



Mitsubishi Materials Corporation

Sustainability IR Meeting Briefing

September 10, 2024

Speaker: Naoki Ono	Director, CEO (Representative Executive Officer)
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Tetsuya Tanaka	Managing Executive Officer, CSuO

Presentation

Overview of Sustainability Initiatives

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Ono: Thank you. I would like to explain according to the materials.

First of all, here is an overview of sustainability.

Corporate Philosophy, Our Vision, Our Mission, Our Commitment

- In formulating the Medium-term Management Strategy FY2031 (the FY2031 Strategy), Corporate Philosophy, Our Vision, and Our Mission were integrated into one sentence, and Our Commitment was established.

Corporate
Philosophy

For People, Society and the Earth

Our Vision

Circulating resources for a sustainable future

Our Mission

Create a sustainable future

Prosperous society

Recycling-oriented society

Decarbonized society



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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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This slide shows Corporate Philosophy, etc.

Our Corporate Philosophy is “For people, Society and the Earth,” Our Vision is “Circulating resources for a sustainable future,” and Our Mission is “Create a sustainable future.”

Our Commitment is “For people, society and the earth, circulating resources for a sustainable future.”

The figure on the lower left is an imaginary representation of circulating resources for a sustainable future.

Renewal of Our Values

- We have reviewed Our Values in light of the changes in the business environment since the establishment of Our Commitment and previous Our Values (established in 2017) and the implementation of various reforms within the Group.
- Based on drafts developed by employees who were invited on a voluntary basis, opinions were collected through a vote by employees from all Group companies (More than 80%, or about 16,000 people, participated in the vote). Based on the results and discussions by upper management, new Our Values were determined.

● Mitsubishi Materials Group: Our Values

The role of Our Values

Guiding principles to fulfill Our Commitment.

The story Our Values weave

We challenge, change, and grow together.
We express praise and appreciation to encourage growth, for a better tomorrow.



Challenge

Embrace challenges without a fear of failure.
Get things done with pride and commitment.



Change

Take initiative to effect change with groundbreaking ideas.
Blend diverse personalities into new strengths.



Growth

Rise above organizational boundaries to activate our knowledge and experience.
Be dedicated to winning with the satisfaction of achieving goals.



Praise and Appreciation

Express praise and appreciation to encourage growth.



A Better Tomorrow

Always act with integrity.
Create a better future for people, society and the earth.

Aiming to build a new organizational culture that enhances corporate value through actions based on the Our Values by all Group employees.

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Next, renewal of Our Values.

This time, we have reviewed Our Values. The reason for this is that Our Values we have up to now were established in 2017, and since then there have been major changes in the business environment, or quality issues that arose in 2017 for our Company. We have been implementing various reforms to regain the trust of our customers.

In addition, we have decided to review our values against the background of having redefined the vision we are aiming for in the Medium-term Management Strategy FY2031, which I have just explained.

There were several important points in this review, one of which was to involve as many employees as possible in the review process. In fact, we asked volunteers to first create a draft of the renewal of Our Values, and then have all group employees vote on the draft. We then took the method of consolidating opinions.

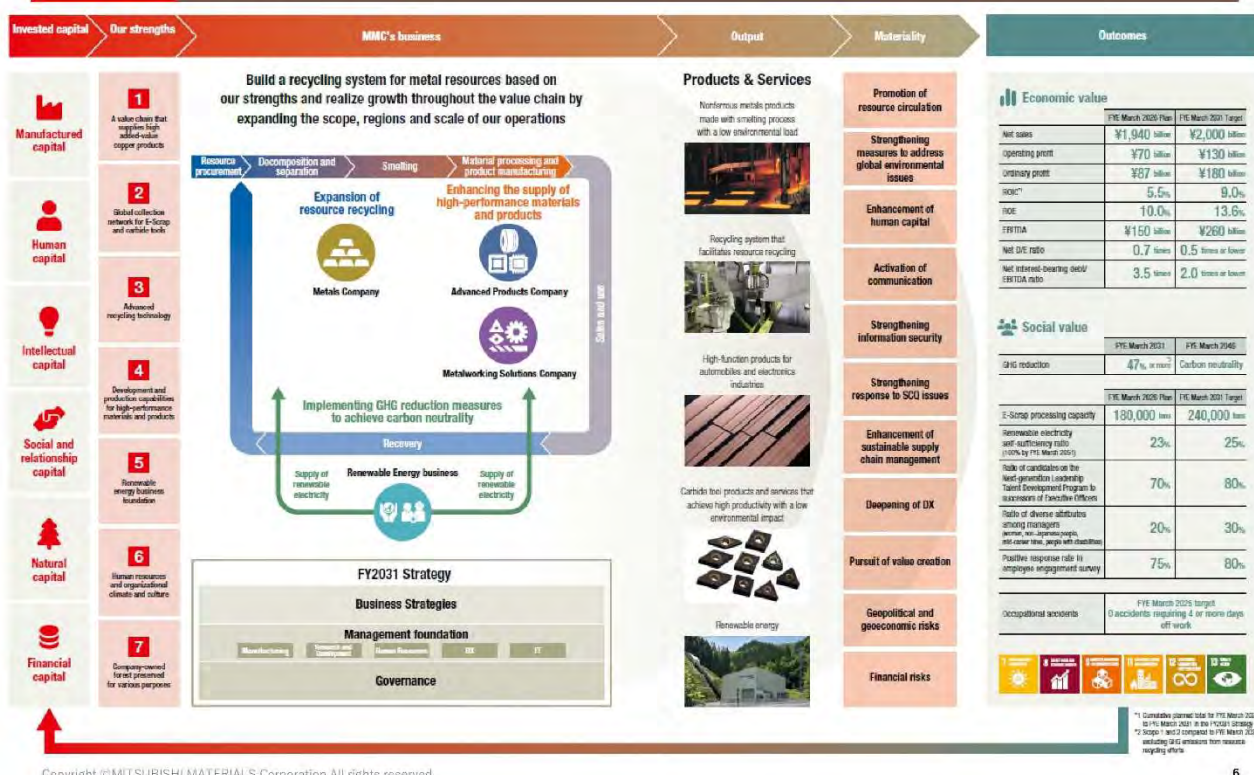
As a result, 83.3%, or over 80% of the total number of employees, participated in the voting, and half of those who participated in the voting also sent in comments. Based on the results, and after further discussions by the management, the values shown on the slide were determined.

Our Values are listed in the five categories below, and the role of Our Values is guiding principles to fulfill Our Commitment. The story Our Values weave is “We challenge, change, and grow together. We express praise and appreciation to encourage growth, for a better tomorrow.”

I will not explain each of these five values in detail, but I feel that it is very significant that we, including the management team, have established these values with the participation of many of our employees.

By building on the values-based actions of all employees in the Group, we would like to aim to build a new organizational culture and increase corporate value.

Value Creation Process



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Next, this is the value creation process, which is also shown in the integrated report.

I won't go into details, but we are showing here a diagram of the circulation on the left side.

We are working to expand the resource recycling by recovering used and discarded products from the market, and to strengthen the supply of high-performance materials and products—mainly using the useful metal resources extracted from the recycling.

This is the big picture we are trying to create and supply renewable energy power as a source of electricity to support these efforts.

Materiality

- In formulating the FY2031 Strategy, material issues, including those identified in the fiscal year ended March 2021, were sorted out, reviewed, and prioritized based on two axes of importance to stakeholders and importance in light of Our Commitment.
- In order to respond appropriately to changes in the environment, we review and revise the established materiality every year.
- From the fiscal year ending March 2025, we have identified sustainability issues as materiality.

● Sustainability issues (materiality)

Promotion of resource circulation	Enhancement of sustainable supply chain management
Strengthening measures to address global environmental issues	Deepening of DX
Enhancement of human capital	Pursuit of value creation
Activation of communication	Geopolitical and geoeconomic risks
Strengthening information security	Financial risks
Strengthening response to SCQ issues	

Addressing these issues appropriately will lead to enhanced corporate value through both economic and social value, and reduce various risks faced by the Group.

This is materiality. Please see page seven.

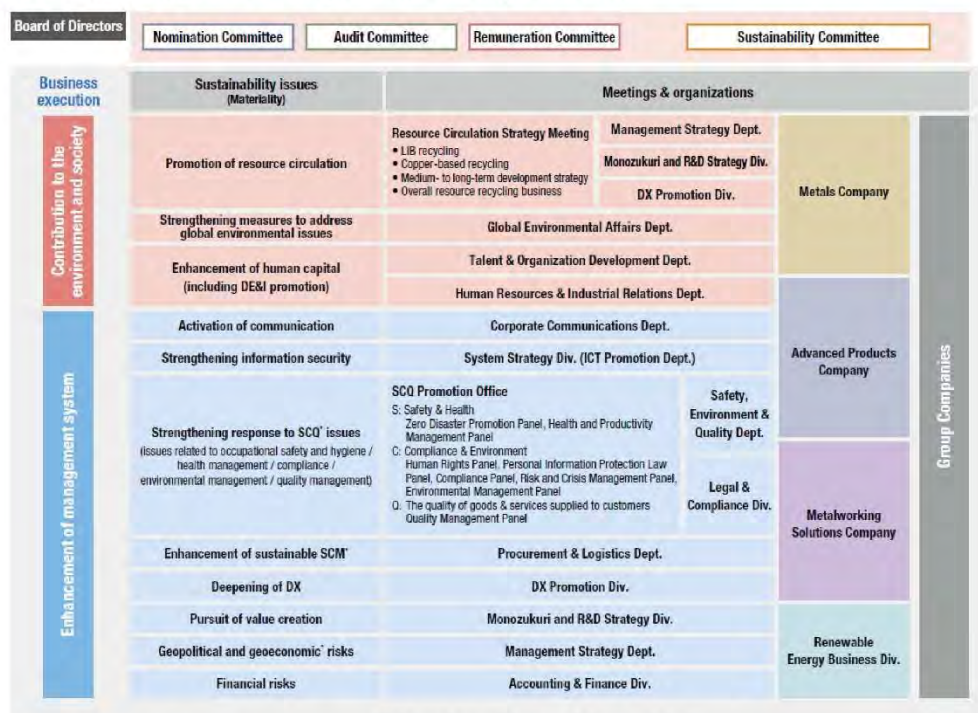
We have been reviewing materiality in the formulation of the Medium-term Management Strategy and every fiscal year and have selected the materiality based on two axes of the importance to our stakeholders and the importance in light of Our Commitment.

These are to be reviewed annually, and if necessary, revised. In addition, from this fiscal year, based on the idea that addressing sustainability issues is the very essence of sustainability management itself, we have identified sustainability issues as materiality.

In any case, we believe that addressing the sustainability issues shown here will help us pursue both economic and social value.

Sustainability Management Structure

■ The framework for responding to sustainability issues (materiality) is as follows:



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

†SCM: Supply Chain Management

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

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Next, page eight.

