

INTEGRATED REPORT 2024

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

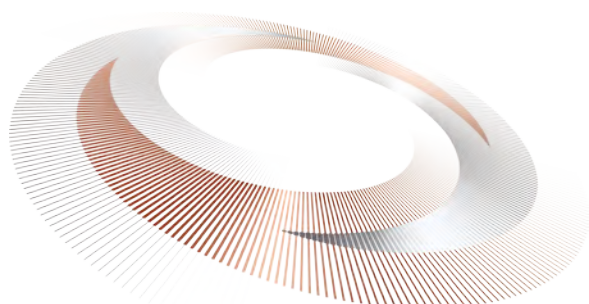
Create a sustainable future

Prosperous society

Recycling-oriented society

Decarbonized society

Our 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.

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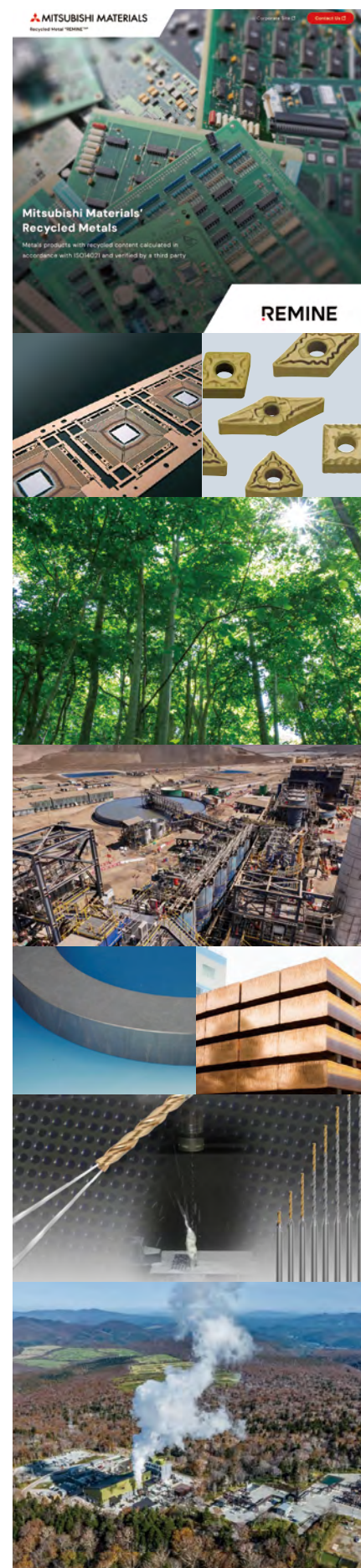
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MMC's Challenge

Key Initiatives **1** Expanding Resource Recycling

Being a Leader in Resource Recycling

Mitsubishi Materials Group supports the development of industry and society by supplying non-ferrous metal materials such as copper, gold, silver, lead, tin, platinum and palladium. Using our proprietary Mitsubishi Process for continuous copper smelting, we have established processes for recycling metal resources by recycling materials such as E-Scrap* and are firmly on the path to realizing Our Commitment as a leader in resource recycling.

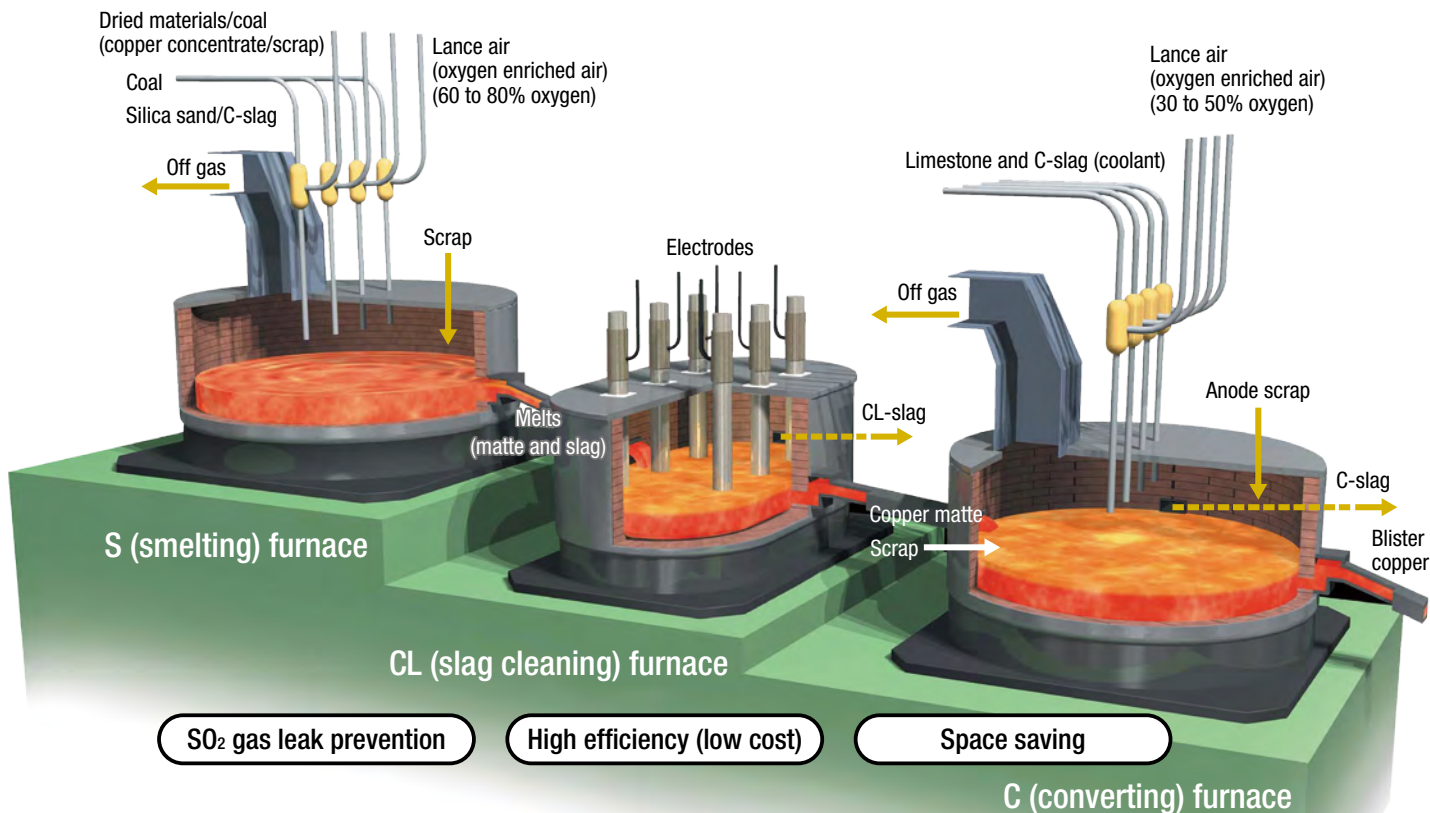
*Discarded circuit boards of electronic devices containing high concentrations of gold, silver, copper, platinum, palladium, and other valuable metals

High-efficiency E-Scrap Processing through the Mitsubishi Process

Conventional copper smelting around the world is batch based and employs three types of furnaces: flash furnaces, converting furnaces, and refining furnaces. The furnaces are not connected, and molten metal at temperatures typically over 1,200°C is transferred between them using a large ladle and transported by crane. With the Mitsubishi Process for continuous copper smelting, which was developed by the Company in 1974, furnaces are connected by launders. This enables continuous, stable copper smelting without the need for ladles to transport molten metal. The launders connecting the furnaces are also

enclosed, preventing the leakage of harmful SO₂ gas and enabling the creation of pollution-free systems while also supporting energy and cost saving. Through unique high-efficiency E-Scrap processing, we have also achieved one of the world's highest E-Scrap processing capacities, at approximately 160,000 tons annually. The global E-Scrap market is expected to continue to grow, and we plan to further increase our processing capacity to approximately 240,000 tons annually by the fiscal year ending March 2031.

The Mitsubishi Process for Continuous Copper Smelting



*Copper concentrate: Concentrate of copper obtained by refining ore obtained from mines in order to upgrade copper content.

Matte: A molten intermediary copper product.

Slag: A molten product resulting from oxidation of iron produced during copper smelting. CL furnace slag can be used for applications such as raw materials for the cement industry.

Production volume of major products (results for FYE March 2024) ● Copper cathode: **413,000 t** ● Gold: **26 t** ● Silver: **235 t**

Moving to a New Era of “Mining” for Resource Collection

E-Scrap and other raw materials for recycling are resources that emerge from so-called urban mines, a new type of “mine” for a new era.

The Group is building a global network to collect raw materials for recycling in countries around the world and is advancing the recycling of metal resources.

E-Scrap

Building a global collection network and processing E-Scrap from countries around the world

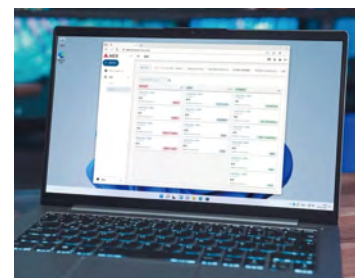
The E-Scrap that the Group processes mainly comprises discarded circuit boards from electronic devices such as home appliances, computers and smartphones. These items contain high concentrations of gold, silver, copper, platinum, palladium, and other valuable metals, and are gaining prominence as a new source of valuable raw material for smelting. In addition, the amount of E-Scrap generated is expected to continue growing as the recycling rate of used home appliances and other items rises with greater environmental awareness in countries around the world.

E-Scrap is recycled through a process comprising collection, sampling/analysis and processing (smelting). In many cases, in addition to processing technology and capabilities, recycling E-Scrap also requires the building of a network to collect it. The Group has established E-Scrap collection systems both in Japan and in countries around the world. In Europe, in particular, we have established MM Metal Recycling B.V. in the Netherlands and we conduct the entire process of sampling, analysis, purchase price determination, and payment in a fair, impartial, and speedy manner. We build relationships of trust with our business partners as we work to maintain and expand our collection network.

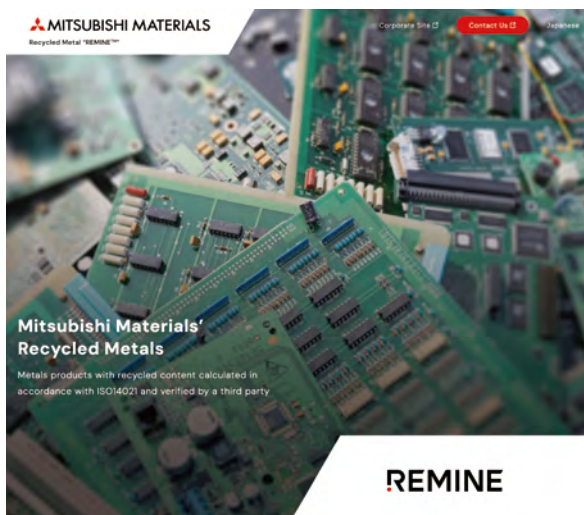


MEX (Online E-Scrap Trading System)

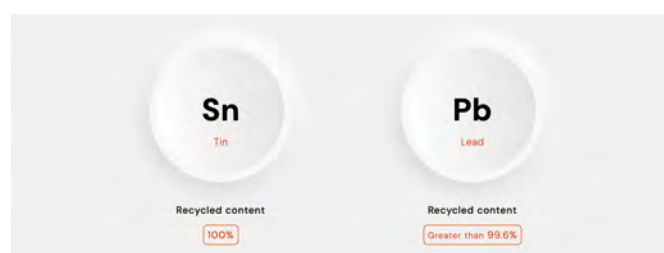
The Group's online E-Scrap trading system MEX (Mitsubishi Materials E-Scrap EXchange) offers everything from booking of E-Scrap deliveries to purchase price confirmation 24 hours a day through an easy-to-use system. Users can even check the status of E-Scrap deliveries after arrival at the smelter in real time. High-level security is also ensured through compliance with major information security management system standards, such as ISO27001. We are continuing to further expand the system's functions in our efforts to enhance convenience for our business partners.



Japan's First Recycled Metal Brand **REMINE**



The Company has launched “REMINE,” the first recycled metal brand in Japan. The first products are tin with 100% recycled content and lead with at least 99.6% recycled content. The recycled content is calculated in accordance with the international standard ISO14021 (JIS Q14021) and verified by a third-party organization (SGS Japan Inc.) to ensure a higher level of reliability. The lineup of products will continue to expand moving forward.



MMC's Challenge

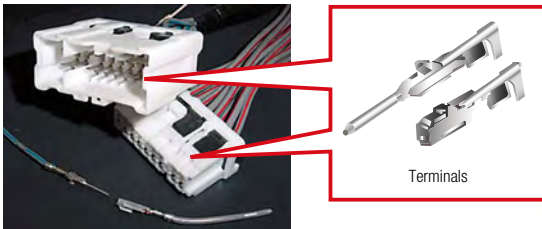
Key Initiatives **2** Enhancing the Supply of High-performance Materials and Products

Accelerating Next-generation Evolution with Advanced Products

As xEVs and electronic devices continue their remarkable evolution, the need for high-performance, high-precision parts is growing. Increasingly advanced semiconductors are also leading to the accelerated evolution of the equipment used to manufacture them. By enhancing the supply of high-performance materials and products, MMC Group is supporting these evolutions across industries from automobiles to semiconductors and aerospace.

Copper Strips for Automotive Terminals and Busbars (MSP Series)

The MSP series, widely used for automotive terminals and busbars, are copper alloys that offer both superior electrical conductivity and strength. The materials are suitable for a wide range of applications in xEVs that incorporate many electronic devices. MSP5, which contains the highest magnesium content among the alloys in the series, excels in strength, heat resistance and bendability while meeting the need for compactness and lightness.

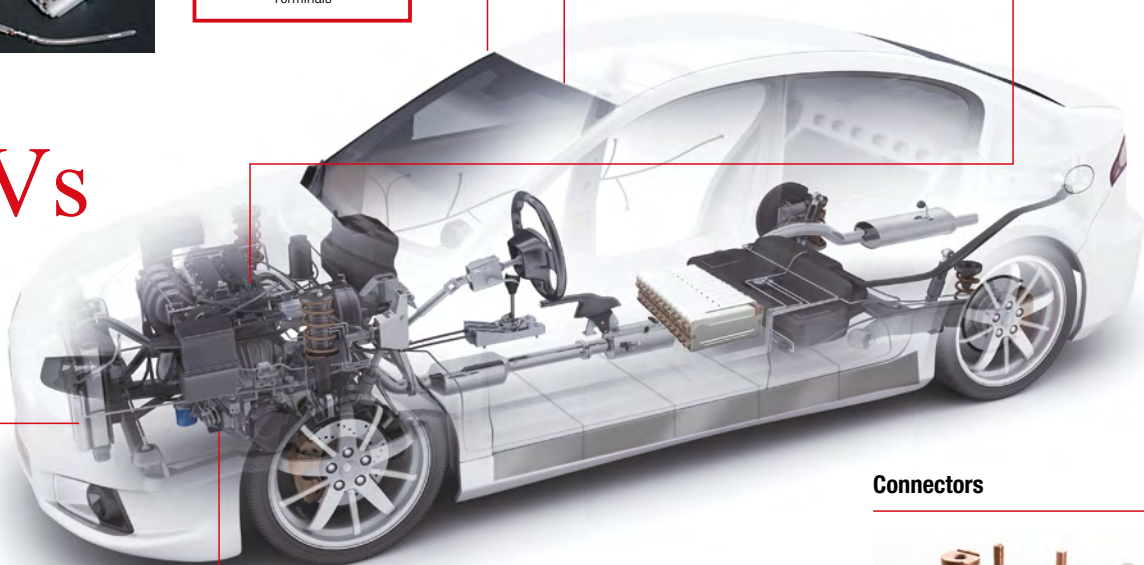


Solar Heat-ray Shielding Paint



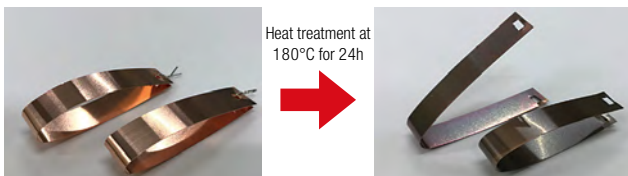
Solar heat-ray shielding paint applied to glass sections of automobiles absorbs and blocks near-infrared rays. Not only does this prevent a rise in the interior temperature of automobiles, it also lowers the load on air conditioners. As the shift to xEVs progresses, reducing electricity consumption leads to an increase in driving ranges. As a result, there is a growing need for higher-performance solar heat-ray shielding paint.

xEVs



Oxygen-free Copper (MOFC®-HR)

Automotive components for xEVs require materials that can withstand higher current flow and heat dissipation than those for vehicles with engines. This is where MOFC®-HR, an innovative oxygen-free copper with world-class strength and heat resistance developed by MMC, comes into play. This material achieves strength and heat resistance on par with copper alloys while retaining the excellent electrical and heat conductivity of conventional oxygen-free copper. The material is expected to be used for components such as automotive high-voltage terminals and busbar modules, which need to support high current flow, dissipate heat effectively, and meet compact and thin size requirements.



Thermistor Sensors



xEVs and electronic devices that use semiconductors are incorporating more electronic components to improve product performance. Managing the heat emitted by these components has become essential in order to maintain functionality. Our thermistor sensors provide high-speed responsiveness and high reliability in temperature sensing.

Connectors



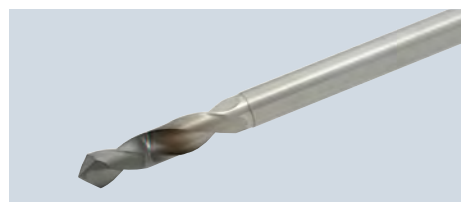
With the advancement of automobile electrification, there is a growing need for high-performance, lightweight, compact connectors. Luvata Group is part of MMC Group and leverages technical capabilities relating to the development and production of oxygen-free copper and copper alloys as its core competencies to provide a variety of high-performance connector products for xEVs, including charging port pin connectors, battery relay contact connectors and signal connectors.

Aerospace



CVD-coated Carbide Inserts for Steel Turning

Automobile parts are diversifying, and the tools used to machine them need to be resistant to both wear and chipping. The MC6100 Series features coating using world-class crystal growth technology and special impact-resistant cemented carbide. This makes it resistant to both wear and chipping, increasing productivity by improving machining speed and stability.



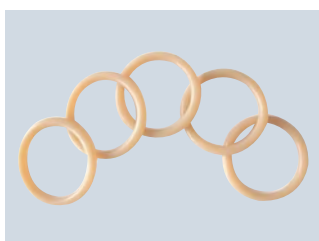
Drills for CFRP Machining

CFRP is a strong, lightweight laminated carbon fiber material. With these qualities, it is used in a variety of applications, including in the aircraft and automobile industries and in wind turbine blades. However, CFRP machining requires tools with performance characteristics distinct from metal working tools, including reducing curling and burrs, which occur due to the laminated structure. Our drills for CFRP machining feature shapes optimized for each application and unique diamond coating technology, achieving stable machining and long lifespans.

Semiconductors

Sealing Products for Semiconductor Manufacturing Equipment

Sealing products such as O-rings are used to maintain vacuums inside semiconductor manufacturing equipment. These products must also be able to withstand the plasma environments that can occur inside semiconductor manufacturing equipment. In addition to plasma resistance, MMC Group company Mitsubishi Cable Industries, Ltd. provides sealing products with anti-static properties, wear resistance, and features that reduce the intrusion of dust and dirt, which negatively impact equipment.

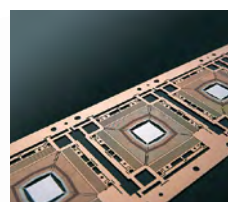


Solder Materials with Low Alpha-ray Emissions

Solder material bonds a silicon chip and substrate, which form the circuitry of semiconductor components, and serves as the electrode between them. Conventional solder materials emit alpha rays, which could cause software errors that overwrite stored data. Based on our unique technology, we provide solder materials with extremely low alpha-ray emissions.



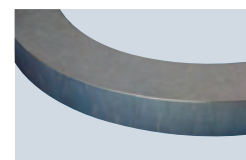
Copper Alloys for Lead Frames



Lead frames are components that act as connection terminals when fixing integrated circuit (IC) chips in place and mounting them to printed circuit boards. Created using precision rolling technology cultivated over many years, our world-class copper alloys for lead frames boast an excellent balance of strength and conductivity, heat resistance, and ease of pressing and bending. These characteristics mean they are widely used as a material for lead frames.

Processed Silicon Products

Processed silicon products play an active role as part of semiconductor manufacturing equipment. There is a need to reduce impurities in semiconductor manufacturing equipment, and we provide components made by precisely processing high-purity silicon, the same material used in semiconductors, into plates and rings.



MMC's Challenge

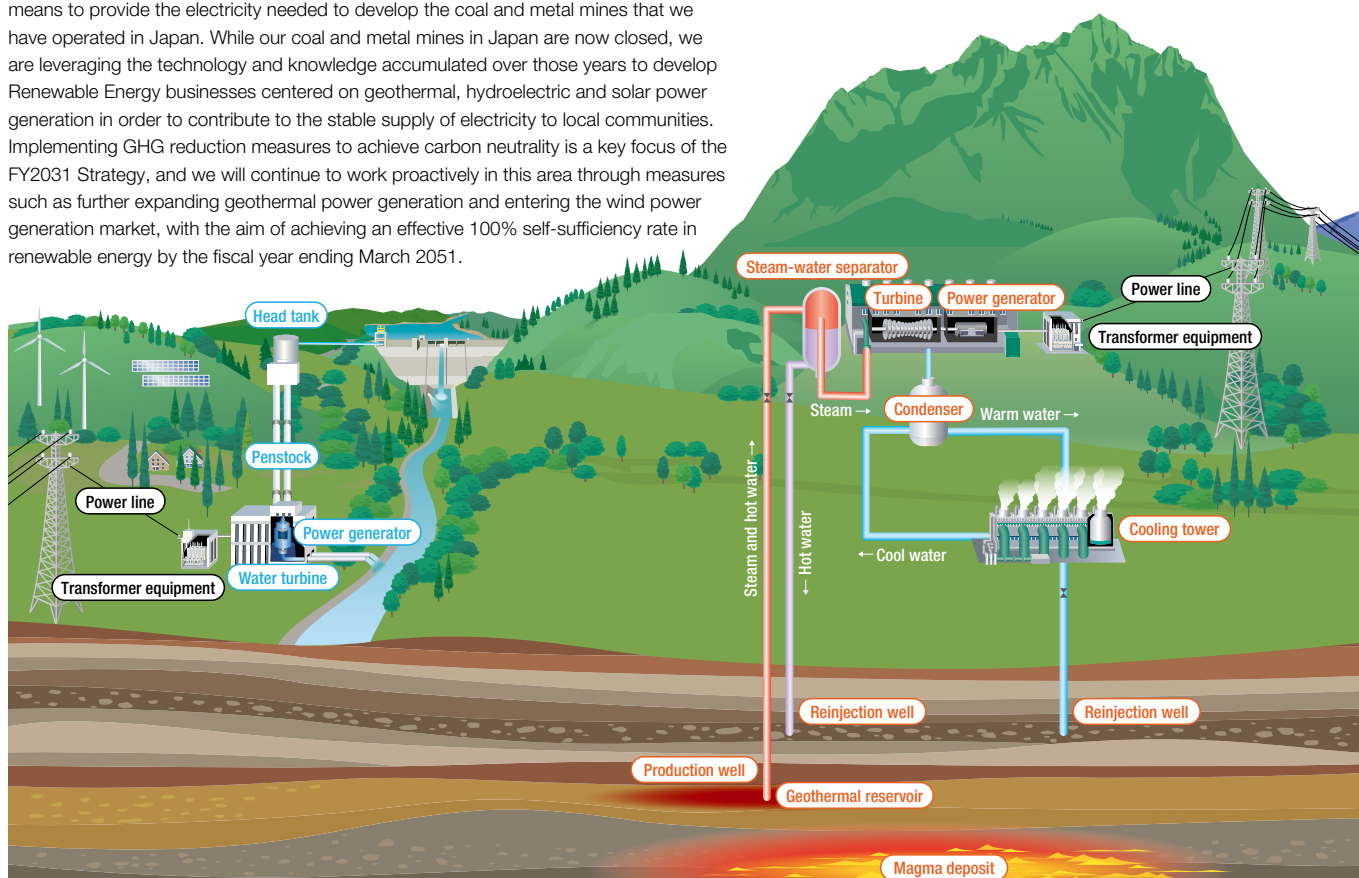
Key Initiatives **3** Achieving Carbon Neutrality

Taking on the Challenge of Achieving an Effective 100% Renewable Energy Self-sufficiency Rate

Amidst growing consciousness of environmental issues, use of renewable energy and reducing the environmental impact of manufacturing are becoming ever more important.

The Group has worked in renewable energy power generation for over a century, and we are currently endeavoring to expand our Renewable Energy business even further with the aim of reaching an effective 100% self-sufficiency rate in renewable energy by the fiscal year ending March 2051, including by expanding geothermal power generation and entering the wind power generation field.

The Group has a long history of involvement in the Renewable Energy business as a means to provide the electricity needed to develop the coal and metal mines that we have operated in Japan. While our coal and metal mines in Japan are now closed, we are leveraging the technology and knowledge accumulated over those years to develop Renewable Energy businesses centered on geothermal, hydroelectric and solar power generation in order to contribute to the stable supply of electricity to local communities. Implementing GHG reduction measures to achieve carbon neutrality is a key focus of the FY2031 Strategy, and we will continue to work proactively in this area through measures such as further expanding geothermal power generation and entering the wind power generation market, with the aim of achieving an effective 100% self-sufficiency rate in renewable energy by the fiscal year ending March 2051.



Hydroelectric

The Group has a 120-year history in hydroelectric power generation. This started with the Nagata Power Plant in 1898, followed by the Ikari Power Plant entering operation in 1907. At the time, these plants powered the Osarizawa Mine, but also supplied electricity to nearby homes. The Oyu Power Plant commenced operation in 1920, and we have expanded our business area through the staged commencement of operations in the Komatagawa Hydroelectric Power System, starting in 1930. In 2022, we commenced commercial operation of the Komatagawa New Power Plant, Akita Prefecture's first new hydroelectric power plant for 69 years. We currently operate a total of five hydroelectric power plants in Akita Prefecture: three in Kazuno City and two in Kitaakita City.

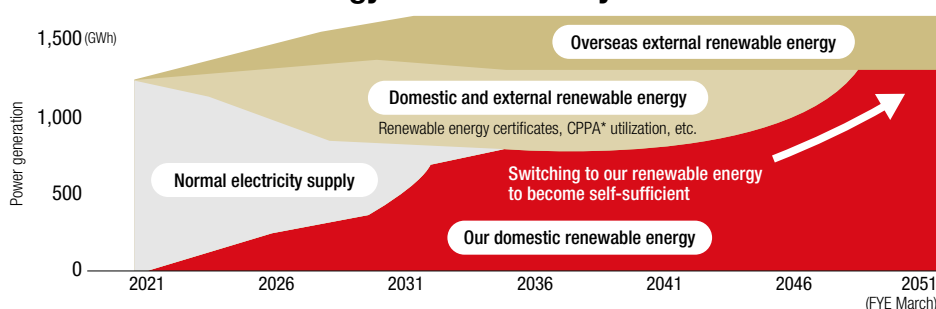
Geothermal

The Group has been a leader in developing and operating geothermal power generation, leveraging underground resource exploration technology accumulated through our mining operations. Commercial operations at the Onuma Geothermal Power Plant, Japan's third geothermal power plant, started in 1974. Yuzawa Geothermal Power Corporation's Wasabizawa Geothermal Power Plant commenced operation in 2019, followed by Appi Geothermal Energy Corporation's Appi Geothermal Power Plant in March 2024. Utilizing the technology, know-how and experience that we have built up over the last 50 years, we will continue to expand our Geothermal Power Generation business even further in the future.

Roadmap Toward an Effective 100% Renewable Energy Self-sufficiency Rate

Switch 100% of the Group's effective electricity use to renewable energy-derived electricity by FYE March 2036

Achieve renewable energy power equivalent to our power consumption by FYE March 2051, achieving an effective 100% self-sufficiency rate in renewable energy



*CPPA: Corporate Power Purchase Agreement

*Power generation values for FYE March 2021 do not include Cement business, Aluminum business or Polycrystalline Silicon business

The Materials' Forests

Aiming for beautiful forests needed by society by making the most of natural resources and maximizing function and utilization

We are one of the largest forest owners in Japan, managing over 13,000 ha across the country, with a primary focus in Hokkaido. Historically, these forests were used to supply lumber for our metal and coal mines. With the cessation of domestic mining activities, our current forest management goals have shifted to include not only the production of renewable timber resources but also the enhancement of ecosystem services, such as water and soil conservation, prevention of global warming through CO₂ control, biodiversity conservation and provision of spaces for public recreation.

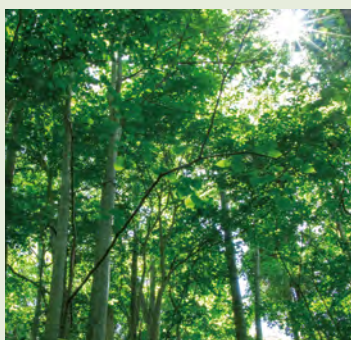
In our company-owned forests, the Materials' Forests, we have established meticulous forest management zones tailored to topographical conditions, working with businesses entrusted with maintenance, aiming for "beautiful forests needed by society by making the most of natural resources and maximizing function

and utilization" for the next 100 years.

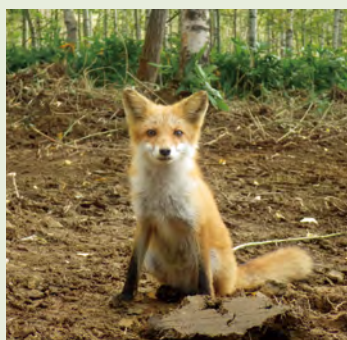
We established conservation zones to promote environmentally conscious development, and monitor forests using digital tools to conserve biodiversity and protect rare species. The timber produced through our forest management practices is also efficiently utilized, with some being used as construction materials for local elementary schools. Through these efforts, we are creating forests that can withstand natural disasters.

Furthermore, in order to instill a love of the Materials' Forests among local residents, we utilize part of these Company-owned forests as fields for nature-related outdoor activities through events where elementary school students can learn and plant trees.

Protecting beautiful forests for the next 100 years



Preserving biodiversity and protecting rare species



Aiming to create sustainable and diverse forests

Based in Sapporo, Hokkaido, I engage in small-scale forestry business, known as self-supporting or environmentally conscious forestry, with the aim of achieving sustainable forestry business that is small-scale and does not burden nature, finding the balance between economic and environmental considerations.

I work at Teine Forest, where Mitsubishi Materials Corporation, the owner for the forest, is taking the lead on creating a forest that can be used to produce materials while also serving the public, which I feel is a very valuable endeavor.

My daily involvement with Mitsubishi Materials Corporation has taught me about how to approach tree selection as well as on-site safety management.

Moving forward, I look forward to continuing our collaborative efforts to create sustainable and diverse forests.

Utilizing forests as a venue for the local community to interact with nature




Working towards forests beloved by the local community



Yuzuru Hiraoka,
Yamanowasha, LLC
CEO



Mitsubishi Materials Corporation
Chief Executive Officer



To realize Our Commitment, “For people, society and the earth, circulating resources for a sustainable future,” we will work to enhance the Group’s value by maximizing corporate value and solving social issues, thereby reaching the heights stakeholders expect from us.

Introduction

In February 2023, we announced our Medium-term Management Strategy FY2031 (the FY2031 Strategy), which started in the fiscal year ended March 2024 and sets out goals up to the fiscal year ending March 2031.

In the FY2031 Strategy, we established “For people, society and the earth, circulating resources for a sustainable future” as Our Commitment. In this case, “circulating” carries two meanings. The first is resource recycling that makes effective use of limited resources by extracting metal resources such as copper from used and end-of-life products, then reusing them as

raw materials for other products. The other meaning is a broad system of industrial circulation in which metal resources we have extracted ourselves are delivered to the market as materials and products with enhanced functions, then collected once more, going from veins to arteries and back to veins. We are aiming to be more than a platform provider that simply builds and provides this kind of circulation system. Rather, we will also function as an active player within it. In that role as an active player, we believe that we can build a better, more practical circulation system.

Reflecting on FYE March 2024

While the fiscal year ended March 2024 was the first year in which we implemented the FY2031 Strategy, demand in the automobile and semiconductor markets was subdued, and despite the benefits of the depreciation of the yen, operating profit was down 54% (¥23.2 billion) from the previous year. On the other hand, ordinary profit increased 114% (¥54.1 billion) year on year as a result of increased dividends from copper mines in Chile and improved share of profit of entities accounted for using equity method due to the V-shaped recovery in the results of Mitsubishi UBE Cement Corporation. As a result, profit attributable to owners of parent increased 47% (¥29.7 billion) compared to the previous year.

While we cannot be fully satisfied with these results in the first year of a medium-term strategy, we are promoting measures to be taken and reviewing measures in line with the business environment with the aim of achieving our financial goals for the fiscal year ending March 2026, which is the final year of Phase 1 of the FY2031 Strategy.

Management Policy for FYE March 2025

Considering the results from the fiscal year ended March 2024, we have established and implemented the following points as our management policy for the fiscal year ending March 2025.

- Strengthen response to SCQ issues, etc.
- Achieve the targets of the FY2031 Strategy
- Optimize management structure
- Address sustainability issues
- Strengthen management foundation
- Renew Our Values to rebuild our organizational culture

Strengthen Response to SCQ Issues

With the quality issues that occurred in 2017, we established and strictly adhere to SCQDE* as the order of priority of our internal business decisions.

Of these elements, SCQ-related issues are essential to ensuring that the Group itself earns the trust of capital market stakeholders and continues to be a sustainable entity. We have established the SCQ Promotion Office, of which I personally serve as the General Manager. Under this umbrella, each panel works to address issues, and all Executive Officers participate in monthly SCQ Promotion Office meetings to share information on progress and new issues. Our efforts up to now have produced results, as shown by the dramatic reduction of major compliance and quality issues and the permeation of a bad-new first approach, establishing a system capable of detecting situations at an early stage and taking appropriate action. “S” stands for Safety & Health, and while our work on health and productivity management has borne fruit, our safety management has not yet eliminated occupational accidents. Consequently, we will continue our efforts placing the highest priority on SCQ issues in this fiscal year, as shown below.

Major SCQ issues

- Prevention of occupational accidents
- Reinforcing compliance
- Strengthen information security
- Implement risk management activities relating to Group-wide critical risks:
 - ✓ Fraudulent transactions and accounting
 - ✓ Harassment
 - ✓ Cyber attacks

Achieve the Targets of the FY2031 Strategy

Implementing PDCA in the FY2031 Strategy

In order to realize “circulating resources for a sustainable future,” which is the essence of Our Commitment as set out in the FY2031 Strategy, we are focusing our efforts on expanding resource recycling and enhancing the supply of high-performance materials and products. (Figure 1)

Being constantly vigilant to changes in the environment surrounding businesses and making adjustments where necessary is essential.

The ability to implement this with speed and agility is a crucial determining factor in achieving growth.

Expanding the Scope of Resource Recycling

In terms of resource recycling, we have adopted a policy of working to increase the scale of resource recycling by expanding the applicable scope and business regions. (Figure 2) ▶P13

We will also strive to expand our E-Scrap processing capacity.

For LIB recycling, we are moving forward with a pilot plant adjacent to the Onahama Smelter & Refinery (Fukushima Prefecture) and have entered the detailed design stage.

Offcuts are also created in processed copper product production processes. While this material has conventionally been sent to copper smelters, we have decided to recycle as much as possible within copper and copper alloy production sites with the aim of reducing manufacturing costs for processed copper products and expanding the capacity of copper smelters to accept E-Scrap.

At existing copper smelters in Japan,

*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.

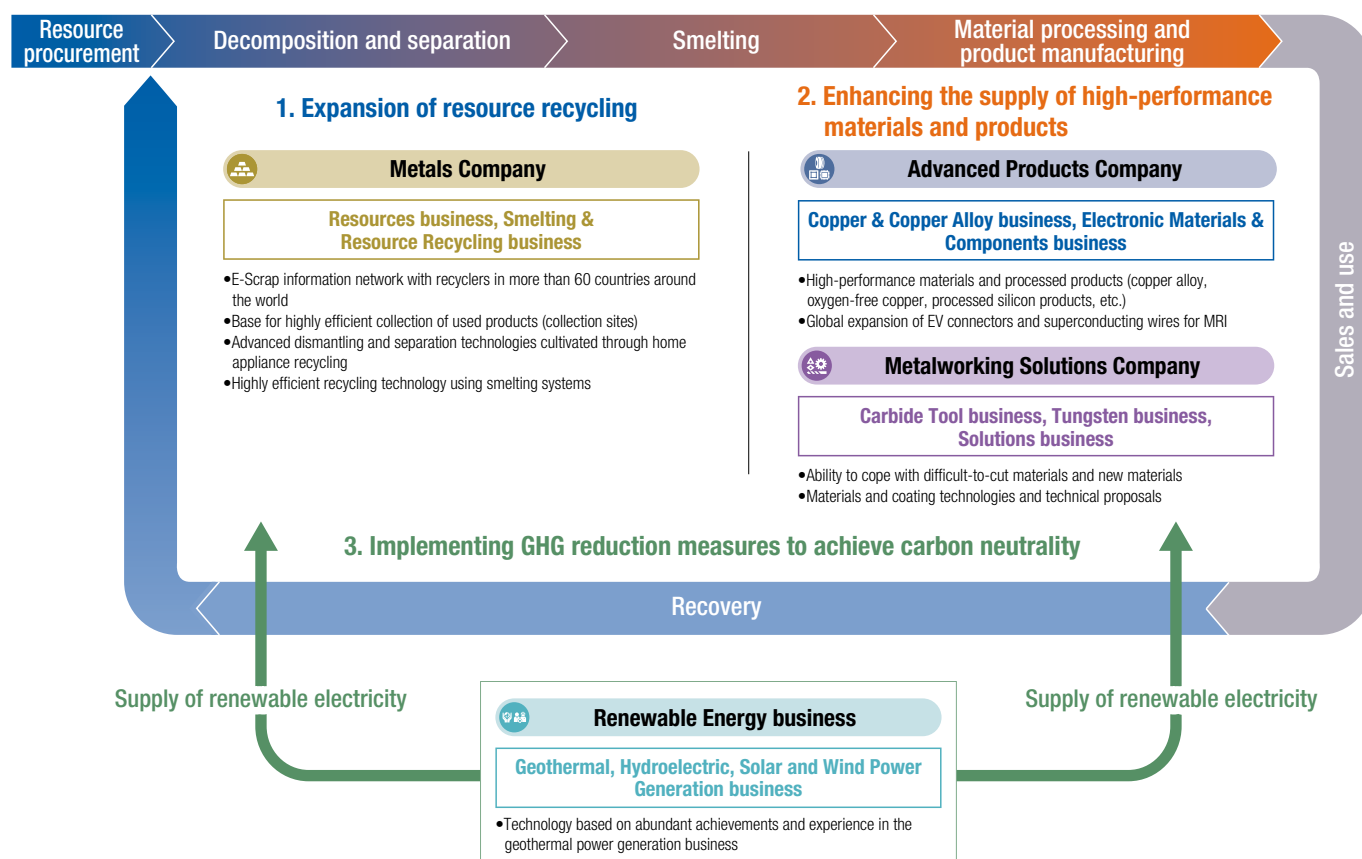
Reasonable profit is required to ensure a continued contribution to resolving social issues.

Fig. 1: Overview of the Medium-term Management Strategy FY2031 (the FY2031 Strategy)

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

Prosperous
societyRecycling-
oriented societyDecarbonized
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



after processing recycling raw materials together with copper concentrate, various important mineral resources can be extracted using our precious metal extraction processes. Necessary environmental measures have also been implemented through years of operation, and they are capable of stable operation. Leveraging these characteristics, we expect to make an even more significant contribution by taking in various used

products containing mineral resources, extracting important mineral resources from them, then supplying these resources as raw materials for new products. In addition to EVs, this applies to numerous electronic products, devices and components, and the role of copper smelters will become ever more important in the expansion of circular economies in collaboration with the manufacturers of such products.

When processing used products and

using the materials extracted from them to make new products, ensuring traceability and transparency of information throughout the series of processes is another important element. In the management of the Group's home appliance recycling plants in Japan, we are progressing with efforts to ensure traceability and believe that these methods can be applicable to numerous recycled materials beyond home appliances. In order to accelerate these efforts, we launched the

recycled metal brand REMINE in January 2024 and intend to expand the brand's range of products in the future.

Tungsten is the main raw material in cemented carbide tools, and ensuring supplies is a crucial issue in terms of the Group's manufacturing and sale of such products. Tungsten as a natural resource is unevenly distributed in China, and we have been focusing efforts on using recycled tungsten as a raw material. The rate of recycled raw materials in our carbide tool manufacturing is already over 50%, and we aim to raise this further to 80% by the fiscal year ending March 2031. With the recent acquisition of all shares of H.C. Starck Holding GmbH (Germany) (H.C. Starck), one of the world's leading tungsten producers, we have gained the ability to leap to the top as a global leader in tungsten recycling.

Establishing Regional Resource Recycling Strategies

The global economy is shifting towards regionally-divided blocs. We must also envisage that this regional closing off will also occur in terms of important mineral resources (critical minerals). In addition to conventional local production for local consumption, we believe that there will be a progression towards recycling metal resources used to make products within the regions where those products are consumed.

We are making preparations to establish Mitsubishi Materials Europe B.V. (MMEU) in Europe, where resource recycling is progressing, in order to establish and rapidly implement resource recycling strategies. Our wide-ranging efforts will include moving the existing E-Scrap collection center in the Netherlands under the umbrella of MMEU, general handling of copper-based scrap in addition to E-Scrap, consolidation of tungsten recycling in H.C.

Starck upon its planned acquisition and LIB recycling, in which Europe is leading Japan.

"Think locally, act locally" is crucial for resource recycling businesses, and we will put structures in place to make this a reality. Through collaboration between Luvata, which is engaged in the Copper & Copper Alloy business in Europe, and cutting tool manufacturing sites, numerous sales locations and the H.C. Starck team, we will formulate and rapidly implement a strategy that is an optimal fit for Europe.

In Japan, optimizing the combination of functions at our two domestic copper smelters is a key point. We are working to improve copper concentrate processing capacity in order to combine expanded E-Scrap processing capacity with enhanced scrap pre-treatment capacity, thereby maximizing the performance of both smelters.

In addition, we are expanding and enhancing the functions of our online E-Scrap trading system MEX (Mitsubishi Materials E-Scrap EXchange). In the last year, we have improved convenience for customers through the addition of functions such as photo and data reports, delivery reservation status and sampler availability confirmation, and the publication of sampling videos.

In the European market, the amount of scrap the region generates is higher than its processing capacity. As a result, importing this material from Europe into Japan may continue to be an effective business model.

While we are exploring possibilities for expanding collection points in Europe, we expect MEX to be a powerful tool in the aforementioned expansion of resource recycling in Europe, in addition to supplying E-Scrap in Japan.

While resource recycling businesses in North America have not yet fully manifested, the region has significant potential. Through our participation in the Exurban project, we are currently developing technologies to smelt only recycled raw materials and we aim to construct a recycling plant in the USA. In the future, we believe that the technologies obtained can lead to global expansion to regions beyond the USA.

In resource recycling businesses moving forward, it will be important to fully understand regional needs (regulations, requests, market needs, and collection mechanisms) and achieve the optimal combination of regions and facilities based on that. In terms of possibilities for consolidation and the needs of customers, it is essential that we have facilities, portfolios and management that seek the optimal combination of facilities to possess in each region, including use of facilities in collaboration with other companies in addition to having our own.

Enhancing the Supply of High-performance Materials and Products

In the Copper & Copper Alloy business, we have completed work to increase production capacity, and will continue to supply high-performance materials, based on copper alloys (Cu-Mg alloys) such as the MSP series and MOFC®-HR (Mitsubishi Oxygen Free Copper-Heat Resistance), an oxygen-free copper with strength and heat resistance enhanced to the world's highest level.

In Electronic Materials & Components business fields, we will consider the impact of significantly reduced demand for semiconductor products in the fiscal year ended March 2024 and review the timing of investment in increased

Fig. 2: Expansion of Scope, Regions and Scale of Resource Recycling Operations, Based on Trends and Laws and Regulations in Each Country and Region

Expanding the scope of resource recycling	E-Scrap recycling	Improving processing capacity
	LIB recycling ▶ P41	Pilot plant under construction
	In-process recycling of the Copper & Copper Alloy business	Cost reduction, copper smelter load reduction → Increasing E-Scrap
	Cobalt recovery at copper mines ▶ P43	Pilot plant testing underway at Mantoverde Copper Mine
	Tungsten recycling ▶ P47	Acquisition of all shares of H.C. Starck Holding GmbH (Germany)
	Construction of resource recycling loop	Home appliances: Expansion of scale in Japan and overseas Automobile recycling: Scaling up targeting EVs Creating a recycling system to extract important mineral resources from various products and supply them as raw materials for products
Expanding business regions Economic bloc, enclosure of important mineral resources Japan: Economic security USA: IRA law EU: Various regulations ↓ Toward intraregional circulation	Establishment of a new company in Europe ▶ P40	Development of resource recycling strategies in Europe and rapid implementation (E-Scrap/Copper-based scrap/LIB/Tungsten)
	Enhancement of E-Scrap recycling by domestic smelters ▶ P41	Enhancement of E-Scrap processing capacity by improving smelting and pretreatment capacity Expansion of Collection Centers in Europe Investment in mines to secure low-impurity copper concentrates Enhancing functions of MEX* *Online E-Scrap trading system
	Investment in Exurban ▶ P43	Participation in the construction and operation of a recycling plant in Indiana, USA Expansion outside the USA

production of silicon products as we aim to reduce costs and strengthen our manufacturing constitution with measures such as attracting new customers. Through these efforts, we are preparing to improve profitability with the recovery in demand that is anticipated from the fiscal year ending March 2025.

For the expansion of the Tungsten business, we plan to complete the acquisition of H.C. Starck by March 2025. In addition to the expansion of tungsten recycling discussed earlier in this section, the expansion of the businesses supplying high-purity tungsten powder as an electronic material for applications such as secondary batteries will proceed in coordination with our consolidated subsidiary Japan New Metals Co., Ltd. H.C. Starck has locations in Germany, Canada, and China, and possesses an extensive R&D system relating to tungsten powder production processes in addition to the creation of new businesses. At the same time, Japan New Metals Co., Ltd. is engaged in the manufacture and sale

of metal powders such as molybdenum in addition to tungsten powder, and the two companies have a complementary relationship. Moving forward, we will work on the global expansion of the Tungsten business through effective synergies between both companies.

Improving Profitability

We are conscious of issues such as the insufficient resolution of gaps with targets for the fiscal year ended March 2024 and low profitability leading to sluggish stock prices and a PBR below 1, and we will work to enhance our resilience in order to maintain a certain level of profitability regardless of the external environment, even when market conditions worsen.

To that end, we will work to improve profitability (strengthen earning capacity) in all areas and achieve the target ROIC and ROE. Specifically, we will continue to execute target-setting business management and break-even point improvement, which we started to work on in the previous fiscal year.

Under our target-setting business

management, we will work on the following areas.

- Create and implement measures to close gaps to targets and forecasts throughout the year
- Set and achieve KPIs within each company, division, and department
- Execute high-speed PDCA cycles
- Close gaps in benchmarking against competitors

In terms of break-even point improvement, we will carry on our work from the fiscal year ended March 2024, aiming to increase added value (marginal profit), reduce fixed costs, and improve sales prices, sales volume, variable costs and fixed costs. With regards to cost reductions, we initially planned for a total reduction of ¥8.8 billion by the fiscal year ending March 2026, however, in light of the worsening business environment in the fiscal year ended March 2024, we reduced costs by ¥8.4 billion in that fiscal year and are forecast to reduce costs by a total of ¥17.8 billion by the fiscal year ending March 2025, significantly above the

planned amount.

We will promote yield improvement, automation, labor saving, and workload saving through Achievable (“Yarikiri”) projects as part of our Manufacturing Excellence Strategy and our DX initiatives.

At the same time, we will also implement business process reforms to decommission, simplify and standardize operations and aggregate common operations performed in each division and department under the slogan of “Elimination, Reduction, and Change.”

Addressing Labor Shortage Issues

In Japan, the working-age population is declining, and the chronic labor shortage in the manufacturing industry is becoming permanent, while in the overseas businesses in which we operate, difficulties acquiring talent are accelerating and there is a trend of turning away from manufacturing. In addition to this backdrop of external factors, internally, retirements for personal reasons are increasing along with diversification of working style, and business process optimization and labor savings are being delayed. As a result, there is a risk that we will not be able to ensure the necessary human resources and productivity improvements to implement the FY2031 Strategy.

Faced with this situation, we will take the following action.

- Enhance recruitment by streamlining and elevating the recruitment process, strengthening awareness and enhancing contact points for candidates
- Enhance attractiveness as a place of work by establishing workplace environments that allow for a variety of work styles and shifting from uniform HR management to HR management based on individuals’ diverse values
- Thoroughly reform business processes by

promoting efficiency, labor saving, and workload saving

Optimizing the Management Structure

Deepening Matrix Management of Business and Functional Axes

Each in-house Company is a business axis, and just as the Group responds to constraints and demands in the capital markets, they are expected to implement autonomous management while responding to certain constraints and demands of the entire Company. Functional divisions, on the other hand, are functional axes that have a responsibility to improve the quality of decision-making by providing effective impact and added values through skills, networks and knowledge. Solid report lines are on the business axis side, but establish clear double report lines between each in-house Company (business axes) and each functional division (functional axes), enabling them to fulfill their respective roles with mutual understanding through appropriate information sharing and forums for consultation. Committees have also been established to discuss effective allocation and use of each functional division’s limited human resources in terms of both business and functional aspects.

