

Sustainability Promotion

Corporate Governance



Efforts in Strengthening Corporate Governance

The Company has been working on the continuous reform of corporate governance, including through the voluntary establishment of the Nomination Committee and Remuneration Committee in 2018, the transition to being a Company with a Nomination Committee, etc., in 2019, and the establishment of Sustainability Committee in 2022.

The Board of Directors has been continuously increasing the ratio of Outside Directors and female Directors, and currently has 7 Outside Directors and 3 female Directors out of 10 Directors.

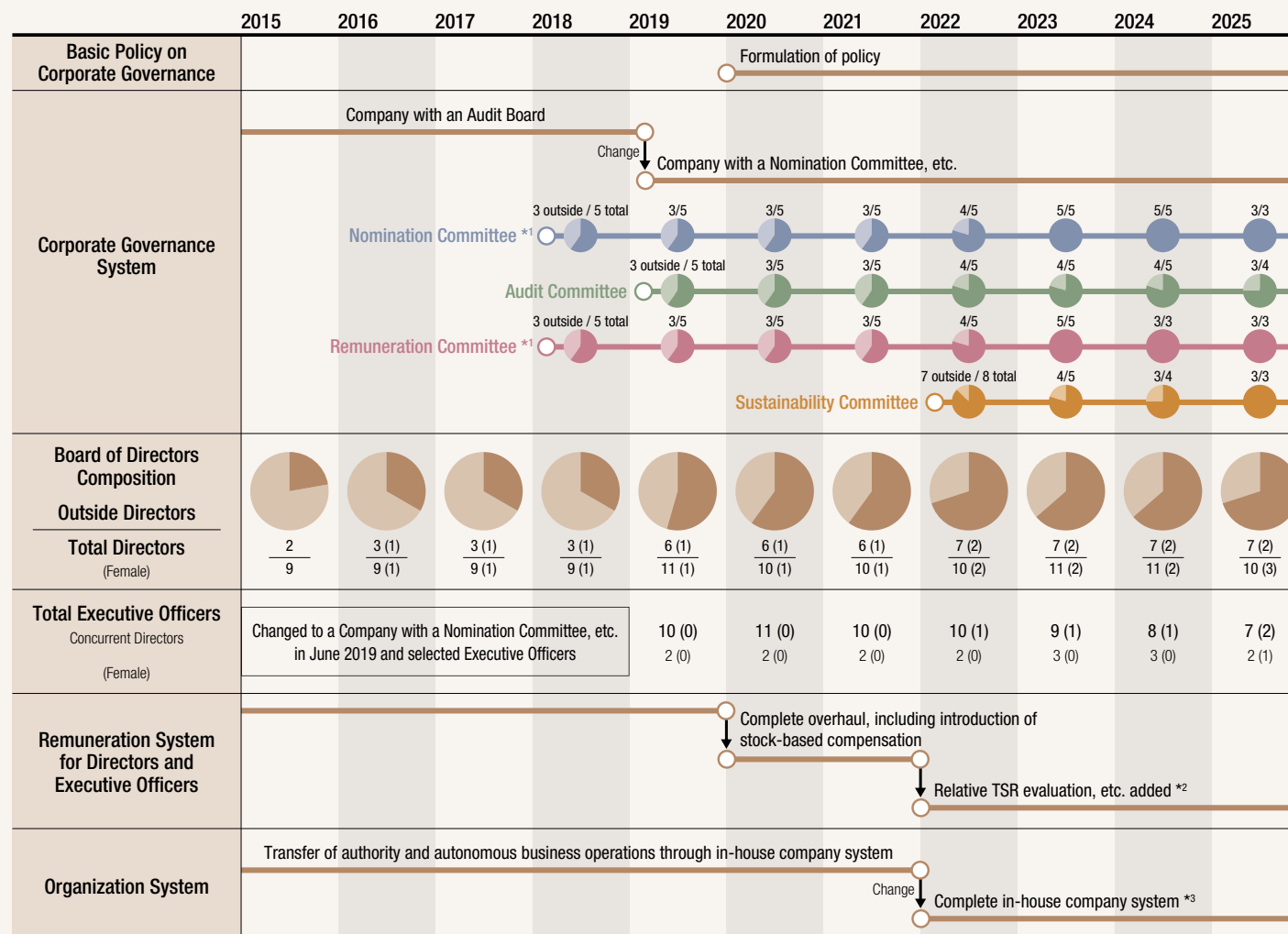
With regard to the remuneration system for Executive Officers, the Company introduced stock-based compensation in 2020. From 2022, we added relative TSR evaluation to the annual bonus evaluation items and incorporated targets into non-financial evaluation elements based on the Sustainability Policy.

As for the organizational structure, we have shifted to a complete in-house company system from 2022, and are working to further improve our business competitiveness and strengthen our organizational culture reforms and corporate governance.

*1. Set up in FYE March 2019 as a voluntary committee and became a statutory committee from June 2019.

*2. With regard to the annual bonus of the remuneration system for Executive Officers, we added relative TSR evaluation as an evaluation item and adopted a system to evaluate targets set for each Executive Officer, including initiatives in line with the Sustainability Policy, as non-financial evaluation items.

*3. Transitioned from April 1, 2022 to a complete in-house company system, having all functions necessary for business operations in the in-house company.



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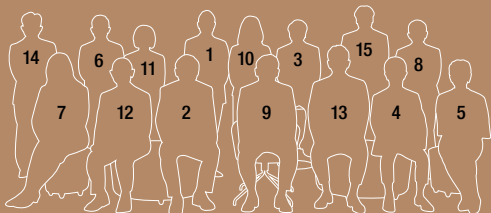
We will work to maximize the ability of the organization in order to improve the corporate value of the Mitsubishi Materials Group.

Enhancing Corporate Value

Rebuilding Our Business Foundation

Improving Our Financial Position

Sustainability Promotion



1 Naoki Ono

2 Tatsuo Wakabayashi

3 Koji Igarashi

4 Kazuhiko Takeda

5 Rikako Beppu

6 Hatsunori Kiriya

7 Nozomi Sagara

8 Ichiro Sasaki

9 Tetsuya Tanaka

10 Kayo Hirano

11 Makiko Nogawa

12 Toshinori Ishii

13 Nobuhiro Takayanagi

14 Zhang Shoubin

15 Kazuo Ohara

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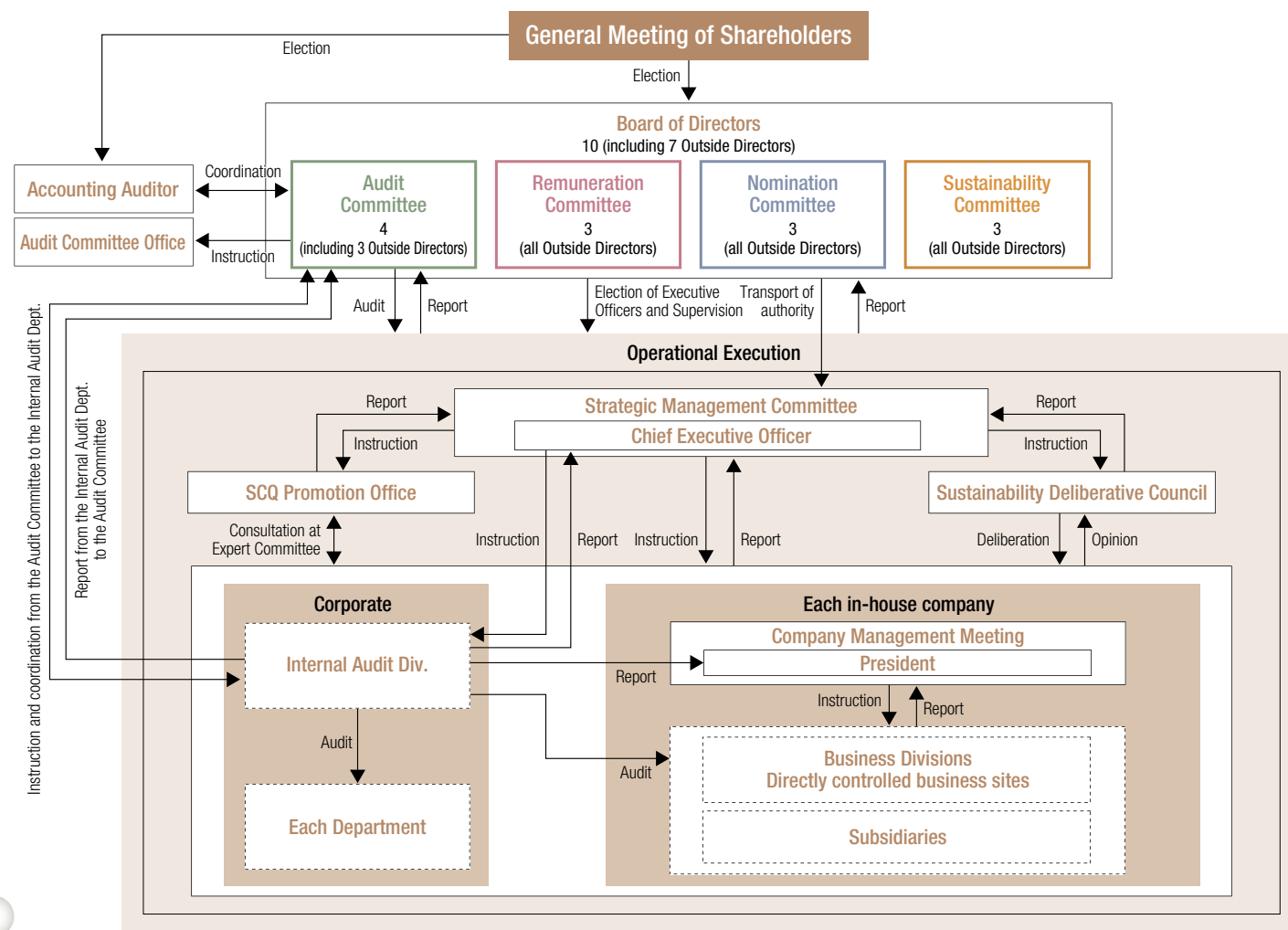
Corporate Governance System