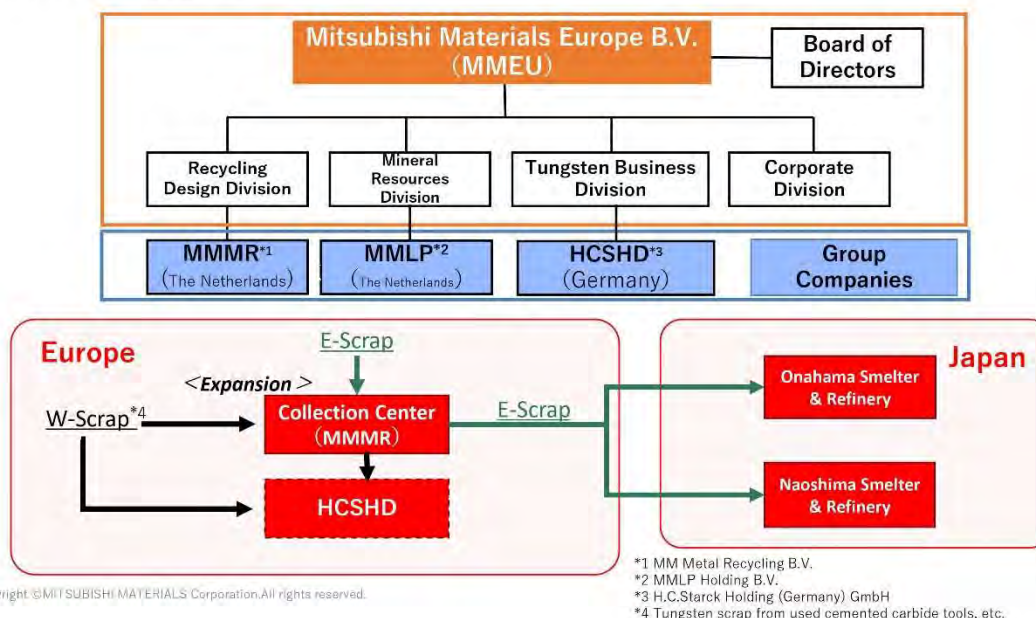
These sustainability-related issues can be broadly divided into two categories: those that contribute to enhancement of the management system on the lower side, and those that contribute to the environment and society, as shown by the color coding on the left side.

In terms of sustainability, the lower side is necessary issues for our Company to remain sustainable in the capital market itself, so to speak. On the upper side are the issues that we must address to make society and the environment sustainable through our business activities.

In any case, all business divisions—including Group companies—will be involved in these efforts, which will be coordinated by the corporate division as shown on the slide.

Promotion of Resource Recycling - TOPICS -

- Mitsubishi Materials Europe B.V. (MMEU) was established on September 1, 2024 (MM Netherlands B.V. changed its name, expanded and reorganized its functions)
- We intend to further enhance the competitiveness of our resource recycling businesses by establishing bases in Europe, a large-scale market and a global leader in policies and other measures relating to the environment and the securing of important mineral resources, and by formulating business strategies and expanding quickly and assuredly in the region.



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One of the major sustainability issues is the promotion of resource recycling. Topics related to this are explained on page nine.

On September 1 of this year, we established a company called Mitsubishi Materials Europe in the Netherlands, and have just started its operation. As you know, Europe has a very large market in terms of resource recycling, and it is also at the forefront of the world in terms of securing the environment and important mineral resources.

The establishment of Mitsubishi Materials Europe was based on the idea that it is necessary to think and formulate strategies in Europe and implement them in Europe in order to expand resource recycling in such regions.

The organization consists of several divisions, including the recycling design division, and each of these divisions is affiliated with a company that operates businesses in Europe. The Tungsten Business Division currently intends to bring H.C. Starck Holding, which is in the final stages of closing with M&A, under its umbrella.

The bottom side shows a punch picture of the concept of resource recycling in Europe. The Company is seeking to increase efficiency and scale by collecting together E-Scrap and tungsten recycled materials generated in Europe. And each should be treated as appropriate. For example, the E-Scrap will be brought to smelters in Japan, and the tungsten scrap is envisaged to be brought into H.C. Starck Holding after the M&A is completed.

Governance Initiatives

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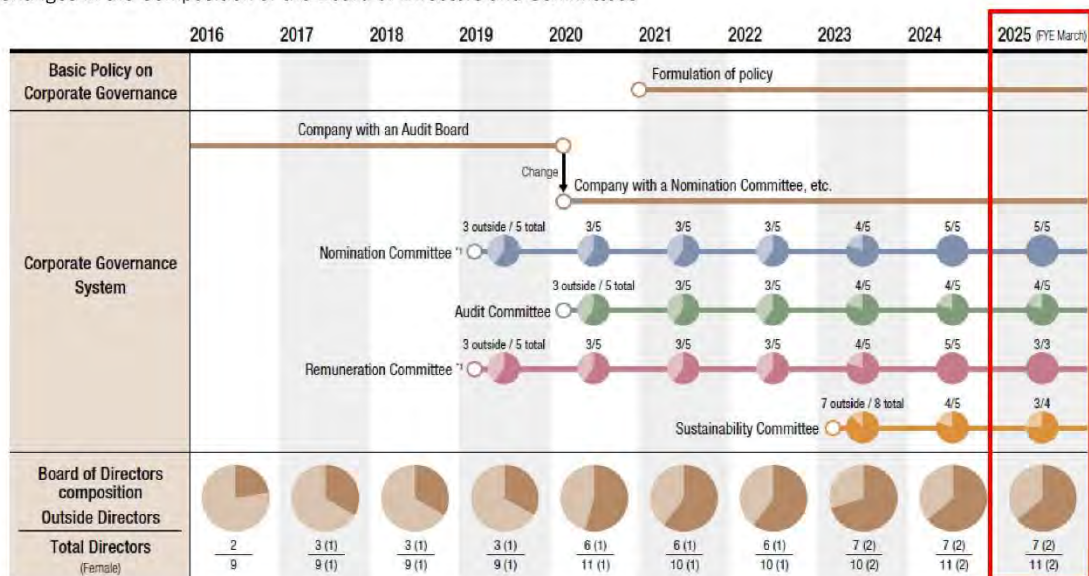
From here, I would like to talk exclusively in terms of corporate governance initiatives.

Governance Initiatives

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Newly Appointed Directors

- 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, Our Vision, Medium-term Management Strategy, and the like in mind.
- Changes in the Composition of the Board of Directors and Committees



*1. Set up in the fiscal year ended March 2019 as a voluntary committee and became a statutory committee from June 2019.

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Page 11 shows the composition of the Board of Directors, year by year since 2015.

The major change occurred in FYE March 2020, where the Company changed its institutional design to a company with a Nomination Committee, etc. Accordingly, as shown in the pie chart at the bottom of the page, the overall number of the Board of Directors is 10 to 11, of which a majority are Outside Directors. Finally, seven-elevenths of the Directors are now Outside Directors, two of whom are women.

On the other hand, we have statutory committees for Nomination, Audit, and Remuneration, as well as a voluntary Sustainability Committee. The Nomination and Remuneration Committees consist of 100% Outside Directors.

Governance Initiatives

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Contribution and Perspectives of the Directors on Key Themes

Name	Expertise and Experience Achievement of the Medium-term Management Strategy FY2031				
	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	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	Perspective from experience as top management		Perspective based on working styles at a financial institution		
Koji Igarashi	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	
Kazuhiro Takeda	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	Perspective from deep knowledge of global business expansion		Perspective from deep knowledge of the development of senior management executives	Perspective from experience being responsible for collaboration with many Japanese and overseas companies	
Hatsunori Kiriya	Perspective from corporate management experience at a global manufacturer	Perspective from extensive marketing experience	Perspective from experience in human resource management in government offices		
Nozomi Sagara	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

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*Mr. Kiriya and Ms. Sagara were newly appointed as Outside Director from June 2024.

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Page 12 shows a table published as an appendix to the Directors' skills matrix.

This is a summary of the proposals and opinions expressed by each Director from what point of view on several issues in order to achieve the Medium-term Management Strategy, which is the sole issue to be discussed by the Board of Directors.

In this table, the names in red indicate Outside Directors newly appointed from June 2024.

Details of discussions at the Board of Directors Meeting

- 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.

● Details of discussions at the Board of Directors meeting

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

- In regards to the FY2031 Strategy, we exchanged opinions on progress made on the overall concept, individual business strategies, financial plans, etc. at four briefings between October 2023 and February 2024.
- In addition, we also exchanged opinions on issues related to sustainability such as promotion of DE&I, and the progress of individual business strategies at briefings for Directors.

● Results and themes deliberated at briefings for Directors

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
	December 13	Medium-term Management Strategy, intellectual property, individual business strategies
2024	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

Next page, please.

Here is a slide showing the content of the Board of Directors' discussion, etc.

In addition to the 16 meetings of the Board of Directors held each year, we also hold briefings for Directors once or twice a month, and the topics discussed at these briefings are shown on the right side of this slide.

Many of the discussions are about individual business strategies and various underlying strategies.

Evaluation of the Effectiveness of the Board of Directors - Overview of the Evaluation Process and Results -

- The evaluation of the effectiveness of the Board of Directors in the fiscal year ending March 2024 was conducted by self-evaluation (evaluation by questionnaire).

- 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.

- Evaluation results

As a result of deliberations at the Board of Directors, **it was confirmed that the effectiveness of the Board of Directors in the fiscal year ended March 2024 was ensured.**

- Issues and future initiatives

- Development of core management human resources

The executive side explains and discusses Executive Officer succession plans and the Next-Generation Next-Generation Leadership Talent Development Program at briefings for Directors.

- Medium- to long-term competitive advantage of the Company

Discusses among the Directors what points will be identified as the medium- to long-term competitive advantage of the Company toward the fiscal year ending March 2026 (what points should be particularly emphasized).

This is an evaluation of the effectiveness of the Board of Directors. See page 14.

We conduct the evaluation of the effectiveness every year and request a third-party organization to conduct an evaluation once every three years.

This section describes the contents of last year's evaluation of the effectiveness. While it was confirmed that the effectiveness was ensured, there are two issues that need to be addressed. We need to deepen the discussion on the development of core management human resources and medium-term competitive advantages of the Company.

That is all for my part of the explanation.

Climate Change Initiatives

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Tanaka: Next, I would like to explain our efforts regarding climate change.

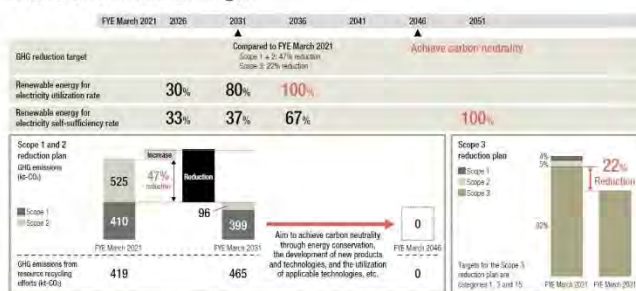
Climate Change Initiatives

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52,53 pages

Review of GHG Reduction Targets and Roadmap for Carbon Neutrality

Targets were revised in July 2024, taking into account the revised Act on Rationalization of Energy Use and Shift to Non-fossil Energy and the revision of the operation of the Act on Promotion of Global Warming Countermeasures. The target was changed to the emissions excluding GHG caused by resource recycling efforts. (* adjusted emissions based on the Act on Promotion of Global Warming Countermeasures).

Revised GHG Reduction Targets



*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.

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"> Fuel conversion Electrification of heat utilizing facilities Implementation of technologies and transfer of facilities
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. 	<ul style="list-style-type: none"> On 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 adapting CCUS, etc. Development and provision of products and technologies to contribute to a CN society
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 	

*No change from the previous target for Scope 2.

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Page 16 is about our efforts towards achieving carbon neutrality.

Regarding GHG emissions, we have traditionally reported in accordance with the Act on Rationalization of Energy Use and Shift to Non-fossil Energy and the Act on Promotion of Global Warming Countermeasures, and our target management has been in line with this report.

In last fiscal year's performance reporting, the operation of the Act on Promotion of Global Warming Countermeasures was significantly revised, and emissions of valuables-derived resources and limestone-derived emissions—which were previously not included in the Scope 1 reporting items—are now included in the scope of reporting.

As for valuable resources, we are promoting resource recycling efforts by purchasing E-Scrap for smelting and recovering metals from it. This process emits CO₂ from the combustion of the plastic content of the E-Scrap, which is included in this year's legal reporting.

