

SUSTAINABILITY REPORT 2024

(Archive Edition)

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Mitsubishi Materials Corporation
Chief Executive Officer

A handwritten signature in white ink, appearing to read "K. Amos", positioned below the printed name.



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

Introduction

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

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

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

Reflecting on FYE March 2024

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

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

Management Policy for FYE March 2025

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

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

Strengthen Response to SCQ Issues

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

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

Major SCQ issues

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

Achieve the Targets of the FY2031 Strategy

Implementing PDCA in the FY2031 Strategy

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

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

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

Expanding the Scope of Resource Recycling

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

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

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

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

At existing copper smelters in Japan,

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

SCQDE shows the order of priority of our business decisions.

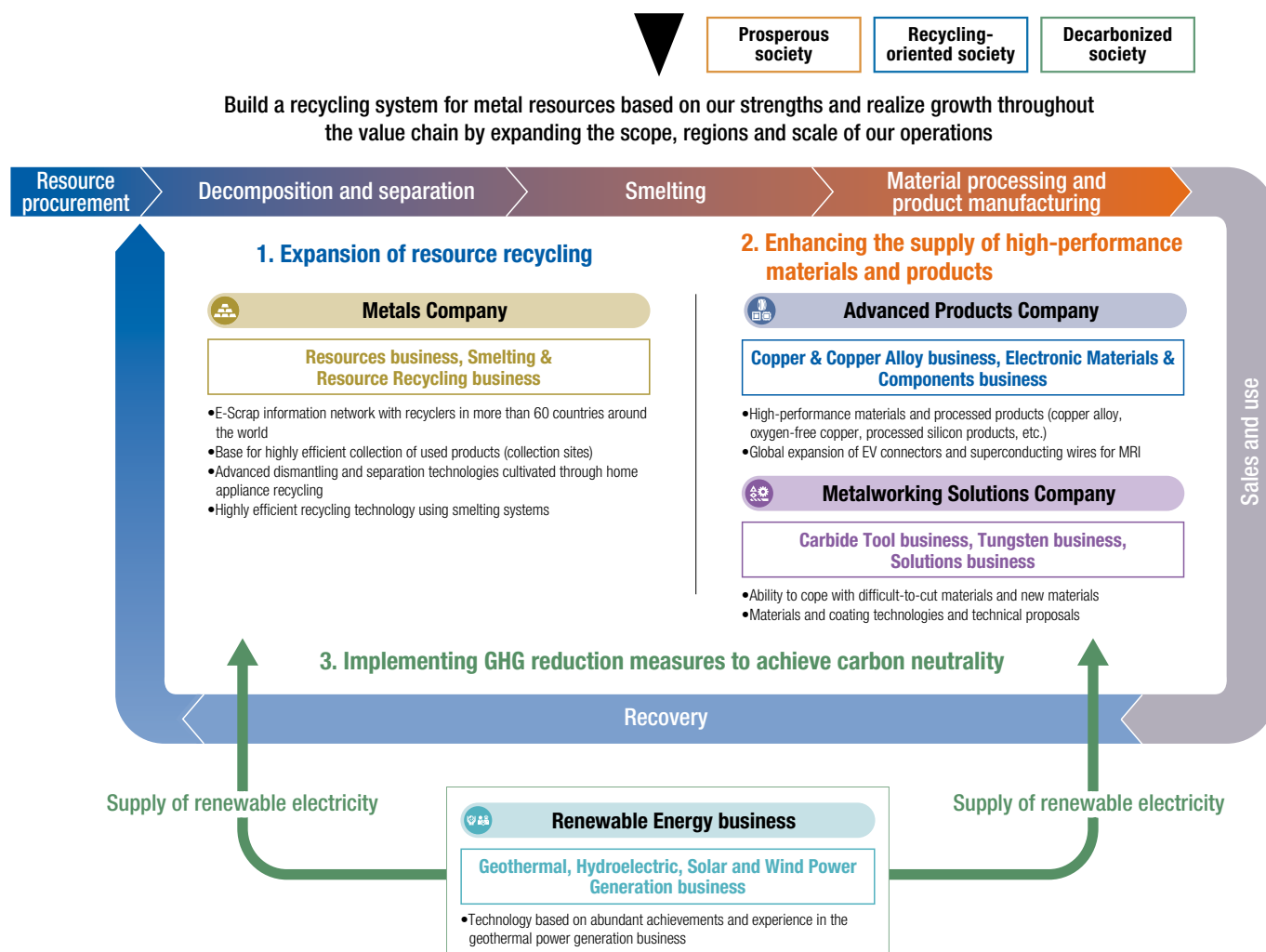
In principle, we strive to satisfy all aspects of SCQDE.

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

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

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

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



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

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

When processing used products and

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

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

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

Establishing Regional Resource Recycling Strategies

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

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

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

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

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

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

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

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

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

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

Enhancing the Supply of High-performance Materials and Products

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

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

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

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

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

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

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

Improving Profitability

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

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

Under our target-setting business

management, we will work on the following areas.

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

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

planned amount.

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

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

Addressing Labor Shortage Issues

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

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

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

promoting efficiency, labor saving, and workload saving

Optimizing the Management Structure

Deepening Matrix Management of Business and Functional Axes

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

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

Optimization of Business Structures

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

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

Addressing Sustainability Issues

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

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

Promotion of Resource Circulation

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

The cross-division Resource Circulation

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

Resource Circulation Strategy

Meeting themes:

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

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

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

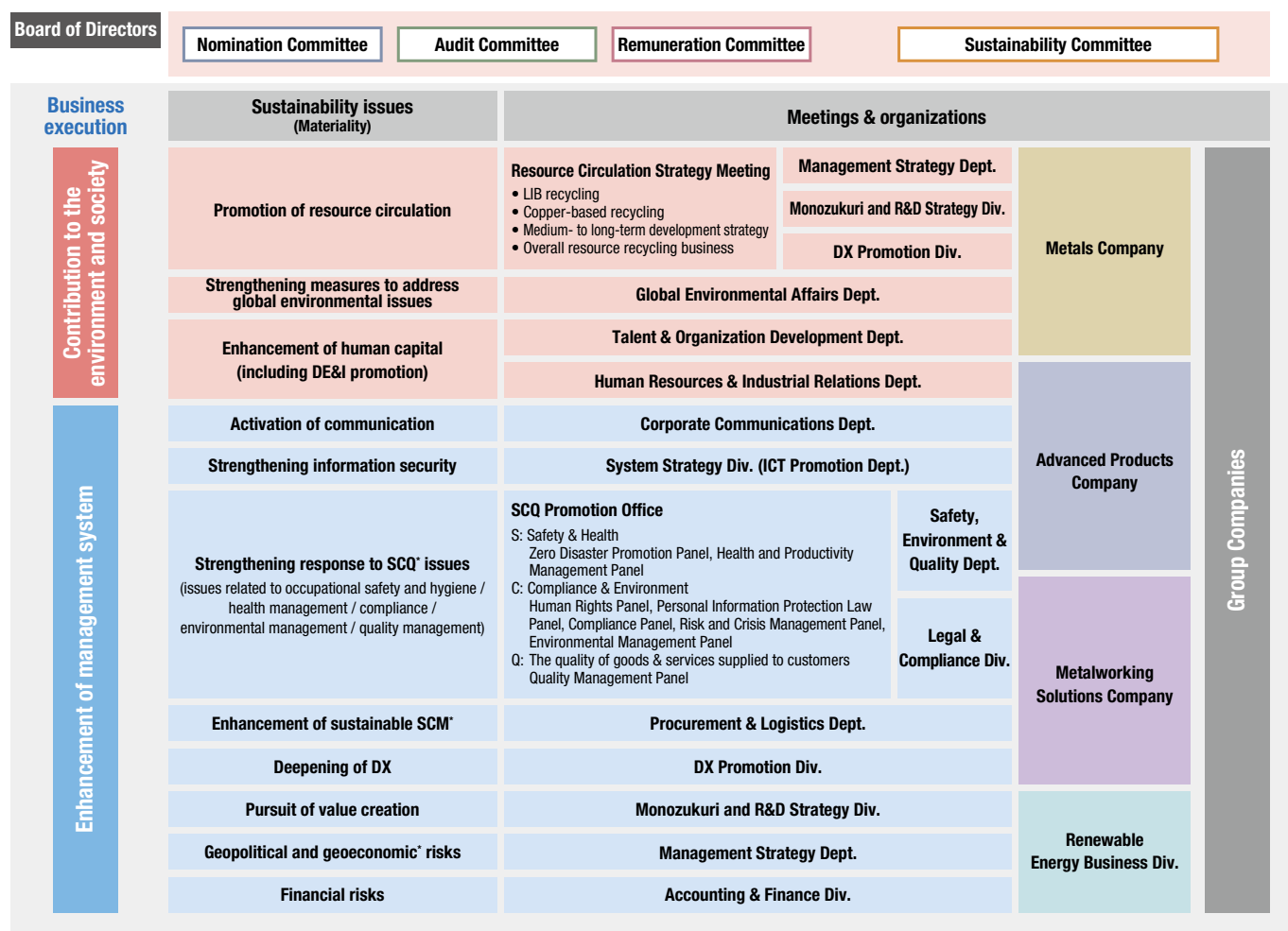
Strengthening Measures to Address Global Environmental Issues

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

Enhancement of Human Capital

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

Fig. 3: Sustainability Management System



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

*SCM: Supply Chain Management

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

as our sponsor program.

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

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

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

Reinforcing the Management Foundation

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

DX Strategy

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

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

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

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

Manufacturing Excellence Strategy

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

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

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

R&D Strategy

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

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



(process development and pilot plant construction)

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

Renewing Our Values to Rebuild Our Organizational Culture

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

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

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

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

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

Corporate Governance

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

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

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

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

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

Conclusion

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



Editorial Policy

This report provides an easily understandable and comprehensive report, for interested persons, on the approaches, initiatives, results, issues and current direction of the Mitsubishi Materials Group ("the Group") with regard to sustainable management. It is also intended to elicit opinions and help us to continuously improve the standard of our activities. This report is produced by referencing the core options of the GRI Standards. From the fiscal year ended March 2021, this report is published only on the website and electronically (PDF).

■ Boundary

Qualitative data: Including Group companies, with Mitsubishi Materials Corporation playing a central role.

Quantitative data: Data on Group companies is as follows.

- Greenhouse gas emissions include 84 consolidated subsidiaries for Scope 1 and Scope 2 emissions and 46 major consolidated subsidiaries for Scope 3 emissions.
- Other environmental data is for major 46 consolidated subsidiaries with manufacturing facilities
- Compliance training data refers to the main companies subject to Compliance/Risk management activities (74 companies)
- Safety data relates to the 34 major consolidated subsidiaries

Apart from the above, figures related to Mitsubishi Materials on a non-consolidated basis

* For the purposes of this report, the terms "Mitsubishi Materials" and "the Company" refer to Mitsubishi Materials on a non-consolidated basis.

■ Key Changes to Organizations Subject to Reporting

From the fiscal year ended March 2024, the following have been partially excluded from consolidation.

- Kitakyushu Ash Recycle Systems Co., Ltd. (Business terminated on May 1, 2024)

In addition, the following have been added to consolidation.

- Material Business Support Corporation (Established on April 1, 2023)

The polycrystalline silicon business was transferred on 31 March 2023, but is basically included in the actual figures for the period covered.

■ Period

The fiscal year ended March 2024 (April 1, 2023 – March 31, 2024)

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

■ Date of Publication

August 2024 (previous : August 2023)

■ Guidelines

GRI Standards 2021

GRI Sustainability Reporting Guidelines Sector Disclosures (Mining and Metals)

* A GRI Content Index is available via the Sustainability section of our website.

■ Principal Reporting Tools

We systematically disclose information on the Group, mainly via the following reporting tools.

Name	Summary
Sustainability report	It is a comprehensive report of the plans, objectives, initiatives, results, and detailed data related to the Mitsubishi Materials Group's sustainability sector's management and material issues.
Integrated Report	We produce an annual report to containing information about the business direction of the MMC Group, such as financial, management and general business information. Its content is reported in an integrated manner, focusing on both financial and non-financial aspects.
Website and Sustainability site	This section features content that supplements the reporting tools above, including Sustainability data lists  , previously reported information, and reports on other activities.

■ The Process of Compiling

We place great importance on the process of compiling this report. The process is designed with the aim of improving transparency and reliability as a company, in the interests of accountability (with regard to external parties), and tying in with promoting the Group's sustainable management.

● Improving Transparency and Reliability

Having examined and identified eleven “material issues” from two axes according to their importance to various stakeholders and their importance in light of Our Commitment, they provide the basic framework for both our Sustainability activities and its reports. As the environment is constantly changing around us, not least in terms of stakeholder trends, we review our material issues on a regular basis. We also keep a close eye on matters of interest to our stakeholders, their expectations and business conditions, so that we can check and adjust the contents of our reports in precise detail. To keep track of matters of interest to our stakeholders, their expectations and other related trends, we gather information from individual departments, based on sources such as questionnaires from ESG investors, responses to reader questionnaires, and intensive internal interviews prior to the compilation of the current report. We hold Stakeholder Meetings to discuss topics of particular importance. Meetings also help to establish a clear understanding of social issues, from various different angles, and to examine details of Group initiatives.

We also obtain an “independent assurance,” to assist in comprehensively evaluating the contents of our reported figures against international requirements in an effort to improve transparency and reliability.

● Promoting Sustainability Activities Based on Communication

We make the most of communication activities, as part of the process of compiling this report, to improve our ability to promote sustainability activities, by establishing a shared understanding and raising awareness of changes in the external environment for example. We conduct hearings with the relevant head office and corporate division as needed, and not only coordinate the reporting, but also exchange opinions and share information about matters of interest or concern to stakeholders, issues for the future, and the direction of our activities. Asking relevant departments to produce articles for this report, and then exchanging opinions regarding the draft report once it has been compiled, enables departments to review their sustainability activities from an external perspective and helps to develop a shared understanding of their strategic significance.

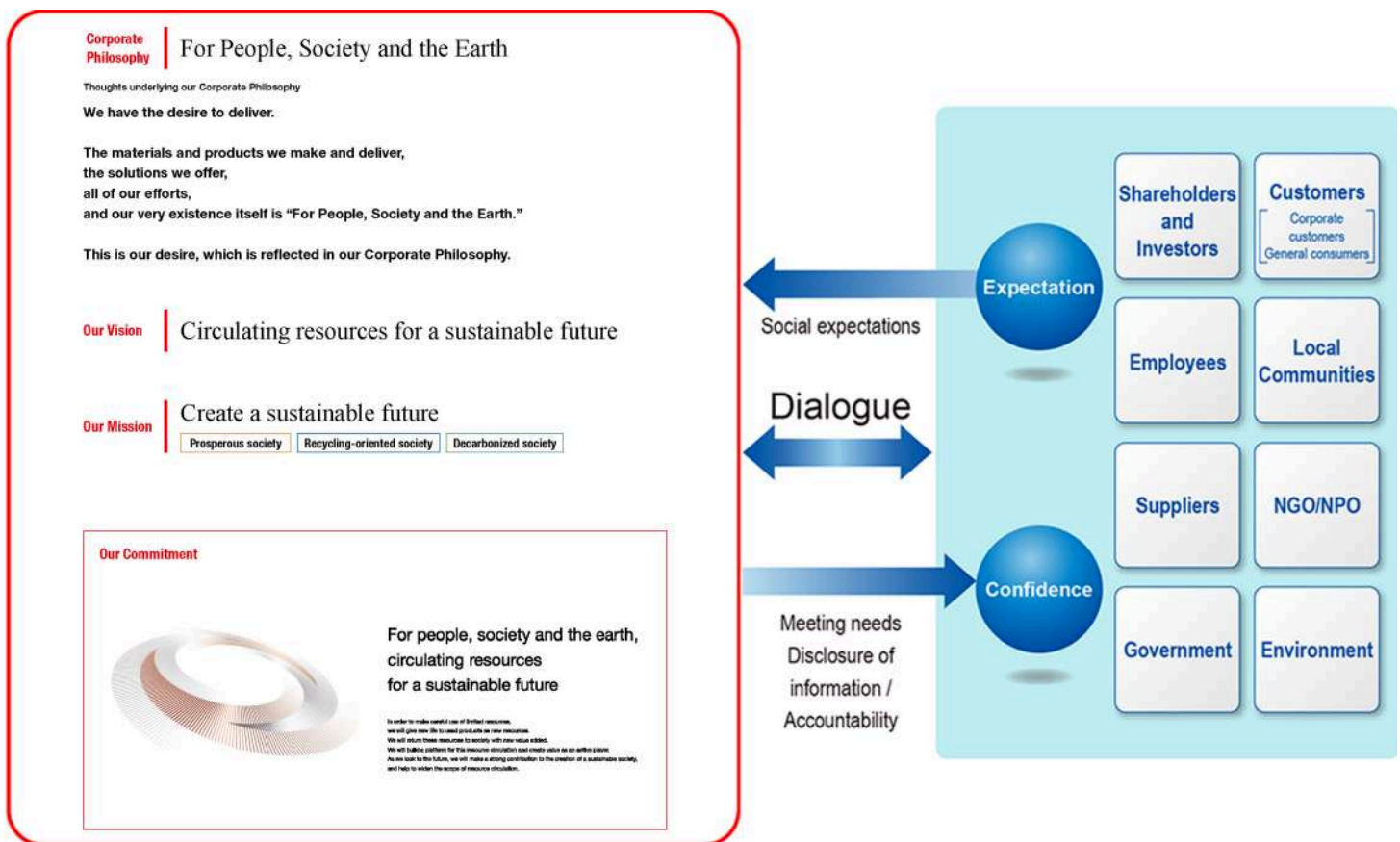
Positioning of Sustainability in the Group

Basic Policy on Sustainability

Along with the growing interest in climate change, environmental and social issues, society has begun to attach greater importance to sustainability. Reflecting these trends, the Mitsubishi Materials Group established a Sustainability Policy in December 2021 (revised on April 1, 2024) to clarify the Group's attitude to promote sustainability more actively and positively. We also established a Human Rights Policy, Procurement Policy and Community Contribution Activity Policy while revising the Environmental Policy under the Sustainability Policy.

At the Mitsubishi Materials Group, based on our Corporate Philosophy "For People, Society and the Earth", we have declared the vision of "Circulating resources for a sustainable future" and adopted the mission to "Create a sustainable future." Based on the recognition that the sustainability of society as a whole will have a significant impact on our corporate activities in the future, we are committed to engaging in business activities that can earn the trust of stakeholders while fulfilling our social responsibilities.

Conceptual diagram of Corporate Philosophy of the Mitsubishi Materials Group and its stakeholders



* Learn about our Corporate Philosophy and more [here](#) .

Sustainability Policy

The Mitsubishi Materials Group upholds its Corporate Philosophy, "For People, Society and the Earth" and are committed to earning the trust of our stakeholders by sincerely fulfilling our social responsibilities through our business activities. We will further accelerate our proactive engagement with sustainability. The Mitsubishi Materials Group will pursue its journey for sustainable growth as we work to fulfill Our Commitment.

1. Build a Work Environment that puts Safety and Health First

We place utmost priority on safety and health. We will build a work environment that eliminates work-related accidents, ensures occupational health, maintains employee wellness and reinforces risk management that mitigates adverse impacts from emergency situations including natural disasters and global infectious diseases.

2. Respect Human Rights

Respect for human rights is considered to be the foundation of the business activities of the Mitsubishi Materials Group. We respect the principles enshrined in the international human rights instruments.

3. Promote Diversity, Equity and Inclusion

We embrace diversity and acknowledge its importance in creating new value. We will promote diversity, equity and inclusion as a source of sustainable growth within the Group.

4. Cultivate Mutual Prosperity with Stakeholders

We will communicate proactively with our stakeholders – including shareholders, investors, employees, customers, suppliers, business partners, global and local communities – to foster mutual understanding toward mutual prosperity.

5. Strengthen Corporate Governance and Risk Management

We will strengthen corporate governance and reinforce risk management systems to ensure legal compliance. Fulfilling regulatory requirements is a prerequisite for enhancing our business operations and preventing corporate scandals from arising.

6. Engage in Fair Business Transactions and Responsible Sourcing

We will engage in fair and responsible business transactions with all our suppliers and business partners. We will strive to ensure responsible procurement of minerals and other raw materials in collaboration with our suppliers and business partners.

7. Ensure Stable Provision of Safe, Secure, and High Value Added Products

We practice quality control and pursue innovative solutions to develop safe and secure products, services and solutions with high added value to society.

8. Proactive Engagement for the Global Environment

We recognize the critical importance of environmental conservation. We will engage proactively in resource recycling, decarbonization and biodiversity conservation across all areas of our operations, from procurement of raw materials to the development, manufacturing, distribution, consumption, disposal, and recycling of materials and products.

(Stipulated on December 1, 2021, Revised on April 1, 2024)

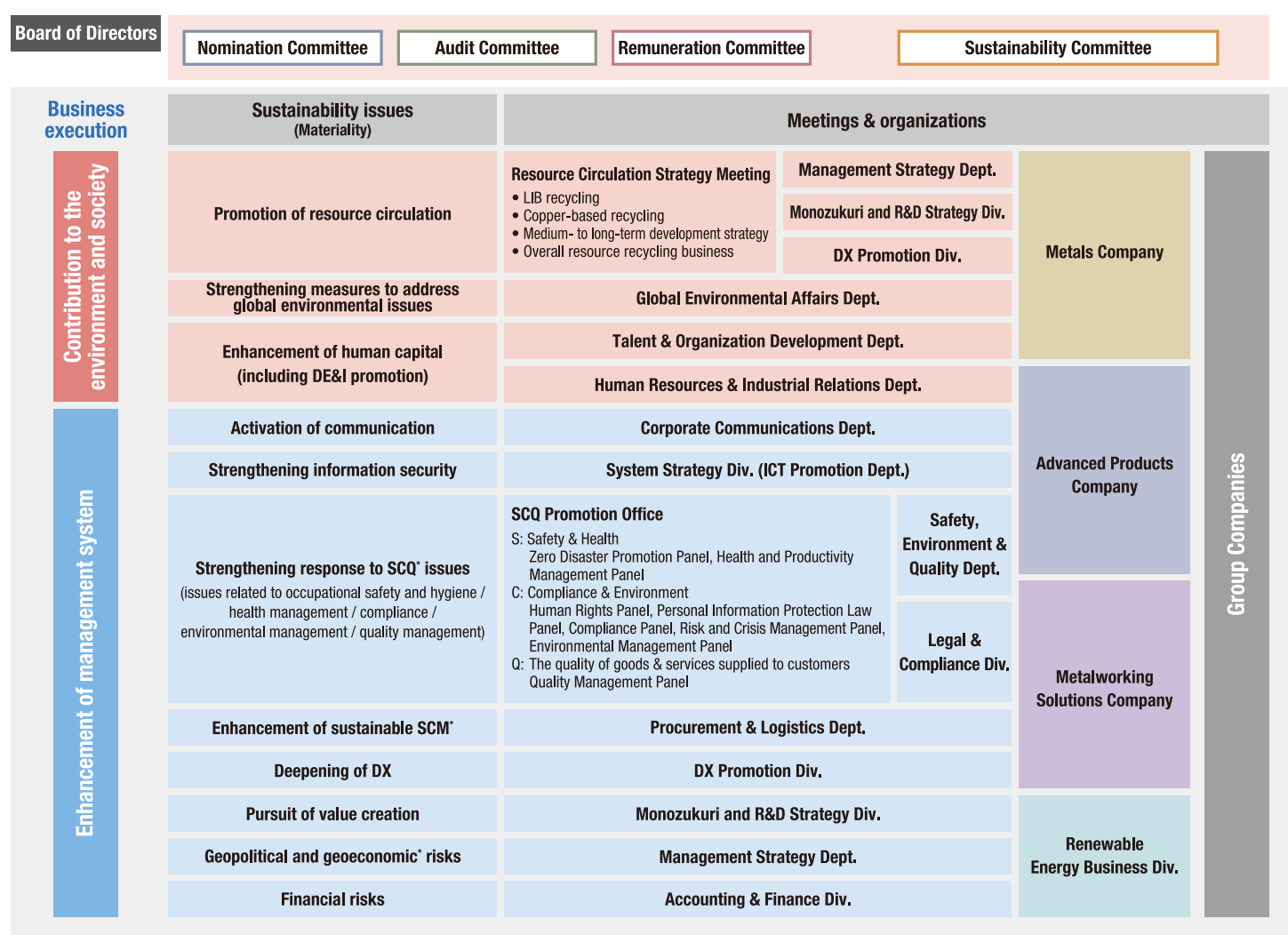
► Sustainability 

Sustainable Management System

We recognize that tackling management issues regarding sustainability is essential for the Group to improve its corporate value in the medium-to long-term, and established the Sustainable Management Office on April 1, 2020 to promote centralized handling of such issues. Then on July 1, 2023, we established the Resource Circulation Strategy Meeting to strategically promote resource recycling, address global environmental issues and strengthen human capital management. In addition, to deal with aspects that form the core of our corporate activities including health and safety, observing compliance requirements and quality, the Sustainable Management Office was renamed to the SCQ Promotion Office and will continue to proactively drive implementation of related initiatives.

Members of the SCQ Promotion Office is composed of the CEO (General Manager), Executive Officers of related departments (Deputy General Manager), and General Managers of related departments. It also has panels for each specialized field as suborganizations, which deliberate on annual policies and activity plans. After following-up on specific measures related to each field by the Sustainable Management Office, the status of those activities is reported to the Strategic Management Committee and the Board of Directors monthly.

■ Sustainable Management System (as of June 26, 2024)



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

* SCM: Supply Chain Management.

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

Initiatives on Material Issues

Identifying and Reviewing Materiality (Material Issues)

We recognize that the sustainability of society as a whole will always have a significant impact on our corporate activities in the future. That is why we identify high priority issues from the point of view of management. Once we have identified these material issues, we incorporate them into our business activities, and disclosed details and the results of our initiatives in our Sustainability report.

Initially, in the fiscal year ended March 2008, we identified nine material issues of the Group by conducting a material issue assessment based on the framework of the GRI Guidelines, a set of international guidelines that address sustainability reporting. In the fiscal year ended March 2016, we reorganized the items into seven. Later, in response to changes in the external environment and other factors, we updated them to ten items in the Medium-term Management Strategy announced in March 2020.

In addition, in the Medium-term Management Strategy FY2031 that was announced in February 2023, we employed the following selection process to identify key factors from various perspectives and arranged these elements along two axes, in terms of their importance for each stakeholder, and their degree of importance in relation to Our Commitment. Following extensive discussion on the importance of each key factor undertaken by the Strategic Management Committee and the Board of Directors, an order of priority was established, and we re-established the key themes for each material issue and the nature and objectives of initiatives for each key theme.

We review material issues and other matters every year to ensure that we can appropriately identify and respond to changes in the business environment and other factors in a timely and appropriate manner. In this renewal, we decided to integrate "material issues" and "sustainability issues," which were previously organized and reviewed separately, into one. In addition, we added "strengthening information security," "geopolitical and geoeconomic risks," and "financial risk" as new material issues considering their growing importance in recent years.

■ Strengthening information security

Information leakage due to cyber-attacks is a risk that could hinder the Group's competitiveness and business continuity. We will work to strengthen IT governance and prevent information leaks in order to establish a global standard IT infrastructure.

■ Geopolitical and geoeconomic risks

International conflicts, wars and terrorism, economic sanctions and trade barriers, and policy changes in various countries can have a significant impact on our business. In order to expand our business globally, we will take initiatives related to reviewing our overseas investment strategy, formulating BCPs, and creating a stable overseas procurement portfolio, while taking account of country risks.

■ Financial Risks

Corporate finances can be significantly affected by corporate working capital funding, investment losses, market fluctuations, and credit risk. To ensure financial soundness, we will work toward strengthening cash management, monitoring the business and financial conditions of affiliated companies, and having appropriate pension asset management.

Selection Process

STEP1.

Identification of issues

Extracted key factors from among those identified from the perspectives of ESG and sustainability in 2015 in light of information such as GRI indicators, the OECD Guidelines for Multinational Enterprises and SRI categories. We identify issues from the perspective of social, environmental and economic trends, trends in markets related to the Company, and initiatives undertaken by the Group to increase our corporate value in the medium- to long-term. We also consider international guidelines and principles when selecting elements of these issues.

STEP2.

Organization and assessment of issues

In addition to these elements of issues, we set two axes on which to rank our material issues, including those established in the previous fiscal year: the importance to our various stakeholders, and the importance in light of Our Commitment. After all of our Executive Officers and Directors have organized the issues and key themes, they are discussed from the perspective of their importance to our stakeholders and the Company.

STEP3.

Selection of issues

Material issues and key themes are revised and redefined, with priority given to issues that are ranked as “very high” or “high” on both axes.

STEP4.

Establishment of nature and objectives of initiatives

The nature and objectives of initiatives to address the redefined material issues and key themes are established. The progress and results of these initiatives are regularly disclosed. Review is conducted annually to identify factors such as changes in the business environment in a timely and appropriate manner, then take measures as required.

Mitsubishi Materials Group's Business Activities and the SDGs

Universal Long-Term Goals for the International Community

In September 2015, the UN unanimously adopted the 2030 Agenda, a plan to eliminate poverty, unfairness and injustice wherever possible, protect the environment, and create a better future. One of the key features of the agenda was the Sustainable Development Goals (SDGs), which set out a vision for how the world should be by the year 2030. Following on from the Millennium Development Goals (MDGs), which the international community had been working on for 15 years since 2001, the SDGs are positioned as universal goals applicable to all countries.

The SDGs are made up of 169 targets across 17 goals that aim to achieve a sustainable world by the year 2030. They seek solutions to the various global challenges we face, including poverty and inequality, climate change, deterioration of the environment, prosperity, peace and justice. Each of the goals relates to one another, making it important to achieve each of these goals and targets by 2030.

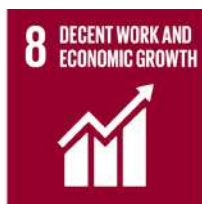
The Group's Business Activities and the SDGs

We intend to incorporate the SDGs into our strategies from the point of view of both comprehensive efforts to increase business competitiveness, and the creation of new products and businesses. We will also be actively working with a wide range of outside partners as we strive to achieve a balance between social value and economic value.

Of the 17 goals set out under the SDGs, numbers 7 (energy), 8 (growth and employment), 9 (innovation), 11 (cities), 12 (production and consumption) and 13 (climate change) in particular tie in with areas in which we are implementing priority initiatives.

The adoption of the SDGs by the UN has reaffirmed that we are going in the right direction with our business activities as a group, and provided us with a springboard from which to assess critical long-term risks and opportunities, in terms of issues that we need to address and the path we need to take in the future.

Based on its Corporate Philosophy of "For People, Society and the Earth," the Mitsubishi Materials Group has declared the vision of "Circulating resources for a sustainable future," and we are committed to achieve this vision through our adopted mission of "Create a sustainable future (a prosperous, recycling-oriented and decarbonized society)."



Promotion of Resource Recycling Design through Advanced Recycling Technology

Recycling-oriented Business Model

Overview of our Recycling-oriented Business Model

The Mitsubishi Materials Group is a complex corporate entity encompassing a wide range of technologies and expertise, from resources upstream to materials midstream to processed products downstream. We have continued to make the most of those capabilities on a Group-wide scale, in an effort to establish a recycling-oriented business model based on recovering resources from a wide range of waste products.

We strive to create cyclical value chains in each of our businesses, so that resources and materials are processed into products and then recycled back into materials. This also helps to promote recycling-oriented social systems (Circular Economy).

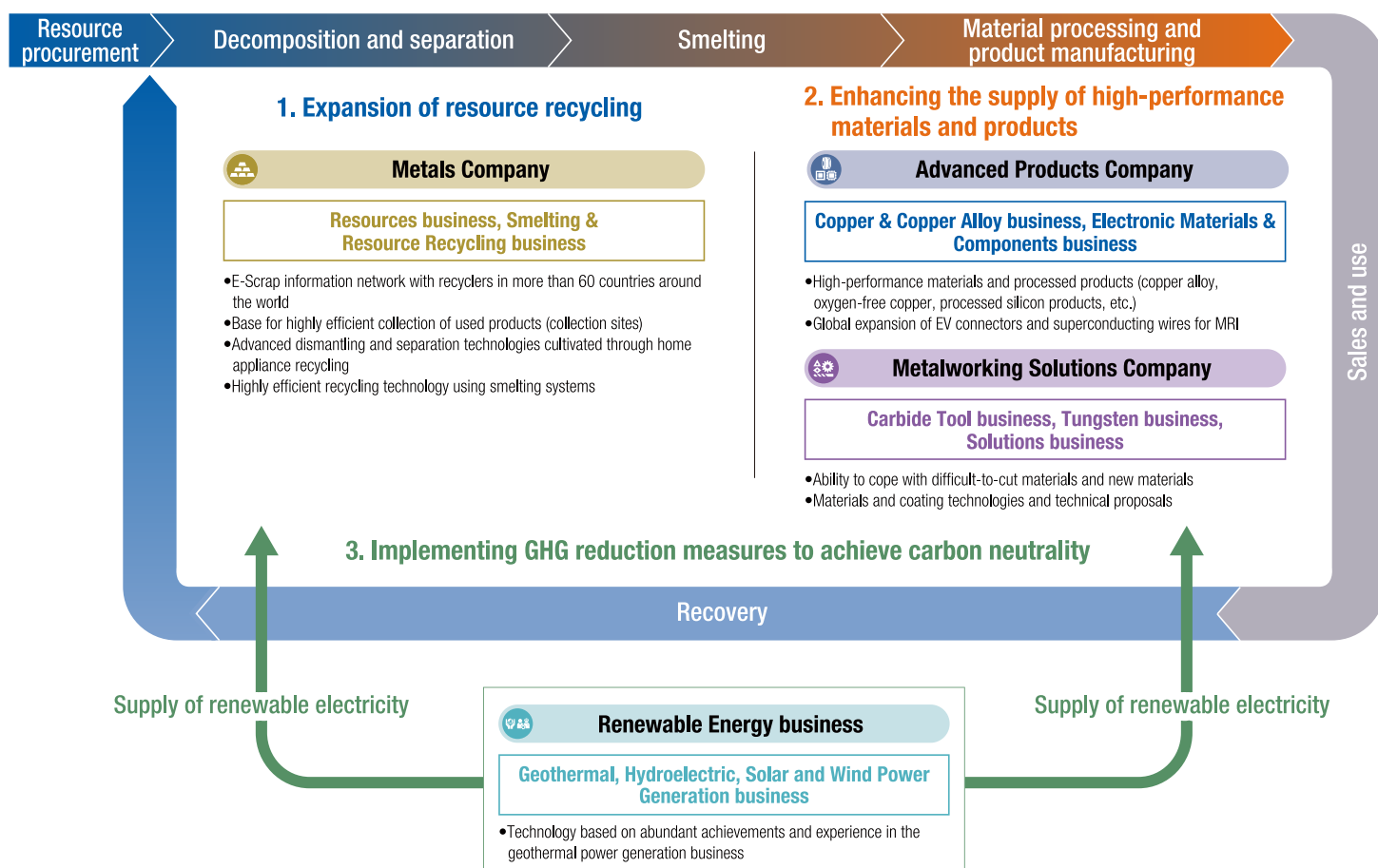
We will achieve growth throughout the value chain to expand resource recycling. We will achieve this by leveraging our strength in advanced dismantling and separation technologies in the home appliance recycling business, along with recycling technologies in the smelting business, expanding the range of items to which these technologies are applied, the regions in which we operate, and the scale of operations.

In the recycling of metal resources, we will recover used or discarded products, disassemble or separate them, input the materials into smelting or other processes to extract useful metal elements, then process or fabricate those elements into high-performance materials and products that will be supplied to the market.

In this way, we will design and build a circulatory system for resources through “veins” that circulate resources, “arteries” that supply high-performance materials and products, and once again through “veins” via the market. At the same time, the Renewable Energy business will supply the renewable energy-based power it has generated to the entire business, contributing to progress in reducing greenhouse gases on the way to achieving carbon neutrality.

■ Recycling-oriented Business Model of the Group

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



In Pursuit of a Recycling-oriented Business Model

Purpose of activities	Activities during FYE March 2024	Self-assessment	Targets/plans for activities FYE March 2025 onwards
Expand processing of recyclables (Metals business (Smelting sector))	Promoted the recovery of trace components in recycled raw materials	A	Strengthen and expand the scale of networks aimed at recycling resources
	Planned construction of a recycled raw material pre-processing facility at the Onahama Smelter of Onahama Smelting & Refining Co., Ltd.		Increase the recycling rate by expanding E-Scrap processing
			Create a recycling business for rare earth elements and rare metals
Aiming to be the driving force of resource-recycling systems Providing reliable recycling systems, such as by ensuring traceability (Metals business (Resource-recycling sector))	Released the recycled metal brand REMINE	A	Expansion of applicable products
	Considered the commercialization of the Exurban Project, a smelting business using only E-Scrap raw materials		US-based project feasibility study, investment decision during the fiscal year ending March 2025, consideration of expansion to other regions
	Considered commercialization of home appliance recycling business in Malaysia		Investment decision after enactment of legislation (expected in 2025), consideration of expansion to other regions
	Considered development of a resource recycling system with users (including the recycling of materials that are difficult to process)		Establishment of implementation and management policies, expansion of applicable users
	Implemented automatic dismantlement robots		Expand the home appliance recycling business, promote automation of home appliance recycling, and improve the added value of collected items
	Introduced system for managing home appliance recycling operations (other site)		Expand introduction of home appliance recycling operation management system and model number recognition technologies (other sites, upstream processes)
	Demonstrated next-generation automobile recycling technologies (motors, LIB)		Demonstrate HV motor recycling technologies and LIB recycling technologies
	Continue to consider PV recycling system		Commercialization of solar panel recycling system
Promoting the recycling of fluorine resources (Advanced Products business (Electronic Materials & Components))	The amount recycled was 1,402 tons/year, 7% below the budget	B	Ensure the stable operation of recycling plants and achieve the plan of the amount recycled
	The raw material recycling rate was 14%		
Promoting the recycling of tungsten (Metalworking Solutions business)	Recycling rate increased (by 188% from the fiscal year ended March 2018 level)	A	Increase the recycling rate (by 192% from the fiscal year ended March 2018 level)
	Increased recycling collections		Expand amount of materials recovered for recycling (expand overseas recovery area)

Self-assessment grades A: Target achieved B: Target mostly achieved C: Target not achieved

Metals Business

■ Recycling Rare Metals

PGM* are rare metals that are found in E-Scrap, etc. Group company Materials Eco-Refining Co., Ltd. refines PGM intermediate materials obtained from our Naoshima Smelter & Refinery, to create products such as metals and chemical compounds.

Platinum and palladium in particular are key materials in the automotive, electric and electronic sectors. With that in mind, we applied to register our brand with the London Platinum and Palladium Market (LPPM), as a means of ensuring credibility in the market, and successfully obtained certification in September 2012. We are determined to keep on improving the quality of our products, and make every effort to ensure stable supplies of rare metals.

* Platinum Group Metals

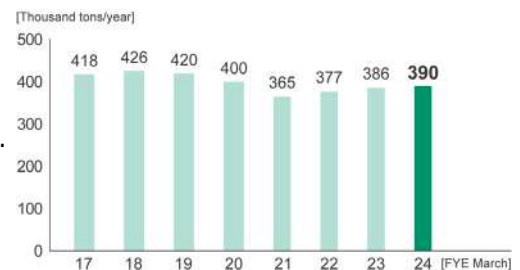
■ Recycling Scrap

We use smelting technology for the purpose of recycling at our smelters and refineries. We take in a wide variety of scrap, including shredder dust and used batteries from sources such as used home appliances or scrap vehicles, and E-Scrap from sources such as used substrates and connectors. We then recycle scrap, by using it for raw materials or thermal energy, and recover valuable metals.

The rare metal recycling process



Volume of scrap processed



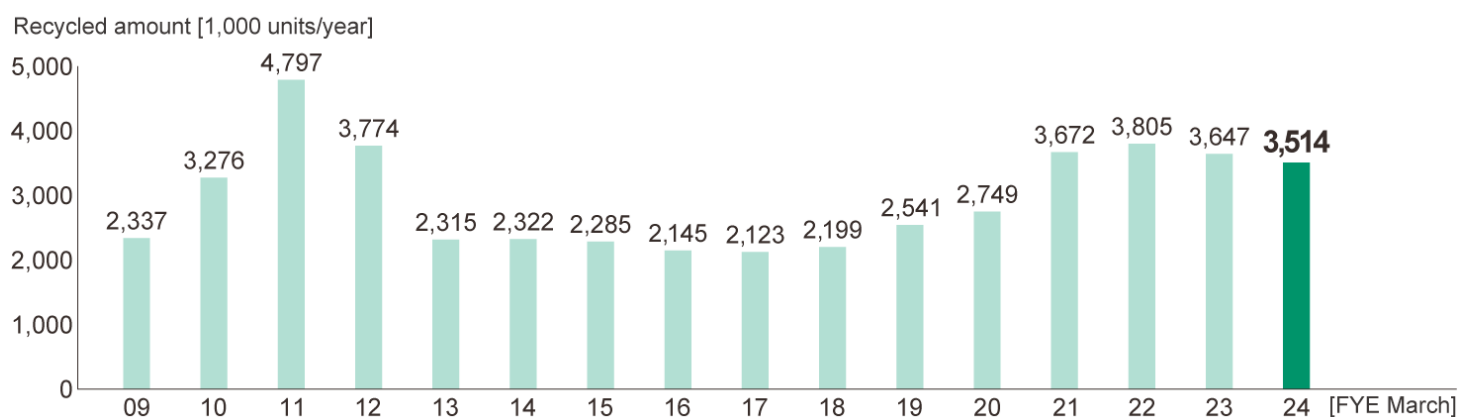
■ Home Appliances Recycling

Home appliances are made by combinations of various materials such as glass, plastic and rubber as well as metals such as steel, aluminum, and copper. Home appliances are first of all disassembled manually, then crushed and sorted at our home appliances recycling plants*¹, which are operated in partnership with home appliance manufacturers. We have adopted several advanced sorting processes for components and materials, and are always trying to create more value from recovered materials and to improve recycling efficiency. We recover copper and other precious metals from recovered copper-based materials and printed circuit boards in our copper smelting process. Thus, we maximize the effect of synergies within our Group. In the fiscal year ended March 2024, we recycled 2,660 thousand units of home appliances at six plants of our five affiliated companies (6 companies, 7 plants, 3,514 thousand units). Recycling of this volume could reduce landfill disposal equivalent to 121 thousand tons.*²

▶ Home appliance recycling plant

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

Trend of recycled amount



*1 Major partners: Hitachi, Ltd., Sharp Corporation, Panasonic Corporation

*2 The home appliance recycling plants subject to LCA evaluation are as follows.

- Hokkaido Eco Recycle Systems Co., Ltd.
- East Japan Recycling Systems Corp.
- Kansai Recycling Systems Co., Ltd. Main Plant, Second Plant
- Panasonic Eco Technology Kanto Co., Ltd.
- Chubu Eco Technology Co., Ltd.

TOPICS

Launching Japan's First Recycled Metal Brand "REMINE"

Tin and Lead Go on Sale as the First Products

- The recycled content is calculated in accordance with the international standard ISO14021*¹

We will launch "REMINE," the first recycled metal brand in Japan*², which specifies the recycled content in non-ferrous metal products. As the first products, "Refined Tin (Ingot)" with 100% recycled content and "Refined Lead (Ingot)" with greater than 99.6% recycled contents have been started to sale.

In order to realize a sustainable society, it is our responsibility to our stakeholders to ensure the transparency and traceability of raw materials and other information in our products in the supply chain from the perspective of resource circulation and environmental impact reduction. Additionally, the need to quantify the environmental impact of products is becoming more important.

「The "REMINE" series offers non-ferrous metal products by using our cultivated strength in recycling technology. The recycled content is calculated in accordance with the international standard ISO14021 (JIS Q14021*³) and verified by a third-party organization (SGS Japan Inc.) to ensure a higher level of reliability.

Detailed product information can be found on the dedicated website below.

▶ [REMINE website](#) 



MMC Group will contribute to the creation of a sustainable society by further expanding its lineup of "REMINE" series products and supplying them.

*¹ ISO14021 is an international standard that requires the elimination of ambiguous expressions and the disclosure of information necessary for verification regarding environmental information on products.

*² This is the first time in Japan that the recycled content of non-ferrous metals is calculated in accordance with ISO14021 and verified by a third party. As of December 2023, based on our company's research.

*³ JIS Q14021 is a Japanese industrial standard based on ISO14021 and has the common content with the international standard ISO14021.

Advanced Products Business (Electronic Materials & Components)

■ Recycling Fluorine Resources

We manufacture a range of fluorine compounds at the Group company Mitsubishi Materials Electronic Chemicals Co., Ltd., including materials for use in semiconductor manufacturing, flame retardant and antistatic materials, and hydrofluoric acid. Since the fiscal year ended March 2007, we have been engaged in the recycling of fluorine resources in which we recover calcium fluoride waste emitted by companies using fluorine compounds and recycle it back into fluorine resources that can be used as alternative raw materials for fluorite. We will promote the recycling of fluorine resources through further technical innovation.

Metalworking Solutions Business

■ Recycling Tungsten

Waste containing rare metals contains such a high percentage of rare metals that it is possible to extract them more efficiently than obtaining metals from natural resources. A prime example is tungsten, the main raw material used in cemented carbide products. Making the most of the Mitsubishi Materials Group's comprehensive capabilities as a manufacturer, from raw materials through to finished products, we are currently focusing on recycling used cemented carbide products in an effort to secure stable supplies of raw materials.

Affiliated Business

■ Recycling Industrial Waste and Byproducts

Using a burning process that reaches temperatures of 1,450°C, the Group's cement plants detoxify and make effective use of industrial waste and other difficult-to-treat materials without generating any secondary waste. As well as using substances such as coal ash, construction sludge, sludge, incineration fly ash, copper slag byproducts from copper smelters, and gypsum as the raw materials of cement, we also turn materials such as waste plastics, waste tires and wood waste back into cement, by using them as a source of thermal energy.

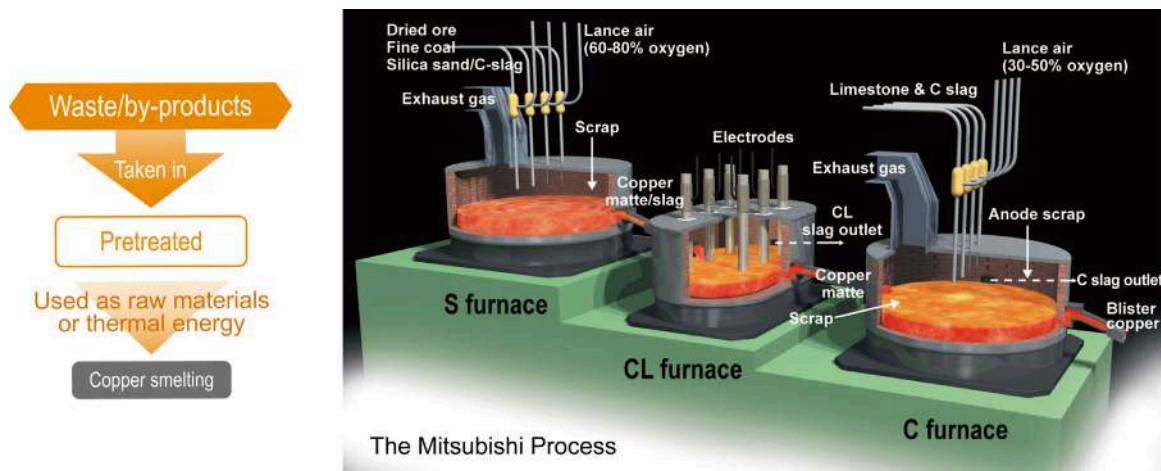
Developing and Providing Recyclable Products

Resource Recycling with No Need for Final Disposal Sites

Smelter & Refinery: Recycling Resources from Urban Mines

■ The Mitsubishi Process

Our unique Mitsubishi Continuous Copper Smelting and Converting Process (The Mitsubishi Process) continuously produces blister copper from copper concentrate and recycled raw materials by connecting a series of three furnaces with pipes. As the required facilities are compact and help save energy and reduce costs, they have an exceptionally low environmental impact and produce a copper manufacturing process renowned for its high efficiency.

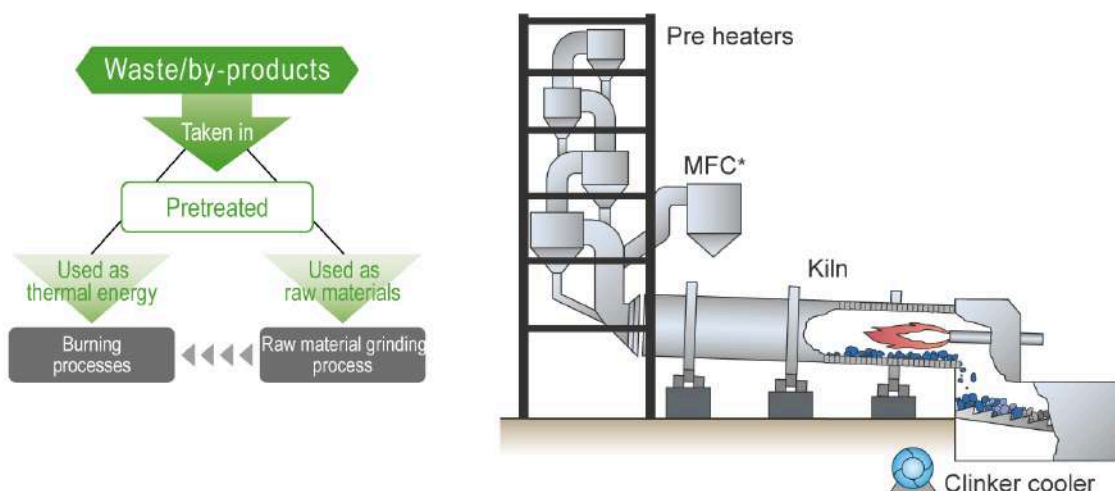


Cement Plants:

Taking in, Detoxifying and Stabilizing Difficult-to-treat Waste from Other Industries

■ High Temperature Burning Process

Raw materials (including wastes and by-products) are prepared during the raw material grinding process and then sintered at high temperatures to produce a hydraulic mineral during the burning process. Once the raw mixture has reached the maximum temperature (1,450°C) and a series of chemical reactions are completed, it is quickly cooled into an intermediate product called clinker.



* MFC: Calciner

■ Key Features of Waste Treatment at Our Cement Plants

- Capacity to treat large volumes of waste
- Detoxification of waste products
- No secondary waste (extending life span of final disposal sites)

Home Appliance Recycling Plants :

Used Home Appliances are Dismantled and Recovered Items are Supplied as Materials

■ Reduction in Environmental Impact due to Recycling Home Appliances(LCA analysis for the fiscal year ended March 2024)

If recycling home appliances is conducted, so that resources are recovered from used appliances and reused as new materials.

Item	Total
Reduction in GHG emissions (CO ₂ equivalent)	160 thousand of tons
Reduction in consumption of natural mineral resources	420 thousand of tons
Reduction in energy consumption (crude oil equivalent)	90 thousand of tons
Reduction in waste sent to landfill	120 thousand of tons



Robot unscrews flat-screen TVs

The above table does not take into account the impact of recovering fluorocarbons (refrigerant fluorocarbon in air conditioners, refrigerators, and washing machines, and insulation fluorocarbon in refrigerators). Expressed in terms of CO₂ emissions, recovering approximately 525 tons of recovered freon would equate to a reduction of approximately 1,240 thousand of tons.

* The home appliance recycling plants subject to LCA evaluation are as follows.

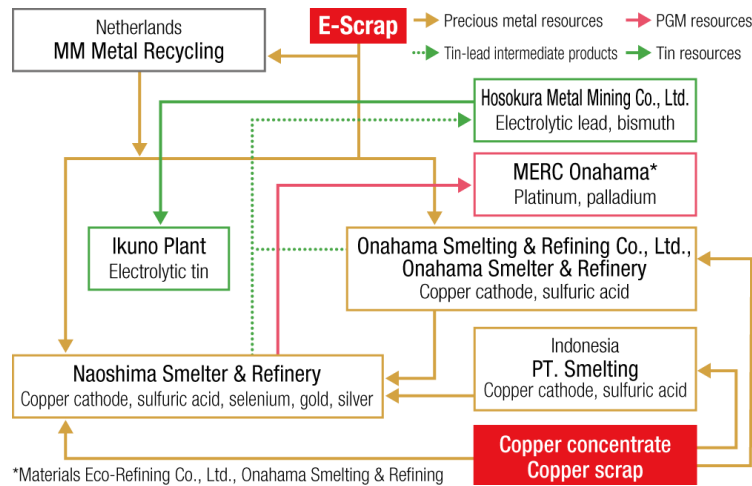
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- East Japan Recycling Systems Corp.
- Kansai Recycling Systems Co., Ltd. Main Plant, Second Plant
- Panasonic Eco Technology Kanto Co., Ltd.
- Chubu Eco Technology Co., Ltd.

* "The National Institute of Advanced Industrial Science and Technology AIST-IDEA Ver. 3.4" is used to assess the effectiveness of reduction in environmental impact assessment.

Securing Stable Products Supplies: Copper products

Using copper concentrate from environmentally friendly copper mines and leveraging the competitive edge of the Mitsubishi Continuous Copper Smelting and Converting Process, we operate a recycling business that boasts world-leading processing capacity, thus ensuring the steady supply of cleaner non-ferrous metal materials to society. While copper and precious metals grow more important reflecting various shifts such as EVs, IT, and decarbonized society, we fulfill our responsibility to supply materials with environmental considerations, thus contributing to the development of society and realization of a sustainable society.

■ Material Grid framework

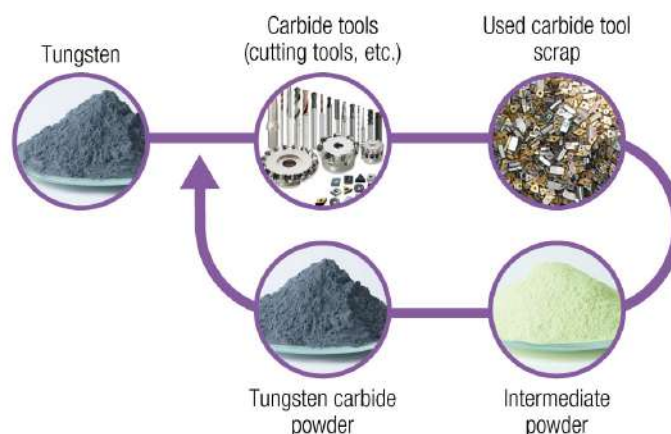


Securing Stable Products Supplies: Cemented Carbide Products

Tungsten, the main raw material used in cemented carbide tools, is a rare metal whose stable supply is important in terms of policy. Tungsten ore mines are unevenly distributed in some countries and regions, and there are risks of sharply rising prices and availability issues due to instability in international relations. We will actively promote the recycling of used cemented carbide tools and continue to ensure the stable supply of tungsten in the future.

	FYE March 2020 result	FYE March 2021 result	FYE March 2022 result	FYE March 2023 result	FYE March 2024 result	FYE March 2025 target
Ratio of recycled tungsten as raw material	28.3%	41.8%	43.5%	50.0%	56.0%	More than 56.0%

■ Tungsten recycling process



Strengthening Initiatives to Achieve Carbon Neutrality

Climate Change Strategy

Basic Approach

On the issue of climate change, the IPCC 6th Assessment Report in 2023 noted that there is “no room for doubt” that human activities have caused global warming, emphasizing the urgent need to reduce GHG^{*1}. The world has been pursuing initiatives since 2020 under the Paris Agreement, and in response to the Glasgow Climate Pact established at the 2021 United Nations Climate Change Conference (COP26), the international community has made a significant change in direction toward the 1.5°C goal – namely to achieve carbon neutrality by 2050.

At the Mitsubishi Materials Group, we also take the issue of climate change seriously, in keeping with our Corporate Philosophy of “For People, Society and the Earth.” We have set our target year for achieving carbon neutrality to the fiscal year ending March 2046, five years ahead of Japan’s national target year of the fiscal year ending March 2051. Additionally, by the fiscal year ending March 2051 we aim to achieve renewable energy generation comparable to the power we consume internally, resulting in an effective 100% self-sufficiency rate for renewable energy. In these ways, we will continue to pursue business activities aimed at realizing a decarbonized society.

*1 GHG: Greenhouse gas

Information Disclosure

In March 2020, the Group decided to endorse the recommendations of the TCFD^{*2} and participate in the TCFD Consortium, which consists of companies, financial institutions and other organizations which support those recommendations. We will appropriately disclose the impact (risks and opportunities) of climate change on the Group’s business operations and the results of analyzing that impact in line with the TCFD recommendations.

The Group answers questionnaires for the CDP (a non-profit organization) on a yearly basis. On an 8-step scoring from A to D-, in the fiscal year ended March 2024, we have achieved an “A-” in the CDP Climate Change assessment and CDP Water Security assessment. We have also been recognized the “Supplier Engagement Leader” in CDP Supplier Engagement Rating. For details, please see the following link.

*2 TCFD: Task Force on Climate-related Financial Disclosures. The TCFD was established in 2016 by the Financial Stability Board, an international organization that seeks to stabilize financial systems.

 [CDP Score Report Climate Change 2023\(598KB\)](#)

 [CDP Score Report Water Security 2023\(588KB\)](#)

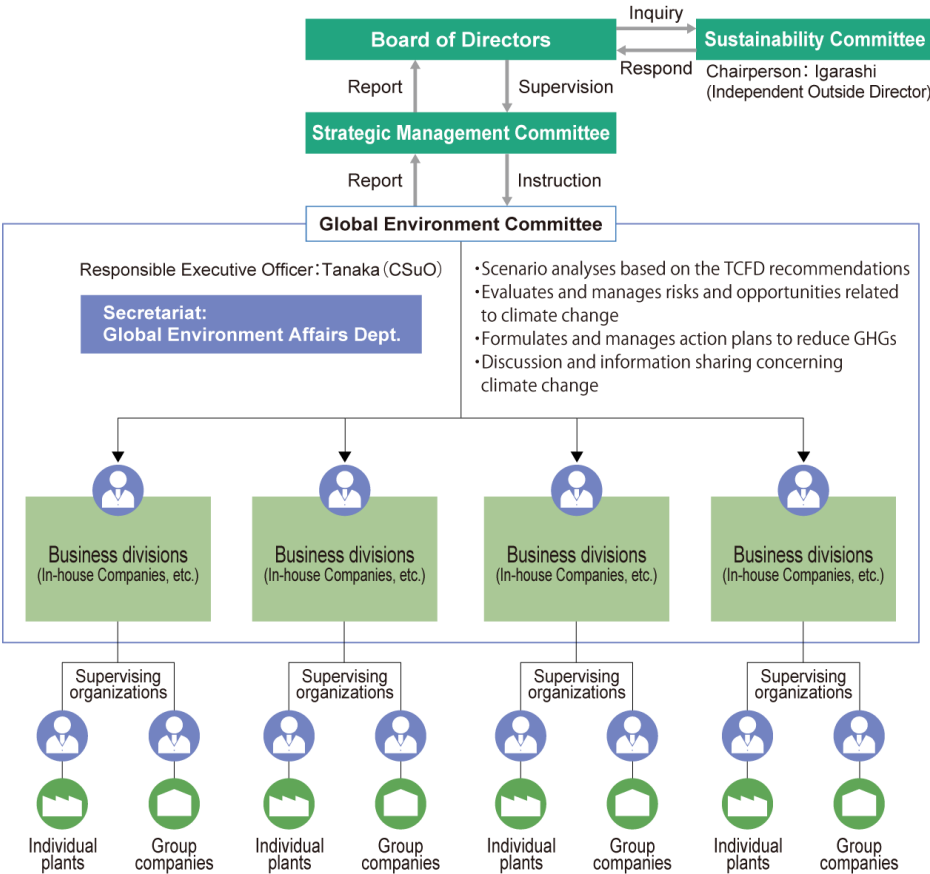
 [CDP Supplier Engagement Rating Reprt 2023\(536KB\)](#)

Governance

We have appointed an Executive Officer (CSuO) to segregate our management strategies, including responding to the issue of Sustainability issues, including addressing climate change. We have also established a Global Environment Affairs Department of the Corporate to plan and promote the Group’s strategic initiatives for risks and opportunities related to climate change. The Global Environment Committee, for which the Global Environment Affairs Department serves as secretariat, Department conducts scenario analyses based on the TCFD recommendations, evaluates and manages risks and opportunities related to climate change, formulates and manages action plans to reduce GHGs, and engages in other discussion and information sharing concerning climate change. In addition, activities are reported to the Strategic Management Committee and the Board of Directors for appropriate monitoring. (Matters for deliberation by and reporting to the Strategic Management Committee and Board of Directors)

- Greenhouse gas emission reduction target setting and reduction plans
- Climate change-related information for disclosure
- Assessment of climate change-related risks and opportunities for each business

The Board of Directors goes beyond the monitoring of sustainability initiatives. The Sustainability Committee, an advisory body to the Board of Directors, was established to actively consider the direction of sustainability efforts from different perspectives and present its findings internally. The committee monitors the Company’s action related to climate change, considers the methods and issues involved, and reports its findings to the Board of Directors.



Strategy

In March 2021, based on the recommendations of the TCFD, we conducted scenario analyses to ascertain the impact (risks and opportunities) that climate change has on the Group's business operations and consider measures aimed at mitigating the risks and capitalizing on the opportunities.

With regard to transition risks and opportunities, in February 2023 we updated our scenario analyses while maintaining consistency with the Medium-term Management Strategy FY2031, and set business indicators and targets. Setting 1.5°C and 4°C scenarios, we estimated the financial impact on the Group in the event that policies and legislation on climate change were stepped up, and carbon pricing was introduced and strengthened. We also analyzed the impact on our business operations in terms of risks and opportunities with regard to the shift in EV demand, changing forms of energy use, and changing demand for the recycling business due to the shift to a recycling-oriented society. Further, in terms of physical risks, in our Group-wide risk management activities we also manage water risks including damage from acute and chronic risks including torrential rain, flooding, storm surges and droughts thought to have materialized in relation to climate change.

For details about our scenario analysis results, please refer to the section on [Climate Change-related Risks and Opportunities](#) .

In addition, an ICP system has been introduced since the fiscal year ending March 2025 to raise awareness of GHG emissions within the company and to further promote decarbonization efforts.

Risk Management

Results of [climate change scenario analysis](#) , the Mitsubishi Materials Group recognizes that climate change risks are one of the key risks that could have a significant impact on the Group's business performance and financial condition, and drives initiatives to address these risks within its risk management activities.

The implementation of risk measures is discussed and monitored by the SCQ Promotion Division and the Strategic Management Committee.

At these meeting bodies, the CSuO is responsible for implementation and operates independently of the Audit Committee. The Board of Directors also verifies and reviews the effectiveness of the risk management process and comprehensively oversees risk management.

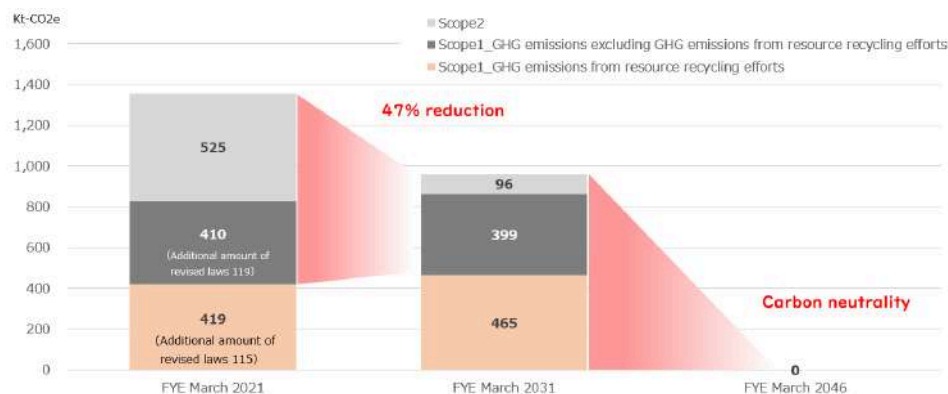
For more details about the Group's risk management system, operating status and the selection process for major risks, please refer to the section on [Enhancing internal control through Group governance](#) .

Indicators and Targets

The Group has revised its GHG emissions (Scope1 + Scope2) reduction target to be set for emissions excluding GHG emissions from resource recycling efforts.

With the start of periodic reporting in the fiscal year ended March 2024 based on the revised Act on Rationalization of Energy Use and Shift to Non-fossil Energy (hereinafter referred to as "Energy Conservation Act") and the Act on Promotion of Global Warming Countermeasures (hereinafter referred to as "Global Warming Prevention Act"), both of which were revised in 2022, we have reorganized our GHG emissions based on these laws and regulations, and added GHG emissions from the combustion of plastic contained in E-Scrap and CO₂ generated from the chemical reaction of limestone used in the manufacturing process, which were previously excluded from the scope of calculation and reporting, have been added to the scope of reporting under both laws and regulations^{*5}.

Since we have set "For people, society and the earth, circulating resource for a sustainable future" as Our Commitment and have made strengthening resource recycling by leveraging the strengths of our business a pillar of our Medium-term Management Strategy, we have set a new GHG reduction target of GHG emissions from our resource recycling efforts of emissions^{*4} excluding GHG emissions from resource recycling efforts, we have set a new GHG reduction target of a 47% reduction^{*5} from the fiscal year ended March 2021 level by the fiscal year ending March 2031.



^{*3} Our GHG emissions are approximately 230kt-CO₂e more in the fiscal year ended March 2021, the base year of the reduction target, and approximately 350kt-CO₂e more in the fiscal year ending March 2031, the target year of reduction, compared to those who reported before the change in the operation of the Act on Promotion of Global.

^{*4} GHG emissions excluding GHG emissions from resource recycling efforts are calculated based on Act on Promotion of Global Warming Countermeasures.

^{*5} The contents of our efforts to reduce GHG emissions are the same as for the previous 45% reduction target, which was set for GHG emissions excluding GHG emissions from E-Scrap and limestone. Including GHG emissions derived from E-Scrap and limestone, the reduction rate is 29%.

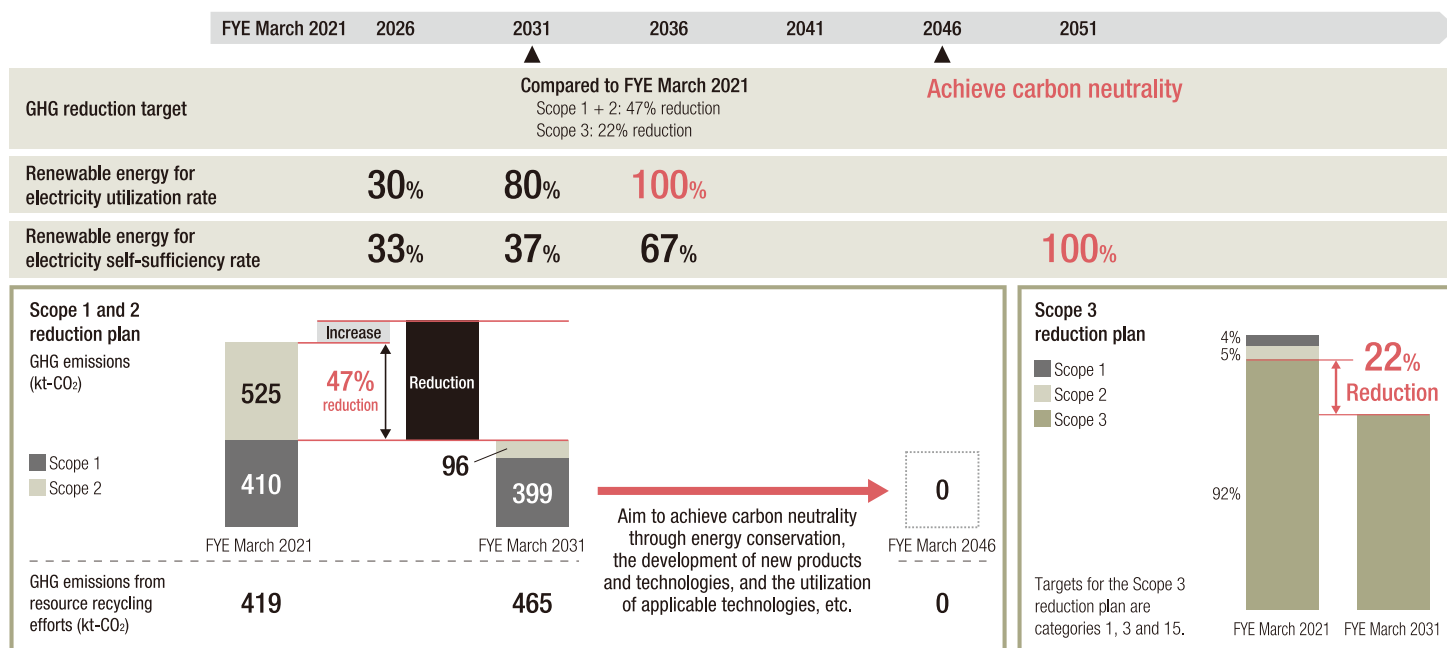
In addition to the GHG emissions reduction target, we have also set the goals of achieving 100% utilization of renewable energy for electricity by the fiscal year ending March 2036 and 100% self-sufficiency in renewable energy for electricity by the fiscal year ending March 2051 by promoting the development and expansion of utilization of renewable energy sources such as geothermal power generation, in which the Group has strengths. In order to achieve these targets, we are working to achieve the following goals.

To achieve these goals, we will invest ¥10.5 billion in energy-saving measures and facility improvements, mainly at manufacturing sites, and ¥30 billion in renewable energy projects by the fiscal year ending March 2031.

We also aim to achieve carbon neutrality including GHG emissions from resource recycling efforts by the fiscal year ending March 2046 with conserving energy and reducing the use of fossil fuels at manufacturing sites, promoting the development of products that contribute to a carbon-neutral society and technologies such as CO₂ capture and CO₂ treatment, and utilize applicable technologies.

From the viewpoint that reduction of GHG emissions in our business supply chain is essential to achieve a CN society in 2050, we have set a target to reduce Scope3 (emissions of other companies related to business activities other than Scope1 and Scope2) by at least 22% by 2030 compared to the fiscal year ended March 2022 (The reduction targets are for Categories 1, 3, and 15).

■ GHG reduction target



*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	- 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.	- CN conversion of furnace (hydrogen, ammonia, etc.) - Electrification of equipment 100% renewable electricity (stable procurement of in-house electricity) - Conversion of air conditioning equipment to non-fluorocarbons - Non-fluorine cleaning solution - Other (technologies for adopting CCUS, etc.) - Development and provision of products and technologies to contribute to a CN society
Scope 2	- Introduction of solar power generation facilities - Increased in-house power generation through installation of saturated steam turbines - Replacement with high-efficiency equipment - Switch to renewable energy sources - Renewable energy certificates, CPPA utilization, etc.	
Scope 3	- Supplier engagement and collaboration - Collaboration with Mitsubishi UBE Cement Corporation and other equity method affiliated companies	
Investment Plan	¥10.5 billion GHG reduction investment in facilities and processes ¥30 billion in the renewable energy business	

Participation in JMIA's Carbon Neutrality Action Plan

Ahead of adoption of the Kyoto Protocol in 1997, the Japan Mining Industry Association (of which Mitsubishi Materials is a member) formulated a Voluntary Environmental Action Plan to solve the issue of climate change. A further refinement of this plan was formulated starting in 2013 as the Action Plan for Low-Carbon Society, as part of continuing efforts to reduce CO₂ emissions from non-ferrous smelting in Japan. Interests and expectations for the realization of carbon neutrality had been growing since the government had set a target of carbon neutrality by 2050 and to reduce GHG emissions by 46% (the industrial sector's target is 38%) from the fiscal year ended March 2014 levels by the fiscal year ending March 2031. So, JMIA revised the "Commitment to a Low Carbon Society" to the "Carbon Neutrality Action Plan" in the fiscal year ended March 2021. In the fiscal year ended March 2021, JMIA was almost able to achieve its target of reducing CO₂ emissions per unit of production by 26% from the fiscal year ended March 1991 levels by the fiscal year ending March 2031. Therefore, JMIA reviewed the target with advice from the Industrial Structure Council in 2022. The latest target is below.

a. Target Assumptions:

- 2030 production volume of 2.8 million tons (2.407 million tons in FYE March 2023)
- Target indicator will be CO₂ emissions, and the base year will be FYE March 2014)
- Electricity CO₂ emission factor (kg-CO₂/kWh) will be used as the adjusted emission factor (receiving end).

b. Target:

- Reduce CO₂ emissions by 38% from FYE March 2014 levels by FYE March 2031.

As JMIA's CO₂ reduction target is consistent with the target advocated by the Japanese government, we will continue to take part in initiatives to achieve the association's targets.

Details of non-financial evaluation items for annual bonuses (short-term incentive remuneration) for Executive Officers(excluding CEO) (FYE March 2025)

For non-financial evaluation, each Executive Officer is required to set three target items, one of which is a sustainability issue. Each item is broken down into two or three sub-items. The table below summarizes details of non-financial sub-items set for the fiscal year ending March 2025 in accordance with the Sustainability Policy, etc. In the fiscal year ending March 2025, we have set targets for five executive officers with respect to "Proactive Engagement for the Global Environment," which includes climate change performance.

Items in line with the Sustainability Policy	Executive Officer						
	A	B	C	D	E	F	G
Build a Work Environment that puts Safety and Health First	○						○
Respect for Human Rights						○	
Promote Diversity, Equity & Inclusion	○	○	○	○	○	○	○
Cultivate Mutual Prosperity with Stakeholders							
Strengthen Corporate Governance and Risk Management	○	○					○
Engage in Fair Business Transactions and Responsible Sourcing			○			○	
Ensure Stable Provision of Safe, Secure, and High Value Added Products							
Proactive Engagement for the Global Environment	○	○	○	○			○

Sustainable Finance

The Company established the Transition-Linked Finance Framework in November 2023 (Revised in August 2024 due to changes in setting GHG emission reduction targets) to promote our efforts to achieve carbon neutrality. Based on the framework, we are issuing Transition-Linked Bonds and executing Transition-Linked Loans.

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

For more information, see 「[Sustainable Finance](#) 」.

Direction of Carbon Footprint of Products (hereinafter referred to as "CFP") initiatives

CFP^{*6} calculations are attracting increasing interest from various sectors, such as governments and industry associations in Japan and abroad, exploring calculation and utilization methods.

Under these circumstances, we will promote our CFP activities in accordance with the following directions.

■ Deployment

We will sequentially promote the calculation of CFP for the main products we manufacture.

We will start building a system to ensure data reliability.

■ Verification and disclosure

We will promote verification and disclosure of products for which CFP quantification has been completed by a third-party organization as necessary.

■ Reduction

We will systematically implement our GHG reduction measures to reduce CFP.

We will promote engagement with suppliers and promote consistent GHG reduction efforts from upstream to downstream.

■ Results of the initiatives

▶ [Carbon Footprint Calculation for Electrolytic Copper Awarded Third-Party Verification](#) 

*6 Calculation and disclosure of greenhouse gas emissions throughout the product and service lifecycle.

Introduction of Internal Carbon Pricing (ICP) system

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

The internal carbon price is set at ¥10,000 per t-CO₂e and is used in investment decisions for capital expenditures that contribute to reductions in our own GHG emissions (Scope1 + 2). We will actively promote the reduction of GHG emissions by promoting investments that contribute to decarbonization through the introduction of the ICP system.

Risks and Opportunities Related to Climate Change

The financial impact on the Group will be in the form of additional costs incurred in depending on the amount of greenhouse gas emissions, such as when policies and legal regulations on climate change are toughened, and carbon pricing systems (the emissions trading system and carbon tax) are introduced and strengthened. With the global shift to decarbonized societies, certain product markets in which the Group has traditionally been participating are expected to shrink. Any delay in taking action in new expanding markets could adversely affect the Group's results and financial position. The world is currently transitioning rapidly toward a carbon-neutral society based on the Paris Agreement. We believe we need to provide new value by responding quickly to these changes in the social environment.

