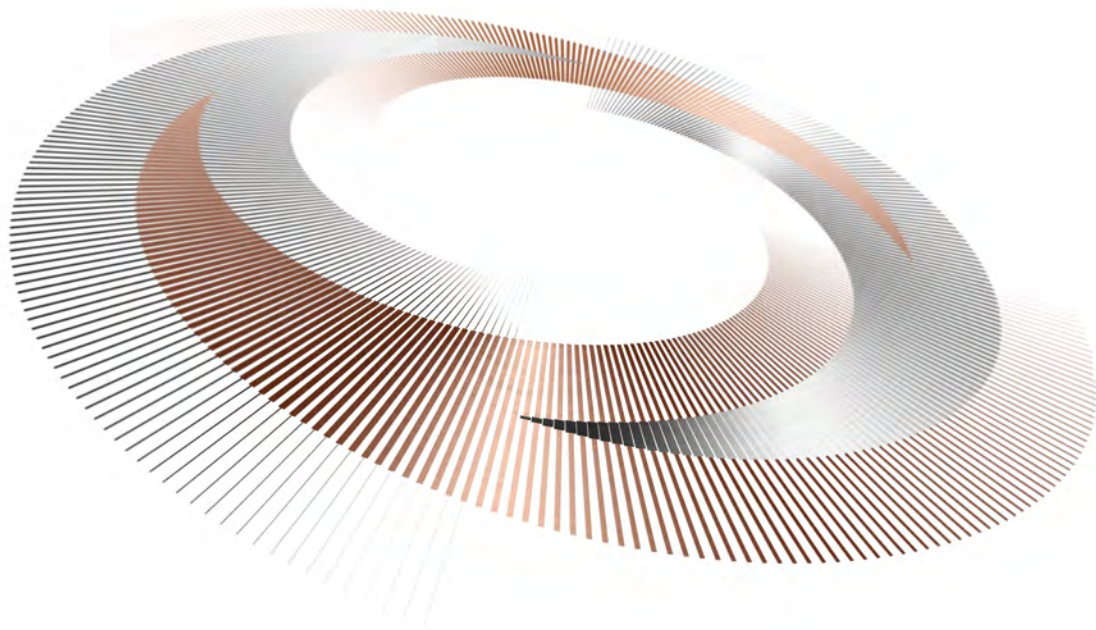


# INTEGRATED REPORT 2023

## Our Commitment



# For people, society and the earth, circulating resources for a sustainable future

In order to make careful use of limited resources,  
we will give new life to used products as new resources.  
We will return these resources to society with new value added.

We will build a platform for this resource circulation  
and create value as an active player.

As we look to the future,  
we will make a strong contribution  
to the creation of a sustainable society,  
and help to widen the scope of resource circulation.

## Corporate Philosophy

# For People, Society and the Earth

Thoughts underlying our Corporate Philosophy

**We have the desire to deliver.**

**The materials and products we make and deliver,  
the solutions we offer,  
all of our efforts,  
and our very existence itself is “For People, Society and the Earth.”**

**This is our desire, which is reflected in our Corporate Philosophy.**

## Our Vision

### Circulating resources for a sustainable future

## Our Mission

### Create a sustainable future

Prosperous society

Recycling-oriented society

Decarbonized society

## Our Values

Respect Diversity and Teamwork

**We want to stimulate innovation through teamwork by creating an environment of self-improvement whilst always respecting diversity.**

Act with Integrity, Speed and Determination

**We are committed to act with integrity above all, also with speed and determination to overcome difficulties.**

Tireless Efforts to Meet the Needs of our Customers and Society

**We will continue to unite our efforts to identify what is material for our customers and society and to provide superior products at fair price.**

## Code of Conduct

Respect Human Rights

**We will respect human rights of all.**

Safety First

**We are committed to providing a safe and healthy environment for all our stakeholders.**

Compliance

**We will comply with all laws and regulations where we operate and conduct fair business activities in good faith.**

Mutual Prosperity

**We will contribute to the development of each region and build a harmonious relationship of mutual prosperity with local communities.**

Environmental Management

**We will work to manage our environmental impact and promote decarbonization, make efficient use of natural resources and accelerate recycling.**

## SCQDE

**S Safety & Health**

**C Compliance & Environment**

**Q Quality**

**D Delivery**

**E Earnings (Reasonable profit)**  
(Obtained based on “customer” trust after satisfying SCQD)

The “SCQDE” was established in fiscal 2019 as a measure towards enhancing Group governance. SCQDE stands for “Safety & Health (S), Compliance, Fair & Equitable Activities, Environmental Management (C), Quality of Goods & Services (Q), Meeting Delivery Deadlines (D) and Earnings (Reasonable Profit) (E).”

Although each element is important in its own right, SCQDE outlines an order of priority for making decisions when executing business tasks, and is positioned as a supplemental policy to the Code of Conduct.

In providing customers with our products & services, we should thoroughly fulfill SCQ first, then satisfy D.

We believe that we will be able to obtain trust from customers and society by continuously executing SCQD in good faith, and this will produce a reasonable profit.

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

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

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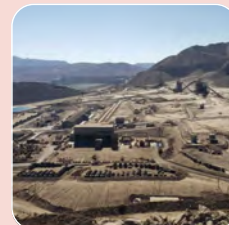
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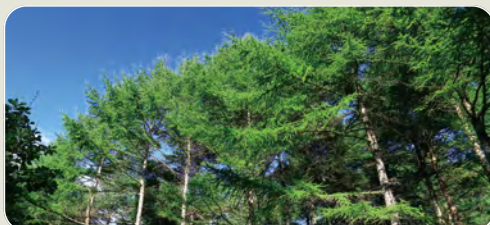


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In formulating our Medium-term Management Strategy FY2031, we have established “For people, society and the earth, circulating resources for a sustainable future” as Our Commitment. To achieve this, we will seek to solve social issues while maximizing corporate value.

## Introduction

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In February 2023, Mitsubishi Materials Group announced its Medium-term Management Strategy FY2031 (the FY2031 Strategy) covering the period up to fiscal 2031. As part of the FY2031 Strategy, we established “For people, society and the earth,

circulating resources for a sustainable future” as Our Commitment and stated our intention to focus on the expansion of resource recycling and enhance the supply of high-performance materials and products. In this piece, I will start by reflecting on the Medium-term

Management Strategy FY2023 (the FY2023 Strategy) covering the period up to fiscal 2023 before going on to describe our approach to the FY2031 Strategy in more detail.





Mitsubishi Materials Corporation  
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'K. Amos'.

# Reflecting on the FY2023 Strategy

In the FY2023 Strategy, we set out three Group-wide policies with the aim of creating both social and economic value: “optimization of business portfolio,” “comprehensive efforts to increase business competitiveness,” and “creation of new products and businesses.”

## Optimization of Business Portfolio

Through deep reflection on the quality issues in 2017, we became acutely aware of the need to optimize our business portfolio. There was a gap between the Group’s business resources (talent, goods, money and information) and the scope of business we were engaged in at the time, and in some cases the necessary business resources were not being distributed to all Group companies and sites. This could be considered one reason behind the quality issues. In light of this, we organized the Group’s business domains, which had become too broad, on the basis of the business resources we possessed and eliminated the gaps.

We decided to transfer the sintered parts business, aluminum business and polycrystalline silicon business. In the cement business, we decided to establish Mitsubishi UBE Cement Corporation, which we would manage as a 50% stakeholder. We also shifted our copper smelting and refining business in Indonesia to a contract system, which was a major change in our relationship with that business. We implemented changes in ownership and management structures across various businesses, enabling those businesses to carry on rather than undergo liquidation.

Our Group has been engaged in a wide range of businesses over the years, but we recognized the need to clarify our strengths, and to organize and narrow down the domains that we focus on, leveraging our strengths to provide even greater value to society in future. This is linked to the basic idea behind the FY2031 Strategy, which is to leverage our strengths to implement the expansion of resource recycling and enhance the supply of high-performance materials and products.

Looking at the impact of this

business restructuring from a financial perspective, we were able to reduce interest-bearing liabilities by approximately 290 billion yen and invested capital by approximately 400 billion yen.

During the optimization of our business portfolio, we also worked to enhance and strengthen our business resources as part of the restructuring of our business. During the FY2023 Strategy for the period fiscal 2021 to fiscal 2023, we significantly increased the number of mid-career hires, and increased the hiring ratio among managers to about 1.7 times the level during the period of the Medium-term Management Strategy, fiscal 2018 to fiscal 2020. We are also working to promote diversity beyond stereotypes with the aim of making a positive change in the direction of overall management.

## Four Management Reforms

In light of environmental changes, we have been pursuing the following Four Management Reforms since fiscal 2023 with the aim of further enhancing our organizational capabilities.

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

## CX

As part of CX, we transitioned to a complete in-house company system in April 2022. Under this system, each Company possesses all of the functions necessary for business execution. Companies are expected to demonstrate independence and autonomy, and the aims of this system

are as follows.

- Improving business competitiveness by clarifying responsibility for profitability through WACC and ROIC management for each Company. Companies are managed in an independent manner.
- Building a governance system in which each Company identifies its own issues and works to resolve them on its own. Companies are managed in an autonomous manner.
- Developing next-generation leadership talent who will contribute to Group-wide management through Company management.

We have identified the six items below as important areas to work as part of our “targeting organization and corporate culture.” The complete in-house company system instituted as part of CX will lead to the realization of an organization that achieves items one to five, and will also contribute to the comprehensive efforts to increase business competitiveness, which has been established as a Group-wide policy.

## Targeting organization and corporate culture

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

Following the transition to a complete in-house company system, we have engaged in discussions regarding profit management and the Medium-term Management strategy starting in fiscal 2024. Business Reviews are central to these discussions. Through these reviews, the top management from the Company (members of the Company’s management committee) and



Executive Officers from the Strategic Headquarters (the CEO, CGO, CFO, CHRO and CTO under the Chief Officer Positions) discuss topics such as governance, business performance and medium- to long-term strategies. Each Company holds Business Reviews once or twice per month. In contrast to the strong decentralizing force exerted by the complete in-house company system, Business Reviews are extremely important because they exert a unifying force from the perspective of Group-wide optimization.

While each Company is expected to resolve issues relating to governance and other areas autonomously and take prompt and decisive action through the delegation of decision-making authority, Business Reviews are an avenue for Executive Officers to deepen their understanding of each business through high-quality communication in order to provide input and advice from the perspective of Group-wide optimization, which is increasing the effectiveness with which we formulate and deploy Group-wide management strategies.

Through these efforts, we deepened our awareness of ROIC management based on capital costs, and every business, with the exception of the copper and copper alloy business, met our ROIC targets for fiscal 2023 as set out in the FY2023 Strategy. We have also had plentiful discussions toward formulating the FY2031 Strategy, which will be discussed later in this piece.

We recognize the importance of balancing business aspects, functional aspects and regional aspects in our business management. The complete in-house company system can be described as an initiative to strengthen from a business perspective. In general, the concerns are as follows.

- Siloing as a result of Business Divisions (Companies) prioritizing individual optimization
- Subordination of required overall optimization and deployment of Group-wide measures
- Dispersion of talent and knowledge
- Occurrence of duplicate work

To alleviate these concerns, one of our themes for fiscal 2024 is working to build a “matrix management system”

that combines business and functional areas, then building on that to proceed with preparations for building up regional perspectives in each overseas region in which we do business, in consideration of the scale and type of business.

The role of the functional axis is to use opportunities for constructive dialogue with Companies to provide input and advice from the perspective of Group-wide optimization to achieve the aims of Group-wide management strategies. In addition to the aforementioned business reviews with Companies, the Human Resources Committee, Strategy Committees (regarding areas such as Monozukuri and R&D, DX and Group IT), and meetings held for personnel in charge of particular functions provide opportunities for constructive dialogue.

Regarding function-related talent management, in particular, we have established a system in which the business axis has the authority to make the final human resource-related decisions while engaging in discussions based on information sharing with the functional axis.

## HRX

Starting in fiscal 2023, we transitioned away from the previous ability-based grade system for management-level employees, replacing it with a Job-based HR System. At the same time, we are advancing measures such as upgrading the Internal Job Posting System and renovating our training systems to promote autonomous career development. We have also deployed Human Resource Business Partners (HRBPs) at each Company, and have implemented a system that supports business strategy from a human resources perspective. In addition to HRBPs supporting the complete in-house company system from a human resources perspective, we are working to maintain the optimal overall balance through coordination with human resources strategy functions and Professional CoE functions.

### Related Information:

Integrated Report ▶ Human Resources Strategy  
P46

## DX

In October 2022, we established MMDX2.0, a system to accelerate enhancements in the manufacturing field through integrated utilization of digital technology with worksites. We are also working to accelerate promotion of themes through measures such as strengthening the systems of their respective implementing bodies, and to promote further permeation of the concept of taking ownership. Through initiatives such as establishing a challenge program that tolerates the creation and failure of themes from worksites and learning programs and running mate support for employees, we plan to revitalize bottom-up activities and expand DX into activities across the Group, including worksite operations.

DX does not simply mean using digital technology. We must constantly reflect on the “X” part, in other words, whether the shift to digital is leading to a transformation in our mindsets and work, and make course corrections as necessary.

### Related Information:

Integrated Report  
▶ DX Strategy  
P58

## Operational Efficiency Improvement

The Business Process Innovation Department is leading the way in Operational Efficiency Improvement in various areas, and we are achieving results. From April 2023, our accounting divisions will implement paperless account slip and seal-less systems. We are also promoting paperless systems for various internal application processes. To expedite this shift, we are distributing smartphones to all employees, including those at manufacturing sites. This enables all employees to access the internal network from their own device, helping to further deepen communication. In fiscal 2024, we plan to develop a system linking Operational Efficiency Improvement with enhancing business competitiveness.

## Chief Officer Positions

CEO: Chief Executive Officer  
CGO: Chief Governance Officer

CFO: Chief Financial Officer  
CHRO: Chief Human Resources Officer

CTO: Chief Technical Officer

# The FY2031 Strategy

## Our Commitment

In formulating the FY2031 Strategy, we established “For people, society and the earth, circulating resources for a sustainable future” as Our Commitment. This single sentence expresses our Corporate Philosophy of “For people, Society and the Earth,” our vision of “Circulating resources for a sustainable future,” and our mission, which is “Create a sustainable future.”

This demonstrates our desire to be a company that circulates resources for a sustainable future by 2030. The final words, “for a sustainable future,” are an expression of our mission, which we define through three types of society that we can contribute to building: a prosperous society, a recycling-oriented society and a decarbonized society.

We also reiterate the ideals behind our Corporate Philosophy of “For People, Society and the Earth” through the following words.

**We have the desire to deliver.**

**The materials and products we make and deliver,  
the solutions we offer,  
all of our efforts,  
and our very existence itself is “For People, Society and the Earth.”**

**This is our desire, which is reflected in our Corporate Philosophy.**

In this case, “circulating” carries two meanings. The first of these is circulating metal resources to advance the careful use of the Earth’s limited resources, which could be described as “vein” functions. On the other hand, supplying high-performance materials and products to the market by processing extracted useful metal elements into highly functional materials can be considered “artery” functions. In that sense, “circulating” can also mean building a broad system of circulation that flows from the veins to the arteries, then back to the veins through the market.

In addition, the words “for a sustainable future” express the meaning of constructing a system for circulation while also fulfilling a function as a player within that system in order to build a sustainable future. By creating mechanisms for circulation as vein functions while acting as a player in both vein and artery functions within those mechanisms, we can better grasp the needs that must be met, which will lead to better circulation functions.

In order to enhance the circulation in vein functions relating to metal resources, we must adopt a comprehensive model, consolidating the advanced technologies for dismantling and separation of home appliances built up in the Environment & Energy Business Company and the metal recycling technologies including smelting technology established by the Metals Company. We also merge the human resources and overseas networks of these two Companies. With this comprehensive model, we aim to expand our recycling business overseas. Based on this approach, we established the Resource Circulation Division, which is in charge of the consolidated recycling business within the Metals Company, in April 2023 and are actively working to maximize earnings.

On the other hand, the Advanced Products Company and the Metalworking Solutions Company are responsible for artery functions.

The Renewable Energy business has set a target of producing renewable electricity equivalent to the electricity needs of our domestic businesses in Japan. By supplying all of our domestic businesses with the renewable energy we produce, we will achieve GHG reductions that put us on the path to carbon neutrality.

Our Commitment means that we are committed to solving social issues through our business activities.

Sontoku Ninomiya once said that, “an economy without morality is a crime, morality without an economy is idle talk.” Taking inspiration from this saying, we will create both social value and economic value through the FY2031 Strategy based on the concept that “profitability that does not resolve social issues is not sustainable, but nor is solving social issues without profitability.”

## Plan for Expansion of Resource Recycling

As we work to implement Our Commitment, we will build a system for recycling metal resources based on our strengths and realize growth throughout the value chain by expanding the scope, regions and scale of our operations.

In terms of scope, we are evaluating possibilities for expanding beyond our existing work on E-Scrap to also cover LIB recycling and cobalt and rare earth recovery at mines. Through our partnerships, we are also progressing towards commercializing LIB recycling.

We also plan to establish recycling centers that gathers and recycles materials that cannot be fully recycled in our home appliance recycling business and automobile recycling business. As we expand our scope and scale, we will pursue economic efficiency.

Currently we are processing E-Scrap collected from all over the world at our copper smelters and refineries in Japan. In order to process more E-Scrap, we are working on procurement of low-impurity copper concentrates alongside our plans to expand the copper concentrate processing capacity of our smelters and refineries and to enhance our pretreatment facilities. We aim not only to obtain profit from rising copper prices and ensure stable procurement of copper concentrate but also to secure low-impurity copper concentrates to support resource

recycling through continued investment in copper mines.

While most of the scrap generated in Copper & Copper Alloy business processes has been returned to the copper smelters, we will change to a system under which recycling can be carried out within the Copper & Copper

Alloy business. Through this, we aim to enhance business competitiveness by reducing costs for the Copper & Copper Alloy business while also increasing our capacity to receive scrap from external sources.

As the shift towards economic blocks continues, we must assume that, along with to local production for local consumption, there will be progression in terms of local recycling within regions. With regard to critical minerals, the G7 Summit held in Hiroshima in May 2023 adopted

## Our Commitment

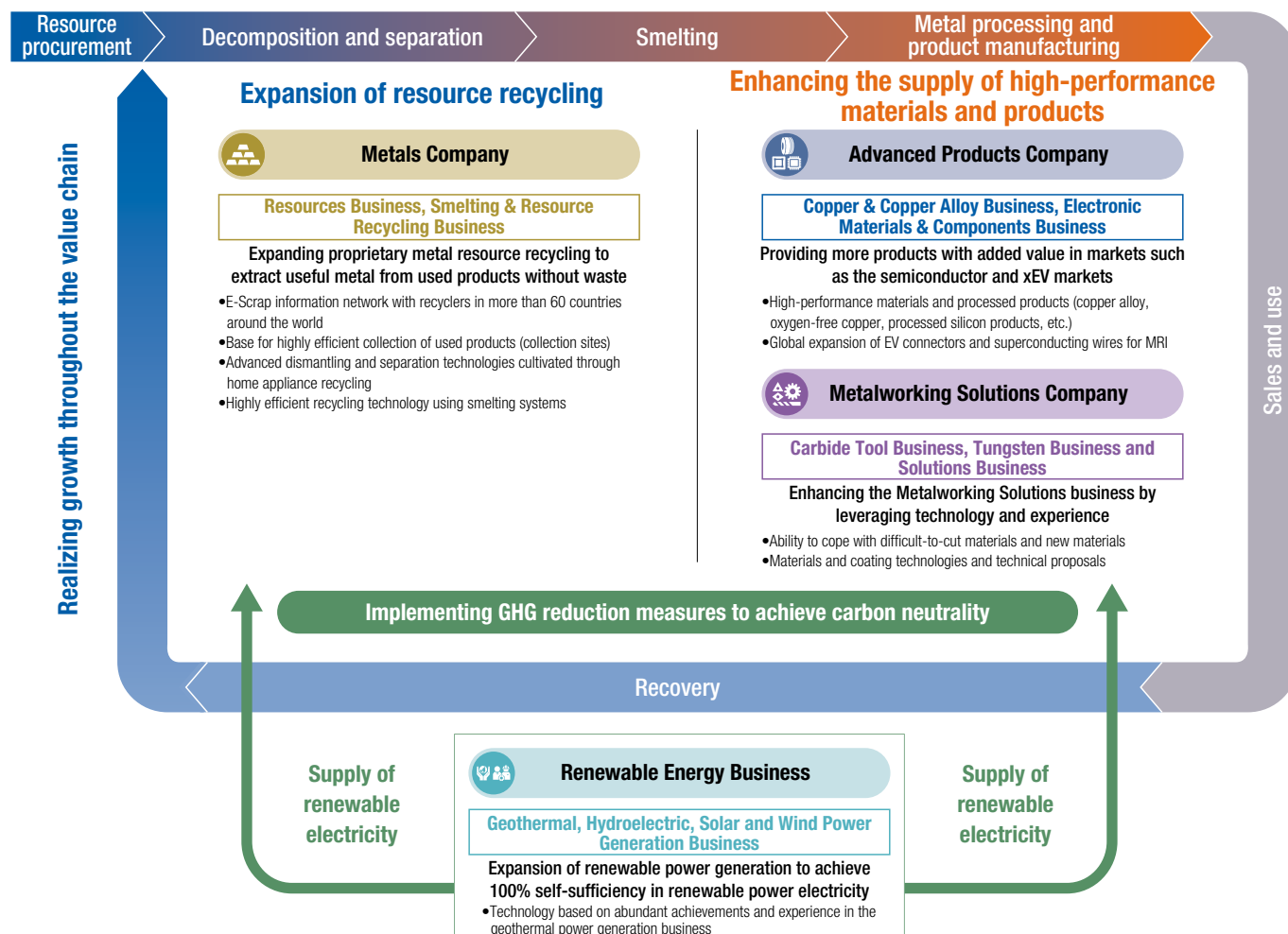
For people, society and the earth, circulating resources for a sustainable future

Prosperous  
society

Recycling-  
oriented society

Decarbonized  
society

Build a recycling system for metal resources based on our strengths and realize growth throughout the value chain by expanding the scope, regions and scale of our operations





## The FY2031 Strategy

a **Five-Point Plan for Critical Minerals Security** as part of its official documentation. In addition to the leading role played by the EU, other countries are redoubling their efforts. The United States is offering tax incentives for batteries produced with mineral resources recycled in the United States or elsewhere in North America as part of the Inflation Reduction Act (IRA), and Japan is also looking to bolster its ability to secure recycled raw materials in order to enhance economic security by ensuring access to critical minerals. One example of our work to meet the needs of this regional recycling is our investment in Exurban, which plans to build a recycling plant in the United States. This will provide a foothold for expanding into the United States and other regions. We hope to promote regional expansion both in Japan and overseas.

While recycling rates for tungsten, the main raw material used in cemented carbide tools are already at 50%, we have set a future target of 80% or higher. In addition to our work in Japan, we are also examining possibilities for deeper cooperation with partners in consideration of the need to expand tungsten recycling overseas, given that markets such as Europe, North America and Asia account for a large proportion of cemented carbide tools sales.

### The FY2031 Strategy Formulation Process

Our process for formulating the FY2031 Strategy was as follows.

1. Envisaging where we want to be in 2050 without restriction
2. Backcasting from there to consider where we want to be in 2030
3. Checking the positioning of each business plan in relation to opportunities and threats consistent with external environment change forecast scenarios and Our Commitment
4. Examining the specific allocation of business resources, and selecting business plans and investment and financing plans.
5. Incorporating efficiency/cost-consciousness into financial indicator targets, then collating a consistent plan from the perspective of Group-wide optimization

We carried out steps one and two through discussion based on input from various levels of the Group, from Executive Officers to junior employees. Despite this, it is difficult to argue that our vision for where we want to be in 2050 represents a huge leap forward. This is something for us to reflect on moving forward. It is undeniable that we ended up extrapolating from the past and got caught up in our immediate surroundings. Nevertheless, the content brought together in the Medium-term Management Strategy covering the period up to fiscal 2031 is a plan for the present that leads to the future while being conscious of its connection to the past.

External environment forecast scenarios were envisaged based on two aspects: whether the world economy will progress toward globalization or decoupling, and whether environmental policies (the circular economy) will accelerate or slow down. Rather than refining our forecasts of which scenario will come



### Five-Point Plan for Critical Minerals Security

- 1) Forecast long-term supply and demand, 2) Develop resources and supply chains responsibly, 3) Recycle more and share capabilities, 4) Save with Innovations, 5) Prepare for supply disruptions

to pass, we held discussions regarding what we should do to ensure we can respond to any scenario.

Intensive discussions with the Board of Directors regarding this issue were held on eight occasions, in addition to the regular Board of Directors meetings. These discussions called for input such as the pointing out of path dependencies, moonshot-like audacity and strong expressions of intent as Executive Officers, and this has been reflected in the FY2031 Strategy.

In the formulation of financial indicator targets, in addition to awareness of capital cost and our existing ROIC-based management indicators, we also introduced an approach based on economic profit. ROIC in our businesses will not necessarily always be a diagonal line of constant growth. In businesses relating to smelting and resource recycling, for example, it is difficult to achieve high ROIC based on smelters and refineries that require significant capital investment. For this reason, in addition to indicators expressed as a percentage through ROIC, we have added a means to evaluate the amount of corporate value created through economic profit, based on the spread between ROIC and WACC. This can be derived by multiplying the ROIC spread by invested capital.

We have also published equity value across several different businesses using a Sum of The Parts (SOTP) valuation based on EBITDA and multiples of similar companies in each business.

## Achieving the Targets of the FY2031 Strategy

We are carrying out the following initiatives to achieve the targets of the FY2031 Strategy.

1. Holding briefings for media and institutional investors
2. Holding briefing sessions for employees (overall briefings through town hall meetings, a total of five times globally)
3. Providing explanations for employees in each Company and department
4. Holding briefings for top management at Group companies through the Group's Management Committees in Japan and overseas
5. Providing explanations through the Central Labor-Management Conference
6. Implementing Inner Branding aimed at encouraging employees to take ownership of Our Commitment (For people, society and the earth, circulating resources for a sustainable future)

The human resources strategy as part of the FY2031 Strategy starts by stating that we will maximize the value of human resources and create an organization dedicated to winning. To ensure that strategy formulation did not become a goal in of itself, we have made all employees aware that winning means achieving the goals of the Medium-term Management Strategy. As mentioned earlier in this piece, after proceeding with the optimization of our business portfolio and clarifying the arenas in which we should compete, it will not be easy for us to back down from those areas. As such, we are using every opportunity to raise awareness of the need to be prepared and be determined to win wherever we choose to compete.

### Related Information:

Integrated Report ► Communication Measure Implementation  
P52

## Resource Circulation Strategy Meeting

We renewed our Sustainability Management System on July 1, 2023.

We have selected important themes as the contribution to the environment and society, including “addressing global environmental issues,” “strengthening human capital management” and “promoting resource recycling.” Promoting resource recycling, in particular, is an important sustainability management issue and the main theme of the FY2031 Strategy. In addition to taking opportunities for business growth in order to enhance the corporate value of each Company, we must also constantly evaluate how best to move forward with resource recycling in consideration of Group-wide optimization and long-term perspectives. When it comes to changes surrounding resource recycling, we must be aware of geopolitical factors in addition to economic considerations. We established a Resource Circulation Strategy Meeting led by our CFO and CTO, with the aim of leading roadmap creation and cross-divisional initiatives based on analysis of future scenarios. LIB recycling and other existing leading cross-divisional projects will also continue to move forward under the Resource Circulation Strategy Meeting.

### Related Information:

Integrated Report ► Establishment of Resource Circulation Strategy Meeting  
P66

# Governance

When it comes to sustainability management issues, in addition to the aforementioned contribution to the environment and society, we must strengthen our management system and continue to be a good global corporate citizen. Sustainability issues such as these require strategic initiatives and risk control. In addition to issues to face in strengthening our management system, corporate governance of the entire company, in which the Board of Directors play a central role, is another important governance-related issue. We must have a clear system in place to take responsibility in responding to issues of

this nature. (See diagram)

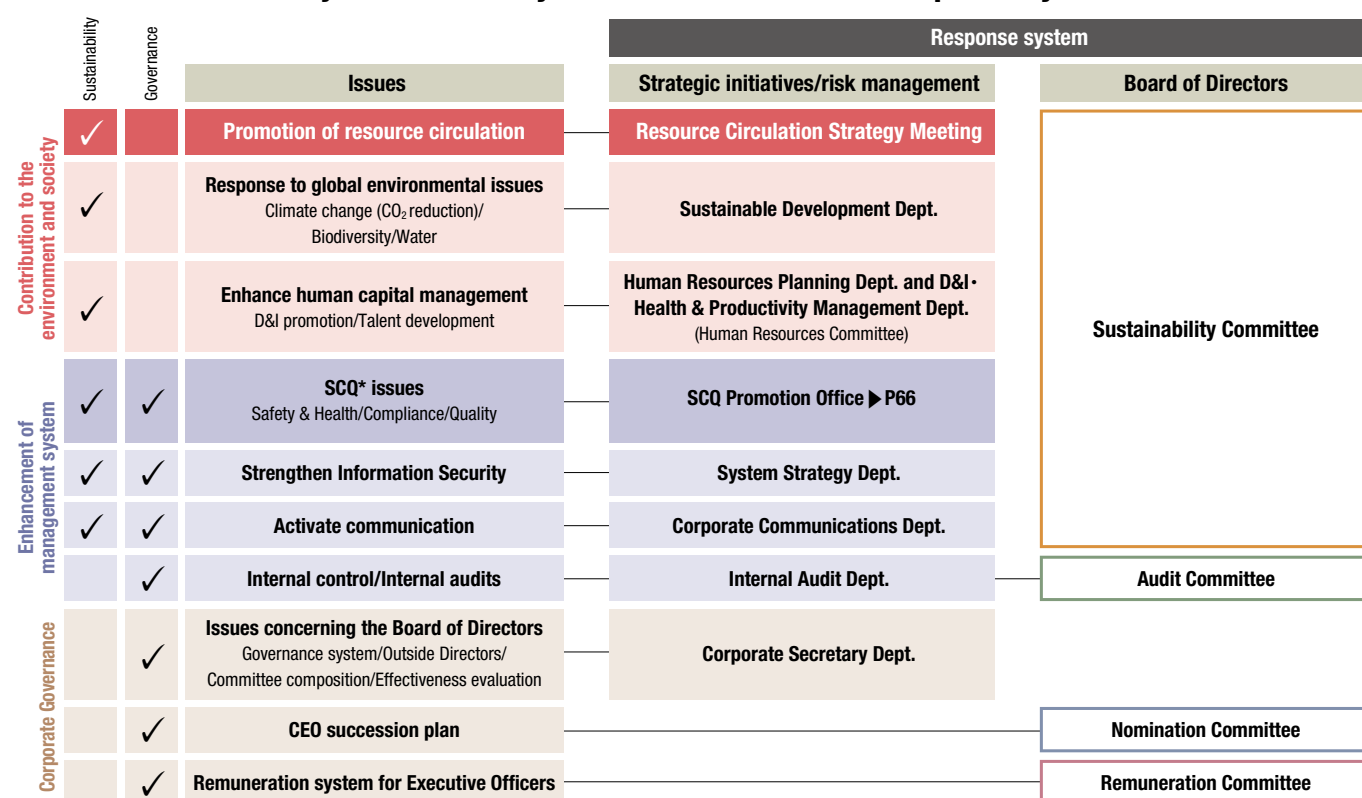
In particular, with regards to the ideal form of governance to strengthen our management system, we are aiming to create an autonomous system, in which organizations identify problems and work to resolve them autonomously. Solving problems means moving forward while communicating with everyone involved to complement each other in areas that are lacking. As such, we seek to break away from a system whereby organizations are managed in a unilateral manner and only act as instructed.

We consider the following three elements to be particularly important, and we are taking every opportunity to share and raise awareness of these aspects within the Group.

1. Strict adherence to **SCQDE**
2. Strict adherence to Bad News First
3. Good and healthy communication

These elements should form the basis of enhancements to our management system, and we intend to implement them as fundamental elements for companies that join our Group through M&A, including overseas companies.

## Major Sustainability and Governance Issues/Response Systems



\*SCQ: S: Safety & Health, C: Compliance & Environment, Q: Quality

### SCQDE (S: Safety & Health, C: Compliance & Environment, Q: Quality, D: Delivery, E: Earnings)

SCQDE shows the order of priority of our business decisions.

In principle, we strive to satisfy all aspects of SCQDE.

When circumstances dictate that prioritization is unavoidable, we act according to these priorities.

Reasonable profit is required to ensure a continued contribution to resolving social issues.

# Corporate Governance

## Activating Discussions Among the Board of Directors

Directors are required to devote a minimum of two days per month to regular meetings and discussions. This comprises explanation and discussion of various topics throughout the day, more or less from morning to night. While this may sound almost like a boot camp, it enables us to dedicate that day to discussions without time constraints, which leads to a lively exchange of opinions. In addition, the CEO and Outside Directors hold 1-on-1 meetings once every two months, which is a valuable opportunity to supplement overall discussions. I mentioned good and healthy communication as one of three important elements, and we also strive to put this in practice with the Board of Directors.

As discussions among directors grow more dynamic, it is becoming more important to deepen discussions in the moment and to convey the content of discussions to the executive side with speed and precision so that it can be reflected in executive-side action. As a result, it was decided to add one more Executive Officer (the CTO) who concurrently serves as a Director. As a result, there are

now three Executive Officers who concurrently serve as Directors: the CEO, CFO and CTO. We will continue to allow Executive Officers who do not concurrently serve as Directors to observe discussions in real time as necessary.

### Related Information:

Integrated Report ▶ Discussions in the Board of Directors, Etc.  
P84

## Nomination Committee

As of fiscal 2024, all five members of the committee are now Outside Directors. The CEO had been a member of the committee before this change. However, we determined that it was more appropriate for decision-making authority in areas such as formulating reports for selecting Executive Officer candidates, including the CEO succession plan, to be held exclusively by Outside Directors. Proposals such as the CEO succession plan are implemented by the CEO at the request of the committee. The members of the Nominating Committee are Outside Directors with plentiful experience in office, ensuring that they always have sufficient knowledge of the relevant talent. Through the CEO succession

plan, we put forward both “ready-to-go” talent that can step in if urgency is required and medium- to long-term successor candidates. We hold ongoing discussions in consideration of the current state of the company with reference to our management strategies and CEO performance.

### Related Information:

Integrated Report ▶ Nomination Committee  
P90

## Non-financial Evaluation Elements in the Executive Officer Remuneration System

Remuneration system for the Executive Officers includes non-financial evaluation elements. From fiscal 2023, we established evaluation items based on ESG and other sustainability issues. In fiscal 2024, we added items based on the ratio of female managers in the departments for which each Executive Officer is responsible as a measure of D&I promotion.

### Related Information:

Integrated Report ▶ Remuneration Committee  
P96

# Conclusion

Fiscal 2024 is our first year on the journey to achieving the goals of the FY2031 Strategy. Based on the results of optimizing our business portfolio as part of our FY2023 Strategy, these goals clarify the business areas that

we will take on going forward and set a clear vision for what we hope to accomplish. Based on the concept of making every day a new day to create a new tomorrow, we will build on the reforms we have implemented and

keep moving forward to exceed the expectations of all stakeholders.



## The DNA of Mitsubishi Materials Corporation

**We've met society's needs for 150 years. And now we're making full use of the strengths we've developed over that time to improve our corporate value even more.**

Naoshima Smelter & Refinery (1932)

Carbide tools

Los Pelambres Mine

Valuable metals recycling



### The opening of Naoshima Smelter & Refinery and the start of the MMC Group's Metals business

We were first established in 1871 when Tsukumo Shokai, precursor to Mitsubishi Group, entered the mining industry and began managing coal and metal mines. 1917, Mitsubishi Goshi Kaisha, our forerunner, established Naoshima Smelter & Refinery and began smelting ore from Yoshioka Mine and other mines. Naoshima Smelter & Refinery began as Japan's first reverberatory furnace and dramatically evolved with the introduction of the world's first copper smelting process, the Mitsubishi Process, in 1974. Today, Naoshima Smelter & Refinery is a world-class smelter symbolized by its recent E-Scrap business, and is positioned as an important base for the Group.

### Commencement of Metalworking Solutions business and tungsten research

In 1917, the same year Mitsubishi Goshi Kaisha opened Naoshima Smelter & Refinery, it opened the Mining Research Institute, the forerunner of our Innovation Center. It was initially opened for research on analysis and selection of ore, but from the 1920s it also commenced research on tungsten and cemented carbide alloys. This was the beginning of our Metalworking Solutions business. Taking advantage of our strength as a manufacturer capable of integrated production of tungsten, a rare metal that is the main raw material of carbide tools, from raw materials to finished products, the Group is working to recycle used carbide tools, which also leads to more stable raw material security.

#### Related Information:

Integrated Report ▶ Metalworking Solutions Business P40

### Investment in overseas copper mines and further strides toward globalization

In the mid-1950s, Japan's economic recovery was picking up speed. We began branching out into overseas mine development to provide a steady supply that could keep up with the growing demand for copper in Japan. Today, we are investing in overseas mines to ensure steady procurement of clean copper concentrates. We began mining at Escondida Mine in Chile in 1985, Los Pelambres Mine in Chile in 1997, and Copper Mine in Canada in 2009. Our investments in overseas mines have played a significant role in our growth, and are one of the key strategies in the FY2031 Strategy.

#### Related Information:

Integrated Report ▶ Resources Business P30

## Company history

- 1871** Tsukumo Shokai leases a coal mine from the Shingu clan in Kishu, and enters the mining business.
- 1873** Mitsubishi Shokai acquires the Yoshioka Mine in Okayama Prefecture, and enters the precious metals mining business.
- 1893** Mitsubishi Goshi Kaisha is established.
- 1898** Nagata Power Plant opens
- 1917** Establishes the Mining Research Institute, now the Innovation Center.  
Establishes the Naoshima Smelter & Refinery.
- 1918** Mitsubishi Mining Company Ltd., established (this company takes over the mining assets of Mitsubishi Goshi Kaisha).
- 1942** Tokyo Metals Plant (now Tsukuba Plant) is established and begins production of cutting tools.

- 1950** Metal section separates from the company due to law regarding decentralization and is established as Taihei Mining Co., Ltd. (later Mitsubishi Metal Corporation).
- 1963** Establishes Onahama Smelting & Refining Co., Ltd. and Japan New Metals Co., Ltd.
- 1973** Establishes Gifu Plant.
- 1974** Establishes MITSUBISHI METAL ESPAÑA, S.A. (now MITSUBISHI MATERIALS ESPAÑA, S.A.).
- 1976** Onuma Geothermal Power Station opens.
- 1983** Establishes Ceramics Plant.
- 1984** Establishes Mitsubishi Metals America Corporation (now Mitsubishi Materials U.S.A. Corporation).
- 1985** Begins mining at Escondida Mine in Chile.
- 1987** Establishes MMC ELECTRONICS (THAILAND) Ltd.
- 1989** Establishes Sakai Plant and Sanda Plant.

g facility at Naoshima Smelter &amp; Refinery

Hot rolling of a rolled copper product

Onuma Geothermal  
Power Station

## Our Commitment

For people, society and  
the earth, circulating  
resources for a  
sustainable future

### Advancing into E-Scrap operations and leading the global market

In the 2000s, Naoshima Smelter & Refinery entered the recycling business, opening new recycling facilities for melting fly ash and valuable metals. We began using the Mitsubishi continuous copper smelting method to recover copper and precious metals, accepting and processing various recyclable materials including fly ash, shredder dust from vehicle and home appliances and waste circuit boards. In recent years, we have expanded our raw material collection area. Accepting recyclable materials such as E-Scrap and home appliances from around the world, this business was developed based on our copper smelting and refining technology, and marks a major step into the recycling market.

#### Related Information:

Integrated Report ► Smelting & Resource Recycling Business  
P31

### Enhancing the supply of high-performance materials and products

Our Osaka Smelter & Refinery not only smelted and refined metals such as gold and silver, it also produced a variety of products, including copper and copper alloy products, electronic materials and high-purity materials. After the Osaka Smelter & Refinery relocated, the copper & copper alloy products were taken over by our Sakai Plant, the electronic materials by the Sanda Plant, and the precious metal smelting and refinery by Naoshima Smelter & Refinery. Today, we also operate Luvata's sites around the world in the global expansion of our copper alloy sales. Our electronic materials business encompasses four areas: functional materials, electronic devices, chemical products and sealing products. We also supply products and solutions related to semiconductors and xEVs.

#### Related Information:

Integrated Report ► Copper & Copper Alloy Business,  
Electronic Materials & Components Business  
P36

### Development of Renewable Energy business

The Group opened a hydroelectric power station in 1898 to supply electricity to the Osarizawa Mine (now closed). We also developed geothermal power generation technology from our mine excavation technology. We have run our geothermal power generation business using our underground resource exploration technology for over 40 years. We are operating five hydroelectric power stations and three geothermal power plants, along with solar power and biogas plants, in order to realize a sustainable society as a renewable energy business.

#### Related Information:

Integrated Report ► Renewable Energy Business  
P42

- 1990** Mitsubishi Metal Corp. and Mitsubishi Mining & Cement Co., Ltd. merge to form Mitsubishi Materials Corporation.
- 1991** Establishes JEMCO Inc. (now Mitsubishi Materials Electronic Chemicals Co., Ltd.)
- 1993** Establishes MMC ELECTRONICS (MALAYSIA) Sdn. Bhd.
- 1996** Establishes PT. Smelting.
- 1997** Begins mining at Los Pelambres Mine in Chile.
- 1999** Establishes East Japan Recycling Systems.
- 2000** Acquires Shinko Kobelco Tool Co., Ltd. (now Akashi Plant)
- 2008** Mitsubishi Shindoh Co., Ltd. becomes a wholly owned subsidiary.
- 2010** Mitsubishi Cable Industries, Ltd. becomes a wholly owned subsidiary.
- 2013** Begins Zafrañal Copper Project in Peru.
- 2014** Establishes MMC ELECTRONICS Lao Co., Ltd.

- 2015** Hitachi Tool Engineering, Ltd., becomes a consolidated subsidiary and changes its name to Mitsubishi Hitachi Tool Engineering, Ltd.
- 2017** Acquires the Luvata Special Products Division from Luvata.
- 2018** Establishes New Energy Fujimino Co., Ltd.
- 2019** Yuzawa Geothermal Power Corporation's Wasabizawa Geothermal Power Plant opens.
- 2020** Merges with Mitsubishi Shindoh Co., Ltd. and establishes Wakamatsu Plant and Sambo Plant.  
Mitsubishi Hitachi Tool Engineering, Ltd. (now MOLDINO Tool Engineering, Ltd.) becomes a wholly owned subsidiary.
- 2021** Mantoverde S.A. becomes an equity method affiliated company.
- 2023** Onahama Smelting & Refining Co., Ltd. becomes a wholly owned subsidiary.

# Value Creation Process

## Our Commitment

For people, society and the earth, circulating resources

### Our materiality

Creation of a recycling-oriented society

Contribution to global environment

Sustainable supply chain management

Respect for human rights

### Inputs

As of end of March 2023



#### Manufactured capital

Maintenance and upgrading investment..... **340 billion yen**<sup>\*1</sup>

Electrolytic copper production volume ..... **Approx. 530,000 tons**

Property, plant and equipment ... **426.2 billion yen**



#### Human capital

Consolidated number of employees ..... **18,576**

Total annual training hours (non-consolidated) ..... **Approx. 110,000 hours**  
(average Approx. 18 hours per employee)



#### Intellectual capital

Investment in research and development..... **9.6 billion yen**

Patents held ..... **2,858**

Compound functional technology, fundamental/mass production technology, recycling technology, etc. at Innovation Center, Mining & Metallurgy Laboratory, etc.



#### Social and relationship capital

Social contribution expenses .... **Approx. 400 million yen**

Countries and regions ..... **31**



#### Natural capital

Total energy consumption..... **Approx. 29,289TJ**

Natural resource usage... **Approx. 3,278,000 tons**

Area of company-owned forest ... **Approx. 14,000 ha**



#### Financial capital

Growth investment..... **560 billion yen**<sup>\*1</sup>  
(including 42 billion yen for DX investment)

Total assets ..... **1,891.7 billion yen**

Net D/E ratio ..... **0.7 times**

\*1 Cumulative planned total for fiscal 2024 to fiscal 2031 in the FY2031 Strategy

### MMC's business

### Our strengths

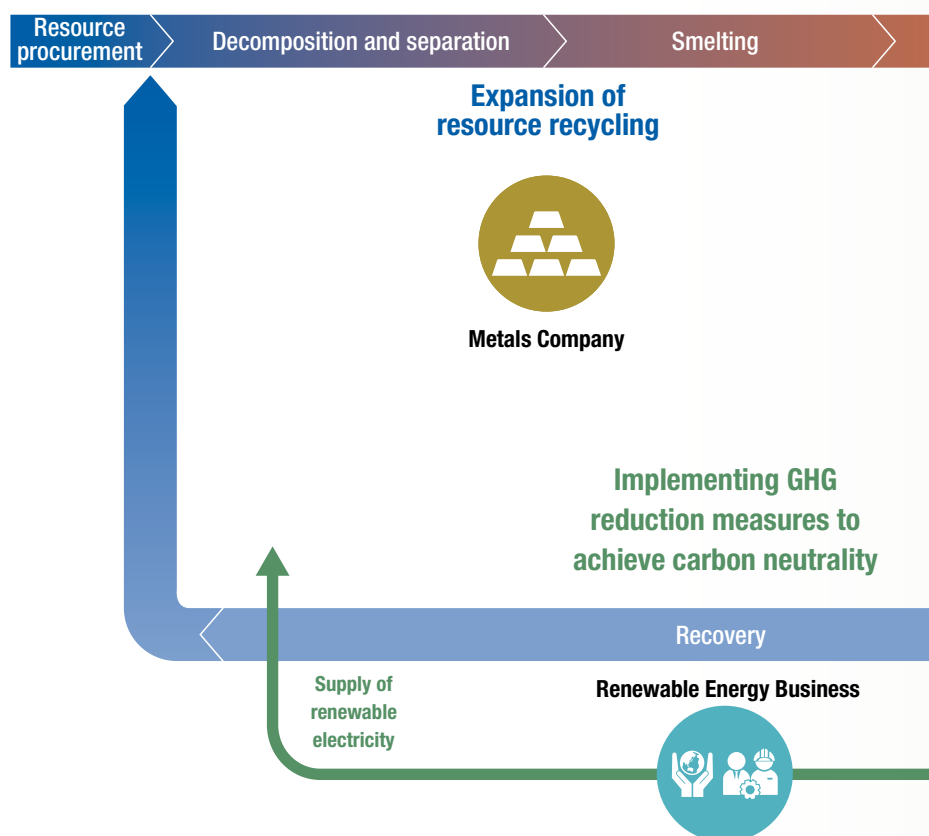
A value chain that supplies high added-value copper products

Global collection network for E-Scrap and carbide tools

Advanced recycling technology

Development and production capabilities for high-performance materials and products

**Build a recycling system for metal resources based on our strengths and realize growth throughout the value chain by expanding the scope, regions and scale of our operations**



### FY2031 Strategy ▶ P22

### Business strategies ▶ P28

### Management foundation ▶ P46

Manufacturing

Research and Development

Human Resources

DX

### Governance ▶ P76



## for a sustainable future

Prosperous  
societyRecycling-oriented  
societyDecarbonized  
societyWorkplace safety  
and hygieneMaintenance and  
improvement of  
governanceRetention and  
utilization of  
human capitalStakeholder  
communicationDeepening of  
DXInitiatives to  
create new value

## Outputs

## Outcomes

## Products &amp; Services

Nonferrous metals products  
made with smelting process  
with a low environmental load



Recycling system that  
facilitates resource recycling



High-function products for  
automobiles and electronics  
industries



Carbide tool products and services that  
achieve high productivity with a low  
environmental impact



Renewable energy



## Economic value

	FY2026 plan	FY2031 target
Net sales	1,940 billion yen	2,000 billion yen
Operating profit	70 billion yen	130 billion yen
Ordinary profit	87 billion yen	180 billion yen
ROIC <sup>*1</sup>	5.5%	9.0%
ROE	10.0%	13.6%
EBITDA	150 billion yen	260 billion yen
Net D/E ratio	0.7 times	0.5 times or less
Net interest-bearing debt / EBITDA ratio	3.5 times	2.0 times or less

## Social value

	FY2031	FY2046
GHG reduction	45% or more <sup>*2</sup>	Carbon neutrality
	FY2026 plan	FY2031 target
E-Scrap processing capacity	180,000 tons	240,000 tons
Renewable electricity self-sufficiency ratio (100% by FY2051)	23%	25%
Diversity in management	20%	30%

## Social issues to be solved and SDGs

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



<sup>\*2</sup> Scope 1 and 2  
(compared to FY2021)

## Strengths that put us at the forefront of the global market

Our coal and metal mining business dates back to 1871. In 1917, we opened our Naoshima Smelter & Refinery, which marked the beginning of the Group's Metals business. Since then, the Group has developed unique strengths that have driven further development of our business.

Investment in overseas mines and advancement into the copper and copper alloy business has led to the building of a robust value chain and improvement of our technology and know-how for recycling materials such as E-Scrap.

We are also using the knowledge and assets we have amassed through our domestic mining business to develop hydroelectric and geothermal power generation businesses, and are utilizing and conserving forests owned by the Company.

