Sustainability

Corporate Governance

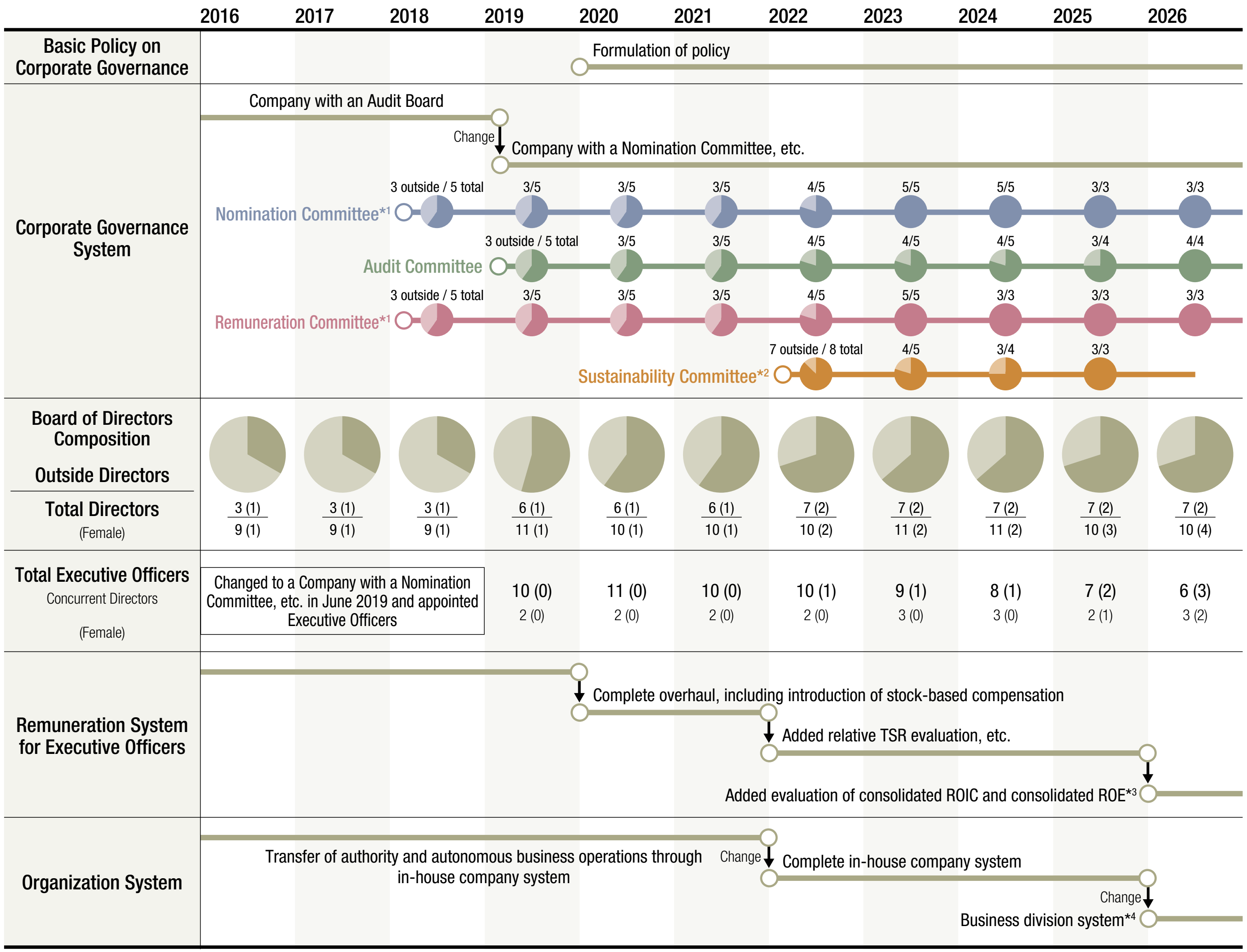
Efforts in Strengthening Corporate Governance

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

The Board of Directors has been continuously increasing the ratio of Outside Directors and female Directors, and currently has 7 Outside Directors and 4 female Directors out of 10 Directors.

With regard to the remuneration system for Executive Officers, we introduced stock-based compensation alongside significant revisions to the system in 2020. From 2022, we added relative TSR evaluation to the annual bonus evaluation items and incorporated targets aligned with the Sustainability Policy into non-financial evaluation elements. Furthermore, evaluation based on consolidated ROIC and consolidated ROE was added to the annual bonus evaluation items in 2026.

In terms of the organizational system, in order to promote the basic policy of “creating the future through resource circulation” laid out in the Medium-term Management Strategy (FYE March 2027-2029), we shifted from an in-house company system to a business division system in the fiscal year ending March 2027 with the aim of bolstering its operational foundation by integrating various functions.



*1 The Nomination Committee and the Remuneration Committee were set up in FYE March 2019 as a voluntary committee and became a statutory committee in June 2019.
*2 The Sustainability Committee was dissolved in a progressive manner in June 2026 following determination that it is appropriate to address sustainability issues and overall management matters in a unified manner at the Board of Directors.
*3 Consolidated ROIC and consolidated ROE were added to the evaluation items for annual bonus of Executive Officers.
*4 We transitioned to business division system from April 1, 2026.

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

(Rear, from left)

- **Miki Adachi** — Managing Executive Officer; CTO
- **Jason Frank** — Outside Director
- **Nozomi Sagara** — Outside Director
- **Kazuhiko Takeda** — Outside Director
- **Zhang Shoubin** — Managing Executive Officer, Responsible for Products Business Area
- **Rikako Beppu** — Outside Director

(Front, from left)

- **Hatsunori Kiriyama** — Outside Director
- **Makiko Nogawa** — Director, Managing Executive Officer; CHRO
- **Ichiro Sasaki** — Outside Director, Chair of the Board
- **Tetsuya Tanaka** — Director, Executive Officer, President and CEO
- **Kayo Hirano** — Director, Managing Executive Officer; CFO
- **Koji Igarashi** — Outside Director
- **Tatsuya Inoue** — Managing Executive Officer, Responsible for Materials Business Area

Sustainability > Corporate Governance

Corporate Governance System

Basic Approach

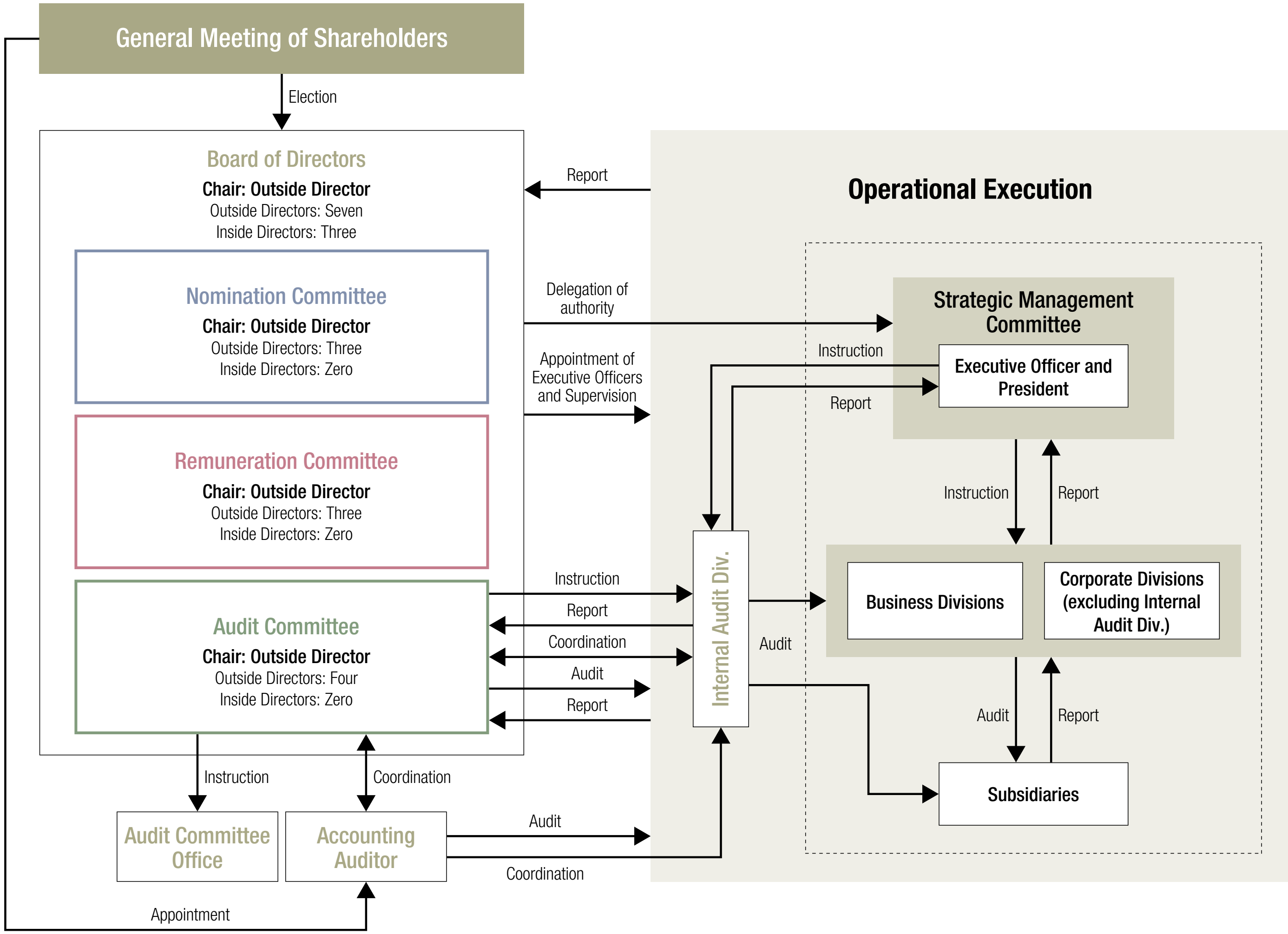
- We have, based on the Corporate Philosophy of the Group, Our Vision, Our Values, Code of Conduct, Our Commitment and the Basic Policy on Corporate Governance established by the Board of Directors, developed trust with all stakeholders related to the Company and its subsidiaries, such as shareholders 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.

