

[Corporate Strategies]

## R&D and Marketing Strategy

Create new products and businesses to meet customer needs and wants via R&D and marketing based on Mega Trends, as well as collaborating with the incubation function of new businesses.

### Long-Term Business Goals

- Options for business development are presented via R&D based on Mega Trends, and the incubation function for new businesses is actively utilized
- Marketing cooperates with research and development create new products, businesses, and business models to meet customer needs and wants

### Long-Term Strategy Goals

The following missions have been set in key fields.

- Carbon recycler for decarbonization
- Creator of IoT social infrastructure
- Supplier of lightweight/composite/advanced materials
- No.1 recycler of urban-mine resources

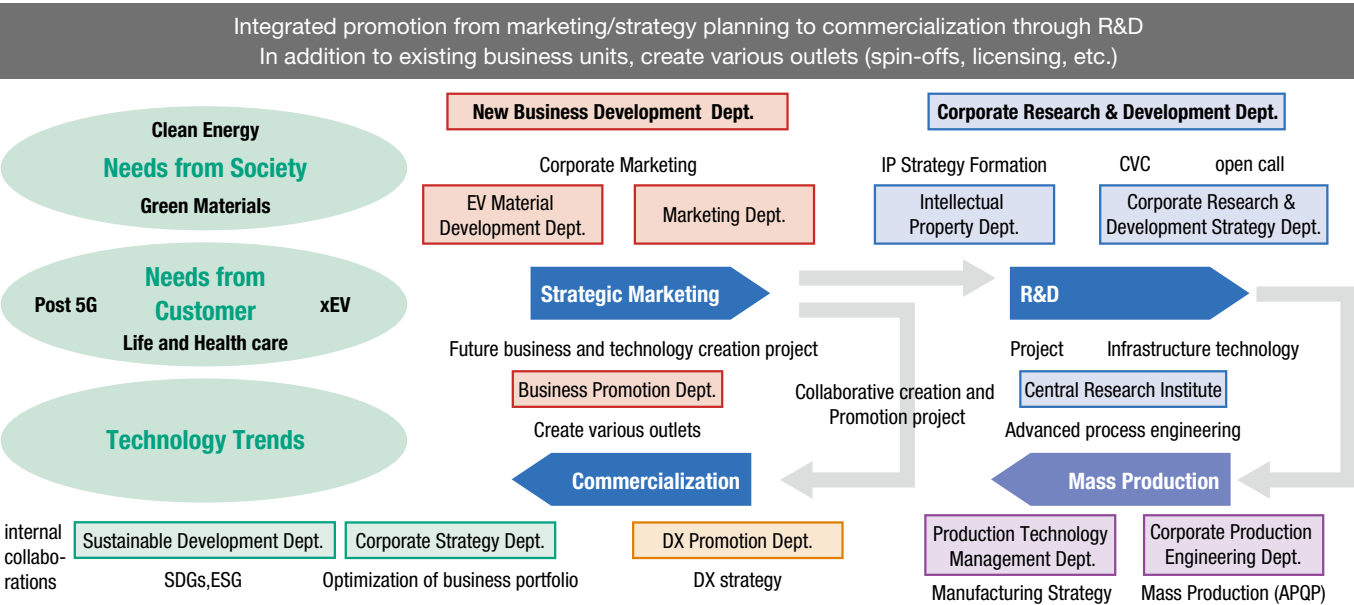
The Group will match core technologies with information collecting that gains an overview of Mega Trends, customer needs, and technology trends, and thereby creates new value. We will rejuvenate businesses and promote the optimization of its business portfolio. We will also enhance cooperation within the Group, promote marketing activities in promising new business domains, create new products and businesses, and maintain intellectual property.

### Points for Strengthening Operations in Fiscal 2022 and After

The New Business Development Department was established in April 2021, and through seamless cooperation with the Development Department and Central Research Institute, we are promoting R&D and Marketing Strategy with greater speed. This department focuses on adjacent and new business fields, promoting R&D and Marketing Strategy with a vision of realizing new products and business from a Group-wide perspective. The Marketing Office, EV Materials Development and Recycling Promotion Office and New Business Office have been set up within this department to comprehensively promote everything from new business planning and marketing to R&D and commercialization, aiming to more rapidly create new business strategies.

In terms of individual department and office roles, the New Business Development Department supervises corporate marketing, while the Marketing Office and EV Materials Development and Recycling Promotion Office plan and develop new business and strategic marketing. The New Business Office diversifies output through strategies such as commercialization within the Group, spin-offs and licensing, aiming for new routes to commercialization. The target markets include clean energy, green materials, post 5G, xEV and life and healthcare. In fiscal 2022, we are conducting new business planning through hypothesis verification as our approach to new business creation. Concurrently, we are revising our gated process management used through commercialization in order to more easily promote new business proposals that meet societal needs.

### Structure and roles for new business creation and R&D



## [Corporate Strategies] R&amp;D and Marketing Strategy

## MMC Innovation Fund

In March 2019, we worked with JMTC Capital G.K. to establish the “MMC Innovation Investment Limited Partnership,” a corporate venture fund with the objective of investment in venture companies with material technologies. This operation is planned to continue until December 31, 2028.

We support technology start-ups that have synergies with us. In this, we accelerate collaboration with a focus on next-generation batteries, metal processing, IoT and AI, material technologies related to life and healthcare, and process technologies related to Decarbonization and urban mines. So far, we have invested in four start-ups.

## ▼ Related Materials:

“MMC Innovation Fund” on the corporate website\*  
[https://www.mmc.co.jp/corporate/ja/business/rd/mmc\\_innovation.html](https://www.mmc.co.jp/corporate/ja/business/rd/mmc_innovation.html)

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

## MMC-NIMS Center of Excellence for Materials Informatics Research

We established the MMC-NIMS Center of Excellence for Materials Informatics Research with the National Institute for Materials Science (NIMS) in June 2020.

Based on the NIMS materials informatics development infrastructure, we synthesize our accumulated experimental data, analytic models, empirical rules and other elements from our materials development, aiming to build informatics-driven materials development systems which will predict the performance and life of practical materials to be manufactured using a combination of multiple materials and processes by 2025.

## Public Recruitment System for Industry-Academia Joint Research with a View Toward Commercialization

From fiscal 2021, for the purpose of creating new products and business, we have established a public recruitment system for industry-academia joint research with a view toward commercialization. This system targets researchers in universities and research institutes both domestically and abroad. We are looking into ways to actively utilize results obtained from this joint research. If the results of research strongly align with our needs and seeds, we carry out full-scale development from a broader perspective than the research, aiming to adopt it in new products and launch new business. After commercialization, we anticipate investment from the MMC Innovation Investment Limited Partnership, and aim to build an integrated collaboration and support system that spans development of technological seeds through operation after commercialization.

## ▼ Related Materials:

“Public Recruitment System for Industry-Academia Joint Research” on the corporate website\*  
<https://www.mmc.co.jp/corporate/ja/business/rd/koubo.html>

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

Development of CCU Technology Utilizing Factory CO<sub>2</sub> Emissions

We have continued development of CCU (carbon capture and utilization) technologies that utilize CO<sub>2</sub> emissions from our Group’s factories, and began demonstration testing in the Kurosaki Production Section, Kyushu Plant in July 2021.

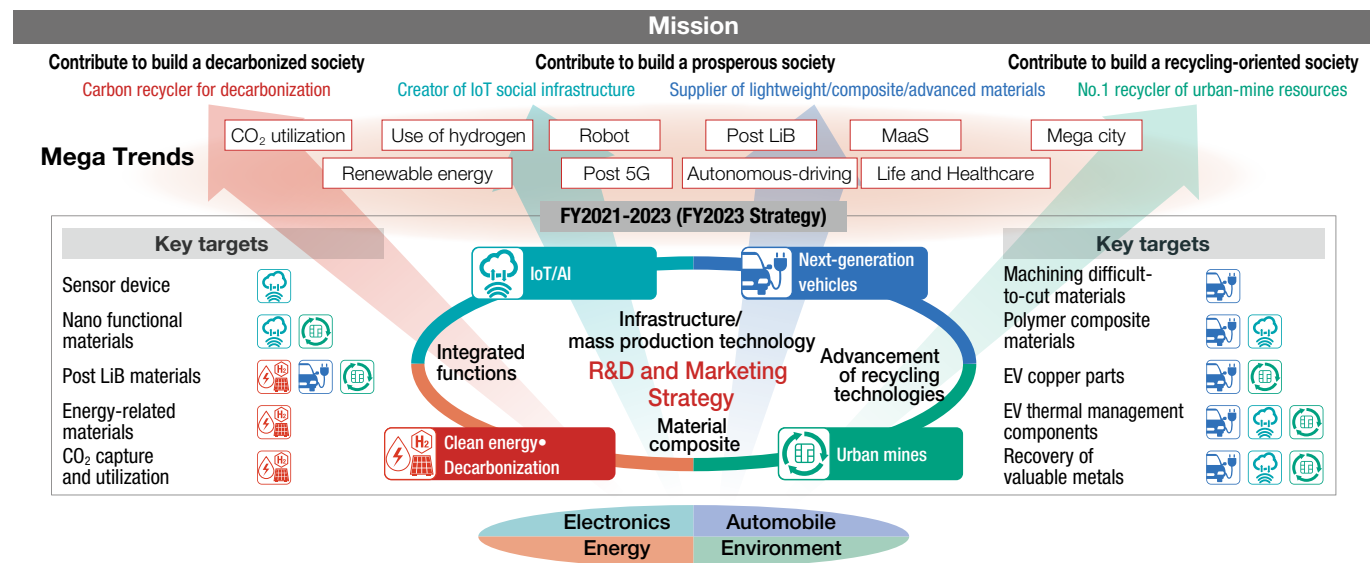
We will contribute to the creation of a decarbonized society and reduce CO<sub>2</sub> emissions by disseminating the results obtained through this technological development throughout the Group.

