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**Mitsubishi Materials  
Corporation  
Integrated  
Report****2021**  
2020.4 ▶ 2021.3

# Mitsubishi Materials Corporation Integrated Report 2021

## Editorial Policy

We are issuing this report to help our diverse stakeholders, including customers, shareholders, and investors understand our financial and non-financial business direction.

Taking advantage of the Group's strengths to meet various social requirements, we will create new values to convey our efforts for sustainable growth. This report is intended as a tool for communicating such in an easy-to-understand format.

In editing this report, we have referred to the "International Integrated Reporting Framework" as recommended by the International Integrated Reporting Council (IIRC), the "GRI Standards" by Global Reporting Initiatives, and the Guidance for Collaborative Value Creation of the Ministry of the Economy, Trade and Industry.

The description of performance is based on information current as of May 14, 2021.



## Materiality and Key Themes

This report is structured from the perspective of ensuring accountability for material issues and their individual key themes as recognized by the Group.

We have updated these material issues in the formulation of our Medium Term Management Strategy (FY2023 Strategy) for the three years starting in fiscal 2021. Efforts to handle "materiality regarding the resolution of social issues via business" and "materiality regarding the strengthening of the management base and core" will improve corporate value by improving both social and economic value.

For the process of how these material issues are updated, see p.30 "Identifying and Tracking Materiality."

▼ Related Materials:

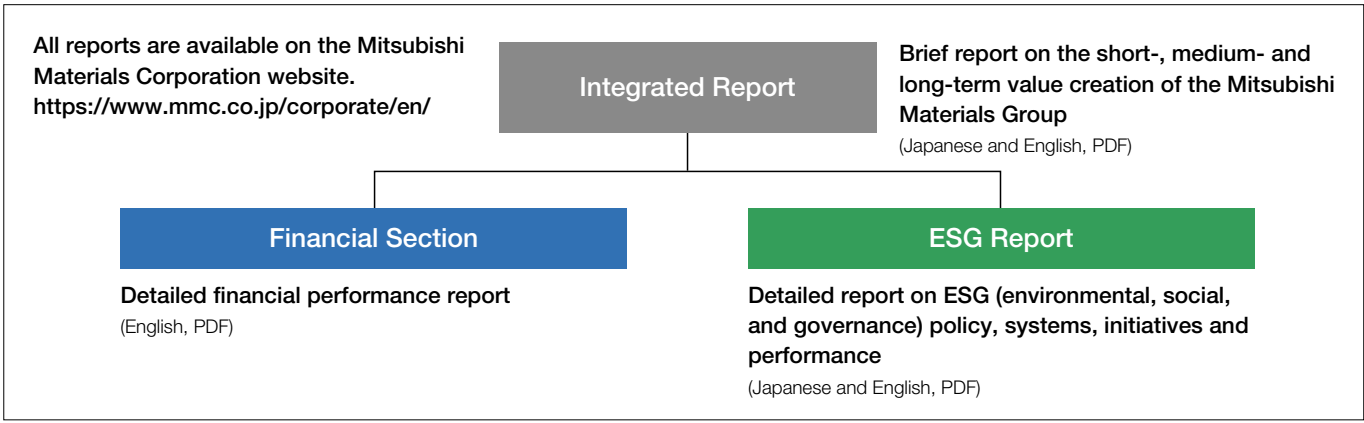
Identifying and Tackling Materiality ▶ P30

## 10 Material Issues



● Materiality regarding the resolution of social issues via business  
● Materiality regarding the strengthening of the management base and core

## Main Reporting Mediums



■ **Boundary**  
Including group companies, with Mitsubishi Materials Corporation playing a central role. Please refer to ESG Report for coverage area of non-financial performance data.

■ **Period**  
Fiscal 2021 (1st April, 2020 - 31st March, 2021)  
\* This report may also include information from April 2021 onwards, in an effort to provide the most up-to-date information.

■ **Date of Publication**  
July 2021

■ **Caution Regarding Forecasts and Forward-Looking Statements**  
The final decision, including any investment decisions, rests with individuals. The Company assumes no responsibility or liability whatsoever for any losses or damages resulting from investments or other actions based on information in this report.

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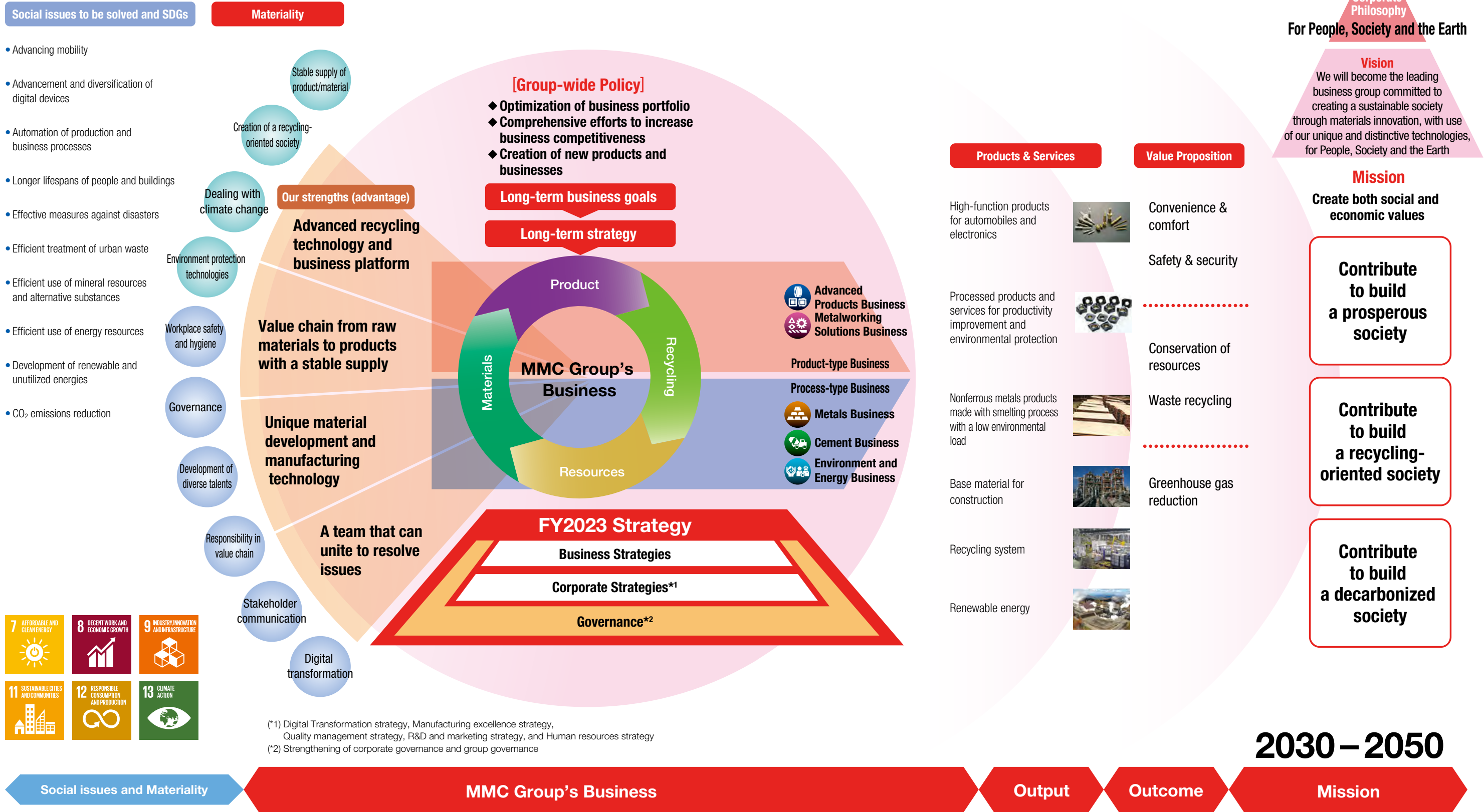
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[Value Creation and Performance]

Value Creation Process

The idea at the foundation of value creation at Mitsubishi Materials Group is “Create both social and economic values.”  
As we aim to achieve our vision, we strive to solve social issues and thereby create economic value.





[Value Creation and Performance]

## Performance Highlights (Financial/Non-financial)

\*Target values are current As of May 14, 2021

## Financial Performance (Consolidated)



\* The Company has been applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018) from the beginning of FY2019. Individual figures related to FY2018 have had the accounting standards applied retroactively.

## Non-Financial Performance (Non-consolidated unless stated otherwise)



\*1 Total amount of steam supplied to geothermal power plants (converted to the amount of generated power) and the amount of power transmitted (amount of power sold) other than steam supply.

\*2 Calculated from the amount of transmitted power of each power plant.





Mitsubishi Materials Corporation  
Chief Executive Officer  
Naoki Ono

# From the FY2023 Medium-term Management Strategy to Beyond

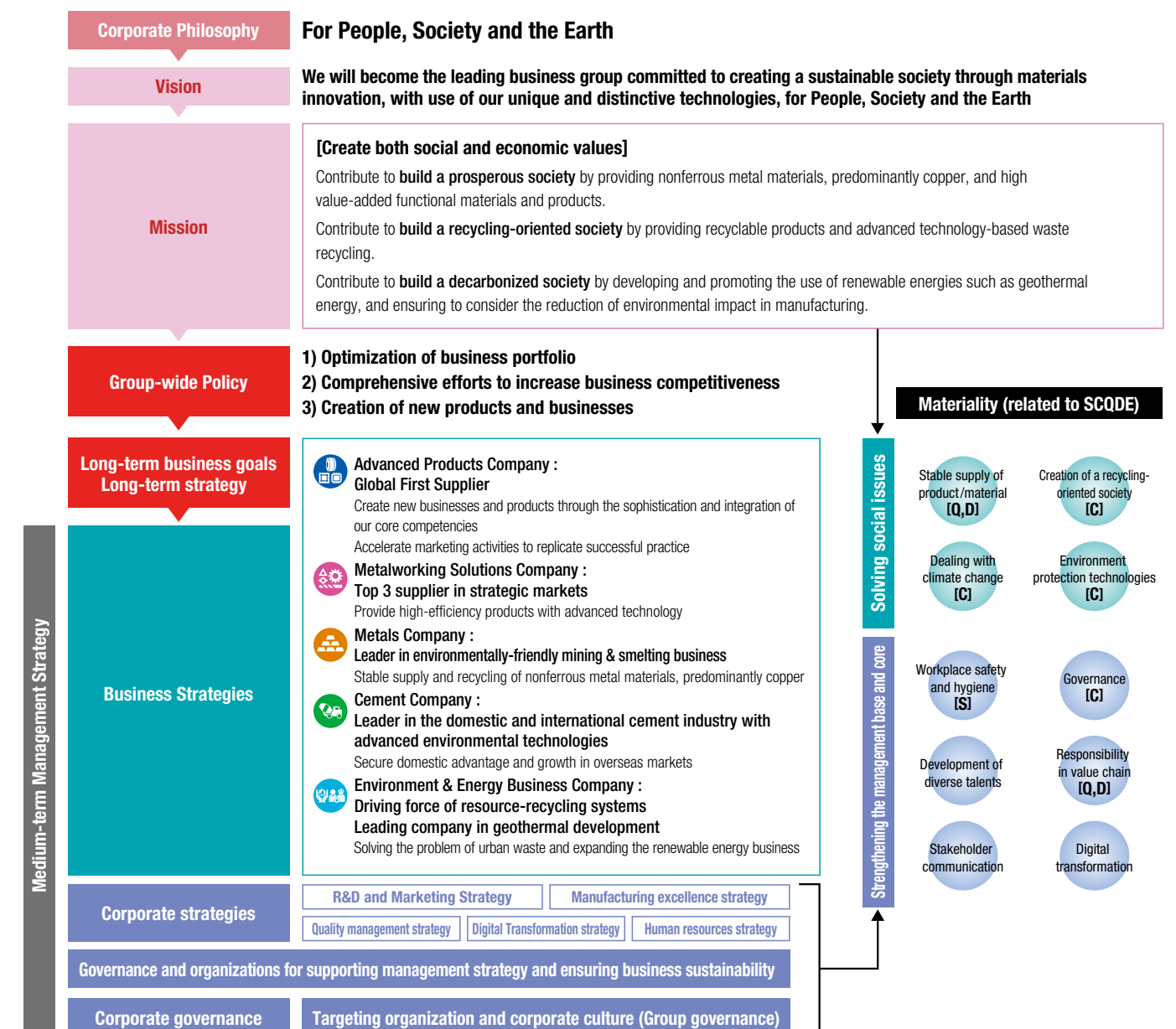
Mitsubishi Materials formulated a Medium-term Management Strategy (FY2023 Strategy) for the three years from fiscal 2021, and that was published in March 2020. Fiscal 2022 is the second year of the FY2023 Strategy.

The FY2023 Strategy stipulates that we will aim to create both social and economic values by resolving social issues through our business activities under the corporate philosophy of “For People, Society and the Earth” and that our mission for 2030 to

2050 is to contribute to building a prosperous society, recycling-oriented society, and decarbonized society.

The group-wide policy is made up of “Optimization of business portfolio,” “Comprehensive efforts to increase business competitiveness,” and “Creation of new products and businesses,” and we formulated individual business and corporate strategies in line with those.

Figure 1 Overview of FY2023 Strategy





[Top Message]

It goes without saying that fiscal 2021 was greatly impacted by the COVID-19 pandemic. While there is hope for an end as vaccinations progress and herd immunity is gained, there is no room to be complacent as we face factors such as the appearance of variants. The Group was greatly affected by a change in the business environment—a major decline in demand especially in the automobile industry—mainly in the first half of the fiscal year.

We have worked to continue operations with thorough measures to prevent the spread of infections at manufacturing worksites. At our offices, meanwhile, we have been promoting working remotely from the early stages of the pandemic. Depending on the situation, such as being under a state of emergency, we control the percentage of employees coming to offices from 10% to 50% or less at the most.

Through these efforts, we believe that we are able to contribute to our mission of building a “prosperous society” and “recycling-oriented society” by supplying materials and products that meet demand and by continuously accepting and processing various types of waste.

In terms of the financial plan, while there was recovery in demand from the third quarter, consolidated operating profit was down approximately 30% over the previous fiscal year (fiscal 2020). We thus had to revise the financial plan in the FY2023 Strategy.

On the other hand, there is no need to change our mission for 2030 to 2050 due to the current situation, and we will continue to aim to contribute to building a “prosperous society,” “recycling-oriented society,” and “decarbonized society.” In particular, the importance of contribution to building a “decarbonized society” is becoming greater due to the Japanese government declaring in October 2020 that the country will aim to be carbon neutral.

Uncertainty about the future is increasing, and we are said to be in an age of VUCA (volatility, uncertainty, complexity and ambiguity), making it difficult to predict the future. In such a situation, the key to the company’s survival will lie in the ability of the organization to formulate certain hypotheses, verify them, and change its approach as needed in a timely manner.

I, myself, am of the view now that the economy will be blocked as the movement of people and goods will be restrained while information travels around the world. And I believe that the impact of the pandemic and global attempts to reduce CO<sub>2</sub> emissions will be drivers for that.

What is important is not whether the situation will turn out as we foresee it, rather, to be prepared to deal with such a situation and at the same time have a backup plan in place.

This entails preparing a plan A and plan B and being able to switch to and apply the appropriate plan quickly according to the situation. I believe that ability of the organization to act promptly and resolutely is imperative.

With such ideas as a base, we are proceeding with the five reforms below that need to be worked on now.

[Five Reforms]

1. Reformation of the business structure (optimization of the business portfolio)
2. Reformation of manufacturing (factory vision / management framework / process enhancement)
3. Reformation of the HR system (Next Generation leadership talent development/Job-based HR system)
4. Digital Transformation (DX)
5. Corporate Transformation (CX)

The Group has started enhancing governance with the following three points as issues to improve on.

- ① Lack of communication in terms of both quantity and quality
- ② Fragile compliance framework and awareness
- ③ Insufficient resource allocation

This is done with the opportunity presented by the quality issues that occurred in fiscal 2018.

The slogan SCQDE\* was established to define the priority of business decisions, and we are putting efforts into it being thoroughly implemented and promoted.

\*SCQDE: Order of priority in business decisions at the Group

S: Safety & Health

C: Compliance & Environment

Q: Quality

D: Delivery

E: Earnings (reasonable profit)

We became a company with a Nomination Committee in fiscal 2020, and in order to strengthen corporate governance and improve the internal governance system, we have established the following six items as the “organizational culture to aim for” and started reforming the organizational culture.

[Targeting organization and corporate culture]

1. Organization with good and healthy communication where employees have unrestricted communication
2. Organization capable of autonomously solving issues
3. Organization that adequately shares the understanding of its business
4. Organization that makes prompt and resolute decisions
5. Organization that manages its business with the awareness of the differences between product-type and process-type businesses
6. Organization that aims for thorough digitalization

In light of these efforts, we formulated the aforementioned FY2023 Strategy.

We are implementing these strategies, promoting realization of the aforementioned six items of the targeting organization and corporate culture, and working on five reforms in order to evolve into a corporate group with ability of the organization to act promptly and resolutely.

Regarding reformation of the business structure (optimization of the business portfolio), we decided to indicate the current position of each business in the FY2023 Strategy on the two axes of profitability and growth potential. But what is important is not where each business is positioned, but to quickly implement the necessary and appropriate measures and actions to maintain or change that position. By indicating where each business is positioned, we need to recognize clearly the measures that each business should implement.

For our Group in the manufacturing industry, unrelenting reform in manufacturing is indispensable. Reformation of manufacturing has at its core:

- Factory vision (drill down of issues and measures per factory linked to business strategy, common language of dialog with the factory)
- Manufacturing management framework (extracting issues to improve on by factory self-diagnosis)
- Process enhancement (automation, image analysis and data visualization by applying digitalization technology)

And it is a continuation of efforts to “improve manufacturing capabilities,” “make manufacturing capabilities specialized,” and “tackle the lack of knowledge and skills due to stagnation of technology transfer.” (Second year of three-year plan)

Maintaining and improving market competitiveness even in an increasingly complex business environment while provocatively incorporating new ways of working and values as well as outside viewpoints and human recourses is a pressing issue, and I believe that it is time to move toward with new ways of working that break away from conventional mechanisms, even in the HR system.

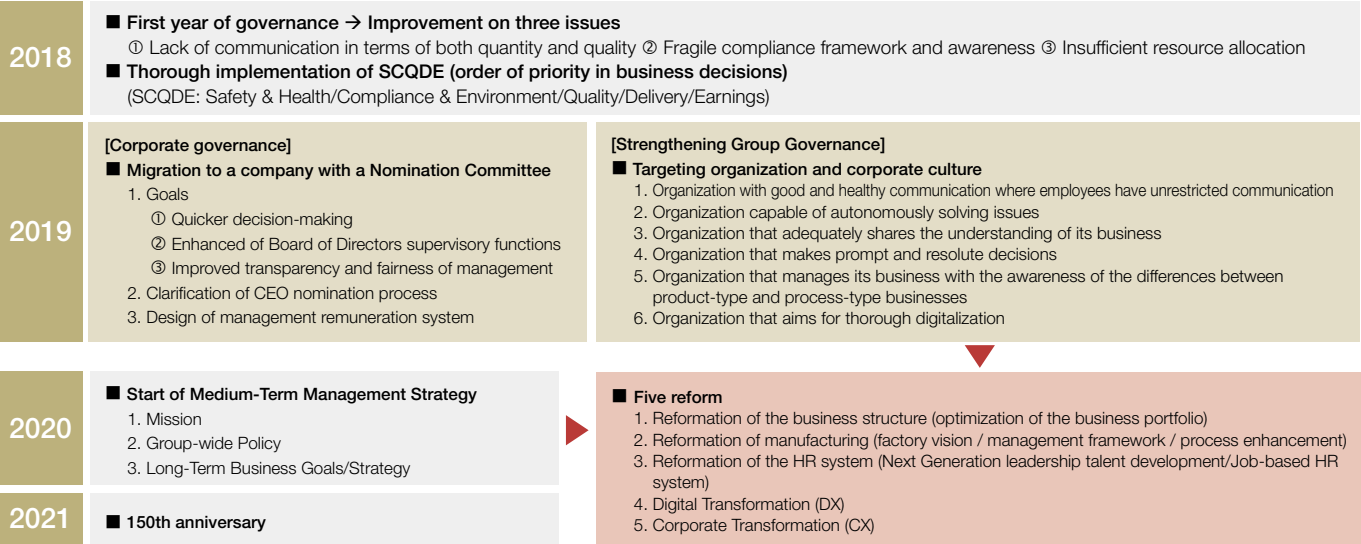
With raising of the mandatory retirement age, we modified the HR system for non-union employees reaching age 60 on or after April 2021 to be centered on duties rather than job qualification as it was up to now. In the future, we will consider expanding the concept of this duties-centered HR system to non-union employees under 60 as well. It goes without saying that large aspects of the organizational and corporate culture are fostered through the process of a human resources strategy that involves changes in awareness and behavior, and they are very important elements in proceeding with corporate transformation, which I will cover later. We need to develop human resources who are willing to develop their own careers and grow with the company, and who can think about their own careers autonomously.

Up to now we have basically deployed and developed internal talents with potential to positions that are needed and made up for any lack of experience. However, expert knowledge and speedy implementation of measures are increasingly demanded for some positions, and there are increased concerns that applying just internal human resources will result in delays. We are thus promoting the use of mid-career talent from outside the company from the perspective of incorporating diverse viewpoints.

Meanwhile, the systematic development of the kind of leadership talent who will be needed in the future is essential for the continuous improvement of our value as a company. Such comprehensive efforts are what reformation of the HR system is.

We are going forward with that unwavering determination digital transformation (DX) under a strong sense of urgency that now is our last chance to catch up and take the lead in that. In April 2020 we set up the DX Management Office and invited external talent to act as our Chief Digital Officer (CDO), and we are studying details on selecting DX themes and achieving measures in order to make the measures presented in the

Figure 2 The path of reforms (overview)



[Top Message]

FY2023 Strategy more concrete. We selected 21 DX themes with the main points of...

- 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
- Strengthen the management foundation through enhanced safe and secure manufacturing excellence activities, enhanced business management and data utilization, and increased business efficiency.

And we formulated an action plan for the six-year period from fiscal 2021 to 2026.

Moreover, we are also holding workshops for improving digital mindsets and digital literacy and developing DX human resource in order to strengthen the foundations of DX human resources.

DX is deeply related to other reform items, and it is the foundation that holds our Group transformation as a whole. It has a position as an important initiative at the core of our management strategies even following the current FY2023 Strategy.

Corporate transformation (CX) is a concept where we aim to combine...

- Headquarters (head office) in charge of strategy
- Functional divisions that support efficiency improvement and advancement
- Strong business divisions capable of implementing autonomous management

And it is reform to the optimal management structure in order to achieve that.

With the following objectives in mind, we are considering an optimal management structure that will contribute to improving the corporate value of the Group as a whole.

Objectives of CX

1. Clarification of division of duties between head office, functional divisions, and business divisions
2. Speedy and flexible business management according to the business environment and business characteristics
3. Strengthening of governance functions by pursuing a balance in centrifugal and centripetal forces between head office, functional divisions, and business divisions
4. Fostering awareness of the role of indirect operations and their contribution to increasing corporate value, as well as cost consciousness
5. Changing mindset and organizational culture to enhance corporate value by realizing our mission through a strong awareness of one’s roles and responsibility for the business
6. Fostering of human resources for management

The following table summarizes initiatives for fiscal 2022 as their relationship with group-wide policy and the six items of the organizational culture to aim for.

Figure 3 Policy on fiscal 2022 initiatives (relation with the FY2023 Strategy)

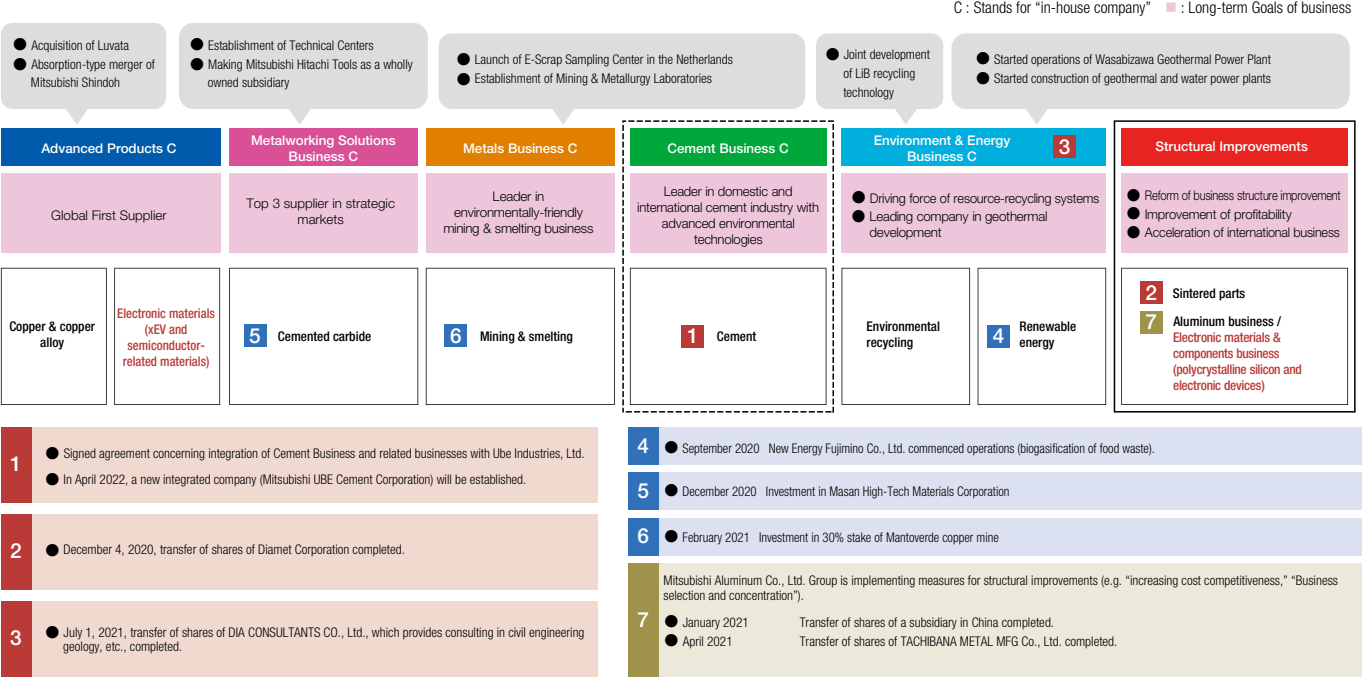
Group-wide policy	Efforts up to now	Policy on fiscal 2022 initiatives
① Optimization of business portfolio	● Conclusion of cement business integration agreement	● Optimization of electronic materials & components business portfolio
② Comprehensive efforts to increase business competitiveness	● Restructuring and reorganization of profit-improving business	● Enhancing function for searching for new business (New Business Development Dept.)
③ Creation of new products and businesses	● Investment in expanding tungsten business	● Promotion of DX (DX Promotion Dept, System Strategy Dept, external human resources)
	● Investment in Mantoverde copper mine	● Promotion of promoting operational efficiency (Business Process Innovation Dept.)
	● Start of Appl Geothermal Power Station and food waste biogasification	● Reformation of the HR system (Next Generation leadership talent development/Job-based HR system)
	● Utilization of corporate venture capital	● Continuation of manufacturing capabilities improvement* (factory vision, manufacturing management framework, process enhancement)
	● MMC-NIMS Center of Excellence for Materials Informatics Research	● (Enhancing function for searching for new business)
		● (DX promotion)
Targeting organization and corporate culture	Efforts up to now	Policy on fiscal 2022 initiatives
① Organization with good and healthy communication where employee has unrestricted communication	● Improvement of communication in all levels and opportunities	● Promotion of direct access in various levels, not just top-down dependent on organizational hierarchy
② Organization capable of autonomously solving issues	● Formation and operation of governance deliberation system and improvement by enhanced auditing	● Strengthening of governance (prevention of illicit dealings and anti-trust violations)*
③ Organization that adequately shares the understanding of its business	● Optimization of business portfolio (Reduction of business domains)	● Clarification of division of duties between functional divisions and business divisions
④ Organization that makes prompt and resolute decisions	● Transfer of authority to execution with the migration to a company with a Nomination Committee	● Division and deepening of management mesh
⑤ Organization that manages its business with the awareness of the differences between product-type and process-type businesses	● Focused management in R&D, manufacturing excellence, and human resources exchange.	● Transfer of authority to business divisions
⑥ Organization that aims for thorough digitization	● Detailed planning and implementation by DX Management Office	● Business management with special qualities per business division
		● Second year of MMDX
		● Enhancement of security against cyber attacks

\*Company-wide critical risks in risk management

Optimization of business portfolio

Fiscal 2021 movements in optimization of the business portfolio are as follows.

Figure 4 Reformation of business structure



In cement business, we are making preparations as follows in line with the already announced agreement on integrating our cement business with Ube Industries, Ltd.

- Establishment of integration preparation company as of April 14, 2021
- Approval on June 24, 2021 by our General Meeting of Shareholders on absorption-type company split agreement between the Company and the integration preparation company
- Announcement on July 7, 2021 of the name and representative of the new, integrated company (Mitsubishi UBE Cement Corporation)

In sintered parts business where structural improvements are needed, a transfer of shares was completed on December 4, 2020 and restart under new ownership was achieved. And in aluminum business, Mitsubishi Aluminum Co., Ltd. took on structural improvements centered on strengthening cost competitiveness and selection and consolidation of businesses/products, and it conducted measures such as relocating the head office and transferring several overseas subsidiaries, leading to a certain level of improvement in earnings in the fiscal year ended March 31, 2021.

In fiscal 2022 we are proceeding with optimization of the business portfolio with priority placed on the following items.

- Restoring profitability in copper & copper alloy and cemented carbide businesses
- Enhancing the search for new business

- Optimization of business portfolio for electronic materials & components business
- Promotion of aluminum business restructuring and reorganization
- Preparation for start of new integrated company for cement business

While copper & copper alloy and cemented carbide businesses are positioned in the portfolio as businesses in which to maintain and improve high profitability, performance was sluggish in fiscal 2021. We have thus formed a task force this fiscal year to work to restore profitability as soon as possible, and we are working on the issues in a concentrated manner.

Electronic materials business is a composite business composed of multiple businesses and products, and the entire business was initially positioned in the FY2023 Strategy to be integrated. In fiscal 2022, we will divide each business in electronic materials business and clarify the position of each from perspectives such as businesses that ownership should be taken for as well as development resources, relevance to the Company's technology, profitability, and growth potential. And we will take actions according to the position.

Specifically, our policy is to maintain growth in business for semiconductor manufacturing equipment and semiconductor-related products by strengthening investment, and we will work to improve the profit structure of polycrystalline silicon business and electronic devices business.

And for xEV components where future growth is expected, the business, development, and manufacturing divisions are deploying collaborative efforts in an aim to build a solid business model from development to mass production.



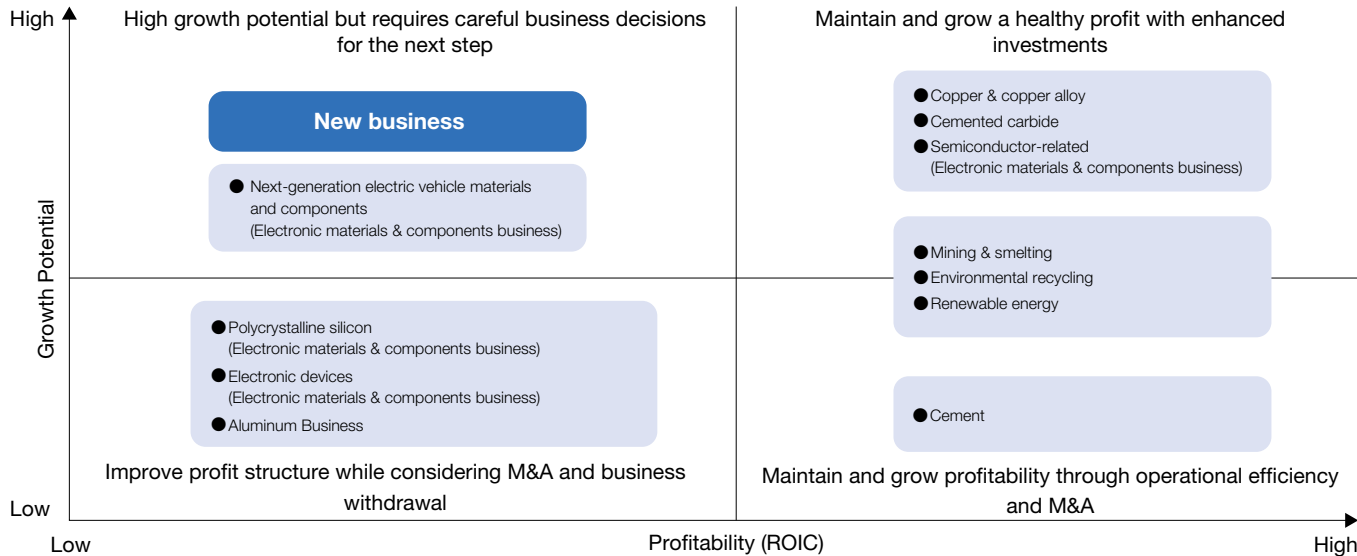
Figure 5 Status of business portfolio optimization

[Characteristics of businesses that the company should take ownership of]

- Businesses that are consistent with the Group's vision and mission
- Businesses that are governable by the Group
- Businesses that are capable of earning a leadership role in a specific region or the world
- Businesses that can deliver stable returns over capital costs on a medium- to long-term basis

[Building business portfolio]

- Profitability and growth potential determine the business direction
- Profitability is measured by ROIC (spread)
- Growth potential is measured by EBITDA growth rate, etc.



