



Mitsubishi Materials Corporation

Sustainability IR Meeting

January 23, 2026

Event Summary

[Company Name]	Mitsubishi Materials Corporation	
[Company ID]	5711	
[Event Language]	JPN	
[Event Type]	Analyst Meeting	
[Event Name]	Sustainability IR Meeting	
[Fiscal Period]		
[Date]	January 23, 2026	
[Number of Pages]	39	
[Time]	16:00 – 16:52 (Total: 52 minutes, Presentation: 35 minutes, Q&A: 17 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	3	
	Tetsuya Tanaka	Director, Executive Officer and President (Representative Executive Officer)
	Makiko Nogawa	Managing Executive Officer, CHRO
	Yuji Kawamura	Sustainability Promotion Division, General Manager, CSuO

Presentation

Agenda

Overview of Sustainability Initiatives

Governance Initiatives

Human Capital Initiatives

Climate Change Initiatives

SCQ Initiatives

*SCQ: Safety & Health, Compliance & Environment, Quality

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Here are the five items on today's agenda. Today, I would like to introduce some of our initiatives on our material issues, which I will explain later in this presentation.

I, Tanaka, will provide an overview of our sustainability initiatives and governance initiatives. Ms. Nogawa will explain our initiatives on human capital, and Mr. Kawamura will explain our initiatives on climate change and SCQ. This SCQ stands for Safety & Health, Compliance & Environment, and Quality.

Corporate Philosophy / Our Vision / Our Mission / Our Commitment

Corporate
Philosophy

For People, Society and the Earth

Our Vision

Circulating resources for a sustainable future

Our Mission

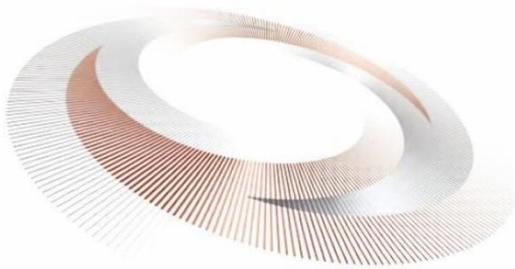
Create a sustainable future

Prosperous society

Recycling-oriented society

Decarbonized society

Our Commitment

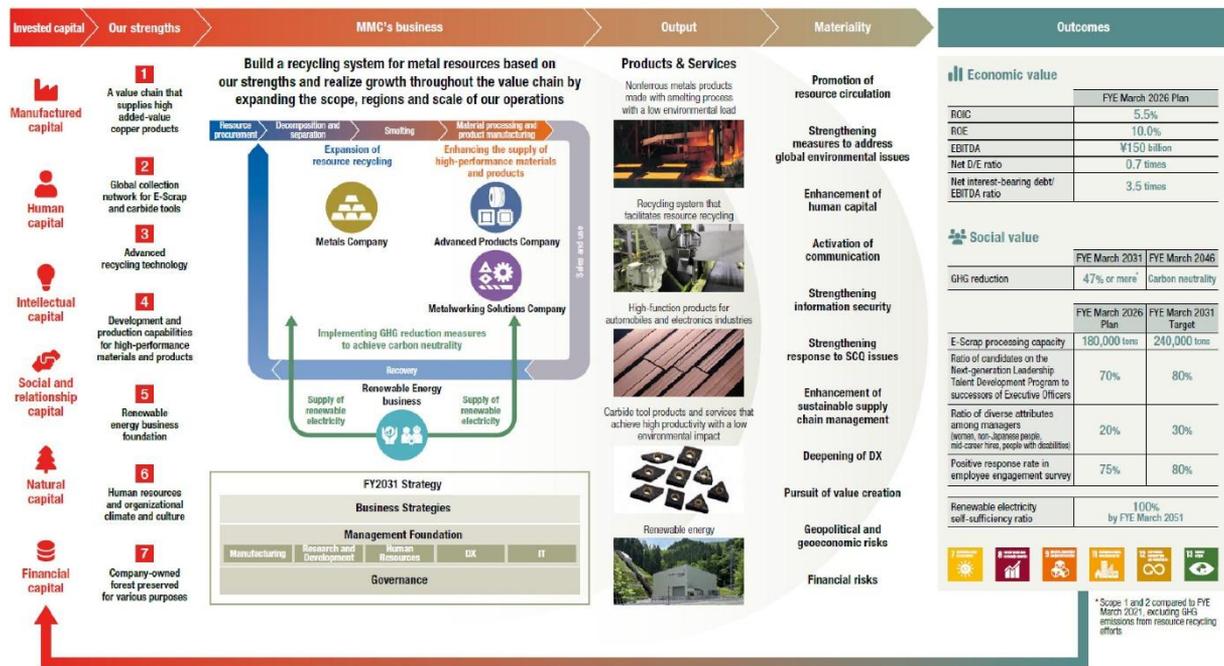


For people, society and the earth,
circulating resources
for a sustainable future

In order to make careful use of limited resources,
we will give new life to used products as new resources.
We will return these resources to society with new value added.
We will build a platform for this resource circulation and create value as an active player.
As we look to the future, we will make a strong contribution to the creation of a sustainable society,
and help to widen the scope of resource circulation.

First of all, let me give you an overview of our sustainability initiatives. This slide shows our Corporate Philosophy, etc. We have established “For people, society and the earth, circulating resources for a sustainable future” as Our Commitment. There is no change to this.

Value Creation Process



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Next is the value creation process, which is also presented in the Integrated Report. We will expand resource recycling by collecting used or discarded products in the market and extracting useful metal resources, and strengthen the supply of high-performance materials and products centered on the extracted metal resources.

In addition, we envision a value-creating picture in which materiality is addressed and outcomes and value provision are created by generating and supplying renewable energy power at our company as a source of electricity to support these initiatives.

Materiality

- We take the initiative in organizing, reviewing, and prioritizing our material issues along two axes: their importance to our stakeholders and their importance in light of Our Commitment
- Each year, we proactively review and reassess the selected material issues to ensure they appropriately reflect environmental changes

● List of Materiality

Promotion of resource circulation
Strengthening measures to address global environmental issues
Enhancement of human capital
Activation of communication
Strengthening information security
Strengthening response to SCQ issues
Enhancement of sustainable supply chain management
Deepening of DX
Pursuit of value creation
Geopolitical and geoeconomic risks
Financial risks

● Selection and Review Process

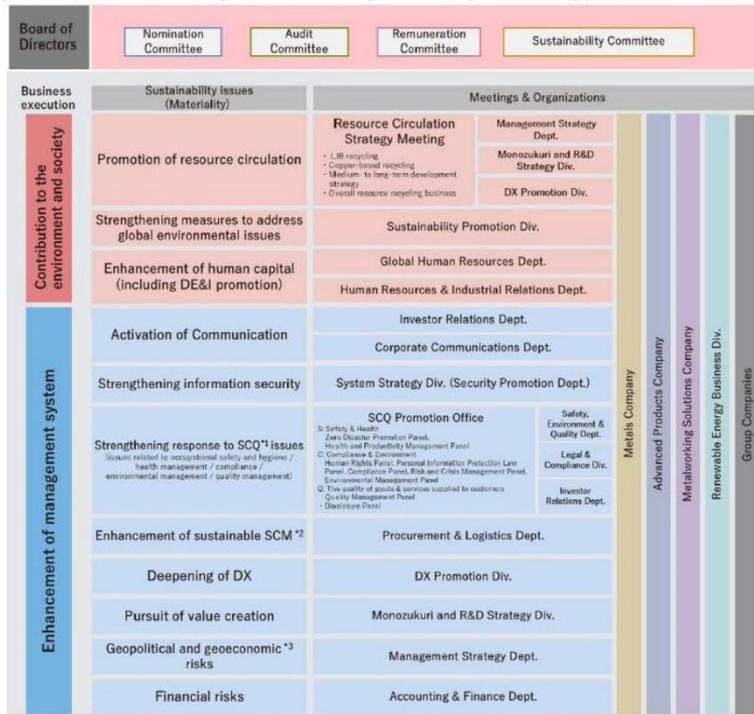


By appropriately addressing these material issues, we aim to enhance corporate value by delivering both economic and social value, while reducing various risks across our Group

This is about materiality. Our material issues are selected by organizing and prioritizing them according to two axes, importance to stakeholders and importance in light of Our Commitment. In particular, we are focusing our efforts on “promotion of resource circulation,” “strengthening measures to address global environmental issues,” and “enhancement of human capital.”

Sustainability Management System

■ Our response system for addressing sustainability issues (materiality) is as follows



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*1 SCQ: S: Safety & Health, C: Compliance & Environment, Q: Quality.

*2 SCM: Supply Chain Management.

*3 Geoeconomic risk: Risks relating to countries attempting to fulfill their geopolitical goals (national interests) through economic means.

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This is our system for addressing sustainability issues. Sustainability issues can be broadly divided into two categories: issues that we must address to ensure that we, ourselves, remain sustainable in the capital markets and issues that we must address through our business activities to ensure that society and the environment are sustainable. All business divisions, including Group companies, are involved in addressing these issues, and the Corporate Division is responsible for coordinating efforts to address them.