Other strengths lie in intangible assets such as our personnel and organizational climate and culture.

### A value chain that supplies high added-value copper products

- Investment in overseas copper mines through long-term friendly relationships with major resource companies
- Processes enabling efficient, environmentally friendly smelting and refining of clean copper concentrate
- Strong customer base and Japan's top capabilities for processed copper production



Mantoverde Copper Mine (Chile)

### Global collection network for E-Scrap and carbide tools

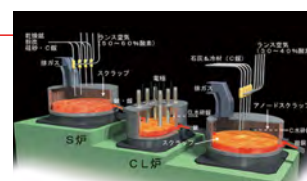
- Global E-Scrap collection network through overseas bases such as MM Metal Recycling BV in the Netherlands
- Domestic network for the collection of used carbide tools



Example of E-Scrap for being accepted/processed

### Advanced recycling technology

- Efficient processing of E-Scrap through the Mitsubishi Process for continuous copper smelting
- Material Grid framework enabling collection of a wide range of nonferrous metals including platinum group metals, lead and tin
- Automatic dismantling and sorting processes for items such as home appliances, enabling recycling of a wide range of resources
- The technology and know-how to recycle tungsten recovered from carbide tool scrap, etc. as a raw material



The Mitsubishi Process for continuous copper smelting

### Development and production capabilities for high-performance materials and products

- Development and production of oxygen-free copper, copper alloy, lead-free brass, etc.
- Supply of materials and components for semiconductor manufacturing equipment (columnar crystal silicon, sealing products)
- Supply of high-efficiency carbide tool products that utilize our materials and coating technologies



Products made from GloBrass®, a lead-free brass material with superior machinability

### Renewable energy business foundation

- Advanced exploration and analysis technology for geothermal resources
- Decades of business experience in areas such as geothermal and hydroelectric power generation



Appi Geothermal Power Plant  
(entire construction area)

### Human resources and organizational climate and culture

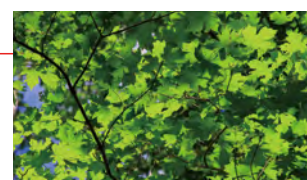
- Talent with wide-ranging expertise in a variety of roles
- A team that can unite to resolve issues
- Mutual trust between colleagues and between management and employees



Company-wide Implementation of 1-on-1

### Company-owned forest preserved for various purposes

- Appropriate development and management of company-owned forest to preserve biodiversity and carry out sustainable forestry operations (SGEC certified)
- Company-owned forests are utilized for education and community exchange activities
- Wood from company-owned forests is utilized as a building material



Acer miyabei Maxim in Hayakita Forest  
(vulnerable species)

# Materiality

We have identified material issues from various perspectives and plotted them on two axes

according to their importance to our stakeholders and their importance in light of Our Commitment.

Our material issues were evaluated through a series of discussions by our Strategic Management Committee and Board of Directors to determine the priority order.

We have designated 10 material issues, including four key material issues that are of particular importance.

## Selection and Development Process

### Step 1

#### Identification of issues

We identified social issues from the perspective of social, environmental and economic trends, trends in markets related to the company, and initiatives undertaken by the Group to increase our corporate value in the medium- to long-term. We also considered international guidelines and principles when selecting elements of these issues.

### Step 2

#### Organization and assessment of issues

In addition to these elements of social issues, we set two axes on which to rank our material issues, including those established in fiscal 2021: the importance to our various stakeholders, and the importance in light of Our Commitment.

After all of our Executive Officers and Directors have organized the issues and key themes, they are discussed from the perspective of their importance to our stakeholders and the Company.

### Step 3

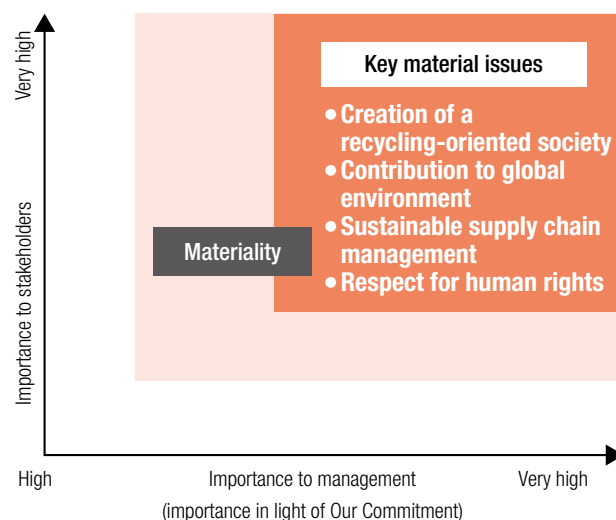
#### Selection of issues

The material issues and key themes established in fiscal 2021 are revised and redefined, with priority given to issues that are ranked as “very high” or “high” on both axes. We have designated four key material issues that are of particular importance.

### Step 4

#### Establishment of nature and objectives of initiatives

The nature and objectives of initiatives to address the redefined material issues and key themes are established. The progress and results of these initiatives are regularly disclosed.



Materiality
Creation of a recycling-oriented society
Contribution to global environment
Sustainable supply chain management
Respect for human rights
Workplace safety and hygiene
Maintenance and improvement of governance
Retainment and utilization of human capital
Stakeholder communication
Deepening of DX
Initiatives to create new value

# Initiatives and objectives for material issues

The Group has established the nature and objectives of initiatives to address our redefined material issues and key themes. We aim to create both social and economic values and improve corporate value.

Materiality	Key Themes	Main Initiatives
<b>Creation of a recycling-oriented society</b>	Developing and providing recyclable products	Securing the capacity to recover and recycle used carbide tools globally
	Advanced technology-based waste recycling	Increase of the recycling rate by expanding the treatment of recycled products containing metal resources
<b>Contribution to global environment</b>	Initiatives for building a decarbonized society	Measures to achieve carbon neutrality such as expanding renewable electricity, improving and developing technology, energy conservation, and the use of external technologies
	Developing and promoting the use of renewable energy	Establishment of geothermal power generation and expansion of this business; expansion into new renewable energy generation, mainly wind power
	Reducing environmental impact and preventing environmental pollution	Appropriate development of forest to improve functions for public benefit, as well as future revenue, and effective utilization of forest resources that can be used for wood resources, community recreation, etc. Compliance with environmental laws and regulations; thorough education about laws and regulations Sharing of information on how to address environmental issues; visualization risks of each project; risk management Use of electronic data manifests to collect, analyze and provide information on various emissions at sites associated with the Company
<b>Sustainable supply chain management</b>	Diversifying procurement of raw materials	Acceleration of business developments in Japan and overseas (E-Scrap, copper scrap, home appliances, automobile recycling)
	Providing nonferrous metal materials, mainly copper	Strengthening of network with customers through expansion of electrolytic copper production capacity
		Establishment of a dominant position as Japan's No. 1 manufacturer of wrought copper products
	Providing high added-value functional materials and products	Launch of a research and development system that cuts across all Business Divisions; and acceleration of the search for new businesses and products, especially for semiconductor-related materials and components
<b>Respect for human rights</b>	Respect for individuals and fundamental human rights	Commitment through policy; implementation of human rights due diligence and remedial actions
	Consideration of human rights in value chain	Respect for human rights in supply chain; Responsible Minerals Initiative
<b>Workplace safety and hygiene</b>	Preventing occupational accidents	Thoroughly implementation/continuation of safety measures at facilities according to risk assessments; elimination of accidents such as fires and explosions
	Creating mentally and physically pleasant workplaces	Driving health and productivity management
<b>Maintenance and improvement of governance</b>	Reinforcing compliance	Implementation of measures to eliminate serious compliance violations and improve awareness of compliance; strengthening of compliance overseas
	Expand internal control through Group Governance	Governance Review and Meeting for Sharing Governance Information; assessing and addressing risks through group risk management
	Enhancement of corporate governance	Organization of issues through evaluation of the effectiveness of the Board of Directors and carry out remedial measures
<b>Retainment and utilization of human capital</b>	Talent retention and development	Talent retention and development for business growth (continuous retention and development of management leader candidates)
	Diversity & inclusion	Acceleration of transformation through integrating diverse talents and values
	Promotion of flexible work styles	Fostering job fulfillment through well-being (continuous improvement of employee engagement)
<b>Stakeholder communication</b>	Engagement with stakeholders	Maximal utilization of framework of existing measures, centering on activities to foster recognition and understanding of Our Commitment; expansion this within and outside the company
	Improving customer satisfaction	Provision of better products and services; customer satisfaction surveys as part of quality management activities; analysis of information on complaints
	Engaging in dialog and coexisting with local communities	Promotion of activities for contribution to local communities
<b>Deepening of DX</b>	Business process innovation	Thorough transition to paperless and seal less operation; promotion of consolidation and elimination of operations; utilization of IT tools and smartphones for innovation of our communications
	Operational enhancement	Utilization of digital technologies such as IoT and AI to strengthen cooperation between the manufacturing and sales sides and achieve proactive quality management and take manufacturing capability to the next-level
	Acquisition of new added-value	Enhancement of customer contact points; reform of business model based on the needs of customers and society (Smelting and Resource Recycling business: enhancement functions of E-Scrap business platform (MEX); Copper & Copper Alloy business: advanced cost management; Metalworking Solutions business: deepening of cutting solutions utilizing DX)
<b>Initiatives to create new value</b>	Creation of innovation	Building and execution of new business creation processes for continuous creation of businesses to be developed (increase in themes; business commercialization; growth of new businesses)
	Exploration and creation of social value	Creation of rare earths and rare metals recycling business
	Strengthening of manufacturing	Execution of basic policy for strengthening manufacturing capabilities (strengthening of manufacturing capabilities through PDCA cycles for strengthening our manufacturing constitution; reinforcement of the manufacturing foundation technology development and improvement)

## Related Information:

Sustainability Report

► Initiatives on Material Issues

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

“Sustainability Report 2023” will be published at the end of August 2023

## Objectives, etc.

FY2031: Use of 80% or more recyclable raw materials

FY2031: Building of a framework with an E-Scrap processing capacity of 240,000t per year

By FY2031: Expansion of renewable electricity, improvement of technology and implementation of energy conservation  
 FY2031-2046: Development of new technology and utilization of external technologies  
 FY2046: Carbon neutrality

23% self-sufficiency in renewable power by FY2026, 25% by FY2031, 66% by FY2036, 100% by FY2051

Acquisition of certification of Natural Symbiosis Sites for company-owned forests; contribution to achieving global goal of 30 by 30

Visualization and management of risks from a medium- to long-term perspective to reduce environmental impact and prevent environmental accidents in our operations  
 Improvement of production processes and reduction of risk of environmental disasters

FY2031: Building of domestic recycling center, 30% share of domestic home appliance recycling, building of new automobile recycling plant

FY2028: Increase of processing capacity of copper concentrate and E-Scrap at Naoshima Smelter & Refinery  
 FY2031: Participation in hydrometallurgy business at copper mines

FY2031: 4.3% CAGR of xEV terminal and busbar sales, production capacity + 1,800t per month (compared to FY2022)  
 3.7% CAGR of automobiles terminal and busbar sales, production capacity + 1,100t per month (compared to FY2022)

April 2023: Launch of a cross-organizational research and development system  
 FY2024-FY2031: Acceleration of the search for new businesses and products; development of businesses and technologies centering on semiconductor-related materials and components

Building of frameworks to uphold international human rights standards, assess risks and address issues  
 FY2024: Building and implementation of frameworks for human rights due diligence; formulation of implementation plan and road map; deliberation on enhancements of remedial action framework and strengthening of framework

Building a value chain with consideration for human rights fair trading  
 FY2024: Assessment of risks through assessments of suppliers and addressing serious risks that have been identified; maintaining certification for responsible mineral procurement for gold, silver, tin and tungsten; acquisition of for responsible mineral procurement for copper and lead

Continuation of record of zero occupational accidents resulting in four or more lost days and zero fires, explosions, etc. over the long term

Acquisition of Health &amp; Productivity Management Outstanding Organization and Healthy Company Declaration Gold Certification

Elimination of serious compliance violations

Being an organization where personnel act autonomously according to Company-wide strategies and policies and our internal control function appropriately through mutual communication  
 Consideration of adoption of risk-based audits from FY2025

Medium- to long-term competitive advantage for the Company, sharing of information between the Nomination Committee and other Directors; supervision of human resources strategy by the Board of Directors;  
 improvement of the functions of various committees

Ratio of candidates on the Next-generation Leadership Talent Development Program to successors of Executive Officers: 70% in FY2026, 80% in FY2031

Ratio of diverse attributes among managers (women, non-Japanese people, mid-career hires, people with disabilities): 20% in FY2026, 30% in FY2031

Positive response rate in Engagement Survey: 75% in FY2026, 80% in FY2031

Objectives for employees  
 FY2024: 70% recognition of Our Commitment (56.4% in FY2023)  
 FY2031: Ownership of Our Commitment

“Quality excellence” as corporate brand equity of the Group

Disclosure of results of surveys on outcomes of social contribution activities; social service activities by new employees

Optimization of operations to ensure that the company continues to be one where each employee can actively engage in our fundamental operations; realization of a functional and agile organization with quick decision-making

FY2026 onward: Commencement of global demand management operations for cutting tools; gradual expansion sites and products  
 By FY2031: Strengthening of manufacturing capabilities through measures such as improvement of processes and process technologies; conversion to smart factories

FY2025 onward: commencement of service for selection of the best cutting tools; expansion of cutting solutions  
 FY2026: Enhancement of supply chain by improving satisfaction of MEX users  
 By FY2027: Enhancement strategies for each product through faster calculations of raw costs and visualization of granularity

FY2024: Launch of acceleration program  
 By FY2028: Establishment of organization system; ongoing investment and lending strategies (new business creation, M&A, etc.)  
 FY2031: Operation multiple businesses of a prescribed size

Black Mass processed: 900t per year in FY2026, 3,000t per year in FY2028, 6,000t per year in FY2031

Pursuing issue setting, problem solving and plant capability evaluation from businesses and plants vision based on the FY2031 Strategy; continuation of working on innovation to improve manufacturing capabilities = continuation of specialization



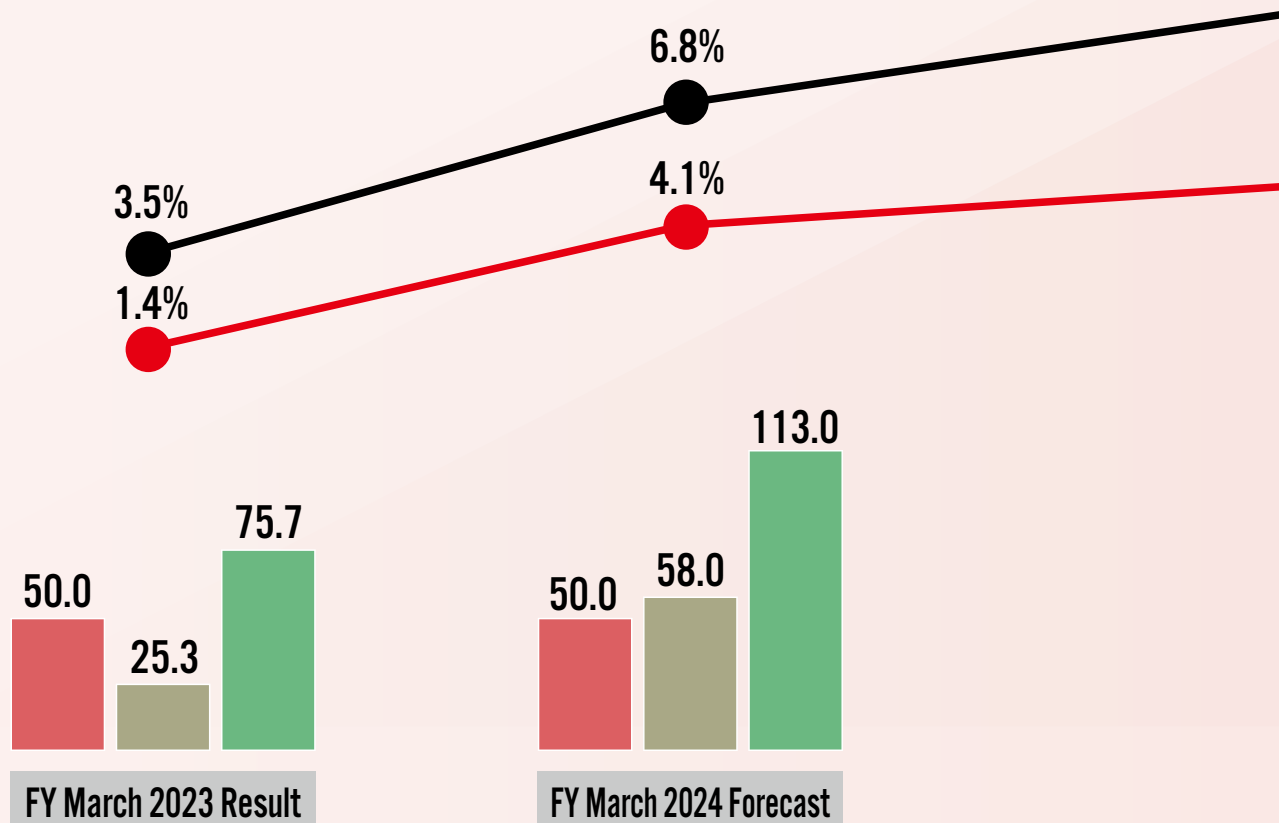
# Medium-term Management Strategy

# FY2031

We have formulated a new Medium-term Management Strategy (the FY2031 Strategy) covering the period from fiscal 2024 to fiscal 2031.

Through the FY2031 Strategy, we aim to improve both enterprise and equity value.

MMC group has set out “Our Commitment” of “For people, society and the earth, circulating resources for a sustainable future.” MMC Group will build a recycling system of metal resources based on our strengths and realize growth throughout the value chain by expanding the scope, regions and scale of our operations. The FY2031 Strategy will be divided into two phases, Phase 1 from fiscal 2024 to fiscal 2026 and Phase 2 from fiscal 2027 to fiscal 2031, in order to achieve the Our Commitment. In fiscal 2026, the final year of Phase 1, MMC plans to achieve net sales of 1.94 trillion yen, operating profit of 70 billion yen, ordinary profit of 87 billion yen, ROIC of 5.5%, ROE of 10.0%, EBITDA of 150 billion yen, net D/E ratio of 0.7 times, and net interest-bearing debt/EBITDA ratio of 3.5 times. Then, in fiscal 2031, the final year of Phase 2, MMC plans to achieve net sales of 2 trillion yen, operating profit of 130 billion yen, ordinary profit of 180 billion yen, ROIC of 9.0%, ROE of 13.6%, EBITDA of 260 billion yen, net D/E ratio of 0.5 times or less, and net interest-bearing debt/EBITDA ratio of 2.0 times or less. To achieve these targets, we aim to improve both enterprise and equity value.



(Unit: billions of yen)

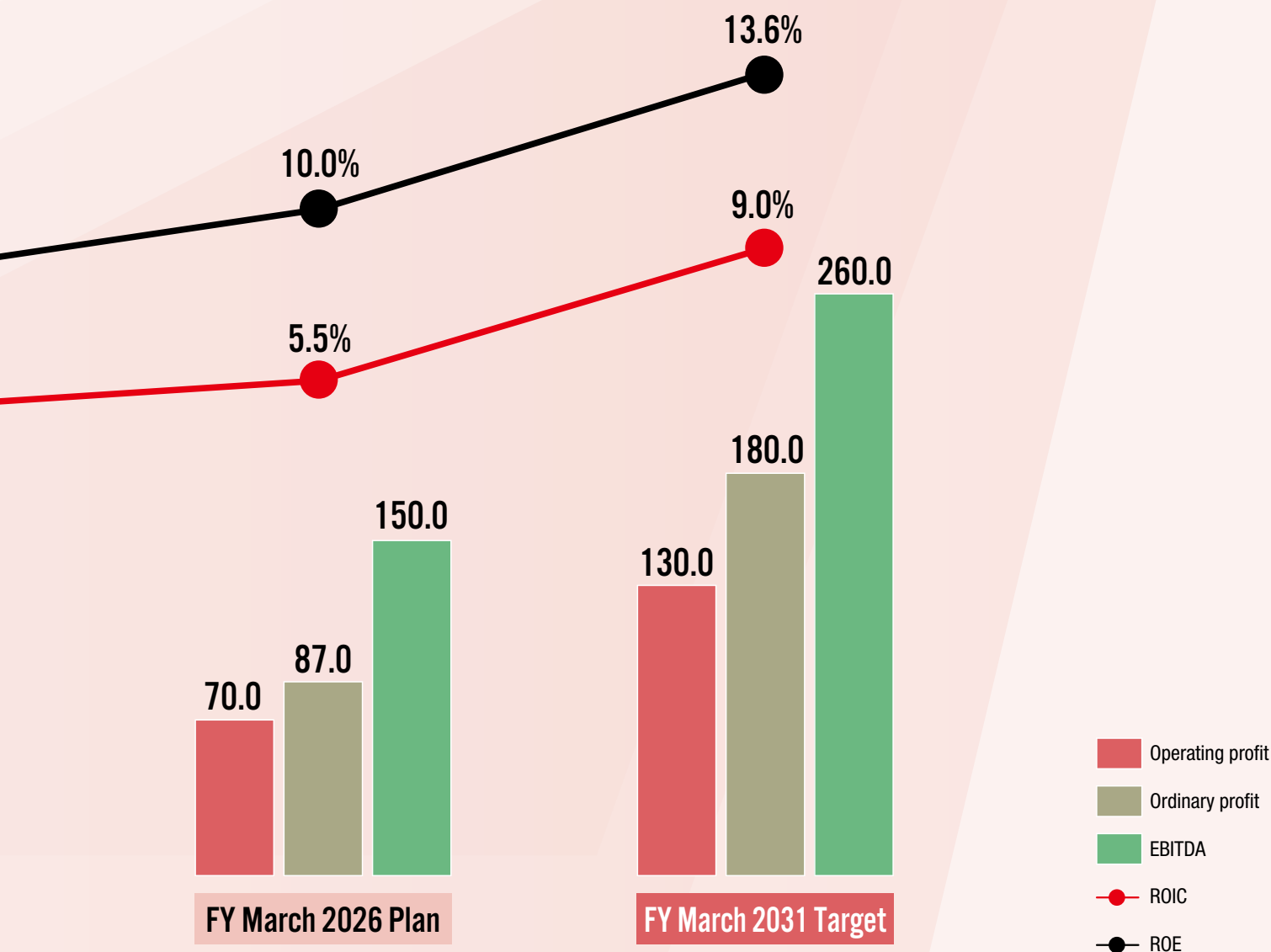
FY March 2023 Result		FY March 2024 Forecast		FY March 2026 Plan		FY March 2031 Target	
Net sales	1,625.9	Net sales	1,670.0	Net sales	1,940.0	Net sales	2,000.0
(Net sales excluding metal)	604.0	(Net sales excluding metal)	706.0	(Net sales excluding metal)	690.0	(Net sales excluding metal)	850.0
Operating profit	50.0	Operating profit	50.0	Operating profit	70.0	Operating profit	130.0
Ordinary profit	25.3	Ordinary profit	58.0	Ordinary profit	87.0	Ordinary profit	180.0
ROIC*	1.4%	ROIC*	4.1%	ROIC*	5.5%	ROIC*	9.0%
ROE	3.5%	ROE	6.8%	ROE	10.0%	ROE	13.6%
EBITDA	75.7	EBITDA	113.0	EBITDA	150.0	EBITDA	260.0
Net D/E ratio	0.7 times	Net D/E ratio	0.7 times	Net D/E ratio	0.7 times	Net D/E ratio	0.5 times or lower
Net interest-bearing debt/ EBITDA ratio	5.2 times	Net interest-bearing debt/ EBITDA ratio	4.1 times	Net interest-bearing debt/ EBITDA ratio	3.5 times	Net interest-bearing debt/ EBITDA ratio	2.0 times or lower

Assumed exchange rate for fiscal 2025 and after: 135 yen/US dollar 135 yen/euro, copper price: 360 cents/lb

Assumed exchange rate for fiscal 2024: 135 yen/US dollar, 145 yen/euro, copper price: 390 cents/lb

\* Calculate ROIC by deducting the amount of inventories (non-risk inventories) that were previously risk-free due to price hedged from invested capital

From the FY2031 Strategy, the calculation method will be changed prior to the non-risk inventory deduction mainly due to the shift to management based on the ROIC spread based on the WACC of each business





## Message from the Chief Financial Officer

**Under the FY2031 Strategy, we aim to achieve our medium- to long-term vision and implement strategic business management through our business portfolio, while also focusing on optimization of financial risks and realizing improvement of the issue of ROE and ROIC to achieve our targets.**



By maintaining firm financial discipline and making medium- to long-term investments, we aim to increase both enterprise and equity value.

### Nobuhiro Takayanagi

Managing Executive Officer  
CFO, Responsible for Strategy, Accounting & Finance,  
Sustainable Development, Corporate Communications

#### **Q** What do you think, looking back on fiscal 2023 and the FY2023 Strategy?

**A** In order to optimize our business portfolio we evaluated businesses from two perspectives, profitability and growth potential, working to improve our profit structure.

However, we recognize that our future challenges are improving profit margins and capital efficiency.

In the FY2023 Strategy, we evaluated each business from two perspectives, profitability and growth potential in order to optimize our business portfolio. Then, focusing on businesses where these were low, we worked to improve profit structure while considering measures from the perspective of M&A and business withdrawal. Our Electronic Materials & Components business was divided into semiconductor-related, electronic devices, xEV materials and polycrystalline silicon businesses, and efforts were made to select and focus on our product portfolio. As a result, we transferred shares in the aluminum business in March 2022; in April 2022, Mitsubishi UBE Cement Corporation, a fifty-fifty joint venture with UBE Corporation, became an equity method company; and in March 2023, we transferred the polycrystalline silicon business, largely completing business

selection.

On the other hand, in terms of financial performance, despite the significant drop in fiscal 2021 due to the COVID-19 pandemic, fiscal 2022 saw earnings improve due to a recovery in demand for semiconductors and automobiles and a significant increase in metal prices. In fiscal 2023, the final year of the FY2023 Strategy, we achieved our FY2023 Strategy targets for sales and operating profit, but not for ordinary profit or our financial indicators due to the impacts of lower operating profit, mainly in Advanced Products business and Metalworking Solutions business, a decrease in mining dividends and deteriorating equity-method income in the cement business. The Group's financial indicators, especially profitability, are inferior to those of its competitors, and the market's evaluation is low., so we recognize that our future

challenges are improving profit margins and capital efficiency.

In Corporate Transformation, we have clarified the division of roles between the Strategic Headquarters responsible for group strategy, the Professional CoE responsible for sophistication and efficiency, and the Companies that carry out autonomous management, promoting changes in management structure (organization and business management) that improve the corporate value of the entire Group. These changes moved large amounts of authority to in-house companies, creating a management structure that enables prompt and flexible business operations according to the business environment and business characteristics. We had been promoting a management system centered on business, so we need to consider how business and function across the Group are connected with regional strategy for promoting overseas expansion, creating an overall plan for the future that further optimizes management structure.

## Q Please explain the background behind the division into Phase 1 and Phase 2 of the FY2031 Strategy.

**A This is because we will strive to expand the business scale from a medium- to long-term perspective to achieve long-term business development of our Resources business, Resource Recycling business, and Renewable Energy business.**

We have previously formed three-year strategies, but results cannot be achieved in this amount of time in businesses such as the Resources business, Resource Recycling business and Renewable Energy business, so a medium- to long-term approach is required to demonstrate Group vision and value. We have divided this medium-term approach into Phase 1 and Phase 2. Phase 1 is the period for strengthening competitiveness. In this phase, we will improve profit growth and profitability based on strengthened cost competitiveness, and invest in medium- to long-term growth areas such as recycling of resources such as LIB

and tungsten. Phase 2 is the period for business expansion. In this phase, we will expand investment in new copper mines and expand resource recycling through efforts such as increasing the capacity of copper smelting and refining. Furthermore, we will expand the scale of carbide tools, supplying products to growth markets such as xEV, and expanding regionally including in overseas markets. In our plan, we aim to make the ROIC spread, the spread between the ROIC and the WACC per business, positive for all businesses, including the required long-term upfront investments in the Resources business, and we also plan to maximize economic

profit (ROIC spread x invested capital, EP).

We recognize that low ROE and ROIC is a financial issue for the Group in carrying out the above plan. To make these improvements, we must strengthen cost competitiveness, and in addition to reducing production costs, improving yield rates, and reducing SG&A expenses, we must also reduce fixed costs and our break-even point. Under the FY2031 Strategy, we are working to strengthen cost competitiveness. We plan to reduce costs by a total of approx. 24 billion yen (Phase 1: approx. 9 billion yen, Phase 2: approx. 15 billion yen). The ratio of accumulated cost reductions to operating profit is expected to be approx. 13% by fiscal 2026 and approx. 19% by fiscal 2031. Through this, our target is a ratio of ordinary profit to net sales of 18% by fiscal 2031.

## Strategic Roadmap

- Phase 1 Improving profit growth and profitability by strengthening cost competitiveness and investing in medium- to long-term growth areas centered on resource recycling
- Phase 2 Expansion of business scale through regional development including overseas, in addition to expansion of target business areas

FY2024 - FY2026

FY2027 - FY2031

### Phase 1 Strengthening Competitiveness

### Phase 2 Business Expansion

Expanding the resource recycling	<b>Investment: 110 billion yen</b> (3 years) <ul style="list-style-type: none"> <li>● Start LIB recycling</li> <li>● Expansion of the Tungsten business</li> </ul>	<b>Investment: 140 billion yen</b> (5 years) <ul style="list-style-type: none"> <li>● New copper mine investment</li> <li>● Capacity expansion of copper smelters</li> </ul>
Enhancing the supply of high-performance materials and products	<b>Investment: 70 billion yen</b> (3 years) <ul style="list-style-type: none"> <li>● Strategic investment in semiconductor manufacturing equipment area</li> <li>● Improving supply chain efficiency</li> </ul>	<b>Investment: 110 billion yen</b> (5 years) <ul style="list-style-type: none"> <li>● Expanding the scale of carbide tools</li> <li>● Expanding the supply of xEVs materials</li> </ul>
Investment in renewable energy	<b>Investment: 5 billion yen</b> (3 years)	<b>Investment: 25 billion yen</b> (5 years)
Strengthening cost competitiveness	Ratio of improvement in ordinary profit to net sales: +5.4% <sup>*1</sup>	Ratio of improvement in ordinary profit to net sales: +4.9%
Operating cash flow	280 billion yen (3 years)	790 billion yen (5 years)
EBITDA <sup>*2</sup> growth rate (CAGR)	16.5% <sup>*3</sup>	11.5%

<sup>\*1</sup> Range of improvement in the ratio of ordinary profit to net sales. Net sales excluding metal.

<sup>\*2</sup> EBITDA=Ordinary profit+Interest expense+Depreciation+Amortization of goodwill (same as below)

<sup>\*3</sup> Cement business loss in fiscal 2023 excluded

## Message from the Chief Financial Officer

**Q** Please share your reasoning and important points behind how you allocate capital in the FY2031 Strategy.

**A** Because we are also investing from a long-term perspective, we will increase transparency to stakeholders by disclosing how we allocate our funds.

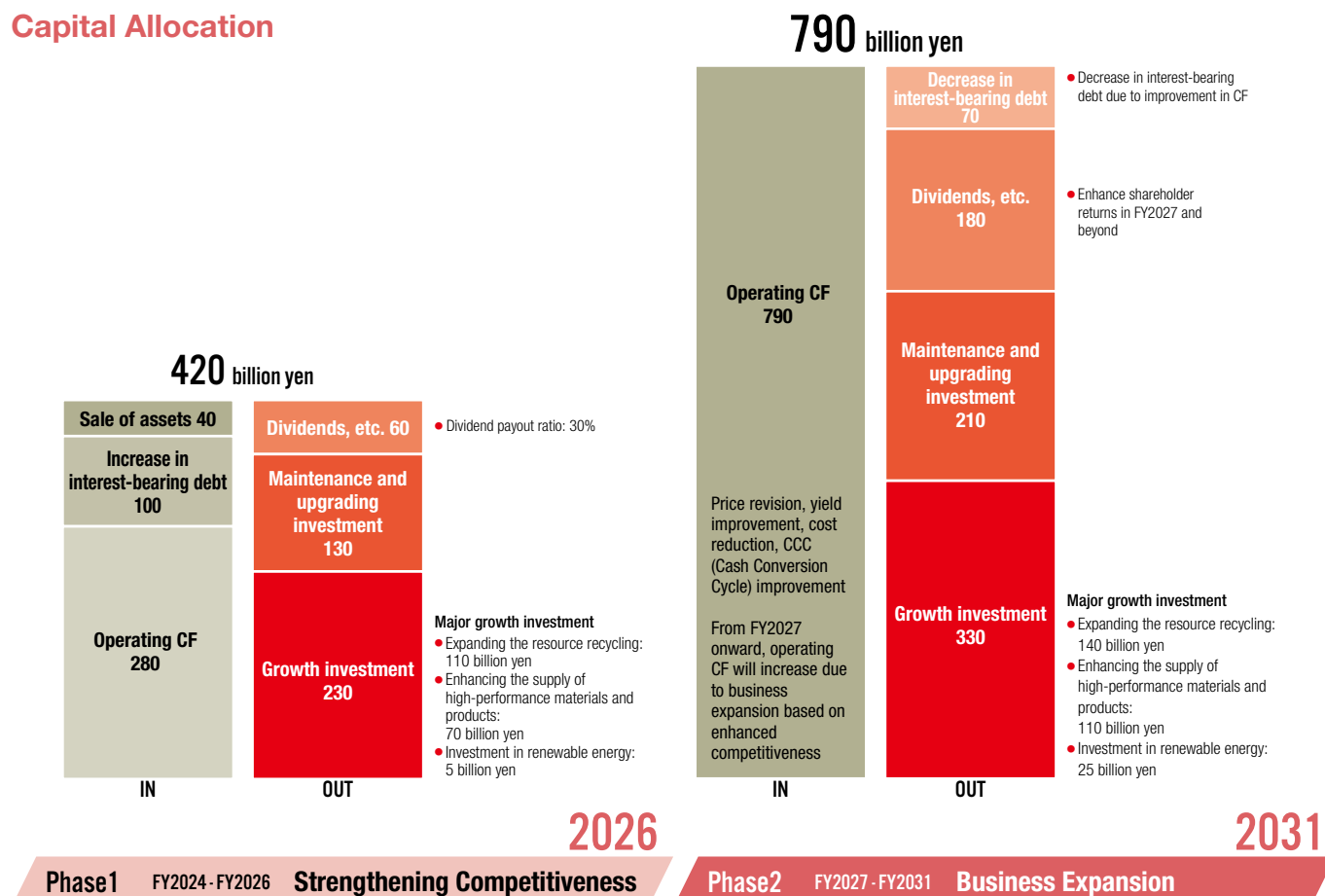
The FY2031 Strategy includes investments from a long-term perspective, so we think it is important to disclose the status of cash inflow and outflow with stakeholders to ensure transparency. We clarified increases in cash inflow through business activities, where funds are to be allocated, including shareholder returns, compared to overall cash inflow, including borrowed amounts. We aim to allocate capital appropriately for investment in growth, maintenance and upgrading, shareholder returns and repayment of interest-bearing debt. In Phase 1, we plan to borrow larger amounts and concentrate investment on efforts to strengthen competitiveness. In Phase 2, we plan to greatly increase cash inflow during business expansion,

using operating cash flow to cover all investments, shareholder returns and debt repayment. As a result, we will reduce financial leverage Company-wide through fiscal 2031, aiming to reduce the net D/E ratio to 0.5 or less and the net interest-bearing debt / EBITDA to 2.0 or less by fiscal 2031. Considering a balance between investment for growth and for maintenance and upgrades that are in line with our mission, business characteristics and financial soundness, and plan to invest 560 billion yen for growth and 340 billion yen for maintenance and upgrades by fiscal 2031.

To set targets for the management of business growth and improvement of corporate value, there are three

management indicators: ROIC, ROIC spread and EP. Above all, we believe that maximizing EP is important to maximize corporate value, so expansion of EP has been set as a vital target. Phase 1 is when we are strengthening competitiveness, and EP will remain at 17 billion yen at the end of fiscal 2026, the final year of phase 1. However, we plan to expand EP to 79 billion yen by the end of fiscal 2031, the final year of the FY2031 Strategy.

## Capital Allocation



## Q What measures are you considering to handle a PBR below 1?

**A While maintaining financial soundness, we will allocate investments based on investment characteristics and business efficiency and strengthen cost competitiveness to improve profitability, stably achieve a ROE of 10% or more and a PBR ratio of 1 or more, and improve shareholder returns.**

The optimization of our business portfolio in the FY2023 Strategy has mostly been completed, and we have made progress on business selection. On the other hand, share market value has declined due to factors such as extraordinary loss and impairment of assets, resulting in an aggregate market value that had fallen below 300 billion yen when the FY2031 Strategy was formulated, and I believe we have deviated from the original corporate value of the Group. In order to bridge this gap, we have focused on the following three points for the FY2031 Strategy.

1. Disclosure of appropriate allocation of management resources
2. Setting out a growth story

### 3. Clarifying execution of profit growth

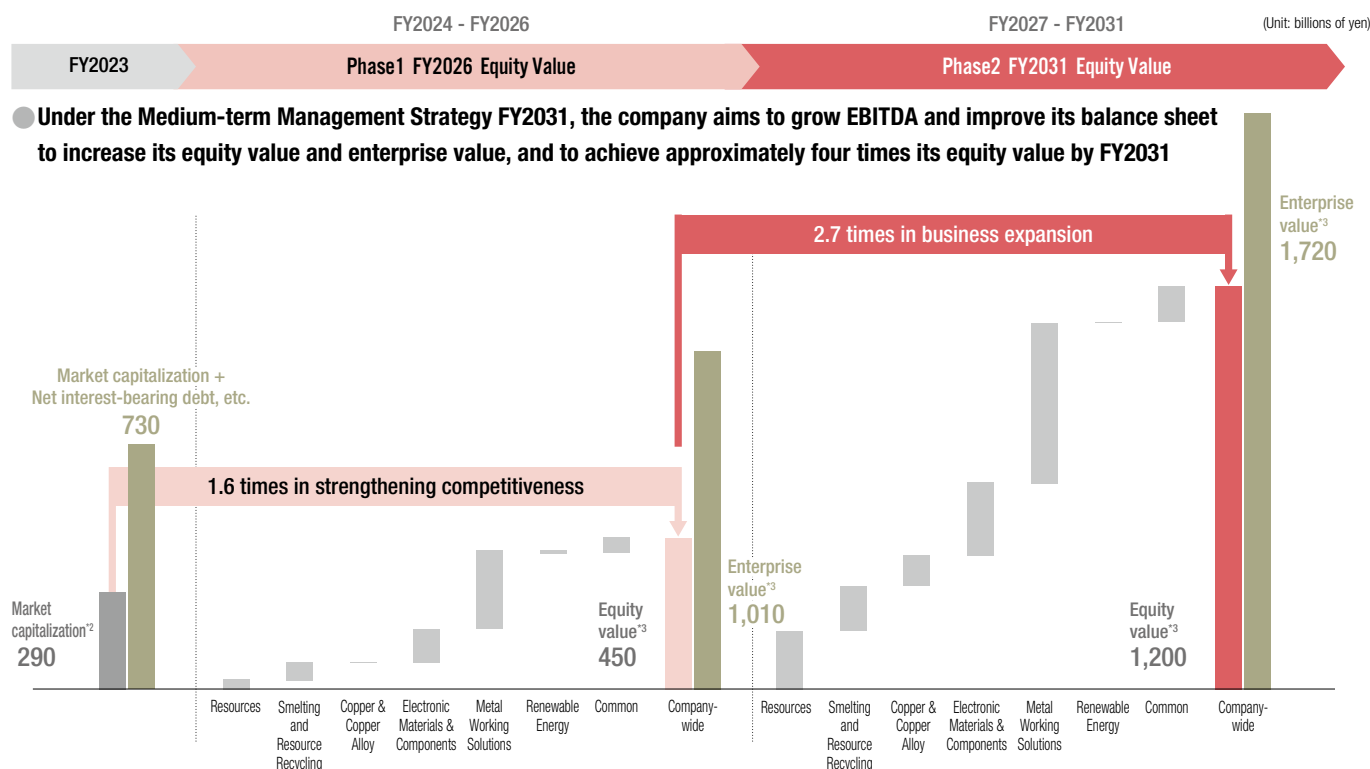
We devoted a great deal of time to reviewing our vision from a medium- to long-term perspective, strategic business operations based on our business portfolio, and optimization of financial risks in order to achieve these targets. We intend to show both internal and external stakeholders our path for growth through steady execution of the FY2031 Strategy, and by allocating resources to individual businesses based on investment characteristics, business efficiency and financial soundness. The FY2031 Strategy's key points are achieving growth that exceeds the industry average and increasing our enterprise and equity value

by restoring market confidence. We also need to strengthen cost competitiveness to improve the ROE and ROIC in the medium- to long-term.

We intend to achieve a stable ROE of 10% or more and PBR of 1 or more, which are standards for favorable market evaluation, and improve shareholder returns.

To steadily implement these measures, we will make medium- to long-term investments while maintaining firm financial discipline, aiming to increase both enterprise and equity value. I believe stakeholders can look forward to a bright future.

## Enhancing Equity Value and Enterprise Value (by SOTP\*<sup>1</sup> Valuation)



\*<sup>1</sup> Sum-of-the-Parts

\*<sup>2</sup> Market capitalization for fiscal 2023 is as of the end of January 2023

\*<sup>3</sup> Enterprise value is calculated by multiplying EBITDA for each business by a multiple that takes into account the same industry, and net interest-bearing debt is deducted from enterprise value to calculate equity value  
Enterprise value and equity value are figures calculated independently by the Company using SOTP valuation based on the business performance forecast of the FY2031 Strategy and the Company does not guarantee the stock price







## Medium-term Management Strategy FY2031

# Business Strategy

## Business Strategy Summary, Risks and Opportunities

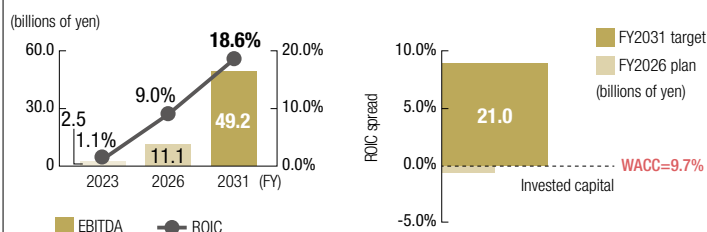
Below is are the company strategies, risks and opportunities related to achieving our FY2031 Strategy goals.

		Risks	Opportunities		FY2031 goals
 Metals Company	Resources Business	<ul style="list-style-type: none"> <li>Concerns about copper concentrate procurement due to resource nationalism in producing countries</li> <li>Enclosure of E-Scrap and other recyclable resources in each country/region</li> </ul>	<ul style="list-style-type: none"> <li>Growing demand for copper and rare metals</li> <li>Growing need for recycling of rare metal resources from the perspective of economic security</li> </ul>	<b>Leader in Resource Recycling of Nonferrous Metals</b>	<ul style="list-style-type: none"> <li>Securing at least 500,000 tons of copper concentrate per year from mines owned by the Company</li> <li>Establishing supply chains for electrolytic copper (SX-EW<sup>*1</sup>)</li> </ul> <p><small>*1 Solvent extraction and electrowinning: A two-step hydrometallurgical process consisting of solvent extraction and electrolysis collection</small></p>
	Smelting & Resource Recycling Business	<ul style="list-style-type: none"> <li>Stricter environmental regulations on copper mines as well as smelting and refining operations</li> <li>Increasing operational load attributed to increase of minor elements in the smelting and refining process</li> </ul>	<ul style="list-style-type: none"> <li>Increasing customer interest in circular economy</li> <li>Enhancing recovery and commercialization of minor elements in operations</li> </ul>		<ul style="list-style-type: none"> <li>Major and leading-edge operator in the resource recycling of nonferrous metals</li> <li>Expanding processes of nonferrous metal resources not limited to E-Scrap</li> <li>Becoming a core supplier in the resource recycling loop based on the world's top-class electrolytic copper supply capacity</li> </ul>
 Advanced Products Company	Copper & Copper Alloy Business	<ul style="list-style-type: none"> <li>Impact of natural disasters and political restrictions on the supply chain</li> <li>Soaring raw material and energy prices</li> </ul>	<ul style="list-style-type: none"> <li>Development and supply of products that contribute to decarbonization</li> </ul>	<b>Global First Supplier</b>	<ul style="list-style-type: none"> <li>Japan: Establishing a dominant position as Japan's No. 1 manufacturer of wrought copper products as the largest supplier</li> <li>Overseas: Strengthening key account (KA) strategy based on alloy development capabilities</li> </ul>
	Electronic Materials & Components Business	<ul style="list-style-type: none"> <li>Changes in the market environment due to the semiconductor cycle and industry restructuring</li> </ul>			<ul style="list-style-type: none"> <li>Providing products and solutions with added value through concept-in (promoting the adoption of our products at the initial concept-setting stage of product development), focusing on the semiconductor and xEV markets</li> <li>Highly profitable business entity and sustainably growing entity that is recognized as an indispensable partner in the market</li> </ul>
 Metalworking Solutions Company	Metalworking Solutions Business	<ul style="list-style-type: none"> <li>Supply chain changes in the automotive industry</li> <li>Decreased internal combustion engines due to mobility revolution</li> <li>Soaring material and energy prices</li> </ul>	<ul style="list-style-type: none"> <li>Workpiece materials becoming difficult-to-cut</li> <li>Increased new demand due to automobile electrification</li> <li>Demand for recycling</li> <li>Evolution of digital technologies</li> </ul>	<b>A Leading Company in Tungsten Products Recognized by Customers Globally</b>	<ul style="list-style-type: none"> <li>Providing tungsten products and solutions with outstanding technology to manufacturing sites around the world</li> <li>In addition to the core business of carbide tools, the tungsten business and the solutions business will be the mainstay of earnings</li> </ul>
 Renewable Energy Business	Renewable Energy Business	<ul style="list-style-type: none"> <li>Changes to national policy and revisions to laws</li> <li>Local opposition from hot spring operators, etc.</li> <li>Consensus-building with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Depletion of energy resources: Securing energy in Japan</li> <li>Climate change (global warming): Reduction of CO<sub>2</sub> emissions and increased demand for renewable energy</li> </ul>	<b>Expansion of Renewable Power Generation to Achieve 100% Self-sufficiency in Renewable Power Electricity</b>	<ul style="list-style-type: none"> <li>Further expansion of geothermal power generation business</li> <li>Expansion of business areas (wind power generation and power generation-related businesses)</li> </ul>

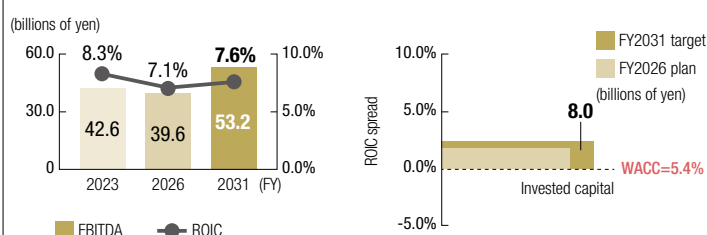
## Business strategy (FY2024-FY2031)

- Promotion of technological development to recover rare metal resources contained in copper deposits
- Acquisition of copper mining interests and securing copper concentrates through continuous investment in mines
- Expansion of electrolytic copper supply through SX-EW operations at copper mines

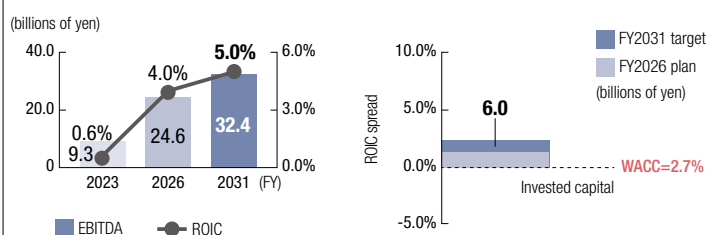
## EBITDA/ROIC, EP



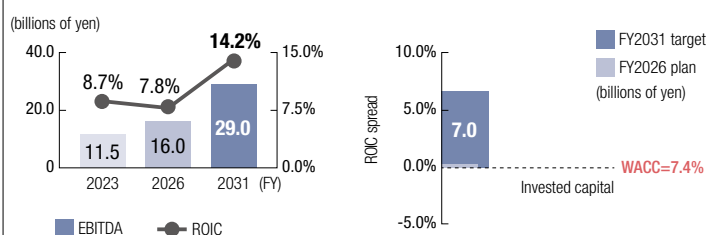
- Strengthening and expanding the networks to promote resource recycling
- Expansion of electrolytic copper production capacity
- Increasing the recycling rate by expanding the treatment of recycled products containing metal resources
- Creation of rare earths and rare metals recycling businesses
- Accelerating business developments in Japan and overseas (E-Scrap, home appliances, automobile recycling)



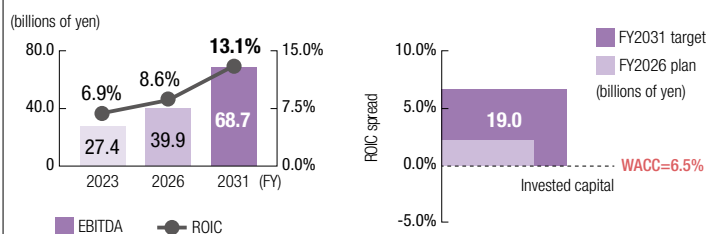
- Improve the recycling rate of wrought copper products and establish a scrap platform base
- Overseas (Luvata): Rapid entry into growing markets (xEV, healthcare, environment)
- Expand sales and strengthen services to overseas customers by establishing a new overseas plant which carries out a downstream process, with the domestic plants as mother ones



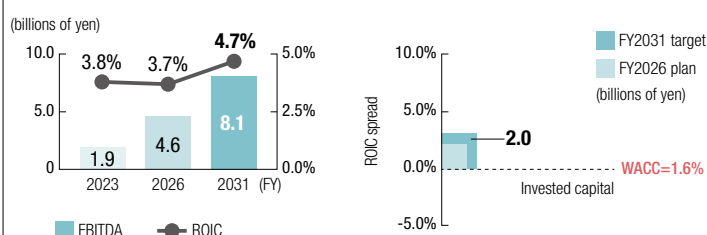
- Highly capital-efficient management through continual restructuring of the business portfolio
- Strategic investment in focal products in growth areas
- Developing and securing human resources for the creation of new businesses and the promotion of business alliances
- Enhancing manufacturing capabilities and DX to enhance production sophistication and profitability
- Providing business and social value (SDGs) for carbon neutrality



- Transforming into a truly global company with the aim of autonomous business development in strategic markets
- Stable supply of the world's top quality, high-efficiency products utilizing the strength of materials and coating technology (Carbide tools business)
- Expansion of business scale for rechargeable batteries in addition to carbide tools, etc. (Tungsten business)
- Strengthening environmental responsiveness (Tungsten business)
- Commercialization of solution sales to manufacturing sites (Solution business)



- Consolidate the renewable energy business in the Strategic Headquarters as a company-wide effort to expand the business from a long-term perspective
- New development at one location every three years to expand business (Geothermal)
- New entrants into wind power generation where power generation costs are expected to decline in the future (Wind)
- Further development of new biogas plants (Biogas)

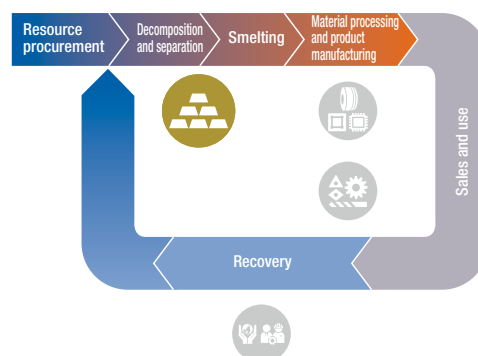


## Medium-term Management Strategy FY2031

# Business Strategy

## Resources Business

With copper demand expected to continue growing in future, we are working to expand our supply volume by participating in new copper mines.