Comprehensive efforts to increase business competitiveness/Creation of new products and businesses

In fiscal 2021, we invested in Masan High-Tech Materials Corporation (MHT), which deploys tungsten business from its main base of operations in Vietnam. By building a long-term strategic partnership with MHT, we intend to consider launching joint business in tungsten recycling utilizing global bases under the control of MHT and collaborating in the midstream of the tungsten business, including a technical tie-up on the production of high-quality tungsten powder. We intend to accelerate the expansion and growth of our metalworking solutions business through the implementation of various measures, including consideration of collaboration with MHT.

In February of 2021, we completed acquisition of a 30% stake in Mantoverde copper mine in Chile, thereby officially participating in the project. We plan to start receiving copper concentrate from 2023. Metals business has “creation of a sustainable raw material portfolio consisting of clean copper concentrate and E-Scrap” as a long-term strategy, and this project enabling us to stably secure high-quality copper concentrate with few impurities is a major step forward.

In environment and energy business, we started a business to receive food waste and perform biogasification to generate electricity and to convert residue from that into raw material for cement. This leads to contribution to building a recycling-oriented society and decarbonized society. Although quickly responding to the changing composition of food waste generation due to the impact of COVID-19 is an issue, we intend to accumulate

knowledge on operation so that it can lead to future expansion. There have been two movements in efforts for creation of new products and new businesses:

Investment through corporate venture fund “MMC Innovation Investment Limited Partnership”

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

The corporate venture fund was established in 2019, and it made one investment in fiscal 2020 and three in fiscal 2021. All are movements aiming for innovation through collaboration making use of the Company's strengths.

MMC-NIMS Center of Excellence for Materials Informatics Research merges the informatics-driven materials development foundations of the National Institute for Materials Science (NIMS) with various elements such as experimental data, analytical models, and empirical rules accumulated by MMC in materials development. With that, it plans 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. By promoting R&D and enhancement of production processes that incorporate innovative technologies such as IoT, AI and robotics, we intend to achieve efficient and speedy product development in our focus areas of IoT, AI, next-generation vehicles, urban mines, clean energy, and decarbonization in order to lead to realizing our mission.

Figure 6 Investment results through “MMC Innovation Investment Limited Partnership”

MMC has established the “MMC Innovation Investment Limited Partnership” in order to develop medium- to long-term technologies of the Group, create innovation through collaboration, and create new value. And MMC has invested in the venture companies with material technologies that is new business candidate as follows.

	Company name	Company's technologies/products	MMC's aim
October 2019	Elephantech Inc.	Elephantech has manufacturing technology for electronic circuit boards by additive manufacturing using inkjet printing of metal nano inks and electroless copper plating.	MMC has started development of “copper nano ink” with Elephantech as an evaluation partner. MMC will aim to develop new copper products for circuit boards and get opportunities of its supply.
May 2020	EneCoat Technologies Co., Ltd.	EneCoat Technologies is developing Perovskite Solar Cells characterized by high power generation efficiency, light weight, and flexibility compared to conventional silicon-based solar cells.	In collaborate with EneCoat Technologies, MMC will develop technologies that contribute to improving the performance of Perovskite Solar Cells and the peripheral materials etc. necessary for making them lead-free, aiming to get opportunities to supply materials when perovskite solar cells become widespread.
June 2020	CONNEXX SYSTEMS Corporation	CONNEXX SYSTEMS has development and manufacturing technologies for new storage battery, high-power in-vehicle Lithium-ion battery (LiB), and next-generation battery that combine LiB and lead-acid battery.	MMC is developing technology for reusing and recycling used in-vehicle LiB. In collaboration with CONNEXX SYSTEMS, MMC will promote the reuse business that is the reuse of collected used in-vehicle LiB for stationary storage battery.
September 2020	Nature Architects inc.	Nature Architects has unique structure design technologies such as giving strength only to the necessary parts and adding the function of absorbing vibration to hard parts.	By combining MMC's knowledge of non-ferrous metals and other material properties with Nature Architects' design technology, MMC will promote development of unique products with new added value by additive manufacturing using our materials.

Revision of the FY2023 Strategy

While there is no change to our medium to long-term mission, performance in the first year of FY2023 Strategy was much poorer than initially anticipated due to factors such as the impact of COVID-19. We expect performance to gradually recover in line with situations such as vaccines becoming more widely available and herd immunity being gained, and in fiscal 2023 we expect advanced products and metalworking solutions business to recover to pre-COVID levels. However, we have to consider impacts such as postponement of growth investments due to the expected slowdown in demand recovery, transition of cement business to an equity-method affiliate, and decline in mining dividends from the metals business. We thus expect results for fiscal 2023, the final year of the FY2023 Strategy, to be lower than initial targets. In light of this, we released a revision to the FY2023 Strategy in May 2021 centering mainly on the financial plan.

1) Financial plan: Financial targets

The achievement of fiscal 2023 targets for ROIC, EBITDA, etc. announced in March 2020 is expected to be delayed until fiscal 2024 or later. Therefore, the Company has positioned the FY2023 Strategy period as a period to solidify the foundation for efficiency and profitability, which will lead to a firm growth path in fiscal 2024 and beyond.

The Company-wide financial targets for fiscal 2023 after the revision are ROIC of 4.0% (6.0% before the revision), ROA of 2.0% (4.0%), ROE of 6.0% (7.0%), consolidated operating profit of ¥29 billion (¥58 billion), consolidated ordinary profit of ¥38 billion (¥75 billion), and net D/E ratio of 1.0 times or less (1.0 times or less).

[Top Message]

Figure 7 Revisions to FY2023 Strategy (financial indicators)

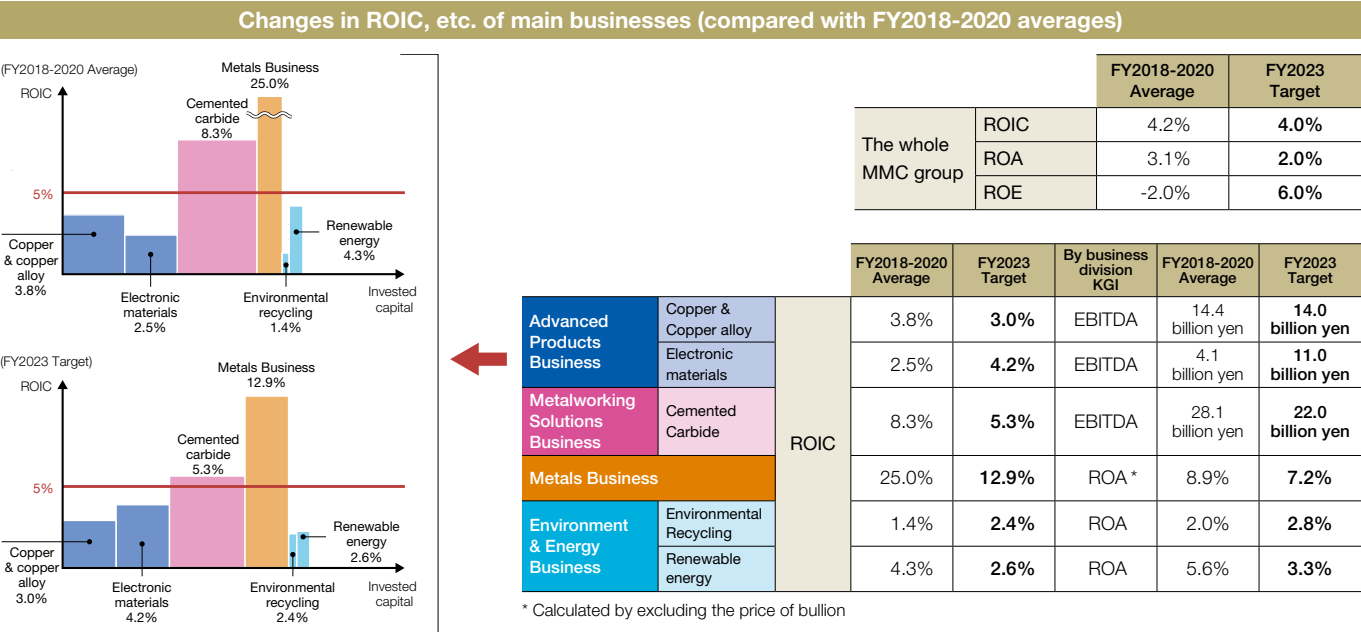
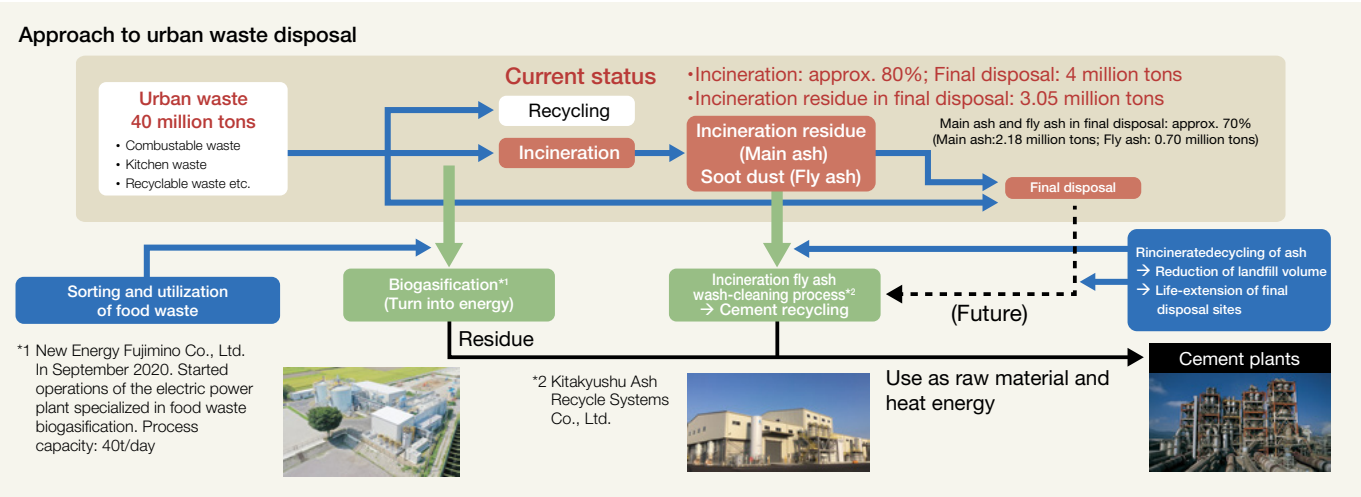
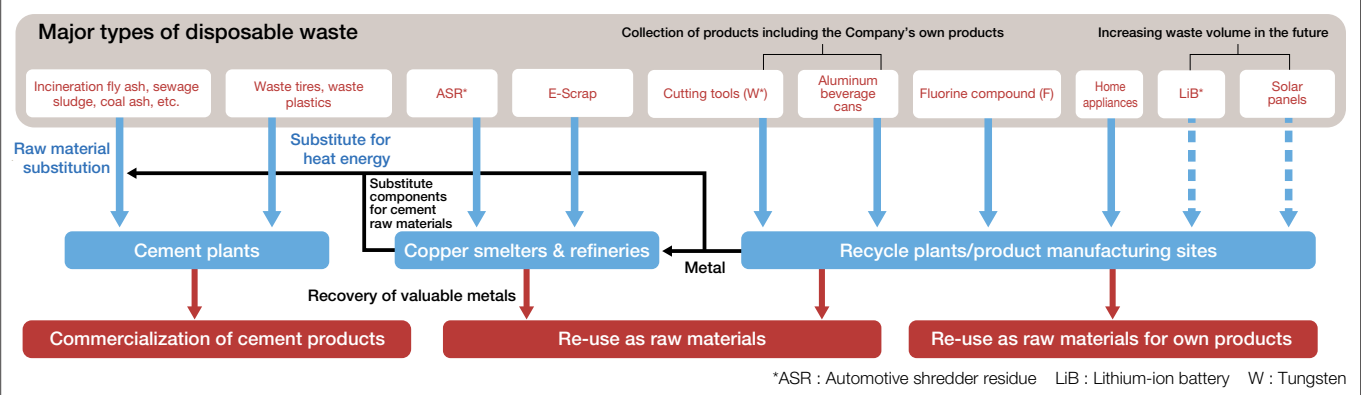




Figure 9 Overall Picture of Circular Business



3) Toward new work styles

The COVID-19 pandemic brought about significant changes to how we work in our workplaces. Under Japan’s first state of emergency declared in April 2020, we closed our head office and moved all head office functions to the Saitama office to achieve business continuity. Even after that, we have been promoting remote work by telecommuting and operating satellite offices and controlling the office attendance rate between 10% and 50% depending on the declaration of a state of emergency and the infection status. In the future, we will operate at 50% or lower attendance even in normal times and employ new work styles, such as the introduction of free addressing per group. The head office is positioned as a “communication core” to build real relationships, which tend to become diluted with remote environments.

4) Evolution of corporate governance

With the transition to being a company with a Nomination Committee in June 2019, we are proceeding with actions such as debate on the CEO appointment and dismissal process and the successor development plan, review of the executive remuneration system, and increase in the ratio of outside directors. Along with those, we are also promoting continuous improvements to the Board of Directors.

And with the latest revision of the corporate governance code

on June 11, we are considering the establishment of a committee under the Board of Directors to discuss basic policies on issues related to sustainability, efforts to enhance the reliability of audits, and the formulation of a successor plan for outside directors. We will continue to work to improve functionality of the Board of Directors as a monitoring board.

Additionally, as consideration for human rights becomes more important in business, we will launch our Human Rights Panel at the Sustainable Management Office to expand and deepen the existing efforts on human rights.

Improving communication

We have been working to make continuous improvements on the shortage of quantity and quality in communication as one of the most important themes since becoming president in June 2018. Opportunities for communication between divisions and levels have been steadily increasing. However, there are still some areas to be improved on in terms of the quality of communication, as there are many cases where what needs to be communicated ends up not being communicated because of the top-down, one-way communication from superiors to subordinates.

I believe that we need to bring about change in the communication style in order to bring out the full potential of each individual. Aiming for close two-way communication, we will implement one-on-one meetings, town hall meetings, and the like this fiscal year.

Whenever the opportunity arises, we repeatedly explain “SCQDE” established to define the priority of business decisions and work for that measure to gain further penetration. Additionally, all Executive Officers are taking the initiative in delivering “bad news first” in the form of weekly information sharing. Quality-wise improvements in communication are the foundation to such measures. Also, understanding of that is necessary for sure execution of strategies and deployment of measures, and I believe that improving communication is extremely important in order to make that more certain.

At the 150th anniversary of our founding

The Group celebrated the 150th anniversary of our founding this year. I would like to express my respect to those who came before us and who have passed on the baton over 150 years as conditions changed over time and express my gratitude to all the stakeholders who have supported us.

150 years of history is not a promise or guarantee of the future, and we must carve out a new future with our own hands.

At this 150th anniversary, I would like to present the slogan “Create, Transform: MATERIALS.”



This key visual expresses how the Group’s business activities contribute to the creation of a recycling-oriented society without end.



[About the Mitsubishi Materials Group]

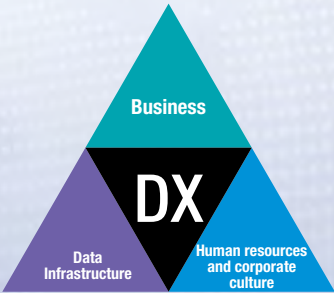
Special Feature



In the Mitsubishi Materials Group, we call our DX “MMDX.” We use this DX strategy to emerge victorious in the face of global competition.

In fiscal 2021, we defined 21 implementation themes and formulated a concrete six-year roadmap for the period from fiscal 2021 to fiscal 2026 with the aims of enhancement of customer touch points, process coordination, and increasing management decision making speed through the use of digital technologies and data.

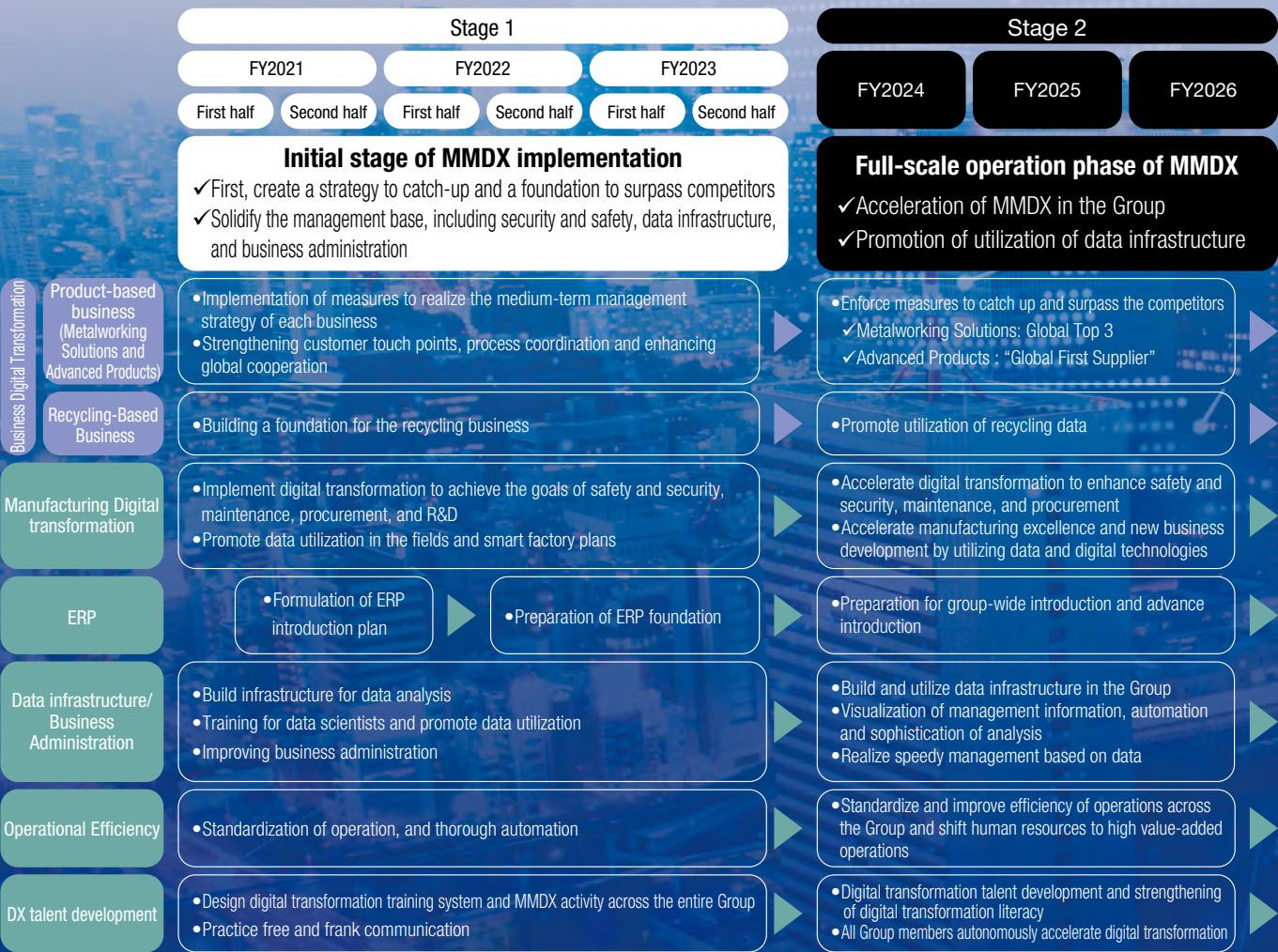
In fiscal 2022, we will finally enter the implementation phase.



▼ Related Materials:

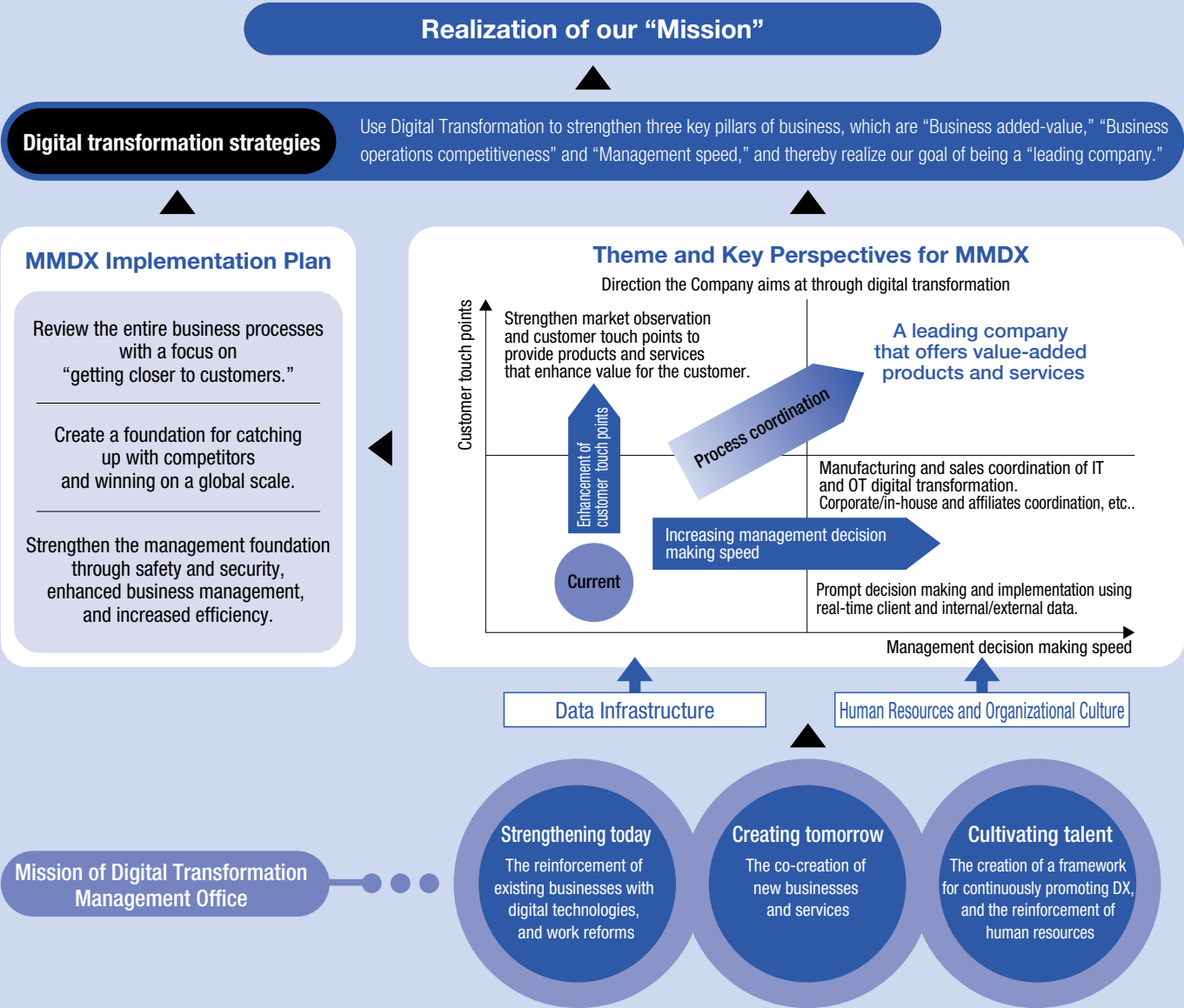
“Digital Transformation (DX) Strategy” Integrated Report ▶P58

■ Master Schedule of the Entire MMDX



We will implement DX strategies to create a platform for victory in the face of global competition, select 21 priority MMDX themes and speedily carry out our implementation activities.

We have formulated a Digital Transformation strategy as a key component of our Medium-term Management Strategy (FY2023 Strategy), and we will implement DX strategies that will serve as the foundation that enables us to prevail in global competition. In April 2020, we launched the Digital Transformation Management Office with the aim of achieving real-time management that is responsive to social changes, environmental changes, and our own transformation. We will accomplish this through the selection and speedy implementation of 21 priority themes selected based on the critical DX perspectives of enhancement of customer touch points, process coordination, and increasing management decision making speed, as well as the data infrastructure, human resources and organizational culture that underpin them. These initiatives have been named Mitsubishi Materials Group DX, or “MMDX.” We have formulated a concrete six-year roadmap for the period from fiscal 2021 to fiscal 2026 and defined implementation measures, and over this period we will carry out our investment plans and implementation resource plans. Our investment scale, following the latest revisions, will surpass 40 billion yen over the six-year period. In our master schedule, the first three years have been positioned as the initial implementation stage, after which we will enter the full-scale operation phase in fiscal 2024.





[About the Mitsubishi Materials Group]



The Digital Transformation Management Office carries out activities primarily focused on the following three key points, led by its three missions of “Using digital technology to reinforce existing business,” “Co-creation of new business and services,” and “Cultivating talent that can implement DX and systems for conducting activities over the next five to ten years.”

The first point is **“Clarifying goals and ideals.”** In carrying out our activities, we need to have a deep understanding of our current condition, the challenges we face, how our environment is changing, our competitors, and more.

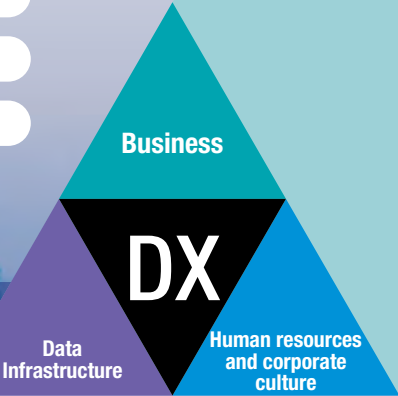
The second key point is **“Leader enthusiasm, ownership, and commitment.”** It is essential that not only management personnel but also operation leaders have a deep understanding of DX and a sense of ownership with regard to management reforms. Last is **“Improving personnel and work site capabilities.”** We will work to develop personnel and a corporate culture that further enhances the expertise and diligence of our human resources and the strengths of our work sites, so that they can always carry through whatever they set their mind to.



Mitsuru Kameyama  
Chief Digital Officer (CDO)

Three key points of successfully implementing management reforms through DX

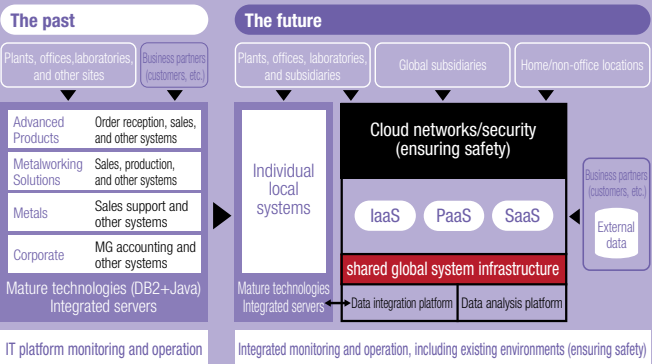
- 1Clarifying goals and ideals
- 2Leader enthusiasm, ownership, and commitment
- 3Improving personnel and work site capabilities



Data Infrastructure  
[Improving DX promotion infrastructure]

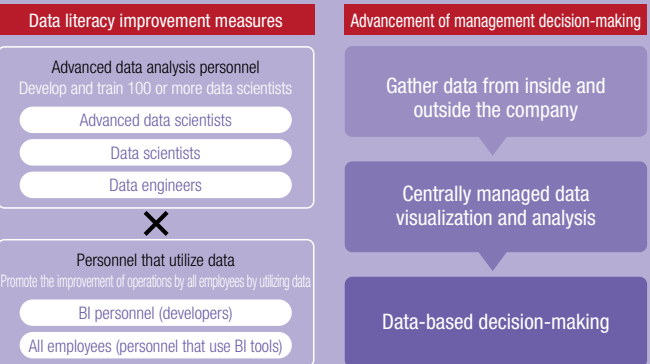
Case 1 Improving system infrastructure

In addition to conventional efficiency improvement efforts, it is also important to quickly prepare system environments that reflect recent changes. This is accomplished by leveraging cloud resources for expandability and flexibility, providing what is needed when it is needed, by developing systems that are not dependent on programming, and by improving productivity by enhancing data integration between the rising number of diverse systems. We strive to make full use of the technical capabilities and expertise accrued by our system divisions and to build shared global system infrastructure that contributes to speedier business execution.



Case 2 Improving data infrastructure

We aim to collect and share data from inside and outside the company and engage in data-driven management that uses data in operations and decision-making. Our goals are to ① create business intelligence (BI) tools that are company-wide standards for use in building data infrastructure in the cloud and leveraging data, ② recruit and develop personnel such as data scientists and data engineers, and ③ achieve data-driven management by firmly establishing our fundamental philosophy of using data to achieve success, creating additional business value, and advancing and accelerating our management decision-making.

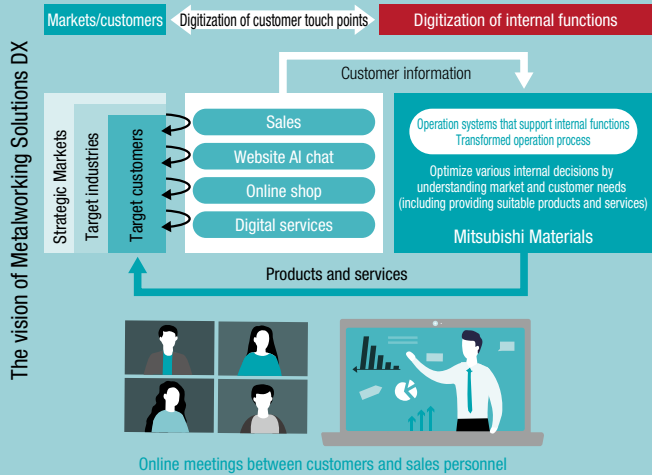


Business  
[Business DX]

Case 1 Digitization of customer touch points by the Metalworking Solutions Company

Under the Metalworking Solutions Company's DX strategy (Metalworking Solutions DX), the company is digitizing its customer touch points. There is a wide variety of digital customer touch points: websites, social networks, online chat, and more. Within these, Metalworking Solutions DX is being used to create a new website that more clearly conveys information about products and services that help solve customer problems. It is also being used to engage in business negotiations using AI chat bots. Furthermore, centrally managing customer information is enabling the sharing of information such as website search histories and consultation histories with sales personnel, managers, engineers, and others within the company. Information which was previously handled piecemeal through the organization is now being linked and organized. This organized information is helping improve customer satisfaction by making it possible to determine customer product preference trends, sales timing, and the like. The company is also creating a system for accumulating technical knowledge and experimental data and providing technical proposals that are not reliant on the skill levels of individual personnel. These Metalworking Solutions DX measures do not consist merely of creating customer touch points through digitization, but also of embedding their usage processes in day-to-day operations to drive the transformation of business operations. Metalworking Solutions

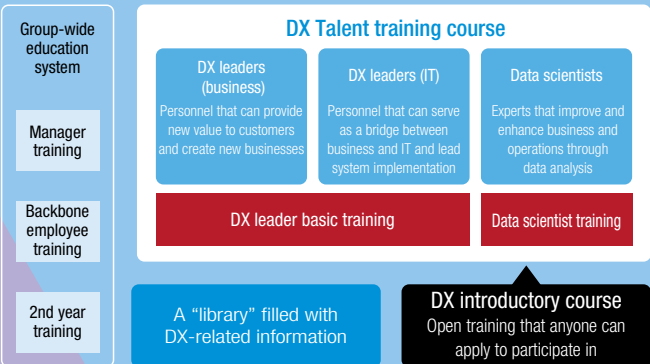
DX is currently transitioning from the conceptualization phase to the implementation phase. We will maintain our same stance towards providing value that we defined when formulating the Metalworking Solutions DX approach as we efficiently use limited resources to implement work, mentality, and work style transformation.



Human resources and corporate culture  
[Developing the personnel and culture that drive DX]

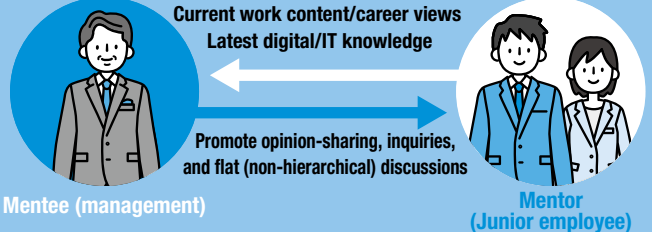
Case 1 Human resource development

Coordination between business and IT are essential for DX. We must develop human resources with advanced IT expertise, such as data scientists, but in addition to that everyone in the company must become DX literate -- they must become human resources capable of utilizing digital technologies. Through our DX College, available for use by anyone on the intranet, we are providing a rich range of high-level, elective educational material such as workshops on tool usage. Our goals in this are to develop the DX personnel that will lead MMDX, improve employee DX literacy, and form a DX community.



Case 2 Culture development

DX does not consist solely of concrete digital technology promotion measures aligned with business and management infrastructure enhancement themes. It also includes the promotion and improvement of the DX mindset and literacy of Group employees. The Digital Transformation Management Office has created a climate of free discussion by diverse personnel, unconstrained by organizational hierarchy. It is continuously working to transform the organization, not only by directing digitization but also by having an overall positive influence on work approaches, through the unprecedented opportunities for communication it is creating.



