

Mitsubishi Materials Corporation Sustainability IR Meeting

Mitsubishi Materials aims to achieve growth in the entire value chain and realize the SDGs through recycling of metal resources

【Speaker】

Naoki Ono (hereafter “Ono”)	Director, CEO, (Representative Executive Officer)
Nobuhiro Takayanagi (hereafter “Takayanagi”)	Director, Managing Executive Officer, CFO
Tetsuya Tanaka (hereafter “Tanaka”)	Managing Executive Officer, CGO
Makiko Nogawa (hereafter “Nogawa”)	Managing Executive Officer, CHRO

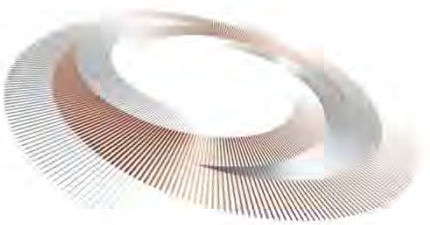
This is a transcript of Mitsubishi Materials Corporation's Sustainability IR Meeting held on September 15, 2023.

【Our Commitment】

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Our Commitment

- In formulating the Medium-term Management Strategy FY2031 (the FY2031 Strategy), we have set out “Our Commitment” of “For people, society and the earth, circulating resources for a sustainable future”, by combining our corporate philosophy of "For People, Society and the Earth", our vision of "Circulating resources for a sustainable future" and our mission of "Create a sustainable future".



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.

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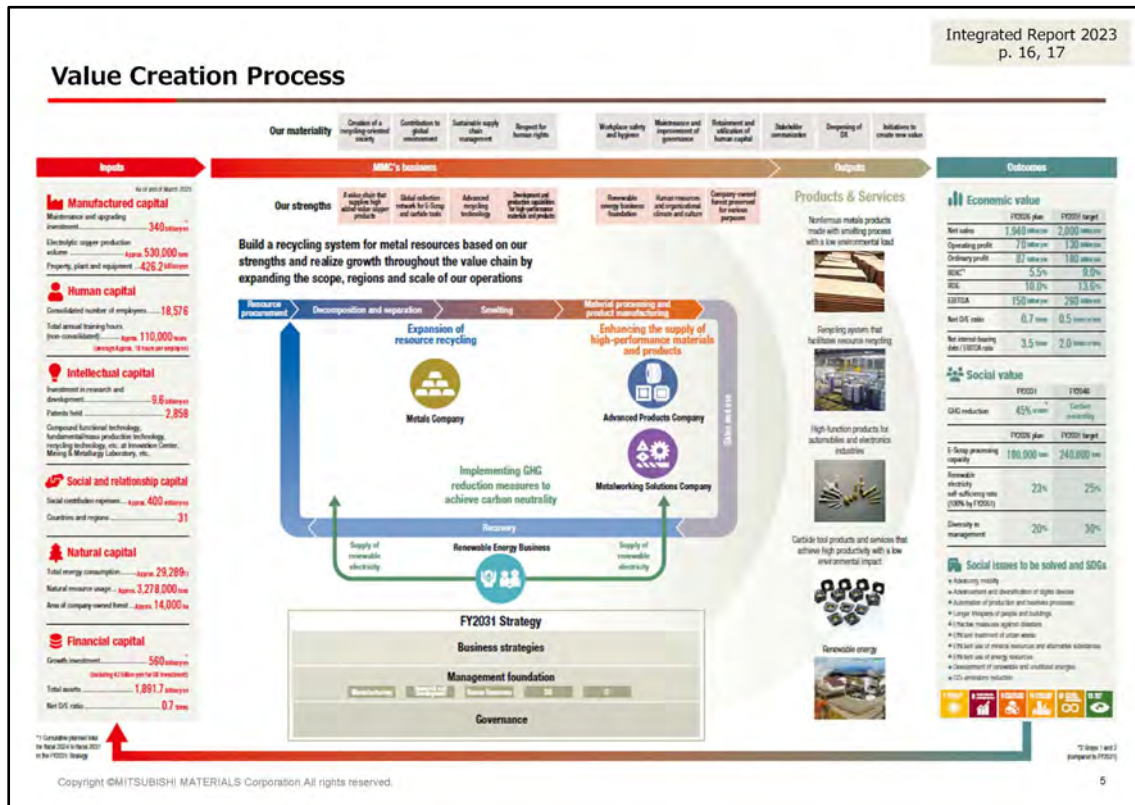
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Ono: Today, I would like to introduce our sustainability initiatives based on the Medium-term Management Strategy FY2031 (“the FY2031 Strategy”) announced in February as well as the Integrated Report and the Sustainability Report released at the end of July and August, respectively.

I would like to give an overall overview. In formulating the FY2031 Strategy, we set out “Our Commitment” of “For people, society and the earth, circulating resources for a sustainable future” and are proceeding with the plan.

The diagram on the slide shows “Resource Circulation” as an expression that can be associated with Our Commitment itself.

【Value Creation Process】



The slide shows the value creation process that is the core of the Integrated Report. On the left side of the slide shows the capital input, and the middle shows our business itself, together with the materiality or our strengths. On the right side of the slide are the outcomes such as the output or the economic and social value of the activities of our business.

The main focus of today's presentation is the management foundation that underpins the development of our business under the middle of the slide. We would like to provide an opportunity to explain Monozukuri and R&D next time.

【Materiality】

Materiality

- Including the material issues designated in FY2021, we have identified material issues and plotted them on two axes – “importance to our stakeholders” and “importance in light of Our Commitment”. We then reviewed these issues and determined their order of priority.
- We designated 10 material issues, including four “key material issues of particular importance”.

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

As for Materiality, we selected 10 items. The selection process is based on two axes: “importance to our stakeholders” and “importance in light of Our Commitment.”

Among them, the four items shown in orange are “key material issues of particular importance.”

【Objectives for key material issues】

Objectives for key material issues	
<ul style="list-style-type: none"> We have established the objectives, etc., tied to the FY2031 Strategy (“Creation of a recycling-oriented society”, “Contribution to global environment”, “Sustainable supply chain management”, etc.) 	
Material issues of particular importance	Objectives, etc.
Creation of a recycling-oriented society	(Carbide tools) 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
Contribution to global environment	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
Sustainable supply chain management	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
Respect for human rights	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

This section explains the goals for each key material issues of particular importance. The first item is “Creation of a recycling-oriented society.” This will be a core part of our Company's business. There are two objectives here, and the first is to supply recyclable products.

An objective that matches this is to increase the percentage of recycled materials in cutting tools to 80% or more by fiscal 2031. On the other hand, taking out materials from discarded or used products and recycling them symbolically means “processing E-Scrap,” and the second goal is to increase the processing capacity.

The second item is “Contribution to the global environment.” The main thing is a move towards decarbonization. Our goal is to increase the self-sufficiency rate of renewable electricity to achieve carbon neutrality in fiscal 2046. In addition, our goal is not only to decarbonize but also to address biodiversity, such as 30 by 30.

The third item is “Sustainable supply chain management”. One of the initiatives here is related to recycling. Specifically, we will increase the number of items used for home appliance recycling and secondary recycling from automobile recycling, which we have not been able to handle before, and we will increase our Smelter & Refineries' domestic capacity to process E-Scrap.

At the same time as enhancing the function of the vein side, we intend to enhance the product supply capacity as a function of the artery side. Our target is also to advance R&D and technological development as a function of supporting both veins and arteries.

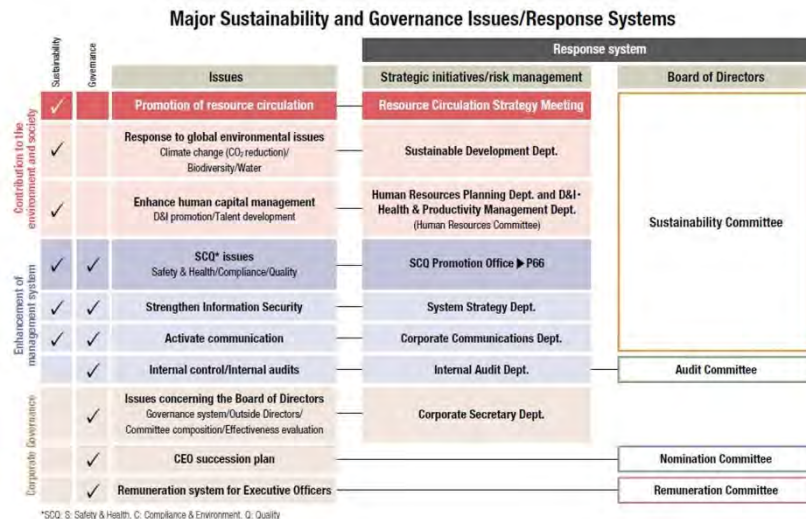
The fourth item is “Respect for human rights”. Since we have already launched human rights due diligence mechanisms, we have also set out our goal to expand the scope of these.

【Changes to the Sustainability Management System (as of July 1, 2023)】

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Changes to the Sustainability Management System (as of July 1, 2023)

- We renewed our Sustainability Management System with the aim of more strategically pursuing sustainability issues including “promoting resource recycling,” “addressing global environmental issues,” and “strengthening human capital management,” for the purpose of contributing to the environment and to society.



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In July of this year, we made some changes to our sustainability management system. Issues are shown on the left side of the slide, and "Enhancement of management system" in the middle is one aspect of sustainability that our Company considers. In other words, it is a necessary item in the sense that our Company will continue to be a sustainable entity.

On the other hand, "Contribution to the environment and society," which is indicated in red letters in the upper part, is an issue that aims to contribute to the sustainability of the environment and society through our business activities. In addition, we are working on issues related to “corporate governance”.

The system to respond to these issues is shown on the right side of the slide. In particular, with regard to "Promotion of resource recycling” that is described at the top of the agenda, it is necessary to take cross-sectoral initiatives and work over a medium- to long-term time horizon. Therefore, we have organized and launched the Resource Circulation Strategy Meeting.

【Progress of the Four Management Reforms】

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Progress with the Four Management Reforms	
<ul style="list-style-type: none"> ● In light of environmental changes, we are pursuing the Four Management Reforms in order to further enhance our organizational capabilities. 	
Corporate Transformation (CX)	<ul style="list-style-type: none"> ● As we expect Companies to have both independence and autonomy, we transitioned to a complete in-house company system. (April 2022) ● Through Business Reviews*, we have engaged in discussions regarding profit management and the Medium-term Management Strategy FY2031. 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. <p>* Meetings held 1-2 times per month, in which the top management from the Company (members of the Company's management meeting) and Executive Officers from the Strategic Headquarters (the CEO, CGO, CFO, CHRO, and CTO under the chief executive officer system) discuss topics including governance, business performance, and medium- to long-term strategies.</p>
Human Resources Transformation (HRX)	<ul style="list-style-type: none"> ● Transition to Job-based HR System for management-level employees. (April 2022) ● Advancing measures such as upgrading the Internal Job Posting System and renovating training systems to promote autonomous career development. ● To implement a system that supports business strategy from a human resources perspective, we have deployed Human Resources Business Partners (HRBPs) at each Company. To maintain optimal overall balance, HRBPs coordinate with the Strategic Headquarters (human resources strategy functions) and the Professional CoE.
Digital Transformation (DX)	<ul style="list-style-type: none"> ● Transition to MMDX2.0, a system to accelerate enhancements in the manufacturing field by integrating utilization of digital technology with worksites. (October 2022) ● Accelerating promotion of themes by strengthening systems in the bodies that implement them, and promoting the concept of taking ownership. ● Revitalizing bottom-up activities and expanding DX into Group-wide activities, including worksite operations, through a challenge system that tolerates the creation and failure of themes from worksites, and learning programs and running mate support for employees.
Operational Efficiency Improvement	<ul style="list-style-type: none"> ● Initiatives in various fields, mainly led by the Business Process Innovation Department. <ul style="list-style-type: none"> ・ Transition to paperless and seal-less account slips, starting April 2023 ・ Promotion of paperless systems for various internal application processes ● Enabling all employees to access our internal network from their own devices by distributing smartphones to all employees, including those at manufacturing sites.

