

## Mitsubishi Materials Corporation Sustainability IR Meeting

Mitsubishi Materials Corporation implements a variety of sustainability initiatives to create both social and economic values.

### 【Speaker】

Naoki Ono, Chief Executive Officer

Yasunobu Suzuki, Executive Vice President and Executive Officer

Nobuhiro Takayanagi, Managing Executive Officer

Makiko Nogawa, Managing Executive Officer

### 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.

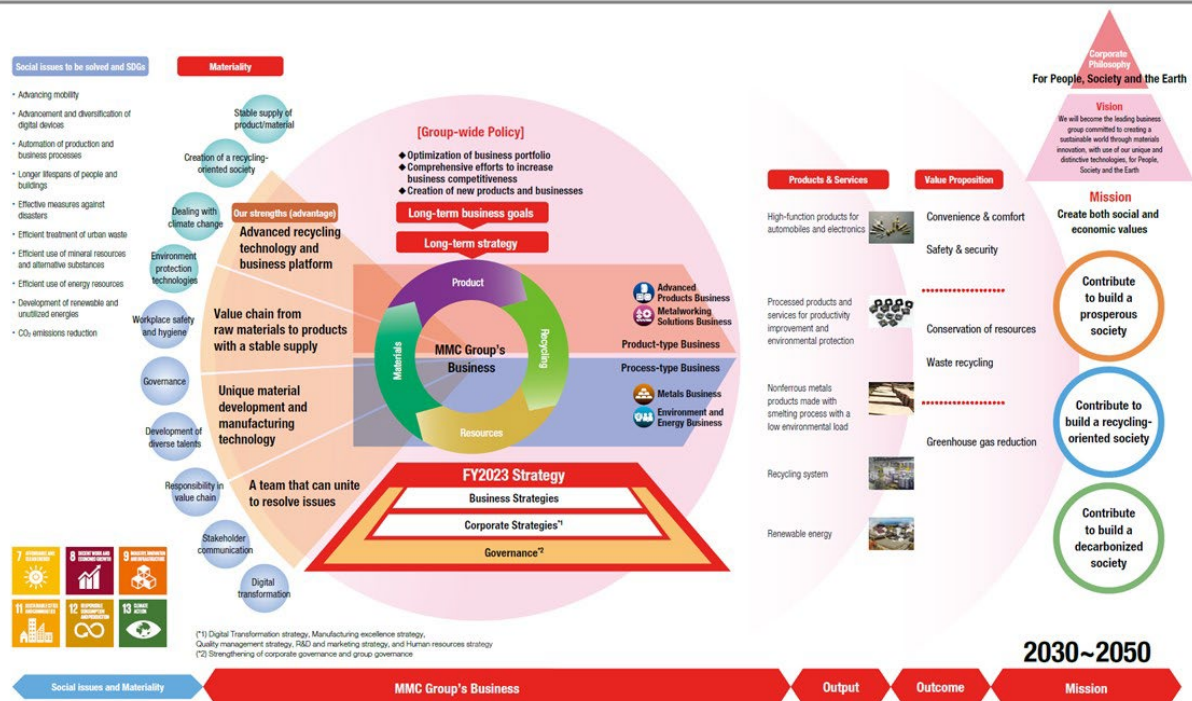
Naoki Ono (hereinafter referred to as “Ono”): My name is Naoki Ono, Chief Executive Officer of Mitsubishi Materials Corporation. Thank you for joining us today.

Today, I will speak the content of Integrated Report 2022, released in July, while adding a few new pieces of information.

First, I’ll speak on our Corporate Philosophy System. Under the Corporate Philosophy of “For People, Society and the Earth,” our Vision is “to become 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.”

# Value Creation Process

Integrated Report 2022  
Pages 22, 23



This vision indicates our initiatives in business overall as a Value Creation Process. The left side of the slide shows the issues related to SDGs that we are working on and materialities (priority issues).

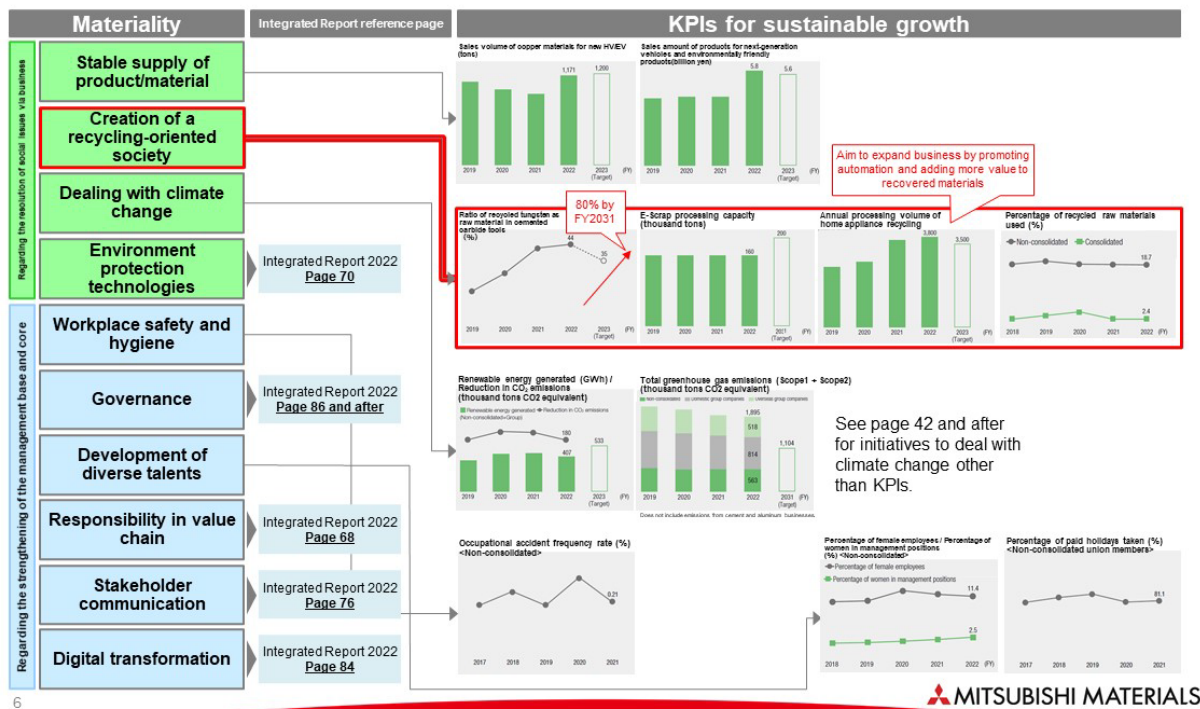
The circle in the center is our business process. Under Group-wide Policy, we are developing business such as recycling, resources, materials and commercialization. This leads to the output shown on the right: “products and services” and “value proposition.”

This then results in contributions to the building of “a prosperous society”, “a recycling-oriented society” and “a decarbonized society”, as laid out in our Mission to “create both social and economic values.”

## Materialities and KPIs for Sustainable Growth

Integrated Report 2022  
Pages 18, 19

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.

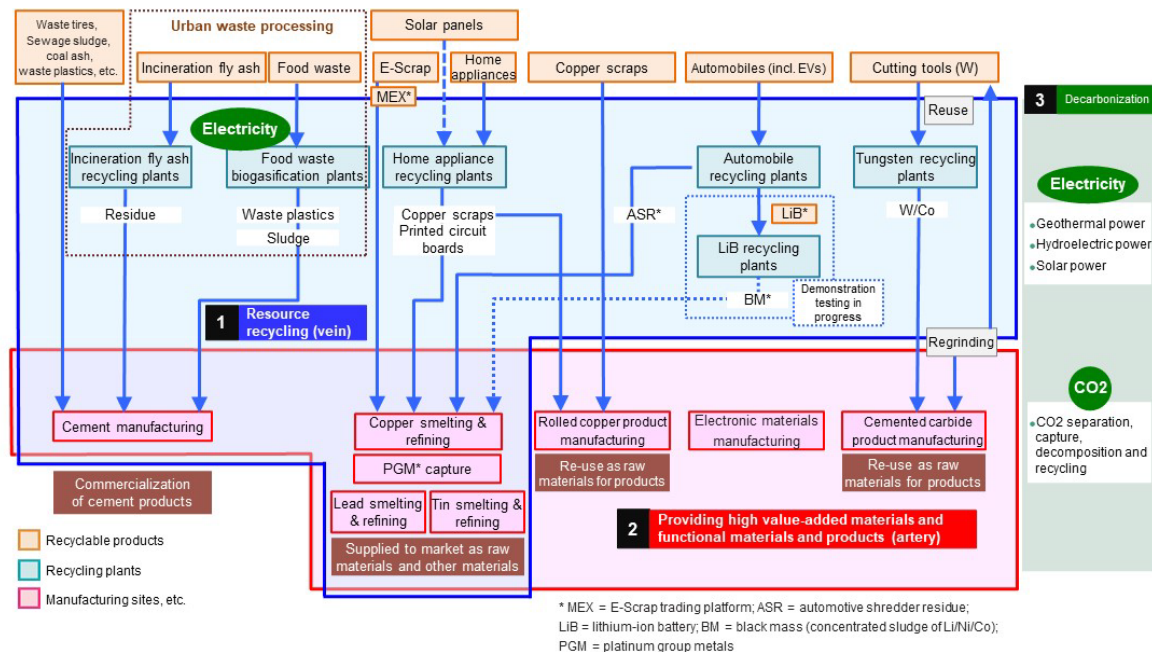


The left side of the slide shows the materialities (priority issues) I touched on earlier. The four points listed in the green box above are related to solving social issues through business, and are positioned as matters that contribute to the sustainability of society and earth.

On the other hand, the issues indicated in the light blue box at the bottom relate to strengthening the management base and core, and are positioned as materialities for the company itself to be a sustainable business entity or corporate citizen.