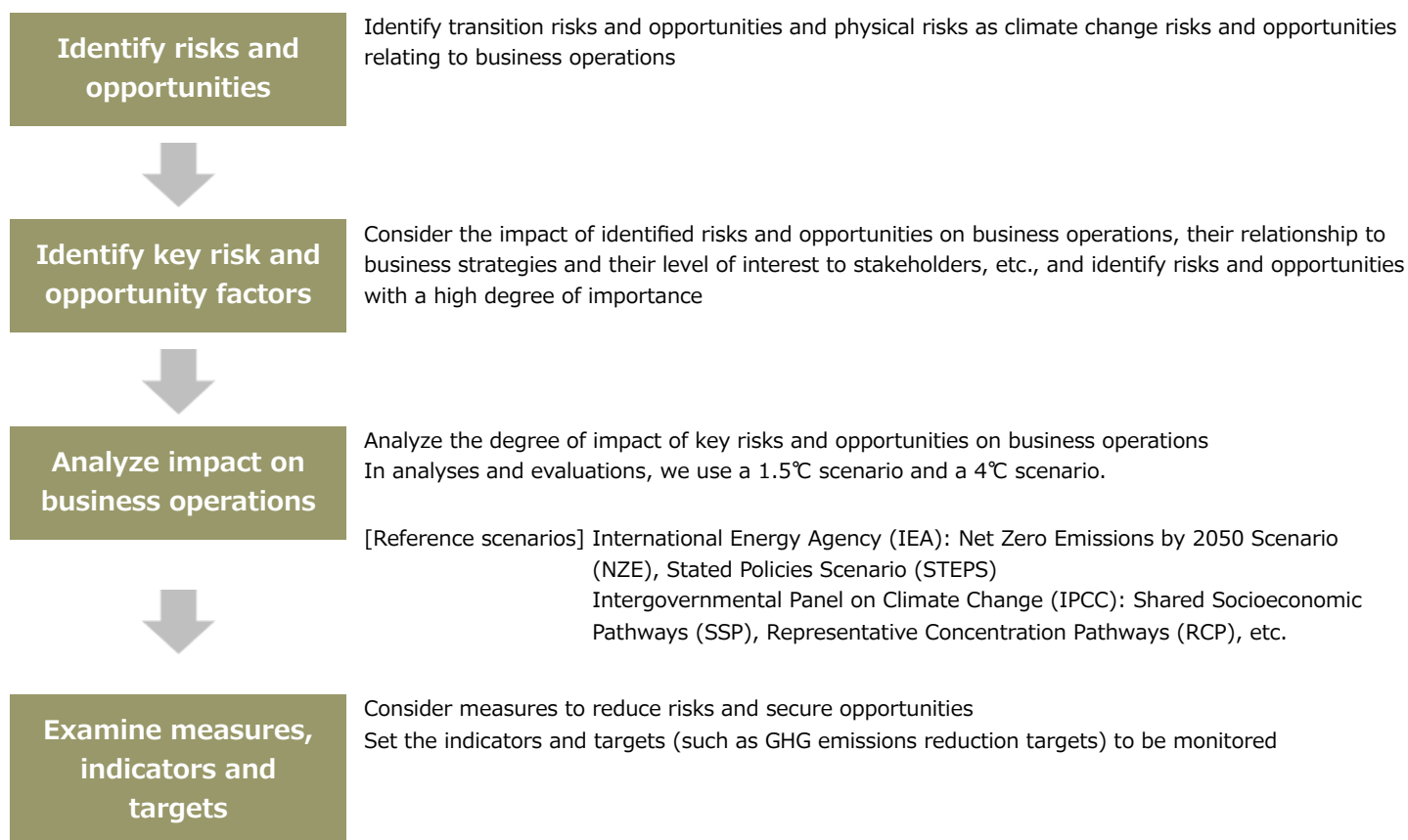
Specifically, we will continue to steadily reduce greenhouse gas emissions from Group business activities by setting greenhouse gas reduction targets, introducing energy-saving equipment, and expanding the use of renewable energy. Furthermore, in order to improve the market competitiveness of Group products, we are enhancing our production processes and developing environmentally friendly products.

Physical risks - including damage from intensified acute water risks thought to be related to climate change such as superstorms, floods, storm surges, or drought, as well as chronic risks - are covered by Group-wide risk management activities. Meanwhile, opportunities arising due to climate change include an expected increase in demand for technologies, products and services that contribute to energy saving and the reduction of greenhouse gas emissions due to the toughening of climate change policies and other measures. The Group takes initiatives such as the manufacturing of materials and products that contribute to decarbonization, the recycling of nonferrous metal resources, the development and promotion of the use of renewable energy such as geothermal power, the development of technologies related to CO₂ capture and effective utilization, and conservation activities for the forest land we own. Through these initiatives, we aim to create both economic and social value.

■ Scenario Analysis

In March 2021, the Group established and analyzed scenarios to ascertain the impact of climate change on the Group's business operations (risks and opportunities) and consider measures for reducing risks and securing opportunities. In February 2023, we updated the scenario analysis and set indicators and targets, while ensuring consistency between transition risks and opportunities and the Medium-term Management Strategy FY2031. We will monitor the situation based on the indicators and targets. We are updating the analysis of physical risks and examining indicators and targets.

Process for identifying risks, opportunities and response measures



Scenario Analysis – World as Envisaged in 2030–2050

■ World as envisioned in analysis

1.5°C Scenario (the world moving toward carbon neutrality in 2050)	4°C Scenario (the world as it is and the world in which things are allowed to take their course)
A scenario that charts out a path for the world's energy sector to follow to achieve net zero CO₂ emissions by 2050. The scenario envisages the world where the social changes necessary for the establishment of a carbon free society and holding the rise in the global average temperature to 1.5°C or less until the end of this century will impact business operations. [World as envisaged] • The setting of a carbon price and the rise of prices globally • Progress in the transition from fossil fuels to renewable energy • Progress in the modal shift and the shift to EVs • Increase in demand for the use of public transportation and vehicle sharing • Preferential selection of decarbonized products by users • Transition to a recycling-oriented society and an increase in waste recycling rates	A scenario reflecting present the policies formulated based on an evaluating specific policies being implemented and policies announced by governments around the world by country or by sector. The scenario envisages the world as described below where the achievement of targets is not required and the global average temperature will rise about 4°C by the end of the this century. [World as envisaged] • Dependency on fossil fuels, increased energy costs • Remarkable economic growth of emerging and developing countries • Slowdown of the shift to modes of mobility with low CO₂ emissions • Limited demand for renewable energy • Intensification of wind and water-related disasters and increase in disaster-related waste • Increased severity of water stress and heat stress

Overview of MMC's Scenario Analysis Based on TCFD Recommendations

With regard to transition risks and opportunities related to climate change, we conducted scenario analysis for one theme across the Company and for three major themes for each business (total of nine minor themes). The external and internal data used in the analysis were updated.

▲ Primary Risks ● Primary Opportunities

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

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

Changes in Carbon Tax, Energy Costs, etc. (Common to all Businesses)

- **【1.5℃】 Risk factor: Introduction/strengthening of carbon price tax system (increase in operation costs)**
- 【4℃】 Risk factor : Introduction of a Carbon Pricing Systems**

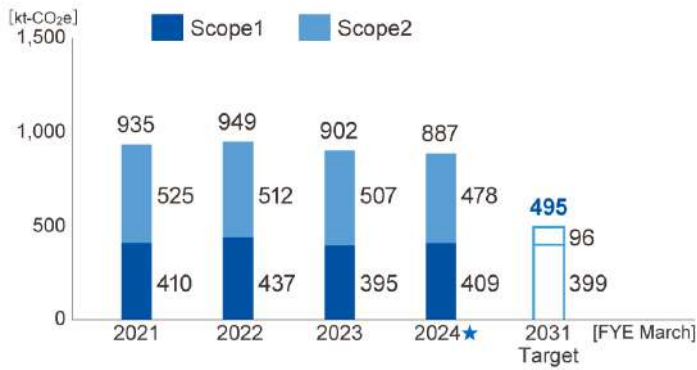
Anticipated world and business impact	【1.5℃】 Increase in production costs due to introduction/strengthening of carbon price system		
	• Higher taxation on GHG emissions and increased energy costs due to higher electricity prices • Increased green power certificate procurement amounts and emissions trading costs • Unit prices of fossil fuels decline due to the advance of decarbonization		
Impact analysis	【4℃】 Introduction of a Carbon Pricing Systems and Increased Production Costs due to Higher Unit Prices of Fuel		
	• Decarbonization efforts do not proceed beyond current policies, and unit prices of fuel increase due to rising demand for fossil fuels up to 2030 • Carbon prices rise moderately on a unit basis		
Future Strategy and Response Toward a 1.5℃ World	【1.5℃】 If the Group achieves its GHG emission target, the CP burden in FYE March 2031 is estimated to be approximately ¥16.6 billion, and the rise in energy costs from FYE March 2021 is estimated to be ¥7.1 billion. Carbon pricing will be a factor contributing to cost increases for the Company While the impact of carbon pricing will extend to society overall, but if there are delays in reducing GHG emissions or the passing on of these costs to the price of Company products does not progress, then there is a risk that it may lead to a decrease in earnings.		
	【4℃】 If the Group achieves its GHG emission target, the CP burden in FYE March 2031 is estimated to be approximately ¥8.3 billion, and the rise in energy costs from FYE March 2021 is estimated to be ¥7.5 billion. Compared with the 1.5℃ scenario, the impact attributable to carbon prices is small, but combined with the increase in energy costs due to higher unit prices for fuel, it will be a factor increasing the Company's production costs.		
Indicator	Group GHG emissions (Scope1 + 2)	Target	• 47% reduction in emissions by FYE March 2031 (compared to FYE March 2021) (excluding GHG emitted due to resource recycling efforts) • Achieve carbon neutrality by FYE March 2046 (excluding GHG emitted due to resource recycling efforts)
Future Strategy and Response Toward a 1.5℃ World	• Formulate a plan to reduce GHG emissions by FYE March 2031, reduce energy consumption by improving the efficiency of facilities and processes, electrify processes and switch fuels, and switch to electricity derived from renewable energy sources (renewable energies). • Switch 100% of our Group's electricity use to renewable energy-derived electricity by FYE March 2036 • Accelerate the long-term use of CN fuels and the development of innovative technologies such as the capture and utilization of CO₂		

Fiscal year ended March 2024 performance against target

■ Group GHG emissions (Scope1,2)

Total greenhouse gas emissions (Scope1 + Scope2) declined by 2% compared with the fiscal year ended March 2023 to 887 thousand t-CO₂e★, as a result of progress switching to electricity from renewable energy sources.

Group GHG emissions (Scope1 + 2)



* GHG emissions excluding those from the use of recycled resources.

* Excluding businesses and subsidiaries that have been or are planned to be removed from the scope of consolidation due to business portfolio adjustment as of the fiscal year ended March 2024.

Changes in Demand for Copper Due to Progress in Responding to Climate Change (Smelting and Resource Recycling Business)

- **[1.5℃] Opportunity factor: Increase in xEV sales volume**
[4℃] Opportunity factor: Increase in the Automobile Units Sold

Anticipated world and business impact	[1.5℃] Rapid growth in copper demand due to increased EV sales aimed at decarbonization - Overall automobile sales volume will increase toward FYE March 2031, and worldwide demand for copper for use in automobile applications will increase by a factor of around 3.3 times by FYE March 2031 and 4.6 times by FYE March 2051 compared with FYE March 2021 levels. - Sales volume of xEVs is expected to increase approximately 24-fold by FYE March 2031 compared to FYE March 2021. [4℃] Despite a low percentage of xEVs, demand for copper rises due to an increase in the total automobile units sold - As overall automobile sales volume increases despite a low ratio of xEVs, the global volume of copper needed for the automotive sector will expand to about 2.1 times FYE March 2021 levels in FYE March 2031, and around 2.7 times FYE March 2021 levels by FYE March 2051. - Total worldwide automobile sales volume in FYE March 2031 is predicted to increase to roughly 1.8 times that of FYE March 2021 levels.
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Impact analysis	In the 1.5℃ scenario due to a significant increase in the sales volume of xEVs which use more copper than conventional automobiles, and in the 4℃ scenario due to an increase in total automobile sales volume, worldwide copper demand for automotive applications is predicted to significantly increase. This will be an opportunity to expand sales by strengthening production of copper cathode and capturing demand.
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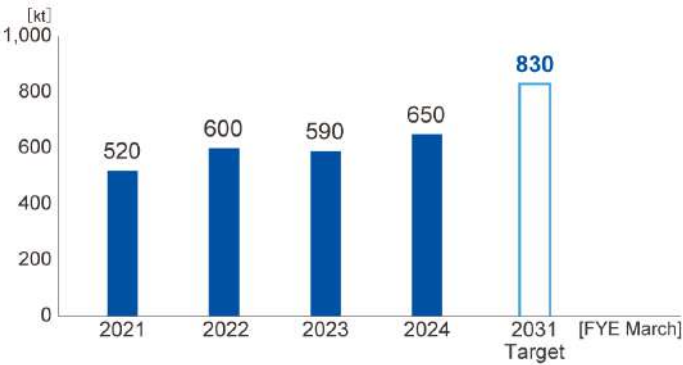
Indicator	Copper cathode sales volume	Target	End of FYE March 2031 830,000t/year
Future Strategy and Response Toward a 1.5℃ World	To meet growing copper demand, we will invest in facilities at our domestic bases and increase our copper ore processing volume by 1.3 times (Naoshima) and copper cathode sales volume by 1.4 times (overall business) from the current levels by FYE March 2031. This stable supply of copper cathode will contribute to realizing a decarbonized society.		

Fiscal year ended March 2024 performance against target

■ Copper cathode sales volume

Sales volume for copper cathode in FYE March 2024 increased to 650,000 tons after Onahama Smelting and Refining Co., Ltd. was made a wholly owned subsidiary.

Copper cathode sales volume



Changes in Demand Related to Automobile Recycling (Smelting and Resource Recycling Business)

● 【1.5℃,4℃】 Risk factor: Decrease in the number of scrapped vehicles

Anticipated world and business impact	【1.5℃】 Decrease in the number of scrapped vehicles due to the decline in the Japanese population and the advance of car sharing in a decarbonized society - Due to the declining population in Japan and the decrease in sales volume resulting from the advance of car sharing, the number of scrapped automobiles in Japan will remain almost flat in FYE March 2031 compared to FYE March 2021, and will decrease by about 0.85 times by FYE March 2051. - The overall number of vehicles processed will decrease, but the percentage of next-generation vehicles will increase (18% by FYE March 2031 and 78% by FYE March 2051). 【4℃】 Decrease in the number of end-of-life vehicles generated due to Japan's declining population - In connection with a decline in automobile sales volume due to a decline in the Japanese population, the number of end-of-life vehicles in Japan will remain largely flat in FYE March 2031 compared with FYE March 2021 levels, and declined by around 0.89 times by FYE March 2051.
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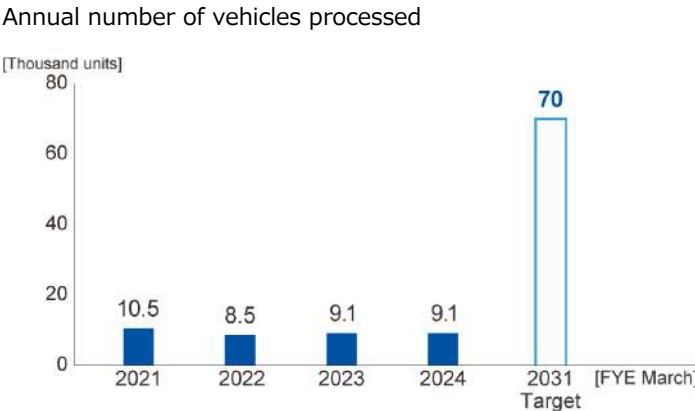
Impact analysis	1.5℃ and 4℃ scenarios also, the number of vehicles processed in Japan is expected to decline, and there is a risk that automobile recycling sales will decline. However, in the 1.5℃ scenario, the trend in market size contraction will be moderated by the sharp rise in prices of valuable metals.
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Indicator	Annual number of vehicles processed (thousand units/year)	Target	End of FYE March 2031 70,000 units/year
Future Strategy and Response Toward a 1.5℃ World	- Aim to increase sales by expanding our market share, on the strength of our efficient processing technology for next-generation automobiles utilizing technology accumulated in the home appliance recycling business - As a processing base for next-generation automobile recycling, we will increase our processing capacity by utilizing alliances in current technology demonstrations, etc., and expanding the number of sites to a total of three. - Contribute to the realization of a recycling-oriented society by meeting resource recycling needs through automobile recycling		

Fiscal year ended March 2024 performance against target

■ Annual number of vehicles processed

The annual number of vehicles processed in the fiscal year ended March 2024 was 9,100 units, around the same number as the fiscal year ended March 2023, reflecting the ongoing impact of sharply rising prices of second-hand vehicles and a reduction in vehicles delivered from dealerships.



Changes in Product Demand Due to EV Shift (Copper & Copper Alloy Business)

- 【1.5℃】 Opportunity factor: Increase in xEV sales volume
- 【4℃】 Opportunity factor: Increase in Automobile sales volume

Anticipated world and business impact	【1.5℃】 Rapid growth in demand for EV-related products for decarbonization • Overall automobile sales will increase toward FYE March 2031, and demand for connectors and bus bars for automobiles will increase 2.6 times by FYE March 2031 and 3.1 times by FYE March 2051 compared to FYE March 2021. • Sales volume of xEVs is expected to increase approximately 24-fold by FYE March 2031 compared to FYE March 2021.
	【4℃】 Despite a low percentage of xEVs, demand for products rises due to an increase in the total automobile units sold • As overall automobile sales volume increases despite a low ratio of xEVs, the demand for connectors and busbars for the automotive sector will expand to about 2.2 times FYE March 2021 levels in FYE March 2031, and around 2.4 times FYE March 2021 levels by FYE March 2051 • Total automobile sales volume in FYE March 2031 is predicted to increase to roughly 1.8 times that of FYE March 2021 levels.

Impact analysis	In the 1.5℃ scenario, given a significant increase in the sales volume of xEVs which use more copper products than conventional automobiles, and in the 4℃ scenario due to an increase in total automobile sales volume , a significant expansion of demand for the Company's rolled copper products is predicted. This will be an opportunity to expand sales by strengthening production of related products and capturing demand.
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Indicator	Sales volume of pure copper strips for vehicles (Compared to FYE March 2021)	Target	End of FYE March 2031 Double (compared to FYE March 2021)
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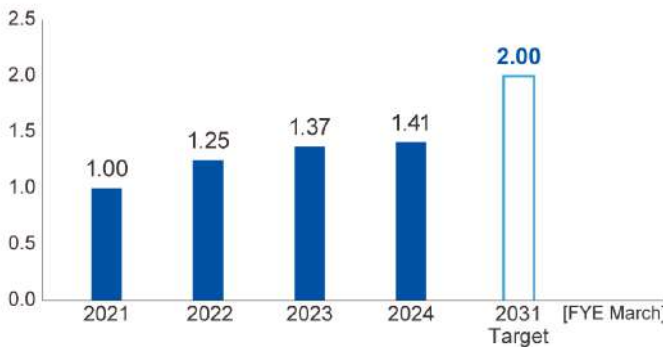
Future Strategy and Response Toward a 1.5℃ World	• In order to build a supply system that can meet the rapidly growing demand for products for EVs, increase our production capacity of copper components by at least 1.3 times by FYE March 2031 compared to FYE March 2021 (Production capacity is being increased at Japanese production sites) • Contribute to the realizing a decarbonized society by developing products with higher performance and lower environmental impact
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Fiscal year ended March 2024 performance against target

■ Sales volume of pure copper strips for vehicles

Sales volume of pure copper strips for vehicles in the fiscal year ended March 2024 increased 2.5% from the fiscal year ended March 2023, reflecting an increase and scaling-up of bus bars for batteries and electronic equipment for automotive component manufacturers driven by increased electric vehicle production by auto manufacturers.

Sales of pure copper strips for vehicles
(Compared to FYE March 2021)



Changes in Demand Related to Modal Shift and EV Shift (Metalworking Solutions Business)

- **[1.5℃] Risk factors:** Rapid change in market for processed products due to modal shift, etc.
- [4℃] Opportunity factor:** Increased production volume of engine-powered vehicles and aircraft

Anticipated world and business impact	[1.5℃] Decrease in demand for cutting tools for engines due to increase in EV ratio - Significant increase in xEV sales and increased use of lightweight materials - Production volume of engine-powered vehicles is expected from fall to around 0.59 times the FYE March 2021 level in FYE March 2031, and to around 0.01 times by FYE March 2051. As a result, sales of cutting tools used to work on engines and transmissions will decrease. - Production volume of engine-powered aircraft is expected to be approximately 1.18 times the FYE March 2021 level by FYE March 2031, and about 1.61 times by FYE March 2051. As a result, sales of cutting tools used to work on aircraft components will increase. [4℃] Increased demand for cutting tools due to higher production volume of engine-powered vehicles and aircraft - Production volume of engine-powered vehicles is expected to be approximately 1.44 times the FYE March 2021 level in FYE March 2031, and about 1.32 times by FYE March 2051. As a result, sales of cutting tools used to work on engines and transmissions will decrease. - Production volume of engine-powered aircraft is expected to be approximately 1.48 times the FYE March 2021 level by FYE March 2031, and about 2.60 times by FYE March 2051. As a result, sales of cutting tools used to work on aircraft components will increase.
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Impact analysis	[1.5℃] As there is an accelerating shift toward electric motors and lighter weights in the automotive industry and demand for the cutting tools used in the machining of difficult-to-cut materials is predicted to increase, there could be an opportunity for the Company to expand sales by revising its product mix and capture this demand. However, there is a risk that sales of cutting tools for the machining of engines and transmissions, currently mainstay products, will decrease, falling to 0.996 times that of FYE March 2021 levels by FYE March 2031 and to 0.718 times FYE March 2021 levels by FYE March 2051. In the aerospace industry, since aircraft production volume is expected to increase, sales of cutting tools for the industry are expected to increase to 1.18 times that of FYE March 2021 levels by FYE March 2031, and to 1.61 times FYE March 2021 levels by FYE March 2051. [4℃] As production volume of engine-powered vehicles and aircraft is predicted to rise due to a lack of progress in modal shift and EV shift, there will be an opportunity to increase sales of cutting tools for the automotive and aerospace industries, which are key products. Compared with FYE March 2021 levels, net sales of cutting tools for the automotive industry are expected to increase by 1.71 times by FYE March 2031 and by 1.65 times by FYE March 2051, and net sales of cutting tools for the aerospace industry are expected to rise by 1.48 times by FYE March 2031 and 2.60 times by FYE March 2051.
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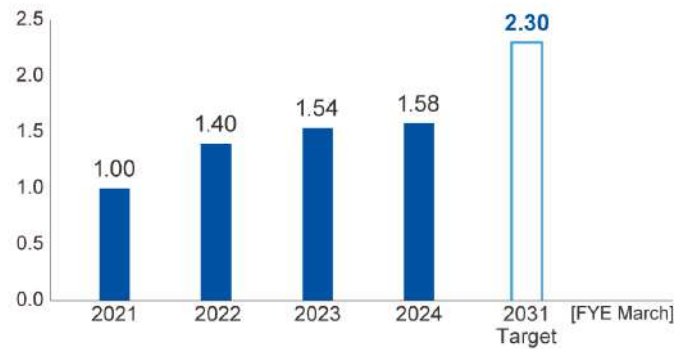
Indicator	Sales of cutting tools (Compared to FYE March 2021)	Target	End of FYE March 2031 2.3 times (compared to FYE March 2021)
Future Strategy and Response Toward a 1.5℃ World	- Contribute to the realizing a decarbonized society by developing and supplying products such as tools for machining difficult-to-machine materials to meet growing demand in the 1.5℃ scenario, and expanding our global market share. - In the automotive product market, we will closely monitor the trend toward EVs and develop tools for processing EV parts as necessary. In the new markets that will replace the automotive industry, we also aim to increase sales of cutting tools by targeting the small precision machining field (robots, semiconductor manufacturing equipment, telecommunications, etc.) as a strategic market.		

Fiscal year ended March 2024 performance against target

■ Sales of cutting tools

The increase in sales of cutting tools in the fiscal year ended March 2024 was limited to 2.5% due to a delayed recovery in demand in Japan and China.

Sales of cutting tools
(Compared to FYE March 2021)



Changes in Demand Related to LIB-R and PV-R (Smelting and Resource Recycling Business)

- **【1.5℃,4℃】 Opportunity factor: Increase in demand for automotive LIB and solar panel(PV) recycling**

Anticipated world and business impact	【1.5℃】 Recycling demand will expand for automotive LIBs and PV waste generated on rapidly increased • The volume of used LIBs recycled (with reuse in mind) in Japan due to the disposal of xEVs is expected to expand to around 50 times FYE March 2021 levels by FYE March 2031, and to 350 times FYE March 2021 levels by FYE March 2051. • The volume of used PV equipment recycled (with reuse in mind) in Japan is expected to expand to around 8.3 times FYE March 2021 levels by FYE March 2031, and to over 300 times FYE March 2021 levels by FYE March 2051.
	【4℃】 Recycling demand will expand for automotive LIBs and PV waste generated on increased • The volume of used LIBs recycled (with reuse in mind) in Japan due to the disposal of xEVs is expected to expand to around 14 times FYE March 2021 levels by FYE March 2031, and to 92 times FYE March 2021 levels by FYE March 2051. • The volume of used PV equipment recycled (with reuse in mind) in Japan is expected to expand to around 7.8 times FYE March 2021 levels by FYE March 2031, and to over 120 times FYE March 2021 levels by FYE March 2051.

Impact analysis	1.5℃ and 4℃ scenarios also, due to increased demand for EVs and solar power generation, it is anticipated that the emissions of automotive LIBs and PVs will increase at Japan in the future , and that the demand for recycling will increase accordingly . This will be an opportunity to increase sales by promoting commercialization based on demonstration tests currently underway.
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Indicator	Amount of automotive LIBs recycled*7	Target	End of FYE March 2031 870t-LIB/year
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Future Strategy and Response Toward a 1.5℃ World	• Commercialize PV recycling to broaden the scope of target items at home appliance recycling sites • Contribute to the realization of a recycling-oriented society by developing automobile and LIB recycling sites in each region, and by working to upgrade and streamline recycling technologies
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*7 Up to the point of black mass production (including LIB removal, discharging, dismantling, pyrolysis, crushing, and sorting).

Fiscal year ended March 2024 performance against target

■ State of development of LIB recycling technologies

We have continued to develop technologies aimed at building the business infrastructure for LIB dismantlement and the production of black mass, including the use of robots to automate the LIB unit dismantlement process. Going forward we will continue to explore ways in which we can help realization of a recycling-oriented society by establishing technologies to safely and efficiently perform the proper processing of automotive LIB units, whose waste volume is expected to increase.

Changes in Demand Related to Batteries (Metalworking Solutions Business)

- 【1.5℃,4℃】 Opportunity factor: Increase in demand for EV batteries and storage batteries

Anticipated world and business impact	【1.5℃】 Growing demand for tungsten powder due to rapidly increase in EV batteries and stationary storage batteries • Demand for EV batteries is projected to grow 21-fold by FYE March 2031 and 30-fold by FYE March 2051 compared to FYE March 2021 due to increased sales of BEVs and PHEVs. • Growing demand for renewable energy is expected to lead to an approximately 20-fold increase in stationary storage battery installations by FYE March 2031 and a 22-fold increase by FYE March 2051, compared to FYE March 2021.
	【4℃】 Growing demand for tungsten powder due to increase in EV batteries and stationary storage batteries • Demand for EV batteries is projected to grow 6.7-fold by FYE March 2031 and 12-fold by FYE March 2051 compared to FYE March 2021 due to increased sales of BEVs and PHEVs. • Growing demand for renewable energy is expected to lead to an approximately 5.2-fold increase in stationary storage battery installations by FYE March 2031 and a 10-fold increase by FYE March 2051, compared to FYE March 2021.

Impact analysis	In the 1.5℃ scenario, the growing demand for EVs and the rapid increase in demand for storage batteries are expected to significantly increase demand for high-performance powders for rechargeable batteries. Even in the 4℃ scenario, EV demand and storage battery demand will increase, albeit to a small extent. 1.5℃ and 4℃ scenarios also, this will be an opportunity to increase sales by capturing demand through the expansion of our production capacity for tungsten-based high-performance powder. Sales of high-performance powder is expected to increase to 1.9 times FYE March 2021 levels by FYE March 2031 and to 3.8 times FYE March 2021 levels by FYE March 2051, due to the Company achieving its manufacturing plans.
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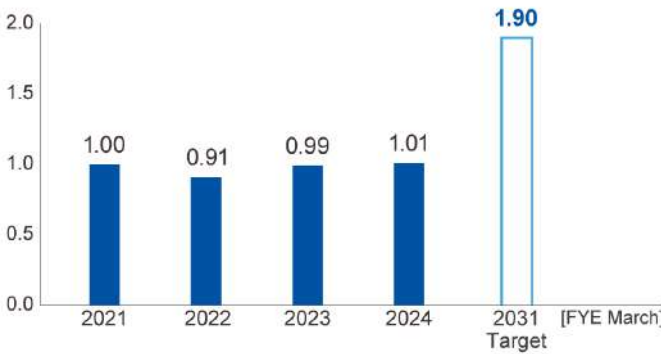
Indicator	Production of high-functional powder for rechargeable batteries	Target	End of FYE March 2031 1.9 times (compared to FYE March 2021)
Future Strategy and Response Toward a 1.5℃ World	• Contribute to the realizing a decarbonized society by developing and supplying products to meet growing demand in the 1.5℃ scenario, such as tungsten powder products for LIBs for EVs and LIBs for solar power generation equipment. • Expand our tungsten powder product business in cooperation with Masan High-Tech Materials. • Contribute to the realization of a recycling-oriented society by promoting tungsten recycling		

Fiscal year ended March 2024 performance against target

■ Production of high-functional powder for rechargeable batteries

The manufacturing volume of high-performance powders for rechargeable batteries in the fiscal year ended March 2024 recovered to pre-pandemic levels, but the increase from the fiscal year ended March 2023 was limited to 2.9% due to a sluggish expansion of the rechargeable battery market.

Production volume of high-functional powder for rechargeable batteries (Compared to FYE March 2021)



Changes in Demand for Renewable Energy (Renewable Energy Business)

● 【1.5℃,4℃】 Opportunity factor: Increase in spread and demand for renewable energy

Anticipated world and business impact

- 【1.5℃】 Medium- and long-term expansion of the renewable energy market toward a net-zero society
- Demand for renewable energy is expected to keep growing, with Japan's geothermal and wind power generation projected to increase 4.7-fold and 9.8-fold, respectively, by FYE March 2031 and 15-fold and 48-fold, respectively, by FYE March 2051, compared to FYE March 2021.
 - Given the status of renewable energy uptake and the relationship between supply and demand, environmental value is set at between 1.3-4 yen per kWh, with unit prices for FIT/FIP declining by 10% over three years.
- 【4℃】 Renewable energy demand will expand due to the implementation of current policies, but to a limited extent.
- Demand for renewable energy is expected to keep growing, with Japan's geothermal and wind power generation projected to increase 2.3-fold and 5.0-fold, respectively, by FYE March 2031 and 4-fold and 7.5-fold, respectively, by FYE March 2051, compared to FYE March 2021.
 - Assuming limited demand for renewable energy, environmental value is set at 0.3 yen, with unit prices for FIT/FIP declining by 5% over three years to encourage demand.

Impact analysis

While the unit price of electricity sold and environmental value will fluctuate due to environmental policies and the advance of technology, under both the 1.5℃ and 4℃ scenarios renewable energy demand itself will expand, and in particular **the growth rate of demand for wind power generation and geothermal power generation will be higher than other renewable energy sources.** Researching and developing new power generation sites **represents an opportunity for the Company to expand its renewable energy business.** By achieving its plans for retained power generating capacity, the Company expects to increase sales by **¥5,240 million by FYE March 2031 and ¥23,668 million by FYE March 2051 compared with FYE March 2021 levels** under the 1.5℃ scenario, and by **¥5,046 million by FYE March 2031 and ¥20,185 million by FYE March 2051 compared with FYE March 2021 levels** under the 4℃ scenario.

Indicator

Our share of renewable energy sales volume

Target

End of FYE March 2031
575GWh

Future Strategy and Response Toward a 1.5℃ World

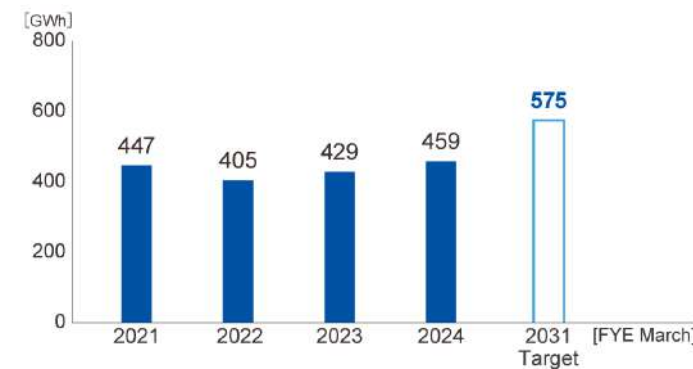
- Work to improve profitability through stable operation of existing power plants and utilization of environmental values, etc.
- Focus on investigation and development of new power generation sites (development of new geothermal projects in the Hachimantai district and other regions, and entry into wind power generation)
- Aim to expand the scale of power generation and related businesses through collaboration with other companies

Fiscal year ended March 2024 performance against target

■ Our share of renewable energy sales

With the Komatagawa New Power Plant entering commercial operation in December 2022 and the Appi Geothermal Power Plant commencing commercial operation in March 2024, in the fiscal year ended March 2024 power generation volume was 107% compared with the fiscal year ended March 2023.

Our share of renewable energy sales (GWh)



* The amount of electricity sent from each power plant is totaled as the amount of equity power purchase.
* Including power consumed within the Company for the construction of the new Komatagawa Power Plant from the FYE March 2021 to the FYE March 2023.

Changes in Demand for E-Scrap Recycling Business Due to Shift to Recycling-Oriented Society (Smelting and Resource Recycling Business)

● [1.5°C,4°C] Opportunity factor: Increase in demand for E-Scrap recycling

Anticipated world and business impact	[1.5°C] Increase in demand for recycling waste electronic equipment in line with economic growth in each country - This is a world in which there is comparatively steady progress toward the development of a sustainable society, and with the elimination of worldwide economic inequalities, etc. and growth of the global economy, E-Scrap generation is expected to increase. - Estimated worldwide E-Scrap generation is expected to be 1.4 times FYE March 2021 levels by FYE March 2031 and 2.5 times FYE March 2021 levels by FYE March 2051, due to regional growth rates and population trends. (*results of estimates when FYE March 2023 analysis was performed) - Despite the risk of a decrease in the amount of valuable metals recovered due to a decline in the grade of valuable metals in E-Scrap, the amount of valuable metals recovered when we process 240,000 tons of E-Scrap will be 1.9 times the FYE March 2021 level.
	[4°C] Increase in demand for recycling waste electronic equipment in line with economic growth in each country - This is a world in which little progress has been made in eliminating the reliance on fossil fuels and the speed of economic growth is slow, but due to worldwide population growth, the amount of E-Scrap generated is expected to increase. - Estimated worldwide E-Scrap generation is expected to be 1.3 times FYE March 2021 levels by FYE March 2031 and 1.6 times FYE March 2021 levels by FYE March 2051, due to regional growth rates and population trends. (*results of estimates when FYE March 2023 analysis was performed)

Impact analysis	Due to economic growth in each country and worldwide population growth under the 1.5°C scenario, and due to worldwide population growth under the 4°C scenario, global E-scrap generation in FYE March 2031 will increase. There is a risk of a decline in the grade of valuable metals in E-Scrap leading to a decrease in the amount recovered, and a risk of difficulties in collecting E-Scrap due to successive entries into the E-Scrap market by competitors and international moves to lock in resources. However, increasing our recycling capacity will increase our E-Scrap processing volume and provide an opportunity to increase our sales.
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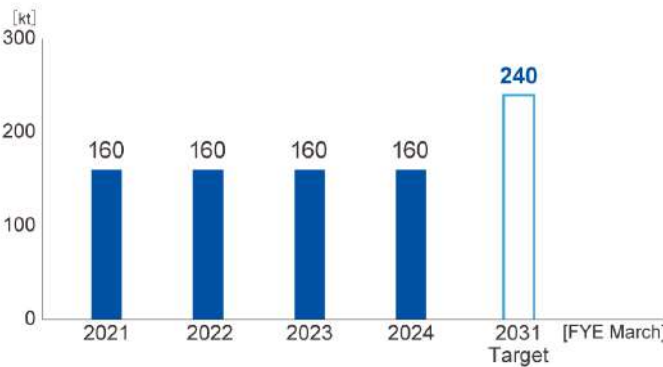
Indicator	E-Scrap processing capacity	Target	End of FYE March 2031 240,000t/year
Future Strategy and Response Toward a 1.5°C World	- To meet the growing demand for recycling due to the increased amount of E-Scrap generated, enhance E-Scrap processing capacity by constructing a recycling yard and strengthening the system for efficiently recovering the trace elements in E-Scrap. - Enhance the functions of the Mitsubishi Materials E-Scrap EXchange (MEX) platform for E-Scrap trading to improve customer convenience and increase E-Scrap collection, thereby contributing to the creation of a recycling-oriented society.		

Fiscal year ended March 2024 performance against target

■ E-Scrap processing capacity

E-scrap processing capacity in the fiscal year ending March 2024 remained unchanged from the fiscal year ended March 2021 level at 160,000 tons. To reach our target processing capacity of 240,000 tons by the fiscal year ended March 2031, we constructed a new recycling yard at Onahama in the fiscal year ended March 2024 to increase receiving capacity. We plan to carry out construction to expand processing capacity at Naoshima in the fiscal year ending March 2027.

E-Scrap processing capacity (kt/year)



Changes in Demand Related to Home Appliance Recycling (Smelting and Resource Recycling Business)

- **【1.5℃,4℃】 Opportunity factor: Increase in demand for home appliance recycling**

Anticipated world and business impact	【1.5℃】 The amount of home appliance waste processed will increase due to the rising frequency of energy-efficient home appliance upgrades in response to global warming and rising energy costs • In FYE March 2031, while the Japanese population will decline, the number of households will increase due to each household comprising fewer people. As a result, there will be an increase in the volume of home appliances owned. By FYE March 2051, however, further declines in the population will also reduce the outright number of households, and the volume of home appliances owned will decline accordingly. • As people become more energy efficiency-oriented in response to low-carbon regulations and rising fuel prices, replacement purchases of top tier items will increase in frequency. • The home appliance recovery rate will improve on the way to FYE March 2051 due to recycling regulations and other factors. 【4℃】 Slight increase in waste home appliance disposal weight due to increase in air conditioner ownership linked to rising temperatures and a higher frequency of breakdowns and replacement • With a lower birthrate than the 1.5℃ scenario and further declines in the population and number of households in Japan, home appliance ownership will decline. • The frequency of air conditioner replacements will increase due to breakdowns caused by rising temperatures. • Replacements of home appliances will increase with the rise in wind and flood disasters. As a result, total home appliance waste generation in Japan will increase slightly by both FYE March 2031 and FYE March 2051 compared with FYE March 2021 levels.
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Impact analysis	【1.5℃】 Given fluctuations in home appliance ownership due to changes in the number of households in Japan, and an increase in the home appliance recovery rate attributable to recycling regulations and other factors, it is estimated that the total volume of disposed home appliances across Japan will increase by 6% compared with FYE March 2021 levels by FYE March 2031, and by 10% compared with FYE March 2021 levels by FYE March 2051. There is an opportunity to increase sales by scaling up the Company's home appliance disposal business. 【4℃】 With increased air conditioner ownership linked to rising temperatures and a higher frequency of breakdowns and replacements due to wind and flood damage, it is estimated that the total volume of disposed home appliances across Japan will increase by 2% compared with FYE March 2021 levels by FYE March 2031, and by 1% compared with FYE March 2021 levels by FYE March 2051. There is an opportunity to increase sales by scaling up the Company's home appliance disposal business.
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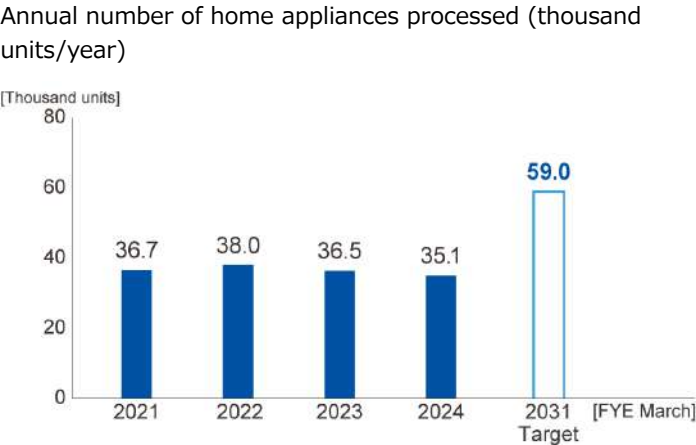
Indicator	Annual number of home appliances processed	Target	End of FYE March 2031 5.9 million units/year
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Future Strategy and Response Toward a 1.5℃ World	• Contribute to building a recycling-oriented society by expanding business through M&A of existing plants and establishment of new recycling plants. • In addition to automation and labor saving, we will differentiate ourselves by strengthening management through a cloud-based operation management system, and visualizing environmental value through LCA evaluations.
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Fiscal year ended March 2024 performance against target

■ Annual number of home appliances processed

In the fiscal year ended March 2024 we had expected to see post-pandemic replacement demand, but due to a shift in consumption behavior away from the consumption of goods towards the consumption of experiences, the number of units received declined to 3.51 million units, a 3.6% decline.

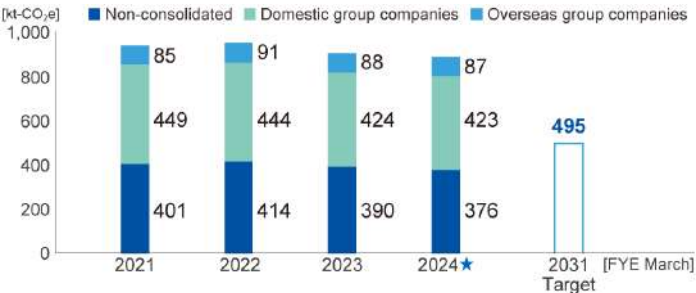


GHG Emission Results and Initiatives

FYE March 2024 GHG Reduction Activities

■ GHG emissions (breakdown of non-consolidated, domestic Group companies, and overseas Group companies)

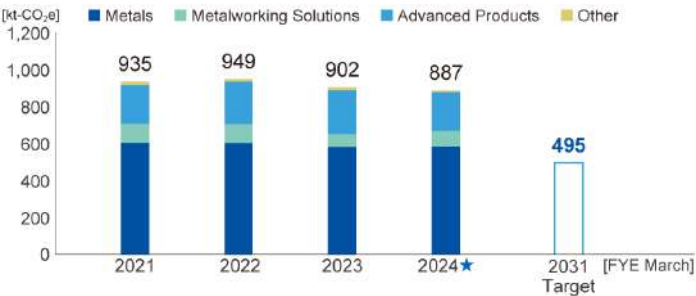
The GHG emissions (Scope1 + 2) for the entire Group in the fiscal year ended March 2024 were 887 thousand t-CO₂e★. As a result of the switch to electricity derived from renewable energy sources, GHG emissions decreased by 15 thousand t-CO₂e from the fiscal year ended March 2023. The breakdown of GHG emissions was 42% by the parent company, 48% by domestic Group companies, and 10% by overseas Group companies.



- * GHG emissions excluding those from the use of recycled resources.
- * Excluding businesses and subsidiaries that have been or are planned to be removed from the scope of consolidation due to business portfolio adjustment as of the fiscal year ended March 2024.

■ GHG emissions (breakdown by business)

In the fiscal year ended March 2024, GHG emissions by business segment were 66% in Metals business, 9% in Metalworking Solutions business, 24% in Advanced Products business, and 1% in Other business.



- * GHG emissions excluding those from the use of recycled resources.
- * Excluding businesses and subsidiaries that have been or are planned to be removed from the scope of consolidation due to business portfolio adjustment as of the fiscal year ended March 2024.

■ Breakdown of Total Emissions for FYE March 2024 [kt-CO₂e]

Total GHG emissions for the fiscal year ended March 2024 was 1,671 t-CO₂e★, including GHG emissions from resource circulation initiatives (422,000 t-CO₂e) and GHG emissions from businesses and subsidiaries that have been decided to be removed from the scope of consolidation due to business transfers, etc. (363,000 t-CO₂e).

GHG emissions from energy sources accounted for 24% of total GHG emissions, and GHG emissions from resource circulation initiatives accounted for 25%.

Category		Non-consolidated	Domestic Group companies	Overseas Group companies	Total
Scope1	From energy sources (fuel, etc.)	108	181	117	406
	From non-energy sources	47	66	21	134
	GHG emissions from resource recycling efforts	170	252	0	422
	Scope1 total	324	499	138	★962
Scope2		221	176	312	★709
Total		545	675	450	★1,671

* Includes GHG emissions from resource recycling initiatives and includes consolidated subsidiaries as of March 31, 2024.

* "Group companies" includes 84 consolidated subsidiaries (35 domestic, 49 overseas).

* As emission factors, the adjusted emission factor of power companies was used for power in Japan, the emission factor published by the International Energy Agency (IEA) was used for power in other countries, and values based on the Act on Promotion of Global Warming Countermeasures were used for fuels and steam.

* Scope2 (Indirect) emissions are market-based emissions. Location-based Scope2 emissions are 760 kt-CO₂e.

■ Scope3 Emissions for FYE March 2024 [kt-CO₂e]

Item		Object	Non-consolidated	Group	Total	Approach to determining the amount of activity
Category 1	Purchased goods and services	Same as organizations covered by environmental data other than greenhouse gas emissions	921	2,402	3,323	The use of raw materials accepted from outside the Group (excluding waste as raw materials and by-products as raw materials) and water intake in terms of physical quantity
	Capital goods	Same as consolidated financial statements	102	204	305	Capital expenditure in the reportable fiscal year
Category 3	Fuel and energy-related activities not included in Scopes 1 and 2	Same as organizations covered by data on greenhouse gas emissions	54	108	162	Fuel consumption by type and volume of electric power and steam purchased from outside the Group

Category 4	Upstream Transportation and Distribution	Same as organizations covered by environmental data other than greenhouse gas emissions	231	512	743	1) Emissions from the physical distribution of products and services, which were purchased in the reportable fiscal year, from suppliers to the company • A transportation scenario was set for each major raw material (excluding waste as raw materials and by-products as raw materials). • Distances between countries were set using the IDEA database on distances between countries, and other distances were set using a distance search site (with distance given by an in-house Company in a questionnaire adopted in some cases). 2) Emissions from the physical distribution of products that were shipped and transported in the reportable fiscal year at the expense of the company • A transportation scenario was set for each major shipped product. • Distances between countries were set using the IDEA database on distances between countries, and other distances were set using a distance search site.
	Waste generated from operations	Same as organizations covered by environmental data other than greenhouse gas emissions	4	18	22	The amount of industrial waste (waste recycled into resources and landfilled waste) was included.
	Business Travel	Consolidated	0	2	2	For non-consolidated the number of employees at each base (plants and offices). For consolidated subsidiaries, the number of employees of each in-house Company from human resources information given in the securities report.

Category 7	Employee commuting	Consolidated	2	5	7	For Mitsubishi Materials (non-consolidated), the number of employees at each base (plants and offices) was used for the calculation. For consolidated subsidiaries, the number of employees of each in-house company from human resources information given in the securities report was used for the calculation.
Category 8	Upstream Leased Assets	—	—	—	—	While there are leased assets, they were excluded from the calculation because they are included in Scope1 and Scope2.
Category 9	Downstream Transportation and Distribution	Same as organizations covered by environmental data other than greenhouse gas emissions	42	134	176	Emissions from physical distribution of products that were shipped and transported to sales destinations at the expense of other companies Transportation from sales destinations to final consumers was excluded. Distances between countries were set by using the IDEA database on distances between countries, and other distances were set by using a distance search site (with the distance given by an in-house company in a questionnaire adopted in some cases).
Category 10	Processing of sold products	Same as organizations covered by environmental data other than greenhouse gas emissions	107	415	522	For products sold, the value for the amount of products shipped by each in-house Company to companies other than group companies was regarded as the value for the amount of activity. Emissions from processing were calculated by setting the primary processing assumed for each product.
Category 11	Use of sold products	—	—	—	—	Products sold were excluded from the calculation because they are materials and parts that are used by a wide range of users and it is therefore difficult to follow their paths to final products.

Category 12	End-of-Life Treatment of Sold Products	Same as organizations covered by environmental data other than greenhouse gas emissions	2	5	8	For products sold, the value for the amount of products shipped by each in-house Company to companies other than Group companies was regarded as the value for the amount of activity. Emissions from disposal were calculated by setting a disposal method assumed for each product.
Category 13	Downstream Leased Assets	—	—	—	—	Leased assets were excluded because virtually no such asset is owned.
Category 14	Franchises	—	—	—	—	Franchising business was excluded because the company does not operate such a business.
Category 15	Investments	Affiliates accounted for by the equity method	5,465	0	5,465	Scope1 + 2 emissions and share of Scope1 + 2 emissions of equity method affiliates in the reporting year
Total			★6,931	3,803	★10,734	

* Raw material procurement, transportation, and product shipment scenarios were set based on the fiscal year ended March 2022 results.

* The calculation was made by referring to the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver. 2.6 from the Ministry of the Environment and the Ministry of Economy, Trade and Industry. Greenhouse gas emissions per unit was calculated by referring to the emission intensity database for calculating greenhouse gas emissions of an organization through the supply chain (Ver. 3.4) and National Institute of Advanced Industrial Science and Technology IDEA Ver. 3.4 from the above ministries.

* Scope3 emissions for the fiscal year ended March 2024 reflect data on Mitsubishi Materials Corporation and 46 consolidated subsidiaries as of March 31, 2024.

Principal Initiatives at Each Business

We regard it as a top priority to save energy wherever possible at our manufacturing facilities and plants. That is why we are so committed to energy saving activities. Specific activities include switching fuels, making effective use of untapped energy, upgrading processes and equipment, installing high-efficiency equipment, optimizing device specifications, and reviewing equipment controls and operating practices. We are constantly working to save energy at smaller facilities, too, including Head Office, branches, sales offices and research facilities, through measures such as installing LED lighting.

Initiatives for Climate Change for Supplier Engagement

We have set a reduction target for Scope3 (Categories 1, 3, and 15) of GHG emissions of 22% below the fiscal year ended March 2021 level by the fiscal year ending March 2031. We are building relationships with our suppliers to reduce GHG emissions throughout our supply chain. Specifically, engagement letters are sent to copper concentrate suppliers related to category 1, which accounts for approximately 30% of Scope3 emissions, information is shared on the status of efforts to address global environmental issues, GHG emissions reduction targets and reduction plans from both the Group and copper concentrate suppliers, and opinions are exchanged through discussions and other means. The Company plans to continue these efforts and expand the suppliers that they apply to.

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

▶ [MOU Signed with Anglo American to Build a Sustainable and Responsible Supply Chain](#) 

For more information on our efforts with suppliers in procurement through the Logistics and Materials Division, please refer to "[Consideration of human rights in the supply chain](#) ".

TOPICS

Initiatives for Scope3 Emissions Reduction MUCC's Efforts Towards Carbon Neutrality

Mitsubishi UBE Cement Corporation (MUCC) is an equity method affiliate, and the Company counts and reports 50% (shareholding ratio of MUCC) of MUCC's Scope1 and 2 emissions as the Group's Scope3 category 15 emissions. As these emissions account for approximately 60% of Scope3 emissions (as of the fiscal year ended March 2021), reducing MUCC's emissions will contribute significantly to the Group's Scope 3 emissions reduction. MUCC has taken the "promotion of global warming countermeasures" as one of its top priorities in its Medium-term Management Strategy, "Infinity with Will 2025: MUCC Sustainable Plan 1st Step," announced in April 2023. It established the Carbon-neutral Technology Promotion Office and the Carbon-neutral Promotion Committee in the fiscal year ended March 2024, to strengthen the implementation structure by improving its organizational structure.

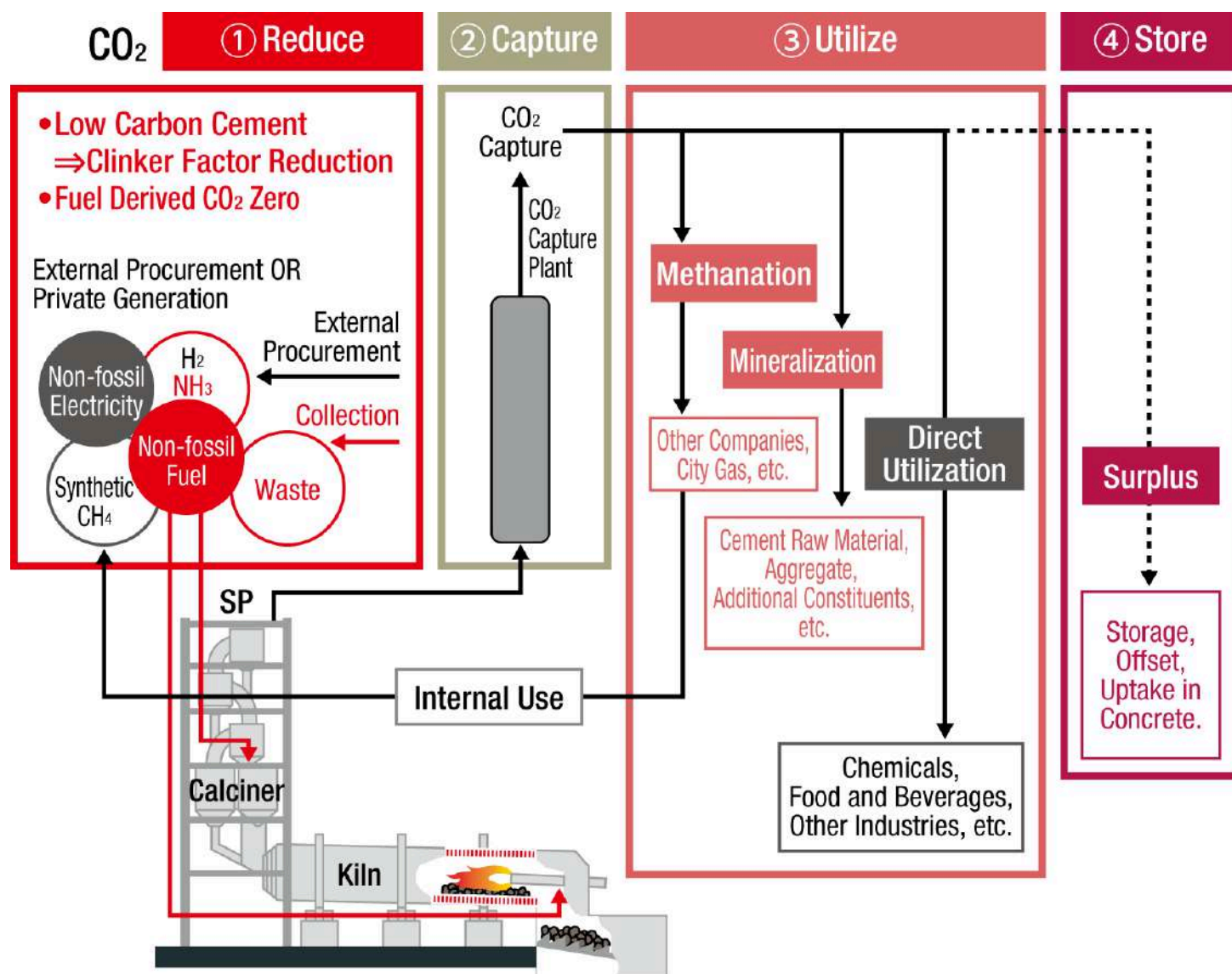
Through various efforts, it is aiming to achieve its interim goal of a 40% reduction in CO₂ emissions by 2030 (compared to 2013 levels) and carbon neutrality by 2050.

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

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

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

The Company will continue to promote communication with MUCC for Scope3 emissions reduction.



TOPICS

Significantly Accelerating the Switch to Electricity Derived from Renewable Sources at Sites in the Metals Business

- Fully introduced at 80% of the sites in FYE March 2025 -

We have set a new GHG emissions reduction target (Scope1 + 2) of 47% from levels of the fiscal year ended March 2021 by the fiscal year ending March 2031. This target excludes GHG emissions from resource recycling efforts. To achieve this goal, we are promoting energy saving and shifting to fuels that contribute to CO₂ emissions reduction, as well as switching to electricity derived from renewable sources.

Electricity-origin emissions account for 38% (as of FYE March 2021) of the Group's total GHG emissions (excluding GHG emissions from resource recycling efforts). The Metals business, which accounts for approximately 60% of the Group's domestic electricity consumption, will further accelerate the switch to electricity derived from renewable energy sources among its purchased electricity, moving the completion of this plan forward by up to 11 years to the fiscal year ending March 2025 at 80% of its plants, and by 7 years to the fiscal year ending March 2029 at the Naoshima Smelter & Refinery and Onahama Smelter & Refinery.

Logistics Initiatives

CO₂ emissions from transportation in the fiscal year ended March 2024 were 18,610 tons (up 500 tons from the fiscal year ended March 2023) on a non-consolidated basis and 5,074 tons (down 7,490 tons from the fiscal year ended March 2023) for Group companies due to a change in the scope of calculation. The total CO₂ emissions of the parent Company and Group companies amounted to 23,684 tons (down 6,990 tons from the fiscal year ended March 2023). On the other hand, unit energy consumption* for the parent Company was 23.05 kℓ /million ton-kilometer (aggravation approximately 2.6% from the fiscal year ended March 2023), while the combined total of the parent Company and Group companies was 23.03 kℓ /million ton-kilometer (up approximately 12.5% from the fiscal year ended March 2023). We will continue to strive to save energy in transportation by promoting modal shifts and improving loading rates, and through Group-wide logistics optimization, we aim to build a logistics system that reduces environmental impact through the use of non-fossil energy.

■ CO₂ Emissions According to Mode of Transport (Unit: Tons CO₂)

			FYE March 2023			FYE March 2024		
			Mitsubishi Materials	Group companies	Total	Mitsubishi Materials	Group companies	Total
CO ₂ emissions from logistics	Total		18,109	12,564	30,673	18,610	5,074	23,684
	Breakdown	Tracks	11,103	4,936	16,039	11,759	3,416	15,175
		Ships	6,960	7,625	14,585	6,800	1,655	8,455
		Rail	12	3	15	4	3	7
		Air	35	0	35	47	0	47

* Value obtained by converting energy consumption into crude oil (kℓ) and dividing it by transportation in ton-kilometers (million ton-kilometers)

Products and Services that Contribute to Building a Decarbonized Society

For the Group, tackling climate change has been one of its most important management issues for building a decarbonized society. Reflecting this, the Group has been approaching manufacturing with a view to reducing the environmental impact and has developed and promoted the use of renewable sources of energy, such as geothermal energy.

TOPICS

Construction of a Pilot Plant for the Establishment of Lithium-Ion Battery Recycling Technology - Next Step to Commercialization of Rare Metal Refining from Black Mass -

Rare metals such as lithium, cobalt, and nickel, which are the materials used in LIBs, are expected to be in short supply in the near future, making them an important issue for growth strategies in the industry as a whole. To address the issue, in addition to the development of underground resources, measures are being taken to recycle materials and to develop alternative materials.

We have been developing technologies through small-scale tests to commercialize the recovery and refinement of rare metals such as lithium, cobalt, and nickel from Black Mass ^{*8}. Having achieved certain results, as a next step, we will build a pilot plant at Onahama Smelter & Refinery of Onahama Smelting and Refining Co., Ltd. in Iwaki City, Fukushima Prefecture to further develop technologies for the commercialization of high-efficiency recovery of rare metals from Black Mass.

The technical development associated with the construction of the pilot plant will be supported by a grant from the Ministry of Economy, Trade and Industry, which is related to its stable supply plan of critical minerals.

■ Overview of the Pilot Plant

Raw materials : LIB derived Black Mass

Products : Battery-grade lithium carbonate, nickel sulfate, cobalt sulfate

Commencement of operation : 2025

Location : On the site of Onahama Smelter & Refinery, Onahama Smelting and Refining Co., Ltd.

^{*8} Concentrated residue of lithium, cobalt and nickel sorted from LIBs that have been discharged, dried and crushed.

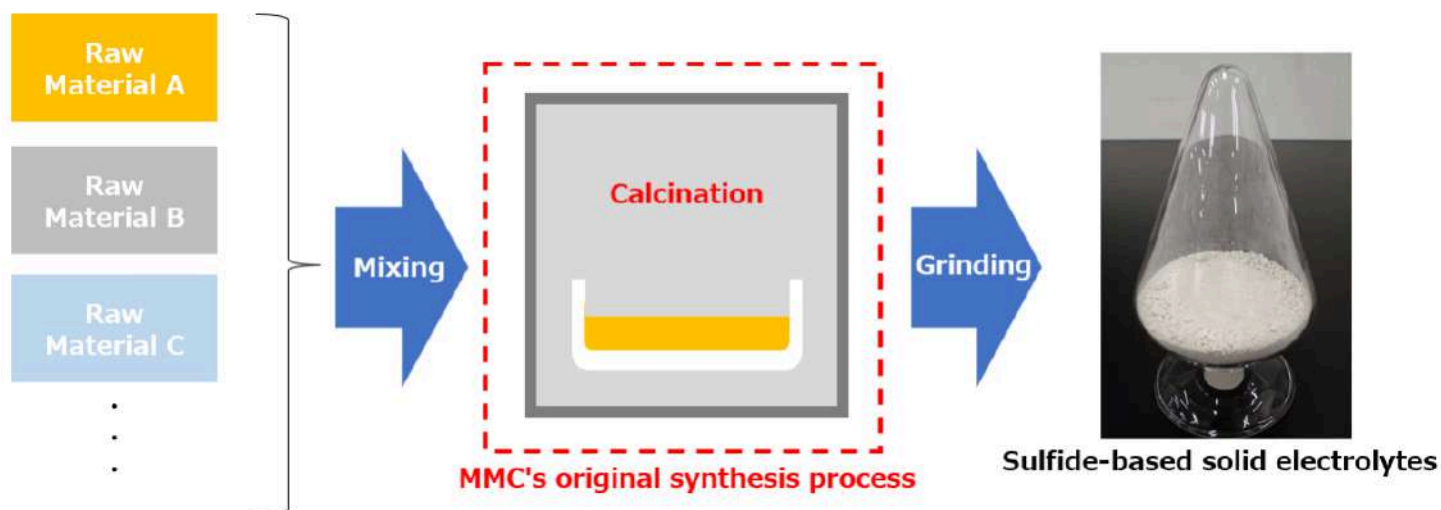
- ▶ [Construction of a Pilot Plant for the Establishment of Lithium-Ion Battery Recycling Technology](#)
- Next Step to Commercialization of Rare Metal Refining from Black Mass - 

TOPICS

Developed a New Manufacturing Technology for a Material Used in All-Solid-State Batteries for xEV

Sulfide-based solid electrolytes (SBSEs) have high ionic conductivity among solid electrolytes for all-solid-state batteries, and their high input-output characteristics are expected to extend the driving range of automobiles and shorten charging time. For this reason, they are considered as a promising material for all-solid-state batteries for xEV. However, their low mass-productibility and difficulty in handling have been major barriers to their practical application in all-solid-state batteries.

MMC has successfully developed a simple and new manufacturing process to synthesize SBSEs by mixing sulfur-containing raw materials and calcinating them in a furnace. This new process is expected to increase the scale of production, and MMC will proceed with studies toward the commercialization of SBSEs. Currently, we are providing samples of the SBSEs synthesized in the process to specific customers for commercialization evaluation.



- ▶ Developed a New Manufacturing Technology for a Material Used in All-Solid-State Batteries for xEV 

Developed a New Titanium Electrode with a Double-Layer Structure Using 3D Printer Technology

- Novel Material That Supports Efficient Hydrogen Production At High Current Densities -

In a joint research and development project, Mitsubishi Materials Corporation and Yokohama National University's Shigenori Mitsushima (Professor at the Faculty of Engineering and Director of the Advanced Chemical Energy Research Center, Institute of Advanced Sciences) and his colleagues have developed a new titanium water electrolysis electrode capable of operating with high efficiency even under high current density conditions.

For realization of a decarbonized society, hydrogen is in high demand as a clean energy source that does not generate carbon dioxide. One hydrogen production technology that is attracting attention is polymer electrolyte membrane (PEM) water electrolysis, an efficient hydrogen production technology with low environmental impact. This electrolysis technology can produce highly pure hydrogen with pure water at temperatures below 100°C and electricity. However, the system cost is high, and this has generated a need to reduce the consumption of precious metal catalysts such as iridium oxide that have a high cost burden.

Against this background, Yokohama National University, which has been entrusted with the Advancement of Hydrogen Technologies and Utilization Project by the NEDO ^{*9} and has cutting-edge electrode evaluation technology, and MMC, which has highly complex titanium material sintering technology, worked on the development of a new water electrolysis electrode made from titanium.

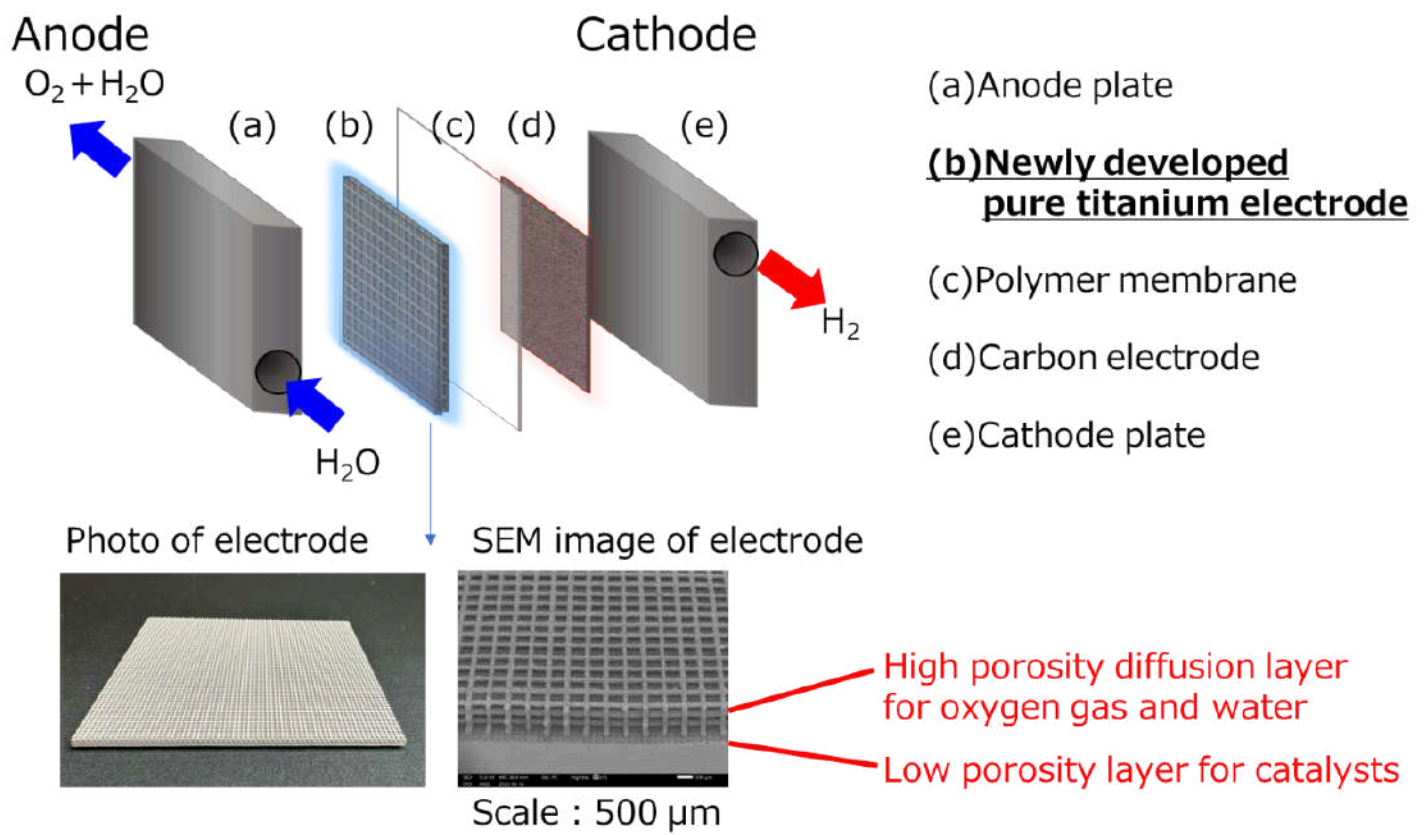
Using an evaluation technique that analyzes the performance of an electrolytic cell based on the division into different factors such as the resistance polarization of the electrolyte membrane, activation polarization of the electrode catalyst and the current collecting resistance and diffusion overpotential of the electrode, which is a result of the NEDO project, we have found that an elaborate double-layer structure with different functions is effective in improving the efficiency of water electrolysis electrodes. However, electrodes consisting of two layers with different structures cannot be manufactured in an integrated manner by conventional manufacturing methods because the scale of spatial design required for each electrode layer is different. Accordingly, MMC adopted a binder-jet ^{*10} 3D printer, which offers a high resolution and degree of freedom, and conducted research and development on the new titanium sintering technology needed for manufacturing elaborate double-layer electrodes, enabling the manufacturing of electrodes with a double-layer structure.

By utilizing this newly developed titanium electrode for water electrolysis, a water electrolysis system can be operated with high efficiency even under high current density conditions. It also contributes to the reduction of hydrogen production costs by reducing the consumption of materials such as precious metal catalysts.

In the future, we will continue to develop and improve electrode structures for practical use.

^{*9} New Energy and Industrial Technology Development Organization

^{*10} Method of manufacturing parts by laminating a thin spread of powder while coating it with a binder, solidifying it as a compact in a drying oven and sintering it



- Developed a New Titanium Electrode with a Double-Layer Structure Using 3D Printer Technology
 - Novel Material That Supports Efficient Hydrogen Production At High Current Densities - 

Biodiversity Retention

Preserving Biodiversity

■ Basic Approach

In the 2019 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) Global Assessment Report on Biodiversity Conservation Challenges, the scientific evidence points to the global degradation of nature and the acceleration over the past 50 years of the factors that cause natural change. With the adoption of the "Kunming-Montreal Biodiversity Framework" at the Conference of the Parties to the Convention on Biological Diversity (COP15) in 2022, companies are now expected to engage in socio-economic activities aimed at halting and reversing biodiversity loss by 2030, the so-called "nature positive."

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

■ Biodiversity Initiatives at the Mine

We depend on imports of copper concentrates, our main raw material, from overseas mines, and are investing in overseas mines to ensure stable procurement, but the impact on biodiversity is particularly noticeable at the overseas mines in which we invest. Therefore, the MMC Group places importance on compliance with laws and regulations and the concept of "Social License to Operate," and at each mine, we are working on reclamation at all mining sites where we conduct business activities to minimize the impact on the ecosystem. Each mine strives to minimize the impact on the ecosystem. Each mine conducts environmental impact assessments in accordance with the laws of the countries and regions where it operates and international agreements such as the "Ten Principles for Sustainable Development," and formulates appropriate closure plans through dialogue with local governments, local residents, and other stakeholders, in order to ensure smooth and appropriate responses to future mine closures, etc. We are also engaged in dialogue with local governments, local residents, and other stakeholders to formulate an appropriate closure plan.

In our business activities, the impact on biodiversity is particularly notable at the overseas mines from which we procure raw materials. At the copper mines in which we have invested and are our important suppliers (Copper Mountain Mine in Canada, Escondida Mine in Chile, Los Pelambres Mine in Chile and Mantovelde Mine in Chile), an Environmental Impact Assessment was appropriately conducted before the mining operations commenced and environmental monitoring has continued ever since. In the development project Zafranal Project (Peru), environmental permits were obtained in May 2023, and in Namosi Project (Fiji), basic studies for environmental impact assessment are being conducted and data is being collected for biodiversity conservation.

Copper Mountain is committed to biodiversity conservation management and reclamation, focusing on minimal disturbance and increasing areas that can be reclaimed prior to site closure. More specifically, Copper Mountain has developed strategies for achieving end land use and reclamation objectives, including improving physical stability, water quality and water-course protection, sediment retention and erosion control, soil salvage and storage, suitable revegetation, and the eradication of invasive species. These strategies, along with our plan to manage biodiversity conservation for vegetation, wildlife, water, and aquatic components, and a detailed monitoring plan for reclamation, are outlined in Copper Mountain's Biodiversity Conservation Management Plan.

Mantoverde submits biodiversity data obtained through development projects to the Global Biodiversity Information Facility (GBIF), a biodiversity information sharing network. Specifically, we are studying the diet of the guanaco, the range of the fox, and the collection and preservation of seeds of unique species.

As an investor, we confirm in advance with operators of the mines that these initiatives will be taken, and encourage them to take such initiatives. In addition, when we procure materials from a mine in which we do not invest, we confirm that considerations are given to natural protected areas and biodiversity is preserved, in accordance with the CSR Procurement Standards of the Metals Company.

■ Initiatives at Manufacturing Sites

We also take initiatives to preserve biodiversity at our manufacturing facilities by considering the characteristics of each site. For example, at Naoshima Smelter & Refinery (Naoshima Town, Kagawa County, Kagawa), we have been engaged in tree-planting activities at a rate of one hectare per year with the aim of promoting vegetation and restoring forests which were partially destroyed by forest fires in the past and where it is difficult for plant life to grow due to the dry soil conditions and low rainfall. Naoshima Smelter & Refinery also ensures thorough treatment of exhaust gas and effluent released from the facility under its own standards, which are stricter than government standards, in its efforts to protect the natural environment of Setouchi.

■ Initiatives in Company-Owned Forests

We own 13,000 hectares of forest across Japan and manage it by considering the habitats of the plants and animals that live there. We carry out wildlife monitoring and include rare species confirmed to be living in the areas on our red list. Our eight forests in Hokkaido have obtained certifications for sustainable forest management with consideration for biodiversity. We will continue to consider the contact points between our business activities and biodiversity, and take action to conserve biodiversity from a broad perspective.

In April 2022, MMC was registered as a participating company in the "30by30 Alliance for Biodiversity" (Alliance), an initiative of the Ministry of the Environment of Japan. The Alliance is a coalition of volunteers established to achieve the international Nature Positive goal of halting and restoring biodiversity loss by 2030. In order to achieve this goal, Japan aims to conserve and protect at least 30% of its terrestrial and marine areas by 2030 (30by30), and in addition to expanding protected areas such as national parks, Japan will establish OECMs (Other Effective area-based Conservation Measures) for areas that contribute to biodiversity conservation such as corporate forests outside protected areas. The Ministry of the Environment has certified these OECM areas as "the Nationally Certified Sustainably Managed Natural Sites," and MMC's Teine Forest in Hokkaido received this certification in October 2023. The certified areas were registered in the international database as "OECM*," in August 2024, excluding overlaps with protected areas. (see TOPICS).

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

▶ [OECM official website](#) 



■ Information disclosures

The Mitsubishi Materials Group has committed to conducting appropriate analyses of MMC's nature-related dependencies, impacts, risks and opportunities, and to pursue related disclosures, in line with the TNFD* recommendations announced in September 2023.

In the fiscal year ended March 2024, we conducted trial analyses based on the LEAP approach on sites with a large scale of operations and three sites determined to have a large impact on nature. Taking these results and other insights into account, going forward we will summarize specific responses and details aimed at disclosures.

* Taskforce on Nature-related Financial Disclosures. Established in June 2021.

TOPICS

"Teine Forest, one of the Materials' Forests" Certified as a "The Nationally Certified Sustainably Managed Natural Sites" by the Ministry of the Environment - Biodiversity conservation in Company-Owned forests highly evaluated -

"Teine Forest, one of the Materials' Forests" ("Teine Forest"), a company-owned forest of Mitsubishi Materials Corporation, has been certified as one of the "The Nationally Certified Sustainably Managed Natural Sites" by the Ministry of the Environment.

- ▶ 「Strengthening measures to address global environmental issues」 - 「Materials' Forest」 - 「Sustainable Management and Operation of Company-owned Forests」 

We have promoted a variety of activities related to biodiversity conservation, including participation in the "30by30 Alliance for Biodiversity" led by the Ministry of the Environment, and providing information on Teine Forest for the "Certification Demonstration Project" that supports the establishment of a system for certifying areas as "The Nationally Certified Sustainably Managed Natural Sites."

Teine Forest, which has been certified this time, is a suburban forest adjacent to the urban area of Sapporo City, although it is home to a wide variety of flora and fauna. Teine Forest has been highly evaluated for its adoption of a work system with low environmental impact on forest management to conserve its biodiversity and for its monitoring activities using digital tools.



- ▶ Participation in the 30by30 Alliance for Biodiversity
 - We Will Make Use of Our Company-Owned Forests to Contribute to Conservation of Biodiversity - 
- ▶ Cooperation with a Demonstration Project for Certifying "Natural Symbiosis Sites (Tentative Name)"
 - Contributing to the Realization of a Sustainable Society by Conserving Biodiversity in Company-Owned Forests - 
- ▶ "Teine Forest, one of the Materials' Forests" Certified as a "Natural Symbiosis Sites" by the Ministry of the Environment
 - Biodiversity Conservation in Company-Owned Forests Highly Evaluated - 

Biodiversity Initiatives at Our Mine

■ Monitoring Water Quality at Copper Mines (Copper Mountain Mine)

We invest in Copper Mountain Mine, located in British Columbia, Canada, where we engage in corporate management with an emphasis on biodiversity.

Copper Mountain Mine (CMM) begins our mine planning process with a comprehensive progressive reclamation plan to safely transition from mining operations to closure. This plan includes planning for closure, allocating appropriate resources for reclamation, and involving stakeholders, including local First Nations, at the earliest stages of operations. At the CMM, they are working with First Nations to clarify end land use objectives, and to understand and disseminate information about the baseline conditions related to the social, economic, environmental, and cultural aspects of our operations and the desired recreational and traditional end land uses for the mine site.

CMM’s progressive reclamation begins at the mine planning stage and is continuously executed as a part of mine operations. This progressive reclamation process started at CMM in 2018. The 2018 reclamation areas were small-scale initial trials. This progressive reclamation program is based on 25 hectares of reclamation per year over the next 10 years.

In 2023, CMM planted approx. 77,000 shrubs and trees on the Non-Economic Rock Storage Areas (NERSA) in the areas previously identified for reclamation.

Results of Reclamation Monitoring at Copper Mountain Mine are shown below.

CMM PROGRESSIVE RECLAMATION	
Year	Progressive Reclamation activity (ha)
2023	26.30
2022	20.31
2021	23.97
2020	20.99
2019	7.47

In addition, we continually monitor the quality of water in local rivers, in accordance with quality guidelines issued by the provincial government, and also carry out ongoing biodiversity surveys of the surrounding area in order to gauge the impact of our activities on the ecosystem, including birds, mammals, amphibians, aquatic organisms and their habitats.

In 2019 we launched the Fish Habitat Offsetting Plan (FHOP) to offset a portion of the aforementioned Wolfe Creek, and have continually engaged in environmental monitoring thereafter. The habitat for organisms in the offset stream was recognized as a good fish spawn and received an award in the Metal Mine category from the British Columbia Technical and Research Committee on Reclamation in recognition of this achievement and rearing environment for rainbow trout and other species.



