

MITSUBISHI MATERIALS

IR Day 2021 (Part2)

Agenda

Part	No	Time	Contents	Speakers
1	①	13:00~13:03	Opening remarks	Naoki Ono, Chief Executive Officer
	②	13:03~13:20	Progress of Management Strategy	Nobuhiro Takayanagi, Chief Financial Officer
	③	13:20~13:50	Advanced Products Company	Yasunobu Suzuki, President, Advanced Products Company
	④	13:50~14:20	Metalworking Solutions Company	Tetsuya Tanaka, President, Metalworking Solutions Company
	⑤	14:20~14:50	Metals Company	Tetsuro Sakai, President, Metals Company
	⑥	14:50~15:20	Cement Company	Kazuto Hirano, President, Cement Company
	⑦	15:20~15:50	Environment & Energy Business Company	Shogo Yamaguchi, President, Environment & Energy Business Company
Interval				
2	⑧	16:00~16:20	Digital Transformation Strategy	Makoto Shibata, Managing Executive Officer
	⑨	16:20~16:40	Safety, Quality and Manufacturing	Shinichi Nakamura, Managing Executive Officer
	⑩	16:40~17:00	Governance / Human Capital	Jun Nagano, Managing Executive Officer

Digital Transformation Strategy

IR Day

November 30, 2021
Managing Executive Officer,
Makoto Shibata

Digital Transformation strategy

Corporate
Philosophy

For People, Society and the Earth

Vision

We will become the leading business group committed to creating a sustainable society through materials innovation, with use of our unique and distinctive technologies, for People, Society and the Earth

Mission

“Contribute to build a prosperous society, a recycling-oriented society and a decarbonized society”

Digital Transformation strategy

By utilizing data and digital technology, promote the three pillars of “Business added-value”, “Business operations competitiveness”, and “Management speed”, the Company will realize the goal to become a “leading company”.

DX Management Office

General Manager : Kameyama CDO

System Department

Business units
Corporate departments

External partners

- Investment of more than 40 billion yen over the next six years
- Approx. 100 digital professionals

Mission

**Strengthen
the Present**

Strengthen existing
businesses digitally
Business reforms

**Create
Tomorrow**

Co-create
new businesses

Develop talent

Develop a system
that helps continuous
implementation of
initiatives and
strengthen talent

DX (Digital Transformation)

Business added-value

Operational competitiveness

Management speed

Customer
touch
point

Data
sharing/
utilization

Operational
efficiency

DX foundation

Shared data infrastructure (integration/update)

Talent development / Corporate culture improving

MMDX as a Management Reformation

DX is involved in all reformation efforts.



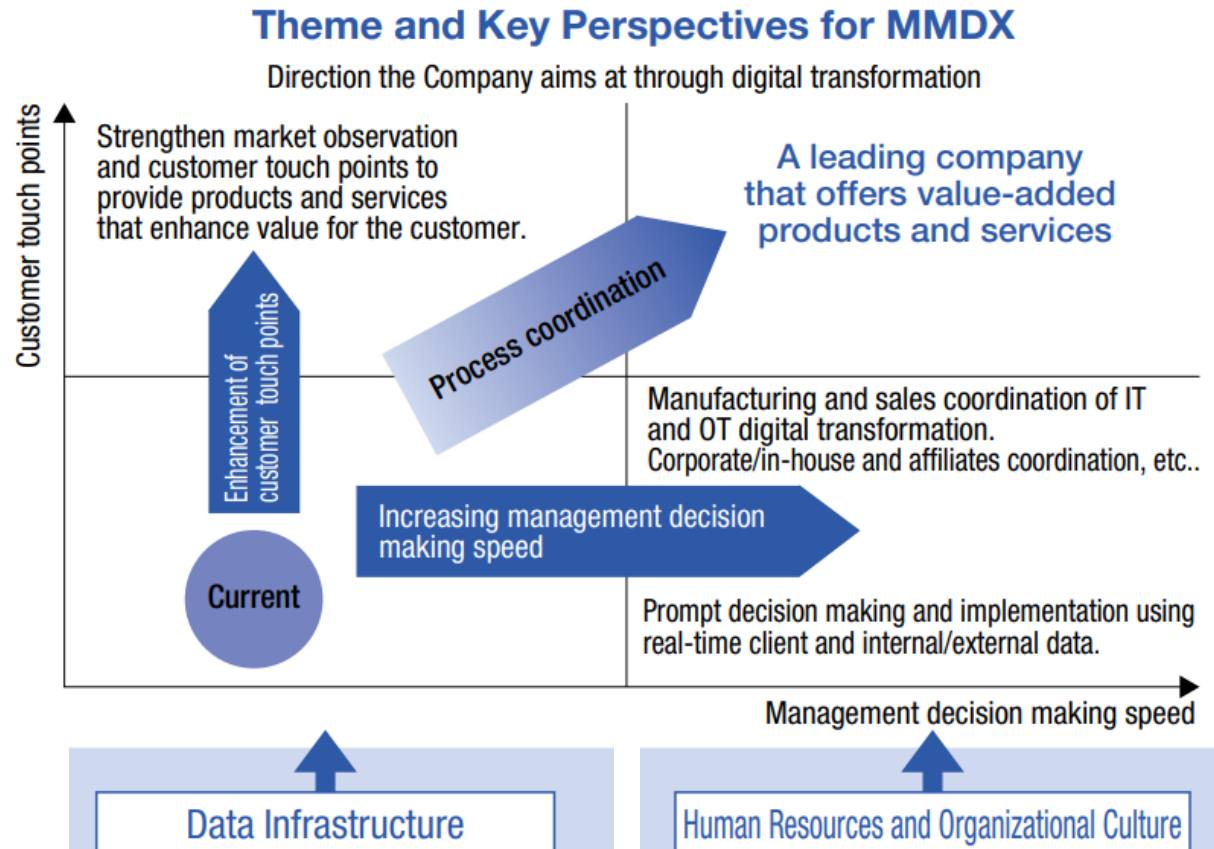
- MMDX
- = Group-wide business process renewal, Building a data infrastructure
 - = ITX (Full system renewal, Drastic strengthening of IT infrastructure and security infrastructure)

Key Perspectives on MMDX

MMDX Implementation Plan

- Review the entire business processes with a focus on “**getting closer to customers.**”
- Create a foundation **for catching up with competitors and winning on a global scale.**
- **Strengthen the management foundation** through safety and security, enhanced business management, and increased efficiency.

Theme and Key Perspectives for MMDX



The Group's Vision of DX

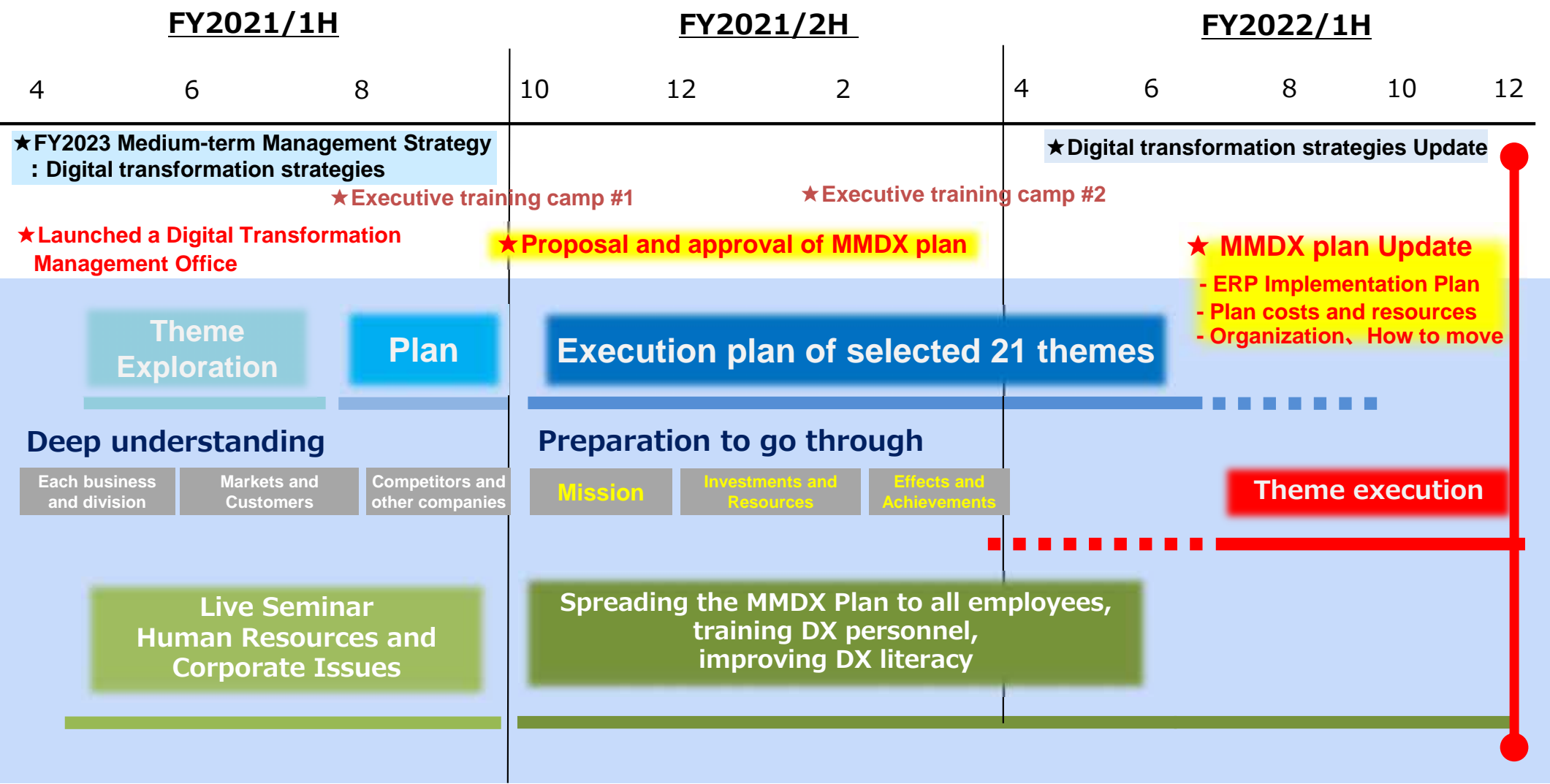
Using digital technology to get closer to customers and innovate the workplace