Among these, the creation of a recycling-oriented society is particularly closely related to our business strategy. We set KPIs for “the ratio of recycled tungsten to be used as raw material for cemented carbide tools”, “E-Scrap processing capacity”, “annual processing volume of home appliance recycling” and “percentage of recycled raw materials used”, and are working to link them with our business. These can be seen in the red square on the right.

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.”



These figures are the same as those in the Integrated Report. First, the top orange part shows used products and waste in the market.

These items are collected and put into various recycling processes, such as recycling plants and biogasification plants. We extract materials that can be reused as raw materials or materials, while partially making use of copper smelting as well as other refineries connected on the grid. This is one of the major foundations of our business. This plays a role in “1. Resource recycling,” enclosed in the blue line, especially in regard to metal resources. To say this another way, this part could be considered a “vein type” business.

On the other hand, “2. Providing high value-added materials, functional materials and products,” enclosed in the red line, is the part that is the “artery-type business”. Here, we utilize some of our extracted raw materials and other materials while adding our technology to create high value-added materials, functional materials and products, then supply them to the market.

Including both items provided to the market this way and those collected from other sources, we envision a cycle of resource recycling where we progress from 1 to 2, from 2 to the market, then return to 1 again from the market.

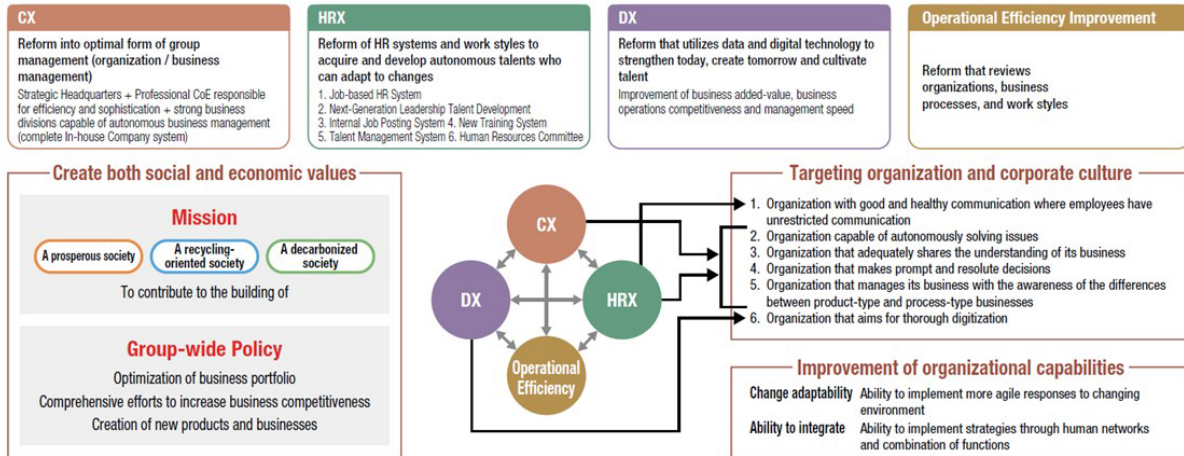
We believe that by promoting this kind of cycle, we will be able to reduce CO2 emissions to some extent. In terms of making further progress toward carbon neutrality, we are promoting geothermal power, hydropower and solar power generation as renewable energy on our own, as described in “3. Decarbonization” on the right side of the slide. We have also recently started research on the direct decomposition of CO2 itself, extracting it as a carbon material and using it effectively.



## Four Management reforms

Integrated Report 2022  
Pages 6, 7, 28-36

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.



This slide shows the four management reforms we have been working on since fall of last year. We aim to realize the six items indicated in “Targeting organization and corporate culture,” as shown on the center-right of the slide, and through these, improve our “change adaptability” to implement more agile responses, “ability to integrate,” and “organizational capabilities.” To that end, in addition to pursuing an optimal form of group management as CX, we are also promoting HRX in order to acquire and develop autonomous talents, as I will explain later. Additionally, ahead of these, we are proceeding with DX (digitalization) initiatives. Our intention is to move forward with the four reforms, namely CX, HRX, DX, and operational efficiency improvement, while linking them with each other.

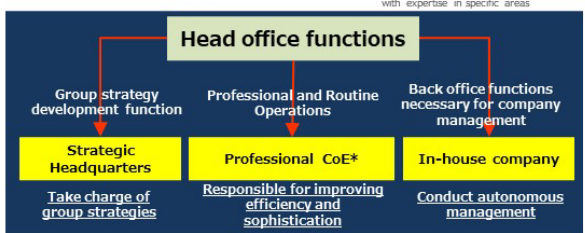
By clarifying the division of roles between the Head Office / Corporate Division and the In-house Companies through CX, we will strengthen business competitiveness and increase corporate value.

### 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



- 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

I would like to touch on our CX initiatives. By dividing functions previously carried out by the Head Office corporate departments into the Strategic Headquarters, Professional CoE and in- house Companies, then clarifying the roles of each, we aim to create an organization capable of autonomously solving issues 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

Most importantly, we must become an organization with good and healthy communication where employees have unrestricted communication. To achieve this, we are developing various measures to revitalize communication.

One of these is inner branding, which is aimed at communication that brings employees and management closer together to encourage more employees to take ownership of our Mission as their own which I mentioned earlier. In addition, we are engaged in a variety of initiatives, such as our ambassador program. Ambassadors are recruited from among our employees and play a role in developing our Mission.

To promote management reforms, we have held almost 20 “town hall meetings” as of the end of September this fiscal year. These meetings give management the opportunity to directly explain the aims of reforms to employees.

In addition to non-routine communication such as this, we are also developing a 1-on-1 meeting system to promote communication between employees and supervisors on a daily basis, aiming to have it take root.

## Sustainability Initiatives Across the Group

Integrated Report 2022  
Pages 26, 27

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)	Selected as a component of the FTSE Blossom Japan Sector Relative Index, ESG investment index ▼ April 2022
<b>E</b> 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  Participation in Keidanren's "Challenge Zero"	Set GHG emissions reductions targets → Revised (November 2021)  Calculation of carbon footprint CO <sub>2</sub> recovery, methanation and utilization testing Promotion of GHG reduction through industry-academia-government coordination	E-Scrap • Processing capacity improvement • Expansion work • Start of operation of the MEX business platform  Endorsement of the Ministry of Economy, Trade and Industry's "GX League Basic Concept" Cooperation with the Ministry of the Environment's Demonstration Project for Certifying Natural Symbiosis Sites Participation in the 30 by 30 Alliance for Biodiversity
<b>S</b> Responsibility in value chain Development of diverse talents	Establishment of Novel Coronavirus Response Headquarters  Certification as a Health & Productivity Management Organization 2020 (Large Enterprise Category)  From FY2018 Joint industry-academia activities (endowed course)	Optimization by positioning the head office as the communication core  Establishment of the Mitsubishi Materials Group Health and Productivity Management Declaration	Start of human resources transformation (HRX) initiatives  Donations to four organizations working to solve social issues in honor of the Group's 150th anniversary	Implementation of D&I initiatives  Establishment of Human Rights Policy and Procurement Policy 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  Introduction of a job-based HR system Participation in G20 EMPPOWER  Start of the Second Term of the Laboratory of Non-ferrous Extractive Metallurgy at the Graduate School of Engineering, Kyoto University
<b>G</b> Governance	<b>Corporate governance</b> Transition to being a company with a nomination committee (June 2019)  <b>Group governance</b> Group governance framework enhancement measures Enhancement measures for the system of compliance with the Antimonopoly Act Establishment of Sustainable Management Office	Review of executive remuneration system Establishment of Basic Policy on Corporate Governance Change in ratio of outside directors (6/11 → 6/10)  Internal control enhancement measures	Revisions to the Corporate Governance Code  Release of director skills matrix  Introduction of an in-house reporting system outside Japan Communication measures such as inner branding and reverse mentoring	Strategic IP formation activities and promotion of IP governance  Evaluation of the effectiveness of the Board of Directors using a third-party organization  Revision of remuneration system for Executive Officers  Corporate communication magazine "WITH MATERIALS" launched

On the slide, we have categorized our efforts into E, S and G, showing them in chronological order beginning around April 2020. Of these, E and S will be explained in detail by the executive officer in charge. Now, I'd like to add some detail about G, governance, at the bottom of the slide.



## 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

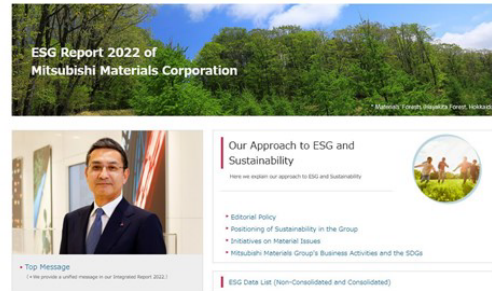
Our Approach to ESG and Sustainability

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/>

But before that, you may recall that we published this year's ESG Report in August, following the Integrated Report. The agenda is shown on the left of the slide. It can be accessed from the URL on the right, and we hope you will take a look at it as well.

## Governance Initiatives

Integrated Report 2022  
Page 86

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	2	3	3	3	6	6	6	7
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

Now, I'll explain our governance initiatives. Here's a list of key items related to corporate governance from 2015 onwards.

A major shift was the change in the organizational design to a "company with a nomination committee, etc." in fiscal 2020. As a result of this change, we established the Nomination Committee, Audit Committee and Remuneration Committee as statutory committees. We have also made significant progress in reforming the composition of the Board of Directors, which has 11 members, six of which are now outside directors.

Since then, we have made slight changes in fiscal 2021 and 2022, and this fiscal year, we have revised the remuneration system for Executive Officers and launched the Sustainability Committee.

