

Mitsubishi Materials Corporation Sustainability IR Meeting

September 13, 2022



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Key points of Integrated Report 2022

Overview of Corporate Activities under the Corporate Philosophy System

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

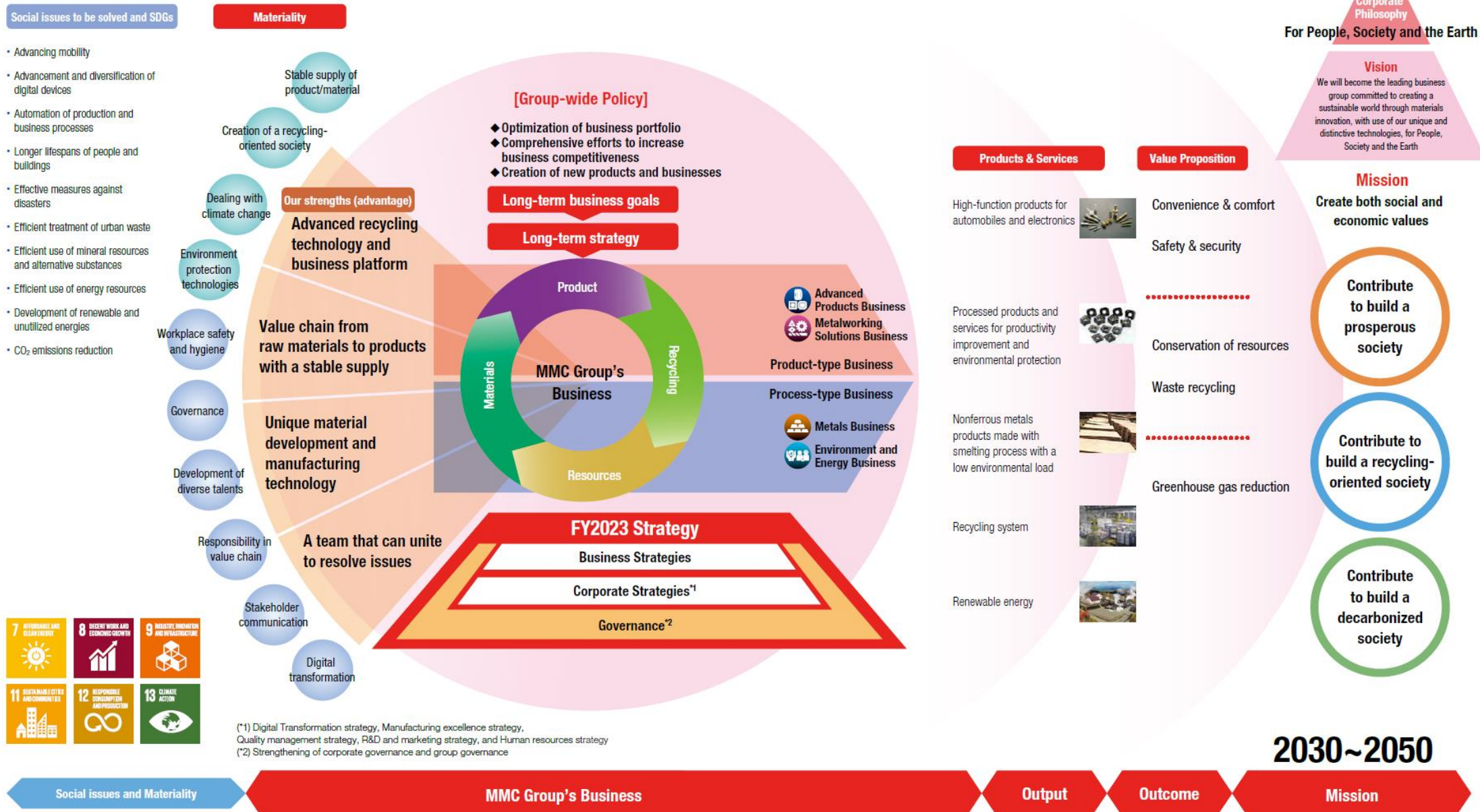
Mitsubishi Materials Group Philosophy System

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.

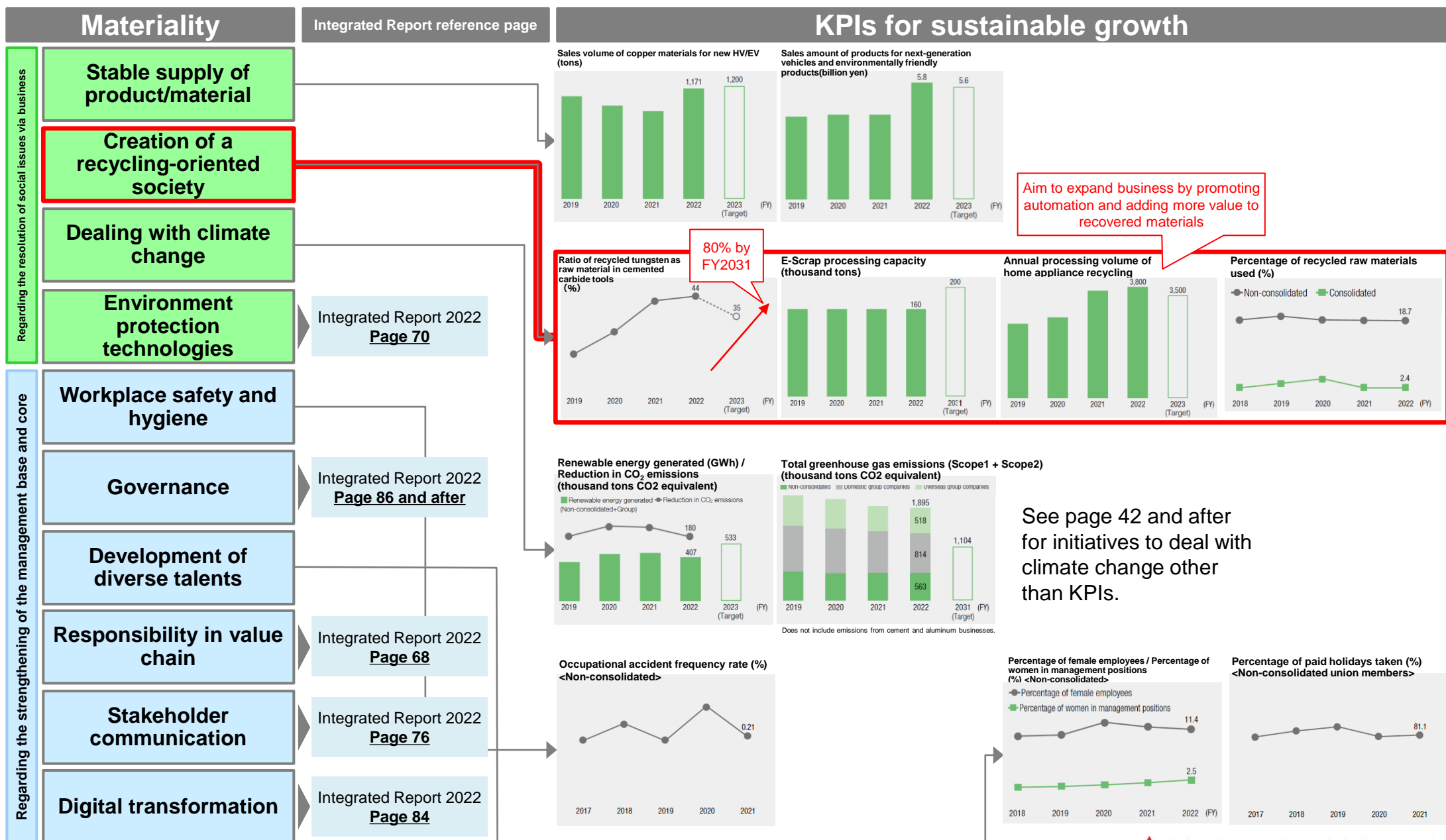




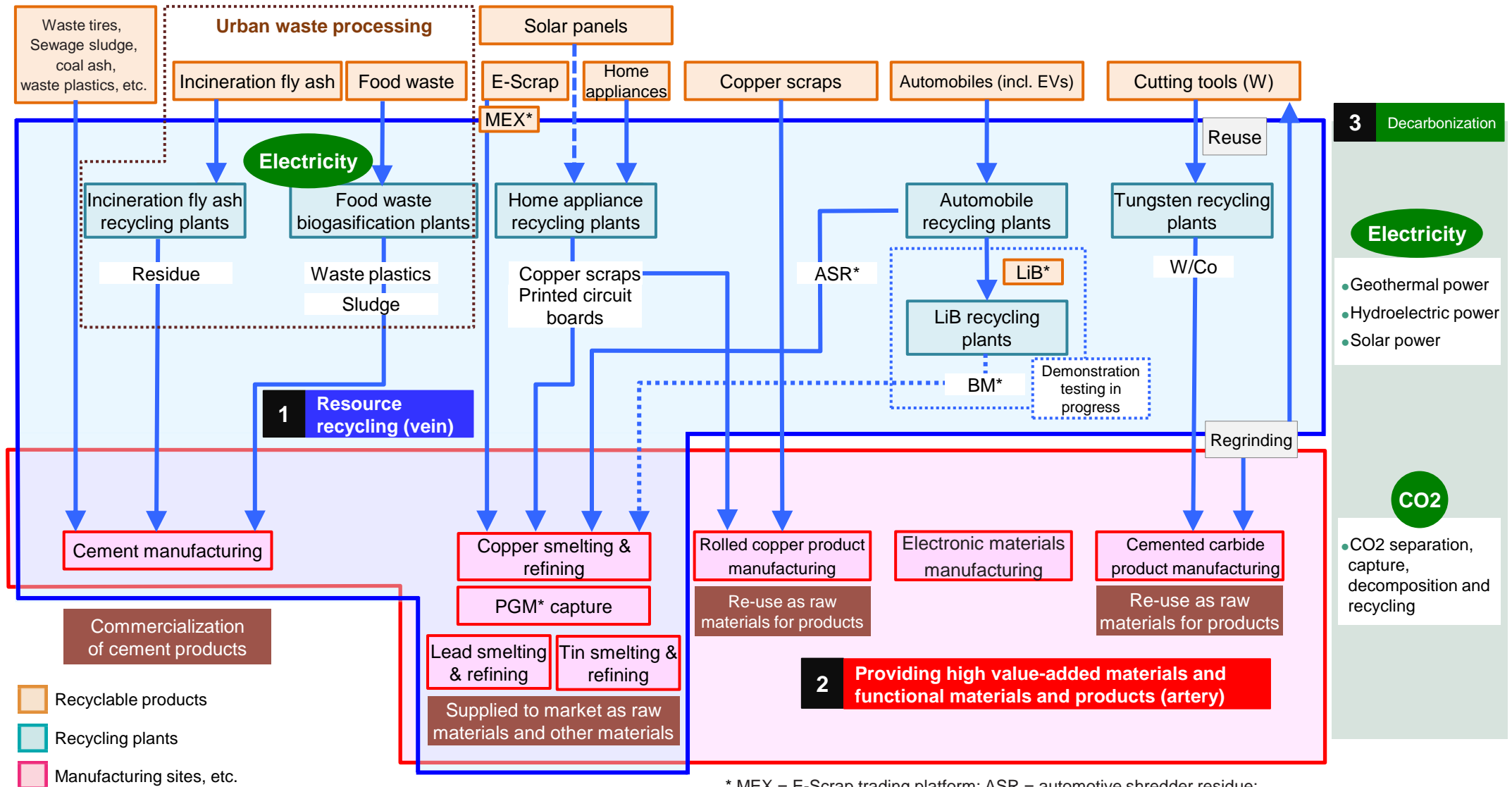
Materialities and KPIs for Sustainable Growth

Based on the perspective of the Group's medium- and long-term growth as well as our Mission to create both social and economic values as set forth in the FY2023 Strategy, we have set forth materialities and KPIs for sustainable growth.

In particular, regarding our materiality, creation of a recycling-oriented society, we are promoting initiatives from the perspective of creating both social and economic values.



In addition to theorizing multiple scenarios for realizing our Mission, we will discuss how businesses should operate in order to contribute to the building of “a prosperous society,” “a recycling-oriented society” and “a decarbonized society.”



* MEX = E-Scrap trading platform; ASR = automotive shredder residue;
LiB = lithium-ion battery; BM = black mass (concentrated sludge of Li/Ni/Co);
PGM = platinum group metals

We will simultaneously promote four management reforms to enhance organizational capabilities to implement more agile responses and execute strategies (corporate transformation (CX), human resources transformation (HRX), digital transformation (DX) and operational efficiency) in readiness for environmental changes.

CX

Reform into optimal form of group management (organization / business management)

Strategic Headquarters + Professional CoE responsible for efficiency and sophistication + strong business divisions capable of autonomous business management (complete In-house Company system)

HRX

Reform of HR systems and work styles to acquire and develop autonomous talents who can adapt to changes

1. Job-based HR System
2. Next-Generation Leadership Talent Development
3. Internal Job Posting System
4. New Training System
5. Talent Management System
6. Human Resources Committee

DX

Reform that utilizes data and digital technology to strengthen today, create tomorrow and cultivate talent

Improvement of business added-value, business operations competitiveness and management speed

Operational Efficiency Improvement

Reform that reviews organizations, business processes, and work styles

Create both social and economic values

Mission

A prosperous society

A recycling-oriented society

A decarbonized society

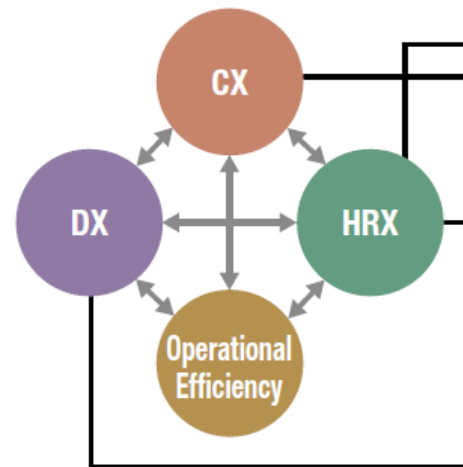
To contribute to the building of

Group-wide Policy

Optimization of business portfolio

Comprehensive efforts to increase business competitiveness

Creation of new products and businesses



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

Improvement of organizational capabilities

- Change adaptability** Ability to implement more agile responses to changing environment
- Ability to integrate** Ability to implement strategies through human networks and combination of functions

By clarifying the division of roles between the Head Office / Corporate Division and the In-house Companies through CX, we will strengthen business competitiveness and increase corporate value.