Overview of Sustainability Activities

	FYE March 2025				FYE March 2026			
Promotion of resource circulation	Started sales of simplified indoor air conditioner unit dismantling equipment	Four new products added to the REMINE recycled metal brand	Completion of acquisition of H.C. Starck	Promoted sustainable PMP (Product-Material-Product) Loop utilizing waste printed circuit boards	Received the Chairman's Award at the 21st LCA Society of Japan Awards			
Strengthened measures to address global environmental issues	Calculated and third-party-verified electrolytic copper carbon footprint	The Materials' Forests Toire Forest registered in an international database as an OEM (Other Effective Area-based Conservation Measures)	Established the Mitsubishi Materials Group Biodiversity Conservation Policy	Acquired certification for The Copper Mark	Selected for the first time as A List, the highest rating, in the CDP 2024 Climate Change field	Selected for the second consecutive year as a Supplier Engagement Leader, the highest rating, in the CDP 2024 Supplier Engagement Assessment	Published the Mitsubishi Materials Group TNF Report	Selected as A List, the highest rating, in the CDP 2025 Climate Change field
Enhancement of human capital	Hosted a health promotion event featuring top athletes	Second consecutive year a Healthy Company Declaration Gold Certification	Certification as a Sports Yell Company 2023-25 from the Japan Sports Agency	Awarded as an Outstanding Company for Cancer Control Promotion by the Ministry of Health, Labour and Welfare	Held a cross-company joint event, the Non-Ferrous Metals DEM Forum 2025, for International Women's Day	Held an event for employees to connect with their young children	Held an event in conjunction with Mitsubishi Materials Corporation Pride Month	Received a Gold award in the PRIDE Index 2025
Activation of communication	Selected for the first time for addition to the ESG investment index FTSE4Good Index Series and FTSE Blossom Japan Index	Newly formulated Our Values for the Mitsubishi Materials Group	Held Family Day at Mitsubishi Materials Corporation	The Company history titled "150 Years of Mitsubishi Materials Corporation"	Received the Ministry of Environment's 6th ESG Finance Awards-Japan Theme Prize (Circular Economy Award)			
Strengthening information security	Held cybersecurity study sessions for management		Expanded global WAN (wide area network) in Europe and the US	Began internal trial of Microsoft Copilot	Began operation of integrated asset management system	Conducted cross-departmental exercises to prepare for cyber attacks		
Strengthening response to SCQ issues	647 people participated in hazard sensitivity education, 347 people participated in safety and health training (FYE March 2025 result)		Held Quality Review Day and carried out training, internal audits and patrols	Held Safety Declaration Day and continued efforts to ensure serious accidents are not forgotten				
Enhancement of sustainable supply chain management		Began copper concentrate production at Mantoverde Mine, Chile		Held sulfide ore facility completion ceremony at Mantoverde Mine, Chile		Completion of sale of interest in Copper Mountain Mine, Canada		
Deepening of DX	Selected for the second consecutive year as one of the Noteworthy DX Companies 2024 under DX Stocks 2024		Launched the Tool Assistant service, which suggests optimal tools	Tool Assistant		Selected for the third consecutive year as one of the Noteworthy DX Companies	QIO Itano wins the Grand Prize in the Nikkei GreenTech CIO/CEO of the Year 2025 Awards	
Pursuit of value creation	Our technology of high performance copper alloy for automotive terminals received the Science and Technology Award (development category) at the 2024 Minister of Education, Culture, Sports, Science and Technology Awards		Held the Demo Day acceleration program to rapidly create new businesses		Developed ink for forming electron transport layers to improve the power generation efficiency of perovskite solar cells, achieving approximately 1.5 times greater power generation efficiency than conventional inks	Developed oxygen-free copper (MOFC-CC (Grain Control)) with the world's highest level of grain growth suppression performance	Won the Excellence Award in the Semiconductor of the Year 2025 Semiconductor Electronic Materials & Components category for square silicon substrate	
Geopolitical and socioeconomic risks	Completed expansion of cemented carbide tool plant in Valencia, Spain		Established Mitsubishi Materials Europe B.V.	Constructed a new mining and civil engineering tool plant in Thailand				
Financial risks		Promoted cash flows improvement project		Introduced the cash flow management system to overseas Group companies		Issued electronic commercial paper		

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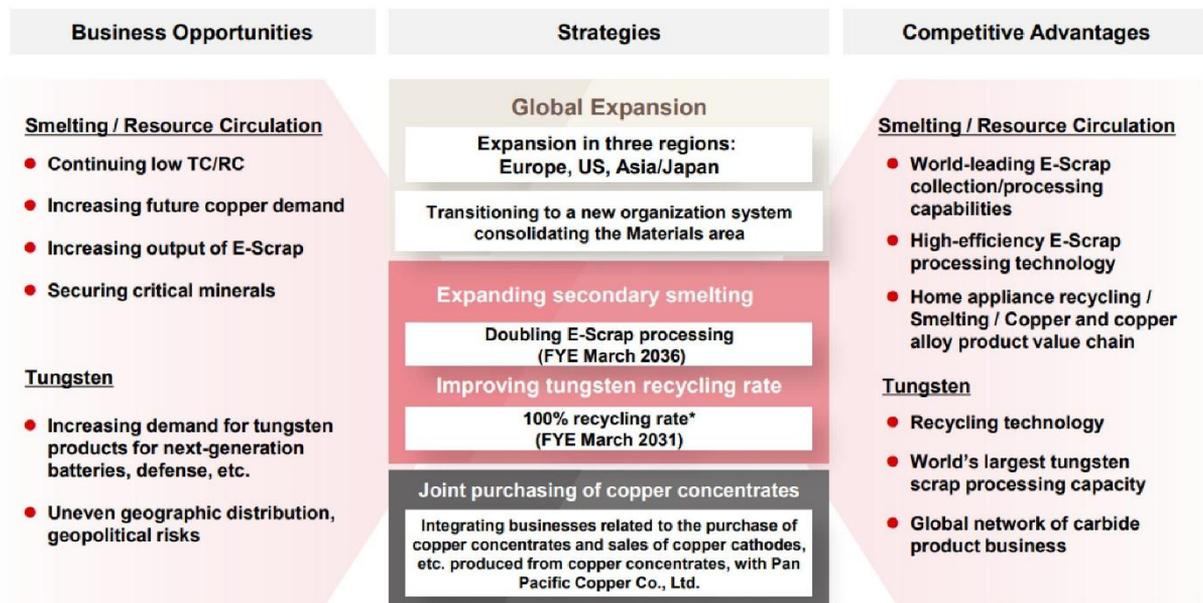
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This is a summary of the overall picture of our sustainability activities for the fiscal year ended March 2025 and beyond. The following table represents representative initiatives and external awards for each sustainability issue.

In strengthening our response to global environmental issues, we have been awarded the highest rating of A-list in the CDP Climate Change Field for two consecutive years. In strengthening human capital, the Company was awarded Gold in the PRIDE Index for the second year in a row. In the evolution of DX, we have won many external awards, including being selected as one of the Noteworthy DX Companies for three consecutive years.

Promotion of Resource Circulation – TOPICS –

- On November 26, 2025, we announced our Medium-term Management Strategy (FYE March 2027–2029)
- By expanding secondary smelting, doubling our E-Scrap processing, and achieving a 100% tungsten recycling rate, we will expand our resource circulation business globally and become a company committed to creating the future through resource circulation



*Ratio of recycled raw materials used at our Group's tungsten product manufacturing sites excluding sites in China
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Next, I will explain one of our sustainability issues, the “promotion of resource circulation.” Promotion of resource circulation is the most important theme in the new Medium-term Management Strategy announced in November 2025. By expanding secondary smelting, doubling E-Scrap processing, and improving the tungsten recycling rate to 100%, we are expanding our resource circulation business globally and demonstrating our strong determination to become a company committed to creating the future through resource circulation.

The reason for formulating this strategy is that the profitability of primary raw material smelting is expected to continue to decline, and the trend to enclose resources is expected to intensify in each region. Under these circumstances, we have decided to expand our secondary smelting operations and aim to double our processing volume by taking advantage of our world-class E-Scrap collection and processing capacity, to collect and process E-Scrap on a global basis.

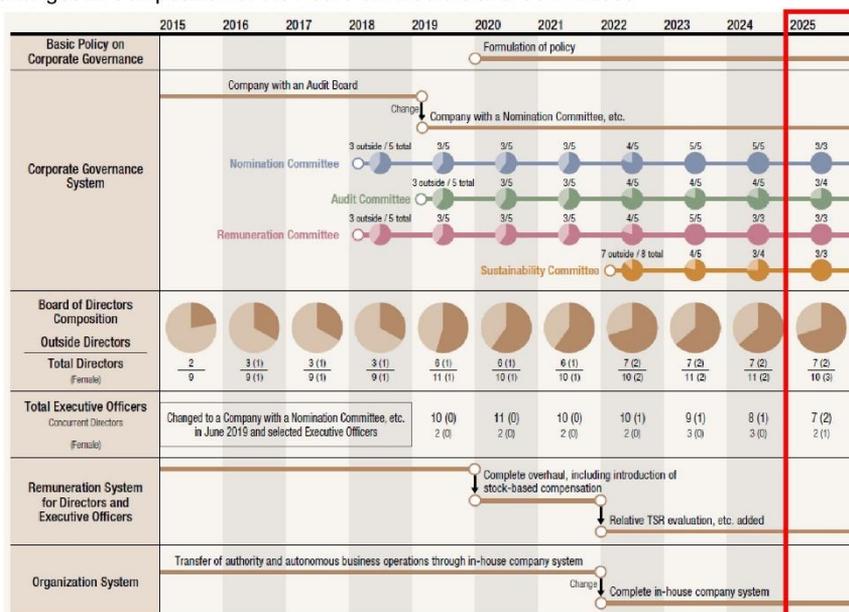
Next, with regard to tungsten, a rare metal, while demand is expected to increase in the next-generation battery and defense industries, primary resource reserves are unevenly distributed in some regions. With the acquisition of H.C. Starck in Germany in the fiscal year ended March 2025, we acquired the world's highest scrap processing capacity. We will further expand processing capacity and increase the ratio of recycled raw materials to 100%, to meet increasing demand and improve profitability.

Through this resource circulation business, we will make maximum use of limited resources and convert waste into new value, thereby achieving both reduction of environmental impact and enhancement of economic value.

Composition of the Board of Directors

- The Board of Directors and the Nomination Committee continuously deliberate on the Board's composition from a medium- to long-term perspective, keeping in mind our Corporate Philosophy, Our Vision, and the Medium-term Management Strategy to ensure the Board's ideal structure

- Changes in Composition of the Board of Directors and Committees



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From here, I would like to talk about our governance initiatives. This slide shows the composition of the Board of Directors since the fiscal year ended March 2016. The Company has changed to a company with a Nominating Committee since the fiscal year ended March 2020. Accordingly, as shown in the pie chart in the middle, outside directors make up the majority. Currently, 7 of the 10 Directors are Outside Directors, two of whom are women.

On the other hand, we have established the Nominating, Audit, and Compensation Committees, which are required by the Companies Act, as well as the voluntary Sustainability Committee. All members of the Nomination Committee, Remuneration Committee, and Sustainability Committee are Outside Directors.