## ▼ Related Materials:

“Cement Business” Integrated Report

▶ P47

## ■ R&amp;D and Marketing Strategy in Medium-Term Management Strategy (FY2023 Strategy) initiatives



## [Corporate Strategies]

## Manufacturing Excellence Strategy

Business divisions formulate a vision based on a business strategy and maximize utilization of the Group assistance function of corporate divisions to raise manufacturing capability to the next level.

## Long-Term Business Goals

Business divisions will constantly develop a vision for raising manufacturing capability to the next level and we will make the most of the Group assistance function of corporate divisions to achieve that vision.

## Long-Term Strategy Goals

Business divisions will continuously develop a vision for raising manufacturing capability to the next level and make the most of the group assistance function of corporate divisions to achieve that vision. This will enable us to create manufacturing capabilities that are clearly distinct from competitor companies by utilizing our talent and technical resources both inside and outside the Group to swiftly solve problems.

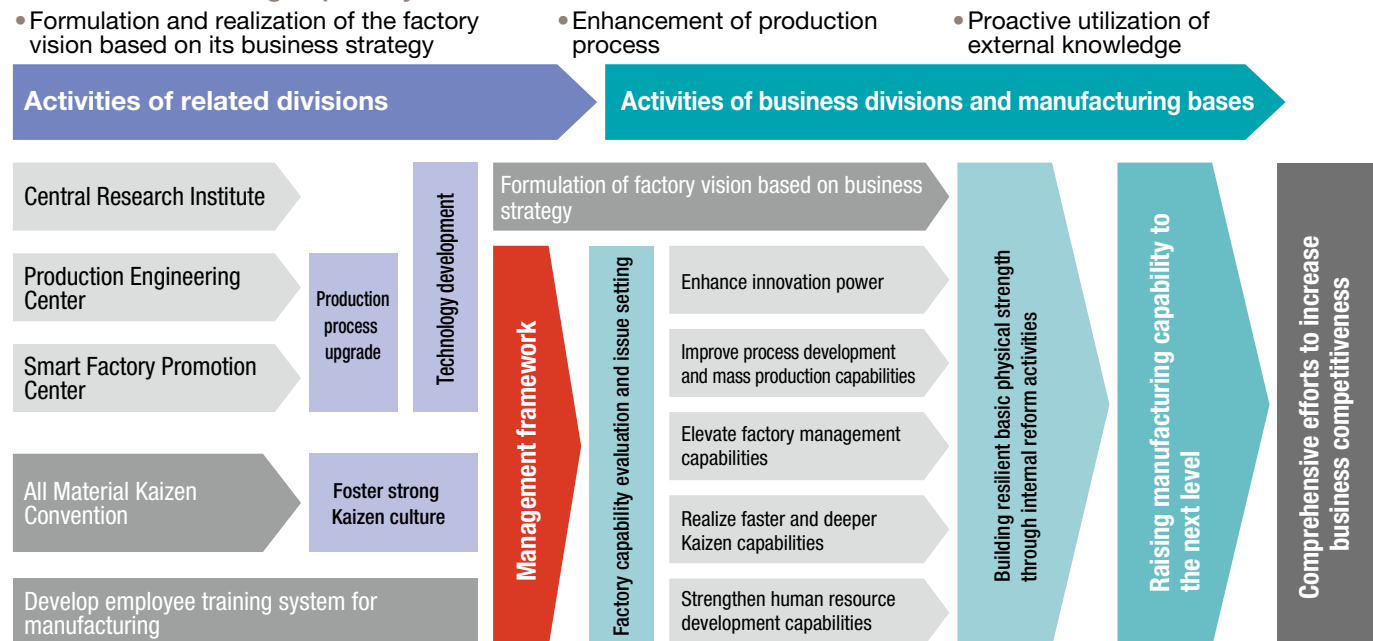
## Points for Strengthening Operations in Fiscal 2022 and After

Raising manufacturing capability to the next level, we will realize our factory vision based on business strategy connected to the advancement of medium-term growth through efforts to attain more specialized manufacturing, and with enhancement of production processes, we work toward improving quality by changing our methods and improving our ability to grasp issues that can be improved through digitization. Additionally, we will actively utilize knowledge outside the department to further improve manufacturing.

Within the formulation of a factory vision, we are collaborating with the DX Promotion Department to visualize and streamline activities. In the manufacturing management framework, we will work to disseminate and establish mechanisms in continued factory development while we accelerate the improvement of factory issues extracted from evaluation results. In addition to steadily promoting implementation themes and producing results, the enhancement of production processes promotes the deployment of the developed technology and mechanisms to factories that share common issues. Furthermore, we are continuing to develop elemental technologies for smart factories and are looking into the realization of model factories.

In the hands-on education program for developing human resources with manufacturing talent, young employees learn methods for solving problems while contributing to factory profits. In this program, we also focus on the expansion of development, sales and management fields in addition to manufacturing. In fiscal 2022, we added a new course for managers.

## Raise manufacturing capability to the next level



[Corporate Strategies]

## Quality Management Strategy

Establish “quality excellence” as corporate brand equity of the Group via “proactive quality management” initiatives to earn a good reputation from customers.



As the result of efforts to implement and strengthen prevention measures for recurrence within the Group’s quality management, we have improved both quality awareness and control level across the Group and various measures have been disseminated across the Group. In order to prevent quality issues from reoccurring in the future, recurrence prevention measures for series of quality issues are being incorporated into quality management systems such as ISO9001, and are continuously implemented at each site.

●:Continue to conduct

Main causes of the shipment of non-conforming products	Preventive Measures for Quality Issues	Concrete Measures	Achievements in FY2021 / Future Initiatives
<ul style="list-style-type: none"><li>◆ Inadequate framework for exerting influence on product development and order receiving processes at order receiving stage</li><li>◆ Attitude excessively prioritizing “order receiving” and “delivery date”</li><li>◆ Order received and mass production that the specifications exceeding manufacturing capability</li></ul>	<ul style="list-style-type: none"><li>① Implementation of a Front Loading System (FLS) for Order Receiving</li><li>② Enhancement of the Framework and Authority of the Quality Control Department</li></ul>	<ul style="list-style-type: none"><li>• FLS guidelines issued</li><li>• FLS performance audit</li></ul>	<ul style="list-style-type: none"><li>● FLS performance checked in quality audits and external consultation</li></ul>
<ul style="list-style-type: none"><li>◆ Insufficient framework of quality assurance system</li><li>◆ Pressure on quality assurance departments from other departments</li></ul>	<ul style="list-style-type: none"><li>③ Expansion of Quality Training</li></ul>	<ul style="list-style-type: none"><li>• Check the quality assurance function and ensure its independence</li><li>• Check the right of access and the actual work at quality assurance departments</li></ul>	<ul style="list-style-type: none"><li>● Checked in quality audits</li></ul>
<ul style="list-style-type: none"><li>◆ Low awareness of compliance with specifications</li><li>◆ Arrogance in thinking that quality management is being achieved</li><li>◆ Low sensitivity to risk in relation to quality issues</li></ul>	<ul style="list-style-type: none"><li>④ Promoting Automated Inspection Equipment</li></ul>	<ul style="list-style-type: none"><li>• Quality compliance training for employees at sites in Japan and overseas</li></ul>	<ul style="list-style-type: none"><li>• Conducted remote working as a response to COVID-19 pandemic</li><li>● Conducted quality training (including QC data utilization) leading to proactive quality management</li></ul>
<ul style="list-style-type: none"><li>◆ Insufficient business resources (insufficient inspectors, inspection equipment, etc.)</li></ul>	<ul style="list-style-type: none"><li>⑤ Enhancement of Quality Audits</li></ul>	<ul style="list-style-type: none"><li>• Quality training by job grade</li></ul>	<ul style="list-style-type: none"><li>● Training by job grade for young, mid-level, and management-level employees</li></ul>
<ul style="list-style-type: none"><li>◆ Audit procedures that have become a mere facade</li></ul>	<ul style="list-style-type: none"><li>⑥ Utilization of Outside Consultants</li></ul>	<ul style="list-style-type: none"><li>• Quality training for developing professional quality control skills</li></ul>	<ul style="list-style-type: none"><li>• Conducted remote working as a response to COVID-19 pandemic</li><li>● Conducted ISO9001 internal auditor training</li></ul>
		<ul style="list-style-type: none"><li>• Automation of inspection equipment</li></ul>	<ul style="list-style-type: none"><li>• As 3 year plan ending March 2021, inspection equipment has been automated (the cumulative total is over 4,500)</li><li>* There are changes in business plan due to transfer of business</li><li>● Automated inspection equipment is used to judge inspection data automatically and prevent data overwriting</li></ul>
		<ul style="list-style-type: none"><li>• Quality audits for all target sites</li></ul>	<ul style="list-style-type: none"><li>● Conducted planned audits including remote audits for fiscal 2021</li><li>* Excludes postponement due to COVID-19 pandemic</li></ul>
		<ul style="list-style-type: none"><li>• Quality consultation by external consultants</li></ul>	<ul style="list-style-type: none"><li>● Conducted consultation for focused improvement activities and training on quality control</li></ul>
		<ul style="list-style-type: none"><li>• Sharing information on the consultation</li></ul>	<ul style="list-style-type: none"><li>● Information sharing at quality manager meetings</li></ul>



[Corporate Strategies]

## Digital Transformation (DX) Strategy

The Group will use Digital Transformation (DX) to strengthen three key pillars of business, which are “Business added-value,” “Business operations competitiveness” and “Management speed,” and thereby realize its goal of being a “leading company.”

