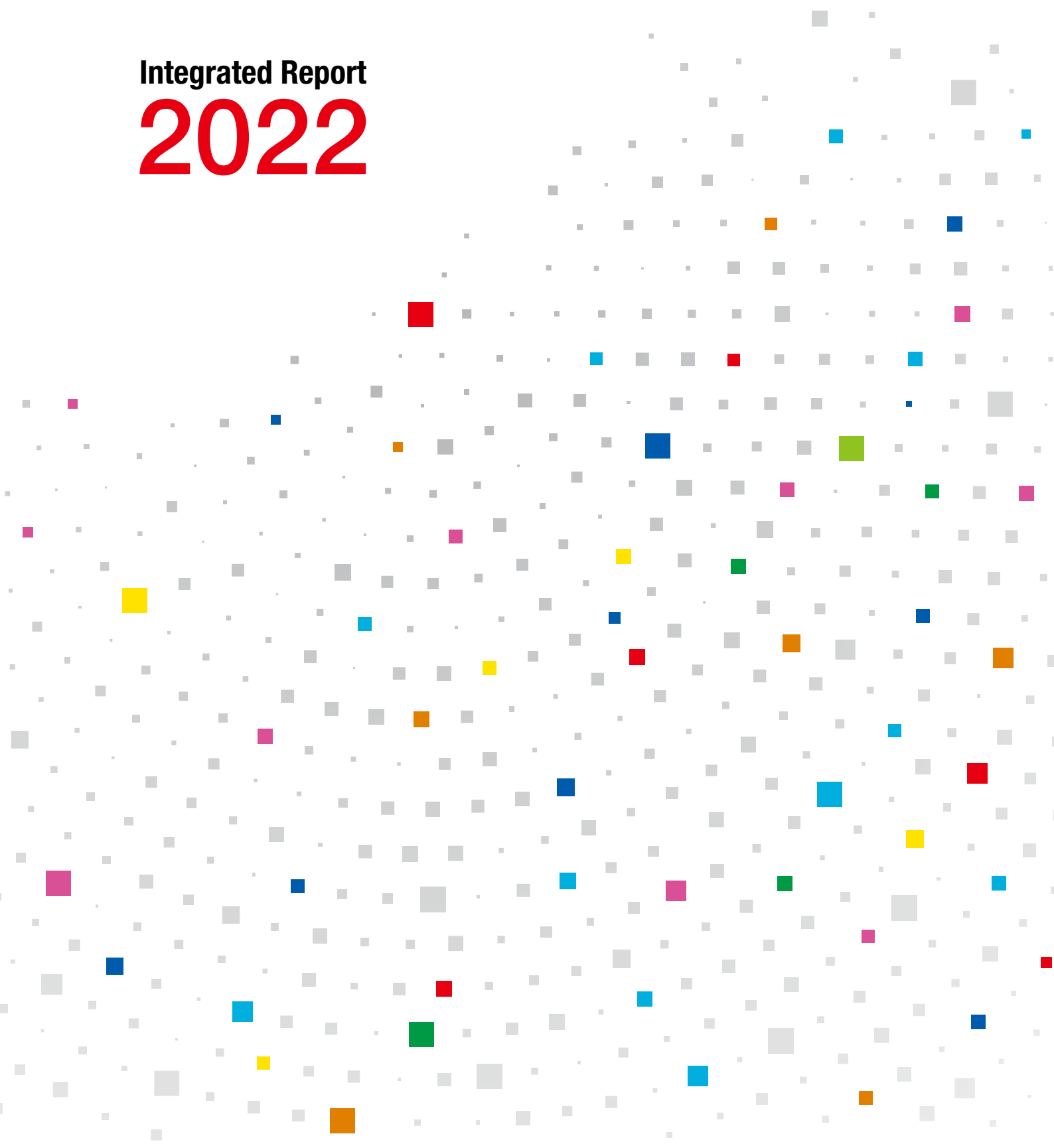


Integrated Report
2022



Overview of Corporate Activities under the Corporate Philosophy System

Corporate Philosophy

For People, Society and the Earth

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.

Mission for achieving our corporate philosophy and vision (Medium- to long-term Group targets for 2030 to 2050)

Mission

Create both social and economic values.

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

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

Contribute to **build a decarbonized society** by developing and promoting the use of renewable energies such as geothermal energy, and ensuring to consider the reduction of environmental impact in manufacturing.

Group-wide Policy

- Optimization of business portfolio
- Comprehensive efforts to increase business competitiveness→Manufacturing excellence strategy, Quality management strategy, Digital transformation strategy
- Creation of new products and businesses→R&D and marketing strategy



Cover Story

The Mitsubishi Materials Group aims to enhance its corporate value by contributing to build “a prosperous society,” “a recycling-oriented society,” and “a decarbonized society,” with a mission to “create both social and economic values.”

In April 2022, we made changes to the organization, centering on the reorganization of the headquarters functions (introduction of a complete in-house company system), in order to optimize the Group’s management to achieve our mission. The (1) “Strategic Headquarters” in charge of group strategies, (2) “Professional CoE” responsible for efficiency improvement and sophistication of back-office operations, and (3) self-contained “Companies” as strong business divisions capable of autonomous business management are now in place.

The cover of this issue illustrates each organization and each employee of the Mitsubishi Materials Group working toward the mission to realize our vision (We will become the leading business group committed to creating a sustainable world through materials innovation, with use of our unique and distinctive technologies) and corporate philosophy (For People, Society and the Earth), and our desire to continue to be chosen and trusted by all stakeholders.

* CoE: Center of Excellence, an organization with expertise in specific areas



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.”

CONTENTS

4 Top Message

We are devoting ourselves to business activities that create both social and economic values, to achieve our Mission of contributing to the realization of our Mission of building a prosperous society, a recycling-oriented society and a decarbonized society.

- 5 Looking back on fiscal 2022
- 6 Four Management Reforms
- 7 What CX aims for
- 8 Balancing decentralizing and unifying forces
- 9 Communication measures
- 10 Sustainability
 - Enhancing corporate governance
- 11 FY2023 Strategy progress and Fiscal 2023 management policy
- 13 Fiscal 2023 management policy
- 14 Looking to the next Medium-Term Management Strategy
- 15 Conclusion

16 Performance Highlights—FY2022 Performance Overview

- 16 Financial Highlights
- 18 Non-financial Highlights

20 Our Mission

- 20 History: From a perspective of creating social and economic values
- 22 Value Creation Process
- 24 Identifying of Materialities, Risks and Opportunities
- 26 Overview of Sustainability Activities

28 Special Feature: Management Reforms to Work on Now

Four management reforms to enhance the organizational capabilities, ensuring solid readiness for environmental changes

- 31 CX Corporate Transformation
- 32 HRX Human Resources Transformation
- 34 DX Digital Transformation
- 36 Operational Efficiency Improvement

37 Group-wide Policy

- 37 Mission to Realize our Corporate Philosophy and Vision
- 38 Optimization of business portfolio
- 40 Comprehensive efforts to increase business competitiveness
- 44 Creation of new products and businesses

48 Initiatives of Each Business

- 48 Company Results Summary
- 50 Advanced Products Business
- 52 Metalworking Solutions Business
- 54 Metals Business
- 56 Environment & Energy Business
- 58 Other Businesses (Cement and Affiliated Businesses)



Main Reporting Mediums

All reports are available on the Mitsubishi Materials Corporation website.

<https://www.mmc.co.jp/corporate/en/>

Integrated Report

Brief report on the short-, medium- and long-term value creation of the Mitsubishi Materials Group (Japanese and English, PDF)

Financial Section

Detailed financial performance report (English, PDF)

ESG Report

Detailed report on ESG (environmental, social, and governance) policy, systems, initiatives and performance (Japanese and English, PDF)

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

■ 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 2022 (1st April, 2021 - 31st March, 2022)

* This report may also include information from April 2022 onwards, in an effort to provide the most up-to-date information.

■ Date of Publication

July 2022

■ Caution Regarding Forecasts and Forward-Looking Statements

In addition to past and present facts, this Integrated Report also contains projections, forecasts, and plans for the future of the Group. These are assumptions or judgments based on information available at the time of writing and may be affected by future changes in the business environment or other factors.

59 Sustainability Initiatives

Through the centralized leadership of SCQ which brings together specialized knowledge, we will work to resolve diversifying risks and issues

- 60 Workplace Safety and Hygiene (Occupational Safety and Health)
- 61 Compliance
- 64 Risk Management
- 68 Respect for Human Rights
- 69 Quality Management Strategy
- 70 Environment protection technologies
- 72 Dealing with Climate Change
- 74 Communication Measures
- 76 Stakeholder Communication
- 77 Human Resources Strategy
- 78 Diversity & Inclusion
- 80 R&D and Marketing Strategy
- 81 Manufacturing Excellence Strategy
- 82 Intellectual Property Management
- 84 Digital Transformation
- 85 Information Security

86 Corporate Governance

- 86 Efforts in Strengthening of Corporate Governance
- 87 Corporate Governance System
- 88 Directors
- 92 Directors Skill Matrix
- 94 Discussions in the Board of Directors, Etc.
- 96 Evaluation of the Effectiveness of the Board of Directors
- 99 Message from the Chairman of the Board of Directors
- 100 Message from the Chairperson of the Nomination Committee
- 102 Nomination of Candidates for Director and the Election and Dismissal of Executive Officers
- 104 Message from the Chairperson of the Audit Committee
- 106 Message from the Chairperson of the Remuneration Committee
- 108 Policy on Determining Remuneration for Officers, Etc.
- 110 Message from the Chairperson of the Sustainability Committee
- 112 Executive Officer System
- 113 Status of Audits/Internal Control
- 114 Reduction of Strategic Share Holdings

115 Financial Data/Corporate Data

- 116 Ten-Year Summary
- 118 Financial Statements
- 120 Global Atlas
- 122 Company Data/Stock Data



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" published by the Value Reporting Foundation (scheduled for consolidation with the IFRS Foundation on August 1, 2022) and the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry.

The description of performance is based on information current as of May 13, 2022.





Mitsubishi Materials Corporation
Chief Executive Officer

We are devoting ourselves to business activities that create both social and economic values, to achieve our Mission of contributing to the building a prosperous society, a recycling-oriented society and a decarbonized society.

Looking back on fiscal 2022:

Fiscal 2022 saw a significant recovery in performance, however, the future outlook is extremely unpredictable and we must consider multiple potential scenarios and be ready to implement more agile responses

Under our Corporate Philosophy of “For People, Society and the Earth,” we strive to solve social issues through our business activities. In other words, creating both social and economic values lies at the core of our Mission for 2030 to 2050, to contribute to building a prosperous society, a recycling-oriented society, and a decarbonized society. This approach has served as the basis for the advancement of our Medium-Term Management Strategy (FY2023 Strategy) for the three years from fiscal 2021. The business plan for fiscal 2021, which marked the first fiscal year of the FY2023 Strategy, was significantly impacted by factors such as COVID-19. This resulted in significant deviations from the original plan, and it was necessary to conduct a review of our financial plan and other areas in May 2021.

While results in fiscal 2022 were still affected by the pandemic, the strong performance of the semiconductor and automobile industries as a result of recovering demand together with the continuation of high metal prices resulted in significant recovery compared to fiscal 2021, with the exception of the Cement Business. Despite this positivity, there remain many causes for concern ahead, such as potential stagnation of the European economy due to the current conflict between Russia and Ukraine, rising raw material prices, fears of a recession following the continuation of zero-COVID policies in China and concerns about languid manufacturing as a result of semiconductor shortages. The conflict between Russia and Ukraine, in particular, is reminiscent of similar geopolitical risks in other regions, and the situation is completely unpredictable. It could be said that the pandemic and the manifestation of geopolitical risks are simply the tip of the iceberg in this age of **VUCA**.

In situations such as this, where it is extremely difficult to establish a clear outlook for the future, it is important to have several potential future scenarios in mind and make preparations to respond to any of them. The organizational capabilities to implement more agile responses are crucial in order to survive.

VUCA

VUCA is an acronym of Volatility, Uncertainty, Complexity and Ambiguity. It describes a situation in which the future is uncertain and difficult to predict.

Related Materials:

“Management Reforms to
Work on Now” Integrated
Report ▶P28

Four Management Reforms:

Four management reforms, implemented simultaneously to enhance organizational capabilities to implement more agile responses and execute strategies in readiness for environmental changes

In light of these environmental changes, we will pursue the following four management reforms in fiscal 2023.

Four Management Reforms

1. **CX** : Corporate Transformation
 - Reform into optimal form of group management (organization / business management)
2. **HRX** : Human Resources Transformation
 - Reform of HR system and work style to acquire and develop autonomous talents who can adapt to changes
3. **DX** : Digital Transformation
 - Reform that utilizes data and digital technology to strengthen today, create tomorrow and cultivate talent
4. **Operational Efficiency Improvement** : Reform that reviews organizations, business processes, and work styles

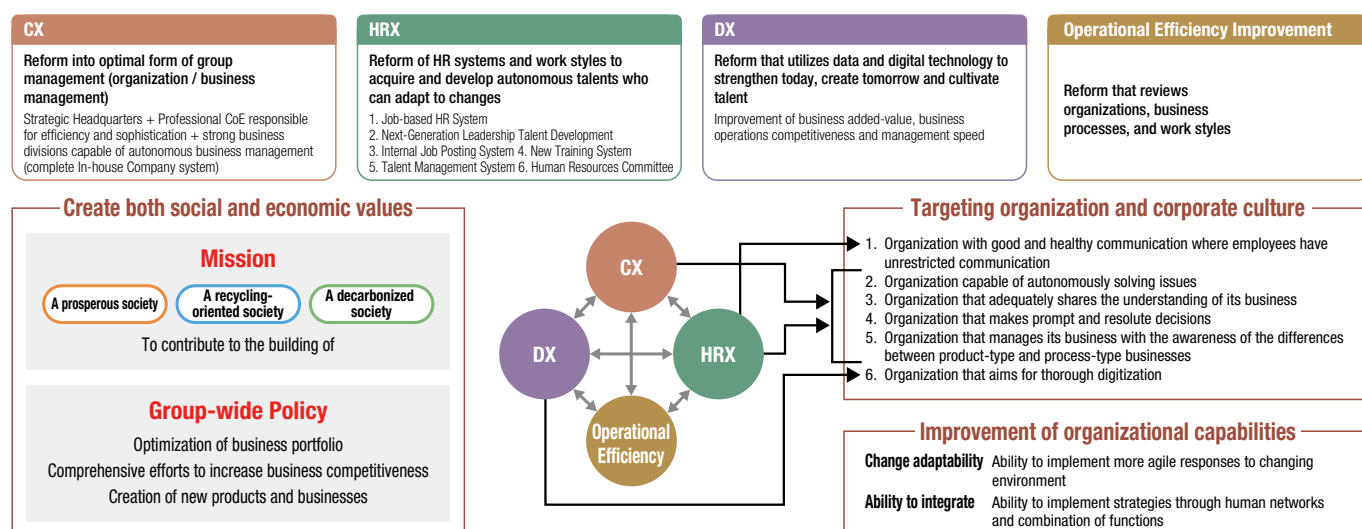
Our efforts to enhance governance have been ongoing since fiscal 2020. The approach to governance is broadly divided into issues relating to corporate governance, which focuses on the role played by the Board of Directors, and Group governance, which is the internal governance system spanning the entire corporate Group, including Group companies. We continue to work to make enhancements in both of these areas.

While we have established six items as our targeting organization and corporate culture and are implementing a range of measures, we are also proceeding with the simultaneous implementation of the four management reforms mentioned above, which are important measures towards achieving this goal, in fiscal 2023.

These reforms will also serve to enhance the aforementioned organizational capabilities required in the age of VUCA, namely the organization's change adaptability (ability to implement more agile responses to changing environments) and its ability to integrate (ability to implement strategies through human networks and combination of functions).

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



What CX aims for:

Enhancing business competitiveness through CX by creating a clear division of roles between the Head Office/Corporate Division and Companies, thereby improving corporate value

CX is the foundation for realizing our targeting organization and corporate culture. We believe that it is crucial that we create a clear division of roles between the Head Office/Corporate Division and the Companies that conduct business. Previously, the Corporate Division was a single department responsible for all Group-wide strategy planning functions, Company support functions and routine operations. Meanwhile, Companies were mainly focused on business operations such as manufacturing and sales. In many cases, Companies received support from the Corporate Division regarding functions that the Company itself was lacking, including personnel, legal affairs and auditing. While it could be argued that this arrangement was beneficial in terms of efficient Group-wide operation, I felt that there was an unhealthy interdependence between the two entities. As a result of carrying out routine operations alongside strategy planning and support for Companies, the Head Office/Corporate Division had insufficient strength and sharpness in its strategic thinking and also lacked a distinctive awareness of roles and costs. Companies, on the other hand, did not bear responsibility for executing functions not relating to business operations, and it seemed that this had led to a strong sense of being forced to follow instructions from the Corporate Division in areas such as personnel and governance.

Moving forward, the Head Office/Corporate Division will focus on functions for strategy planning and the execution and Group-wide deployment of these strategies, while Companies will basically manage all of the functions necessary for business management by themselves. We believe that this is indispensable in order to become an organization capable of autonomously solving issues, the second point stated under our targeting organization and corporate culture. Consequently, through CX we have established the combination of the Strategic Headquarters, a Professional **CoE*** responsible for efficiency and sophistication, and strong Business Divisions capable of autonomous management, positioning the Business Divisions as complete In-house Companies.

In line with the organizational restructuring, the responsibilities of Executive Officers have also been divided by allocating responsibility for the Strategic Headquarters, Professional CoE or individual Companies. This will lead to the realization of an organization that makes prompt and resolute decisions, the fourth point of our targeting organization and corporate culture.

I believe that enhancing business competitiveness by deepening this type of strategic and integrated thinking is essential in order to increase corporate value, and that CX initiatives will play an important role in this regard.

CoE

CoE (Center of Excellence): An organization with expertise in specific areas

Balancing decentralizing and unifying forces:

While considering the balance between decentralizing and unifying forces, we prioritize enhancing the business competitiveness of Companies, even in the presence of decentralizing forces

One concern regarding this promotion of CX is that decentralizing forces will become stronger and unifying forces will be lost. It can be said that the balance between decentralizing forces and unifying forces is an eternal struggle within business management. Even if decentralizing forces become slightly stronger, enhancing business competitiveness as Companies (Business Divisions) that practice autonomous management is a priority issue for the Company today.

Of course, it is still necessary to consider the balance between decentralizing forces and unifying forces. For that reason, we create opportunities for communication through business reviews, while also monitoring Company management by utilizing senior staff. Business reviews are pseudo board meetings, so to speak, held between Executive Officers responsible for the Strategic Headquarters and members of the management committee from each Company and are held once or twice a month for each Company. These meetings cover overall topics relating to Company management, from governance to monitoring of business operations and medium- to long-term business concepts. This work leads to the realization of an organization that adequately shares the understanding of its business, the third item set out under our targeting organization and corporate culture.

Information sharing meetings are also held every week, providing another important opportunity for communication. In these sessions, all of the Executive Officers come together and share information, with a focus on negative information that has been found up to that point. In this way,

management is showing leadership in the Group-wide expansion of Bad News First. Avoiding delays in reporting is our first priority, and we are promoting Bad News First as we work to raise awareness on a Group-wide basis. This is based on the idea that the situation only gets worse the longer bad information goes unreported, and it is therefore necessary to have mechanisms for reporting any bad information as soon as possible. Those receiving reports must also create an atmosphere conducive to reporting through daily communication. The expectation on each Company to exercise autonomous management is a significant transfer of authority. However, senior staff with experience as Executive Officers play roles similar to that of corporate auditors in monitoring the management of each Company, fulfilling the function of certain checks and balances regarding Company management.

Furthermore, the functions to be covered by the Strategic Headquarters and Professional CoE are broadly divided into 1. Risk control functions, 2. Business strategy development and financial planning and analysis (FP&A) functions, 3. Human resources strategy functions, 4. Technological strategy functions (manufacturing/R&D/IT/digital strategy). Executive Officers responsible for the Strategic Headquarters have also been put in place. The departments within Professional CoE are linked with the Strategic Headquarters through one of these functions.



Communication measures

Enhancing the quality of communication by being thorough in the creation of more opportunities for communication regardless of level and introducing 1-on-1 meetings within each organization

Following the quality issues that arose in 2017, one of the root causes was found to be a lack of communication in terms of both quantity and quality. Improving communication has been the area in which we have exerted the most effort, and our measures in this area continue to this day. This pertains to the first item of our targeting organization and corporate culture, an organization with good and healthy communication where employees have unrestricted communication.

Increasing quantity was considered a necessary first step towards improving the quality of communication, and we were thorough in the creation of more opportunities for communication, regardless of level. I personally continue to take part in small-scale dialog sessions with groups of about six young people in their 20s or 30s, people whose input I rarely have opportunity to hear during my everyday work. We have held 20 such sessions so far. Furthermore, rather than simply being a one-sided transmission of information, our training seminars always include dialog sessions that provide two-way communication. In 2021, the implementation of the four management reforms was preceded by a total of 15 information sharing meetings with groups of about 200 employees. This was done to help employees to understand the thinking behind these reforms in advance, to receive input from employees and to apply that input as much as possible. At these sessions, the other Executive Officers and I explained the reforms and answered questions. During fiscal 2023, we will carry out the same follow up in order to further enhance the four management reforms.

Inner branding is one area that we have been focusing on since fiscal 2022. With the goal of taking ownership of our Mission, we are implementing numerous initiatives based on three directions of “1. Communication with management,” “2. Connect every single employee and the entire Group horizontally” and “3. Support each challenge.” Specific initiatives include the Ambassador Activities (a program under which employees stand as ambassadorial candidates and engage in direct dialog with the CEO and those around them with the objective of getting employees to take ownership of our Mission), an internal radio-style broadcasts during which I take on the role of presenter to answer questions and talk with guests, half-day workplace experiences and “reverse mentoring,” during which younger employees take on the role of mentor and give their own advice. These initiatives serve to bring employees and management closer together, which is expected to enhance the quality of communication.

Nevertheless, it could be argued that these initiatives are limited to situations that are somewhat out of the ordinary. Improving communication connected to our everyday duties is also essential. To that end, we are proceeding with the introduction of 1-on-1 meetings. Efforts for the system to take root such as introductory training, trials and identifying areas for improvement are still under way, however, we believe that this measure will play an important role in improving the quantity and quality of communication.



Internal radio-style broadcasts for communication between management and employees



Ambassadors promoting inner branding activities

Related Materials:

“Message from the
Chairperson of the
Sustainability Committee”
Integrated Report ▶P110

Sustainability:

Establishment of a Sustainability Committee to proactively consider the direction of sustainability efforts and present them within the Company, improving the quality of sustainability initiatives and enhancing corporate value

In order to improve corporate value, in addition to improving social value by resolving social issues and consequently improving economic value, we must ensure the continuity and stability of the business, thereby ensuring the sustainability of corporate management.

In order to achieve this, it is essential that we become a company that satisfies the following requirements;

1. A company that takes a proactive approach to environmental issues
2. A company that values morals, motivation and work-life balance among employees and emphasizes health and safety, thereby achieving high levels of employee satisfaction
3. A company that emphasizes human resource development and that can secure talent for the future
4. A company that builds relationships of trust and symbiosis with business partners and consumers
5. A company that maintains good relationships with local communities and advances initiatives as a good corporate citizen
6. A company that is thorough in the dissemination of its Corporate Philosophy and management strategy to work sites
7. A company that is mindful of corporate governance and proactively implements it in management

The Group is making proactive efforts towards sustainability through measures such as the establishment of the Sustainable Management Office in April 2020 and the formulation of the Sustainability Policy in December 2021. June 2022 saw the launch of a Sustainability Committee established under the Board of Directors, with Outside Directors playing a central role. This is based on the idea that, as can be seen in the revisions to the Corporate Governance Code, in addition to monitoring sustainability initiatives on the execution side, the Board of Directors must also actively consider and present the direction to address sustainability from perspectives that differ from the execution side.

Enhancing corporate governance:

Going beyond increasing the ratio of Outside Directors, implementing a range of measures to achieve firm mutual understanding with Outside Directors in order to exercise the functions of the Board of Directors and creating opportunities for engagement between the Board of Directors and investors

Related Materials:

“Efforts in Strengthening of
Corporate Governance”
Integrated Report ▶P86

In order to fully fulfill its role as a monitoring board, the Board of Directors requires more reporting and explanations from the executive side than before. In response to this, the Board members shall spend at least two full days per month, in addition to regular meetings of the Board of Directors and Committees, holding briefings on business and other matters as opportunities to deepen its understanding. In fiscal 2022, the effectiveness of the Board of Directors was evaluated using a third-party organization, and certain appropriateness was confirmed regarding the status of these efforts and discussions at meetings of the Board of Directors.

Succession planning for Outside Directors is an important element in maintaining and improving the functions of the Board of Directors together with searching for successors. The Group has been formulating a multi-year succession plan with the Nomination Committee playing a central role, and proceeding with this plan while sharing it with all Outside Directors. In addition, as of fiscal 2022, Outside Directors have taken part in meetings with investors, and this type of disclosure is expected to lead to constructive dialog with investors in future.

Furthermore, given the necessity to strategically examine the future of corporate governance, the Corporate Secretary Department has been established within the Strategic Headquarters as part of the current CX and also serves as the secretariat to the Board of Directors.

FY2023 Strategy progress and Fiscal 2023 management policy:

Moving on to focus on the pursuit of further business competitiveness and the creation of new products and businesses as the next step of business portfolio optimization

The Group-wide policy of The Medium-Term Management Strategy is 1. Optimization of business portfolio, 2. Comprehensive efforts to increase business competitiveness and 3. Creation of new products and businesses. With regards to businesses that the company should take ownership of, work is being done to concentrate on businesses that are consistent with the vision and the mission, businesses that are governable by the Group, businesses that are competent in earning a leadership role in the world or specific regions and businesses that can deliver stable returns over capital costs on a medium- to long-term basis.

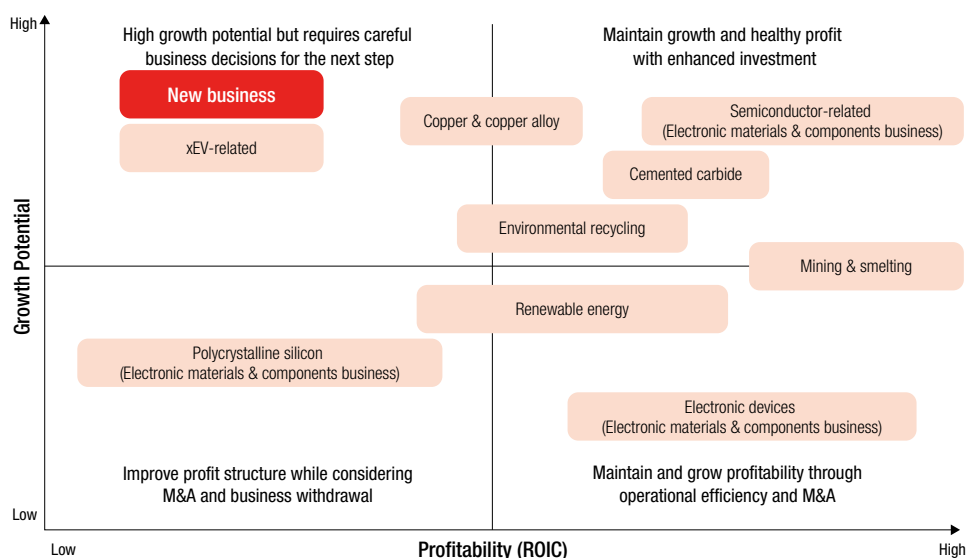
Major movements relating to the optimization of the business portfolio in fiscal 2022 include the reorganization of the Aluminum Business (the transfer of shares in Universal Can Corporation and the succession of Mitsubishi Aluminum Co., Ltd.'s rolled and extruded aluminum businesses) and the integration of the Cement Business. We also recognized the importance of aluminum due to its applications as a structural material used to reduce the weight of automobiles and its use in aluminum cans as beverage containers with high recycling rates. However, the scale of expansion was required for use as a structural materials, and the effect of Japan's projected population decline on the beverage container market meant that overseas business development was essential. This type of business development requires investment on an appropriate scale, and the decision to transfer the business was made based on the determination that it was necessary to aim for growth by maintaining a certain scale or larger through external collaboration rather than having insufficient management resources under the Group umbrella.

In the Cement Business, on the other hand, the Company and Ube Industries, Ltd. (as it was known at the time) have already integrated sales and logistics divisions in 1998 and significant streamlining has been implemented. After peaking at 86 million tons in 1990, domestic demand in Japan has more than halved to 39 million tons, and the cement-related business as a whole, including with regards to overseas business development. This was determined to be the best plan of action to enable the business to survive in Japan and then grow, including with regards to overseas business development. I have been personally involved in the Cement Business for a long time, and it was up to me to lay the foundation for the continued growth of the business. Although decarbonization initiatives relating to the Cement Business were not the principle objective, the acceleration in movements towards carbon neutrality after the decision had been made mean that the new Mitsubishi UBE Cement Corporation (MUCC) is expected to further accelerate decarbonization after integration.

Related Materials:

"Optimization of Business Portfolio"
Integrated Report

►P38



Concentration on businesses where the company should take ownership

- Businesses that are consistent with the vision and the mission
- Businesses that are governable by the Group
- Businesses that are competent in earning a leadership role in the world or specific regions
- 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.

C: Stands for "in-house company" ■ : Long-term Goals of business

Advanced Products C	Metalworking Solutions Business C	Metals Business C	Cement Business C	Environment & Energy Business C 6	Structural Improvements
Global First Supplier	Top 3 supplier in strategic markets	Leader in environmentally-friendly mining & smelting business	Leader in domestic and international cement industry with advanced environmental technologies	● Driving force of resource-recycling systems ● Leading company in geothermal development	● Reform of business structure ● Improvement of profitability ● Acceleration of international business
1 Copper & copper alloy 2 Electronic materials & components (xEV and semiconductor-related materials)	3 Cemented carbide	4 Mining & smelting	5 Cement	7 Group Company Environmental recycling	8 Sintered Parts Business 9 Aluminum business, electronic materials & components (polysilicon)

1	● March 2022 Transfer of shares of Kobelco & Materials Copper Tube Co., Ltd. ● March 2022 Transfer of shares of Sambo Shindo (Thailand) Co., Ltd. ● April 2022 Merger of three consolidated subsidiaries to form MM Copper Products Co., Ltd
2	● December 2021 Transfer of shares of Ryosei Systems, Ltd., a subsidiary of Mitsubishi Cable Industries, Ltd. ● September 2022 (planned) Establishment of a new optical components business company split from Mitsubishi Cable Industries, Ltd., receipt of investment from Furukawa Electric Co., Ltd. ● March 2024 (planned) Withdrawal from sputtering target business
3	● December 2020 Investment in Masan High-Tech Materials Corporation
4	● February 2021 Investment in 30% stake of Mantoverde copper mine ● January 2023 (planned) Conversion of PT. Smelting ("PTS") to contract smelting; First half of 2024 (planned): Transition of PTS from a consolidated subsidiary to an equity method affiliate ● March 2023 (planned) Acquisition of shares in Onahama Smelting and Refining Co., Ltd., owned by Furukawa Metals & Resources Co., Ltd. (to 68.4% stake)

5	● April 2022 Inauguration of Mitsubishi UBE Cement Corporation
6	● July 2021 Transfer of shares of Dia Consultants CO., Ltd.
7	● September 2020 Commencement of operations at New Energy Fujimino Co., Ltd. (Biogasification of food waste)
8	● December 2020 Transfer of shares of Diamet Corporation
9	● January 2021 Transfer of shares in Chinese subsidiary of Mitsubishi Aluminum Co., Ltd. ● April 2021 Transfer of shares in Tachibana Metal Co., Ltd. ● March 2022 Transfer of shares in Universal Can Corp, and business restructuring of Mitsubishi Aluminum Co., Ltd.

Fiscal 2023 management policy:

Focus on profitability improvement by enhancing business competitiveness, including improvement of the cost structure

With regards to conducting business in fiscal 2023, optimization of the business portfolio has, as shown in the portfolio diagram published at the start of 2022, has seen the Electronic Devices Business move from the bottom left quadrant to the bottom right as a result of restoring profitability compared to fiscal 2022 in addition to the changes regarding the Aluminum Business and the Cement Business. The position of some other businesses has also changed based on their profitability situation. We will continue to make efforts to ensure that businesses are positioned in a well-balanced manner outside of the bottom-left quadrant.

Up until fiscal 2022, optimization of the business portfolio had been preceded by business integration and business transfers with other companies. In fiscal 2023, we will focus on profitability improvement by enhancing business competitiveness, including improvement of the cost structure. With regards to the creation of new businesses, we have sown many seeds so far, and we aim to commercialize several of these projects in fiscal 2023. This commercialization does not necessarily need to be executed by the Company itself. We plan to take a flexible approach including options such as collaboration with other companies and outside partners.

In terms of investment, the FY2023 Strategy before the revision had set out three-year investment and financing for strategic growth of ¥195.0 billion and capital and upgrading investment of ¥160.0 billion, with a target total of ¥352.0 billion. Subsequently, the effects of the pandemic, the rapid recovery in demand and increasing resource prices resulted in increased working capital that in turn led to reduced operating cashflow. However, a target total of ¥340.0 billion (including fiscal 2023) has been set as a revised plan in the FY2023 Strategy, based on the determination that this investment is essential in order to secure stable supply systems and build infrastructure for the future.

In financial terms, the fiscal year ended March 31, 2022 saw business performance improve compared to fiscal 2021, due in part to the continued high price of resources such as copper in addition to significant recovery in demand in industries such as semiconductors and automobiles, which are major customers for the Group. As a result, the ROIC (released in March 2020) and other financial indicator targets set for the final fiscal year of the FY2023 Strategy were exceeded in almost every business. However, the fiscal year ending March 31, 2023 will be severely impacted by the concerns raised at the beginning of this piece, and we must expect to see a decline in these financial indicators. We are aware that minimizing the volatility as a result of changes in the management environment and achieving a stable profit structure will continue to be issues for us to face.

With regards to the shareholder return policy, following the change in the minimum amount of dividends per share during the period of the FY2023 Strategy spanning from fiscal 2021 to fiscal 2023 from ¥80 to ¥50 in accordance with the partial revision released in May 2021, by accelerating the sale of assets, among others, and making expeditious allocations of funds including share buybacks and additional dividends, the Company aims to return profits to its shareholders at the same level as the total amount of dividends initially planned during the same period. For the fiscal year ended March 31, 2022, the annual dividend is set at ¥90 per share (an ordinary dividend of ¥60 and a special dividend of ¥30).



Looking to the next Medium-Term Management Strategy:

Envisaging multiple scenarios to realize our Mission, alongside discussions towards business that contributes to the building of a prosperous society, a recycling-oriented society, and a decarbonized society

We have already created a vision of what we want to be in 2050. Backcasting from there, we have started discussions regarding the next Medium-Term Management Strategy, which will start from fiscal 2024. Our assumptions for the future are based on a combination along the two axes of the development of environmental policies and initiatives and the development of globalization. With regards to environmental policies and initiatives, there is no change in the movement towards achieving carbon neutrality by 2050. However, the process to advance this has been affected by the even greater need to have a balanced energy policy with a backup plan as a result of the current geopolitical risks. Consequently, we must think that environmental policy will not advance at a uniform speed, rather there will be repeated periods of slower and more rapid progress. With regards to globalization, on the other hand, while the world will become more connected through the transmission and sharing of information, this is not necessarily the case with regards to economic activity. We must also consider the possibility that there will be progression towards the formation of several regional economic blocks. The type of combinations that follow and the timescales they span will significantly impact future business opportunities, regional development, and management systems and organizations. While it is difficult to accurately predict the future, we will assume multiple potential scenarios for the future and move forward with discussions regarding the ideal form of business capable of responding to any of these scenarios.



New Energy Fujimino Co., Ltd.
biogas power generation plant



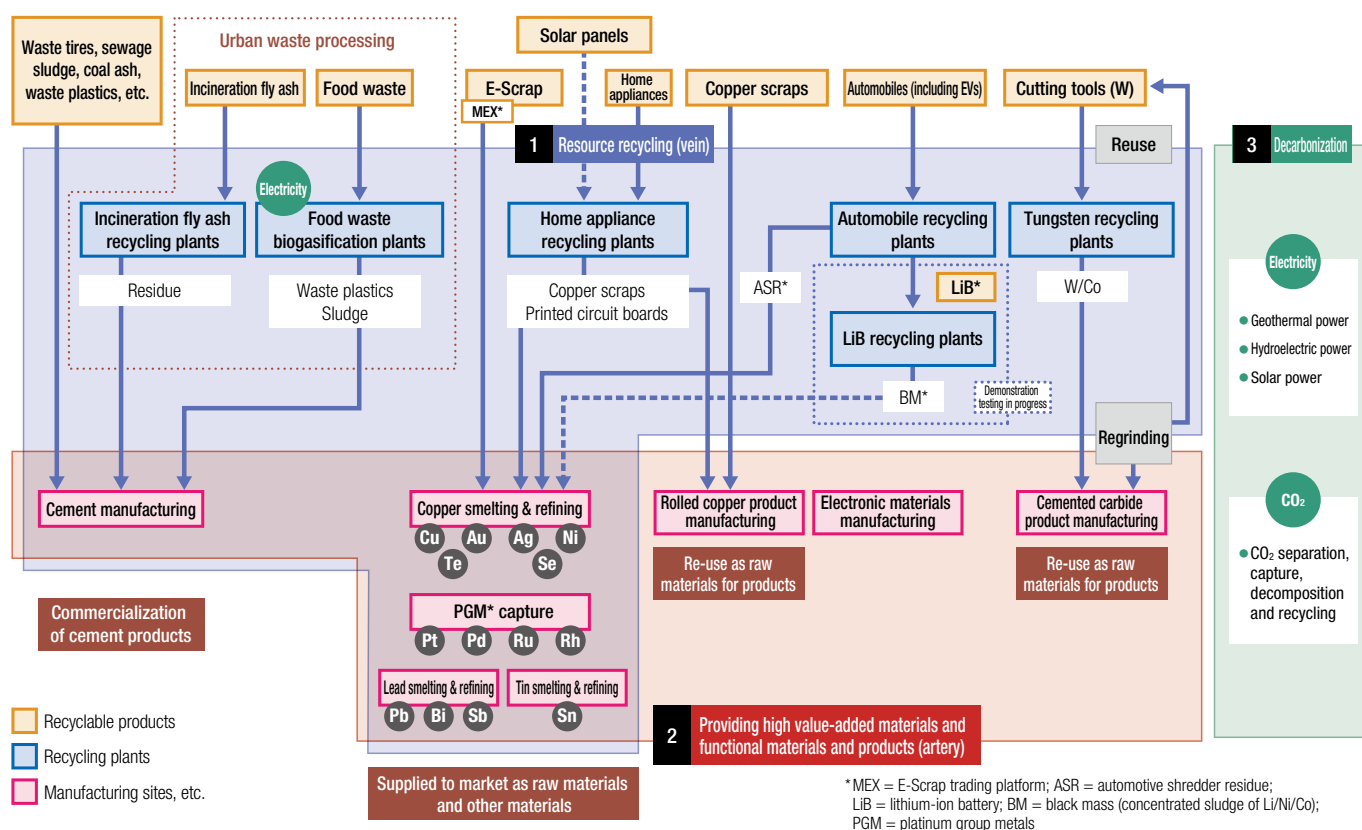
Wasabizawa Geothermal Power Plant

In parallel with these discussions, we are also deepening discussions regarding the development of the current business in relation to aspects such as technology, business scope and regional expansion in order to contribute to the building of a prosperous society, a recycling-oriented society and a decarbonized society as stated in our Mission. Based on future trends relating to recycling-oriented societies and circular economies, the recovery and extraction of metal resources from used vehicles and home appliances and their use to provide new raw materials and other materials is extremely important. For this reason, in addition to making maximum use of the Group's smelter infrastructure, we will focus on LIB recycling from EVs and solar panel recycling in line with increases in the amount of renewable energy. With regards to urban waste recycling, recycling of incinerated fly ash and food waste biogasification to supply electricity and recycle resources are promising as businesses closely tied to people's lives. In addition to this recycling of items such as metal resources taken from used products and waste and recycling (vein businesses), we will continue the simultaneous development of materials and products that add elements such as high value-added functions to extracted materials (artery businesses). We believe that being involved in both vein and artery businesses will contribute to our understanding of needs and technology development in both areas. Furthermore, I believe that our future direction will be as a company that designs business-wide circulation and plays a role akin to that of the heart in the human body. This means adding functions to materials extracted through vein businesses, supplying them as functional materials and products, then returning them to the veins and recycling them after they have fulfilled their role.

We are aware that decarbonization will be a prerequisite for our future business. Energy policy must be considered on a national or regional basis. We are utilizing renewable energy to meet the energy needs of our Group-wide business activities, which includes the implementation of renewable energy production through means such as geothermal power generation. Accordingly, our aim is for the Group to create enough energy to cover its own energy needs within Japan. The aforementioned vein and artery businesses make an indirect contribution to decarbonization through their processes. We also want to make a direct contribution to solving social issues in the field of decarbonization by working on **technology development*** that enables the production of hydrogen in parallel to the decomposition and recycling of CO₂ as carbon material. In any case, by the end of March 2023, we plan to disclose our vision for connecting the current business development to what we want to be in 2050, including with regards to timescale, and how we will bridge the gap between these two states.

Related Materials:

“Accelerating the development and application of new technologies for carbon / CO₂ recycling” Integrated Report **▶P47**



Conclusion:

In fiscal 2023, the Group will promote the four management reforms while enhancing its effectiveness in order to be a business group that can continue to solve social issues through its business activities in the future.

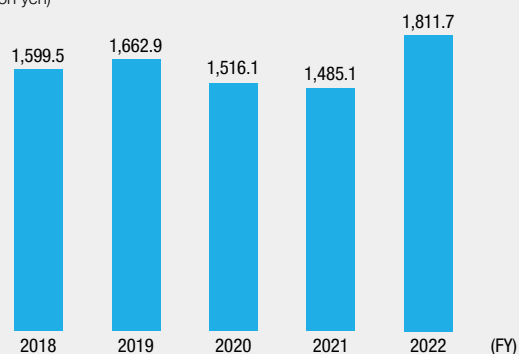
I believe that the Group's employees have the ability to overcome anxieties that come with change and to create better change. The challenge for management is extracting that ability and bringing it together into a greater force.

Last year marked 150 years since our founding, and we released the slogan “Create, Transform: MATERIALS” to express how we can change the nature of things and how we can create new value and further hope for the future. Moving forward, we will continue to implement management that allows all stakeholders to have high hopes as they watch over the Group's transformation.

Financial Highlights

Net sales

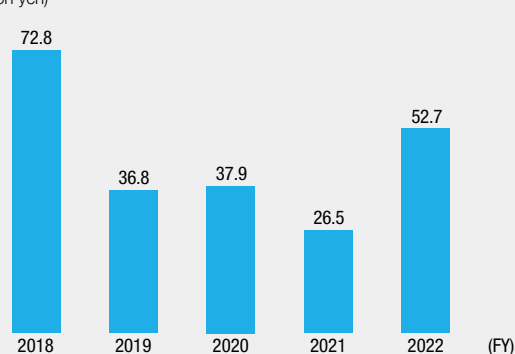
(Unit : Billion yen)



Consolidated net sales increased by 22.0% from fiscal 2021 to 1,811.759 billion yen due to firm metal prices and strong semiconductor- and automotive-related demand.

Operating profit

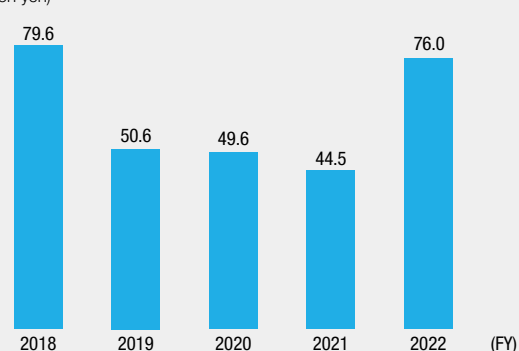
(Unit : Billion yen)



Consolidated operating profit increased by 98.4% from fiscal 2021 to 52.708 billion yen, as Advanced Products, Metals Business, and Metalworking Solutions Business and others saw an increase in profits.

Ordinary profit

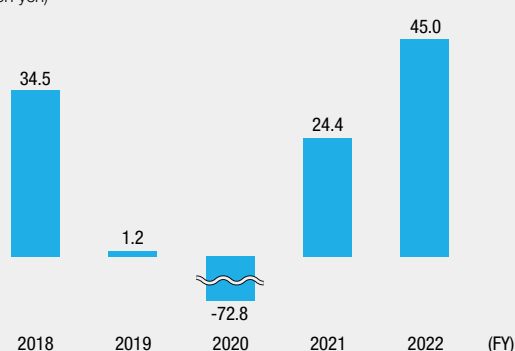
(Unit : Billion yen)



Consolidated ordinary profit increased by 70.9% from fiscal 2021 to 76.08 billion yen due to the increase in dividend income in addition to the operating profit increase.

Profit (loss) attributable to owners of parent

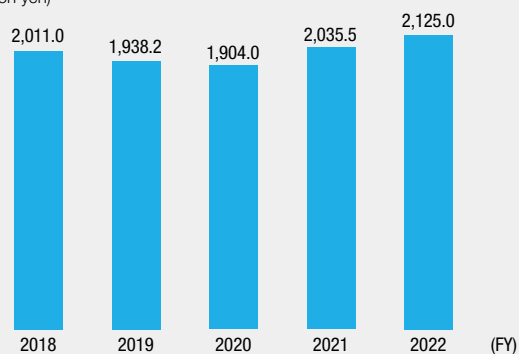
(Unit : Billion yen)



Due to the ordinary profit increase and extraordinary income from the sale of investment securities, profit attributable to owners of parent increased by 84.4% from fiscal 2021 to 45.015 billion yen.

Total assets*

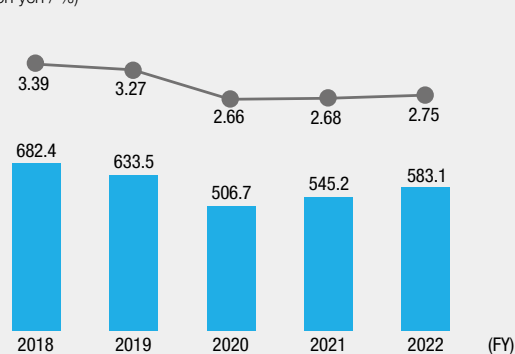
(Unit : Billion yen)



Total assets increased by 89.4 billion yen from the end of fiscal 2021 to 2,125.0 billion yen, mainly due to an increase in inventories.