### Business Strategies

In Resources business, we will steadily promote development projects for mines in which we already hold stake, while continuing to invest in other mines to acquire stake to secure more than 500,000 tons of copper concentrate per year from mines of which we hold shares. Furthermore, we will work to establish structure for electrolytic copper supply through hydrometallurgy operations from overseas copper mines and develop technology to secure and recover rare metal resources contained in copper deposits.

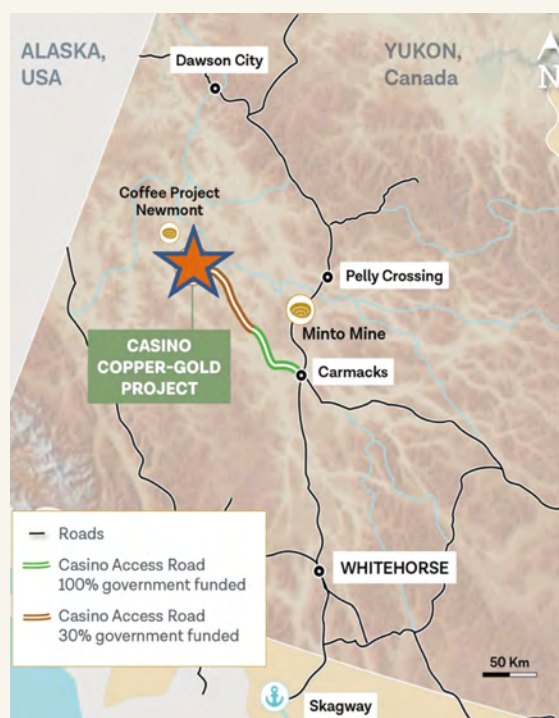
### Important Measures

An important measure in the FY2031 Strategy is the advancement of our Mantoverde Development Project. This project focuses on starting production of copper sulfide concentrate and development of new technology such as cobalt recovery. Additionally, we expect to increase our quantity of secured copper concentrate from the current volume of 150,000 tons per year to at least 500,000 tons per year by fiscal 2031 through participating in new medium-sized mines, which results in securing around 30% of copper concentrate processed at Naoshima Smelter & Refinery and Onahama Smelter & Refinery. We also plan to get involved in hydrometallurgy business at copper mines.

## TOPICS

### Mitsubishi Materials Corporation Acquires an Equity Stake in Western Copper and Gold Corporation (WRN)

In April 2023, we acquired an approximately 5% share in Canada's WRN. WRN owns 100% of the Casino Project, which is located in northwestern Canada, and aims to start production in 2030. In addition to the abundant resources available here, the copper concentrate produced is expected to be clean with few impurities, and a long-term stable supply of copper resources until 2057 is expected. Through the efforts including this capital investment, the Group is working to secure more stable supply of copper concentrate.



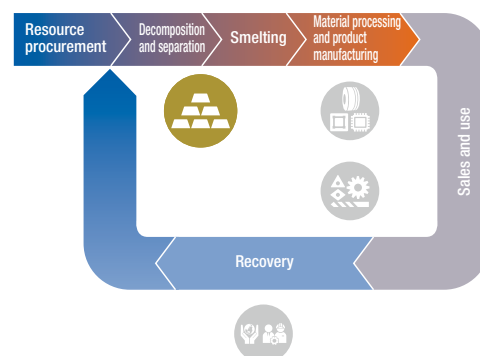


## Medium-term Management Strategy FY2031

# Business Strategy

## Smelting & Resource Recycling Business

We aim to become a major and leading-edge operator in the resource recycling of nonferrous metals.



### Business Strategies

In Smelting and Resource Recycling business, we will expand our processes for recycling nonferrous metal resources to become a core supplier in the resource recycling loop based on the world's top-class electrolytic copper supply capacity.

To accomplish this, we will expand the scale of our domestic smelters and deepen our Material Grid further than in the FY2023 Strategy to increase our recycling rate, while also creating new rare earths and rare metals recycling businesses.

We will also build a recycling center, where parts dismantled from home appliances and automobiles are collected and processed to make them suitable for recycling, which will strengthen our copper scrap collection activities. Furthermore, we are accelerating overseas expansion of our recycling business with utilizing the technology and the know-how we have cultivated in our domestic business.

### Important Measures

#### Copper Recycling

We will expand the domain of our resource recycling business by increasing and enhancing the processing capabilities of Naoshima Smelter & Refinery and Onahama Smelter & Refinery, while strengthening alliances in the Mitsubishi Materials Group's value chain, particularly those involved with copper. Also, we will increase the efficiency of our resource recycling by developing new process. Through these measures, we will become more competitive and expand our business as soon as possible.

#### Recycling lithium-ion batteries (LIB)

We are pursuing a variety of collaborations with other companies for highly efficient recovering and refining business of lithium, cobalt and nickel from Black Mass. In addition, we plan to ensure global competitiveness by utilizing the network established in our E-Scrap business to collect more Black Mass. We will also expand the Mitsubishi Materials Group's business fields from collecting LIB derived from end-of-life vehicles and small home appliances to producing precursor and cathode material, to establish a unified recycling process.

#### Increase of processing capacity of E-Scrap to 240,000 t/year

Securing raw materials of rare metals is becoming increasingly important for ensuring economic security. In order to strengthen our system of recovery and resupply of rare metals from end-of-life products, we will increase our E-Scrap processing capacity. Specifically, we plan to expand E-Scrap processing capacity to 240,000 tons per year by fiscal 2031 through strengthening the copper smelting facilities at the Naoshima Smelter & Refinery and the Onahama Smelter & Refinery.

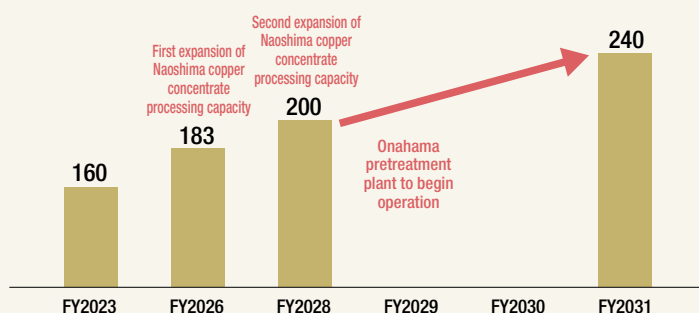
## TOPICS

### Increase of processing capacity of E-Scrap to 240,000 t/year

Our current E-Scrap business involves processing the materials from around the world at our copper smelters in Japan. Moving forward, we will enhance our copper smelter facilities at the Naoshima Smelter & Refinery to expand the processing capacity of copper concentrate and E-Scrap. We have also started preparing construction of pre-treatment facilities at the Onahama Smelter & Refinery with the aim of starting operations in fiscal 2029.

E-Scrap processing capacity

(Unit : Thousands of tons)



## Medium-term Management Strategy FY2031

## Business Strategy

## Concept for Resource Recycling Expansion

Our main measures for expanding resource recycling are as follows.

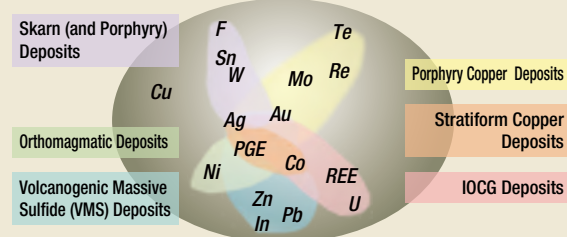
## Recovery of Cobalt, etc. at Copper Mines



Mantoverde copper mine

The Group is working to commercialize recovery of rare metals in copper deposits. At the Mantoverde Copper Mine, both sulfide ore and oxide ore contain trace amounts of cobalt. We are developing processing technology for separating and recovering cobalt as a cobalt-nickel intermediary by-product from the ores. We are planning to start operations in 2027, while we plan to promote rare metals recovery business at the other mines of which our company holds shares in the future.

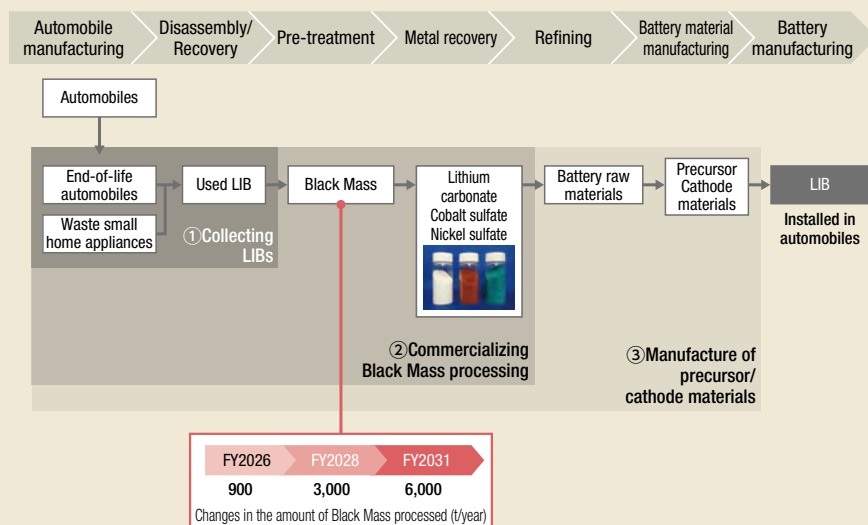
## Valuable Metals in Copper Deposits (Potentially Recoverable)



## Developing LIB Recycling Technology

We are developing technology for hydrometallurgy operation to recover and refine lithium, cobalt and nickel contained in Black Mass produced in LIB recycling process, with looking into commercialization. Utilizing the copper and precious metal recovery capability and other effective use of metal resources, we will harness the technology and the know-how we have cultivated so far, to accelerate development and establish recycling technology that enables highly efficient recovery of rare metals. Furthermore, by combining intermediate processing systems for sorting and detoxification that we created in home appliance recycling businesses, we will contribute to establishing a unified recycling system from treatment of LIB to stable supply of lithium-ion materials.

## LIB Recycling



## Investment in Exurban (UK) to Expand E-Scrap Business

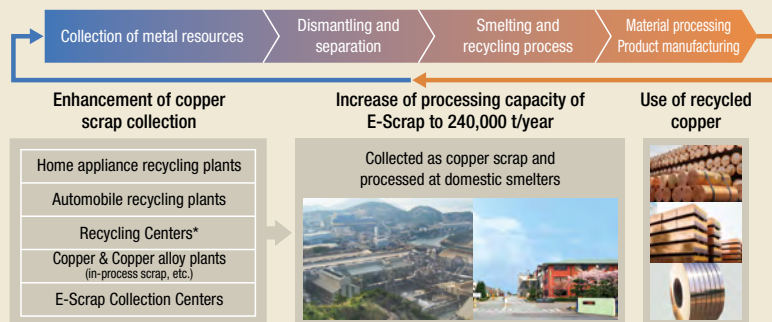
We became a major shareholder after having acquired a portion of Exurban's shares and have established a strategic alliance with the company. Exurban is a British company that is working to realize the world's first zero-waste recycling plant, specializing in processing of recyclable metal materials such as E-Scrap. Through this investment, we will promote business with the company to provide solutions for building resource recycling systems. Furthermore, we will work together, as an important partner, on construction, operation and financing of the new recycling plant which the Exurban Group is planning to build in Indiana, USA.



## Copper Recycling

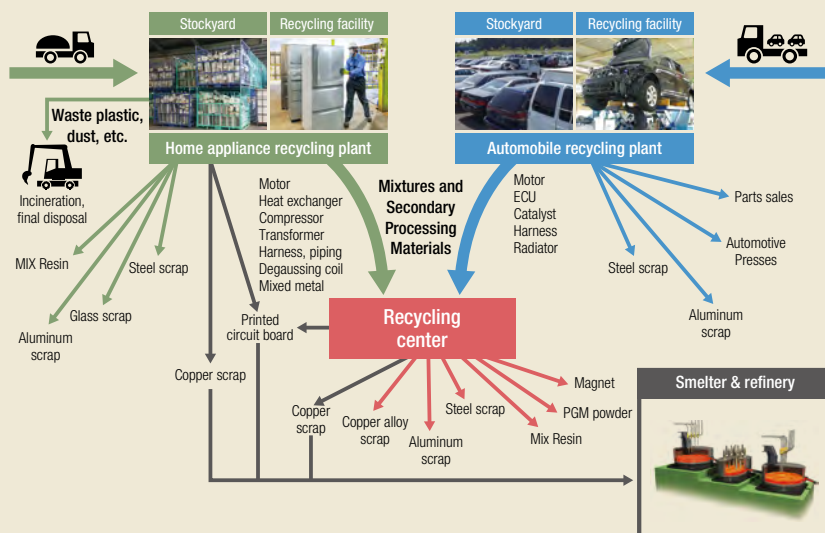
We will expand the domain of our resource recycling by enhancing partnerships in our value chain, particularly those involved with copper. We will also enhance our domestic smelters' capacity as well as our metal recovery capacity to increase the effectiveness of resource recycling. We are promoting collection from copper scrap derived from home appliance and automobile recycling plants as well as from E-Scrap. Furthermore, we will enhance our facilities for dealing with copper scrap and alloy scrap generated in the Group manufacturing processes and punching scrap from our customers' copper product processes.

### Copper Recycling



\*A base where parts dismantled from home appliances and automobiles are collected and processed to make them suitable for recycling

## Recycling Center Plan



We will build recycling centers where parts dismantled from home appliances and automobiles are collected and processed to make them suitable for recycling. The recycling center will handle crushing, sorting and other intermediate processing of parts generated at home appliance and automobile recycling plants. Copper, rare metals, precious metals, lead and other materials will be sorted in order to effectively and efficiently recover various valuable metals at the appropriate recycling facilities. Through these measures, we plan to enhance our domestic collection capacity and, moving forward, apply this model to overseas business development.





## MESSAGE

### Katsuyoshi Isaji

Managing Executive Officer  
President, Metals Company

## Leader in Resource Recycling of Nonferrous Metals

**Q Please give us an overview of the FY2023 Strategy.**

**A Through the optimization of our business portfolio, we have been able to lay the foundations for future expansion of our Smelting & Resource Recycling business.**

On the demand side of raw materials, the plans to build new copper smelters and refineries or to expand existing ones had been already completed. On the supply side, however, the plans to launch or expand several large mines were implemented, particularly in South America, tending to relax the previous imbalance between supply and demand. On the commercial side, we have been able to lay the foundations for future expansion by optimizing our business portfolio through measures that include making Onahama Smelter & Refinery a wholly owned subsidiary and restructuring our Indonesian business. We have also made steady progress in initiatives that include the advancement of our Material Grid operations such as tin recovery and the formulation of frameworks for mining investment and resource engineer training through the expansion of our base in Chile. The next steps we must tackle are capturing growth in the markets for copper and other nonferrous metals, where demand is expected to increase,

and we are establishing business schemes that can reap profits generated by soaring metal prices to the greatest degree possible.

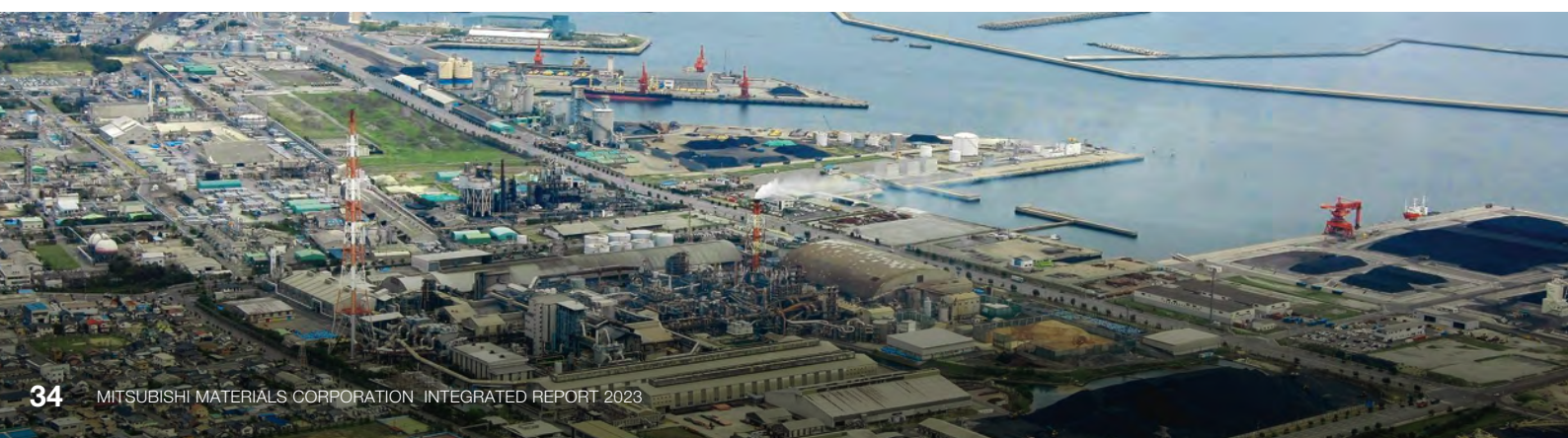
**Q Please tell us about the specific business strategies in the FY2031 Strategy.**

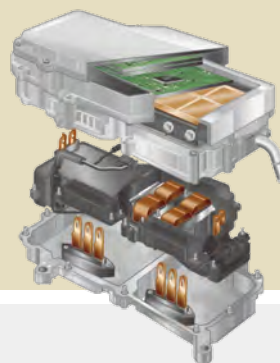
**A We will strengthen our artery and vein businesses and their respective functions and will promote cooperation between the two, through investment in mining and expansion of the scale of our Smelting & Resource Recycling business.**

We are not only a major player in nonferrous metallurgy but have also built a strong track record of focusing on the recycling business. Based on these results, we will strengthen our artery and vein businesses and their respective functions, as well as promoting cooperation between the two, through investment in mining and expansion of the scale of our Smelting & Resource Recycling business.

As a future strategy, the Resources business will focus on new mine investment and recovery of rare metal resources. We will invest in new medium-scale copper mines that produce copper concentrate as well as in other exploration projects. We

will also participate in hydrometallurgy operations (SX-EW) in order to establish supply chain for electrolytic copper at copper mines. Furthermore, we plan to promote development of new technology for cobalt recovery at the Mantoverde Copper Mine, in which we hold a 30% stake. Construction is underway at the mine to start commercial production of sulfide ore in 2024. The Zafranal copper mine, in which we hold a 20% stock, obtained environmental permits and is in the process of surveys and analysis for investment decisions. The newest investment, made in April 2023, was in the Casino Project through capital participation to Western Copper and Gold Corporation. Additionally, mainly at the Naoshima Mining & Metallurgy Laboratory, we are working to improve operations through development of recovery technology for valuable metals contained in copper deposits and development of technology to remove impurities of copper from the mines of which we hold shares. We are also promoting the initiatives to enhance and advance our mineral resource technology by strengthening our evaluation system for new development projects. In the medium- to long-term, we expect profits commensurate with our share in the Mantoverde copper mine, where commercial production of sulfide ore will begin in 2024, while the effects of





## Metals Business



Separated parts from end-of-life automobiles

the Zafranal copper mine, Casino copper mine and new mine investment projects are expected to be realized around fiscal 2031.

In terms of Resources business, we expect a significant improvement in ROIC in fiscal 2031 due to new mine investments and an increase in dividends from the existing mines.

In Smelting and Resource Recycling business, we will expand scale and improve business quality. In terms of scale expansion, we will work to enhance the Naoshima Smelter & Refinery and the Onahama Smelter & Refinery. We will also establish technologies for recovering processing and recycling various nonferrous metals from recyclable materials, not limited to E-Scrap, in order to improve business quality. In addition to deepening the Material Grid pursued in the FY2023 Strategy, we plan to build a recycling center where parts dismantled from home appliances and automobiles are collected and processed to make them suitable for recycling. Furthermore, in order to expand E-Scrap business, we invested in Exurban in March 2023. Exurban is a British company that is working to realize the world's first zero-waste recycling plant, specializing processing of recyclable metal materials such as E-Scrap, and is planning to establish a recycling plant in Indiana, USA.

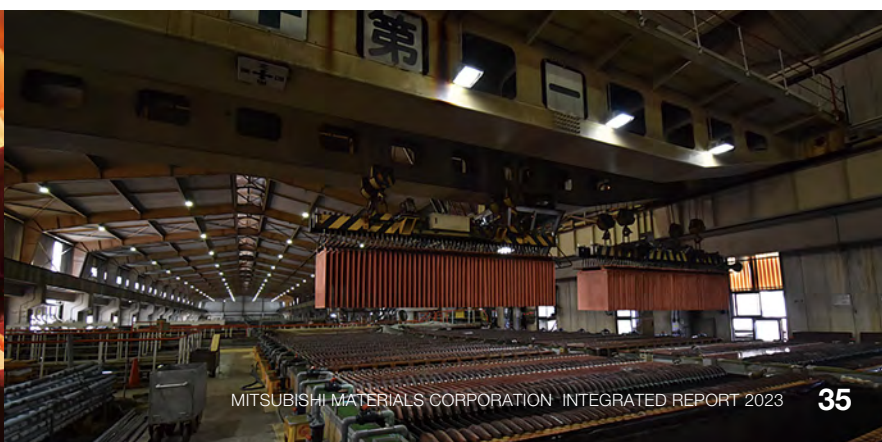
Our Group will participate, as an important partner, in construction, operation and financing of this plant, while aiming to use this foothold to create further opportunity to expand E-Scrap business in the USA, eventually working toward global expansion in Asia and Europe in the future. Restructuring and expansion of our Indonesian business is proceeding smoothly, and we are working to optimize our copper supply chain. In the medium-to long-term, we will complete both improvements to our copper concentrate processing capacity at the Naoshima Smelter & Refinery and introduction of pre-treatment facilities for recyclable materials at the Onahama Smelter & Refinery. As a result, we expect to improve E-Scrap processing capability to capture more profit from the resultant expansion in processing of recyclable metal materials.

In Smelting and Resource Recycling business, although the ROIC spread is not large, we will work to contribute to improvement of corporate value by maximizing economic profit that comes from sustained investment and large amounts of investment capital.

**Q Please tell us about future initiatives to build a sustainable society.**

**A We will maximize the effective use of metal resources by further enhancing our recycling technology and will sustainably and stably supply society with nonferrous metals, demand for which is expected to increase significantly.**

As the world works toward a decarbonized, electrified society, we will build metal resource cycle and grow our value chain through expanding domains, areas and scale of our operations. Specifically, we will accelerate efforts to recycle various metals contained in recyclable materials and recover rare metal resources contained in copper deposits in overseas copper mines, thereby contributing to the creation of a recycling-oriented society. We will maximize effective use of metal resources through the environmentally friendly nonferrous metallurgy technology and recycling technology we have developed over the years, and will make active use of joint ventures and M&A to compensate for the business resources and technology we lack, as we work to provide society with steady and sustainable supply of nonferrous metals in response to the expected major increase in demand.



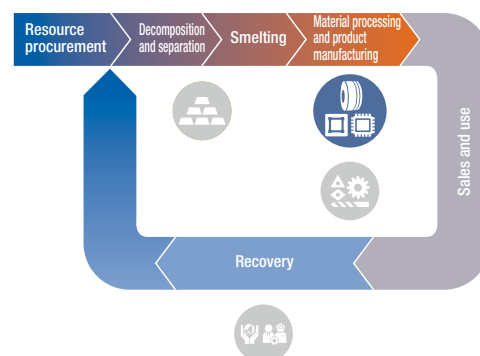


## Medium-term Management Strategy FY2031

# Business Strategy

## Copper & Copper Alloy Business

We will establish a dominant position as Japan's No. 1 manufacturer of wrought copper products in our Copper & Copper Alloy Business.



### Business Environment

- Expanding demand for processed copper products for automobiles accompanying expansion of the xEV market
- Expanding demand for processed copper products for renewable energy
- Expanding demand for medical devices such as MRI in accordance with the advancement of medical care

### Business Strategies

#### Establishment of a dominant position in the rolling business / improvement of the copper recycling rate

- Improving the recycling rate of wrought copper products and establish a scrap platform base
- Overseas (Luvata): Rapid entry into growing markets (xEV, healthcare environment)
- Expanding sales and strengthening services to overseas customers by looking into new overseas plants to carry out downstream processes, with domestic plants acting as a guiding hand

### Important Measures

- Japan: Increasing production capacity for rolled products by leveraging our strength in high-performance alloys and expand sales of terminals and bus bars in the xEV market.
- Overseas (Luvata): Expanding sales by utilizing competency like cold forging technology
- Contribution to SDGs by enhancing our copper alloy scrap recycling at the Sakai Plant and Onahama Smelter & Refinery.
- Building an expansion of overseas bases to strengthen local production for local consumption and service



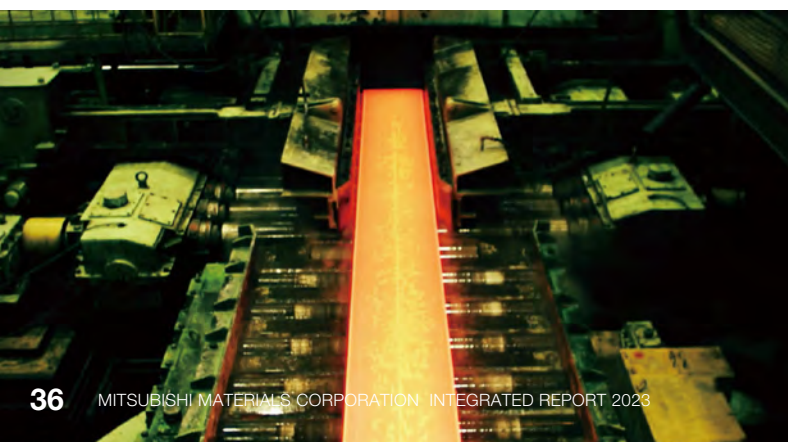
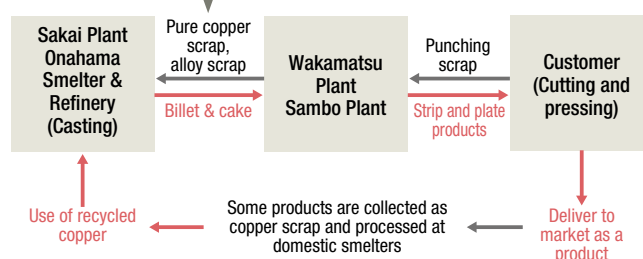
Thin copper strip

#### Establish a dominant position in the rolling business

	Terminal and bus bar for xEVs	Terminal and bus bar for automobiles
Target market	EV/HV market	Automobile markets, particularly in emerging countries
Sales plan	Expand sales of pure copper products CAGR (FY2022-FY2031) 4.3%	Expand sales of developed alloys CAGR (FY2022-FY2031) 3.7%
Production increase plan	Compared to FY2022 +1,800 t/month (FY2031)	Compared to FY2022 +1,100 t/month (FY2031)

#### Improvement of copper recycling rate

Recycling pure copper and alloy scrap generated in the production process of the copper products

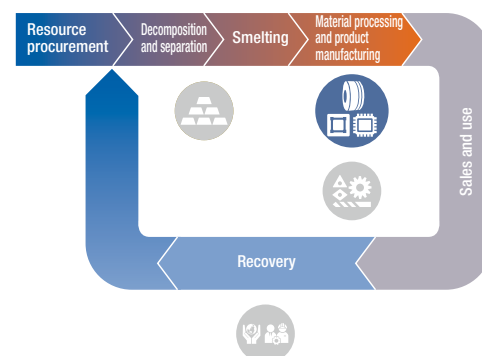


## Medium-term Management Strategy FY2031

# Business Strategy

## Electronic Materials & Components Business

We will provide products and solutions with added value by focusing on the semiconductor and xEV markets.



### Business Environment

- Solid growth in the semiconductor market at a CAGR (FY2022-FY2031) of 5–6% as applications and data traffic expands
- High growth in the xEVs market (especially the BEV market) at a CAGR (FY2022-FY2031) of 20–25%

### Business Strategies

#### Aggressive strategic investment for growth in existing focal products / strengthening marketing capabilities

- Highly capital-efficient management through continual restructuring of the business portfolio
- Strategic investment in focal products in growth areas
- Developing and securing human resources for the creation of new businesses and the promotion of business alliances
- Improvement of manufacturing capabilities and DX to enhance production sophistication and profitability
- Providing business and social value (SDGs) for carbon neutrality

### Expanding business of focal products

	Phase1 Investment amount	Phase2 Investment amount
<b>Processed silicon products and columnar crystal silicon business:</b> Establish a foundation for business expansion and strengthen production and development systems	11 billion yen	4 billion yen
<b>Sealing products business:</b> Establish a second production base, promotion of automation, and enhancement of the development system	8 billion yen	7 billion yen
<b>Thermistor sensor business:</b> Strengthen mass production and development system of products for xEVs	2 billion yen	2 billion yen

### Important Measures

- Organic growth through aggressive investment in focal products and launch of new businesses
  - Processed silicon products / columnar crystal silicon: Building a system for increased production
  - Sealing products: Increasing production capacity through dedicated lines, optimization of production at each site, and automation
  - Thermistor sensors: Development of strategic products for the power semiconductor and xEV markets
- Accelerating the search for new businesses and products by launching the cross-organizational Semiconductor New Technologies & Materials Business R&D Center
- Fortification of manufacturing capabilities, increasing cost competitiveness, and labor savings
- Enrichment of data management and maximizing profitability through DX
- Development and sales expansion of products for applications that reduce GHG and other environmental impact, and improve recycling systems



Processed silicon products (columnar crystal silicon rings)

### Strengthening marketing capabilities







## MESSAGE

**Toshinori Ishii**

Managing Executive Officer  
President, Advanced Products Company

### Global First Supplier

**Q** Please summarize the FY2023 Strategy.

**A** We implemented various measures such as enhancing customer touch points, optimizing our business portfolio and developing new products, we fell short of the profit we had planned.

The semiconductor market has been strong during the greater number of people working remotely during the COVID-19 pandemic and the progress of automobile electrification.

In such a business environment, we have invested in increasing production capacity for our Copper & Copper Alloy business, and have promoted a strategy of concentrating on the xEV and semiconductor markets for our Electronic Materials & Components business.

However, factors such as the adjustment phase in the xEV market due to a shortage of semiconductor supply, an enclosure of the semiconductor market stemming from the conflict between the United States and China, and the cooling of the overall market caused by the Russia-Ukraine conflict, sales failed to increase and energy prices rose, leading to swelling costs.

Although we implemented pass-through pricing due to rising costs and reduced costs, ordinary profit fell short of our initial plan.

While we did not reach the targets of the FY2023 Strategy, the various measures we have taken will form the basis for the growth strategies of the FY2031 Strategy.

**Q** Please tell us about the specific business strategies in the FY2031 Strategy.

**A** We will use ROIC as an indicator to invest intensively in existing products that are core to our business, as well as to search for new business opportunities.

First, management issues for the Company include expanding our product lineup and establishing both new business models and sales methods.

Under the FY2031 Strategy, we will use ROIC as an indicator as we maintain a sound financial position and balance our investments. Additionally, we will intensively invest in core products that support existing businesses as we explore and develop new businesses that will become core to the Company in the years to follow.

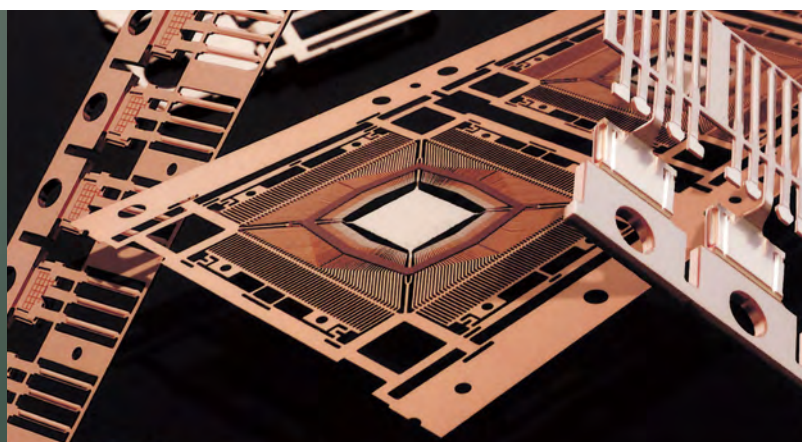
The Company's core competencies include both Copper & Copper Alloy business as well as Electronic Materials & Components business. For the former, this includes the development and manufacturing technology for oxygen-free copper and alloys, and for the latter,

the technology for joining and combining dissimilar materials and the development and evaluation technology for functional materials.

The Company-wide goal for 2030 is to continue to be a global first supplier in line with the FY2023 Strategy. In order to achieve this goal, in the Copper & Copper Alloy business, we will aim to establish a dominant position as the largest supplier in Japan by increasing production capacity for rolled products, a strategy we are continuing from the FY2023 Strategy, and further expand sales to key accounts overseas.

In rolled products, by increasing production capacity for high-performance alloys, one of our strengths, we will secure growth opportunities for automotive terminals, the market for which is expanding for xEVs, and expand sales to new key accounts overseas with domestic plants as the guiding hand for these new endeavors, building a business model for overseas expansion in downstream processes with low investment costs.

As for extruded products, we will expand our business in Japan and overseas with a focus on lead-free products, utilizing licensing agreements with other companies through a master license with Luvata for next-generation lead-free free-cutting brass, GloBrass® as well as production optimization of busbars.



## Advanced Products



Superconducting wire, etc.

Further, Luvata will penetrate into xEVs, medical and environmental markets to grow business by leveraging their strengths in the global market.

In the Electronic Materials & Components business, we will aggressively and strategically invest to grow existing focal products, create new businesses, and pursue more advanced production and profitability to promote carbon neutrality and provide social value.

In the FY2023 Strategy, as part of the optimization of our business portfolio, our Group has formed a joint venture with Furukawa Electric Co., Ltd. regarding the optical components business of Mitsubishi Cable Industries, Ltd., has withdrawn from the sputtering target business and transferred the polycrystalline silicon business to SUMCO Corporation. Moving forward, we plan to concentrate on product and business development for the semiconductor related materials and components, and xEV markets.

In terms of strategic growth investment for existing focal products, we will optimize production and automate processes to improve production capacity. To achieve this, we will build a system to increase production of processed silicon products and columnar crystal silicon, expand dedicated lines for sealing products for pneumatic equipment, and establish a second production base centered on products for semiconductor manufacturing

equipment. As for thermistor sensors, we will proceed with the development of strategic products for the power semiconductor and xEV markets.

To create new businesses, we will launch a research and development system (Semiconductor New Technologies & Materials Business R&D Center) in April 2023 that cuts across all Business Divisions; and will accelerate the search for new businesses and products, especially for semiconductor-related materials and components.

In order to advance production and pursue profitability, we will harness DX to better coordinate information (customer contact points, understanding costs and profits and setting prices) and improve the speed of decision-making to expand sales capabilities and set appropriate pricing.

**Q Please tell us about future initiatives to build a sustainable society.**

**A We will promote strategies to achieve carbon neutrality and explore new businesses with an awareness of the importance of providing social value.**

In the Copper & Copper Alloy business, we have started looking into ways to increase the amount of pure copper and alloy scrap generated in the manufacturing process that can be recycled in order to reduce greenhouse gases and contribute

to the realization of a sustainable society.

In the Electronic Materials & Components business, we plan to develop and expand sales of products that contribute to applications reducing environmental impact, reduce greenhouse gas emissions by introducing renewable energy, and improve recycling systems.

In order to build a system that can secure stable profits even during an economic downturn, we will reduce costs and improve yields rates in our manufacturing department; increase sales volume and optimize pricing and sales mix in the sales department; and continue to work on reducing costs and create plans that improve operational efficiency in indirectly connected departments.

Through these efforts, we continue to flexibly adapt to changes in the external environment to achieve our goals and become a global first supplier.





## Medium-term Management Strategy FY2031

# Business Strategy

## Metalworking Solutions Business

We aim to become a truly global company by providing tungsten products and solutions with outstanding technology to manufacturing sites around the world.

### Business Strategies

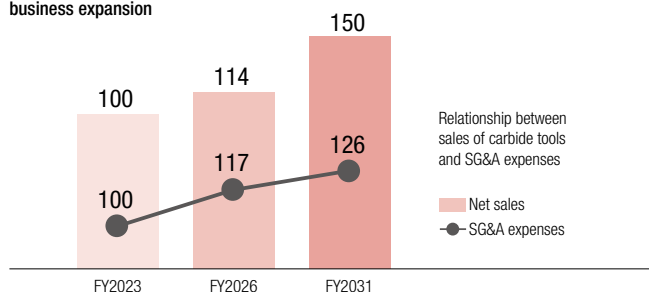
We will continue our transformation into a truly global company with the aim of autonomous business development in strategic markets. To achieve this, in the carbide tools business, we will stably supply the world's top quality, high-efficiency products utilizing our strengths in materials and coating technology. In the tungsten business, we will work to expand the scale of our business by increasing sales of products for rechargeable batteries while strengthening our environmental responsiveness. In the solution business, we plan to commercialize solution sales to manufacturing sites.

### Providing solution-selling to manufacturing sites

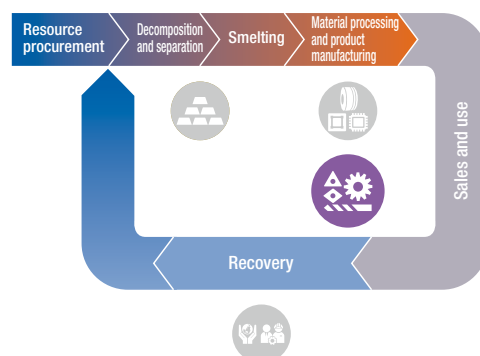
	Tool selection	Tool purchase	Preparations for mass production (trial production)	Mass production	Tool management
Customer challenge	Quick selection of the best tool	Cost reduction through tool cost optimization	Rapid design and trial production of highly productive processing methods	Improvement of machining accuracy Reduction of machining time	Efficient use of tools through regrinding and recycling Minimum tool inventory
Value provided by MMC	Digital service menu				
	Automatic tool selection	Automatic process design (Process digital planning)	Prototype production, Outsourcing	Proposal of mass production quality and economic efficiency	Automatic optimization of machine tool control Automatic monitoring of tool damages for regrinding

### Enhancing cost competitiveness by utilizing DX

Reducing SG&A expenses by limiting cost increases associated with business expansion



\* Comparisons based on index whereby FY2023 net sales and SG&A expenses are 100



### Important Measures

#### Carbide tools business

We will strengthen our product development capabilities for difficult-to-cut materials/areas, while promoting smart factories by utilizing DX. Furthermore, we aim to strengthen the supply chain by introducing S&OP globally.

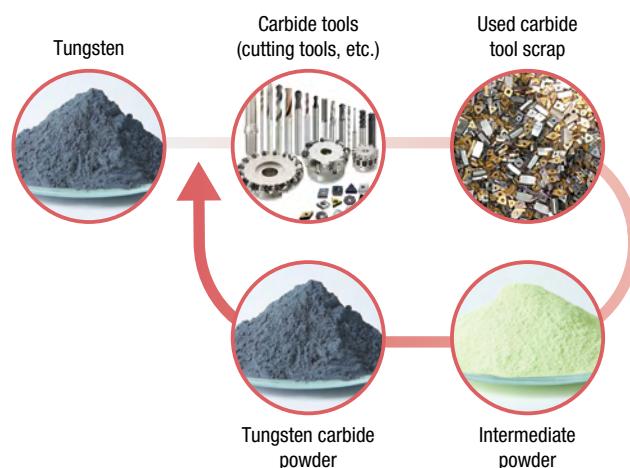
#### Tungsten business

We aim to strengthen R&D through collaboration with partners and promote cross-selling. We will also work to increase recycling processing capacity globally.

#### Solution business

We will support customers' manufacturing sites by deepening cutting solutions utilizing DX.

### Tungsten raw materialization process





## MESSAGE

**Kazuo Ohara**  
Managing Executive Officer  
President, Metalworking Solutions  
Company

### Metalworking Solutions Business



Carbide tools

### A Leading Company in Tungsten Products Recognized by Customers Globally

#### Q Please summarize the FY2023 Strategy.

**A** Initially, the COVID-19 pandemic had a massive impact on our business performance, but in fiscal 2023, we recovered to nearly pre-pandemic levels. Furthermore, we progressed on strategic measures such as enhancing customer contact points through digital technology, and strengthening service that supports metalworking processes.

Earnings declined in fiscal 2021 due to the COVID-19 pandemic, however, while domestic market conditions remained sluggish due to semiconductor shortages and other supply chain disruptions, business performance improved in fiscal 2022 mainly due to the recovery of the automobile and aerospace industries in Europe and the USA. While fiscal 2023 saw increasing costs as a result of soaring energy prices and other factors, we have recovered to nearly pre-pandemic levels, supported by the results of ongoing productivity improvements and other efforts, as well as a recovery in demand.

As part of our efforts to capture strategic markets, we are driving various measures utilizing digital technology in line with Company-wide DX initiatives, including improving customer touch points in sales activities, strengthening services by providing solutions, and transforming our manufacturing processes into smart factories.

We see the growing demand for solutions to environmental and social issues as

opportunities to expand our business areas in ways that can be tackled with our products and technologies. Demand for tungsten powder for rechargeable batteries has increased with the growth of the market itself, increasing sales.

#### Q Please share your growth strategy for the FY2031 Strategy.

**A** We will enhance our competitiveness in the machining of difficult-to-cut and new materials while expanding our cutting solutions. We will also strengthen our ability to respond to local markets, mainly in Europe and the USA.

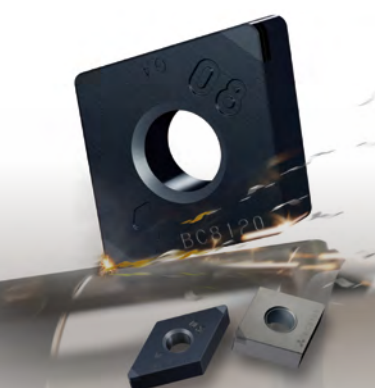
Under the FY2031 Strategy, we will leverage our strengths in materials and coating technology in the carbide tools business to improve our responsiveness, especially in the machining of difficult-to-cut and new materials. Additionally, we will promote the construction of a system that enables circulation within individual areas worldwide, from development and manufacturing to sales and recycling. Furthermore, we aim to achieve stable procurement of raw materials, with the goal of using 80% or more recycled raw materials. We will expand the tungsten business by leveraging the ability of our affiliate, Japan New Metals Co., Ltd., to provide high-quality tungsten products and recycling technology for tungsten carbide. In the solutions business, we will enhance a wide range of cutting solution services by utilizing technical centers around the world and digital technology to expand the solutions

sales business. Through the approaches of each of these businesses, we aim to help our customer manufacturing operations achieve higher levels of sophistication and efficiency, thereby helping to address issues such as the global environment. Promoting these initiatives will lead to improved profitability and higher ROIC.

#### Q What is your approach for realizing a sustainable society?

**A** We will contribute to building a prosperous, recycling-oriented and decarbonized society through our efforts to reduce GHG emissions and the provision of environmentally-friendly products.

In the Metalworking Solutions Company, we will promote the reduction of GHG emissions in the manufacturing process by expanding the use of renewable energy through solar power generation and other means, promoting smart factories, and improving the efficiency of equipment. For customers, we will promote reduced energy consumption by supporting greater efficiency at manufacturing sites, and the effective use of resources through the collection and recycling of used tools. In order to achieve our FY2031 Strategy goal of becoming “a leading company in tungsten products recognized by customers globally,” we will “circulate resources for a sustainable future” through efforts that increase the utilization rate of recycled materials, preserving limited resources for the future.



## Medium-term Management Strategy FY2031

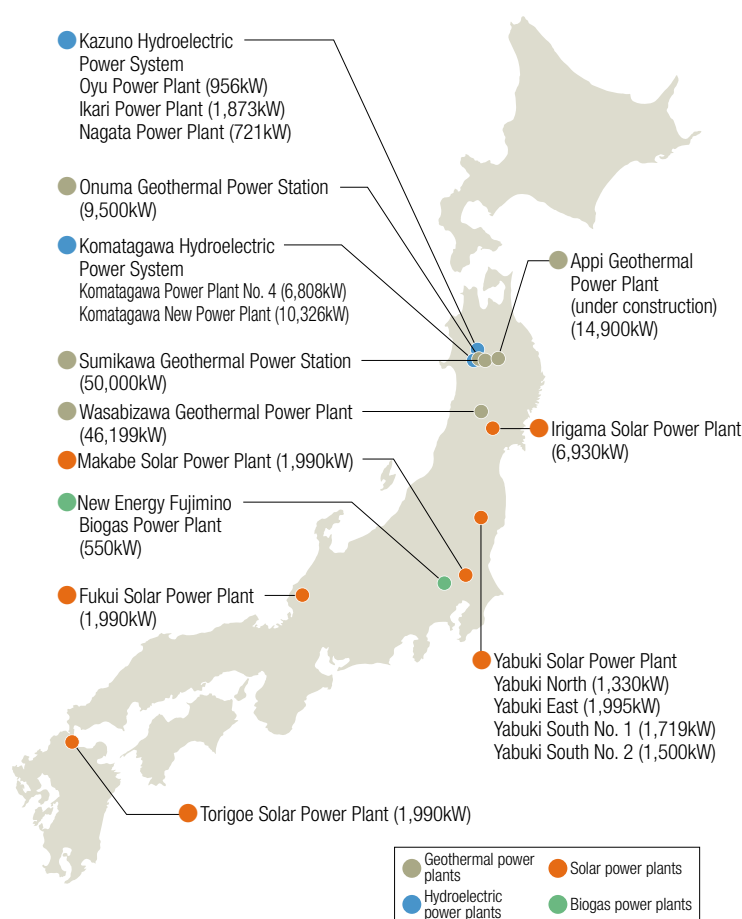
# Business Strategy

## Renewable Energy Business

We aim to expand power generation toward being 100% self-sufficient on renewable energy through further expansion in geothermal, wind power generation and other power generation areas.

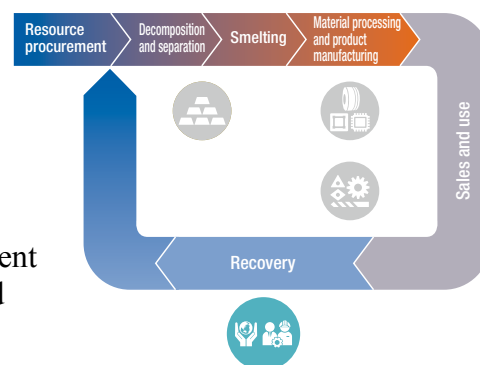
### Business Strategies

Under the FY2031 Strategy, we aim for long-term business expansion through a Company-wide initiative that consolidates renewable energy business at our Strategic Headquarters. In terms of business expansion, we will promote the development of new geothermal power plants at a pace of one every three years. We will also accelerate our efforts in the area of wind power generation, as the costs of power generation are expected to decline moving forward. In addition, we will work to further develop sites for new biogas plants.