Contributions and Perspectives for Key Themes

Name	Supervision of strategy execution	Supervision of profitability improvement	Supervision of tackling of main sustainability challenges		
			Strengthen human capital-centric corporate management	Promotion of resource circulation	Strengthen tackling of global environmental challenges
Naoki Ono	Perspective from experience in management supervision of the Group as the CEO of the Company		Perspective from experience as CEO of the Company	Perspective from experience in driving resource circulation strategies as CEO of the Company	Perspective from experience as an officer in charge of the renewable energy business of the Company
Tatsuo Wakabayashi	Perspective from experience as top management		Perspective based on working styles at a financial institution		
Koji Igarashi	Perspective from experience executing medium- to long-term business strategies	Perspective from practical experience in production engineering and development	Perspective from experience of human resource management in manufacturing and engineers	Posing of issues from a wide range of perspectives including future trends and exchange with external experts	
Kazuhiko Takeda	Perspective from practical experience in global management in manufacturing Perspective on business management from extensive experience as CFO		Perspective from experience as a management executive of a global company	Posing of issues from the financial perspective	
Rikako Beppu	Perspective from deep knowledge of global business expansion		Perspective from experience in diversity activities and initiatives	Perspective from experience being responsible for collaboration with many Japanese and overseas companies	
Hatsunori Kiriama	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	Perspective from technical knowledge across different fields		Perspective from experience in personnel management in government offices	Perspective from experience being involved in resource recycling and global environment preservation	
Ichiro Sasaki	Perspective from experience in leading customer-oriented product development and company-wide efforts to leverage IT	Perspective from experience as top management in manufacturing	Perspective from experience of human resource management in manufacturing and engineers	Perspective from experience in leading environmental initiatives as CEO within the manufacturing industry	
Tetsuya Tanaka	Perspective from extensive practical experience at the Company's manufacturing sites		Perspective from experience of human resource management in manufacturing sites of the Company	Perspective from experience as President of Metalworking Solutions Company of the Company	Perspective from experience as the officer in charge of the global environment of the Company
Kayo Hirano	Perspective from extensive practical experience in IR/SR, Accounting and Finance		Perspective from experience in human resource management in a manufacturing company		

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*The items above are focused on those with high contribution by the Directors. 12

This table shows how each Director contributes to key sustainability issues, such as human capital, resource circulation, and the global environment, as well as strategic oversight, from a variety of perspectives, using his or her area of expertise. We will not go into the details here, but we hope you will understand that each board member brings his or her expertise to the table and is able to respond to each of the issues.

Key Discussion Topics at the Board of Directors, Etc.

- 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

● Key discussion topics at the Board of Directors meetings (FYE March 2025)

Key discussion topics	Number of deliberations at Board of Directors meetings	
	Resolutions	Reports
Management strategies and businesses	13	11
Sustainability	1	7
Corporate governance	4	4
Financial results, IR, and finance	4	28
Compliance and internal control	-	23
Committees	1	38
Officers	17	2
Others	3	1

- As for the Medium-term Management Strategy, not only at the Board of Directors meetings but also at the briefings for Directors, exchanges of views were held regarding the overall framework, individual business strategies, the progress of the financial plan, etc.
- In addition to this, regarding matters related to sustainability such as the promotion of DE&I, as well as the progress of individual business strategies, exchanges of opinions were also conducted at the briefings for Directors

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● Themes deliberated at briefings for Directors

Date	Theme

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This slide shows the discussions at the Board of Directors meetings, etc. The Board of Directors discusses management strategy, business relations, and various other topics, such as sustainability, governance, and compliance.

At the briefings for Directors, where the main focus was the exchange of opinions, as shown in the table on the right side of the slide, much time was devoted to themes related to the Medium-term Management Strategy for 2025, and the exchange of opinions took place.

Evaluation of the Effectiveness of the Board of Directors – Overview of the Evaluation Process and Results –

- The Board effectiveness evaluation for FYE March 2025 was conducted by an external third-party organization

● Evaluation Process

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

● Evaluation Results

Confirmed that the effectiveness of the Board of Directors was ensured for the fiscal year ended March 2025

● Issues and Initiatives for FYE March 2026

- **Medium- to long-term competitive advantage**
To cultivate the Board's strategic perspective and provide supervision and advice to ensure effective progress in revising the Medium-term Management Strategy for the fiscal year ending March 2027 and beyond.
- **Improvement of Board operations**
To review agenda items for Board of Directors meetings, strengthen facilitation during Board discussions, and consider appropriate communication with the executive side.

Next, I will explain the evaluation of the effectiveness of the Board of Directors. We conduct self-evaluations every year, and once every three years, we request a third-party organization to conduct an evaluation.

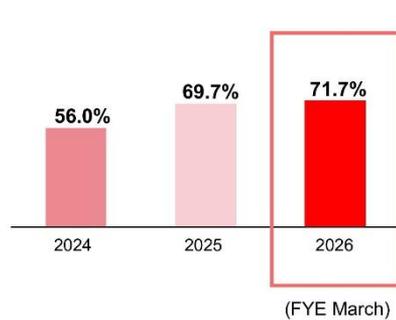
In the fiscal year ended March 2025, a third-party organization was appointed to evaluate the effectiveness of the Board of Directors. As a result, while the effectiveness of the Board of Directors has been ensured, medium- to long-term competitive advantage and improvement of the Board's operation were identified as issues to be addressed.

As part of our efforts in the fiscal year ending March 2026 to address this issue, we have formed a business perspective as Directors and provided supervision and advice to ensure that the Medium-term Management Strategy is effectively reworked. These efforts have also made a significant contribution to the formulation of the new Medium-term Management Strategy announced in November.

Current Status Based on Key KPIs

Continuously Retaining and Developing Management Leader Candidates

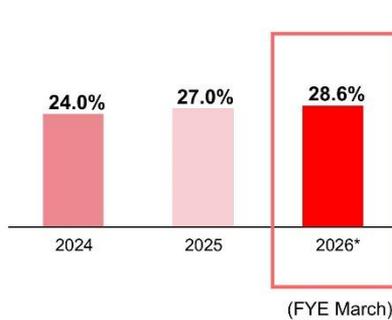
Ratio of candidates on the Next-generation Leadership Talent Development Program to successors of Executive Officers



- Strengthening development involving executive team
- Accelerating development through work experience

Diversity in Management

Ratio of Diverse Attributes* Among Managers
*Women, non-Japanese people, mid-career hires, people with disabilities

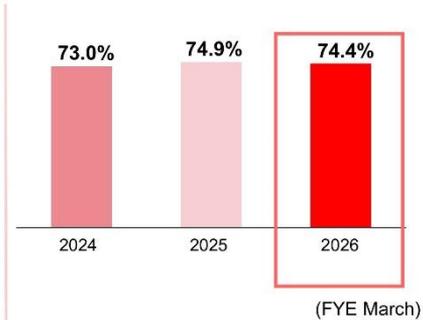


- Percentage of women in management positions
FYE March 2024: 3.2%
FYE March 2025: 3.9%
FYE March 2026: 4.6% *

*As of December 1, 2025

Continuous Improvement of Employee Engagement

Positive Response Rate in Employee Engagement Survey



- Year-on-year comparison in focus areas
→ Organization: -3.7%
→ Growth opportunities: +1.7%

First of all, I would like to explain the progress of key KPIs and actions taken to resolve issues that have been raised so far in our efforts to strengthen human capital.

The first is to sustainably secure and train candidates for management leadership. We consider the continuous development and securing of leaders, who will drive our business strategy, to be our most important human resource challenge. To this end, we are focusing on the development of next-generation leadership talent, and one of our key KPIs is the ratio of candidates on the Next-generation Leadership Talent Development Program to Executive Officers.

We have been accelerating the growth of selected employees through training programs involving management and important assignments, and have made steady progress, as shown here, for the most recent three years.

The second is about one of the key KPIs, the ratio of diverse attributes in the decision-making layer, in order to improve the quality of decision-making in an increasingly complex business environment. As you can see the results for the last three years, we are aiming for further improvement.

Among these, we have been particularly focusing on the percentage of women in management positions, with the goal of achieving 5% by the end of the fiscal year ending March 2026, implementation of sponsorship programs aimed at accelerating careers, reinforcement of training, such as sending employees to outside training programs. Since most of our employees are located at our manufacturing sites, we are working on both the hard and soft aspects of the project, such as selecting model workplaces from among our manufacturing sites to create a workplace where all employees can work and be active in a comfortable environment.

In terms of recruitment, the percentage of women among new graduates scheduled to join the Company in April this year was 33%, an increase of more than 18% from the previous year and a record high for the Company.

The third KPI is the positive response rate to the engagement survey, which aligns the human capital initiatives, the job satisfaction of employees, who are the main actors in all, with the direction of the Company. In the fiscal year ending March 2026, the Company, as a whole, experienced a slight decline. This engagement survey has about 30 questions in total. We have focused our improvement efforts on two areas that had relatively low positive response rates in the previous year's survey, namely organization and growth opportunities.

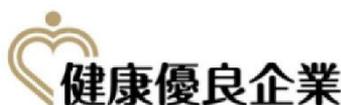
One of the focus areas was the organization category, which consisted of questions related to pride for the Group, the industry to which the Company belongs, and the Company's future growth, health considerations and systems for diverse workstyles, and the development of the environment, with a result of a 3.7-point decrease from the previous year. In an uncertain business environment, we believe that measures taken to improve business performance and other factors likely had an impact. However, in conjunction with the implementation of the new Medium-term Management Strategy, we will continue to seek understanding and cooperation for company measures through various opportunities for dialogue with employees and work to improve engagement appropriate to each workplace.

Growth opportunities, another focus area, consisting of questions related to autonomous growth, support from supervisors for career development, and personnel evaluation, improved by 1.7 points over the previous year. This engagement survey was launched in 2022, and since then, the area for growth opportunities has had a relatively low positive response rate among the five categories. Therefore, over the past four years, we have repeatedly provided opportunities for them to think about their own careers, enhanced the Internal Job Posting System, and thoroughly implemented performance management.