We have set out "Our Commitment" of "For people, society and the earth, circulating resources for a sustainable future." Toward the realization of this goal, from the fiscal year ending March 2027, we have transitioned from the in-house company system to a business division system with the aim of bolstering our operational foundation by strengthening resource allocation from a Company-wide perspective and integrating various functions.

Related Information:

Corporate website
Basic Policy on Corporate Governance / Corporate Governance Report

Overview of the Corporate Governance System (Chart as of June 23, 2026)



Sustainability > Corporate Governance

Directors (as of June 23, 2026)

*The section "Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2026)" shows the status of attendance at Board of Directors meetings held during their tenure as well as at committee meetings held during their committee member tenure.

Ichiro Sasaki
Outside Director
Chair of the Board

Nomination Committee
Remuneration Committee

Apr. 1983	Joined Brother Industries, Ltd.
Jan. 2005	Managing Director, Brother U.K. Ltd.
Apr. 2008	General Manager of NID Research & Development Dept., 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	Director of the Company
Jun. 2025	Advisor, Brother Industries, Ltd. (to present)
Jun. 2026	Director (Chair of the Board) of the Company (to present)

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2026)

Board of Directors Meetings 15/15 (100%)
Sustainability Committee Meetings 9/9 (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	Senior Advisor (resigned June 2020)
Jun. 2020	Director of the Company (to present)

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2026)

Board of Directors Meetings 21/21 (100%)
Nomination Committee Meetings 12/12 (100%)
Remuneration Committee Meetings 11/11 (100%)
Sustainability Committee Meetings 3/3 (100%)

Kazuhiko Takeda
Outside Director

Chair of the Audit Committee

Apr. 1983	Joined Sony Corporation
Oct. 2001	Vice President in charge of Accounting, Sony Ericsson Mobile Communications Inc.
Apr. 2006	Executive Officer; CFO, Sony NEC Optiarc Inc.
Aug. 2008	Senior Vice President in charge of Corporate Management and Accounting, Sony Europe Ltd.
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
Jan. 2018	Senior Vice President Corporate Executive in charge of Corporate Planning & Control and Accounting; CIO
Jul. 2018	Senior Vice President 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. (FYE March 2026)

Board of Directors Meetings 21/21 (100%)
Nomination Committee Meetings 3/3 (100%)
Audit Committee Meetings 17/17 (100%)

Rikako Beppu
Outside Director

Chair of the 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
May 1998	Seconded to Export-Import Bank of Japan
Sep. 2001	Partner, Simmons & Simmons
Oct. 2001	Registered as a member of Daini Tokyo Bar Association (registered foreign lawyer)
Sep. 2008	Partner, 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. (FYE March 2026)

Board of Directors Meetings 21/21 (100%)
Nomination Committee Meetings 12/12 (100%)
Audit Committee Meetings 4/4 (100%)
Remuneration Committee Meetings 13/13 (100%)

Hatsunori Kiriyama
Outside Director

Audit Committee

Apr. 1985	Joined P&G Far East Inc.
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. (FYE March 2026)

Board of Directors Meetings 21/21 (100%)
Audit Committee Meetings 17/17 (100%)
Sustainability Committee Meetings 12/12 (100%)

Sustainability > Corporate Governance
Directors

Nozomi Sagara
Outside Director

Audit Committee

Apr. 1989 Joined Ministry of International Trade and Industry
Jul. 2011 General Manager, Environment Department, Incorporated Administrative 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
Jul. 2015 Director, Information Systems and Welfare Division, Minister's Secretariat, METI
Jul. 2017 Director-General, Tohoku Bureau of Economy, Trade and Industry, METI
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. (FYE March 2026)

Board of Directors Meetings 21/21 (100%)
Audit Committee Meetings 17/17 (100%)
Sustainability Committee Meetings 12/12 (100%)

Jason Frank
Outside Director

Audit Committee

Feb. 2002 Director, PMP Japan Co., Ltd.
Oct. 2005 Representative Director, PM Global Co., Ltd.
Dec. 2006 Joined Integra Strategic Transformation Consulting Limited
Apr. 2009 Managing Director, The Top Notch Group LLC
Oct. 2010 Joined ITOCHU Europe PLC
Nov. 2013 General Manager, Metals and Minerals Division; General Manager, Solar Division, ITOCHU Europe PLC
Apr. 2016 Group Director, Data Analytics and Business Development, European Tyre Enterprise Limited
May 2021 Chairman and CFO, Hiyacar Limited
Jan. 2022 Managing Director, Re:Adapt Data Science Limited (to present)
Jun. 2026 Director of the Company (to present)

Tetsuya Tanaka
Director
Executive Officer and President (CEO)

Responsible for General Operation of the Company, Internal Audit, Management Strategy

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 Executive Officer, President and CEO
Jun. 2025 Director; Executive Officer, President and CEO (to present)

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2026)

Board of Directors Meetings 15/15 (100%)

Kayo Hirano
Director
Managing Executive Officer; CFO

Responsible for responsibilities of the CFO, Procurement, Mineral Resources Business

Apr. 2004 Joined Sakura & Co.
Sep. 2004 Joined ShinNihon Audit Firm
Mar. 2008 Joined Morgan Stanley Securities Co., Ltd.
Jan. 2009 Joined 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.
Apr. 2025 Managing Executive Officer; CFO
Jun. 2025 Director; Managing Executive Officer; CFO (to present)

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2026)

Board of Directors Meetings 15/15 (100%)

Makiko Nogawa
Director
Managing Executive Officer; CHRO

Responsible for responsibilities of the CHRO, Legal & General Affairs, Corporate Communications, Business Transformation

Apr. 1994 Joined Kao Corporation
Aug. 1999 Joined Hewitt Associates Co., Ltd.
Sep. 2001 Joined General Electric International Inc., Japan Branch
Apr. 2012 Executive Director, GTS Business HR, IBM Japan Ltd.
Jun. 2014 HR Director, IBM Corporation
Jun. 2015 Executive Officer, GBS Business HR, IBM Japan Ltd.
Aug. 2016 Executive Officer, HR, 3M Japan Ltd.
Mar. 2021 Joined the Company
Apr. 2021 Executive Officer, General Manager, Human Resources Department
Apr. 2022 Managing Executive Officer, General Manager, Human Resources Strategy Department
Apr. 2023 Managing Executive Officer; CHRO
Jun. 2026 Director; Managing Executive Officer; CHRO (to present)

Sustainability > Corporate Governance

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 realize the Medium-term Management Strategy (FYE March 2027-2029) based on their respective expertise and experience.