### Geothermal power generation currently being considered

- Esan area, Hokkaido Prefecture
- Komonori area, Akita Prefecture
- Appi River upstream area, Iwate Prefecture
- Bandai area, Fukushima Prefecture
- Agatsuma / Adatara area, Fukushima Prefecture



### Important Measures

#### Expansion of renewable energy power generation

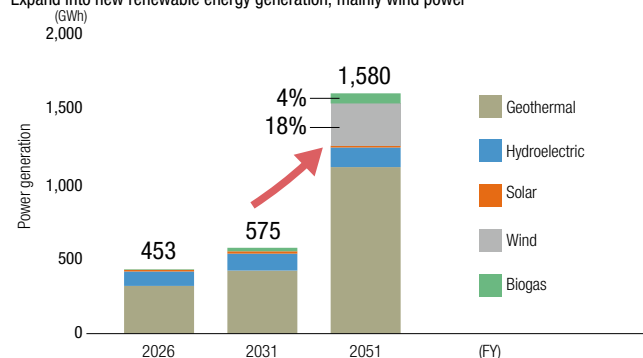
We will accelerate establishment of geothermal power development systems and business expansion as well, with the aim of generating power equivalent to our electricity consumption in fiscal 2051. In addition, we will expand into new renewable energy generation, mainly wind power.

#### Composition of our power consumption

By fiscal 2036, we will achieve 100% renewable energy, and by fiscal 2051, we will achieve renewable energy power equivalent to our power consumption, aiming to be 100% self-sufficient on renewable power.

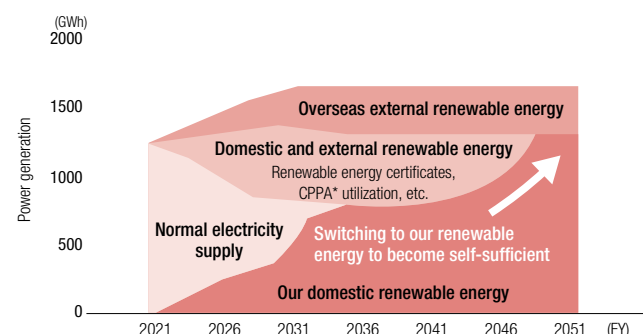
#### Expansion of renewable energy power generation

Accelerate establishment of geothermal power development system and business expansion, with the aim of generating power equivalent to our electricity consumption in fiscal 2051. Expand into new renewable energy generation, mainly wind power.



#### Roadmap toward being 100% self-sufficient on renewable energy

Achieve 100% renewable energy by fiscal 2036, and achieve renewable energy power equivalent to our power consumption to be 100% self-sufficient on renewable power by fiscal 2051.



\* CPPA (Corporate Power Purchase Agreement)





Onuma Geothermal Power Station



Komatagawa Power Plant No. 4



Makabe Solar Power Plant

## Business progress and medium- to long-term strategy

During the FY2023 Strategy period, we established the Appi Geothermal Power Plant. As the construction of the Komatagawa New Power Plant proceeded on-schedule, we began generating power there in December 2022. This advance will significantly contribute to planned increases in hydroelectric power generation in fiscal 2024. We are also building facilities at the Appi Geothermal Power Plant in anticipation of the start of commercial operation in April 2024, which will contribute to Group-wide power generation from fiscal 2025. Through these efforts, we expect to secure stable earnings and make significant contributions to creating both social and economic value through the development of renewable energy.

Under the FY2031 Strategy, we aim to increase EBITDA (8.1 billion yen) by approximately four times over fiscal 2023 by fiscal 2031. However, geothermal, wind and other large-scale power plants require a long lead time from when we first start looking into their construction until the start of operation, but it is assumed that profits will emerge

moving forward. For this reason, investment in new power source development will take precedence in the short- to medium-term, and cash flow will continue to be in the negative. Once power begins to be generated, it can be sold at a fixed price over the long-term under the FIT system, so we can expect stable earnings. Additionally, although we won't have large-scale power generation underway in the short term, we plan to secure revenue through the sale of electricity that comes from small-scale hydroelectric power, which takes less time to develop, as well as through solar electricity sales assuming CPPA. Furthermore, we are currently making improvements to stabilize operations at New Energy Fujimino Co., Ltd., which operate biogas business, and will stabilize earnings. Many of the power plants owned by this division are selling electricity under the FIT system, and once this system concludes, they will be selling at market prices. Therefore, in the future, we plan to promote utilization of digital technology to conduct cost-competitive and efficient operational management.



Construction at the Appi Geothermal Power Plant



Water turbine generators at the Komatagawa New Power Plant



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

## Aiming to provide new renewable energy to address the social issue of decarbonization

In April 2023, this division was separated from the Environment & Energy Business Company and launched as a profit-generating division. Under the FY2031 Strategy, we aim to generate power equivalent to our power consumption, an increase of over three times, as a fiscal 2051 target. A long time is required to progress from development to operation of a power plant, so even if surveys begin now, operation won't begin until the late 2030s or 2040s. However, it is vital that we nurture these seeds of future growth. Furthermore, provision of renewable energy to tackle the social issue of decarbonization is a part of our overarching mission of contributing to society, and in recognition of this fact, we will continue to steadily work toward the achievement of our goals.



Yuji Kawamura

General Manager, Renewable Energy Business Division, Strategic Headquarters



## Medium-term Management Strategy FY2031

## Business Strategy

## Carbon Neutrality

## Dealing with Climate Change

**We are helping to build a decarbonized society, and are steadily implementing measures to achieve our ambitious greenhouse gas (GHG) emission reduction targets. Our goal is to achieve carbon neutrality by fiscal 2046 and 100% self-sufficiency in electricity derived from renewable sources by fiscal 2051.**

## Related Information:

Sustainability Report  
 ► Contribution to Global Environment  
<https://mmc.disclosure.site/en/>

## Response and Policies

The Intergovernmental Panel on Climate Change (IPCC) published its sixth Synthesis Report in 2023, in which it stated that human activities have “unequivocally” caused global warming and stressed the urgency with which GHG emissions must be reduced. Countries across the world have been promoting climate change initiatives under the Paris Agreement framework that came into effect in 2020, and with the signing of the Glasgow Climate Pact at the 2021 United Nations Climate Change Conference, there has been a major shift towards the target of limiting global warming to the 1.5°C target by achieving carbon neutrality by 2050.

At Mitsubishi Materials Group, we recognize the seriousness of addressing climate change in line with our Corporate Philosophy of “For People, Society and the Earth.” We are advancing our business activities with the goal of building a decarbonized society in numerous ways. In addition to setting a target of achieving carbon neutrality by fiscal 2046, five years earlier than the Japanese government’s fiscal 2051 target, we aim to generate power equivalent to our electricity consumption from renewable sources by fiscal 2051, achieving 100% self-sufficiency in electricity derived from renewable sources.

## Indicators and Targets

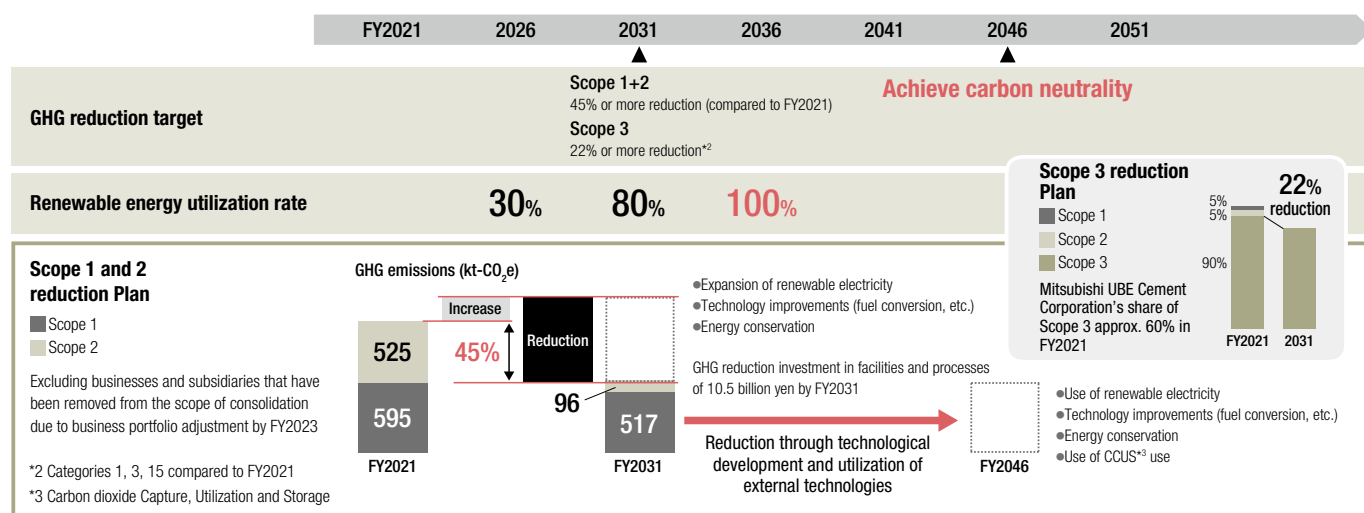
The Group revised its GHG emission reduction targets for Scope 1 (direct emissions by the business operator) and Scope 2 (indirect

emissions resulting from the use of supplied energy)\*<sup>1</sup> in February 2023 (subsequent revisions have been applied in July 2023 due to factors such as the transfer of equity in Diasalt Corporation in March 2023).

Our new GHG reduction target was a 45% reduction compared to fiscal 2021, (53% compared to fiscal 2014) by fiscal 2031. To achieve this, we plan to invest 10.5 billion yen in GHG emission reduction by fiscal 2031, mainly focused on energy conservation and facility improvements at manufacturing sites. We have also set a target of reducing GHG emissions from the activities of supply chains (Scope 3) by 22% or more by fiscal 2031 (compared to fiscal 2021).

In order to achieve carbon neutrality by fiscal 2046, we will promote the development and expanded use of renewable energy such as geothermal power, which is one of the Group’s strengths. We have set a target of using 100% renewable energy for in-house electricity use by fiscal 2036, 66% of which will come from self-sufficient in-house renewable electricity sources. In line with this, we plan to invest 30 billion yen in the renewable energy business by fiscal 2031. In addition to energy conservation and reducing use of fossil fuels at manufacturing sites, we will work to achieve carbon neutrality by fiscal 2046 by promoting the development of products and technologies that contribute to the building of a carbon-neutral society while also utilizing future technologies such as CO<sub>2</sub> capture (solid adsorption, liquid absorption, permeate membrane separation) and treatment (storage and methanation).

\*<sup>1</sup> Please see the “Total greenhouse gas emissions (Scope1 + Scope2)” non-financial highlight on page 107 for information regarding total Scope1 and Scope2 emissions trends.



- Target of carbon neutrality by FY2046 and 100% self-sufficiency in renewable energy power by FY2051
- Reduction focused on Scope 2 for FY2031

## Acquisition of SBT Certification

In March 2023, Mitsubishi Materials Corporation received SBT certification from the SBT Initiative, an international organization that certifies Science Based Targets (SBT). The SBTs are greenhouse gas emission reduction targets scientifically consistent with the goals set forth in the Paris Agreement.

We are working to achieve our emission reduction targets not only for Scope 1 and Scope 2 emissions from our own efforts, but also for Scope 3 emissions, which occur in our supply chains.

## Strategy

We have established and analyzed scenarios based on the TCFD<sup>\*4</sup> recommendations in order to ascertain the impact of climate change on the Group's business operations (risks and opportunities), and established business indicators and targets while maintaining consistency with the FY2031 Strategy announced in February 2023. We established 1.5°C and 4°C scenarios, and estimated the financial impact on the Group in the event that climate change policies, laws and regulations are strengthened, and in the event that carbon pricing systems are introduced and strengthened. We also analyzed impacts on our business from the perspective of risks and opportunities regarding changes in demand for electric vehicles, changes in energy usage patterns, and changes in recycling business demand due to the transition to a recycling-oriented society (see table). In our Company-wide risk management activities, we also manage physical water risks, including damage caused by acute and chronic risks such as torrential rains, floods, storm surges, and droughts, which are considered to be related to climate change.

<sup>\*4</sup> TCFD: Task Force on Climate-related Financial Disclosures

The TCFD was established in 2016 by the Financial Stability Board, an international organization that seeks to stabilize financial systems.

## Governance

We have appointed Executive Officers responsible for management strategy, including our climate change response, and have also established a dedicated department in our Strategic Headquarters to promote the Group's response to climate change. Specifically, the dedicated department promotes the examination of scenario analysis based on TCFD recommendations, as well as evaluation and management of climate related risks and opportunities and discussion and sharing of information on measures to achieve GHG emission reduction targets and other climate change measures. In addition, the Sustainability Committee, which is an advisory body to the Board of Directors, monitors our initiatives of climate change and reports its considerations to the Board of Directors. This content is monitored appropriately.

## Risk Management

We recognize climate change as one of the major sources of risks that may have a significant adverse effect on the Group's results and financial position. Accordingly, we are working to address this through our Group-wide risk management activities.

### Related Information:

Integrated Report ▶ Risk Management  
P74

## Scenario Analysis – Summary of Results

▲: Risk elements ●: Opportunity elements

Scenario	Theme	Business	Risk/Opportunity Elements	Impact on Business
1.5°C Scenario/ 4°C Scenario	Changes in Carbon Tax, Energy Costs, etc.	Common to All Businesses	▲ Introduction/strengthening of carbon price tax system (increase in operation costs)	Risk: Large ▼
1.5°C Scenario	Changes in EV Demand	Smelting and Resource Recycling Business	● Increase in xEV sales volume	Opportunity: Large ↗
			▲ Decrease in the number of scrapped vehicles	Risk: Small ▼
		Copper & Copper Alloy Business	● Increase in xEV sales volume	Opportunity: Large ↗
		Metalworking Solutions Business	▲ Rapid change in market for processed products due to modal shift, etc.	Risk: Medium ▼
	Changes in Forms of Energy Use	Smelting and Resource Recycling Business	● Increase in demand for automotive LIB and solar panel recycling	Opportunity: Large ↗
		Metalworking Solutions Business	● Increase in demand for EV batteries and storage batteries	Opportunity: Large ↗
		Renewable Energy Business	● Increase in spread and demand for renewable energy	Opportunity: Large ↗
	Changes in Demand for Recycling Business Due to Shift to Recycling-Oriented Society	Smelting and Resource Recycling Business	● Increase in demand for E-scraper recycling	Opportunity: Medium ↗
			● Increase in demand for home appliance recycling	Opportunity: Medium ↗

## Medium-term Management Strategy FY2031

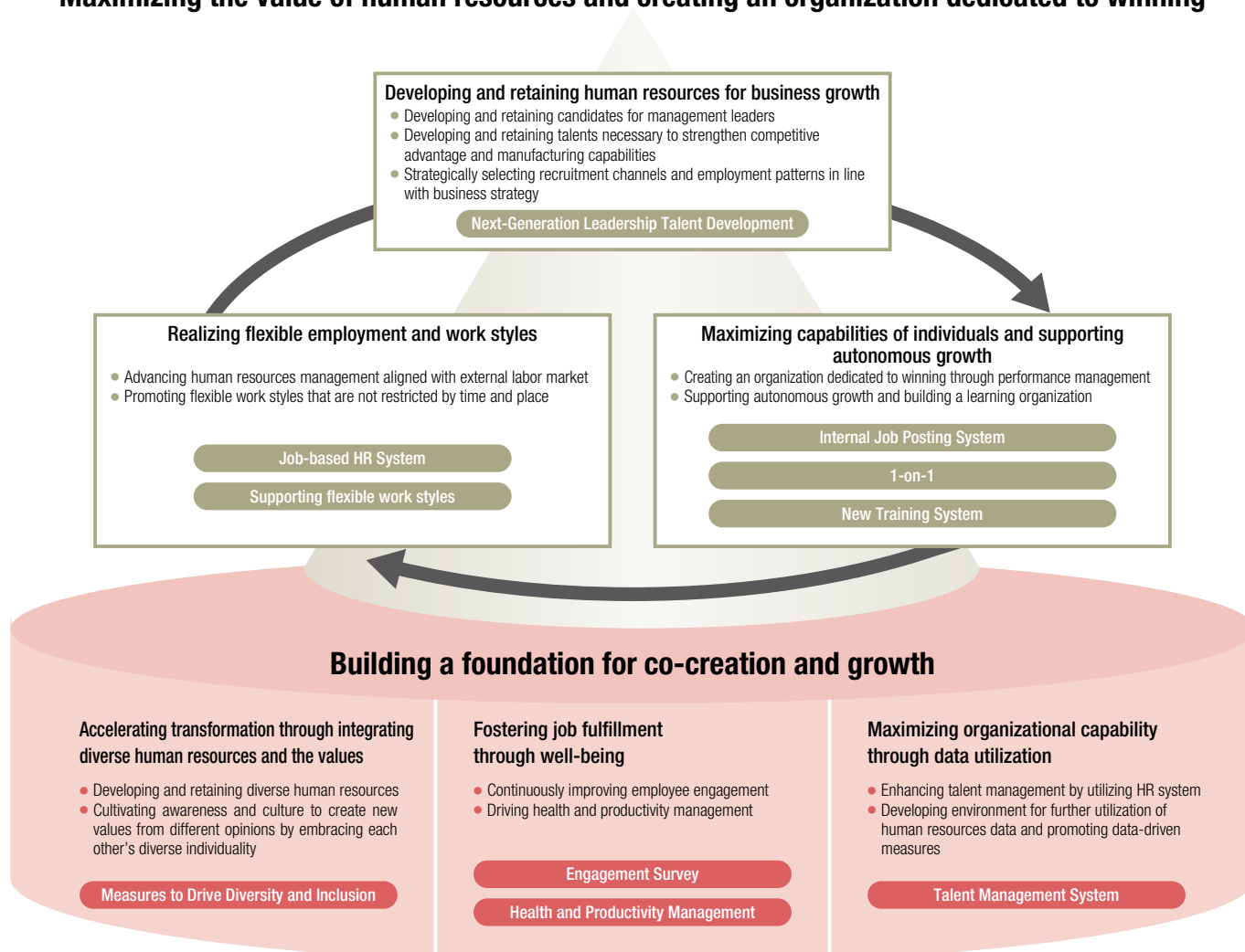
# Functional Strategy

## Human Resources Strategy

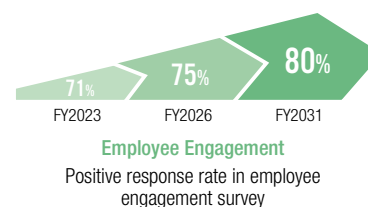
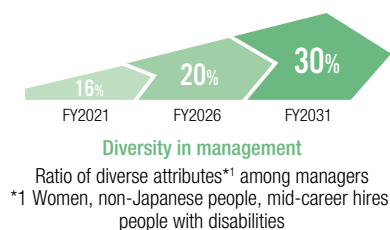
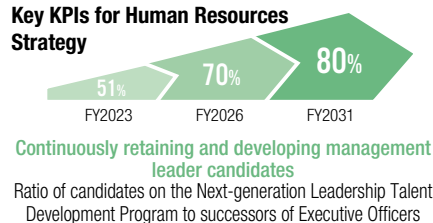
### Organization and Human Resources Management Policies

1. Continue to grow through rapid adaptation to changes and global business development and contribute to the realization of a sustainable society.
2. Achieve the vision of the complete in-house company system by thinking and acting autonomously as individuals and identifying and resolving issues autonomously as organizations.
3. Embrace each other's individuality and diversity, and create new value by integrating diverse opinions and perspectives.

### Maximizing the value of human resources and creating an organization dedicated to winning



#### Key KPIs for Human Resources Strategy



## We will achieve the aims set forth in the Medium-term Management Strategy by maximizing the value of human resources and creating an organization dedicated to winning.

**Makiko Nogawa**

Managing Executive Officer  
CHRO, Responsible for Human Resources Planning,  
D&I・Health & Productivity Management



### We welcome your input regarding the human resources strategy.

**At MMC, we believe that employees are the source of new value creation and the Group's sustainable growth, and we see talent as "human capital" rather than just resources or sources of costs. Based on this approach, we have a track record of investing in our employees through various human resource measures. We formulated the human resources strategy included in the FY2031 Strategy as a foundation for executing the management strategies set forth in the FY2031 Strategy with a strong will while maximizing the value of our talent and enabling employees and the Company to grow together through investment in human capital.**

### Maximizing the value of human resources and creating an organization dedicated to winning

With this approach as a basis, we made "maximizing the value of human resources and creating an organization dedicated to winning" the first part of our human resources strategy under the FY2031 Strategy. Looking back, we recognized that there was room to improve in terms of committing to particular results and persevering to achieve them. This time, our human resources strategy expresses our conviction that we will definitely achieve the targets to realize the "growth by expanding resource recycling and enhancing the supply of high-performance materials and products" set out in the FY2031 Strategy. "Winning" means to achieve our goals. To execute this, we must implement the necessary measures persistently and in a fair manner. We will enable each individual to develop their strengths so that they can demonstrate their full potential.

To that end, it is important to secure the talent necessary to implement our management strategies. In order to maintain and strengthen our competitive advantages amidst dramatic changes in the business environment, in addition to continuously developing next-generation leadership talent, we must establish a leading position in the labor market that enables us to secure and develop talent while also transforming our required talent portfolio in line with changes to the business structure. We must diversify our recruitment channels and employment patterns beyond hiring new graduates.

This will be necessary to secure talent in a timely manner, including talent that already possesses the skills necessary to strengthen business competitiveness, talent that can maintain and enhance the manufacturing capabilities across the Group, and the talent required to implement business growth phases and management strategies. We will also provide fulfilling work and workplaces, and support employees' growth while implementing rigorous performance management in order to maximize the value of our talent and create an organization dedicated to winning. Through these efforts, we aim to be the company of choice not only for employees who are currently working within the Group, but also for those who may wish to join us in the future.

### Building a foundation for co-creation and growth

"Building a foundation for co-creation and growth" is another crucial pillar of our human resources strategy. In this case, "foundation" refers to the structure, way of thinking and organizations that form the basis supporting various measures related to human capital.

"Co-creation" carries two meanings, referring to both employees creating together and employees engaging in creation together with the Company. In order to cultivate awareness and a culture for the creation of new values based on embracing each other's diverse individuality while integrating diverse opinions and perspectives, we will monitor employee engagement from a fixed point and

improve the organizational capabilities of the entire Group by enhancing each employee's job fulfillment. We will also build a foundation by bringing together a wide range of human resource-related information as data, and use this to support initiatives such as recruitment, talent development and organizational development in an organic manner.

### Conclusion

We set three numerical targets in order to ascertain the status and effectiveness of our human resources strategy as part of the FY2031 Strategy. The first of these is an indicator intended to strengthen the pipeline of successor candidates for Executive Officer positions with the aim of continuing to secure and develop candidates for management leaders. We also have an indicator for ensuring diversity within the organization. The final indicator is an engagement score that shows employees' job fulfillment. These three elements will be our main numerical targets as we move forward with our human resources strategy.

Each individual employee plays a central role in our human resources strategy. As employees grow on an individual level, the sum total of this development leads to the growth of the Group. Moving forward, we will continue to contribute to the execution of the FY2031 Strategy through our human resources strategy.



# Medium-term Management Strategy FY2031

## Functional Strategy

### Human Resources Strategy

#### Initiatives and Achievements for Human Capital Management at Mitsubishi Materials Corporation

**HRX is one of our Four Management Reforms and its effort has represented human capital management at Mitsubishi Materials Corporation. The outcome of its effort and progress leads to our human resources strategy under the FY2031 Strategy.**

#### Next-Generation Leadership Talent Development

We established the training system: “Next-Generation Leadership Talent Development Program” in fiscal 2006, and have developed future leaders with the aim of training qualified candidates for Executive Officer positions. Against the backdrop of promoting the complete in-house company system and human resource reforms, we revised the program in fiscal 2023, shifting from the previous training-centered approach to establish a development program that emphasizes work experience. Under the new program, we will select high-potential talent from younger generations and formulate development goals and plans for this talent. With this as a basis, we are developing future leadership talents with cross-divisional and Group-wide perspectives.

During the implementation of the Next-Generation Leadership Talent Development Program in fiscal 2023, the first year of the new program, our activities included moving employees between divisions as part of their development plans, providing training for selected employees, and leadership assessments.

Moving forward, we will gradually increase the number of management leader candidates trained through the program. We have set a target of increasing the ratio of candidates on the Next-generation Leadership Talent Development Program to successors of Executive Officers from 51% in fiscal 2023 to 80% by fiscal 2031.

#### Job-based HR System

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

With this system, we define and design organizations and positions based on business strategies and clarify each role and responsibility in business activities by placing the right people in the right positions. In this way, the system serves the function of supporting comprehensive efforts to increase business competitiveness. We are also focusing on rigorous performance management as part of our efforts aiming to maximize the value of human resources and creating an organization dedicated to winning, as set out in our human resources strategy.

#### Supporting Flexible Work Styles

We strive to develop and expand a variety of support systems in order to create an environment where every employee can continue to perform while realizing a work style that suits the events in their lives and take on the challenge of career advancement.

In fiscal 2023, we introduced a Work-from-home System for the entire Company, including plants, to help employees work with more flexibility while improving productivity, as well as a Remote Work System for managers. We also abolished the core times from the flextime systems in place at our Head Office locations and some of our other offices.

#### Main systems to support flexible working

System	Overview
<b>Work-from-home System</b>	A system that allows employees who are in charge of work that can be handled at home to work from home
<b>Remote Work System</b>	A system that allows managers to work without restrictions on location (Japan only)
<b>Internal Job Posting System</b>	Implemented as a part of promoting autonomous career building
<b>Area Limited Employment System</b>	A system that allows employees with certain circumstances, such as childcare or long-term care, to be exempt from relocation for a certain period of time
<b>Special Temporary Leave-of-absence System</b>	A system that allows employees who are accompanying a spouse on an overseas assignment or who are studying at their own expense to take leave for a certain period of time
<b>Reemployment System for employees who have once resigned</b>	A system that allows employees who have once resigned due to personal family circumstances (marriage, childbirth, long-term care, etc.) to rejoin the Company under certain conditions
<b>Side jobs / Side businesses</b>	A system allowing employees to engage in non-employment side jobs and side businesses has been introduced with the aim of enabling employees to acquire knowledge, skills and experience that cannot be obtained within the Group, bringing value to the Group while also further promoting awareness of autonomous career building (implemented on a trial basis)

#### Related Information:

Sustainability Report

► Retainment and Utilization of Human Capital  
<https://mmc.disclosure.site/en/>

#### Internal Job Posting System

In order to promote autonomous career development, we upgraded the Internal Job Posting System in February 2022. The aim is to improve

Company-wide corporate values by encouraging employees to take on new challenges at work with a wide range of career development opportunities, developing a culture of autonomous career development, and enhancing the mobility of employees within the Company. The job posting system covers positions within the Company positions, the Group companies, and overseas positions.

## Training System

The Training System was revised with the objective of enabling individuals to think autonomously about their own careers and engage in self-development proactively. In concrete terms, we are building an environment where employees learn autonomously, with expansive online learning video services available. By utilizing external online learning videos with frequent updates, employees can access up-to-date knowledge and develop their skills. In addition, against the backdrop of the extension of the mandatory retirement age to 65 and the introduction of a Job-based HR System, we provide “Career Design Training”, which offers opportunities for employees to reflect on their careers at each career stage.

Existing training has also been reorganized to enable employees to develop skills in line with their job roles. “Professional-Common Training” enables employees to learn management skills related to talents and organizations, while “MMC Core Training” covers areas such as company strategy.



## 1-on-1

1-on-1 meetings have been introduced in order to enhance the quality and quantity of communication between managers and employees within workplaces, helping managers to provide continuous and timely support for the growth of those they lead. The hyphenation in “1-on-1” indicates the connection between managers and employees. During these short, frequently held meetings, employees can speak freely and safely in the knowledge that their manager will listen attentively. This enhances the relationship of trust between managers and employees, creating workplaces with an even greater sense of “psychological safety.” In a survey assessing the program’s implementation, approximately 70% of respondents said they were satisfied with the 1-on-1 meetings with their managers, and further implementation and enhancement of the 1-on-1 system is planned in the future.

## Human Resources Committee Meetings

The Human Resources Committee comprises Executive Officers and HRBPs and was established in fiscal 2023. The committee discusses and deliberates human resource measures, including talent development, talent assignment, and Diversity and Inclusion, together with matters such as the selection and training of next-generation leadership talent.

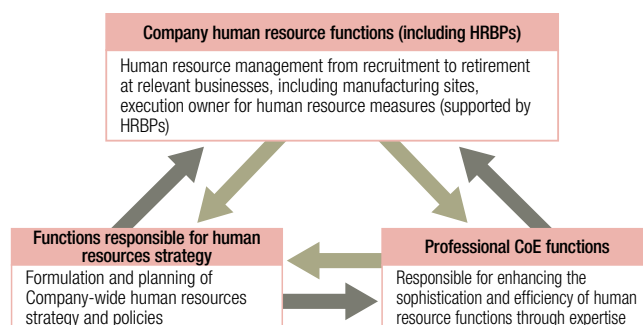
The Human Resources Committee met seven times in fiscal 2023. The committee deliberated Diversity and Inclusion measures, selection and development plans for next-generation leadership talent, and other issues relating to human resources. As a forum for Executive Officers

to directly engage with various human resource-related issues on a regular basis, the committee plays an important role in human capital management.

## Enhancing Human Resource Functions to Support Management Strategy Realization

With the aim of ensuring the smooth execution of management strategies, roles relating to human resources functions have been divided into those related to formulating human resource strategies linked to management strategies, those related to advancing business strategies from a human resource perspective, and those related to executing human resource specialist tasks across the entire Company.

In particular, Human Resource Business Partners (HRBPs) have been assigned to each Company to provide strong support in driving business strategies from a human resources perspective.



## Talent Management System

Based on the approach that talent is human capital, we launched a Talent Management System with the aim of properly understanding and developing the capabilities of each individual employee in February 2022. This system is intended to ensure the effectiveness of new human resource-related operations and measures, including the Job-based HR System, while also improving existing issues through digital technology, enhancing the sophistication of measures relating to human resources through visualizing and utilizing accumulated human resource data and supporting the autonomous, cross-divisional employee development.

### Main Initiatives

- Visualization of human resource data
- System-based performance and analysis of self-statements and engagement surveys
- Accumulation and analysis of leaving reasons based on exit interviews
- Enhancing sophistication of annual performance management cycle
- Publication of key position job descriptions through the system to encourage consideration of career aspirations
- Quality enhancement of 1-on-1 meetings through the logging function of 1-on-1 meeting notes

# Medium-term Management Strategy FY2031

## Functional Strategy

### Human Resources Strategy

#### Diversity & Inclusion

##### Basic Policy

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

##### Related Information:

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

Corporate website  
 ▶ Sustainability Policy  
 ▶ Human Rights Policy  
<https://www.mmc.co.jp/corporate/en/sustainability/>

##### Implementation Structure

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

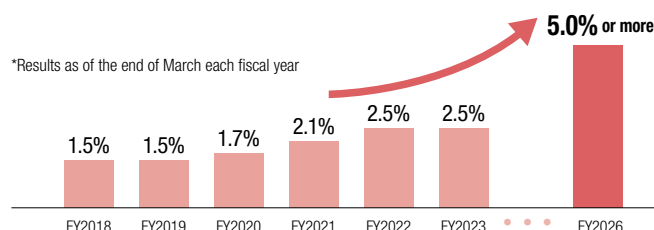
##### FY2026 Target

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

##### Targets for the Number of Female, Non-Japanese People 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



##### Current Status

The number and ratio of female Directors, Executive Officers and managers in each position are as follows.

	Number	Ratio
Female Directors (as of June 23, 2023)	2 (out of 11)	18.1%
Female Executive Officers (as of April 1, 2023)	1 (out of 9)	11.1%
Female managers (as of April 1, 2023)	45 (out of 1,721)	2.6%

##### Main Initiatives

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

##### ● Base development and dissemination of inclusion measures

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

##### ● Career support measures

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

##### ● Support of women's development and advancement

- Executive Officer career acceleration sponsorship program (for female managers and female career track employees)
- Career building support (for female career track employees)
- Implementing action plans at offices and plants
- Providing external training opportunities

### ● Support for non-Japanese employees

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

### ● Support for mid-career hires

- Enriching information related to mid-career recruitment on our website
- Onboarding support initiatives

### ● Support for employees with disabilities

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

### ● LGBTQ+ support

- Release of in-house handbook to promote understanding of LGBTQ+
- Training sessions led by LGBTQ+ people for human resources staffs
- Sponsorship of Tokyo Rainbow Pride

### ● Support for male employees to take childcare leave

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

### ■ Trends in the numbers rates, and days of childcare leave taken by male employee

Period	Number taking leave	Rate of employees taking leave	Average days taken
FY2021	27	15.6%	41
FY2022	56	36.6%	32
FY2023	84	61.3%	51

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

#### Related Information:

Corporate website

► Diversity & Inclusion

<https://www.mmc.co.jp/corporate/ja/sustainability/diversity/>

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

## Improving Employee Engagement

As part of our human resources strategy under the FY2031 Strategy, we are striving to improve employee engagement with the aim of fostering job fulfillment through well-being and enhancing productivity. We started conducting engagement surveys on a regular basis in fiscal 2023. By visualizing issues related to organizations and talents, we aim to make improvements, leading to the creation of a vibrant organization where each and every employee feels engaged in their work.

Through initiatives to improve employee engagement, we have set a target of increasing the positive response rate for all engagement survey questions from 71% in fiscal 2023 to 80% in fiscal 2031.

## Health and Productivity Management

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

Through our health and productivity management initiatives, we will create a workplace where employees can be healthy and energized. This will lead not only to the improvement of labor productivity and corporate values, but above all, allow all employees and their families to lead fulfilled lives within the Company, with the goal of enabling productive activity for both the Company and our employees. "The Mitsubishi Materials Group Health and Productivity Management Declaration" was enacted in October 2020, and the Health and Productivity Management Panel was established as a specialized committee under the Sustainable Management Office (now the SCQ Promotion Office) headed by the Chief Executive Officer. In this system, we have implemented a variety of Company-wide measures related to maintaining and improving health.

### Fiscal 2023 Initiatives

- Certification as a Health & Productivity Management Outstanding Organization for the second year running in 2023 (Large Enterprise Category)
- Certification as an Excellent Health Company (silver certification)
- Publication of a web page related to health management and external provision of information
- Implementation of health-related training
- Mental health measures
- 100% attendance at regular health checks and action based on results
- Holding of walking events through healthcare app
- Certification as a Sports Yell Company 2023





# Medium-term Management Strategy FY2031

## Functional Strategy

### Human Resources Strategy

#### Communication Measures

##### Overview

The Group implements various communication measures with the aim of becoming an organization with good and healthy communication where employees have unrestricted communication.

The Group began its inner branding activities in fiscal 2022 with the goal of encouraging employees to take ownership of “Our Commitment.” We are implementing numerous initiatives based on the three directions of “1. Communication with management,” “2. Connect every single employee and the entire Group horizontally” and “3. Support each challenge.”

Mitsubishi Materials Corporation started distributing smartphones to all employees in fiscal 2023. This is intended to activate internal communication through means such as delivering information to employees in a timely manner and enabling employees to communicate with each other using chat functions while also promoting DX and improving operational efficiency.

##### ● Personal Mission Campaign

Led by our ambassadors, the “My Personal Mission Campaign” was launched in fiscal 2023. Through the campaign, Group employees shared their personal missions toward the realization of “Our Commitment”. Employees’ missions are posted on a special website, which was launched in July 2022. The website also introduces how employees interpret “Our Commitment” in their own way and face their daily work, together with various measures to create good and healthy communication.



##### Related Information:

Corporate website

► Special page: To Fulfill Our Commitment to the Future  
<https://www.mmc.co.jp/corporate/en/company/mezasusugata/>

##### ● Town Hall Meetings

In connection with internal branding activities, we hold town hall meetings as a way to enhance communication of management information and promote two-way dialogue.

In fiscal 2023, we held 28 meetings for Mitsubishi Materials employees regarding the Four Management Reforms and eight meetings for Group employees covering areas such as the FY2031 Strategy and financial results.

##### ● Internal Radio-style Broadcasts

Created to promote communication with managers and employees, regular radio-style broadcasts where the CEO personally acts as an entertainment personality, answering a range of questions from Group employees, have been delivered since fiscal 2022. Fiscal 2023 saw a special project comprising real-time broadcasts from work sites, during which employees introduced their workplaces and their work. We have received feedback that this opportunity to hear the CEO's honest views and get an insight into his personality as he converses with guests in a friendly atmosphere distinct from official management messages leads to a better understanding of the Company and management reforms.

##### ● Reverse Mentoring

Reverse mentoring is a program in which young employees become the mentors and give mentoring to Executive Officers. By discussing various themes from a standpoint different from that of work, we aim to provide opportunities to gain mutual awareness and foster culture of good and healthy communication is possible. In fiscal 2024, we implemented a new format reflecting feedback such as the results of participant surveys. This includes a system whereby mentors choose their own mentees based on a profile describing elements such as the mentees' preferred mentoring period, frequency of sessions and discussion topics.

##### ● Ambassador Activities

Ambassadors are appointed from throughout the Group through an open application process. They promote inner branding, and have been actively fulfilling this role since fiscal 2022. Their main role is to create a mechanism for each employee to take ownership of “Our Commitment” and put it into practice through their actions. In fiscal 2023, the second intake of 16 ambassadors undertook various activities to deepen employees' understanding of their and the Group's mission. These activities included the provision of audio material by ambassadors, videos introducing different departments, and the sharing of interviews with people who are active in various fields outside the Group.



Videos introducing different departments

##### ● Half-day Workplace Experiences

Half-day workplace experiences are being carried out as an opportunity for employees to experience jobs at other workplaces. This promotes communication centered on the themes of “know” and “connect.” Know means getting to know other divisions and Group companies by learning about the people and their work and understanding how they contribute to “Our Mission.” Connect refers to horizontal communication and relationship building both between Divisions and Companies and within the workplace. This initiative serves as an opportunity for individuals to consider their own career on an autonomous basis. In fiscal 2023, 33 people took part at 19 workplaces.

## Medium-term Management Strategy FY2031

# Functional Strategy

## Manufacturing Excellence and R&D

Achieving sustainable enhancement of corporate value through the creation of new products, technologies and businesses.

### Related Information:

Sustainability Report

► Maintenance and Improvement of Governance

► Initiatives to Create New Value

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

### Manufacturing Excellence Strategy

**Contributing to Group-wide growth by taking differentiation of manufacturing capabilities to the next level.**

#### 1. Strengthening manufacturing capabilities

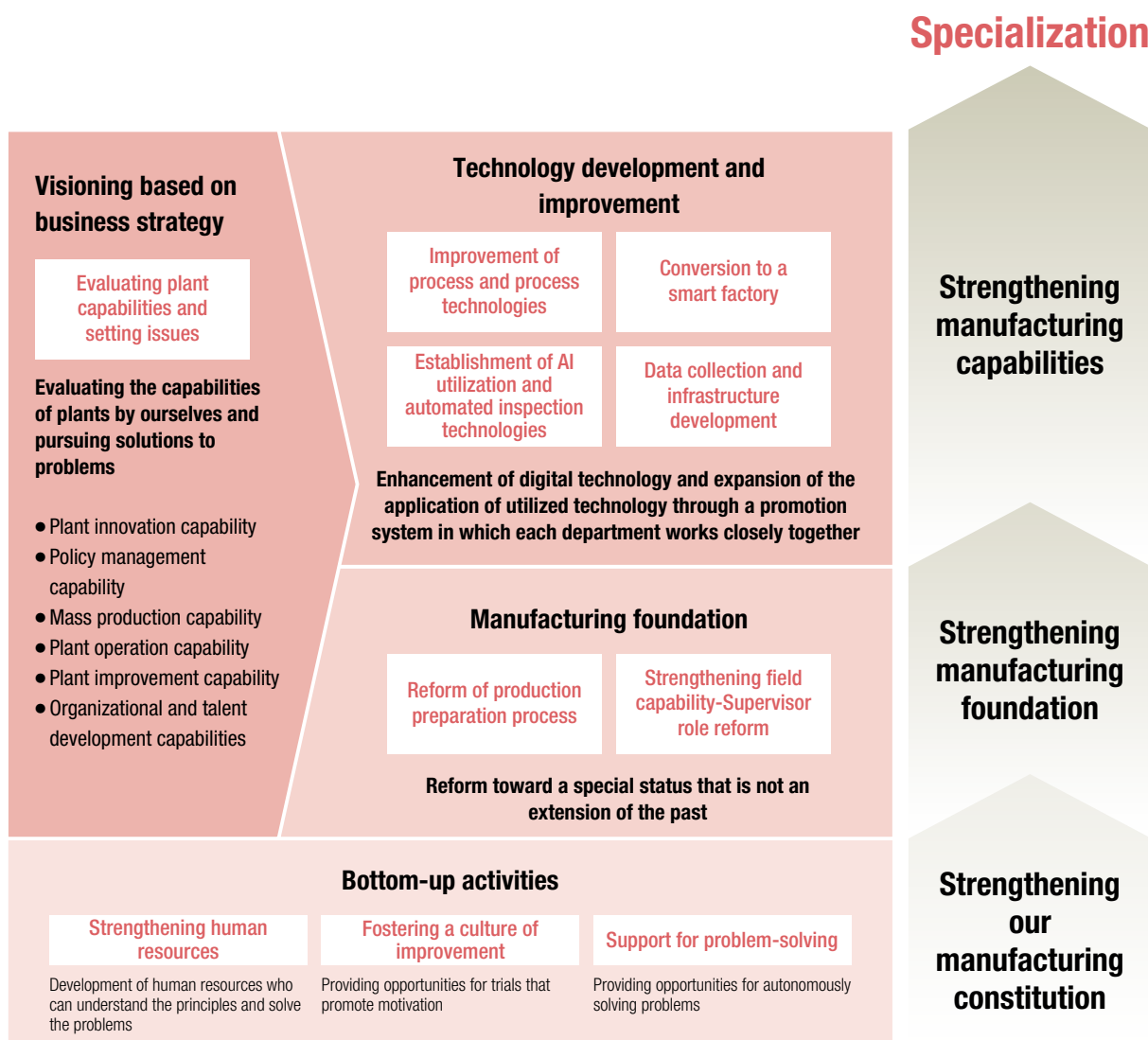
- Working to strengthen manufacturing capabilities by collaborating with work sites while setting high aspirations, and ensuring widespread, effective and rigorous use of digital technology

#### 2. Strengthening the manufacturing foundation

- Strengthening production preparation processes, reducing the occurrence of defects, and promoting standardization and visualization regarding talent, goods and equipment

#### 3. Strengthening of manufacturing system

- Developing talent that can understand principles and solve problems, and providing digital skills training programs and support for problem-solving



## Medium-term Management Strategy FY2031

## Functional Strategy

## Manufacturing Excellence and R&amp;D

## R&amp;D Strategy

**Achieving sustainable enhancement of corporate value by creating new products, technologies, and businesses, and providing circulating resources for a sustainable future.**

- Developing materials for the future
- Creating new products and technologies to enhance business competitiveness through the integration of the Corporate and Division Labs
- Early realization of R&D results through industry-government-academia collaboration (including CVC)

## Commitment through the FY2031 Strategy

Phase 1 (strengthening competitiveness) is primarily focused on improving and strengthening the profitability of Business Divisions. Under the theme of R&D, we will increase the ratio of new products and new technologies within Companies. We also plan to focus on the theme of supporting the future of the Companies and themes relating to commercialization, including the creation of new businesses. In addition, we will continue to steadfastly maintain and develop technical areas such as analysis and CAE\*, which are the source of the Group's competitiveness and constitute fundamental technologies in supporting the activities mentioned above.

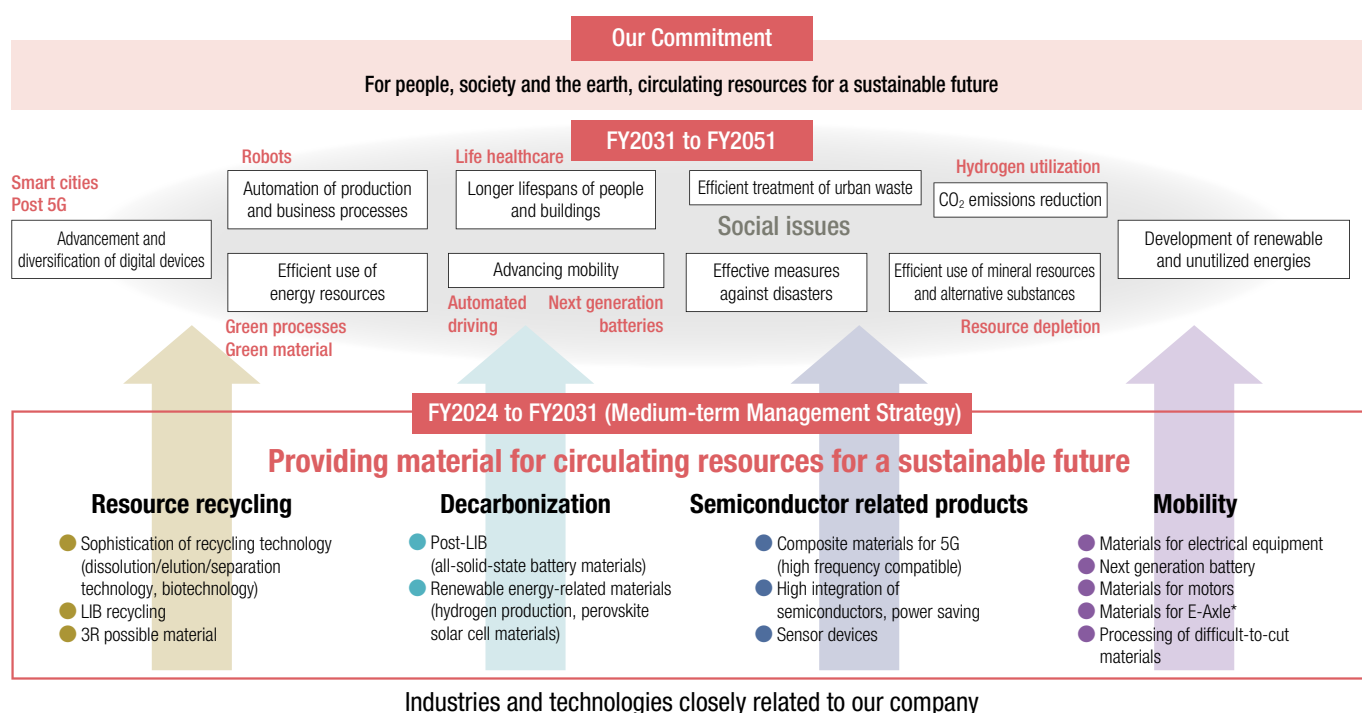
In order to promote the rapid creation of new businesses, will start acceleration programs utilizing external resources with the aim of expediting development. Furthermore, we will combine investment and lending strategies, such as M&A and investment, in the dynamic development of measures that will enable us to create new business ideas more quickly and reliably.

## Seeking and creating social value

We established our R&D Basic Policy with the aim of continuing the development of materials for the future, making research and development a key focus in order to realize the growth of the Group.

We have identified areas relating to resource recycling, decarbonization, semiconductors and mobility as fields of focus, and we carry out research and development that includes products and brand strategies incorporating the values that society requires under each theme.

By fiscal 2031, we will strengthen our functions in terms of materials on both the vein and artery sides, and aim to provide society with circulating resources for a sustainable future through new products and process innovations that contribute to the reduction of GHG emissions.



\*Abbreviation of computer aided engineering, technology that utilizes computer simulations in the development of materials and processes.

\*Abbreviation of electric axle, a single package comprising the main components required for an xEV to run (motor, inverter, reducer, etc.).

## Intellectual Property Management

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

## Commitment through the FY2031 Strategy

The Group aims to optimize its intellectual property portfolios in line with Group-wide business and development strategies. By providing management and technical information based on advanced intellectual property analysis and research (the IP landscape), we are also contributing to the creation of new businesses and the strengthening of existing businesses while promoting strategic use of the Group's intellectual property.