As a result, the percentage of positive responses for growth opportunities has improved by 11 percentage points in total compared to 2022, when the engagement survey was launched. We will continue to evolve these measures.

TOPICS – Efforts in FYE March 2026 –

- Introduction of a “role-based HR system” for non-managers based on their responsibilities
- Accelerating Group-wide and Global HR management
 - Group-wide rollout of the Next-Generation Leadership Talent Development Program
 - Promotion of DE&I across the Group globally, including model workplace initiatives in Japan
 - Implementation of Group-wide engagement surveys
 - Strengthening HR collaboration through global HR meetings and identifying key positions and talent
 - Group-wide expansion of Health & Productivity Management initiatives (30 companies in Japan)
- External recognition of Health & Productivity Management and DE&I initiatives



I would like to introduce some of our major initiatives to strengthen human capital in the fiscal year ending March 2026.

First, last April, we introduced a role-based HR system for non-managers. As the working population continues to decline, it will be essential to strengthen the acquisition and retention of human resources.

Specifically, the previous treatment, in which compensation was determined according to age and years of service, has been revised to a system in which grades are determined according to work roles, and compensation is determined according to results and contribution more than in the past. With this revision, the foundation is now in place to attract and retain employees, including those from outside the Company, by allowing each employee to maximize his or her abilities regardless of personal attributes, similar to the job-based HR system introduced to the management level in the fiscal year ended March 2023. We will continue to monitor the operational status and respond to any issues in a timely manner.

The second is to accelerate the Group’s global human resource management. Considering the fact that approximately 40% of the Mitsubishi Materials Group’s employees are from overseas Group companies, it is more important than ever for the entire Group to maximize its human resources and organizational capabilities by bringing them together.

To this end, the selection target of the Next-Generation Leadership Talent Development Program was expanded to include Group companies. We are expanding the scope of our activities to the Group, including the DE&I promotion initiatives I mentioned earlier, the expansion of the engagement survey to domestic and overseas Group companies, and the strengthening of health management activities in coordination with domestic Group companies.

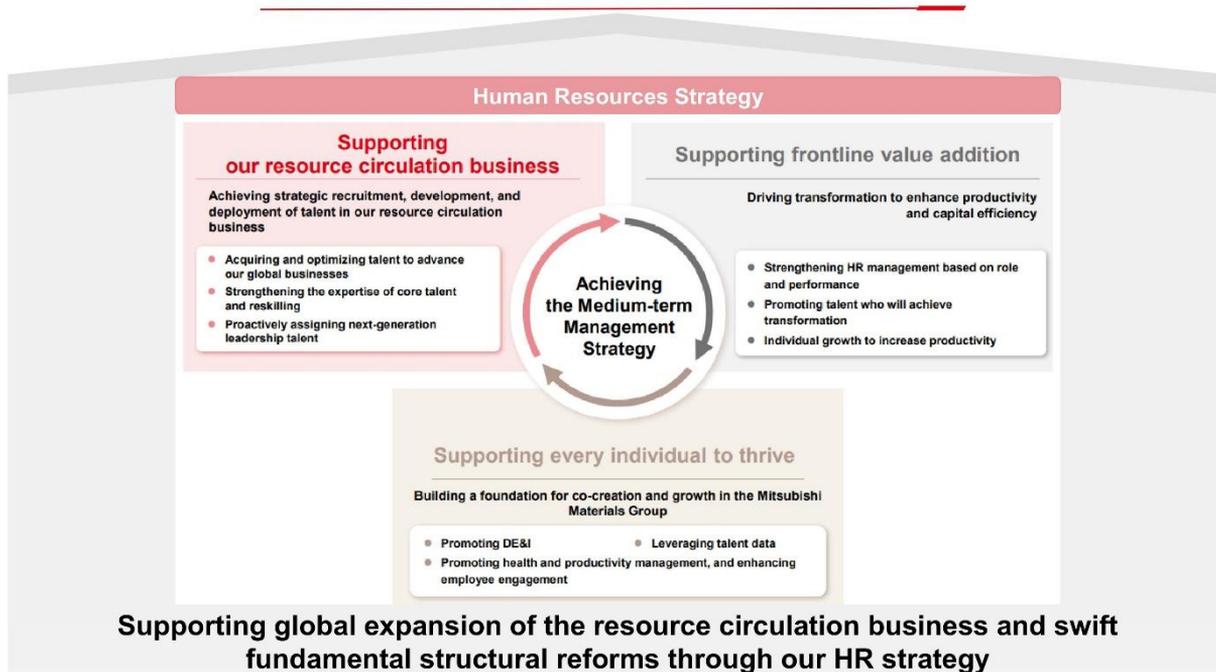
As a step toward this goal, we are holding a global HR conference this year to strengthen collaboration among HR departments globally and to identify key personnel on a group global basis. We intend to continue these efforts in the next fiscal year and beyond.

Our efforts to promote health management and DE&I have received a number of external recognitions, as shown here.

Human Capital Initiatives

HR Strategy under the New Medium-term Management Strategy (FYE March 2027–2029)

Creating the Future through Resource Circulation



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I would like to conclude by discussing the human resource strategy in the Medium-term Management Strategy. The new Medium-term Management Strategy announced last November aims to become a company committed to creating the future through resource circulation, and the human resource strategy that supports the realization of this goal as a foundation consists of three pillars, supporting our resource circulation business, supporting frontline value addition, and supporting every individual to thrive.

As the first pillar of our human resource strategy, we will focus on strategically recruiting, developing, and deploying human resources to support our resource circulation business on a global basis. To this end, we will focus on developing new recruitment channels and strengthening our global leadership.

As the second pillar, it is important for each employee to contribute to the achievement of the organization's goals by fulfilling the expected duties and roles, so that the growth of each individual leads to the growth of the respective workplace, in order to increase the added value of the workplace.

We will promote thorough personnel transfers based on roles and performance through a system based on the duties and roles mentioned earlier, without being restricted by individual attributes, such as year of service. In addition, through the promotion of digital transformation and business process reforms under the slogan of “Eliminate, Reduce, and Change,” we will change the way we work and increase productivity. We also aim to actively promote employees who can take the initiative in making such changes.

As the third pillar, we will evolve the foundation to support the activities of each and every member of our group. Specifically, as we accelerate our global business development, we will multiply the power of our human resources to create an environment in which everyone can thrive, as we increase the number of people with diverse values and backgrounds even more than now.

On the other hand, maintaining employee health and engagement, which are the cornerstones of performance, is essential to the realization of our growth strategy. To this end, we will continue to enhance our health management measures and efforts to increase job satisfaction. Furthermore, we will systematically develop human resources data and accelerate the utilization of human resources in terms of recruitment, training, and placement based on the data.

This will allow us to implement strategic human resource management for business growth and build a system that will directly lead to increased corporate value.

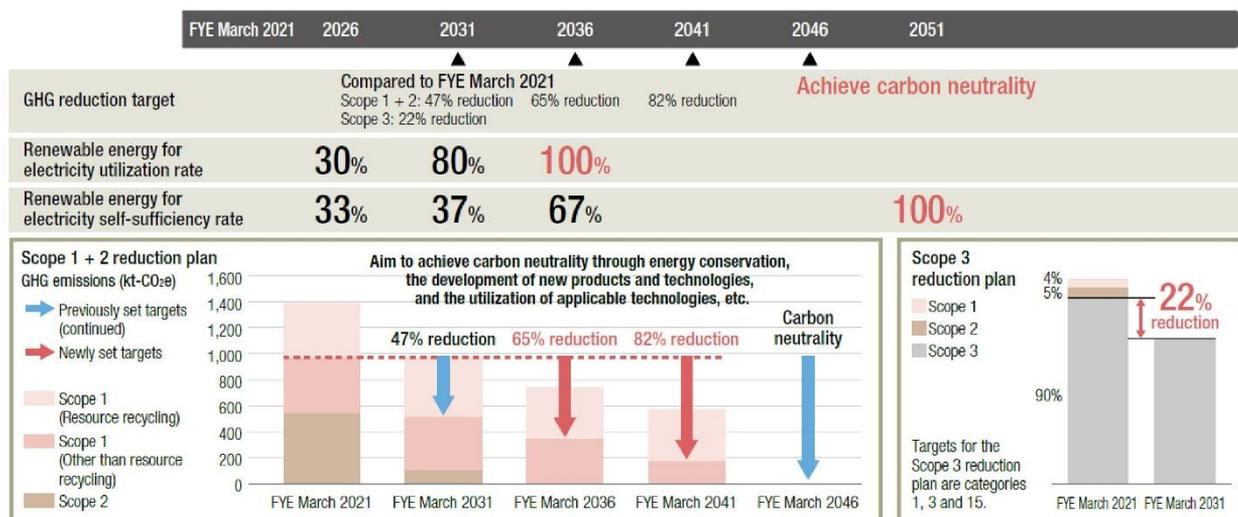
As described above, by implementing these three pillars of our human resource strategy, we will support our evolution into a company committed to creating the future through resource circulation.

Climate Change Initiatives

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Targets for Carbon Neutrality

- Based on the “Japan’s NDC” set by the government in February 2025, we have newly established emission reduction targets for the fiscal years ending March 2036 and March 2041 under Scope 1 (GHG emissions excluding those from resource recycling). We will accelerate the planning of specific reduction initiatives for the fiscal year ending March 2031 and beyond
- We plan to update our scenario analysis of the risks and opportunities for the fiscal year ending March 2027, taking into account recent changes in the regulatory and market environments



*GHG emissions for Scope 1 and 2 are based on the calculation of adjusted emissions under the Act on Promotion of Global Warming Countermeasures (excluding GHG emissions from resource recycling efforts).

To begin, let me explain our carbon neutrality targets. We have set targets to reduce GHG emissions, excluding emissions from resource recycling, by 47% in FYE March 2031, 65% in FYE March 2036, and 82% in FYE March 2041, based on FYE March 2021.