## Evaluation of the Effectiveness of the Board of Directors

Integrated Report 2022  
Pages 96-98

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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
FY2023 initiatives on issues	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Business briefings previously held for Outside Directors will be reorganized into "Briefings for Directors" targeting all Non-executive Directors and will be held continually</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The Sustainability Committee was established on June 28, 2022.</li> <li>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.</li> </ul>

Regarding the evaluation of the effectiveness of the Board of Directors, the Board of Directors has also evaluated its effectiveness through its own questionnaire every year to extract issues for improvement and work on improving them.

In particular, in fiscal 2022 (the last fiscal year), we appointed an outside third-party organization to conduct this evaluation. They listened to Board of Director discussions and implemented individual interviews with its members to identify the issues listed at the top of the slide, which we are working to address through various initiatives.

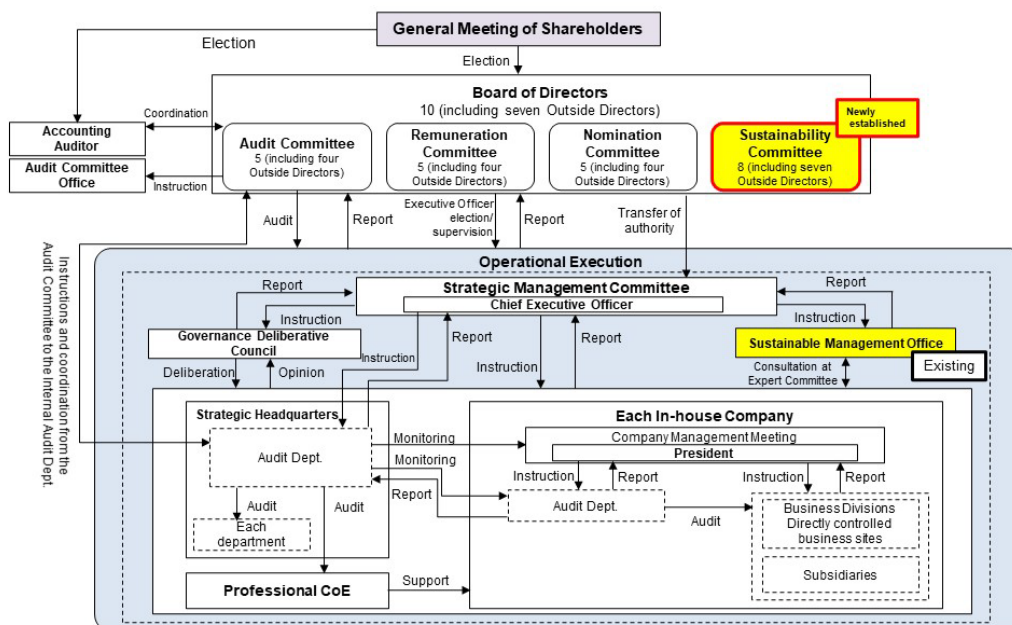
One of these initiatives led to the establishment of the Sustainability Committee this fiscal year.

## Establishment of the Sustainability Committee

Integrated Report 2022  
Page 87

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.



16

MITSUBISHI MATERIALS

The Sustainability Committee is advised by the Board of Directors under the General Meeting of Shareholders shown at the top of the slide. It consists of eight members, seven of whom are outside directors. The chairperson is also an outside director.

As you can see in the light blue box at the bottom, with regards to sustainability, the executive side had previously established the Sustainable Management Office, compiled initiatives and reported them to the Board of Directors.



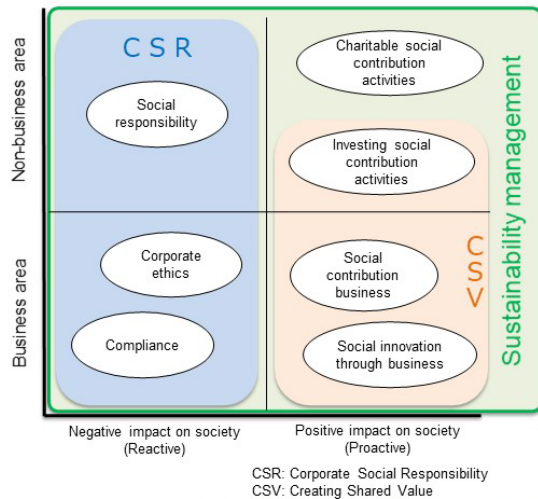
## Direction of Sustainability Committee Activities

### ■ 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).



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

### ■ 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.

The first role of the Sustainability Committee, under the supervision of the Board of Directors, on the other hand, is to monitor and discuss sustainability management on the executive side, including its methodology. Its second role is to indicate the direction of sustainability management issues from a broader perspective. In these ways, we are determined to make it play a big role in our activities.

The figure on the right shows specific initiatives organized from the perspectives of analysis, disclosure and vision.

Broadly speaking, there are two aspects to sustainability. The concept is the same as that for materialities that I mentioned in the beginning. One is sustainability from the perspective of enabling the company to continue business operations, which is the reactive perspective indicated on the lower left of the slide.

The other is the proactive perspective, which is sustainability to enable the company to contribute to a sustainable earth and society through business activities.

The Sustainability Committee has just started its activities. Its role is to craft a vision from a broader perspective, particularly focusing on our proactive perspective, and to present issues that should be 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.	● 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	● 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
Meetings with Investors, etc.	● Annual small meetings between outside directors and domestic institutional investors
Outside Directors' Opinion Exchange Meetings	● 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	● Dialogue with employees through lectures by Outside Directors and individual sessions ● Lecture theme examples ➢ 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	● Tour the Group's major sites and sites of major Group companies ● Participate as observers in company-wide meetings on development strategies

Outside directors make up the majority of our Board of Directors, and as you can see on the slide, we are implementing various measures to strengthen the supervisory functions of outside directors.

In order to cover issues that cannot be handled in discussions by the Board of Directors alone due to time constraints, a separate time is set aside for Business Briefings for Directors, enabling deeper discussions. Furthermore, I, as CEO, hold 1-on-1 meetings with each of the outside directors to receive their feedback and supplement points that could not be covered by the Board of Directors or in Business Briefings for Directors.

Outside directors also hold annual small meetings with institutional investors in an effort to deepen dialogue. Additionally, meetings for exchanging opinions are also held by the outside directors alone to ensure their opinions are actively exchanged.

## Directors Skill Matrix

Integrated Report 2022  
Pages 92, 93

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.

	Expertise and Experience of the Directors (Skill Matrix)								Contribution and Perspectives of the Directors on Key Themes					
Name	Business experience outside the Company	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.

Next, I'll explain the skills matrix. The white and black circles on the left show a conventional skills matrix table. It indicates the expertise and experience of the directors.

On the right side, we have listed the main themes discussed at Board of Directors meetings, etc., and from this fiscal year, we have newly disclosed the contributions and perspectives contributed by each director to these themes.

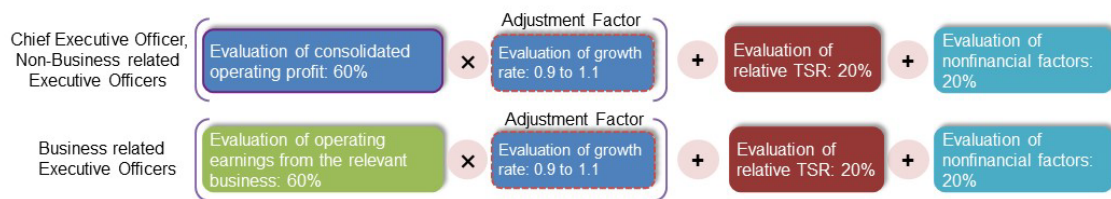
We reviewed some of the evaluation items for Executive Officer bonuses from FY2023.

## ■ 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



Next is the review of our remuneration system for Executive Officers. Based on the discussions of the Remuneration Committee last fiscal year, we have newly incorporated a TSR relative evaluation into remuneration for Executive Officers from this fiscal year forward. This perspective adds evaluation in line with the perspective of shareholders.

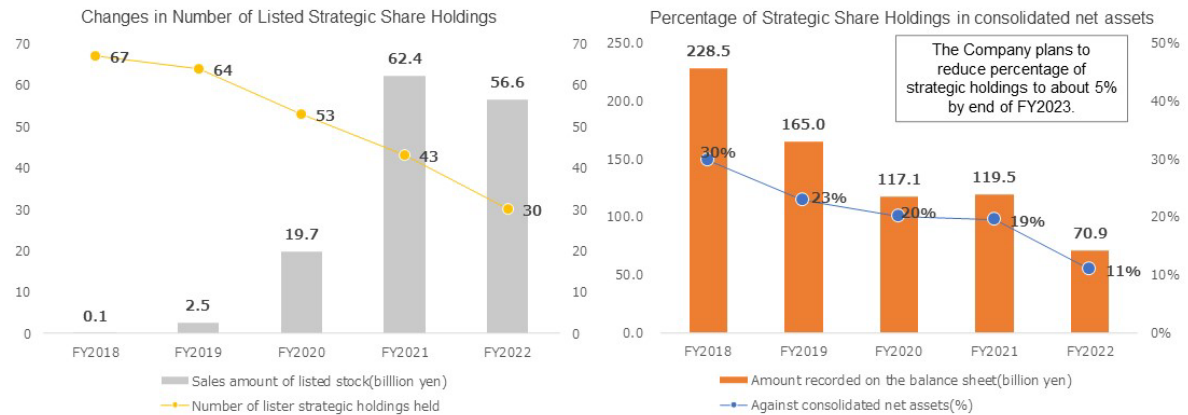


We are promoting reduction of strategic share holdings based on the Basic Policy on Corporate Governance

## ■ 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



Next, I'll explain strategic share holdings. We are proceeding with reduction of strategic share holdings based on our basic policy, the results of which can be seen in the graph.