The FHOP site



A rainbow trout

■ Environmental Impact Assessment as part of Copper and Gold Deposit Development Project

We are carrying out a basic environmental study geared towards conducting EIA* as part of a development project in Zafranal, in southern Peru. At the same time, we are studying and analyzing ways to minimize the potential impact on the environment by the development, and are looking into measures to secure new habitats for species of flora and fauna if there is a risk of any impact on the ecosystem.

* Environmental Impact Assessment



Exploration drilling



River water quality survey

Environmental Impact Assessment on Construction of Power Plants

■ Environmental Impact Assessment for Launch of Operations of Appi Geothermal Plant

In 2015, we established Appi Geothermal Energy Corporation in conjunction with Mitsubishi Gas Chemical Company, Inc. to the west of Appi Highlands in Hachimantai City, Iwate. We were joined by Electric Power Development Co., Ltd. in 2018, and the three companies are promoting the project towards the launch of the operation. The project involves the operation of a 14,900 kW geothermal power plant in 2024. Appi Geothermal Energy Corporation began procedures for an Environmental Impact Assessment in 2015, and studied, predicted, and assessed the impact of the construction of the Appi Geothermal Power Plant on the surrounding environment. The company received approval for the final environmental impact statement from the Minister of Economy, Trade and Industry in January 2018 and began construction of the plant in August 2019.

■ Voluntary Assessment of the New Komatagawa Hydroelectric Power Plant

We own a hydroelectric power plant immediately below the Moriyoshi Dam in the Komata River, a branch stream of the Ani River in the reservoirs along the Yoneshiro River in Kita-Akita City, Akita. In May 2019, we began construction on the New Komatagawa Hydroelectric Power Plant (rated output: 10,326 kW), a hydroelectric power plant that will use the discharged water which was used for power generation at the existing plant. When planning the construction of the new power plant, we undertook a voluntary environmental assessment to determine the impact on the surrounding environment. We are also creating a new plan to ensure that the flow rate of surplus from the new plant will be appropriate for the river to preserve the surrounding river environment. In addition, we will carry out eco-friendly construction work. We will use power supplied from the existing hydroelectric power plant, a renewable energy, for construction work on the headrace tunnel with TMB method. We will also engage in environmental initiatives including the recycling trees that were felled to construct the new power plant.

Biodiversity Conservation Activities of PT Smelting (Indonesia)

■ Activities for Protecting Rare Animals

To highlight its ongoing contributions to protecting biodiversity in Indonesia, since 2022 PT Smelting has been co-sponsoring the Komodo Release Program, one of the wildlife conservation programs run by Taman Safari Indonesia.

The Komodo dragon is an ancient species of lizard native to Indonesia, and is designated as an endangered species by the International Union for Conservation of Nature (IUCN). In 2023 six Komodo dragons were released into their natural habitat in East Nusa Tenggara. They were released into their original habitat after being raised at a safari park research institute. The program aims to research the movements and ecology of Komodo dragons after they have been released into the wild with the use of GPS. The program is scheduled to run from 2022 to 2027.



Komodo dragon
Photo provided by Taman Safari Indonesia

Materials' Forest

Preserving the Natural Environment

Theme of activities	Results of activities during FYE March 2024	Self-assessment	Targets/plans for activities from FYE March 2025 onward
Contributing to local communities, society, and the global environment through sustainable management of company-owned forests	We received and passed periodic screenings to maintain forest certification from the Sustainable Green Ecosystem Council (SGEC). (Site inspections were conducted at Hayakita Forest and Shiraoi Forest.)	A	Maintain SGEC forest certification
	We maintained forests appropriately based on our forest management plan, including cutting and thinning (150.03 ha), planting (24.42 ha) and weeding / clearing away underbrush (20.18 ha).	A	Promote environmental conservation of forests by maintaining forests appropriately based on our forest management plan
	We tried to develop forests by making use of nature's strengths, aiming for both environmental and economic achievements.	A	Pursue beautiful forests that are resistant to disasters and have high public interest functionality, through various effective forest development practices
	- We performed tree thinning with small-scale work channels at Hayakita Forest, Teine Forest and Ikuno Forest as a method for implementing disaster-resistant forest development. - We formulated a maintenance plan for dense forests and have systematically implemented measures.	A	
	The environmental impact of thinning is small, and a beautiful finish has been achieved through the application of horse logging (a method of timber gathering that makes use of horses). (Hayakita Forest)	A	
	We enhanced monitoring activities such as the introduction of a smartphone app to more accurately assess the state of the conservation of biodiversity, changes in ecosystem services (public functions) that occurred through forest maintenance, and the amount of forest growth, etc.	A	Consistently implement monitoring activities
	We have conducted measurement tests of the amount of forest resources using remote sensing technologies including drones and satellite data, and achieved a certain level of precision.	A	Efficiently ascertain and organize forest data utilizing remote sensing, ICT and IoT technologies
	We donated Christmas trees made with trees from company-owned forests and tree graduation certificates made using wood from company-owned forests to preschools in company-owned forest areas and held tree planting events for them.	A	Continue to contribute to local communities through services related to company-owned forests (initiatives such as the donation of Christmas trees)
	- We supplied larch wood for the construction of a large-scale wooden structure newly built in Sapporo City. - We supplied hardwood to be used as tables in shared spaces in COCONO SUSUKINO, a commercial complex in Sapporo City, as initiatives to effectively use the wood from company-owned forests	A	Increase the value of company-owned forest by promoting utilization of high added-value wood from company-owned forests and contribute to economically sustainable forest management
	We make company-owned forests available as sites for the nature experience activities of local NPO organizations, training for the purpose of popularizing the forestry industry, research / surveys by universities and other research institutions, and sports competitions, etc.	A	Promote the provision of company-owned forests as sites for recreational activities, education, research, and training

Self-assessment grades A: Target achieved B: Target mostly achieved C: Target not achieved

Basic Approach to Sustainable Forest Management

We currently own around 13,000ha of forestland in Japan, mainly in Hokkaido, making us one of the largest owners of forestland in the country. We previously began acquiring forests for the purpose of supplying wooden supports for our own mines and coal mining activities. However, due to the closure of our domestic mines and coal mining in general, our forests now fulfill different roles and are subject to different expectations. We are managing the forests for the purpose of harnessing their ecosystem services in a high level. Those services include not only the production of lumber as a renewable resource but also the provision of public recreational spaces, the prevention of global warming through CO₂ fixation, and the conservation of biodiversity.

Each of the company-owned forests varies by area in terms of location and environmental conditions, as do the functions they are hoped to fulfill. As such, we have adopted four categories (zoning) by which to divide the forests we manage: water and ecosystem conservation zones, health and cultural usage zones, selective natural forest cutting zones, and timber resource recycling zones. We specify what functions need to be improved and what management methods apply for each zone type. While thoroughly implementing this kind of meticulous forest management, we pursue “a “beautiful forest” that is more needed by society by making the most of its natural resources and maximizing its functions and utilization” as our vision for the next 100 years.

By way of outside recognition for sustainable forest management initiatives such as these, on October 1, 2012, we obtained certification from the Sustainable Green Ecosystem Council (SGEC) at Hayakita Forest in Hokkaido. Since then, the SGEC has implemented certification standards outlining transitional procedures for mutual certification with the Programme for the Endorsement of Forest Certification (PEFC), an international forest certification scheme. With that in mind, we simultaneously obtained forest certification under the SGEC’s new standards for a total of eight forests in Hokkaido on September 1, 2015, including Hayakita Forest.

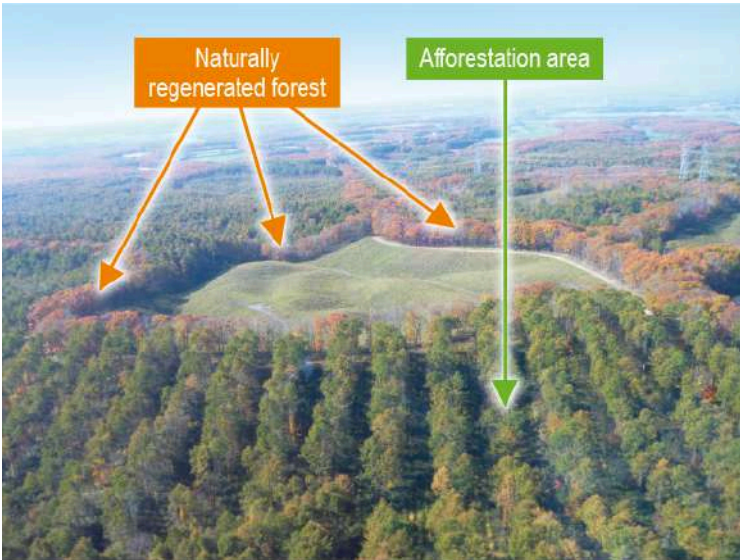


■ The Zoning of Company Forests and Management Policies

Zone	Activity
Water and ecosystem conservation zones	Maintain the natural forest by the water and convert it into a natural forest if artificial
Health and cultural usage zones	Create a model forest and facilities for walking and other forms of forest recreation
Selective natural forest cutting zones	Produce useful broad-leaved trees in a sustainable manner by felling trees in naturally regenerated forests within a range not exceeding their growth
Timber resource recycling zones	Actively encourage tree-planting and thinning in the artificial forest cycle to contribute to decarbonization

■ Data on Company-owned Forests

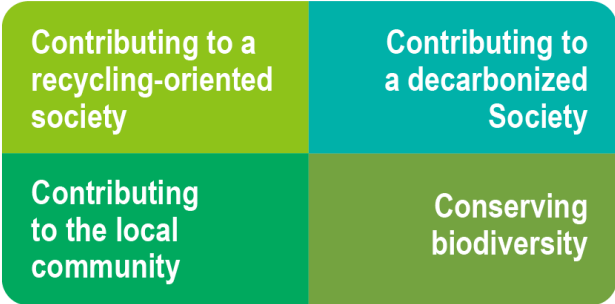
30 locations nationwide	
Total area	Approx. 13,000ha
SGEC certified area	Approx. 10,000ha * 8 forests in Hokkaido
Natural forest	Approx. 6,000ha
Artificial forest	Approx. 7,000ha



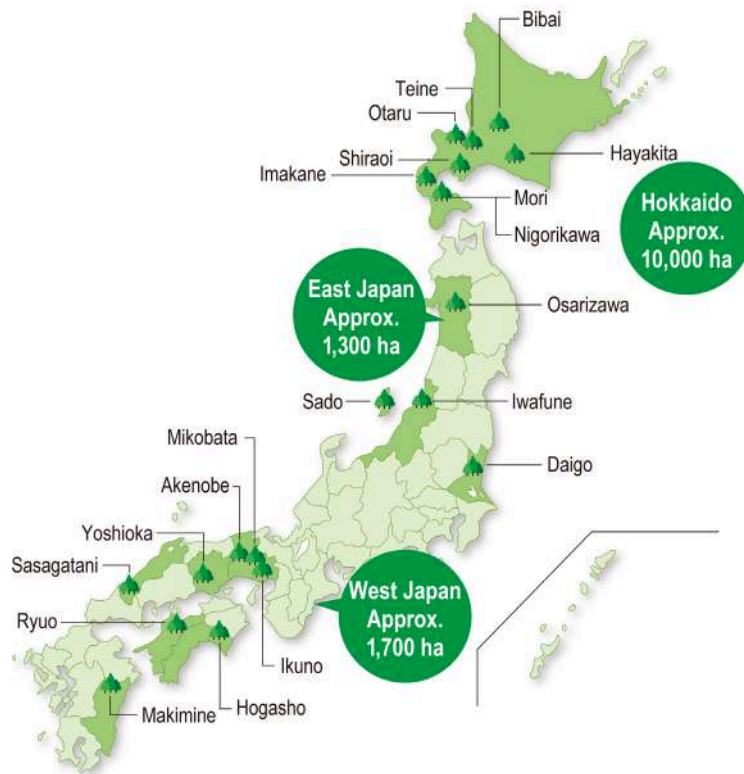
Hayakita Forest

The forest is laid out in a mosaic pattern, based on appropriate zoning between naturally regenerated forest (a forest made up of trees that have grown naturally), which has been conserved as a water and ecosystem conservation zone, and afforestation areas (trees grown from seedlings planted manually), planted with Japanese larch to be used as recycled resources for efficient lumber production.

The Value of Company-Owned Forests



Distribution and Scale of Company-owned Forests



1. Contributing to a Recycling-Oriented Society

–Supplying Society with Sustainable Timber Resources–

Timber is an outstanding sustainable resource. We produce approximately 10,000 m³ of timber every year, mainly in timber resource recycling zones and selective natural forest cutting zones, and supply the timber to society as raw materials and fuels for a variety of products, from building materials to woody biomass fuels. We thus contribute to building a recycling-oriented society. To enable a sustainable lumber supply, we appropriately maintain and regenerate forest resources by following the management policy formulated for each zone. In timber resource recycling zones where we manage artificial forests, we maintain the cycle of cutting and planting trees, thereby ensuring a sustainable, stable supply of lumber from needle-leaved trees such as cedar and Japanese larch. In addition, in selective natural forest cutting zones, we keep forests vital and sound by promoting thinning and selective cutting (cutting selected trees) within a range not exceeding their growth, as well as appropriate natural regeneration (sprouting young trees from seeds which fall to the ground naturally). Thus, we aim to achieve sustainable supply of timber from broad-leaf trees. In natural forests, a wider variety of tree species coexist than in artificial forests. Accordingly, appropriate and extensive knowledge and skills corresponding to a wide variety of species are necessary when managing natural forests. We therefore strive to improve our knowledge and skills related to natural forests through initiatives such as inviting a Swiss forester with a wealth of knowledge on the management of natural forests to teach.

In Japan, many natural forests were replaced with artificial forests in the post-war period. Therefore, the depletion of forest resources, particularly the depletion of broad-leaf trees growing in natural forests, has been a chronic problem. Accordingly, the furniture industry has been forced to increasingly rely on imported timber, which constitutes the majority of the raw materials they use, because many of their products are made of timber from broad-leaf trees. We are attempting to convert parts of artificial forests into natural ones in our efforts to restore broad-leaf tree resources. In addition, to promote the cyclical use of timber from broad-leaf trees produced in Japan, we have chosen our own offices as the places to begin. We utilized timber from broad-leaf trees produced in our company-owned forests for the tables in the Company cafeteria of the head office, as well as the office furniture, etc. including meeting tables and chairs for Sapporo Office, where the forest management division is located.



Supplying timber from forest thinning to society



Forest growing training with invited domestic engineers



A big table at the Company cafeteria of the head office

TOPICS

School Utilizing Timber from Company-owned Forests Opens in Hokkaido

Raw Japanese larch logs cutting for maintenance of the Hayakita Forest, which is owned by the Company, were used for the beams, columns and other members of the new school building of an integrated elementary and junior high school for compulsory education in a town opened in April 2023, where our company-owned forest is located.



School building using timber from our company-owned forest

2. Contributing to the Local Community

–Forests Where Local People can Relax and Interact with the Wonders of Nature–

As well as being company assets, our company-owned forests are an important element of the environment, in terms of shaping the local area. We contribute to local communities through appropriate forest management, which improves the quality of ecosystem services, including watershed protection, prevention of soil loss and recreation.

Company-owned forests located on the outskirts of urban areas meanwhile are positioned as “environmental forests,” parts of which are open to the general public to enjoy the natural environment up close. Located in the Teine area of Sapporo, Teine Forest is blessed with a slice of rich forestland that also has excellent transport access from the city center. We open up part of the forest to the people of Sapporo as a public forest, for purposes such as nature walks and camping ground. We also provide access to fields for nature activities organized by a local NPO and for research by universities and other institutions. That is why it is important to maintain an environment that is suitable for each of these purposes, so that everyone in the local community is able to use our company-owned forests in a meaningful way. In addition, we are proactive in activities such as thinning trees to add light to the interior of our forests, removing dangerous trees, and creating and maintaining paths in the forests. Instead of just offering our company-owned forests for use by local residents, we implement initiatives such as tree planting festivals, tree growing festivals, and other environmental events in our forests to teach local people about the value and fun that forests provide, including their biodiversity. We also actively pursue support activities in areas that were affected by natural disasters in the past. We worked on the recovery of a forest owned by Mori Town, Hokkaido, which was damaged by the typhoon in 2016. We also donated Christmas trees from our company-owned forests to local nurseries in Atsuma Town, which were affected by the Hokkaido Eastern Iburi earthquake in 2018, and continue to pursue activities including the donation of wooden graduation certificates made using the wood waste of broad-leaf trees generated in forest maintenance to preschools that use Materials Forest as a place for contact with nature.

We continue to contribute to local communities through these kinds of active initiatives and increase our efforts to make the forests of Mitsubishi Materials into valuable features of their local areas.



An environmental event making tree name plates in a company-owned forest



A Christmas tree sent to a nursery in Atsuma Town, which was affected by the Hokkaido Eastern Iburi earthquake

TOPICS

Providing Opportunities for Local Elementary School Students in Areas Where Company-owned Forests are Located to Learn About Forestry

As part of our educational program for elementary schools in cities and towns where our company-owned forests are located, in addition to conducting classes about forests, we have offered our “Materials' Forests” for hands-on forestry experience. Under the program, after learning about forests through classes and videos, the students actually observe and experience activities such as tree planting and forest cutting work. This provides the opportunity for children to learn about forests in greater depth, and also deepens ties between the Company and the local community.



Forestry class by employees
(Kamiatsuma Elementary School,
Hokkaido)



Hands-on Forest Programs at our
Materials' Forests (SDGs Event
Organized by Sapporo City Children's
Association Development Group)

3. Contributing to a Decarbonized Society

–CO₂ Fixation–

One of the important ecosystem services of forests is CO₂ fixation. As one of the largest owners of forestland in Japan, we dedicate ourselves to the steady promotion of appropriate forest maintenance, and do our level best to enhance the CO₂ fixation capabilities of the trees in our forests, so that we can do our best to prevent global warming. The current CO₂ fixation capabilities of our forests are estimated* to be 44,000 tons of CO₂ per year (equivalent to the annual amount of CO₂ emitted by approximately 23,000 people).

The ability of trees to fix CO₂ peaks during the period when they are young or middle-aged, and gradually declines thereafter. That is why we make every effort to regenerate our forests, by cutting and planting new trees at the right time, or through natural regeneration, in order to maintain CO₂ fixation capabilities over the long term.

We also strive to fix CO₂ in forests by promoting the active use of usable timber from forest thinning, which is a forest maintenance measure, instead of leaving this timber in forests. We place priority on the production of high-quality, large-diameter timber to be used over long time frames, as building materials or for furniture for instance. This is another of our initiatives for effective CO₂ fixation.

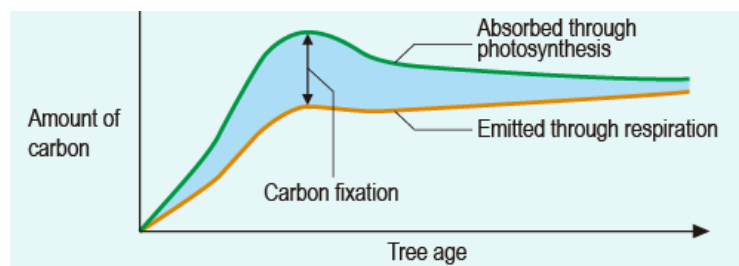


Largely grown japanese larch

* Method of calculation

$\text{Growth (m}^3\text{)} \times \text{material volume weight (t/m}^3\text{)} \times \text{carbon conversion efficiency} \times \text{tree/trunk ratio}$
 $\times \text{CO}_2 \text{ molecular weight} / \text{carbon molecular weight}$

Relationship between Tree Age and Carbon Absorption/Emissions



* Partially processed and quoted from the Japan Forestry and Forest Products Research Institute materials.

4. Conserving Biodiversity

–Maintaining an Environment Suitable for a Wider Range of Wildlife–

Our company-owned forests are extremely important as a habitat for a diverse range of wildlife. We therefore take the utmost care to ensure that our various activities, including timber production, do not have a detrimental impact on living organisms.

In particular, forest ridge and riverside areas are migration pathways for creatures. They are called green corridors because those forests are extremely important for expanding the habitat of wild animals and allowing their interactions. We therefore prohibit clearcutting these forests, in principle. We also refrain from clearcutting large areas of land even in artificial forests, where we proactively produce timber, because it may reduce biodiversity in those forests. Instead, we clearcut small, dispersed areas. In addition, we are planning not to clearcut artificial forests which are judged difficult to manage efficiently. We aim to nurture these forests into natural forests with richer biodiversity. We have also introduced trial forest maintenance methods in selected areas, aimed at conserving biodiversity. These include multi-layered forest management that prevents creating completely bare areas following cutting operations, and pursuing mixed forest management between coniferous and broad leaf trees in certain areas, in order to leave naturally invasive broad-leaf trees in areas in which coniferous trees are the main user of resources, thus giving the forest a more diverse structure. By developing various types of forests in this way, we are striving to increase the diversity of the overall forest environment, thereby contributing to conserving biodiversity.

We also proactively monitor wildlife. As well as recording wildlife sightings during regular patrol activities, we have positioned a large number of wildlife survey sites in our forests, where we regularly inspect the wildlife living there and confirm the positive or negative impact of our forest maintenance. In particular, when we do forest maintenance involving cutting, we separately carry out monitoring surveys before and after, to confirm that wildlife has not been affected. If any rare species are found in an area in a monitoring survey before cutting, we change the time or method to one that will not affect those species, or consider the postponement of the planned maintenance.

Rare species that have been confirmed to be living in the area (most endangered species included on red lists published by the Ministry of the Environment and Hokkaido Government) are included in our own red list of rare species living in Mitsubishi Materials company-owned forests. We issue warnings to all involved parties with access to the relevant forests to conserve biodiversity, such as by holding regular training sessions for them.



Daily monitoring activities



Wildlife camera trap



Japanese sable



Black woodpecker



Masu salmon



Japanese primrose



Dogtooth violet

- ▶ Participation in the 30by30 Alliance for Biodiversity 
- ▶ Cooperation with a Demonstration Project for Certifying "Natural Symbiosis Sites (Tentative Name)" 

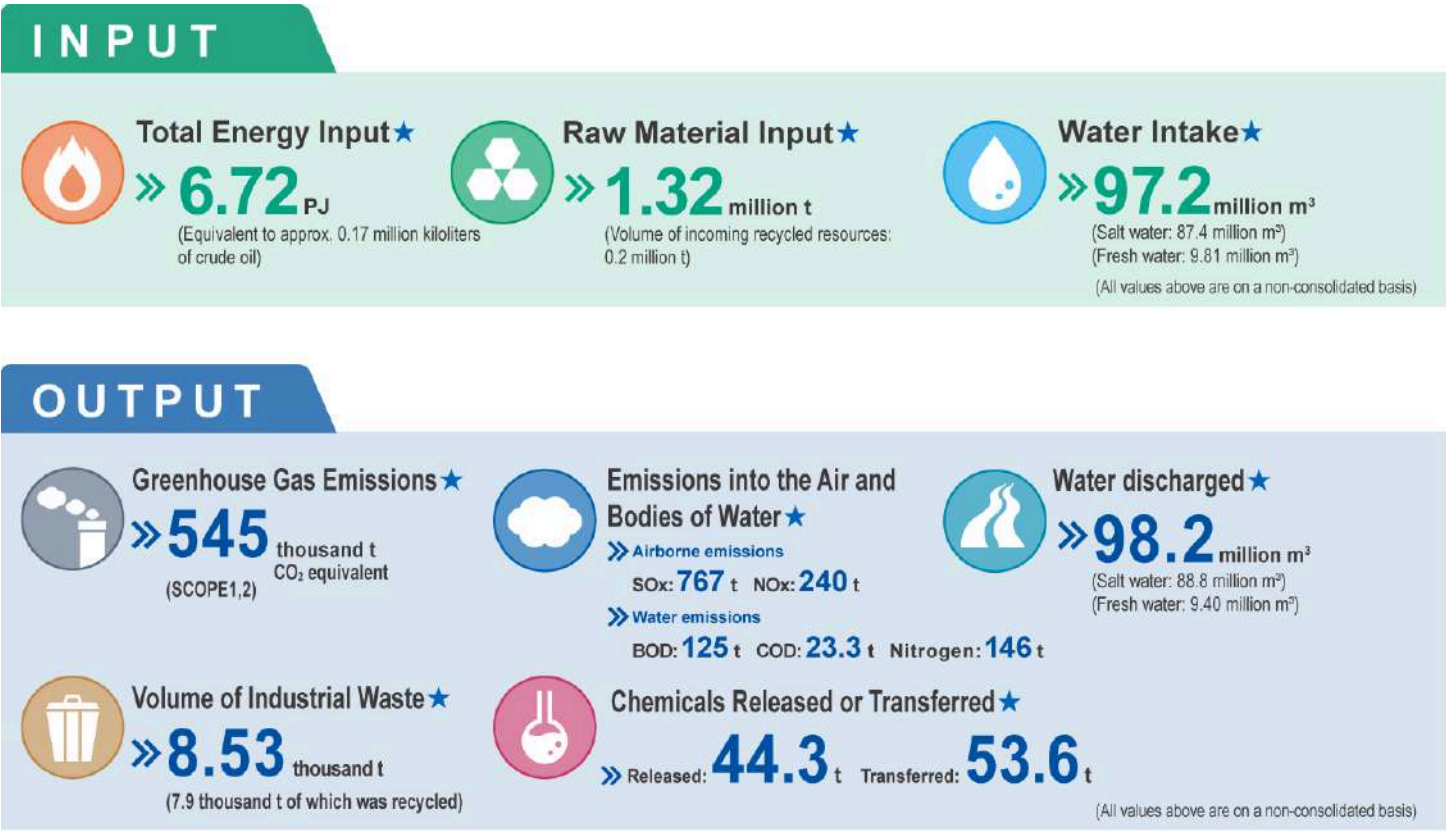
Biodiversity policy in company-owned forests

1. In carrying out operations, in accordance with the separately specified 'Guidelines for operations in consideration of the conservation of biodiversity', consideration shall be given to maintaining a healthy forest with a good balance of diverse vegetation and diverse stages of growth and to conserving the environment in which valuable plants and animals grow, in order to maintain and conserve biodiversity.
2. Identify species of valuable natural vegetation and animals with high potential for growth and habitat, distribute a 'List of valuable natural vegetation and animals' to staff and contractors (workers), and have them carry it with them when they visit the site for monitoring.
3. Promote activities that contribute to the conservation of biodiversity, such as the Nationally Certified Sustainably Managed Natural Sites, in order to contribute to Nature Positive and the 30by30 target.
4. Organize on-site training sessions by experts to improve the knowledge of staff.

(Excerpt from a company forest management and administration plan)

Reducing Environmental Impact

Overall Environmental Impact

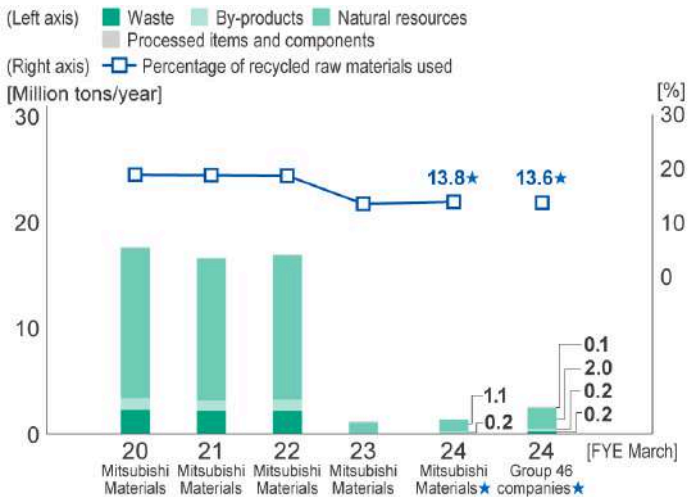


Raw Material Input

To contribute to the establishment of a material-cycle society, we are actively engaged in the recycling of waste and by-products, and promote the use of recycled raw materials such as waste and by-products.

Total raw material input for the Company for the fiscal year ended March 2024 was 1.32 million tons★, about the same as in the fiscal year ended March 2023. As a percentage of total raw material input, waste products and by-products accounted for 13.8%.

Raw Material Input



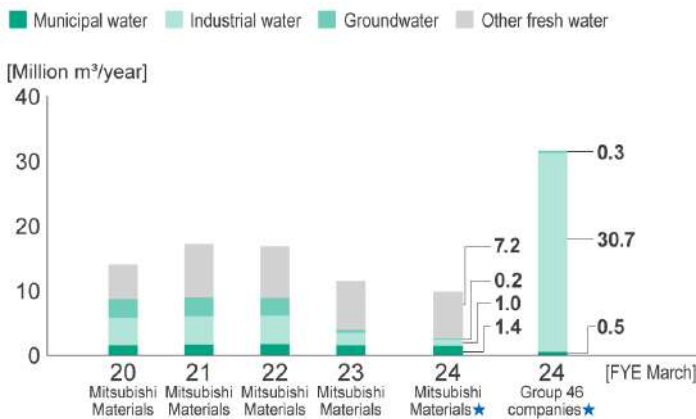
* Natural resources include limestone procured from Group mines up to the fiscal year ended 2022.

Water Intake

The vast majority of our water intake is seawater used as cooling water at our copper smelters and refineries.

The Company’s total water intake in the fiscal year ended March 2024 was 97.2 million tons★, about the same as in the fiscal year ended March 2023. 9.81 million m³★ (approximately 10%) of the total water intake was fresh water.

Water Intake (Excluding Seawater)



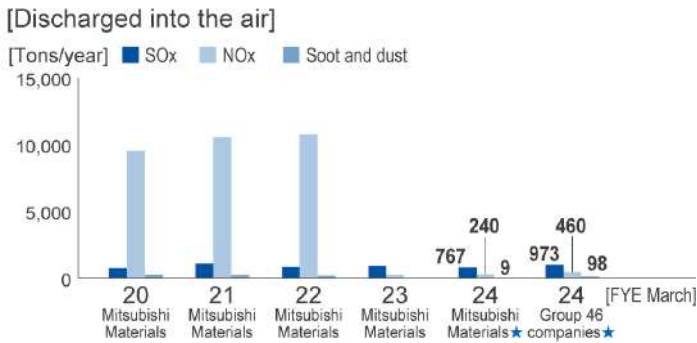
* Excluding fresh water used in hydroelectric power generation

* Excluding seawater used for cooling

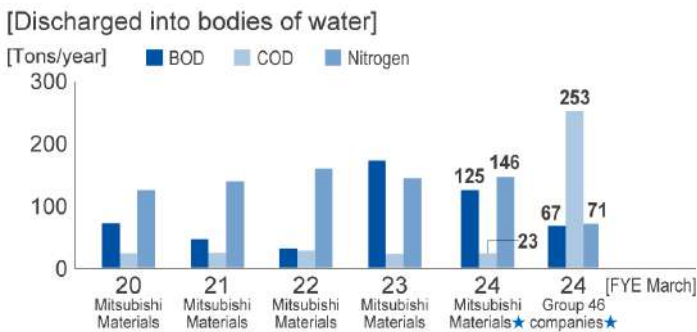
Emissions into the Air and Bodies of Water

We monitor the amounts of sulfur oxides (SOx), nitrogen oxides (NOx) and dust contained in waste gases from facilities, as well as attributes such as BOD (biochemical oxygen demand), COD (chemical oxygen demand) and nitrogen content in wastewater.

Emissions into the Air



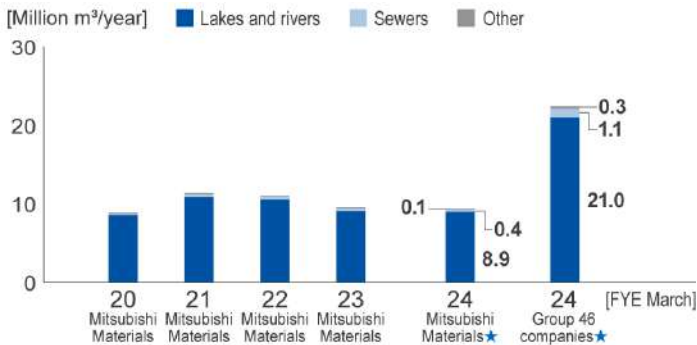
Emissions into Bodies of Water



Water Discharged

On a non-consolidated basis, the volume of water discharged (excluding water drained into the sea) by the Company in the fiscal year ended March 2024 was 9.40 million m³★, about the same as in the fiscal year ended March 2023. Water drained into the sea by the Company (non-consolidated) was 88.8 million m³, and the vast majority was seawater that had been used as cooling water.

Water Discharged (Excluding Water Drained into the Sea)



* Excluding water drained into the sea

Chemicals Released or Transferred

The Company's non-consolidated emissions in the fiscal year ended March 2024 increased by approximately 9% compared with the fiscal year ended March 2023 to 44 tons. The transferred amount increased by 23% compared with the fiscal year ended March 2023 to 53.6 tons★, reflecting the addition of one site which uses a large volume of chemicals to those subject to the monitoring of chemicals released or transferred, due to an amendment to the PRTR ordinance enacted in the fiscal year ended March 2023.

Chemicals Released or Transferred

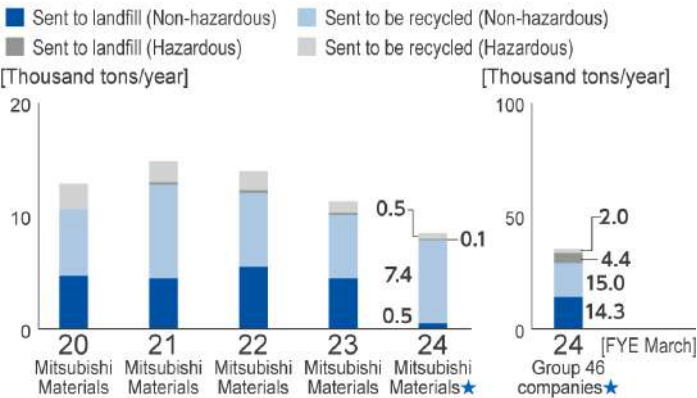


Volume of Industrial Waste

The volume of industrial waste from the Company (non-consolidated) in the fiscal year ended March 2024 declined by approximately 25% compared with the fiscal year ended March 2023 to 8.53 thousand tons★, because the polycrystalline silicon business was removed as a reporting entity from the fiscal year ended March 2023. The volume of waste sent to landfills by the Company (non-consolidated) was approximately 0.6 thousand tons, which was approximately 86% decreased from the fiscal year ended March 2023.

The total volume of waste for the Group as a whole, including Mitsubishi Materials, came to 44.2 thousand tons★, of which approximately 50% was recycled.

Volume of Industrial Waste



Preventing Air Pollution

The Group uses manufacturing processes that emit air pollutants such as dust and sulfur oxides (SOx) as a result of burning fuel, etc. In particular, emissions from our copper smelters and refineries account for the majority of those emissions. Each site is working to suppress emissions of air pollutants by stabilizing and increasing the efficiency of operations that generate emissions, and by installing advanced waste gas treatment equipment and maintaining appropriate performance.

Preventing Water Pollution

To prevent water pollution, at all of our sites we appropriately treat effluent and impose wastewater management standards that are even stricter than those required by law or municipal ordinance. In addition, to ensure we are ready to deal with leaks of chemical substances or oil spills, we take measures such as installing dikes and inspecting equipment on a daily basis. We also conduct regular training aimed at preventing the spread of substances in the event of a leak.

Chemical Substance Management

The Group's manufacturing plants handle a diverse range of chemical substances. Each site is implementing measures to reduce environmental risks, such as reducing the use of hazardous chemical substances, preventing their leakage into the environment, and reducing emissions. Specific initiatives include the review of processes according to the characteristics of each chemical substance, the installation of new equipment, as well as the switch to less hazardous alternative substances.

Waste Management

To contribute to building a resource-recycling society, we take comprehensive measures to reduce waste discharge and recycle resources from discharged waste. We also engage in recycling operations.

Initiatives to Reduce the Release of and Recycle Industrial Waste, From Plastic Products

The Company falls under the category of large-volume waste generating business operator (a business operator generating at least 250 tons of industrial waste from plastic products a year) as defined by the Act on Promotion of Resource Circulation for Plastics. The Company has set targets concerning the reduction and recycling of industrial waste from plastic products as required by this designation, and is working to switch from heat recovery and landfill disposal to resource recycling.

■ Targets

"By FYE March 2028, achieve a 35% reduction and recycling rate for industrial waste from plastic products compared with FYE March 2022 levels (1,115 tons)."

- Switch to material recycling for the packaging plastics used for Company products
- Reduce the amount of plastic materials used in site business activities, consider the use of alternatives or switch to material recycling

The amount of industrial waste from plastic-using products, etc. in the fiscal year ended March 2024 was 1,032 tons. Of this amount, 714 tons was plastic that was not recycled (heat recovery, landfill, etc.), resulting in a 36% reduction in emissions and recycling compared to the fiscal year ended March 2022 (1,115 tons).

We ascertain the actual plastic waste generation of each Group company to confirm whether any fall under the category of large-volume waste generating business operators, and promote waste reduction and recycling activities.

The vast majority (approx. 87%) of the water we consume at the Mitsubishi Materials Group is seawater used as cooling water. Consumption of fresh water (such as industrial water and groundwater) is comparatively low. However, because a shortage of fresh water may affect our business activities, securing the necessary quality and amount of water is essential for the business operation of the Group. One of the Group's environmental policies is "Effectively Use and Conserve Water Resources," and we are working to reduce the amount of water we use through its reuse, recycling and other efforts across every aspect of our business activities, including cooling water and cleaning water.

In addition, we have considered the seriousness of the water-related problems that have occurred frequently in recent years, such as typhoons and flooding, and the great impact of these problems. We manage the risks related to these problems accordingly. We implement measures for reducing water risks at individual facilities. To reduce our use of freshwater resources, we take action such as the effective use of seawater, water conservation through more efficient production processes, water recycling, and the thorough purification of wastewater. To secure water resources, we save water through measures including the recycling of water, the introduction of equipment with low water consumption, and the renovation of equipment to reduce water consumption. As measures against flooding, we take initiatives including the elevation of buildings, pumps, and electric equipment, the installation of drainage pumps, as well as the implementation of disaster drills assuming high water events. We also take measures to prevent abnormalities in the quality of the effluent from our facilities and to prevent water quality accidents. These measures include the management of effluent under our own standards that are stricter than laws and regulations, as well as the introduction of sensors that detect abnormal water quality and a system that stops water discharges automatically.

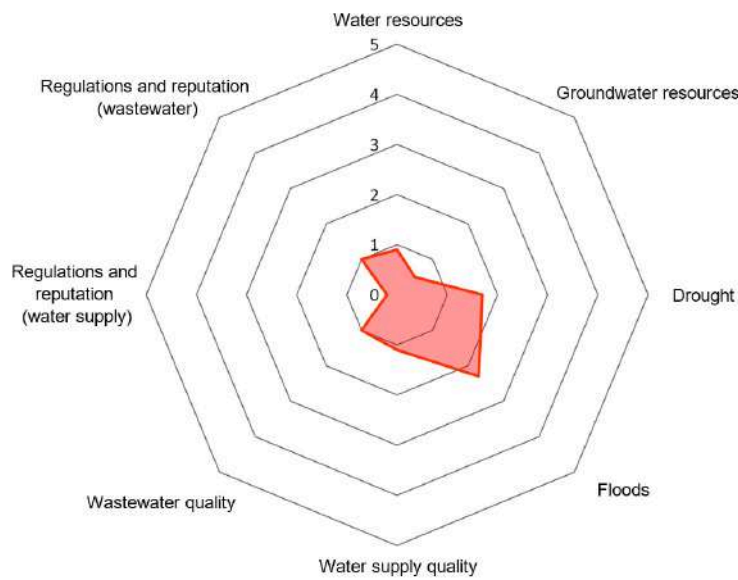
■ State of Water Risk Assessment Initiatives

To ascertain the state of water risks at the Group's manufacturing facilities (some of which include research institutes), we are utilizing the Aqueduct water risk assessment tool developed by the World Resources Institute (WRI) to conduct individual risk assessments for each facility, covering various water risks including those relating to securing water resources and those of incurring flood damage.

There were seven Group company locations rated as having high water stress, but sales related to these locations accounted for 7% of Group company sales. In the fiscal year ended March 2024, water withdrawal was 84,981 thousand m³ and water consumption was 1,285 thousand m³. Additionally, in order to ensure that water risk assessments are in line with actual conditions at these facilities, we supplement the results of water risk assessments performed using Aqueduct by taking into account information including the history of any past water risks that have materialized at each facility (history of occurrences of flood, drought, and water supply quality deterioration, etc.) and water usage associated with business activities (amount of fresh water and groundwater used, emissions of pollutants contained in wastewater).

The results of these supplemented water risk assessments are used to produce visual representations of water risks for each facility, using radar charts displaying risk scores for each assessment item, and shared with each business location. Each business site registers items assessed as high risk as risk factors unique to that facility, and engages in risk management by formulating and implementing measures including the reduction of water risks.

Example Radar Chart Showing Water Risks for Each Facility

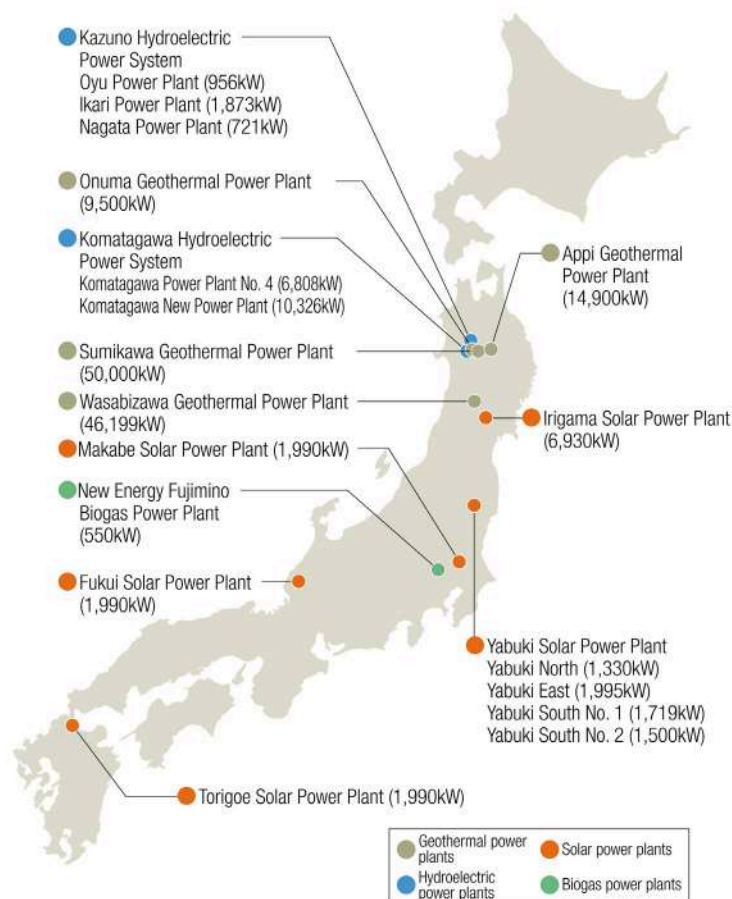


"Water quality risks" are assessed separately for both water supply and wastewater, from the viewpoints of impact on operations due to the deterioration of water supply quality and impact on the environment due to wastewater at business sites. "Regulatory and reputation risks" are also assessed for both water supply and wastewater, from the perspectives of toughness water supply and wastewater regulations and the reputation of the region.

Developing and Promoting the Use of Renewable Energy

Producing Renewable Energy

We have been developing renewable energy sources to supply the electricity needed for our mines and smelters. To date, we have been promoting the creation of renewable energy sources, mainly geothermal and hydroelectric power generation, in order to provide a stable supply of energy with minimal environmental impact, utilizing the expertise we have accumulated.



* Our biogas power generation business was transferred on September 30, 2024.

Geothermal Power Generation Business

Activities for the Stable Operation of Existing Power Plants

We generate stable and clean electric power through the power plants we maintain, including the Onuma Geothermal Plant and Sumikawa Geothermal Power Station (steam supply only, power generated by Tohoku Electric Power Co., Inc.), both in the Hachimantai area of Kazuno, Akita prefecture, the Wasabizawa Geothermal Power Plant (owned by Yuzawa Geothermal Power Corporation, established jointly with Electric Power Development Co., Ltd. and Mitsubishi Gas Chemical Company, Inc.) in the Takamatsu and Akinomiya areas of Yuzawa, Akita Prefecture as well as the Appi Geothermal Power Plant (owned by Appi Geothermal Power Corporation; established jointly with Mitsubishi Gas Chemical Company, Inc. and Electric Power Development Co., Ltd.), which began commercial operation on March 1, 2024 in Hachimantai, Iwate Prefecture. In the fiscal year ended March 2024, we generated a total of 622 GWh of power (including 328 GWh from plants in which we have equity stake, etc.). The operation of our geothermal plants and steam supply systems effectively reduced CO₂ emissions by approx. 1.36 million tons (calculated based on emissions from Sumikawa Geothermal Power Station of Tohoku Electric Power Co., Inc. and our equity stake in Wasabizawa Geothermal Power Plant of Yuzawa Geothermal Power Corporation).

In geothermal power generation, it is important to understand the unseen underground conditions to ensure a continuous and stable supply of steam. At the Sumikawa geothermal power plant, we will continue to monitor the underground conditions through detailed verification of data since the start of operation and reanalysis of the geological structure in order to improve the amount of electricity generated and continue stable operations at the site.

■ **Activities for New Geothermal Development**

In August 2021, we launched a survey to quantify the geothermal resources in the Komonomori area (Kazuno), which is located northeast of the Onuma Geothermal Power Station, using subsidies from the Japan Oil, Gas and Metals National Corporation (JOGMEC). Further, we have begun a survey to quantify the geothermal resources in the upstream area of the Appi River (Hachimantai), which is east of the Appi Geothermal Power Plant, in June 2022 using subsidies from JOGMEC. Additionally in May 2022, we invested in Hakodate Esan Geothermal G.K., which is conducting geothermal surveys and development in the Esan area (Hakodate) and are involved in the construction of a geothermal power plant with RENOVA, Inc. and Daiwa Energy & Infrastructure Co. Ltd., which will begin after the resource surveys and environmental impact assessments have been completed.

We are also continuing to conduct joint surveys with other companies in the Azuma-Adatara area of Fukushima prefecture.



Wasabizawa Geothermal Power Plant (Akita prefecture)
Main business operator: Yuzawa Geothermal Corporation
Operation commenced in May 2019
Output: 46,199kW



Appi Geothermal Power Plant (Iwate prefecture)
Main business operator: Appi Geothermal Energy Corporation
Operations scheduled to March 2024
Output: 14,900kW

TOPICS

Started Commercial Operation of the Appi Geothermal Power Plant - Joint venture project by three companies following the Wasabizawa Geothermal Power Plant -

Appi Geothermal Energy Corporation, which is a joint venture company formed by Mitsubishi Materials Corporation, Mitsubishi Gas Chemical Company Inc., and Electric Power Development Co., Ltd., started commercial operation of the Appi Geothermal Power Plant today.

The Appi Geothermal Power Plant is located at an altitude of approximately 1,130 meters and operates at an output capacity of 14,900 kW utilizing promising geothermal resources in the Hachimantai region of Iwate Prefecture. This is the first time in 28 years that a geothermal power plant with an output of over 10,000 kW has operated in Iwate Prefecture. All the electricity generated will be supplied to society under the Feed-In Tariff (FIT) system for renewable energy.

This project is supported by Japan Organization for Metals and Energy Security, applying a debt guarantee project for geothermal resource development funding.

We will contribute to the expansion of the use of renewable energy through the stable operation of the Appi Geothermal Power Plant.



Appi Geothermal Power Plant



Location

- ▶ Started Commercial Operation of the Appi Geothermal Power Plant
- Joint venture project by three companies following the Wasabizawa Geothermal Power Plant - 

TOPICS

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

In May 2022, we have invested in Hakodate Esan Geothermal LLC (Esan Geothermal) as a new business partner of RENOVA, Inc. (Chuo-ku, Tokyo; Founding CEO, Yosuke Kiminami) and Daiwa Energy & Infrastructure Co. Ltd. (Chiyoda-ku, Tokyo; President, Morimasa Matsuda). Since its establishment in 2016, Esan Geothermal has moved ahead with business development with the aim of developing a new geothermal power plant in the Esan area of Hakodate City, Hokkaido.

We are utilizing the abundant experience and high technological capabilities we have cultivated over many years through our development and management of coal and metal mines for hydroelectric and geothermal power generation. In relation to geothermal power generation, since Onuma Geothermal Power Plant (Akita Prefecture) started operation in 1974, we have played a central role in the construction and operation of Sumikawa Geothermal Power Plant (Akita Prefecture, operation started in 1995), Wasabizawa Geothermal Power Plant (Akita Prefecture, operation started in 2019), and Appi Geothermal Power Plant (Iwate Prefecture, operation scheduled to start in 2024).

We have been working on the "development and promotion of the use of renewable energies such as geothermal energy" and intend to engage in this project by making use of our experience and technological capabilities through investment to contribute to the success of the project.



An excavation survey

- ▶ Participation in a New Geothermal Development Project in the Esan Area, Hakodate City, Hokkaido
 - MMC's First Geothermal Power Generation Development in Hokkaido - 

Hydroelectric Power Generation Businesses

We have a long history of generating hydroelectric power, dating back to 1898, when we built seven hydroelectric power plants in Akita prefecture, for the purpose of supplying enough power to run Osarizawa Mine (opened as a gold mine, later operated as a copper mine, closed in 1978) and homes in the local area. We were compensated for one of those power plants when a dam was built and the plant was submerged in 2000. The remaining six however are still operating today, selling all of the power that they generate to a power company. Since 2014, we have successfully completed upgrades at three hydroelectric power plants, in an effort to deal with aging facilities. We also completed updates at Oyu Hydroelectric Power Plant (Kazuno) in March 2018. In addition, in May 2019, we began to construct the New Komatagawa Hydroelectric Power Plant in the Komata River system in Kita-Akita City, Akita. It is the first new hydroelectric power plant since the No. 4 Komatagawa Hydroelectric Power Plant, which was completed in 1953. The new plant is scheduled to start operating in December 2022. We also began investigations in multiple places since the fiscal year ended March 2022, with the goal of constructing new small-scale hydropower plants with an output of around 1,000 kW each.

In the fiscal year ended March 2024, the combined total of power generated by all six hydroelectric power plants was 108 GWh. Our operation of hydroelectric power plants effectively reduced CO₂ emissions by approx. 40,000 tons.



Komatagawa New Power Plant
(Akita prefecture)
Main business operator:
Mitsubishi Materials Corporation
Operation commenced in
December 2022
Output: 10,326kW

Solar Power Businesses

Since 2013 we have been working on a new solar power business, making effective use of idle Group land. By 2017 we had built power plants in five locations as part of a joint venture with Mitsubishi HC Capital Inc. We are currently operating plants in Makabe (Ibaraki prefecture), Fukui, Torigoe (Fukuoka prefecture), Irigama (Miyagi prefecture), and Yabuki (Fukushima prefecture). In the fiscal year ended March 2023, the combined total of power generated by all five solar power plants was 29 GWh (including 14 GWh from power plants in which we have equity stakes). The operation of these power plants (in which we have equity stakes) effectively reduced CO₂ emissions by approx. 10,000 tons.



Irigama Solar Power Station
(Miyagi prefecture)
Main business operator: LM Sun
Power CO., Ltd.
Operation commenced in January
2015
Output: 6,930kW

Biogas Power Generation Business

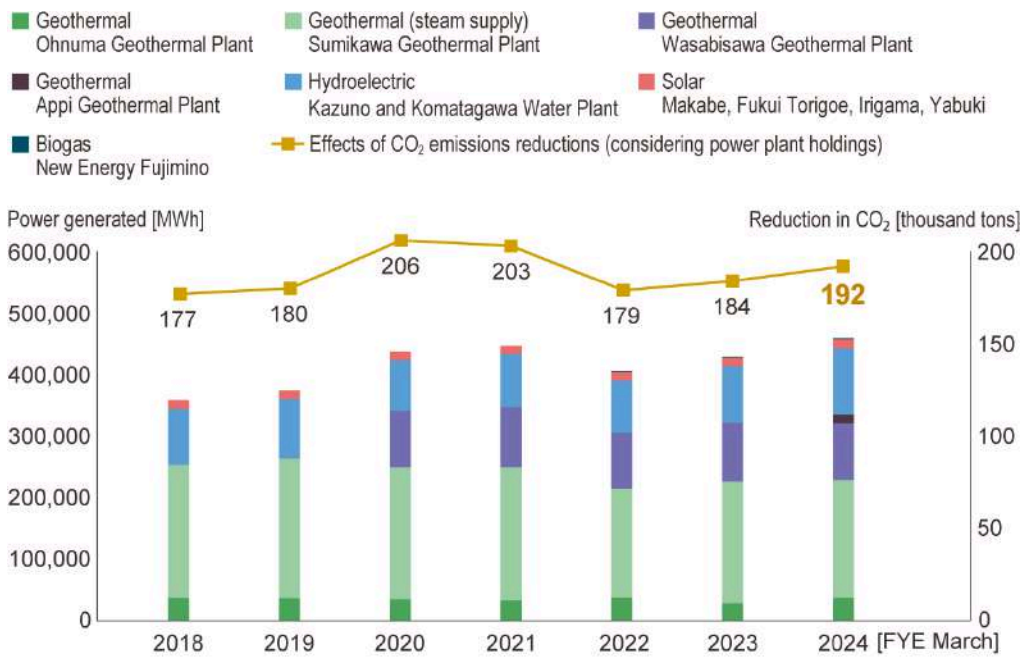
We conduct power generation using biogas obtained from the processing of food waste at New Energy Fujimino Co., Ltd., a consolidated subsidiary established in 2018. The power generation has an output of 550 kW. In the fiscal year 2024, the electricity generated through biogas power generation amounted to 3 GWh (of which our share was 2 GWh).

* Our biogas power generation business was transferred on September 30, 2024.



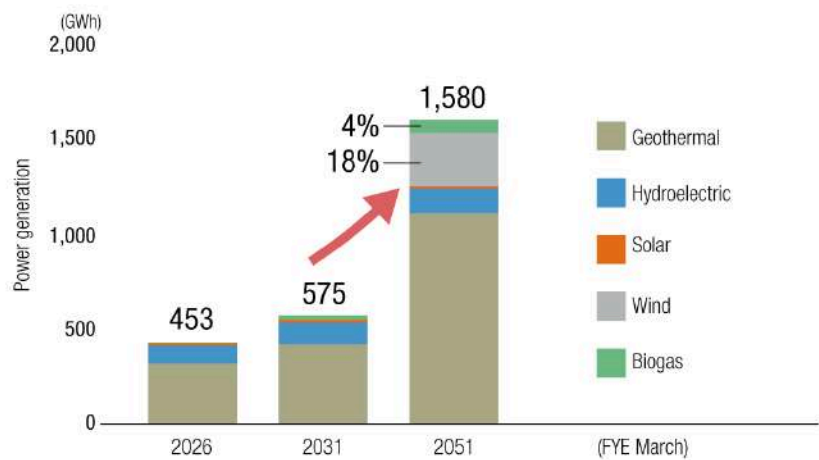
Renewable Energy's Effect on the Reduction of CO₂ Emissions

■ Reduction in CO₂ Emissions Using Renewable Energy (reflecting our equity in power plants)



* Recalculated based on the CO₂ emission factor for commercial electric power defined by METI
* Our biogas power generation business was transferred on September 30, 2024.

Renewable Energy Power Generation Targets and Results



* Steam supply to geothermal power plants (steam sales converted by electric energy volume)

Helping to Build of a Decarbonized Society by Promoting Ground Source Heat Utilization, Which is Renewable Energy Heat.

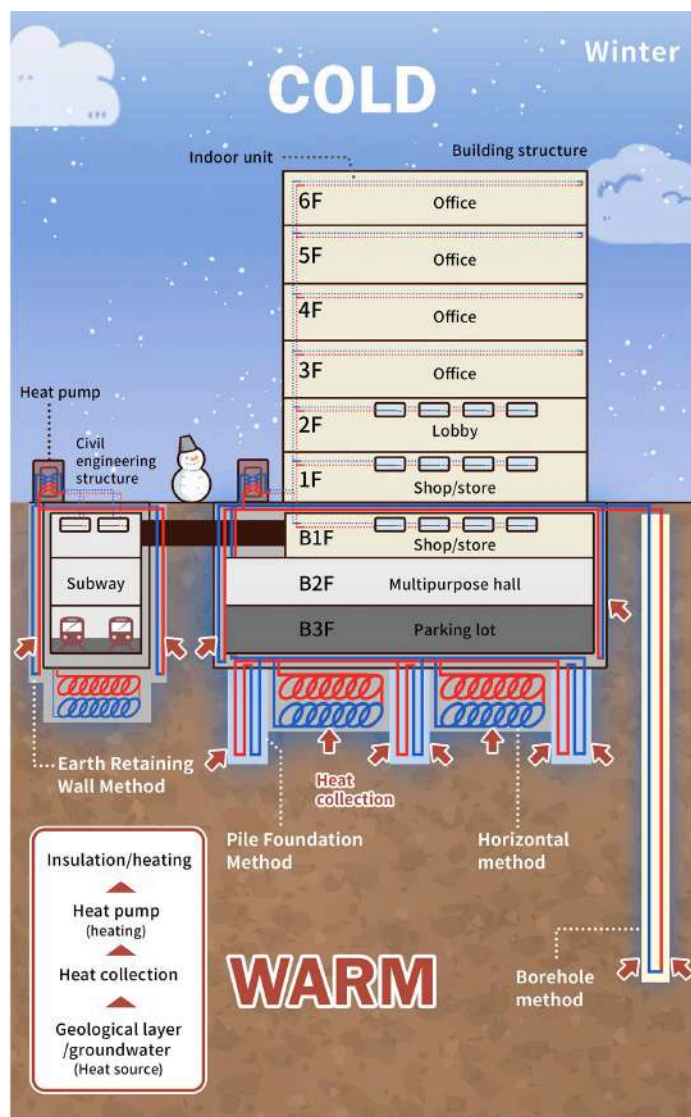
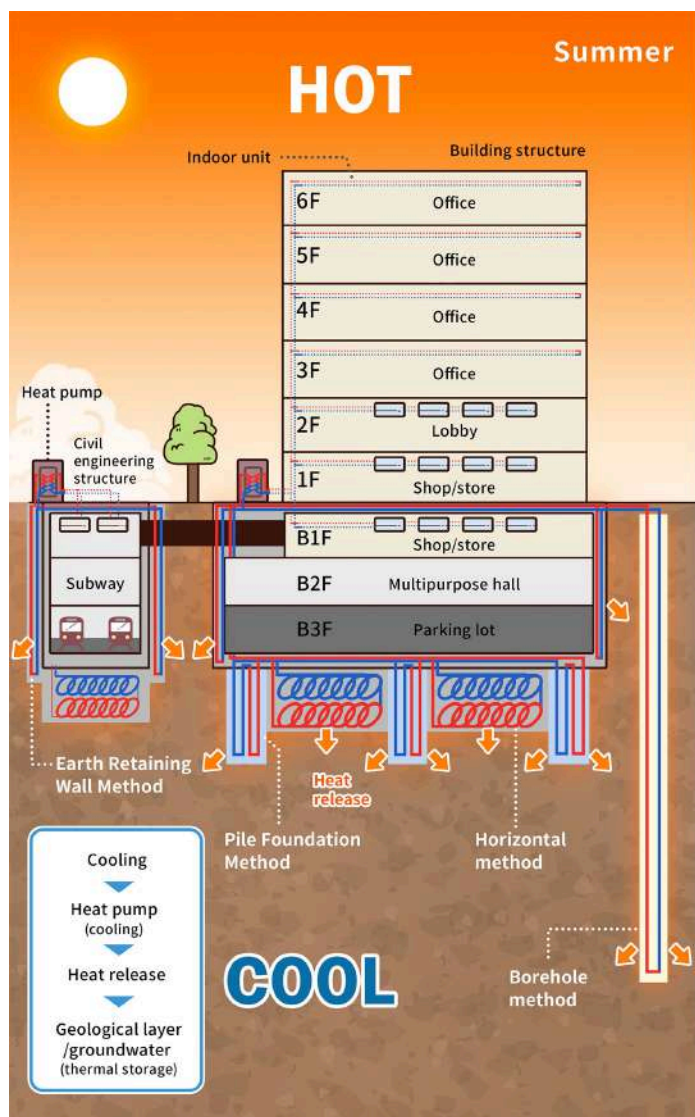
In 2000, Mitsubishi Materials Techno Corporation entered the business of ground-source heat, which is heat from a renewable energy source, as a provider of total engineering solutions. The company has been providing services in the process from project proposal through investigation, design, construction, and maintenance.

The company has continued its R&D efforts and acquired patented technologies through projects commissioned by the government and others, aiming to become the No.1 company in geothermal technologies. As a result, the company has succeeded in building infrastructure using ground-source heat by developing commercial systems with various heat exchange methods, including not only the common borehole method but also its patented foundation pile method as well as horizontal and earth retaining wall methods. At present, Mitsubishi Materials Techno Corporation is promoting sales of these technologies as systems for using ground-source heat utilized through urban infrastructure, aiming to contribute to smart cities in the future. Approx. 130 systems from the company have been installed. Since 2020, the large-scale utilization of ground-source heat has been increasing. For example, the company completed one of the largest projects in Japan, which combines the borehole method (100 m in depth x 120 boreholes) and the horizontal method (nine units x approx. 100 m long trenches), at a city hospital in Hachimantai. It also completed one of the largest projects in the Tokyo metropolitan area, which applied the foundation pile method (66 cast-in-place piles) at the Yokohama City Hall. In May 2022, Mitsubishi Materials Techno Corporation, the Yokohama City Government, Takenaka Corporation, and other companies received the 60th Gakkai-sho Gijutsu-sho (academic society award and technology award) in the building equipment category from the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan for the implementation of the Yokohama City Hall environmental and facility plans.

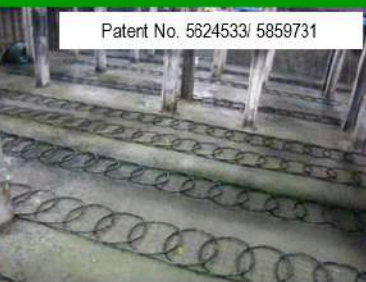
The company will continue to help establish a decarbonized society by expanding the use of ground-source heat as renewable energy.

▶ [Ground Heat Pump System \(Mitsubishi Materials Techno Corporation\)](#) 

■ Overview of the System for Using Ground-Source Heat Utilized through Urban Infrastructure



■ Heat Exchange Systems and Examples of Projects Which Adopted Them

Bore hole systems	Foundation pile systems	Horizontal systems	Earth retaining wall systems
 Heat supply to the Tokyo Skytree District Sonic drill method Japan's first district heating and cooling system (DHC)	 Adopted for use in more than 20 projects Compatible with cast-in-place piles, precast concrete piles, and steel pipe piles as well	 Quadruple tracking project of Odakyu Electric Railway The first adoption of this technology for a railway tunnel project in Japan Technological Development Projects for Global Warming Countermeasures Scheme by the Ministry of the Environment (FY2011 to FY2012, FY2012 to FY2014)	 NEDO project for developing technologies for using renewable energy (FY2016 to FY2019)

For Carbon dioxide Capture, Utilization and Storage (CCUS)

We have launched a demonstration test recovering carbon dioxide emitted from the Group's plant. (See the link below for details.)

Concerning carbon dioxide capture and storage, we invested in Japan CCS Co., Ltd., which was established in May 2008. Through Japan CCS, we are participating in the Large-scale CCS Demonstration Project in Tomakomai and Investigation of Potential Sites for CO₂ Storage. Regarding carbon dioxide capture and utilization.

▶ [Recovering and using CO₂ emitted from plants -- A demonstration launched in Kyushu](#) 

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

Addressing Labor Shortage Issues

Addressing labor shortage issues

In Japan, the working-age population is declining, and the chronic labor shortage in the manufacturing industry is becoming permanent, while in the overseas businesses in which we operate, difficulties acquiring talent are accelerating and there is a trend of turning away from manufacturing. In addition to this backdrop of external factors, internally, retirements for personal reasons are increasing along with diversification of working style.

As a result, we will continue to address labor shortages by promoting the following measures and organically linking them to the results of all other HR initiatives.

- Enhance recruitment by streamlining and elevating the recruitment process, strengthening awareness and enhancing contact points for candidates
- Establishing workplace environments that allow for a variety of work styles
 - ▶ For details, please refer to [Promotion of flexible work styles](#) .
- Shifting from uniform HR management to HR management based on individuals' diverse values
- Thoroughly reform business processes by promoting efficiency, labor saving, and workload saving

Enhancing Talent Retention and Development

Talent Retention

Basic Approach to Human Capital

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

Status of Employment at the Mitsubishi Materials Group (As of March 31, 2024)

■ Number of Employees (full-time equivalent)

Subject	Employees		Temporary Staff
Non-consolidated	★5,408		622
Consolidated	★18,323		2,103
	Japan	11,373	
	Overseas	6,950	

■ Employee Numbers According to Location (consolidated, full-time equivalent)

Location	Employees
Japan	11,373
North America	760
South America	60
Oceania	12
Europe	1,227
East Asia	687
Southeast Asia	4,204
Total	★18,323

■ Recruitment (Recruits for FYE March 2024) (Non-consolidated)

Subject	Graduate Recruitment		Experienced Recruitment
	University graduates (including graduate school)*1	High school graduates*2	
Men	67	58	99
Women	26	20	18
Total	93	78	117

*1 Bachelor's degree or above.

*2 This includes high school graduates, technical college graduates, vocational college graduates, and junior college graduates.

■ **Employees Who Left the Company for Their Own Reasons (employees who left the company in FYE March 2024) (Non-consolidated)**

Subject		Age under 30	Age 30-49	Age 50 or over	Total
Number of employees who left the company for their own reasons	Men	47	60	23	130
	Women	15	11	4	30
	Total	62	71	27	160
Percentage of employees who left the company for their own reasons	Men	5.3%	2.9%	1.4%	2.8%
	Women	6.8%	3.4%	2.2%	4.1%
	Total	5.6%	2.9%	1.4%	★3.0%

Development of Talents

Next-Generation Leadership Talent Development Program

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

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



Support for Autonomous Career Development

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

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

Talent Development System

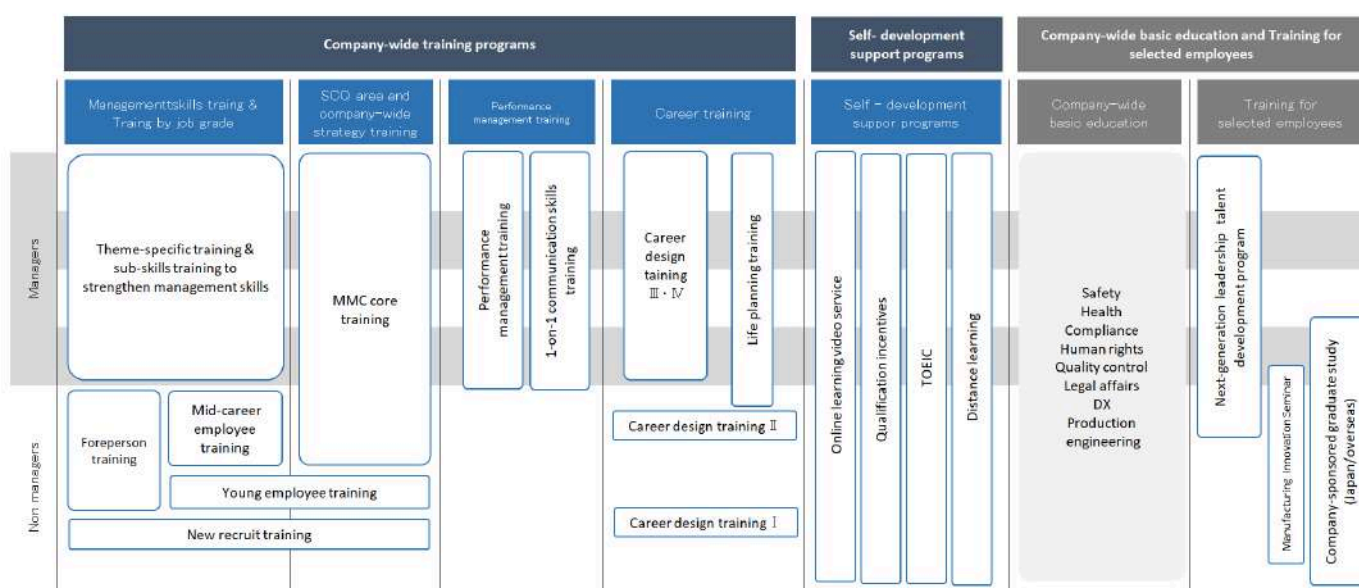
In the fiscal year ending March 2025 we redesigned our training system for non-union members. Based on the recognition that improving management skills is essential for achieving the FY2031 Strategy, the new training system will shift to a curriculum more focused on management issues. We will work to enhance employees' management skills by combining theme-specific training such as "transformational skills" and "the ability to cultivate self-directed talent" with complementary skills-based training including thinking and interpersonal skills.

We also view it as important for employees to develop their careers in a self-directed manner and develop their abilities proactively. To reflect this, we offer "Career Design Training" for employees across various age groups and provide career development support through interviews with career advisors.

At the same time we are improving support for self-development based on the provision of an online learning video service.

These training measures and the growth employees achieve through experiences in their day-to-day work are closely connected, and we make every effort to cultivate talent and foster an organizational culture of adapting flexibly and promptly to changes in society and the business environment while taking on challenges.

■ Talent Development System (non-consolidated)



Employee Training (non-consolidated)

■ Annual total hours of training

Annual total hours of training (aggregated)	Average hours per employee (annual)
★106,630 hours	17.4 hours

* Subjects of the above data for education and training program hours include non-regular employees as well as regular employees.

Leadership Values in the Mitsubishi Materials Group

In February 2016, the Group clarified the competencies and skills it was looking for as a guideline for the development of leaders in the form of the Leadership Values in the Mitsubishi Materials Group (Leadership Values).

An important element in the Leadership Values is "Integrity and Spirit of a Leader." The Group has operating roots in coal mining and the mining industry, and we place importance on the strong sense of mission and responsibility that leaders must have to be entrusted with the lives and safety of employees, even at worksites that can be life-threatening. The Leadership Values represent universal values handed down throughout the Group and were formulated after careful discussion by top management. The Leadership Values have been adopted as an evaluation indicator in the evaluation system for management-level employees, and encourage upper management to promote awareness reform and embody them within the Group.

Promotion of DE&I (Diversity, Equity & Inclusion)

Diversity, Equity and Inclusion Initiatives

Basic Policy

We have stipulated our basic policies regarding Diversity, Equity and Inclusion in the Basic Policy on Corporate Governance, Sustainability Policy, and Human Rights Policy. We have also established the Guidelines for Support of Women's Development and Advancement as our policy on promotion of women's development and advancement.

We have posted these basic policies in our internal HR portal website and continue to inform and cultivate the policies for all employees through activities such as explanations during internal training programs.

Starting the fiscal year ending March 2025, we have incorporated equity (fairness and equity) concepts into our basic policies to create a workplace in which individuals from a diverse range of backgrounds can succeed, in an effort to accelerate our existing diversity & inclusion efforts.

◆ Basic Policy on Corporate Governance (Excerpt)

Based on the belief that employees are the source of new values and the Group's sustainable growth, we aim to maximize organizational performance by creating workplace environments in which team members with diversity in every respect, including race, religion, gender, sexual orientation and gender identity, age, disability, nationality, national origin, social origin, and professional background, can coexist, and recognize one another in an equitable manner, and actively demonstrate their individual abilities at their very best. (Article 10)

◆ Sustainability Policy (Excerpt)

We embrace diversity and acknowledge its importance in creating new value. We will promote Diversity, Equity and Inclusion as a source of sustainable growth within the Group. (Article 3)

◆ Human Rights Policy (Excerpt)

We aim to build workplaces where team members with diverse attributes, values, and experiences can coexist, and respect one another in an equitable manner, and where individuals can work confidently with a sense of growth and fulfillment as they elevate each other and demonstrate their capabilities to the full. (Article 8)

◆ Guidelines for Supporting Women's Development and Advancement

- (1) Actively promoting Diversity, Equity and Inclusion to embrace and respect diverse personalities, as well as to create new values, that are the sources of sustainable growth for the Group. Such promotion is one of our management strategies, and active participation of female talents is indispensable.
- (2) Aiming to be a place where all female talents with diverse personalities can demonstrate their individual abilities at their very best at all workplaces, occupation fields and positions, while experiencing growth and self-realization.
- (3) Fostering culture where every female talent can independently and autonomously build and develop their careers by improving the work environment, expanding the work area and support that respect viewpoints of work.

Medium- and Long-term Objectives and Current Status

We believe that the development of innovation that is not constrained to existing frameworks is needed for the sustainable growth of the Group. Fostering awareness and a corporate culture of retaining and developing a diverse range of human resources, exhibiting mutual acceptance of diverse individual qualities and creating new value from differing views is essential to achieving this. Given this understanding, we have set the following targets based on our policy on diversity, equity and inclusion.

(1) Ensuring diversity at decision-making levels

Raise the percentage of diverse attributes in management positions (women, non-Japanese, mid-career hires, people with disabilities) from the 16% achieved in the fiscal year ended March 2021 to 30% by the fiscal year ending March 2031.



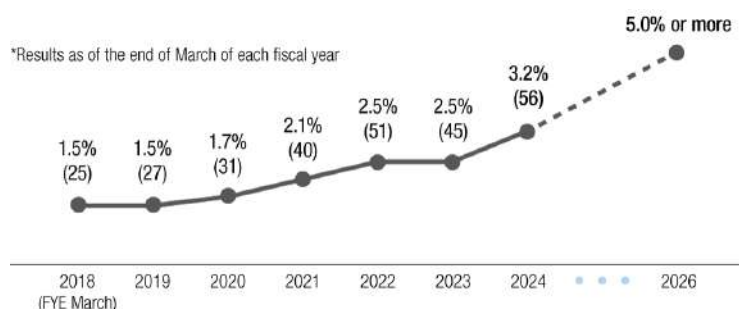
(2) Compared with the fiscal year ended March 2021, raise the number of female managers by approximately 2.5 times, the number of non-Japanese managers by approximately 2.5 times, and the number of mid-career hire managers to approximately 1.5 times.

(3) Raise the number of female managers as a percentage of all managers to 5.0% by the fiscal year ending March 2026.

Targets for the Number of Female, Non-Japanese and Mid-Career Hire Managers

Subject		FYE March 2026 Target
Female managers	Number compared to FYE March 2021:	Approx. 2.5 times
Non-Japanese managers		Approx. 2.5 times
Mid-career hire managers		Approx. 1.5 times

Trends and Targets for Percentage of Women in Management Positions



Number and Ratio of Female Directors, Executive officers and Managers

Subject	Number	Ratio
Female Directors (as of June 26, 2023)	2 (out of 11)	18.2%
Female Executive Officers (as of April 1, 2024)	1 (out of 8)	12.5%
Female Managers (as of April 1, 2024)	58 (out of 1,726)	★3.4%

Our Initiatives

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

■ <Ensuring diversity>

General	- Formulation of a three-year (FYE March 2024 - FYE March 2026) action plan for promotion of DE&I and execution of this plan by management and employees alike (plants and Group companies) - Establishment of community for balancing work with childcare - Discussing Diversity and Inclusion at the Board of Directors
Support of women's development and advancement	- Sponsorship program sponsored by Executive Officers (support for career acceleration sponsored by Executive Officers), Career development support (for female managers and female career track employees) - Implementing action plans at offices and plants - Providing external training opportunities - Holding "DEI Forum" as an International Women's Day event in cooperation between eight nonferrous metal companies and the Japan Mining Industry Association
Support for non-Japanese employees	- Holding recruitment events for international student - Foreign language support for company entrance exams - Language education support both before and after hiring - Discussions to determine requests or other requirements for the Company at the time of hiring FYE March 2024:10 employees
Support for mid-career hires	- Enriching information related to mid-career recruitment on our website - Onboarding support initiatives
Support for employees with disabilities	- Implementing action plans at offices and plants - Strengthening of connection with external associations for employees with disabilities - Employment support for employees with disabilities (trainees from special education schools) - Model workplace for disabled employees
Career support	- Conducting career interviews - Opening the employee hotline - Implementing career design training - Consultations with in-house and external career consultants

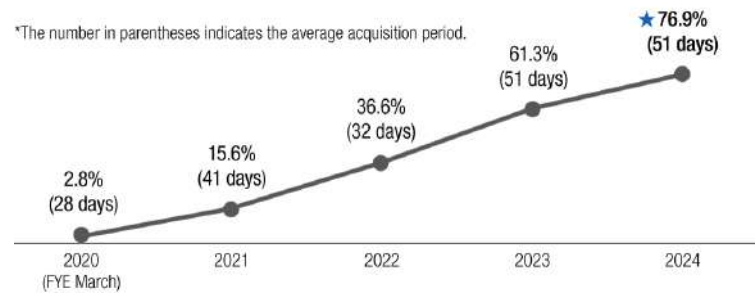
■ <Dissemination of equity and inclusion measures>

General	- Publishing information on DE&I on the intranet - Implementation of unconscious bias e-learning for all employees - Holding diversity seminars for managers - Holding seminars by DE&I experts for directors - Distribution of video content related to diversity, equity and inclusion for all employees - Implementing programs on diversity, equity and inclusion in "MMC core training" - Conducting diversity, equity and inclusion training for organizational managers - Revising working styles for all employees and conducting seminars on encouraging male employees to take childcare leave - Conducting family care seminars for all employees - Conducting engagement surveys for all employees - Establishing a diversity, equity and inclusion consultation service
LGBTQ+ Support	- Seminars held by Outside Directors for all employees - Acquisition of Silver in PRIDE Index - Sponsorship of Tokyo Rainbow Pride 2024 - Endorsement of Business for Marriage Equalit - Release of in-house handbook to promote understanding of LGBTQ+ - Training sessions led by LGBTQ+ people for Human Resources staff
Support for male employees to take childcare leave	Continuous communication and awareness-raising about taking childcare leave (Target rate of employees taking leave from FYE March 2023: 100%)

Support for Male Employees to Take Childcare Leave

We are further promoting diversity, equity and inclusion by creating an environment in which diverse human resources can work sustainably and achieve a balance between work and life events, including childcare. We have set a target of 100% for male employees to take childcare leave from the fiscal year ended March 2023 onward, and are actively working to achieve this goal by raising awareness through training and awareness-raising activities, holding seminars on reviewing work styles and promoting male employees to take childcare leave, and other measures.

