-day work to see if they align with this Commitment. My hope is to be constantly mindful of whether or not the

products we are developing reflect the Group's Commitment.

KM: Becoming an ambassador has enabled me to work with people I don't usually interact with, and I have learned a lot about what kind of businesses the Group is engaged in. **With the in-house company system, businesses are divided vertically and by specialization, meaning customers are often unaware of other Companies. I think we have to make sure we can provide value throughout the value chain.**

YS: **I think the creation of a recycling-oriented society means circulating resources for a sustainable future. Recycling of carbide tools in the Metalworking Solutions business is one example of this.** I want to continue designing and implementing systems for the Group. Moving forward, I hope to support businesses in departments that connect with people, and make a contribution that benefits customers and other stakeholders.

HA: We can play a role in creating a recycling-oriented society by going beyond making and selling products to also recover them at the end of their life. Circulation has always been part of the relationship between people, society and the earth, and designing this is crucial. I am currently involved in new business development. I will strive to apply awareness of creating a recycling-oriented society to this work and plant the seeds of businesses that will create value in that area.

KM: I work in the Sales Department of the Electronic Materials & Components business. In the semiconductor-related market, developing products in line with the customers' roadmaps and creating systems that can respond to changes in supply and demand are the epitome of design, and I hope to continue focusing on fulfilling my responsibilities on the "arterial" side of the supply chain.

What future initiatives do you have planned, and what is your personal Commitment?

KM: I take pride in the Mitsubishi brand and the value we offer. As a next step, **I want to take even greater pride in being part of Mitsubishi Materials Group and contribute to businesses unique to our Group. By encouraging this throughout the Group, I hope that we can become a Group that meets the needs of society, is appreciated by people all over the world, and attracts a large number of supporters.**

YH: I also think it's important to take pride in what you do. That's precisely why I decided to become an ambassador. I hope to enrich people's lives by enabling even more people to take pride in their work and the Group.

YS: Being an ambassador is a privilege because it enables me to work with people from different backgrounds, regardless of the Company they work at. It's a chance to talk freely and learn things I would never have realized through my regular work. In the future, I would like to see our regional sites shine even brighter. **The spread of online meetings and tools have made it possible to work with a variety of people, and I would like to build more connections between people in charge of general affairs and human resources at other locations, including Head Office.**

HA: Until now, I had few opportunities for dialogue with people outside the Company.

Becoming an ambassador gave me the opportunity to meet the people who support the advancement of the Group's world- and market-leading products. I feel like I can help to take the Group and our corporate value even further by making most of the technologies that Mitsubishi Materials Group has to offer by further expanding my knowledge of our products and services at other Companies. **In the future, I want us to contribute to society and local communities more than ever, and to become indispensable in their respective cycles. I hope that new businesses have a role to play in this area.**



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