I would like to explain the progress of four management reforms that we started about two years ago.

Most of them started in April of fiscal 2023, but the first one is Corporate Transformation (CX). In order to increase corporate value, we have started a complete in-house company system in a sense that we need to fulfill "independence" and "autonomy" of each Company that conducts business.

At the same time, we are also developing the Business Review Meeting to balance the centrifugal force exerted by the complete in-house company system with the centripetal force from the viewpoint of the company's optimization. Specifically, by having ample opportunities for dialogue between the Strategic Headquarters and each Company, we are also reviewing business execution and strategy. The Business Review Meeting is trying to function in the form of a "pseudo-Board Meeting."

The second one is Human Resource Transformation (HRX). We'll talk about human capital later, but we've made the transition to Job-based HR System since last fiscal year.

The third one is Digital Transformation (DX), we entered the MMDX2.0 phase since last fiscal year, and we moved to a system that promotes strengthening of the manufacturing sector in an integrated manner with the workplace.

The fourth one is Operational Efficiency Improvement, the Business Process Innovation Department has been promoting paperless and seal-less operations, and we are distributing

smartphones to all employees in order to facilitate access to information that forms the basis for these efforts.

【Stimulating Director Discussions】

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Stimulating Director Discussions

- We are implementing various initiatives to further stimulate discussions by the Directors.

Item	Description
Briefings for Directors	<ul style="list-style-type: none"> ● We hold briefings for Directors to help them deeply understand our business and have opportunities to exchange opinions with executives to improve corporate value. ● 17 briefings were held in FY2023. (Particularly regarding the FY2031 Strategy, we exchanged opinions on the overall concept, individual business strategies, financial plans, etc. at 8 briefings held July 2022 – March 2023.)
Ensuring an Adequate Schedule for Board Meetings	<ul style="list-style-type: none"> ● Two full days a month are set aside to ensure sufficient time can be devoted to deliberations and considerations by the Board of Directors, etc.
1-on-1 Meetings between the CEO and Outside Directors	<ul style="list-style-type: none"> ● We hold 1-on-1 meetings between part-time Outside Directors and the CEO once every two months.
Dialogue with Institutional Investors	<ul style="list-style-type: none"> ● Small meetings with Outside Directors are held annually. ● The contents of meetings between investors and executives are provided to the Directors, and we share the views of the stock market on the Company with the whole Board of Directors.
Lectures, Dialogue with Employees, etc.	<ul style="list-style-type: none"> ● We hold lectures by Outside Directors for employees and dialog meetings with employees. ● In FY2024, topics have included “manufacturing site autonomy,” “value chain of technology,” “Digitalization/DX,” and “LGBTQ+ and allies.”
Outside Directors’ Opinion Exchange Meetings	<ul style="list-style-type: none"> ● Twice annually, we hold opinion-exchange meetings for Outside Directors to exchange information and share awareness from an independent, objective standpoint on a wide range of issues not limited to matters raised at board meetings.
Free Discussion among Directors (Started in FY2024)	<ul style="list-style-type: none"> ● To further stimulate discussion among Directors, we started having free discussion times for Directors starting in FY2024. ● Directors share awareness and exchange opinions on matters raised at board meetings and briefings for Directors, and can freely discuss a wide range of issues that not limited to matters raised at board meetings.
Tours of Business Sites for Outside Directors	<ul style="list-style-type: none"> ● Tours for Outside Directors cover our main business sites and those of major Group companies. ● Outside Directors also participate as observers at general development strategy meetings.

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In terms of governance initiatives, I will focus on corporate governance. First of all, it is necessary to stimulate discussion in the Board of Directors, so we are promoting various initiatives.

One of them is briefings for Directors. In order to discuss the contents and details that cannot be covered by the regular Board Meetings alone, we set up briefings for Directors once a month on a day separate from the regular Board Meetings.

To this end, I, as CEO, not only set aside the schedule for meetings with each Director, but also hold 1-on-1 meetings with Outside Directors every 2 months, at a rate of 1 hour per meeting. In addition, dialogue between investors and Outside Directors is ongoing.

In addition, we hold meetings to exchange opinions of Outside Directors and free discussions by Directors, so that we can pick up issues from time to time and respond promptly.

【Evaluation of the Effectiveness of the Board of Directors】

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Evaluation of the Effectiveness of the Board of Directors

- In FY2023, the effectiveness of the Board of Directors was evaluated using a questionnaire-based self-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

Five-grade evaluation for the following items, with space for free responses as 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 following committees: 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 Results

Following deliberations by the Board of Directors, it was confirmed that **the effectiveness of the Board of Directors of the Company was secured in FY2023.**

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In terms of evaluation of the effectiveness of the Board of Directors. This is mainly a questionnaire once a year, but once every three years we use a third-party organization to evaluate the effectiveness of the Board of Directors. We regularly pick up various issues and utilize them in our operations from then on.

【Review of the Composition of the Nomination & Sustainability Committees】

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Review of the Composition of the Nomination & Sustainability Committees

■ Nomination Committee

As of FY2024, **all five committee members are changed to Outside Directors**

(Previously, the Committee had 4 Outside Directors + 1 Internal Director (the CEO))

- We determined that it is 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.
- 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.

■ Sustainability Committee

As of FY2024, one of the five committee members is now an Executive Officer (the CEO)

(Previously, the Committee had included all of the non-executive directors (7 Outside Directors + 1 Internal Director))

- As part of the evaluation of the effectiveness of the Board of Directors, the Committee’s role and the direction of discussion, etc. received generally favorable evaluations.
- The number and composition of the Committee was evaluated as not necessarily appropriate, as seen in opinions including, “The Committee should be downsized to the level of other Committees” and “The Committee seems to be slightly oversized.”
- In light of this, the number and composition of the committee’s members were reviewed.

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Let me explain the committees under Directors. In the past, the Nominating Committee consisted of five members, including four Outside Directors and one CEO. From this fiscal year, all five members have been changed to Outside Directors.

The reason for this is that an important resolution of the Nominating Committee is the election of Directors candidate, which includes a succession plan for the CEO, etc., so we thought it would be appropriate for this to be carried out by Outside Directors.

Of course, to ensure effectiveness, we believe it is also necessary for the executive side, that is, the CEO, to provide the executive side’s thoughts on various issues at the request of the Committee.

【Review of the Remuneration System for Executive Officers】

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Review of the Remuneration System for Executive Officers

- Starting in FY2023, **relative TSR evaluation was added** to the Executive Officer Bonus System as an evaluation indicator, and we reviewed **adding initiatives in line with the Sustainability Policy to the non-financial evaluation elements**, etc.
- Starting in FY2024, target of performance evaluation indicators for annual bonuses are now, in principle, the consolidated performance forecast for the current period planned in the Medium-term Management Strategy. (Previously, we 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.)

Executive Officer Bonus Evaluation Weight



Details of non-financial evaluation items for annual bonuses for Executive Officers (excluding CEO) (FY2024)

- For non-financial evaluation, each Executive Officer sets three target items, **one of which is a sustainability issue**.
- As shown below, the non-financial evaluation targets set for FY2024 **must include the promotion of Diversity and Inclusion** in particular, **targets related to the ratio of female managers**.

(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				○			○	

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This is the remuneration system for Executive Officers. While the major framework for this has already been decided, one thing we have done since last year is to include an evaluation item called “relative TSR” and to add sustainability issues to the non-financial evaluation.

Details of these sustainability issues are shown in the table below the slide. Examples of the eight Executive Officers are shown, and various items are selected according to the role Executive Officers will play. Among them, in this fiscal year, the promotion of D&I (Diversity and Inclusion), particularly the setting of targets for the ratio of female managers, is mandatory for any Executive Officers.

Strategic Share Holdings

- Following our Basic Policy on Corporate Governance, we are reducing our strategic share holdings.
- **Strategic Share Holdings Policy** (Basic Policy on Corporate Governance – Article 7)
 - Unless it is required for our business strategies, we will not acquire or hold shares for purposes other than pure investment (strategic share holdings).
 - The appropriateness of all strategic share holdings is specifically reviewed and examined annually at a meeting of the Board of Directors.
 - Following these reviews, we reduce any strategic share holdings that are deemed unnecessary to hold.
- **Status of Reductions in Strategic Share Holdings**

Holdings Status

		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

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Percentage of Strategic Share Holdings in Consolidated Net Assets



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This is strategic share holdings. This is the basic policy that we are pursuing, and the graph at the bottom right shows the situation in the most straightforward manner. The ratio of strategic shareholding to consolidated net assets was 4% at the end of the last fiscal year, which means that we are on track to achieve our goal of 5% or less.

Occupational safety and health

■ Zero Occupational Accident Project

The MMC Group launched the **Zero Occupational Accident Project** in April 2014, and we are working to strengthen our safety & hygiene infrastructure.

FY2024 Zero Occupational Accident Project: Goals

- **Zero serious accidents causing ≥4 lost workdays**
(zero accidents causing ≥4 lost workdays over one year)
- **Eliminating fires, explosions, and other accidents**
(eliminating fires, explosions, and high-pressure gas / hazardous materials leaks)

FY2024 Issues & Initiatives

① **Thorough improvement of facility safety through risk assessment (continuing)**

- The number of accidents causing ≥4 lost workdays is steady, but there are more accidents caused by similar events (catching hazards) and rule violations.
→ In order to expand countermeasures to prevent recurrence and increase compliance with rules, with the goal of eliminating similar accidents, the Zero Disaster Promotion Panel and others will repeatedly disseminate information and strengthen initiatives at each company/site.

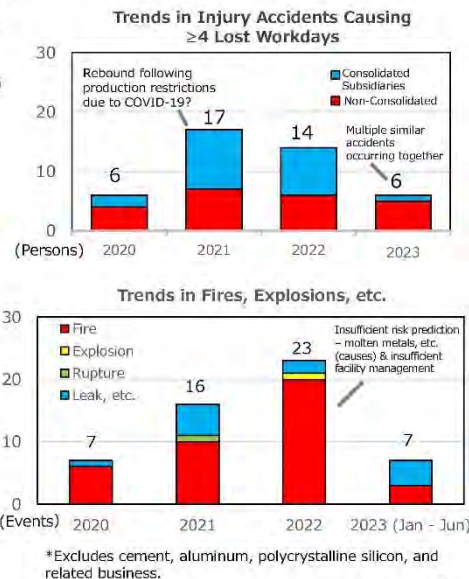
② **Vitalizing our GYR system**

- We aim to vitalize the operation of our warning and reward system (GYR system) in order to improve the safety awareness of each individual employee.

③ **Eliminating fires, explosions, and other accidents**

- There have been fewer events in the first half of this year, but more leaks of high-pressure gas, etc.
→ The Zero Disaster Promotion Panel will use Teams and other modalities for timely dissemination of information to help prevent accidents and calls to caution.

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Tanaka: Let me explain our SCQ initiatives. Our Group launched the "Zero Occupational Accident Project" in April 2014 to strengthen our safety and health infrastructure. The goal of the Zero Occupational Accident Project is to eliminate serious accidents that occur for more than four days without work and to eliminate accidents such as fire and explosions.

As shown in the graph on the right side of the slide, 6 accidents occurred in the six months from January to June this fiscal year, which doubled to 12 in annual terms. Unfortunately, the pace is similar to last year.