Goals and points by theme

Theme			Goals	Points
1. MI*: Digital customer interface 2. MI*: Utilize market information 3. Ability to propose solutions 4. Supply and demand management	Metalworking Solutions C	Product-type oriented business (1-9)	Business growth Catch up with competitors' efforts and create a foundation for global victory	Strengthen customer contact and process collaboration Review all business processes with a focus on "shortening the distance between the Company and the customers"
5. Strengthen customer contact 6. Integrated supply chain 7. Advance development and production data utilization 8. Revenue platform	Advanced Products C	Recycling-oriented business (10,11)	Business development, "For People, Society and the Earth" Contribute to a sustainable society	Strengthen the Company's business by leveraging the strengths of the current business and by engaging the industry Establish a platform as a foundation
9. Commonality 10. Enforce E-scrap 11. Environmental recycling DX 12. Safety & security 13. Maintenance 14. Procurement advancement 15. Central Research Institute DX		Manufacturing excellence (12-15)	SCQDE, Increase Field Capabilities, Increase product power	Thoroughly streamline operations Advanced operations through the use of data
16. ERP 17. Enhancement of business management 18. Data infrastructure and utilization 19. Improve business efficiency		Core business/ Business management/ Data infrastructure (16-18)	Advancement of business management to support CX Data-Driven Management Speedy decision making and execution based on data	Ability to see ahead and capture the real Comprehensive utilization of existing data
20. Talent management 21. Improve DX talent development and literacy		Improve business efficiency (19)	In the office and in manufacturing, it's easier to work and more focused on professional tasks	Review business processes (standardization, sharing, externalization) and thorough automation
		Talent base (20,21)	Strengthen the talent pool for continuous development Good and healthy communication Culture of challenges	Visualize talent and make evaluations transparent Fostering DX human resources Improve DX mindset and literacy

* MI : Market Intelligence

Overview of MMDX initiatives

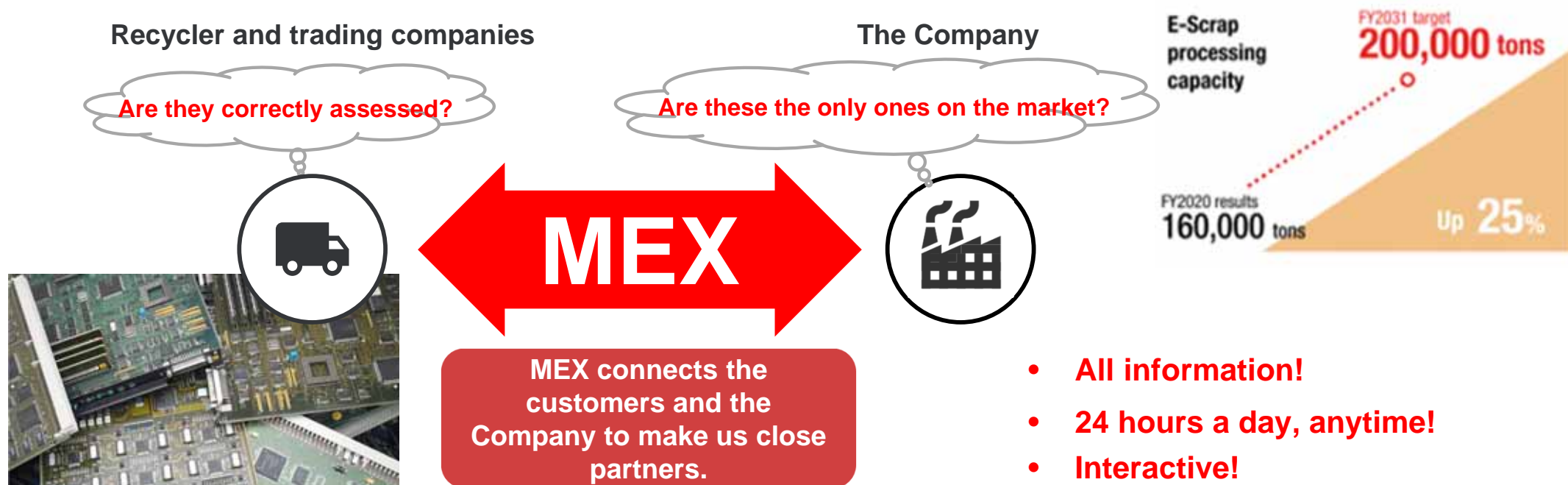


Master Schedule of the Entire MMDX

		Stage 1						Stage 2		
		FY2021		FY2022		FY2023		FY2024	FY2025	FY2026
		First half	Second half	First half	Second half	First half	Second half			
		Initial stage of MMDX implementation ✓ First, create a strategy to catch-up and a foundation* to surpass competitors *Examples (E-Scrap, Talent Management) are listed on the next page. ✓ Solidify the management base, including security and safety, data infrastructure, and business administration						Full-scale operation phase of MMDX ✓ Introduction of key systems (ERP) ✓ Acceleration of MMDX in the Group		
Business Digital Transformation	Product-based business (Metalworking Solutions and Advanced Products)	• Implementation of measures to realize the medium-term management strategy of each business ✓ Metalworking Solutions: Global Top 3 ✓ Advanced Products : “Global First Supplier” • Strengthening customer touch points, SCM and enhancing global cooperation						• Enforce measures to catch up and surpass the competitors		
	Recycling-Based Business	• Building a foundation for the recycling business						• Promote utilization of recycling data		
Manufacturing Digital transformation		• Implement digital transformation to achieve the goals of safety and security, maintenance, procurement, and R&D • Promote data utilization in the fields and smart factory plans						• Accelerate digital transformation to enhance safety and security, maintenance, and procurement • Accelerate manufacturing excellence and new business development by utilizing data and digital technologies		
ERP		• Formulation of ERP introduction plan		• Development of ERP implementation infrastructure				• Preparation for group-wide introduction and advance introduction		
Data infrastructure/ Business Administration		• Build infrastructure for data analysis • Training for data scientists and promote data utilization • Improving business administration						• Build and utilize data infrastructure in the Group • Visualization of management information, automation and sophistication of analysis • Realize speedy management and headlight management		
Operational Efficiency		• Standardization of operation, and thorough automation						• Standardize and improve efficiency of operations across the Group and shift human resources to high value-added operations		
DX talent development		• Design digital transformation training system and MMDX activity across the entire Group • Practice free and frank communication						• Development of DX human resources, all-out activities that all group members autonomously accelerate digital transformation, and strengthening of corporate reform		

Realize the “visualization” of the E-Scrap business and aim for the growth and expansion of the entire E-Scrap business through safe and secure transactions.

Scheduled to start operation in December 2021.



Talent Management (Theme No.20)

Targeted image : To be launched in April 2022

(initially only in the MMC main body, and sequentially others thereafter)

- Achieve business goals by maximizing the use of human resource information and system functions stored in the talent management platform

Identify necessary talent based on information visualization

Visualizing the talent required for the business



Formulate job definitions for the skills and abilities of personnel required by the business



Visualize the location of necessary talent by quantifying the skills and abilities by organization and job position.

Visualization image using MMC environment



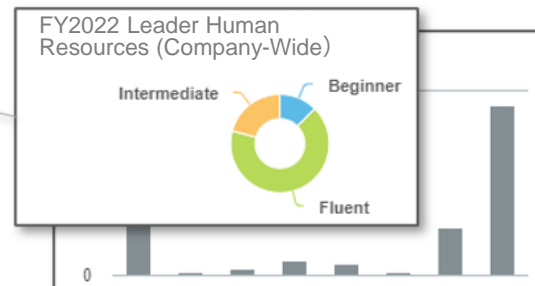
* Family AIエンジニア

0 Mapped Job Codes 0 Mapped Skills 2 Mapped Competencies 0 Mapped

2 Competencies

Competency Name	Added	Last Modified	Weight
(S) AI	04/15/2021	04/15/2021	50 %
(S) 機械学習	04/15/2021	04/15/2021	50 %

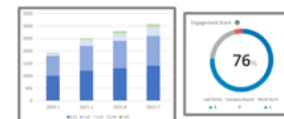
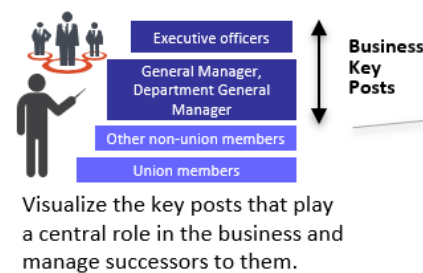
Define the competencies required for the job



Skill achievement visualization dashboard * Expected to be realized after August 2022

Select data-driven successors

Key Post Succession Management



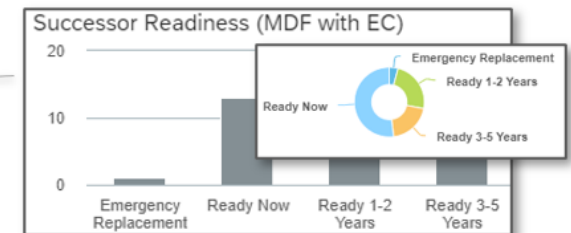
Visualize the development status of successors to be placed in Key Posts

Selecting candidates with high suitability

List of Candidates	Match Rate	Affiliation
1. Candidate A	90%	X R&D Dept.
2. Candidate B	70%	Y Sales Dept.
3. Candidate C	65%	Z Planning Dept.

Search for human resources based on job requirements. Screen highly compatible personnel

Visualization image using MMC environment



Employee

Employee	% of match
高機能企画 部長B (B)	100%
PoC_TEST_Location (PoC_TEST_Location)	100%
高機能企画 部長C (C)	50%
PoC_TEST_Location (PoC_TEST_Location)	50%

