

Corporate Governance Report

Last Update: April 1, 2021

Mitsubishi Materials Corporation

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<https://www.mmc.co.jp/>

The corporate governance of Mitsubishi Materials Corporation (the “Company”) is described below.

I. Basic Approach to Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Approach

We have, based on the corporate philosophy of the Group, vision, values, code of conduct, mission and the Basic Policy on Corporate Governance(*) established by the Board of Directors, developed trust with all stakeholders related to the Company and its subsidiaries (hereinafter, the "Group"), 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.

(*) 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.

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

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

We have implemented all provisions of each principle of the corporate governance code.

[Principle 1-4: Strategic share holdings]

The Company's basic policy on shares acquired for purposes other than pure investment (hereinafter, "Shares in the Form of Strategic Share Holdings") shall be as follows:

- The Company shall not acquire or hold Shares in the Form of Strategic Share Holdings unless doing so is necessary for the purpose of its 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.
- In exercising the voting rights attached to any Shares in the Form of Strategic Share Holdings, the Company will examine relevant proposals and decide whether to vote for or against it from the perspective of improving the corporate value of the Company and issuing company over the medium- to long-term viewpoint.

<Status of Sales in FY2021>

In FY2021, out of all of the Strategic Share Holdings (Listed shares held by the Company at the beginning of fiscal year: Shares issued by 60 issuing companies), we sold all or a part of the shares issued by 31 issuing companies. The sales price was approximately 62.4 billion yen (at market value) in total, which accounted for about 54% of the amount stated on the balance sheet as at the end of March 2020 (including those succeeded from Mitsubishi Shindoh Co., Ltd., which the Company acquired through an absorption-type merger, effective April 1, 2020).

(Article 7 of the Basic Policy on Corporate Governance)

[Principle 1-7: Transactions between related parties]

With respect to competitive transactions between the Company and Directors / Executive Officers and conflict-of-interest transactions between the Company and Directors / Executive Officers, the Company will conduct advance deliberations and make reports on the actual results of approved transactions (if any) at the Board of Directors Meetings, in accordance with the provisions of laws and regulations and the Board of Directors Rules. Further, any transaction between the Company and any major shareholder over a certain amount shall be deliberated at the Board of Directors Meeting in advance, in accordance with the provisions of the Board of Directors Rules.

(Article 31 of the Basic Policy on Corporate Governance)

[Principle 2-6: Fulfillment of function as corporate pension funds owner]

The Company has been developing the asset mix of pension funds based on the risk and return at different times, in order to ensure the payment of pensions in the future. Pension Committee, comprised of the Executive Officer who oversees Finance & Accounting matters and the

Executive Officer who oversees Human Resources & General Affairs matters or the Executive Officers' Meeting members as well as the personnel with knowledge and experience of fund management and human resource system planning, conduct periodic monitoring as to the investment status of the pension funds, and consider the review of the asset mix, and then the Executive Officers' Meeting determines the same after deliberation. In order to perform appropriate fund management, we conduct comprehensive evaluation and monitoring as to the institution entrusted with the investment by means of the combination of a quantitative evaluation and qualitative evaluation.

[Principle 3-1: Fulfillment of information disclosure]

(1) Management philosophy, management strategy and management plan

(a) Management philosophy

1) Corporate philosophy, etc.

Based on its corporate philosophy of “For People, Society and the Earth”, the Group’s vision is “We will become the leading business group committed to creating a sustainable society through materials innovation with use of our unique and distinctive technologies, for People, Society and the Earth”.

In order to realize such Corporate Philosophy and Vision, the Group believes that “Values” should be respected and the “Code of Conduct” should be complied with as a rule, both of which are established.

For details, please refer to our website.

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

2) Mission

The Group has established the Group mission as medium- and long term goals from FY 2031 to FY2051 to fulfill the corporate philosophy and achieve the Group’s vision.

① We aim to contribute to build a prosperous society by providing nonferrous metal materials, predominantly copper, and high value-added functional materials and products.

② Contribute to build a recycling-oriented society

We aim to contribute to build a recycling-oriented society by providing recyclable products and advanced technology-based waste recycling.

③ Contribute to build a decarbonized society

We aim to contribute to build a decarbonized society by developing and promoting the use of renewable energies such as geothermal energy, and ensuring to consider the reduction of environment impact in manufacturing.

(b) Management strategy and management plan

1) Value creation process

The Group will utilize its strengths that include “an advanced recycling technology and business platform,” “value chain from raw materials to products with a stable supply,” “unique material development and manufacturing technology,” and “a team that can unite to resolve issues,” etc., to solve social issues and promote key group initiatives to strengthen its management foundation and core businesses, and thereby further both social and economic values.

2) The Medium-term Management Strategy (FY2023 Strategy)

In March 2020, we established a new Medium-Term Management Strategy (“FY2023 Strategy”) covering the period from FY2021 to FY2023.

Under FY2023 Strategy, we established the Group-wide Policy as follows:

Group-wide Policy

- Optimization of business portfolio
- Comprehensive efforts to increase business competitiveness
- Creation of new products and businesses

For details, please refer to our website.

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

(2) Basic approach to and policy on corporate governance

Please refer to “I.1. Basic Approach” in this Report.

(3) Remuneration for Directors and Executive Officers

Please refer to “Remuneration System for Directors and Executive Officers” attached at the end of this Report.

(4) Nomination of Candidates for Director and the Election and Dismissal of Executive Officers

(a) Policy for Nomination of Candidates for Director

Our basic approach to the structure of the Board of Directors, which fulfills the roles of determining the direction of management and exercising supervision over the progress of business execution, is to ensure that it comprises a diverse range of human resources with different expert knowledge, experience, and other qualities. In particular, the Nomination Committee will consider candidates for Outside Director to ensure that they comprise individuals who possess experience and knowledge in corporate management (business similar to or different from the Group's business, etc.) 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, or international relations, etc.

In light of the basic policy on the structure mentioned above, the Nomination Committee will nominate and select individuals who satisfy the following requirements as candidates for Director,

regardless of individual attributes concerning gender, nationality and race, etc.:

- An individual of exceptional insight and character;
- An individual with a strong sense of ethics and a law-abiding spirit; and
- An individual who can properly fulfill his or her duties concerning the exercise of supervision over the management of the Company and the determination of the direction of management.

Further, with respect to candidates for Independent Outside Director, the Nomination Committee will nominate and select individuals who satisfy the following requirement in addition to the above requirements:

- An individual who has no material interest in the Group and who can remain independent.

The specific selection of personnel shall be decided after deliberation by the Nomination Committee.

(Exhibit 1 of the Basic Policy on Corporate Governance)

(b) Policy for Election and Dismissal of Executive Officers

In electing Executive Officers responsible for the execution of business tasks, the Nomination Committee will elect individuals who satisfy the following requirements, regardless of individual attributes concerning gender, nationality and race, etc.:

- An individual of exceptional insight and character;
- An individual with a strong sense of ethics and a law-abiding spirit; and
- An individual well-versed in management and the business activities of the Group.

In relation to the election process, the Chief Executive Officer will first draft a proposal for the election of Executive Officers after consulting with relevant officers as necessary. The Chief Executive Officer will then submit a proposal for the election of Executive Officers to the Board of Directors based on the deliberations and responses to inquiries at a Nomination Committee meeting, and Executive Officers will be elected by resolution of the Board of Directors based on a comprehensive review of the candidates' personal history, achievements, specialist knowledge, and other capabilities.

In addition, if any event occurs that makes an Executive Officer highly ineligible in light of these standards, the Executive Officer shall be dismissed by resolution of the Board of Directors following a review by the Nomination Committee.

(Exhibit 3 of the Basic Policy on Corporate Governance)

(5) Explanations of individual nomination, election and dismissal

In case of the nomination of candidates for Directors and the election or dismissal of Executive Officers, the reason for each nomination, election or dismissal is disclosed on the Company's website.

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

Further, the reason for the nomination of each of the candidates for Directors is described in the

Notice of the General Meeting of Shareholders as well.

[Supplementary Principle 4-1-1: Matters to be resolved at the meetings of the Board of Directors, Etc.]

The Board of Directors shall determine matters which may have a serious impact on our management, such as the management policy and managerial reform - pursuant to the provisions of laws and regulations, the Articles of Incorporation and the Board of Directors Rules - in order to improve the medium- to long-term corporate value of Mitsubishi Materials Group, and the standards for such determination are clearly set forth in the Board of Directors Rules. The determination and execution of matters for the Company's operations, etc., not determined by the Board of Directors are entrusted to the Executive Officers, and are determined by the Executive Officers' Meeting, General Managers of related departments, etc., in accordance with the Company's internal regulations concerning decision-making authority. Further, the execution of the Company's operations, etc. determined by the Executive Officers' Meeting, etc. shall be reported to and supervised by the Board of Directors.

[Principle 4-9: Standards for determining independence and qualifications of Independent Outside Directors]

The Company has set its own standards for the independence of Outside Directors and registers with the Tokyo Stock Exchange, Inc. as Independent Outside Directors those Outside Directors who fulfill the standards for independence of Outside Directors.

For the standards for the independence of Independent Outside Directors, please refer to "Matters relating to Independent Directors" of "II.1. Independent Directors" of this Report.