On the other hand, as for accidents such as fire and explosions, a large number of small fires occurred in 2022, and disseminating the causes and countermeasures to such fires at each site have been carried out. This fiscal year, however, the pace of the number of fires is lower than the previous year.

The initiatives to promote the Zero Occupational Accident Project are described in ① through ③ on the left.

② This section provides additional information on the GYR system. GYR means green card, yellow card or red card. If employees make efforts in health and safety, we give them green card and praise them. When a violation occurs, a warning is issued in the form of a yellow card or red card, depending on the degree of the violation.

Occupational safety and health

■ Promoting Hazard Sensitivity & Other Safety and Health Education

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



Safety and Health Education Center - "Midori-kan"

This facility is equipped to provide

- hazard sensitivity training designed to improve risk sensitivity among employees, and
- various other types of safety and health education to employees of MMC and other Group companies.

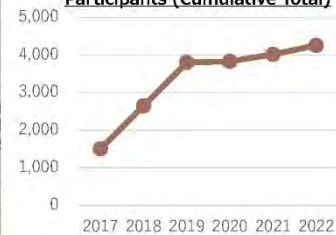
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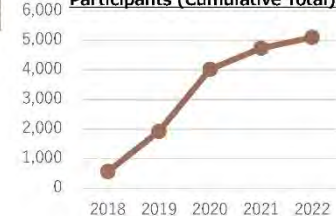
Hazard Sensitivity Training Using VR

To enable participants to experience hazardous situations that are difficult to simulate with conventional equipment, we began using VR hazard sensitivity training in May 2018. The equipment is portable, making safety education possible at any site.

Hazard Sensitivity Training Participants (Cumulative Total)



VR Hazard Sensitivity Training Participants (Cumulative Total)



This is an example of initiatives related to health and safety activities. Our Company owns “Safety and Health Education Center, Midori-kan” on the premises of the Saitama Office. Therefore, we provide hazard sensitivity training, and health and safety education.

As shown in the graph on the right side of the slide, the total number of participants for hazard sensitivity training is over 4,000, and the total number of participants for hazard sensitivity training using VR is over 5,000.

Occupational safety and health

■ Hazard Experience Devices & Program Menu

1	Experience of Slinging Work Hazards	1-1 Experience of Collision with a Slinging Load 1-2 Experience of a Cut Wire with a Suspended Load 1-3 Experience of Getting Caught under a Suspended Load 1-4 Experience of a Suspended Load Falling from a High Place 1-5 Experience of a Suspended Load's Weight Shifting
2	Experience of Catching Hazards	2-1 Experience of Getting Caught in a Rotator 2-2 Experience of Getting Caught in a Spinning Chain 2-3 Experience of Getting Caught in a High-Speed Conveyer 2-4 Experience of Getting Caught in a V-belt 2-5 Experience of Getting Caught in a Screw Conveyer 2-6 Experience of Getting Caught in a Rotary Valve 2-7 Experience of Getting Caught in a Conveyer Belt 2-8 Experience of Getting Caught in a Drilling Machine 2-9 Experience of Getting Caught in a Lathe 2-10 Experience of Getting Caught in an Oil Drum
3	Experience of High Work Hazards	3-1 Experience of Falling 5 meters 3-2 Experience of Impact in Falling 3-3 Experience of Falling from an External Ladder 3-4 Experience of an Object Falling 3-5 Experience of Being Sequestered by Fall-Prevention Equipment 3-6 Experience of Walking on and Falling from a Scaffold 3-7 Experience with Scaffolding and Ladders
4	Experience of Everyday Hazards	4-1 Experience while Walking 4-2 Experience of Handling Heavy Objects 4-3 Experience of a Wound from a Cut
5	Experience of Forklift Hazards	5-1 Experience of Falling Over Sideways 5-2 Checking Blind Spots while Reversing
6	Experience of Chemical and High-Pressure-Water Hazards	6-1 Experience of Leakage from a Piping Joint 6-2 Experience of Leakage When Removing a Flange 6-3 Experience of a Runaway Hose
7	Experience of Robot Hazards	7-1 Experience of Teaching Safety Devices 7-2
8	Experience of Air-Cylinder Hazards	8-1 Checking a Cylinder's Operation with a Solenoid Valve 8-2 Experience of Residual Pressure 8-3 Troubleshooting
9	Experience of Explosion and Gas Hazards	9-1 Experience of Gas Detection 9-2 Experience of a Gas Explosion 9-3 Experience of a Remote Explosion
10	Experience of Electricity Hazards	10-1 Experience of a Reacted Behavable Extension Cord 10-2 Experience of a Static Electricity Explosion 10-3 Experience of an Electric Shock 10-4 Experience of Electrical Leakage 10-5 Experience of Touching 10-6 Experience of Over-Current 10-7 Experience with a Cut Live Cable 10-8 Experience of an Electric Shock near a High-Voltage Cable



Hoist for Falls from height Experience (1.5 T)



Hoist for Safety Belt Experience



Exterior Ladder & Safety Blocks

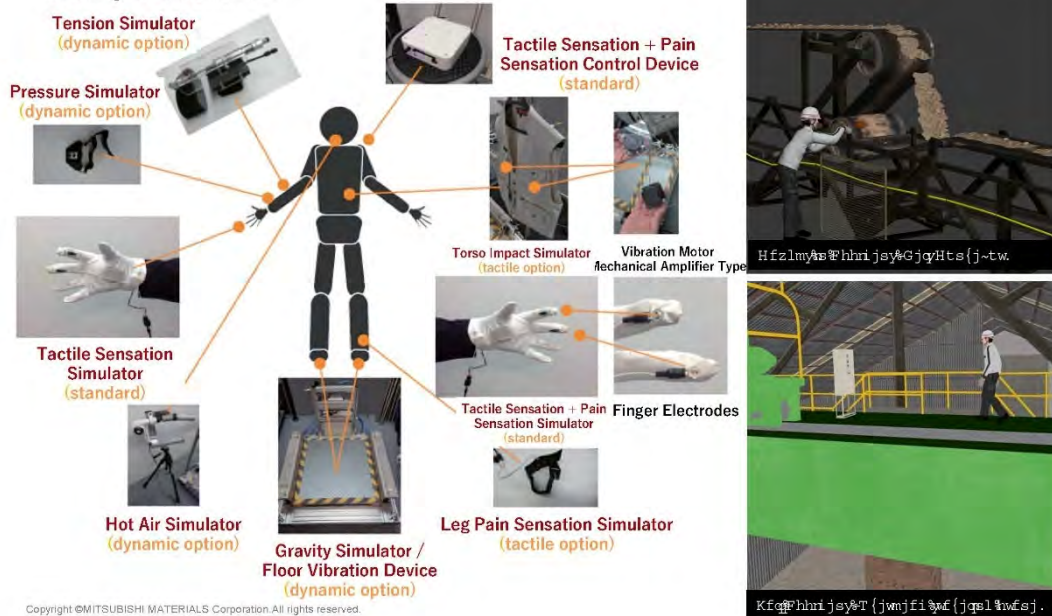


Falls from height Simulator (1.8 m)

The slide shows the hazard sensitivity equipment and program menu of Midori-kan. On the right side, various equipment and hardware are prepared to create a simulated dangerous condition and have employees experience it. The program menu is gradually expanding and now has 10 items shown on the left side of the slide.

Occupational safety and health

■ VR Hazard Experience Device Configuration & Example Scenario



The slide is a hazard sensitivity device using VR. As you can see on the right, scenarios such as a caught in accident by conveyor belt or a fall accident by an overhead crane are prepared. This is not only visual information, but also a virtual reality experience by installing hand and foot stimulation devices such as those on the left. In addition, the floor is moved up and down by air, which makes it possible to experience falls more realistically.

We have three of these devices at Midori-kan, and we actively lend them to each site.

【Compliance Initiatives】

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Compliance Initiatives

■ FY2024 Initiatives (Group-wide)

Measure	Measure Specifics	Target Participants	Target Area
Training	Governance training for directors	Directors	Japan & Overseas
	Compliance / Risk Management (C/RM) Manager training	C/RM Managers	Japan
	Compliance training	Directors, All employees	Japan & Overseas
Survey	Surveys on the compliance	Directors, All employees	Japan & Overseas (staff level & above outside Japan)
Other	In-house reporting system / Employee Hotline informational campaign (details on next slide)	Directors, All employees	Japan

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This section describes compliance initiatives. First, I will talk about training. We conduct training for all employees, C and RM managers, and directors at different levels.


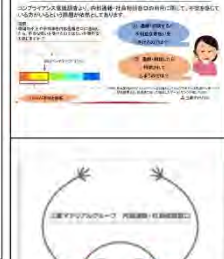


The survey is a measure to confirm the results. A survey is conducted every year to check how compliance awareness is changing.

As for "Others," this year we are conducting a campaign to raise awareness of the in-house reporting system. We are also incorporating the results of the awareness survey into the next year's improvement of the training content.

Compliance Initiatives

- Compliance awareness surveys indicate that a certain number (higher than the benchmark) of respondents feel uneasy about the in-house reporting system, citing concerns such as "people around me will know I reported" and "I think I'll be treated disadvantageously by the company." In response, we are implementing the following initiatives.

■FY2024 Initiatives (Improving Reliability of in-house reporting system/Employee Hotline)

	<p>① Intranet Relevant articles are posted on the Mynet Collaboration top page</p> <ul style="list-style-type: none"> A quiz and other materials are posted to the top page where they can be seen by more employees. (The quiz has over 2,000 views) To improve comfort with using the system, we continue to provide information on how information is handled, prohibitions against disadvantageous treatment, etc. 		<p>③ Raising Awareness at Various Trainings</p> <ul style="list-style-type: none"> At compliance training for all domestic Group employees and C/PM manager training sessions, we raise awareness of the protections for reporters. Information about the system is also shared at various educational activities for different job grades.
	<p>② Poster Displays</p> <ul style="list-style-type: none"> Paper posters for raising awareness of the hotline are distributed to sites that request them. Poster data is distributed online, and all sites can display the posters. 		<p>④ Reporting System Informational Videos</p> <ul style="list-style-type: none"> Informational videos are published on Stream. The videos explain how to use the employee hotline and also encourage its use. Video data is distributed to staff upon request.
			<p>⑤ Special Website</p> <ul style="list-style-type: none"> A special website has been linked to the hotline homepage, containing comprehensive information about each measure for improving reliability.

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This is one example of compliance initiatives. As a result of conducting an awareness survey, we found that a certain number of people who use the in-house reporting system feel uneasy, such as "people around me will know I reported" or "I think I'll be treated disadvantageously by the company."

For this reason, we are taking the measures described in the slide this fiscal year. We are working to foster a sense of security through a variety of initiatives, including providing information in the form of quizzes on the intranet, posting posters, reinforming the public at various training sessions, distributing videos, and establishing a special website.

【Quality Initiatives】

Quality Initiatives

■ Recurrence Prevention Measures for Quality Issues

To enhance the governance system at the MMC Group, information on quality issues is shared throughout the Group, we strive to implement and strengthen the measures listed below, and we have developed a system to prevent any non-conforming goods from being released through **“reactive quality management”**. We incorporate these measures into our quality management systems, such as ISO 9001, and implement them on an ongoing basis.

Recurrence Prevention Measures	Specific Initiatives
① Promoting our front-loading system (FLS)	・Ascertaining how the FLS guidelines are being used through quality audits, etc.
② Reinforcing the quality management division's system / authority	・Confirming the performance of the division's duties and its authority, including its independent quality assurance function.
③ Expanding quality education	・Ongoing performance of quality education for employees at domestic and overseas sites ・Educating younger employees on the fundamentals of quality management ・Educating mid-level employees & managers on quality compliance ・Education to improve specialized quality management skills, including ISO 9001.
④ Automating inspection equipment	・Furthering the automation of inspection equipment
⑤ Strengthening quality audits	・Ongoing performance of quality audits at sites that require them
⑥ Using external consultants	・Ongoing guidance sessions & seminars from quality consultants

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It's about our quality initiatives. Our Group had quality compliance issues in 2017. Since then, we have shared quality issues with the entire group and worked to implement and strengthen the measures ①through ⑥ shown on the slide.