### Long-Term Business Goals

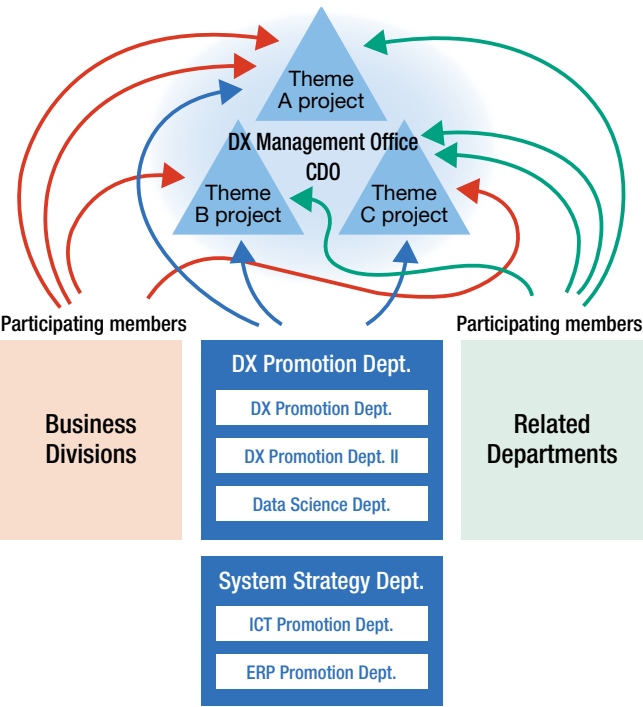
A leading company that provides high value-added products and services via DX

### Long-Term Strategy Goals

We will actively promote DX and realize the following three pillars in order to provide services that further increase customer value based on market intelligence, in order to become a leading company that provides high value-added products and services.

- Business added-value  
Strengthen links with customers, enhance cooperation between manufacturing and sales, and achieve high-speed development and market release.
- Business operation competitiveness  
Utilize digital technologies such as IoT and AI to achieve proactive quality management and next-level manufacturing capability.
- Management speed  
Achieve both rapid management and governance enhancement via data sharing and utilization based on thorough digital transformation.

### DX Management Office



### Points for Strengthening Operations in Fiscal 2022 and After

As part of our digital transformation strategy, we established the DX Management Office and CDO (Chief Digital Officer) in April 2020. In order to actualize the measures set forth in the Medium-Term Management Strategy, we selected 21 DX themes with points such as, “Review the entire business process with a focus on ‘getting closer to customers’”, “Create a foundation for catching up to competitors and winning on a global scale” and “Strengthen the management foundation through enhanced safe and secure manufacturing excellence activities, enhanced business management and data utilization, and increased business efficiency.” While doing this, we conducted a detailed study in order to realize the measures and formulated the MMDX\* implementation plan to be enacted over the six years between fiscal 2021 and 2026.

Furthermore, in order to strengthen the foundation of DX personnel, we are working toward instilling a digital mindset and improved literacy.

The planned total investment for fiscal 2021 to 2026 exceeds 40 billion yen, and we are promoting MMDX with a strong sense of urgency indicating that we must catch up with our competitors now or never.

\* MMDX: Mitsubishi Materials Digital Business Transformation

▼ Related Materials:

“Special Feature MMDX strategy” Integrated Report ▶ P18

### Summary of MMDX Themes

Business Digital Transformation	Product-based business	Metalworking Solutions C DX	1. MI*:Digital customer touch points 2. MI*:Utilization of market information 3. Ability to propose solutions 4. Demand and supply management
		Advanced Products C DX	5. Improvement of customer touch points 6. Supply chain integration 7. Advance development and production data utilization 8. Income platform
		Companywide	9. Companywide standardization
	Recycling-Based Business		10. Strengthening E-Scrap processing 11. Environmental recycling digital transformation
			12. Security and safety
	Advancement of Manufacturing Excellence (Including digital technology utilization for process-oriented businesses)		13. Maintenance 14. Advance procurement 15. Digital transformation of the Central Research Institute
		Key Operations	16. ERP
		Data Infrastructure	17. Upgrading of business administration 18. Data infrastructure and utilization
	Operational Efficiency		19. Operational efficiency
		Human Resource Base	20. Talent management 21. Digital transformation talent development and literacy improvement

\* MI:Market intelligence

• Make appropriate addition, integration and elimination of MMDX themes in response to the changes in the business environment and the progress of each theme.

[Corporate Strategies]

## Human Resources Strategy

Based on the idea that human resources are the source of business competitiveness, the Group will focus on cultivating and utilizing human resources to aim to become a company where each and every employee can respond to change and experience growth and self-realization, while also forming a sound organizational culture that contributes to stronger Group management.

### Long-Term Business Goals

Talent:

1. Secure human resources  
Extension of mandatory retirement age, reinforce hiring activities and systems, including within the Group companies, etc.
2. Develop human resources  
Visualize capabilities of employees (talent management), disseminate “Leadership Values in the Mitsubishi Materials Group,” etc.

Organizational culture:

1. Enhance motivation  
Introduce professional talent system, etc.
2. Strengthen management of Group companies  
Enhance management capabilities of the Group companies.

Improvement of social value:

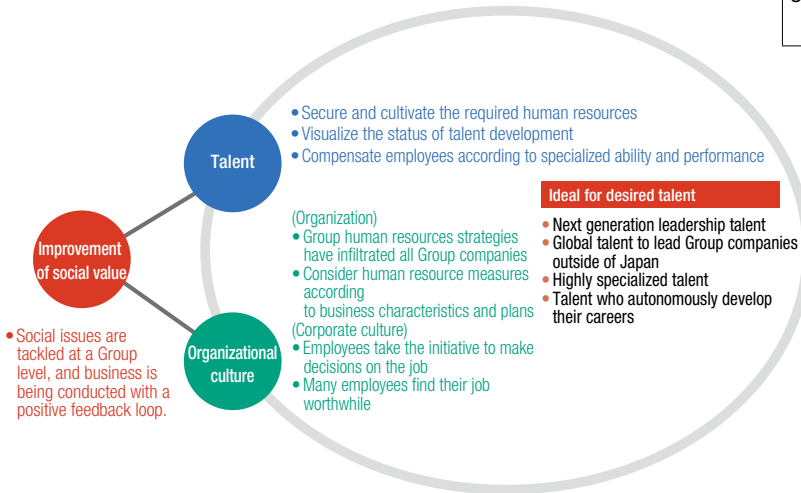
1. Employ diverse talents  
Extension of mandatory retirement age, expansion of diversity and inclusion activities, etc.
2. Health & productivity management  
Striving for certification as a Health and Productivity Management Organization based on the Mitsubishi Materials Group Health and Productivity Management Declaration.

### Long-Term Strategy Goals

The Group will strengthen its management by securing and cultivating human resources that can respond to change and forming a sound organizational culture, while promoting continuous growth by deploying measures for the improvement of social values.

These measures will enable us to achieve our long-term business goals of talent, organization culture, and improvement of social values.

### Long-term mission (2030 to 2050)



### Points for Strengthening Operations in Fiscal 2022 and After

To achieve goals by the end of fiscal 2023, firstly, the Group continues to work on efforts that ensure the securing and training of human resources. In fiscal 2022, in particular, we are looking into revising the HR system to utilize autonomous talent, visualizing talent information on employees of major Group companies both inside and outside of Japan, and building a system for data-driven talent management.

Secondly, as part of fostering organizational culture, we are disseminating “Leadership Values in the Mitsubishi Materials Group.” This defines the attitude that leaders need to have, which we began disseminating last year. We are also conducting various communication measures.

Thirdly, we are introducing an extension of retirement age and an area limited employment system, promoting male employees to take parental leave, improving the workplace environment for diverse talents, expanding diversity & inclusion efforts including raising awareness on diversity, and driving activities along with “Mitsubishi Materials Group Health and Productivity Management Declaration,” all of which will lead to an increase in our social values.

### Diversity & Inclusion initiatives (non-consolidated)

Target	FY2020 Result	FY2021 Result
Promotion of parental leave for male employees		
15% by FY2023	4.2%	16.2%
Empowerment of female		
1) Continue to have 25% or more of recent graduate new hires be female	25.0%	27.4%
2) Voluntary turnover rate of 15% or less within five years for female.	18.4%	19.5%
3) Increase women in management positions to 2.5% or more	1.7%	2.1%

▼ Related Materials:

“Workplace Safety and Hygiene (Occupational Safety and Health)” Integrated Report ▶ P60

“Occupational Safety and Health” “Development and Empowering of Diverse Human Resources” ESG Report <https://mmc.disclosure.site/en/>

“Diversity in Mitsubishi Materials Corporation” on the corporate website\* <https://www.mmc.co.jp/corporate/ja/diversity/>

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

[Strengthening the Foundation]

## Workplace Safety and Hygiene (Occupational Safety and Health)

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

The MMC Group Code of Conduct states in Article 2: “We are committed to providing a safe and healthy environment for all our stakeholders.” This commitment reflects our realization that we must preserve our employees’ safety and health to enable them to provide their families with secure and happy lives, and to contribute to our effective operation and continued development as a company. In our SCQDE order of priority in business decisions, “S” (Safety & Health) is given the first priority.

#### MMC Group Basic Policy on Safety and Health Management

- 1) We will carry out safety and health activities based on full participation from all employees, underpinned by leadership and initiative from the President and other managing personnel.
- 2) We will ensure that all employees comply with the Industrial Safety and Health Act and other applicable legislation, manuals and operating procedures, and establish a workplace culture whereby everyone follows the rules and ensures that others do too.
- 3) We will make every effort to create pleasant workplaces that are healthy for both body and mind, for all employees, through activities aimed at creating open workplaces and promoting health.
- 4) We will take preventive measures in accordance with Ministry of Health, Labour and Welfare guidelines on the prevention of work-related traffic accidents and improve road etiquette amongst all employees, in order to eliminate traffic accidents based on our commitment to promoting road safety activities as an example to society as a whole.

#### Promotion of Safety and Health Activities

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

In 2021, the second year of the three-year plan, we are performing risk assessment to thoroughly improve equipment safety, especially through our introduction of equipment safety manuals.

#### Hazard Sensitivity Education

At the Occupational Safety and Health Education Center, Midori-kan located at the site of our Saitama Office (Saitama, Saitama Prefecture), we provide hazard sensitivity training (50 types of simulation equipment) and safety and health education. Portable virtual reality (VR) hazard simulation systems are also used to improve hazard sensitivity at the various business sites of the Group.

