

Overview of Sustainability Activities

Based on our corporate philosophy of “For People, Society and the Earth,” the Group will actively and proactively address sustainability issues, promote business activities that earn the trust of our stakeholders, and fulfill our social responsibilities.

FY2023

E

Cooperation with a Demonstration Project for Certifying “Natural Symbiosis Sites”

We cooperated in certification verification projects, such as the examination process for the Ministry of the Environment’s certification of “Natural Symbiosis Sites.” This system is used to certify areas where biodiversity is being conserved through private sector efforts and will be implemented starting in fiscal 2024.

Teine Forest, one of the Materials' Forests (Sapporo, Hokkaido)

“Mitsubishi Materials Sustainability Innovation Collaborative Research Cluster” Established in Collaboration with Tokyo Institute of Technology

With the support of the Tokyo Institute of Technology, we have established the “Mitsubishi Materials Sustainability Innovation Collaborative Research Cluster” to conduct research on innovative materials and processes that contribute to a sustainable society. Here we will promote joint research on composite materials, next-generation batteries and CO₂ utilization.

Selected for CDP’s 2022 “A List,” the Highest Rank, for the First Time in the Water Security Category

The CDP promotes international disclosure of environmental information. The NGO selected us for their “A List,” the highest rank, for the first time, in the Water Security category for our initiatives and information disclosure regarding water resources.

Participation in a New Geothermal Development Project in the Esan Area, Hakodate City, Hokkaido

Through investment in Hakodate Esan Geothermal LLC, we will contribute to project success by leveraging extensive experience and a wealth of technological capabilities cultivated over many years of coal and metal mine development and management.

Use of Power Derived from Renewable Energy via In-house Hydropower Generation for the Company’s Own Plants

We will accelerate our GHG emissions reduction initiatives by applying environmentally valuable renewable energy electricity from our Oyu Power Plant to power a portion of the electricity consumed at our Tsukuba Plant and Akashi Plant.

Commencement of Commercial Operation of the Komatagawa New Power Plant

At the Komatagawa New Power Plant, we are efficiently taking in water released as unused energy and using it to generate power. All the electricity generated is then supplied to society through the feed-in tariff system for renewable energy.

Inside of the Komatagawa New Power Plant (water turbines and generators)

FY2024

Formulation of the Medium-term Management Strategy FY2031

Through our Medium-term Management Strategy (the FY2031 Strategy) covering the period from fiscal 2024 to fiscal 2031, we strive to improve our enterprise value and equity value. We are committed to achieving carbon neutrality by fiscal 2046 and reaching 100% self-sufficiency in renewable energy by fiscal 2051.

Selected for the First Time as an Environmentally Sustainable Company

We have been selected as an Environmentally Sustainable Company in the Environmentally Sustainable Company Category at the ESG Finance Awards Japan sponsored by the Ministry of the Environment in recognition of our strides in disclosing our strategies and other information on key environmental issues.

Revision of Greenhouse Gas Emissions Reduction Target and Scenario Analysis of Climate-Related Risks and Opportunities

The Group revised its GHG emissions (Scope 1 and Scope 2) reduction targets in February 2023. The base year for a 47% reduction of GHG emissions over fiscal 2014 was set to fiscal 2021, with a 45% reduction (53% over fiscal 2014) by fiscal 2031. This was revised to July 2023 due to the sale of Diasalt Corporation in March 2023, etc. We conducted scenario analysis based on TCFD recommendations to analyze climate-related Group risks and opportunities, and established business indicators and targets that align with the FY2031 Strategy.

Acquisition of Science Based Targets (SBT) Certification

We have obtained SBT certification from the SBT Initiative, an international organization that certifies GHG emissions reduction targets that are in accord with the Science Based Targets (SBT) set by the Paris Agreement. Moving forward, we will continue to thoroughly implement manufacturing that takes reduction of environmental impact into account, and actively promote the reduction of GHG emissions to contribute to the realization of a decarbonized society.

S

Participation in G20 EMPOWER

We have participated in “G20 EMPOWER,” a global alliance, to accelerate women’s leadership and empowerment. We are strengthening Diversity and Inclusion initiatives by sharing information and learning among other participating companies.

Received a “Bronze” award in the PRIDE Index 2022

We were awarded a bronze in the PRIDE Index 2022, an index for evaluating companies’ efforts to address issues confronted by LGBTQ+ and other sexual minorities.

Release of “Declaration for Building Partnerships”

We have endorsed the goals of the “Council for Building Partnerships for a Better Future,” and have released our “Declaration for Partnership Construction.” We aim to build new partnerships by promoting collaboration and mutual prosperity with our trading partners and stakeholders across the supply chain.

Certified as a Health & Productivity Management Outstanding Organization 2023 (Large Enterprise Category) for the Second Consecutive Year

We have been certified for the second year in a row as a “Health & Productivity Management Outstanding Organization 2023 (Large Enterprise Category)” under the “Certified Health & Productivity Management Outstanding Organizations Recognition Program” as selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

School that Utilizes Timber from Our Company-owned Forest to Open in Hokkaido

The Hokkaido Abira Municipal Hayakita Gakuen that utilizes timber produced from our forest opened in April 2023. We will contribute to the realization of a sustainable society through local production for local consumption that utilizes Company-owned forests.