(Article 23 and Exhibit 2 of the Basic Policy on Corporate Governance)

[Supplementary Principle 4-11-1: Perspective on the balance, diversity and scale of knowledge, experience and ability of the Board of Directors as a whole]

The Board of Directors shall consist of an appropriate number of Directors (but not more than 15 Directors, as provided for in the Articles of Incorporation) to enable the Board of Directors to fulfill its functions most effectively and efficiently. In addition, a majority of the Directors on the Board of Directors shall be Independent Outside Directors.

The Board of Directors shall consist of diverse Directors with a high degree of expertise and insight into management, finance and accounting, sales and marketing, production engineering, research and development, legal affairs, internationality and other aspects to ensure a well-balanced combination of knowledge, experience and ability necessary to fulfill their functions and duties effectively as a whole.

(Article 16 of the Basic Policy on Corporate Governance)

[Supplementary Principle 4-11-2: Status of concurrent post of Directors at other listed companies]

In order to secure the time necessary to properly fulfill their functions and duties, Directors shall not concurrently serve as directors, corporate auditors, executive officers or representatives of more than three (3) listed companies or legal entities, etc. other than the Company.

The important positions of other organizations concurrently assumed by each Director are disclosed in the Business Report and the Notice of the General Meeting of Shareholders every year.

(Article 21 of the Basic Policy on Corporate Governance)

[Supplementary Principle 4-11-3: Analysis and 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.

The method applied to evaluate the effectiveness of the Board of Directors in FY2020, and a summary of the results of such, are outlined below.

1. Method of analysis/evaluation

Answers to a questionnaire distributed to all 10 Directors in December 2020 were retrieved. (The questionnaire uses a three-grade evaluation for each question (3 points: Fulfilled; 2 points: Mostly fulfilled, but with issues or items requiring improvements, 1 point: Did not fulfill) and provides a free comment space for each question.)

Based on the results of this questionnaire, a review of the evaluation of the effectiveness of the Board of Directors in FY2021 was conducted at a meeting of the Board of Directors held in February 2021, with a resolution reached at a meeting of the Board of Directors held in March 2021.

2. FY2021 questionnaire items

The core questionnaire items are as follows.

(1) Matters concerning operation after the change to a Company with a Nomination Committee

- Confirmation of the status of achievement of the purpose of the change
- Supervision of the status of execution of duties by each of the Nomination Committee, Audit Committee and Remuneration Committee

(2) Matters considered important for improving corporate value

- Supervision of management strategies, such as the Medium-term Management Strategy and Digital Transformation
- Supervision of the status of operations related to understanding of capital cost and setting of indicators

(3) Matters pertaining to the effectiveness of management monitoring

- Supervision of the reduction of the Strategic Share Holdings
- Confirmation of reporting system for corporate ethics issues
- Supervision of Group governance, etc.

(4) Matters pertaining to the operation of the Board of Directors

- Balance, diversity, and size of the Board of Directors
- Frequency of meetings, proposals and discussion materials of the Board of Directors
- Information provision and support system for Directors

3. Measures for improving effectiveness in FY2021

Based on the results of evaluation of the effectiveness of the Board of Directors in FY2020, the Company engaged in the following activities in FY2021:

(1) Improvement measures for opinions related to supervision of management strategies (supervision of measures taken based on the Medium-term Management Strategy, understanding of capital cost, setting of indicators, confirmation of management strategies including Digital Transformation)

In order to effectively fulfill the supervision function for the management strategies, the contents of reports from Executive Officers to the Board of Directors were changed to focus on the budget for measures based on the Medium-term Management Strategy and progress and issues on targets for the measures based on the Medium-term Management Strategy. In addition, forums for discussion were held periodically at the Board of Directors for important measures of the Medium-term Management Strategy, including Digital Transformation.

(2) Improvement measures to opinions related to supervision of the policy for reduction of the Strategic Share Holdings

The Company examined its Strategic Share Holdings based on business alliances, transaction relationships, and investment effect and reduced shares if they were not deemed to be necessary to hold. For the status of actual reduction efforts, please refer to [Principle 1-4: Strategic share holdings] in [Disclosure Based on the Principles of the Corporate Governance Code].

(3) Improvement measures to opinions related to the content and volume of the discussion materials for the Board of Directors and time for prior consideration

In addition to thorough enforcement of rules for the preparation of the discussion materials, the Company created a rule to attach a summary to some discussion materials to facilitate understanding of key points and distributed a glossary of terms containing industry and professional terminology. In addition, efforts were made to secure time for Directors to consider matters in advance through such measures as sending reference materials related to proposals to the Board of Directors early.

4. Summary of FY2021 evaluation results

As a result of deliberations by the Board of Directors, the Board of Directors was able to verify that it achieved a sufficient level of effectiveness for FY2021. A summary of questionnaire responses and key discussions within the Board of Directors are as follows:

(1) Matters pertaining to enhancement of management supervisory functions (the manner of supervision, including supervision of the measures taken based on the Medium-term Management Strategy, the appropriate content and number of proposals to the Board of Directors, the content and volume of materials for the Board of Directors, and time for prior consideration)

While the view was raised that thorough discussions took place on important issues, etc., by setting time outside the Board of Directors, some opinions were raised that supervision of the measures taken based on the Medium-term Management Strategy would need analysis of the cause of differences between plans and results and strengthening of the supervision of countermeasures for the cause. In addition, some opined that there was still room for improvement in the manner of supervision, including the content of reports from Executive Officers.

In view of this feedback, the Board of Directors will review the appropriate manner of supervision with the goal of enhancing management supervisory functions.

(2) Matters pertaining to understanding of capital cost, setting of indicators

While the view was raised that thorough enough explanations were provided regarding the review of the business portfolio, some opined that further discussions and consideration would be needed to clarify the way of thinking regarding capital cost.

In view of this feedback, the Board of Directors will review the appropriate means of supervising the understanding of capital cost and setting of indicators.

(3) Matters pertaining to supervision of the policy for reduction of the Strategic Share Holdings

While the view was raised that certain improvement was seen through the steps taken, some opined that close examination of the need to hold the Strategic Share Holdings would be necessary again.

In view of this feedback, the Board of Directors will continue to take steps for supervision of the reduction of the Strategic Share Holdings.

(4) Matters pertaining to supervision of Group governance, etc.

While the view was raised that there were sufficient reports and discussions at the Board of Directors and the Audit Committee, some opined that periodic reporting and supervision would continue to be needed for matters pertaining to compliance, etc.

In view of this feedback, the Board of Directors will take steps for supervision aimed at further improvement in Group governance.

Looking ahead, the Board of Directors will keep making continuous efforts toward further effectiveness improvements, including in relation to the above matters.

(Article 17 of the Basic Policy on Corporate Governance)

[Supplementary Principle 4-14-2: Policy on training for Directors]

We will provide Directors with the opportunity for training by outside experts, etc. as necessary so that they can acquire the knowledge to carry out their functions and duties (including legal responsibilities) at the time of and after their assumption of office. We will provide Outside Directors with the opportunity to obtain a deeper understanding of Mitsubishi Materials Group's business, finance, organization, etc. Any costs and expenses for the foregoing shall be borne by the Company.

(Article 26 of the Basic Policy on Corporate Governance)

[Principle 5-1: Policy on constructive communication with shareholders]

(1) Policy on communication; framework for promotion

The Company shall engage in constructive communication with shareholders and investors as follows:

- The Chief Executive Officer and the Chief Financial Officer shall supervise communication with shareholders and investors in general and endeavor to realize constructive communication;
- The members of management, as well as the Corporate Communication Dept. which is in charge of IR and other internal relevant departments such as Corporate Strategy Dept., Finance & Accounting Dept., Legal Dept. shall cooperate to deal with matters concerning communication with shareholders and investors, based on appointment by the Chief Executive Officer and the Chief Financial Officer ; and
- With the aim of enhancing communication with shareholders and investors, the Company shall hold a variety of briefings on its management strategy, business content, products, regional strategies, and performance, etc., in addition to the General Meeting of Shareholders and individual discussions. Also the Company shall collect and analyze opinions, etc. of shareholders and investors obtained through communication, and provide feedback to the Board of Directors and the members of management.

(Article 12 of the Basic Policy on Corporate Governance)

(2) Achievements

In order to achieve the continuous improvement of corporate value over the medium- to long-term through constructive communication with shareholders and investors, the Company readily responds to requests from domestic and foreign institutional investors for individual meetings, and also promotes various approaches through discussions, etc. by the members of the management, including the Chief Executive Officer.

The concrete contents of our approaches through dialogue by the members of the management, including the Chief Executive Officer, are as follows:

- A. Investor conference for analysts and institutional investors (Chief Executive Officer, Chief Financial Officer)
- B. Overseas individual IR (Chief Executive Officer, Chief Financial Officer, etc.)
- C. Attending investment conferences for foreign institutional investors (Chief Financial Officer, etc.)
- D. Business explanatory meetings (Company Presidents and other persons responsible for Business Divisions)
- E. Small meetings with domestic institutional investors (Chief Executive Officer, Company Presidents and other persons responsible for Business Divisions, Chief Financial Officer, Outside Directors, etc.)
- F. Factory tour (Person responsible of each business location, etc.)
- G. Explanatory meetings for individual investors (General Manager, IR Dept., etc.)

(3) Handling of Corporate Information, etc.