MMEU, which we plan to establish in Europe, will be a touchstone for incorporating regional axes alongside business and functional axes.

Optimization of Business Structures

Up to this point, we have selected and concentrated our business domains and established certain aims by the start of the FY2031 Strategy. In this fiscal year, we will deepen our examination of whether there is room to further optimize our business structures within the selected business

domains. It is necessary to clarify the role of each Group company and carry out consolidation and elimination. We have already started consolidating Corporate Divisions across several locations and will apply this same approach to Group companies to make effective use of leadership talent.

Addressing Sustainability Issues

We believe that there are always two aspects to consider when it comes to sustainability. The first of these is earning trust in the capital market that we are a sustainable entity under a robust business management system. The other is providing sustainability to society and the planet through our business activities. We have identified sustainability issues based on these perspectives. Addressing these issues appropriately will lead to enhanced corporate value through both economic and social value, and reduce various risks faced by the Group. Starting with this fiscal year, we consider these sustainability issues to also be our materiality.

Within sustainability issues, there are three particularly important items that have been made the main themes for the Sustainability Committee that has been established under the Board of Directors: promotion of resource circulation, strengthening measures to address global environmental issues and enhancement of human capital.

Promotion of Resource Circulation

In addition to the aforementioned establishment of regional resource recycling strategies, we are examining processes for increasing recycling rates and processing 100% recycled raw materials.

The cross-division Resource Circulation

Strategy Meeting takes place every week to share the latest information on the four themes below and hold discussions from a wide range of perspectives.

Resource Circulation Strategy

Meeting themes:

- LIB recycling
- Copper-based recycling
- Long-term technological development
- Overall resource recycling business (conceptualization of circular economies with product manufacturers)

In the future, we also plan to hold a European Resource Circulation Strategy

Meeting at the new company to be established in Europe, with representatives from companies operating in the region participating, in order to generate ideas that align with the situation in Europe.

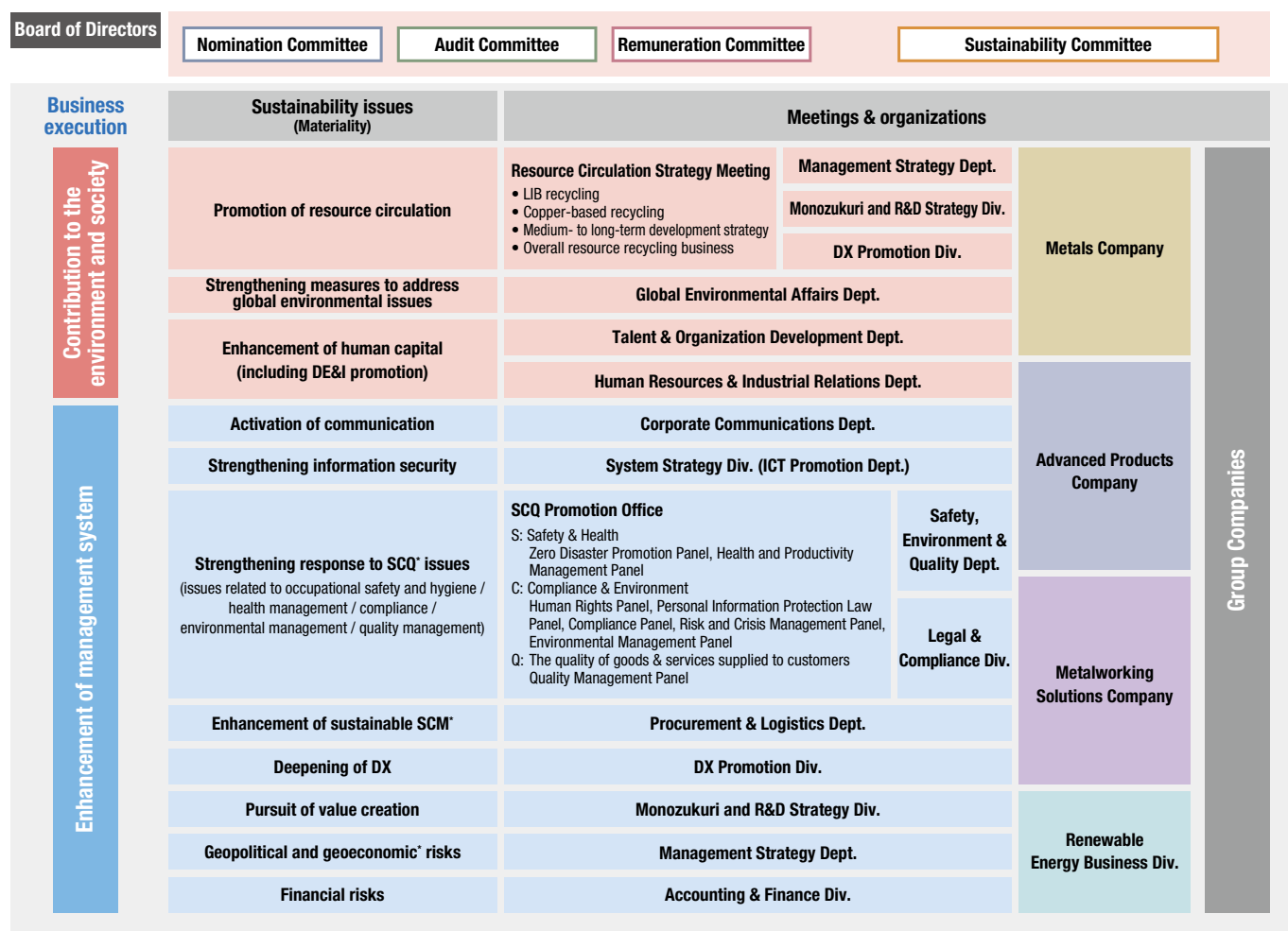
Strengthening Measures to Address Global Environmental Issues

In addition to working to enhance external communication, we will establish a carbon footprint calculation system and introduce an internal carbon pricing system to apply to investment decision-making.

Enhancement of Human Capital

Through organic coordination between next-generation leadership talent development and succession planning, we are striving to foster talent that can drive business growth. In consideration of the need for management with enhanced capabilities to lead multinational teams in line with the acceleration of future overseas business expansion, we believe that it is also necessary to acquire and develop talent from different countries. Furthermore, we are also accelerating the promotion and selection of women through measures such

Fig. 3: Sustainability Management System



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

*SCM: Supply Chain Management

*Geoeconomic risk: Risks relating to countries attempting to fulfill their geopolitical goals (national interests) through economic means

as our sponsor program.

These efforts will lead to the promotion of DE&I, which contributes to the development of organizations and human resources that make the most of diversity.

In order to enhance corporate value by realizing the FY2031 Strategy, it is essential that we maximize the capabilities of individuals and support autonomous growth. To this end, we will continue to enhance 1-on-1 meetings, ensure the implementation of performance management and promote the shift from passive training to autonomous learning.

We are actively deepening discussions with regards to the three aforementioned major sustainability issues from multiple perspectives, including through meetings between Directors, exchanges of opinions between Directors and Executive Officers, and lectures and exchanges of opinions involving external experts.

Reinforcing the Management Foundation

In order to reinforce our management foundation, in addition to the aforementioned enhancement of human capital, we are implementing our DX Strategy, Manufacturing Excellence Strategy and R&D Strategy in line with the points described below.

DX Strategy

In addition to promoting Business Division themes, we have introduced ERP accounting areas starting from this fiscal year. In the first instance, we are working to ensure smooth operation at MMC before expanding deployment to Group companies.

In terms of DX in the manufacturing and R&D area, through collaboration with the Innovation Center, we are working to strengthen areas including sustainability-

related themes such as resource recycling and carbon footprints. To make effective use of data, we are shifting focus from data collection and visualization to business impact, such as by using data in decision making. We are also keeping a keen eye on utilization of AI.

Talent development is another urgent need, and we plan to activate bottom-up activities and training through means such as advanced digital education.

Manufacturing Excellence Strategy

Each site involved in manufacturing has identified business/plant visions, issues and themes to work on. We will bring these elements together as a manufacturing issues overview map and visualize them as a basis for enhancing effectiveness.

In the manufacturing field, through the diligent pursuit of themes named Achievable (“Yarikiri”) projects, we will strengthen productivity management and stabilize quality while also further enhancing management (safety, human resource and KPI management) through measures such as renewed “5S” activities.

In order to help employees take ownership of learning and practical measures, we are also developing initiatives such as DX challenges, digital education and innovation seminars as we work to activate bottom-up activities.

R&D Strategy

In terms of R&D, we are focusing on the following four areas.

- Speedily promote each Company’s themes and collaborate with relevant parties to increase the ratio of Company themes
- Establish and promote resource recycling and decarbonization themes (use of industry-government-academia collaboration and CVC)
- Steadily promote LIB recycling projects



(process development and pilot plant construction)

- Commercialize multiple projects with small starts and study systems required for large-scale investment/financing and M&A

Renewing Our Values to Rebuild Our Organizational Culture

Reforming our existing organizational culture is essential if we are to enhance corporate value by implementing the FY2031 Strategy. Our Values as they stand today were established in 2017. Since the quality issues in that same year, we have implemented various reforms and established Our Commitment (circulating resources for a sustainable future) in the FY2031 Strategy. Consequently, we have determined that it is time to take the first step towards rebuilding our organizational culture by renewing Our Values and instilling those values among all employees to drive behavioral changes.

When reviewing Our Values, we will work to improve employee engagement by renewing previous top-down communication processes and involving all employees in the review process. While matters that were conventionally determined through repeated discussions centered on top management have been expanded Company-wide through the organizational structure, this is the first time we have tried a process of creation with the participation

of all employees. Specifically, we recruited volunteers from within the Group and formulated 10 proposals for values through discussions over a long period of time. We then solicited votes and comments from all Group employees. In a voting period of less than a month, we received votes from about 16,000 of the 20,000 employees across the Group, at least 40% of which included comments. This gave us a glimpse into the high level of interest and the strong sense of participation in management among all employees, and we hope to express this through Our Commitment moving forward.

In renewing Our Values, we are taking the results of the vote on board. We plan to put them into wording that is easy to understand in Japanese and in English, memorable, and impactful, then diligently disseminate them to Group company employees in Japan and overseas. With future overseas expansion through measures such as M&A, this will also accelerate the process of understanding the Group.

Through the accumulated actions of all employees based on Our Values, we will aim to build a new organizational culture that enhances corporate value.

Corporate Governance

After our transition to become a Company with a Nomination Committee, etc., in 2019, the composition of our Board of Directors has been centered on Outside Directors, and we have continued to explore the role and functions of the Board of Directors. We recognize the importance of our ability to reduce information asymmetry between non-executive Directors and the executive side and to hold discussions on the same level. Achieving this requires mutual understanding of what Directors want to know and what the executive side wants Directors to understand. Discussion at Board of Directors meetings alone is

insufficient to this end, and we have set aside one day per month, separate from Board of Directors meetings and with as few time restrictions as possible, as a space for explanations and discussions. One issue to be faced is whether we can have more constructive discussions based on an understanding of business activities and background information.

It is not strictly necessary to aggregate the individual opinions put forward by Directors. However, in order to incorporate differing opinions and suggestions from various perspectives on the executive side and utilize them to enhance corporate value, in addition to the executive side hearing opinions from individual Directors, it is also necessary for Directors to exchange opinions and have discussions with each other.

Starting with the fiscal year ended March 2024, the Nomination Committee and the Remuneration Committee have consisted entirely of Outside Directors. While these committees may request explanations from the CEO where necessary, they have been able to hold lively discussions among the Outside Directors to reach conclusions.

As with these committees, holding discussions among Outside Directors under clear facilitation and creating a structure to clearly communicate matters to the executive side is the next step in enhancing the effectiveness of the Board of Directors.

Conclusion

In the FY2031 Strategy, we established “For people, society and the earth, circulating resources for a sustainable future” as Our Commitment, clarifying the direction that the Group should take. Personally, I feel that Group employees are coming to share the same sense of direction. Talking about what “circulating resources for a sustainable future” means to us through various opportunities for dialogue and conversation will lead to more opportunities for multiple Business Divisions (Companies) to collaborate and connect, based on the concept of “circulating resources.” We are confident this will offset the conglomerate discount of operating multiple different businesses and lead to enhanced corporate value for the whole Group.



Growth Trajectory

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.

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. In 1917, Mitsubishi Goshi Kaisha, our forerunner, was established. Then, in 1974, it dramatically evolved by introducing the world's first copper smelting process, the Mitsubishi Process. Currently, we are one of the world's top smelters in terms of E-Scrap processing capacity.

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. In the 1920s, we began researching cemented carbide, leading to the development and commercialization of cemented carbide tools with tungsten as the main raw material. This was the beginning of the Metalworking Solutions business. Taking advantage of our strength as a manufacturer capable of integrated production of tungsten, from raw materials to finished products, the Group is working to recycle used carbide tools.

Investment in overseas copper mines and further strides toward globalization

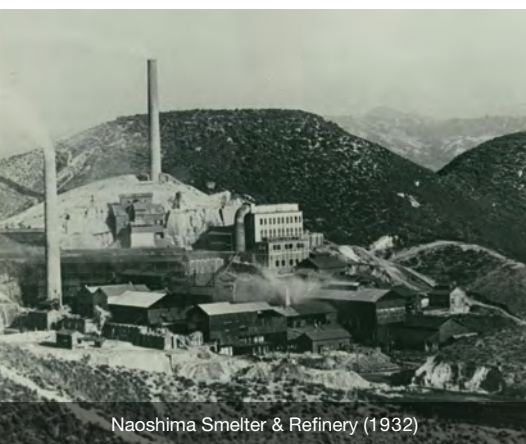
In the mid-1950s, Japan's economic recovery was picking up speed. We began branching out into overseas mine development to provide a steady supply that could keep up with the growing demand for copper in Japan. Today, we are investing in overseas mines in locations such as Chile and Canada to ensure steady procurement of clean copper concentrates. 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
▶ Metalworking Solutions business
P46

Related Information:

Integrated Report
▶ Metals business
P42



Naoshima Smelter & Refinery (1932)



Inserts for machining small high-precision parts



Los Pelambres Mine

1871

- 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.U.).
- Opens Onuma Geothermal Power Plant.
- 1983** Establishes Ceramics Plant.
- 1984** Establishes Mitsubishi Metals America Corporation (now Mitsubishi Materials U.S.A. Corporation.).
- 1985** Participates in Escondida Mine in Chile.
- 1987** Establishes MMC ELECTRONICS (THAILAND) Ltd.
- 1989** Establishes Sakai Plant and Sanda Plant.

1990

- 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** Participates in Los Pelambres Mine in Chile.
- 1999** Establishes East Japan Recycling Systems Co., Ltd.

Enhancing the supply of high-performance materials and products

After the Osaka Smelter & Refinery, which handled gold and silver smelting, copper and copper alloy products, electronic materials and high-purity materials, 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. Currently, we provide copper and copper alloy products, functional materials, electronic devices, chemical products and sealing products, mainly for semiconductor and xEV applications.

Related Information:

Integrated Report
▶ Advanced Products business
P44

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, recycling copper concentrate and various recyclable materials including fly ash, shredder dust from vehicles and home appliances and E-Scrap (waste circuit boards). In recent years, we have begun accepting recycled raw materials from around the world.

Related Information:

Integrated Report
▶ Metals business
P42

Development of Renewable Energy business

The Group opened a hydroelectric power plant in 1898 to supply electricity to a domestically held 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 operate five hydroelectric power plants and three geothermal power plants, in order to realize a sustainable society.

Related Information:

Integrated Report
▶ Renewable Energy business
P48



Wirerod



MM Metal Recycling B.V.



Komatagawa New Power Plant

2000

- 2000** Acquires Shinko Kobelco Tool Co., Ltd. (now Akashi Plant)
- 2008** Mitsubishi Shindoh Co., Ltd. becomes a wholly owned subsidiary.

2010

- 2010** Mitsubishi Cable Industries, Ltd. becomes a wholly owned subsidiary.
- 2013** Begins Zafran 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.
- 2018** Establishes New Energy Fujimino Co., Ltd.
- 2019** Yuzawa Geothermal Power Corporation's Wasabizawa Geothermal Power Plant opens.

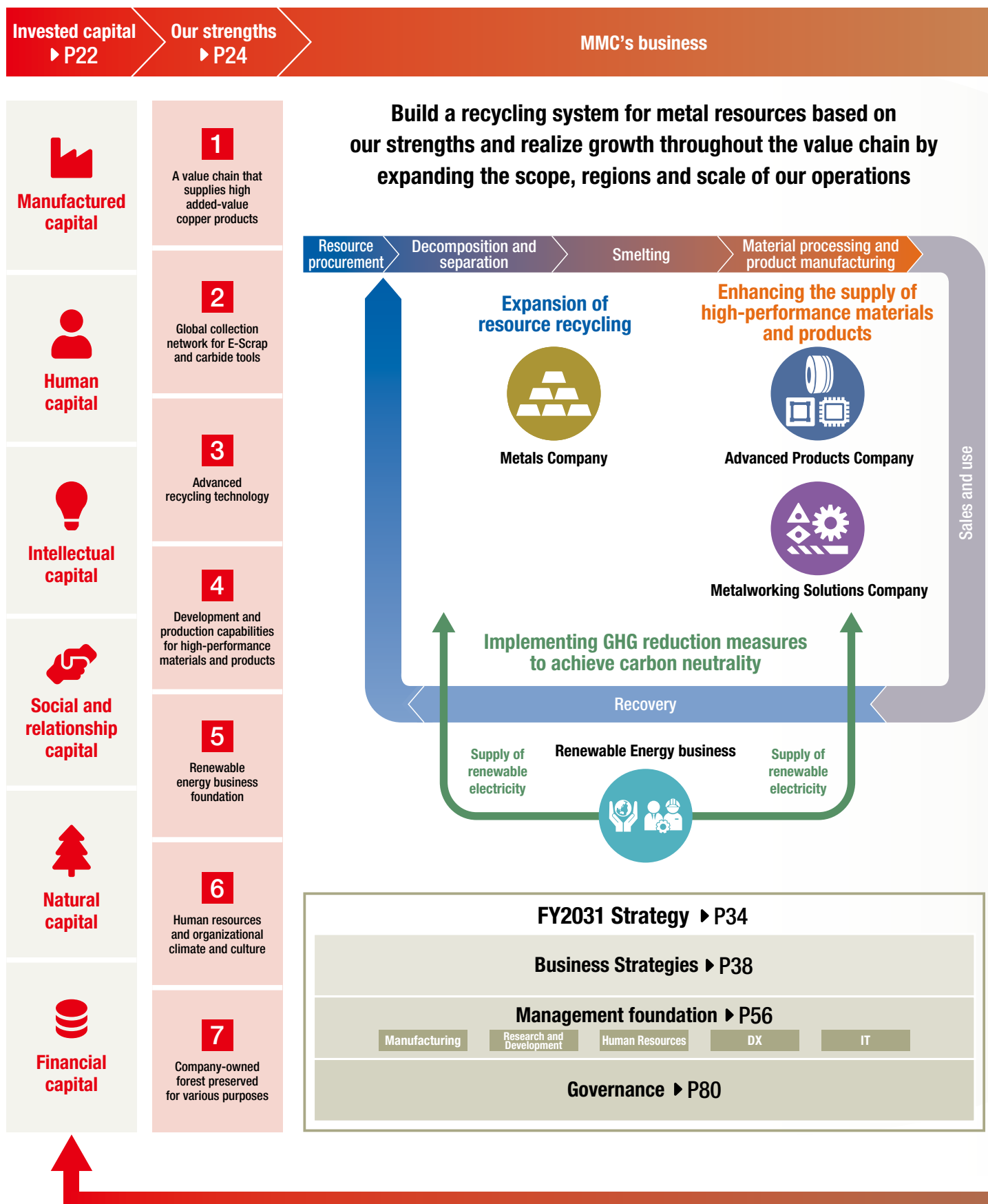
2020

- 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



for a sustainable future

Prosperous society

Recycling-oriented society

Decarbonized society

Output

Materiality

Outcomes

Products & Services

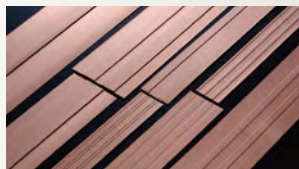
Nonferrous metals products
made with smelting process
with a low environmental load



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



Promotion of
resource circulation

Strengthening
measures to address
global environmental
issues

Enhancement of
human capital

Activation of
communication

Strengthening
information security

Strengthening
response to SCQ issues

Enhancement of
sustainable supply
chain management

Deepening of DX

Pursuit of value creation

Geopolitical and
geoeconomic risks

Financial risks

Economic value

	FYE March 2026 Plan	FYE March 2031 Target
Net sales	¥1,940 billion	¥2,000 billion
Operating profit	¥70 billion	¥130 billion
Ordinary profit	¥87 billion	¥180 billion
ROIC ^{*1}	5.5%	9.0%
ROE	10.0%	13.6%
EBITDA	¥150 billion	¥260 billion
Net D/E ratio	0.7 times	0.5 times or lower
Net interest-bearing debt/ EBITDA ratio	3.5 times	2.0 times or lower

Social value

	FYE March 2031	FYE March 2046
GHG reduction	47% or more ^{*2}	Carbon neutrality

	FYE March 2026 Plan	FYE March 2031 Target
E-Scrap processing capacity	180,000 tons	240,000 tons
Renewable electricity self-sufficiency ratio (100% by FYE March 2051)	23%	25%
Ratio of candidates on the Next-generation Leadership Talent Development Program to successors of Executive Officers	70%	80%
Ratio of diverse attributes among managers (women, non-Japanese people, mid-career hires, people with disabilities)	20%	30%
Positive response rate in employee engagement survey	75%	80%

Occupational accidents	FYE March 2025 target 0 accidents requiring 4 or more days off work
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^{*1} Cumulative planned total for FYE March 2024
to FYE March 2031 in the FY2031 Strategy

^{*2} Scope 1 and 2 compared to FYE March 2021,
excluding GHG emissions from resource
recycling efforts

Invested Capital

The capital management and strength the Group has accumulated over the past 150 years are the source of our value creation. As we work to expand these, we aim to realize Our Commitment, “For people, society and the earth, circulating resources for a sustainable future.”



Manufactured capital

Since our inception, the Group has developed a variety of businesses in response to changes in the environment, accumulating manufactured capital that serves as a source of business competitiveness.

Under the FY2031 Strategy, we will utilize our strengths, such as “a value chain that supplies high added-value copper products,” “a global collection network for E-Scrap and carbide tools,” “advanced recycling technology,” and “development and production capabilities for high-performance materials and products” to promote resource circulation through advanced recycling technology for E-Scrap, home appliances and carbide tools, and develop and provide recyclable products to ensure resource recycling and strengthen our competitiveness in the medium- to long-term. Furthermore, a total of ¥340 billion is planned for maintenance and upgrading investment through the fiscal year ending March 2031.

Maintenance and upgrading investment

¥340 billion

(FYE March 2024 to 2031)

Copper cathode production volume

Approx. 410,000 tons

(FYE March 2024 Result)

Property, plant and equipment

¥472 billion

(As of end of March 2024)



Human capital

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 are enhancing human capital through human resource policy that maximizes the value of each employee and building a foundation for co-creation and growth with diverse human resources.

Our human resource strategy under the FY2031 Strategy has two important pillars: “Maximizing the value of human resources and creating an organization dedicated to winning,” and “Building a foundation for co-creation and growth.” Based on these pillars, we invest in human capital to ensure growth by both individuals and the company that enhances corporate value.

Consolidated number of employees

18,323

(As of end of March 2024)

Total annual training hours (non-consolidated)

Approx. 100,000 hours

(average approx. 17 hours per employee)

(FYE March 2024 Result)



Intellectual capital

With materials and processes at its core, the Group is engaged in research and development in a wide range of fields, including resources, energy, raw materials, basic materials, new materials, and a range of products and their recycling, all in order to strengthen competitiveness and create new business. We have further established cooperative relationships with other companies, universities and research organizations to promote joint development.

Intellectual property and other intangible assets are growing in importance, so we established the Intellectual Property Policy of Mitsubishi Materials Group and Group Intellectual Property Regulations to maximize value of these across the Group and are actively promoting efforts involving intellectual property by sharing the direction we should work toward.

Investment in research and development

¥8.7 billion

(FYE March 2024 Result)

Patents held

2,060 (Japan)

2,604 (International)

(As of end of March 2024)



Social and relationship capital

Our Group operates in 32 countries and regions, so in corporate management it is vital to build trust with not only shareholders, investors and employees, but also with customers, business partners, local residents, NGOs, government agencies and other stakeholders. We work to strengthen opportunities for communication with stakeholders to incorporate expectations and requests made into Group business strategies and efforts.

We believe it is important to fulfill our social responsibility and appropriately distribute the economic added value generated by our business activities to each stakeholder, including local residents and NGOs.

Social contribution expenses

Approx. ¥0.2 billion

(FYE March 2024 Result)

Countries and regions

32

(As of end of March 2024)



Natural capital

Natural resources and energy, including copper concentrates, are essential to the Group's business, however, consideration for the environment and nature is also essential for sustainable business activities. Based on our strengths, the Group is working to strengthen our metal resource recycling, achieve carbon neutrality by the fiscal year ending March 2046, and achieve 100% self-sufficiency in renewable electricity by the fiscal year ending March 2051.

Company-owned forests are managed for timber production and with the goal of achieving a high level of public benefit through these forests, including through provision of recreation areas for local residents, preventing global warming through CO₂ control and conserving biodiversity.

Total energy consumption

Approx. 20,473 TJ

(FYE March 2024 Result)

Natural resource usage

Approx. 3,125 thousand tons

(FYE March 2024 Result)

Area of company-owned forest

Approx. 13,000 ha

(As of end of March 2024)



Financial capital

A strong and sound financial base is essential for sustainable growth of the Group. We aim to maintain and upgrade this financial base while also making the investments needed for growth and maintenance, improving our competitiveness and returning an appropriate level to shareholders.

Under the FY2031 Strategy, we plan to invest ¥560 billion in growth, ¥340 billion in maintenance and upgrading and ¥240 billion in cash outflow (including dividends, etc.) cumulatively through the fiscal year ending March 2031. Our targets for net D/E ratio are 0.7 for the fiscal year ending March 2026 and 0.5 or lower for the fiscal year ending March 2031. Our targets for net interest-bearing debt/EBITDA ratio are 3.5 for the fiscal year ending March 2026 and 2.0 or lower for the fiscal year ending March 2031.

Growth investment

¥560 billion

(including ¥42 billion for DX investment)

(FYE March 2024 to 2031)

Total assets

¥2,167.6 billion

(As of end of March 2024)

Net D/E ratio

0.7 times

(As of end of March 2024)

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 & 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 talent and organizational climate and culture.

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

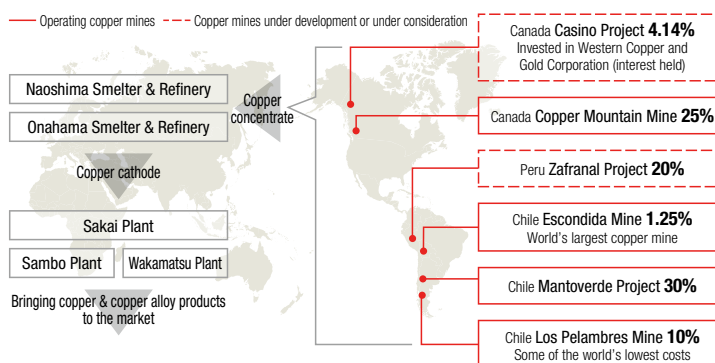


Manufactured capital



Natural capital

- 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



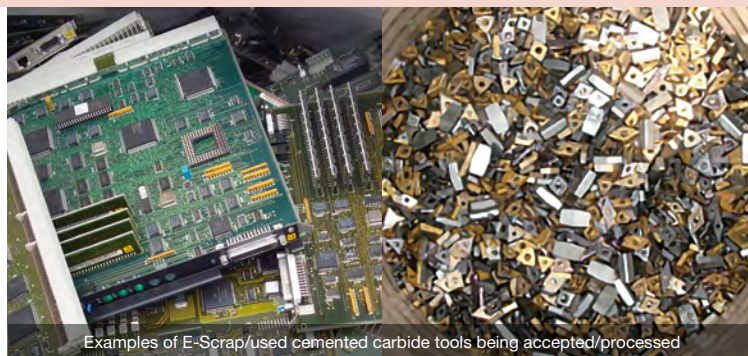
A value chain that supplies copper products

2 Global collection network for E-Scrap and carbide tools



Manufactured capital

- 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



Examples of E-Scrap/used cemented carbide tools being accepted/processed

3 Advanced recycling technology

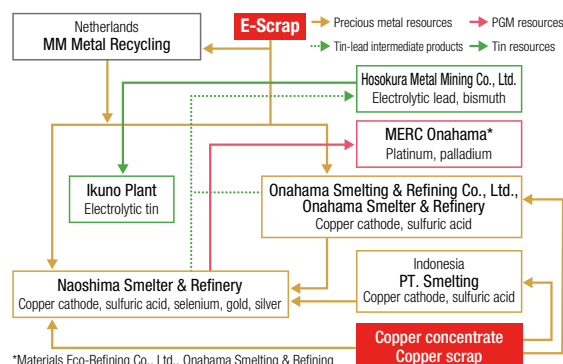


Manufactured capital



Intellectual capital

- 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



Material Grid framework

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



Manufactured
capital



Intellectual
capital

- 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

5 Renewable Energy business foundation



Manufactured
capital

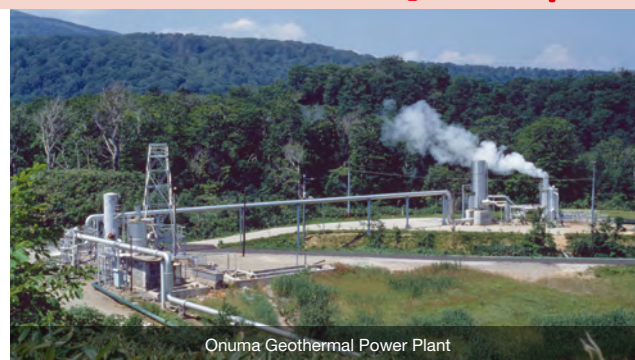


Intellectual
capital



Natural
capital

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



Onuma Geothermal Power Plant

6 Human resources and organizational climate and culture



Human
capital

- 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



Cross-organizational discussion

7 Company-owned forest preserved for various purposes



Natural
capital



Social and relationship
capital

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

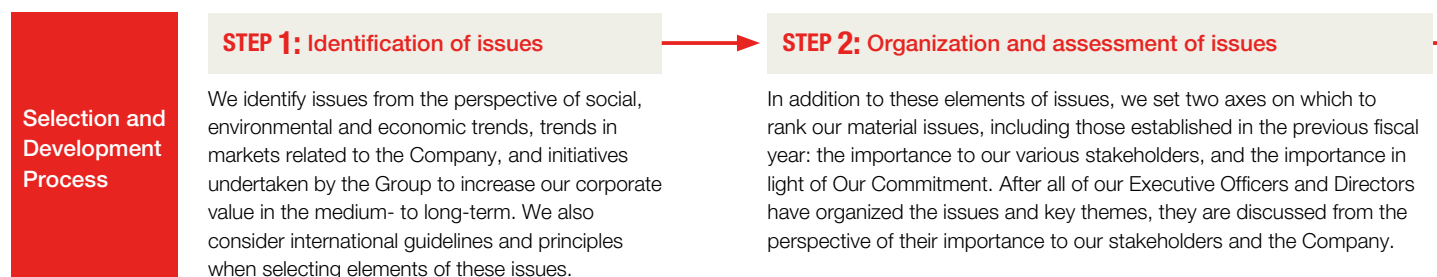


Hayakita Forest

Materiality

We identify material issues from various perspectives and plot them on two axes according to their importance to our stakeholders and their importance in light of Our Commitment.

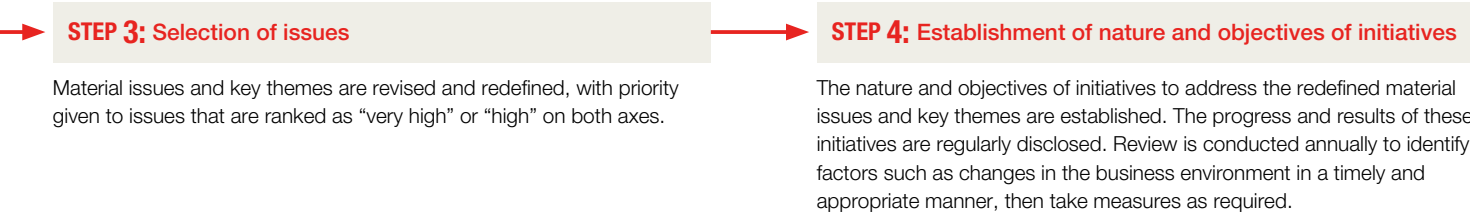
These material issues are reviewed annually to ensure they appropriately reflect environmental changes.



Sustainability Issues (Materiality)	Key Themes	Main Initiatives
Promotion of resource circulation	Promotion of resource recycling design through advanced recycling technology	Increase of the recycling rate by expanding the treatment of recycled products containing metal resources
	Developing and providing recyclable products	Providing recyclable advanced products, securing the capacity to recover and recycle used carbide tools globally Actively promoting copper alloy scrap recycling
Strengthening measures to address global environmental issues	Strengthening initiatives to achieve carbon neutrality	Measures to achieve carbon neutrality such as expanding renewable electricity, improving and developing technology, energy conservation, and the use of external technologies
	Biodiversity retention and reducing environmental impact	Appropriate development of forest to improve functions for public benefit, as well as future revenue, and effective utilization of forest resources that also contribute to sustainability of wood resources, community recreation, etc. Assessment of biodiversity dependence, impacts, risks and opportunities in business
		Compliance with environmental laws and regulations; thorough education about laws and regulations Sharing of information on how to address environmental issues; visualization risks of individual cases; risk management Use of electronic data manifests to collect, analyze and provide information on various emissions at sites associated with the Company
	Developing and promoting the use of renewable energy	Establishment of geothermal power generation development system and expansion of this business; expansion into new renewable energy generation, mainly wind power
Enhancement of human capital	Addressing labor shortage issues	Securing necessary talent and improving productivity to execute business strategies
	Enhancing talent retention and development	Developing and retaining human resources for business growth (continuously retaining and developing management leader candidates)
	Promotion of DE&I (Diversity, Equity & Inclusion)	Accelerating transformation through integrating diverse human resources and their values
	Promotion of flexible work styles	Fostering job fulfillment through well-being (continuous improvement of employee engagement)
	Respect for individuals and fundamental human rights	Commitment through policy; implementation of human rights due diligence and remedial actions
Activation of communication	Enhancement of engagement with stakeholders	Maximal utilization of framework of existing measures, centering on activities to foster recognition and understanding of Our Commitment; expansion of 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 Enhancement of customer touch points through organizational optimization and digital transformation
	Promotion of dialogue and coexistence with local communities	Promotion of activities for contribution to local communities and donating to organizations working to solve social issues
Strengthening information security	Strengthening IT global governance	Reconstruction of global network and strengthening incident response system
	Prevention of information leakage	Further strengthening zero trust security through introduction of cloud-based security
	Strengthening IT asset management	Strengthening security in IT/OT areas

Related Information:

Sustainability Report ▶ Initiatives on Material Issues
<https://mmc.disclosure.site/en>
“Sustainability Report 2024” will be published at the end of August 2024



Objectives, etc.	Progress Status, etc.
FYE March 2031 Building of a framework with an E-Scrap processing capacity of 240,000t per year	<ul style="list-style-type: none"> Expansion of recycling yard at Onahama Smelter & Refinery for increased E-Scrap processing (Dec. 2023) Start of construction of LIB recycling pilot plant (Dec. 2023) Investment in the Exurban project to build a recycling plant for recycling using only secondary materials (Feb. 2024)
By FYE March 2026 Establishing highly efficient copper alloy scrap recycling technology By FYE March 2031 Stable mass production of products from recycled copper alloy scrap Use of 80% or more recyclable raw materials in cemented carbide tools	<ul style="list-style-type: none"> 56% recycled materials in cemented carbide tools (FYE March 2024 result) 1,108 cemented carbide tool items released (Apr. 2024) Working to improve productivity in copper alloy scrap recycling processes
By FYE March 2031 Expansion of renewable electricity, improvement of technology and implementation of energy conservation FYE March 2031 - 2046 Development of new technology and utilization of external technologies FYE March 2046 Carbon neutrality	<ul style="list-style-type: none"> Working to reduce GHG emissions through various initiatives, including expanding the use of renewable energy power generation Switching to electricity derived from renewable energy at eight Metals business sites (scheduled for completion in FYE March 2025), with plans to switch to electricity derived from renewable energy at Naoshima Smelter & Refinery and Onahama Smelter & Refinery by FYE March 2029
Acquisition of certification of Natural Symbiosis Sites for company-owned forests; contribution to achieving global goal of 30 by 30 Establishment of policy for biodiversity conservation and preparation of a report based on the TNFD framework	<ul style="list-style-type: none"> Teine Forest certified as a Natural Symbiosis Site (Oct. 2023) Trial analysis of reports based on TNFD framework
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 By FYE March 2028: Reduce and recycle 35% of used plastic products (non-consolidated, compared to FYE March 2022)	<ul style="list-style-type: none"> Reduce and recycle used plastic products: FYE March 2024 result: 36% (non-consolidated, compared to FYE March 2022)
Self-sufficient renewable electricity rate FYE March 2026: 33%; FYE March 2031: 37%; FYE March 2036: 67%; FYE March 2051: 100%	<ul style="list-style-type: none"> Renewable energy utilization rate: 17% (FYE March 2024 result) Self-sufficient renewable electricity rate: 36% (FYE March 2024 result)
Improving recruitment capabilities Improving appeal of our workplace Implementing thorough measures for promoting efficiency, labor saving, and workload saving	<ul style="list-style-type: none"> Enhanced publicity, diversified hiring channels and shortened lead times for hiring Enhancing system to support a variety of work styles and enhancing performance management Implementing initiatives in each division for reform of business processes, promoting efficiency, labor saving, and workload saving
Ratio of candidates on the Next-generation Leadership Talent Development Program to successors of Executive Officers FYE March 2026: 70%; FYE March 2031: 80%	<ul style="list-style-type: none"> Ratio of candidates on the Next-generation Leadership Talent Development Program to successors of Executive Officers FYE March 2024 Result: 56%
Ratio of diverse attributes among managers (women, non-Japanese people, mid-career hires, people with disabilities) FYE March 2026: 20%; FYE March 2031: 30%	<ul style="list-style-type: none"> Ratio of diverse attributes among managers (women, non-Japanese people, mid-career hires, people with disabilities) FYE March 2024 Result: 24%
Positive response rate in employee engagement survey FYE March 2026: 75%; FYE March 2031: 80%	<ul style="list-style-type: none"> Positive response rate in employee engagement survey FYE March 2024 Result: 73%
Building of frameworks to uphold international human rights standards, assess risks and address issues FYE March 2024 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 FYE March 2025 Expanding the scope of human rights due diligence and promoting initiatives in line with implementation plans and roadmaps	<ul style="list-style-type: none"> Building and implementation of frameworks for human rights due diligence; formulation of implementation plan and roadmap
Awareness of Our Commitment: FYE March 2024: 70%; FYE March 2026: 90% Ownership of Our Commitment: FYE March 2031	<ul style="list-style-type: none"> Awareness of Our Commitment FYE March 2024 result: 86%
“Quality excellence” as corporate brand equity of the Group Becoming a Global First Supplier in Advanced Products business	<ul style="list-style-type: none"> Conducting trend analysis of complaint surveys in the Metalworking Solutions business Promoting strengthening of customer touch points by introducing customer management tools
Continuing to carry out local community contribution activities at each base, conducting of volunteer activities by employees, and working to resolve social issues and support areas affected by natural disasters	<ul style="list-style-type: none"> Implementation of social contribution activities at each site, and holding dialogues with organizations working to solve social issues
Alignment of security measures/operations globally by FYE March 2026	<ul style="list-style-type: none"> Completing update of global network targeting Chinese/ASEAN bases, with plans for expansion to Europe/US in FYE March 2025
Full-scale start of security monitoring and CSIRT operation centered on MMDX foundation	<ul style="list-style-type: none"> Completing migration of SOC monitoring targets (endpoints, existing environments)
Staged implementation of security measures at manufacturing sites according to business requirements by FYE March 2031	<ul style="list-style-type: none"> Establishment of OT security guidelines, implementation of measures sequentially

Materiality

Sustainability Issues (Materiality)	Key Themes	Main Initiatives
Strengthening response to SCQ* issues *Safety & Health, Compliance & Environment, Quality.	Prevention of occupational accidents	Thorough 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	Promotion and strengthening of health and productivity management
	Prevention of infectious disease	Implementation of infectious disease prevention measures (vaccination, health insurance subsidies, health education, support for employees assigned overseas, etc.) Establishment of a system to prepare for pandemic outbreak
	Reinforcing compliance	Implementation of measures to eliminate serious compliance violations and improve awareness of compliance; strengthening of compliance overseas
	Enhancing internal control through Group governance	Sustainability Review and Sustainability Deliberative Council (replacing the Governance Review and Meeting for Sharing Governance Information in FYE March 2025); 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
	Preventing leakage of harmful substances outside the site and eliminating environmental law violations	Strengthening efforts to comply with environmental law, thorough environmental law education, minimizing environmental risks and developing environmental human resources
	Elimination of serious quality non-conformance	Continuing to implement measures to prevent recurrence of inappropriate conduct related to quality
Enhancement of sustainable supply chain management	Diversifying procurement of raw materials	Acceleration of business developments in Japan and overseas (E-Scrap, copper scrap, home appliances, automobile recycling)
	Consideration of human rights in the supply chain	Human rights risk management through supplier assessment, reduction of human rights risks throughout the supply chain, and the Responsible Minerals Initiative
Deepening of DX	Business process innovation	Thorough implementation of paperless and electronic signatures; 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, portfolio management enhancement and take manufacturing capability to the next level
	Enhancement of customer contact points; reform of business model	Enhancement of customer touch points, business model transformation based on customer and societal needs ● Metals business: Enhancement of online E-Scrap trading system (MEX) ● Advanced Products business: Advanced cost management ● Metalworking Solutions business: Deepening cutting processing solutions with DX
Pursuit of value creation	Building and execution of new business creation processes	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)
	Strengthening of manufacturing	Execution of basic policy for strengthening manufacturing capabilities (strengthening of manufacturing capabilities by strengthening technology, foundation and constitution through PDCA cycle)
Geopolitical and geoeconomic risks* *Risk that a country will try to achieve geopolitical goals (national interests) through economic means	Periodic review of investment strategies	Investment decisions based on country risks such as internal conflict
	Collecting and sharing information on overseas risks and individual country risks from overseas bases	Establishment of a system for collecting and sharing risk and crisis information, and response to risks in a timely and appropriate manner
	Creation and regular review of risk reduction and avoidance measures, and BCP for overseas businesses	PT. Smelting business restructuring Strengthening of crisis management systems in preparation for emergencies Review of all-hazard BCP in the Copper & Copper Alloy business and Electronic Materials & Components business Diversification of production bases for cemented carbide tools, management of BCP inventory
	Building a procurement portfolio of copper concentrates, E-Scrap, and other raw materials	Reduction of dependence on copper concentrate, a natural resource with uneven distribution, and increase of procurement of scrap materials Risk ranking of key parts, clarification of BCP measures for high-risk items, visualization of supply chain, and automatic confirmation of the impact of emergencies such as natural disasters on suppliers through management in the procurement system
Financial risks	Introduction and operation of the Group's optimal cash management system	Centralized management of surplus funds in each Group company, introduction and operation of a cash pooling system that maintains the balance of interest-bearing debt and net D/E ratio at appropriate levels
	Grasping the market value of assets held and confirming the indication of impairment of fixed assets	Understanding the financial status of issuers of securities held and review of holdings Acquisition of real estate appraisals for land, sale of unused land Regular appraisal of market value and monitoring of impairment risks
	Monitoring of the management and financial condition of debt guarantee underwriting affiliates, etc.	Monitoring of business and financial status of affiliates
	Investment allocation considering safety and profitability in pension asset management	Regular checks that asset composition is maintained over the medium- to long-term to achieve management goals

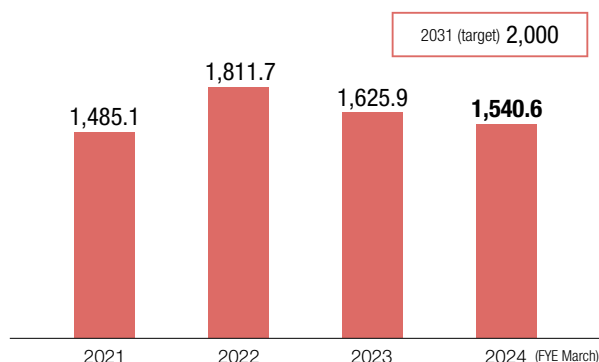
Contents	MMC's Challenge	Top Message	Value Creation at Mitsubishi Materials Corporation	Medium-term Management Strategy FY2031	Business Strategy	Functional Strategy	Sustainability	Corporate Governance	Financial and Non-financial Details/ Company Profile
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Objectives, etc.		Progress Status, etc.
Continuation of record of zero occupational accidents resulting in four or more lost days and zero fires, explosions, etc. over the long term		<ul style="list-style-type: none">Number of employees who took off four or more days due to occupational accident: 2023 result: 14 (2022: 13)Number of fires, explosions and other accidents: 2023 result: 11 (2022: 23)
Acquisition and retention of certification as a White 500 Health & Productivity Management Outstanding Organization		<ul style="list-style-type: none">Certified as a White 500 Health & Productivity Management Outstanding Organization and an Excellent Health Company (gold certification)
Prevention of workplace cluster infections Establishment of crisis management regulations <ul style="list-style-type: none">Establishment of a manual on preventing and mitigating the spread of infectious diseases in JapanEstablishment of local information offices to prepare for emergencies overseas Transition to an all-hazards BCP		<ul style="list-style-type: none">Implementation of various initiatives in accordance with annual plan for preventing the spread of infectious diseaseDevelopment of crisis management regulations implementation
Elimination of serious compliance violations		<ul style="list-style-type: none">Implementation of measures raise compliance awareness and strengthen overseas compliance as compliance violation countermeasures In FYE March 2025, we focus on reducing increasing instances of power harassment, violence, drunk driving, etc.
Being an organization where employees act autonomously according to Company-wide strategies and policies and our internal control function appropriately through mutual communication		<ul style="list-style-type: none">Continuing to implement Sustainability Review and Sustainability Deliberative Council, and group risk management
Improving the effectiveness and function of the Board of Directors on an ongoing basis until FYE March 2031		<ul style="list-style-type: none">Sharing of information between the Nomination Committee and other Directors, promotion of talent diversity, discussions on DE&I, etc.
Preventing leakage of harmful substances outside the site and eliminating serious environmental law violations		<ul style="list-style-type: none">Serious leaks outside the site and violations of laws and regulations that could lead to administrative action FYE March 2024 Result: 0In order to further reduce environmental risks that could lead to serious incidents, continuing to share information on leaks and violations, and spread information to prevent occurrence
Elimination of serious quality non-conformance		<ul style="list-style-type: none">Maintaining a system that does not allow non-conforming products to be released, focusing on building a system that does not allow non-conforming products to move to the next process, and implementing measures at each organization
FYE March 2031	Building of domestic recycling center, 30% share of domestic home appliance recycling, building of new automobile recycling plant	<ul style="list-style-type: none">Expansion of home appliance recycling business to Malaysian market under consideration in anticipation of upcoming legislation, to be put in effect in 2025
FYE March 2024	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 certification for responsible mineral procurement for copper and lead	
FYE March 2025	Identification of high-risk suppliers based on the results of the previous fiscal year's supplier evaluation and start of corrective activities for those suppliers Expansion of the scope of human rights risk management (including business partners other than suppliers) Acquisition of Copper Mark certification at Naoshima Smelter & Refinery and Onahama Smelter & Refinery, and maintenance of Responsible Minerals Initiative certification (gold, silver, tin, tungsten, copper, lead)	<ul style="list-style-type: none">Identification of human rights risks through regular evaluations of key suppliers and promotion of efforts to correct violationsMaintenance of Responsible Minerals Initiative certification (gold, silver, tin, tungsten), and acquisition of certification (copper, lead)
FYE March 2026	Address high-risk suppliers and reduce risks throughout the supply chain	
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		<ul style="list-style-type: none">Expansion of paperless and seal-less systemsPromoting the digitization of accounting slips, HR/payroll applications and ancillary tasks at manufacturing sitesIntroduction of ERP in the accounting field to build core business processes that can be improved and upgraded through business and IT integration
FYE March 2026 onward	Commencement of global demand management operations for cutting tools; gradual expansion to sites and products	<ul style="list-style-type: none">Promoting the introduction of supply and demand management tools to build a global supply and demand management system for cutting tools (operation trial conducted at the Akashi Plant in Aug. 2024)
By FYE March 2027	Strengthening product-specific strategies by refining and visualizing cost management data in the Electronic Materials & Components business and the Copper & Copper Alloy business	<ul style="list-style-type: none">Consideration of building business management tools for the Electronic Materials & Components business using refined cost data
By FYE March 2031	Strengthening of manufacturing capabilities through measures such as improvement of processes and process technologies; conversion to smart factories	<ul style="list-style-type: none">Promotion of automation and smart factories at cemented carbide tool manufacturing sites, start of production on some model lines
FYE March 2025 onward	Commencement of service for selection of the best cutting tools; expansion of cutting solutions by adding more products	<ul style="list-style-type: none">Enhancement of new functions in MEX to allow download of draft version of ore purchasing information, ability to view list of photos at time of receipt, visualization of reservation status
FYE March 2026	Enhancement of supply chain by improving satisfaction of MEX users	<ul style="list-style-type: none">Conducting verification for introduction of cost accounting system, planning for FYE March 2025 onward, including expansion overseas
By FYE March 2027	Acceleration of costs calculations in the Copper & Copper Alloy business	<ul style="list-style-type: none">Release of application to support simple calculation of tool life and cutting speed, and review of lathe tools
FYE March 2024	Launch of acceleration program	
FYE March 2025	Expansion of acceleration programs for new business development and consideration of systems needed for large-scale investment and financing/M&A	<ul style="list-style-type: none">Launch of acceleration program to accelerate business development in cooperation with external partners; verification activities are currently being conducted with external partners for the four themes, and those that pass screening will proceed to preparation for commercialization
By FYE March 2028	Establishment of organization system; ongoing investment and lending strategies (new business creation, M&A, etc.)	
FYE March 2031	Operation multiple businesses of a prescribed size	
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		
FYE March 2025	Commencement of standard level setting activities	<ul style="list-style-type: none">Update of plant inspection sheet to evaluate capabilities as a tool to achieve more effective awareness of specialization (implemented at target sites in FYE March 2025)
FYE March 2026 onward	Company-side deployment of standard level setting activities	
By FYE March 2031	Reaching specialization level → Setting a higher specialization level	
Achievement of the expected investment results through proper management of country risks		<ul style="list-style-type: none">Identification and evaluation of expected major risks for further investment decisions
Establishment of a system to quickly collect and share risk and crisis information from overseas, and a system to issue warnings		<ul style="list-style-type: none">Establishment of a system to collect and share risk and crisis information, and raise awareness
FYE March 2024	Diversify continual restructuring of production bases for cemented carbide tools	
FYE March 2025	PT. Smelting becomes an equity method affiliated company Formulation of basic BCP policy for each business Review all-hazard type BCP (three Copper & Copper Alloy business sites)	<ul style="list-style-type: none">Expansion work on insert plant at the Spanish manufacturing base for cemented carbide toolsCompletion of list of existing products for BCP and data location system for cemented carbide tools
FYE March 2026	Review all-hazard type BCP (two Electronic Materials & Components business sites) Relocation of BCP inventory to Singapore and establishment of a shipping system for cemented carbide tools	<ul style="list-style-type: none">PT. Smelting becomes an equity method affiliated company (Jun. 2024)
FYE March 2025	Selection of key materials and preparation of basic information for registering supply chain of selected items; digitalization of supply chain management in line with the introduction of a new procurement system; clarification of individual BCP measures per item	
FYE March 2026	Confirmation of the effectiveness of BCP management with the new procurement system Expansion of scope and managed items	<ul style="list-style-type: none">Future plans for copper concentrate and E-Scrap being formulated
FYE March 2027	Expansion to Group companies	<ul style="list-style-type: none">Selection of key materials, detailed registration of supply chain information and formulation of operational regulation
FYE March 2028 onward	Increase of capital expenditures at Naoshima Smelter & Refinery and Onahama Smelter & Refinery to process more scrap, and staged strengthening of collection	
FYE March 2025	Introduction and operation of cash pooling in Europe	
FYE March 2026 onward	<ul style="list-style-type: none">Introduction and operation of systems that contribute to financial efficiency through the introduction of cash pooling, etc., in Asia and North AmericaIntroduction and operation of systems that optimize the overall cash pool introduced in Japan and overseas	<ul style="list-style-type: none">Selection of cash management system and explanation of it to subsidiaries for introduction
Reduction of strategic share holdings and unemployed capital Regular monitoring of the risk of the fluctuations in market value of assets held and the risk of impairment of non-current assets, and avoidance of impairment through proactive measures		<ul style="list-style-type: none">Reduction in strategic share holdings (Proportion of strategic share holdings in consolidated total assets as of FYE March 2024: 4.6%)Regular assessment of market value of held securities and land
Understanding and reduction of the risk of debt guarantee performance		<ul style="list-style-type: none">Monitoring of management and financial status of affiliates
FYE March 2025	Confirming and considering policy asset mix (review every 3 years) and determining asset allocation strategy	
FYE March 2026	Start of operation with revised policy in asset mix and asset allocation strategy	<ul style="list-style-type: none">Implementation of pension ALM (asset liability management)

Financial Highlights

Net sales

(Unit : Billions of yen)

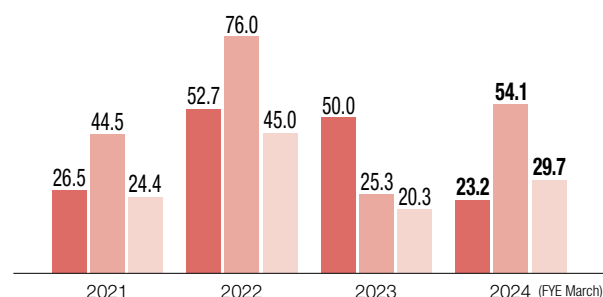


While the weak yen had an impact, consolidated net sales were down 5.2% over the fiscal year ended 2023 to ¥1,540.6 billion due to factors including a decline of products in the automotive and semiconductor industries as a result of declining market conditions, the change of PT. Smelting to contract smelting, and the transfer of the polycrystalline silicon business.