**Measure example: Reverse mentoring system**

Normally, in mentoring systems, senior employees (mentors) provide advice and support to junior employees (mentees). However, with reverse mentoring, junior employees are the mentors, providing advice to employees in upper level positions (management positions). The aim is to invigorate communication throughout the organization, regardless of hierarchical position.

[About the Mitsubishi Materials Group]

# Corporate Philosophy System

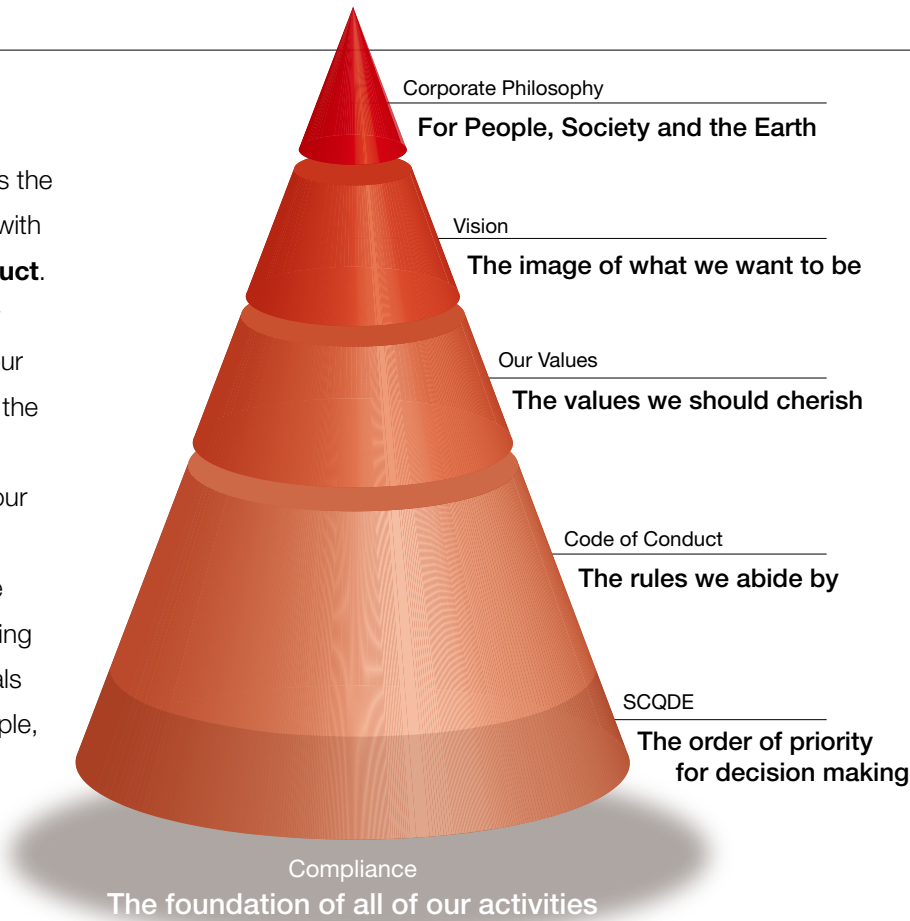
Overview of Corporate Activities under the Corporate Philosophy System

The Mitsubishi Materials Group Philosophy is “For People, Society and the Earth.” We pursue business operations by applying our corporate resources and contributing to the sustainable development of society to realize our Corporate Philosophy.

## Mitsubishi Materials Group Philosophy System

Our corporate philosophy system places the philosophy at the top, and underpins it with **our vision, values, and code of conduct.** **SCQDE** determines the order of priority applied when making decisions about our work processes, and **compliance** is at the very foundation of all our activities.

Each of us conscientiously performs our daily work in each of our roles with this content as our keystone. Through these efforts, we are firmly committed to building a better tomorrow for Mitsubishi Materials Group, and making a difference for People, Society and the Earth.



①

S

Safety & Health

②

C

Compliance & Environment

③

Q

Quality

④

D

Delivery

⑤

E

Earnings (Reasonable profit)

Thorough implementation of SCQ is given, priority over earnings by reflecting the quality issues

Fulfilling all of SCQD brings us customers' trust

The “SCQDE” was established in fiscal 2019 as a measure towards enhancing Group governance. SCQDE stands for “Safety & Health (S), Compliance & Environment (C), Quality (Q), Delivery (D) and Earnings (E).” Although each element is important in its own right, SCQDE outlines an order of priority for making decisions when executing business tasks, and is positioned as a supplemental policy to the Code of Conduct.

In providing customers with our products & services, we should thoroughly fulfill SCQ at first and satisfy D. We believe that we will be able to obtain trust from customers and society by continuously executing SCQD in good faith, and this will produce a reasonable profit.

\* “Customers” in this context refers to both customers outside our group and to the businesses (including products and services) of each employee. Business includes transactions between group companies and support from the corporate department to business departments, etc.

\* “SCQDE” is pronounced “S. C. Q. D. E.”

[About the Mitsubishi Materials Group]

# Establishment of Sustainable Management Office

We have established a Sustainable Management Office for the purpose of promoting the centralized handling of company-wide management issues regarding sustainability.

## Purpose

Since tackling management issues regarding sustainability is essential for the Group to improve its corporate value in the medium- to long-term, we established the Sustainable Management Office on April 1, 2020 to promote centralized handling of such issues. The activities led by the Sustainable Management Office

will enable the Group to actively solve issues regarding sustainability and appropriately handle issues from a risk management perspective, which will contribute to both building a sustainable society and improving corporate value in the medium- to long-term.

## Mission and Overview of the Organization

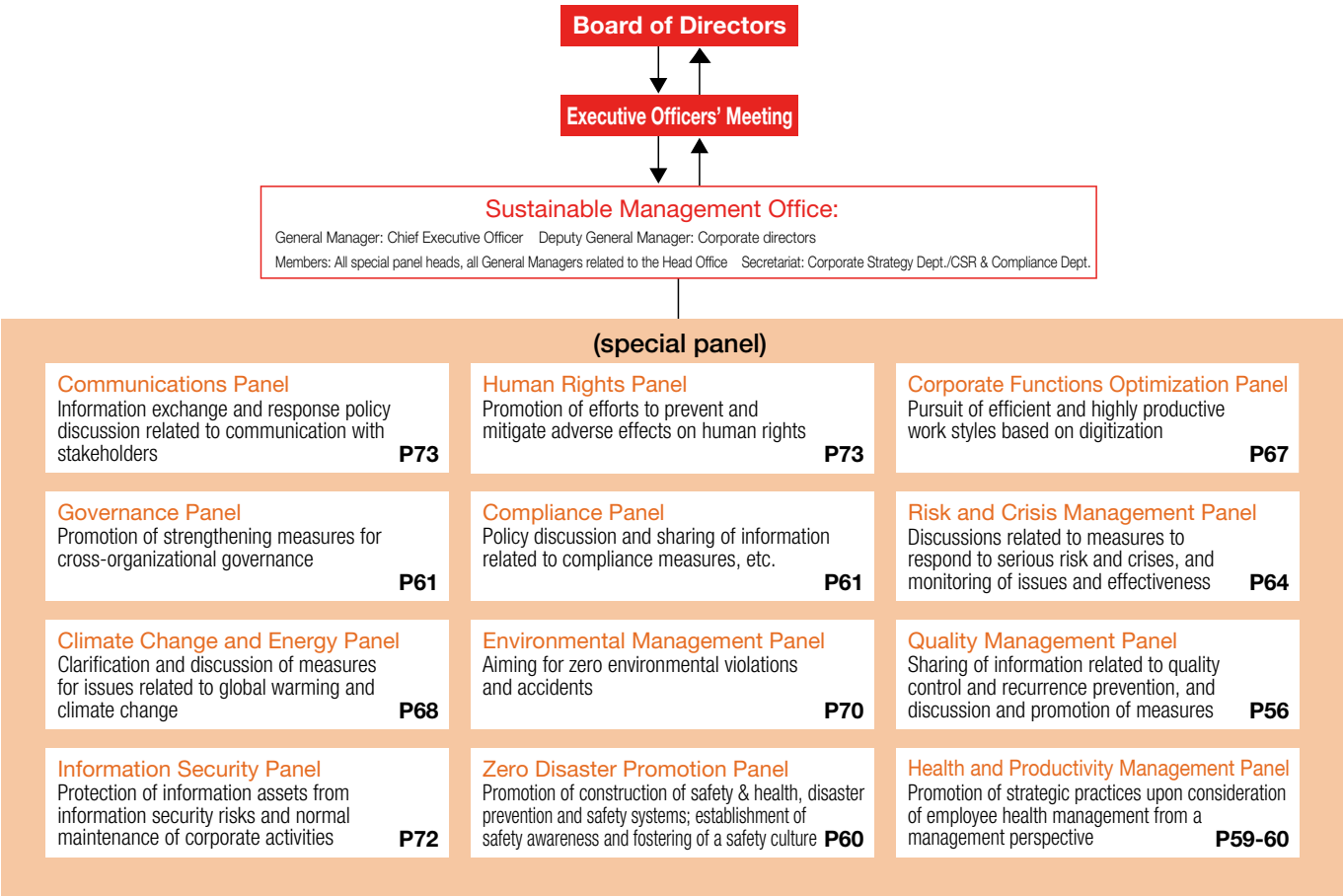
The mission of the Sustainable Management Office is to promote centralized handling of various management issues in order to contribute to developing a sustainable society and enhance corporate value in the medium- to long-term via business activities that follow the corporate philosophy of the Group.

The organization is led by the Chief Executive Officer as Chairperson and composed of members across the entire company. It contains panels specialized by theme, where issues are identified, then countermeasures

are formulated, measures implemented and follow-up carried out. As the issues we should address shift with social or other factors, the composition of the Panels and the issues to be dealt with will be flexibly rearranged.

Centralized management will also enable us to gather together the opinions of stakeholders and reflect those opinions in our management issues, and we will aim to build a system that enables us to appropriately disclose and explain our activities and promote dialog.

### Sustainable management system (as of July 1, 2021)





[About the Mitsubishi Materials Group]

# Global Atlas

## Sales by Areas / Numbers of Affiliates / Numbers of Employees (Consolidated)

(■ Main Mitsubishi Materials premises ● Main Group companies)

As of March 2021

### Europe

Number of affiliates: 18

Number of employees: 1,175

#### Advanced Products

- Luvata Oy (Finland)
- Luvata Pori Oy (Finland)
- Luvata Wolverhampton Ltd. (United Kingdom)
- Luvata Welwyn Garden Ltd. (United Kingdom)

#### Metalworking Solutions

- MMC HARTMETALL GmbH (Germany)
- MITSUBISHI MATERIALS ESPAÑA, S.A. (Spain)
- MMC HARDMETAL OOO Ltd. (Russia)
- MMC HARDMETAL POLAND Sp.z o.o. (Poland)

#### Metals

- MM Metal Recycling B.V. (The Netherlands)

### East Asia

Number of affiliates: 14

Number of employees: 771

- Mitsubishi Materials (Shanghai) Corporation (China)

#### Advanced Products

- QINGDAO ECOBRASS CO., LTD. (China)
- Luvata Superconductors (Zhongshan) Limited (China)
- MM Metal Products (Suzhou) Co., Ltd. (China)
- MMC SHANGHAI CO., LTD. (China)
- MMC ELECTRONICS KOREA INC. (KOREA)

#### Metalworking Solutions

- TIANJIN TIANLING CARBIDE TOOLS Co., Ltd. (China)

### Southeast Asia

Number of affiliates: 20

Number of employees: 4,972

- Mitsubishi Materials Southeast Asia Co., Ltd. (Thailand)

#### Advanced Products

- MMC ELECTRONICS (THAILAND) Ltd. (Thailand)
- Ryoshindoh Manufacturing Sdn. Bhd. (Malaysia)
- Luvata Malaysia Sdn. Bhd. (Malaysia)
- GOTOH PHILIPPINES CORPORATION (Philippines)
- MMC ELECTRONICS (M) Sdn. Bhd. (Malaysia)
- MMC ELECTRONICS Lao Co., Ltd. (Lao)

#### Metalworking Solutions

- MMC TOOLS (THAILAND) Co., Ltd. (Thailand)
- MMC HARDMETAL INDIA PVT. LTD. (India)

#### Metals

- PT. Smelting (Indonesia)

#### Aluminum

- MA EXTRUSION INDIA PVT. LTD. (India)

### Japan

Number of affiliates: 62

Number of employees: 16,414

- Head Office (Tokyo)
- Sapporo Branch (Hokkaido)
- Tohoku Branch (Miyagi Prefecture)
- Nagoya Branch (Aichi Prefecture)
- Osaka Regional Head Office (Osaka Prefecture)
- Kyushu Branch (Fukuoka Prefecture)
- Saitama Property Management Office (Saitama Prefecture)
- Smart Factory Promotion Center (Saitama Prefecture)
- Production Engineering Center (Saitama Prefecture)
- Central Research Institute (Ibaraki Prefecture)
- Materials' Finance Co., Ltd. (Tokyo)
- Material Business Support Corporation (Saitama Prefecture)

#### Advanced Products

- Wakamatsu Plant (Fukushima Prefecture)
- Ceramics Plant (Saitama Prefecture)
- Yokkaichi Plant (Mie Prefecture)
- Sakai Plant (Osaka Prefecture)
- Sambo Plant (Osaka Prefecture)
- Sanda Plant (Hyogo Prefecture)
- Mitsubishi Materials Electronic Chemicals Co., Ltd. (Akita Prefecture)
- Mitsubishi Cable Industries, Ltd. (Tokyo)

#### Metalworking Solutions

- Tsukuba Plant (Ibaraki Prefecture)
- Gifu Plant (Gifu Prefecture)
- Akashi Plant (Hyogo Prefecture)
- MOLDINO Tool Engineering, Ltd. (Tokyo)
- Japan New Metals Co., Ltd. (Osaka Prefecture)

#### Metals

- Akita Refinery (Akita Prefecture)
- Ikuno Plant (Hyogo Prefecture)
- Naoshima Smelter & Refinery (Kagawa Prefecture)
- Hosokura Metal Mining Co., Ltd. (Miyagi Prefecture)
- Onahama Smelting and Refining Co., Ltd. (Tokyo)
- Materials Eco-Refining Co., Ltd. (Tokyo)

#### Cement

- Aomori Plant (Aomori Prefecture)
- Iwate Plant (Iwate Prefecture)
- Yokoze Plant (Saitama Prefecture)
- Higashitani Mine (Fukuoka Prefecture)
- Kyushu Plant (Fukuoka Prefecture)
- Ryoko Lime Industry Co., Ltd. (Tokyo)

#### Environment & Energy Business

- Energy Project & Technology Center (Saitama Prefecture)
- AKITA HATSUDEN Co.,Ltd. (Akita Prefecture)
- Hachimantai Geothermal Co., Ltd (Akita Prefecture)  
(Merged with AKITA HATSUDEN Co.,Ltd. in April 2021 and became Hachimantai Green Energy Corporation)
- East Japan Recycling Systems Corporation (Miyagi Prefecture)
- New Energy Fujimino Co., Ltd. (Saitama Prefecture)
- Kitakyushu Ash Recycle Systems Co., Ltd. (Fukuoka Prefecture)

#### Aluminum

- Universal Can Corporation (Tokyo)
- Mitsubishi Aluminum Co., Ltd. (Shizuoka Prefecture)

#### Affiliated

- Mitsubishi Materials Trading Corporation (Tokyo)
- Mitsubishi Materials Techno Corporation (Tokyo)

### North America

Number of affiliates: 24

Number of employees: 3,784

#### Advanced Products

- Mitsubishi Polycrystalline Silicon America Corporation (USA)
- Luvata Waterbury, Inc. (USA)
- Luvata Appleton LLC (USA)
- Luvata Ohio, Inc. (USA)
- Accurate Wire, Inc. (USA)

#### Metalworking Solutions

- Mitsubishi Materials U.S.A. Corporation (USA)

#### Cement

- Mitsubishi Cement Corporation (USA)
- MCC Development Corporation (USA)
- Robertson's Ready Mix, Ltd. (USA)

#### Aluminum

- Thermalex, Inc. (USA)

### South America

Number of affiliates: 2

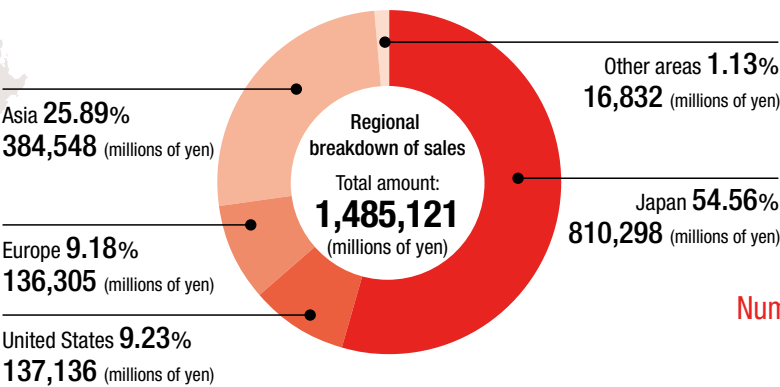
Number of employees: 35

#### Advanced Products

- Luvata São Paulo (Brazil)

#### Metals

- Mitsubishi Materials Chile SpA (Chile)



Countries of overseas advance /number of region

30

Number of Employees (consolidated) :

27,162

[About the Mitsubishi Materials Group]

## Mitsubishi Materials DNA of Transformation

From the past & into the future.  
Mitsubishi Materials will achieve “Transformation for Growth” by meeting social needs that change with the times.

The Mitsubishi Group was born when Tsukumo Shokai, the forerunner of Mitsubishi Materials Corporation, entered the coal and metal mining business.  
For 150 years, the Company has supported Japan’s rapid development as it has grown by diversifying its operations and reforming its business structures to meet social needs that changed with the times.  
We will continue our tradition of creating new raw materials, products and solutions, and contribute to the sustainable development of society.

The four strengths of  
Mitsubishi Materials Corporation  
cultivated of 150 years of history

1

Advanced recycling  
technology and  
business platform

2

Value chain from  
raw materials to  
products with  
a stable supply

3

Unique material  
development and  
manufacturing  
technology

4

A team that  
can unite to  
resolve issues

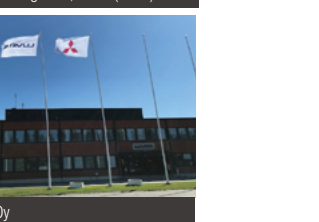
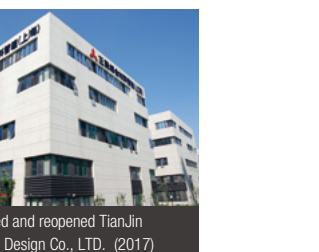
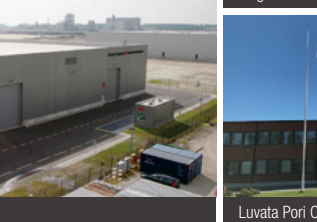
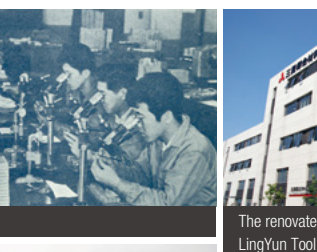
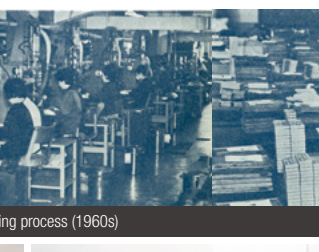
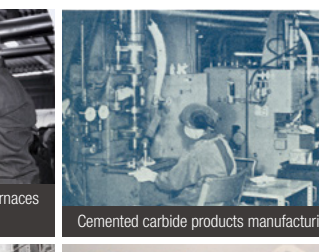
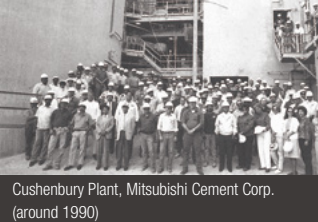
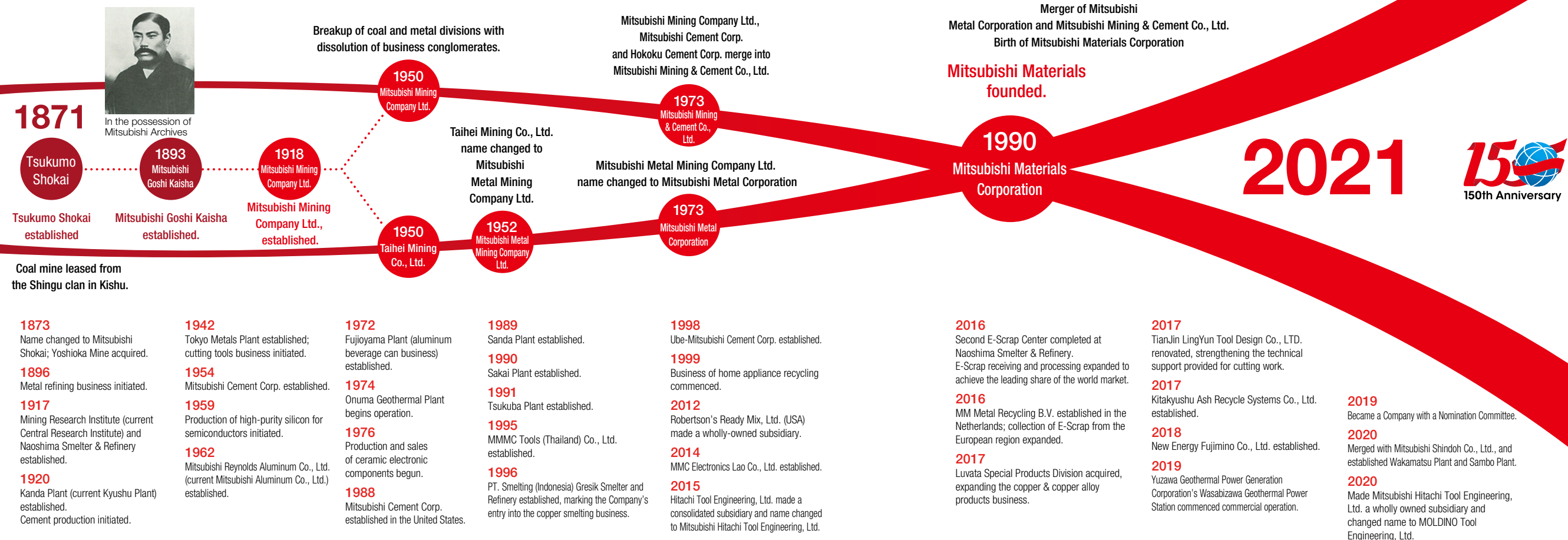
In Step with Modern Japan

Coals and metals businesses advance

Business diversified with postwar rebuilding

Birth and Growth of Mitsubishi Materials

Further Globalization





[About the Mitsubishi Materials Group]

# The Strengths of the Mitsubishi Materials Group

Based on the strengths it has developed over the past 150 years, Mitsubishi Materials is supporting industry around the world.

## 1 Advanced recycling technology and business platform

Discarded circuit boards (E-Scrap) recycling volume  
**No. 1 worldwide**

Home appliance recycling volume  
**No. 1 in Japan**

Cutting tool recycling rate  
**42%** (fiscal 2021 actual figure)

The Mitsubishi Materials Group has introduced recycling functions in its production processes for copper, other nonferrous metals, and cement. Over the years, we have continued to improve and expand these functions. Our greatest success has been in our smelting and cement recycling system, which combines our nonferrous smelters and cement plants. This system has made it possible for us to take a wide range of waste and byproducts produced by society and reuse them as valuable resources. The system also provides a framework for recovering and reusing valuable metals such as gold, silver, and lead from electronic device scrap, vehicle batteries, and other waste from so-called urban mines.

The system includes an integrated process from home appliance recycling to smelting, so it can efficiently collect and reuse various valuable metals. It continually optimizes the material flow across our sites (creating a material grid).

Our MMDX activities are currently driving the evolution of this recycling system, making it even more efficient.

▼ Related Materials:

“Special Feature MMDX strategy” Integrated Report

▶ P18

## 2 Value chain from raw materials to products with a stable supply

Overseas copper mine project investments  
**5** (3 are currently in operation and 2 are in the development stage)

Countries using the Mitsubishi continuous copper smelting process  
**5** (Canada, Korea, Indonesia, Australia, and India)

The Company has established a consistent manufacturing system that covers everything from the stable procurement of raw material resources to product manufacturing, and provides a stable supply of good quality products to the market.

To secure raw material resources, we must combine the diversification of procurement sources, strategic investment in mines, and recycling of waste and byproducts.

One of the notable production processes of our Group is the Mitsubishi Process, which enables continuous and highly efficient copper concentrate smelting with little environmental impact. This is a unique feature that is not shared by any of the other smelting techniques used in processing recyclable material. We also have plants that smelt lead, tin, precious metals, and platinum group metals (PGM), and we have created a smelting system network that extends across the entire Group.

This strength is the foundation that enables the Company to provide essential fundamental materials to support industry all over the world.

## 3 Unique material development and manufacturing technology

Market share for rolled copper products  
**No. 1 in Japan**

Market share for low alpha radiation solder\*  
**No. 1 worldwide**

\* This refers to products which produce fewer semiconductor operation errors due to alpha radiation from solder.

In order to meet various social needs, our Group is consistently researching and developing new, unique technologies and products while supplying higher quality products, systems, and services.

What is now Mitsubishi Materials' Central Research Institute was established by Mitsubishi Goshi Kaisha in 1917 as the Mining Research Institute. When it was created, private research institutes were still a rarity in Japan. This research institute has been instrumental in the creation of many of our products and our current manufacturing capabilities.

In addition to technologies related to oxygen-free copper, copper alloys (copper and copper alloy), and joining of dissimilar materials (electronic materials), it also researches advanced technologies such as cemented carbide material and coating (metalworking solutions) technologies to respond to the rapidly changing market. Its materials development and manufacturing technology strengths are all backed by atomic level analysis and simulation technologies, and are the source of our Group's competitiveness.

We are investing corporate venture capital and are accelerating our collaborations with technology start-ups.

## 4 A team that can unite to resolve issues

Percentage of employees that want to contribute to their companies  
**76%**

(According to a May 2021 survey of employees in the Group and 57 Group companies)

The Group has defined “Our Values” that represent what the Group values as it seeks to achieve its corporate mission and vision. The first of these values is “Respect Diversity and Teamwork.” We want to stimulate innovation through teamwork by creating an environment of self-improvement whilst always respecting diversity.

In the many countries in which we do business, we are creating environments that promote the active use of diverse personnel, such as women, the elderly, and people with disabilities. We respect their individuality, diverse values, and sincerity, and bring together the power of these individuals to solve all kinds of problems.

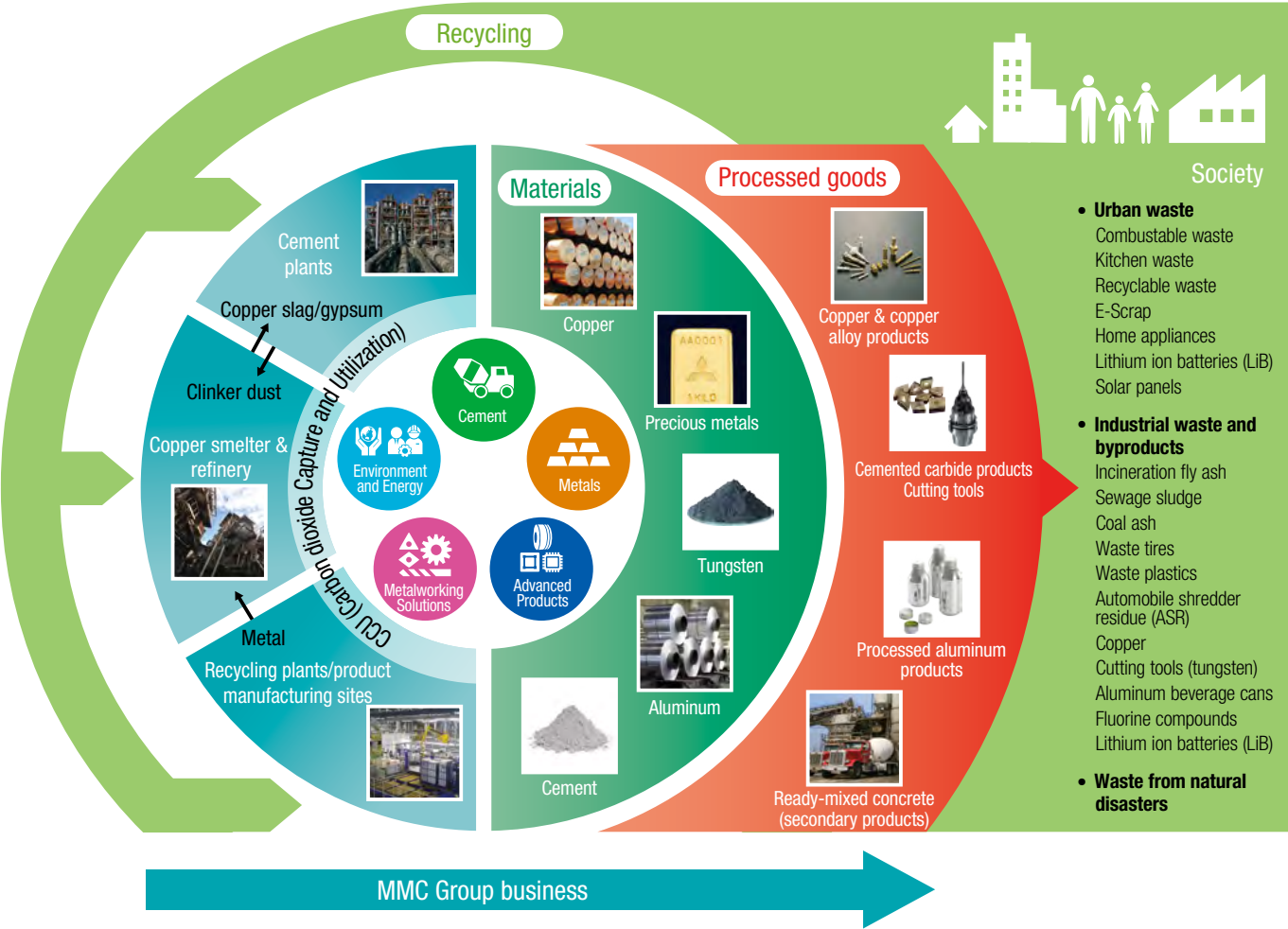
Technologies that are the sources of our competitiveness

- High performance copper alloys with low environmental impacts
- Processed copper, precious metals, and aluminum products (Attentive and precise support for diverse needs)
- Functional materials
- Joining dissimilar materials
- Cemented carbide products for use in metalworking
- Coating technologies
- Mitsubishi Process for continuous copper smelting
- Reclamation of valuable metal from E-Scrap
- Lead recycling by automatic disassembly of vehicle batteries
- Rendering organic waste harmless through use of cement kilns
- Highly efficient and safe disassembly of home appliances
- Geothermal development and power generation

Technologies that will support our future competitiveness

- Digital technologies (MMDX)
- Material and processing technology advances
- Advanced metal powders and fine powders
- Removal of impurities from copper concentrate
- Valuable metal material flow optimization
- Recycling technology advances (lithium ion batteries, solar panels, recovery of unused valuable metals, etc.)
- Tungsten recycling technology
- Low temperature cement kiln burning
- Biogas utilization
- CO<sub>2</sub> emissions reduction, capture, and utilization as a resource
- Smart factory

Our Group's recycling-based business model











































[About the Mitsubishi Materials Group]

# Identifying and Tackling Materiality

In formulating our Medium-term Management Strategy (FY2023 Strategy), we have defined new management materialities based on our existing CSR materialities. These serve as our framework for increasing corporate value by creating both social and economic value.