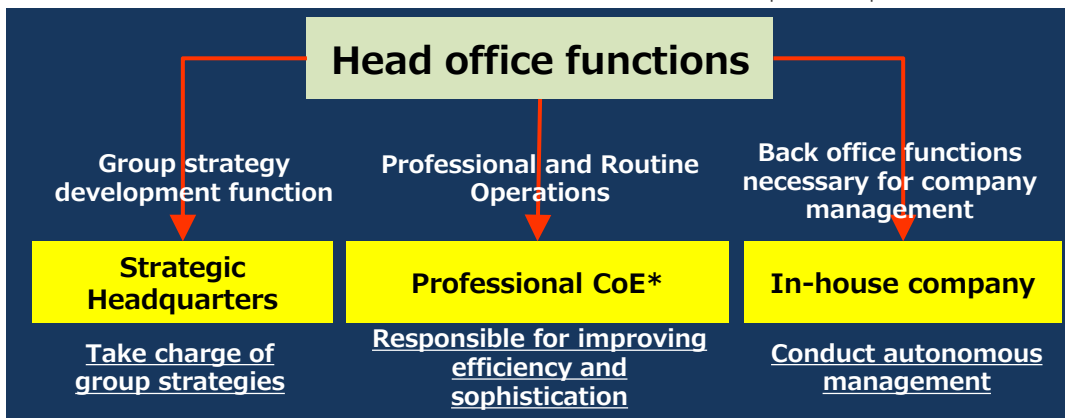
Previous Head office functions

The Corporate Division was a single department responsible for

- Group-wide strategy planning functions
- In-house company support functions
- Routine operations

Role reassignment

* CoE (Center of Excellence): Organization with expertise in specific areas



- Clarify division of roles between Strategic Headquarters / Headquarters back office / Business division
- Speedy and flexible business management tailored to the business environment and business characteristics
- Strengthen governance functions by pursuing a balance of centrifugal and centripetal forces among Strategic Headquarters/ Headquarters back office/ Business division

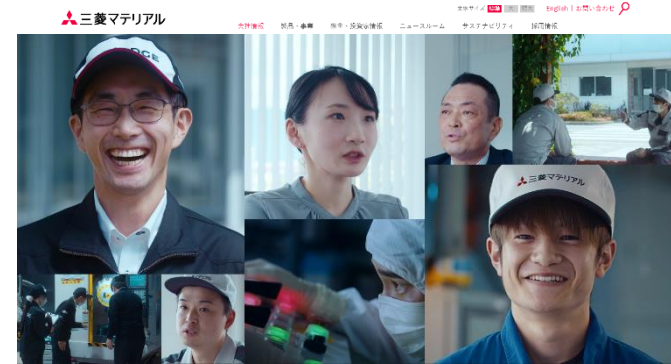
Aim to become

- Organization capable of autonomously solving issues
- Organization that makes prompt and resolute decisions

By continuing measures aimed at revitalizing communication that were started in FY2022, we will improve both the quantity and quality of communication in order to be an organization with good and healthy communication where employees have unrestricted communication.

Inner branding

- Development of measures with the goal of encouraging employees to take ownership of our Mission
 1. Communication with management
 2. Connect every single employee and the entire Group horizontally
 3. Support each challenge
- Development of measures centered on promotional member ambassadors recruited from the employee pool
- Establish an internal communication site as a platform to disseminate information and effectively use it as a hub for company-wide communication
- Launch a special page on our website to introduce these initiatives
(<https://www.mmc.co.jp/corporate/ja/company/mezasusugata/index.html>)



Town hall meetings

- In conjunction with inner branding, we are **currently holding town hall meetings** as a measure to strengthen communication of managerial information and engage in two-way dialogue in order to bring management and employees closer together



1-on-1 meetings

- In order to accelerate employee growth, **employees engage with their supervisors in 1-on-1 meetings**. These meetings are **shorter and more frequent** than conventional employee interviews to solve employee concerns and issues.

Reverse mentoring

- Promote **communication that transcends hierarchy and organizational structures** by having young employees serve as mentors and provide advice to employees in higher-level positions



Sustainability Initiatives Across the Group

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Based on our Corporate Philosophy of “For People, Society and the Earth,” we are proactively promoting sustainability measures as well as business activities that earn the trust of all our stakeholders and fulfill our social responsibilities.

	Start of Medium-Term Management Strategy (FY2023 Strategy) ▼ April 2020			ESG meeting (March 2021) ▼ ▼ April 2021		Establishment of the Sustainability Policy ▼ (December 2021) ▼ April 2022		Selected as a component of the FTSE Blossom Japan Sector Relative Index, ESG investment index	
E <ul style="list-style-type: none"> Creation of a recycling-oriented society Dealing with climate change Environment protection technologies 	September 2015 Acquisition of forest certification for nine forests in Hokkaido			Start of commercial operation of a biogas power plant		Set GHG emissions reductions targets → Revised (November 2021)		E-Scrap • Processing capacity improvement expansion work • Start of operation of the MEX business platform	
	Participation in Keidanren's "Challenge Zero"			Calculation of carbon footprint CO ₂ recovery, methanation and utilization testing		Promotion of GHG reduction through industry-academia-government coordination		Application for SBT certification	
S <ul style="list-style-type: none"> Responsibility in value chain Development of diverse talents 	Establishment of Novel Coronavirus Response Headquarters			Optimization by positioning the head office as the communication core		Start of human resources transformation (HRX) initiatives		Implementation of D&I initiatives	
	Certification as a Health & Productivity Management Organization 2020 (Large Enterprise Category)			Establishment of the Mitsubishi Materials Group Health and Productivity Management Declaration		Donations to four organizations working to solve social issues in honor of the Group's 150th anniversary		Establishment of Human Rights Policy and Procurement Policy	
G <ul style="list-style-type: none"> Governance 	From FY2018 Joint industry-academia activities (endowed course)							Introduction of a job-based HR system	
	Participation in G20 EMPOWER							Certified as a Health & Productivity Management Organization 2022 (Large Enterprise Category)	
	Signing of the UN Global Compact							Support for "Resource Sciences Education Consortium" Established by Hokkaido University and Kyushu University	
	Start of the Second Term of the Laboratory of Non-ferrous Extractive Metallurgy at the Graduate School of Engineering, Kyoto University								
	Corporate governance								
	Transition to being a company with a nomination committee (June 2019)			Review of executive remuneration system		Revisions to the Corporate Governance Code		Strategic IP formation activities and promotion of IP governance	
	Establishment of Basic Policy on Corporate Governance			Change in ratio of outside directors (6/11→6/10)		Release of director skills matrix		Evaluation of the effectiveness of the Board of Directors using a third-party organization	
	Group governance							Establishment of the Sustainability Committee	
	Group governance framework enhancement measures			Internal control enhancement measures		Introduction of an in-house reporting system outside Japan		Increase in the ratio of outside directors 6(1)/10→7(2)/10	
	Enhancement measures for the system of compliance with the Antimonopoly Act			Communication measures such as inner branding and reverse mentoring				Female outside directors indicated in parentheses	
	Establishment of Sustainable Management Office							Revision of remuneration system for Executive Officers	
								Corporate communication magazine "WITH MATERIALS" launched	

Outline of the ESG Report

We have issued the ESG Report to provide stakeholders with a better understanding of the Group's approach and initiatives for sustainable management and its achievements, challenges, and direction.

■ Release of Mitsubishi Materials ESG Report 2022 in August 2022

■ Summary of Mitsubishi Materials ESG Report 2022

Top Message

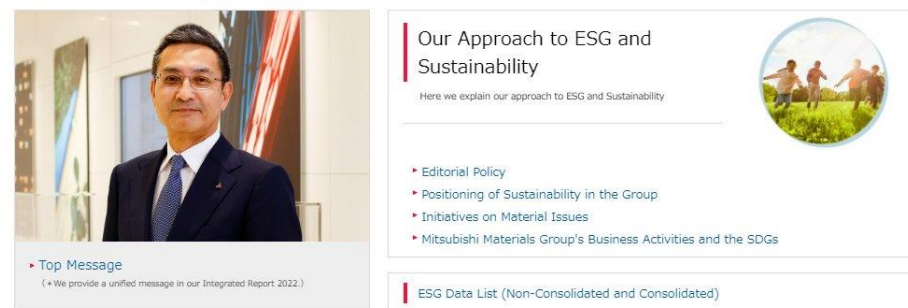
Our Approach to ESG and Sustainability

Mitsubishi Materials Group's Initiatives on Material Issues

1. Stable Supply of Product/Material
2. Creation of a Recycling-oriented Society
3. Dealing with Climate Change
4. Environment Protection Technologies
5. Workplace safety and hygiene
6. Governance
7. Development of Diverse Talents
8. Responsibility in Value Chain
9. Stakeholder Communication
10. Digital Transformation

ESG Data List

Evaluation by External Organizations



URL: <https://mmc.disclosure.site/en/>

Governance Initiatives

We are working to further enhance organization/corporate culture reforms as well as corporate governance, while strengthening business competitiveness.

	2015	2016	2017	2018	2019	2020	2021	2022
Basic Policy on Corporate Governance						Formulation of policy		
Corporate Governance System	Company with an Audit Board				Company with a Nomination Committee, etc.			
			Nomination Committee	as a voluntary	As a statutory			
					Audit Committee			
			Remuneration Committee	as a voluntary	As a statutory			
							Sustainability Committee	
Board of Directors composition	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>
Outside Directors	9(0)	9(1)	9(1)	9(1)	11(1)	10(1)	10(1)	10(2)
Total Directors (female)								
Remuneration System for Directors and Executive Officers						Complete overhaul, including introduction of stock-based compensation		TRS evaluation, etc. added *1
Organization system	Transfer of authority and autonomous business operations through in-house Company system							Complete in-house Company system *2

*1. 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.

*2. Transitioned from April 1, 2022 to a complete in-house Company system, combining a strategic planning organization, a professional organization responsible for upgrading

Evaluation of the Effectiveness of the Board of Directors

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Effectiveness evaluations for FY2022 are conducted through a third-party organization. We are promoting initiatives related to operation of the Nomination Committee, Audit Committee and Remuneration Committee; oversight of the Board of Directors with respect to the growth strategy; and sustainability.

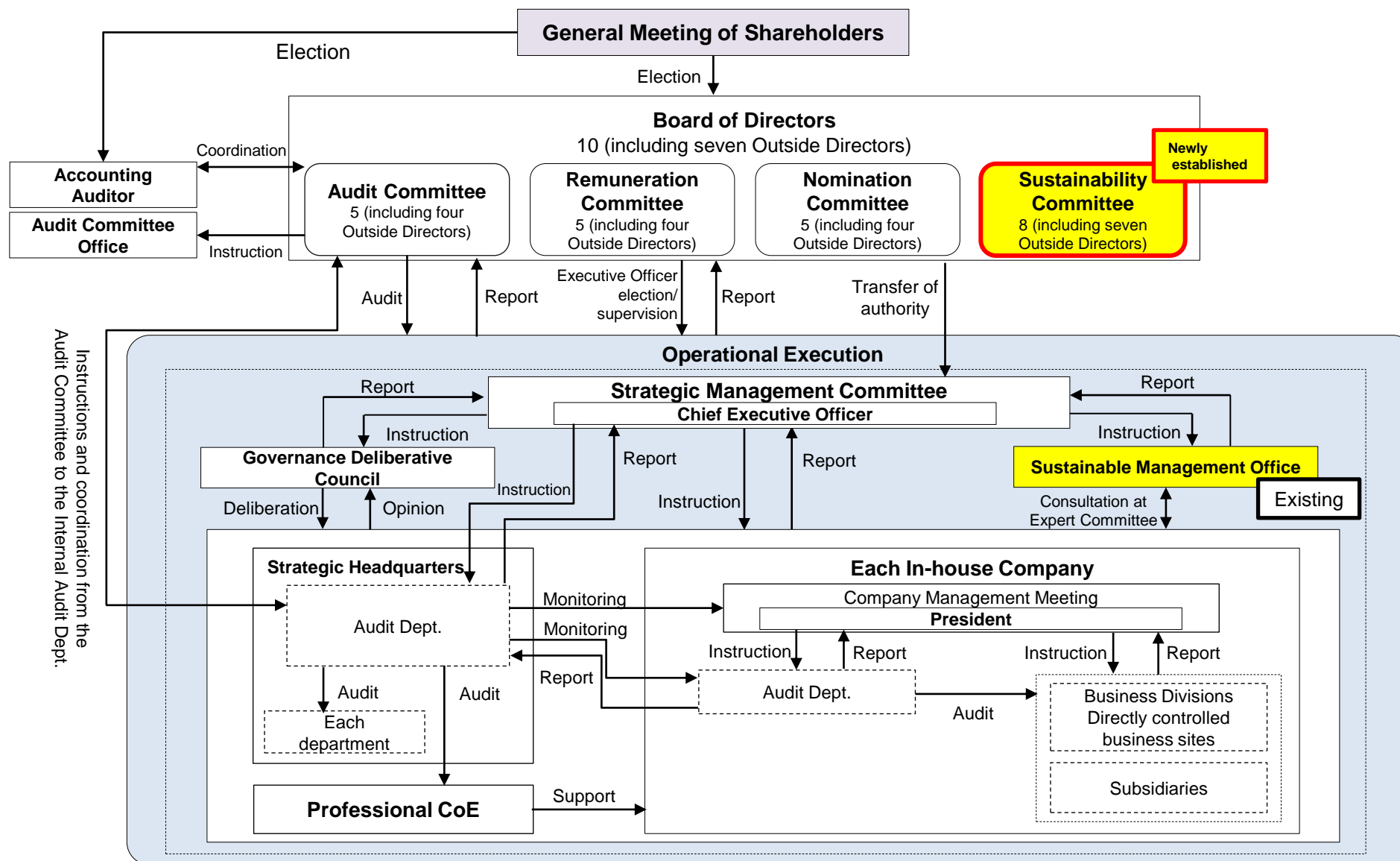
Results of discussion by the Board of Directors taking into account the results of third-party organization analysis

	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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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.

Establishment of the Sustainability Committee

We have established the Sustainability Committee under the Board of Directors to ensure continued monitoring of sustainability initiatives by the Board of Directors, as well as to promote active consideration of the direction of sustainability initiatives from varying perspectives and in order to present these perspectives internally.

These activities improve the quality of our response to sustainability issues and improve the medium- to long-term value of the Group.



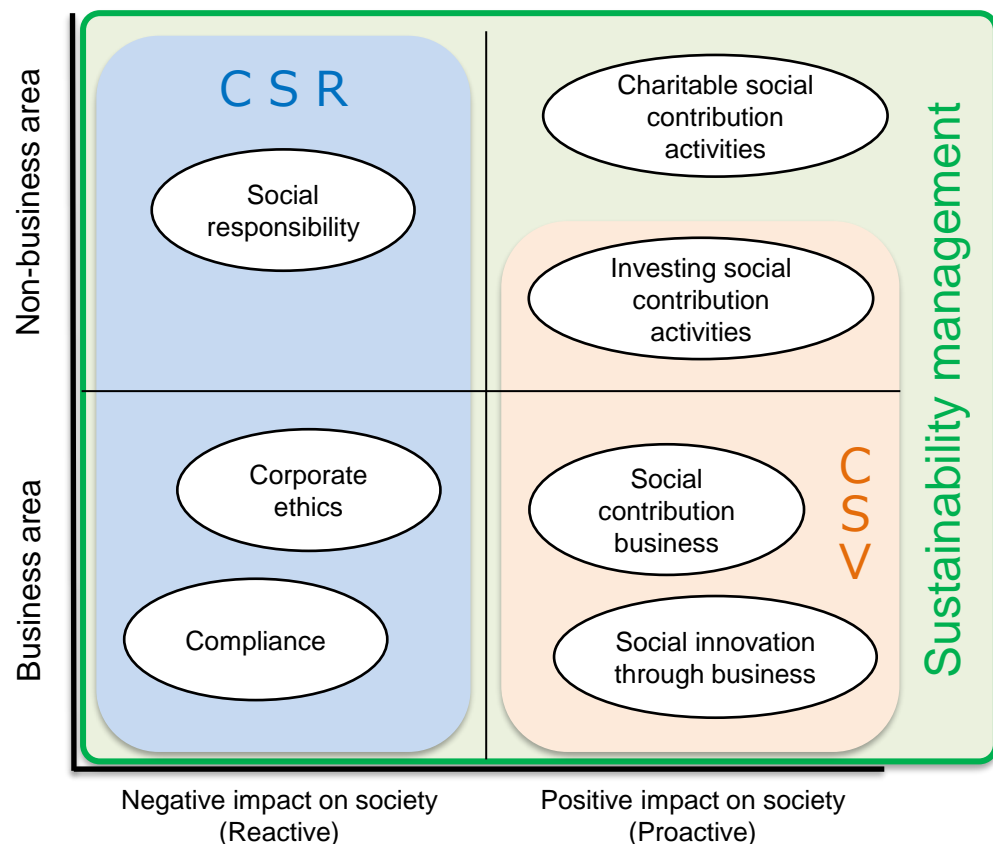
Direction of Sustainability Committee Activities

■ Establishment of the Sustainability Committee (June, 2022)

The Sustainability Committee will consider the following matters at the request of the Board of Directors for advice.