As a result, we have been working to create a system called "reactive quality management" that will never allow non-conforming products to release. These measures have been incorporated into ISO9001 and other quality management systems, and we are continuously implementing and improving them.

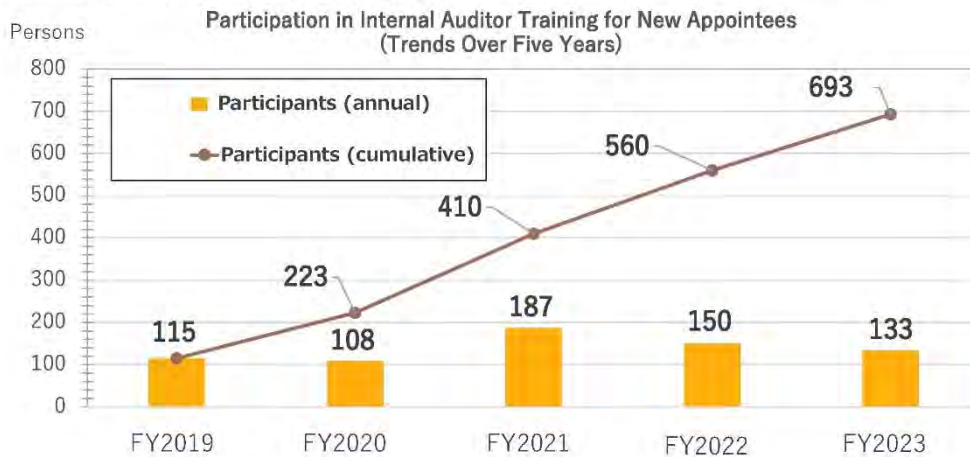
Our Company believes that we have reached a certain level for reactive quality management at this stage. In this fiscal year, we are working on proactive quality management, which means that no defective products are produced in the manufacturing process, or even if defective products are produced, they are not passed on to the next process.

【Quality Initiatives】

Quality Initiatives

■ Quality Education

Our quality management system (QMS), based on ISO 9001, is fundamental to our quality management and quality assurance. ISO 9001 internal auditor training is conducted regularly for newly appointed auditors, with the goal of cultivating internal auditors. Further, we actively engage in proactive prevention activities, and support the development of human resources, etc., to allow us to build and maintain our QMS.

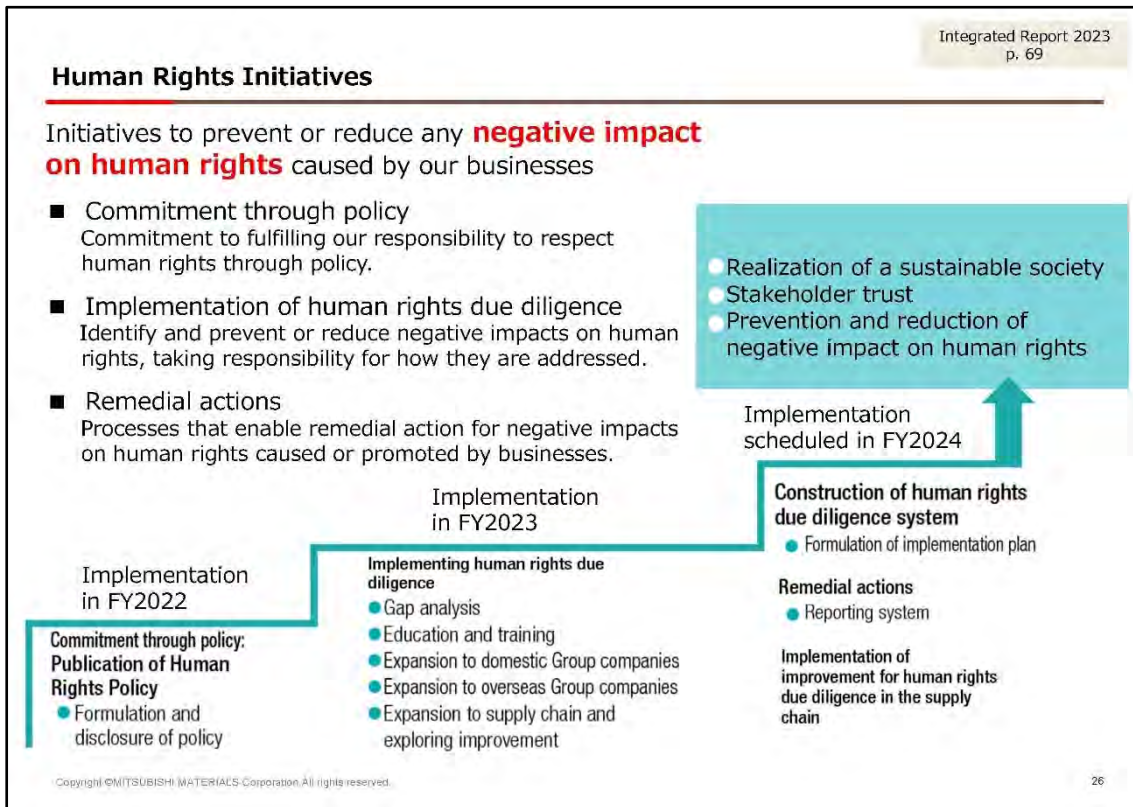


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This is an example of initiatives related to quality. In the 5 years since the quality issues occurred, we have trained approximately 100 to 150 internal auditors per year, with a cumulative total of 700 for 5 years.

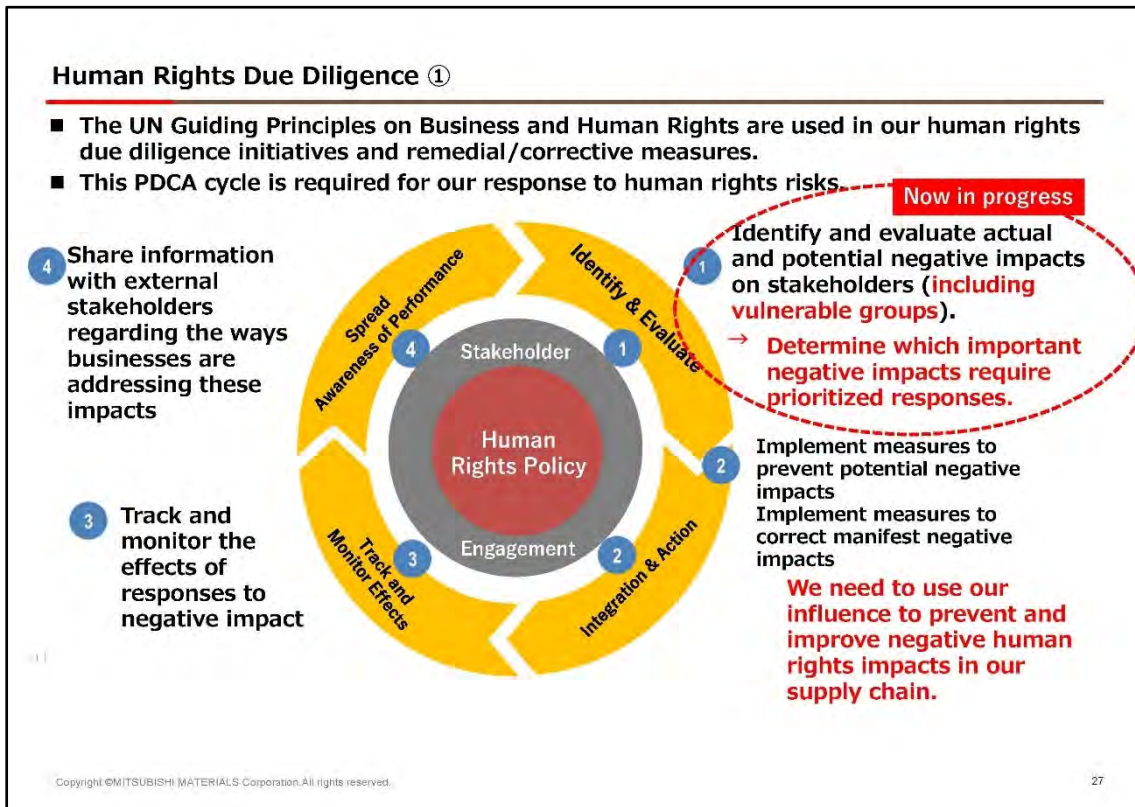
【Human Rights Initiatives】



This slide shows our human rights initiatives. The three main pillars are "Commitment through policy," "Implementation of human rights due diligence," and "Remedial actions."

In fiscal 2021, our Company formulated and disclosed its human rights policy. In fiscal 2022, we began to conduct human rights due diligence on a pilot basis at Group companies or in procurement areas. For this fiscal year, we are further expanding our human rights due diligence implementation plan.

【Human Rights Due Diligence ①】



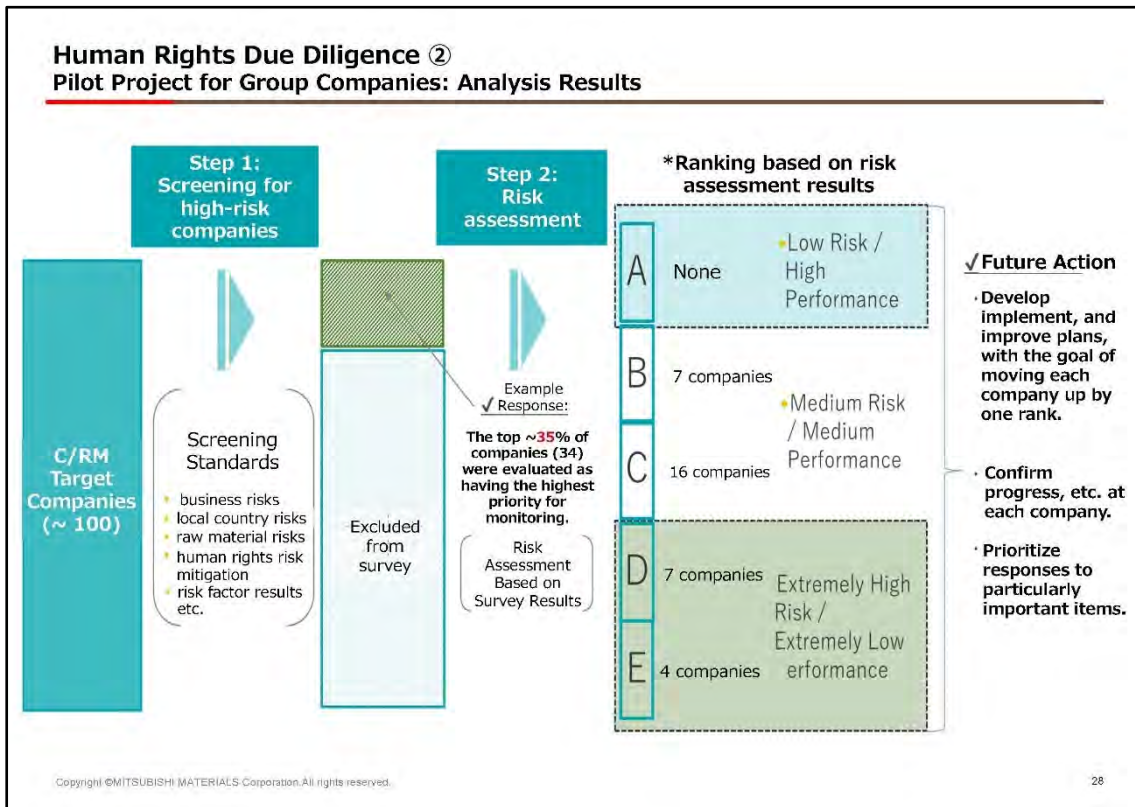
This is about the PDCA cycle of human rights due diligence.