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

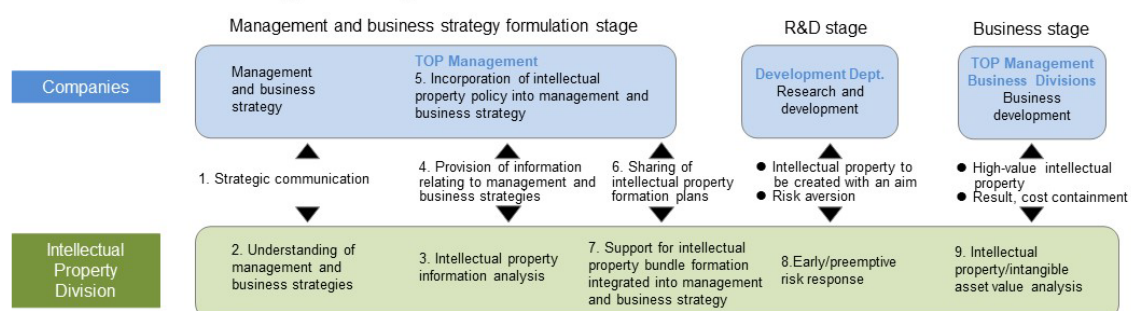
### ■ The Intellectual Property Policy of the Group

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

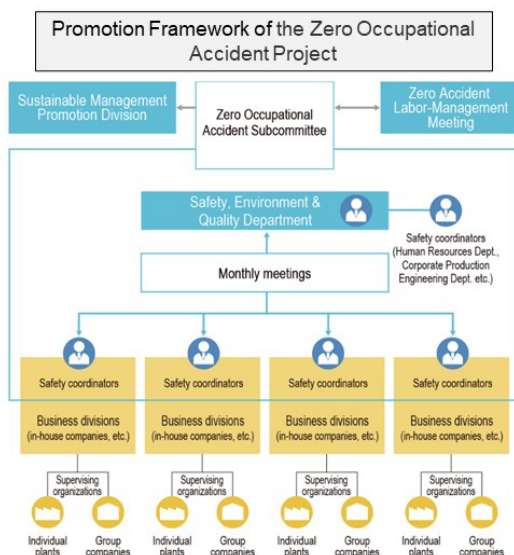


Now for intellectual property initiatives. Intellectual property strategy must be developed in line with management or business strategy. As shown in the bottom figure, business divisions and intellectual property divisions are promoting strategic dialogue, while also proceeding with a policy that builds and promotes intellectual property strategy that does not deviate from management and business strategy.

This concludes my presentation.

## ■ 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)

Yasunobu Suzuki (hereinafter referred to as “Suzuki”): My name is Yasunobu Suzuki, and I will explain SCQ and human rights. SCQ stands for safety, compliance and quality.

First, I'll explain our initiatives regarding Safety, specifically, workplace safety and hygiene. As shown at the top of the slide, we established the Zero Occupational Accident Project in April 2014, and are working to strengthen our safety and health infrastructure. As shown on the right, this year's goal for the Zero Occupational Accident Project is zero serious accidents requiring four or more days off work, and to eliminate accidents such as fires and explosions.

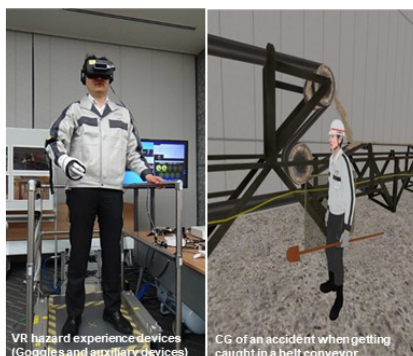
Main activities include hard activities such as equipment risk assessments, the results of which are used to determine designs and specifications that make equipment safer. We are in the third year of these activities. For soft activities, we are continuing to work on improving sensitivity to hazards in terms of human behavior. This will be discussed from the next page.

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

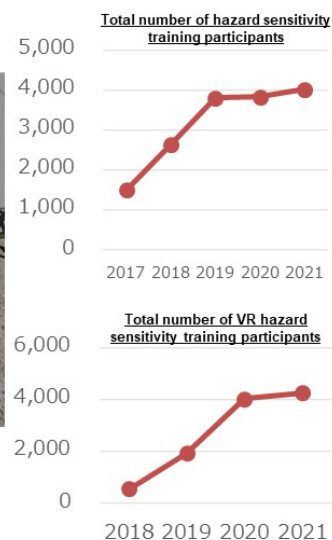
At the Safety and Health Education Center, Midori-kan located at the site of our Saitama Office (Saitama, Saitama Prefecture), we provide hazard sensitivity training (50 types of simulation equipment) and safety and health education for our Group employees.



**Occupational Safety and Health Education Center - "Midori-kan"**  
Facilities with equipment for the implementation of  
- hazard sensitivity training aimed at improving employees' hazard awareness  
- various types of safety and health education



**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.












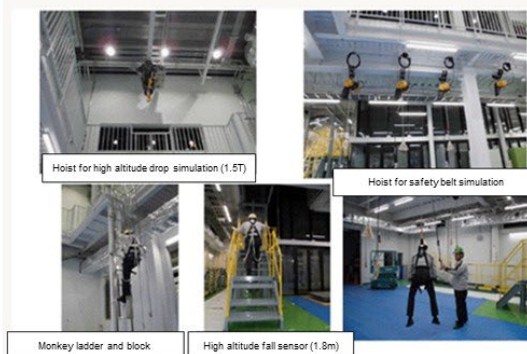
While we are overjoyed that factory equipment and society as a whole continue to become safer, this safer environment makes people less sensitive to danger, which can lead to accidents. Therefore, we are trying to maintain sensitivity through simulated accidents and disasters.

The photo on the left is of the Safety and Health Education Center, Midori-kan, located in Saitama City. It was opened in March 2017. Here, we provide hazard sensitivity training to employees for a variety of dangerous situations, as well as classroom lectures. In addition, we also provide hazard sensitivity training through VR that allows employees to experience accidents and disasters, as shown on the right.



## ■ 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
			10-9	shock simulation
			10-10	

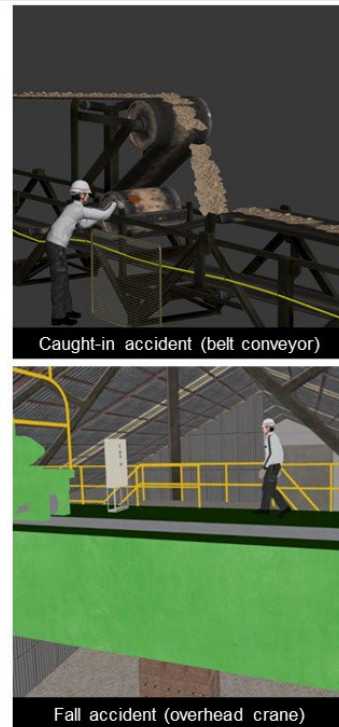
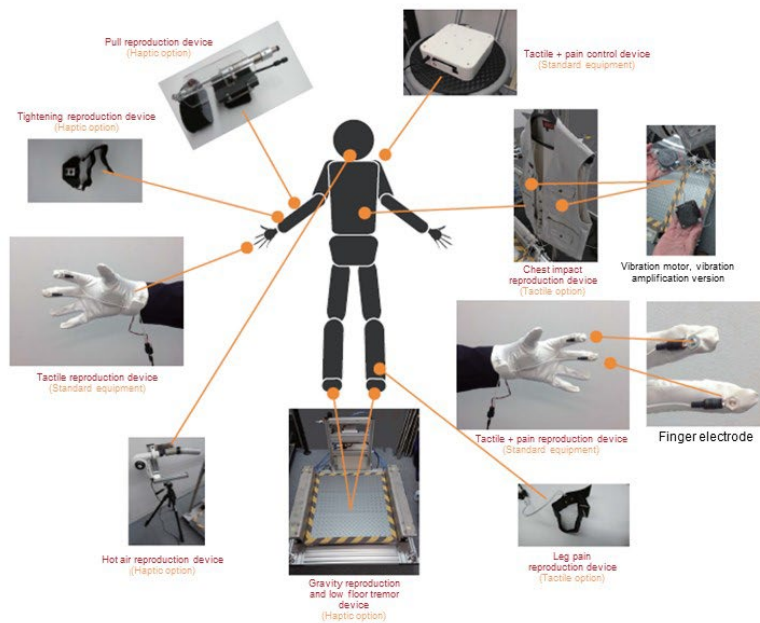


MITSUBISHI MATERIALS

First, let's talk about real hazard sensitivity training. Ten dangerous situations are listed on the left side of the slide. There are several experiential facilities for each, for a total of 50 types. The photos on the right are some examples of experiential facilities.

Individual sites may not have such a robust lineup, but we are conducting training using the hazard sensitivity equipment selected based on the workplace environment of each site.

## ■ VR hazard experience devices



This is about VR, virtual hazard sensitivity training. They wear goggles that allow them to see images, as well as devices that enable them to experience vibrations and tension. This allows them to experience accidents and disasters virtually. The example on the right is just one of the many kinds of situations that can be experienced.

## ■ 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

Next, I'll talk about C, or compliance initiatives. As you can see on the left of the table, we are conducting training, surveys and campaigns this fiscal year.

The first item of training is governance training for officers. This training is for officers of both domestic and overseas group companies. It includes topics such as the duties that executives must fulfill, revitalizing the Board of Directors, reforming corporate culture and improving communication.






We also conduct compliance and risk management training for managers who lead compliance and risk management activities at each site. This training was limited to domestic sites, but in fiscal 2022, as part of deployment overseas, overseas managers who wish to participate joined the training although it is conducted in Japanese.

We are also conducting compliance training for all employees. Training is conducted on our Corporate Philosophy, Our Values, the Code of Conduct, employee hotline awareness and priority issues for the year. This fiscal year, we focused on issues such as harassment and compliance with the Antimonopoly Act.

We conducted compliance awareness surveys for all domestic employees, and overseas staff level and above. After confirming the effectiveness of training, we incorporate any new issues revealed by the survey into training or deal with them on an individual basis.