Shareholders' equity / Shareholders' equity ratio*

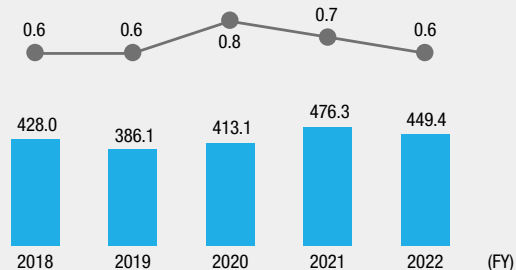
(Unit : Billion yen / %)



Shareholders' equity increased to 583.1 billion yen from 545.2 billion yen in fiscal 2021, and the equity ratio rose to 27.5% from 26.8%.

Net interest-bearing debt / Net D/E ratio

(Unit : Billion yen / times)

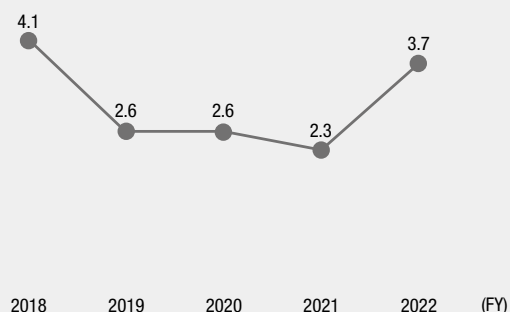


The Net D/E ratio from FY 2021 onward is after adjusting for hybrid loans.

Net interest-bearing debt decreased to 449.4 billion yen from 476.3 billion yen in fiscal 2021, and the net D/E ratio decreased to 0.6 times from 0.7 times.

Return on asset (ROA)*

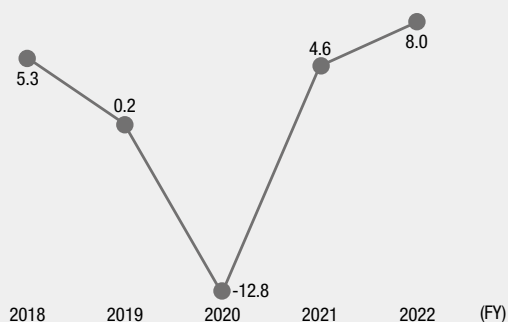
(Unit : %)



ROA increased to 3.7% from 2.3% in fiscal 2021 due to profit growth.

Return on equity (ROE)

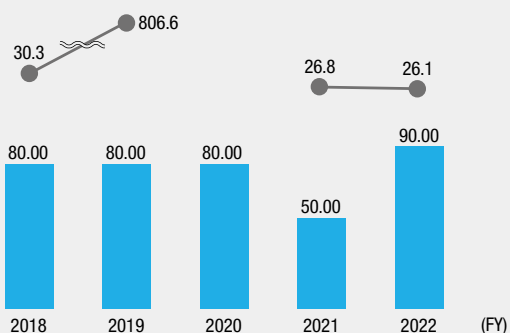
(Unit : %)



ROE increased to 8.0% from 4.6% in fiscal 2021 due to profit growth.

Dividends per share / Dividend payout ratio

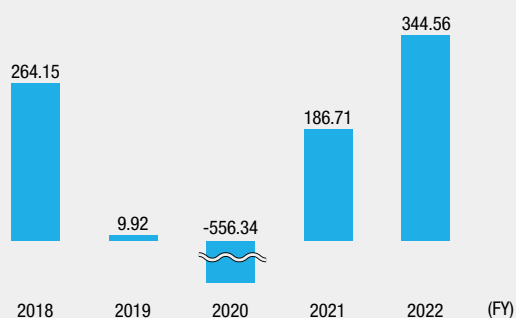
(Unit : Yen / %)



Dividends per share was 90 yen per share due to profit growth, up from 50 yen per share in fiscal 2021, and the dividend payout ratio was 26.1%, down from 26.8% in fiscal 2021.

Profit (loss) per share

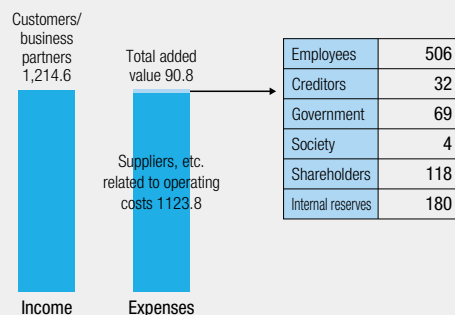
(Unit : Yen)



Profit per share increased to 344.56 yen from 186.71 yen in fiscal 2021 due to profit growth.

Economic added value allocation

(Unit : Billion yen)



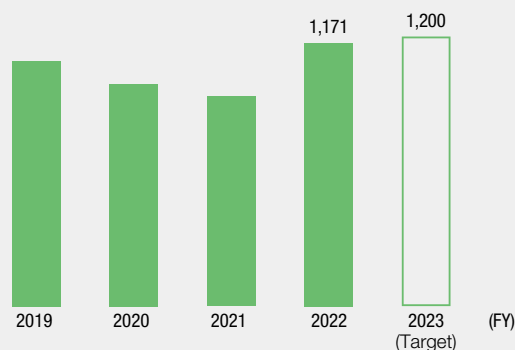
The added value generated through our business activities came to 90.8 billion yen after subtracting the operating costs of 1,123.8 billion yen, which consist primarily of payments to suppliers, from total revenue on a non-consolidated basis in fiscal 2022 of 1,214.6 billion yen.

*1 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.

*2 The Company has been applying "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance from the beginning of FY2022. Individual figures since FY2022 have had the accounting standards and others applied.

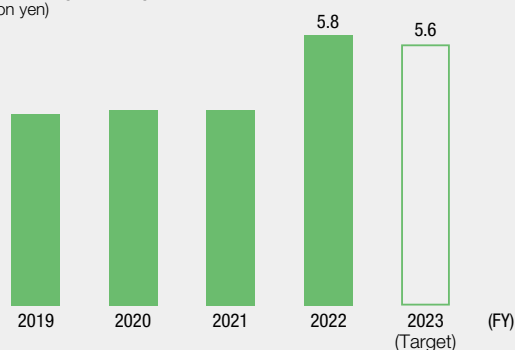
Non-financial Highlights

Sales volume of copper materials for new HV/EV (Consolidated)
(Unit : t)



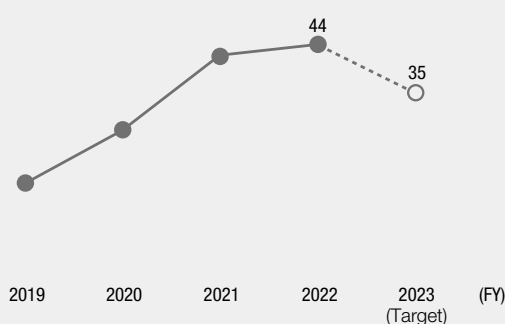
Sales volume of copper materials for new HV/EV increased by 25.6% from fiscal 2021 to 1,171 tons due to the recovery of the automobile market and the expansion of that market.

Sales amount of products for next-generation vehicles and environmentally friendly products (Consolidated)
(Unit : Billion yen)



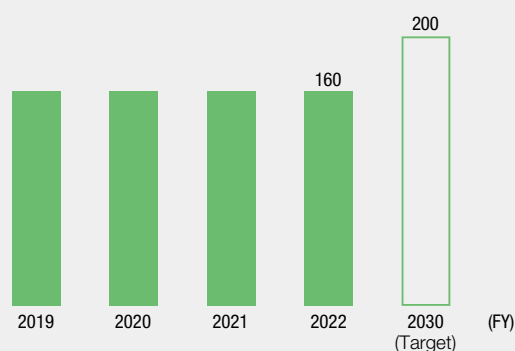
Sales amount of products for next-generation vehicles and environmentally friendly products increased by 38.1% from fiscal 2021 to 5.8 billion yen due to the recovery of the automobile market and the expansion of that market.

Ratio of recycled tungsten as raw material in cemented carbide tools (Consolidated)
(Unit : %)



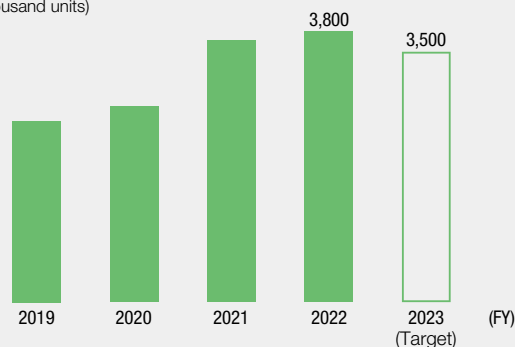
The ratio of recycled tungsten as raw material in cemented carbide tools temporarily increased to 44% due to the utilization of recycled tungsten inventory.

E-Scrap processing capacity (Consolidated)
(Unit : Thousand tons)



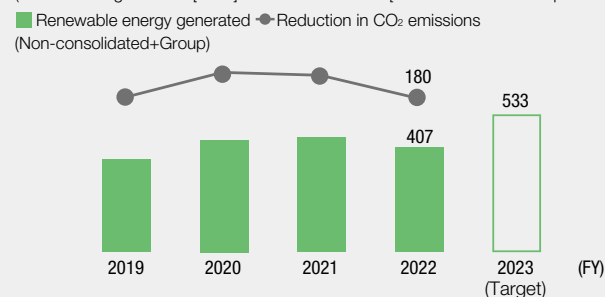
E-Scrap processing capacity remained at 160,000 tons as in fiscal 2021. We will continue our efforts to increase capacity in order to achieve our target of 200,000 tons for fiscal 2031.

Annual processing volume of home appliance recycling (Consolidated)
(Unit : Thousand units)



Annual processing volume of home appliance recycling was 3.8 million units, a 3.5% increase from fiscal 2021, as we proceeded with recycling of inventory, although the volume of incoming units has decreased due to a lull in replacement demand.

Renewable energy generated*1 / Reduction in CO₂ emissions*2 (Consolidated)
(Unit : Power generated [GWh] / Reduction in CO₂ [thousand tons CO₂ equivalent])

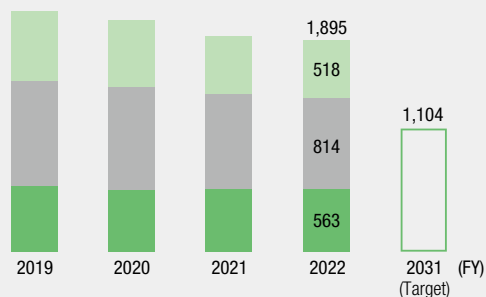


The definition of renewable energy generated has been revised to be the volume generated of each business multiplied by the Company's ownership share.

Total power generated by renewable energy was 407 GWh, an 8.9% decrease from fiscal 2021, due to the longer than usual period for periodic inspections of geothermal power plants (Wasabizawa and Sumikawa).

Total greenhouse gas emissions (Scope1 + Scope2) (Unit : Thousand tons CO₂ equivalent)

■ Non-consolidated ■ Domestic group companies ■ Overseas group companies

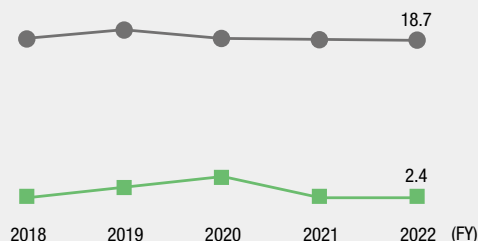


Does not include emissions from cement and aluminum businesses.

Total greenhouse gas emissions (Scope1 + Scope2) were approx. 1,895 thousand t-CO₂e, a 0.5% reduction from fiscal 2021.

Percentage of recycled raw materials used (Consolidated) (Unit : %)

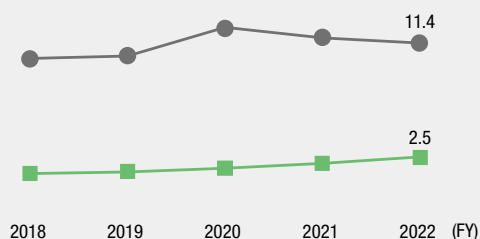
● Non-consolidated ■ Consolidated



The percentage of recycled raw materials used was almost the same as in fiscal 2021. We promote recycling by recovering thermal energy and resources from E-Scrap, waste plastic, and incinerated ash from municipal waste, etc.

Percentage of female employees / Percentage of women in management positions (Non-consolidated) (Unit : %)

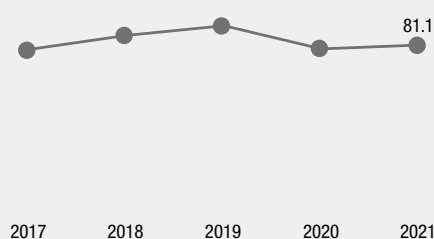
● Percentage of female employees ■ Percentage of women in management positions



Although the percentage of female employees has slightly decreased, the percentage of women in management positions has been increasing year by year due to the implementation of various measures such as measures to support accelerated training and strengthening of mid-career hiring, and it increased by 0.4 percentage points from 2.1% in fiscal 2021 to 2.5% (51 employees).

Percentage of paid holidays taken (Non-consolidated union members) (Unit : %)

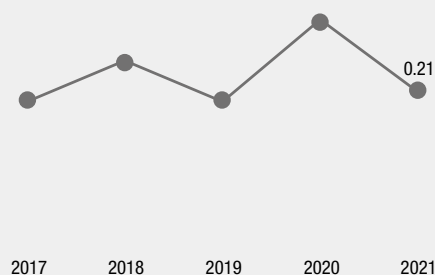
(Unit : %)



The percentage of paid holidays taken improved from 2020 to 81.1%. We continue our efforts to create an environment that makes it easier to take leave and maintain and improve the percentage of paid holidays taken.

Occupational accident frequency rate (Non-consolidated) (Unit : %)

(Unit : %)



The occupational accident frequency rate is the number of casualties due to lost-work day accidents (excluding commuting accidents) per million actual working hours, and it indicates the frequency of accidents. The number of injuries has almost halved since 2020, to 0.21.

* (Target) is current as of May 14, 2021

*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.

History: From a perspective of creating social and economic values

For 150 years, Mitsubishi Materials has been meeting the demands of the time and leading the way in every era

Into the future, we aim to create both social and economic values and improve corporate value

Social Conditions and the Mitsubishi Materials Group

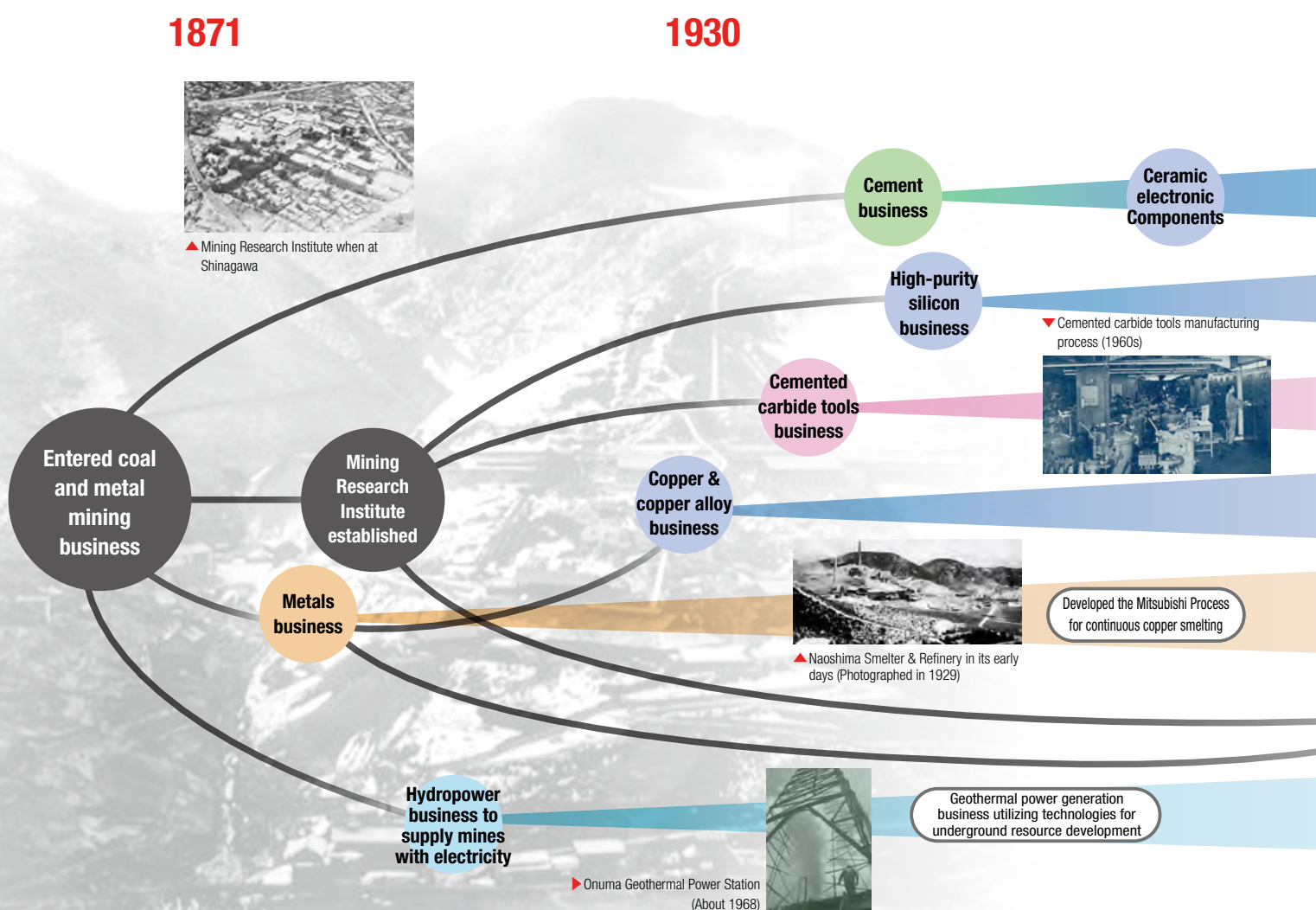
Advancing with the development of Japan's modern economy since the Meiji Restoration

The history of today's Mitsubishi Materials Group follows that of modern Japan, beginning with the Meiji Restoration. Japan's new government promoted a succession of infrastructure projects, including telephone, postal, and railroad systems, and also focused on coal and metal businesses, which are the backbone of private industry. Tsukumo Shokai, predecessor to today's Mitsubishi Materials Group, opened a shipping business in 1870 and aggressively entered coal and metals mining business, contributing to the development of Japan's modern economy.

Diversification of business from the postwar reconstruction to the era of rapid growth

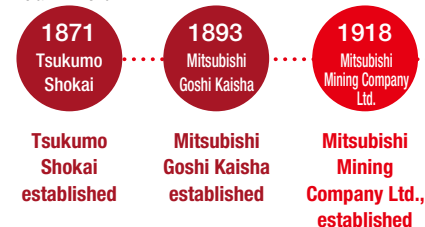
From the postwar reconstruction period through the late 1950s and 1960s, Japan entered a period of rapid economic growth. The Japanese economy expanded through the development of computerization and information technology to the bubble economy of the 1980s. Subsequently, the spread of mobile phones and the Internet led the country to follow a path of IT expansion. The Mitsubishi Materials Group too has addressed diversifying market structures and demands by reforming our business structure while responding to the progress of energy innovation from coal to oil to nuclear power.

Transition of business contributing to social construction

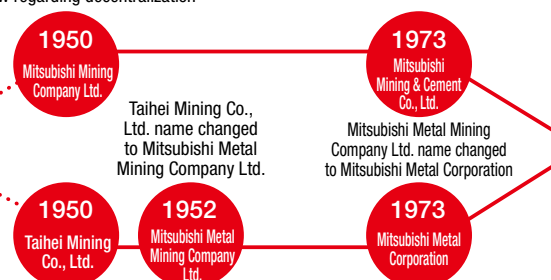


Company history

Coal mine leased from the Shingu clan in Kishu



Breakup of coal and metal divisions due to law regarding decentralization



Leading the market in the face of global economic change and increasing internationalization

In the 1990s, global politics, economics, and society underwent major changes as seen by global economic upheaval and further progress in internationalization. This happened in the midst of expansion of the automobile industry and semiconductors as well as the information society becoming increasingly sophisticated. In addition, globalization has further expanded and progressed with the shift to production outside Japan. Meanwhile, Mitsubishi Metal Corporation and Mitsubishi Mining & Cement Co., Ltd. merged to form Mitsubishi Materials Corporation, which has been working to develop even more advanced technologies and products that respond to global changes.

Creating value that contributes to realizing a prosperous society by making full use of environmental and recycling technologies

With response to global warming and large-scale climate change being demanded worldwide, companies need to not only deal with their own environmental issues, but also to contribute to society through the promotion of environmental business and strengthen their response to SDGs. Mitsubishi Materials too will go forward with decarbonization in business activities, as well as develop and expand the use of geothermal and other renewable energy sources, with the aim of decarbonizing the entire value chain. Furthermore, we will work to create value that contributes to realizing a prosperous society by making full use of our unique environmental and recycling technologies.

1980

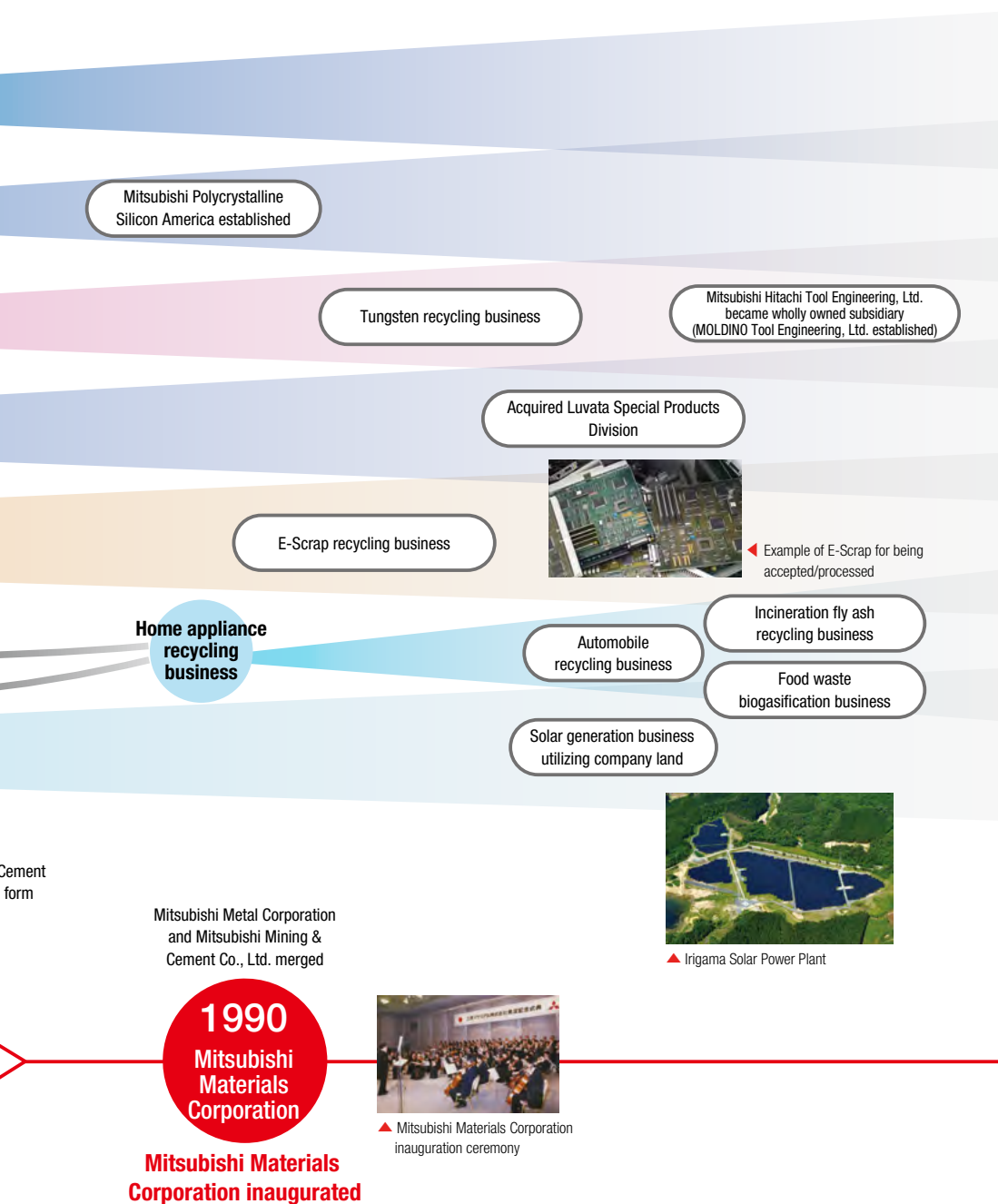
2020

Mission Create both social and economic values

Contribute to build a prosperous society

Contribute to build a recycling-oriented society

Contribute to build a decarbonized society

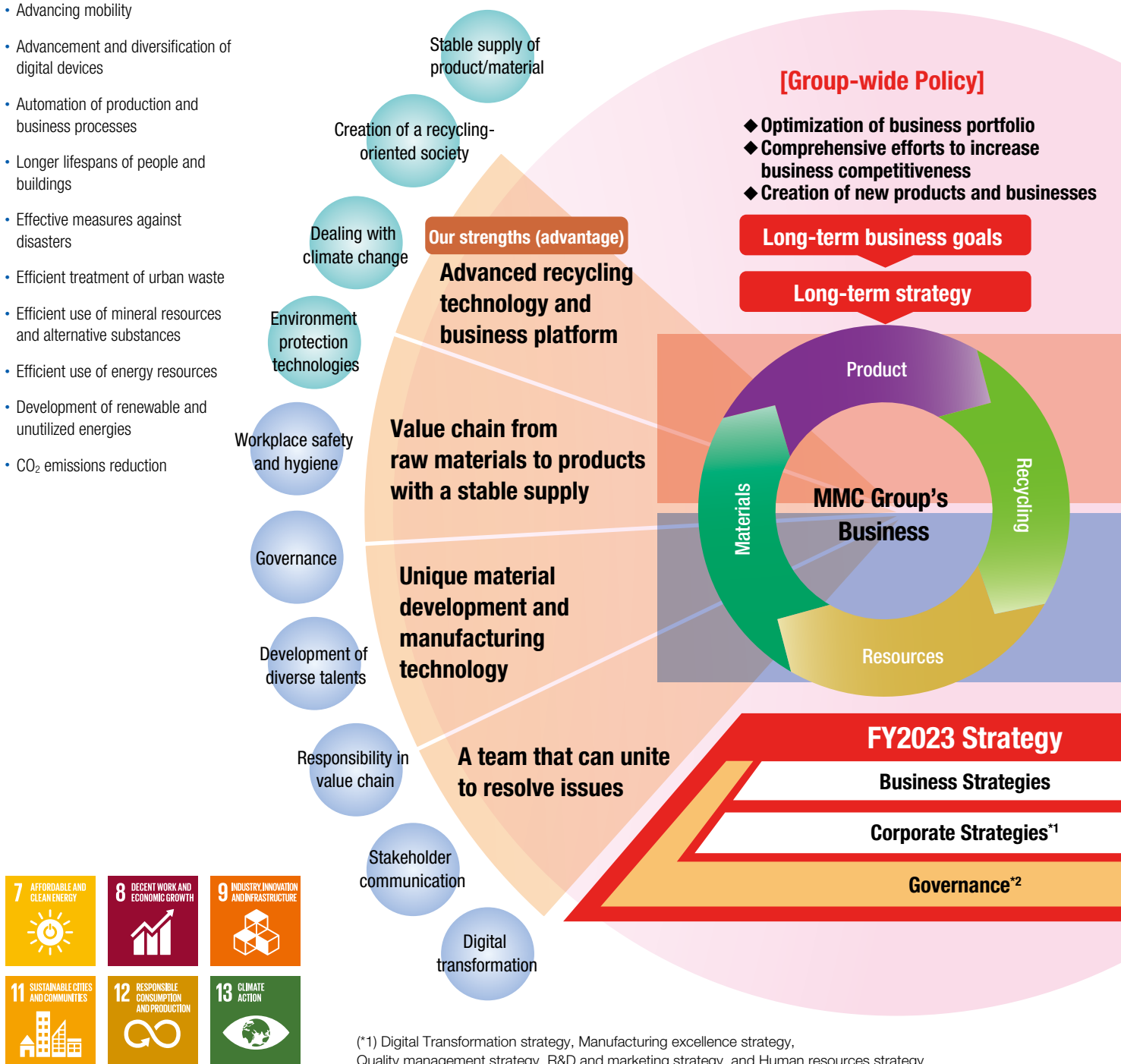


Value Creation Process

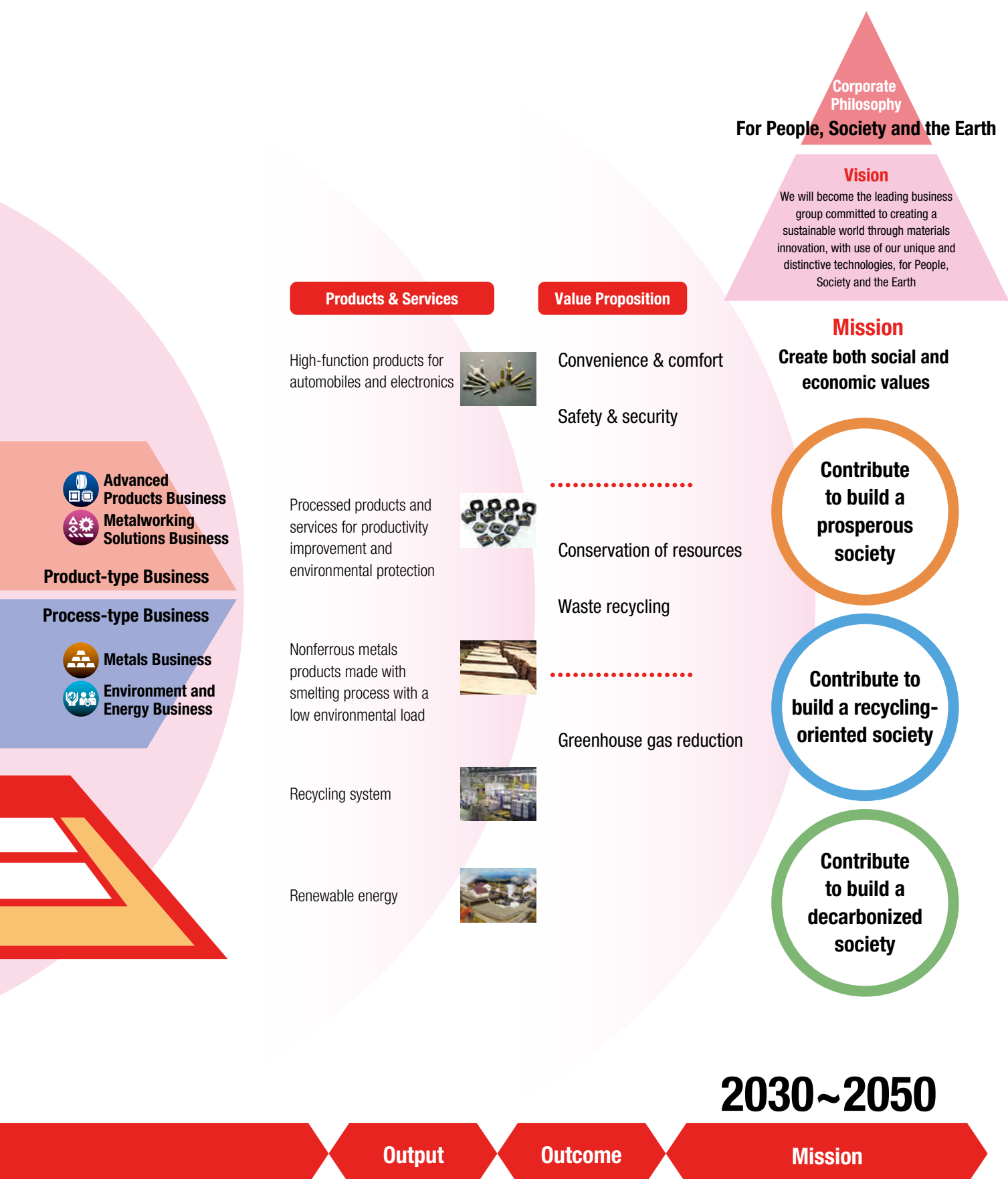
Social issues to be solved and SDGs

- 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 treatment of urban waste
- Efficient use of mineral resources and alternative substances
- Efficient use of energy resources
- Development of renewable and unutilized energies
- CO₂ emissions reduction

Materiality



(*) Digital Transformation strategy, Manufacturing excellence strategy, Quality management strategy, R&D and marketing strategy, and Human resources strategy
 (**) Strengthening of corporate governance and group governance



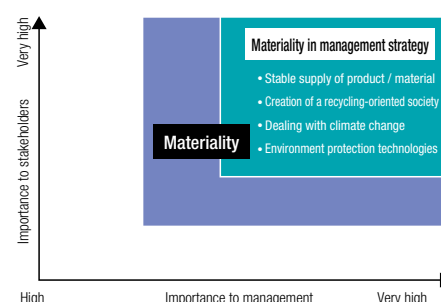
Identifying of Materialities, Risks and Opportunities

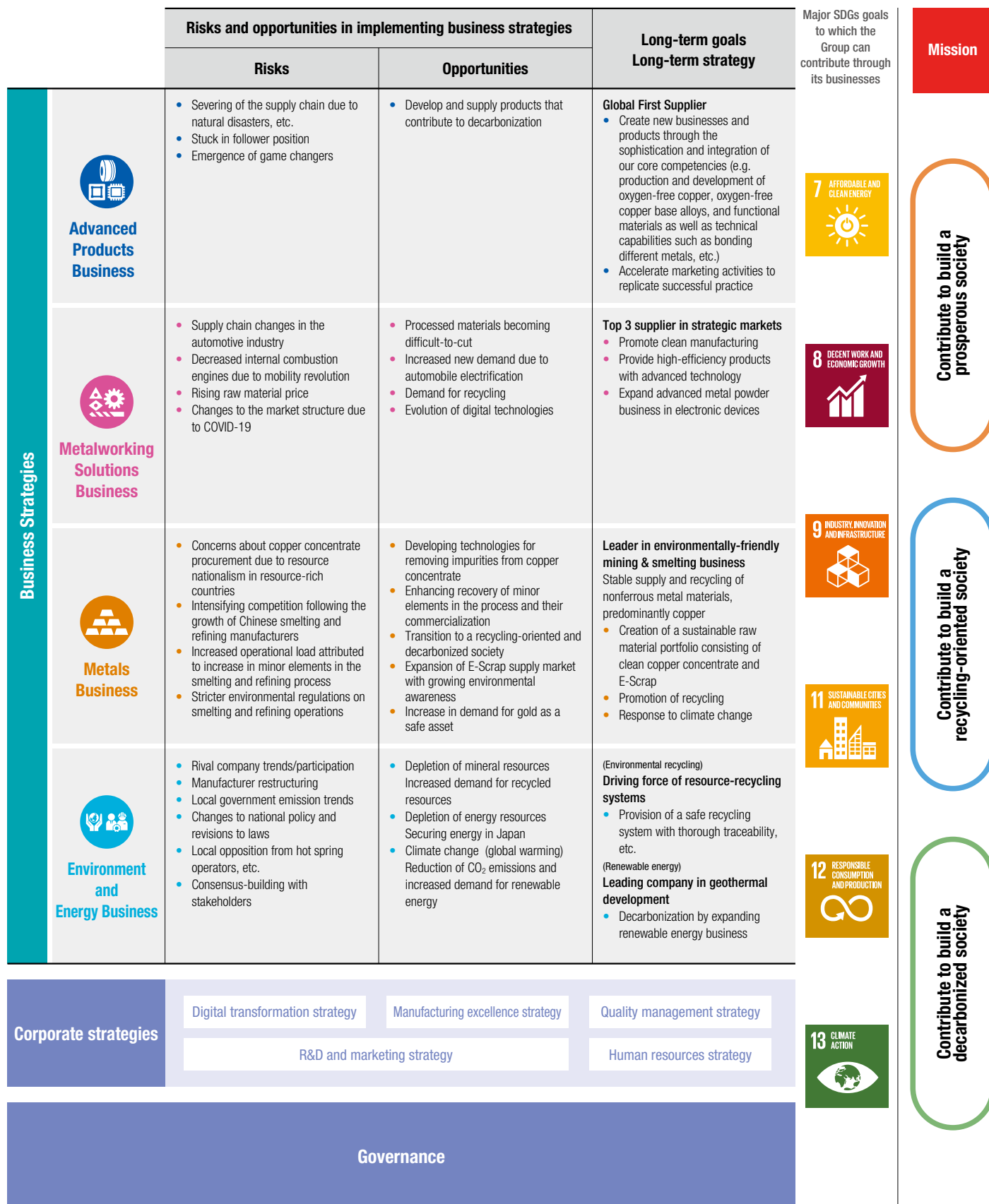
In formulating our Medium-term Management Strategy (FY2023 Strategy), we have defined new management materialities based on our existing CSR materialities. These serve as our framework for increasing corporate value by creating both social and economic values.

	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

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





Overview of Sustainability Activities

Based on our corporate philosophy of “For People, Society and the Earth,” the Group will actively and proactively address sustainability issues, promote business activities that earn the trust of our stakeholders, and fulfill our social responsibilities.

FY2022

E

Review of GHG reduction targets

In November 2021, we revised our greenhouse gas (GHG) emission reduction targets, which we had announced in March 2021, and aim to achieve carbon neutrality five years ahead of schedule, with a 47% reduction in GHG emissions by fiscal 2031 (compared to fiscal 2014) and virtually zero GHG emissions by fiscal 2046.

Calculation of carbon footprint

We have started to evaluate and utilize carbon footprints and work to estimate GHG emissions for products using recycled materials such as tungsten and copper scrap.

CO₂ recovery, methanation and utilization testing

We started an experimental study in July 2021 on the recovery and utilization of CO₂ emitted from our Group's plants in the Kyushu area.

Initiatives for expanding E-Scrap business

●Expansion construction to improve processing capacity

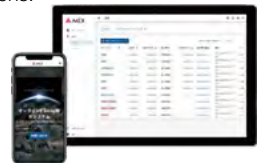
In order to capture the growth of the European E-Scrap market, we are increasing the capacity of a collection plant in the Netherlands, thereby accelerating the substitution and reduction of fossil fuels.

●Start of “MEX” business platform operation

We have started operation of MEX, a new E-Scrap business platform that utilizes the latest digital technology and incorporates numerous functions.



Viewing CO₂ separation and recovery equipment



MEX: Mitsubishi Materials E-Scrap EXchange

S

Human Resources Transformation (HRX)

We are engaging in HRX in order to sustain and enhance our market competitiveness in an increasingly complex business environment by proactively incorporating new ways of working, values, perspectives and talents from external market into our efforts.

Diversity & Inclusion initiatives

We actively promote Diversity and Inclusion in order to embrace and respect diverse personalities, as well as to create new values, that are the sources of sustainable growth for the Group.

Donations to four organizations working to solve social issues

Taking the Group's 150th anniversary as an opportunity, we have made donations to four organizations working to solve social issues and are providing continuous support. Donation recipients were selected from among organizations that conduct activities consistent with our corporate philosophy and are committed to solving social issues, especially support for children, students, and refugees.

Establishment of Human Rights Policy and Procurement Policy

Based on our Sustainability Policy, we have formulated a Human Rights Policy and a Procurement Policy, and we are strengthening our management of human rights risks through measures such as conducting human rights due diligence.

G

Corporate Governance

Compliance with the Corporate Governance Code

In light of the Code's revision in June 2021, we have focused on matters related to measures for sustainability and ensuring diversity, and as a result, we comply with all principles of the revised Code.

Release of Skills Matrix

We ensure that the Board of Directors consists of a diverse group of Directors with a high degree of expertise and insight and that it is well-balanced in terms of knowledge, experience, and abilities necessary to effectively fulfill its roles and responsibilities. Beginning in 2021, a Skills Matrix listing the expertise and experience of the Directors is included in the Notice of the General Meeting of Shareholders (also posted on our website).

Related Materials:

“Director Skills Matrix” Integrated Report
▶P92

Listed on the Prime Market of the Tokyo Stock Exchange

We have confirmed that we comply with the criteria for maintaining a listing on the newly classified Prime Market of the Tokyo Stock Exchange and applied for listing. Since April 2022, we have been listed there.

Establishment of the Sustainability Policy

In order to actively and proactively promote efforts to realize a sustainable society, we established the Sustainability Policy, the Human Rights Policy, and the Procurement Policy in December 2021, and we clarified our policy for addressing sustainability issues.

Promotion of strategic IP formation activities and IP governance

We have established a Group Intellectual Property Basic Policy, and we will regard investments and utilization of intellectual property and intangible assets made by individual companies as Group-wide activities and more actively promote intellectual property activities with an awareness of the Group as a whole.

Evaluation of the effectiveness of the Board of Directors using a third-party organization

In fiscal 2022, an evaluation of the effectiveness of the Board of Directors was conducted using a third-party organization.

Group Governance

Introduction of an in-house reporting system outside Japan

The “MMC Group Global Hotline,” a global in-house reporting system for the Mitsubishi Materials Group, was set up for overseas Group companies and overseas sites.

Communication measures such as inner branding and reverse mentoring

We are developing new measures to promote communication across job grade and organizational boundaries in order to improve the quality and quantity of communication and information received, and to maintain and improve employee and organizational engagement.



FY2023

Promotion of GHG reduction through industry-academia-government collaboration

We participated in the Kitakyushu City Green Growth Strategy Advisory Board and proposed to establish an industry-academia-government open platform to promote development of GHG reduction technology in the Kurosaki Production Section of the Kyushu Plant.

Carbon recycling technology adopted as a NEDO project

Technology that uses a reducing agent to decompose CO₂ to produce nano-carbon and that also produces hydrogen in regenerating the reducing agent has been selected as a carbon recycling technology R&D project commissioned by NEDO.

Participation in the 30 by 30 Alliance for Biodiversity

We participated in this coalition of the willing established for the achievement of the nature-positive global goal to halt and reverse biodiversity loss by 2030, utilizing company-owned forests to contribute to preservation of biodiversity.



Endorsement of Ministry of Economy, Trade and Industry "GX League Basic Concept"

We endorsed the "GX League Basic Concept" for companies, governmental bodies, universities and public research institutions, financial institutions, and others actively working on green transformation (GX) to cooperate in transformation of the overall economic and social system.

Support for "Resource Sciences Education Consortium" established by Hokkaido University and Kyushu University

In order to strengthen and enhance education systems for talent development in resource sciences, we support the Resource Sciences Education Consortium, which supports overseas dispatch and corporate internship for students and other programs, thereby contributing to the development of experts for resources strategy through industry-government-academia cooperation.

Certification as a Health & Productivity Management Organization 2022 (Large Enterprise Category)

We have been certified as a "Health & Productivity Management Organization 2022 (Large Enterprise Category)" under the "Certified Health & Productivity Management Organizations Recognition Program" as selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

Organizational changes related to management reforms and introduction of a job-based HR system

In order to optimize the Group's management, we introduced a Strategic Headquarters in charge of Group-wide strategies, a Professional CoE responsible for efficiency improvement and sophistication of back-office operations, and complete in-house companies capable of autonomous business management. We also introduced a job-based HR system for management positions.

Establishment of the Sustainability Committee

In June 2022, the Sustainability Committee was set up under the Board of Directors in order for the Board of Directors to not only monitor sustainability efforts but also to proactively consider the direction of the sustainability efforts from different perspectives and present them within the Company.

Related Materials:

"Sustainability Committee" Integrated Report ▶P108

Establishment of "Laboratory of Non-ferrous Extractive Metallurgy" endowed chair at Kyoto University

Realization of a recycling-oriented society through innovation in recycling technology is an important field. Through the "Non-ferrous Extractive Metallurgy" endowed chair, we will facilitate the development of human resources required by the non-ferrous metallurgical industry and maintain the industry in Japan to contribute to the realization of a society with even more advanced sustainability by making use of recycling business.

Sigining of the UN Global Compact

We have signed the United Nations Global Compact (UNGC) and joined the Global Compact Network Japan, the UNGC's local network in Japan.

WE SUPPORT



Increase in ratio of Outside Directors

Number of Outside Directors 6 /10 (1) ▶ 7/10 (2)
(Number of female Directors in parentheses)
We have been increasing the ratio of Outside Directors in order to further enhance the supervisory function of the Board of Directors through objective supervision of the appropriateness of the execution of duties by Directors and Executive Officers and by providing diverse values on corporate management based on specialized knowledge and experience that differ from those of officers from within the company.

Related Materials:

"Efforts in Strengthening of Corporate Governance" ▶P86

Revision of remuneration system for Executive Officers

In order to further share awareness of benefits with stakeholders, for the annual bonus portion of the remuneration system for Executive Officers, we added relative TSR evaluation to the evaluation items and adopted, in non-financial evaluation indicators, evaluation of achievement status of targets set for each Executive Officer, including efforts based on the Sustainability Policy.

Related Materials:

"Policy on Determining Remuneration for Officers" Integrated Report ▶P108

Corporate communication magazine "WITH MATERIALS" launched

The first issue of the "WITH MATERIALS" corporate communication magazine was published, and in that quarterly publication we will communicate to stakeholders about the Group's initiatives that contribute to people, society and the Earth and how our employees are striving.



Special Feature: Management Reforms to Work on Now

Four management reforms to enhance the organizational capabilities, ensuring solid readiness for environmental changes

The Group is implementing four management reforms and is working to reinforce its corporate infrastructure in order to enhance its change adaptability (ability to implement more agile responses to changing environments) and its ability to integrate (ability to implement strategies through human networks and combination of functions).



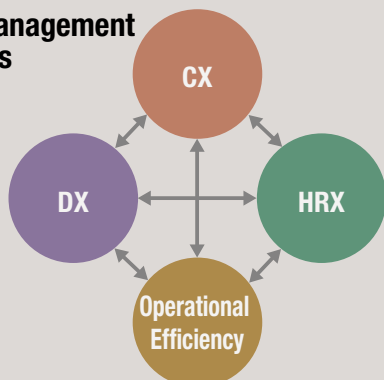
Nobuhiro Takayanagi

Managing Executive Officer
(responsible for Management Strategy)

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 digitization

Four Management Reforms



Q What was the reason for proceeding with four management reforms simultaneously?