Basic Approach

- We have, based on the Corporate Philosophy of the Group, Our Vision, Our Values, Code of Conduct, Our Commitment and the Basic Policy on Corporate Governance established by the Board of Directors, developed trust with all stakeholders related to the Company and its subsidiaries, such as shareholders and investors as well as employees, customers, client or supplier companies, creditors and local communities, and also develop our corporate governance.
- Among the governance systems under the Companies Act, we have chosen to be a Company with a Nomination Committee, etc., and by separating supervision and execution, will strengthen the Board of Directors' management supervisory functions, improve the transparency and fairness of management and accelerate business execution and decision making.
- We acknowledge the enhancement of corporate governance to be one of the most important management issues, and continuously make efforts to improve our corporate governance.
MMC Group has set out "Our Commitment" of "For people, society and the earth, circulating resources for a sustainable future." Toward the realization of its goal, we are introducing in-house company system to, flexibly and appropriately, expand our recycling system and supply high-performance materials and products.

Overview of the Corporate Governance System (Chart as of June 25, 2025)



Related Information:

Corporate website ▶ Basic Policy on Corporate Governance

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Directors (as of June 25, 2025, at the end of the 100th General Meeting of Shareholders)

*Notations Number/Rate of Attendance for Meetings of the Board of Directors, etc., for the fiscal year ended March 2025 is for Board of Directors' and committee meetings held during the term of office of the director.



Naoki Ono

Chair of the Board

Audit Committee

Apr. 1979 Joined Mitsubishi Mining & Cement Co., Ltd.
Jun. 2014 Managing Director of the Company President, Cement Company
Apr. 2016 Executive Vice President President, Cement Company
Jun. 2016 Director; Executive Vice President President, Cement Company
Apr. 2017 Director; Executive Vice President General Manager, Corporate Strategy Div.
Jun. 2018 President
Jun. 2019 Director; Chief Executive Officer
Apr. 2021 Director; Chief Executive Officer (CEO)
Apr. 2025 Director (Chair of the Board) (to present)

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2025)

Board of Directors Meetings 19/19 (100%)
Sustainability Committee Meetings 10/10 (100%)

Tatsuo Wakabayashi

Outside Director

Chair of the Nomination Committee

Remuneration Committee

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

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2025)

Board of Directors Meetings 19/19 (100%)
Nomination Committee Meetings 16/16 (100%)
Audit Committee Meetings 3/3 (100%)
Remuneration Committee Meetings 11/11 (100%)

Koji Igarashi

Outside Director

Nomination Committee

Chair of the Remuneration Committee

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

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2025)

Board of Directors Meetings 19/19 (100%)
Nomination Committee Meetings 16/16 (100%)
Audit Committee Meetings 3/3 (100%)
Sustainability Committee Meetings 10/10 (100%)

Kazuhiko Takeda

Outside Director

Chair of the Audit Committee

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

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2025)

Board of Directors Meetings 19/19 (100%)
Nomination Committee Meetings 13/13 (100%)
Audit Committee Meetings 14/14 (100%)
Sustainability Committee Meetings 3/3 (100%)

Rikako Beppu

Outside Director

Nomination Committee

Remuneration Committee

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

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2025)

Board of Directors Meetings 19/19 (100%)
Nomination Committee Meetings 13/13 (100%)
Audit Committee Meetings 14/14 (100%)
Remuneration Committee Meetings 11/11 (100%)
Sustainability Committee Meetings 3/3 (100%)

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Directors



Hatsunori Kiriya
Outside Director

Audit Committee

Sustainability Committee

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

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2025)

Board of Directors Meetings 15/15 (100%)
Audit Committee Meetings 11/11 (100%)
Sustainability Committee Meetings 7/7 (100%)

Nozomi Sagara
Outside Director

Audit Committee

Chair of the Sustainability Committee

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

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2025)

Board of Directors Meetings 15/15 (100%)
Audit Committee Meetings 11/11 (100%)
Sustainability Committee Meetings 7/7 (100%)

Ichiro Sasaki
Outside Director

Sustainability Committee

Apr. 1983 Joined Brother Industries, Ltd.
Jan. 2005 Managing Director, Brother U.K. Ltd.
Apr. 2008 General Manager of NID Research & Development., Brother Industries, Ltd.
Apr. 2009 Executive Officer
Apr. 2013 Managing Executive Officer
Jun. 2014 Director & Managing Executive Officer
Jun. 2016 Representative Director & Managing Executive Officer
Apr. 2017 Representative Director & Senior Managing Executive Officer
Jun. 2018 Representative Director & President
Jun. 2024 Director & Vice Chairman
Jun. 2025 Outside Director of the Company (to present)
Apr. 2025 Advisor, Brother Industries, Ltd. (to present)

Tetsuya Tanaka
Director
Chief Executive Officer (CEO)

Responsible for general operation of the Company, Internal Audit, Sustainability Promotion, Mitsubishi Materials Europe B.V.

Apr. 1986 Joined the Company
Apr. 2020 Managing Executive Officer
President, Metalworking Solutions Company
Apr. 2023 Managing Executive Officer, CGO
Apr. 2024 Managing Executive Officer, CSuO
Apr. 2025 Chief Executive Officer (CEO)
Jun. 2025 Director; Chief Executive Officer (CEO) (to present)

Kayo Hirano
Directors
Managing Executive Officer; CFO

Responsible for responsibilities of the CFO, Procurement & Logistics

Apr. 2004 Joined Sakura & Co.
Sep. 2004 Joined Shinnihon Audit Firm (currently Ernst & Young ShinNihon LLC)
Mar. 2008 Joined Morgan Stanley Securities Co., Ltd. (currently Morgan Stanley MUFG Securities Co., Ltd.)
Jan. 2009 Joined ShinNihon LLC (currently Ernst & Young ShinNihon LLC)
Sep. 2013 Joined LIXIL Corporation
Jan. 2017 Transferred to LIXIL Group Corporation (currently LIXIL Corporation)
Apr. 2021 Senior Vice President; Leader, Investor Relations Office
Oct. 2022 Senior Vice President; Leader, Investor Relations Office and Leader, Finance & Treasury Corporate Accounting & Treasury/Tax
Apr. 2024 Joined the Company
General Manager, Accounting & Finance Div.
Jun. 2024 General Manager, Accounting & Finance Div.
General Manager, Financial Controlling Dept., Accounting & Finance Div.
Apr. 2025 Managing Executive Officer, CFO
Jun. 2025 Director; Managing Executive Officer; CFO (to present)

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Director Skill Matrix, Contributions and Perspectives for Key Themes



The main expertise and experience possessed by the Directors are shown in the Skill Matrix. This also shows from what perspectives the Directors contribute and provide knowledge to achieve Medium-term Management Strategy FY2031 based on their respective expertise and experience.