At the same time, our company's goals were also reviewed in line with the operation of the new act. The new target is a 47% reduction in emissions, excluding greenhouse gases generated by resource recycling efforts, in FYE March 2031 compared to FYE March 2021. Emissions excluding greenhouse gases generated by this resource recycling initiative are emissions based on the calculation of adjusted emissions under the Act on Promotion of Global Warming Countermeasures.

We have made strengthening our resource recycling efforts a pillar of our Medium-term Management Strategy, and we intend to promote resource recycling and curb greenhouse gas emissions together.

In addition to energy conservation at manufacturing sites and reduction of fossil fuel consumption, we will develop products that contribute to a carbon neutral society and technologies for CO₂ capture and processing, etc. We will also utilize applicable technologies and aim to achieve carbon neutrality in FYE March 2046, including GHGs released through our resource recycling efforts.

Climate Change Initiatives

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Risks and Opportunities of Climate Change on the Company's Business (Scenario Analysis)

- Assessing the risks and opportunities that climate change poses to our business using 1.5 °C and 4 °C scenarios and incorporating them into our business strategies.
- Focusing on increasing the sales of our related products due to increased demand for EVs and batteries, expanding our renewable energy business driven by increased demand for renewable energy, and expanding our recycling business relating to the transition to a recycling-oriented society.
- Setting targets for each theme to reduce risk and capture opportunities and disclosing progress (see [Sustainability Report](#)).

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		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
			Approx. ¥23.7 billion	Approx. ¥15.8 billion	
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 strip FYE March 2031: 2 times (compared to FYE March 2021)
	Metalworking Solutions Business	▲ Rapid change in market for processed products due to model 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)
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 *In 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: ¥23,868 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

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The risks and opportunities of climate change on our business are assessed using 1.5°C and 4°C scenarios and incorporated into our business strategies.

We see the increased demand for EVs, increased sales of our related products due to increased demand for batteries, expansion of our renewable energy business due to increased demand for renewable energy, and expansion of our recycling business due to the shift to a recycling-oriented society as positive impacts.

Climate Change Initiatives

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Collaboration in the Supply Chain

- In GHG emissions management, the global trend also emphasizes Scope 3.
- We began Scope 3 calculations from the fiscal year ended March 2022 (results for the fiscal year ended March 2021) and disclosed our Scope 3 reduction targets in February 2022 (Categories 1, 3, and 15 were set as targets for Scope 3 reductions).
- In order to reduce GHG emissions under Scope 3, we will continue to promote engagement with suppliers, such as exchanging information and reviewing questionnaire items, and promote consistent GHG reduction efforts from upstream to downstream.

Changes in the Environment Surrounding Scope3

- Among the disclosure items recommended in the TCFD, under "Indicators and Targets," disclosure of reduction targets and actual results for Scope 1, 2, and 3 is recommended.
- IFRS S2 published by ISSB requires Scope3 disclosure (actual figures must be disclosed for the same period as the reporting period of financial information).
- European regulations (CBAM and battery regulations) also require calculation of emissions associated with the manufacture of products, and emissions management in the supply chain is a prerequisite.
- In the business operations, there are increasing opportunities to share information on GHG emissions status during trade in the supply chain.

Promotion of supplier engagement

Supplier engagement results in the fiscal year ended March 2024

- Sent engagement letters to copper concentrate suppliers that account for more than 50% of Scope3 Category 1 (purchased products and services) emissions, and exchanged information.
- A Memorandum of Understanding was signed in October 2023 with Anglo American, one of the copper concentrate suppliers, to establish a sustainable and responsible supply chain, and activities started.
- Communication was deepened on reducing GHG emissions at Mitsubishi UBE Cement Corporation, an equity-method affiliate.



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In GHG emissions, our group has set a target of Scope 3 reduction by 22% in FYE March 2031 compared to FYE March 2021. In order to achieve these goals, it is important to promote the reduction of GHG emissions not only from our business operations but also from the entire supply chain.

We are in the process of exchanging information with copper concentrate suppliers, our main supplier, of which we have signed a memorandum of understanding with Anglo American to establish a sustainable and responsible supply chain, and we have been exchanging views from time to time since then.

Introduction of Internal Carbon Pricing (ICP) System

■ ICP System introduced in April 2024

Purpose of introduction of the system

- Aims to raise awareness of GHG emissions and further promote decarbonization initiatives within the Company
- Facilitate decarbonization investment decisions, which have been difficult in the past, by virtually adding GHG reduction benefits to the investment return

Description of the system

Target: Capital investments that contribute to reducing the Company's GHG emissions (Scope 1 + 2)

Introduction: Apply from April 2024 approval

Management: The GHG emissions will be virtually calculated with ICP and used for investment decisions

The Company's carbon price

10,000 yen/t-CO₂ (at the time of introduction)

Promote efforts to achieve GHG reduction targets, such as the introduction of high-efficiency equipment

Next, page 19.

In April of this year, we introduced a system of internal carbon pricing, under which we set our own hypothetical price for GHG emissions and uses it to make investment decisions.

An internal carbon price of ¥10,000 per ton is set and used to make investment decisions for capital investments that contribute to reducing the Company's GHG emissions.

The internal carbon pricing system will be actively promoted to encourage investments that contribute to decarbonization.

Initiatives to Reduce GHG Emissions

● Carbon Footprint of Products(CFP) *1 Initiatives

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

Deployment

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

Verification and Disclosure

- Completed third-party verification of electrolytic copper, aiming to complete third-party verification of electrolytic lead by the end of this fiscal year.
- Establish a foundation for the management of CFP.

Reduction

- Increase engagement *2 with suppliers, and promote consistent GHG reduction initiatives from upstream to downstream.

*1 CFP is the total GHG emissions generated throughout a product's life cycle and is assessed as a part of Life Cycle Assessment (LCA). LCA is a method of quantitatively evaluating input resources, environmental load and environmental impact across the life cycle of a product.

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● Substantially accelerate switchover to renewable energy at sites in the Metals business

In the Metals business, which accounts for about 60% of the Group's domestic electricity consumption, we have decided to accelerate the switchover of purchased electricity to electricity derived from renewable energy by up to 11 years.

Eight sites excluding Naoshima Smelter & Refinery and Onahama Smelter & Refinery *2

FYE March 2025: Complete switchover to renewable energy electricity (Up to 11 years ahead of schedule)

*2 The Company's Ikuno Plant, Hosokura Metal Mining Co., Ltd., Material Eco Recycle Co., Ltd., Ryohinkogyo Co., Ltd., Materials Eco-Refining Co., Ltd.'s Ikuno Plant and Onahama Plant, East Japan Recycling Systems Corporation, Chubu Eco Technology Co., Ltd.

Naoshima Smelter & Refinery and Onahama Smelter & Refinery

FYE March 2025:
Switch half of electricity consumption to electricity derived from renewable energy sources
FYE March 2029 (planned):
Switch all electricity consumption to electricity from renewable energy sources (7 years ahead of schedule)

20

Next slide, please.

Apart from the Company's overall emissions, we are also working on the calculation of carbon footprint, which measures the amount of CO₂ emitted in the manufacturing of our products.

We manufacture a wide variety of products, and while there are many different methods of calculation, we are making preparations to ensure reliable calculations.

For individual products, the carbon footprint of electrolytic copper has been calculated and third-party verification has been completed. We aim to complete third-party verification of electrolytic lead by the end of this fiscal year.

For Scope 2, as described on the right side, the metals business—which accounts for approximately 60% of our electricity consumption—had originally planned to switch to renewable energy-derived electricity in stages until FYE March 2036. However, we have decided to bring this forward significantly and complete the switchover by FYE March 2029 for the Naoshima Smelter & Refinery and Onahama Smelter & Refinery and by the end of this fiscal year for other business sites.

Efforts to Conserve Biodiversity

Surrounding environment

- Growing awareness that biodiversity loss and ecosystem collapse will be the second most serious crisis following climate change
- The movement toward a nature-positive world through the Kunming-Montreal Biodiversity Framework and the "30by30"^{*1} initiative in the National Biodiversity Strategy is attracting attention in the business world.

We also place a high priority on contributing to the 30by30 initiative, and are implementing initiatives that utilize company-owned forests, etc.

■ Acquisition of certification of Nationally Certified Sustainably Managed Natural Sites^{**2}

- Our work system with low environmental impact in the forest maintenance of our Teine Forest, which is an urban suburban forest, is highly evaluated

■ Initiatives for TNFD^{*3}

- A pilot analysis based on the LEAP approach was conducted in the fiscal year ended March 2024 (3 sites)
- We will continue to identify nature-related issues in our direct operations and organize our efforts toward a nature-positive world.

◆ The Materials' Forests (13,000 ha)



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

*1 The Company joined the 30by30 Alliance for Biodiversity in 2022 to achieve a new global goal of conserving more than 30% of the land and sea by 2030.

*2 In the fiscal year ended March 2024, Nationally Certified Sustainably Managed Natural Sites was initiated in the fiscal year ending March 2024 as a mechanism to certify areas where biodiversity is being conserved through the efforts of the private sector and other entities.

*3 Taskforce on Nature-related Financial Disclosures.

Biodiversity conservation is also an inseparable issue from climate change. Refer to page 21.

As part of its environmental policy based on the sustainability policy, the Group states consideration of biodiversity and promotes ecosystem-friendly business activities throughout its entire value chain, including the development of natural resources.

In October of last year, our Teine Forest, one of the Materials' Forests was certified as Nationally Certified Sustainably Managed Natural Sites, and in August of this year, it was registered in the international database called OECM.

In light of the publication of the TNFD framework for biodiversity last September, we have also conducted a pilot analysis at three of our sites based on the LEAP approach presented in the framework. Biodiversity issues are at a turning point internationally toward nature positivity, and we intend to strengthen our efforts in this area.

SCQ Initiatives

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

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Next, I will explain our efforts regarding SCQ.

SCQ Initiatives

The Integrated Report 2024
Page 71

Initiatives on Workplace Safety and Hygiene

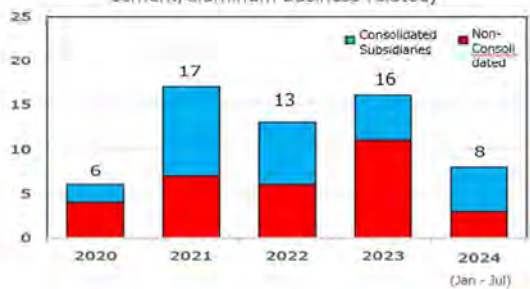
■ Zero Occupational Accident Project

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

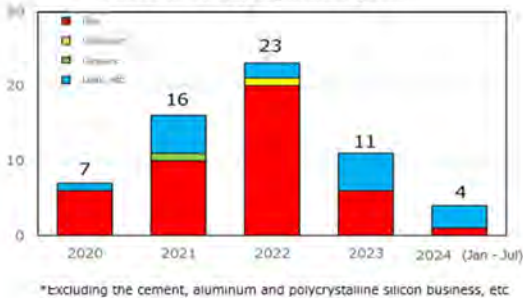
● Zero Occupational Accident Subcommittee in FYE March 2025: Goals

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

Trends in Injury Accidents Causing
≥4 Lost Workdays
(Including subcontractors, excluding
cement/aluminum business related)



Trends in Fires, Explosions, etc.



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Page 23 discusses our initiatives on promoting safe work environment.

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

Our goals for this fiscal year are to achieve zero serious accidents causing four or more lost workdays and to eliminate fires, explosions, and other accidents.

First, the graph on the left shows the trends in injury accidents causing four or more lost workdays. The non-consolidated figure in red indicates that last year was the worst performance in the past five years. On the other hand, as shown in red in the graph on the right, the number of fires peaked in 2022 and has been on a steady decline since then.