#### Plant Safety

In our plant safety activities, we share information within MMC regarding fires, explosions, and other accidents that have occurred within the Group. We are striving to prevent similar accidents from occurring by enhancing communication through the use of internal communication tools, etc.

#### Promotion of Health Management Activities

We have been promoting health management as one of our human resources strategies, and we formulated the Mitsubishi Materials Group Health and Productivity Management Declaration in October 2020. In addition, we formed the Health and Productivity Management Panel as a specialized subcommittee of the Sustainable Management Office to build workplaces that are mentally and physically comfortable.

In fiscal 2022, we are driving 10 activities to aim at securing employee safety and health, including striving for 100% health examination participation, utilizing health examinations results, and creating environments that assist to better health.

##### ▼ Related Materials:

- “Human Resources Strategy” Integrated Report

▶ P59
- “Occupational Safety and Health” ESG Report

<https://mmc.disclosure.site/en/>
- “Safety and Health Activities” on the Corporate Website\*

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

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

[Strengthening the Foundation]

## Compliance

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

#### Spreading and Establishing an Awareness of Compliance

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

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

#### Activities Conducted to Raise Compliance Awareness

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

Recognizing the importance of establishing the Corporate Philosophy system among all our employees, we produce and distribute booklets, posters, cards, and a handbook for Group employees. The booklets, posters, cards, and handbooks for our group employees are created in 22 languages so that they can be used by employees worldwide. In fiscal 2021, the employee handbook case study collection was distributed via the intranet and used in training activities conducted by Group companies in Japan.

We are working to spread awareness of the SCQDE (see P22) through CSR training and dialog-based workshops, and by preparing and distributing posters and cards, etc.

We are striving to build an organization and corporate culture with good and healthy communication where employee has unrestricted communication, and we see these efforts as further enhancing Group governance and preventing compliance violations. To this end, we are working to strengthen communication through the holding of dialog-based workshops.

We share a sense of urgency regarding the risks faced by the Group through small group compliance activities. We are fostering compliance awareness and improving workplace communication by having employees view all issues that arise as issues that affect them and exchange opinions.

Since fiscal 2019, we have conducted annual surveys on the compliance awareness of all employees. We analyze the results of these studies to assist with our measure effectiveness measurement and promotion.

#### Expanding and Reinforcing Compliance Education

We provide CSR education and training with a special emphasis on compliance for Mitsubishi Materials Group employees in Japan and overseas.

We have constructed a framework that enables every employee in every domestic Group company to participate in CSR training once a year. From fiscal 2021, we have been promoting online participation in this training.

Since 2018, Company management has been providing training to Group company managers to help them understand the responsibilities, duties and roles that executives must fulfill with respect to governance and compliance, and to foster an awareness and provide them with the means to achieve this.

We are reviewing the content of overseas CSR education and training while taking into account the current circumstances in each region, and in fiscal 2019 we introduced online “WEBINAR” training courses in addition to our overseas training groups, streamlining training over widespread regions.

We will continue to make proactive use of visiting instructors and e-learning in our training programs, both in Japan and overseas.

#### Anticorruption Measures

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



[Strengthening the Foundation] Compliance

Measures for Rebuilding our Antimonopoly Act Compliance System

In September 2019, the Japan Fair Trade Commission (JFTC) issued a cease and desist order and a surcharge payment order to Universal Can Corporation, a Group company, for violations of the Antimonopoly Act in the form of cartel activity. From November 2019 onwards, the Group has engaged in various measures to rebuild its Antimonopoly Act compliance system.

- Formulation of Antimonopoly Act compliance regulations for MMC and Japanese subsidiaries
- Ongoing communiqués from top management regarding compliance with the Antimonopoly Act
- Clarification of Antimonopoly Act compliance as part of the Group's Code of Conduct
- Review and revision of regulations regarding disciplinary actions for MMC and Japanese subsidiaries
- Implementation of self-audits by MMC and Japanese subsidiaries, assessment of potential for Antimonopoly Act violations within each business segment
- Design and implementation of measures at individual business sites in the form of risk management activities
- Ongoing implementation and expansion of Antimonopoly Act compliance training
- Review and revision of internal audits related to the Antimonopoly Act

In-house Reporting System

We established an Internal Contact Office in December 2002 in Japan as a consultation service to handle reports and inquiries from employees of Mitsubishi Materials Corporation and its Group companies. Since January 2020, we have contracted an external vendor to run the “Mitsubishi Materials Group Employee Hotline” for reports and inquiries, as well as improving the response systems of Group companies to ensure that we can appropriately respond to reports and inquiries and better respond to issues.

We also established a contact office for Members of the Audit Committee in June 2018 to contribute to the work performed by members of the Audit Committee in promptly detecting incidents and initiating corrective measures.

On April 1, 2021, we established the “MMC Group Global Hotline,” a global in-house reporting system for the Mitsubishi Materials Group.This in-house reporting system can be used by personnel in overseas Group companies and overseas sites (with some exceptions).

Contact information for these reporting systems is printed on cards for employees of the Mitsubishi Materials Group to keep on their person and made available on our Group newsletter and through our CSR education and training activities.

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

2016	2017	2018	2019	2020	2021
33	38	42	61	58	54

Case at Robertson's Ready Mix, Ltd. (RRM) and Other Companies

For details, please see the “Notice Regarding Submission of the Second Quarterly Securities Report for the Fiscal Year Ending March 31, 2021,” (issued on December 16, 2020).

**Overview of the Case**  
It turned out that RRM and other companies (all of which are consolidated subsidiaries of the Company located in the U.S., hereinafter collectively referred to as “RRMs”) conducted transactions with companies in which some senior executives of RRM have jointly invested.

- Insufficient checks on senior executives (minimized involvement in RRM's to maintain a climate that supported RRM's success up to that period), concentration of authorities in senior executives and the culture to follow the top (History of success by top-down management as an owner-managed company), etc. were the causes.
- The impact on the Company's consolidated financial statements for the fiscal year ending March 31, 2021 will be -293 million yen on profit (loss) attributable to owners of parent.
- In addition, we conducted an investigation into the existence of similar cases in the Group and confirmed that there are no other cases.

**RRMs Recurrence Prevention Measures**

- **Enhancement of compliance system**
  - Establish a management team and have it conduct an advance review of material matters
    - The team was established in December 2020 (being implemented)
  - Assign Compliance Officer and necessary Staff
    - Assigned in March 2021
- Establish external contact window for reporting with attorneys-at-law, etc being the contact window
  - To be established in April 2021
- Renovation and enhancement of management system at RRM's by appointing senior executives dispatched from shareholders
  - April 2021: To be dispatched President and CEO\* of MCC Development Corporation and others from shareholders (\*concurrently serving as CEO of Mitsubishi Cement Corporation (U.S.))
- Enhancement of board of directors' effectiveness and enhancement of conversations with executives at subsidiaries, etc
  - Increase the frequency of board meetings and dialogues with the parent company (being implemented)

**The Group-wide internal control enhancement measures**  
In response to the case of transactions with conflicts of interest by senior executives of RRM's, in addition to RRM's recurrence prevention measures, further measures to enhance internal controls have been implementing to prevent and detect fraud by senior executives throughout the Group at an early stage

- Enhancement of internal control (Strengthening of supervisory functions, reporting and status confirmation at the time of commencement of concurrent and related party transactions with multiple full-time officers or part-time officers dispatched from the parent company, and introduction of an internal reporting system for overseas subsidiaries and establishment of internal regulations.)
  - To be implemented sequentially from April 2021.
- Enrichment of measures for enhancement of Officers' awareness (expansion of governance training for directors)
  - Expand the scope of governance training for directors to include overseas subsidiaries (from April 2021)
- Enhancement of communications between management divisions of the parent company and subsidiaries (second line of defense)
  - To be implemented sequentially from April 2021.
- Expansion of internal audit
  - Add bookkeeping audits from FY2022; station U.S. and European subsidiary audit staff in the U.S.

Group Governance Framework Enhancement Measures

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

Recognition of Group Governance Issues	Group Governance Framework Enhancement Measures	Concrete Measures	Achievements in FY2021 / Future Initiatives
<b>1. Communication</b> <ul style="list-style-type: none"><li>• Harmful effects of vertically-segmented organizations</li><li>• Insufficient control over subsidiaries</li><li>• Insufficient sharing and communication of information regarding governance-related matters</li></ul>	<b>① Enhancement of Framework for Discussion, Reporting and Follow-up of Governance-Related Matters</b>	<b>Development of group governance reporting system</b>	<ul style="list-style-type: none"><li>• Governance Deliberative Council meetings: Held twice per year</li><li>• Operated plan for the conduct of governance and progress reports</li><li>• Worked as a Group to identify and handle governance issues and to consider resource allocation</li></ul>
		<b>Improvement of the management/assistance function of the corporate divisions concerning governance-related matters</b>	<ul style="list-style-type: none"><li>• Selected the locations for prioritized support and enhanced support (18 sites)</li><li>• Strengthened the support functions of overseas regional management companies and provided education support</li><li>• Measures are still needed at small-scale overseas sites with weak governance systems</li></ul>
<b>2. Compliance Framework and Awareness</b> <ul style="list-style-type: none"><li>• Compliance awareness is insufficient at each level; necessary knowledge has not been acquired</li><li>• Awareness of our responsibilities as an organization and business is shallow</li><li>• Insufficient capacity to discover misconducts, take initiatives to resolve issues, and make timely reports</li></ul>	<b>② Improvement of Functions of Management Divisions and their Collaboration with Operating Divisions</b>	<b>Operation of new risk management system</b>	<ul style="list-style-type: none"><li>• Constructed a new risk management system</li><li>• Conducted training for managers and coordinators</li><li>• Improved framework</li><li>• Critical risks for the entire Group have been identified and handled; countermeasures for three of them (labor shortages, equipment deterioration, and obsolescence) will be continued</li></ul>
		<b>Governance training for directors</b>	<ul style="list-style-type: none"><li>• All 374 Group directors (including 170 newly-appointed Group directors)</li><li>• Improved management awareness of roles and responsibilities</li></ul>
<b>3. Resource Allocation</b> <ul style="list-style-type: none"><li>• Insufficient process capabilities that are adequate for received orders or insufficient inspection and quality assurance framework</li><li>• Unsuitable resource allocation due to priority on earnings, postponement of necessary capital investment, etc.</li></ul>	<b>③ Improvement of Human Resources Training and Encouragement of Active Interaction</b>	<b>Enhance communication and improve compliance awareness in all levels</b>	<ul style="list-style-type: none"><li>• Conducted training sessions for CSR managers: 139 attendees</li><li>• Communication workshops: General managers: 467 attendees</li><li>• Conducted CSR training and small group compliance activities throughout the Group</li><li>• Created employee handbooks (for the entire Group, both in Japan and overseas)</li><li>• Ensured compliance awareness and a policy of reporting bad news first</li><li>• Despite better communication between Mitsubishi Materials Corporation and Group companies, further improvements are needed in the workplace</li><li>• Expanded scope of communication workshops</li></ul>
		<b>Compliance awareness surveys</b>	<ul style="list-style-type: none"><li>• Held once each year, simultaneously, worldwide (Approx. 20,800 employees, 91% of all Group employees, responded)</li><li>• Continue conducting once per year</li></ul>
		<b>Encouragement of active interaction</b>	<ul style="list-style-type: none"><li>• Conducted personnel exchange of approx. 30 employees between Mitsubishi Materials Corporation and Group companies</li><li>• Expand the scope, as exchange is not happening at each level of management</li></ul>
	<b>④ Internal Audit Strengthening</b>	<b>Governance audits/quality audits</b>	<ul style="list-style-type: none"><li>• Changed the audit frequency from once every five to six years to once every two years, and conducted for approx. 200 companies over the course of the year</li><li>• Continue to conduct</li></ul>
		<b>⑤ Studies with a Business Optimization Focus</b>	<ul style="list-style-type: none"><li>• Handled business portfolio optimization in accordance with the approach indicated in the Medium-term Management Strategy (FY2023 Strategy)</li></ul>