Interior of the school building that utilizes timber from our forest

Certified as a “Sports Yell Company 2023”

We were certified as a “Sports Yell Company” by the Japan Sports Agency for the first time. This certification is awarded to companies that actively engage in sports to promote employee health. We are working to improve our health and productivity management activities as well as establish healthy lifestyles for our employees.

Formulation of Community-based Social Contribution Policy

We aim to exist in harmony with local communities by actively contributing in ways that solve social issues related to topics such as Diversity and Inclusion, nature conservation, next-generation education and minority community concerns.

G

Launched the special website for Our Commitment

Group Governance

We have launched a special website for Our Commitment to share the progress we have been making since fiscal 2022 to develop inner branding initiatives that make Our Commitment a personal mission for each of our employees to our stakeholders.

Change of certified public accountant

Corporate Governance

The certified public accountant was changed at the time of the 98th General Meeting of Shareholders, held on June 23, 2023.

Renewal of Sustainability Management System

Corporate Governance

On July 1, 2023, we established the Resource Circulation Strategy Meeting and restructured the former Sustainable Management Office into the SCQ Promotion Office.

Related Information:

Integrated Report

► Establishment of Resource Circulation Strategy Meeting P66

Launched the Mitsubishi Materials ESG Report 2022

This report provides stakeholders with an understanding of the Group’s approach and initiatives for sustainable management, as well as results challenges and the direction of those initiatives.

Organized the Sustainability IR Meeting

We held a briefing regarding sustainability that focused on the contents of Integrated Report 2022

Achieved AA Rating for the First Time in the MSCI ESG Ratings Assessment

The Group received its first AA rating in the MSCI ESG Ratings, which highly evaluated our efforts to reduce GHG emissions, address water stress and handle hazardous waste.

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Selected for the first time as a “Noteworthy DX Companies 2023” in “DX Stocks 2023”

In recognition of our DX achievements, talent development, and efforts to foster a corporate culture, we have been selected for the first time as a “Noteworthy Digital Transformation (DX) Companies 2023” in a program run by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan.

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MITSUBISHI MATERIALS CORPORATION INTEGRATED REPORT 2023 65

Renewal of Sustainability Management System and Establishing the “Resource Circulation Strategy Meeting”

The newly established “Resource Circulation Strategy Meeting” works on sustainability issues related to resource recycling. It also handles other sustainability issues through committees as required, functioning as an axis through which strategic initiatives are employed. Furthermore, the “SCQ Promotion Office” handles themes related to risks that must be prioritized to ensure sustainable company growth.

Clarifying Sustainability Issues and Strengthening Response

The “Sustainable Management Office” was established in April 2020 to centrally address various management issues, including sustainability, and is headed by the CEO. In December 2021, Sustainability Policy was established, then in June 2022 the Sustainability Committee was established as an advisory body of the Board of Directors to promote sustainable management.

In the FY2031 Strategy that started in April 2023, MMC has newly set out Our Commitment of “For people, society and the earth, circulating resources for a sustainable future,” and is working to 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.