SCQ Initiatives

the Integrated Report 2024
Page 71

Initiatives on Workplace Safety and Hygiene

● Issues and initiatives in FYE March 2025

- (1) Thorough improvement of facility safety through risk assessment**
 - The number of accidents causing 4 or more lost workdays has remained unchanged, and many of them are resulting from similar cases (caught and entangled) or rule violations.
 - To develop recurrence prevention measures to eliminate similar accidents and to promote compliance with the rules, the Zero Disaster Promotion Panel will repeatedly inform employees of the measures and strengthen initiatives at each Company and site.

*1 MGSD: Materials Group Safety Database

MGSD*1, which started operation in July, will also be utilized.
- (2) Implementation and analysis of safety awareness survey (new)**
 - The results of the analysis will be combined with examples of accidents, and efforts will be made to improve issues.
- (3) Selection of priority safety management sites (new)**
 - Advisors will be dispatched to each Company and site that has issues, and efforts will be made to eliminate lost time accidents.
- (4) Activation of the GYR system**
 - The warning and reward system (GYR*2 system) will be activated to raise the safety awareness of each employee.

*2 GYR refers to the operating system itself that issues green, yellow, and red cards. (Compliments — Green, Caution — Yellow, Warning — Red)
- (5) Eradication of fire and explosion accidents**
 - The number of accidents is decreasing. Several cases of leakage of high-pressure gas occurred.
 - Provide information that contributes to accident prevention in a timely manner through Zero Disaster Promotion Panel, Teams for accident prevention information sharing, etc., and continue to disseminate and raise awareness

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Based on these, we have identified five issues and initiatives for this fiscal year, which are shown in red. Please refer to page 24.

New items to be addressed from this year will be items two and three.

Initiatives on Workplace Safety and Hygiene

■ Promoting Hazard Sensitivity & Other Safety and Health Education

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



Safety and Health Education Center - "Midori-kan"

This facility is equipped to provide

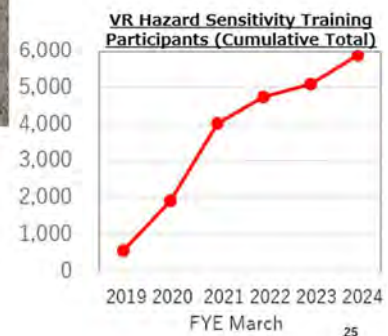
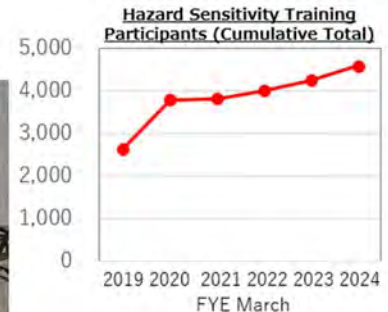
- hazard sensitivity training designed to improve risk sensitivity among employees, and
- various other types of safety and health education to employees of MMC Group and subcontractors.

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Hazard Sensitivity Training Using VR

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



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Turn to page 25.

The Safety and Health Education Center, Midori-kan, onsite at our Saitama Office, provides hazard sensitivity training and safety and health education for our Group and partner companies.

We also provide sensitivity training using VR.

Initiatives on Workplace Safety and Hygiene

■ Hazard Experience Devices & Program Menu

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

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1-4 Experience of a Suspended Load Falling from a High Place
Observe a suspended load falling from a high place and recognize its hazards



3-1 Experience of Falling 5 meters
Observe a fall (doll) from a height of 5 meters and recognize its danger



2-1 Experience of Getting Caught in a Roller
Experience getting caught in a low-speed roller and recognize its danger



5-2 Checking Blind Spots while Reversing
Recognize blind spots when reversing a forklift

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Next, page 26.

As shown on the left, the program menu for the hazard experience devices includes more than 40 hazard experience programs in 10 categories for a variety of situations.

Initiatives on Workplace Safety and Hygiene

● New Danger Simulation Program Menu

Scraper hazard simulation training

The objective is to reduce cutting and rubbing type disasters. Prevent hand injury when scraping dirt, seal marks, etc. off floor surfaces with a scraper.



Walking hazard simulation training

The objective is to reduce the number of daily disasters. Prevent accidents caused by walking and falling down while doing something.



● New Course

KYT training (danger prediction training)
Back pain prevention course, face-to-face or remote



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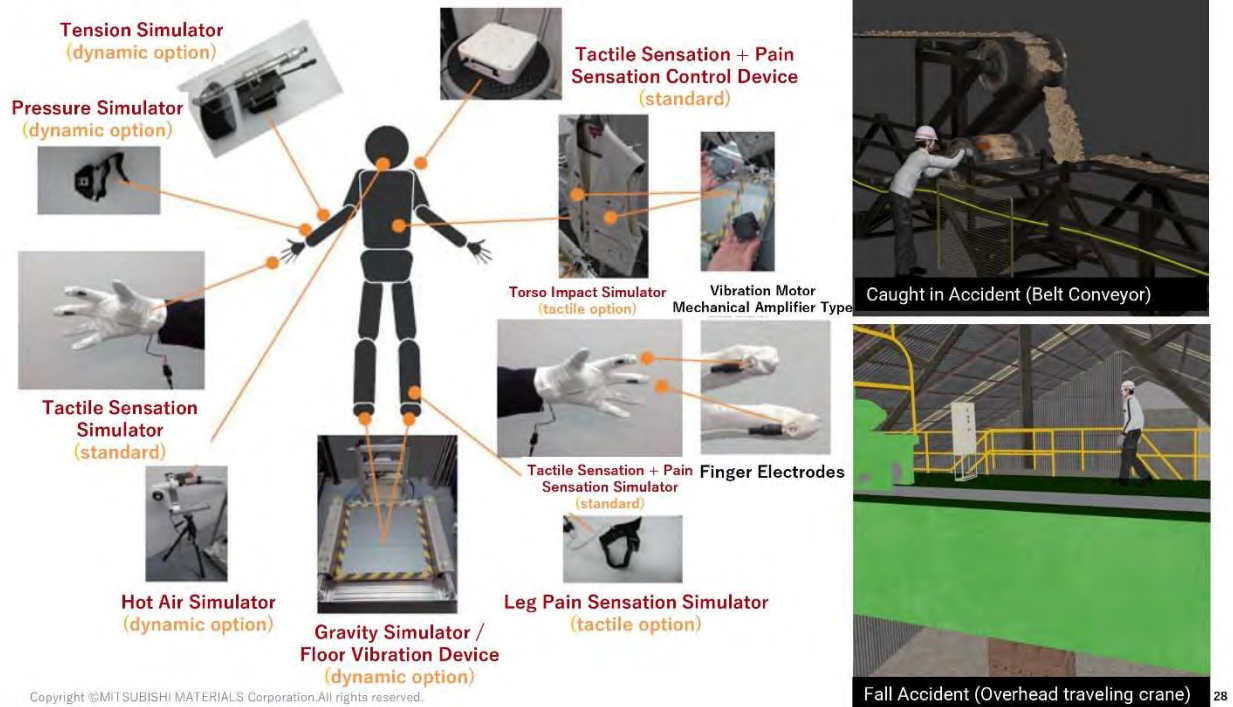
Continue on page 27.

These are recently added new menu items: scraper hazard simulation training, walking hazard simulation training, which is dangerous to your feet when you are walking with your phone.

Additionally, we have also introduced a new KYT training course.

Initiatives on Workplace Safety and Hygiene

■ VR Hazard Experience Device Configuration & Example Scenario



This is a VR hazard experience device configuration and an example scenario. See page 28.

The system allows visitors to experience accidents such as being caught in a conveyor, crashing and falling down from an overhead crane, as shown on the right, while stimulating the arms, fingers, legs, chest, etc.

The actual experience is very frightening, and visitors are surprised.

Compliance Initiatives

■ FYE March 2025 Initiatives (Group-wide)

Measures	Specific Measures	Target Audience	Target Area
Training	Participatory training at specific sites * ¹	Employees of specific sites	Japan
	Governance training for directors	Directors	Japan & Overseas
	Compliance / Risk Management (C/RM) Manager training	C/RM managers C/RM personnel	Domestic
	Compliance training	Directors, All employees	Japan & Overseas
Survey	Surveys on the compliance	Directors, All employees	Japan & Overseas (staff level & above outside Japan)
Others	In-house reporting system / Employee Hotline informational campaign * ¹	Directors, All employees	Japan
	Disclosure of a special harassment prevention website * ¹	All employees	Japan & Overseas
	Videos for all employees * ¹ (Anger management and prevention of drunk driving)	All employees	Japan & Overseas

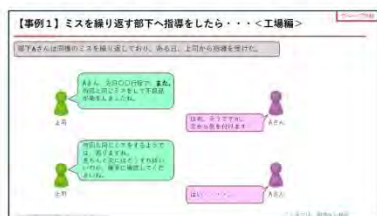
From here, page 29, we will explain our compliance initiatives.

A total of eight initiatives are being undertaken this year in the areas of training, surveys, and others.

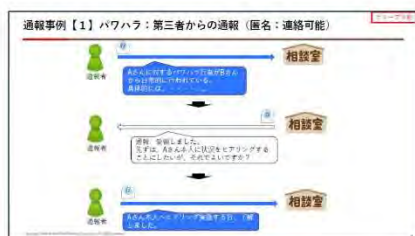
Compliance Initiatives

■ Details of FYE March 2025 Initiatives

- Implementation of participatory training at specific sites
 - Selection of four sites in Japan
 - Participatory training incorporating role play
 - Plan to implement from Q3 to Q4



- **Disclosure of consultation cases to all employees**



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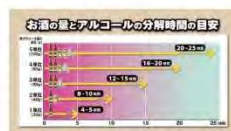
- Disclosure of special site for harassment prevention



- **Dissemination of the videos to all employees**
 - i Anger management (available until October 15)



- ii Drunk driving (available until July 2, 2025)



30

Here are some specific examples of our efforts. See page 30.

First, on the upper left is the participatory training at specific sites. Four domestic sites have been selected for this initiative, and participatory training incorporating role-playing will be conducted from Q3 to Q4.

Next, on the lower left, the intranet discloses and explains what the investigation process will look like if you consult with the employee reporting system. This is an effort to ensure that when the reporting system is used, confidentiality will not be compromised and that no disadvantage will be caused to the informant, so that he/she can use the employee hotline with peace of mind.

The upper right is an example of a special harassment website that has been opened to the public to raise awareness of the issue. The website explains what harassment means in the first place, case studies of harassment that have occurred in our Company, what to do if you see harassment in the workplace, and what you need to be aware of to prevent yourself from becoming a perpetrator of harassment.

As shown in the lower right-hand corner, we are distributing videos on anger management and the eradication of drunk driving on the intranet and encouraging all employees to watch them.

Quality-Related Initiatives

■ Efforts to Prevent Recurrence of Quality Issues

To strengthen its quality management system, the MMC Group has been working on establishing a system to prevent the release of non-conforming products under the **"reactive quality management"** system. We are sharing quality issues with the entire Group and implementing and strengthening the following measures. These measures are incorporated into ISO9001 and other quality management systems and will be implemented continuously.

Measures to Prevent Recurrence	Concrete Initiatives
(1) Spread of the Front Loading System (FLS)	<ul style="list-style-type: none"> Confirmation of the implementation status of the FLS Guidelines through quality audits, etc.
(2) Strengthening the structure and authority of Quality Control Divisions	<ul style="list-style-type: none"> Confirmation of authority and business performance, including independence of quality assurance functions, through quality audits, etc.
(3) Expansion of quality training	<ul style="list-style-type: none"> Continued implementation of quality training for employees at domestic and overseas sites Training on the basics of quality management for young employees Training on quality compliance for mid-level employees and managers To improve professional quality management skills, including ISO9001 Education
(4) Promotion of automation of inspection facilities	<ul style="list-style-type: none"> Continued automation of inspection facilities
(5) Strengthening quality audits	<ul style="list-style-type: none"> Continued implementation of quality audits at necessary sites
(6) Utilization of external consultants	<ul style="list-style-type: none"> Continued implementation of guidance and study sessions by quality consultants

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Next, on page 31, is a description of our quality-related initiatives.