Operating profit / Ordinary profit / Profit (loss) attributable to owners of parent

(Unit : Billions of yen)

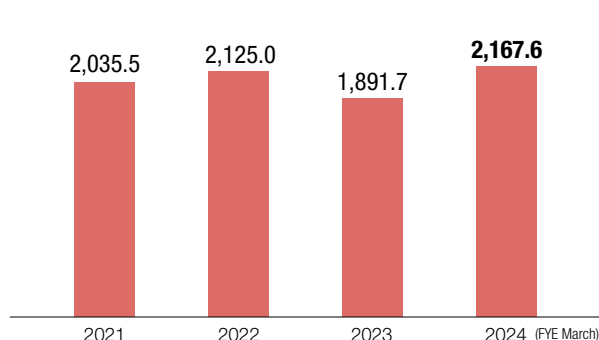
■ Operating profit ■ Ordinary profit ■ Profit attributable to owners of parent



Consolidated operating profits decreased by ¥26.7 billion over the fiscal year ended March 2023 due to a significant decline in palladium prices and an increase in raw material costs. Consolidated ordinary profit increased by ¥28.7 billion over the fiscal year ended March 2023 due to an increase in dividend income from mines and recognition of share of profit of entities accounted for using equity method.

Total assets

(Unit : Billions of yen)

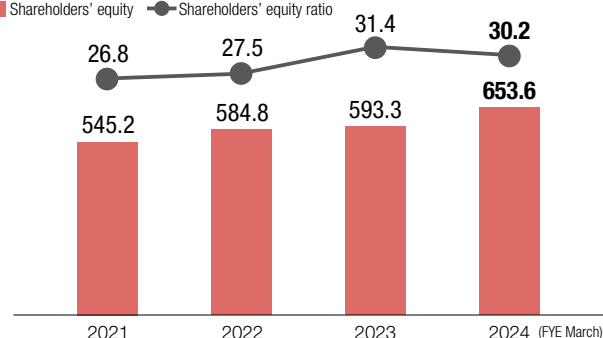


Total assets increased to ¥2,167.6 billion from ¥1,891.7 billion in the fiscal year ended March 2023 due to an increase in leased gold bullion and other items.

Shareholders' equity / Shareholders' equity ratio*1

(Unit : Billions of yen / %)

■ Shareholders' equity ● Shareholders' equity ratio



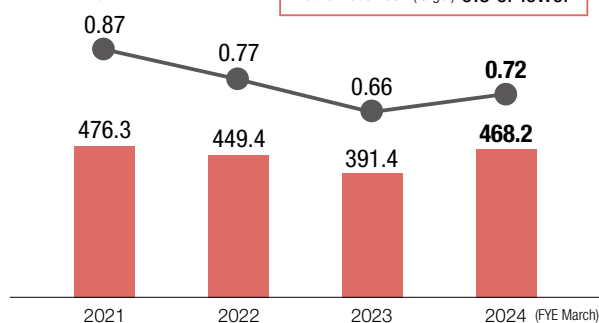
In profit calculations, shareholders' equity increased to ¥653.6 billion from ¥593.3 billion in the fiscal year ended March 2023, and the equity ratio decreased from 31.4% to 30.2%.

Net interest-bearing debt / Net D/E ratio

(Unit : Billions of yen / times)

■ Net interest-bearing debt ● Net D/E ratio

Net D/E ratio 2031 (target) 0.5 or lower

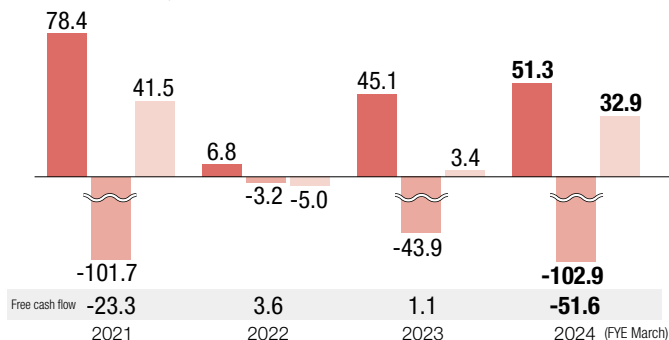


Due to an increase in borrowings, etc., net interest-bearing debt increased to ¥468.2 billion from ¥391.4 billion in the fiscal year ended March 2023, with a net D/E ratio of 0.72 times.

Cash flows

(Unit : Billions of yen)

■ Cash flows from operating activities ■ Cash flows from investment activities ■ Cash flows from financial activities

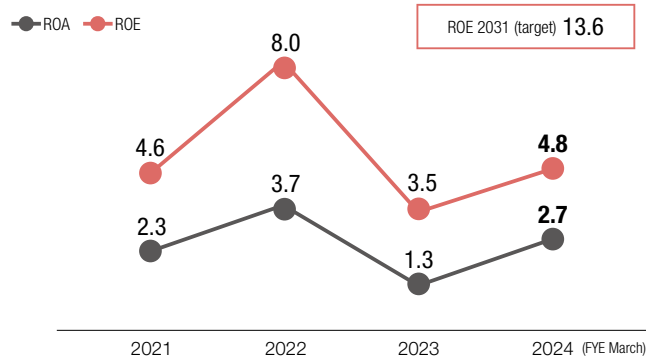


Due to recording profit before income taxes and the depreciation expenses, and increased inventory assets, cash flows from operating activities amounted to ¥51.3 billion. Due to capital expenditures, loans, etc., cash flows from investing activities amounted to ¥-102.9 billion.

The Company has been applying "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance from the beginning of the fiscal year ended March 2022. Individual figures since the fiscal year ended March 2022 have had the accounting standards and others applied.

Return on asset (ROA) / Return on equity (ROE)

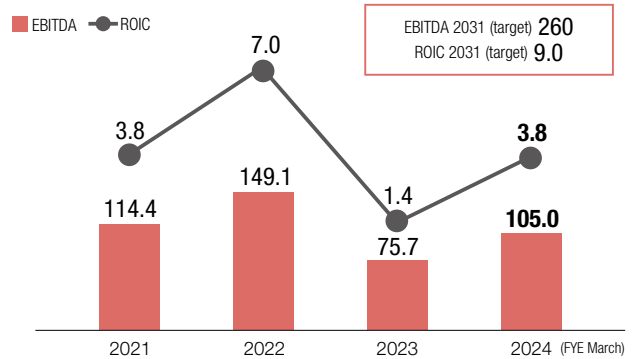
(Unit : %)



ROA increased to 2.7% from 1.3% in the fiscal year ended March 2023 due to profit increases. ROE increased to 4.8% from 3.5% in the fiscal year ended March 2023 due to profit increases.

EBITDA / ROIC

(Unit: Billions of yen / %)

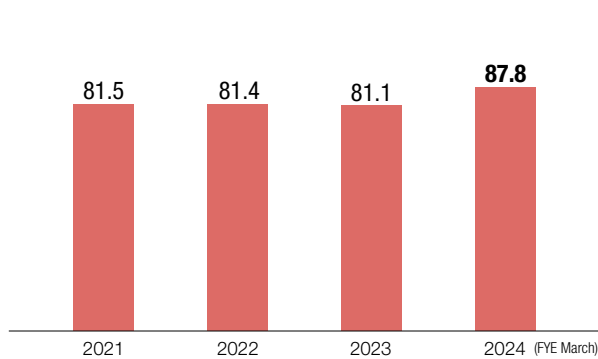


EBITDA increased to ¥105.0 billion from ¥75.7 billion in the fiscal year ended March 2023 due to profit increases, and ROIC improved to 3.8% from 1.4% in the fiscal year ended March 2023.

From the fiscal year ended March 2023, the calculation method for ROIC was changed to before non-risk inventory due to the shift to management based on the ROIC spread based on the WACC of each business (previously, ROIC was calculated by deducting the amount of inventory (non-risk inventory) that was risk free due to price hedging from invested capital).

Capital expenditures (investment amount)

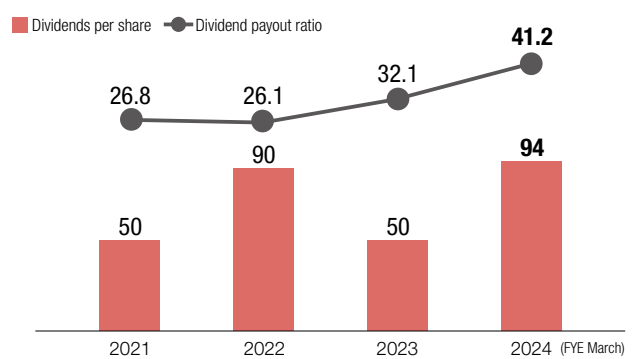
(Unit: Billions of yen)



Capital expenditures increased by ¥6.7 billion compared to the fiscal year ended March 2023 to ¥87.8 billion due to the expansion of PT. Smelting, etc.

Dividends per share / Dividend payout ratio

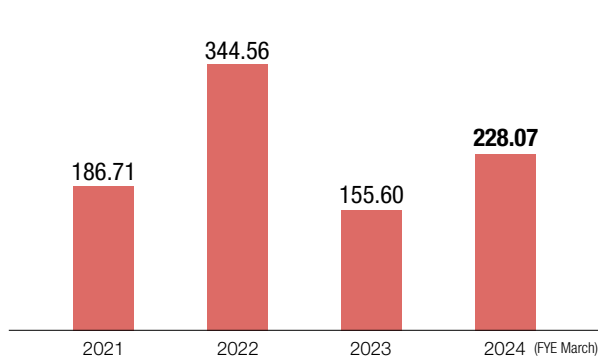
(Unit: Yen / %)



We have set the annual dividend per share at ¥94 for the fiscal year ended March 2024, based on factors such as earnings and operating cash flow performance. The dividend payout ratio rose to 41.2%.

Profit (loss) per share

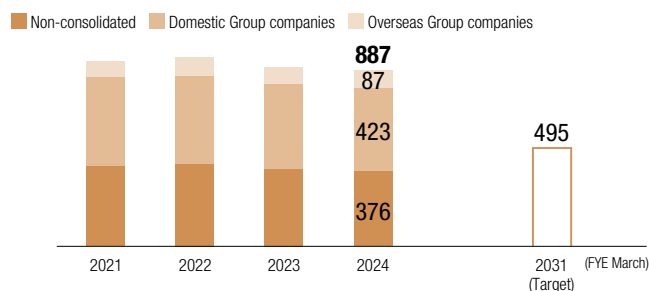
(Unit: Yen)



Profit per share increased from ¥155.60 in the fiscal year ended March 2023 to ¥228.07 due to profit increases.

Non-financial Highlights

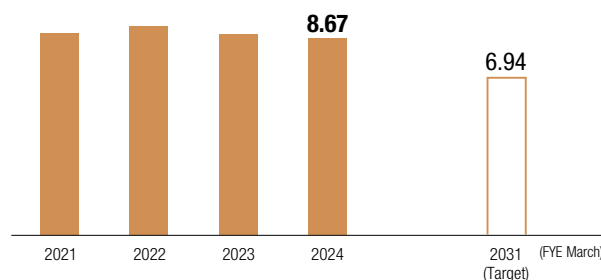
Greenhouse gas emissions (Scope 1 + 2)

(Unit : Kilotons CO₂ equivalent)

Greenhouse gas emissions (Scope 1 + 2) were approximately 887,000 t-CO₂e, a 2% decrease compared to the fiscal year ended March 2023, as a result of our progress in switching to electricity derived from renewable energy sources.

- GHG emissions calculated based on adjusted emissions of the Act on Promotion of Global Warming Countermeasures (excluding those from the use of recycled resources).
- Excluding businesses and subsidiaries that have been or are planned to be removed from the scope of consolidation due to business portfolio adjustment as of the end of the fiscal year ended March 2024.

Greenhouse gas emissions (Scope 3) Total from categories 1, 3 and 15

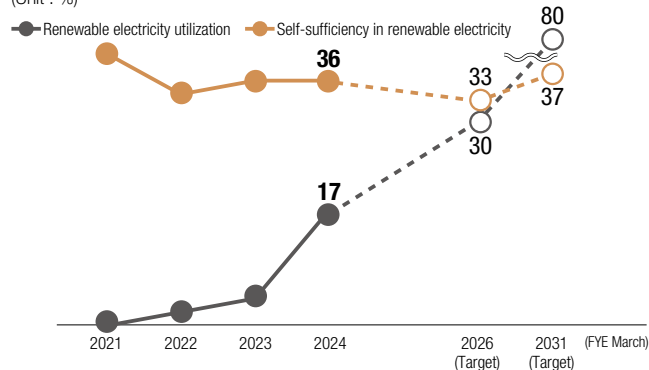
(Unit : Million tons CO₂ equivalent)

Greenhouse gas emissions (Scope 3 categories 1, 3, 15) were reduced by 2% compared to the fiscal year ended March 2023 to approximately 8.67 million t-CO₂e as a result of supplier engagement to reduce emissions.

- Excluding businesses and subsidiaries that have been or are planned to be removed from the scope of consolidation due to business portfolio adjustment as of the end of the fiscal year ended March 2024.
- Figures for the fiscal year ended March 2024 are provisional as of the time of publication. For final figures, refer to the Sustainability Report, to be published in August.

Renewable electricity utilization / Self-sufficiency in renewable electricity

(Unit : %)

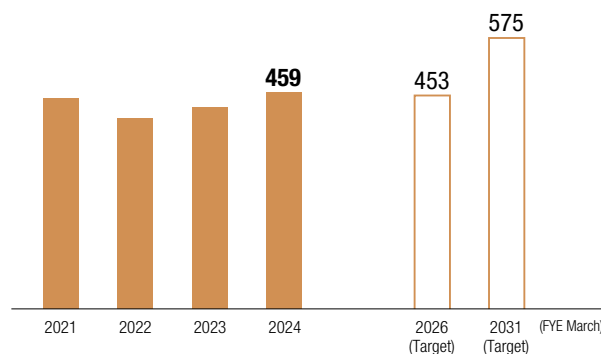


Renewable electricity utilization was 17%, a 13% increase compared to the fiscal year ended March 2023, as a result of our progress in switching to electricity derived from renewable energy sources. Self-sufficiency in renewable electricity was 36%, the same as the fiscal year ended March 2023.

Renewable energy utilization rate = amount of renewable energy purchased by the Group (including power purchase agreements and non-fossil certificates) / total amount of electricity purchased by the Group × 100
 Renewable energy self-sufficiency rate = amount of electricity generated by the Renewable Energy business / total amount of electricity purchased by the Group × 100

Renewable energy generated

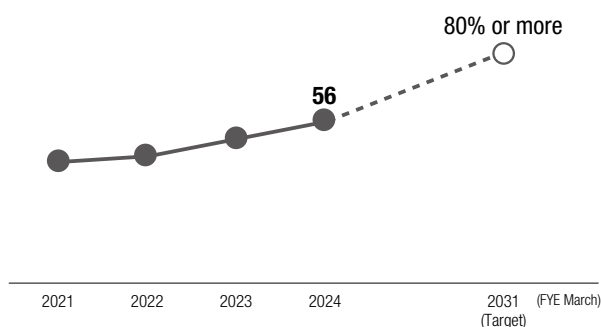
(Unit : GWh)



Renewable energy generated was 459 GWh, a 7% increase compared to the fiscal year ended March 2023 due to stable operation of existing power plants and starting operation of the Appi Geothermal Power Plant.

Ratio of recycled tungsten as raw material in cemented carbide tools

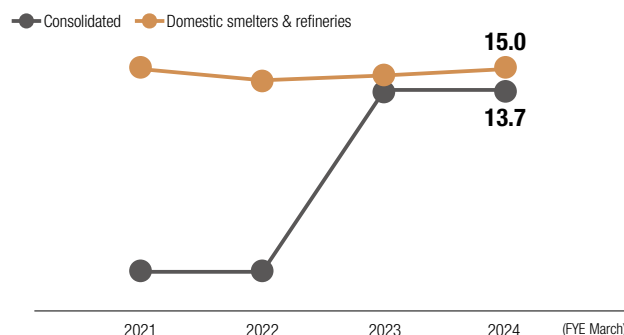
(Unit : %)



The ratio of recycled tungsten as raw material in cemented carbide tools was 56%, a 6% increase compared to the fiscal year ended March 2023, due to steady promotion of the collection of cemented carbide tools, which allowed us to secure a greater amount than expected.

Percentage of recycled raw materials used (Consolidated, domestic smelters & refineries)

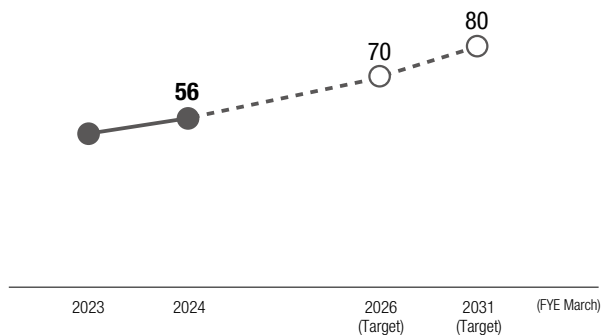
(Unit : %)



The percentage of recycled raw materials (consolidated) remained the same as that for the fiscal year ended March 2023, 13.7%. We will continue to work toward recycling waste and reusing by-products.

Ratio of candidates on the Next-Generation Leadership Talent Development Program to successors of Executive Officers

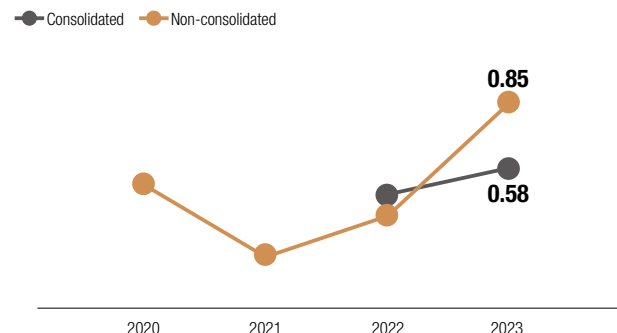
(Unit : %)



The ratio of candidates on the Next-Generation Leadership Talent Development Program to successors of Executive Officers was 56%, a 5% increase compared to the fiscal year ended March 2023, due to the establishment of a talent pool for next-generation leadership and enhanced training efforts.

Occupational accident frequency rate (Consolidated and non-consolidated)

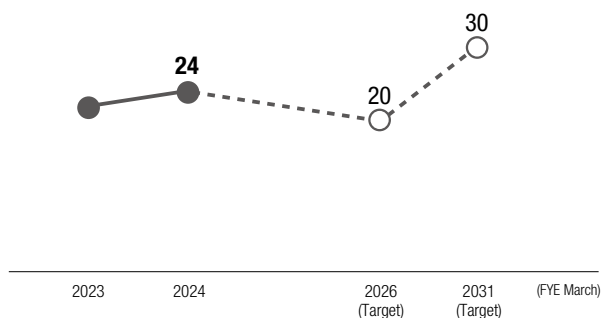
(Unit : %)



The occupational accident frequency rate is the number of injuries per million hours resulting in lost workdays. From 2022, the number of accidents resulting in lost workdays (consolidated) increased by 2 and the occupational accident frequency rate (consolidated) increased to 0.58.

Ratio of diverse attributes among managers

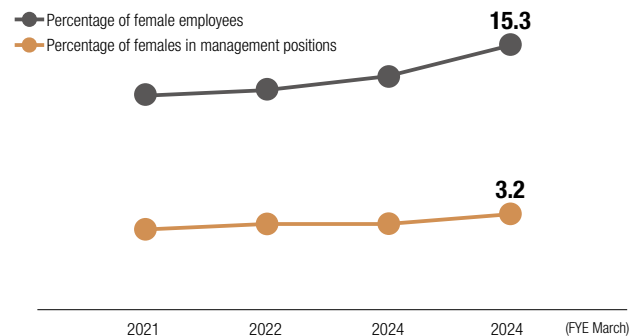
(Unit : %)



The ratio of diverse attributes among managers was 24%, a 2% increase compared to the fiscal year ended March 2023, due to the implementation of various measures to ensure diversity and promoted equity and inclusion.

Percentage of female employees / Percentage of females in management positions (Non-consolidated)

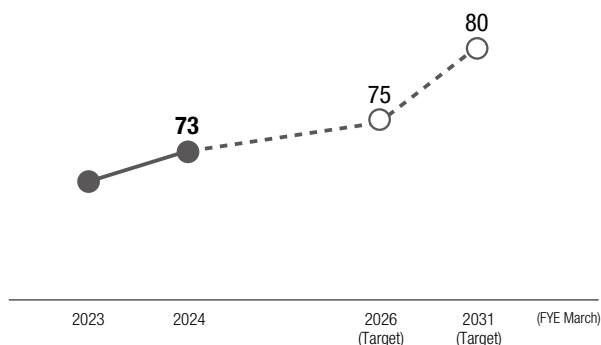
(Unit : %)



The percentage of female employees is increasing year by year as a result of support of women's development and advancement. The percentage of females 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, and was 3.2% (56 employees) in the fiscal year ended March 2024, a 0.7% increase compared to the fiscal year ended March 2023.

Positive response rate in employee engagement survey

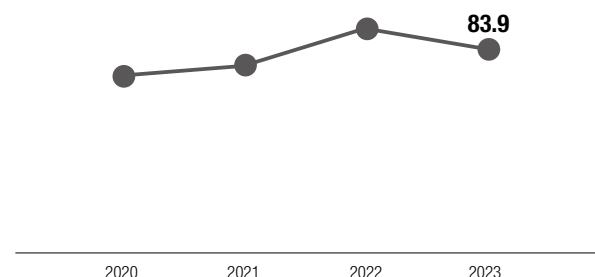
(Unit : %)



The positive response rate in employee engagement survey was 73%, a 2% increase compared to the fiscal year ended March 2023, due to efforts to enhance categories with lower response rates in the fiscal year ended March 2023.

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

(Unit : %)



The percentage of paid holidays taken was 83.9%, a 3.4% decrease compared to 2022. 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.

Progress of the Medium-term Management Strategy FY2031

Company-wide Strategy Overview

The FY2031 Strategy is divided into two phases with the aim of realizing Our Commitment: Phase 1 from the fiscal year ended March 2024 to the fiscal year ending March 2026 and Phase 2 from the fiscal year ending March 2027 to the fiscal year ending March 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

Progress towards Phase 1 (3 years) FYE March 2024 results + FYE March 2025 forecast		FYE March 2024 to FYE March 2026	
		Topics	Phase 1 Strengthening Competitiveness
Expanding resource recycling	53%	<ul style="list-style-type: none"> Improvement of E-Scrap processing capacity Conclusion of contract relating to acquisition of all shares of H.C. Starck Holding GmbH (Germany) to expand Tungsten business Commencement of LIB recycling pilot plant construction 	Investment: ¥110 billion (3 years) <ul style="list-style-type: none"> Commencement of LIB recycling Expansion of Tungsten business
Enhancing the supply of high-performance materials and products	47%	<ul style="list-style-type: none"> Investment to enhance rolled product capabilities Reevaluation of investments in increased production and shift toward other growth areas amidst worsening business environment for silicon products Expansion of cemented carbide tool plant in Spain complete 	Investment: ¥70 billion (3 years) <ul style="list-style-type: none"> Strategic investment in semiconductor manufacturing equipment area Improving supply chain efficiency
Investment in renewable energy	74%	<ul style="list-style-type: none"> Start of commercial operation at the Appi Geothermal Power Plant Continued examination of new entry into wind power generation and participation in new projects in geothermal power generation, etc. 	Investment: ¥5 billion (3 years)
Strengthening cost competitiveness	17%	<ul style="list-style-type: none"> Target of +5.4% in FYE March 2026 compared to FYE March 2023 ratio of ordinary profit to net sales. 0.9% improvement expected for FYE March 2025. Improved yields, reviewed inventory management systems and reduced energy costs in each business. We will promote further cost reduction measures. 	Ratio of improvement in ordinary profit to net sales +5.4%^{*1}
Operating cash flow	49%	<ul style="list-style-type: none"> Operating cash flow fell short of initial plans due to the effects of weakening automobile and semiconductor markets 	¥280 billion (3 years)
EBITDA ^{*2} growth rate (CAGR)	78% EBITDA progression (Single year forecast for FYE March 2025) ^{*3}	<ul style="list-style-type: none"> EBITDA growth rate of 7.3% (FYE March 2025 forecast, compared to FYE March 2023) Result of ¥105 billion in FYE March 2024 and forecast of ¥117.4 billion for FYE March 2025, compared to FYE March 2026 plan of ¥150 billion Improved profitability through cost reduction and growth investment 	16.5%^{*4} EBITDA ¥150.0 billion (FYE March 2026)

*1 Range of improvement in the ratio of ordinary profit to net sales, net sales excluding metal

*2 EBITDA = Ordinary profit + Interest expense + Depreciation + Amortization of goodwill (same as below)

*3 Progress shown as comparison of forecast for the fiscal year ending March 2025 relative to plan for the fiscal year ending March 2026 because growth over three years has been set as the KPI

*4 Cement business loss in fiscal year ended March 2023 excluded

Message from the Chief Financial Officer



Strengthening competitiveness and growth investment to reach the Phase 1 goals of the Medium-term Management Strategy FY2031

FYE March 2027 to FYE March 2031

Phase 2 Business Expansion

Investment: ¥140 billion

(5 years)

- New copper mine investment
- Capacity expansion of copper smelters

Investment: ¥110 billion

(5 years)

- Expanding the scale of carbide tools
- Expanding the supply of xEVs materials

Investment: ¥25 billion

(5 years)

**Ratio of improvement in ordinary profit to net sales
+4.9%**

¥790 billion

(5 years)

11.5%

Nobuhiro Takayanagi

Managing Executive Officer

CFO, Responsible for Accounting & Finance, Management Strategy, The New Europe Company Preparation, Procurement & Logistics, Corporate Communications

Looking Back on FYE March 2024

In the fiscal year ended March 2024, the first year of Phase 1 in the FY2031 Strategy, operating profit fell short of our initial plan due to the weakening automobile and semiconductor markets, production issues at smelters and a decrease in raw material arrivals. However, ordinary profit was broadly in line with our initial plan as a result of an improved share of profit of entities accounted for using the equity method and an increase in dividends from copper mines. While this first fiscal year was a challenging start, our efforts to strengthen cost competitiveness are approximately ¥6 billion ahead of initial plans, and we are increasingly confident that recovering demand in the automobile and semiconductor markets will lead to a Company-wide recovery in performance.

Strengthening Cost Competitiveness (figures below are cumulative totals for each fiscal year)

Cost reduction plan		FYE March 2024		FYE March 2025		FYE March 2026
		FY2031 Strategy plan	Result	FY2031 Strategy plan	Forecast	FY2031 Strategy plan
Metals	• Reduction of hedging costs, slag costs, and energy costs	0	47	0.1	111	26
Advanced Products	Copper & Copper Alloy • Yield rate improvement, fixed cost reduction (labor, outsourcing, etc.) Electronic Materials & Components • Fixed cost reduction (labor, etc.), productivity improvement	17	16	24	31	32
Metalworking Solutions	• Reduction of manufacturing costs • Cost reduction at subsidiaries	9	21	19	36	30
Renewable Energy	• Reduction of operating expenses of power plants • Improvement of operational efficiency through automatic operation of power plants, etc.	0	0	0.2	0.3	0.2
Total business		26	84	44	178	88

Message from the Chief Financial Officer

Improving Assets and Capital Efficiency

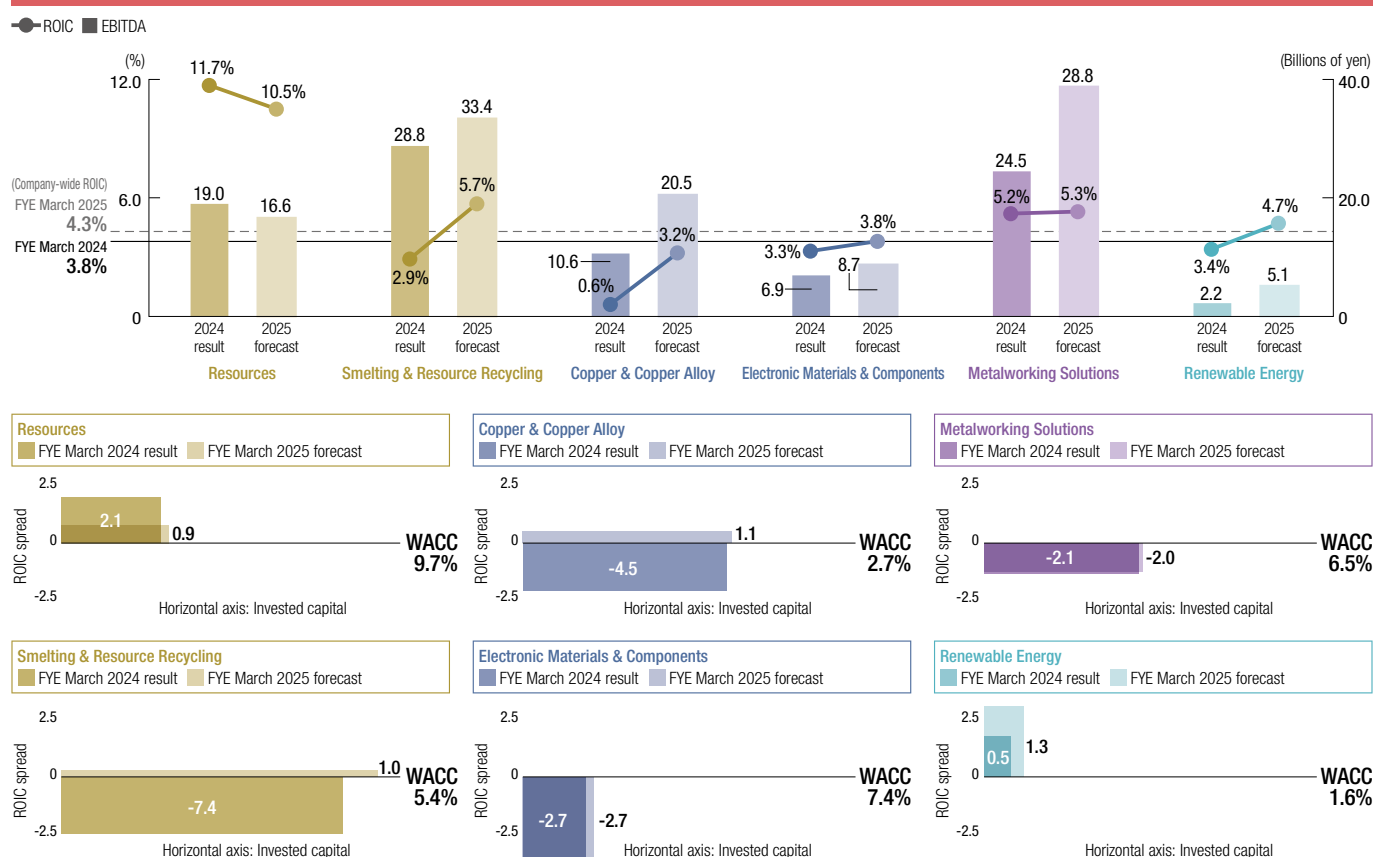
Under the FY2031 Strategy, in addition to having return on invested capital (ROIC) as a business management indicator, we are also working to enhance our assets and capital efficiency. To improve capital efficiency, we have set ROIC as an improvement indicator for each business and perform reporting and management on a monthly basis. We also improve capital efficiency across the entire Group through the Company-wide implementation of measures such as working capital enhancements, investment plan reviews and capital allocation monitoring.

In the fiscal year ended March 2024, while ROIC was below WACC as a result of lower sales volumes due to factors such as the weakening

automobile and semiconductor markets and production issues at smelters, the figure of 3.8% was a 2.4-point increase year-on-year. In the fiscal year ending March 2025, a 0.5-point year-on-year increase to 4.3% is forecast as profits increase due to the alleviation of these causes of reduced profitability.

Moving forward, in addition to improving profitability by strengthening cost competitiveness and through growth investment, we will use sustainable financing and the cash management system to decrease WACC with the aim of achieving our target ROIC of 5.5% in the fiscal year ending March 2026.

ROIC/EBITDA (Top) and EP (Bottom) by Business (FYE March 2024 Results and FYE March 2025 Forecasts)



Looking Ahead to FYE March 2025 (Content Published May 2024)

Revenue and profitability are forecast to increase in the fiscal year ending March 2025, with net sales of ¥1,950 billion, operating profit of ¥41 billion and ordinary profit of ¥63 billion.

The increase in net sales and operating profit is due to the expected recovery in demand in the automotive market in the second quarter and demand for semiconductor products in the second half of the fiscal year, in addition to the resolution of production issues from the previous

fiscal year.

Ordinary profit is also forecast to increase, however, dividends are not expected to be at the same level as the previous year as loan repayments at the Los Pelambres Mine begin in earnest in the fiscal year ending March 2025. Foreign exchange gains for foreign currency denominated trade receivables are also expected to decrease as a result of current exchange rate fluctuations.

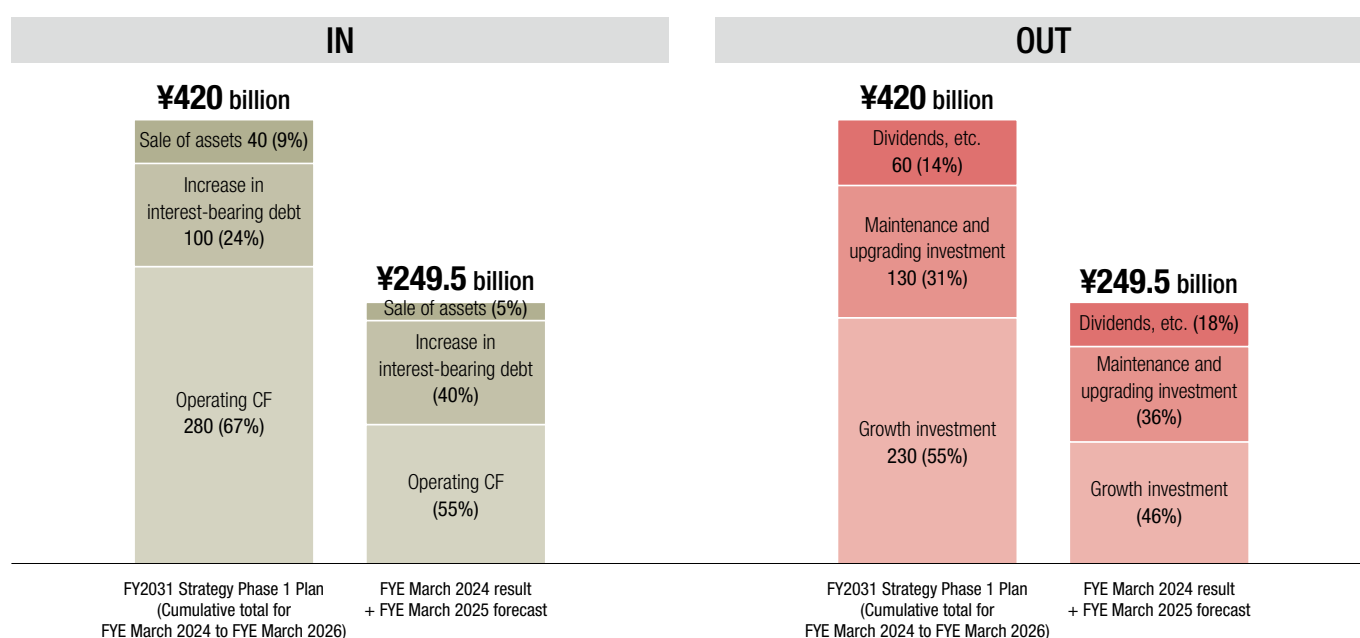
Capital Allocation

Phase 1 of the FY2031 Strategy is based on a policy of placing the highest priority on investment to accelerate the strengthening of competitiveness and the growth of resource recycling. In terms of growth investment in the fiscal year ended March 2024, while some acquisitions were postponed to the fiscal year ending March 2025 or later due to changes in market conditions and delays in acquisition negotiations, investment in medium- to long-term growth areas, such as resource recycling, proceeded broadly in line with our plans. However, operating cash flow did not reach planned levels, despite some results being achieved through ROIC management-related cash flow

improvement activities. This was mainly due to an increase in working capital as a result of the weakening yen and rising metal prices. As a result, while a portion of investment funds will be covered by interest-bearing debt, a net D/E ratio of 0.7x has been maintained, in line with expectations for Phase 1.

In the fiscal year ending March 2025, we will continue to reference the cash in, cash out balance set out in Phase 1 of the FY2031 Strategy as we work hard to steadily implement the measures necessary to achieve the goals of the FY2031 Strategy and improve shareholder returns.

FYE March 2024 Results and FYE March 2025 Forecast Relative to FY2031 Strategy Phase 1 Capital Allocation Plan (59.4% Progress)



(): Percentage of total amount

Growth investment progress

- Commencement of LIB recycling pilot plant construction in Iwaki City, Fukushima Prefecture
- Commencement of cobalt recovery test operation at Mantoverde Copper Mine
- Implementation of expanded production at Wakamatsu Plant, establishing systems to increase rolled product production by about 30% under the FY2031 Strategy
- Start of operation at the Appi Geothermal Power Plant
- Conclusion of contract relating to acquisition of all shares of H.C. Starck Holding GmbH (Germany)

Shareholder Returns

We recognize that returning profits to shareholders is one of our most important management issues and have implemented a profit allocation policy with a dividend payout ratio of around 30% in Phase 1 of the FY2031 Strategy. Based on this policy, the dividend per share per annum was set at ¥94 in the fiscal year ended March 2024. In the fiscal year ending March 2025, with improving profitability as a requisite, dividends per share per annum are forecast to be ¥100, 30% of initial forecasts for the profit attributable to owners of parent.

We believe that the steady implementation of the initiatives set out in the FY2031 Strategy, timely disclosure of progress and the returning of profits are essential for building relationships of even greater trust with shareholders. Based on this recognition, we will work to achieve a stable ROE of 10% and PBR of 1.0x or more in order to enhance returns for shareholders. Thank you for your continued heartfelt support.

Business Overview: At a Glance

Below are each Company's strategies, risks and opportunities related to achieving our FY2031 Strategy goals.