	Materiality	Key Themes
Materiality regarding the resolution of social issues via business	 Stable supply of product/material [SCQDE]	Providing nonferrous metal materials, predominantly copper
		Providing high value-added functional materials and products
	 Creation of a recycling-oriented society [SCQDE]	Providing recyclable products
		Advanced technology-based waste recycling
	 Dealing with climate change [SCQDE]	Developing and promoting the use of renewable energies such as geothermal energy
		Ensuring that we consider the reduction of environmental impact in manufacturing
	 Environment protection technologies [SCQDE]	Preventing environmental pollution
		Preserving biodiversity
		Developing environmental technologies and products
Materiality regarding the strengthening of the management base and core	 Workplace safety and hygiene [SCQDE]	Preventing occupational accidents
		Creating mentally and physically pleasant workplaces
	 Governance [SCQDE]	Reinforcing compliance
	 Development of diverse talents	Human resource development
		Diversity (empowerment of women)
	 Responsibility in value chain [SCQDE]	Respect for human rights in procurement
		Product quality
	 Stakeholder communication	Building and strengthening relationships with stakeholders
		Improving customer satisfaction
		Engaging in dialog and coexisting with local communities
	 Digital transformation	Business standardization
		Operational enhancement
Creation of new added-value		

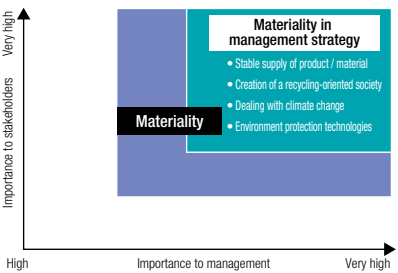
		Mission					
Long-term business goals Long-term strategy		ESG/SDGs					
		E (environment)	ES	S (society)			
		7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION				
Business Strategies	<div> Advanced Products Business</div> <div><b>Global-First Supplier</b><ul style="list-style-type: none"><li>Create new businesses and products through the sophistication and integration of our core competencies (e.g. production and development of oxygen-free copper, oxygen-free copper base alloys, and functional materials as well as technical capabilities such as bonding different metals, etc.)</li><li>Accelerate marketing activities to replicate successful practices</li></ul></div>	 	 		<div>Contribute to build a prosperous society<ul style="list-style-type: none"><li>Advance and diversifying mobility and digital devices</li><li>Automate production and business processes</li></ul></div>	<div>Contribute to build a recycling-oriented society<ul style="list-style-type: none"><li>Develop and use materials with low environmental impact</li><li>Efficiently use mineral resources and alternative resources</li></ul></div>	<div>Contribute to build a decarbonized society<ul style="list-style-type: none"><li>Efficiently use energy resources</li><li>Reduce CO<sub>2</sub> emissions</li><li>Develop and supply products that contribute to decarbonization</li></ul></div>
	<div> Metalworking Solutions Business</div> <div><b>Top 3 supplier in strategic markets</b><ul style="list-style-type: none"><li>Promote clean manufacturing</li><li>Provide high-efficiency products with advanced technology</li><li>Expand advanced metal powder business in electronic devices</li></ul></div>	 	 		<div>Contribute to build a prosperous society<ul style="list-style-type: none"><li>Provide high-efficiency products and digital solutions</li></ul></div>	<div>Contribute to build a recycling-oriented society<ul style="list-style-type: none"><li>Promote the use of recycled cemented carbide materials</li></ul></div>	<div>Contribute to build a decarbonized society<ul style="list-style-type: none"><li>Promote manufacturing renewable energy</li><li>Expand electrification business by advanced metal powder technology</li></ul></div>
	<div> Metals Business</div> <div><b>Leader in environmentally-friendly mining &amp; smelting business</b><ul style="list-style-type: none"><li>Stable supply and recycling of nonferrous metal materials, predominantly copper</li><li>Creation of a sustainable raw material portfolio consisting of clean copper concentrate and E-Scrap</li><li>Promotion of recycling</li><li>Response to climate change</li></ul></div>	 	 		<div>Contribute to build a prosperous society<ul style="list-style-type: none"><li>Provide copper-based materials for advanced products</li></ul></div>	<div>Contribute to build a recycling-oriented society<ul style="list-style-type: none"><li>Provide recyclable products</li><li>Recycle waste</li></ul></div>	<div>Contribute to build a decarbonized society<ul style="list-style-type: none"><li>Promote the development and use of CO<sub>2</sub> reduction technologies</li><li>Achieve manufacturing that considers environmental load</li></ul></div>
	<div> Cement Business</div> <div><b>Leader in the domestic and international cement industry with advanced environmental technologies</b><ul style="list-style-type: none"><li>Stable supply of basic building materials for social infrastructure and disaster prevention infrastructure</li><li>Sophistication of waste disposal</li><li>Response to climate change by reducing CO<sub>2</sub></li><li>Construction of a resilient domestic business foundation through business restructuring and business growth in overseas markets</li></ul></div>	 	 		<div>Contribute to build a prosperous society<ul style="list-style-type: none"><li>Create safe, secure, and functional cities</li></ul></div>	<div>Contribute to build a recycling-oriented society<ul style="list-style-type: none"><li>Recycle waste</li><li>Promote sustainable resource recycling</li></ul></div>	<div>Contribute to build a decarbonized society<ul style="list-style-type: none"><li>Reduce CO<sub>2</sub> emissions by improving manufacturing processes</li></ul></div>
	<div> Environment and Energy Business</div> <div><div>(Environmental recycling) <b>Driving force of resource-recycling systems</b> (Renewable energy) <b>Leading company in geothermal development</b></div><ul style="list-style-type: none"><li>Provision of a safe recycling system with thorough traceability, etc.</li><li>Decarbonization by expanding renewable energy business</li></ul></div>	 	 		<div>Contribute to build a prosperous society<ul style="list-style-type: none"><li>Ensure a stable supply of clean energy and recycled products</li></ul></div>	<div>Contribute to build a recycling-oriented society<ul style="list-style-type: none"><li>Solve urban waste problems</li><li>Build a sustainable social system</li></ul></div>	<div>Contribute to build a decarbonized society<ul style="list-style-type: none"><li>Provide renewable energy</li></ul></div>

## Selection and Development Process

- Some factors of issues identified from the standpoint of ESG and sustainability are reviewed from the standpoint of the latest social movements and the Group's medium- to long-term growth.
- These factors are evaluated for their importance to the Group and major stakeholders in light of our mission.
- Items that are considered to be of "very high" importance to the Group and

major stakeholders are set as "Materiality regarding the resolution of social issues via business" in our management strategy. Furthermore, other material issues are set as "Materiality regarding the strengthening of the business foundation."

- Long-term strategies and medium-term management strategies that include goals related to material issues are formulated and implemented.



### Corporate Strategies

- R&D and Marketing Strategy
- Manufacturing Excellence Strategy
- Quality Management Strategy
- Digital Transformation (DX) Strategy
- Human Resources Strategy
- Workplace Safety and Hygiene
- Compliance
- Risk Management
- Climate Change
- Environmental Management
- Abandoned Mines
- Information Security
- Stakeholder Communication

### Governance

- Directors and Executive Officers
- Message from the Chairman of the Board of Directors
- Message from the Chairperson of the Nomination Committee, Audit Committee and Remuneration Committee
- Corporate Governance
- Establishment of Sustainable Management Office

[Business Strategies]

[Business Strategies]

**Advanced Products Business**

**Global First Supplier**

Aiming to become a global first supplier that provides our customers who are our partners with products globally in a timely manner.

**Yasunobu Suzuki,** Executive Vice President and Executive Officer  
President, Advanced Products Company

The strengths of Advanced Products Company are a consistent value chain from smelting connected to Metals Company to copper and copper alloys; development capability and processing technology for the production of oxygen-free copper, high-performance, high-quality copper alloys and other electronic materials; and the ability to provide fast and flexible solutions in collaboration with the Central Research Institute.

The main markets for our materials and components are automobile, semiconductor, electronics, and infrastructure including medical. Currently, the semiconductor industry continues to flourish through the increase in remote work as a COVID-19 countermeasure. Demand for automobiles and home appliances is recovering to the point it was at before the pandemic, but production decreases due to semiconductor shortages, logistics disruptions and other uncertainties remain. In the medium to long term, there are no major differences in market trends accompanying changes such as advances in

**Specific Measures of the FY2023 Strategy**

- Assign key account managers acting cross-sectionally
- Enhance information analysis by digital marketing such as the employment of AI or IoT
- Share product road maps with customers (co-creation capabilities)
- Develop new products through collaboration with Central Research Institute
- Enhance manufacturing capabilities (improve production efficiency and mass-production technologies, etc.)
- Pursue opportunities to execute M&A or business alliances

**Projected Achievements at the End of FY2023**

In our main business fields\*, we will have:

- Earned customers' trust
- Released new products by integrating our technical capabilities
- Generated new applications of our products

\*Next-generation vehicles, semiconductor / electronics, industrial machinery / infrastructure

EV and electronic control of automobiles against the backdrop of the low-carbon movement or the spread of 5G that is the backdrop of development of digitization and the data economy, and we believe this is in line with the direction of our business strategy. Furthermore, to anticipate the need for environmentally friendly materials, renewable energy utilization and advancement of medical devices for an aging society that are conscious of SDGs, we are developing activities while adding these items to our research, development and strategic planning.

First, we aim to become the first call vendor that customers all over the world turn to, and become a global first supplier in terms of customer satisfaction in quality and product originality in the long-term. In our Medium-Term Management Strategy, we aim to build a relationship of trust with our customers in priority business fields, develop new products by combining existing technologies and discover new product applications. Furthermore, our business fields are changing rapidly, and with the rise of new

technologies and start-ups globally, the market has become highly competitive. On the other hand, the market is expected to continue expanding, and we believe that we can achieve further growth and expansion by leveraging our strengths. We see the current business environment as an opportunity, and will further expand on our strengths by promoting our current DX activities, providing our unique materials, components, and services that support new technologies to our customers, who are our partners, globally and in a timely manner, in order to achieve our goal of becoming a global first supplier and steadily growing our business.

**Social issues to be Materiality solved**

- Advancing mobility
- Advancement and diversification of digital devices
- Automation of production and business processes
- Efficient use of mineral resources and alternative substances
- Efficient use of energy resources
- Development of renewable and unutilized energies
- CO<sub>2</sub> emissions reduction

**Long-term business goals**

Global First Supplier  
Differentiated line of products  
Price leader

**Long-term strategy**

- Create new businesses and products through the sophistication and integration of our core competencies
- Accelerate marketing activities to replicate successful practice

**Our strengths (advantage)**

- Material technology
- Processing technology
- Solution capability

**Advanced Products Business**

- Product-type Business
- Process-type Business

**FY2023 Strategy**

**Risks**

- Severing of the supply chain due to natural disasters, etc.
- Stuck in follower position
- Emergence of game changers

**Opportunities**

- Develop and supply products that contribute to decarbonization

**Products & Services**

**Next-generation vehicles (including other transportation equipment)**

- Copper strips for in-vehicle terminal materials
- Copper bars/busbars
- ECO BRASS
- Thermistor sensors
- Insulating heat-dissipation parts

**Semiconductor manufacturing equipment and electronics**

- Precision silicon products
- Columnar crystal silicon
- Seals and Packing Products, etc.

**Robotics, industrial machinery, infrastructure**

- Pneumatic Equipment Seal Products
- Superconducting cables

**Mission**

**Contribute to build a prosperous society**

- Advance and diversifying mobility and digital devices
- Automate production and business processes

**Contribute to build a recycling-oriented society**

- Develop and use materials with low environmental impact
- Efficient use of mineral resources and transition to alternative substances

**Contribute to build a decarbonized society**

- Efficient use of energy resources
- CO<sub>2</sub> emissions reduction
- Develop and supply products that contribute to decarbonization

**Contribution Goals for a Sustainable Society**

**Sales volume of copper materials for new HV/EV**

FY2020 results: 989 t

FY2023 target: 1,200 t

1.2 times or more

**Sales volume of materials for next-generation vehicles and environmentally friendly products**

FY2020 results: 4.2 billion yen

FY2023 target: 5.6 billion yen

1.3 times or more

**FY2021**

Net sales **357.1** billion yen

Operating profit **2.8** billion yen

Ordinary profit **6.1** billion yen

Month	Net sales (billion yen)	Operating profit (billion yen)	Ordinary profit (billion yen)
March 2020	375.3	3.2	4.4
March 2021	357.1	2.8	6.1
March 2022	421.9	7.6	7.1

Breakdown

Net sales (outside): 23.2%

Ordinary profit (inside): 13.9%

■ March 2022 (forecast) values were the values released May 14, 2021  
Ratio of net sales is net sales to outside customers.

\*Reviewed definition of the applicable automotive device products.



Aim to become a global-first supplier by enhancing marketing and technical development functions as well as investing heavily in the copper & copper alloy product business

We will create new businesses and products through the sophistication and integration of our core competencies (production and development technology for oxygen-free copper and copper alloys, and functional materials as well as technical capabilities such as bonding different metals, etc.), and build relationships of trust by sharing our product road map with key accounts.

Expand copper alloy sales

In addition to our acquisition of the Luvata Group (Special Products Division) in May 2017 for the goal of globalizing our copper & copper alloy business, we merged with Mitsubishi Shindoh Co., Ltd., the company with the top share of copper and copper alloy products in Japan, on April 1, 2020, to build a product supply system to create new value for our customers. One of our strengths is oxygen-free copper, which is a material required for increasing the current and voltage of next-generation vehicles, and high-performance copper alloys are widely used all over the world as the terminal material for automobiles, etc. Demand for copper & copper alloy products is expected to increase due to electronic control, IoT, and AI in markets such as robotics, industrial devices, and infrastructure, as well as the CASE (connected, autonomous, shared, electric) revolution in the automotive industry. We plan to make a capital investment of about 30 billion yen from 2020 to 2026 to increase production capacity by about 30%. Furthermore, in addition to “ECO BRASS,” our lead-free free machining brass series, which complies with the RoHS Directive and other lead regulations, we are also contributing to SDGs by developing more affordable next-generation lead-free free-cutting brass GloBrass with improved conductivity and hot molding workability. Furthermore, cooperating with Luvata Group, we will expand global sales of copper alloys as we aim to become a global first supplier in the copper & copper alloy product industry.

Global expansion of the Group



Electronic materials

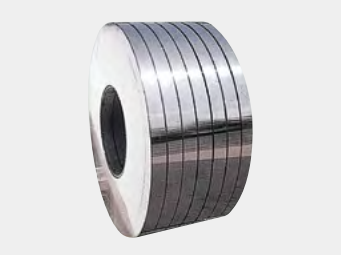
In the electronic materials field, demand for 5G infrastructure, data centers and other products related to semiconductors are expected to remain strong, and we plan to increase sales of electronics- and automobile-related products due to the recovering market. In our FY2023 Strategy, our priority strategies are market development and sales expansion of next-generation automotive products and establishment of a system by which to increase production of silicon processed products. In fiscal 2021, we are steadily achieving results in the insulating heat-dissipation parts business, including achieving the target numbers for development of automobile products and strengthening our production system to meet customer needs. From fiscal 2022, we aim to maintain and improve profitability by establishing a production system and increasing production efficiency for the semiconductor-related products that continue to steadily trend upwards due to strong demand. Furthermore, in xEV products, which are expected to grow, we plan to utilize our development road map to build partnerships with important customers and promote the strengthening of development and production systems.

Enhance marketing & technical development function

Our strengths lie in advanced product development and technical capabilities such as bonding of heterogenous materials, and we have developed innovative products that were world-firsts, such as high performance insulated DBAC substrates for power modules, which dramatically improve heat cycle resistance in a high temperature range. In the FY2023 Strategy, we plan to further polish these strengths and share our future product road map with customers to quickly capture market needs and create new products and new businesses, including new product applications. We also plan to adopt digital marketing to fortify our analytical capability on customers and markets, as well as to strengthen the synergy between business divisions. Furthermore, we will utilize our global manufacturing, development, and sales network, including those of the Luvata Group, to build relationships of trust with customers all over the world and have our key accounts in particular recognize us as the first call vendor, and thereby aim to become a top supplier in terms of customer satisfaction regarding quality and product originality.

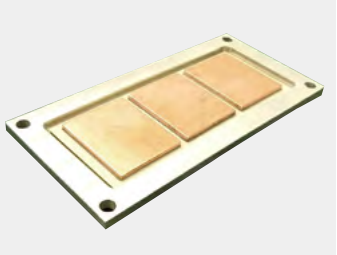
Products

Next-generation vehicles



Oxygen-free copper to handle the high current and high voltage requirements of xEV

Next-generation vehicles



Insulating heat-dissipation parts that combine reliability with high heat dissipation performance

Semiconductor manufacturing and electronics



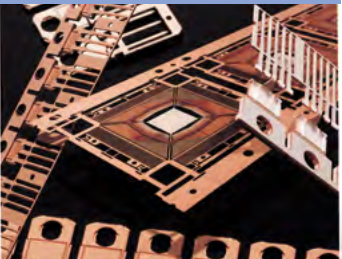
Micromachined precision silicon products used in semiconductor manufacturing equipment, etc.

Semiconductor manufacturing and electronics



Seals with excellent heat resistance, chemical resistance, radical resistance, and low particle generation

Semiconductor manufacturing and electronics



Copper alloy lead frames for plating technology, stamping, and high-precision molds

Environmentally Friendly Products



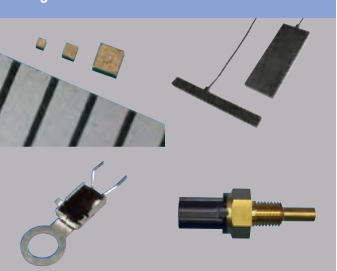
Lead-free brass, ECO BRASS products with high strength, wear resistance, and corrosion resistance

Robotics, industrial machinery, and infrastructure

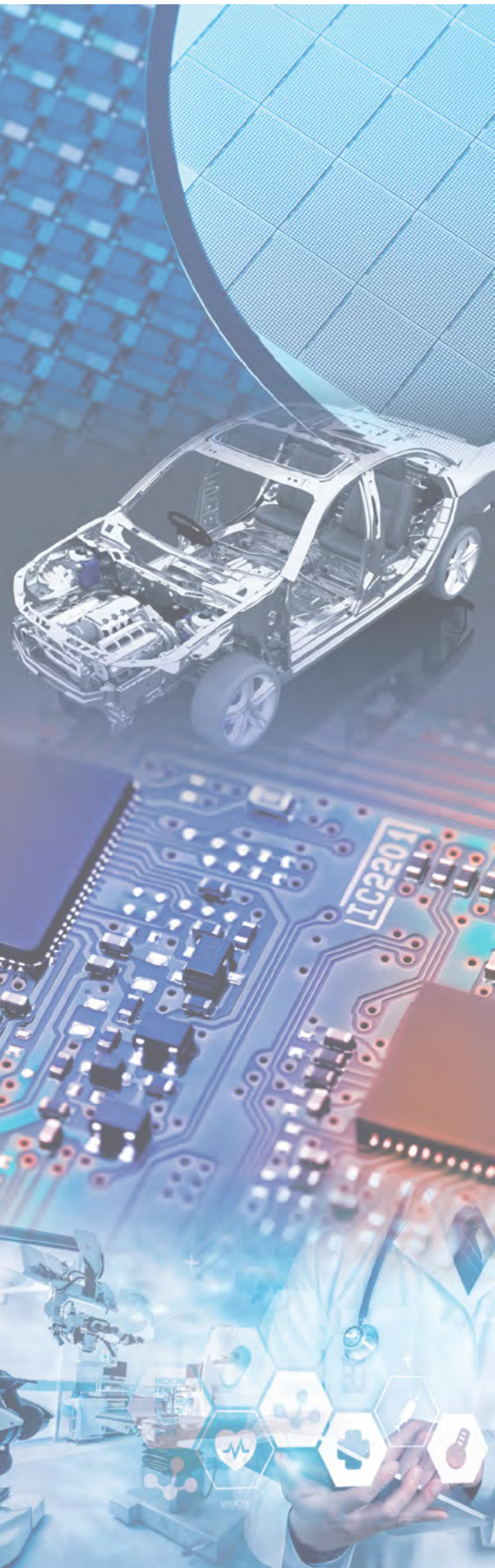


Superconducting wires often used in medical devices for applications such as MRI and international science projects

Next-generation vehicles and electronics



On-board temperature sensors for xEV batteries and other electronic products





[Business Strategies]

[Business Strategies]

**Metalworking Solutions Business**

**Tetsuya Tanaka**, Managing Executive Officer  
President, Metalworking Solutions Company

**Top 3 supplier in strategic markets**

Aiming to be ranked by customers as a top three supplier in the automobile, aerospace, medical and mold and die industries, as well as for our efforts in manufacturing utilizing renewable energy and increasing recycling.

In our Medium-Term Management Strategy (FY2023 Strategy), the Metalworking Solutions Company is focusing on the strategic markets of the automobile, aerospace, medical, and mold and die industries. In fiscal 2021, the cutting tools market temporarily plummeted due to the global spread of COVID-19. After, demand has continued to recover, and we expect the market to exceed two trillion yen by 2030. Demand in the aerospace industry is recovering more slowly than in other industries, but we expect it to recover and expand in the medium to long-term, so we are preparing for that recovery. The Metalworking Solutions Company is focusing management resources on these strategic markets to expand business activities.

We believe that the strengths of the Company lie in our ability to develop distinct products with superior performance that feature material technologies and coating technologies as their core competency, stable quality, and our ability to provide added value through our technical centers and sales networks

**Specific Measures of the FY2023 Strategy**

- Increase recycling rate in our tool recovery system and utilize renewable energy
- Provide high efficiency tools and digital solutions
- Transition to smart factory and optimization of logistics and supply chain
- Expand advanced metal powder business to rechargeable battery market

**Projected Achievements at the End of FY2023**

- Establishment of a competitive global business base capable of expanding in strategic markets using digital technologies

around the world. By leveraging these strengths, we aim to provide products and services that contribute to strategic markets. Furthermore, by promoting our digital transformation (DX) strategy and strengthening support for providing customers with digital solutions, we will establish a system that improves customer productivity and social value.

As an initiative that contributes to the building of a recycling-oriented society, we are setting target values that are more specific than those from fiscal 2022 in order to promote manufacturing that utilizes renewable energy. In the long term, we aim to reduce greenhouse gas (GHG) emissions by 30% or more over fiscal 2014 by fiscal 2031. Furthermore, in order to strengthen efforts to collect used cemented carbide products and recycle them as cemented carbide materials, we are looking into establishing a scheme for recycling in areas where scraps are collected, mainly in Japan, Europe and the Americas, and collaborating with the Masan High-Tech Materials Corporation

Group, which we invested in in fiscal 2021. We were able to able to achieve our FY2023 Strategy target of 35% in fiscal 2021 thanks in part to an increase in collection and recycling of scrap in overseas areas. We are aiming for a long-term goal of 80% recycling by fiscal 2031.

By striving to increase both our social and economic value in this manner, we aim to be ranked one of the top three suppliers by our customers.

**Social issues to be solved**

- Advancing mobility
- Advancement and diversification of digital devices
- Automation of production and business processes
- Longer lifespans of people and buildings
- Efficient use of mineral resources and alternative substances
- Efficient use of energy resources
- Development of renewable and unutilized energies
- CO<sub>2</sub> emissions reduction

**Long-term business goals**  
Top 3 supplier in strategic markets

**Long-term strategy**

- Promote clean manufacturing
- Provide high-efficiency products with advanced technology
- Expand advanced metal powder business in electronic devices

**Our strengths (advantage)**

- Consistent handling of everything from raw material powder to final products and recycling
- Material technologies and coating technologies cultivated as a comprehensive materials manufacturer
- Technical centers and sales networks around the world

**FY2023 Strategy**

**Risks**

- Supply chain changes in the automotive industry
- Decreased internal combustion engines due to mobility revolution
- Rising raw material price
- Changes to the market structure due to COVID-19

**Opportunities**

- Processed materials becoming difficult-to-cut
- Increased new demand due to automobile electrification
- Demand for recycling
- Evolution of digital technologies

**Products & Services**

**Cemented carbide products**

- Cutting tools
- Wear resistant tools
- Rock tools

**Advanced metal powder**

**Cemented carbide recycling**

**Mission**

**Contribute to build a prosperous society**  
Improve productivity by providing high efficiency tools and digital solutions

**Contribute to build a recycling-oriented society**  
Increase the usage rate of recycled cemented carbide materials and reduce environmental impact via production activities

**Contribute to build a decarbonized society**  
Promote manufacturing utilizing renewable energy and contribute to automobile electrification by advanced metal powder technology

**Contribution Goals for a Sustainable Society**

**Ratio of recycled tungsten as raw material in cemented carbide tools**

FY2020 results: 28%  
FY2023 target: 35%  
Up 25%

**FY2021**

Net sales **119.3** billion yen

Operating profit **-1.1** billion yen

Ordinary profit **-0.7** billion yen

Breakdown

March 2022 (forecast) values were the values released May 14, 2021  
Ratio of net sales is net sales to outside customers.



Expansion of the utilization of new technologies and services that can solve customer issues  
Enhancement of the global supply system and functions

The Company will conduct strategic investment in growing markets and enhance global competitiveness in order to achieve its aim of becoming one of the top three suppliers in the strategic markets of the automotive, aerospace, medical, and mold and die industries.

■ Encouragement of global collaboration and expansion of technical center functions

The Company has established nine technical centers around the world, including two in Japan (in Saitama and Gifu), which enable us to provide a wide range of solutions to customers around the world, including cutting tests, training, technical consultations, and direct proposals for improving customer processes.

In fiscal 2021, we worked to improve the function of cutting tests, simulations and technical education at our seven overseas technical centers in order to provide customers around the world with the same solution services provided in Japan. Furthermore, we also conducted remote cutting tests and workshop services in order to continue providing solution service amid the COVID-19 pandemic. Looking toward fiscal 2031, we plan to expand our menu of digital solutions.

■ Utilization of digital technologies for processing diagnosis and simulations

By digitizing information such as processing cases and product information and constructing a technology database while developing and adopting a system (MICS) for collecting and analyzing processing information, we are now conducting more detailed analysis. Our technical centers located all over the world enable us to propose the optimal processing methods and ways of solving customer problems based on digitized technical information and processing diagnosis conducted via a dedicated system.



■ Investment in Masan High-Tech Materials Corporation, Vietnam

We purchased 10% of Masan High-Tech Materials Corporation's (MHT) stock in December 2020.

By building a strategic partnership with MHT, we will launch a joint tungsten recycling business that utilizes the global bases of the MHT Group, and we also are looking into collaboration in midstream tungsten business, including technical partnerships related to the production of high-quality tungsten powder.

Furthermore, MHT has the rights to the Nui Phao Mine (Thai Nguyen Province, Vietnam), which boasts one of the world's largest tungsten reserves and the ability to smelt ore into high value-added tungsten compounds, and we will work to stably procure tungsten, which is the raw material for cemented carbide products.

■ Global expansion of recycling process

In the collection and recycling of used cemented carbide products, we were able to achieve our FY2023 Strategy target of recycling 35% in fiscal 2021 thanks to an increase in collection and recycling in overseas areas. We are aiming for 80% recycling by fiscal 2031. Furthermore, we are establishing a scheme for recycling in areas where scraps are collected, mainly in Japan, Europe and the Americas, and plan to look into collaboration with the MHT Group.

In order to promote manufacturing that utilizes renewable energy, we surveyed renewable energy procurement methods and formulated a road map for fiscal 2031. Starting in fiscal 2023, we plan to formulate and implement specific means of utilization at manufacturing and sales location in Japan and overseas. Additionally, we aim to reduce greenhouse gas (GHG) emissions by 30% or more over fiscal 2014 by fiscal 2031.

Strategic Markets

Automotive

Automobile manufacturers worldwide are responding to environmental issues with a variety of initiatives, such as implementation of fuel efficient and environmentally friendly technologies. Progress in production technology is essential for achieving these technologies, and we are involved in improving component processing technologies by closely cooperating with our customers worldwide. We are also involved in daily research into processing technologies for electric vehicles and fuel cell vehicles in order to respond to future changes in mobility.



Medical

In the orthopedic market, the Company is enhancing its ability to propose solutions in the medical industry by establishing a dedicated sales organization and marketing office in the United States, based on the fact that many cutting-edge technologies are found in North America. Many difficult-to-cut materials are used in orthopedic devices, which means that the life of cutting tools is extremely short and there is high demand for improvements to tool life. We contribute to improving customer productivity by developing tools over the entire process, from materials to finished products.



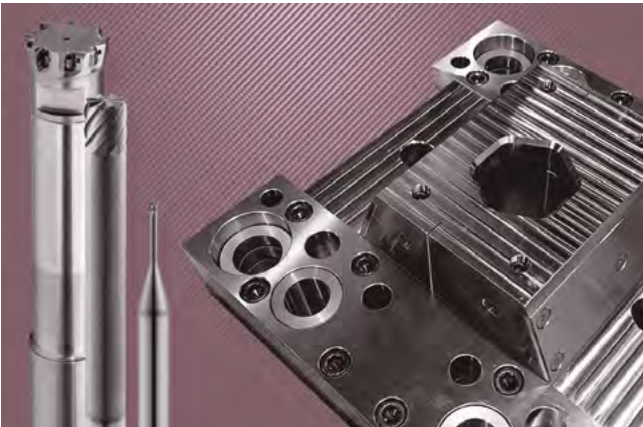
Aerospace

The aerospace industry demands advanced technology for machining difficult-to-cut high-performance materials into complex shapes. Our dedicated staff in Japan, Europe and the United States provide prompt and detailed response in order to provide high-level products and even more specialized services. We also collaborate with research institutes and universities in Japan and overseas to develop revolutionary cutting tools and provide processing methods that make full use of our simulation technology.



Mold and Die

In the mold and die industry, we are promoting sales activities that create value for customers by providing mold and die processing solutions and services centered on the "MOLDINO" brand, which features distinctive products and cutting-edge technology. Aiming to deepen mold and die processing, we are manufacturing molds and dies in-house and pursuing mold and die processing innovation from the customer's point of view in order to attain the number one share in the mold and die market globally.



[Business Strategies]

[Business Strategies]  
**Metals Business**

## Leader in environmentally-friendly mining & smelting business

Contributing to the development of society and its sustainability as a leader in environmentally-friendly mining & smelting business.

**Tetsuro Sakai**, Managing Executive Officer  
President, Metals Company

The strength of our metals business lies in the Mitsubishi Continuous Process (Mitsubishi Process), a unique, proven technology with high efficiency and exceptionally low environmental impact. Utilizing this advantage, we established a large-scale E-Scrap processing system to be the forerunner in the industry. We now boast the world's largest processing capacity at 160,000 tons per year. Another feature is our distinctive production sites for smelting and refining materials such as copper, lead, tin, precious metals and PGM. We plan to build a process flow among all the production sites of our group in our Medium-Term Management Strategy (FY2023 Strategy) and turn this into an even greater strength. This will make it possible to make the best use of the processing capacity of each site and further expand E-Scrap processing. In the natural resource business industry, we have many years of operational experience in domestic mining, and we use this knowledge to promote investment in high quality mine projects and maximize the project profits.

### Specific Measures of the FY2023 Strategy

- Secure clean copper concentrate by investing in new mines
- Develop impurity removal technology in copper concentrate
- Optimize valuable metal material flow
- Reduce fossil fuels

### Projected Achievements at the End of FY2023

- Optimization of valuable metal material flow derived from E-Scrap
- Reduction of smelter CO<sub>2</sub> emissions by 5%

Under our long-term goal of being a “leader in environmentally-friendly mining, smelting and refining business,” we have set the goal of “Creation of a sustainable raw material portfolio consisting of clean copper concentrate and E-Scrap” in FY2023 Strategy. To achieve this goal, we aim to realize a balanced and sustainable raw materials portfolio, which consists of off-take copper concentrate from mines we invest in, copper concentrate from long-term contract and recyclable materials. Regarding new mine investment, we will steadily work to advance the Mantoverde mine in Chile, which we acquired 30% stake in February 2021, and the Zafranal Project in Peru, in which we hold a 20% stake. Additionally, we are working to optimize material flows among our production sites, Naoshima, Onahama, Hosokura and Ikuno, to recycle minor elements derived from E-Scrap with a high level of efficiency. Concurrently, we will figure out constraints in the input volume of E-Scrap and optimize the processing process. These efforts will lead to future expansion

of our recycling business. Furthermore, as a response to climate change, while making the best use of the superior qualities of the Mitsubishi Process, we will reduce fossil fuel usage and improve energy efficiency. We aim to reduce CO<sub>2</sub> emissions from smelters by 5% by the end of the FY2023 Strategy.

As a “leader in environmentally-friendly mining, smelting and refining business,” it is our mission to provide a stable supply of clean nonferrous metals derived from copper concentrate we procure from environmentally-friendly copper mines while promoting recycling business with the world’s largest processing capacity of E-Scrap and environmental advantage of the Mitsubishi Process. With the shift to EV, IT and a decarbonized society, the importance of copper and precious metals is increasing, and by fulfilling our supply responsibilities while taking the environment into consideration, we will contribute to the development of a sustainable society.

### Social issues to be solved

- Advancing mobility
- Advancement and diversification of digital devices
- Automation of production and business processes
- Longer lifespans of people and buildings
- Effective measures against disasters
- Efficient use of mineral resources and alternative substances
- Efficient use of energy resources
- Development of renewable and unutilized energies
- CO<sub>2</sub> emissions reduction

### Long-term business goal

Leader in environmentally-friendly mining & smelting business

### Long-term strategies

Stable supply and recycling of nonferrous metal materials, predominantly copper

- Creation of a sustainable raw material portfolio consisting of clean copper concentrate and E-Scrap
- Promotion of recycling
- Response to climate change

### Our strengths (advantage)

- Long years of operational experience in limestone mining
- Mitsubishi Process featuring high efficiency and low environmental impact
- Advanced, large-scale E-Scrap processing technologies and systems
- One of the largest producers and sellers of gold in Japan

### FY2023 Strategy

### Risks

- Risks for copper concentrate procurement due to resource nationalism in resource-rich countries
- Intensifying competition following the growth of Chinese smelting and refining manufacturers
- Operational problems attributed to increasing input of minor elements in the smelting and refining process
- Stricter regulations on environmental concerns in smelting and refining operations

### Opportunities

- Potential for developing technologies for removing impurities from copper concentrate
- Enhancing recovery of minor elements that are input and use of these in products
- Transition to a recycling-oriented and decarbonized society
- Worldwide expansion of the E-Scrap supply market with growing environmental awareness
- Increase in demand for gold as a safe asset

### Products & Services

- Copper cathode
- Precious metals
- Various metals
- Sulfuric acid
- Copper slag
- Recycling

### Mission

**Contribute to build a prosperous society**  
Provide nonferrous metal materials, predominantly copper, and high value-added functional materials and products

**Contribute to build a recycling-oriented society**  
Provide recyclable products and advanced technology-based waste recycling

**Contribute to build a decarbonized society**  
Promote the development and use of CO<sub>2</sub> reduction technologies and ensure due consideration of environmental load in manufacturing

### Contribution Goals for a Sustainable Society

E-Scrap processing capacity

FY2020 results: 160,000 tons

FY2031 target: 200,000 tons

Up 25%

### FY2021 Financial Performance

Net sales **728.2** billion yen

Operating profit **18.8** billion yen

Ordinary profit **32.9** billion yen

Item	March 2020	March 2021	March 2022
Net sales (billion yen)	665.0	728.2	825.9
Operating profit (billion yen)	18.6	18.8	13.2
Ordinary profit (billion yen)	27.4	32.9	22.8

Breakdown

Net sales (outside): 38.4%

Ordinary profit (inside): 73.9%

■ March 2022 (forecast) values were the values released May 14, 2021  
Ratio of net sales is net sales to outside customers.