Display the suitability rate for the job requirement

Safety, Quality and Manufacturing

IR Day

November 30, 2021
Managing Executive Officer,
Shinichi Nakamura

Contents



1. Strengthen Safety and Health Activities



2. Quality Control Strategy

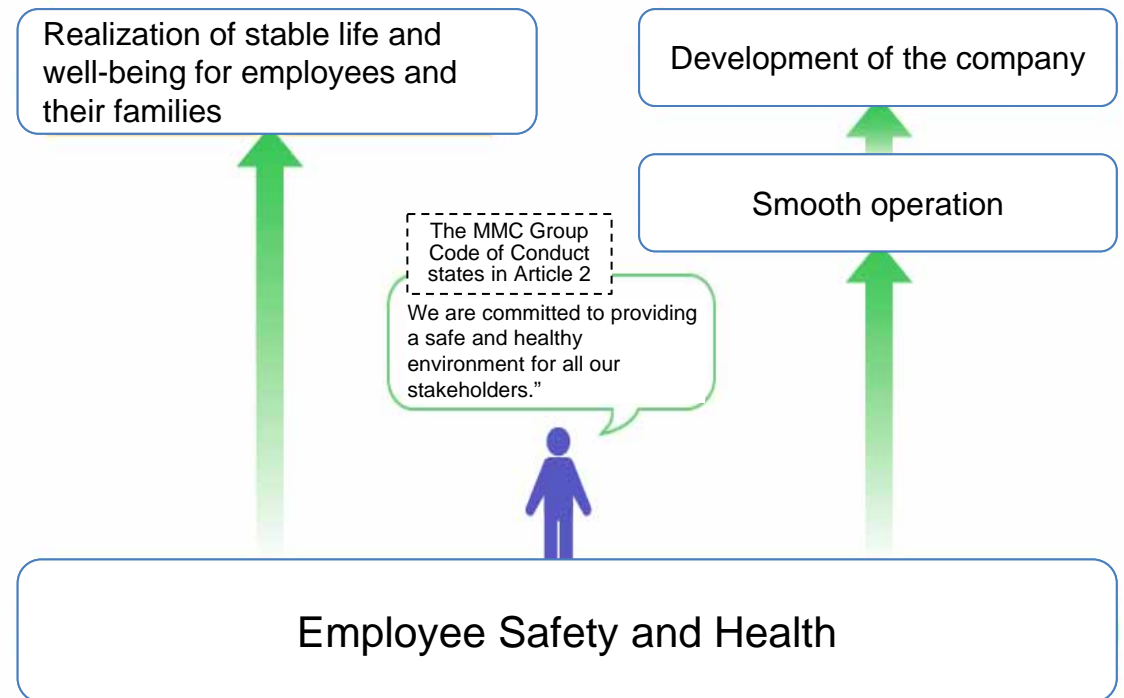
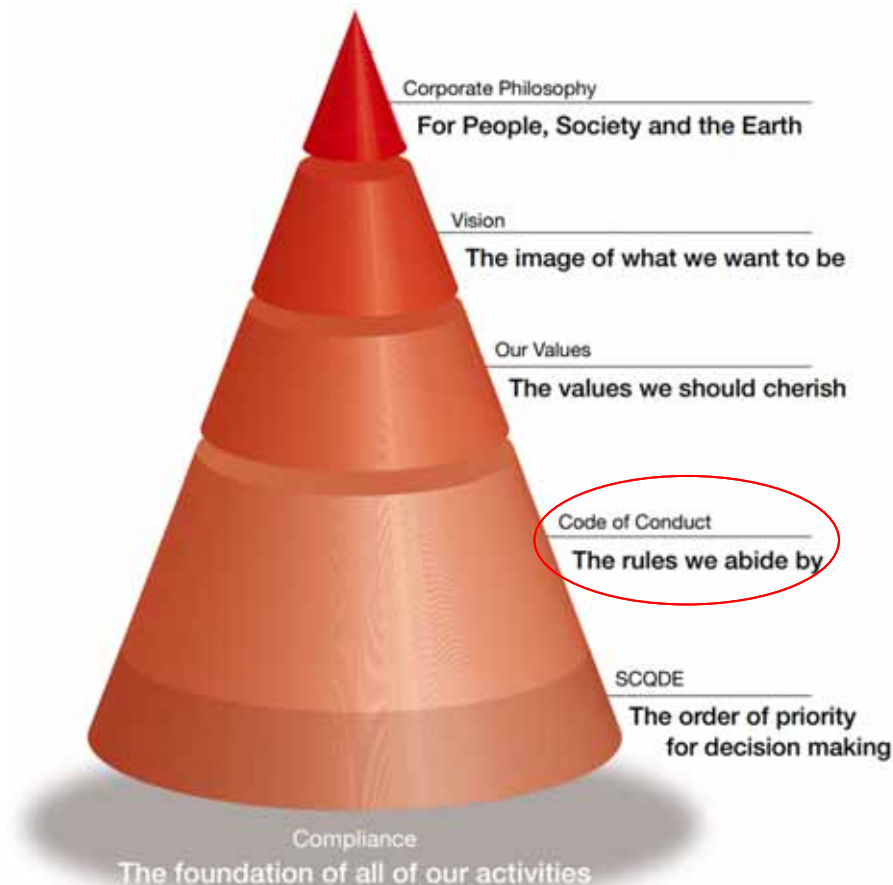


3. Manufacturing Strategy

Strengthen health and safety activities

Strengthen health and safety activities

The Group's code of conduct is **“We put safety and health before everything else”** This is based on the belief that without the safety and health of employees, the stable lives and well-being of employees and their families cannot be realized, smooth operations cannot be expected, and the development of the company cannot be achieved.



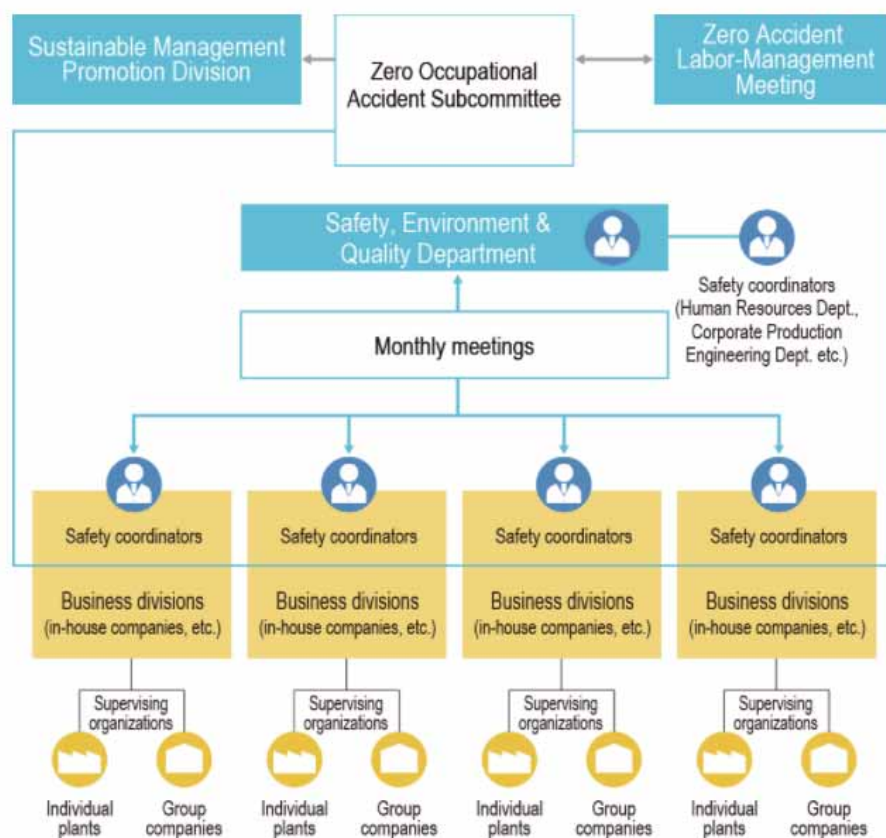
Strengthen safety and health activities

Zero Disaster Project

The Group solemnly accepts the explosion and fire accident at the Yokkaichi Plant in 2014, and is reviewing its safety management system and promoting various safety and health improvements to prevent such accidents and disasters from happening again.

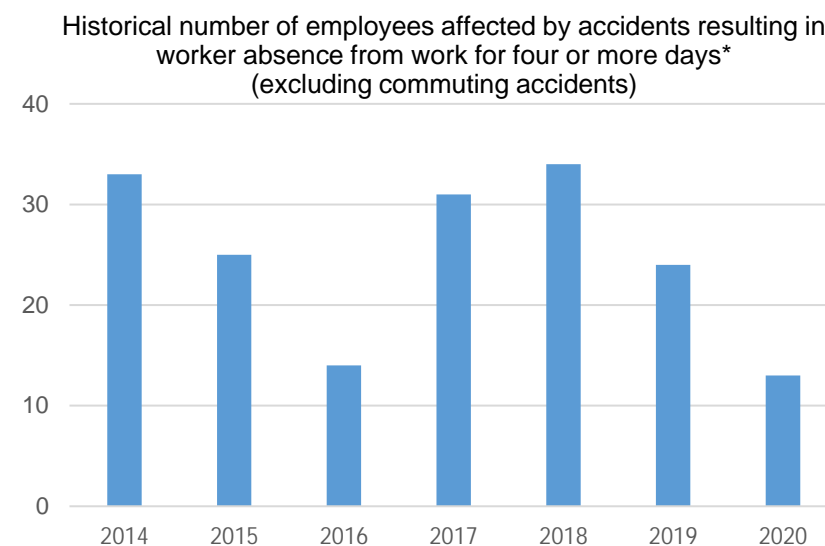
In April 2014, the Company launched the **"Zero Disaster Project"** and has been working on to strengthen the Group's safety and health infrastructure.

Company-wide safety and health promotion system



Zero Disaster Project: Target

Zero occurrence of serious accidents resulting in worker absence from work for four or more days
(Continue one year of zero Disaster with worker absence from work for four or more days)



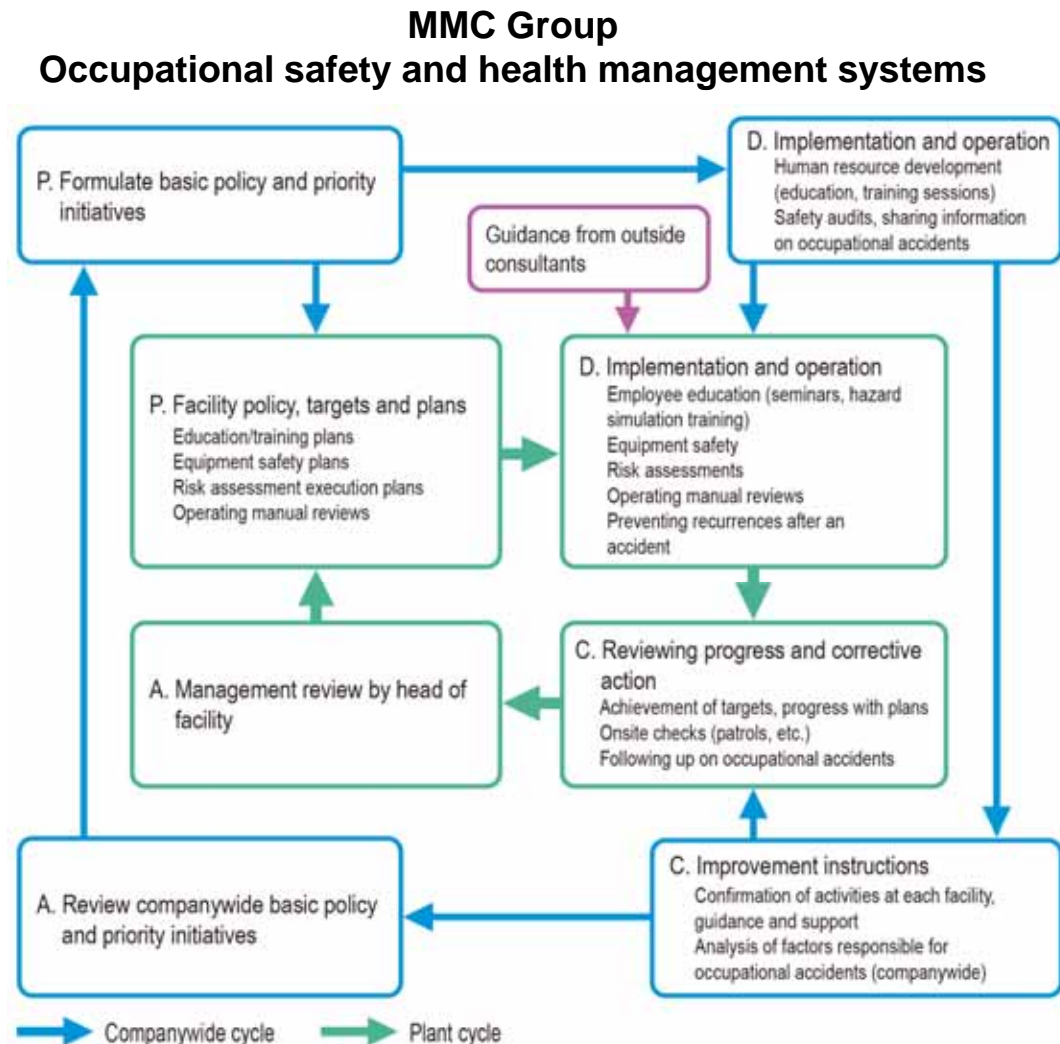
* Includes partner companies in addition to the Company and its domestic consolidated subsidiaries.