▼ Related Materials:

“Governance” ESG Report  
<https://mmc.disclosure.site/en/>

[Strengthening the Foundation]

Risk Management

We are working to improve our sensitivity to risk and our risk control capabilities to ensure the stable operation of business.

We are also applying our risk management system throughout the Group and engaging in risk reduction activities at all Group business sites, both in Japan and abroad.

Risk Management Activities

Basic Perspective

The Group conducts risk management activities aimed at controlling factors that could exert a negative impact on our business performance and providing steady support for sound business operations throughout the Mitsubishi Materials Group. To assure achievement of these goals, we are conducting activities under the following three basic policies:

Basic Risk Management Policies and Objectives

- 1. Responding to high priority risks: Prioritizing risks and implementing measures accordingly
- 2. Identifying unrecognized risks: Using risk management records to establish a comprehensive overview of all risks
- 3. Sharing risk information: Disclosing the details of Group risks to all concerned parties

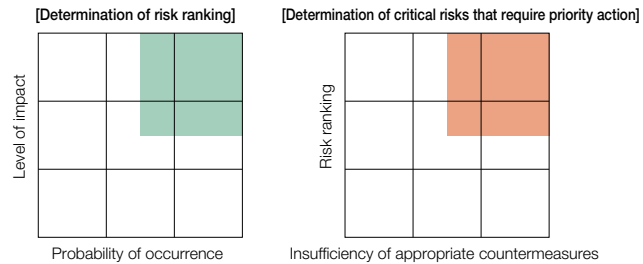
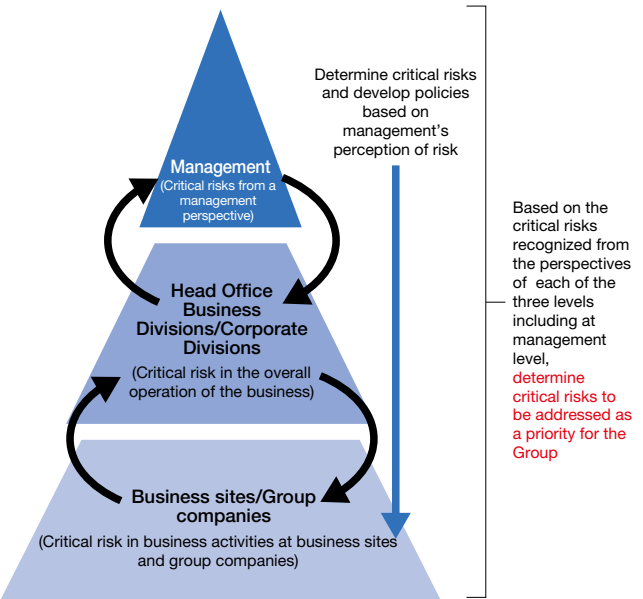
Implementation Structure

While critical risks inherent to each field of business are identified by individual business divisions, the Group identifies and evaluates serious, high priority risks at a management level which share a high degree of commonality across the Group and which are expected to have a severe impact on the Group's business management.

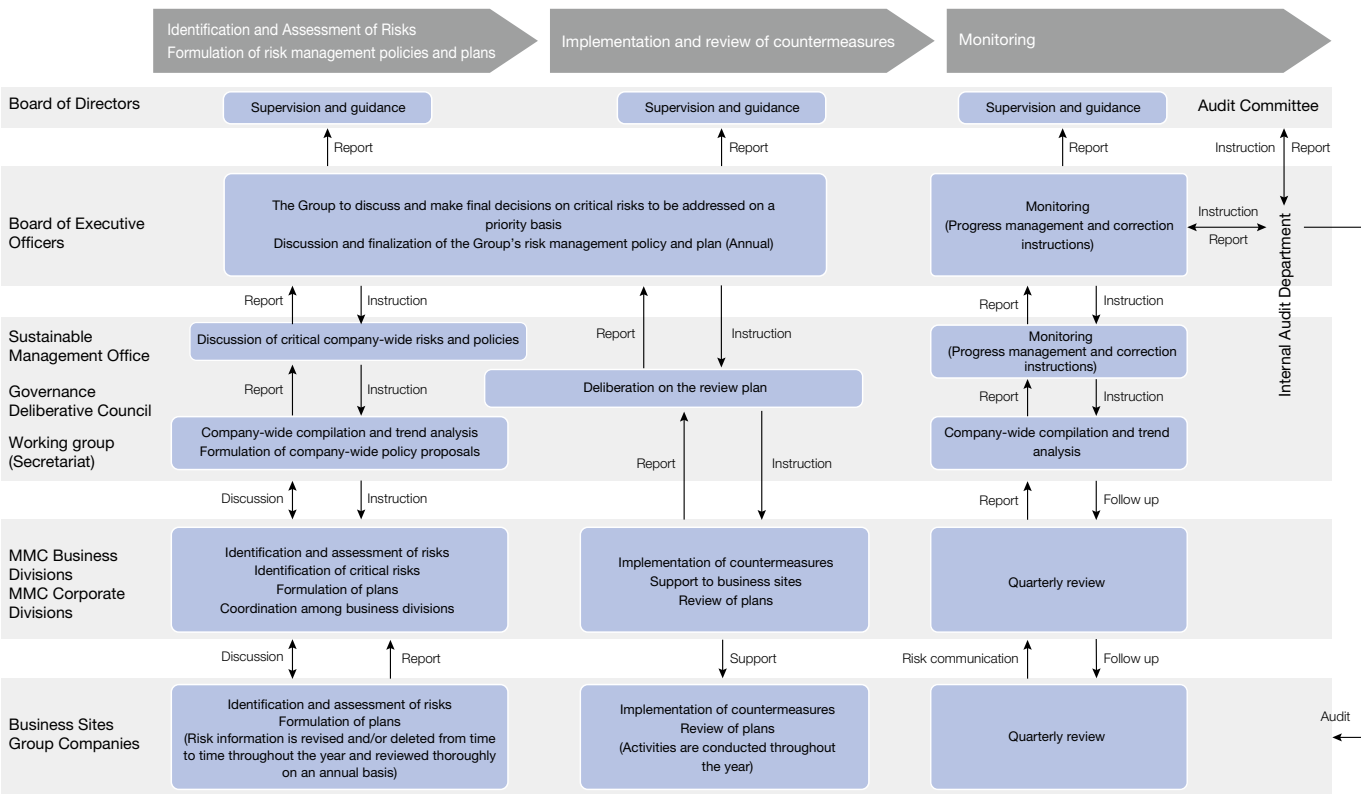
The critical risks to be prioritized by the entire Group and the contents and response approaches of critical risks to be tackled by each business division are discussed at length by the Company's Sustainable Management Office, Executive Officers' Meeting and the Board of Directors, and defined on an annual basis. Each business site formulates activity implementation plans in accordance with this. These plans then undergo review by the Governance Deliberative Council before being put into action.

A structure is in place by which the content of these activities is shared with members of management and relevant departments, and progress is monitored on a regular basis by the Sustainable Management Office, Executive Officers' Meeting, and the Board of Directors. Additionally, information on risks identified as part of risk management activities is provided for use in internal audits, and a system is in place to have risks that have been pointed out in audits, etc. added as necessary to the risk management scope. Strict PDCA management is applied to this entire system. With regard to training, we are striving to boost our sensitivity to risk and enhance and raise the bar concerning our risk control capabilities by implementing training sessions, both in Japan and abroad, that feature both internal and external consultants.