		Expertise and experience								Medium-term Management Strategy (FYE March 2027-2029)		Supervision of tackling of main sustainability challenges	
Name	Business experience outside the Company	Corporate management & organizational management	International experience	Sales & marketing	Production engineering	Research & development	Legal affairs	Finance & accounting	Supervision of management strategy execution	Formulation of the strategy	Improve profitability and capital efficiency	Strengthen human capital	Strengthen tackling of global environmental issues
Ichiro Sasaki Independent Director	Electronic devices and industrial equipment	●	○	○	○	●			Perspective from experience as top management in manufacturing		Perspective from experience in leading customer-oriented product development and company-wide efforts to leverage IT	Perspective from experience of HR management in manufacturing and engineers	Perspective from experience in leading environmental initiatives as CEO within the manufacturing industry
Koji Igarashi Independent Director	Food and food materials	●	○		●	○		○	Perspective from experience executing medium- to long-term business strategies	Perspective from experience of business structure reform	Perspective from practical experience in manufacturing techniques and development	Perspective from experience of HR 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	Posing of issues from a financial perspective	Perspective on business management from extensive experience as CFO	Perspective from experience as a management executive of a global company	
Rikako Beppu Independent Director	Legal profession		●				●		Perspective from deep knowledge of global business expansion	Perspective from experience being responsible for collaboration with many Japanese and overseas companies		Perspective from experience in diversity activities and initiatives	
Hatsunori Kiriyama 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 technological knowledge across different fields	Perspective from experience being involved in government administration of resource recycling		Perspective from experience in HR management in government offices	Perspective from experience being involved in government administration of global environment preservation
Jason Frank Independent Director	Automotive-related business and renewable energy	●	●	○				○	Perspective from extensive practical experience of investment projects at multiple companies in Japan and Europe		Perspective from experience of leading and supporting management reforms at multiple companies in Japan and Europe	Perspective from experience of HR management at multiple companies in Japan and Europe	Perspective from experience of involvement in renewable energy business in Europe
Tetsuya Tanaka	–	●			○	●	○		Perspective from experience of overall management of the Group and perspective in leading discussion as the Company's CEO		Perspective from extensive practical experience in the Group's manufacturing sites	Perspective from experience of HR management in manufacturing sites of the Company	Perspective from experience as the officer in charge of the global environment of the Company
Kayo Hirano	Housing equipment	●	○					●	Perspective from experience as the Company's CFO		Perspective from the standpoint of leading improvement in the Company's financial structure	Perspective from experience of HR management in a manufacturing company	
Makiko Nogawa	Conglomerate, chemicals, and IT	●	●				○		Perspective from experience as the Company's CHRO		Perspective from experience in organizational and talent development and planning and operation of HR systems at global companies		

○ indicates expertise and experience owned (● indicates primary)
*The above Skill Matrix does not cover all the expertise and experience possessed by the Directors.
*The items above are focused on those with high contribution by the Directors.

Sustainability > Corporate Governance

Message from the Chair of the Board

I will harness the expertise and capabilities of the Board of Directors to contribute to a bright future for the Group.

Chair of the Board **Ichiro Sasaki,** Outside Director

I was appointed as Chair of the Board in June 2026. In the fiscal year ended March 2026, the Board of Directors focused on activities to appropriately monitor and support the executive side in order to stabilize the business foundation through rapid response to changes in the business environment and improvement of profitability. In line with the review of the Medium-term Management Strategy, the Group has indicated a policy of placing the Resource Circulation Business at the center of our future growth strategy, but in order to achieve this, we need to take many initiatives, such as strengthening our E-Scrap collection system, promoting investment in recycling equipment, and optimizing surplus equipment. There are also various other issues such as reviewing the inventory management system and quickly revising sales prices. In addition to supervising the response to these business issues and providing advice on resolving them, the Board of Directors has also been working on a generational change in the management team.

Additionally, one of the important roles of the Board of Directors is monitoring sustainability management. Until now, the central role has been played by the Sustainability Committee, but since the entire Board of Directors is now actively involved in monitoring sustainability management, the committee was progressively dissolved as of June 2026, with its role integrated into the Board of Directors. Currently, the Board of Directors monitors the status of initiatives on sustainability issues on the executive side, and has transitioned to a system where the entire Board of Directors discusses matters.

Today, the speed of business is dramatically accelerating due to the rapid advancement of digital technologies such as AI, and the development of robotics technology is leading to the expansion of labor-saving and automation. Furthermore, geopolitical shifts are altering supply chains, and resource prices remain volatile. Amidst these significant changes in the external environment, the principle that “a company is only as good as its people” remains paramount. The growth of each individual employee drives the growth of the entire Group and serves as the foundation for our contributions to stakeholders and society.

All of our Directors possess diverse and extensive experience and are deeply committed to enhancing the Group’s corporate value. As Chair of the Board, I will harness the full expertise and capabilities of each Director to foster the growth of both individuals and the organization, thereby contributing to a bright future for the Group.

Discussions by 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 23, 2026 (the end of the 101st 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	9	23
Sustainability	2	4
Corporate governance	3	1
Accounting, finance and IR	3	31

Deliberation content	Number of deliberations by the Board of Directors	
	Resolved matters	Reported matters
Compliance and internal control	1	10
Committee-related	1	41
Officer-related	10	1
Others	2	4

Sustainability > Corporate Governance
Discussions by 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 revisions to the Medium-term Management Strategy 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 or the executive side believe should be discussed with Directors and the executive side in order to improve corporate value.
- We held 38 briefings for Directors in the fiscal year ended March 2026. Particularly in regard to the Medium-term Management Strategy, we exchanged opinions on the revised overall concept, proposals for individual business strategies, our growth story, and other matters at 15 briefings between May and November 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 table below for the themes deliberated at briefings for Directors in the fiscal year ended March 2026.

Themes Deliberated at Briefings for Directors (FYE March 2026)

2025	
April 23	Financial results
May 14	Financial results
May 28	Medium-term Management Strategy
June 11	Medium-term Management Strategy
July 9	Medium-term Management Strategy
July 30	Medium-term Management Strategy
August 7	Medium-term Management Strategy
August 27	Medium-term Management Strategy
September 10	Medium-term Management Strategy
September 30	Medium-term Management Strategy, individual business strategies
October 8	Medium-term Management Strategy, Board of Directors
October 29	Medium-term Management Strategy, individual business strategies, Group companies
November 11	Medium-term Management Strategy
November 26	Compliance
December 10	Materiality, DE&I, individual business strategies, Group companies

2026	
January 28	Individual business strategies
February 12	Individual business strategies
February 25	Management policy, Individual business strategies, Board of Directors
March 11	Budget, digital transformation, individual business strategies

Director Communication

Ensuring an Adequate Schedule for Board of Directors Meetings

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

1-on-1 Meetings with Outside Directors

We hold 1-on-1 meetings between Outside Directors and the CEO and between Outside Directors and the Chair of the Board, each held once every two months, to provide an opportunity for communication in addition to discussions at Board of Directors meetings, etc. 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 is 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

This provides a forum for the exchange of opinions among Directors, enabling them to exchange information and share their views on a wide range of issues and to engage in effective discussions. In addition to determining the appropriate composition of participants on a case-by-case basis depending on the topic, such as limiting attendance to non-executive Directors or having all Directors in attendance, the CEO and Executive Officers are invited to these meetings as required to provide the necessary information.

Sustainability > Corporate Governance
Discussions by 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 2026, these tours focused on business sites of particular importance to the MMC Group's business strategy and business sites that had not been visited before, deepening Outside Directors' understanding of the Group's businesses and business locations. Outside Directors also participate as observers in Development Strategy Meetings Committee (general meetings for development strategy held at the 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 opportunities is for Outside Directors to gain a deeper understanding of Group employees while stimulating and further motivating employees.

Tour of Sanda Plant (Hyogo Prefecture)

Establishment of Corporate Secretary Department

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

Medium-term Management Strategy FY2031 Review

We formulated the FY2031 Strategy as its Medium-term Management Strategy in the fiscal year ended March 2023, and had been proceeding with the staged implementation of this strategy, with Phase 1 from the fiscal year ended March 2024 to the fiscal year ended March 2026 and Phase 2 from the fiscal year ending March 2027 to the fiscal year ending March 2031. However, a review of Phase 1 shows that the planned performance indicators were not achieved, due in part to significant changes in the external environment.

The Board of Directors regarded this to be a serious issue and engaged in numerous discussions to review Phase 1 and establish a future direction. This included both discussions within the Board of Directors and with the executive side.

The first issue raised in these discussions was changes in the external environment that had formed the underlying assumptions for the plan. Factors such as demand trends and TC/RC, which had been taken as preconditions, have changed significantly and suddenly in recent years. The initiatives in the initial plan were revised appropriately to account for this situation, and awareness of the increasing importance of responding flexibly to circumstances was shared. In addition, in terms of scale and the timeline of measures to achieve numerical targets, it was noted that the mechanisms for producing results lacked specificity. Furthermore, opinions were expressed regarding the need to formulate a plan encompassing options extending beyond growth scenarios based on the continuation of existing businesses in order to achieve the appropriate business scale and profitability.

Based on these discussions, the Board of Directors concluded that there was an urgent need to revise the current Medium-term Management Strategy and to transition to a business structure that can ensure profitability even in phases where the external environment is deteriorating.