- The Company shall disclose its corporate information in a timely and appropriate manner in accordance with the Companies Act, the Financial Instruments and Exchange Act and other applicable laws and regulations as well as the rules established by the relevant financial instruments exchange, etc. In addition, the Company shall give due consideration to other voluntary disclosures so that such disclosures will be conducted appropriately.
- The Company shall establish regulations for the management of insider information, and appropriately manage insider information. In addition, the Company shall prevent insider trading by calling the attention of the Group's employees to insider trading on a periodic basis and also, for example, providing in-house education as necessary.

(Article 9 of the Basic Policy on Corporate Governance)

2. Capital Structure

Percentage of Foreign Shareholders	30% or more
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[Status of Major Shareholders] **Updated**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	10,134,700	7.74
Custody Bank of Japan, Ltd. (Trust account)	8,402,200	6.42
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5,742,700	4.39

NORTHERN TRUST CO. (AVFC) RE U.S TAX EXEMPTED PENSION FUNDS	3,385,100	2.59
Meiji Yasuda Life Insurance Company	3,101,893	2.37
Custody Bank of Japan, Ltd. (Trust account 5)	2,722,600	2.08
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	2,097,841	1.60
JP MORGAN CHASE BANK 385781	2,048,874	1.56
MUFG Bank, Ltd.	2,003,030	1.53
GOVERNMENT OF NORWAY	1,951,309	1.49

Controlling Shareholder (except for Parent Company)	_____
Parent Company	None

Supplementary Explanation

The status of major shareholders is based on the information as of September 30, 2020.

The above-mentioned "Percentage" was calculated after deducting treasury shares (551,626 shares).

While the Large Shareholding Report (including Change Report) was made available for public inspection as shown below, as the number of shares substantially held by each of such holders as of September 30, 2020, has not been confirmed by the Company, the above "Status of Major Shareholders" is based on the number of shares held by each shareholder as recorded in the shareholders' register:

- (1) Submitted by Sumitomo Mitsui Trust Asset Management Co., Ltd. and one other person
Effective Date of Reporting Obligation: December 14, 2018
Date Submitted: December 20, 2018
Number of Shares Owned: 6,641,200 shares
Ratio of Shares Held to Total Number of Issued and Outstanding Shares: 5.05%
- (2) Submitted by BlackRock Japan Co., Ltd. and seven other persons
Effective Date of Reporting Obligation: March 15, 2019
Date Submitted: March 22, 2019
Number of Shares Owned: 6,724,441 shares
Ratio of Shares Held to Total Number of Issued and Outstanding Shares: 5.11%
- (3) Submitted by Silchester International Investors LLP
Effective Date of Reporting Obligation: May 9, 2019
Date Submitted: May 10, 2019
Number of Shares Owned: 12,353,000 shares
Ratio of Shares Held to Total Number of Issued and Outstanding Shares: 9.39%

(4) Submitted by MUFG Bank, Ltd. and two other persons
 Effective Date of Reporting Obligation: January 27, 2020
 Date Submitted: February 3, 2020
 Number of Shares Owned 7,745,337 shares
 Ratio of Shares Held to Total Number of Issued and Outstanding Shares: 5.89%

3. Corporate Attributes

Listed Stock Market and Market Section	First Section, Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Nonferrous Metals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Net sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which may have Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with a Nomination Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15 persons
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	Chairman (except for the case where the person concurrently serves as Chief Executive Officer)
Number of Directors	10 persons

[Outside Directors]

Number of Outside Directors	6 persons
Number of Independent Directors	6 persons

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Mariko Tokuno	From another company												
Hiroshi Watanabe	From another company												
Hikaru Sugi	From another company								△				
Hiroshi Sato	From another company								△				
Tatsuo Wakabayashi	From another company								○				
Koji Igarashi	From another company								○				

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or executive of the parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a Director

- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
- i. Executive of a company, between which and the Company Outside Directors are mutually appointed (the Director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Committees	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Mariko Tokuno	Nomination/ Remuneration	○	<p><Status of important concurrent post></p> <p>Outside Director, Happinet Corporation</p> <p>Outside Director, Yamato Holdings Co., Ltd.</p> <p>Ms. Tokuno was designated as Independent Director of the Company.</p>	<p>As she has insight into corporate strategy and general aspects of management from a global perspective gained through her extensive experience as a manager of the Japanese operations of leading international firms, she is competent to be an Outside Director.</p> <p>The Company designated her as Independent Director because she does not violate any of the independency standards established by Tokyo Stock Exchange, Inc. and the independency standards separately established by the Company, and we considered that she had sufficient independence and therefore was unlikely to have conflicts of interest with general shareholders.</p>
Hiroshi Watanabe	Audit	○	<p><Status of important concurrent post></p> <p>President,</p>	<p>As he has knowledge of domestic and overseas finance and economics, and</p>

			<p>Institute for International Monetary Affairs</p> <p>Outside Director, ORIX Corporation</p> <p>Mr. Watanabe was designated as Independent Director of the Company.</p>	<p>general aspects of management gained through his experience in key positions at the MOF and in management positions in government-affiliated financial institutions, he is qualified to be an Outside Director.</p> <p>The Company designated him as Independent Director because he does not violate any of the independency standards established by Tokyo Stock Exchange, Inc. and the independency standards separately established by the Company, and we considered that he had sufficient independence and therefore was unlikely to have conflicts of interest with general shareholders.</p>
Hikaru Sugi	Nomination/ Remuneration	○	<p>He came from Denso Corporation (he resigned from the office of Executive Vice President of such company in June 2014) and the Company has a business relationship with Denso Corporation related to such activities as the sale of copper cathodes. However, the value of the transactions amounts to less than 1% of the consolidated net sales of the Company and such company.</p> <p>Mr. Sugi was designated as Independent Director of the</p>	<p>As he has extensive technical knowledge in development, design and manufacturing processes, and he also has insight into corporate strategy from a global perspective and general aspects of management gained through his experience as a management of a manufacturer that develops its business all over the world, he is qualified to be an Outside Director.</p> <p>The Company designated him as Independent Director</p>

			Company.	because he does not violate any of the independency standards established by Tokyo Stock Exchange, Inc. and the independency standards separately established by the Company, and we considered that he had sufficient independence and therefore was unlikely to have conflicts of interest with general shareholders.
Hiroshi Sato	Audit	○	<p>He came from Mitsubishi Steel MFG. Co., Ltd. (he resigned from the office of Managing Director of such company in June 2017) and the Company has a business relationship with Mitsubishi Steel MFG. Co., Ltd. related to such activities as the purchase of raw materials. However, the value of the transactions amounts to less than 1% of the consolidated net sales of the Company and such company.</p> <p>Mr. Sato was designated as Independent Director of the Company.</p>	<p>As he has insight into finance, accounting and general aspects of management gained through his experience as a corporate auditor of a financial institution and as a management at a manufacturer, he is qualified to be an Outside Director. The Company designated him as Independent Director because he does not violate any of the independency standards established by Tokyo Stock Exchange, Inc. and the independency standards separately established by the Company, and we considered that he had sufficient independence and therefore was unlikely to have conflicts of interest with general shareholders.</p>
Tatsuo Wakabayashi	Nomination/ Remuneration	○	<p><Status of important concurrent post></p> <p>Senior Adviser,</p>	<p>As he has insight into finance, accounting and general aspects of management</p>

			<p>Mitsubishi UFJ Trust and Banking Corporation</p> <p>Outside Director,</p> <p>Mitsubishi Logistics Corporation</p> <p>He resigned from the office of managing executive of Mitsubishi UFJ Trust and Banking Corporation (MUTB) (Chairman) on April 1, 2020 and assumed the office of Senior Advisor of such company. The Company has a business relationship with MUTB related to such activities as entrustment of the Company's pension funds. However, the value of the transactions amounts to less than 2% of the consolidated net sales of the Company and such company. Moreover, the Company has no business relationship with MUTB relating to the borrowing of funds.</p> <p>Mr. Wakabayashi was designated as Independent Director of the Company.</p>	<p>gained through his extensive experience as a management having served as President and Chairman at financial institutions, he is qualified to be an Outside Director.</p> <p>The Company designated him as Independent Director because he does not violate any of the independency standards established by Tokyo Stock Exchange, Inc. and the independency standards separately established by the Company, and we considered that he had sufficient independence and therefore was unlikely to have conflicts of interest with general shareholders.</p>
Koji Igarashi	Audit	○	<p>He resigned from the office of advisor of Ajinomoto Co., Ltd. on June 30, 2020. (In June 2017, he resigned from the office of Member of the Board, Corporate Senior Vice President of such company.)</p> <p>The Company has a business relationship with such company such as consigned treatment of industrial waste. However, the</p>	<p>As he has extensive technical knowledge in technological development and manufacturing as well as insight into general aspects of management, such as business globalization, business reform and creation, and promotion of digitalization through his experience as a management of a food</p>

			<p>value of the transactions amounts to less than 1% of consolidated net sales of the Company and such company.</p> <p>Mr. Igarashi was designated as Independent Director of the Company.</p>	<p>manufacturer that develops its business all over the world, he is qualified to be an Outside Director.</p> <p>The Company designated him as Independent Director because he does not violate any of the independency standards established by Tokyo Stock Exchange, Inc. and the independency standards separately established by the Company, and we considered that he had sufficient independence and therefore was unlikely to have conflicts of interest with general shareholders.</p>
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[Committees]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	5	0	2	3	Outside Director
Remuneration Committee	5	0	2	3	Outside Director
Audit Committee	5	2	2	3	Outside Director

[Executive Officers] **Updated**

Number of Executive Officers	10 persons
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Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Remuneration Committee Member	
Naoki Ono	Yes	Yes	Yes	Yes	No
Yasunobu Suzuki	Yes	No	No	No	No
Makoto Shibata	No	Yes	No	No	No
Shinichi Nakamura	No	No	No	No	No

Tetsuro Sakai	No	No	No	No	No
Shogo Yamaguchi	No	No	No	No	No
Nobuhiro Takayanagi	No	No	No	No	No
Jun Nagano	No	No	No	No	No
Tetsuya Tanaka	No	No	No	No	No
Kazuto Hirano	No	No	No	No	No

[Auditing Structure]

Appointment of Directors and/or Employees to Support the Audit Committee	Appointed
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Matters Related to the Independence of Such Directors and/or Employees from Executive Officers

- The Audit Committee may give instructions to the department in charge of internal audits if doing so is required to carry out its job description.
- The head of the department in charge of internal audits and the employees to support the Audit Committee shall give preference to the instructions of the Audit Committee if there is an inconsistency between the instructions given by the Audit Committee and those given by the Executive Officer with respect to the duties of the Audit Committee.
- The head of the department in charge of internal audits shall obtain the approval of the Audit Committee with respect to the reallocation of any employee to support the Audit Committee and shall discuss with the Audit Committee about personnel performance evaluation.