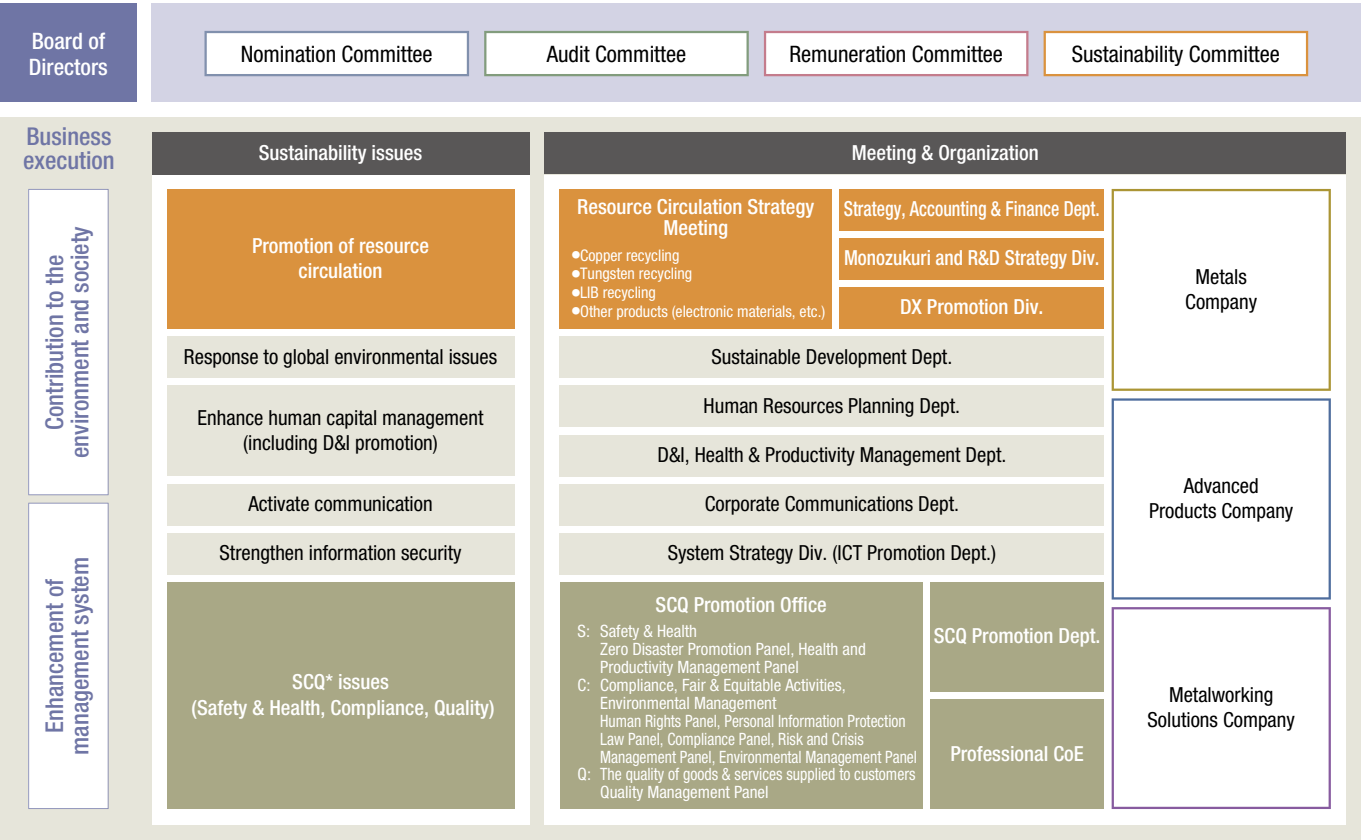
In line with the FY2031 Strategy, from July 1, 2023, MMC has decided to renew our sustainability management system with the aim of pursuing a more strategic perspective on sustainability issues that contribute to the environment and society, such as “promoting resource recycling,” “addressing global environmental issues,” and “strengthening human capital management.” In particular, regarding resource recycling, the newly established “Resource Circulation Strategy Meeting” will study the concept of resource circulation for our product lines from the perspective of long-term, Company-wide optimization.

Furthermore, the former “Sustainable Management Office” was reorganized into the “SCQ Promotion Office,” where we will continue to carry out initiatives with the CEO as the head, focusing on themes related to risks that must be prioritized in order to ensure sustainable company growth, such as safety, health, compliance and quality.

The Resource Circulation Strategy Meeting will mainly handle the following themes under the overall supervision of the CTO and CFO. Main Resource Circulation Strategy Meeting themes

Main Resource Circulation Strategy Meeting themes

- Verification of scenario planning for long-term social and economic trends
- Verification of the Medium-term Strategy FY2031
- Examination of new business development consistent with long-term direction
- Examination of necessary reforms for resource recycling strategies
- Creation of a long-term resource recycling strategy roadmap



Workplace Safety and Hygiene

Safety & Health are given the first priority in business decisions made at the Mitsubishi Materials Group.

The MMC Group Code of Conduct states in Article 2: “We are committed to providing a safe and healthy environment for all our stakeholders.” This commitment reflects our realization that we must preserve our employees’ safety and health to enable them to provide their families with secure and happy lives, and to contribute to our effective operation and continued development as a company.

In our SCQDE order of priority in business decisions, “S” (Safety & Health) is given the first priority.

MMC Group Basic Policy on Safety and Health Management

- 1) We will carry out safety and health activities based on full participation from all employees, underpinned by leadership and initiative from the Chief Executive Officer and other managing personnel.

2) We will ensure that all employees comply with the Industrial Safety and Health Act and other applicable legislation, manuals and operating procedures, and establish a workplace culture whereby everyone follows the rules and ensures that others do too.
- 3) We will make every effort to create pleasant workplaces that are healthy for both body and mind, for all employees, through activities aimed at creating open workplaces and promoting health.

4) We will take preventive measures in accordance with Ministry of Health, Labour and Welfare guidelines on the prevention of work-related traffic accidents and improve road etiquette amongst all employees, in order to eliminate traffic accidents based on Our Commitment to promoting road safety activities as an example to society as a whole.

Promotion of Safety and Health Activities

In 2014, an explosion at the Yokkaichi Plant* took the lives of five employees of MMC and partner companies, which was one of our plants at the time. Based on a strong determination to never allow such an accident to occur again, the Group launched the Zero Occupational Accident Project in 2014 for the goal of eliminating all serious accidents, and is now promoting a safety management system for the entire Group.

In 2024, we will continue to aim for the goals set in the Zero Occupational Accident Project, which is to have zero accidents resulting in four or more lost days over the course of a year, and eliminate fires, explosions and other accidents. In 2023, while the total number of accidents has decreased, there were, unfortunately, fatal accidents caused by heavy machinery, so we are continuing to thoroughly improve facility safety through risk assessments. Furthermore, there were 22 (13 non-consolidated) fire and explosion accidents in 2022, which is more than the double the 10 (7 non-consolidated) that occurred in 2021. We are focusing on operations related to preventing such accidents.