## Important Measures

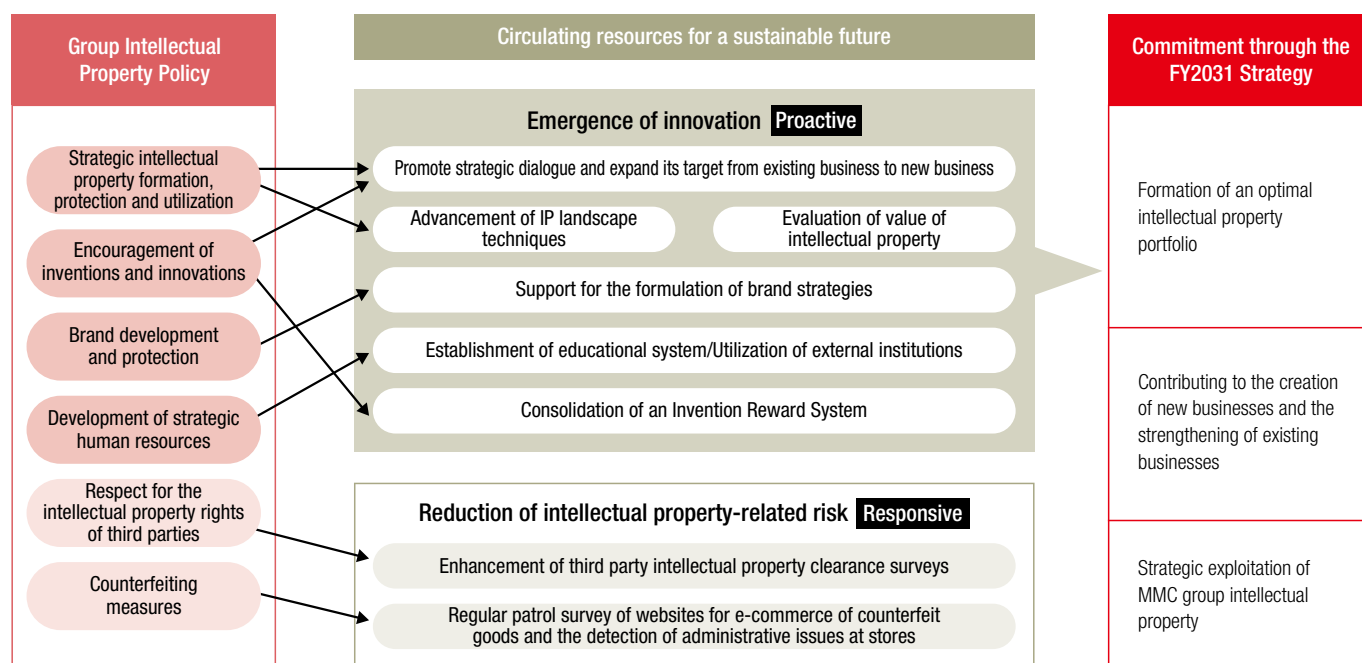
We are working on the advancement of IP landscape techniques, the establishment of intellectual property valuation methods, and strategic formation and utilization of intellectual property. These measures are important in order to achieve the targets set out in the FY2031 Strategy. We continue to enhance our analysis capabilities through the advancement of IP landscape techniques with the aim of providing management and technical information. Leveraging this information, we implement strategic intellectual property formation with the aim of optimizing our intellectual property portfolio in line with business and

development strategies. We also use intellectual property valuation methods to make strategic use of intellectual property while reviewing our intellectual property portfolio.

## Specific Measures

In terms of measures for strategic intellectual property formation, we have carried out strategic dialogue since fiscal 2022. In the strategic dialogue, Business Divisions and the Intellectual Property Division share business and intellectual property information, and analyze this information with the aim of incorporating intellectual property perspectives into development and business policies. Going forward, we will extend this strategic dialogue to new businesses across the company and to Group companies. In addition to patents, brand development and protection is also becoming increasingly important. Accordingly, we will work to actively support brand strategy formulation. Continuing to develop talent that can make strategic use of intellectual property information and encouraging inventions and innovations through our Invention Reward System will also contribute to the success of the aforementioned measures.

## Intellectual Property Strategy: Specific Measures







**We will drive the manufacturing and R&D excellence strategy forward as we achieve our mission of improving profitability in the short term while realizing medium- to long-term growth.**

**Makoto Shibata**

Managing Executive Officer

CTO, CDO, Responsible for Monozukuri and R&D Strategy, DX Promotion, and System Strategy

**Approach and measures behind promoting manufacturing and R&D as part of the FY2031 Strategy**

**We aim to strengthen the competitiveness of each business in the short term and achieve sustainable growth while responding to social demands in the medium- to long-term. To do this, we aim to be an organization that takes responsibility and acts with agility in areas from idea creation to core research and mass production.**

In terms of manufacturing and R&D, the type of organization we strive to be and our raison d'être can be summarized as aiming to strengthen the competitiveness of each of the Group's businesses in the short term and achieve sustainable growth while responding to social demands in the medium- to long-term.

In terms of social demands, initiatives to achieve carbon neutrality (GHG emissions reduction) and resource recycling are central to our work. In the short term, we will promote energy-saving and other business activities that reduce GHG emissions while also providing technical support for larger-scale recycling. From a medium- to long-term perspective, reducing GHG emissions is essential. In addition to this, our mission is to create value by proactively providing solutions to social issues, such as overcoming resource constraints and driving the transition to a recycling-oriented society. From a financial perspective, the Companies are the Business Divisions; that ultimately provide economic value, and we believe that a company only achieves its purpose when the Business Divisions are able to implement commercialization and profitability. As part of this process, appropriate division of roles between head office organizations and Business Divisions is crucial in order

to reach the desired outcome quickly and efficiently.

In establishing our current organizational structure, we aimed to be an organization that takes responsibility and acts with agility in areas from idea creation to core research and mass production. To that end, in addition to research and development, our work includes specialists in areas such as marketing, new business development, intellectual property and manufacturing. However, having so many people on board makes it difficult to manage an organization. We see this as one more challenge, one we feel ready to overcome on the road to success.

Smart factories are central to our measures implemented with the aim of "differentiation of manufacturing capabilities," as stated in the FY2031 Strategy. Through this initiative, we aim to create high-efficiency factories that are easy to operate by fiscal 2031. These factories should produce high-value-added, environmentally-friendly, and highly-recyclable products. This requires high-level research and development capabilities and the ability to create intellectual property. We are also aiming for "proactive quality management" as part of our specialization. This means maintaining "reactive quality

management," guaranteeing products with the quality promised to customers, while striving for manufacturing that achieves the same or better quality at a lower cost. We will promote various initiatives to this end, from continuing the fundamental practices of the 5Ss\* to advanced data analysis.

In addition to manufacturing and R&D, we have also been working on DX and IT since the period of the FY2023 Strategy. Fiscal 2024 is the first fiscal year of the FY2031 Strategy and the time for us to whole-heartedly implement the four management reforms. We are determined to work as a team to ensure these various measures are implemented and lead to tangible results as soon as possible.

\* The "5Ss" refers to five words that begin with "S" in Japanese: Seiri (Clearing out), Seiton (Clearing up), Seiso (Cleaning), Seiketsu (Cleanliness), and Shitsuke (Controlled behavior). It describes activities aimed at creating safe, healthy workplaces and improving productivity.

## Medium-term Management Strategy FY2031

# Functional Strategy

## IT Strategy

We will aim to realize the MMC Group IT WAY by promoting IT modernization to support business.

**We will invest on a scale of 10 billion yen while keeping IT costs below 1.0% of net sales\* in fiscal 2031 as we move from legacy technology to global standard IT infrastructure.**

\*Currently approximately 0.8%

Mitsubishi Materials Group is currently utilizing systems developed with legacy technologies (legacy systems). We believe that moving from this legacy technology to global standard IT infrastructure is essential in order to pursue objectives such as making greater use of data, implementing work style reforms, and strengthening IT security measures. It is also crucial that we promote modernization and pursue IT governance (IT security) and IT synergy (commonization/standardization).

As part of this work, we plan to implement appropriate levels of IT investment while controlling spending in a suitable manner.

We will continue to formulate our IT strategy and provide implementation support on a Group-wide, long-term basis in order to ensure the Group's continued growth and contribute to the realization of the goals of the FY2031 Strategy.

Policy on IT Initiatives	Major measures
<b>Establish and execute the MMC Group IT WAY (IT governance and IT synergies)</b>	<ul style="list-style-type: none"> <li>■ <b>IT governance = IT security</b> <ul style="list-style-type: none"> <li>• Equalize global security levels and implement security measures appropriate for the times</li> <li>• Implement new network and cloud-based security for global common policies and Company-wide enforcement</li> </ul> </li> <li>■ <b>IT synergy = Commonization/standardization</b> <ul style="list-style-type: none"> <li>• Promote the utilization of data analysis infrastructure, cloud infrastructure, and IT services common to the entire Group</li> </ul> </li> </ul>
<b>Move from legacy to global standard IT infrastructure and implement appropriate information security measures</b>	<ul style="list-style-type: none"> <li>• Gradually refresh systems developed with legacy technologies and move away from legacy architectures by approx. fiscal 2031</li> <li>• Implement ERP starting from accounting area to improve operational efficiency and data availability</li> <li>• Strengthen security measures against increasingly sophisticated external threats in both IT and OT</li> </ul>
<b>Develop and secure IT talent who are highly evaluated in the market, in business domains and building an optimal IT organization</b>	<ul style="list-style-type: none"> <li>• Optimize the division of roles between the Strategic Headquarters, Companies, Function Companies, and External Partners</li> <li>• Governance and synergies (common and standardized), business support (individual systems), and execution functions</li> <li>• Develop career paths and education plans for IT talent to improve their expertise, while increasing IT talent by approx. 10% by fiscal 2031</li> </ul>

## Medium-term Management Strategy FY2031

## Functional Strategy

DX Strategy (MMDX<sup>\*1</sup>)

We leverage data and digital technology to implement three enhancement strategies, based on improving business added-value, business operation competitiveness, and management speed.

## Related Information:

Sustainability Report

► Deepening of DX

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

## DX Strategy

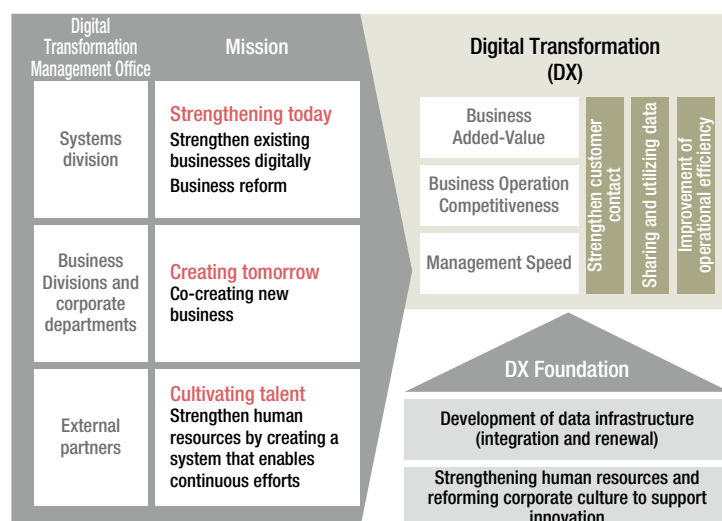
The Mitsubishi Materials Group implements DX strategies that serve as a foundation that enables us to prevail in global competition. We use data and digital technology to strengthen three key pillars of business, which are business added-value, business operation competitiveness and management speed.

Phase 1 of the FY2031 Strategy runs from fiscal 2024 to 2026 and

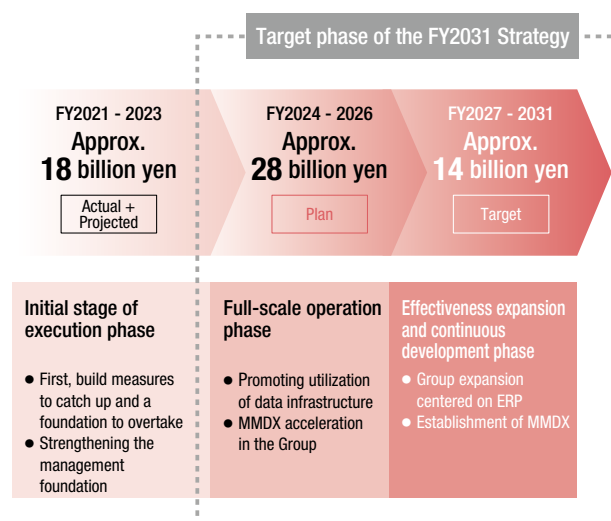
is positioned as the full-scale operation phase. In this phase, we will promote utilization of data infrastructure while accelerating MMDX implementation throughout the Group. Phase 2, fiscal 2027 to 2031, is the effectiveness expansion and continuous development phase. During this phase, we will carry out Group-wide expansion centered on ERP and work to maintain and enhance the establishment of MMDX.

<sup>\*1</sup> MMDX: Mitsubishi Materials Digital Business Transformation

## DX Strategy



## DX Strategy Phases



## Efforts in MMDX 2.0

While our previous efforts through MMDX had started to show results in various areas, including the enhancement of customer touch points, there remained challenges to be overcome. This included limiting of theme setting to the manufacturing area, parallel implementation of work at separate organizations (such as smart factory activities), deficiencies during the implementation stage, and a lack of understanding of MMDX among on-site employees. With this in mind, we will focus on three key points under MMDX 2.0, starting in fiscal 2023.

The first of these is strengthening the manufacturing area. In order to provide efficiency and effectiveness for worksites, existing work such as smart factory-related activities by the Monozukuri and R&D Strategy Division has been incorporated into DX themes with the

aim of integrating themes and systems. With MMDX 2.0, we will also reorganize the themes into five areas, comprising business related DX, manufacturing related DX, and R&D DX as themes that are relevant as a manufacturing company, together with Company-wide DX and renewing key operation as themes that are relevant to the entire Company.

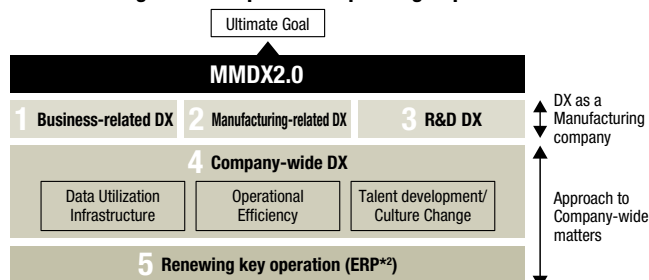
The second key point is strengthening the execution system. DX Management Office specialists have been transferred to Business Divisions and other bodies that implement DX themes, creating a DX promotion system in which Business Divisions and the DX Division are integrated. In addition, in order to enhance the execution capabilities of the digital and conventional IT areas, which are at the core of DX, and to promote utilization of advanced technology, IT functions have been

separated from the Group company Material Business Support (MBS) and Mitsubishi Materials IT Solutions (MMIS) has been established as a company with system-related functions, with the participation of some employees from the Head Office DX Promotion Department. Working together with Head Office, this company aims to improve business added-value, business operation competitiveness and management speed through MMDX and achieve more advanced data utilization, working methods and security through IT modernization.

The third and final key point is activation of bottom-up activities. In addition to existing top-down DX themes, we are working to ensure that MMDX comprises Company-wide activities with the engagement of worksites through a challenge program that allows for the creation and failure of themes from worksites and the provision of learning programs and support that accompanies for employees.

## MMDX 2.0 Framework

### Evolving into a competitive corporate group



### Goals of MMDX 2.0



\*2 ERP: Enterprise Resource Planning

## Case 1: MEX E-Scrap Business Platform

Our resource recycling business operates by accepting discarded circuit boards and other E-Scrap from around the world, then processing it into precious metals for reuse. The Mitsubishi Materials E-Scrap EXchange (MEX) E-Scrap Business Platform is the first in the industry to provide transaction information from delivery reservations to purchase price confirmation online. It contributes to increasing the transparency of transactions and convenience for stakeholders. Launched in December 2021, MEX is widely used and highly acclaimed by many recyclers and trading company customers involved in E-scrap businesses, including overseas. We are continuing to apply enhancements after the launch, making rapid changes based on

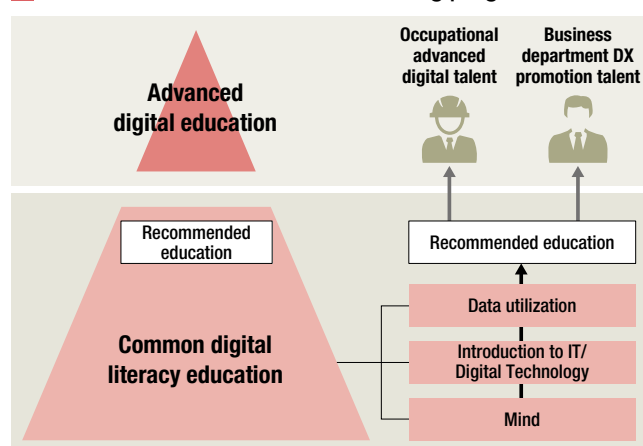
feedback and requests from customers to make MEX more convenient and enhance its functionality. In April 2022, receipts that had previously been exchanged by hand or by mail were digitized, and some elements of communication with customers was successfully moved online. In addition, receipt of consultations and inquiries through MEX was enabled in October 2022, and a design optimized for smartphone display was launched in February 2023. We will continue enhancing the functions of MEX based on feedback from customers, striving to become a close partner for all customers in Japan and overseas and working to improve global E-Scrap recycling rates.

## Case 2: DX Talent Development and Literacy Improvement Initiatives

We are working to implement various measures to provide all employees with a place to learn and practice DX through our Company-wide activities. Among these activities, the development and deployment of DX education and training programs are an area of particular focus. For example, all of the approximately 2,500 employees for whom common digital literacy education is required had completed the course as of May 2023 (at least seven hours of attendance per person across all sessions). This course aims to encourage employees to take ownership of DX, raising standards in order to achieve transformation. A gradual rollout of advanced digital education, which is intended to develop talent with practical skills, has also begun, and we aim to have 1,000 digital specialists by 2025 and 2,500 by 2030.

We are also working to create an environment in which even those without DX-related experience can quickly put DX into practice. Efforts in this area include actively promoting Company-wide dissemination regarding the business intelligence (BI) tool Tableau. As of May 2023, this had succeeded in expanding the number of active users to approximately 1,800.

## Overview of DX education and training programs





## A competent group of professionals with specialized knowledge and skills, putting Group-wide strategy into practice through effective execution

### Jun Nagano

Managing Executive Officer  
President, Professional CoE



### The mission and future initiatives of Professional CoE

**With a focus on enhancing and streamlining corporate operations, Professional CoE strives to deliver high-quality output and improved productivity, aiming to realize the overall corporate strategy. It also contributes to the strengthening of the business competitiveness and profitability of Companies by providing specialized support to Business Divisions.**

#### The goals of Professional CoE and review of fiscal 2023

Mitsubishi Materials Corporation underwent a Group-wide reorganization as part of its Corporate Transformation (CX) in April 2022. As part of this restructuring, the previous Corporate Division was split into two entities: the Strategic Headquarters, which is responsible for formulating Group-wide strategies, and Professional CoE, which is focused on realizing these strategies. Professional CoE is a specialized organization that consolidates functions for the realization of strategies that were previously handled by various departments within the Corporate Division. As a team of professionals equipped with specialized knowledge and expertise, our primary objective is to put Group-wide strategies into practice through sophisticated execution. In order to make Group-wide strategies a reality, we aim to elevate the level of our corporate operations to deliver high-quality output while also improving operational efficiency and achieving high productivity through agile execution. Through these efforts, our mission is to contribute to stable management and improved corporate value on a Group-wide basis.

As a newly-formed organization, a large part of our focus in fiscal 2023 was on communication to ensure that all team members have a clear understanding of our mission, roles and objectives.

We actively engaged in direct dialogue with team members through various channels, including town hall meetings, Roundtables, and 1-on-1 meetings. In addition, recognizing the significance of reducing indirect costs, we worked to visualize the costs of each department, promoted cost consciousness in business operations and brought forward appropriate countermeasures. As a result, we streamlined the organization by consolidating routine operations within the Corporate Division, outsourcing them to shared service subsidiaries, and streamlining overseas subsidiaries under our jurisdiction.

#### Realizing the targets of the FY2031 Strategy

As a cost center, we at the Professional CoE have a crucial role to play. We must consider how we can contribute to the profit targets of the FY2031 Strategy, then take concrete actions to deliver results. To achieve this, we are focused on improving productivity by streamlining operations and reducing indirect costs.

As part of our DX initiatives, we have also started the introduction of Enterprise Resource Planning (ERP) in the accounting domain. In the procurement domain, we have also initiated the introduction of a new procurement system to replace the current one. As an organization responsible for building these Group-wide systems, we recognize the importance of working with a sense

of urgency, as it plays a crucial role in supporting the realization of the FY2031 Strategy.

Furthermore, one of our critical roles is to make an indirect contribution to profitability by providing agile operational support to Companies, which are profit-earning entities. By providing support based on high levels of expertise, we can help to further enhance Companies' business competitiveness and supporting enhancement of profitability, ultimately contributing to the achievement of the FY2031 Strategy targets.

In our second year as a new organization, we are committed to further accelerating enhancements to the sophistication and efficiency of our operations and reaping the fruits of groundwork we laid in our first year. We will also continue to make significant progress in reducing indirect costs by implementing operational efficiency, which will contribute to enhancing the profitability of the Group. By aligning the vectors of the people within the organization and applying new ideas and decision making criteria, we will implement even more effective measures and demonstrate our ability to be a Corporate Division that outperforms external organizations.



Hidetoshi Asanuma

Joined MMC in 2009  
Strategic Headquarters  
Monozukuri and R&D Strategy Division  
New Business Development Department  
Business Development Group

Kotaro Matsumoto

Joined MMC in 2020  
Advanced Products Company  
Electronic Materials & Components  
Division  
Sales Department, Chemicals Group

Yu Sasaki

Joined MMC in 2021  
Metalworking Solutions Company  
Akashi Plant  
Administration Department,  
General Affairs Section

Yuki Hamanaka

Joined MMC in 2015  
Metalworking Solutions Company  
Tsukuba Plant  
Material Development Department,  
Material Development Section

Special Feature:

## To Fulfill Our Commitment to the Future

**Our ambassadors implement various measures to help each employee take ownership of our Group's Commitment and apply it in their own actions. Four members of the team spoke to us about the vision behind Our Commitment as set out in the FY2031 Strategy, their own personal commitments, and the activities they are engaged in.**

## How do you spread the word about Our Commitment through your ambassador activities?

**Yuki Hamanaka (YH):** In the FY2031 Strategy, the Mitsubishi Materials Group set out Our Commitment of “For people, society and the earth, circulating resources for a sustainable future.” As ambassadors, we work as a team to think about the best way to communicate this within the Group, then put that into action. **In the FY2023 Strategy, we declared out intention to contribute to the building of a prosperous society, a recycling-oriented society and a decarbonized society as part of our Mission. While this could be interpreted as somewhat passive, with the FY2031 Strategy, we clearly stated that we strive to “circulate resources for a sustainable future” as part of Our Commitment, expressing our purpose as a Group with even greater clarity.**

**Hidetoshi Asanuma (HA):** I have been engaged in ambassador activities since the first round. The first round coincided with the FY2023 Strategy, under which the Mission was phrased in a way that put the emphasis on the Company. With the FY2031 Strategy, the shift to Our Commitment puts the focus on “us” and feels more proactive. **In the course of my workplace,**

**interviews with colleagues, they also stated that the change to “our” has made it easier for them to see how they can take ownership of the Group’s Commitment.** We have started out by communicating the Group’s Mission in writing through the in-house website Link MATERIALS, but in fiscal 2024, we are digging deeper through discussions with ambassadors from various departments to find effective ways to get our message across.

**Yu Sasaki (YS):** On a personal level, I have to say that the inclusion of “Our” has helped me to take ownership of Our Commitment as a Group. As ambassadors, it’s our job to effectively communicate Our Commitment to the people around us. **In addition, the questionnaires and comments we receive in relation to our ambassador activities give me a real sense that everyone is thinking about the Commitment.**

**Kotaro Matsumoto (KM):** Personally, I had some doubts about whether the Mission set out by the Group in the FY2023 Strategy had been successfully spread throughout the Group. **With the FY2031 Strategy, I feel that the fact that each and every one of us has an essential role**

**in reflecting Our Commitment through our actions has been communicated across the Group.** Our activities as ambassadors are also an opportunity to raise awareness of how each employee’s work is connected to the Group’s Commitment.

**YH:** At the end of the day, I think that “us” and “the Company” both mean the same thing. However, I can see that this simple change in wording has had an impact on awareness among people throughout the Group. In our ambassador activities, we exchange opinions about the work we want to do, then implement initiatives based on various themes. **We also engage in dialogue with external parties, and knowing how the Group is viewed externally and the ways in which our work is benefiting society helps us take pride in what we do as part of Mitsubishi Materials Group.**

### Related Information:

Integrated Report  
► Communication Measures  
P52

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**I take pride in being part of Mitsubishi Materials Group, and want us to be a Group that meets society’s needs and is appreciated by people around the world. I want to take our corporate value even further through connections that transcend Divisions and Companies, making most of the technologies that Mitsubishi Materials Group has to offer by further expanding my knowledge of our products and services.**

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## What initiatives are you involved in to communicate Our Commitment and what elements are you particular about?

**HA:** Ambassador activities generally end after a one-year term, but I believe the way of thinking and acting stays with you far beyond that. I hope to remain active as one of the alumni of the ambassador program. I am involved in the development of new businesses, and we are working to design business strategies, business plans and concepts that can enhance corporate value in the future. **I want to maintain strong awareness of “circulating resources for a sustainable future.”**

**YH:** I work in material development as part of the Metalworking Solutions business, so I'm involved in the “arterial” side of circulation. While there is awareness that what we do can lead to prosperity for people, I don't think I can quite say that Our Commitment is always top of mind. I want to regularly review the actions and decisions I take in my day-to-day work to see if they align with this Commitment. My hope is to be constantly mindful of whether or not the

products we are developing reflect the Group's Commitment.

**KM:** Becoming an ambassador has enabled me to work with people I don't usually interact with, and I have learned a lot about what kind of businesses the Group is engaged in. **With the in-house company system, businesses are divided vertically and by specialization, meaning customers are often unaware of other Companies. I think we have to make sure we can provide value throughout the value chain.**

**YS:** **I think the creation of a recycling-oriented society means circulating resources for a sustainable future. Recycling of carbide tools in the Metalworking Solutions business is one example of this.** I want to continue designing and implementing systems for the Group. Moving forward, I hope to support businesses in departments that connect with people, and make a contribution that benefits customers and other stakeholders.

**HA:** We can play a role in creating a recycling-oriented society by going beyond making and selling products to also recover them at the end of their life. Circulation has always been part of the relationship between people, society and the earth, and designing this is crucial. I am currently involved in new business development. I will strive to apply awareness of creating a recycling-oriented society to this work and plant the seeds of businesses that will create value in that area.

**KM:** I work in the Sales Department of the Electronic Materials & Components business. In the semiconductor-related market, developing products in line with the customers' roadmaps and creating systems that can respond to changes in supply and demand are the epitome of design, and I hope to continue focusing on fulfilling my responsibilities on the “arterial” side of the supply chain.

## What future initiatives do you have planned, and what is your personal Commitment?

**KM:** I take pride in the Mitsubishi brand and the value we offer. As a next step, **I want to take even greater pride in being part of Mitsubishi Materials Group and contribute to businesses unique to our Group. By encouraging this throughout the Group, I hope that we can become a Group that meets the needs of society, is appreciated by people all over the world, and attracts a large number of supporters.**

**YH:** **I also think it's important to take pride in what you do. That's precisely why I decided to become an ambassador.** I hope to enrich people's lives by enabling even more people to take pride in their work and the Group.

**YS:** Being an ambassador is a privilege because it enables me to work with people from different backgrounds, regardless of the Company they work at. It's a chance to talk freely and learn things I would never have realized through my regular work. In the future, I would like to see our regional sites shine even brighter. **The spread of online meetings and tools have made it possible to work with a variety of people, and I would like to build more connections between people in charge of general affairs and human resources at other locations, including Head Office.**

**HA:** Until now, I had few opportunities for dialogue with people outside the Company.

Becoming an ambassador gave me the opportunity to meet the people who support the advancement of the Group's world- and market-leading products. I feel like I can help to take the Group and our corporate value even further by making most of the technologies that Mitsubishi Materials Group has to offer by further expanding my knowledge of our products and services at other Companies. **In the future, I want us to contribute to society and local communities more than ever, and to become indispensable in their respective cycles. I hope that new businesses have a role to play in this area.**

I want us to contribute to society and local communities more than ever, and to become indispensable in their respective cycles

We have to make sure we can provide value throughout the value chain



## Overview of Sustainability Activities

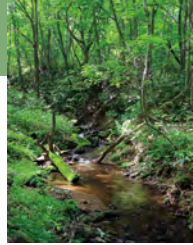
Based on our corporate philosophy of “For People, Society and the Earth,” the Group will actively and proactively address sustainability issues, promote business activities that earn the trust of our stakeholders, and fulfill our social responsibilities.

FY2023

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### Cooperation with a Demonstration Project for Certifying “Natural Symbiosis Sites”

We cooperated in certification verification projects, such as the examination process for the Ministry of the Environment's certification of “Natural Symbiosis Sites.” This system is used to certify areas where biodiversity is being conserved through private sector efforts and will be implemented starting in fiscal 2024.



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

### “Mitsubishi Materials Sustainability Innovation Collaborative Research Cluster” Established in Collaboration with Tokyo Institute of Technology

With the support of the Tokyo Institute of Technology, we have established the “Mitsubishi Materials Sustainability Innovation Collaborative Research Cluster” to conduct research on innovative materials and processes that contribute to a sustainable society. Here we will promote joint research on composite materials, next-generation batteries and CO<sub>2</sub> utilization.

### Selected for CDP's 2022 “A List,” the Highest Rank, for the First Time in the Water Security Category

The CDP promotes international disclosure of environmental information. The NGO selected us for their “A List,” the highest rank, for the first time, in the Water Security category for our initiatives and information disclosure regarding water resources.



### Participation in a New Geothermal Development Project in the Esan Area, Hakodate City, Hokkaido



Conducting drilling survey

Through investment in Hakodate Esan Geothermal LLC, we will contribute to project success by leveraging extensive experience and a wealth of technological capabilities cultivated over many years of coal and metal mine development and management.

### Use of Power Derived from Renewable Energy via In-house Hydropower Generation for the Company's Own Plants

We will accelerate our GHG emissions reduction initiatives by applying environmentally valuable renewable energy electricity from our Oyu Power Plant to power a portion of the electricity consumed at our Tsukuba Plant and Akashi Plant.

### Commencement of Commercial Operation of the Komatagawa New Power Plant

At the Komatagawa New Power Plant, we are efficiently taking in water released as unused energy and using it to generate power. All the electricity generated is then supplied to society through the feed-in tariff system for renewable energy.



Inside of the Komatagawa New Power Plant (water turbines and generators)

S

### Participation in G20 EMPOWER

We have participated in “G20 EMPOWER,” a global alliance, to accelerate women's leadership and empowerment. We are strengthening Diversity and Inclusion initiatives by sharing information and learning among other participating companies.



### Received a “Bronze” award in the PRIDE Index 2022

We were awarded a bronze in the PRIDE Index 2022, an index for evaluating companies' efforts to address issues confronted by LGBTQ+ and other sexual minorities.



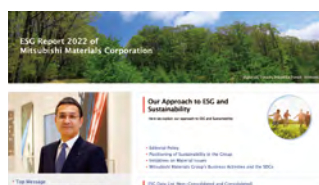
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### Launched the special website for Our Commitment

### Group Governance

We have launched a special website for Our Commitment to share the progress we have been making since fiscal 2022 to develop inner branding initiatives that make Our Commitment a personal mission for each of our employees to our stakeholders.



### Launched the Mitsubishi Materials ESG Report 2022

This report provides stakeholders with an understanding of the Group's approach and initiatives for sustainable management, as well as results challenges and the direction of those initiatives.

### Organized the Sustainability IR Meeting

We held a briefing regarding sustainability that focused on the contents of Integrated Report 2022

## FY2024

## Formulation of the Medium-term Management Strategy FY2031

Through our Medium-term Management Strategy (the FY2031 Strategy) covering the period from fiscal 2024 to fiscal 2031, we strive to improve our enterprise value and equity value. We are committed to achieving carbon neutrality by fiscal 2046 and reaching 100% self-sufficiency in renewable energy by fiscal 2051.

## Revision of Greenhouse Gas Emissions Reduction Target and Scenario Analysis of Climate-Related Risks and Opportunities

The Group revised its GHG emissions (Scope 1 and Scope 2) reduction targets in February 2023. The base year for a 47% reduction of GHG emissions over fiscal 2014 was set to fiscal 2021, with a 45% reduction (53% over fiscal 2014) by fiscal 2031. This was revised to July 2023 due to the sale of Diasalt Corporation in March 2023, etc. We conducted scenario analysis based on TCFD recommendations to analyze climate-related Group risks and opportunities, and established business indicators and targets that align with the FY2031 Strategy.

## Release of “Declaration for Building Partnerships”

We have endorsed the goals of the “Council for Building Partnerships for a Better Future,” and have released our “Declaration for Partnership Construction.” We aim to build new partnerships by promoting collaboration and mutual prosperity with our trading partners and stakeholders across the supply chain.

## Certified as a Health &amp; Productivity Management Outstanding Organization 2023 (Large Enterprise Category) for the Second Consecutive Year

We have been certified for the second year in a row as a “Health & Productivity Management Outstanding Organization 2023 (Large Enterprise Category)” under the “Certified Health & Productivity Management Outstanding Organizations Recognition Program” as selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

## Certified as a “Sports Yell Company 2023”

We were certified as a “Sports Yell Company” by the Japan Sports Agency for the first time. This certification is awarded to companies that actively engage in sports to promote employee health. We are working to improve our health and productivity management activities as well as establish healthy lifestyles for our employees.

## Selected for the First Time as an Environmentally Sustainable Company

We have been selected as an Environmentally Sustainable Company in the Environmentally Sustainable Company Category at the ESG Finance Awards Japan sponsored by the Ministry of the Environment in recognition of our strides in disclosing our strategies and other information on key environmental issues.



## Acquisition of Science Based Targets (SBT) Certification

We have obtained SBT certification from the SBT Initiative, an international organization that certifies GHG emissions reduction targets that are in accord with the Science Based Targets (SBT) set by the Paris Agreement. Moving forward, we will continue to thoroughly implement manufacturing that takes reduction of environmental impact into account, and actively promote the reduction of GHG emissions to contribute to the realization of a decarbonized society.

School that Utilizes Timber from Our  
Company-owned Forest to Open in Hokkaido

The Hokkaido Abira Municipal Hayakita Gakuen that utilizes timber produced from our forest opened in April 2023. We will contribute to the realization of a sustainable society through local production for local consumption that utilizes Company-owned forests.



Interior of the school building that utilizes timber from our forest

## Formulation of Community-based Social Contribution Policy

We aim to exist in harmony with local communities by actively contributing in ways that solve social issues related to topics such as Diversity and Inclusion, nature conservation, next-generation education and minority community concerns.

## Change of certified public accountant

## Corporate Governance

The certified public accountant was changed at the time of the 98th General Meeting of Shareholders, held on June 23, 2023.

## Renewal of Sustainability Management System

## Corporate Governance

On July 1, 2023, we established the Resource Circulation Strategy Meeting and restructured the former Sustainable Management Office into the SCQ Promotion Office.

## Related Information:

Integrated Report  
► Establishment of Resource Circulation Strategy Meeting P66

## Achieved AA Rating for the First Time in the MSCI ESG Ratings Assessment

The Group received its first AA rating in the MSCI ESG Ratings, which highly evaluated our efforts to reduce GHG emissions, address water stress and handle hazardous waste.



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## Selected for the first time as a “Noteworthy DX Companies 2023” in “DX Stocks 2023”

In recognition of our DX achievements, talent development, and efforts to foster a corporate culture, we have been selected for the first time as a “Noteworthy Digital Transformation (DX) Companies 2023” in a program run by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan.

## Renewal of Sustainability Management System and Establishing the “Resource Circulation Strategy Meeting”

The newly established “Resource Circulation Strategy Meeting” works on sustainability issues related to resource recycling. It also handles other sustainability issues through committees as required, functioning as an axis through which strategic initiatives are employed. Furthermore, the “SCQ Promotion Office” handles themes related to risks that must be prioritized to ensure sustainable company growth.

### Clarifying Sustainability Issues and Strengthening Response

The “Sustainable Management Office” was established in April 2020 to centrally address various management issues, including sustainability, and is headed by the CEO. In December 2021, Sustainability Policy was established, then in June 2022 the Sustainability Committee was established as an advisory body of the Board of Directors to promote sustainable management.

In the FY2031 Strategy that started in April 2023, MMC has newly set out Our Commitment of “For people, society and the earth, circulating resources for a sustainable future,” and is working to build a recycling system of metal resources based on our strengths and realize growth throughout the value chain by expanding the scope, regions and scale of our operations.

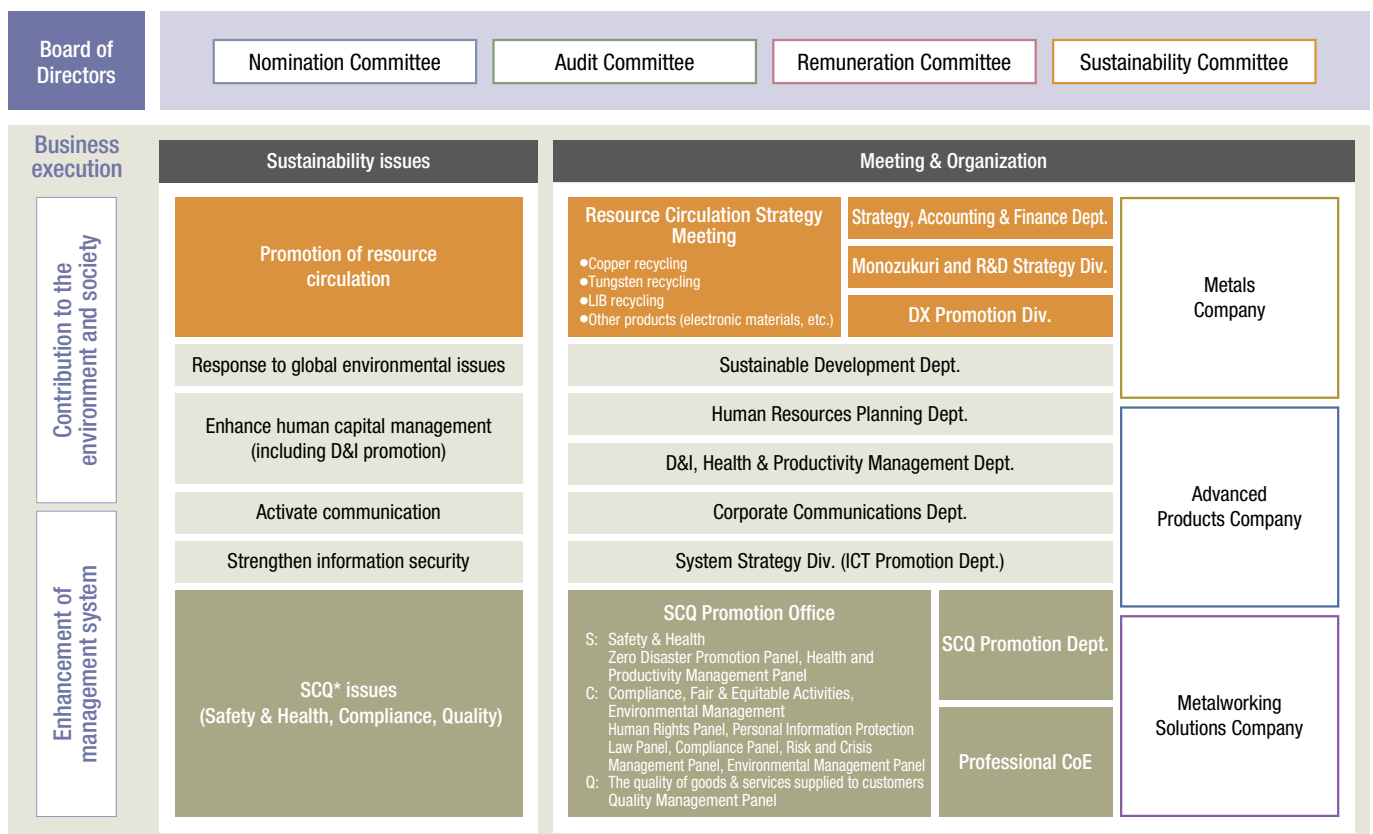
In line with the FY2031 Strategy, from July 1, 2023, MMC has decided to renew our sustainability management system with the aim of pursuing a more strategic perspective on sustainability issues that contribute to the environment and society, such as “promoting resource recycling,” “addressing global environmental issues,” and “strengthening human capital management.” In particular, regarding resource recycling, the newly established “Resource Circulation Strategy Meeting” will study the concept of resource circulation for our product lines from the perspective of long-term, Company-wide optimization.

Furthermore, the former “Sustainable Management Office” was reorganized into the “SCQ Promotion Office,” where we will continue to carry out initiatives with the CEO as the head, focusing on themes related to risks that must be prioritized in order to ensure sustainable company growth, such as safety, health, compliance and quality.

The Resource Circulation Strategy Meeting will mainly handle the following themes under the overall supervision of the CTO and CFO. Main Resource Circulation Strategy Meeting themes

#### Main Resource Circulation Strategy Meeting themes

- Verification of scenario planning for long-term social and economic trends
- Verification of the Medium-term Strategy FY2031
- Examination of new business development consistent with long-term direction
- Examination of necessary reforms for resource recycling strategies
- Creation of a long-term resource recycling strategy roadmap



\*SCQ: S: Safety & Health, C: Compliance & Environment, Q: Quality

## All employees work hard to never cause accidents or scandals and consider SCQ their personal responsibility.

### Tetsuya Tanaka

Managing Executive Officer

CGO, Responsible for Business Process Innovation, SCQ Promotion,  
Corporate Secretary, Affiliated Business



Please talk about your efforts to promote SCQ in fiscal 2023, as well as future challenges and initiatives.

We have achieved some successes, such as in elimination of accidents and the reduction of quality non-conformance. In the future, we will promote measures and approaches that where each employee takes ownership of SCQ\* as more of a personal responsibility. In terms of safety, we will continue to implement measures to reduce accidents classified as fires and explosions, and work to eliminate “basic action-type” disasters\*, heavy equipment accidents and accidents at subcontractors.

In fiscal 2023, we drafted a variety of policies, implemented measures and expanded our information base to reduce the number of accidents that caused a stop in occupational accidents requiring 4 or more days off work, serious compliance violations, and serious quality non-conformity. In terms of safety, we continue to promote risk assessment to ensure equipment safety, but there has been a significant increase in accidents classified as fires and explosions compared to fiscal 2022.

In our environmental management activities, there were no serious accidents or violations that affected local residents or employees. However, if a problem related to violation of the Waste Management and Public Cleansing Act or related environmental legislation arises, it could have a serious impact on the Group’s recycling business. Therefore, we thoroughly educate and share information on environmental management for the person in charge.

In the fiscal 2024, we will promote measures and approaches that where each employee takes ownership as more of a personal responsibility. In terms of safety, we will continue to implement measures to reduce accidents classified as fires and explosions, and work to eliminate “basic action-type” disasters, heavy equipment accidents and accidents at subcontractors.

We will comply with the Act on Promotion of Resource Circulation for Plastics (Plastic Resource Circulation Act),

which went into effect in fiscal 2023, in our environmental management activities.

Fiscal 2023 compliance awareness surveys indicated that many respondents felt “uneasy about in-house reporting system.” So, we will promote initiatives to dispel those anxieties in fiscal 2024 by making it easier to report in order to create an organization that polices itself more effectively.

We will work to ensure our risk management is more effective by disseminating new frameworks starting in fiscal 2024, while also making sufficient and developing a system that enables swift response by making preparations for actual crises such as domestic

and international natural disasters and pandemics.

In recent years, companies are increasingly required to act in accordance with not only compliance more than ever before, but also social norms and ethics. We have established a system for promoting SCQ that moves it toward the ideal. We recognize the importance of putting our best efforts towards realizing this ideal system in fiscal 2024. We believe that it is vital for everyone, from top management and site organizational heads to employees, to have such will to work hard to never allow accidents or scandals to occur, and to take action as their personal responsibility.

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

S: Safety & Health

C: Compliance & Environment

Q: Quality

D: Delivery

E: Earnings (reasonable profit)

\* Basic action-type accidents refers to falls while walking or working, minor accidents during basic actions of non-regular work, accidents while using manual tools such as cutter blades or hammers, or falls, drops or sprains when ascending or descending.

#### Ideal SCQ Promotion

All Group employees are instilled with and practice Our Values and Code of Conduct

All Group employees practice the order of priority for decision making (SCQDE)

All Group employees act in accordance with Sustainability Policy

The Group considers the themes presented in Sustainability Policy as opportunities for sustainable growth while reducing risk to an acceptable level



# Workplace Safety and Hygiene

## Safety & Health are given the first priority in business decisions made at the Mitsubishi Materials Group.

The MMC Group Code of Conduct states in Article 2: “We are committed to providing a safe and healthy environment for all our stakeholders.” This commitment reflects our realization that we must preserve our employees’ safety and health to enable them to provide their families with secure and happy lives, and to contribute to our effective operation and continued development as a company.

In our SCQDE order of priority in business decisions, “S” (Safety & Health) is given the first priority.

### MMC Group Basic Policy on Safety and Health Management

- 1) We will carry out safety and health activities based on full participation from all employees, underpinned by leadership and initiative from the Chief Executive Officer and other managing personnel.
- 2) We will ensure that all employees comply with the Industrial Safety and Health Act and other applicable legislation, manuals and operating procedures, and establish a workplace culture whereby everyone follows the rules and ensures that others do too.
- 3) We will make every effort to create pleasant workplaces that are healthy for both body and mind, for all employees, through activities aimed at creating open workplaces and promoting health.
- 4) We will take preventive measures in accordance with Ministry of Health, Labour and Welfare guidelines on the prevention of work-related traffic accidents and improve road etiquette amongst all employees, in order to eliminate traffic accidents based on Our Commitment to promoting road safety activities as an example to society as a whole.

### Promotion of Safety and Health Activities

In 2014, an explosion at the Yokkaichi Plant\* took the lives of five employees of MMC and partner companies, which was one of our plants at the time. Based on a strong determination to never allow such an accident to occur again, the Group launched the Zero Occupational Accident Project in 2014 for the goal of eliminating all serious accidents, and is now promoting a safety management system for the entire Group.

In 2024, we will continue to aim for the goals set in the Zero Occupational Accident Project, which is to have zero accidents resulting in four or more lost days over the course of a year, and eliminate fires, explosions and other accidents. In 2023, while the total number of accidents has decreased, there were, unfortunately, fatal accidents caused by heavy machinery, so we are continuing to thoroughly improve facility safety through risk assessments. Furthermore, there were 22 (13 non-consolidated) fire and explosion accidents in 2022, which is more than the double the 10 (7 non-consolidated) that occurred in 2021. We are focusing on operations related to preventing such accidents.

\*On March 31, 2023, we transferred our polycrystalline silicon business to High-Purity Silicon Corporation through an absorption-type split, and transferred all of its shares to SUMCO Corporation.

#### Related Information:

Sustainability Report

► Workplace Safety and Hygiene  
<https://mmc.disclosure.site/en/>

Corporate website

► Safety and Health Activities  
<https://www.mmc.co.jp/corporate/ja/company/safety.html>

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

### Hazard Sensitivity Education

In order to improve risk sensitivity, the Company is working to provide the opportunity to experience hazards and to detect risks in the workplace. At the Safety and Health Education Center, Midori-kan located at the site of our Saitama Office, we provide hazard sensitivity training (50 types of simulation equipment) and safety and health education for our Group employees. Dismantlable, portable virtual reality (VR) hazard experience devices are also used to improve risk sensitivity at the various business sites of the Group.



Simulation of Chemical and High-Pressure-Water Hazards



Simulation of Explosion and Gas Hazards

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



# Respect for Human Rights

## Responsibility in Value Chain

The Group conducts human rights due diligence and manage human rights risks under a Human Rights Policy that comprehensively covers our business activities.

### Human Rights Policy

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

We signed the United Nations Global Compact and registered as a participating company as of March 22, 2022.

#### Related Information:

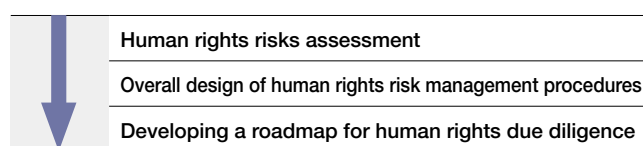
Corporate website

► Sustainability

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

### Human Rights Due Diligence

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

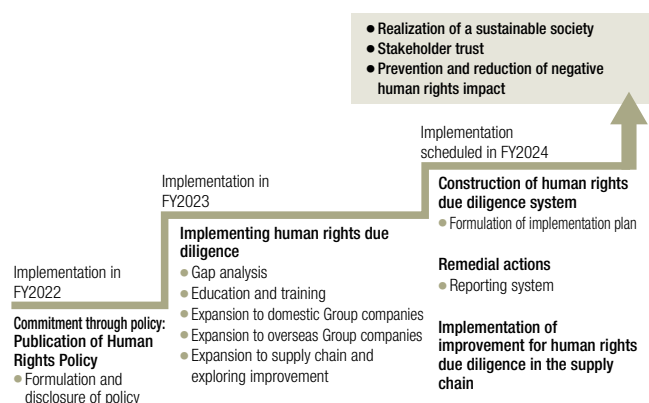


### Human Rights Roadmap

In order to strengthen our human rights-related efforts, the Group first centers its efforts on human rights due diligence promotion on Group companies. We then continue to strive to reduce human rights risks and promote initiatives in partnership with our suppliers (business partners). Concurrently, we work to further disseminate these policies internally through human rights awareness training, etc., and will expand this globally in fiscal 2023. Based on the results of fact-finding surveys on human rights issues, we plan to establish a PDCA cycle for identifying and reviewing presumed risks.

Since fiscal 2022, we have worked on the following items in accordance with the United Nations Guiding Principles on Business and Human Rights in order to mitigate and prevent our business activities from negatively impacting human rights.

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



### Responsible Procurement

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

We import copper concentrate, the main raw material in copper products, from overseas mines, so we carry out procurement activities that take into consideration the impact of mine development on the environment and local society. We attach great importance to dialogue with indigenous peoples and local communities, such as by participating in advisory committees of mines with interests of a certain scale. We also require overseas mines to comply with our CSR standards and we make efforts to confirm their compliance status through periodic questionnaires.