Cooperation among Audit Committee, Accounting Auditor and Internal Audit Department

In addition to conducting audits with the department responsible for internal audits after conferring on the audit plans for both at the beginning of the term, the Audit Committee engages in audits in close cooperation with the department responsible for internal audits, receiving reports from said department on audit results on a regular basis, sharing this information, and receiving reports on the status of the execution of duties from the department responsible for internal control, etc. Further, the Audit Committee regularly receives reports from Accounting Auditor on audit results, shares this information, and engages in audits in close cooperation with said Accounting Auditor after conferring on the audit plans for both with Accounting Auditor.

[Independent Directors]

Number of Independent Directors	6 persons
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Matters relating to Independent Directors

The Company designates all of the Outside Directors who satisfy the requirements for Independent Directors as Independent Directors.

Provided that the Company considers that an Outside Director is not independent if he or she falls under any of the conditions listed below in addition to meeting the standards for independence established by Tokyo Stock Exchange, Inc.

1. An individual who falls under or has fallen under any of items (1) or (2) below, either presently or in the past:
 - (1) An executive or non-executive Director of the Company; or
 - (2) An executive or non-executive Director of the Company's subsidiary.
2. An individual who falls under any of items (1) through (5) below:
 - (1) An executive of a client or supplier company of the Company, whose value of transactions amounted to 2% or more of the consolidated net sales of the Company or the client or supplier company as of the end of the previous fiscal year;
 - (2) A person who received, as a professional or consultant, etc., consideration of not less than 10 million yen from the Company in the previous fiscal year, excluding his/her consideration as a Director;
 - (3) An executive of an organization that received a donation of not less than 10 million yen from the Company in the previous fiscal year;
 - (4) A shareholder who directly or indirectly holds at least 10% of the total number of voting rights of the Company or an executive of such shareholder; or
 - (5) The Company's Accounting Auditor or its employee, etc.
3. An individual who has fallen under any of items (1) to (5) of 2 above at any time in the past three (3) years:
4. A close relative of any of the persons listed in item (1) or (2) of 1 above, items (1) to (5) of 2 above, or 3 above (excluding unimportant persons); or
5. A person who has served as the Company's Outside Director for a period of more than eight (8) years.

(Article 23 and Exhibit 2 of the Basic Policy on Corporate Governance)

[Incentives]

Incentive Policies for Directors and/or Executive Officers	Performance-linked Remuneration
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Supplementary Explanation

As remuneration linked to corporate performance, a stock compensation plan utilizing a trust has been adopted, in addition to payment of bonuses. For details, please refer to "Remuneration System for Directors and Executive Officers" attached at the end of this Report.

Recipients of Stock Options	
Supplementary Explanation	

[Remuneration for Directors and Executive Officers]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
Disclosure of Individual Executive Officers' Remuneration	No Individual Disclosure

Supplementary Explanation

The total amount of remuneration for 14 Directors (six of whom are Outside Directors) (*1) was 273 million yen for FY2020 and the breakdown thereof is as follows:

Fixed remuneration: 273 million yen (99 million yen of which was paid to Outside Directors) (*2)

Also, the total amount of remuneration (*3) for 10 Executive Officers (*1) was 275 million yen for FY2020 and the breakdown thereof is as follows:

Fixed remuneration: 275 million yen (*2)

(*1) The number of payees includes three Directors who resigned during FY 2020. Further, the individuals who resigned from the post of Directors and were appointed as Executive Officers and the individuals who resigned from the post of Audit & Supervisory Board Members and were appointed as Directors at the time of transition to a Company with a Nomination Committee, as well as the individuals who hold the posts of Directors and Executive Officers concurrently were counted and listed in duplicate.

(*2) Out of the fixed remuneration for Directors, stock-based remuneration was 6 million yen. Further, out of the fixed remuneration for Executive Officers, stock-based remuneration was 27 million yen. The Company revised the remuneration plan for Directors and Executive Officers from FY2021 and has adopted stock compensation utilizing a trust, in place of stock-based remuneration, by resolution of the Remuneration Committee. For details, please refer to "Remuneration System for Directors and Executive Officers" attached at the end of this Report.

(*3) As for any individual who holds the posts of Director and Executive Officer concurrently, the total amount of remuneration is calculated as remuneration for Executive Officer.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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For the policy on determining remuneration, please refer to “Remuneration System for Directors and Executive Officers” attached at the end of this Report.

[Supporting System for Outside Directors] **Updated**

The Company shall develop the following systems to ensure that the collection of information by Directors, including Outside Directors, is facilitated and that the provision of necessary information to Directors is implemented properly:

- (1) Establish a secretariat that supports activities necessary for supervision over business execution and activities necessary for the appropriate operation of the Board of Directors, the Nomination Committee, the Audit Committee, the Remuneration Committee and Outside Directors' opinion exchange meetings, etc. under the instructions of the Board of Directors;
- (2) Develop a system that enables each Director to access, to a reasonable extent, materials and data related to important committees pertaining to management, such as the Executive Officers' Meeting, in order to appropriately supervise business execution;
- (3) Develop a system in which Executive Officers directly report the progress of the execution of their duties to the Board of Directors on a periodic basis or in a timely manner at the request of Directors; and
- (4) Develop a system that enables the Board of Directors to obtain the assistance of outside experts, such as lawyers and certified public accountants, as necessary, and bear the necessary costs and expenses.

In addition to the foregoing, the Company provides the following support to Outside Directors in order to contribute to appropriate opinions and decisions:

- When a meeting of the Board of Directors is held, materials concerning matters to be discussed at a meeting of the Board of Directors are distributed in advance and time to consider proposals in advance is secured. In addition, prior explanations on the content of proposals are given as necessary.
- Dedicated computers and tablet devices are provided to all Outside Directors to provide them with an environment to access necessary information, including materials for the Board of Directors, from outside the Company in a timely manner.
- Since it has been difficult to hold the Board of Directors and other meetings in a face-to-face setting given the spread of COVID-19, they are held in a remote format using an online meeting system. In order to ensure effective discussions in a remote format, an environment to use the system and support on how to use it are provided.
- In order to deepen understanding of the Group's business, office visits by Outside Directors are conducted. Given the spread of COVID-19, remote office visits were conducted using an online meeting system in FY2021.

(Article 25 of the Basic Policy on Corporate Governance)

[Retired Representative Director Presidents holding advisory positions]

Information on retired Representative Director Presidents holding advisory positions

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without remuneration, etc.)	Date when former role as President ended	Term
Yumi Akimoto	Honorary Executive Councilor	External activities as officers, etc. of industry organization/ public institution	Part-time Without remuneration	June 29, 2000	Undetermined
Akira Nishikawa	Honorary Executive Councilor	External activities as officers, etc. of industry organization/ public institution	Part-time Without remuneration	June 29, 2004	Undetermined
Hiroshi Yao	Executive Advisor	External activities as officers, etc. of industry organization/ public institution Fostering and providing instructions to management executive candidate	Full-time With remuneration	March 31, 2015	Maximum age is provided.

Number of retired Presidents holding advisory positions

3 persons

Others

1. Neither Honorary Executive Councilor nor Executive Advisor is involved in the decision making of the Company.
2. In the above column "Date when former role as President ended," the date on which he resigned from the office of President of the Company is stated.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) **Updated**

- 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; and
- 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.

The Board of Directors is comprised of 10 Directors (including 6 Outside Directors), and the Chairman of the Board of Directors is performed by the Chairman of the Company.

In FY2021, meetings were held 20 times (Directors' rate of attendance: Mr. Akira Takeuchi 100%; Mr. Naoki Ono 100%; Mr. Makoto Shibata 100%; Mr. Yoshikazu Yasui 100%; Ms. Mariko Tokuno 100%; Mr. Hiroshi Watanabe 100%; Mr. Hikaru Sugi 100%; Mr. Hiroshi Sato 100%; Mr. Tatsuo Wakabayashi 100%; Mr. Koji Igarashi 100% (For Mr. Yoshikazu Yasui and Mr. Koji Igarashi, the status of attendance after assuming the Director position in June 2020 is stated)).