*On March 31, 2023, we transferred our polycrystalline silicon business to High-Purity Silicon Corporation through an absorption-type split, and transferred all of its shares to SUMCO Corporation.

Related Information:

- Sustainability Report

► Workplace Safety and Hygiene

<https://mmc.disclosure.site/en/>
- Corporate website

► Safety and Health Activities

<https://www.mmc.co.jp/corporate/ja/company/safety.html>

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

Hazard Sensitivity Education

In order to improve risk sensitivity, the Company is working to provide the opportunity to experience hazards and to detect risks in the workplace. At the Safety and Health Education Center, Midori-kan located at the site of our Saitama Office, we provide hazard sensitivity training (50 types of simulation equipment) and safety and health education for our Group employees. Dismantlable, portable virtual reality (VR) hazard experience devices are also used to improve risk sensitivity at the various business sites of the Group.



Simulation of Chemical and High-Pressure-Water Hazards



Simulation of Explosion and Gas Hazards

Flying object accidents caused by failed crane operation (Implementation of VR education)



Respect for Human Rights

Responsibility in Value Chain

The Group conducts human rights due diligence and manage human rights risks under a Human Rights Policy that comprehensively covers our business activities.

Human Rights Policy

In order to expand our business globally, the Group believes that it is essential to comply with the laws and regulations of each country, and also respect international human rights standards. Therefore, in December 2021, we formulated our Human Rights Policy and our Procurement Policy in order to manage human rights risks and strengthen our human rights-related efforts.

We signed the United Nations Global Compact and registered as a participating company as of March 22, 2022.

Related Information:

- Corporate website
- Sustainability
- <https://www.mmc.co.jp/corporate/en/sustainability/humanrightspolicy.html>

Human Rights Due Diligence

The Group implements human rights due diligence to identify, assess, mitigate and prevent negative impacts on human rights related to our business activities. In the above identification and assessment, we extract and analyze human rights issues in the value chain and take in the opinions of outside experts.

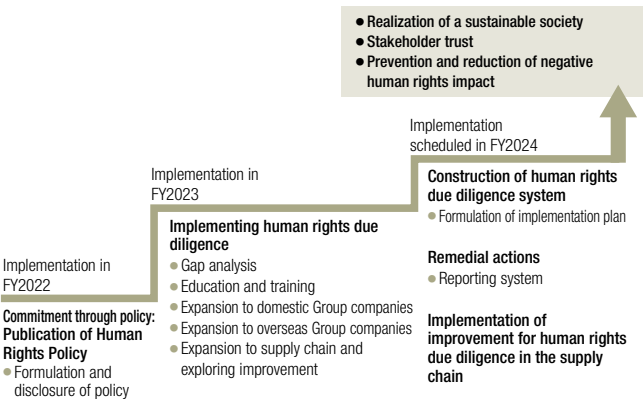
| | |
|--|---|
| | Human rights risks assessment |
| | Overall design of human rights risk management procedures |
| | Developing a roadmap for human rights due diligence |

Human Rights Roadmap

In order to strengthen our human rights-related efforts, the Group first centers its efforts on human rights due diligence promotion on Group companies. We then continue to strive to reduce human rights risks and promote initiatives in partnership with our suppliers (business partners). Concurrently, we work to further disseminate these policies internally through human rights awareness training, etc., and will expand this globally in fiscal 2023. Based on the results of fact-finding surveys on human rights issues, we plan to establish a PDCA cycle for identifying and reviewing presumed risks.

Since fiscal 2022, we have worked on the following items in accordance with the United Nations Guiding Principles on Business and Human Rights in order to mitigate and prevent our business activities from negatively impacting human rights.

- Dissemination of commitment to human rights policy
- Implementing human rights due diligence
- Remedial action (processes that enable remedial action for negative impact on human rights caused or promoted by businesses)



Responsible Procurement

Throughout our value chain, we engage in fair, impartial trade and collaboration/coexistence with our business partners. From the perspectives of CSR procurement, we make efforts to engage in sound procurement focusing on anticorruption measures, legal and regulatory compliance, health and safety, environmental conservation, and respect for human rights.

We import copper concentrate, the main raw material in copper products, from overseas mines, so we carry out procurement activities that take into consideration the impact of mine development on the environment and local society. We attach great importance to dialogue with indigenous peoples and local communities, such as by participating in advisory committees of mines with interests of a certain scale. We also require overseas mines to comply with our CSR standards and we make efforts to confirm their compliance status through periodic questionnaires.

With respect to the conflict minerals issues, we are strengthening our efforts from the wider perspective of the Responsible Minerals Initiative in order to fulfill our social responsibility as a company engaged in global procurement activities.

Related Information:

- Sustainability Report
- Sustainable Supply Chain Management
- Stakeholder Communication
- Respect for Human Rights
- <https://mmc.disclosure.site/en/>

Environment Protection Technologies and Biodiversity

The Group is committed to protecting the environment and to pursuing effective use and recycling of resources based on our Environmental Policy, and seeks to prevent pollution in the vicinity of our business operations and to develop various activities as part of our efforts to create a decarbonized society.

Environmental Policy

This Environmental Policy of the Mitsubishi Materials Group was established based on the Sustainability Policy and is considered to be the foundation for the business activities of the Mitsubishi Materials Group.