A. As was mentioned in the Top Message in this report, we currently find ourselves in a challenging situation where the environment around us makes it difficult to establish a clear outlook for the future. Consequentially, the Group as a whole must proceed with “readiness” that enables us to implement more agile responses to changing environments. However, the current situation had seen the emergence of interdependency between the Head Office/Corporate Division and the Company Divisions and in a sense there was a lack of pressure. Against this backdrop, the holding of numerous discussions with Executive Officers toward increasing corporate value through optimization of the business portfolio, and the process of restructuring businesses for which it is challenging to take ownership lead to the emergence of four management reforms as elements of the “readiness” required by the Group as a whole.

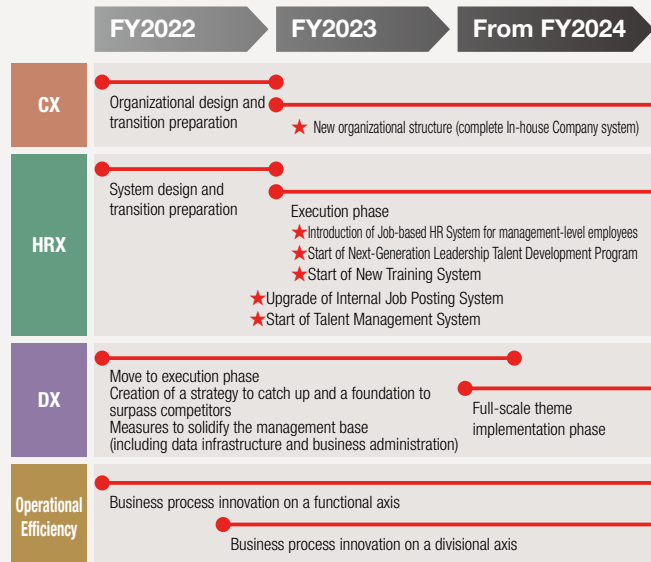
At the same time, since transformation of corporate organizational structures (CX) mainly concerns efforts to reconfigure functions and operations, it had to be executed in parallel with improvement in operational efficiency in order to avoid redundancy. Given that important management issues to be faced in order to enhance business competitiveness include optimal allocation of human resources, supporting career development for each employee and human resource development, HRX was also considered to be an indispensable part of this process.

Furthermore, while work on DX was already moving forward following the establishment of the DX Management Office and the position of Chief Digital Officer (CDO) in April 2020, it was determined that linking it with CX and other reforms would enable us to accelerate our work. As a result, it was decided to proceed with all four management reforms simultaneously.

Q Generally speaking, reforms have a tendency to provoke resistance within a company. The simultaneous implementation of four management reforms must be extremely challenging, how were you able to get buy-in from people within the Group?

A. Ample time was allocated to exploration. We divided into several subcommittees and engaged in numerous discussions involving large numbers of stakeholders while also exchanging views with external specialists and members of the Board of Directors, including Outside Directors. Before the final proposal was determined, we also held 15 opinion exchange sessions named “information sharing meetings” for all employees with the aim of spreading understanding among employees while also giving them an opportunity to put their points of view across. We wanted to encourage an active exchange of ideas, so the sessions were held in groups of 200 people each. Those explaining the proposals were also split into two groups comprising the President

■ The four management reforms are interrelated and organically linked and must be **implemented simultaneously**.
 ■ Reform should be **undertaken now**.
 The Company's situation, the time needed for reforms to take root and to strengthen/demonstrate organizational capabilities, and significant changes in the business environment make now a good opportunity



and Executive Officers. Whereas we had previously held “town hall” meetings and similar events with selected employees, this was the first time that the Group had held open meetings for all employees on the subject of reform proposals that were yet to be put to a resolution. Through this process, we were able to make our employees aware of the market environment surrounding the Group (the external environment) and Group-wide conditions and issues (the internal environment), and to communicate the reforms that management was proposing in response. As a result, we believe that this initiative has become part of creating a better organization and corporate culture.

The final implementation plan was established in consideration of the questions, issues, concerns, anxieties and other input raised at these information sharing meeting, and we are currently moving into the execution phase. Moving forward, we also intend to hold similar opinion exchange sessions during fiscal 2023 in order to gather information about issues and concerns during the execution phase, enabling us to achieve even better results.

Q Can you provide some specific examples of input received from employees at the information sharing meetings?

A. For example, one question we received was, “We have had organizational restructuring before, but it amounted to little more than changing names in the organization without changing the work being done. If the same is true this time, is there any point?” While it is true that previous organizational restructuring was concerned with coordinating jurisdiction over organizations as a result of changes among Directors and managers, the reforms being carried out this time were considered from the point of view of what functions and roles are required to enhance business competitiveness. We have also introduced a job-based HR system, clarified the positions and staffing levels that each organization requires in order to fulfill its functions and roles, and redesigned the organization by implementing human resource management focused on placing the right people in the right

positions. As a result, the mission of each individual will also change.

Another question we received was “What are the reasons behind dividing the Head Office/Corporate Division into the Strategic Headquarters and Professional CoE, and how will that affect the relationship with the Companies?” The principal functions of the Head Office/Corporate Division were strategy formulation, strategy development and support for some Company operations, functions that were closely intertwined. As a result, it was difficult to clearly establish whether or not these roles were being fulfilled. For that reason, it was split into the Strategic Headquarters and Professional CoE, each with a clearly-defined role. The Strategic Headquarters was charged with planning Group-wide strategies such as the Group portfolio, the human resources strategy and the manufacturing excellence strategy, while Professional CoE is responsible for executing these strategies. Operations that necessarily span various areas, such as human resources, governance and accounting and finance, are mainly handled by Professional CoE, while Companies are focused on enhancing business competitiveness and executing Company strategies. Under this system, each party has a clearer role.

Q With the four management reforms, what form will the path to improving ROIC and other management indicators take?

A. Creating a clear division of duties whereby the Strategic Headquarters plans Group-wide strategies while Companies plan and execute business strategies has established a system for the improvement of management indicators. We have also set up a meeting body known as business reviews, which provides a means for the Strategic Headquarters and Companies to report to each other on the progress of strategies, and also to engage in strategic dialog during which business issues can be discussed from both short-term and medium- to long-term perspectives. The topics and number of participants are narrowed down, and unprecedented high-level exchanges are taking place. Furthermore, each Company is organizing their ROIC trees and developing measures based on clear improvement drivers and improvement targets. This is also monitored through the business reviews, and a system for improving management indicators is being put in place.

Q Operational efficiency improvement covers an extremely broad area. Where will this work begin?

A. With the introduction of the complete In-house Company system, cooperation between functions such as finance and accounting, human resources and general affairs, and procurement is more important than before. Firstly, we are working on business process innovation along a functional axis across the entire company. In addition, many operations specific to particular Companies and sites are still carried out following existing methods, and there is scope for greater efficiency. Each Company and site receive support, principally through the Business Process Innovation Department and the DX Promotion Department, and work towards business process innovation is taking place along a divisional axis. We share good examples with employees, including those at Group companies, through an internal web portal relating to business process innovation, and by raising awareness among each and every employee, we will strive to reform the organization and corporate culture while enhancing the organization's capabilities.

Aiming to strengthen cooperation between divisions and enhance our capacity to create new business



Makoto Shibata

Managing Executive Officer (responsible for Monozukuri and R&D Strategy, DX Promotion and System Strategy)

Q What issues were you aware of relating to R&D and manufacturing?

A. Manufacturing is the main focus of the Group, and creating new products and business, which lies at the core of sustainable management, is the most important issue. For that reason, we have been focusing on the strengthening the functions required to that end. In addition to idea generation and research & development, this includes mass production, business development and intellectual property formation. However, we were conscious of issues relating to aspects such as cooperation in the series of processes leading from research and development to mass production and our capacity to create even more new businesses.

Q What are the objectives of the new organizational structure?

A. Under this organizational system, rather than the loose cooperation that previously existed between departments, the aim was to consolidate all of the required functions into one organization and create stronger, more organic connections. Massive organizations comprising large numbers of employees handle multiple functions and a number of topics relating to

A group of professionals putting strategy into practice through specialist knowledge and know-how



Jun Nagano

Managing Executive Officer
President, Professional CoE

Q Part of these reforms was the establishment of Professional CoE. What kind of organization is it?

A. Through this CX, the company is implementing a restructured organization comprising the Strategic Headquarters, a Professional CoE that supports efficiency improvement and sophistication and strong Business Divisions that implement autonomous management. Professional CoE is a group of professionals with specialist knowledge and know-how that performs sophisticated operations and putting strategies into practice. It is an organization that consolidates the specialist operations previously handled by various departments within the Corporate Division. Its mission is to implement and develop the Group-wide strategies established by the Strategic Headquarters and to improve the efficiency and sophistication of corporate functions. It will contribute to stable management and improved corporate value on a Group-wide basis.

Q What are the specific functions of Professional CoE?

A. The organization includes a Compliance & Risk Management Department and a Safety, Environment & Quality Department, which promote SCQ (Safety & Health (S), Compliance &

R&D and manufacturing, which further increases complexity in terms of organizational management. While this could be considered a significant challenge for us, we are aware that this hurdle must be overcome in order to achieve significant results as a business by consolidating technological functions required for manufacturing and operating efficiently. Our aim is to fortify Group-wide manufacturing capabilities, minimizing disadvantages while maximizing advantages.

With the introduction of the complete In-house Company system in April 2022, there is a concern that a decentralizing force may take hold. The Monozukuri and R&D Strategy Division must become central to the Group's technologies. To enable it to perform its function as a hub to maintain unifying force within the group, coordination with Companies must be enhanced in addition to coordination within the organization. For that reason, we will establish more active mutual communication that achieves consensus on the direction of our technological strategy and efficient division of labor, aiming for the rapid realization of results for both Companies and Head Office. We are also promoting collaboration with the digital divisions, which is another important technological domain, in areas including human resource development in order to achieve manufacturing and R&D that makes full use of digital technologies.

Environment (C) and Quality (Q)). Its specialized operations include accounting, legal affairs, intellectual property, human resources, corporate communications, procurement and logistics, general affairs and environmental stewardship. In addition, we will standardize and consolidate routine operations with a view to shifting to shared services and make efforts to further enhance the level of our work as professionals while also implementing cross-sectional and flexible organizational management.

Q Which areas will you be particularly focused on during this fiscal year?

A. Once the team members understand the mission that the organization has been given and the vectors have been aligned, we will focus on operational efficiency while also developing highly-effective measures to implement our strategies. As a Group, we will proceed with the optimization of our business portfolio and work to enhance profitability by improving business competitiveness. As an organization, we will reduce indirect costs by implementing operational efficiency, which will contribute to enhancing the profitability of the Group. There is some redundancy and inconsistency among the operations that have been carried out at individual divisions up to this point. We will use this CX as an opportunity to achieve operational efficiency with a sense of speed by establishing new ideas and decision criteria.

CX Corporate Transformation

CX initiatives will unite the entire company to enhance business value

The Vision for CX

- Pursuit of Group strategies • Pursuit of expertise and efficiency
- Companies capable of autonomous business management (complete In-house Company system)
 - Have all the functions related to the business, autonomously discover, establish and work to solve issues

With CX, a full range of measures from a business unit system to a holding company structure were considered with the aim of achieving reform into the optimal form of Group management. In consideration of factors such as the business environment in which the Group finds itself, the scale of the business and the difficulty of execution, it was decided to adopt the current complete In-house Company system by transferring the functions necessary for company management to the Company side, then dividing the Head Office/Corporate Division by function. Management under the complete In-house Company system provides a mission, KPI setting and periodic monitoring for each organizations of the Strategic Headquarters and Professional CoE in addition to the Companies themselves. Business reviews have also been established as an avenue for dialog between Companies and the Strategic Headquarters. In addition to monitoring the progress of strategy execution, they carry out monitoring, issued-based reviews and discussions with regards to ESG-related activities.

VOICE

Shigehiko Iwahori

General Manager, Strategy/Accounting & Finance Dept.,
Management Strategy Div., Strategic Headquarters

Enhancing ROIC management sophistication

Under the ROIC management that has been driven forward since fiscal 2022, work to implement improvements has been carried out through monitoring based on set KPIs and the establishment of ROIC trees to visualize areas for improvement at each Company. Furthermore, ROIC tree management through monitoring tools will grow deeper in the future and value driver analysis will be put into practice, breaking down elements required for business growth beyond ROIC into aspects such as market trends, competitive advantages and internal operations, identifying drivers for growth and considering how we should continue to expand them. A foundation for growth is being established through business portfolio optimization and the four management reforms, and we will continue to work towards business growth.



HRX Human Resources Transformation

Transform Human Resources systems to realize our targeting organization and corporate culture

The Vision for HRX

We sustain and enhance our market competitiveness and social values in an increasingly complex business environment by proactively incorporating new ways of working, values, perspectives and talents from the external market into our strengths built over the past 150 years.

The Group-wide policy is made up of three elements, “Optimization of business portfolio,” “Comprehensive efforts to increase business competitiveness,” and “Creation of new products and businesses.” This is supported by the targeting organization and corporate culture, and Human Resources Transformation (HRX) is one of the four management reforms towards its realization. Through HRX, we reform the human resources systems and working styles with the aim of acquiring and developing autonomous talents who can adapt to change, and sustain and enhance our market competitiveness in an increasingly complex business environment by proactively incorporating new ways of

working, values, perspectives and talents from the external market into our strengths built over the past 150 years.

In concrete terms, we are engaged in various efforts to achieve “1. Comprehensive efforts for business competitiveness, role clarity, and balance between unifying force and decentralizing force,” “2. Fostering awareness and promoting behaviors to adapt to changes, tackle challenges autonomously, and grow with the company” and “3. Creating new values and realizing sustainable growth by fostering an organizational culture that embraces and respects diverse personalities.”

Enhancement of social value

Incorporating new values and talent to sustain and enhance our market competitiveness

Overall Picture of HRX and Key Actions

- 1** Comprehensive efforts for business competitiveness, **role clarity, and balance between unifying force and decentralizing force**

Job-based HR System

Next-Generation
Leadership Talent Development

- 2** Fostering awareness and promoting behaviors to adapt to changes, tackle challenges autonomously, and grow with the company

Internal Job
Posting System

New Training
System

Human Resources Committee

Talent Management System

- 3** Creating new value and **realizing sustainable growth** by fostering an organizational culture that embraces and respects diverse personalities

Measures to Drive Diversity and Inclusion

HRX Key Actions:

1. Job-based HR System

A Job-based HR System for all management-level employees was introduced in April 2022. We established the system based on roles and responsibilities that is linked to the external market. In the grade system, the previous ability-based grade system has been abolished and a new grade system based on roles and responsibilities has been established. In the evaluation system, the goals and behavior standards are set based on roles and responsibilities, and we aim to promote the execution of these roles and responsibilities, growth and development. The compensation system is based on compensation levels referenced to the external market and reflects company performance and individual evaluations.

With this system, we define and design organizations and positions based on business strategies and clarify each role and responsibility in business activities by placing the right people in the right positions. In this way, this system serves the function of supporting comprehensive efforts to increase business competitiveness.

HRX Key Actions:

2. Next-Generation Leadership Talent Development

We established the “Next-Generation Leadership Talent Development Program” in fiscal 2006 and we have developed future leaders with the aim of developing qualified candidates for executives. Against the backdrop of promoting the complete In-house Company system and reforms of human resource measures, we revised the program. This revised program, based on development plans that emphasize work experience that are changed from previous training-centered programs, is to select high potential talents from younger generations and develop them to become leaders with cross-divisional and Group-wide perspectives.

HRX Key Actions:

3. Internal Job Posting System

In order to promote autonomous career development, we upgraded the Internal Job Posting System in February 2022. The aim is to improve Company-wide corporate values by encouraging employees to take on new challenges at work with a wide range of career development opportunities, developing culture of autonomous career development, and enhancing the mobility of employees within the Company. The job posting system covers positions within Company organizations, positions seconded to Group companies, and the overseas positions.

HRX Key Actions:

4. New Training System

The Training System was revised with the objective of enabling individuals to think autonomously about their own career and engage in self-development proactively. In concrete terms, we are building an environment where employees learn autonomously, with expansive online learning video services available. By utilizing external online learning videos with frequent updates, employees can upgrade their skills based on the latest knowledge. In addition, against the backdrop of the extension of the mandatory retirement age to 65 and the introduction of a Job-based HR System, we provide “Career Design training” that offers opportunities for employees to reflect on their career at each career stage. The existing training by job grade has also been reorganized into “Professional-Common Training,” through which employees learn management skills related to talents and organizations according to their job role, and “MMC Core Training” that covers the Company's strategies.

HRX Key Actions:

5. Foundation for enhancement of Key Actions

A new Human Resources Committee made up of Executive Officers has been established. The committee focuses on the discussion around talents, such as development, assignment and all other talent initiatives. We have also implemented Talent Management System that visualizes human resources information. In this way we build the foundation for the promotion of a wide range of human resource measures.



VOICE

Makiko Nogawa

Managing Executive Officer
(responsible for Human Resources Strategy)

Aiming to acquire and develop autonomous talents

Based on the belief that our talents are the source of business competitiveness, we have a track record of wide-ranging efforts to develop and utilize talents. With HRX, we aim to acquire and develop talents that can respond promptly and autonomously to change in an increasingly complex business environment. We are driving forward the measures to further develop our business by combining the strengths that we have built up since our start of business with external perspectives, talents, and values. In addition to the key actions mentioned previously, we aim to create an organization in which each employee can demonstrate their capabilities while embracing and respecting each other's diverse personalities. We will continue make a contribution for People, Society and the Earth, helping autonomous individuals and the Company grow together.

DX Digital Transformation

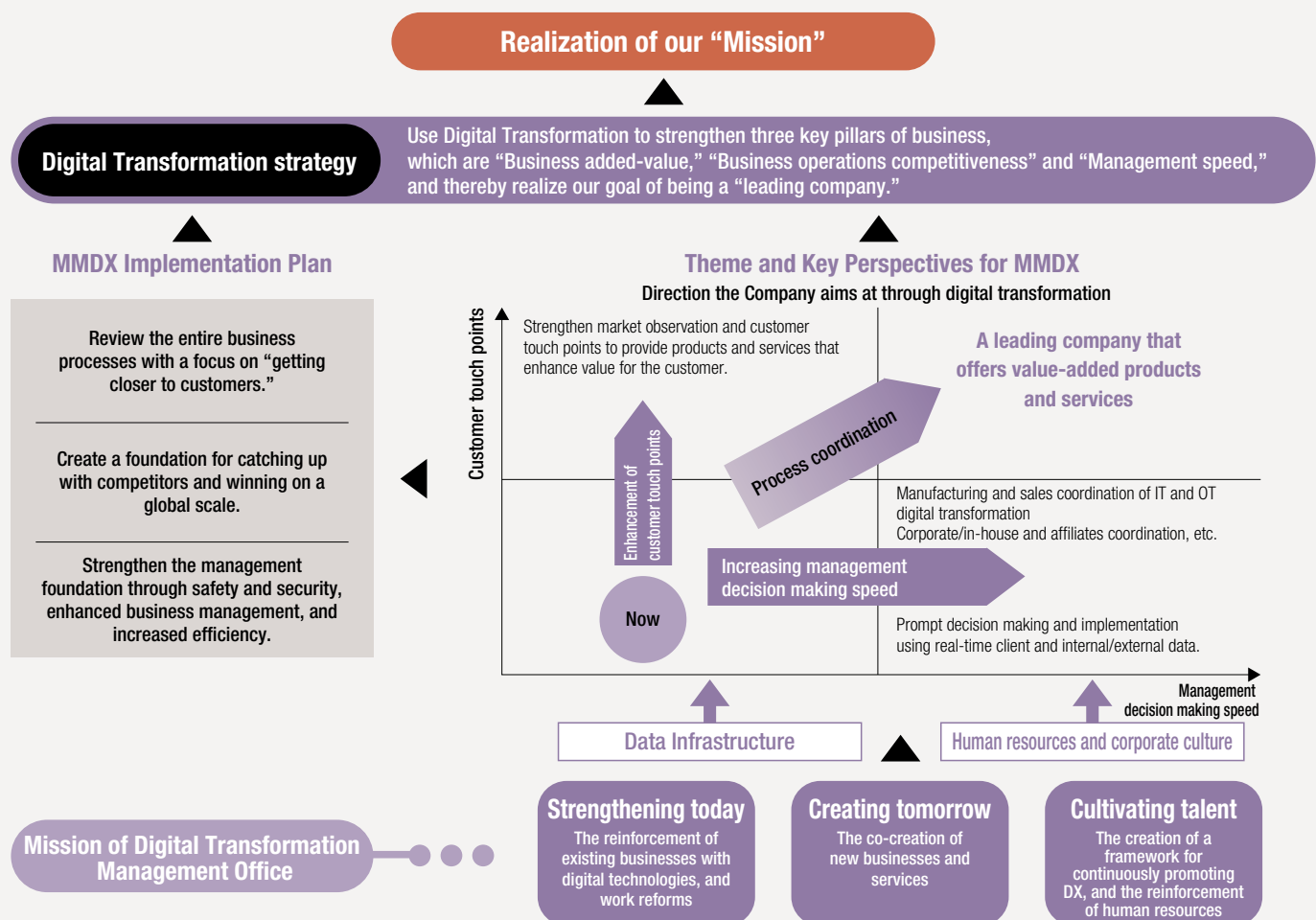
We are working on our key perspectives for DX: “Enhancement of customer touch points,” “Process coordination,” “Increasing management decision making speed.”

The Vision for DX

We strongly promote digitalization strategies that use data and digital technology to strengthen three key pillars of business, which are “Business added-value,” “Business operations competitiveness” and “Management speed,” and thereby realize the Group’s goal of being a “leading company.”

The Group is implementing DX strategies that will serve as the foundation that enables us to prevail in global competition. In April 2020, we established a Digital Transformation Management Office that pursues three missions: **“Strengthening today”**: Using digital technology to reinforce existing business,” **“Creating tomorrow”**: Co-creation of new business and services,” and **“Cultivating talent”**: Reinforcing human resources and systems to effect reform continuously” to work with each of our businesses toward our Group’s mission from 2030 to 2050. To materialize the three key pillars of our DX measures—business added-value, business operations competitiveness and management speed—we have chosen priority themes based on our key DX perspectives of “enhancement of customer touch points,” “process

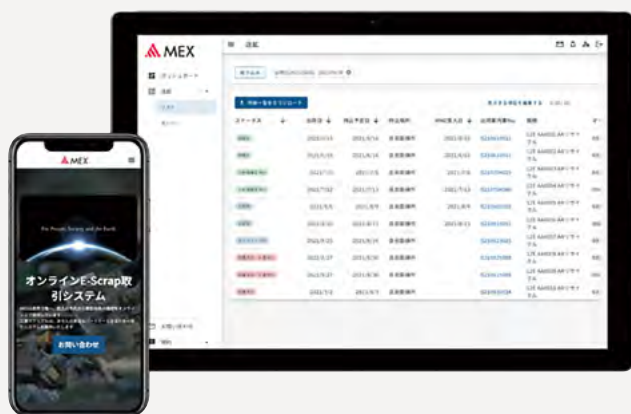
coordination,” and “increasing management decision making speed” as well as their foundation of “system and data infrastructure improvement” and “human resource and culture development”, and we are carrying out joint activities that unite the business departments and our IT/digital departments. Through speedy implementation of these themes, the Group aims to achieve real-time management that is responsive to social changes, environmental changes, and our own transformation. 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.



Case 1

E-Scrap Business Platform MEX

Launched in December 2021, the E-Scrap business platform MEX is widely used and highly acclaimed by many recyclers and trading company customers involved in E-scrap businesses, including overseas. We are still working on it after the launch, making speedy changes based on feedback and requests from customers to make MEX more convenient and enhance its functions. In April 2022, we added a function to enable some of our communication with customers to be done online, added a paperless function for much greater convenience and began enabling e-receipts to be downloaded from MEX. We will continue enhancing the functions of MEX based on feedback from customers, striving to become a close partner of all customers in Japan and overseas and working to further expand our E-Scrap business.



Case 2

Introduction of SFA/CRM Solution for Enhancement of Customer Touch Points

The Company aims to make use of digital technology to close the distance between the Company and its customers, reform work styles at sales sites and maximize performance by harnessing the collective strengths of our organizations as we work to provide customers with stable, high value-added services. Our first step in this area was to introduce an SFA/CRM* solution at our Advanced Products Company in April 2022. We will use this solution to reduce routine clerical work and shift our resources to strategic work tailored to customers.

To establish our new work methods, we revise our workflow rules, evaluate usage based on login rate, meeting minutes and number of quotes registered and use the results as feedback to promote usage of this solution until it becomes habitual. From the second quarter, we will analyze input data to ascertain the current situation (lead times for business negotiations, stage transition rate, history of business negotiations, etc.) and begin discussions on specific measures to increase sales such as by sharing sales know-how on improving order rates and expanding sales. In future, we will work to facilitate more advanced usage of the solution for greater efficiency throughout the Company and shift from individualized sales methods to a sales style backed up by data to ensure that our businesses functions effectively.

In addition, our Metalworking Solutions Company will begin using the solution from October 2022. The solutions platform and a new version of the website are being prepared at the same time so that our digital services can provide a unified experience from the brand recognition stage to the follow-up stage.

*SFA: Sales Force Automation
CRM: Customer Relationship Management



VOICE

Mitsuru Kameyama, Chief Digital Officer (CDO)

MMDX has been proceeded to the implementation stage

A six-year MMDX plan was established in the first half of fiscal 2021. From the second half onward, we have been in the implementation stage, making refinements such as more specific visions for each theme. We have already seen several benefits, although there are still various challenges such as the technology and frameworks. Since DX is management-level reform, we may encounter more challenges. However, we can correct our course if we grapple with them. We can reach the goal if we have a clear vision, such as the ideal way to work or to cultivate employees, even if it takes trial and error. Our management will continue to lead in earnest, strengthening our Business DX framework and training our human resources while working to build the Mitsubishi Materials Group's future through a combination of operations, systems and outside sources of strength.

Operational Efficiency Improvement

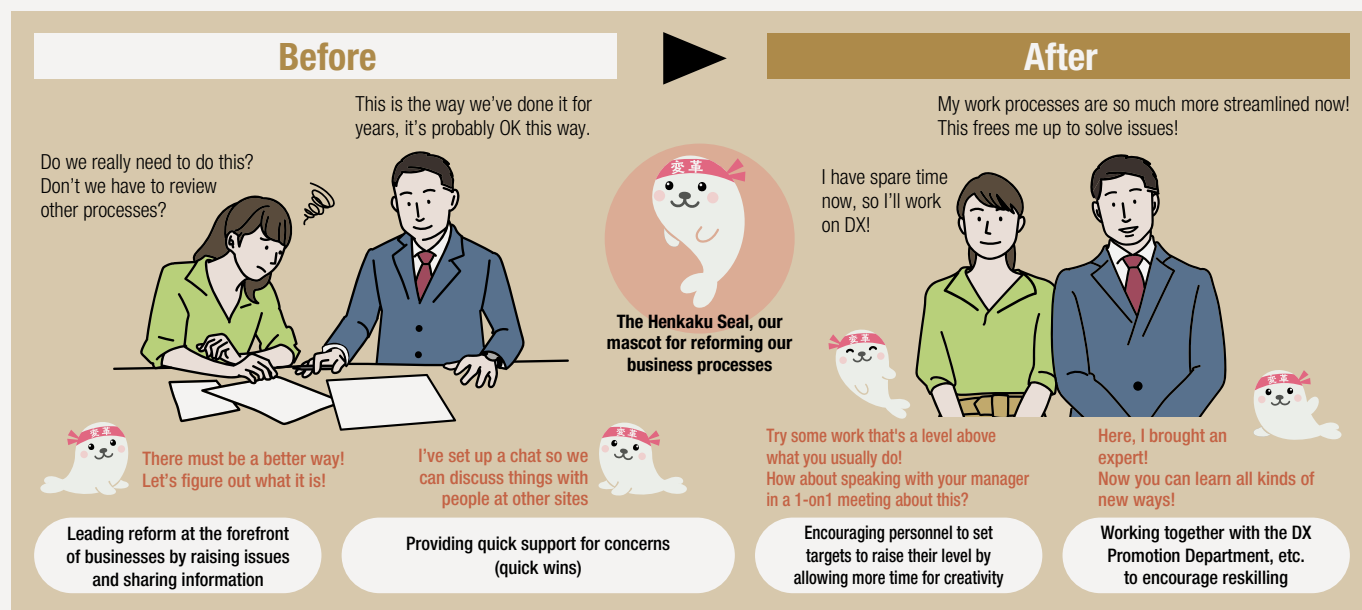
We will carry out radical reform of our business processes with the aim of improving the way our people and organizations function and achieving greater corporate value.

Our Visual for Operational Efficiency Improvement

- Radical reforms of outdated work styles where paper and seals are still the norm
- Improvement of the way our people and organizations function, increase in speed of decision-making, and transformation of the Group to a lean one to improve its corporate value

With regard to operational efficiency improvement, we believe that even after the introduction of complete In-house Company system, there will still be plenty of room for improving efficiency on functional axes such as accounting, finance, human resources, procurement and general affairs. Shifting to a paperless, seal-less system will be our top priority as we work to reform various business processes. We will also tackle work specific to each company and site. In many areas, an email or Excel file is passed from one person to another, so we will make maximum use of tools such as RPA and Microsoft365 to reform the labor-dependent

work style that is being employed. We firmly believe that if we can create even one or two good examples or success stories, working toward operational efficiency in each department will take root as a “normal” activity. Through this process toward greater operational efficiency, we need to listen to each employee about problems, concerns and points of contention that they have in their work and create a workplace where our employees will be happy and motivated. This is how we end up with people and organizations that function well and improve our corporate value.



VOICE

Atsuhiro Kurozawa,

General Manager, Business Process Innovation Dept.,
Strategic Headquarters

Radical reform of our business processes and communication styles

Each person has their own work and communication styles that they learned from their supervisors and more experienced colleagues. These styles collectively form the culture of a company. While our culture has been important to us, we should be conscious of whether we can say we have continuously updated our culture in accordance with changes in the times and our external environment and have constantly reviewed what needs to be kept and what needs to be changed with flexible minds and agile footwork. All of us, whether at Head Office or a manufacturing site, will be carrying out radical reform in all of our business processes and communication styles.

Mission to Realize our Corporate Philosophy and Vision

From the perspective of creating both social and economic values, the Group has set out its Mission as medium- to long-term goals and is implementing various measures towards its realization.

Our products and services are used throughout the world, from components found in products such as automobiles and electronic devices to tools used in the manufacturing of products for consumers.

Also, through our copper refining process, we extract copper and other valuable metals from copper ore and waste circuit boards of electronic devices, etc., (E-scrap), which are called urban mines. In addition to providing them as products to customers, we take responsibility as a materials manufacturer that uses limited resources as raw materials by collecting and recycling used products as E-scrap, then putting them back into circulation.

Furthermore, we generate power from renewable energy sources such as geothermal power, hydropower and solar power in order to contribute to reducing greenhouse gas emissions.

Under our Corporate Philosophy of “For People, Society and the Earth,” the Group will continue to contribute to the building of a prosperous society, a recycling-oriented society and a decarbonized society.



Contribute to build a prosperous society

- Advance and diversify mobility and digital devices
- Automate production and business processes
- Provide high-efficiency products and digital solutions
- Provide copper-based materials for advanced products
- Ensure a stable supply of clean energy and recycled products

Contribute to build a recycling-oriented society

- Develop and use materials with low environmental impact
- Efficiently use mineral resources and alternative resources
- Promote the use of recycled cemented carbide materials
- Provide recyclable products
- Recycle waste
- Solve urban waste problems
- Build a sustainable social system

Contribute to build a decarbonized society

- Efficiently use energy resources
- Reduce CO₂ emissions
- Develop and supply products that contribute to decarbonization
- Promote manufacturing utilizing renewable energy
- Expand electrification business by advanced metal powder technology
- Promote the development and use of CO₂ reduction technologies
- Achieve manufacturing that considers environmental load
- Provide renewable energy

Group-wide Policy

1 Optimization of business portfolio

2 Comprehensive efforts to increase business competitiveness

3 Creation of new products and businesses

1 Optimization of business portfolio

The Group has established a group-wide policy consisting of “Optimization of business portfolio,” “Comprehensive efforts to increase business competitiveness,” and “Creation of new products and businesses” in order to achieve sustainable growth together with society by creating economic value while also striving to solve social issues.

The Group is working to optimize its business portfolio in order to realize the Mission set forth in the Medium-Term Management Strategy. While identifying businesses that are consistent with the Group's vision and Mission, businesses that are governable by the Group and businesses that are competent in earning a leadership role in the world or specific regions, the Group also reconfirms the current position of each business and determines the direction of businesses based on profitability (ROIC) and growth potential.

While previous efforts have concerned the optimization of business areas including the separation of businesses that are facing issues and the transfer of businesses, a central focus for fiscal 2023 is improving profitability by enhancing business competitiveness, including through improvements to cost structures. The Group will also continue to emphasize declining manufacturing competitiveness, which has been identified as a Company-wide critical risk, and will continue to respond through an approach centered on factory vision, management frameworks and production process upgrades. In the performance of this work, it will carry out business reviews in order to systemically hold detailed discussions focused on key points and implement effective actions.

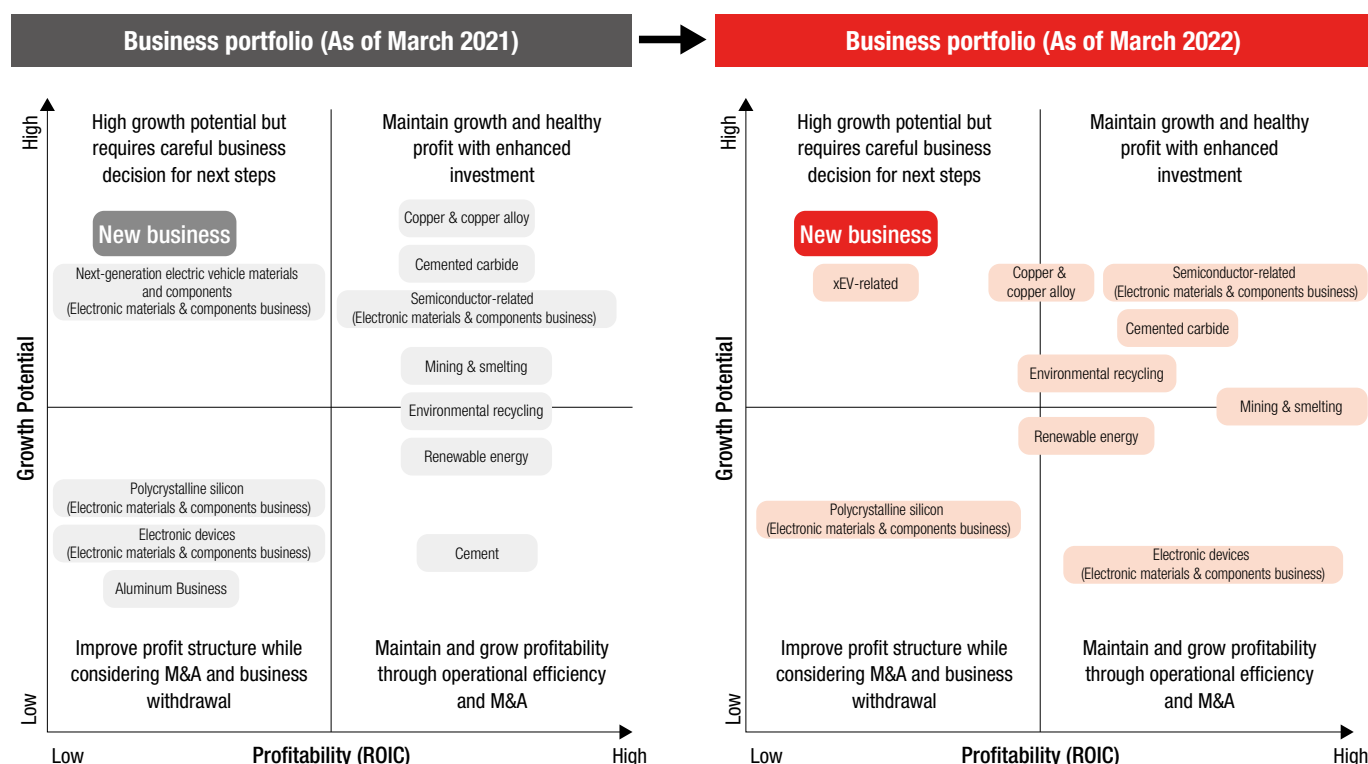
Furthermore, efforts to develop new products and businesses will be accelerated, and the Monozukuri and R&D Strategy Division will play a central role as the Group continues to search for new business and enhance development functions while also aiming to commercialize several of the projects that have been explored so far in fiscal 2023.

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.



As part of efforts to optimize the business portfolio during the period of the FY2023 Strategy, the transfer of businesses for which it is challenging for the Group to take ownership is being carried out, with particular focus on the Advanced Products Company and businesses where structural improvements are needed. In our Cement business, we will aim to achieve sustainable growth by building an optimal business management system. In consideration of changes in the business environment, we integrated our cement business with UBE Corporation's cement business to establish Mitsubishi UBE Cement Corporation ("MUCC"). Additionally, MUCC implemented an absorption type merger of Ube-Mitsubishi Cement Corporation, which had previously integrated UBE's and our sales and distribution capabilities relating to cement.

In addition to breaking off businesses, efforts to improve business competitiveness are also being deployed and our Metalworking Solutions Company is working to improve stable procurement of tungsten powder while also enhancing tungsten recycling functions and technology for manufacturing high-performance tungsten powder through investment in Masan High-Tech Materials Corporation, which is involved in the manufacture and sale of tungsten powder.

Our Metals Company is engaged in efforts such as the shift to contract smelting at PT. Smelting, in addition to investing in Mantoverde copper mine and acquiring additional shares in Onahama Smelting and Refining Co., Ltd.

Major developments relating to reformation of the business structure

Advanced Products Business	Copper & copper alloy	March 2022	Transfer of shares of Kobelco & Materials Copper Tube Co., Ltd.
		March 2022	Transfer of shares of Sambo Shindo (Thailand) Co., Ltd.
		April 2022	Merger of three consolidated subsidiaries to form MM Copper Products Co., Ltd
	Electronic materials & components (xEV and semiconductor-related materials)	December 2021	Transfer of shares of Ryosei Systems, Ltd., a subsidiary of Mitsubishi Cable Industries, Ltd.
		September 2022 (planned)	Establishment of a new optical components business company split from Mitsubishi Cable Industries, Ltd., receipt of investment from Furukawa Electric Co., Ltd.
		March 2024 (planned)	Withdrawal from sputtering target business
Metalworking Solutions Business	Cemented carbide	December 2020	Investment in Masan High-Tech Materials Corporation
Metals Business	Mining & smelting	February 2021	Investment in 30% stake of Mantoverde copper mine
		January 2023 (planned)	Conversion of PT. Smelting ("PTS") to contract smelting; First half of 2024 (planned): Transition of PTS from a consolidated subsidiary to an equity method affiliate
		March 2023 (planned)	Acquisition of shares in Onahama Smelting and Refining Co., Ltd., owned by Furukawa Metals & Resources Co., Ltd. (to 68.4% stake)
Cement Business	Cement	April 2022	Inauguration of Mitsubishi UBE Cement Corporation
Environment & Energy Business	Group Company	July 2021	Transfer of shares of Dia Consultants Co., Ltd.
	Environmental recycling	September 2020	Commencement of operations at New Energy Fujimino Co., Ltd. (biogasification of food waste).
Structural Improvements	Sintered Parts Business	December 2020	Transfer of shares of Diamet Corporation
	Aluminum Business Electronic materials & components (polysilicon)	January 2021	Transfer of shares in Chinese subsidiary of Mitsubishi Aluminum Co., Ltd.
		April 2021	Transfer of shares in Tachibana Metal Co., Ltd.
		March 2022	Transfer of shares in Universal Can Corp, and business restructuring of Mitsubishi Aluminum Co., Ltd.

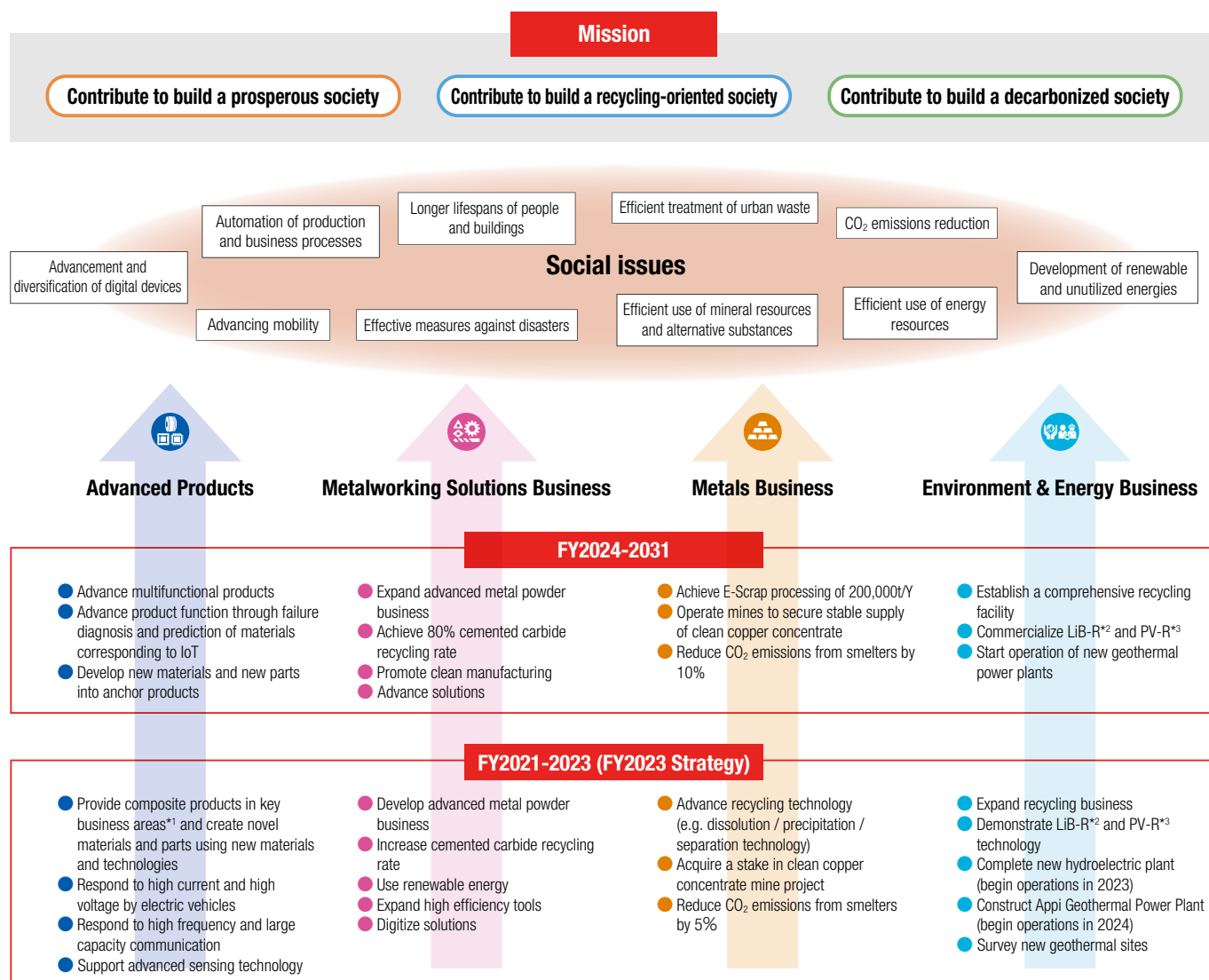
2 Comprehensive efforts to increase business competitiveness

Based on the Corporate Philosophy of “For People, Society and the Earth,” Mitsubishi Materials Group will aim to create both social and economic values and contribute to our Mission of building a “prosperous society,” “recycling-oriented society,” and “decarbonized society.”

Technical capabilities as a source of sustainable growth

The Group has developed advanced recycling technology as one of its business platforms. It has introduced recycling functions in its production processes for copper and other nonferrous metals, and has been reusing a wide range of waste and byproducts as valuable resources. These technologies also make it possible to recover and reuse valuable metals such as gold, silver, and lead from waste circuit boards from electronic equipment and other devices (E-scrap) which are called “urban mines” as well as vehicle batteries. Furthermore, the

Group’s unique material development and manufacturing technology serves to meet various social needs. In particular, our advanced technologies in copper alloys (copper & copper alloy) and dissimilar material bonding (electronic materials & components), as well as cemented carbide raw materials and coating (metalworking solutions), are materials development and manufacturing technology strengths all backed by our atomic-level analysis and simulation technologies, and are the source of our Group’s competitiveness.



*1 Next-generation automobile, semiconductor / electronics, industrial machinery / infrastructure *2 Li-ion battery recycling *3 Solar panel recycling

Realization of a recycling-oriented society

In recent years, there has been a call for a shift from the traditional mass-production, mass-consumption, mass-disposal economy to a circular economy. Our group is also playing a part in the circular economy by establishing its own recycling technology and working to build a recycling-oriented business model that recovers and recycles resources from a variety of waste materials.

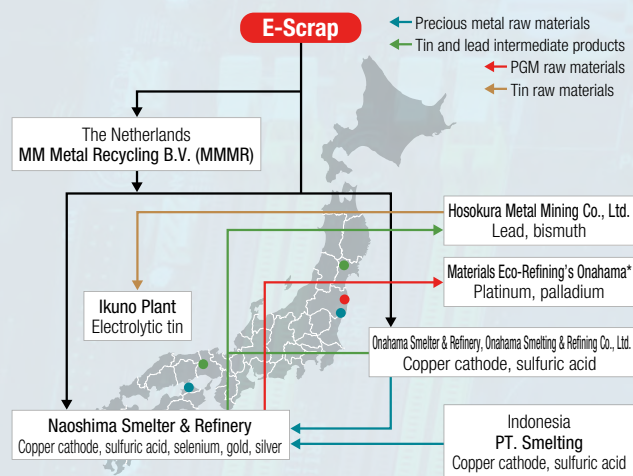
Developing a recycling-oriented value chain/Recycling in each Business

Metals Business Increasing E-Scrap processing and Material flow optimization

In order to efficiently recycle precious metals including Cu and PGMs (platinum group metals) contained in E-Scrap, etc., each smelter promotes recycling by utilizing smelting technologies, and accepts shredder dust from end-of-life vehicles, home appliances and other devices as well as E-Scrap such as circuit boards and connectors, etc. We have established a material grid where intermediate materials and other materials are distributed and processed between the copper smelters and other smelters in order to optimize material flows.