Discussions Towards a New Medium-term Management Strategy

The executive side reset Phase 2 of the FY2031 Strategy and set out a policy to formulate a new Medium-term Management Strategy centered on resource circulation. Based on this, the Board of Directors reexamined external changes such as sluggish demand, falling TC/RC, the weakness of business structures reliant on primary resources and the global advancement of resource nationalism, together with the Company's competitive advantage, then used this as a basis for discussions regarding the validity of the new Medium-term Management Strategy.

During these discussions, wide-ranging matters were considered, including ideal resource allocation, the direction for structural reform and their effectiveness. Numerous opinions were also shared regarding the importance of working to strengthen the business foundation, product competitiveness and sale capacity and to improve profitability through appropriate resource allocation, the fact that quantitative expansion can be achieved as a result, and the need to shift from volume to value. In terms of structural reform, the opinion was expressed that the immediate implementation of fundamental reforms, including strengthening the management foundation through measures such as revising businesses and reorganizing functional divisions were prerequisites.

Repeated discussions were also held with the executive side, requiring the executive side to explain, including specific details, whether each initiative is expected to generate profits, rather than merely focusing on numerical metrics such as ROIC and ROE, and to provide specific details of the initiatives.

Following these discussions, the Board of Directors also came to the conclusion that shifting to focus on resource circulation would lead to sustainable growth for the Company.

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

Expectations and Responsibilities of the Board of Directors Under the New Medium-term Management Strategy

The Board of Directors considers the new Medium-term Management Strategy a valid growth strategy in consideration of the external environment and the Company's competitive advantage. Under this strategy, it is important that each initiative being advanced is steadily implemented and produces results, improving the Company's corporate value, and the Board of Directors will also work to achieve this.

Furthermore, in terms of reaching metrics, obtaining understanding and cooperation from internal and external stakeholders is important, and it is necessary to receive buy-in from relevant parties by clearly and carefully explaining policies and measures to achieve this and how these actions can lead to results.

The Board of Directors has put questions to the executive side from wide-ranging perspectives, including strategic assumptions, risk awareness, feasibility of implementation, and ideal resource allocation, and has worked to enhance the quality and effectiveness of decision making. The Board of Directors also plays an important role in putting forward perspectives and ways of thinking to support the executive side in taking on new challenges. Moving forward, the Board of Directors will continue to engage in dialogue with the executive side based on a foundation of trust allowing for frank discussion and will work to improve corporate value by enhancing the effectiveness of strategies.

Progressive Dissolution of Sustainability Committee

The Sustainability Committee has monitored the Group's sustainability management and examined related methods and issues, achieving a certain level of results. However, in light of the evolution of the role and functions of the Board of Directors, sustainability issues and overall management matters are now discussed and monitored by the Board of Directors as a whole. Accordingly, the Company has determined that it is appropriate to address these matters in a unified manner at the Board of Directors. Therefore, the Sustainability Committee was dissolved effective upon the close of the Ordinary General Meeting of Shareholders held on June 23, 2026.

Results of Sustainability Committee Activities (Total number of meetings in FYE March 2026 and FYE March 2027: 13)

2025	
April 9	Lecture by external expert (Topic: Europe, with particular focus on resource circulation and industry in Germany)
May 14	Summary of the previous year's activities of the Sustainability Committee
May 28	Determination of recommendations to be put to Board of Directors by Sustainability Committee
July 10	Deliberation on annual activity planning for the Sustainability Committee
September 30	Deliberation on the Company's sustainability activities
October 8	Deliberation based on briefing from executive side regarding the status of the Company's human capital enhancement initiatives
November 11	Deliberation based on briefing from executive side regarding the Company's status in relation to climate change issues
December 10	Deliberation based on briefing from executive side regarding the status of the Company's sustainability disclosure initiatives

2026	
January 14	Deliberation on sustainability management monitoring methods based on examples from other companies, etc.
February 12	Lecture by external expert (Topic: Promoting diversity to revitalize organizations) Opinion exchange meetings with Executive Officers
March 17	Outside site visit (Visit location: Manufacturing company focusing on improving manufacturing sites, developing human resources, coexistence with local communities, etc.)
March 25	Exchange of opinions with Executive Officers regarding outside site visit held on March 17, 2026
April 28	Review of Sustainability Committee activities in FYE March 2026 and determination of recommendations to be put to Board of Directors

Sustainability > Corporate Governance

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. Since the fiscal year ended March 2022, a third-party evaluation has been conducted once every three years. In the fiscal year ended March 2026, the Company evaluated the effectiveness of the Board of Directors using a self-evaluation method (evaluation by questionnaire). As a result of deliberations by the Board of Directors, it was confirmed that the effectiveness of the Board of Directors was secured in the fiscal year ended March 2026.
The Board of Directors will keep making efforts to improve the effectiveness toward future.

Summary of FYE March 2026 Effectiveness Evaluation

It was confirmed that the effectiveness of the Board of Directors of the Company was secured in the fiscal year ended March 2026.

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

- Initiatives Regarding Approach to Communication between the Board of Directors and the Executive Side
- Initiatives Regarding Approach to Future Monitoring

Overview of deliberation by the Board of Directors on issues

Initiatives Regarding Approach to Communication between the Board of Directors and the Executive Side	Initiatives Regarding Approach to Future Monitoring
In Directors' discussions, some Directors noted the following comments: • From the perspective of encouraging appropriate risk-taking by the executive side, it would be preferable, when necessary, for the Board to consolidate its views as a whole. • It is important to ensure clarity regarding whether the Directors' views are being accurately conveyed to the executive side. It would be desirable to establish communication that enables the Board to understand how the executive side interprets and responds to the views expressed by Directors.	In Directors' discussions, some Directors noted the following comments: • At meetings of the Board of Directors, monitoring should be limited to matters further narrowed down from the Company's management policies to those of the highest importance. • A mechanism is needed that enables timely monitoring and follow-up so that course corrections can be made when progress deviates from plans.

FYE March 2027 initiatives on issues

Addressing the Approach to Communication between the Board of Directors and the Executive Side	Initiatives Regarding Approach to Future Monitoring
• The Board of Directors shall see that Directors and the executive side mutually respect their respective positions, roles and initiatives, and nurture a relationship where candid and constructive discussions are held on an even more equal footing through implementing the following initiatives. - The Chair of the Board shall effectively draw out opinions during discussions at the Board of Directors meetings, etc., as well as lead discussions so as not to get bogged down in details and manage to secure a place for candid and constructive discussions. - The CEO and other members of the executive side shall clearly present the views of the executive side to the Board of Directors in discussions at the Board of Directors meetings, etc. - The Chair of the Board and the CEO shall promote even closer communication. - The Board of Directors shall understand the views of the executive side and support the reasonable risk-taking by the executive side. - When exchanging opinions among only the non-executive Directors, they shall share issues and recognitions concerning communication with the executive side.	• The Board of Directors shall develop and operate a structure to monitor the implementation of the Medium-term Management Strategy (FYE March 2027-2029) by the executive side, as well as provide advice and encourage revision to the executive side as necessary.

Sustainability > Corporate Governance
Evaluation of the Effectiveness of the Board of Directors

Method of Analysis/Evaluation

Evaluation Process

December 2025 to January 2026	The Chair of the Board requested that a questionnaire be distributed to all 10 Directors, and responses were retrieved.
February 2026	The Board of Directors discussed the effectiveness of the Board of Directors based on an analysis of the results of the questionnaire responses.
March 2026	Following the discussions in February, the Board of Directors passed a resolution on the effectiveness of the Board of Directors for FYE March 2026.

Questionnaire Items

The following question topics were presented with four levels of response (1. Totally disagree, 2. Disagree, 3. Agree, 4. Strongly agree) with a space for additional comments as needed.

- **Quality of operations and discussions of the Board of Directors and its decision-making process**
- **Scale and composition of the Board of Directors**
- **The Company's governance structure**
- **Roles of each of the Nomination Committee, Audit Committee, Remuneration Committee, and Sustainability Committee, etc.**

Related Information:
Corporate website ▶ Basic Policy on Corporate Governance / Corporate Governance Report

Evaluation of the status of initiatives concerning the issues for FYE March 2026 based on FYE March 2025 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 2026 based on the results of the evaluation of the effectiveness of the Board of Directors in the fiscal year ended March 2025.

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 ending March 2027.