Procedure for Identifying critical risks



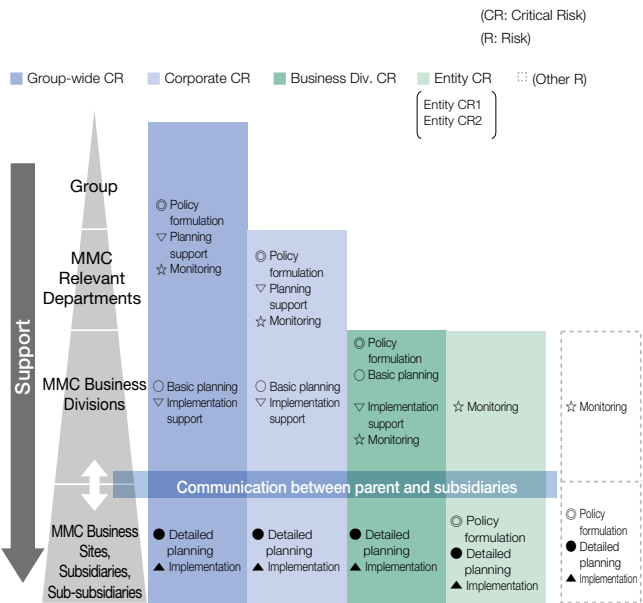
Risk management system



Risk Handling Roles and Responsibilities According to Level

Critical risks are classified into four categories according to the attributes of each, with roles and responsibilities set for each level (management level, relevant departments, companies and other business divisions, and business sites). In an effort to ensure that all critical risks are addressed without fail, we have established a system that enables business sites to receive sufficient support if it proves difficult for them to address risks on their own, upon consultation with the parent company, overseeing business division, and relevant specialist departments

Roles and responsibilities according to level for each critical risk





Business Risks

The table at right shows the main risks the management of the Group has recognized, based on this system, as having the potential to significantly impact the Group’s business results and financial situation. The contents of these risks are indicated in the “Business and other risks” section of the Consolidated Financial Results.

Name of risk	Probability of occurrence	Level of impact
International situation, overseas economic situation	Medium	Large
Market trends	Medium	Large
Fluctuations in raw material and utility prices	Medium	Large
Procurement	Medium	Large
Climate change	High	Large
Natural disasters and abnormal weather	Medium	Medium
Occurrence of violations of pollution and environmental laws and regulations	Medium	Large
Infection (COVID-19)	High	Large
Information security	High	Medium
Financial risks	Medium	Large

Crisis Management Activities

Basic Perspective

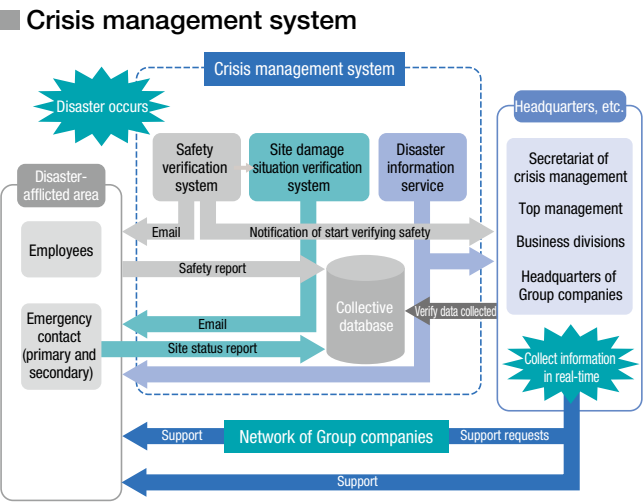
We are striving to strengthen our crisis management systems to facilitate prompt, accurate responsiveness to emergency situations, including natural disasters, accidents, terrorist attacks and pandemic events. Besides operating crisis management related rules that apply to the entire Group, we formulate business continuity plans at all our consolidated subsidiaries in Japan and overseas, with the aim of minimizing the impact on customers of any crisis that might occur through swift restoration and continuation of operations.

We also receive the latest global information on crisis management and expert advice from an external consulting company, and have established a system that enables employees dispatched overseas and stationed regionally to receive advice on action to take in the event of an emergency, as well as direct safety assurance services and medical services. Other efforts include the deployment of a safety guidebook that considers the risks faced by each country and region, and the implementation of security checks in countries and regions deemed particularly high risk.

In addition, our Crisis Management Activities include serious operational risks such as quality scandals, business legal violations, information leaks, cyber attacks, and breaches of trust, in addition to natural disasters, accidents, acts of terrorism, and pandemics, etc., which were already covered by the activities. To ensure that the system can respond to a wide range of crisis situations, it defines how to respond to each type of crisis situation, clarifies roles and responsibilities, and provides a framework that organizes the items to handle on a timeline.

Crisis Management System

The Group implemented a crisis management system both in Japan and abroad in order to help quickly assess the safety of employees and the scope of damage at business sites in the event of a disaster or other crisis, and to share this throughout the Group. This has made it possible to initiate prompt and adequate initial response, and has also allowed us to leverage the Group’s network to provide support, etc. from sites near disaster-afflicted areas.



COVID-19 Infection Prevention and Business Continuity

Basic Policy

The Group implements various measures under a common group policy to prevent important business from stopping, which prioritizes the prevention of employee infections and the prevention of the spreading of infections at business sites and in the local community.

1. We will make every effort to prevent infections and the spread of infections in order to prioritize the health of employees and the safety of the workplace.
2. We will conduct business activities according to the requests and instructions of national and regional government, and each of our employees shall act with awareness in their personal lives.
3. We will continue our business to ensure the production and supply of products that support society and prevent interruptions to our recycling business, and thereby meet the demands of our customers and society.
4. We will take efforts for responding to COVID-19 as an opportunity to implement workstyle reforms, and improve productivity.

Task Force

When the spread of infections was recognized in China in late January 2020, the Group established a task force at the head office, which promotes unified handling across the Group. The task force formulates preventative measure guidelines and group action policies according to the status of the pandemic around the world and deploys them to all business sites, centralizes information on the health of employees, the situation and policies/regulations of various countries and regions, impact on business sites, and impact on the supply chain, etc., shares that information with top management, and conducts monitoring to ensure that the Group can handle changes to the situation swiftly and appropriately.

Measures for Preventing Infection and the Spread of Infection

The Group implements various measures for ensuring the health of all employees and maintaining workplace safety in Japan and overseas, as well as preventing the spread of infection in the various regions where we conduct business.

1. Dissemination of infection prevention measures in the workplace and thorough health management of employees.
2. Dissemination of the procedure to follow when an individual is infected or suspected to be infected.
3. Full-scale operation of working from home at offices, restrictions on using public transport, and utilization of satellite offices.
4. Restrictions on business trips, meetings, and events, and promotion of remote meetings via the Web.

5. Evacuation of employees stationed overseas, depending on the regional status of the epidemic, movement restrictions, standard of medicine, and state of medical services, etc.

Business Continuity

In order to continue producing and supplying products that support society and important businesses such as the recycling business, thereby meeting the demands of our customers and society, the Group is implementing various measures as appropriate given the current status of the pandemic and requests from national and regional governments, based on business continuity plans for each of our business sites.

1. Offices identify which work is important and continue to function, with all important work performed from home in principle and limiting office attendance to the minimum necessary number of BCP members.
2. Production sites identify which work is important and must be continued and implement a system for doing so based on multiple scenarios that take into account employee commuting restrictions and operation restrictions resulting from the spread of infection within the community.
3. Supply chains are enhanced by diversifying raw material suppliers and outsourcers, using multiple distribution routes, enhancing cooperation with customers, etc.

Resilience

In order to respond to major changes in the business environment and business structure and the severe impact to the real economy that is expected to have long-term consequences, the Group is implementing various measures for increased competitiveness, such as further enhancing cooperation with markets and customers, migrating to new work styles such as teleworking, improving management speed via digital transformation, and rebuilding business models.

▼ Related Materials:

“Group Response to COVID-19 Infection” on the Corporate Website\*  
<https://www.mmc.co.jp/corporate/ja/company/covid19/index.html>

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



[Strengthening the Foundation]

## Climate Change

The Mitsubishi Materials Group will actively promote reductions in CO<sub>2</sub> emissions and provide products, services and technologies that lead to solving issues related to climate change to contribute to the building of a decarbonized society.

### Response to Climate Change

Currently, there can be no doubt regarding global warming caused by anthropogenic greenhouse gas emissions. The amount and scale of damage caused by storms, floods, droughts and other abnormal weather is increasing, as is the sense of crisis due to the risk these present to the global economy.

The Group has set up the Sustainable Development Department within the Corporate Strategy Department to plan and promote strategic initiatives for risks and opportunities related to global warming in connection with group-wide management strategies. Furthermore, our “Climate Change and Energy Panel,” a specialized subcommittee of the “Sustainable Management Office,” promotes the examination of scenario analysis based on TCFD\*<sup>1</sup> recommendations, as well as discussion and sharing of information on measures to achieve GHG\*<sup>2</sup> reduction targets and other climate change measures. To monitor the panel, its activities are reported to the Executive Officers’ Meeting and Board of Directors’ Meeting quarterly after being reported and deliberated by the “Sustainable Management Office.”

Through appropriate evaluation and management of our risk and opportunity related to climate change, we are looking into reflecting these in our medium- to long-term management strategies and risk management. We will continue to improve our response to climate change and actively disclose information based on TCFD recommendations.



\*1 TCFD: Task Force on Climate-related Financial Disclosures  
The TCFD was established in 2016 by the Financial Stability Board, an international organization that seeks to stabilize financial systems.  
\*2 GHG: Greenhouse gas

### GHG Emissions Reduction Targets

The Group has defined a medium- to long-term goal of reducing GHG emissions resulting from the Group’s business activities by 17% or more by fiscal 2031 (in comparison to fiscal 2014 emissions) and to achieve carbon neutrality by fiscal 2051. In particular, we are aggressively working to cut GHG emissions in from product-type businesses (Advanced Products Business and Metalworking Solutions Business), aiming to reduce emissions by 30% or more by fiscal 2031.