Stable supply and recycling of nonferrous metals, centering on copper

We will form a sustainable raw material portfolio consisting of clean copper concentrate and E-Scrap and enhance efforts to promote recycling and respond to climate change. The aim of this is not only to provide a stable supply of nonferrous metals essential for the development of society but also to contribute to efficient recycling of these.

Stable Supply of Materials

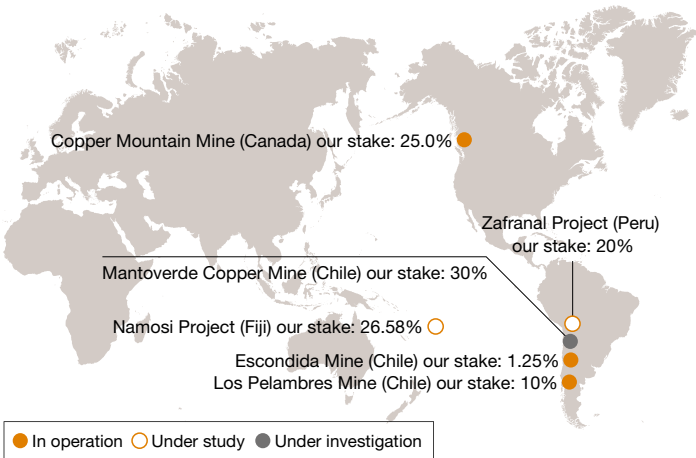
It is important to secure clean raw materials to fulfill our social mission as a smelting company to provide a stable supply of non-ferrous metals to society. We will promote new mine investments. We will also engage in R&D of new technology to remove impurities from copper concentrate and technical evaluation of mine projects at the Mining & Metallurgy Laboratory, which was newly established in April 2020. Furthermore, in order to expand opportunities for participating in high quality projects, we will continue to explore possibilities to invest in greenfield projects and form consortium.

In February 2021, we completed the acquisition of 30% stake in the Mantoverde mine in Chile. We will steadily advance the expansion of the concentrators and other facilities planned by the mine. Regarding the Zafranal Project, an environmental impact assessment (EIA) was prepared in fiscal 2021. The final investment decision is to be made in 2023 or later, following the application for the EIA, detailed engineering, and acquisition of the construction permit.

Additionally, in February 2021, we established a subsidiary in Chile to manage and operate our mine investment business in order to strengthen the foundation of the mine investment business in South America. For the time being, this subsidiary is expected to gradually expand its role while gathering information and supporting our smooth management of the mine investment business in South America.

We established the Mining & Metallurgy Laboratory to conduct geological and mineral analysis as well as metallurgy testing in order to improve operations at existing mines, technical evaluation of mine projects, development of new technology such as impurity removal technology in copper concentrate and separation and purification of by-products. At this laboratory, we are working to improve smelting and refining technology and train up resource engineer through industry-government-academia joint research projects. In April 2021, we established the Technology Strategy Department and its affiliate Mining & Metallurgy Laboratory as an independent unit of the Mineral Resources Division and the Metallurgy Division. This will enable us to steer development, conduct research and implement real world applications from a single location, resulting in clarification of responsibilities and accelerating the development and real world applications.

Company’s stakes in mining & mine development projects



Copper Mountain Mine (Canada)



Los Pelambres mine (Chile)



Escondida mine (Chile)



Mantoverde copper mine (Chile)



Zafranal Project (Peru)



Namosi Project (Fiji)

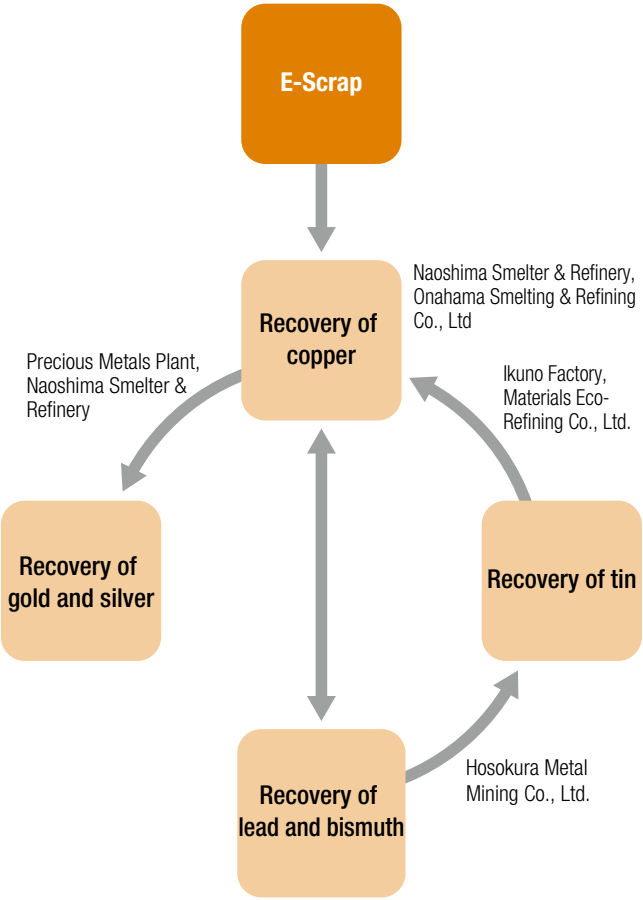
Promotion of recycling

For the promotion of the recycling business, we are working to build a new process flow among all the distinctive production sites and refine the processes of each sites. By taking advantage of the features of our group’s sites and organically connecting them, we aim to strengthen the recovery of valuable metals that include minor elements and establish an optimized recycling system that can effectively recover copper, gold, silver, platinum, palladium, lead and tin as well as nickel, bismuth, selenium, tellurium, rhodium and ruthenium. Furthermore, we are making efforts to figure out constrains in the processing of E-Scrap at every stage from receiving and sampling of E-Scrap to recycling. By optimizing the process, we aim to further increase E-Scrap processing capacity from the current 160,000 tons per year to 200,000 tons per year by fiscal 2031.

Dealing with climate change

As for response to climate change initiatives, under our Group-wide policy of achieving carbon neutral by fiscal 2051, we will reduce CO<sub>2</sub> emissions from smelters by 5% by fiscal 2023, and further reduction to follow after the FY2023 Strategy has finished. Specifically, while making the best use of the superior qualities of the Mitsubishi Process, our original smelting and refining process with a low environmental impact, we will reduce use of fossil fuels by effectively utilizing the heat generated from E-Scrap processing and replacing heavy oil with recycled oil. We also strive to improve energy conversion efficiency such as heat transfer efficiency of boiler and power generation efficiency, and improve energy use efficiency through efficient use of steam and improvement of current efficiency in the tank house.

Material flow



TOPICS

The History of “Mitsubishi Gold” Spans Over a Century

Mitsubishi initiated its gold metal refining business in 1896 when it acquired the Osaka Refinery from the Japanese government, as well as the Sado gold mine in Niigata and the Ikuno silver mine in Hyogo.

“Mitsubishi Gold” has a purity of 99.99%. Its high quality meets international standards as evidenced by the stamp on its surface approved by the London Bullion Market Association (LBMA) and New York Commodity Exchange (COMEX). “Mitsubishi Gold” has earned a solid reputation over many years.

Mitsubishi Gold

[Business Strategies]



[Business Strategies]  
**Cement Business**

**Leader in the domestic and international cement industry with advanced environmental technologies**

Realizing sustainable development of the cement business by utilizing synergies through business integration and investing in growth fields.



**Kazuto Hirano**, Managing Executive Officer  
President, Cement Company

The strength of our Cement Company is a domestic network that includes subsidiaries that extend to downstream businesses for ready-mixed concrete and secondary products, the cost competitiveness of the Kyushu Plant, which has the largest domestic production of clinker, abundant limestone reserves, production of a wide variety of high-quality cement, and the stable supply of safe and reliable quality cement nationwide. Including the Kyushu Plant, we have four cement plants nationwide. At these plants, we collect and utilize waste as raw materials and thermal energy sources, detoxifying it then supplying it as a product. In this way, we contribute to building a recycling-oriented society, making another of the cement business's strengths its high social value. In April 2022, we will begin integrating our cement business with Ube Industries, Ltd., further enhancing these strengths. The integrated company will maximize synergistic effects, improving the efficiency of the business throughout the value chain, as we promptly invest in expected growth fields in Japan and overseas to increase effectiveness, and by doing so, further increase the business

**Specific Measures of the FY2023 Strategy**

- Improve and optimize production system through domestic business restructuring
- Expand capabilities in waste plastics processing and install chlorine dust cleaning equipment
- Introduce low-temperature burning technology and develop CO<sub>2</sub> reduction, capture, and recycling technologies
- Expand US business and develop new overseas bases

**Projected Achievements at the End of FY2023**

- Domestic business restructuring
- Optimized production systems and promotion of overall business efficiency

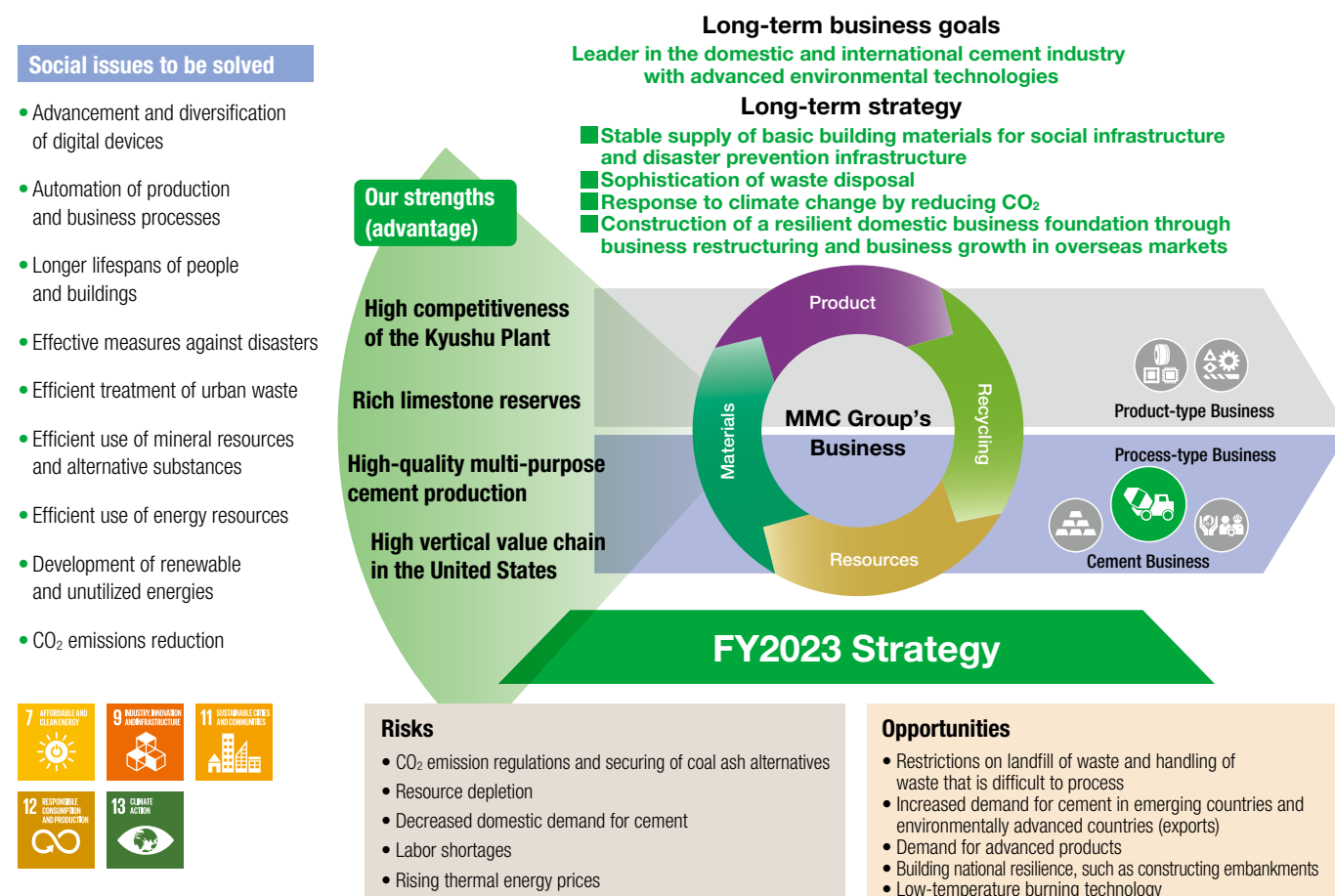
value of the integrated company.

In Japan, medium to long-term demand for cement is expected to increase for the strengthening of the country, but there are concerns that demand may decline because of delays in construction due to the COVID-19 pandemic. Furthermore, we must respond to soaring thermal energy prices and increasing social demand for carbon neutrality. In the Medium-Term Management Strategy (FY2023 Strategy), we are working to solve these issues by increasing thermal energy substitutes such as recycled oil and waste plastics, reducing energy costs by introducing high-efficiency equipment and developing technologies for CO<sub>2</sub> emissions reduction, collection and recycling. We are also working to improve operations utilizing AI and IoT.

In our US cement business, we have established a value chain that is vertically integrated from upstream to downstream through the development of cement plants, aggregate quarries, terminal ports and ready-mixed concrete plants. In the US, the long-term economic measures set out in the "American

Jobs Plan" are expected to increase demand for cement and ready-mixed concrete, so we are strengthening our business foundation by improving logistics efficiency and reducing costs, and have established a system to ensure we can reliably capitalize on demand. Additionally, in the FY2023 Strategy, we aim to improve competitiveness and expand business scale, including the expansion of existing mining and acquisition of new mines to acquire aggregates as well as the acquisition of ready-mixed concrete plants, while reducing costs by implementing DX and IT technology and working to improve safety. We plan to promote the development of new business bases in overseas markets where growth is expected.

By actively investing management resources in growth fields while utilizing our accumulated environmental technology, we aim to become a leader in the cement industry in Japan and overseas, where we have some of the best efficiency in the industry, and realize sustainable development of the cement business.



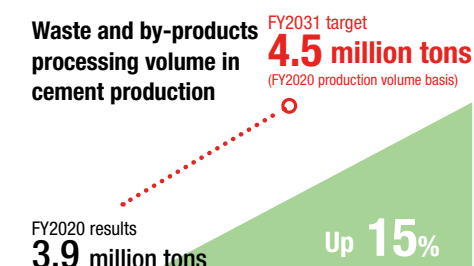
**Products & Services**

- Cement
- Ready-mixed concrete
- Solidifying material
- High-functional cement products
- Aggregate
- Limestone/coal related products
- Recycling

**Mission**

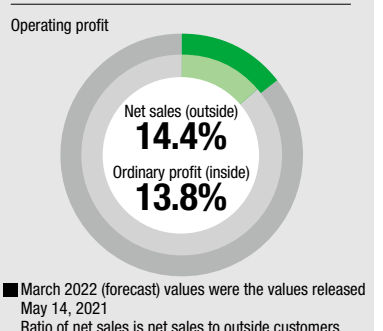
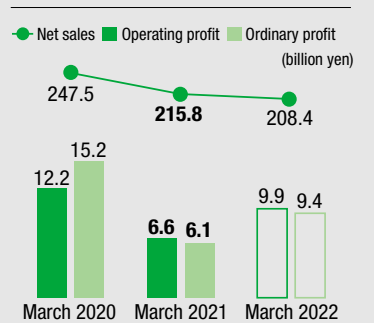
- Contribute to build a prosperous society**  
Contribute to create a safe, secure, and functional city
- Contribute to build a recycling-oriented society**  
Promote sustainable resource recycling by protecting natural resources and recycling large amounts of waste
- Contribute to build a decarbonized society**  
Reduce CO<sub>2</sub> emissions by improving manufacturing processes

**Contribution Goals for a Sustainable Society**



**FY2021**

Net sales **215.8** billion yen  
Operating profit **6.6** billion yen  
Ordinary profit **6.1** billion yen





Reorganization of domestic business and development of new overseas bases

The Company will reorganize domestic business, optimize the production system, and aim to establish a stable profit base through economies of scale in order to respond to the decreased demand for cement in Japan. We will also utilize our superiority in Japan to expand growth in overseas markets by increasing our overseas bases, including those in the United States.

Businesses Integration

Establishing an integrated company combining our cement business with Ube Industries, Ltd., aiming to strengthen our business foundation

We decided to integrate our cement business, other related businesses and Ube Industries, Ltd. through a company split, and in April 2021, we established a successor company for this integration. This company is scheduled to start operation in April 2022 under a new name, after which, we will increase efficiency throughout the value chain and maximize synergistic effects by rebuilding our sales and logistics systems, including optimization of our production systems and ready-mixed concrete in downstream fields throughout Japan. These initiatives will further strengthen our business foundation and enhance our position as a company that contributes to the development of social infrastructure and a recycling-oriented society. Furthermore, we will concentrate our domestically produced management resources on businesses that are expected to grow in Japan and overseas, such as overseas cement and ready-mixed concrete business and high-quality limestone-based high performance inorganic materials business. Through these efforts, we will build an optimal business management system and aim for sustainable growth.

Domestic

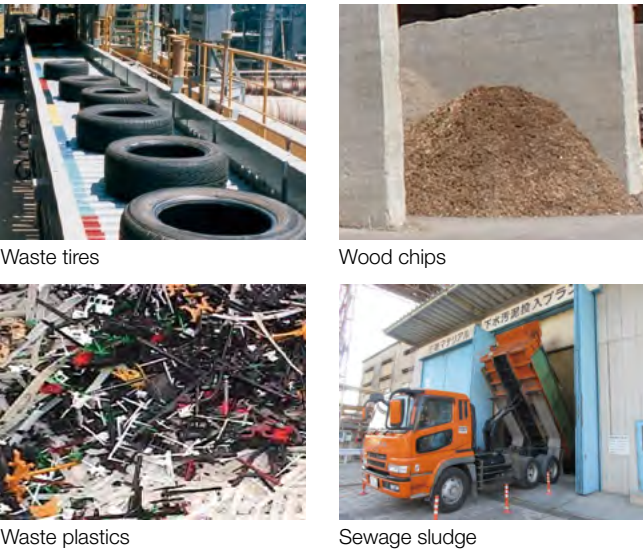
Reduction of thermal energy costs and CO2 by expanding environmental business and streamlining the manufacturing process

While aiming for further increased optimization and efficiency of production systems throughout our domestic business restructuring, we are focusing on the Kyushu Plant, which has superior cost competitiveness, working to respond to climate change by advancing our waste processing and developing technology for reducing, collecting and utilizing CO2.

The two sides of our energy cost reduction efforts are the expansion of waste processing capacity and increasing efficiency of manufacturing processes. Currently, we are promoting the enhancement of treatment capacity for coal ash and plastic waste, the installation of recycled oil receiving and input equipment, and the introduction of high-efficiency equipment (rotary kilns, clinker-coolers). Through these efforts, we are working to reduce thermal energy costs, reduce CO2 emissions and respond to stricter environmental regulations by improving dust collection equipment and other initiatives.

Furthermore, we are developing CCU (carbon capture and utilization) technology that captures and recycles factory CO2 emissions. We have begun demonstration testing for capture

and methanation equipment at the Kurosaki Production Section, Kyushu Plant. Furthermore, we are working to improve work efficiency and prevent equipment failures by utilizing AI and IoT to realize stable operations.



Amount of waste and byproducts:  
Approx. 4 million tons/year

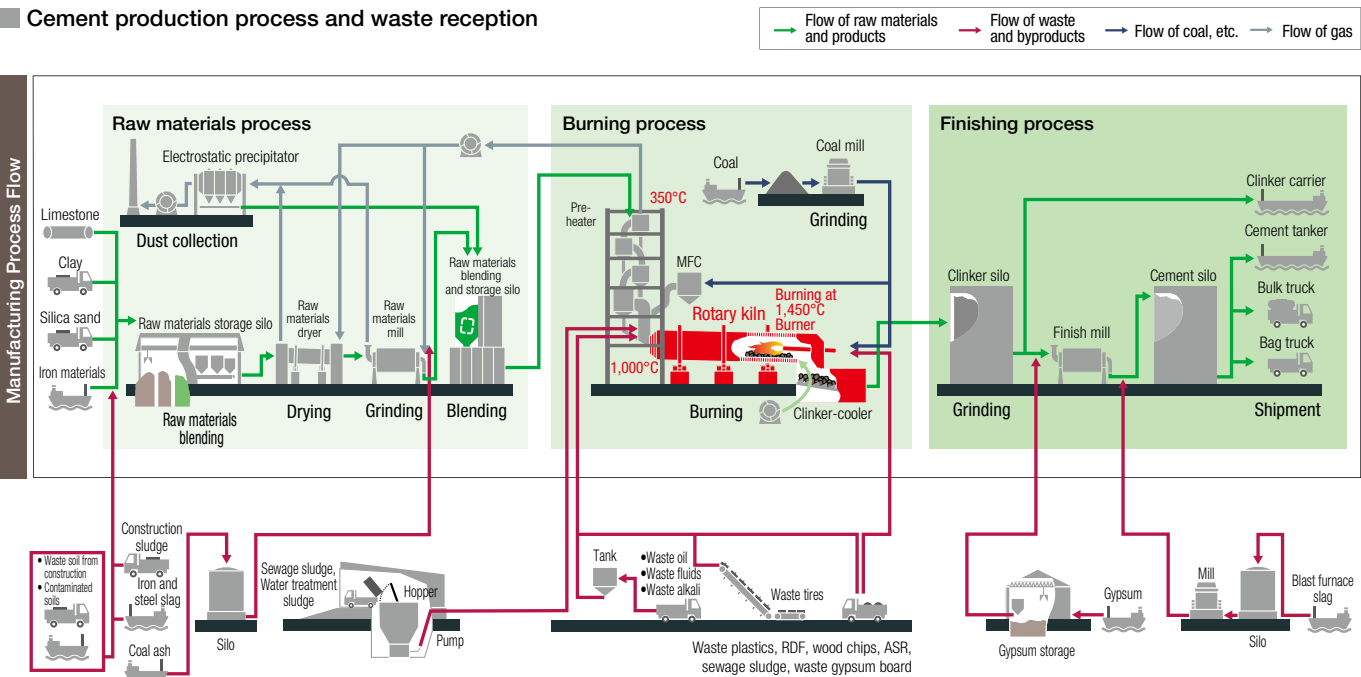
Overseas

Expanding the business foundation in overseas areas where growth is expected

We will aim to expand business and create new business in regions where future growth can be expected. In the United States, we will further enhance our business foundations by further developing and expanding upon the strengths of Robertson's Ready Mix, Ltd., which has the top share (approx. 40%) of ready-mix concrete in the region of Southern California. Additionally, we also plan to develop new business sites in areas other than the United States, with a focus on developed countries and similar regions where growth can be expected, in anticipation of business development via vertical integration.



Cement production process and waste reception

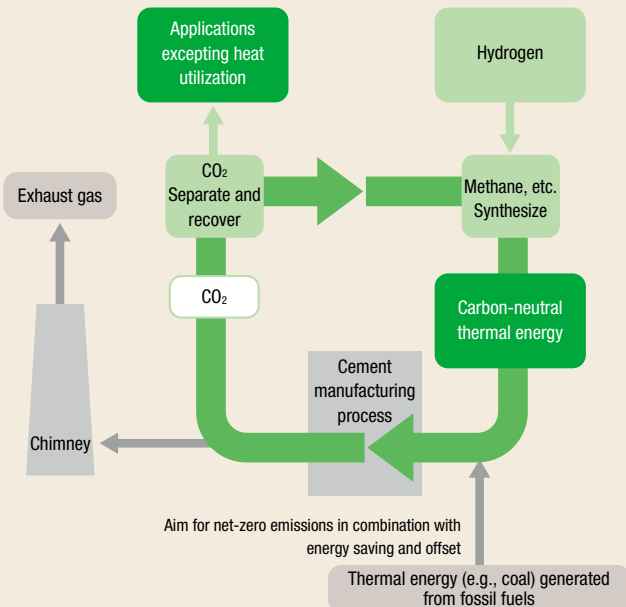


TOPICS

Start experimental study on the recovery and utilization (heat utilization) of CO2 emitted from our plants

We have set “contribute to building a decarbonized society” as one of our missions, and will reduce greenhouse gas (GHG) emissions across the Group by 17% or more by fiscal 2031 (compared to fiscal 2014, 15% reduction for the company), and have set a medium to long-term goal of carbon neutrality by fiscal 2051. To achieve this goal, we are developing CCU (carbon capture and utilization) technology that utilizes factory CO2 emissions, which we began demonstration testing for at the Kurosaki Production Section, Kyushu Plant in July 2021.

CO2 emitted during the burning process was difficult to curtail with conventional energy-saving measures or electrification. This technology separates and captures it, then creates a chemical reaction with hydrogen to synthesize methane. The project continues to make big steps toward becoming carbon-neutral. In the future, we plan to promote the development of technology that reuses the obtained methane as thermal energy for cement product or returns it to organic matter.



Conceptual design of carbon recycle from our plants

[Business Strategies]

[Business Strategies]

## Environment and Energy Business

[Environmental recycling] **Driving force of resource-recycling systems**

[Renewable energy] **Leading company in geothermal development**

Contributing to a sustainable society by utilizing our unique technologies in environmental recycling and renewable energy

**Shogo Yamaguchi**, Managing Executive Officer  
President, Environment & Energy Business Company

The strength of our environment and energy business is that, in the environmental recycling business, we have realized an economical system for recycling that reduces urban waste. This system is based on the premise of coordination between efficient recycling technologies that utilize mine mineral and nonferrous smelting & refining technologies, cement plants and smelters & refineries. We recognize that the renewable energy business has a pioneering spirit that has promoted renewable energy development on its own through developing the mining and smelting & refining businesses.

In commercial markets, air conditioners and other home appliances are selling well, but the number discarded is also increasing, and automobile sales are showing signs of recovery. Scrap prices, especially copper, are rising, and we sense a push in the field of home appliance recycling. On the other hand, it has been difficult to negotiate the collection of incinerator fly ash and food waste with local governments due to COVID-19, and

### Specific Measures of the FY2023 Strategy

- Expand home appliance recycling business, advance automation, and improve added-value of recovered products
- Demonstrate LiB recycling technology and solar panel recycling technology
- Secure stable plant operations in incineration fly ash recycling business and biogasification business
- Complete Komatagawa New Power Plant, construction of Appi Geothermal Power Plant, and survey of new geothermal areas

### Projected Achievements at the End of FY2023

- Establishment of a stable business base for the environmental recycling business
- Expansion and stable operations of renewable energy plants and search for new geothermal areas

the food service industry, which was supposed to be the main collection location, has been severely damaged and so we are struggling to increase the amounts collected. Social demand for renewable energy is increasing.

Realizing carbon neutrality is a major issue, we believe that quantifying the reduction of environmental load and showing this data to clients, as well as thorough traceability, will be factors that set us apart. In the future, we will make full use of DX to build a system that reduces environmental load in a timely fashion.

As planned, we began operations of New Energy Fujimino Co., Ltd., our first food waste biogasification plant, in fiscal 2021. In our environmental recycling business, we focus on maintaining stability in the four business fields of home appliance recycling, automobile recycling, incineration fly ash recycling and food waste biogasification, and while aiming to establish eight new sites, and by fiscal 2031, we will also consider the business potential of lithium-ion battery (LiB) and solar panel recycling.

In renewable energy business, our large-scale investment projects, the Komatagawa New Power Plant and Appi Geothermal Power Plant, are proceeding without delay and will continue on-schedule. We will begin construction of another new geothermal power plant by fiscal 2031 with the goal of realizing small-scale hydropower.

The goal business of this company is to build a system that does not depend on a final disposal site, ensuring traceability and transparency in order to differentiate ourselves through a sense of security imparted to all stakeholders and client companies. We believe it is vital to be sensitive to changing values and social needs, reflect them in our policies and share them with our stakeholders.

### Social issues to be solved

- Efficient treatment of urban waste
- Efficient use of mineral resources and alternative substances
- Efficient use of energy resources
- Development of renewable and unutilized energies
- CO<sub>2</sub> emissions reduction

### Long-term business goals

(Environmental recycling) **Driving force of resource-recycling systems**

(Renewable energy) **Leading company in geothermal development**

### Long-term strategy

- Provision of a safe recycling system with thorough traceability, etc.
- Decarbonization by expanding renewable energy business

### Our strengths (advantage)

- Recycling processing technology
- Rare earth, etc. recovery technology
- Incineration fly ash recycling technology
- Possession of recycling systems (smelters & refineries/cement plants)
- Experience with geothermal development and operation

### FY2023 Strategy

### Risks

- Rival company trends/participation
- Manufacturer restructuring
- Local government emission trends
- Changes to national policy and revisions to laws
- Local opposition from hot spring operators, etc.
- Consensus-building with stakeholders

### Opportunities

- Depletion of mineral resources
- Increased demand for recycled resources
- Depletion of energy resources
- Securing energy in Japan
- Climate change (global warming)
- Reduction of CO<sub>2</sub> emissions and increased demand for renewable energy

### Products & Services

- Home appliance recycling
- Automobile recycling
- Metal and resin, etc. recycling
- Incineration fly ash treatment
- Food waste
- Biogasification
- Renewable energy

### Mission

- Contribute to build a prosperous society**  
Ensure a stable supply of clean energy and recycled products
- Contribute to build a recycling-oriented society**  
Solve urban waste problems, and build a sustainable social system
- Contribute to build a decarbonized society**  
CO<sub>2</sub> emissions reduction by providing renewable energy

### Contribution Goals for a Sustainable Society

Annual processing volume of home appliance recycling

FY2020 results: 2.75 million units

FY2023 target: 3.5 million units

Up 27%

Annual total power generated by renewable energy

FY2020 results: 437 GWh

FY2031 target: 533 GWh

Up 22%

### FY2021 Performance

Net sales **26.2** billion yen

Operating profit **1.7** billion yen

Ordinary profit **3.1** billion yen

Month	Net sales (billion yen)	Operating profit (billion yen)	Ordinary profit (billion yen)
March 2020	27.0	3.1	1.6
March 2021	26.2	3.1	1.7
March 2022	16.7	0	0.9

Breakdown

Net sales (outside): 1.7%

Ordinary profit (inside): 7.0%

March 2022 (forecast) values were the values released May 14, 2021. Ratio of net sales is net sales to outside customers.

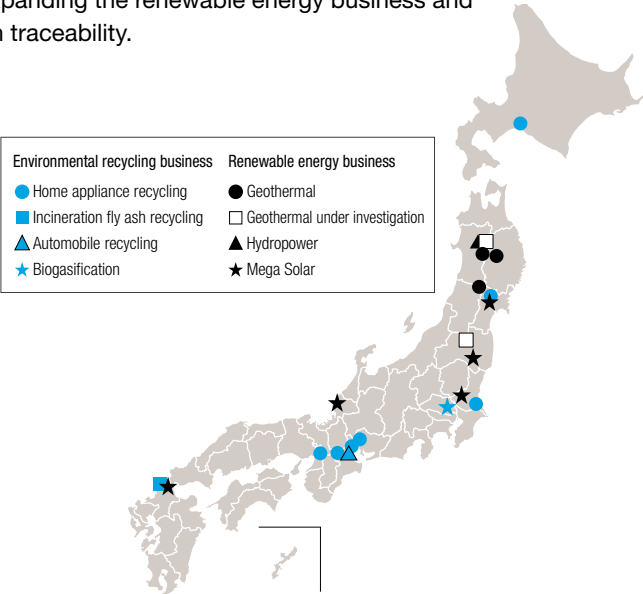


Enhanced competitiveness and expansion of environmental recycling businesses Completion of Komatagawa New Power Plant, construction of Appi Geothermal Plant, and survey of new geothermal sites

In order to achieve our goals of becoming a driving force of resource-recycling systems and a leading company in geothermal development, we will promote decarbonization by expanding the renewable energy business and providing reliable recycling systems via measures such as thorough traceability.

Environmental recycling initiatives

By making the most of the characteristics and functions of the materials company, we will aim to contribute to the building of a recycling-oriented society by developing and expanding the recycling business that does not rely on final disposal sites and can be trusted by stakeholders. As of July 2020, we have seven home appliance recycling business sites nationwide, and have started a lithium-ion battery (LiB) recycling verification project for automobile recycling. We started our food waste biogasification business in September 2020 and are promoting stable operation along with incineration fly ash recycling. By focusing on these four businesses, we will promote the building of a resource recycling system that gives customers peace of mind.



**Home appliance recycling**  
We are promoting a home appliance recycling business at seven sties nation-wide that can contribute to building a recycling-oriented society by achieving higher added-value of recovered materials, development of automation technologies, and appropriate recycling processing.



**Automobile recycling**  
As the electrification of automobiles continues, we will utilize our technologies and expertise accumulated in the home appliance recycling business to promote the automobile recycling business. We also work on developing LiB recycling technologies.