Initiatives for FYE March 2026	Status of responses
Medium- to long-term competitive advantage • Based on discussions among the Directors in the fiscal year ended March 2025, the Board of Directors aimed to develop its business perspective from the standpoint of medium- to long-term competitive advantages (business portfolio, core competencies, profit structure, etc.). Based on this business perspective, it aimed to appropriately oversee and advise the executive side to ensure that the reconsideration of the Medium-term Management Strategy for the fiscal year ending March 2027 and beyond would progress effectively.	**1) Specific actions taken** • From May 2025 to November 2025, we held 15 out of a total of 22 briefings for Directors regarding the reconsideration of the Medium-term Management Strategy, attended by all Directors and all Executive Officers, and engaged in discussions considering the perspectives described on the left. **2) Questionnaire results** • According to the questionnaire results, when asked the question, "Do you think that the Board of Directors understands the characteristics of the Company's businesses in light of factors such as competitive advantage and profitability (i.e., has it developed a perspective on the business), and is such business perspective shared across the Board of Directors?" two (2) of 10 Directors responded "Strongly agree," and six (6) responded "Agree," indicating that positive responses exceeded negative responses.
Operation of the Board of Directors • To operate Board meetings and briefings for Directors more effectively, the Board of Directors is considering taking the following measures. (i) Review agenda items for meetings of the Board of Directors (ii) Enhance facilitation during Board meetings and briefings for Directors (iii) Consolidate opinions from the Board of Directors and appropriately communicate them to the executive side	**1) Specific actions taken** • In order to focus discussions on matters that contribute to the enhancement of corporate value, the Company reviewed matters to be discussed by the Board of Directors and the methods for selecting topics for Briefings for Directors. **2) Questionnaire results** • The questionnaire results for the related questions were generally positive, as shown in items (i) through (iii) below. However, several comments were also observed, such as: "A substantial amount of time was being spent on matters that should be delegated to the executive side," and "While the core policies are clearly communicated to the executive side, at a more detailed level the Board presents a variety of differing opinions, resulting in a structure in which the executive side must determine which views to adopt." (i) Question: "Are the themes taken up at the Board of Directors and other meetings focused on matters that could have a significant impact on corporate value?" Results: Of the ten (10) Directors, four (4) responded "Strongly agree" and five (5) responded "Agree." (ii) Question: "With respect to medium- to long-term management policies (particularly in FYE March 2026, in the course of discussions on the reconsideration of the Medium-term Management Strategy), is the Board of Directors, as a whole, clearly communicating its opinions and thinking to the executive side?" Results: Of the ten (10) Directors, six (6) responded "Strongly agree" and one (1) responded "Agree." (iii) Question: "Does the Chair of the Board facilitate discussions at the Board of Directors and other meetings in a smooth and effective manner?" Results: Of the ten (10) Directors, five (5) responded "Strongly agree" and four (4) responded "Agree."

Sustainability > Corporate Governance

Message from the Chair of the Nomination Committee

We will continue to pay close attention to ensuring that an executive structure which keeps a medium- to long-term perspective in mind is maintained, and that executives who support it are utilized, developed, and promoted.

Chair of the Nomination Committee **Rikako Beppu,** Outside Director

We believe that it is meaningful to incorporate the diverse opinions of not only the three Nomination Committee members but also all Outside Directors in the CEO appointment process and the decision on the new Executive Officers. In addition, when we recently discussed CEO succession planning, the proposal looked far into the future, and I look forward to being able to discuss it from a medium- to long-term perspective more than ever before.

We have started the Medium-term Management Strategy (FYE March 2027-2029) this fiscal year, and are making a major shift toward further development of resource circulation business, but there may be areas where we cannot achieve our goals with our traditional way of thinking and human resources framework. Therefore, in nominating a candidate for Director, it was decided that CHRO Makiko Nogawa, who is the Executive Officer in charge of human resources, would be a suitable candidate for the system to support the new development of the Group, and she was therefore nominated as a candidate for Director. In addition, Jason Frank, who has become a new Director, has experience in managing multiple investee companies in the UK, including automotive-related business and renewable energy business, and we expect that he will be able to provide a new perspective that is different from that of our previous Directors.

From now on, the most important thing will be how to achieve a major change in direction under the Medium-term Management Strategy, but at the same time, we must hone the courage and ability to quickly correct course when things don't go as planned. As we work toward achievement of our vision, as the Nomination Committee, we will continue to pay close attention to ensuring that an executive structure which keeps a medium- to long-term perspective in mind is maintained, and that the executives who support it are utilized, developed, and promoted. As the Chair of the Nomination Committee, I would like to work in a flexible and agile manner, respecting the Committee's achievements to date, and being willing to take on new challenges.

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 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) Rikako Beppu
Members	Director (Outside) Ichiro Sasaki Director (Outside) Koji Igarashi

Results

2025	
April 9	Deliberation on selection of candidates for Outside Directors, and CEO succession plan, etc.
May 14	Deliberation on the CEO Succession Plan
June 11	Deliberation on selection of candidates for Outside Directors, etc.
June 25	Deliberation on annual Nomination Committee schedule, selection of candidates for Outside Directors
July 30	Deliberation on selection of candidates for Outside Directors, and CEO succession plan
August 27	Deliberation on selection of candidates for Outside Directors, etc.
September 30	Deliberation on selection of candidates for Outside Directors, and CEO succession plan
November 11	Deliberation on the content of the report on the appointment of Executive Officers, etc.
November 26	Deliberation on the content of the report on the appointment of Executive Officers, etc.
December 10	Resolution on the content of the report on the appointment of Executive Officers, etc.

2026	
March 11	Deliberation on Directors, Chair of the Board of Directors, Committee members, Chairs and acting Chairs
March 25	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

Nomination of Candidates for Director, Dismissal of Directors and the Appointment 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, or 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 a candidate shall be decided after deliberation by the Nomination Committee.

If a Director falls under any of the following, the Nomination Committee may make a determination on the content of a proposal to be submitted to the General Meeting of Shareholders for 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 in addition to the independence standards 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 Appointment and Dismissal of Executive Officers

In appointing Executive Officers responsible for the execution of business tasks, individuals who satisfy the following requirements will be appointed, 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 appointment process, CEO will first draft a proposal for the appointment of Executive Officers after consulting with relevant officers as necessary. CEO will then submit a proposal for the appointment of Executive Officers to the Board of Directors based on the deliberations and responses to inquiries at the Nomination Committee meeting, and Executive Officers will be appointed by resolution of the Board of Directors based on a comprehensive review of the candidates' personal history, achievements, specialist knowledge, and other capabilities.

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

Outside Director Candidates

The 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 Candidates for Director

In the election of new Directors in June 2026, the selection of new candidates for Outside Director took into account deliberation by the Board of Directors and Nomination Committee on the composition of the Board of Directors. After deliberations from April 2025 to March 2026, the Nomination Committee newly appointed Jason Frank as a candidate for Outside Director in March 2026. Jason Frank possesses extensive insight into the formulation of management strategies, financial management, and M&A execution support for investee companies, as well as specialist knowledge in the execution of corporate data strategy gained through experience of involvement in multiple investment projects at the European subsidiary of a major Japanese trading company, and experience in driving management reform through the application of AI and data science. He also possesses insight into corporate strategy and management in general from a global perspective, based on experience serving as an executive — including as Chairman and Chief Financial Officer (CFO) across multiple industries and companies. In addition, he holds the qualification of Certified Management Accountant from the United States. 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.

In addition, in consideration of the Company's positioning of "Enhancement of human capital" as an important management strategy issue, the Company nominated Makiko Nogawa, who serves as CHRO, as a candidate for Director.

Related Information:

Integrated Report, P61 ▶ Director Skill Matrix, Contributions and Perspectives for Key Themes

Peer Evaluation for Non-executive Directors

Since the fiscal year ended March 2024, the Company has implemented peer evaluation for non-executive Directors (including Outside Directors), in which each Director evaluates performance and degree of contribution, with the purpose of further enhancing the Board of Directors' effectiveness. This evaluation aims to enable non-executive Directors to reflect on their own remarks and approach at meetings of the Board of Directors and similar meetings while also incorporating objective perspectives from other Directors. Each evaluator's comments are provided to those receiving evaluation as anonymous feedback.

The Company's Board of Directors will continue to make ongoing efforts to improve the operation of the Board of Directors through measures such as effectiveness evaluation and peer evaluation.

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 management leader candidates.

Related Information:

Integrated Report, P33 ▶ Human Resources Strategy

Appointment of an Outside Director as Chair of the Board

Outside Director Ichiro Sasaki was appointed as Chair of the Board in June 2026. The process for discussions in the Nomination Committee and other bodies is as follows.

- As the business environment has changed significantly from what was envisioned when the FY2031 Strategy was formulated, the initially-envisioned earnings growth is not being achieved, and Phase 1 (fiscal year ended March 2024 to fiscal year ended March 2026) of the Medium-term Management Strategy ended significantly below expectations. Furthermore, with ongoing headwinds such as the significant decrease of TC/RC, the decision was made to revise the management strategy starting from the fiscal year ending March 2027.
- Given these circumstances, the Company considered it necessary to revamp the composition and the role of the Board of Directors, and decided to appoint an Outside Director as Chair of the Board for the first time as part of this significant structural reform.