Furthermore, we are conducting an employee hotline awareness campaign this fiscal year. This will be discussed on the next page.

## ■ FY2023 initiative details (employee hotline awareness campaign)

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

Now, I'll explain the employee hotline awareness campaign. A variety of activities were conducted using the intranet, including creating posters. Basically, the focus is raising awareness of the employee hotline system and building a sense of trust.

## ■ 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.)	

To continue, I would like to explain our measures to enhance internal control at domestic and overseas group companies. This is indicated in four themes.

The first is strengthening internal checks. In principle, we dispatch multiple full-time officers from the parent company. However, since this can prove difficult for some small companies, we have established and are implementing guidelines that describe the roles and actions that non-executive officers should fulfill. In addition, we have started a system where not only officers but also managers involved in transactions with external parties, such as purchases, are required to verify the validity of transactions with companies in which they are concurrently engaged or in which their relatives are involved, and to submit statements once a year.

For our overseas employee hotline, there used to be whistleblowing systems operated by individual group companies, but starting last fiscal year, we began operating a separate system where statements are issued directly to Mitsubishi Materials.

For the second item, raising awareness of officers, we conduct training as shown on the slide.



## ■ 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"> <li>• Continued implementation of quality training for employees at domestic and overseas sites</li> <li>• Implementation of quality training on the basics of quality control for younger employees</li> <li>• Implementation of quality compliance training for mid-level employees and managers</li> <li>• Implementation of quality training to improve professional quality management skills, including ISO9001</li> </ul>
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

Next, I'll explain quality. In order to prevent the recurrence of quality issues, we have been working on the establishment of a "reactive quality management" system that prevents the outflow of non-conforming products.

These efforts include six specific initiatives. In the future, we will continue to incorporate content into quality management systems at sites such as ISO9001.

## ■ 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..



Now for future quality initiatives. We want to transition from reactive quality management that prevents the outflow of non-conforming products to proactive quality management that prevents non-conforming products from being created in the first place.

In one of our reactive quality management measures, we established a system for accumulating data through automation of inspection. We intend to use this large amount of data as a foundation, intertwine it with DX and manufacturing initiatives, and establish “quality excellence” as corporate brand equity.

## ■ 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

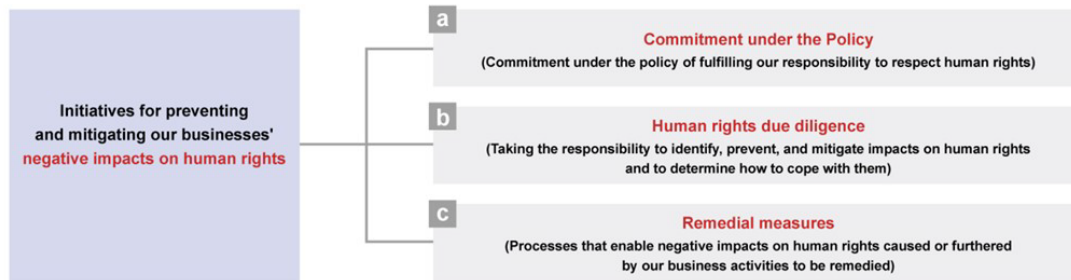


Now, I'll explain human rights initiatives. The overall procedure is shown on the slide.

The efforts of individual countries and international organizations are not sufficient to protect human rights, so based on the idea that companies and businesses should also be involved, the United Nations' Guiding Principles and OECD Guidelines were issued in 2011.

To further differentiate these views, the EU announced a draft directive on human rights due diligence. In Japan, the Ministry of the Economy, Trade and Industry issued a draft guideline for human rights due diligence.

We released our own Human Rights Policy last year. It is our policy to implement human rights due diligence, work to reduce human rights risk, and cooperate with our business partners to promote this policy.



## ■ 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)

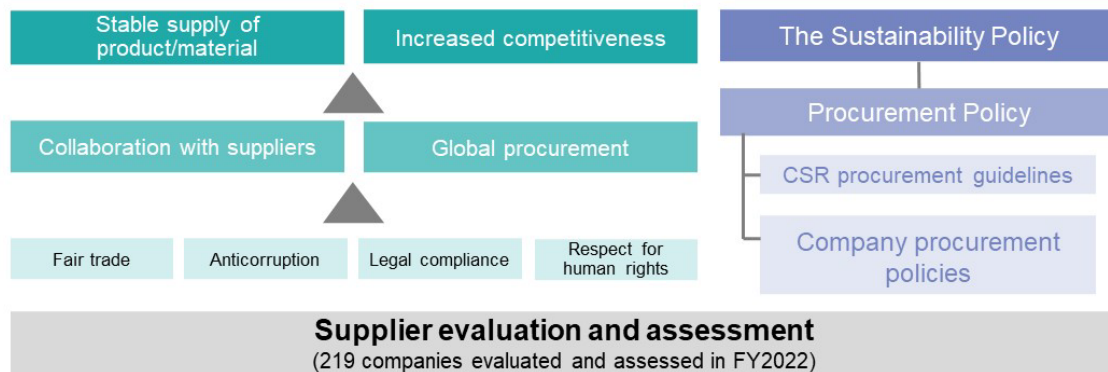
## ■ Remedial Measures

- 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

Our human rights initiatives consist of three points indicated at the top of the slide: a. Commitment under the Policy, b. Human rights due diligence and c. Remedial measures. For a. Commitment under the Policy, we conduct training as shown in the middle of the slide. For b. Human rights due diligence, we are looking into implementation plans and intend to conduct our first survey from this fiscal year into the next.

### ■ Supply chains initiatives

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



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.

As for supply chain initiatives, we have established our Procurement Policy based on our Human Rights Policy. As a materials manufacturer we work in partnership with many suppliers throughout the value chain.

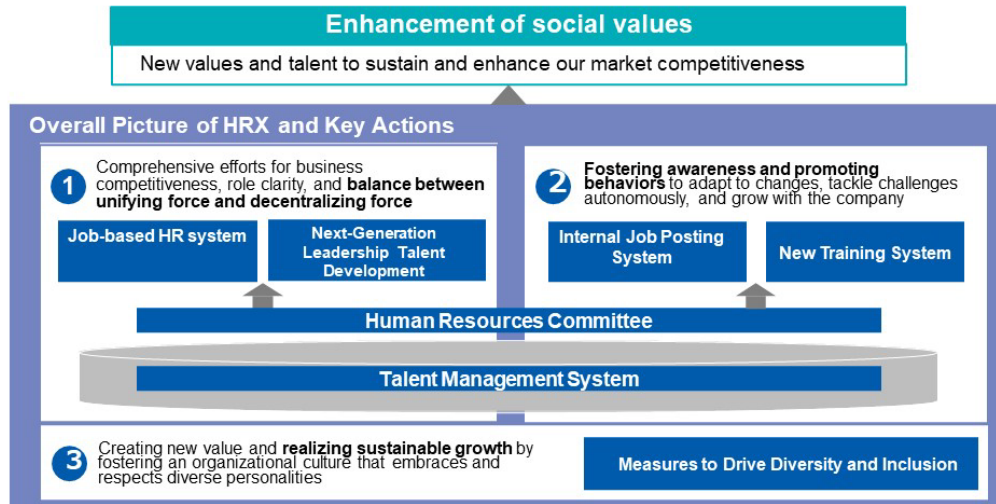
For our mineral resources, we have been operating under procurement guidelines for some time. For other procurement, we are reflecting our Human Rights Policy in the risk management systems such as the supplier evaluations and screening we have implemented to date. We also aim to appropriately respond to human rights risks occurring at our business partners and build a cooperative relationship with them.

This concludes my presentation.



## ■ 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.



Makiko Nogawa (hereinafter referred to as “Nogawa”): My name is Makiko Nogawa, and I will explain our human capital initiatives.

Based on the idea that human resources are the source of business competitiveness, we have pursued a variety of initiatives to recruit, develop and promote our human resources.

In order to further improve our corporate value over the medium- to long-term, we regard human resources as human capital, focusing on how to utilize them in a way that best increases their value. We refer to this as human resource transformation, or HRX for short, and have been implementing a number of personnel reforms since last year.

With HRX, we aim 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 the external market into our strengths built over the past 150 years. Specific HRX measures can be broadly broken down into three main points.

The first is comprehensive efforts to increase business competitiveness and role clarity. In April of this year, we introduced the Job-based HR system for managers. Starting this fiscal year, we have also renewed and begun implementing the Next-Generation Leadership Talent Development framework who will support the Company.