By developing the precious metals recovery process at each smelter and improving the recovery rate of Au, Ag, and other metals, we are enhancing the recovery of PGMs in copper concentrates in addition to precious metals contained in E-Scrap.

Materials Eco-Refining Co., Ltd., a group company, refines PGM intermediates and other materials obtained at the Naoshima Smelter & Refinery to produce platinum, palladium, and other products which are important materials for the automotive, electrical, and electronics industries. These products received brand certification from LPPM (London Platinum & Palladium Market) in September 2012, and we are striving to win the confidence of the market.

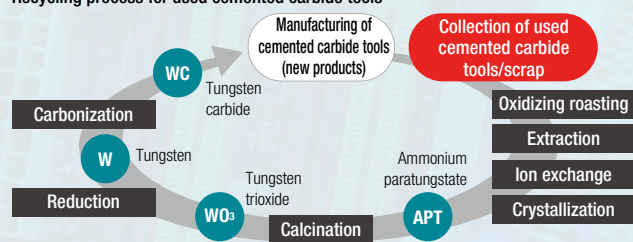


*Materials Eco-Refining Co., Ltd. Onahama establishment

Metalworking Solutions Business Cemented carbide tool recycling

Taking advantage of our strength as a manufacturer capable of integrated production of tungsten, the main raw material of cemented carbide tools, from raw materials to finished products, the Group is working to recycle used cemented carbide tools, which also leads to more stable raw material security and reduction of environmental impact. Tungsten recycling performance in the first half of fiscal 2022 reached 39%, exceeding the target (35%) of the Medium-Term Management Strategy (FY2023 Strategy). Global expansion of this recycling process will be implemented in future with the aim of achieving a recycling rate of 80% or greater.

Recycling process for used cemented carbide tools



Environment & Energy Business Recycling of home appliances, automobiles, and municipal waste

We recycle home appliances at seven sites nationwide, with appropriate recycling processing, development of automation technologies, and higher added-value of recovered materials. As the electrification of automobiles continues, we utilize our technologies and expertise accumulated in the home appliance recycling business to promote automobile recycling, and also participate in a LiB (lithium-ion battery) recycling technology verification project.

Kitakyushu Ash Recycle Systems Co., Ltd. promotes incineration fly ash recycling that dechlorinates the incineration fly ash generated when household waste, etc. is burned to recycle it as material for cement. New Energy Fujimino Co., Ltd. has been operating a food waste biogasification power plant since September 2020.

Advanced Products Fluorine

Mitsubishi Materials Electronic Chemicals Co., Ltd. manufactures a range of fluorine compounds including hydrofluoric acid, materials for manufacturing various types of semiconductors, materials with flame retardant and antistatic agent functions, etc. Since fiscal 2007, it has been promoting recycling in which it collects calcium fluoride waste emitted from users of fluorine compounds and recycles it as alternative raw materials for fluorite (calcium fluoride) used in cement production.

2 Comprehensive efforts to increase business competitiveness

Realization of a decarbonized society

Environment & Energy Business Geothermal power generation

Most recently, the Wasabizawa Geothermal Power Plant commenced operations in 2019, as a large-scale geothermal power plant with an output capacity exceeding 10,000kW. In addition, the construction of the Appi Geothermal Power Plant is proceeding according to plan, with operation scheduled to commence in April 2024. This work includes snow-clearing tests on access roads with the aim of performing test operation in the winter of fiscal 2024.

In addition, in terms of new projects, geothermal resource surveys in the Konomori area commenced in August 2021.



Wasabizawa Geothermal Power Plant



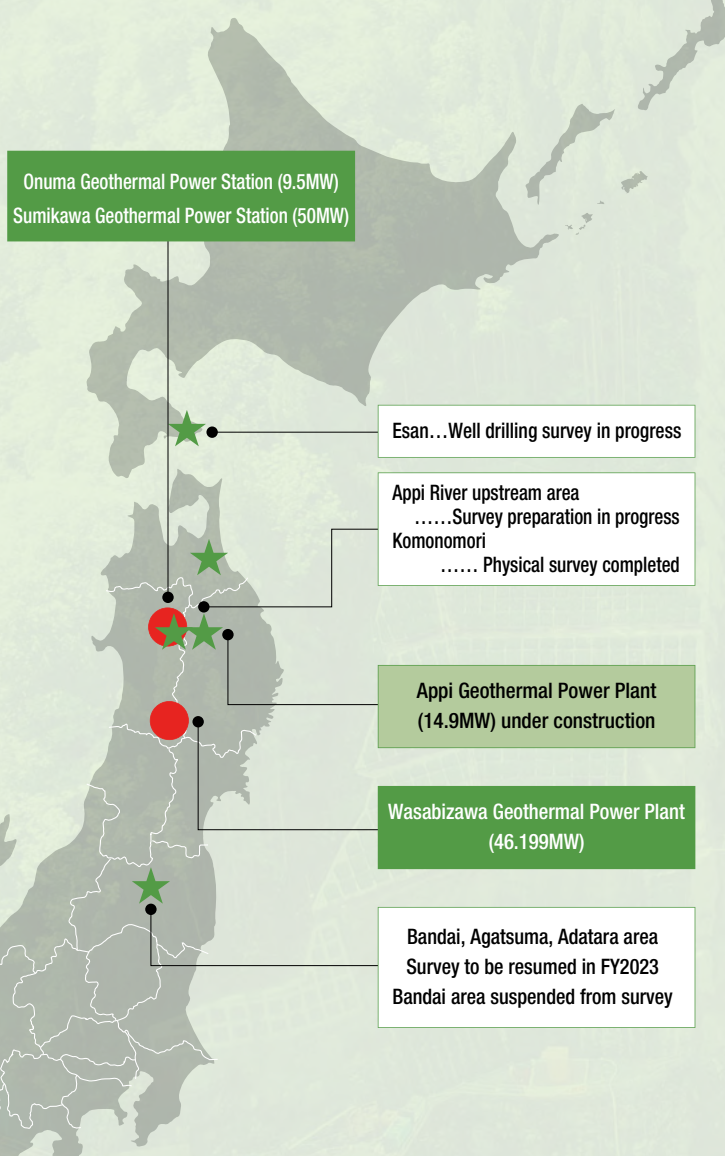
Appi Geothermal Power Plant (under construction)



Appi Geothermal Power Plant building



Geothermal resource surveys in the Konomori area
(fumaroles discovered during surveying)



Environment & Energy Business Hydroelectric power generation

The Komatagawa New Power Plant is in the final stages of completion after the approximately 8.5 km water conduit tunnel has been penetrated in preparation for commercial operation starting in December 2022. In the power plant area, full-scale installation and adjustment of water turbines, generators, and other equipment is underway.

In addition, as part of new small-scale hydropower development, river flow rate surveys are underway in Kazuno City, Akita Prefecture, and Hachimantai City, Iwate Prefecture, and feasibility assessments will be conducted in the future. Furthermore, we are continuing to search for other promising sites in parallel.



A building under construction at Komatagawa New Power Plant



Spraying at section 2 of Komatagawa New Power Plant



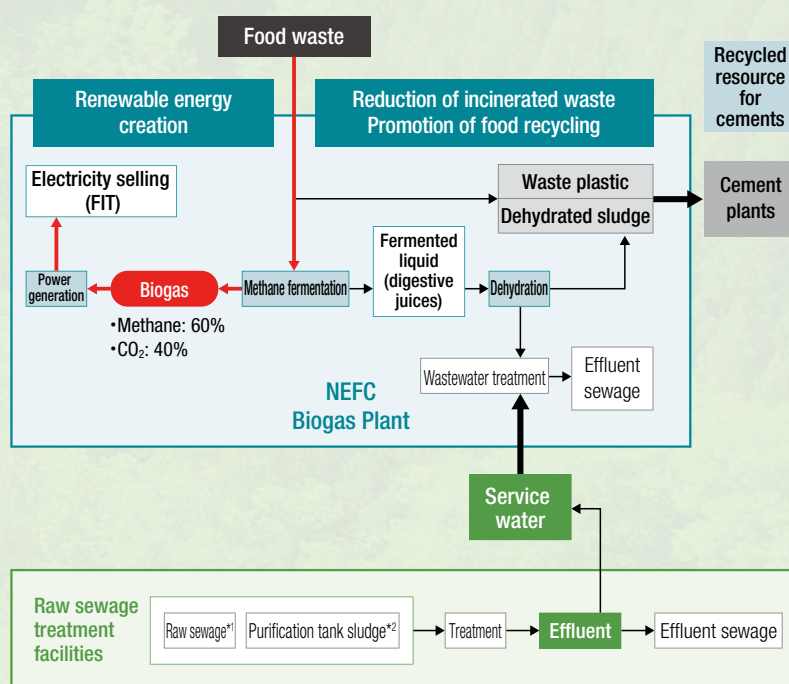
Power generation area (section 3) at Komatagawa New Power Plant

Environment & Energy Business Food waste biogasification

New Energy Fujimino Co., Ltd. (NEFC) is engaged in power generation using biogas obtained through methane fermentation of food waste generated from food business operators. It is contributing to resource recycling and carbon neutrality by reducing the generation of greenhouse gases in the treatment process of food waste. The residual waste after processing is also used as a resource at plants operated by Mitsubishi UBE Cement Corporation, which is an affiliated company, thereby achieving recycling that does not depend on final disposal sites.



A food waste biogasification power plant operated by New Energy Fujimino Co., Ltd.



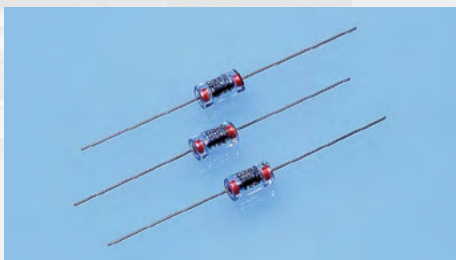
*1 Sewage collected from households and portable toilets *2 Sludge collected when cleaning purification tanks

3 Creation of new products and businesses

Products and technology supporting the spread of EVs and next-generation energy

As the spread of EVs and next-generation energy accelerates, the Group is providing high value-added copper materials, such as its original oxygen-free copper and copper alloys, to meet demand for higher quality and greater reliability in components for electrical components.

Protecting equipment from abnormal voltages (surges) such as lightning strikes: DA53 surge absorbers



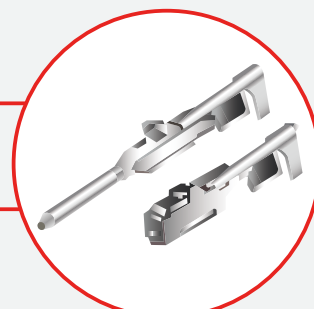
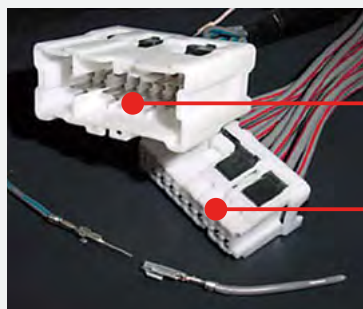
As the penetration of xEVs continues to progress, there is a demand for the spread of quick chargers capable of charging xEVs in a shorter time than before. Lightning damage countermeasures that protect devices from abnormal surges such as lightning strikes are extremely important in ensuring the stable operation of these chargers.

Our DA53 series of lightning damage prevention components (surge absorbers) are highly regarded as revolutionary lightning damage prevention components with excellent response to surges.

Achieving both high strength and conductivity while reducing costs: Copper alloy MSP5 for small automotive terminals

MSP5, a copper alloy developed by the Company, has one of the world's highest magnesium (Mg) concentrations. MSP5 is a solid-solution strengthened copper alloy that achieves strength, conductivity and stress relaxation resistance equivalent or superior to existing Corson copper alloy. In addition, its excellent formability into terminals means that it is resistant to cracking or breaking even when formed into box shapes, making it particularly suited for use in small terminals found in automobiles.

Furthermore, achieving a volume increase of approximately 5% compared to the same mass of existing products, it realizes high cost performance by increasing the number of terminals that can be obtained from the same amount of copper alloy.

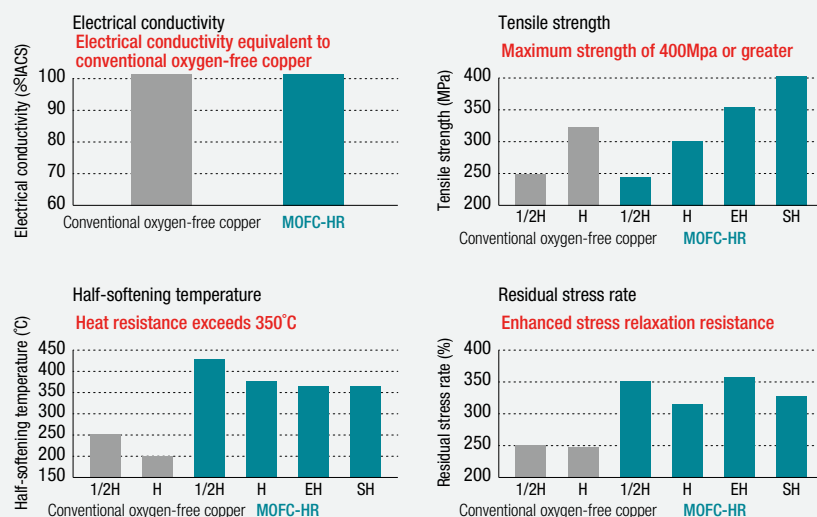


Example application of MSP5 on connectors in automobiles

Oxygen-free copper with the world's highest standard in strength and heat resistance of 350°C: MOFC-HR

With the spread of EVs and next-generation energy, electrical components are required to accommodate large currents and offer high heat dissipation. The Company has combined its core technology in manufacturing high-quality oxygen-free copper with its material design technology to successfully develop "MOFC-HR," an oxygen-free copper with enhanced strength and heat resistance while maintaining high electrical and thermal conductivity. It is utilized for electrical components for EV and next-generation energy applications that require the accommodation of large currents and high heat dissipation in harsh environmental conditions.

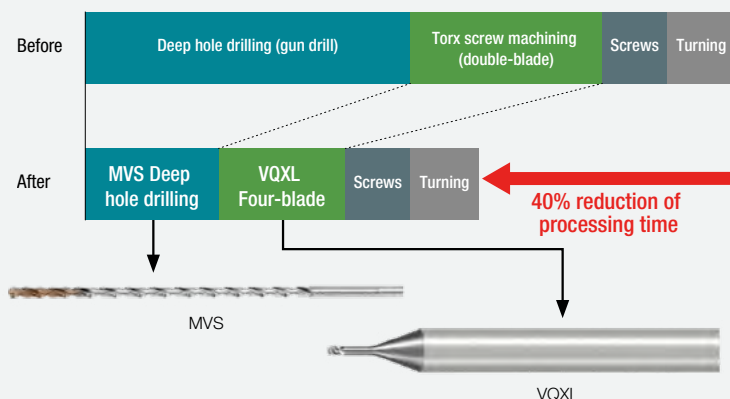
MOFC-HR and conventional oxygen-free copper characteristics comparison



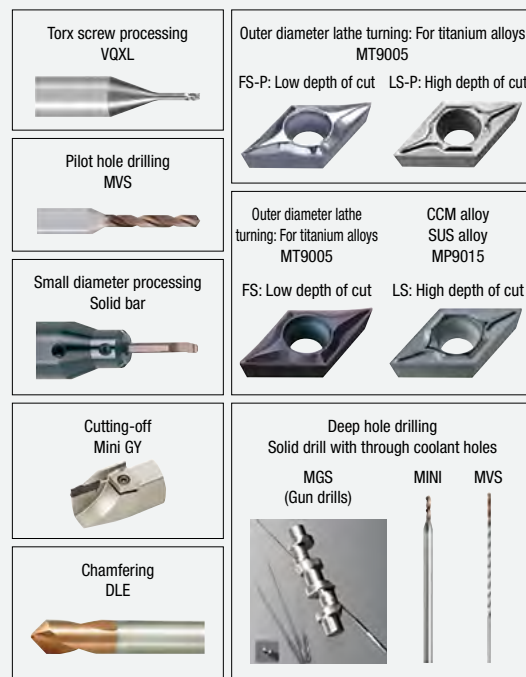
1/2H, H, EH, and SH are codes indicating material quality. Temper in order of strength: 1/2H < H < EH < SH

Development of high-efficiency cemented carbide tools

With material technologies and coating technologies as core competencies, the Company is developing high-efficiency cemented carbide tools with world-leading performance through the adoption of new materials and elemental technologies. Created with the aim of achieving high speeds/high feeds (n times), lifespans (n times), cutting resistance (1/n), etc., and productivity (1/n) that surpass existing products, these tools provide customers with improved production efficiency, shorter machining time and reduced costs. We will also contribute to the building of a recycling-oriented society by increasing the recycling rate of tungsten, the main raw material in cemented carbide tools.



Medical screw tooling

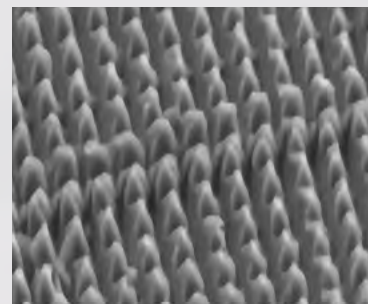


3 Creation of new products and businesses

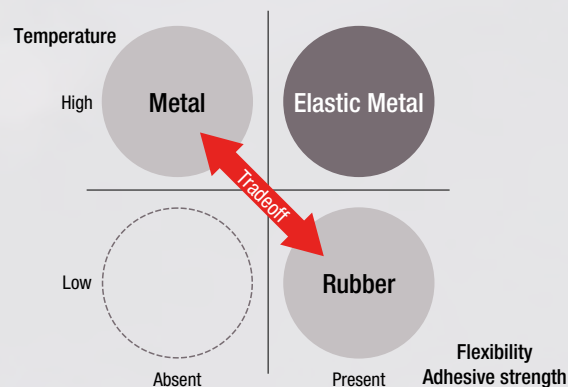
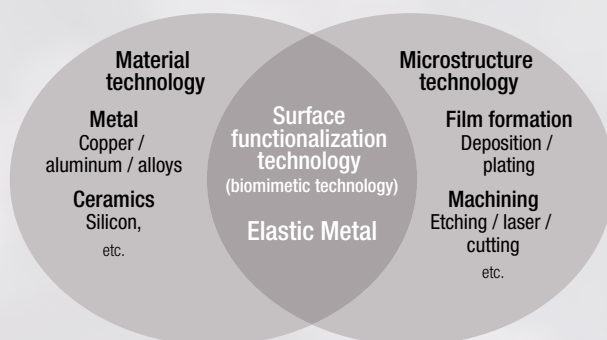
Unique technology born from metals and advanced product technologies

Development of flexible Elastic Metal

Organic materials such as rubber have an issue that they have poor heat resistance and lose flexibility under high-temperature environments. The Company's Central Research Institute (now known as the Innovation Center) applied the bio-mimicry-based surface functionalization technologies it had been developing to provide the surface of a metal material with a special microstructure. This resulted in the development of a groundbreaking material called elastic metal, which can be used in the same high-temperature environments as metal but has the flexibility of rubber. This material continues to be developed for use in fields such as aerospace, semiconductors, healthcare.

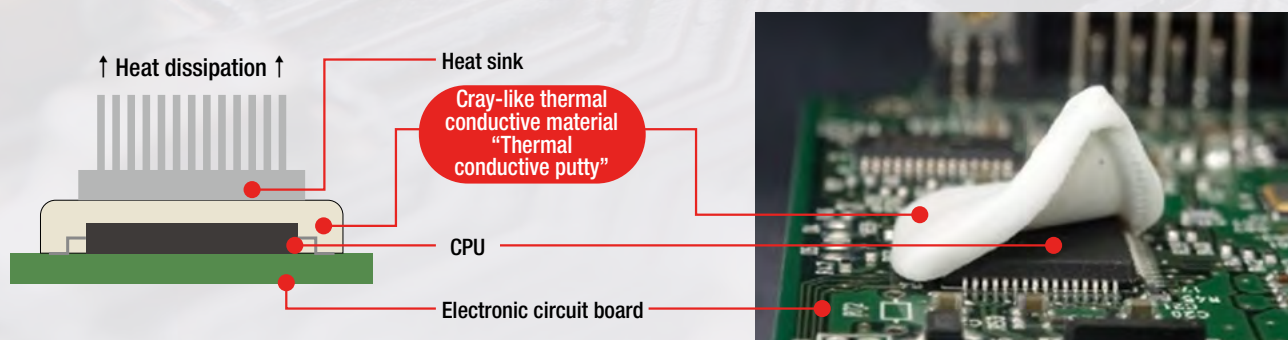


Inspired by the adhesion mechanism of the setae on the soles of a gecko's feet, the surface of elastic metal features a special microstructure applied to the surface of a metal material (electron microscope image)



Thermal conductive putty

The Company has begun development of a "thermal conductive putty" as a thermal conductive material to facilitate heat transfer from high-temperature components, such as lithium-ion battery modules and electronic circuit boards to heat-dissipating components, such as heat sinks. It has already developed technology that combines a filler having high thermal conductivity with a particular rubber to create a soft, clay-like thermal conductive material. By applying this technology, the Company will advance the development of a "thermal conductive putty" that can adhere more closely to the shape of the high-temperature material and heat dissipating material it is in contact with.

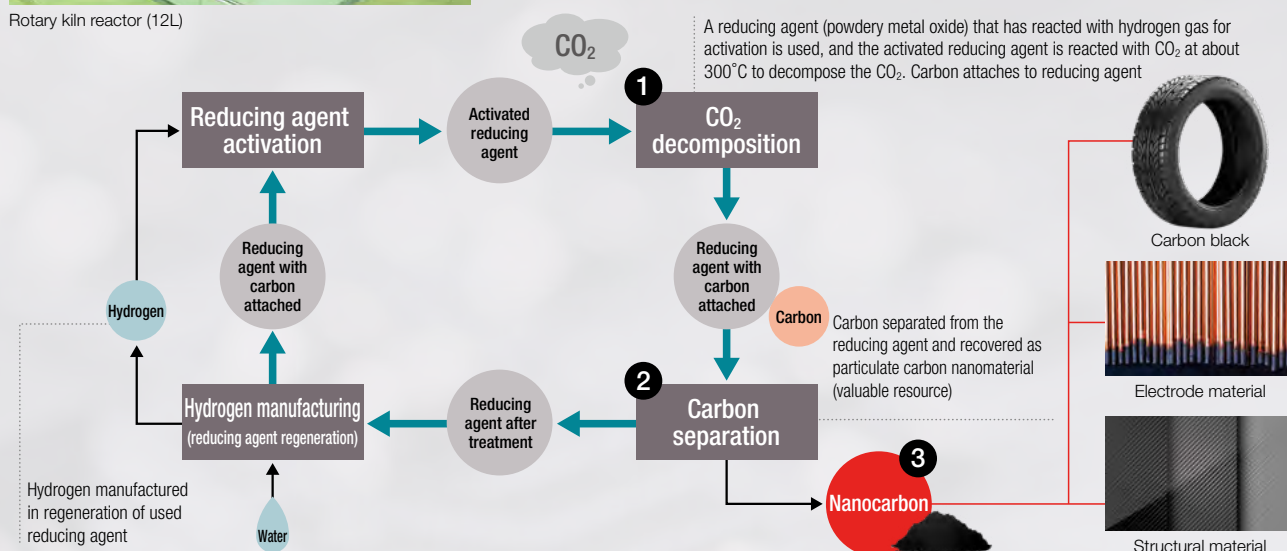


Accelerating the development and practical application of new technologies for carbon recycling and CO₂ conversion into resource



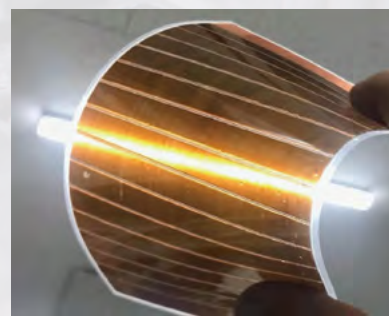
Rotary kiln reactor (12L)

The carbon recycling process, for which the Company has conducted research and development with the aim of creating a new business for carbon neutrality, has been adopted as a project commissioned by the New Energy and Industrial Technology Development Organization (NEDO) with the title of "Development of Carbon Material Manufacturing Technology by Chemical Decomposition of Carbon Dioxide" in the field of "Development of Technologies for Carbon Recycling and Next-Generation Thermal Power Generation / Development of Technologies for CO₂ Reduction and Utilization". During this project, the Company plans to study the feasibility of commercialization over five years from fiscal 2022 to 2026, aiming to achieve practical application around 2030 after verification testing on a larger scale.



Development of next-generation solar cells through CVC

MMC Innovation Investment Limited Partnership, the Company's corporate venture capital (CVC) body, has developed a support business for technology startups that have synergy with the Group. Currently, it has invested in five companies, and is monitoring them towards commercialization. It plans to continue to consider other candidates for investment in the future. EneCoat Technologies Co., Ltd., one of the companies invested through CVC, is developing perovskite solar cells, which are characterized by their high efficiency, high performance (high voltage), low cost (low temperature process) and extremely light weight, and this initiative has been adopted as a theme by NEDO. The Company is evaluating a potential collaboration with EneCoat Technologies in the development of technologies that contribute to improving the durability of perovskite solar cells and the peripheral materials required for eliminating lead. Perovskite solar cells are expected to become widely used as the next generation of solar cells due to the fact that they can be made lighter and thinner than conventional solar cells, and can be folded or bent for installation in a range of locations.



The image of a perovskite solar cell
(Provided by EneCoat Technologies)

Company Results Summary

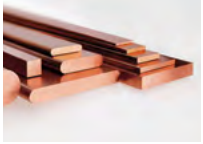
	Our Strengths (Advantages)	Products and Services	Performance Trends (Unit : Billion yen)	Breakdown (%)	
Advanced Products	- Material technology - Processing technology - Solution capability	- Copper & copper alloy products (copper cakes, billets, copper alloy products, copper wire rods, etc.) - Electronic materials and components (functional materials, chemical products, electronic devices, polycrystalline silicon, sealing products, etc.)	Net sales: 3,753 (Mar 2020), 3,571 (Mar 2021), 4,859 (Mar 2022), 5,461 (Mar 2023) Operating profit: 32 (Mar 2020), 44 (Mar 2021), 147 (Mar 2022), 169 (Mar 2023) Ordinary profit: 69 (Mar 2023)	Net sales (outside): 25.9% Ordinary profit (inside): 22.2%	
Metalworking Solutions Business	- 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	Cemented carbide products (cemented carbide tools, cemented carbide alloys, etc.)	Net sales: 1,502 (Mar 2020), 1,193 (Mar 2021), 1,326 (Mar 2022), 1,468 (Mar 2023) Operating profit: 77 (Mar 2020), -11 (Mar 2021), 141 (Mar 2022), 145 (Mar 2023) Ordinary profit: 62 (Mar 2020), -7 (Mar 2021), 121 (Mar 2022), 123 (Mar 2023)	Net sales (outside): 7.1% Ordinary profit (inside): 19.1%	
Metals Business	- Long years of operational experience in mining in Japan - Mitsubishi Process (Mitsubishi Process for Continuous Copper Smelting) 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	- Copper - Gold - Silver - Lead - Tin - Sulfuric acid - Palladium	Net sales: 6,650 (Mar 2020), 7,282 (Mar 2021), 9,971 (Mar 2022), 10,202 (Mar 2023) Operating profit: 186 (Mar 2020), 188 (Mar 2021), 252 (Mar 2022), 188 (Mar 2023) Ordinary profit: 274 (Mar 2020), 329 (Mar 2021), 502 (Mar 2022), 242 (Mar 2023)	Net sales (outside): 42.8% Ordinary profit (inside): 66.1%	
Environment & Energy Business	- 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	- Energy-related (geothermal/hydroelectric-power generation, nuclear fuel cycling business, consignment of surveys, research, design, and operations, etc.) - Environmental recycling-related (recycling of home appliances, etc.)	Net sales: 270 (Mar 2020), 262 (Mar 2021), 178 (Mar 2022), 176 (Mar 2023) Operating profit: 16 (Mar 2020), 17 (Mar 2021), 22 (Mar 2022), 15 (Mar 2023) Ordinary profit: 31 (Mar 2020), 31 (Mar 2021), 38 (Mar 2022), 29 (Mar 2023)	Net sales (outside): 0.9% Ordinary profit (inside): 5.0%	

*1 March 2023 (forecast) values are the values released May 13, 2022. Ratio of net sales is net sales to outside customers.

*2 The Company has been applying "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29 on March 31, 2020) and related guidance from the beginning of FY2022. Individual figures since FY2022 have had the accounting standards and others applied.

Main Products

● Copper & copper alloy



Copper bars/busbars



Welding electrode materials



Superconducting cables



Hollow conductors



Lead frames



ECO BRASS®

● Electronic materials & components



Inverters



Solar heat-ray shielding paint



Precision silicon products



Terminals and connectors



Surge absorbers

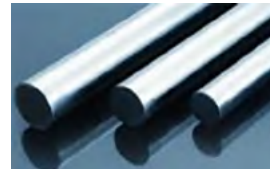


Seals and packing products

● Cutting tools



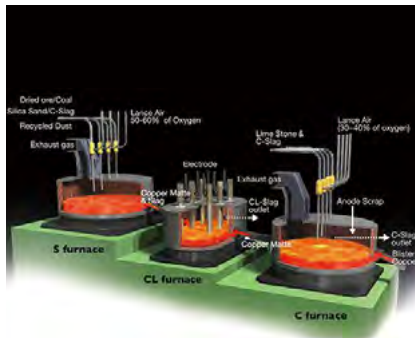
● Rock tools/wear resistant tools/carbide materials



● Natural resources business



● Smelting & refining



● Precious metals business



● Environmental recycling business



● Renewable energy business





Advanced Products Business

Global First Supplier

We aim to be a global first supplier by establishing a production system that can respond to customer demand promptly and provide a more stable supply of our high-value-added advanced products

Toshinori Ishii, Managing Executive Officer and President of Advanced Products Company

FY2023 Medium-Term Management Strategy

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 Innovation Center
- 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

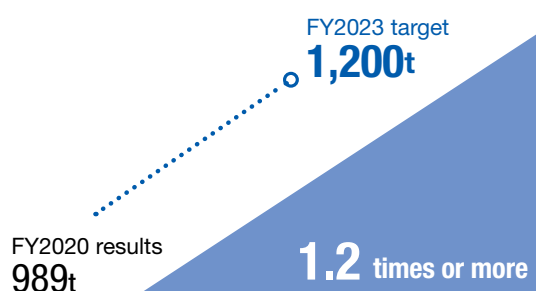
In our main business fields*, we will have:

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

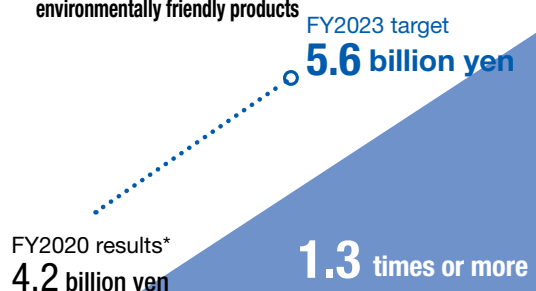
*Next-generation vehicles, semiconductor / electronics, industrial machinery / infrastructure

Contribution Goals for a Sustainable Society

■ Sales volume of copper materials for new HV/EV



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



*Reviewed definition of the applicable automotive device products.

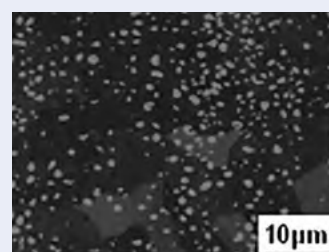
Topics (Projects) on Contribution Goals for a Sustainable Society

Development of next-generation plating technology

We have developed next-generation plating technology for the improvement to handle large currents, high voltage and weight saving in the xEV market to contribute to a sustainable society.

Connectors are becoming smaller and more multipolarized because of the electrification of automobile parts. The larger contact area of the terminal makes increased frictional resistance an issue, so we have developed PIC plating to realize connector terminals with lower frictional resistance. PIC plating improves both frictional resistance and reliability in the electrical connection by controlling the shape of copper-tin alloy generated at the interface between the copper alloy layer and tin-plated layer. In addition, mass production is already underway.

Meanwhile, the electrical wire materials used in automobiles have been switched from copper to aluminum to increase fuel efficiency by reducing weight so as to reduce CO₂. However, the terminal joints of aluminum wires corrode, reducing the reliability of the connection. Thus we have developed anticorrosion plating to solve this issue.



White areas are copper-tin alloy

Surface image of tin plating (PIC plating)

Business Environment: Strong Semiconductor Market and Expanding Next-Generation Vehicle Market

The main markets for our products are automobile, semiconductor, electronics, and infrastructure including medical.

The semiconductor market remained strong; the global spread of COVID-19 stimulated demand of PCs and servers for data centers because remote-working and internet use prevailed as countermeasures against infectious diseases, while its impact caused production suspensions and declining demand in the consumer electronics market.

Though the automotive market was recovering from damage caused by the pandemic in fiscal 2022, we face market fluctuations due to semiconductor shortages and the Russia-Ukraine conflict. Because of the high degree of dependence on Ukraine for neon and other gases which are essential for semiconductor production, we need to watch the influence on the semiconductor-related market as well as automobile industries. However, we believe there will be no major changes in market trends for next-generation vehicles at present, since demand for xEV is steadily increasing.

Medium-Term Management Strategy (FY2023 Strategy) Overview: Stable Supply of High-value-added Advanced Products

The market demands a more stable supply of our high-value-added advanced products in such a business environment. Global automobile production in fiscal 2023 is expected to increase 5.6% over the previous year, and the share of next-generation vehicles is expected to grow steadily over the medium- to long-term, from 26% in fiscal 2023 to 55% in fiscal 2027. To realize a recycling-oriented and decarbonized society, our materials and components are essential not only for CO₂ emission reduction in which next-generation vehicles play a role, but also to contribute to the reduction of environmental impact.

In the copper & copper alloy business, we have started a plan to increase total capacity by 3,000 tons/month by 2026. In the electronic materials & components business as well, the semiconductor materials market is robust and is expected to show 10% CAGR in the medium- to long-term after fiscal 2025. We will proactively increase production capacity for semiconductor-related materials to meet strong demand from customers.

We will continue to provide high value-added advanced products including environmental performance to meet the diverse needs of our customers.

FY2023 Strategy Progress: Progress in Market Development through KA (Key Account) Strategy

As a Long-Term FY2023 Strategy, we have set forth "Create new businesses and products through the sophistication and integration of our core competencies" and "Accelerate marketing activities to replicate successful practice."

As a measure to achieve these goals, we are working on Key Account (KA) Strategy to develop markets across sales, developing and marketing departments. We acquire information on technological trends in new markets starting in the design stage of next-generation products cultivated by KA customers. Utilizing this information, we then propose products that meet their needs in a timely manner while expanding sales in order to have our products adopted ahead of our competitors.

The KA Strategy is showing results in the copper & copper alloy business; we develop new products that match future technological trends, stay ahead in the market, and maintain our superiority.

In particular, materials for next-generation vehicles and IoT require adaptation for high voltage and conductivity. Thus, we promote a variety of proposals through lineup expansion by making full use of our development capability and manufacturing technology for the highest quality oxygen-free-copper, which is our core competency, and oxygen-free-copper-based alloys that can meet various needs.

In the electronic materials & components business, several business negotiations are in progress for next-generation semiconductor-related materials such as for logics and memory by employing a technical proposal-based sales approach that solves issues from the early stages of development. Furthermore, we have improved profitability by strengthening our production engineering as well as expanding sales of electronic devices such as thermistors as xEV components.

Achieving FY2023 Strategy: Becoming More Sought After by Increasing Customer Satisfaction

This is the final year of our FY2023 Strategy. We continue to fortify our development, sales and marketing; improve the profitability of the copper & copper alloy business; and steadily optimize our electronic materials & components business portfolio.

To fortify our sales, we aim to improve customer satisfaction by employing digital technologies through enhancing customer touch points as one theme of our DX projects. In the copper & copper alloy business, we will increase production capacity to meet strong market demand and will improve our profitability through various efficiency improvements in copper alloy production processes, etc. In the electronic materials and components business, we will realize selection and concentration on focused businesses such as silicon processed products while continuing to optimize our business portfolio.

Since we expect the integration of the automobile market with the home appliances or infrastructure market; the important role for which copper & copper alloy products, electronic products and semiconductor materials play as conductors and heat management materials will increase. With a cross-sectional product lineup for changing markets, we aim to be a global first supplier and achieve sustainable growth by quickly responding to customer needs and providing a timely and stable supply of our one-of-a-kind high-performance products such as the newly developed MOFC-HR.



Metalworking Solutions Business

Top 3 supplier in strategic markets

By understanding our customers and providing products and services in a timely manner, we aim to be recognized by our customers as a global top 3 supplier

Tetsuya Tanaka, Managing Executive Officer and President of Metalworking Solutions Company

FY2023 Medium-Term Management Strategy

Specific Measures of the FY2023 Strategy

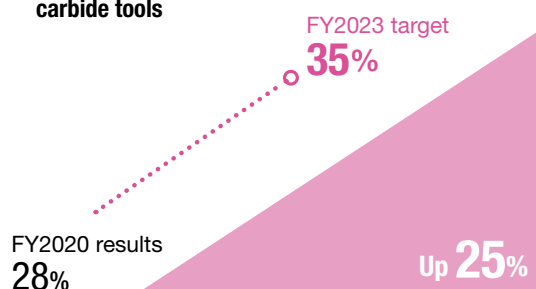
- Increase recycling rate in our tool recovery system and utilize renewable energy
- Provide high efficiency tools and digital solutions
- Transition to smart factory and optimization of logistics and supply chain
- Expand advanced metal powder business to rechargeable battery market

Projected Achievements at the End of FY2023

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

Contribution Goals for a Sustainable Society

Recycled tungsten as raw material in cemented carbide tools



Topics (Projects) on Contribution Goals for a Sustainable Society

Initiatives for Building a Recycling-oriented and Decarbonized Society

Increasing the rate of recycling for cemented carbide is a measure in our Medium-Term Management Strategy (FY2023 Strategy). We achieved 44% in fiscal 2022, compared to a target of 35% for fiscal 2023. Moving forward, we aim to achieve a recycling rate of 80% or higher by 2030, contributing to building a recycling-oriented society while also stabilizing raw material procurement in business operations.

We have also formulated a plan to convert all electricity used for manufacturing to renewable energy by 2030. We have begun sequentially making this change since fiscal 2023, and by promoting clean manufacturing, we will contribute to the building of a decarbonized society.



Business Environment: Recovery Trend of the Automobile, Aerospace and Other Industries

The Company positions the four industries of automobile, aerospace, mold and die, and medical as strategic markets.

In fiscal 2023, the automobile industry is expected to recover in terms of the number produced, which had been shrinking due to the impact of the COVID-19 pandemic. Although there is risk of lessened recovery due to the shortage of semiconductor parts, etc., demand for cemented carbide tools for the automobile industry is expected to increase.

In the aviation industry, the number of passengers is expected to recover to pre-pandemic levels from 2024 to 2026. Demand for cemented carbide tools for the aviation industry will arise one to two years prior to this, so it is expected to reach pre-pandemic levels around 2023.

In the mold and die industry, in addition to steady semiconductor-related demand, there has been movement on resuming production of new molds and dies for automobiles, which had been suspended due to the COVID-19 pandemic, and the demand for mold and die industry tools is now expected to gradually recover.

In the medical industry, although the market temporarily shrank due to restriction on surgery due to the pandemic, etc., recovery is expected from fiscal 2022 mainly in North America and China, and demand for cemented carbide tools for the medical industry is expected to grow about 5% annually.

The global market for cemented carbide tools is expected to continue to grow about 3% annually in the medium- to long-term, reaching a market size of over 2 trillion yen in 2030. We assume that the Russia-Ukraine conflict will have limited immediate global impact, but also believe that we must pay close attention to the impact that prolonged conflict might have on the European economy.

Medium-Term Management Strategy (FY2023 Strategy) Overview: Strengthening Business Competitiveness and Developing New Business Centered on DX Promotion

In the FY2023 Strategy, concrete measures include “Increase recycling rate in our tool recovery system and utilize renewable energy,” “Provide of high efficiency tools and digital solutions,” “Transition to smart factory and optimization of logistics and supply chain” and “Expand advanced metal powder business for rechargeable battery market.”

As demand in strategic markets is expected to recover, we are aiming to build a competitive global business foundation utilizing digital technology. To achieve this, we have positioned DX promotion as a central pillar for strengthening business competitiveness while also working to enhance customer touch points and increase the added value of our services.

Specifically, through MI (market intelligence) utilizing ICT, our continued measures include deepening our understanding of our customers to provide products and services in a timely manner, and supporting a series of metalworking processes from customer process design to tool management, thereby providing total solutions that contribute to increased productivity.

Furthermore, we are working to shorten lead times, improve quality and reduce costs by promoting automation and labor-saving processes in our cemented carbide tools manufacturing through the implementation of smart factories. Additionally, we are working on new business development intended to expand advanced metal powder business through utilization of tungsten, which is the main raw material in cemented carbide tools, as an additive in lithium-ion batteries (LiB).

FY2023 Strategy Progress: Provision of New Products and Solutions that Respond to Needs for Reduction of Environmental Impact

In terms of providing high-efficiency tools to reduce customer environmental impact, we launched 26 new series and 629 new items in fiscal 2022, 13 series of which were certified as environmentally-friendly products by the Japan Cutting & Wear-resistant Tool Association.

We provide digital solutions to solve issues in customers' manufacturing processes. We utilize our globally located technical centers to perform cutting tests, CAE analysis and other forms of analysis and evaluation as well as technical training, and while using these processes to find a solution, we provide highly efficient and innovative tools that improve customer productivity. Through these activities we contribute to building a prosperous society.

In addition, we are converting to smart factories by adopting automated inspecting equipment and inter-process automated transport devices under our Production Engineering Division, newly established since fiscal 2023. Through accelerating these efforts, we are planning to further increase cost competitiveness by improving yield ratio and promoting labor-saving processes.

Achieving FY2023 Strategy: Increasing Competitiveness through Quick and Flexible Business Operations

Under the complete in-house company system introduced in fiscal 2023, we are promoting the construction of an organization that can make quick and decisive decisions through open communication. This will further increase our business competitiveness by enabling accurate response to market trends and customer needs, while also facilitating quick and flexible business operations. In addition, we will work to strengthen our management foundation as follows in order to achieve our Medium-Term Management Strategy.

To strengthen and enhance business management, we will implement data-driven management decisions utilizing real-time visualization of management indicators, macro demand trends, product group portfolio analysis, etc. Furthermore, by strengthening our supply and demand management system, we will maintain an appropriate level of global inventory through centralized management of PSI (Production, Sales, and Inventory) planning based on demand.

We aim to be recognized by our customers as a top 3 global supplier. To attain this, we will proceed with upfront investment in DX and other areas for the future, while achieving individual departmental and site goals such as current cost reduction and sales expansion.



Metals Business

Leader in environmentally-friendly mining & smelting business

We continue to contribute to the building of a decarbonized and sustainable society as a leader in environmentally-friendly mining & smelting business

Katsuyoshi Isaji, Managing Executive Officer and President of Metals Company

FY2023 Medium-Term Management Strategy

Specific Measures of the FY2023 Strategy

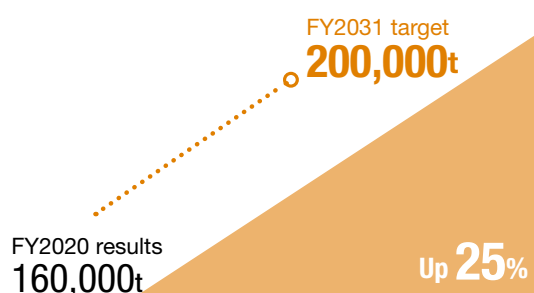
- Secure clean copper concentrate by investing in new mines
- Develop impurity removal technology in copper concentrate
- Optimize valuable metal material flow
- Reduce fossil fuels

Projected Achievements at the End of FY2023

- Optimization of valuable metal material flow derived from E-Scrap
- Reduction of smelter CO₂ emissions by 5%

Contribution Goals for a Sustainable Society

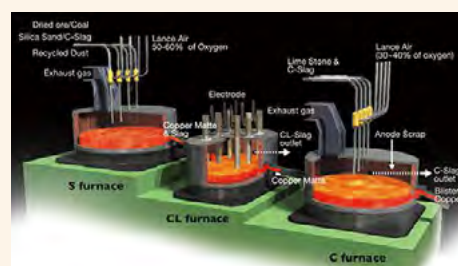
E-Scrap processing capacity



Topics (Projects) on Contribution Goals for a Sustainable Society

Contribute to the building of a recycling-oriented society and climate change countermeasures by utilizing the Mitsubishi Process for Continuous Copper Smelting

Our in-house developed Mitsubishi Process for Continuous Copper Smelting is a copper smelting process characterized by extremely low environmental impact and high efficiency.



Three furnaces connected with covered launders enable continuous operation and continuous output of blister copper (98.5%). Conventional copper smelting uses three types of furnaces (a flash smelting or reverberatory furnace, a converter furnace, and a refining furnace), for which batches of 1,200°C molten metal are typically put in a pot to transfer them between the furnaces with a crane. By contrast, the equipment used in the Mitsubishi Process is so compact that it enables energy-efficient and low-cost operation. In the conventional method, acidic sulfur gas escapes during transfer of the ladle between furnaces, but the Mitsubishi Process can efficiently recover the gas through the adoption of covered launders to create a continuous non-polluting system.

Business Environment: Supply-Demand Balance of Copper Concentrate is on an Easing Trend

The business environment around raw material procurement saw an expansion and new construction of many copper smelters & refineries in countries such as China, which led to an increased worldwide demand for copper concentrate over the past few years. In fiscal 2023, however, the pace of demand growth is expected to slow down due to limited expansion and new construction of copper smelters & refineries. On the supply side, copper concentrate production will increase from the start-up and expansion of several new large-scale mines, mainly in South America. Therefore, the supply-demand balance for copper concentrate is expected to be eased.

In sales, the demand of copper used in electronics and electrical products is generally firm, while it varies by field. The demand for copper products used as electronic components for automobiles and lead frames for semiconductors continues to be strong. On the other hand, the demand for electric wires for construction and home appliances continues to be weak.

There is concern that another surge in COVID cases could cause economic slowdown or that the Russia-Ukraine conflict could have more adverse effects on the global economy, which may lead to decreased copper demand.

We continue to carefully monitor the economic situation and market trends.