"Identify & Evaluate (ie, ①)," we identify potential and tangible risks on human rights.

"Integration & Action (ie, ②)," we identify and correct risks. "Tracking the Monitor Effects (ie, ③)," we track and monitor measures taken. "Communicating Performance (ie, ④)," we promote information sharing with stakeholders.

We aim to raise the level of human rights awareness through these four stages. Currently, we are in the first "Identify & Evaluate" stage.

【Human Rights Due Diligence ②_Pilot Project for Group Companies: Analysis Results】



These are the results of human rights due diligence conducted on a pilot basis for Group companies in fiscal 2022. From approximately 100 Group companies, the top 34 companies considered to be at high human rights risk were selected for risk assessment using a questionnaire.

On the right side, results are classified into five levels, with A being the lowest risk and E being the highest risk. Results are 7, 16, 7, and 4 companies in B, C, D, and E, respectively.

Our plan for the future is to develop, implement, and improve our plan, with the goal of moving these companies up at least one level.

【Human Rights Due Diligence ③_Pilot Project for Group Companies: Analysis Results】

Human Rights Due Diligence ③ Pilot Project for Group Companies: Analysis Results	
We will implement risk mitigation measures in response to the following issues identified based on the results of the pilot human rights due diligence project (34 companies).	
Issues	Risk Mitigation Measures
In the past five years, there have been cases of harassment or related issues.	<ul style="list-style-type: none"> ✓ Thorough harassment prevention measures ✓ Creating an organizational culture that prevents harassment
We have insufficient initiatives related to procurement policies, including suppliers.	<ul style="list-style-type: none"> ✓ Thoroughly raise awareness of policies ✓ Encouraging obtainment of written consent to our policies from suppliers
We have been unable to make a public commitment to “not discriminating in employment or employment opportunities, including compensation and advancement”.	<ul style="list-style-type: none"> ✓ Further consideration
We have insufficient mechanisms for handling external complaints.	<ul style="list-style-type: none"> ✓ Expand contact functionality on the corporate website and examine the creation of a system for accepting complaints.
Moving forward, we plan to expand and develop the scope of implementation and build frameworks for human rights due diligence, at MMC sites, other Group companies, and with suppliers.	
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This section shows in what ways the companies were rated as having high human rights risks.

We consider those that have reported harassment or harassment-like incidents within the past five years to be at high risk.

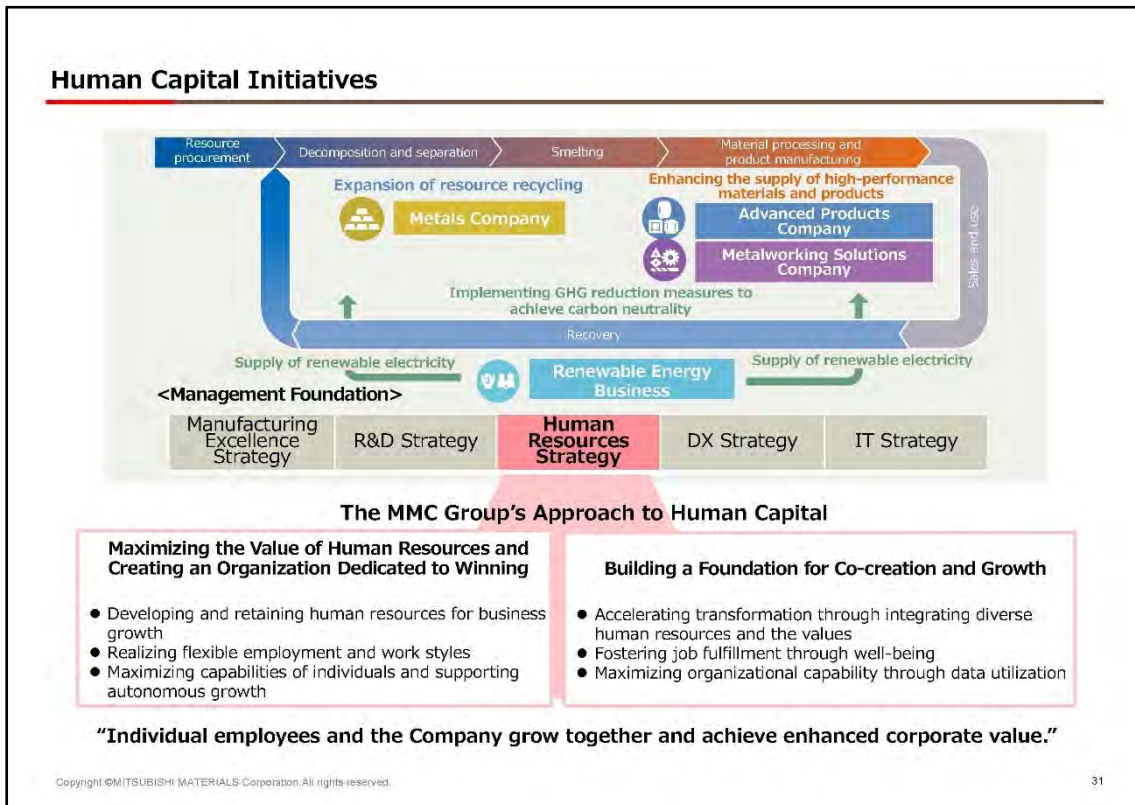
As to lack of initiatives regarding procurement policy, including suppliers, we consider that there is a high risk where the policy is not communicated and thoroughly understood, or where written agreement to the policy is not obtained from suppliers.

We also consider that a company is at high risk if it has not publicly announced its commitment not to discriminate in employment opportunities and employment.

We rated as high-risk companies that do not have an external complaint handling mechanism in place.

The main reasons are these. In the future, we plan to expand the scope of human rights due diligence to include our own locations, the remaining Group companies, and suppliers.

【Human Capital Initiatives】

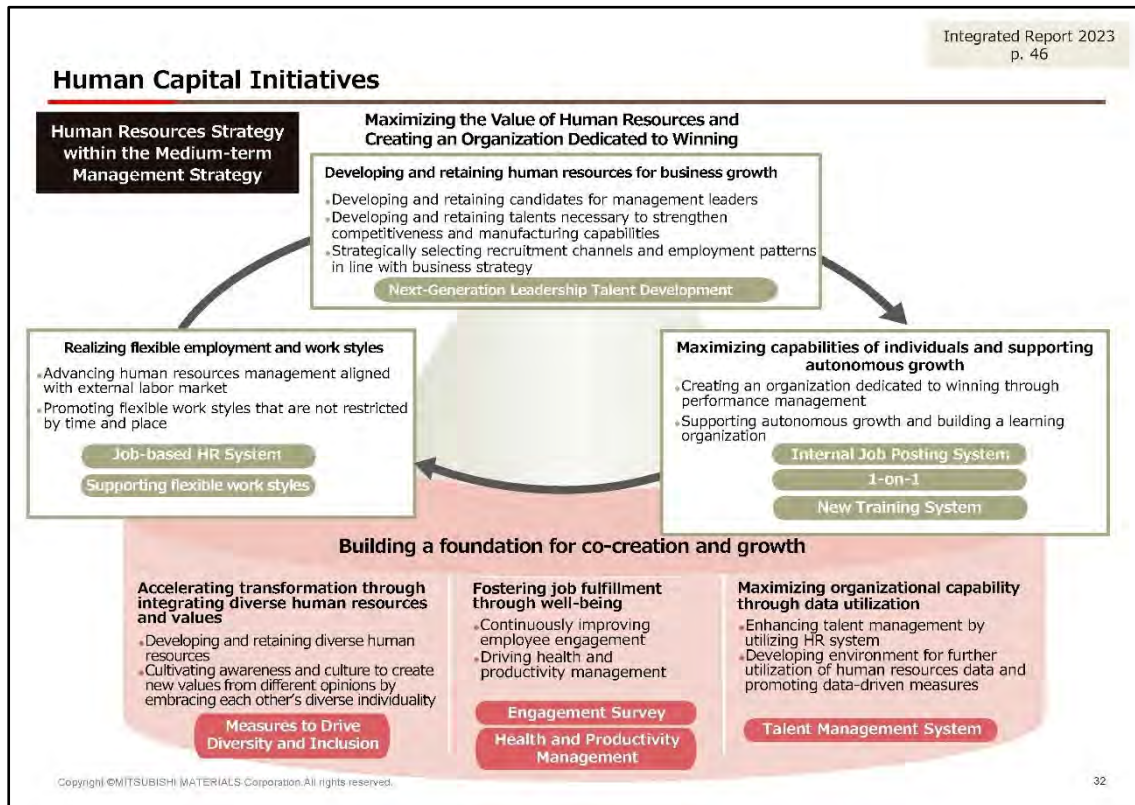


Nogawa: Let me explain our human capital initiatives. The top of the slide shows value creation process at the beginning.

When we implement our business strategy of building a circulation of metal resources and realizing growth across the entire value chain by expanding the scope, region, and scale of metal resources, it is our Group employee who will be at the center of this initiative.

Based on this concept, we are formulating a human resources strategy in the FY2031 Strategy. I would like you to recognize that everything we have set forth here is the very idea of human capital in our Group.

【Human Capital Initiatives】



The human resources strategy consists of two pillars that are "Maximizing the Value of Human Resources" and "Creating an Organization Dedicated to Winning."

The square at the top of the slide states, "Developing and retaining human resources for business growth." In implementing our business strategy, we will focus on developing and securing management leaders and candidate management leaders who will lead our business growth, based on the idea that the source of our growth will be the recruitment, development and securing of human resources to realize business growth.

In addition, we need to secure human resources to meet the growth of each business and the implementation phase of our strategy. We believe that this will require strategic selection of recruitment channels and types of employment.

In addition, we will continue to be selected by employees who work in our Group and those who will choose our Company as their workplace in the future. We aim to "Realizing flexible employment and work styles," as shown in the square on the left, based on the idea that we want to provide jobs and workplaces that are rewarding to work for.

Furthermore, in the square on the right, we list "Maximizing capabilities of individuals and supporting autonomous growth." In personnel strategy of the FY2031 Strategy, we put our focus on "winning" at the forefront, but this is due to the reflection that in our Group, the attitude of sticking to results and following through was not enough.

Going forward, we intend to pursue our ability to follow through with our goals, and will firmly practice performance management. We will also provide learning support so that we can promote the autonomous growth of each employee.

The second pillar of our human resources strategy is "Building a foundation for co-creation and growth." The term "co-creation" implies that each employee, and both the employee and the Company, "create together."

At our Company, there are many employees who have various specialties based on their business structure, but there is still a lack of diversity in terms of attributes. During the FY2031 Strategy period, we aim to secure more diversity in our organization and accelerate the transformation by integrating our values. We intend to create an organizational culture in which each employee can maximize his or her own individuality.

In addition, this HR strategy calls for the improvement of employee engagement and the visualization of our Group's human resource information in order to revitalize the organization.

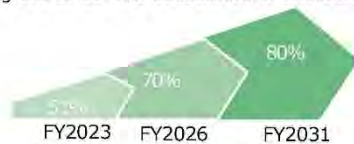
Human Capital Initiatives

Next-Generation Leadership Talent Development

- To develop and retain human talents who can drive business growth, we continue to secure and develop candidates for management leaders.

<Numerical Targets>

By FY2031, raise the ratio of candidates on the Next-Generation Leadership Talent Development Program to 80% of successors of Executive Officers.