		Expertise and Experience							Achievement of the Medium-term Management Strategy FY2031					
Name	Business experience outside the Company	Corporate management & organizational management	International experience	Sales & marketing	Production engineering	Research & development	Legal affairs	Finance & accounting	Supervision of strategy execution	Supervision of profitability improvement	Supervision of tackling of main sustainability challenges			
											Strengthen human capital-centric corporate management	Promotion of resource circulation	Strengthen tackling of global environmental challenges	
Naoki Ono	—	●	○	○	○		○	○	Perspective from experience in management supervision of the Group as the CEO of the Company		Perspective from experience as CEO of the Company	Perspective from experience in driving resource circulation strategies as CEO of the Company	Perspective from experience as an officer in charge of the renewable energy business of the Company	
Tatsuo Wakabayashi Independent Director	Finance	●	○				○	○	Perspective from experience as top management		Perspective based on working styles at a financial institution			
Koji Igarashi Independent Director	Food and food materials	●	○		●	○		○	Perspective from experience executing medium- to long-term business strategies	Perspective from practical experience in production engineering and development	Perspective from experience of human resource management in manufacturing and engineers	Posing of issues from a wide range of perspectives including future trends and exchange with external experts		
Kazuhiko Takeda Independent Director	Conglomerate	●	○	○			○	●	Perspective from practical experience in global management in manufacturing Perspective on business management from extensive experience as CFO		Perspective from experience as a management executive of a global company	Posing of issues from the financial perspective		
Rikako Beppu Independent Director	Legal profession		●				●		Perspective from deep knowledge of global business expansion		Perspective from experience in diversity activities and initiatives	Perspective from experience being responsible for collaboration with many Japanese and overseas companies		
Hatsunori Kiriya Independent Director	Consumer goods	●	●	○				○	Perspective from corporate management experience at a global manufacturer	Perspective from extensive marketing experience	Perspective from deep knowledge of the development of senior management executives			
Nozomi Sagara Independent Director	Economic, trade and industry government	●	○			○	○		Perspective from technical knowledge across different fields		Perspective from experience in personnel management in government offices	Perspective from experience being involved in resource recycling and global environment preservation		
Ichiro Sasaki Independent Director	Electronic devices and industrial equipment	●	○	○	○	●			Perspective from experience in leading customer-oriented product development and company-wide efforts to leverage IT	Perspective from experience as top management in manufacturing	Perspective from experience of human resource management in manufacturing and engineers	Perspective from experience in leading environmental initiatives as CEO within the manufacturing industry		
Tetsuya Tanaka	—	●			○	●	○		Perspective from extensive practical experience at the Company's manufacturing sites		Perspective from experience of human resource management in manufacturing sites of the Company	Perspective from experience as President of Metalworking Solutions Company of the Company	Perspective from experience as the officer in charge of the global environment of the Company	
Kayo Hirano	Housing equipment	●	○					●	Perspective from extensive practical experience in IR/SR, Accounting and Finance		Perspective from experience in human resource management in a manufacturing company			

○ indicates expertise and experience possessed (● indicates primary expertise/experience)

*The above Skill Matrix does not cover all the expertise and experience expertise by the Directors.

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

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Message from the Chair of the Board



I will strive to fulfill my role as Chair of the Board and improve the corporate value of the Group.

Chair of the Board

Naoki Ono

I was appointed as Chair of the Board in April 2025. I believe that the importance of the Board of Directors is not limited to supervision of management—it is vital that it harness its business perspective to clearly indicate the direction the Company must take to increase corporate value over the medium- to long-term. To achieve this end, we must hold discussions centered on our management policy, competitive advantage and business strategy.

Specifically, I would like to focus our discussions on matters of significant impact to corporate value. These include the Medium-term Management Strategy and other management plans, large-scale investments and loans such as M&A, the restructuring of business portfolios including withdrawals, capital policy, capital allocation such as balance sheet optimization and shareholder returns, and the design of expedient and accurate decision-making processes and governance structures. Meanwhile, the Board of Directors is proactively improving its agenda and operational methods through

careful consideration of required content and frequency of the reports it receives while avoiding becoming unnecessarily involved in the minute details of execution.

Our meetings used to be held only as exchanges of opinions with Outside Directors, or as Free Discussions among Directors to encourage open debate. However, since April 2025 we adjust the format according to the topic, inviting non-executive Directors, all Directors or Directors and Executive Officers as needed to facilitate more comprehensive and effective discussion. I recognize that one important role as Chair of the Board is the proper communication of the content of these discussions to the executive side.

I will strive to fulfill my role as Chair of the Board and improve the corporate value of the Group, working to extract diverse opinions at Board of Director meetings, then consolidating them through repeated discussion before communicating appropriately with the executive side, while also working to set an appropriate agenda.

Discussions in the Board of Directors, Etc.



Overview of Board of Directors

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

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

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

The Board of Directors is comprised of 10 Directors (including 7 Outside Directors) as of June 25, 2025 (the end of the 100th General Meeting of Shareholders).

Major deliberations of the Board of Directors

Deliberation content	Number of deliberations by the Board of Directors	
	Resolved matters	Reported matters
Management strategy and business	13	11
Sustainability	1	7
Corporate governance	4	4
Accounting, finance and IR	4	28

Deliberation content	Number of deliberations by the Board of Directors	
	Resolved matters	Reported matters
Compliance and internal control	—	23
Committee-related	1	38
Officer-related	17	2
Others	3	1

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Discussions in the Board of Directors, Etc.



Briefings for Directors

- We hold briefings for Directors in order to deepen their understanding of the Group's business and help them to exchange opinions with the executive side to improve corporate value. At the briefings, the executive side explains matters relating to the status of progress of the FY2031 Strategy (including identification of material issues) and the summary of individual business and projects, etc., on which participants exchange opinions.
- Themes to be discussed at briefings are mainly set from the following perspectives.
 - (1) Explaining matters the executive side should explain to Directors (information on the Company's business that is prerequisite for management decisions, etc.), and working to eliminate asymmetry of information between the executive side and Directors.
 - (2) Exchanging opinions on matters that Directors and the executive side believe should be discussed in order to improve corporate value.
- We held 43 briefings for Directors in the fiscal year ended March 2025. Particularly in regards to the FY2031 Strategy, we exchanged opinions on progress made on the overall concept, individual business strategies, financial plans, etc. at 6 briefings between December 2024 and March 2025.
- We also exchanged opinions on issues related to sustainability such as promotion of DE&I, and the progress of individual business strategies. See the next section for the themes deliberated at briefings for Directors in the fiscal year ended March 2025.

Themes deliberated at briefings for Directors (FYE March 2025)

2024			
April 10	FYE March 2025 budget	December 11	Medium-term Management Strategy, remuneration for directors and executive officers, Group companies
April 24	Individual business strategies	December 25	Medium-term Management Strategy
May 13	Dividends		
May 29	Individual business strategies		
June 12	Individual business strategies, Group companies		
July 10	Organizational culture, individual business strategies, Group companies		
July 31	Individual business strategies, Board of Directors		
August 28	DE&I, individual business strategies		
October 9	Intellectual property, individual business strategies		
October 30	Digital transformation, individual business strategies		
November 27	Safety activities, human capital management		

Director Communication

Ensuring an Adequate Schedule for Board of Directors Meetings

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

1-on-1 Meetings between Outside Directors

We hold 1-on-1 meetings between Outside Directors and the CEO once every two months to provide an opportunity for communication in addition to discussions at Board of Directors meetings, etc. From April 2025, we also hold 1-on-1 meetings between Outside Directors and the Chair of the Board once every two months. This enables Outside Directors to gain a deeper understanding of the background of discussions at Board of Directors meetings and Group circumstances, ensuring more appropriate discussion of business oversight and Company direction. In 1-on-1 meetings between Outside Directors and the CEO, they can freely choose topics and exchange opinions in a closer manner, providing opportunities to obtain suggestions for more appropriate business execution.

Meetings with Investors, etc.

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

Opinion Exchange Meetings with Directors

Until now, we have held "Outside Directors' Opinion Exchange Meetings," where Outside Directors exchange information and share their views on a wide range of issues from an independent standpoint, and "Free Discussions Among Directors," which encourage open discussion among Directors. From the fiscal year ending March 2026, we hold forums for the exchange of opinions with non-executive Directors, all Directors or Directors and Executive Officers as required by topic to ensure more comprehensive and effective discussions. The CEO and Executive Officers are invited to these meetings as required to provide the necessary information.

Sustainability Promotion > Corporate Governance Discussions in the Board of Directors, Etc.

Tours of Business Sites for Outside Directors

Tours of business sites are held for Outside Directors in order to deepen their understanding of the Group's business. In the fiscal year ended March 2025, sites that had not been previously visited were observed, further deepening understanding of businesses and locations. Outside Directors also participate as observers in the Manufacturing and R&D Strategy Committee (general meeting for development strategy for our Innovation Center).

Opportunities for Dialogue between Outside Directors and Employees

Tours of business sites provide Outside Directors opportunities to engage in dialogue with our employees. The purpose of these is for Outside Directors to gain a deeper understanding of Group employees while stimulating and further motivating employees.