For Scope 1, we are considering setting targets based on how to reduce emissions other than those derived from resource recycling. In addition, based on the government’s mid- to long-term targets, targets for FYE March 2036 and FYE March 2041 were newly established this year. Although we have additionally disclosed

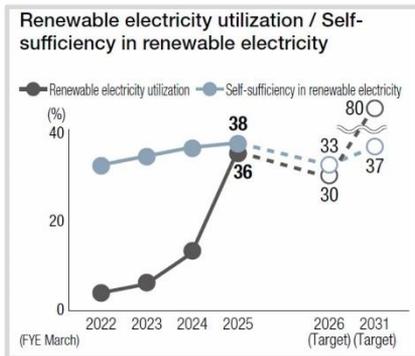
emissions from E-Scrap and limestone sources in the Medium-term Management Strategy FY2031 and later, and have reorganized the target definitions, the direction we are aiming for remains the same.

In the short term, we aim to reduce Scope 2 first and to achieve 100% renewable energy use by FYE March 2036 and 100% self-sufficiency in renewable electricity by FYE March 2051, i.e., to generate the equivalent amount of electricity we use ourselves. We will also continue to update our risk and opportunity scenario analysis in light of changes in the external environment.

Reducing GHGs (Scope 2)

■ Priorities for Reduction Strategies

We are prioritizing Scope 2 reduction. In addition to utilizing FIT non-fossil certificates, we are expanding the introduction of PPAs.

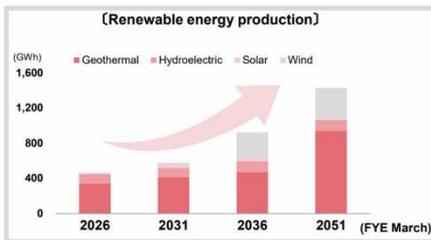


Achieved the FYE March 2026 target ahead of schedule by increasing renewable electricity utilization from 13% to **36%** (FYE March 2024–2025)

Optimizing renewable electricity procurement through renewable energy certificates, self-consignment, and CPPAs

Achieving **100%** renewable electricity utilization by FYE March 2036

• Renewable energy utilization rate = amount of renewable energy purchased by the Group (including power purchase agreements and non-fossil certificates) / total amount of electricity purchased by the Group × 100
 • Renewable energy self-sufficiency rate = amount of electricity generated by the Renewable Energy business / total amount of electricity purchased by the Group × 100
 • Utilization rate and self-sufficiency rate for each fiscal year are calculated within the scope of consolidation as of the end of March 2025.



Key Measures

- ▶ Improving the resiliency and efficiency of our existing power plants
- ▶ Pioneering new development sites leveraging our geothermal development capabilities
- ▶ Broadening our operations and diversifying our profit streams by expanding into onshore windfarms and electricity retailing

Here, on the left, is a graph of the utilization rate and self-sufficiency rate of renewable electricity. For the utilization rate, we achieved the fiscal year ending March 2026 target ahead of schedule in the fiscal year ended March 2025. While steadily building up the utilization rate toward the fiscal year ending March 2031, we will reduce our dependence on FIT Non-Fossil Certificates by introducing PPAs and other measures to secure optimal power supply.

To achieve 100% self-sufficiency, in addition to strengthening and improving the efficiency of existing power plants, we will also expand our own power sources by developing new geothermal power sources.

Topics: Creating Renewable Energy

■ Introduction of Solar Power Generation Facilities on Unused Land (Self-Consignment)



Planned facilities
 • Matsuki Solar Power Plant
 • Hachinohe Solar Power Plant

■ Promotion of development of geothermal and hydroelectric power plants



Torinooku Solar Power Plant – Asago City, Hyogo Prefecture –

Effective utilization of the former Akenobe Mine waste rock dump

Land area: 14,300 m²
 Power generation capacity: 1,755 kW

Operation started on November 1, 2025



Top: Appi Geothermal Power Plant
 Output: 14,900 kW

Left: Komatagawa New Power Plant
 Output: 10,326 kW

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These photos show our existing and planned solar, geothermal, and hydroelectric power plants that utilize our idle land. We will continue to expand the introduction of this system to reduce Scope 2.

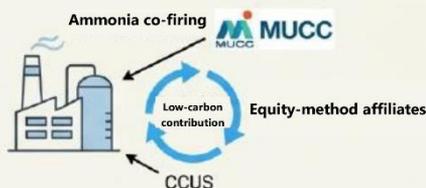
Reducing GHG Emissions (Scope 3: Efforts to Reduce Emissions throughout the Supply Chain)

Target: 22% reduction in Scope 3 emissions (FYE Mar. 2031 vs FYE Mar. 2020 / Categories 1, 3, 15)



1) Collaboration with Equity-method Affiliates

- Intensified communication regarding emission reductions from Mitsubishi UBE Cement Corporation, a major emitter. Created opportunities for regular dialogue and promoted the sharing of information on initiatives.



2) Supplier Engagement

- Sent engagement letters to copper concentrate suppliers that account for more than 50% of Scope 3 Category 1 emissions (purchased products and services) and conducted information exchanges.



Awarded as a "Supplier Engagement Leader" by CDP for two consecutive years

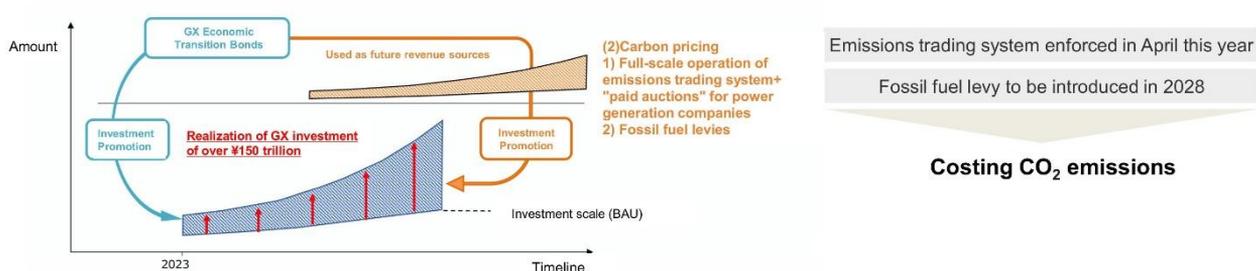
For Scope 3 within the targets I explained earlier, we aim for a 22% reduction in the fiscal year ending March 2031 compared to the fiscal year ended March 2021, and future targets beyond that will be considered in light of the business environment. For the time being, we will focus on priority categories to strengthen engagement and increase the certainty of achievement.

The largest source of emissions are Category 15 investments, primarily attributable to Mitsubishi UBE Cement Corporation. We will continue to discuss reduction measures with the company.

The next largest category is Category 1, purchased products and services, mostly from copper concentrate suppliers. We share data and discuss improvements with key suppliers to achieve targets. In addition, we have been awarded as a Supplier Engagement Leader in the CDP.

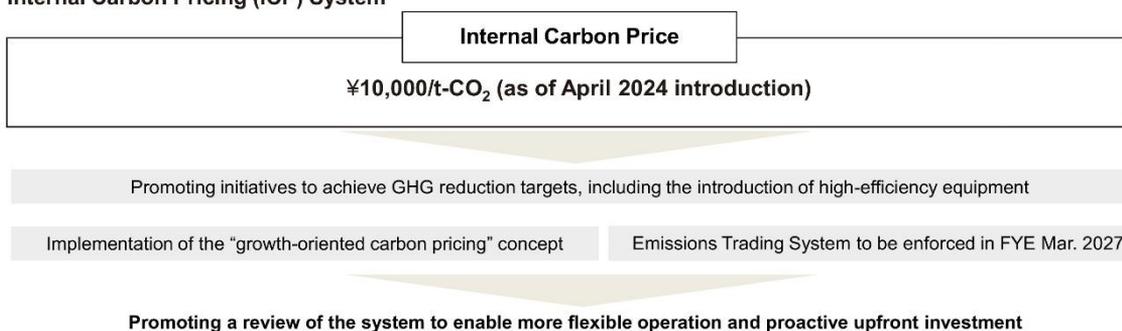
Growth-Oriented Carbon Pricing Initiative, Emissions Trading System and Internal Carbon Pricing System

■ **Growth-oriented Carbon Pricing Framework and Emissions Trading System**



Source: METI Industrial Structure Council Innovation and Environment Subcommittee Emissions Trading System Interim Report (December 19, 2025)
https://www.meti.go.jp/shingikai/sankoshin/sangyo_ajitsuu/emissions_trading/pdf/20251219_1.pdf

■ **Internal Carbon Pricing (ICP) System**



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This page is for a new emissions trading system currently under consideration by the government, which is expected to cover direct CO₂ emissions of 100,000 tons or more per year, on average, over the three-year period from the fiscal year ended March 2024 to fiscal year ending March 2026 for each company.

The companies subject to the program will be determined after the emissions for the fiscal year ending March 2026 are finalized and all detailed rules are clarified, but we assume that two companies, Mitsubishi Materials Corporation and Onahama Smelting and Refining Co., Ltd. will be affected.

The Company has introduced an ICP at ¥10,000 per ton since the fiscal year ended March 2025, which is reflected in investment decisions. The Company plans to search for room for reduction at targeted locations and establish a system to deal with issues based on the details of the system.

Carbon Footprint of Products (CFP)*1 Initiatives

Governments, industry organizations, and other parties are examining CFP calculation methods and ways of utilizing them, and interest in CFP-related initiatives is increasing both domestically and internationally. In light of this situation, our company is advancing the following initiatives.