- The Next-Generation Leadership Talent Development Program was started in 2005 and revised in 2022. High-potential talent is also selected from younger generations.
- The program contributes to the systematic development of talent with cross-divisional and Group-wide perspective through an emphasis on work experience, training for selected employees, and leadership assessment with 360° evaluation.

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Engagement Surveys

- To build a foundation for co-creation and growth, we utilize engagement surveys.

<Numerical Targets>

By FY2031, raise the positive response rate in employment engagement survey to 80%.



- We started conducting annual engagement surveys among MMC employees in 2022.
- The surveys have 29 internally-developed items, divided into 5 categories for analysis: "work," "colleagues," "organization," "compensation," and "growth opportunities." Some of the items under "growth opportunities" and "organization" have been identified as areas for enhancement, and we are working on them in coordination with our internal communication measures.

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Here are the core initiatives of each policy. The first is the development of Next-generation Leadership Talent. We will continue to train candidates for management leaders who will drive business growth.

We have been conducting this training program since 2005, but last year we revamped the framework. We also select younger people and actively invest in talented people.

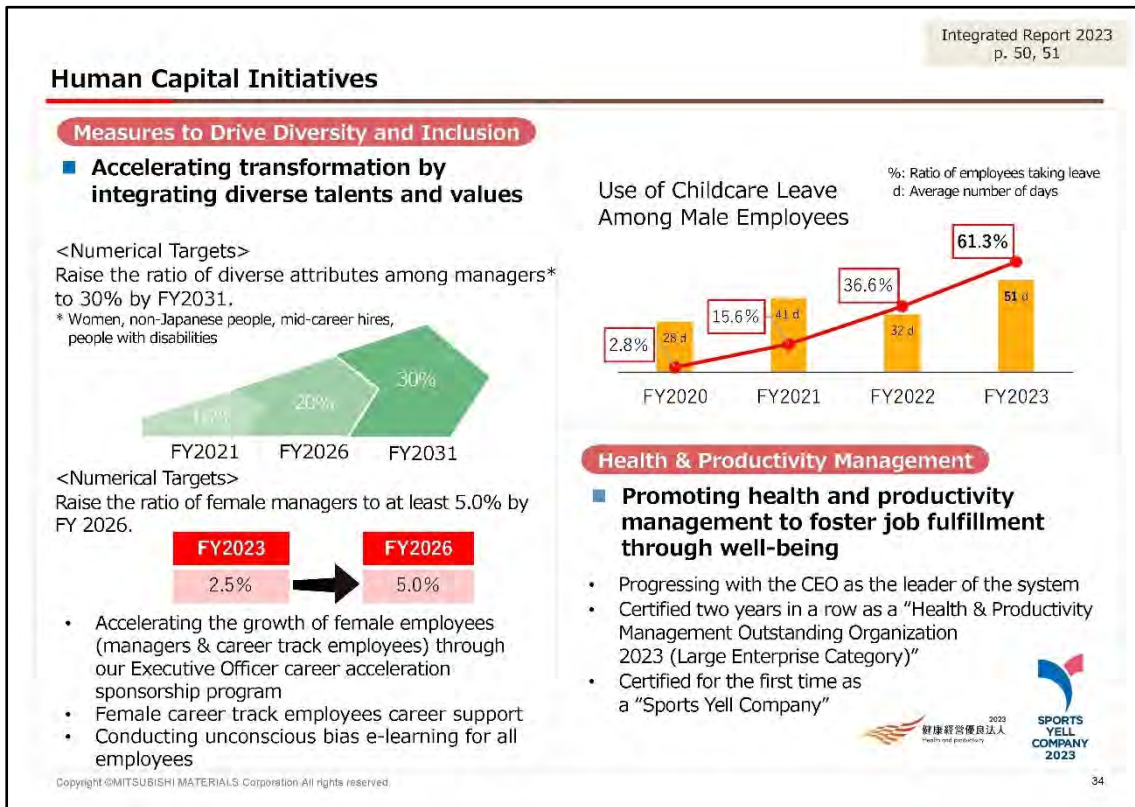
In fiscal 2031, we set a KPI that is to determine how many of those selected for our Next-Generation Leadership Talent Development program will be included in the succession plan for Executive Officers.

The "engagement survey" on the right side of the slide was launched last year. This system was introduced to monitor the level of activity of the organization and the motivation of employees.

There are approximately 30 questions, which are broadly divided into 5 categories: "work," "colleagues," "organization," "compensation," and "growth opportunities." In the last fiscal year, we saw issues related to "growth opportunities" and "organization," so we have been working to improve these areas that need to be strengthened.

This year's "engagement survey" is currently being compiled. We're looking forward to seeing the effects of the initiatives we've taken since last year.

【Human Capital Initiatives】

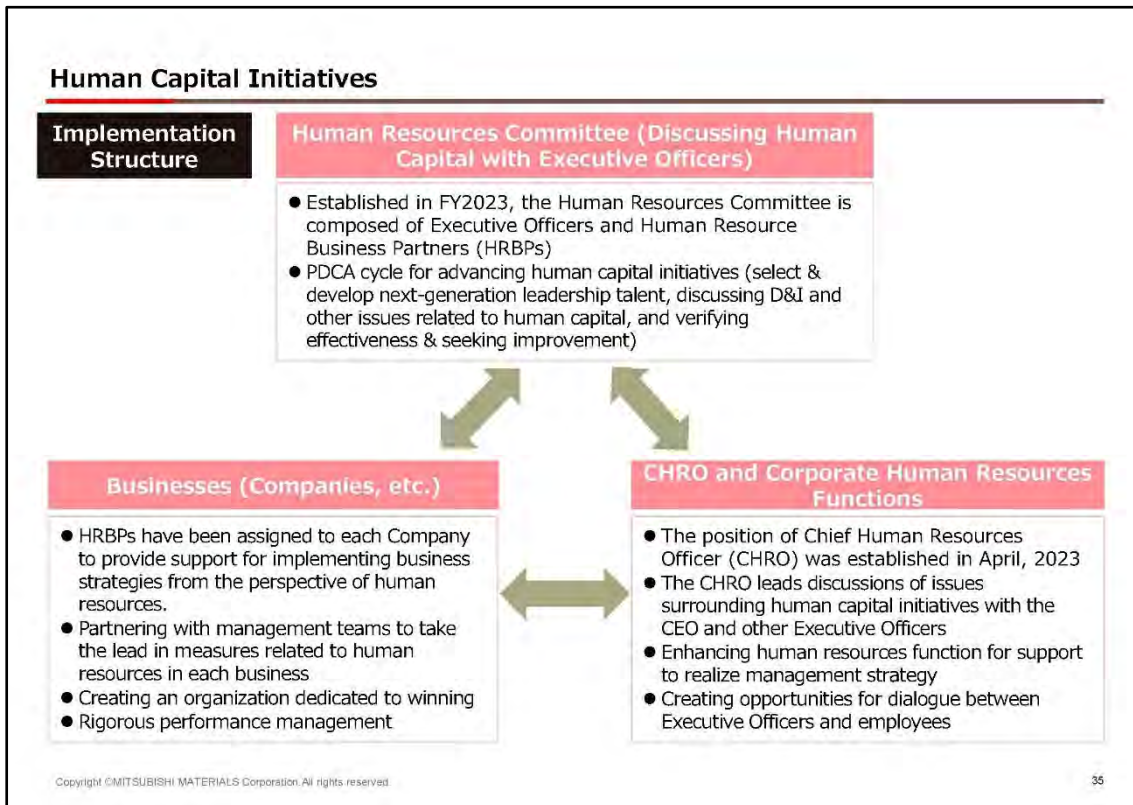


These are the measures promoted by Diversity and Inclusion. We recognize that there are still many challenges in our Group regarding organizational diversity in terms of attributes.

In particular, one of our KPIs is the diversification of attributes at the management level, which has a significant influence on decision-making. In addition, we want to increase the ratio of female managers, and since the year before last, we have implemented a training program sponsored by Executive Officers to accelerate the growth of female employees.

The graph at the top right of the slide shows the status of male employees taking parental leave. The rate of taking parental leave is steadily increasing every year. The activities on the lower right are related to health management. We promote health management with the CEO at the top.

【Human Capital Initiatives】



The following explains the promotion system for each measure. The “Human Resources Committee” at the top of the slide is an organization composed of Executive Officers and HR Business Partners (HRBPs), and has been established since fiscal 2022.

The committee meets multiple times a year to discuss specific human capital initiatives, such as selecting Next-generation Leadership Talent and examining the development status of those selected.

In addition, HRBPs are assigned to each business and play a role in leading human resources policies to implement strategies. In order to ensure the creation of an organization of "dedicated to winning" at the business level, we are focusing on the reliable implementation of performance management.

In addition, we have established a CHRO since this fiscal year. The HR functions of the CHRO and other corporate entities include supporting the business side and facilitating discussions with Executive Officers, including the CEO, on issues related to human capital initiatives.

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Human Capital Initiatives

Top Management Actively Participates in Human Capital Initiatives

- We have established the **Human Resources Committee**, which is comprised of Executive Officers and HRBPs, and works to verify the effectiveness of key human resource measures while discussing potential further improvements.
- **Directors participate** in human capital initiatives (briefings for directors on human capital initiatives, meetings with next-generation leadership talent, etc.)
- We have added a **Diversity and Inclusion target item** among the non-financial evaluation elements in the Executive Officer Remuneration System.
- We established the post of **CHRO** (Chief Human Resources Officer).
- The **Health and Productivity Management** System, headed by the CEO, aims to prioritize the health of employees.
- Creating **opportunities for dialogue** between Executive Officers and employees (fostering unrestricted communication, deepening understanding of “Our Commitment,” etc.)

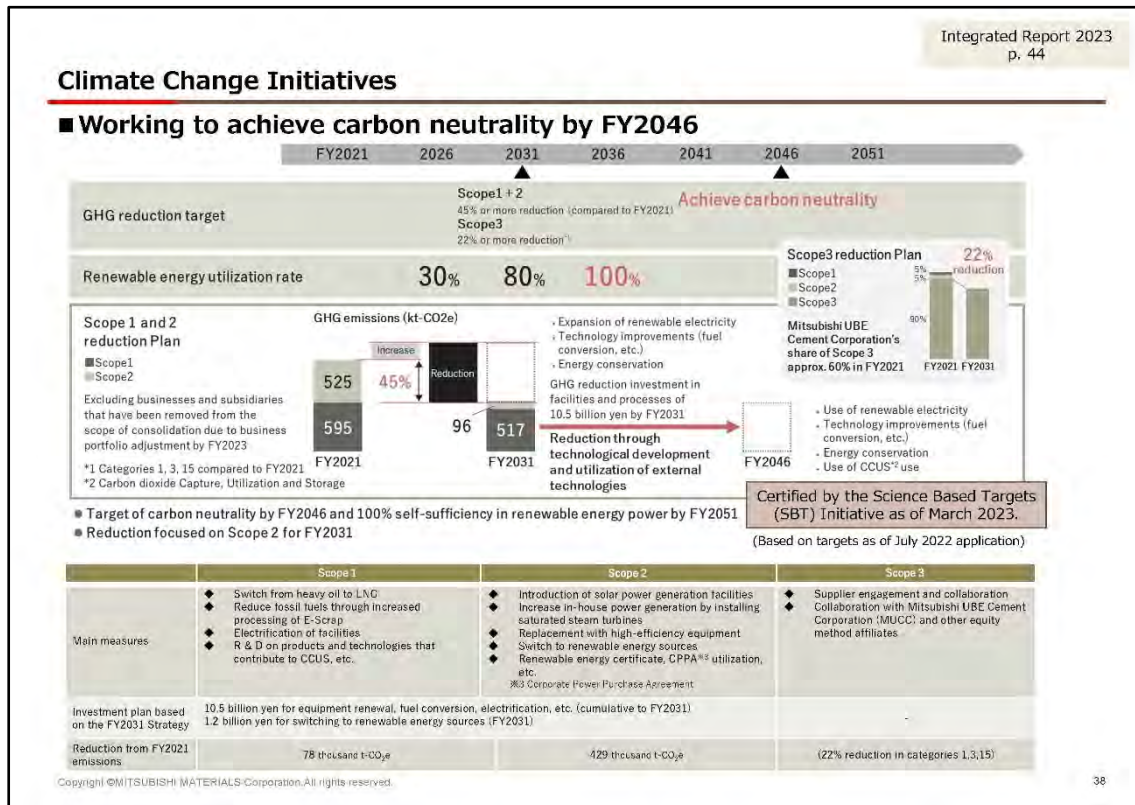
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The slide shows an example of management taking the lead in actively engaging in and implementing human capital initiatives.