Tour of the head tank at Ikari Power Plant

Establishment of Corporate Secretary Department

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

Evaluation of the Effectiveness of the Board of Directors



The Company analyzes and evaluates the effectiveness of the Board of Directors based on the evaluation by each Director on an annual basis. In the fiscal year ended March 2025, the evaluation was conducted using a third-party organization (third-party evaluations are conducted every three years since the fiscal year ended March 2022).

As a result of deliberations by the Board of Directors, It was confirmed that the effectiveness of the Board of Directors of the Company was secured in the fiscal year ended March 2025. The Board of Directors will continue to make ongoing efforts to further improve its effectiveness.

Summary of FYE March 2025 Effectiveness Evaluation

It was confirmed that the effectiveness of the Board of Directors of the Company was secured in the fiscal year ended March 2025.

In order to further enhance the effectiveness of the Board of Directors, the following issues were identified as areas for further improvement to be addressed through evaluation.

- Medium- to long-term competitive advantage
- Operation of the Board of Directors

Overview of deliberation by the Board of Directors on issues

Medium- to long-term competitive advantage	Operation of the Board of Directors
<ul style="list-style-type: none"> ● In response to the questionnaire question, "Do you believe the medium- to long-term competitive advantage of the Company has been adequately communicated to investors and shareholders, leading to an increased presence in capital markets?," 10 out of 11 Directors responded, "I don't believe so," and 1 responded, "I believe so," so most answers were negative. ● During a Board of Directors meeting, it was pointed out that "There is a lack of discussion regarding how the Board of Directors itself perceives competitive advantage," that "the Board of Directors should have discussed how to make changes in greater depth, rather than simply expressing its views to the executive side," and "after listening to explanations from the executive side, the Board of Directors may not have delved deeply enough into details." 	<ul style="list-style-type: none"> ● In the questionnaire and interviews, opinions expressed included "we should focus more on important issues," and "diversity of opinion among Directors is good, but in many cases those opinions are simply stated, and while consolidation isn't required, reconciliation of those differences would be better." ● During a Board of Directors meeting, opinions expressed included "we should focus on discussions of only the most important issues," and "there are times when it is advisable for the diverse opinions of the Board of Directors to be consolidated by them as a whole and presented." It was also pointed out that materials for and explanations given at Board of Directors meetings should be made more concise and accurate.

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Evaluation of the Effectiveness of the Board of Directors



FYE March 2026 initiatives on issues

Medium- to long-term competitive advantage	Operation of the Board of Directors
<ul style="list-style-type: none"> In consideration of discussions among Directors in the fiscal year ended March 2025, the Board of Directors will formulate a business outlook from the perspective of medium- to long-term competitive advantage (business portfolio, core competencies, revenue structure, etc.). Based on this business outlook, the Board of Directors will provide appropriate supervision and advice to the executive side, ensuring effective progress in refinement of the Medium-term Management Strategy for the fiscal year ending March 2027 and beyond. 	<ul style="list-style-type: none"> The following will be considered in the interest of more effectively managing Board of Directors meetings and briefings for Directors. <ul style="list-style-type: none"> - Revising the agenda for Board of Directors meetings - Enhancing facilitation at Board of Directors meetings and briefings for Directors - Consolidating opinions at Board of Directors meetings, and appropriately communicating them to the executive side

Method of Analysis/Evaluation

Evaluation Process

Sep. 2024 to Dec. 2024	A questionnaire prepared in consultation with a third-party organization was distributed to all 11 Directors to collect anonymous responses. Based on these results, the organization conducted individual interviews with all 11 Directors regarding important issues for the Board of Directors.
Feb. 2025	Questionnaire results were compiled and analyzed, then reported by the third-party organization to facilitate discussion by Directors on the effectiveness of the Board of Directors.
Mar. 2025	Following the discussions in February, the Board of Directors passed a resolution on the effectiveness of the Board of Directors for the fiscal year ended March 2025.

Questionnaire Items

The following question topics were presented with four levels of response (1. I strongly believe so, 2. I believe so, 3. I don't believe so, 4. I strongly don't believe so) with a space for additional comments as needed.

- Our managerial issues and risks
- Role function, size, composition and operational status of the Board of Directors
- Board of Directors discussions
- Composition, roles and status of operations of each of the Nomination Committee, Audit Committee, Remuneration Committee and Sustainability Committee
- Support system for Outside Directors
- Relationship with investors and shareholders
- Governance system and overall effectiveness of the Board of Directors
- Self-evaluation by each Director

Interview Items

Based on questionnaire response, a third-party organization conducted interviews regarding the following key items concerning the effectiveness of the Board of Directors.

- Business and management evaluation
Evaluation of Medium-term Management Strategy progress, competitive advantage, organizational structure and corporate culture, discussions for medium- and long-term growth, specific issues (group governance, internal control, human capital, ROIC awareness and utilization, DX strategy, etc.)
- Board of Directors evaluation
Evaluation of explanatory materials, agenda setting, meeting management, attributes of the Chair, appointment of a lead Outside Director, roles and functions of the Board of Directors, expected role and current status of Outside Directors, composition of Outside and inside Directors, etc.
- Evaluation of the Nomination, Audit, Remuneration and Sustainability Committees
Evaluation of the composition, roles and operations of each committee

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Evaluation of the Effectiveness of the Board of Directors



Evaluation of the status of initiatives concerning the issues for FYE March 2025 based on FYE March 2024 evaluation

There was an evaluation of initiatives concerning the following matters taken for further improvement by the Board of Directors in the fiscal year ended March 2025 based on the results of the evaluation of the effectiveness of the Board of Directors in the fiscal year ended March 2024. It was confirmed that although “improvements have been made” in general, “initiatives were not adequate” for certain matters. A promise was made to continue to improve these issues in the fiscal year ended March 2026.

Issues recognized	Status of responses
Development of core management talent	<ul style="list-style-type: none"> We received a briefing from the executive side on the plans for Executive Officer succession and the Next-Generation Leadership Talent Development Program, with discussion focused on the following. <ul style="list-style-type: none"> Diversification of successor talent pool Increase in the number and ratio of candidates selected for the Next-Generation Leadership Talent Development Program among candidates for Executive Officer successors Strengthening the linkage between the Next-Generation Leadership Talent Development Program and human resource policies such as promotion and selection Early identification and planned stretch assignment of Next-Generation Leadership Talent at the managerial and junior levels In the questionnaire, positive responses outnumbered negative regarding developing Next-Generation Leadership Talent and CEO succession plans.
Medium- to long-term competitive advantage of the Company	<ul style="list-style-type: none"> In order to conduct more in-depth discussions and deliberations among Directors regarding medium- to long-term competitive advantage of the Company, we first received multiple explanations from and had multiple discussions with the executive side regarding the competitive advantages of individual business segments. Despite these efforts, the questionnaire showed a majority of negative responses to the question, “Do you believe the medium- to long-term competitive advantage of the Company has been adequately communicated to investors and shareholders, leading to an increased presence in capital markets?” Additionally, interviews uncovered opinions such as “we need to identify the competitive advantages of our businesses to develop and implement growth strategies,” and “we do not believe we are in a position to adequately analyze and discuss the medium- to long-term competitive advantage of the Company.”

Issues recognized	Status of responses
Improving Operation of the Board of Directors	<ul style="list-style-type: none"> We reviewed agenda items and financial criteria for Board of Directors meetings to better optimize agenda items and improve Board of Directors operations. In the questionnaire and interviews, opinions expressed included “we should focus more on important issues,” and “diversity of opinion among Directors is good, but in many cases those opinions are simply stated, and while consolidation isn’t required, reconciliation of those differences would be better.”

Related Information:

Corporate website ► Corporate Governance Report

Sustainability Promotion > Corporate Governance

Message from the Chair of the Nomination Committee



We will continue to hold discussions on how to determine the qualifications and career paths required for future CEO successor and Outside Director candidates in response to ever-changing business environment.

Chair of the Nomination Committee

Tatsuo Wakabayashi, Outside Director

The change in CEO on April 1, 2025, was one of the biggest events the Nomination Committee has experienced since our transition to being a Company with a Nomination Committee in 2019. We nominated Tetsuya Tanaka as a candidate for CEO because we believe him to be a highly motivated, passionate leader well-suited for the role, especially given current circumstances, when our ability to execute and achieve results is being rigorously tested.

While the CEO candidate selection process involved considerable trial and error, through it we gleaned much insight we can harness in future Nomination Committee endeavors. Looking back on the process, it's something I'd like to employ in future committee operations.