1. Monitoring of sustainability management and its methods
2. Issues related to sustainability management

Specifically, committee activities are implemented according to the categories shown in the table on the right (1. Analysis, 2. Disclosure, 3. Vision).



CSR: Corporate Social Responsibility
CSV: Creating Shared Value

Classification	Details
Analysis	<ul style="list-style-type: none"> • Monitoring and supervision of the status of business execution by execution side • Investigation and analysis of the consistency between global trends and our direction • Evaluation of sustainability management by execution side
Disclosure	<ul style="list-style-type: none"> • Recommendations on information disclosure and communication both inside and outside the company • Cooperation in PR for sustainability activities for stakeholders • Supporting sustainability-related business through on-site inspection and internal publicity
Vision	<ul style="list-style-type: none"> • Examination of our medium- to long-term vision and picture of the future from the perspective of sustainability • Consideration utilizing perspectives and knowledge not limited to existing businesses

■ Two Aspects of Sustainability

- ① Sustainability to enable the company to continue to conduct business activities (reactive perspective)
- ② Sustainability to enable the company to contribute to a sustainable society and earth through business activities (proactive perspective)

■ Direction of Sustainability Committee Activities

We will create the vision for sustainability management from a broader perspective centered on a proactive perspective, indicating sustainability issues that must be considered and prioritized based on that vision.

Outside Directors supervise the appropriateness of the execution of duties by Directors and Executive Officers from an objective standpoint, and based on their specialized knowledge and experience that differs from that of Internal Directors, they play a role in enhancing the supervisory function of the Board of Directors through the following communication activities that provides diverse values.

Improving Director Communication

Item	Details
Expansion of the schedule of Board of Directors meetings, etc.	<ul style="list-style-type: none"> ● Board of Directors, etc. schedule: One day per month (two days only for financial results reporting months)) → 2 days per month from FY2023
Business Briefings for Directors	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● 1-on-1 meetings between part-time Outside Directors and CEO are held once every two months
Meetings with Investors, etc.	<ul style="list-style-type: none"> ● Annual small meetings between outside directors and domestic institutional investors
Outside Directors' Opinion Exchange Meetings	<ul style="list-style-type: none"> ● Meetings for exchanging opinions among Outside Directors and sharing information about each committees ● Generally twice a year until FY2022 → four times a year from FY2023
Opportunities for Dialog between Outside Directors and Employees	<ul style="list-style-type: none"> ● Dialogue with employees through lectures by Outside Directors and individual sessions ● Lecture theme examples <ul style="list-style-type: none"> ➢ Dialogues with female employees (multiple times) ➢ Business characteristics and DX transformation for process-type and product-type business ➢ 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
Tours of Business Sites for Outside Directors	<ul style="list-style-type: none"> ● Tour the Group's major sites and sites of major Group companies ● Participate as observers in company-wide meetings on development strategies

Directors Skill Matrix

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In FY2022, in addition to the Skills Matrix, we also illustrated how directors contribute and provide their knowledge regarding Group-wide policy in the Medium-Term Management Strategy and the reforms underway toward its achievement.

Name	Business experience outside the Company	Expertise and Experience of the Directors (Skill Matrix)							Contribution and Perspectives of the Directors on Key Themes					
		Expertise and experience							Group-wide Policy			Reform Initiative		
		Corporate management & organizational Management	International experience	Sales & marketing	Production engineering	Research & development	Legal affairs	Finance & accounting	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 Governance
Akira Takeuchi		●	○				●	○	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
Naoki Ono		●	○	○	○		○	○	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		
Nobuhiro Takayanagi		●	○	○			○	○		Perspective from extensive sales experience in business of the Company				Perspective from experience as President of the Group company

Outside Director

Mariko Tokuno	Consumer goods	●	○	○			○	○	Perspective of management and knowledge from different industry			Perspective from holding company management experience	Perspective in utilizing human resources with management experience	
Hiroshi Watanabe	Tax system and international finance	●	●				●	○	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
Hikaru Sugi	Automotive products	●	○		○	●				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	
Tatsuo Wakabayashi	Finance	●	○				○	○	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
Koji Igarashi	Food and food materials	●	○		●	○		○	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	
Kazuhiko Takeda	Conglomerate	●	○	○			○	●	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
Rikako Beppu	Legal profession		○				●		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	

○ indicates expertise and experience owned (● indicates primary)

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

*2 The items are narrowed down to those with high contribution (3-4 items) by the Directors. Mr. Kazuhiko Takeda and Ms. Rikako Beppu are new Directors and their expected roles are described.

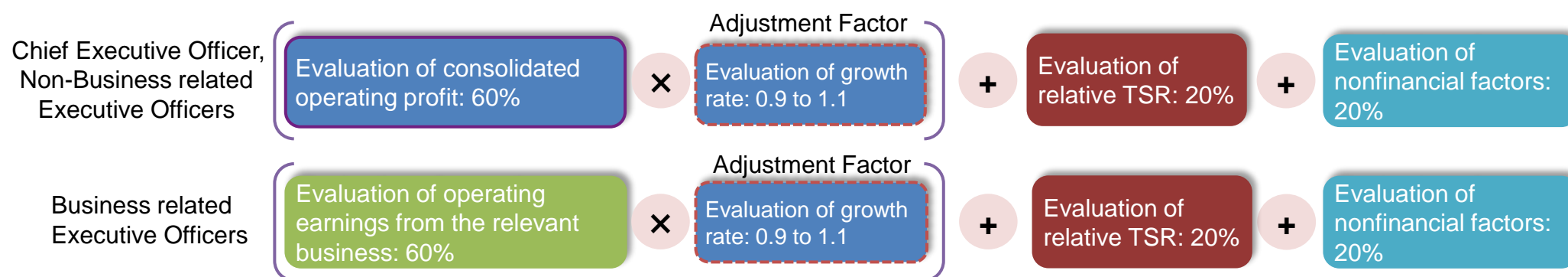
We reviewed some of the evaluation items for Executive Officer bonuses from FY2023.

■ Details of the review

Regarding Executive Officer remuneration, evaluation items for annual bonuses were reviewed as follows.

- ① Introduction of relative comparison of TSR (relative comparison with six nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies)
- ② In 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

■ Evaluation weight after the review

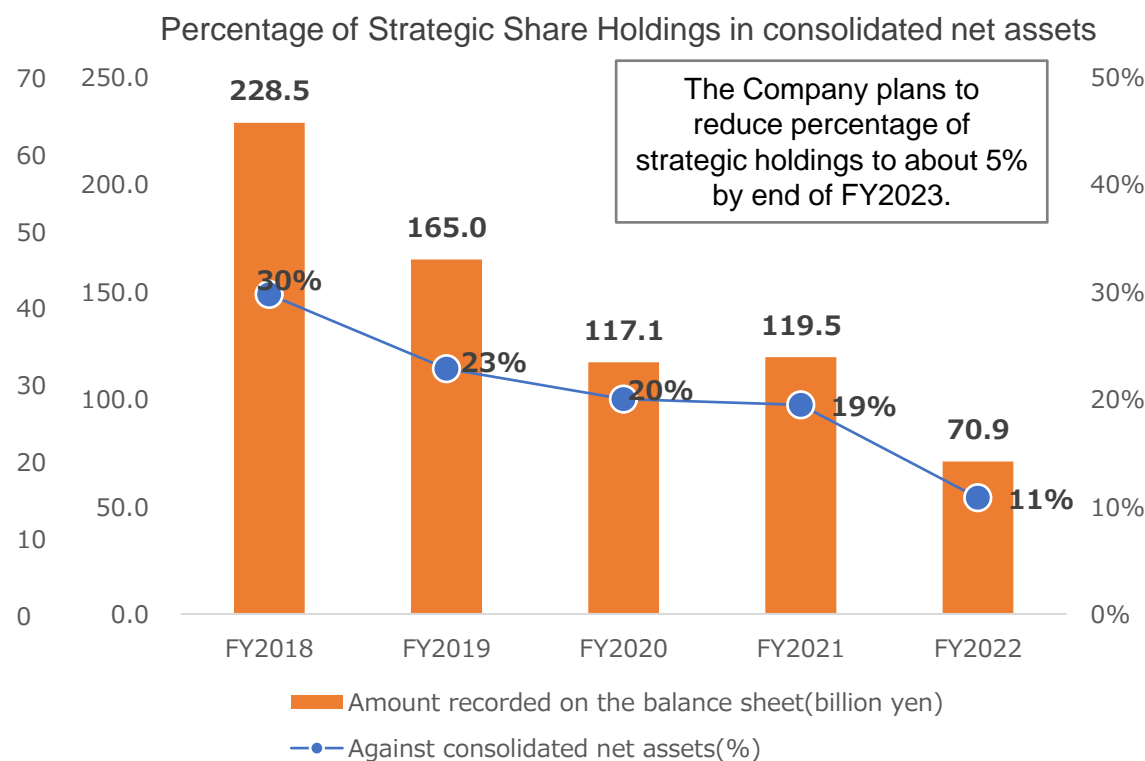
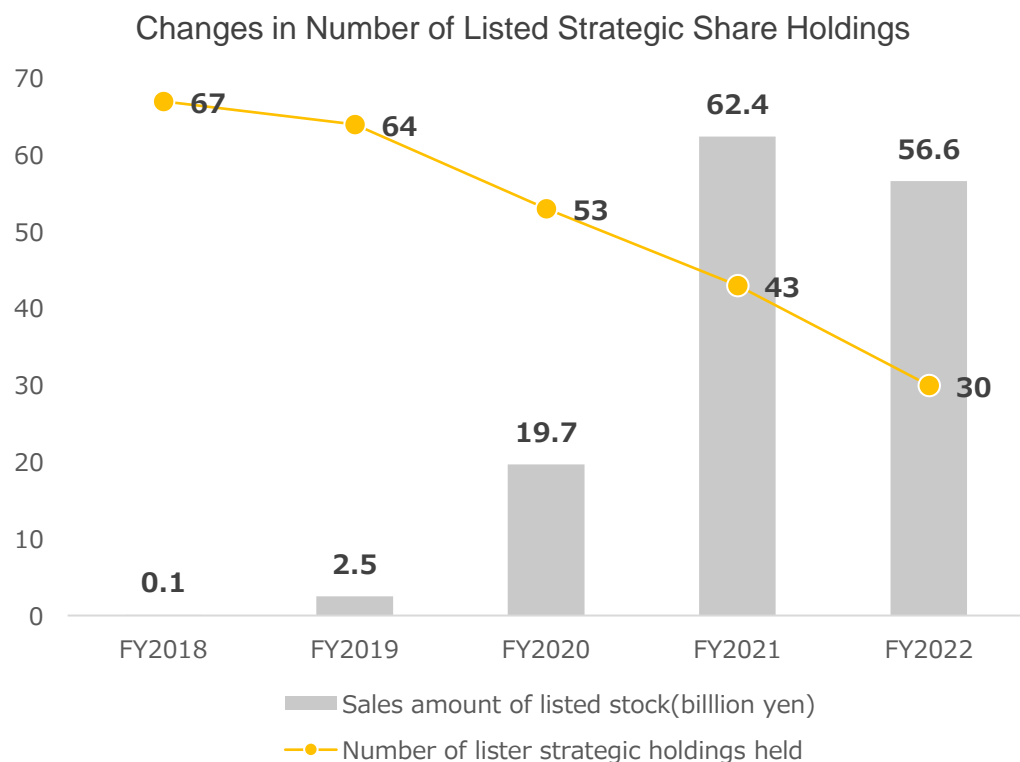


We are promoting reduction of strategic share holdings based on the Basic Policy on Corporate Governance

■ Basic policy on Strategic Share Holdings

- ✓ The Company shall not acquiring or holding shares (strategic share 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.

■ Changes in Number of Strategic Share Holdings



We promote intellectual property activities by enacting the Intellectual Property Policy of the Group and strengthen the system through restructuring the Intellectual Property Division.

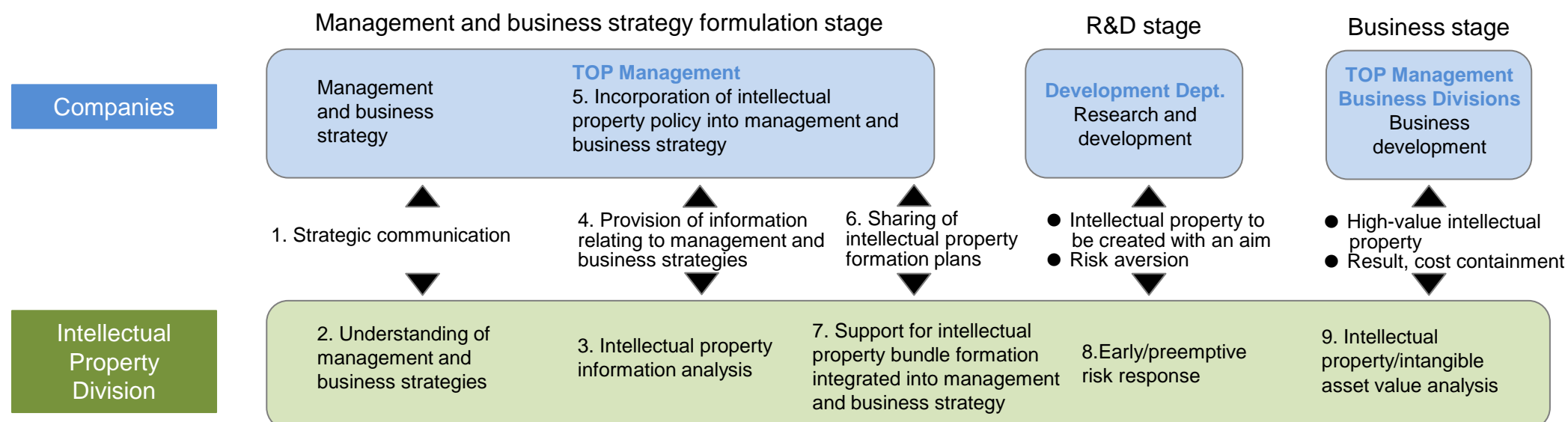
■ The Intellectual Property Policy of the Group

The Intellectual Property Policy of Mitsubishi Materials Group sets out the direction of Group-wide intellectual property activities and was established in May 2022.