Strengthen health and safety activities

Thorough implementation of equipment safety through risk assessment (Prioritized items for implementation in FY2022)

Specific measures:

- Identify new risks and reduce significant risks
- Reassessment of identified risks and implementation of corrective actions for insufficient measures
- Establishment of a system to ensure safer facilities at the time when installing new facilities by introducing a manual for promoting facility safety
- Conduct training to improve the level of risk assessors.



Strengthen safety and health activities

Promote safety and health education activities

“Safety and Health Education Center Green Building” on the premises of Saitama Office (Saitama City, Saitama Prefecture) provides hazard simulation training (50 types of simulation equipment) and safety and health education for the Group employees.



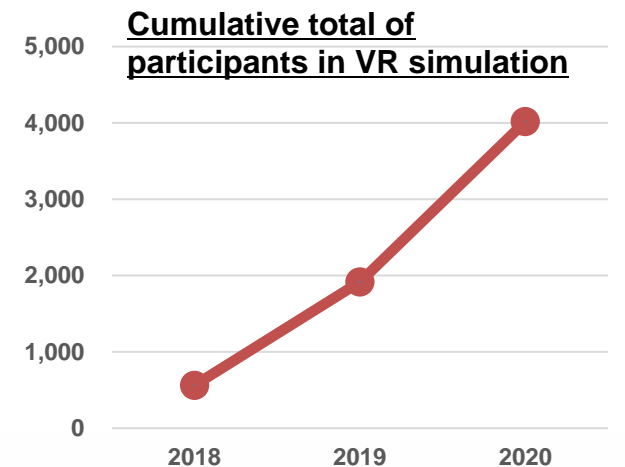
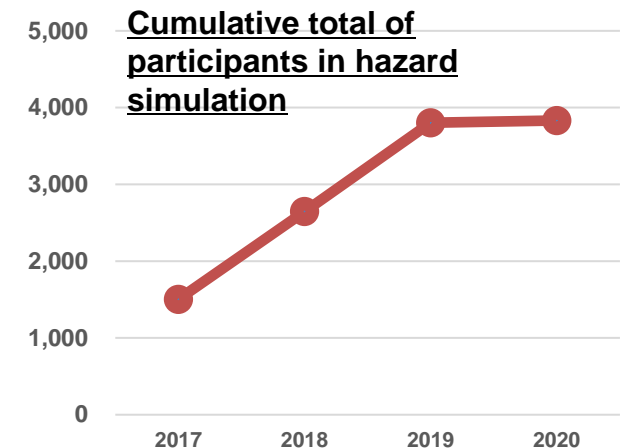
Safety and Health Education Center “Green Building”

- Hazard Simulation Training for employees of the Group as well as the Company to improve risk sensitivity among employees
- Facilities equipped to conduct various safety and health educations



Hazard Simulation Training using Virtual Reality (VR)

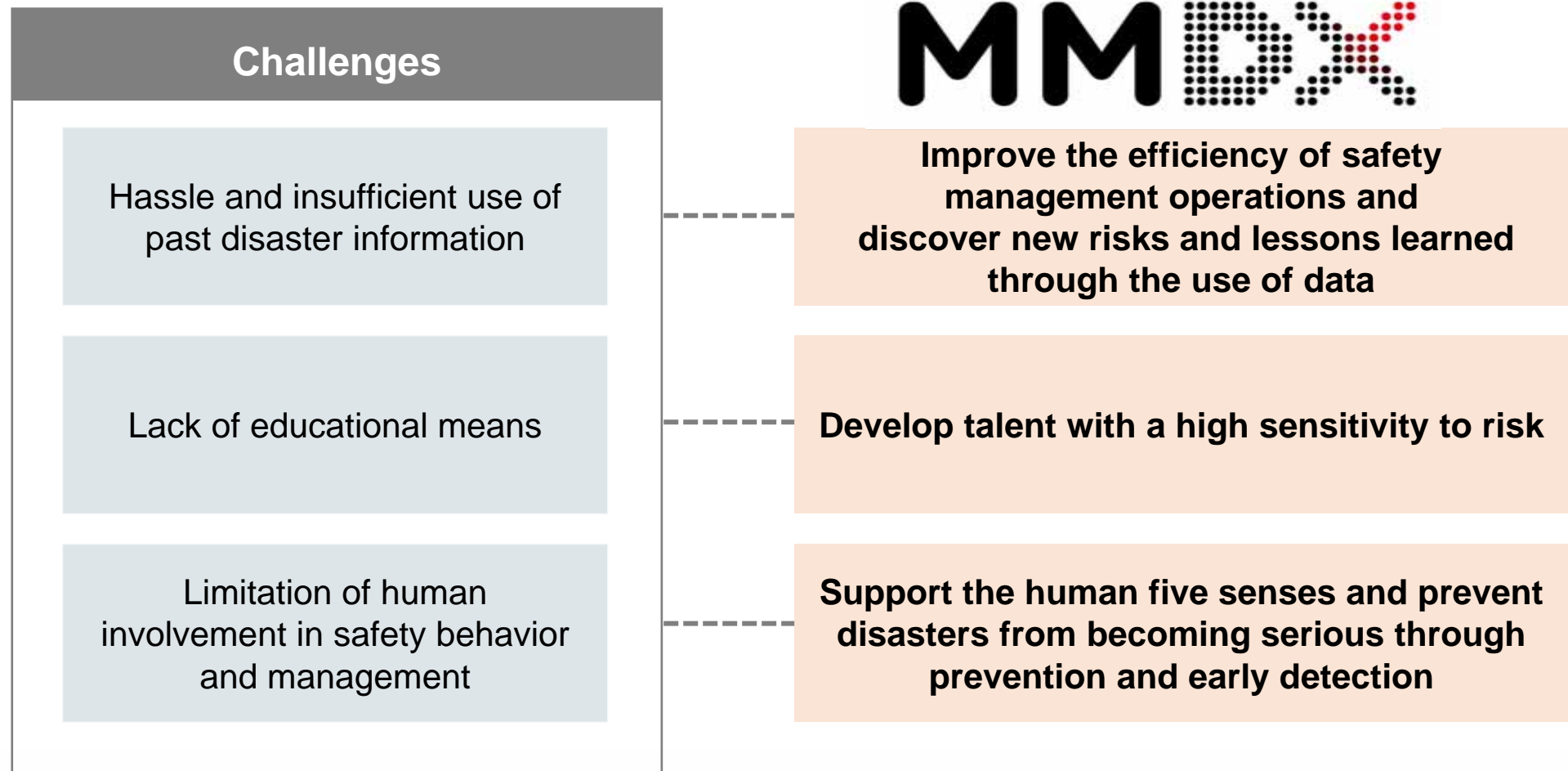
In order to experience dangerous situations that are difficult to simulate with ordinary hazard simulation equipment, the Company introduced hazard simulation training using VR in May 2018. The system is disassembled and portable and is used for safety education at each site.



Strengthen safety and health activities

Approaches to the Safety & Security DX

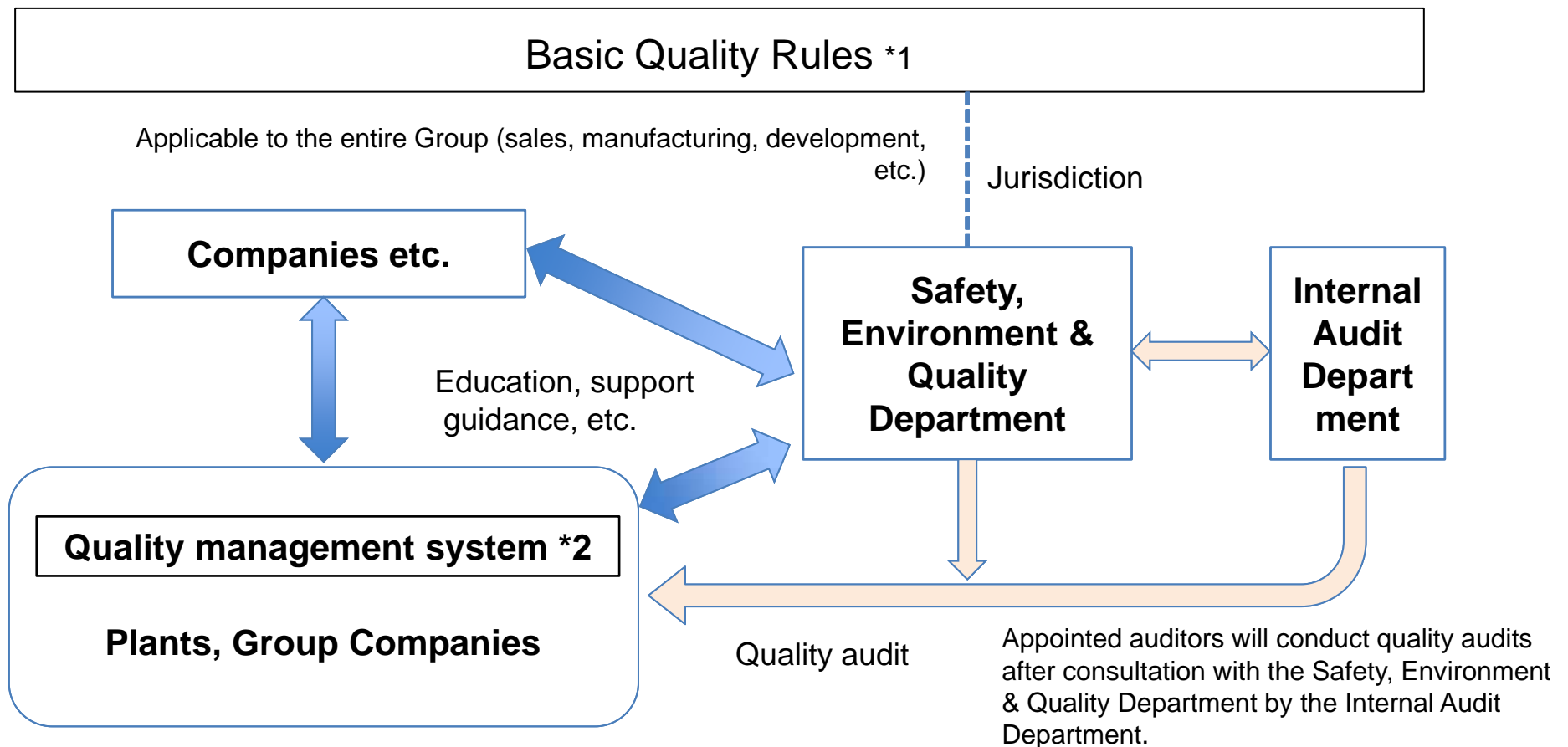
In order to carry out more advanced safety activities, the Company will promote safe and secure safety and health activities using DX and work to achieve the goals of the "Zero Disaster Project"



Quality management strategy

Quality management structure of the Group

The Group's quality policy is "to manufacture and provide products of first-class quality that meet customer requirements and satisfy customers," and the Group operates under the following system.