Moving forward, the Board of Directors of the Company will continue to explore optimal governance systems and approaches in consideration of factors such as changes in the business environment and management strategy.

Sustainability > Corporate Governance

Message from the Chair of the Audit Committee

Building upon the enhanced effectiveness of organizational audits achieved through a review of the Audit Committee's operations, we will further upgrade the audits conducted from a management perspective.

Chair of the Audit Committee **Kazuhiko Takeda,** Outside Director

The fiscal year ended March 2026 saw further progress in upgrading the audits, achieved through a review of the Audit Committee's operations. Since the past fiscal year, we have organized the Audit Committee as a forum for deliberating topics and themes of high importance, and have worked to streamline operations and improve the quality of discussions. In the fiscal year ended March 2026, we made all Audit Committee members part-time and reviewed the way information is shared with Audit Committee members, further increasing the effectiveness of organizational audits through the three-pillar audit* system. Through these efforts, the Audit Committee has developed a system that allows it to take a bird's-eye view of important management issues and to focus more on audits from a management perspective. In the formulation of the Medium-term Management Strategy announced in November last year, we provided the knowledge gained through auditing and actively contributed to discussions from the perspective of strategy effectiveness and risk recognition. The fiscal year ending March 2027 is the first year of the new Medium-term Management Strategy. Our Group has announced a shift to resource circulation business, but in order to steadily promote this transition, it will become even more important to manage risks in light of regulatory trends in each region and changes in the external environment, such as the hoarding of critical minerals and rising geopolitical risks. Additionally, with the expansion of the use of AI in business activities, the importance of information management and control, including cybersecurity, is increasing. The Audit Committee will also oversee the execution of management in light of these changes in the business environment. Additionally, the Audit Committee has transitioned to a system in which all four members are Outside Directors and part-time, allowing for multifaceted discussions by leveraging the diverse experience and expertise of each member, in addition to audits from a more independent standpoint. In addition, with the addition of a new member, we hope to see the evolution of auditing from a global perspective with an awareness of Group consolidated management. We will continue to work with the Audit Committee Office, which assists the duties of the Audit Committee, to support the further improvement of the corporate value of our Group by building upon the Audit Committee's strengthened structure and operations.

*A collective term for the three types of audits: audits by the Audit Committee, audits by the independent auditors, and internal 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)	Four Outside Directors
Chair	Director (Outside) Kazuhiko Takeda
Members	Director (Outside) Hatsunori Kiriyama Director (Outside) Nozomi Sagara Director (Outside) Jason Frank

Results

2025	
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.
June 25	Appointment of selected and specified members of the Audit Committee
July to following February	Annual audit activities (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
End of October	Second quarter financial results audit

2026	
End of January	Third quarter financial results audit
February to May	FYE March 2026 year-end audit
March 25	Resolution on FYE March 2027 audit plan, etc.
May 12	Resolution on matters related to FYE March 2027 Accounting Auditor reappointment Resolution on FYE March 2026 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 two staff members, and it performs administrative work related to the operation of the Audit Committee, collects information, conducts various investigations, attends internal meetings, and fully assists the Committee in the performance of its duties.

Message from the Chair of the Remuneration Committee

We will evaluate the effectiveness and viability of the revised remuneration system while also considering how the system should be structured to support our transformation into a company that is "creating the future through resource circulation."

Chair of the Remuneration Committee **Koji Igarashi,** Outside Director

In the fiscal year ended March 2026, we focused our discussions on the appropriateness of the remuneration system for Executive Officers and Directors, taking into account recent changes in the business environment and changes to our governance system.

Regarding the remuneration system for Executive Officers, we have revised the system to increase the ratio of annual bonuses and stock-based compensation to basic remuneration, with the aim of further increasing incentives to improve corporate value and bringing the compensation to a level comparable to that of companies of similar business format and size to our Group. Additionally, in conjunction with the launch of the new Medium-term Management Strategy, we revised the evaluation indicators for annual bonuses to include capital efficiency metrics such as ROIC and ROE. Additionally, regarding the Director remuneration system, allowances for the Audit Committee Chair and members were reviewed.

In conducting these considerations, we have conducted examinations and deliberations from objective and multifaceted perspectives, including utilizing market benchmark data from third-party organizations and incorporating, as appropriate, diverse opinions obtained with Directors other than those on the Remuneration Committee.

The challenge going forward is how to verify the effectiveness and appropriateness of the revised remuneration system. In particular, it is important to verify and analyze the link between remuneration, profit levels, and capital efficiency, and we would like to use the results to make further improvements.

As the Group shifts its focus to resource circulation business, we will proactively work on further global expansion, building value chains, and improving production technology. To achieve this, we will need to create innovations with a greater sense of speed than ever before. The Remuneration Committee will continue to consider the best form of remuneration system to support these reforms.

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) Ichiro Sasaki Director (Outside) Rikako Beppu

Results

2025	
May 14	Deliberation on amount of annual 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
May 28	Resolution on the amount of individual bonuses for Executive Officers based on performance in the previous fiscal year
June 25	Resolution on details of individual remuneration for Directors, etc. Deliberation on Remuneration Committee schedule
August 27	Deliberation on future topics for consideration by the Remuneration Committee
October 29	Reports on trends related to officers' remuneration and the remuneration standard benchmarks
November 26	Deliberation on future issues of the Remuneration Committee based on benchmark results, etc.
December 24	Deliberation on suitability of the remuneration system

2026	
January 14	Deliberation on suitability of the remuneration system
January 28	Deliberation on suitability of the remuneration system
February 12	Deliberation on suitability of the remuneration system
February 25	Deliberation on suitability of the remuneration system
March 11	Deliberation on revision of internal rules for the remuneration for Directors and Executive Officers
March 25	Resolution on individual remuneration for Directors and Executive Officers, and revisions to internal regulations of remuneration system for Directors and Executive Officers Deliberation on stock-based compensation for Executive Officers

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:

* The remuneration system has been partially revised as of the fiscal year ending March 2027. Information such as remuneration systems under the applicable new structures are described later in this section. The main revisions are as follows.
  - The remuneration composition ratio for Executive Officers has been changed (e.g., the ratio for the President has been changed from a ratio of basic remuneration:annual bonus:stock-based compensation = 1:0.5:0.3 to (basic remuneration:annual bonus:stock-based compensation = 1:1:1).
  - ROIC and ROE have been added to the financial performance indicators for Executive Officers' annual bonus.

1. Policy on Determining Remuneration for Officers

(1) A system shall be created that provides competitive levels 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) As for the remuneration for Executive Officers, 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. As for the remuneration for Directors (excluding those who concurrently hold the posts of Director and Executive Officer), 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 the Chair of the Board or Chair of each committee shall be paid an allowance in addition to their basic remuneration in consideration of their responsibilities.

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

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

(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)
The remuneration system for Directors shall be, in principle, only basic remuneration paid in cash. However, Directors who serve as Chair of the Board or Chair of each committee shall be paid an allowance in addition to their basic remuneration in consideration of their responsibilities. The amount shall be determined, referring to the levels 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 = 1/1/1" (*In the case where the annual bonus payment rate is 100%) as to the President, and for other Executive Officers, the ratio of performance-linked remuneration to basic remuneration shall be set lower than that for the President.
Further, 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 performance evaluation, 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>>
<Financial Performance Indicators>

(i) Evaluation based on consolidated operating profit and consolidated operating profit by business segment (only consolidated operating profit for the President and Corporate Executive Officers) for the purpose of strongly encouraging management efforts in the core business

(ii) Evaluation based on consolidated ROIC for the purpose of strongly promoting the efficient use of total invested capital
In the event that performance figures fall below the projected WACC values in the forecast for the current fiscal year published at the time the year-end financial results announcement for the previous fiscal year was made (hereinafter referred to as the "published forecast"), certain restrictions will be imposed on the payment rate that is based on the evaluation of consolidated ROIC.

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(iii) Evaluation based on consolidated ROE for the purpose of strongly promoting management that is conscious of shareholders' equity
The evaluation factors (i) through (iii) are to be multiplied by an adjustment factor based on the consolidated operating profit growth rate compared with other companies to enhance consciousness of growth greater than market growth (relative comparison with six domestic nonferrous metal companies and the companies chosen mainly from among similar-sized domestic manufacturing companies).

