

# Corporate Governance Report

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Mitsubishi Materials Corporation

Naoki Ono, Chief Executive Officer

Contact: Chiaki Kubota, General Manager,  
Corporate Communications Dept.

TEL: 03-5252-5206

Securities Code: 5711

<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.

\* This Report is written based on the Corporate Governance Code revised in June 2021 (including each principle of the Code for the Prime Market applicable from April 2022 and onward).

### [Disclosure Based on the Principles of the Corporate Governance Code] **Updated**

[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 FY2022>

In FY2022, out of all of the Strategic Share Holdings (Listed shares held by the Company at the beginning of fiscal year: Shares issued by 43 issuing companies), we sold all or part of the shares issued by 22 issuing companies. The sales price was approximately 56.6 billion yen (at market value) in total, which accounted for about 48% of the amount stated on the balance sheet at the end of March 2021.

The status of reduction of Strategic Share Holdings before FY2022 is disclosed in the Integrated Report.

<https://www.mmc.co.jp/corporate/en/ir/library/annual.html>

[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 internal rules such as 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)

[Supplementary Principle 2-4-1: Ensuring Diversity within the Company]

1. Approach to ensuring diversity

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

(Article 10 of the Basic Policy on Corporate Governance)

We will actively drive Diversity and Inclusion in order to embrace and respect diverse personalities, as well as to create new values, that are the sources of sustainable growth for the Group.

(Article 3 of Sustainability Policy)

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

(Article 8 of the Human Rights Policy)

## 2. Voluntary and measurable goals and status for ensuring diversity

The respective current status and goals related to female, foreign nationals, and mid-career employees in the Company are as follows.

### ① Female employees

At the end of FY2021, the percentage of women managers to the total is 2.1%. The recent ratio of female graduate new hires employed in career-track positions and above has generally achieved the existing target of 25% or higher. By the end of FY2026, we aim to increase the number of women managers by approximately 2.5 times compared to the end of FY2021 so that they account for 5% or more of all managers (the actual figure as of the end of FY2022 was 2.5%). We will do this through enhancing mid-career recruitment, providing support for building a career and networking, cultivating capabilities by helping people to acquire diverse experience, and making other efforts.

Meanwhile, in respect of the promotion of women's participation and career advancement, including those in non-managerial positions, the following guidelines have been established and various measures are being conducted.

### Guidelines for Supporting Women's Development and Advancement

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

## ② Foreign nationals

At the end of FY2021, the percentage of foreign managers to the total is approximately 1%. We will actively continue hiring new graduates and mid-career people to increase the number of foreign managers approximately 2.5 times by the end of FY 2026 compared with the end of FY2021 through career support and improving the work environment.

## ③ Mid-career employees

At the end of FY2021, the percentage of mid-career employees to total managers is approximately 12%. We recently have been focusing on mid-career employment, and the ratio of mid-career employees in career-track positions and above in the past 3 years is approximately 40%. We will continue maintaining this level to increase the number of mid-career managers approximately 1.5 times by the end of FY 2026 compared with the end of FY2021. We will do this by strengthening the support system for members after they join the Company such as training and internal networking, providing career support and making other efforts.

### 3. Policy on human resource development and internal environment development for ensuring diversity of core human resources, and the implementation status

In order for each employee with diverse attributes, values, and experience to actively demonstrate their individual abilities, we plan and manage development programs and support measures corresponding to the attributes of female, foreign nationals, and mid-career employees. Initiatives open to all employees are also taken. They include holding seminars and streaming videos to foster a culture that embraces diversity, promoting a new working style with remote work, developing a personnel system where a good work-life balance can be achieved in various life events such as childcare, nursing care, and illness, and promoting its use.

#### [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 divisions in charge of corporate pension operations or the Strategic Management Committee members as well as the personnel with knowledge and experience of fund management and corporate pension operations, conduct periodic monitoring as to the investment status of the pension funds, and consider the review of the asset mix, and then the Strategic Management Committee 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 We aim to contribute to build a recycling-oriented society by providing recyclable products and advanced technology-based waste recycling.
- ③ 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, and 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

FY2023 Strategy was partially reviewed as of May 14, 2021.

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 3-1-3: Initiatives for sustainability]

##### 1. Initiatives for sustainability

The Company recognizes addressing sustainability issues is essential in order to improve the corporate value of the Group from a medium- to long-term viewpoint. We aim to simultaneously ensure our contribution to the creation of a sustainable society and the improvement of corporate value from a medium- to long-term viewpoint by actively working to resolve social issues through means such as promoting the recycling of waste and resources and energy conservation in our global business activities.

The Group will address sustainability issues in an appropriate manner, based on Sustainability Policy established on December 1, 2021.

(Article 3 of the Basic Policy on Corporate Governance)

#### Sustainability Committee

The Sustainability Committee was established under the Board of Directors on June 28, 2022 in order for the Board of Directors to not only monitor the Company's sustainability efforts but also to proactively consider the direction of the sustainability efforts from different perspectives and present them within the Company.

For an overview of the Sustainability Committee, please refer to "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of

Current Governance System)" in this Report.

#### Sustainability Policy

The Basic Policy on Sustainability, which provides a summary on views and policies addressing sustainability issues, was established on December 1, 2021.

For details, please refer to the Company website.

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

#### <Investment in human capital>

The Group's medium- to long-term talent strategy states we will "Enhance the management of the Group by securing and fostering adaptive talents and building a healthy organizational culture and promote sustainable growth by implementing measures for improving social values."

Based on such strategy, the Group has clarified competencies and skills commonly required of leaders, and has drawn up "Leadership Values in the Mitsubishi Materials Group," ("Leadership Values" hereinafter), a guideline for leadership development. The Leadership Values are reflected in the performance assessment of managers in the Company. This is aimed at encouraging higher-ranked employees to lead awareness reform and embody the Leadership Values. The Company's trainings have been designed in accordance with our Leadership Values, which provide the Group employees opportunities for leadership development appropriate to the various stages of their careers. In addition, we established "Next-Generation Managerial Talent Development Programs" which seek to develop qualified candidates for our Group's senior management position. Under it, would-be executive talented personnel are selected for further training and development.

In addition, as "Human Resource Transformation (HRX)," we have introduced a 1-on-1 meeting system, invigorated the in-house staff recruitment system, and developed measures such as the introduction of a "Job-Based Human Resources System" to management levels. We will continue to secure and develop self-reliant human resources capable of adapting to changes in an increasingly complex business environment.

#### <Investment in intellectual property>

The Group appropriately protects and enhances its own rights while respecting third-party intellectual property rights. Analytical tools that utilize big data on patent information in business and development strategies have been introduced. Based on the information analyzed, business strategies and strategic intellectual property formation activities are conducted, and in the latter we proceed to apply for and acquire rights in line with research and development strategies supporting business strategies.

In addition, business units and IP Strategy Dept. began to have strategic dialogue to ascertain and analyze intellectual property rights, while reviewing business models and strategy development.

As governance activities related to intellectual property, we regularly deliberate on intellectual property at the Monozukuri and R&D Strategy Meeting, and regularly report at the Board of



Directors for supervision.

The current status of investments and initiatives for the Company's intellectual property rights at present are disclosed on the Company website.