		Risks (●) and Opportunities (◎)	Goals for FYE March 2031	
Metals Company 	Resources business 	Risks <ul style="list-style-type: none"> ● Concerns about copper concentrate procurement due to resource nationalism in producing countries ● Enclosure of E-Scrap and other recyclable resources in each country/region ● Stricter environmental regulations on copper mines as well as smelting and refining operations ● Increasing operational load attributed to increase of minor elements in the smelting and refining process Opportunities <ul style="list-style-type: none"> ◎ Growing demand for copper and rare metals ◎ Growing need for recycling of rare metal resources from the perspective of economic security ◎ Increasing customer interest in circular economy ◎ Enhancing recovery and commercialization of minor elements in operations 	Leader in Resource Recycling of Nonferrous Metals	<ul style="list-style-type: none"> ● Securing at least 500,000 tons of copper concentrate per year from mines owned by the Company ● Establishing supply chains for copper cathode (including SX-EW*) <p>*1 Solvent extraction and electrowinning: A two-step hydrometallurgical process consisting of solvent extraction and electrolysis collection</p>
	Smelting & Resource Recycling business 			<ul style="list-style-type: none"> ● Major and leading-edge operator in the resource recycling of nonferrous metals ● Expanding processes of nonferrous metal resources not limited to E-Scrap ● Becoming a core supplier in the resource recycling loop based on the world's top-class copper cathode supply capacity
Advanced Products Company 	Copper & Copper Alloy business 	Risks <ul style="list-style-type: none"> ● Impact of natural disasters and political restrictions on the supply chain ● Soaring raw material and energy prices ● Changes in the market environment due to the semiconductor cycle and industry restructuring Opportunities <ul style="list-style-type: none"> ◎ Development and supply of products that contribute to decarbonization 	Global First Supplier	<ul style="list-style-type: none"> ● Japan: Establishing a dominant position as Japan's No. 1 manufacturer of wrought copper products as the largest supplier ● Overseas: Strengthening key account (KA) strategy based on alloy development capabilities
	Electronic Materials & Components business 			<ul style="list-style-type: none"> ● 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 ● Highly profitable business entity and sustainably growing entity that is recognized as an indispensable partner in the market
Metalworking Solutions Company 	Metalworking Solutions business 	Risks <ul style="list-style-type: none"> ● Supply chain changes in the automotive industry ● Decreased internal combustion engines due to mobility revolution ● Soaring material and energy prices Opportunities <ul style="list-style-type: none"> ◎ Workpiece materials becoming difficult-to-cut ◎ Increased new demand due to automobile electrification ◎ Demand for recycling ◎ Evolution of digital technologies 	A Leading Company in Tungsten Products Recognized by Customers Globally	<ul style="list-style-type: none"> ● Providing tungsten products and solutions with outstanding technology to manufacturing sites around the world ● In addition to the core business of carbide tools, the Tungsten business and the Solutions business will be the mainstay of earnings
	Renewable Energy business 	Risks <ul style="list-style-type: none"> ● Changes to national policy and revisions to laws ● Local opposition from hot spring operators, etc. ● Consensus-building with stakeholders Opportunities <ul style="list-style-type: none"> ◎ Depletion of energy resources: Securing energy in Japan ◎ Climate change (global warming): Reduction of CO₂ emissions and increased demand for renewable energy 	Expansion of Renewable Power Generation to Achieve 100% Self-sufficiency in Renewable Power Electricity	<ul style="list-style-type: none"> ● Further expansion of geothermal power generation business ● Expansion of business areas (wind power generation and power generation-related businesses)

Business strategy (FYE March 2024 to FYE March 2031)	Progress	Recent business environment / Outlook	EBITDA (■) / ROIC (●)	EP (Unit: Billions of yen)															
<ul style="list-style-type: none">Promotion of technological development to recover rare metal resources contained in copper depositsAcquisition of copper mining interests and securing copper concentrates through continuous investment in minesExpansion of copper cathode supply through SX-EW operations at copper mines	<ul style="list-style-type: none">Mining investment proceeding as anticipatedFull-scale copper concentrate production planned at Mantoverde Mine in the second half of 2024	<p>Dividends from Los Pelambres Mine increased in FYE March 2024.</p> <p>Dividends are expected to be lower in FYE March 2025, however, Copper Mountain Mine and Mantoverde Mine are expected to improve profitability.</p>	<table><tr><th>Period</th><th>EBITDA (Billions of yen)</th><th>ROIC (%)</th></tr><tr><td>FYE March 2023 result</td><td>2.5</td><td>1.1%</td></tr><tr><td>FYE March 2024 result</td><td>19.0</td><td>11.7%</td></tr><tr><td>FYE March 2025 forecast</td><td>16.6</td><td>10.5%</td></tr><tr><td>Direction for achieving FY2031 Strategy</td><td>11.1</td><td>9.0%</td></tr></table>	Period	EBITDA (Billions of yen)	ROIC (%)	FYE March 2023 result	2.5	1.1%	FYE March 2024 result	19.0	11.7%	FYE March 2025 forecast	16.6	10.5%	Direction for achieving FY2031 Strategy	11.1	9.0%	<p>FYE March 2024 result</p> <p>2.1</p> <p>FYE March 2025 forecast</p> <p>0.9</p>
Period	EBITDA (Billions of yen)	ROIC (%)																	
FYE March 2023 result	2.5	1.1%																	
FYE March 2024 result	19.0	11.7%																	
FYE March 2025 forecast	16.6	10.5%																	
Direction for achieving FY2031 Strategy	11.1	9.0%																	
<ul style="list-style-type: none">Strengthening and expanding networks to promote resource circulationExpanding copper cathode production capacityIncreasing the recycling rate by expanding the treatment of recycled products containing metal resourcesCreation of rare earths and rare metals recycling businessesAccelerating business developments in Japan and overseas (E-Scrap, home appliances, automobile recycling)	<ul style="list-style-type: none">Construction started on LIB recycling pilot plantAdjustments to investment allocation with respect to strengthening E-Scrap capacity under consideration	<p>In FYE March 2024, profitability deteriorated due to a decline in palladium prices and one-time factors such as operational issues at the Onahama Smelter & Refinery and a reduction in raw material arrivals. One-time factors are expected to be resolved in FYE March 2025.</p>	<table><tr><th>Period</th><th>EBITDA (Billions of yen)</th><th>ROIC (%)</th></tr><tr><td>FYE March 2023 result</td><td>42.6</td><td>8.3%</td></tr><tr><td>FYE March 2024 result</td><td>28.8</td><td>2.9%</td></tr><tr><td>FYE March 2025 forecast</td><td>33.4</td><td>5.7%</td></tr><tr><td>Direction for achieving FY2031 Strategy</td><td>39.6</td><td>7.1%</td></tr></table>	Period	EBITDA (Billions of yen)	ROIC (%)	FYE March 2023 result	42.6	8.3%	FYE March 2024 result	28.8	2.9%	FYE March 2025 forecast	33.4	5.7%	Direction for achieving FY2031 Strategy	39.6	7.1%	<p>FYE March 2024 result</p> <p>-7.4</p> <p>FYE March 2025 forecast</p> <p>1.0</p>
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<ul style="list-style-type: none">Improving the recycling rate of wrought copper products and establishing a scrap platform baseOverseas (Luvata): Rapid entry into growing markets (xEV, healthcare, environment)Expanding sales and strengthening services to overseas customers by establishing a new overseas plant which carries out a downstream process, with the domestic plants as mother ones	<ul style="list-style-type: none">Investment to strengthen production capacity for copper sheets and copper strips is proceeding as anticipated, with substantial operations to begin in the second half of FYE March 2025	<p>Demand for automobiles declined in FYE March 2024. In FYE March 2025, recovery of demand for automobiles, revision of roll margins and cost reductions are anticipated to have an effect.</p>	<table><tr><th>Period</th><th>EBITDA (Billions of yen)</th><th>ROIC (%)</th></tr><tr><td>FYE March 2023 result</td><td>9.3</td><td>0.6%</td></tr><tr><td>FYE March 2024 result</td><td>10.6</td><td>0.6%</td></tr><tr><td>FYE March 2025 forecast</td><td>20.5</td><td>3.2%</td></tr><tr><td>Direction for achieving FY2031 Strategy</td><td>24.6</td><td>4.0%</td></tr></table>	Period	EBITDA (Billions of yen)	ROIC (%)	FYE March 2023 result	9.3	0.6%	FYE March 2024 result	10.6	0.6%	FYE March 2025 forecast	20.5	3.2%	Direction for achieving FY2031 Strategy	24.6	4.0%	<p>FYE March 2024 result</p> <p>-4.5</p> <p>FYE March 2025 forecast</p> <p>1.1</p>
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<ul style="list-style-type: none">Highly capital-efficient management through continual restructuring of the business portfolioStrategic investment in focal products in growth areasDeveloping and securing human resources for the creation of new businesses and the promotion of business alliancesImprovement of manufacturing capabilities and DX to enhance production sophistication and profitabilityProviding business and social value (SDGs) for carbon neutrality	<ul style="list-style-type: none">The business environment for processed silicon products is worsening. We will reevaluate investments in increased production and shift toward other growth areas.	<p>Demand for semiconductor products decreased in FYE March 2024. The semiconductor market remains weak, and a full-scale recovery in demand is expected in the second half of FYE March 2025.</p>	<table><tr><th>Period</th><th>EBITDA (Billions of yen)</th><th>ROIC (%)</th></tr><tr><td>FYE March 2023 result</td><td>11.5</td><td>8.7%</td></tr><tr><td>FYE March 2024 result</td><td>6.9</td><td>3.3%</td></tr><tr><td>FYE March 2025 forecast</td><td>8.7</td><td>3.8%</td></tr><tr><td>Direction for achieving FY2031 Strategy</td><td>16.0</td><td>7.8%</td></tr></table>	Period	EBITDA (Billions of yen)	ROIC (%)	FYE March 2023 result	11.5	8.7%	FYE March 2024 result	6.9	3.3%	FYE March 2025 forecast	8.7	3.8%	Direction for achieving FY2031 Strategy	16.0	7.8%	<p>FYE March 2024 result</p> <p>-2.7</p> <p>FYE March 2025 forecast</p> <p>-2.7</p>
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<p>Transforming into a truly global company with the aim of autonomous business development in strategic markets</p> <ul style="list-style-type: none">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)	<ul style="list-style-type: none">Creation of high added-value products in various fields including automobile, aerospace, and medical are as planned	<p>In FYE March 2024, demand for cemented carbide tools for Japan and Asia declined. In FYE March 2025, demand for automobiles is expected to recover.</p>	<table><tr><th>Period</th><th>EBITDA (Billions of yen)</th><th>ROIC (%)</th></tr><tr><td>FYE March 2023 result</td><td>27.4</td><td>6.9%</td></tr><tr><td>FYE March 2024 result</td><td>24.5</td><td>5.2%</td></tr><tr><td>FYE March 2025 forecast</td><td>28.8</td><td>5.3%</td></tr><tr><td>Direction for achieving FY2031 Strategy</td><td>39.9</td><td>8.6%</td></tr></table>	Period	EBITDA (Billions of yen)	ROIC (%)	FYE March 2023 result	27.4	6.9%	FYE March 2024 result	24.5	5.2%	FYE March 2025 forecast	28.8	5.3%	Direction for achieving FY2031 Strategy	39.9	8.6%	<p>FYE March 2024 result</p> <p>-2.1</p> <p>FYE March 2025 forecast</p> <p>-2.0</p>
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<p>Consolidating the Renewable Energy business in the Strategic Headquarters as a Company-wide effort to expand the business from a long-term perspective</p> <ul style="list-style-type: none">New development at a pace of one location every three years to expand business (Geothermal)New entry into wind power generation, where power generation costs are expected to decline in the future (Wind)Further development of new biogas plants (Biogas)	<ul style="list-style-type: none">Appi Geothermal Power Plant started operation in March 2024 (1 month ahead of schedule)	<p>In FYE March 2024, operations of hydroelectric, geothermal and solar power plants were stable. Earnings are expected to increase in FYE March 2025, driven by the start of the operation of Appi Geothermal Power Plant.</p>	<table><tr><th>Period</th><th>EBITDA (Billions of yen)</th><th>ROIC (%)</th></tr><tr><td>FYE March 2023 result</td><td>1.9</td><td>3.8%</td></tr><tr><td>FYE March 2024 result</td><td>2.2</td><td>3.4%</td></tr><tr><td>FYE March 2025 forecast</td><td>5.1</td><td>4.7%</td></tr><tr><td>Direction for achieving FY2031 Strategy</td><td>4.6</td><td>3.7%</td></tr></table>	Period	EBITDA (Billions of yen)	ROIC (%)	FYE March 2023 result	1.9	3.8%	FYE March 2024 result	2.2	3.4%	FYE March 2025 forecast	5.1	4.7%	Direction for achieving FY2031 Strategy	4.6	3.7%	<p>FYE March 2024 result</p> <p>0.5</p> <p>FYE March 2025 forecast</p> <p>1.3</p>
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Initiatives to Expand Resource Recycling

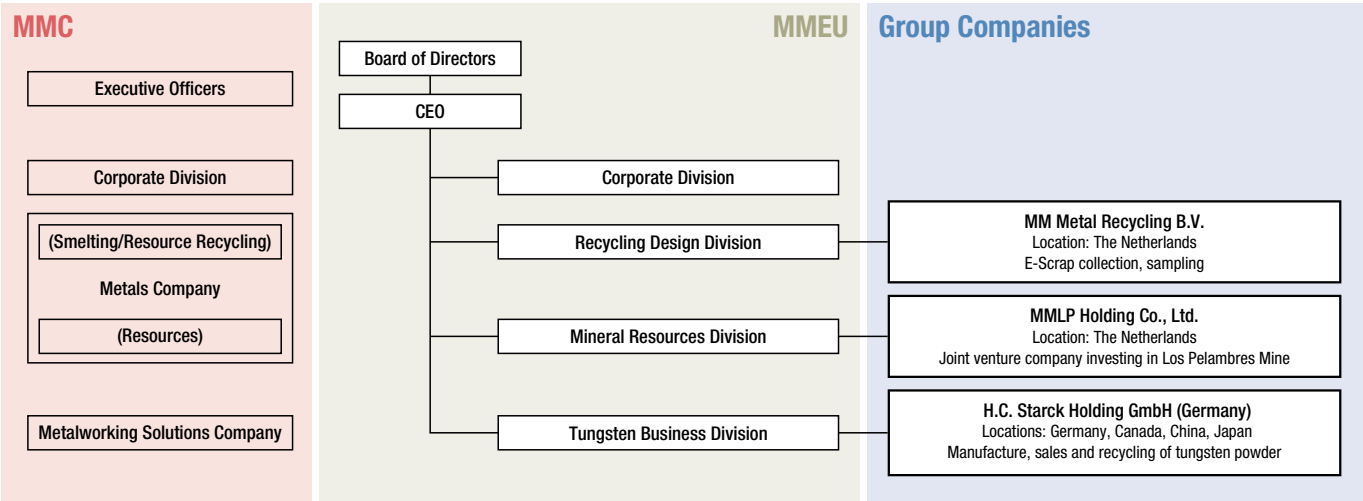
Through the FY2031 Strategy, we are leveraging our strengths to enhance metal resource recycling systems and expand the scope, regions and scale of our operations with the aim of realizing growth throughout the value chain.

Expanding Resource Recycling (Overview)		
Expanding the scope of resource recycling	E-Scrap recycling	Improving processing capacity
	LIB recycling ▶ P41	Pilot plant under construction
	In-process recycling of the Copper & Copper Alloy business	Cost reduction, copper smelter load reduction → Increasing E-Scrap
	Cobalt recovery at copper mines ▶ P43	Pilot plant testing underway at Mantoverde Copper Mine
	Tungsten recycling ▶ P47	Acquisition of all shares of H.C. Starck Holding GmbH (Germany)
	Construction of resource recycling loop	Home appliances: Expansion of scale in Japan and overseas Automobile recycling: Scaling up targeting EVs Creating a recycling system to extract important mineral resources from various products and supply them as raw materials for products
Expanding business regions Economic bloc, enclosure of important mineral resources Japan: Economic security USA: IRA law EU: Various regulations ↓ Toward intraregional circulation	Establishment of a new company in Europe ▶ P40	Development of resource recycling strategies in Europe and rapid implementation (E-Scrap/Copper-based scrap/LIB/Tungsten)
	Enhancement of E-Scrap recycling by domestic smelters ▶ P41	Enhancement of E-Scrap processing capacity by improving smelting and pretreatment capacity Expansion of Collection Centers in Europe Investment in mines to secure low-impurity copper concentrates Enhancing functions of MEX* *Online E-Scrap trading system
	Investment in Exurban ▶ P43	Participation in the construction and operation of a recycling plant in Indiana, USA Expansion outside the USA

Establishment of a New Company in Europe

Europe is a large-scale market and a global leader in policies and other measures relating to the environment and the securing of important mineral resources. Recognizing that the establishment of bases in Europe is essential for MMC Group to quickly and assuredly expand its resource recycling-related businesses in the region, we are establishing Mitsubishi Materials Europe B.V. (MMEU) as a management company managing businesses related to resource recycling in Europe. MMEU will engage in planning strategies in Europe, including the Recycling business relating to E-Scrap and copper-based scrap, and the Tungsten business. Its role will also include managing and supervising operating companies in Europe and managing copper mine dividends. MMEU will also plan strategies for creating synergies across business divisions. Further consideration of its role and positioning, including the overall management of MMC Group in Europe, is planned in the future.

MMEU (Overview)	
Name	Mitsubishi Materials Europe B.V. (Name changed from MM Netherlands B.V.)
Location	Amsterdam, the Netherlands
Established	Scheduled for September 1, 2024
Shareholder composition	100% subsidiary of MMC
Business areas	Recycling Design business (E-Scrap, copper scrap, LIB recycling), Resources business (mining dividend management), Tungsten business



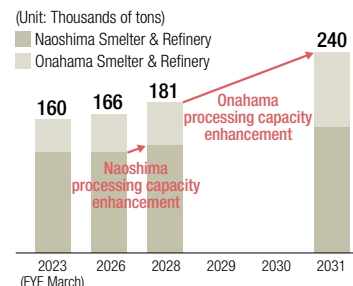
Enhancement of E-Scrap Recycling by Domestic Smelters

Copper smelters play a major role in resource recycling and are essential to achieving our stated goal of expanding resource recycling. Smelters and refineries operate in a business environment with an uncertain future direction, due to factors such as worsening copper concentrate purchase conditions and rising raw material costs. Despite this, we are working to build systems to achieve stable profitability.

Naoshima Smelter & Refinery plans to maximize the processing capacity of E-Scrap by limiting the increase in copper concentrate processing capacity in order to expand its scale and maximize its cost competitiveness as a core smelter.

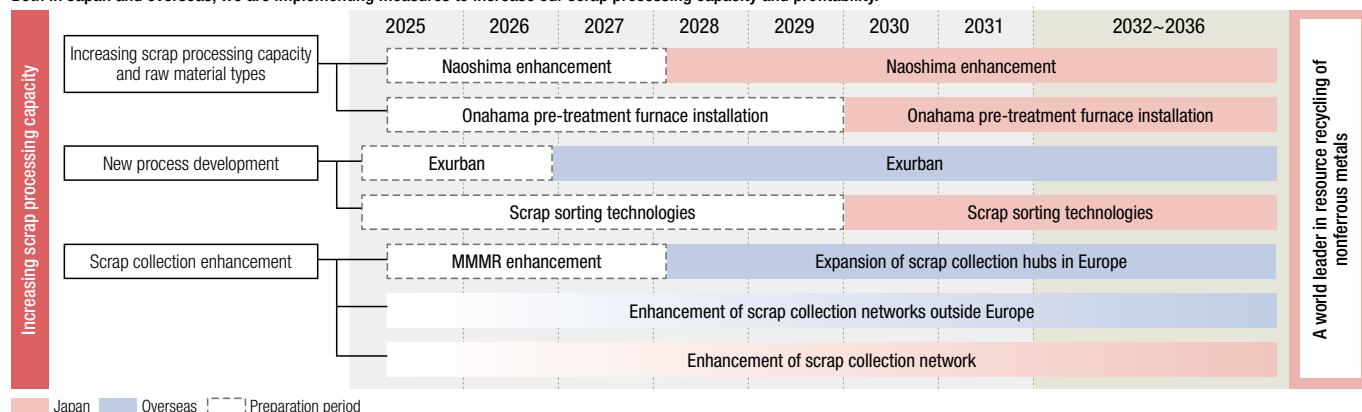
At Onahama Smelter & Refinery, we are aiming to improve competitiveness by increasing recycling profitability through the installation of a pretreatment furnace, and we will work to transform the smelter into one that excels in processing recycling materials.

E-Scrap processing capacity



Strategic Roadmap

Both in Japan and overseas, we are implementing measures to increase our scrap processing capacity and profitability.



LIB Recycling

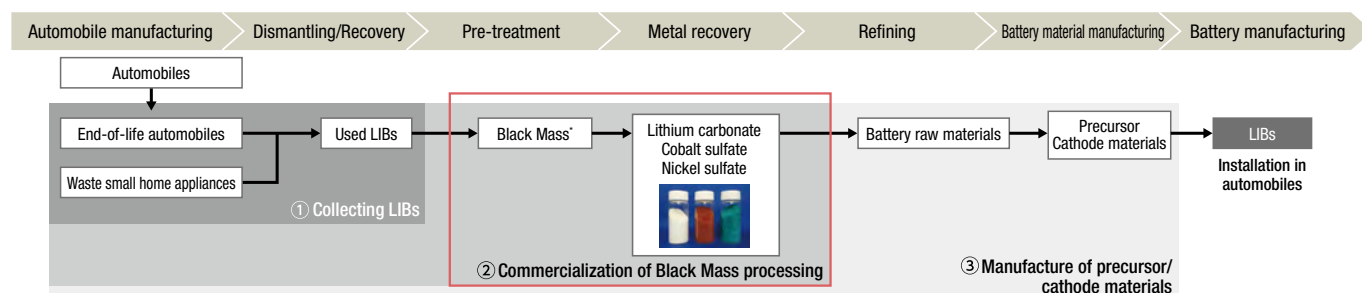
We are developing technology for hydrometallurgy operations to recover and refine lithium, cobalt and nickel contained in Black Mass produced in LIB recycling processes and are exploring commercialization of this technology.

We are aiming to achieve global competitiveness through the rapid development of a comprehensive recycling process for producing battery raw materials from end-of-life LIBs, using the network we have built through our E-Scrap business to collect Black Mass, and the efficient recovery of lithium carbonate, cobalt sulfate, and nickel sulfate from Black Mass. We are broadening our business fields by expanding into collection of LIBs from end-of-life vehicles (①), and commercialization of Black Mass processing through collaboration with other companies (②), as well as expanding into producing precursor and cathode material (③).

Having achieved a certain degree of positive results through small-scale testing up to now, we began construction of a pilot plant in Iwaki City, Fukushima Prefecture in December 2023, with operations scheduled to start in 2025. We are also proceeding to further develop our technology, toward the commercialization of recovery of rare metals from Black Mass.



Produced by MMC using information from the Geospatial Information Authority of Japan's Map and Aerial Photograph Browsing Service



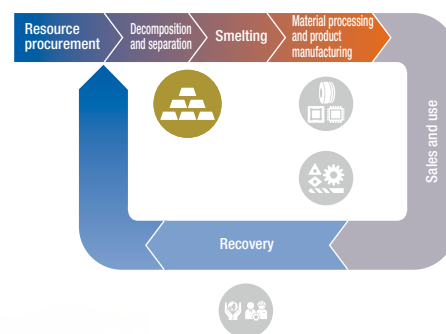
*Black Mass: Concentrated residue of rare metals such as lithium, cobalt and nickel sorted from LIBs that have been discharged, dried and crushed

Review of Operation

Metals Company



Katsuyoshi Isaji
Managing Executive Officer
President, Metals Company



Aiming to be the “Leader in resource recycling of nonferrous metals” by FYE March 2031

The Metals Company has set a target of being the “Leader in Resource Recycling of Nonferrous Metals” by the fiscal year ending March 2031. In the fiscal year ended March 2024, we engaged in wide-ranging business activities aiming for long-term growth, including collaboration with external partners. In the fiscal year ending March 2025, the Metals Company will continue its all-out efforts to be a leading nonferrous metallurgy business that meets the needs of a recycling-oriented society.

Looking Back on FYE March 2024

On the procurement side of raw materials, while the market conditions continued to be difficult due to factors such as concerns about copper concentrate supplies from major mines and strong spot demand from Chinese smelters, E-Scrap collection remained steady. On the sales side, despite recovery in domestic sales of our products such as copper cathode for use in automobiles, the overall trend of decreasing demand continued. Under these circumstances, in April 2023, we acquired an equity stake in Western Copper and Gold Corporation, which owns the Casino Project in Canada. In January 2024, we launched the recycled metal brand REMINE. Also, in home appliance recycling-related businesses, we have started exploring opportunities for commercialization in Malaysia in collaboration with local partners and Japanese appliance manufacturers.

Looking Ahead to FYE March 2025

Demand for copper cathode, one of our main products, has been sluggish due to factors such as China’s economic downturn centered on the real estate market, but medium- to long-term demand is expected to rise with progress towards decarbonization. On the procurement side of raw materials, expanding smelting capacity and growing concerns about supply due to issues such as operation stoppages at large mines have led to the copper concentrate market being in short supply. In the E-Scrap market, competition is becoming fiercer due to tighter regulation and the entry of competitors into the market, but supply is expected to increase in the long term, and so we will continue to enhance collection. We started copper production using sulfide ore from the Mantoverde Copper Mine in June 2024 and are aiming to commence full-scale operation in the second half of this year. Moreover, we are making progress in increasing the competitiveness of the Naoshima Smelter & Refinery, enhancing the Recycling business at the Onahama Smelter & Refinery, optimizing coordination among domestic smelters and refineries, and carrying out detailed examination of the Exurban Project feasibility study.

Future Business Strategies Considering First Year of FY2031 Strategy

In the Resources business, the Mantoverde Copper Mine is positioned as a core asset that has a high copper grade in the ore feed and a high potential for future expansion. In addition to starting production of copper concentrate from sulfide ore, a cobalt collection process is currently under development, with commercial production expected to begin in the fiscal year ending March 2028. We will continue to support each of the mines in which we invest to achieve our planned goals. In the Smelting & Resource Recycling business, we are further examining capital investment and collection strategies in order to build optimal processing facilities at Naoshima Smelter & Refinery and Onahama Smelter & Refinery for processing the raw materials, whose composition is expected to yield higher profits derived from analysis of market trends and competing companies. In our global business, we will work to formulate and focus on region-specific strategies.

TOPICS

Mantoverde Copper Mine Project Progress

The Mantoverde Copper Mine is one of the outstanding assets of its type on the market and is highly rated due to its future potential. We have positioned it as a core asset that will contribute to the growth of the Group's Resources business because of its high copper grade in the ore, relatively good access, and high level of cost competitiveness. It started production in June 2024 and is scheduled to reach full operation in the second half of 2024. The current mining plan targets only about 20% of the copper resources in the Mantoverde deposit, with future expansion anticipated.

The Democratic Republic of Congo currently accounts for more than 70% of the world's total supply of cobalt. At the Mantoverde Copper Mine, both sulfide ore and oxide ore contain trace amounts of cobalt, and we are developing processing technology for separating and recovering this cobalt as a cobalt-nickel intermediary by-product. Testing at a pilot plant began in January 2024 with the aim of commencing commercial production in 2027. The Mantoverde Copper Mine has significant potential for business expansion with enhanced cost competitiveness, which is consistent with the Group's mission.

- **Location:** Atacama Region III of Chile / Approx. 50 km from coastline, approx. 100 km from nearest city (Copiapo City), 880 m.a.s.l. / Desert area with extremely low rainfall, but with seawater desalination equipment in place
- **Total mineral resources:** 5,700,000 t Cu
- **Total mineral reserves:** 2,100,000 t Cu
- **Mining method:** Open pit
- **Total copper production:** 1,700,000 t Cu over mine life
- **Mine life:** 2041



Concentrator



Aerial overview

TOPICS

Exurban Project

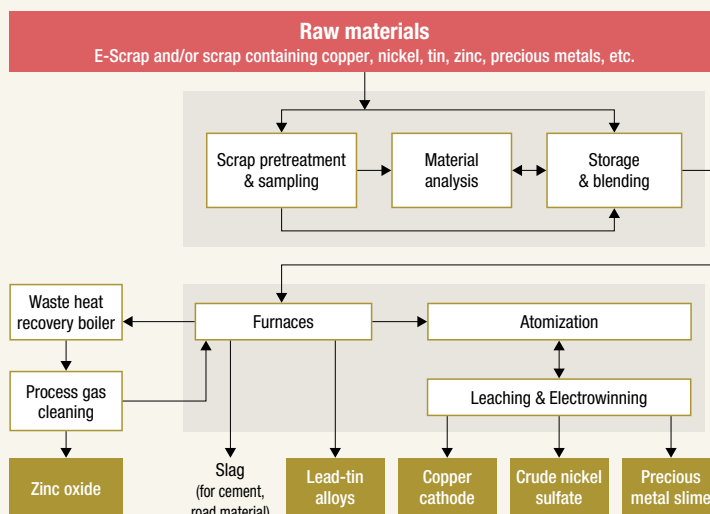
The Group has become a major shareholder in British company Exurban after acquiring a portion of its shares and has established a strategic alliance with it. Exurban is working to realize the world's first zero-waste recycling plant, specifically designed to process complex metal scraps such as E-Scrap. Through this investment, the Group will promote business with Exurban to provide new solutions for building resource circulation systems. In the future, the circulation of resources within regions is expected to progress. Through this project, in addition to creating a foothold for resource circulation related businesses in North America, we are engaged in joint development with Exurban to acquire metallurgical technology that uses E-Scrap and other scrap as raw materials. We expect to expand this technology to other regions outside North America.



Exurban Project

Recycled products

- Copper cathode
- Precious metal slime
- Crude nickel sulfate
- Tin & lead alloys
- Slag, etc.



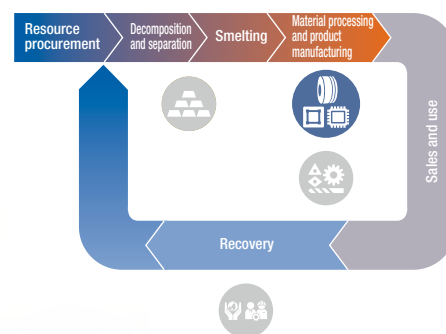
Review of Operation

Advanced Products Company



Toshinori Ishii

Managing Executive Officer
President, Advanced Products Company



Focusing on enhancing our earning-oriented capabilities and commitment to become a business entity that delivers stable profitability

In order to be a business entity that delivers stable earnings even when faced with economic downturns and other changes in the external environment, in the fiscal year ending March 2025, in addition to strengthening price competitiveness by reducing costs, we are working to maintain a sound financial structure in consideration of investment balance and strengthen our earning-oriented capabilities and commitment in areas such as manufacturing, sales, R&D, marketing, and business model building. Based on the Group's vision of "Circulating resources for a sustainable future," we are also working to enhance supplies of high-performance materials and products with the aim of becoming a global first supplier by the fiscal year ending March 2031.

Looking Back on FYE March 2024

In the fiscal year ended March 2024, while the number of automobiles produced showed signs of recovery, demand for the Advanced Products Company's products did not return to original levels and we were impacted by market factors such as prolonged semiconductor inventory adjustment. Consequently, results were significantly below the targets of the FY2031 Strategy. Despite these circumstances, we were able to steadily implement wide-ranging measures such as lowering break-even points through improved manufacturing process efficiency and other cost reductions, accelerating investment in focal products and passing on raw material price increases through appropriate sales pricing. Through these positive efforts that will carry on into the following fiscal year, our work has borne some fruit.

Looking Ahead to FYE March 2025

It is anticipated that automobile production will recover further and downstream demand from the semiconductor supply chain will return, as inventory adjustments are expected to be resolved. As a result, demand for the Advanced Products Company's products is also expected to recover, particularly in the second half of the fiscal year. We remain attentive to manufacturing trends among major customers and suppliers, the economic situation and the market environment.

In the Copper & Copper Alloy business, in addition to working to ensure profitability through means such as cost reductions and appropriate sales pricing, we aim to expand sales for key accounts and pursue a differentiation strategy based on high-performance materials such as MSP Series copper alloys and MOFC®-HR oxygen-free copper.

In the Electronic Materials & Components business, we work to ensure profitability by expanding processed silicon products into components beyond existing applications, increasing sales by introducing differentiated electronic components, reducing costs and implementing appropriate pricing of sensor products.

Future Business Strategies Considering First Year of FY2031 Strategy

In addition to aiming to become a global first supplier, which is one of our targets for the fiscal year ending March 2031, we strive to create more business opportunities by pursuing a "concept-in" approach. We also work to develop new products and businesses by further refining our core competencies and combining them with our technologies. Furthermore, we plan to promote digitalization and continue to reform our business models and manufacturing with the aim of continuously strengthening our earning-oriented capabilities and commitment. As one important measure, the Copper & Copper Alloy business is establishing plans to increase the scale of domestic rolled products and expand overseas and is working to rationalize production of extruded products. In the Electronic Materials & Components business, we are working to expand and grow processed silicon products, columnar crystal silicon, sealing products and thermistor sensors, create new business and enhance manufacturing sophistication.

TOPICS

Investment to Enhance Rolled Product Capabilities

The Copper & Copper Alloy business has moved forward with investment plans to increase production capacity for rolled products by about 30%, and these plans are proceeding as expected. One example is the expansion of casting equipment at the Sakai Plant, which began operation in July 2023. At the Wakamatsu Plant, expansion work on the slitting, packaging and reflow tin plating lines is underway.

We are also proceeding with construction to increase the number of cleaning machines, slitters, and packaging machines at the Sambo Plant with the aim of starting operation in October 2024. In this way, we increase production capacity in our focus areas of copper strips and plates, increase our market shares in Japan and expand further in the global market. In parallel with these efforts, we also work to improve profitability by reducing costs through reducing material costs, improving productivity and lowering interest-bearing debt.



Rolled Product Line No. 3, Sambo Plant



Casting products (ex. cakes)



Copper strip

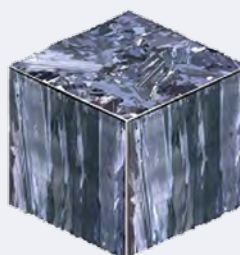
TOPICS

Semiconductor Product-related Initiatives

In the Electronic Materials & Components business, we handle wide-ranging semiconductor-related products, including processed silicon products and sealing products used in semiconductor manufacturing equipment, photoresistant materials necessary for semiconductor manufacturing, and low alpha solders needed to connect semiconductor packages. We are proceeding with planned investment to increase production in preparation for growing demand on a per-product basis. Mitsubishi Cable Industries, Ltd. has invested in increasing production of sealing products. The Kumagaya Works was completed in April 2023, and commercial production and shipments began in August of the same year. Mitsubishi Materials Electronic Chemicals Co., Ltd. has invested in expanding production of columnar crystal silicon, with operation beginning in April 2024. In addition, we are engaged in activities to expand sales for each product with aims such as acquiring new customers in target markets, increasing market share, and securing adoption for new applications. We also continue our efforts to enhance earnings by making progress in reducing costs through measures such as increasing manufacturing process efficiency.



Kumagaya Works, Mitsubishi Cable Industries, Ltd.



Columnar crystal silicon
(cubic ingot)



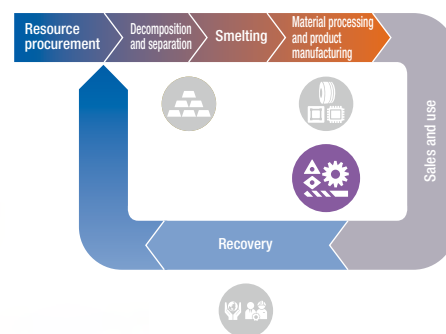
Seals for semiconductor
manufacturing equipment



A processed silicon product
(columnar crystal silicon ring)

Review of Operation

Metalworking Solutions Company



Kazuo Ohara
Managing Executive Officer
President, Metalworking Solutions Company

Achieving “Winning business through active internal collaboration (Reach Out) and transformation”

To fulfill Our Commitment to the Future, the slogan “Winning business through active internal collaboration (Reach Out) and transformation” was created for the fiscal year ending March 2025. Under this slogan, our divisions will reach out to each other and work together as one team to build sales performance with excellent technology, quality, delivery times and cost competitiveness and, in doing so, become a leading company for tungsten cutting tools and other products, recognized by customers globally.

Looking Back on FYE March 2024

Amid external factors such as a decrease in demand for cutting tools, our main products, in Japan, China and greater Asia, and soaring labor costs and energy prices, we increased product prices and worked on cost reduction measures such as greater production price reductions than planned, but net sales and profits for the business as a whole nonetheless decreased compared to the previous fiscal year. We considered the strengthening of overseas sales, a pillar of our revenue stream, to be a priority in addressing this situation, and utilized our non-Japanese executive in charge of sales and strategies (Chief Strategy Officer) to strengthen our sales-related organizations and optimize our management resources. If we break it down by product, sales of wear resistant tools from Group company MMC Ryotec Corporation were favorable.

Looking Ahead to FYE March 2025

There are concerns that factors such as financial and geopolitical risks could cause a major downturn in our market environment, but we expect to see a recovery in demand for cutting tools for the automobile, aircraft and medical industries. Particular growth of sales is expected in the carbide tools business thanks to strengthening of our sales system and active investment in new products in Japan, Europe and the USA under the leadership of our non-Japanese executive (Chief Strategy Officer). Additionally, we will intensively invest development resources in the development of strategic products to expand our product lineup and drive an increase in sales, and will steadily work on ongoing cost reductions and strengthening our global production system to improve profitability. We will also take decisive action with H.C. Starck, with whom we have signed a basic agreement to acquire shares as a subsidiary, to gain a return on this acquisition as quickly as possible.

Future Business Strategies Considering First Year of FY2031 Strategy

In the carbide tools business, we will utilize DX and IoT to optimize inventory management, automate production processes and improve the efficiency of sales activities and, in doing so, improve business efficiency, strengthen profitability and improve our financial position. We will also strengthen alliances, including procurement of OEM products, to expand our product lineup. With regard to rock tools, core products of MMC Ryotec Corporation that are used for purposes such as excavation in mining, we aim to further expand the Distribution Center we established in Panama last year to improve our capacity to supply products to Central and South America, where there is major demand.

In the Tungsten business, we will stabilize procurement of raw tungsten materials, a key material of cemented carbide tools, through the acquisition of H.C. Starck and accelerate the global expansion of our capacity for recovery and recycling of used cemented carbide tools. We will also strengthen research and development of high-performance tungsten powder for the semiconductor industry and rechargeable batteries, where demand is expected to grow in future.

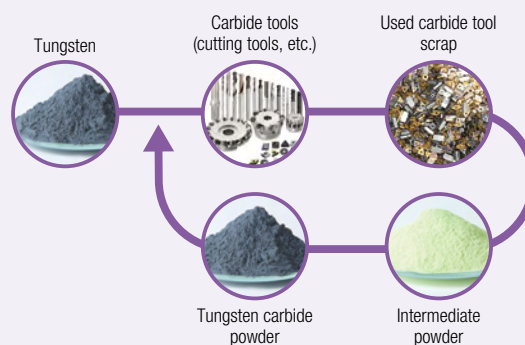
In the Solution business, we will expand cutting solutions, develop our cutting IoT services and make our services profitable.

TOPICS

Initiatives to Expand Our Tungsten Business

On May 29, 2024, the Company concluded a final agreement to acquire all of the shares in H.C. Starck, one of the world's top tungsten product manufacturers. The Group uses tungsten as a main ingredient in cemented carbide tools such as cutting tools. Different volumes of tungsten are found in different regions, so steady procurement and resource recycling are critical elements in developing our Tungsten business. H.C. Starck has production bases in Europe, North America and China and among the greatest tungsten recycling capacities in the world. The addition of these will strengthen the foundation of the Group's Tungsten business and further accelerate the implementation of our business strategies. Additionally, through cooperation with Group company Japan New Metals Co., Ltd., we will strengthen our research and development capabilities, implement cross-selling and utilize elements such as recycling technology to create a synergy, as well as expanding our business into new applications and markets such as rechargeable batteries.

Tungsten recycling process



Profile of H.C. Starck Holding GmbH (Germany)

Address	Goslar, Germany
Business details	Production of high-quality powders containing tungsten powder, tungsten carbide powder and alloys of these in Europe, North America and China; sale through a global sales network including Japan. Also has one of the world's greatest tungsten recycling capacities
Capital stock	€25,000 (around ¥4 million)
Year of establishment	1920
Net sales (FYE March 2024)	Approx. €334 million (around ¥52.4 billion)

TOPICS

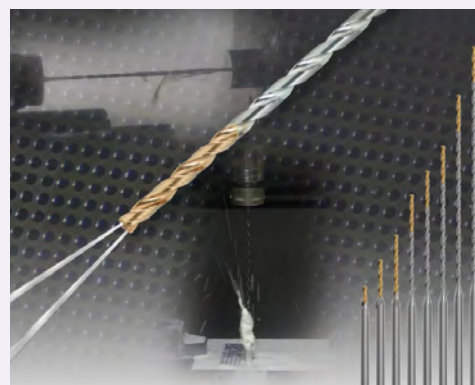
Initiatives to Expand Our Lineup of Cutting Tool Products

Our carbide tools business utilizes the technology and experience it has amassed thus far and dedicates itself to developing products for difficult-to-cut materials and areas to expand our product lineup. In the fiscal year ended 2024, it released 1,466 new products according to our plan, including tools that will contribute to improving productivity and environmentally-friendly tools. We will continue to work on creating new products that will receive high acclaim from customers. We are steadily carrying out market development for new products for the automobile, aircraft, medical and mold markets, core markets of ours, that meet the particular needs of each market, including high performance, long life and high precision. Additionally, in terms of small-diameter deep hole drilling in difficult-to-cut areas, we are accelerating our investment in the market for high-performance drills that enable much more reliable performance than conventional drills and our development of cutting tools with sensors that will drive the transition to automated and IoT-based drilling.

We are also carrying out decisive initiatives to ensure steady supplies as we expand our product lineup. Other initiatives include more sophisticated prediction of demand based on trend analysis and evaluation of past orders and market trends, designation and utilization of the optimal inventory for each product code, formulation of more precise production plans and centralized management of production and sales, with the aim of delivering standard products more quickly. We are also building a production system that enables agile product supply and inventory management, including converting our production lines to a smart factory system, to meet customers' diverse needs rapidly.



Our cutting tool products

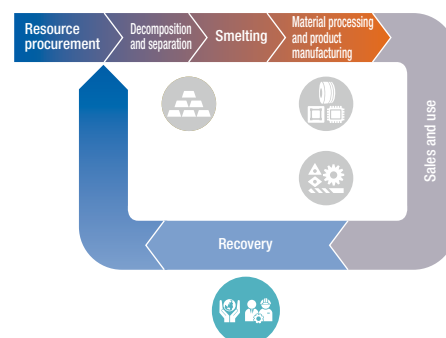


Small-diameter TRISTAR drills

Review of Operation

Renewable Energy Business

Under the FY2031 Strategy, we aim for long-term business expansion through Company-wide initiatives that consolidate the Renewable Energy business. By growing geothermal power further and expanding into other areas, such as wind power generation, we aim to achieve an effective 100% self-sufficiency rate for renewable energy by the fiscal year ending March 2051.



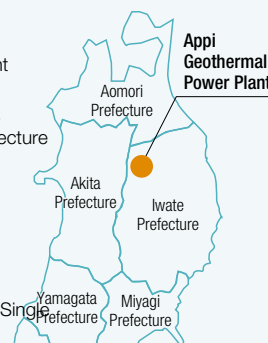
TOPICS

Start of Commercial Operation at the Appi Geothermal Power Plant

The Appi Geothermal Power Plant was created to contribute to the reduction of CO₂ emissions and the stable supply of electricity in Japan. Construction started in August 2019 and was completed four and a half years later. The plant started simultaneous steam emission tests in September 2023 and turbine ventilation in late December before reaching 100% power generation (14,900 kW) in January 2024. After subsequent testing, the plant started full operation on March 1, one month ahead of schedule. The Appi Geothermal Power Plant is located at an altitude of approximately 1,130 meters and utilizes promising geothermal resources in the Hachimantai region of Iwate Prefecture to achieve stable operation. This is the first time in 28 years that a geothermal power plant with an output of over 10,000 kW has operated in Iwate Prefecture. All electricity generated will be supplied to communities under the Feed-In Tariff (FIT) system for renewable energy.

*This development project is supported by JOGMEC's debt guarantee project for geothermal resource development funding.

- **Name:**
Appi Geothermal Power Plant
- **Location:**
Hachimantai National Forest,
Hachimantai City, Iwate Prefecture
- **Type of motive force:**
Steam power (geothermal)
- **Output capacity:**
14,900 kW
- **Construction started:**
August 2019
- **Power generation system:** Single
flash system



Appi Geothermal Power Plant

TOPICS

Initiatives for Further Renewable Energy Business Expansion

The Group will continue to develop various renewable energies and promote further expansion of the Renewable Energy business. In terms of geothermal power generation, forest road repair and site preparation were carried out in the Komonomori area of Kazuno City, Akita Prefecture in April 2024, and exploratory well drilling commenced in June of the same year. Steam emission tests were also carried out in the Esan area in Hakodate City, Hokkaido in 2023, and business evaluation based on the results is underway. In addition, in wind power generation, we are working to establish a new onshore wind power generation business using company-owned land. We are also collaborating with RENOVA, Inc. on the development of a wind power generation facility in Imakane Town in Hokkaido's Setana District. Wind condition observations started in the fiscal year ended March 2024, and business evaluation will continue. In terms of small-scale hydroelectric power generation, we are continuing to conduct wide-ranging exploration, including of areas not near existing power plants.



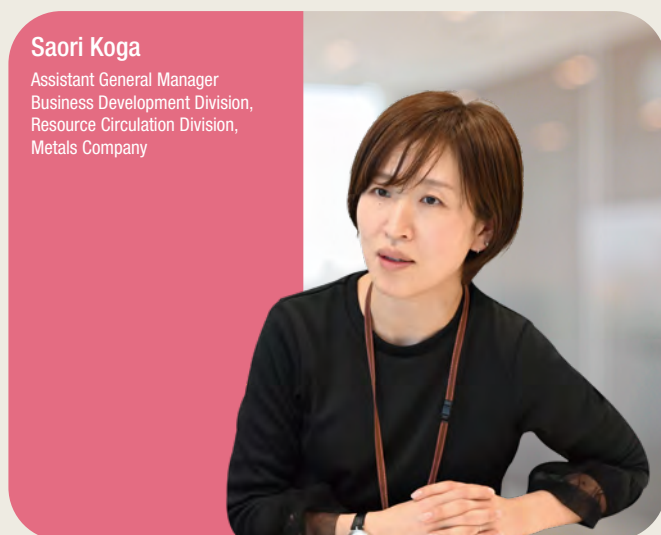
Exploratory well drilling in the Komonomori area

Candidate Areas for New Projects



Employees' Round-table Discussion

Bolstering Resource Recycling Perspectives Amid Growing Awareness



We invited representatives from the Group's Resource Recycling and Recycling businesses to discuss their current efforts, challenges, and what excites them about their roles.

Bolstering Resource Recycling Perspectives Amid Growing Awareness

What is the relationship between your work and Resource Recycling?

Masayuki Hatama (MH):

I'm mostly involved in the collection of E-Scrap from the Americas. At one point, I was involved in a project to support the collection of used electrical and electronic equipment at Duoc UC, a technical college in Chile (founded under the umbrella of Pontificia Universidad Católica de Chile, one of Chile's prestigious private universities). The school was eager to foster a culture of recycling metal materials, but did not have the know-how to handle post-collection and other recycling issues.



We set up collection containers inside the school and supported its initiatives. I believe that our Recycling business is one of the best in the world, and **spreading**

the word about doing the right thing the right way is a crucial part of that.

Kenta Kusunose (KK):

I'm involved in production management operations to estimate the volume of copper cathode,

We believe that our Recycling business is one of the best in the world, so doing the right thing the right way, and spreading the word about it is our crucial mission.



sulfuric acid, and other products produced at our plant based on the volume of copper concentrate and recycled raw materials processed. Since we process many types of recycled raw materials in a wide range of grades, it is important from a management perspective to constantly check the recovery rate to ensure that these materials are correctly evaluated and analyzed, and that they are being processed and manufactured as planned. Also, we not only assign processing sites according to the composition and shape of the recycled raw materials, but also optimize processing by adding sieving and sorting processes and crushing processes, and by considering input from existing lines where there is room. Recycled raw materials contain many metals that are not recovered in the smelting process, such as aluminum and chromium. For example, in order to make it possible to sell chromium externally as a raw material for stainless steel, we reviewed the sorting conditions in cooperation with the Production and Scrap Crushing and Sample Preparation Section and made improvements to increase the purity of the material. This effort is an example of our contribution to Resource Recycling.

Saori Koga (SK):

I'm in charge of strategically promoting Resource Recycling. This year, we launched REMINE, a recycled metal brand verified by a third-party organization for



its recycled content rate, and began selling Refined Tin (100% recycled content) and Refined Lead (99.6% or more recycled content) as our first products. We are yet to see how this project pans out, but the reception from our customers so far has been exceeding expectations. We are determined to do the right thing by making sure that recycled raw materials are once again sent out to the world as resources.

Naoki Takeuchi (NT):

Kansai Recycling Systems' Main Factory in Hirakata

City handles refrigerators, air conditioners, and washing machines, while the Second Factory, where I work, handles CRT-based and flat-screen TVs. Our operations involve disassembling and sorting home appliances to extract as much recyclable material as possible, such as metals and resins, while minimizing waste as much as possible. On top of that, **we are working to make effective use of materials that are still waste, such as urethane and soundproofing materials, by turning them into resources with as much value as possible.**

What changes have there been in external awareness about Resource Recycling?

SK:

We feel that **our smelting business is well understood by automobile and home appliance manufacturers**

as an indispensable part of resource recycling. Customers now perceive us not just as fulfilling the role of processing recycled material appropriately, but also as an essential contributor to achieving a circular economy and carbon neutrality, reflecting their evolved

perspectives compared to the past. European battery regulations now require the use of

We are committed to always exploring how we can circulate resources in a way that pleases customers on both sides—the ones that supply scrap and the ones that use metal.



recycled materials, and such regulations are now becoming a major motivating factor.

MH:

In the past few years, the number of visits to the Naoshima Smelter & Refinery by recyclers (companies that collect materials such as E-Scrap) has increased, and they have shown great interest in our E-Scrap processing and sampling methods. Also, when we participate in overseas E-Scrap conferences, we are increasingly being

asked to meet with overseas electronics manufacturers with whom we are not yet acquainted, and we are receiving a much greater number of questions about our recycling technology and resource recycling process. I feel that awareness of resource recycling has increased significantly.

NT: When we are commissioned by our customers to recycle home appliances, they request that we collect as much as possible as a single material, rather than mixed metal or mixed resin, which is a mixture of several materials, and that the mixed metal ratio should be less than 9% and the mixed resin ratio less than 70%. At our plants, we need to recover materials even more thoroughly than before. As the awareness

of our customers continues to grow, we must also strengthen our awareness and perspectives about recycling.

KK: It seems that the number of metal resources that customers want collected is increasing. Also, when we speak with companies that visit our smelters, more and more are interested in the smelter's recovery process. We're often asked about the percentage of recycled materials used in our products. This makes me feel that awareness about Resource Recycling is growing. To meet the demands of our customers, smelters must become more sophisticated. I believe that **the**

Customers are becoming increasingly aware of resource recycling. We hope to add even more value to Naoshima Smelter & Refinery by leveraging the superior Mitsubishi Process for continuous copper smelting.



Mitsubishi Process for continuous copper smelting is superior in that it loses less valuable metals to the slag and has a higher metal recovery rate.

How do you want to aim towards circulating resources for a sustainable future?

I want to develop an efficient work system that can maintain quality without the use of manpower by automating home appliance dismantling processes as much as possible with the use of AI and other technologies.



NT: In the sense of extracting recyclable materials from used home appliances, I believe that the role of Kansai Recycling Systems is exactly that of resource recycling itself. Currently, we are having difficulty securing human resources, so in order to fulfill our role properly, we intend to develop a system that will allow us to automate as much as possible without compromising recycling quality by making full use of AI and other technologies, as well as considering line configurations that do not require a lot of manpower.

SK: We are committed to satisfying both types of customer: those who supply recycled raw materials like scrap, and those who use metal. The world is already moving towards a circular economy, and the term "urban mines" has become popular in Japan

when referring to E-Scrap. It is now recognized as a given that making products from such recycled raw materials will reduce GHG emissions more than making products from ore. Although our recycling business is appreciated by our customers, **as a business, it is also crucial to generate enough value and profit to be recognized by the market.**

We must be constantly thinking about what we need to do to achieve this and what "circulating resources for a sustainable future" means to the Mitsubishi Materials Group.

MH: We have built up a high level of knowledge and expertise when sampling the E-Scrap we receive (the process of taking a portion of E-Scrap and calculating the content of metals and other materials contained in it to determine the purchase price). We also have the facilities to accept smaller quantities of E-Scrap than other businesses, and I feel that we possess many factors that give us an advantage over our competitors. I believe that the direction our company is taking now is very good and in line with global trends. As we are forging new territory, **I'd like us to create something even more interesting by stimulating communication**

through coordination that crosses internal organizational boundaries.

KK: With the external environment surrounding smelters and refineries deteriorating at a dizzying rate, including increasing raw material and fuel costs and stagnant TC/RC (treatment and refining charges), we believe that our destiny is to expand processing of recycled materials such as E-Scrap while maintaining stable operations in order to survive. The volume of copper concentrate processed at the Naoshima Smelter & Refinery is not so large compared to smelters and refineries in Japan and internationally, so taking advantage of scale is quite a challenge. We need to make optimal capital expenditure to balance the ideal processing volume of recycled raw materials such as copper concentrates and E-Scrap with the sales volume of various products such as copper cathode, while coordinating with each department to **improve the manufacturing process to allow more efficient and consistent processing of E-Scrap from analysis and evaluation to processing.** By doing so, we hope to add even more value to the Naoshima Smelter & Refinery.

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 the fiscal year ending March 2046 and 100% self-sufficiency in electricity derived from renewable sources by the fiscal year ending March 2051.

Related Information:

Sustainability Report
 ► Strengthening Measures to Address
 Global Environmental Issues
<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 (COP26), 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 the fiscal year ending March 2046, five years earlier than the Japanese government’s target for the fiscal year ending March 2051, we aim to generate power equivalent to our electricity consumption from renewable sources by the fiscal year ending March 2051, achieving 100% self-sufficiency in electricity derived from renewable sources.