Medium-Term Management Strategy (FY2023 Strategy) Overview:

Aiming to be a Major Player in the Recycling Business

The company has developed a variety of measures directed toward becoming a major player in the recycling business, which is expanding worldwide. In order to expand the recycling business, it is vital for us to invest in copper mines in order to secure copper concentrate with few impurities because it leads to stable operation of our copper smelters which are the basic infrastructure of the recycling business. During the FY2023 Strategy period, our efforts have seen good progress. Specifically, we acquired a 30% stake in the Mantoverde Copper Mine (Chile) in February 2021. The construction work is proceeding as planned and production of sulfide ore is expected to begin in 2024. At the Zafrañal Copper Project (Peru), which we have a 20% stake in, the application for an environmental permit has been submitted to the authorities and we expect to receive approval during 2022. Furthermore, we have dealt with adverse effects in copper smelter & refinery operations such as a decrease in production efficiency caused by increasing amounts of trace components (aluminum, nickel, tin, etc.) contained in E-scrap. By improving various processes at production facilities and developing a "material grid" that improves recovery of valuable metals in E-scrap, we have improved both profitability and productivity.

We expect demand for copper and other non-ferrous metals to increase in the medium- to long-term as we work toward the realization of a decarbonized and digital society. Additionally, we recognize that we must respond to tightening regulations related to smelting operation that accompany the transition to a decarbonized society. We are working to reduce CO₂ emissions from our smelters with the goal of becoming a leader in environmentally-friendly mining & smelting business. By utilizing our unique, low environmental-

burden Mitsubishi Process with copper concentrates from environmentally-friendly copper mines, we will contribute to the building of a decarbonized society.

FY2023 Strategy Progress: Steady Copper Mine Development and Valuable Metal Materials Flow Optimization

Four specific measures are included in the FY2023 Strategy: "Secure clean copper concentrate by investing in new mines," "Develop impurity removal technology in copper concentrate," "Optimize valuable metal material flow," and "Reduce fossil fuels." To secure clean copper concentrate, we are actively searching for a new mining project to investment in. The Mantoverde Copper Mine is carrying out prestripping, detailed engineering and construction work as planned for copper concentrate production in early 2024. For developing technology to remove impurities in copper concentrate, we are steadily producing results at the Mining & Metallurgy Laboratory by aiming to establish impurity removal technology and put it into use at an early stage. Additionally, by building new processes across production facilities, we are promoting optimization of valuable metal materials flow to recover a variety of valuable metals more efficiently. For reducing fossil fuels, we are effectively utilizing the heat generated by E-scrap treatment to reduce the amount of fossil fuel used as auxiliary fuel in the copper smelting process. Currently, we process about 160,000 tons of E-scrap per year, but we plan to expand to 200,000 tons per year by the end of fiscal 2031.

Realizing Our Mission: Building an Environmentally-friendly Mining & Smelting Business

Our future plans in the natural resource business include both steadily advancing our current portfolio of projects and searching for new projects, as well as continuing to focus on development of impurity removal technology for copper concentrate at the Mining & Metallurgy Laboratory. In the smelting & refining business, we will carry out verification testing and preliminary commercialization surveys to further enhance the materials flow of valuable metals.

Our long-term goal is to be a leader in environmentally-friendly mining & smelting business, ahead of our competitors. To achieve this goal, we have adopted a Long-Term Strategy of promoting and expanding the stable supply and recycling of nonferrous metal materials, predominantly copper. Specifically, as part of our natural resource business, we will continue to invest in new copper mines over the medium- to long-term. In the smelting & refining business, we will improve and expand our E-scrap collection systems and processing structures in order to handle 200,000 tons per year.

We expect that non-ferrous metals will become an increasingly important industrial material during the path towards a decarbonized and digital society. It is also vital that the supply of non-ferrous metals is produced in the most environmentally-friendly way. Through maximizing the advantages of the Mitsubishi Process for Continuous Copper Smelting, we will realize a stable supply of clean non-ferrous metals to society, as well as contribute to the realization of a recycling-oriented society by further enhancing our recycling technology to enable collection and refining of valuable metals from discarded products.



Environment & Energy Business

[Environmental recycling]

Driving force of resource-recycling systems

[Renewable energy]

Leading company in geothermal development

By the environmental recycling and renewable energy businesses, we will realize both social and economic value

Yoshiaki Arai, Managing Executive Officer and President of Environment & Energy Business Company

FY2023 Medium-Term Management Strategy

Specific Measures of FY2023 Strategy

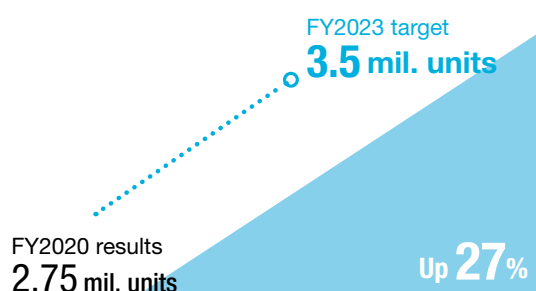
- Expand home appliance recycling business, advance automation, and improve added-value of recovered products
- Demonstrate LiB recycling technology and solar panel recycling technology
- Secure stable plant operations in incineration fly ash recycling business and biogasification business
- Complete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

Projected Achievements at the End of FY2023

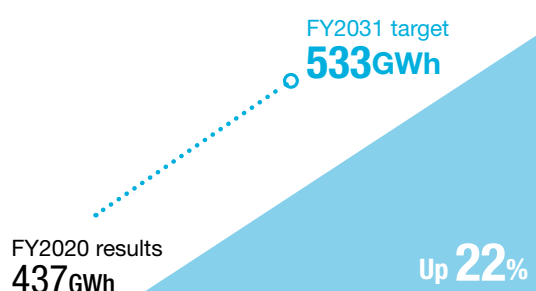
- Establishment of a stable business base for the environmental recycling business
- Expansion and stable operations of renewable energy plants and search for new geothermal areas

Contribution Goals for a Sustainable Society

Annual processing volume of home appliance recycling



Annual total power generated by renewable energy*



* Revised definition of the generation volume of each business (power generation and geothermal steam supply) multiplied by the Company's ownership share.

Topics (Projects) on Contribution Goals for a Sustainable Society

Demonstration of LiB (Lithium-ion Battery) Recycling Technology

The company is participating in LiB Reuse and Recycle Process Optimization at Kita-Kyushu Field Sites, a demonstration project commissioned by the Ministry of the Environment (fiscal 2021 to fiscal 2023). Through this three year project, we will demonstrate a variety of processes; removal of LiB units from scrapped vehicles, deterioration diagnosis for sorting LiB units for reuse/recycling, discharge and dismantling of LiB units for recycling, pyrolysis, crushing and sorting of LiB cells and modules, as well as recovery of cobalt and nickel from active materials. In fiscal 2021, we introduced a device for extracting LiB units from vehicles, and in fiscal 2022, we verified deterioration diagnosis technology, introduced thermal decomposition as well as crushing and sorting equipment, designed an LiB dismantling line, and began production. In fiscal 2023, we plan to introduce an LiB dismantling line and carry out comprehensive demonstrations.



Business Environment: Long-term Expanding Recycling Market and Expanding Demand for Renewable Energy

In the environmental recycling business, we aim to build a resource recycling system that does not rely on a final deposit site for municipal waste, and we are focusing on four businesses: home appliance recycling, automobile recycling, food waste biogasification and incineration fly ash recycling. One reason for the increase in profits in fiscal 2022 was a rise in the price of valuable resources due to the soaring prices of resources in the home appliances and automobile fields, which resulted in record-high sales and profits. However, we must remain vigilant regarding risk of fluctuation in resource prices. In home appliance recycling, we are targeting home appliances (refrigerators, washing machines, air conditioners, TVs) in Japan. The market is expected to shrink with the decline in the domestic population, but since the recovery rate of air conditioners and flat-screen TVs from the market is still low, we expect that the recovery rate will increase until around 2040. In fiscal 2022, 15.4 million units were processed nationwide (six companies under our jurisdiction processed 3.8 million units, about 25% of the national total), but we expect 20 million units to be processed in 2040, so the market will expand for the time being. In automobile recycling, we expect that the number of scrapped vehicles will increase due to recovery in new vehicle production. Although xEV, next-generation vehicle, is widespread, the number of scrapped vehicles is still low. It is important to promote recycling mechanisms and technological development before expansion of disposal. In food waste biogasification, the impact of COVID-19 has changed lifestyles, reducing the amount of general waste generated by the restaurant industry that was initially anticipated and the way waste is generated has changed significantly, so the planned collection amount has not been reached. Similarly, we are struggling to increase the amount of incineration fly ash collected for recycling due to reasons including delays in local governments' efforts to recycle incineration fly ash as a result of the impact of COVID-19 and natural disasters. The issue with both food waste and incineration fly ash is collection, so it is important to expand the collection area, cooperate with local governments and visualize the environmental value to secure the collection amounts.

The renewable energy business has been developing its own renewable energy in order to supply the electricity required for mines and smelters, and is mainly engaged in the generation of geothermal power, hydropower and solar power. As fuel costs are expected to rise due to the Russia-Ukraine conflict, the government has indicated a policy to utilize renewable energy with high decarbonization, and movement grows toward the realization of carbon neutrality worldwide, so we believe the need for renewable energy will further increase.

Medium-Term Management Strategy (FY2023 Strategy) Progress: Further Improving Two Businesses

As specific measures in our FY2023 Strategy, in home appliance recycling, we are undertaking the development of dismantling devices for outdoor air conditioner units and the practical application of picking robots as well as DX conversion such as cloud computing of operating management systems in order to promote automation and labor saving. In automobile recycling, we are promoting demonstration testing for LiB recycling, which is a project commissioned by the

Ministry of the Environment, and the examination of dismantling efficiency.

In the renewable energy business, we have completed the 8 km tunnel excavation work for the Komatagawa New Power Plant, which is large-scale construction, and are constructing the building and installing water turbines and generators to start operation in December 2022. At the Appi Geothermal Power Plant, we are conducting civil engineering, building, excavation and equipment work, such as for steam and power generation equipment, and are proceeding smoothly toward starting operation in April 2024. In addition, from August 2021, we started a geothermal resource survey in the Komonomori area of Akita Prefecture, and from May 2022, we invested in Hakodate Esan Geothermal LLC and participated in geothermal development in the Esan area of Hokkaido to expand our geothermal projects.

Achieving FY2023 Strategy: Promoting Businesses that Take Advantage of the Characteristics of the Mitsubishi Materials Group

To achieve our FY2023 Strategy goals, we are promoting the construction of a stable business foundation for the four businesses in our environmental recycling business. Over the medium- to long-term, we are expanding our domestic market share by considering new plants for home appliance recycling, considering overseas expansion in collaboration with home appliance manufacturers, expanding our products through recycling solar panels, building a business concept that includes LiB recycling for our automobile recycling, expanding our bases for food waste biogasification, and considering development of a final disposal site regeneration business for incineration fly ash recycling.

In the renewable energy business, the construction of the Komatagawa New Power Plant and Appi Geothermal Power Plant will proceed safely as planned, and the two power stations will be strengthened with the aim of achieving total power generation of 500 GWh. Additionally, we will proceed with studies for commercialization in multiple areas, including new geothermal development, new small-scale hydropower surveys, wind power and woody biomass. In the medium to long-term, we will move forward by considering entry into other renewable energy business fields, overseas expansion and collaboration with other companies, enhancement of the value of renewable energy and the creation of new businesses that capture changes in business in order to contribute to the realization of a decarbonized society.

While there are no fundamental changes in the core business policy of our business strategy, through the complete in-house company system, we believe that we must promote the recycling business and renewable energy business that take advantage of the characteristics of the group as never before. This will contribute to building a sustainable, environmentally low-impact, recycling-oriented and decarbonized society, and create both social and economic values that are directly linked to our mission and play a part in our Corporate Philosophy. Currently, the business environment is changing rapidly, so the ability to respond to changes is further required. We will realize company growth by further solidifying our core competencies, further strengthening and expanding existing businesses, and accelerating the creation of new businesses. In proceeding with these, we will promote the four management reforms, respond swiftly to changes in the environment, think individually, maintain a sense of urgency and aim to be an organization that moves autonomously.

Other Businesses (Cement and Affiliated Businesses)

Establishment of Mitsubishi UBE Cement Corporation, a leader in the domestic and overseas cement industry

By establishing a new company, we respond to decreased domestic cement demand, optimize the production system by restructuring the domestic business, and establish a stable profit base through economies of scale. Furthermore, we aim to grow in overseas markets through expansion of our U.S. business and other overseas business bases.

Establishment of Mitsubishi UBE Cement Corporation, a leading manufacturer in the domestic and overseas cement industry

In April 2022, Mitsubishi UBE Cement Corporation (abbreviated as MUCC, an equity method affiliated company) was merged through a company split between the cement businesses and related UBE Corporation and Mitsubishi Materials Corporation businesses. Since the establishment of the joint sales and distribution company Ube-Mitsubishi Cement Corporation in 1998, the two companies have achieved significant results, including reduction in distribution and sales base costs. However, the domestic cement business was experiencing a large decline in demand and fluctuations in energy prices, as well as the need to tackle increasingly serious global warming issues. Therefore, for the future growth of the cement business of both companies, it was necessary to establish a new structure that would further develop the existing relationship.

With the establishment of MUCC, we will realize the integration of manufacturing, sales, and technology in the domestic cement business, increasing efficiency throughout the value chain to maximize synergistic effects by optimizing our production systems and restructuring our sales and logistics systems including ready-mixed concrete business in the downstream area. These initiatives further strengthen our business foundation and improve our position as a company that develops social infrastructure, contributes to the building of a recycling-oriented society, and achieves carbon neutrality. Furthermore, in addition to increasing our presence in overseas growth markets including U.S. business, we will focus the management resources generated in Japan on businesses

with future growth potential in Japan and overseas, such as global environmental measures that contribute to building a decarbonized and recycling-oriented society, the overseas cement and ready-mixed concrete businesses, and high performance inorganic materials business based on high-quality limestone. Through these efforts, we will build an optimal business management system, aiming to be a global company that boasts industry-leading efficiency and profitability and continues to evolve.

Contribute to the Building of a Decarbonized and Recycling-Oriented Society

The scope of MUCC's examination on global environmental issues is not limited to production technology and research and development, but also encompasses a wide range of areas, including response to social needs and the search for external technologies. As an organization under the direct control of top management, the company strongly promotes the company-wide cross-sectional Global Environmental Measures Project.

Through the execution of this project, we aim to build a decarbonized society by utilizing energy in consideration of the global environment and developing greenhouse gas reduction technology, and by further advancing the waste utilization technology we have developed, we will contribute to building a recycling-oriented society and achieve carbon neutrality in the future.

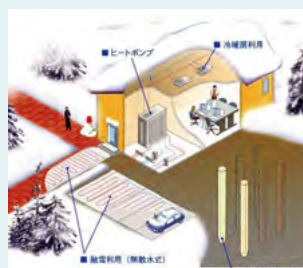
With regard to GHG reduction, we also expect that the establishment of MUCC will help to advance technological development and accelerate efforts to reduce GHG emissions.

Affiliated Business

In affiliated businesses, diverse group companies operate a varied range of businesses. In addition to engineering and trading, the businesses are expanding the manufacture and sale of salt, as well as tourism at former mining sites.

Mitsubishi Materials Techno Corporation is promoting 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 are also developing the business for fine gold cards produced at our Sanda Plant.



Concept for the geothermal heat pump system



Concept for the geothermal heat pump



Fine gold cards sold by Mitsubishi Materials Trading Corporation

Through the centralized leadership of SCQ which brings together specialized knowledge, we will work to resolve diversifying risks and issues



Executive Vice President and Executive Officer
(Responsible for SCQ Promotion and Special Missions from CEO)
Yasunobu Suzuki

Q. The CX promotion system now consists of the Strategic Headquarters, Professional CoE and the Company, so how do you carry out Group governance through SCQ*?

A. The SCQ Promotion Dept. of the Strategic Headquarters determines policies and strategies related to SCQ, and the Compliance & Risk Management Dept. and Safety, Environment & Quality Dept. of Professional CoE are responsible for planning and executing specific measures based on those strategies. In addition, each company works autonomously to promote measures, and Professional CoE sets general direction and supports the company.

Q. What is the background and awareness of issues that led to the recent system changes?

A. In recent years, companies are increasingly required to act in accordance with social norms and ethics as well as in compliance with laws and regulations. Furthermore, risks that must be handled by companies are diversifying. In order for us to tackle and solve such issues company-wide in a straightforward manner, we need a department that brings together specialized knowledge and handles centralized leadership. On the other hand, each Company handles business content with its own unique characteristics, and faces different challenges, so we came to the conclusion that specific response cannot be uniform. It is more efficient to execute measures tailored to the individual circumstances of the business. Based on this awareness of issues, we designed a new organization and management structure.

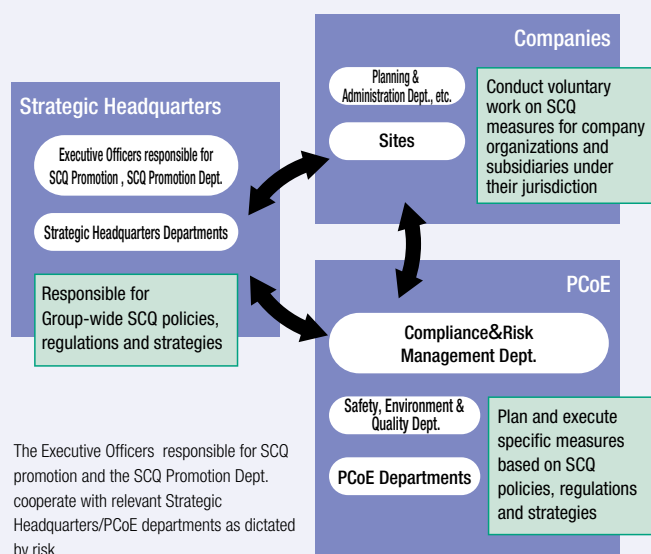
Q. What particular points are you focusing on in fiscal 2023?

A. Because fiscal 2023 is the first year of restructuring by CX, we will ensure the measures we take are all meticulously implemented without omission, including work transferred to the Company side. In addition, when concerns arise within the Group, including overseas group companies, employees should not hesitate to raise their voices through one of the multiple routes, whether through their boss or using a reporting system. We hope to further enhance the effectiveness of the systems in place to appropriately respond to their opinions.

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

S: Safety & Health
C: Compliance & Environment
Q: Quality
D: Delivery
E: Earnings (reasonable profit)

Roles of Strategic Headquarters, Companies and PCoE in SCQ



Related Materials:

Integrated Report "SCQDE" **▶P1**

Integrated Report "Special Feature" **▶P28**

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 fiscal 2023, the third year of the three-year plan, we will thoroughly promote equipment safety through risk assessment, and in addition to employing our equipment safety promotion manuals introduced in fiscal 2022, we will further improve the safety of existing equipment.

Furthermore, with respect to the prevention of accidents such as fire and explosion, we utilize in-house communication tools to disseminate information regarding accidents such as fires and explosions that occurred at group sites within Japan to companies and sites in order to prevent the occurrence of similar incidents.

Related Materials:

“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.

Hazard Sensitivity Education

In order to improve risk sensitivity, the company is working to provide the opportunity to experience hazards and to detect risks in the workplace.

At the 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 for our Group employees. Dismantlable, portable virtual reality (VR) hazard experience devices are also used to improve risk sensitivity at the various business sites of the Group.



Experience of Chemical and High-Pressure-Water Hazards



Experience of Explosion and Gas Hazards

Flying object accidents caused by failed crane operation (Implementation of VR education)



Compliance

“Compliance” serves as a vital component of a company as the foundation for achieving sustainable development. The Group 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 p.1) through training, education, 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 dialog-based communication measures and training.

Additionally, through small group compliance activities, we are working to foster compliance awareness and improve workplace communication by having employees share a healthy sense of urgency, view issues as those that affect them, and exchange opinions.

Furthermore, we aim to strengthen initiatives throughout the group through initiatives such as establishing entertainment expense management rules and a global hotline.

Expanding and Reinforcing Compliance Education

We provide compliance education and training for Mitsubishi Materials Group employees in Japan and overseas by utilizing external instructors, e-learning, etc.

We have constructed a framework that enables every employee in every domestic Group company to participate in compliance and risk management training once a year. From fiscal 2021, we have been promoting online participation in this training. We also regularly conduct communication workshops and training by job grade, etc.

For overseas education and training on compliance and risk management, we consider training content while taking into account the circumstances in each region of the world, and in addition to group training at overseas regional headquarters, we have introduced online training since fiscal 2019 to efficiently conduct training in a wide range of regions.

Since 2018, our senior management and external lawyers have been providing governance training for directors of the Group companies in Japan. The training is designed to help them to understand the duties and roles that managers must fulfill with respect to governance and compliance, and to foster an awareness and acquire the means to fulfill them. Since fiscal 2022, the training has also been offered overseas.

Furthermore, since fiscal 2019, we have conducted annual surveys on the compliance awareness of all employees. We analyze the results of these surveys to help measure the effectiveness of various initiatives and promote them.

Anticorruption Measures

Given the importance of preventing corruption, a global sustainable development challenge, in April 2018 the Group 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.

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 of that time, for violations of the Antimonopoly Act in the form of cartel activity. In response to this, 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
- Strengthening of measures against bid-rigging and transactions with competitors

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, while also strengthening the reliability of report and inquiry systems. 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.

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 website and through each training activity.

On April 1, 2021, we established and began operation of 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). The availability of the global in-house reporting system is made known to target overseas companies and sites.

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

2017	2018	2019	2020	2021	2022
38	42	61	58	54	47

Group Governance Framework Enhancement Measures

Since 2017, 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 that occurred in the Group. Monitoring by Outside Directors and outside experts ended on May 13, 2020, but we have continued to engage in autonomous governance enhancement activities.

Case and Measures for Robertson's Ready Mix, Ltd. (RRM)

It turned out that RRM and other companies (all of which were 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 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. In addition, we conduct investigations into the existence of similar cases in the Group to confirm that there are no other cases.

(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).)

Group-wide Measures to Prevent Recurrence of RRM and Similar Incidents

Issues	Measure
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	➔ Established in April 2021
Renovation and enhancement of management system at RRM by appointing senior executives dispatched from shareholders	April 2021: President and CEO* of MCC Development Corporation and others dispatched 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 of directors meetings and dialogs with the parent company (being implemented)

The Group-wide Internal Control Enhancement Measures

In response to the case of conflict-of-interest transactions by senior executives of RRM, in addition to RRM recurrence prevention measures, we take measures to further strengthen internal controls to prevent and detect fraud by senior executives throughout the Group at an early stage.

Themes	Specific measures	FY2022 Summary
1) Strengthening internal checks	1. Dispatch of multiple full-time officers from parent company	● Establishment of guidelines on the dispatch of multiple full-time officers and a manuals on part-time officers' activities ● Implementation of surveys on the status of use of the manuals on part-time officers' activities
	2. Confirmation of concurrent businesses and related-party transactions and the establishment of rules	● Creation of basic policies on rules and methods of confirmations made at the time of new transactions and confirmation of the statuses of existing business partners, implementation of preliminary surveys ● Establishment of Rules for Management of Concurrent Businesses and Related-Party Transactions, etc. (Came into effect in April 2022)
	3. Confirmation made at the time of new transactions, confirmation of the statuses of existing business partners	
	4. Introduction of an overseas in-house reporting system	● Implementation of fact-finding surveys on the status of reporting to each company's individual reporting system ● Completion of introduction of the MMC Group Global Hotline to all target companies of overseas group companies by the end of the fiscal year
2) Raising the awareness of officers	1. Governance training for officers	● Implementation of governance training for new officers in Japan and governance training for overseas officers
	2. Compliance training for managers of overseas subsidiaries	● Distribution of compliance training videos to overseas subsidiaries ● Implementation of bidirectional, interactive training given by external local instructors
3) Enhancing communications between persons in the second line		● Dialogues held on the themes of illegal trade, accounting fraud, and violations of the Antimonopoly Act
4) Expanding internal audits (Internal Audit Dept.)		● Approximately half of fiscal 2022 comprehensive audit target sites were selected as priority bookkeeping audit targets ● Conduct of RRM Group bookkeeping audits ● Conduct of bookkeeping audits at 18 domestic sites

Related Materials:

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

Risk Management

Risk Management Activities

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 management activities at all Group business sites, both in Japan and abroad.

Basic Approach

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 policies and Objectives on Risk Management

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

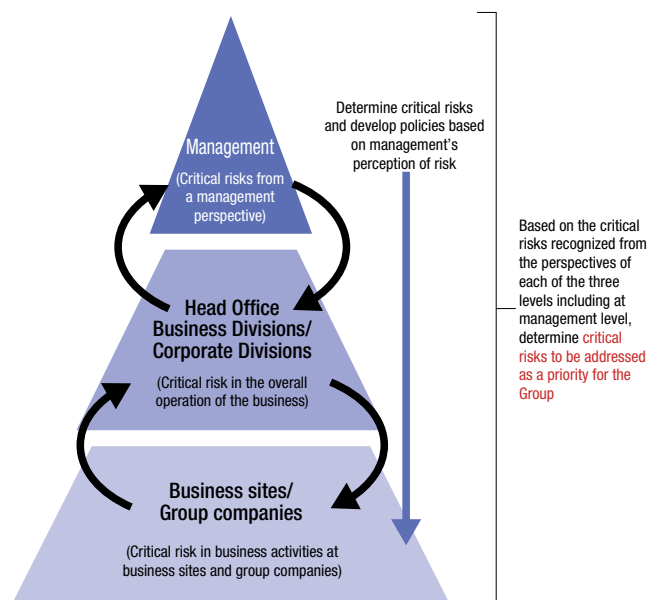
While critical risks inherent to each field of business are identified by individual business divisions, the Group identifies and evaluates serious, high priority risks at a management level which share a high degree of commonality across the Group and which are expected to have a severe impact on the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

Process for Identifying Critical Risks



[Determination of risk ranking]

Level of impact

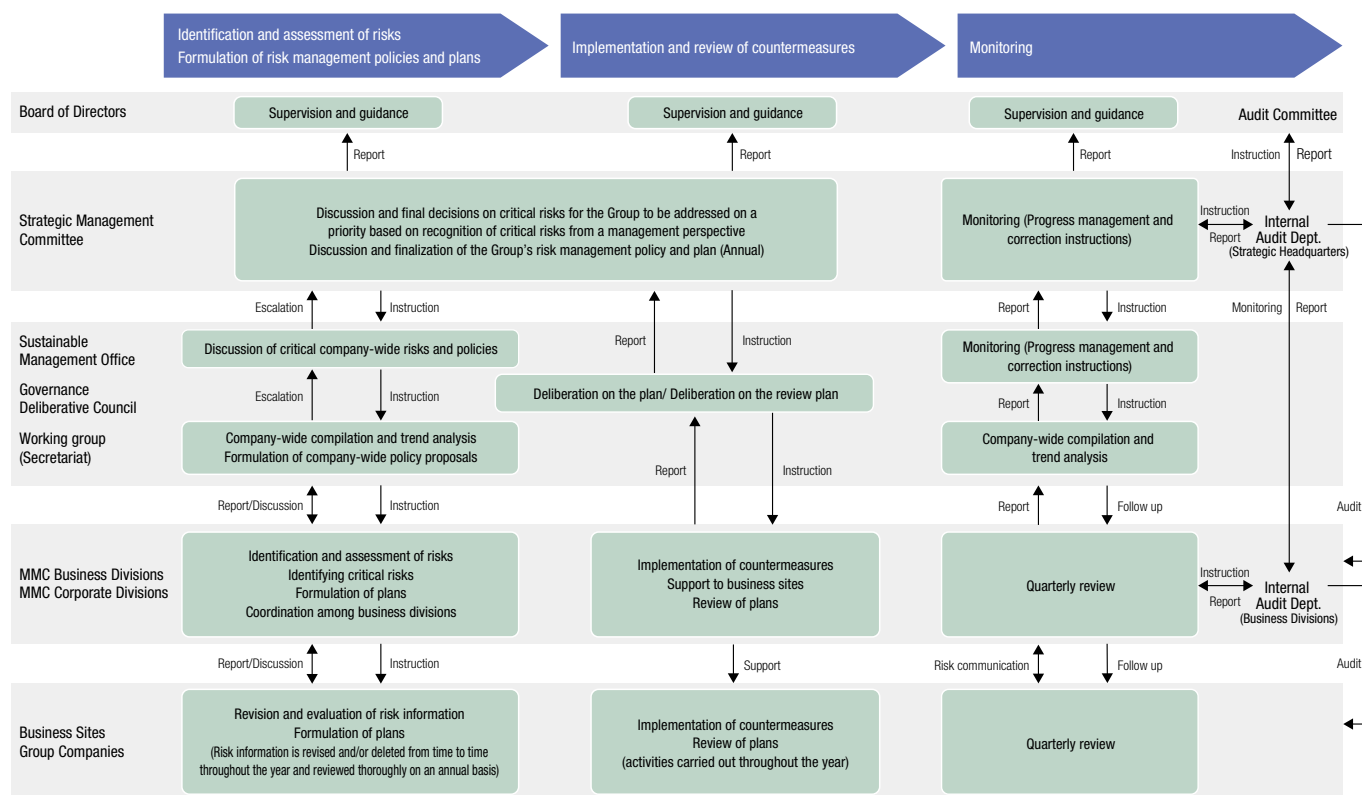
Probability of occurrence

[Determination of critical risks that require priority action]

Risk ranking

Insufficiency of appropriate countermeasures

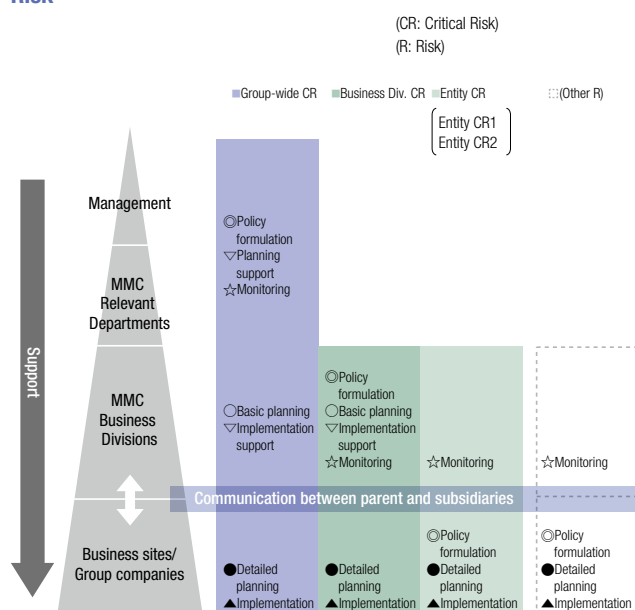
Risk Management System



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



Risk Management

Business Risks

The table on the 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.

Related Materials:

"Business and Other Risks" on the corporate website*
<https://www.mmc.co.jp/corporate/en/ir/policy/risk.html>

Name of risk	Probability of occurrence	Level of impact
International situation, overseas economic situation	High	Large
Market trends	Medium	Large
Fluctuations in raw material and utility prices	High	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	Medium
Infection (COVID-19)	High	Medium
Information security	High	Medium
Financial risks	Medium	Large
Human rights risks	Medium	Medium

Crisis Management Activities

Basic Approach

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.

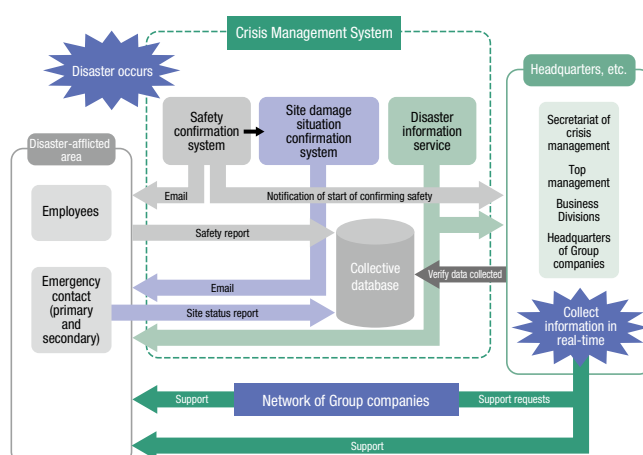
We also receive the latest global information on crisis management and expert advice from an external consulting company, and have established a system that enables employees dispatched overseas and stationed regionally to receive advice on action to take in the event of an emergency, as well as direct 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, from fiscal 2021, 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 confirm 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.

Crisis Management System



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

The Group established a task force at the head office to direct a unified COVID-19 response 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, while it centrally collects 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.

Respect for Human Rights

Responsibility in Value Chain

The Group has established a Human Rights Policy that comprehensively covers business activities. We will conduct human rights due diligence and manage human rights risks.

Human Rights Policy

In order to expand our business globally, the Group believes that it is essential to comply with the laws and regulations of each country, and also respect international human rights standards. Therefore, in December 2021, we formulated our Human Rights Policy and our Procurement Policy in order to manage human rights risks and strengthen our human rights-related efforts.

Related Materials:

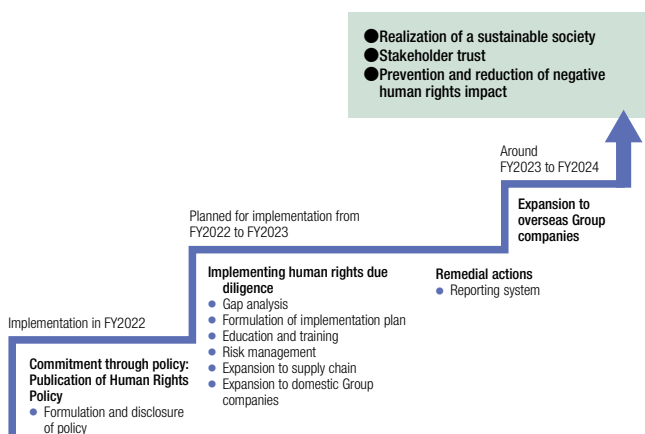
“Sustainability” on the corporate website
<https://www.mmc.co.jp/corporate/en/sustainability/humanrightspolicy.html>

Human Rights Roadmap

In order to strengthen our human rights-related efforts, we will conduct human rights due diligence within the Group, strive to reduce human rights risks and promote initiatives in partnership with our business partners as well. Based on the results of fact-finding surveys on human rights issues, we plan to establish a PDCA cycle for identifying and reviewing presumed risks and instill our employees with a commitment to Human Rights Policy via human rights awareness training. We will expand these measures globally.

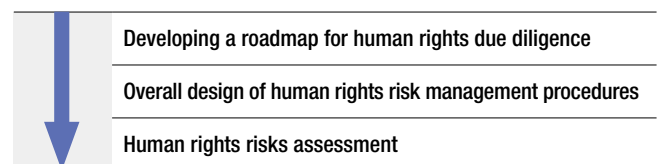
From fiscal 2023, we will work on the following three items in accordance with the United Nations Guiding Principles on Business and Human Rights in order to mitigate and prevent our business activities from negatively impacting human rights.

- Dissemination of commitment to human rights policy
- Implementation of human rights due diligence
- Remedial action (processes that enable remedial action for negative impact on human rights caused or promoted by businesses)



Human Rights Due Diligence

The Group implements human rights due diligence to identify, assess, mitigate and prevent negative impacts on human rights related to our business activities. In the above identification and assessment, we extract and analyze human rights issues in the value chain and take in the opinions of outside experts.



Responsible Procurement

Throughout our value chain, we engage in fair, impartial trade and collaboration/coexistence with our business partners. From the perspectives of CSR procurement, we make efforts to engage in sound procurement focusing on anticorruption measures, legal and regulatory compliance, health and safety, environmental conservation, and respect for human rights.

We import copper concentrate, the main raw material in copper products, 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 attach great importance to dialogue with indigenous peoples and local communities, such as by participating in advisory committees of mines with interests of a certain scale. We also require overseas mines to comply with our CSR standards and we make efforts to confirm their compliance status through periodic questionnaires.

We signed the United Nations Global Compact and registered as a participating company as of March 22, 2022. 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 conflict minerals issues, we are strengthening our efforts from the wider perspective of the Responsible Minerals Initiative.

Related Materials:

“Responsibility in Value Chain”
 “Stakeholder Communication” ESG Report
<https://mmc.disclosure.site/en/>

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.

Long-Term Business Goals

Establish “quality excellence” as corporate brand equity of the Group

- Optimization of design, machines, and manufacturing processes
 - ⇒ Improve process capability*
 - ⇒ Improve product quality
- High level of customer trust in our products
- Differentiation and high competitiveness of our products

*Process capability: The performance quality delivered by a production line/process

Long-Term Strategy Goals

Our long-term strategy for quality management consists of “reactive quality management” and “proactive quality management.”

For reactive quality management, we are working to establish a system to prevent non-conforming products from leaking outside the company so that quality issues will not be repeated.

On the other hand, as for proactive quality management, we aim to optimize design, machinery, and manufacturing processes by utilizing quality data with the goal of avoiding the production of non-conforming products in the first place.

Through these efforts, we aim to realize our long-term strategy goals of “High level of customer trust in our products” and “Differentiation and high competitiveness of our products.”

Points for Strengthening Operations in Fiscal 2023 and After

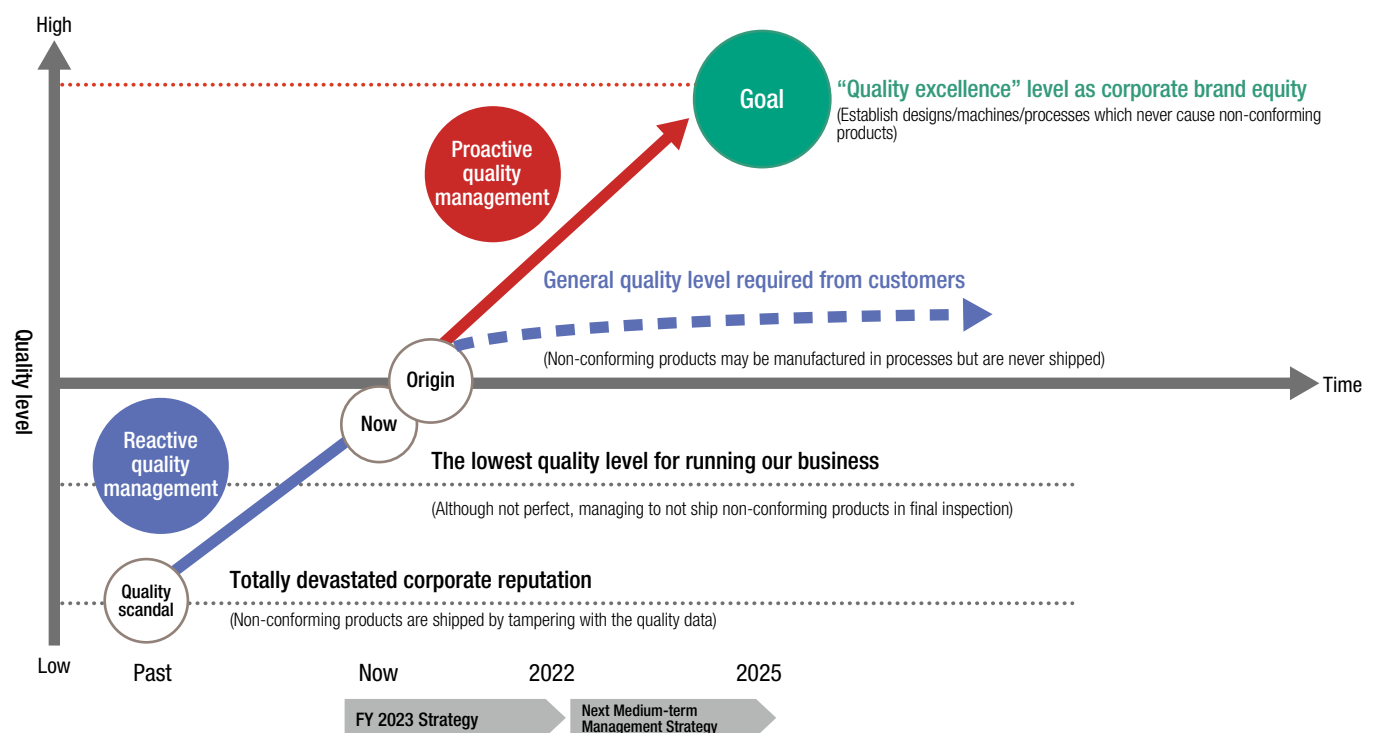
Measures to prevent recurrence of quality issues, which have been addressed as reactive quality management, have been incorporated into quality management systems such as ISO9001, and will be continuously implemented at each site.

Currently, the automation of inspection equipment has been implemented as a measure to prevent recurrence and a large amount of data has been accumulated. We aim to reduce defect rates and manufacturing costs by automatically recording, collecting, and analyzing this quality data, including inspection results for early detection of non-conforming products and investigation of the true cause, as well as by identifying signs of non-conformity and taking necessary countermeasures. In addition, we have begun the necessary training to make effective use of the data.

These efforts will be coordinated with the Manufacturing Excellence Strategy and the Digital Transformation Strategy, and will be promoted by the Strategic Headquarters, Professional CoE, and in-house Companies in an integrated manner.

Related Materials:

“Responsibility in Value Chain” ESG Report
<https://mmc.disclosure.site/en/>



Environment protection technologies

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]

This Environmental Policy is established based on the Group's Basic Policy on Sustainability and forms the basis of our business activities.

1. Promote recycling and provide environmentally-friendly products
2. Advance decarbonization
3. Respect biodiversity
4. Effectively use and conserve water resources
5. Sustainably manage company-owned forests
6. Encourage environmental education and harmonious coexistence with society

Related Materials:

"Sustainability" on the corporate website
<https://www.mmc.co.jp/corporate/en/sustainability/>

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.

Compliance with Environmental Laws and Regulations

Information on revisions to laws applicable to the Group are disseminated throughout the company, and briefing sessions are held for revisions that require large-scale adjustment or changes to facilities in order to ensure all business sites can respond reliably. Furthermore, each business site and the Internal Audit Department confirm compliance with environmental laws and regulations.

Regarding the status of compliance with environmental laws and regulations in fiscal 2022, there were no adverse dispositions (permit revocations, operation suspension orders, facility suspension orders, fines, etc.) by regulatory authorities.

Consideration of Biodiversity

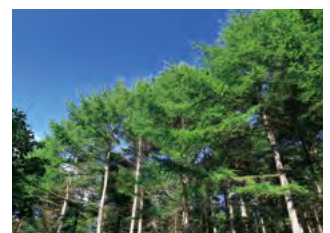
The overseas mines from which raw materials are procured are particularly likely to negatively impact biodiversity due to Group business activities. Among these, the copper mines in which we have invested are important procurement sources. In each case, an appropriate environmental impact assessment is carried out before the start of mining projects, with continuous environmental monitoring even after the project begins. At copper mines where development projects are underway, we are conducting basic surveys to assess environmental impact and collecting data related to biodiversity conservation.

We own 14,000 ha of forest across Japan and practice forest management and control in consideration of the habitats of animals and plants living there. We also carry out wildlife monitoring and include rare species confirmed to be living in the areas on our red list. In addition, our nine forests in Hokkaido have obtained certifications for sustainable forest management with consideration for biodiversity.

In April 2022, we were registered as a participating company of the 30by30 Alliance for Biodiversity, led by the Ministry of the Environment. This alliance is a coalition of the willing established for the achievement of the nature-positive global goal to halt and reverse biodiversity loss by 2030. To accomplish this goal, Japan, with the aim of achieving the conservation and protection of at least 30% of the country's lands and waters by 2030, has committed not only to expanding protected areas such as national parks, but also to designating as OECMs (Other Effective area-based Conservation Measures) areas other than protected areas, such as company forests, conducive to the conservation of biodiversity. In addition, regarding the certification of "Natural Symbiosis Sites (tentative name)" scheduled to be started by the Ministry of the Environment in fiscal 2024, we will cooperate with a pilot project that includes the certification review process, and strive to obtain OECM designation in the future with company-owned forests. In doing so, we will contribute to the building of a sustainable society.



A juvenile tree of the endangered Acer miyabei Maxim



Larch forest

Related Materials:

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

Abandoned Mines

We are a company that developed from the mining industry, but operations at all of the Group's nonferrous metal mines in Japan 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

All non-ferrous metal (copper, lead, zinc, etc.) mines owned by the Group in Japan have been suspended or abandoned, and we spend roughly 4 billion yen per year on the following controls and management programs that are currently in place at 21 abandoned mines in 15 sites and locations.

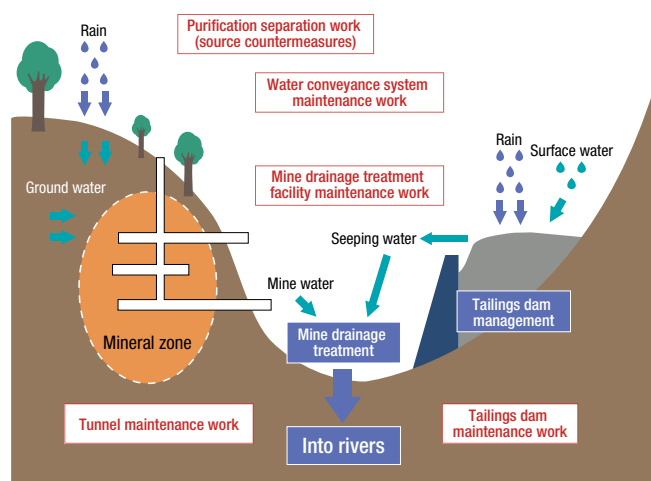
- Management of tailings dams (sites used to store waste-rocks from mining of ore minerals, slag and precipitation sediment generated by from mine drainage treatment)
- Maintenance of old mine workings (mining levels, drifts and drainage tunnels); implementation of safety measures at disused pit mouths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

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.

Overview of Mine Drainage Treatment

In abandoned mines, the rainwater and groundwater permeate into the underground tunnels and mining cavities in the mineral zones that were created by past mining operations, and acidic mine water containing heavy metals is generated by contact with oxidized ore. In addition, seeping water is generated as a result of slag and other substances of tailing dams. Such mine drainage is neutralized at treatment plants, and after removing the heavy metals, it is then discharged into rivers according to wastewater standards.

Mine Drainage Treatment and Countermeasure Work for Abandoned Mines



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 mine wastewater at the source and upgrading aging facilities. By fiscal 2019, we had completed appropriating an environmental countermeasure reserve for work expenses.