In addition to the Human Resources Committee, we hold briefings on human capital initiatives and hold interviews with Next-generation Leadership Talent. Executive Officers' annual bonuses include targets for Diversity and Inclusion.

In addition to the establishment of CHRO and a health management promotion system headed by the CEO, we are also focusing on establishing opportunities for dialogue between Executive Officers and its employees, including at each location and Group company.

【Climate Change Initiatives】



Takayanagi: I will talk about initiatives on climate change. The slide shows the targets for reducing greenhouse gases that were also disclosed when the FY2031 Strategy was announced on February 10 this year. Following the transfer of shares of Diasalt at the end of March, the target figures were recalculated on July 26 and changed to the current figures.

The table below summarizes the main measures. Under Scope1, by fiscal 2031, we will invest approximately 10.5 billion yen in equipment renewal, fuel conversion, electrification, etc. Under Scope2, we estimate that the cost increase associated with switching to renewable energy-derived power sources will be approximately 1.2 billion yen in fiscal 2031. These figures are factored into the FY2031 Strategy's financial plan.

These investments will reduce greenhouse gas emissions by 78,000 tons in Scope1 and 429,000 tons in Scope2, for a total reduction of 45% by FY2031.

Although power consumption is not shown on the slide, we aim to achieve 80% renewable energy utilization in FY2031 and 100% in 2035.

On the other hand, we plan to invest 30 billion yen by fiscal 2031 to expand the Renewable energy business. In FY2051, we aim to achieve renewable energy generation equivalent to our company's electricity consumption and achieve a substantial self-sufficiency rate of 100% in renewable energy.

Mitsubishi UBE Cement Corporation announced a reduction plan for Scope3 in April. Based on this, we aim to reduce our emissions by 22% by engaging with copper ore suppliers, which account

for a large proportion of our emissions. With regard to these targets, we obtained SBT certification in March this year.

【Climate Change Initiatives】

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Climate Change Initiatives

■ Opportunities and Risks posed to our Businesses by Climate Change (Scenario Analysis)

- Accurately evaluate the risks and opportunities faced by our businesses due to climate change, and integrate these into our business strategies
- Growing demand for EV and battery products will lead to increasing sales volume in related products, growing demand for renewable energy will provide an opportunity to expand our renewable energy business, and the shift to a recycling-oriented society is a chance to expand our recycling business
- For each topic, **set targets for managing risks / securing opportunities and disclose progress**
(See: [Decarbonization Initiatives](#) | [Contribution to Global Environment](#) | [Sustainability Report](#) | [Mitsubishi Materials \(disclosure site\)](#))

Scenario	Theme	Business	Risk/Opportunity Elements	Impact on Business	Target
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	Group CHG emissions (Scope1,2) 45% reduction in emissions by FY2031 (compared to FY2021) Achieve carbon neutrality by FY2045
		Smelting and resource recycling business	● Increase in xEV sales volume	Opportunity: Large	Electrolytic copper sales volume End of FY2031 830,000 t
	Changes in EV Demand		▲ Decrease in the number of scrapped vehicles	Risk: Small	Annual no. of vehicles processed End of FY2031 70,000 units
		Copper & copper alloy business	● Increase in xEV sales volume	Opportunity: Large	Sales of pure copper strips for vehicles End of FY2031 Double (compared to FY2021)
		Metahworking Solutions business	▲ Rapid change in market for processed products due to modal shift, etc.	Risk: Medium	Sales of cutting tools End of FY2031 2.3 times (compared to FY2021)
1.5°C Scenario	Changes in Forms of Energy Use	Smelting and resource recycling business	● Increase in demand for automotive LIB and solar panel recycling	Opportunity: Large	Amount of automotive LIBs recycled* End of FY2031 870t LIB <small>* LIB: lithium-ion battery (excluding lithium metal battery)</small>
		Metahworking Solutions business	● Increase in demand for EV batteries and storage batteries	Opportunity: Large	Production of high-functional power for rechargeable batteries End of FY2031 1.9 times (compared to FY2021)
		Renewable energy business	● Increase in spread and demand for renewable energy	Opportunity: Large	Our share of renewable energy sales End of FY2031 575GWh
	Changes in Demand for Recycling Business Due to Shift to Recycling-Oriented Society		● Increase in demand for EV batteries and storage batteries	Opportunity: Medium	E-scrap processing capacity End of FY2031 240,000 t
		Smelting and resource recycling business	● Increase in demand for home appliance recycling	Opportunity: Medium	Annual no. of home appliances processed End of FY2031 5.9 million units

We will continuously improve corporate value through business development based on our key material issues (page 6) in line with the FY2031 Strategy

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Based on the recommendations of the TCFD, we conduct scenario analysis on the risks and opportunities that climate change poses to our business. Details are also included in the Integrated Report, and the table below the slide summarizes our strategies for risk reduction and opportunity acquisition.

This overlaps with our key material issues of particular importance, which means that the FY2031 Strategy aligns with our scenario analysis target.

【Climate Change Initiatives】

Climate Change Initiatives

■ Direction of Initiatives Related to Our Carbon Footprint of Products*¹ (CFP)

*¹ Carbon footprint of products (CFP) is part of Life Cycle Assessment(LCA) and extracts items related to GHG emissions.

LCA is a method of quantitatively evaluating input resources, environmental load and environmental impact across the life cycle of a product.

Applications and calculation methods for CFP are being investigated from a variety of perspectives by governments, industry organizations, and others. As interest in CFP initiatives is growing both in Japan and abroad, we will move forward with our own CFP initiatives in the following directions.

Deployment

- Continue sequentially calculating CFP for our main products.
- Begin building systems for ensuring data reliability.



Verification & Disclosure

- Proceed as necessary with third-party verification and disclosure for products for which CFP has already been calculated.
- Aim to complete third-party verification for our electrolytic copper during this fiscal year.

Reduction

- Make systematic plans to reduce CFP (fuel conversion, increased processing of E-Scrap, etc.).
- Increase engagement*² with suppliers, and promote consistent GHG reduction initiatives both upstream and downstream.

*² Supplier engagement progress: Approximately 40% of Scope3 Category 1 (purchased products and services) emissions

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I would like to talk about the progress of our carbon footprint (CFP) initiatives. First, I would like to talk about “deployment”. We would like to proceed with the calculation of CFP for our company's main products. At the same time, we will build a system to ensure data reliability.

In the next phase of “verification and disclosure”, we will proceed with disclosure of products for which calculations have been completed by verifying third-party warranties as necessary. In particular, we aim to complete third-party verification of electrolytic copper by the end of this fiscal year. We are currently considering whether to disclose the information individually to customers or publicly.

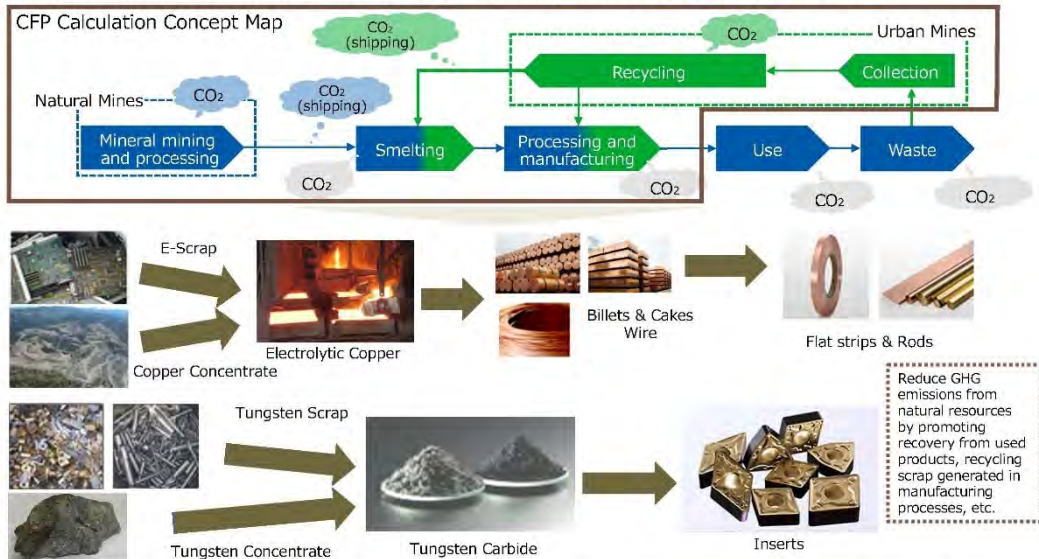
We will make the final "reduction" in line with the FY2031 Strategy's capital investment plan. In terms of engagement with suppliers, especially copper concentrate suppliers fall into this category, but we are in the process of 40% engagement in Scope3 Category 1 (purchased products and services).

【Climate Change Initiatives】

Climate Change Initiatives

■ Promote recycling and reduce GHG emissions

We have estimated the CFP of our copper and tungsten products and worked to improve the accuracy of our calculations.



With the aim of realizing a recycling-oriented society and a decarbonized society, we will contribute to promoting social change through our business activities while simultaneously promoting our own recycling and reducing GHG emissions.

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The CFP is calculated through the process shown in the brown frame on the slide. In addition to expanding resource recycling, strengthening inter-process cooperation, including with ore suppliers, will become extremely important.

However, this recycling and reduction of GHG emissions will not necessarily have a synergistic effect. In analyzing this relationship, we aim to realize a recycling-oriented society and a decarbonized society.

【Climate Change Initiatives】

Climate Change Initiatives

■ Considering the Introduction of an Internal Carbon Pricing (ICP) System

ICP System

- An ICP system can be established internally for the purpose of accelerating investments that can contribute to GHG reductions and advancing decarbonization initiatives.
- GHG reduction effects are conceptually added in as investment effects, making investment in decarbonization easier than under our conventional investment strategy.

Surrounding Environment

- The CDP response form has an item on ICP.
- The TCFD* has also recommended the use of an ICP system as a low carbon investment index.

*Taskforce on Climate-related Financial Disclosures

Our Initiatives

- Start an internal survey related to ICP from this fiscal year.
- Plan to begin identifying issues and considering a concrete operations policy, and compile information to develop the system before the end of this fiscal year.

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This is a review of the internal carbon pricing (ICP) system. This is also recommended as a low-carbon investment indicator in the TCFD.

In our country, the GX Promotion Law enacted by the ordinary Diet incorporates the introduction of a levy on carbon from fiscal 2029. In this sense, we recognize that the need to emphasize carbon emission costs has greatly increased.

We are not at the stage where we can explain the details yet, but we are currently conducting an internal investigation on this ICP. We are currently sorting out specific issues and management policies, such as what kind of capital and business investment will be made for the ICP system and how the price level will be set.