One of our Outside Directors was replaced in June 2025. We narrowed down candidates based on criteria including management experience in the manufacturing industry and

whether they possessed ample experience in engineering. After interviewing several candidates, we consulted with the Nomination Committee before reaching a decision.

In the rapidly changing business environment of today, we believe our business environment will also change moving forward. In response, the Nomination Committee will continue to hold discussions on how to determine the qualifications and career paths required for future CEO successor and Outside Director candidates. In particular, we believe one issue is how to make Nomination Committee efforts more effective given constraints imposed by the part-time nature of the Outside Director role. We are also considering harnessing our Next-Generation Leadership Talent Development Program as a way to facilitate more contact between Outside Directors and potential candidates, and we hope this will deepen discussions within the Nomination Committee.



Nomination Committee

● Functions and duties

The Nomination Committee determines matters such as the policy for the nomination of candidates for Director and the dismissal of Directors, and the content of proposals concerning the election and dismissal of Directors to be submitted to General Meetings of Shareholders. In addition, the Committee deliberates and reports on appointment and dismissal of Executive Officers in response to inquiries from the Board of Directors, then reports back to them. The Committee also deliberates on successor candidates for CEO and plans for candidate development, overseeing the appropriate development of the candidates. The Committee deliberates on candidates for the next CEO in response to inquiries from the Board of Directors and reports back to them.

Composition (including Chair)	Three Outside Directors
Chair	Director (Outside) Tatsuo Wakabayashi
Members	Director (Outside) Koji Igarashi Director (Outside) Rikako Beppu

Results

Number of meetings in FYE March 2025 16

2024	
April 10	Deliberation on director candidate skills matrix, contributions and perspectives on key themes, selection of Outside Director candidates, and appointment and the evaluation process for non-executive directors
April 24	Resolution on the proposed division of duties for Executive Officers
May 29	Decision on establishment of policy for dismissing directors, deliberation on selection of candidates for Outside Directors, and CEO succession plan
June 26	Deliberation on annual Nomination Committee schedule, selection of CEO succession plan, etc.
July 10	Deliberation on selection of candidates for Outside Directors
July 31	Deliberation on selection of candidates for Outside Directors
August 28	Resolution on the proposed division of duties for Executive Officers
October 9	Deliberation on selection of candidates for Outside Directors, and CEO succession plan
October 30	Deliberation on selection of candidates for Outside Directors, and CEO succession plan

November 27	Deliberation on the content of the report on the election of Executive Officers, etc., selection of candidates for Outside Directors
December 11	Resolution on the content of the report on the election of Executive Officers, etc.
December 25	Deliberation on selection of candidates for Outside Directors, implementation of peer evaluation of non-executive Directors

2025	
January 29	Deliberation on selection of candidates for Outside Directors, establishment and revision of regulations for Directors serving as officers at other companies
February 13	Resolution on the proposed division of duties for Executive Officers
February 26	Deliberation on the results of peer evaluations of non-executive Directors, Chair of the Board of Directors, Committee members, Chairs and acting Chairs; selection of Outside Director candidates
March 26	Resolution on candidates for Director, content related to the report on the Chair of the Board of Directors, Committee members and Chairs, and draft order of acting Chairs

Sustainability Promotion > Corporate Governance

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



Policy for Nomination of Candidates for Director and Dismissal of Directors

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

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

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

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

- An individual who has no material interest in the Group and who can remain independent. The specific selection of talent shall be decided after deliberation by the Nomination Committee.

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

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

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

1. An individual who falls under or has fallen under any of items (1) or (2) below, either presently or in the past:

- (1) An executive or non-executive Director of the Company (excluding Outside Directors); or

- (2) An executive or non-executive Director of the Company's subsidiary.

2. An individual who falls under any of items (1) through (5) below:

- (1) An executive of a client or supplier company of the Company, whose value of transactions amounted to 2% or more of the consolidated net sales of the Company or the client or supplier company as of the end of the previous fiscal year;
- (2) A person who received, as a professional or consultant, etc., consideration of not less than ¥10 million from the Company in the previous fiscal year, excluding his/her consideration as a Director;
- (3) An executive of an organization that received a donation of not less than ¥10 million from the Company in the previous fiscal year;
- (4) A shareholder who directly or indirectly holds at least 10% of the total number of voting rights of the Company or an executive of such shareholder; or
- (5) The Company's Accounting Auditor or its employee, etc.

3. An individual who has fallen under any of items (1) to (5) of 2 above at any time in the past three (3) years:

4. A close relative of any of the persons listed in item (1) or (2) of 1 above, items (1) to (5) of 2 above, or 3 above (excluding unimportant persons): or

5. A person who has served as the Company's Outside Director for a period of more than eight (8) years.

Policy for Election and Dismissal of Executive Officers

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

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

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

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

Sustainability Promotion > Corporate Governance

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



Outside Director Candidates

The Nomination Committee will consider candidates for Outside Director to ensure that they comprise individuals who possess experience and knowledge in corporate management and organizational management, and are individuals who possess broad and advanced expert knowledge and extensive experience in relation to finance and accounting, legal affairs, production engineering, research and development, sales and marketing, international relations, etc. Particularly in the selection of specific candidates for Outside Directors, the Nomination Committee deliberates and decides on a case-by-case basis during each selection process, which includes consideration of requirements such as expertise and experience required of potential candidates, confirmation of a candidate list and narrowing down the list of persons to be approached, interviews with the candidates, and decisions on who to informally nominate.

Reasons for and Process of Nominating New Directors

In the nomination of new Directors to be elected at the 100th General Meeting of Shareholders held on June 25, 2025, the selection for candidates took into account deliberation by the Board of Directors and Nomination Committee on the composition of the Board of Directors. After deliberations from April 2024 to March 2025, the Nomination Committee appointed Ichiro Sasaki as a candidate for Director in March 2025.

Ichiro Sasaki has extensive technical knowledge in development and manufacturing. He also has insight into corporate strategy from a global perspective and general aspects of management through his experience as a manager of a manufacturer that develops its business all over the world. Furthermore, through his experience in new business creation and commercialization, he has extensive knowledge in the fields of manufacturing such as product planning and quality assurance.

For these reasons, we expect him to contribute to the strengthening of appropriate supervisory and decision-making functions of the Board of Directors, and believe he is suitable for his position.

Related Information:

Integrated Report, P68 ▶ Director Skill Matrix, Contributions and Perspectives for Key Themes

Peer Evaluation for Non-executive Directors

The Company implements peer evaluation for non-executive Directors (including Outside Directors) who are scheduled to be reappointed next term, in which each Director evaluates performance and degree of contribution, with the purpose of further enhancing the Board of Directors' effectiveness.

The Nomination Committee considers the nomination of candidates for the next term of the Board of Directors as stipulated in the "Policy for Nomination of Candidates for Director and Dismissal of Directors," also taking into consideration the results of these evaluations, etc.

Basic Approach for the CEO Succession Plan

Determining CEO succession is positioned as the most vital decision to ensure the Company's sustainable growth and medium- to long-term enhancement of corporate value. We believe that the decision on whether or not to replace the CEO and the timing of such replacement should be made comprehensively based on the Company's current situation, the performance of the current CEO, the development of successor candidates, and the standby status of successor candidates. In light of this, the Nomination Committee receives reports on the succession plan from time to time so that it can keep abreast of the status of the successor candidates and make comparisons with the current CEO. The Company operates the Next-Generation Leadership Talent Development Program as a training system to develop future leaders with the aim of training qualified candidates for Executive Officer positions.

Related Information:

Integrated Report, P50 ▶ Human Resources Strategy

Discussion process for change of Chief Executive Officer (CEO) effective April 1, 2025

The process for discussions in the Nomination Committee and other bodies prior to the succession of the Chief Executive Officer (CEO) effective April 1, 2025 is as follows.

- In the fiscal year ended March 2023, the Nomination Committee requested that then-CEO Naoki Ono present candidates for the successor for CEO from among Executive Officers and senior management, and also discussed the possibility of selecting external candidates. At that time, the Nomination Committee determined it would be reasonable to select a successor from within the Group.
- For senior management who had had little contact with the Nomination Committee, interviews were conducted between each candidate and the committee. The Nomination Committee determined that candidates from the senior management level would require more experience to take on the role of CEO, deciding on multiple candidates from amongst Executive Officers.
- From the fiscal year ended March 2024, assessments of successor candidates were conducted by an external organization, 1-on-1 interviews were held between each Nomination Committee member and each candidate, and interviews were conducted between CEO Ono and the Nomination Committee.
- The Nomination Committee conducted discussions based on the results of each interview, etc. The Nomination Committee determined that Tetsuya Tanaka was the appropriate candidate. The Nomination Committee resolved the contents of a recommendation to nominate Tetsuya Tanaka as the next CEO at its December 2024 meeting. After approval from the Board of Directors, Tanaka took up the position of CEO on April 1, 2025.