Reinforcement work using soil stabilization at a tailings dam (Yatani Mine, completed)



Mine drainage treatment facility (upgraded) (Komagi Mine)

Human Resource Development and Joint Industry-academia Activities

In order to continue to sustainably manage suspended or abandoned mines, we are aggressively training young engineers and working to pass on technologies through the guidance of experienced engineers. Furthermore, in order to contribute to the development of natural resource-related human resources both in Japan and overseas, we started an endowed course, Laboratory of Resources Environment and Remediation, at Hokkaido University in 2017, and have been conducting lectures on conservation in mining environments and other research activities. In addition to the above activities, we are also working on new environmental conservation technology, in cooperation with and under guidance from academics and other experts. These endeavors include promotion of greening of former mining sites where it has been difficult for vegetation to take root, research for evaluation on mine drainage's impact on surrounding environments, development of mine drainage treatment technology utilizing microorganisms and other natural means and the development of remote monitoring technology with radio wave directivity and ultra-low power consumption. The results of this research are published in research publications and presented at symposiums.



Endowed course activities (site tour)



Greening survey at an abandoned mine site

Related Materials:

"Environmental Protection and Technology" ESG Report
<https://mmc.disclosure.site/en/>

Dealing with Climate Change

The Mitsubishi Materials Group will actively promote reductions in CO₂ 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.

Dealing with 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 Strategic Headquarters Management Strategy Division 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^{*1} recommendations, as well as discussion and sharing of information on measures to achieve GHG^{*2} reduction targets and other climate change measures. To monitor the panel, its activities are reported to the Strategic Management Committee 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. In addition, we have endorsed the GX League Basic Concept^{*3} announced by the Ministry of Economy, Trade and Industry, and are working on GHG emissions reduction activities.

^{*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

^{*3} GX: Green transformation

GHG Emissions Reduction Targets

Aiming for Carbon Neutrality by Fiscal 2046

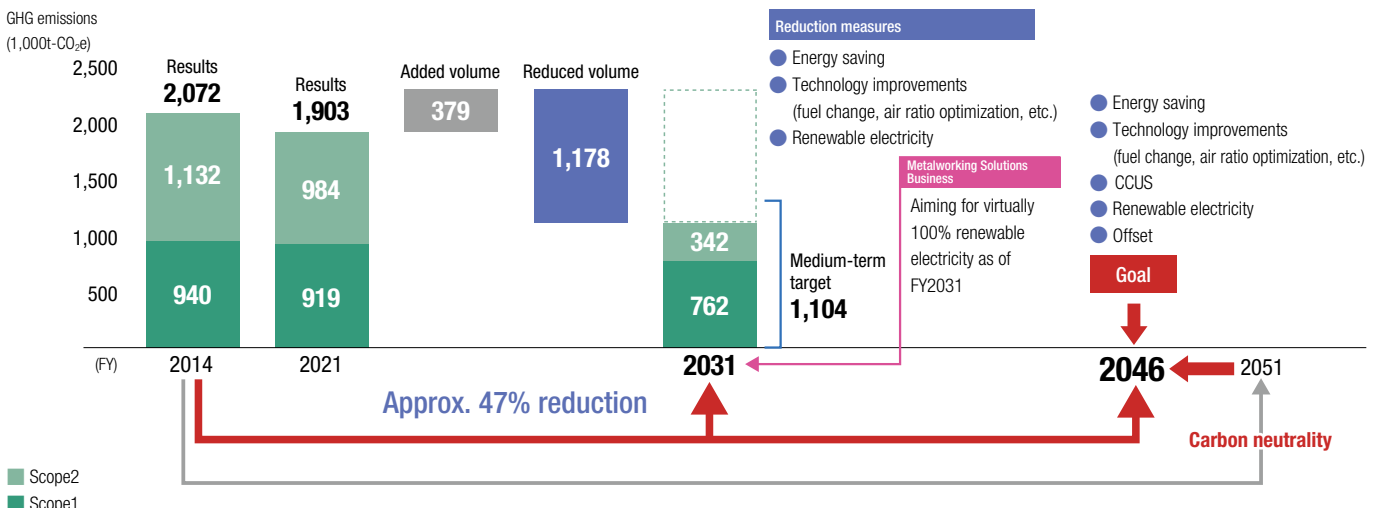
In March 2021, the Group announced our medium- to long-term goal of reducing GHG emissions (Scope1 + Scope2)^{*1} resulting from Group business activities by 17% by fiscal 2031 (compared to fiscal 2014), aiming to become carbon neutral by fiscal 2051.

We reviewed these targets in November 2021 and **decided on a reduction of 47% by fiscal 2031 (compared to fiscal 2014)^{*2}, and to achieve carbon neutrality by fiscal 2046, five years earlier than the original goal.** Specifically, for Metalworking Solutions Business, ahead of other businesses, we set a target to switch all power used in manufacturing to practically CO₂ emission-free electricity by fiscal 2031, and to promote manufacturing activities to contribute to our customers as their Global Craftsman Studio.

One means by which we will achieve this is by switching to renewable energy. By fiscal 2031, our goal is for 60% or more of the electricity used in Group business to be renewable energy. As one of our specific measures, we have switched all power used at the Saitama Office and the Innovation Center (formerly Central Research Institute) to practically CO₂ emission-free electricity that utilizes environmental values derived from renewable energy from January 2022 and April 2022, respectively.

Aggregation of values for Scope3 (GHG emissions for the entire supply chain excluding Scope1 and 2), including our business partners, has started from actual values since fiscal 2021. The actual value in fiscal 2022 is 6,476 thousand t-CO₂e for Scope3, combined with 911 thousand t-CO₂e for Scope1 and 984 thousand t-CO₂e for Scope2 to account for approximately 80% of Group GHG emissions. While working to improve calculation accuracy by sharing information with our business partners, we will project long-term reduction in consideration of their GHG

GHG Emission Reduction Targets



^{*1}Excluding Cement Business and Aluminum Business

reduction plans, etc. Concurrently, we will promote CFP (carbon footprint of products), and focus on circular economy utilizing recycled raw materials with low CO₂ emissions, aiming to ensure transparency through the use of digital technology in the future.

*1 Please see the "Total greenhouse gas emissions (Scope1 + Scope2)" non-financial highlight on page 19 for information regarding total Scope1 and Scope2 emissions trends.

*2 Results and targets do not include the Cement Business, due to its transition to Mitsubishi UBE Cement Corporation, an equity-method affiliate. One the other hand, Mitsubishi UBE Cement Corporation is considering new post-integration GHG reduction targets. These will be promptly disclosed upon decision, and the Company will monitor their efforts to achieve targets as a shareholder. Results and targets do not include the Aluminum business.

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. Currently, 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. In fiscal 2021, we conducted analysis on a trial bases by selecting one domestic site and one overseas site from hazard information to evaluate only direct loss. Furthermore, in fiscal 2022, we formulated a method for selecting target sites and evaluated indirect loss. These evaluation results are reflected in risk management activities at each business site.

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, promotion of technology development and demonstration experiments for CO₂ collection and use, 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. Currently, we are updating scenario analysis and examining indicators, targets and strategies while maintaining consistency with the next Medium-Term Management Strategy.

* CCUS: Carbon dioxide Capture, Utilization and Storage

Related Materials:

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

Scenario Analysis – Summary of Results

■ : Risk factors ● : Opportunity factors

(The arrows indicate the assessed impact for each business)

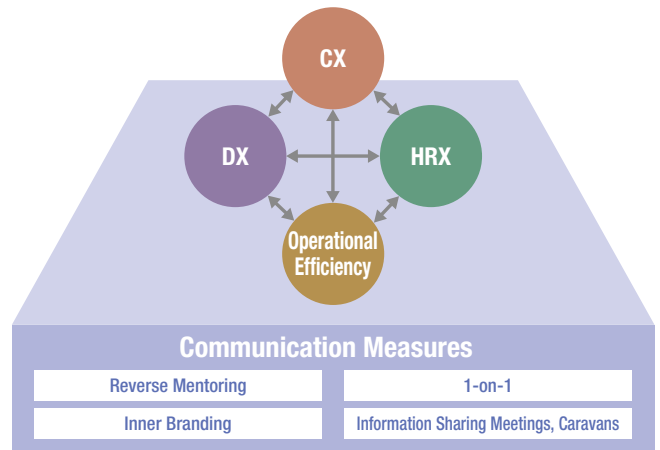
	Advanced Products	Metalworking Solutions Business	Metals Business	Environment & Energy Business
2°C Scenario	● Increase in EV unit sales Opportunity: Large	■ Sudden change in the metalworking products market due to modal shift, etc. Risk: Medium	● Increase in demand for the E-Scrap recycling Opportunity: Medium	■ Further penetration of and demand for renewable energy ● Demand for energy-saving home appliance replacements Opportunity: Large
	All businesses ■ Introduction and enforcement of the carbon taxation (operating costs)		Risk: Medium	
4°C Scenario	All businesses ■ Increase in water-related risks, such as floods, tidal waves, and droughts		Risk: Large	

Communication Measures

Implementing wide-ranging communication measures to support the four management reforms and becoming a free, strong organization

The Group is implementing a wide range of communication measures in line with its policy that unrestricted communication is essential to building a better organization.

The Group's vision for governance is to enable smooth, autonomous communication, particularly between Head Office and subsidiaries, between Head Office and plants, and within each subsidiary. Work is also being done to implement workplace revitalization in areas such as dialogue (communication work) and to enhance compliance awareness. These initiatives aim to develop a corporate culture that encourages the building of healthy and open relationships of mutual trust and understanding between managers and employees.



Reverse Mentoring

Reverse mentoring is being deployed on a Company-wide basis with the aim of fostering an organizational culture that facilitates frank communication and open discussion in all directions by promoting communication that transcends hierarchies and organizations. Mentoring is normally a system in which senior employees (mentors) provide advice and support to junior employees (mentees) relating to both work and personal matters. With reverse mentoring, however, young employees become the mentors and give mentoring to the managerial level. This also leads to more equitable communication with the managerial level and interaction between mentors.



Company-wide Implementation of 1-on-1

1-on-1 meetings have been introduced in order to enhance the quality and quantity of communication between managers and employees within workplaces, helping managers to provide continuous and timely support for the growth of those they lead. The hyphenation in "1-on-1" is included as an expression of the connection between managers and employees. These regular meetings are shorter and more frequent than conventional employee interviews, and employees can speak freely with peace of mind in the knowledge that their manager will listen attentively. This enhances the relationship of trust between managers and employees, creating workplaces with an even greater sense of "psychological safety."



Link MATERIALS

An in-house website for the dissemination of information has been established, acting as a Group-wide communication hub for the timely dissemination of major news items, directional planning leading to revitalized communication and the introduction of initiatives aiming to realize the Group's Mission.

Inner Branding

The Group began its inner branding activities in fiscal 2022 with the goal of encouraging employees to take ownership of our Mission. We are implementing numerous initiatives based on the three directions of “1. Communication with management,” “2. Connect every single employee and the entire Group horizontally” and “3. Support each challenge.” In fiscal 2022, “Ambassadors,” members recruited from among employees following applications from across the Group, played a central role in starting initiatives such as half-day workplace experiences and internal radio-style broadcasts. The development of new measures is planned to continue in future.

Ambassador Activities

Ambassadors for the promotion of inner branding have been appointed and are currently actively fulfilling this role. Their main role is to create a mechanism for each employee to take ownership of the Group’s Mission and apply it in their own behavior. Through discussions at regular monthly meetings, Ambassadors develop an understanding of the current situation and recognize issues while also holding interviews with the President and their colleagues, deepening discussion and formulating action plans. They also disseminated a wide range of information in fiscal 2022 to deepen understanding of the Group’s Mission among employees. Furthermore, Ambassadors have been active in promoting inner branding through activities such as guest appearances on internal radio-style broadcasts and half-day workplace experience trials.

Half-day Workplace Experiences

Half-day workplace experiences are being carried out as an opportunity for employees to experience jobs at other workplaces. By promoting communication to know (getting to know the people and work at other divisions and Group companies, and understanding how they contribute to the Mission) and connect (horizontal communication and relationship building that transcends divisions and companies, and horizontal communication and relationship building within the workplace) to other divisions and Group companies, we will continue to establish an organizational culture that truly enables free and open-minded communication. This initiative also serves as an opportunity for individuals to consider their own career on an autonomous basis.



Internal radio-style broadcasts



Created to promote communication with managers and employees, regular radio-

style broadcasts where the President personally acts as an entertainment personality, answering a range of questions from Group employees is delivered. Episodes of the show are also archived on Link MATERIALS for employees who are unable to listen to the stream in real time. Questions to the President are also received on a constant basis, and various innovations—including having managers and actual employees who have submitted questions appear as guests—are being trailed. We have received feedback that this opportunity to hear the President’s honest views and get an insight into his personality as he converses with guests in a friendly atmosphere distinct from official management messages leads to a better understanding of the Company and management reforms.

VOICE

Ryosuke Sato

Separation and Purification Field, Innovation Center (Onahama Branch)

Ambassador, a position for all job roles and levels of experience

One of the appeals of being an Ambassador is the parity irrespective of job role or years of experience. While the first year of the project proceeded without face to face meetings, we were able to work exclusively through online meetings and chat functions to make the opinions of our members into something fruitful, even with regards to important decisions. I have continued into the second year, however, more than half of the other members are new. I want to carry on the spirit of that first year and we move forward to realize the Group’s Mission.



VOICE

Rizumu Murakami

Indexable Tools Development Dept., Tsukuba Plant

An opportunity for new workplace experiences

Due to the spread of the COVID-19 infection, when I joined the company, there were few opportunities to expand the community within the company. I participated in a half-day workplace experience at an electronic components sales division in order to broaden my horizons and help me keep up my excitement for my work going into my second year. Through activities such as touring the workplace and taking part in sales meetings, I had a fresh opportunity to engage with businesses and industries that I am rarely involved with. I want to continue making the most of this experience by always remaining aware of connections with other businesses in my future work.



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.

In the interests of sustainable corporate management, we believe that communicating with our stakeholders is crucial if we are to reflect their expectations and requirements in our business strategies and activities. While creating more opportunities for communication, our aim is to incorporate stakeholders' perspectives into our management practices to a greater extent than ever before.

Relationships between stakeholders and businesses, key communication channels

Stakeholders	Relationship with businesses	Communication channels
 Shareholders & Investors	Disclosing information as and when necessary, and engaging in dialogue regarding management We aim to sustainably increase corporate value through mutual communication with shareholders and investors while fulfilling management transparency and accountability.	• General Meeting of Shareholders, assorted IR meetings, assorted publications • Small Meetings with Outside Directors, etc. • Exchanges of opinions, questionnaires, etc., with ESG rating organizations
 Customers	Engaging in business activities with an emphasis on improving customer satisfaction We provide high-quality products and services that meet a wide range of customer needs and requirements.	• Customer satisfaction surveys • Customer service, technical support activities • Providing information on product safety and environmental features
 Employees	Improving the value of individual human resources We aim to create a workplace where members of diverse backgrounds can coexist and be accepted by each other, maximize their respective capabilities while making the most of each other, and feel safe and secure as they work, experiencing their own growth and self-realization.	• Information Sharing Meetings, Caravans by location, etc. • Inner Branding • In-house Reporting System
 Local Communities	Building trusting relationships & contributing to development We actively engage in interaction and dialogue with local communities and strive to achieve appropriate mutual recognition and understanding with regards to our business activities.	• Various community-based social contribution activities • Dialogue with local communities in development areas, etc. • Support to help resolve local issues
 Business Partners (Suppliers)	Engaging in fair, impartial trade & collaboration We engage in fair and proper transactions with all business partners and work with our business partners to implement responsible procurement of raw materials and minerals.	• Opinion exchange meetings with major business partners and suppliers • Collaboration in disaster relief activities • Collaboration in the implementation and permeation of Group policies
 Industry/Economic Organizations	Collaboration to solve social issues We engage in exchanges of opinions and collaborations with the Japan Mining Industry Association, Japan Geothermal Association, and KEIDANREN (Japan Business Federation), etc., in order to solve social issues	• Participation in organization activities, seminars, research groups, etc.
 Non-profit Organizations (Educational/Research Institutions, NGOs & NPOs)	Engaging in dialogue and cooperation in response to public demand We contribute to education support and human resource development through cooperation with educational and research institutions, NGOs and NPOs.	• Research and educational activities through industry-academia collaboration • Support for NPO activities • Participation in the Global Compact Network Japan
 Government	Maintaining close, sound relations and assisting with policies In addition to complying with related laws and regulations established by government agencies and local governments, we engage in businesses that contribute to the regional development in a collaborative manner.	• Participation in various policy councils, etc. • Participation in national projects through the provision of technology, etc. • Participation in environmental measures such as Eco Town Projects
 Environment & Future Generations	Engaging in wide-ranging dialogue & collaboration in order to protect the environment In order to contribute to solving environmental problems, we build networks with various stakeholders, exchange opinions, and promote collaboration.	• Information disclosure and dialogue on environmental protection activities • Ecosystem and other environmental studies in Japan and overseas • Promoting exchange in relation to sustainable management and operation of company-owned forests

Human Resources Strategy

Based on the idea that human resources are the source of business competitiveness, the Group will focus on developing and utilizing talents 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. Acquire talents

Extension of mandatory retirement age, reinforce hiring activities and systems, including within the Group companies, etc.

2. Develop talents

Visualize capabilities of talents (talent management), etc.

Organizational culture:

1. Enhance engagement

Introduce professional talent system, etc.

2. Strengthen management of Group companies

Promote to exchange the talents within the Group companies, disseminate "Leadership Values in the Mitsubishi Materials Group," etc.

Improvement of social value:

1. Utilize diverse talents

Extension of mandatory retirement age, expansion of Diversity and Inclusion activities, etc.

2. Health & productivity management

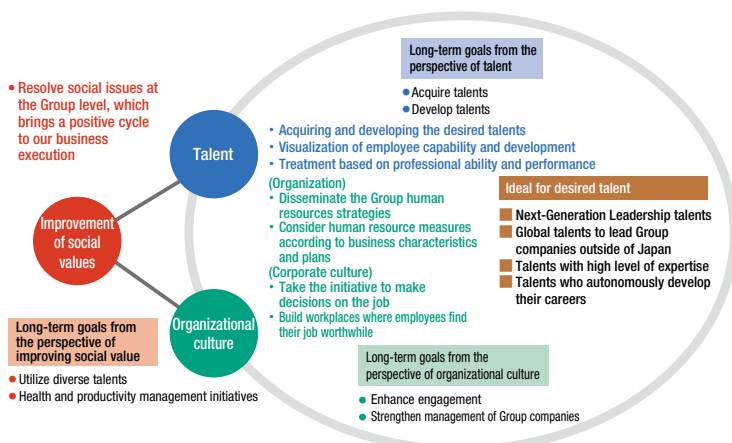
Enacting the Mitsubishi Materials Group Health and Productivity Management Declaration, striving for certification as a Health & Productivity Management Organization

Long-Term Strategy Goals

Our Group will strengthen its management by acquiring and developing talents that can respond to changes 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 2023 and After

From fiscal 2023, to ensure our ability to acquire and develop talents in line with the HRX framework started in fiscal 2022, we will establish and disseminate Job-based HR System for managers that was introduced in April 2022, implement new Next-Generation Leadership Talent Development Program and promote utilization of the Internal Job Posting System. As a training system that supports autonomous career-building and our Job-based HR System, we will also expand our selective online training, enhance career training and provide management skill training opportunities by job grade. Furthermore, we will promote the expansion of the Talent Management System functions that enable visualization of human resources information as one of the efforts to support the above activities.

Moving forward, as an initiative to foster organizational culture and further revitalize communication, we have been steadily establishing and implementing 1-on-1 company-wide since January 2022, and promoting reverse mentoring, where junior employees are mentoring and providing advice to senior management.

Additionally, in order to realize the improvement of social value, we will accelerate efforts related to Diversity and Inclusion (women, non-Japanese, mid-career hires, people with disabilities, etc.) with the aim of utilizing diverse talents. In regard to health and productivity management, we were certified as a "Health & Productivity Management Outstanding Organization 2022 (Large Enterprise Category)" in October 2022, as the results of our efforts in promoting initiatives following the enactment of "the Mitsubishi Materials Group Health and Productivity Management Declaration" in March 2020. We will continue our efforts to promote our health and productivity management activities (realize an upward spiral) and enhance mental health.

Fiscal 2023 Initiatives

		Scheduled for Fiscal 2023
Talent	Acquire and utilize talents	1. Establishment and dissemination of the Job-based HR System 2. Activation of the Internal Job Posting System 3. New Next-Generation Leadership Talent Development Program 4. Smooth operation of the Human Resources Committee
	Develop talents	1. Smooth operation and expansion of functions of the Talent Management System (visualization of human resources information) 2. Establishment of New Training System (expansion of selective training) 3. Continuous improvement of training programs for junior employees that aim to develop manufacturing and human resources that improves on-site capability
Organizational culture	Enhance engagement	1. Communication activation (1-on-1, reverse mentoring)
Improvement of social value	Utilize diverse talents	1. Acceleration of efforts related to Diversity and Inclusion (women, non-Japanese, mid-career hires, people with disabilities, etc.)
	Health & productivity management	1. Improving our rank in the Certified Health & Productivity Management Outstanding Organizations Recognition Program 2. Continuation of health and productivity management activities (realize an upward spiral) 3. Mental health initiatives

Diversity & Inclusion

Basic Policy

The Group's policy on Diversity and Inclusion is stipulated in the Basic Policy on Corporate Governance, Sustainability Policy and Human Rights Policy. In order to embrace and respect diverse personalities, as well as to create new values that are sources of sustainable growth for the Group, we have set new goals for the employment of women, non-Japanese, mid-career hires and others, and are strengthening our efforts through a variety of measures.

Related Materials:

"Basic Policy on Corporate Governance" on the corporate website
<https://www.mmc.co.jp/corporate/en/company/governance.html>

"Sustainability Policy" "Human Rights Policy" on the corporate website
<https://www.mmc.co.jp/corporate/en/sustainability/>

Implementation Structure

As of September 1, 2021, we established an organization dedicated to Diversity and Inclusion, and are accelerating our efforts as a vital pillar of our human resources strategy.

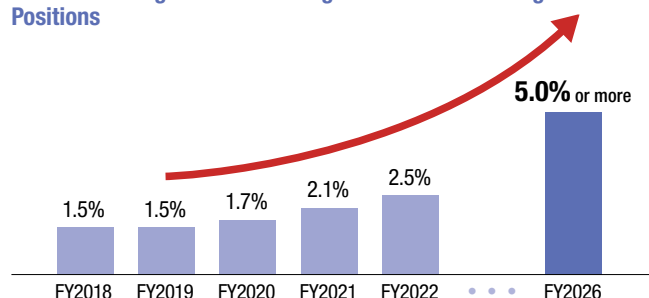
FY2026 Target

As our vision for Company-wide Diversity and Inclusion, we aim to increase the number of female and non-Japanese managers by about 2.5 times and the number of mid-career hire managers by about 1.5 times over that of fiscal 2021 by fiscal 2026.

Targets for the Number of Female, Non-Japanese and Mid-Career Hire Managers

FY2026 Target		
Female managers	Number compared to FY2021:	Approx. 2.5 times
Non-Japanese managers		Approx. 2.5 times
Mid-career hire managers		Approx. 1.5 times

Trends and Targets for Percentage of Women in Management Positions



*Results as of the end of March each fiscal year

Current status

The number and ratio of female directors, executive officers and managers in each position are as follows.

	Number	Ratio
Female directors (as of June 28, 2022)	2 (out of 10)	20%
Female executive officers (as of April 1, 2022)	1 (out of 10)	10%
Female managers (as of April 1, 2022)	47 (out of 1,699)	2.8%

Main Initiatives

To achieve our targets by the end of fiscal 2026, we are involved in measures to construct a base and disseminate inclusion, including developing of the environment necessary to promote Diversity and Inclusion, as well as promoting a wide range of measures for women, non-Japanese, and mid-career hires, employees with disabilities and the LGBTQ+ community, and measures to promote childcare leave taken by male employees.

● Base development and dissemination of inclusion measures

- Distribution of video content related to Diversity and Inclusion for all employees
- Implementation of unconscious bias e-learning for managers
- Conducting seminars for all employees on renewing work styles and encouraging male employees to take childcare leave
- Conducting nursing care seminars for all employees
- Implementing programs on Diversity and Inclusion in training at each level
- Including Diversity and Inclusion elements in behavioral evaluation for managers
- Discussing Diversity and Inclusion at the Board of Directors (Four times in fiscal 2022)

● Career support measures

- Conducting career interviews
- Opening the employee hotline
- Implementing career training

● Support of women's development and advancement

- Sponsorship Program (support for career acceleration sponsored by executive officers) (for female managers)
- Career building support (for female career track employees)
- Implementing action plans at offices and plants
- Providing external training opportunities

● Support for employees with disabilities

- Implementing action plans at offices and plants
- Strengthening of connection with external associations for employees with disabilities
- Employment support for employees with disabilities (trainees from special education schools)

● Support for non-Japanese employees

- Active participation in recruitment events for international students
- Foreign language support for company entrance exams
- Language education support both before and after hiring

● Support for mid-career hires

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

● LGBTQ+ support

- Providing a consultation system
- Awareness building by in-house training
- Reviewing the HR policies

● Support for male employees to take childcare leave

The Company aims to further promote Diversity and Inclusion by enabling employees to better balance work and life events such as childcare to create an environment where diverse talents can continue to perform. From fiscal 2023, we set a goal of having 100% of eligible male employees to take childcare leave and are actively working to achieve this goal through measures such as continuous awareness building in our training, holding seminars that renew work styles and encouraging childcare leave taken by male employees.

Trends in the numbers, rates and days of childcare leave taken by male employees

Period	Number taking leave	Rate taking leave	Average days taken
FY2020	4	2.8%	28
FY2021	27	15.6%	41
FY2022	56	36.6%	32

*A system unique to our company allows a male employee whose spouse gives birth to take 3-day post-natal leave (paid) within two weeks of the date of birth

Related Materials:

“Diversity & Inclusion” on the corporate website*
<https://www.mmc.co.jp/corporate/ja/diversity/>

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

System

The Company is working to develop and expand a variety of support systems in order to create a workplace where every employee can continue to perform while realizing a work style that suits the events in their lives and take on the challenge of career advancement.

Systems for Diverse Careers and Continued Employment

System	Overview
Work-from-home System	A system that allows employees to work from home who are in charge of work that can be handled at home.
Remote Work System	A system that allows managers to work without restrictions on location (Japan only)
Internal Job Posting System	Implemented as a part of promoting autonomous career building
Area Limited Employment System	A system that allows employees with certain circumstances, such as childcare or long-term care, to be exempt from relocation for a certain period of time
Special Temporary Leave-of-absence System	A system that allows employees who are accompanying a spouse on an overseas assignment or who are studying at their own expense to take leave for a certain period of time
Reemployment System for employees who have once resigned	A system that allows employees who have once resigned due to personal family circumstances (marriage, childbirth, long-term care, etc.) to rejoin the Company under certain conditions

*See the ESG report for the system that supports flexible workstyles

Related Materials:

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

Health & Productivity Management

Our Group positions employee health management as a vital management issue, promotes health and productivity management, and develop activities cooperating with Mitsubishi Materials Health Insurance Society to improve the mental and physical health of employees and their families.

Through the health and productivity management initiatives, we will create a workplace where employees can healthily and energetically work, which will lead not only to improvement of labor productivity and corporate values, but above all, allow all employees and their families to lead fulfilled lives within the company, with the goal of enabling productive activity for both the company and our employees.

“The Mitsubishi Materials Group Health and Productivity Management Declaration” was enacted in October 2020, and the Health and Productivity Management Panel was established as a specialized committee under the Sustainable Management Office headed by the President. In this system we have implemented a variety of company-wide measures related to health.

Based on the results of these activities, we were certified as a “Health & Productivity Management Outstanding Organization 2022 (Large Enterprise Category)” in March 2022 under the Certified Health & Productivity Management Outstanding Organizations Recognition Program as selected by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi (Japan Health Council).



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 promote marketing activities through information gathering from a bird's-eye view of Mega Trends and technology trends, as well as through dialog with customers, to find new value that meets customer needs and wants. We will manifest new value through integration of technological development and manufacturing capabilities based on our core technologies, and create new products, services and businesses, as well as improve our intellectual property.

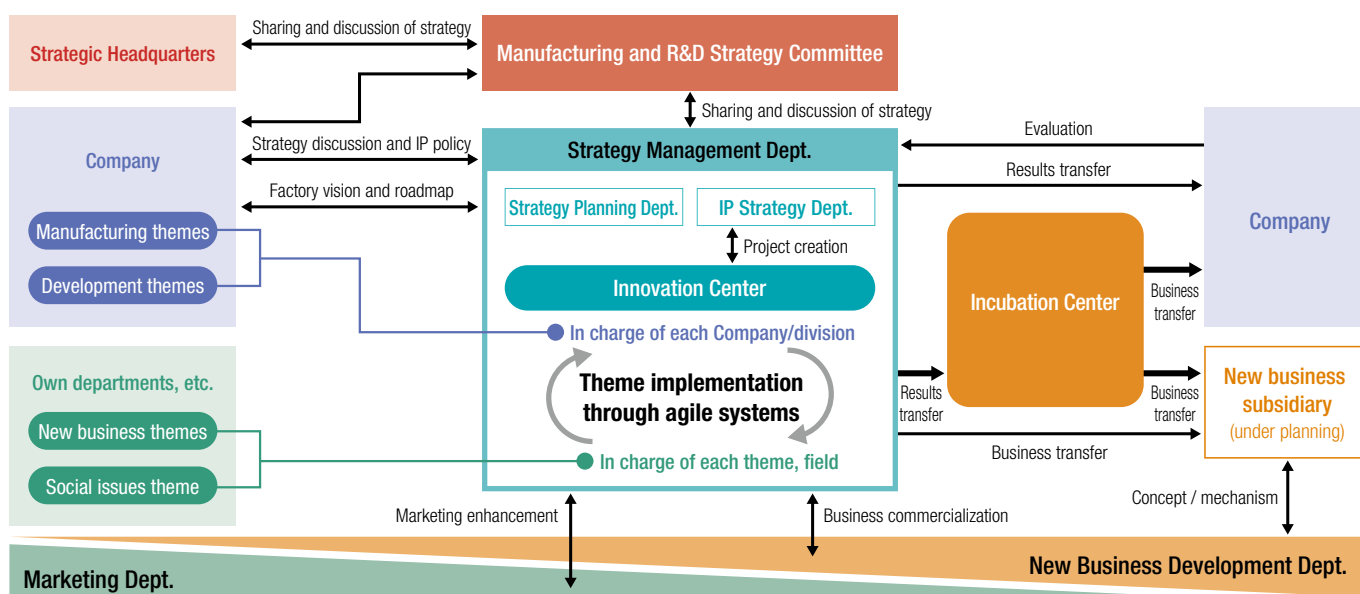
Points for Strengthening Operations in Fiscal 2023 and After

Fiscal 2023 is the final year of our Medium-Term Management Strategy, so as we work to further specialize manufacturing, advance production processes, promote smart factories and accelerate new business creation, we will capture Mega Trends to promote research and development centered on next-generation vehicles, IoT, AI, urban mining, clean energy and decarbonization.

On the organizational side, in order to realize everything from idea creation and research and development to mass production and commercialization, we have newly established the Monozukuri and R&D Strategy Division, which integrates departments related to manufacturing (production engineering), development, marketing and new businesses. At the Innovation Center, we categorize tasks into the themes of research and development, manufacturing issues and new businesses, and have established a system to efficiently utilize human resources and promote development and technology acquisition for the creation of new products, new businesses and problem solving. At the Incubation Center, we develop and enhance businesses created at the Innovation Center as well as businesses that would be difficult for a business unit to expand independently. In order to accelerate the creation and launch of businesses in a new business fields, the Marketing Department will enhance coordination with the Innovation Center and promote the fusion of needs and seeds. Furthermore, in order to strengthen our business foundation and promote the creation of new businesses through both internal and external collaboration, we have established the IP Strategy Department, Strategy Planning Department and Business Promotion Department all within the same division.

Through these measures, we will enhance our response to current issues such as strategy coordination, flexible allocation of management resources, the comprehensive training of project managers and human resources specialized in mass production and commercialization.

Monozukuri and R&D Strategy Division Business Decision Overview



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.

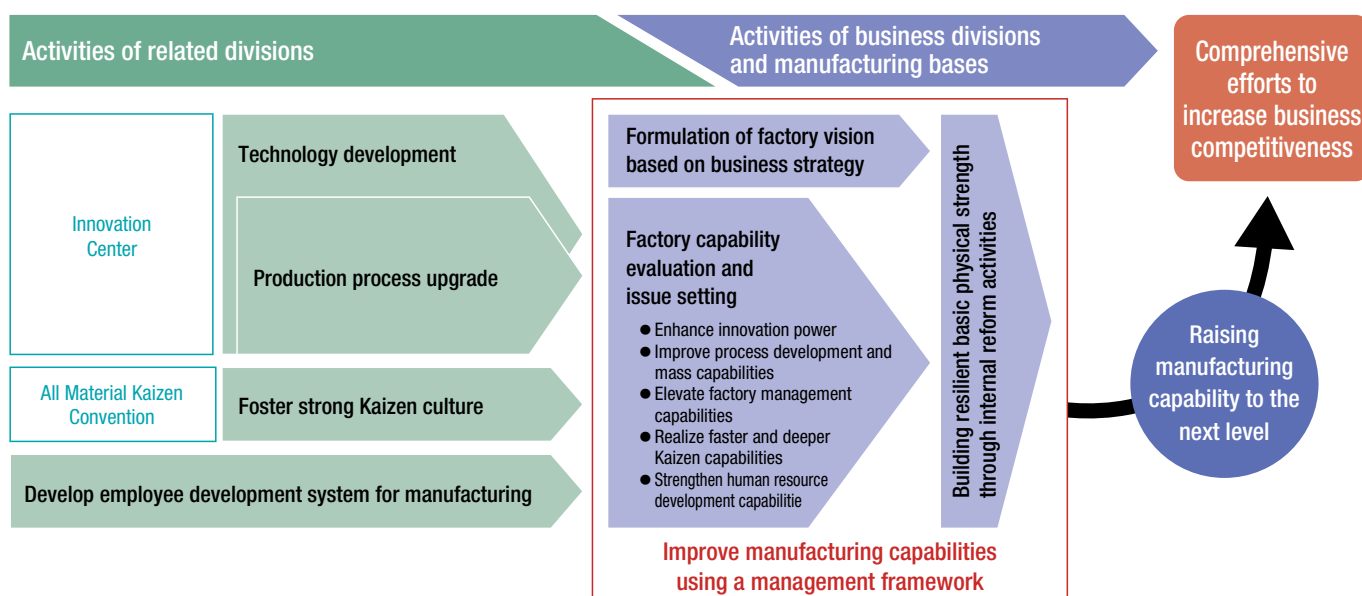
Points for Strengthening Operations in Fiscal 2023 and After

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.

For the factory vision, we examine effective mechanisms to improve efficiency in formulating the vision and follow-up measures. In the manufacturing management framework, we finalize initial evaluations on “Kaizen capabilities” and “Factory management capabilities,” and check progress of improvement plans. On the other hand, for “Innovation power” and “Human resource development capabilities,” design is completed before the initial evaluation is developed. We are working under multiple themes on “Production process upgrade,” and have already developed equipment under the theme of AI-based inspection automation and installed this equipment in our factories. We plan to actively promote lateral development in order to utilize elemental technologies acquired through this development at other factories. In addition, we have started research and development for smart factories by selecting model businesses and plants, defining the elemental technologies to be applied, and in fiscal 2023, we will continue to establish elemental technologies that will improve quality, reduce labor and shorten manufacturing lead times, etc.

Our practical education program for developing human resources in manufacturing targeted at junior employees will be applied to the fields of manufacturing, development, sales and management in order to develop more effective initiatives that further contribute to plant profits. We will also promote efforts to train DMAIC (quantitative process improvement) leaders for management positions at each plant. Furthermore, in fiscal 2023 we will uncover manufacturing issues and strengthening activities. Then, we will utilize our accumulated know-how and technology to solve issues with efficient systems.

Raise Manufacturing Capability to the Next Level



Intellectual Property Management

The Group implements the formation of intellectual property and intangible asset portfolios in line with business and development strategies, and is working to enhance intellectual property-related risk management and intellectual property governance standards.

The Intellectual Property Policy of Mitsubishi Materials Group

The Intellectual Property Policy of Mitsubishi Materials Group sets out the direction of Group-wide intellectual property activities and was established in May 2022 on the basis that, given the growing importance of intellectual property and other intangible assets, efforts must be made to maximize the value of intellectual property and intangible assets across the Group. Sharing the direction that the Group as a whole should aim for leads to more active promotion of intellectual property activities.

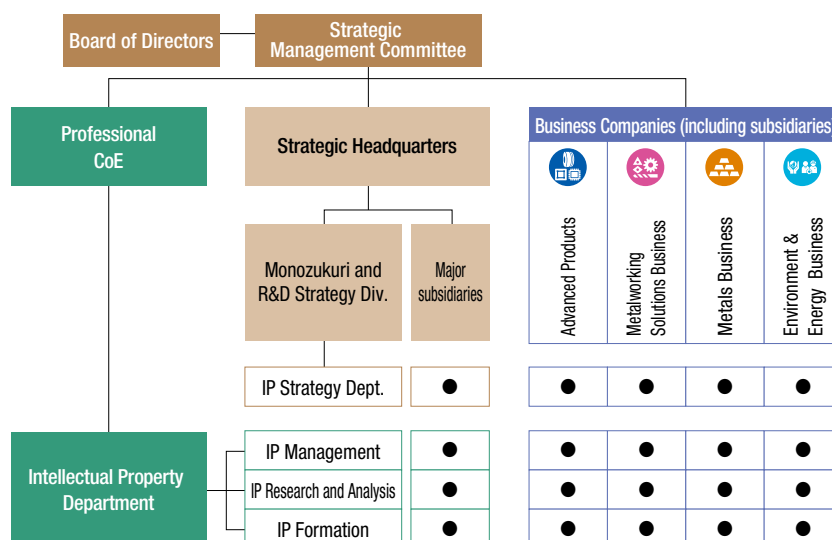
The Intellectual Property Policy of Mitsubishi Materials Group

Through our intellectual property activities, we contribute to the realization of the Group's image of becoming "the leading business group committed to creating a sustainable world through materials innovation, with use of our unique and distinctive technologies, for People, Society and the Earth."

1. We implement strategic intellectual property right formation in line with business and development strategies, ensure appropriate protection both in Japan and overseas, and apply effective utilization for the purposes of our business activities.
2. We respect the intellectual property rights of third parties and establish systems to prevent infringement.
3. We encourage new inventions and innovations, and establish appropriate incentive systems for inventors.
4. We work to earn the trust and confidence of stakeholders by fostering and protecting our brands.
5. We strengthen controls on counterfeit products distributed globally and ensure the implementation of countermeasures.
6. We cultivate human resources that make strategic use of intellectual property information, and provide appropriate education systems and environments to achieve this.

Group Intellectual Property System

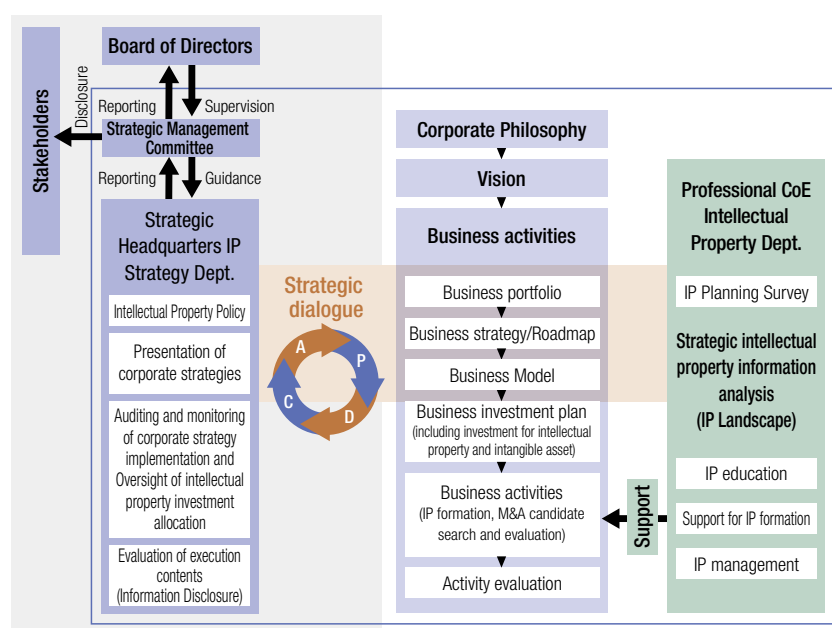
The Intellectual Property Division was restructured in April 2022, and the IP Strategy Department, which is responsible for the formulation of Group strategy relating to intellectual property, was established within the Strategic Headquarters and the Intellectual Property Department, which is responsible for executing these strategies, was established within Professional CoE. These two departments collaborate in the promotion of intellectual property activities.



Intellectual Property Activities and Enhancing Governance

The Group aims for strategic intellectual property formation and promotes its activities based on strategic dialogue between the Business Divisions, the Development Department and the Intellectual Property Division. In addition, governance is enhanced through regular discussion and reporting to the Strategic Management Committee and the Board of Directors.

Strategic intellectual property activities and enhancing governance

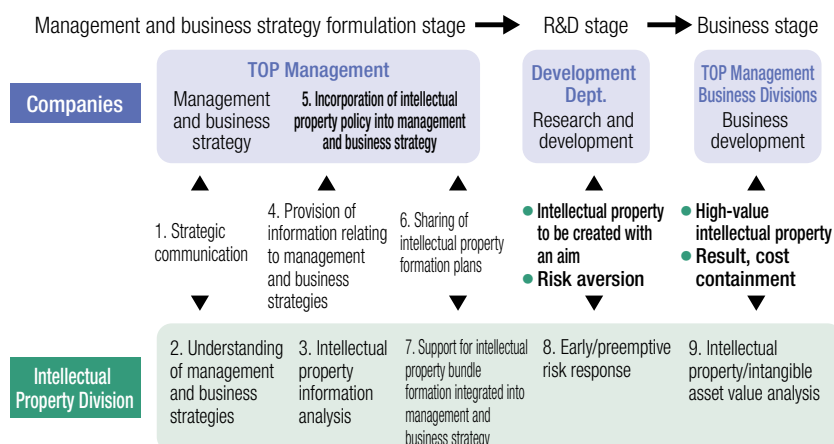


Promotion of Strategic Dialogue

The Intellectual Property Division promotes strategic dialogue as part of its intellectual property activities in line with management/business strategies, development strategies/roadmaps, and business models.

High-priority areas with regards to intellectual property formation are selected with reference to Company business portfolios. Intellectual property information analysis is carried out on the selected areas, and the results of this analysis is used to establish intellectual property policies while engaging in dialog with Companies. The policies established are incorporated into management and business strategies, and formed with the aim of achieving intellectual property needed for business development. Through these activities, we are working to maximize intellectual property and intangible assets, thereby contributing to efficient business operation.

Promotion of strategic dialogue between Companies and the Intellectual Property Division



Related Materials:

"Intellectual Property" on the corporate website
<https://www.mmc.co.jp/corporate/en/business/ip/>

Digital Transformation

Digital Transformation Strategy/MMDX

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.

Points for Strengthening Operations in Fiscal 2023 and After

This is the third year of our MMDX activities, and each theme has progressed to the implementation stage. While specific results and efforts are already underway in several themes, visualization of overall movement of implementation, response to further strengthen the organization, review of themes and movement for the next Medium-Term Management Strategy and CX system have become challenges. Therefore, we will focus on the following three points for our strengthening efforts in fiscal 2023.

The first is strengthening the structure. In business digital transformation, we will accelerate the construction of DX organization within business divisions with the aim of introducing and utilizing digital solutions, while strengthening their maintenance and operations support. In addition, we are proceeding with in-house production for operation and development in areas that have relied heavily on external support until now.

The second is strengthening program management (PM). As we enter the execution phase, we need to be able to more accurately visualize our schedules, resources, costs and tasks, as well as strengthening the management. By establishing a PMO system across each theme in the DX Management Office, we will comprehensively manage and operate multiple themes.

The third point is reviewing our themes. The 21 MMDX themes have been organized into 19 themes according to progress. Furthermore, we are strengthening coordination with digitalization efforts in manufacturing departments, while also proceeding with integration of contact points and response, and considering the creation of new themes.

MMDX Themes and Aims

		Theme	Aims	Points
Strengthen customer touch points and S&OP ¹	Product-based Business	1. MI ² : Digital customer touch point	Business growth Create a foundation to catch up with competitors' efforts and winning on a global scale	Strengthen customer touch points and process coordination Review the entire business process with a focus on “getting closer to customers”
		2. Ability to propose solutions		
		3. Demand & supply management		
	Recycling-Based Business	4. Improvement of customer touch points	Business development, “For People, Society and the Earth” Contribute to a sustainable society	Strengthen business by leveraging current business strengths and involving industry Establish an underlying platform
		5. Supply chain integration		
		6. Advance development and production data utilization		
		7. Advance cost control of electronic materials		
Reformation of Manufacturing	Manufacturing DX	8. Strengthening E-Scrap processing	SCQDE, improving work site capabilities, improving product capabilities	Thorough operational efficiency, and sophisticated business operations through utilization of data
		9. Environmental recycling DX		
Strengthen Management Foundation	Key Operations / Business Administration / Data Infrastructure	10. Security and safety	Advancement of business administration to support CX Data-driven management Speedy decision making and execution based on data	Capture real situation and data in the field and market, not monthly, and the ability to look ahead Thorough utilization of existing data
		11. Maintenance		
		12. Advance procurement		
		13. Innovation Center DX		
	Operational Efficiency	14. ERP	Make work easier, focus on professional work in office, and for manufacturing	Review (standardization, universalization, and externalization) and thorough automation of business processes
		15. Upgrading of business administration		
		16. Data infrastructure and utilization		
	Human Resource Base	17. Operational efficiency	Strengthen talents for sustainable development Good and healthy communication Corporate culture with a spirit of challenge	High visibility of talents and transparency of evaluations DX talent development Improved DX mindset and literacy
		18. Talent management		
		19. DX talent development and literacy improvement		

¹ Abbreviation of Sales and Operation Planning: Optimization of the entire supply chain through sharing information and accelerating decision-making between management, sales and manufacturing sites.