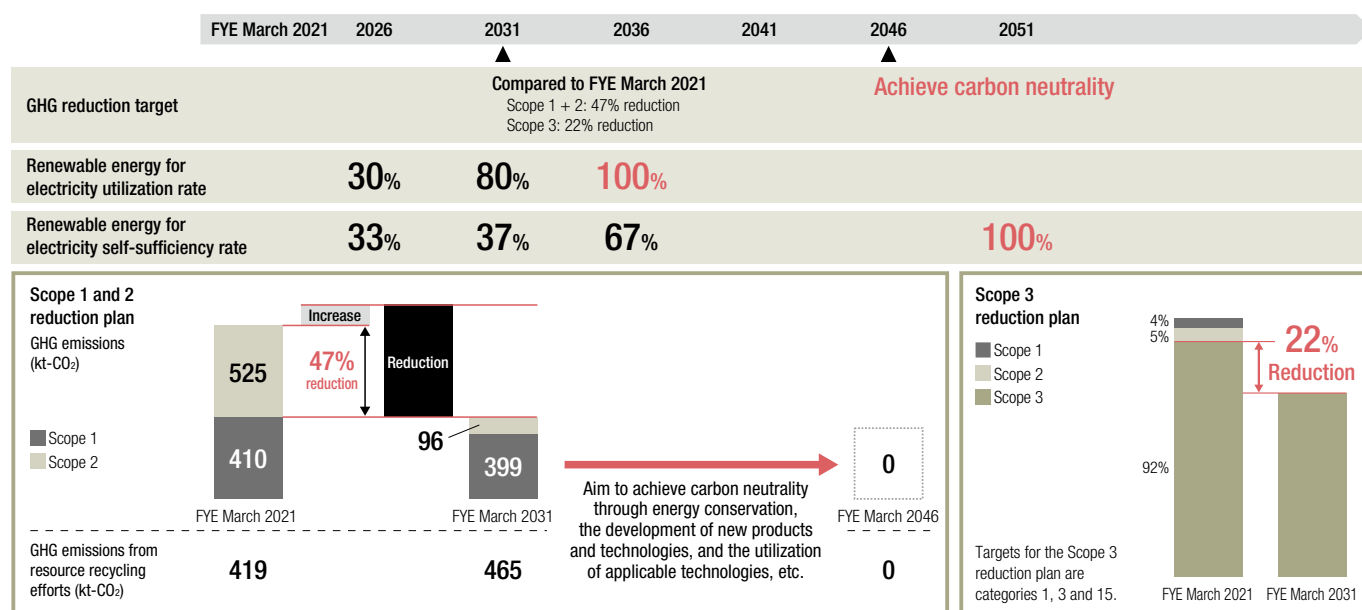
Indicators and Targets

The Group has set out its GHG emissions reduction targets (Scope 1 + 2 and Scope 3) in the Medium-term Management Strategy. Starting from the fiscal year ending March 2025, we have reorganized our GHG

emissions reporting in accordance with the commencement of periodic reporting as mandated by the revised Act on Rationalization of Energy Use and Shift to Non-fossil Energy and the Act on Promotion of Global Warming Countermeasures. This includes the addition of CO₂ emissions previously excluded from calculations and reporting to the scope of legal reporting, such as those from the combustion of plastic contained in E-Scrap and CO₂ emissions from the chemical reaction of limestone used in the manufacturing process.

Since one of the pillars of the FY2031 Strategy is to strengthen our resource recycling efforts by leveraging our strengths, we have set a new GHG emissions reduction target (Scope 1 + 2) of 47% from levels of the fiscal year ended March 2021 by the fiscal year ending March 2031. This target excludes GHG emissions from resource recycling efforts.

As for Scope 1 + 2, we will continue to aim to achieve carbon neutrality by the fiscal year ending March 2046, including GHG emissions from our resource recycling efforts. To achieve this, we have established a roadmap toward carbon neutrality, and we plan to invest ¥10.5 billion, mainly on energy conservation measures and equipment improvements at manufacturing sites, by the fiscal year ending March 2031. As for Scope 3, we have set a reduction target of 22% by the fiscal year ending March 2031 (compared to the fiscal year ended March 2021). Additionally, we will promote the development and expansion 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 electricity use by the fiscal year ending March 2036 and 100% self-sufficiency in renewable energy for electricity by the fiscal year ending March 2051. For this, we plan to invest ¥30 billion in the renewable energy business by the fiscal year ending March 2031.



*GHG emissions for Scope 1 and 2 are based on the calculation of adjusted emissions under the Act on Promotion of Global Warming Countermeasures (excluding GHG emissions from resource recycling efforts).

*GHG emissions exclude businesses and subsidiaries that have been or will be removed from the scope of consolidation due to business portfolio adjustment by the fiscal year ended March 2024.

Strategy

The Group conducted scenario analysis based on TCFD* recommendations to analyze climate-related Group risks and opportunities. We have established business indicators and targets regarding these transition risks and opportunities while maintaining consistency with the FY2031 Strategy announced in February 2023. We established and analyzed 1.5°C and 4°C scenarios for each theme. As a risk common to all businesses, we 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. We are working to achieve our business goals to reduce these risks and seize these opportunities. 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.

*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.

Carbon Neutrality Road Map and Progress

To achieve our Scope 1 reductions, we are developing technologies that contribute to a reduction of CO₂ related to CCUS (Carbon Dioxide Capture, Utilization and Storage) and will promote fuel conversion from heavy oil to LNG and electrification of facilities. To achieve our Scope 2 reductions, we are installing solar power generation equipment, making high-efficiency equipment replacements, and switching to electricity derived from renewable energy sources. We are also making internal use of renewable energy certificates at our plants, such as using non-fossil certificates from our hydroelectric power plants. In anticipation of future demand reducing renewable energy certificate availability, we are also considering the use of CPPAs (Corporate Power Purchase Agreements) to secure renewable energy over the long term. From the fiscal year ending March 2025, we also began operating an internal carbon pricing system to steadily implement initiatives to reduce GHG emissions. We aim to achieve carbon neutrality by the fiscal year ending March 2046, including GHG emissions from the use of recyclable resources, by conserving energy and reducing the use of fossil fuels at manufacturing sites, promoting the development of products that contribute to a carbon-neutral society and technologies such as CO₂ capture and CO₂ treatment, and utilizing applicable technologies.

Carbon Neutrality Road Map

	FYE March 2031	Vision for FYE March 2046, after CN
Scope 1	<ul style="list-style-type: none"> Fuel conversion (switch from heavy oil to LNG) Reduction in fossil fuel due to increased E-Scrap processing Electrification of heat utilizing equipment Research & development on products and technology that contribute to CCUS, etc. 	<ul style="list-style-type: none"> CN conversion of furnace (hydrogen, ammonia, etc.) Electrification of equipment 100% renewable electricity (stable procurement of in-house electricity) Conversion of air conditioning equipment to non-fluorocarbons Non-fluorine cleaning solution Other (technologies for adopting CCUS, etc.) Development and provision of products and technologies to contribute to a CN society
Scope 2	<ul style="list-style-type: none"> Introduction of solar power generation facilities Increased in-house power generation through installation of saturated steam turbines Replacement with high-efficiency equipment Switch to renewable energy sources Renewable energy certificates, CPPA utilization, etc. 	
Scope 3	<ul style="list-style-type: none"> Supplier engagement and collaboration Collaboration with Mitsubishi UBE Cement Corporation and other equity method affiliated companies 	
Investment Plan	<ul style="list-style-type: none"> ¥10.5 billion GHG reduction investment in facilities and processes ¥30 billion in the renewable energy business 	

Transition-Linked Finance

The Company established the Transition-Linked Finance Framework in November 2023 to promote our efforts to achieve carbon neutrality. Based on the framework, we are issuing Transition-Linked Bonds and executing Transition-Linked Loans. Furthermore, along with the application of the performance-linked interest subsidies program (financial support for promoting the transition toward achieving a carbon-neutral economy) based on the Act on Strengthening Industrial Competitiveness, MMC was selected as a recipient of the Ministry of Economy, Trade and Industry (METI) subsidy for global warming countermeasures promotion project for the fiscal year ended March 2024.

We will promote our efforts to achieve carbon neutrality by utilizing the funds raised.

Execution date	Type	Procurement amount
Nov. 2023	Transition-Linked Bond	¥20 billion
Feb. 2024	Transition-Linked Loan	¥20 billion
Apr. 2024	Transition-Linked Bond	¥15 billion

Carbon Neutrality: Dealing with Climate Change

Carbon Footprint (CFP) Response

The Company has established a direction regarding the calculation of the Carbon Footprint of Products (CFP) and is promoting CFP initiatives. In concrete terms, we are expanding the CFP calculation to our main products, establishing a system to ensure data reliability, and promoting third-party verification and disclosure of CFP calculation results. It is important not only to calculate CFP but also to reduce it, and we are promoting integrated efforts to reduce CFP from upstream to downstream by systematically planning our GHG reduction measures and promoting supplier engagement.

Promotion of Switching to Renewable Energy at Metals Company Sites

Electricity-origin emissions account for 38% of the Group's total GHG emissions (including GHG emissions from resource recycling efforts). Our Metals business, which accounts for approximately 60% of the Group's domestic electricity consumption, will further accelerate the switchover of purchased electricity to renewable sources, bringing 80% of the Metals business sites forward to the fiscal year ending March 2025, up to 11 years ahead of schedule. The schedule for Naoshima Smelter & Refinery and Onahama Smelter & Refinery will also move forward by 7 years to the fiscal year ending March 2029.

Initiatives for Scope 3 Reductions Supplier Engagement

In order to achieve the Group's Scope 3 (categories 1, 3, and 15) emission reduction targets and reduce CFP, it is important to promote the reduction of GHG emissions not only in our businesses, but also in the entire supply chain. We are building relationships with our suppliers to reduce GHG emissions throughout our supply chain. Specifically, engagement letters are sent to copper concentrate suppliers related to category 1, which accounts for approximately 30% of Scope 3 emissions, information is shared on the status of efforts to address global environmental issues, GHG emissions reduction targets and reduction plans from both the Group and copper concentrate suppliers, and opinions are exchanged through discussions and other means. The Company plans to continue these efforts and expand the suppliers that they apply to.

Among copper concentrate suppliers, we have also signed a Memorandum of Understanding (MOU) with Anglo American plc, a multinational mining company headquartered in London, UK, to promote collaboration for providing sustainable and responsible products throughout the copper-related products supply chain. As global demand for copper increases, there is a desire that those supplies be greener and more sustainable. The Company and Anglo American plc will work together to meet these market demands.

Scenario Analysis – Summary of Results

▲ Primary Risks ● Primary Opportunities

Theme	Business	Risk/Opportunity Elements at 1.5°C	Impact on Business		Target
			1.5°C	4°C	
Changes in Carbon Tax, Energy Costs, etc.	Common to All Businesses	▲ Introduction/strengthening of carbon price tax system (increase in operation costs)	Total amount of burden of carbon price and increase in energy costs Approx. ¥23.7 billion	Approx. ¥15.8 billion	GHG emissions (Scope 1 + 2) Excluding GHG from resource recycling efforts: FYE March 2031 47% reduction (compared to FYE March 2021) Including GHG from resource recycling efforts: FYE March 2046 Carbon neutrality
Changes in EV Demand	Smelting & Resource Recycling Business	● Increase in xEV sales volume	Global demand in copper for vehicles (compared to FYE March 2021) FYE March 2031: 3.3 times FYE March 2051: 4.6 times	FYE March 2031: 2.1 times FYE March 2051: 2.7 times	Copper cathode sales volume FYE March 2031 830,000t per year
		▲ Decrease in volume of scrapped vehicles generated in Japan	Volume of scrapped vehicles generated in Japan (compared to FYE March 2021) FYE March 2031: 0.98 times FYE March 2051: 0.85 times	FYE March 2031: 0.98 times FYE March 2051: 0.89 times	Annual processing volume of vehicle recycling FYE March 2031 70,000 vehicles per year
	Copper & Copper Alloy Business	● Increase in xEV sales volume	Demand in connectors and busbars for vehicles (compared to FYE March 2021) FYE March 2031: 2.6 times FYE March 2051: 3.1 times	FYE March 2031: 2.2 times FYE March 2051: 2.4 times	Sales volume of automotive pure copper strips FYE March 2031 2 times (compared to FYE March 2021)
		▲ Rapid change in market for processed products due to modal shift, etc.	Sales of cutting tools for the automotive industry (compared to FYE March 2021) FYE March 2031: 0.996 times FYE March 2051: 0.718 times	FYE March 2031: 1.510 times FYE March 2051: 1.455 times	Sales of cutting tools FYE March 2031 2.3 times (compared to FYE March 2021)
	Metalworking Solutions Business		Sales of cutting tools for the aerospace industry (compared to FYE March 2021) FYE March 2031: 1.18 times FYE March 2051: 1.61 times	FYE March 2031: 1.48 times FYE March 2051: 2.60 times	
Changes in Forms of Energy Use	Smelting & Resource Recycling Business	● Increase in demand for automotive LIB and solar panel recycling	Volume of LIB recycling (compared to FYE March 2021) FYE March 2031: 50 times FYE March 2051: 350 times	FYE March 2031: 14 times FYE March 2051: 92 times	Processing volume of automotive LIB Recycling* FYE March 2031 870t LIB per year *Up to the point of Black Mass production (including LIB removal, discharging, dismantling, pyrolysis, crushing and sorting)
	Metalworking Solutions Business	● Increase in demand for EV batteries and storage batteries	Production volume of advanced powder for EV batteries and stationary storage batteries (compared to FYE March 2021) (considering the Company's production capacity) FYE March 2031: 1.9 times FYE March 2051: 3.8 times		Production volume of advanced powder for rechargeable batteries FYE March 2031 1.9 times (compared to FYE March 2021)
	Renewable Energy Business	● Increase in spread and demand for renewable energy	Difference from FYE March 2021 sales of the Company's share of power generation FYE March 2031: ¥5,240 million FYE March 2051: ¥23,668 million	FYE March 2031: ¥5,046 million FYE March 2051: ¥20,185 million	The Company's share of renewable power generation FYE March 2031 575GWh
Changes in Demand for Recycling Business Due to Shift to Recycling-Oriented Society	Smelting & Resource Recycling Business	● Increase in demand for E-Scrap recycling	Volume of E-Scrap generated globally (compared to FYE March 2021) FYE March 2031: 1.4 times FYE March 2051: 2.5 times	FYE March 2031: 1.3 times FYE March 2051: 1.6 times	E-Scrap processing capacity FYE March 2031 240,000t per year
		● Increase in demand for home appliance recycling	Processing weight of waste home appliances in Japan (compared to FYE March 2021) FYE March 2031: 6% increase FYE March 2051: 10% increase	FYE March 2031: 2% increase FYE March 2051: 1% increase	Annual processing volume of home appliance recycling FYE March 2031 5.9 million appliances per year

*These results are based on analysis conducted in the fiscal year ended March 2023

Initiatives for Scope 3 Emissions Reduction MUCC's Efforts Towards Carbon Neutrality

Mitsubishi UBE Cement Corporation (MUCC) is an equity method affiliate, and the Company counts and reports 50% (shareholding ratio of MUCC) of MUCC's Scope 1 and 2 emissions as the Group's Scope 3 category 15 emissions. As these emissions account for approximately 60% of Scope 3 emissions (as of the fiscal year ended March 2021), reducing MUCC's emissions will contribute significantly to the Group's Scope 3 emissions reduction. MUCC has taken the "promotion of global warming countermeasures" as one of its top priorities in its Medium-term Management Strategy, "Infinity with Will 2025: MUCC Sustainable Plan 1st Step," announced in April 2023. It established the Carbon-neutral Technology Promotion Office and the Carbon-neutral Promotion Committee in the fiscal year ended March 2024, to strengthen the implementation structure by improving its organizational structure.

Through various efforts, it is aiming to achieve its interim goal of a 40% reduction in CO₂ emissions by 2030 (compared to 2013 levels) and carbon neutrality by 2050.

Regarding the reduction of CO₂, MUCC has jointly developed an eco-friendly concrete with Shimizu Corporation, which substitutes approximately 80% of the cement with blast-furnace slag. In addition, it has launched the world's first demonstration test of ammonia co-combustion in the cement manufacturing process.

Regarding the utilization of CO₂, MUCC has participated in the Kitakyushu Circular Economy Vision Promotion Council's subcommittee on the mineralization of concrete waste and its application, with the aim of building a business model to apply CO₂ fixed recycled products using CO₂ emitted from cement plants and concrete waste to construction projects.

Regarding the storage of CO₂, it has begun a joint study with MITSUI & CO., LTD. on carbon dioxide capture and storage (CCS) between Malaysia and Japan, aiming to achieve carbon neutrality in the cement manufacturing process. It has also initiated a joint study on carbon dioxide capture, utilization and storage (CCUS) with Osaka Gas Co., Ltd.

The Company will continue to promote communication with MUCC for Scope 3 emissions reduction.

Introduction of Internal Carbon Pricing (ICP) System

MMC introduced an internal carbon pricing (ICP) system in April 2024 in order to raise awareness about GHG emissions and further promote its decarbonization efforts. Under the ICP system, the Company sets its own hypothetical price for GHG emissions and uses it for investment decisions.

The internal carbon price is set at ¥10,000 per t-CO₂e and is used in investment decisions for capital expenditures that contribute to reductions in our own GHG emissions (Scope 1 + 2). We will actively promote the reduction of GHG emissions by promoting investments that contribute to decarbonization through the introduction of the ICP system.

Governance

The Company has appointed a Chief Sustainability Officer (CSuO) responsible for addressing sustainability issues, including dealing with climate change. Additionally, the Global Environmental Affairs Department in the Corporate Division has been set up to promote the Group's response to climate change. The Global Environmental Affairs Committee, for which the Global Environmental Affairs Department serves as secretariat, 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. These efforts are reported to the Strategic Management Committee and the Board of Directors for appropriate monitoring.

In addition, the Group established the Sustainability Committee, an advisory body to the Board of Directors, for the purpose of actively examining the direction of our sustainability efforts from different perspectives and presenting it internally. This Committee monitors our climate change initiatives, discusses methods and issues regarding those initiatives, and reports this information to the Board of Directors.

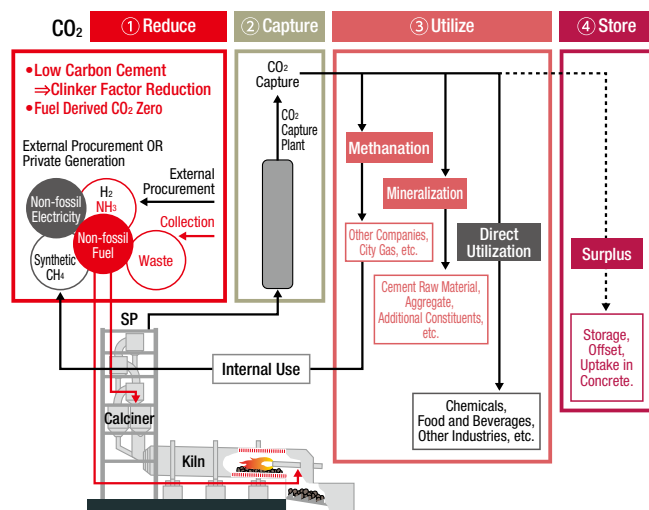
Risk Management

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.

Please refer to Risk Management for further details on the Group's Risk Management System, status of operation, major risk selection process, etc.

Related Information:

Integrated Report ▶ Risk Management
P75



Functional Strategy Overview

In addition to enhancing initiatives to tackle common Group-wide issues, we are advancing the reinforcement of our management foundation and working to enhance corporate value.

FY2031 Strategy

Human Resources Strategy Related Information: Integrated Report ▶ Human Resources Strategy P58	Maximizing the value of human resources and creating an organization dedicated to winning Building a foundation for co-creation and growth
Manufacturing Excellence Strategy Related Information: Integrated Report ▶ Manufacturing Excellence Strategy P66	Formulating plant visions based on the FY2031 Strategy, evaluating plant capabilities and setting issues, then pursuing solutions
	Taking differentiation of manufacturing capabilities to the next level through bottom-up activities, enhancing our manufacturing foundation and technology development and improvement
R&D Strategy Related Information: Integrated Report ▶ R&D Strategy P67	Achieving sustainable enhancement of corporate value through the creation of new products, technologies and businesses
DX Strategy Related Information: Integrated Report ▶ DX Strategy P68	Using data and digital technology to promote the three pillars of improving business added-value, operational competitiveness, and management speed
	Reorganizing themes and strengthening systems under MMDX, which was initially launched over two years ago, in order to strengthen manufacturing and steadily implement existing themes as it enters a new phase as MMDX 2.0
IT Strategy Related Information: Integrated Report ▶ IT Strategy P69	Promoting IT modernization to support businesses from the perspective of data utilization, work style, and security in order to realize the MMC Group IT WAY
	Moving from legacy to global standard IT infrastructure and implementing appropriate information security measures

Initiatives in FYE March 2024

Issues / Future Initiatives

- Establishment of pool of next-generation leadership talent and strengthened development initiatives
Ratio of candidates on the Next-generation Leadership Talent Development Program to successors of Executive Officers: 56% in FYE March 2024 (result)
- Promoting initiatives relating to support for the employment of women, non-Japanese people and mid-career hires
Ratio of diverse attributes among managers: 24% in FYE March 2024 (result)
- Promoting initiatives relating to improving employee engagement
Positive response rate in employee engagement survey:
73% in FYE March 2024 (result)

- Building of a pipeline to Executive Officer roles through ongoing selection and development of next-generation leadership talent
Ratio of candidates on the Next-generation Leadership Talent Development Program to successors of Executive Officers:
FYE March 2026 target of 70%, FYE March 2031 target of 80%
- Strengthening initiatives relating to support for the employment of women, non-Japanese people and mid-career hires
Ratio of diverse attributes among managers:
FYE March 2026 target of 20%, FYE March 2031 target of 30%
- Enhancing initiatives relating to improving employee engagement
Positive response rate in employee engagement survey:
FYE March 2026 target of 75%, FYE March 2031 target of 80%

- Creation of a manufacturing issues overview map in a drill-down format to comprehensively collate plant issues linked to the business and plant visions, and commencement of the use of this map as a common tool across plants
- Revision of plant capability evaluation sheets to make them tools narrowed down to items of particular interest and enable more effective specialization-orientated awareness

- Extraction and visualization of latent issues through further refinement of manufacturing issues overview map
- Taking insights gained through expansion of new plant capability evaluation sheets, and reflecting/collating them in manufacturing issues overview map, then working to utilize and establish them as part of problem solving in PDCA cycles

- Visualizing production progress, lead times, bottleneck processes, process management losses and setup times as information fundamental for production management and quality stabilization in production line, which has been selected as a target for strengthening
- Talent development using "learn and practice," through which employees learn through digital education, then put what they have learned into practice in the field

- Management of visualized information in each process, building of systems enabling autonomous, voluntary and continuous improvement from the perspective of SCQDE, and confirmation of effectiveness through KPIs
- Continuation of "learn and practice" activities, solicitation of new DX themes and frontline utilization of digital technology and data

- Implementation of acceleration program to recruit collaboration partners in order to promote commercialization
- Implementation of Internal Posting for new businesses through internal venture system, with two projects transitioning to the commercialization preparation stage
- Exploration of new business opportunities and startups to nurture, research and development Internal Posting system and progress in large-scale industry-academia collaboration

- Progress towards commercialization through continuation of acceleration program, enhancement of back office functions required for new business creation
- Strengthening of exploration of overseas startups and research institutions and acquisition of new technologies to solve medium- to long-term issues in areas such as resource recycling and decarbonization
- Assessment of technologies by working on them as corporate development projects at the selection stage

- Implementation of expansion of Customer Relationship Management (CRM), etc. in Japan and overseas through Metalworking Solutions Company
 - Release of manufacturing and sales coordination system in Advanced Products Company
 - Implementation of MEX* function expansion at Metals Company
 - Reduction of labor hours through Robotic Process Automation (RPA), etc., Company-wide expansion of data infrastructure and usage guidelines, expansion of management information visualization system, introduction of Enterprise Resource Planning (ERP) accounting area, etc.
- *Mitsubishi Materials E-Scrap EXchange, an online E-Scrap (discarded circuit board) trading system.

- Horizontal expansion of themes in full-scale operation to Group companies and overseas business sites, and acceleration of Group-wide DX
- Data infrastructure construction and promotion of data collection/visualization, deepening of data-based business operations through examples of utilization in departments

- Discovery and promotion of data utilization themes through activities integrated with manufacturing area
- Implementation of DX Challenge, which supports themes put forward by employees
- DX explanation sessions, etc. at business sites and Group companies, support for autonomous DX promotion activities at business sites and Group companies
- Establishment of Mitsubishi Materials IT Solutions to strengthen implementation, and strengthening of the execution system and shifting to in-house systems in preparation for full-scale operation phase

- Continuation of DX explanation sessions at business sites and Group companies from FYE March 2025 onward
- Autonomous acceleration of DX promotion through support for engineer dispatchment, etc.
- Further strengthening of integration of activities with manufacturing area, and promotion of discovery and implementation of DX themes at business sites

Formulation of common global policies and implementation of next-generation networks and cloud-based security (update completed at sites in China and ASEAN countries in FYE March 2024)

- Promotion of the utilization of common Group data analysis infrastructure, cloud infrastructure, and IT services and provision of back office functions that are essential for business

Renewal of Company-wide Enterprise Resource Planning systems, transitioning to cloud-based systems as a basis for establishing common secure cloud infrastructure

- Gradual refreshment of systems developed with legacy technologies by approximately FYE March 2031
- Formulation and implementation of common global-level security measures against increasingly sophisticated external threats in both IT and OT

Message from the Chief Human Resources Officer



Makiko Nogawa

Managing Executive Officer

CHRO, Responsible for Talent and Organization Development, Human Resources & Labor Administration, HRBP, General Affairs, and Secretary

It is employees who create new values.

We will maximize the value of human resources to achieve Our Commitment.

The Group has established Our Commitment: “For people, society and the earth, circulating resources for a sustainable future.” It is employees who fulfill this commitment through our business activities, and so we believe that employees are the source of new value creation and the Group’s sustainable growth. We have formulated human resources strategies in the FY2031 Strategy to serve as the foundation for this and are investing in various measures. We will continue to view our employees as human capital and maximize their value to facilitate the growth of both individuals and the Company.

Human Resources Strategies and Initiatives

The two key pillars of the human resources strategies in the FY2031 Strategy are “Maximizing the value of human resources and creating an organization dedicated to winning” and “Building a foundation for co-creation and growth.”

In order to “win” by developing the strengths of each employee and getting the most out of them—to achieve the targets in our management strategies and do things right and with conviction—we are working on various initiatives, including next-generation leadership talent development, fulfilling hiring needs in a shorter time, rolling out a job-based HR system for our management, enhancing performance management and promoting autonomous career development.

We are also working on initiatives such as DE&I, improving employee engagement and strengthening talent management through multifaceted use of talent information. The purpose of these efforts is to

build the foundations for growth through co-creation among employees and between employees and the Company, namely the awareness, culture and structure that form the basis supporting various measures related to human capital.

The main KPIs of our human resources strategies are “Continuously retaining and developing management leader candidates” based on our first pillar, “Diversity in management” based on our second pillar, and “Employee engagement” as a metric for alignment between job fulfillment for our employees, who play a key role in all of our human capital initiatives, and the direction of the Company.

Our measures are wide-ranging but we will ensure that the results of all of our measures interconnect organically and invest in addressing labor shortages and enhancing our human capital to contribute to accomplishing the FY2031 Strategy.

Implementation Structure for Execution of Our Human Resources Strategies

We have established the position of an Executive Officer overseeing the Group’s human resources strategies (CHRO), a department in charge of human resource functions and Company human resource functions including HRBPs (HR Business Partners). These work together to strengthen our human resources functions. Through discussions on issues concerning human capital by the Human Resources Committee, whose members include all Executive Officers and the HRBPs, and measures such as selection of candidates for next-generation leadership talent development and reviews of those candidates’

development plans, we implement various measures that combine our management strategies and human resources strategies. We also hold Town Hall Meetings where we communicate with each employee about the beliefs behind our human resources strategies and various initiatives, which provides opportunities for two-way dialogue.

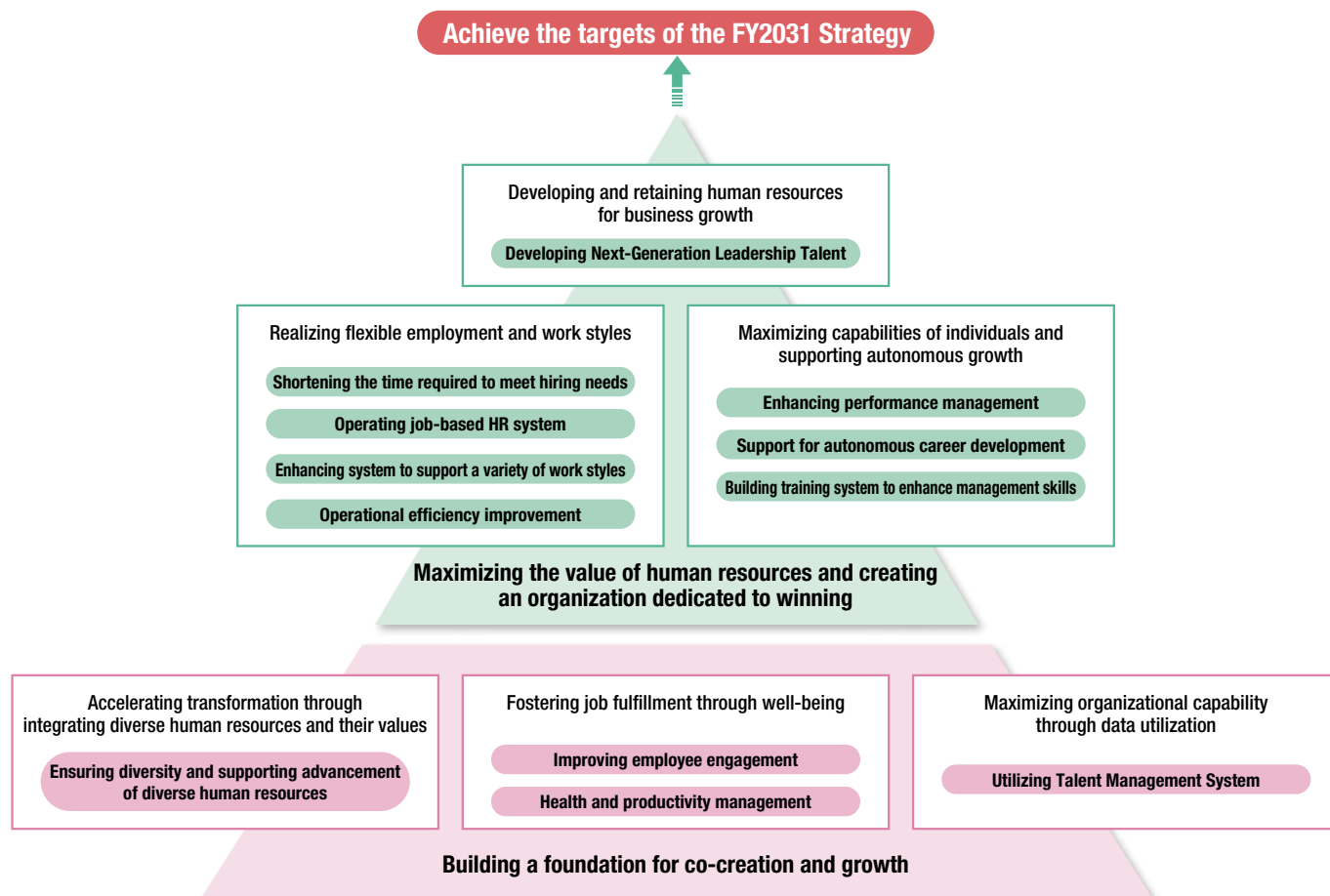
The Board of Directors regularly monitors these human capital initiatives and reviews Executive Officers’ succession plans, and actively works on initiatives such as meetings and dialogue between Directors and next-generation leadership talent.

The Views of the CHRO: How to Accomplish the FY2031 Strategy and Fulfill Our Commitment

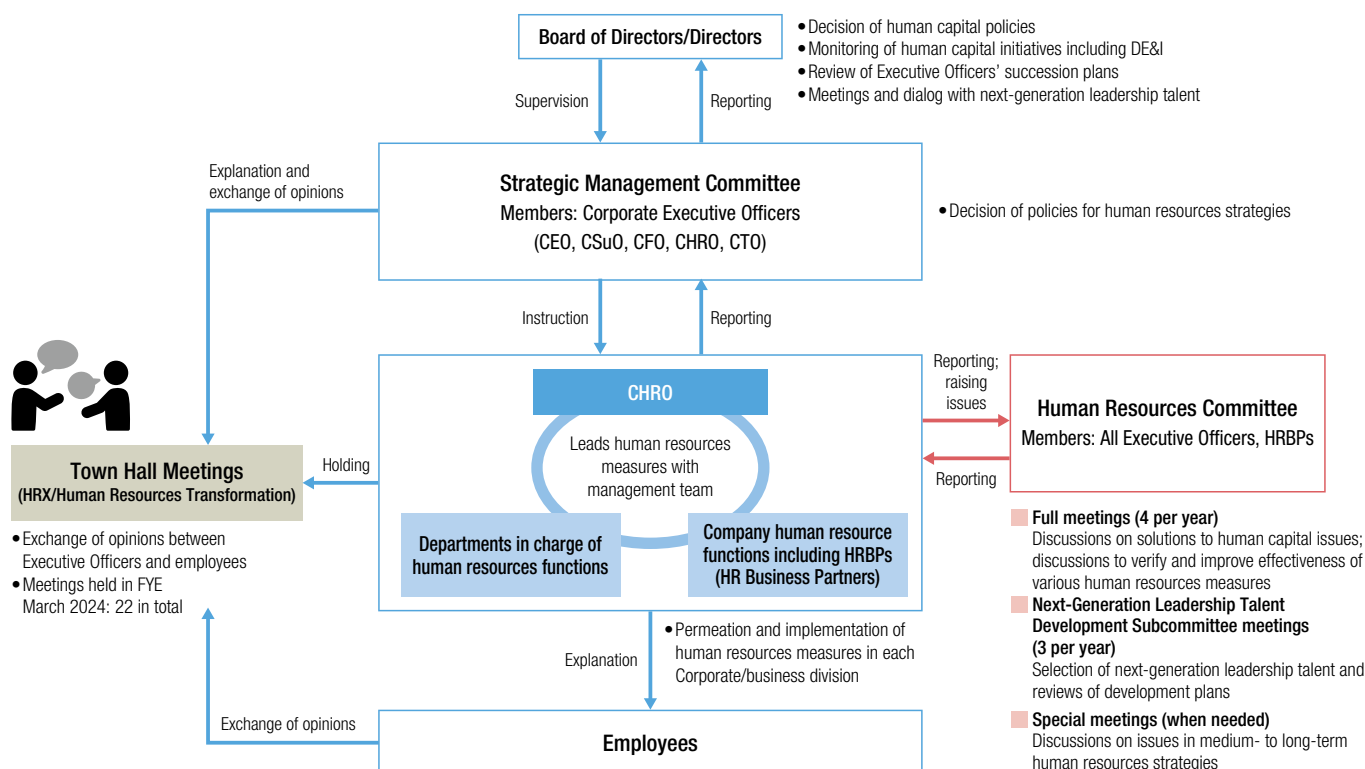
The Company has been pursuing Four Management Reforms with the aim of further enhancing our organizational capabilities in preparation for changes in our management environment. The results of one of these pillars, Human Resources Transformation (HRX), are the foundation of our human resources strategies today. The reforms we have made thus far are dramatically changing the way each employee thinks and acts. With that said, there is still room for improvement in areas such as

building the muscles needed to effect change, diversity in management, and strengthening HR talent, and further work on this is needed in order to fully execute our human resources strategies. As CHRO, I am committed to starting by leading us to where we need to be by the end of the fiscal year ending March 2026, the final year of Phase 1 of the FY2031 Strategy, taking a strong leading role with ceaseless passion for reform.

Human resources strategies and initiatives



Implementation structure for execution of human resources strategies



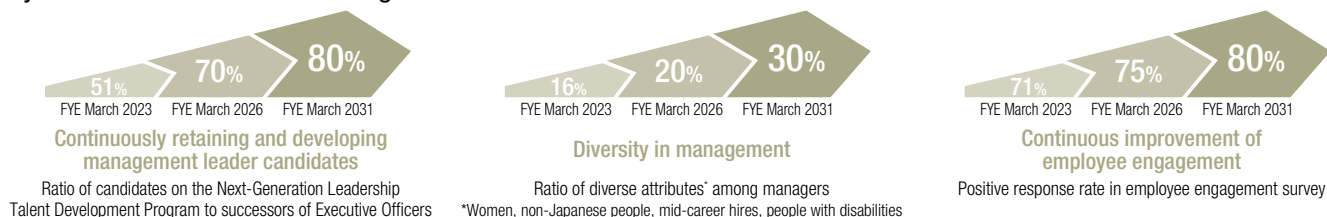
Human Resources Strategies and Medium- to Long-term Vision

Below are priority issues to be addressed in the execution of human resources strategies to fulfill Our Commitment, main measures and results for the fiscal year ended March 2024.

We have also formulated targets for the end of the fiscal year ending March 2026, the final year of Phase 1 of the FY2031 Strategy, and a vision for the end of the fiscal year ending March 2031, the final year of Phase 2, and the Human Resources Committee is conducting discussions for purposes such as solving issues, verifying the effectiveness of measures and making improvements in order to steadily accomplish these visions.

		Priority issues	Main measures			
Our Commitment	FY2031 Strategy	<div><div>Metals Company</div><div>Leader in Resource Recycling of Nonferrous Metals</div></div>	Developing and retaining human resources for business growth	★ Developing Next-Generation Leadership Talent		
			Realizing flexible employment and work styles	Shortening the time required to meet hiring needs		
				Operating job-based HR system		
				Enhancing system to support a variety of work styles		
				Operational efficiency improvement		
		<div><div>Advanced Products Company</div><div>Global First Supplier</div></div>	Maximizing the value of human resources and creating an organization dedicated to winning	Maximizing capabilities of individuals and supporting autonomous growth	Enhancing performance management	
					Support for autonomous career development	
					Key measures of human resources strategies, P63	
			Metalworking Solutions Company	A Leading Company in Tungsten Products Recognized by Customers Globally	Building a foundation for co-creation and growth	Building a training system to enhance management skills
						Accelerating transformation by integrating diverse human resources and their values
		Renewable Energy business	Expansion of Renewable Power Generation to Achieve 100% Self-sufficiency in Renewable Power Electricity	Fostering job fulfillment through well-being	Key measures of human resources strategies, P62	
					★ Improving employee engagement	
Maximizing organizational capability through data utilization	Key measures of human resources strategies, P63					
	Health and productivity management					
		Key measures of human resources strategies, P63				
		Utilizing Talent Management System				

Key KPIs for human resources strategies



FYE March 2024 result	FYE March 2026	FYE March 2031	Materiality
<ul style="list-style-type: none"> Established a pool of next-generation leadership talent and enhanced development initiatives Ratio of candidates on the Next-Generation Leadership Talent Development Program to successors of Executive Officers: 56% 	<ul style="list-style-type: none"> Build a pipeline to Executive Officer roles through ongoing selection and development of next-generation leadership talents Ratio of candidates on the Next-Generation Leadership Talent Development Program to successors of Executive Officers: 70% Develop organizations and talent to accelerate our resource recycling business, starting in Europe 	<p>We will have established and be executing a cycle of ongoing appointment and development of the next generation of management candidates for Executive Officer positions. Additionally, as an organization that is accelerating its global expansion, we will be developing talent with the management capabilities to lead multinational teams.</p> <p>*Ratio of candidates on the Next-Generation Leadership Talent Development Program to successors of Executive Officers: 80%</p>	Enhancing talent retention and development
<ul style="list-style-type: none"> Enhanced publicity, diversified hiring channels and shortened lead times for hiring 	<ul style="list-style-type: none"> Improve recruiting capabilities 		
<ul style="list-style-type: none"> Placed the right persons in the right positions through proper placement at a management level Promoted talent for early appointment to organizational head positions through stringent enforcement of age limits 	<ul style="list-style-type: none"> Acceleration of placements of the right persons in the right positions and early promotions 	<p>Through speedy hiring, placing the right persons in the right positions, a mixture of diverse employment patterns and work formats, and operational efficiency, we will utilize excellent talent from both inside and outside the Company to the maximum in our business operations.</p>	Promotion of flexible work styles Addressing labor shortages
<ul style="list-style-type: none"> Introduced trial system for side jobs / side businesses 	<ul style="list-style-type: none"> Improvement of appeal of our workplace (expansion of eligibility for coreless-flexitime system, full adoption of system for side jobs / side businesses, etc.) 		
<ul style="list-style-type: none"> Implemented initiatives in each division for reform of business processes, promoting efficiency, labor saving, and workload saving 	<ul style="list-style-type: none"> Implement thorough measures for promoting efficiency, labor saving, and workload saving 		
<ul style="list-style-type: none"> Promoted understanding of and executed performance management cycles through training, etc. Evaluation feedback given: 71% 	<ul style="list-style-type: none"> Establish support through performance management to achieve results and facilitate growth and development Ensure that evaluation feedback is given 		
<ul style="list-style-type: none"> Promoted autonomous career development (more active utilization of the Internal Job Posting System, held career event, provided opportunities to consult outside career counselors, provided support for re-skilling) 	<ul style="list-style-type: none"> Accelerate awareness-building about career autonomy and provide support for autonomous career development 	<p>Each employee will be able to give their best and realize their growth as they build a career autonomously.</p>	Strengthening talent retention and development Addressing labor shortages
<ul style="list-style-type: none"> Developed initiatives to improve the level of management throughout the Company (held "Basics of HR management" course for all managers, revised management training system) 	<ul style="list-style-type: none"> Continuously enhance management of organization and human resources (reflection of results of measurement of effects of training in the content of future training) 		
<ul style="list-style-type: none"> Ratio of diverse attributes among managers: 24% Number of managers (compared to March 31, 2021): Women: Approx. 1.4 times, non-Japanese: Approx. 1.6 times, mid-career hires: Approx. 1.4 times Percentage of women in management positions: 3.2% 	<ul style="list-style-type: none"> Ratio of diverse attributes among managers: more than 20% Number of managers (compared to March 31, 2021): Women: Approx. 2.5 times, non-Japanese: Approx. 2.5 times, mid-career hires: Approx. 1.5 times Percentage of women in management positions: 5.0% 	<p>By building an environment where team members with a variety of diverse attributes can coexist and recognize one another in an equitable manner and actively demonstrate their individual abilities at their very best, we will be able to get the maximum performance from our organizations and accelerate transformation.</p> <p>*Ratio of diverse attributes among managers: 30%</p>	Promotion of DE&I
<ul style="list-style-type: none"> Positive response rate in employee engagement survey: 73% 	<ul style="list-style-type: none"> Positive response rate in employee engagement survey: 75% 	<p>Each employee will approach their organization and work autonomously with an internal motivation to contribute, and productivity per employee will be improving.</p> <p>*Positive response rate in employee engagement survey: 80%</p>	Promotion of flexible work styles
<ul style="list-style-type: none"> Certified as a White 500 Health & Productivity Management Outstanding Organization for the first time in 2024 (Large Enterprise Category) Received certification as an Excellent Health Company (gold certification) for the first time 	<ul style="list-style-type: none"> Keep certification as a White 500 Health & Productivity Management Outstanding Organization in 2024 (Large Enterprise Category) Keep certification as an Excellent Healthy Company (Gold Certification) 	<p>Building workplaces where employees can be healthy and energized leads to the improvement of labor productivity and corporate values.</p>	
<ul style="list-style-type: none"> Designed operations and implemented systems for skill data management Commenced visualization and analysis of the situation of employees and organizations through aggregation of HR data 	<ul style="list-style-type: none"> Expand scope of HR data visualization and utilize HR data in talent management Build a system to provide HR information to management in a timely manner 	<p>Decisions on human resources strategies and measures will be made based on HR data such as skill data and individual data, and the evaluation of this data.</p>	Enhancing talent retention and development

★ indicates a measure related to a core KPI of the human resources strategies.

Key Measures of Human Resources Strategies

Ensuring Diversity and Supporting Advancement of Diverse Human Resources (Promote Diversity, Equity and Inclusion)

Basic Policy

The concept of "Equity" was added to the Group's basic policy on Diversity, Equity and Inclusion in April 2024. The policy is stipulated in our Basic Policy on Corporate Governance, Sustainability Policy and Human Rights Policy. In order to embrace and respect diverse personalities in an equitable manner, as well as to create new values that are sources of sustainable growth for the Group, we have set goals for the employment of women, non-Japanese people, mid-career hires and people with diverse attributes, and are deepening 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/>

Main Initiatives

To accelerate transformation through integrating diverse values, we are carrying out measures to ensure diversity and disseminate equity and inclusion.

<Ensuring diversity>

General

- Formulation of a three-year (FYE March 2024 - FYE March 2026) action plan for promotion of DE&I and execution of this plan by management and employees alike (plants and Group companies)
- Establishment of community for balancing work with childcare

Support of women's development and advancement

- Sponsorship program sponsored by Executive Officers
- Holding "DEI Forum" as an International Women's Day event in cooperation between eight nonferrous metal companies

Support for non-Japanese employees

- Holding recruitment events for international students

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
- Collaboration with organizations supporting people with disabilities, accepting trainees from special education schools

<Dissemination of equity and inclusion measures>

General

- Publishing information on DE&I on the intranet
- Implementation of unconscious bias e-learning (for all employees)
- Holding diversity seminars (for managers)
- Holding seminars by DE&I experts (for directors)

Promoting activities for LGBTQ+ awareness-raising

- Seminars held by Outside Directors (for all employees)
- Acquisition of Silver in PRIDE Index
- Sponsorship of Tokyo Rainbow Pride 2024
- Endorsement of Business for Marriage Equality

Support for male employees to take childcare leave

- Continuous communication and awareness-raising about taking childcare leave (target rate of employees taking leave from FYE ending March 2023: 100%)

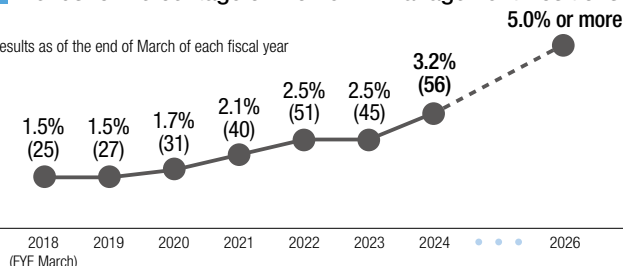
Related Information:

Corporate website ► Diversity, Equity & Inclusion
<https://www.mmc.co.jp/corporate/ja/sustainability/diversity/>

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

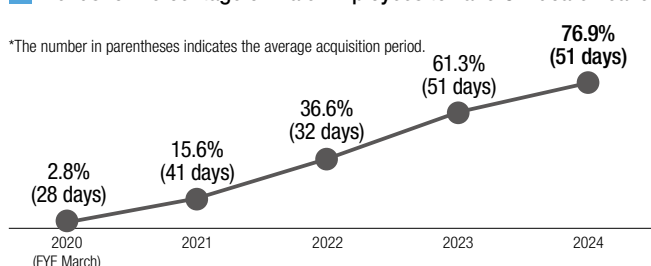
Trends for Percentage of Women in Management Positions

*Results as of the end of March of each fiscal year



Trends for Percentage of Male Employees to Take Childcare Leave

*The number in parentheses indicates the average acquisition period.



Holding a DEI Forum

To promote understanding and improve awareness of DE&I and accelerate initiatives throughout the industry, we held a DEI Forum on International Women's Day (March 8) 2024 through cooperation between eight nonferrous metal companies and the Japan Mining Industry Association.



Holding an International Women's Day Event

MMC HARDMETAL INDIA PVT. LTD. held an event to express gratitude for the presence of its female employees and further acknowledge what its female employees have accomplished so far.



Sponsorship of Tokyo Rainbow Pride 2024

We attend this event to support LGBTQ+ people. We are promoting an inclusive corporate culture and working to build working environments where everyone can shine in their own unique way.



Support for Autonomous Career Development

To enhance retention and development of human resources who can support our businesses growth, we are working to assist in career development by providing employees with opportunities for self-growth.

- More active utilization of the Internal Job Posting System (relaxing criteria for eligibility and expansion of internal communication)
- Holding a career event so that people can learn about jobs at MMC, get to know employees and develop a vision for their career (lectures by experts, round-table talk by employees with experience of Internal Job Posting, overseas postings, side jobs/side businesses and childcare leave, etc.) (from FYE March 2024)
- Providing opportunities to consult outside career counselors (for managers) (from FYE March 2024)
- On-demand online learning courses to provide support for re-skilling

Improving Employee Engagement

We are continuously working to improve employee engagement to foster job fulfillment through well-being. We have conducted engagement surveys once a year since the fiscal year ended March 2023 to visualize issues related to organizations and talent. The Human Resources Committee deliberates on matters such as policies to address issues and works on measures and improvements for each division.

Our survey consists of five categories: "Work," "Colleagues," "Compensation," "Organization," and "Growth Opportunities." 95% of all employees responded to the survey for the fiscal year ended March 2024, and the positive responses rate for all questions (30 questions) was 73% (+2.0% year-on-year). The positive response rates for "Organization" and "Growth Opportunities" were relatively low in the previous fiscal year. As a result of various measures to strengthen these areas, the positive response rate for "Organization"*¹ increased by 1.0% and the positive response rate for "Growth Opportunities"*² increased by 4.9%.