In order to strengthen its quality management governance system, the Group has shared the quality issues that arose in 2017 throughout the Group and has been working to implement and strengthen each of the measures shown here.

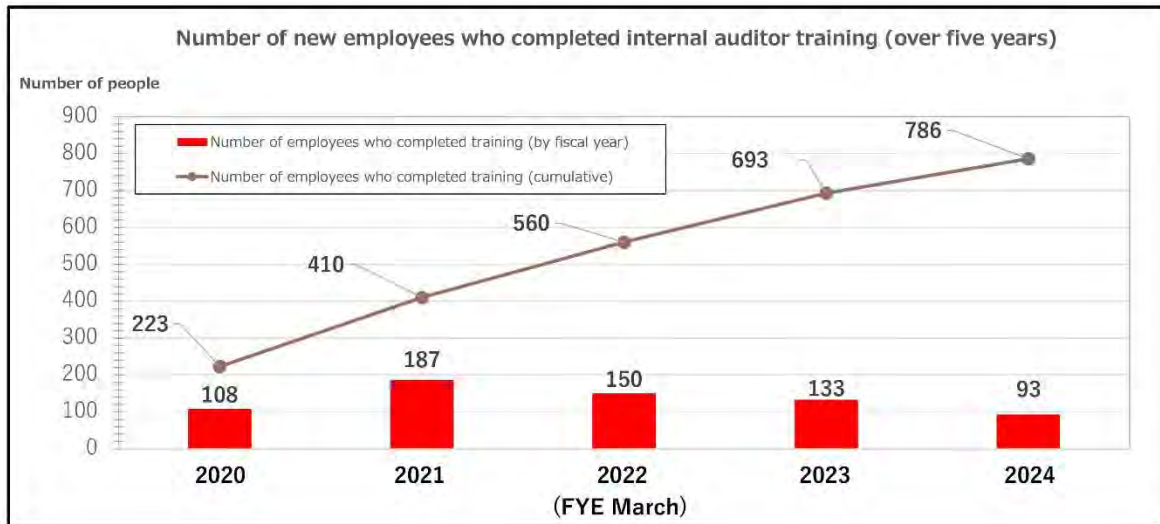
We have been building a system to prevent the leakage of non-conforming products under the reactive quality management system. These measures are incorporated into ISO9001 and other quality management systems and are implemented on an ongoing basis.

Thanks to these efforts, the leakage of non-conforming products has been largely controlled, and we are now moving into the proactive quality management phase to prevent the production of defective products.

Quality-Related Initiatives

■ Quality Education

A quality management system (QMS) based on ISO9001 is the basis of quality control and quality assurance. With the aim of developing ISO9001 internal auditors, internal auditor training for newly appointed employees is held periodically. The company proactively engages in preventive activities, and supports human resource development to establish and maintain a QMS.



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Page 32 is an explanation of quality education.

Our quality management system based on ISO9001 is the basis of our quality control and quality assurance.

With the aim of developing ISO9001 internal auditors, internal auditor training for newly appointed employees is held periodically. We proactively engage in preventive activities, and support human resource development to establish and maintain a quality management system.

Human Rights Initiatives

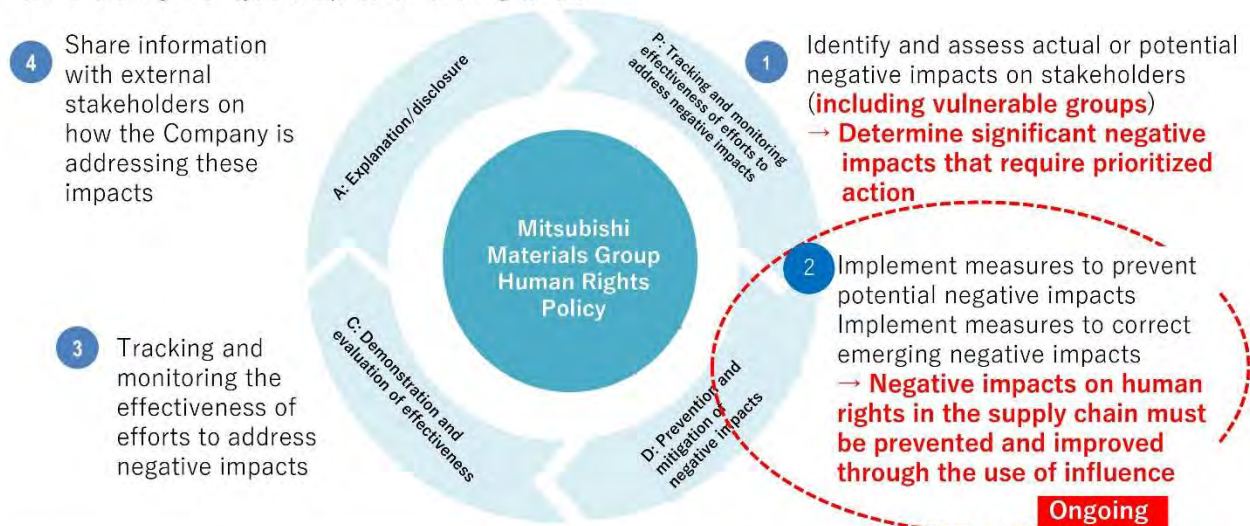
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From here, we will explain our human rights initiatives.

Human Rights Initiatives

Human Rights Due Diligence (Human Rights DD) (1)

- The UN Guiding Principles on Business and Human Rights stipulate methods of approaching human rights DDs and remedies and corrective measures.
- The following PDCA cycle is required for human rights risks.



FYE March 2023 – FYE March 2024: Completed identification and assessment of human rights risks based on SAQ (Human Rights Risk Assessment Questionnaire) at all 105 Mitsubishi Materials Group bases (1).
FYE March 2025: Implemented human rights risk reduction measures at each base for D: Prevention and mitigation of negative impacts on human rights (2).

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Page 34 provides an explanation of human rights due diligence, or so-called human rights DD.

The PDCA cycle of human rights DD is a loop of tracking and monitoring effectiveness of efforts to address negative impacts shown in point one, prevention and mitigation of negative impacts in point two, demonstration and evaluation of effectiveness in point three, and explanation and disclosure in point four.

By the last fiscal year, we completed identification and assessment of human rights risks based on SAQ at all 105 Group bases.

In the current fiscal year, we are in the process of implementing measures to reduce human rights risks at each base to prevent and mitigate negative impacts on human rights.

Human Rights Initiatives

Human Rights Due Diligence (Human Rights DD) (2)

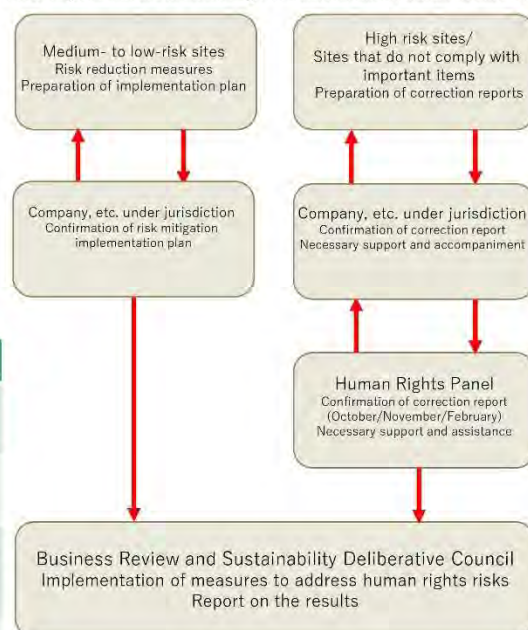
● Group Risks and Future Actions

As a result of analysis of the human rights risk assessment questionnaires (SAQs) for FYE March 2023 and FYE March 2024, the Group's risks were identified (see figure below).

● Implementation of measures to reduce human rights risks

Based on the results of the SAQ analysis, human rights risk reduction measures will be implemented at each site (see figure on the right).
In particular, the implementation status will be tracked with the support and assistance of Human Rights Panel for sites that fail to address high-risk/critical issues.

Flow of implementation of human rights risk reduction measures at each site



Areas Identified as the Group's human rights risks and future actions

Items	Problems	Future Actions
Prohibition of discrimination	It is a more detailed position that differs from the Human Rights Policy and fails to explicitly prohibit discrimination at all stages of the employment process.	Clarification of prohibition of discrimination based on the Human Rights Policy.
Harassment	Harassment prevention measures are implemented at most sites, but the number of such cases has not decreased.	Enactment of rules prohibiting harassment, expansion of disciplinary rules, and in-house reporting system.
Freedom of association and the right to collective bargaining	Particularly at overseas locations, local labor laws and employment cultures prevent appropriate labor-management negotiations.	Setting up a forum for management and workers to negotiate, even if there is no union.
Responsible procurement	Insufficient awareness of the CSR Procurement Guidelines among suppliers at Group companies.	Thorough awareness of the CSR Procurement Guidelines among suppliers.

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Next page, please.

Examples of items identified as risks in last fiscal year's survey are shown in the table below left.

Some bases fail to explicitly prohibit discrimination at all stages of the employment process. In addition, although harassment prevention measures have been implemented at most sites, the number of such cases has not decreased. Third, particularly at some overseas sites, local labor laws and employment cultures prevent appropriate labor-management negotiations. Fourth, some Group companies have not sufficiently informed their suppliers about the CSR Procurement Guidelines.

These risks have been recognized and are expected to be eliminated this fiscal year.

Other Initiatives Concerning Respect for Human Rights


- Expanding the scope of human rights due diligence
 - Scheduled for various suppliers (personnel dispatch, construction contract, outsourced processing) excluding materials suppliers (from Q2 to Q3).
 - Scheduled for human rights due diligence at Group companies (from Q3 to Q4).
- Remedial measures
 - Internal reporting and employee consultation services are available.
 - An inquiry desk has been established on the corporate website for external customers.
 - Expansion of functions for external customers is under ongoing consideration.
- Response to the Modern Slavery Act

Canada issued a statement in May.
United Kingdom plans to issue a statement in September. Australia and its Australia-based subsidiaries plan to issue statements in September.

Contact for External Inquiries
[Contact Us | Mitsubishi Materials Corporation \(mmc.co.jp\)](https://www.mmc.co.jp)

Compliance and Human Rights (Including group companies)

+81-35252-5260

Monday to Friday 9 am to 5:30 pm (Japan Time), excluding our holidays
 Inquiry Form 

Canadian Contemporary Slavery Act Annual Report
[2023 Modern Slavery Report.pdf](#)

2023 Modern Slavery Report pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act

Our Company

Mitsubishi Materials Corporation ("Mitsubishi Materials", the "company", "our" or "we")

Head Office: Tokyo, Japan

Number of Employees: 5,692 (Of these, 7 employees belong to Vancouver Office)

Our Business

Mitsubishi Materials is engaged in the manufacture and sale of copper products, electronic

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Other initiatives related to human rights are shown on page 36.