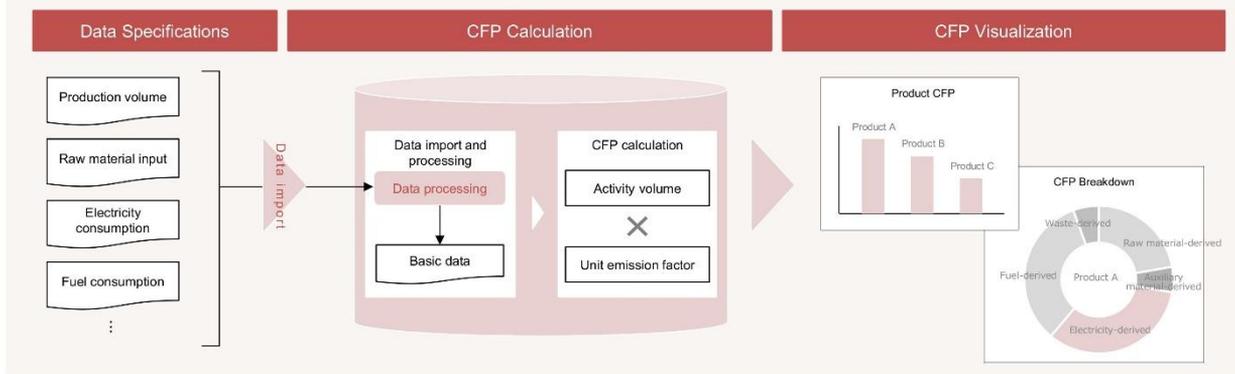
Initiatives and Achievements

- CFP calculation and third-party verification for electrolytic copper awarded third-party verification
- CFP calculation and third-party verification for electrolytic lead awarded third-party verification

Ongoing Initiatives

- Progressively calculating the CFP of our major products
- Obtaining third-party verification and disclosing results as necessary
- Building a CFP Digital Platform* to enhance visibility and data management

* CFP Digital Platform: A data platform that visualizes the CFP of products, designed for businesses handling a wide range of products



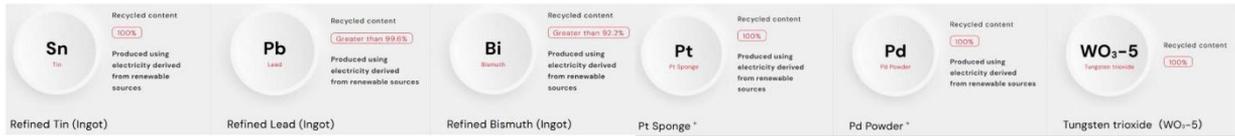
*1 Calculation and disclosure of greenhouse gas emissions throughout the life cycle of products and services.

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We have calculated the carbon footprint of electrolytic copper and then electrolytic lead, and have conducted third-party verification. In order to continue to prioritize and expand the number of target products, and provide reliable data to customers, we are developing a digital infrastructure to streamline calculation and verification for multi-product areas.

Topics: Initiatives to Accelerate Decarbonization (Resource Circulation and Technological Innovation)



Manufacturing with electricity from renewable energy sources

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This shows that, for REMINE, one of our resource circulation activities, we are also manufacturing with renewable energy-derived electricity. We will continue to work toward achieving a circular economy and carbon neutrality.

Biodiversity Conservation Initiatives

- Growing momentum and the development of institutional frameworks for biodiversity conservation are evident both globally and in Japan, as seen in the 2022 adoption of the Kunming–Montreal Global Biodiversity Framework, the 2023 revision of the National Biodiversity Strategy, and the enforcement of the Regional Biodiversity Enhancement Act
- Rooted in our mining operations, we own and manage 13,000 ha* of company-owned forests nationwide
*Approximately twice the area within Tokyo's Yamanote Line



- **Acquired international forest certification for major mountain forests in Hokkaido**
 - Forest management aiming at both conservation and utilization
 - Conservation of rare flora and fauna and consideration for biodiversity
 - Environmental education and other events held
- **Acquired certification as a “Nationally Certified Sustainably Managed Natural Sites” from the Ministry of the Environment**
 - In our company's Teine Forest, a suburban forest, we were recognized for work systems with low environmental impact in forest maintenance
 - We are currently in the process of applying for renewal in line with the new legislation

This is about initiatives for biodiversity. While the domestic and international framework and the world momentum are growing, our company owns 13,000 hectares of mountain forest, which is equivalent to about twice the area inside the Yamanote Line. To date, we have obtained forest certification and are working to conserve company-owned forests by registering them as a Nationally Certified Sustainably Managed Natural Site in 2023.

Biodiversity Conservation Initiatives

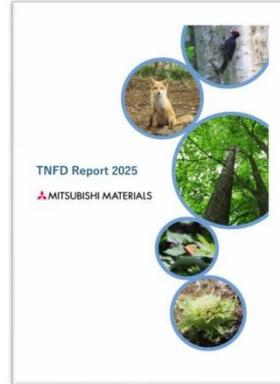
■ Coexisting with Nature as a Core Business Value: Establishing a Biodiversity Conservation Policy and Publishing a TNFD Report

- Biodiversity Conservation Policy (established in Sept. 2024)
- TNFD Report (published in May 2025)



Areas of Focus

- Assessment of the impact of business activities and raw material procurement on biodiversity
- Demonstration of the biodiversity conservation functions through maintenance of company-owned forests and management of closed mines
- Provision of opportunities to interact with nature
- Effective use of resources and reduction of the impact on the ecosystem through metal resource recycling
- Ecosystem conservation through climate change measures
- Compliance with environment-related laws and regulations in operations, etc.



Implementation of information disclosure

- TNFD-aligned disclosure of nature-related risks and opportunities; registered as a TNFD Adopter
- Nature-related assessments at 322 sites in 14 core businesses
- Supply chain assessments to start in 2026

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As shown here, based on our Basic Policy on Sustainability, we established the Biodiversity Conservation Policy in September 2024 and also issued a TNFD Report in May 2025. We plan to continue to promote information disclosure and ecological conservation.

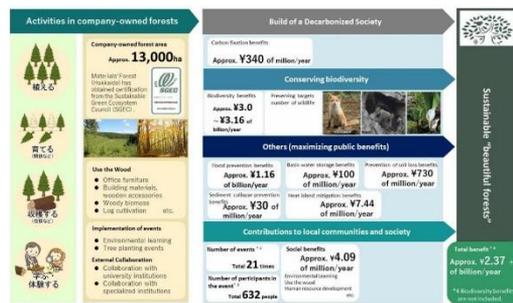
Biodiversity Conservation Initiatives

■ Creating New Value from Company-owned Forests: Initiatives toward J-Credit Certification for CO₂ Absorption

- We are reassessing the value of its company-owned forests and aims to make part of that value more visible. We are working to convert into monetary value the various benefits derived from activities in company-owned forests (see figure below).
- Regarding the forests' CO₂ absorption capability, we are currently undertaking work to convert this into value through the J-Credit Scheme, with the goal of generating credits for a portion of the forests in the fiscal year ending March 2028.



- We also plan to examine potential future biodiversity credits within the Company, while closely monitoring domestic and international developments.



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In order to quantify the value of forests to the extent possible, we are also considering the conversion of CO₂ absorption into J-Credits. First, we will consider introducing the system in some mountain forests by around 2027. Although the value of forests is not entirely quantifiable, we will continue to monitor future trends in biodiversity credits from the perspective of making quantitative assessments to the extent possible.

Workplace Safety and Hygiene Initiatives

■ Zero Occupational Accident Project

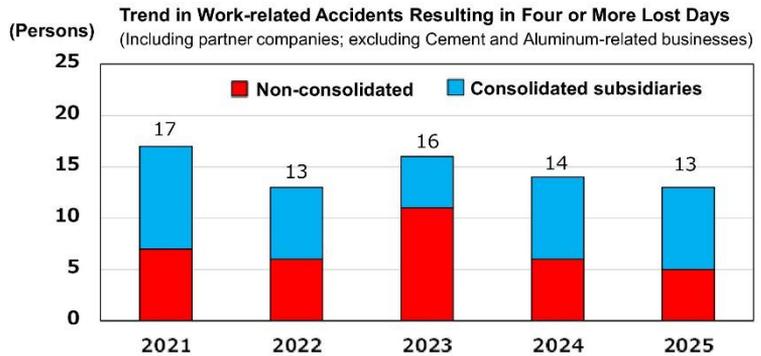
In April 2014, Mitsubishi Materials Group launched **Zero Occupational Accident Project** to strengthen its health and safety foundations.

● Zero Occupational Accident Project in FYE March 2026: Targets

- **Zero serious accidents involving four or more lost days**
(Zero accidents involving four or more lost days for one year)
- **Zero recurrence of similar accidents**

➔ Results

Many similar accidents occurred throughout the company: being caught or entangled, being cut or scraped, and falling over



Here is an explanation about SCQ. First, we are committed to occupational health and safety. As targets for the fiscal year ending March 2026, we have set a thorough goal of zero occurrence of serious accidents resulting in four or more lost days from work and zero recurrence of similar accidents, but unfortunately, we have not achieved either of these targets. In 2025, the number of serious accidents with four or more lost days from work remained unchanged, and similar accidents in specific categories happened.

Workplace Safety and Hygiene Initiatives

■ Issues and Initiatives in FYE March 2026

(1) Preventing serious accidents through a review of incident information

- The number of accidents resulting in four or more lost days has remained flat, with many cases falling into specific categories such as being caught/entangled, collisions, cuts/scrapes, and falls
- Pursue the root causes of serious accidents and prevent similar incidents through horizontal deployment of lessons learned

(2) Countermeasures against heatstroke

- Extremely hot summers have become the norm
- Implement health education on heatstroke, promote the use of wearable devices for heatstroke prevention, horizontally deploy examples of countermeasures and goods used at various sites, and consider reducing operations as an option when necessary

(3) Initiatives to address issues identified through safety awareness surveys

- Intensively implement measures at each site to ensure thorough safety awareness starting from top management

(4) Promotion of Safety & Security DX

- Operation of the safety activity database (MGSD*1) began in 2024
- Expand dashboard functions to enhance usability and promote broader use, while advancing the development of additional features

*1 MGSD: Materials Group Safety Database

We are continuing to investigate the root causes of these issues and to horizontally deploy lessons learned at each site.