■ Restructuring of the Intellectual Property Division

In April 2022, the IP Strategy Department was established in the Strategic Headquarters, and the Intellectual Property Department was established in the Professional CoE. These two departments collaborate in the promotion of intellectual property activities.

■ Promotion of strategic dialogue

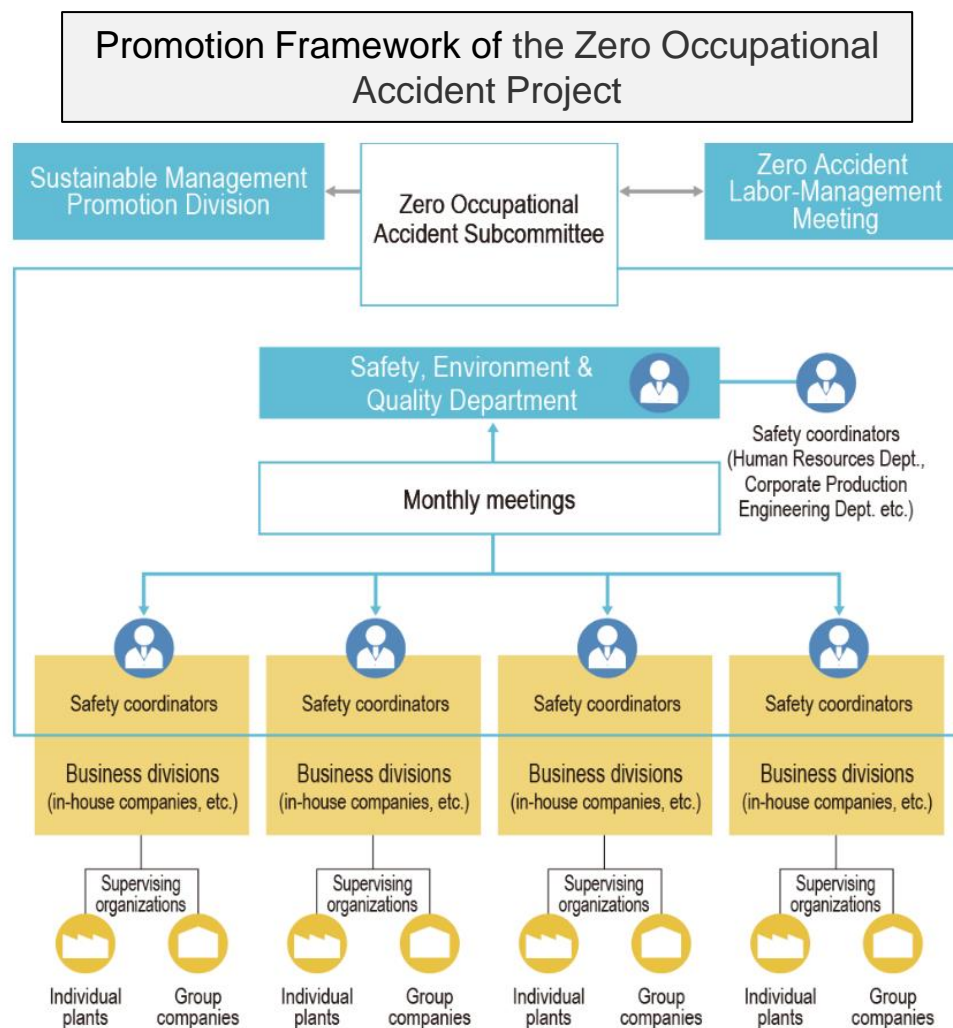


SCQ* Initiatives

* Safety & Health, Compliance & Environment, Quality

■ Zero Occupational Accident Project

We launched a Zero Occupational Accident Project in April 2014 and set about strengthening the foundations of safety and health on a groupwide scale.



○ FY2023 Zero Occupational Accident Project : Objectives

- **Zero serious occupational accidents resulting in four or more lost days**
(not causing any occupational accident resulting in four or more lost days for one year)
- **Preventing fire, explosion, and other accidents**
(Zero accidents such as fire, explosion or accidents due to Leakage of high-pressure gas, spill of hazardous material)

○ Main activity themes for FY2023

- **Make efforts to ensure equipment safety based on risk assessments** (to be implemented over a three-year period, currently third year)
- **Reduce occurrences of accidents by effectively utilizing the Occupational Safety & Health Education Center's safety and health education and Virtual Reality hazard sensitivity training** (Hazard awareness improvement)

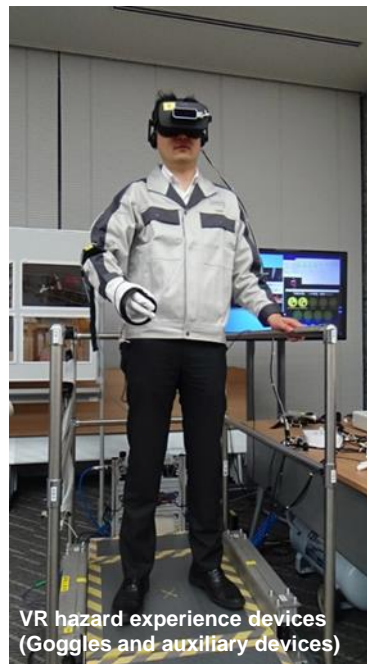
■ Promotion of hazard simulation education and various safety and health education activities

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.

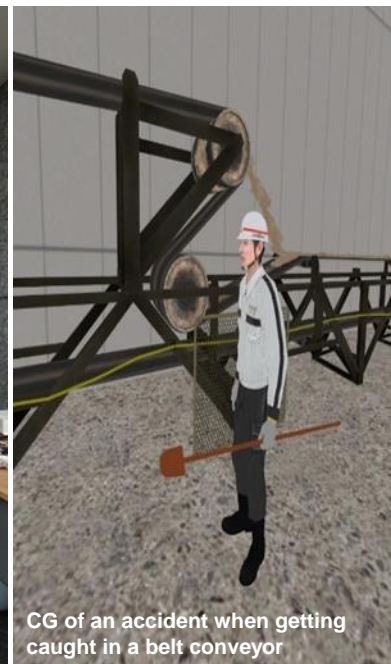


Occupational Safety and Health Education Center - "Midori-kan"

- hazard sensitivity training aimed at improving employees' hazard awareness
- various types of safety and health education



VR hazard experience devices
(Goggles and auxiliary devices)

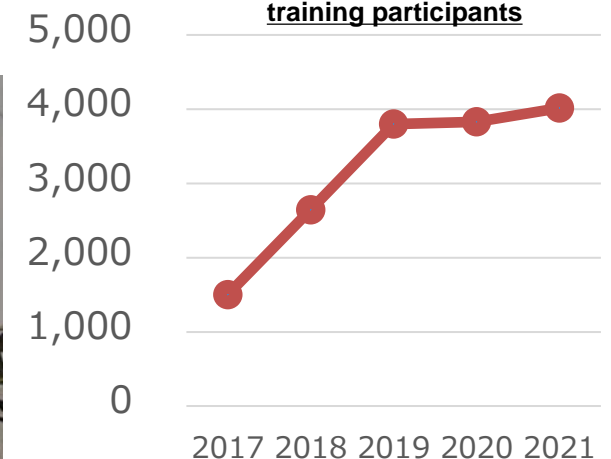


CG of an accident when getting caught in a belt conveyor

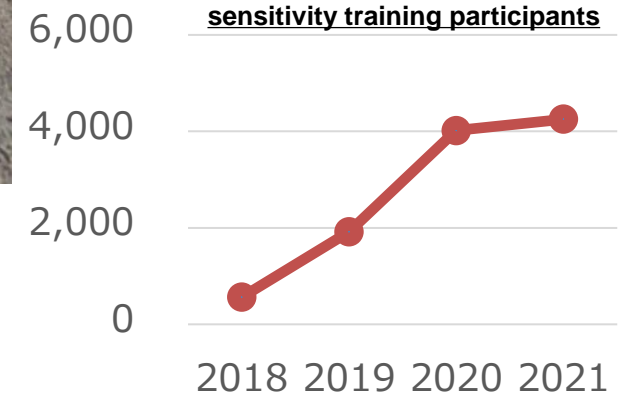
Virtual reality (VR) hazard sensitivity training

In May 2018, we introduced VR hazard sensitivity training to simulate dangers that are difficult to provide first-hand experience for using typical hazard simulation equipment. Dismantlable, VR hazard experience devices are also used to improve risk sensitivity at the various business sites of the Group.











Total number of hazard sensitivity training participants



Total number of VR hazard sensitivity training participants

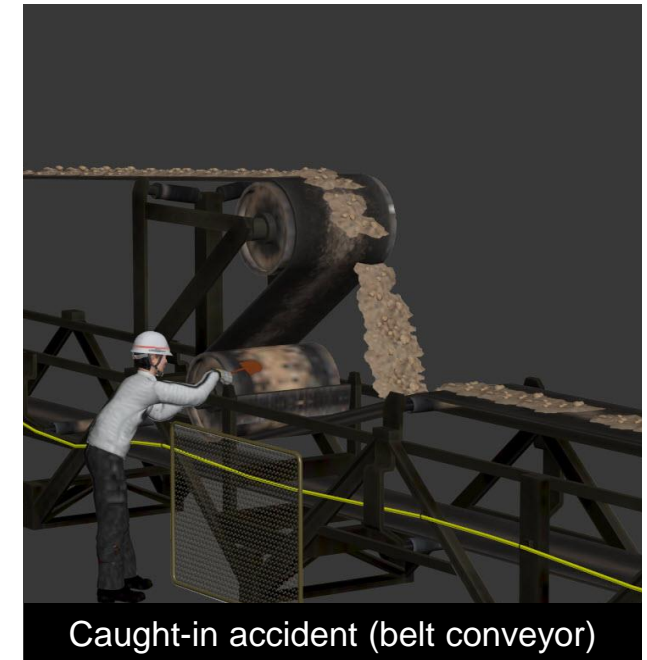
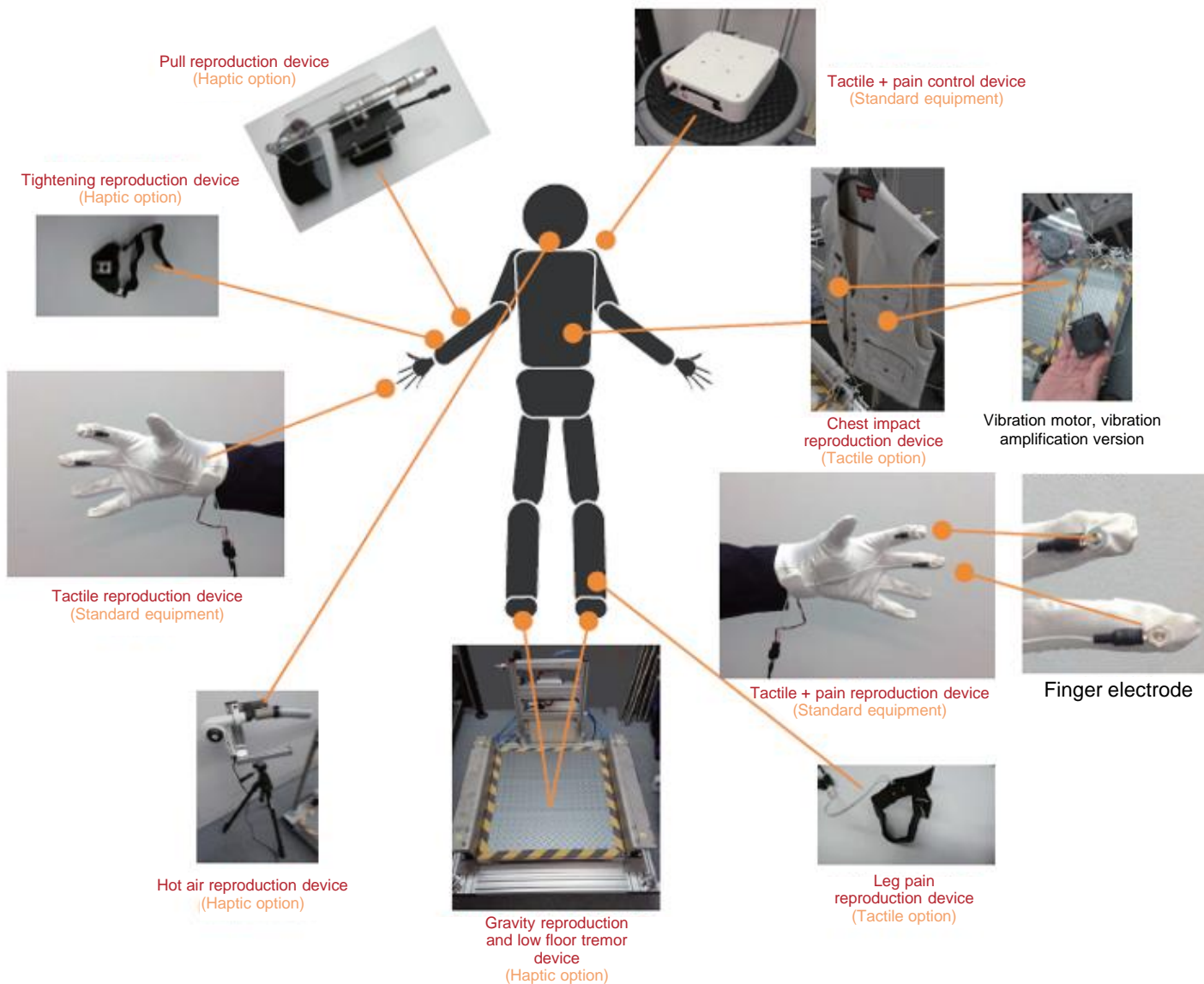


■ Hazard sensitivity equipment and program menu

1		Slings hazard simulation	1-1 Cargo swinging crash simulation 1-2 Suspended wire cut simulation 1-3 Suspended load pinch simulation 1-4 Suspended load falling from high altitude simulation 1-5 Suspended load center movement simulation
2		Caught-between or caught-in hazard simulation	2-1 Caught in roll simulation 2-2 Caught in sprocket chain simulation 2-3 Caught in high speed coupling simulation 2-4 Caught in V belt simulation 2-5 Caught in screw conveyor simulation 2-6 Caught in rotary valve simulation 2-7 Caught in belt conveyor simulation 2-8 Caught in drill press simulation 2-9 Caught in lathe simulation 2-10 Caught in drum simulation
3		High altitude hazard simulation	3-1 5M fall simulation 3-2 Fall impact simulation 3-3 Monkey ladder crash simulation 3-4 Fly and fall simulation 3-5 Hanging from fall prevention equipment simulation 3-6 Walking on scaffolding and falling simulation 3-7 Stepladder and ladder simulation
4		Life-related hazard simulation	4-1 Walking simulation 4-2 Handling heavy objects simulation 4-3 Cut simulation
5		Forklift hazard simulation	5-1 Sideways toppling simulation 5-2 Blind spot check when reversing
6		Chemical and high-pressure water hazard simulation	6-1 Pipe joint leak simulation 6-2 Flange removal leak simulation 6-3 Unmanageable hose simulation
7		Robot hazard simulation	7-1 Teaching work simulation 7-2 Safety equipment
8		Air cylinder hazard simulation	8-1 Solenoid valve cylinder operation check 8-2 Residual pressure simulation 8-3 Troubleshooting
9		Explosion and gas hazard simulation	9-1 Accumulated gas simulation 9-2 Gas explosion simulation 9-3 Powder explosion simulation
10		Electric hazard simulation	10-1 Electric drum heating simulation 10-2 Static electricity explosion simulation 10-3 Electric shock simulation 10-4 Short circuit simulation 10-5 Tracking simulation 10-6 Overcurrent simulation 10-7 Live wire cutting simulation 10-8 High voltage electric wire proximity shock simulation