1. Promote recycling and provide environmentally friendly products

2. Advance decarbonization

3. Respect biodiversity

4. Effectively use and conserve water resources

5. Sustainably manage company-owned forests

6. Encourage environmental education and harmonious coexistence with society

Related Information:

Corporate website

►Sustainability

<https://www.mmc.co.jp/corporate/en/sustainability/>

Environmental Management Activities

The various business sites of the Group operate an environmental management system such as ISO14001 to ensure legal compliance and promote continuous activities for improving environmental performance. In order to ensure that the managers that promote these activities have the required knowledge on environmental technologies and laws and regulations, we developed and adopted an environmental education program and a legal check system required for daily management.

Compliance with Environmental Laws and Regulations

Information on revisions to laws applicable to the Group are disseminated throughout the Company, and briefing sessions are held for revisions that require large-scale adjustment or changes to facilities in order to ensure all business sites can respond reliably. Furthermore, each business site and the Internal Audit Department confirm compliance with environmental laws and regulations.

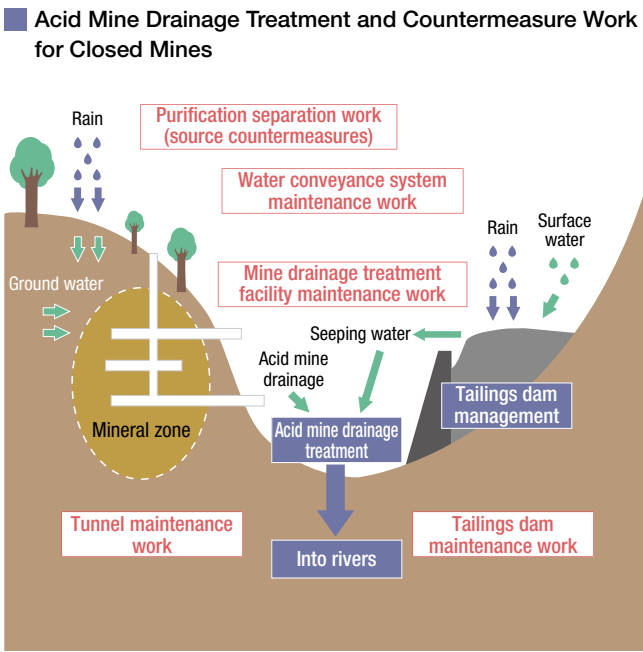
Regarding the status of compliance with environmental laws and regulations in fiscal 2023, there were no adverse dispositions (permit revocations, operation suspension orders, facility suspension orders, fines, etc.) by regulatory authorities.

Management of Closed Mines

All nonferrous metal (copper, lead, zinc, etc.) mines owned by the Group in Japan have been suspended or closed, and we spend roughly 4 billion yen per year are spent on Acid mine drainage treatment and tailings dam maintenance and management that is currently in place at 21 closed mines across 15 sites and locations.

At closed mines, the rainwater and groundwater permeate into the underground tunnels and mining cavities in the mineral zones that were created by past mining operations, and acidic mine water is generated by contact with oxidized ore. In addition, seepage water is generated when rainwater or surface water come into contact with slag, which contains heavy metals, at collection sites. Such acid mine drainage is neutralized at treatment plants, and after removing the heavy metals, it is then discharged into rivers according to Effluent Standards. Furthermore, we manage tailing dams, conduct maintenance of old underground mine workings (mining levels, drifts and drainage tunnels), and implement safety measures at disused pit mouths and subsidence sites.

Since 2015, our Group has been implementing responses to instability caused by natural disasters and other risks by conducting protective guards against contamination and other threats, reinforcing tailing dams in preparation for large-scale earthquakes, and working to increase the capacity of mine drainage treatment facilities and update aging equipment. The costs of such construction are accounted for as a provision within environmental measures, and we do not believe there will be any additional large expenditures for the time being.



Consideration of Biodiversity

The preservation of biodiversity is an element that forms the basis of our approach to business. We clarify this point both internally and externally by stating, “We will be more considerate of biodiversity and work to live in harmony with nature,” in the Article 5 of our Code of Conduct. In addition, in our Environmental Policy we state, “We engage in business activities that take ecosystems into account throughout our value chain, including the development of natural resources.”

The overseas mines from which raw materials are procured are particularly significant in terms of their impact on biodiversity due to Group business activities. Among these, the copper mines in which we have invested play a crucial role as important procurement sources. In each case, a thorough environmental impact assessment is conducted before the start of mining projects, with ongoing environmental monitoring even after the project begins. At copper mines where development projects are underway, we are conducting foundational surveys to assess environmental impact and collecting data to support biodiversity conservation efforts.

We own about 14,000 ha of forest across Japan and practice forest management and control in consideration of the habitats of animals and plants living there. We also carry out wildlife monitoring and include rare species confirmed to be living in the areas on our red list. In addition, our nine forests in Hokkaido have obtained certifications for sustainable forest management with consideration for biodiversity.