*1: In addition to the basic quality regulations, front-loading guidelines, guidelines for quality, quality control handbook, etc.

*2: Quality management systems of plants and group companies

Quality management strategy

Efforts to prevent recurrence of quality problems

In order to strengthen the governance system for quality control, the Group has been sharing quality issues throughout the Group and implementing and reinforcing the following measures to create a system that will never allow non-conforming products to flow out of the Group, based on the "quality of protection".

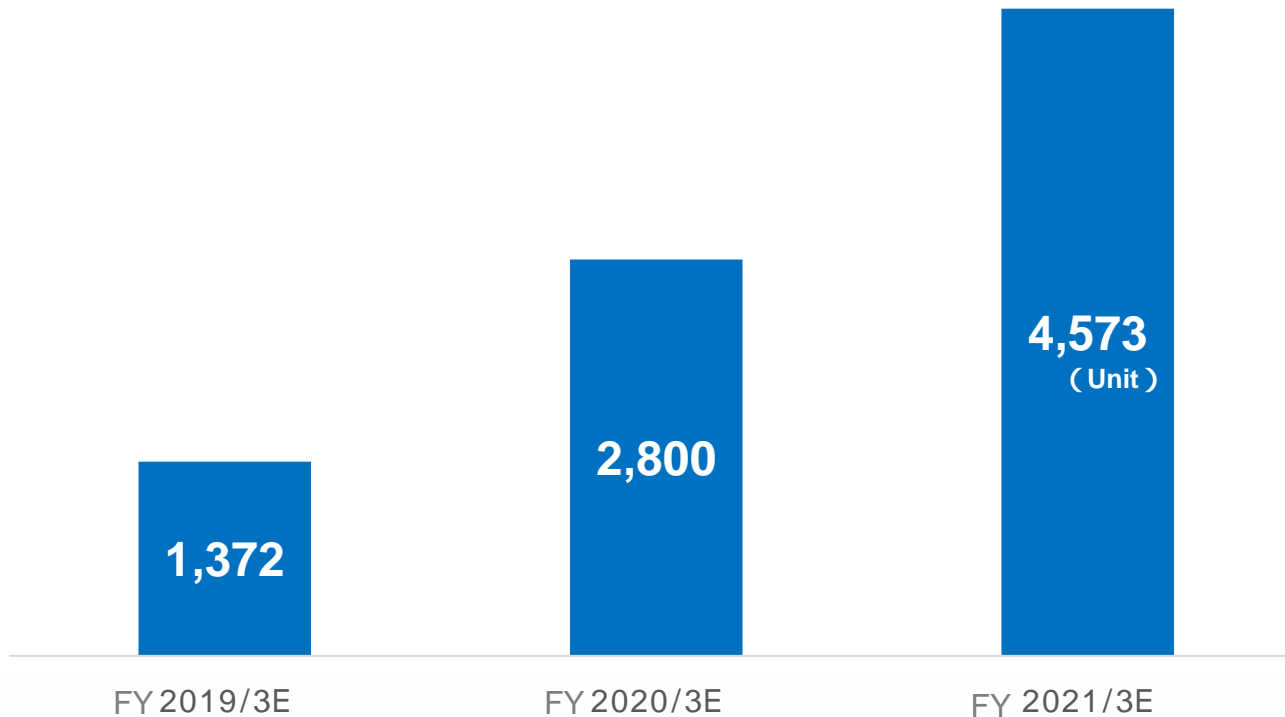
Preventive Measures	Specific Measures
1. Penetrate the Front Loading System (FLS)	<ul style="list-style-type: none">• Establish and disseminate FLS guidelines• Audit of FLS operation status
2. Strengthen the structure and authority of the quality control department	<ul style="list-style-type: none">• Confirm the independence of the quality assurance function• Confirm the scope of authority and status of work performance of the quality assurance department
3. Expand quality education	<ul style="list-style-type: none">• Provide quality education to employees at domestic and overseas bases• Provide tiered education• Provide training to improve professional quality control skills
4. Promote automated inspection equipment	<ul style="list-style-type: none">• Automated inspection equipment
5. Strengthen quality audits	<ul style="list-style-type: none">• Quality audits at target sites
6. Use of external consultants	<ul style="list-style-type: none">• Quality consultant guidance meeting• Sharing of information on the quality guidance provided by consultants at the meeting

Quality management strategy

■ Status of promotion for the automated testing facilities

For inspection data related to products, from in-process inspections to final inspections, the Company is promoting automation of data acquisition, etc., to prevent fraudulent activities such as rewriting, and is building a system that enables accurate and prompt confirmation. Executed automation of more than cumulative 4,500 testing facilities over a period of three years up till March 2021.

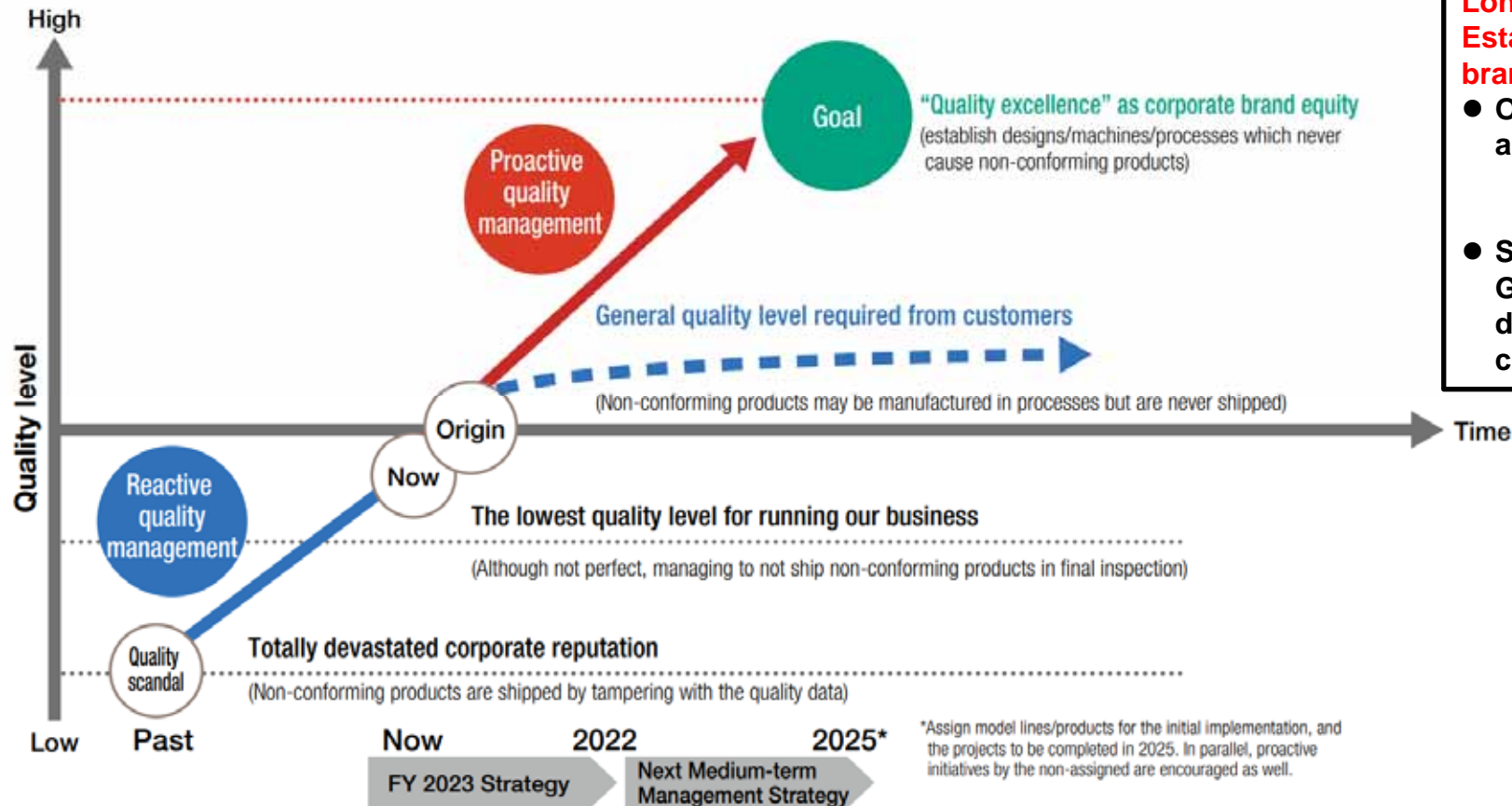
Equipment compatible with automated testing facilities



Quality management strategy

Toward “proactive quality”

As the automation of testing facilities progresses and has entered the phase of effective utilization of the data obtained from them, the Company's quality management strategy will shift to “proactive quality” in the future, establishing “quality” as a brand asset of the Group and earning the high trust of customers.



Long-term business goals :
Establish “Quality” to be the Group’s brand and asset

- Optimize design, equipment and manufacturing processes
Improve process capabilities
Enhance product quality
- Strong customer trust in the Group’s products will become a differentiating factor and competitive edge for the Group.