■ VR hazard experience devices



■ Details of FY2023 initiatives (including group companies)

Measures	Specific measures	Target audience	Target area
Training	Governance training for officers	Officers	Domestic and overseas
	Compliance and risk management training	Managers	Domestic
	Compliance training	Officers, all employees	Domestic and overseas
Surveys	Compliance Awareness surveys	Officers, all employees	Domestic and overseas (Overseas, staff level and higher)
Other	Employee hotline awareness campaign (Details on the following page)	Officers, all employees	Domestic

■ FY2023 initiative details (employee hotline awareness campaign)

	<h3>1. Poster creation</h3> <ul style="list-style-type: none">• Distribute paper posters to interested sites to inform them of the hotline.• Posted via digital signage in the head office area.• Data is being distributed on the intranet. Displayable as a poster once printed.		<h3>3. Creation of an employee hotline awareness video</h3> <ul style="list-style-type: none">• Employee hotline awareness video is available for streaming. It explains how to use the employee hotline and provides additional information.• Data is distributed to interested persons in charge
	<h3>2. Relevant articles posted on the intranet</h3> <ul style="list-style-type: none">• A quiz about the system is posted on the homepage to ensure as many employees as possible view it. (Viewed 770 times on the first day)• Provision of information on the prohibition of inappropriate treatment and the response flow after reporting to ensure employees feel secure about the system.		<h3>4. Launch of a special intranet site</h3> <ul style="list-style-type: none">• Special site launched within the employee hotline website. Comprehensive measures to improve reliability underway.• Coordination with Link MATERIALS(a communication website that replaces the Group's internal newsletter).
			<h3>5. Explanation of systems for various training</h3> <ul style="list-style-type: none">• Compliance training (video training) We are looking into spreading information about contact points and how to use the hotline via case studies, role play, etc.• Compliance and risk management training held in August

■ Internal control enhancement measures

As part of efforts to strengthen governance of both domestic and overseas group companies, we are formulating and implementing internal control enhancement measures aimed at prevention and early detection of improprieties by top management group-wide.

Themes	Specific measures
1) Strengthening internal checks	① Dispatch of multiple full-time officers from the parent company
	② Confirmation of concurrent businesses and related-party transactions and the establishment of rules (Confirmation made at the time of new transactions, confirmation of the statuses of existing business partners)
	③ Overseas in-house reporting system
2) Raising the awareness of officers	① Governance training for officers
	② Compliance training for managers of overseas subsidiaries
3) Enhancing communications between persons in the second line	
4) Expanding internal audits (Internal Audit Dept.)	

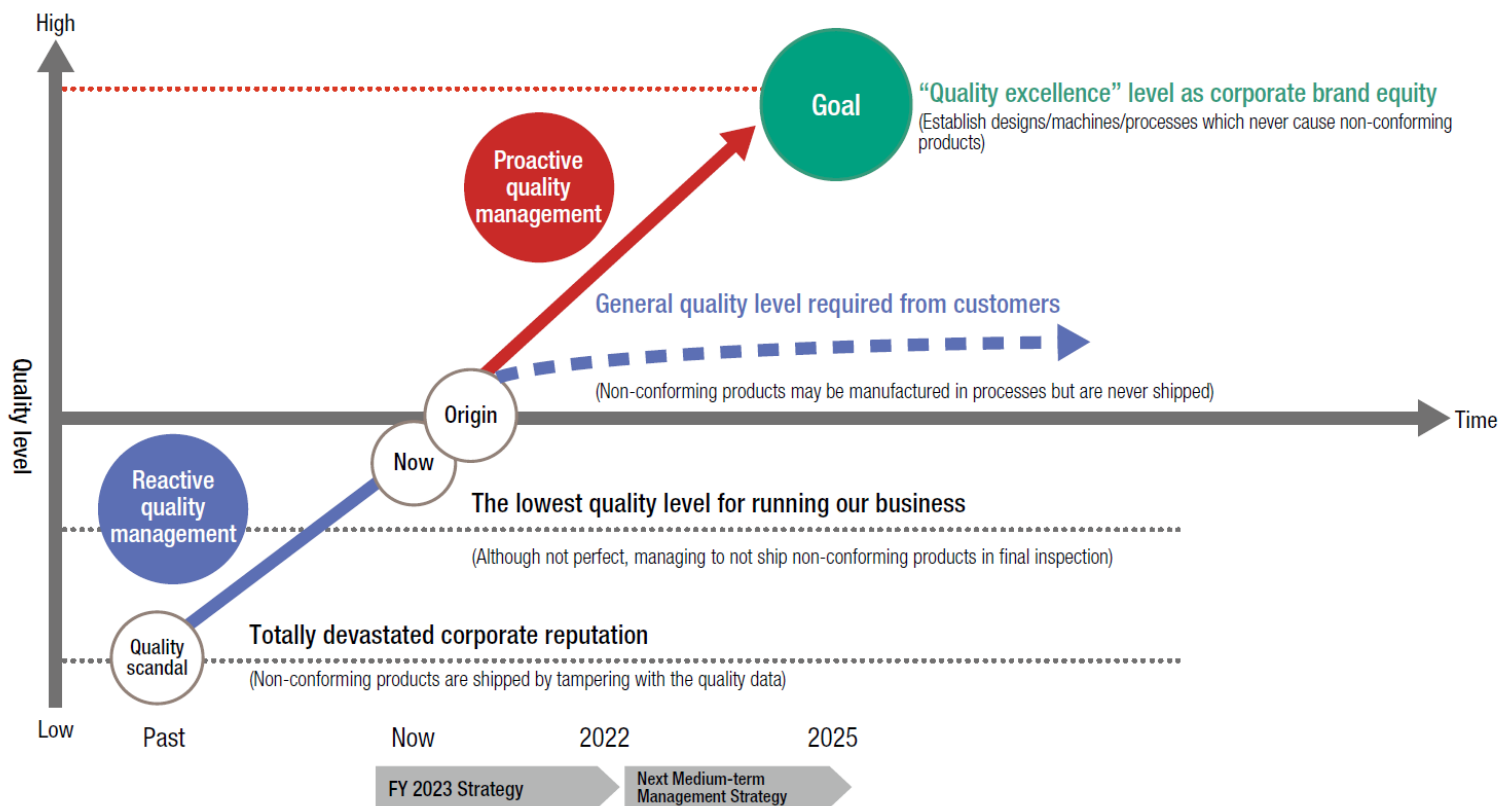
■ Initiatives to prevent the recurrence of quality issues

In order to strengthen the governance system related to quality issues, we share quality issues group-wide, and implement and strengthen the following initiatives to create a system of **reactive quality management** that never allows non-confirming products to be released. These measures are being incorporated into our quality management systems such as the systems that comply with the ISO 9001 standard, and continuously implement them.

Recurrence prevention measures	Concrete initiatives
1. Implementation of a front loading system (FLS) for order receiving	• Implementation of the FLS guidelines was confirmed through quality audits, etc.
2. Enhancement of the framework and authority of the Quality Control Department	• Authority including independence of quality assurance function, and the implementation were confirmed through quality audits, etc.
3. Expansion of quality training	<ul style="list-style-type: none"> • Continued implementation of quality training for employees at domestic and overseas sites • Implementation of quality training on the basics of quality control for younger employees • Implementation of quality compliance training for mid-level employees and managers • Implementation of quality training to improve professional quality management skills, including ISO9001
4. Promoting automated inspection equipment	• Continued implementation of automated inspection equipment
5. Enhancement of quality audits	• Continued to conduct quality audits at necessary sites
6. Utilization of outside consultants	• Continued implementation of consultations and seminars by quality consultants

■ Proactive quality management

As automation of inspection equipment advances and we enter the phase of effective utilization of the data obtained from this progress, we will establish “quality excellence” as corporate brand equity of the Group through “**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
⇒ Improved process capability
⇒ Improved product quality
- High level of customer trust in our products
- Differentiation and high competitiveness of our products

Human Rights Initiatives

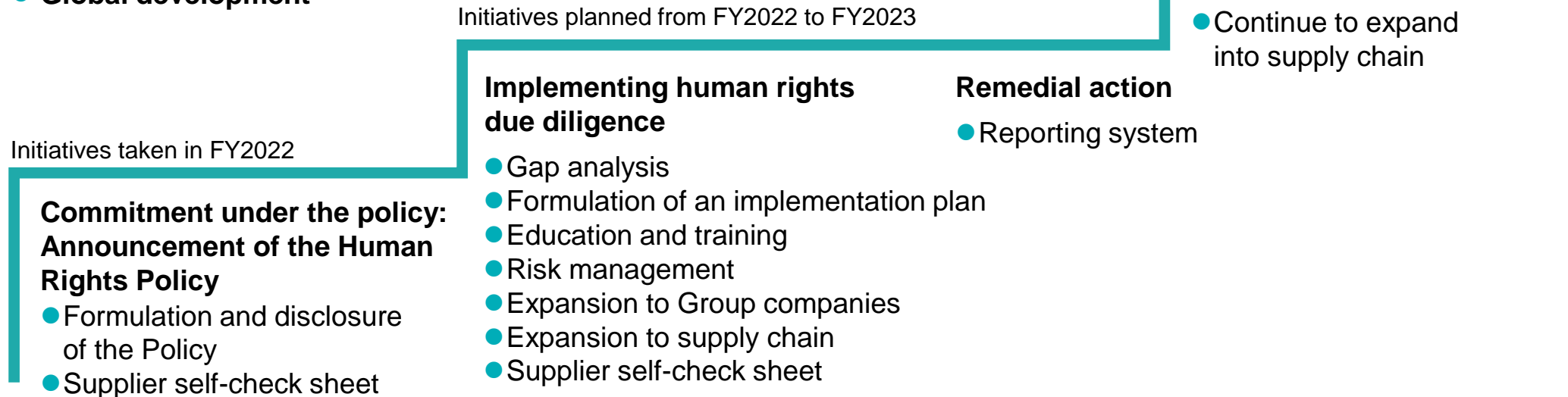
■ Initiatives roadmap

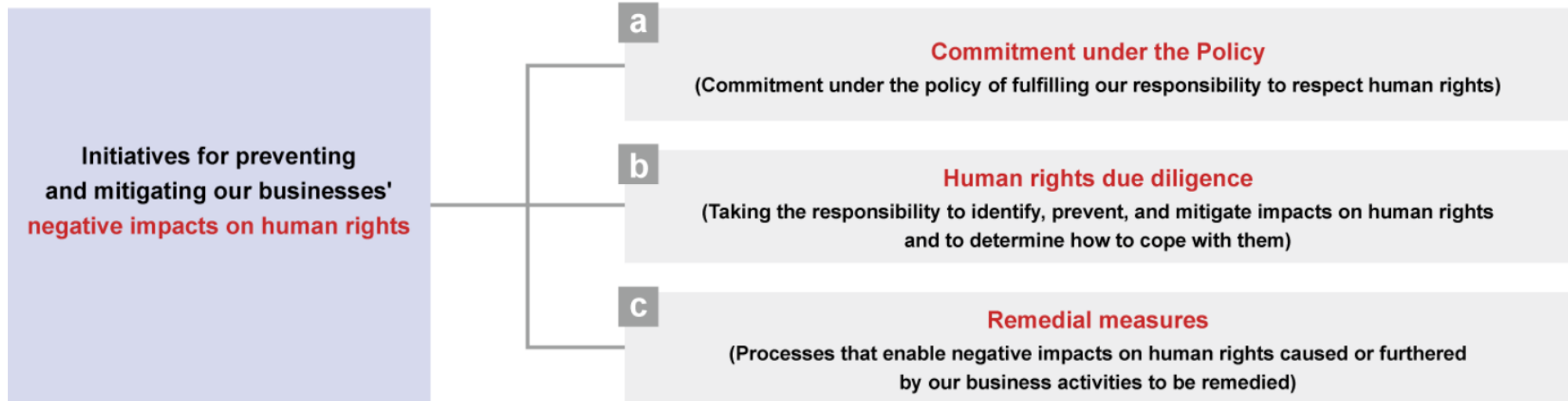
The Group has established a **Human Rights Policy** that comprehensively covers business activities. We will conduct human rights due diligence and manage human rights risks.

Our human rights roadmap

- Establishment of new Human Rights Policy to strengthen human rights initiatives
- Promotion of due diligence for human rights, striving to reduce human rights risks and **promotion in collaboration with suppliers**
- PDCA cycle for identification and review of risks assumed based on the results of field studies
- Further internal dissemination through human rights awareness training, etc.
- **Global development**

- Realization of a sustainable society
- Stakeholder trust
- Prevention and reduction of negative human rights impact





■ Commitment through policy

- Human rights training for employees: 7,717 employees for a total of 7,395 hours (non-consolidated)
- CSR director training: Conducted power harassment training in FY2022
- Training for domestic and overseas managing directors: Started human rights training in FY2022

■ Implementation of human rights due diligence

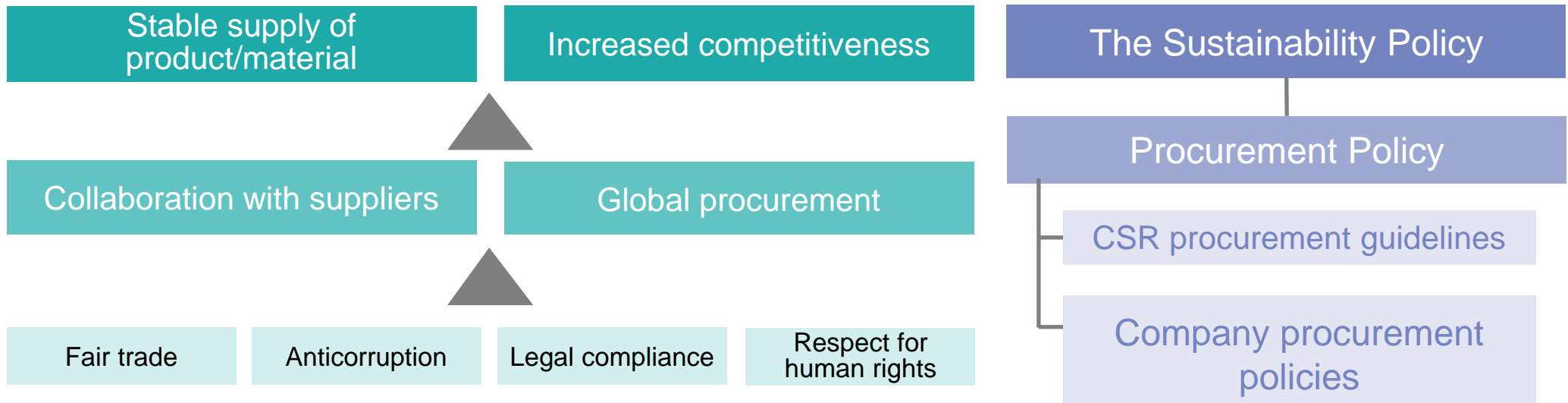
- Human rights due diligence within the group
 - Developing a roadmap for human rights due diligence
 - Overall design of human rights risk management procedures
 - Human rights risk assessment
- Human rights due diligence in the supply chain (see next page)