With respect to the conflict minerals issues, we are strengthening our efforts from the wider perspective of the Responsible Minerals Initiative in order to fulfill our social responsibility as a company engaged in global procurement activities.

#### Related Information:

Sustainability Report

► Sustainable Supply Chain Management

► Stakeholder Communication

► Respect for Human Rights

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

# Environment Protection Technologies and Biodiversity

The Group is committed to protecting the environment and to pursuing effective use and recycling of resources based on our Environmental Policy, and seeks to prevent pollution in the vicinity of our business operations and to develop various activities as part of our efforts to create a decarbonized society.

## Environmental Policy

This Environmental Policy of the Mitsubishi Materials Group was established based on the Sustainability Policy and is considered to be the foundation for the business activities of the Mitsubishi Materials Group.

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

## Related Information:

Corporate website

► Sustainability

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

## Environmental Management Activities

The various business sites of the Group operate an environmental management system such as ISO14001 to ensure legal compliance and promote continuous activities for improving environmental performance. In order to ensure that the managers that promote these activities have the required knowledge on environmental technologies and laws and regulations, we developed and adopted an environmental education program and a legal check system required for daily management.

## Compliance with Environmental Laws and Regulations

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

Regarding the status of compliance with environmental laws and regulations in fiscal 2023, there were no adverse dispositions (permit revocations, operation suspension orders, facility suspension orders, fines, etc.) by regulatory authorities.

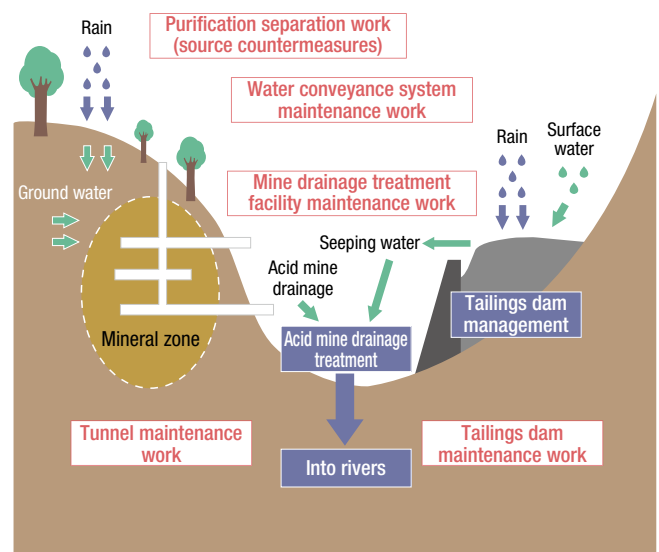
## Management of Closed Mines

All nonferrous metal (copper, lead, zinc, etc.) mines owned by the Group in Japan have been suspended or closed, and we spend roughly 4 billion yen per year are spent on Acid mine drainage treatment and tailings dam maintenance and management that is currently in place at 21 closed mines across 15 sites and locations.

At closed mines, the rainwater and groundwater permeate into the underground tunnels and mining cavities in the mineral zones that were created by past mining operations, and acidic mine water is generated by contact with oxidized ore. In addition, seepage water is generated when rainwater or surface water come into contact with slag, which contains heavy metals, at collection sites. Such acid mine drainage is neutralized at treatment plants, and after removing the heavy metals, it is then discharged into rivers according to Effluent Standards. Furthermore, we manage tailing dams, conduct maintenance of old underground mine workings (mining levels, drifts and drainage tunnels), and implement safety measures at disused pit mouths and subsidence sites.

Since 2015, our Group has been implementing responses to instability caused by natural disasters and other risks by conducting protective guards against contamination and other threats, reinforcing tailing dams in preparation for large-scale earthquakes, and working to increase the capacity of mine drainage treatment facilities and update aging equipment. The costs of such construction are accounted for as a provision within environmental measures, and we do not believe there will be any additional large expenditures for the time being.

## Acid Mine Drainage Treatment and Countermeasure Work for Closed Mines



## Consideration of Biodiversity

The preservation of biodiversity is an element that forms the basis of our approach to business. We clarify this point both internally and externally by stating, “We will be more considerate of biodiversity and work to live in harmony with nature,” in the Article 5 of our Code of Conduct. In addition, in our Environmental Policy we state, “We engage in business activities that take ecosystems into account throughout our value chain, including the development of natural resources.”

The overseas mines from which raw materials are procured are particularly significant in terms of their impact on biodiversity due to Group business activities. Among these, the copper mines in which we have invested play a crucial role as important procurement sources. In each case, a thorough environmental impact assessment is conducted before the start of mining projects, with ongoing environmental monitoring even after the project begins. At copper mines where development projects are underway, we are conducting foundational surveys to assess environmental impact and collecting data to support biodiversity conservation efforts.

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

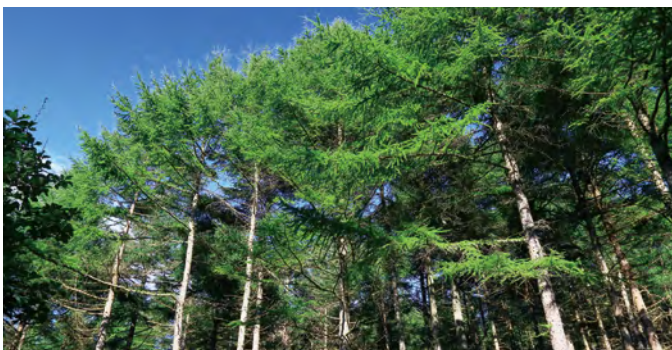
In April 2022, we were registered as a participating company of the 30 by 30 Alliance for Biodiversity. In addition, we are engaged in a pilot project for the certification of “Natural Symbiosis Sites,” and strive for OECM<sup>\*1</sup> designation for company-owned forests, to contribute to the building of a sustainable society.

<sup>\*1</sup> Other Effective Area-based Conservation Measures

Areas that contribute to biodiversity conservation other than protected areas, such as private sector forests, etc.



A juvenile tree of the endangered Acer miyabei Maxim



Larch forest

## Participation in the 30 by 30 Alliance for Biodiversity

In 2022, we were registered as a participating company of the 30 by 30 Alliance for Biodiversity, led by the Ministry of the Environment. This alliance is a coalition of the willing established for the achievement of the nature-positive global goal to halt and reverse biodiversity loss by 2030. The Group agrees with the purpose of establishing this alliance, and by aiming for future OECM designation for company-owned forests, we will contribute to the realization of a sustainable society.

To accomplish this goal, Japan, with the aim of achieving the conservation and protection of at least 30% of the country's lands and waters by 2030, has committed not only to expanding protected areas such as national parks, but also to designating as OECM areas other than protected areas, such as company forests.



## Cooperation with a Demonstration Project for Certifying “Natural Symbiosis Sites”

In 2022, the Group cooperated with the Ministry of the Environment's pilot project for certification of “Natural Symbiosis Sites.” Our site will start in fiscal 2024 as a system for certifying areas where conservation of biodiversity is sought through private sector and other initiatives. The intention of the certification demonstration project is to start the certification review process without delay, with 30 by 30 Alliance member companies cooperating through activities such as providing information. We will provide a case study about our activities in Teine Forest, which is one of company-owned forests “Materials' Forests”, to support the establishment of the certification system.

### Related Information:

Sustainability Report

► Contribution to Global Environment  
<https://mmc.disclosure.site/en/>



# Compliance

**“Compliance” serves as a vital component of a company as the foundation for achieving sustainable development. The Group implements measures for spreading and establishing an awareness of “compliance” as a means to fostering an ethical corporate and organizational culture.**

## Spreading and Establishing an Awareness of Compliance

Our broad view of compliance encompasses such elements as corporate ethics and social norms in addition to legal compliance, reflecting our sincere determination to live up to our stakeholders' expectations.

We are continually implementing new measures to enhance our Group-wide compliance framework, including domestic and overseas training aimed at realizing our steadfast commitment to improving compliance awareness among individual Group employees. We will strive to further spread and establish an awareness of compliance and related initiatives.

## Activities Conducted to Raise Compliance Awareness

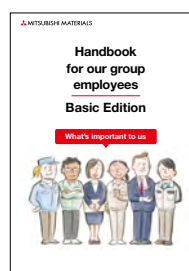
Since 2006, the Mitsubishi Materials Group has designated October as Corporate Ethics Month. Each October, the CEO posts a message on the Company intranet, and business sites and Group companies plan and conduct unique activities.

In order to instill our Corporate Philosophy, Vision, Mission, Values, Code of Conduct and Our Commitment in Group employees, we created cards, posters and the Handbook for Our Group Employees, Basic Edition, in 20 languages. The cards and posters were distributed at sites globally, the Handbook for Our Group Employees, Basic Edition, was distributed using company intranet in order to share this information with employees across the globe. Additionally, an employee handbook case study collection was distributed via the intranet and used in training activities conducted by Group companies in Japan. The Code of Conduct includes Antimonopoly Act compliance.

We are working to spread awareness of the SCQDE (see p.1) through training, education, posters and cards, etc.

We are striving to build an organization and corporate culture with good and healthy communication where employees have unrestricted communication, efforts that will further enhance Group governance. Recognizing that these efforts help to prevent compliance violations, we are working to strengthen communication through town hall meetings (dialog meetings), training, etc.

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



Handbook for our Group Employees

## Expanding and Reinforcing Compliance Education

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

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

For overseas education and training on compliance, we consider training content while taking into account the circumstances in each region of the world. We distribute training videos in multiple languages in order to conduct training efficiently in a wide range of regions through two-way interactive training that emphasizes communication.

Since 2018, our senior management and external lawyers have been providing governance training for directors of the Group companies in Japan. The training is designed to help them to understand the duties and roles that managers must fulfill with respect to governance and compliance, and to foster an awareness and acquire the means to fulfill them. From fiscal 2022, we will also conduct overseas training with instructors that include both senior management and outside experts who are familiar with circumstances in the region where the training is conducted.

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

## Anticorruption Measures

Given the importance of preventing corruption, a global sustainable development challenge, in April 2018 the Group formulated our “Regulations for Combating Bribery of Public Officials, Etc.” in order to help prevent bribery in our global business activities. We provide necessary support for the operation of bribery prevention systems in Group companies.

## Measures for Rebuilding our Antimonopoly Act Compliance System

In September 2019, the Japan Fair Trade Commission (JFTC) issued a cease and desist order and a surcharge payment order to Universal Can Corporation, a Group company of that time, for violations of the Antimonopoly Act in the form of cartel activity. In response to this, from November 2019 onwards, we have engaged in various measures to rebuild our Antimonopoly Act compliance system. In addition, in fiscal 2023, we worked to establish a system for complying with overseas competition laws.

- Formulation of Antimonopoly Act (Overseas Competition Laws) compliance regulations for MMC and subsidiaries
- Ongoing communiqués from top management regarding compliance with the Antimonopoly Act
- Clarification of Antimonopoly Act compliance as part of the Group's Code of Conduct
- Review and revision of regulations regarding disciplinary actions for MMC and subsidiaries
- Implementation of self-checks by MMC and subsidiaries, assessment of potential for Antimonopoly Act violations within each business segment
- Implementation of measures in accordance with the evaluation of risk management activities at individual business sites.
- Ongoing implementation and expansion of Antimonopoly Act compliance training
- Review and revision of internal audits related to the Antimonopoly Act
- Strengthening of measures against bid-rigging and transactions with competitors

## In-house Reporting System

We established an Internal Contact Office in December 2002 in Japan as a consultation service to handle reports and inquiries from employees of Mitsubishi Materials Corporation and its domestic Group companies. Since January 2020, we have contracted an external vendor to run the "Mitsubishi Materials Group Employee Hotline" for reports and inquiries, as well as improving the response systems of domestic Group companies to ensure that we can appropriately respond to reports and inquiries and better respond to issues, while also strengthening the reliability of report and inquiry systems. We also established a contact office for Members of the Audit Committee in June 2018 to contribute to the work performed by members of the Audit Committee in promptly detecting incidents and initiating corrective measures.

Contact information for these reporting systems is printed on cards for employees of the Mitsubishi Materials Group to keep on their person and made available on the company intranet and through each training activity.

On April 1, 2021, we established and began operation of the "MMC GROUP GLOBAL HOTLINE" a global in-house reporting system for the Mitsubishi Materials Group. This in-house reporting system can be used by personnel in overseas Group companies and overseas

sites (with some exceptions). The MMC GROUP GLOBAL HOTLINE allows activities that violate anti competition law or bribery to be reported anonymously. The availability of the global in-house reporting system is made known to target overseas companies and sites and is introduced during overseas training. There were two cases in fiscal 2023.

In fiscal 2023, as measure to improve the reliability of the domestic in-house reporting system, we launched a special website, put up posters explaining how to use the system, released a video to inform the public and carried out educational activities within our training. Moving forward, we will continue to strive to improve the reliability of the in-house reporting system.



Poster to publicize the use of the in-house reporting system

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

2018	2019	2020	2021	2022	2023
42	61	58	54	47	65

## Group Governance Framework

Since 2017, we have formulated and are executing measures for enhancing the Group governance framework in order to solve issues regarding Group-wide governance that were identified based on analyses of the backgrounds and causes of quality issues that occurred in the Group. Monitoring by Outside Directors and outside experts ended on May 13, 2020, but we have continued to engage in autonomous governance enhancement activities.

## Case and Group-wide Measures for Robertson's Ready Mix, Ltd. (RRM)

In response to the case of conflict-of-interest transactions by RRM, a consolidated subsidiary in the US, we have established and are currently operating under new rules and mechanisms through a countermeasure project intended to prevent any recurrence within the Group.

\*Effective April 1, 2022, the Company's cement business and related businesses, etc. were split off in an absorption-type split with Mitsubishi UBE Cement Corporation as the successor company. As a result, RRM became a consolidated subsidiary of Mitsubishi UBE Cement Corporation.

### Related Information:

Sustainability Report

► Maintenance and Improvement of Governance  
<https://mmc.disclosure.site/en/>

# Risk Management

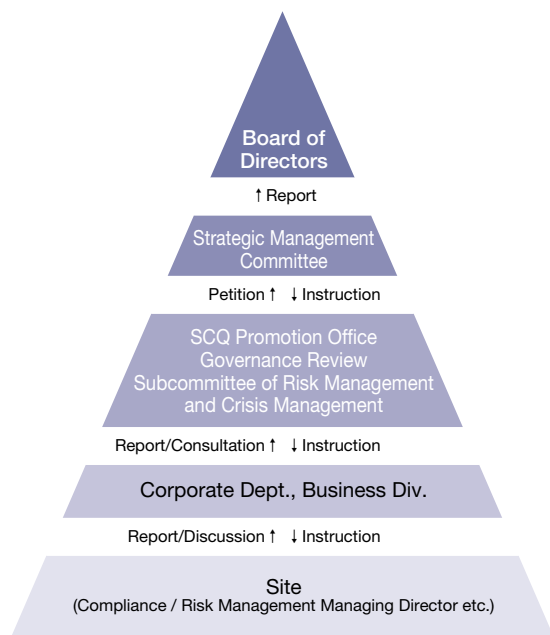
In order to respond appropriately to the various risks surrounding our Group, minimize damage and loss and ensure stable operations of our business, we engage in risk management activities at all Group business sites, globally.

## Risk Management Approach and Operation

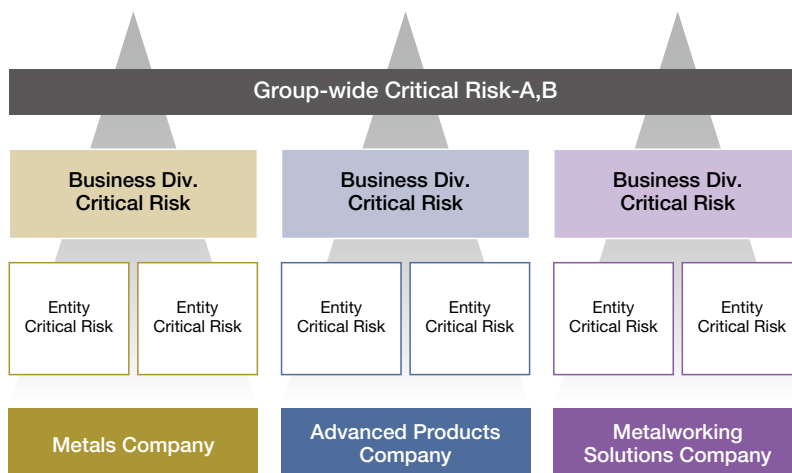
Major risks are defined as those for the entire Group, those inherent to business operations (the risk of having a material impact on the operation of the entire business), and those inherent to business locations (the risk of having a material impact on the operation of a specific business location.) We define the role each level must play in addressing risks, such as planning, implementation, support, monitoring and review. Status of activities is monitored and reviewed semi-annually, the results of which are reported to the SCQ Promotion

Office, Strategic Management Committee, Board of Directors, etc., and risk status is monitored and reviewed by management. In addition, we develop scenarios for specific Critical Risks to conduct quantitative and qualitative evaluations of impact and likelihood based on standardized evaluation criteria. It allows us to share a concrete idea of when a risk will emerge. Further details on these risks are indicated in the “Business and Other Risks” section of the Consolidated Financial Results.

### Risk Management System

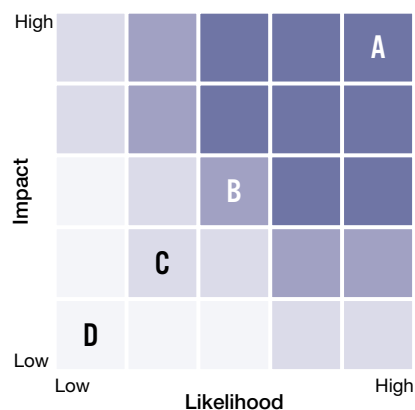


### Critical Risk Positioning

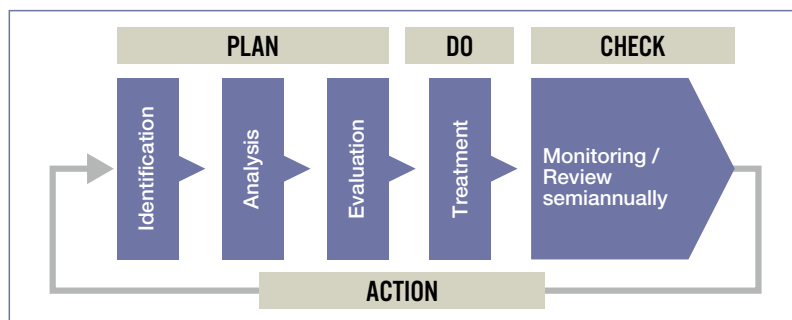


Management of Critical Risk from the point of view of Corporate, Business Div. and each Site.

### Risk Evaluation Criteria



### Risk Management Cycle



## Business and Other Risks

The table on the right lists key risks recognized by our executives as having the potential to significantly impact the performance and financial condition of our Group based on our risk management framework. Further details regarding this information are disclosed in the “Business and Other Risks” section of the Consolidated Financial Results.

### Related Information:

Corporate website  
► Investor Relations  
<https://www.mmc.co.jp/corporate/en/ir/>

### Business and Other Risks

Name of risk	Probability of Occurrence	Level of Impact
Geopolitical situation, International situation, overseas economic situation	High	Large
Market trends	Medium	Large
Fluctuations in raw material and utility prices	High	Large
Procurement	Medium	Large
Climate change	High	Large
Natural disasters and abnormal weather	Medium	Large
Occurrence of pollution and environmental laws violations	Medium	Medium
Infectious disease	Medium	Medium
Information security	High	Medium
Human rights	Medium	Medium
Finance	Medium	Large

## Crisis Management

We are striving to strengthen our crisis management systems to facilitate prompt, accurate response to emergency situations, including natural disasters, accidents, terrorist attacks and pandemics. Besides operating crisis management related rules that apply to the entire Group, we formulate business continuity plans at all our consolidated subsidiaries in Japan and overseas, with the aim of minimizing the

impact on customers of any crisis that might occur through swift restoration and continuation of operations. To ensure that the system can respond to crisis situations, it defines how to respond to each type of crisis situation and clarifies roles and responsibilities.

### Related Information:

Sustainability Report  
► Maintenance and Improvement of Governance  
<https://mmc.disclosure.site/en/>

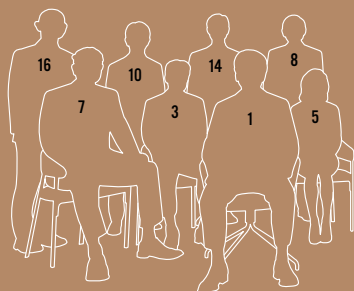
## COVID-19 Countermeasures and Task Force Dissolution

The Group established a task force at the head office that directed a unified COVID-19 response across the Group. The task force formulated preventative measure guidelines and group action policies according to the status of the pandemic around the world and deployed them to all business sites, while centrally collecting information on the health of employees, impact on business sites, etc., and shared that information with top management. In order to respond to major changes in the business environment and business structure, we are

continuing to implement various measures, such as transitioning to working from home and other new work styles, improving management speed via digital transformation, and rebuilding business models. The task force was dissolved in May 2023 after WHO ended its public health emergency declaration and the national government of Japan reclassified COVID-19 as a category 5 infectious disease under the Act on the Prevention of Infectious Diseases.



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



- |                         |                              |                             |
|-------------------------|------------------------------|-----------------------------|
| <b>1</b> Akira Takeuchi | <b>4</b> Nobuhiro Takayanagi | <b>7</b> Hikaru Sugi        |
| <b>2</b> Naoki Ono      | <b>5</b> Mariko Tokuno       | <b>8</b> Tatsuo Wakabayashi |
| <b>3</b> Makoto Shibata | <b>6</b> Hiroshi Watanabe    | <b>9</b> Koji Igarashi      |





10 Kazuhiko Takeda

11 Rikako Beppu

12 Tetsuya Tanaka

13 Makiko Nogawa

14 Jun Nagano

15 Katsuyoshi Isaji

16 Toshinori Ishii

17 Kazuo Ohara



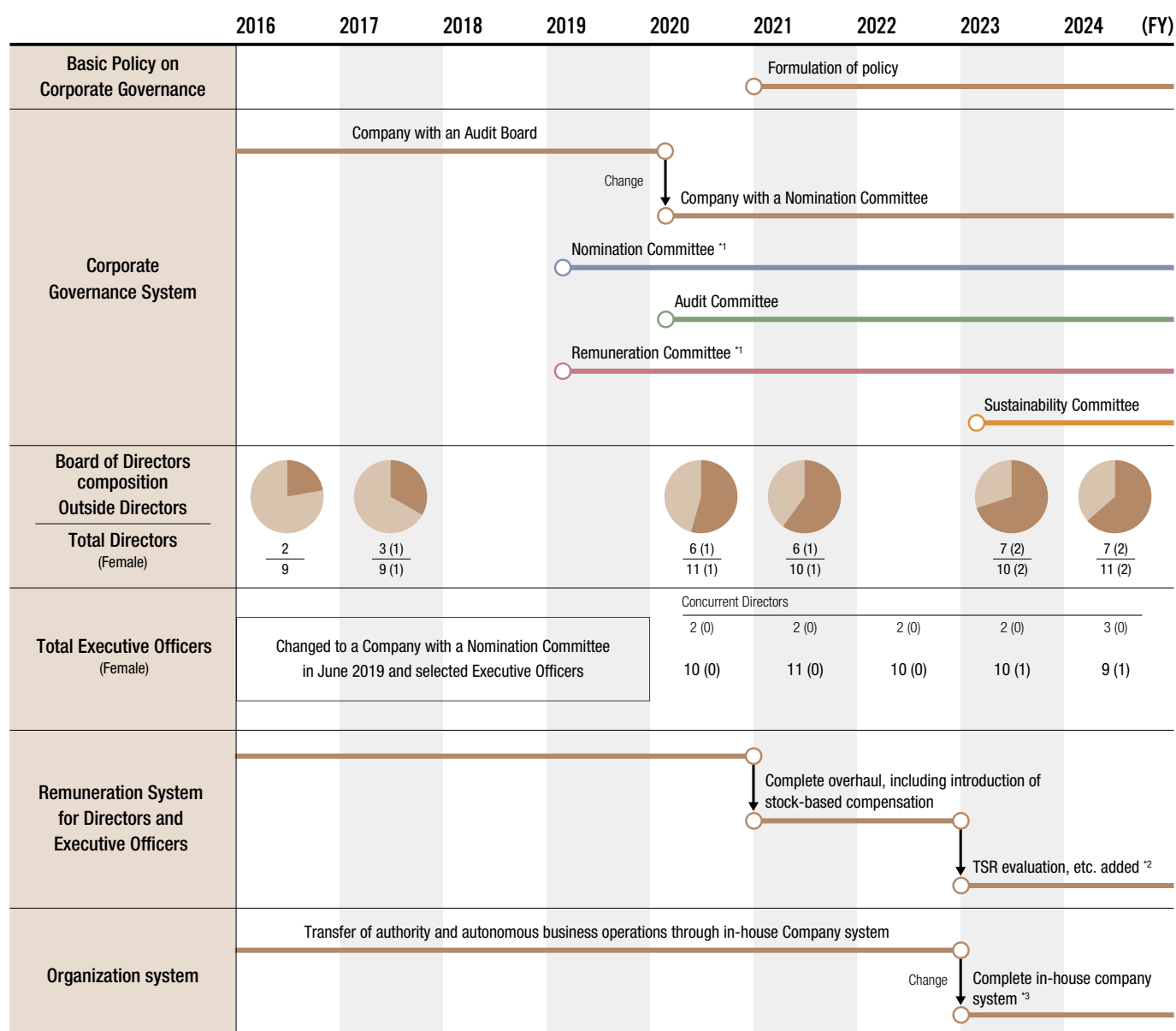
## Efforts in Strengthening Corporate Governance

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

The Board of Directors has been continuously increasing the ratio of Outside Directors and female directors, and currently has 7 Outside Directors and 2 female directors out of 11 Directors.

With regard to the remuneration system for Executive Officers, the Company introduced stock-based compensation in 2020. From 2022, we added relative TSR evaluation to the annual bonus evaluation items and incorporated targets into non-financial evaluation elements based on the Sustainability Policy.

As for the organizational structure, we have shifted to a complete in-house company system from 2023, and are working to further improve our business competitiveness and strengthen our organizational culture reforms and corporate governance.



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

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

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

# Corporate Governance System

## Basic Approach

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

- We acknowledge the enhancement of corporate governance to be one of the most important management issues, and continuously make efforts to improve our corporate governance.

The MMC Group has set out "Our Commitment" of "For people, society and the earth, circulating resources for a sustainable future." Toward the realization of its goal, we are introducing in-house company system to, flexibly and appropriately, expand our recycling system and supply high-performance materials and products.

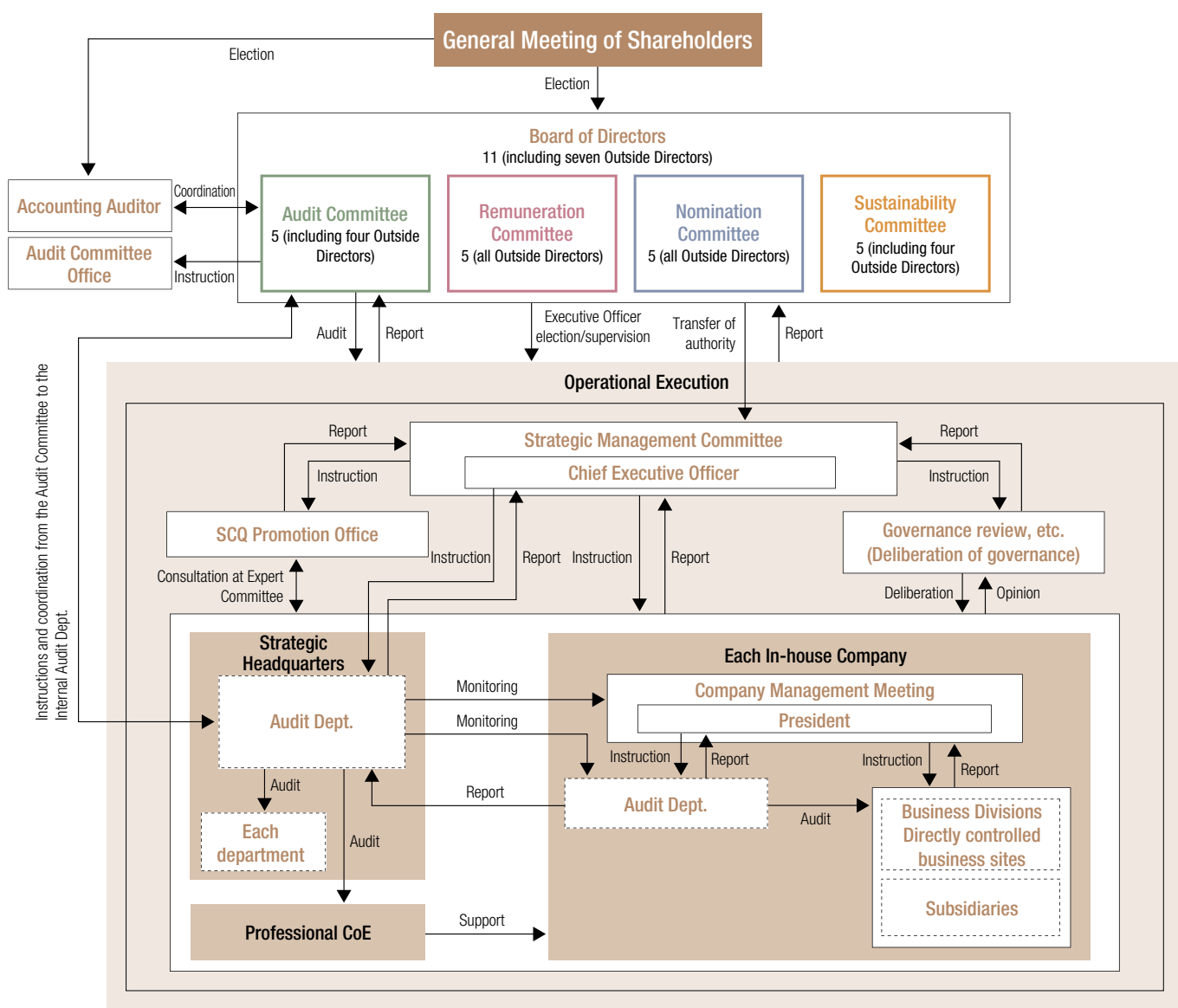
### Related Information:

Corporate website

► Basic Policy on Corporate Governance

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

## Overview of the Corporate Governance System (Chart as of July 1, 2023)





# Directors (as of June 23, 2023, at the end of the 98th General Meeting of Shareholders)

	Personal History	Reasons for nominating
<b>1 Akira Takeuchi</b> <b>Director, Chairman of the Board</b> <div>Audit Committee</div> <b>Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2023)</b> Board of Directors Meetings 19/19 (100%) Audit Committee Meetings 16/16 (100%) Remuneration Committee Meetings 11/11 (100%) Sustainability Committee Meetings 9/9 (100%)	<b>Apr. 1977</b> Joined the Company <b>Jun. 2009</b> Managing Director <b>Apr. 2014</b> Executive Vice President  <b>Apr. 2015</b> President <b>Jun. 2018</b> Director, Chairman of the Board (to present)	Akira Takeuchi, following appointment as Managing Director of the Company in 2009, had served as Director in charge of corporate communications, general affairs, the environment, human resources, safety and health and the affiliated corporations' business. After serving as President, he has been Chairman since June 2018. At present, as Chairman of the Board of Directors, he plays the leading role in enhancing the effectiveness of the Board of Directors noticeably by proceeding with meetings in such a way as to facilitate open and quality discussions in the Board of Directors meetings. As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. The Company believes that he will strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Director.
<b>2 Naoki Ono</b> <b>Director, Chief Executive Officer (CEO)</b> (Responsible for: General Operation of the Company, Internal Audit, Renewable Energy Business, Energy Project & Technology Center) <div>Sustainability Committee</div> <b>Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2023)</b> Board of Directors Meetings 19/19 (100%) Nomination Committee Meetings 15/15 (100%) Remuneration Committee Meetings 3/3 (100%)	<b>Apr. 1979</b> Joined Mitsubishi Mining & Cement Co., Ltd. <b>Jun. 2014</b> Managing Director of the Company President, Cement Company <b>Apr. 2016</b> Executive Vice President President, Cement Company <b>Jun. 2016</b> Director; Executive Vice President President, Cement Company  <b>Apr. 2017</b> Director; Executive Vice President General Manager, Corporate Strategy Div. <b>Jun. 2018</b> President <b>Jun. 2019</b> Director; Chief Executive Officer <b>Apr. 2021</b> Director; Chief Executive Officer; CEO (to present)	Naoki Ono, following appointment as Managing Director of the Company in 2014, served as President, Cement Company, and General Manager of the Corporate Strategy Division. After serving as President, he has been as Director, Chief Executive Officer, since June 2019. At present, as Director, Chief Executive Officer and CEO, he supervises the management of the Group and is leading a variety of measures for management reform. Additionally, he reports on the overall situation of management of the Group regularly at the Board of Directors meetings, thereby fulfilling his accountability to the Board of Directors as Executive Officer. As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. The Company believes that he will strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Director.
<b>3 Makoto Shibata</b> <b>Director; Managing Executive Officer</b> <b>CTO, CDO</b> (Responsible for: Monozukuri and R&D Strategy, DX Promotion, System Strategy)	<b>Apr. 1984</b> Joined the Company <b>Apr. 2017</b> Managing Executive Officer General Manager, General Administration Div. <b>Apr. 2018</b> Managing Executive Officer General Manager, Governance Div. <b>Jun. 2018</b> Director; Managing Executive Officer General Manager, Governance Div. <b>Apr. 2019</b> Director; Managing Executive Officer General Manager, Corporate Strategy Div.  <b>Jun. 2019</b> Director; Managing Executive Officer General Manager, Corporate Strategy Div. <b>Jun. 2021</b> Managing Executive Officer <b>Oct. 2022</b> Managing Executive Officer; CDO <b>Apr. 2023</b> Managing Executive Officer; CTO; CDO <b>Jun. 2023</b> Director; Managing Executive Officer; CTO; CDO	Makoto Shibata, following appointment as Managing Executive Officer of the Company in 2017, served as General Manager, General Administration Division, General Manager, Governance Division, and General Manager, Corporate Strategy Division. He has undertaken his duties as Managing Executive Officer since June 2019. (He concurrently served as Director from June 2018 to June 2021). At present, as Managing Executive Officer, he is responsible for the management of the Group, and as CDO, he leads DX (digital transformation) of the Company. In addition, as CTO, he leads the research and development strategy and the IT strategy of the Company. Additionally, he regularly reports on the Digital Strategy of the Group and others at the Board of Directors meetings, thereby fulfilling his accountability to the Board of Directors as Executive Officer. As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. The Company believes that he will strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Director.
<b>4 Nobuhiro Takayanagi</b> <b>Director; Managing Executive Officer; CFO</b> (Responsible for: Strategy-Accounting & Finance, Sustainable Development, Corporate Communications)  <b>Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2023)</b> Board of Directors Meetings 19/19 (100%)	<b>Apr. 1986</b> Joined the Company <b>Dec. 2017</b> Operating Officer President of Mitsubishi Cable Industries, Ltd. <b>Apr. 2019</b> Operating Officer President of Mitsubishi Cable Industries, Ltd. Vice President, Advanced Products Company <b>Apr. 2020</b> Managing Executive Officer Vice President, Advanced Products Company  <b>Apr. 2021</b> Managing Executive Officer; CFO General Manager, Corporate Strategy Dept. <b>Jun. 2021</b> Director; Managing Executive Officer; CFO General Manager, Corporate Strategy Dept. <b>Apr. 2022</b> Director; Managing Executive Officer; CFO General Manager, Management Strategy Div., Strategic Headquarters <b>Apr. 2023</b> Director; Managing Executive Officer; CFO (to present)	Nobuhiro Takayanagi took office as Managing Executive Officer of the Company in 2020. After serving as Vice President, Advanced Products Company, he has undertaken his duties as Director and Managing Executive Officer since June 2021. At present, as Director, Managing Executive Officer and CFO, he is responsible for the management of the Group, and he leads the promotion of management reforms and the planning and execution of various measures based on the previous Medium-term Management Strategy, as well as the planning and development of the Medium-term Management Strategy FY2031 and the planning and execution of various matters. Additionally, he regularly reports on the business performance of the Group and others at the Board of Directors meetings, thereby fulfilling his accountability to the Board of Directors as Executive Officer. As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. The Company believes that he will strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Director.
<b>5 Mariko Tokuno</b> <b>Outside Director</b> <div>Chairperson of the Nomination Committee</div> <div>Remuneration Committee</div> <b>Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2023)</b> Board of Directors Meetings 19/19 (100%) Nomination Committee Meetings 15/15 (100%) Remuneration Committee Meetings 11/11 (100%) Sustainability Committee Meetings 9/9 (100%)	<b>Jan. 1994</b> Joined Louis Vuitton Japan K.K. <b>Apr. 2002</b> Senior Director, Sales Administration <b>Mar. 2004</b> Vice President, Tiffany & Co., Japan Inc.  <b>Aug. 2010</b> President and Representative Director, Christian Dior K.K. <b>Sep. 2013</b> President, Representative Director and CEO, Ferragamo Japan K.K. (resigned Sept. 2016) <b>Jun. 2016</b> Director of the Company (to present)	Mariko Tokuno has insight into corporate strategy and general aspects of management from a global perspective gained through her extensive experience as a manager of the Japanese operations of leading international firms. Based on her insight, she has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as Chairperson of the Nomination Committee and a member of the Remuneration Committee and the Sustainability Committee, she has been involved in selecting candidates for Directors and Executive Officers, deciding on the remuneration of Directors and Executive Officers, etc. of the Company and discussing themes regarding sustainability of the Company from an objective and neutral position. As explained above, she has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that she will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes she is suitable for the position of Outside Director.
<b>6 Hiroshi Watanabe</b> <b>Outside Director</b> <div>Nomination Committee</div> <div>Remuneration Committee</div> <b>Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2023)</b> Board of Directors Meetings 19/19 (100%) Nomination Committee Meetings 13/13 (100%) Audit Committee Meetings 16/16 (100%) Sustainability Committee Meetings 9/9 (100%)	<b>Apr. 1972</b> Joined the Ministry of Finance Japan (MOF) <b>Jul. 1998</b> Deputy Director-General, MOF Personal Secretary to the Minister, MOF <b>Jul. 2001</b> Deputy Director-General, MOF <b>Jul. 2002</b> Senior Deputy Director-General, International Bureau, MOF <b>Jan. 2003</b> Director-General, International Bureau, MOF <b>Jul. 2004</b> Vice Minister of Finance for International Affairs, MOF <b>Jul. 2007</b> Special Advisor to the Minister of Finance <b>Oct. 2007</b> Special Advisor, Japan Center for International Finance  <b>Apr. 2008</b> Professor, Hitotsubashi University-Graduate School of Commerce and Management / Faculty of Commerce and Management <b>Oct. 2008</b> Deputy Governor, Japan Finance Corporation <b>Apr. 2012</b> CEO, Executive Managing Director, Japan Bank for International Cooperation <b>Dec. 2013</b> Governor, Japan Bank for International Cooperation (resigned Jun. 2016) <b>Oct. 2016</b> President, Institute for International Monetary Affairs (to present) <b>Jun. 2017</b> Director of the Company (to present)	Hiroshi Watanabe has knowledge of domestic and overseas finance and economics and general aspects of management gained through his experience in key positions at the MOF and in management positions in government-affiliated financial institutions. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as a member of the Audit Committee, he has been engaged mainly in auditing the execution of duties by Executive Officers, etc. from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Outside Director.

## 7 Hikaru Sugi

### Outside Director

Nomination Committee

Chairperson of the Remuneration Committee

Sustainability Committee

#### Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2023)

Board of Directors Meetings 19/19 (100%)  
Nomination Committee Meetings 15/15 (100%)  
Remuneration Committee Meetings 11/11 (100%)  
Sustainability Committee Meetings 9/9 (100%)

#### Personal History

**Apr. 1974**

Joined Nippondenso Co., Ltd. (currently DENSO CORPORATION)

**Jun. 2002**

Executive Director, Member of the Board; General Manager, Air-Conditioning Product Div.

**Jun. 2004**

Executive Director; General Manager, Air-Conditioning Product Div.

**Jun. 2005**

Executive Director; General Manager, Thermal Systems Business Div.

**Jun. 2008**

Senior Executive Director, Member of the Board; General Manager, Engineering Research & Development Center

**Jun. 2011**

Senior Executive Director, DENSO CORPORATION; President and CEO, DENSO INTERNATIONAL AMERICA, INC.

**Jun. 2013**

Executive Vice President, DENSO CORPORATION; President and CEO, DENSO INTERNATIONAL AMERICA, INC.

**Jun. 2014**

Advisor, Senior Technical Executive, DENSO CORPORATION

**Jun. 2016**

Advisor (resigned June 2017)

**Jun. 2018**

Director of the Company (to present)

#### Reasons for nominating

Hikaru Sugi has extensive technical knowledge in development, design and manufacturing processes. He also has insight into corporate strategy from a global perspective and general aspects of management through his experience as a manager of a manufacturer that develops its business all over the world. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as a member of the Nomination Committee and Chairperson of the Remuneration Committee and a member of the Sustainability Committee, he has been involved in selecting candidates for Directors and Executive Officers, deciding on the remuneration of Directors and Executive Officers, etc. of the Company and discussing themes regarding sustainability of the Company from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Outside Director.

## 8 Tatsuo Wakabayashi

### Outside Director

Nomination Committee

Audit Committee

Remuneration Committee

#### Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2023)

Board of Directors Meetings 19/19 (100%)  
Nomination Committee Meetings 15/15 (100%)  
Audit Committee Meetings 13/13 (100%)  
Remuneration Committee Meetings 3/3 (100%)  
Sustainability Committee Meetings 9/9 (100%)

**Apr. 1977**

Joined Mitsubishi Trust Bank (currently Mitsubishi UFJ Trust and Banking Corporation)

**Jun. 2008**

Managing Director, Mitsubishi UFJ Trust and Banking Corporation (MUTB)

**Jun. 2009**

Senior Executive Director, MUTB;

**Jun. 2010**

Senior Managing Director and Chief Executive, Trust Assets Division, MUTB; Managing Officer and Group Head, Integrated Trust Assets Business Group, Mitsubishi UFJ Financial Group, Inc. (MUFG)

**Jun. 2011**

Senior Managing Director, MUTB; Director, MUFG

**Apr. 2012**

President, MUTB; Director, MUFG

**Apr. 2013**

President, MUTB; Deputy Chairman, MUFG

**Dec. 2013**

President, CEO and Chairman, MUTB; Deputy Chairman, MUFG

**Jun. 2015**

President, CEO and Chairman, MUTB; Director and Deputy Chairman, MUFG

**Apr. 2016**

Chairman, MUTB; Director, MUFG

**Jun. 2016**

Chairman, MUTB

**Jun. 2018**

Part time engagement, Audit & Supervisory Board Member of the Company

**Jun. 2019**

Director of the Company (to present)

**Apr. 2020**

Senior Advisor, MUTB (to present)

Tatsuo Wakabayashi has insight into finance, accounting and other aspects of corporate management from his extensive experience as a manager after having served as President and Chairman at financial institutions. Based on her insight, she has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as a member of the Nomination Committee and the Sustainability Committee, he has been involved in selecting candidates for Directors and Executive Officers of the Company and discussing themes regarding sustainability of the Company from an objective and neutral position. Also, as Chairperson of the Audit Committee, he has been engaged mainly in auditing the execution of duties by Executive Officers, etc. from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Outside Director.

## 9 Koji Igarashi

### Outside Director

Nomination Committee

Audit Committee

Chairperson of Sustainability Committee

#### Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2023)

Board of Directors Meetings 19/19 (100%)  
Audit Committee Meetings 16/16 (100%)  
Remuneration Committee Meetings 8/8 (100%)  
Sustainability Committee Meetings 9/9 (100%)

**Apr. 1980**

Joined Ajinomoto Co., Inc.

**Apr. 2002**

Senior Vice President, Ajinomoto U.S.A., Inc.

**Jun. 2007**

Executive Officer; Vice President, Amino Acids Company, Ajinomoto Co., Inc.

**Jun. 2009**

Executive Officer; General Manager, Corporate Planning Div.

**Jun. 2011**

Member of the Board, Corporate Vice President

**Jun. 2013**

Member of the Board, Corporate Senior Vice President

**Jun. 2017**

Advisor (resigned June 2020)

**Jun. 2020**

Director of the Company (to present)

Koji Igarashi has extensive technical knowledge in technological development and manufacturing as well as insight into overall management, such as global business development, business reform and creation, and promotion of digitalization through his experience as a manager of a food manufacturer that develops its business all over the world. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as a member of the Remuneration Committee and Chairperson of the Sustainability Committee, he has been involved in deciding on the remuneration of Directors and Executive Officers, etc. of the Company and discussing themes regarding sustainability of the Company from an objective and neutral position. Also, as a member of the Audit Committee, he has been engaged mainly in auditing the execution of duties by Executive Officers, etc. from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Outside Director.

## 10 Kazuhiko Takeda

### Outside Director

Chairperson of the Audit Committee

Sustainability Committee

#### Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2023)

Board of Directors Meetings 15/15 (100%)  
Audit Committee Meetings 13/13 (100%)  
Sustainability Committee Meetings 9/9 (100%)

**Apr. 1983**

Joined Sony Corporation (currently Sony Group Corporation)

**Oct. 2001**

Vice President in charge of Accounting, Sony Ericsson Mobile Communications Inc.

**Apr. 2006**

Executive Officer; CFO, Sony NEC Optiarc Inc.

**Aug. 2008**

Senior Vice President in charge of Corporate Management and Accounting, Sony Europe B.V.

**Oct. 2013**

Vice President; Senior General Manager of Corporate Planning & Control Division, Sony Corporation

**Jun. 2015**

Senior Vice President Corporate Executive in charge of Corporate Planning & Control and Accounting

**Jan. 2018**

Senior Vice President Corporate Executive in charge of Corporate Planning & Control and Accounting; CIO

**Jul. 2018**

Senior Vice President Deputy President and Chief Financial Officer, Sony Interactive Entertainment LLC

**Jul. 2021**

Executive Alumnus, Sony Group Corporation

(to present)

**Jun. 2022**

Director of the Company (to present)

Kazuhiko Takeda has extensive knowledge in the fields of corporate management, business operations and administration, accounting and finance, and information technology through his management experience as a senior executive of a conglomerate that develops a wide range of businesses all over the world and as the manager of its major subsidiaries. He also has insight into corporate strategy and overall management from a global perspective based on his many years of experience working in Europe and the United States. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Also, as a member of the Audit Committee, he has been engaged mainly in auditing the execution of duties by Executive Officers, etc. from an objective and neutral position. Additionally, as a member of the Sustainability Committee, he has been involved in discussing themes regarding sustainability of the Company from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Outside Director.

## 11 Rikako Beppu

### Outside Director

Audit Committee

Remuneration Committee

Sustainability Committee

#### Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FY2023)

Board of Directors Meetings 15/15 (100%)  
Remuneration Committee Meetings 8/8 (100%)  
Sustainability Committee Meetings 9/9 (100%)

**Aug. 1992**

Joined Slaughter and May

**Sep. 1994**

Joined Simmons & Simmons

**Oct. 1994**

Registered as a member of The Law Society, England and Wales

**May 1997**

Seconded to Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu)

**May 1998**

Seconded to Export-Import Bank of Japan (currently Japan Bank for International Cooperation)

**Sep. 2001**

Partner, Simmons & Simmons

**Oct. 2001**

Registered as a member of Daini Tokyo Bar Association (registered foreign lawyer)

**Sep. 2008**

Partner, Lovells (currently Hogan Lovells)

**Oct. 2017**

Partner, Squire Patton Boggs Tokyo (Foreign Law Joint Business) (to present)

**Jun. 2022**

Director of the Company (to present)

Rikako Beppu has in-depth insights based on her advanced legal knowledge through her many years of experience as an attorney at law in Japan and abroad, as well as specialized knowledge in corporate legal affairs, particularly in the areas of global business development and business restructuring. Based on her insight, she has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as a member of the Remuneration Committee and the Sustainability Committee, she has been involved in deciding on the remuneration of Directors and Executive Officers, etc. of the Company and discussing themes regarding sustainability of the Company from an objective and neutral position. As explained above, she has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that she will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. Although she has no direct experience of being involved in corporate management, for these reasons, the Company believes she is suitable for the position of Outside Director.

## Directors Skill Matrix

The main expertise and experience owned by the Directors are shown in the Skill Matrix in Table 1.

In addition, Table 2 shows from what perspectives the Directors contribute and provide knowledge on the Group-wide Policy the Company's Medium-term Management Strategy from FY2021 to FY2023 and the development of the Medium-term Management Strategy FY2031 based on their respective expertise and experience as indicated in the Skill Matrix.