**Incineration fly ash recycling**  
The Company promotes a recycling business that dechlorinates the incineration fly ash generated when household waste, etc. is burned to recycle it as material for cement.



**Food waste biogasification**  
The Company promotes a recycling business that performs biogasification (methane fermentation) on the food waste output from locations such as food service industries, retail stores and factories to generate renewable energy (electricity), and thereby achieve both the suitable treatment of waste and the supply of energy to society.

Renewable energy business initiatives

Based on the management resources we have cultivated, we will expand the renewable energy business and contribute to the building of a decarbonized society by providing a stable energy supply with a low environmental impact. With a focus on geothermal development, we are continuing construction of the Appi Geothermal Power Plant in Hachimantai City, Iwate Prefecture, and aim to be a leading business company in Japan.

In the construction of the Appi Geothermal Power Plant, we are promoting land preparation, road construction, excavation work (four production wells, three reinjection wells), and ground equipment construction including steam and power generation equipment. Civil engineering and construction work in fiscal 2021 was completed basically as planned. Furthermore, the production well was drilled to a depth of 400 m as planned, and drilling work resumed in May 2021. Additionally, with the aim of developing a new geothermal power plant, we plan to conduct geothermal resource surveys in the Hachimantai Konomori area (Kazuno City, Akita Prefecture). We are also exploring promising areas, mainly in the Tohoku region, by taking advantage of our Group's underground resource exploration technology.

The construction of the New Komatagawa Hydro Power Plant (Kitaakita City, Akita Prefecture) is proceeding smoothly. There was concern regarding tunnel boring work exceeding 8 km that crosses wetlands, but we plan to break ground soon. Power plant site construction, including the head tank and power generation building, will reach its peak in fiscal 2022, and installation of facilities such as water turbines and generators will begin.

Furthermore, we are looking into the commercialization of woody biomass utilizing company-owned forests and new small-scale hydropower, and are actively working to expand renewable energy business in general.



**Wasabizawa Geothermal Power Plant (Yuzawa City, Akita Prefecture)**  
Operator: Yuzawa Geothermal Power Generation Corporation  
Started commercial operation in May 2019 (output capacity 46,199 kW)



**Appi Geothermal Power Plant (Hachimantai City, Iwate Prefecture) (under construction)**  
Operator: Appi Geothermal Energy Corporation  
Scheduled to start operation in April 2024 (output capacity 14,900 kW)



**Komatagawa New Power Plant (Kitaakita City, Akita Prefecture) (under construction)**  
Operator: Mitsubishi Materials Corporation  
Scheduled to start operation in December 2022 (output capacity 10,326 kW)



**Irigama Solar Power Plant (Kurihara City, Miyagi Prefecture)**  
Operator: LM Sun Power Co., Ltd.  
Started commercial operation in January 2015 (output capacity 6,930 kW)



[Business Strategies]

[Business Strategies]

## Other Businesses (Aluminum and Affiliated Businesses)

## Utilizing our technical strengths in aluminum to accurately identify the needs of society and create new added-value

Our aluminum business is comprised of the Mitsubishi Aluminum Group, which runs our rolled and processing business, and the Universal Can Group, which runs the manufacturing of our aluminum beverage can business.

Our rolled and processing products business is anticipated to continue to grow further, since great expectations are placed on aluminum as a material that contribute to energy-saving through weight reductions in vehicles, and that can serve as a substitute for copper and other such high-priced materials. Mitsubishi Aluminum Co., Ltd. focuses its growth strategy on the aluminum foil for laminate type battery cases used for lithium-ion batteries in automobiles and is investing in its Fuji plant to improve productivity and profitability.

The Universal Can Corporation has contributed to the building of a recycling-oriented society through the utilization of used aluminum beverage cans as recycled materials, while leading the way in expanding the market ahead of its competitors, leveraging such advanced technical capabilities by introducing an aluminum bottle with outstanding resealing properties. The company uses the LCA method to calculate the environmental impact of its products (excluding the content filling process), and publishes those figures in a report that undergoes third-party review.\*

▼ Related Materials:

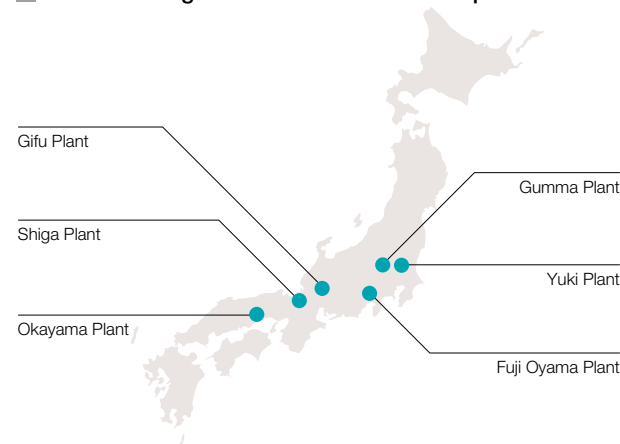
Universal Can Corporation LCA (life cycle assessment)\*  
<http://www.unican.co.jp/csr05.html>

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

■ Mitsubishi Aluminum foil rolling process



■ Manufacturing sites of Universal Can Corporation



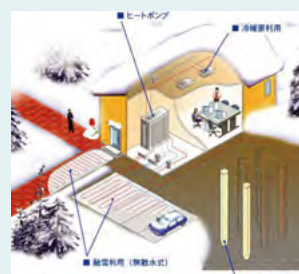
## Affiliated Business

In affiliated businesses, diverse group companies operate a varied range of businesses.

In addition to engineering and trading, the businesses are involved in the manufacture and sale of salt, as well as tourism at former mining sites.

Mitsubishi Materials Techno Corporation conducts comprehensive engineering from design to post-construction maintenance in a wide range of fields including nonferrous metal plants and chemical/pharmaceutical plants, both in Japan and overseas. It is also expanding its business over Japan with heat pump systems that utilize geothermal heat, which is one form of renewable energy.

The Mitsubishi Materials Trading Corporation is a general trading company of the Group, but it is also engaged in recycling business, in order to contribute to collecting industrial waste as a raw material for cement, as well as copper, precious metals, rare metals, etc., from metal scrap, and coordinating the process from unloading, to transportation and processing. Additionally, in the BtoC business, we also sell fine gold cards and sterling silver clay produced at our Sanda Plant.



Concept for the geothermal heat pump system



Construction of a practical geothermal heat pump system (Tokyo Skytree)



Fine gold cards sold by Mitsubishi Materials Trading Corporation

[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

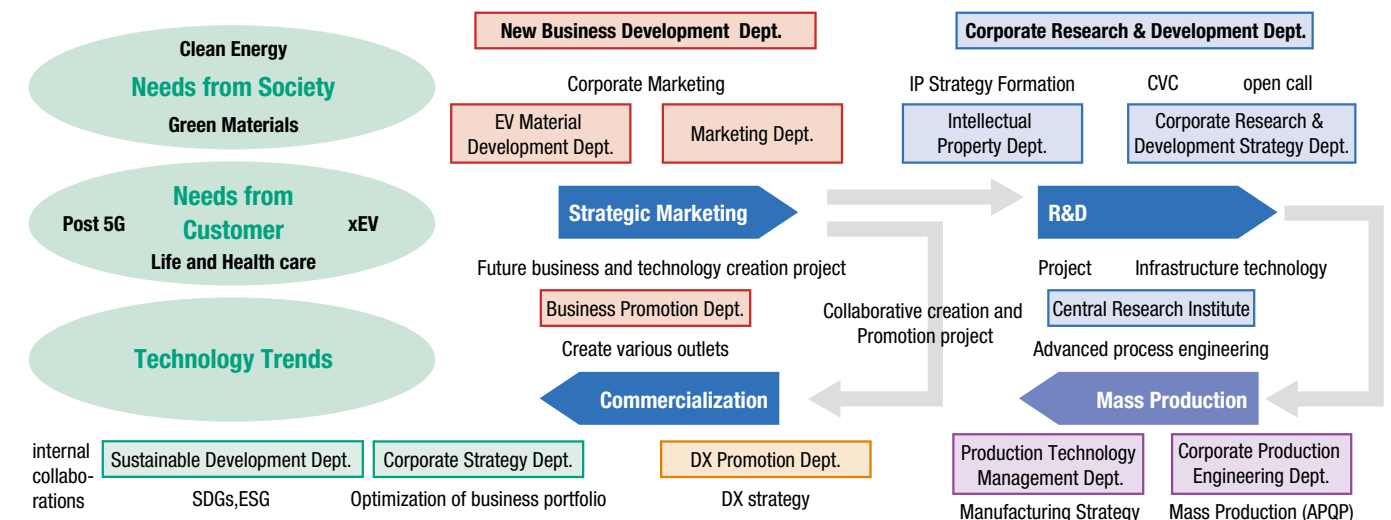
The following missions have been set in key fields.

- 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.


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

Integrated promotion from marketing/strategy planning to commercialization through R&D  
In addition to existing business units, create various outlets (spin-offs, licensing, etc.)





[Corporate Strategies] **R&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**

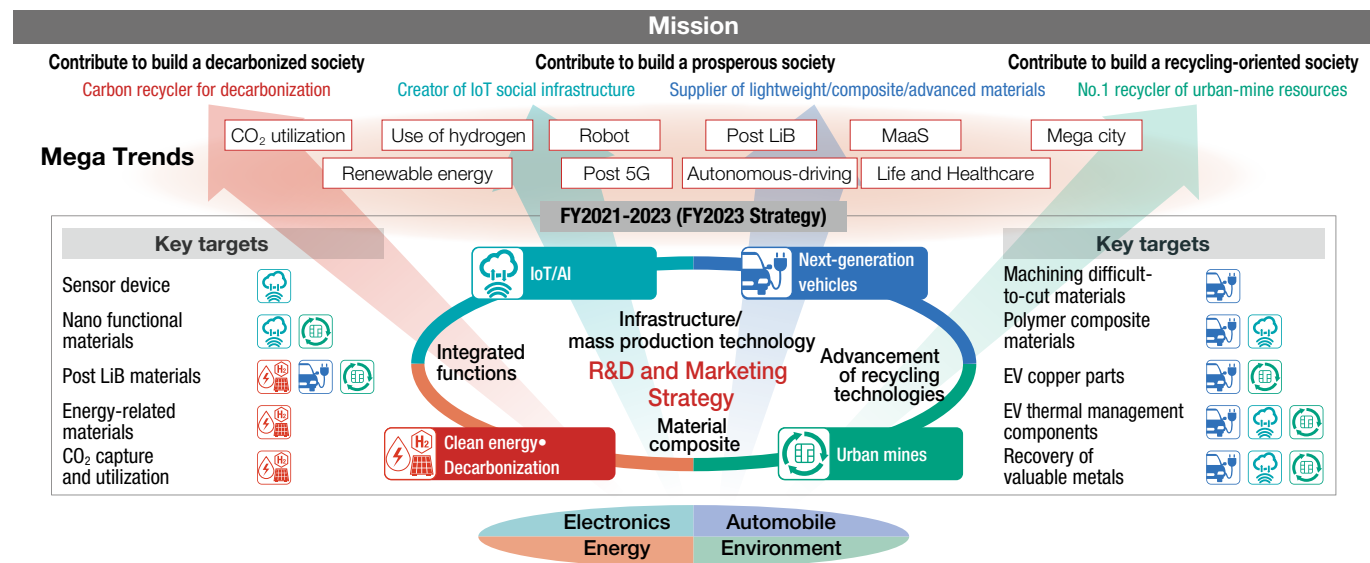
 We have continued development of CCU (carbon capture and utilization) technologies that utilize CO<sub>2</sub> emissions from our Group’s factories, and began demonstration testing in the Kurosaki Production Section, Kyushu Plant in July 2021.

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&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**

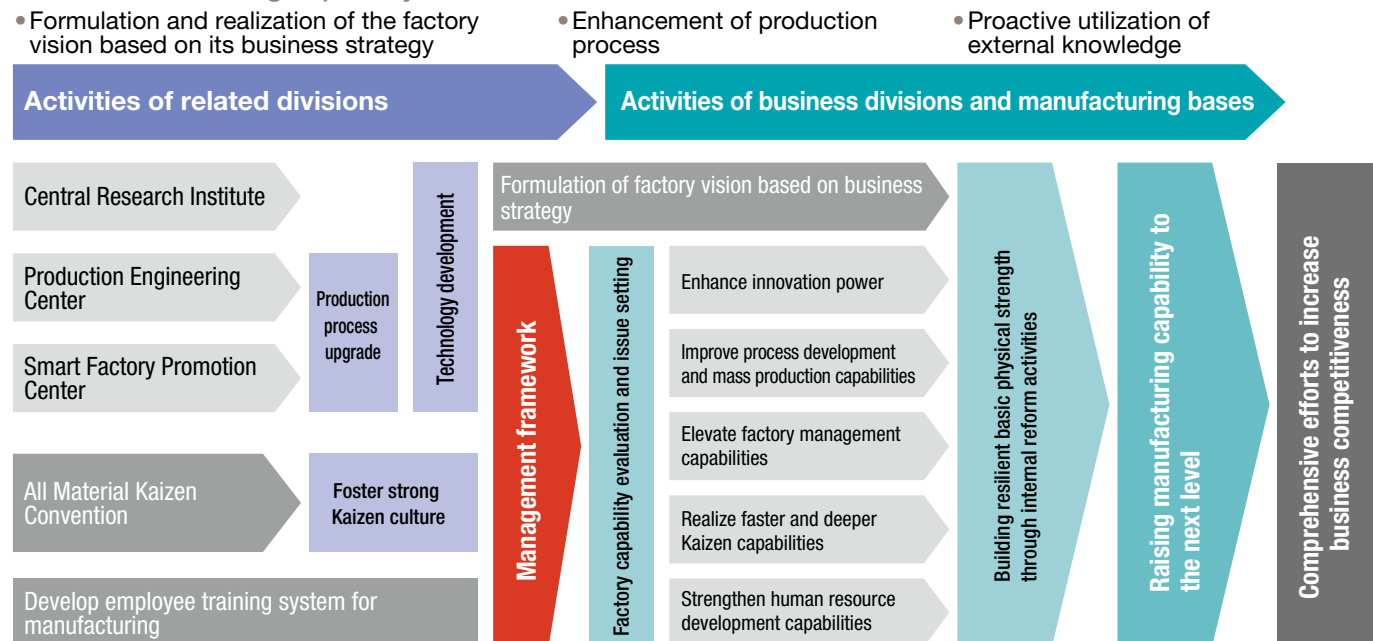
Business divisions will continuously develop a vision for raising manufacturing capability to the next level and make the most of the group assistance function of corporate divisions to achieve that vision. This will enable us to create manufacturing capabilities that are clearly distinct from competitor 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

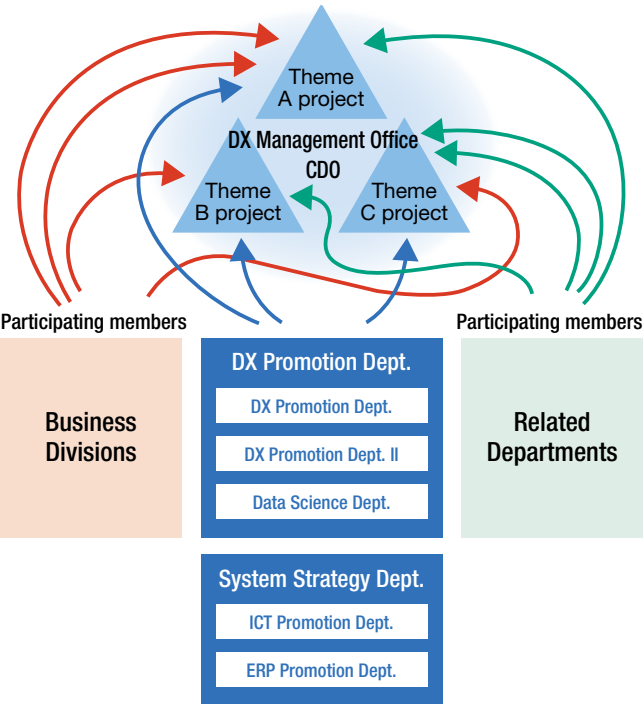
A leading company that provides high value-added products and services via DX

### 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:

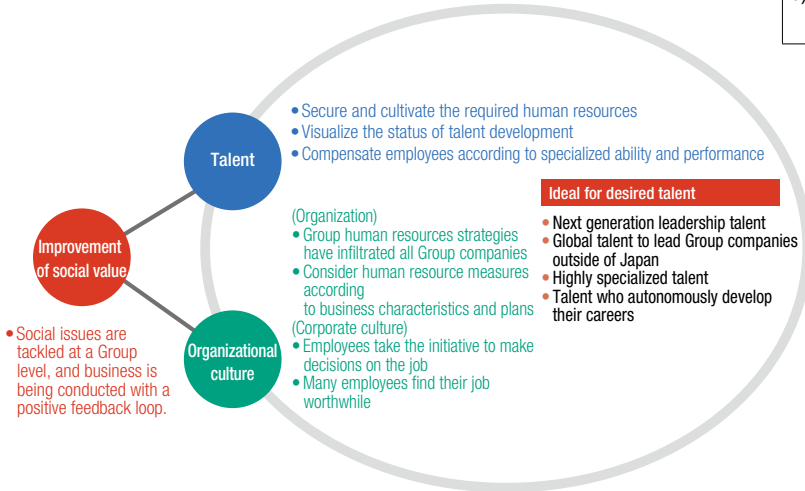
1. Employ diverse talents  
Extension of mandatory retirement age, expansion of diversity and inclusion activities, etc.
2. Health & productivity management  
Striving for certification as a Health and Productivity Management Organization based on the Mitsubishi Materials Group Health and Productivity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

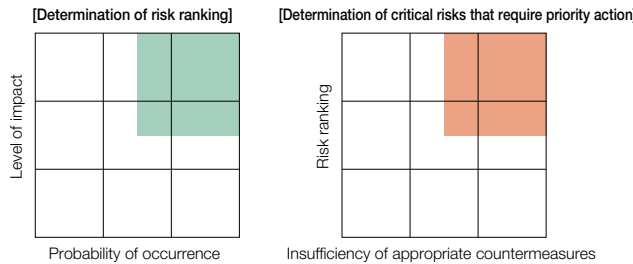
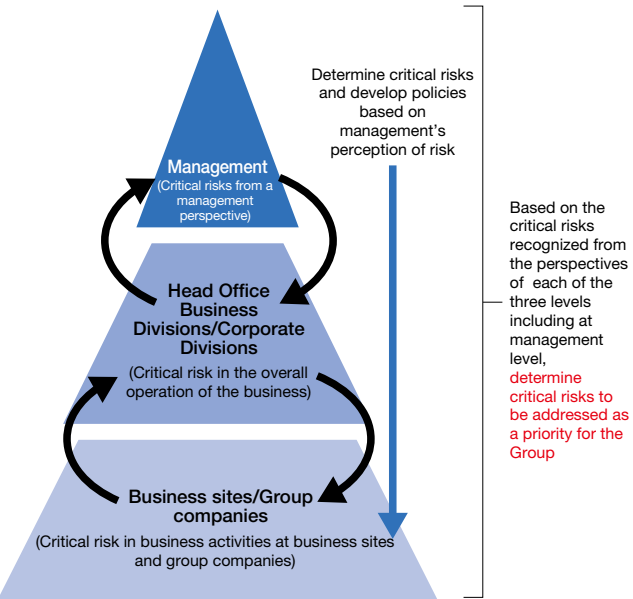
Implementation Structure

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.

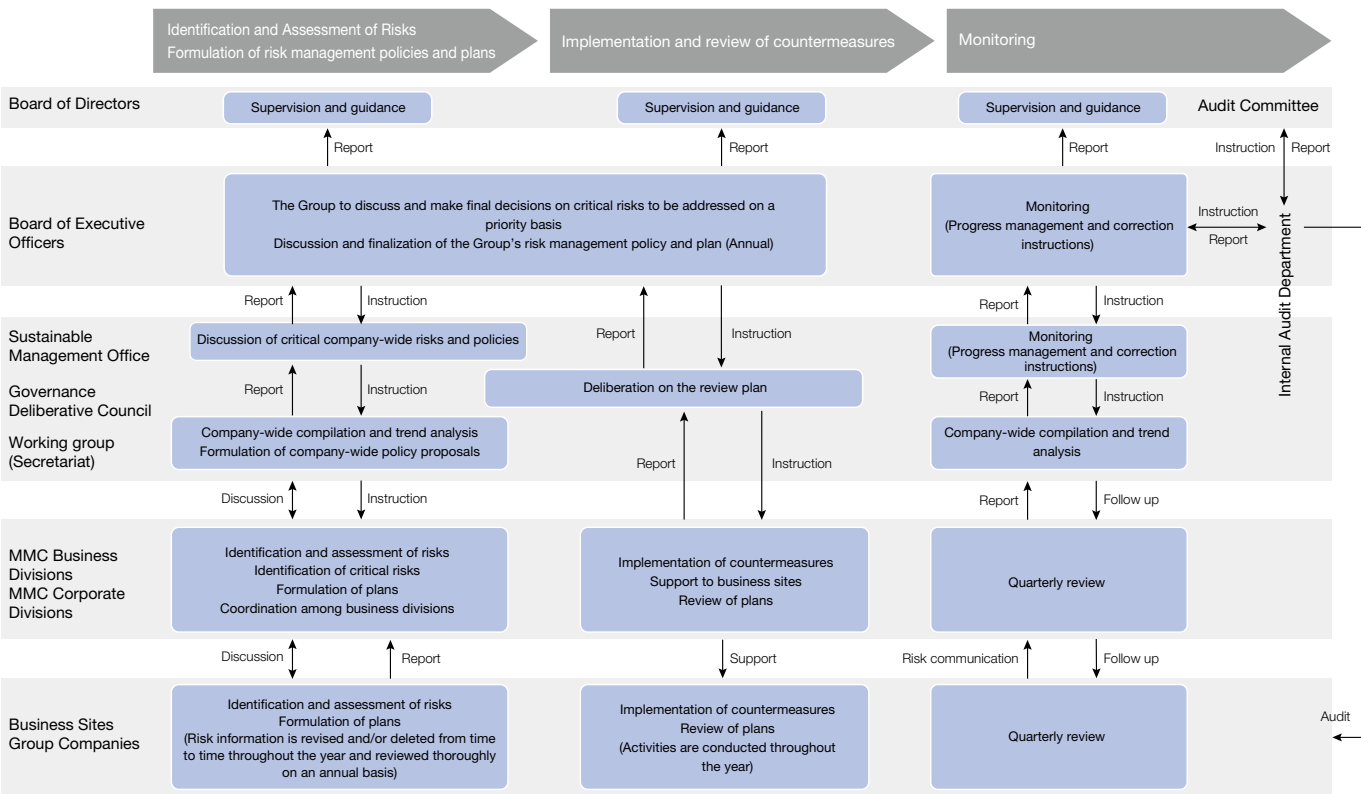
The critical risks to be prioritized by the entire Group and the contents and response approaches of critical risks to be tackled by each business division are discussed at length by the Company's Sustainable Management Office, Executive Officers' Meeting and the Board of Directors, and defined on an 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



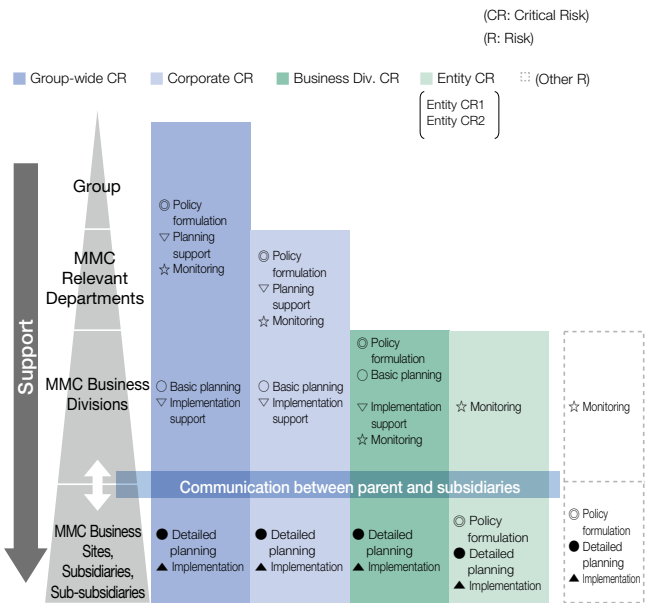
Risk management system



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

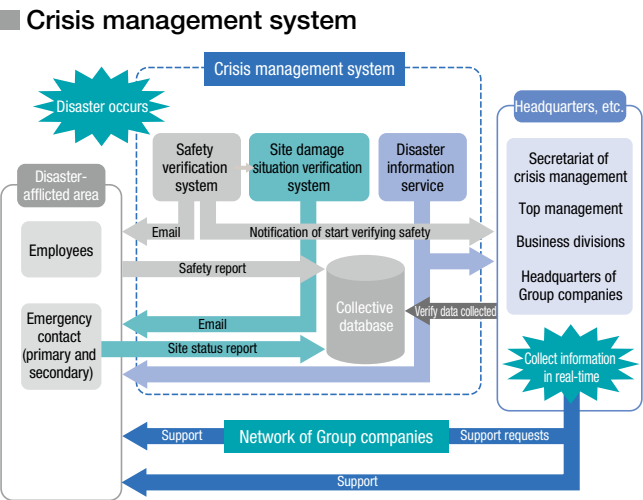
We are striving to strengthen our crisis management systems to facilitate prompt, accurate responsiveness to emergency situations, including natural disasters, accidents, terrorist attacks and pandemic events. Besides operating crisis management related rules that apply to the entire Group, we formulate 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.

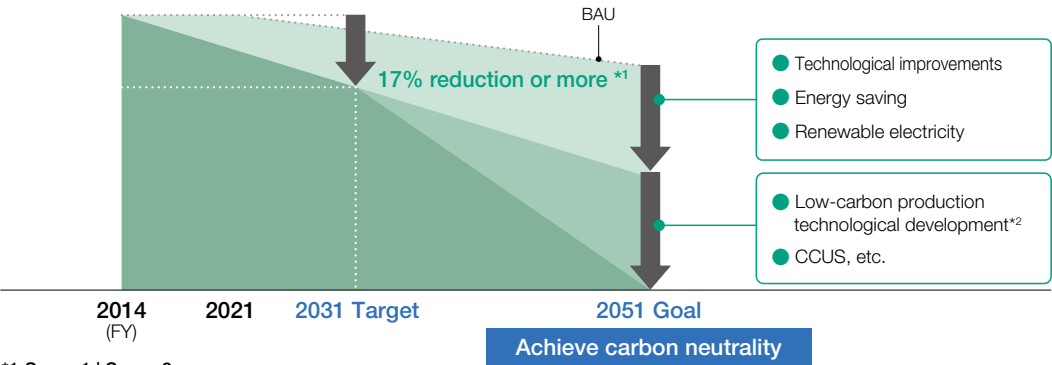
One means by which we will achieve this is by switching to renewable energy. By fiscal 2031, our goal is for 20% or more of the energy used in Group business to be renewable energy.

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	■ Sudden change in the metalworking products market due to modal shift, etc.	● Increase in demand for the E-Scrap recycling	■ Introduction and enforcement of the carbon tax (Procurement, Sales)	● Further penetration of and demand for renewable energy		
		Opportunity: Large 	Risk: Medium 	Opportunity: Medium 	Risk: Medium 	Opportunity: Large 		
						Demand for energy-saving home appliance replacements		
4°C Scenario						Opportunity: Large 		
					● Increase in demand for flood disaster waste disposal			
					Opportunity: Small 			
		All businesses	■ Introduction and enforcement of the carbon taxation (operating costs)			Risk: Medium 		
		All businesses						
		All businesses	■ Increase in water-related risks, such as floods, tidal waves, and droughts			Risk: Large 		

#### 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

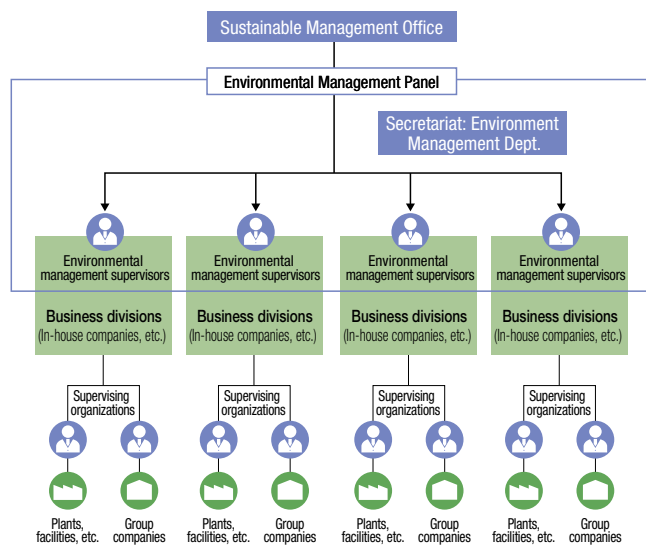
### Addressing Environmental Risks

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



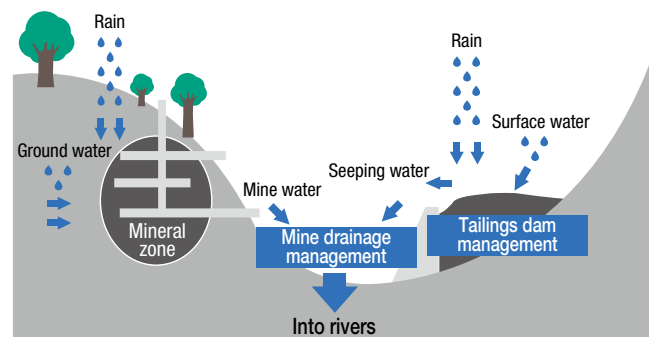
Pit waste water treatment plant at the Yatani Mine (completed in fiscal 2020)

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.

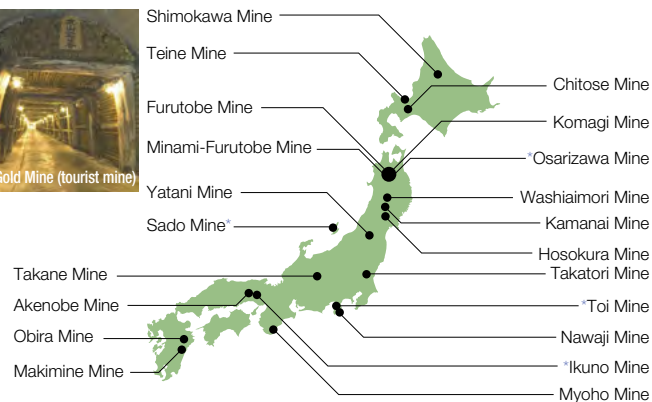
### Joint Industry-academic Activities

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

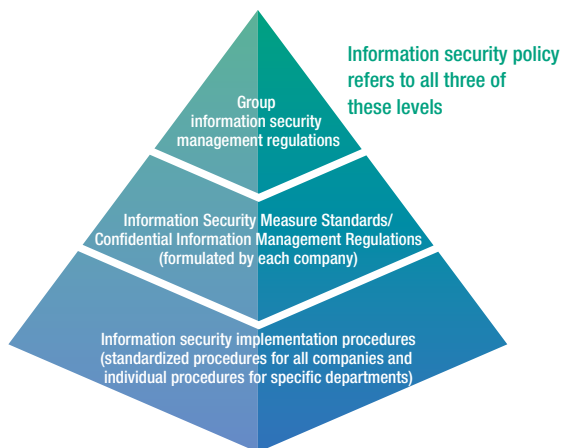
#### Information Security Measure Standards:

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

#### Confidential Information Management Regulations:

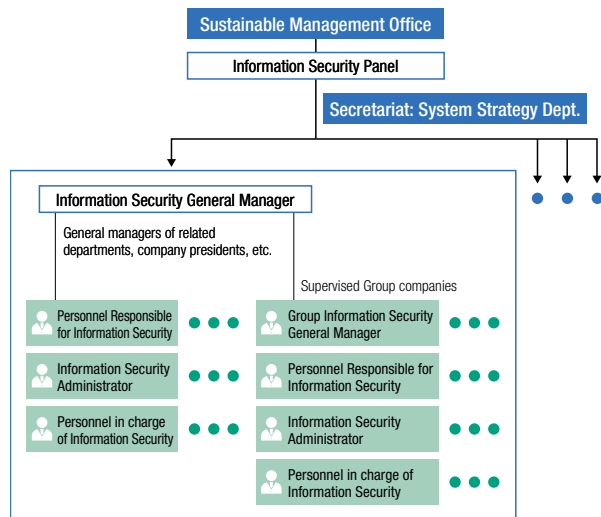
Basic rules regarding the handling of personal information and basic indicators on management methods for maintaining the confidentiality of information assets in general

### 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.

THE INCLUSION OF Mitsubishi Materials Corporation IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Mitsubishi Materials Corporation BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

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

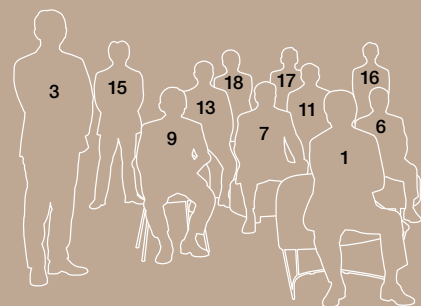
ECPI  
Sense in  
sustainability

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.