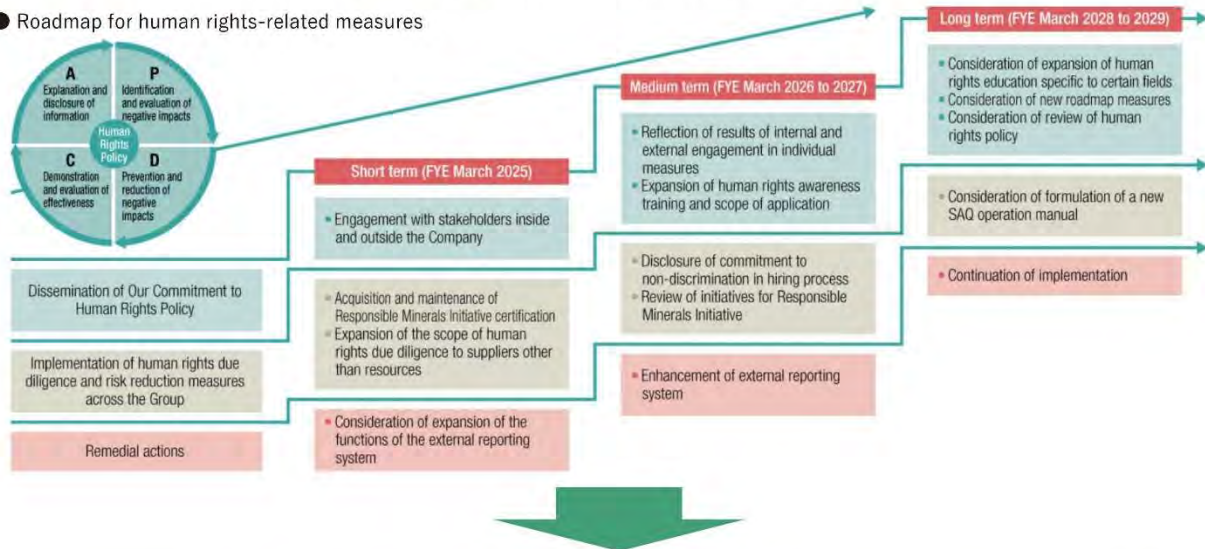
One is to expand the scope of human rights DD, as well as the functions of remedial measures.

And more recently, we are in the process of complying with the Modern Slavery Act.

Development of a Roadmap

- Based on the results of analysis of the SAQs conducted in FYE March 2023 and FY March 2024, we formulated a roadmap for our efforts to respect human rights over the five years from FYE March 2025 to FYE March 2029.
- In accordance with the roadmap, we identified human rights issues, identified risks, and implemented improvement measures.

● Roadmap for human rights-related measures



Contributing to **stable corporate growth** by fully fulfilling our responsibility to respect corporate human rights and actively responding to the needs of society while reducing risks related to human rights

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Next page.

Here is the roadmap for human rights DD.

Basically, we will promote risk reduction activities by following the PDCA cycle I explained earlier. In doing so, we will contribute to stable corporate growth by fully fulfilling our corporate responsibility to respect human rights and actively responding to the needs of society while reducing risks related to human rights.

This concludes my part of the explanation.

Human Capital Initiatives

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Nogawa: I, Nogawa, would like to explain our efforts regarding human capital.

Human Capital Initiatives

Human Resources Strategy in the FY2031 Strategy

- Strengthen efforts to address issues common to the Group and strengthen management foundations.



The MMC Group's Approach to Human Capital

Maximizing the Value of Human Resources and Creating an Organization Dedicated to Winning

- Developing and retaining human resources for business growth
- Realizing flexible employment and work styles
- Maximizing capabilities of individuals and supporting autonomous growth

Building a Foundation for Co-creation and Growth

- Accelerating transformation through integrating diverse human resources and their values
- Fostering job fulfillment through well-being
- Maximizing organizational capability through data utilization

"Individual employees and the Company grow together and achieve enhanced corporate value."

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Here is a diagram of the value creation process that Mr. Ono mentioned earlier in his presentation.

This represents the Group's business process, and one of the management thrusts that supports and accelerates this process is the human resource strategy. Since this human resource strategy itself forms the basis of the Group's human capital approach, I would like to discuss the human resource strategy as well.

This human resource strategy consists of two pillars within the Medium-term Management Strategy FY2031. The first pillar is to win by developing each individual's strengths and maximizing them. In other words, maximizing the value of human resources and creating an organization dedicated to winning, with the goal of ensuring that management strategic goals are achieved and that they are done right with the will to do so.

The second pillar is a foundation for employees to create and grow together with each other and with the company. In other words, the goal is to build a foundation for co-creation and growth that aims to create an awareness, organizational climate, and structure that will serve as a base to support various initiatives related to human capital.

The human resources strategy is built on these two pillars.

Human Capital Initiatives

Human Resources Strategy and Medium- to Long-term Vision

The Integrated Report
2024
60-61 pages

- The following is an overview of priority issues, major measures, results for the fiscal year ended March 2024, and the medium- to long-term vision in human resources strategy.

		Priority issues	Main measures	FYE March 2024 result	FYE March 2026	FYE March 2031
Human resources strategies	Maximizing the value of human resources and creating an organization dedicated to winning	Developing and retaining human resources for business growth	Developing Next-Generation Leadership Talent	• Established a goal of next-generation leadership talent and enhanced development activities • Ratio of candidates on the Next-Generation Leadership Talent Development Program to successors of Executive Officers: 50% • Shortening the time required to meet hiring needs	• Build a pipeline to Executive Officer roles through ongoing attraction and development of next-generation leadership talent • Ratio of candidates to 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	• We will have established need for executing a cycle of ongoing recruitment and development of the next generation of management candidates for Executive Officer positions. Additionally, as an organization that is accelerating its growth responses, we will be developing talent with the management capabilities to lead institutional issues. • Ratio of candidates on the Next-Generation Leadership Talent Development Program to successors of Executive Officers: 80%
			Shortening the time required to meet hiring needs	• Enhanced publicity, diversified hiring channels and shortened lead times for hiring	• Improve recruiting capabilities	
		Realizing flexible employment and work styles	Operating job-based HR system	• Placed the right persons in the right positions through proper placement of a management team • Promoted talent for early appointment to organizational head positions through stronger assessment of aptitude	• Acceleration of placement of the right persons in the right positions and early promotion	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 attract excellent talent from both inside and outside the Company to be measured in our business operations.
			Enhancing system to support a variety of work styles	• Introduced this system for sales jobs / sales business	• Improvement of appeal of our workplace (expansion of eligibility for various flexible system, full adoption of system for sales jobs / sales business, etc.)	
		Maximizing capabilities of individuals and supporting autonomous growth	Operational efficiency improvement	• Implemented initiatives in each division for reform of business processes, promoting efficiency, labor saving, and workload saving	• Improvement through measures for promoting efficiency, labor saving, and workload saving	
			Enhancing performance management	• Promoted understanding of and executed performance management cycles through training, etc. • Initiation feedback year: 73%	• Establish support through performance management to achieve results and realize growth and development • Expand talent evaluation framework to grow	
	Building a foundation for co-creation and growth	Accelerating transformation by integrating diverse human resources and their values	Support for autonomous career development	• Promoted autonomous career development (even when utilization of the Internal Job Posting System, held career water, provided opportunities to consult outside career counselors, provided support for re-skilling)	• Accelerate autonomous building about career autonomy and provide support for autonomous career development	Each employee will be able to give their best and realize their growth as they build a career autonomously.
			Building a training system to enhance management skills	• Developed initiatives to improve the level of management throughout the Company (with "Tactics of HR management" course for all managers, related management training system)	• Continuously enhance management of organization and human resources (refinement of results of measurement of effects of training in the context of future training)	
		Fostering job fulfillment through well-being	Ensuring diversity and supporting advancement of diverse human resources	• Ratio of diverse attributes among managers: 24% • Number of managers (compared to March 31, 2023): Women: Japan: 1.4 times, non-Japanese: Japan: 1.8 times, mid-career talent: Japan: 1.8 times • Percentage of women in management positions: 3.2%	• Ratio of diverse attributes among managers: more than 20% • Number of managers (compared to March 31, 2023): Women: Japan: 2.3 times, non-Japanese: Japan: 3.5 times, mid-career talent: Japan: 1.5 times • Percentage of women in management positions: 5.0%	By building an environment where team members with a variety of diverse attributes can connect and recognize the answer to an essential manner and actively demonstrate their individual abilities all over the world, we will be able to get the maximum performance from our organizations and accelerate transformation. • Ratio of diverse attributes among managers: 30%
			Improving employee engagement	• Positive response rate in employee engagement survey: 73%	• Positive response rate in employee engagement survey: 75%	Each employee will approach their organization and work autonomously with an internal conviction to contribute, and productivity per employee will be improving. • Positive response rate in employee engagement survey: 80%

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Next, page 40. This is also shown in the integrated report.

The human resources strategy consists of the two pillars I just mentioned, and what were the results in the last fiscal year, FYE March 2024, regarding the priorities and the main measures? We are steadily advancing with measures and targets towards the end of FYE March 2026, the final year of Phase 1, and measures and targets towards the end of FYE March 2031, the final year of Phase 2, of the Medium-term Management Strategy FY2031, respectively.

Establishment of Key KPIs in Human Resources Strategy

■ The background and reasons for selecting these three key KPIs in our human resources strategy are as follows:

◆ Maximize the value of human resources and create an organization dedicated to winning

Continuously retaining and developing management leader candidates

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

Aiming to achieve the FY2031 Strategy target, our top priority is to develop human resources, particularly at the management level, who will lead businesses in expansion of resource recycling and enhancing the supply of high-performance materials and products by enhancing profitability. The entire Company will develop human resources selected based on Company-wide standards focused on performance and potential.

◆ Build a foundation for co-creation and growth

Diversity in management

Ratio of diverse attributes* among managers
*Women, non-Japanese people, mid-career hires, people with disabilities

In order to achieve the Group's sustainable growth, it is necessary to create innovation outside of existing frameworks. We place importance on diversity as the basis for this. First, we aim to increase the ratio of diverse attributes at the decision-making level to 30% or more. We will cultivate an awareness and culture that recognizes each other's diverse individuality and creates new value from differing opinions.

Continuous improvement of employee engagement

Positive response rate in employee engagement survey

We selected this metric to measure 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 as we grow through co-creation among employees and between employees and the Company.

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Page 41, please.

Within the Company's human resources strategy, there are three main KPIs. I would like to introduce these three.

The first KPI is continuously retaining and developing management leader candidates to maximize the value of human resources and create an organization dedicated to winning, which I mentioned as the first pillar of our human resource strategy. We set an ambitious goal in the Medium-term Management Strategy FY2031, and to achieve this goal, our top priority is to develop human resources, particularly at the management level, who will lead businesses in expansion of resource recycling and enhancing the supply of high-performance materials and products by enhancing profitability.

To this end, we select next-generation leadership talent every year, based on the performance and potential of each individual, who are selected based on criteria common to the entire Company. One of the main KPIs is the number of people selected to be candidates in the succession plan for the Executive Officers.

The second KPI relates to the second pillar of our human resource strategy: building a foundation for co-creation and growth. The second KPI is to ensure diversity at the decision-making level. Specifically, for the sustainable growth of our Group, it is necessary to create innovations that are not bound by existing frameworks or existing ways of working.

To achieve this goal, we aim to achieve a ratio of 30% or more of diverse attributes, and to foster an awareness and culture that recognizes diverse compositions and creates new value from different opinions. For this reason, we have set the second KPI as ensuring diversity.

The third KPI relates to engagement. As employees work together with each other and with the Company to create and grow, as one of the indicators to measure the degree of alignment between employees' job

satisfaction—which plays a key role in all human capital initiatives—and the Company’s direction, we have been conducting this engagement survey for two years now. The third KPI is to continuously improve this score.