■ Trends for Percentage of Male Employees to Take Childcare Leave



Promoting Employment of People with Disabilities

We engage in a range of initiatives to promote the employment of people with disabilities. Many employees with disabilities work at the Marunouchi Head Office and the Saitama Office, a “model workplace for disabled employees” aimed at enabling people with disabilities to learn, grow and contribute to society through their work. At the Marunouchi Head Office, we mainly provide jobs such as cleaning and sterilization of the cafeteria and meeting rooms. At the Saitama Office, in addition to cleaning and sterilization of the cafeteria and training and accommodation facilities, the jobs include maintaining greenery on company premises, and producing business cards, including for the Group companies. We assign guidance staff to each workplace to respect the individuality and potential of each employee with a disability, innovate and improve how they work, and to foster their growth in a way that promotes a sense of fulfillment and job satisfaction. We also accept the internship of students from local schools for special needs education, actively hold events such as company tours, and support the employment of students attending schools for special needs education, such as by motivating them to work at a company through these activities.

TOPICS

Holding a DEI Forum

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



TOPICS

Sponsorship of Tokyo Rainbow Pride 2024

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



[Click here to learn more about our Diversity, Equity & Inclusion.](#)

► [Diversity, Equity & Inclusion.](#) 

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

Promotion of Flexible Work Styles

Support for Diverse Working Styles

We promote creating working environments that enable our employees to strike a balance between their work and their home life. We strive to develop and expand a variety of support systems in order to create an environment where every employee can take on the challenge of career advancement while realizing a work style that suits the events in their lives.

In the fiscal year ended March 2023, we introduced a Work-from-home System for the entire Company, including plants, to help employees work with more flexibility while improving productivity, as well as a Remote Work System for managers. We also abolished the core times from the flextime systems in place at our Head Office locations and some of our other business sites, supporting employees in adopting a more flexible way of working. In the fiscal year ended March 2024, we introduced a trial system for side jobs/side businesses and in the fiscal year ending March 2025, we began full-scale operation of this system.

To reduce long working hours, we have formulated a policy, targets for total working hours, and action plan, and are working to reduce overtime hours and encourage employees to take paid leave in accordance with the actual conditions at each business site, while holding labor-management meetings of the Shorter Working Hours Study Committee.

The Company is a signatory to the United Nations Global Compact and supports the Ten Principles of the Compact in four areas (human rights, labor, environment and anti-corruption). In the Group’s human rights policy, we state our commitment to respecting applicable international norms concerning human rights in the countries and regions where we do business, observing relevant laws and regulations, and appropriately managing employee working hours, holidays, leave and wages.

Systems Supporting Flexible Workstyles

System		Outline
All employees	Work-from-home system	A system that allows employees to work from home who are in charge of work that can be handled at home.
	Remote work system	A system that allows managers to work without restrictions on location (Japan only)
	Half-day paid leave system	A system under which paid leave may be taken in half-day units
	By-the-hour paid leave system	A system under which paid leave may be taken in hour units
	Wellness leave	We allow employees to carry over up to 5 days per year of their expiring annual paid leaves, with an upper limit of 60 days. These paid leaves may be used when an employee or their family is receiving in-patient or home treatment for a non-work-related illness or injury, when an employee undergoes a complete medical checkup/gynecological examination or has in- and out-patient fertility treatment, and when an employee takes part in volunteer activities or other activities.
	Flextime system	A system which permits employees to determine their start and finish times (without core time requirements at some business sites)

Childcare support	Maternity nursing leave (for male employees)	When the wife of an employee has given birth, the employee is entitled to three days of leave within two weeks of the date of birth.
	Support interviews for employees returning to work after childcare leave (leave to raise children), etc.	For employees taking prenatal and postnatal maternity leave and childcare leave for a total of three months or longer and who wish to have an interview
	Lump sum payment for early return to work after childcare leave (leave to raise children), etc.	Paid to employees who return to work early after maternity leave, or after one month or more of childcare leave (during the month following the month when they return to the month when the child becomes one year old).
	Shortening of prescribed working hours	Employees caring for a child up until the sixth grade of elementary school are eligible. The number of prescribed working hours per day may be shortened to a minimum of six hours.
	Childcare time	A female employee with a child younger than one year old is entitled to take two 30-minute breaks during shortened prescribed working hours.
	Staggered work hours and additional break time	Female employees who are pregnant or have given birth to a baby may move up or down their start and finish times by up to 60 minutes under certain conditions. They are also permitted to take two breaks for up to 60 minutes in total per day.
	Exemption from out-of-hours work	Employees caring for a child up until the sixth grade of elementary school are entitled not to work overtime.
	Limitations on out-of-hours work	Employees caring for a child up until the sixth grade of elementary school are entitled not to work over 24 hours of overtime a month and over 150 hours of overtime a year.
	Limitations on late-night work	Employees caring for a child up until the sixth grade of elementary school are entitled not to work from 10:00 pm to 5:00 am.
	Child nursing care leave	Employees caring for a child up until the sixth grade of elementary school are entitled to take this leave on a daily or hourly basis, in principle, separately from annual paid leaves. (For employees with children up to the age of 3, up to 5 days of paid leave will be granted per year.) • One child: 10 days / year • Two or more children: 15 days / year
Caregiving support	Childcare fee subsidy system	Paid to employees with children under the age of 3 who attend preschool or a day care facility
	Extended caregiving leave	Employees may take up to a maximum of 36 months' leave per person requiring care.
	Caregiving leave	Employees with family members requiring care may take leave as follows. The leave may be taken on a daily or hourly basis, in principle, separately from annual paid holidays. - One family member requiring care: 5 days - Two or more family members requiring care: 10 days
	Shortening of prescribed working hours/staggered work hours/flextime	Employees with family members requiring care may take leave under one of the following schemes specified by the Company. - Shortening of prescribed working hours - Staggered work hours - Flextime
	Exemption from out-of-hours work	Employees with family members requiring care are entitled not to work overtime.
	Limitations on out-of-hours work	Employees with family members requiring care are entitled not to work more than 24 hours of overtime a month and more than 150 hours of overtime a year.
	Limitations on late-night work	Employees with family members requiring care are entitled not to work from 10:00 pm to 5:00 am.

Systems Related to Diverse Careers and Employment Continuation, etc.

System	Outline
Internal job posting system	Implemented as a part of promoting autonomous career development
Area limited employment system	A system that allows employees with certain circumstances, such as childcare or long-term care, to be exempt from relocation for a certain period of time
Side jobs / Side businesses	A system allowing employees to engage in non-employment side jobs and side businesses has been introduced with the aim of enabling employees to acquire knowledge, skills, and experience that cannot be obtained within the Group, bringing value to the Group while also further promoting awareness of autonomous career building
Special temporary leave-of-absence system	A system that allows employees who are accompanying a spouse on an overseas assignment or who are studying at their own expense to take leave for a certain period of time
Reemployment system for employees who have once resigned	A system that allows employees who have once resigned due to personal family circumstances (marriage, childbirth, long-term care, etc.) to rejoin the Company under certain conditions
Overseas study program	A system that dispatches employees desiring to study overseas who have passed an internal selection to graduate schools, etc. in Japan or abroad
Position change	A system that employees are allowed to change their positions in specific areas to new positions where they can demonstrate their capabilities from a Company-wide perspective.

For details, please refer to "Promotion of flexible work styles" under "Diversity, Equity & Inclusion".

▶ [Promotion of flexible work styles](#) 

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

Status of Utilization of the Systems, etc. (FYE March 2024)

Item	Male	Female	Total
Number of employees taking caregiving leave	2	2	★4
Number of employees taking childcare leave	83	16	★99
Number of employees taking prenatal and postnatal maternity leave	—	17	★17
Percentage of paid leave taken (Non-consolidated union member) (January to December 2023)	—	—	★83.9%
Average overtime hours (Non-consolidated union member)	—	—	14.0hours

* To develop an environment in which it is easy for employees to take paid leave as part of measures to increase the percentage of paid leave taken, we have determined days when employees are strongly recommended to take paid leave and days when employees are encouraged to take paid leave, before or following holidays, etc. Thus, we recommend employees to proactively take paid leave.

* Regarding employee working hours, we use a dedicated attendance management system in which employees, including managers, input their working hours. Their workplace superiors can use the system to regularly check the attendance status of all team members.

Working Styles for Employees Aged 60 and over

As of April 2021, we have extended the mandatory retirement age from 60 to 65 years old, as a measure to secure stable employment and improve the treatment of senior employees, to enable them to work with peace of mind, and to further increase their motivation. In addition, we are catering to the needs of individual employees by incorporating options such as selective retirement age and re-employment with shorter working hours, taking the state of health and life plans of each employee into account.

Improving Employee Engagement

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

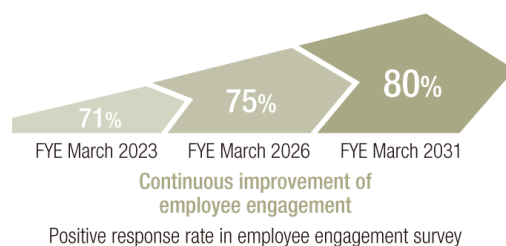
Our survey consists of five categories: "Work," "Colleagues," "Compensation," "Organization," and "Growth Opportunities." 95% of all employees responded to the survey for the fiscal year ended March 2024, and the positive responses rate for all questions (30 questions) was 73% (+2.0% year-on-year). The positive response rates for "Organization" and "Growth Opportunities" were relatively low in the fiscal year ended March 2023. As a result of various measures to strengthen these areas, the positive response rate for "Organization"*¹ increased by 1.0% and the positive response rate for "Growth Opportunities"*² increased by 4.9%.

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

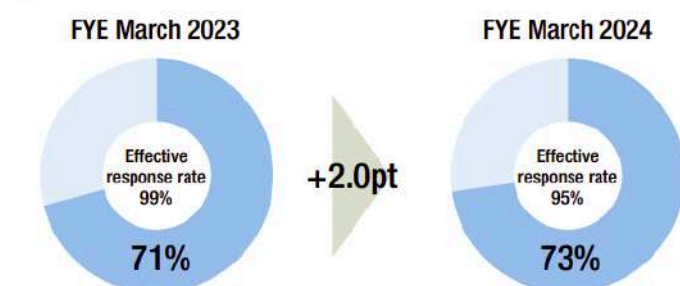
Through this series of activities, we aim to continue increasing employee engagement in future.

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

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



Trends for Positive Response Rate



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

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

Organization	Growth Opportunities
- Holding Town Hall Meetings - Sharing information with employees through internal branding activities	- 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

Respect for Individuals and Fundamental Human Rights

Respect for Human Rights

Human Rights Policy

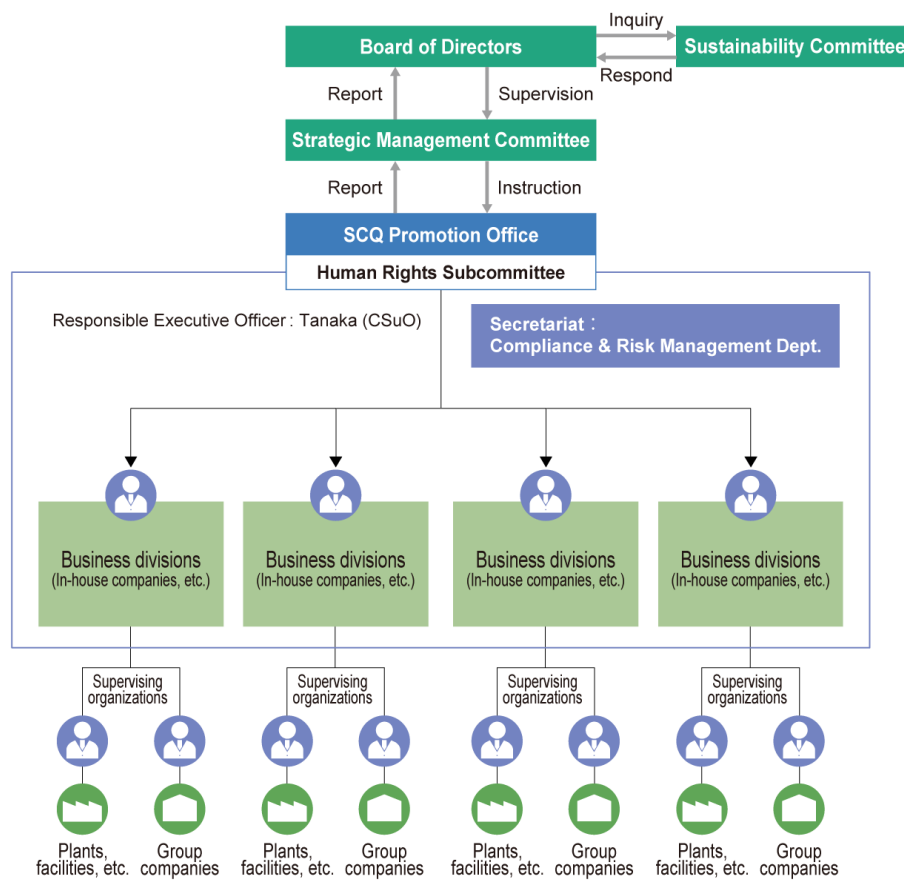
Human Rights Policy

(Excerpt: Please click [here](#)  to see the Group's "Human Rights Policy".)

(Stipulated on December 1, 2021)
(Revised on April 1, 2024)

1. Respect for International Human Rights Norms
2. Governance and Promotion Structure
3. Human Rights Due Diligence
4. Stakeholder Engagement
5. Grievance Mechanisms
6. Training and Awareness-Raising
7. Reporting and Disclosure
8. Commitment to Human Rights Issues
Prohibition of Forced Labor and Human Trafficking / Prohibition of Child Labor / Prohibition of Discrimination /
Prohibition of Harassment / Promotion of Diversity, Equity and Inclusion / Respect for Freedom of Association and the
Right to Collective Bargaining / Working Hours and Wages / Occupational Safety and Health / Respect for Privacy /
Impact on Local Communities / Responsible Procurement of Raw Materials and Minerals / High Risk Circumstances

In developing our businesses globally, we believe that it is essential not only to comply with the laws and regulations of each country, but also to respect international human rights standards. For this reason, the Mitsubishi Materials Group established the Human Rights Subcommittee under the Sustainable Management Office (now known as the SCQ Promotion Office) in July 2021, and that December established a Human Rights Policy in compliance with the UN Guiding Principles on Business and Human Rights. This Policy applies to all officers and employees of the Mitsubishi Materials Group. We also expect the Group's business partners to support and practice this Policy and aim to promote respect for human rights together with them. Our initiatives to respect human rights are periodically reported to the Executive Officers' Meeting and the Board of Directors via the SCQ Promotion Office.



- Our company signed the UN Global Compact and were registered as a participating company as of March 22, 2022.

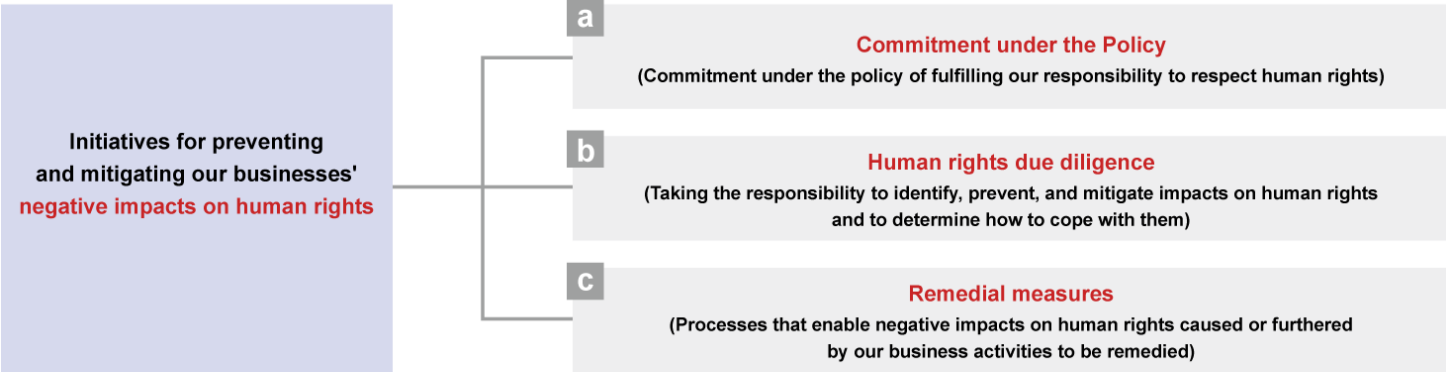


Initiatives for Human Rights

To prevent or mitigate the negative impacts its business activities have on human rights initiatives, the Mitsubishi Materials Group drives human rights due diligence within Group companies in Japan and overseas as we seek to reduce human rights risks. We also drive collaborative initiatives with our business partners. We have established a PDCA cycle to identify and review assumed risks based on the results of fact-finding surveys on human rights issues, and continually implement it. We will further instill it internally through human rights awareness training and other measures.

Since the fiscal year ended March 2023, we have been working on the following three items in accordance with the United Nations Guiding Principles on Business and Human Rights in order to identify, mitigate and prevent the negative impacts our business activities have on human rights, and to take responsibility for how to address those issues.

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



1. Commitment under the Policy

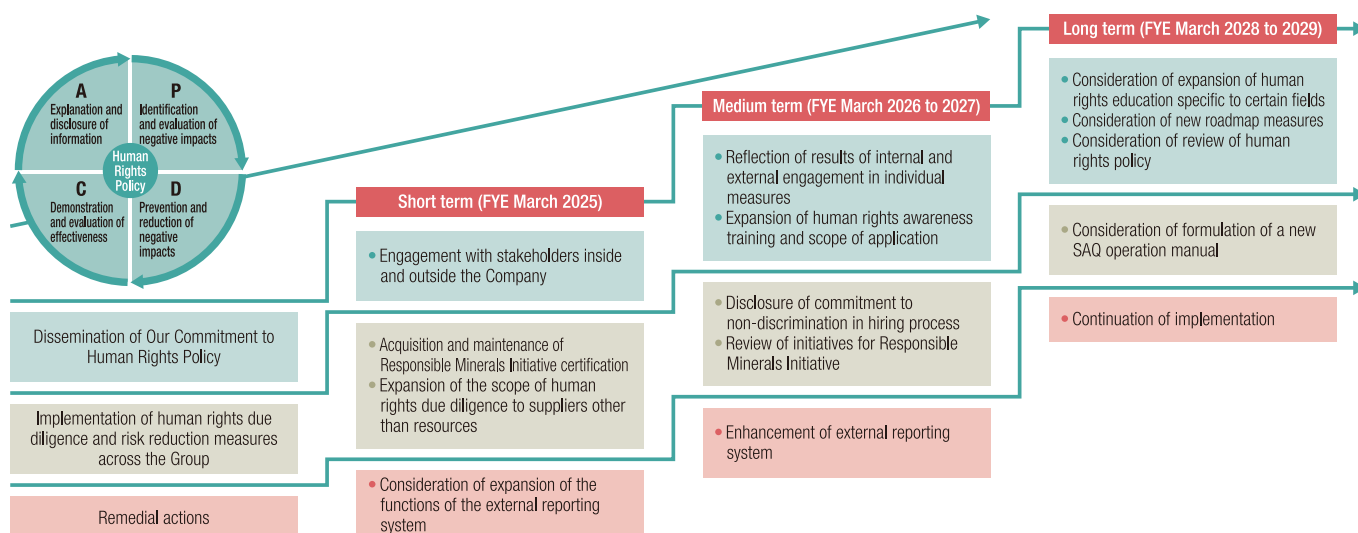
We have signed the United Nations Global Compact (UNGC), and also take part in Global Compact Network Japan (GCNJ), the local network of UNGC in Japan. We participate in GCNJ activities related to our business, gather relevant information and utilize it in the formulation of measures related to human rights. Additionally, in the fiscal year ended March 2024 we conducted training on “Business and Human Rights” and the Group Human Rights Policy formulated on that basis. Videos for training purposes have been released on the Company intranet. In compliance training conducted for managers at our overseas sites, we also raised human rights issues and incorporated related discussions into the curriculum. Furthermore, in training for corporate officers, we began to educate on human rights in the fiscal year ended March 2022.

2. Implementing Human Rights Due Diligence

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

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

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



- (2) Human rights due diligence in the supply chain

See Responsibility throughout the Value Chain - [Responsible Procurement of Raw Materials](#) in the Sustainability Report

3. Remedial Measures

For employees of the Group, we have established reporting and consultation offices in Japan, and also field consultations regarding human rights. Our reporting and consultation offices began to comply with the revised Whistleblower Protection Act in June 2022, developing systems to strictly guarantee confidentiality and implement remedial measures. We also raise awareness through training and other measures in an effort to improve the effectiveness of these systems.

We have set up a contact to receive inquiries regarding human rights from outside the Group on our corporate website, and we are considering enhancements to further expand the functionality of contact points in the future.

Statement Regarding Modern Slavery and Human Trafficking

In accordance with the Modern Slavery Act, which came into effect in the United Kingdom in July 2015 and in Canada in January 2024, we have issued a statement regarding our initiatives in the fiscal year ended March 2024 to prevent forced and child labor in our operations and suppliers.

The statement under the UK Modern Slavery Act 2015 also includes reports on our Group companies, Luvata Oy and MMC Hardmetal U.K. Ltd.

■ Statement to the UK Modern Slavery Act 2015

- ▶ [2023 Modern Slavery Act Statement to the UK Modern Slavery Act 2015 \(4.93MB\)](#)

■ Report pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act CA

- ▶ [2023 Modern Slavery Report pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act CA \(4.12MB\)](#)

Enhancement of Engagement with Stakeholders

Interaction with Stakeholders

Basic Approach to Building Relationships with our Stakeholders and Key Means of Communication

In the interests of sustainable corporate management, we believe that communicating with our stakeholders is crucial if we are to incorporate their expectations and requirements into our business strategies and activities. While creating more opportunities for communication, our aim is to reflect stakeholders' perspectives in our management practices to a greater extent than ever before.

Basic Approach to Building Relationships with Our Stakeholders and Key Means of Communication



■ Relationships between stakeholders and businesses

Stakeholders	Relationship with businesses
 Shareholders & Investors	Disclosing information as and when necessary, and engaging in dialogue regarding management We aim to sustainably increase corporate value through mutual communication with shareholders and investors while fulfilling management transparency and accountability.
 Customers	Engaging in business activities with an emphasis on improving customer satisfaction We provide high-quality products and services that meet a wide range of customer needs and requirements.
 Employees	Improving the value of individual talents We aim to create a workplace where members of diverse backgrounds can coexist and be accepted by each other, maximize their respective capabilities while making the most of each other, and feel safe and secure as they work, experiencing their own growth and self-realization.
 Local Communities	Building trusting relationships & contributing to development We actively engage in interaction and dialogue with local communities and strive to achieve appropriate mutual recognition and understanding with regards to our business activities.
 Business Partners (Suppliers)	Engaging in fair, impartial trade & collaboration We engage in fair and proper transactions with all business partners and work with our business partners to implement responsible procurement of raw materials and minerals.
 Industry/Economic Organizations	Collaboration to solve social issues We engage in exchanges of opinions and collaborations with the Japan Mining Industry Association, Japan Geothermal Association, and KEIDANREN (Japan Business Federation), etc., in order to solve social issues
 Non-profit Organizations (Educational/Research Institutions, NGOs & NPOs)	Engaging in dialogue and cooperation in response to public demand We contribute to education support and human resource development through cooperation with educational and research institutions, NGOs and NPOs.
 Government	Maintaining close, sound relations and assisting with policies In addition to complying with related laws and regulations established by government agencies and local governments, we engage in businesses that contribute to the regional development in a collaborative manner.
 Environment & Future Generations	Engaging in wide-ranging dialogue & collaboration in order to protect the environment In order to contribute to solving environmental problems, we build networks with various stakeholders, exchange opinions, and promote collaboration.

Responding to the Expectations and Needs of Stakeholders

We respond to issues highlighted and suggestions made by our stakeholders so that we can improve the standard of our sustainable management. We have launched a number of initiatives in response to key comments and requests, including the following. For information on methods of communication with stakeholders when ascertaining details, please see “Interaction with Stakeholders”.

Key expectation and request	Group response
Continuing to expand and improve resource recycling measures	• "Contributing to the creation of a recycling-oriented society" is stated Our Commitment. • Optimization of material flow across the overall Group • Business expansion, research and development aimed at improving urban resource recycling
Responding to the risks and opportunities associated with climate change	• Driving the reduction of GHG emissions to achieve carbon neutrality by the fiscal year ending March 2046 • Developing materials, products and technologies that contribute to decarbonization • Developing and promoting the use of renewable energies (geothermal energy, geothermal heat, hydroelectric energy, solar energy, etc.) • Pushing forward with demonstration testing and technology development related to CO₂ capture and utilization • Performing scenario analyses based on the TCFD recommendations • Calculation of our carbon footprint
Managing closed mines	• Continuing management work, such as mine drainage treatment and maintenance of tailings dams, at closed mines (non-ferrous metal mines) owned by the Group in Japan (including the preservation and effects of some mines as cultural assets) • Systematically implementing facility upgrades and construction work for environmental measures (construction work to prevent mine pollution and hazards to prepare for increasingly severe natural disasters, tailings dam reinforcement work in preparation for a major earthquake, measures to deal with the source of pit and waste water, upgrading of obsolete equipment, and so on) • Digitalization of management tasks for closed mines • Cultivating the development of closed mine workers • Developing technologies related to the management of closed mines
Preserving biodiversity (company-owned forests, areas around mines)	• Obtaining the forest certification by SGEN for company-owned forests and promoting sustainable forest management • Confirming that biodiversity has been factored into mines in which we invest, and carrying out preservation activities at business sites located adjacent to national parks
Respecting human rights throughout the supply chain	• Rolling out multi-layered initiatives with the goal of ensuring the effectiveness of the Mitsubishi Materials Group's Human Rights Policy, Procurement Policy, etc. in the supply chain including the Group, such as awareness-raising activities, due diligence, and ensuring that corrective measures are taken • Sustainability Investment & Loan Standards and loan standards and CSR Procurement Standards in the Metals business, and engaging in dialogue with local communities where the Company has invested in mines where its interests are over and above a certain scale • Maintaining responsible mineral procurement certifications (gold, silver, tin, copper, lead and tungsten)
Quality control	• Continued implementation of preventive measures regarding quality issues • Days to reflect on quality and prevent quality issues from being forgotten • Developing mechanisms that avoid producing non-standard goods through "Proactive quality management"
Creating safe, healthful working environments	• Activities to raise awareness of SCQDE (prioritizing safety and health in every action) • Continuing the Zero Occupational Accident Project • Thorough efforts to make equipment safe (engineering measures) through risk assessments (RA) • Strengthening health and safety education • Raising employees' awareness of health • Strengthening safety and health systems • Ensuring the safety of employees of operating support providers (partner companies) • Preventing fire, explosion, and other accidents
Talent development	• Activating employee communication • Development and continual improvement of an education and training system • Developing next-generation business leaders
Promoting greater roles for diverse talents	• Promoting Diversity, Equity and Inclusion • Practicing health and productivity management
Strengthening information security	• Improving and expanding the information infrastructure • Expanding effective measures to defend against attacks aimed at vulnerabilities that are already known by attackers • Reducing the risks of new threats, including targeted attacks • Monitoring vulnerability and threats by the security operations center (SOC), and promptly handling incidents by establishing a computer security incident response team (CSIRT)
The evolution of corporate governance	• Group governance enhancement (communication, compliance framework and awareness, allocation of resources) • Building a new risk management system that enhances effectiveness and certainty • Responses based on the Corporate Governance Code

Main External Evaluation for the Mitsubishi Materials Group's Activities

■ Main Awards and Commendations from Outside Organizations (FYE March 2024)

Recipient	Awarding body or organization	Details	
Mitsubishi Materials Corporation Monozukuri and R&D Strategy Dept., Corporate Research & Development Strategy Dept. Innovation Center	Japan Institute of Copper, Japan Copper and Brass Association	Japan Institute of Copper, Japan Copper and Brass Association 57th Annual Paper Award	Effects of Minute Amounts of Additives on the Properties of Oxygen-free Copper for High Current Applications
Mitsubishi Materials Corporation Innovation Center	The Japan Institute of Electronics packaging	32nd Microelectronics Symposium (MES2022) Best Paper Award	Self-alignable sintered bonding materials
		33rd Microelectronics Symposium (MES2023) Research Encouragement Award	Development of next-generation joining technology using nanoporous Cu
	Japan Mining Industry Association	74th Japan Mining Industry Association Award	Biosorption of gold by baker's yeast and development of new materials, Highly sensitive analysis of environmentally regulated elements by HydraMist/ICP optical emission spectrometry
	The Ceramic Society of Japan	77th The Ceramic Society of Japan Technical Encouragement Award	Application of liquid-phase deposition technology to protective films and composite functionalization technology
	The Japan Society for Analytical Chemistry	The Japan Society for Analytical Chemistry merit award	Meritorious service through many years of analytical practice
	Japan Welding Society	Japan Welding Society "Interface Bonding Research Award"	Development of core-shell structured powder with Sn on the surface of Cu particles
Mitsubishi Materials Corporation Copper & Copper Alloy Business Div. Sales Unit. Rolled Product Sales Dept.	FUJI ELECTRIC CO., LTD. Semiconductor Business Group	Certificate of commendation	Amid tight supply of copper materials, the company smoothly supplied copper materials for terminal cases, contributing to the company's stable supply.

Mitsubishi Materials Corporation Tsukuba Plant	Japan Cutting & Wear-resistant Tool Association	Environmental Award	Those recognized as a business site that has achieved outstanding results in meeting the goals of the Voluntary Action Guidelines for the Environment and that serves as a model for other members.
		Environmentally Harmonized Tools	• MC5100 series of coated carbide grades for cast iron turning • Precision grade negative insert for turning difficult-to-cut materials FS Breaker • M-class MMT Inserts for Thread Cutting • Solid carbide drills for boring, internally lubricated type DFAS • Coated carbide grade for rolling milling MV1030 • FMAX small-blade holder
	The Nikkan Kogyo Shimbun, Ltd.	Super Monozukuri Parts Award	MC5100 Series of Inserts for Cast Iron Turning Recognized as Excellent Parts and Components that Contribute to the Competitiveness of Japanese Manufacturing and the Development of Industry and Society
	Japan Cutting & Wear-resistant Tool Association	Environmental Activity Award	Reduction of electricity and CO ₂ emissions for pressurized air facilities through "compressed air supply optimization" initiatives
Luvata Superconductors (Zhongshan) Limited.	Huangpu Town	Outstanding economic contribution award for 2023	Huangpu Town Outstanding economic contribution award for 2023
		2024 "Star Plan"Key Enterprise for 2024	Huangpu Town 2024 "Star Plan"Key Enterprise for 2024
	Zhongshan City	Manufacturing Enterprise Digital and Intelligent Demonstration Workshop for 2022	Zhongshan City Manufacturing Enterprise Digital and Intelligent Demonstration Workshop for 2022
		A-level taxpayer of tax credit for the year 2023	A-level taxpayer of tax credit for the year 2023
MOLDINO Tool Engineering, Ltd. Narita Plant	Chiba Prefecture Federation of Labor Standards Associations	Award for good safety management	Narita Plant's establishment of a safety management system recognized
Hachimantai Green Energy Co. Ltd.	Kazuno Area Business Owners' Association for the Promotion of Traffic Safety, Kazuno Area Safe Transportation Managers' Association	Outstanding performance in the accident-free and violation-free contest in the fiscal year ended March 2024	Recipients recognized for outstanding performance in the fiscal year ended March 2024 No Accidents and No Violations Contest

Striving to Adequately Distribute Economic Value

As we continue to earn operating revenue and generate economic value added thanks to the involvement of our diverse range of stakeholders, we believe that it is important to fulfill our social responsibilities and adequately distribute that added value among our stakeholders.

Economic Value Added in FYE March 2024

Revenue for Mitsubishi Materials in the fiscal year ended 2024 came to ¥1,232.9 billion. That included proceeds from the sale of products and services, dividends and other forms of non-operating income, and extraordinary income. Operating costs, which consist primarily of payments to suppliers, totaled ¥1,162.5 billion.

After subtracting operating costs from our total revenue, the amount of added value generated through our business activities came to ¥70.4 billion.

Distribution of Added Value

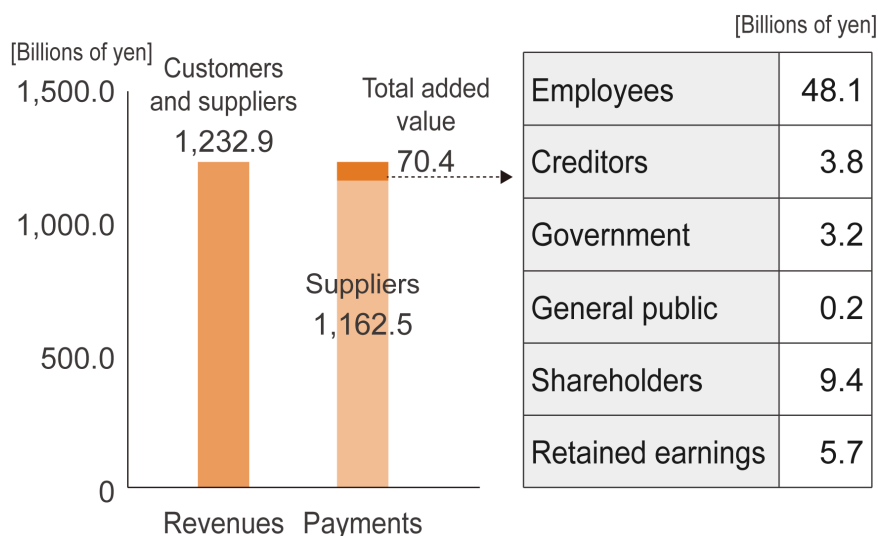
Personnel costs, which include statutory welfare expenses and retirement benefit costs contributions and represent the portion of revenue distributed to our employees, came to ¥48.1 billion.

In the meantime, we distributed a total of ¥3.8 billion to financial institutions and other creditors, in the form of interest on borrowings. We distribute value to society and local communities through the government and through our own social contribution activities. We paid ¥3.2 billion to the government this year, as the combined total of corporate income tax plus other taxes and public charges liable as expenses. We also gave ¥0.2 billion back to the community in the form of social contribution activities, including donations, lending our facilities to the public and providing employees' services.

Cash dividends, which represent the value that we distribute to our shareholders (companies and individuals, in Japan and overseas), came to a total of ¥9.4 billion.

Retained earnings to cover investment and contingencies for the future meanwhile totaled ¥5.7 billion.

■ Economic Added Value



Category	Stakeholder	Amount (millions of yen)	Details/method of calculation
Revenues	Customers and suppliers	1,232,905	Net sales, non-operating income, extraordinary income
Payments	Suppliers	1,162,460	Operating costs (cost of sales and selling, general and administrative costs, minus deductions for personnel costs, tax and public charges, and donations)
	Employees	48,112	Personnel costs (including statutory welfare expenses and retirement benefit expenses)
	Creditors	3,769	Interest expense
	Government	3,181	Taxes (corporate income tax, and other taxes and public charges liable as expenses)
	General public	221	Donations, etc.*
	Shareholders	9,422	Cash dividends paid
	Retained earnings	5,741	Net income minus cash dividends paid

* Calculated based on the value of items such as donated goods, public lending of our facilities and the provision of employees' services as well as cash donations, as specified by Nippon Keidanren.

Contributing to Local Communities as part of our Overseas Operations

Whenever we engage in business activities overseas, we make every effort to understand conditions in each country and the national identity of its people, placing an emphasis on engaging in activities as a member of the local community. In addition, we re-invest revenue earned from our overseas operations back into the local community wherever possible, in order to continue growing our business and contribute to the sustainable development of the local area.

Pension Contributions

Obligations relating to unfunded lump-sum severance payment plans and funded defined benefit pension plans totaled ¥32.0 billion and ¥39.3 billion respectively. ¥75.6 billion of this total was paid out in the form of pension assets to outside funds (coverage: 105.9%). In addition, ¥2.4 billion was registered as expenses in the form of accrued retirement benefits, with the remaining amount of ¥-6.7 billion classed as unrecognized benefit obligations. We plan to amortize all unrecognized benefit obligations over the next ten years. Unrecognized retirement benefit liabilities are mainly posted as expenses based on the straight-line method for a 10-year period.

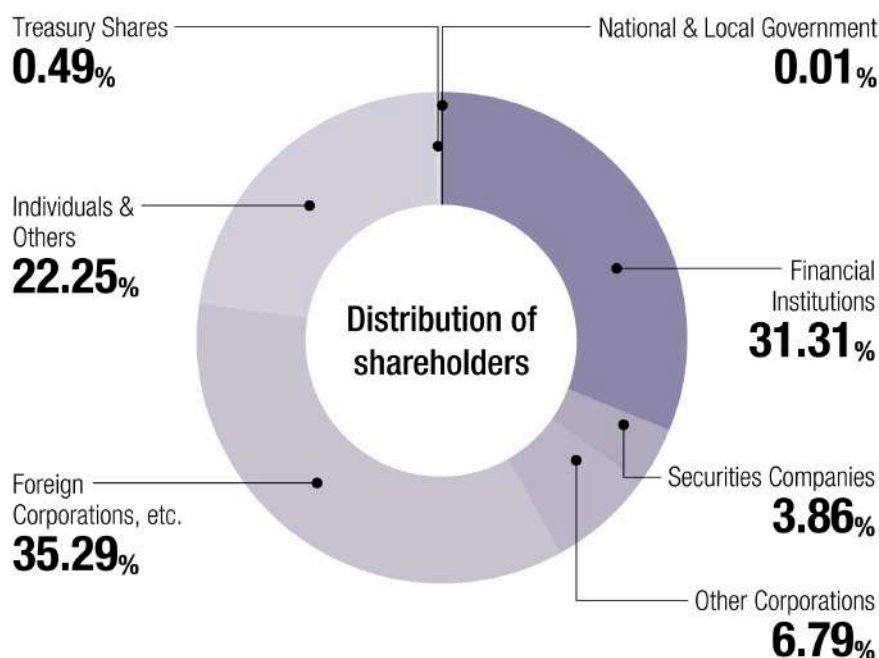
Financial Assistance from the Government

We received the amount of ¥0.7 billion in grants, subsidies and other financial assistance from the government. The government does not hold shares in Mitsubishi Materials or any of our Group companies.

Our Ordinary General Meeting of Shareholders offers an invaluable opportunity for direct communication between our management members and shareholders. We therefore strive to send out materials relevant to the meeting at the earliest possible date, while also providing the materials on our website well in advance of statutory deadlines, to give shareholders sufficient time to consider the matters to be presented and resolved at the meeting. In addition, we are striving to enhance the disclosure of information in materials for the General Meeting of Shareholders.

Besides permitting shareholders to exercise their voting rights in writing or online, we have introduced an electronic voting platform to facilitate voting by both domestic and international institutional investors. We use slides with accompanying narrations at the General Meeting of Shareholders to help ensure participants' clear comprehension of the presented contents. We also publish shareholders' voting results for every resolution on the Website, after the meeting. Further, to improve convenience for shareholders, a hybrid participation-type General Meeting of Shareholders (live streaming) has been conducted from the 96th Ordinary General Meeting of Shareholders held on June 24, 2021. The streamed video of the General Meeting of Shareholders is also posted on the Company's website for a certain period of time.

■ Distribution of Shareholders



Dialogue with Investors

In the fiscal year ended March 2024, financial results briefings (quarterly), Management Briefing, Business Strategy IR Meeting, Sustainability IR meeting, and Manufacturing Excellence & DX Briefing were held for stakeholders. At each meeting, after explaining the contents of our financial results, management strategy and sustainability initiatives, R&D etc., we set aside time for questions and answers in an effort to strengthen communication with participants. We communicated the feedback received from participants in a timely fashion through the IR reports published for senior management each month, and posted records including the details of the briefings and Q&A sessions to our website for viewing by individual investors.



We also actively exchanged opinions and communicated with institutional investors and securities analysts through individual meetings with institutional investors and securities analysts, small meetings with the CEO, CFO and Outside Directors, and participation in conferences hosted by securities companies. We also endeavored to communicate with individual investors by taking part in briefings for individual investors, and by posting our Material News shareholder newsletters on our website.

Going forward we will continue to engage in proactive IR and SR activities by deepening dialogue with stakeholders and maintaining and improving information disclosure.

■ IR and SR Activities in FYE March 2024

Item	Number of times held during FYE March 2024
Financial Results Briefing (quarterly)	4
Management Briefing	1
Business Strategy IR Meeting	1
Sustainability IR Meeting	1
Manufacturing Excellence & DX meeting	1
Individual IR/SR meeting	164
Overseas IR	13
Briefing for individual investors hosted by a securities company	2

Labor Union and Management Partnership

Under our union shop scheme, we respect collective bargaining rights and freedom of association as the basic rights of workers, thereby striving to maintain a good labor-management relationship. The scheme also enables us to share information and exchange opinions between labor union and management on a regular basis. In particular, our biannual Labor-Management Conference, which is held within a year with the Mitsubishi Materials Federation of Labor Unions, is aimed at strengthening solidarity through active discussion, covering subjects such as recent issues, strategies and policies in each sector, and establishing a shared direction in the interests of the Company's sustainable growth for the future.

Also, management spends substantial time on careful explanation and consultation with labor upon facing such events as proposal of measures. The Current number of union members amongst those directly employed by Mitsubishi Materials (including employees on assignment) stood at 4,064. Including labor unions of Group companies that belong to Mitsubishi Materials Federation of Labor Unions, the total number of members was 6,328 (as of April 2024).

■ Number of Union Members (full-time equivalent)

Item	Number of employees
Non-consolidated	4,064
Consolidated	6,328

Communication Measures

The Group implements various communication measures with the aim of becoming an organization with good and healthy communication where employees have unrestricted communication. The Group began its inner branding activities in the fiscal year ended March 2022 with the aim of ensuring that each individual employee feels a sense of ownership in "Our Commitment." We are implementing numerous initiatives based on the three directions of "1. Communication with management," "2. Connect every single employee and the entire Group horizontally" and "3. Support each challenge." Mitsubishi Materials Corporation started distributing smartphones to all employees in the fiscal year ended March 2023. This is intended to activate internal communication through means such as delivering information to employees in a timely manner and enabling employees to communicate with each other using chat functions while also promoting DX and improving operational efficiency.

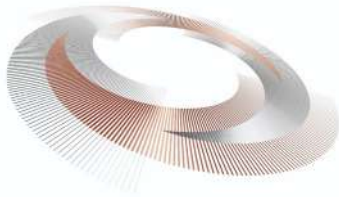
Activities to raise awareness of Our Commitment were a key focus in the fiscal year ended March 2024, and we utilized our framework of existing measures as we made progress in this area.

■ List of Measures

Measure	Content
Ambassador activities	Ambassadors are appointed from throughout the Group through an open application process. They promote inner branding, and have been actively fulfilling this role since the fiscal year ended March 2022.
Internal radio-style broadcasts	Created to promote communication with managers and employees, regular radio-style broadcasts where the CEO personally acts as an entertainment personality, answering a range of questions from Group employees, have been delivered since the fiscal year ended March 2022.
Half-day workplace experiences	Half-day workplace experiences are being carried out as an opportunity for employees to experience jobs at other workplaces. This started in the fiscal year ended March 2022, with about 70 people taking part.
Reverse mentoring	Reverse mentoring is a program in which young employees become the mentors and give mentoring to management. Discussing various themes from a standpoint different from that of work provides opportunities to gain mutual awareness.
Town Hall Meetings	In connection with internal branding activities, we hold Town Hall Meetings as a way to enhance communication of management information and promote two-way dialogue. We held 42 meetings covering 6 themes in the fiscal year ended March 2024.

Key Visual Development

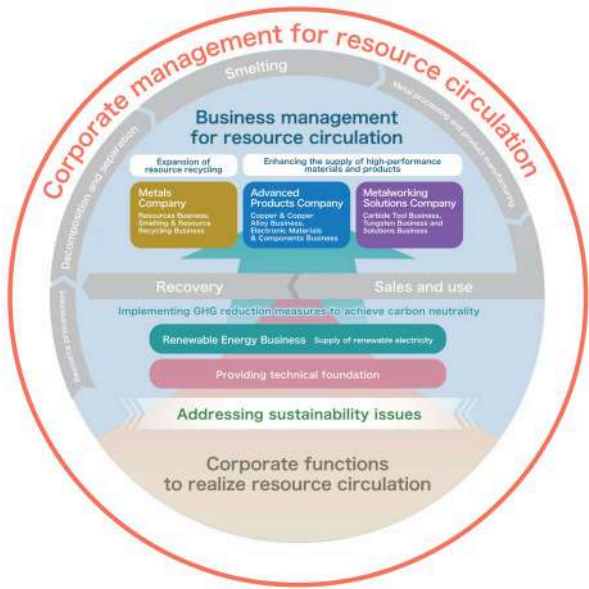
We have created a key visual with the aim of fostering recognition and understanding of Our Commitment by representing it in a visual form. The circular design represents the uninterrupted and powerful circulation of metal resources and their growth while adding further value. The texture evokes metal, expressing Mitsubishi Materials’ unique approach to resource circulation. This key visual is widely used in documents such as internal posters and templates.



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

Circulation Map

We have developed a Circulation Map as a communication tool to help each individual employee to see the role they play in realizing Our Commitment. This map is used in various settings, from Officer messages at the start of each fiscal year to internal events, and is helping to foster ownership of Our Commitment.



Upper Management Communication Work

Aiming to close the gap between upper management and employees and foster an organization with good and healthy communication where employees have unrestricted communication, members of management have been visiting Group locations to create opportunities for dialogue with employees.

In the fiscal year ended March 2024, a total of 77 meetings were held at 51 sites, with opinions on the FY2031 Strategy being exchanged.

Employees’ questions covered wide-ranging topics, including the business strategies aiming to realize Our Commitment and everyday issues, and a lively exchange of opinions took place.



In the fiscal year ended March 2024, in addition to carrying on existing measures, we deepened our activities through a strategic, multifaceted approach covering both the revitalization of our organizational culture and awareness of Our Commitment while leveraging our framework of measures, including incorporating some discussions on Our Commitment.



Improving Customer Satisfaction

Improving Customer Satisfaction

Customer Satisfaction Surveys

As a part of our quality management activities, we analyze complaints and conduct customer satisfaction surveys at all Mitsubishi Materials business sites and Group companies in order to reflect the diverse demands of our customers. The results of analyses and customer feedback obtained from surveys are reported to management reviews, taken seriously and reflected in improvements to provide 'better products and services'.

Metals Business

By taking advantage of the Mitsubishi Process for continuous copper smelting, a unique copper smelting technology that has achieved the industry's top environmental impact reduction, we have long accepted and processed E-Scrap and currently boast the world's number one E-Scrap acceptance and processing capacity of approximately 170,000 tons annually. Against this background, we began operating the new MEX platform for E-Scrap trading, on December 20, 2021, to further improve our customer services. MEX uses the latest digital technologies and includes a large number of features. We aim to be an accessible partner for all customers in Japan and overseas by offering our long-standing experience and high technological capabilities through MEX.

In the recycling and resource circulation sector, the Company carries out recycling treatment of waste products, etc. and devises ways to accumulate improvements in the recycling process, including methods for recovering raw materials, so that recycled resources (copper, iron, resins, etc.) can be systematically supplied in grades and quantities that meet the needs of customers. In addition, each recycling plant actively conducts plant tours for customers in order to provide opportunities for environmental education as part of its social contribution activities.

Advanced Products Business

We deliver advanced products that are essential for customers, leveraging our manufacturing technologies like oxygen-free copper, high-performance copper alloys, and silicon products, as well as process technologies like bonding different materials. By sharing the future product road map with customers to identify the functional value they demand promptly, we will be a good partner of our customers as their first call vendor.

Metalworking Solutions Business

At our Machining Technology Center, we provide technical support to help our customers use cutting tools correctly. Specifically we offer the Machining Academy to increase attendees' knowledge of tools and cutting operations, along with cutting tests and technical support aimed at enabling our customers to use our tools more efficiently. We also offer toll-free telephone technical counseling. With these and other support services, we strive to ensure direct communication with our customers at all times. In the fiscal year ended March 2024, we continued to operate the online workshops and remote cutting experience sessions conducted up to the fiscal year ended March 2023, and also offered group workshops providing direct hands-on experience. Based on customer demand, we will continue to provide comprehensive solutions through technical diagnoses of processing lines and analyses of cutting operations on them.



We conduct group workshops providing direct hands-on experience with cutting operations, as well as live video streaming-based online workshops that participants can join from any location

Renewable Energy Business

We are contributing to the creation of a recycling-oriented society through the business of recycling mineral resources and the development of renewable energy. In the renewable energy sector, we are actively engaged in the maintenance and management of facilities on a daily basis to ensure the stable supply of environmentally friendly energy over the long term, aiming to contribute to the creation of a decarbonized society through the provision of renewable energy. Furthermore, we strive to provide new value derived from "renewable sources" by supplying electricity to local new power initiatives based on the concept of "local production and consumption of energy" and participating in auctions for non-fossil fuel certificates. Through these efforts, we aim to meet the trust of our customers and the community.

Promotion of Dialogue and Coexistence with Local Communities

Social Contribution Activities

Based on the Corporate Philosophy of "For People, Society and the Earth", the Mitsubishi Materials Group has adopted Our Vision of "Circulating resources for a sustainable future" and Our Mission of "Create a sustainable future (a prosperous, recycling-oriented and decarbonized society)," and has established "We will contribute to the development of each region and build a harmonious relationship of mutual prosperity with local communities" as a rule we must observe in our Code of Conduct.

Community Contribution Activity Policy

(Establishment Date: July 21,2023)

Since its establishment, the Mitsubishi Materials Group has maintained not only manufacturing sites but also procurement and sales offices and other facilities in Japan and other parts of the world, and we believe that we can continue that business by earning the trust of local communities. In order to carry on this idea of the Mitsubishi Materials Group and pass it on to the next generation, each of us must act in accordance with the expectations of our stakeholders and be aware of our social responsibility.

To this end, we will actively engage in contribution activities to solve issues in society such as nature conservation in each region, Diversity and Inclusion including next generation education support and minority support, and aim to coexist in harmony with local communities.

We will also fulfill our social responsibility by appropriately distributing earnings from our business activities to our stakeholders, including local communities.

● **Focus Areas**

In line with our Corporate Philosophy, Our Mission, and Code of Conduct, we will focus on the following three areas to achieve sustainable business growth.

- 1. Promotion of local environmental protection and conservation activities
- 2. Supporting next-generation education and Diversity and Inclusion
- 3. Coexistence with local communities

● **Approach**

Through dialogue with each community and partner organization, we understand social needs and issues, and formulate and implement specific action measures to contribute to and resolve them.

We will continue to contribute to sustainable local communities by implementing the ongoing communication activities with local communities that have been conducted by each of the Mitsubishi Materials Group's sites.

Investments in community contribution activities

In the fiscal year ended March 2024, Mitsubishi Materials non-consolidated expenditures on community social contribution activities totaled approximately ¥220 million, * including ¥200 million in donations, ¥11.68 million in services provided by employees, and ¥2.43 million in facility openings.

* Amounts are based on calculation methods established by the Company.

New graduates' participation in community service activities

Based on the recognition that social contribution activities following the Great Eastern Japan Earthquake that occurred in March 2011 should be implemented not as a one-time event but on a permanent basis, we have established a program for all new graduates to participate in community service activities as part of their new employee training since the fiscal year ended March 2012.

From the beginning of their employment with us, we expect them to think about their relationship with society and raise their awareness of corporate social responsibility as a member of our Group.

In the fiscal year ended March 2024, a total of 292 employees participated in cleanups events etc.

Effective use of emergency food, drinking water, etc. that are due for renewal

Our business sites and Group companies manage emergency food, drinking water, and other supplies for use in the event of an earthquake or other emergency. We donate emergency food, drinking water, and other supplies that are due for renewal to facilities and organizations in need.

■ Innovation Center

633 food items were donated to the Naka City Social Welfare Council's themed donation project "Food Support Project for Children in Households with Hardship" and provided to the "Hardly Pantry (Food Pantry Project)" and "Children's Home Meal and Children's Cafeteria Project" in Naka City. The food was provided to Naka City's "Hakara Pantry (food pantry business)" and "Children's Home Meal and Cafeteria Business.

PET Bottle Cap Recycling

Some of our Group business sites and Group companies engage in activities to collect PET bottle caps. The collected PET bottle caps are purchased by collection businesses, part of the proceeds of which are donated to and used by social welfare organizations and cafeterias for needy children. Donations are also made to Japan Committee, Vaccines for the World's Children, which runs initiatives to donate the polio vaccine, BCG (tuberculosis) vaccine and other vaccines to developing countries.

■ Participating Business Site

- Tohoku Power Service Station, Corporate Production Management Engineering Dept., Renewable Energy Business Division, Mitsubishi Materials Corporation
- Mitsubishi Materials Copper & Copper Alloy Business Div. Sakai Plant
- Mitsubishi Materials Trading Corporation
- MMC Tooling Co., Ltd.
- Hachimantai Green Energy Co. Ltd.
- Luvata São Paulo

Children's Rights

As children and young people are in a weak social position and their rights are susceptible to exploitation, they require particular protection and consideration, and their support across society as a whole is important in ensuring the same rights as adults are acknowledged so they can expand their future potential and growth in a healthy manner.

In the Mitsubishi Materials Group, we respect the human rights of all people, and respect the rights of children, including not allowing child labor or any forms of forced labor.

The Company supports its employees in their roles as parents and care-givers to children, and has established a workplace environment that helps employees balance their work and child-rearing responsibilities.

The Group also provides support through donations and social contribution activities at its business sites so that children and young people can grow by fully developing their innate abilities.

■ Examples of activities:

- Accepting tours and internships from day care facilities, elementary schools, junior high schools, high schools, special needs schools and other educational institutions
- Plant and office tours for family members at the Head Office, Sambo Plant, Innovation Center, Hosokura Metal Mining Co., Ltd.
- Facility rental and sponsorship to youth sports groups at the Naoshima Smelter & Refinery, Tsukuba Plant, Tohoku Power Service Station
- Donations of books, school supplies, toys, etc. by Luvata São Paulo, Luvata Ohio, Inc., MMC Hardmetal (Thailand) Co., Ltd, Poland Sp.zo.o, MMC Italia S.R.L.
- Donating bicycles to disadvantaged children on Children's Day in Thailand by Otec (Thailand) Co., Ltd.
- Donations
 - To the Approved Specified Non-Profit Organization Katariba by Mitsubishi Materials Corporation
 - To the Naoshima Kids Port Incorporated Association by Mitsubishi Materials Naoshima Smelter & Refinery
 - To the Children's Cancer Association of Japan by Mitsubishi Materials Trading Corporation
 - To Japan Committee for UNICEF by Hosokura Metal Mining Co., Ltd., Materials Eco-Refining Co., Ltd.
 - To Japan for UNHCR. by Hosokura Metal Mining Co., Ltd.

■ Related Articles:

- ▶ [Respect for individuals and fundamental human rights](#) : 
- ▶ [Consideration of human rights in the supply chain](#) : 
- ▶ [Copper Product Raw Material Procurement Initiatives](#) : 
- ▶ [Promotion of flexible work styles](#): 
- ▶ [Materials' Forest, 2. Contributing to the Local Community](#) 

Our Approach to Society

Signing of the UN Global Compact

Mitsubishi Materials Corporation signed the United Nations Global Compact (UNGC) and was registered as a participating company as of March 22, 2022. In addition, it has joined the Global Compact Network Japan, the UNGC's local network in Japan.



The UNGC is a voluntary initiative in which companies and organizations act as good members of society and participate in the creation of a global framework for realizing sustainable growth by demonstrating responsible and creative leadership. The companies and organizations that sign the UNGC are required to observe and practice the Ten Principles in the four areas of human rights, labor, environment, and anti-corruption, which are set forth by the UNGC.

The vision of the Mitsubishi Materials Group is to "become the leading business group committed to creating a sustainable world through materials innovation, with use of our unique and distinctive technologies" based on its Corporate Philosophy of "For People, Society and the Earth" and we intend to more actively and positively promote sustainability as exemplified by the establishment of a 「[Sustainability Policy](#)」 as of December 1, 2021.

We will support the Ten Principles of the UNGC and practice them in our business activities, thereby contributing to the realization of a sustainable society.

▶ [Global Compact Network Japan Website](#)

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

▶ [United Nations Global Compact Website](#)

The Ten Principles of the UN Global Compact

Human Rights

- Principle 1:
Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2:
make sure that they are not complicit in human rights abuses.

Labour

- Principle 3:
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4:
the elimination of all forms of forced and compulsory labour;
- Principle 5:
the effective abolition of child labour; and
- Principle 6:
the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7:
Businesses should support a precautionary approach to environmental challenges;
- Principle 8:
undertake initiatives to promote greater environmental responsibility; and
- Principle 9:
encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10:
Businesses should work against corruption in all its forms, including extortion and bribery.

Donations to Organizations That are Addressing Social Issues

We take the Group's 150th anniversary, which we celebrated in 2021, as an opportunity to make the donations and provide ongoing support, with the aim of supporting organizations addressing social issues proactively, towards achieving our Corporate Philosophy, "For People, Society and the Earth."

We selected recipients of the donations from among organizations engaged in activities consistent with our Corporate Philosophy to solve social issues, with a particular focus on those that support children, students, or refugees, while also considering their relationships with us, among other factors.

■ Organizations Supporting Children or Students

● International Volunteer University Student Association

Under the vision of "a society to live together," this organization plans and implements volunteer activities for solving social issues, with the leading role played by approximately 2,500 students from 80 universities across Japan as its members.

● Katariba (Approved Specified Non-Profit Organization)

This organization engages in activities to deliver various educational opportunities to children with the aim of creating a society where "No matter what environment they grew up in, they should be able to develop their motivation and creativity to make their own future."

■ Organizations Supporting Refugees

● Japan Association for Refugees (JAR)

This organization supports refugees who have fled to Japan from conflicts, human rights abuses, or other forms of persecution, so that they can live in a new land with a sense of security, aiming to build an inclusive society.

● Nonprofit Corporation WELgee

This organization co-creates shared value for Japanese society and those refugees who have fled to Japan, aiming for a society where refugees and Japanese can build a future together, regardless of their circumstances.

We also use and collaborate with one of the organization's activities, a career program that accompanies the training, recruiting, and retention of refugee talents.

Preparing for threats spreading around the world

Rebuilding our global network and bolstering our incident response structure

With the advance of globalization in modern society, companies are expanding their sites around the world and building international business networks. But with this comes expanded cyber security risks, at a global scale. Cyber attacks have become increasingly sophisticated and diverse, playing a part in conflicts or political disputes between nations, or as attacks for monetary gain by criminal organizations, and companies face an urgent need to take robust security measures in response. As the Mitsubishi Materials Group maintains Group companies and sites in 32 countries and regions around the world, it is necessary to not only prepare for these cyber attacks in Japan where our headquarters are located, but also across all our global operations.

Rebuilding our network

First of all, to counter the cyber threats faced by our companies, it is essential to rebuild our global network. In a conventional centralized network, an attack on central servers and data centers poses the risk of rendering the entire system dysfunctional. Preventing this requires the introduction of a distributed architecture. With a distributed architecture, each site is operated independently so that if one site is attacked other sites are not impacted. This improves the overall strength of security and distributes risks.

Standardization of security measures

Next, it is important to standardize security measures at a global scale. When each site employs individual security measures, those sites that fall behind in implementing measures become vulnerable and face a greater risk of being targeted by attackers. That is why it is necessary to formulate security policies that are unified across the Group and implement them consistently at each site. This makes it possible to maintain a uniform level of security overall and eliminate vulnerabilities at individual sites. Additionally, network security functions can be provided as cloud services to apply consistent security policies even in distributed environments. This enables centralized security management for each site and remote worker, eliminates variability in security measures and maintains unified standards. Moreover, real-time threat intelligence can be utilized to provide the flexibility of being able to swiftly respond to the latest cyber threats.

Bolstering our incident response structure

Strengthening the incident response structure is another important part of security measures. We formulate incident response plans and clarify concrete response procedures to be followed in the event of a cyber incident. We also build information security systems that are operated globally and coordinate with administrators in each region to share information and develop unified response measures. By running drills and simulations on a regular basis, we boost employee response capabilities and verify the effectiveness of our plans. This enables us to respond in swift and accurate ways when an incident occurs to keep any damage to a minimum.

Distributed Architecture

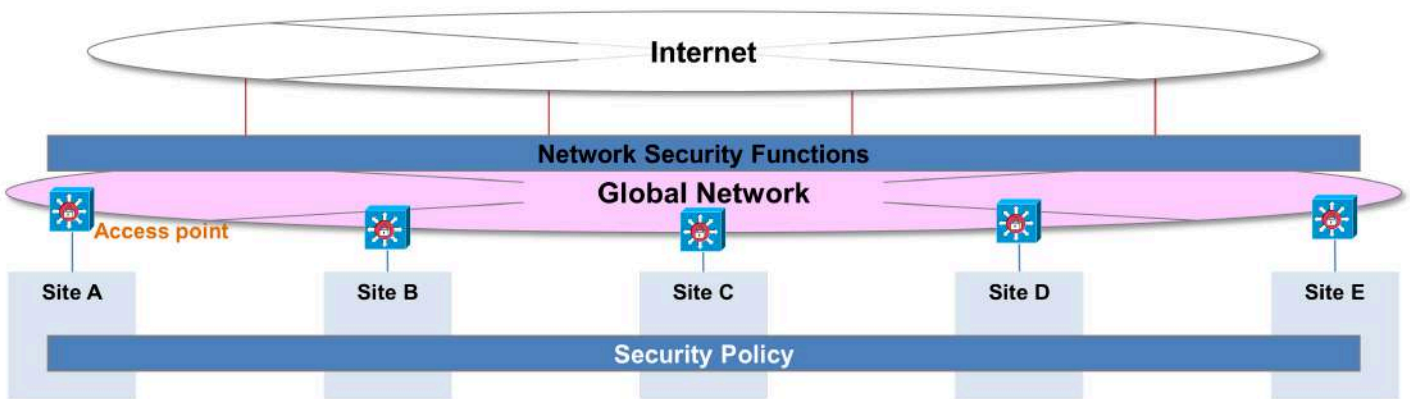
Access points are available in each country, enabling stable connections without having to cross international borders.

Unified Security Policy

Standardized security improvements are implemented.

Use of Cloud Services

Network security functions are provided as cloud services.



Prevention of Information Leakage

From Protection to Detection and Response

What are SOC and CSIRTs?

With information security growing in importance year after year, approaches to safeguard the data and systems maintained by organizations are also evolving. To date, security measures emphasizing protection were the mainstay approach. But today, as the methods employed in cyber attacks become increasingly crafty and sophisticated, a defensive posture alone is insufficient. That is why there has been a focus on strengthening Security Operations Centers (SOCs) and Computer Security Incident Response Teams (CSIRTs).

An SOC is a dedicated team that monitors security for an organization's networks and systems and detects abnormal behavior in real-time. A CSIRT, meanwhile, is a team dedicated to responding in the event of a security incident. By having these teams coordinate, it is possible to respond to cyber attacks swiftly and effectively.

Shifting from Protection to detection

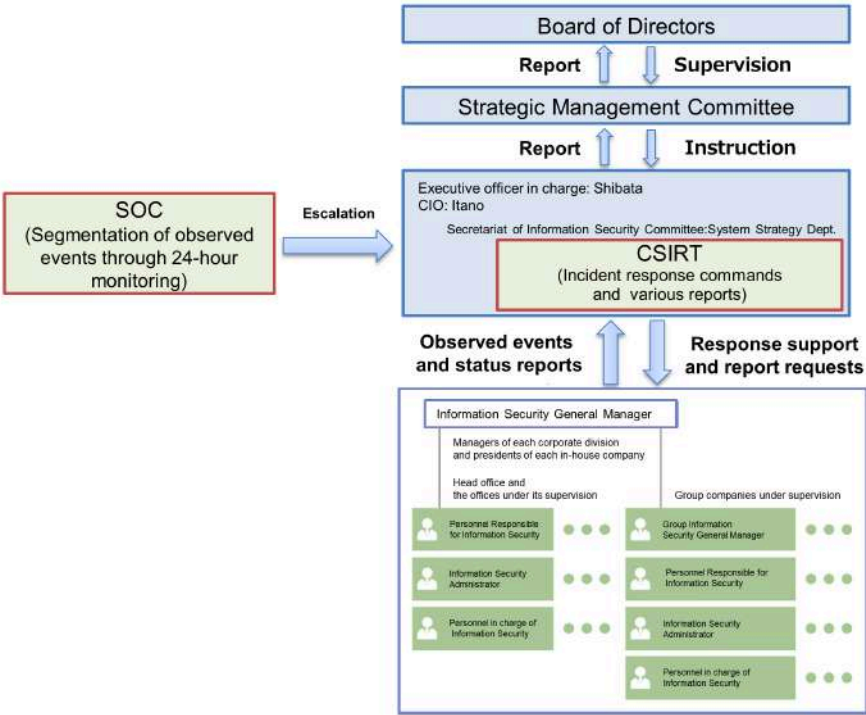
Conventional security measures have focused on protection with the use of firewalls and antivirus software. While these are important elements in preventing attacks from the outside, but due to diversifying attack methods, it has become increasingly difficult to maintain complete security through protection alone. For example, there are risks that breach defensive boundaries such as cases where an internal employee unwittingly downloads malware, or attacks launched through phishing emails. This is what makes the role of an SOC crucial. By monitoring network traffic, analyzing logs and detecting suspicious activity, security incidents are discovered in real-time. Specifically techniques include the detection of abnormal communication patterns and behavioral analysis of unknown malware. These approaches make it possible to detect potential threats at an early stage and swiftly respond to them.

Improved response

Not only detection but the response after an incident has occurred is of vital importance. The CSIRT formulates incident response plans and responds swiftly once an incident has occurred. Specifically, the team identifies the extent of damage, takes actions to keep the effects to a minimum, and undertakes restoration work. It is also important to uncover the methods and vectors of attack and take preventative measures through a forensic investigation conducted after the incident.

Strengthening coordination between the SOC and CSIRT

Improved coordination between the SOC and CSIRT results in a more effective security framework. If a workflow where the SOC rapidly informs the CSIRT of a detected anomaly and the CSIRT immediately initiates a response can be established, damages can be kept to a minimum. Moreover, by having both entities regularly share information and engage in joint training, security awareness and response capabilities are enhanced throughout the organization. MMC has finished expanding SOC monitoring targets to PCs and the cloud environment, and will aim to expand its monitoring targets to existing on-premise servers in the future.



Strengthening IT Asset Management

Protecting manufacturing technologies

Strengthening OT security

Information technology (IT) generally refers to systems that save, process and communicate information, serving as the technology that supports business processes. Meanwhile operational technology (OT) represents the systems that control and monitor production equipment and devices, serving as the technology that directly supports the operation of plants and factories. Because of these differences, OT systems require real-time performance and high availability, and generally once they are installed, they are used for long periods and are difficult to modify. In recent years OT environments have also become digitized and seen the advance of IoT technologies, exposing them to an increased risk as the targets of cyber attacks. Once an OT system is attacked, it can lead to production line stoppages, reduced product quality, and depending on the severity, cause serious accidents that imperil people's lives. That is why strengthening OT security is a challenge of the highest priority for the manufacturing industry.

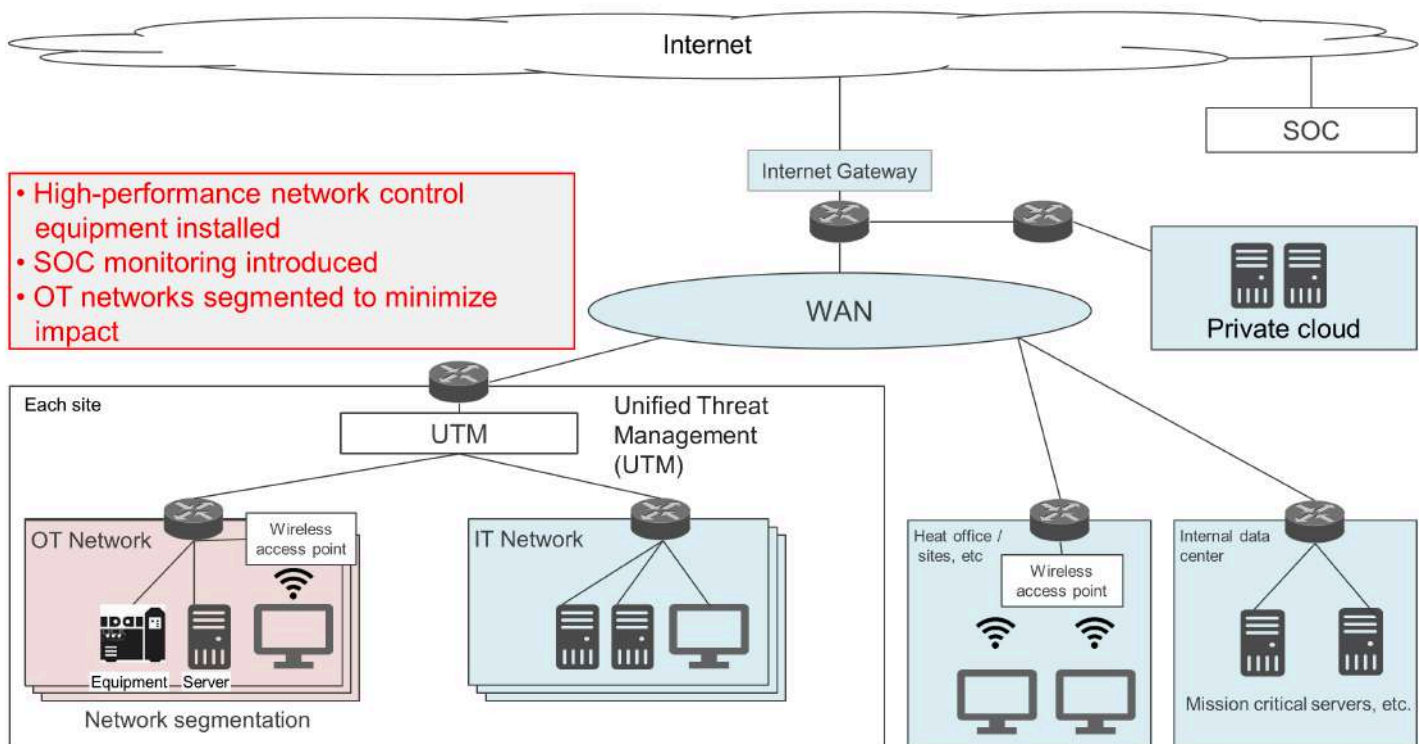
Challenges with OT security

Security challenges in OT environments are wide-ranging. First, since OT systems are designed to operate for extended periods, they often use older technologies and software, which can lead to vulnerabilities. In addition, since many OT systems operate on closed networks that are generally not connected to the Internet, their defenses against outside attacks can be inadequate. And as IT and OT become increasingly integrated, there are growing risks of attacks on OT systems via IT systems. For example, there are examples of malware infections that have entered via IT systems spreading to OT systems, along with a growing risk of unauthorized operation utilizing remote access. To face off against these challenges, security measures designed to combine IT and OT are needed.

Specific measures to boost security

Measures to beef up OT security include the following. We adopted OT security guidelines in the fiscal year ended March 2024 and plan to steadily phase in measures going forward.

- 1. **Network segmentation:** Clearly separating OT and IT networks and blocking unnecessary communications between them prevents the spread of attacks.
- 2. **Access control:** We strictly manage access privileges to OT systems and implement access control based on the principle of granting the minimum required permissions.
- 3. **Patch management:** We regularly update the software and firmware of our OT systems to patch known vulnerabilities. However, careful planning is needed to ensure stable system operation when applying patches.
- 4. **Monitoring and detection:** We have strengthened OT network monitoring and have systems in place to detect abnormal activities and suspicious behavior in real-time.
- 5. **Incident response plans:** We have clearly laid out the procedures to follow when responding to a cyber incident and conduct regular drills.



Prevention of Occupational Accidents

Creating a Safe and Healthy Workplace Environment

Theme of activities	Results of activities during FYE March 2024	Self-assessment	Targets/plans for activities from FYE March 2025 onwards
• Promoting safety and health activities	• Continued the Zero Occupational Accident Project	C	• Continued the Zero Occupational Accident Project
	• Not causing any occupational accident resulting in four or more lost days for 365 days		• Not causing any occupational accident resulting in four or more lost days for 365 days
			• Reduction in the number of lost-workday injuries (Halve the number of people affected in 2023)
	• Elimination of occurrence of fires and explosions	C	• Elimination of occurrence of fires and explosions
	• Make efforts to ensure equipment safety based on risk assessments (ongoing)	B	• Make efforts to ensure equipment safety based on risk assessments (ongoing)
	• Promote safety and health education through effective utilization of the Occupational Safety & Health Education Center and continued to promote Virtual Reality accident simulation training	A	• Promote safety and health education through effective utilization of the Occupational Safety & Health Education Center and continued to promote Virtual Reality accident simulation training
	• Continue to promote health and productivity management	A	• Continue to promote health and productivity management
	• Enhanced mental healthcare initiatives	A	• Enhanced mental healthcare initiatives

Self-assessment grades A: Target achieved B: Target mostly achieved C: Target not achieved

Basic Approach

In the MMC Group, one element of our Code of Conduct is “We are committed to providing a safe and healthy environment for all our stakeholders.” This is based on the notion that, if we cannot keep our employees and all stakeholders around us safe and healthy, they will not be able to provide stable and happy lives for their families, we will not be able to operate effectively, and we will never be able to keep on expanding as a company.

MMC Group Basic Policy on Safety and Health Management

Established on November 10, 2014

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

And since 2018, among the goals represented by SCQDE enacted as the guideline to decision-making concerning conduct of our work (priority order), we have positioned “S” which represents “Safety and Health”, as the first priority.

Guideline to decision-making concerning conduct of our work (priority order)

Let's act while recognizing the order of priority, "SCQDE"!!

1	S	Safety & Health	Safety & Health come first
2	C	Compliance & Environment	Compliance & Environment to ensure fair activities
3	Q	Quality	Quality of products and services provided to our "customers"
4	D	Delivery	Delivery dates to be met
5	E	Earnings	Reasonable profit (Obtained based on “customer” trust after satisfying SCQD)

“SCQDE” shows the order of priority of our business decisions. In providing customers with our products & services, we should thoroughly fulfill SCQ at first and then satisfy D. We believe that we will be able to obtain trust from customers and society by continuously executing SCQD in good faith, and this will produce a reasonable profit.

Promotion System

In the wake of the fire and explosion at the Yokkaichi Plant (which was transferred to SUMCO Corporation on March 31, 2023) in January 2014, we launched a Zero Occupational Accident Project in April that same year. Under the Zero Occupational Accident Project, we work to strengthen the foundations of safety and health on a Group-wide scale, with the aim of “not causing any occupational accident resulting in four or more lost days for one year.”

The Zero Occupational Accident Project is led by the Zero Occupational Accident Subcommittee, which serves as a special subcommittee under the [SCQ Promotion Office](#)  headed by the Chief Executive Officer.

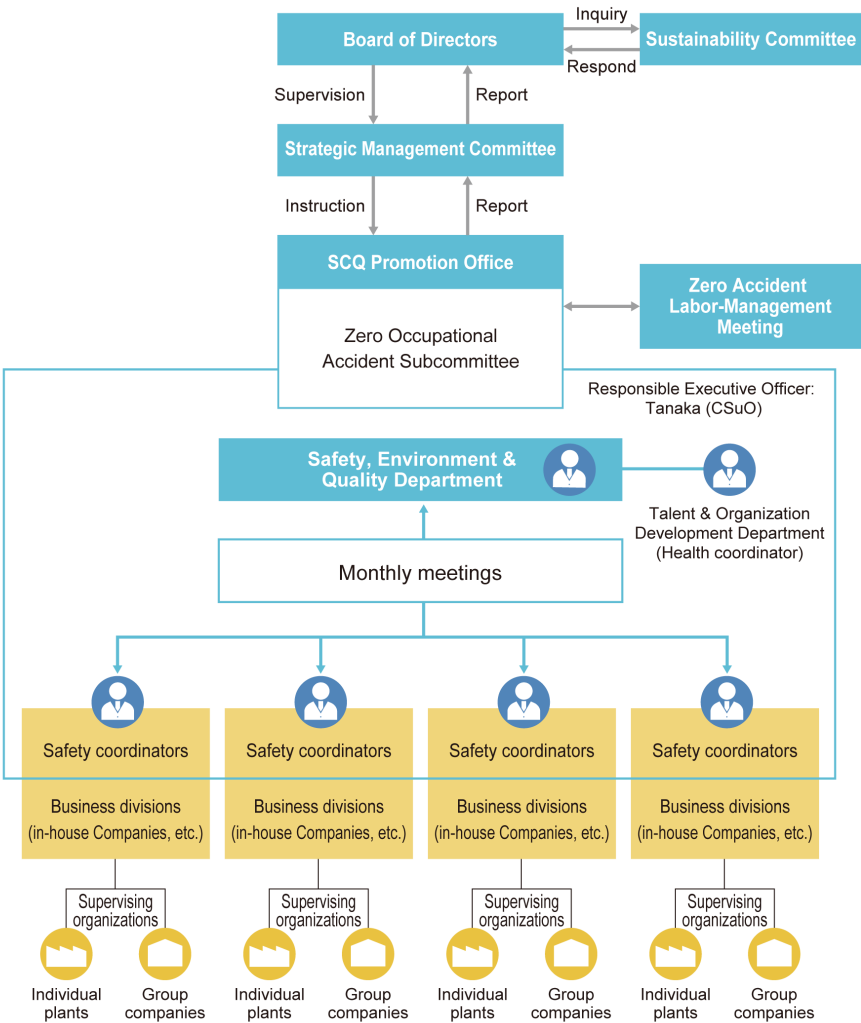
Based on analysis of factors including occupational accidents that have occurred, the Zero Occupational Accident Subcommittee, which consists of Safety Coordinators from the departments, identifies priority issues that our Group should tackle. The committee exchanges opinions about these priority issues with the Zero Accident Labor-Management Meeting, which consists of the Executive Officer responsible for SCQ, members on the Company-side consisting of representatives of in-house Companies, and labor union members representing sites under the jurisdiction of in-house Companies, and sets priority tasks for safety and health management. Specific measures for the Zero Occupational Accident Project such as these priority tasks are implemented after deliberations and approval at the Strategic Management Committee made up of Executive Officers. With the Mitsubishi Materials Safety, Environment & Quality Department playing a central role, the progress of these measures is reported at monthly meetings made up of Safety Coordinators appointed at in-house Company, and elsewhere, where we share information regarding progress and issues with safety and health measures at business sites under their management, including Group companies, and discuss solutions. The progress of each measure is also regularly reported to the Sustainable Management Office, of which the Presidents of each in-house Company are a part. In addition, the status of accidents that have occurred including occupational accidents, fires and explosions as well as the measures taken to deal with serious incidents are reported to the Strategic Management Committee and Board of Directors by the Executive Officer responsible for SCQ promotion, and are appropriately monitored.