In April 2022, we were registered as a participating company of the 30 by 30 Alliance for Biodiversity. In addition, we are engaged in a pilot project for the certification of “Natural Symbiosis Sites,” and strive for OECM^{*1} designation for company-owned forests, to contribute to the building of a sustainable society.

^{*1} Other Effective Area-based Conservation Measures
Areas that contribute to biodiversity conservation other than protected areas, such as private sector forests, etc.



A juvenile tree of the endangered Acer miyabei Maxim

Participation in the 30 by 30 Alliance for Biodiversity

In 2022, we were registered as a participating company of the 30 by 30 Alliance for Biodiversity, led by the Ministry of the Environment. This alliance is a coalition of the willing established for the achievement of the nature-positive global goal to halt and reverse biodiversity loss by 2030. The Group agrees with the purpose of establishing this alliance, and by aiming for future OECM designation for company-owned forests, we will contribute to the realization of a sustainable society.

To accomplish this goal, Japan, with the aim of achieving the conservation and protection of at least 30% of the country's lands and waters by 2030, has committed not only to expanding protected areas such as national parks, but also to designating as OECM areas other than protected areas, such as company forests.



Cooperation with a Demonstration Project for Certifying “Natural Symbiosis Sites”

In 2022, the Group cooperated with the Ministry of the Environment's pilot project for certification of “Natural Symbiosis Sites.” Our site will start in fiscal 2024 as a system for certifying areas where conservation of biodiversity is sought through private sector and other initiatives. The intention of the certification demonstration project is to start the certification review process without delay, with 30 by 30 Alliance member companies cooperating through activities such as providing information. We will provide a case study about our activities in Teine Forest, which is one of company-owned forests “Materials’ Forests”, to support the establishment of the certification system.



Larch forest

Related Information:

Sustainability Report

►Contribution to Global Environment

<https://mmc.disclosure.site/en/>

Compliance

“Compliance” serves as a vital component of a company as the foundation for achieving sustainable development. The Group implements measures for spreading and establishing an awareness of “compliance” as a means to fostering an ethical corporate and organizational culture.

Spreading and Establishing an Awareness of Compliance

Our broad view of compliance encompasses such elements as corporate ethics and social norms in addition to legal compliance, reflecting our sincere determination to live up to our stakeholders’ expectations.

We are continually implementing new measures to enhance our Group-wide compliance framework, including domestic and overseas training aimed at realizing our steadfast commitment to improving compliance awareness among individual Group employees. We will strive to further spread and establish an awareness of compliance and related initiatives.

Activities Conducted to Raise Compliance Awareness

Since 2006, the Mitsubishi Materials Group has designated October as Corporate Ethics Month. Each October, the CEO posts a message on the Company intranet, and business sites and Group companies plan and conduct unique activities.

In order to instill our Corporate Philosophy, Vision, Mission, Values, Code of Conduct and Our Commitment in Group employees, we created cards, posters and the Handbook for Our Group Employees, Basic Edition, in 20 languages. The cards and posters were distributed at sites globally, the Handbook for Our Group Employees, Basic Edition, was distributed using company intranet in order to share this information with employees across the globe. Additionally, an employee handbook case study collection was distributed via the intranet and used in training activities conducted by Group companies in Japan. The Code of Conduct includes Antimonopoly Act compliance.

We are working to spread awareness of the SCQDE (see p.1) through training, education, posters and cards, etc.

We are striving to build an organization and corporate culture with good and healthy communication where employees have unrestricted communication, efforts that will further enhance Group governance. Recognizing that these efforts help to prevent compliance violations, we are working to strengthen communication through town hall meetings (dialog meetings), training, etc.

Additionally, through small group compliance activities, we are working to foster compliance awareness and improve workplace communication by having employees share a healthy sense of urgency, view issues as those that affect them, and exchange opinions.



Handbook for our Group Employees

Expanding and Reinforcing Compliance Education

We provide compliance education and training for Mitsubishi Materials Group employees in Japan and overseas by utilizing external instructors, e-learning, etc.

We have constructed a framework that enables every employee in every domestic Group company to participate in compliance training once a year. From fiscal 2021, we have been promoting online participation in this training. We also regularly conduct workshops and training by job grade, etc.

For overseas education and training on compliance, we consider training content while taking into account the circumstances in each region of the world. We distribute training videos in multiple languages in order to conduct training efficiently in a wide range of regions through two-way interactive training that emphasizes communication.

Since 2018, our senior management and external lawyers have been providing governance training for directors of the Group companies in Japan. The training is designed to help them to understand the duties and roles that managers must fulfill with respect to governance and compliance, and to foster an awareness and acquire the means to fulfill them. From fiscal 2022, we will also conduct overseas training with instructors that include both senior management and outside experts who are familiar with circumstances in the region where the training is conducted.

Furthermore, since fiscal 2019, we have conducted annual surveys on the compliance awareness of all employees. We analyze the results of these surveys to help measure the effectiveness of various initiatives and promote them.

Anticorruption Measures

Given the importance of preventing corruption, a global sustainable development challenge, in April 2018 the Group formulated our “Regulations for Combating Bribery of Public Officials, Etc.” in order to help prevent bribery in our global business activities. We provide necessary support for the operation of bribery prevention systems in Group companies.