<https://www.mmc.co.jp/corporate/en/business/ip/>

## 2. Responding to Climate Change

Based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we established and analyzed scenarios to grasp the impact of climate-related risks and opportunities on our business and financial affairs, and to review measures to reduce risks and capture opportunities. The results have been disclosed.

For details, please refer to the Company website.

<https://mmc.disclosure.site/ja/themes/93>

Furthermore, details of the Company's sustainability initiatives are disclosed in ESG meetings, ESG Reports, Integrated Reports and others.

[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. They are determined by the Strategic Management Committee and other important meetings or 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 important operations, etc. determined by the Strategic Management Committee, 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 12 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.

Meanwhile, in the notice of the Ordinary General Meeting of Shareholders, disclosed on the Company website, a Skill Matrix listing the expertise and experience of Directors, and other data has been presented.

<https://www.mmc.co.jp/corporate/en/news/ir/>

(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. In FY2022, the effectiveness of the Board of Directors was evaluated using a third-party organization. The evaluation method and a summary of the results are outlined below.

#### 1. Method of analysis/evaluation

##### (1) Evaluation process

- September 2021

The materials and minutes of the Company's Board of Directors meetings were disclosed to the third-party organization.

- October 2021

The third-party organization conducted a preliminary interview with the Chairman of the Board of Directors and the Chief Executive Officer regarding the current status of the Board of Directors.

• November 2021	A questionnaire prepared in consultation with the third-party organization was distributed to all 10 Directors and anonymous responses were retrieved.
• December 2021	Based on the results of the questionnaire, the third-party organization conducted individual interviews with all 10 Directors on important matters concerning the Board of Directors.
• February and March 2022	Given the report from the third-party organization on the results of the questionnaire and interviews compiled and analyzed, the Directors discussed the effectiveness of the Board of Directors based on that report.
• March 2022	Following the discussions in February and March, the Board of Directors passed a resolution on the effectiveness of the Board of Directors for FY2022.

## (2) Questionnaire items

The questionnaire uses a five-grade evaluation for the questions below (1. Strongly agree, 2. Agree, 3. Neither agree nor disagree, 4. Disagree, 5. Totally disagree) and provides a free comment space where needed.

- Roles and functions of the Board of Directors
- Scale and composition of the Board of Directors
- Status of operations of the Board of Directors
- Composition, roles and status of operations of each of the Nomination Committee, Audit Committee and Remuneration Committee
- Support system for Outside Directors
- Relationship with investors and shareholders
- Overall effectiveness of the Company's governance system and the Board of Directors

## (3) Interview items

Based on the responses to the questionnaire, the third-party organization conducted interviews on the following important matters concerning the effectiveness of Board of Directors.

### (i) Views on business and management

Optimization of business portfolio

Promotion of CX (efforts for management innovation) and organizational reform

Status of corporate culture and human resources

Status of group governance and internal control

### (ii) Views on the Board of Directors

Supervisory function by the Board of Directors

Status of discussions at the Board of Directors

Comments by Outside Directors

Quality of discussions at the Board of Directors and future responses

Discussions on sustainability issues

Setting of agenda

Materials and presentations

Views on the leading Independent Outside Directors

Succession plan for the Chief Executive Officer

Views on the Chairman and its succession plan

Composition of Outside Directors and their succession plan

Sharing of information on discussions at the Nomination Committee with the Board of Directors

Status of activities of the Audit Committee

## 2. Issues based on the FY2021 evaluation and evaluation of responses to those issues

As a result of the questionnaire and interviews conducted by the third-party organization regarding the initiatives concerning the following matters taken by the Company in FY2022 based on the results of the evaluation of the effectiveness of the Board of Directors for FY2021, it was confirmed that "certain measures were taken and improvements have been made" and "sufficient discussions were conducted by the Board of Directors" in general.

(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)

- Distribution of materials for the Board of Directors should be made at an early timing with particularly important sections in materials highlighted.

- Emphasis should be made on explaining new matters, and causes and countermeasures, etc. of matters that are progressing unfavorably in reports made by Executive Officers at the Board of Directors meetings.

- In regard to matters deliberated by the Board of Directors, reporting of business results, budget, financial results, etc. should be made in the first half so that Directors may judge the appropriateness of each measure based on the general situation of business performance, etc.

- Business briefings should be held regularly for Outside Directors in order to deepen their understanding of our business and major projects, overseas sites/business expansion, and overview and background, etc. of measures taken under the Medium-term Management Strategy.

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

- In line with the partial review of the Medium-term Management Strategy, financial plans, including ROIC, were reviewed after consultation by the regular Board of Directors meetings held in March and April 2021.

- Appropriate calculation and operation methods, etc. of management indicators, including ROIC, should be further discussed by the Board of Directors to develop a monitoring structure based on appropriate management indicators applicable for the next Medium-term Management Strategy.

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

- Strategic Share Holdings should be examined based on business alliances, business relationships, and investment effects to systematically reduce shares if it is deemed unnecessary to hold them. (For the status of actual reduction efforts, please refer to [Principle 1-4: Strategic shareholdings] in [Disclosure Based on the Principles of the Corporate Governance Code].)

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

- Initiatives should be taken on the Group-wide measures to activate communication and enhance internal control.
- Previously implemented reports on safety, quality, compliance, etc. by the Sustainable Management Office to the Board of Directors should be continued as provision of necessary information for monitoring.

3. Results of analysis of the questionnaire and interviews by the third-party organization

The key results of analysis of the questionnaire and interviews compiled by the third-party organizations are as follows.

(1) Effectiveness, etc. of the Board of Directors

- The supervisory function of the Board of Directors is appropriately exercised, and its effectiveness is considered to be high.
- In the self-evaluation of Directors, it was confirmed that each individual contributed to activating discussions at the Board of Directors meetings and to exercising the supervisory function.

(2) Supervisory function of the Board of Directors

- The management team is currently working on business and organizational reforms, but there are still many issues recognized. The role, composition, and discussions of the Board of Directors are expected to change in response to such business and management stages. As for their role, it is considered that "the support and supervision of execution will be important in the success of reforms and the creation of growth areas" and "discussions are needed to enhance the supervision function to monitor the efforts to address issues."

- The Board of Directors has a common understanding that supervision of management and execution is an important role. The way in which a supervisory function is exercised is considered to differ depending on the experience and perspective of each Director. Specific measures included "support execution and lead to change," "examine from both quantitative and qualitative aspects, focusing on major policies related to the whole," and "strictly monitor progress and achievements in response to commitments." There is an opinion stating that it is better for the Board of Directors to take a more leading role in matters related to the way the Company ought to be, such as sustainability issues.

(3) Sustainability

- On sustainability issues, many directors believe it is better for the Board of Directors to demonstrate stronger leadership and set a direction from the Board's point of view. In order to conduct effective discussions, it is considered necessary to "clarify the definition of sustainability,"

“organize how Outside Directors can contribute,” “establish a sustainability committee to hold discussions outside the Board of Directors,” and “enhance the secretariat structure” among others.

#### 4. Summary of FY2022 evaluation results

As a result of deliberations by the Board of Directors in consideration of the results of the third-party analysis, it was confirmed that the effectiveness of the Board of Directors of the Company was secured in FY2022. Matters recognized as issues in the questionnaire and interviews and a summary of deliberations of the Board of Directors regarding those issues are as follows.