Sustainability Promotion > Corporate Governance

Message from the Chair of the Audit Committee



We will support the new management team by upgrading Audit Committee audits from the perspectives of both internal control and management strategy.

Chair of the Audit Committee

Kazuhiko Takeda, Outside Director

In the fiscal year ended March 2025, internal audits fully transitioned to risk-based, the Accounting Auditor entered their second year in office, and the three-pillar audit system was steadily established.

In terms of internal control, until the fiscal year ended March 2025, the Internal Audit Department, which acts as the third line of defense in the system, conducted compliance checks to ensure that operations followed rules and regulations. Now we are transitioning to a system where departments in charge of business execution (first line) and control (second line) carry out these matters, which we hope will take hold as a part of our efforts to strengthen on-site capabilities moving forward. For management strategy, the solid foundation for organizational audits by the Internal Audit Department and Accounting Auditor has enabled the Audit Committee to focus on management audits from three managerial perspectives, namely, quality and integrity management, consolidated group management and enhancing corporate value. This year has seen us take the first step

toward upgrading the Audit Committee audits.

In the fiscal year ending March 2026, we must rethink our management strategy for the following fiscal year and beyond, boldly challenging ourselves to evolve. The Audit Committee will address internal control risk management associated with transformation, evaluate risk to be taken on in the interest of growth, and support the implementation of management strategies, thereby supporting the rapid implementation of the new management team from the perspectives of both internal control and management strategy. Regarding sustainability issues, we have positioned enhancement of human capital as a key audit item for the fiscal year ending March 2026, and intend to advise from a managerial perspective concerning the myriad people-related management issues we face as we strive for sustainable growth.

We will work to ensure that the three-pillar audit system functions properly as we strive to further improve the effectiveness of organizational audits.

Audit Committee

● Functions and duties

The Audit Committee audits the legality and validity of duties performed by Directors and Executive Officers, via audits either using internal control systems or directly by the Committee.

Composition (including Chair)	Three Outside Directors One Internal Director
Chair	Director (Outside) Kazuhiko Takeda
Members	Director (Outside) Hatsunori Kiriya Director (Outside) Nozomi Sagara Director Naoki Ono

Results

Number of meetings in FYE March 2025 14

2024	
February to May	FYE March 2024 year-end audit
March 27	Resolution on FYE March 2025 audit plan, etc.
May 13	Resolution on matters related to FYE March 2025 Accounting Auditor reappointment, FYE March 2024 audit report, etc.
June 26	Election of full-time, appointed, and specified members of the Audit Committee
July to following February	Mid-term audits (attendance at important meetings, interviews with Executive Officers, visiting audits of sites, hearing results from Audit Department, exchanging opinions with Accounting Auditors, etc.)
End of July	First quarter financial results audit Liaison meeting with standing Audit & Supervisory Board Members of subsidiaries held
End of October	Second quarter financial results audit

2025	
End of January	Third quarter financial results audit Liaison meeting with standing Audit & Supervisory Board Members of subsidiaries held
February to May	FYE March 2025 year-end audit
March 26	Resolution on FYE March 2026 audit plan, etc.
May 13	Resolution on matters related to FYE March 2026 Accounting Auditor reappointment
May 16	Resolution on FYE March 2025 audit report, etc.

The Audit Committee Office

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

Sustainability Promotion > Corporate Governance

Message from the Chair of the Remuneration Committee



We will further refine our current remuneration system to consistently encourage ambitious goals to improve corporate value, in which the creation and achievement of results is more highly valued.

Chair of the Remuneration Committee

Koji Igarashi, Outside Director

As a part of the Remuneration Committee's initiatives for the fiscal year ended March 2025, we established new allowances for the Chair of the Board of Directors as well as for audit-related duties, in line with structural changes, including the separation of the functions of the Chair of the Board and Chairperson, and the establishment of the Audit Committee Chair as a part-time position. These efforts have facilitated the creation of a system where remuneration is commensurate with the responsibilities of the Directors.

We use the ambitious annual figures set in the Medium-term Management Strategy as targets for Executive Officer bonuses, which are short-term incentives. In the future, we would also like to consider how to more strongly reflect relative growth compared to other companies in the same industry or manufacturing companies of the same size in our evaluations.

On that note, compared to other manufacturing companies of the same size, we have tended to have a greater ratio of performance-based remuneration over fixed remuneration. However, in recent years, other companies have also been increasing their performance-based remuneration ratio, making our current performance-based

remuneration ratio that of a standard level. In order to further generate a sense of urgency in our management, we will continue to consider how to set an appropriate ratio of performance-based remuneration while taking our relative positioning into account.

In order to support the reliable achievement of management strategy in the fiscal year ending March 2027 and after, this fiscal year, we will consider fixed/variable ratio of remuneration while also reviewing the evaluation indicators and formula used to calculate annual bonuses for Executive Officers, all with the aim of making incentives to achieve results more tangible. We will also consider using indicators other than consolidated operating profit, such as ROIC, as performance indicators. Currently, non-financial evaluation items include one or more initiatives in line with Sustainability Policy, but we plan to further refine these items incorporating practices from other companies.

We will continue to work to further refine our current remuneration system, ensuring it becomes one that consistently encourages Executive Officers to take on challenges and achieve ambitious goals to improve corporate value, in which the creation and achievement of results is more highly valued.



Remuneration Committee

● Functions and duties

The Remuneration Committee establishes policies for determining individual remuneration for Directors and Executive Officers, and determines the individual remuneration to be received by Directors and Executive Officers based on such policies.

Composition (including Chair)	Three Outside Directors
Chair	Director (Outside) Koji Igarashi
Members	Director (Outside) Tatsuo Wakabayashi Director (Outside) Rikako Beppu

Results

Number of meetings in FYE March 2025 11

2024	
April 10	Deliberation on suitability of the remuneration system, and disclosure of the malus and clawback system contained therein
May 29	Resolution to revise internal rules for the remuneration for Directors and Executive Officers Deliberation on consolidated operating profit growth rate evaluation related to amount of individual bonuses for Executive Officers, results of non-financial evaluation for the previous year, and setting non-financial factors related to individual bonuses for Executive Officers for the current fiscal year
June 12	Resolution on the amount of individual bonuses for Executive Officers based on performance in the previous fiscal year
June 26	Resolution on details of individual remuneration for Directors, etc. Deliberation on Remuneration Committee schedule
August 28	Confirmation of the background to the current remuneration system and deliberation on future issues
October 30	Reports on trends related to officers' remuneration and the remuneration standard benchmarks
November 27	Deliberation on future issues of the Remuneration Committee based on benchmark results, etc.

2025	
January 15	Deliberation on suitability of the remuneration system
February 26	Deliberation on suitability of the remuneration system
March 12	Resolution to revise internal rules for the remuneration for Directors and Executive Officers Deliberation on partial revision of share issuance rules for the BIP (Board Incentive Plan)
March 26	Resolution on details of individual remuneration for Directors and Executive Officers Resolution on partial revision of share issuance rules for the BIP (Board Incentive Plan)

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Policy on Determining Remuneration for Officers, Etc.



Remuneration System for Directors and Executive Officers

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

1. Policy on Determining Remuneration for Officers

- (1) A system shall be created that provides competitive standards for remuneration compared with companies of a business category and size similar to the Group.
- (2) The performance of the functions and duties assumed by each Officer and contributions to the improvement of medium- to long-term corporate value shall be evaluated in a fair and equitable manner, and the evaluation results shall be reflected in remuneration.
- (3) Regarding Executive Officer remuneration, in order to have remuneration function as a sound incentive to improve the Group's medium- to long-term corporate value, remuneration shall consist of basic remuneration, an annual bonus based on performance evaluations in each fiscal year, etc. and stock-based compensation, which is a medium- to long-term incentive linked to medium- to long-term performance and corporate value. The remuneration composition ratio shall be determined appropriately in accordance with one's job position. For Director (excluding those who concurrently hold the posts of Director and Executive Officer) remuneration, in principle, only basic remuneration shall be paid in cash, in light of their function and role of supervising the performance of job duties by the Executive Officers. However, Directors who serve as Chair of the Board or any other committee will be paid allowances in addition to basic remuneration in consideration of their responsibilities. Directors responsible for specific audit activities, such as the Chair of the Audit Committee, will be paid an allowance for audit-related duties

commensurate with their responsibilities.