² MI: Market intelligence

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

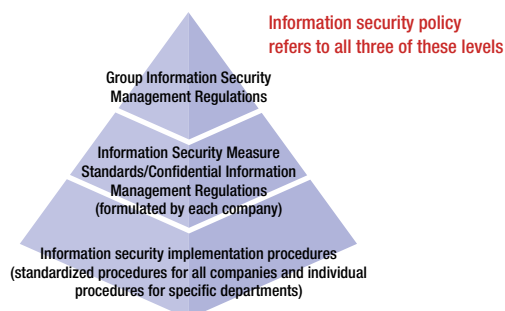
Information Security Measure Standards:

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

Confidential Information Management Regulations:

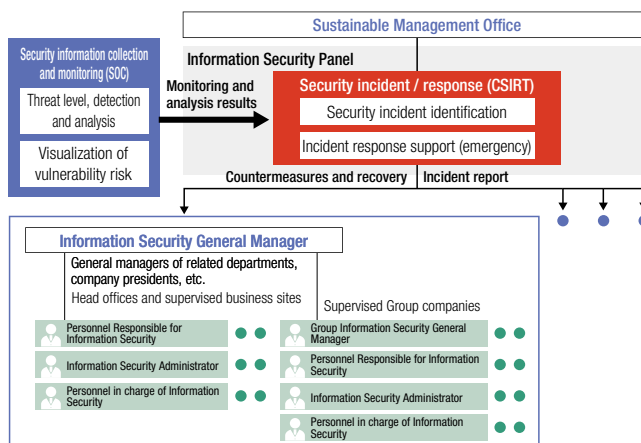
Basic rules regarding the handling of personal information and basic indicators on management methods for maintaining the confidentiality of information assets in general

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 a measure of fiscal 2023, we will promote stable operation of the Security Operation Center (SOC) and expand the area we monitor. In addition, we aim to establish the activities of the Computer Security Incident Response Team (CSIRT) and raise security awareness through information security education and training.

Furthermore, we will not only comply with personal information protection laws of relevant countries, but also plan to implement new security measures in the OT field, where digitalization and transition to smart factory are progressing.

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

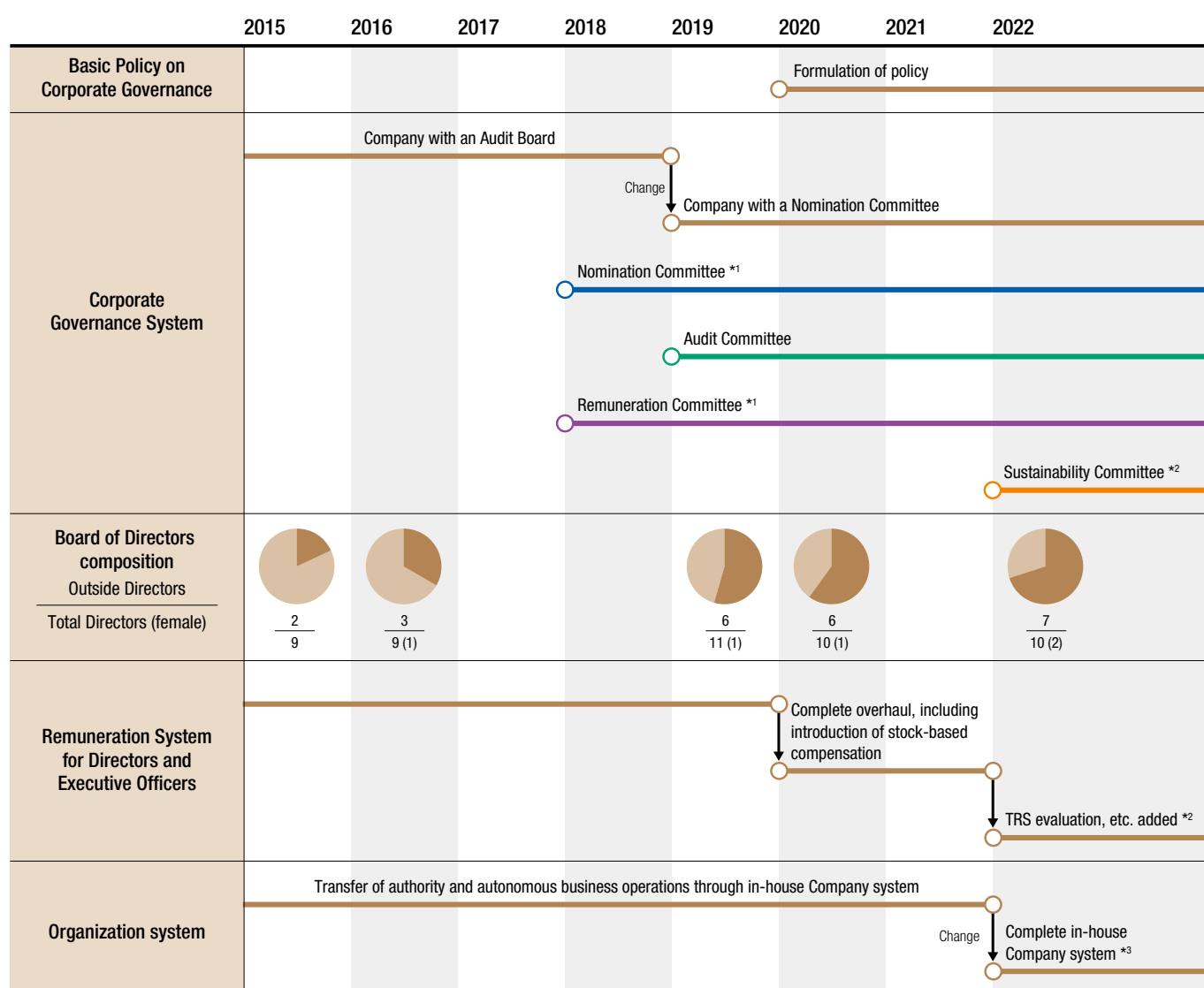
Efforts in Strengthening of Corporate Governance

The Company has been working on continuous reform of corporate governance, including the establishment of voluntary Nomination Committee and Remuneration Committee in 2018, the transition to being a company with a Nomination Committee in 2019, the establishment of Sustainability Committee in 2022, etc.

The Board of Directors has been continuously increasing the ratio of Outside Directors, currently with 7 being Outside Directors and 2 being female directors out of 10 Directors.

With regard to the remuneration system for Executive Officers, the Company introduced stock-based compensation in FY2020 and from FY2023, we added relative TSR evaluation to the annual bonus evaluation items and incorporated targets based on the Sustainability Policy as nonfinancial evaluation items.

As for the organizational structure, we have shifted to a complete in-house Company system from FY2023 in order to further improve our business competitiveness. We are also working for strengthening our organizational culture reform and corporate governance.



*1. Set up in FY2019 as a voluntary committee and became a statutory committee from June 2019.

*2. With regard to the annual bonus of the remuneration system for Executive Officers, we added relative TSR evaluation as an evaluation item and adopted a system to evaluate targets set for each Executive Officer, including initiatives in line with the Sustainability Policy, as nonfinancial evaluation items.

*3. Transitioned from April 1, 2022 to a complete in-house Company system, combining a strategic planning organization, a professional organization responsible for upgrading and improving efficiency, and a strong business division implementing autonomous management (in-house Company) and having all functions necessary for business operations in the in-house Company.

Corporate Governance System

Basic Approach

- 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

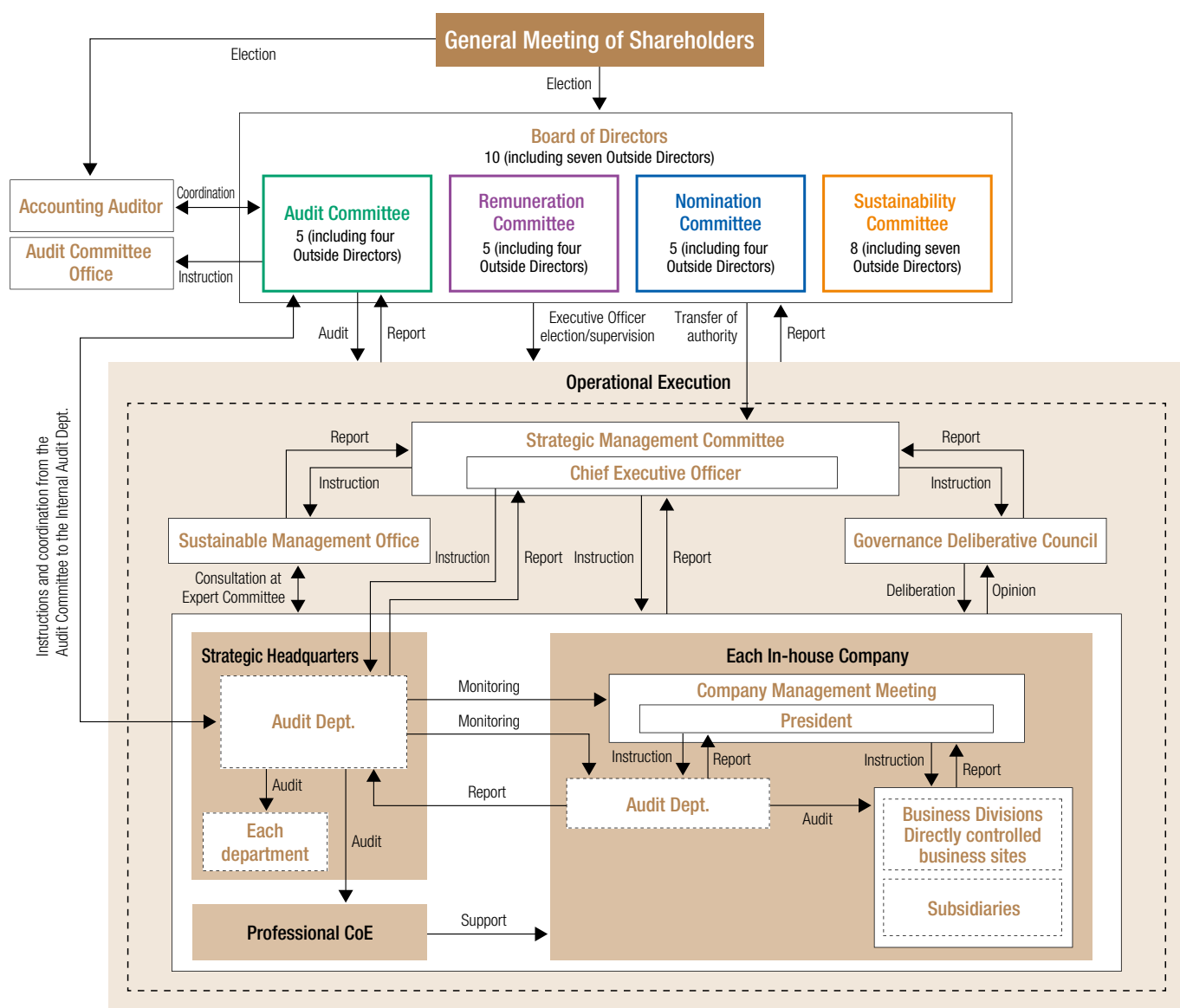
business execution and decision making.

- 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.

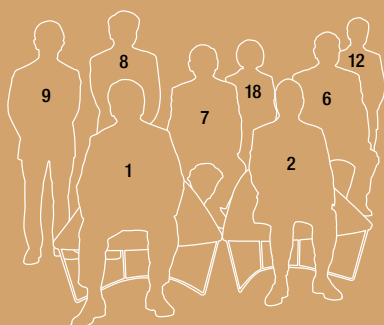
As the Group is an integrated business entity supplying basic materials and elements indispensable to the world, and is involved in recycling business and renewable energy business, we adopted an in-house company system so as to facilitate and appropriately execute business operations.

* 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 the Corporate Governance System (Chart as of June 28, 2022)



 三菱マテリアル株式会社
MITSUBISHI MATERIALS CORPORATION



1 Akira Takeuchi

2 Naoki Ono

3 Nobuhiro Takayanagi

4 Mariko Tokuno

5 Hiroshi Watanabe

6 Hikaru Sugi

7 Tatsuo Wakabayashi

8 Koji Igarashi



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

- | | | | |
|---------------------------|--------------------------|----------------------------|-------------------------|
| 9 Kazuhiko Takeda | 12 Makoto Shibata | 15 Toshinori Ishii | 18 Makiko Nogawa |
| 10 Rikako Beppu | 13 Jun Nagano | 16 Katsuyoshi Isaji | |
| 11 Yasunobu Suzuki | 14 Tetsuya Tanaka | 17 Yoshiaki Arai | |

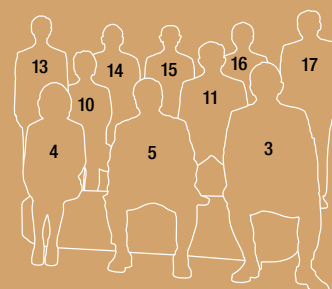


Photo taken with consideration on preventing the spread of COVID-19 (June 28, 2022).

Directors (As of June 28, 2022)

Director

1 Akira Takeuchi

Director, Chairman of the Board

Audit Committee

Remuneration Committee

Sustainability Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2022)

Board of Directors Meetings 19/19 (100%)
Audit Committee Meetings 17/17 (100%)
Remuneration Committee Meetings 9/ 9 (100%)

Personal History

Apr. 1977
Joined the Company
Jun. 2009
Managing Director
Apr. 2014
Executive Vice President

Apr. 2015
President
June 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 (CEO)

Responsible for: General Operation of the Company, Internal Audit, Business Process Innovation

Nomination Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2022)

Board of Directors Meetings 19/19 (100%)
Nomination Committee Meetings 14/14 (100%)
Remuneration Committee Meetings 9/ 9 (100%)

Apr. 1979
Joined Mitsubishi Mining & Cement Co., Ltd.
Jun. 2014
Managing Director of the Company
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)

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

General Manager, Management Strategy Div., Strategic Headquarters

Responsible for: Management Strategy

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2022)

Board of Directors Meetings 16/16 (100%)

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

Apr. 2020
Managing Executive Officer
Vice President, Advanced Products Company
Apr. 2021
Managing Executive Officer; CFO
General Manager, Corporate Strategy Dept.
Jun. 2021
Director; Managing Executive Officer; CFO
General Manager, Corporate Strategy Dept.
Apr. 2022
Director; Managing Executive Officer; CFO
General Manager, Management Strategy Div., Strategic Headquarters (to present)

Mr. Nobuhiro Takayanagi took office as Managing Executive Officer of the Company in 2020. After serving as Vice President, Advanced Products Company, he has undertaken his duties as Director and Managing Executive Officer since June 2021. At present, as Director, Managing Executive Officer and CFO, he is responsible for the management of the Group, and as General Manager of the Management Strategy Division of the Strategic Headquarters, he leads the planning and execution of various measures based on the Medium-term Management Strategy and the promotion of management reforms. Additionally, he regularly reports on the business performance of the Group and others 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.

4 Mariko Tokuno

Outside Director

Chairperson of the Nomination Committee

Remuneration Committee

Sustainability Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2022)

Board of Directors Meetings 19/19 (100%)
Nomination Committee Meetings 14/14 (100%)
Remuneration Committee Meetings 9/ 9 (100%)

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)

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 Officers and deciding on the remuneration of Directors and Executive Officers, 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.

5 Hiroshi Watanabe

Outside Director

Nomination Committee

Audit Committee

Sustainability Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2022)

Board of Directors Meetings 19/19 (100%)
Audit Committee Meetings 17/17 (100%)

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)

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.

6 Hikaru Sugi

Outside Director

Nomination Committee

Chairperson of the Remuneration Committee

Sustainability Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2022)

Board of Directors Meetings 19/19 (100%)
Nomination Committee Meetings 14/14 (100%)
Remuneration Committee Meetings 9/ 9 (100%)

Personal History

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 Officers and deciding on the remuneration of Directors and Executive Officers, 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.

7 Tatsuo Wakabayashi

Outside Director

Nomination Committee

Chairperson of the Audit Committee

Sustainability Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2022)

Board of Directors Meetings 19/19 (100%)
Nomination Committee Meetings 14/14 (100%)
Remuneration Committee Meetings 9/ 9 (100%)

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)

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 up to June 2022, he was involved in deciding on the remuneration of Directors and Executive Officers, etc. from an objective and neutral position. Moreover, as a member of the Nomination Committee, he has been involved in selecting candidates for Directors and Executive Officers 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 Koji Igarashi

Outside Director

Audit Committee

Remuneration Committee

Chairperson of Sustainability Committee

Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2022)

Board of Directors Meetings 19/19 (100%)
Audit Committee Meetings 17/17 (100%)

Apr. 1980
Joined Ajinomoto Co., Inc.
Apr. 2002
Senior Vice President, Ajinomoto U.S.A., Inc.
Jun. 2007
Executive Officer; Vice President, Amino Acids Company, Ajinomoto Co., Inc.
Jun. 2009
Executive Officer; General Manager, Corporate Planning Div.

Jun. 2011
Member of the Board, Corporate Vice President
Jun. 2013
Member of the Board, Corporate Senior Vice President
Jun. 2017
Senior Advisor (resigned June 2020)
Jun. 2020
Director of the Company (to present)

Mr. Koji Igarashi has extensive technical knowledge in technological development and manufacturing as well as insight into overall management, such as global business development, business reform and creation, and promotion of digitalization through his experience as a manager of a food 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 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 Kazuhiko Takeda

Outside Director

Audit Committee

Sustainability Committee

Jun. 2022
Director of the Company

Apr. 1983
Joined Sony Corporation (currently Sony Group Corporation)
Oct. 2001
Vice President in charge of Accounting, Sony Ericsson Mobile Communications Inc.
Apr. 2006
Executive Officer; CFO, Sony NEC Optiarc Inc.
Aug. 2008
Senior Vice President in charge of Corporate Management and Accounting, Sony Europe B.V.
Oct. 2013
Vice President; Senior General Manager of Corporate Planning & Control Division, Sony Corporation
Jun. 2015
Senior Vice President
Corporate Executive in charge of Corporate Planning & Control and Accounting
Jan. 2018
Senior Vice President
Corporate Executive in charge of Corporate Planning & Control and Accounting; CIO
Jul. 2018
Senior Vice President
Deputy President and Chief Financial Officer, Sony Interactive Entertainment LLC
Jul. 2021
Executive Alumnus, Sony Group Corporation (to present)
Jun. 2022
Director of the Company (to present)

Mr. Kazuhiko Takeda has extensive knowledge in the fields of corporate management, business operations and administration, accounting and finance, and information technology through his management experience as a senior executive of a conglomerate that develops a wide range of businesses all over the world and as the manager of its major subsidiaries. He also has insight into corporate strategy and overall management from a global perspective based on his many years of experience working in Europe and the United States. As explained above, the Company expects that he will help 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.

10 Rikako Beppu

Outside Director

Remuneration Committee

Sustainability Committee

Jun. 2022
Director of the Company

Aug. 1992
Joined Slaughter and May
Sep. 1994
Joined Simmons & Simmons
Oct. 1994
Registered as a member of The Law Society, England and Wales
May 1997
Seconded to Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu)
May 1998
Seconded to Export-Import Bank of Japan (currently Japan Bank for International Cooperation)

Sep. 2001
Partner, Simmons & Simmons
Oct. 2001
Registered as a member of Daini Tokyo Bar Association (registered foreign lawyer)
Sep. 2008
Partner, Lovells (currently Hogan Lovells)
Oct. 2017
Partner, Squire Patton Boggs Tokyo (Foreign Law Joint Business) (to present)
Jun. 2022
Director of the Company (to present)

Ms. Rikako Beppu has in-depth insights based on her advanced legal knowledge through her many years of experience as an attorney at law in Japan and abroad, as well as specialized knowledge in corporate legal affairs, particularly in the areas of global business development and business restructuring. As explained above, the Company expects that she will help 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. Although she has no direct experience of being involved in corporate management, she has abundant practical experience in corporate legal affairs and sufficient insight into corporate management, and we believe that she will be able to appropriately perform her duties as an Outside Director.

Directors Skill Matrix

The main expertise and experience owned by the Directors are shown in the Skill Matrix.

In addition, the right table shows from what perspectives the Directors contribute and provide knowledge on the corporate policies in the Company's Medium-term Management Strategy and the reforms the Company is undertaking to carry out those based on their respective expertise and experience as indicated in the Skill Matrix (For the new Directors, the expected roles are listed).

Expertise and Experience of the Directors (Skill Matrix)

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

Outside Director

Mariko Tokuno	Consumer goods	●	○	○			○	○
Hiroshi Watanabe	Tax system and international finance	●	●				●	○
Hikaru Sugi	Automotive products	●	○		○	●		
Tatsuo Wakabayashi	Finance	●	○				○	○
Koji Igarashi	Food and food materials	●	○		●	○		○
Kazuhiko Takeda	Conglomerate	●	○	○			○	●
Rikako Beppu	Legal profession		○				●	

○ indicates expertise and experience owned (● indicates primary)

Note: The above Skill Matrix does not cover all the expertise and experience owned by the Directors.

Contribution and Perspectives of the Directors on Key Themes

Group-wide Policy			Reform Initiative		
Optimization of business portfolio	Comprehensive efforts to increase business competitiveness	Creation of new products and businesses	Reform of business structure/ administration	Reform of human resources system/ management	Enhancement of governanceGovernance
Perspective based on the Group's history				Perspective from experience as an officer in charge of human resources	Perspective based on experience in overseeing the strengthening of the Group's governance
Perspective from the position of Chief Executive Officer, overseeing the management of the Group			Perspective from the position of leading Management Reform in the Company		
	Perspective from extensive sales experience in business of the Company				Perspective from experience as President of the Group company

Perspective of management and knowledge from different industry			Perspective from holding company management experience	Perspective in utilizing human resources with management experience	
Perspective based on global economic trends				Perspective from experience in personnel management in government offices	Perspective from ethics in national public service and business management in developing countries
	Perspective from in-depth knowledge of the entire value chain from development to manufacturing based on technology trends		Perspective from in-depth knowledge of business performance management	Perspective on human resource management in manufacturing and engineers	
Perspective on portfolio management from an investor's point of view		Perspective from the experience of creating new businesses in the context of business restructuring		Perspective on human resource management of financial institutions	Perspective from experience and knowledge of governance of financial institutions
Perspective from experience in business restructuring	Perspective from extensive technical expertise in technology development and production based on technology trends			Perspective from human resource management in the manufacturing industry	
Perspective from experience as a management executive of a conglomerate and global business experience			Perspective from experience in Business Structure Reform and management visualization initiative		Perspective from experience of senior executive as CFO of an overseas Group company
Perspective from experience of handling many M&A transactions			Perspective from experience in international corporate legal affairs	Perspective from experience in diversity activities and initiatives	

Note 1: The items are narrowed down to those with high contribution (3-4 items) by the Directors.

Note 2: Mr. Kazuhiko Takeda and Ms. Rikako Beppu are new Directors and their expected roles are described.

Discussions in the Board of Directors, Etc.

Major Topics of Discussion and Outline of Discussions at the Board of Directors Meetings

1. Management Strategy

■ Progress of FY2023 Strategy

Regarding the Medium-term Management Strategy (FY2023 Strategy) covering FY2021 to FY2023, the Board of Directors discussed and monitored progress on important matters such as revisions of financial indicators, optimization of the business portfolio, DX, and important measures in each business.

In reports from Executive Officers, explanations were received on causes and countermeasures for projects that are new or not progressing well, and Board members presented suggestions based on their individual experiences and expertise.

■ Corporate Transformation

To achieve our mission, it is essential to further improve the ability of the organization. And to strengthen our “ability to implement more agile responses to changing environment” and “ability to implement strategies through human networks and combination of functions,” we are promoting four management reforms in unison: Corporate Transformation (CX), Digital Transformation (DX), Human Resources Transformation (HRX), and operational efficiency improvement. Under these circumstances, the Board of Directors deliberated on the reorganization of head office functions in order to implement CX, one of the four management reforms, and to realize aims such as “Clarification of division of duties between functional divisions and business divisions,” “Speedy and flexible business management according to the business environment and business characteristics,” and “Strengthening of governance functions by pursuing a balance in centrifugal and centripetal forces between head office, functional divisions, and business divisions” (implemented on April 1, 2022).

2. Efforts on Sustainability Issues

The Board of Directors discussed the establishment of a new “Sustainability Policy” in order to clarify our stance on actively and proactively promoting measures to address sustainability issues (established December 1, 2021). It also deliberated on the establishment of a “Human Rights Policy” and a “Procurement Policy,” stating, under the Sustainability Policy, respect for human rights will be the foundation of our business activities and we will expand and deepen our efforts to respect internationally proclaimed human rights principles (established December 1, 2021).

The Board of Directors also discussed the establishment of a Sustainability Committee under the Board of Directors in order for it to

go beyond monitoring sustainability initiatives and proactively consider and present within the Company the direction to address sustainability from a different perspective (established June 28, 2022).

Furthermore, in light of the importance of addressing climate change in recent years, deliberation was held on revising the greenhouse gas emissions reduction targets we announced in March 2021, and new targets were released in November 2021.

3. Enhancement of Corporate Governance

■ Policy for Analysis, Evaluation, and Initiatives Related to

Evaluation of the Effectiveness of the Board of Directors

Based on the results of the analyzing evaluation of the effectiveness of the Board of Directors in FY2022 by using a third-party organization, the Board of Directors discussed the following issues that were identified as issues: 1. Operation of the Nomination Committee, Audit Committee and Remuneration Committee, 2. Oversight of the Board of Directors with respect to the growth strategy, and 3. Establishment of the Sustainability Committee. And it discussed policies to address these issues in order to further improve the effectiveness of the Board of Directors.

Major Deliberations of the Board of Directors

Item		Number of deliberations by the Board of Directors		
		Resolution	Report	Discussion
Management Strategy	Progress of FY2023 Strategy	5	26	7
	CX, etc.	5	1	5
Sustainability		2	6	7
Corporate Governance		2	7	4
Other	Business-related (other than FY2023 Strategy)	4	10	—
	Financial results-related	2	20	—
	Compliance & risk management	1	38	—
	Committee reports	2	27	—
	Officers-related	13	7	—
	Others	2	25	—

Overview of 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.

Outside Directors play a role in supervising the appropriateness of Directors and Executive Officers in the execution of their duties from an objective standpoint and in providing a diverse range of values regarding the management of the Company based on expert knowledge and through experience that differs from internal officers, so that the Board of Directors' management supervisory functions would be further strengthened.

The Board of Directors is comprised of 10 Directors (including 7 Outside Directors) as of June 28, 2022.

Director Communication

■ Expansion of the schedule of Board of Directors meetings, etc.

Previously, one day per month (two days only for financial results reporting months) was reserved for Board of Directors meetings, etc., but from FY2023, two days (all day) per month are reserved. In this schedule, the Board of Directors meetings, committee meetings, and “Business Briefings for Directors” and “Outside Directors’ opinion exchange meetings,” and other meetings are held as follows.

■ Business Briefings for Directors

To enable Directors to better understand the Company’s business and to exchange opinions with the execution side on ways to improve corporate value, briefings are held for Directors to explain the general situation and topics of individual businesses, as well as important measures related to the Medium-term Management Strategy, etc.

■ 1-on-1 Meetings between Outside Directors and the CEO

1-on-1 meetings between part-time Outside Directors and CEO are held once every two months. We believe that this will help Outside Directors better understand the situation of the Group and the policies to deal with it, which in turn will contribute to more appropriate supervision of business execution. The 1-on-1 meetings provide opportunities to obtain suggestions for more appropriate business execution, by freely choosing topics and exchanging opinions in a closer manner in addition to the discussions at the Board of Directors meetings.

■ Meetings with Investors, etc.

To ensure constructive dialog with shareholders and investors, and to provide appropriate feedback to the Board of Directors on the opinions of shareholders and others obtained through such dialog, the Company provides various opportunities for dialog by Outside Directors and other Directors. In addition to small meetings between Outside Directors, etc. and domestic institutional investors, the minutes of meetings with institutional investors conducted by the CEO, CFO, etc. are provided to Directors, in order to share the thoughts of a wide range of investors with the entire Board of Directors.

■ Opportunities for Dialog between Outside Directors and Employees

From time to time, the Company holds lectures by Outside Directors for employees and dialog meetings with employees. The purpose of these is to encourage employees to become more autonomously involved in their work and to gain new values and inspiration through the sharing of the experiences and knowledge of Outside Directors, and for Outside Directors to deepen their understanding of Group employees. Lectures by Outside Directors and discussions with employees were held on such themes as “Business characteristics and DX of process- and product-based products,” “Experiences at a manufacturing company, environmental changes and responses, and the concept of that,” “Mitsubishi Materials from an investor’s perspective,” “An organization where young employees can exercise leadership,” and others. In addition, dialog meetings between female Outside Director and female employees were also held.

■ Outside Directors’ Opinion Exchange Meetings

Opinion-exchange meetings for Outside Director are periodically held for the purpose of information and sharing recognition from an independent and objective standpoint on a wide range of matters, not limited to just those on the agenda of the Board of Directors. These opinion exchange meetings have been held twice a year, and starting in FY2023, the frequency will be further increased to four times a year.

■ Tours of Business Sites for Outside Directors

Tours of business sites are held for Outside Directors in order to deepen their understanding of the Group’s business. They tour the Group’s major sites and sites of major Group companies and receive explanations of the sites’ business directly from the employees there. They also participate as observers in company-wide meetings on development strategies held at the Innovation Center. Since FY2021, remote site tours using a online meeting system have been conducted as needed depending on the prevalence of COVID-19, and recently on-site tours have resumed in light of the infection situation.



Tour of the Wakamatsu Plant



Tour of the Tsukuba Plant

Establishment of Corporate Secretary Department

The Corporate Secretary Department was established on April 1, 2022 to strengthen the secretariat and other functions of the Board of Directors, Nomination Committee, and Remuneration Committee, as well as to strategically examine the Company’s corporate governance.

Evaluation of the Effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors based on the evaluation by each Director on an annual basis. In fiscal 2022, the effectiveness of the Board of Directors was evaluated using a third-party organization.

As a result of deliberations by the Board of Directors taking into account the results of the third-party organization analysis, it was confirmed that the effectiveness of the Board of Directors of the Company was secured in fiscal 2022. The Board of Directors will continue to make ongoing efforts to further improve its effectiveness.

Overview of FY2022 Effectiveness Evaluation

It was confirmed that the effectiveness of the Board of Directors of the Company was secured in fiscal 2022.

The results of the third-party organization analysis and the future issues and initiatives selected by the Board of Directors based on those are as follows.

Results of analysis of the questionnaire and interviews by the third-party organization

The key results of analysis of the questionnaire and interviews compiled by the third-party organizations are as follows.

(1) Effectiveness, etc. of the Board of Directors

- The supervisory function of the Board of Directors is appropriately exercised, and its effectiveness is considered to be high.
- In the self-evaluation of Directors, it was confirmed that each individual contributed to activating discussions at the Board of Directors meetings and to exercising the supervisory function.

(2) Supervisory function of the Board of Directors

- The management team is currently working on business and organizational reforms, but there are still many issues recognized. The role, composition, and discussions of the Board of Directors are expected to change in response to such business and management stages. As for their role, it is considered that "the support and supervision of execution will be important in the success of reforms and the creation of growth areas" and "discussions are needed to enhance the supervision function to monitor the efforts to address issues."
- The Board of Directors has a common understanding that supervision

of management and execution is an important role. The way in which a supervisory function is exercised is considered to differ depending on the experience and perspective of each Director. Specific measures included "support execution and lead to change," "examine from both quantitative and qualitative aspects, focusing on major policies related to the whole," and "strictly monitor progress and achievements in response to commitments." There is an opinion stating that it is better for the Board of Directors to take a more leading role in matters related to the way the Company ought to be, such as sustainability issues.

(3) Sustainability

- On sustainability issues, many directors believe it is better for the Board of Directors to demonstrate stronger leadership and set a direction from the Board's point of view. In order to conduct effective discussions, it is considered necessary to "clarify the definition of sustainability," "organize how Outside Directors can contribute," "establish a sustainability committee to hold discussions outside the Board of Directors," and "enhance the secretariat structure" among others.

Results of discussion by the Board of Directors taking into account the results of third-party organization analysis

	Matters pertaining to "Operation of the Nomination Committee, Audit Committee and Remuneration Committee"	Matters pertaining to "Oversight of the Board of Directors with respect to the growth strategy"	Matters pertaining to "Sustainability"
Overview of deliberation by the Board of Directors on issues	• While the details of in-depth discussions by each committee need to be shared more with the Board of Directors as a whole, for matters discussed by the Nomination Committee and the Remuneration Committee in particular, it is necessary to consider how to share information, taking into account the presence of interested parties (mainly Internal Directors) in the Board of Directors.	• Since a certain degree of business reforms, including restructuring and withdrawal, is expected to be completed, from what perspective and in what forums (methods) discussions should be done to deepen discussions on growth strategies, such as strengthening existing businesses and fostering new businesses, need to be considered.	• On sustainability, many Directors believe it is better for the Board of Directors to demonstrate stronger leadership and set a direction from the Board's point of view.
FY2023 initiatives on issues	• Taking into account cases where it is not appropriate to share information with relevant internal parties, the Company will increase the frequency of Outside Directors' opinion exchange meetings, where discussions take place only among Outside Directors, and share information there.	• Business briefings previously held for Outside Directors will be reorganized into "Briefings for Directors" targeting all Non-executive Directors and will be held continually • When formulating the next Medium-term Management Strategy and performing rolling review of that, discussions with a multifaceted perspective will be done making use of settings such as Briefings for Directors.	• The Sustainability Committee was established on June 28, 2022. • The Committee will consider monitoring methods and issues related to sustainability management and others as matters at the request of the Board of Directors for advice.

Method of Analysis/Evaluation

Evaluation process

September 2021	The materials and minutes of the Board of Directors meetings were disclosed to the third-party organization.
October 2021	The third-party organization conducted a preliminary interview with the Chairman of the Board of Directors and the CEO regarding the current status of the Board of Directors.
November 2021	A questionnaire prepared in consultation with the third-party organization was distributed to all 10 Directors and anonymous responses were retrieved.
December 2021	Based on the results of the questionnaire, the third-party organization conducted individual interviews with all 10 Directors on important matters concerning the Board of Directors.
February and March 2022	Given the report from the third-party organization on the results of the questionnaire and interviews compiled and analyzed, the Directors discussed the effectiveness of the Board of Directors based on that report.
March 2022	Following the discussions in February and March, the Board of Directors passed a resolution on the effectiveness of the Board of Directors for FY2022.

Questionnaire items

The questionnaire uses a five-grade evaluation for the questions below and provides a free comment space where needed.

- Roles and functions of the Board of Directors
- Scale and composition of the Board of Directors
- Status of operations of the Board of Directors
- Composition, roles and status of operations of each of the Nomination Committee, Audit Committee and Remuneration Committee
- Support system for Outside Directors
- Relationship with investors and shareholders
- Overall effectiveness of the Company's governance system and the Board of Directors

Interview items

Based on the responses to the questionnaire, the third-party organization conducted interviews on the following important matters concerning the effectiveness of Board of Directors.

(i) Views on business and management

Optimization of business portfolio, Promotion of CX (efforts for management innovation) and organizational reform, Status of corporate culture and human resources, Status of group governance and internal control

(ii) Views on the Board of Directors

Supervisory function by the Board of Directors, Status of discussions at the Board of Directors, Comments by Outside Directors, Quality of discussions at the Board of Directors and future responses,

Discussions on sustainability issues, Setting of agenda, Materials and presentations, Views on the leading Independent Outside Directors

Succession plan for the Chief Executive Officer, Views on the Chairman and its succession plan,

Sharing of information on discussions at the Nomination Committee with the Board of Directors,

Status of activities of the Audit Committee

Evaluation of the Effectiveness of the Board of Directors

Issues Based on the FY2021 Evaluation and Evaluation of Responses to Those Issues

As a result of the questionnaire and interviews conducted by the third-party organization regarding the initiatives concerning the following matters taken by the Company in fiscal 2022 based on the results of the evaluation of the effectiveness of the Board of Directors for fiscal 2021, it was confirmed that "certain measures were taken and improvements have been made" and "sufficient discussions were conducted by the Board of Directors" in general.

Issues recognized	Status of responses
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	• Distribution of materials for the Board of Directors should be made at an early timing with particularly important sections in materials highlighted. • Emphasis should be made on explaining new matters, and causes and countermeasures, etc. of matters that are progressing unfavorably in reports made by Executive Officers at the Board of Directors meetings. • In regard to matters deliberated by the Board of Directors, reporting of business results, budget, financial results, etc. should be made in the first half so that Directors may judge the appropriateness of each measure based on the general situation of business performance, etc. • Business briefings should be held regularly for Outside Directors in order to deepen their understanding of our business and major projects, overseas sites/business expansion, and overview and background, etc. of measures taken under the Medium-term Management Strategy.
Matters pertaining to understanding of capital cost and setting of indicators	• In line with the partial review of the Medium-term Management Strategy, financial plans, including ROIC, were reviewed after consultation by the regular Board of Directors meetings held in March and April 2021. • Appropriate calculation and operation methods, etc. of management indicators, including ROIC, should be further discussed by the Board of Directors to develop a monitoring structure based on appropriate management indicators applicable for the next Medium-term Management Strategy.
Matters pertaining to supervision of the policy for reduction of the Strategic Share Holdings	• Strategic Share Holdings should be examined based on business alliances, business relationships, and investment effects to systematically reduce shares if it is deemed unnecessary to hold them.
Matters pertaining to supervision of Group governance, etc.	• Initiatives should be taken on the Group-wide measures to activate communication and enhance internal control. • Previously implemented reports on safety, quality, compliance, etc. by the Sustainable Management Office to the Board of Directors should be continued as provision of necessary information for monitoring.

Related Materials:

"Reduction of Strategic Share Holdings" Integrated Report ▶P114

"Corporate Governance Report" on the corporate website
<https://www.mmc.co.jp/corporate/en/company/governance.html>

Message from the Chairman of the Board of Directors

Striving to further strengthen the functions of the Board of Directors in order to enhance the Group's corporate value

Akira Takeuchi, Chairman

Maintain Impartiality and Carry Out Fair Proceedings

Since the transition to a Company with a Nomination Committee in June 2019, the Board of Directors has worked to enhance corporate value by making decisions on important items such as basic management policies, and by supervising the execution of duties by the Executive Officers and others. In order to properly fulfill these roles, I believe it is important to have sufficient communication between Directors and the execution side and among Directors, and to have timely and appropriate discussions.

Second, I believe that important roles of the Chairman of the Board of Directors are to manage proceedings in an impartial and fair manner, promote constructive and active discussion and lead the direction of the discussion, and select appropriate agenda items. To maintain impartiality and ensure fairness in proceedings as the Chairman, I try to facilitate the proceedings by encouraging each Director to speak as much as possible and express my opinion at the end, if necessary. In addition, if there are important background or peripheral circumstances that Outside Directors may not be aware of, I ask for explanations from the execution side on a case-by-case basis in an effort to promote a deeper understanding of the agenda items. Additionally, in cooperation with the execution side, I also focus on selecting appropriate agenda items.

It is said that an important function of Outside Directors is to supervise, evaluate, and present opinions from an impartial and objective perspective. Each of our Outside Directors has a high level of insight and expertise, and they actively make proposals, offer advice, and express opinions to the execution side. In addition to providing sufficient opportunities for explanations, training, and education so that Outside Directors can better understand the Group, we ensure that Outside Directors communicate adequately with each other by holding regular meetings exclusively for Outside Directors.

Further Deepen the Involvement of the Board of Directors in Order to Strengthen Business Competitiveness and Enhance Sustainability

In evaluation of the effectiveness of the Board of Directors, we used a third-party organization for the first time to conduct questionnaires and interviews of each Director. I believe that we have been able to evaluate and analyze even more deeply from



a more multifaceted perspective than in the past. Based on the results, the Board of Directors has discussed and identified issues to be addressed in the future. I consider the following three issues to be of particular importance.

First is “further exercising supervisory functions for management reforms.” It is recognized that there is still much work to be done on business and organizational reforms that management is currently undertaking, and the Board of Directors also will be more active in its monitoring function to achieve the objectives.

Next is “enhancing supervisory functions for the growth strategy.” With regard to the optimization of the business portfolio, a certain level of arrangements are coming to completion on restructuring of and withdrawal from certain businesses. Going forward, I believe it is necessary for the Board of Directors to become more deeply involved in strengthening business competitiveness and profitability by means such as strengthening existing businesses and fostering new businesses.

The final issue is “sustainability.” From the questionnaires, etc., we found regarding sustainability that many Directors believe it is better for the Board of Directors to demonstrate stronger leadership and set a direction from the Board's point of view. Taking that into account and upon further consideration, the Sustainability Committee was established under the Board of Directors on June 28, 2022.

The Board of Directors intends to further expand its functions to enhance the corporate value of the Group, while taking into account changes in the business environment and other factors. As Chairman of the Board of Directors, I will strive to operate the Board of Directors in accordance with this policy.

Message from the Chairperson of the Nomination Committee



The Nomination Committee supports development of the next generation of management, especially working to discover outstanding young human resources

Chairperson of the Nomination Committee

Mariko Tokuno, Outside Director

Status of FY2022 Initiatives

The Nomination Committee met for 14 times in fiscal 2022. The main initiatives were basically nomination and election of candidates for Internal Directors, nomination and election of candidates for Outside Directors, and the CEO's succession plan as part of the development of the next generation of management. Among those initiatives, we particularly focused on the state of new management that will be the key to the success of the newly launched complete in-house Company system, especially how to identify and select the next generation of human resources, the concept of specifications and the search process for new candidates in appointment of two new Outside Directors, as well as discussions on whether Outside Directors can fulfill the roles and functions required of them. I have seen no problems with the discussions as Chairperson, and the discussions are always very free and open-minded. I think this is because the members have different backgrounds and they are very frank.

Roles Emphasized in Nominating Candidates for the Board of Directors and Electing Executive Officers

Important roles we have are, first, to always be aware of what the Board of Directors should be doing as a prerequisite for nominating candidates for the Board of Directors. Second, it is also important that we make sure the process of nominating candidates for Directors be transparent, fair, and thoughtful. And we recognize the need to routinely work to have as many opportunities as possible to get to know the candidates in election of Executive Officers. We also consider the CEO's succession plan

and the development of the next generation to be of the utmost importance. This is because the success of all the changes we are trying to make depends on the people who will be responsible for these changes, especially the next generation of executives being outstanding human resources. The Nomination Committee will continue to provide advice from new perspectives and promote the implementation of the succession plan and the priority human resources development plan presented by the CEO's in order to make them even more effective.

Aspirations as Chairperson of the Nomination Committee

In the future, I will continue unwaveringly to strive to strengthen governance from a fair and objective standpoint. Fiscal 2023 is the first year of the complete in-house Company system, and I believe that each in-house Company's independence will give it an advantage in business operations. However, I will be particularly mindful of this point, as there is a risk of unintentional lack of supervision over execution. And, as seen in the establishment of the Sustainability Committee, the role of Outside Directors will become broader and more diverse; so we must always consider the composition of Outside Directors most appropriate for such roles. Furthermore, as I previously mentioned, the Nomination Committee would like to make utmost efforts to support development of the next generation of management including the CEO's succession plan, especially working to discover outstanding young human resources.

Nomination Committee

Composition (including chairperson)	Four Outside Directors / One Internal Director
Chairperson	Director (Outside) Mariko Tokuno
Members	Director (Outside) Hiroshi Watanabe Director (Outside) Hikaru Sugi Director (Outside) Tatsuo Wakabayashi Director Naoki Ono
Functions and Duties	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. Moreover, in order to develop human resources for the next generation responsible for management, the Nomination Committee deliberates on candidates for successor to the CEO and their development plans, and it supervises the appropriate development of successor candidates.
FY2022 Result	■ Number of meetings 2021 April 26 - Review and response to informal nomination of candidates for Director, committee member and committee chairperson April 28 - Decision on candidate for Director May 25 - Deliberation on future composition of Board of Directors and committees June 24 - Deliberation on future composition of Board of Directors and committees July 13 - Deliberation on future composition of Board of Directors and committees July 29 - Deliberation on future composition of Board of Directors and committees August 25 - Deliberation on future composition of Board of Directors and committees - Deliberation on Executive Officer election proposal, etc. September 29 - Deliberation on future composition of Board of Directors and committees - Deliberation on Executive Officer election proposal, etc. November 2 - Review and response to Executive Officer election proposal - Deliberation on future composition of Board of Directors and committees November 25 - Deliberation on future composition of Board of Directors and committees December 22 - Deliberation on proposed candidates for Director election 2022 January 31 - Review and response to informal nomination of candidates for Director, committee member and committee chairperson February 9 - Decision on candidates for Director March 30 - Deliberation on enhancing disclosure of reasons for election of Director

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

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.:

- 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.

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.

Outside Director Successors

The Board of Directors and the Nomination Committee continuously deliberate on the ideal composition of the Board of Directors from a medium- to long-term perspective, with the Corporate Philosophy, Vision, Medium-term Management Strategy, and the like in mind. In the selection of specific successors to Outside Directors, the Nomination Committee deliberates and decides on a case-by-case basis during

each selection process, which includes consideration of requirements such as expertise and experience required of potential candidates, confirmation of a candidate list and narrowing down the list of persons to be approached, interviews with the candidates, and decision on who to informally nominate.

Reasons for and Process of Nominating New Directors

In nomination of new Directors to be elected at the 97th General Meeting of Shareholders held on June 28, 2022, the search for candidates started in June 2021 taking into account deliberation by the Board of Directors and Nomination Committee on the composition of the Board of Directors. A number of candidates were interviewed by committee members and discussed at the committee from September 2021 to January 2022, with Mr. Kazuhiko Takeda and Ms. Rikako Beppu being decided on as Outside Director candidates by the Nomination Committee in February 2022.

Mr. Kazuhiko Takeda has extensive knowledge in fields of corporate management, business operations and administration, accounting and finance, and information technology through his management experience as a senior executive of a conglomerate that develops a wide range of businesses all over the world and as deputy president and CFO of one of its major subsidiaries (see p. 93). He also has insight into corporate strategy and overall management from a global perspective based on his many years of experience working in Europe and the U.S. He was deemed qualified for the position as he can be expected to contribute to strengthening the appropriate supervision and decision-making functions of the Board of Directors. We expect him to perform roles in optimization of the business portfolio and comprehensive efforts to increase business competitiveness from the perspective of his having experience as management executive of a conglomerate and global track record, in

reforming the management structure and business management from the perspective of his having experience in business structure reform and management visualization, and in strengthening governance from the perspective of his experience of a management executive as CFO of an overseas subsidiary (see p. 94).

Ms. Rikako Beppu has in-depth insights based on her advanced legal knowledge through her many years of experience as an attorney at law in Japan and abroad (see p. 93), as well as specialized knowledge in corporate legal affairs, particularly in the areas of global business development and business restructuring. She was deemed qualified for the position as she can be expected to contribute to strengthening the appropriate supervision and decision-making functions of the Board of Directors. We expect her to perform roles in optimization of the business portfolio from the perspective of her experience handling many M&A transactions, in reforming the management structure and business management from the perspective of her having experience in foreign corporate legal affairs, and in reforming the HR system and HR management from the perspective of her experience in diversity-related activities and initiatives.