##### (1) Matters pertaining to the operation of the Nomination Committee, Audit Committee and Remuneration Committee

- There was an opinion that "the Nomination Committee has not sufficiently shared information with the Board of Directors regarding the status of consideration of the succession plan for the internal Directors." Regarding this, there was an opinion indicating that "this evaluation result may be due to a lack of sharing of discussions had by the Nomination Committee with the entire Board of Directors or to inadequate sharing of relevant information from Directors who also serve as Executive Officers. This can also be said of discussions at the Remuneration Committee, etc., and from a broad perspective, it may be a question of whether each committee shares the content of deeper discussions."

- On the other hand, there was a comment stating that "in some cases, the content of discussions at each committee includes information that is not necessarily appropriate to be shared with the Board of Directors as a whole because of the presence of relevant persons within the Board." Regarding this, an opinion was given that "opportunities for discussion among Outside Directors only should be increased, taking into account cases where it is not appropriate to share information with internal relevant parties."

##### (2) Matters pertaining to supervision of growth strategies by the Board of Directors

- Regarding the optimization of the business portfolio, there was an opinion stating, "Since a certain degree of business reforms, including restructuring and withdrawal, is expected to be completed, discussions on growth strategies, such as strengthening existing businesses and fostering new businesses, should be deepened from a multifaceted perspective."

- In addition, while there was an opinion stating, "It is necessary to enhance explanations and information provision from Executive Officers in order for the Board of Directors to accurately monitor the current situation," there was also an opinion stating, "This is covered by the business briefing, etc. for Directors currently held."

##### (3) Matters pertaining to the establishment of a sustainability committee

- Through this evaluation process, it was found that on sustainability, many Directors believe "it is better for the Board of Directors to demonstrate stronger leadership and set a direction from the Board's point of view."

#### 5. FY2023 initiatives toward further enhancement of effectiveness

The Company's FY2023 measures to enhance effectiveness based on evaluation results of the

effectiveness of the Board of Directors in FY2022 are as follows.

(1) Responding to opinions on the operation of the Nomination Committee, Audit Committee and Remuneration Committee

- In the evaluation process, a point was made that while the details of in-depth discussions by each committee need to be shared more with the Board of Directors as a whole, for matters discussed by the Nomination Committee and the Remuneration Committee in particular, the presence of stakeholders (mainly internal directors) at meetings of the Board of Directors also needs to be taken into account. Accordingly, the frequency of Outside Directors' opinion exchange meetings, where discussions take place only among Outside Directors, will be increased.

(2) Responding to opinions on the supervision of growth strategies by the Board of Directors

- When formulating the next Medium-term Management Strategy planned to be announced in 2023, the details of measures, including matters related to growth strategies, will be explained by the execution side and discussed from a multilateral perspective by making use of settings such as briefings for Directors (please refer to the following paragraph). In addition, the rolling after the formulation of the next Medium-term Management Strategy will also be discussed from a multilateral perspective.

- Business briefings for Outside Directors, which were previously held as a platform where Executive Officers provided explanations and information so that the Board of Directors accurately monitors the current situation, will be reorganized into briefings for Directors targeting all Non-executive Directors and will be held continually. The briefings will cover matters such as the next Medium-term Management Strategy, business portfolio, Group-wide strategy, individual business strategy, R&D and intellectual property strategy, business restructuring, investment, progress on each MMDX theme, and rolling review of the Medium-term Management Strategy.

(3) Responding to opinions on the establishment of the Sustainability Committee

- The Sustainability Committee was established under the Board of Directors on June 28, 2022.
- The Committee will consider monitoring methods and issues related to sustainability management and others as matters at request of the Board of Directors for advice.

Looking ahead, the Board of Directors will keep making continuous efforts toward further effectiveness improvements.

(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 Communications Dept. and other internal relevant departments, 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.
- 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. IR Day and Business explanatory meetings (Executive Officers)
- E. ESG meetings for analysts and institutional investors (Chief Executive Officer, Chief Financial Officer)
- F. Small meetings with domestic institutional investors (Chief Executive Officer, Chief Financial Officer, Outside Directors, etc.)
- G. Factory tour (Person responsible of each business location, etc.)
- H. Explanatory meetings for individual investors (Chief Financial Officer, General Manager of Corporate Communications 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)	20,979,800	16.03
Custody Bank of Japan, Ltd. (Trust account)	8,768,600	6.70
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	8,455,200	6.46
NORTHERN TRUST CO. (AVFC) RE U.S TAX EXEMPTED PENSION FUNDS	4,200,600	3.21
Meiji Yasuda Life Insurance Company	3,101,893	2.37
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	2,663,488	2.03
BBH FOR GLOBAL X COPPER MINERS ETF	2,106,295	1.61
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	2,041,100	1.56
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS TOBACCO FREE INTERNATIONAL VALUE EQUITY TRUST	1,915,900	1.46
STATE STREET BANK AND TRUST COMPANY 505103	1,759,213	1.34

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

Supplementary Explanation **Updated**

The status of major shareholders is based on the information as of March 31, 2022.

The above-mentioned “Percentage” was calculated after deducting treasury shares (571,410 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 March 31, 2022, 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 BlackRock Japan Co., Ltd. and five other persons  
Effective Date of Reporting Obligation: November 30, 2020  
Date Submitted: December 4, 2020  
Number of Shares Owned: 4,488,731 shares  
Ratio of Shares Held to Total Number of Issued and Outstanding Shares: 3.41%
- (2) Submitted by Nomura Securities Co., Ltd. and two other persons  
Effective Date of Reporting Obligation: December 31, 2020  
Date Submitted: January 8, 2021  
Number of Shares Owned 6,631,161 shares  
Ratio of Shares Held to Total Number of Issued and Outstanding Shares: 5.04%
- (3) Submitted by MUFG Bank, Ltd. and two other persons  
Effective Date of Reporting Obligation: January 10, 2022  
Date Submitted: January 17, 2022  
Number of Shares Owned: 6,397,508 shares  
Ratio of Shares Held to Total Number of Issued and Outstanding Shares: 4.87%
- (4) Submitted by Sumitomo Mitsui Trust Asset Management Co., Ltd. and one other person  
Effective Date of Reporting Obligation: April 15, 2022  
Date Submitted: April 21, 2022  
Number of Shares Owned 7,772,000 shares  
Ratio of Shares Held to Total Number of Issued and Outstanding Shares: 5.91%
- (5) Submitted by Silchester International Investors LLP  
Effective Date of Reporting Obligation: May 23, 2022  
Date Submitted: May 24, 2022  
Number of Shares Owned: 19,446,300 shares  
Ratio of Shares Held to Total Number of Issued and Outstanding Shares: 14.79%

### 3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market, 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**

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

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**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 <u>Updated</u>	12 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 <u>Updated</u>	7 persons
Number of Independent Directors <u>Updated</u>	7 persons

Outside Directors' Relationship with the Company (1) <u>Updated</u>
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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								△			
Tatsuo Wakabayashi	From another company								○			
Koji Igarashi	From another company								△			