(Article 15 of the Basic Policy on Corporate Governance)

(Nomination Committee)

The Nomination Committee determines the policy for the nomination of candidates for Director, the content of proposals, etc. concerning the election and dismissal of Directors to be submitted to General Meetings of Shareholders. In addition to this, the Nomination Committee reviews and responds to inquiries from the Board of Directors concerning the election and dismissal, etc. of Executive Officers.

The Nomination Committee is comprised of 5 Directors (including 3 Outside Directors), and the Chairman of the Nomination Committee is performed by an Outside Director.

In FY2021, the meetings were held 10 times (Members' rate of attendance: Ms. Mariko Tokuno 100%; Mr. Hikaru Sugi 100%; Mr. Tatsuo Wakabayashi 100%; Mr. Naoki Ono 100%; Mr. Yoshikazu Yasui 100% (For Mr. Yoshikazu Yasui, the status of attendance after assuming the

member position in June 2020 is stated)).

(Article 32 of the Basic Policy on Corporate Governance)

(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.

The Audit Committee is comprised of 5 Directors (including 3 Outside Directors), and the Chairman of the Audit Committee is performed by an Outside Director.

The Audit Committee also elects 2 full time Member of the Audit Committee in order to improve the effectiveness of audits conducted by the Audit Committee.

In FY2021, the meetings were held 16 times (Members' rate of attendance: Mr. Hiroshi Sato 100%; Mr. Hiroshi Watanabe 100%; Mr. Koji Igarashi 100%; Mr. Akira Takeuchi 100%; Mr. Yoshikazu Yasui 100% (For Mr. Koji Igarashi, Mr. Akira Takeuchi and Mr. Yoshikazu Yasui, the status of attendance after assuming the member position in June 2020 is stated)).

(Article 33 of the Basic Policy on Corporate Governance)

(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.

The Remuneration Committee is comprised of 5 Directors (including 3 Outside Directors), and the Chairman of the Remuneration Committee is performed by an Outside Director.

In FY2021, the meetings were held 6 times (Members' rate of attendance: Mr. Tatsuo Wakabayashi 100%; Ms. Mariko Tokuno 100%; Mr. Hikaru Sugi 100%; Mr. Akira Takeuchi 100%; Mr. Naoki Ono 100%).

(Article 34 of the Basic Policy on Corporate Governance)

(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 10 Executive Officers, of which the Chief Executive Officer Naoki Ono, and the Executive Vice President and Executive Officer Yasunobu Suzuki, are elected as Representative Executive Officers upon the decision of the Board of Directors.

(Article 27 of the Basic Policy on Corporate Governance)

(Executive Officers' Meeting)

Following the delegation of authority from the Board of Directors, Executive Officers' Meetings

review and determine important matters concerning the management of the entire Group. Executive Officer's Meeting is attended by all 10 Executive Officers, and the Chairman of the Executive Officer's Meeting is performed by the Chief Executive Officer.

- Status of audits, internal audits and accounting audits by the Audit Committee
(Status of audits performed by the Audit Committee)

In addition to attending meetings of the Executive Officer Committee and other important meetings, members of the Audit Committee conduct interviews with Directors, Executive Officers, departments in charge of internal audits and other departments in charge of internal control concerning progress on the execution of their duties, and view important approval documentation, etc. Select members of the Audit Committee investigate the state of business and assets at the Company headquarters and important business sites according to the audit standards and audit plans, etc. of the Audit Committee as established by the Audit Committee, and conduct visiting audits of subsidiaries, etc. as needed, as well as forming a framework for conducting audits of the state of the execution of duties by Directors and Executive Officers. Additionally, the Audit Committee holds regular meetings with Corporate Auditors at major Group companies as part of efforts to enhance coordination of audit systems in line with Group management measures in place. An organization has been set up within departments responsible for internal audits to assist the Audit Committee in its duties concerning such audits performed by members of the Audit Committee.

Mr. Hiroshi Sato, Chairperson of the Audit Committee, has experience as a corporate auditor of a financial institution and has extensive knowledge of finance and accounting.

Also, Mr. Hiroshi Watanabe, a Member of the Audit Committee, has extensive knowledge of finance and accounting through his experiences as Vice-Minister of Finance for International Affairs at the Ministry of Finance and in management at government-affiliated financial institutions. The Audit Committee examines the status of the formation and operation of the internal control system, the status of the formation and operation of the internal control system for financial reporting, the status of measures for work place safety and mental health, the status of the implementation of measures to comply with the Antimonopoly Act, the status of the preparation and implementation of measures to enhance the Group's governance system, the appropriateness of auditing methods and the results of audits by Accounting Auditors as well as other matters.

Further, Full-time Members of the Audit Committee attend important meetings such as the Executive Officers' Meeting, Mitsubishi Materials Group's Management Committee, Budget Deliberation, Development Strategy Meetings and the Governance Deliberative Council, and make comments or suggestions on matters of concern. Furthermore, regular meetings are held

with Chief Executive Officer, and Executive Officers to exchange opinions and make proposals based on the results of audits to business offices and subsidiaries, etc. In addition, they receive reports from the head office administration departments on a regular or timely basis and make suggestions or recommendations. Details thereof are shared with the Audit Committee in a timely manner.

(Status of internal audits)

The Internal Audit Dept., which consists of the General Manager and other 21 employees as of April 1, 2021, is responsible for conducting internal audits works on the instructions of the Chief Executive Officer in cooperation with the Audit Committee to investigate whether internal control systems are configured and applied in an appropriate manner, and 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 Chief Executive Officer and the Audit Committee.

Further, the Internal Audit Dept. conducted audits after discussion with the Audit Committee on the audit plans for both bodies (the Internal Audit Dept. and the Audit Committee) at the beginning of the term, and closely work with the Audit Committee on its audits by regularly reporting the results of its audits to and sharing information with the Audit Committee.

Additionally, the Audit Committee regularly receives reports from independent accountants on audit results, shares this information, and engages in audits in close cooperation with said independent auditors after conferring on the audit plans for both with independent auditors.

(Status of accounting audits)

(1) Name of Audit Corporation

KPMG AZSA LLC

(2) Continuous Audit Period

Since 1975 (for 45 years)

The above-mentioned period was counted from the establishment of Shinwa Audit Corporation, one of the predecessors of KPMG AZSA LLC, the current audit corporation. If the continuous audit period includes a period when the audits were conducted by a private firm, a predecessor of Shinwa Audit Corporation, it is for 55 years since 1965.

(3) Certified Public Accountants Who Performed Audit Work

Tetsuzo Hamajima, Designated Limited Liability Partner, Engagement Partner

Yoshiaki Uesaka, Designated Limited Liability Partner, Engagement Partner

Takeharu Kirikae, Designated Limited Liability Partner, Engagement Partner

(4) Composition of assistants for audit work

The assistant team for audit work for the Company consisted of 12 Certified Public Accountants and 24 other persons.

(5) Policy and reason for selection of auditing firm

Based on the standards for evaluation and selection of Accounting Auditor established by the Audit Committee, it comprehensively evaluates the audit plans, quality control system, independence, expertise and remuneration, etc. of Accounting Auditor after obtaining materials from Executive Officers, related departments in the Company and Accounting Auditor and receiving reports necessary for determination.

(6) Policy on dismissal or non-reappointment

Except in cases of dismissal of the Accounting Auditor by the Audit Committee as stipulated in Article 340 of the Companies Act, the Audit Committee shall as a general rule decide on an agenda item regarding the decision not to reappoint or to dismiss the Accounting Auditor in the event it is recognized that it is difficult for the Accounting Auditor to execute its duties appropriately. Based on this decision, the Board of Directors shall propose this at the General Meeting of Shareholders.

(7) Evaluation of the Accounting Auditor by the Audit Committee

The Audit Committee shall determine said reappointment of the Accounting Auditor after careful examination based on the above-mentioned standards for evaluation and selection of the Accounting Auditor.

- Content and outline of the Limited Liability Agreement with Outside Directors

Provisions of the Articles of Incorporation allow the Company to execute with Directors (excluding those who are Executive Directors, etc.) agreements limiting liability for damages in accordance with Article 427, Paragraph 1 of the Companies Act. In accordance with the provisions, the Company has concluded Limited Liability Agreements with all of the Non-executive Directors. The outline of the agreements is as follows:

With respect to liability as described in Article 423, Paragraph 1 of the Companies Act, if Directors (excluding those who are Executive Directors, etc.) perform their duties in good faith and without gross negligence, the Directors shall be liable to the Company for damages only to the extent of minimum liability as set out in Article 425, Paragraph 1 of the Companies Act. The Company shall indemnify the Directors for damages in excess of the amount of the liability.

3. Reasons for Adoption of Current Corporate Governance System

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.

As the Group is an integrated business entity supplying basic materials and elements indispensable to the world, and is involved in recycling business and renewable energy business, we adopted an in-house company system so as to facilitate and appropriately execute business operations.

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.