Related Materials:

“Directors Skill Matrix” Integrated Report

▶P92

CEO Succession Plan

The CEO succession plan is positioned as a key measure for the Company's sustainable growth and medium- to long-term enhancement of corporate value. We believe that the decision on whether or not to replace the CEO and the timing of such replacement should be made comprehensively based on the Company's current situation, the performance of the current CEO, the development of successor candidates, and the standby status of successor candidates.

In light of this, the Nomination Committee receives reports on the succession plan from time to time so that it can keep abreast of the status of the successor candidates and make comparisons with the current CEO. Also, by increasing the volume of contact with potential successors, the committee is able to observe successor candidates from various perspectives and make appropriate selections regarding

CEO replacement and the timing thereof.

For Executive Officers, who are the pool of CEO successor candidates, 360-degree feedback surveys have been conducted since FY2021, and the results are shared with the Nomination Committee to deepen members' understanding of the leadership qualities of the candidates.

In addition, Executive Officer candidates are selected from among those who are eligible for the Next-Generation Managerial Talent Development Programs (see p. 33), and are positioned as a group of people with the potential to become CEO in the future. The Nomination Committee also discusses development plans for this group of people.

Related Materials:

“Special Feature: Management Reforms that Must be Worked On” Integrated Report

▶P33

Message from the Chairperson of the Audit Committee



We aim to establish an audit system that will help us complete the four management reforms

Chairperson of the Audit Committee

Tatsuo Wakabayashi, Outside Director

I took over the position of Chairperson of the Audit Committee from my predecessor Hiroshi Sato on June 28, 2022.

Reflecting on Fiscal 2022

Looking back over the past four to five years, we have had a series of serious scandals in the Group, including quality problems, violations of antitrust laws, and transactions involving conflicts of interest, but fiscal 2022 was a relatively calm year with few serious events warranting discussion in the Audit Committee. In the May 2021 audit report, we commented that we would “monitor the progress of measures to strengthen the Group’s internal control in response to the discovery of conflict-of-interest transactions” and “monitor the implementation of measures to prevent recurrence of violations of the antitrust laws,” and both of those have since been met with reasonable success. However, as a result of discussions by the Audit Committee, we decided that “monitoring the progress of measures to strengthen Group’s internal control” would be described again in the May 2022 audit report, and I will continue to fulfill my role as a member of the Audit Committee in this regard as well.

In fiscal 2022, on-site audits continued to be limited due to the COVID-19 pandemic, and almost all of the Audit Committee members’ audit activities, such as meetings and discussions, were conducted remotely, including meetings with Accounting Auditors. As for the visiting audits of sites, since there is a limit

to understanding of the actual situation when audits are done remotely, we made every effort to conduct actual interviews as much as possible while monitoring the situation of COVID-19.

Fiscal 2023 Activities and Issues

In the future, taking into account the transition to a complete in-house company system, I believe it will be necessary to improve the efficiency and effectiveness of audits by considering enhancement of off-site monitoring and implementation of efficient on-site monitoring in accordance with risk profiles. Additionally, the increased ratio of working from home has necessitated changes in business processes, creating new risks in terms of internal control. The risks that need to be controlled are constantly changing amidst changes in work styles. In order to improve the effectiveness of internal control and further instill compliance awareness, I believe that accurate recognition of the risks inherent in work one is responsible for is essential. In other words, I believe it is important to efficiently and accurately identify the risk profile of each operation, which changes from time to time in response to changes in the environment.

As Chairperson of the Audit Committee, I am committed to building an audit system that will help us complete the four management reforms we are currently undertaking, and in turn, contribute to the sustainable growth of the Group.

Audit Committee

Composition (including chairperson)	Four Outside Directors / One Internal Director
Chairperson	Director (Outside) Tatsuo Wakabayashi
Members	Director (Outside) Hiroshi Watanabe Director (Outside) Koji Igarashi Director (Outside) Kazuhiko Takeda <full-time Member of the Audit Committee> Director Akira Takeuchi
Functions and Duties	The Audit Committee audits the legality and validity of duties performed by Directors and Executive Officers, via audits either using internal control systems or directly by the Audit Committee member selected by the Audit committee. The Audit Committee also elects one full-time Member of the Audit Committee in order to improve the effectiveness of audits conducted by the Audit Committee.
FY2022 Result	■ Number of meetings 17 2021 to May • FY2021 year-end audit May 14 • Resolution on FY2021 audit report, other issues June 24 • Election of full-time, select, and specific members of the Audit Committee • Resolution on FY2022 audit plan, etc. July 16 • Liaison meeting with standing Audit & Supervisory Board Members of subsidiaries held July to following February • Mid-term audits (attendance at important meetings, interviews with Executive Officers, visiting audits of sites, hearing results from Audit Department, exchanging opinions with Accounting Auditors, etc.) End July • First quarter financial results audit End October • Second quarter financial results audit 2022 End January • Third quarter financial results audit January 18 • Training for Audit & Board Members of subsidiaries conducted January 20 • Liaison meeting with standing Audit & Supervisory Board Members of subsidiaries held February 24 • Resolution on revision of standards, regulations, etc. at Audit Committee February to May • FY2022 year-end audit April 27 • Resolution on FY2023 Accounting Auditor reelection, etc. May 12 • Resolution on FY2022 audit report, etc.

Establishment of Audit Committee Office

Previously, the Company had established a department within the Audit Department with a function to assist the Audit Committee in its duties, but as of April 1, the "Audit Committee Office" was established directly under the Audit Committee as an organization independent from the execution side in order to enhance this

function. The Office, consists of a General Manager and four staff members, and it performs administrative work related to the operation of the Audit Committee, collects information, conducts various investigations, attends internal meetings, and fully assists the Audit Committee in the performance of its duties.

Message from the Chairperson of the Remuneration Committee



Our remuneration system for Directors and Executive officers has evolved steadily, and I believe it is comparable to those of other companies in terms of motivating Executive Officers to reform

Chairperson of the Remuneration Committee

Hikaru Sugi, Outside Director

I took over the position of Chairperson of the Remuneration Committee from Director Tatsuo Wakabayashi on June 28, 2022. I have been a member of the committee since its start, and under Chairperson Wakabayashi I participated in discussions to systematize the somewhat conservative executive remuneration system into one that is more balanced and results-oriented, with a fixed portion and short-, medium-, and long-term incentives.

Status of FY2022 Initiatives

In FY2022, along with the recovery from the COVID-19 pandemic, we were able to gain performance that exceeded the plan at the beginning of the year, which was also reflected in our evaluation.

On the other hand, there were some comments that we should encourage officers to take on more challenges and be able to evaluate these points since there were some elements that could be considered to have exceeded the plan as a result of a safe budget set for the year amidst continuing instability, including the pandemic. Furthermore, some investors requested that the Company's contribution to shareholder returns and market appreciation be more directly evaluated in addition to earnings for the fiscal year. Therefore, the Committee discussed and decided to introduce to evaluation element the concept of relative TSR, which compares stock price and dividends with other companies in the same industry and manufacturing companies of the same size. Simulations of the past five years' performance have also led us to the conclusion that this could be one kind of objective evaluation.

Evaluation in Implementing the Medium-Term Management Strategy

We view the Group's Medium-term Management Strategy to be a milestone that sets out our mission for the period from 2030 to

2050, and it is accompanied by figures for implementation leading up to that point. As we carry out the plan, changes in the external environment that exceed expectations are possible, but even in the midst of ups and downs in performance caused by such changes in the environment, we intend to more precisely identify the challenges and results of essential reforms and improvements. Nowadays, in addition to sales, profit, and quality, companies are expected to also address global warming, respect human rights, and many other issues toward a sustainable society. In line with this trend, we have made it clear that each Executive Officer must set priority sustainability-related action items as goals in our nonfinancial evaluation items, and evaluate those. I personally expect that such an evaluation system will further encourage the promotion of sustainability.

Aspirations as Chairperson of the Remuneration Committee

The Group's remuneration system has evolved steadily since its inception and is comparable to those of other companies in terms of motivating Executive Officers to reform. We intend to continue to steadily advance further evolution of this system. Currently, four management reforms are underway: CX, HRX, DX, and operational efficiency improvement. The success of these reforms will depend on diverse people in their individual workplaces making concrete use of these reforms and linking them to the competitiveness of our products and services as well as to work reform and improvement. As an Outside Director, I would like to focus on these fundamental aspects.

Remuneration Committee

Composition (including chairperson)	Four Outside Directors / One Internal Director
Chairperson	Director (Outside) Hikaru Sugi
Members	Director (Outside) Mariko Tokuno Director (Outside) Koji Igarashi Director (Outside) Rikako Beppu Director Akira Takeuchi
Functions and Duties	The Remuneration Committee establishes policies for determining individual remuneration for Directors and Executive Officers, and determines the individual remuneration to be received by Directors and Executive Officers based on such policies.
FY2022 Result	■ Number of meetings 9 2021 April 28 • Deliberation on FY2022 annual bonuses May 25 • Deliberation on FY2022 annual bonuses June 21 • Resolution on partial revision on internal regulations of the remuneration system June 24 • Resolution on details of individual remuneration for Directors, etc. November 2 • Report on results of remuneration survey November 25 • Deliberation on suitability of the remuneration system 2022 January 31 • Deliberation on issues related to annual bonus system February 24 • Deliberation on revision of annual bonuses system • Deliberation on handling of FY2022 annual bonuses March 30 • Resolution on details of individual remuneration, etc. and deliberation on revision of annual bonus system

Policy on Determining Remuneration for Officers, Etc.

Remuneration System for Directors and Executive Officers

With the aim of creating an attractive remuneration system for outstanding management 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 with the emphasis on the performance in each fiscal year, while appropriately evaluating the relative results of Total Shareholder Return (TSR)* and the status of each Executive Officer's implementation of medium- to long-term management strategies, etc.

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

- (5) A medium- to long-term incentive shall be stock-based compensation that enables 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.

Furthermore, 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 consolidated operating profit, relative comparison of TSR, and status of achievement of the non-financial target set for each Executive Officer, on a single-year basis.

The specific evaluation items shall be as follows:

<<Evaluation Items>>

- ① 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; to be multiplied by an adjustment factor based on the consolidated operating profit growth rate compared with other companies to enhance consciousness on growth greater than market growth (relative comparison with six nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies)
- ② Relative comparison of TSR (relative comparison with six nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies)
- ③ Non-financial evaluation that evaluates the status of achievement of the targets set for each Executive Officer at the beginning of the term and other relevant factors with regard to efforts aimed at improving medium- to long-term corporate value, which is less likely to be represented in short-term performance, as well as efforts in line with the Sustainability Policy*

*Sustainability Policy Items

1. Build a Work Environment that puts Safety and Health First
2. Respect Human Rights
3. Promote Diversity and Inclusion
4. Cultivate Mutual Prosperity with Stakeholders
5. Strengthen Corporate Governance and Risk Management
6. Engage in Fair Business Transactions and Responsible Sourcing
7. Ensure Stable Provision of Safe, Secure, and High Value Added Products
8. Proactive Engagement for the Global Environment

<<Calculation Formula>>

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:

$$\text{Annual Bonus} = \text{Base Annual Bonus by Job Position} \times \text{Payment Rate Based on Performance Evaluation*}$$

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

<<Evaluation Weight>>

The annual bonus shall be determined based on the evaluations of each portion of 60%*, 20% and 20% of the base amount, which depends on one's job position, in terms of consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating profit from the relevant business sector), relative TSR comparison and non-financial factors, respectively.

Chief Executive officer, Non-Business related Executive Officers

$$\left(\begin{array}{c} \text{Evaluation of} \\ \text{consolidated} \\ \text{operating} \\ \text{profit: 60\%} \end{array} \times \begin{array}{c} \text{Adjustment Factor} \\ \text{Evaluation of growth} \\ \text{rate: 0.9 to} \\ \text{1.1} \end{array} \right) + \begin{array}{c} \text{Evaluation of relative} \\ \text{TSR: 20\%} \end{array} + \begin{array}{c} \text{Evaluation of} \\ \text{nonfinancial} \\ \text{factors: 20\%} \end{array}$$

Business related Executive Officers

$$\left(\begin{array}{c} \text{Evaluation of} \\ \text{operating} \\ \text{earnings from} \\ \text{the relevant} \\ \text{business: 60\%} \end{array} \times \begin{array}{c} \text{Adjustment Factor} \\ \text{Evaluation of growth} \\ \text{rate: 0.9 to 1.1} \end{array} \right) + \begin{array}{c} \text{Evaluation of relative} \\ \text{TSR: 20\%} \end{array} + \begin{array}{c} \text{Evaluation of} \\ \text{nonfinancial} \\ \text{factors: 20\%} \end{array}$$

<<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 earnings

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 in accordance with one's job position, upon retirement from the post of Executive Officers. No performance conditions nor stock price conditions shall be set with respect to the shares to be delivered. Please note that in the case of a non-resident 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 the shares of the Company's common stock, etc. It is an incentive plan to accumulate points to be given to Executive Officers 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 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 during the initial Applicable Period shall be 350,000 points in total.

Total amount of remuneration, etc. per classification of officers, total amount per type of remuneration, etc., and number of eligible recipients

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	
		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 (Other than Outside Director)	124	124	2	—	—	—	—
Executive Officer	466	354	10	—	—	112	10
Outside Director	111	111	6	—	—	—	—

(*1) The total amount of remuneration, etc. paid to Directors who concurrently serve as Executive Officers are shown in the total amount of remuneration for Executive Officers.

(*2) The Company had 10 Directors and 10 Executive Officers as of the end of FY2022.

(*3) The Remuneration Committee has deliberated and decided not to pay bonuses to Executive Officers based on performance in FY2021.

(*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 FY2022. The outline of the remuneration system for Directors and Executive Officers is as described on p.108 and after.

(*5) In June 2022, based on the performance evaluation and non-financial evaluation for FY2022, bonuses (performance-linked remuneration) were paid to Executive Officers in the total amount of 347 million yen (number of eligible persons: 10 persons).

Message from the Chairperson of the Sustainability Committee



We will make it clear that sustainability leads to enhanced corporate value and supports the realization of enhancement of corporate value for the Group

Chairperson of the Sustainability Committee

Koji Igarashi, Outside Director

Evaluation of and Issues in Sustainability Efforts

The Sustainability Policy has been established for the Group's sustainability efforts, and a solid foundation of corporate governance and management is in place to facilitate the smooth implementation of these efforts. The Group has also selected themes in which we can contribute to the realization of a sustainable society, set numerical targets, and established goals, which I believe is highly commendable. Furthermore, the Group has created a timeframe for the realization of greenhouse gas reduction targets, and the Group is working on them without delay. On the other hand, I feel that further consideration should be given to the goals, benchmarks, risks, evaluation methods, etc., in light of the TCFD recommendations, and that external evaluations should be incorporated and information should be disclosed as appropriate. In addition, I believe that the Sustainability Committee needs to compile and consider advice from experts and stakeholders regarding items such as consistency with the Medium-term Management Strategy and confirmation of the social relevance of the overall strategy.

Significance and Roles of the Sustainability Committee

The significance of the Sustainability Committee being established under the Board of Directors is that it will allow the Board of Directors to more proactively consider sustainability-related topics and encourage them within the Company. I understand the establishment of the committee to be a statement that

sustainability is at the core of corporate governance and is an important issue. The role of the committee is to receive requests for advice from the Board of Directors and make recommendations to the Board of Directors on business initiatives to realize a sustainable society, including consistency with long-term strategies, legitimacy of ESG targets, and progress of initiatives, reflecting the perspectives of stakeholders and the like. In addition, it is also responsible for demonstrating the Group's sustainability initiatives and achievements, as well as the enhancement of corporate value through business, to multiple stakeholders and society through careful communication.

Determination as Chairperson

I am humbled to be appointed to the important role of chairperson of the committee. The Group's businesses, centering on metals, energy, and recycling, are deeply involved in the foundations on which people live and create the future. In other words, it is no exaggeration to say that our business is sustainability itself. Moreover, the Group as a whole can be viewed as a complex entity capable of realizing a circular economy, and our efforts and achievements are attracting the attention of all stakeholders and society. Recognizing its role, the committee will continue to promote initiatives that meet the expectations of various stakeholders and support the achievement of enhancing corporate value for the Group.

Sustainability Committee

Composition (including chairperson)	Seven Outside Directors / One Internal Director
Chairperson	Director (Outside) Koji Igarashi
Members	Director (Outside) Mariko Tokuno Director (Outside) Hiroshi Watanabe Director (Outside) Hikaru Sugi Director (Outside) Tatsuo Wakabayashi Director (Outside) Kazuhiko Takeda Director (Outside) Rikako Beppu Director Akira Takeuchi
Functions and Duties	The Sustainability Committee was established under the Board of Directors on June 28, 2022 in order for the Board of Directors to not only monitor the Company's sustainability efforts but also to proactively consider the direction of the sustainability efforts from different perspectives and present them within the Company. Through this, the Company will improve the quality of its sustainability initiatives and enhance the Group's medium- to long-term corporate value. The Sustainability Committee will consider monitoring methods and issues related to sustainability management and others as matters at the request of the Board of Directors for advice. The Sustainability Committee will report its considerations to the Board of Directors.

Executive Officer System

(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 (as of April 1, 2022)

Naoki Ono	Chief Executive Officer (Representative Executive Officer) CEO; Responsible for: General Operation of the Company, Internal Audit, Business Process Innovation
Yasunobu Suzuki	Executive Vice President (Representative Executive Officer) Responsible for: SCQ Promotion, Special Missions from CEO
Makoto Shibata	Managing Executive Officer Responsible for: Monozukuri and R&D Strategy, DX Promotion, System Strategy
Nobuhiro Takayanagi	Managing Executive Officer CFO; Responsible for: Management Strategy, General Manager of Management Strategy Div.
Jun Nagano	Managing Executive Officer President, Professional CoE
Tetsuya Tanaka	Managing Executive Officer President, Metalworking Solutions Company
Toshinori Ishii	Managing Executive Officer President, Advanced Products Company
Katsuyoshi Isaji	Managing Executive Officer President, Metals Company
Yoshiaki Arai	Managing Executive Officer President, Environment & Energy Business Company
Makiko Nogawa	Managing Executive Officer Responsible for: Human Resources Strategy, General Manager of Human Resources Strategy Div.

(Strategic Management Committee)

Following the delegation of authority from the Board of Directors, the Strategic Management Committee reviews and determines important matters concerning the management of the entire Group. The Strategic Management Committee is comprised of 5 Executive Officers as of June 28, 2022.

(Governance Deliberative Council)

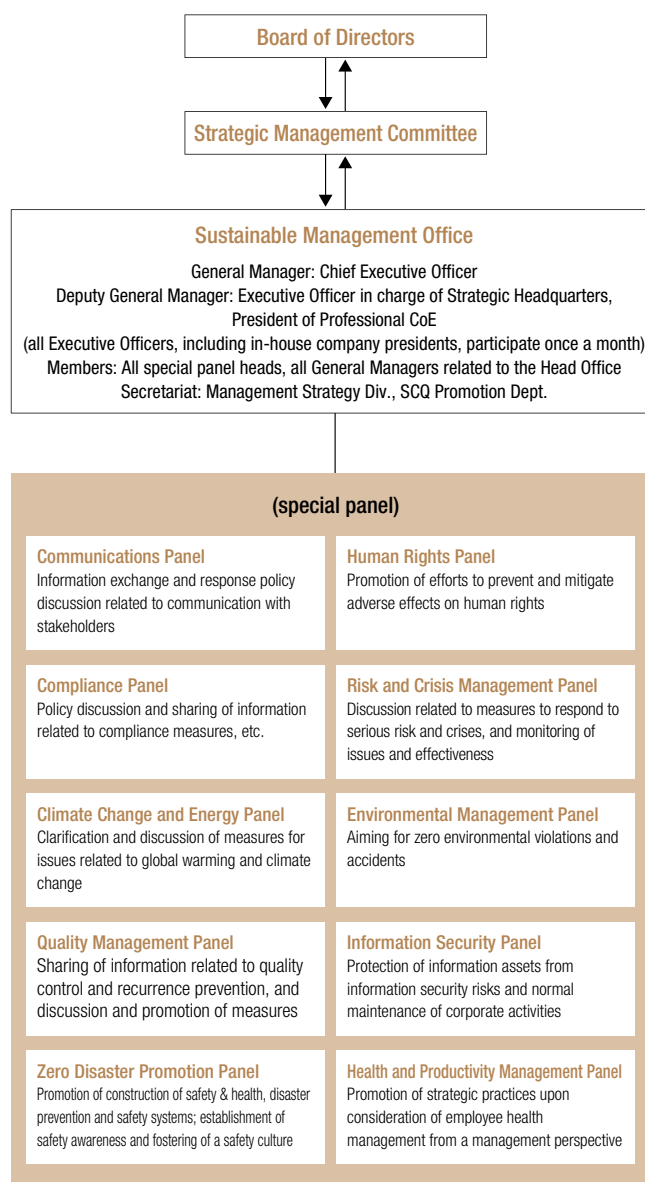
The Governance Deliberative Council enhances the deliberation, reporting, and follow-up system for governance-related matters (CSR, safety and health, plant safety, environmental management, quality management, auditing, etc.). It is composed of members of the Strategic Management Committee and general managers of related departments. The Governance Deliberative Council deliberates in February of each year on policies and annual plans for the next fiscal year for business divisions (including business sites and subsidiaries) involved in governance-related matters. And in September of each year, it reports on the status of actions and deliberates on review plans, thereby improving the effectiveness of group-wide initiatives.

(Sustainable Management Office)

The mission of the Sustainable Management Office is to promote centralized handling of various management issues surrounding sustainability in order that our Group, in accordance with our corporate philosophy, will both contribute to the building of a sustainable society and achieve medium- to long-term improvement in corporate value through our business activities. Its members include the CEO (General Manager), executive officers of related departments (Deputy General Manager), and general managers of related departments.

It has panels for each specialized field as suborganizations, which deliberate on annual policies and activity plans. After following-up on specific measures and the like related to each field by the Sustainable Management Office, the status of those activities is reported to the Strategic Management Committee and the Board of Directors monthly.

Sustainable management system (as of June 28, 2022)



Status of Audits/Internal Control

Status of Audits

Status of audits performed by the Audit Committee

A framework for conducting audits of the state of the execution of duties by Directors and Executive Officers has been established (1) by, utilizing methods via the Internet, attending important meetings such as the meetings of the Strategic Management Committee, conducting 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 examining important approval documentation, etc. by members of the Audit Committee, and (2) by investigating the state of business and assets at the Company headquarters and significant business sites and conducting onsite audits of subsidiaries, etc. as needed by select members of the Audit Committee according to the audit standards and audit plans, etc. of the Audit Committee as established by the Audit Committee.

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 directly under the Audit Committee to assist the Committee in its duties concerning such audits performed by members of the Audit Committee.

Mr. Tatsuo Wakabayashi, Chairperson of the Audit Committee, has extensive knowledge of finance and accounting, having successively served as president and chairman at financial institutions.

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.

Mr. Kazuhiko Takeda, a Member of the Audit Committee, has extensive knowledge of finance and accounting through his experience as CFO at major subsidiaries of listed companies.

The Audit Committee examines the status of the development and operation of the internal control system, the status of the development and operation of the internal control system for financial reporting, the status of measures for workplace safety, the status of the preparation and implementation of measures to enhance the internal control system, the status of the implementation of measures to comply with

the Antimonopoly Act, the appropriateness of auditing methods and the results of audits by Accounting Auditors, as well as other matters.

Full-time Members of the Audit Committee attends important meetings such as the Strategic Management Committee, the Group's Management Committee, Budget Deliberation, Monozukuri and R&D Strategy Meetings and the Governance Deliberative Council, and provides comments or suggestions on matters of concern.

Furthermore, regular meetings are also held with the Chief Executive Officer, as well as individual discussions with Executive Officers, to exchange opinions. In addition, reports from each division of the Strategic Headquarters and Professional CoE division are received on a regular or timely basis and suggestions or recommendations are provided. Details thereof are shared with the Audit Committee in a timely manner.

Status of internal audits

As of June 28, 2022, the Audit Department of the Strategic Headquarters and the Audit Department of in-house companies, which are departments in charge of internal audits, consist of 31 persons, including the General Managers of each Audit Department. They are responsible for conducting internal audits based on the instructions of the responsible Executive Officer in cooperation with the Audit Committee to evaluate whether internal control systems are developed and applied in an appropriate manner. They also audit the effectiveness and efficiency of company operations across the Group, the reliability of financial reports, the state of safeguards for assets and their effective utilization, 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 responsible Executive Officer and the Audit Committee.

Furthermore, the Audit Department of the Strategic Headquarters works on their audits in close liaison with the Audit Committee by regularly reporting the results of Group-wide audits performed and sharing information.

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

Regarding evaluations conducted during fiscal 2022 on our internal control system for financial reporting, an Internal Control Report was submitted in June 2022 for which we received an unqualified opinion of the auditing firm that the content is appropriate.

Reduction of Strategic Share Holdings

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 the business strategy.

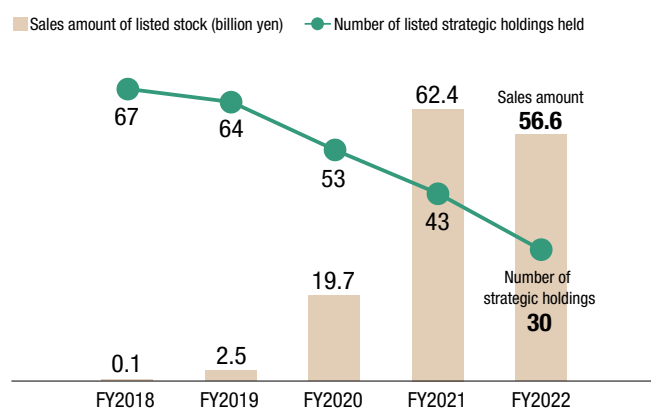
With regard to the Shares in the Form of Strategic Share Holdings, the appropriateness of such holdings shall be specifically reviewed and examined at a meeting of the Board of Directors on an annual basis. As a result of such reviews and examinations, the Company will reduce any Shares in the Form of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

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

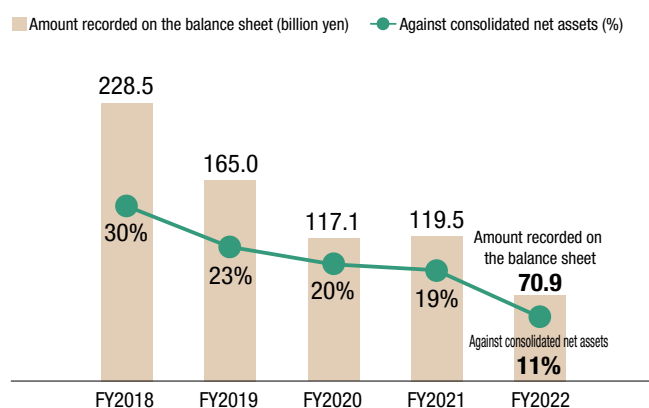
Strategic shareholding reduction in fiscal 2022

In fiscal 2022, out of all of the Strategic Share Holdings (shares in 43 issuing companies held by the Company at the end of March 2021), we sold all or a part of the shares issued by 22 issuing companies. The sales price was approximately 56.6 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

- 116** Ten-Year Summary
- 118** Financial Statements
- 120** Global Atlas
- 122** Company Data/Stock Data

Ten-Year Summary

	2013	2014	2015	2016	2017	2018
For the Year						
Net sales* ¹	1,287,251	1,414,796	1,517,265	1,417,895	1,304,068	1,599,533
Cost of sales	1,094,588	1,220,333	1,313,259	1,204,322	1,104,402	1,379,877
Operating profit	52,500	66,281	71,871	70,420	59,761	72,819
Ordinary profit	74,414	76,902	81,093	72,422	63,925	79,621
Profit (loss) attributable to owners of parent	36,948	52,551	56,147	61,316	28,352	34,595
Capital expenditures	52,957	65,944	57,636	78,103	75,685	76,231
Depreciation and amortization	60,370	60,498	56,746	60,842	60,796	61,420
R&D expenses	11,401	10,986	10,530	11,225	11,344	11,614
At Year-End						
Total assets* ⁵	1,811,767	1,778,505	1,898,157	1,793,375	1,896,939	2,011,067
Total non-current liabilities* ⁵	549,198	514,279	490,825	452,038	480,079	465,570
Total net assets	466,231	525,707	629,514	645,017	710,195	768,495
Number of issued shares (common share) (thousands)	1,314,895	1,314,895	1,314,895	1,314,895	131,489	131,489
Number of employees (consolidated)	22,181	23,112	23,413	24,636	24,859	26,959
Per Share Amounts*²						
Profit	¥ 28.19	¥ 40.10	¥ 42.85	¥ 46.80	¥ 216.44	¥ 264.15
Diluted profit	—	—	—	—	—	—
Net assets	309.17	348.54	420.36	423.83	4,743.27	5,211.20
Cash dividends applicable to the year	4.00	6.00	8.00	10.00	60.00	80.00
Financial Ratios (%)						
Operating margin* ¹	4.1%	4.7%	4.7%	5.0%	4.6%	4.6%
Return on asset (ROA)* ^{3*5}	4.2%	4.3%	4.4%	3.9%	3.5%	4.1%
Return on equity (ROE)* ⁴	9.8%	12.2%	11.1%	11.1%	4.8%	5.3%
Shareholders' equity ratio* ⁵	22.4%	25.7%	29.0%	31.0%	32.8%	33.9%

Changes in Medium-Term Management Plans and Strategies

Medium-Term Management Plan “Materials Premium 2013 Aiming for New Creation” 2012-2014	Medium-Term Management Plan “Materials Premium 2016 -Challenge to become the world's leading business group-” 2015-2017	Medium-Term Management Plan “Transformation for Growth” 2018-2020
1 Develop overseas markets, especially emerging markets	1 Fortifying the foundation for growth	1 Achieve growth through innovation
2 Realize “Materials Premium”	2 Strengthening global competitiveness	2 Create value by building a recycling-oriented society
	3 Pursuing a recycling-based business model	3 Increase the company's market presence through investment for growth
		4 Increase efficiency through continuous improvement

Unit : Millions of yen

2019	2020	2021	2022
1,662,990	1,516,100	1,485,121	1,811,759
1,469,911	1,325,438	1,312,771	1,602,958
36,861	37,952	26,567	52,708
50,679	49,610	44,527	76,080
1,298	(72,850)	24,407	45,015
103,418	88,043	81,519	81,450
64,519	68,657	66,337	68,090
10,912	10,881	11,127	11,604
1,938,270	1,904,050	2,035,546	2,125,032
486,921	520,123	562,313	542,586
723,337	586,034	614,394	655,752
131,489	131,489	131,489	131,489
28,426	28,601	27,162	23,711
(Unit : Yen)			
¥ 9.92	¥ (556.34)	¥ 186.71	¥ 344.56
—	—	—	—
4,838.31	3,870.35	4,173.14	4,476.52
80.00	80.00	50.00	90.00
2.2%	2.5%	1.8%	2.9%
2.6%	2.6%	2.3%	3.7%
0.2%	(12.8%)	4.6%	8.0%
32.7%	26.6%	26.8%	27.5%

- Notes
1. Net sales, Operating margin
The Company has been applying "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance from the beginning of FY2022. Individual figures since FY2022 have had the accounting standards and others applied.
 2. Per Share Amounts
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.
 3. Return on assets (ROA)
$$\text{ROA} = \frac{\text{Ordinary profit}}{[(\text{Total asset at the beginning of terms} + \text{total asset at the end of terms}) / 2]} \times 100$$
 4. Return on equity (ROE)
$$\text{ROE} = \frac{\text{Profit (loss) attributable to owners of parent}}{[(\text{Total net assets at the beginning of terms} - \text{non-controlling interests at the beginning of terms} - \text{other deductions at the beginning of terms}) + (\text{Total net assets at the end of terms} - \text{non-controlling interests at the end of terms} - \text{other deductions at the end of terms})] / 2]} \times 100$$
 5. 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.

Medium-Term Management Strategy "Value Creation Process"

2021-2023

1 Business Strategies

[Refer to p.50]

2 Corporate Strategies

- R&D and marketing strategy • Manufacturing excellence strategy
- Quality management strategy • Digital Transformation strategy
- Human resources strategy

[Refer to p.60]

3 Governance

- Corporate Governance • Strengthening Group Governance

[Refer to p.86]

Financial Statements

Consolidated Balance Sheets

Unit : Millions of yen

	As of March 31, 2021	As of March 31, 2022
ASSETS		
Current assets		
Cash and deposits	153,086	159,221
Notes receivable - trade	29,788	30,302
Accounts receivable - trade	190,733	219,543
Merchandise and finished goods	117,498	133,600
Work in process	126,357	159,508
Raw materials and supplies	136,019	161,487
Leased gold bullion	156,254	195,379
Other	133,258	182,280
Allowance for doubtful accounts	(3,103)	(2,390)
Total current assets	1,039,894	1,238,932
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	158,343	148,092
Machinery, equipment and vehicles, net	241,391	224,798
Land, net	209,707	194,039
Construction in progress	33,864	40,020
Other, net	22,093	22,248
Total property, plant and equipment, net	665,402	629,199
Intangible assets		
Goodwill	31,670	29,371
Other	14,760	19,184
Total intangible assets	46,431	48,556
Investments and other assets		
Investment securities	217,477	165,232
Retirement benefit asset	4,934	8,097
Deferred tax assets	14,801	12,618
Other	50,996	26,862
Allowance for doubtful accounts	(4,392)	(4,468)
Total investments and other assets	283,818	208,343
Total non-current assets	995,651	886,099
Total assets	2,035,546	2,125,032

	As of March 31, 2021	As of March 31, 2022
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	153,603	158,534
Short-term borrowings	175,686	171,304
Current portion of bonds payable	20,000	10,000
Commercial papers	40,000	30,000
Income taxes payable	6,781	12,523
Provision for bonuses	12,852	11,831
Provision for loss on disposal of inventories	756	1,024
Provision for product compensation	578	58
Deposited gold bullion	323,505	392,364
Other	125,072	139,052
Total current liabilities	858,838	926,693
Non-current liabilities		
Bonds payable	40,000	70,000
Long-term borrowings	353,795	327,405
Deferred tax liabilities	36,162	31,163
Deferred tax liabilities for land revaluation	21,094	20,093
Provision for loss on business of subsidiaries and affiliates	2,525	882
Provision for environmental measures	26,555	18,762
Provision for directors' retirement benefits	1,677	811
Provision for share based compensation plan	220	443
Retirement benefit liability	42,249	35,228
Other	38,033	37,795
Total non-current liabilities	562,313	542,586
Total liabilities	1,421,151	1,469,280
NET ASSETS		
Shareholders' equity		
Share capital	119,457	119,457
Capital surplus	79,439	79,407
Retained earnings	294,814	328,864
Treasury shares	(2,868)	(2,892)
Total shareholders' equity	490,843	524,837
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	42,940	26,110
Deferred gains or losses on hedges	(1,119)	(5,328)
Revaluation reserve for land	27,097	26,369
Foreign currency translation adjustment	(8,057)	18,832
Remeasurements of defined benefit plans	(6,470)	(6,003)
Total accumulated other comprehensive income	54,390	59,979
Non-controlling interests	69,161	70,935
Total net assets	614,394	655,752
Total liabilities and net assets	2,035,546	2,125,032

Consolidated Statements of Profit or Loss

Unit : Millions of yen

	Year Ended March 31, 2021 (Apr. 1, 2020–Mar. 31, 2021)	Year Ended March 31, 2022 (Apr. 1, 2021–Mar. 31, 2022)
Net sales	1,485,121	1,811,759
Cost of sales	1,312,771	1,602,958
Gross profit	172,349	208,801
Selling, general and administrative expenses	145,781	156,092
Operating profit	26,567	52,708
Total non-operating income	38,278	42,960
Total non-operating expenses	20,318	19,588
Ordinary profit	44,527	76,080
Total extraordinary income	28,876	38,609
Total extraordinary losses	30,063	38,074
Profit before income taxes	43,341	76,616
Total income taxes	12,564	24,001
Profit	30,777	52,614
Profit attributable to non-controlling interests	6,369	7,599
Profit attributable to owners of parent	24,407	45,015

The Company has been applying "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance from the beginning of FY2022. Individual figures since FY2022 have had the accounting standards and others applied.

Consolidated Statements of Cash Flows

Unit : Millions of yen

	Year Ended March 31, 2021 (Apr. 1, 2020–Mar. 31, 2021)	Year Ended March 31, 2022 (Apr. 1, 2021–Mar. 31, 2022)
Cash flows from operating activities	78,442	6,889
Cash flows from investing activities	(101,763)	(3,210)
Cash flows from financing activities	41,514	(5,055)
Net increase (decrease) in cash and cash equivalents	19,203	8,094
Cash and cash equivalents at end of period	147,533	153,640

Global Atlas

As of March 31, 2022

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

Europe

Number of affiliates: **18**
Number of employees: **1,201**

North America

Number of affiliates: **22**
Number of employees: **3,693**

East Asia

Number of affiliates: **15**
Number of employees: **772**

Japan

Number of affiliates: **50**
Number of employees: **13,290**

Southeast Asia

Number of affiliates: **18**
Number of employees: **4,703**

South America

Number of affiliates: **2**
Number of employees: **42**

Oceania

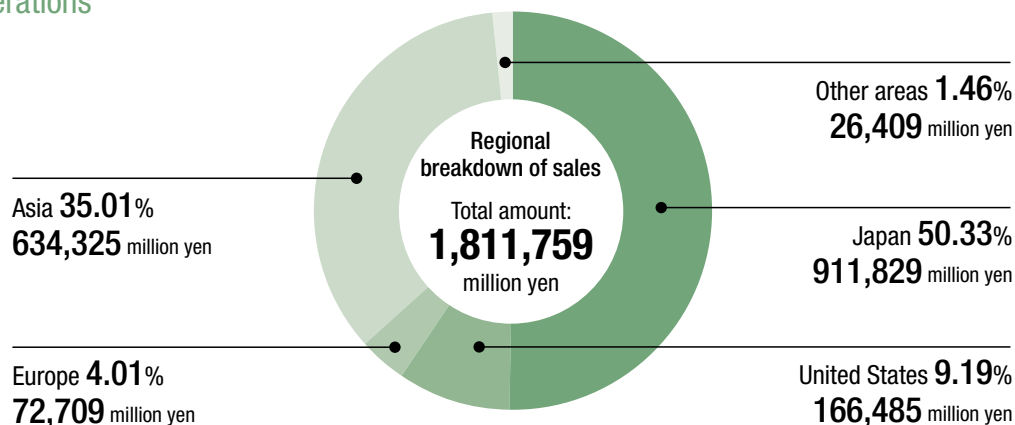
Number of affiliates: **1**
Number of employees: **10**

Number of countries/
regions with overseas
operations

31

Number of Employees
(consolidated)

23,711



Main Mitsubishi Materials business sites*1

Head Office (Tokyo)
Osaka Regional Head Office (Osaka Prefecture)
Saitama Property Management Office (Saitama Prefecture)
Smart Factory Promotion Center (Saitama Prefecture)
Production Engineering Center (Saitama Prefecture)
Central Research Institute (Ibaraki Prefecture)*1

Advanced Products Business

Wakamatsu Plant (Fukushima Prefecture)
Ceramics Plant (Saitama Prefecture)
Yokkaichi Plant (Mie Prefecture)
Sakai Plant (Osaka Prefecture)
Sambo Plant (Osaka Prefecture)
Sanda Plant (Hyogo Prefecture)

Metalworking Solutions Business

Tsukuba Plant (Ibaraki Prefecture)
Gifu Plant (Gifu Prefecture)
Akashi Plant (Hyogo Prefecture)

Metals Business

Akita Refinery (Akita Prefecture)*1
Ikuno Plant (Hyogo Prefecture)
Naoshima Smelter & Refinery (Kagawa Prefecture)

Cement Business*2

Aomori Plant (Aomori Prefecture)
Iwate Plant (Iwate Prefecture)
Yokoze Plant (Saitama Prefecture)
Higashitani Mine (Fukuoka Prefecture)
Kyushu Plant (Fukuoka Prefecture)

Environment & Energy Business

Energy Project & Technology Center (Saitama Prefecture)

Main consolidated subsidiaries

Mitsubishi Materials Trading Corporation (Tokyo)
Mitsubishi Materials Techno Corporation (Tokyo)
Diasalt Corporation (Tokyo)
Materials' Finance Co., Ltd. (Tokyo)

Advanced Products Business

SAMBO METALS CORPORATION (Osaka Prefecture)
Mitsubishi Materials Electronic Chemicals Co., Ltd. (Akita Prefecture)
Mitsubishi Cable Industries, Ltd. (Tokyo)
Luvata Oy (Finland)
Mitsubishi Polycrystalline Silicon America Corporation (USA)

Metalworking Solutions Business

Japan New Metals Co., Ltd. (Osaka Prefecture)
MOLDINO Tool Engineering, Ltd. (Tokyo)
MMC Hardmetal Europe Holdings GmbH (Germany)
MMC Hartmetall GmbH (Germany)
Mitsubishi Materials U.S.A. Corporation (USA)

Metals Business

Hosokura Metal Mining Co., Ltd. (Miyagi Prefecture)
Materials Eco-Refining Co., Ltd. (Tokyo)
Onahama Smelting & Refining Co., Ltd. (Tokyo)
MM Netherlands Co. (The Netherlands)
PT. Smelting (Indonesia)

Cement Business*2

Ryoko Lime Industry Co., Ltd. (Tokyo)
MCC Development Corporation (USA)
Robertson's Ready Mix, Ltd. (USA)
Mitsubishi Cement Corporation (USA)

Environment & Energy Business

East Japan Recycling Systems Corporation (Miyagi Prefecture)
Hachimantai Green Energy Corporation (Akita Prefecture)
Chubu Eco Technology Co., Ltd. (Mie Prefecture)

*1 Due to organizational changes effective April 1, 2022, the Company closed the Sapporo Branch (Hokkaido), Tohoku Branch (Miyagi Prefecture), Nagoya Branch (Aichi Prefecture), and Kyushu Branch (Fukuoka Prefecture), and the names of some sites and segments under their jurisdiction were changed.

• The Central Research Institute became the Innovation Center.
• Segments under their jurisdiction of the Akita Refinery were changed from Metals Business to Professional CoE.

*2 Effective April 1, 2022, the Company's Cement Business and related businesses, etc. were split off in an absorption-type split with Mitsubishi UBE Cement Corporation as the successor company.

Company Data/Stock Data

As of March 31, 2022

Company Data

Company Name:	Mitsubishi Materials Corporation
Head Office address:	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:	¥2,125,032 million
Number of employees:	6,208 (consolidated : 23,711)
Number of consolidated subsidiaries:	126
Number of equity method affiliated companies:	17
Membership:	KEIDANREN (Japan Business Federation), KEIZAI DOYUKAI (Japan Association of Corporate Executives), Japan Mining Industry Association, Global Compact Network Japan, etc.

Evaluation by External Organizations

2022 Constituent MSCI Japan ESG Select Leaders Index

2022 Constituent MSCI Japan Empowering Women Index (WIN)

FTSE Blossom Japan Sector Relative Index

ECPI INDICES

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



**FTSE Blossom
Japan Sector
Relative Index**



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Related Materials:

"Evaluation by External Organizations" ESG Report
<https://mmc.disclosure.site/en/>

Articles Concerning Stock

Total number of authorized shares: 340,000,000

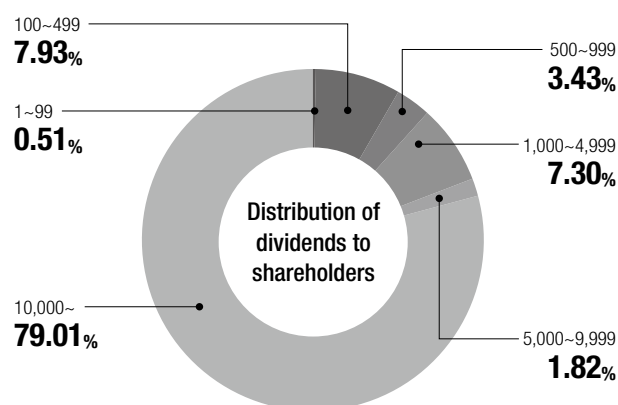
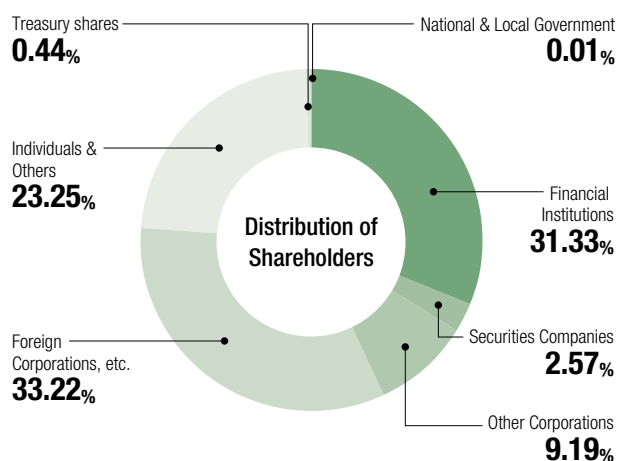
Total number of issued shares: 131,489,535

Number of shareholders: 106,147

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)	20,979	16.0
Custody Bank of Japan, Ltd. (Trust account)	8,768	6.7
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	8,455	6.5
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	4,200	3.2
Meiji Yasuda Life Insurance Company	3,101	2.4
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	2,663	2.0
BBH FOR GLOBAL X COPPER MINERS ETF	2,106	1.6
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	2,041	1.6
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS TOBACCO FREE INTERNATIONAL VALUE EQUITY TRUST	1,915	1.5
STATE STREET BANK AND TRUST COMPANY 505103	1,759	1.3

Note: Percentages of shareholding were calculated after deducting treasury shares (571,410 shares)



Total Shareholder Return (TSR)

	March 2018	March 2019	March 2020	March 2021	March 2022
Mitsubishi Materials Corporation	97.3%	91.5%	72.8%	85.3%	74.9%
TOPIX	115.9%	110.0%	99.6%	141.5%	144.3%

Note: The figures for Mitsubishi Materials and TOPIX are calculated with the closing price data as of the end of March 2017 as 100.

Mitsubishi Materials Corporation

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3-2-3, Marunouchi, Chiyoda-ku,

Tokyo 100-8117 Japan

<https://www.mmc.co.jp/corporate/en/>

For further contact (Web) : <https://www.mmc.co.jp/corporate/en/contact/>