Kazuhiko Takeda	From another company								△			
Rikako Beppu	Lawyer											

\* 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) Updated

Name	Membership of Committees	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Mariko Tokuno	Nomination/Remuneration	○	<p>&lt;Status of important concurrent post&gt;</p> <p>Outside Director, Happinet Corporation</p> <p>Outside Director, Yamato Holdings Co., Ltd.</p> <p>Outside Director Shiseido Co., Ltd.</p> <p>Ms. Tokuno is designated as Independent Director of the Company.</p>	<p>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. Based on her insight, she has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc., from an independent position. Additionally, as Chairperson of the Nomination Committee and a member of the Remuneration Committee, she has been involved in selecting candidates for Directors and Executive Officers, and deciding on the</p>

				<p>remuneration of Directors and Executive Officers, etc., of the Company from an objective and neutral position. As explained above, she has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that she will help strengthen the appropriate supervisory and decision-making functions of the Board of Directors, and therefore is appropriate for the position of 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	Nomination/ Audit	○	<p>&lt;Status of important concurrent post&gt;</p> <p>President, Institute for International Monetary Affairs</p> <p>Outside Director, ORIX Corporation</p> <p>Hiroshi Watanabe is designated as Independent Director of the Company.</p>	<p>He has knowledge of domestic and overseas finance and economics, and general aspects of management gained through his experience in key positions at the MOF and in management positions in government-affiliated financial institutions. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc., from an independent position. Additionally, as a member of the Audit Committee, he has been engaged mainly in auditing the execution of duties by Executive Officers, etc., from an objective and</p>

				<p>neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will help strengthen the appropriate supervisory and decision-making functions of the Board of Directors, and therefore is appropriate for the position of 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 respective consolidated net sales of the Company and DENSO.</p> <p>Hikaru Sugi is designated as Independent Director of the Company.</p>	<p>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. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc., from an independent position. Additionally, as a member of the Nomination Committee and the Remuneration Committee, he has been involved in selecting candidates for Directors and Executive Officer and deciding on the</p>

				<p>remuneration of Directors and Executive Officer, etc., of the Company from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will help strengthen the appropriate supervisory and decision-making functions of the Board of Directors, and therefore is appropriate for the position of 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>
Tatsuo Wakabayashi	Nomination/Audit	○	<p>&lt;Status of important concurrent post&gt; Senior Adviser, Mitsubishi UFJ Trust and Banking Corporation Outside Director, Mitsubishi Logistics Corporation</p> <p>He is Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation (MUTB) (resigned from the office of Chairman in April 2020). The Company has a business relationship with MUTB in relation to activities such as custody services, etc. However, the</p>	<p>He has insight into finance, accounting and general aspects of management gained through his extensive experience as a management having served as President and Chairman at financial institutions. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc., from an independent position. Additionally, as Chairperson of the Remuneration Committee until June 2022, he has been involved in the decision-making on the remuneration of Directors and Executive Officers, etc. from an objective and neutral position.</p>

			<p>value of the transactions amounts to less than 1% of the respective consolidated net sales of the Company and MUTB. Moreover, the Company has no borrower-lender relationship with MUTB.</p> <p>Tatsuo Wakabayashi is designated as Independent Director of the Company.</p>	<p>Furthermore, as a member of the Nomination Committee, he is involved in selecting candidates for Director and Executive Officer of the Company from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will help strengthen the appropriate supervisory and decision-making functions of the Board of Directors, and therefore is appropriate for the position of 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/ Remuneration	○	<p>He came from Ajinomoto Co., Inc. (In June 2017, he resigned from the office of Member of the Board, Corporate Senior Vice President of such company, and he resigned from the office of Senior Advisor of such company in June 2020.) The Company has a business relationship with Ajinomoto Co., Inc. such as consigned treatment of industrial waste. However, the value of the transactions amounts to</p>	<p>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 manufacturer that develops its business all over the world. Based on his insight, he has given useful advice from various viewpoints in the Board of Directors meetings so as to enhance mid to long-term corporate value of the Group and has supervised the execution of duties by Executive Officers, etc., from an independent position. Additionally, as a</p>



			<p>less than 1% of the consolidated net sales of the Company and Ajinomoto.</p> <p>Koji Igarashi is designated as Independent Director of the Company.</p>	<p>member of the Audit Committee, he has been engaged mainly in auditing the execution of duties by Executive Officers, etc., from an objective and neutral position. As explained above, he has extensive knowledge and rich experience that contributes to the sustainable growth of the Group. The Company expects that he will help strengthen the appropriate supervisory and decision-making functions of the Board of Directors, and therefore is appropriate for the position of 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>
Kazuhiko Takeda	Audit	○	<p>He came from Sony Corporation (currently Sony Group Corporation) (resigned from the office of Senior Vice President in June 2021). The Company has a business relationship, including sales of products, with Sony Semiconductor Solutions Corporation, which is a specified subsidiary of Sony Group Corporation, and other companies. However, the value of the transactions amounts to less than 1% of</p>	<p>He has extensive knowledge in the fields of corporate management, business operations and administration, accounting and finance, and information technology through his management experience as a senior executive of a conglomerate that develops a wide range of businesses all over the world and as the manager of its major subsidiaries, such as successively holding the office of deputy president and CFO. He also has insight into corporate strategy and overall management from a global perspective based on his many years of experience working in Europe and the United States. The Company therefore</p>

			<p>the respective consolidated net sales of the Company and such companies.</p> <p>The Company has no business relationship with Sony Group Corporation.</p> <p>Kazuhiko Takeda is designated as Independent Director of the Company.</p>	<p>considers that going forward, he will be able to supervise and provide appropriate advice to management as an Outside Director.</p> <p>As explained above, the Company expects that he will help strengthen the appropriate supervisory and decision-making functions of the Board of Directors, and therefore is appropriate for the position of 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>
Rikako Beppu	Remuneration	○	<p>&lt;Status of important concurrent post&gt;</p> <p>Partner, Squire Patton Boggs Tokyo (Foreign Law Joint Enterprise)</p> <p>Rikako Beppu is designated as Independent Director of the Company.</p>	<p>She has in-depth insight based on her advanced legal knowledge through her many years of experience as an attorney-at-law in Japan and abroad, as well as specialized knowledge in corporate legal affairs, particularly in the areas of global business development and business restructuring. The Company therefore considers that going forward, she will be able to supervise and provide appropriate advice to management as an Outside Director.</p> <p>Although she has no direct experience of being involved in corporate management, she has abundant practical experience in corporate legal affairs and sufficient insight into corporate management. The Company believe that she will be able to appropriately perform her duties as an Outside Director.</p>

				<p>As explained above, the Company expects that she will help strengthen the appropriate supervisory and decision-making functions of the Board of Directors, and therefore is appropriate for the position of 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>
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## [Committees]

### Committee's Composition and Attributes of Chairperson Updated

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	5	0	1	4	Outside Director
Remuneration Committee	5	0	1	4	Outside Director
Audit Committee	5	1	1	4	Outside Director

## [Executive Officers]

Number of Executive Officers	10 persons
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### Status of Additional Duties Updated

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Remuneration Committee Member	
Naoki Ono	Yes	Yes	Yes	No	No
Yasunobu Suzuki	Yes	No	No	No	No
Makoto Shibata	No	No	No	No	No
Nobuhiro Takayanagi	No	Yes	No	No	No
Jun Nagano	No	No	No	No	No
Tetsuya Tanaka	No	No	No	No	No
Toshinori Ishii	No	No	No	No	No