Additionally, we have an integrated Group-wide promotion framework in place whereby matters that extend beyond the confines of individual Companies are reported and discussed at the above-mentioned Zero Occupational Accident Subcommittee, with improvements suitable for the conditions at each site made based on the PDCA cycle.

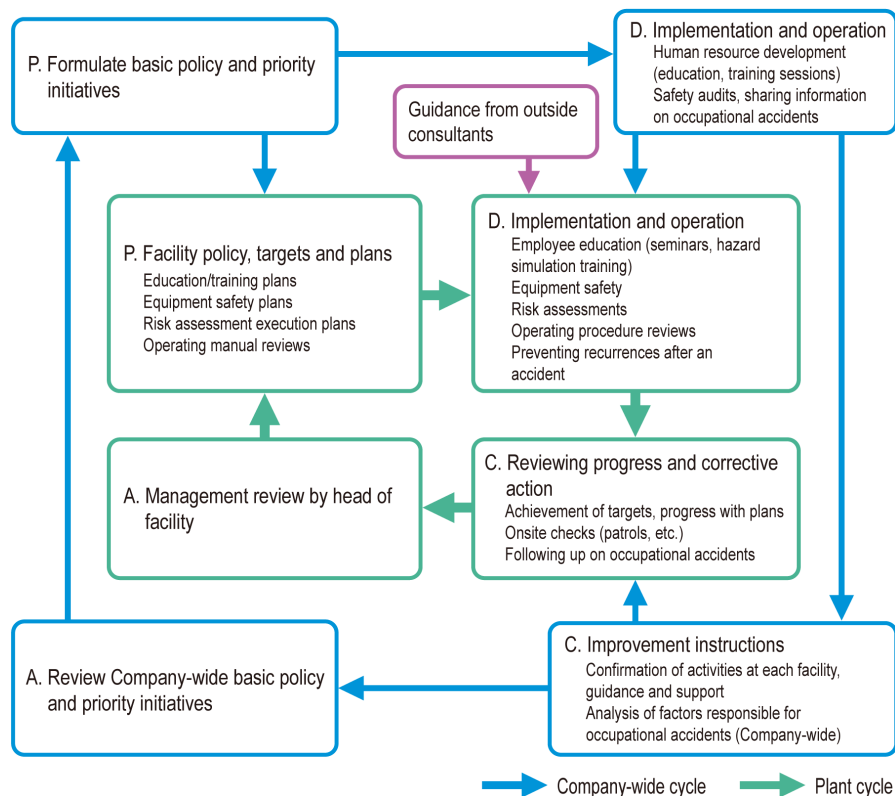
The occupational safety and health management systems are operated at individual business sites, and Safety and Health Committee meetings with members representing both the Company and the labor union are also held. The committee discusses measures related to worker hazards, investigates the causes of and works to prevent recurrences of serious matters including occupational accidents, and implements measures to prevent health issues and maintain the health of workers. In

addition, Safety Managers, Safety Coordinators and Safety Instructors are assigned to individual business sites, where their role is to promote safety activities.

We hold regular Group-wide Safety Manager meetings and meetings for Safety Coordinators and Safety Instructors, where we exchange opinions on a wide range of occupational accident information and health and safety activities across the Group and the various business sectors in which it is involved, and strive to raise the level of health and safety.



To expand the joint labor-management initiative to achieve zero occupational accidents, we have identified issues at the MMC Group identifies issues based on occupational accidents, etc. that occurred in the previous year, and after engaging in joint labor-management discussions on the particular items to be addressed to achieve solutions, designates management priorities. In 2023, we set out the following management priorities, and rolled out occupational safety and health management systems at each of our plants/factories accordingly.



Group-wide Priorities for Safety and Health Management (2023)

■ Thorough Efforts to Make Equipment Safe (engineering measures) through Risk Assessments (RA)

While the number of serious occupational accidents related to machines and electricity and those related to handled materials caused by equipment has been decreasing in the long term, there remains residual risk that we have yet to reduce, and accidents have occurred due to unrecognized hazard sources. In response, we decided to examine the appropriateness of risk assessments continuously from the fiscal year ended March 2021 onward, and implement a review. The actions we are taking are as follows.

- Identify new risks and lower the risk level
- Check for hazard sources and dangerous tasks that have yet to be identified
- Reassess risks which have been identified and take corrective actions against insufficient measures
- Promote the inherent safety of existing equipment
- Improve the skills of those conducting risk assessments, etc.

An analysis of the types of occupational accidents occurring at the MMC Group has revealed that many occupational accidents occur due to two main causes: flawed protective and safety measures and proximity to dangerous areas. As physical measures to address these issues, we have been reviewing structures and mechanisms from the perspectives of foolproof*¹ and failsafe*², and are employing thorough engineering-based action through risk assessments. Further, with respect to occupational accidents caused by “flawed operating methods” such as the use of inappropriate tools and jigs or incorrect operating procedures, we implement improvement measures that reflect the results of risk assessments, such as improvements including the verification of operating methods, and revised operating procedures that reflect hazard prediction.

Risk assessment is an effective means of discovering, eliminating or mitigating potential danger or harm attributable to operating practices and other work performed at a manufacturing site. At the MMC Group, we implement risk assessment activities from the perspective of workers on the production floor at each business site. We have trained risk assessment instructors at each business site to improve their ability to identify unsafe equipment states. We began offering training classes in October 2015, and as of March 2020, more than 520 people have taken the course (although classes could not be held from April 2020 onward due to the impact of COVID-19), contributing to enhancing and stimulating on-site activities. In addition, since August 2020, we have been conducting risk assessment classes by remote learning, led primarily by front line supervisors with the aim of raising the ability level of personnel who conduct risk assessments. 49 people received training in those classes in 2024, bringing the cumulative total to 634.

*1 Foolproof: A function that prevents human error from resulting in an incident or occupational accident

*2 Failsafe: A function ensuring that equipment will operate on the safe side in the event of mechanical malfunction, power outage or otherwise

Safety Record

State of Occurrence of Occupational Accidents

The number of employees involved in occupational accidents (injuries without lost time) in the Company and at 35 major Group companies stood at 90 in 2023. Sadly, 24 of these were accidents requiring employees to take leave. The number of accidents at the Company, on a non-consolidated basis, has been showing a downward trend for the past ten years, but it has leveled off in recent years. (The number of business sites increased by two as a result of the merger of the former Mitsubishi Shindoh Co., Ltd. in April 2020. In addition, after 2022 the cement business and aluminum business, in 2023 Yokkaichi Plant were shifted outside the Group due to business reorganization.)

We did not meet our goal of not causing any occupational accident resulting in four or more lost days for 365 days, producing a result of 82 days.

■ Change in the number of continuous days without an occupational accident resulting in four or more lost days

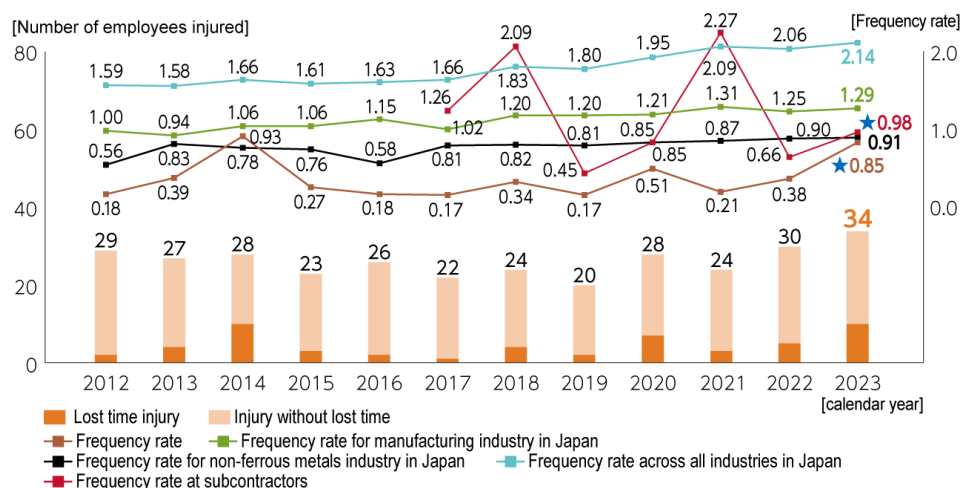
	2020	2021	2022	2023
Number of days without an occupational accident	91	41	135	82

In 2023, serious accidents involving workers being caught or entangled in equipment occurred. We re-confirmed equipment safety measures and reminded workers to thoroughly ensure that they “switch off the power whenever they need to reach into equipment with their hands” and “never extend their hands towards rotating objects” while working.

The accident frequency rate which evaluates the state of occurrence of occupational accidents taking place at the Company (LTIFR (Lost-Time Injury Frequency Rate): casualties per million actual hours worked (employees taking time off work)) was 0.85; a lower figure than the 2023 manufacturing business average of 1.29, and the non-ferrous metals industry average of 0.91 (Ministry of Health, Labour and Welfare (MHLW) statistical data). The accident frequency rate including accidents not requiring employees to take leave (TRIFR (Total Recordable Injury Frequency Rate): casualties per million actual hours worked including accidents not requiring employees to take leave) was 2.88.

In 2024, too, we worked thoroughly to further increase the safety of facilities through risk assessments, added further measures to prevent accidents, and made other efforts toward achieving our zero occupational accident target.

■ Safety Record Trend (Mitsubishi Materials)



* The figures are based on calendar years. Occupational accidents frequency rate and incident rate do not include accidents during commuting or minor injuries. (After 2022, accidents from business sites related to the cement business and aluminum business, in 2023 Yokkaichi Plant were excluded.)

■ Number of employees injured

		2020	2021	2022	2023
MMC (Enrollment)	Fatal	0	0	0	0
	Lost-time	7	2	4	9
	No lost-time	17	18	22	21
MMC (Temporary workers, etc.)	Fatal	0	0	0	0
	Lost-time	0	1	1	1
	No lost-time	4	3	3	3
MMC (Subcontractor)	Fatal	0	0	0	0
	Lost-time	4	10	2	4
	No lost-time	19	17	6	7
Group companies (Incl. subcontractors)	Fatal	1	0	1	0
	Lost-time	13	27	9	10
	No lost-time	83	84	41	35
Total	Fatal	1	0	1	0
	Lost-time	24	40	16	24
	No lost-time	123	122	72	66

■ Injury Frequency Rate Trend

		2020	2021	2022	2023
Non-consolidated	LTIFR	0.51	0.21	0.38	★0.85
	TRIFR	2.03	1.68	2.30	★2.88
Subcontractors	LTIFR	0.85	2.27	0.66	★0.98
	TRIFR	4.92	6.12	2.62	★2.70

* LTIFR (Lost-Time Injury Frequency Rate): casualties per million actual hours worked (number of victims of accidents requiring employees to take leave including deaths) = accident frequency rate, TRIFR (Total Recordable Injury Frequency Rate): casualties per million actual hours worked (number of victims of accidents requiring employees to take leave including deaths + number of victims of accidents not requiring employees to take leave)

State of Occurrence of Fires and Explosions

In 2023, there were 5 accidents (fires and explosions, etc.) at the Company. They include one case of fire, where it took a certain amount of time before the accident ended. However, all of the other 4 accidents were minor ones scoring 1 points or less under our internal accident evaluation standards, which are a measure of the magnitude of damage and impact. There was no explosion in 2023. There were zero (0) ★ Tier 1 process safety events (PSEs) per million hours. The Company bases its definition of PSEs on the CCPS definition.*

In addition the total number of accidents has more than halved (15) from the number in 2022, and we will continue to pursue initiatives that focus on the prevention of similar accidents through the internal proliferation of accident data, among other measures.

* Tabulated values are for the Company (non-consolidated) for the calendar year. Tier 1 PSE (Process Safety Events) are identified based on the "Process Safety Metrics: Guide for Selecting Leading and Lagging Metrics" Version 4.1 issued by CCPS.

■ Occurrence of Fires, Explosions and Other Accidents

	2020		2021		2022		2023	
	Number of accidents	Score	Number of accidents	Score	Number of accidents	Score	Number of accidents	Score
Fire	6	5.1	10	18.3	13	35.1	3	3.9
Explosion	0	0.0	0	0.0	0	0.0	0	0.0
Leakage, etc.	1	0.3	6	1.8	2	0.6	2	0.6
Total	7	5.4	16	20.1	15	35.7	5	4.5

■ MMC-method Accident Assessment Criteria

Severity level (points)	Assessment items			
	Human injury	Property damage	Impact of leakage/spill (Leakage of high-pressure gas, spill of hazardous material)	Time it takes before a fire is extinguished (Duration of time between occurrence and extinguishment of a fire)
V (27)	Multiple deaths	Property damage outside the premises	Impact on a wide area outside the premises, such as a river	4 hours or longer
IV (9)	One death or multiple lost days	Property damage to adjacent facilities on the premises	Impact on the area around the premises	2 - 4 hours
III (3)	Lost time injury	Burnout or damage to the building with equipment as the fire source	Impact on adjacent facilities on the premises	1 - 2 hours
II (1)	Injury without lost time	Burnout or damage of the equipment as the fire source, or minor damage to a part of the building with such equipment	Leakage/spill only inside the building with equipment as the fire source or inside protective facilities such as dikes	30 minutes - 1 hour
I (0.3)	Below Level II (Minor incidents)	Below Level II (Minor damage to a part of the equipment as the fire source)	Below Level II (Minor leakage/spill)	Shorter than 30 minutes

* Set by referring to accident assessment criteria of the Japan Petroleum Industry Association and the severity indicators for fire and spill accidents at dangerous facilities, which were notified by the Fire and Disaster Management Agency.

* To be evaluated based on the total number of points by summing the points for the intensity level of each evaluation item that applies.

* The number of points shall be zero (0) if none of the intensity levels applies.

Enhancing Safety and Health Education

We thought that personal experiences of hazards are important to improve hazard awareness, so started running an Occupational Safety and Health Education Center - "Midori-kan" in March 2017. The center has 50 different hazard experience facilities inspired by the actual work environment and the dangers that hide in everyday tasks. It also regularly provides specialized education needed for work safety and health in dedicated classrooms, in addition to Hazard Sensitivity Education by expert instructors. In the fiscal year ended March 2024, roughly 340 employees underwent hazard experience education, and around 240 employees completed specialized education. Since its establishment, the center has provided hazard sensitivity training for about 4,600 Group employees, approximately 1,390 of whom have also completed specialized training courses as of March 2024.



Occupational Safety and Health Education Center - "Midori-kan"



In the courtyard of the Midori-kan, a monument for safety and health surrounded by five materials symbolizing our business has been installed. The design employs a green cross representing safety.

Hazard Sensitivity Education Using Virtual Reality (VR)

We introduced VR as a part of hazard sensitivity training at our Occupational Safety and Health Education Center in May 2018. The system enables experiences that are difficult to simulate with regular equipment, providing participants with a 360° field of vision, better realism and immersion through haptic and other technologies. With the use of VR, participants can experience hazards through to the end (for example before, during and after falling), and is helpful for creating better hazard awareness. Because the devices are portable, we provide the training at each plant of the Group. In 2019, we introduced the second and third sets of devices and added five new hazard experience courses. We added another four courses in 2021. We began to lend them to Group companies as well, aiming to improve hazard awareness further.

■ VR hazard experience courses (Occupational Safety and Health Education Center)



Accidents involving contact with high temperatures (gas releases)



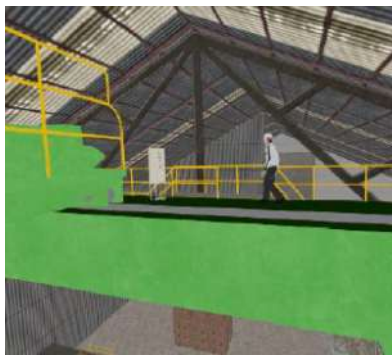
Accidents involving contact with high temperatures (steam explosions)



Accidents involving contact with forklifts (driver moving forward)



Accidents involving contact with forklifts
(pedestrian moving backward)



Falling accidents
(falling from crane)



Falling accidents
(stepping through the floor)



Caught-between accidents
(press)



Caught-in accidents
(high-speed conveyor belt)



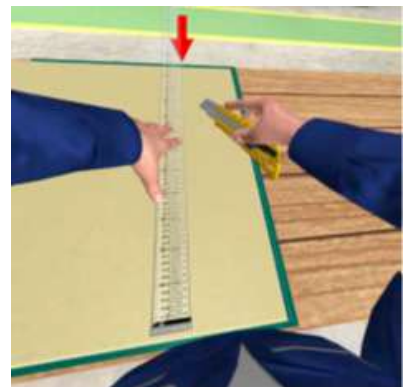
Caught-in accidents
(slow-speed conveyor belt)



Electric shock accidents at power panels



Tripping accidents caused by difference in height (falls)



Accidents involving cutter incision wounds



Falling accidents while descending stairs (fall)



Stepladder fall accidents



Flying object accident caused by failed crane operation



Grinder kickback accident



Fall accident while putting a cover on a trailer



Pinched in a V-shaped belt

Commendation System for Business Sites with Excellent Safety Records

To encourage improvements to safety management, we commend business sites that have made outstanding achievements in the Mitsubishi Materials Group. Business sites that are eligible for commendations are those of Mitsubishi Materials Corporation, consolidated subsidiaries in the manufacturing and construction industries in Japan, and some unconsolidated subsidiaries. Commendation criteria stipulate that the business site must achieve the required period (number of years) with no accidents requiring employees to take leave (a period during which no accidents requiring employees to take leave occur with regard to either company employees or contractors). Commendations are classified into the following three types.

- (1) Safety distinction award (Business sites that achieve the number of years stipulated by commendation criteria)
- (2) Safety excellence award (Business sites that achieve the number of years stipulated by commendation criteria x 2)
- (3) Safety grand prize (Business sites that achieve the number of years stipulated by commendation criteria x 3 or more)

Since risks vary significantly between industries and business types, the number of years stipulated as commendation criteria is set for each business site based on the business type. Business sites are classified into the following groups.

- Group A (Criteria: every two years)
Business types: plant type (smelting), equipment-oriented industry (copper & copper alloy, etc.), construction industry
- Group B (Criteria: every three years)
Business type: advanced materials & tools / processing and assembly type

■ October 2023 Commendations

Safety grand prize winners:

Advanced Products Company	Gotoh Manufacturing Co., Ltd. (No lost time injuries for 14 consecutive years)
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Safety excellence commendation:

Advanced Products Company	Mitsubishi Cable Industries, Ltd. Amagasaki Works (No lost time injuries for 6 consecutive years)
Metalworking Solutions Company	Japan New Metals Co., Ltd. (No lost time injuries for 4 consecutive years)

Safety distinction commendation:

No prize winning business sites

■ April 2024 Commendations

Safety grand prize winners:

Metals Company	Materials Eco-Refining Co., Ltd. (No lost time injuries for 8 consecutive years)
Advanced Products Company	Ceramics Plant (No lost time injuries for 18 consecutive years)
Management Strategy Dept.	Maintenance Techno Corporation (No lost time injuries for 10 consecutive years)

Safety excellence commendation:

Advanced Products Company	Tamagawa Seisakusho Co., Ltd. (No lost time injuries for 4 consecutive years)
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Safety distinction commendation:

No prize winning business sites

※ Names of the commended organizations are as of the time of the commendation.

■ Safety and Health Instruction Utilizing Outside Consultants

The results of an analysis of past occupational accidents revealed issues in risk identification at MMC Group business sites. For this reason, we have been providing safety and health guidance through outside consultants. Risks that have previously not been recognized are identified from the viewpoint of an external expert and measures are taken to reduce such risks. This helps raise the on-site safety level and improves the hazard sensitivity of employees.

Promoting the Rollout of Information within the Group through Consolidation and Dissemination

The Safety, Environment & Quality Department has been running an internal portal website since February 2017 for the collection, dissemination, and viewing of information about safety, health, disaster prevention and the environment. Safety data and safety chronology to which there was previously only limited access along with occupational accident case studies, documents used for safety and health training and information concerning health and mental health have been classified, organized and published to the internal portal website. We produce videos depicting cases of typical occupational accidents that have occurred in the MMC Group, thus offering straightforward explanations of the conditions of an occupational accident, its cause, countermeasures taken and the lessons learned.

All past accidents in the Group have been entered into a database. That database has been available on the internal portal website mentioned above since June 2017. The database allows keyword and full-text searches and the creation of accident calendars, contributing to the preparation of safety education materials as well as measures against similar accidents. It is constructed so that all plants can obtain the necessary information swiftly and accurately, helping to bolster our safety foundation and foster a safety culture.

Disseminating Examples of Safety and Health Best Practices

Since 2014, we have been compiling a collection of safety and health best practices on a yearly basis, highlighting highly-effective initiatives implemented at each MMC Group business site to prevent occupational incidents. We are promoting the spread of best practices by presenting them during National Safety Week as a shared asset for improving the Group's safety and health. We introduce individual case examples in the form of a "Safety Column" on the internal portal site, which serves to widely share knowledge related to safety and health along with information about related initiatives.

Assessing potential occupational and safety risks in new projects

We work to assess potential risks by investigating occupational and safety issues in the course of due diligence activities carried out with respect to potential acquisitions when we acquire companies or otherwise deal with new developments.

When high-risk events are discovered during due diligence activities, we require that the risks be eliminated within a certain period of time or stipulate how the risks are to be handled in the final contract. If the risks are not eliminated or no point of agreement can be found on how to handle them, we may forgo the contract.

Creating Mentally and Physically Pleasant Workplaces

Raising Employees' Awareness of Health: Creating Mentally and Physically Pleasant Workplaces

Promoting Measures to Maintain and Enhance Employees' Health, and Improve Workplace Environments, in order to Prevent Work-related Diseases

We are making Group-wide efforts to promote safety and health under our Code of Conduct, which states that "We are committed to providing a safe and healthy environment for all our stakeholders." In particular, regarding operations related to hazardous substances, we place an emphasis on preventing occupational disease and are committed to continually reducing exposure risks, such as by managing workplace environment and by thoroughly ensuring that occupational health protective equipment (protective respiratory equipment, protective gloves, etc.) are worn. In addition, for employees who have regularly engaged in work handling hazardous substances (including work involving exposure to asbestos) in the past, we continuously conduct special health checkups until retirement. To actively address global health issues, for workers assigned overseas we provide health education that includes infection prevention measures for HIV, malaria, yellow fever, rabies and other conditions during pre-assignment orientation, and shoulder the cost of vaccinations recommended by the Quarantine Station of the Ministry of Health, Labour and Welfare for each destination region.

We introduced our health management system in 2018 to centrally manage health management information such as health check results using electronic data, and the system is operated by our industrial healthcare staff. We upgraded this system in September 2020, which has enabled more precise aftercare measures and data analysis. Additionally, in October 2023 we further customized the system and began recording reexamination rates set as a priority implementation item in our health and productivity management activities. We will continue working to implement effective health promotion measures.

Enhancing Mental Healthcare Initiatives

As our primary mental healthcare initiative, we continuously provide a range of mental healthcare training to prevent employees from developing mental health issues. Specifically, we provide job-class-specific mental healthcare training in addition to "Self-care training" for all employees and "Line-care training" for management supervisors. In the fiscal year ended March 2019, we introduced a consultation service provided by a clinical psychologist stationed at each office and plant for employees who are in their third year at the Company, in an effort to prevent mental health issues from developing.

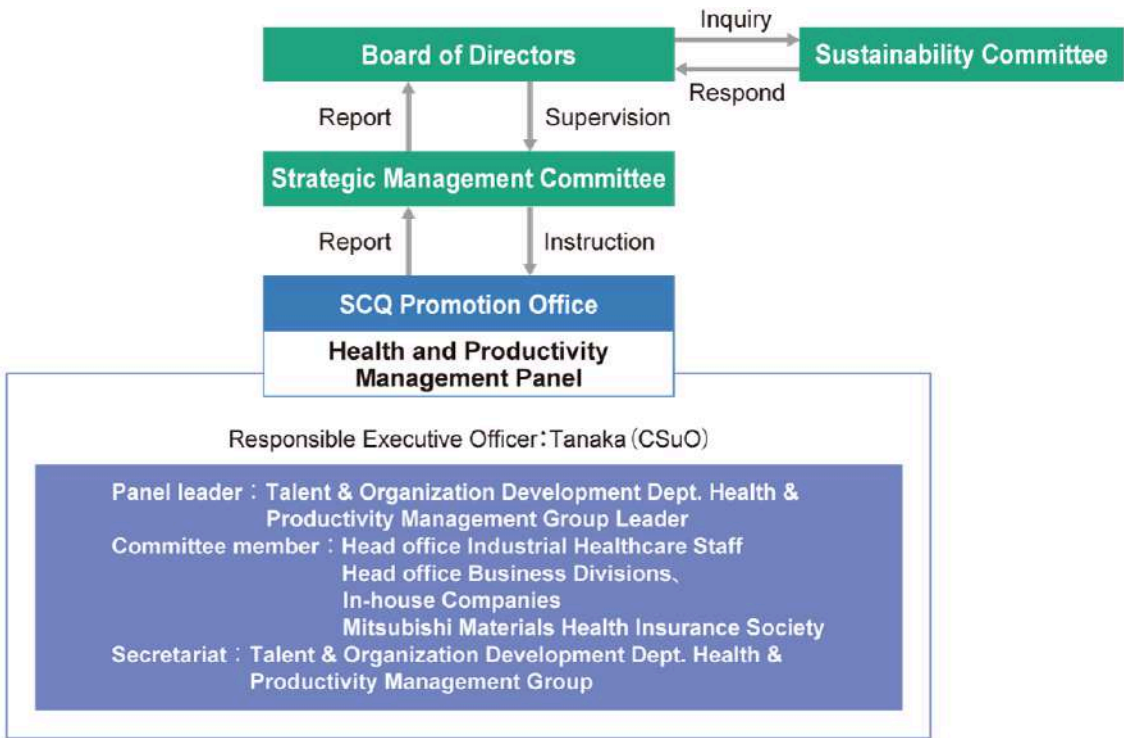
We make all employees aware of our response policy, procedures and consultation services available when they develop mental health problems. We have developed an environment in which employees can seek consultation with peace of mind, and we continue to offer meetings and consultations with industrial healthcare staff at each of our offices and plants. For employees who are taking sick leave, we operate a program to support them in returning to work, including the use of external back-to-work programs and other initiatives to help them work smoothly after recovery.

We simultaneously perform stress check surveys at all offices and plants, including those with less than 50 employees, offering face-to-face guidance with physicians as needed for those diagnosed with high stress levels, including interviews with industrial healthcare staff (public health nurses and clinical psychologists) as a preliminary step. We also analyze the survey results by attribute and changes in the results over time and share information with Business Divisions to identify issues and formulate countermeasures. Thus, we will continue to drive the creation of workplace environments that are comfortable for employees.

Health and Productivity Management Initiatives

We have been positioning employee safety and health as the top-priority issue. Accordingly, diverse initiatives have been taken at each office and plant. However, we have begun to see issues that should be addressed in a Group-wide manner, including issues associated with the declining birthrate and aging population, mental health measures, and the balance between treatment and work. In response, we positioned employees' health management as a business challenge and have decided to strategically work on health and productivity management in a Group-wide manner. We are promoting the mental and physical health of employees and their families in collaboration with the Mitsubishi Materials Health Insurance Society. Specifically, "The Mitsubishi Materials Group Health and Productivity Management Declaration" was enacted in October 2020, and the Health and Productivity Management Panel was established as a specialized committee under the SCQ Promotion Office headed by the Chief Executive Officer. In this system, we have implemented a variety of Company-wide measures related to maintaining and improving health.

The progress of each measure is regularly reported at the SCQ Promotion Office, which is attended by Executive Officers. In addition, the Responsible Executive Officer of SCQ promotion reports to the Strategic Management Committee and the Board of Directors for appropriate monitoring.



We have set medium-term health and productivity management targets in conjunction with the Group's Medium-term Management Strategy. For factors that increase the risk of death including high blood pressure, diabetes and smoking, as well as each site's health and vitality level that serves as an indicator of mental health, we define medium-term numerical targets and work to tackle them systematically. In addition, to prevent employees from engaging in overwork, we implement initiatives including the formulation and dissemination of overwork prevention plans and ongoing follow-ups on employees given guidance in mental health interviews based on our Company-wide policy to shorten working hours. We are making steady progress on these initiatives to prevent overwork through a meeting body on the reduction of working hours convened between labor and management.

Each office and plant is engaged in activities for maintaining and improving the health of employees in a well-planned manner following Company-wide priority action items. In September 2023, we were recognized for the first time as an Excellent Health Company (Gold Certification) by the Tokyo Promotion Council for the National Federation of Health Insurance Societies under the Certified Health & Productivity Management Outstanding Organizations Recognition Program designed by the Healthy Company Declaration Tokyo promotion meeting. In addition, in March 2024, Nippon Kenko Kaigi (Japan Health Council) recognized us for the first time as a Health & Productivity Management Outstanding Organization White 500 (large enterprise category) under the Health & Productivity Management Outstanding Organization Recognition Program promoted by the Ministry of Economy, Trade and Industry (METI).

We will continue to pursue our activities to promote safety and health and create workplaces where employees can work in a healthier way and enjoy working, through health and productivity management activities, so that the activities will be very meaningful for both the Company and its employees.

〈The Mitsubishi Materials Group Health and Productivity Management Declaration〉

Under our Corporate Philosophy of "For People, Society and the Earth" and our Code of Conduct which states that "We are committed to providing a safe and healthy environment for all our stakeholders," Mitsubishi Materials Group will make maximum efforts and engage in continual improvement to prevent occupational accidents, ensure occupational hygiene, and manage the health of its employees.

Specifically, we will develop initiatives to work system reform and measures to improve the mental and physical health of employees and their families in cooperation with the health insurance society.

In response to global pandemics and other new diseases, too, we will work to prevent infections and ensure the health of employees and their families.



Click here to read about our "Health Management Initiatives".

▶ [Our health and productivity management initiatives](#) 

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

Prevention of Infectious Disease

Prevention of infectious disease

■ Basic Approach

During the COVID-19 pandemic, the Group implemented various measures under a common Group policy to prevent important business from stopping, which prioritizes preventing employee infections and stopping the spread of infections at business sites and in the local community.

1. We will make every effort to prevent infections and the spread of infections in order to prioritize the health of employees and the safety of the workplace.
2. We will conduct business activities according to the requests and instructions of national and regional government, and each of our employees shall act with awareness in their personal lives.
3. We will continue our business to ensure the production and supply of products that support society and prevent interruptions to our recycling business, and thereby meet the demands of our customers and society.
4. We will take efforts for responding to COVID-19 as an opportunity to implement workstyle reforms, and improve productivity.

■ Task Force

In January 2020, the Group established a task force at the head office to direct a unified COVID-19 response across the Group. The task force formulated preventative measure guidelines and group action policies according to the status of the pandemic around the world and conducted monitoring to ensure that the Group can handle changes to the situation swiftly and appropriately by centralizing information on the health of employees, the situation of various countries and regions, etc. while sharing that information with top management. In May 2023, COVID-19 was reclassified under Japan's Infectious Disease Control Act as a Category 5 infectious disease, and the COVID-19 task force was disbanded as a result.

■ Measures for Preventing Infection and the Spread of Infection

The Group implements various measures for ensuring the health of all employees and maintaining workplace safety in Japan and overseas, as well as preventing the spread of infection in the various regions where we conduct business.

1. Dissemination of infection prevention measures in the workplace and thorough health management of employees.
2. Dissemination of the procedure to follow when an individual is infected or suspected to be infected.
3. Full-scale operation of working from home at offices, restrictions on using public transport, and utilization of satellite offices.
4. Restrictions on business trips, meetings, and events, and promotion of remote meetings via the Web.
5. Evacuation of employees stationed overseas, depending on the regional status of the epidemic, movement restrictions, standard of medicine, and state of medical services, etc.

As additional infection prevention measures, we implement various initiatives based on an annual infection prevention plan. These initiatives include vaccinations, various health subsidies, health education and support for employees assigned overseas.

▶ Please refer to read about our "[Health Management Initiatives](#)".

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

■ Business Continuity

In order to continue producing and supplying products and services that support society and important businesses of the Group such as the recycling business, thereby meeting the demands of our customers and society, the Group implemented various measures appropriate to the current status of the pandemic and requests from national and regional governments, based on business continuity plans for each of our business sites.

1. Offices identify which work is important and continue to function, with all important work performed from home in principle and limiting office attendance to the minimum necessary number of BCP members.
2. Production sites identify which work is important and must be continued and implement a system for doing so based on multiple scenarios that take into account employee commuting restrictions and operation restrictions resulting from the spread of infection within the community.
3. Supply chains are enhanced by diversifying raw material suppliers and outsourcers, using multiple distribution routes, enhancing cooperation with customers, etc.

■ Responding to Change

In May 2023, COVID-19 was reclassified under Japan's Infectious Disease Control Act as a Category 5 infectious disease, but that does not mean that the risk of similar infections spreading has been completely eliminated. In addition to responding to the significant changes caused by COVID-19 in society, this business environment and business structure, the Group is taking the opportunity to implement various measures for increased competitiveness, such as further enhancing cooperation with markets and customers, migrating to new work styles such as teleworking, improving management speed via digital transformation, and rebuilding business models.

Reinforcing Compliance

Toward the Reinforcing Compliance

"Compliance" is an important part of the foundation for the sustainable development of a company. The Group implements measures for spreading and establishing an awareness of "compliance" as a means to fostering an ethical corporate and organizational culture. The "Code of Conduct" is overseen by the Board of Directors, and the establishment and revision of it are also determined and decided by the Board of Directors.

* Learn about our Code of Conduct and more [here](#) .

Spreading and Establishing an Awareness of Compliance

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

We are continually implementing new measures to enhance our Group-wide compliance framework, including domestic and overseas training, aimed at realizing improved compliance awareness among individual Group employees. We will continue these initiatives with the aim of further spreading and establishing compliance awareness.

In addition, quickly and accurately consolidating and sharing information on compliance violations that have happened within the Group (not only legal and regulatory violations but violations of corporate ethics, codes of conduct and internal regulations, including the possibility of such violations) leads to an appropriate response to violations and helps prevent recurrences by having the information reflected in risk management activities, education, training and other action.

Our Chief Sustainability Officer (CSuO), who is one of our Executive Officers, oversees compliance, and under supervision of the CSuO, efforts are made to comply with the Code of Conduct. Additionally, the status of compliance including adherence to the Code of Conduct and other matters, is regularly reported to the Board of Directors.

Initiatives Conducted to Raise Compliance Awareness

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

Recognizing the importance of establishing our Corporate Philosophy, Vision, Mission, Values, Code of Conduct and Our Commitment among all our employees, we have produced cards and handbooks (Basic Edition) for our Group employees in 19 languages. The cards are distributed to sites around the world, posted to the Company intranet. And the handbooks (Basic Edition) are posted to the Company intranet and used in education and training activities. Furthermore, for domestic use we have produced employee handbook (Case Study Edition). This edition is posted to the Company intranet in Japan and used by domestic Group companies for educational activities. It is designed to deepen understanding of the Code of Conduct by explaining familiar cases that could possibly occur, and covers examples such as the prohibition of forced labor, prevention of power harassment, sexual harassment, occupational health and safety, health management, quality control, anti-corruption and legal compliance issues such as the Antimonopoly Act, Subcontract Act and Foreign Exchange and Foreign Trade Act. Particularly with regard to harassment, in addition to formulating Harassment Prevention Guidelines, we have taken up harassment prevention as one of the themes of awareness-raising efforts through training videos targeting all employees and online training for the managers responsibility for promoting compliance activities at their respective workplaces. We also provide training for the staff tasked with work related to in-house reporting, including cases of harassment.

We are working to spread awareness of the SCQDE through training, education, posters and cards, etc.

Across the Group we are striving to build an organization and corporate culture with good and healthy communication where employee has unrestricted communication, and we see these efforts as further enhancing Group governance and preventing compliance violations. To this end, we are working to strengthen communication through dialogue-focused town hall meetings, training and other measures.

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

Expanding and Reinforcing Compliance Education

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

We have constructed a framework that enables every employee in every domestic Group company to participate in compliance training once a year. From the fiscal year ended March 2021, we have been promoting online participation in this training. In addition to general compliance themes, the curriculum includes topics on the Antimonopoly Act, harassment, and the prevention of bribery and other forms of corruption. In the fiscal year ended March 2024, sessions were conducted on the themes of "Taking Cases of Compliance Violations to Heart," "Explanation of the In-house Reporting System," "The Safety of the Power Harassment Consultation Service," "Developing a Workplace Environment Enabling Free and Open Communication," with other sessions touching on the topics of harassment, information security and the Antimonopoly Act. We also regularly conduct training by job grade, etc.

For overseas education and training on compliance, we consider training content while taking into account the circumstances in each region of the world. In addition to the distribution of training videos in multiple languages, we efficiently conduct training in a wide range of regions through interactive training that places an emphasis on communication.

Since the fiscal year ended March 2019, our senior management and external lawyers have been providing governance training for directors of the Group companies in Japan. The training is aimed at helping them to understand the duties and roles that managers must fulfill with respect to governance and compliance, and to foster an awareness and acquire the means to fulfill them. In the fiscal year ended March 2022 we also began offering this training overseas. In addition to senior management, the training is provided by outside experts who are familiar with circumstances overseas.

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

■ Number of Participants in Education and Training Program During the FYE March 2024 (including MMC and its 74 Group companies)

	Number of Participants (aggregated) *1
Compliance education at domestic facilities, branches and Group companies	25,901
Compliance education at overseas Group companies	1,123
Position-specific education *2	8,863
Others	13,660
Total	★49,547

*1 Subjects of the above data for education and training program hours include non-regular employees as well as regular employees.

*2 Position-specific education includes education and training content other than compliance.

Anticorruption Measures

The Group's Code of Conduct does not tolerate corrupt behavior in any form. It prohibits all forms of corruption including giving and receiving gifts and entertainment, stipulates that the content, frequency and monetary amounts involved with any such activities be consistent with social norms, requires that political activities and political contributions always be carried out through fair and honest means, and stipulates that we must endeavor to maintain healthy and normal relationships with politics and government.

In April 2022, the Mitsubishi Materials Group Entertainment Expense Management Regulations were established for the Company and domestic Group companies. The regulations require that business entertainment, gifts and the like always be limited in their nature, frequency and monetary value in light of social norms.

In addition, given the importance of preventing corruption, a global sustainable development challenge, in April 2018 we formulated our "Regulations for Combating Bribery of Public Officials, etc." in order to help prevent bribery in our global business activities. The regulations prohibit the bribery of foreign public officials and others directly or through agents (third parties brokering transactions). In accordance with internal guidelines, when engaging the services of agents and similar parties, it is necessary to explain our anticorruption system and conduct appropriate screening, including advance checks

regarding an agent's reputation, the reasonableness of their compensation, their relationship with government entities, and so on. Under the guidelines we are also required comply with relevant anticorruption laws and regulations in related countries and regions when engaging the services of agents, and must also enter into contracts stipulating immediate contractual termination in the event of a breach (or possible breach) of anticorruption-related laws or regulations. We also provide necessary support and undertake internal training and other activities to facilitate the creation and operation of bribery prevention systems in Mitsubishi Materials Group companies.

In addition, the CEO and CSuO periodically release messages to employees about the importance of adhering to compliance requirements, and we also provide Group companies the support and internal training, etc. needed for operation of anti-corruption systems.

The SCQ Promotion Office headed by the CEO, actively pursues initiatives related to compliance, including bribery and other corrupt behavior. Subcommittees for specific areas have been set up under the SCQ Promotion Office, which reviews annual policies and action plans, follows up on specific measures, etc. related to each field, and reports on the status of those activities to the Strategic Management Committee and Board of Directors monthly. Additionally risk management activities are conducted on a Company-wide basis to not only deal with bribery but to manage all manner of assumed risks. However, through regular monitoring we have determined that risks related to bribery are low.

In-house Reporting System

We established an Internal Contact Office in December 2002 in Japan as a consultation service to handle reports and inquiries from employees of Mitsubishi Materials Corporation and its Group companies (including temporary, contract, part-time, casual and dispatched employees, and those who resigned within the last year), mainly those in Japan. The cases in question involve ethical issues within the corporate framework, encompassing concerns related to human rights, including harassment, violations of laws and regulations, breaches of internal policies, and corrupt practices such as embezzlement, conflicts of interest, and bribery. Since January 2020, we have contracted an external vendor to run the "Mitsubishi Materials Group Employee Hotline" for reports and inquiries, as well as improving the response systems of Group companies. This reflects efforts to ensure that we can appropriately respond to reports and inquiries and better respond to issues, while also strengthening the reliability of report and inquiry systems. We also established a contact office for consultation with Members of the Audit Committee in June 2018 to contribute to the work performed by members of the Audit Committee in promptly detecting incidents and initiating corrective measures.

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

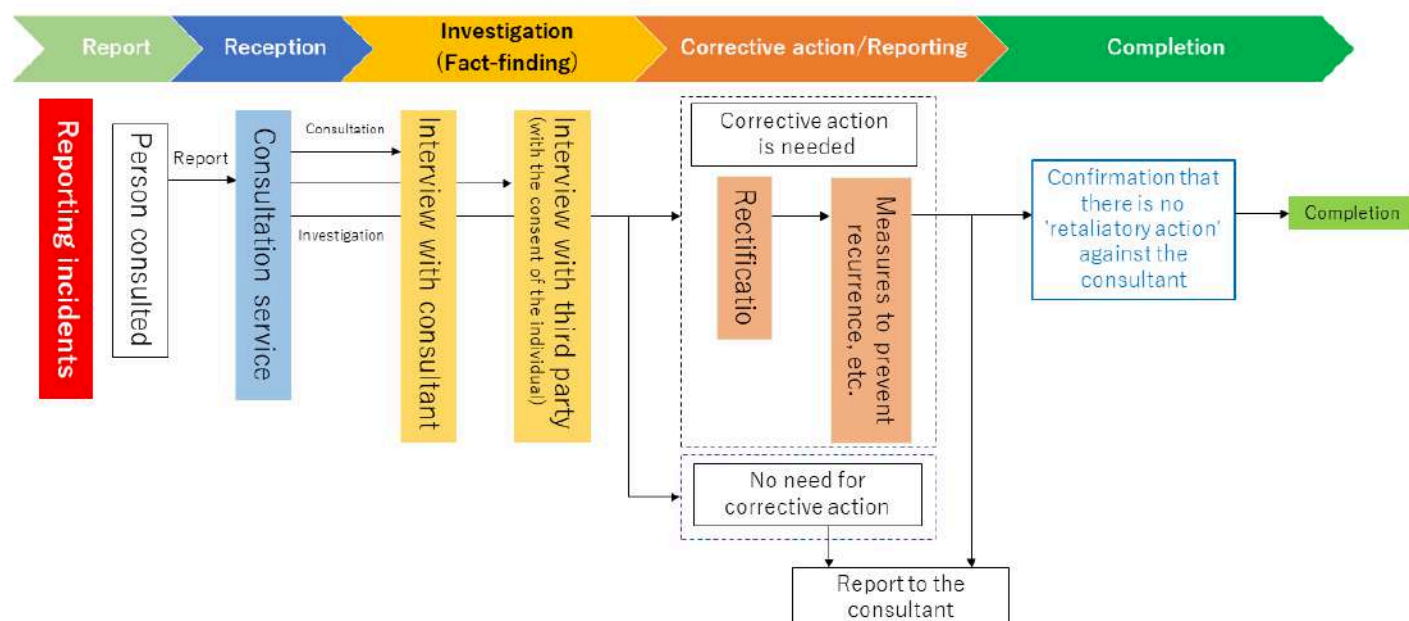
On April 1, 2021, we established and began operation of the "MMC Group Global Hotline," a global in-house reporting system for the Mitsubishi Materials Group. This in-house reporting system can be used by personnel in overseas Group companies and overseas sites (with some exceptions), and receives anonymous reports regarding conduct related to antitrust violations, bribery, accounting fraud, improper trade practices and other fraudulent conduct. The availability of the global in-house reporting system is made known to target overseas companies and sites and also explained at overseas training. In the fiscal year ended March 2024, there were four reports/inquiries received through the global in-house reporting system.

The "Mitsubishi Materials Group Employee Hotline" ensures that reports can be submitted either anonymously or with identifying information. The content of the reports is processed in accordance with the "Mitsubishi Materials Group Whistleblowing Regulations" based on the Whistleblower Protection Act and the "Whistleblowing Regulations" of various Group companies. This framework guarantees the protection of reporters, maintains their privacy, and ensures that no disadvantages arise in terms of personnel matters.

In addition, in the fiscal year ended March 2024 information about the hotline was disseminated via the intranet and training-based awareness-raising activities were also conducted as part of measures to improve the reliability of the domestic in-house reporting system. We will continue our efforts to improve the reliability of the in-house reporting system.

We have also set up an inquiry form regarding compliance, human rights and other issues on the company website. This mechanism enables outside stakeholders to contact the Company and also ensures the anonymity of the communications.

■ Response flow of the Mitsubishi Materials Group Employee Hotline



■ Numbers of Reports and Inquiries Received through the Mitsubishi Materials Group Employee Hotline (FYE March)

2016	2017	2018	2019	2020	2021	2022	2023	2024
33	38	42	61	58	54	47	65	63

Measures for Rebuilding our Antimonopoly Act Compliance System

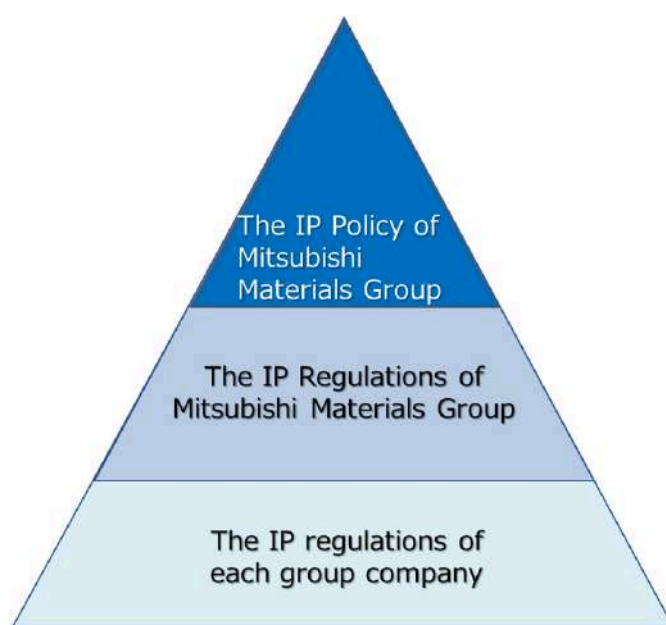
In September 2019, the Japan Fair Trade Commission (JFTC) issued a cease and desist order and a surcharge payment order to Universal Can Corporation, a Group company of that time, for violations of the Antimonopoly Act in the form of cartel activity. In response to this, from November 2019 onwards, the Group has engaged in various measures to rebuild its Antimonopoly Act compliance system. Furthermore, in the fiscal year ended March 2023, we worked on establishing a compliance framework for overseas competition laws.

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

At the Mitsubishi Materials Group, we engage in activities to develop a portfolio of intellectual properties and intangible assets in line with our business and development strategies, manage risks related to intellectual property, respond to related disputes, and improve the level of the Group's intellectual property governance.

Governance

As the importance of intangible assets including intellectual property grows, we are reinforcing our governance systems related to intellectual property in compliance with the Corporate Governance Code and proactively disclose our initiatives related to intellectual property, such as our 'Strategic Dialogue', to external parties. Further, in May 2022 we established the Intellectual Property Policy of Mitsubishi Materials Group, which indicates the direction of our intellectual property activities as a Group, based on the idea that we should maximize the value of intellectual property and intangible assets in a Group-wide manner. Additionally in February 2023, in accordance with this Intellectual Property Policy, we formulated the Group Intellectual Property Regulations, which stipulate the intellectual property-related activities of Group companies in more concrete terms.



The Intellectual Property Policy of Mitsubishi Materials Group

(Established on May 1, 2022)
(Partially revised on April 1, 2023)

Through our intellectual property activities, we contribute to "For people, society and the earth, circulating resources for a sustainable future."

1. We implement strategic intellectual property right formation in line with business and development strategies, ensure appropriate protection both in Japan and overseas, and apply effective utilization for the purposes of our business activities.
2. We respect the intellectual property rights of third parties and establish systems to prevent infringement.
3. We encourage new inventions and innovations, and establish appropriate incentive systems for inventors.
4. We work to earn the trust and confidence of stakeholders by fostering and protecting our brands.
5. We strengthen controls on counterfeit products distributed globally and ensure the implementation of countermeasures.
6. We cultivate human resources that make strategic use of intellectual property information, and provide appropriate education systems and environments to achieve this.

Group Intellectual Property Regulations

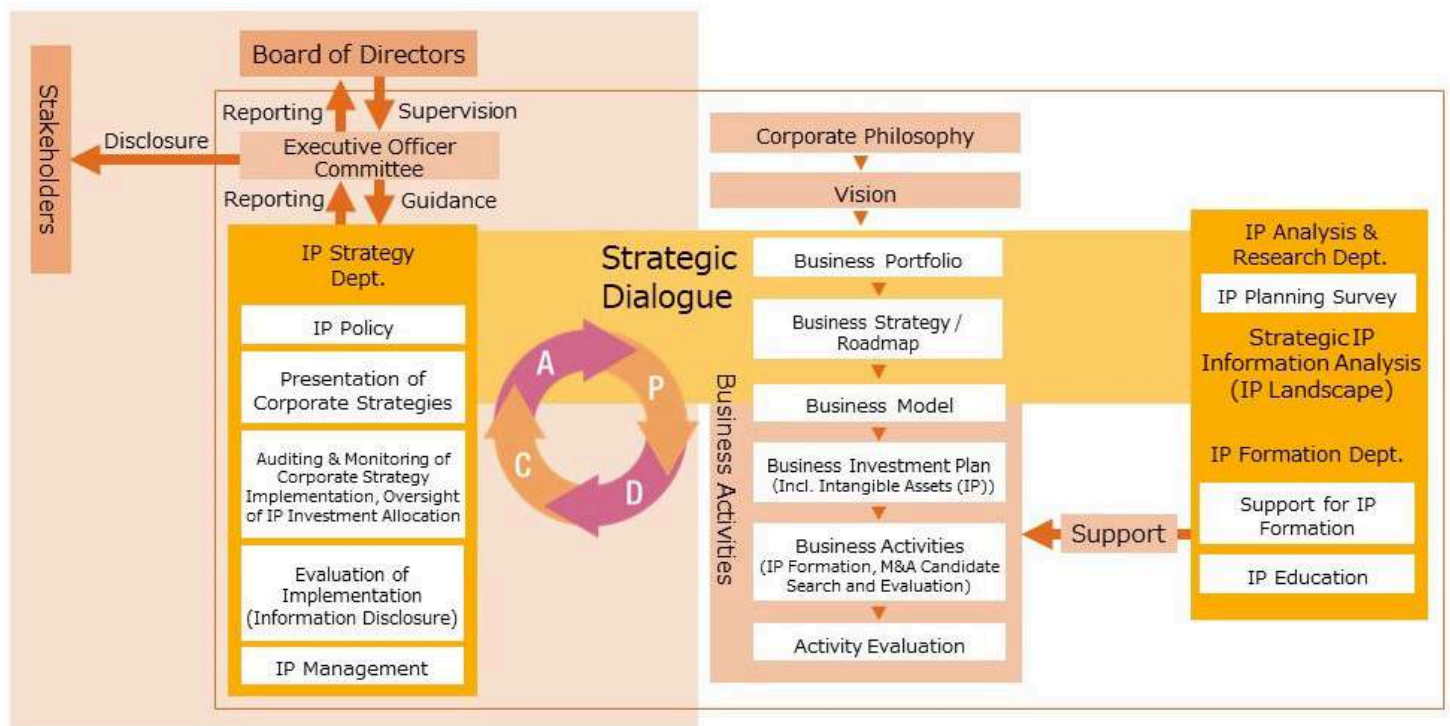
(Established on February 1, 2023)

These regulations stipulate the activities of Group companies in a detailed manner regarding reporting to the executives and board of directors of each company, their guidance and supervision, the formation, analysis and utilization of strategic intellectual property, licensing between Group companies, commissioned and joint research, brand development, Mitsubishi trademarks, measures to deal with counterfeits, infringement clearance measures, rewards for inventions, and human resource development.

Strategic Dialogue and Intellectual Property Creation

We promote Strategic Dialogue between business divisions and intellectual property divisions aiming for strategic creation of intellectual property.

We will analyze the market and customer trends surrounding the Company from the perspective of intellectual property using various tools such as the IP Landscape, and use those findings as the basis to shape an intellectual property portfolio that help build our business strategies and the R&D strategies that support them.



IP as Intellectual Capital

■ IP Mix

We strategically develop an IP mix (patents, designs, trademarks and brands, trade secrets and agreements on data, etc.) in line with our business and development strategies. Through such intellectual property activities, we're trying to maximize the value of our intangible properties.

■ Patent Data (as of March 31, 2024)

Number of patent applications	Japan	199
	Overseas	69
Number of registered patents	Japan	2,060
	Overseas	2,604
Number of registered designs	Japan	80
	Overseas	21
Number of registered trademarks	Japan	341
	Overseas	162

* The number of patent applications is the number filed from April 2023 to March 2024.

* The number of patent applications overseas indicates the number of patent families (PCT is included).

Incentive System

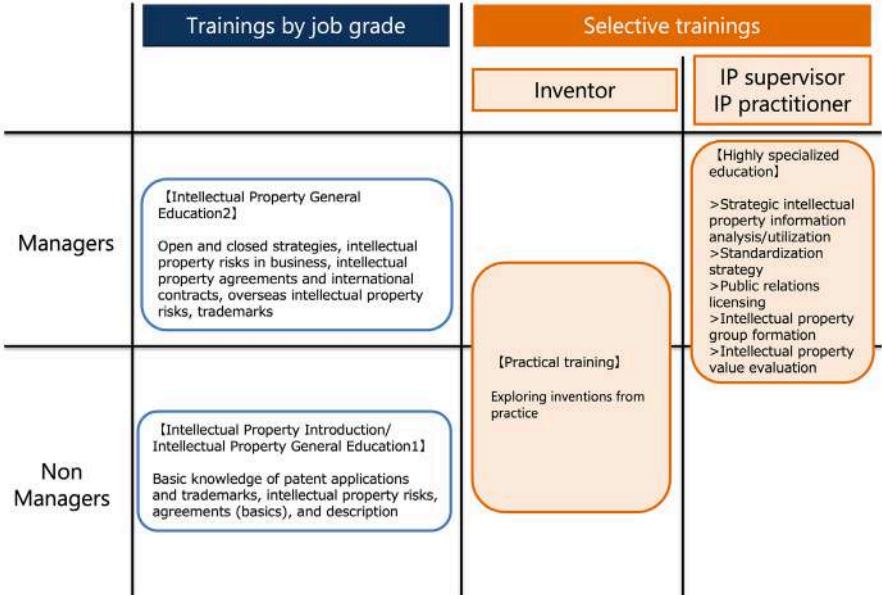
We have established Employee Invention Regulations and offer fixed monetary amounts as significant incentives for when patent, utility model and design applications are filed and registered. Additionally, when a degree of profits is earned as a result of those patent, utility model or design registrations, their inventors are also rewarded based on this performance. In September 2023, the Employee Invention Regulations will be revised in an effort to enhance rewards in a Group-wide manner, fair evaluation and incentives for the Mitsubishi Materials Group.

Handling of Technology Contract Risks

We provide Group employees with training to improve their intellectual property literacy, utilize intellectual property information in business activities, and formulate effective intellectual property. In addition to position-specific training aimed at acquiring general IP knowledge for both regular and non-regular employees, we also provide practical training for specialized and strategic use of IP as a selective training program.

Intellectual Property Education

We organize a number of in-house educational programs on an ongoing basis, in an effort to improve understanding of how to establish and use intellectual property. And the programs include position-specific training for employees from new recruits, young employees, and middle-level employees through to managerial-level employees and senior management, training geared towards obtaining intellectual property qualifications, and training given at business locations.



Enhancement of Countermeasures to Product Counterfeiting

As a countermeasure to address counterfeit cutting tools that are manufactured overseas, we have identified a large number of illegal operators who sell these products at local brick-and-mortar stores. Further, in the fiscal year ended March 2021, we began to strengthen the monitoring and crackdowns of websites all over the world selling these products. We have deleted over fifteen thousand websites selling counterfeit products. We will continue to detect brick-and-mortar stores selling counterfeit goods and monitor websites selling these products, in our effort to eradicate counterfeit products.

Activities across the Mitsubishi Materials Group

We believe it is important to engage in initiatives related to governance, Strategic Dialogue and intellectual property creation, the handling of technology contract risks, intellectual property education, and the enhancement of countermeasures to product counterfeiting. Based on the "Group Intellectual Property Regulations," we will organically link these functions to maintain and improve the level of IP governance throughout the Group, and contribute to reducing IP risks and maximizing Group business value.

▶ [Link to the website Intellectual Property](#) 

Enhancing Internal Control through Group Governance

Risk Management Activities

To respond appropriately to various risks surrounding the Group and to operate its business stably by minimizing damages, the Group strives to improve risk sensitivity. In the fiscal year ended March 2024, the Group built a more highly effective and reliable risk management system on the basis of ISO 31000 and is conducting risk reduction activities at all Group business sites globally.

Basic Approach

The Group’s risk management activities are mitigation activities to prevent risks from occurring and aim to “Improve corporate value by minimizing damage when risks emerge.” To ensure that these goals are achieved, we are conducting activities under the following three basic policies:

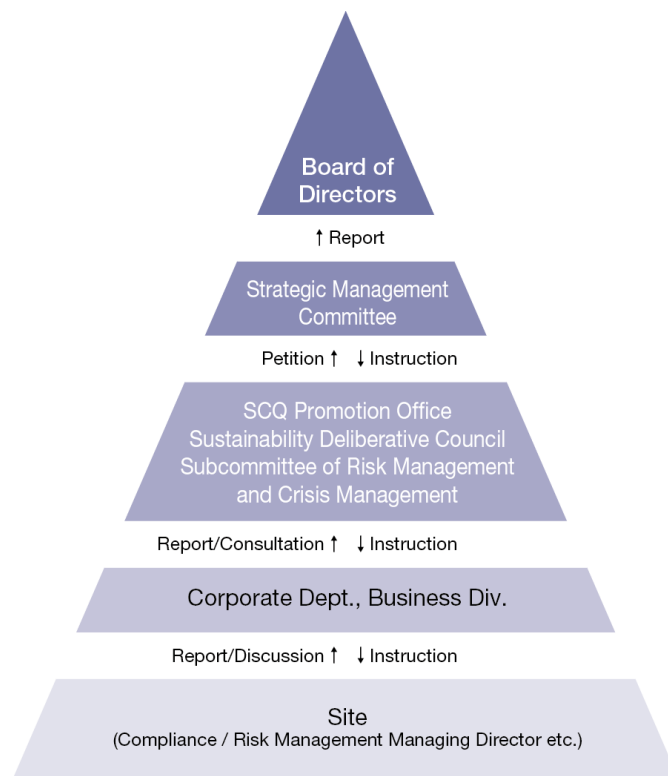
Basic Risk Management Policies
1. List and identify risks: Grasping internal/external context of organization and sense risks comprehensively 2. Risk Treatment: Prioritizing and handling depending on the risk evaluation 3. Activities in general: Improving the management level systematically through continuous practice

Implementation Structure

While critical risks inherent to each field of business are identified by individual business divisions and critical risks inherent to each site are identified by individual sites compulsively, each corporate department identifies and evaluates serious, high priority risks which share a high degree of commonality across the Group and which are expected to have a severe impact on the Group’s business management. The identification and evaluation of each critical risk and the progress of action plans are discussed and monitored by the SCQ Promotion Office and the Strategic Management Committee. The CSuO (Chief Sustainability Officer) is responsible for the implementation of these meetings, run independently of the Audit Committee. In addition, the Board of Directors verifies and reviews the effectiveness of the process and comprehensively supervises risk management, including ESG risks.

With regard to training, we are striving to boost our quality of activities by holding internal training sessions that feature an outline of risk management and guidance on how to proceed with the activities in detail and risk sensitivity seminars by external instructors.

■ Risk Management System



Board of Directors		Nomination Committee	Audit Committee	Remuneration Committee	Sustainability Committee	
Business execution	Contribution to the environment and society	Sustainability issues (Materiality)	Meetings & organizations			
		Promotion of resource circulation	Resource Circulation Strategy Meeting - LIB recycling - Copper-based recycling - Medium- to long-term development strategy - Overall resource recycling business	Management Strategy Dept. Monozukuri and R&D Strategy Div. DX Promotion Div.	Metals Company	Group Companies
Strengthening measures to address global environmental issues		Global Environmental Affairs Dept.				
Enhancement of human capital (including DE&I promotion)		Talent & Organization Development Dept. Human Resources & Industrial Relations Dept.				
Activation of communication		Corporate Communications Dept.		Advanced Products Company		
Strengthening information security		System Strategy Div. (ICT Promotion Dept.)				
Strengthening response to SCQ* issues (issues related to occupational safety and hygiene / health management / compliance / environmental management / quality management)		SCQ Promotion Office - S: Safety & Health - Zero Disaster Promotion Panel, Health and Productivity Management Panel - C: Compliance & Environment - Human Rights Panel, Personal Information Protection Law Panel, Compliance Panel, Risk and Crisis Management Panel, Environmental Management Panel - Q: The quality of goods & services supplied to customers - Quality Management Panel	Safety, Environment & Quality Dept. Legal & Compliance Div.	Metalworking Solutions Company		
Enhancement of sustainable SCM*		Procurement & Logistics Dept.				
Deepening of DX		DX Promotion Div.		Renewable Energy Business Div.		
Pursuit of value creation		Monozukuri and R&D Strategy Div.				
Geopolitical and geoeconomic* risks		Management Strategy Dept.				
Financial risks		Accounting & Finance Div.				

※ SCQ : S : Safety & Health、 C : Compliance、 Q : Quality.

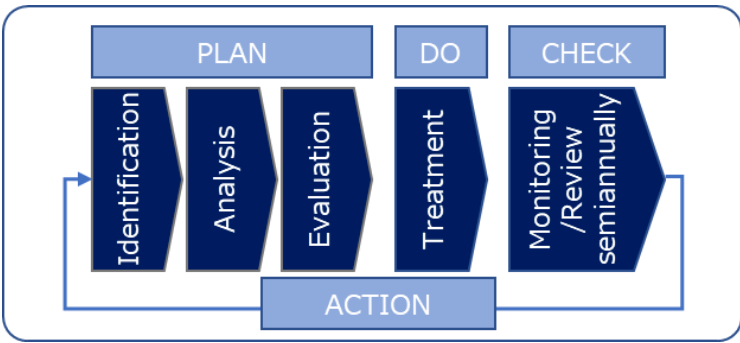
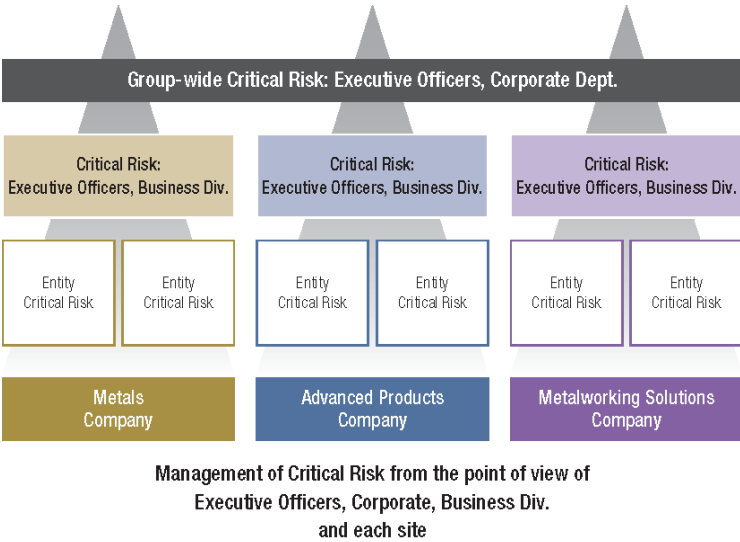
※ SCM : Supply Chain Management.

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

■ Critical Risks According to Level and Risk Management Process

The Group divides risks into the following categories and implements comprehensive risk management:

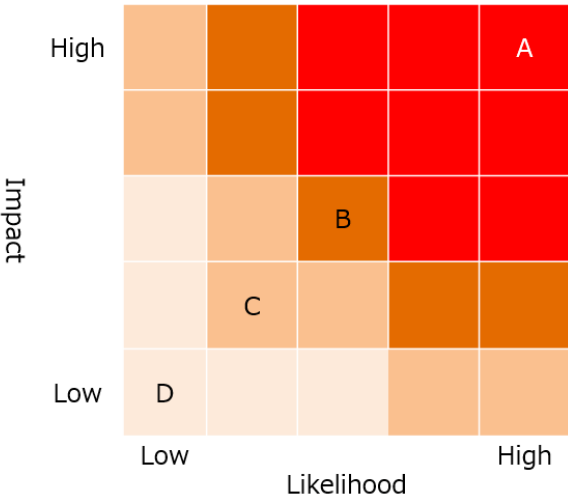
- Risks with high commonality and high priority for the entire Group (corporate departments)
- Inherent risks in each business field (business divisions)
- Business site-specific risks (business site)



Risk Evaluation

Each CR is evaluated on a 5-level scale of impact/Likelihood based on quantitative/qualitative evaluation criteria standardized within the Group.

Furthermore, according to the risk level (A, B, C, D), the priority of Risk Treatment is determined.



The table below shows the main risks the management of the Group has recognized, based on this system, as having the potential to significantly impact the Group's business results and financial situation.

Name of risk	Likelihood of occurrence	Impact
Promotion of resource circulation	High	Large
Strengthening measures to address global environmental issues	High	Medium
Enhancement of human capital	Medium	Large
Activation of communication	Medium	Medium
Strengthening information security	High	Medium
Strengthening response to SCQ issues	High	Large
Enhancement of sustainable supply chain management	Medium	Large
Deepening of digital transformation (DX)	Medium	Large
Pursuit of value creation	Medium	Large
Geopolitical and geoeconomic risks	High	Large
Financial risk	Medium	Large

The following are excerpts from the "Business and other risks" section.

Promotion of resource circulation

Likelihood of occurrence: High, Impact: Large

As the world's population and economy grow, environmental issues such as an increase in resource and energy consumption, a rise in the amount of waste, and global warming are becoming increasingly serious. Going forward, the linear economic model of mass production, mass consumption, and mass disposal may no longer be viable, and the risks associated with raw material procurement, including resource depletion, and the difficulties of waste disposal may increase.

Accordingly, there is a need to shift from a society that continues to consume limited resources to one that reduces waste generation and recycles resources for effective use. If we do not promote resource recycling in each of our businesses, it could lead to a loss of growth opportunities and a risk of exclusion from the industry.

In light of this situation, pursuant to the Medium-term Management Strategy for the period from the fiscal year ended March 2024 to the fiscal year ending March 2031, the Group aims to build a recycling system for metal resources based on our strengths and realize growth throughout the value chain by expanding the scope, regions and scale of our operations. We will promote resource recycling through our advanced recycling technologies for E-Scrap, home appliances, carbide tools, etc., which is one of our strengths, and develop and provide recyclable products to enhance resource circulation, thereby strengthening our competitiveness over the medium- to long-term.

Strengthening response to SCQ issues

Likelihood of occurrence: High, Impact: Large

If the Group pursues only earnings (E), disregards safety & health (S) at manufacturing sites, neglects compliance and environmental management (C), and supplies products that do not meet required quality standards (Q), it may lead to a decline in corporate value not only due to legal sanctions but also a decrease in social credibility.

To reinforce responses to SCQ issues, the Group has established the SCQ Promotion Office headed by the CEO and subcommittees consisting of the general managers of related departments, etc., to focus on the core aspects of corporate activities, such as "safety and health," "compliance," and "quality."

Concerning S, Safety & Health (safety and health first), we analyze the occurrence of occupational accidents within the Group, identify issues to be intensively addressed, and formulate specific measures. We also regularly share information on the progress of each measure and discuss solutions. In addition, we regularly hold meetings of safety managers and meetings of safety supervisors and safety instructors to exchange information on various accidents and safety and health activities within the Group, which spans a wide range of industries, thereby improving the level of safety and health. Furthermore, we position

employee health management as an important management issue and have established the Health and Productivity Management Panel under the SCQ Promotion Office to implement a variety of measures for maintaining and promoting health throughout the Group.

As for C, Compliance & Environment (Compliance, Fair & Equitable Activities, Environmental Management), we consider compliance to be a broad concept that includes not only legal compliance but also corporate ethics and social norms, and we believe that we must faithfully meet the expectations of our stakeholders. With a view to strengthening the compliance system of the entire Group, we are continuing our efforts to raise the compliance awareness of every employee within the Group through various measures, including training in Japan and overseas. Further, by accurately and promptly collecting and sharing information on compliance violations that occur within the Group, we take appropriate measures against violations and reflect such information in risk management activities, education, and training to prevent recurrence. For the environment, in accordance with relevant laws and regulations, we strive to prevent air, water, and soil pollution. We conduct business activities in compliance with various environment-related laws and regulations concerning climate change, air pollution, water pollution, harmful substances, waste recycling, and soil and groundwater pollution. As environmental laws and regulations become stricter in Japan and overseas, to respond to revisions to laws and regulations and changes in environmental standards, we promote measures such as sharing information on revisions to applicable laws and regulations, providing thorough training and education, and promoting measures to avoid, reduce, and transfer risks, including strengthening facilities, throughout the Group.

Regarding Q, Quality (quality of products, services, etc. provided to "customers"), in order to thoroughly prevent the recurrence of a series of quality issues that occurred from November 2017, we continue to implement recurrence prevention measures, have established a Day for Reflecting on Quality to prevent memories of quality issues from fading into the past, and engage in "proactive quality management," thereby creating a system to prevent the production of non-conforming products.

Geopolitical and geoeconomic risks

Likelihood of occurrence: High, Impact: Large

The Group has production and sales sites, and others in 32 countries and regions overseas, and positions its overseas business as an important foundation for the growth of the Group's business.

In the event that geopolitical risks such as political instability, conflicts between nations, unilateral invasions, or political upheavals materialize in the countries and regions in which our Group operates, our business activities may be hindered.

Besides the above risks, other risks associated with global business development include changes in economic conditions in various countries and regions, unforeseen policies and regulations, and changes in our business partners' business strategies and product development.

To address these risks, the Group constantly monitors the situation and reviews business strategies and overseas investments. In addition, we respond appropriately to these changes by sharing information from local sites and cooperating with each business. Furthermore, we strive to collect information on individual country risks, such as legal regulations overseas, and share and disseminate such information within the Group. On top of this, we formulate conventional risk mitigation measures and BCPs, which are periodically reviewed.

Particularly in the Metals business, there is a risk of being affected by events beyond the control of the Group, such as intervention in resource projects by national and local governments in copper-producing countries, fluctuations in the global supply-demand balance of copper concentrates, and declining copper concentrate grades. To mitigate these risks, we promote the diversification of countries and regions where we purchase copper concentrates as well as more effective investment in superior mining projects as part of our efforts to form a sustainable raw material procurement portfolio. At the same time, we actively use recycled raw materials like E-Scrap (waste circuit boards from various electronic devices) to ensure stable supplies of raw materials.

[Click here to read about our "Business and Other Risks".](#)

▶ [Business and Other Risks](#) 

Basic Approach

We are striving to strengthen our crisis management systems to facilitate prompt, accurate responsiveness to emergency situations, including natural disasters, accidents, terrorist attacks and pandemic events. Besides operating crisis management related rules that apply to the entire Group, we have formulated business continuity plans at all our consolidated subsidiaries in Japan and overseas. These plans are regularly updated to ensure their relevancy. In the event of a large-scale earthquake or pandemic, we have incorporated the identification of essential human and material resources to ensure the rapid recovery of critical operations. This includes stockpiling provisions, outlining plans for alternative supply of crucial products, and scheduling maintenance and repairs for vital facilities. The scenario assumptions are as follows:

〈Large-Scale Earthquake〉

- All buildings usable, minor equipment damage
- Power and networks (critical systems, internet, phone, etc.) unavailable (for 3 days)
- Suspension of water supply and sewage (insufficient supply of drinking water and toilets)
- Numerous absences due to halted transportation services

〈Pandemic〉

- Implementation of a state of emergency and voluntary restraint of commuting due to numerous infections (approximately 1 month)

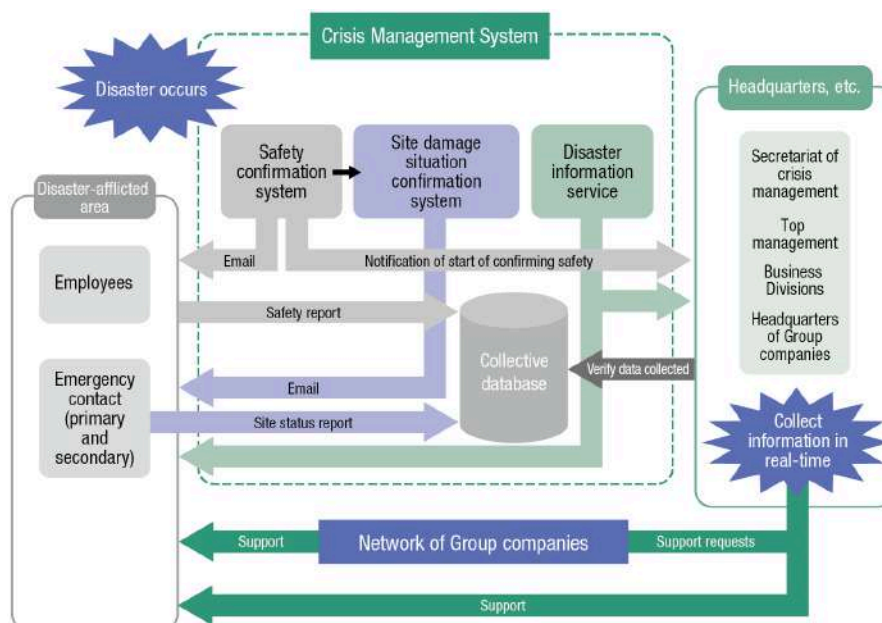
Through these measures, even in the event of a crisis, we strive to swiftly recover and continue our operations to minimize the impact on our customers. Furthermore, we continuously receive up-to-date crisis management information and specialized advice from consulting firms and others around the world. Our employees traveling abroad or stationed in various locations are equipped to make informed decisions in times of crisis and have access to safety assurance and medical services on-site. Additionally, we have established a framework that clearly outlines response structures, roles, responsibilities, and organized chronological response measures for various crisis situations, ensuring a robust capability to respond to crises effectively.

Crisis Management System

The Group implemented a crisis management system both in Japan and abroad in order to help quickly assess the safety of employees and the scope of damage at business sites in the event of a disaster or other crisis, and to share this throughout the Group.

This has made it possible to initiate a swift and appropriate initial response and has also allowed us to leverage the Group's network to provide support, etc. from sites near disaster-afflicted areas.

■ Crisis Management System



Information Security

The Group defines information security as one of the issues in management, and aims to conduct safe business by ensuring information management, including the handling of personal information.

Basic Approach

The Group considers information security as one of its management issues, recognizes the personal information of customers and business partners to be one of the most important information assets, and strives to reduce the risk of information leakage, loss, and destruction.

Management System

In order to ensure compliance with the Group information security management policy, we have defined Group Information Security Management Regulations, Information Security Measure Standards, Confidential Information Management Regulations, and various implementation procedures that must be complied with.

Group Information Security Management Regulations:

Basic rules regarding the construction and operation of a management system for Group information security, for the goal of protecting the information assets owned or managed by the Group from theft, leakage, modification, or destruction, and minimizing corporate loss.