<Stock Price Performance Indicator>

(i) Relative comparison of TSR for the purpose of strongly promoting management that is conscious of stock price (relative comparison with six domestic nonferrous metal companies and the companies chosen mainly among similar-sized domestic manufacturing companies)

<Non-financial Performance Indicator>

(i) Qualitative non-financial evaluation based on the status of achieving qualitative non-financial targets for the purpose of strongly encouraging each Executive Officer to fulfill his/her expected role from the perspective of corporate sustainability, such as demonstrating leadership and promoting communication, and further promoting initiatives under the Medium-term Management Strategy and initiatives 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% depending on the degree of achievement for each evaluation item

<<Evaluation Weight>>

The annual bonus amount shall be determined by evaluating the base annual bonus amount corresponding to each position level at a ratio of 60% for single-year performance evaluation (adjusted using consolidated operating profit growth rate compared with other companies), 20% for relative TSR evaluation, and 20% for non-financial evaluation.

President, Corporate Executive Officers

(Consolidated operating profit 30% + Consolidated ROIC 15% + Consolidated ROE 15%) × Adjustment Factor: Evaluation of growth rate 0.9 to 1.1 + Relative comparison of TSR 20% + Non-financial factors 20%

Business-related Executive Officers

(Consolidated operating profit 15% + Consolidated operating profit by business segment 15% + Consolidated ROIC 15% + Consolidated ROE 15%) × Adjustment Factor: Evaluation of growth rate 0.9 to 1.1 + Relative comparison of TSR 20% + Non-financial factors 20%

<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 common shares and cash equivalent to the proceeds from the realization of the Company's common shares shall be granted in accordance with one's job position, upon retirement from the post of Executive Officers. 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 of 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 Stock, etc. During the trust period, it is an incentive plan to 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 upon their retirement as Executive Officer, etc.
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.

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

If an Executive Officer violates laws and regulations or the duty of care of a good manager, the Company may, upon resolution of the Remuneration Committee, revoke the right to receive an annual bonus or demand that the Executive Officer return the bonus after it has been paid, and revoke the right to receive the shares of the Company's Stock, etc. or demand the return of an amount equivalent to the accumulated number of points.

Details of Non-financial Evaluation Items for Annual Bonuses for Executive Officers (excluding CEO) (FYE March 2027)

Method for target setting

For non-financial evaluation, each Executive Officer (excluding 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 2027 based on the Sustainability Policy, etc.

Since the fiscal year ended March 2024, we have mandated the promotion of Diversity, Equity and 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	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			○		

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Evaluation process

- Executive Officers' (other than CEO) evaluation
  At the end of the fiscal year, 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 CEO, then deliberates on appropriateness and determines the final evaluation.
- CEO evaluation
  Given that CEO oversees the entire Company, the Remuneration Committee deliberates on 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.

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 meetings as observers when appropriate. Furthermore, the Remuneration Committee has CEO attend its meetings to provide explanations and opinions, etc., as needed.

Total Amount of Remuneration, Etc. per Classification of Officers, Total Amount per Type of Remuneration, Etc., and Number of Eligible Recipients for FYE March 2026

(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)	43	43	3	–	–	–	–
Executive Officers	453	250	7	121	7	81	7
Outside Directors	124	124	8	–	–	–	–

*1 The total amount of remuneration, etc. paid to Directors who concurrently serve as Executive Officers and the number of persons covered by such remuneration, etc. are shown in the column for Executive Officers.
*2 The amount of fixed remuneration for Directors includes the chair's allowances paid to the Chair of the Board and to Directors who chair each committee. This amount represents remuneration paid in consideration of the execution of duties as a Director and does not include remuneration paid in consideration of duties assigned separately other than as a Director.
*3 The Company had 10 Directors and 7 Executive Officers as of the end of the fiscal year ended March 2026. The number of Directors who are eligible recipients includes three Directors (of whom one was an Outside Director) who retired during the fiscal year ended March 2026.
*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 2026.
*5 The bonus (Performance-linked remuneration) stated above is calculated based on the remuneration system for the fiscal year ended March 2026. For performance indicators, etc. used to calculate applicable bonuses, refer to the content later in this document.

Performance Indicators, Etc. Used to Calculate Performance-linked Remuneration for the Fiscal Year Ended March 2026

<<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

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

Business-related Executive Officers

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

<<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 2026 are as follows.

Evaluation Items		Target	Results
Operating profit	Consolidated	¥70.2 billion	¥60.5 billion
	Metals Business	¥21.4 billion	¥24.2 billion
	Advanced Products Business	¥23.3 billion	¥21.0 billion
	Metalworking Solutions Business	¥23.7 billion	¥16.4 billion
Consolidated operating profit growth rate		–	63.00%
TSR (Figures in brackets are rankings of six domestic non-ferrous metals companies)		–	208.1% (5)

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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 6 Executive Officers, of which the Executive Officer and President Tetsuya Tanaka, and the Managing Executive Officer Kayo Hirano, are appointed as Representative Executive Officers upon the decision of the Board of Directors.

Executive Officers (as of April 1, 2026)

Tetsuya Tanaka
Executive Officer and President (Representative Executive Officer)
CEO
Responsible for General Operation of the Company, Internal Audit, Management Strategy

Kayo Hirano
Managing Executive Officer (Representative Executive Officer)
CFO
Responsible for responsibilities of the CFO, Procurement, Mineral Resources Business

Makiko Nogawa
Managing Executive Officer
CHRO
Responsible for responsibilities of the CHRO, Legal & General Affairs, Corporate Communications, Business Transformation

Miki Adachi
Managing Executive Officer
CTO
Responsible for responsibilities of the CTO, Sustainability and SCQ Promotion, Renewable Energy Business

Tatsuya Inoue
Managing Executive Officer
Responsible for Materials Business Area

Zhang Shoubin
Managing Executive Officer
Responsible for Products Business Area

< Abbreviations >
CFO: Chief Financial Officer
CHRO: Chief Human Resources Officer
CTO: Chief Technical Officer
SCQ: Safety & Health, Compliance & Environment, Quality

< Responsibilities >
Responsibilities of the CFO: Accounting, Finance, Financial Controlling, Investor Relations
Responsibilities of the CHRO: Global Human Resources, Human Resources & Industrial Relations, HR Business Partner
Responsibilities of the CTO: Digital Strategy, Production Technology, Development Strategy, Intellectual Property
Sustainability and SCQ Promotion: Promotion of Compliance, Risk Management, Safety, Environment and Quality
Materials Business Area: Metals Business, Resources Circulation Business, Copper & Copper Alloy Products Business, Tungsten Business
Products Business Area: Metalworking Solutions Business, Advanced Products Business

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 all Executive Officers. The Chief Executive Officer serves as the chair of the committee.

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

Status of Audits

Status of Audits Performed by the Audit Committee

The Audit Committee consists of four Outside Directors and audits whether the execution of duties by Executive Officers and Directors is conducted legally and appropriately under an appropriate internal control system. In addition, the Audit Committee coordinates with the department in charge of internal audits and the Accounting Auditor and performs systematic and efficient audits, thereby enhancing the overall effectiveness of the three-pillar audit system.

Kazuhiko Takeda, Chair of the Audit Committee, has extensive knowledge of finance and accounting through his experience as CFO at major subsidiaries of listed companies. In addition, the Audit Committee Office has been set up to assist the Audit Committee's duties. Under the direction of the Audit Committee, the Audit Committee Office collects information necessary for audit activities and reports to the Audit Committee.

In Audit Committee audits, in line with the Audit Committee's audit plan, the Audit Committee examines the status of the operation of the internal control system, the status of risks and countermeasures in implementing the Medium-term Management Strategy, the status of initiatives to address various sustainability issues, including measures for the enhancement of human capital and ensuring workplace safety, the appropriateness of auditing methods and the results of audits by the Accounting Auditor, as well as other matters.
Accordingly, members of the Audit Committee attend important meetings as appropriate, conduct interviews with Directors, Executive Officers, the department in charge of internal audits, and other departments in charge of internal control concerning progress on the execution of their duties and view important approval documentation, etc. In addition, selected members of the Audit Committee examine operations and assets at the Company headquarters and major business sites and, where necessary, conduct on-site audits of Group Companies to conduct audits on the state of the execution of duties by Directors and Executive Officers, and provide their observations. Furthermore, the Audit Committee has a system in place where the Committee communicates and shares information with Auditors of Group Companies using online communication tools in order to ensure the effectiveness and increase the efficiency of the Group's auditing system. Interviews are also conducted during on-site audits and on other occasions. The contents of these activities are shared with the Audit Committee.

Status of Internal Audits

As of June 22, 2026, the Internal Audit Division, which is a department in charge of internal audits, consists of 15 persons, including the General Manager of the Internal Audit Division
The Internal Audit Division is responsible for conducting internal audit work on the instructions of the responsible Executive Officer in cooperation with the Audit Committee to investigate 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 the internal audit plans approved by the responsible Executive Officer and the Audit Committee. They also share information with and work closely with the Accounting Auditor to conduct audits.