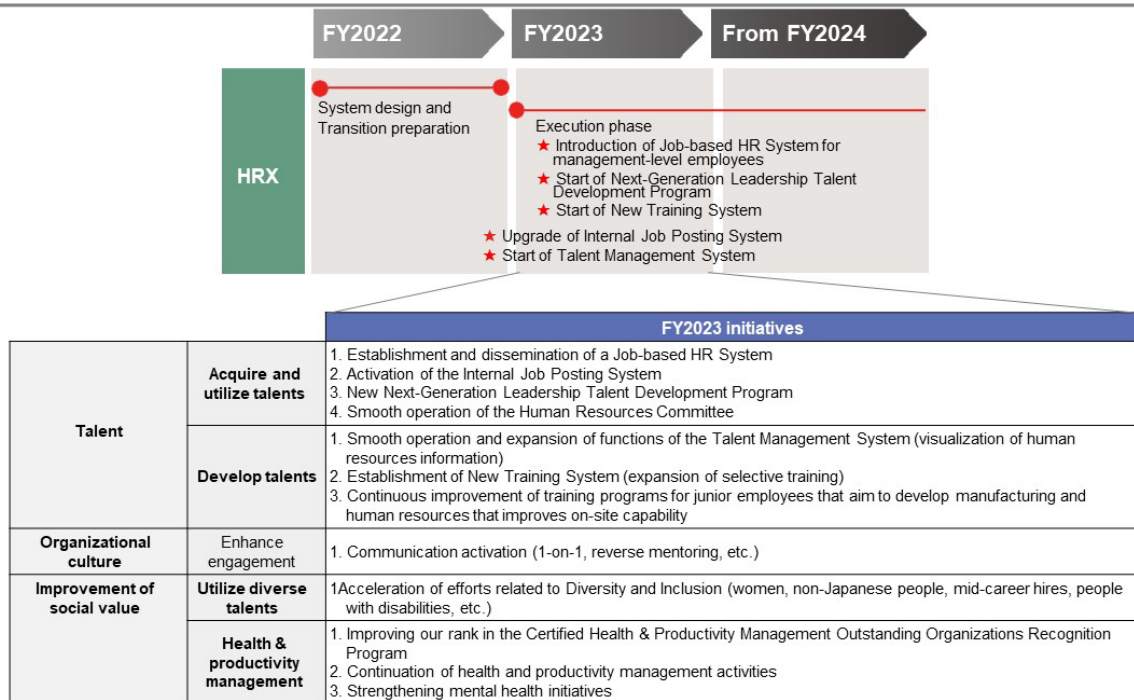
The second point is fostering awareness and promoting behaviors to adapt to changes, tackle challenges autonomously, and grow with the company. To accomplish this, we are revitalizing our Internal Job Posting System and implementing the New Training System from this fiscal year as measures to support autonomous career development.

The third point is fostering an organizational culture that embraces and respects diverse personalities and promoting diversity and inclusion based on it, with the aim of achieving sustainable growth.

I will now explain the Human Resources Committee and Talent Management System shown in the middle of the slide. The Human Resources Committee has been held since this fiscal year as a forum for management to discuss personnel and organizational issues in all aspects, which leads to further measures. Furthermore, the Talent Management System has been in operation since February of this year, with the aim of visualizing human capital information.

## Human Capital Initiatives

Integrated Report 2022  
Pages 29, 77



On this slide, we summarize the status of specific HRX measures, showing the progress of key initiatives. Most key measures were implemented starting in April of this fiscal year, with the Internal Job Posting and the Talent Management System starting in February of this year.

We plan to continue the effective measures we have been working on until this point, including training programs for junior employees that aim to develop manufacturing and human resources, communication activation, Diversity and Inclusion initiatives, and health and productivity management 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

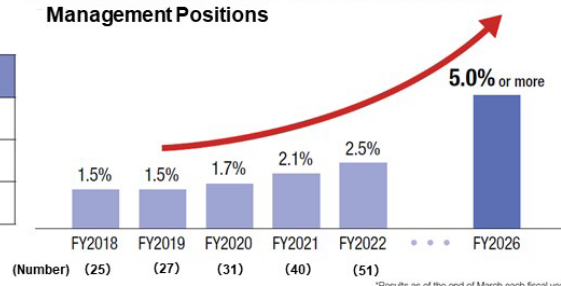
### ■ FY2026 Target

- 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



This slide shows our diversity and inclusion initiatives. We have been making efforts to ensure diversity, and in order to make this a source for sustainable growth, we have set new goals to increase the number of women, non-Japanese, mid-career hires and others, mainly in decision-making positions, and have begun working on a variety of measures.

Specifically, we established a dedicated organization for Diversity and Inclusion on September 1, 2021. Organizational restructuring that occurred on April 1 of this year has created an organization dedicated to Diversity and Inclusion as well as health and productivity management.

Furthermore, we set numerical targets to be achieved by the end of fiscal 2026 for increases in the percentage of women, non-Japanese and mid-career hires in decision-making positions.

## ■ 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

MITSUBISHI MATERIALS

Now, I'll explain a variety of specific initiatives to be implemented to achieve these targets.

First of all, we always include Diversity and Inclusion education in job grade-based training as one of our initiatives to build and foster the organizational culture that is the essential basis for securing and utilizing diverse human resources. We are also implementing education on unconscious bias.

Featured topic 1 on the right side of the slide is about our measures to encourage male employees to take childcare leave, and shows the status of these measures by fiscal year. As you can see, 61.8% took leave in the first quarter of fiscal 2023.

As for the fourth point of "Base development and dissemination of inclusion measures", we conducted an engagement survey for all employees in the Talent Management System that went into operation in February of this year.

Next, I'll explain support of women's development and advancement. First, we have been running a sponsorship program since the fall of last year as an initiative to support accelerated development where officers act as sponsors, as described in featured topic 3 on the right side of the slide. Second is career development support, an initiative to increase the number of women in managerial positions that head organizations faster, as described in featured topic 3 on the right side of the slide. Third is the execution of action plans at business sites. Since many of our employees work at manufacturing sites, we started activities to expand the scope of work for female employees five years ago, and continue to develop these measures. The fifth is G20 EMPOWER, which we joined this year. This is described in featured topic 4 on the right side of the slide.



For mid-career hires, our measures include the provision of a support for building internal networks and a forum for sharing Q&A regarding company rules to help them become familiar with our company culture as soon as possible and help them demonstrate their true potential.

Furthermore, in April of this year, we introduced the Remote Work System that encourages managerial employees to work in a way that doesn't limit their work location.

Further information on these Diversity and Inclusion initiatives is available in the Integrated Report, ESG report and on our website. We hope you take a look.

This concludes my discussion on our human capital initiatives.

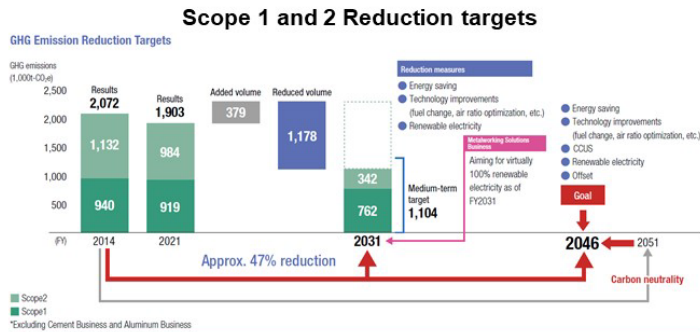
## ■ Set Scope 1, 2 and 3 greenhouse gas reduction (GHG) targets

### ■ 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



### ■ 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 <sub>2</sub>	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

Nobuhiro Takayanagi (hereinafter referred to as “Takayanagi”): My name is Nobuhiro Takayanagi, and I’ll be explaining our climate change initiatives.

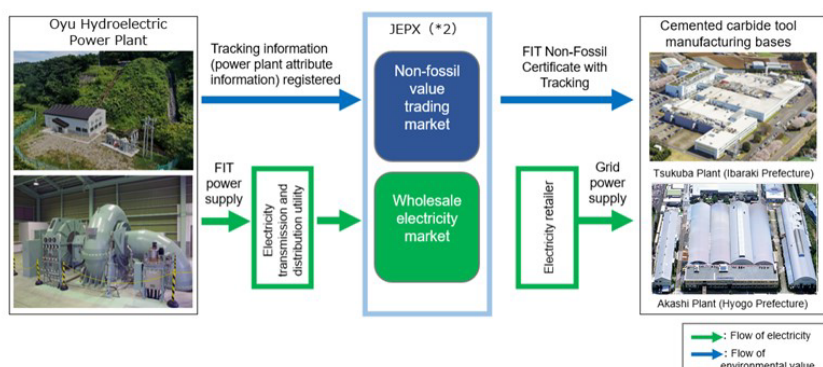
This slide shows our Scope 1, 2 and 3 greenhouse gas reduction targets, of which I’m sure you are all aware. For Scope 1 and Scope 2, we set a target of achieving a 47% reduction by 2030 compared to 2013, as we announced in the end of November last year.

As a supplement to emissions, the figures exclude the Aluminum Business that was transferred and the Cement Business that was converted to equity method. Cement has a large volume of emissions, so we plan to present this information as soon as possible.

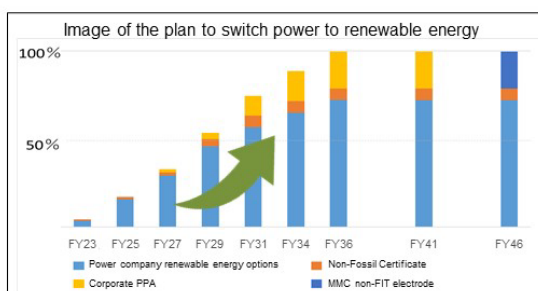
We applied for SBT (Science Based Targets) certification in July of this year. Scope 3 reduction targets that were set at the time of application are shown in the table on the right side of the slide. Fiscal 2021 Scope 3 emissions totaled 5,876,000 tons, of which a high percentage are category 1 and category 3, so we have set a 13% reduction target. Category 1 is the procurement of raw materials, so the proportion of copper concentrate is very high.

## 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 CO<sub>2</sub>-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.



- 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.

44

This content was included in a press release from September 13 titled “Use of Power Derived from Renewable Energy via In-house Hydropower Generation for the Company's Own Plants.”

We will procure 1,300 MWh of electricity from Oyu Hydroelectric Power Plant in Kazuno City, Akita Prefecture using FIT Non-Fossil Certificates with Tracking, and will use this electricity at Tsukuba Plant and Akashi Plant, which are manufacturing sites for cemented carbide tools.

The green line on the slide represents the flow of electricity, and the blue line is the flow of environmental value. The amount of CO<sub>2</sub> reduced by this project is equivalent to about 550 tons, which is still a small amount when viewed as a whole, but we would like to build on this as a first step.

If you have your own power source, you can procure directly through auctions, which, unlike normal non-fossil certificate procurement, is a big advantage.