**Table 1: Expertise and Experience of the Directors (Skill Matrix)**

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

### Outside Director

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

○ indicates expertise and experience owned (● indicates primary)

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

**Table 2: Contribution and Perspectives of the Directors on Key Themes**

Group-wide Policy in the Medium-term Management Strategy from FY2021 to FY2023			Development of the Medium-term Management Strategy FY2031		
Optimization of business portfolio	Comprehensive efforts to increase business competitiveness	Creation of new products and businesses	Development in general	Human resources strategy	Sustainability
Perspective based on experience of management of the Group as President, and perspective based on the Group's history			Perspective based on the history of the management of the Company	Perspective from experience as an officer in charge of human resources	Perspective based on experience in overseeing the strengthening of the Group's governance
Perspective from the position of President, overseeing the management of the Group			Provision of perspective from experience as CEO of the Company, and lead person of discussion		
	Perspective from experience as an officer in charge of DX promotion and system strategy	Perspective from extensive experience in developing new businesses of the Company	Perspective from experience as an officer in charge of Manufacturing and R&D Strategy, DX promotion, and system strategy		Perspectives from experience as a management in the mineral resources and recycling business
	Perspective from extensive sales experience in business of the Company		Perspective from experience as CFO of the Company		Lead person of discussion as the officer in charge of the global environment

Perspective of management and knowledge from different industry			Perspective from experience as a management executive of a Japanese subsidiary of a major international company	Perspective in utilizing human resources in terms of diversity with management experience	
Perspective based on global economic trends			Perspective of overseas strategies based on economic trends trends	Perspective from experience in personnel management in government offices	Perspective from ethics in national public service and business management in developing countries
	Perspective from in-depth knowledge of the entire value chain from development to manufacturing based on technology trends		Perspective from experience of global management in manufacturing	Perspective from experience of human resource management in manufacturing and engineers	Perspective based on future technological trends
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 from experience as top management	Perspective based on working styles at a financial institution	Perspective from experience and knowledge of governance of financial institutions
Perspective from experience in business restructuring	Perspective from extensive technical expertise in technology development and production based on technology trends		Perspective from experience of global management in manufacturing	Perspective from experience of human resource management in manufacturing	Proposal of issues from a wide range of perspectives including future trends and exchange with external experts
Perspectives from practical experience in global management in manufacturing Perspectives on business management from extensive experience as CFO			Perspective from experience as a management executive of a global company Perspective on financial strategy and capital policy from experience as CFO		Posing of issues from the financial perspective
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	

※The items are focused on those with high contribution by the Directors.

※As for Makoto Shibata, the contribution and perspectives provided as an executive officer are described.



# Discussions in the Board of Directors, Etc.

## Overview of Board of Directors

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

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

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

The Board of Directors is comprised of 11 Directors (including 7 Outside Directors) as of June 23, 2023 (the end of the 98th General Meeting of Shareholders).

## Major Deliberations of the Board of Directors

Deliberation content	Number of deliberations by the Board of Directors	
	Resolved matters	Reported matters
Management Strategy and business	7	33
Sustainability	2	14
Corporate Governance	5	9
Accounting, IR and finance	6	30
Compliance and internal control	—	14
Committee-related	3	37
Officer-related	11	3
Others	1	5

## Briefings for Directors

- We hold briefings for Directors in order to deepen their understanding of the Group's business and help them to exchange opinions with the executive side to improve the corporate value. At the briefings, the executive side explains matters relating to the FY2031 Strategy (including identification of material issues) and the summary of individual business and projects, etc., on which participants exchange opinions.
- Themes to be discussed at briefings are mainly set from the following perspectives.
  - (1) Explaining matters the executive side should explain to Directors (information on the Company's business that is prerequisite for management decisions), and working to eliminate asymmetry of information between the executive side and Outside Directors.
  - (2) Exchanging opinions on matters that Directors and the executive side believe should be discussed in order to improve corporate value.
- We held 17 briefings for Directors in fiscal 2023. Particularly in regards to the FY2031 Strategy, we exchanged opinions on the overall concept, individual business strategies, financial plans, etc. at 8 briefings over July 2022 to March 2023.
- We also exchanged opinions on issues related to sustainability such as climate change, individual business strategies, corporate strategies and the progress of DX (digital transformation). See the next section for the themes deliberated at briefings for Directors in fiscal 2023.

## Themes deliberated at briefings for Directors (FY2023)

2022	April	Management policy of individual Business Divisions
	May	DX
	June	New business
	July	Next Medium-term Management Strategy, safety, intellectual property, DX
	August	Group Companies
	September	Next Medium-term Management Strategy
	October	Next Medium-term Management Strategy, business restructuring, sustainability
	November	Group Companies, intellectual property, sustainability
2023	December	Next Medium-term Management Strategy
	January	Next Medium-term Management Strategy, human resources strategy, manufacturing excellence strategy, individual business strategies, Group Companies, sustainability
	February	Individual businesses
	March	Next Medium-term Management Strategy, individual business strategies, Group Companies

## Director Communication

### ■ Ensuring an adequate schedule for Board of Directors meetings

Two full days a month are set aside to ensure sufficient time can be devoted to deliberations and considerations by the Board of Directors, individual committees and briefings for Directors. In this schedule, the Board of Directors meetings, committee meetings, briefings for Directors, “free discussions,” “Outside Directors’ opinion exchange meetings,” and other meetings are held as follows.

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

We hold 1-on-1 meetings between part-time Outside Directors and the CEO once every two months to provide an opportunity for communication in addition to discussions at Board of Directors meetings and Free Discussions among Directors. This enables Outside Directors to gain a deeper understanding of Group circumstances and more appropriately supervise business execution. The 1-on-1 meetings also provide the executive side with opportunities to obtain suggestions for more appropriate business execution, by freely choosing topics and exchanging opinions in a closer manner.

### ■ Meetings with Investors, etc.

We provide various opportunities for dialogue with Directors so that opinions on the stock market held by shareholders and other institutional investors can be appropriately fed back to the Board of Directors. In addition to regularly held small meetings between Outside Directors and domestic institutional investors, the content of meetings with institutional investors conducted by the executive side are provided to Directors, in order to share thoughts the on stock market for the Company with the entire Board of Directors.

### ■ Opportunities for Dialog between Outside Directors and Employees

From time to time, the Company holds lectures by Outside Directors for employees and dialog meetings with employees. The purpose of these is to encourage employees to become more autonomously involved in their work and to gain new values and inspiration through the sharing of the experiences and knowledge of Outside Directors, and for Outside Directors to deepen their understanding of Group employees. In fiscal 2024, we have held lectures by Outside Directors and opinion exchange with employees on themes such as “manufacturing site autonomy,” “value chain of technology,” “Digitalization/DX,” and “LGBTQ+ and allies.”

### ■ Outside Directors’ Opinion Exchange Meetings

Opinion-exchange meetings among Outside Director are periodically held for the purpose of exchanging information and sharing recognition from an independent and objective standpoint on a wide range of matters, not limited to just those on the agenda of the Board of Directors. These meetings are held twice a year. Matters on which it is deemed necessary to share and exchange opinions with the entire Board of Directors, including Internal Directors, are held in “Free Discussions among Directors” as described below.

### ■ Free Discussions among Directors (New Initiative)

Starting in fiscal 2024, we set up a new time for free discussion by Directors for the purpose of further stimulating discussions by the Directors. Here Directors share awareness and exchange opinions on matters raised at Board of Directors meetings and briefings for Directors, and are free to raise issues related to a wide range of matters that is not limited to matters handled at Board of Directors meetings.

### ■ Tours of Business Sites for Outside Directors

Tours of business sites are held for Outside Directors in order to deepen their understanding of the Group’s business. In fiscal 2023, tours were mainly conducted for newly appointed Directors in consideration of the COVID-19 pandemic. We are gradually resuming tours for all Outside Directors from fiscal 2024 onwards. Outside Directors also participate as observers in the Manufacturing and R&D Strategy Committee (general meeting for development strategy for our Innovation Center).



Tours of Naoshima Smelter & Refinery (Kagawa Prefecture)



Tours of Appi Geothermal Power Plant (Iwate Prefecture)

### Establishment of Corporate Secretary Department

The Corporate Secretary Department has been established in the Strategic Headquarters to strengthen the secretariat and other functions of the Board of Directors, Nomination Committee, Remuneration Committee and Sustainability Committee, as well as to consider Corporate Governance strategically.

## Evaluation of the Effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors based on the evaluation by each Director on an annual basis. In fiscal 2022, the evaluation was conducted using a third-party organization for the first time. (In the future, a third-party evaluation shall be conducted once every three years.)

In fiscal 2023, the Company evaluated the effectiveness of the Board of Directors by way of a questionnaire-based self-evaluation.

As a result of deliberations by the Board of Directors, it was confirmed that the effectiveness of the Board of Directors of the Company was secured in fiscal 2023.

The Board of Directors will continue to make ongoing efforts to further improve its effectiveness.

### Summary of FY2023 Effectiveness Evaluation

It was confirmed that the effectiveness of the Board of Directors of the Company was secured in fiscal 2023.

The results of questionnaires and the future issues and initiatives selected by the Board of Directors based on those are as follows.

### The results of the questionnaire and a summary of Board of Directors' deliberations on the issues identified as challenges based on the result of the evaluation

#### Overview of deliberation by the Board of Directors on issues

Matters pertaining to the medium- to long-term competitive advantage of the Company	Matters pertaining to sharing of information between the Nomination Committee and other Directors	Matters pertaining to the supervision of human resources strategy by the Board of Directors
<ul style="list-style-type: none"> <li>According to the questionnaire respondents, discussion at the Board of Directors on "Developments of technology and innovation, and medium- to long-term competitive advantage" and "Establishment of competitive advantage with the use of data and digital technology" were evaluated to be not necessarily sufficient. The evaluation also suggested that the Company's long-term competitive advantage (e.g., in business strategies, qualification of management, and corporate governance system) is not fully conveyed to the capital market.</li> <li>In the discussion by Directors, there were opinions stating, "Explanation by the executive side must be provided with an awareness of where the Company is positioned relative to where competitors are," and "What the executive side explains is too technical for us to understand what the desired effects are and where the Company is headed."</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation regarding the question of whether communication between the Nomination Committee Members and Directors who are not Committee Members is sufficient suggested that there was not enough communication. On the other hand, another opinion stated that, "Excessive requests for sufficient communication may step into a discussion at the Nomination Committee, which must be avoided from the perspective of independence of the committee."</li> <li>In the discussion by Directors, there was an opinion stating, "On the matters that require a resolution by the Board of Directors finally, including an agenda for the election and responsibilities of Executive Officers, it is necessary to improve the sharing of information to other Directors, and deepen discussion at the Nomination Committee."</li> </ul>	<ul style="list-style-type: none"> <li>According to the questionnaire respondents, "Discussion at the Board of Directors on the promotion of internal diversity" and "Discussion at the Nomination Committee on the succession plan for Executive Offices" were evaluated to be insufficient.</li> <li>In the discussion by Directors, there were opinions stating, "Development of global talent must also be regarded as a matter to be addressed," and "It is difficult to see the progress of diversity promotion at respective Business Division and the Corporate division seems to have no authority to manage and supervise it."</li> </ul>

## FY2024 initiatives on issues

Matters pertaining to the medium- to long-term competitive advantage of the Company	Matters pertaining to sharing of information between the Nomination Committee and other Directors	Matters pertaining to the supervision of human resources strategy by the Board of Directors
<ul style="list-style-type: none"> <li>The explanatory materials created by the executive side and given to directors shall be created with the following points in mind: "content should focus on important managerial matters that directors should know about and discuss," "projects that are progressing as planned should be described as concisely as possible," and "describe the circumstances and background of changes in the external environment, including competitor trends, and the situation the Group is in." This should include explanation of information on the Company's business that is prerequisite for management decisions, and working to eliminate asymmetry of information between the executive side and Outside Directors, through briefings for Directors.</li> <li>Appeal to the capital market by disseminating the FY2031 Strategy, which was formulated based on medium- to long-term advantages. Specifically, we will hold strategy briefings for each business in order to deepen investor and analyst understanding of the FY2031 Strategy. Additionally, we will conduct tours of domestic and overseas sites for securities analysts and institutional investors in order to promote understanding of the Company's existing businesses and initiatives under the FY2031 Strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Regarding matters requiring resolution by the Board of Directors (*matters to be reported from the Nomination Committee to the Board of Directors, mainly information on the election of Executive Officers, the selection of senior Executive Officers, and the division of responsibilities of Executive Officers), we aim to deepen discussion in the Nomination Committee and share information with Directors other than committee members. Specifically, in addition to sharing and discussing the status of deliberations in the Nomination Committee on the appointment of Executive Officers more broadly in advance, we will share the specific examination process, such as the method for selecting candidates. Additionally, we will enhance the explanation of reasons for the materials to be submitted to the Board of Directors regarding the election of Executive Officers to make the selection process easier to understand.</li> <li>Furthermore, we will share information on other general matters deliberated at the Nomination Committee (process for nominating candidates for Directors, etc.) by enhancing reports to the Board of Directors meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Regarding matters related to the promotion of diversity, etc., explain the status of promotion and issues in the Company at briefings for Directors.</li> <li>Concerning succession plans for executive officers, we will deepen discussions at the Nomination Committee, as in the case of "Matters pertaining to sharing of information between the Nomination Committee and other Directors" above.</li> </ul>

\* According to the questionnaire results, the evaluation of "Sufficient time and information to prepare for a discussion at the Board of Directors" was low. We have worked continuously to improve this matter and will keep making continuous efforts toward the future.

\* Furthermore, according to the questionnaire results, many Outside Directors expressed hope for on-site visits. In light of the COVID-19 pandemic, the Company organized on-site visits mainly by newly appointed Outside Directors in fiscal 2023. In fiscal 2024, the Company will restart on-site visits by all Outside Directors.

## Method of Analysis/Evaluation

### Evaluation process

Oct. 2022	At the Board, Directors discussed the evaluation implementation policy for the current fiscal year and future years. As a result, the Board confirmed that a self-evaluation shall be conducted in fiscal 2023, and a third-party evaluation shall be conducted once every three years.
Dec. 2022 to Jan. 2023	Questionnaires were distributed to all 10 Directors and responses were retrieved at the initiative of the Chairman of the Board of Directors.
Feb. 2023	The Directors discussed the effectiveness of the Board of Directors based on an analysis of the questionnaire results.
Mar. 2023	Following the discussions in February, the Board of Directors passed a resolution on the effectiveness of the Board of Directors for fiscal 2023.

### Questionnaire items

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

- Scale and composition of the Board of Directors
- Status of operations of the Board of Directors
- Composition, roles and status of operations of each of the Nomination Committee, Audit Committee, Remuneration Committee and Sustainability Committee
- Support system for Outside Directors
- Relationship with investors and shareholders
- Other general matters concerning the Board of Directors, etc.



## Evaluation of the Effectiveness of the Board of Directors

### Issues Based on the FY2022 Evaluation and Evaluation of Responses to Those Issues

There was an evaluation of initiatives concerning the following matters taken by the Board of Directors in fiscal 2023, based on the results of evaluating the effectiveness of the Board of Directors for fiscal 2022. It was confirmed that “certain measures were taken and improvements have been made” in general, though “measures were not taken sufficiently” on certain matters.

Issues recognized	Status of responses
<b>Matters pertaining to the operation of the Nomination Committee, Audit Committee and Remuneration Committee</b>	<ul style="list-style-type: none"> <li>• In the evaluation process, it was pointed out that, 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, the presence of stakeholders (mainly internal Directors) at meetings of the Board of Directors also needs to be taken into account. Accordingly, the frequency of Outside Directors' informal meetings, where discussions take place only among Outside Directors, was increased.</li> <li>• While certain measures have been taken as mentioned above, the evaluation regarding the question of whether communication between the Nomination Committee Members and Directors who are not Committee Members is sufficient suggested that there was not enough communication. On the other hand, there was also an opinion stating that, Excessive requests for sufficient communication may step into a discussion at the Nomination Committee, which must be avoided from the perspective of independence of the Committee.</li> </ul>
<b>Matters pertaining to supervision of growth strategies by the Board of Directors</b>	<ul style="list-style-type: none"> <li>• When formulating the next Medium-term Management Strategy (the FY2031 Strategy), the details of measures including growth strategies, such as the next Medium-term Management Strategy, Group-wide strategy, individual business strategy, R&amp;D and intellectual property strategy, business restructuring, and investment, were explained by the execution side at briefing for Directors, and discussed from a multilateral perspective.</li> <li>• There were opinions concerning operational issues of briefings for Directors stating, “Since materials are distributed right before the meeting, it is impossible to secure time to review them,” and “I hope there is an opportunity for discussion, based on input from a briefing for Directors.” However, the evaluation of the responses themselves was favorable in general.</li> </ul>
<b>Matters pertaining to the establishment of the Sustainability Committee</b>	<ul style="list-style-type: none"> <li>• The Sustainability Committee was established under the Board of Directors on June 28, 2022. The Committee considers monitoring methods and issues related to sustainability management and others as matters at the request of the Board of Directors for advice.</li> <li>• The evaluation of the Committee's role and the direction of discussion, etc. was favorable in general. However, the number and composition of the Committee was evaluated to be not necessarily appropriate, as seen in opinions stating, “The Committee should be downsized to the level of other Committees” and “The Committee seems to be slightly oversized.” It is confirmed that this issue was solved as the number and the composition of the Committee members was decided by the approval of the Board of Directors held on June 23, 2023, and the Committee became the same size as other committees.</li> </ul>

#### Related Information:

Corporate Website

► Corporate Governance Report

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

## Message from the Chairman of the Board of Directors

**We will further enhance the functions of the Board of Directors to achieve sustainable growth and improve corporate value over the medium- to long-term.**

**Akira Takeuchi**, Chairman



### Enhancing the functions of the Board of Directors for growth strategy

The Group formulated and announced a new Medium-term Management Strategy (the FY2031 Strategy) in February 2023. By fiscal 2023, we had largely completed business restructuring and withdrawal, and have made significant progress in the optimization of our business portfolio. From that point onwards, we are working on sustainable development by strengthening existing businesses and fostering new businesses based on the FY2031 Strategy.

In formulating the FY2031 Strategy, we aggressively worked on the issue of “enhancing Board of Directors functions for growth strategy,” which was identified in the Evaluation of the Effectiveness of the Board of Directors in fiscal 2022. We listened to explanations of proposals from the executive side in Board of Directors meetings and briefings for Directors, while also holding discussions with the executive side from a variety of perspectives to determine the direction and strategies we should work toward. We appropriately reflected the opinions and suggestions of each director to formulate an ambitious Medium-term Management Strategy that aims to sustainably improve corporate value.

As we progress toward achievement of the FY2031 Strategy targets, we plan to receive regular reports from executive side

on the progress of individual measures and discuss them. The Board of Directors strongly supports the achievement of the FY2031 Strategy through appropriate decision-making on important management policies and more efficient monitoring.

### Further strengthen the functions of the Board of Directors to respond appropriately to economic and societal changes.

In order to establish a more efficient management system, we transitioned to being a Company with a Nomination Committee, etc. in 2019 and transferred a significant amount of authority to Executive Officers. One of the Board of Directors’ most important roles is to indicate the overall direction of management to support swift and decisive decision-making by executives, then supervise and support execution. All our Outside Directors offer incredible insight and expertise, actively offering suggestions and advice based on our medium- to long-term outlook. To continue strengthening this in the future, we will work on further fostering a climate of frank and active discussion.

Furthermore, in order to continuously enhance the Board of Directors’ functions, we must evaluate their effectiveness and promote measures for improvement. We conduct an annual evaluation questionnaire for Directors, and based on

the results, the Board of Directors holds discussions, identifies issues and decides on measures for improvement. Moving forward, we will continue to ensure that this cycle of evaluation, improvement measure formulation and improvement measure execution continues.

The role of companies is rapidly shifting against a backdrop of recent and drastic economic and societal changes. Corporate governance required by stakeholders is becoming more extensive and severe. Further, rising global awareness has made it vital to actively address issues related to sustainability.

In light of all this, we plan to further expand the Board of Directors’ functions to achieve sustainable growth of the Group and improve corporate value over the medium- to long-term. As the Chairman of the Board of Directors, I will continue to encourage open and constructive discussion and exchange of opinions at our meetings, let the Board of Directors conduct high-quality deliberations, and work to ensure that it operates both effectively and efficiently.

## Message from the Chairperson of the Nomination Committee



**It is important for the Nomination Committee not only to select a successor to the current CEO, but also to keep in mind the lookout for candidates to succeed that successor.**

Chairperson of the Nomination Committee

**Mariko Tokuno**, Outside Director

### Focus on the CEO's succession plan and selection of next-generation management as FY2023 initiatives

Much like fiscal 2022, initiatives for fiscal 2023 included deliberations on the selection of candidates for Director, as well as involvement in CEO's succession plan and programs for selecting and training the next generation of management. All of these initiatives are extremely important to us, and while we had lively discussions about each topic, we devoted most of our time on the CEO's succession plan.

There are two points related to this. This is because it is about the selection of the current CEO's successor, as well as how to select and train the successor of the next CEO. With regard to the former, we are newly outsourcing to an external professional organization in addition to our conventional selection process to assess the qualities of candidates in a fairer and more in-depth manner and select the most suitable candidates to entrust with leadership of the Group. With regard to the latter, candidates gave presentations directly to the Nomination Committee members, enabling us to gain a deeper understanding of their personalities and approach.

While I believe that the Nomination

Committee is fully fulfilling its role at present, if I had to raise an issue, it is that the ability to select the best candidates depends on the accuracy of the Next-Generation Leadership Talent Development Program, and this may be beyond the scope of the Nomination Committee's involvement.

### Nomination of candidates for Directors and reporting proposals for the appointment of Executive Officers

The background of the election of Makoto Shibata as a candidate for Director is the imbalance in the current number of Internal Directors and Outside Directors. For some time, I have felt that we need to increase the number of Internal Directors to ensure discussions and opinions in the Board of Directors are shared with Executive Officers and reflected by their actions more promptly. In addition, because Makoto Shibata has experience serving as a Director as a CFO, we have determined that he is qualified to be a Director.

The election of Kazuo Ohara as an Executive Officer was also convincing. Kazuo Ohara's presentation about his own division was quite impressive, sharing how he worked with the Company President at the time to train people under

him and create an open culture as well as his international background. Beyond these cases, it made me realize that it is extremely important for the Nomination Committee to take every opportunity to learn about the people who will play key roles in the future, regardless of their age, in order to fulfill its role.

In the future, I will continue striving to strengthen governance from a fair and objective standpoint as the Chairperson of the Nomination Committee. The success of the FY2031 Strategy hinges on our talents. Therefore, who and how to select those who will be responsible for management, including the CEO, is the key. The same applies when selecting Outside Directors. As Chairperson, I have a strong desire to contribute to the Group's development and growth by carefully identifying people who can improve the Group's corporate value.

## Nomination Committee

<b>Composition (including chairperson)</b>	Five Outside Directors
<b>Chairperson</b>	Director (Outside)    Mariko Tokuno
<b>Members</b>	Director (Outside)    Hiroshi Watanabe Director (Outside)    Hikaru Sugi Director (Outside)    Tatsuo Wakabayashi Director (Outside)    Koji Igarashi
<b>Functions and Duties</b>	The Nomination Committee determines matters such as the policy for the nomination of candidates for Director and the content of proposals concerning the election and dismissal of Directors to be submitted to General Meetings of Shareholders. In addition to this, the Nomination Committee reviews and responds to inquiries from the Board of Directors concerning the election and dismissal, etc. of Executive Officers. Moreover, in order to develop human resources for the next generation responsible for management, the Nomination Committee deliberates on candidates for successor to the CEO and their development plans, and supervises the appropriate development of successor candidates.

<b>Number of meetings in FY2023</b>	15
<b>Results</b>	<p><b>2022</b></p> <p>April 27</p> <ul style="list-style-type: none"> <li>• Deliberation on the CEO's succession plan, selection of candidates for Outside Directors, etc.</li> </ul> <p>May 25</p> <ul style="list-style-type: none"> <li>• Deliberation on selection of candidates for Outside Directors</li> </ul> <p>June 28</p> <ul style="list-style-type: none"> <li>• Deliberation on annual committee schedule, selection of candidates for Outside Directors, etc.</li> </ul> <p>July 19</p> <ul style="list-style-type: none"> <li>• Deliberation on selection of candidates for Outside Directors</li> </ul> <p>July 28</p> <ul style="list-style-type: none"> <li>• Deliberation content of the report on the proposal of the division of duties for Executive Officers, the CEO's succession plan, selection of candidates for Outside Directors</li> </ul> <p>August 9</p> <ul style="list-style-type: none"> <li>• Deliberation on the CEO's succession plan, selection of candidates for Outside Directors</li> </ul> <p>August 31</p> <ul style="list-style-type: none"> <li>• Deliberation on selection of candidates for Outside Directors</li> </ul> <p>September 28</p> <ul style="list-style-type: none"> <li>• Deliberation on the CEO's succession plan, selection of candidates for Outside Directors</li> </ul> <p>October 28</p> <ul style="list-style-type: none"> <li>• Deliberation on the CEO's succession plan, selection of candidates for Outside Directors</li> </ul> <p>November 30</p> <ul style="list-style-type: none"> <li>• Deliberation on the CEO's succession plan, selection of candidates for Outside Directors</li> </ul> <p>December 27</p> <ul style="list-style-type: none"> <li>• Deliberation on proposals for candidates for Director, committee members and Chairpersons, Executive Officers, selection of candidates for Outside Directors, etc.</li> </ul> <p><b>2023</b></p> <p>January 31</p> <ul style="list-style-type: none"> <li>• Deliberation on proposals for candidates for director, committee members and Chairperson, executive officers, the CEO's succession plan, selection of candidates for Outside Directors</li> </ul> <p>February 9</p> <ul style="list-style-type: none"> <li>• Resolution on the content of the report on the election of Executive Officers</li> </ul> <p>March 8</p> <ul style="list-style-type: none"> <li>• Deliberation on the content of the report on the Chairman of the Board of Directors, committee members and Chairpersons, draft order of acting Chairperson</li> <li>• Deliberation on selection of candidates for Outside Directors</li> </ul> <p>March 29</p> <ul style="list-style-type: none"> <li>• Resolution on candidates for Director</li> <li>• Resolution on the content of the report on the Chairman of the Board of Directors, committee members and Chairpersons, draft order of acting Chairperson</li> </ul>



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

## Policy for Nomination of Candidates for Director

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

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

- An individual of exceptional insight and character;
- An individual with a strong sense of ethics and a law-abiding spirit; and
- An individual who can properly fulfill his or her duties concerning the exercise of supervision over the management of the Company and the determination of the direction of management.

Further, with respect to candidates for Independent Outside Director, the Nomination Committee will nominate and select individuals who satisfy the following requirement in addition to the above requirements:

- An individual who has no material interest in the Group and who can remain independent.

The specific selection of personnel shall be decided after deliberation by the Nomination Committee.

The Company considers that an Outside Director is not independent if he or she falls under any of the conditions listed below while meeting the standards for independence established by Tokyo Stock Exchange, Inc.

1. An individual who falls under or has fallen under any of items (1) or (2) below, either presently or in the past:

- (1) An executive or non-executive Director of the Company; or
- (2) An executive or non-executive Director of the Company's subsidiary.

2. An individual who falls under any of items (1) through (5) below:

- (1) An executive of a client or supplier company of the Company, whose value of transactions amounted to 2% or more of the consolidated net sales of the Company or the client or supplier company as of the end of the previous fiscal year;
  - (2) A person who received, as a professional or consultant, etc., consideration of not less than 10 million yen from the Company in the previous fiscal year, excluding his/her consideration as a Director;
  - (3) An executive of an organization that received a donation of not less than 10 million yen from the Company in the previous fiscal year;
  - (4) A shareholder who directly or indirectly holds at least 10% of the total number of voting rights of the Company or an executive of such shareholder; or
  - (5) The Company's Accounting Auditor or its employee, etc.
3. An individual who has fallen under any of items (1) to (5) of 2 above at any time in the past three (3) years;
4. A close relative of any of the persons listed in item (1) or (2) of 1 above, items (1) to (5) of 2 above, or 3 above (excluding unimportant persons); or
5. A person who has served as the Company's Outside Director for a period of more than eight (8) years.

## Policy for Election and Dismissal of Executive Officers

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

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

In relation to the election process, the Chief Executive Officer will first draft a proposal for the election of Executive Officers after consulting

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

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

## Outside Director Successors

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

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

## Reasons for and Process of Nominating New Directors

In nomination of new Directors to be elected at the 98th General Meeting of Shareholders held on June 23, 2023, the selection for candidates took into account deliberation by the Board of Directors and Nomination Committee on the composition of the Board of Directors. After deliberations from December 2022 to March 2023, the Nomination committee appointed Makoto Shibata as a candidate for Director in March 2023.

Makoto Shibata, following appointment as Managing Executive Officer of the Company in 2017, served as General Manager, General Administration Division, General Manager, Governance Division, and General Manager, Corporate Strategy Division. He has undertaken his duties as Managing Executive Officer since June 2019. (He concurrently served as Director from June 2018 to June 2021).

At present, as Managing Executive Officer, he is responsible for the management of the Group. In addition, as CTO, he leads the research and development strategy and the IT strategy of the Company, and as CDO, he leads DX (digital transformation) of the Company. Furthermore, he regularly reports on the Digital Strategy of the Group and others at the Board of Directors meetings, thereby fulfilling his accountability to the Board of Directors as Executive Officer.

As explained above, he has extensive knowledge and rich experience related to the business and operations of the Group. He was deemed qualified for the position as he can be expected to contribute to strengthen the appropriate supervisory and decision-making functions of the Board of Directors.

Makoto Shibata provided contributions and expertise regarding comprehensive efforts to increase business competitiveness related to Group-wide Policy in the FY2023 Strategy from his experience as the Executive Officer in charge of DX promotion and system strategy, his abundant new business development experience regarding the creation of new products and businesses. Additionally, with regards to the development of the FY2031 Strategy overall, he provides contributions and his experience as an Executive Officer in charge of manufacturing and R&D strategy, DX promotion and system strategy, as well as providing contributions and expertise particularly on sustainability issues from his experience as a management executive in the resources and recycling business.

\*Makoto Shibata was a Director from June 2018 to June 2021, and was re-elected as a Director at the 98th General Meeting of Shareholders in June 2023.

### Related Information:

Integrated Report ▶ Directors Skill Matrix  
P82

## CEO Succession Plan

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

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

For Executive Officers, who are the pool of CEO successor candidates, 360-degree feedback surveys have been conducted since fiscal 2021, and the results are shared with the Nomination Committee to deepen members' understanding of the leadership qualities of the candidates.

In addition, Executive Officer candidates are selected from among those who are eligible for the Next-generation Leadership Talent Development Program, and are positioned as a group of people with the potential to become CEO in the future. The Nomination Committee also discusses development plans for this group of people.

### Related Information:

Integrated Report ▶ Human Resources Strategy  
P46

## Message from the Chairperson of the Audit Committee



**We approach our work with fresh perspectives and fast responses to improve the efficiency and quality of our audits so that we can contribute to the building of a resilient corporate framework.**

Chairperson of the Audit Committee

**Kazuhiko Takeda**, Outside Director

### Initiatives in FY2023

In fiscal 2023, COVID-19 restrictions began to ease, and we were able to resume physical visits instead of conducting our visiting audits remotely. This enabled us to communicate face-to-face with the relevant departments and Accounting Auditors. This year also marked the culmination of the Mitsubishi Materials Group's five-year-long measures to further strengthen internal controls after reflecting on major misconduct in the past, including quality issues, violations of antitrust laws and conflicts of interest. These have been accompanied by the reorganization of the Group's business portfolios and the transition to a complete In-house company system. An Internal Controls Division and auditing framework have been set up as part of these initiatives, creating a system enabling evaluations to be conducted.

Under the framework managed by Chairperson Wakabayashi, the Audit Committee has been working to assess risk profiles for more effective and efficient auditing. From fiscal 2023, regular three-party audit meetings have been held between the Accounting Auditors, Internal Audit Department and Audit Committee. These have created a

framework to strengthen communication and collaboration as we address the wide-ranging and increasingly complex issues the Group faces as our business environment changes rapidly with each passing day. I feel that these meetings have enabled more effective internal controls and a greater awareness about compliance.

We also carried out procedures to change our Accounting Auditors in fiscal 2023. It was a valuable experience for us to consider the risks of changing the Accounting Auditors who have been involved in the Mitsubishi Materials Group's audits over 58 years, and the risks of not changing them from the perspectives of specialist expertise, independence, efficiency, diverse global business expansion, and communication.

### Aspirations and resolutions for the future

In fiscal 2024 and beyond, our business environment will continue to complexify and change amid these turbulent times. The Mitsubishi Materials Group must ride a wave of growth by properly managing risks as it seizes opportunities to grow. After the five years we have spent strengthening our internal control system,

the Group is now ready to discuss growth strategies. We must also continuously review our internal control system for purposes such as the disclosure of ESG, sustainability and other nonfinancial matters and our handling of global issues such as resource nationalism and economic security, and reliably monitor the Group's operations. For this purpose as much as any other, we must gain a proper understanding of our businesses through close communication with the management team and those involved in on-site operations, and facilitate stronger cooperation than ever before between the new Accounting Auditors, an Internal Audit Department that is evolving with risk based internal audits, and our newly structured Audit Committee so that we can bring about advances in our audits of this organization. We approach our work with fresh perspectives and fast responses to improve the efficiency and quality of our audits, and I am personally keen to contribute to the building of the resilient corporate framework we need to achieve our aims in the FY2031 Strategy.

## Audit Committee

<b>Composition (including chairperson)</b>	Four Outside Directors / One Internal Director
<b>Chairperson</b>	Director (Outside) Kazuhiko Takeda <full-time Member of the Audit Committee>
<b>Members</b>	Director (Outside) Tatsuo Wakabayashi Director (Outside) Koji Igarashi Director (Outside) Rikako Beppu Director Akira Takeuchi
<b>Functions and Duties</b>	The Audit Committee audits the legality and validity of duties performed by Directors and Executive Officers, via audits either using internal control systems or directly by the Audit Committee member selected by the Audit committee. The Audit Committee also elects one full-time Member of the Audit Committee in order to improve the effectiveness of audits conducted by the Audit Committee.

<b>Number of meetings in FY2023</b>	16
<b>Results</b>	<div> <div> <b>2022</b>            February to May            • FY2022 year-end audit            May 12            • Resolution on FY2022 audit report, etc.            June 28            • Election of full-time, select, and specific members of the Audit Committee            • Resolution on FY2023 audit Plan, etc.            July to following February            • Mid-term audits (attendance at important meetings, interviews with Executive Officers, visiting audits of sites, hearing results from Audit Department, exchanging opinions with Accounting Auditors, etc.)            End July            • First quarter financial results audit            August 5            • Liaison meeting with standing Audit &amp; Supervisory Board Members of subsidiaries held            End October            • Second quarter financial results audit         </div> <div> <b>2023</b>            End January            • Third quarter financial results audit            January 20            • Liaison meeting with standing Audit &amp; Supervisory Board Members of subsidiaries held            February 10            • Resolution on the content of proposals regarding the appointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders            February to May            • FY2023 year-end audit            April 27            • Resolution on matters related to FY2024 Accounting Auditor selection, etc.            May 12            • Resolution on FY2023 audit report, etc.         </div> </div>

### Establishment of Audit Committee Office

To assist the Audit Committee in its duties, the “Audit Committee Office” was established on April 1, 2022, directly under the Audit Committee as an organization independent from the execution side in order to enhance this function. The Office, consists of a General

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



## Message from the Chairperson of the Remuneration Committee



**We have revised our remuneration system to adopt the consolidated operation income plan for each fiscal year of the Medium-term Management Strategy as a performance evaluation indicator for annual bonuses for Executive Officers.**

**I expect that this revision will encourage the implementation of measures that ensure the achievement of the FY2031 Strategy.**

Chairperson of the Remuneration Committee

**Hikaru Sugi**, Outside Director

### Status of FY2023 Initiatives and Main Discussions

The five members of the Remuneration Committee revised the remuneration system for Executive Officers' annual bonus. In addition to introducing a system of relative Total Shareholder Return (TSR) as one of the evaluation items, we have taken steps such as adding evaluation of the status of achievement of the targets in line with the Sustainability Policy to non-financial evaluation elements set for each Executive Officer. Fiscal 2023 was the first year in which the revised system was applied. Through this system, we will continue to verify how the aims of revisions such as introducing investors' evaluation perspectives are to be incorporated into evaluation results. Additionally, we compared performance with other nonferrous metal companies in the same industry and manufacturing companies of similar sizes.

Examining the remuneration system for Executive Officers from the perspective of achieving the Medium-term Management Strategy and improving corporate value, the ratio of performance-based remuneration to fixed remuneration in MMC's remuneration system is set higher than that of the average of other companies, and we have confirmed that

this has been maintained in fiscal 2023 as well. In terms of raising an issue in light of the role the Remuneration Committee must play, it can be pointed out that, even taking into account the uncertain economic outlook at the beginning of the fiscal year due to the COVID-19 pandemic, including for the market and customers as well as for the Group itself, the Company might have been a little conservative, and the Company should be setting higher goals and taking on challenges. This perception of issues is common among all committee members.

### Remuneration system from the perspective of achieving the Medium-term Management Strategy and improving corporate value

My view on the remuneration system for Executive Officers from the perspective of achieving the Medium-term Management Strategy and improving corporate value is as mentioned above. Meanwhile, in fiscal 2024, the FY2031 Strategy has been launched and is positioned as a plan to greatly enhance the Company's role and value both financially and non-financially. For the financial evaluation in the remuneration system for Executive Officers, we had previously used the

consolidated performance forecast for the following fiscal year at the time of announcement of annual financial statements of the fiscal year as the reference value, but from fiscal 2024, we revised the remuneration system to distribute targets of each year for Phase 1 (fiscal 2024 to fiscal 2026) of the FY2031 Strategy, and use those figures as the reference value. This is expected to be a fairly strict standard for Executive Officers, and we expect this will encourage the implementation of measures that ensure the achievement of the FY2031 Strategy. Additionally, from the perspective of improving non-financial corporate value, we continue to introduce relative TSR evaluation, and recognize that our current remuneration system for Executive Officers is at a level that is evaluated favorably.

Finally, as Chairperson of the Remuneration Committee, I will continue to monitor the trends of other companies and continue benchmarking to make improvements. Furthermore, towards sustainable improvement of corporate value, the Remuneration Committee will review the remuneration system to ensure it is a strongly motivating factor for Executive Officers, encouraging them to take on the challenge of setting higher goals.

## Remuneration Committee

<b>Composition (including chairperson)</b>	Five Outside Directors
<b>Chairperson</b>	Director (Outside) Hikaru Sugi
<b>Members</b>	Director (Outside) Mariko Tokuno Director (Outside) Hiroshi Watanabe Director (Outside) Tatsuo Wakabayashi Director (Outside) Rikako Beppu
<b>Functions and Duties</b>	The Remuneration Committee establishes policies for determining individual remuneration for Directors and Executive Officers, and determines the individual remuneration to be received by Directors and Executive Officers based on such policies.

<b>Number of meetings in FY2023</b>	11
<b>Results</b>	<p><b>2022</b></p> <p>April 27</p> <ul style="list-style-type: none"> <li>• Deliberation on revision of annual bonuses for Executive Officers and bonuses for FY2022 for Executive Officers</li> </ul> <p>May 13</p> <ul style="list-style-type: none"> <li>• Resolution on revision of annual bonus system for Executive Officers and deliberation on bonuses for FY2022 for Executive Officers</li> </ul> <p>May 25</p> <ul style="list-style-type: none"> <li>• Resolution on amount of individual bonuses for FY2022 for Executive Officers</li> </ul> <p>June 28</p> <ul style="list-style-type: none"> <li>• Resolution on details of individual remuneration for Directors, etc.</li> </ul> <p>August 31</p> <ul style="list-style-type: none"> <li>• Deliberation on the background to the current remuneration system and future issues</li> </ul> <p>October 28</p> <ul style="list-style-type: none"> <li>• Report on results of remuneration survey</li> </ul> <p>November 30</p> <ul style="list-style-type: none"> <li>• Deliberation on suitability of the remuneration system</li> </ul> <p><b>2023</b></p> <p>January 31</p> <ul style="list-style-type: none"> <li>• Deliberation on issues related to annual bonuses system for Executive Officers</li> </ul> <p>February 22</p> <ul style="list-style-type: none"> <li>• Deliberation on issues related to annual bonus system for Executive Officers and stock-based compensation</li> </ul> <p>March 8</p> <ul style="list-style-type: none"> <li>• Resolution on annual bonus system for Executive Officers</li> </ul> <p>March 29</p> <ul style="list-style-type: none"> <li>• Resolution on details of individual remuneration for Executive Officers</li> </ul>

# Policy on Determining Remuneration for Officers, Etc.

## Remuneration System for Directors and Executive Officers

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

### 1. Policy on Determining Remuneration for Officers

- (1) A system shall be created that provides competitive standards for remuneration compared with companies of a business category and size similar to the Group.
- (2) The performance of the functions and duties assumed by each Officer and contributions to the improvement of medium- to long-term corporate value shall be evaluated in a fair and equitable manner, and the evaluation results shall be reflected in remuneration.
- (3) In order to have remuneration function as a sound incentive to improve the Group's medium- to long-term corporate value, remuneration shall consist of basic remuneration, an annual bonus based on performance evaluations in each fiscal year, etc. and stock-based compensation, which is a medium- to long-term incentive linked to medium- to long-term performance and corporate value. The remuneration composition ratio shall be determined appropriately in accordance with one's job position. However, for Directors (excluding those who concurrently hold the posts of Director and Executive Officer), only basic remuneration shall be paid in cash, in light of their function and role of supervising the performance of job duties by the Executive Officers.
- (4) An annual bonus shall be determined with the emphasis on the performance in each fiscal year, while appropriately evaluating the relative results of Total Shareholder Return (TSR)\* and the status of each Executive Officer's implementation of medium- to long-term management strategies, etc.

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

- (5) A medium- to long-term incentive shall be stock-based compensation that enables Officers to share awareness of profits with shareholders in order to enhance corporate value from a medium- to long-term viewpoint.
- (6) The policies for determining remuneration and the amount of individual remuneration shall be deliberated and determined by the Remuneration Committee composed of a majority of Independent Outside Directors.
- (7) Necessary information shall be disclosed actively so that stakeholders including shareholders can monitor the relationship between performance, etc. and remuneration.

### 2. Remuneration System for Officers

- (1) Directors (excluding those who concurrently hold the posts of Director and Executive Officer)  
The remuneration system for Directors shall be determined so that only basic remuneration shall be paid in cash, taking into consideration an individual Director's job position, whether he/she is a full-time/part-time Director, etc. and referring to the standards for remuneration of other companies based on the research of outside experts.
- (2) Executive Officers  
The remuneration payable to Executive Officers shall consist of basic remuneration, which is fixed remuneration, and an annual bonus and stock-based compensation, which are performance-linked remuneration. The remuneration composition ratio shall be in line with "Basic remuneration/Annual bonus/Stock-based compensation = 1.0/0.6/0.4" ("In the case where the annual bonus payment rate is 100%") as to the Chief Executive Officer, and for other Executive

Officers, the ratio of performance-linked remuneration to basic remuneration shall be set lower than that for the Chief Executive Officer.

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

#### <Basic Remuneration>

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

#### <Annual Bonus (Short-term Incentive Remuneration)>

The annual bonus shall be determined based on the consolidated operating profit, relative comparison of TSR, and status of achievement of the non-financial target set for each Executive Officer, on a single-year basis.

The specific evaluation items shall be as follows:

#### <<Evaluation Items>>

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

#### <<Calculation Formula>>

By deeming the amount payable for achievement of the target (Base Annual Bonus) as 100%, the amount for each individual shall be calculated by using the following calculation formula:

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

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

#### <<Evaluation Weight>>

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

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

With regard to the target of performance evaluation indicators for annual bonuses, in principle, the consolidated performance forecast for the current period planned in the Medium-term Management Strategy shall be applied (For operating earnings of the business for which the

#### Chief Executive officer, Non-Business related Executive Officers

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

## Business-related Executive Officers

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

Officer is responsible, planned consolidated operating earnings from the relevant business sector shall be used.).

### <Stock-based compensation (Medium- to long-term Incentive Remuneration)\*>

Stock-based compensation shall be a system that utilizes a trust for the purpose of achieving the sharing of a common profit awareness with shareholders. This shall be used as an incentive for improving the medium- to long-term corporate value of the Group and under which the Company's shares and cash equivalent to the proceeds from the realization of the Company's shares shall be delivered and paid in accordance with one's job position, upon retirement from the post of

Executive Officer. No performance conditions nor stock price conditions shall be set with respect to the shares to be delivered.

Please note that in the case of a non-resident staying in Japan, different treatment may be applied under laws or for any other relevant circumstances.

\* The Officers' remuneration system adopts a structure called BIP (Board Incentive Plan) and grants to the Executive Officers the shares of the Company's common stock, etc. It is an incentive plan to accumulate points to be given to Executive Officers in accordance with their positions for each three consecutive fiscal year (from fiscal 2024 to fiscal 2026), and to grant the shares of the Company's common stock equivalent to 70% of such accumulated points (shares less than one unit shall be disregarded) and cash equivalent to realized value of the shares of the Company's common stock equivalent to the remaining accumulated points as compensation to Executive Officers after their retirement. One point is deemed equal to one share of the Company's common stock, and if a stock split or reverse stock split occurs during the trust period, the number of the Company's shares per point shall be adjusted according to the stock split ratio or reverse stock split ratio of the Company's shares. The maximum number of points to be given to Executive Officers during the Applicable Period shall be 140,000 points in total.

## Details of non-financial evaluation items for annual bonuses (short-term incentive remuneration) for Executive Officers (excluding CEO) (FY2024)

For non-financial evaluation, each Executive Officer is required to set three target items, one of which is a sustainability issue. Each item is broken down into two or three sub-items. The table below summarizes details of non-financial sub-items set for fiscal 2024 in accordance with the Sustainability Policy, etc. In fiscal 2024, we have mandated the promotion of Diversity and Inclusion and in particular, the setting of targets related to the ratio of female managers. Additionally, many Executive Officers set targets related to proactive efforts to protect the global environment.

Items in line with the Sustainability Policy	Executive Officers							
	A	B	C	D	E	F	G	H
Build a Work Environment that puts Safety and Health First		○						○
Respect for Human Rights		○						
Promote Diversity and Inclusion	○	○	○	○	○	○	○	○
Cultivate Mutual Prosperity with Stakeholders								○
Strengthen Corporate Governance and Risk Management	○	○	○					
Engage in Fair Business Transactions and Responsible Sourcing					○			
Ensure Stable Provision of Safe, Secure, and High Value Added Products								
Proactive Engagement for the Global Environment	○		○		○	○	○	
Talent Development				○			○	

## Total amount of remuneration, etc. per classification of officers, total amount per type of remuneration, etc., and number of eligible recipients for FY2023

Classification of officers	Total amount of remuneration, etc. (Million Yen)	Type of remuneration, etc.					
		Monetary remuneration				Nonmonetary remuneration	
		Basic remuneration		Bonus (Performance-linked remuneration)		Stock-based compensation	
		Total (Million Yen)	Number of eligible recipients	Total (Million Yen)	Number of eligible recipients	Total (Million Yen)	Number of eligible recipients
Directors (Other than Outside Director)	97	97	2	—	—	—	—
Executive Officers	740	354	10	273	10	112	10
Outside Directors	122	122	8	—	—	—	—

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

\*2 The Company had 10 Directors and 10 Executive Officers as of the end of fiscal 2023. The applicable number of directors includes two directors (including one Outside Director) who resigned during fiscal 2023.

\*3 The Company has introduced stock-based compensation based on a trust scheme, and the above amount of stock-based compensation represents the amount recorded as expenses for fiscal 2023.



## Message from the Chairperson of the Sustainability Committee



**We will make recommendations to the Board of Directors and Executive Officers and proceed with necessary discussions with a high-level perspective regarding themes for our business activities to directly contribute to the improvement of social value and sustainability matters.**

Chairperson of the Sustainability Committee

Koji Igarashi, Outside Director

### Status of FY2023 Initiatives and Main Discussions

The Group has promoted a wide range of sustainability initiatives so far, mostly from the executive side. Based on the revision of the Corporate Governance Code in fiscal 2022 and results of the evaluation of the effectiveness of the Board of Directors, we established a Sustainability Committee consisting of non-executive directors within the Board of Directors and have been promoting a variety of initiatives. Particularly, we considered direct themes for the improvement of social value through our business activities, clarifying the perspectives of “Analysis,” “Disclosure” and “Vision” to discuss in committee.

“Analysis” focuses on monitoring and supervising the status of business execution by the executive side, as well as the investigation and analysis of consistency between global trends and the Group’s direction. “Disclosure” is proposals for information disclosure and communication both inside and outside the Company. “Vision” is the examination of medium- to long-term vision and the future image of the Group from the perspective of sustainability. In fiscal 2023, we discussed the three following specific themes and have achieved a certain level

of results.

One of these was determining issues and points to watch out for in areas considered by the committee as we worked toward the formulation of the FY2031 Strategy, which led to discussions in the Board of Directors. Next, in order to gain a detailed understanding of the social situations related to sustainability, we planned and held lectures by external experts in three different themes, and as a committee, we gained a broad perspective on sustainability that enabled us to get a higher viewpoint. Then, we set up an opportunity to exchange opinions with Executive Officers and confirmed the need for a wide range of considerations, such as discontinuous growth scenarios from a sustainability perspective.

### Contribution to a Sustainable Society through Our Business Activities

With the start of the FY2031 Strategy, we have clarified plans and proceed specific initiatives for themes in which our business activities directly contribute to enhancing social value, such as reducing GHG emissions, achieving carbon neutrality and building a circular economy. This is praiseworthy also because situations are disclosed in a

timely manner. However, we recognize the need to further accelerate and deepen our efforts and considerations to secure and utilize human capital, and respond to changes in the business environment from a long-term perspective.