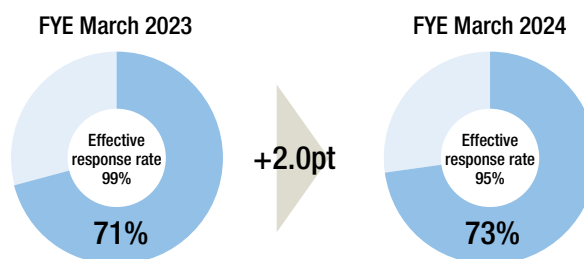
We aim to achieve a positive response rate of 80% for all questions by the fiscal year ending March 2031. From the fiscal year ended March 2024, each business division has been identifying issues in the division, setting policies and targets to address them, and executing action plans to accomplish these.

Through this series of activities, we aim to continue increasing employee engagement in future.

*1 Example of a question in "Organization" that received a greater positive response rate: "The Company has a brand power and recognition that I can be proud of, and its reputation in society is good."

*2 Example of a question in "Growth Opportunities" that received a greater positive response rate: "I feel that I can autonomously develop the career I want."

Trends for Positive Response Rate



Category	Work	Colleagues	Compensation	Organization	Growth Opportunities	All questions
Change from FYE March 2023	+1.3pt	+1.7pt	+4.1pt	+1.0pt	+4.9pt	+2.0pt

Areas to be strengthened

Actions for improvement in areas to be strengthened based on the results for FYE March 2023

Organization	Growth Opportunities
<ul style="list-style-type: none"> • Holding Town Hall Meetings • Sharing information with employees through internal branding activities 	<ul style="list-style-type: none"> • Rigorous performance management cycles (feedback from evaluations) • Continuous management support for growth through 1-on-1 meetings • Holding a career event as a campaign to encourage thinking about careers

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.

Under the Policy for Activities to Promote Health and Productivity Management set for the fiscal year ended March 2024, 13 activity themes were set. For four focus issues, including addressing high health risk factors and carrying out mental health initiatives, medium-term metrics were set for the three years from the fiscal year ended March 2024, and ongoing initiatives are being carried out.

As a result, we received certification as an Excellent Health Company

(Gold Certification) for the first time in September 2023, and in March 2024 we were certified as a Health & Productivity Management Outstanding Organization (Large Enterprise Category) for the third consecutive year and received White 500 certification for the first time.



Related Information:

Corporate website ▶ Health and productivity management initiatives
https://www.mmc.co.jp/corporate/ja/health_mgt/

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

VOICE

Interviews with employees

The CEO and other Executive Officers explain our human resources strategies and measures in their own words at Town Hall Meetings and venues for dialogue with employees.

After receiving these messages, each employee takes a starring role in executing our human resources strategies in their daily work.

Promotion of DE&I

Supporting the growth of diverse team members

VOICE

I want to engage with each team member as an individual, regardless of their gender or age, hear their thoughts and support them in what they do. When I do that, I get to see each team member grow and change, and that makes me happy. I strive to communicate with colleagues, not run away from decisions that need to be made, and first and foremost, be cheerful myself.



Kayo Ito
Administration Department
Administration Division
Advanced Products Company
(based in Osaka)

Employees with diverse attributes are displaying leadership not only at Headquarters but at plants and Group companies too. In addition to promoting diversity, we are dedicated to disseminating equity and inclusion.

Used the childcare leave system

Valuing both work and life

VOICE

My family welcomed its first child. I talked to colleagues who had experience with taking childcare leave, then consulted with my wife and talked with my workplace. I chose to take three months to get through that particularly difficult period. I got to spend time with my child and support my wife in her recovery after giving birth, and my child got to meet their grandparents who live far away. Taking childcare leave enabled me to be around for a precious period of time that you only experience a few times in your life. I want as many people as possible to use national or company systems to take this leave.



Yuya Sato
Drills Development Section
Drill, CBN & PGD Products
Development Department
Gifu Plant
Metalworking Solutions Company

As a result of continuous communication and awareness-raising through measures such as training and seminars, the rate of male employees taking childcare leave has increased by around five times in the last three years. We will continue working to build an environment and culture where employees can take childcare leave if they want to.

Used the Internal Job Posting System

By using systems where I could take on a lot of challenges, I can see how much I've grown

VOICE

Languages are a strength of mine, and I wanted an opportunity to use that. I also wanted to gain experience in new areas of business. Just when I was wondering how I could get the most out of my strengths, I found out about our Internal Job Posting System. I'm now in charge of negotiating with overseas partner companies and support and exploration of new businesses. Unlike the research and development work I had been doing before, I get to be involved in totally new challenges and projects I have no experience with, and I can see that I've steadily grown.



Henghui Chen
Business Development Department
Business Strategy Division
Metalworking Solutions Company

The Company lays the ground for employees to act on their own initiative to create an environment where they can show their strengths.

Used the Internal Job Posting System

Jumping in without hesitation to develop my career on my own initiative

VOICE

Ever since I first started here, I have wanted a role where I can feel that I am contributing to the Company. So in my 20s and 30s I wanted to gain various skills and experience. That was when the Internal Job Posting System started. I applied, amazed that there was such an innovative way to jump in without hesitation on my own initiative. I was able to attend presentations for each department and receive career advice from experienced employees. Each day I feel like I am getting closer to the person I want to be. I spend fulfilling days in an environment where I can challenge myself.



Takumi Tazawa
EPMO Group
DX Promotion Department

The Company has fields and opportunities where, if employees have aspirations, they're able to achieve them. This system gets employees thinking about how they can take ownership of their careers.

Improving Employee Engagement

Improving employee engagement to invigorate our organizations

VOICE

We evaluate survey results, together with HR data, from various angles. In this fiscal year, we have designated sharing and disseminating the Company's Vision as an important measure. A specific measure is our direct dialogue meetings, where the Company's President directly visits each plant and explains our vision, his expectations of the plant, and scenarios for future growth. Additionally, feedback from employees is reflected in our management to foster unity between the Company and its plants. Surveys are used to verify the effect of this measure and further improve employee engagement.



Nana Ohkura
HR Business Partner Section
Administration Division
Advanced Products Company

In addition to Company-wide initiatives, we are also striving to continue efforts at a department level to address department-specific issues based on the survey results, with the aim of further improving employee engagement.

Promoting Health and Productivity Management

Making health promotion enjoyable for all employees

VOICE

Various health-related events have been held as company-wide initiatives. When we plan and execute them, we try to add elements that the employees will enjoy to keep motivation up. In particular, through various anti-smoking measures, we have managed to reduce the ratio of employees who smoke from 52.8% (FYE March 2018) to 11.7% (FYE March 2024).



Kodai Takahashi
Administration Section
Administration Department
Hosokura Metal Mining Co., Ltd.

As a result of various activities, Hosokura Metal Mining Co., Ltd., a Group company, was certified as a Health & Productivity Management Outstanding Organization (Small and Medium Enterprise Category) and received a Healthy Company Declaration (Gold Certification), and achieved outstanding results from its unique measures to reduce the ratio of employees who smoke.

Message from the Chief Technical Officer



Creating abundant new products and services to further enhance our business competitiveness

In my role as CTO, I oversee the Monozukuri and R&D Strategy Division, the DX Promotion Division and the System Strategy Division, which engage in activities such as new business creation, research and development, the strengthening of manufacturing capabilities, intellectual property formation, the application of digital and data processing technology, and information security across wide-ranging technical fields. This is the basis for maintaining and enhancing the business competitiveness of the Group, which makes its living through manufacturing. In the fiscal year ended March 2024, our efforts yielded results in many fields. However, in order to prevail in an unpredictable business environment, we will keep pushing forward in the fiscal year ending March 2025 to further enhance our business competitiveness, create abundant many new products and services, and ensure that they grow significantly.

Makoto Shibata

Managing Executive Officer

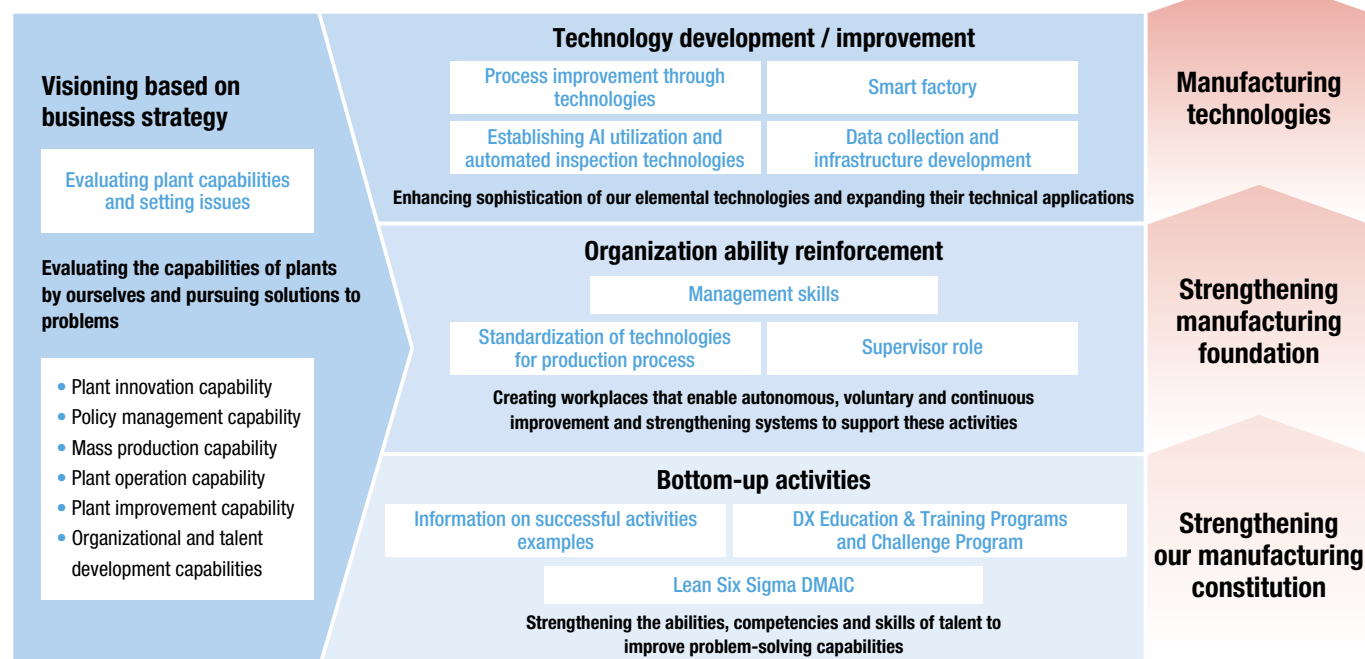
CTO, Responsible for Monozukuri and R&D Strategy, DX Promotion, System Strategy

Manufacturing Excellence and R&D

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
 - Ensuring widespread, effective and rigorous use of digital technology
2. **Strengthening the manufacturing foundation**
 - Strengthening production preparation processes, reducing the occurrence of defects
 - Promoting standardization and visualization regarding talent, goods and equipment
3. **Strengthening of manufacturing system**
 - Development of human resources who can understand the principles and mechanisms
 - Providing digital skills training programs and support for problem-solving



R&D Strategy

Through the creation of new products, technologies, and businesses, we are providing sustainable materials designed for recycling and achieving sustainable enhancement of corporate value.

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

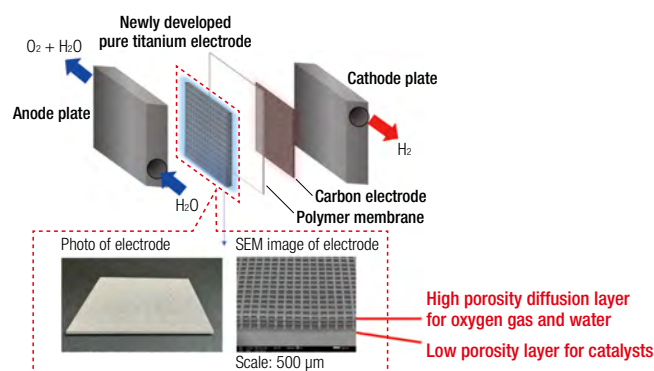
Providing sustainable materials designed for recycling

FY2031 Strategy Priority Policy Program	Fields of Focus
Strengthening both the creation of new materials and components and the recycling of resources	Resource recycling <ul style="list-style-type: none"> • Separation, recovery, and purification
GHG reduction throughout the product lifecycle	Decarbonization <ul style="list-style-type: none"> • Energy material • Green material • Green process
Sophistication of organizational management through the creation of ideas, research and development, mass production, and commercialization	Semiconductor related products <ul style="list-style-type: none"> • Packaging material • Components for equipment (resin composite materials)
Setting and executing development themes and accelerating commercialization through the flexible allocation of management resources (employees and funds)	Mobility <ul style="list-style-type: none"> • High-performance copper materials and components • Cemented carbide tools

Product Development Contributing to the Realization of Sustainability: Development of a New Titanium Electrode

The Group has developed a new titanium water electrolysis electrode with a double-layer structure using 3D printer technology in a joint research and development project with Yokohama National University's Advanced Chemical Energy Research Center. These electrodes can be operated with high efficiency even under high current density conditions. Polymer electrolyte membrane (PEM) water electrolysis is a hydrogen production technology that has attracted attention in recent years. However, it faced the issue of high system costs. This joint development project was an effort to solve this issue, and in the future, we will continue to develop and improve electrode structures for practical use.

Schematic diagram of PEM water electrolysis



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.

We are implementing the following important measures to achieve the targets of the FY2031 Strategy.

1. Contribute to building and strengthening MMC Group's cyclical value chain, which consists of various arterial and venous businesses, from an intellectual property perspective

We implement intellectual property strategies that provide faster and more effective support for business strategies, including the formation of our cyclical value chain based on the characteristics of arterial and venous businesses.

2. Build a strong intellectual property portfolio for MMC Group as a whole

We aim to build a robust intellectual property portfolio in order to respond with flexibility and strength to intellectual property environments that differ from today's in the world envisaged by Our Commitment as set out in the FY2031 Strategy, including the emergence of new competitors and alliances.

3. Strengthen MMC Group's intellectual property governance structure

We carry out intellectual property related activities in line with the Corporate Governance Code and work to optimize governance in areas such as investment in intellectual property, the development and implementation of utilization strategies, risk management, and information disclosure. We do this using measures such as guidance and supervision from management through monthly interviews with the Managing Executive Officer responsible for intellectual property and appropriate reporting to the Board of Directors.

DX Strategy (MMDX*1)

Related Information:

Sustainability Report ▶ Deepening of DX
<https://mmc.disclosure.site/en>

DX Strategy

The Mitsubishi Materials Group implements the DX strategy MMDX, which serves 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.

Under MMDX, the period from the fiscal year ended March 2024 to the fiscal year ending March 2026 is the full-scale operation phase. This fiscal year is the second year of that phase. This section introduces some examples of the several activities that are already underway and producing results.

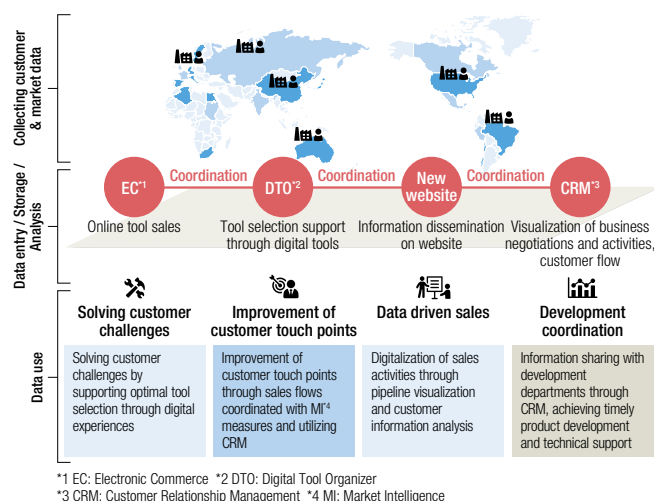
*1 MMDX: Mitsubishi Materials Digital Business Transformation

Case 1: Strengthening Market Intelligence to Improve Customer Touch Points

The Metalworking Solutions Company is working to further strengthen its market intelligence with the aims of leveraging digital technology to help resolve customer challenges and providing reliable services with high added value. In the fiscal year ended March 2024, we built up coordination between our solutions platform, overseas electronic commerce (EC) website and customer relationship management (CRM) solutions, with the new integrated website playing a central role. The aim was to create an integrated digital service spanning from brand recognition that supports customer tool selection through to aftersales service.

With the solutions platform, we provide tool selection know-how as an online app. This supports customers in overcoming challenges by automatically displaying the most appropriate tool based on various conditions, including improved cutting efficiency and lifespan, the work material, the machining conditions, and the tool type. Together with the new global website and EC customer information, we analyze data collected from our systems and coordinate with CRM in order to promote utilization of data in technical support and product development. This is implemented through sales flows, project management and information sharing with development departments. Moving forward, we will work to further expand functions and the areas

in which we provide services, offering digital experiences that resolve customer challenges and enhance convenience while also striving to produce results by enhancing the sophistication of data driven sales on a global Company-wide scale.



Case 2: Business Process Innovation and Operational Enhancement through ERP Introduction

We have implemented Enterprise Resource Planning (ERP) as a means to renew and standardize operations processes for Group companies worldwide. Implementation has started from the accounting area, with operations at Mitsubishi Materials Corporation beginning in the fiscal year ending March 2025. With the aim of building key business processes that can be improved and advanced through the integration of business and IT, we have worked to implement overall optimization and have established a structure that can rapidly respond to changes in the external environment (M&A, accounting systems, tax systems, etc.)

by quickly and accurately creating and providing the financial statement data needed for management decision making. We plan to continue expanding this to Group companies worldwide.

In addition, we have started efforts to renew and standardize ordering and sales processes. We plan to continue examining current issues and the ideal state for business and IT respectively, from the perspectives of business management, cost management, sales activities, inventory management and master management.



Accelerating DX implementation at Group companies can lead to an even greater business impact.

In the fiscal year ended March 2024, the first year of the FY2031 Strategy, MMDX themes such as customer touch point areas and cooperation between manufacturing and sales were in operation. In addition, we have made progress in our future-oriented activities in areas such as developing data infrastructure and training talent with advanced digital skills. In the fiscal year ending March 2025, we will continue accelerating DX implementation at Group companies in Japan and overseas to achieve an even greater business impact.

We are also aware of the importance of cultivating a Group-wide digital mindset. In addition to promoting DX themes, we hope to see each and every employee take ownership of DX and show initiative in incorporating digital technology into their work. Through effective use of digital technology and data, we will aim to maximize corporate value.

Nobuhisa Hayama
 CDO, General Manager of DX Promotion Division

IT Strategy

Related Information:

Sustainability Report ▶ Strengthening Information Security
<https://mmc.disclosure.site/en>

IT Strategy

The Group provides system functions that are indispensable to establishing and executing the MMC Group IT WAY (IT governance and IT synergies) set out in the Medium-term Management Strategy FY2031 and promoting MMDX. In our IT strategy, we take data utilization, operational efficiency and security as key elements and we are working on system modernization and the strengthening of security measures. We are also working on key areas such as commonization and standardization of IT infrastructure and fostering IT talent. We also support and promote Our Commitment by utilizing IT solutions as set out by Mitsubishi Materials Group.

- In order to realize the MMC Group IT WAY, we provide essential system functions that support the promotion of MMDX in the IT area.
- We plan to invest approximately ¥10 billion while ensuring that IT costs do not exceed 1.0% of net sales in FYE March 2031. (Currently approximately 0.8%)

ICT tools

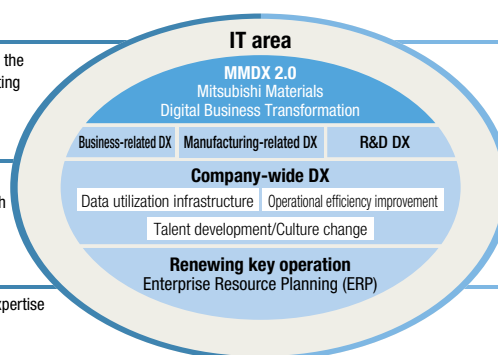
Providing a digital workplace to increase the productivity of all employees and promoting IT utilization

IT infrastructure

Providing stabler, more efficient IT infrastructure to the whole Group through commonization & standardization

Securing IT talent

Developing human resources with the expertise needed by business IT talent



System modernization

Transitioning to architecture that is appropriate for data utilization, new work styles, and more

IT organization optimization

Reevaluating the role of the IT organization within the Group, including MMIS

Enhancing security

Strengthening security measures in line with current trends, as external and other threats continue to grow

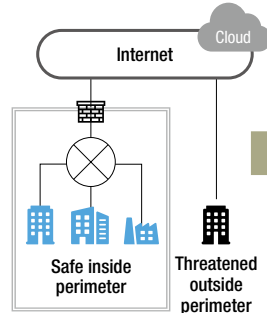
Information Security Initiatives

In order to maintain security for our systems, we are implementing appropriate information security measures worldwide, including responding to changes in the external environment.

Implementing information Security Measures

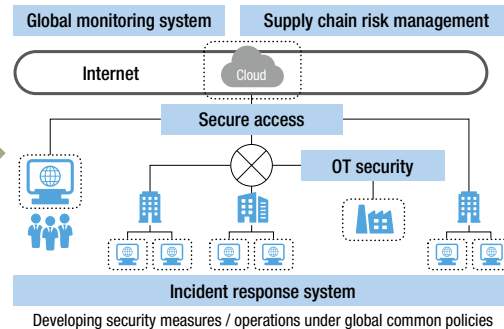
- We are transitioning from a perimeter defense-based security system to a zero trust security model, and strengthening measures such as supply chain risk management measures
- We will continue to develop appropriate information security measures in response to changing trends, from a global perspective

Perimeter Defense Security



External threats growing with increased connection with external entities
 Societal demands for security governance
 Growing importance of protecting OT
 Technical progress in the security field

Zero-Trust Security



Ongoing information security measures responding to changing trends

Leveraging new technologies such as generative AI can help the Group become even more productive and more efficient.

In the fiscal year ended March 2024, the first year of the Medium-term Management Strategy FY2031, we established the new IT operations company Mitsubishi Materials IT Solutions Co., Ltd. and started the process of reviewing the role of the Group's systems divisions and enhancing functions. In addition, we have adopted ERP in the accounting area for the first time, and have started modernization that breaks away from legacy systems.

In terms of information security, we are working on the overseas deployment of the next-generation network that had already been established in Japan and we will continue our efforts to support business execution through appropriate levels of security. Furthermore, we are actively working on generative AI utilization and other new technologies in order to help the Group become even more productive and more efficient.

Norihiro Itano

CIO, General Manager of System Strategy Division

Overview of Sustainability Activities

Based on our Corporate Philosophy of “For People, Society and the Earth,” the Group actively and proactively engages in sustainability initiatives, receiving high praise from many outside organizations in the fiscal year ended March 2024. Moving forward, we will continue to promote business activities that earn the trust of our stakeholders, and fulfill our social responsibilities.

FYE March 2024		
Promotion of resource circulation	Establishing the Resource Circulation Strategy Meeting	Decision to build a pilot plant to establish lithium-ion battery recycling technology
Strengthening measures to address global environmental issues	<p>“Teine Forest, one of the Materials’ Forests,” certified as a “Nationally Certified Sustainably Managed Natural Sites”</p>  <p>Teine Forest, one of the Materials’ Forests (Sapporo, Hokkaido)</p> 	<p>Accelerating the transition to renewable energy at Metals business sites</p>  <p>Naoshima Smelter & Refinery</p>
Enhancement of human capital	<p>Support for “Business for Marriage Equality”</p> 	<p>First certification as an “Excellent Health Company” (Gold Certification)</p>  <p>Held a career event, “a month to learn about MMC’s jobs and people, and career vision”</p> <p>Received a “Silver” award in the PRIDE Index 2023</p> 
Activation of communication	Formulation of Community-based Social Contribution Policy for the Group	Initiatives by third-term ambassadors to promote ownership of Our Commitment
Strengthening information security	Mitsubishi Materials IT Solutions Co., Ltd. established to consolidate and strengthen Group system operation	Held “Information Security Workshop” for information security management in Japan
Strengthening response to SCQ issues	Compliance training (For Group companies in Japan and abroad, for executives)	342 people participated in risk simulation training, 240 people participated in safety and health training (FYE March 2024 result)
Enhancement of sustainable supply chain management	<p>Luvata receives exclusive license for GloBrass® in Europe and North America</p> <p>Luvata concludes a sublicense agreement for GloBrass® with Wieland-Werke AG</p>  <p>Faucets and automotive parts (Valves, thermal sensors, general purpose products, etc.)</p>	Identification and assessment of human rights risks through supplier self-checks
Deepening of DX	<p>Selected for the first time as a “Noteworthy DX Companies 2023” jointly selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange</p>  	Release of sampling video viewing function for E-Scrap business platform “MEX”
Pursuit of value creation	Successful development of manufacturing technology for materials used in all-solid-state batteries for xEVs	Received award at the Japan Institute of Copper’s 57th Paper Awards for a research paper on oxygen-free copper
Geopolitical and geoeconomic risks	Onahama Smelting & Refining Co., Ltd. becomes a wholly owned subsidiary	
Financial risks	Formulation of tax policy	Formulation of a transition-linked finance framework



indicates an award or certification from an outside organization.

FYE March 2025

Launch of Japan's first recycled metal brand, "REMINE"

Partnership with Chilean Technical Institute of Higher Education, Duoc UC, to collect used electrical and electronic equipment

Conclusion of an agreement to acquire shares of H.C. Starck Holding

Start of procedures to obtain Copper Mark certification

Selected as a CDP 2023 "Supplier Engagement Leader"



Commencement of commercial operation of the Appi Geothermal Power Plant



Panoramic view of Appi Geothermal Power Plant

Introduction of an internal carbon pricing system

Certification as a "Sports Yell Company" 2023-24 from the Japan Sports Agency



Selected for the first time as "Human Capital Management Quality 2023 (Silver)" in the Human Capital Survey 2023



Eight non-ferrous metals companies jointly hold a "DEI Forum" for International Women's Day



First certification as a White 500 "Health & Productivity Management Outstanding Organization (Large Enterprise Category)"



Selected for the first time as "Tokyo Sports Promotion Company"



Awarded the "Silver Prize" for the first time at the Ministry of the Environment's 5th ESG Finance Awards Japan



Selected as "Excellent Integrated Report" by GPIF's Japanese equity investment division



Examining new Our Values to realize "Our Commitment" together with all Group employees worldwide

Introduction of "Digital Workplace Solutions" to restructure PC management

Held "Quality Review Day" and carried out training, internal audits and patrols

Held "Safety Declaration Day" and continued efforts to ensure serious accidents are not forgotten

Cobalt recovery tests commence at pilot plant at Mantoverde Copper Mine

Memorandum of Understanding signed with Anglo American to build a sustainable and responsible supply chain

Announcement of statement regarding efforts to prevent forced labor and child labor following the implementation of Canada's Modern Slavery Act

Implementation of DX talent development and literacy improvement initiatives

Introduction of ERP to reform and standardize accounting business processes and start of operation at head office

Selected for the second year in a row as "Noteworthy DX Companies 2024"



Held MMC Acceleration Program "Wild Wind" 2023



MMC Acceleration Program "Wild Wind" 2023

Development of copper alloy: Received the Science and Technology Award (development category) at the 2024 Minister of Education, Culture, Sports, Science and Technology Awards



Establishment of the New Europe Company Preparation Department

Mitsubishi Materials España, S.A.U. completes expansion of its cemented carbide tool plant



Mitsubishi Materials España, S.A.U.

PT. Smelting becomes an equity method affiliated company

Management of defined benefit corporate pension plans and defined contribution plans

Pooling of funds within the Group, general lending and parent-subsidary loans

Message from the Chief Sustainability Officer



Tetsuya Tanaka

Managing Executive Officer

CSuO, Responsible for Business Process Management, Safety, Environment & Quality, Environmental Stewardship Center, Sustainable Development, Legal & Compliance

Based on our Corporate Philosophy of “For People, Society and the Earth,” the Group will promote business activities that earn the trust of all our stakeholders.

Strengthening our response in terms of safety and compliance were key issues for the fiscal year ended March 2024. We proactively address these issues to build a system where all employees view safety and compliance as their own personal responsibility, making continuous improvements autonomously. We also strive to further improve all matters set forth in our Sustainability Policy.

Sustainability Initiatives in FYE March 2024

Regarding our sustainability initiatives in the fiscal year ended March 2024, we have evaluated activities so far as having achieved good results in terms of environment and quality. In environment, we achieved zero serious environmental accidents or violations of law and regulation that could result in administrative action. In quality, our steady efforts are beginning to pay off, which can be seen in the downward trend

of the number of complaints. However, results were disappointing in safety and compliance, with the number of people affected by lost-time accidents in Japan totaling 24 in 2023, including 14 employees of the Company and 10 at subsidiaries, which was the worst result for the Company in the past five years. Furthermore, the number of compliance violations rose and 2023 was also our worst result in the past five years.

Issues and Initiatives for FYE March 2025

Taking the results of the fiscal year ended March 2024 into account, we will focus on safety and compliance initiatives in the fiscal year ending March 2025. In safety, we will assign a person with experience as a general manager of the Safety, Environment and Quality department of the Corporate Division to be the dedicated person in charge of companies with issues, ensuring the provision of necessary support. Furthermore, we have designated the Naoshima Smelter & Refinery of the Metals Company and the Sambo Plant of the Advanced Products Company as priority locations for safety reinforcement, and we will work with each company to promote improvement activities, including the dispatch of consultants. The Group will further strengthen

information sharing and conduct visits between sites to ensure the visibility of individual safety activities, thereby encouraging employees to take ownership of and promote these endeavors. In addition to these activities, we plan to conduct a safety awareness survey across the Group to reaffirm and improve our level of safety awareness. In compliance, we will continue to raise awareness of harassment through video distribution and training, and will provide focused education and training at relevant locations regarding serious cases arising from individual morals in order to encourage employees to make solving these issues their own personal responsibility.

Sustainability in the Group

Our policy is to tackle sustainability in the Group from two perspectives. First, activities necessary for sustainability of Group business, and second, activities that contribute to the sustainability of people, society and the earth through Group business. Based on our Corporate Philosophy of “For People, Society and the Earth,” the Group will promote business activities that earn the trust of all our stakeholders and fulfill our social responsibilities. Furthermore, we are dedicated to

taking a more proactive approach to sustainability and the achievement of sustainable growth as a Group by realizing Our Commitment. As CSuO, I will focus on safety and compliance above all else to build a system where all employees view sustainability, including safety and compliance, as their own personal responsibility, making continuous improvements autonomously. We will continue to strive to improve all matters set forth in our Sustainability Policy.

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*, which was one of our plants at the time, took the lives of five employees of MMC and partner companies. Based on a strong determination to never allow such an accident to occur again, the Group launched the Zero Occupational Accident Project in 2014 with 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. As the number of lost-time injuries increased in 2023, we will continue to implement thorough equipment safety measures through risk assessment in 2024. We will conduct a safety awareness survey, including at domestic Group companies, to improve issues. We will also strengthen our efforts to reduce lost-time injuries by selecting priority safety management bases. While there were 11 (5 non-consolidated) fire and explosion accidents in 2023, which is less than half of the 23 (13 non-consolidated) that occurred in 2022, we are focusing on operations to prevent such accidents to further reduce this number.

*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.

Hazard Sensitivity Education

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 in order to improve sensitivity and detection of hazards. Business sites within the Group use dismantlable, portable virtual reality (VR) hazard experience devices to improve sensitivity.



Chemical and high-pressure water hazard experience



Explosion and gas hazards experience

KYT (Hazard Prediction Training)

Since the fiscal year ended March 2024, the Health and Safety Education Center Midorikan has been providing KYT education so that each employee can learn in advance about “unsafe conditions” and “unsafe behaviors” lurking in their work or workplace, and can practice risk prediction (KY) by thinking up and implementing countermeasures on their own. Participants learn the basics of KYT as well as lectures and practical techniques such as 4R (round) KY and solo KY as practical education that can be used in the workplace.



Related Information:

Sustainability Report ▶ Strengthening Response to SCQ Issues
▶ Prevention of Occupational Accidents
<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.

Compliance

“Compliance” serves as a vital component of a company as the foundation for achieving sustainable development.

The Group promotes initiatives to spread and establish awareness in order to ensure all employees view compliance as their personal responsibility.

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.

The Chief Sustainability Officer (CSuO) is an Executive Officer who oversees compliance, supervising activities to ensure compliance with the Code of Conduct and other relevant laws. Compliance status, including compliance with the Code of Conduct, is regularly reported to the Board of Directors.

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

Activities Conducted to Raise Compliance Awareness

Since 2006, we have 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 19 languages, and these are distributed to employees around the world via the intranet. 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 SCQDE through training, education, cards, 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.

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 a system in place to allow all Group company employees in Japan to take compliance training annually. In the fiscal year ended March 2024, this training was conducted under the themes of “making compliance violations a personal responsibility,” “safety of reporting contact points,” “creating a workplace that enables good and healthy communication,” and additionally touched on “harassment,” “information security,” and “antitrust law.” We also regularly conduct workshops and training by job grade, etc.

Overseas education and training on compliance is effectively implemented in a wide range of regions worldwide through distribution of training videos in multiple languages and a focus on communication. From the fiscal year ended March 2019, governance training has been conducted for all Directors and Officers of Group companies in Japan, with senior management and outside attorneys serving as instructors, to help them to understand the duties and roles that managers must fulfill with respect to governance and compliance, and to foster awareness and acquire the means to fulfill them. From the fiscal year ended March 2022, we have also conducted overseas training with instructors that include both senior management and outside experts.

Furthermore, since the fiscal year ended March 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.

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,” 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. 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 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 employees in overseas Group companies and overseas sites (with some exceptions). Reports cover matters related to violations of competition laws, bribery and other corrupt practices, improper accounting or unfair transactions and fraudulent acts, and may be reported anonymously. Availability is made known to applicable overseas companies and sites and is introduced during overseas training.

Number of Reports and Inquiries to the Mitsubishi Materials Group Employee Hotline [FYE March]

2017	2018	2019	2020	2021	2022	2023	2024
38	42	61	58	54	47	65	63

Related Information:

Sustainability Report ▶ Strengthening Response to SCQ Issues
<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 in our business, we engage in risk management activities at all Group business sites globally and improve our risk sensitivity.

Risk Management Approach and Operation

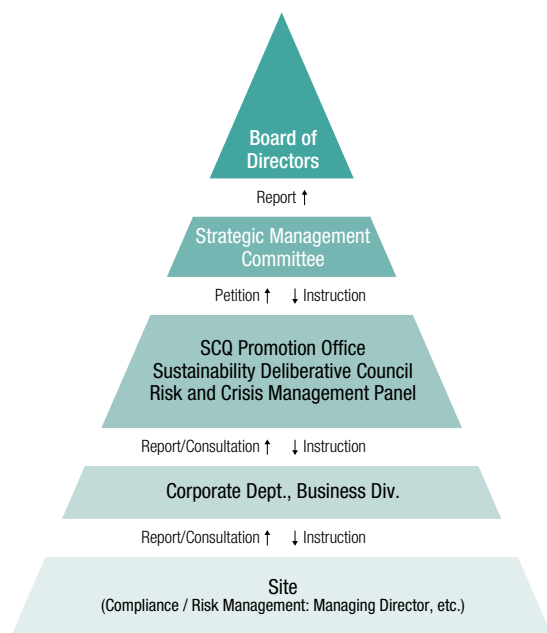
Major risks are defined as those for the entire Group, those inherent to business operations (risks of having a material impact on the operation of the entire business), and those inherent to business sites (risks of having a material impact on the operation of business sites.) We define the role each 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. This allows us to share concrete ideas of when risks emerge. Further details on these risks are indicated in the “Business and Other Risks” section of the Consolidated Financial Results.

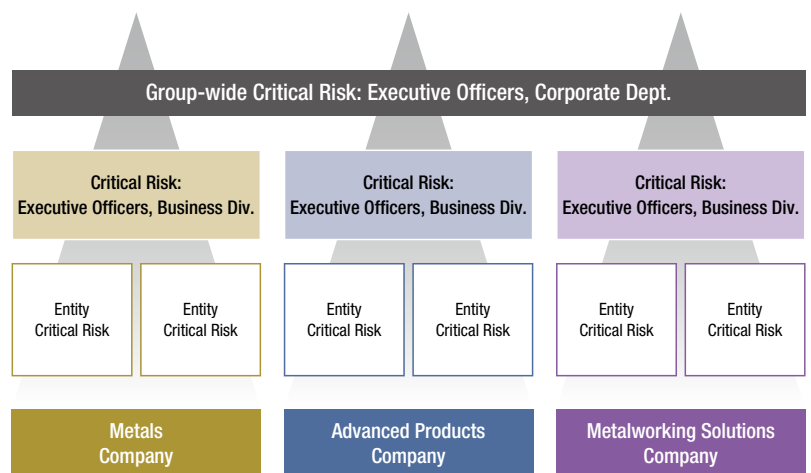
Related Information:

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

Risk Management System



Critical Risk Positioning



Management of Critical Risk from the point of view of Executive Officers, Corporate, Business Div. and each site

Crisis Management

We are striving to strengthen our crisis management systems to facilitate prompt, accurate responses to emergency situations, including natural disasters, accidents, terrorist attacks and pandemics. Crisis management related rules are applied Group-wide and ensuring the safety of our employees and their families is our first priority under a crisis.

To ensure and continue business operations should such an event arise, we work to preserve company assets and maintain stakeholder

trust through business continuity plans formulated for all consolidated subsidiaries globally.

To ensure that the system can respond to a crisis, it defines how to respond to each type of crisis and clarifies roles and responsibilities.

Related Information:

Sustainability Report ► Strengthening Response to SCQ Issues
<https://mmc.disclosure.site/en>

Respect for Human Rights

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

Human Rights Initiatives

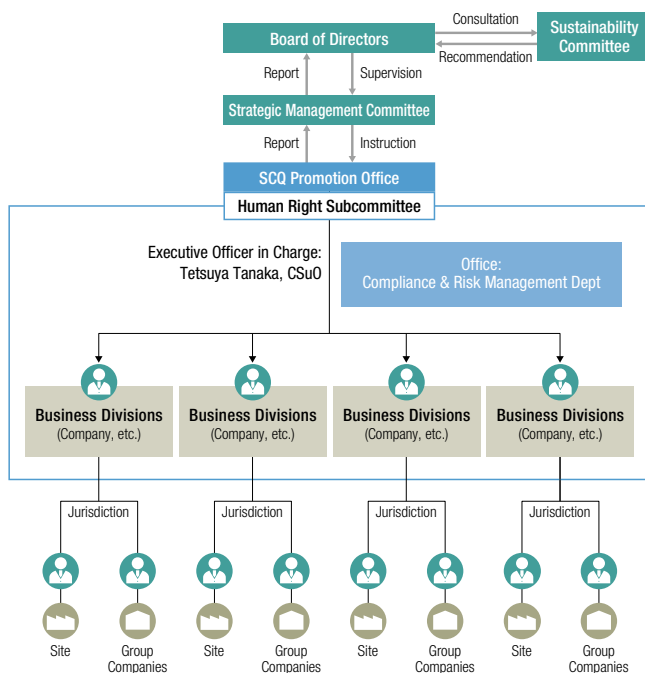
Since the fiscal year ended March 2023, we have worked on the following items in accordance with the United Nations Guiding Principles on Business and Human Rights in order to mitigate adverse impacts of our business activities on human rights.

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

Governance System

We established the Human Rights Subcommittee under the Sustainable Management Office (now the SCQ Promotion Office) in July 2021. The committee is made up of employees in charge of human rights policy from corporate and business divisions. This promotes cooperation between corporate and business divisions to reflect field-specific expertise in Group efforts to respect human rights and ensures effectiveness. The committee regularly reports on its activities to the Company's Executive Officers and the Board of Directors through the SCQ Promotion Office.

Individual sites and Group companies are also incorporating and implementing initiatives to mitigate human rights risks into their annual sustainable management plans. We also build mechanisms to make these initiatives more effective depending on their progress through the Human Rights Subcommittee.



Dissemination of Commitment to 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. In December 2021, we formulated our Human Rights Policy and our Procurement Policy in order to strengthen our human rights-related initiatives throughout the Group.

To raise awareness of these initiatives as well as human rights risks and issues faced by the Group, we provide human rights training for employees both in Japan and abroad.

Furthermore, we incorporate human rights initiatives and case studies into our Governance Training for Directors of Group companies both in Japan and abroad, as well as in compliance training for managers of Group companies outside Japan. We view training as an opportunity to cultivate global awareness of human rights, and understand our responsibility in this regard as a company.

Related Information:

Corporate website ► Human Rights Policy

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

Overall Scope of Human Rights Due Diligence

Efforts to identify, prevent, mitigate and respond to human rights impacts are collectively referred to as human rights due diligence. We promote human rights due diligence as part of our efforts to respect human rights by assessing the adverse impact of our business on human rights, responding to the results of these assessments, following up on responses and disseminating information about these initiatives.

Our human rights due diligence takes a risk-based approach using a self-assessment questionnaire (SAQ). The SAQ is used to identify human rights risk and prioritize mitigation measures for areas deemed to be high risk.

We promote initiatives both within the Company and in Group companies inside and outside Japan, as well as in cooperation with business partners.

Implementation Scope of Human Rights Due Diligence

The Group	Business partners	Mines and local residents
SAQ assessment Formulation and implementation of improvement plans	Supplier assessment Follow-up	Questionnaire assessment Dialogue

Related Information:

Sustainability Report ► Enhancement of Human Capital

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

Implementation of Human Rights Due Diligence for the Group

The Group began establishing a human rights due diligence system in the fiscal year ended March 2023. In the fiscal year ended March 2024, we distributed the SAQ to a total of 105 sites, including Company sites and Group companies, to identify human rights risks by analyzing SAQ responses.

Analysis revealed that there were several locations where harassment had occurred in the previous five years, and there was a lack of commitment to prohibiting discrimination in the hiring process, so we identified "harassment" and "discrimination in the hiring process" as human rights risks for the Group. To make further improvements, we are further strengthening awareness and educational activities regarding harassment prevention and promoting reforms in our organizational culture. We are also considering the creation and disclosure of policies to prohibit discrimination in the hiring process.

To continue our efforts in human rights due diligence in the future, we have formulated the Mitsubishi Materials Group SAQ Operation Manual, which contains the knowledge we have gained from past initiatives, covering everything from human rights risk assessment and identification to follow-up procedure and how to formulate and implement improvement plans.

Remedial Measures

We set up a reporting and consultation hotline for employees in Japan that also handles human rights-related subjects. The system allows anonymous reporting and consultation, and we have established a system that guarantees strict confidentiality, implementing remedial measures in accordance with the revised Whistleblower Protection Act (effective June 2022). In the fiscal year ended March 2024, we responded to consultations regarding harassment by properly identifying harassment and providing guidance to responsible parties. After responding to reports and consultations, we also followed-up on whether there had been retaliation on reporters or victims. Further, we implemented training to create an organizational structure that prevents harassment.

We set up a human rights hotline accessible to external stakeholders that allows anonymous consultation. We are considering the establishment and expansion of additional offices in the future.

Responsible Procurement

Throughout our value chain, the Group engages 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 standards and we make efforts to confirm their compliance status through periodic questionnaires.

We signed the United Nations Global Compact and registered as a participating company as of March 22, 2022. We believe we must fulfill our social responsibility as a company engaged in global procurement activities. With respect to the conflict minerals issues, we are strengthening our efforts from the wider perspective of the Responsible Minerals Initiative.

Related Information:

Sustainability Report ► Enhancement of Sustainable Supply Chain Management
<https://mmc.disclosure.site/en>

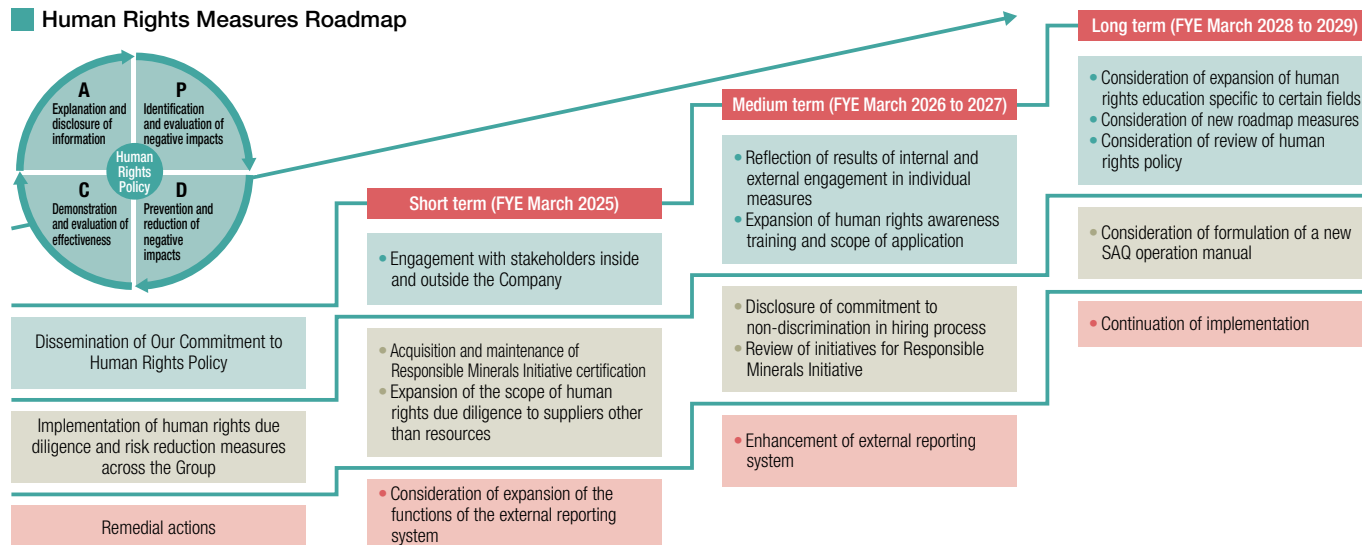
Human Rights Roadmap

Based on the results of SAQ analysis conducted in the fiscal years ended March 2023 and 2024, we have formulated a roadmap for human rights initiatives of the five years from the fiscal year ending March 2025 to the fiscal year ending March 2029.

We will continue to implement human rights due diligence efforts while identifying issues and risks, and implementing improvement measures for human rights across the Group.

Our roadmap and its main measures are as follows.

Human Rights Measures Roadmap



Environment Protection Technologies, Biodiversity and Forests

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. Consideration of 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 is 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 the fiscal year ended March 2024, there were no adverse dispositions (permit revocations, operation suspension orders, facility suspension orders, fines, etc.) by regulatory authorities.

Management of Closed Mines

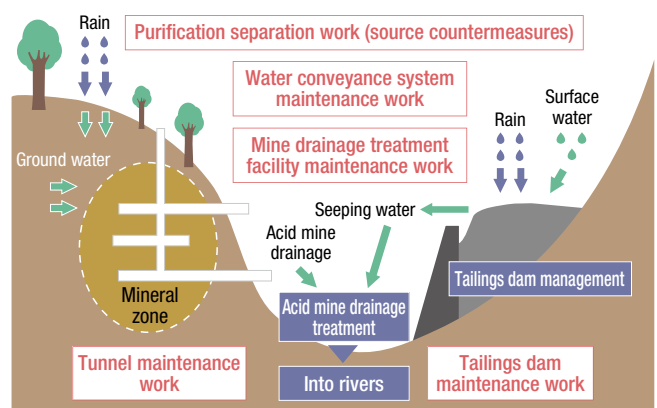
All nonferrous metal (copper, lead, zinc, etc.) mines owned by the Group in Japan have been suspended or closed.

In accordance with the Mine Safety Act, we spend roughly ¥4 billion per year on acid mine drainage treatment and tailings dam maintenance at 20 closed mines.

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 comes into contact with slag, which contains heavy metals, at collection sites. These are neutralized at treatment plants with heavy metals removed to meet effluent standards before being discharged into rivers. Furthermore, we manage tailings 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, increasing the capacity of mine drainage treatment facilities and updating aging equipment and reinforcing tailings dams in preparation for large-scale earthquakes. 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



Acid mine drainage treatment (Yatani Mine) Water tank (Osarizawa Mine)

Biodiversity Conservation Initiatives

Regarding biodiversity conservation issues, the 2019 IPBES^{*1} Global Assessment Report indicated the factors causing global degradation and changes to the natural environment have accelerated over the past 50 years. Globally, following the adoption of the Kunming-Montreal Global Biodiversity Framework at the Conference of the Parties to the Convention on Biological Diversity (COP15) in 2022, companies are also being called upon to engage in socio-economic activities aimed at achieving nature positivity, which would halt and reverse nature loss by 2030.

Article 5 of our Code of Conduct states, "We will be more considerate of biodiversity and work to live in harmony with nature," and 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."

Based on the TNFD^{*2} recommendations announced in September 2023, the Group conducted a trial analysis based on the LEAP approach^{*3} at three locations in the fiscal year ended March 2024 in order to properly analyze the dependencies, impacts, risks and opportunities as they relate to biodiversity and our business. Taking these results into consideration, we are compiling details for specific responses and disclosure moving forward.

In addition, in the supply chain, we are procuring raw materials from mines overseas where the impact on biodiversity is of particular concern. 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.

*1 IPBES: Intergovernmental science-policy Platform on Biodiversity and Ecosystem Services

*2 TNFD: Task Force on Nature-related Financial Disclosures

*3 LEAP approach: TNFD recommended disclosure process, acronym meaning locate, evaluate, assess and prepare



A juvenile tree of the endangered *Acer miyabei* Maxim

Contributing to the Prevention of Global Warming through Company-owned Forests

We own about 13,000 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 eight forests in Hokkaido have obtained certifications for sustainable forest management with consideration for biodiversity.