The Internal Audit Division regularly reports the results of Group-wide audits to the responsible Executive Officer and the Audit Committee, and the responsible Executive Officer regularly reports the results of Group-wide audits 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 2026 on our internal control system for financial reporting, an Internal Control Report was submitted in June 2026 for which we received an unqualified opinion of the auditing firm that the content is appropriate.

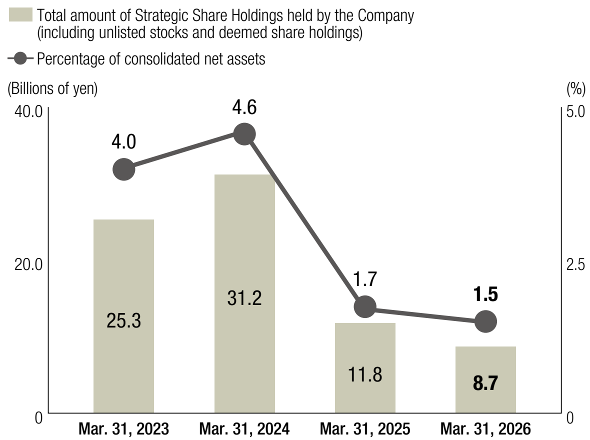
Status of Strategic Share Holdings

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 as of March 31, 2026

As of March 31, 2026, the Company held three listed stocks (three listed stocks as of April 1, 2025). The amount of Strategic Share Holdings on the balance sheet was approximately ¥8.7 billion for listed stocks, approximately ¥2.1 billion for unlisted stocks, totaling 1.5% of the Company's consolidated net assets as of March 31, 2026.

Percentage of Strategic Share Holdings in Consolidated Net Assets



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Outside Director Small Meeting

Tatsuo Wakabayashi
Outside Director

Koji Igarashi
Outside Director

Kazuhiko Takeda
Outside Director

Nozomi Sagara
Outside Director

We strive to promote understanding of management and strengthen relationships of trust through constructive dialogue with investors. We held an Outside Director small meeting for the purpose of allowing Outside Directors to directly understand investor expectations and concerns, which leads to improvements in the quality of discussions and management decisions by the Board of Directors.
In addition, we utilize the suggestions obtained from dialogue to strengthen future governance and enhance information disclosure.
This page outlines the discussions held during the meeting on January 15, 2026, highlighting the perspectives of the Outside Directors and deliberations regarding management challenges.

*Titles reflect the positions held at the time of the Outside Director small meeting.

Q How do the Outside Directors evaluate the new management structure for the fiscal year ended March 2026?

A **Director Wakabayashi:** We appointed a new CEO starting April 2025 after repeated discussions by the Nomination Committee, taking into account the business environment surrounding us and the type of leader we will require in the future. As an Outside Director, it is important to present a plan that is acceptable to investors and steadily implement it, and I believe that in order to do this, we need to make changes that go beyond just an extension of the past. The CEO has considerable experience in the field, and my evaluation is that he is setting the direction for change while valuing the field.

The CFO is evaluated based on their expertise, work experience, and the content of their explanations at Board of Directors meetings, and even after assuming office, all Outside Directors confirm status and provide necessary feedback.

The current management has an increasing number of Executive Officers who are women and is becoming younger, demonstrating our intention to move forward with reforms.

As an Outside Director, I will deepen my involvement in both supervision and advice to ensure the steady implementation of the reforms advocated by the new management structure.

Q What kind of discussions took place with the Board of Directors regarding the formulation of the Medium-term Management Strategy?

A **Director Igarashi:** When formulating the Medium-term Management Strategy, the Board of Directors thoroughly discussed which areas the Company could demonstrate competitive advantage that would lead to sustainable increases in corporate value. In mature businesses, there are limits to conventional cost reduction alone, and it is necessary to review the form of the business itself and change the profit structure. In particular, for product-type businesses, we believe it is important not only to emphasize stability, but also to pursue more in-depth improvements from the perspectives of capital efficiency and profitability. The Board of Directors spent a total of 2,290 minutes discussing the Medium-term Management Strategy, and there were many substantive discussions, including asking the executive side to reconsider some themes. Through these discussions, we identified resource circulation business as a growth area and confirmed a direction that would balance the priority allocation of management resources.

Q What is the background behind identifying resource circulation business, specifically, secondary smelting, as a growth area?

A **Director Sagara:** The reasons behind our decision to consider resource circulation business, specifically secondary smelting, as a growth area are the slump in copper concentrate purchasing conditions (TC/RC) and changes in the business environment surrounding primary raw materials. At Board of Directors meetings, we confirmed the validity of our policy of focusing on secondary smelting overseas, where there is demand, not as a sudden shift, but based on the initiatives we have advanced overseas ahead of our competitors and the foothold we have gained in business development. We believe that by improving E-Scrap* collection and analysis capabilities and building a system that completes smelting at collection points, we will be able to respond to regulatory and geopolitical risks. In addition, as it becomes difficult to secure high-quality copper concentrate, E-Scrap has a cost advantage and can be expected to be profitable through the recovery of precious metals such as gold. From these perspectives, the Board of Directors views resource circulation business as a growth area that will lead to increased corporate value.

Q How did the Board of Directors evaluate Mitsubishi Materials Corporation's competitive advantages?

A **Director Igarashi:** Regarding our competitive advantage, the Board of Directors examined how the strengths of each business would lead to future growth and profitability through repeated discussions with the executive side. We believe that it is important to go beyond simply "developing new products" or "targeting growth markets" to thoroughly confirm what the competitive advantage is based on and what customers

* E-Scrap is a collective term for discarded circuit boards of electronic devices that contain high concentrations of valuable metals.

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Outside Director Small Meeting

and markets where we can best differentiate ourselves. As a result, we have deepened our understanding that our growth area lies in secondary smelting. This was not a passive choice in response to the slump in purchasing conditions (TC/RC) for copper concentrate, but rather a strategic decision based on our smelting technology, E-Scrap collection and analysis capabilities, and our global business foundation. In addition to our existing E-Scrap collection schemes, we believe that the technology and know-how we have cultivated through our home appliance recycling business will be an important element in increasing our competitive advantage in the future. The Board of Directors will continue to monitor the progress of strategy implementation to ensure that these strengths steadily lead to increased corporate value.

Q What are the Outside Directors' views on the challenges regarding capital efficiency and structural reform?

A **Director Takeda:** We believe that the reason why capital efficiency has remained low is that management has continued to emphasize scale, and we have been lax in managing break-even points,

investment allocation, and working capital. The traditional approach of expanding scale and securing profits based on market tailwinds makes it difficult to respond adequately when the external environment changes. The Board of Directors believes that it is essential to move away from conventional management that emphasizes PL, sales and scale, and shift to management that focuses on reducing the balance sheet, strengthening cash generation capabilities, and improving capital efficiency. We must clarify KPIs and continuously follow up to thoroughly implement basic operations and improve profitability and capital efficiency. Furthermore, for mature businesses, it is necessary to go beyond traditional cost reductions and review the business form and earnings structure itself.

Q What aspects do Outside Directors prioritize regarding the transformation of corporate culture and human resources?

A **Director Takeda:** I believe that what is important in transforming the corporate culture is not to continue operations as an extension of the past, but to review management concepts and basic operations at the workplace in light of changes in the environment. Securing human resources is a common issue in the manufacturing industry, and in addition to strengthening recruitment and training, it is essential for us to improve business processes based on automation and labor-saving measures. Especially when it comes to future capital investment and structural reforms, it is important to take into consideration the difficulty of securing human resources, and to improve productivity while increasing on-site capabilities. It was also pointed out that it is important to instill a sense of urgency among all employees, not just Executive Officers, and for all of us to embrace transformation.

Based on the actual situation on the ground, the Board of Directors will monitor whether technological innovation and labor-saving initiatives are making steady progress and encourage an accelerated pace of transformation.

Q How do you intend to contribute to enhancing corporate value as Outside Directors?

A **Director Sagara:** In order to increase corporate value, we believe it is important to connect our resource circulation business to medium- to long-term growth, as well as connect sustainability initiatives to profitability and favorable valuation by capital market participants. We are moving forward with efforts to globally expand resource circulation, such as improving the collection and analysis capabilities of E-Scrap and building an overseas network, but the Board of Directors will continue to monitor the effectiveness of these efforts to ensure they lead to increased corporate value. We will also monitor whether reforms that are difficult to see from the outside, such as power generation business, human resources utilization, and business portfolio organization toward carbon neutrality, are being steadily promoted. In addition, an important role of Outside Directors is to improve the effectiveness of the management system through evaluation and feedback to the executive side. As an Outside Director, we will contribute to the sustainable improvement of corporate value while leveraging our external perspectives.