Katsuyoshi Isaji	No	No	No	No	No
Yoshiaki Arai	No	No	No	No	No
Makiko Nogawa	No	No	No	No	No

#### [Auditing Structure]

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

- The Company establishes the Audit Committee Office as an organization dedicated to assisting with the operations of the Audit Committee. The Company assigns employees in the Audit Committee Office to assist with the operations of the Audit Committee and carry out the operations according to the instructions of the Committee.
- As to personnel changes in employees who belong to the Audit Committee Office, the Executive Officer in charge of the Audit Department of the Strategic Headquarters shall obtain prior consent from the Audit Committee (if the Audit Committee nominates a specific Audit Committee Member, such Audit Committee Member) in order to secure independence from Executive Officers. In addition, the Audit Committee (if the Audit Committee nominates a specific Audit Committee Member, such Audit Committee Member) conducts the performance evaluation of such employees.
- 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 department in charge of internal audits shall give preference to the instructions of the Audit Committee if there is a conflict between the instructions given by the Audit Committee and those given by Executive Officers.

#### Cooperation among Audit Committee, Accounting Auditor and Internal Audit Department

The Audit Committee engages in audits in close cooperation with the department responsible for internal audits, receiving reports from the 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	7 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	
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### Supplementary Explanation

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[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 **Updated**

The total amount of remuneration for two Directors of the Company (excluding Outside Directors , and Directors who concurrently serve as Executive Officers) was 124 million yen, and the total amount of remuneration for six Outside Directors was 111 million yen for FY2022. The breakdown thereof is as follows:

Directors(excluding Outside Directors , and Directors who concurrently serve as Executive Officers)      Fixed remuneration: 124 million yen  
 Outside Directors      Fixed remuneration: 111 million yen

Also, the total amount of remuneration for 10 Executive Officers was 466 million yen for FY2022 and the breakdown thereof is as follows:

Fixed remuneration: 354 million yen  
 Stock-based compensation: 112 million yen

- (\*1) The total amount of remuneration, etc. paid to Directors who concurrently serve as Executive Officers are shown in the total amount of remuneration for Executive Officers.
- (\*2) The Company had 10 Directors and 10 Executive Officers as of the end of FY2022.
- (\*3) The Remuneration Committee has deliberated and decided not to pay bonuses to Executive Officers in light of the performance in FY2021.
- (\*4) The Company adopts stock-based compensation plan that employs the mechanism of trust. Amount recorded as expenses for FY2022 is presented as the above stock-based compensation amount.
- (\*5) In June 2022, based on the performance evaluation and non-financial evaluation for FY2022, bonuses (performance-linked remuneration) were paid to Executive Officers in the total amount of 347 million yen (number of eligible persons: 10 persons).

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

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 Strategic Management Committee, 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 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.
- Business briefings are held for Directors in order to deepen their understanding of important matters such as our important overseas sites, major businesses, projects, and measures for Medium-term Management Strategy.
- Business site tours by Outside Directors are made in order to deepen their understanding of the Group's businesses (In view of the situation regarding the outbreak of COVID-19, tours may be conducted remotely using an online meeting system).

(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 Updated

Name	Job title/ position	Responsibilities	Employment terms	Date when former role as	Term
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			(Full/part time, with/without remuneration, etc.)	President ended	
Yumi Akimoto	Honorary Executive Councilor	External activities as officers, etc. of industry organization	Part-time Without remuneration	June 29, 2000	Undetermined
Akira Nishikawa	Honorary Executive Councilor	External activities as officers, etc. of public institution	Part-time Without remuneration	June 29, 2004	Undetermined
Hiroshi Yao	Honorary Executive Councilor	External activities as officers, etc. of industry organization/ public institution	Part-time Without remuneration	March 31, 2015	Undetermined

Number of retired Presidents holding advisory positions	3 persons
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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 seven (7) Outside Directors), and the Chairman of the Board of Directors is performed by the Chairman of the Company.

In FY2022, meetings were held 19 times (Directors' rate of attendance: Akira Takeuchi 100%; Naoki Ono 100%; Nobuhiro Takayanagi 100%; Yoshikazu Yasui 100%; Mariko Tokuno 100%; Hiroshi Watanabe 100%; Hikaru Sugi 100%; Hiroshi Sato 100%; Tatsuo Wakabayashi 100%; Koji Igarashi 100% (For Nobuhiro Takayanagi, the status of attendance after assuming the Director position in June 2021 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. Furthermore, in order to develop human resources who will lead the next generation of management, the Nomination Committee deliberates on successor candidates for the Chief Executive Officer together with the development plans, and supervises to ensure the development of successor candidates is performed appropriately.

Majority of the Nomination Committee members shall be Independent Outside Directors, and the Chairperson shall be performed by an Independent Outside Director. The Nomination Committee is comprised of five (5) Directors (including four (4) Outside Directors), and the Chairperson is Mariko Tokuno (Independent Outside Director).

In FY2022, the meetings were held 14 times (Members' rate of attendance: Mariko Tokuno 100%; Hikaru Sugi 100%; Tatsuo Wakabayashi 100%; Naoki Ono 100%; Yoshikazu Yasui 100%).

(Article 29 and 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.

Majority of the Audit Committee members shall be Independent Outside Directors, and the Chairperson shall be performed by an Independent Outside Director.

The Audit Committee also elects one (1) full time Member of the Audit Committee in order to improve the effectiveness of audits conducted by the Audit Committee. The Audit Committee is comprised of five (5) Directors (including four (4) Outside Directors), and the Chairperson is Tatsuo Wakabayashi (Independent Outside Director).

In FY2022, the meetings were held 17 times (Members' rate of attendance: Hiroshi Sato 100%; Hiroshi Watanabe 100%; Koji Igarashi 100%; Akira Takeuchi 100%; Yoshikazu Yasui 100%).

(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.

Majority of the Remuneration Committee members shall be Independent Outside Directors, and the Chairperson shall be performed by an Independent Outside Director. The Remuneration Committee is comprised of five (5) Directors (including four (4) Outside Directors), and the Chairperson is Hikaru Sugi (Independent Outside Director).

In FY2022, the meetings were held 9 times (Members' rate of attendance: Tatsuo Wakabayashi 100%; Mariko Tokuno 100%; Hikaru Sugi 100%; Akira Takeuchi 100%; Naoki Ono 100%).

(Article 34 of the Basic Policy on Corporate Governance)

(Sustainability Committee)

The Sustainability Committee was established under the Board of Directors on June 28, 2022 in order for the Board of Directors to not only monitor the Company's sustainability efforts but also to proactively consider the direction of the sustainability efforts from different perspectives and present them within the Company. Through this, the Company will improve the quality of its sustainability initiatives and enhance the Group's medium- to long-term corporate value.

The Sustainability Committee shall review policies on sustainability issues and others after being consulted by the Board of Directors, and report the details to the Board.

Majority of the Sustainability Committee members shall be Independent Outside Directors, and the Chairperson shall be performed by an Independent Outside Director. Currently, the Sustainability Committee is comprised of eight (8) Directors (including seven (7) Outside Directors), and the Chairperson is Koji Igarashi (Independent Outside Director).