(Articles 2 and 22 of the Basic Policy on Corporate Governance)

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	In principle, the Company sends convocation notices of General Meetings of Shareholders earlier than the deadline designated by law. However, as for the convocation notice of the 95th Ordinary General Meeting of Shareholders held on June 30, 2020, the Company decided not to send it out early and sent it on June 15, 2020, as the Company and its consolidated subsidiaries took time longer than usual to complete audit works due to the impact of the global epidemic of COVID-19.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	A General Meeting of Shareholders was held on June 30, 2020.
Allowing Electronic Exercise of Voting Rights	Since the 80th Ordinary General Meeting of Shareholders held on June 29, 2005, the Company has had in place a system to exercise voting rights by electromagnetic means (Internet). Further, since the 82nd Ordinary General Meeting of Shareholders held on June 28, 2007, the Company has been participating in the Electronic Voting Platform for Institutional Investors operated by ICJ, Inc.
Participation in Electronic Voting Platform	Since the 82nd Ordinary General Meeting of Shareholders held on June 28, 2007, the Company has been participating in the Electronic Voting Platform for Institutional Investors operated by ICJ, Inc.
Providing Convocation Notice in English	We are endeavoring to make disclosure to overseas/foreign investors by placing information on our English website, the Timely Disclosure network (TDnet) operated by Tokyo Stock Exchange, Inc. or the Electronic Voting Platform for Institutional Investors operated by ICJ, Inc.
Other	We have been posting convocation notices on our website since the 78th Ordinary General Meeting of Shareholders held on June 27, 2003. The convocation notice for the 95th Ordinary General Meeting of Shareholders held on June 30, 2020 was posted on our website prior to sending it out.

2. IR Activities **Updated**

	Supplementary Explanations	Whether or not any explanation was provided by the representative
Preparation and Publication of Disclosure Policy	Our IR policy is posted on our website: https://www.mmc.co.jp/corporate/en/ir/irpolicy.html	
Regular Explanatory Meetings for Individual Investors	The Company holds company information sessions for individual investors all over Japan on a periodic basis with the General Manager, IR Dept., etc. as explainers.	No
Regular Investor Conferences for Analysts and Institutional Investors	The Company holds a telephone conference and IR conference for analysts and institutional investors with the Chief Executive Officer, the Chief Financial Officer, etc. as explainers, after the full-year financial results and the 2nd quarter financial results and holds a telephone conference with the Chief Financial Officer, etc. as explainers after the 1st and the 3rd quarter financial results. Further, the Company holds explanatory meetings for individual business from time to time.	Yes
Regular Explanatory Meetings for Foreign Investors	The Company holds explanatory meetings regarding management conditions and each business for foreign investors on a periodic basis with the Chief Executive Officer, the Chief Financial Officer etc. as explainers.	Yes
Posting of IR Materials on Website	On our website, we post summaries of financial results, annual reports, materials for investor conference for analysts and institutional investors, materials for company information sessions for individual investors, reports (materials for results briefing sent to shareholders), securities reports and integrated reports, as well as timely disclosure materials required by the listing rules of stock exchanges, etc.	
Establishment of Department and/or Executive Officer in Charge of IR	The Company has appointed the officer (Chief Financial Officer) who supervises IR matters, and also established the Investor Relations Dept. within	

	the Corporate Communications Dept. and designated the full-time staff members.	
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3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanations
Stipulation of Internal Regulations for Respecting the Position of Stakeholders	<p>They are set forth in the Basic Policy on Corporate Governance and the Code of Conduct, as well as in ESG and CSR Direction, etc. These are available on our website.</p> <p>Basic Policy on Corporate Governance: https://www.mmc.co.jp/corporate/en/csr/view/governance.html</p> <p>Code of Conduct: https://www.mmc.co.jp/corporate/en/company/policy.html</p> <p>ESG and CSR Direction: https://www.mmc.co.jp/corporate/ja/csr/view/policy.html</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>In January 2005, the Company established the CSR Office (currently the CSR & Compliance Dept.) and designated a CSR Managing Director, CSR Director and CSR Manager in each department of the Company and its subsidiaries, and all of the companies in Mitsubishi Materials Group are working on CSR activities, including, among others, risk management, compliance initiatives and environmental preservation.</p> <p>The status of the activities concerning the above is disclosed in the Integrated Reports, ESG Reports, etc.</p> <p>Further, with the establishment of an organization for promoting sustainability (Sustainable Management Office) in April 2020, the Company discusses requests from stakeholders so as to reflect them in our management.</p> <p>Integrated Reports: https://www.mmc.co.jp/corporate/en/ir/library/annual.html</p> <p>ESG Reports: https://mmc.disclosure.site/en/</p>
Development of Policies on Information Provision to Stakeholders	They are set forth in the Basic Policy on Corporate Governance, etc.

IV. Matters Related to the Internal Control System

1. Basic Approach to Internal Control System and the Progress of System Development

We recognize that in order to attain our business purpose, management plan, etc., the establishment of appropriate internal control systems is the key task of the Company. With such recognition, we have been promoting improvements to our internal control systems by developing the following structures based on the Companies Act and the Regulation for Enforcement of the Companies Act, through the establishment and operation of internal regulations, etc. We will review said systems as necessary, and will make every effort to operate them more effectively.

1. Systems to ensure the execution of duties by Executive Officers and employees in conformity with laws and the Articles of Incorporation

(1) The Company shall determine the Corporate Philosophy, etc. as the supreme common rule of Mitsubishi Materials Group, and also shall put in place internal regulations to establish a compliance system.

(2) The Company shall determine through the Board of Directors, the Executive Officers' Meeting and other committees, etc. the details for the execution of duties by the Executive Officers and employees in accordance with laws, the Articles of Incorporation and internal regulations, etc. In addition, the legal department and the related departments shall carry out the preliminary review of specific significant matters.

(3) The Company shall appoint an Officer from among its Executive Officers to oversee matters relating to compliance and establish an organization for sustainability and a department responsible for compliance, and shall also enforce cross-divisional compliance promotion activities (including internal education) for the whole Company based on the policies, plans, etc. to be established for each fiscal year.

(4) The Company shall establish a reporting desk to deal with particulars related to problems that may arise over compliance.

(5) The Company shall enforce periodical auditing concerning the state of compliance in each department by the department in charge of internal audits.

(6) In accordance with our Corporate Philosophy, etc., the Company shall establish internal structures to ensure appropriate actions under its policy of resolutely rejecting any involvement whatsoever with anti-social forces.

2. Systems for preservation and management of information related to the execution of duties of Executive Officers

The Company shall properly preserve and manage the minutes of the Executive Officers' Meeting and other significant information, based on laws, the Articles of Incorporation and internal regulations, etc.

3. Regulations and other systems concerning risk management

(1) The Company shall deliberate carefully on significant matters through the Board of Directors, the Executive Officers' Meeting and other decision-making bodies based on laws, the Articles of Incorporation, internal regulations, etc. In addition, the Company shall carry out the preliminary review of significant matters through legal and other related departments based on the internal regulations and others in order to identify risks and prevent risk elicitation and manifestation.

(2) The Company shall determine the internal regulations, policies and plans, etc. related to general risk management. In addition, the Company shall appoint an Officer from among its Executive Officers to oversee matters relating to risk management and establish an organization for sustainability and a department responsible for risk management and shall enforce cross-divisional risk management promotion activities for the whole Company.

(3) The Company shall determine various internal regulations and others and enforce suitable management concerning individual risks, including financial transaction risk, credit transaction risk and information leakage risk.

(4) The Company shall enforce suitable management based on the laws and ordinances concerning work-related accidents.

(5) The Company shall build a communication system with the aim of preventing damage from accidents on a massive scale, natural disasters or terrorism, and establish an organization to respond to such events.

(6) The Company shall enforce periodical auditing concerning the state of risk management in each division by the division in charge of internal audits.

4. Systems to ensure efficient execution of duties by Executive Officers

(1) The Company has chosen to be a Company with a Nomination Committee among the governance systems under the Companies Act and will accelerate decision making with the appropriate transfer of authority to Executive Officers with respect to decisions on matters concerning the execution of duties. The Company will establish the rules for official authority and decision making based on the areas of responsibility of each Executive Officer and internal regulations.

(2) The Company shall determine the management plan, allocate suitable management resources and authority among the divisions controlled by each Executive Officer to achieve the plan, and require those divisions to formulate their own specific plans. In addition, the Executive Officers shall suitably verify the progress state of the plan of each division and take appropriate measures when necessary.

(3) The department in charge of internal audits shall conduct periodic auditing concerning the efficiency of the execution of duties of the Executive Officers and each division.

5. Systems to ensure appropriate operations by the corporate group comprising the Company and its subsidiaries

(1) The Company shall aim to establish corporate ethics and build a Group compliance and risk management system (including an internal education system) through the promotion of activities and behaviors, etc. toward compliance and risk management by the Group, including subsidiaries, based on the Corporate Philosophy, etc. and internal regulations, etc. that are applied consistently throughout the Group.

(2) Concerning each subsidiary, the Company shall aim to improve the soundness and efficiency of management of the subsidiary, and by extension the whole Group, by determining a response liaison department within the Company. The concerned department shall consult and exchange information with the subsidiary concerning specific significant matters.

(3) The Company shall establish various regulations related to internal controls concerning financial reporting. The Company shall also establish assessment mechanisms for those internal controls and build a system to ensure the accuracy of the Group's financial reports.

(4) In addition to the above-mentioned (1), (2) and (3), the Company shall enforce periodic auditing concerning compliance, risk management and the efficiency of management of subsidiaries by the department in charge of internal audits of the Company.

6. Matters concerning Directors and employees assigned to assist the Audit Committee, matters concerning the independence of such Directors and employees from Executive Officers, and matters concerning ensuring the effectiveness of instructions provided by the Audit Committee to such Directors and employees

(1) The Company shall establish a department to assist with the operations of the Audit Committee within the department in charge of internal audits. Further, the Company shall assign necessary personnel as employees to assist with the operations of the Audit Committee within such department.