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

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

- (5) A medium- to long-term incentive shall be stock-based compensation that enables Executive Officers to share awareness of profits with shareholders in order to enhance corporate value from a medium- to long-term viewpoint.
- (6) The policies for determining remuneration and the amount of individual remuneration shall be deliberated and determined by the Remuneration Committee composed of a majority of Independent Outside Directors.
- (7) Necessary information shall be disclosed actively so that stakeholders including shareholders can monitor the relationship between performance, etc. and remuneration.

2. Remuneration System for Officers

- (1) Directors (excluding those who concurrently hold the posts of Director and Executive Officer)
In principle, the remuneration for Directors shall consist of basic remuneration only. However, Directors who serve as Chair of the Board or any other committee will be paid allowances in addition to basic remuneration in consideration of their responsibilities. The cash amount shall take into consideration an individual Director's job position and refer to the standards for remuneration of other companies based on the research of outside experts.
- (2) Executive Officers
The remuneration payable to Executive Officers shall consist of basic remuneration, which is fixed remuneration, and

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

<Basic Remuneration>

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

<Annual Bonus (Short-term Incentive Remuneration)>

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

<<Evaluation Items>>

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

Sustainability Promotion > Corporate Governance Policy on Determining Remuneration for Officers, Etc.

- ② Relative comparison of TSR (relative comparison with six nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies, all in Japan) (Evaluation of relative comparison of TSR)
- ③ Non-financial evaluation of the status of achievement of the targets set for each Executive Officer at the beginning of the term and other relevant factors with regard to efforts aimed at improving medium- to long-term corporate value, which is less likely to be represented in short-term performance, as well as efforts in line with the Sustainability Policy*

*Sustainability Policy Items

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

<<Calculation Formula>>

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

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

<<Evaluation Weight>>

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

Chief Executive Officer, Non-Business related Executive Officers

$$\left(\begin{array}{c} \text{Evaluation of consolidated operating profit} \\ 60\% \end{array} \times \begin{array}{c} \text{Adjustment Factor} \\ \text{Evaluation of growth rate} \\ 0.9 \text{ to } 1.1 \end{array} \right) + \begin{array}{c} \text{Evaluation of relative comparison of TSR} \\ 20\% \end{array} + \begin{array}{c} \text{Evaluation of non-financial factors} \\ 20\% \end{array}$$

Business-related Executive Officers

$$\left(\begin{array}{c} \text{Evaluation of relevant business operating profit} \\ 60\% \end{array} \times \begin{array}{c} \text{Adjustment Factor} \\ \text{Evaluation of growth rate} \\ 0.9 \text{ to } 1.1 \end{array} \right) + \begin{array}{c} \text{Evaluation of relative comparison of TSR} \\ 20\% \end{array} + \begin{array}{c} \text{Evaluation of non-financial factors} \\ 20\% \end{array}$$

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

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

The target and actual values of performance-linked indicators used to calculate bonuses for the fiscal year ended March 2025 are as follows.

Evaluation Items		Target	Results
Operating profit	Consolidated	¥55 billion	¥37.1 billion
	Metals business	¥14.9 billion	¥23.1 billion
	Advanced Products business	¥19.5 billion	¥5.6 billion
	Metalworking Solutions business	¥21.2 billion	¥8.8 billion
Consolidated operating profit growth rate		—	59.47%
TSR (Figures in brackets are rankings of six domestic non-ferrous metals companies)		—	94.3% (3)



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

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

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

<Claim for return of remuneration, etc. (Malus and Clawback System)>

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

Sustainability Promotion > Corporate Governance Policy on Determining Remuneration for Officers, Etc.

Details of Non-financial Evaluation Items for Annual Bonuses for Executive Officers (excluding CEO) (FYE March 2026)

Method for target setting

For non-financial evaluation, each Executive Officer (excluding the CEO) is required to set three target items, one of which is a sustainability issue. Each item is broken down into two or three sub-items. The table below categorizes the non-financial evaluation items set for the fiscal year ending March 2026 based on the Sustainability Policy, etc.

Since the fiscal year ended March 2024, we have mandated the promotion of Diversity, Equity & Inclusion and in particular, the setting of targets related to the ratio of female managers. Additionally, many Executive Officers set targets related to proactive efforts to protect the global environment.

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

Evaluation process

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

Total Amount of Remuneration, Etc. per Classification of Officers, Total Amount per Type of Remuneration, Etc., and Number of Eligible Recipients for FYE March 2025

(Unit: Millions of yen)

Classification of officers	Total amount of remuneration, etc.	Type of remuneration, etc.					
		Monetary remuneration				Nonmonetary remuneration	
		Basic remuneration		Bonus (Performance-linked remuneration)		Stock-based compensation	
		Total	Number of eligible recipients	Total	Number of eligible recipients	Total	Number of eligible recipients
Directors (Other than Outside Director)	88	88	1	—	—	—	—
Executive Officers	452	281	8	79	8	90	8
Outside Directors	130	130	9	—	—	—	—

*1 The total amount of remuneration, etc. paid to Directors who concurrently serve as Executive Officers and number of recipients are shown in the column for Executive Officers.

*2 Directors who serve as Chairs of the Nomination, Audit, Remuneration and Sustainability Committees are paid allowances as of and after July 2024. The allowance is included in basic remuneration above.

*3 The Company had 11 Directors and 8 Executive Officers as of the end of the fiscal year ended March 2025. This includes two Outside Directors who resigned during that time.

*4 The Company has introduced stock-based compensation based on a trust scheme, and the above amount of stock-based compensation represents the amount recorded as expenses for the fiscal year ended March 2025.

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

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

In order to eliminate asymmetry of information, Outside Directors who are not members of the Remuneration Committee are permitted to participate in the Remuneration Committee as observers when appropriate. Furthermore, the Remuneration Committee has the CEO attend its meetings to provide explanations and opinions, etc., as needed.



Sustainability Promotion > Corporate Governance

Message from the Chair of the Sustainability Committee



We will work to improve corporate governance and increase corporate value from the perspective of addressing sustainability issues.

Chair of the Sustainability Committee

Nozomi Sagara, Outside Director

In the fiscal year ended March 2025, the third year since the establishment of the Sustainability Committee, we worked to deepen discussions on key themes of Group sustainability issues, including DE&I, global environmental issues, and resource recycling, through efforts such as a visit to another company and lectures by external experts. Additionally, by providing an appropriate forum for dialogue, we have engaged in earnest discussion on how Directors' and Executive Officers' newly acquired knowledge can best be utilized to address the Group's sustainability issues. I believe that key issues moving forward will be to ensure that the executive side are applying what they have learned through work practices, that these efforts are leading to increased corporate value, and that improvements are being made through the PDCA cycle.

The fiscal year ending March 2026 is my first as Chair of the Sustainability Committee, and I would like to work even harder with the other members of the Sustainability Committee to improve corporate governance and increase

corporate value from the perspective of addressing sustainability issues. Responding to major changes in the global situation and economic environment has become an urgent issue for the Group, so we are currently revising the Medium-term Management Strategy FY2031. Addressing sustainability issues is of great interest to our stakeholders, and we believe it is essential to be sensitive to the demands of society in committee activities, incorporating them into our management strategy as a vital management perspective. Furthermore, we recognize that an important role of the Sustainability Committee is to learn about and encourage the implementation of more advanced sustainability approaches, as well as to facilitate more proactive disclosure of information. Through our various endeavors, we will strive to deepen discussions with the Board of Directors, and rise to the expectations of all our stakeholders, ensuring steady implementation of efforts to achieve our Commitment, "For people, society and the earth, circulating resources for a sustainable future."

Sustainability Committee

● Functions and duties

The Sustainability Committee will consider methods for monitoring by the Board of Directors and issues to be considered by the Board of Directors related to sustainability management and others as matters at the request of the Board of Directors for advice.

The Sustainability Committee will report its considerations to the Board of Directors.

Composition (including Chair)	Three Outside Directors
Chair	Director (Outside) Nozomi Sagara
Members	Director (Outside) Hatsunori Kiriya Director (Outside) Ichiro Sasaki

Results

Number of meetings in FYE March 2025 10

2024	
Apr. 24	Deliberation on collected opinions regarding external expert lectures and outside site visits
May 14	Discussion session with Executive Officers on sustainability issues based on lectures by external experts and outside site visits
Jun. 12	Summary of the previous years' activities of the Sustainability Committee
Jul. 10	Deliberation on annual activity planning for the Sustainability Committee
Sep. 25	Deliberation on candidates for external expert lecturers and outside site visits
Nov. 8	Panel discussion with external experts on Corporate DEI initiatives
Nov. 27	Exchange of opinions with Executive Officers regarding the November 8, 2024 panel discussion

2025	
Jan. 22	Outside site visit (site: manufacturing company that promotes employment of people with disabilities and diverse working styles)
Jan. 29	Lecture by external expert (topic: corporate sustainability initiatives)
Mar. 12	Exchanged opinions with Executive Officers on the January 22, 2025 outside site visit and January 29, 2025 outside expert lecture.