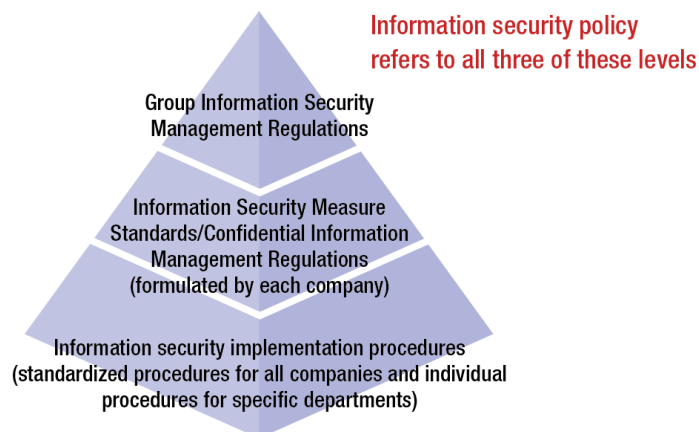
Information Security Measure Standards:

Standards defining information security countermeasures for electromagnetic information assets that the Group must follow.

Confidential Information Management Regulations:

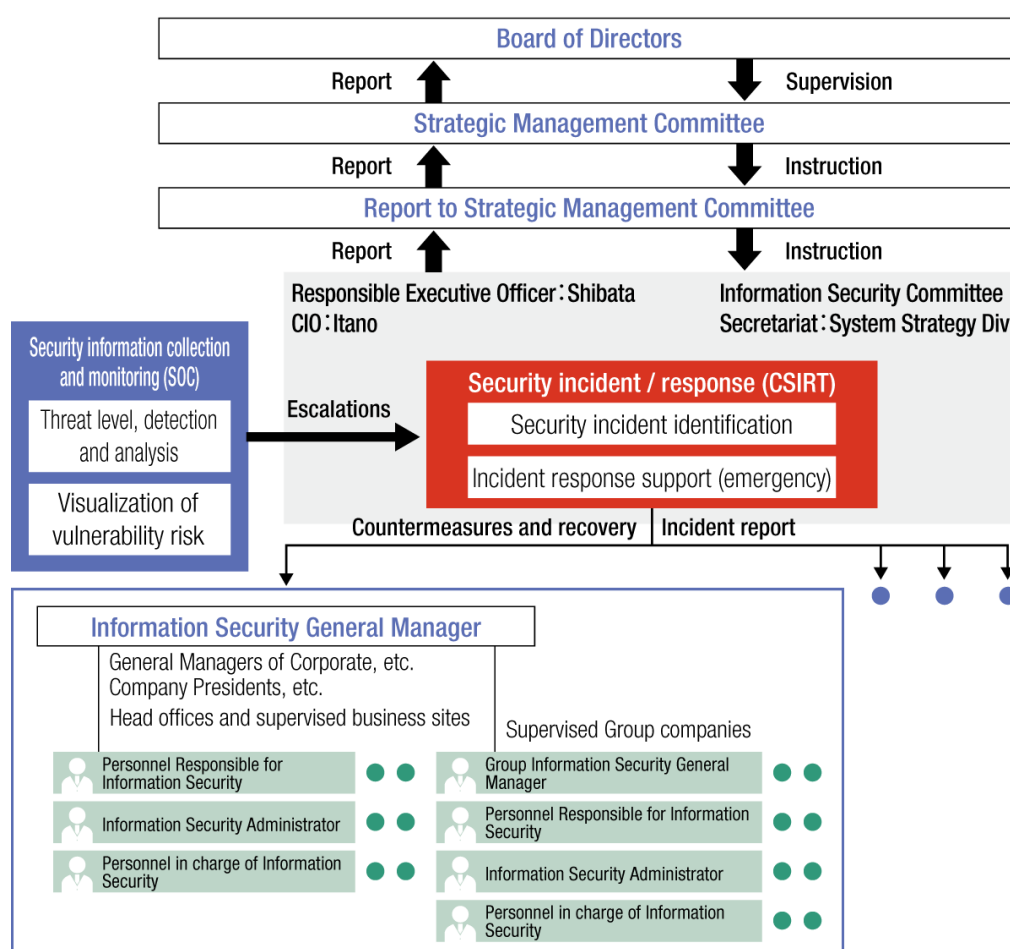
Basic rules regarding the handling of personal information and basic indicators on management methods for maintaining the confidentiality of information assets in general.

■ Scheme of Information Security Policy and Documentation



In addition, “Information Security Panels” are set up to establish, adopt, operate, monitor, review, maintain and improve our information security policy, and information security managers are assigned to the Group and Group companies to operate and monitor them.

■ Information Security Operations and Management Structure



Various Information Security Compliance Initiatives

Our information security activities involve enhancing and expanding our information infrastructure with an eye towards business continuity in the event of a large-scale disaster, strengthening our technical measures for information systems, and introducing and operating management systems. Technical efforts include enhancing our protective measures for preventing damage from attacks that leverage known vulnerabilities, as well as our risk reduction measures, which include enhancing defense in depth and the early detection of damage from new threats such as targeted attacks. In order to counter the rising threat of ransomware, we have introduced a system for forcibly applying updates and patches for vulnerabilities of the Group and all Group companies, including overseas companies.

On the management end, we strive to maintain and improve our level of security by implementing the PDCA cycle of performance evaluations and employee education on a continual basis.

As a measure of the fiscal year ending March 2025, we will continue to promote the stable operation of and expand the monitored areas of the Security Operation Center (SOC), which expanded monitored targets to PCs of individuals during the fiscal year ended March 2024. In addition, we aim to establish the activities of the Computer Security Incident Response Team (CSIRT) while raising and unifying the level of security awareness through information security education and training.

Furthermore, in addition to complying with domestic personal information protection laws and the GDPR, we will comply with the personal information protection laws of relevant countries, while planning the implementation of new security measures in the OT field, where digitalization and the transition to smart factories are progressing, and a greater focus on supply chain risk management. As security threats continue to worsen, we will continue to comprehensively, efficiently, and appropriately investigate and implement a variety of technical countermeasures.

Toward the Enhancement of Group Governance

Future Group Governance Enhancement Initiatives

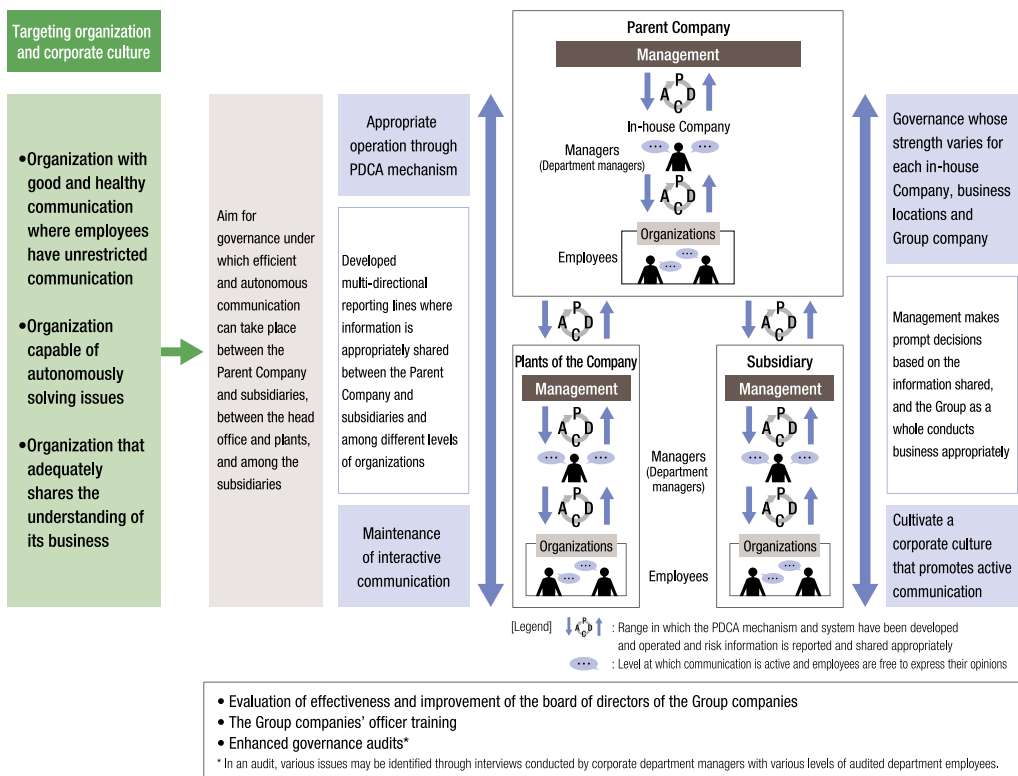
A number of initiatives on the enhancement of Group governance were included as part of our efforts to address management issues related to sustainability. Existing governance-related initiatives (formulating and deliberating plans for governance-related matters, reporting on the progress of activities, sharing information and conducting follow-ups, etc.) have been continued, replacing the Sustainability Deliberative Council and sustainability review process. Based on sustainability-related policies formulated by the SCQ Promotion Office and others, head office, sites and Group companies will continue to plan and implement activities.

Additionally, related departments such as the SCQ Promotion Office will continue to support these initiatives.

In this way, we are continuing our initiatives to enhance the Group’s governance as sustainability initiatives, and report the status of the initiatives’ implementation to the Board of Directors.

■ The Target of Group Governance that the Mitsubishi Materials Group Aims to Achieve

Aim for governance under which efficient and autonomous communication can take place between the parent company and subsidiaries, between the head office and plants, and among subsidiaries.



Group Tax Policy

Fundamental Principles

Mitsubishi Materials Group (“our Group”), based on its corporate philosophy of “For People, Society and the Earth”, develops its global business by pursuing fair business activities. Led by our tax department, information is shared with relevant departments, and with the support of external tax professionals, we seek to prevent actions which are contrary to tax laws and international taxation rules such as the OECD Transfer Pricing Guidelines. In the event where any such actions are found, corrective steps will be taken immediately, and appropriate tax payments will be made.

1. Tax Governance

- Our Group shares these tax principles with all directors and employees (including temporary, contracted, part-time and dispatched employees), to ensure transparency in tax matters.
- Internal checks are carried out on a regular basis in order to make appropriate tax filings, and by educating and coaching our employees, we seek to maintain our solid tax governance structure.
- Our Group CFO is ultimately responsible for tax issues within our Group and important issues are reported at the Board of Directors meeting level.

2. Tax Related Risks

- Our Group identifies and evaluates tax related risks that may have a significant impact on the Group as a whole. We collect information which is beneficial for this purpose and share this amongst our Group.
- Based on our formulated management policies and plans, we implement our measures and reevaluate our plans.
- As regards domestic taxation, we seek to eliminate human errors such as omissions in data collection by disseminating preventive action plans. We also share information on tax policy and regulations in a timely manner to detect tax related risks at an early stage.
As regards international taxation, we manage tax related risks concerning transfer pricing and anti-tax haven (CFC) regulations as set out in “3. Tax Compliance” below.

3. Tax Compliance

Our Group fulfills our social responsibility by making appropriate tax filings and in order to preserve our corporate value, we adhere to tax laws and regulations in and outside of Japan. By doing so, we determine the appropriate tax payments to be made and through objective proofing of the validity of our tax position, seek to ensure that no changes are required to our assumed tax obligations.

• Transfer Pricing

For related party transactions within our Group, we adhere to the OECD Transfer Pricing Guidelines and local transfer pricing regulations and determine prices in accordance with the functions performed and risks borne in each location. We first analyze the functions performed and risks borne by each company for each related party transaction. We then formulate and adopt transfer pricing policies based on such analyses, and reach a mutual understanding (e.g. by entering into agreements) between the parties before carrying out such transactions.

Measures have been placed to verify whether prices have been determined based on the pre-agreed terms, and prices are modified if necessary. Furthermore, we create and retain transfer pricing documentation which evidences the validity of the prices from a transfer pricing perspective, with the aim to reduce any transfer pricing related tax exposures.

• Anti-Tax Haven (CFC) Regulations

We make appropriate tax filings and payments in each country and region where our business is conducted, and do not utilize tax haven measures which impact our tax obligations.

We have adopted measures to collect all relevant information from our Group companies outside of Japan, and based on such information, we determine the effective tax rate (ETR) and satisfaction of the economic activity test, and appropriate tax returns are filed.

4. Tax Planning

Our Group strives to achieve optimal tax outcomes by utilizing tax incentives only when actual economic conditions are met, whilst adhering to the tax laws and regulations of each relevant country and region.

We collect information which is beneficial for this purpose and share such information amongst our Group. Instructions and support are provided to ensure the adoption of appropriate tax planning measures which are based on actual economic conditions.

(Establishment date: March 29, 2023)

■ Fiscal Year Ended March 2024 Country-by-Country Reporting

(millions of yen)

Country/Region	Revenues	Profit (Loss) before Income Tax	Income Tax Accrued	Income Tax Paid	Number of Employees (People)
Japan	1,537,434	23,785	3,308	2,414	11,373
United States	40,583	3,566	899	940	760
Europe	174,228	37,025	3,826	3,857	1,227
Asia	111,104	11,143	3,962	4,345	4,891
Other areas	449	41	16	8	72
Related party transactions eliminated	-323,156	-29,530	0	0	0
Total	1,540,642	46,030	12,011	11,564	18,323

* These amounts are calculated from the consolidated financial statements and are not directly related to the "Country-by-Country Reporting" submitted to the Japanese Tax Authority.

Enhancement of Corporate Governance

Corporate Governance

Basic Approach

The basic approach to corporate governance of Mitsubishi Materials Corporation is described below.

- We have, based on the Corporate Philosophy of the Group, Our Vision, Our Values, Code of Conduct, Our Commitment and the Basic Policy on Corporate Governance* established by the Board of Directors, developed trust with all stakeholders related to the Company and its subsidiaries, such as shareholders and investors as well as employees, customers, client or supplier companies, creditors and local communities, and also develop our corporate governance.
- Among the governance systems under the Companies Act, we have chosen to be a Company with a Nomination Committee, and by separating supervision and execution, will strengthen the Board of Directors' management supervisory functions, improve the transparency and fairness of management and accelerate business execution and decision making.
- We acknowledge the enhancement of corporate governance to be one of the most important management issues, and continuously make efforts to improve our corporate governance.

The Group supplies basic materials and components that are essential to society, and is a composite business entity that also operates recycling and renewable energy businesses. Therefore, to ensure flexible and appropriate business execution, we have introduced an in-house company system.

* We have prepared the “[Basic Policy on Corporate Governance](#)”, which is disclosed on the Company's website, as a compilation of the basic approach to and framework of corporate governance.

Overview of Corporate Governance

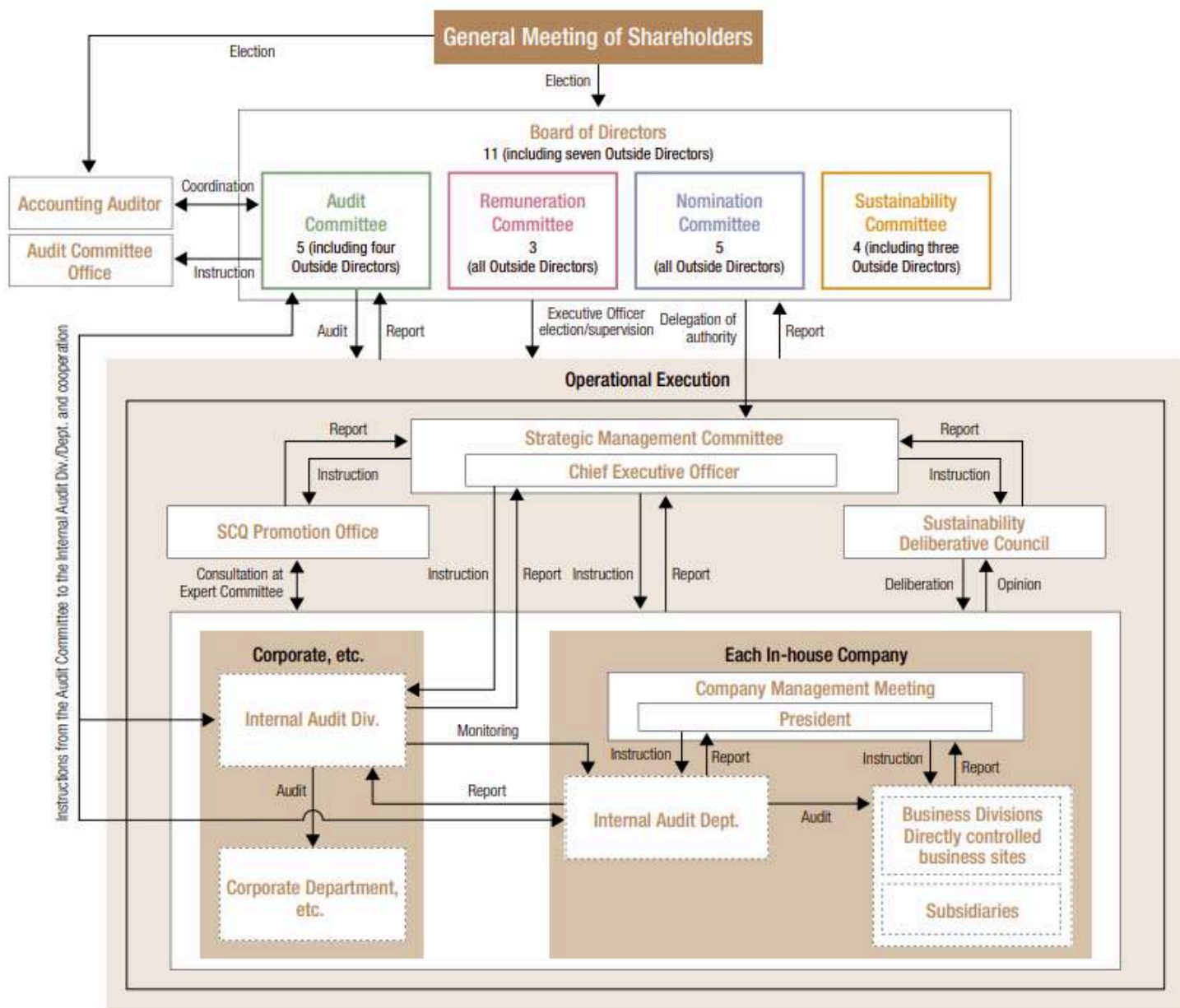
Board of Directors

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

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

Further, Outside Directors play a role in supervising the appropriateness of Directors and Executive Officers in the execution of their duties from an objective standpoint and in providing a diverse range of values regarding the management of the Company based on expert knowledge and through experience that differs from that of officers who advanced internally, so that the Board of Directors' management supervisory functions would be further strengthened. The Board of Directors is comprised of 11 Directors (including 7 Outside Directors), and the Chairperson of the Board of Directors is performed by Akira Takeuchi (Chairman of the Company).

■ Overview of the Corporate Governance System (Chart as of July 1, 2024)



Nomination Committee

The Nomination Committee determines the policy for nomination of candidates for Director and dismissal of Directors and the content of proposals for the appointment and dismissal of Directors to be submitted to the General Meeting of Shareholders. In addition to this, the Committee deliberates on the appointment and dismissal of Executive Officers, etc. in response to inquiries from the Board of Directors and reports back to the Board of Directors thereof. Furthermore, the Committee deliberates on the candidates for the successor of the Chief Executive Officer with the development plans and exercises supervision to ensure that the development of successor candidates is performed appropriately. The Committee deliberates on candidates for the next Chief Executive Officer in response to the inquiries from the Board of Directors and reports back to the Board.

Majority of the Nomination Committee members shall be Independent Outside Directors, and the Chairperson shall be performed by an Independent Outside Director. The Nomination Committee is comprised of 5 Directors (All are Outside Directors), and the Chairperson is Tatsuo Wakabayashi (Independent Outside Director).

Audit Committee

The Audit Committee audits the legality and validity of duties performed by Directors and Executive Officers, via audits either using internal control systems or directly by the Audit Committee member selected by the Audit Committee. Majority of the Audit Committee members shall be Independent Outside Directors, and the Chairperson shall be performed by an Independent Outside Director. The Audit Committee also elects 1 full time Member of the Audit Committee in order to improve the effectiveness of audits conducted by the Audit Committee. The Audit Committee is comprised of 5 Directors (including 4 Outside Directors), and the Chairperson is Kazuhiko Takeda (Independent Outside Director).

Remuneration Committee

The Remuneration Committee establishes policies for determining individual remuneration for Directors and Executive Officers, and determines the individual remuneration to be received by Directors and Executive Officers based on such policies. Majority of the Remuneration Committee members shall be Independent Outside Directors, and the Chairperson shall be performed by an Independent Outside Director. The Remuneration Committee is comprised of 3 Directors (All are Outside Directors), and the Chairperson is Hikaru Sugi (Independent Outside Director).

Sustainability Committee

The Sustainability Committee shall review policies on sustainability issues and others after being consulted by the Board of Directors, and submit the details to the Board. Majority of the Sustainability Committee members shall be Independent Outside Directors, and the Chairperson shall be performed by an Independent Outside Director. Currently, the Sustainability Committee is comprised of 4 Directors (including 3 Outside Directors), and the Chairperson is Koji Igarashi (Independent Outside Director).

*To enable Directors to perform at a higher level, the Company reviewed the number of committees on which each Director concurrently serves and the appropriate number of members for each committee. The number of members on the Remuneration Committee and the Sustainability Committee were reduced respectively as of June 26, 2024 (members of the Remuneration Committee were reduced from 5 to 3, and those of the Sustainability Committee were reduced from 5 to 4).

Even after the number of committee members is reduced, the committees will allow Outside Directors other than committee members to participate as observers to eliminate information gaps among Outside Directors, and will also allow the CEO and others to attend committee meetings as necessary to hear explanations and opinions.

Executive Officer

Executive Officers execute business in accordance with the prescribed segregation of duties, based on the delegation of authority from the Board of Directors. The Company has 8 Executive Officers, of which the Chief Executive Officer Naoki Ono, and Managing Executive Officer Makoto Shibata, are elected as Representative Executive Officers upon the decision of the Board of Directors.

Strategic Management Committee

Following the delegation of authority from the Board of Directors, the Strategic Management Committee reviews and determines important matters concerning the management of the entire Group. The Strategic Management Committee consists of the Chief Executive Officer and the Executive Officers in charge of each department of the Div. of the Corporate. The Chief Executive Officer serves as the chairperson of the committee.

Sustainability Deliberative Council and Sustainability Reviews

As part of sustainability initiatives, Sustainability Deliberative Council and Reviews are implemented starting in the fiscal year ending March 2025, replacing the previous Governance Review and Meeting for Sharing Governance Information.

Themes to be covered have shifted from governance-related matters (safety, health, human rights, compliance, environment, quality, communication and information security) to sustainability-related matters in response to global environmental issues and human capital management.

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

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

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

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

1. Policy for Nomination of Candidates for Director and Dismissal of Directors

Our basic approach to the structure of the Board of Directors, which fulfills the roles of determining the direction of management and exercising supervision over the progress of business execution, is to ensure that it comprises a diverse range of human resources with different expert knowledge, experience, and other qualities. In particular, the Nomination Committee will consider candidates for Outside Director to ensure that they comprise individuals who possess experience and knowledge in corporate management (including in businesses similar to and/or different from the Group's business) and organizational management, and individuals who possess broad and advanced expert knowledge and extensive experience in relation to finance and accounting, legal affairs, production engineering, research and development, sales and marketing, international relations, etc.

In light of the basic policy on the structure mentioned above, the Nomination Committee will nominate and select individuals who satisfy the following requirements as candidates for Director, regardless of individual attributes concerning gender, nationality and race, etc.:

- An individual of exceptional insight and character;
- An individual with a strong sense of ethics and a law-abiding spirit; and
- An individual who can properly fulfill his or her duties concerning the exercise of supervision over the management of the Company and the determination of the direction of management.

Further, with respect to candidates for Independent Outside Director, the Nomination Committee will nominate and select individuals who satisfy the following requirement in addition to the above requirements:

- An individual who has no material interest in the Group and who can remain independent.

The specific selection of talent shall be decided after deliberation by the Nomination Committee.

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

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

The Company considers that an Outside Director is not independent if he or she falls under any of the conditions listed below while meeting the standards for independence established by Tokyo Stock Exchange, Inc.

1. An individual who falls under or has fallen under any of items (1) or (2) below, either presently or in the past:

- (1) An executive or non-executive Director of the Company (excluding Outside Directors); or
- (2) An executive or non-executive Director of the Company's subsidiary.

2. An individual who falls under any of items (1) through (5) below:

- (1) An executive of a client or supplier company of the Company, whose value of transactions amounted to 2% or more of the consolidated net sales of the Company or the client or supplier company as of the end of the previous fiscal year;
- (2) A person who received, as a professional or consultant, etc., consideration of not less than ¥10 million from the Company in the previous fiscal year, excluding his/her consideration as a Director;
- (3) An executive of an organization that received a donation of not less than ¥10 million from the Company in the previous fiscal year;
- (4) A shareholder who directly or indirectly holds at least 10% of the total number of voting rights of the Company or an executive of such shareholder; or
- (5) The Company's Accounting Auditor or its employee, etc.

3. An individual who has fallen under any of items (1) to (5) of 2 above at any time in the past three (3) years:
4. A close relative of any of the persons listed in item (1) or (2) of 1 above, items (1) to (5) of 2 above, or 3 above (excluding unimportant persons); or
5. A person who has served as the Company's Outside Director for a period of more than eight (8) years.

2. Policy for Election and Dismissal of Executive Officers

In electing Executive Officers responsible for the execution of business tasks, individuals who satisfy the following requirements will be elected, regardless of individual attributes concerning gender, nationality and race, etc.:

- An individual of exceptional insight and character;
- An individual with a strong sense of ethics and a law-abiding spirit; and
- An individual well-versed in management and the business activities of the Group.

In relation to the election process, the Chief Executive Officer will first draft a proposal for the election of Executive Officers after consulting with relevant officers as necessary. The Chief Executive Officer will then submit a proposal for the election of Executive Officers to the Board of Directors based on the deliberations and responses to inquiries at a Nomination Committee meeting, and Executive Officers will be elected by resolution of the Board of Directors based on a comprehensive review of the candidates' personal history, achievements, specialist knowledge, and other capabilities.

In addition, if any event occurs that makes an Executive Officer highly ineligible in light of these standards, the Executive Officer shall be dismissed by resolution of the Board of Directors following a review by the Nomination Committee.

■ Expertise and Experience of the Directors

The main expertise and experience possessed by the Directors are shown in the Skill Matrix in Table 1. In addition, Table 2 shows from what perspectives the Directors contribute and provide knowledge on the Company's Medium-term Management Strategy working toward achievement in 2030 based on their respective expertise and experience as indicated in the Skill Matrix.

■ [Table 1] Expertise and Experience of Directors (Skill Matrix)

Name	Business experience outside the Company	Expertise and Experience						
		Corporate management & Organizational management	International experience	Sales & marketing	Production engineering	Research & development	Legal affairs	Finance & accounting
Akira Takeuchi	—	●	○				●	○
Hikaru Sugi Independent Director	Automotive products	●	○		○	●		
Tatsuo Wakabayashi Independent Director	Finance	●	○				○	○
Koji Igarashi Independent Director	Food and food materials	●	○		●	○		○
Kazuhiko Takeda Independent Director	Conglomerate	●	○	○			○	●
Rikako Beppu Independent Director	Legal profession		●				●	
Hatsunori Kiriya Independent Director	Consumer goods	●	●	○				○
Nozomi Sagara Independent Director	Economic, trade and industry government	●	○			○	○	
Naoki Ono	—	●	○	○	○		○	○
Nobuhiro Takayanagi	—	●	○	○			○	○
Makoto Shibata	—	●	○		○	○	○	○

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

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

■ [Table 2] Contribution and Perspectives of the Directors on Key Themes

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

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

Policy on Determining Remuneration for Officers

With the aim of creating an attractive remuneration system for outstanding management talent that will drive improvements in the Group's corporate value from a medium- to long-term viewpoint and establishing remuneration governance that will enable the Company to fulfill its accountability to stakeholders, including shareholders, the Company shall establish a policy on determining the remuneration for Directors and Executive Officers (collectively, "Officers") and a remuneration system as follows:

1. Policy on Determining Remuneration for Officers

- (1) A system shall be created that provides competitive standards for remuneration compared with companies of a business category and size similar to the Group.
- (2) The performance of the functions and duties assumed by each Officer and contributions to the improvement of medium to long-term corporate value shall be evaluated in a fair and equitable manner, and the evaluation results shall be reflected in remuneration.
- (3) Regarding Executive Officer remuneration, in order to have remuneration function as a sound incentive to improve the Group's medium- to long-term corporate value, remuneration shall consist of basic remuneration, an annual bonus based on performance evaluations in each fiscal year, etc. and stock-based compensation, which is a medium- to long-term incentive linked to medium- to long-term performance and corporate value. The remuneration composition ratio shall be determined appropriately in accordance with one's job position. For Director (excluding those who concurrently hold the posts of Director and Executive Officer) remuneration, in principle, only basic remuneration shall be paid in cash, in light of their function and role of supervising the performance of job duties by the Executive Officers. However, Directors who serve as Chairpersons of the Nomination, Audit, Remuneration and Sustainability Committees will be paid allowances in addition to basic remuneration in consideration of their responsibilities.
- (4) An annual bonus shall be determined with the emphasis on the performance in each fiscal year, while appropriately evaluating the relative results of Total Shareholder Return (TSR)* and the status of each Executive Officer's implementation of medium- to long-term management strategies, etc.

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

- (5) A medium- to long-term incentive shall be stock-based compensation that enables Executive Officers to share awareness of profits with shareholders in order to enhance corporate value from a medium- to long-term viewpoint.
- (6) The policies for determining remuneration and the amount of individual remuneration shall be deliberated and determined by the Remuneration Committee composed of a majority of Independent Outside Directors.
- (7) Necessary information shall be disclosed actively so that stakeholders including shareholders can monitor the relationship between performance, etc. and remuneration.

2. Remuneration System for Officers

- (1) Directors (excluding those who concurrently hold the posts of Director and Executive Officer)
In principle, the remuneration for Directors shall consist of basic remuneration only. However, Directors who serve as Chairpersons of the Nomination, Audit, Remuneration and Sustainability Committees will be paid allowances in addition to basic remuneration in consideration of their responsibilities. The cash amount shall take into consideration an individual Director's job position, whether he/she is a full-time/part-time Director, etc. and refer to the standards for remuneration of other companies based on the research of outside experts.
- (2) Executive Officers
The remuneration payable to Executive Officers shall consist of basic remuneration, which is fixed remuneration, and an annual bonus and stock-based compensation, which are performance-linked remuneration. The remuneration composition ratio shall be in line with "Basic remuneration/Annual bonus/Stock-based compensation = 1.0/0.6/0.4" (In the case where the annual bonus payment rate is 100%) for the Chief Executive Officer, and for other Executive Officers, the ratio of performance-linked remuneration to basic remuneration shall be set lower than that for the Chief Executive Officer.
Furthermore, the standards for remuneration shall be determined by referring to the standards of peer companies (similar-sized companies determined by the Remuneration Committee) based on the research of outside experts.

<Basic Remuneration>

Basic remuneration shall be paid in cash as fixed remuneration in accordance with one's job position.

<Annual Bonus (Short-term Incentive Remuneration)>

The annual bonus shall be determined based on the consolidated operating profit, relative comparison of TSR, and status of achievement of the non-financial target set for each Executive Officer, on a single-year basis.

The specific evaluation items shall be as follows:

[Evaluation Items]

1. Consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector)
The consolidated operating profit evaluation factor is based on which earning capacity of the Company's main business is evaluated; to be multiplied by an adjustment factor based on the consolidated operating profit growth rate compared with other companies to enhance consciousness on growth greater than market growth (relative comparison with six nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies, all in Japan)
2. Relative comparison of TSR (relative comparison with six nonferrous metal companies and the companies chosen mainly among similarsized manufacturing companies, all in Japan) (Evaluation of relative comparison of TSR)
3. Non-financial evaluation of the status of achievement of the targets set for each Executive Officer at the beginning of the term and other relevant factors with regard to efforts aimed at improving medium- to long-term corporate value, which is less likely to be represented in short-term performance, as well as efforts in line with the Sustainability Policy*

***Sustainability Policy Items**

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

[Calculation Formula]

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

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

* Payment Rate Based on Performance Evaluation shall range from 0% to approx. 200% based on a performance.

[Evaluation Weight]

The annual bonus shall be determined based on the evaluations of each portion of 60%*, 20% and 20% of the base amount, which depends on one's job position, in terms of consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector), relative TSR comparison and non-financial factors, respectively.

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

Chief Executive officer, Non-Business related Executive Officers

$$\left(\begin{array}{c} \text{Evaluation of} \\ \text{consolidated} \\ \text{operating} \\ \text{profit: 60\%} \end{array} \times \begin{array}{c} \text{Adjustment Factor} \\ \text{Evaluation of growth} \\ \text{rate: 0.9 to} \\ \text{1.1} \end{array} \right) + \begin{array}{c} \text{Evaluation} \\ \text{of relative} \\ \text{TSR: 20\%} \end{array} + \begin{array}{c} \text{Evaluation of} \\ \text{nonfinancial} \\ \text{factors: 20\%} \end{array}$$

Business related Executive Officers

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

[Target of Consolidated Operating Profit for Annual Bonus]

With regard to the target of consolidated operating profit for annual bonuses, in principle, the consolidated performance forecast for the current period planned in the Medium-term Management Strategy shall be applied. (For operating earnings of the business for which the Executive Officer is responsible, planned consolidated operating earnings from the relevant business sector shall be used.)

<Stock-based compensation (Medium- to long-term incentive remuneration)*>

Stock-based compensation shall be a system that utilizes a trust for the purpose of achieving the sharing of a common profit awareness with shareholders. This shall be used as an incentive for improving the medium- to long-term corporate value of the Group and under which the Company's shares and cash equivalent to the proceeds from the realization of the Company's shares shall be delivered and paid in accordance with one's job position, upon retirement from the post of Executive Officer. No performance conditions nor stock price conditions shall be set with respect to the shares to be delivered.

Please note that in the case of a non-resident staying in Japan, different treatment may be applied under laws or for any other relevant circumstances.

* The Officers' remuneration system adopts a structure called BIP (Board Incentive Plan) and grants to the Executive Officers the shares of the Company's common stock, etc. It is an incentive plan to, during the determined period of the trust, accumulate points to be given to Executive Officers, and to grant the shares of the Company's common stock equivalent to 70% of such accumulated points (shares less than one unit shall be disregarded) and cash equivalent to realized value of the shares of the Company's common stock equivalent to the remaining accumulated points as compensation to Executive Officers after their retirement. One point is deemed equal to one share of the Company's common stock, and if a stock split or reverse stock split occurs during the trust period, the number of the Company's shares per point shall be adjusted according to the stock split ratio or reverse stock split ratio of the Company's shares. The maximum number of points to be given to Executive Officers during the three consecutive fiscal years including the fiscal year ended March 2024 (FYE March 2024 to FYE March 2026) shall be 140,000 points in total.

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

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

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

For non-financial evaluation, each Executive Officer (excluding the CEO) is required to set three target items, one of which is a sustainability issue. Each item is broken down into two or three sub-items. The table below summarizes details of non-financial sub-items set for the fiscal year ending March 2025 in accordance with the Sustainability Policy, etc.

In the fiscal year ending March 2025, we have mandated the promotion of Diversity, Equity & Inclusion and in particular, the setting of targets related to the ratio of female managers. Additionally, many Executive Officers set targets related to proactive efforts to protect the global environment.

Items in line with the Sustainability Policy	Executive Officer						
	A	B	C	D	E	F	G
Build a Work Environment that puts Safety and Health First	○						○
Respect for Human Rights						○	
Promote Diversity, Equity & Inclusion	○	○	○	○	○	○	○
Cultivate Mutual Prosperity with Stakeholders							
Strengthen Corporate Governance and Risk Management	○	○					○
Engage in Fair Business Transactions and Responsible Sourcing			○			○	
Ensure Stable Provision of Safe, Secure, and High Value Added Products							
Proactive Engagement for the Global Environment	○	○	○	○			○

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

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

*1 The total amount of remuneration, etc. paid to Directors who concurrently serve as Executive Officers and applicable employees are shown in the total amount of remuneration for Executive Officers.

*2 The Company had 11 Directors and 9 Executive Officers as of the end of the fiscal year ended March 2024.

*3 The Company has introduced stock-based compensation based on a trust scheme, and the above amount of stock-based compensation represents the amount recorded as expenses for the fiscal year ended March 2024.

Executives with Total Compensation of 100 Million Yen or More (FYE March 2024)

Name	Classification of officers	Total amount of remuneration, etc. (Million Yen)	Type of remuneration, etc. (Million Yen)		
			Monetary remuneration		Nonmonetary remuneration
			Basic remuneration	Bonus (Performance-linked remuneration)	Stock-based compensation
Naoki Ono	Executive Officer	104	63	16	25

- *1 Naoki Ono currently serves as both a Director and an Executive Officer. However, since he is included in the classification “Executive Officer” in Amount of Remuneration, etc. for Directors and Executive Officers. above, he is also classified as an “Executive Officer” in this section.
- *2 The Company has introduced stock-based compensation based on a trust scheme, and the above amount of stock-based compensation represents the amount recorded as expenses for the fiscal year ended March 2024.

Target of performance evaluation indicator for annual bonus

With regard to the consolidated operating profit target for the annual bonus, in principle, the consolidated operating profit plan for the current fiscal year in the Mid-term Management Strategy shall be applied (with regard to the operating profit of the business in charge, the consolidated operating profit plan for the relevant business in charge shall be used).

The following are the target and actual values of performance-linked indicators for bonuses paid in the current fiscal year:

Evaluation criteria		Target value	Actual value
Operationg profit	Consolidated	¥500 billion	¥232 billion
	Metals Business	¥218 billion	¥98 billion
	Advabced Products Business	¥155 billion	¥40 billion
	Metalworking Solution Business	¥143 billion	¥108 billion
Consolidated operating profit growth rate		—	-53.52%
TSR (Ranks in parentheses are for the six domestic nonferrous metal companies)		—	134% (Third rank)

Number of Board of Directors Meetings held, Attendance at the Meetings and the Number of Years Served by Directors

The Board of Directors met 19 times in the fiscal year ended March 2024. To ensure the effectiveness of the Board of Directors, the Company requires each Director to make every effort to attend all meetings, and the attendance rate was 100% in the fiscal year ended March 2024. Approximately 100% attendance rates are also maintained by the Nomination Committee (which met 14 times), Audit Committee (17 times), Remuneration Committee (9 times), and Sustainability Committee (9 times).

Number of Board of Directors Meetings held and Attendance at the Meetings (Fiscal Year Ended March 2024)

	Board of Directors	Nomination Committee	Audit Committee	Remuneration Committee	Sustainability Committee	Total
Number of meetings held	19	14	17	9	9	68
Rate of attendance of all Directors (%)	100	100	100	98	100	100
Rate of attendance of External Directors (%)	100	100	100	98	100	100

The term of a Director in the Company is one year. As of July 2024, the average number of years served by active Directors was 4.6 years while the figure for Directors who have resigned in the past five years was 3.3 years.

Average Number of Years Served by Directors (As of July 2024)

Item	Average term
Average number of years served by active Directors at present	4.6years
Average number of years served by Directors who resigned in the past five years	3.3years

Evaluation of the Effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors based on the evaluation by each Director on an annual basis. In the fiscal year ended March 2022, the evaluation was conducted using a third-party organization for the first time. In the future, a third-party evaluation shall be conducted once every three years.

In the fiscal year ended March 2024, the Company evaluated the effectiveness of the Board of Directors by way of a questionnaire-based self-evaluation. Starting in the fiscal year ended March 2024, we operate a new initiative in which Directors (excluding those who also serve as Executive Officers) comment on each others' contributions to the Board of Directors, etc. The evaluation method and a summary of the results are outlined below.

1. Method of analysis/evaluation

(1) 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.

(2) Questionnaire items

The questionnaire uses a four-grade evaluation for the questions below (1. Strongly agree, 2. Agree, 3. Disagree, 4. Totally disagree) and provides a free comment space where needed.

- Self-evaluation of the role to be performed by the Directors (Board of Directors)
- Size and composition of the Board of Directors and operation status of the Board of Directors
- Composition, roles and status of operations of each of the Nomination Committee, Audit Committee, Remuneration Committee, and Sustainability Committee
- Support system for Outside Directors
- Relationship with investors and shareholders
- Other matters concerning the Board of Directors in general, etc.

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

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

(1) Initiatives related to explanations (explanatory materials) to Directors

- In order to make the explanatory materials for Directors from the executive side simpler and easier to understand with clearer directions, attention was paid to the following points: "The content should focus on important management matters that officers should know and discuss," "Items that are progressing as scheduled should be described as concisely as possible," and "The materials should include the background and history of changes in the external environment including the trends of competitors, and the circumstances surrounding the Group." In addition, efforts were made to keep the explanations from Executive Officers clear and concise, and initiatives were taken to receive questions from Directors on matters to be discussed by the Board of Directors in advance.

- In addition, efforts were made in terms of explaining information on the Company's business that is prerequisite for management decisions, and working to eliminate asymmetry of information between the executive side and Outside Directors, through briefings for Directors.
 - In the questionnaire, opinions such as "It is requested that the explanation from the executive side be further elaborated on to focus on more important points" were found, but the initiatives taken were highly evaluated in general.
- (2) Initiatives related to the Company's medium- to long-term competitive advantage
- The Company appealed to the capital market by disseminating its FY2031 Strategy, which was formulated based on the Company's medium- to long-term competitive advantage, and sending out relevant messages. Specifically, in order to deepen investors' and analysts' understanding of the FY2031 Strategy, we held a Business Strategy IR Meeting, etc. and also organized plant tours at domestic bases for securities analysts and institutional investors in order to promote understanding of the Company's existing businesses and the various initiatives under the FY2031 Strategy.
 - Regarding the above, opinions expressed in questionnaires included, "I believe the Company conveys its philosophy and direction in a timely manner, but results do not back up this assertion," and, "The Company often ends up taking individual measures to achieve short-term profit, so it is not yet in a position to communicate its medium- to long-term competitive advantage."
- (3) Initiatives related to sharing of information between the Nomination Committee and other Directors
- We deepened discussions on matters requiring resolution by the Board of Directors (mainly information on the appointment of Executive Officers, etc. that is to be reported back to the Board of Directors from the Nomination Committee) and shared information with Directors who are not committee members. Specifically, Outside Directors received an explanation from the Chief Executive Officer regarding the succession plan for Executive Officers and other matters and discussed these matters at the informal meetings of Outside Directors.
 - Further, information was provided by the Chief Executive Officer at the informal meetings of Outside Directors (Outside Directors' Opinion Exchange Meetings) on the status of examination of the succession plan for the Chief Executive Officer. In addition, the Nomination Committee made progress reports to the Board of Directors on the status of examining candidates for Outside Directors.
 - As a result of the above initiatives taken, the evaluation in the questionnaire improved from the previous fiscal year.
- (4) Initiatives related to the supervision of human resource strategy by the Board of Directors
- At the briefings for Directors, explanations were received on the status of diversity promotion (Diversity, Equity & Inclusion (DE&I)) in the organization under the management of each Executive Officer, and discussions were held.
 - In addition, as a non-financial evaluation item for the annual bonuses of Executive Officers, targets related to DE&I were set for all Executive Officers, and progress was regularly reported to the Board of Directors for discussion.
 - As a result of the above initiatives taken, the evaluation in the questionnaire improved from the previous fiscal year.

3. Summary of Fiscal 2024 evaluation results

As a result of deliberations by the Board of Directors, it was confirmed that the effectiveness of the Board of Directors was secured in the fiscal year ended March 2024. Through the evaluation, it was confirmed that "Efforts will be made to further improve the management of the Board of Directors in order to enhance corporate value, which is one of the most important missions of the Board of Directors, and initiatives will be taken to further improve the following matters in the fiscal year ending March 2025."

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

*To the following questions in the questionnaire, 6 of 11 Directors answered "Disagree" and 5 responded "Agree," with negative responses outnumbering positive responses.

- Do you think that the Board of Directors holds sufficient discussions on the development of core management personnel?
- Do you think that the Company's medium- to long-term competitive advantage (business strategy, quality of management, governance system, etc.) has been adequately conveyed to the capital market?

A summary of the opinions of the Directors regarding the above is as follows.

- (1) Development of core management talent
- This evaluation indicates room for improvement in the following areas with regard to Executive Officer succession plans and the Next-Generation Leadership Talent Development Program
 - Diversification of successor talent pool
 - Increase in the number and ratio of candidates selected for the Next-Generation Leadership Talent Development Program among candidates for Executive Officer successors

- Strengthening the linkage between the Next-Generation Leadership Talent Development Program and human resource policies such as promotion and selection
 - Early identification and planned stretch assignment of Next-Generation Leadership Talent at the managerial and junior levels
- (2) Medium- to long-term competitive advantage of the Company
- For the results of the questionnaire, please refer to 2.2. (2) of "Evaluation of Initiatives for the fiscal year ended March 2023 Based on the fiscal year ended March 2022 Evaluation."
 - During a Board of Directors meeting, it was pointed out that "discussions about competitive advantage and business strategy, as well as the content of external release of information and disclosure, need to be discussed separately, and within the Company, we need to first conduct more in-depth consideration and discussion on the former."

4. Initiatives in FYE 2025 to further improve the effectiveness of the Board of Directors

Based on the results of the evaluation of the Board of Directors in the fiscal year ended March 2024, the Company's Board of Directors will undertake the following measures to increase the effectiveness of the Board of Directors in the fiscal year ending March 2025.

- (1) Development of core management talent
- The Company receive explanations from the executive side regarding the Executive Officer Succession plan for Executive Officers and Next-Generation Leadership Talents Development Program in briefings to the Board of Directors and hold discussions primarily for matters stated in 1. "Summary of the fiscal year ended March 2024 evaluation results."
- (2) Medium- to long-term competitive advantage of the Company
- Directors will deliberate where the Company's medium- to long-term competitive advantages lie (where it should be emphasized). A Briefing for Directors is held as appropriate if there are any matters for which the executive side should provide explanation during the discussion among Directors.
 - Content of discussions is conducted looking toward the fiscal year ending March 2026, the final year of Phase 1 of the FY2031 Strategy, leading to review of Phase 2 as needed.

Status of Audits

Status of audits performed by the Audit Committee

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

To these ends, the Audit Committee has established and operates a framework to audit the execution of duties by Directors and Executive Officers. Specifically, the Committee conducts interviews with Directors, Executive Officers, departments in charge of internal audits, and departments in charge of internal control, etc. to assess their progress in executing their duties. The Committee also reviews approval documentation and other relevant materials. Appointed members of the Committee are assigned to investigate the business and asset conditions at the Company's headquarters and key business locations, and they conduct on-site audits of subsidiaries and other entities as required, in accordance with the audit standards and audit plan established by the Committee. Additionally, the Audit Committee enhances coordination by regularly holding meetings with Audit & Supervisory Board Members at major Group companies to strengthen the effectiveness of the Group wide audit system. To enhance the overall effectiveness of the three-pillar audit system, the Audit Committee, the Internal Audit Department, and the Accounting Auditor actively engage in discussions and collaborate closely to strengthen coordination.

The full-time member of the Audit Committee also interviews with the CFO regularly and with Executive Officers, to exchange opinions. In addition, he receives reports from the Corporate Division on a regular or timely basis and makes suggestions or recommendations. He also attends important meetings such as the Strategic Management Committee, the Group's Management Committee, Budget Deliberation, Monozukuri and R&D Strategy Meetings and Sustainability Deliberative Council, as well as conducting on-site audits of locations both inside and outside Japan, including affiliates, and make comments or suggestions on matters of concern.

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

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

Status of internal audits

As of June 26, 2024, the Audit Department of the Corporate Division and the Audit Department of in-house companies, which are departments in charge of internal audits, consist of 29 persons, including the General Managers of each Audit Department. They are responsible for conducting internal audit work on the instructions of the responsible Executive Officer in cooperation with the Audit Committee to investigate whether internal control systems are developed and applied in an appropriate manner. They also audit the effectiveness and efficiency of company operations across the Group, the credibility of financial reports, the state of asset preservation and use, the risk management status, and the state of compliance with laws and regulations, and internal rules and standards, based on internal audit plans approved by the responsible Executive Officer and the Audit Committee. Additionally, audits are conducted in close coordination with the Accounting Auditor by sharing information. The Audit Department of the Corporate Division regularly reports the results of Company-wide audits to the Executive Officer in charge and the Audit Committee, and the Executive Officer in charge regularly reports those results to the Board of Directors.

Policy on appointment, dismissal and non-reappointment of Accounting Auditor

The Audit Committee appoints the Accounting Auditor based on the following criteria: (1) expertise, independence, timeliness and appropriateness, quality control and governance systems, (2) ability to respond to the Company's multi-industry and global business developments, (3) efficiency improvement of accounting audit operations, (4) communication with the Audit Committee, management, etc., (5) any applicability to dismissal requirements based on statutory grounds, and (6) continuous audit period. The Audit Committee's policy is to dismiss or not reappoint if a problem is found in these criteria. Based on the standards for evaluation and selection of Accounting Auditor established by the Audit Committee, it comprehensively evaluates these criteria of Accounting Auditor after obtaining materials from Executive Officers, related departments in the Company and Accounting Auditor and receiving reports necessary for determination.

Internal Control

Since the establishment of the Internal Control System Management Committee in January 2006, we have taken steps such as developing a set of basic principles for improving the Group's internal control systems, and ensuring compliance with the requirements to introduce internal control evaluation and disclosure systems in relation to financial reporting, in an effort to ensure compliance with the Companies Act, the Financial Instruments and Exchange Act, and other relevant legislation, and to establish the optimal internal control systems for both Mitsubishi Materials and the Mitsubishi Materials Group companies. Regarding evaluations conducted during the fiscal year ended March 2024 on our internal control system for financial reporting, an Internal Control Report was submitted in June 2024 for which we received an unqualified opinion of the auditing firm that the content is appropriate.

Status of Strategic Share Holdings

The Company has a policy of not acquiring or holding shares (Strategic Share Holdings) other than purely for investment purposes, except when it is required for the business strategy. With regard to the Shares in the Form of Strategic Share Holdings, the appropriateness of such holdings shall be specifically reviewed and examined at a meeting of the Board of Directors on an annual basis. As a result of such reviews and examinations, the Company will reduce any Shares in the Form of Strategic Share Holdings if it is not deemed to be necessary to hold such shares.

Status of Holdings for FYE 2024

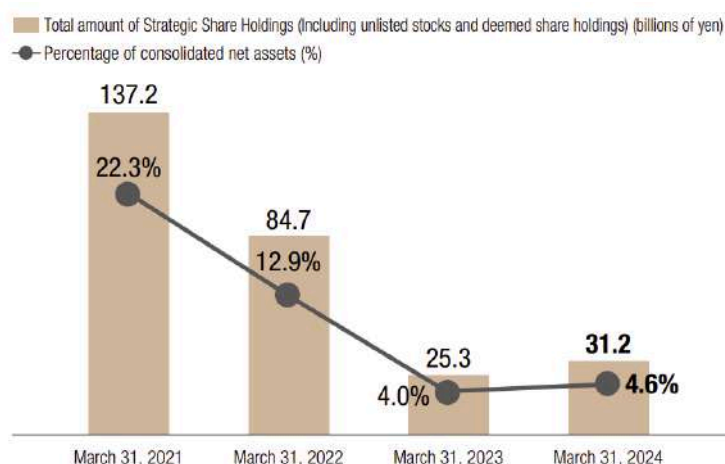
In the fiscal year ended March 2024, out of Strategic Share Holdings (six listed stocks held as of April 1, 2023), we sold all or part of two of the listed stocks and newly acquired one stock, resulting in a total of six listed stocks held as of the end of March 2024.

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

■ Status of Strategic Share Holdings

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

■ Percentage of Strategic Share Holdings in Consolidated Net Assets



Preventing Leakage of Harmful Substances Outside the Site and Eliminating Environmental Law Violations

Environmental Management

Theme of activities	Activities during FYE March 2024	Self-assessment	Targets/plans for activities from FYE March 2025 onwards
- Complying with environmental legislation - Continuous improvement of environmental load	- Strengthen efforts to observe environmental legislation - Through education on environmental legislation	A	- Strengthen efforts to comply environmental legislation - Through education on environmental legislation

Self-assessment grades A: Target achieved B: Target mostly achieved C: Target not achieved

Environment Policy

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

1. Promote Recycling and Provide Environmentally Friendly Products

We leverage our advanced recycling technologies to promote recycling of waste. At the same time, we provide environmentally friendly materials and products across our business activities starting from raw material procurement to the development, production, distribution, consumption, disposal and recycling of raw materials and products.

2. Advance Decarbonization

We work towards the decarbonization of our business activities by reducing energy consumption. We will also tap into geothermal and other renewable energy sources to decarbonize our entire value chain.

3. Respect Biodiversity

We engage in business activities that take ecosystems into account throughout our value chain, including the development of natural resources.

4. Effectively Use and Conserve Water Resources

We work to reduce water consumption through circular water management and reuse of cooling water, cleaning water and all other water used across our business activities.

5. Sustainably Manage Company-Owned Forests

We make effective use of timber and other forest resources as well as ensure appropriate management of company-owned forests that contribute to decarbonization, biodiversity and water conservation and recreational activities of the local communities.

6. Encourage Environmental Education and Harmonious Coexistence with Society

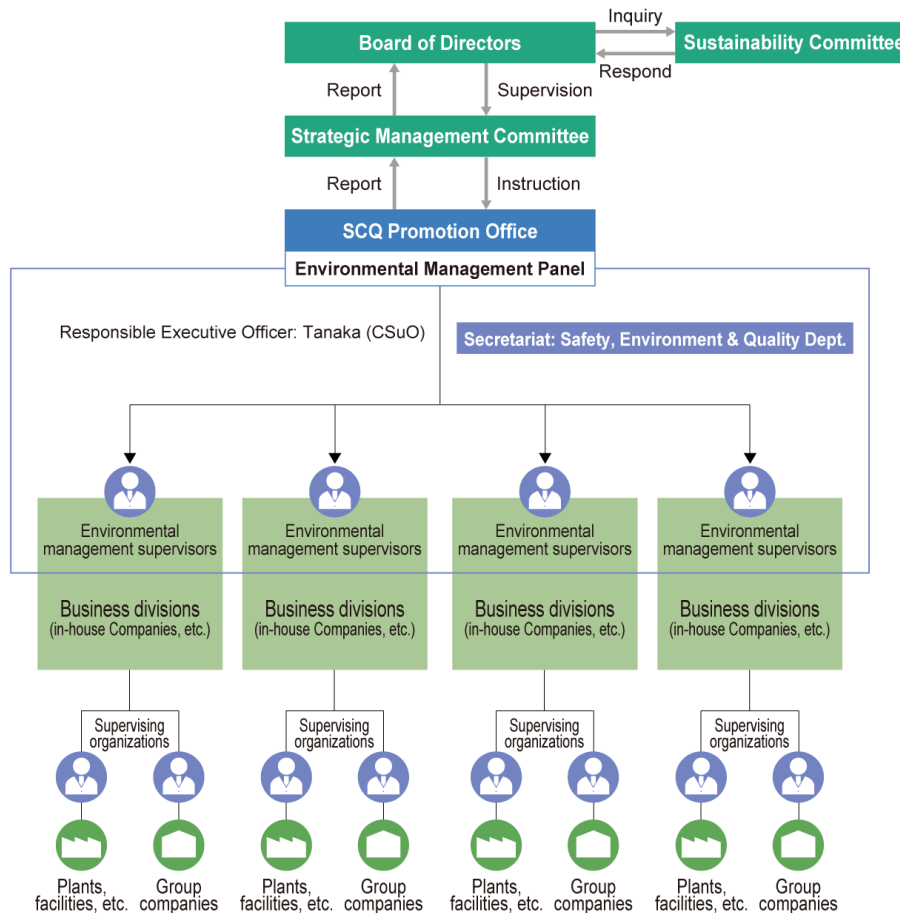
We strive to reduce the environmental impact from our business activities and prevent pollution by educating all our employees on relevant laws, regulations, and agreements on an on-going basis. We communicate proactively with our stakeholders and engage in environmental conservation initiatives.

(Last revised date: December 1, 2021)

Promotion System

We have established the Environmental Management Panel to be a dedicated subcommittee under the SCQ Promotion Office that formulates and implements Group-wide environmental measures. We appoint environmental management supervisors for each business division and manufacturing site. They work to prevent pollution and ensure compliance with environmental laws and regulations by collaborating closely with the head office environmental management department.

■ Environmental Management System



Environmental Management Activities

Environmental Training

We operate environmental management systems under the ISO 14001 standard and other environmental management systems at our sites. Under those systems, we engage in continuous activities to ensure compliance with laws and regulations and improve our environmental performance. We have worked to develop and implement environmental training programs and legal checking systems to cultivate managers who possess knowledge of environmental technologies, laws and regulations. In particular, the Group regards waste management as a key business process and promotes the use of recycled raw materials, such as in our metal smelting and refining business. We appoint staff who are responsible for waste management and those in charge of practical operations at each facility. We provide training on laws and regulations and apply strict operating rules in our efforts to ensure appropriate waste management and compliance with relevant laws and regulations. We provide education for staff responsible for waste management with the aim of understanding waste risks and the roles required by introducing the latest case studies on waste management. For staff in charge of practical operations, we organize seminars for understanding the specific regulations of the Waste Management and Public Cleansing Act.

■ Environmental training achievement in the FYE 2024

		Attendance
Waste management training	For managers	33
	For operational personnel	85

Sharing Information to Address Environmental Issues

To handle the environmental issues that arise at our sites, we have established an office providing the consultation services of staff specialized in environmental issues, at our head office. This office provides detailed support, ensures that useful information is shared between the head office and other sites, and responds to environmental issues.

We hold an annual Meeting of Administrative Managers Responsible for Environmental Management for management-level staff at our facilities. At these meetings, we share information about environmental measures and issues. In addition, we give annual site tours for environmental management supervisors. These tours are opportunities to learn methods of operating onsite related to environmental management and initiatives for preventing environmental accidents, and to exchange information with supervisors from other sites.

Compliance with Environmental Laws and Regulations

We keep all our sites up to date on changes in legislation applied to the Mitsubishi Materials Group by providing information via intranet or email. In the event of major revisions or revisions requiring measures such as equipment upgrades, we hold explanatory meetings to share information on the requisite measures and ensure that all our sites are prepared to take appropriate action.

Current laws and regulations are checked periodically at each site. In addition, the Internal Audit Department checks the status of compliance with environmental laws and regulations, how chemical substances are handled, how equipment is managed and so on. When a noncompliance is discovered we correct it promptly and share information about it with related sites as part of our efforts to improve the level of management in the overall Group.

In the event of installation of new facilities, facility upgrades/changes, or any other projects involving new operations above a certain scale, individual sites as well as relevant head office divisions determine what notifications they are required to submit.

Status of Compliance with Environmental Laws and Regulations

With regard to our compliance with environment-related laws and regulations in the fiscal year ended March 2023, including water pollution, air pollution and waste disposal, we were not subject to any adverse dispositions (revoked permits, orders to cease operations, orders to stop use of equipment, fines, etc.) by regulatory authorities.

We received 3 complaints regarding odor, noise, and weed growth. For all of these we promptly investigated the causes and implemented the necessary countermeasures.

Addressing Environmental Risks

In accordance with its Environmental Policy, the Mitsubishi Materials Group identifies environmental risks it faces and takes measures to prevent such risks from materializing.

Pollution of air, bodies of water, soil or groundwater by hazardous substance leaks, or inadequate treatment of industrial waste could have a detrimental impact on the environment, as well as a serious impact on our business activities as a group. We carry out risk assessments in line with the nature of our business activities, the substances that we handle, and the locations of individual sites, and take action as necessary. In addition to preventing inadequate waste treatment at our own departments, we take steps to ensure that we do not overlook inadequate treatment by contractors by taking measures including on-site confirmation.

At the closed mines (non-ferrous metal mines) we own, in order to prevent mining-induced pollution, we continue to maintain tailings dams, mining tunnels and mining water conduit, and to appropriately process acid wastewater containing heavy metals generated from these locations. Biodiversity is also an important environmental risk for us. At the mines from which we procure raw materials (such as ores), we have established environmental and social standards, including standards for the conservation of biodiversity, and we confirm our compliance with these standards. In addition, we manage the company-owned forests in Japan to ensure a high level of ecosystem services from them. They fulfill a certain standard that has been assured by our acquisition of a forest certification.

To reduce climate change risks, we take multiple approaches for the conservation of energy and the reduction of CO₂ emissions. We also study CO₂ capture and use, and generate renewable energy. Regarding the risk that a shortage of freshwater resources could impact our business activities, we conduct risk assessments for our major facilities in Japan and overseas and take measures including the effective utilization of seawater, water conservation through the improvement of the efficiency of the production process, water recycling, and ensuring that wastewater is treated and purified.

Environmental Accounting

In the fiscal year ended March 2024, we invested approximately ¥2.8 billion in areas including construction at the Tohoku Power Service Station of the Komatagawa New Power Plant (hydroelectric power plant) certified as a renewable energy power generation facility, and the renewal of equipment at copper smelting and refining plants, with the goal of preventing air pollution and water pollution.

Costs associated with environmental preservation came to around ¥7.3 billion, including environmental measures such as exhaust gas treatment, wastewater treatment and waste disposal, as well as the maintenance and management of equipment to prevent pollution, waste disposal, and maintenance of anti-pollution facilities, etc.

Spending on Environmental Preservation in the FYE March 2024 [Millions of yen]

Category		Investment Amount	Expense Amount
Business area total costs	Business area costs	2,816	6,676
	Pollution prevention costs	2,039	2,712
	Global environmental conservation costs	711	301
	Resource recycling costs	66	3,663
Upstream/downstream costs		0	0
Administration costs		0	230
R&D costs		19	66
Social activity costs		0	1
Environmental remediation costs		9	287
Total		2,844	7,260

* Calculations of environmental costs are based on the 2005 version of the Environmental Accounting Guidelines published by the Ministry of the Environment.

* Figures refer to Mitsubishi Materials on a non-consolidated basis.

Managing Closed Mines

Purpose of activities	Activities during the FYE 2024	Self-assessment	Targets/plans for activities from the FYE 2025 onwards
Managing closed mines	- Ongoing training of engineers managing closed mines - Reinforcing tailings dams - Tailings dam reinforcement work (continued)	A	- Ongoing training of engineers managing closed mines - Upgrading aging facilities (continued) - Reinforcing tailings dams

Self-assessment grades A: Target achieved B: Target mostly achieved C: Target not achieved

Managing Closed Mines

We are a company with its origins in the mining industry. The Mitsubishi Materials Group owns a wide range of mines around Japan, including limestone, coal and nonferrous metal mines, such as copper, lead and zinc mines. Operations at all of our non-ferrous metal mines have now been suspended or discontinued. Currently, we are managing 20 closed mines across 15 locations. We have continued to implement the following controls and management programs for our closed mines on a long-term basis, pursuant to Article 5 of our Code of Conduct, which states, “[Environmental Management] We will work to manage our environmental impact and promote decarbonization, make efficient use of natural resources, and accelerate recycling.”

- Appropriate treatment of the heavy metal-containing wastewater (acid mine drainage) released from former mining sites
- Management of tailings dams (sites used to store rubble from mining minerals, slag and sediment from mine drainage treatment).
- Inspection and maintenance of excavated mine underground spaces, drifts and channels for conducting mine drainage
- Safety measures to prevent unauthorized entry at disused mine mouths and subsidence sites

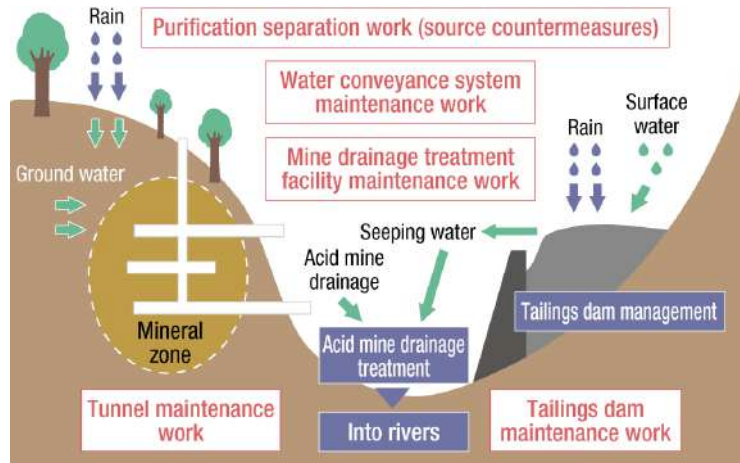
We continue to preserve and maintain sections of mine drift in some closed mines as cultural heritage sites or tourist facilities to exhibit their former conditions and preserve historical mining technologies for future generations.

■ Closed Mitsubishi Materials (non-ferrous) Mines



Overview of Acid Mine Drainage Treatment at Closed Mines

Broadly speaking, acid mine drainage can be generated in two ways. There is the acidic water in the pits (mine water) containing heavy metals, generated through contact between oxidized minerals and rainwater and groundwater, which can fill the underground pits and mining cavities formed in mineralized belts due to mining operations. Then there is the permeated water (wastewater) generated when small amounts of heavy metals, which are contained in slag and other substances in the tailings dams, come into contact with rainwater and surface water. The acid mine drainage goes to processing plants, where it undergoes neutralization and the removal of heavy metals. The water is then discharged into rivers at water quality levels that fall within wastewater standards.



Major Management Tasks for Closed Mines

The Group controls acid mine drainage treatment, tailings dams, mine drifts and entrance drifts. Acid mine drainage treatment involves the appropriate processing. Tailings dam control involves preventing stored slag and sediment from leaking out in case of dam body collapse. Mine drift and entrance drift control involves inspections to maintain waterways for acid mine drainage and sealing entrances to prevent injuries due to third-party trespassing in mine drifts and mine drift collapse. Of these measures, acid mine drainage control is carried out around the clock every day of the year.



Acid mine drainage treatment facilities (Yatani Mine)



Example of tailings dam management (Osarizawa Mine)

Digitalization of Management Tasks for Closed Mines

We are pushing forward with the digitalization of management tasks for closed mines to improve the management and efficiency of the tasks.

- Operational data is collected automatically and centrally managed and utilized as digital data. The use of this digital data enables the remote management of operations at acid mine drainage treatment facilities and other locations.
- We have improved management by creating a system for the early detection of abnormalities, including the visualization of operational data (such as the creation of graphs showing change over time) and remote alarms that are triggered when an abnormality is detected.
- We use smart devices to inspect and maintain records of acid mine drainage treatment facilities and tailings dams, digitizing the inspection results for centralized management. This ensures the efficiency of the tasks by, for example, automatically creating reports.



Visualization of operational data (displaying data trends)



Recording inspection results using smartphone (digitalization of inspection data)

Facility Upgrading and Environmental Countermeasures for Closed Mines

Since 2015, our Group has been implementing responses to deteriorating natural disasters and other risks by conducting protective construction to guard against contamination, as well as reinforcing tailing dams to prevent uncontrolled release of slag and sediment in anticipation of a major earthquake, reducing wastewater at the source, strengthening the capacity of acid mine drainage treatment facilities, and upgrading aging facilities. We recorded an environmental countermeasure reserve for work expenses from the fiscal year ended March 2016 to the fiscal year ended March 2019, and in the fiscal year ended March 2023 we appropriated some additional funds to cover expenses for the repair and toughening of locations damaged due to torrential rains.

Tailings Dam Reinforcement

Drawing on lessons learned from the leakage of slag and sediment at tailings dams managed by other companies during the Great East Japan Earthquake, in November 2012, the Ministry of Economy, Trade, and Industry revised its technical guidelines on aseismic performance. Based on this, we evaluated the stability of the tailings dams managed by the Group, which revealed that measures needed to be implemented at 10 locations. Thus, we started construction work to design and implement stability measures at the locations in the fiscal year ended March 2016, and have completed these measures at nine of the locations.



Reinforcement work by soil stabilization at the Yatani Mine Tailings Dam (completion)

Wastewater Reduction at the Source

The operational burdens and risks associated with acid mine drainage treatment due to environmental changes (large-scale typhoons and guerrilla rainstorms) in recent years have increased. To ease these burdens and mitigate the risks, we are proceeding with source countermeasure construction, the strengthening of acid mine drainage treatment facility capacity and updating aging equipment. One way of the source countermeasures is to cover exposed surfaces of mineralized belts on a large scale, such as by using the latest technology (which enables greening that was previously difficult due to acidic rock conditions). This prevents rainwater from coming into direct contact with the mineralized belts, which reduces the amount of water to be processed as well as the burden of contamination.



Contamination containment work
(Komagi Mine) (Top: before
work, Bottom: after work)



Upgraded pit wastewater
treatment facility (Osarizawa
Mine)

Human Resources Development

All the Group's non-ferrous metal mines are closed and some time has passed since the mines were closed down. As such, we have seen a decrease in relevant human resources as engineers with skills in non-ferrous metal mine management have either reached advanced age or retired. In order to continue to sustainably manage closed mines, we are continually providing opportunities to train young engineers with little mining experience, and setting up a variety of educational programs for engineers (including programs for acquiring skills for the management of closed mines and for obtaining relevant qualifications), including the use of web training and on-demand instruction. In this way, we strive to transfer mine management skills.



Training on mine wastewater
treatment process



Engineer training (basic training)

Joint Industry-academic Activities

We have opened an endowed laboratory in the field of resources environment and remediation at Hokkaido University, and since the fiscal year ended March 2018, we have continued to engage in a variety of education and research activities related to the protection of the mine environment. In coordination with the endowed course described above, we engage in a variety of R&D activities to repair and protect mine environments with the help of Hokkaido University as well as other universities and research institutions. We have widely publicized the achievements of these R&D efforts by presenting them in research papers, at symposiums and at other events.

- Greening of former mining sites (University of Tsukuba, Hokkaido University): We are researching the heavy-metal resistance that endophytic fungi can provide to plants in former mining sites, as well as researching and investigating greening by native plants, in our efforts to facilitate the greening of former mining sites, where it has been difficult for plants to take root.
- Examination of a method to evaluate ecological effects (National Institute of Advanced Industrial Science and Technology): We are examining a method of evaluating ecological effects of inflow of mine drainage on rivers from the viewpoint of effects on aquatic organisms by using field surveys.
- Development of a remote monitoring technology (National Institute of Advanced Industrial Science and Technology): We are developing a super power-saving remote monitoring system with radio wave directivity, a technology that will enable the collection of management data from remote locations in mining areas without a power grid or communications network.
- Other (Hokkaido University): To improve issues with the operation and management of acid mine drainage treatment, we have begun a new study to evaluate the risks of the leaching of heavy metals from neutralizing precipitate and understand the sedimentation mechanisms of manganese oxides under low concentration conditions.



A plant tour given to students from an endowed laboratory (site tour)



A greening survey at a former mining site



A river ecological survey (collection of benthos)

Communication with Local Residents

To promote local residents' knowledge of our measures for preventing mining-induced pollution at our closed mines, we proactively hold sessions to explain countermeasure work and offer facility tours. We also strive to take part in environmental conservation activities and contribute to local communities through tree-planting and the release of juvenile fish, as well as participation in and cosponsoring of local events and festivals. In addition, we accept inspection tours of our mining facilities by students and researchers from Japan and overseas. We thus offer our facilities as locations for research and development and skills training related to the prevention of mining-induced pollution.

■ Elimination of Serious Quality Non-conformance

Product R&D and Approval Risk Management

We endeavor to prevent quality issues by engaging in risk management activities for reducing quality risks at Group companies both in Japan and overseas. We aim to prevent quality risks from materializing and provide stable quality to customers.

In order to ensure that delivery time and cost are not prioritized over quality, we have established the order of priority for decision making in the performance of duties as SCQDE*. By repeatedly informing and educating employees, we are fostering an environment that encourages consistent judgments. The same concept is applied in product R&D, and is a fundamental principle in all decisions that require problem solving or response to potential risks. Furthermore, we have established a front-loading system guideline, whereby the design and development, manufacturing, quality assurance, research, and sales departments identify risks and problems to be considered at each stage from design to mass production, deliberate on improvements and countermeasures, and ensure the execution of new projects through expert review and customer evaluation. This process is reviewed by experts and evaluated by customers to ensure the execution of new business.

* SCQDE" shows the order of priority of our business decisions. In providing products and services to customers, we must thoroughly implement SCQ and satisfy D. We believe that we will be able to obtain trust from customers and society by continuously executing SCQD in good faith, and this will produce a reasonable profit.

1. S (Safety & Health: safety and health come first)
2. C (Compliance & Environment: legal compliance, fair activities and environmental conservation)
3. Q (Quality: quality of products and services provided to our customers)
4. D (Delivery: strict adherence to delivery deadlines)
5. E (Earnings: appropriate earnings)

With reflection on quality issues, we prioritize adherence to SCQ.

The trust of customers is secured only when all requirements up to and including D have been satisfied.

E is obtained based on the trust of customers after satisfying SCQD.

Product Safety

In order to deliver safe, high-quality products to customers as a manufacturer, we ensure product quality and safety based on a precautionary approach, in addition to complying with laws and regulations. We have also formulated a set of regulations for the control of hazardous chemical substances contained in our products. As well as thoroughly ensuring that we do not release any products containing hazardous substances to customers, including via Group companies, we are committed to disclosing product information as necessary.

Ensuring Safety in Transit

We make every effort to guarantee safety when transporting products that require additional safety measures in transit, such as sulfuric acid.

Specific measures include ① avoiding contact with other substances, ② wear protective equipment when filling and unloading products, ③ take measures to prevent leaks or dispersal from containers, and ④ providing drivers with SDS clearly outlining measures in the event of an accident.

Providing Safety Information

Providing safety information on our own products is vitally important, to ensure product safety further along the supply chain. We therefore attach Safety Data Sheet (SDS) to Mitsubishi Materials products so as to effectively disclose and convey information on chemical substances.

Controls on Chemical Substances Contained in our Products

We have formulated a set of regulations for the control of hazardous chemical substances contained in our products, and continue to reinforce management and ensure legal compliance in relation to chemical substances contained in our products. In Japan, we register, maintain and manage chemical substances based on the Chemical Substances Control Law^{*1}. Overseas, we successfully completed the registration of chemical substances in accordance with REACH regulations^{*2}, which apply within EU regions, by September 2017, and currently maintain and manage those substances. Also note that new REACH regulations have come into effect in the UK (commonly known as UK-REACH) in response to the UK's departure from the EU, and we are making the necessary preparations to comply. We are also gathering information on and responding to chemical-related laws and regulations in other countries as needed.

We provide Group companies with the latest information through quality liaison conferences and quality meetings, and give them advice on compliance with all applicable legislation.

^{*1} Chemical Substances Control Law: Act on the Regulation of Manufacture and Evaluation of Chemical Substances

^{*2} REACH (Registration, Evaluation, Authorization and Restriction of Chemicals): EU regulation that governs the registration, evaluation, authorization and restriction of chemical substances manufactured within or imported into the EU.

Impact Assessments at the Development and Prototype Stages

We carry out reviews during four key stages of the R&D process, when exploring areas of R&D, conducting R&D and prototyping, conducting mass production trials, and commercializing products. While continually taking safety in our processes and products into account, we implement checks and careful examination regarding the use of hazardous chemical substances, compatibility with customer requirements and compliance with various laws and regulations. From the initial stages of the R&D process we repeatedly check these aspects.

Establishment of Quality Review Day

The Group had declared November 1 of each year to be our Group-wide Quality Review Day so that the quality issues that occurred in 2017 will not be forgotten and the same issue will not occur again. In the fiscal year ended March 2024, this was an opportunity to review quality issues by watching a video message from the CEO and a video of lessons learned from the series of quality issues. It is also an opportunity to once again verify that the products and services provided to customers at each site do not have quality issues. We have also implemented various initiatives, including the verification of the effectiveness of the measures for preventing the recurrence of complaints, and a review of the standards and procedures.

Quality Management System

We operate in accordance with the "Fundamental Quality Provisions at Mitsubishi Materials Group" in order to enhance governance relating to quality. Under the quality provisions, we have formulated a Group-wide "Quality Policy" that aims to provide first-class products and to obtain customer satisfaction, and established and operate the "Quality Control Guidelines at Mitsubishi Materials Group" to complement the Group Quality Policy. We have established and are working to maintain our quality management, from design and development to production, shipping and sales, for the processes involved in quality improvement of products and services provided by us.

The Group handles a wide variety of products at its domestic and overseas sites, and it is important to share the latest information related to quality management. For this purpose, we hold quality officers meeting regularly attended by parties involved in the Group's quality management. The objectives of these meetings are as follows.

- (1) Sharing of various up-to-date information on the Group's quality, which is transmitted from the Safety, Environment and Quality Dept.
- (2) Sharing of examples of improvements at each site and group discussions on themes to promote understanding among participants.
- (3) Promotion of improvements at each site based on the shared information.

We have also set up a Quality Liaison Conference comprised of the persons in charge of quality from Safety, Environment & Quality Dept., each in-house Company, and others, in our efforts to enhance our governance system. At the Quality Liaison Conference, the progress and status of quality initiatives at each in-house Company, including Group companies, are reported. The necessary information is then shared by participants.

Further, where necessary, Safety, Environment & Quality Dept. and the Company holds quality holds quality meetings that are aimed at sharing quality information. At quality meetings, we provide detailed support to each site, such as checking the status of quality management with each site individually and exchanging views. Quality audits are conducted as part of themed audits led by the Internal Audit Dept. The purpose of the quality audit is to confirm the lack of quality fraud and the implementation of effective quality initiatives based on objective evidence. It also aims to identify issues and improvements related to quality, and to provide an opportunity for the audited sites to make continuous improvements.

We have established a database of quality issues that have occurred in the Group, which we use to look back on past quality issues and to prevent similar events from recurring.

Quality Training

Given the reflection that crisis sharing within the Group was not working and a poor sense of ownership was seen when the quality issues occurred, quality training is conducted for each level of younger employees, middle employees and managers, to continue to change their mindset on quality. The quality management system (QMS) based on ISO 9001 is fundamental to our quality management and quality assurance. ISO9001 internal auditor training is conducted regularly for newly appointed auditors. In the fiscal year ended March 2024, ten classes were held with a total of 93 participants. Furthermore, we also held five classes aimed at maintaining and improving the auditing skill and capabilities for the experienced internal auditors. A total of 22 people participated in these classes.