Key KPI (1) Continuously Retaining and Developing Management Leader Candidates

● Developing and retaining human resources for business growth

< Targets >

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

→ FYE March 2026: 70%, FYE March 2031: 80%

FYE March 2024: 56%
FYE March 2025: 65%



- In order to ensure diversity among management leaders, we set a target for the ratio of women selected in Next-Generation Leadership Talent Development Program each year and select them.

< Actual >

FYE March 2023: 3.9%, FYE March 2024: 9.2%, FYE March 2025: 15.0%

- Next-Generation Leadership Talent Development program, which had been in place since 2005, was renewed in 2022. We selected talented people from younger generations.
- Next-Generation Leadership Talent Development Program contributes to the systematic development of human resources with a company-wide perspective across departments through a development plan that emphasizes business experience, selective training, and 360-degree leadership assessment.



Next, I would like to explain a little about each of the KPIs.

The first KPI is developing and retaining human resources for business growth.

We have been working to develop the next generation leadership talent since 2005, which means that we have been doing this for about 20 years. However, two years ago, we introduced a job-based personnel system for managers and changed the grading system. And we revamped this Next-Generation Leadership Talent Development Program this time. We are also taking this opportunity to select talented people from younger generations for our next generation leadership talent development efforts.

As a KPI, we are currently monitoring the ratio of those selected people to candidates in the succession plan for the executive officers. We have set a target of 70% by FYE March 2026 and 80% by the end of FYE March 2031, and the results of the most recent selection conducted this year shows 65%.

It should be noted that the percentage of women among those selected for this Next-Generation Leadership Talent Development Program has increased from 3.9% two years ago, or less than 5%, to 15% for this year’s selection.

Key KPIs (2) Diversity in Management

● Accelerating transformation through integrating diverse human resources and their values

< Targets >

Ratio of diverse attributes* among managers

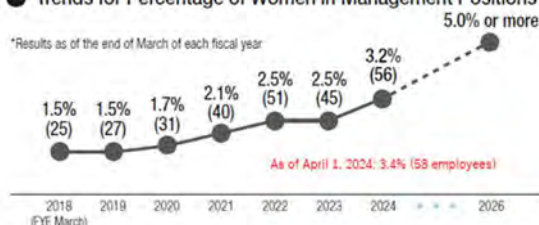
→ FYE March 2026: 20%, FYE March 2031: 30%

*Women, non-Japanese people, mid-career hires, people with disabilities



● Trends for Percentage of Women in Management Positions

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



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- Focus on "disseminating equity and inclusion" in parallel with "ensuring diversity"
- New initiatives from FYE March 2024
 - Held seminars by DE&I experts (for directors)
 - Hosted DEI Forum on International Women's Day
 - Seminars on LGBTQ+ held by Outside Directors (for all employees)
- New initiatives from FYE March 2025
 - Consideration of expanding DE&I initiatives at domestic and overseas Group companies
 - Creation of workplaces at plants where employees of diverse backgrounds can play active roles, etc.

**Holding a DEI Forum**

Held jointly by eight nonferrous metal companies and the Japan Mining Industry Association to strengthen industry-wide efforts.

**Holding an international Women's Day event**

At MMC Hardmetal India Pvt. Ltd., an event was held to thank women for their presence and to recognize their accomplishments to date.

**Sponsorship of Tokyo Rainbow Pride 2024**

We promote an inclusive corporate culture and aim to create a work environment where all people can shine in their own way.

The next page will discuss the second KPI. This is about ensuring diversity.

As for diverse attributes in management positions, we have positioned not only women, but also non-Japanese people, people who joined our group as mid-career hires, and people with disabilities as diverse attributes and used the percentage of these attributes in management positions as a KPI.

We have set a target of 20% by the end of FYE March 2026 and 30% by the end of FYE March 2031. In fact, the actual result as of the end of FYE March 2024 was 24%, and although we achieved the target for FYE March 2026 ahead of schedule, the breakdown shows that there is still much room for growth and improvement in the ratio of women in management positions.

As of April 1, 2024, the most recent date, the percentage of women in management positions has grown to 3.4%. However, we are still aiming for more than 5% in FYE March 2026, and we will exert further efforts in these areas.

In addition to numerical achievement of ensuring diversity, we are actively developing initiatives based on the concept of equity and inclusion, where people with diverse attributes, and by extension, all employees, can realize their full potential.

One thing I would like to mention is that on March 8 of this year, International Women's Day, we held an event under the name DEI Forum. This is a joint event with eight nonferrous metal companies and the Japan Mining Industry Association. A number of employees from eight companies and the Japan Mining Association joined the event. I believe that we were able to demonstrate our sincere commitment to DEI, diversity equity and inclusion as an industry. We would like to strengthen these efforts in the coming year and beyond.

Key KPIs (3) Continuous Improvement of Employee Engagement

● Fostering job fulfillment through well-being

< Targets >

Positive response rate in employee engagement survey

→ FYE March 2026: 75%, FYE March 2031: 80%



- Since FYE March 2023, the engagement survey has been conducted annually for non-consolidated employees.
- Our original 30 questions were analyzed by classifying them into 5 categories: "Work," "Colleagues," "Compensation," "Organization," and "Growth Opportunities."
- Since FYE March 2023, we have been taking action to improve the areas of "Growth Opportunities" and "Organization," which have relatively low response rates.

● 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

● Additional Actions for FYE March 2024

Each business division has been identifying issues in the division, setting policies and targets to address their issues, and executing action plans to accomplish these.

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

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On the next page, we talk about the third KPI: engagement survey.

We have been conducting this engagement survey for two years now, where we monitor whether the direction of employees and the Company are in alignment. It consists of a total of 30 questions and is organized into five categories. The five categories are work, colleagues, organization, compensation, and growth opportunities. The percentage of people who responded positively to these 30 questions is taken as a KPI.

The goal is to reach 75% by the end of FYE March 2026 and 80% by the end of FYE March 2031, and the result of the most recent survey conducted in FYE March 2024 now shows 73%.

The first survey was in FYE March 2023, and two categories that had relatively low positive response rates from these results were growth opportunities and organization. Based on these results, as you can see on the right side of this slide, we have implemented several measures to strengthen both the organizational area and the area of growth opportunities.

As for initiatives for the organization, we held Town Hall Meetings. This is an opportunity for direct dialogue where executives themselves participate in a live Q&A session with employees to deepen their understanding of the Company. We took advantage of this opportunity to carefully explain the Company's ongoing direction, strategy and competitive advantage.

In the area of growth opportunities, we have strengthened our performance management, enhanced the quality and quantity of 1-on-1 communication between supervisors and subordinates, and held career events as a campaign to encourage thinking about career planning. As you can see in the upper right-hand side of the chart, the categories of organization and growth opportunities have improved.

In addition, each business division analyzes the survey results and takes actions for improvement. As an example, as shown below on the right, the president of the Advanced Products Company personally visits

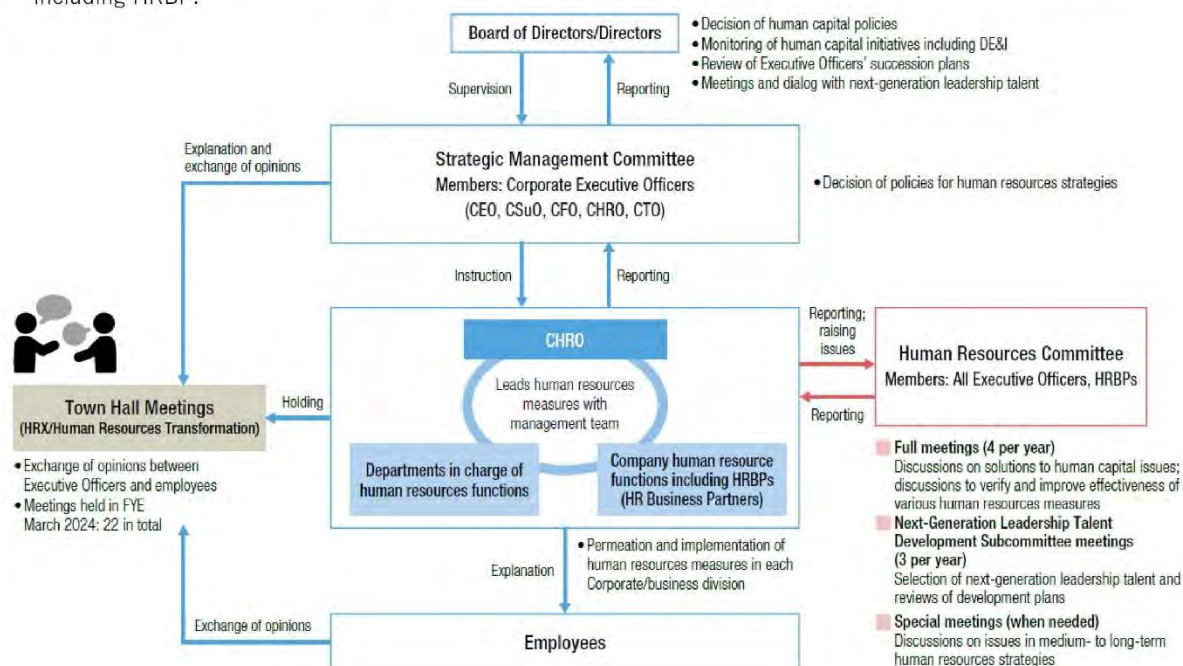
manufacturing sites and provides numerous opportunities for direct dialogue with employees there, and communicates with them in a polite manner. By doing so, we have a deep understanding of the Company's direction and are also working to strengthen alignment.

Human Capital Initiatives

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System for Implementing Human Resources Strategy

- Lead HR initiatives in cooperation with CHRO, departments in charge of HR functions, internal Companies including HRBP.



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The next page is the last slide from me.

The implementation of the human resource strategy that I have just described is not something that is left to human resources, but is promoted through the involvement of directors, business division personnel, and people from various other areas.

Directors are deeply involved in human capital initiatives, including monitoring human capital initiatives such as diversity equity and inclusion, and interviewing those selected for next-generation leadership talent.

Regarding human resources, I, CHRO, departments in charge of HR functions, and the Company's human resources functions including HR business partners, work together to constantly check the effectiveness of human resources measures and exchange opinions on their effectiveness, and immediately make improvements if improvements can be made.

In addition, a human resources committee was formed two years ago. The Executive Officers and the HR business partners, or HRBPs for short, which supports the executive officers, meet regularly to discuss solutions to human capital issues and to verify the effectiveness of various human resource measures and discuss how to respond to them.

We also discuss the selection of next-generation leadership talent and training plans for those selected, as well as medium- to long-term personnel strategy issues as necessary.

In the last fiscal year, FYE March 2024, the human resources committee met on average about once a month.

Finally, as noted on the left, we also hold Town Hall Meetings, which provide numerous opportunities for direct dialogue with employees and allow them to deepen their understanding of our personnel policies through live, direct exchanges of ideas with them.

That is all for my explanation.

Question & Answer

Participant [Q]: Thank you. I have three questions.

First, in your first story of reviewing values, how do you plan to apply this to management, or how do you plan to apply it to human resource strategy, engagement, and so on?

Second, two new Outside Directors have been appointed this time. What management issues are you aware of, and what kind of effect, or rather what kind of role, did you want to enhance by selecting these people?

Ono [A]: I would like to talk about the background or the concept behind the appointment of the new Outside Directors. In the document, on page 12, contribution and perspectives, the two people in red have been changed since June 2024, so this is exactly the role we expect from them. This is written more as a role to be expected at the point of appointment, rather than as an achievement.

Specifically, we are building a European company called MMEU abroad and doing other things. In order to promote resource recycling overseas, as a background, Mr. Kiriya is very knowledgeable about how to develop human resources who can play an active role overseas and contribute to management.