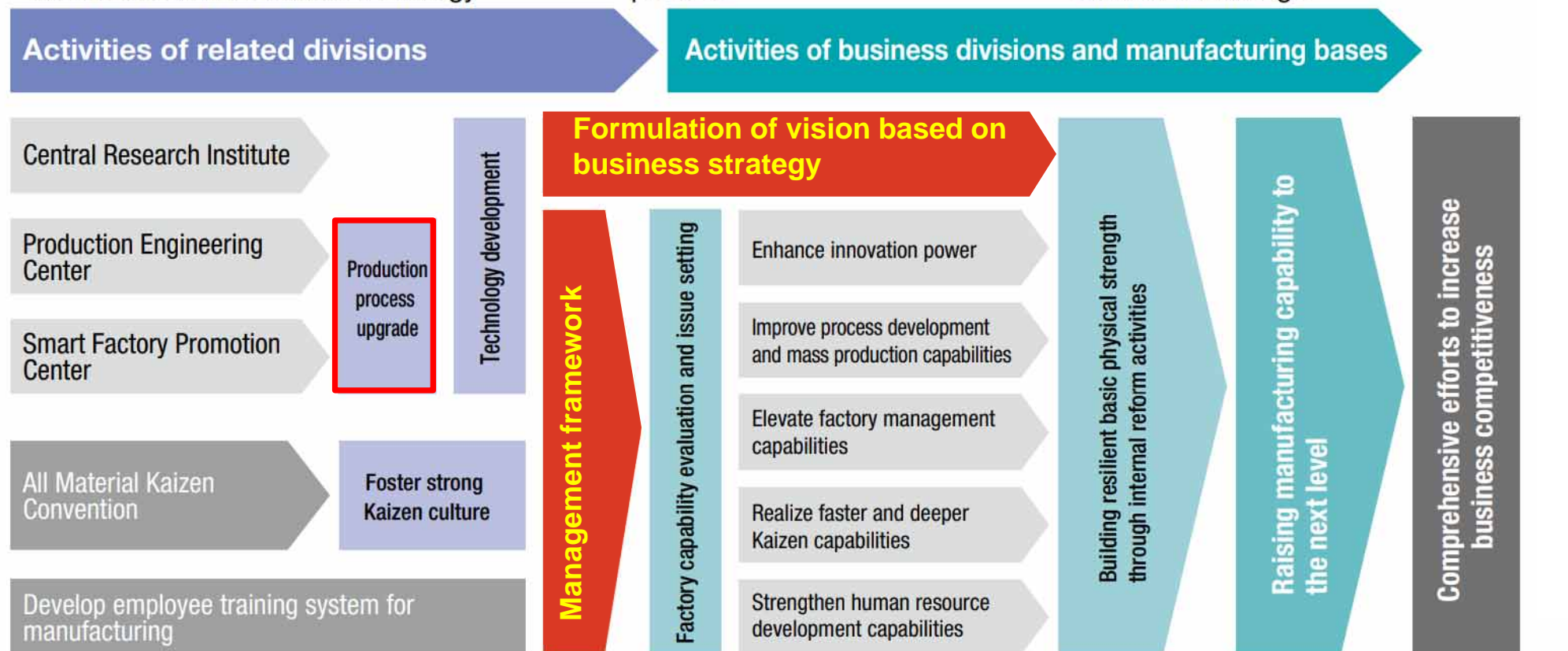
Manufacturing Excellence Strategy

To raise “manufacturing capability to the next level”

The business divisions will formulate the factory visions based on their business strategies, and make the best use of the group support functions of related departments to raise “manufacturing capability to the next level”

Raise manufacturing capability to the next level

- Formulation and realization of the factory vision based on its business strategy
- Enhancement of production process
- Proactive utilization of external knowledge



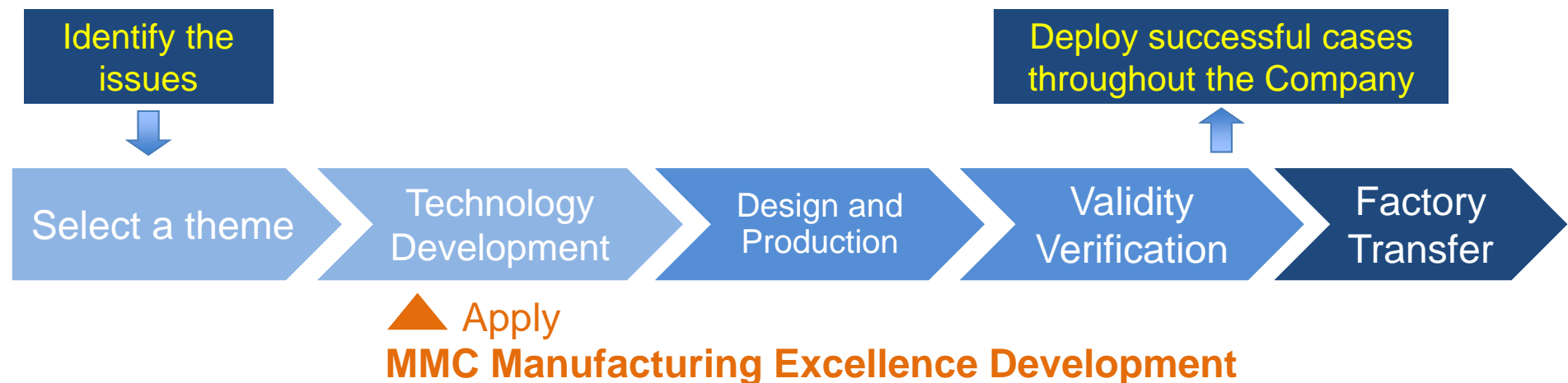
Manufacturing Excellence Strategy

Outline of Advanced Production Process

While manufacturing bases face a variety of issues, for issues with a high degree of technical difficulty that are difficult for factories to solve on their own, or for issues that are common across businesses, the Company takes the initiative at the head office to quickly develop and manufacture systems and equipment that utilize the latest technology, thereby accelerating their introduction to factories and efficiently deploying them across the company.

Specifically, the Company will utilize digital technologies such as data collection, visualization, and analysis to strengthen the linkage from the discovery of factory operation issues to improvements, and the introduction of automation technologies to stabilize quality and improve productivity through secure stable plant operations.

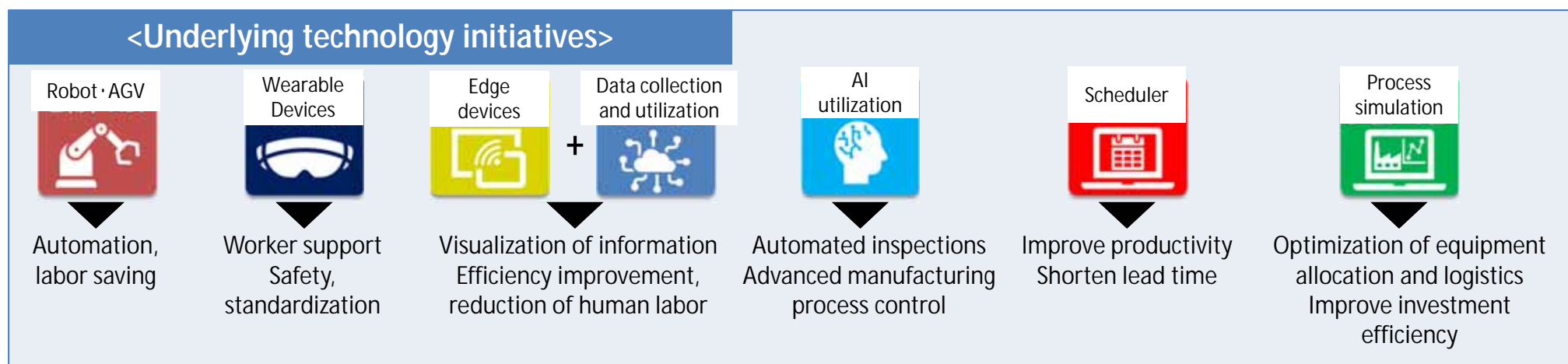
Application flow for advanced production process



Manufacturing Excellence Strategy

Status of advanced production process

Major themes	Applied technologies	Target factories	Capital expenditure (Million yen)	Amount of effect (Million yen/ year)
Sudden failure prevention system for critical equipment	Preventive maintenance	Copper & copper alloy	98	20
Automated product appearance inspection (3 themes)	AI Image Processing	Electronic materials & components Metalworking Solutions	162	47
New production system for cemented carbide tools <Establishment of manufacturing technology for new drill products>	Mass production	Metalworking Solutions	29	110
On-board LIB dismantling line	Automation	Environment Energy	28	Establish Safety Technology (Qualitative effect)



Governance / Human Capital

IR Day

November 30, 2021
Managing Executive Officer,
Jun Nagano

Contents

- 1 . Governance Initiatives
- 2 . Effectiveness of the Board of Directors
- 3 . Revision of the Corporate Governance Code
- 4 . Reduction of Strategic Share Holdings
- 5 . Human Capital Initiatives

Enhancing the governance and compliance systems

- Enhancing the governance and compliance systems in response to quality issues discovered in FY2018, orders to pay surcharges due to violation of the Antimonopoly Act in FY2020, and the discovery of overseas transactions deemed to be conflicts of interest in FY2021.

	FY2018 to FY2019	FY2020	FY2021
Item	Discovery of quality issues in the Company and Group Companies (Diamet Corp., Mitsubishi Cable Industries, Ltd., Mitsubishi Aluminum co., Ltd., etc.)	Orders to pay surcharges due to violation of the Antimonopoly Act by Universal Can Corporation (Applicable period: From around May 2010 to the end of March 2016 at the latest)	Discovery of conflict-of-interest transactions at Robertson's Ready Mix, Ltd.
Recognition of issues	Lack of communication Fragile compliance framework and awareness Insufficient resource allocation	Insufficient compliance system and awareness Unclear delegation of responsibility	Insufficient checks on senior executives Concentration of authority in senior executives Top-down organizational culture
Initiatives	Enhancement of framework for discussion, reporting and follow-up of governance-related matters Improvement of functions of management divisions and their collaboration with operating divisions Improvement of human resources training and encouragement of active interaction Internal audit strengthening Studies with a focus on business optimization	Setting of rules for compliance with the Antimonopoly Act Distribution of top message Promotion of risk management activities Expansion of education and understanding Review of in-house reporting system Strengthening of internal audits Clarification and dissemination of disciplinary standards	Enhancing the compliance system Introduction of a global in-house reporting system Renovation and enhancement of management system by appointing senior executives dispatched by shareholders
		Promotion of enhancement measures for the system of compliance with the Antimonopoly Act	Implementation of internal control enhancement measures

Group measures for compliance with the Antimonopoly Act

- Due to a violation of the Antimonopoly Act by the Universal Can Corporation, we were ordered to pay surcharges of about 10.4 billion yen in September 2019. We are using this as an opportunity to promote measures for Group-wide compliance with the Antimonopoly Act

Future measures (from September 2019)

- **Setting of rules for compliance with the Antimonopoly Act (the Company and domestic subsidiaries)**
 - Establishment of Antimonopoly Act compliance regulations (mandatory advance application for contact with competitors, etc.)
 - Partial revision of the Code of Conduct, establishment of bidding guidelines
- **Distribution of top message**
 - Distributing messages from the President for important meetings (Mitsubishi Materials Group's Management Committee, overseas representative meetings), governance training for directors, CSR training, etc.
- **Implementation of education**
 - Establishment of Antimonopoly Act handbook and bidding guidelines
 - Introduction of E-learning
 - Addition of antitrust content to governance training for directors and CSR training
 - Revision of the handbook for Group employees
 - Cautions in internal newsletters
- **Promotion of risk management activities**
 - Promotion of activities by selecting Antimonopoly Act violation risks as Group-wide priority action themes
- **Review of in-house reporting system**
 - Centralization of employee hotline (faster understanding of subsidiary matters)
- **Strengthening of internal audits**
 - Implementation of themed audits by the Internal Audit Department
- **Clarification of disciplinary standards and dissemination within the Group**
 - Clarification of disciplinary standards related to cartels and bidding, dissemination throughout the Group

We will strengthen the compliance system by continuously enhancing and implementing the measures taken thus far.