Sustainability Promotion > Corporate Governance

Dialogue with Outside Directors



Two Outside Directors offered advice based on their respective experience and knowledge on the challenges and expectations for improving Group corporate value.



Rikako Beppu
 Outside Director

Hatsunori Kiriya
 Outside Director

Providing external and diverse perspectives based on past experience

Beppu: I have experience as a lawyer at an international law firm. When I was approached about becoming an Outside Director, I was told that “our Outside Director position is not just a figurehead, but will be fully utilized,” and I found this enthusiasm appealing. Lawyers are often asked to act as external advisors for companies, but an Outside Director is expected to truly oversee execution as a part of the management team. I felt it would be a tall hurdle to overcome—a lawyer joining the Board of Directors, which is made up of corporate management professionals—but I aim to bring my own experience, knowledge and unique perspective to the table.

Kiriya: I have been involved in management at a global company. As part of efforts to streamline our business portfolio and strengthen our governance system in the wake of quality issues, we transitioned to a Company with a Nomination Committee, etc., while

testing governance measures, including appointing mostly Outside Directors to Director roles. I believe I can put my experience to good use in such a role. There may be differences in business models and so on, but there are no major differences to the tasks required of corporate management. Even so, the roles of business execution and management oversight are different. For our Group, the role of Executive Officers is to accelerate business, and I am conscious of my role as an Outside Director to encourage and accelerate this action.

Foresight and speed are key—Promoting execution as an Outside Director

Beppu: Looking at our management team, I see we have a proactive, sincere and passionate team of people who focus on the business challenges at hand. People have been promoted from inside, and we have brought on talented people from outside, as well, so I feel we have a strong management team.

Sustainability Promotion > Corporate Governance Dialogue with Outside Directors



Meanwhile, from the perspective of human resources, I feel it is challenging to foresee further into the future, for example, what kind of personnel will be needed to steer us in the right direction, who should be chosen as a successor, or how to incorporate this into the process. I believe it is necessary to improve the system for selecting successor candidates, including Executive Officers other than the CEO.

Kiriyama: The bold decision to transition to being a Company with a Nomination

Committee, etc., as a governance structure took great courage and is highly commendable. That said, while the base capabilities of our human resources are high, I am concerned about the lack of diversity. Currently, there are no foreign nationals on the Board of Directors. If we are to become a truly global company, we need to further improve diversity, including by bringing on more foreign nationals. Furthermore, Japanese companies have yet to adopt a culture of promoting young, inexperienced personnel, and this is true of the MMC Group, as well. Nothing will change unless we are willing to make the change ourselves.

And the biggest challenge is speed. Especially when competing against global competitors, a lack of speed can lead to delays and not achieving the returns we should. These issues need to be addressed moving forward, and as an Outside Director, this is something I will strongly encourage.

Growth opportunities abound. Expect implementation with speed

Beppu: I see great opportunity and

potential, and have high hopes for our future growth. Unfortunately, it will be very difficult to achieve initial targets for the fiscal year ending March 2026, but we must fully understand the current situation by reflecting on why this occurred, what we can do, and what we lack. There are many factors that could make a big difference through utilization of our current assets. The Board of Directors must carefully consider where we can grow as a company, including initiatives in each business, M&A and collaboration.

We are also building partnerships with other companies inside of various initiatives, but I hope we can explore more diverse forms of partnerships. Of course, things like building a resource circulation loop are tasks we cannot achieve only on our own, but I look forward to seeing the Company take on bold challenges with a sense of urgency.

Kiriyama: I also believe there is ample opportunity and potential for growth. It's how we grow that I feel is important. Growth is not simply getting bigger in size. Maintaining a lean structure and raising our level every year, even if small

in scale, is also growth. I believe the most important responsibility of the Board of Directors is to decide what will help us grow as a company. I believe that if we can clarify what we work on and how we work on it, rather than simply extending our current business, there will be ample room for growth. It is also important to work on what we decide on with speed, assembling teams that can carry out tasks reliably. I strongly believe that human capital will be a key theme.



Sustainability Promotion > Corporate Governance

Executive Officer System

Executive Officers

Executive Officers execute business in accordance with the prescribed segregation of duties, based on the delegation of authority from the Board of Directors. The Company has 7 Executive Officers, of which the Chief Executive Officer Tetsuya Tanaka, and the Managing Executive Officer Nobuhiro Takayanagi are elected as Representative Executive Officers upon the decision of the Board of Directors.

Executive Officers (as of April 1, 2025)

Tetsuya Tanaka	Chief Executive Officer (Representative Executive Officer) CEO*1 Responsible for: General Operation of the Company, Internal Audit, Sustainability Promotion*5, Mitsubishi Materials Europe B.V.
Kayo Hirano	Managing Executive Officer CFO*2 Responsible for: Responsibilities of the CFO*6, Procurement & Logistics
Makiko Nogawa	Managing Executive Officer CHRO*3 Responsible for: Responsibilities of the CHRO*7, General Affairs, Corporate Communications, Legal & Compliance, Business Transformation
Toshinori Ishii	Managing Executive Officer CTO*4 Responsible for: Responsibilities of the CTO*8, Renewable Energy Business
Nobuhiro Takayanagi	Managing Executive Officer (Representative Executive Officer) President, Metals Company
Zhang Shoubin	Managing Executive Officer President, Advanced Products Company
Kazuo Ohara	Managing Executive Officer President, Metalworking Solutions Company

*1 CEO: Chief Executive Officer

*2 CFO: Chief Financial Officer

*3 CHRO: Chief Human Resources Officer

*4 CTO: Chief Technical Officer

*5 Sustainability Promotion: Sustainability Management (including Safety, Environment & Quality, Sustainable Development, Environmental Stewardship enter)

*6 Responsibilities of the CFO: Accounting, Finance, Financial Controlling, Investor Relations

*7 Responsibilities of the CHRO: Global Human Resources, Human Resources & Industrial Relations

*8 Responsibilities of the CTO: Monozukuri and R&D Strategy, DX Promotion, System Strategy



Strategic Management Committee

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

Sustainability Deliberative Council and Sustainability Reviews

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

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

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

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

Sustainability Promotion > Corporate Governance

Status of Audits/Internal Control/Status of Strategic Share Holdings



Status of Audits

Status of Audits Performed by the Audit Committee

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

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

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

Kazuhiko Takeda, Chair of the Audit Committee, has extensive

knowledge of finance and accounting through his experience as the CFO at a major subsidiary of a listed company.

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

Status of Internal Audits

As of June 24, 2025, the Audit Department, which is in charge of internal audits, consists of 19 persons, including the General Manager. It is responsible for conducting internal audit work on the instructions of the responsible Executive Officer in cooperation with the Audit Committee to investigate whether internal control systems are developed and applied in an appropriate manner. It also audits the effectiveness and efficiency of company operations across the Group, the credibility of financial reports, the state of asset preservation and use, the risk management status, and the state of compliance with laws and regulations, and internal rules and standards, based on internal audit plans approved by the responsible Executive Officer and the Audit Committee. Additionally, audits are conducted in close coordination with the Accounting Auditor by sharing information.

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

Internal Control

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

Regarding evaluations conducted during the fiscal year ended March 2025 on our internal control system for financial reporting, an Internal Control Report was submitted in June 2025 for which we received an unqualified opinion of the auditing firm that the content is appropriate.

Status of Strategic Share Holdings

The Company has a policy of not acquiring or holding shares other than purely for investment purposes (Strategic Share Holdings), except when it is required for the business strategy. With regard to Shares in the Form of Strategic Share Holdings, the appropriateness of such holdings shall be specifically reviewed and examined at a meeting of the Board of Directors on an annual basis. As a result of such reviews and examinations, the Company will reduce any Shares in the Form of Strategic Share Holdings if it is not deemed to be necessary to hold such shares.

Status of Holdings for FYE 2025

In the fiscal year ended March 2025, out of Strategic Share Holdings held by the Company (six listed stocks held as of April 1, 2024), we sold all or part of four of the listed stocks, resulting in a total of three listed stocks held as of the end of March 2025. As of the end of March 2025, the amount of Strategic Share Holdings on the balance sheet was approximately ¥5.8 billion for listed stocks, approximately ¥2.2 billion for unlisted stocks, and approximately ¥3.8 billion for deemed share holdings of equity securities, totaling 1.7% of the Company's consolidated net assets as of March 31, 2025.

Percentage of Strategic Share Holdings in Consolidated Net Assets