Quality Management Initiatives at Overseas Manufacturing Sites

Total of 9 manufacturing sites in Europe, the US and Asia of our Metalworking Solutions Company produce high-quality products in cooperation with the domestic sites and receive continuous technical advice from domestic sites on equipment maintenance, production technology and inspection standards in order to improve quality. As a result of multi-year efforts, local employees now lead improvement meetings and quality control reviews, and their motivation to learn new skills is a driving force for quality improvement.

In order to achieve further quality improvements, quality awareness through repeated training and improved quality documentation are implemented.

Also, the Electronic Materials & Components business, a part of Advanced Products Company, has five manufacturing sites (including subsidiaries and partners) in Southeast Asia and has established a production and quality control system in close cooperation with Ceramics Plants in Japan. The Copper & Copper Alloy business has a total of 12 sites in Europe, the United States, South America and Asia, and is working to maintain and improve the level of quality management by strengthening coordination with Japanese sites and head office. To reduce customer complaints about product quality and maintain governance, we encourage the sharing of information and conduct a wide range of activities aimed at further raising awareness and improving the skills of local staff and personnel posted overseas, including quality supervisor meetings, small group activities and presentation meetings, quality audits conducted by the in-house Company, and web conferences held on a timely basis.

Governance Restructure Relating to Quality Management and Preventive Measures

As a result of the Group's efforts to implement and strengthen prevention measures for recurrence in quality management, we have improved both quality awareness and control level across the Group and various measures have been disseminated across the Group. To prevent the recurrence of quality issues going forward, we will incorporate a series of measures to prevent quality issues into our quality management systems such as the systems that comply with the ISO 9001 standard, and continuously implement them.

Main causes of the shipment of non-conforming products	Preventive Measures for Quality Issues	Concrete Measures
◆ Inadequate framework for exerting influence on product development and order receiving processes at order receiving stage ◆ Attitude excessively prioritizing "order receiving" and "delivery date" ◆ Order received and mass production that the specifications exceeding manufacturing capability	① Implementation of a Front Loading System (FLS) for Order Receiving	• Implementation of the Front Loading System Guidelines was confirmed through quality audits, etc.
◆ Insufficient framework of quality assurance system ◆ Pressure on quality assurance departments from other departments	② Enhancement of the Framework and Authority of the Quality Control Department	• Authority including independence of quality assurance function, and the implementation were confirmed through quality audits, etc.
◆ Low awareness of compliance with specifications ◆ Arrogance in thinking that quality management is being achieved ◆ Low sensitivity to risk in relation to quality issues	③ Expansion of Quality Training	• Continued implementation of quality training for employees at domestic and overseas sites. • Implementation of quality training on the basics of quality control for younger employees. • Implementation of quality compliance training for mid-level employees and managers. • Implementation of quality training to improve professional quality management skills, including ISO9001
◆ Insufficient business resources (insufficient inspectors, inspection equipment, etc.)	④ Promoting Automated Inspection Equipment	• Continued implementation of automated inspection equipment
◆ Audit procedures that have become a mere facade	⑤ Enhancement of Quality Audits	• Continued to conduct quality audits at necessary sites
	⑥ Utilization of Outside Consultants	• Continued implementation of consultations and seminars by quality consultants

From "Reactive Quality Management" to "Proactive Quality Management"

Currently, as part of our "proactive quality management" efforts, we are also working to realize designs, facilities, and processes that prevent the occurrence of out-of-specification products. Each Company and base sets quality targets and promotes various improvement activities to achieve them.

Currently, as part of our "proactive quality management" efforts, we are also working to realize designs, facilities, and processes that prevent the occurrence of out-of-specification products. Each Company and base formulates activity plans and promotes various improvement activities to achieve them.

Since quality is the brand asset of our Group, we will continuously improve the level of quality through quality education and quality improvement activities, and continue to provide products that satisfy our customers.

Diversifying Procurement of Raw Materials

International Issues Surrounding Resources and the Group's Role

Worldwide Demand and Restrictions on Resources

Of all the base metals, copper in particular is used for a wide range of purposes. While there are risks such as short-term metal prices and exchange rate fluctuations, demand is forecast to continue growing over the long term, not least due to infrastructure development in emerging economies.

However, as copper-producing regions around the world are limited and competition for the resource is intensifying, promising production regions are becoming increasingly rare. Recently, policies to protect national resources in resource-holding countries and anti-development campaigns due to growing environmental awareness are on the rise. In addition, newly developed mines require mining at higher elevations and to greater depths, while the quality is lower and also contains more impurities. This has made securing clean copper concentrates a more important challenge than ever.

Sustainable Mine Operation

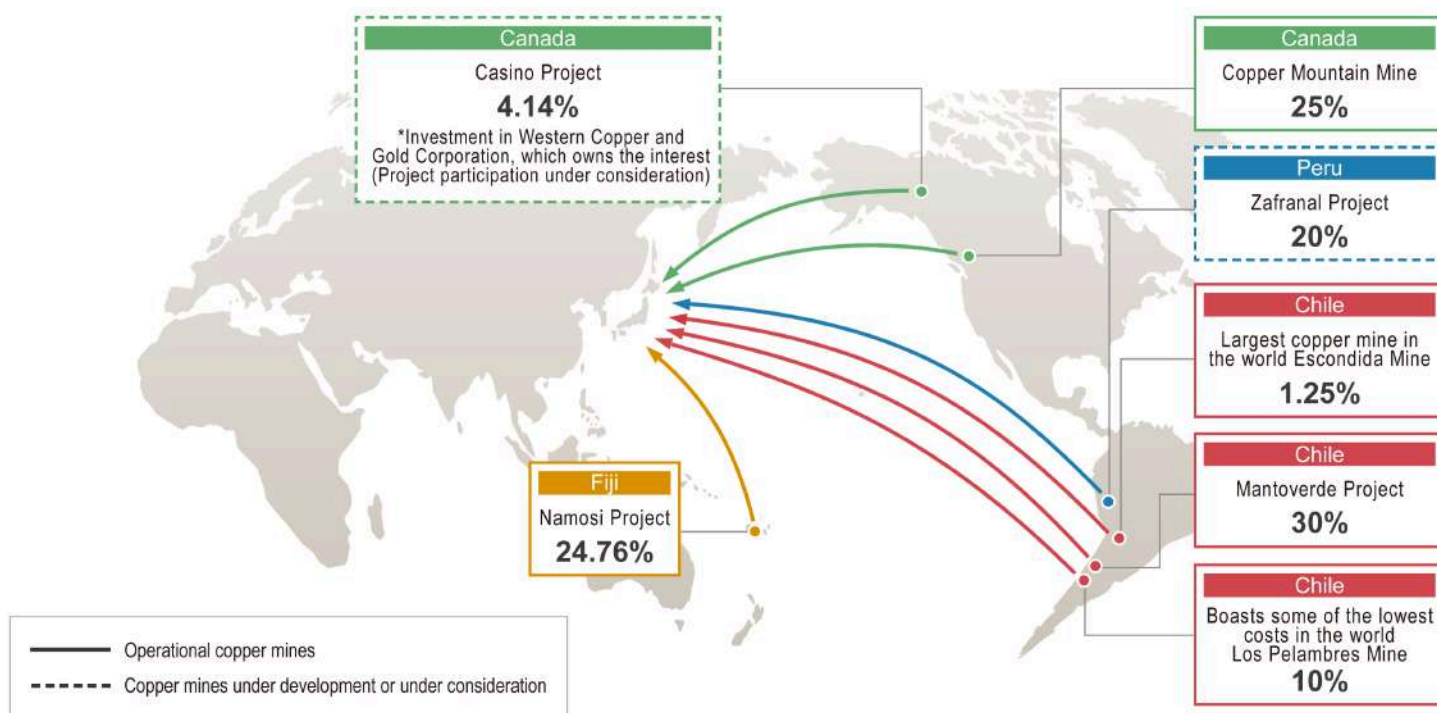
Since the closure of our domestic Akenobe Mine in 1987, we have been reliant on imports from overseas mines for copper concentrates*, the main raw material used in our products. To reduce the environmental impact caused by mine development and ensure the sustainable development of local communities, when investing in overseas mines we emphasize not only legal and regulatory compliance but a "Social License to Operator" approach, and endeavor to minimize the ecological impact caused by the mines in which we invest. Depending on our level of investment, we also assign personnel to mines in other countries, and provide support to ensure that mines are developed sustainably in the best interests of the environment and the local community.

At the Mantoverde Mine, one of the mines in which we invest, we aim to continually achieve our target of zero accidents involving employees based on our belief that all occupational illnesses are preventable, and all accidents are opportunities for improvement. We strive to strengthen our efforts in this regard through commendations and training provided to employees and contractors.

To learn more about our biodiversity initiatives for overseas mines, see the section on [Strengthening measures to address global environmental issues - Biodiversity retention](#) .

* Copper concentrate: The state mined in the mine is "Ore", but when it is beneficiated and the copper grade is improved, it becomes "Concentrate". "Copper Concentrate" is imported into Japan.

■ Overseas Copper Mines and Development Projects



* Figures indicate ownership interest in mines and development projects.

The Growing Importance of Developing Urban Mines

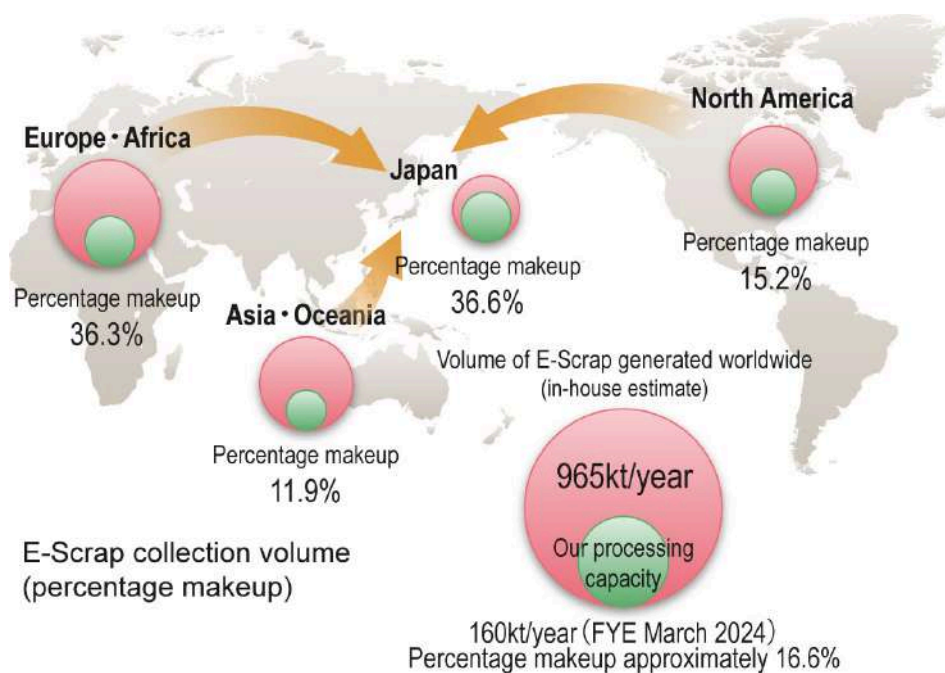
The efficient recycling of resources is becoming increasingly important, in terms of securing stable supplies of metal resources and enabling the sustainable development of society as a whole. In particular, waste electrical and electronic equipment (WEEE), such as televisions, computers and cellular phones contain large quantities of valuable metals such as precious metals and rare metals. These “urban mines”^{*} are also being thrust into the spotlight because they enable highly efficient extraction (recycling) of resources with minimal impact on the environment and local communities compared to natural mines.

In addition to the smelting and refining technologies that our Group has built up over more than a century, for nonferrous metals, we have a wealth of technologies and expertise in recycling, and continue to actively work on recycling, particularly E-Scrap (mainly printed circuit boards and other recyclable materials picked out from dismantled and crushed WEEE).

Alongside our high-level operational expertise and “the Mitsubishi Process,” a unique continuous copper smelting and converting process developed exclusively by Mitsubishi Materials, we have established a global collection network, and are constantly working to improve and reinforce acceptance and processing capacity, as well as services such as our online booking system. In February 2018 we newly established a collection center in the Netherlands, handling activities such as intake, inspection and sampling of E-Scrap. This has increased the Group’s annual E-Scrap intake and processing capacity to approximately 160,000 tons.

^{*} A concept that treats the above-ground accumulation of discarded electronic equipment and other industrial products as resources from which valuable resources can be recovered.

■ Rolling out E-Scrap Recycling Operations Globally



Acting as a Responsible Partner in Recycling International Resources

In recent years, we have been disposing of large quantities of electric and electronic devices that have outlived their useful lifespan as WEEE. These devices still have potential value as urban mines. However, there are concerns that they could also cause environmental contamination from lead, mercury or other harmful substances if they are processed inappropriately. To address this issue, in 2003 the European Union (EU) introduced a directive to limit volumes, and promote the reuse and recycling of WEEE.

Within the EU, a certification scheme is being put in place for companies throughout the recycling chain, to encourage them to handle WEEE in an appropriate manner. In fall 2016, we became the first company in Japan to obtain certification under the Standard on End-Processing of WEEE Fractions (E-Scrap) at the Naoshima Smelter & Refinery and Onahama Smelter & Refinery (Onahama Smelting & Refining Co. Ltd.).

At the fifteenth Conference of the Parties to the Basel Convention (COP15) in 2022, proposals from Switzerland and Ghana were adopted, placing stricter restrictions on the international movements of WEEE. This and other developments are increasingly promoting the local production and local consumption of recycled resources. The Group will continue to build on the technologies and knowledge developed so far and leverage the strong networks it has developed with suppliers in Japan and overseas to continue to contribute to the sustainable development of society as a leading company in responsible E-Scrap recycling.

The Metals business consists of three areas of business; mining, smelting and refining, and resource circulation. In the mining sector, we invest in overseas copper mines in order to procure a steady supply of copper concentrate. In the smelting and refining sector, we manufacture and sell high quality products, both domestically and overseas, thanks to the Mitsubishi Process, which combines high efficiency with exceptionally low environmental impact. Making the most of the smelting process, we have also established a recycling system for efficiently recovering valuable metals from E-Scrap and other sources, as part of our active commitment to recycling resources. We also provide precious metal bullion products and services under the brand "Mitsubishi Gold," including our accumulation plan service called "MY GOLD PARTNER" for gold, silver and platinum for individual customers. In the resource circulation sector, we work on a joint basis with partner companies in the operation of recycling plants for waste products such as home appliances and automobiles, while also coordinating with the smelting and refining sector in an effort to expand resource circulation.

■ Value Chain for the Metals Business



TOPICS

Initiation of a Procedure for the Copper Mark

- Committed to participate in the Copper Mark Assurance Framework at domestic copper smelters, Naoshima Smelter & Refinery and Onahama Smelter & Refinery -

Mitsubishi Materials Corporation and Onahama Smelting and Refining Co., Ltd., a Group company, have started in the fiscal year ended March 2024 a procedure for the Copper Mark Assurance Framework, expecting to be qualified in the fiscal year ending March 2025.

The Copper Mark is a framework developed by the International Copper Association (ICA) (*) in 2019 to demonstrate the copper industry's "responsible production" and contribution to the SDGs advocated by the United Nations. The Copper Mark incorporates a comprehensive set of evaluation criteria that cover not only responsible mineral sourcing, but also governance, environment, biodiversity, and water conservation, respect for human rights, and community relations, all of which are essential to realize sustainability in corporate activities.

Through the participation in the Copper Mark Assurance Framework, the Group will enhance "responsible production" at our copper smelters & refineries, as well as its management and initiatives related to sustainability, and further promote "contribution to the global environment," "sustainable supply chain management," and "respect for human rights" among key material issues established in the Medium-term Management Strategy FY2031.

* International Copper Association (ICA)

A global organization whose members include copper mines, smelters, and copper processing companies around the world with the aim of developing new copper applications and promoting demand for copper, as well as actively contributing to the SDGs advocated by the United Nations. (Headquarters, Washington, DC, USA)



Naoshima Smelter & Refinery
(Kagawa Prefecture)



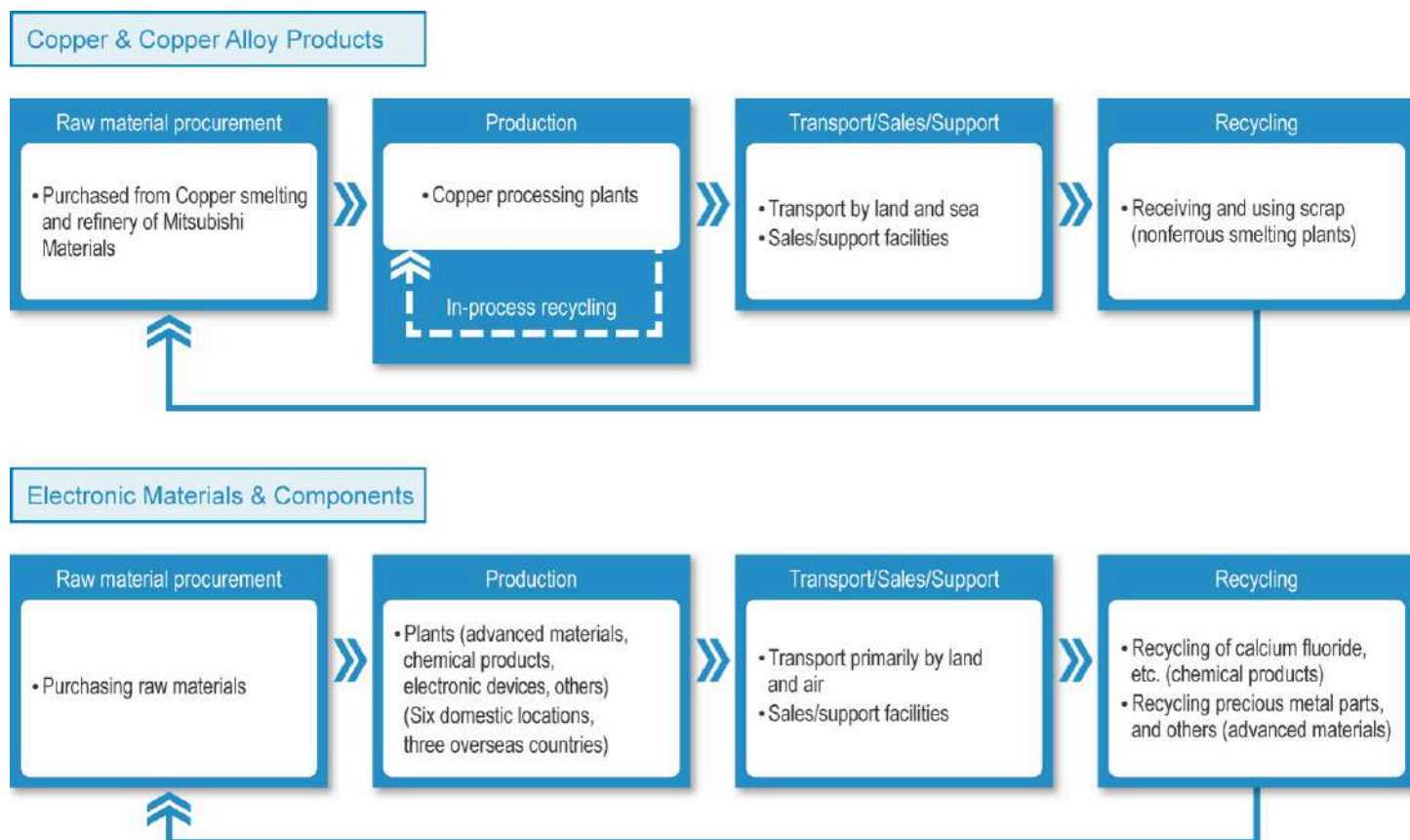
Onahama Smelting and Refining
Co., Ltd.
Onahama Smelter & Refinery
(Fukushima Prefecture)

Advanced Products Company (APC) operates two businesses in an integrated manner - the Copper & Copper Alloy business and the Electronic Materials & Components business - since they are very similar in terms of market needs and technology development. Taking advantage of our unique technologies, we offer various products in the markets of next-generation vehicles, semiconductor manufacturing, electronics, industrial equipment, robots, and infrastructure, which are our focus market domains.

We supply a wide range of products for semiconductor manufacturing and electronics market as well as automotive industry; oxygen-free copper and advanced copper alloys, lead frames and various other copper products that are essential to handle high current, high voltage and high capacity data communication required to next generation vehicles; solar heat-ray shielding paints that are used mainly for automotive windows to save energy; electronic components such as thermistor sensors; processed silicon products and sealing products for semiconductor manufacturing equipment. In addition, we supply superconducting wires (used for magnetic resonance imaging (MRI) scanners and scientific research), high-performance alloy wires, ECO BRASS® and GloBrass® (an environmentally friendly, lead-free superior machinability brass), and others for the market of industrial equipment, robotics, and infrastructure.

In this way, APC contributes widely to the development of society, like a popularization of new mobility services, by providing high value-added products in response to mega trends.

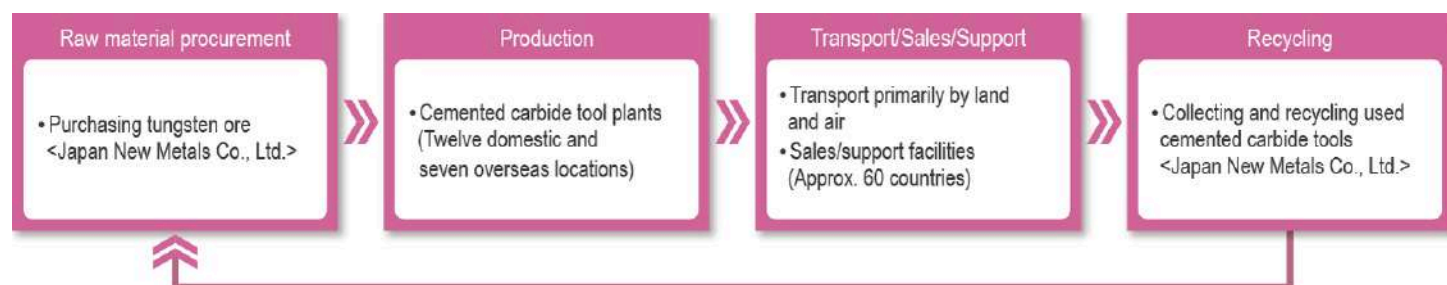
■ Value Chain for the Advanced Products Business



Metalworking Solutions Business

We supply cutting tools and cemented carbide products such as construction tools and wear resistant tools that are essential for processing metal parts. We operate manufacturing and sales facilities worldwide, in China, and other parts of Asia, the U.S. and Europe. By providing high value-added products and services that cater to customer needs, underpinned by high levels of technical expertise and reliability, we support manufacturing across various fields and boast the largest domestic market share for cemented carbide products. We are also focused on the collection of used cemented carbide tools. For example, we proactively recycle tungsten, a rare metal that is the main raw material for cemented carbide.

■ Value Chain in the Metalworking Solutions Business



Renewable Energy Business

In the Renewable Energy business, we contribute to the building of a decarbonized society by providing a stable supply of renewable energy, including geothermal, hydroelectric, solar and wind power.

Affiliated Businesses

We have developed former mining sites for utilization as tourist roadways.

In the Cement business, we have established a wide-ranging business structure, from mining limestone, the main raw material in cement, through to cement plants, transportation, sales, ready-mixed concrete plants, and construction companies, etc. With this structure, we contribute to the development of social infrastructure and undertake global activities via production and sales facilities in Japan and other countries. We also supply high quality products such as low-heat cement, ultra-high strength concrete cement, and non-shrink grout, in addition to regular Portland cement and other general-purpose products. Furthermore, we actively take in difficult-to-treat waste products at our cement plants, and detoxify them using a high-temperature burning process at approx. 1,450°C. Effectively reusing resources like this enables us to contribute to the establishment of a recycling-oriented society.

* Effective April 1, 2022, the MMC's Cement business were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

Consideration of Human Rights in the Supply Chain

Responsible Procurement of Raw Materials

Purpose of activities	Activities during FYE March 2023	Self-assessment	Targets/plans for activities FYE March 2024 onwards
Operating CSR Procurement Guidelines for the Procurement & Logistics Division	- Supplier self-check sheets for existing suppliers were submitted by 194 companies (response rate: 100%) - Supplier self-check sheets for new suppliers were submitted by 25 companies (response rate: 100%) - Assessed existing suppliers: 168 suppliers - Reviewed of new suppliers: 100% implemented	B	- Rate of collection of Self-Check Sheet: 100% - Assessed existing suppliers: 153 - Reviewed of new supplier: 100%
Copper Product Raw Material Procurement Initiatives	Operated a policy on the responsible procurement of minerals	A	Operated and maintained a policy on the responsible procurement of minerals

Self-assessment grades A: Target achieved B: Target mostly achieved C: Target not achieved

Basic Approach

As a comprehensive materials manufacturer, we promote partnership and coexistence with a wide range of suppliers throughout the value chain to improve added value. We also actively develop global procurement activities with the aim of stable product supplies and more competitive products.

As stable procurement leads to consistent operations and reduced opportunity loss, we aim to build cooperative relationships that prevent and mitigate negative impacts on society and the environment with all of our suppliers, ensuring that all transactions are fair, avoiding corruption, complying with the law and taking into account issues such as human rights.

Mitsubishi Materials Group Procurement Policy

1. Open Door/Fair Trade

When selecting suppliers, we provide a wide range of opportunities for all suppliers to engage in transactions.

We select suppliers based on fair and appropriate assessments of quality, price, delivery time, management base and so on, predicated on mutual trust for the sake of mutual prosperity.

2. Legal Compliance

In conducting procurement operations, we comply with legislation in Japan and abroad.

3. Observance of Ethical Procurement

In conducting procurement operations, we do not engage in any inappropriate transfer of profits with suppliers.

4. Working Environment and Occupational Health and Safety

In conducting procurement operations, we strive to improve working environments and ensure occupational health and safety.

5. Environmental Protection and Decarbonization

In conducting procurement operations, we endeavor to protect the environment, apply every measure for the effective use and recycling of natural resources, and work toward decarbonization.

6. Respect for Human Rights

In conducting procurement operations, we respect the fundamental principles of human rights as declared internationally.

7. Information Security

In conducting procurement operations, we maintain strict confidentiality of information obtained from suppliers.

In conducting procurement operations, we promote CSR initiatives in all business activities, including the procurement of raw materials, development, production, distribution, consumption, disposal, and recycling of materials and products.

(Establishment date: December 1, 2021)

Operating CSR Procurement Guidelines for the Procurement & Logistics Division

In an effort to reinforce our organizational responsiveness with regard to CSR priorities throughout the global supply chain, we inform suppliers of the CSR Procurement Guidelines for the Procurement & Logistics Division and make efforts such as entering into agreements that incorporate the guidelines following mutual verification and consensus regarding the details with suppliers. The guidelines apply to all raw materials (excluding copper ores) and equipment. They consist of a Basic Procurement Policy, our top-level policy setting out requirements to which we must adhere in terms of fair trade, respect for human rights, legal compliance, ethical procurement, occupational hygiene, environmental protection, and information security, and in addition to these items, we require our suppliers to comply with other requirements stated in our CSR Procurement Standards, including fair business practices, the development of work environments, working hours, freedom of association, responsible raw material procurement, and the quality and safety of products.

To ensure the effectiveness of initiatives at our suppliers, we conduct supplier recruitment audits and supplier evaluations, which have been in place since April 2016, and conduct on-site audits as necessary (in the fiscal year ended March 2024, we conducted on-site audits at 2 companies).

Before starting transactions with new suppliers, we request that they conduct self-evaluations using a Supplier Self-Check Sheet. This self-check sheet consists of items that assess their initiatives on social responsibilities related to human rights (such as child labor, forced labor, and unreasonably cheap labor) and procurement (including negative environmental impact), and from the fiscal year ended March 2024 we have added new questions on CSR, human rights, labor and health & safety at suppliers, corporate ethics including items on preventing corruption such as bid rigging, cartels and abuse of superior bargaining position, as well as policies, systems, initiatives and corrective mechanisms related to the environment. The Procurement & Logistics Division assigns scores based on responses on the Self-Check Sheet, and determines handling policy based on the total evaluation score.

Based on our rules, we request that existing suppliers evaluate themselves every other year using the Supplier Self-Check Sheet, thereby checking the progress of their initiatives. In addition, we conduct a comprehensive performance evaluation consisting of a total of 28 review items such as information security, quality control, delivery management, and prevention of corruption such as collusion, cartels, and abuse of superior bargaining position.

The necessary corrective actions are taken based on the results of the performance evaluations. In the fiscal year ended March 2024, we collected Supplier Self-Check Sheets from 219 suppliers (25 new ones and 194 existing ones). We conducted screenings of all 25 new suppliers and periodic evaluations of 168 of our 194 existing suppliers. There were no suppliers deemed high risk.

Starting the fiscal year ending March 2025, we have been conducting human rights due diligence on suppliers deemed to have ESG and human rights risks in the supply chain based on the Supplier Self-Check Sheets. By encouraging suppliers to make improvements, we are working to realize improvements across the entire supply chain.

 [Mitsubishi Materials Corporation CSR Procurement Guidelines \(240KB\)](#)

■ Examples of Supplier Self-Check Sheet confirmation items

- Existence of greenhouse gas reduction targets, initiatives and corrective mechanisms as measures to prevent climate change and global warming
- Recognition of domestic and overseas regulations, social norms, industry norms and standards concerning the environment, including the effective utilization of water and other resources as well as air and water pollution; the existence of associated policies, guidelines and management systems
- Existence of initiatives and corrective mechanisms concerning collective bargaining rights
- Existence of initiatives and corrective mechanisms concerning the management of working hours and protection of rights to use paid leave
- Existence of initiatives (conclusion of labor agreements, appropriate operation of premium wages and payment methods) and corrective mechanisms to comply with statutory minimum wages in the country or region of operation

We procure copper concentrate, a raw material for copper products, primarily from the overseas mines in which we invest, to ensure a stable supply to domestic smelters and refineries both in Japan and overseas. While this places us in the position of a non-operator not directly involved in mine management, as a company engaged in global procurement activities, we hope to fulfill our sustainable development responsibilities.

We place importance on dialog with indigenous peoples and members of local communities. For example, we assign specific staff members to participate in the advisory committees of mines in which we have a certain scale of interests.

Moreover, our Metals Company requires the mining companies to comply with Sustainability Investment Guideline and CSR procurement standards before we invest in them. We also check the status of compliance with those standards, for example through regular questionnaire surveys, and as necessary seek to understand and improve the situation. We also regard environmental preservation and respect for human rights as important matters to consider in management of the global supply chain and have incorporated these considerations into our business processes.

Metals Company: Outline of CSR Procurement Standards

[Continual Improvement of Environmental Performance]

- Introduce and implement environmental management systems focusing on continual improvement.
- Reduce negative environmental impact from mine development and operation.
- Take into account protected natural areas and protect biodiversity.
- Consult with stakeholders regarding environmental issues.

[Continual Improvement of Occupational Safety and Health]

- Introduce safety and health management systems focusing on continual improvement.
- Protect employees and contractors from occupational accidents. Implement disease prevention measures including local communities.

[Protection of Basic Human Rights]

- Prevent forced and child labor.
- Eliminate harassment and discrimination.
- Avoid forced resettlement, or provide compensation.
- Protect indigenous people.
- Manage and record complaints and disputes with stakeholders.
- Eliminate any involvement, either direct or indirect, with militia or other armed groups in areas of conflict where there are concerns regarding human rights violations.

Metals Company: Outline of Sustainability Investment & Loan Standards

[Ethical business]

- Legal and regulatory compliance
- Prevention of corruption
- Support for payments to government agencies and the Extractive Industries Transparency Initiative (EITI)
- Sustainability governance
- Acquisition of outside certification on sustainability

[Risk management]

- Assessment of environmental and social risks
- Management of environmental and social risks
- Formulation of emergency response plans
- Appropriate response to conflict and high-risk regions
- Encouraging responsible action by suppliers, contractors and other partners

[Human rights]

- Avoiding forced relocation and economic loss
- Respect for voluntary principles of safety and human rights
- Prohibition on child labor
- Prohibition on forced labor
- Respect for freedom of association and rights to collective bargaining
- Compliance with minimum wages and statutory limits on overtime work
- Respect for the livelihoods and rights of indigenous peoples
- Implementation of free, prior and informed consent (FPIC)
- Respect for women's rights, prohibition on discrimination and harassment
- Complaint handling mechanisms
- Stakeholder engagement

[Health and safety]

- Implementation and monitoring of health and safety measures
- Health and safety training, monitoring of health status

[Environmental performance]

- Formulation of mine closure plans
- Appropriate water management and sustainable water use
- Appropriate management of tailings
- Prevention of pollution, appropriate disposal of waste
- Improved energy efficiency, disclosure of GHG emissions
- Respect for protected zones
- Biodiversity impact and risk assessments

[Local communities]

- Support for community development
- Provision of economic opportunities for community-based companies
- Support for artisanal and small-scale mining (ASM)

■ Environmental Impact Assessment for Zafranal Project (Peru)

Mitsubishi Materials Corporation joined Zafranal copper mine development project in Peru with Canadian mining company Teck Resources Limited and its subsidiary.

Compania Minera Zafranal S.A.C. (CMZ) is tasked with operating the project. Mitsubishi Materials Corporation (MMC) has 20% share of the project. MMC assigns personnel at the subsidiary established in Peru, and works with CMZ to continually monitor the situation on site and drive implementation of the project.

CMZ prizes the cultures, values, traditions and historical heritages of local communities, and has been establishing transparent and sincere long-term partnership with them. Accordingly, CMZ establishes opportunities for formal dialogue with local communities and additional stakeholders, and also conducts individual briefings and responds to their inquiries. CMZ has been building public trust while reflecting local opinions and needs through these activities.

While advancing legal processes to get approval of the Environmental Impact Assessment, CMZ is consulting with local communities. It is also undertaking environmental and social baseline studies in the project and related infrastructure areas.

As a Responsible Business Operator Procuring and Smelting Minerals

From Conflict Mineral Management to Responsible Mineral Procurement Management

The United States' Dodd-Frank Wall Street Reform and Consumer Protection Act requires all companies listed in the US to disclose whether their products contain "conflict minerals," defined as gold, tin, tantalum and tungsten, along with details of reasonable survey on producing countries and the survey results, in an effort to prevent minerals mined in the Democratic Republic of Congo (DRC) or its neighboring countries from being used to fund the activities of armed groups responsible for human rights violations and other acts of violence. Recently, the scope of conflict minerals has been expanded, particularly in EU countries, with consideration also being given to cobalt and silver from a broader perspective of responsible mineral procurement. In tandem with this trend, the OECD, SEC, and organizations such as RMI^{*1}, LBMA^{*2}, and LME^{*3} have formulated guidance related to the issue of conflict minerals (responsible mineral procurement management).

As a responsible business operator smelting gold, silver, copper, lead and tin, we have instituted initiatives such as conducting surveys of the producers and traders of these metals based on efficient due diligence standards to respond to these global requirements, and have formulated and disclosed related policies.

*1 Responsible Minerals Initiative (RMI)

*2 London Bullion Market Association (LBMA): The LBMA implements and oversees compliance with quality requirements for gold and silver bullion circulated in the market.

*3 London Metal Exchange: The world's largest exchange primarily for non-ferrous metals

Contact [the Responsible Minerals Control Hotline](#)  if you identify any act in violation of the provisions of our Responsible Minerals Control Policy.

Metals Company (Initiatives with Respect to Gold, Silver, and Tin)

The Metals Company has pledged its support for a campaign to ensure a transparent flow of funds related to mineral resources, as promoted by the Extractive Industries Transparency Initiative (EITI)^{*1} since June 2011. We began preparations for tackling the issue of conflict minerals in 2012, obtained certification in August 2013 for our compliance with the London Bullion Market Association (LBMA)^{*2} gold guidance on avoiding use of conflict minerals and have had this certification renewed every year since. We have also begun operations and obtained certification with regard to silver.

Since February 2014, we have received annual certification of our conformance with the RMI^{*3} of RMAP^{*4} regarding tin.

*1 Extractive Industries Transparency Initiative (EITI): The EITI is a global framework established to improve the transparency of financial flows from extractive industries engaging in the development of oil, gas and mineral resources to the governments of resource-producing countries. Its aim is to prevent corruption and conflicts, and thus to promote responsible resources development that can facilitate growth and help to reduce poverty. <http://eiti.org/> 

*2 London Bullion Market Association (LBMA): The LBMA implements and oversees compliance with quality requirements for gold and silver bullion circulated in the market. <http://www.lbma.org.uk/> 

*3 Responsible Minerals Initiative (RMI)

*4 Responsible Minerals Assurance Process (RMAP, formerly the Conflict-Free Smelter Program [CFSP])

Mitsubishi Materials Corporation Metals Company Responsible Minerals Control Policy

Establishment date: 19th June 2013

Last revised date (Rev. 8): 1st April 2024

The Metals Company (hereinafter the “Company”) engages in bullion manufacturing for gold, silver and tin. The Company does not procure materials originating from high risk areas, such as conflict-affected areas, connected to human rights abuses, terrorist financing, money laundering and illegal trade. Also, the Company recognizes the importance of addressing Environment and Sustainability responsibilities for procurement of materials. To rigidly maintain this practice, the Company has adopted a control system that follows the London Bullion Market Association (LBMA) guidance for gold and silver, and the Responsible Mineral Initiative (RMI) Responsible Minerals Assurance Process (RMAP) for tin and undergoes regular audits by third-party bodies.

The Company hereby sets out its responsible minerals control policy applicable to gold, silver and tin as follows and will implement the following measures.

1. General Provisions

- (1) The Company will respect human rights and avoid direct or indirect involvement with inhumane acts. For this purpose, the Company will not use suspicious minerals which may be connected to conflict-affected and high risk areas where armed conflict, widespread violence and other risks may harm individuals. Risks listed in “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” (hereinafter “OECD Guidance”) Annex II (listed below①～⑥) and risks of gold and silver listed in LBMA’s guidance are managed.(* : When the difference of the expression or content of risks of LBMA’s guidance from risks of OECD Guidance, the risks of LBMA’s guidance are added with“ * ”.)

- ① Direct or indirect support to non-state armed groups (①* Direct or indirect support to illegitimate non-state armed groups, or public or private security forces)
- ② Serious abuses associated with the extraction, transport or trade of minerals (②* Systematic or widespread human rights abuses associated with the extraction, transport or trade of gold)
- ③ Public or private security forces (See ①*)
- ④ Bribery and fraudulent misrepresentation of the origin of minerals
- ⑤ Money laundering (⑤* Money laundering or terrorism financing.)
- ⑥ Payment of taxes, fees and royalties due to governments (⑥* Non-compliance with taxes, fees and royalties due to governments related to mineral extraction, trade and export from Conflict-Affected and High-Risk Areas (CAHRAs))
- ⑦ * Contribution to conflict

In addition, in accordance with LBMA's guidance on gold and silver, the Company will address ESG factors such as environmental and sustainability responsibilities in its mineral procurement.

- (2) The Company will take measure considering stopping a transaction when its risk controls on material procurement.
- (3) The Company receives third-party assurance on its procurement of materials containing gold, silver and tin, at the interval required by the applicable guidance, and reports the audit results concerning gold and silver to LBMA and those concerning tin to RMI.

2. Control System and Responsibility

- (1) The Company’s headquarters deals with all operations for mineral control. Smelters and refineries do not procure materials independently.
- (2) The Compliance Officer appointed by the Company assumes authority and responsibility stipulated in the control manual, including those for overseeing relevant sections and divisions and for operating the control system.
- (3) The Company management meeting appointed by the Company assumes authority and responsibility stipulated in the control manual, including those for overseeing the entire control system and for regularly conducting management reviews.

3. Judgment Criteria for Material Procurement from Conflict-Affected and High-risk Area, and Zero-tolerance Supply Chains of LBMA.

The Company considers the procurement of materials containing gold, silver and tin as a high-risk when those materials are determined to have a high relation to any suspected OECD Guidance Annex II risks and LBMA guidance(1.General Provisions (1)①-⑥,①*-⑦*) in conflict-affected and high-risk areas defined by the Company. The Company also considers the procurement of materials containing gold and silver as a high-risk when those materials are high risk of ESG factors (Environment and Sustainability etc.).

Furthermore, by LBMA guidance, the below cases are zero-tolerance supply chains, and the Company must terminate the procurement of materials containing gold, silver immediately.

- ① The Mined Gold/Silver is known to originate from areas designated as World Heritage Sites
- ② The Mined or Recycled Gold/Silver is known to be sourced in breach of international sanctions (including but not limited to those of the UN, EU, UK and US)
- ③ The Mined or Recycled Gold/Silver supplying counterparty, other known upstream companies or their UBOs are known money launderers, fraudsters or terrorists, or have been implicit in serious human rights abuses, or in direct or indirect support to illegitimate non-state armed groups.

4. Implementation of Due Diligence on Material Suppliers, and the High-risk Supply Chains of LBMA.

The Company will practice due diligence and perform risk assessments on all suppliers of materials containing gold and silver and all suppliers of materials containing tin. The Company will take a counteraction, which contains a immediately stopping a transaction or investigation in detail (Enhanced Due Diligence : EDD), when it is deemed as being high risk, as a result of the risk assessment.

After the Company implements EDD on the high-risk supply chains by LBMA guidance, the Company take a counteraction as bellows.

- ① In case of the Company concludes that there are known instances of Money laundering, Terrorist financing, Serious human rights abuses, Direct or indirect support to illegitimate non-state armed groups, Fraudulent misrepresentation of the origin of minerals, the Company should immediately stop transaction,
- ② In case of the Company concludes that there are a founded suspicion of Money laundering, Terrorist financing, Serious human rights abuses, Direct or indirect support to illegitimate non-state armed groups, Fraudulent misrepresentation of the origin of minerals, and that there are reported catastrophic ESG impacts,
- ③ In case of the Company concludes that the counterparty is using reasonable and good faith efforts despite instances of Bribery, Non-fraudulent misrepresentation of the origin of minerals, Non-compliance with taxes, fees and royalties due to government, Material breaches of environmental, health, safety, labour and community-related local legislation, and/or ESG risks that have the high likelihood to result in highly adverse impacts, the Company may continue transaction under the improvement plan of the counterparty.

5. Monitoring of Materials Purchased by the Company's Headquarters

- (1) Materials purchased by the Company headquarters are supplied to smelters and refineries, which will check the actual goods and analyze the content of gold, silver, tin and/or other metals for every lot, to examine consistency with the information from suppliers provided in advance by the Company headquarters and to report the findings to the Company headquarters.
- (2) The Company will effectively utilize the monitoring system for incoming materials, which has long been in place, for the purpose of responsible minerals procurements control at the Company headquarters and operate it as a system for the prevention of contamination with high risk minerals.

6. Operation of the Responsible Minerals Sourcing Control System

- (1) The Compliance Officer will provide education and training to the relevant sections and divisions of the Company headquarters and to the smelters and refineries as needed.
- (2) The Compliance Officer will perform at least one internal monitoring per year of the relevant sections and divisions of the Company headquarters and of the smelters and refineries to assess if operations are properly performed in accordance with the responsible minerals sourcing control system or if there are any deviances from the system.
- (3) In the event of starting transactions with a new supplier for material procurement, the Company will ensure that the information is communicated to the Compliance Officer in an effort to prevent contamination with high risk minerals.
- (4) The Compliance Officer will keep the records of all operations concerning responsible minerals sourcing control and retain them for five years. The relevant documents of the control manual will be revised as needed and properly managed.

[**PDF** Our LBMA Compliance Report for Gold and Silver, and the corresponding Independent Assurance Report by KPMG Azusa Sustainability Co., Ltd.\(4,072KB\)](#)

[**PDF** Our RMAP Due Diligence Report for Tin \(in Japanese\) \(233KB\)](#)

[**PDF** RMAP Conformant Certificate for Tin by RMI\(113KB\)](#)

Metals Company (Initiative with respect to Copper and Lead)

Copper cathodes and Lead Ingots which Metals Company manufactures are registered with LME (London Metal Exchange). In line with LME's initiative to introduce "LME Policy on Responsible Sourcing of LME-Listed Brands", Metals Company has set out its Responsible Minerals Sourcing Policy for Copper and Lead as below and will implement responsible sourcing measures to comply with LME's requirements.

Mitsubishi Materials Corporation Metals Company Responsible Minerals Sourcing Policy for Copper and Lead

Established on: September 1, 2023

Naoshima Smelter & Refinery of Metallurgy Division, Metals Company, Mitsubishi Materials Corporation, Onahama Smelter & Refinery of Onahama Smelting & Refining Co., Ltd., and Hosokura Metal Mining Co., Ltd. manufacture copper cathodes and lead ingots. In procuring raw materials for these metals, the Metals Company of Mitsubishi Materials Corporation (hereinafter referred to as the "Company") establishes and operates a control system in accordance with the Responsible Sourcing Policy of the London Metal Exchange as well as the Joint Due Diligence Standard of The Copper Mark, and will undergo independent third party assessment of its risk assessment.

The Company hereby sets out its Responsible Minerals Sourcing Policy for Copper and Lead as follows and will implement the following measures.

- (1) The Company implements the five-step due diligence process defined in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Annex I for its raw material procurement of copper and lead.
- (2) The Company identifies, assesses and responds to risks of adverse impacts and actual adverse impacts in its mineral supply chains including those listed in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Area Annex II (as listed below).
 - ① Direct or indirect support to non-state armed groups
 - ② Serious abuses associated with the extraction, transport or trade of minerals
 - ③ Direct or indirect support to public or private security forces
 - ④ Bribery and fraudulent misrepresentation of the origin of minerals
 - ⑤ Money laundering
 - ⑥ Payment of taxes, fees, and royalties due to governments
- (3) If a serious abuse of human rights or any support to non-state armed groups is identified, the Company will immediately terminate the transaction or cancel the contract. Risks other than serious abuse of human rights or support to non-state armed groups will be mitigated. If it is determined that the risk cannot be mitigated, the Company will immediately terminate the transaction. A risk management plan will be used as a framework for procedures to be implemented to manage and mitigate the risks of adverse impacts and actual adverse impacts. The risk management plan will enable the Company to manage risks through engagement with suppliers that could exercise their influence further upstream of the supply chain, initiatives with business alliances and diverse stakeholders, and involvement with local and central governments. It will also monitor and track performance through feedback from stakeholders.
- (4) We will undergo an independent third party assessment of the risk assessment of the supply chain for the procurement of raw materials including copper and lead, and will also provide an annual report on the implementation status of the management system for procurement of raw materials including copper and lead.

[!\[\]\(7c1cf7c693e5dfb4a0f582605b5b8acc_img.jpg\) Annual Report on Responsible Mineral Sourcing \(Copper\) \(from October 2023 to Juner 2024\) \(181KB\)](#)

[!\[\]\(522c9a639486da03c513231212d757cb_img.jpg\) Annual Report on Responsible Mineral Sourcing \(Copper\) \(from October 2023 to June 2024 - Onahama Smelting and Refining Co., Ltd.\) \(194KB\)](#)

[!\[\]\(50040d57eaf08bbee2ec711a7f6db3da_img.jpg\) Annual Report on Responsible Mineral Sourcing \(Lead\) \(from October 2022 to September 2023 – Hosokura Metal Mining Co., Ltd.\) \(928KB\)](#)

Japan New Metals Co., Ltd. (Supervised by the Metalworking Solutions Company) (Initiatives with Respect to Tungsten)

In June 2021, Japan New Metals Co., Ltd., a Group company whose operations include tungsten smelting and refining, revised the existing Conflict Mineral Management Policy to the Responsible Mineral Procurement Management Policy, which has expanded its scope of control to a wider range of areas and minerals. As a company smelting and refining tungsten in Japan, Japan New Metals Co., Ltd. carries out management to ensure that raw materials put into the smelting and refining process are ones conforming to the Responsible Mineral Procurement Guidelines. The company also carries out the similar management for raw materials purchased from external tungsten smelting and refining companies. Furthermore, in November 2021, the company acquired the Responsible Minerals Assurance Process (RMAP) conformance certification, which was updated from the CFS Certification.



Responsible Mineral Procurement Management Policy of Japan New Metals Co., Ltd.



RMAP certification obtained by Japan New Metals Co., Ltd.

Business process innovation

Business process transformation at Mitsubishi Materials Corporation (MMC) is an activity to review and fundamentally optimize the essence of business. It goes beyond the narrow definition of "operational efficiency improvement."

Companies that engage in many businesses (conglomerates) are often said to suffer from slower decision making processes compared with specialized manufacturers and owner-operated businesses, but despite operating a number of businesses, MMC aims to be a highly functional and dynamic organization engaged in swift decision making.

Working under these policies, our Business Process Management Dept. (BPM Dept.) pursues four activities broadly categorized as (1) paperless and stamp-free processes, (2) eliminate, reduce and change (commonly called as "NHK", from the Japanese equivalents *nakusu*, *herasu* and *kaeru*), (3) communication and change in mindset, and (4) one-stop consultation services. Specific initiatives in these areas are introduced below.

■ Paperless and stamp-free processes

- From the fiscal year ended March 2024 we made our accounting forms paperless and stamp-free
- From the fiscal year ended March 2024, we transitioned to paperless and stamp-free personnel and wage-related application forms received from employees (smartphones have also been loaned to employees, including part-timers, who have not been issued PCs)
- We make full use of Microsoft365 to digitize various paper forms (various application forms used at sites, daily inspection forms, daily operating reports, etc.)

■ Eliminate, reduce and change (NHK, from the Japanese equivalents *nakusu*, *herasu* and *kaeru*)

- Promoting the reorganization of meeting
- Eliminating staffed reception at the head office
- Abolishing the practice of sending greeting cards, New Year's cards, etc.
- Consolidating some of the operations conducted at each site in a shared services subsidiary

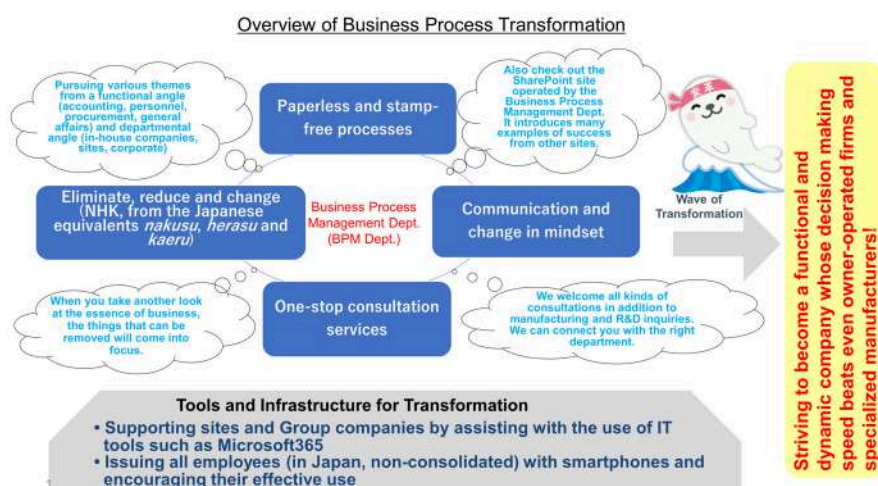
■ Communication and change in mindset

- Engage in multi-faceted communication with sites and Group companies to identify difficulties. Exchange views on what kind of support can be provided. (provide on-premises support to some sites)
- Introduce examples of success from various sites and Group companies on the BPM Dept. site
- Introduce and recommend examples of success at Town Hall Meetings

■ One-stop consultation services

- Embracing the slogan of "never pass the buck!" on a consultation, accept cases where it is not clear where to turn for advice. Over 400 consultations were fielded in the fiscal year ended March 2024.
- Hold "Business Streamlining Cafe" events weekly at head office as a walk-in consultation service that does not require reservations.

■ Overview of Business Process Transformation



Reforming Business Processes and Strengthening Operations Through ERP Introduction

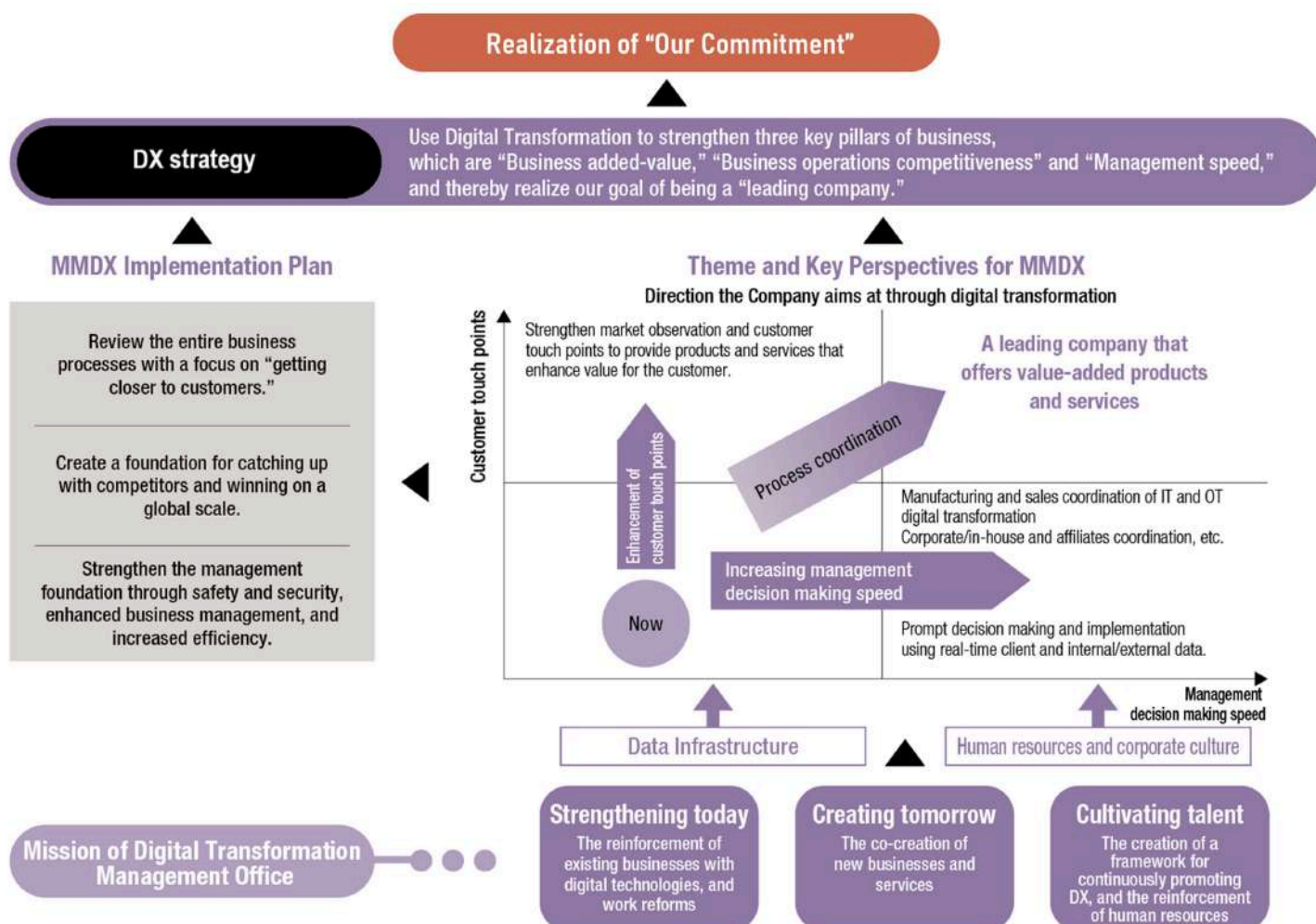
Mitsubishi Materials is working on ERP introduction to renew and standardize business processes, including domestic and overseas Group companies. Renewed and standardized accounting practices, which we had been pursuing on an advanced basis, entered operation at Mitsubishi Materials Corporation on a non-consolidated basis from the fiscal year ending March 2025. To ensure mission-critical business processes that enable improvements and greater sophistication on an integrated basis between business operations and IT, we pursued total optimization, creating and providing the financial statements data needed to make management decisions swiftly and without defects, and building mechanisms able to swiftly adapt to changes in the external environment (M&A, accounting systems, taxation systems, etc.). Going forward we plan to steadily roll out these processes to Group companies in Japan and overseas.

We have also begun efforts to renew and standardize order receive and sales processes, and plan to consider the current issues and ideal outcomes for management control, cost management, sales activities, inventory control and master management from the perspectives of both business operations and IT.

DX Strategy

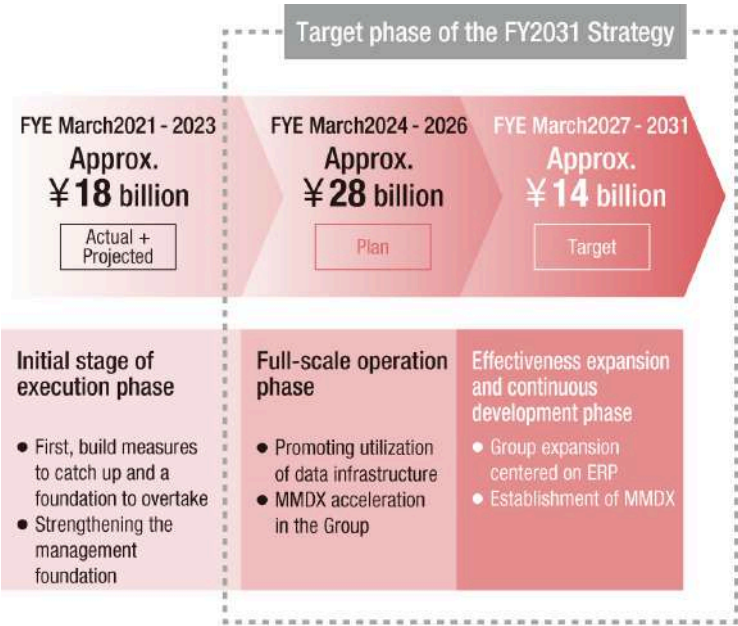
We strongly promote digitalization strategies that use data and digital technologies, driving implementation along the three pillars of business added-value, operational competitiveness and management speed as we aim to become a leading company in the DX sphere.

The Group is pursuing a DX strategy as a way to lay the foundations to prevail on the global stage. Toward achieving Our Commitment from 2030 to 2050, the DX Promotion Department is playing a central role in driving transformation with three missions, **Strengthening today**: using digital technology to reinforce existing business, **Creating tomorrow**: co-creation of new business and services, and **Cultivating talent**: reinforcing human resources and systems to effect reform continuously. To materialize the three pillars of DX promotion, namely business added-value, operational competitiveness and management speed, we have selected priority themes to be addressed based on the key DX perspectives of enhancement of customer touch points, process coordination and increasing management decision making speed, as well as the system and data infrastructure improvements and human resource and culture improvements that underpin them. Our business divisions and IT/digital departments are implementing these activities on a joint basis. By carrying out these activities on a speedy basis, the Group will aim to achieve real-time management that is responsive to societal change, environmental change and our own transformation. Since the fiscal year ended March 2021 we named these DX initiatives of the Mitsubishi Materials Group "MMDX", and from the fiscal year ended March 2023, two years after the start of MMDX, we shifted into a new phase as "MMDX2.0."



DX strategy phase

Under MMDX, we have set the period from the fiscal year ended March 2024 to the fiscal year ending March 2026 as the full-scale operation phase, and will promote utilization of the data infrastructure while accelerating MMDX Group-wide. We have positioned the fiscal year ending March 2027 to the fiscal year ending March 2031 as the expanded effectiveness expansion and continuous development phase, during which we will advance the Group rollout with a focus on ERP and aim to firmly establish, maintain and improve MMDX.



TOPICS Mitsubishi Materials selected as a "Noteworthy DX Companies 2024" in "DX Stocks 2024" for the second consecutive year

In May 2024, we have been selected for the second year in a row, as a "Noteworthy Digital Transformation (DX) Companies 2024" following last year in a program run by the Ministry of Economy, Trade and Industry (METI), the Tokyo Stock Exchange (TSE), and the Information-technology Promotion Agency, Japan (IPA).

The selection as one of the "Noteworthy DX Companies 2024" is in recognition of MMC's DX achievements, and efforts to foster a corporate culture. As an important initiative in our business strategy, we are currently operating a business that collects E-Scrap (discarded circuit boards, etc.) from all over the world and recycles them into valuable metals. In December 2021, we launched a new platform called "MEX" (Mitsubishi Materials E-Scrap EXchange) that enables online transactions, realizing a business model that will attract more business partners through DX. Furthermore, MEX is contributing to an increase in collection volume toward achieving the E-Scrap processing capacity target of 240,000 tons/year (a 50% increase compared to 2019) by the end of March 2031.

We established "For people, society and the earth, circulating resources for a sustainable future" as "Our Commitment." We will continue to implement management reforms through "MMDX 2.0" and work on a variety of initiatives to fulfill Our Commitment.



▶ Mitsubishi Materials selected as a "Noteworthy DX Companies 2024" in "DX Stocks 2024" for the second consecutive year

Operational Enhancement

Operational enhancement

Copper & Copper Alloy Business: Information Infrastructure for the Resource and Capital of Copper & Copper Alloy Business

In the Copper & Copper Alloy business, we are building an integrated infrastructure that connects goods, money and information, and working on reforms to systematically achieve our ROIC target.

By developing an integrated infrastructure for information, we will maximize profit and reduce interest-bearing debt while achieving business reforms aimed at streamlining and enhancing cost control, such as by automating the collecting and aggregation of cost information, and conducting cost variance analysis.

Metalworking Solutions Business: Developing More Sophisticated Supply-Demand Management for Cemented Carbide Tools

As a means of strengthening operations in the Metalworking Solutions business, we are working to build a global demand-supply management system for cemented carbide tools.

We have long faced operational challenges in responding quickly and appropriately to demand from end customers and distributors, and in developing optimal sales and production plans that reflect the supply-demand balance.

To address these challenges, we will work to develop more sophisticated demand, supply and logistics management systems utilizing DX. In addition to efforts to improve demand forecasting accuracy through demand management tools launched from the fiscal year ended March 2023, in the fiscal year ending March 2025 we will promote the introduction of supply management tools and implementation of trial operations at domestic sites.

Enhancement of Customer Contact Points; Reform of Business Model

Enhancement of customer contact points; reform of business model

Smelting and Resource Recycling Business: The MEX E-Scrap Business Platform

We operate a resource recycling business that collects E-Scrap (mainly raw materials for recycling such as discarded circuit boards) from all over the world and recycle them into valuable metals. To create new added value in this business, we developed MEX, an E-Scrap business platform enabling transactions with recyclers, trading companies and other suppliers to be carried out with speed and ease. The service was launched in December 2021. MEX (Mitsubishi Materials E-Scrap EXchange) offers everything from booking of E-Scrap deliveries to purchase price confirmation 24 hours a day through an easy-to-use system. Users can even check the status of E-Scrap deliveries after arrival at the smelter in real time. High-level security is also ensured through compliance with major information security management system standards, such as ISO27001, and MEX improves the transparency of information related to E-Scrap transactions and makes transactions more convenient, leading to greater supplier satisfaction and enhancing our attractiveness as an E-Scrap destination.

Since the service launched, MEX has added or developed the following features in an effort to provide better service. Looking ahead, we will aim to develop the infrastructure that is essential to our E-Scrap business by providing functions (responding to legal and regulatory frameworks, streamlining customer operations, etc.) for which there are unmet needs among stakeholders related to the E-Scrap business overall.

Playing a role in the growth and expansion of the circular economy by providing a safe, secure, and reliable transaction environment for the E-Scrap business



Copper & Copper Alloy Business / Electronic Materials & Components Business: Developing More Sophisticated Customer Contact Points

As an initiative to create new added value in the Copper & Copper Alloy business and Electronic Materials & Components business, we are working to develop more sophisticated customer contact points with the aim of improving customer satisfaction.

To date, we have visualized sales activities through the introduction of SFA tools and BI tools, and we have strived to speed up decision making through the analysis and utilization of customer and business negotiation data.

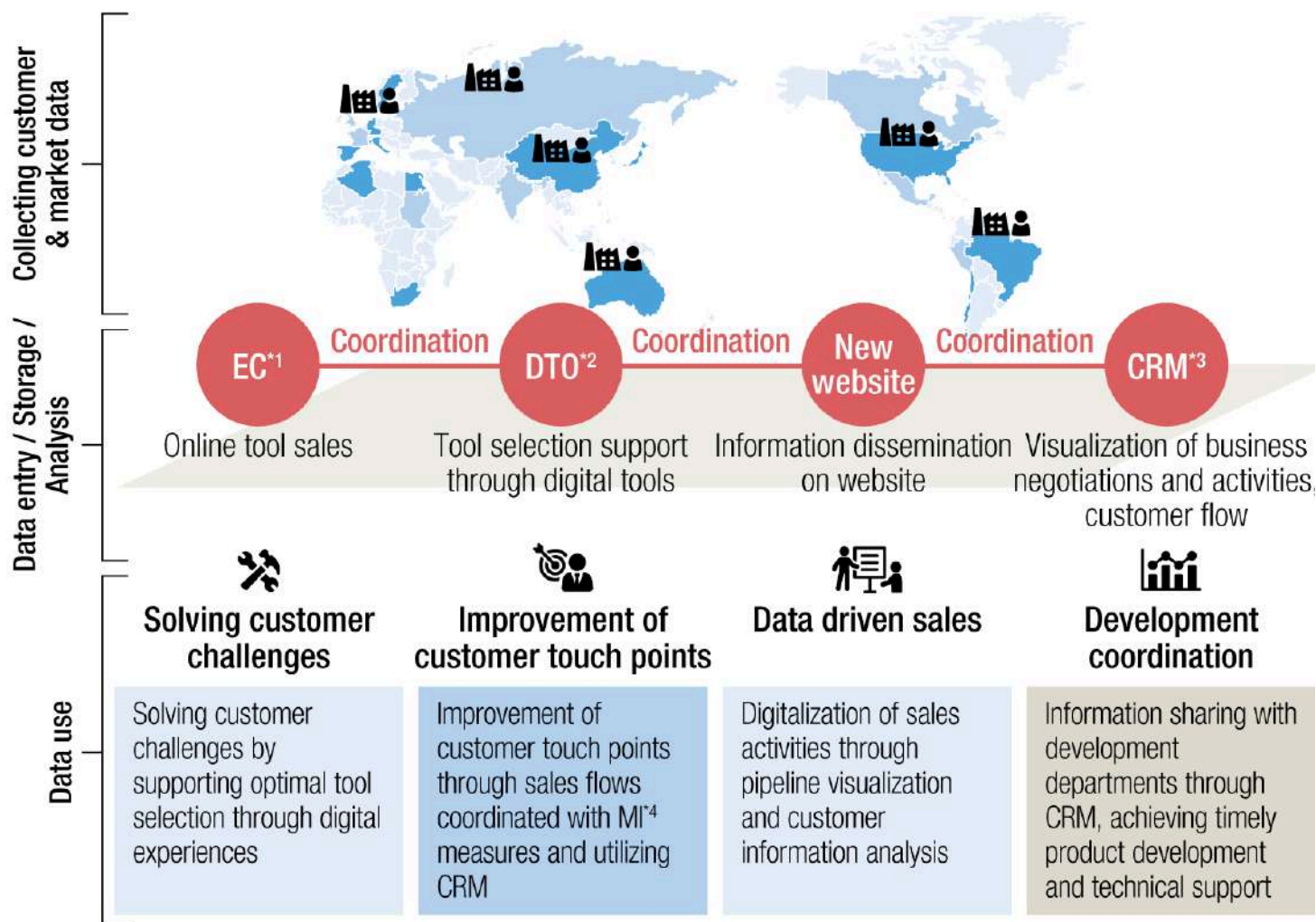
Moreover, in the Electronic Materials & Components business we have introduced systems to coordinate between our manufacturing and sales departments to enable swift inter-departmental coordination, improve the speed at which we respond to customers, and improve customer satisfaction levels as a result.

Going forward, we plan to improve the distribution of information for customers and customer contact points by operating a portal site for customers and implementing marketing measures.

Metalworking Solutions Business: Enhancing Market Intelligence for Improvement of Customer Touch Points

At the Metalworking Solutions Company, we have been working to enhance market intelligence to help customers eliminate their issues with the use of digital technologies and provide stable and high value-added services. In the fiscal year ended March 2024, we combined our solution platforms and overseas e-commerce (EC) sites to focus on our newly integrated and redesigned global website, and developed integration between customer relationship management (CRM) and our solutions. In doing so, we aim to develop integrated digital services that range from brand recognition to assistance with customer tool selection and after-sales services.

With our solution platform, we provide tool selection expertise in the form of a web-based app. The app automatically suggests the optimum tools to help customers solve their issues by combining multiple conditions such as improved cutting efficiency, longer life, workpiece material, machining conditions and tool type. By analyzing data gained from various systems along with the new global website and EC customer information while linking it with CRM, we will advance after sales support, account management, technical support through information sharing with the development division and utilization of the information in product development. Going forward, we will work to further extend functionality and expand service areas, solve customer issues and improve convenience through digital experiences, while striving to achieve more sophisticated data-driven business operation and create impacts globally and across the Metalworking Solutions Company.



*1 EC: Electronic Commerce

*2 DTO: Digital Tool Organizer

*3 CRM: Customer Relationship Management

*4 MI: Market Intelligence

Building and Execution of New Business Creation Processes

Basic Policy on R&D

Developing New Products and Technologies to Anticipate Changes in the World around Us

Our basic policy when it comes to development is to develop materials in anticipation of the future, to create new products and technologies to strengthen business competitiveness by close cooperation of the Corporate/Division Laboratories, and to quickly realize R&D results through industry-academia-government collaboration (including CVC). With this policy in mind, we aim to "provide society with sustainable materials that design circulation."

Our research and development strategy calls for achieving sustainable enhancement of corporate value through the creation of new products, technologies, and new businesses through new products and process innovations that contribute to enhancing the functions of both the "artery" and "vein" of materials and reducing GHG. Aware of the direction that we should move forward in response to growing social demands for resource recycling, we will create themes for acquiring new resource recycling process technologies. At the same time, we will accurately grasp megatrends and market changes, and focus on growth areas (mobility, semiconductor-related materials) and new areas (life healthcare, etc.) while utilizing our materials technologies. We will also conduct research and development with a zero GHG philosophy in new themes. On a longer-term basis, we intend to boldly take on the challenge of creating inspirational new technologies for the future. Combining technology, human resources and passion, our aim is to continually achieve innovation, with an emphasis on the customer's perspective and speed.

By combining our technical development capabilities based on our core technologies with our manufacturing abilities we will work to give shape to this value as we strive to create new products, services and businesses, and to perform maintenance of the intellectual properties.

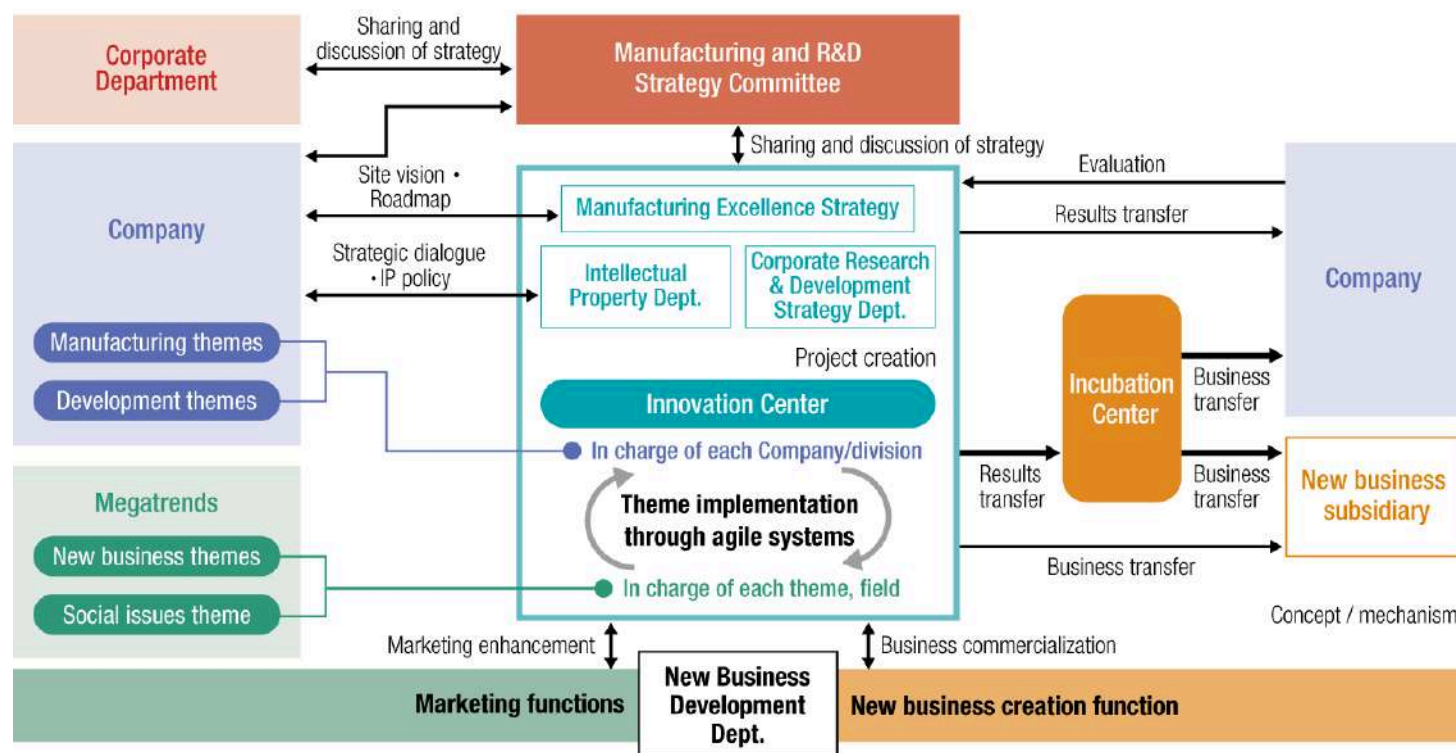
Areas for Improvement from FYE March 2024 and Beyond

Under our new Medium-term Management Strategy, in the fiscal year ended March 2024 as its first year, we worked on achieving differentiation in our manufacturing abilities and promoted the upgrading of production processes and shifting to smart factories and worked to promote the creation of new businesses. We will also continue to engage in research and development, focusing on areas that reflect emerging megatrends including resource recycling, decarbonization, semiconductor-related materials and mobility.

On the organizational front, we have newly established the Monozukuri and R&D Strategy Div., consolidating departments related to manufacturing (production technology), development, marketing and new business to fully integrate everything from the creation of ideas and R&D through to mass production and commercialization. In the division's Innovation Center, we have set up a structure to efficiently utilize human resources along the lines of each R&D/manufacturing challenge or new business theme, enabling us to create new products and businesses, pursue development focused on solutions, and acquire new technologies. We have also established an Incubation Center, where we cultivate and strengthen businesses created in the Innovation Center, as well as businesses deemed difficult for an in-house company to expand on its own. To promote coordination inside and outside the Group, reinforce business foundations and advance the creation of new businesses as well as to aim to develop and secure professional human resources across the company and continuously improve their level of expertise, in the fiscal year ending March 2025 we have also established a New Business Development Dept., Intellectual Property Dept., Strategy and R&D Strategy Dept. and Monozukuri and Corporate Production Engineering Dept. inside the division.

Through these efforts, we will strengthen efforts to deal with the challenges we currently face, namely coordination across multiple strategies, the flexible allocation of management resources, and the development of human resources specializing in general project management, mass production and commercialization.

■ Implementation Structure



MMC Innovation Fund

In March 2019, we worked with JMTC Capital G.K. to establish the “MMC Innovation Investment Limited Partnership,” a corporate venture fund with the objective of investment in venture companies with material technologies.

We support technology start-ups that have synergies with us. In this, we accelerate collaboration with a focus on next-generation batteries, metal processing, IoT and AI, material technologies related to life and healthcare, and process technologies related to decarbonization and urban mines.

Time	Investee	Investee's technologies/products	MMC's aim
October 2019	Elephantech Inc.	Elephantech has manufacturing technology for electronic circuit boards by additive manufacturing using inkjet printing of metal nano inks and electroless copper plating.	MMC has started development of “copper nano ink” with Elephantech as an evaluation partner. MMC will aim to develop new copper products for circuit boards and get opportunities of its supply.
May 2020	EneCoat Technologies Co., Ltd.	EneCoat Technologies is developing Perovskite Solar Cells characterized by high power generation efficiency, light weight, and flexibility compared to conventional silicon-based solar cells.	In collaborate with EneCoat Technologies, MMC will develop technologies that contribute to improving the performance of Perovskite Solar Cells and the peripheral materials etc. necessary for making them lead-free, aiming to get opportunities to supply materials when perovskite solar cells become widespread.
June 2020	CONNEXX SYSTEMS Corporation	CONNEXX SYSTEMS has development and manufacturing technologies for new storage battery, high-power in-vehicle Lithium-ion battery (LIB), and next-generation battery that combine LIB and lead-acid battery.	MMC is developing technology for reusing and recycling used in-vehicle LIB. In collaboration with CONNEXX SYSTEMS, MMC will promote the reuse business that is the reuse of collected used in-vehicle LIB for stationary storage battery.
September 2020	Nature Architects inc.	Nature Architects has unique structure design technologies such as giving strength only to the necessary parts and adding the function of absorbing vibration to hard parts.	By combining MMC's knowledge of non-ferrous metals and other material properties with Nature Architects' design technology, MMC will promote development of unique products with new added value by additive manufacturing using our materials.