(Article 35 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)

(Strategic Management Committee)

Following the delegation of authority from the Board of Directors, the Strategic Management Committee reviews and determines important matters concerning the management of the entire Group. The Strategic Management Committee consists of the Chief Executive Officer and the Executive Officers in charge of each department of the Strategic Headquarters. The Chief

Executive Officer serves as the chairperson of the committee.

- 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 Strategic Management Committee and other important meetings, by making use of a method via the internet at the same time, 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. Selected 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. They also conduct onsite audits of subsidiaries, etc. as needed, while forming a framework for conducting audits on 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 directly under the Audit Committee to assist the Committee in its duties concerning such audits performed by members of the Audit Committee.

Tatsuo Wakabayashi, Chairperson of the Audit Committee, has extensive knowledge of finance and accounting, having successively served as president and chairman of financial institutions. Also, 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.

Kazuhiko Takeda, a member of the Audit Committee, has extensive knowledge of finance and accounting through his experience as CFO at major subsidiaries of listed companies.

The Audit Committee examines the status of the development and operation of the internal control system, the status of the development and operation of the internal control system for financial reporting, the status of measures for work place safety, the status of the preparation and implementation of measures to enhance the internal control system, the status of the implementation of measures to comply with the Antimonopoly Act, the appropriateness of auditing methods and the results of audits by Accounting Auditors, as well as other matters.

Full-time Members of the Audit Committee attend important meetings such as the Strategic Management Committee, the Group's Management Committee, Budget Deliberation, Monozukuri and R&D Strategy Meetings and the Governance Deliberative Council, and make comments or suggestions on matters of concern. Regular meetings are also held with the Chief Executive Officer, as well as individual discussions with Executive Officers, to exchange opinions. In addition, they receive reports from each division of the Strategic Headquarters and professional CoE division 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)

As of June 28, 2022, the Audit Dept. of the Strategic Headquarters and the Audit Dept. of in-

house companies, which are departments in charge of internal audits, consist of 31 persons, including each General Manager of each Audit Dept. They are responsible for conducting internal audit work on the instructions of the responsible Executive Officer in cooperation with the Audit Committee to investigate whether internal control systems are developed and applied in an appropriate manner. They also audit the effectiveness and efficiency of company operations across the Group, the credibility of financial reports, the state of asset preservation and use, the risk management status, and the state of compliance with laws and regulations, and internal rules and standards, based on internal audit plans approved by the responsible Executive Officer and the Audit Committee.

Further, the Audit Dept. of the Strategic Headquarters works on their audits in close liaison with the Audit Committee by regularly reporting the results of Group-wide audits performed and sharing information.

(Status of accounting audits)

(1) Name of Audit Corporation

KPMG AZSA LLC

(2) Continuous Audit Period

Since 1975 (for 47 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 57 years since 1965.

(3) Certified Public Accountants Who Performed Audit Work

Takuji Kanai, Designated Limited Liability Partner, Engagement Partner

Hiroshi Tani, 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 ten (10) Certified Public Accountants and 13 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 appointment, dismissal and non-reappointment

The Audit Committee has a policy to appoint the Accounting Auditor based on the following criteria: (1) expertise, independence, timeliness and appropriateness, quality control and governance systems, (2) ability to respond to the Company's multi-industry and global business developments, (3) efficiency improvement of accounting audit operations, (4) communication with the Audit Committee, management, etc., and (5) any applicability to dismissal requirements based on statutory grounds. The Audit Committee's policy is to dismiss or not reappoint if the aforementioned criteria are not satisfied.

(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 Updated

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Company sends convocation notices of General Meetings of Shareholders earlier than the deadline designated by law. As for the convocation notice of the 97th Ordinary General Meeting of Shareholders held on June 28, 2022, it was sent on June 1, 2022.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	A General Meeting of Shareholders was held on June 28, 2022.
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	<p>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 97th Ordinary General Meeting of Shareholders held on June 28, 2022 was posted on our website prior to sending it out.</p> <p>Further, to improve shareholder convenience, a hybrid participation-type General Meeting of Shareholders (live streaming) has been conducted from the 96th Ordinary General Meeting of Shareholders held on June 24, 2021. The streamed video of the General Meeting of Shareholders will also be posted on the Company's website for a certain period of time.</p>

#### 2. IR Activities

	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: <a href="https://www.mmc.co.jp/corporate/en/ir/irpolicy.html">https://www.mmc.co.jp/corporate/en/ir/irpolicy.html</a>	
Regular Explanatory Meetings for Individual Investors	The Company holds company information sessions for individual investors on a periodic basis with the Chief Financial Officer, 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 IR Day and explanatory meetings regarding individual businesses, etc. 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 designated the full-time staff members in the Corporate Communications Dept.	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Regulations for Respecting the Position of Stakeholders	They are set forth in the Basic Policy on Corporate Governance and the Code of Conduct, as well as Sustainability Policy and others.

	<p>These are available on our website.</p> <p>Basic Policy on Corporate Governance:  <a href="https://www.mmc.co.jp/corporate/en/company/governance.html">https://www.mmc.co.jp/corporate/en/company/governance.html</a></p> <p>Code of Conduct:  <a href="https://www.mmc.co.jp/corporate/en/company/policy.html">https://www.mmc.co.jp/corporate/en/company/policy.html</a></p> <p>Sustainability Policy:  <a href="https://www.mmc.co.jp/corporate/en/sustainability/">https://www.mmc.co.jp/corporate/en/sustainability/</a></p>
Implementation of Environmental Activities, CSR Activities etc.	<p>The Company established Compliance &amp; Risk Management Dept. and designated a CSR Managing Director, CSR Director and CSR Manager in each department of the Company and its subsidiaries. All of the companies in the Mitsubishi Materials Group are working on CSR activities, including, among others, risk management and thorough compliance.</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 relating to sustainability (Sustainable Management Office), the Company gathers and discusses requests from stakeholders so as to reflect them in the management.</p> <p>Integrated Reports:  <a href="https://www.mmc.co.jp/corporate/en/ir/library/annual.html">https://www.mmc.co.jp/corporate/en/ir/library/annual.html</a></p> <p>ESG Reports:  <a href="https://mmc.disclosure.site/en/">https://mmc.disclosure.site/en/</a></p>
Development of Policies on Information Provision to Stakeholders	<p>They are set forth in the Basic Policy on Corporate Governance, etc.</p>



## 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 Strategic Management Committee 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, internal regulations, etc. In addition, the legal department and the related departments shall carry out the preliminary review of specific significant matters.

(3) The Board of Directors shall receive reports on the status of the execution of duties from Executive Officers on a regular basis and on necessary matters from Executive Officers at the Board of Directors meetings from time to time.

(4) 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.

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

(6) The Company shall enforce periodical auditing by the department in charge of internal audits.

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 and other significant information of the Strategic Management Committee and other important meetings, based on laws, the Articles of Incorporation, 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 Strategic Management Committee 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) Executive Officers shall continuously identify risk factors of the Group and formulate and promote measures necessary to minimize losses if risks materialize, based on internal regulations, policies and plans concerning risk management in general.