Ms. Sagara, who has a career at the current Ministry of Economy, Trade and Industry, was also involved in resource circulation, and in the resource circulation business, it is necessary for us to fully understand the national concept of resource circulation while receiving support from the government if necessary.

In that light, we are likely to receive many suggestions. Also, of course, she was a career METI official, but she was also a technical bureaucrat, so we have appointed her with the expectation that she will provide suggestions from such a technical background.

Participant [Q]: Regarding the internal carbon pricing, it is ¥10,000, but I believe other companies in the same industry set a higher price. What is the background and thinking behind your company's decision to set this price?

Tanaka [A]: I think your question is about how we decided on the ICP price of ¥10,000 per ton. In determining the price, we referred to the EU ETS, as we were at a stage where it had not yet been decided how much it would be traded for in the domestic GX League.

It was just over ¥10,000. In addition, The IEA's STEPS and NZE scenarios, which we referred to when assessing risks and opportunities based on the TCFD, were also around the ¥10,000 level in the FY2031 cross-sectional price range. Although the exchange rate has changed considerably recently, it was around ¥10,000 at the time of the decision, and we made our decision based on this information.

This price level does not mean that once it is set, it will never be changed, but rather that the amount will be reviewed as necessary as the operation of the system progresses. That is all.

Participant [Q]: About the engagement survey, I would like to ask if there are any survey items that will help you to focus on winning or to improve results and profitability. In addition, with regard to growth opportunities and organization, where the percentage of positive responses was low, you are strengthening these areas. Please tell us how you are working on this.

Nogawa [A]: Thank you for your question. I, Nogawa, will answer your question regarding the engagement survey.

As to your question about whether the engagement survey questions include the focus on winning and profitability, we do not have any questions that directly include the words “focus on winning” or “profitability.” However, in the organization category, there are questions related to our strategy and our competitive advantage in the industry.

As for the second question regarding the engagement survey, initiatives in the area with a relatively low positive response rate, growth opportunities and organization, are shown in the second item on the right side of the slide.

As for organizational actions, the CEO and CFO always participate in a Town Hall Meeting immediately after the announcement of financial results to directly answer questions from employees. We also explain in great detail how our business performance was and what measures we are going to take in the future in response to the financial results.

Moreover, we have also been actively engaged in inner branding activities, which we have been doing for about three years now. In this way, our employees themselves have become evangelists, speaking about the attractiveness of our Company as a place to work and as a company in the non-ferrous metals industry. We are now making improvements in FYE March 2024 compared to FYE March 2023, as stated in the first item.

As for growth opportunities, we include questions about opportunities for growth in one’s career in the Company, and our measures include strengthening performance management, improving the quality and quantity of communication with superiors and subordinates, and issuing a guide to discuss career opportunities in this context.

Last year, we held a career event as a campaign to encourage thinking about careers, to learn about the people and work at Mitsubishi Materials. This was a tie-up between the inner branding activities of the corporate communications office and HR. Through these events, we have fostered opportunities for people to build new opportunities to develop their careers at the Company.

Through these efforts, we have also seen an improvement in scores in the area of growth opportunities in last year’s engagement survey. This is the answer to the question.

Participant [Q]: You mentioned that the switchover to renewable energy will be accelerated for Naoshima and Onahama. Please comment on the specifics of this initiative and its impact on earnings and increased costs, if possible.

Tanaka [A]: How do we advance the switchover to renewable energy in the Metals business? Basically, we normally buy electricity, but we are bringing this forward by buying electricity from renewable energy sources in the form of certificates.

Of course, this would result in a slightly higher electricity bill, but the switch this year is firmly factored into the budget and included in the profit plan in the budget. Although we do not disclose specific amounts, we are working to incorporate them into the budget. That is all.

Participant [Q]: Is that going to be a simple cost increase? Are you saying that you do not plan to pass this on to the selling price or anything like that?

Tanaka [A]: From a cost perspective, switching to electricity derived from renewable energy is a cost-increasing factor.

Participant [Q]: The point is not only to raise costs, but also to add a premium for green coppers and other products, and although the market may not exist yet, I think it is important for your company to take the lead in fostering such a market.

In light of the current business environment, is it still quite early? If it is very early, when will the demand for such green coppers be fostered in Japan? What do you think about that time frame?

Tanaka [A]: You ask if or when copper with low CO₂ emissions will be traded on the market at a premium.

Currently, we are working on a system to measure how much CO₂ is being emitted to produce copper. We have created a system to calculate the carbon footprint of copper and have received third-party certification for the calculation of the amount of CO₂ emitted in producing copper through this process.

We are aware that after this, the mass balance method will probably be used in some cases, and the calculation will be made for those with low CO₂ emissions, or those with high recycling rates besides the CO₂ perspective, which will then be traded at a higher price in the market. However, we have no idea when the trading will start.

For now, I hope you understand that we are in the process of putting in place a system that will allow us to respond immediately when it comes. That is all.

Participant [Q]: Regarding the human resource strategy, I probably have two or three questions. Regarding the Next-Generation Leadership Talent Development Program, what is the process for selecting the people who will be selected for the program? In addition, as regards those who were not selected for the Next-Generation Leadership Talent Development Program, it is possible to imagine that they may be less motivated. What kind of measures do you take to prevent such people from becoming demotivated?

Nogawa [A]: First, the selection is done every year. In fact, there are three tiers in this Next-Generation Leadership Talent Development Program. The first is the layer before the management level, the second is the initial management level where they have just moved up to the management level, and the third is the management level further above that. We operate a Next-Generation Leadership Talent Development Program at three levels.

We select people every year, and we look at both the individual's performance in the most recent fiscal year, and the individual's potential for growth. We look at both axes. People with high performance and demonstrated potential are selected.

In reality, each department discusses whether to select this person who has both high performance and potential, or not to select that person. We have a process where we bring together the people, we want to finally select at the human resources committee meeting I mentioned earlier, where we hold discussions to finalize the selection.

We make a selection every year and will review it. There are both those who were not selected last year but were selected this time, and vice versa, those who were selected last year but were not selected this year. For those who were selected for both, we have communication for those who were selected, and for those who were selected last year but not this year—in other words, those who were not selected—we have communication for them. We carefully and properly set the tone for the scenario, or the tone of communication, and ask them to speak in this tone.

However, we do not invest in education only for those who are selected as next-generation leadership talent. Even if they are not selected, we have various training programs, internal job openings, and other mechanisms to change or accelerate their careers.

Not being selected as a next-generation leadership talent does not mean that they cannot expect to grow in their career with the Company. Furthermore, even if they were selected last year but not this year, there is a chance that they may be selected again next year, and we guide the site to communicate with them that they should continue to do their best. That is all.

Participant [Q]: As is the fate of the metals industry, you will increase your volume with a growth strategy. I believe that your company is aggressively investing in facilities and equipment in preparation for 2030, but while emissions will increase as a result of these investments, emissions will also decrease as a result of improvements in specific consumption and initiatives to promote renewable energy.

I think the targets are set based on both positive and negative figures shown in the form of a waterfall chart in the graph, and I wonder if the actual amount of emissions, actual amount of production, and the progress of the initiatives could change in the future.

What I would like to ask you is how you will balance the flexibility to achieve carbon neutrality and the consistency with the growth strategy. For example, I think there should be a time lag, but in the part of the offensive strategy, the emissions will increase first. In response to this, is it possible to flexibly add to the reductions? What kind of discipline do you have in this initiative?

Tanaka [A]: Tanaka here would like to answer your question. As the total amount of work increases, CO₂ also increases, but are we okay with that? Simply put, this is what you are asking.

On page 16 of the document, in the first part of my explanation, we have drawn a picture of reducing the amount, including the increased production. One of the things to do is to change to more efficient facilities, or to change fossil fuels to gas, etc., or to change to renewable energy electricity.

The most difficult part is what is written below the dotted line, which are emissions from resource recycling efforts. If you look closely at this, you will see that the number has increased from 419 to 465. We are planning to expand the processing volume of E-Scrap in particular, but we understand that the amount of CO₂ emissions will increase as we expand it, and that we cannot reduce it without some new initiatives at this point.

I think it will be difficult to reduce the emissions involved in resource recycling at the bottom unless new initiatives are taken, such as technology to break down and separate copper and gold in the PC board before throwing them into smelting and refining.

We will be working on this area from now on, but I believe it is necessary to develop the technology. That is all.

Participant [Q]: About human capital investment and human resource strategies, I think there was a comment at the end of your explanation about reviewing effectiveness. I believe that METI's standards for human capital investment also pointed out that although companies are making efforts, in many cases the review of returns on human capital investment, or the setting of objectives and targets, are not clear.

In the case of your company, what KPIs do you have in mind to verify its effectiveness? For example, I think that the engagement score is not an end in itself. I think it's about how to use it as a tool to link it to returns in terms of increasing corporate and shareholder value. Please explain how you think about the return on human capital investment, follow-up and review as KPI. Thank you.

Nogawa [A]: I, Nogawa, would like to talk about how we are verifying the effectiveness of our human resources strategy, especially outside of human resources.

You are certainly right that improving the engagement score is a means, not an end in itself. In that sense, the goal of ensuring diversity is not to increase the number or the percentage of diverse attributes, and we will have to see what the ultimate return will be from that.

As for the diversity and engagement survey, the engagement survey started in 2022, and we have just recently finished the current fiscal year, which is only the third time we have conducted this survey. The first step is to monitor the engagement score at a fixed point. We have then taken improvement actions, and we are just now reaping the benefits of what effects they have had, looking at the effects of those actions.

By looking at the effects of this, and continuing this in the future, what are the effects on the Group, particularly with regard to the realization of the management strategy? We are in the process of establishing KPIs to measure the effectiveness.

As for diversity as well, there is still a lot of room for growth and improvement, as you can see from the figures for the ratio of women in management positions. First of all, we need to grow a bit more in numbers. We are now in the phase where we would like to discuss at the human resources committee what kind of figures would best suit our company when we measure the extent to which we are truly reforming our work style and bringing about innovation. That is all.

Participant [Q]: On page nine, you explained earlier that the establishment of Mitsubishi Materials Europe was due to the need to respond more quickly, so I was wondering what events or external factors were recognized as such.

Also, any follow-up on how this can reap revenue contributions in the future? That is all.

Ono [A]: Thank you for your question. Ono will respond.

It does not mean that a certain event happened at a certain point in time. There are two directions in which we intend to expand the resource recycling. One is to expand what is targeted for resource recycling. For example, taking on the challenge of recycling LiB or recovering cobalt from the mines in which we have invested. The other is to expand regional development. Among them, Europe is the biggest business opportunity, so it is natural to consider there.

Of course, we have been in the business of resource recycling in Europe until now, and as you can see in the graph on page nine, MMMR is an abbreviation for Mitsubishi Materials Metal Recycling. This is a company that is already operating as a so-called E-Scrap collection center and is doing so as an actual business. Until now, communication with such places has basically been done through the business division in charge of that in Japan. But we need to speed up the process. Many things about Europe can only be understood in Europe. That's why we made these decisions.

Of course, a secondary factor behind this is that we have been pursuing M&A related to the tungsten business.

And as for earnings, how much will the resource recycling expand? For example, how would this lead to an increase in E-Scrap collections? As for the tungsten scrap, this is the story after the closing of the M&A, but how far can we increase what H.C. Starck Holding has done so far independently in the past? How this will lead to revenue opportunities is what we can expect to see in the future.

As for how much we can achieve at this point, I think that increasing the current domestic processing volume of E-Scrap to 240,000 tons is a concrete way to draw a more precise roadmap for its realization. As for the increase in tungsten scrap, we will have to wait and see. That is all.

Participant [M]: Thank you very much.

[END]

Document Notes

1. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company.*