Future priority measures

- **Expansion to overseas Group companies**
 - Establishment of an Antimonopoly law compliance system for overseas subsidiaries according to local law, regulation and situation is under consideration (adjustment scheduled for completion in FY2023)

Implementation status of internal control enhancement measures

- Implementation of internal control enhancement measures for senior executives Group-wide to prevent misconduct and detect it at an early stage

Multiple full-time officers dispatched from the parent company	Investigation of concurrent and related party transactions, and confirmation at the time of new and existing transactions
<ul style="list-style-type: none">• Revision of consolidated business operation rules• Establishment and expansion of guidelines for dispatching officers to subsidiaries and part-time officer activity manuals	<ul style="list-style-type: none">• No conflicts of interest have been found in concurrent and related party transactions of executives investigated as of the end of FY2021.• Incorporating Group companies outside Japan into the rules for protection of personal information and defining the target group is planned for implementation in FY2022 and after
Enhancement of communications of the second line of defense	Introduction of a global in-house reporting system
<ul style="list-style-type: none">• Discussions on measures among the second lines of defense in corporate/business divisions/each site• Discussions with selected target sites over the themes related to fraudulent transactions and accounting that were identified as serious risks in risk management activities.	<ul style="list-style-type: none">• A global in-house reporting system (MMC Group Global Hotline) was opened on April 1, 2021• System implementation preparations are ongoing at select overseas sites
Enhancement of awareness of Officers and managers	Expansion of internal audits
<ul style="list-style-type: none">• Implementation of training on governance for Officers of overseas subsidiaries. Training on compliance for the managerial level of overseas subsidiaries is also scheduled	<ul style="list-style-type: none">• Approximately half of the 120 sites subject to comprehensive audit are undergoing priority audits (site visits began at the end of the COVID-19 state of emergency)

Effectiveness of the Board of Directors

Status of Board of Directors meetings (April to November 2021)

- Meetings were held 14 times by the Board of Directors, 10 times by the Nomination Committee, 12 times by the Audit Committee and 6 times by the Remuneration Committee
- Briefing sessions were held 3 times and meetings for exchange of opinions were held 5 times for Outside Directors

Resolutions	Reports
24	108

Major agenda items at Board of Directors' meetings (April to November 2021)

- Materiality such as “sustainability”, “important management strategy,” and “the direction for Board of Directors” were deliberated as agenda items by the Board of Directors before resolution by the Board of Directors or Board of Executives (20 cases)

Agenda item	Month deliberated	Agenda item, details	Resolution by the Board of Directors or Board of Executive Officers
Sustainability	July, September, October	• Policy related to the revisions to the Corporate Governance Code - Establishment of the Sustainability Policy and Human Rights Policy, etc.	November
	September, October	• Diversity and inclusion initiatives	November
	February, October	• Setting of new greenhouse gas emission reduction targets and reduction plan	February, November
Important management strategy	March, April	• Revision of Medium-Term Management Strategy	May
	July	• Status of FY2022 management policy initiatives	-
	January, April, July, August, September, October	• Regarding examination status of improvement to management - Organizational form, HR system, etc.	November
Direction of the Board of Directors	February	• Evaluation of the effectiveness of the Board of Directors	March
	July	• Regarding the future of the Board of Directors	-

Note) Individual measures and business restructuring plans were discussed in addition to the above

Enhancing Supervisory function of Outside Directors

Item	Details
One-on-one meetings with the President	<ul style="list-style-type: none">● One hour every two months for each director
Talks with institutional investors	<ul style="list-style-type: none">● Annual meeting with Outside Directors
Outside Director discussions for exchange of opinions	<ul style="list-style-type: none">● Discussions for exchange of opinions among Outside Directors and sharing of information between committees● FY2021: 2/year, FY2022: Monthly (from August)
Lectures, conversations with employees, etc.	<ul style="list-style-type: none">● Lectures by Outside Directors and conversations with employees through individual sessions, etc.● Examples of lecture themes<ul style="list-style-type: none">➢ Conversations with female employees (multiple times)➢ Business characteristics and DX conversion for process-type and product-type products➢ Experiences at manufacturing companies, environmental impact and response, approach for these➢ Investor perspective on Mitsubishi Materials Corporation➢ An organization where young employees demonstrate leadership
Business meetings	<ul style="list-style-type: none">● Regularly held business meetings for major businesses and important issues● Explanations from general managers, plant managers, subsidiary presidents, etc.<ul style="list-style-type: none">➢ Opportunities to deepen understanding of business, and to get to know candidates who will be the next generation of executives
Observer participation in meetings, etc.	<ul style="list-style-type: none">● Aiming to deepen understanding of business<ul style="list-style-type: none">➢ Group technology development tours, meetings on Group-wide development strategy, etc.

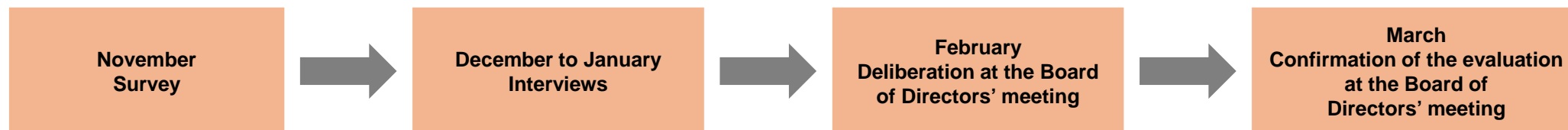
Effectiveness of the Board of Directors

Main initiatives to further improve the effectiveness of the Board of Directors in FY2022

Issues	Initiative details
Strengthening of management supervisory functions	<ul style="list-style-type: none">• Efficient Board of Directors management• Regularly held business meetings for Outside Directors
Understanding capital cost and setting indicators	<ul style="list-style-type: none">• Review of financial plan due to partial revision of Medium-Term Management Strategy• In-depth discussion on appropriate calculation and operation methods for management indicators
Supervision for Strategic Share Holdings reduction policy	<ul style="list-style-type: none">• Identification of stocks deemed necessary to be held for business strategy• Systematic promotion of sale for all listed stocks other than those above
Supervision of Group governance, etc.	<ul style="list-style-type: none">• Continuing promotion of measures to activate communication and to enhance internal control for the entire group• Regular reports to the Board of Directors regarding the Sustainable Management Office, compliance, etc.

Implementation of third-party evaluation

- The FY2022 evaluation of the effectiveness of the Board of Directors is to be conducted by appointing a third-party organization



Revision of the Corporate Governance Code

Revision of Corporate Governance Code

- After the Tokyo Stock Exchange market reclassification scheduled in April 2022, companies listed on the Prime Market will be required to comply with high standards of governance, such as adherence to all principles of the revised CG Code.
- To demonstrate the Company's commitment to sustainability externally, the Company plans to establish a new "Sustainability Policy" on December 1, 2021.

Outline of the Revision of Corporate Governance Code

< Sustainability-related >

- Examples of sustainability issues (e.g., **consideration of global environmental issues such as climate change, respect for human rights, consideration of employee health and work environments, fair and appropriate treatment of employees, fair and appropriate transactions with business partners, natural disasters**, etc.) should be given, and consideration should be given to actively and positively addressing these issues from the perspective of improving corporate value over the medium to long term (Principle 2-3 (1) (Revised))
- When disclosing management strategies, **sustainability issues and initiatives related to human resources and intellectual property** should be disclosed (Principle 3-1 (3) (newly established))
- The Board of Directors should **formulate a basic policy** on sustainability-related initiatives (Principle 4-2 (2) (newly established))

< Ensure diversity >

- The company should set its stance on **ensuring diversity in management positions** (appointment of women, foreign nationals, and mid-career hires) and set measurable voluntary targets (Principle 2-4 (1) (Newly established))
- To ensure diversity, the Company should disclose its **talent development policy and internal environment maintenance policy** and the status of their implementation (Principle 2-4 (1) (Newly established))

Details of the Group's enhanced efforts to address sustainability issues

< New initiatives >

- **Formulate a basic sustainability policy** and clarify and disseminate the policy for addressing sustainability issues.
- Review existing rules and policies related to sustainability (code of conduct, environmental policy, procurement policy, etc.) to ensure that they are effective.

< Strengthen existing initiatives >

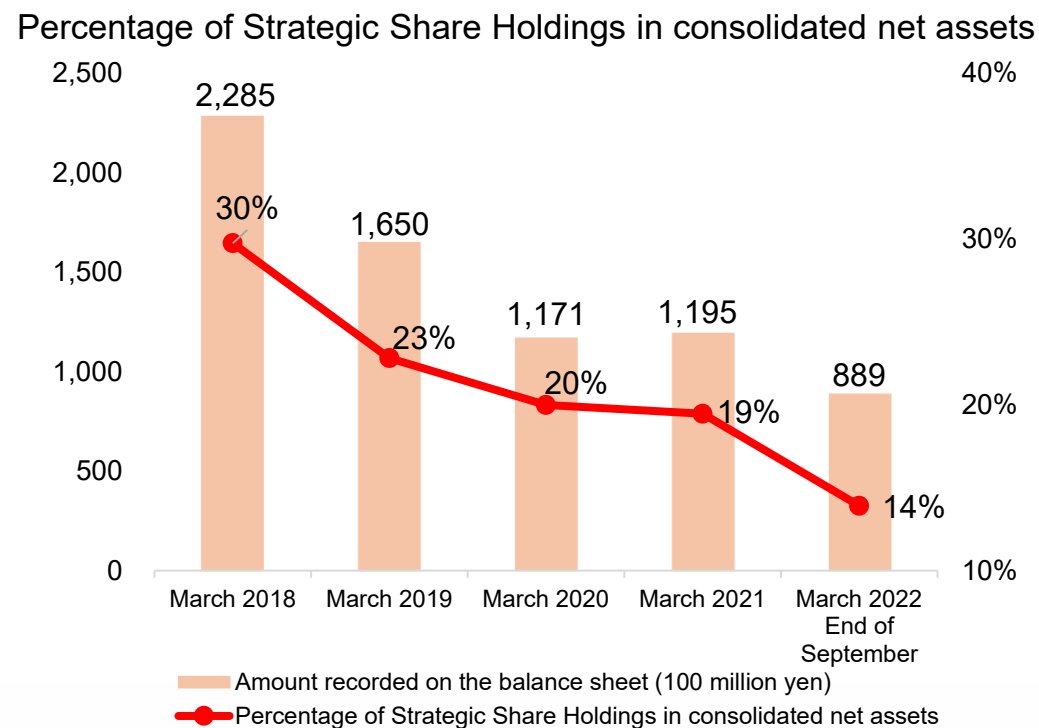
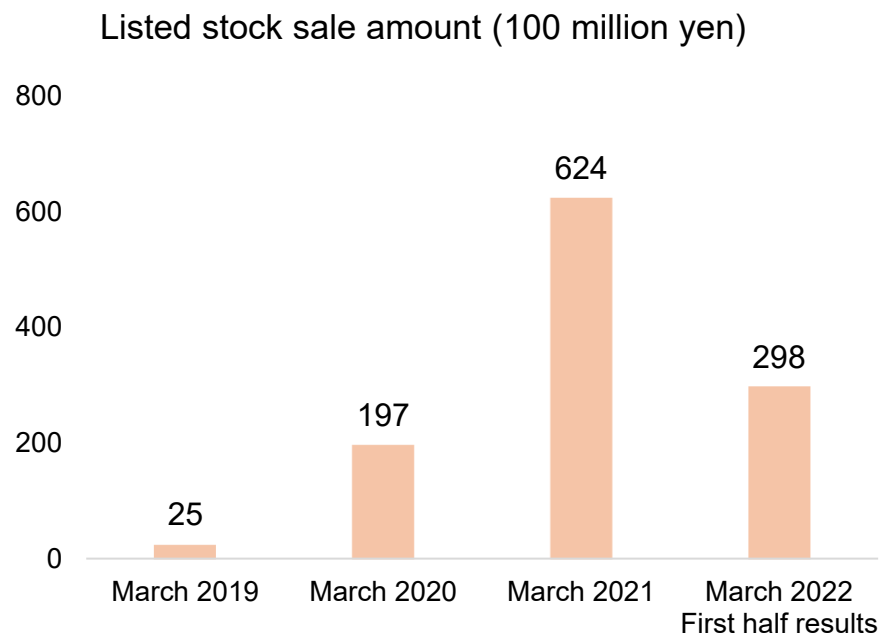
- Establish the Human Rights Committee in the Sustainable Management Office to formulate policies and **strengthen human rights initiatives**
- **Enhance the contents of disclosure media (ESG briefings, website, integrated report, etc.)**
- **Established a basic policy** related to promotion of diversity and inclusion, clarified targets for non-Japanese employees and mid-career hires in addition to those existing for female employees, and accelerated efforts.