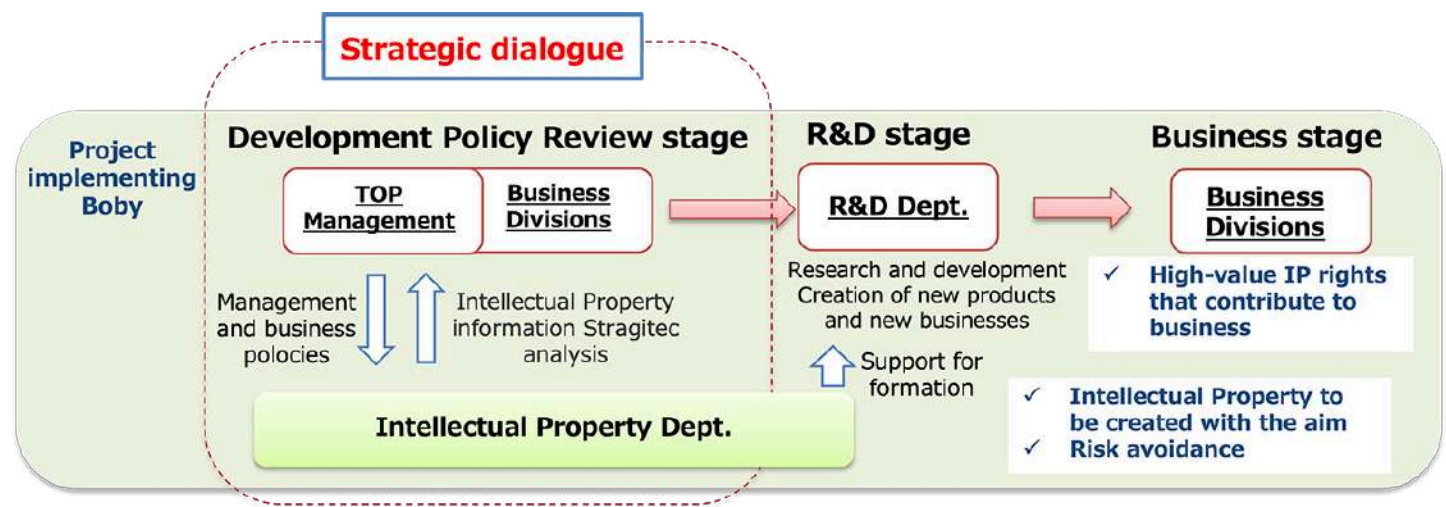
July 2021	Immunosens Co., Ltd.	Immunosens Co., Ltd. develops and provides unique immunosensors for POCT (Point of Care Testing: real-time testing at medical sites) that are both highly sensitive and small in size through its patented GLEIA (Gold Linked Electrochemical Immuno Assay) technology.	Through collaboration with the company, MMC aims to find synergies between MMC's knowledge of materials, including nonferrous metals, and the company's life/healthcare-related technologies and expertise, and apply them to the life/healthcare field.
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▶ MMC Innovation Fund 

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

Intellectual Property Sector Initiatives

The strategic dialogue is promoted as an intellectual property activity in line with management, business and development strategies and new business strategies. In the strategic dialogue, we hold dialogues with the Companies and new business creation divisions based on the results of analyses of intellectual property information, and strategically formulate the intellectual property needed for business development. We support new value creation initiatives through various intellectual property activities, including strategic dialogue.



▶ Intellectual Property 

TOPICS

Commenced Commercialization of a Biosensor That Uses a Solid-Electrolyte Thin-Film Transistor

- Simultaneous Detection of Multiple Nucleic Acids and Pathogens in a Short Time

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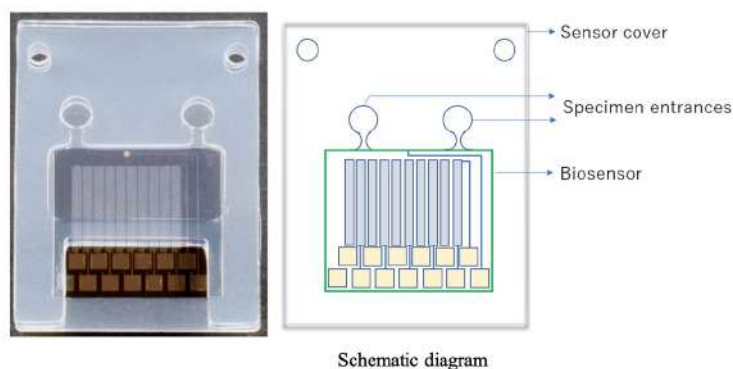
Mitsubishi Materials Corporation together with Professor Yuzuru Takamura and Assistant Professor Daisuke Hirose of the Bioscience, Biotechnology, and Biomedical Engineering Research Area at Japan Advanced Institute of Science and Technology (Nomi City, Ishikawa Prefecture) have developed a biosensor that uses a novel solid-electrolyte thin-film transistor and have started on product development towards its practical use.

Genetic testing in the medical field generally uses methods of testing that amplify nucleic acids such as the polymerase chain reaction (PCR) method, but their application is limited by the high cost and large size of testing equipment. Mitsubishi Materials has long been engaged in research and development to form thin films on a variety of materials including metals and oxides and has advanced technological capabilities in the materials development for thin film preparation by wet deposition. In this joint development, the technology has been applied to develop a new biosensor that uses a proprietary solid-electrolyte thin-film transistor as the detector (see the schematic diagram).

With this biosensor, test results can be obtained in a shorter time than with PCR or other amplification methods by detecting voltage changes caused by microcharges. In addition, multiple sensor elements can be arranged in parallel by using microfabrication technology, which enables simultaneous detection of multiple nucleic acids and pathogens. Furthermore, the small size of the solid-electrolyte thin-film transistor itself enables the miniaturization of biosensors, which is expected to expand applications for biosensors in the future.

From now on, we will expand the types of nucleic acids that can be measured, work on commercialization of sensors capable of simultaneous detection of pathogens including multiple types and promote product development for practical use.

Based on its Corporate Philosophy of "For People, Society and the Earth." Mitsubishi Materials will continue to help build a prosperous society through developing and providing high value-added products in the fields of non-ferrous metal materials and life healthcare.



Newly developed biosensor

- ▶ Commenced Commercialization of a Biosensor That Uses a Solid-Electrolyte Thin-Film Transistor
- Simultaneous Detection of Multiple Nucleic Acids and Pathogens in a Short Time - 

Property Prediction Model Built for Copper Alloys

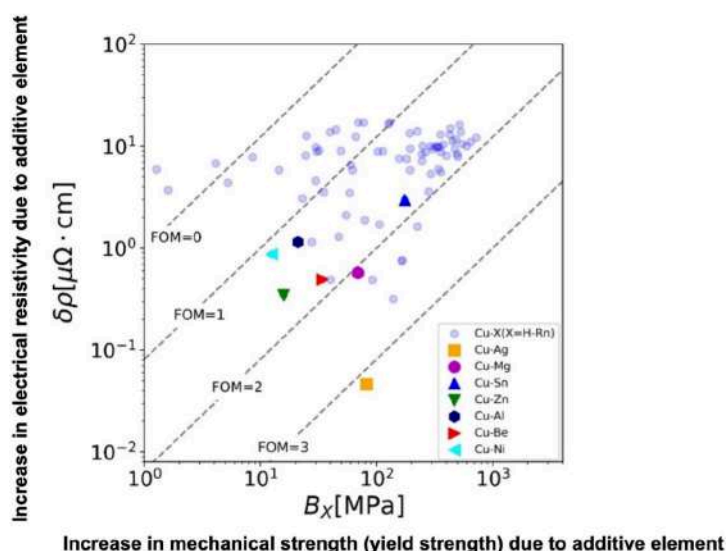
- Supporting the Superiority of Mitsubishi Materials' Magnesium-Copper Alloy MSP™ Series -

Mitsubishi Materials Corporation ("MMC") and the National Institute for Materials Science ("NIMS") have developed a new property prediction model for copper alloys with an exhaustive range of 86 elements. The results of the two organizations' joint research using this model revealed that magnesium (Mg) is the best overall element to be added to copper.

MMC and NIMS established the MMC-NIMS Center of Excellence for Materials Informatics Research in 2020 and have been engaged in research on data-integrated materials development systems. The joint research is achieved by combining MMC's copper alloy design and simulation technologies with NIMS' strength in "data-driven approach", a materials development method using data science.

For copper alloys, which are difficult to subject to real experiments from the viewpoint of stability, cost, and safety, the research used a combination of simulation technology and the data-driven approach to build a property prediction model capable of accurately predicting copper alloy properties, and compared various additive elements added to copper. As a result, it revealed that magnesium (Mg) is the best overall additive element to be added to copper. This demonstrated the superiority of the properties and quality of the MSP™ Series *, MMC's Cu-Mg solid-solution strengthened alloys.

Mitsubishi Materials and NIMS will continue to contribute to the improvement of the international competitiveness of the entire Japanese materials industry by deepening inter-organizational cooperation and promoting the dissemination and utilization of the obtained results.



Relationship between mechanical and electrical properties of solid-solution copper alloys

※ Solid-solution strengthening: A technique of dissolving foreign atoms (solute atoms) into the matrix (solvent atoms) to strengthen the material.

▶ [Property Prediction Model Built for Copper Alloys](#)

- [Supporting the Superiority of Mitsubishi Materials' Magnesium-Copper Alloy MSP™ Series](#) - 

Strengthening of Manufacturing

Strengthening of manufacturing

Mitsubishi Materials Corporation (MMC) aims to fully utilize Group support functions and achieve the MMC Group vision by having each operating division continually lay out a vision for raising manufacturing capability to the higher level. By swiftly resolving issues with the use of human and technological resources inside and outside the Group, we will succeed in creating manufacturing capabilities that set us apart from the competitors.

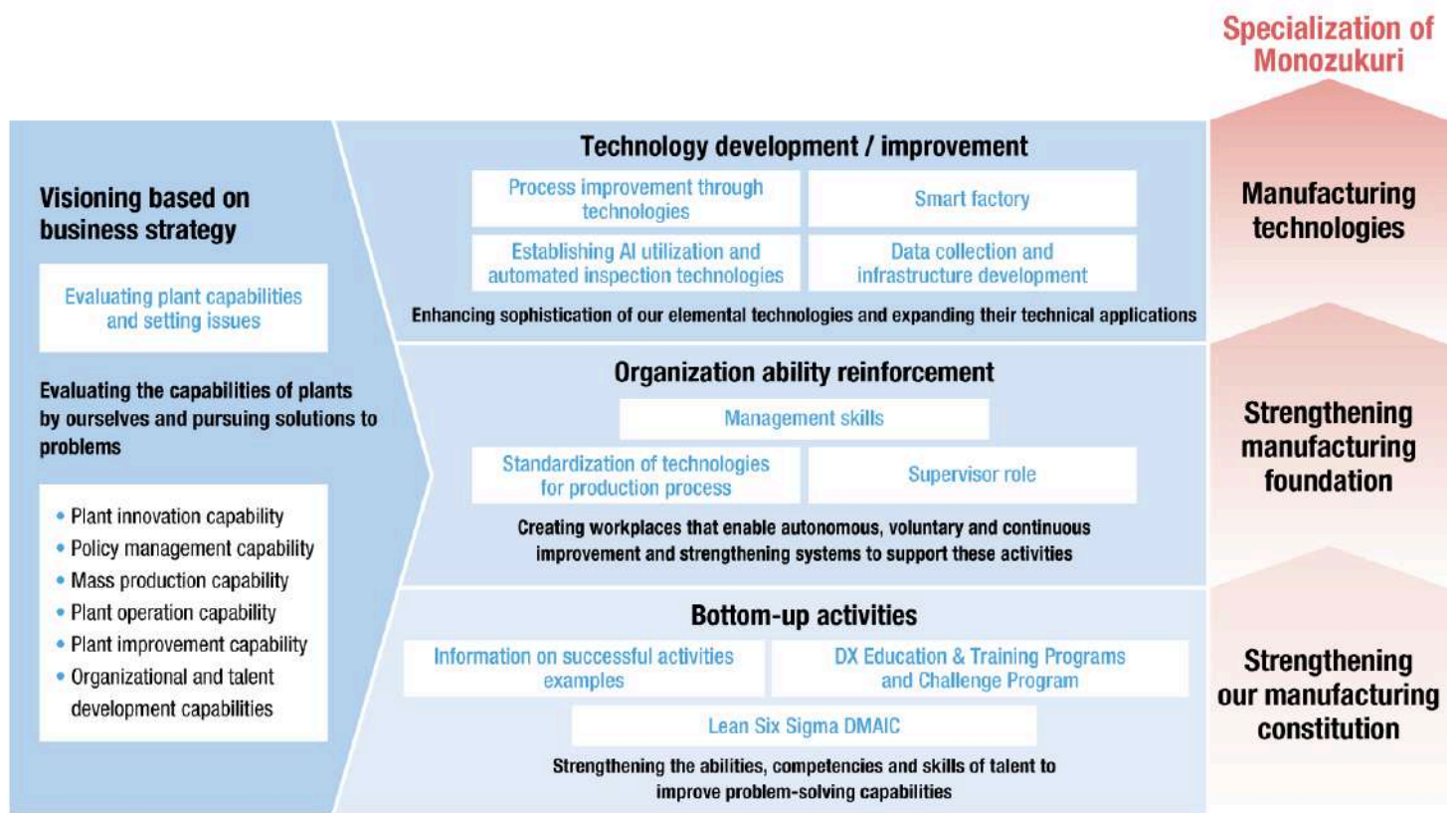
Key Points to be Improved Upon in the Fiscal Year Ending March 2025 and Beyond

Through initiatives aimed at raising manufacturing capability to the next level, we will achieve our vision for plants based on business strategies that lead to medium- to long-term business growth, improve our ability to identify issues by utilizing digital technologies that enable production process upgrade, and enhance our ability to make meaningful improvements by innovating the way we work.

We will also make proactive use of external knowledge in an effort to further enhance manufacturing capabilities.

In our plant vision, we will consider effective mechanisms to streamline vision development and the process of following up on the measures implemented. Under our manufacturing management framework, we conducted initial assessment with five strengths of “management capabilities,” “Kaizen capabilities,” “operational capabilities,” “mass production capabilities,” and “organizational and human resource development capabilities.” In the fiscal year ending March 2025, we will further improve the evaluation items and content so that we can continuously utilize the comprehensive evaluation including innovation capabilities for raising the plant manufacturing capability up to the higher level. In the “advanced production process,” we will work on multiple themes, provide factories with solutions of appropriate technologies for smart factory concept planning and realization, and continue to establish elemental technologies to improve quality, reduce labor, and achieve reduced manufacturing lead times. We will also develop a foundation for data collection and utilization with using digital technology to speed up improvement activities and promote higher operational efficiency.

We have also developed a practical manufacturing human resource training program for young employees. We will apply the program to each field of manufacturing, development, sales and management, and implement more effective initiatives that will contribute to improving the profitability of the plants. Continuing from the previous fiscal year, we are also pursuing initiatives to develop DMAIC (quantitative process improvement) leaders among management at each plant. In the fiscal year ending March 2025, we will continue to raise manufacturing issues and strengthen activities to establish improvement themes. Utilizing the expertise and technologies we have cultivated and accumulated to date, we will work to solve issues under an efficient framework.



Periodic Review of Investment Strategies

Periodic review of investment strategies

The Mitsubishi Materials Group maintains production sites, sales offices and other locations in 32 countries and regions around the world, and positions its overseas operations as an important foundation for the business growth of us. When geopolitical risks such as political instability, inter-state conflicts, unilateral invasions or regime changes materialize in the countries or regions where our operates, they can impede our business activities.

Additionally, risks associated with our global business expansion include economic conditions in each country and region, unexpected government policies and regulations, changes to business strategies and product roll-outs on the part of business partners, as well as individual country risks such as legal restrictions.

We will continue to closely monitor conditions, share information provided by local sites and gather information through coordination between each business to gain an appropriate understanding of geopolitical and geoeconomic risks. And we review regularly of business and overseas investment strategies.

In particular, in the Metals business, there is a risk of being affected by events beyond the control of us, such as intervention in resource projects by national and local governments in copper-producing countries, fluctuations in the global supply-demand balance of copper concentrates, and declining copper concentrate grades. As part of our efforts to form a sustainable raw material procurement portfolio, we strive to secure stable supplies of raw materials by diversifying the countries and regions where we purchase copper concentrates, effectively investing in high-quality mining projects, and proactively using recycled raw materials.

Collecting and Sharing Information on Overseas Risks and Individual Country Risks from Overseas Bases

Strengthening the management system at overseas sites

Basic approach

Mitsubishi Materials Group does its utmost to strengthen crisis management systems (documentation and the establishment of rules) to ensure that it can swiftly and accurately respond to natural disasters, accidents, and crises such as terrorism and pandemics that occur overseas.

1. Group Company Crisis Management Regulations

Based on the Mitsubishi Materials Group Crisis Management Regulations, each Group company formulates Group Company Crisis Management Regulations laying out preparations for crises, how to respond in the event a crisis situation develops and other matters, in an effort to ensure the safety of employees, preserve and prevent extended damage to company assets, and quickly restore and continue business operations.

2. Overseas Crisis Management Manual

An Overseas Crisis Management Manual has been formulated for employees traveling or stationed overseas, setting forth how they should act and respond under normal circumstances and during an emergency. When employees travel overseas, the action to take and persons that need to provide approval is determined according to travel advisories based on the overseas travel standards. Similarly, we instruct employees stationed overseas to gather information, establish emergency contact systems and stockpile supplies, and instruct them to develop response guidelines based on criteria for determining the crisis level in the event of an emergency.

To respond to unexpected events occurring overseas in the future, we will consider the introduction of more rapid and detailed safety confirmation proxy services and will pursue further revisions to our crisis management system.

3. Crisis Situation Communication Flow

In the event a crisis situation develops, the site where the crisis has occurred follows the reporting criteria in the Crisis Situation Communication Flow to report the designated items to the Crisis Management Administrative Office via their in-house Company, and the administrative office shares information with the officer in charge as needed.

4. Overseas Local Information Contact Site

When a crisis situation extends over a large area, a site serving as the point of contact for information in the area where the crisis has occurred is set up as the Overseas Local Information Contact Site, to collect information (on the status of human and property damage, the status of infrastructure recovery, etc.), and to coordinate the selection of relief suppliers and determine the necessary quantities and sites.

Creation and Regular Review of Risk Reduction and Avoidance Measures, and BCP for Overseas Businesses

Metals Business

With regard to geopolitical and goeconomic risk reduction in our sustainability agenda, the Metals company has identified the periodic review of overseas operations and the formation of a raw materials procurement portfolio as key themes.

As one of the initiatives for periodic review of overseas operations, PT. Smelting (PTS), which was our consolidated subsidiary in Indonesia, was transferred to an equity method affiliate as of June 30, 2024. In Indonesia, the new mining law enacted in 2009 requires mining companies to add value to minerals, and PTS is becoming more and more like a smelter attached to the Grasberg mine operated by PT Freeport Indonesia (PTFI), in which we have a joint venture. PTS is becoming more and more like a smelter attached to the Grasberg mine operated by PTFI. In light of this situation, as part of efforts to add value to minerals, PTFI financed the expansion of PTS and, on the condition that the expansion work is completed, converted the entire loan amount into new shares of PTS (capital increase) using the book value net asset method.

In January 2023, PTS changed its smelting process from purchasing copper concentrates from PTFI to contract smelting, whereby PTS receives copper concentrates from PTFI and returns the products to PTFI.

After PTS becomes an equity-method affiliate of Minebea, Minebea will continue to be deeply involved in PTS's business operations by taking advantage of its more than 20 years of experience in PTS's operations, taking charge of PTS's operations through its Indonesian subsidiary, and being involved in the sales activities of copper cathode returned to PTFI through contract smelting. PTFI will continue to be deeply involved in PTS's business operations.

Advanced Products Business

The Business Continuity Plan (BCP) of the Advanced Products company has been formulated and operated for specific events such as earthquakes, windstorms, floods, and pandemics (so-called "causal event-type BCP").

However, under the recent situation also known as VUCA (uncertainty, complexity, ambiguity, and variability), the difficulty of predicting the future has become an issue. For this reason, it has become mainstream to review BCPs to an all-hazard type that can respond to various events, such as difficulty in coming to work, power outages, and shortages in parts procurement due to damage to suppliers.

As the business environment surrounding our company is becoming increasingly diverse, we have decided that it is necessary for the Advanced Products company to switch to an "all-hazards BCP." Our objective is not only to ensure the safety of our employees and their families in the event of an emergency, but also to achieve a prompt resumption and continuation of business operations and fulfill our social responsibilities, thereby strengthening the relationship of trust with our stakeholders. Specifically, we will review the BCPs for the copper processing business in the fiscal year ending March 2025 and the Electronic Materials & Components business in the fiscal year ending March 2026 in an effort to enhance our corporate value.

In order to ensure a stable supply of cemented carbide products, it is important to duplicate and maintain a stable global supply chain. As part of this effort, we have been enhancing the manufacturing capacity of our overseas production bases, and in the fiscal year ended March 2024 we expanded our insert plant in Spain, which is our production base for the European market. We plan to further strengthen our structure, including investment, mainly in Europe, the U.S., and Asia. In response to risk, we hold a certain amount of inventory in Japan and overseas to prepare for unexpected situations, and we are also working to strengthen our BCP, which includes disaster mitigation and early restoration of our supply system in the event of a disaster. In addition, we have completed a data location system for our logistics system that enables real-time visualization of material volume and management of appropriate inventory. This has enabled us to maintain an efficient shipping process even in the event of an emergency, and to establish a system that enables us to continue providing products to our customers. Through these efforts, we will further strengthen our foundation for a stable supply of cemented carbide tools.

TOPICS

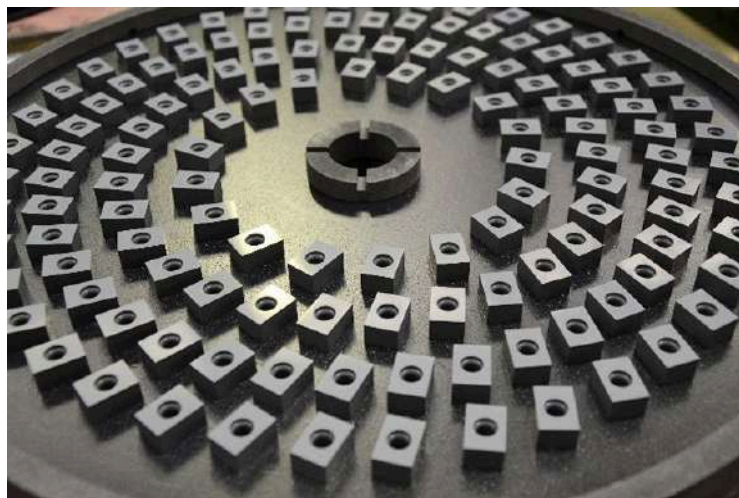
Completion of the Expansion of the Cemented Carbide Tool Plant in Valencia, Spain

- Increase the capacity of cutting tool insert production in Europe -

We have been working on the expansion of its plant in Valencia, Spain, which was started operations in May. Following the completion of the expansion, the production capacity of inserts at the Valencia plant in Spain will increase by two to five times compared to the previous capacity.



Expanded Insert Manufacturing Plant



Insert Manufacturing Process (Image)

The cemented carbide tool plant in Valencia, Spain, is our sole manufacturing site in Europe. We supply drills, end mills, and inserts to European automobile and aerospace manufacturers. Due to the large European market and an expected growth in demand from the aerospace industry and Eastern Europe, we have been increasing production capacity. We aim to optimize the supply chain and strengthen BCP response by shipping from manufacturing sites close to consumers. Additionally, we plan to install the latest facilities for the expanded insert plant to enhance the automation of presses, grinding machines, and inspections. We aim to increase our production capacity while utilizing the latest technology to improve our manufacturing sites.

- ▶ Completion of the Expansion of the Cemented Carbide Tool Plant in Valencia, Spain
 - Increase the capacity of cutting tool insert production in Europe - 

Building a Procurement Portfolio of Copper Concentrates, E-Scrap, and Other Raw Materials

Copper concentrate and E-Scrap

While the majority of copper concentrate, the main raw material in copper products, is imported from South America such as Chile and Peru, there are potential supply risks due to the decline of promising mines and other factors. Mitsubishi Materials Corporation will secure supplies of copper concentrate through strategies including the participation in new medium-sized copper mines, while also increasing its procurement of scrap materials and phasing in capital expenditures at the Naoshima smelter & Refinery and Onahama smelter & Refinery to handle the increase in scrap volume. In addition, to bolster the collection of scrap materials, we will maintain and strengthen ties with recyclers, investigate and explore possibilities such as the set up of relay yards and sampling sites, and strive to build a resource recycling loop utilizing home appliance recycling plants.

Other Raw Materials

The Procurement & Logistics Department is working to enhance supply chain management to mitigate procurement risks such as supply disruptions due to natural disasters, operational incidents at suppliers, pandemics, geopolitical risks and other incidents. The specific initiatives we are pursuing are summarized below.

We will identify key components and materials that could have a significant impact on our operations and strengthen the management of related supply chain information. By managing information on a new procurement system to be introduced from the second half of the fiscal year ending March 2025, we will achieve the centralized management and visualization of information, and also enable the two-way management of information with suppliers.

Additionally, in the event of an emergency involving the materialization of risks such as natural disasters, the system is designed to automatically alert supplier representatives. As this will enable us to confirm whether there are supply disruptions in the supply chain and gather information faster than before, it will enable us to implement swift and effective measures from the early stages of a crisis.

In conjunction with these efforts, we will conduct risk assessments of key components and materials and clarify response policies based on risk ranks. By securing alternative supply sources and implementing appropriate management to secure safe inventory levels based on these rankings, we will take efforts to ensure stable operation and maintain the steady supply of products to a higher level.

Introduction and Operation of the Group's Optimal Cash Management System

Introduction and operation of the Group's optimal cash management system

MMC has introduced and begun the operation of a cash pooling system to centrally manage surplus funds at Group companies, maintain appropriate levels of external loans from financial institutions, etc., and achieve optimal cash management for the Group overall.

Currently, surplus funds over Group companies located in Japan are centrally managed by the cash pooling system and used to finance Group companies with funding needs. This helps the Group maintain optimal levels of external loans overall.

Going forward, we will introduce a cash pooling system for Group companies located in Europe and implement other activities to manage surplus funds and make loans to Group companies. In particular, to reduce the impact from the trend of persistently high interest rates affecting overseas subsidiaries, we will strive to develop an optimal cash management system.

Grasping the Market Value of Assets Held and Confirming the Indication of Impairment of Fixed Assets

Grasping the market value of assets held and confirming the indication of impairment of fixed assets

Fluctuations in the market value of securities, land and other assets held by the Mitsubishi Materials Group could impact the Group's business results and financial status.

For this reason, we regularly monitor securities in terms of market prices and the financial status of issuers, and continuously reevaluate the status of our holding in light of our relationship with the issuer. Regarding the impairment of fixed assets, we also pursue the sale of unused land, and check for signs of impairment regarding business assets, such as by obtaining real estate appraisals as needed.

Monitoring of the Management and Financial Condition of Debt Guarantee Underwriting Affiliates, etc.

Monitoring of the management and financial condition of debt guarantee underwriting affiliates, etc.

In the fiscal year ended March, 2024, the Mitsubishi Materials Group has undertaken debt guarantees totaling ¥4.3 billion for the financial obligations of affiliates other than consolidated companies. Should a situation arise where the Group is required to fulfill these debt guarantees in the future, there could be an impact on the Group's business performance and financial position. We therefore monitor the management status and financial condition of affiliates as appropriate and take measures to mitigate any potential impacts.

Investment Allocation Considering Safety and Profitability in Pension Asset Management

Investment allocation considering safety and profitability in pension asset management

As a way to periodically confirm the asset composition to be maintained in the medium- to long-term to meet our asset management goals, we revise our policy asset mix and asset allocations strategies through regular reviews of pension asset liability management (ALM).

Our target for the fiscal year ending March 2025 is to implement pension ALM, and to confirm, review and decide on the policy asset mix, with the aim of beginning implementation of the revised strategy in the fiscal year ending March 2026.

■ About the Pension Asset Liability Management

Pension ALM refers to strategies designed to comprehensively manage the assets and liabilities of pension assets and achieve balance between assets and liabilities. By implementing pension ALM we aim to enable assets to cover future pension benefit payments while managing risks and maximizing investment returns. Specific activities conducted as part of pension ALM include forecasting future pension benefit payments, assessing current assets, and analyzing the gap between the assets and liabilities of pension assets.

■ About the Policy Asset mix

The policy asset mix refers to the ratios of asset allocations for pension assets based on a long-term investment strategy. These ratios are determined based on target return rates, risk tolerance, liquidity needs and regulatory requirements, and are designed to ensure stable returns in the long-term while managing risks. By periodically reviewing the policy asset mix, we adapt to fluctuating market conditions and the financial status of pension assets to maintain an optimal asset allocation. In addition, the periodic review of asset allocation strategies based on revisions to the policy asset mix is undertaken by taking into account the following key factors.

1. Economic outlook and changes in the market environment

This is considered to respond to the balance between investment returns and risks based on changing conditions in the bond market, stock market and other markets, since changes in the economic outlook can cause a change in the returns and risks for each managed asset.

2. Changing financial condition of pension assets

This is considered to respond to the status of pension asset revenue (contributions) and outlays (pension benefits) due to fluctuating in the amounts of pension benefits paid as the number of recipients changes. This is also considered since long-term pension asset goals and strategies can change due to fluctuations in pension recipients. Depending on circumstances, there may be a switch to a more conservative asset management policy, for example.

3. Risk management and evaluation of investment assets

When assets are excessively concentrated in a particular class, we review asset allocations to diversify risk, and if actual asset returns have not met targets, we review strategies to ensure the targets are achieved. When pension asset risk tolerance has changed, the allocation ratios of pension assets will be changed.

Sustainability Data List (Non-Consolidated and Consolidated)

The Environment

(1) Input				Unit	2020.4-2021.3 Non-consolidated	2021.4-2022.3 Non-consolidated	2022.4-2023.3 consolidated	2023.4-2024.3 consolidated
Raw material input 	Total			kilotons	16,597	16,882	4,019	★3,778
	Breakdown	Waste		kilotons	2,128	2,085	227	210
		Byproducts		kilotons	994	1,072	325	307
		Natural resources		kilotons	13,408	13,646	3,278	3,125
		Processed items and components		kilotons	66	79	189	136
	Percentage of recycled raw materials used			%	18.8	18.7	13.7	★13.7
Energy input 	Total			TJ	40,452	40,390	29,400	★20,474
	Breakdown	Electricity (purchase of electricity)		GWh	1,099	1,113	1,997	1,582
		Fuel (crude oil equivalent)		Megaliters	770	765	232	170
		Non-renewable energy (purchase of electricity)		GWh	1,099	1,093	1,945	1,367

(1) Input				Unit	2020.4-2021.3 consolidated	2021.4-2022.3 consolidated	2022.4-2023.3 consolidated	2023.4-2024.3 consolidated
Water intake 	Total water intake			thousand m³	667,987	687,683	355,299	★309,145
	Water withdrawal by source	Fresh surface water (including rainwater, wetland water, rivers and lakes)		thousand m³	8,451	8,147	7,506	7,250
		Brackish surface water/Seawater		thousand m³	608,598	633,852	311,712	267,765
		Groundwater (renewable)		thousand m³	9,903	5,109	777	450
		Groundwater (non-renewable potential)		thousand m³	N/A	N/A	N/A	N/A
		Associated/Incidental water		thousand m³	N/A	N/A	N/A	N/A
		Third-party water source		thousand m³	41,035	40,575	35,303	33,680

(2) Output				Unit	2020.4-2021.3 Non-consolidated	2021.4-2022.3 Non-consolidated	2022.4-2023.3 consolidated	2023.4-2024.3 Non-consolidated
Greenhouse gas emissions 	Scope1,2 total emissions (CO ₂ equivalent)			kilotons	7,320	7,250	1,916	★1,671
	Breakdown	Derived from energy source		kilotons	3,157	3,114	1,592	1,168
		Derived from processes		kilotons	3,716	3,681	1	134
		Derived from waste		kilotons	428	434	285	369
		Other		kilotons	19	21	38	
		Scope1 emissions (CO ₂ equivalent)			kilotons	6,784	6,736	919
	Scope2 emissions			kilotons	536	514	997	★709
	Scope3 emissions (CO ₂ equivalent)			kilotons	2,913	3,263	11,972	★10,734
	Breakdown	1.Purchased goods and services		kilotons	1,290	1,563	3,995	3,323
		2.Capital goods		kilotons	114	105	284	305
		3.Fuel and energy-related activities not included in Scopes 1 and 2		kilotons	505	525	229	162
		4.Upstream Transportation and Distribution		kilotons	572	617	751	743
		5.Waste generated from operations		kilotons	1	2	25	22
		6.Business travel		kilotons	0	0	3	2
		7.Employee commuting		kilotons	2	2	8	7
		8.Upstream Leased Assets		kilotons	N/A	N/A	N/A	N/A
		9.Downstream Transportation and Distribution		kilotons	120	126	183	176
		10.Processing of sold products		kilotons	202	215	449	522
		11.Use of sold products		kilotons	N/A	N/A	N/A	N/A
		12.End-of-life treatment of sold products		kilotons	106	107	5	8
		13.Downstream leased assets		kilotons	N/A	N/A	N/A	N/A
		14.Franchises		kilotons	N/A	N/A	N/A	N/A
		15.Investments		kilotons	N/A	N/A	6,038	5,465

※ The calculation method was partially changed in the fiscal year ended March 2023 to include GHG emissions from E-Scrap processing.

(2) Output			Unit	2020.4-2021.3 consolidated	2021.4-2022.3 consolidated	2022.4-2023.3 consolidated	2023.4-2024.3 consolidated
Water discharged 	Total Water discharged		thousand m³	663,918	681,685	356,426	★ 311,558
	Emissions by water discharge destination	Fresh surface water	thousand m³	40,969	33,261	31,024	29,966
		Brackish surface water/Seawater	thousand m³	620,720	645,939	323,010	279,725
		Groundwater	thousand m³	N/A	N/A	N/A	N/A
		Third-party dischargers	thousand m³	2,229	2,485	2,393	1,867
Total consumption*			thousand m³	4,068	5,998	-1,127	-2,413

* Water consumption in the fiscal year ended March 2023 and 2024 is negative due to the normal calculation method. This is because the amount of wastewater discharged from the mine wastewater treatment exceeded the actual water consumption. This situation is part of our sustainable resource management and is a unique case that cannot be expressed using the normal calculation method.

(2) Output				Unit	2020.4-2021.3 Non-consolidated	2021.4-2022.3 Non-consolidated	2022.4-2023.3 consolidated	2023.4-2024.3 Non-consolidated
Emissions into the air 	SOx			tons	1,084	786	2,682	★1,741
	NOx			tons	10,560	10,756	867	★700
	Soot and dust			tons	197	142	165	★107
Emissions into water 	BOD			tons	46	31	283	★192
	COD			tons	24	27	316	★276
	Nitrogen			tons	139	159	287	★216
	Phosphorus			tons	0	0	6	6
Volume of industrial waste 	Total			tons	14,982	13,970	44,830	★44,236
	Breakdown	Sent to be recycled	Hazardous	tons	1,945	1,733	2,926	2,508
			Non-hazardous	tons	8,335	6,553	20,263	22,360
		Sent to landfill	Hazardous	tons	180	207	4,449	4,508
			Non-hazardous	tons	4,522	5,477	17,192	14,860
Chemicals released and transferred 	Amount released into		Atmosphere	tons	48	47	39	38
			Public waters	tons	27	31	93	141
			Soil	tons	0	0	0	0
			Landfills	tons	0	0	50	130
	Amount transferred to		Sewers	tons	0	0	1	1
			Waste	tons	48	42	185	156

(3) Spending on environmental preservation			Unit	2020.4-2021.3 Non-consolidated	2021.4-2022.3 Non-consolidated	2022.4-2023.3 consolidated	2023.4-2024.3 Non-consolidated
Investment 	Business area costs		millions of yen	2,500	4,848	14,556	4,449
		Pollution prevention costs	millions of yen	1,404	4,089	2,500	3,022
		Global environmental conservation costs	millions of yen	813	641	11,808	1,130
		Resource recycling costs	millions of yen	283	118	247	297
	Upstream/downstream costs		millions of yen	0	0	13	26
	Administration costs		millions of yen	58	46	68	6
	R&D costs		millions of yen	3	2	35	21
	Social activity costs		millions of yen	0	0	0	0
	Environmental remediation costs		millions of yen	14	15	5	14
Costs 	Business area costs		millions of yen	6,584	6,821	15,743	17,416
		Pollution prevention costs	millions of yen	2,867	3,426	10,101	10,916
		Global environmental conservation costs	millions of yen	326	450	475	520
		Resource recycling costs	millions of yen	3,390	2,946	5,167	5,980
	Upstream/downstream costs		millions of yen	0	0	1	17
	Administration costs		millions of yen	342	272	1,615	2,343
	R&D costs		millions of yen	22	32	53	66
	Social activity costs		millions of yen	10	13	13	16
	Environmental remediation costs		millions of yen	102	144	142	330

* 1: The data on the volume of industrial waste represent values reported in accordance with the Waste Management and Public Cleansing Act.

* 2: The data on chemicals released and transferred represent values reported under the Japanese Pollutant Release and Transfer Register (PRTR) system.

(4) Other			Unit	2020.4-2021.3 Non-consolidated	2021.4-2022.3 Non-consolidated	2022.4-2023.3 consolidated	2023.4-2024.3 consolidated
Number of environmental law violations			cases	0	0	0	0

				2020.4-2021.3	2021.4-2022.3	2022.4-2023.3	2023.4-2024.3	
Human capital	Number of employees (non-consolidated) 	Men	Non-consolidated	5,432	5,455	4,734	4,582	
		Women		721	753	716	826	
		Total		6,153	6,208	5,450	★5,408	
	Percentage of female employees		Non-consolidated	11.7%	12.1%	13.1%	★15.3%	
	Employee Numbers According to Location 	Total	Consolidated	27,162	23,711	18,576	★18,323	
		Breakdown		Japan	16,414	13,290	11,436	11,373
				North America	3,784	3,693	744	760
				South America	35	42	47	60
				Oceania	11	10	12	12
				Europe	1,175	1,201	1,182	1,227
				East Asia	771	772	754	687
				Southeast Asia	4,972	4,703	4,401	4,204
				(Breakdown) By gender	Men	—※1	—※1	14,373
		Women			—※1	—※1	4,203	4,125
		Percentage of non-full-time employees*2		Total	Non-consolidated	—※3	—※3	8.7%
		Percentage of employees holding rights of collective bargaining 		Total	Non-consolidated	75.0%	74.6%	73.7%
	Number of recruits 	Men	Non-consolidated	252	268	199	224	
				Women	52	58	44	64
				Total	304	326	243	288
		New graduates	Non-consolidated	172	174	131	125	
				Women	44	44	36	46
				Total	216	218	167	171
		Experienced person	Non-consolidated	80	94	68	99	
				Women	8	14	8	18
				Total	88	108	76	117
		Average duration of service	Non-consolidated	18.0years	18.2years	18.4years	18.7years	
				Women	14.4years	14.1years	14.1years	14.0years
				Total	17.6years	17.7years	17.8years	18.2years
	Average age (Union member)		Non-consolidated	41.8years	42.0years	42.2years	42.6years	
	Percentage of employees with disabilities		Non-consolidated	2.4%	2.3%	2.3%	★2.5%	
	Percentage of women in management positions 		Non-consolidated	2.1%	2.5%	2.5%	3.2%	
	Number of employees taking maternity leave 		Non-consolidated	25	23	16	★17	
	Number of employees taking caregiving leave 	Men	Non-consolidated	3	3	2	2	
		Women		1	2	0	2	
		Total		4	5	2	★4	
	Number of employees taking childcare leave 	Men	Non-consolidated	27	56	84	83	
		Women		24	20	19	16	
		Total		51	76	103	★99	
	Percentage of employees who returned to work after childcare leave		Non-consolidated	100.0%	100.0%	100.0%	100.0%	
	Employee turnover*1*2		Non-consolidated	3.8%	2.9%	2.9%	3.1%	
	Percentage of employees who left the company for their own reasons 	Men	Non-consolidated	1.5%	2.2%	2.5%	2.8%	
		Women		1.7%	3.1%	2.2%	4.1%	
		Total		1.5%	2.3%	2.5%	★3.0%	
		By age		50 years and over	0.5%	1.3%	1.0%	1.4%
				30-49 years	1.2%	1.7%	2.2%	2.9%
				Under 30 years	3.9%	5.1%	5.6%	5.6%
		Differences in pay between men and women*6		All workers	Non-consolidated	-	-	61.8%
	Permanent workers		-	-		65.3%	62.8%	
	Part-time and fixed-term workers		-	-		50.3%	56.8%	
	Engagement survey (percentage of positive responses to all questions).		Non-consolidated	-	-	71%	73%	
	Education*7 	Number of Participants in Compliances Education and Position-specific education Program (Aggregated)	Group companies	20,989	19,400	21,214	★49,547	
			Consolidated	-	-	198,567h	★260,891h	
		Annual total hours of training (Aggregated)	Non-consolidated	91,178h	151,000h	118,565h	★106,630h	

Closed mines	Number of closed mines managed by Mitsubishi Materials Group 	Group companies	21	21	21	20
	Number of closed mines made publicly accessible as cultural assets by Mitsubishi Materials Group 	Group companies	4	4	4	4
Community	Spending on social contribution  (excluding political donations)	Non-consolidated	¥436 million	¥443 million	¥405 million	¥221 million

*1 Beginning with FYE March 2023, a breakdown of all employees (consolidated) by gender is disclosed.

*2 Calculated based on the input classification in the internal personnel data. Part-time and part-time employees are not included.

*3 Beginning with FYE March 2023, the percentage of non-permanent employees in the total number of employees (consolidated) is disclosed.

*4 The number of regular employees who left the company in the fiscal year ended March 2024 (those who left the company because they reached the mandatory retirement age, those who left the company because of the expiration of the period of absence, and those who left the company voluntarily)/ The number of regular employees at FYE March 2023.

*5 In April 2021, the existing mandatory retirement age was raised from 60 to 65 years old.

*6 Calculations are based on the Act on Promotion of Women's Participation and Advancement in the Workplace. Although there is a difference in wages between men and women due to the difference in the ratio of management positions, there is no difference in the wage system or structure between men and women.

In addition, the wage difference between men and women when compared among regular employees divided into management positions and union members is 81.8% for management positions and 84.5% for union members.

*7 Number of Group companies to which employees receiving education and training belonged: 70 in FYE March 2019, 67 in FYE March 2020, 62 in FYE March 2021, 53 in FYE March 2022, and 38 in FYE March 2023, 74 in FYE March 2024. From FYE March 2022, the number of participants in education and training includes non-regular employees as well as regular employees.

			2020.1- 2020.12	2021.1- 2021.12	2022.1- 2022.12	2023.1- 2023.12
Human Capital	Average overtime hours (Union member) 	Non-consolidated	14.2h	17.1h	17.8h	14.0h
	Percentage of paid leave taken (Union member) 	Non-consolidated	79.5%	81.1%	87.3%	★83.9%
Safety	Occupational accident frequency rate  *	TRIFR	2.03	1.68	2.30	★2.88
		LTIFR	0.51	0.21	0.38	★0.85
	Number of occupational accidents* 	Non-consolidated	28cases	24cases	30cases	34cases

* Occupational accidents frequency rate and incident rate do not include accidents during commuting or minor injuries.

Governance

			July 1, 2020	July 1, 2021	July 1, 2022	July 1, 2023
Corporate governance*	Number of Directors	Non-consolidated	10	10	10	11
	Number of Outside Directors	Non-consolidated	6	6	7	7
	Number of female Directors	Non-consolidated	1	1	2	2
	Percentage of female Directors	Non-consolidated	10.0%	10.0%	20.0%	18.2%
	Remuneration for Directors (total)	Non-consolidated	¥245 million	¥235 million	¥219 million	¥214 million

* As of the close of the General Meeting of Shareholders for the year in question.

				2020.4-2021.3	2021.4-2022.3	2022.4-2023.3	2023.4-2024.3
Amount of donations to political groups			Non-consolidated	633thousand yen	571thousand yen	340thousand yen	280thousand yen
	Number of reports and inquiries received through the in-house reporting system		Non-consolidated & Group companies	54cases	47cases	65cases	63cases
In-house reporting 	Breakdown	Number of reports on compliance	Non-consolidated & Group companies	-*1	-*1	28cases	38cases
		Number of reports on corruption	Non-consolidated & Group companies	-*1	-*1	0cases	0cases
		Number of violations related to corruption	Non-consolidated & Group companies	-*1	-*1	0cases	0cases
		Number of harassment reports	Non-consolidated & Group companies	-*1	-*1	16cases	29cases
		Number of harassment certifications	Non-consolidated & Group companies	-*1	-*1	4cases	1cases

		Fiscal Year Ended March 2021	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023	Fiscal Year Ended March 2024
Amount of Tax Payment	Total	-*2	¥16,350 million	¥18,995 million	¥11,564 million
	Japan	-*2	¥7,345 million	¥10,847 million	¥2,414 million
	United States	-*2	¥793 million	¥986 million	¥940 million
	Europe	-*2	¥5,735 million	¥2,433 million	¥3,857 million
	Asia	-*2	¥2,090 million	¥4,729 million	¥4,345 million
	Other areas	-*2	¥387 million	0	¥8 million
	Related party transactions eliminated	-*2	0	0	0

*1 Starting from FYE March 2022, the Company discloses a breakdown of the number of consultations with the in-house reporting system.

*2 Beginning with FYE March 2022, the calculation of country-by-country Reporting Items is based on the consolidated financial statements.

Sustainable Financing

Mitsubishi Materials Corporation (MMC) establishes the Transition-Linked Finance Framework (the framework) to promote our efforts to achieve carbon neutrality.

Transition-Linked Finance is a bond or loan with an unrestricted use of proceeds, in which a Company has developed a long-term strategy to achieve a decarbonized society, sets targets in line with its transition strategy, and may change its financial and/or structural characteristics depending on the degree of achievement of targets.

Based on the framework, we execute the Transition-Linked Bond and Transition-Linked Loan.

We have obtained a second-party opinion from Japan Credit Rating Agency, Ltd. (JCR), which is an independent external institution on the framework's conformance.

 [Transition-Linked Finance Framework \(2,451KB\)](#)

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

▶ [Third Party Opinion from Japan Credit Rating Agency, Ltd.](#) 

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

Background of the Transition-Linked Finance Execution

The Group has set out its GHG emissions reduction targets (Scope 1 + Scope 2) of 47% reduction compared to the fiscal year ended March 2021 level by the fiscal year ending March 2031, excluding GHG emissions from resource recycling efforts. We also aim to achieve carbon neutrality including GHG emissions from resource recycling efforts by the fiscal year ending March 2046. To achieve carbon neutrality by the fiscal year ending March 2046, we have set a target to achieve a 100% renewable energy usage rate for electricity by the fiscal year ending March 2036.

In order to raise the necessary funds to achieve the goals and promote our efforts to achieve carbon neutrality, we have issued the Transition-Linked Bond and have executed Transition-Linked Loan.

38th unsecured Bonds (limited inter-bond pari passu clause) (Transition-Linked Bonds)

Tenor	5 years
Issue Amount	¥20 billion
Amount of Each Bonds	¥100 million
Issue Price	¥100 per face value of ¥100
Coupon	0.863% per annum
Pricing Date	November 22, 2023
Issue Date	November 29, 2023
Maturity Date	November 29, 2028
Interest Payment Date	29th each of May and November annually
Credit Rating	A- (Japan Credit Rating Agency, Ltd. (JCR))
KPI	Renewable energy utilization rate ^{*1}
SPT^{*2}	Achieve 30% renewable energy utilization rate by FYE March 2026 Determination date: At the end of August 2026
Lead Managers	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. / Mizuho Securities Co., Ltd. / Nomura Securities Co., Ltd. / Daiwa Securities Co. Ltd.
Structuring Agent	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Trustee	MUFG Bank, Ltd.

39th unsecured Bonds (limited inter-bond pari passu clause) (Transition-Linked Bonds)

Tenor	5 years
Issue Amount	¥15 billion
Amount of Each Bonds	¥100 million
Issue Price	¥100 per face value of ¥100
Coupon	0.856% per annum
Pricing Date	April 18, 2024
Issue Date	April 24, 2024
Maturity Date	April 24, 2029
Interest Payment Date	24th each of April and October annually
Credit Rating	A- (Rating and Investment Information, Inc. (R&I))
KPI	Renewable energy utilization rate ^{*1}
SPT^{*2}	Achieve 30% renewable energy utilization rate by FYE March 2026 Determination date: At the end of August 2026
Lead Managers	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. / Mizuho Securities Co., Ltd. / Nomura Securities Co., Ltd. / Daiwa Securities Co. Ltd.
Structuring Agent	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Trustee	MUFG Bank, Ltd.

*1 Ratio of renewable electricity purchased by MMC (including electricity procured by other companies) divided by total electricity purchased

*2 Sustainability Performance Target. Set targets to be achieved with respect to key performance indicators (KPIs)

Transition-Linked Loan

Loan Amount	¥20 billion
Execution Date	February 13, 2024
KPI	GHG emission reduction rate for Scope 1 and Scope 2
SPT	47% reduction of Scope 1 and 2 GHG emissions by FYE March 2031 (Base year: FYE March 2021) (Excluding GHG emissions from resource recycling efforts) *3
Arranger	MUFG Bank, Ltd.
Co-arranger	Mizuho Bank, Ltd.
Lender	MUFG Bank, Ltd. / Mizuho Bank, Ltd. / Development Bank of Japan Inc. / The Norinchukin Bank / The Hachijuni Bank, Ltd. / The Chiba Bank, Ltd. / THE TOHO BANK, LTD.
Structuring Agent	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Loan Characteristics	An interest subsidy of up to 0.2% will be granted by the government if the SPT is achieved

*3 Based on the METI's performance-linked interest subsidies program, multiple SPTs have been set over the loan period.

Reporting

The following table shows the actual performance of the KPIs and the achievement of the SPTs. In addition, for the fiscal year ended March 2024 results, a third-party assurance has been obtained from Sustainability Accounting Co., Ltd.

	FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024
Percentage of electricity from renewable energy sources	0%	2%	4%	★ 17%
Total GHG emissions in Scope1 and Scope2	935 thousand t-CO ₂ e	949 thousand t-CO ₂ e	902 thousand t-CO ₂ e	★ 887 thousand t-CO ₂ e
GHG emission reduction rate in Scope1 and Scope2 (Base year: FYE March 2021)	—	-1%	3%	5%

▶ [Third Party Assurance by Sustainability Accounting Co., Ltd.](#) 

For information on our latest sustainability strategy, please refer to the below.

▶ [Sustainability Report 2024](#) 

Evaluation by External Organizations, Status of Participation in Initiatives

Status of Indexes

■ MSCI ESG LEADERS INDEXES

Created by MSCI Japan, the index is developed by selecting companies demonstrating outstanding ESG activities within each industry. Our Company has been a constituent since June 2023.



(Click to check MSCI official website)

■ MSCI Nihonkabu ESG Select Leaders Index

An Index is composed of companies that excel in ESG evaluations, with a target of 50% of stocks in the Global Industry Classification Standard (GICS®) industry classification, which are selected from the MSCI Nihonkabu IMI Index components. Our Company has been selected as a component of the index since December 2023.

2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

(Click to check related information)

■ MSCI Japan ESG Select Leaders Index

An index of companies that are carrying out outstanding ESG activities, which are selected from the MSCI Japan IMI Top 500 Index. Our Company has been selected as a component of the index since July 2017.

2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

(Click to check related information)

■ MSCI Japan Empowering Women Index ("WIN")

An index of companies that are more gender diversified than others in their industries, which are selected from an index of the top 500 Japanese stocks by market capitalization. Our Company has been selected as a component of the index since July 2017.

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

(Click to check related information)

* The Government Pension Investment Fund (GPIF), which manages and operates employee pension and national pension deposits, links its operations to ESG indexes of Japanese stocks in order to make investments that consider Environment, Social and Governance (ESG) factors. The MSCI Japan ESG Select Leaders Index and MSCI Japan Empowering Women Index ("WIN") have both been selected as ESG indexes by the GPIF.

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■ FTSE4Good Index Series

An index created by FTSE Russell, a global index provider, with an index composed of companies with transparent ESG performance. Our Company has been selected as a component of the index since June 2024.



(Click to check related information)

■ FTSE Blossom Japan Index

An index reflected the performance of Japanese companies with high ESG ratings. Our Company has been selected as a component of the index since June 2024.

To promote the transition to a low-carbon economy, companies with particularly high greenhouse gas emissions are included only if their improvement efforts are positively evaluated using the TPI Management Quality Score. In addition, the FTSE Blossom Japan Sector Relative Index has been adopted as an ESG passive management benchmark for the Government Pension Investment Fund (GPIF).



(Click to check related information)

■ FTSE Blossom Japan Sector Relative Index

An index created by FTSE Russell that reflects the performance of Japanese companies demonstrating outstanding ESG practices in their respective sectors and is designed to be sector neutral. Our Company has been selected as a component of the index since March 2022.



(Click to check related information)

* FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby verifies that Mitsubishi Materials Corporation has met the entry requirements for the FTSE Blossom Japan Sector Relative Index as a result of a third-party investigation. The FTSE Blossom Japan Sector Relative Index is widely used for creation and evaluation of sustainable investment funds and other financial instruments.

■ ECPI

ECPI is an investment management consulting firm based in Luxembourg and Milan that specializes in sustainable investments. Comprising multiple ESG indexes arranged by industry, region and theme, ECPI maintains indexes for each industry, region and theme made up of global companies that have met certain standards in their ESG-related activities. Our Company has been selected as a component of the index since December 2018.



■ Sompo Sustainability index

Every year, approximately 300 companies with excellent environmental, social, and governance (ESG) practices are selected as constituents of the index by SOMPO Asset Management Co., Ltd. Our Company has been a constituent since June 2023.



■ S&P/JPX Carbon Efficient Index

An index built by S&P Dow Jones Indices based on carbon emission data. The weights of constituent stocks are determined according to the information disclosure status regarding carbon emissions per sales and GHG (greenhouse gas) emissions in each industry group of the Global Industry Classification Standard (GICS®).



(Click to check related information)

■ Morningstar Japan ex-REIT Gender Diversity Tilt Index(GenDi J)

The Morningstar Japan ex-REIT Gender Diversity Tilt Index is a gender diversity index launched in March 2023 by the Government Pension Investment Fund. Each component is classified into five groups according to the status of its initiatives, and the weight of each component is determined by a coefficient set for each group. Our Company has been selected as Group 2.

▶ [Morningstar Home Page](#)

(Click to check related information) 

■ CDP

CDP is a non-profit organization based in London, UK, and operates an international framework project to require top market capitalization companies to disclose their strategies and data on “Climate Change” and “Water Security” collaborating with institutional investors. On an 8-step scoring from A to D-, in the fiscal year ended March 2024, we have achieved an "A-" in the CDP Water Security assessment and CDP Climate Change assessment. We have also been recognized as the "Supplier Engagement Leader" in CDP 2023 Supplier Engagement Rating.



(Click to check related information)

■ MSCI ESG Ratings

The MSCI ESG Ratings examine and analyze companies' Environmental, Social, and Governance-related initiatives and rate them on a seven-point scale from the highest rank of AAA to CCC, and are regarded as a global benchmark for ESG investment. Our Company's rating is "AA".(as of December 2022)



(Click to check related information)

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■ The Ministry of the Environment's ESG Finance Awards Japan Environment Sustainable Category

The ESG Finance Awards Japan is an award established by the Ministry of the Environment in the fiscal year ended March 2020 which is intended for promoting and expanding ESG financing, commends advanced initiatives taken by institutional investors, financial institutions, intermediaries, companies, and other organizations that have made an impact on society by actively engaging in ESG financing or environmental and social work.

The Environment Sustainable Category is designed to show investors and companies specific examples of companies that incorporate responses to key opportunities and risks related to environment into their management strategies to produce positive environmental effects while increasing corporate value.

In February 2024, our Company received the "Silver Prize" at the Minister of the Environment's 5th (fiscal year ended March 2024) ESG Finance Award Japan "Environment Sustainable Company."

We have been applying for this award since the fourth year (fiscal year ended March 2023) and, also have been continuously selected as an "Environment Sustainable Company" as a company that meets certain standards in terms of the level of disclosure.



(Click to check the Ministry of the Environment official website)

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

■ Health Management Excellence Corporation

The Ministry of Economy, Trade and Industry is designing a system to promote the spread of health management, the 'Excellent Health Management Corporation Certification System.'

We have been accredited by the Japan Health Council as a 'Health Management Excellence Corporation (Large Corporate Sector)' since March 2022, and 'Health Management Excellence Corporation White 500' since March 2024.



(Click to check the Ministry of Economy, Trade and Industry official website)

■ Human Capital Management Quality

"Human Capital Survey" is intended to examine the status of efforts by companies and organizations regarding human capital management and disclosure initiatives. The results of the survey are quantitatively analyzed, and those companies that are recognized for their high level of implementation are awarded. Since 2022, the survey has been conducted jointly by the HR Technology Consortium, HR Research Institute, MS&AD InterRisk Research & Consulting, Inc.

Our Company was selected as a "Human Capital Management Quality 2023 (Silver)" in the "Human Capital Survey 2023".



(Click to check Human Capital Survey official website)

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

■ PRIDE INDEX

It is an indicator for the evaluation of a company's commitment to LGBTQ+ and other sexual minorities that developed in 2016 by "work with Pride", a voluntary organization. Our Company has received a "Bronze" award in November 2022 and a "Silver" award in November 2023.



(Click to check Work With Pride official website)

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

■ Kurumin

Certification as a childcare support company is granted by the Minister of Health, Labour and Welfare to companies that have achieved their targets and met certain criteria for the General Employer Action Plan for balancing work and childcare for workers, which was formulated in accordance with the Law on Measures to Support the Development of the Next Generation. Our Company has been accredited since October 2015.



(Click to the Ministry of Health, Labour and Welfare official website)

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

■ Eruboshi

Under the Law on the Promotion of Women's Activities, companies that have developed and submitted a general employer action plan and meet certain criteria can be accredited by the Minister of Health, Labour and Welfare. Our Company has been accredited since May 2016.



(Click to check the Ministry of Health, Labour and Welfare official website)

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

■ Sports Yell Company

This certification system was established by the Japan Sports Agency with the aim of improving the rate of business people taking part in sports, as well as improving the social reputation of companies that consider and strategically address the health management of their employees. Our Company has been certified since March 2023.



(Click to check the Japan Sports Agency official website)

■ DX-certified operators

Based on the Law on the Promotion of Information Processing, this is a system under which the government certifies operators that are ready to promote DX and comply with the basic requirements of the Digital Governance Code set out by the Ministry of Economy, Trade and Industry. Our Company has been accredited since January 2022.



(Click to check related information)

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

■ Noteworthy DX Companies 2023

This system selects and introduces companies listed on the Tokyo Stock Exchange that have established in-house mechanisms to promote DX that lead to increased corporate value and have achieved excellent results in the use of digital technology. Our Company has been selected since June 2023.



(Click to check the Ministry of Economy, Trade and Industry official website)

■ Keidanren Committee on Nature Conservation

The organization was established in 1992, when the Earth Summit (UN Conference on Environment and Development) in Rio de Janeiro was held, to put the ideas of the Keidanren Global Environmental Charter into practice in the field of nature conservation. Through the Keidanren Nature Conservation Fund, the Company supports NGO nature conservation projects, interacts with NGOs, educates, informs and disseminates information to companies and develops various activities, including making proposals on international biodiversity targets and domestic policies.



(Click to check Keidanren Committee on Nature Conservation official website)

■ Healthy Company Declaration Gold Certification

A system in which a company is certified as an Excellent Health Company by health company declaration Tokyo promotion meeting, when the Company has made a declaration to work on health promotion on a Company-wide basis and has achieved a certain level of success. Entrant companies will apply to the Silver Certification (Step 1), and the certified companies can apply to the Gold Certification (Step 2). Our Company has been certified since September 2023.



(Click to check Tokyo Promotion Council for the National Federation of Health Insurance Societies)

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

■ Tokyo Sports Promotion Company

Tokyo metropolitan government certification of companies to promote sports activities for employees and engage in supporting sports as "Tokyo Sports Promotion Company" every year. Our Company has been certified since December 2023.



(Click to check Sports Tokyo Information website)

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

■ Climate-related Financial Disclosure Task Force and TCFD Consortium

The TCFD Consortium is made up of companies and financial institutions that support the recommendations of the Climate-related Financial Disclosure Task Force established by the Financial Stability Board and also endorse the recommendations of the Task Force. Our Company has been a participant since March 2020.



(Click to check TCFD official website)

■ 30by30 Alliance for Biodiversity

The 30by30 Alliance for Biodiversity is a voluntary alliance established to achieve the Nature Positive international target of halting and restoring biodiversity loss by 2030. In addition to expanding protected areas such as national parks, Japan has set aside areas that contribute to biodiversity conservation, such as corporate forests outside protected areas, as OECMs (Other Effective Area-based Conservation Measures). The Company was registered as a participating company in April 2022.



(Click to check related information)

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

■ United Nations Global Compact

It is a voluntary initiative in which each company and organization acts as a good member of society by exercising responsible and creative leadership and participates in the creation of a global framework for sustainable growth. The Company signed the United Nations Global Compact and was registered as a participating company as of March 22, 2022. In addition, it has joined the Global Compact Network Japan, the UNGC's local network in Japan.



(Click to check related information)

■ METI's GX League Basic Concept

Guidelines established as a forum for discussion of the transformation of the entire economic and social system as a whole and for the creation of new markets, together with government, universities, public research institutions, financial institutions, and other players taking up the challenge of GX as a single entity. Our Company has endorsed this program since April 2022.

▶ [METI's GX League Basic Concept \(Click to check METI official website\)](#) 

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

■ KEIDANREN "Challenge Zero"

This is a new initiative in which Nippon Keidanren (Japan Business Federation), in cooperation with the Japanese government, will strongly promote and encourage innovative actions by companies and organizations in Japan and abroad toward the realization of a "decarbonized society," which is the long-term goal of the Paris Agreement, an international framework to combat climate change. Our Company have been participating in this initiative since June 2020.

▶ [KEIDANREN "Challenge Zero" \(Click to check KEIDANREN "Challenge Zero" official website\)](#) 

■ G20 EMPOWER

A private sector alliance to increase the number of women who play a vital role in the economic and business field and achieve their empowerment. It is an organization agreed to at the G20 Osaka summit in 2019 and launched in earnest in 2020.



(Click to check G20 EMPOWER official website)

■ Partnership Building Declaration

This is a declaration in the name of the representative of the Company that the company agrees with the purpose of the "Conference on Promoting Partnership Building for the Future," whose members include the Chairman of Keidanren, the President of Japan Chamber of Commerce and Industry, the President of Japanese Trade Union Confederation, and relevant ministers, and that the Company will build new partnerships by promoting cooperation, coexistence and co-prosperity with supply chain business partners and value-creating businesses.



(Click to check Partnership Building Declaration)

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

■ Business for Marriage Equality

A campaign jointly run by the Public Interest Association of Marriage For All Japan - Freedom Of Marriage For All, the Lawyers for LGBT & Allies Network, and the NPO Nijiirō Diversity, to make visualize companies that support marriage equality (legislation of same-sex marriage) in Japan.



(Click to check Business for Marriage Equality official website)

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

■ Nationally Certified Sustainably Managed Natural Sites by the Ministry of the Environment

“Nationally Certified Sustainably Managed Natural Sites” are areas where biodiversity is being conserved through the efforts of the private sector, etc., and are certified by the national government.

The certified areas are registered in the international database as “OECM (Other Effective Area-based Conservation Measures)”, excluding overlaps with protected areas. “Teine Forest, one of the Materials’ Forests”, a company-owned forest, has been certified since October 2023.



(Click to check Ministry of the Environment official website)

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

Universal Standard

GRI Standard	Indicator		Contents	Sustainability Report 2024
GRI 2: General Disclosures 2021	1. The organization and its reporting practices			
	2-1	Organizational details	Corporate Profile	
	2-2	Entities included in the organization's sustainability reporting	Corporate Profile	
	2-3	Reporting period, frequency and contact point	Editorial Policy	P12
	2-4	Restatements of information	Editorial Policy	P12
	2-5	External assurance	Independent Assurance Statement	P267
	2. Activities and workers			
	2-6	Activities, value chain and other business relationships	Products & Business	
	2-7	Employees	Enhancing Talent Retention and Development	P95
	2-8	Workers who are not employees		
	3. Governance			
	2-9	Governance structure and composition	Enhancement of Corporate Governance Corporate Governance Report	P171
	2-10	Nomination and selection of the highest governance body	Enhancement of Corporate Governance Corporate Governance Report	P171
	2-11	Chair of the highest governance body	Enhancement of Corporate Governance Corporate Governance Report	P171
	2-12	Role of the highest governance body in overseeing the management of impacts	Enhancement of Corporate Governance Corporate Governance Report	P171
	2-13	Delegation of responsibility for managing impacts	Positioning of Sustainability in the Group	P14
	2-14	Role of the highest governance body in sustainability reporting	Positioning of Sustainability in the Group	P14
	2-15	Conflicts of interest	Reinforcing Compliance	P152
	2-16	Communication of critical concerns	Positioning of Sustainability in the Group	P14
	2-17	Collective knowledge of the highest governance body	Enhancement of Corporate Governance Corporate Governance Report	P171
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report	
	2-19	Remuneration policies	Enhancement of Corporate Governance Corporate Governance Report	P171
	2-20	Process to determine remuneration	Enhancement of Corporate Governance Corporate Governance Report	P171
	2-21	Annual total compensation ratio	Enhancement of Corporate Governance Corporate Governance Report	P171
	4. Strategy, policies and practices			
	2-22	Statement on sustainable development strategy	Top Message 	
	2-23	Policy commitments	Corporate Philosophy	
	2-24	Embedding policy commitments	Positioning of Sustainability in the Group	P14
	2-25	Processes to remediate negative impacts	Respect for Individuals and Fundamental Human Rights Reinforcing compliance Corporate Governance Report	P14
	2-26	Mechanisms for seeking advice and raising concerns	Contact us Reinforcing Compliance	P152
	2-27	Compliance with laws and regulations	Reinforcing Compliance	P152
	2-28	Membership associations	Enhancement of Engagement with Stakeholders	P111
	5. Stakeholder engagement			
	2-29	Approach to stakeholder engagement	Enhancement of Engagement with Stakeholders	P111
	2-30	Collective bargaining agreements	Enhancement of Engagement with Stakeholders	P111

GRI Standard	Indicator		Contents	Sustainability Report 2024
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Initiatives on Material Issues	P17
	3-2	List of material topics	Contents	P1
	3-3	Management of material topics	Initiatives on Material Issues	P17

200: Economic

GRI Standard	Indicator		Contents	Sustainability Report 2024
201: Economic Performance	201-1	Direct economic value generated and distributed	Enhancement of Engagement with Stakeholders	P111
	201-2	Financial implications and other risks and opportunities due to climate change	Strengthening Initiatives to Achieve Carbon Neutrality	P30
	201-3	Defined benefit plan obligations and other retirement plans	Enhancement of Engagement with Stakeholders	P111
	201-4	Financial assistance received from government	Enhancement of Engagement with Stakeholders	P111
202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		
	202-2	Proportion of senior management hired from the local community	Enhancing Talent Retention and Development	P95
203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Promotion of Dialogue and Coexistence with Local Communities Preventing Leakage of Harmful Substances Outside the Site and Eliminating Environmental Law Violations	P125 P188
	203-2	Significant indirect economic impacts	Enhancement of Engagement with Stakeholders	P111
204: Procurement Practices	204-1	Proportion of spending on local suppliers		
205: Anti-corruption	205-1	Operations assessed for risks related to corruption		
	205-2	Communication and training about anti-corruption policies and procedures	Reinforcing Compliance	P152
	205-3	Confirmed incidents of corruption and actions taken	Sustainability Data List (Non-Consolidated and Consolidated)	P242
206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainability Data List (Non-Consolidated and Consolidated)	P242
207: Tax	207-1	Approach to tax	Group Tax Policy	P169
	207-2	Tax governance, control, and risk management	Group Tax Policy	P169
	207-3	Stakeholder engagement and management of concerns related to tax	Group Tax Policy	P169
	207-4	Country-by-country reporting	Group Tax Policy	P169

300: Environment

GRI Standard	Indicator		Contents	Sustainability Report 2024
301: Materials	301-1	Materials used by weight or volume	Reducing Environmental Impact Developing and Providing Recyclable Products Sustainability Data List (Non-Consolidated and Consolidated)	P78 P27 P242
	301-2	Recycled input materials used	Reducing Environmental Impact Developing and Providing Recyclable Products Promotion of Resource Recycling Design through Advanced Recycling Technology	P78 P27 P20
	301-3	Reclaimed products and their packaging materials	Developing and Providing Recyclable Products	P27

302: Energy	302-1	Energy consumption within the organization	Reducing Environmental Impact	P78
	302-2	Energy consumption outside of the organization	Strengthening Initiatives to Achieve Carbon Neutrality	P30
	302-3	Energy intensity	Strengthening Initiatives to Achieve Carbon Neutrality	P30
	302-4	Reduction of energy consumption	Strengthening Initiatives to Achieve Carbon Neutrality	P30
	302-5	Reductions in energy requirements of products and services	Strengthening Initiatives to Achieve Carbon Neutrality	P30
303: Water and Effluents	303-1	Interactions with water as a shared resource	Strengthening Initiatives to Achieve Carbon Neutrality	P30
	303-2	Management of water discharge-related impacts	Reducing Environmental Impact	P78
	303-3	Water withdrawal	Reducing Environmental Impact	P78
	303-4	Water discharge	Reducing Environmental Impact	P78
	303-5	Water consumption	Reducing Environmental Impact	P78
304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Retention	P63
	304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity Retention	P63
	304-3	Habitats protected or restored	Biodiversity Retention	P63
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity Retention	P63
	MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	This item does not apply because there is no mine where we have management rights	
	MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	Biodiversity Retention	P63
305: Emissions	305-1	Direct (Scope 1) GHG emissions	Strengthening Initiatives to Achieve Carbon Neutrality Sustainability Data List (Non-Consolidated and Consolidated)	P30 P242
	305-2	Energy indirect (Scope 2) GHG emissions	Strengthening Initiatives to Achieve Carbon Neutrality Sustainability Data List (Non-Consolidated and Consolidated)	P30 P242
	305-3	Other indirect (Scope 3) GHG emissions	Strengthening Initiatives to Achieve Carbon Neutrality Sustainability Data List (Non-Consolidated and Consolidated)	P30 P242
	305-4	GHG emissions intensity	Strengthening Initiatives to Achieve Carbon Neutrality	P30
	305-5	Reduction of GHG emissions	Strengthening Initiatives to Achieve Carbon Neutrality	P30
	305-6	Emissions of ozone-depleting substances (ODS)		
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Reducing Environmental Impact	P78
306: Waste	306-1	Waste generation and significant waste-related impacts	Reducing Environmental Impact	P78
	306-2	Management of significant waste-related impacts	Reducing Environmental Impact Developing and Providing Recyclable Products	P78 P27
	306-3	Waste generated	Reducing Environmental Impact	P78
	306-4	Waste diverted from disposal	Reducing Environmental Impact	P78
	306-5	Waste directed to disposal	Reducing Environmental Impact	P78
	MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	This item does not apply because there is no mine where we have management rights	
308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Consideration of Human Rights in the Supply Chain	P208
	308-2	Negative environmental impacts in the supply chain and actions taken	Consideration of Human Rights in the Supply Chain	P208

GRI Standard	Indicator		Contents	Sustainability Report 2024
401: Employment	401-1	New employee hires and employee turnover	Enhancing Talent Retention and Development	P95
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		
	401-3	Parental leave	Promotion of Flexible Work Styles	P103
402: Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	Promotion of Flexible Work Styles	P103
403: Occupational Health and Safety	403-1	Occupational health and safety management system	Preventing Occupational Accidents	P136
	403-2	Hazard identification, risk assessment, and incident investigation	Preventing Occupational Accidents	P136
	403-3	Occupational health services	Preventing Occupational Accidents	P136
	403-4	Worker participation, consultation, and communication on occupational health and safety	Preventing Occupational Accidents	P136
	403-5	Worker training on occupational health and safety	Preventing Occupational Accidents	P136
	403-6	Promotion of worker health	Preventing Occupational Accidents	P136
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Preventing Occupational Accidents	P136
	403-8	Workers covered by an occupational health and safety management system	Preventing Occupational Accidents	P136
	403-9	Work-related injuries	Preventing Occupational Accidents	P136
	403-10	Work-related ill health		
404: Training and Education	404-1	Average hours of training per year per employee	Enhancing Talent Retention and Development	P95
	404-2	Programs for upgrading employee skills and transition assistance programs	Enhancing Talent Retention and Development	P95
	404-3	Percentage of employees receiving regular performance and career development reviews		
405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Corporate Governance Report Promotion of DE&I (Diversity, Equity & Inclusion)	P98
	405-2	Ratio of basic salary and remuneration of women to men		
406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Respect for Individuals and Fundamental Human Rights	P107
407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		
408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Diversifying Procurement of Raw Materials	P202
409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Diversifying Procurement of Raw Materials	P202
410: Security Practices	410-1	Security personnel trained in human rights policies or procedures	Consideration of Human Rights in the Supply Chain	P208
411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	There were no applicable events	
	MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities	This item does not apply because there is no mine where we have management rights	

413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Reducing Environmental Impact	P78
	413-2	Operations with significant actual and potential negative impacts on local communities	This item does not apply because there is no mine where we have management rights	
	MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	This item does not apply because there is no mine where we have management rights	
	MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	This item does not apply because there is no mine where we have management rights	
	MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	This item does not apply because there is no mine where we have management rights	
	MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	This item does not apply because there is no mine where we have management rights	
	MM10	Number and percentage of operations with closure plans	This item does not apply because there is no mine where we have management rights	
414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Consideration of Human Rights in the Supply Chain	P208
	414-2	Negative social impacts in the supply chain and actions taken	Consideration of Human Rights in the Supply Chain	P208
415: Public Policy	415-1	Political contributions	Sustainability Data List (Non-Consolidated and Consolidated)	P242
416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		
417: Marketing and Labeling	417-1	Requirements for product and service information and labeling		
	417-2	Incidents of non-compliance concerning product and service information and labeling		
	417-3	Incidents of non-compliance concerning marketing communications		
418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no applicable events	

Independent Assurance Statement

September 25, 2024

Mr. Naoki Ono
Chief Executive Officer
Mitsubishi Materials Corporation

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Mitsubishi Materials Corporation ("the Company") to provide limited assurance on the Company's Performance Indicators (covered indicators are listed in the appendix) reported on Sustainability Report 2024 (Archive Edition). The purpose of this process is to express our conclusion on whether the Performance Indicators were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the Performance Indicators. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000) and International Standard on Assurance Engagement 3410 (ISAE 3410). The key procedures we carried out included:

- Interviewing the Company's responsible personnel to understand the Company's standards
- Reviewing the Company's standards
- On-site inspection of business sites
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the Performance Indicators were calculated in accordance with the Company's standards.

3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Performance Indicators have not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.



Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.
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Tokyo, Japan

(Appendix) Lists of Performance Indicators

Environment Performance Indicators			
Themes		Results (From April 1, 2023 to March 31, 2024)	
		Non-consolidated	Consolidated*1
Energy input		6.72 PJ	20.5 PJ
Greenhouse gas emissions (Scope 1, 2, 3)	Scope1	324 thousand t-CO ₂ e	962 thousand t-CO ₂ e
	Scope2 (market-based)	221 thousand t-CO ₂	709 thousand t-CO ₂
	Scope3 (categories 1,2,3,4,5,6,7,9,10,12,15 total)	6.93 million t-CO ₂ e	10.7 million t-CO ₂ e
Scope1+Scope2 (covered by SPT*2)		—	887 thousand t-CO ₂ e
Percentage of electricity from renewable energy sources (covered by SPT*2)		—	17%
Percentage of recycled raw materials used		13.8%	13.7%
Raw material input		1.32 million t	3.78 million t
Water intake	Total water intake (including Brackish surface water/Seawater)	97.2 million m ³	309 million m ³
	Fresh water intake	9.81 million m ³	41.4 million m ³
Water discharged	Total water discharged (including discharged into the sea)	98.2 million m ³	312 million m ³
	Water discharged (excluding discharged into the sea)	9.40 million m ³	31.8 million m ³
Volume of industrial waste		8.53 thousand t	44.2 thousand t
SOx, NOx, soot and dust emissions	SOx	767 t	1.74 thousand t
	NOx	240 t	700 t
	Soot and dust	9 t	107 t
Emissions into water	BOD	125 t	192 t
	COD	23.3 t	276 t
	Nitrogen	146 t	216 t
Chemicals (subject to PRTR) released and transferred	Amount released into	44.3 t	309 t
	Amount transferred to	53.6 t	157 t
Social Performance Indicators			
Number of graduate recruitments		171	—
Number of employees taking maternity leave		17	—
Number of employees taking childcare leave		99	—
Rates of childcare leave taken by male employees		76.9 %	—
Number of employees taking caregiving leave		4	—
Percentage of employees with disabilities		2.5 %	—
Percentage of employees who left the company for their own reasons		3.0 %	—
Tier 1 process safety events (PSEs) per million hours based on CCPS definition		0 case	—
Education	Annual total hours of training (aggregated)	106,630 hours	260,891 hours
	Number of participants in compliances education and position-specific education program (aggregated)	—	49,547
Themes		Results (From January 1 to December 31, 2023)	
		Non-consolidated	Consolidated
Percentage of paid leave taken (non-consolidated union member)		83.9 %	—
Occupational accident frequency rate		Non-consolidated	Subcontractors*1
	LTIFR	0.85	0.98
	TRIFR	2.88	2.70
Themes		Results (as of March 31, 2024)	
		Non-consolidated	Consolidated*1
Number of employees (full-time equivalent)		5,408	18,323
Percentage of female employees		15.3 %	—
Themes		Results (as of April 1, 2024)	
		Non-consolidated	Consolidated*1
Percentage of women in management positions		3.4 %	—

*1 The number of companies for each theme is stated in the editorial policy of the Sustainability Report 2024 (Archive Edition)

*2 Sustainability Performance Target. Set targets to be achieved with respect to key performance indicators (KPIs)

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