(4) The Company shall establish a crisis management system and rules concerning crisis response measures and other matters on crisis management in order to promptly and appropriately address any risk that may have a material impact on the Group's management and to take corrective measures.

#### 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.

#### 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 employees assigned to assist the Audit Committee, matters concerning the independence of such employees from Executive Officers, and matters concerning ensuring the effectiveness of instructions provided by the Audit Committee to such employees
- (1) The Company shall establish the Audit Committee Office to assist with the operations of the Audit Committee. The Company shall assign necessary personnel as employees to assist with the operations of the Audit Committee within the Audit Committee Office.
- (2) The employees who are to assist the operations of the Audit Committee shall carry out the operations of the Audit Committee according to the instructions of the committee.
- (3) Personnel changes of employees who are to assist the operations of the Audit Committee shall be made after obtaining the prior consent of the Audit Committee (in the case where the Audit Committee has designated a specific Audit Committee Member, such Audit Committee Member). Further, the Audit Committee (in the case where the Audit Committee has designated a specific Audit Committee Member, such Audit Committee Member) shall conduct personnel performance evaluation of employees who are to assist the operations of the Audit Committee.
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 Audit Committee Office, the Executive Officers, including the Chief Executive Officer, the departments 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 or when deemed necessary.

(2) The Audit Committee may, if deemed necessary for the execution of its duties, give instructions to the department in charge of internal audits. Preference shall be given to the instructions of the Audit Committee if there is a conflict between the instructions given by the Audit Committee and those given by Executive Officers.

(3) The Full-time Members of the Audit Committee shall be provided with the opportunity to attend the Strategic Management Committee 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 and department in charge of such matters at each business location and subsidiary. 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
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### 2. Other Matters Concerning to Corporate Governance System

#### 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 of the 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 promptly reported through a department in charge at the Company headquarters (each department of Strategic Headquarters and professional CoE, and each in-house company) to the Corporate Communications Dept.

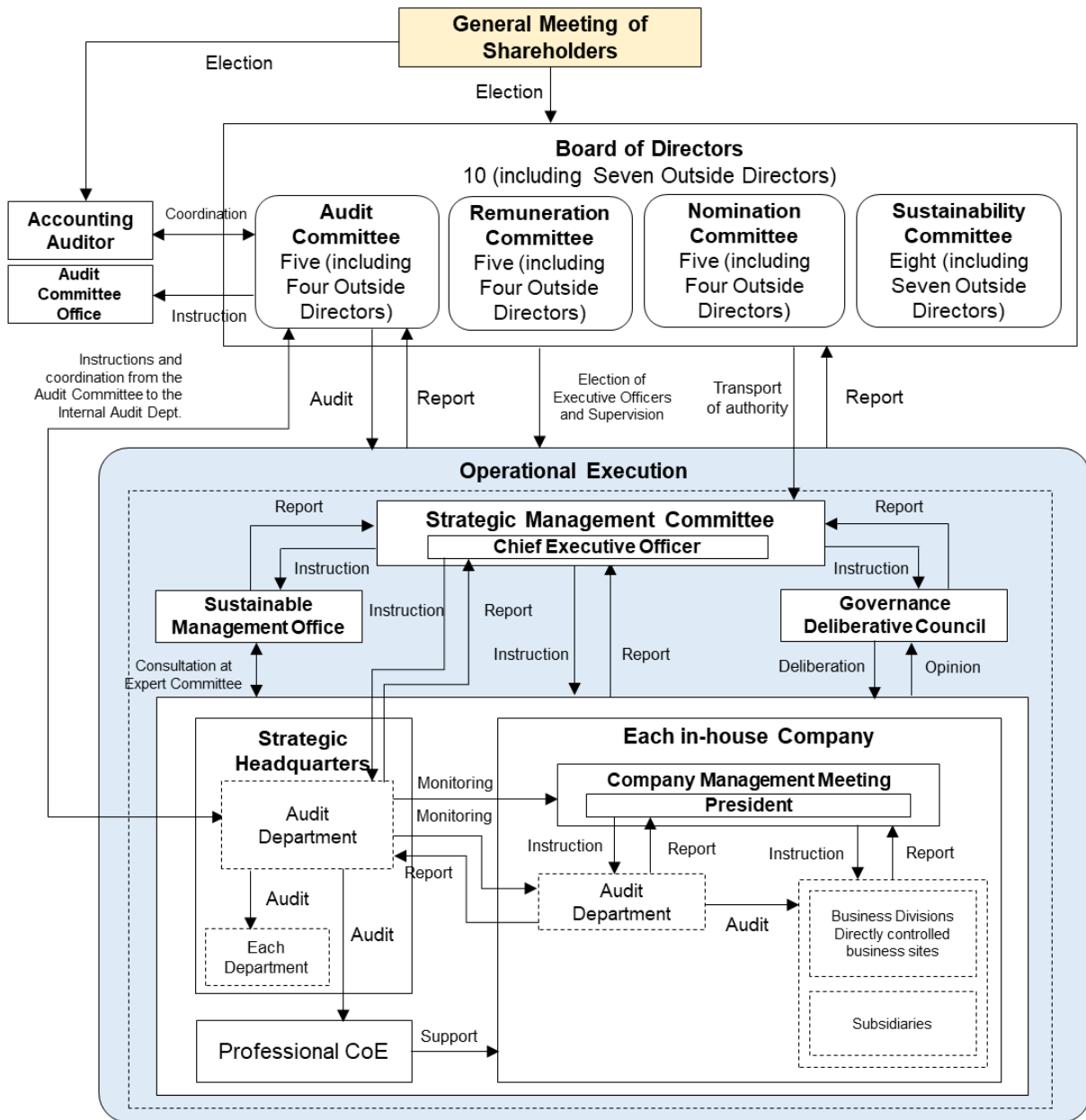
##### (2) Determination on information

Any corporate information consolidated in the Corporate Communications Dept. shall be considered to determine whether or not any timely disclosure should be made by the 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.