Reduction of Strategic Share Holdings

Basic policy on Strategic Share Holdings (Article 7 of the Basic Policy on Corporate Governance)

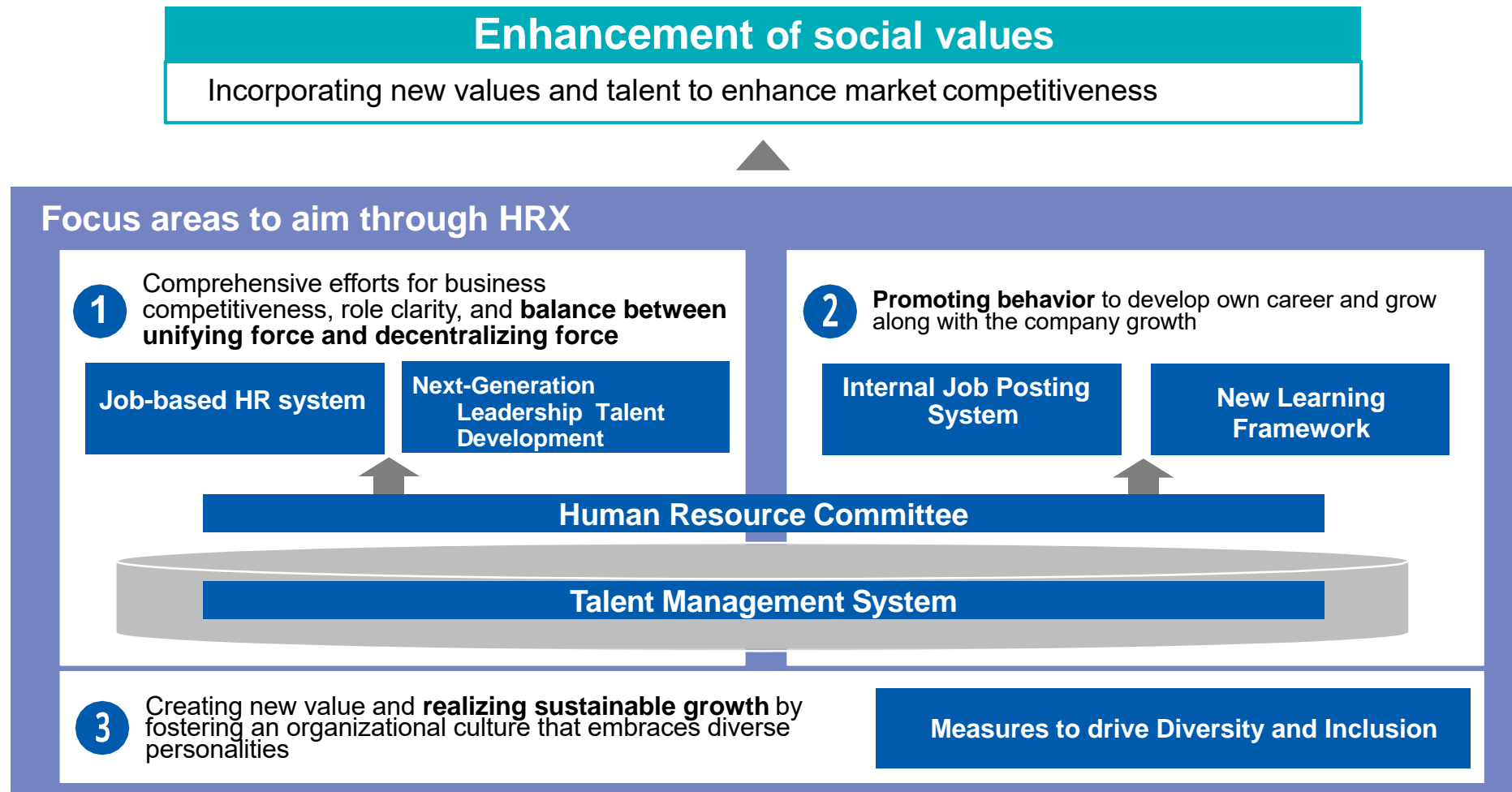
- The Company shall not acquire or hold Strategic Share Holdings unless doing so is necessary for the purpose of its business strategy.
- With regard to the Strategic Share Holdings, appropriateness of such holdings shall be specifically reviewed and examined at a meeting of the Board of Directors on an annual basis. As a result of such reviews and examinations, the Company will reduce any Strategic Share Holdings if it is not deemed to be necessary to hold such holdings.

Changes in Number of Strategic Share Holdings



Human Resource Transformation (HRX)

- To sustain and enhance market competitiveness in an increasingly complex business environment, actively incorporate **new ways of working, values, perspectives and talent from external markets**, to our **strengths** built over the past 150 years.



Measures to drive Diversity and Inclusion

- Actively drive diversity and inclusion in order to **embrace and respect diverse personalities**, as well as to **create new value**, that are sources of sustainable growth for the Group
- Accelerating **women's development and advancement** based on the Guidelines for Support of Women's Development and Advancement

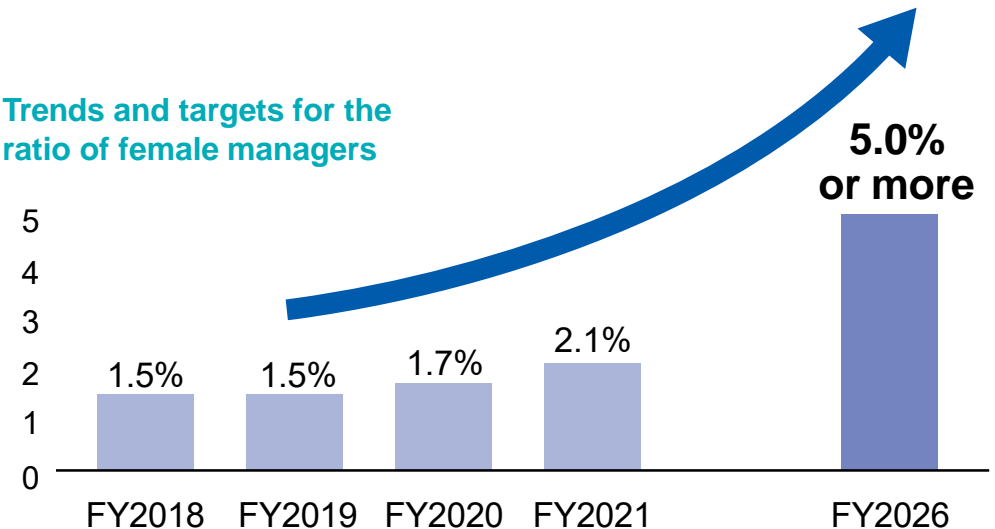
Guidelines for Support of Women's Development and Advancement

- 1) Actively promoting diversity and inclusion to embrace and respect diverse personalities, as well as to create new value, that are sources of sustainable growth for the Group. Such promotion is one of our management strategies, and active participation of female talent is indispensable.
- 2) Aiming to be a place where all female talent, with their diverse personalities, can demonstrate their individual at their very best at all workplaces, occupations, fields and positions, while experiencing growth and self-realization.
- 3) Fostering a culture where all female talent can independently and autonomously build and realize their careers by improving the work environment, expanding the work area and support that respect viewpoints of work.

■ Number of female, non-Japanese and mid-career managers

Target by FY2026		
Female managers	FY2021 Ratio	Approx. 2.5x
Non-Japanese managers		Approx. 2.5x
Managers hired mid-career		Approx. 1.5x

Trends and targets for the ratio of female managers



Human Capital Initiatives

■ Key diversity and inclusion initiatives

Support of women's development and advancement

- Sponsorship by directors (for female managers)
- Career building support (for female career-track employees)
- Action plans at offices and plants
- Provide external training opportunities

Support for employees hired mid-career

- Enrich information related to mid-career recruitment on our website
- Support for building an internal network
- Facilitate connection to share Q&As regarding internal policies

LGBTQ+ support

- Upgrade HR system
- Develop consultation system
- Implement in-house training and training for new employees

Support of non-Japanese employees

- Actively participate in recruitment events for international students
- Foreign language support for company entrance exams
- Language education support both before and after hiring
- Support for internal promotion exams

Support for employees with disabilities

- Implement action plans at offices and plants
- Strengthen connection with external associations for employees with disabilities
- Employment support for employees with disabilities (accepting trainees from special education schools)

Building a base

- Drive initiatives to promote male employees to take parental leave
- Implement on-line learning content related to diversity (for all employees)
- Upgrade HR system

■ HR system (that goes above and beyond statutory requirements)

Childcare

- Shortening of prescribed working hours (for childcare), etc.: Employees caring for a child up until the sixth grade of elementary school are eligible
- Child nursing care leave: One child: 10 days / year, two or more children: 15 days / year
- Support interviews for employees returning to work after childcare leave (leave to raise children), etc.

Caregiving

- Employees may take up to a maximum of 36 months' leave per person requiring care
- Employees may work shortened hours for up to a maximum of 72 months' per person requiring care, including long-term care leave

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<Disclaimer>

These projected performance figures are based on information available to the MMC's management as of the day for releasing this material. There are many uncertain or risk factors inherent in this projections, and there might be cases in which actual results materially differ from projections of this material.