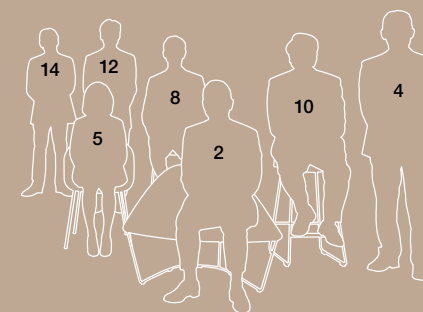


[Governance]

Those on the supervision side and those on the execution side  
fulfill their responsibilities with a sense of duty to support  
the value creation of the Mitsubishi Materials Group.



- |                              |                             |                             |                          |
|------------------------------|-----------------------------|-----------------------------|--------------------------|
| <b>1</b> Akira Takeuchi      | <b>7</b> Hikaru Sugi        | <b>13</b> Shinichi Nakamura | <b>17</b> Tetsuya Tanaka |
| <b>3</b> Nobuhiro Takayanagi | <b>9</b> Tatsuo Wakabayashi | <b>15</b> Shogo Yamaguchi   | <b>18</b> Kazuto Hirano  |
| <b>6</b> Hiroshi Watanabe    | <b>11</b> Yasunobu Suzuki   | <b>16</b> Jun Nagano        |                          |



- |                          |                          |                         |
|--------------------------|--------------------------|-------------------------|
| <b>2</b> Naoki Ono       | <b>8</b> Hiroshi Sato    | <b>14</b> Tetsuro Sakai |
| <b>4</b> Yoshikazu Yasui | <b>10</b> Koji Igarashi  |                         |
| <b>5</b> Mariko Tokuno   | <b>12</b> Makoto Shibata |                         |

Photo taken with consideration on preventing the spread of COVID-19 (June 24, 2021).



[Governance]

## Directors and Executive Officers

(As of June 24, 2021)

### Directors

#### 1 Akira Takeuchi

Director, Chairman of the Board

		Audit Committee
		Remuneration Committee
Apr. 1977	Joined the Company	
Jun. 2009	Managing Director	
Apr. 2014	Executive Vice President	
Apr. 2015	President	
Jun. 2018	Director, Chairman of the Board (to present)	

**[Reasons for nominating]** Mr. Akira Takeuchi, following appointment as Managing Director of the Company in 2009, had served as Director in charge of corporate communications, general affairs, the environment, human resources, safety and health and the affiliated corporations' business. After serving as President, he has been Chairman since June 2018.

At present, as Chairman of the Board of Directors, he plays the leading role in enhancing the effectiveness of the Board of Directors noticeably by proceeding with meetings in such a way as to facilitate open and quality discussions in the Board of Directors meetings.

As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. The Company believes that he will strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes his appointment to the position of Director.

#### 2 Naoki Ono

Director, Chief Executive Officer  
(Representative Executive Officer)  
CEO, General Operation of the Company;  
responsible for: Internal Audit

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

**[Reasons for nominating]** Mr. Naoki Ono, following appointment as Managing Director of the Company in 2014, served as President, Cement Company, and General Manager of the Corporate Strategy Division. After serving as President, he has been as Director, Chief Executive Officer, since June 2019.

At present, as Director, Chief Executive Officer and CEO, he supervises the management of the Group and is leading a variety of measures for management reform. Additionally, he reports on the overall situation of management of the Group regularly at the Board of Directors meetings, thereby fulfilling his accountability to the Board of Directors as Executive Officer.

As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. The Company believes that he will strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes his appointment to the position of Director.

#### 3 Nobuhiro Takayanagi

Director, Managing Executive Officer  
CFO, responsible for: Corporate Strategy, Corporate Communications,  
Finance & Accounting, Affiliated Corporations & Aluminum;  
General Manager, Corporate Strategy Dept.

Apr. 1986	Joined the Company	
Apr. 2016	Operating Officer; Vice President, Metals Company	
Dec. 2017	Operating Officer; President of Mitsubishi Cable Industries, Ltd.	
Apr. 2019	Operating Officer; President of Mitsubishi Cable Industries, Ltd., Vice President, Advanced Products Company of the Company	
Apr. 2020	Managing Executive Officer; Vice President, Advanced Products Company	
Apr. 2021	Managing Executive Officer; CFO; General Manager, Corporate Strategy Dept.	
Jun. 2021	Director; CFO; General Manager, Corporate Strategy Dept. (to present)	

**[Reasons for nominating]** Mr. Nobuhiro Takayanagi took office as Managing Executive Officer of the Company in April 2020. After serving as Vice President, Advanced Products Company, he has undertaken his duties as CFO and has been in charge of Corporate Strategy, Corporate Communications, Finance & Accounting and Affiliated Corporations & Aluminum as well as General Manager, Corporate Strategy Dept. since April 2021.

He has a global perspective and insight into general aspects of management through his experience as Vice President, Metals Company; Vice President, Advanced Products Company, and the president of major Group companies in Japan. After taking office as Managing Executive Officer, in particular, not only has he supported the management of the entire Advanced Products Company as Vice President of the company, but also has been engaged mainly in strengthening the growth potential of the Electronic Materials & Component Div.

As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. The Company believes that he will strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes his appointment to the position of Director.

#### 7 Hikaru Sugi

Outside Director

		Nomination Committee
		Remuneration Committee
Apr. 1974	Joined Nippondenso Co., Ltd. (currently DENSO CORPORATION)	
Jun. 2002	Executive Director, Member of the Board; General Manager, Air-Conditioning Product Div.	
Jun. 2004	Executive Director; General Manager, Air-Conditioning Product Div.	
Jun. 2005	Executive Director; General Manager, Thermal Systems Business Div.	
Jun. 2008	Senior Executive Director, Member of the Board; General Manager, Engineering Research & Development Center	
Jun. 2011	Senior Executive Director, DENSO CORPORATION; President and CEO, DENSO INTERNATIONAL AMERICA, INC.	
Jun. 2013	Executive Vice President, DENSO CORPORATION; President and CEO, DENSO INTERNATIONAL AMERICA, INC.	
Jun. 2014	Advisor, Senior Technical Executive, DENSO CORPORATION	
Jun. 2016	Advisor (resigned June 2017)	
Jun. 2018	Director of the Company (to present)	

**[Reasons for nominating]** Mr. Hikaru Sugi has extensive technical knowledge in development, design and manufacturing processes. He also has insight into corporate strategy from a global perspective and general aspects of management through his experience as a manager of a manufacturer that develops its business all over the world. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as a member of the Nomination Committee and the Remuneration Committee, he has been involved in selecting candidates for Directors and Executive Officer and deciding on the remuneration of Directors and Executive Officer, etc. of the Company from an objective and neutral position.

As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes his appointment to the position of Outside Director.

#### 8 Hiroshi Sato

Outside Director

		Chairperson of the Audit Committee
Apr. 1980	Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)	
Jun. 2007	Executive Officer; Manager, Credit Div.	
Apr. 2008	Executive Officer; Senior Superintendent	
Jun. 2008	Standing Audit & Supervisory Board Member	
Jun. 2011	Managing Director, Mitsubishi Steel Mfg. Co., Ltd. (resigned June 2017)	
Jun. 2017	Standing Audit & Supervisory Board Member of the Company	
Jun. 2019	Director of the Company (to present)	

**[Reasons for nominating]** Mr. Hiroshi Sato has insight into finance, accounting and other aspects of corporate management from his experience as a corporate auditor of a financial institution and as a management at a manufacturer. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as Chairperson of the Audit Committee, he has been engaged mainly in auditing the execution of duties by Executive Officers, etc. from an objective and neutral position.

As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes his appointment to the position of Outside Director.

#### 9 Tatsuo Wakabayashi

Outside Director

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

**[Reasons for nominating]** Mr. Tatsuo Wakabayashi has insight into finance, accounting and other aspects of corporate management from his extensive experience as a manager after having served as President and Chairman at financial institutions. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as Chairperson of the Remuneration Committee and a member of the Nomination Committee, he has been involved in deciding on the remuneration of Directors and Executive Officer, etc. and selecting candidates for Directors and Executive Officer of the Company from an objective and neutral position.

As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes his appointment to the position of Outside Director.

#### 4 Yoshikazu Yasui

Director

		Nomination Committee
		Audit Committee
Apr. 1984	Joined the Company	
Apr. 2015	Operating Officer; General Manager, Human Resources Dept.	
Apr. 2017	Operating Officer; General Manager, Human Resources Dept., General Administration Div.	
Apr. 2018	Managing Executive Officer; General Manager, Human Resources & General Affairs Div.	
Jun. 2019	Managing Executive Officer; General Manager, Human Resources & General Affairs Div.	
Apr. 2020	Senior Executive Councillor	
Jun. 2020	Director (to present)	

**[Reasons for nominating]** Mr. Yoshikazu Yasui took office as Managing Executive Officer and General Manager, Human Resources & General Affairs Div. of the Company in April 2018. After serving as Managing Executive Officer and Senior Executive Councillor, he has undertaken the duties of Director and a member of the Nomination Committee and the Audit Committee since June 2020.

At present, as a member of the Nomination Committee and the Audit Committee, he is involved in selecting candidates for Directors and Executive Officer of the Company and auditing the execution of duties by Executive Officers, etc. He has done this by leveraging his insight into general aspects of management gained through his experience in working in the Human Resources Dept. for many years and performing business administration of Group companies in Japan and overseas.

As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. The Company believes that he will strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes his appointment to the position of Director.

#### 5 Mariko Tokuno

Outside Director

		Chairperson of the Nomination Committee
		Remuneration Committee
Jan. 1994	Joined Louis Vuitton Japan K.K.	
Apr. 2002	Senior Director, Sales Administration	
Mar. 2004	Vice President, Tiffany & Co., Japan Inc.	
Aug. 2010	President and Representative Director, Christian Dior K.K.	
Sep. 2013	President, Representative Director and CEO, Ferragamo Japan K.K. (resigned September 2016)	
Jun. 2016	Director of the Company (to present)	

**[Reasons for nominating]** Ms. Mariko Tokuno has insight into corporate strategy and general aspects of management from a global perspective gained through her extensive experience as a manager of the Japanese operations of leading international firms. Based on her insight, she has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as Chairperson of the Nomination Committee and a member of the Remuneration Committee, she has been involved in selecting candidates for Directors and Executive Officer and deciding on the remuneration of Directors and Executive Officer, etc. of the Company from an objective and neutral position.

As explained above, she has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that she will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes her appointment to the position of Outside Director.

#### 6 Hiroshi Watanabe

Outside Director

		Audit Committee
Apr. 1972	Joined the Ministry of Finance Japan (MOF)	
Jul. 1998	Deputy Director-General, MOF Personal Secretary to the Minister, MOF	
Jul. 2001	Deputy Director-General, MOF	
Jul. 2002	Senior Deputy Director-General, International Bureau, MOF	
Jan. 2003	Director-General, International Bureau, MOF	
Jul. 2004	Vice Minister of Finance for International Affairs, MOF	
Jul. 2007	Special Advisor to the Minister of Finance	
Oct. 2007	Special Advisor, Japan Center for International Finance	
Apr. 2008	Professor, Hitotsubashi University-Graduate School of Commerce and Management / Faculty of Commerce and Management	
Oct. 2008	Deputy Governor, Japan Finance Corporation	
Apr. 2012	CEO, Executive Managing Director, Japan Bank for International Cooperation	
Dec. 2013	Governor, Japan Bank for International Cooperation (resigned June 2016)	
Oct. 2016	President, Institute for International Monetary Affairs (to present)	
Jun. 2017	Director of the Company (to present)	

**[Reasons for nominating]** Mr. Hiroshi Watanabe has knowledge of domestic and overseas finance and economics and general aspects of management gained through his experience in key positions at the MOF and in management positions in government-affiliated financial institutions. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as a member of the Audit Committee, he has been engaged mainly in auditing the execution of duties by Executive Officers, etc. from an objective and neutral position.

As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes his appointment to the position of Outside Director.

#### 15 Shogo Yamaguchi

Managing Executive Officer

President, Environment & Energy Business Company

#### 16 Jun Nagano

Managing Executive Officer

Responsible for: General Affairs, Legal, Human Resources,  
CSR & Compliance, Business Process Innovation

#### 17 Tetsuya Tanaka

Managing Executive Officer

President, Metalworking Solutions Company

#### 18 Kazuto Hirano

Managing Executive Officer

President, Cement Company

#### 11 Yasunobu Suzuki

Executive Vice President and Executive Officer

(Representative Executive Officer)

President, Advanced Products Company

#### 12 Makoto Shibata

Managing Executive Officer

Responsible for: DX Promotion, System Strategy,  
Corporate Research & Development, New Business Development

#### 13 Shinichi Nakamura

Managing Executive Officer

Responsible for: Procurement & Logistics, Safety, Environment & Quality,  
Corporate Production Engineering, Production Technology Management,  
Mineral Resources

#### 14 Tetsuro Sakai

Managing Executive Officer

President, Metals Company



[Governance]

## Message from the Chairman of the Board of Directors



Striving to further improve corporate governance and strengthen the functions of the Board of Directors

**Akira Takeuchi**

Chairman

### Internal and External Situation and Initiatives on Corporate Governance

The role that society expects corporations to play is changing as economic and social conditions change and people's values change. The pace of change has particularly accelerated in recent years, and the content of corporate governance that stakeholders demand of the Group has become more broad-ranging and severe. The Corporate Governance Code was revised in 2021 as a measure to achieve new growth under the changing environment surrounding companies triggered by the COVID-19 pandemic. Efforts are already underway on many items, but we will continue to exercise the functions of the Board of Directors, secure diversity of core human resources, and actively address issues such as those related to sustainability.

The Group has migrated to a company with a Nomination Committee with a goal of enhancing the management supervision function of the Board of Directors, improving the transparency and fairness of management, and speeding up the decision-making in the execution of business, and two years have passed since the migration. Vigorous discussions were held at the Nomination Committee, Audit Committee, and Remuneration Committee immediately after the migration, culminating in the Company formulating and publishing a Basic Policy on Corporate Governance in April of 2020.

And regarding the effectiveness of the Board of Directors, we periodically conduct evaluation questionnaires for all Directors, and based on the results, the Board of Directors conducts discussions and discloses the evaluation results in a Corporate Governance Report. In the discussions, opinions are exchanged on measures to improve effectiveness, and a draft of the improvement plan is reported to the Board of Directors for implementation. Into the future, we will make an effort to improve the effectiveness of the Board of Directors by steadily going through the cycle of "evaluation, formulation of improvement measures, and implementation of improvements."

### Further Strengthening Group Governance With an Aim of Efficient Management of the Board of Directors

One major role of the Board of Directors is to perform appropriate decision-making on important items and supervise progress of the Group management plan. In fiscal 2022, continuing from last year, the Board of Directors periodically receives reports on progress and achievement of Medium-term Management Strategy and single-year goals, as well as issues and their handling, and discusses those topics in the Board of Directors meetings. In regard to the important items, etc. in the Medium-term Management Strategy, we have discussions on a monthly theme, and exchange frank opinions with the Executive Officers in charge. Our intention is that this will enable the Board of Directors to appropriately make decisions on important items as well as to perform monitor functions more effectively. The Board of Directors will robustly support the execution side in achieving the goals in the Medium-term Management Strategy.

Another important role of the Board of Directors is its supervisory function for ensuring the corporate and legal compliance of the Group. We found that conflict-of-interest transactions were conducted at subsidiaries outside Japan in fiscal 2021, so we strengthened measures for internal control at the Group as a whole. The Board of Directors intends to further expand its monitoring function for the Group as a whole and more appropriately fulfill monitoring functions while gaining the cooperation of the execution side in areas such as early communication of information.

Changes in the environment surrounding companies are accelerating due to the global spread of COVID-19. In order to achieve sustainable growth after COVID-19 and improve corporate value over the medium to long term, further advancement of corporate governance and strengthening of the functions of the Board of Directors will be imperative. As head of the Board of Directors, I will continue to do my best to promote free and constructive discussions from the perspective of supervising the status of achieving business goals and monitoring corporate and legal compliance, and to achieve high-quality deliberation as well as effective and efficient management of the Board of Directors.

[Governance]

## Message from the Chairpersons of the Nomination Committee, Audit Committee and Remuneration Committee



Supporting, from a Nominating Committee standpoint, prompt and appropriate executive decisions in response to accelerating changes in the socioeconomic environment

Chairperson of the Nomination Committee

**Mariko Tokuno**, Outside Director

### Nomination Committee Activities Status and Major Accomplishments

The Nomination Committee met for ten times in fiscal 2021. The responsibilities of the committee are to nominate candidates for the Board of Directors, to advise on the selection of Executive Officers, and to plan for the succession of the President and develop the next generation of management.

Under a policy that Directors should be members who always adapt to changes in the business environment, we updated the list of candidates for Outside Directors and verified the fulfillment rate in the Director skills matrix in fiscal 2021. We also clarified the search process for Outside Directors and worked to create a mechanism that ensures fairness. And as new initiatives, we strove to gain a deeper understanding of qualities as leaders of candidates for successor to the President through 360-degree feedback surveys and the like for those candidates and provided opportunities for presentations by Executive Officers from the perspective of developing and evaluating the next generation of top management.

In this way, I feel activities of the Committee are becoming more specific and detail-oriented. I believe that the mission of the Nomination Committee is to accurately recognize the situation the Company faces, to nominate candidates for the Board of Directors who are most suitable for the advancement of the Company, and to work to assess the President or other Executive Officers entrusted with business execution. And I am determined that we continue to work diligently as a committee without fear of change.

### Effectiveness of the Board of Directors and Evaluation of That

In December 2020, we conducted evaluation questionnaires on the effectiveness of the Board of Directors, and I believe that the results are valid. In a word, I think it would be good to have awareness to further evolve the efforts that have been accumulated so far in each item without relenting under any circumstances. The Board of Directors has changed greatly compared with when I was appointed in 2016, and I feel that it has become much more active. And I feel that, in an aim to have even more active, it would be good to form venues for Directors to discuss with each other in addition to the Board of Directors. While I do not see major issues currently in the Company's corporate governance, I intend to continue to monitor the situation closely to ensure that the governance system is maintained even at future changes in the system with corporate transformation (CX) and reforms in the corporate culture.

### Deepening Understanding of the Company and Always Remembering to be Fair and Objective

I believe it is important as an Outside Director and as Chairperson of the Nomination Committee to be prepared for emergencies by constantly striving to deepen understanding of the company's situation, and to remember to be fair and objective. Moreover, executives must respond to the ever-accelerating changes in the socioeconomic environment, make quick and decisive decisions, and control the direction of the Company's operations. That is the true goal of transforming to a company with a Nomination Committee, and I intend to support quick and decisive executive decisions from the standpoint of the position I hold at the Company.

[Governance] **Message from the Chairperson of the Nomination Committee, Audit Committee and Remuneration Committee**



## Supervisory functions of the Board of Directors steadily evolve, and we aim for further strengthening of effectiveness

Chairperson of the Audit Committee

**Hiroshi Sato**, Outside Director

### Audit Committee Fiscal 2021 Activities Status and Major Accomplishments

The Audit Committee started fiscal 2021 with the three new members. Our main activities are as follows.

First is to audit status of measures for compliance with anti-trust laws. We monitored sufficiency and progress of measures for preventing reoccurrence in line with an incident that came to light in fiscal 2020 at subsidiaries in Japan and presented the opinions of the Audit Committee to the Board of Directors and others. Second is the issue of how long Accounting Auditors remain assigned. Discussions on this have continued for years, and I feel that we are close to reaching a reasonable consensus. Third is dealing with conflict-of-interest transactions discovered at subsidiaries outside Japan. As investigation of the facts proceeds, measures to strengthen internal control in Group companies are being taken in order to prevent reoccurrence, and this has been made an important audit item for fiscal 2022.

### Board of Directors Firmly Fulfilling its Function of Auditing Executive Officers

The Company's Board of Directors is firmly fulfilling its function of auditing Executive Officers. I think this is largely due to the formation of an awareness that Executive Officers make much of the discussions of the Board of Directors under the strong leadership of top management. And that means that the Board of Directors must work to enhance its own effectiveness in order to achieve a growth strategy with a sense of speed. Listening to shareholders directly is also effective. For example, meetings between institutional investors and Outside Directors enable valuable opinions to be heard, and I would like to see those continue.

### Further Strengthening Group Governance

Since finding a quality issue, the Company has promoted Group governance enhancement as one of the most important top management issues and worked to enrich that by means such as transforming to a company with a Nomination Committee. Listening to Group company employees, I get a feel that the intentions of top management have come to be communicated well. Into the future, we need to work on the following two points as well.

First is to further strengthen internal control at locations where it is difficult for governance to reach. This is mainly companies that entered the Group by M&A, especially, subsidiaries outside Japan. Second is organization of Group companies taking into account our governance capabilities. Like with growth strategies, I believe that working with a sense of speed is essential.

I, myself, will try to enhance "defense" as Audit Committee Chairperson. I will work to run the Audit Committee with the aim of us becoming a company that sets the norm for a society with a deeply ingrained awareness of compliance. Meanwhile, as an Outside Director, I will push for bold and aggressive growth strategies, always taking capital efficiency into consideration with the aim of having a vigorous "offense" stance. By balancing "offense" and "defense," I believe we will do everything in our power to make the Company one that is highly valued by its stakeholders and contributes to society.



## It is important for all employees to be aware that the basis for corporate governance lies is in their daily work

Chairperson of the Remuneration Committee

**Tatsuo Wakabayashi**, Outside Director

### Remuneration Committee Activities and Future Issues

The Remuneration Committee met six times in fiscal 2021 with the five members attending all times.

The fiscal 2021 Remuneration Committee decided fiscal 2021 Director and Executive Officer remuneration, decided to introduce a system of stock-based remuneration using a trust, and deliberated subjects such as suitability of the executive remuneration system.

As an issue for the future, we will continue to discuss design of a remuneration system from the perspective of investors, thereby enabling us to build a system that contributes to maximizing corporate value.

Executive Officer remuneration is composed of the fixed remuneration of basic remuneration and the performance-linked remuneration of annual bonuses and stock-based compensation. That stock-based compensation achieves a shared sense of profit with shareholders in a simple manner, and the goal of that system is to function as an incentive to improve the Group's medium- to long-term corporate value. If the market demands a remuneration system with a more medium- to long-term perspective in the future, we will consider necessary measures such as increasing the ratio of stock-based compensation.

### Steadily Increasing Effectiveness of the Board of Directors

I feel that the effectiveness of the Company's Board of Directors is steadily increasing. Areas requiring improvement are clearly identified based on a questionnaire survey implemented annually, and actions for improvement are steadily being taken. On the other hand, I feel that in order to make the Board of Directors even more active, it is necessary to spend more time explaining and discussing matters that are important to the management of the Company. Many of the reported items on the agenda include matters that can be omitted from the Board of Directors meeting by providing advance explanation, so further improvement of the efficiency of the operation method would be desirable in order to secure sufficient time for deliberations on important issues.

I believe that corporate governance is essential for companies because it maximizes the interests of shareholders and other stakeholders and that the basis for this is the identification, control, and management of risks associated with the company in question. Therefore, the basis of corporate governance lies in the "worksite," and "worksite abilities" hold the key to that. It is important for all employees to be aware that corporate governance is not something that the officers and executives come up with, but rather has its basis in their own daily work.

I, myself, would like to contribute to the sustainable growth of the Company in my day-to-day activities by exchanging frank opinions through the Board of Directors and committees.



[Governance]

# Corporate Governance

## Basic Approach

The basic approach to corporate governance of Mitsubishi Materials Corporation (the “Company”) is described below.

- We have, based on the corporate philosophy of the Group, vision, values, code of conduct, mission and the Basic Policy on Corporate Governance\* established by the Board of Directors, developed trust with all stakeholders related to the Company and its subsidiaries (hereinafter, the “Group”), such as shareholders and investors as well as employees, customers, client or supplier companies, creditors and local communities, and also develop our corporate governance.
- Among the governance systems under the Companies Act, we have chosen to be a Company with a Nomination Committee, and by separating supervision and execution, will strengthen the Board of Directors’ management supervisory functions, improve the transparency and fairness of management and accelerate business execution and decision making.
- We acknowledge the enhancement of corporate governance to be one of the most important management issues, and continuously make efforts to improve our corporate governance.

As the Group is an integrated business entity supplying basic materials and elements indispensable to the world, and is involved in recycling business and renewable energy business, we adopted an in-house company system so as to facilitate and appropriately execute business operations.

\* We have prepared the “Basic Policy on Corporate Governance,” which is disclosed on the Company’s website, as a compilation of the basic approach to and framework of corporate governance.

## Overview of Corporate Governance

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

- Upon delegation by shareholders, the Board of Directors shall indicate the direction of its management and make an effort to enhance the Group’s medium- to long-term corporate value by, for example, engaging in freewheeling and constructive discussion on management policies and management reforms;
- The Board of Directors shall determine matters that may have a serious impact on management, such as management policies and management reforms, in accordance with the provisions of laws, the Articles of Incorporation and the Board of Directors Rules;
- The Board of Directors shall accelerate decision-making in business execution by delegating the authority over business execution to an appropriate extent to Executive Officers in accordance with the provisions of the Board of Directors Rules, etc. so that Executive Officers may assume the responsibility and authority to make decisions and execute business in response to changes in the business environment; and
- The state of Group governance and the progress of the execution of duties, including the progress of the management strategy, shall be reported by Executive Officers to and supervised by the Board of Directors on a periodic basis.

The Board of Directors is comprised of 10 Directors (including 6 Outside Directors), and the Chairman of the Board of Directors is performed by the Chairman of the Company.

**(Nomination Committee)**  
The Nomination Committee determines the policy for the nomination of candidates for Director, the content of proposals, etc. concerning the election and dismissal of Directors to be submitted to General Meetings of Shareholders. In addition to this, the Nomination

Committee reviews and responds to inquiries from the Board of Directors concerning the election and dismissal, etc. of Executive Officers.

The Nomination Committee is comprised of 5 Directors (including 3 Outside Directors), and the Chairman of the Nomination Committee is performed by an Outside Director.

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

The Audit Committee is comprised of 5 Directors (including 3 Outside Directors), and the Chairman of the Audit Committee is performed by an Outside Director.

The Audit Committee also elects 2 full time Member of the Audit Committee in order to improve the effectiveness of audits conducted by the Audit Committee.

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

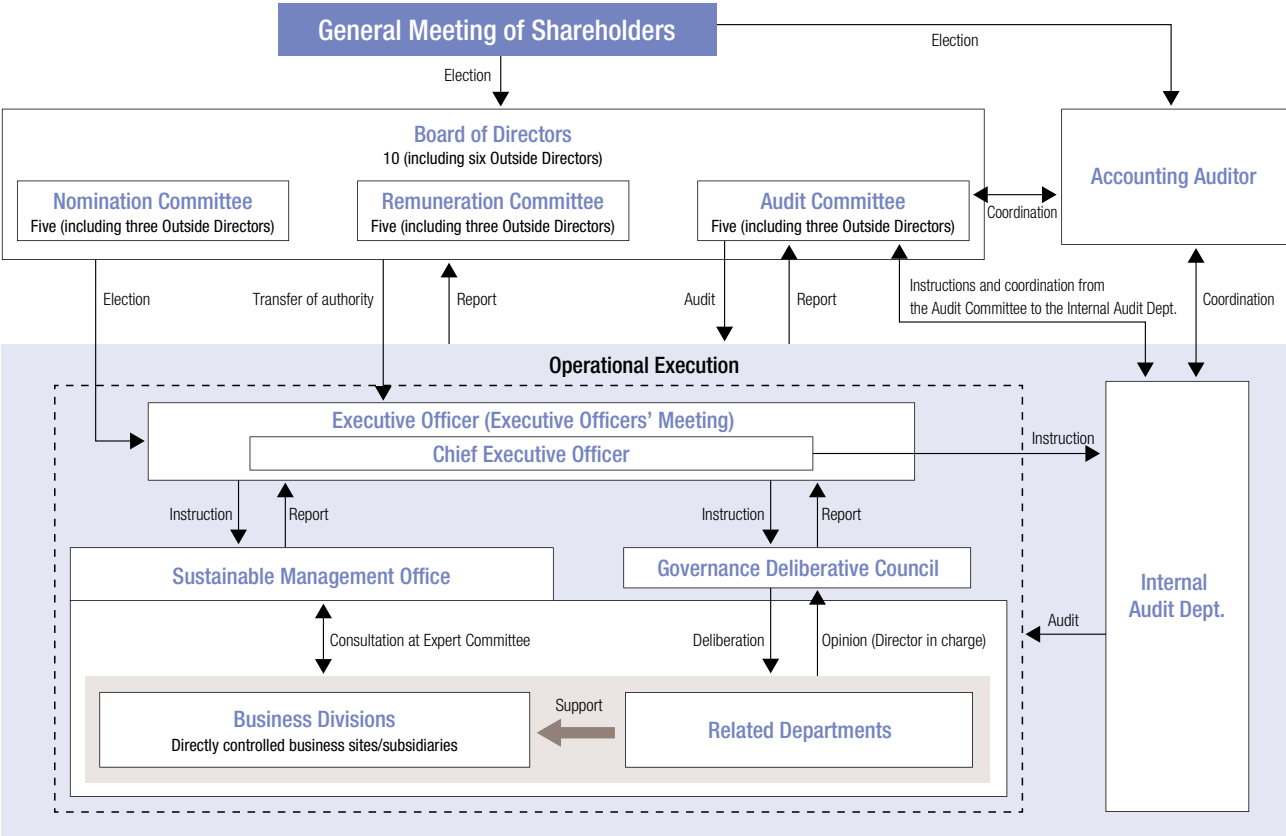
The Remuneration Committee is comprised of 5 Directors (including 3 Outside Directors), and the Chairman of the Remuneration Committee is performed by an Outside Director.

**(Executive Officer)**  
Executive Officers execute business in accordance with the prescribed segregation of duties, based on the delegation of authority from the Board of Directors. The Company has 10 Executive Officers, of which the Chief Executive Officer Naoki Ono, and the Executive Vice President and Executive Officer Yasunobu Suzuki, are elected as Representative Executive Officers upon the decision of the Board of Directors.

**(Executive Officers’ Meeting)**  
Following the delegation of authority from the Board of Directors, Executive Officers’ Meetings review and determine important matters concerning the management of the entire Group. Executive Officer’s Meeting is attended by all 10 Executive Officers, and the Chairman of the Executive Officer’s Meeting is performed by the Chief Executive Officer.

- An individual of exceptional insight and character;
  - An individual with a strong sense of ethics and a law-abiding spirit; and
  - An individual who can properly fulfill his or her duties concerning the exercise of supervision over the management of the Company and the determination of the direction of management.
- Further, with respect to candidates for Independent Outside Director, the Nomination Committee will nominate and select individuals who satisfy the following requirement in addition to the above requirements:
- An individual who has no material interest in the Group and who can remain independent.
- The specific selection of personnel shall be decided after deliberation by the Nomination Committee.
- Provided that the Company considers that an Outside Director is not independent if he or she falls under any of the conditions listed below in addition to meeting the standards for independence established by Tokyo Stock Exchange, Inc.
1. An individual who falls under or has fallen under any of items (1) or (2) below, either presently or in the past:
    - (1) An executive or non-executive Director of the Company; or
    - (2) An executive or non-executive Director of the Company’s subsidiary.
  2. An individual who falls under any of items (1) through (5) below:
    - (1) An executive of a client or supplier company of the Company, whose value of transactions amounted to 2% or more of the consolidated net sales of the Company or the client or supplier company as of the end of the previous fiscal year;
    - (2) A person who received, as a professional or consultant, etc., consideration of not less than 10 million yen from the Company in the previous fiscal year, excluding his/her consideration as a Director;
    - (3) An executive of an organization that received a donation of not less than 10 million yen from the Company in the previous fiscal year;
    - (4) A shareholder who directly or indirectly holds at least 10% of the total number of voting rights of the Company or an executive of such shareholder; or
    - (5) The Company’s Accounting Auditor or its employee, etc.
  3. An individual who has fallen under any of items (1) to (5) of 2 above at any time in the past three (3) years:
  4. A close relative of any of the persons listed in item (1) or (2) of 1 above, items (1) to (5) of 2 above, or 3 above (excluding unimportant persons); or
  5. A person who has served as the Company’s Outside Director for a period of more than eight (8) years.

■ Overview of the Corporate Governance System (Chart as of April 1, 2021)



## Nomination of Candidates for Director and the Election and Dismissal of Executive Officers

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

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

**2. Policy for Election and Dismissal of Executive Officers**  
In electing Executive Officers responsible for the execution of business tasks, the Nomination Committee will elect individuals who satisfy the following requirements, regardless of individual attributes concerning gender, nationality and race, etc.:

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

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

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

■ Expertise and Experience of Candidates for Directors (Skill Matrix)

		Expertise and experience						
Name	Business experience outside the Company	corporate management & organizational management	International experience	Sales & marketing	Production engineering	Research & developme	Legal affairs	Finance & accounting
Akira Takeuchi		●	○				●	○
Naoki Ono		●	○	○	○		○	○
Nobuhiro Takayanagi		●	○	○			○	○
Yoshikazu Yasui		●	○				○	○

Outside Director

Mariko Tokuno	Consumer goods	●	○	○			○	○
Hiroshi Watanabe	Tax system and international finance	●	●				●	○
Hikaru Sugi	Automotive products	●	○		○	●		
Hiroshi Sato	Finance and steel	●					○	●
Tatsuo Wakabayashi	Finance	●	○				○	○
Koji Igarashi	Food and food materials	●	○		●	○		○

○ means the expertise and experience that candidates have (● refers to their strengths)

(Note) The above table does not cover all insights that the candidates are equipped with.