One of the important ecosystem services of forests is CO₂ fixation. As one of the largest owners of forestland in Japan we dedicate ourselves to the steady promotion of appropriate forest maintenance, and do our level best to enhance their CO₂ fixation capabilities. Currently, our forests fix 44,000 tons of CO₂ annually, contributing to the prevention of global warming.

"Nationally Certified Sustainably Managed Natural Sites" Certification

Our Materials' Forest Teine Forest is certified as a "Nationally Certified Sustainably Managed Natural Site."

A "Nationally Certified Sustainably Managed Natural Site" is a location where conservation of biodiversity is sought through efforts of the private sector and other initiatives. Certified areas, excluding any overlap with protected areas, are registered in the international database as "OECM^{*4}."

We have promoted a variety of activities related to biodiversity conservation, including participation in the "30 by 30 Alliance for Biodiversity" led by the Ministry of the Environment, and providing information on Teine Forest for the "Certification Demonstration Project" that supports the establishment of a system for certifying areas as "Nationally Certified Sustainably Managed Natural Site."

*4 OECM : Other Effective area-based Conservation Measures; areas that contribute to biodiversity conservation other than officially protected areas, such as corporate forests.

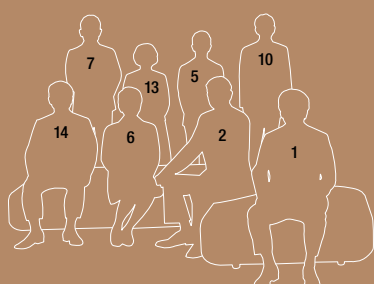


Our Materials' Forest Teine Forest (Sapporo, Hokkaido)

Related Information:

Sustainability Report ▶ Strengthening Measures to Address Global Environmental Issues
<https://mmc.disclosure.site/en>

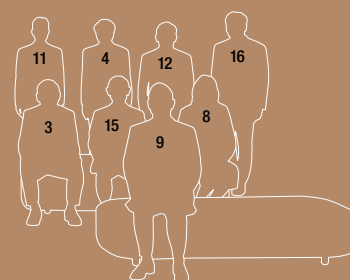
We will work to maximize the ability of the organization in order to improve the corporate value of the Mitsubishi Materials Group.



1 Akira Takeuchi
2 Hikaru Sugi
3 Tatsuo Wakabayashi

4 Koji Igarashi
5 Kazuhiko Takeda
6 Rikako Beppu

7 Hatsunori Kiriyaama
8 Nozomi Sagara

**9** Naoki Ono**10** Nobuhiro Takayanagi**11** Makoto Shibata**12** Tetsuya Tanaka**13** Makiko Nogawa**14** Katsuyoshi Isaji**15** Toshinori Ishii**16** Kazuo Ohara

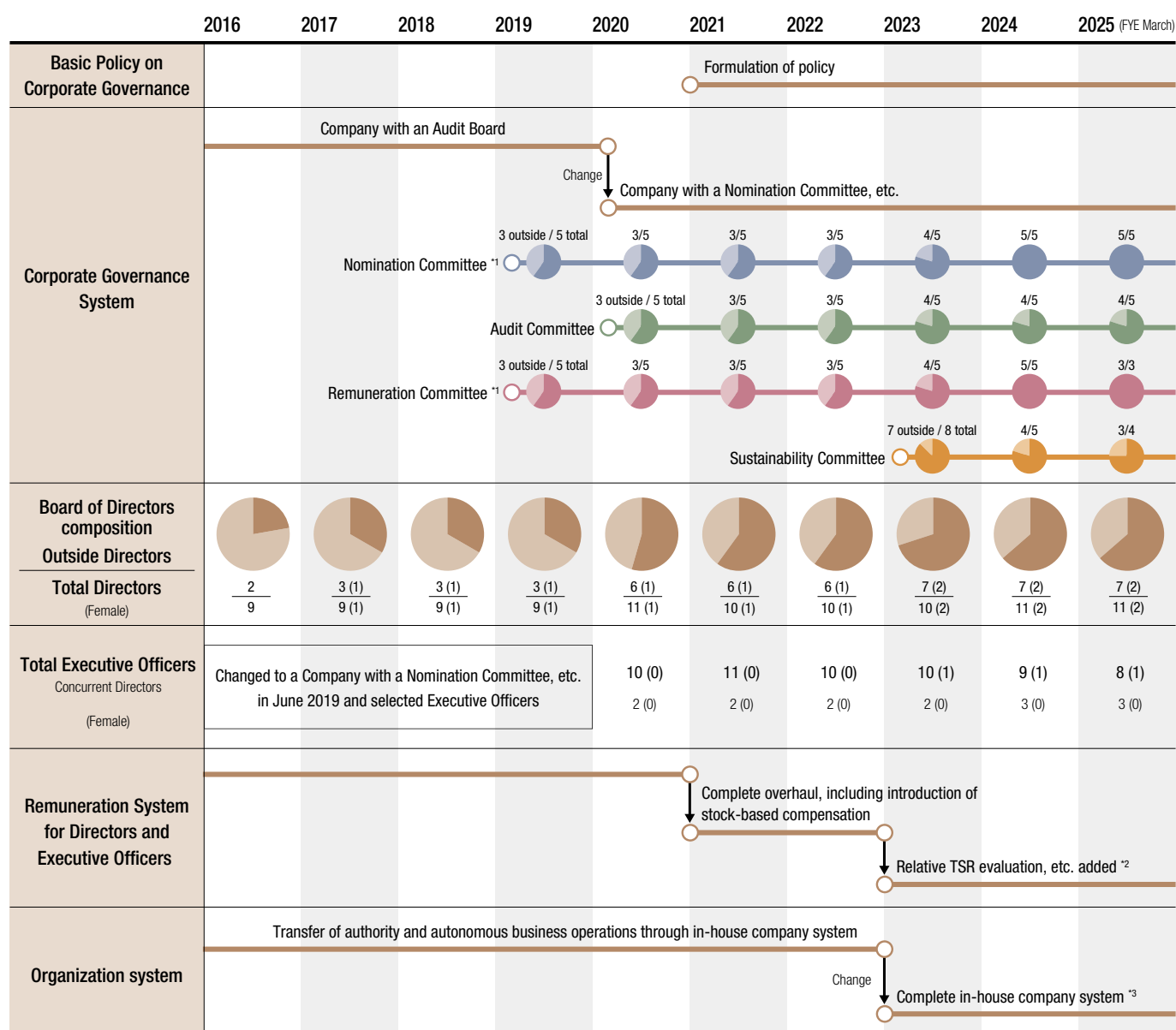
Efforts in Strengthening Corporate Governance

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 Nomination 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 2022, 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, 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, Our Vision, Our Values, Code of Conduct, Our Commitment 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, etc., 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.

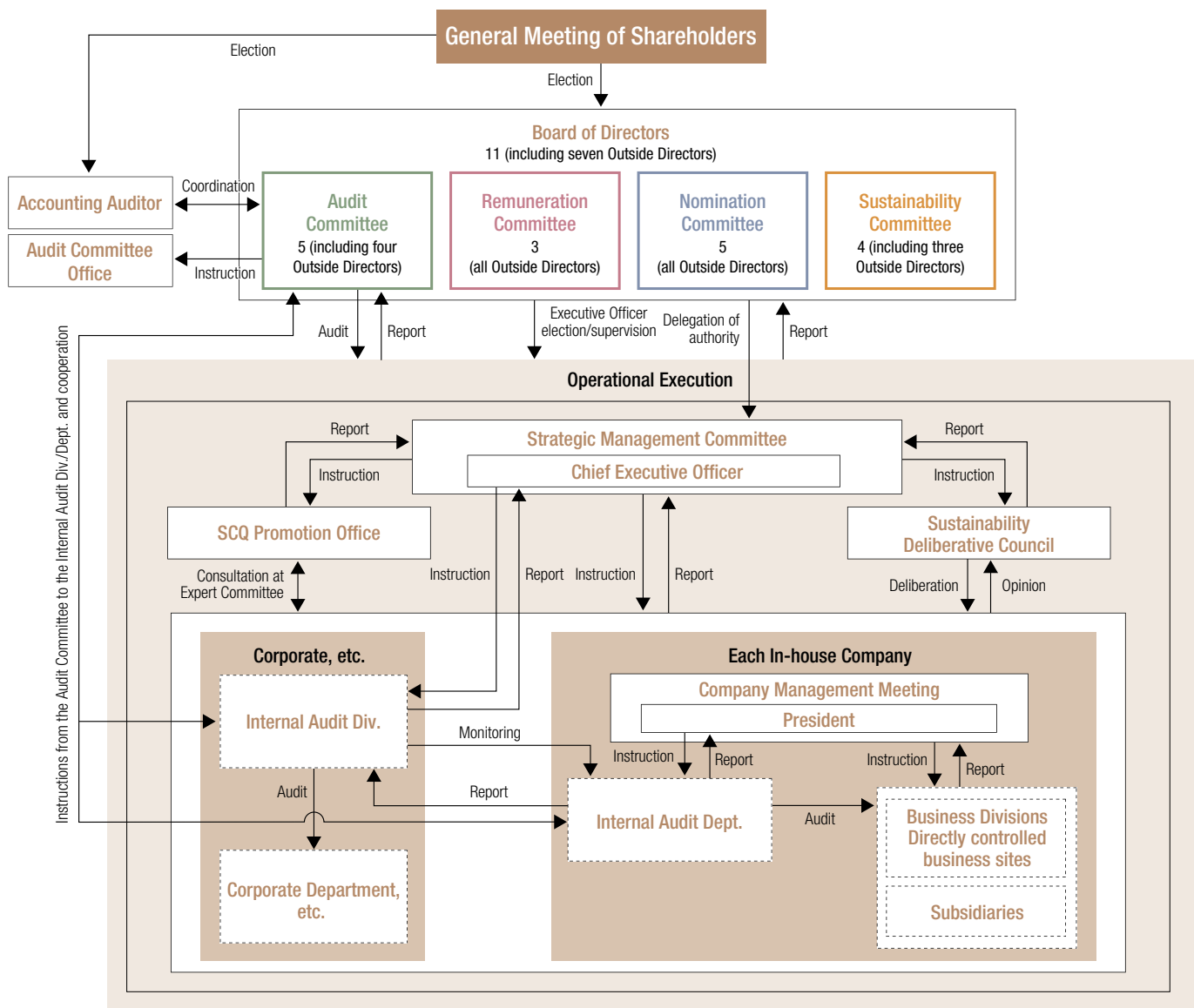
- We acknowledge the enhancement of corporate governance to be one of the most important management issues, and continuously make efforts to improve our corporate governance.

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 June 26, 2024)



Directors

(as of June 26, 2024, at the end of the 99th General Meeting of Shareholders)

	Personal History		Reasons for Nominating
1 Akira Takeuchi Director, Chairman of the Board <div>Audit Committee</div> <p>Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024) Board of Directors Meetings 19/19 (100%) Audit Committee Meetings 17/17 (100%) Remuneration Committee Meetings 3/3 (100%) Sustainability Committee Meetings 2/2 (100%)</p>	<p>Apr. 1977 Joined the Company Jun. 2009 Managing Director Apr. 2014 Executive Vice President</p>	<p>Apr. 2015 President Jun. 2018 Director, Chairman of the Board (to present)</p>	<p>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 Chairperson 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.</p>
2 Hikaru Sugi Outside Director <div>Nomination Committee</div> <div>Chairperson of the Remuneration Committee</div> <p>Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024) Board of Directors Meetings 19/19 (100%) Nomination Committee Meetings 14/14 (100%) Remuneration Committee Meetings 9/9 (100%) Sustainability Committee Meetings 9/9 (100%)</p>	<p>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</p>	<p>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)</p>	<p>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, etc. of the Company from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Outside Director.</p>
3 Tatsuo Wakabayashi Outside Director <div>Chairperson of the Nomination Committee</div> <div>Remuneration Committee</div> <p>Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024) Board of Directors Meetings 19/19 (100%) Nomination Committee Meetings 14/14 (100%) Audit Committee Meetings 17/17 (100%) Remuneration Committee Meetings 6/6 (100%) Sustainability Committee Meetings 2/2 (100%)</p>	<p>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</p>	<p>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)</p>	<p>Tatsuo Wakabayashi has insight into finance, accounting and other aspects of corporate management from his extensive experience as a manager after having served as President and Chairman at financial institutions. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid- to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc. from an independent position. Additionally, as a member of the Nomination Committee and the Remuneration Committee, he has been involved in selecting candidates for Directors and Executive Officers of the Company, and deciding on the remuneration of Directors and Executive Officers, etc. 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.</p>
4 Koji Igarashi Outside Director <div>Nomination Committee</div> <div>Chairperson of Sustainability Committee</div> <p>Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024) Board of Directors Meetings 19/19 (100%) Nomination Committee Meetings 11/11 (100%) Audit Committee Meetings 17/17 (100%) Remuneration Committee Meetings 3/3 (100%) Sustainability Committee Meetings 9/9 (100%)</p>	<p>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.</p>	<p>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)</p>	<p>Koji Igarashi has extensive technical knowledge of technological development and manufacturing as well as insight into global business development, business reform and creation, promotion of digitalization and overall management 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 Nomination Committee and Chairperson of the Sustainability Committee, he has been involved in selecting candidates for Directors and Executive Officers of the Company and discussing themes regarding sustainability, etc. 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.</p>
5 Kazuhiko Takeda Outside Director <div>Nomination Committee</div> <div>Chairperson of the Audit Committee</div> <p>Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024) Board of Directors Meetings 19/19 (100%) Audit Committee Meetings 17/17 (100%) Sustainability Committee Meetings 9/9 (100%)</p>	<p>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, Sony Corporation</p>	<p>Jan. 2018 Senior Vice President Corporate Executive in charge of Corporate Planning & Control and Accounting, CIO, Sony Corporation Jul. 2018 Senior Vice President, Sony Corporation; 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)</p>	<p>Kazuhiko Takeda has extensive knowledge in the fields of corporate management, business operations and administration, finance and accounting, 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 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. Additionally, as a member of the Sustainability Committee, he has been involved in discussing themes regarding sustainability, etc. of the Company from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will continue helping to strengthen the appropriate supervisory and decision-making functions of the Board of Directors. For these reasons, the Company believes he is suitable for the position of Outside Director.</p>

	Personal History	Reasons for Nominating
<div> <div>6</div> <div>Rikako Beppu</div> <div>Outside Director</div> <div> <div>Nomination Committee</div> <div>Audit Committee</div> <div>Remuneration Committee</div> </div> <div> Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024) Board of Directors Meetings 19/19 (100%) Audit Committee Meetings 13/13 (100%) Remuneration Committee Meetings 9/9 (100%) Sustainability Committee Meetings 9/9 (100%) </div> </div>	<div> <div>Aug. 1992</div> <div>Joined Slaughter and May</div> <div>Sep. 1994</div> <div>Joined Simmons & Simmons</div> <div>Oct. 1994</div> <div>Registered as a member of The Law Society, England and Wales</div> <div>May 1997</div> <div>Seconded to Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu)</div> <div>May 1998</div> <div>Seconded to Export-Import Bank of Japan (currently Japan Bank for International Cooperation)</div> <div>Sep. 2001</div> <div>Partner, Simmons & Simmons</div> </div>	<div> <div>Oct. 2001</div> <div>Registered as a member of Daini Tokyo Bar Association (registered foreign lawyer)</div> <div>Sep. 2008</div> <div>Partner, Lovells (currently Hogan Lovells)</div> <div>Oct. 2017</div> <div>Partner, Squire Patton Boggs Tokyo (Foreign Law Joint Business)</div> <div>Jun. 2022</div> <div>Director of the Company (to present)</div> <div>Jun. 2024</div> <div>Counsel, Squire Patton Boggs Tokyo (Foreign Law Joint Business) (to present)</div> </div> <div> 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. Also, as a member of the Audit Committee, she has been engaged mainly in auditing the execution of duties by Executive Officers, etc. 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. </div>
<div> <div>7</div> <div>Hatsunori Kiriyaama</div> <div>Outside Director</div> <div> <div>Audit Committee</div> <div>Sustainability Committee</div> </div> </div>	<div> <div>Apr. 1985</div> <div>Joined P&G Far East Inc. (currently The P&G Japan Limited)</div> <div>Jul. 2002</div> <div>Vice President and Director of Sales Department, Northeast Asia, The Procter & Gamble Company</div> <div>Jul. 2005</div> <div>Vice President, Global Skincare</div> </div>	<div> <div>Jul. 2007</div> <div>President and Representative Director, The P&G Japan Limited</div> <div>Jul. 2012</div> <div>President-Asia, The Procter & Gamble Company</div> <div>Sep. 2017</div> <div>Representative Director and CEO, for GL Co., Ltd. (to present)</div> <div>Jun. 2024</div> <div>Director of the Company (to present)</div> </div> <div> Hatsunori Kiriyaama has extensive knowledge of corporate management and marketing as gained from his experience as manager at a leading international company as well as insights into corporate strategies and general aspects of management from a global perspective based on his experience as supervisor of the Asia region and manager at a U.S. company. Moreover, he has extensive insights into development of management human resources based on many years of corporate management experience in and outside Japan. As explained above, 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. </div>
<div> <div>8</div> <div>Nozomi Sagara</div> <div>Outside Director</div> <div> <div>Audit Committee</div> <div>Sustainability Committee</div> </div> </div>	<div> <div>Apr. 1989</div> <div>Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry (METI))</div> <div>Jul. 2011</div> <div>General Manager, Environment Department, Incorporated Administrative Agency New Energy and Industrial Technology Development Organization (currently National Research and Development Agency New Energy and Industrial Technology Development Organization)</div> <div>Apr. 2014</div> <div>General Manager, Stockpile Planning Department, Incorporated Administrative Agency Japan Oil, Gas and Metals National Corporation (currently Incorporated Administrative Agency Japan Organization for Metals and Energy Security)</div> </div>	<div> <div>Jul. 2015</div> <div>Director, Information Systems and Welfare Division, Minister's Secretariat, METI</div> <div>Jul. 2017</div> <div>Director-General, Tohoku Bureau of Economy, Trade and Industry</div> <div>Dec. 2020</div> <div>Joined Sumitomo Chemical Co., Ltd.</div> <div>Apr. 2021</div> <div>Associate Officer, Responsible for Sustainability Dept. and Responsible Care Dept. (resigned June 2021)</div> <div>Jun. 2024</div> <div>Director of the Company (to present)</div> </div> <div> Nozomi Sagara has extensive knowledge of trade and industry policies through many years of service at the Ministry of Economy, Trade and Industry. She has specialized knowledge in metallic mineral resources, renewable energy, information technology and recycling fields as well as technical knowledge as a Master of Engineering. As explained above, 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. Although she has no direct experience of being involved in corporate management, the Company believes that she will execute her duties as Outside Director appropriately, based on the above-mentioned experience, insights and knowledge. </div>
<div> <div>9</div> <div>Naoki Ono</div> <div>Director; Chief Executive Officer (CEO) (Responsible for: General Operation of the Company, Internal Audit, Renewable Energy Business, Energy Project & Technology Center)</div> <div> <div>Sustainability Committee</div> </div> <div> Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024) Board of Directors Meetings 19/19 (100%) Nomination Committee Meetings 3/3 (100%) Sustainability Committee Meetings 7/7 (100%) </div> </div>	<div> <div>Apr. 1979</div> <div>Joined Mitsubishi Mining & Cement Co., Ltd.</div> <div>Jun. 2014</div> <div>Managing Director of the Company President, Cement Company</div> <div>Apr. 2016</div> <div>Executive Vice President President, Cement Company</div> <div>Jun. 2016</div> <div>Director; Executive Vice President President, Cement Company</div> </div>	<div> <div>Apr. 2017</div> <div>Director; Executive Vice President General Manager, Corporate Strategy Div.</div> <div>Jun. 2018</div> <div>President</div> <div>Jun. 2019</div> <div>Director; Chief Executive Officer</div> <div>Apr. 2021</div> <div>Director; Chief Executive Officer; CEO (to present)</div> </div> <div> Naoki Ono, following appointment as Managing Director of the Company in 2014, served as President of the Cement Company, General Manager of the Corporate Strategy Division and President of the Company. After serving as President of the Company, he has been a Director and 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. He has been expressing opinions at Board of Directors meetings from a perspective drawing on experience such as being an Executive Officer, thereby contributing to effective deliberations of the Board of Directors. 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. </div>
<div> <div>10</div> <div>Nobuhiro Takayanagi</div> <div>Director; Managing Executive Officer; CFO (Responsible for: Accounting & Finance, Management Strategy, The New Europe Company Preparation, Procurement & Logistics, Corporate Communications)</div> <div> Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024) Board of Directors Meetings 19/19 (100%) </div> </div>	<div> <div>Apr. 1986</div> <div>Joined the Company</div> <div>Apr. 2019</div> <div>Operating Officer President of Mitsubishi Cable Industries, Ltd. Vice President, Advanced Products Company</div> <div>Apr. 2020</div> <div>Managing Executive Officer Vice President, Advanced Products Company</div> <div>Apr. 2021</div> <div>Managing Executive Officer; CFO General Manager, Corporate Strategy Dept.</div> </div>	<div> <div>Jun. 2021</div> <div>Director; Managing Executive Officer; CFO General Manager, Corporate Strategy Dept.</div> <div>Apr. 2022</div> <div>Director; Managing Executive Officer; CFO General Manager, Management Strategy Div., Strategic Headquarters</div> <div>Apr. 2023</div> <div>Director; Managing Executive Officer; CFO (to present)</div> </div> <div> Nobuhiro Takayanagi took office as Managing Executive Officer of the Company in 2020. After serving as Vice President of the Advanced Products Company, he has undertaken his duties as Director and Managing Executive Officer since June 2021. Currently, he is responsible for the corporate management of the Group as Director, Managing Executive Officer and CFO, and leads the formulation and execution of the various measures of the Medium-term Management Strategy FY2031. He has been expressing opinions at Board of Directors meetings from a perspective drawing on experience such as being an Executive Officer, thereby contributing to effective deliberations of the Board of Directors. 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. </div>
<div> <div>11</div> <div>Makoto Shibata</div> <div>Director; Managing Executive Officer; CTO (Responsible for: Monozukuri and R&D Strategy, DX Promotion, System Strategy)</div> <div> Number/Rate of Attendance for Meetings of the Board of Directors, etc. (FYE March 2024) Board of Directors Meetings 16/16 (100%) </div> </div>	<div> <div>Apr. 1984</div> <div>Joined the Company</div> <div>Jun. 2018</div> <div>Director; Managing Executive Officer General Manager, Governance Div.</div> <div>Apr. 2019</div> <div>Director; Managing Executive Officer General Manager, Corporate Strategy Div.</div> <div>Jun. 2019</div> <div>Director; Managing Executive Officer General Manager, Corporate Strategy Div.</div> </div>	<div> <div>Jun. 2021</div> <div>Managing Executive Officer</div> <div>Oct. 2022</div> <div>Managing Executive Officer; CDO</div> <div>Apr. 2023</div> <div>Managing Executive Officer; CTO; CDO</div> <div>Jun. 2023</div> <div>Director; Managing Executive Officer; CTO; CDO</div> <div>Apr. 2024</div> <div>Director; Managing Executive Officer; CTO (to present)</div> </div> <div> Makoto Shibata, following appointment as Managing Executive Officer of the Company in 2017, served as General Manager of the General Administration Division, General Manager of the Governance Division, and General Manager of the 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, and from June 2023 to the present). Currently, he is responsible for the corporate management of the Group as Director and Managing Executive Officer. In addition, as CTO, he leads research and development strategy and general aspects of IT strategy including DX (digital transformation). He has been expressing opinions at Board of Directors meetings from a perspective drawing on experience such as being an Executive Officer, thereby contributing to effective deliberations of the Board of Directors. 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. </div>

Directors Skill Matrix

The main expertise and experience possessed 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 Company's Medium-term Management Strategy working toward achievement in 2030 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	—	●	○				●	○
Hikaru Sugi <small>Independent Director</small>	Automotive products	●	○		○	●		
Tatsuo Wakabayashi <small>Independent Director</small>	Finance	●	○				○	○
Koji Igarashi <small>Independent Director</small>	Food and food materials	●	○		●	○		○
Kazuhiko Takeda <small>Independent Director</small>	Conglomerate	●	○	○			○	●
Rikako Beppu <small>Independent Director</small>	Legal profession		●				●	
Hatsunori Kiriya <small>Independent Director</small>	Consumer goods	●	●	○				○
Nozomi Sagara <small>Independent Director</small>	Economic, trade and industry government	●	○			○	○	
Naoki Ono	—	●	○	○	○		○	○
Nobuhiro Takayanagi	—	●	○	○			○	○
Makoto Shibata	—	●	○		○	○	○	○

○ indicates expertise and experience possessed (● indicates primary expertise/experience)

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

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

	Achievement of the Medium-term Management Strategy FY2031				
Name	Supervision of strategy execution	Supervision of profitability improvement	Supervision of tackling of main sustainability challenges		
			Strengthen human capital-centric corporate management	Promotion of resource circulation	Strengthen tackling of global environmental challenges
Akira Takeuchi	Perspective based on experience of management of the Group as President of the Company		Perspective from experience as an officer in charge of human resources of the Company	Perspective based on the history of the management of the Company	
Hikaru Sugi <div>Independent Director</div>	Perspective from in-depth knowledge of the entire value chain from development to manufacturing based on technology trends	Perspective from deep knowledge of business performance control in manufacturing	Perspective from experience of human resource management in manufacturing and engineers	Perspective from experience of global management in manufacturing	Perspective based on future technological trends
Tatsuo Wakabayashi <div>Independent Director</div>	Perspective from experience as top management		Perspective based on working styles at a financial institution		
Koji Igarashi <div>Independent Director</div>	Perspective from experience executing medium- to long-term business strategies	Perspective from practical experience in production engineering and development	Perspective from experience of human resource management in manufacturing	Posing of issues from a wide range of perspectives including future trends and exchange with external experts	
Kazuhiko Takeda <div>Independent Director</div>	Perspective from practical experience in global management in manufacturing Perspective on business management from extensive experience as CFO		Perspective from experience as a management executive of a global company	Posing of issues from the financial perspective	
Rikako Beppu <div>Independent Director</div>	Perspective from deep knowledge of global business expansion		Perspective from experience in diversity activities and initiatives	Perspective from experience being responsible for collaboration with many Japanese and overseas companies	
Hatsunori Kiriya <div>Independent Director</div>	Perspective from corporate management experience at a global manufacturer	Perspective from extensive marketing experience	Perspective from deep knowledge of the development of senior management executives		
Nozomi Sagara <div>Independent Director</div>	Perspective from technological knowledge across different fields		Perspective from experience in human resource management in government offices	Perspective from experience being involved in resource circulation and global environment preservation	
Naoki Ono	Perspective from experience in management supervision of the Group as the CEO of the Company		Provision of perspective from experience as CEO of the Company, and lead person of discussion	Perspective from experience as an officer in charge of the renewable energy business of the Company	
Nobuhiro Takayanagi	Perspective from experience as CFO of the Company			Perspective from experience as a management executive in the metals business of the Company	Perspective from experience as the officer in charge of the global environment of the Company
Makoto Shibata	Perspective from experience as CTO, CDO and CFO of the Company			Perspective from experience as a management executive in the mineral resources and recycling businesses of the Company	Perspective from experience leading the effort to strengthen tackling of climate change issues

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

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 and regulations, 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 26, 2024 (the end of the 99th 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	3	22
Sustainability	–	8
Corporate governance	1	4
Accounting, finance and IR	4	33
Compliance and internal control	1	21
Committee-related	–	40
Officer-related	10	1
Others	2	3

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 corporate value. At the briefings, the executive side explains matters relating to the status of progress of 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, etc.), 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 31 briefings for Directors in the fiscal year ended March 2024. Particularly in regards to the FY2031 Strategy, we exchanged opinions on progress made on the overall concept, individual business strategies, financial plans, etc. at 4 briefings between October 2023 and February 2024.
- We also exchanged opinions on issues related to sustainability such as promotion of DE&I, and the progress of individual business strategies. See the next section for the themes deliberated at briefings for Directors in the fiscal year ended March 2024.

Themes deliberated at briefings for Directors (FYE March 2024)

2023	April 12	FYE March 2024 budget, compliance, individual business strategies
	April 28	Individual business strategies, Group companies
	May 12	Human capital management, individual business strategies
	June 14	Individual business strategies
	July 12	Intellectual property, individual business strategies, human rights
	July 26	Individual business strategies
	August 9	Individual business strategies
	August 30	Compliance
	September 27	Group companies
	October 12	Medium-term Management Strategy
2024	December 13	Medium-term Management Strategy, intellectual property, Individual business strategies
	January 12	Medium-term Management Strategy, individual business strategies
	January 31	Individual business strategies, Group companies
	February 9	DE&I, management policy
	February 28	Individual business strategies
	March 13	Individual business strategies, compliance
	March 27	Individual business strategies

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, briefings for Directors, etc. 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 on the stock market for the Company with the entire Board of Directors.

Opportunities for Dialogue between Outside Directors and Employees

From time to time, the Company holds lectures by Outside Directors for employees and dialogue 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 the fiscal year ended March 2024, Outside Directors gave lectures and exchanged opinions with employees, both online and in person.

Outside Directors' Opinion Exchange Meetings

Opinion-exchange meetings among Outside Directors 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 later in this section.

Free Discussions among Directors

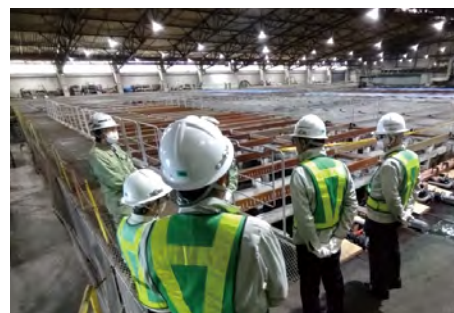
Starting in the fiscal year ended March 2024, we set up a new time for free discussion among Directors for the purpose of further stimulating discussions by the Directors. Here, Directors share awareness and exchange opinions on matters raised at Board of Directors meetings and briefings for Directors, and are free to raise issues related to a wide range of matters that are 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 the fiscal year ended March 2024, sites that had not been previously visited were observed, which also provided opportunities for interaction with employees at more locations to further deepen understanding of individual businesses and locations. 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 Hosokura Metal Mining Co., Ltd. (Miyagi Prefecture)



Tours of Onahama Smelting & Refining Co., Ltd. (Fukushima Prefecture)

Establishment of Corporate Secretary Department

The Corporate Secretary Department has been established in the Corporate Division 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 the fiscal year ended March 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 the fiscal year ended March 2024, the Company evaluated the effectiveness of the Board of Directors by way of a questionnaire-based self-evaluation.

Starting in the fiscal year ended March 2024, we operate a new initiative in which Directors (excluding those who also serve as Executive Officers) comment on each others' contributions to the Board of Directors, etc. 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 the fiscal year ended March 2024. The Board of Directors will continue to make ongoing efforts to further improve its effectiveness.

Summary of FYE March 2024 Effectiveness Evaluation

It was confirmed that the effectiveness of the Board of Directors of the Company was secured in the fiscal year ended March 2024.

Through the evaluation, it was confirmed that "Efforts will be made to further improve the management of the Board of Directors in order to enhance corporate value, which is one of the most important missions of the Board of Directors, and initiatives will be taken to further improve the following matters in the fiscal year ending March 2025."

- Development of core management talent
- Medium- to long-term competitive advantage of the Company

Overview of deliberation by the Board of Directors on issues

Development of core management talent	Medium- to long-term competitive advantage of the Company
<ul style="list-style-type: none"> • In response to the question, "Do you believe Board of Directors meetings include sufficient discussion of development of core management talent?," 6 of 11 Directors responded, "I don't believe so," and 5 responded, "I believe so," so answers in the negative outnumbered those in the affirmative. • This evaluation indicates room for improvement in the following areas with regard to Executive Officer succession plans and the Next-Generation Leadership Talent Development Program. <ul style="list-style-type: none"> - Diversification of successor talent pool - Increase in the number and ratio of candidates selected for the Next-Generation Leadership Talent Development Program among candidates for Executive Officer successors - Strengthening the linkage between the Next-Generation Leadership Talent Development Program and human resource policies such as promotion and selection - Early identification and planned stretch assignment of Next-Generation Leadership Talent at the managerial and junior levels 	<ul style="list-style-type: none"> • In response to the question, "Do you believe our Company's medium- to long-term competitive advantages (e.g. in business strategies, qualification of management and corporate governance system) have been adequately communicated to the capital market?," 6 of 11 Directors responded, "I don't believe so," and 5 Directors responded, "I believe so," so answers in the negative outnumbered those in the affirmative. Additionally, opinions expressed included, "I believe the Company conveys its philosophy and direction in a timely manner, but results do not back up this assertion," and, "The Company often ends up taking individual measures to achieve short-term profit, so it is not yet in a position to communicate its medium- to long-term competitive advantage." • During a Board of Directors meeting, it was pointed out that "discussions about competitive advantage and business strategy, as well as the content of external release of information and disclosure, need to be discussed separately, and within the Company, we need to first conduct more in-depth consideration and discussion on the former."

FYE March 2025 initiatives on issues

Development of core management talent	Medium- to long-term competitive advantage of the Company
<ul style="list-style-type: none"> • Regarding Executive Officer succession plans and the Next-Generation Leadership Talent Development Program, Directors will receive explanations from the executive side in Briefings for Directors, and focus on areas identified as having room for improvement during evaluation, etc. (see above). 	<ul style="list-style-type: none"> • Directors will deliberate where the Company's medium- to long-term competitive advantages lie (where it should be emphasized). A Briefing for Directors is held as appropriate if there are any matters for which the executive side should provide explanation during the discussion among Directors. • Content of discussions is conducted looking toward the fiscal year ending March 2026, the final year of Phase 1 of the FY2031 Strategy, leading to review of Phase 2 as needed.

*In order to further improve the management of the Board of Directors, the following points will be considered.

- Further increasing the appropriateness of matters to be discussed by the Board of Directors
- Method of selecting agenda for Briefings for Directors
- Method of deliberation that encourages more substantive discussions

Method of Analysis/Evaluation

Evaluation process

Dec. 2023 to Jan. 2024	Questionnaires were distributed to all 11 Directors and responses were retrieved at the initiative of the Chairman of the Board of Directors.
Early Feb. 2024	Response forms for comments on the contributions of other Directors were distributed to Directors (excluding those who concurrently serve as Executive Officers), and responses were received.
Late Feb. 2024	The Directors discussed the effectiveness of the Board of Directors based on an analysis of the questionnaire results.
Mar. 2024	Following the discussions in February, the Board of Directors passed a resolution on the effectiveness of the Board of Directors for the fiscal year ended March 2024. Response forms collected in early February were provided to Directors in the form of anonymous feedback.

Questionnaire items

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

- Self-evaluation of the role to be performed by the Directors (Board of Directors)
- Size and composition of the Board of Directors and operation status 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 matters concerning overall effectiveness of the Board of Directors in general, etc.

Evaluation of the status of initiatives concerning the issues for FYE March 2024 based on FYE March 2023 evaluation

There was an evaluation of initiatives concerning the following matters taken for further improvement by the Board of Directors in the fiscal year ended March 2024 based on the results of the evaluation of the effectiveness of the Board of Directors in the fiscal year ended March 2023. It was confirmed that although "improvements have been made" in general, "initiatives were not adequate" for certain matters.

Issues recognized	Status of responses
Initiatives related to explanations (explanatory materials) to Directors	<ul style="list-style-type: none"> • In order to make the explanatory materials for Directors from the executive side simpler and easier to understand with clearer directions, attention was paid to the following points: "The content should focus on important management matters that officers should know and discuss," "Items that are progressing as scheduled should be described as concisely as possible," and "The materials should include the background and history of changes in the external environment including the trends of competitors, and the circumstances surrounding the Group." In addition, efforts were made to keep the explanations from Executive Officers clear and concise, and initiatives were taken to receive questions from Directors on matters to be discussed by the Board of Directors in advance. • In addition, efforts were made in terms of explaining 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. • In the questionnaire, opinions such as "It is requested that the explanation from the executive side be further elaborated on to focus on more important points" were found, but the initiatives taken were highly evaluated in general.

Evaluation of the Effectiveness of the Board of Directors

Issues recognized	Status of responses
Initiatives related to the Company's medium- to long-term competitive advantage	<ul style="list-style-type: none"> • The Company appealed to the capital market by disseminating its FY2031 Strategy, which was formulated based on the Company's medium- to long-term competitive advantage, and sending out relevant messages. Specifically, in order to deepen investors' and analysts' understanding of the FY2031 Strategy, we held a Business Strategy IR Meeting, etc. and also organized plant tours at domestic bases for securities analysts and institutional investors in order to promote understanding of the Company's existing businesses and the various initiatives under the FY2031 Strategy. • Regarding the above, opinions expressed in questionnaires included, "I believe the Company conveys its philosophy and direction in a timely manner, but results do not back up this assertion," and, "The Company often ends up taking individual measures to achieve short-term profit, so it is not yet in a position to communicate its medium- to long-term competitive advantage."
Initiatives related to sharing of information between the Nomination Committee and other Directors	<ul style="list-style-type: none"> • We deepened discussions on matters requiring resolution by the Board of Directors (mainly information on the appointment of Executive Officers, etc. that is to be reported back to the Board of Directors from the Nomination Committee) and shared information with Directors who are not committee members. Specifically, Outside Directors received an explanation from the Chief Executive Officer regarding the succession plan for Executive Officers and other matters and discussed these matters at the informal meetings of Outside Directors. • Further, information was provided by the Chief Executive Officer at the informal meetings of Outside Directors (Outside Directors' Opinion Exchange Meetings) on the status of examination of the succession plan for the Chief Executive Officer. In addition, the Nomination Committee made progress reports to the Board of Directors on the status of examining candidates for Outside Directors. • As a result of the above initiatives taken, the evaluation in the questionnaire improved from the previous fiscal year.
Initiatives related to the supervision of human resource strategy by the Board of Directors	<ul style="list-style-type: none"> • At the briefings for Directors, explanations were received on the status of diversity promotion (Diversity, Equity & Inclusion (DE&I)) in the organization under the management of each Executive Officer, and discussions were held. • In addition, as a non-financial evaluation item for the annual bonuses of Executive Officers, targets related to DE&I were set for all Executive Officers, and progress was regularly reported to the Board of Directors for discussion. • As a result of the above initiatives taken, the evaluation in the questionnaire improved from the previous fiscal year.

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 are aiming to become a Board of Directors that further enhances corporate value.

Chairman of the Board of Directors

Akira Takeuchi, Chairman

Working toward sustainable growth and achieving the targets of the FY2031 Strategy

One of the most important functions of the Board of Directors is making appropriate decisions for important matters such as management policies while supervising progress on set business plans.

The Medium-term Management Strategy (FY2031 Strategy) approved by the Board of Directors in February 2023 was formulated once the Directors had spent sufficient time engaged in active discussions with Executive Officers from a variety of perspectives, and all Directors believe that this ambitious plan will bring about continued improvement to corporate value.

The fiscal year ended March 2024 was the first year of the FY2031 Strategy, so we received regular reports from each Executive Officer at Board of Directors meetings and Briefings for Directors on the progress of individual policies, issues and responses, and exchanged opinions regarding these. The Board of Directors strongly supports Executive Officers in achieving the FY2031 Strategy through more effective fulfillment of its supervisory role.

Surrounding economic and social conditions continue to change rapidly, so we must respond quickly and appropriately in order to achieve our goals, even if the business environment differs from that envisioned in the FY2031 Strategy. Further, we recognize the importance of proactively addressing sustainability issues, and intend to have even deeper discussions at Board of Directors meetings.

Further improvements to expanded Corporate Governance

Another important function of the Board of Directors is providing oversight on legal compliance to ensure thorough implementation. Corporate Governance is the foundation of sustainable growth.

The Group has worked to strengthen overall governance since 2018, which has resulted in significant improvements to the level of governance. This improvement is the result of development and expansion of governance-related organizations and systems, including becoming a Company with a Nomination Committee, etc., as well as progress in raising awareness of governance-oriented employees and improving internal communication.

However, there are issues that have yet to be addressed, and the Board of Directors will continue to play its role in strengthening governance.

Initiatives for evaluation of the effectiveness of the Board of Directors and further strengthening of Board of Directors functions

In the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 2024, Directors agreed to continue their efforts to strengthen the Board of Directors' functions with the aim of further contribution to the board's most important mission: the enhancement of corporate value. They also confirmed that they will work toward further improvement in the fiscal year ending March 2025 under the themes of "development of core management talent" and "medium-to long-term competitive advantage of the Company."

As the Chairman of the Board of Directors, I will continue to encourage open and constructive discussion and exchange of opinions at our meetings, and work to ensure that the Board of Directors operates both effectively and efficiently.

Message from the Chairperson of the Nomination Committee

We are enhancing and consistently reforming Nomination Committee functions to achieve sustainable growth for the Group.

Chairperson of the Nomination Committee

Tatsuo Wakabayashi, Outside Director



A year of work selecting outside director candidates and planning for the succession of the CEO

In the fiscal year ended March 2024, discussions focused on the selection of candidates for Outside Directors and planning the succession of the Chief Executive Officer. The committee narrowed down a long list of candidates from those with corporate management experience and others, with the final decisions made through a series of interviews by each committee member as well as with the CEO.

In planning the succession of the Chief Executive Officer, the Committee sought opinions from the current CEO regarding potential successors, and introduced a process of referring to an evaluation of the candidates by a professional third-party organization. We also improved and deepened the existing process through interviews with potential successors by each committee member, exchanging opinions amongst the committee on the current evaluation. In selecting the successor candidates, we must comprehensively evaluate each candidate regarding a variety of aspects, including planning, execution and leadership skills.

To ensure diversity of perspective, we intend to share sufficient information and ensure communication with Outside Directors other than those on the Nomination Committee and confirm their opinions, as we continue with committee functions.

We must contribute to next-generation leadership talent development and promote appointment of non-Japanese talent

While we believe that committee efforts to date have been very productive, human capital management has become increasingly important, so we must always consider whether we are securing the talent necessary to achieve the FY2031 Strategy. We must act quickly to secure the human capital needed to realize our plan. Further issues for the committee to tackle include consideration of how we contribute to next-generation leadership talent development, and further promotion of appointment of non-Japanese talent in order to achieve growth abroad.

Enhancing committee functions is indispensable if we wish to achieve sustainable growth for the Group, I will do everything in my power as Chairperson of the Nomination Committee in this regard

I believe that the Nomination Committee is functioning properly. I recognize that our most important tasks are evaluation for the Chief Executive Officer, and formulating their succession plan. These two issues are discussed exclusively by Outside Directors, and the committee is functioning soundly in an independent manner. Previously, the Nomination Committee was composed of Internal Directors as well as external, but has been composed solely of Outside Directors since June 2023, as has the Remuneration Committee.

Enhancing committee functions is indispensable if we wish to achieve sustainable growth for the Group, so consistent reform is required. Since becoming a Company with a Nomination Committee, etc., in 2019, we have steadily enhanced committee functions, and I will continue to do everything in my power as Chairperson to further improve these functions.

Nomination Committee

Composition (including Chairperson)	Five Outside Directors
Chairperson	Director (Outside) Tatsuo Wakabayashi
Members	Director (Outside) Hikaru Sugi Director (Outside) Koji Igarashi Director (Outside) Kazuhiko Takeda Director (Outside) Rikako Beppu
Functions and duties	<p>The Nomination Committee determines matters such as the policy for the nomination of candidates for Director and the dismissal of Directors, and the content of proposals concerning the election and dismissal of Directors to be submitted to General Meetings of Shareholders. In addition, the Committee deliberates and reports on appointment and dismissal of Executive Officers in response to inquiries from the Board of Directors, then reports back to them. The Committee also deliberates on successor candidates for CEO and plans for candidate development, overseeing the appropriate development of the candidates. The Committee deliberates on candidates for the next CEO in response to inquiries from the Board of Directors and reports back to them.</p>
Number of meetings in FYE March 2024	14
Results	<p>2023</p> <p>April 12</p> <ul style="list-style-type: none"> • Deliberation on selection of candidates for Outside Directors <p>April 28</p> <ul style="list-style-type: none"> • Deliberation on director candidate skills matrix, contributions and perspectives to key themes and CEO succession plan <p>May 31</p> <ul style="list-style-type: none"> • Deliberation on selection of candidates for Outside Directors <p>July 12</p> <ul style="list-style-type: none"> • Deliberation on annual Nomination Committee schedule, selection of candidates for Outside Directors and CEO succession plan, etc. <p>July 26</p> <ul style="list-style-type: none"> • Deliberation on selection of candidates for Outside Directors, and CEO succession plan <p>August 9</p> <ul style="list-style-type: none"> • Deliberation on selection of candidates for Outside Directors <p>August 30</p> <ul style="list-style-type: none"> • Deliberation on selection of candidates for Outside Directors <p>September 27</p> <ul style="list-style-type: none"> • Deliberation on CEO succession plan <p>October 25</p> <ul style="list-style-type: none"> • Deliberation on CEO succession plan <p>December 26</p> <ul style="list-style-type: none"> • Deliberation on proposals for candidates for Director, Committee members and Chairpersons, Executive Officers, etc. <p>2024</p> <p>January 31</p> <ul style="list-style-type: none"> • Deliberation on proposals for candidates for Director, Chairperson of the Board of Directors, Committee members and Chairpersons, Executive Officers, etc. <p>February 9</p> <ul style="list-style-type: none"> • Resolution on the content of the report on the election of Executive Officers, etc. <p>February 28</p> <ul style="list-style-type: none"> • Deliberation on revision to Nomination Committee regulations and the Basic Policy on Corporate Governance in relation to the nomination of CEO successor candidates <p>March 27</p> <ul style="list-style-type: none"> • Resolution on candidates for Director • Resolution on the content related to the report on the Chairman of the Board of Directors, Committee members and Chairpersons, and draft order of acting Chairpersons

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

Policy for Nomination of Candidates for Director and Dismissal of Directors

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 talent shall be decided after deliberation by the Nomination Committee.

If any of the following apply to a Director, the Nomination Committee may make a determination on the content of a proposal to be submitted to the General Meeting of Shareholders regarding the dismissal of that Director.

- If a Director has committed a serious violation of a law, regulation or the Articles of Incorporation

- If a Director has committed an act that is significant misconduct regarding performance of duties
- If a Director lacks the judgment required of the position or significantly lacks the ability to discern facts and circumstances
- If a Director is expected to be unable to attend Board of Directors meetings for a significant period of time

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 (excluding Outside Directors); 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 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 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, individuals who satisfy the following requirements will be elected, 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 Candidates

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 candidates for 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 decisions on who to informally nominate.

Reasons for and Process of Nominating New Directors

In the nomination of new Directors to be elected at the 99th General Meeting of Shareholders held on June 26, 2024, 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 2024, the Nomination Committee appointed Hatsunori Kiriya and Nozomi Sagara as candidates for Director in March 2024.

Hatsunori Kiriya has extensive knowledge of corporate management and marketing as gained from his experience as manager at a leading international company as well as insights into corporate strategies and general aspects of management from a global perspective based on his experience as supervisor of the Asia region and manager at a U.S. company. Moreover, he has extensive insights into development of management human resources based on many years of corporate management experience in and outside Japan.

Nozomi Sagara has extensive knowledge of trade and industry policies through many years of service at the Ministry of Economy, Trade and Industry. She has specialized knowledge in metallic mineral resources, renewable energy, information technology and recycling fields as well as technical knowledge as a master of engineering.

For these reasons, we expect both candidates to contribute to the strengthening of appropriate supervisory and decision-making functions of the Board of Directors, and believe they are suitable for their positions.

Related Information:

Integrated Report ► Directors Skill Matrix
P86

CEO Succession Plan

Basic Approach for the CEO Succession Plan

Determining CEO succession 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.

The Company operates the Next-Generation Leadership Talent Development Program as a training system to develop future leaders with the aim of training qualified candidates for Executive Officer positions.

Selection Process for CEO Successor Candidates

CEO candidate selection is made from a wide pool of talent, including both current Executive Officers as well as non-executive managerial employees and people outside the company.

Candidate suitability is assessed through interviews by the Nomination Committee, assessments by third-party institutions, and opinions gathered from the current CEO. Information about candidates is shared as appropriate with Nomination Committee members as well as Outside Directors not on the committee in order to eliminate discrepancy in information held by Outside Directors regarding the Succession Plan.

Related Information:

Integrated Report ► Human Resources Strategy
P58

Message from the Chairperson of the Audit Committee



We are upgrading the Audit Committee by focusing on substance through a managerial perspective audit.

Chairperson of the Audit Committee

Kazuhiko Takeda, Outside Director

A year of reforms aimed at improving audit efficiency and quality

The fiscal year ended March 2024 was one where we worked on reforms to improve audit efficiency and quality with fresh eyes and fast responses. We have grown into an Audit Committee that provides advice to management by shifting the focus of audits from internal control to management strategy, conducting operational audits from a managerial perspective. In particular, we emphasized a shift from form to substance and from suboptimization to total optimization, as well as increasing transparency. We have implemented a deeper three-pillar audit system (internal audits, Audit Committee audits, and accounting audits), have developed into audits that contribute to consolidated group management, and selected risks and countermeasures in implementing the Medium-term Management Strategy as a distinct priority audit item.

In the three-pillar audit, we have pursued the effectiveness of our audits from a management perspective by emphasizing substance over form and implementing audits that focus on the minimum requirements set by laws and the Articles of Incorporation by dividing roles and collaborating with the Internal Audit

Department and the Accounting Auditor. Furthermore, we have also started to broaden the scope of our audits to include DE&I, particularly with regards to support of women's development and advancement and other sustainability issues.