## ■ 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

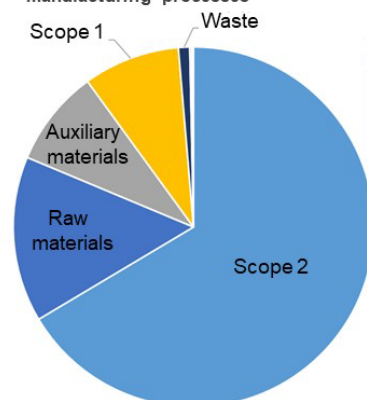
Now I'll explain carbon footprint of products (CFP). We must reduce greenhouse gas emissions throughout the supply chain, so our policy is to provide customers with CFP of our own products.

By providing CFP of our own products to our customers, we also improve the accuracy of our customers' Scope 3 calculations. Furthermore, we would like to utilize provision of carbon-free and low-carbon products as a way to differentiate our business in the future.

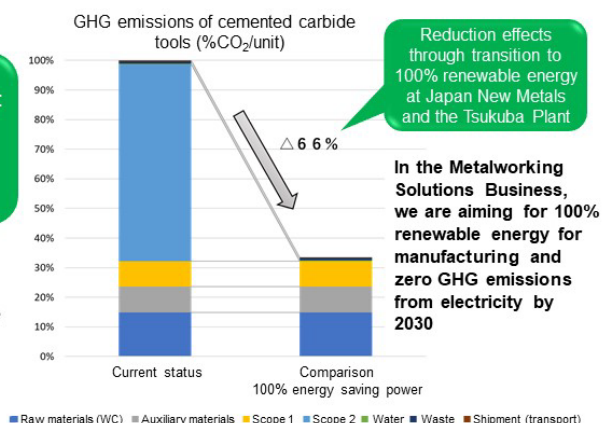
Moving on to cemented carbide products, the recycling process for used cemented carbide tools by Japan New Metals, Co., Ltd., our group company, is shown on the center-right side of the slide. Starting with "collection of used carbide products/scrap" shown in red in the figure, the route leads to tungsten trioxide, tungsten and tungsten carbide through individual production processes. This includes CFP calculation in these 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



### ● 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.



The pie chart on the left side of the slide shows the percentage of contribution to GHG emission per insert, which is a cemented carbide product. Scopes 1 and 2 are GHG emissions derived from energy used at Japan New Metals and the Tsukuba Plant.

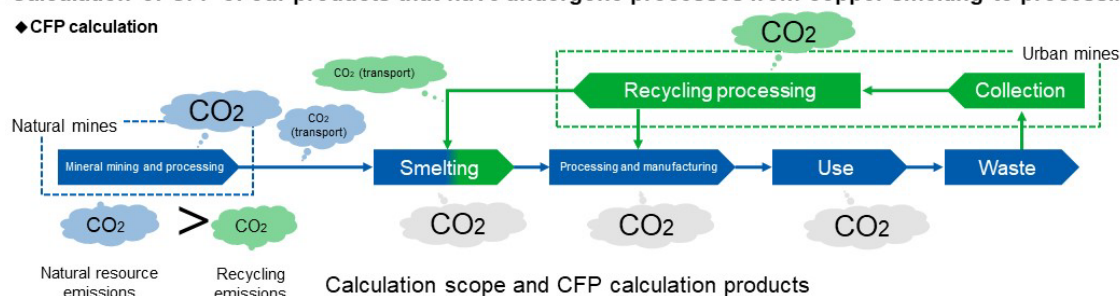
Japan New Metals is a group company that produces tungsten carbide, a raw material in the production of cemented carbide products at the Tsukuba Plant. The pie chart shows that Scope 2 for electrical energy is very high, accounting for two-thirds of the total.

We have set a goal of 100% renewable energy for electricity used for manufacturing at our Metalworking Solutions Company by fiscal 2031. The bar graph on the right side of the slide shows that eliminating Scope 2 all at once, which accounts for two thirds of GHG emission, will be a massive reduction.



## ■ 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.

The slide shows CFP from copper smelting to copper and copper alloy processing. Currently, we are working to calculate overall CFP.

In order to properly calculate CFP, the basis of the calculation is extremely important. Intensities for each process, such as those by IEA and other organizations, are indicated, but we are working to finish calculations, including whether these figures are appropriate.

As shown on the bottom right of the slide, the IWCC (International Wrought Copper Council) is considering similar calculations. The IWCC is an industry association whose members are general companies, and in that sense, it can be thought of as a public institution. When the IWCC calculation results are disclosed, we will confirm the consistency of our calculation methods with theirs to see if they are appropriate, and release this information.

### ■ 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



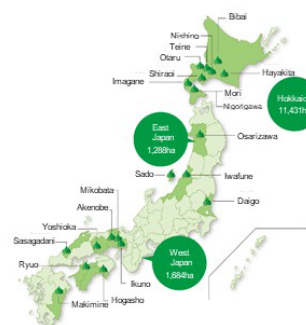
### ■ Cooperation with a Demonstration Project for Certifying "Natural Symbiosis Sites (Tentative Name)" by the Ministry of the Environment

- 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.

Now, I'll explain biodiversity. We are a member of the 30 by 30 Alliance for Biodiversity. The goal of 30 by 30, as you may know, is to effectively preserve 30% or more of the land and sea as a healthy ecosystem by 2030.

We are participating in the Ministry of the Environment's Natural Symbiosis Sites (tentative name) certification demonstration project, and are providing support for building the certification system. Applications for the project are scheduled to open in fiscal 2024. For this project, we have selected our company-owned Teine Forest in Hokkaido to participate in the demonstration of examination process. We are currently waiting for notification as to whether or not our site meets the criteria required of a Natural Symbiosis Site.

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

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

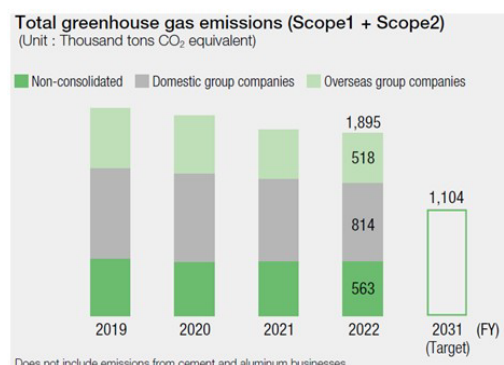
\*Does not include cement and aluminum businesses

(Major reduction measures implemented)

- ◆ Reduction of electricity consumption by optimizing operation method (390t CO<sub>2</sub>)
- ◆ Reduction of electricity consumption by upgrading facilities (1,200t CO<sub>2</sub>)
- ◆ Reduction of electricity consumption by upgrading facilities (460t CO<sub>2</sub>)

Total GHG emissions for Scope 1 and Scope 2 totaled approximately 1,895,000t CO<sub>2</sub>e, down 5% from FY2021.

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



These are the results for greenhouse gas emissions in fiscal 2021 and 2022. The 5,876,000 tons I mentioned before is the result for fiscal 2021, and Scope 3 has increased by about 600,000 tons in fiscal 2022. In fiscal 2021, the amount of ore purchases was low due to furnace repairs at copper smelters and refineries, resulting in the difference from fiscal 2022.

## ■ Contribution to GHG reduction via Renewable Energy business

■ CO<sub>2</sub> reduction from renewable energy: 174,000t CO<sub>2</sub> (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)

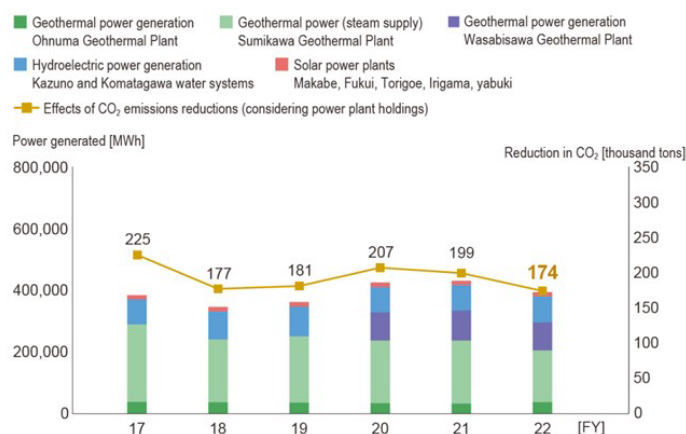


Fig. 1



Photo 1



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

 MITSUBISHI MATERIALS

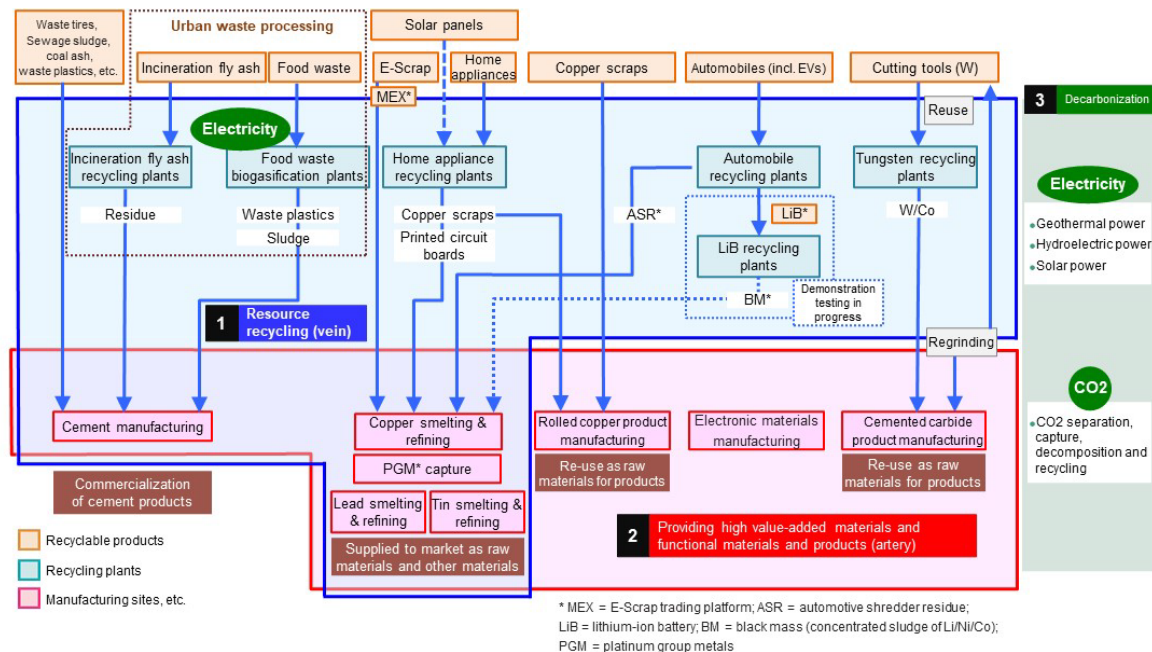
This is the results of CO<sub>2</sub> reduction via Renewable Energy business. Renewable energy electricity generation is shown in the line graph at the bottom of the slide. In fiscal 2022, we generated 407 (gigawatt hours) GWh, which is equivalent to a reduction of 174,000 tons of greenhouse gas emissions compared to oil-fired power plants.