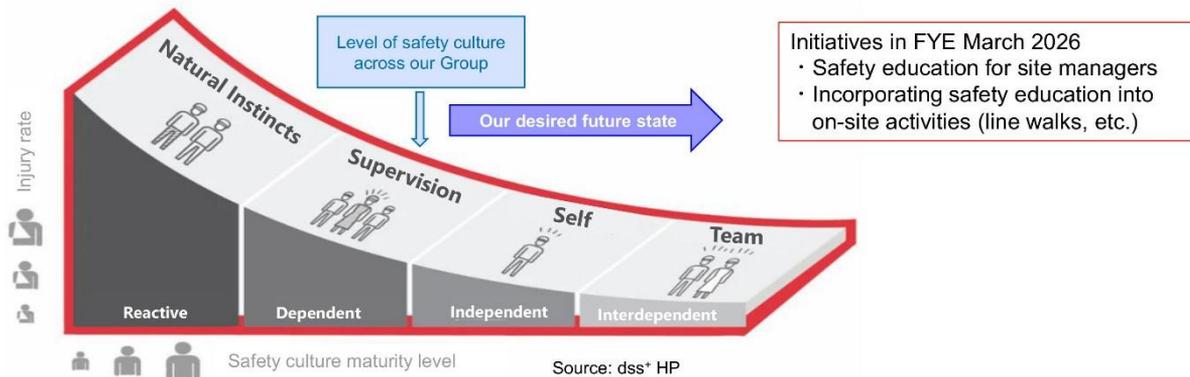
Regarding heatstroke, in light of the recent constant heatwave situation, we considered lowering the operating rate, as well as the horizontal deployment of equipment, such as wearable devices, which had been effective.

In addition, we recognize the need to raise the safety awareness of each and every employee in order to achieve zero accidents, and we are also promoting a back-to-basics approach to safety awareness, starting with the top management at each site.

Workplace Safety and Hygiene Initiatives

■ Safety Awareness Survey *Conducted in June 2024

dss Bradley Curve™



[Development Stage of Safety Culture]

Reactive: People do not take responsibility and believe that accidents simply happen.

(· Do nothing unless an accident occurs · Respond based on instinct · Managed primarily by safety personnel)

Dependent: People regard safety as following rules. Compared with the reactive level, the accident rate decreases.

(· Supervisor control · Do what you are told · Enforce rules)

Independent: People take responsibility for safety and believe they can make a difference through their actions. Accident rates are even lower.

(· Individual level of performance · Act willingly without being told · Personal values · Consideration only for oneself · Self-satisfaction)

Interdependent: Teams feel ownership of and responsibility for the safety culture. They believe that zero injuries is an achievable goal.

(· Approach peers proactively · Mutual attention among peers · Consideration for peers · Active sharing of information · Care for others · Pride in the organization)

Here are the results of the safety survey conducted in 2024 and the status of implementation in the fiscal year ending March 2026. Our level of safety culture development was unfortunately dependent. This means that we have not yet reached the point where we are moving forward with autonomous safety.

We will continue to raise safety awareness from the top management of each site to employees onsite, to move us closer to zero accidents.

Overview of Compliance Initiatives

■ Details of Initiatives in FYE March 2026 (including Group companies)

We are continuously implementing measures to reinforce compliance awareness among directors and all employees and to eliminate material compliance violations

Measures	Specific Measures	Target Participants	Target Area
Training	Participatory training at specific sites (*)	Employees of specific sites (3 sites, 304 employees)	Japan
	Governance training for directors	Directors (94 directors)	Japan and overseas
	Compliance and Risk Management (C&RM) Directors and Managers training	C&RM Directors and Managers (126 employees)	Japan
	Compliance training	Directors and all employees	Japan and overseas
Survey	Compliance awareness survey	Directors and all employees	Japan and overseas (staff level and above for overseas sites)
Others	Dissemination of internal reporting and employee hotline (*)	Directors and all employees	Japan
	Establishment of a Basic Policy on Customer Harassment and publication of a special internal page (*)	Directors and all employees	Japan

*Described on the following pages

Here are our compliance initiatives. We conduct various training programs, surveys, and public awareness and education activities as described here. The training for directors has been conducted annually since the following year to prevent a recurrence of the quality issues of 2017.

Compliance training is conducted annually for all employees in Japan and overseas. We are planning to implement the program for overseas, but we are trying to make it easier for many employees to understand the program by targeting 12 different languages.

This year marks the 10th time the compliance awareness survey has been conducted. We check the awareness of employees throughout the Group regarding issues and reflect them in various measures for the next fiscal year. Other measures to prevent harassment and improve the reliability of whistleblowing are also being developed through the Company intranet.

Compliance Initiatives (Case 1)

■ Participatory Training Program

The department responsible for compliance conducts training at each applicable site, using content and themes developed in advance — based on site-specific case examples prepared through consultation with local representatives. By assuming situations in which participants may become parties to harassment (victims or perpetrators), the program uses participatory role-play to encourage an understanding from multiple perspectives and promote personal ownership of the issues.

[Case 1] When a Subordinate Repeatedly Made Mistakes Was Instructed . . . < Plant >

Mr. A, a subordinate, repeatedly made the same mistake, and one day, he was instructed by his superior.

Superior: The other day, you made the same mistake again as the last time in process X, and we ended up with a defective product.

Superior: It will be a problem if you make the same mistake over and over again. Make sure you know what you are doing.

[Case 1] False reporting of test data

Mr. B checked the data of a similar sample taken in the past, but he still felt strange about the measurement results this time. He also called Mr. C, a veteran who had been involved in this work in the past, to confirm.

Mr. A: Sorry. Actually, I didn't do it. I realized it yesterday. I don't think I can finish it in time. I have to meet the deadlines, and if I don't submit the data, I'll be scolded. What should I do?

Mr. B: Mr. A, something seems wrong with this data. I asked Mr. C, my predecessor, to check it as well. You conducted the test under these conditions, and it's strange that the numbers haven't changed. Did you really perform the test under the correct conditions?

Mr. B: . . . Then I guess we have no choice. Let's proceed with this!

What would you do if you witnessed this situation?

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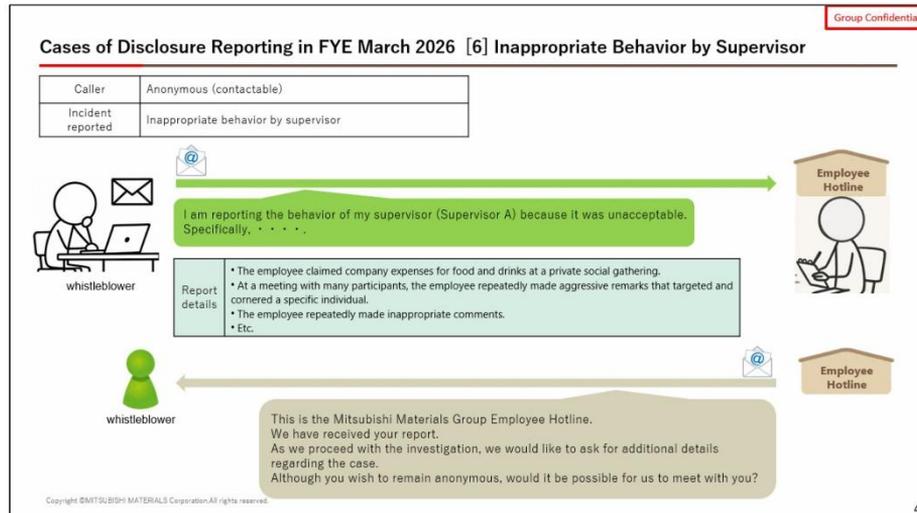
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Here is an example of participatory training. Each internal Company in charge of the site and the site's staff in charge discuss the content in advance, and we conduct training that is tailored to each site's conditions and incorporates role-playing and other activities, so that participants simulate actual circumstances.

Compliance Initiatives (Case 2)

■ Enhancing the Dissemination and Reliability of the Employee Hotline

Using case examples prepared based on actual consultations received through the Employee Hotline, the communication between the whistleblower and the Hotline staff is presented. Initiatives to improve the reliability of the Employee Hotline are being implemented.



Here is an example regarding whistleblowing. The flow from reception to investigation is illustrated and posted on the intranet. This year, specific cases have been anonymized and published six times for public dissemination.

Compliance Initiatives (Case 3)

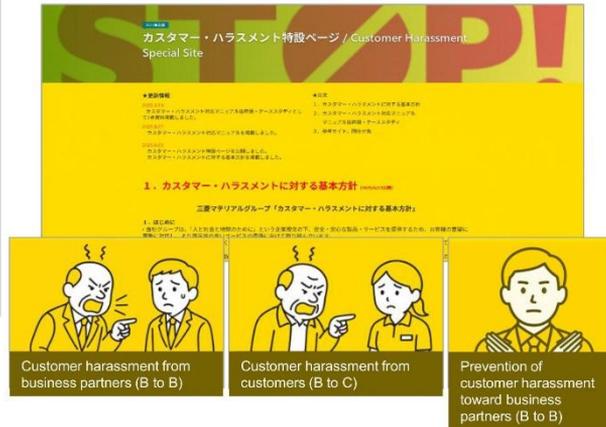
■ Response to Customer Harassment

In June 2025, we established and published our Basic Policy on Customer Harassment. For internal use, we have published a manual for employees of our company, which mainly handles B-to-B transactions, on a special page. The manual lists NG/OK responses to specific examples and provides guidance on appropriate responses for employees, as well as clarifying the reporting and consultation system.

Establishment of Basic Policy on Customer Harassment (Japanese only)



Publication of Special Internal Page on Customer Harassment (Japanese only)



This is an explanation of customer harassment response. In light of the Tokyo Metropolitan Government’s Prevention Ordinance, which went into effect in April 2025, we established and disclosed our basic policy in June 2025.

We established a system on the Company intranet with illustrated examples of NGs and OKs and a response manual, so that onsite workers can respond without hesitation.

Quality Initiatives

■ Efforts to Prevent Recurrence of Quality Issues

To strengthen its quality management governance, the MMC Group has been sharing quality issues across the entire Group and implementing and reinforcing the following measures, thereby building a system under which non-conforming products are never released through our “**reactive quality management**” approach, which emphasizes strict prevention and control.

These measures will continue to be incorporated into ISO 9001 and other quality management systems and executed on an ongoing basis.