Climate Change Initiatives

■ Initiatives for the Conservation of Biodiversity

Surrounding Environment

- There is a growing understanding that loss of biodiversity and destruction of ecosystems are a crisis next in severity to climate change.
- Through **30 by 30***1 initiatives under the Kunming-Montreal Global Biodiversity Framework and National Biodiversity Strategy of Japan, action taken to build a nature-positive world is gathering attention even in the business world.

We value our contribution to the 30 by 30 project, and we are taking action in company forests, and other settings.

■ Applying for Registration on the MOE Natural Symbiosis Site*2

- Our Teine Forest is currently under certification.

◆ Materials' Forest (14,000ha)

■ Joining the Keidanren Committee on Nature Conservation (KCNC)

- This sister organization to KEIDANREN aims to promote nature conservation activities among businesses. We joined in June.
- We are gathering information on biodiversity and strengthening our future responses to biodiversity conservation issues, such as the 30 by 30 project and the TNFD*3.



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

*1 This new global goal aims to protect at least 30% of the country's lands and waters by 2030. We joined the 30 by 30 Alliance for Biodiversity in 2022.

*2 This Natural Symbiosis Site begins in FY2024 as a system for certifying areas where conservation of biodiversity is sought through private sector and other initiatives.

*3 Taskforce on Nature-related Financial Disclosures

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Finally, I would like to introduce initiatives for biodiversity conservation.

At COP15 last December, the Kunming-Montreal Biodiversity Global Framework was formulated. At the global level, there are growing calls for social change toward a nature-positive world that can stop biodiversity loss and restore nature. At the same time, "30 by 30" was also set as a new global goal to conserve more than 30% of land and sea by 2030.

In Japan, the Ministry of the Environment aims to achieve "30 by 30" by inviting registration of "Natural Symbiosis Sites." In our Company, we applied for "Teine Forest, one of the Materials' Forests" as a "Natural Symbiosis Sites," and is currently under review.

In relation to biodiversity conservation, we have joined the Keidanren Committee on Nature Conservation and intend to further strengthen such activities in the future.

Question and Answer Session

Q&A 1

Questioner: It was good to see that today's presentation was supplemental to the Integrated Report and added new information.

On the other hand, the targets for the “key material issues of particular importance” described on slides 6 and 7 are quite in line with those of the FY2031 Strategy, but it is the position of investors that they are waiting for the right time to monetize them.

Ono: It is true that we need to generate economic value to tackle various sustainability issues.

In order to make a sustainable contribution to society, we need to raise economic value enough to carry it out. I believe that both social value and economic value must be brought together.

I will try to show this as a concrete result in the future.

Q&A 2

Questioner: Few steel and nonferrous manufacturers clearly disclose their executive compensation systems, so I would like you to make this visible. I also would like to know what effect the introduction of non-financial evaluation items has brought about.

Ono: It has been about three years since the introduction of non-financial evaluation items into the remuneration system for Executive Officers. To be honest, it is difficult to measure how our initiatives have changed as a result of linking the remuneration system to the role objectives of each Executive Officer, which we had previously established.

On the other hand, in the past, there has been an opinion that the content of non-financial evaluation items is not clear, so we have clarified that "This is what our Company is focusing on. There are differences in the evaluation items depending on the role of each Executive Officer." by showing specific items.

We would like to devise a way to show how linking non-financial evaluation items to the remuneration system benefits the Company.

Q&A 3

Questioner: While human rights and human capital initiatives are very important in the context of a declining domestic population, few steel and non-ferrous manufacturers disclose their engagement surveys.

I would like to know how your Company can provide feedback to us regarding your future initiatives to recruit talented people.

Nogawa: I would like to add a little clarification regarding the engagement survey.

As I mentioned earlier, the results of last year showed very high positive responses regarding "work" and "colleagues," which I think is a good indication of our Company.

On the other hand, in terms of "growth opportunities" and "organization," relatively low positive responses were given to questions such as how we felt about opportunities for advancement and how we should create an autonomous career.

With regard to "growth opportunities," we have been actively promoting the Internal Job Posting System and expanding our system for autonomous learning since fiscal 2023.

Our Company is working to disseminate information on our intranet about what employees have learned as a result of their studies, as a good example, or introducing "I am doing this kind of learning" through chat between employees.

As for the "organization," we have held a town hall meeting for employees once a quarter since last year after the announcement of financial results, where they can deepen their understanding of the content of the financial results and the response from the stock market, while having live contact with the CEO and CFO.

Through such initiatives, we believe it is important for employees to realize that our Company is a rewarding place to work.

Beyond these initiatives, we intend to enhance our communications to those outside the Company who would choose our Company as their workplace.

Q&A 4

Questioner: With regard to human capital initiatives, I have a very good understanding of the policies and measures being taken by your Company, but I would like to know what kind of awareness of the issues led to this idea in the first place.

Nogawa: With regard to human capital initiatives, while there are various issues, there are also some inherent strengths of our Company.

For example, our diverse range of jobs, diverse expertise, cohesive team strength, and mutual trust are strengths that have been fostered throughout our Company's long history.

Based on these, we believe that in order to grow even further in the face of increasing competition speed, we need to address the issue of whether we are prepared to provide attractive workplaces not only for our colleagues, but also for talented people from various markets, who can quickly take an active role in our Company.

With this awareness and background in mind, in the last fiscal year, we started human capital initiatives such as changing the remuneration system we introduced for managers based on the market level in Job-based HR System, and introducing a system called the Internal Job Posting System under which employees work their own wish.

< Q&A 5 >

Questioner: Regarding carbon footprint initiatives, for example, there was talk about electrolytic copper, how unusual is this globally? Can you tell us if there are any business upsides by this?

Takayanagi: Our competitors have launched sustainable coppers and green coppers, and CFP is the basis for this.

In that sense, this is not an unusual endeavor, but one that will become a standard.

As for the positive aspects of the business, we are just now estimating, and we believe that our Company's process of our continuous copper smelting (the Mitsubishi Process) will have an advantage. In the case of copper smelting, the carbon footprint will change depending on the amount of scrap that is put in, so it is difficult to say in general, but we believe that it will have a positive effect in terms of the nature of the business if we look at the results of the calculations and show our superiority.

Q&A 6

Questioner: With regard to the initiatives related to occupational health and safety, it was mentioned that similar occupational accidents have been occurring, so I would like to know whether there are any trends by segment or plant, and whether you were able to identify some of the causes and confirm remedial measures.

Tanaka: Of the 6 cases that occurred between January and June 2023, there are a few cases where the number of cases is higher by Company.

However, the cause of the occurrence is a common reason.

For example, a disaster of "getting involved by touching a moving equipment" occurs in one site, and it is known, but it happens again and again in another site.

In addition, a basic behavioral disaster such as tripping over a slight bump while walking in a plant and falling and injuring oneself occurs regardless of the site.

As a countermeasure, we use the GYR system to prevent accidents from happening without following the rules. In addition, through risk assessment, we are taking Company-wide efforts to address the risk of being able to touch equipment that is rotating.

In addition, although it was not an accident that caused a loss of more than four days, this year there were many cases of bee stings outdoors from June to August, and we are also calling attention to this.

Q&A 7

Questioner: I think an increasing number of companies have started to incorporate non-financial assessments into the executive remuneration systems, but I find it difficult to quantitatively measure whether this has actually been achieved.

For example, in the case of improving the working environment, safety and health are the top priorities, so the rate of occupational accidents etc. would be used as an indicator. I would like to know the criteria for judging the achievement of each item in general.

Ono: Depending on the item, there are two categories: quantitative goals such as numerical values, and qualitative ones such as building a system.

This fiscal year, the ratio of female managers is included in the target for all Executive Officers, but each department has its own target value, which is judged based on whether it has been achieved or not.

On the other hand, regarding respect for human rights, there are qualitative measures, such as "We will build a system to respect human rights so far in fiscal 2024."

In the area of safety, there are indicators to measure such as the accident rate, the number of accidents, and the frequency rate, so we have set specific numerical targets for improvement over the previous fiscal year.

In this way, there are two main categories: those that are determined by numerical values, and those that measure the progress of how far we will go in building the system.

< Q&A 8 >

Questioner: Regarding plans to reduce climate change Scope3, there is a trend toward requiring listed companies to disclose data on Scope3, and also, there is a trend toward requiring companies that account for a large proportion of total emissions to set reduction targets.

In the explanation, I have an impression that your Company is ahead of other companies in terms of engaging with suppliers and setting specific reduction targets based on the published GHG emission reduction plan of Mitsubishi UBE Cement Corporation. How you actively engage with Scope3 and how you demonstrate your commitment in the supply chain will be more important than your Company's own efforts.

What are your efforts?

Takayanagi: Our Company intends to actively engage with Scope3, including Mitsubishi UBE Cement Corporation.

As you pointed out, Scope3 has a large ratio, and Mitsubishi UBE Cement Corporation has a large ratio among them, so our Company will actively manage it.

On the other hand, Mitsubishi UBE Cement Corporation itself is actively working on that, so we think it is appropriate to watch their actions at this point.

Q&A 9

Questioner: With regard to the GHG reduction targets for fiscal 2031, do you think that all existing technologies and prepared capital will be able to cope with them, or is there a part that involves technical challenges and a part that needs to be developed in the future?

Could you please explain the difficulties in achieving the reduction targets?

Takayanagi: There are basically no new technologies that need to be developed to reduce GHG emissions by fiscal 2031. Therefore, with the investment of 10.5 billion yen, we will steadily improve facilities and improve thermal efficiency for Scope1, and replace Scope2 with non-fossil certified electricity.

We are considering achieving a reduction through these two measures, and the probability of achieving this is high as there is no new technological development.

< Q&A 10 >

Questioner: Regarding the Sustainability Committee, it was stated in the Integrated Report that 3 lectures were given by outside experts in fiscal 2023, and based on the lectures, discussion was set up on the direction of future initiatives.

Could you tell us more about the specific topics on which people were invited to give lectures, the direction of future initiatives, what kind of things were discussed, what kind of positive impact it would have on your Company's management in the future, and what issues were recognized?

Ono: Basically, there were many themes related to resource circulation, such as the circular economy and its global and regional trends, partly because it coincided with the period of discussion in the FY2031 Strategy.

In this fiscal year, we are continuing to ask outside experts for their lectures. Outside Directors have various channels, and one of our objectives is to utilize them to gain a wide range of knowledge that cannot be achieved through the Executive channel alone.

This fiscal year, we are trying to expand our scope not only in resource circulation but also in human capital, especially D&I.

In addition, in terms of resource circulation, while the Executive side places metal resource recycling at the core of its business, what the Sustainability Committee is working on is expanding its horizons, gaining access to companies and others that have succeeded in creating a recycling system, and developing various activities from the perspective of whether such knowledge can be incorporated into our Company's resource circulation system.

Specifically, clothes can be considered as one resource. We are in the process of developing activities to gain access to companies and organizations that have successfully established this recycling system, and to gain useful insights.

Q&A 11

Questioner: Regarding the consideration of the introduction of an internal carbon pricing (ICP) system, I believe that GHG emissions vary depending on the segment. Will the introduction of ICP affect your Company's investment plans and management policies in the FY2031 Strategy? Or will you continue to focus on investment for the realization of a recycling-oriented society? Could you tell us the direction of your future efforts?

Takayanagi: We included GHG emissions as one of the most robust figures in the FY2031 Strategy, and we roughly grasped the details of capital investment in Scope 1.

We believe that the introduction of the ICP system will not fundamentally change the direction and flow of our business, but the carbon tax burden has not yet factored in the FY2031 Strategy.

Therefore, we have not been able to scrutinize the amount of burden that would be borne if a carbon tax were imposed with respect to growth investments under the FY2031 Strategy, and I believe that it is very significant to accelerate the introduction of the ICP system.

Therefore, we believe that including the ICP system is very effective in terms of simulating how to cover the costs that would be incurred if a carbon tax were added.