(2) The Audit Committee may give instructions to the department in charge of internal audits when necessary for the performance of duties.

(3) The head of the department in charge of internal audits and the employees assigned to assist with the duties of the Audit Committee shall give preference to the instructions of the Audit Committee if there is an inconsistency between the instructions given by the Audit Committee and those given by the Executive Officer with respect to the operations of the Audit Committee.

(4) The head of the department in charge of internal audits shall obtain the approval of the Audit Committee with respect to the reallocation of any employee who is assigned to assist with the operations of the Audit Committee and shall discuss with the Audit Committee about personnel performance evaluation.

7. Systems for reporting to the Audit Committee and for ensuring that people making reports shall not experience disadvantageous treatment as a result of this reporting

(1) The Directors (excluding those who are Members of the Audit Committee), Executive Officers and employees shall swiftly report appropriate information to the Audit Committee in accordance with the method stipulated in laws and the internal regulations of the Company, in the case where there is considerable damage to the Company's operations in areas for which they are responsible or the possibility of significant impact on the Company. In addition, the same shall apply in the event that the Audit Committee requests a report about business operations.

(2) In the event of a report by a Director, Executive Officer, Audit & Supervisory Board Member or employee, etc. of the Company or its subsidiary to the reporting desk on a compliance-related problem, the department in charge of the reporting desk shall in principle report the content of such report to the Full-time Member of the Audit Committee.

(3) The department in charge of internal audits of the Company shall report to the Audit Committee important items heard from Directors, Executive Officers, Audit & Supervisory Board Members and employees, etc. of the Company and its subsidiaries, as well as important items from audit results. As for the matters determined to be necessary for the operations of the Audit Committee, the department in charge of such matters shall make a periodic report.

(4) The Company and its subsidiaries shall ensure that the people reporting to the Audit Committee (including people reporting indirectly through others) would not be treated unfavorably because of such reporting by including provisions to such effect in the internal regulations, etc.

8. Matters concerning policies related to the handling of expenses or obligations incurred during the execution of duties by the Members of the Audit Committee

Any Member of the Audit Committee may request the Company in advance to pay expenses, etc. deemed to be necessary for the execution of its duties. Further, any Member of the Audit Committee may request the Company after the fact to reimburse any expense paid out on an emergency or temporary basis. The Company shall pay expenses necessary for the execution of duties of the Members of the Audit Committee upon request by any of such Members.

9. Other systems to ensure effective auditing by the Audit Committee

(1) The Audit Committee shall exchange opinions with the Executive Officers, including the Chief Executive Officer, the department in charge of internal audits and other departments necessary for the execution of duties of the Audit Committee, as well as the Accounting Auditor, etc., periodically and when deemed necessary.

(2) The Full-time Members of the Audit Committee shall be provided with the opportunity to attend the Executive Officers' Meeting and other significant meetings of the Company, and the Company shall establish systems to enable each Member of the Audit Committee to review, through the internal information system, the materials and minutes of any significant meetings related to the

execution of business duties.

2. Basic Approach to Eliminating Anti-Social Forces

(1) Basic approach to eliminating anti-social forces

In the Company's Corporate Philosophy, etc., it is stated that the Company will not have any relationship with anti-social forces and will take a firm stance against any illegal or unreasonable demand. Further, the same policy is stated in the above-mentioned outline for the development of internal control systems as well.

(2) Status of development of systems toward eliminating anti-social forces

The Company has determined the Executive Officers in charge of the elimination of anti-social forces and the department in charge of handling such matters, and has also established a company-wide organizational structure by designating the person responsible and the persons in charge of such matters at each business location and subsidiaries. In terms of concrete measures, the Company has established response manuals and has been working to make such measures widely known by providing education in its internal training, etc. In addition, the Company has been working with the competent police station and related entities and also endeavors to collect information by exchanging information with other companies on a periodic basis.

V. Other

1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures	Not Adopted
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Supplementary Explanation

2. Other Matters Concerning to Corporate Governance System **Updated**

1. Fundamental policies for timely disclosure

We shall contribute to the optimization of securities trading and shall ultimately maintain our social trust in the securities markets, by establishing internal regulations based on our Corporate Philosophy, etc. to ensure the timely implementation of disclosure and prevent insider trading and by other means.

2. Response procedures concerning timely disclosure

The Company designated the General Manager, Corporate Communications Dept. as the person responsible for the management of internal information and has him/her handle matters concerning timely disclosure, and perform timely disclosure in accordance with the following response procedures.

(1) Collection of information

Any important information concerning the Company and its subsidiaries shall be immediately reported through a department in charge at the Company headquarters (each Department, Division or each in-house Company) to Corporate Communications Dept.

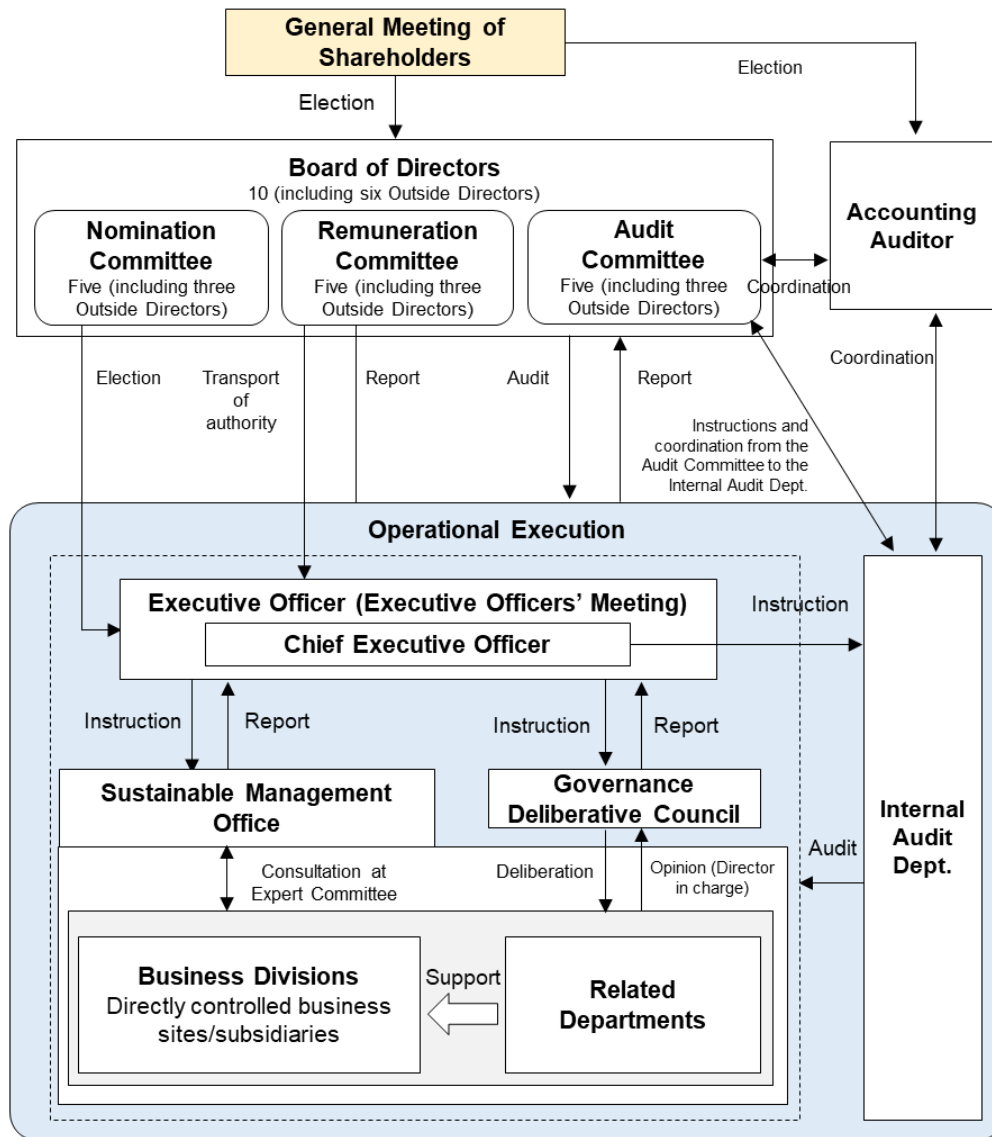
(2) Determination on information

Any corporate information consolidated in Corporate Communications Dept. shall be considered in order to determine whether or not any timely disclosure should be made by Corporate Communications Dept. through consultation with related departments as necessary. The person responsible for the management of internal information shall make the determination on whether or not any timely disclosure should be made while complying with the relevant provisions determined by the stock exchanges.