Measures to Prevent Recurrence	Specific Measures
(1) Penetration of the Front Loading System (FLS)	<ul style="list-style-type: none"> Confirmation of the implementation status of the FLS Guidelines through quality audits, etc.
(2) Strengthening the structure and authority of Quality Control divisions	<ul style="list-style-type: none"> Confirmation of the authority and execution status of duties, including independence of quality assurance functions, through quality audits, etc.
(3) Expansion of quality training	<ul style="list-style-type: none"> Continued implementation of quality training for employees at domestic and overseas sites Training on the basics of quality management for young employees Training on quality compliance for mid-level employees and managers Training to improve professional quality management skills, including ISO 9001
(4) Promotion of inspection-facility automation	<ul style="list-style-type: none"> Continued automation of inspection facilities
(5) Strengthening quality audits	<ul style="list-style-type: none"> Continued implementation of quality audits at necessary sites
(6) Utilization of external consultants	<ul style="list-style-type: none"> Continued implementation of guidance and study sessions by quality consultants

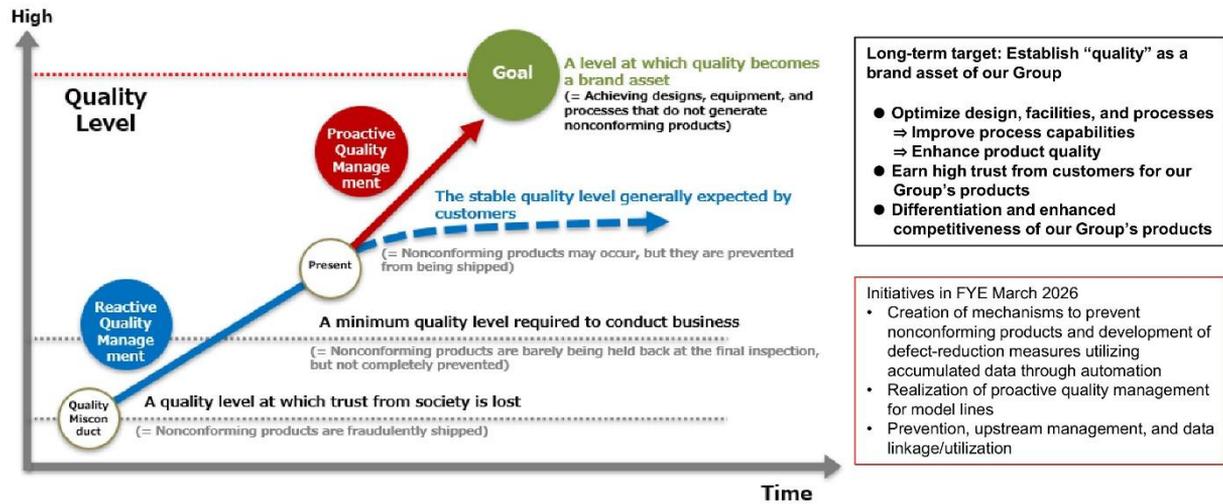
This is followed by quality control initiatives. Regarding quality, we have strengthened our “reactive quality management” based on past issues. As shown here, we are continuing our efforts to prevent recurrence.

Quality Initiatives

■ Moving from “Reactive Quality Management” to “Proactive Quality Management”

As “proactive quality management,” we are currently working to realize designs, facilities, and processes to prevent the occurrence of nonconforming products. Each company and business site has formulated an activity plan and is promoting various improvement activities to achieve these plans.

To ensure that quality becomes a brand asset of our Group, we will continuously improve our quality through quality education and quality improvement activities, and continue to provide products that satisfy our customers.



The graph here is an image of the execution evaluation regarding quality level. We believe that we have reached a certain level of quality in terms of “reactive quality management.” We will further enhance quality and promote measures to make a trust-our-brand asset.

Human Rights Due Diligence

FYE March	Description
2023-2024	Completed identification and assessment of human rights risks based on the Self-Assessment Questionnaire (SAQ) at all 105 sites of Mitsubishi Materials Group.
2025	<p>Implemented measures to mitigate human rights risks at each site.</p> <ul style="list-style-type: none"> Implemented risk assessment and follow-up for important business partners of the Procurement & Logistics Dept. (for FYE March 2025). Selected 270 business partners, other than key business partners, for risk assessment within a two-year period. <p>Conducted risk assessment and follow-up for 140 companies in FYE March 2025.</p> <p>275 companies were selected from among business partners other than those of the Procurement & Logistics Dept. (including temporary staffing agencies, contract work providers, and outsourced processing contractors) for risk assessment. (Four business partners requiring follow-up were identified)</p>
2026	<p>Continued measures to mitigate human rights risks at each site.</p> <ul style="list-style-type: none"> Conducted risk assessment and follow-up for important business partners in the Procurement & Logistics Dept. (for FYE March 2026). Conducted risk assessment and follow-up for 130 companies other than important business partners. <p>Shared the risk assessment results for business partners other than those in the Procurement & Logistics Dept. with all business partners who responded to the SAQ. Follow-up was conducted for the four business partners requiring follow-up.</p> <p>Reviewed the SAQ for all Mitsubishi Materials Group sites in preparation for implementation in FYE March 2027.</p>

The table here shows the human rights due diligence efforts in our Group. We have identified and assessed human rights risks based on a self-checklist for 105 sites throughout the Company for the period 2022 to 2023. Risk assessment and follow-up have been conducted since the fiscal year ended March 2025, and measures to reduce human rights risks are underway. We are also in the process of reviewing the checklist for operation in the fiscal year ending March 2027.

Other Human Rights-related Initiatives

■ Education

- Japan: Human rights awareness training (training video distribution) implemented from December, including Group companies.
- Overseas: Human rights awareness training (training videos distributed in 12 languages) implemented from January.

■ Remedial Measures

- Internal: Domestic inquiries are handled through the Mitsubishi Materials Group Employee Hotline.
Overseas inquiries are handled through the MMC Group Global Hotline and overseas company contact points.
- External: Contact points are established on the Mitsubishi Materials Corporation website.

■ Response to Modern Slavery Law

- Canada: FYE March 2025 Statement submitted to Canadian authorities and published on the Company's website (May).
- U.K. : FYE March 2025 Statement submitted to U.K. authorities and published on the Company's website (September).
- Australia: A subsidiary with operations in Australia submitted its FYE March 2025 Statement to Australian authorities (September).

The last slide shows other initiatives related to respect for human rights. Regarding human rights education, training videos have been distributed in Japan since last December, and overseas sites also started this month. As for remedial measures, we have established a consultation service (Mitsubishi Materials Group Employee Hotline) within the Mitsubishi Materials Group in Japan, which is handled by an internal consultation service, as well as by an external response service (MMC Group Global Hotline).

Since Canada, the U.K., and Australia have announced requirements under their respective laws and regulations in response to the Modern Slavery Act, we have submitted statements to Canada and the U.K. and posted them on our website. For Australia, Mitsubishi Materials Trading Corporation is responsible for the submission.

In this way, we are strengthening our efforts to respect human rights globally through education, remedial measures, and legal compliance.

That is all from me. Thank you for your attention.

Question & Answer

Participant [Q]: The new Medium-term Management Strategy indicates that it will shift to recycling and create new businesses. However, I think there will be some changes in the type of human resources required, such as launching new businesses and cultivating new customers. Please explain what changes you plan to make in your human resources strategy to realize the Medium-term Management Strategy.

Nogawa [A]: As shown on page 18, the key is how to acquire and develop human resources to support our resource circulation business. We are aware that this is a new challenge. We will start by expanding recruitment channels while discussing the identification of human resources and the number of people needed together with the business divisions.

Participant [Q]: Are there any initiatives to realign the Company's current employees toward directions suitable for new businesses?

Nogawa [A]: We will also allocate existing human resources to growth areas. As existing skills alone are insufficient, reskilling measures will become more important, so we will focus on them.

Participant [Q]: Regarding the 3.7% drop in the organizational category in the engagement survey, how will you proceed to prevent friction in the face of tough structural reforms?

Nogawa [A]: We have analyzed that last year's voluntary retirement program implemented mainly by the head office had an indirect effect. Regarding fundamental structural reforms, we are considering various things within the Company, but when it comes to implementation, the management team will work together to explain matters to employees so that they understand. In addition to explaining the measures, we believe it is important to constructively discuss what will happen after implementation.

Participant [Q]: In evaluating the effectiveness of governance, it was pointed out that medium- to long-term competitive advantage is an issue. Have you been able to organize competitive advantage by business and reflect it in the Medium-term Management Strategy? Please tell us about the background behind your judgment that secondary smelting has a competitive advantage.

Tanaka [A]: We are engaged in a variety of businesses, but we held the same view regarding competitive advantage last year as well. The Board of Directors is working to understand and enhance our competitive advantage through careful discussions. In the briefings for Directors on page 13, much of the discussion is related to the Medium-term Management Strategy. During this session, the Executive and Director sides discussed where our strengths lie, and the results of this discussion have been reflected in the Medium-term Management Strategy. The items on the right side of page 9 show our company's advantages, and we will make sure to utilize them.

Participant [Q]: Regarding the targets for carbon neutrality and the GHG reduction plan, I believe that the divestiture of the Copper Smelting & Refining business and the IPO of the Cement business will have a significant impact. Will the numerical targets be revised based on the new management structure?

Tanaka [A]: The GHG reduction plan was formulated before the establishment of the Medium-term Management Strategy, and the figures shown here do not include the participation of the Copper Smelting & Refining business in PPC or the IPO of the Cement business. If there are any changes in the Copper Smelting & Refining business and the Cement business, the numerical targets and the reduction plan will change.

Participant [Q]: Regarding internal carbon pricing (ICP), there is a trend for the Copper Smelting & Refining business to shift to secondary smelting and expand overseas. What is the position of ICP-related investment if the operating company is not the parent company?

Kawamura [A]: ICP is set at ¥10,000 per ton, but the government's policy is to cap it at around ¥4,000, and the figure may change. We will consider revising it based on external environmental trends, but the current situation remains unchanged. We have decided to add ¥10,000 per ton as an internal cost for CO₂ emissions, including future investment in secondary smelting, and there are no plans to change that policy.

Participant [Q]: You are focusing on geothermal power generation within your renewable energy generation. Will you use ICP to strengthen capital investment to reduce Scope 2?

Kawamura [A]: Geothermal power generation is reflected in the investment plan through 2030. We will continue to invest in carbon neutrality and the renewable electricity self-sufficiency ratio, but specific figures have not been decided at this point.

Participant [Q]: Can ICP be an active investment?

Kawamura [A]: We do not think that ICP will accelerate geothermal power generation. We see it as an investment target from a business perspective.

[END]