The Group’s business itself is directly linked to the foundation of sustainability and has a significant impact on society. Along with the responsibility to achieve sustainability, there is great potential for growth as a company through the development and implementation of next-generation technologies. In order to realize the potential of the Group and create the future, the Sustainability Committee will continue to approach sustainability matters with high level perspective, make recommendations to the Board of Directors and Executive Officers, and hold necessary discussions.

## Sustainability Committee

<b>Composition (including chairperson)</b>	Four Outside Directors / One Internal Director
<b>Chairperson</b>	Director (Outside) Koji Igarashi
<b>Members</b>	Director (Outside) Hikaru Sugi Director (Outside) Kazuhiko Takeda Director (Outside) Rikako Beppu Director Naoki Ono
<b>Functions and Duties</b>	The Sustainability Committee will consider monitoring methods and issues related to sustainability management and others as matters at the request of the Board of Directors for advice. The Sustainability Committee will report its considerations to the Board of Directors.

<b>Number of meetings in FY2023</b>	9
<b>Results</b>	<p><b>2022</b></p> <p>July 28</p> <ul style="list-style-type: none"> <li>• Collection of information about internal and external sustainability trends</li> <li>• Deliberation on the position of the committee within the Company and the content of the committee's initiatives, etc.</li> </ul> <p>August 9</p> <ul style="list-style-type: none"> <li>• Deliberation on annual committee schedule, etc.</li> </ul> <p>August 31</p> <ul style="list-style-type: none"> <li>• Deliberation on the direction of sustainability management, etc.</li> </ul> <p>September 16</p> <ul style="list-style-type: none"> <li>• Aggregation of opinions on the Medium-term Management Strategy FY2031</li> </ul> <p>October 28</p> <ul style="list-style-type: none"> <li>• Deliberation on holding lectures by external experts</li> </ul> <p>November 10</p> <ul style="list-style-type: none"> <li>• Implementation of lectures by external expert</li> </ul> <p>November 30</p> <ul style="list-style-type: none"> <li>• Implementation of lectures by external expert</li> </ul> <p><b>2023</b></p> <p>February 22</p> <ul style="list-style-type: none"> <li>• Implementation of lectures by external expert</li> </ul> <p>March 8</p> <ul style="list-style-type: none"> <li>• Deliberation on the direction of future initiatives based on lectures by external experts</li> </ul>

# Executive Officer System

## Executive Officer

Executive Officers execute business in accordance with the prescribed segregation of duties, based on the delegation of authority from the Board of Directors. The Company has 9 Executive Officers, of which the Chief Executive Officer Naoki Ono, and the Managing Executive Officer Makoto Shibata are elected as Representative Executive Officers upon the decision of the Board of Directors.

### Executive Officers (as of April 1, 2023)

<b>Naoki Ono</b>	CEO <sup>*1</sup> (Representative Executive Officer) Responsible for: General Operation of the Company, Internal Audit, Renewable Energy Business, Energy Project & Technology Center
<b>Tetsuya Tanaka</b>	Managing Executive Officer CGO <sup>*2</sup> , Responsible for: Business Process Innovation, SCQ <sup>*3</sup> Promotion, Corporate Secretary, Affiliated Corporations
<b>Nobuhiro Takayanagi</b>	Managing Executive Officer CFO <sup>*4</sup> , Responsible for: Strategy-Accounting & Finance, Sustainable Development, Corporate Communications
<b>Makiko Nogawa</b>	Managing Executive Officer CHRO <sup>*5</sup> , Responsible for: Human Resources Planning, D&I-Health and Productivity Management
<b>Makoto Shibata</b>	Managing Executive Officer (Representative Executive Officer) CTO <sup>*6</sup> , CDO <sup>*7</sup> , Responsible for: Monozukuri and R&D Strategy, DX Promotion, System Strategy
<b>Jun Nagano</b>	Managing Executive Officer President, Professional CoE
<b>Katsuyoshi Isaji</b>	Managing Executive Officer President of Metals Company
<b>Toshinori Ishii</b>	Managing Executive Officer President, Advanced Products Company
<b>Kazuo Ohara</b>	Managing Executive Officer President, Metalworking Solutions Company

\*1 CEO: Chief Executive Officer

\*2 CGO: Chief Governance Officer

\*3 SCQ: Safety & Health, Compliance & Environment, Quality.

\*4 CFO: Chief Financial Officer

\*5 CHRO: Chief Human Resources Officer

\*6 CTO: Chief Technical Officer

\*7 CDO: Chief Digital Officer

## Strategic Management Committee

Following the delegation of authority from the Board of Directors, the Strategic Management Committee reviews and determines important matters concerning the management of the entire Group. The Strategic Management Committee consists of the Chief Executive Officer and the Executive Officers in charge of each department of the Strategic Headquarters. The Chief Executive Officer serves as the chairperson of the committee.

## Governance Review and Meeting for Sharing Governance Information

The Governance Review and Meeting for Sharing Governance Information is composed of members of the Strategic Management Committee and general managers of relevant departments. It handles governance matters such as compliance, safety/disaster prevention, hygiene, environmental management, quality control, communication and information security, and is responsible for reporting, deliberating and following up on plans and initiatives, disseminating information to each department.

From February to March each year, we discuss and disseminate policies and initiatives of the business and management divisions (including both internal and subsidiaries) for the following fiscal year. From August to September each year, we work to improve the effectiveness of initiatives related to governance throughout the Group by reporting the status of response and deliberating and disseminating information on review plans.

# Status of Audits/Internal Control

## Status of Audits

### Status of audits performed by the Audit Committee

In addition to attending meetings of the Strategic Management Committee and other important meetings, by making use of internet-based methods at the same time, members of the Audit Committee conduct interviews with Directors, Executive Officers, departments in charge of internal audits, and other departments in charge of internal control concerning progress on the execution of their duties, and view important approval documentation, etc. Selected members of the Audit Committee investigate the state of business and assets at the Company headquarters and important business sites according to the audit standards and audit plans, etc. of the Audit Committee as established by the Audit Committee. They also conduct onsite audits of subsidiaries, etc. as needed, while forming a framework for conducting audits on the state of the execution of duties by Directors and Executive Officers

Additionally, the Audit Committee holds regular meetings with Corporate Auditors at major Group companies as part of efforts to

enhance coordination of audit systems in line with Group management measures in place. An organization has been set up directly under the Audit Committee to assist the Committee in its duties concerning such audits performed by members of the Audit Committee.

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

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

The Audit Committee examines the status of the development and operation of the internal control system, the status of the development and operation of the internal control system for financial reporting, the status of risks and countermeasures in implementing the Medium-term Management Strategy, the status of measures for workplace safety, the status of the implementation of measures to comply with the

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

To improve the effectiveness of the entire three-pillar audit system, the Audit Committee, the Internal Audit Department, and Accounting Auditor discuss to enhance mutual cooperation.

Full-time Members of the Audit Committee attend important meetings such as the Strategic Management Committee, the Group's Management Committee, Budget Deliberation, Monozukuri and R&D Strategy Meetings and the Meeting for Sharing Governance Information, and make comments or suggestions on matters of concern.

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

#### Status of internal audits

As of June 23, 2023, the Audit Department of the Strategic Headquarters and the Audit Department of in-house companies, which are departments in charge of internal audits, consist of 32 persons, including the General Managers of each Audit Department. They are responsible for conducting internal audit work on the instructions of the responsible Executive Officer in cooperation with the Audit Committee to investigate whether internal control systems are developed and applied in an appropriate manner. They also audit the effectiveness and efficiency of company operations across the Group, the credibility of financial reports, the state of asset preservation and use, the risk management

status, and the state of compliance with laws and regulations, and internal rules and standards, based on internal audit plans approved by the responsible Executive Officer and the Audit Committee. Additionally, audits are conducted in close coordination with the Accounting Auditor by sharing information.

The Internal Audit Department of the Strategic Headquarters regularly reports the results of Company-wide audits to the Executive Officer in charge and the Audit Committee, and the Executive Officer in charge regularly reports those results to the Board of Directors.

#### Internal Control

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

Regarding evaluations conducted during fiscal 2023 on our internal control system for financial reporting, an Internal Control Report was submitted in June 2023 for which we received an unqualified opinion of the auditing firm that the content is appropriate.

## Reduction of Strategic Share Holdings

### Reduction of Strategic Share Holdings

The Company has a policy of not acquiring or holding shares (strategic 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.

#### Status of Strategic Share Holdings

		Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023
Number of strategic share holdings	Unlisted:	103	106	99	56
	Other than unlisted:	53	43	30	6
	Total amount:	156	149	129	62
Total price (billions of yen)	Unlisted:	3.0	2.8	6.1	2.3
	Other than unlisted:	114.0	116.7	64.7	14.9
	Total amount:	117.1	119.5	70.9	17.3

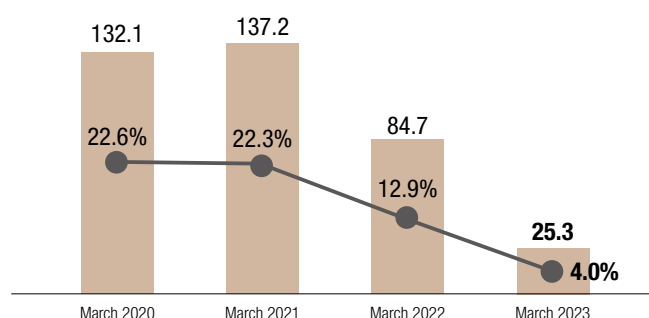
The Company will make a continuous effort to reduce Strategic Share Holdings in accordance with the result of such reviews and examinations.

#### Strategic shareholding reduction in fiscal 2023

In fiscal 2023, out of 12 Strategic Share Holdings, we sold all or a part of the shares issued by 8 issuing companies (excluding 18 shares transferred to Mitsubishi UBE Cement Corporation on April 1, 2022). The sales price was approximately 23.7 billion yen (at market value) in total.

#### Percentage of Strategic Share Holdings in Consolidated Net Assets

■ Total amount of strategic share holdings (including unlisted shares and deemed share holdings) (billions of yen)  
● Percentage of consolidated net assets (%)

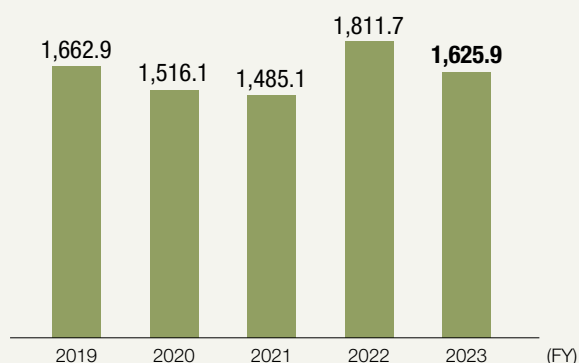




## Financial Highlights

### Net sales

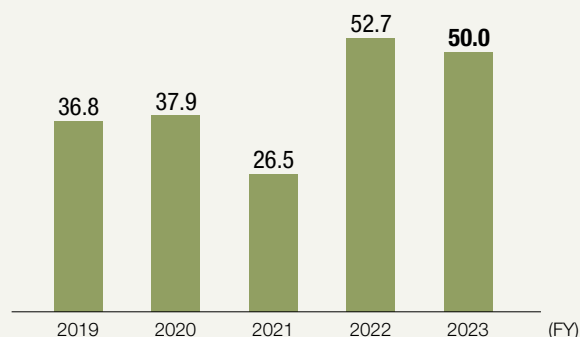
(Unit : Billions of yen)



Consolidated net sales decreased by 10.3% from fiscal 2022 due to deterioration in market conditions in the semiconductor and automobile industries, but at 1,625.9 billion yen, it was 215.9 billion yen higher than the FY2023 Strategy target of 1,410 billion yen.

### Operating profit

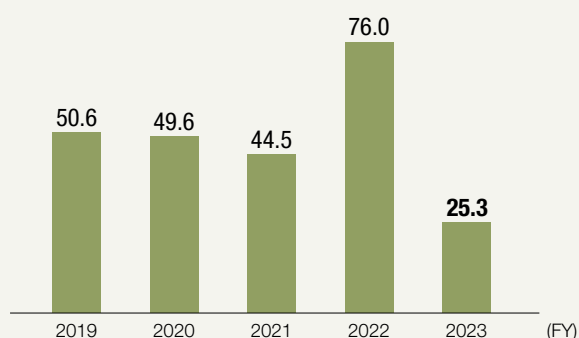
(Unit : Billions of yen)



Although exchange rates increased profits, operating profit decreased overall by 2.7 billion yen compared to fiscal 2022 results due to the impact of the deconsolidation of the cement and aluminum businesses, increased energy costs and the burden of hedging costs. On the other hand, at 50 billion yen, it was 21 billion yen higher than the compared to the FY2023 Strategy target of 29 billion yen.

### Ordinary profit

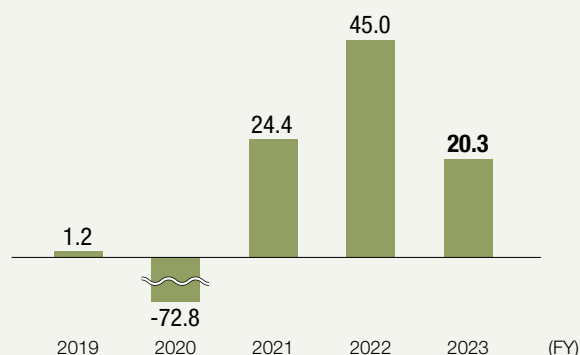
(Unit : Billions of yen)



Ordinary profit decreased due to a decrease in dividend income from the Los Pelambres Copper Mine, equity method investment losses at Mitsubishi UBE Cement Corp., etc., resulting in a decrease of 50.7 billion yen compared to fiscal 2022 results to 25.3 billion yen, 12.7 billion yen less than the FY2023 Strategy target of 38 billion yen.

### Profit (loss) attributable to owners of parent

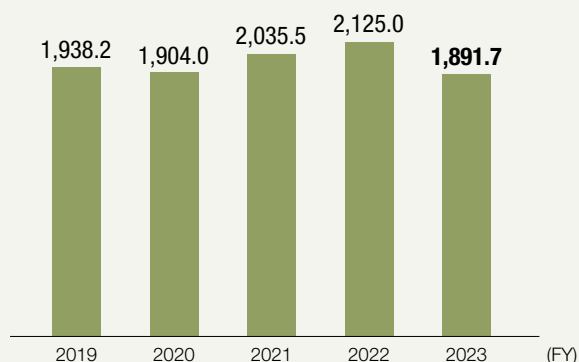
(Unit : Billions of yen)



Net income attributable to owners of the parent decreased by 55% from fiscal 2022 to 20.3 billion yen due to an extraordinary loss as a business restructuring loss.

### Total assets<sup>1)</sup>

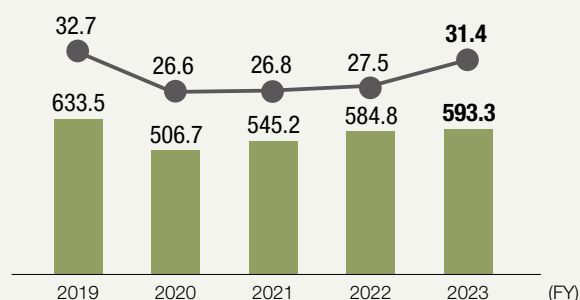
(Unit : Billions of yen)



Total assets decreased by 233.3 billion yen from fiscal 2022 to 1,891.7 billion yen due to the impact of excluding cement and related businesses from the scope of consolidation.

### Shareholders' equity / Shareholders' equity ratio<sup>1)</sup>

(Unit : Billions of yen / %)

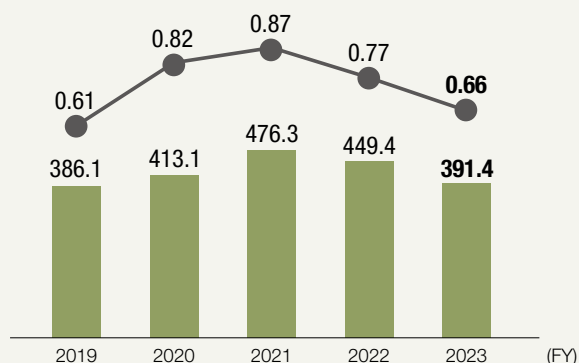


Shareholders' equity increased to 584.8 billion yen from 593.3 billion yen in fiscal 2022, and the equity ratio rose from 27.5% to 31.4%.

The Company has been applying "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance from the beginning of fiscal 2022. Individual figures since fiscal 2022 have had the accounting standards and others applied.

**Net interest-bearing debt / Net D/E ratio**

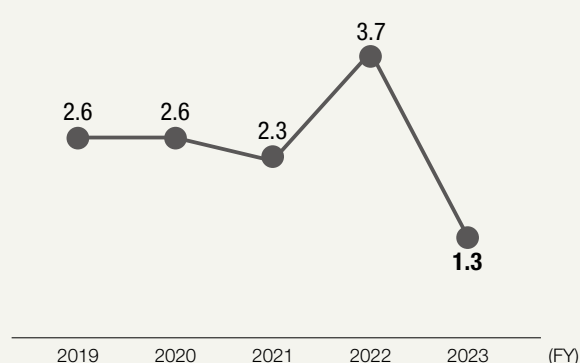
(Unit : Billions of yen / times)



Net interest-bearing debt decreased to 391.4 billion yen from 449.4 billion yen in fiscal 2022, and the net D/E ratio decreased to 0.66 times from 0.77 times.

**Return on asset (ROA)**

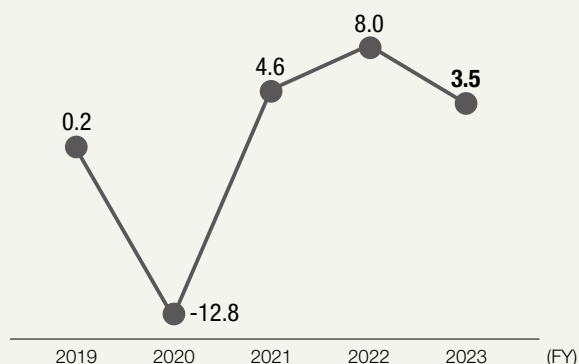
(Unit : %)



ROA decreased to 1.3% from 3.7% in fiscal 2022 due to profit decreases, falling short of the FY2023 Strategy.

**Return on equity (ROE)**

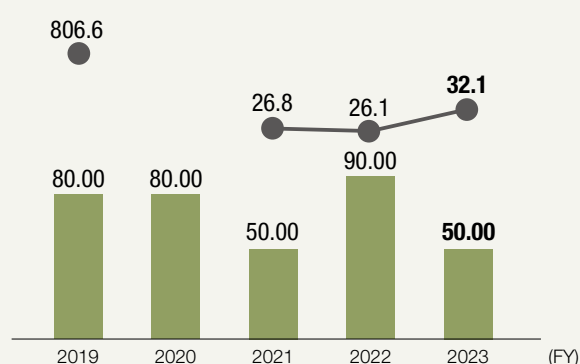
(Unit : %)



ROE decreased to 3.5% from 8.0% in fiscal 2022 due to profit decreases, falling short of the FY2023 Strategy.

**Dividends per share / Dividend payout ratio**

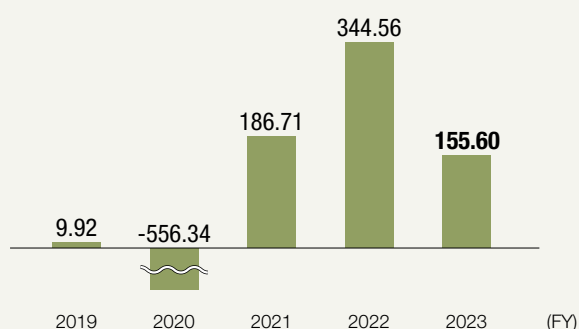
(Unit : Yen / %)



We have set the annual dividend per share at 50 yen for fiscal 2023, based on factors such as earnings and operating cash flow performance. The dividend payout ratio rose to 32.1%.

**Profit (loss) per share**

(Unit : Yen)



Profit per share decreased from 344.56 yen in fiscal 2022 to 155.60 yen due to profit decreases.

**Economic added value allocation**

(Unit : Billions of yen)

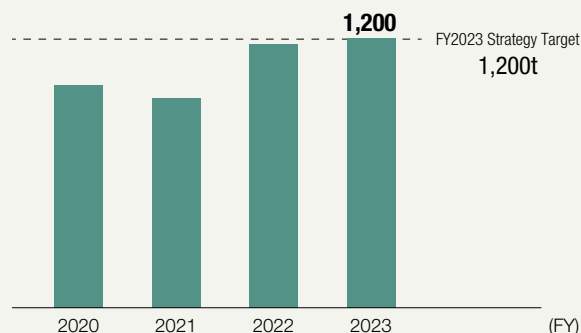


The added value generated through our business activities came to 68.9 billion yen after subtracting the operating costs of 1,160.8 billion yen, which consist primarily of payments to suppliers, from total revenue on a non-consolidated basis in fiscal 2023 of 1,229.7 billion yen.

## Non-financial Highlights

### Sales volume of copper materials for new HV/EV (Consolidated)

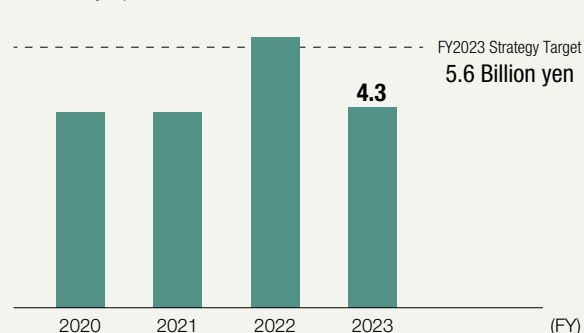
(Unit : t)



The sales volume of copper materials for new HV/EV (consolidated) was 1,200 tons, almost the same as in fiscal 2022, due in part to the impact of production cutbacks by automobile manufacturers as a result of semiconductor shortages, despite market recovery.

### Sales amount of products for next-generation vehicles and environmentally friendly products (Consolidated)

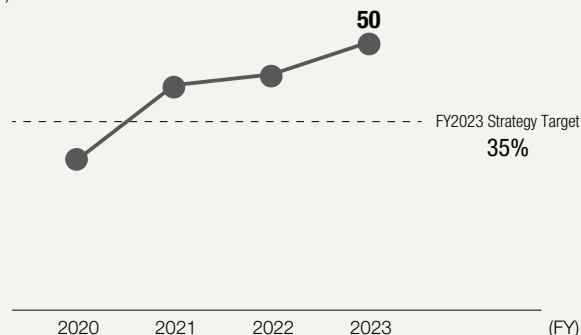
(Unit : Billions of yen)



Sales amount of products for next-generation vehicles and environmentally friendly products fell by 23% from fiscal 2022 to 4.3 billion yen due to semiconductor shortages.

### Ratio of recycled tungsten as raw material in cemented carbide tools (Consolidated)

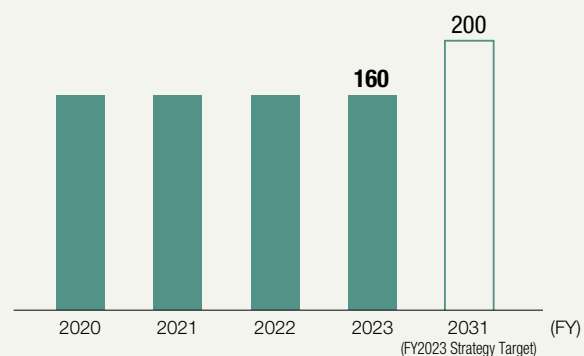
(Unit : %)



The ratio of recycled tungsten as raw material in cemented carbide tools temporarily increased to 50% due to the utilization of recycled tungsten inventory.

### E-Scrap processing capacity (Consolidated)

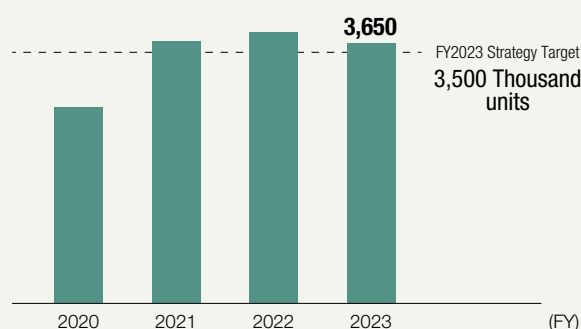
(Unit : Thousands of tons)



E-Scrap processing capacity remained at 160,000 tons as in fiscal 2022. We will continue our efforts to increase capacity in order to achieve our target of 200,000 tons for fiscal 2031.

### Annual processing volume of home appliance recycling (Consolidated)

(Unit : Thousands of units)

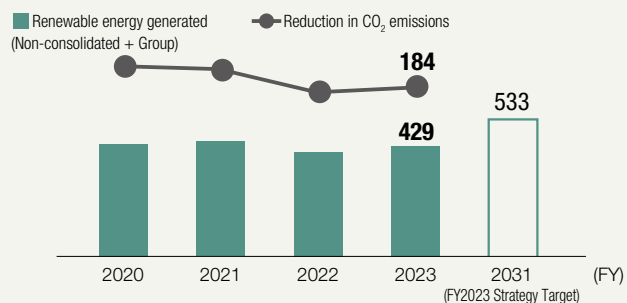


The annual processing volume of home appliance recycling (consolidated) was 3.65 million units, down from 3.8 million units in fiscal 2022, due to a decrease in the amount of incoming items, although we continued to recycle inventory from fiscal 2022.

### Renewable energy generated<sup>\*1</sup> / Reduction in CO<sub>2</sub> emissions<sup>\*2</sup> (Consolidated)

(Unit : Power generated [GWh] / Reduction in CO<sub>2</sub> [Kilotons CO<sub>2</sub> equivalent])

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

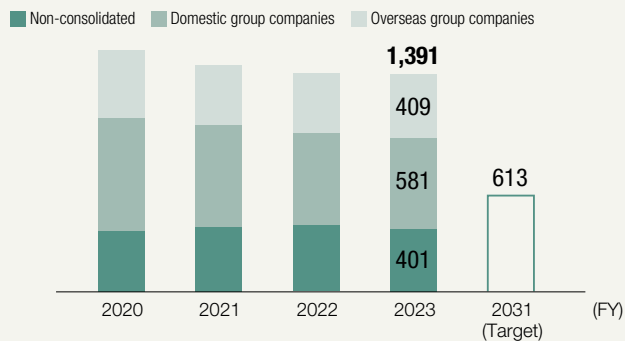


Total power generated by renewable energy was 429GWh, a 5.4% increase from fiscal 2022, due to the shorter periodic inspections of geothermal power plants (Wasabizawa and Sumikawa) compared to fiscal 2022. CO<sub>2</sub> reduced the same amount as in fiscal 2022.

### Total greenhouse gas emissions (Scope1 + Scope2)

(Unit : Kilotons CO<sub>2</sub> equivalent)

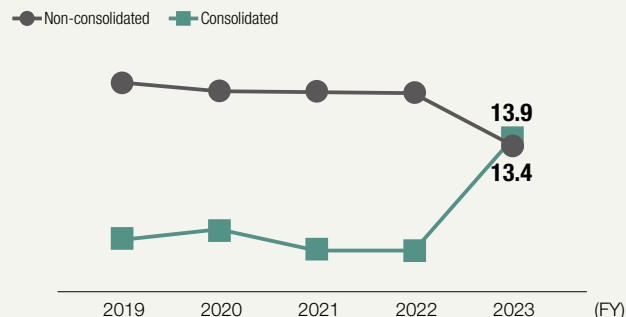
Excluding businesses and subsidiaries that have been removed from the scope of consolidation due to business portfolio adjustment by FY2023.



Total greenhouse gas emissions (Scope1 + Scope2) were approx. 1,391 kt-CO<sub>2</sub>e, a 0.03% reduction from fiscal 2022.

### Percentage of recycled raw materials used (Consolidated)

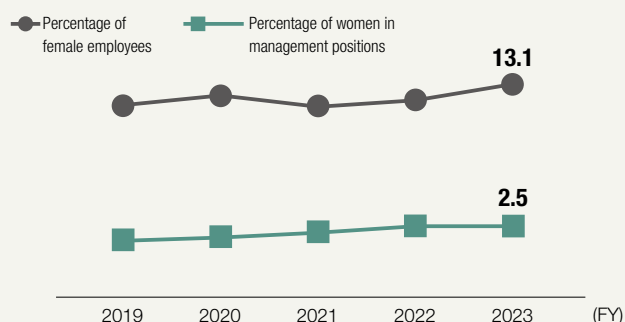
(Unit : %)



The cement business, which was excluded from the scope of fiscal 2023 reporting, uses a large amount of recycled raw materials in terms of non-consolidated figures and very little for Group companies, so compared to fiscal 2022, the non-consolidated figure decreased by 5.3 points to 13.4%, and the Group figure increased by 11.5 points to 13.9%.

### Percentage of female employees / Percentage of women in management positions (Non-consolidated)

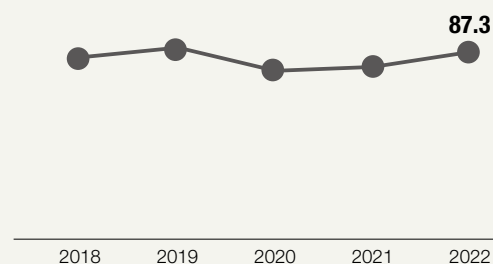
(Unit : %)



The percentage of female employees is increasing year by year as a result of support of women's development and advancement. The percentage of women in management positions is also increasing year by year due to the implementation of various measures such as a career acceleration sponsorship program and strengthening of the mid-career hires, however the ratio remained 2.5% (45 employees), the same as in fiscal 2022.

### Percentage of paid holidays taken (Non-consolidated union members)

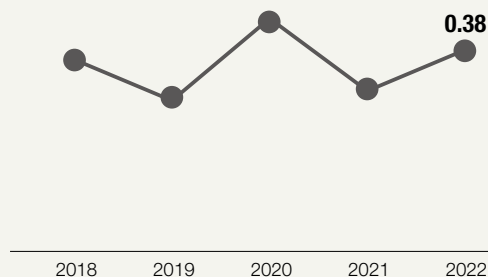
(Unit : %)



The percentage of paid holidays taken improved from fiscal 2022 to 87.3%. We continue our efforts to create an environment that makes it easier to take leave and maintain and improve the percentage of paid holidays taken.

### Occupational accident frequency rate (Non-consolidated)

(Unit : %)



The occupational accident frequency rate is the number of injuries per million hours resulting in lost workdays. From 2021, the number of accidents resulting in lost workdays increased by 2 to 0.38.

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

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

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



## Eleven-Year Summary

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

Unit : Millions of yen

2019	2020	2021	2022	2023
1,662,990	1,516,100	1,485,121	1,811,759	<b>1,625,933</b>
1,469,911	1,325,438	1,312,771	1,602,958	<b>1,449,162</b>
36,861	37,952	26,567	52,708	<b>50,076</b>
50,679	49,610	44,527	76,080	<b>25,306</b>
1,298	(72,850)	24,407	45,015	<b>20,330</b>
103,418	88,043	81,519	81,450	<b>81,106</b>
64,519	68,657	66,337	68,090	<b>46,082</b>
10,912	10,881	11,127	11,604	<b>9,676</b>
1,938,270	1,904,050	2,035,546	2,125,032	<b>1,891,795</b>
486,921	520,123	562,313	542,586	<b>444,558</b>
723,337	586,034	614,394	655,752	<b>628,875</b>
131,489	131,489	131,489	131,489	<b>131,489</b>
28,426	28,601	27,162	23,711	<b>18,576</b>

(Unit : Yen)

9.92	(556.34)	186.71	344.56	<b>155.60</b>
—	—	—	—	<b>—</b>
4,838.31	3,870.35	4,173.14	4,476.52	<b>4,541.96</b>
80.00	80.00	50.00	90.00	<b>50.00</b>
2.2%	2.5%	1.8%	2.9%	<b>3.1%</b>
2.6%	2.6%	2.3%	3.7%	<b>1.3%</b>
0.2%	(12.8%)	4.6%	8.0%	<b>3.5%</b>
32.7%	26.6%	26.8%	27.5%	<b>31.4%</b>

**\*1. Net sales, Operating margin**

The Company has been applying "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance from the beginning of fiscal 2022. Individual figures since fiscal 2022 have had the accounting standards and others applied.

**2. Per Share Amounts**

The Company consolidated its shares at a rate of one share for every 10 shares of its common share, with October 1, 2016 as the effective date. Accordingly, "Per Share Amounts" is calculated on the assumption that the consolidation of its shares was conducted at the beginning of fiscal 2017.

**3. Return on assets (ROA)**

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

**4. Return on equity (ROE)**

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

**5. Total assets, Total non-current liabilities, Return on asset (ROA), Shareholders' equity ratio**

Company has been applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018) from the beginning of fiscal 2019. Individual figures related to fiscal 2018 have had the accounting standards applied retroactively.

# Financial Statements

## Consolidated Balance Sheets

	As of March 31, 2022	As of March 31, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	159,221	<b>142,126</b>
Notes receivable - trade	30,302	<b>30,301</b>
Accounts receivable - trade	219,543	<b>158,197</b>
Merchandise and finished goods	133,600	<b>120,135</b>
Work in process	159,508	<b>127,368</b>
Raw materials and supplies	161,487	<b>130,171</b>
Leased gold bullion	195,379	<b>234,896</b>
Deposited gold bullion	82,004	<b>97,103</b>
Other	100,275	<b>76,317</b>
Allowance for doubtful accounts	(2,390)	<b>(578)</b>
Total current assets	1,238,932	<b>1,116,040</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	148,092	<b>121,664</b>
Machinery, equipment and vehicles, net	224,798	<b>148,099</b>
Land, net	194,039	<b>87,904</b>
Construction in progress	40,020	<b>37,671</b>
Other, net	22,248	<b>30,874</b>
Total property, plant and equipment, net	629,199	<b>426,214</b>
Intangible assets		
Goodwill	29,371	<b>9,224</b>
Other	19,184	<b>19,545</b>
Total intangible assets	48,556	<b>28,769</b>
Investments and other assets		
Investment securities	165,232	<b>256,544</b>
Retirement benefit asset	8,097	<b>7,761</b>
Deferred tax assets	12,618	<b>25,415</b>
Other	26,862	<b>36,351</b>
Allowance for doubtful accounts	(4,468)	<b>(5,302)</b>
Total investments and other assets	208,343	<b>320,770</b>
<b>Total non-current assets</b>	886,099	<b>775,754</b>
<b>Total assets</b>	2,125,032	<b>1,891,795</b>

Unit : Millions of yen

	As of March 31, 2022	As of March 31, 2023
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	158,534	<b>85,211</b>
Short-term borrowings	171,304	<b>146,972</b>
Current portion of bonds payable	10,000	<b>–</b>
Commercial papers	30,000	<b>25,000</b>
Income taxes payable	12,523	<b>4,638</b>
Provision for bonuses	11,831	<b>11,193</b>
Provision for loss on disposal of inventories	1,024	<b>1,348</b>
Provision for product compensation	58	<b>58</b>
Deposited gold bullion	392,364	<b>439,204</b>
Other	139,052	<b>104,734</b>
Total current liabilities	926,693	<b>818,361</b>
<b>Non-current liabilities</b>		
Bonds payable	70,000	<b>70,000</b>
Long-term borrowings	327,405	<b>291,589</b>
Deferred tax liabilities	31,163	<b>4,381</b>
Deferred tax liabilities for land revaluation	20,093	<b>7,577</b>
Provision for loss on business of subsidiaries and affiliates	882	<b>73</b>
Provision for environmental measures	18,762	<b>14,388</b>
Provision for directors' retirement benefits	811	<b>571</b>
Provision for share based compensation plan	443	<b>458</b>
Retirement benefit liability	35,228	<b>24,350</b>
Other	37,795	<b>31,168</b>
Total non-current liabilities	542,586	<b>444,558</b>
<b>Total liabilities</b>	1,469,280	<b>1,262,919</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Share capital	119,457	<b>119,457</b>
Capital surplus	79,407	<b>81,917</b>
Retained earnings	328,864	<b>338,867</b>
Treasury shares	(2,892)	<b>(2,897)</b>
Total shareholders' equity	524,837	<b>537,345</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	26,110	<b>4,193</b>
Deferred gains or losses on hedges	(5,328)	<b>1,631</b>
Revaluation reserve for land	26,369	<b>16,702</b>
Foreign currency translation adjustment	18,832	<b>33,786</b>
Remeasurements of defined benefit plans	(6,003)	<b>(335)</b>
Total accumulated other comprehensive income	59,979	<b>55,978</b>
<b>Non-controlling interests</b>	70,935	<b>35,550</b>
<b>Total net assets</b>	655,752	<b>628,875</b>
<b>Total liabilities and net assets</b>	2,125,032	<b>1,891,795</b>

## Consolidated Statements of Profit or Loss

Unit : Millions of yen

	Year Ended March 31, 2022 (Apr. 1, 2021–Mar. 31, 2022)	Year Ended March 31, 2023 (Apr. 1, 2022–Mar. 31, 2023)
Net sales	1,811,759	1,625,933
Cost of sales	1,602,958	1,449,162
Gross profit	208,801	176,771
Selling, general and administrative expenses	156,092	126,695
Operating profit	52,708	50,076
Total non-operating income	42,960	18,270
Total non-operating expenses	19,588	43,041
Ordinary profit	76,080	25,306
Total extraordinary income	38,609	33,511
Total extraordinary losses	38,074	44,046
Profit before income taxes	76,616	14,771
Total income taxes	24,001	(10,805)
Profit	52,614	25,576
Profit attributable to non-controlling interests	7,599	5,245
Profit attributable to owners of parent	45,015	20,330

The Company has been applying "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance from the beginning of fiscal 2022. Individual figures since fiscal 2022 have had the accounting standards and others applied.

## Consolidated Statements of Cash Flows

Unit : Millions of yen

	Year Ended March 31, 2022 (Apr. 1, 2021–Mar. 31, 2022)	Year Ended March 31, 2023 (Apr. 1, 2022–Mar. 31, 2023)
Cash flows from operating activities	6,889	45,164
Cash flows from investing activities	(3,210)	(43,985)
Cash flows from financing activities	(5,055)	3,473
Net increase (decrease) in cash and cash equivalents	8,094	10,463
Cash and cash equivalents at end of period	153,640	141,079



## Global Atlas As of March 31, 2023

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

#### Europe

Number of affiliates: **18**  
Number of employees: **1,182**

#### North America

Number of affiliates: **11**  
Number of employees: **744**

#### East Asia

Number of affiliates: **15**  
Number of employees: **754**

#### Japan

Number of affiliates: **34**  
Number of employees: **11,436**

#### Southeast Asia

Number of affiliates: **18**  
Number of employees: **4,401**

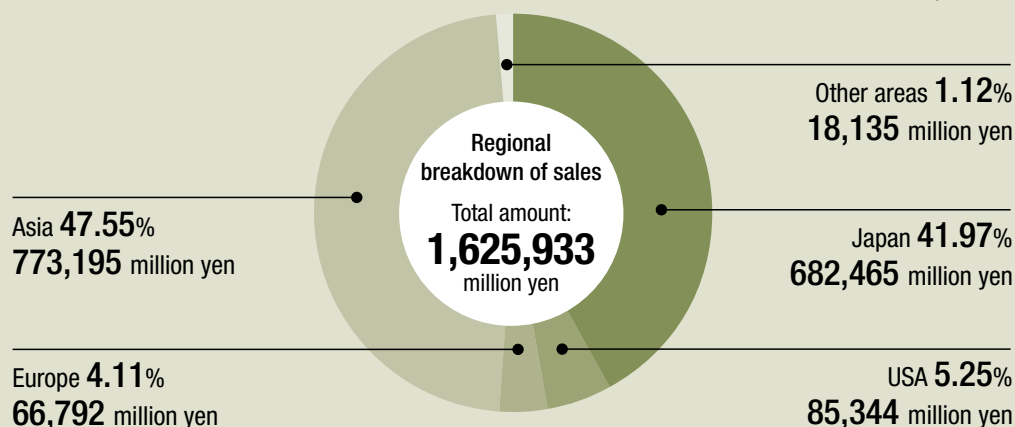
#### South America

Number of affiliates: **2**  
Number of employees: **47**

#### Oceania

Number of affiliates: **0**  
Number of employees: **12\*1**

Number of countries/  
regions with overseas operations **31**      Number of Employees  
(consolidated) **18,576**



## Main Mitsubishi Materials business sites<sup>\*2</sup>

Head Office (Tokyo)  
Innovation Center (Ibaraki Prefecture)  
Fuji-Oyama Plant (Shizuoka Prefecture)  
Akita Refinery (Akita Prefecture)  
Saitama Property Management (Saitama Prefecture)  
Osaka Regional Head Office (Osaka Prefecture)

### Advanced Products Business<sup>\*3</sup>

Sakai Plant (Osaka Prefecture)  
Wakamatsu Plant (Fukushima Prefecture)  
Sambo Plant (Osaka Prefecture)  
Sanda Plant (Hyogo Prefecture)  
Ceramics Plant (Saitama Prefecture)

### Metalworking Solutions Business

Tsukuba Plant (Ibaraki Prefecture)  
Gifu Plant (Gifu Prefecture)  
Akashi Plant (Hyogo Prefecture)

### Metals Business

Naoshima Smelter & Refinery (Kagawa Prefecture)  
Ikuno Plant (Hyogo Prefecture)

### Environment & Energy Business<sup>\*4</sup>

Energy Project & Technology Center (Saitama Prefecture)

## Main consolidated subsidiaries<sup>\*5</sup>

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

### Advanced Products Business<sup>\*3</sup>

SAMBO METALS CORPORATION (Osaka Prefecture)  
Mitsubishi Materials Electronic Chemicals Co., Ltd. (Akita Prefecture)  
Mitsubishi Cable Industries, Ltd. (Tokyo)  
Luvata Oy (Finland)

### Metalworking Solutions Business

Japan New Metals Co., Ltd. (Osaka Prefecture)  
MOLDINO Tool Engineering, Ltd. (Tokyo)  
MMC Hardmetal Europe Holdings GmbH (Germany)  
MMC Hartmetall GmbH (Germany)  
Mitsubishi Materials U.S.A. Corporation (USA)

### Metals Business

Hosokura Metal Mining Co., Ltd. (Miyagi Prefecture)  
Materials Eco-Refining Co., Ltd. (Tokyo)  
Onahama Smelting & Refining Co., Ltd. (Tokyo)  
MM Netherlands Co. (The Netherlands)  
PT. Smelting (Indonesia)

### Environment & Energy Business<sup>\*4</sup>

East Japan Recycling Systems Corporation (Miyagi Prefecture)  
Hachimantai Green Energy Corporation (Akita Prefecture)  
Chubu Eco Technology Co., Ltd. (Mie Prefecture)

<sup>\*1</sup> Representatives from branches and representative offices, locally hired employees

<sup>\*2</sup> Due to organizational changes effective April 1, 2022, the Company closed the Sapporo Branch (Hokkaido), Tohoku Branch (Miyagi Prefecture), Nagoya Branch (Aichi Prefecture), and Kyushu Branch (Fukuoka Prefecture), and the names of some sites and segments under their jurisdiction were changed.

• The Central Research Institute became the Innovation Center.

• Segments under their jurisdiction of the Akita Refinery were changed from the Metals Company to the Professional CoE.

• The jurisdictional segment of the Fuji-Oyama Plant was changed from the Advanced Products Company to the Strategic Headquarters.

<sup>\*3</sup> As of March 31, 2023, after transferring our polycrystalline silicon business to High-Purity Silicon Corporation in an absorption-type split, all company share's were transferred to SUMCO Corporation.

<sup>\*4</sup> As of April 1, 2023, the "Environmental Recycling Business" under the jurisdiction of the Environment & Energy Business Company has been integrated into the Metals Company, and the "Renewable Energy Business" has been transferred to the newly established "Renewable Energy Division" at the Strategic Headquarters.

<sup>\*5</sup> As of January 1, 2023, Material Finance Co., Ltd. has been acquired via merger. As of March 31, 2023, all shares of Diasalt Corporation were transferred to IA Partners Inc.

# Company Data/Stock Data As of March 31, 2023

## Company Data

<b>Company Name:</b>	Mitsubishi Materials Corporation
<b>Head Office address:</b>	Marunouchi Nijubashi Building 22F, 3-2-3, Marunouchi, Chiyoda-ku, Tokyo 100-8117 Japan
<b>Date Established:</b>	April 1, 1950
<b>Representative:</b>	Naoki Ono, Chief Executive Officer
<b>Stock Listing:</b>	Tokyo Stock Exchange, Inc.
<b>Paid-in Capital:</b>	119,457 million yen
<b>Total Assets:</b>	1,891,795 million yen
<b>Number of employees:</b>	5,450 (consolidated : 18,576)
<b>Number of consolidated subsidiaries:</b>	98
<b>Number of equity method affiliated companies:</b>	12
<b>Membership:</b>	KEIDANREN (Japan Business Federation), KEIZAI DOYUKAI (Japan Association of Corporate Executives), Japan Mining Industry Association, Global Compact Network Japan, etc.

## Evaluation by External Organizations

2023 Constituent MSCI ESG Leaders Indexes  
 2023 Constituent MSCI Japan ESG Select Leaders Index  
 2023 Constituent MSCI Japan Empowering Women Index (WIN)  
 FTSE Blossom Japan Sector Relative Index  
 ECPI INDICES  
 SOMPO Sustainability Index

### Related Information:

Sustainability Report  
 ► Evaluation by External Organizations  
<https://mmc.disclosure.site/en/>



THE INCLUSION OF MITSUBISHI MATERIALS CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF MITSUBISHI MATERIALS CORPORATION BY MSCI OR ANY OF ITS AFFILIATES.  
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FTSE Russell confirms that MITSUBISHI MATERIALS CORPORATION has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

## Editorial Policy

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

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

In editing this report, we have referred to the "International Integrated Reporting Framework" the IFRS Foundation on and the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry.

The description of performance is based on information current as of Thursday, May 12, 2022.

### ■ Boundary

Including group companies, with Mitsubishi Materials Corporation playing a central role.

Please refer to Sustainability Report for coverage area of non-financial performance data.

### ■ Period

Fiscal 2023 (1st April, 2022 - 31st March, 2023)

\* This report may also include information from April 2023 onwards, in an effort to provide the most up-to-date information.

### ■ Date of Publication

Jul. 2023

### ■ Caution Regarding Forecasts and Forward-Looking Statements

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



## Articles Concerning Stock

Total number of authorized shares: 340,000,000

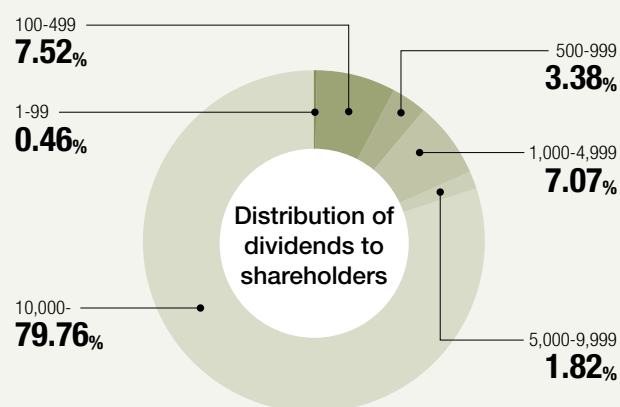
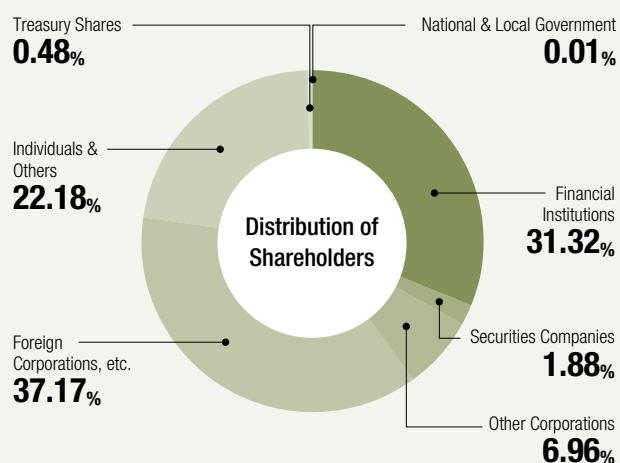
Total number of issued shares: 131,489,535

Number of shareholders: 102,384

## Major Shareholders (Top 10 shareholders)

Name of Shareholders	Number of Shares Held (Thousand)	Percentage of Shareholding (%)*
The Master Trust Bank of Japan, Ltd. (Trust account)	20,990	16.0
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	10,044	7.7
Custody Bank of Japan, Ltd. (Trust account)	9,908	7.6
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	4,250	3.2
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	3,314	2.5
Meiji Yasuda Life Insurance Company	3,101	2.4
BBH FOR GLOBAL X COPPER MINERS ETF	2,874	2.2
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	2,417	1.8
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15	2,376	1.8
STATE STREET BANK AND TRUST COMPANY 505103	1,926	1.5

\* Percentages of shareholding were calculated after deducting treasury shares (622,424 shares)



## Total Shareholder Return (TSR)

	March 2019	March 2020	March 2021	March 2022	March 2023
Mitsubishi Materials Corporation	93.8%	74.2%	87.3%	76.3%	78.3%
TOPIX	95.0%	85.9%	122.1%	124.6%	131.8%



## **Mitsubishi Materials Corporation**

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

For further contact (Web) : <https://www.mmc.co.jp/corporate/en/contact/>