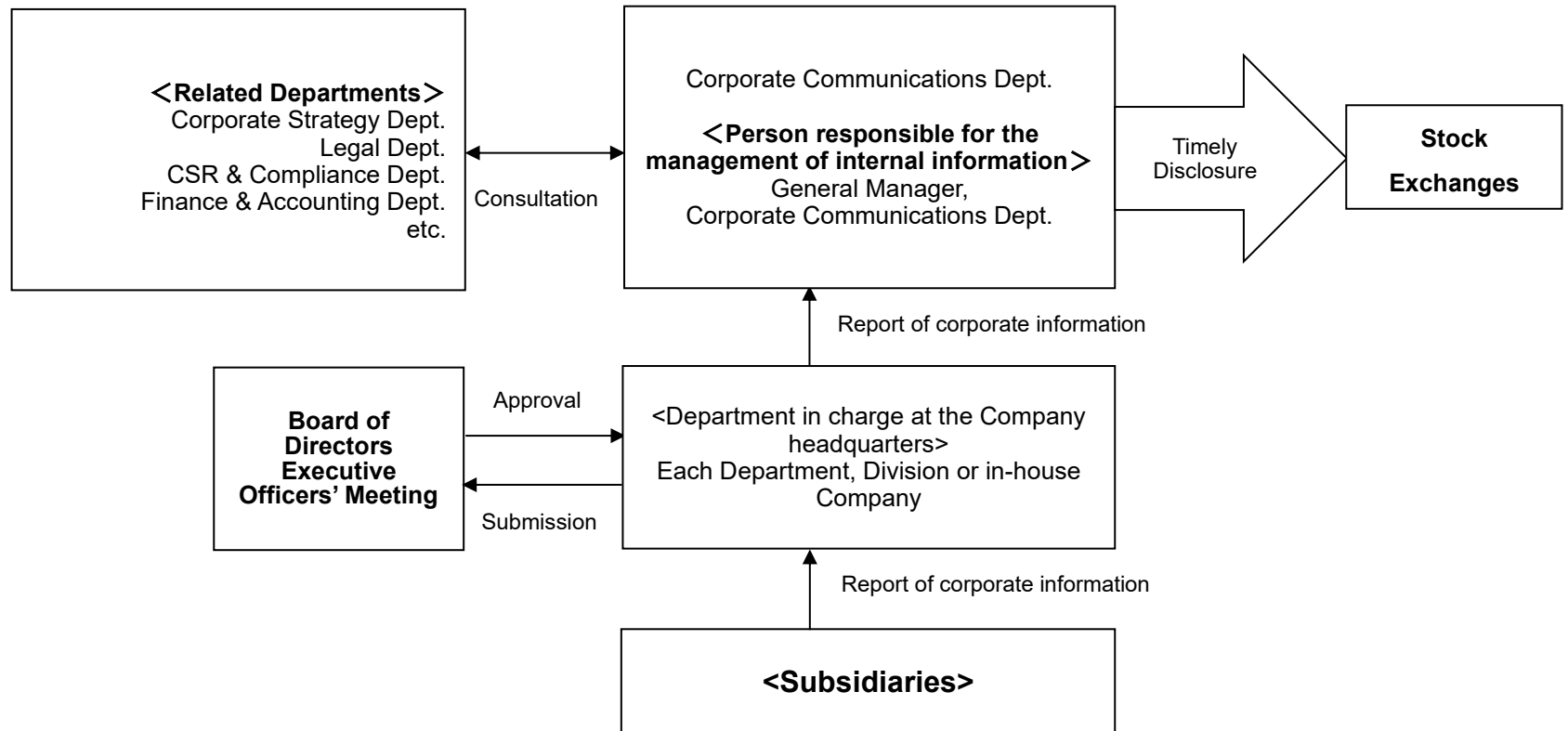
(3) Implementation of disclosure

Under the instructions of the person responsible for the management of internal information, appropriate and timely disclosure of information shall be made by Corporate Communications Dept.

[Overview of Corporate Governance System]



(Mitsubishi Materials Corporation - Summary of Internal Structures for Timely Disclosure)



<<Remuneration System for Directors and Executive Officers>>

With the aim of creating an attractive remuneration system for outstanding management personnel that will drive improvements in the Group's corporate value from a medium- to long-term viewpoint and establishing remuneration governance that will enable the Company to fulfill its accountability to stakeholders, including shareholders, the Company shall establish a policy on determining the remuneration for Directors and Executive Officers (hereinafter, "Officers") and a remuneration system as follows:

1. Policy on Determining Remuneration for Officers

- (1) A system shall be created that provides competitive standards for remuneration compared with companies of a business category and size similar to the Group.
- (2) The performance of the functions and duties assumed by each Officer and contributions to the improvement of medium- to long-term corporate value shall be evaluated in a fair and equitable manner, and the evaluation results shall be reflected in remuneration.
- (3) In order to have remuneration function as a sound incentive to improve the Group's medium- to long-term corporate value, remuneration shall consist of basic remuneration, an annual bonus based on performance evaluations in each fiscal year, etc. and stock-based compensation, which is a medium- to long-term incentive linked to medium- to long-term performance and corporate value. The remuneration composition ratio shall be determined appropriately in accordance with one's job position. Provided, however, that for Directors (excluding those who concurrently hold the posts of Director and Executive Officer), only basic remuneration shall be paid in cash, in light of their function and role of supervising the performance of job duties by the Executive Officers.
- (4) An annual bonus shall be determined based on an appropriate evaluation of the performance in each fiscal year as well as the status of the implementation of medium- to long-term management strategies, etc., and reflected in remuneration.
- (5) A medium- to long-term incentive shall be stock-based compensation that enables Officers to share awareness of profits with shareholders in order to enhance corporate value from a medium- to long-term viewpoint.
- (6) The policies for determining remuneration and the amount of individual remuneration shall be deliberated and determined by the Remuneration Committee composed of a majority of Independent Outside Directors.
- (7) Necessary information shall be disclosed actively so that stakeholders including shareholders can monitor the relationship between performance, etc. and remuneration.

2. Remuneration System for Officers

(1) Directors (excluding those who concurrently hold the posts of Director and Executive Officer)

The remuneration system for Directors shall be determined so that only basic remuneration shall be paid in cash, taking into consideration an individual Director's job position, whether he/she is a full-time/part-time Director, etc. and referring to the standards for remuneration of other companies based on the research of outside experts.

(2) Executive Officers

The remuneration payable to Executive Officers shall consist of basic remuneration, which is fixed remuneration, and an annual bonus and stock-based compensation, which are performance-linked remuneration. The remuneration composition ratio shall be in line with "Basic remuneration/Annual bonus/Stock-based compensation = 1.0/0.6/0.4" (*In the case where the annual bonus payment rate is 100%) as to the Chief Executive Officer, and for other Executive Officers, the ratio of performance-linked remuneration to basic remuneration shall be set lower than that for the Chief Executive Officer.

Further, 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 evaluation of consolidated operating profit growth rate compared with other companies, as well as a performance evaluation and non-financial evaluation, on a single-year basis.

The specific evaluation items shall be as follows:

<<Evaluation Items>>

- (i) Current net profit attributable to owners of parent, which is the final result of management and by which common profit awareness is shared with shareholders
- (ii) Consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector), based on which the earning capacity of one's main job is evaluated

- (iii) Non-financial evaluation that evaluates the value of efforts aimed at the improvement of medium- to long-term corporate value, which is less likely to be represented in a short-term performance
- (iv) Consolidated operating profit growth rate compared with other companies, as a final adjustment factor to give an impression of growth greater than market growth (comparison with 6 non-ferrous metal companies and similar-sized manufacturing companies)

<<Calculation Formula>>

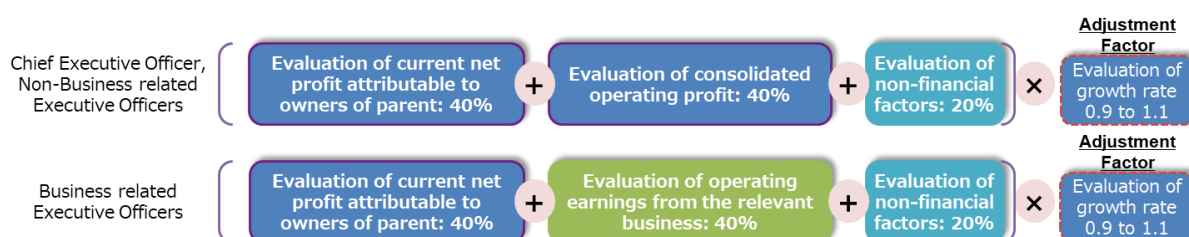
By deeming the amount payable for achievement of the target (Base Annual Bonus) as 100%, the amount for each individual shall be calculated by using the following calculation formula:

$$\text{Annual Bonus} = \text{Base Annual Bonus by Job Position} \times \text{Payment Rate Based on Performance Evaluation}^*$$

- * “Payment Rate Based on Performance Evaluation” shall range from 0% to 200% based on a performance.

<<Evaluation Weight>>

Based on the evaluations of each portion of 40%, 40% and 20% of the base amount, which depends on one’s job position, in terms of current net profit attributable to owners of parents, consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating earnings from the relevant business sector) and non-financial factors, respectively, the annual bonus shall be determined by using consolidated operating profit growth rate as an adjustment factor.



<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 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.

- * Under the stock-based compensation plan, the Company's shares shall be delivered or otherwise distributed to officers, etc. by means of utilizing a BIP Trust. This stock-based compensation plan is an incentive plan that BIP Trust will grant points to each of the officers, etc. according to their respective job positions of each fiscal year for three consecutive fiscal years (initially, from FY2021 to FY2023) and accumulate such points. Thereafter, when each officer, etc. resigns, BIP Trust will deliver and pay the Company's shares and cash equivalent to the proceeds from the realization of the Company's shares corresponding to such accumulated points to the resigned officers as remuneration on behalf of the Company.