■ Remedial Measures

- Established consultation offices for domestic and overseas group employees. We raise awareness through training sessions and other opportunities to increase the effectiveness
- For inquiries from outside the Group, we currently have a contact for inquiry at our corporate website. Considering measures to improve convenience

■ Supply chains initiatives

- Development of Procurement Policy that reflects Human Rights Policy
- Evaluation and examination of supplier human rights risk



Supplier evaluation and assessment

(219 companies evaluated and assessed in FY2022)

Supplier self-check sheets (responses from 108 pre-existing suppliers and 98 new suppliers in FY2022)

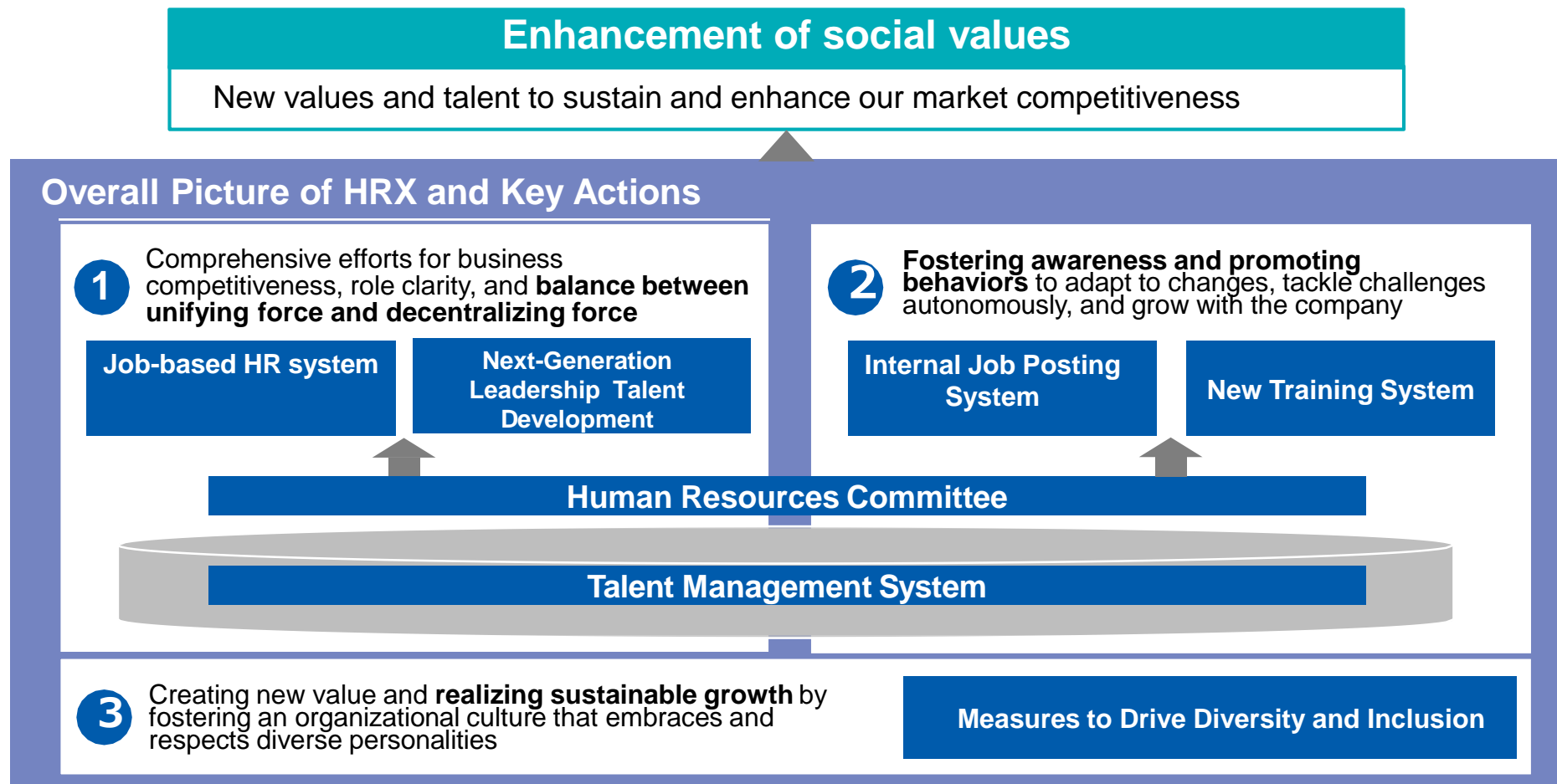
General items: Quality, cost, delivery

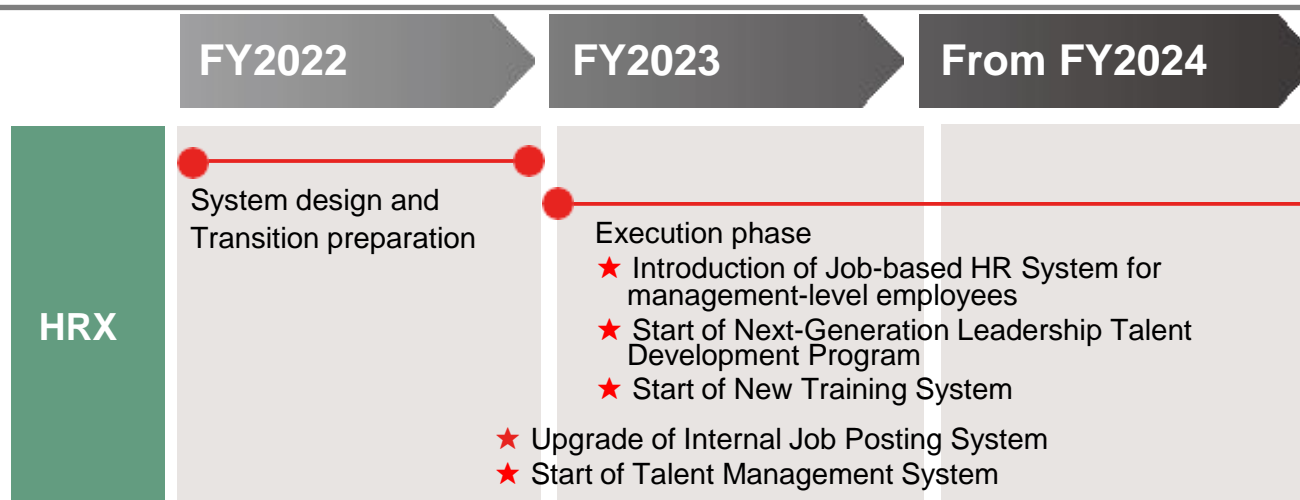
Social responsibility: Human rights (child labor, forced labor, unreasonably cheap labor, etc.), environmental impact, etc.

Human Capital Initiatives

■ Human Resource Transformation (HRX)

To 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.





FY2023 initiatives		
Talent	Acquire and utilize talents	<ol style="list-style-type: none"> 1. Establishment and dissemination of a 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1. Communication activation (1-on-1, reverse mentoring, etc.)
Improvement of social value	Utilize diverse talents	<ol style="list-style-type: none"> 1. Acceleration of efforts related to Diversity and Inclusion (women, non-Japanese people, mid-career hires, people with disabilities, etc.)
	Health & productivity management	<ol style="list-style-type: none"> 1. Improving our rank in the Certified Health & Productivity Management Outstanding Organizations Recognition Program 2. Continuation of health and productivity management activities 3. Strengthening mental health initiatives

■ Basic 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.

■ 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.

Organization name as of April 1, 2022: D&I · Health & Productivity Management Dept., Human Resources Strategy Div., Strategic Headquarters

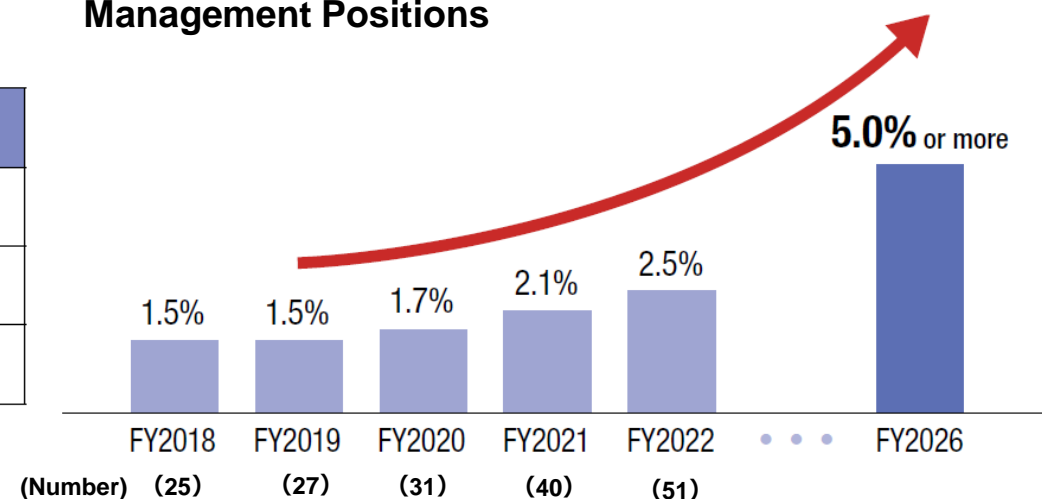
■ FY2026 Target

- 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 FY2021 by FY2026.**
- We also aim to **increase the percentage of women in management positions to 5.0% or more by FY2026.**

■ 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

■ FY2023 main initiatives

*See the Integrated Report for other initiatives and systems

Base development and dissemination of inclusion measures

- Implementing programs on Diversity and Inclusion in training at each level
- Implementation of unconscious bias e-learning (for union members)
- Encouraging male employees to take childcare leave
- Implementation of an engagement survey (for all employees)

Support of women's development and advancement

- Accelerated development support (for women in management positions) sponsored by officers
- Career development support (for career-track female employees)
- Execution of action plans at business sites
- Dispatch for external training
- Participation in G20 EMPOWER

Mid-career hires

- Support for building an internal network for mid-career hires
- Facilitating connection to share Q&As regarding internal policies
- Proactive approach to hiring agents

System

- Introduction of a Remote Work System that allows managers to work without restrictions on location (Japan only)

Featured topic 1

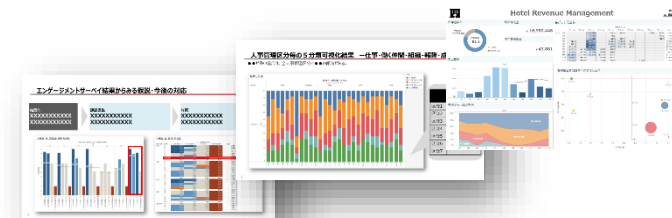
Status of childcare leave for male employees

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
FY2023 Q1	21	61.8%	39

Featured topic 2

Implementation of an engagement survey

Conducted for all employees through Talent Management System. Engagement level is measured by stratum (organization, job grade, age, etc.) through cross analysis with self-declaration. The survey will be conducted every year from FY2023 onwards.



Featured topic 3

Implementation of a sponsorship program

Operation started in October 2021 with implementation of various programs, including interviews with sponsors and mentors, round-table discussions with executive officers and external exchanges.

We are aiming for a 100% appointment rate for members to become organization managers during the two-year program period.

Featured topic 4

Participation in G20 EMPOWER

Through sharing of information and learning among participating companies, we intend to further promote women's active participation in the company.



[Click here](#) for the July 19, 2022 press release

Climate Change Initiatives

■ Set Scope 1, 2 and 3 greenhouse gas reduction (GHG) targets

■ Scope 1 and 2

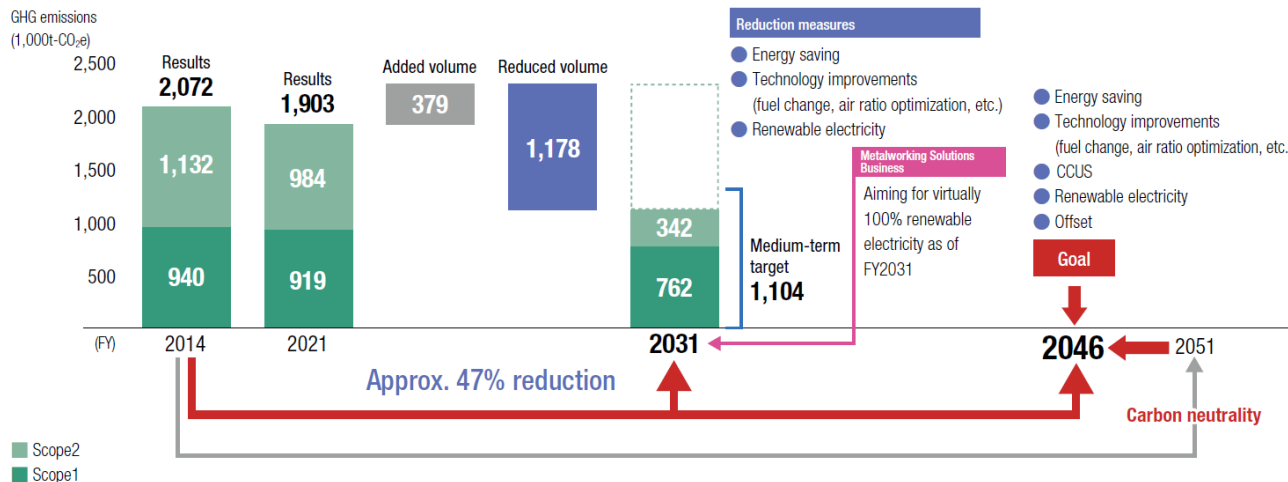
Aim to achieve a 47% reduction in GHG emissions by FY2031 (compared to FY2014), carbon neutral by FY2046
(Same as reduction targets released in November of last year)

■ Scope 3

Aim to achieve a 13% reduction in GHG emissions by FY2031 (compared to FY2021) for category 1 (purchased products and services) and category 3 (fuel and energy-related activities not included in Scope 1 and 2), which include approximately 70% of total Scope 3 emissions

Scope 1 and 2 Reduction targets

GHG Emission Reduction Targets



*Excluding Cement Business and Aluminum Business

■ Application for SBT certification

Working with our business partners, we set ambitious goals and applied for SBT certification in July of this year in order to build a supply chain that is resilient to decarbonization

- (Note) Scope 1: Direct GHG emissions by business operators (fuel combustion, industrial processes)
Scope 2: Indirect emissions resulting from the use of electricity, heat, and steam supplied by other companies
Scope 3: Indirect emissions not covered by Scope 1 and 2 (emissions from other companies related to business activities)

FY2021 Scope 3 emissions

	1,000t CO ₂	Contribution rate
Category 1	3,864	66%
Category 3	228	4%
Other	1,784	30%
Total	5,876	100%