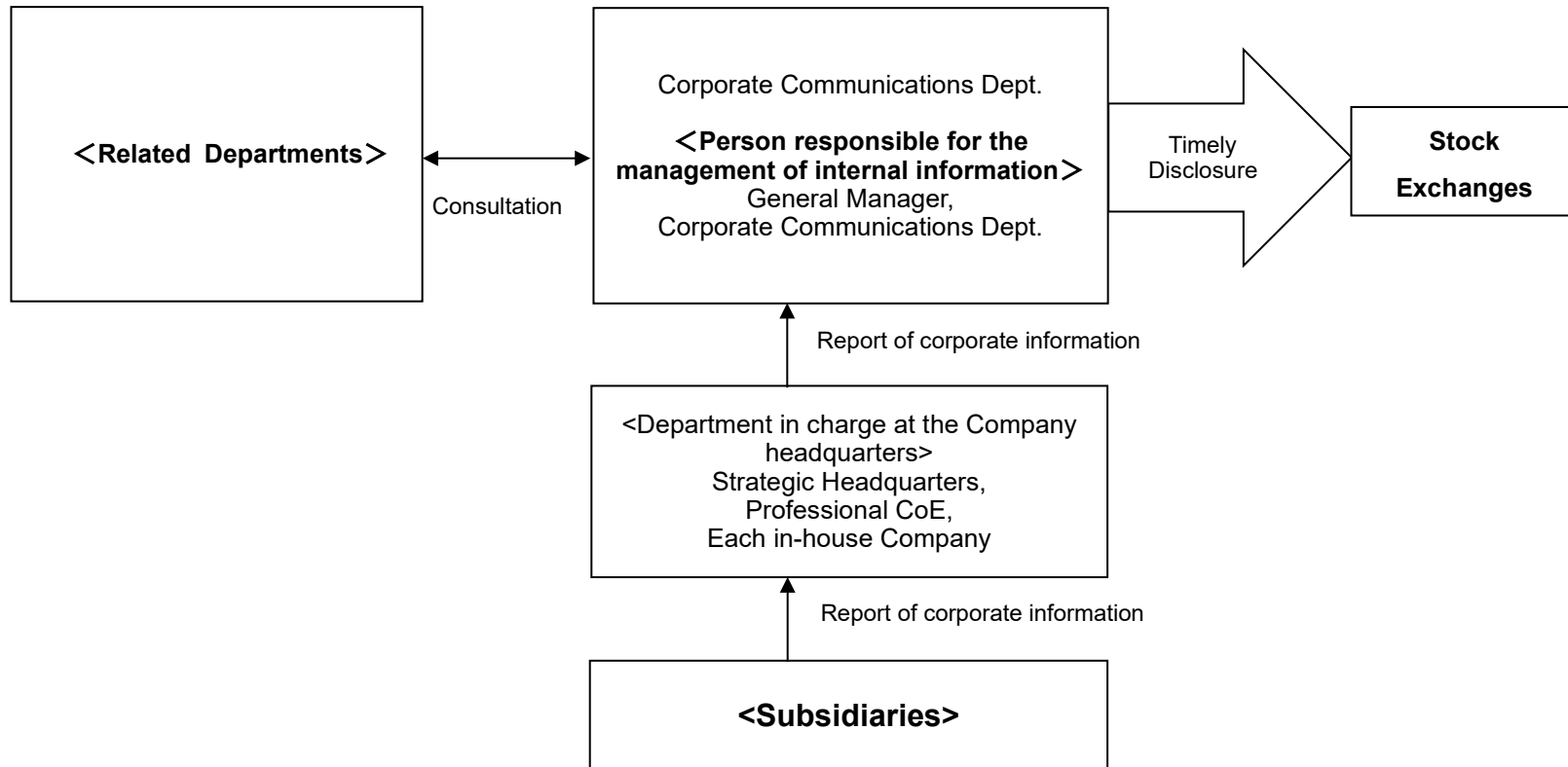
##### (3) Implementation of disclosure

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

## [ Overview of Corporate Governance System ]



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



## &lt;&lt;Remuneration System for Directors and Executive Officers&gt;&gt;

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 with the emphasis on the performance in each fiscal year, while appropriately evaluating the relative results of Total Shareholder Return (TSR)\* and the status of each Executive Officer's implementation of medium- to long-term management strategies, etc.

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

- (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 consolidated operating profit, relative comparison of TSR, and status of achievement of the non-financial target set for each Executive Officer, on a single-year basis.

The specific evaluation items shall be as follows:

<<Evaluation Items>>

- (i) 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; to be multiplied by an adjustment factor based on the consolidated operating profit growth rate compared with other companies to enhance consciousness on growth greater than market growth (relative comparison with six nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies)
- (ii) Relative comparison of TSR (relative comparison with six nonferrous metal companies and the companies chosen mainly among similar-sized manufacturing companies)
- (iii) Non-financial evaluation that evaluates the status of achievement of the targets set for each Executive Officer at the beginning of the term and other relevant factors with regard to efforts aimed at improving medium- to long-term corporate value, which is less likely to be represented in short-term performance, as well as efforts in line with the Sustainability Policy\*

\*Sustainability Policy Items

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

<<Calculation Formula>>

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

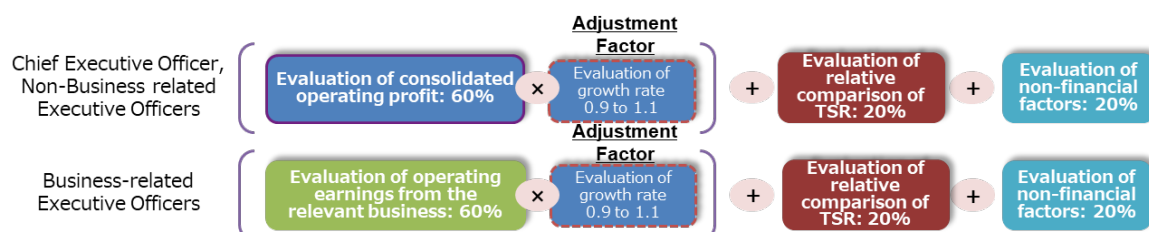
$$\text{Annual Bonus} = \frac{\text{Base Annual Bonus by Job Position}}{\text{by Job Position}} \times \text{Payment Rate Based on Performance Evaluation}^*$$

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

### <<Evaluation Weight>>

The annual bonus shall be determined based on the evaluations of each portion of 60%\*, 20% and 20% of the base amount, which depends on one's job position, in terms of consolidated operating profit (or, in the case of an Executive Officer in charge of business activities, operating profit from the relevant business sector), relative TSR comparison and non-financial factors, respectively.

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



### <Target of performance evaluation indicator for annual bonus>

With regard to the target of performance evaluation indicators for annual bonuses, in principle, the consolidated performance forecast for the next fiscal year at the time of the announcement of financial results at the end of the current fiscal year shall be applied (For operating earnings of the business for which the Officer is responsible, the figures on which the consolidated performance forecast was based shall be used.).

### <Stock-based compensation (Medium- to Long-term Incentive Remuneration)\*>

Stock-based compensation shall be a system that utilizes a trust for the purpose of achieving the sharing of a common profit awareness with shareholders. This shall be used as an incentive for improving the medium- to long-term corporate value of the Group and under which the Company's shares and cash equivalent to the proceeds from the realization of the Company's shares shall be delivered and paid in accordance with one's job position, upon retirement from the post of Executive Officers. No performance conditions nor stock price conditions shall be set with respect to the shares to be delivered.

Please note that in the case of a non-resident staying in Japan, different treatment may be applied under laws or for any other relevant circumstances.

\* The Officers' remuneration system adopts a structure called BIP (Board Incentive Plan) and grants to the Executive Officers the shares of the Company's common stock, etc. It is an incentive plan to accumulate points to be given to Executive Officers in accordance with their positions for each

three consecutive fiscal year (initially from Fiscal 2021 to Fiscal 2023) (the "Applicable Period"), and to grant the shares of the Company's common stock equivalent to 70% of such accumulated points (shares less than one unit shall be disregarded) and cash equivalent to realized value of the shares of the Company's common stock equivalent to the remaining accumulated points as compensation to Executive Officers after their retirement. One point is deemed equal to one share of the Company's common stock, and if a stock split or reverse stock split occurs during the trust period, the number of the Company's shares per point shall be adjusted according to the stock split ratio or reverse stock split ratio of the Company's shares. The maximum number of points to be given to Executive Officers during the initial Applicable Period shall be 350,000 points in total.