Measures for Rebuilding our Antimonopoly Act Compliance System

In September 2019, the Japan Fair Trade Commission (JFTC) issued a cease and desist order and a surcharge payment order to Universal Can Corporation, a Group company of that time, for violations of the Antimonopoly Act in the form of cartel activity. In response to this, from November 2019 onwards, we have engaged in various measures to rebuild our Antimonopoly Act compliance system. In addition, in fiscal 2023, we worked to establish a system for complying with overseas competition laws.

- Formulation of Antimonopoly Act (Overseas Competition Laws) compliance regulations for MMC and subsidiaries
- Ongoing communiqués from top management regarding compliance with the Antimonopoly Act
- Clarification of Antimonopoly Act compliance as part of the Group’s Code of Conduct
- Review and revision of regulations regarding disciplinary actions for MMC and subsidiaries
- Implementation of self-checks by MMC and subsidiaries, assessment of potential for Antimonopoly Act violations within each business segment
- Implementation of measures in accordance with the evaluation of risk management activities at individual business sites.
- Ongoing implementation and expansion of Antimonopoly Act compliance training
- Review and revision of internal audits related to the Antimonopoly Act
- Strengthening of measures against bid-rigging and transactions with competitors

In-house Reporting System

We established an Internal Contact Office in December 2002 in Japan as a consultation service to handle reports and inquiries from employees of Mitsubishi Materials Corporation and its domestic Group companies. Since January 2020, we have contracted an external vendor to run the “Mitsubishi Materials Group Employee Hotline” for reports and inquiries, as well as improving the response systems of domestic Group companies to ensure that we can appropriately respond to reports and inquiries and better respond to issues, while also strengthening the reliability of report and inquiry systems. We also established a contact office for Members of the Audit Committee in June 2018 to contribute to the work performed by members of the Audit Committee in promptly detecting incidents and initiating corrective measures.

Contact information for these reporting systems is printed on cards for employees of the Mitsubishi Materials Group to keep on their person and made available on the company intranet and through each training activity.

On April 1, 2021, we established and began operation of the “MMC GROUP GLOBAL HOTLINE” a global in-house reporting system for the Mitsubishi Materials Group. This in-house reporting system can be used by personnel in overseas Group companies and overseas

sites (with some exceptions). The MMC GROUP GLOBAL HOTLINE allows activities that violate anti competition law or bribery to be reported anonymously. The availability of the global in-house reporting system is made known to target overseas companies and sites and is introduced during overseas training. There were two cases in fiscal 2023.

In fiscal 2023, as measure to improve the reliability of the domestic in-house reporting system, we launched a special website, put up posters explaining how to use the system, released a video to inform the public and carried out educational activities within our training. Moving forward, we will continue to strive to improve the reliability of the in-house reporting system.



Poster to publicize the use of the in-house reporting system

Numbers of reports and inquiries received through the in-house reporting system (FY)

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------|------|------|------|------|------|
| 42 | 61 | 58 | 54 | 47 | 65 |

Group Governance Framework

Since 2017, we have formulated and are executing measures for enhancing the Group governance framework in order to solve issues regarding Group-wide governance that were identified based on analyses of the backgrounds and causes of quality issues that occurred in the Group. Monitoring by Outside Directors and outside experts ended on May 13, 2020, but we have continued to engage in autonomous governance enhancement activities.

Case and Group-wide Measures for Robertson’s Ready Mix, Ltd. (RRM)

In response to the case of conflict-of-interest transactions by RRM, a consolidated subsidiary in the US, we have established and are currently operating under new rules and mechanisms through a countermeasure project intended to prevent any recurrence within the Group.

*Effective April 1, 2022, the Company’s cement business and related businesses, etc. were split off in an absorption-type split with Mitsubishi UBE Cement Corporation as the successor company. As a result, RRM became a consolidated subsidiary of Mitsubishi UBE Cement Corporation.

Related Information:

Sustainability Report
► Maintenance and Improvement of Governance
<https://mmc.disclosure.site/en/>

Risk Management

In order to respond appropriately to the various risks surrounding our Group, minimize damage and loss and ensure stable operations of our business, we engage in risk management activities at all Group business sites, globally.

Risk Management Approach and Operation

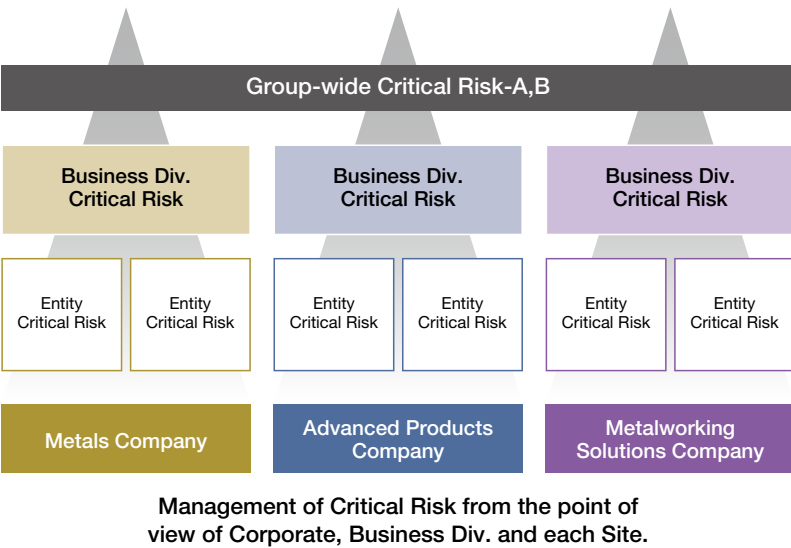
Major risks are defined as those for the entire Group, those inherent to business operations (the risk of having a material impact on the operation of the entire business), and those inherent to business locations (the risk of having a material impact on the operation of a specific business location.) We define the role each level must play in addressing risks, such as planning, implementation, support, monitoring and review. Status of activities is monitored and reviewed semi-annually, the results of which are reported to the SCQ Promotion