Currently, we are developing a new geothermal power plant in the Esan area of Hakodate City, Hokkaido. We also plan to start operation of a new hydropower plant on the Komatagawa River in Akita Prefecture in December of this year. Our ultimate goal is 533 GWh in fiscal 2031, and we will continue to focus on further development of renewable energy.

This concludes my presentation.



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.”



Ono: Finally, I would like to briefly speak our next Medium-Term Management Strategy. The figure on this slide is the same as the one shown earlier.

So far, we have proceeded with appropriate selection and concentration of business in order to optimize our business portfolio. In this context, one future direction will be to deepen the narrowed-down business areas.

Looking at the overall situation globally, a variety of geopolitical risks have been raised since the beginning of this year. In Japan, I believe this is leading to movement toward economic security. Furthermore, considering it globally, we also assume that area-specific economic blocks will progress. Therefore, I think it is necessary to think about local production for local consumption and circulation on a regional basis.

However, along with an overall increase in environmental awareness, we can see major directions and trends towards further development of not only resources recycling, but also circular economy. Based on these major directions and trends, we are working to create a large circle shown on this slide, including the veins, or the circulation of resources, and the arteries, that are the provision of high value-added materials, functional materials and products.

There are also the regional issues I mentioned earlier, so as we combine the regions where we expand our operation, increased capacity, expansion of scale through site expansion, and expansion to new endeavors on the periphery of our current domains, we are currently discussing a new Medium-Term Management Strategy that will start in fiscal 2024 with the aim of improving corporate value.

We have not yet reached the stage where we can disclose the details of our next Medium-Term Management Strategy, but we believe we will be ready to explain it by the end of this fiscal year.

This concludes my presentation.



## **Question and Answer Session**

### **Q&A: Effects of governance reforms from 2019**

Interviewer: I understand you are making efforts to increase the transparency of governance, such as increasing the ratio of outside directors. You made major changes in 2019, including transitioning to a company with a nomination committee, etc. What effect did these changes have? For example, is the progress of various structural reforms, including business selection and concentration, another effect of governance reforms?

Ono: Regarding optimization of our business portfolio, it was originally on the business execution side, and we have been moving forward with a sense of direction, but our transition to a company with a nomination committee, etc. and the increase in the number of outside directors have given us the opportunity to receive more feedback from the Board of Directors, which is mainly composed of outside directors. For example, on the business execution side, we received support when we were a little hesitant. We were told we should act with greater urgency, so I would say this has been a driving force behind structural reforms.

Furthermore, discussions are currently underway among directors and executive officers on how to create a more proactive and broader vision for improving corporate value. Currently, we cannot say that we've been able to show sufficient results, but we believe that these efforts must eventually bear fruit.

### **Q&A: Results of an engagement survey**

Interviewer: What kind of employee feedback has there been regarding the internal engagement survey? How has the response been?

Nogawa: We conducted an engagement survey for all employees using the talent management system that just went live in February. We only just stopped accepting responses, so detailed analysis and creation of an action plan based on that are still to come. Preliminary figures have given us some feel for the understanding of the company's direction and the reforms we are implementing. On the other hand, there seems to be a slight difference in levels of concern between different job grades regarding issues such as the future potential of careers at our company. In general, I think the survey was a good opportunity to listen to employees' actual opinions about company initiatives, so I want to conduct a detailed analysis broken down such as by site, by business, and by job grade, which I believe will lead to a more effective action plan.

### **Q&A: Reception of ESG initiatives not being linked to business performance, stock prices, etc.**

Interviewer: I know you are actively working on ESGs, but performance and stock prices give me the impression that you haven't seen results. How is this received?

Ono: We've had many opportunities for discussion, and from them, received many indications, but we recognize that we have not been able to show results. Currently, we are discussing our next Medium-Term Management Strategy, including what kind of business concept we should develop, how it will be evaluated in the market, and what kind of track record we can show by advancing our business toward the concept, and I believe the content of these discussions will be important points.

Furthermore, we are acutely aware of the sense of crisis regarding stock prices, and are working to further raise awareness through the introduction of a relative TSR index as an evaluation standard in our remuneration system for officers.

### **Q&A: Effects of carbon footprint in business**

Interviewer: What is the future impact of carbon footprint on business? What kind of economic effects are likely to occur? Increased orders? Higher price settings and higher profit margins?

Takayanagi: Recently, carbon-free aluminum and carbon-free copper are being sold on a trial basis, especially overseas. Overall, I think that moving forward, when customers select suppliers, carbon footprint initiatives will come up as a preferred criteria.

Of course, if that raises prices it would be good for us, but this is something we have not fully considered yet, so it's difficult to say at this time.

### **Q&A: Details on specific initiatives to achieve GHG emissions reduction targets, etc.**

Interviewer: One of your initiatives to address climate change involves actively working to reduce GHG emissions by 47% compared to fiscal 2014 by fiscal 2031. The timeline for this is nearly ten years, but do such specific figures mean you have also decided on specific initiatives? Also, have you factored in the impact of portfolio changes, such as PT Smelting's change from a consolidated subsidiary to an equity method affiliated company?

Takayanagi: Regarding specific initiatives, we are currently examining the feasibility of plans under consideration at individual business divisions. For example, we are carefully scrutinizing the level of investment required to reduce Scope 1 CO2 emissions for our own manufacturing processes, and how to balance investment and CO2 reduction.

Furthermore, since changing PT Smelting to an equity method affiliated company has been scheduled, it has been factored in. In theory, I think it's more correct to show reduction rates after deduction from the source of comparison (fiscal 2014 results).

### **Q&A: Background on the accelerated target toward achieving carbon neutrality**

Interviewer: Your goal of achieving carbon neutrality by 2050 was moved forward by five years. Does this mean that a specific action plan is to be added? Do you have any insight on how to set goals or their future management?

Takayanagi: We took into account the fact that if a goal is set for 2050, it is likely to be delayed. That said, please understand that we moved the date forward by five years in consideration of the forecast timeline based on the annualized reduction rates indicated in Science Based Targets.

### **Q&A: Business strength in a decarbonized society**

Interviewer: With growing demand for decarbonization, I believe that one of your strengths is the ability to use recycled raw materials for copper smelting and cemented carbide tools. Is my understanding correct? Furthermore, do you think this strength will lead to greater appeal in terms of sales in the future?

Ono: In copper smelting and refining, E-Scrap is used as a raw material, so it is easy to imagine an increase in the percentage of recycled raw materials in copper products. I also believe there will be an increase in recycling of tungsten, which is a raw material for cemented carbide tools. In copper smelting and refining as well as manufacturing of cemented carbide tools, a certain amount of electricity and other energy is used, so CO<sub>2</sub> emissions cannot be reduced to zero, but relatively speaking, I think that increasing the percentage of recycled raw materials will lead to reductions in CO<sub>2</sub> emissions. It's vital that we show such initiatives are properly and fairly evaluated, such as through carbon footprint.

As for carbon neutrality, this is something that is difficult to achieve through resource circulation and recycling efforts alone, so we believe it will be necessary to create renewable energy on our own as well as to implement initiatives to recover and decompose CO<sub>2</sub>.

### **Q&A: Perspective on resource allocation to renewable energy business**

Interviewer: I believe your renewable energy business is a factor that sets you apart. What are your thoughts on resource allocation and capital investment for future development?

Takayanagi: Historically, hydropower and geothermal power generation have flowed from past mining business, and we believe we have accumulated a considerable amount of knowledge and technology, so we would like to expand our business. Hydropower generation requires large volumes of water and differences in elevation, and the number of locations in Japan that meet these requirements is quite limited, so it may be difficult to achieve significant expansion. As for geothermal power generation, we will continue expansion, including development and exploration in new areas, such as the Esan area of Hokkaido, so this is where we will allocate our resources.

**Q&A: Percentage of variable compensation in the Executive Remuneration System / Non-financial evaluation method**

Interviewer: We know you are introducing non-financial evaluations and relative TSR evaluations as a part of incentives for executive remunerations, and looking at financial reports, I get the impression that there isn't much fluctuation. What is the current percentage of the variable portion? Further, how do you plan to conduct non-financial evaluations?

Ono: The overall balance of remuneration has not changed during this review. The balance differs by position, so let me use the CEO as an example. Fixed remuneration is 1, performance-linked remuneration is 0.6, and stock-based compensation is 0.4.

In these revisions, we revised the index for evaluating the 0.6 performance-linked remuneration.

As for non-financial evaluations, based on the duties of the individual executive officer, items to be addressed for the year are decided annually in consultation with the CEO. Of course, decisions are not made solely through consultation between the CEO and executive officers. They are first drafted as proposals and approved by the Remuneration Committee before moving forward.

The CEO makes a primary evaluation according to the set items, then the Remuneration Committee confirms the appropriateness of the evaluation and makes a decision.