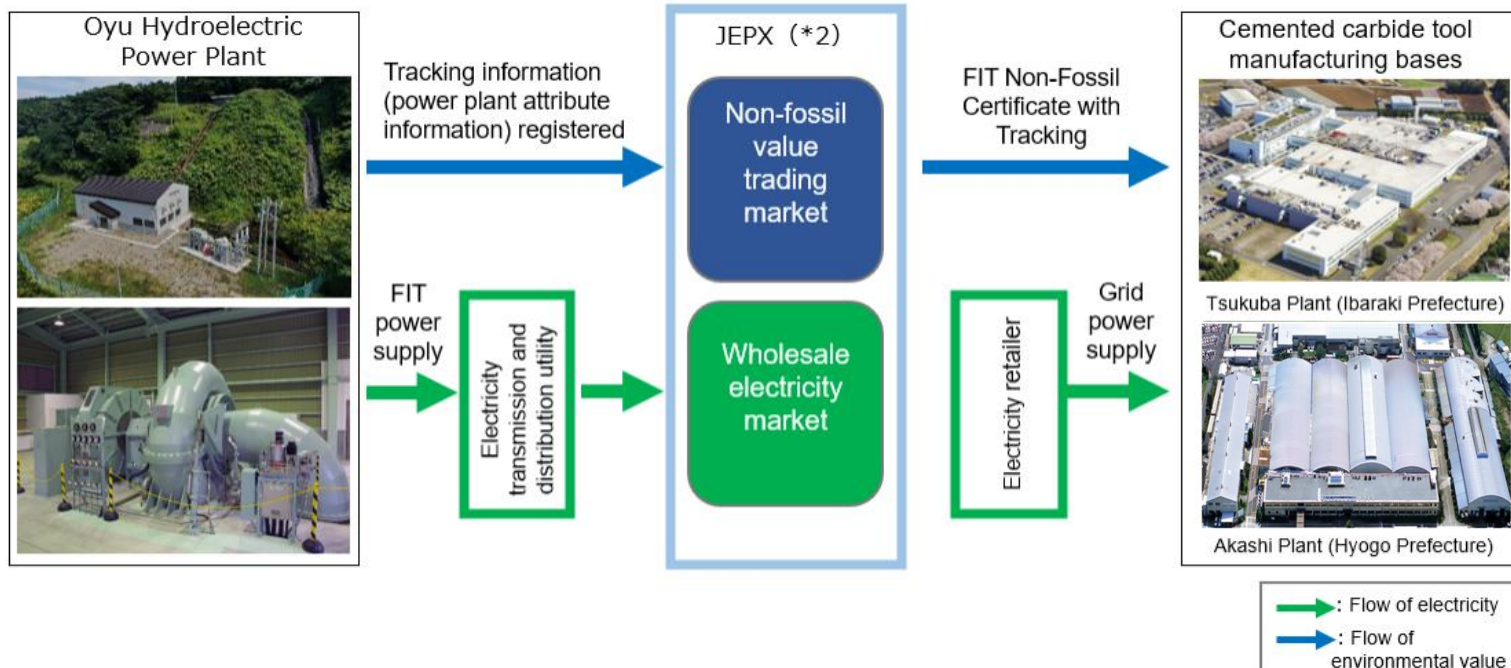
Scope 3 emissions reduction targets and initiatives

13% reduction by FY2031 (category 1, 3)

- Refinement of Scope 3 calculation values through review of emissions intensity (selection of data that better reflects actual conditions, use of supplier GHG emissions, etc.)
- Encouragement of suppliers to reduce GHG emissions across the supply chain

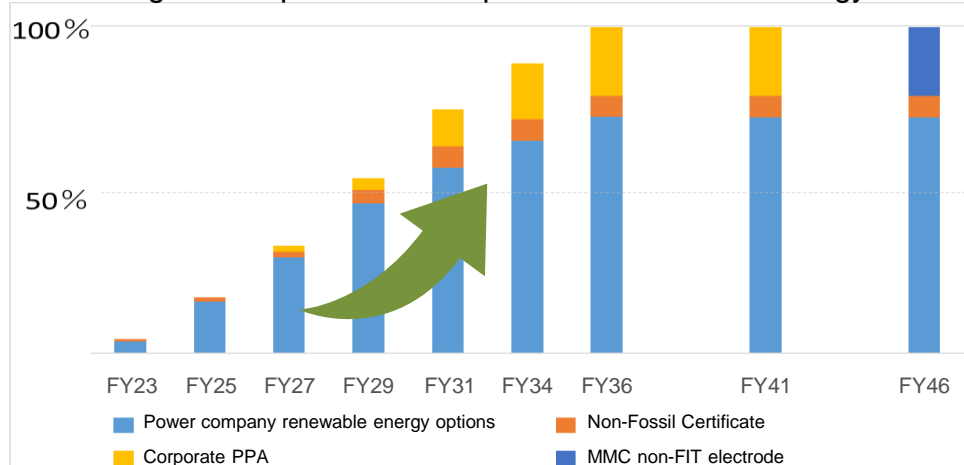
Climate Change Initiatives

■ Promotion of the introduction of renewable energy (tracking with internal power supply with FIT Non-Fossil Certificate)



- Designation of our own FIT renewable energy power sources and procurement of non-fossil certificates (environmental value) via auction from the Non-Fossil Value Trading Market (completed in August 2022)
- We plan to switch to virtually CO₂-free power **by applying these Non-Fossil Certificates to our own FIT renewable energy power supply for some of the power used in our factories.**

Image of the plan to switch power to renewable energy



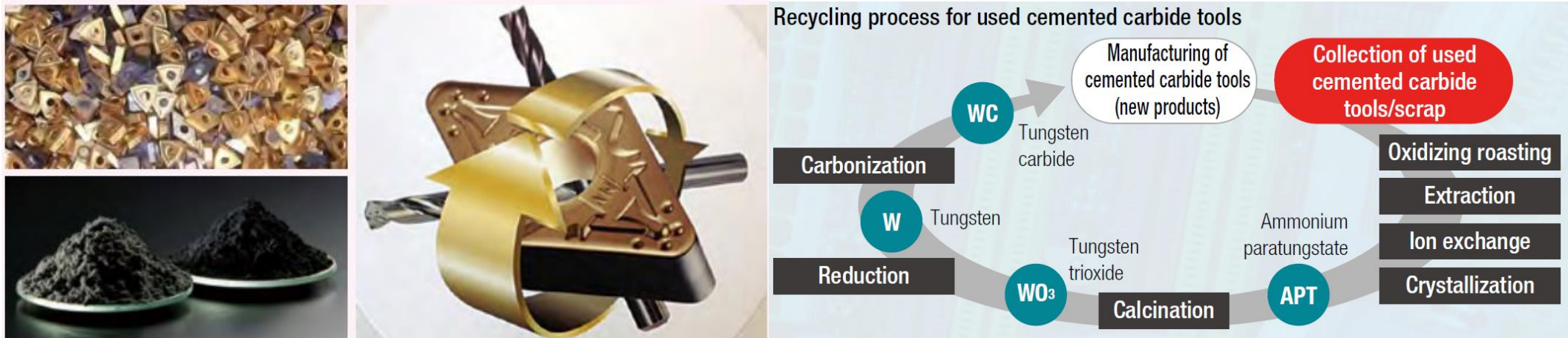
- By utilizing renewable energy options provided by electric companies, Non-Fossil Certificates and corporate PPA, we will gradually introduce electricity from renewable energy sources, with a plan to switch about 60% of the electricity used in our Group by FY2031, and 100% by FY2036.

■ Evaluation and utilization of carbon footprint of products* (CFP) of tungsten products

*Carbon footprint of products (CFP) is part of Life Cycle Assessment(LCA) and extracts items related to GHG emissions. LCA is a method of quantitatively evaluating input resources, environmental load and environmental impact across the life cycle of a product.

Calculation scope: Our tungsten products and cemented carbide tools (indexable inserts)

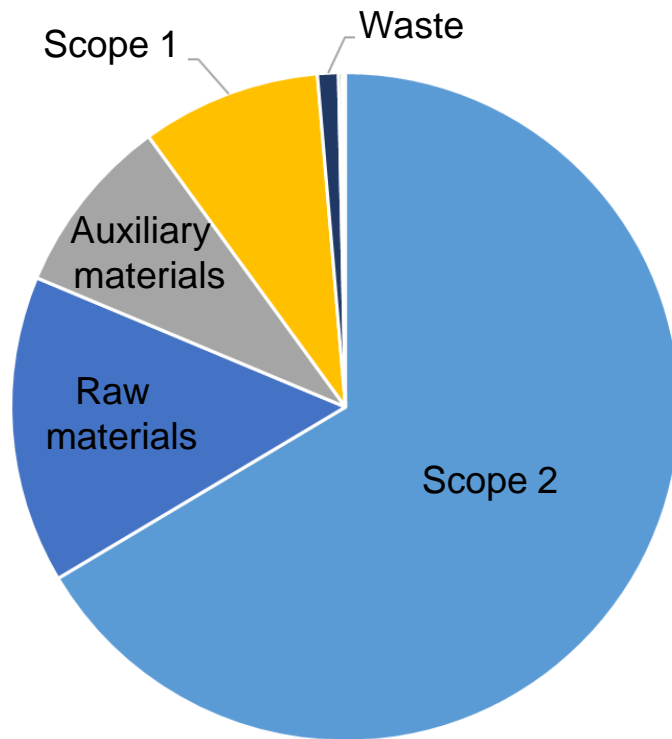
Calculation of CFP for cemented carbide inserts manufactured at the Tsukuba Plant using tungsten carbide powder (WC powder) manufactured at the Akita Plant of Japan New Metals Co., Ltd.



- Estimation of GHG emissions from raw material procurement to product manufacturing
- Evaluation of the effects of GHG emission reduction through use of recycled materials
- Estimation of the effects of CFP reduction from transitioning to renewable energy in manufacturing processes

■ Examples of results of CFP calculation

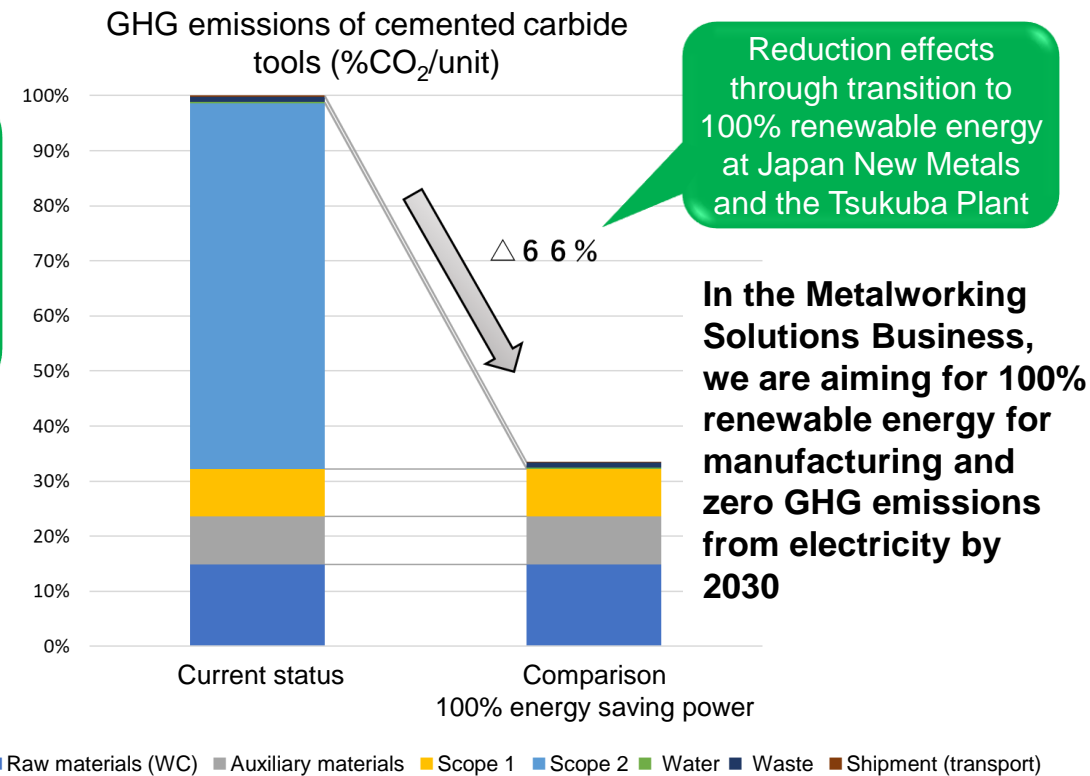
- Understanding GHG emissions of cemented carbide inserts (provisional values)
- Visualization of GHG emissions for individual raw materials and manufacturing processes



Provisional values:
Approx. 490g
CO₂e per insert
(approx. 10g)

*The provisional values above are under review due to the following issues.

● Estimation of GHG emission reductions when 100% renewable energy is used



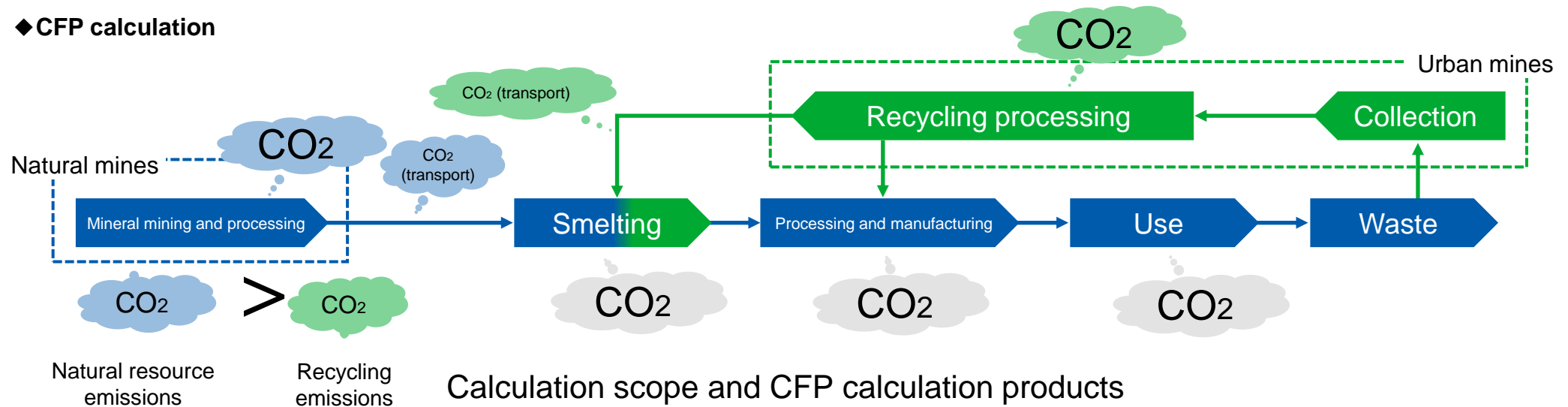
■ Issues in the current CFP calculation results and future measures

- Insufficient maintenance of tungsten-related basic unit data in general databases
 - *Manufacturing process data of other elements is used for the basic tungsten unit
- In order to solve the above issues, we plan to develop data in cooperation with the National Institute of Advanced Industrial Science and Technology in order to improve the accuracy of the basic unit database held by IDEA, Japan's leading inventory database.