Office, Strategic Management Committee, Board of Directors, etc., and risk status is monitored and reviewed by management. In addition, we develop scenarios for specific Critical Risks to conduct quantitative and qualitative evaluations of impact and likelihood based on standardized evaluation criteria. It allows us to share a concrete idea of when a risk will emerge. Further details on these risks are indicated in the “Business and Other Risks” section of the Consolidated Financial Results.

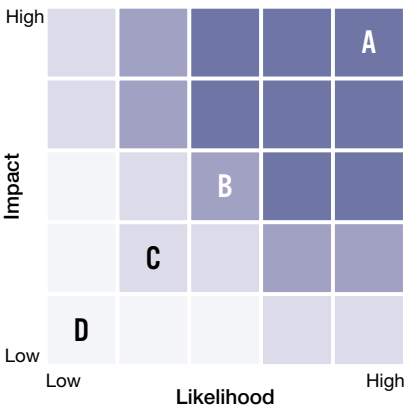
Risk Management System



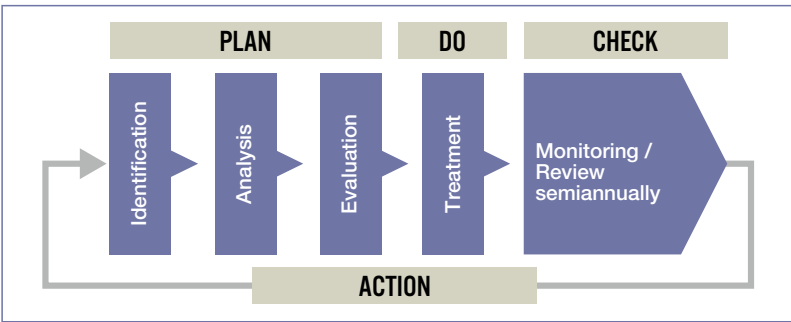
Critical Risk Positioning



Risk Evaluation Criteria



Risk Management Cycle



Business and Other Risks

The table on the right lists key risks recognized by our executives as having the potential to significantly impact the performance and financial condition of our Group based on our risk management framework. Further details regarding this information are disclosed in the “Business and Other Risks” section of the Consolidated Financial Results.

Related Information:

Corporate website
▶ Investor Relations
<https://www.mmc.co.jp/corporate/en/ir/>

Business and Other Risks

| Name of risk | Probability of Occurrence | Level of Impact |
|--|---------------------------|-----------------|
| Geopolitical situation, International situation, overseas economic situation | High | Large |
| Market trends | Medium | Large |
| Fluctuations in raw material and utility prices | High | Large |
| Procurement | Medium | Large |
| Climate change | High | Large |
| Natural disasters and abnormal weather | Medium | Large |
| Occurrence of pollution and environmental laws violations | Medium | Medium |
| Infectious disease | Medium | Medium |
| Information security | High | Medium |
| Human rights | Medium | Medium |
| Finance | Medium | Large |

Crisis Management

We are striving to strengthen our crisis management systems to facilitate prompt, accurate response to emergency situations, including natural disasters, accidents, terrorist attacks and pandemics. Besides operating crisis management related rules that apply to the entire Group, we formulate business continuity plans at all our consolidated subsidiaries in Japan and overseas, with the aim of minimizing the

impact on customers of any crisis that might occur through swift restoration and continuation of operations. To ensure that the system can respond to crisis situations, it defines how to respond to each type of crisis situation and clarifies roles and responsibilities.

Related Information:

Sustainability Report
▶ Maintenance and Improvement of Governance
<https://mmc.disclosure.site/en/>

COVID-19 Countermeasures and Task Force Dissolution

The Group established a task force at the head office that directed a unified COVID-19 response across the Group. The task force formulated preventative measure guidelines and group action policies according to the status of the pandemic around the world and deployed them to all business sites, while centrally collecting information on the health of employees, impact on business sites, etc., and shared that information with top management. In order to respond to major changes in the business environment and business structure, we are

continuing to implement various measures, such as transitioning to working from home and other new work styles, improving management speed via digital transformation, and rebuilding business models. The task force was dissolved in May 2023 after WHO ended its public health emergency declaration and the national government of Japan reclassified COVID-19 as a category 5 infectious disease under the Act on the Prevention of Infectious Diseases.