Working with the new Accounting Auditor, we will implement a proactive audit approach to ensure risks associated with change are not overlooked

In the fiscal year ended March 2024, we appointed a new Accounting Auditor. Their audits through fresh eyes have been very stimulating for us. We feel their new approach is beginning to produce the desired results, including a rigorous perspective that does not put off tackling problems and new methods that leverage IT. We believe that it raises Group-wide awareness of streamlining consolidated management by using the same Accounting Auditor for all consolidated subsidiaries in the coming years, and that it contributes to the evolution of organizational audits through strengthening cooperation among the three pillars of the audit. Moving forward, I expect the Accounting Auditor to provide us with a rigorous perspective that does not overlook risks associated with transformative growth, a proactive audit

approach based on even more interactive communication, and information that contributes to the advancement of a global governance system.

Leading efforts to upgrade the Audit Committee and make the Board of Directors responsible for business strategy

In an era of global ultra-competition and technological innovation, companies must evolve. Along with internal changes such as new business models, M&A, and overseas expansion for growth, external demands such as financial and non-financial disclosure have been added, and our business environment is becoming ever more complex. To support the achievement of our ambitious FY2031 Strategy targets, we have added sustainability issues as a distinct priority audit item. To meet the higher and higher expectations for the Audit Committee, we must further improve our organizational auditing based on a three-pillar audit system, allocate resources efficiently and persist in conducting audits from a management perspective that focuses on substance rather than form. Moving forward, I will continue to lead efforts to upgrade the Audit Committee and make the Board of Directors responsible for business strategy.

Audit Committee

Composition (including Chairperson)	Four Outside Directors / One Internal Director
Chairperson	Director (Outside) Kazuhiko Takeda (full-time Member of the Audit Committee)
Members	Director (Outside) Rikako Beppu Director (Outside) Hatsunori Kiriyaama Director (Outside) Nozomi Sagara Director Akira Takeuchi
Functions and duties	The Audit Committee audits the legality and validity of duties performed by Directors and Executive Officers, via audits either using internal control systems or directly by the Committee. The Audit Committee also elects one full-time Member of the Committee in order to improve the effectiveness of audits conducted by the Committee.

Number of meetings in FYE March 2024	17
Results	<div> <div> 2023 February to May <ul style="list-style-type: none"> FYE March 2023 year-end audit May 12 <ul style="list-style-type: none"> Resolution on FYE March 2023 audit report, etc. June 23 <ul style="list-style-type: none"> Election of full-time, appointed, and specified members of the Audit Committee Resolution on FYE March 2024 audit plan, etc. July to following February <ul style="list-style-type: none"> 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 of July <ul style="list-style-type: none"> First quarter financial results audit Liaison meeting with standing Audit & Supervisory Board Members of subsidiaries held End of October <ul style="list-style-type: none"> Second quarter financial results audit </div> <div> 2024 End of January <ul style="list-style-type: none"> Third quarter financial results audit Liaison meeting with standing Audit & Supervisory Board Members of subsidiaries held February to May <ul style="list-style-type: none"> FYE March 2024 year-end audit March 27 <ul style="list-style-type: none"> Resolution on FYE March 2025 audit plan, etc. May 13 <ul style="list-style-type: none"> Resolution on matters related to FYE March 2025 Accounting Auditor reappointment, FYE March 2024 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 Committee as an organization independent from the execution side in order to enhance the Committee's 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 Committee in the performance of its duties.

Message from the Chairperson of the Remuneration Committee

We are achieving results from the introduction of evaluation of non-financial factors through Executive Officers' annual bonuses, and encouraging achievement of FY2031 Strategy targets through the remuneration system.

Chairperson of the Remuneration Committee

Hikaru Sugi, Outside Director



Revising the performance-linked remuneration system to encourage achievement of the FY2031 Strategy, and newly establishing a committee chairperson allowance in light of their role

The concept of the metric used to evaluate consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating profit from the relevant business sector), which accounts for 60% of Executive Officers' annual bonuses, was revised in the fiscal year ended March 2024. With this, the "consolidated earnings forecast for the following fiscal year at the time of announcement of financial results at the end of the current fiscal year (for the operating profit of the relevant business sector, operating profit used as the consolidated performance forecast basis)" was changed to "consolidated operating income planned in the Medium-term Management Strategy (for the operating profit of the relevant business sector, the planned operating profit of the relevant business sector)." The targets for the FY2031 Strategy are not accumulative figures, but instead, increased figures. While this makes achievement more difficult than in the past, we feel that Executive Officers are adopting perspectives from a greater vantage point. I feel that our stakeholders' expectations for Outside Directors are shifting from a push for major reforms to how to help

them reap the rewards of their earnings. In order to meet these expectations, we want to encourage the achievement of FY2031 Strategy targets by establishing an appropriate remuneration system.

Furthermore, we decided to newly establish an allowance for Chairpersons of the Nomination, Audit, Remuneration and Sustainability Committees, which is in effect as of June 2024. This decision was made in light of the relative increase of the importance of the role of Committee Chairpersons, just as the effectiveness of the Board of Directors has been enhanced. Chairpersons are also often required to meet with shareholders and perform other external relations, so in light of these responsibilities, provision of an additional allowance was decided.

Evaluation of non-financial factors based on the CEO's primary evaluation, verified by the Remuneration Committee

The Company introduced evaluation of non-financial factors in Executive Officers' annual bonuses, including initiatives in line with our Sustainability Policy, etc., and we feel that is beginning to produce significant results. Evaluation criteria is based on the commitment of each Executive Officer to achieve targets, and the degree of achievement each fiscal year is verified by the Remuneration Committee upon the CEO's primary evaluation. Some business divisions are achieving ambitious targets ahead of

schedule, with further progress expected in sustainability initiatives in particular.

Encouraging action and achievement of FY2031 Strategy targets

The Board of Directors is responsible for overseeing progress on achievement of FY2031 Strategy and holds active discussions. The Remuneration Committee has been discussing the design of the remuneration system to encourage the achievement of these targets. In addition to the aforementioned changes to the concept for performance evaluation indicators and the introduction of evaluation of non-financial factors, including initiatives in line with Sustainability Policy, etc., we, in the past, raised the ratio of performance-based remuneration included in Executive Officers' annual bonuses, and introduced evaluation of relative comparison of TSR that takes stock price and dividends into consideration. We believe the current system better encourages Executive Officers to take action to achieve FY2031 Strategy targets. As we enter the second year of the FY2031 Strategy, the business environment surrounding our Group has become more challenging than when the plan was initially constructed, but the Remuneration Committee will continue to make every effort to ensure our targets are achieved.

Remuneration Committee

Composition (including Chairperson)	Three Outside Directors
Chairperson	Director (Outside) Hikaru Sugi
Members	Director (Outside) Tatsuo Wakabayashi Director (Outside) Rikako Beppu
Functions and duties	The Remuneration Committee establishes policies for determining individual remuneration for Directors and Executive Officers, and determines the individual remuneration to be received by Directors and Executive Officers based on such policies.
Number of meetings in FYE March 2024	9
Results	<p>2023</p> <p>April 28</p> <ul style="list-style-type: none"> • Deliberation on the results of evaluation of non-financial factors related to annual bonuses for Executive Officers for FYE March 2023 <p>May 12</p> <ul style="list-style-type: none"> • Resolution on continuance of stock-based compensation system • Deliberation on the results of evaluation of non-financial factors related to annual bonuses for Executive Officers for FYE March 2023 <p>May 31</p> <ul style="list-style-type: none"> • Resolution on amount of individual bonuses for Executive Officers for FYE March 2024 • Deliberation on setting non-financial factors related to annual bonuses for Executive Officers for FYE March 2024 <p>June 23</p> <ul style="list-style-type: none"> • Resolution on details of individual remuneration for Directors, etc. • Deliberation on Remuneration Committee schedule <p>August 30</p> <ul style="list-style-type: none"> • Confirmation of the background to the current remuneration system and deliberation on future issues <p>October 25</p> <ul style="list-style-type: none"> • Reports on trends related to executive remuneration and the results of remuneration standard benchmarks <p>November 29</p> <ul style="list-style-type: none"> • Deliberation on suitability of the remuneration system <p>December 26</p> <ul style="list-style-type: none"> • Deliberation on suitability of the remuneration system <p>2024</p> <p>March 27</p> <ul style="list-style-type: none"> • Resolution on details of individual remuneration for Executive Officers for FYE March 2025 • Deliberation on suitability of the remuneration system

Policy on Determining Remuneration for Officers, Etc.

Remuneration System for Directors and Executive Officers

With the aim of creating an attractive remuneration system for outstanding management talent 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 (collectively, "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) Regarding Executive Officer remuneration, 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. For Director (excluding those who concurrently hold the posts of Director and Executive Officer) remuneration, in principle, 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. However, Directors who serve as Chairpersons of the Nomination, Audit, Remuneration and Sustainability Committees will be paid allowances in addition to basic remuneration in consideration of their responsibilities.
- (4) An annual bonus shall be determined with the emphasis on the performance in each fiscal year, while appropriately evaluating the relative results of Total Shareholder Return (TSR)* and the status of each Executive Officer's implementation of medium- to long-term management strategies, etc.

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

- (5) A medium- to long-term incentive shall be stock-based compensation that enables Executive 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)
In principle, the remuneration for Directors shall consist of basic remuneration only.
However, Directors who serve as Chairpersons of the Nomination, Audit, Remuneration and Sustainability Committees will be paid allowances in addition to basic remuneration in consideration of their responsibilities. The cash amount shall take into consideration an individual Director's job position, whether he/she is a full-time/part-time Director, etc. and refer 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%) for 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)
The consolidated operating profit evaluation factor is based on which earning capacity of the Company's main business 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, all in Japan)
- ② Relative comparison of TSR (relative comparison with six nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies, all in Japan) (Evaluation of relative comparison of TSR)

- ③ Non-financial evaluation of the status of achievement of the targets set for each Executive Officer at the beginning of the term and other relevant factors with regard to efforts aimed at improving medium- to long-term corporate value, which is less likely to be represented in short-term performance, as well as efforts in line with the Sustainability Policy*

*Sustainability Policy Items

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

<<Calculation Formula>>

By deeming the amount payable for achievement of the target (Base Annual Bonus) as 100%, the amount for each individual shall be calculated by using the following calculation formula:

Annual Bonus = Base Annual Bonus by Job Position × Payment Rate Based on Performance Evaluation*

* "Payment Rate Based on Performance Evaluation" shall range from 0% to approx. 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 earnings from the relevant business sector), relative TSR comparison and non-financial factors, respectively.

*To be adjusted using consolidated operating profit growth rate compared with other companies.

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

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

<<Target of Consolidated Operating Profit for Annual Bonus>>

With regard to the target of consolidated operating profit 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 Executive Officer is responsible, planned consolidated operating earnings from the relevant business sector shall be used.)

The target and actual values of performance-linked indicators used to calculate bonuses for the fiscal year ended March 2024 are as follows.

Evaluation Items		Target	Results
Operating profit	Consolidated	¥50 billion	¥23.2 billion
	Metals business	¥21.8 billion	¥9.8 billion
	Advanced Products business	¥15.5 billion	¥4 billion
	Metalworking Solutions business	¥14.3 billion	¥10.8 billion
Consolidated operating profit growth rate		—	(53.52%)
TSR (Figures in brackets are rankings of six domestic non-ferrous metals companies)		—	134% (3)

<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, during the determined period of the trust, accumulate points to be given to Executive Officers, 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 three consecutive fiscal years including the fiscal year ended March 2024 (FYE March 2024 to FYE March 2026) shall be 140,000 points in total.

Policy on Determining Remuneration for Officers, Etc.

<Claim for return of remuneration, etc. (Malus and Clawback System)>

If Executive Officers violate laws and regulations or the duty of care of a good manager, the Company may request disqualification of the entitlement to annual bonus or restitution of bonus upon a resolution of the Remuneration Committee. With respect to stock compensation, if the same occurs, the Company may request disqualification of the right to receive delivery of the Company's shares, etc. or restitution of an amount equivalent to the accumulated number of points upon a resolution of the Remuneration Committee.

■ Details of non-financial evaluation items for annual bonuses for Executive Officers (excluding CEO) (FYE March 2025)

Method for target setting

For non-financial evaluation, each Executive Officer (excluding the CEO) 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 the fiscal year ending March 2025 in accordance with the Sustainability Policy, etc.

In the fiscal year ending March 2025, we have mandated the promotion of Diversity, Equity & 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 Officer						
	A	B	C	D	E	F	G
Build a Work Environment that puts Safety and Health First	○						○
Respect for Human Rights						○	
Promote Diversity, Equity & 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	○	○	○	○			○

Evaluation process

- Executive Officers' (other than CEO) evaluation

The progress in achieving targets set by each Executive Officer as non-financial evaluation items is monitored through the Executive Officers' quarterly business execution status report to the Board of Directors. At the end of the fiscal year, the CEO serves as the primary evaluator of each Executive Officer by considering their progress toward achieving their targets. The Remuneration Committee receives an explanation of the results of this initial evaluation by the CEO, then deliberates on appropriateness and determines the final evaluation.

- CEO evaluation

Given that the CEO oversees the entire Company, the Remuneration Committee deliberates on the CEO's performance of his duties to determine an evaluation from the perspective of Group-wide management and execution of leadership toward achievement of the Medium-term Management Strategy.

Total amount of remuneration, etc. per classification of officers, total amount per type of remuneration, etc., and number of eligible recipients for FYE March 2024

Classification of officers	Total amount of remuneration, etc. (Millions of yen)	Type of remuneration, etc.					
		Monetary remuneration				Nonmonetary remuneration	
		Basic remuneration		Bonus (Performance-linked remuneration)		Stock-based compensation	
		Total (Millions of yen)	Number of eligible recipients	Total (Millions of yen)	Number of eligible recipients	Total (Millions of yen)	Number of eligible recipients
Directors (Other than Outside Director)	88	88	1	—	—	—	—
Executive Officers	489	312	9	76	9	100	9
Outside Directors	126	126	7	—	—	—	—

*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 11 Directors and 9 Executive Officers as of the end of fiscal year 2024.

*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 the fiscal year ended March 2024.

Deliberation on suitability of the Remuneration System for Directors and Executive Officers

The Remuneration Committee deliberates annually on the suitability of the remuneration system for Directors and Executive Officers. In deliberations, they utilize the results of surveys by external experts to ensure that the system does not deviate too far from the market standard. Specifically, after receiving such a report (such as comparison of remuneration amounts for domestic companies of a similar size or similar organizational structure), the Committee examines the suitability of our system while still considering the roles and responsibilities of individual Officers.

From June 2024, the number of the Committee's members was reduced from five to three, but we are working to eliminate discrepancy of information among Outside Directors by additionally allowing Outside Directors who are not on the Committee to observe meetings. Furthermore, the CEO attends meetings to provide explanations and opinions, etc., as needed.

Message from the Chairperson of the Sustainability Committee



The Group will reach a turning point in the evolution of our sustainability initiatives—moving from a reactive to a proactive approach with the aim of enhancing corporate value.

Chairperson of the Sustainability Committee

Koji Igarashi, Outside Director

Supporting effective sustainability initiatives and fulfilling our responsibility to report appropriately to the Board of Directors

In the Medium-term Management Strategy FY2031, which started in the fiscal year ended March 2024, the Group has set “For people, society and the earth, circulating resources for a sustainable future” as Our Commitment, and we believe making sustainability central to our management is something to be proud of. In terms of business, we are steadily proceeding with initiatives to achieve this goal, appropriately disclosing information outside the Group. While we do not see any major issues with these initiatives, our stakeholders have requested more expeditious achievement of a higher standard. Furthermore, the Corporate Sustainability Reporting Directive (CSRD) coming into effect in the EU will require further acceleration and evolution of sustainability efforts. The Sustainability Committee’s role is to understand the latest information and societal trends at a pace that is faster than ever before, discussing them as required to make appropriate reports to the Board of Directors so that the Group can complete effective initiatives as soon as possible.

Specific discussions on four themes: Climate change, biodiversity, DE&I and resource recycling

In June 2023, we set four specific themes for addressing sustainability issues as a whole, not limited to climate change. Of these themes, for climate change, biodiversity and DE&I, we requested participation of Directors other than committee members and Executive Officers connected to the relevant theme, gathering the latest information through lectures by external experts for discussion and consideration. In terms of promoting resource recycling, we attended lectures on the overall industry outlook for plastic bottle recycling, visited specific recycling businesses for on-site observation and exchanged opinions in order to learn about the business in different industries. The committee also exchanged opinions with Executive Officers based on those activities, confirming the status of implementation, summarizing issues, and discussing the schedule moving forward for Executive Officers’ initiatives.

Moving from a reactive to a proactive approach in sustainability initiatives

The Sustainability Committee has been active for two years. To date, the committee has worked to improve our understanding of issues directly tied to the global environment (climate change and biodiversity) and to stay current on the latest trends in everything from DE&I to resource recycling. As a result of these efforts, we have been able to enhance our perspective and hold deeper discussions on matters pertaining to sustainability management, making appropriate reports to the Board of Directors. Moving forward, we intend to continue these efforts as we investigate and discuss cases where sustainability initiatives lead to increased corporate value. Through this, the Group will reach a turning point in the evolution of our sustainability initiatives—moving from a reactive to a proactive approach.

Sustainability Committee

Composition (including Chairperson)	Three Outside Directors / One Internal Director
Chairperson	Director (Outside) Koji Igarashi
Members	Director (Outside) Hatsunori Kiriya Director (Outside) Nozomi Sagara Director Naoki Ono
Functions and duties	The Sustainability Committee will consider methods for monitoring by the Board of Directors and issues to be considered by the Board of Directors 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.
Number of meetings in FYE March 2024	9
Results	<p>2023</p> <p>April 12</p> <ul style="list-style-type: none"> Exchange of opinions between Executive Officers on the direction of future initiatives based on lectures by external experts <p>May 12</p> <ul style="list-style-type: none"> Summary of the previous years' activities of the Sustainability Committee <p>July 12</p> <ul style="list-style-type: none"> Deliberation on annual activity planning for the Sustainability Committee <p>August 30</p> <ul style="list-style-type: none"> Selection of candidates for external expert lecturers and outside site visits to be conducted by June 2024 Reporting on the content of the Sustainability IR Meeting for investors and analysts <p>October 25</p> <ul style="list-style-type: none"> Deliberation on medium- to long-term activity planning for the Sustainability Committee Lecture by external experts (topic: biodiversity) <p>December 13</p> <ul style="list-style-type: none"> Lecture by external expert (topic: DE&I) <p>2024</p> <p>January 31</p> <ul style="list-style-type: none"> Lecture by external expert (topic: latest trends of climate change issues in Europe) <p>March 7</p> <ul style="list-style-type: none"> Outside site visit (site: company promoting resource circulation in a different industry) <p>March 13</p> <ul style="list-style-type: none"> Exchange of opinions on role of the Sustainability Committee Collection of opinions regarding external expert lectures and outside site visits

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 8 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, 2024)

Naoki Ono	Chief Executive Officer (Representative Executive Officer) CEO* ¹ Responsible for: General Operation of the Company, Internal Audit, Renewable Energy Business, Energy Project & Technology Center
Tetsuya Tanaka	Managing Executive Officer CSuO* ² Responsible for: Business Process Management, Safety, Environment & Quality, Environmental Stewardship Center, Global Environmental Affairs, Legal & Compliance
Nobuhiro Takayanagi	Managing Executive Officer CFO* ³ Responsible for: Accounting & Finance, Management Strategy, Procurement & Logistics, Corporate Communications* ⁴
Makiko Nogawa	Managing Executive Officer CHRO* ⁵ Responsible for: Talent & Organization Development, Human Resources & Industrial Relations, Human Resources Business Partner, General Affairs, Secretary
Makoto Shibata	Managing Executive Officer (Representative Executive Officer) CTO* ⁶ Responsible for: Monozukuri and R&D Strategy, DX Promotion, System Strategy
Katsuyoshi Isaji	Managing Executive Officer President of Metals Company
Toshinori Ishii	Managing Executive Officer President, Advanced Products Company
Kazuo Ohara	Managing Executive Officer President, Metalworking Solutions Company

*1 CEO: Chief Executive Officer

*2 CSuO: Chief Sustainability Officer

*3 CFO: Chief Financial Officer

*4 In addition to the above, Managing Executive Officer Nobuhiro Takayanagi has been responsible for the New Europe Company Preparation, since May 1, 2024.

*5 CHRO: Chief Human Resources Officer

*6 CTO: Chief Technical 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 Corporate Division. The Chief Executive Officer serves as the chairperson of the committee.

Sustainability Deliberative Council and Sustainability Reviews

As part of sustainability initiatives, Sustainability Deliberative Council and Reviews are implemented starting in the fiscal year ending March 2025, replacing the previous Governance Review and Meeting for Sharing Governance Information. Themes to be covered have shifted from governance-related matters (safety, health, human rights, compliance, environment, quality, communication and information security) to sustainability-related matters in response to global environmental issues and human capital management.

Sustainability Deliberative Council is a forum for the head office and business divisions to deliberate and decide on policy and plans related to the above sustainability-related matters prior to the start of the fiscal year (March).

Sustainability Reviews are forums for each business division to report on progress of activities based on policy and plans decided at the Sustainability Deliberative Council at least once per fiscal year.

Meetings are attended by Executive Officers and heads of relevant departments, with a system in place for sharing and following up on information reported at these meetings.

Status of Audits/Internal Control

Status of Audits

Status of audits performed by the Audit Committee

The Audit Committee examines the status of the development and operation of the internal control system, risks in implementing the Medium-term Management Strategy and the status of countermeasures, the status of measures related to sustainability issues including occupational safety and compliance with the Antimonopoly Act, the appropriateness of auditing methods and the results of audits by Accounting Auditors, as well as other matters.

To these ends, the Audit Committee has established and operates a framework to audit the execution of duties by Directors and Executive Officers. Specifically, the Committee conducts interviews with Directors, Executive Officers, departments in charge of internal audits, and departments in charge of internal control, etc. to assess their progress in executing their duties. The Committee also reviews approval documentation and other relevant materials. Appointed members of the Committee are assigned to investigate the business and asset conditions

at the Company's headquarters and key business locations, and they conduct on-site audits of subsidiaries and other entities as required, in accordance with the audit standards and audit plan established by the Committee. Additionally, the Audit Committee enhances coordination by regularly holding meetings with Audit & Supervisory Board Members at major Group companies to strengthen the effectiveness of the Group-wide audit system. To enhance the overall effectiveness of the three-pillar audit system, the Audit Committee, the Internal Audit Department, and the Accounting Auditor actively engage in discussions and collaborate closely to strengthen coordination.

The full-time member of the Audit Committee also interviews with the CFO regularly and with Executive Officers, to exchange opinions. In addition, he receives reports from the Corporate Division on a regular or timely basis and makes suggestions or recommendations. He also attends important meetings such as the Strategic Management Committee, the Group's Management Committee, Budget Deliberation,

Monozukuri and R&D Strategy Meetings and Sustainability Deliberative Council, as well as conducting on-site audits of locations both inside and outside Japan, including affiliates, and make comments or suggestions on matters of concern.

Kazuhiko Takeda, Chairperson of the Audit Committee, has extensive knowledge of finance and accounting through his experience as the CFO at a major subsidiary of a listed company.

The Audit Committee Office is set up as an organization directly under the supervision of the Committee to assist the Committee in carrying out its duties.

Status of internal audits

As of June 26, 2024, the Audit Department of the Corporate Division and the Audit Department of in-house companies, which are departments in charge of internal audits, consist of 29 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 Audit Department of the Corporate Division 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 the fiscal year ended March 2024 on our internal control system for financial reporting, an Internal Control Report was submitted in June 2024 for which we received an unqualified opinion of the auditing firm that the content is appropriate.

Status of Strategic Share Holdings

Status 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 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 Holdings for FYE 2024

In the fiscal year ended March 2024, out of Strategic Share Holdings (six listed stocks held as of April 1, 2023), we sold all or part of two of the listed stocks and newly acquired one stock, resulting in a total of six listed stocks held as of the end of March 2024.

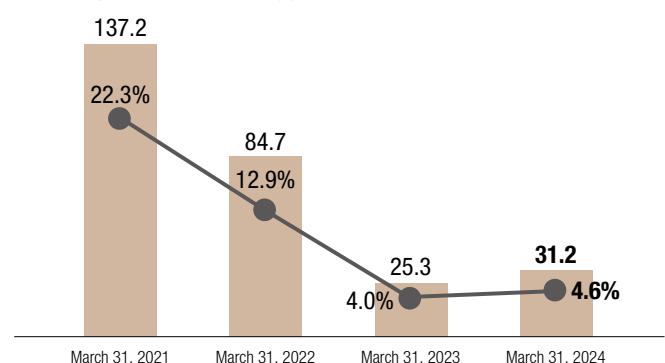
As of the end of March 2024, the amount of Strategic Share Holdings on the balance sheet was approximately ¥20.1 billion for listed stocks, approximately ¥2.2 billion for unlisted stocks, and approximately ¥8.7 billion for deemed share holdings of equity securities, totaling 4.6% of the Company's consolidated net assets as of March 31, 2024.

Status of Strategic Share Holdings

		Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023	Mar. 31, 2024
Number of Strategic Share Holdings	Listed:	43	30	6	6
	Unlisted:	106	99	56	54
	Deemed share holdings:	4	3	2	1
	Total amount:	153	132	64	61
Total price: (billions of yen)	Listed:	116.7	64.7	14.9	20.1
	Unlisted:	2.8	6.1	2.3	2.2
	Deemed share holdings:	17.6	13.7	7.9	8.7
	Total amount:	137.2	84.7	25.3	31.2

Percentage of Strategic Share Holdings in Consolidated Net Assets

■ Total amount of Strategic Share Holdings (including unlisted stocks and deemed share holdings) (billions of yen)
● Percentage of consolidated net assets (%)



Eleven-year Summary

	2014	2015	2016	2017	2018	2019	
For FYE March							
Net sales* ¹	1,414,796	1,517,265	1,417,895	1,304,068	1,599,533	1,662,990	
Cost of sales	1,220,333	1,313,259	1,204,322	1,104,402	1,379,877	1,469,911	
Operating profit	66,281	71,871	70,420	59,761	72,819	36,861	
Ordinary profit	76,902	81,093	72,422	63,925	79,621	50,679	
Profit attributable to owners of parent	52,551	56,147	61,316	28,352	34,595	1,298	
Capital expenditures	65,944	57,636	78,103	75,685	76,231	103,418	
Depreciation and amortization	60,498	56,746	60,842	60,796	61,420	64,519	
R&D expenses	10,986	10,530	11,225	11,344	11,614	10,912	
At Fiscal Year-End							
Total assets* ⁵	1,778,505	1,898,157	1,793,375	1,896,939	2,011,067	1,938,270	
Total non-current liabilities* ⁵	514,279	490,825	452,038	480,079	465,570	486,921	
Total net assets	525,707	629,514	645,017	710,195	768,495	723,337	
Number of issued shares (common share) (thousands)	1,314,895	1,314,895	1,314,895	131,489	131,489	131,489	
Number of employees (consolidated)	23,112	23,413	24,636	24,859	26,959	28,426	

Per Share Amounts*²							
Profit (loss) per share	40.10	42.85	46.80	216.44	264.15	9.92	
Diluted profit	—	—	—	—	—	—	
Net assets	348.54	420.36	423.83	4,743.27	5,211.20	4,838.31	
Cash dividends applicable to the year	6.00	8.00	10.00	60.00	80.00	80.00	

Cash Flows							
Cash flows from operating activities	102,932	108,070	118,685	115,552	50,715	140,168	
Cash flows from investing activities	(44,863)	(42,366)	(29,982)	(26,557)	(83,957)	(86,238)	
Cash flows from financing activities	(69,329)	(42,273)	(120,477)	(15,703)	(11,034)	(47,613)	
Cash and cash equivalents at end of period	62,078	92,079	58,482	132,616	87,355	99,672	
Financial Ratios							
Operating margin* ¹	4.7%	4.7%	5.0%	4.6%	4.6%	2.2%	
Return on asset (ROA)* ^{3*5}	4.3%	4.4%	3.9%	3.5%	4.1%	2.6%	
Return on equity (ROE)* ⁴	12.2%	11.1%	11.1%	4.8%	5.3%	0.2%	
Shareholders' equity ratio* ⁵	25.7%	29.0%	31.0%	32.8%	33.9%	32.7%	

(Unit : Millions of yen)

	2020	2021	2022	2023	2024
	1,516,100	1,485,121	1,811,759	1,625,933	1,540,642
	1,325,438	1,312,771	1,602,958	1,449,162	1,392,497
	37,952	26,567	52,708	50,076	23,276
	49,610	44,527	76,080	25,306	54,102
	(72,850)	24,407	45,015	20,330	29,793
	88,043	81,519	81,450	81,106	87,874
	68,657	66,337	68,090	46,082	48,443
	10,881	11,127	11,604	9,676	8,767
	1,904,050	2,035,546	2,125,032	1,891,795	2,167,628
	520,123	562,313	542,586	444,558	487,885
	586,034	614,394	655,752	628,875	685,623
	131,489	131,489	131,489	131,489	131,489
	28,601	27,162	23,711	18,576	18,323

(Unit : Yen)

	(556.34)	186.71	344.56	155.60	228.07
	—	—	—	—	—
	3,870.35	4,173.14	4,476.52	4,541.96	5,003.75
	80.00	50.00	90.00	50.00	94.00

(Unit : Millions of yen)

	67,545	78,442	6,889	45,164	51,351
	(66,898)	(101,763)	(3,210)	(43,985)	(102,998)
	28,873	41,514	(5,055)	3,473	32,921
	127,284	147,533	153,640	141,079	131,143
	2.5%	1.8%	2.9%	3.1%	1.5%
	2.6%	2.3%	3.7%	1.3%	2.7%
	(12.8%)	4.6%	8.0%	3.5%	4.8%
	26.6%	26.8%	27.5%	31.4%	30.2%

***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 the fiscal year ended March 2022. Individual figures since the fiscal year ended March 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 the fiscal year ended March 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**

The Company has been applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018) from the beginning of the fiscal year ended 2019. Individual figures related to the fiscal year ended 2018 have had the accounting standards applied retroactively.

Performance Summary by Segment

(Unit : Billions of yen)

For FYE March	2020* ¹	2021	2022	2023* ²	2024
Net sales	1,516.1	1,485.1	1,811.7	1,625.9	1,540.6
Metals business	665.0	728.2	997.1	1,089.3	1,038.0
Advanced Products business*³	375.3	357.1	485.9	526.3	488.7
Copper & Copper Alloy business	252.9	231.6	366.6	402.1	410.2
Electronic Materials & Components business	123.2	126.6	120.7	124.6	79.9
Metalworking Solutions business	150.2	119.3	132.6	141.6	140.0
Renewable Energy business	—	—	—	3.4	4.6
Cement business	247.5	215.8	209.8	—	—
Environment & Energy business	27.0	26.2	17.8	—	—
Other	285.2	266.7	253.6	170.6	160.6
Aluminum business	136.7	128.2	115.4	—	—
Adjusted amount	(234.4)	(228.4)	(285.3)	(305.4)	(291.3)
Operating profit	37.9	26.5	52.7	50.0	23.2
Metals business	18.6	18.8	25.2	28.2	9.8
Advanced Products business*³	3.2	2.8	14.7	8.1	4.0
Copper & Copper Alloy business	2.4	(0.3)	4.6	2.6	2.6
Electronic Materials & Components business	0.8	3.5	10.0	5.9	1.7
Metalworking Solutions business	7.7	(1.1)	14.1	14.1	10.8
Renewable Energy business	—	—	—	0.2	0.8
Cement business	12.2	6.6	3.2	—	—
Environment & Energy business	1.6	1.7	2.2	—	—
Other	2.0	8.8	7.3	9.0	7.8
Aluminum business	(3.0)	4.3	2.2	—	—
Adjusted amount	(7.6)	(11.3)	(14.2)	(9.6)	(10.1)
Ordinary profit	49.6	44.5	76.0	25.3	54.1
Metals business	27.4	32.9	50.2	29.9	31.0
Advanced Products business*³	4.4	6.1	16.9	7.1	1.8
Copper & Copper Alloy business	1.0	0.8	5.3	(0)	(0.5)
Electronic Materials & Components business	3.3	5.6	11.6	7.7	2.8
Metalworking Solutions business	6.2	(0.7)	14.5	14.5	12.2
Renewable Energy business	—	—	—	0.9	0.8
Cement business	15.2	6.1	0.1	—	—
Environment & Energy business	3.1	3.1	3.8	—	—
Other	1.2	9.3	6.5	(15.9)	22.1
Aluminum business	(3.9)	4.5	0.9	—	—
Adjusted amount	(8.1)	(12.4)	(16.1)	(11.3)	(14.0)

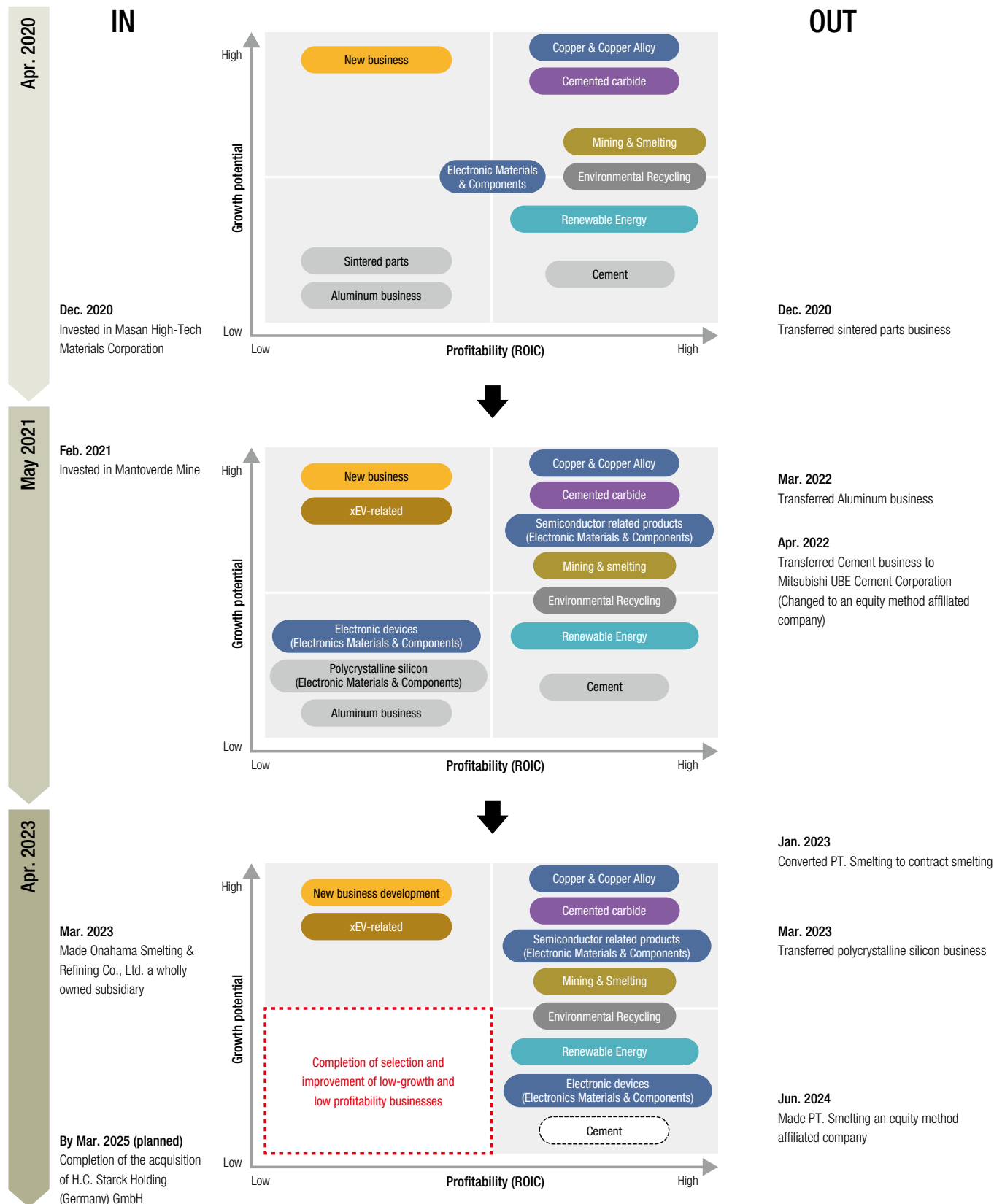
*1 Results were reclassified to reflect changes in reported segments following structural reorganization implemented on April 1, 2020.

*2 Results were reclassified to reflect changes in reported segments following structural reorganization implemented on April 1, 2023.

*3 Totals for Advanced Products includes transactions between the Copper & Copper Alloy business and the Electronic Materials & Components business, etc., as common advanced products.

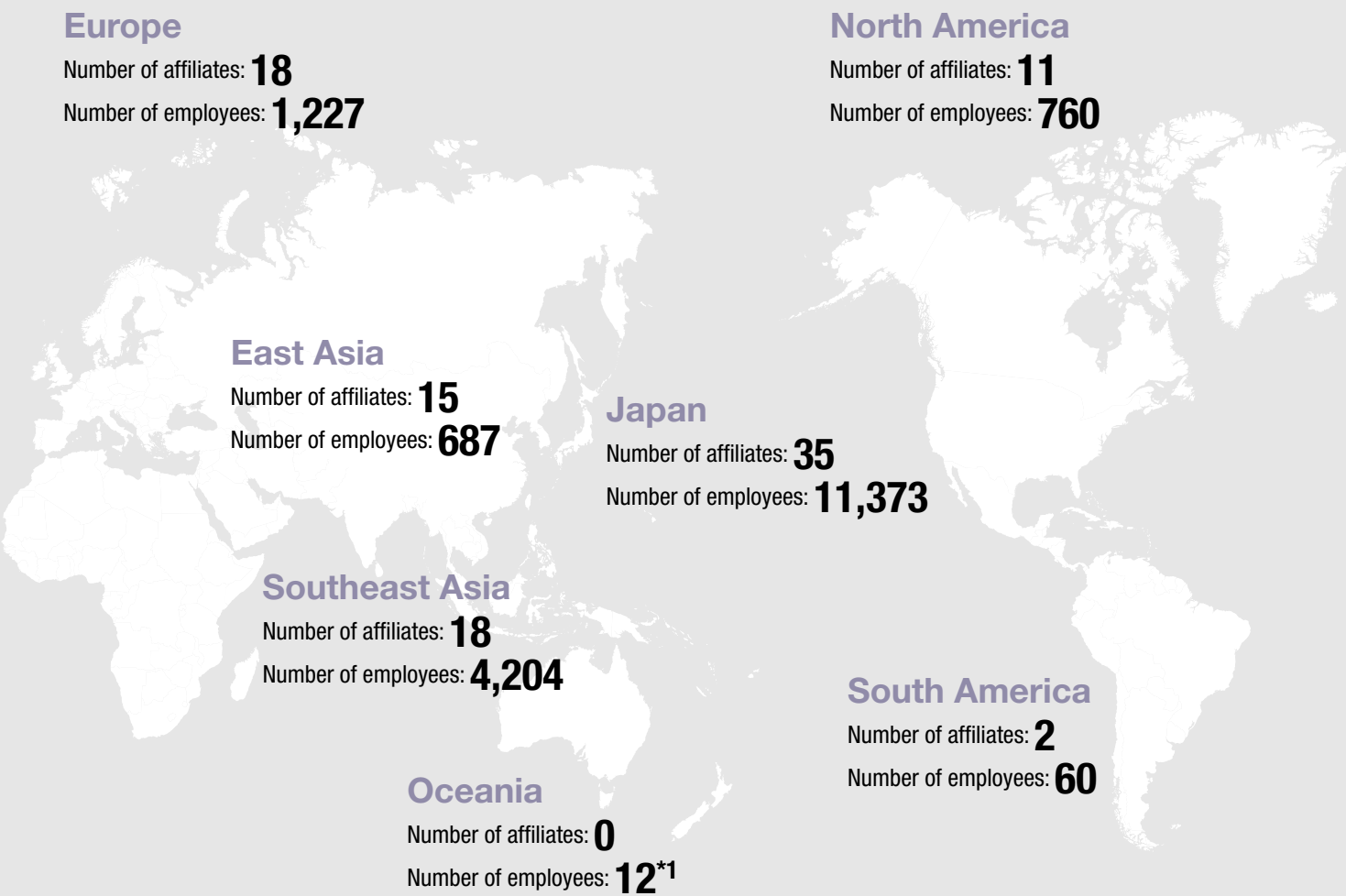
Major business portfolio changes

*Plot is for visual representation only

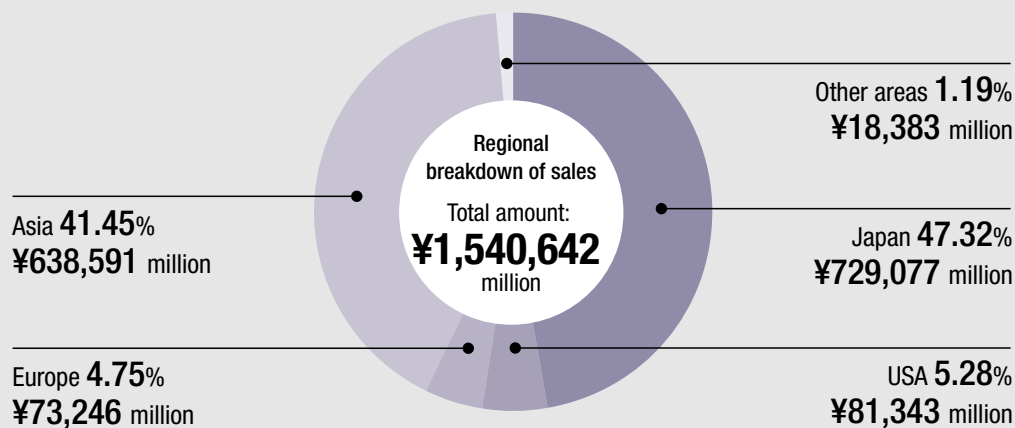


Global Atlas (As of March 31, 2024)

Sales by Areas / Numbers of Affiliates / Numbers of Employees (Consolidated)



Number of countries/
regions with overseas operation **32** Number of Employees
(consolidated) **18,323**



Main Mitsubishi Materials business sites*2

Head Office (Japan)
 Akita Refinery (Japan)
 Saitama Property Management (Japan)
 Energy Project & Technology Center (Japan)*3
 Innovation Center (Japan)
 Fuji-Oyama Plant (Japan)
 Osaka Regional Head Office (Japan)

Metals business

Naoshima Smelter & Refinery (Japan)
 Ikuno Plant (Japan)

Advanced Products business

Wakamatsu Plant (Japan)
 Ceramics Plant (Japan)
 Sakai Plant (Japan)
 Sambo Plant (Japan)
 Sanda Plant (Japan)

Metalworking Solutions business

Tsukuba Plant (Japan)
 Gifu Plant (Japan)
 Akashi Plant (Japan)

Main consolidated subsidiaries

Mitsubishi Materials (Shanghai) Corporation (China)*4
 Mitsubishi Materials Techno Corporation (Japan)
 Mitsubishi Materials Trading Corporation (Japan)

Metals business

PT. Smelting (Indonesia)
 MM Netherlands B.V. (The Netherlands)
 Onahama Smelting & Refining Co., Ltd. (Japan)
 Chubu Eco Technology Co., Ltd. (Japan)
 East Japan Recycling Systems Corporation (Japan)
 Hosokura Metal Mining Co., Ltd. (Japan)
 Materials Eco-Refining Co., Ltd. (Japan)

Advanced Products business

SAMBO METALS CORPORATION (Japan)
 Mitsubishi Cable Industries, Ltd. (Japan)
 Mitsubishi Materials Electronic Chemicals Co., Ltd. (Japan)
 Luvata Oy (Finland)

Metalworking Solutions business

MMC Hardmetal Europe Holdings GmbH (Germany)
 MMC Hartmetall GmbH (Germany)
 Japan New Metals Co., Ltd. (Japan)
 Mitsubishi Materials U.S.A. Corporation (USA)
 MOLDINO Tool Engineering, Ltd. (Japan)

Environment & Energy business

New Energy Fujimino Co., Ltd. (Japan)
 Hachimantai Green Energy Corporation (Japan)

*1 Representatives from branches and representative offices, locally hired employees

*2 In accordance with the reorganization effective April 1, 2023, businesses previously under the jurisdiction of the "Environment and Energy business" were transferred to the "Metals business," "Renewable Energy business," and "Other businesses."

*3 Due to the organizational change on April 1, 2023, we have changed the management segment from the previous "Environment & Energy business."

*4 Effective April 1, 2024, this company's jurisdictional segment was changed from "Corporate Division" to "Metalworking Solutions business."

Company Data/Stock Data (As of March 31, 2024)

Company Data

Company Name:	Mitsubishi Materials Corporation
Head Office address:	Marunouchi Nijubashi Building 22F, 3-2-3, Marunouchi, Chiyoda-ku, Tokyo 100-8117 Japan
Date Established:	April 1, 1950
Representative:	Naoki Ono, Chief Executive Officer
Stock Listing:	Tokyo Stock Exchange, Inc.
Paid-in Capital:	¥119,457 million
Total Assets:	¥2,167,628 million
Number of employees:	5,408 (consolidated: 18,323)
Number of consolidated subsidiaries:	99
Number of equity method affiliated companies:	12
Membership:	KEIDANREN (Japan Business Federation), KEIZAI DOYUKAI (Japan Association of Corporate Executives), Japan Mining Industry Association, Global Compact Network Japan, etc.

Evaluation by External Organizations

2024 Constituent MSCI ESG Leaders Indexes
 2024 Constituent MSCI Japan ESG Select Leaders Index
 2024 MSCI Japan Select Leaders Index
 2024 Constituent MSCI Japan Empowering Women Index (WIN)
 FTSE4Good Index Series
 FTSE Blossom Japan Index
 FTSE Blossom Japan Sector Relative Index
 S&P/JPX Carbon Efficient Index
 Morningstar Japan ex-REIT Gender Diversity Tilt Index
 ECPI INDICES
 SOMPO Sustainability Index



2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI NIKONKABU
ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



FTSE4Good



FTSE Blossom
Japan Index



FTSE Blossom
Japan Sector
Relative Index



ECPI Sense in sustainability



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 FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index.

The FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Related Information:

Sustainability Report

► Evaluation by External Organizations, Status of Participation in Initiatives
<https://mmc.disclosure.site/en>

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 May 24, 2024.



■ 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 year ended March 2024 (1st April, 2023 - 31st March, 2024)

*This report may also include information from April 2024 onwards, in an effort to provide the most up-to-date information.

■ Date of Publication

July 2024

■ 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

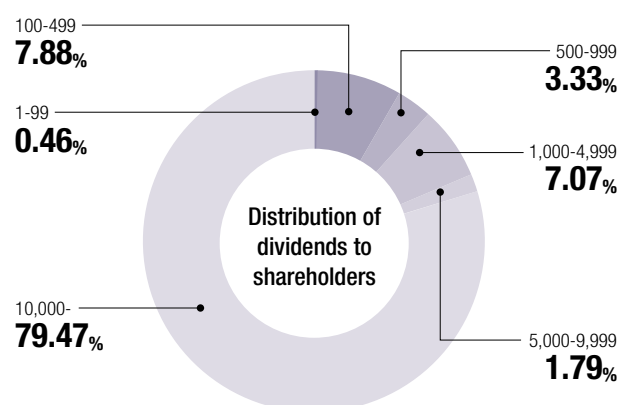
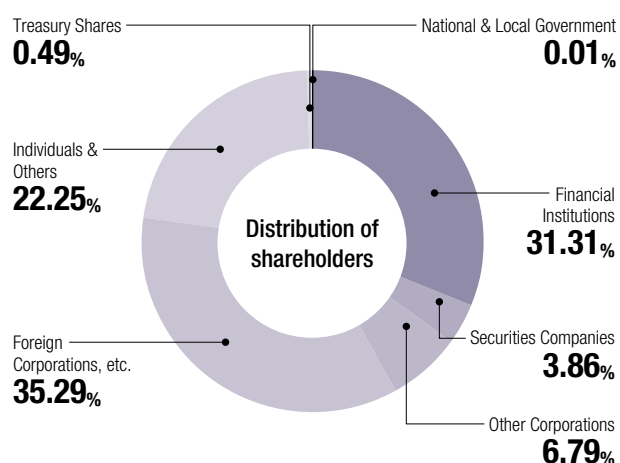
Total number of issued shares: 131,489,535

Number of shareholders: 110,454

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)	22,982	17.6
Custody Bank of Japan, Ltd. (Trust account)	9,107	7.0
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	8,859	6.8
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	3,998	3.1
BNYM AS AGT/CLTS NON TREATY JASDEC	3,309	2.5
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	3,213	2.5
Meiji Yasuda Life Insurance Company	3,101	2.4
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	2,442	1.9
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15	2,222	1.7
STATE STREET BANK AND TRUST COMPANY 505223	1,786	1.4

*Percentages of shareholding were calculated after deducting treasury shares (638,980 shares)



Total Shareholder Return (TSR)

	March 2020	March 2021	March 2022	March 2023	March 2024
Mitsubishi Materials Corporation	74.2%	87.3%	76.3%	78.3%	112.3%
TOPIX	85.9%	122.1%	124.6%	131.8%	196.2%

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/>