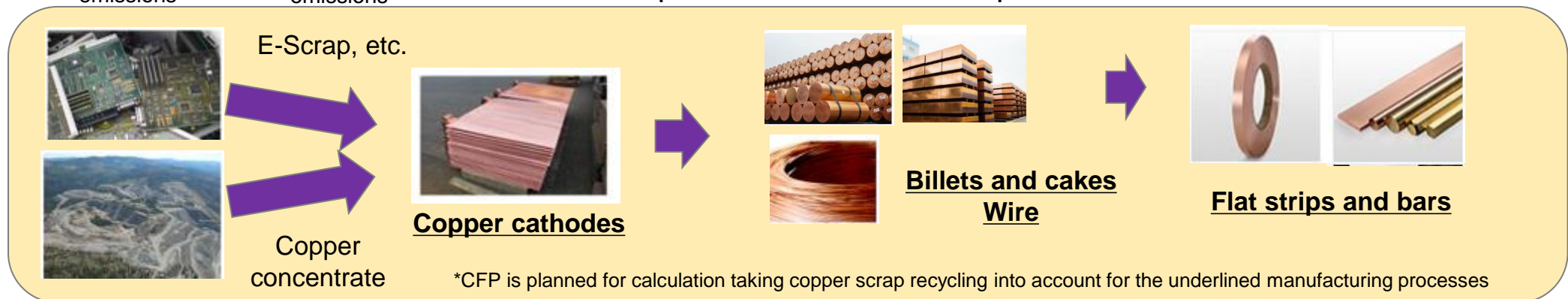


■ Calculation of CFP of our products that have undergone processes from copper smelting to processing

◆ CFP calculation



Calculation scope and CFP calculation products



Product-specific CFP assessment in copper smelting and processing

Copper cathodes, which are made from copper concentrate or copper scrap, etc., are shipped as flat strips rods, bars and wire rod after undergoing the casting and processing. We are currently in the process of calculating CFP by allocating the GHG of raw materials and energy input in internal processes to products.

Future plans

Currently, the IWCC (International Wrought Copper Council) is considering similar calculations, and if results are disclosed, we plan to disclose our results after confirming consistency with those calculation methods

■ Participation in the 30 by 30 Alliance for Biodiversity

- 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
- We have been enrolled as a participating company in April 2022

30 by 30 initiatives



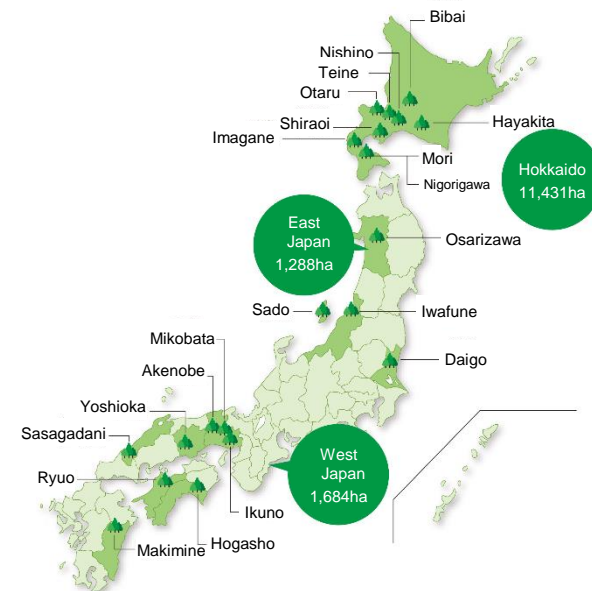
■ Cooperation with a Demonstration Project for Certifying "Natural Symbiosis Sites (Tentative Name)" by the Ministry of the Environment

- We will provide information about our activities in Teine Forest, which is one of our Materials' Forests, as a study case to support the establishment of the certification system

◆ Materials' Forest (14,000ha)



Teine Forest, one of the Materials' Forests (Sapporo, Hokkaido)



*"Natural Symbiosis Sites (tentative name)" is scheduled to start in FY2024 as a system for certifying areas where conservation of biodiversity is sought through private sector and other initiatives. The intension of the certification demonstration project is to clarify issues in actual operation of the certification criteria and the examination process.

■ FY2022 GHG emissions reduction results (Scope, 1, 2, 3)

	GHG emissions (1000t CO ₂ e)		Change (1000t CO ₂ e)
	FY2021	FY2022	
Scope 1	919	911	-8
Scope 2	984	984	—
Scope 3	5,876	6,476	+600

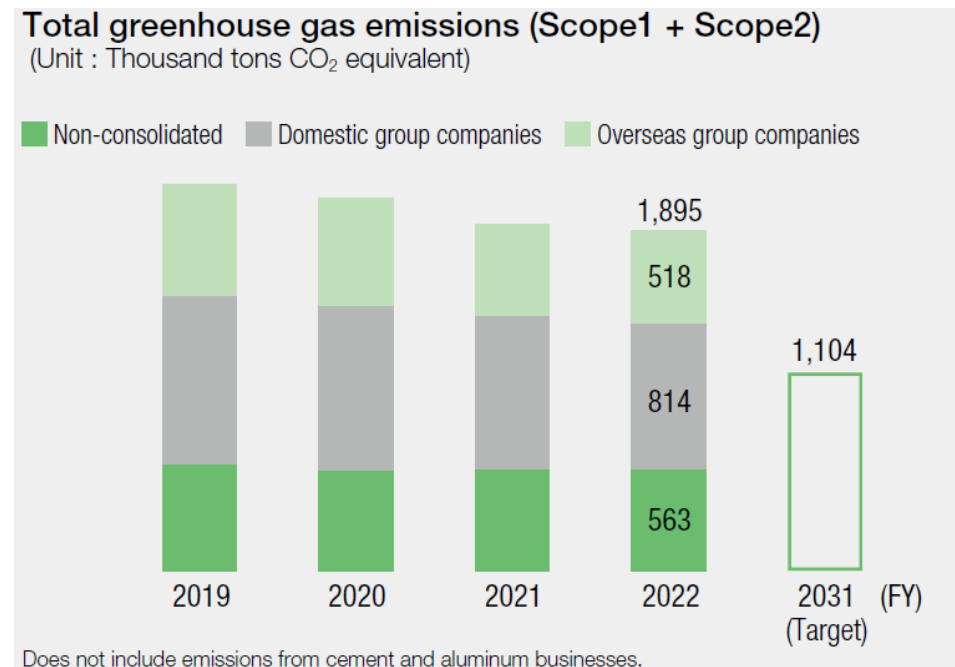
***Does not include cement and aluminum businesses**

(Major reduction measures implemented)

- ◆ Reduction of electricity consumption by optimizing operation method (390t CO₂)
- ◆ Reduction of electricity consumption by upgrading facilities (1,200t CO₂)
- ◆ Reduction of electricity consumption by upgrading facilities (460t CO₂)

Total GHG emissions for Scope 1 and Scope 2 totaled approximately 1,895,000t CO₂e, down 5% from FY2021.

The figure on the right shows the percentage of emissions for non-consolidated, domestic group companies and overseas group companies.



■ Contribution to GHG reduction via Renewable Energy business

■ CO₂ reduction from renewable energy: 174,000t CO₂ (Fig.1)

■ Creation of new renewable energy

- New geothermal development: Esan area, Hakodate, Hokkaido (photo 1)
- New hydropower : Komatagawa New Power Plant (photo 2)
(Akita Prefecture,
Operation scheduled to commence in December 2022)

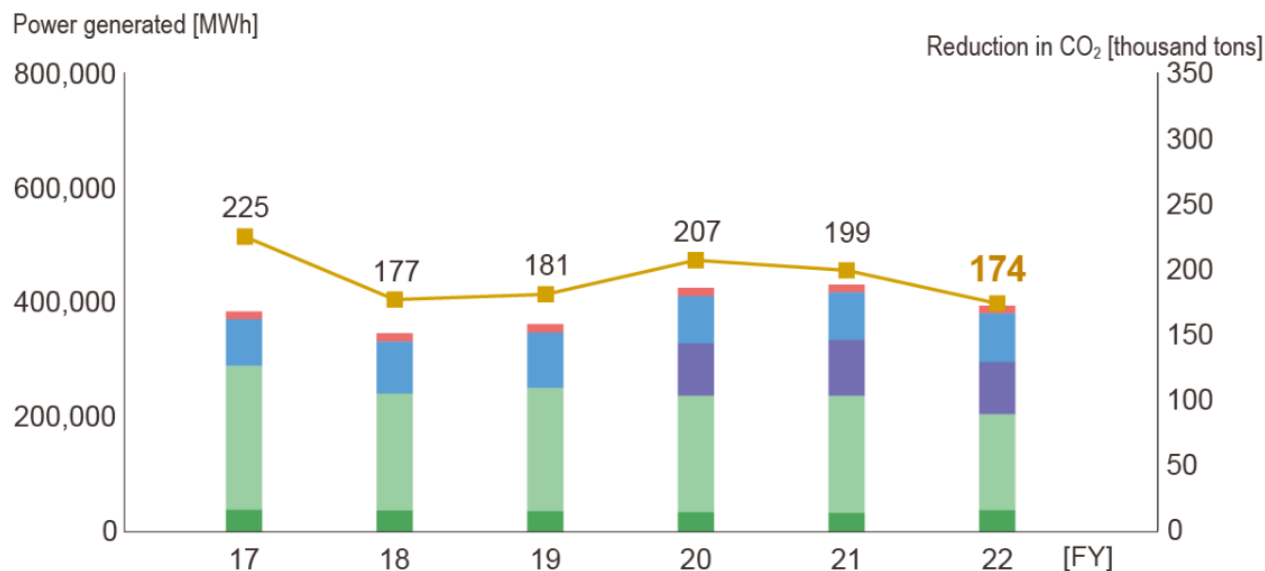
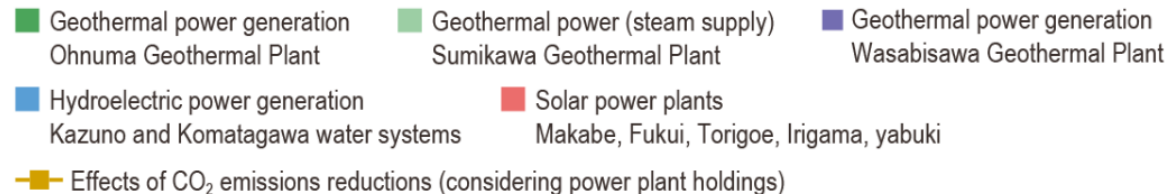


Fig. 1

Photo 1



Excavation survey

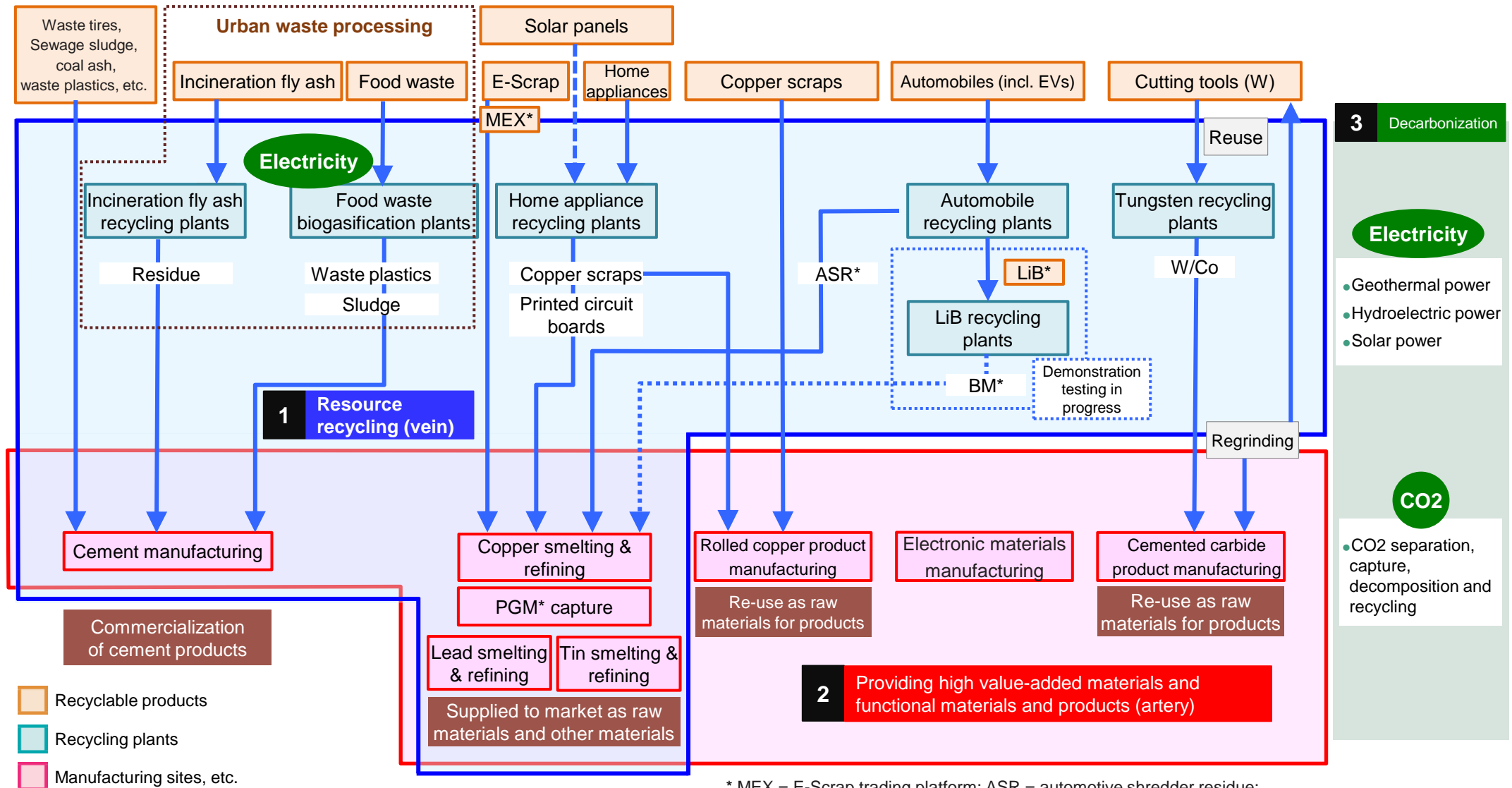
Photo 2



Komatagawa New Power Plant (Akita Prefecture) (under construction)
Operator: Mitsubishi Materials Corporation
Operation scheduled to commence in December 2022
Output capacity; 10,326 kW

Looking to the Next Medium-Term Management Strategy

In addition to theorizing multiple scenarios for achieving our Mission, we will discuss how businesses should operate in order to contribute to the building of “a prosperous society”, “a recycling-oriented society” and “a decarbonized society.”



* MEX = E-Scrap trading platform; ASR = automotive shredder residue;
 LiB = lithium-ion battery; BM = black mass (concentrated sludge of Li/Ni/Co);
 PGM = platinum group metals

For further information, please contact at:

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IR Group., Corporate Communications Dept.**

**Marunouchi Nijubashi Building, 3-2-3, Marunouchi, Chiyoda-ku,
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<https://www.mmc.co.jp/corporate/en/index.html>

<Disclaimer>

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