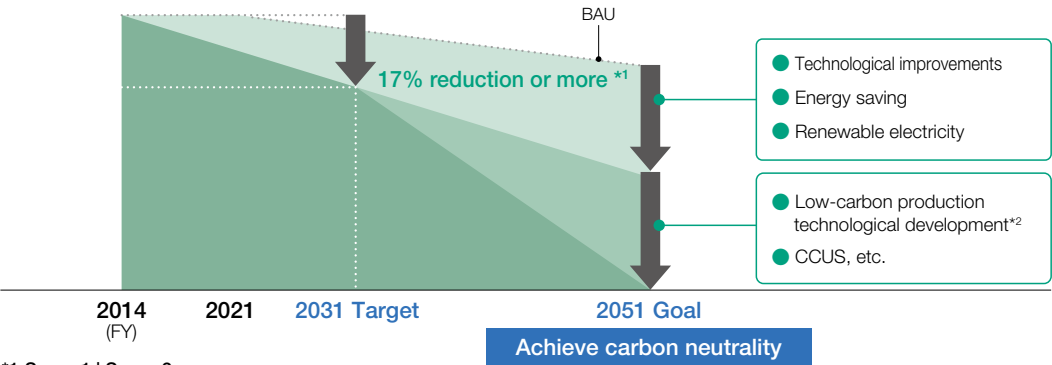
One means by which we will achieve this is by switching to renewable energy. By fiscal 2031, our goal is for 20% or more of the energy used in Group business to be renewable energy.

In the future, we will continuously assess our Scope 3 emissions (indirect supply chain emissions), which account for roughly 50% of the Group’s GHG emissions\*, and we will deliberate on how to reduce them further.

\* Group GHG emissions: Scope 1 + Scope 2 + Scope 3  
Please see the “Total greenhouse gas emissions (Scope1 + Scope2)” non-financial highlight on page 5 for information regarding total Scope 1 and Scope 2 emissions trends.

### Greenhouse Gas (GHG) Emissions Reduction Target

- Reduce GHG emissions of the MMC Group by 17% or more by FY2031 (compared to FY2014)
- Reduce emissions by 30% or more in the Advanced Products and the Metalworking Solutions Business, whose energy emissions are the most significant
- Use renewable energy sources for over 20% of the Group’s total electricity consumption by FY2031.
- Aim to become carbon-neutral company by the end of FY2051



\*1 Scope1+Scope2

\*2 Transition to a production process that utilizes hydrogen/electric energy

- Scope 1: Direct GHG emissions by business operators
- Scope 2: Indirect emissions resulting from the use of electricity, heat, and steam supplied by other companies

### Climate Change-Related Risks and Opportunities

As for the financial impact on the Group, additional costs will be incurred based on GHG emissions, such as when policies and regulations on climate change are strengthened and carbon pricing systems are introduced or enhanced. Furthermore, if we fail to keep pace with the global shift to decarbonized societies, this could invite a decline in our corporate value due to lost sales opportunities, etc. The world is rapidly moving to achieve carbon neutrality under the Paris Agreement. We also intend to rapidly respond to these changes in the social environment and continue to provide new value.

Specifically, we have defined GHG reduction targets. We will steadily reduce the amount of GHG emitted from Group business activities by introducing energy-saving equipment and increasing our use of renewable energy. Furthermore, in order to improve the market competitiveness of Group products, we will actively enhance our production processes, develop environmentally-friendly products, and develop technologies such as CCUS\* for reducing our environmental impact.















In our company-wide risk management activities, we manage physical water risks, including damage caused by acute and chronic risks such as torrential rains, floods, storm surges, and droughts, which are considered to be related to climate change.

Concerning transition risks, we expect an increase in demand for technologies, products, and services that contribute to energy saving and GHG emissions reductions due to the tightening of government policies regarding climate change. We envision this as providing more significant business opportunities. The Group takes initiatives such as the development of materials, products, and technologies that contribute to decarbonization, the development and promotion of the use of renewable energy such as geothermal power, participation in projects pushing forward demonstration experiments or studies into suitable locations related to CO<sub>2</sub> capture and storage, and conservation activities for the forest land we own. Through these initiatives, we aim to create both economic and social value.

The table below shows the results of our scenario analyses, which we carried out to assess the risks and opportunities that climate change creates for our Group and to deliberate on reducing those risks while taking advantage of those opportunities.

\* CCUS: Carbon dioxide Capture, Utilization and Storage

### Scenario Analysis – Summary of Results

		■ : Risk factors	● : Opportunity factors	(Descriptions in parentheses and the arrows indicate the assessed impact for each business)				
		 Advanced Products	 Metalworking Solutions Business	 Metals Business	 Cement Business	 Environment & Energy Business		
2°C Scenario		● Increase in EV unit sales  <b>Opportunity: Large</b> 	■ Sudden change in the metalworking products market due to modal shift, etc.  <b>Risk: Medium</b> 	● Increase in demand for the E-Scrap recycling  <b>Opportunity: Medium</b> 	■ Introduction and enforcement of the carbon tax (Procurement, Sales)  <b>Risk: Medium</b> 	● Further penetration of and demand for renewable energy  <b>Opportunity: Large</b>  ● Demand for energy-saving home appliance replacements  <b>Opportunity: Large</b> 		
	All businesses	■ Introduction and enforcement of the carbon taxation (operating costs)				<b>Risk: Medium</b> 		
4°C Scenario					● Increase in demand for flood disaster waste disposal  <b>Opportunity: Small</b> 			
	All businesses	■ Increase in water-related risks, such as floods, tidal waves, and droughts				<b>Risk: Large</b> 		

### Related Materials:

“Responding to Climate Change” ESG Report  
<https://mmc.disclosure.site/en/>

[Strengthening the Foundation]

## Environmental Management

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

### [Environmental Policy]

Based on our Corporate Philosophy “For People, Society and the Earth,” we recognize the importance of environmental protection on a global scale and strive to contribute to the creation of a sustainable society through our business activities.

As a comprehensive materials manufacturer, with operations ranging from cement, metals and metalworking through to electronic materials and components, we supply many of the basic materials and products that are essential to our industrialized society. Indeed, our materials and products are widely used in many aspects of daily life.

Whereas operations within the materials industry inevitably have a high environmental impact at the manufacturing stages, they also present opportunities to effectively harness and recycle resources through initiatives at the waste processing and recycling stages.

We take the environment into consideration in everything that we do and are committed to environmental management, capitalizing on the nature of our operations to strike a balance between business and the environment. With that basic philosophy in mind, we are determined to do our bit to help create a recycling-oriented society that has a low impact on the environment, through strict legal compliance and operations such as supplying and recycling essential everyday materials and products.

1. Promote environmental management
2. Reduce environmental impact
3. Contribute to creation of a recycling-oriented society
4. Preserve biodiversity
5. Help to create a low-carbon society
6. Coexist with local communities

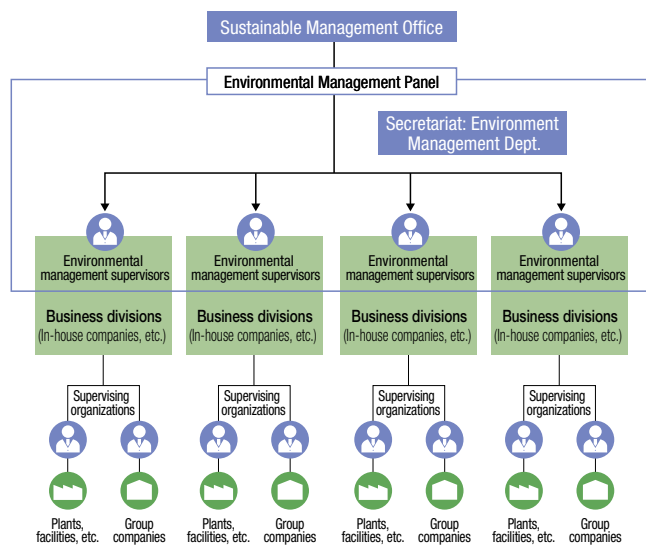
### Addressing Environmental Risks

Based on our environmental policy, we identify the environmental risks to the Group from a broad perspective and take measures to prevent these risks from manifesting.

Air, water, land, and underground water pollution due to the leakage of hazardous substances has a harmful effect on the environment, as does improper waste disposal. At the same time, they can also have a serious negative impact on the Group’s business activities. At each business site, we perform risk evaluations and take necessary measures based on the work that is performed at the site, the substances that are handled, and geographical conditions.

At sites where mining was formerly performed, we carry out ongoing efforts to prevent mine pollution. To mitigate climate change risks, we engage in multifaceted efforts to reduce energy usage and cut CO<sub>2</sub> emissions. We also research technologies for CO<sub>2</sub> capture and underground storage, as well as generating renewable energy. Furthermore, with regard to the business risks posed by decreasing fresh water resources, we are effectively using sea water, conserving water by improving the efficiency of our production processes, recycling water, and thoroughly treating our wastewater.

### Environmental Management System



The Group has established an environmental management panel as a specialized subcommittee of the Sustainable Management Office, which plans and executes environmental measures across the the entire Group. Environmental management supervisors are appointed at each business site, and strive to prevent pollution and ensure compliance of laws and regulations related to the environment, based on close cooperation with the Sustainable Management Office at the head office.

### Environmental Management Activities

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

### Assessing and Reducing Environmental Impact

The Group has a fundamental policy of conserving resources, saving energy, reducing waste volume, and promoting recycling. We monitor and work to reduce the main environmental impacts of our business activities.

#### ▼ Related Materials:

“Environmental Protection and Technology”  
“ESG Data List” ESG Report  
<https://mmc.disclosure.site/en/>

[Strengthening the Foundation]

## Abandoned Mines

The Group owns mines around Japan, including limestone, coal and nonferrous metal mines, but operations at all of our nonferrous metal mines have now been suspended or abandoned. At these abandoned mines, we promote appropriate maintenance and management from the perspective of safety and the environment.

### Management of Abandoned Mines

We are a company with its origins in the mining industry, and the Group owns a wide range of mines around Japan, including limestone, coal and nonferrous metal mines, such as copper, lead and zinc mines. Operations at all of our non-ferrous metal mines have now been suspended or abandoned. We spend roughly 40 billion yen per year in the following controls and management programs that are currently in place at 21 abandoned mines in 14 locations.