Policy on Determining of Remuneration for Officers

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

1. Policy on Determining Remuneration for Officers

- (1) A system shall be created that provides competitive standards for remuneration compared with companies of a business category and size similar to the Group.
- (2) The performance of the functions and duties assumed by each Officer and contributions to the improvement of medium- to long-term corporate value shall be evaluated in a fair and equitable manner, and the evaluation results shall be reflected in remuneration.

- (3) In order to have remuneration function as a sound incentive to improve the Group's medium- to long-term corporate value, remuneration shall consist of basic remuneration, an annual bonus based on performance evaluations in each fiscal year, etc. and stock-based compensation, which is a medium- to long-term incentive linked to medium- to long-term performance and corporate value. The remuneration composition ratio shall be determined appropriately in accordance with one's job position. Provided, however, that for Directors (excluding those who concurrently hold the posts of Director and Executive Officer), only basic remuneration shall be paid in cash, in light of their function and role of supervising the performance of job duties by the Executive Officers.
- (4) An annual bonus shall be determined based on an appropriate evaluation of the performance in each fiscal year as well as the status of the implementation of medium- to long-term management strategies, etc., and reflected in remuneration.
- (5) A medium- to long-term incentive shall be stock-based compensation that enables Officers to share awareness of profits

with shareholders in order to enhance corporate value from a medium- to long-term viewpoint.

- (6) The policies for determining remuneration and the amount of individual remuneration shall be deliberated and determined by the Remuneration Committee composed of a majority of Independent Outside Directors.
- (7) Necessary information shall be disclosed actively so that stakeholders including shareholders can monitor the relationship between performance, etc. and remuneration.

2. Remuneration System for Officers

- (1) Directors (excluding those who concurrently hold the posts of Director and Executive Officer)

The remuneration system for Directors shall be determined so that only basic remuneration shall be paid in cash, taking into consideration an individual Director's job position, whether he/she is a full-time/part-time Director, etc. and referring to the standards for remuneration of other companies based on the research of outside experts.

- (2) Executive Officers

The remuneration payable to Executive Officers shall consist of basic remuneration, which is fixed remuneration, and an annual bonus and stock-based compensation, which are performance-linked remuneration. The remuneration composition ratio shall be in line with "Basic remuneration/Annual bonus/Stock-based compensation = 1.0/0.6/0.4" ("In the case where the annual bonus payment rate is 100%") as to the Chief Executive Officer, and for other Executive Officers, the ratio of performance-linked remuneration to basic remuneration shall be set lower than that for the Chief Executive Officer.

Further, the standards for remuneration shall be determined by referring to the standards of peer companies (similar-sized companies determined by the Remuneration Committee) based on the research of outside experts.

<Basic Remuneration>

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

<Annual Bonus (Short-term Incentive Remuneration)>

The annual bonus shall be determined based on the evaluation of consolidated operating profit growth rate compared with other companies, as well as a performance evaluation and nonfinancial evaluation, on a single-year basis.

The specific evaluation items shall be as follows:

<<Evaluation Items>>

- (i) Current net profit attributable to owners of parent, which is the final result of management and by which common profit awareness is shared with shareholders
- (ii) Consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector), based on which the earning capacity of one's main job is evaluated
- (iii) Non-financial evaluation that evaluates the value of efforts aimed at the improvement of medium- to long-term corporate value, which is less likely to be represented in a short-term performance
- (iv) Consolidated operating profit growth rate compared with other companies, as a final adjustment factor to give an impression of growth greater than market growth (comparison with 6 non-ferrous metal companies and similar-sized manufacturing companies)

<<Calculation Formula>>

By deeming the amount payable for achievement of the target (Base Annual Bonus) as 100%, the amount for each individual shall be calculated by using the following calculation formula:  
Annual Bonus = Base Annual Bonus by Job Position × Payment Rate Based on Performance Evaluation\*

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

<<Evaluation Weight>>

Based on the evaluations of each portion of 40%, 40% and 20% of the base amount, which depends on one's job position, in terms of current net profit attributable to owners of parents, consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector) and non-financial factors, respectively, the annual bonus shall be determined by using consolidated operating profit growth rate as an adjustment factor.

Chief Executive officer, Non-Business related Executive Officers

Evaluation of current net profit attributable to owners of parent: 40%

+

Evaluation of consolidated operating profit: 40%

+

Evaluation of non-financial factors: 20%

Adjustment Factor

Evaluation of growth rate 0.9 to 1.1

Business related Executive Officers

Evaluation of current net profit attributable to owners of parent: 40%

+

Evaluation of operating earnings from the relevant business: 40%

+

Evaluation of non-financial factors: 20%

Adjustment Factor

Evaluation of growth rate 0.9 to 1.1

<<Target of performance evaluation indicators for annual bonus>>

With regard to the target of performance evaluation indicators for annual bonuses, in principle, the consolidated performance forecast for the next fiscal year at the time of the announcement of financial results at the end of the current fiscal year shall be applied (For operating income of the business for which the Officer is responsible, the figures on which the consolidated performance forecast was based shall be used.).

<Stock-based compensation (Medium- to long-term incentive remuneration)\*>

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

\* The Officers' remuneration system adopts a structure called BIP (Board Incentive Plan) and grants to the Executive Officers, etc. the shares of the Company's common stock, etc. It is an incentive plan to accumulate points to be given to Executive Officers, etc. in accordance with their positions for each three consecutive fiscal year (initially from Fiscal 2021 to Fiscal 2023) (the "Applicable Period"), and to grant the shares of the Company's common stock equivalent to 70% of such accumulated points (shares less than one unit shall be disregarded) and cash equivalent to realized value of the shares of the Company's common stock equivalent to the remaining accumulated points as compensation to Executive Officers, etc. after their retirement. One point is deemed equal to one share of the Company's common stock, and if a stock split or reverse stock split occurs during the trust period, the number of the Company's shares per point shall be adjusted according to the stock split ratio or reverse stock split ratio of the Company's shares. The maximum number of points to be given to Executive Officers, etc. during the initial Applicable Period shall be 350,000 points in total.



■ Amount of remuneration, etc. for Directors and Executive Officers

Classification of Officers	Total amount of remuneration, etc. (Million Yen)	Type of Remuneration, etc.					
		Monetary remuneration				Nonmonetary remuneration	
		Basic remuneration		Bonus (Performance-linked remuneration)		Stock-based compensation*4	
		Total amount (Million yen)	Number of eligible recipients (persons)	Total amount (Million Yen)	Number of eligible recipients (persons)	Total amount (Million Yen)	Number of eligible recipients (persons)
Director (Outside Directors)	245 (111)	245 (111)	13 (7) *2	—	—	—	—
Executive Officers*1	438	316	11	— *3	— *3	121	11

Notes:  
1. The total amount of remuneration, etc. paid to those who concurrently serve as Directors and Executive Officers is shown in the row for Executive Officers.  
2. The number of eligible recipients includes 3 Directors who resigned during the fiscal 2021. As of the end of the fiscal 2021, the Company has 10 Directors and 11 Executive Officers.  
3. The Remuneration Committee has deliberated and decided not to pay bonuses to Executive Officers based on the performance of the previous fiscal year.  
4. The Company has introduced stock-based compensation based on a trust scheme, and the above amount of stock-based compensation represents the amount recorded as expenses for the fiscal 2021. The outline of the remuneration system for Directors and Executive Officers is as described in the Policy on Determination of Remuneration, etc. for Directors and Executive Officers below.

Evaluation of the Effectiveness of the Board of Directors

The Company analyses and evaluates the effectiveness of the Board of Directors based on the evaluation by each Director on an annual basis.

The method applied to evaluate the effectiveness of the Board of Directors in fiscal 2021, and a summary of the results of such are outlined below.

1. Method of analysis/evaluation

Answers to a questionnaire distributed to all 10 Directors in December 2020 were retrieved. (The questionnaire uses a three-grade evaluation for each question (3 points: Fulfilled; 2 points: Mostly fulfilled, but with issues or items requiring improvements, 1 point: Did not fulfill) and provides a free comment space for each question.)

Based on the results of this questionnaire, a review of the evaluation of the effectiveness of the Board of Directors in fiscal 2021 was conducted at a meeting of the Board of Directors held in February 2021, with a resolution reached at a meeting of the Board of Directors held in March 2021.

2. Fiscal 2021 questionnaire items

The core questionnaire items are as follows.

- (1) Matters concerning operation after the change to a Company with a Nomination Committee
- Confirmation of the status of achievement of the purpose of the change
  - Supervision of the status of execution of duties by each of the Nomination Committee, Audit Committee and Remuneration Committee
- (2) Matters considered important for improving corporate value
- Supervision of management strategies, such as the Medium-term Management Strategy and Digital Transformation
  - Supervision of the status of operations related to understanding of capital cost and setting of indicators
- (3) Matters pertaining to the effectiveness of management monitoring
- Supervision of the reduction of the Strategic Share Holdings
  - Confirmation of reporting system for corporate ethics issues
  - Supervision of Group governance, etc.

- (4) Matters pertaining to the operation of the Board of Directors
- Balance, diversity, and size of the Board of Directors
  - Frequency of meetings, proposals and discussion materials of the Board of Directors
  - Information provision and support system for Directors

3. Measures for improving effectiveness in fiscal 2021

The Company made the following efforts in fiscal 2021 based on the results of the fiscal 2020 evaluation of the effectiveness of the Board of Directors.

- (1) Improvement measures for opinions related to supervision of management strategies (supervision of measures taken based on the Medium-term Management Strategy, understanding of capital cost, setting of indicators, confirmation of management strategies including Digital Transformation)
- In order to effectively fulfill the supervision function for the management strategies, the contents of reports from Executive Officers to the Board of Directors were changed to focus on the budget for measures based on the Medium-term Management Strategy and progress and issues on targets for the measures based on the Medium-term Management Strategy. In addition, forums for discussion were held periodically at the Board of Directors for important measures of the Medium-term Management Strategy, including Digital Transformation.
- (2) Improvement measures to opinions related to supervision of the policy for reduction of the Strategic Share Holdings
- The Company examined its Strategic Share Holdings based on business alliances, transaction relationships, and investment effect and reduced shares if they were not deemed to be necessary to hold. For the status of actual reduction efforts, see P88, “Reduction of Strategic Share Holdings.”
- (3) Improvement measures to opinions related to the content and volume of the discussion materials for the Board of Directors and time for prior consideration
- In addition to thorough enforcement of rules for the preparation of the discussion materials, the Company created a rule to attach a summary to some discussion materials to facilitate understanding of key points and distributed a glossary of terms containing

industry and professional terminology. In addition, efforts were made to secure time for Directors to consider matters in advance through such measures as sending reference materials related to proposals to the Board of Directors early.

4. Summary of fiscal 2021 evaluation results

As a result of deliberations by the Board of Directors, the Board of Directors was able to verify that it achieved a sufficient level of effectiveness for fiscal 2021. A summary of questionnaire responses and key discussions within the Board of Directors are as follows:

- (1) Matters pertaining to enhancement of management supervisory functions (the manner of supervision, including supervision of the measures taken based on the Medium-term Management Strategy, the appropriate content and number of proposals to the Board of Directors, the content and volume of materials for the Board of Directors, and time for prior consideration)
- While the view was raised that thorough discussions took place on important issues, etc., by setting time outside the Board of Directors, some opinions were raised that supervision of the measures taken based on the Medium-term Management Strategy would need analysis of the cause of differences between plans and results and strengthening of the supervision of countermeasures for the cause. In addition, some opined that there was still room for improvement in the manner of supervision, including the content of reports from Executive Officers.
- (2) Matters pertaining to understanding of capital cost, setting of indicators
- While the view was raised that thorough enough explanations were provided regarding the review of the business portfolio, some opined that further discussions and consideration would be needed to clarify the way of thinking regarding capital cost.
- (3) Matters pertaining to supervision of the policy for reduction of the Strategic Share Holdings
- While the view was raised that certain improvement was seen through the steps taken, some opined that close examination of the need to hold the Strategic Share Holdings would be necessary again.
- (4) Matters pertaining to supervision of Group governance, etc.
- While the view was raised that there were sufficient reports and discussions at the Board of Directors and the Audit Committee, some opined that periodic reporting and supervision would continue to be needed for matters pertaining to compliance, etc.

5. Fiscal 2022 efforts to further improve effectiveness

The following measures to improve effectiveness in fiscal 2022 were enacted based on results of fiscal 2021 Board of Director evaluation of effectiveness improvement.

- (1) Improvement measures for opinions related to enhancement of management supervisory functions. (Regarding supervision of various measures based on the Medium-term Management Strategy, the content and number of appropriate proposals by the Board of Directors, and the content and amount of Board of Directors materials including prior investigation time)
- Thorough distribution of Board of Directors materials at an early stage with particularly important parts highlighted.
  - Regarding reports from Executive Officers at meetings of the Board of Directors, emphasis is placed on explaining causes and countermeasures for projects that are new or not progressing well.
  - Regarding matters to be discussed by the Board of Directors, reports on business results, budget, settlement of accounts, etc. are made in the first half in order to enable Directors to judge the appropriateness of each measure based on business performance, etc.
  - Regular briefings are added to impart understanding to our Outside Directors regarding our business, major projects, overseas bases and business development, summary of measures related to the Medium-term Management Strategy and past history.

- (2) Improvement measures for opinions related to understanding of capital cost, setting of indicators
- Along with partial review of the Medium-term Management Strategy, the financial plan including ROIC was reviewed upon discussion at regularly held Board of Directors meetings in March and April (Disclosed on May 14, 2021).
  - In order to build a monitoring system based on appropriate management indicators for the next Medium-term Management Strategy, the Board of Directors has focused discussion on appropriate calculation and operation methods, etc. for management indicators including ROIC.
- (3) Improvement measures for opinions related to supervision of the policy for reduction of the Strategic Share Holdings
- Regarding Strategic Share Holdings, identify shares deemed necessary to be held for business strategy in accordance with our Basic Policy on Corporate Governance.
  - For listed shares other than mentioned above, systematically promote sale, aiming for early sale of all shares.
- (4) Improvement measures for opinions related to supervision of Group governance, etc.
- Continue to work on measures to activate communication and to enhance internal control for the entire Group.
  - Continue to report on work place safety, quality management, compliance, etc. to the Board of Directors via the Sustainable Management Office that we previously established in order to provide information needed for monitoring.
- (5) Other matters
- In principle, all Board of Directors materials are disclosed to Executive Officers for the sake of strengthening a common understanding between Directors and Executive Officers.
  - In order to improve convenience and further enhance information provision to Outside Directors, continue to work on providing dedicated PCs and tablets, and utilize our online meeting system (for details on the support system for provision of information to Outside Directors, see the Corporate Governance Report “Supporting System for Outside Directors”).

Status of Audits

Status of audits performed by the Audit Committee

Utilizing online methods, in addition to attending meetings of the Executive Officer Committee and other important meetings, members of the Audit Committee conduct interviews with Directors, Executive Officers, departments in charge of internal audits and other departments in charge of internal control concerning progress on the execution of their duties, and view important approval documentation, etc. Select members of the Audit Committee investigate the state of business and assets at the Company headquarters and important business sites according to the audit standards and audit plans, etc. of the Audit Committee as established by the Audit Committee, and conduct visiting audits of subsidiaries, etc. as needed, as well as forming a framework for conducting audits of the state of the execution of duties by Directors and Executive Officers. Additionally, the Audit Committee holds regular meetings with Corporate Auditors at major Group companies as part of efforts to enhance coordination of audit systems in line with Group management measures in place. An organization has been set up within departments responsible for internal audits to assist the Audit Committee in its duties concerning such audits performed by members of the Audit Committee.

Mr. Hiroshi Sato, Chairperson of the Audit Committee, has experience as a corporate auditor of a financial institution and has extensive knowledge of finance and accounting.

Also, Mr. Hiroshi Watanabe, a Member of the Audit Committee, has extensive knowledge of finance and accounting through his experiences as Vice-Minister of Finance for International Affairs at the Ministry of Finance and in management at government-affiliated financial institutions.

**[Governance] Corporate Governance**

The Audit Committee examines the status of the formation and operation of the internal control system, the status of the formation and operation of the internal control system for financial reporting, the status of measures for work place safety and mental health, the status of the implementation of measures to comply with the Antimonopoly Act, the status of the preparation and implementation of measures to enhance the Group's governance system, the appropriateness of auditing methods and the results of audits by Accounting Auditors as well as other matters. In addition, regarding conflicts of interest in actions taken by our consolidated subsidiary Robertson's Ready Mix Ltd. (USA), we listened to details and causes of inappropriate transactions in order to consider the validity and effectiveness of measures to prevent recurrence.

Full-time Members of the Audit Committee attend important meetings such as the Executive Officers' Meeting, Mitsubishi Materials Group's Management Committee, Budget Deliberation, Development Strategy Meetings and the Governance Deliberative Council, and make comments or suggestions on matters of concern. Furthermore, we hold regular meetings with the Chief Executive Officer and executive officers to exchange opinions.

In addition, they receive reports from the head office administration departments on a regular or timely basis and make suggestions or recommendations. Details thereof are shared with the Audit Committee in a timely manner.

**Status of internal audits**

The Internal Audit Dept., which consists of the General Manager and other 22 employees as of June 24, 2021, is responsible for conducting internal audits works on the instructions of the Chief Executive Officer in cooperation with the Audit Committee to investigate whether internal control systems are configured and applied in an appropriate manner, and audit the effectiveness and efficiency of company operations across the Group, the credibility of financial reports, the state of asset preservation and use, the risk management status, and the state of compliance with laws and regulations, and internal rules and standards, based on internal audit plans approved by the Chief Executive Officer and the Audit Committee.

Further, the Internal Audit Dept. conducted closely work with the Audit Committee on its audits by regularly reporting the results of its audits to and sharing information with the Audit Committee.

Additionally, the Audit Committee regularly receives reports from independent accountants on audit results, shares this information, and engages in audits in close cooperation with said independent auditors after conferring on the audit plans for both with independent auditors.

**Internal Control**

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

Evaluations conducted during fiscal 2021 found our internal control systems in relation to financial reporting to be sufficient and effective, with no material weaknesses identified. The results were then submitted in June 2021 in the form of an Internal Control Report with the qualified opinion of an auditing firm.

**Reduction of Strategic Share Holdings**

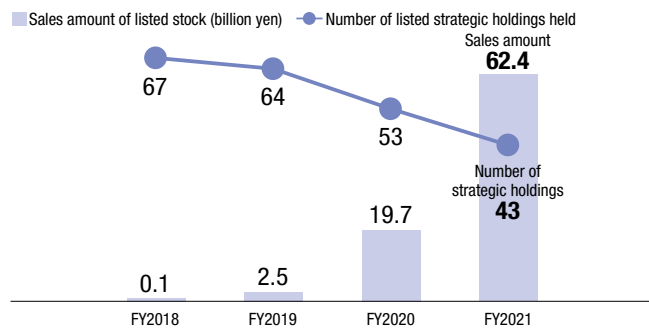
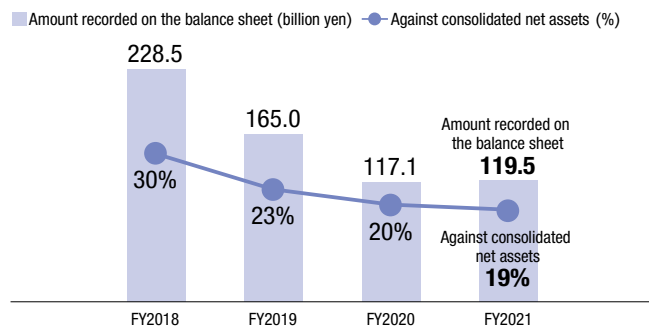
The Company has a policy of not acquiring or holding shares (strategic holdings) other than purely for investment purposes, except when it is required for their business strategy.

With regard to the Shares in the Form of Strategic Share Holdings, the appropriateness of such holdings shall be specifically reviewed and examined at a meeting of the Board of Directors on an annual basis. As a result of such reviews and examinations, the Company will reduce any Shares in the Form of Strategic Share Holdings if it is not deemed to be necessary to hold such shares.

The Company will make a continuous effort to reduce the Strategic Share Holdings in accordance with the result of such reviews and examinations.

**Strategic shareholding reduction in fiscal 2021**

In fiscal 2021, out of all of the Strategic Share Holdings (Listed shares held by the Company at the beginning of fiscal year: Shares issued by 60 issuing companies), we sold all or a part of the shares issued by 31 issuing companies. The sales price was approximately 62.4 billion yen (at market value) in total.

**Changes in Number of listed Strategic Holdings****Percentage of Strategic Holdings in consolidated net assets****Financial Data/Corporate Data****90** Ten-Year Summary / Changes in Medium-Term Management Plans and Strategies**92** Financial Statements**94** Investor Information



[Financial Data/Corporate Data]

## Ten-Year Summary

	Unit : Millions of yen									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
For the Year										
Net sales	1,440,847	1,287,251	1,414,796	1,517,265	1,417,895	1,304,068	1,599,533	1,662,990	1,516,100	1,485,121
Cost of sales	1,249,744	1,094,588	1,220,333	1,313,259	1,204,322	1,104,402	1,379,877	1,469,911	1,325,438	1,312,771
Operating profit	52,293	52,500	66,281	71,871	70,420	59,761	72,819	36,861	37,952	26,567
Ordinary profit	42,495	74,414	76,902	81,093	72,422	63,925	79,621	50,679	49,610	44,527
Profit (loss) attributable to owners of parent	9,565	36,948	52,551	56,147	61,316	28,352	34,595	1,298	(72,850)	24,407
Capital expenditures	52,141	52,957	65,944	57,636	78,103	75,685	76,231	103,418	88,043	81,519
Depreciation and amortization	62,514	60,370	60,498	56,746	60,842	60,796	61,420	64,519	68,657	66,337
R&D expenses	11,743	11,401	10,986	10,530	11,225	11,344	11,614	10,912	10,881	11,127
At Year-End										
Total assets*4	1,751,870	1,811,767	1,778,505	1,898,157	1,793,375	1,896,939	2,011,067	1,938,270	1,904,050	2,035,546
Total non-current liabilities*4	565,542	549,198	514,279	490,825	452,038	480,079	465,570	486,921	520,123	562,313
Total net assets	409,074	466,231	525,707	629,514	645,017	710,195	768,495	723,337	586,034	614,394
Number of issued shares (common share) (thousands)	1,314,895	1,314,895	1,314,895	1,314,895	1,314,895	131,489	131,489	131,489	131,489	131,489
Number of employees (consolidated)	22,015	22,181	23,112	23,413	24,636	24,859	26,959	28,426	28,601	27,162
(Unit : Yen)										
Per Share Amounts*1										
Profit	¥ 7.29	¥ 28.19	¥ 40.10	¥ 42.85	¥ 46.80	¥ 216.44	¥ 264.15	¥ 9.92	¥ (556.34)	¥ 186.71
Diluted profit	—	—	—	—	—	—	—	—	—	—
Net assets	267.62	309.17	348.54	420.36	423.83	4,743.27	5,211.20	4,838.31	3,870.35	4,173.14
Cash dividends applicable to the year	2.00	4.00	6.00	8.00	10.00	60.00	80.00	80.00	80.00	50.00
Financial Ratios (%)										
Operating margin	3.6%	4.1%	4.7%	4.7%	5.0%	4.6%	4.6%	2.2%	2.5%	1.8%
Return on asset (ROA)*2*4	2.4%	4.2%	4.3%	4.4%	3.9%	3.5%	4.1%	2.6%	2.6%	2.3%
Return on equity (ROE)*3	2.8%	9.8%	12.2%	11.1%	11.1%	4.8%	5.3%	0.2%	(12.8%)	4.6%
Shareholders' equity ratio*4	20.0%	22.4%	25.7%	29.0%	31.0%	32.8%	33.9%	32.7%	26.6%	26.8%

Notes

1.

The Company consolidated its shares at a rate of one share for every 10 shares of its common share, with October 1, 2016 as the effective date. Accordingly, "Per Share Amounts" is calculated on the assumption that the consolidation of its shares was conducted at the beginning of FY2017.

2.

Return on assets (ROA)  
ROA = Ordinary profit / [(Total asset at the beginning of terms + total asset at the end of terms) / 2] x 100

3.

Return on equity (ROE)  
ROE = Profit (loss) attributable to owners of parent / {[(Total net assets at the beginning of terms - non-controlling interests at the beginning of terms - other deductions at the beginning of terms) + (Total net assets at the end of terms - non-controlling interests at the end of terms - other deductions at the end of terms)] / 2} x 100

4.

Total assets, Total non-current liabilities, Return on asset (ROA), Shareholders' equity ratio  
The Company has been applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018) from the beginning of FY2019. Individual figures related to FY2018 have had the accounting standards applied retroactively.

## Changes in Medium-Term Management Plans and Strategies



[Financial Data/Corporate Data]

## Financial Statements

### Consolidated Balance Sheets

Unit : Millions of yen			
	As of March 31, 2020	As of March 31, 2021	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and deposits	134,444	153,086	
Notes and accounts receivable - trade	217,259	220,522	
Merchandise and finished goods	111,409	117,498	
Work in process	112,908	126,357	
Raw materials and supplies	127,908	136,019	
Leased gold bullion	95,557	156,254	
Other	158,444	133,258	
Allowance for doubtful accounts	(2,470)	(3,103)	
Total current assets	955,462	1,039,894	
<b>Non-current assets</b>			
Property, plant and equipment			
Buildings and structures, net	155,868	158,343	
Machinery, equipment and vehicles, net	233,923	241,391	
Land, net	216,487	209,707	
Construction in progress	29,298	33,864	
Other, net	23,720	22,093	
Total property, plant and equipment, net	659,298	665,402	
Intangible assets			
Goodwill	35,586	31,670	
Other	15,906	14,760	
Total intangible assets	51,492	46,431	
Investments and other assets			
Investment securities	183,043	217,477	
Retirement benefit asset	3,211	4,934	
Deferred tax assets	15,572	14,801	
Other	40,081	50,996	
Allowance for doubtful accounts	(4,112)	(4,392)	
Total investments and other assets	237,796	283,818	
Total non-current assets	948,588	995,651	
Total assets	1,904,050	2,035,546	
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Notes and accounts payable - trade	113,148	153,603	
Short-term borrowings	191,038	175,686	
Current portion of bonds payable	—	20,000	
Commercial papers	50,000	40,000	
Income taxes payable	10,221	6,781	
Provision for bonuses	12,944	12,852	
Provision for loss on disposal of inventories	670	756	
Provision for product compensation	809	578	
Deposited gold bullion	294,312	323,505	
Other	124,746	125,072	
Total current liabilities	797,892	858,838	
<b>Non-current liabilities</b>			
Bonds payable	60,000	40,000	
Long-term borrowings	246,578	353,795	
Deferred tax liabilities	26,667	36,162	
Deferred tax liabilities for land revaluation	21,514	21,094	
Provision for loss on business of subsidiaries and affiliates	4,014	2,525	
Provision for loss on business restructuring	30,272	—	
Provision for environmental measures	32,581	26,555	
Provision for product compensation	392	—	
Provision for directors' retirement benefits	1,710	1,677	
Provision for share based compensation plan	—	220	
Retirement benefit liability	56,312	42,249	
Other	40,078	38,033	
Total non-current liabilities	520,123	562,313	
Total liabilities	1,318,016	1,421,151	
<b>NET ASSETS</b>			
<b>Shareholders' equity</b>			
Share capital	119,457	119,457	
Capital surplus	92,393	79,439	
Retained earnings	274,723	294,814	
Treasury shares	(2,157)	(2,868)	
Total shareholders' equity	484,416	490,843	
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	22,806	42,940	
Deferred gains or losses on hedges	708	(1,119)	
Revaluation reserve for land	28,059	27,097	
Foreign currency translation adjustment	(12,212)	(8,057)	
Remeasurements of defined benefit plans	(16,997)	(6,470)	
Total accumulated other comprehensive income	22,364	54,390	
Non-controlling interests	79,252	69,161	
Total net assets	586,034	614,394	
Total liabilities and net assets	1,904,050	2,035,546	

### Consolidated Statements of Profit or Loss

Unit : Millions of yen		
	Year Ended March 31, 2020 (Apr. 1, 2019–Mar. 31, 2020)	Year Ended March 31, 2021 (Apr. 1, 2020–Mar. 31, 2021)
Net sales	1,516,100	1,485,121
Cost of sales	1,325,438	1,312,771
Gross profit	190,662	172,349
Selling, general and administrative expenses	152,709	145,781
Operating profit	37,952	26,567
Total non-operating income	31,362	38,278
Total non-operating expenses	19,704	20,318
Ordinary profit	49,610	44,527
Total extraordinary income	16,562	28,876
Total extraordinary losses	106,671	30,063
Profit (loss) before income taxes	(40,498)	43,341
Total income taxes	28,810	12,564
Profit (loss)	(69,308)	30,777
Profit (loss) attributable to non-controlling interests	3,541	6,369
Profit (loss) attributable to owners of parent	(72,850)	24,407

### Consolidated Statements of Cash Flows

Unit : Millions of yen		
	Year Ended March 31, 2020 (Apr. 1, 2019–Mar. 31, 2020)	Year Ended March 31, 2021 (Apr. 1, 2020–Mar. 31, 2021)
Cash flows from operating activities	67,545	78,442
Cash flows from investing activities	(66,898)	(101,763)
Cash flows from financing activities	28,873	41,514
Net increase (decrease) in cash and cash equivalents	27,559	19,203
Cash and cash equivalents at end of period	127,284	147,533



Investor Information

Investor Information

As of March 31, 2021

Articles Concerning Stock

Total number of authorized shares: 340,000,000

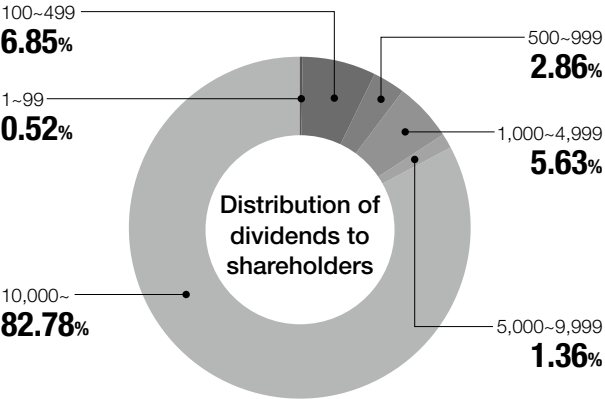
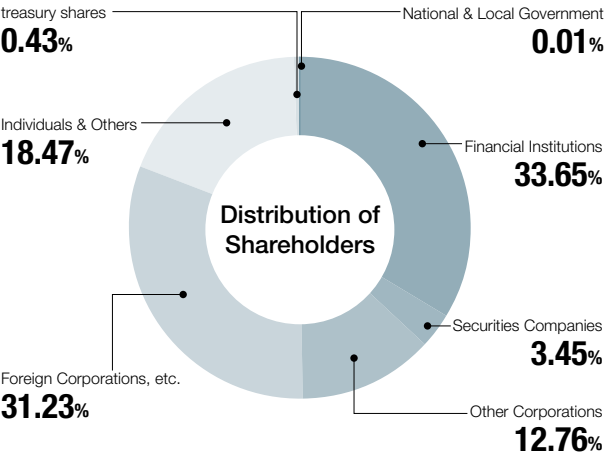
Total number of issued shares: 131,489,535

Number of shareholders: 92,446

Major Shareholders (Top 10 shareholders)

Name of Shareholders	Number of Shares Held (Thousand)	Percentage of Shareholding (%)*
The Master Trust Bank of Japan, Ltd. (Trust account)	11,519	8.8
Custody Bank of Japan, Ltd. (Trust account)	8,807	6.7
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	6,873	5.2
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	3,979	3.0
Meiji Yasuda Life Insurance Company	3,101	2.4
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	2,231	1.7
STATE STREET BANK AND TRUST COMPANY 505103	2,003	1.5
MUFG Bank, Ltd.	2,003	1.5
Custody Bank of Japan, Ltd. (Trust account 5)	2,002	1.5
Mitsubishi Heavy Industries, Ltd.	1,900	1.5

Note: Percentages of shareholding were calculated after deducting treasury shares (559,581 shares)



Company Name: Mitsubishi Materials Corporation

Marunouchi Nijubashi Building 22F, 3-2-3, Marunouchi, Chiyoda-ku, Tokyo 100-8117 Japan

Date Established: April 1, 1950

Representative: Naoki Ono, Chief Executive Officer

Stock Listing: Tokyo Stock Exchange, Inc.

Paid-in Capital: ¥119,457 million

Total Assets: ¥2,035,546 million

Number of Employees: 6,153 (consolidated : 27,162)

Number of consolidated subsidiaries: 140

Number of equity method affiliated companies: 19

Membership:

KEIDANREN (Japan Business Federation), KEIZAI DOYUKAI (Japan Association of Corporate Executives), Japan Cement Association, Japan Mining Industry Association, ICMM (International Council on Mining & Metals), etc.

(As of March 31, 2021)

Total Shareholder Return (TSR)

	March 2017	March 2018	March 2019	March 2020	March 2021
Mitsubishi Materials Corporation	107.9%	105.0%	98.8%	79.1%	92.3%
TOPIX	114.7%	132.9%	126.2%	114.2%	162.3%

Note: The figures for Mitsubishi Materials and TOPIX are calculated with the closing price data as of the end of March 2016 as 100.