- Management of tailings dams (sites used to store waste-rocks from mining of ore minerals, slag and precipitation sediment generated by from mine drainage treatment)
- Maintenance of old mine workings (mining levels, drifts and drainage tunnels); implementation of safety measures at disused adit mouths and subsidence sites
- Treatment of acid mine drainage containing heavy metals from the above sites



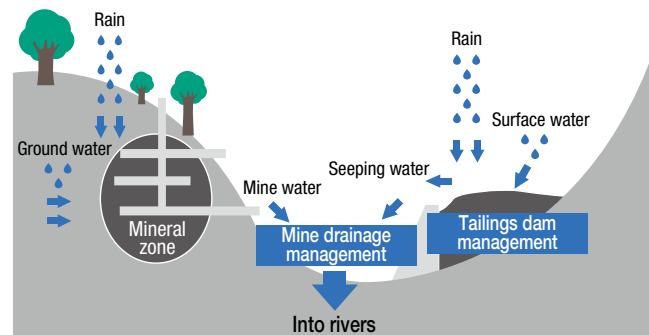
Pit waste water treatment plant at the Yatani Mine (completed in fiscal 2020)

We continue to preserve and maintain sections of mining levels in some abandoned mines as cultural heritage sites or tourist facilities to exhibit their former conditions and preserve historical mining technologies for future generations.

### Facility Upgrading and Environmental Countermeasures for Abandoned Mines

Since 2015, our Group has been implementing responses to deteriorating natural disasters (severe rain, typhoons, etc.) and other risks by conducting protective construction to guard against contamination and other threats, reinforcing tailing dams to prevent uncontrolled release of slag and sediment in the event of major earthquakes, reducing wastewater at the source and upgrading aging facilities. By fiscal 2019, we had completed appropriating an environmental countermeasure reserve for work expenses.

#### ■ Overview of Wastewater Treatment in Abandoned Mines



[Earthquake countermeasures]  
Reinforcement work by soil stabilization at the Ikuno Mine Tailings Dam



[Rainfall infiltration control and reforestation]  
Contamination containment work by slope seeding with Chipcrete at the Komagi Mine

### Human Resource Development

In order to continue to sustainably manage suspended or abandoned mines, we are aggressively training young workers, setting up a variety of educational programs for managers and engineer of suspended or abandoned mines, and working to pass on technologies through the guidance of experienced technicians.

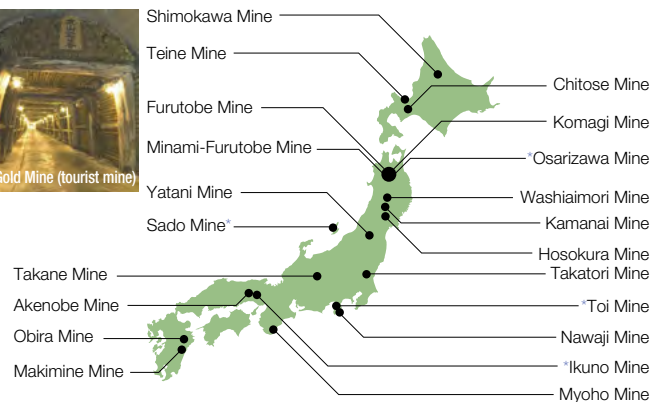
### Joint Industry-academic Activities

Beginning in fiscal 2018, we have been introducing an endowed course named “Laboratory of Resources Environment and Remediation” at Hokkaido University, to give lectures to students and conduct research activities of various kinds related to the conservation of mine environments. We are also working on developing and investigating new environmental preservation technologies with the cooperation and guidance of experts at other universities, which include developing unpowered mine waste water treatment technologies by taking advantage of the natural purification action of microorganisms, developing abandoned mine site reforestation technologies, and studying methods of evaluating the impact of mine waste water on the surrounding environment.



Endowed course at Hokkaido University (seminar)

#### ■ Abandoned Mitsubishi Materials (Non-ferrous) Mines



\*Sites operated as tourist mines  
(Osarizawa Mine, Sado Gold Mine, Toi Gold Mine, Ikuno Silver Mine)



[Strengthening the Foundation]

## Information Security

The Group defines information security as one of the issues in management, and aims to conduct safe business by ensuring information management, including the handling of personal information.

### Basic Policy

The Group defines information security as one of the issues in management, recognizes the personal information of customers and business partners to be the most important information asset, and strives to reduce the risk of information leakage, loss, and destruction.

### Management System

In order to ensure compliance with the Group information security management policy, we have defined Group Information Security Management Regulations, Information Security Measure Standards, Confidential Information Management Regulations, and various implementation procedures that must be complied with.

#### Group Information Security Management Regulations:

Basic rules regarding the construction and operation of a management system for Group information security, for the goal of protecting the information assets owned or managed by the Group from theft, leakage, modification, or destruction, and minimizing corporate loss

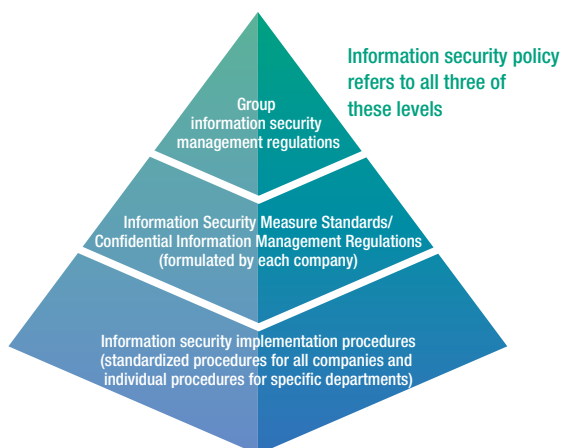
#### Information Security Measure Standards:

Standards defining information security countermeasures for electromagnetic information assets that the Group must follow

#### Confidential Information Management Regulations:

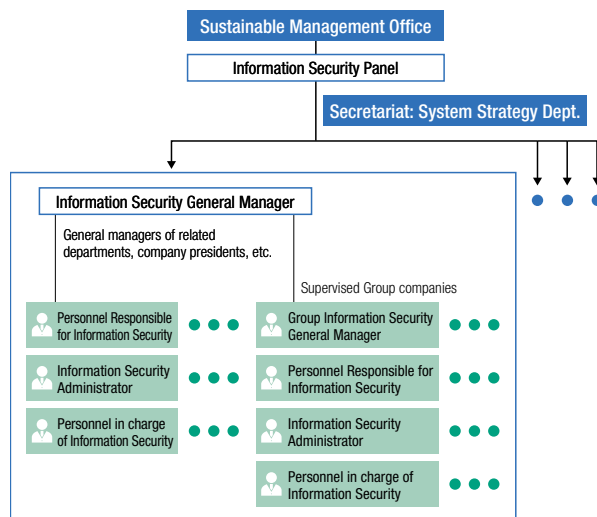
Basic rules regarding the handling of personal information and basic indicators on management methods for maintaining the confidentiality of information assets in general

### Scheme of Information Security Policy and Documentation



In addition, “information Security Panels” are set up to establish, adopt, operate, monitor, review, maintain and improve our information security policy, and information security managers are assigned to the Group and group companies to operate and monitor them.

### Operating Organization for the Information Security



### Various Information Security Compliance Initiatives

Our information security activities involve enhancing and expanding our information infrastructure with an eye towards business continuity in the event of a large-scale disaster, strengthening our technical measures for information systems, and introducing and operating management systems. Technical efforts include enhancing our protective measures for preventing damage from attacks that leverage known vulnerabilities, as well as our risk reduction measures, which include enhancing defense in depth and the early detection of damage from new threats such as targeted attacks. In order to counter the rising threat of ransomware, we have introduced a system for forcibly applying updates and patches for vulnerabilities of the Group and all Group companies, including overseas companies. On the management end, we strive to maintain and improve our level of security by implementing the PDCA cycle of performance evaluations and employee education on a continual basis.

As security threats continue to worsen, we will continue to comprehensively, efficiently, and appropriately investigate and implement a variety of technical countermeasures.

[Strengthening the Foundation]

## Stakeholder Communication

We proactively create opportunities for engaging in diversified communication and deepening mutual understanding to ensure incorporation of feedback from our stakeholders into management.

### Concept and main communication method for building relationships with stakeholders



### Responsible Procurement

As a comprehensive materials manufacturer, we engage in fair, impartial trade and collaboration with our business partners, coexisting in harmony with them. We strive to engage in healthy procurement rooted in the perspectives of CSR procurement and focusing on anticorruption measures, legal and regulatory compliance, health and safety, environmental conservation, and respect for human rights.

For copper concentrate, the main raw material in copper products, we are reliant on imports from overseas mines, so we carry out procurement activities that take into consideration the impact of mine development on the environment and local society. We place great value on engaging with indigenous people and members of the local community, such as by assigning personnel to work in some mines and participating in advisory committees. Moreover, we also require the mines from which we procure materials to comply with our CSR standards and we strive to confirm their

compliance status through measures such as the regular administration of questionnaires.

We are also a member of the International Council on Mining and Metals (ICMM), an industry organization, and we are dedicated to living up to our corporate social responsibility as a company that engages in procurement activities around the world. With respect to the problem of conflict minerals, we are intensifying our efforts from the wider perspective of responsible procurement of minerals.

#### Related Materials:

“Responsible Procurement of Raw Materials” ESG Report  
<https://mmc.disclosure.site/en/>

Mitsubishi  
Materials  
Selected as  
Component  
of Stock Price  
Indexes for ESG  
Investment

### 2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

We are included in the stocks comprising the MSCI Japan ESG Select Leaders Index and MSCI Japan Empowering Women Index (WIN), which are both administered by MSCI. Made up of companies demonstrating outstanding initiatives with respect to ESG and gender diversity, respectively, we have been selected as part of the operation index for ESG investment operated by the Government Pension Investment Fund, Japan (GPIF).

\* MSCI: Morgan Stanley Capital International Inc.

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### 2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

ECPI  
Sense in  
sustainability

We were selected by ECPI as one of the brands in the ECPI INDICES. ECPI is an investment management consulting firm based in Luxembourg and Italy that specializes in sustainable investments. It conducts studies of corporate ESG and issues ESG ratings.