

Diversifying Procurement of Raw Materials

International Issues Surrounding Resources and the Group's Role

Worldwide Demand and Restrictions on Resources

Of all the base metals, copper in particular is used for a wide range of purposes. While there are risks such as short-term metal prices and exchange rate fluctuations, demand is forecast to continue growing over the long term, not least due to infrastructure development in emerging economies.

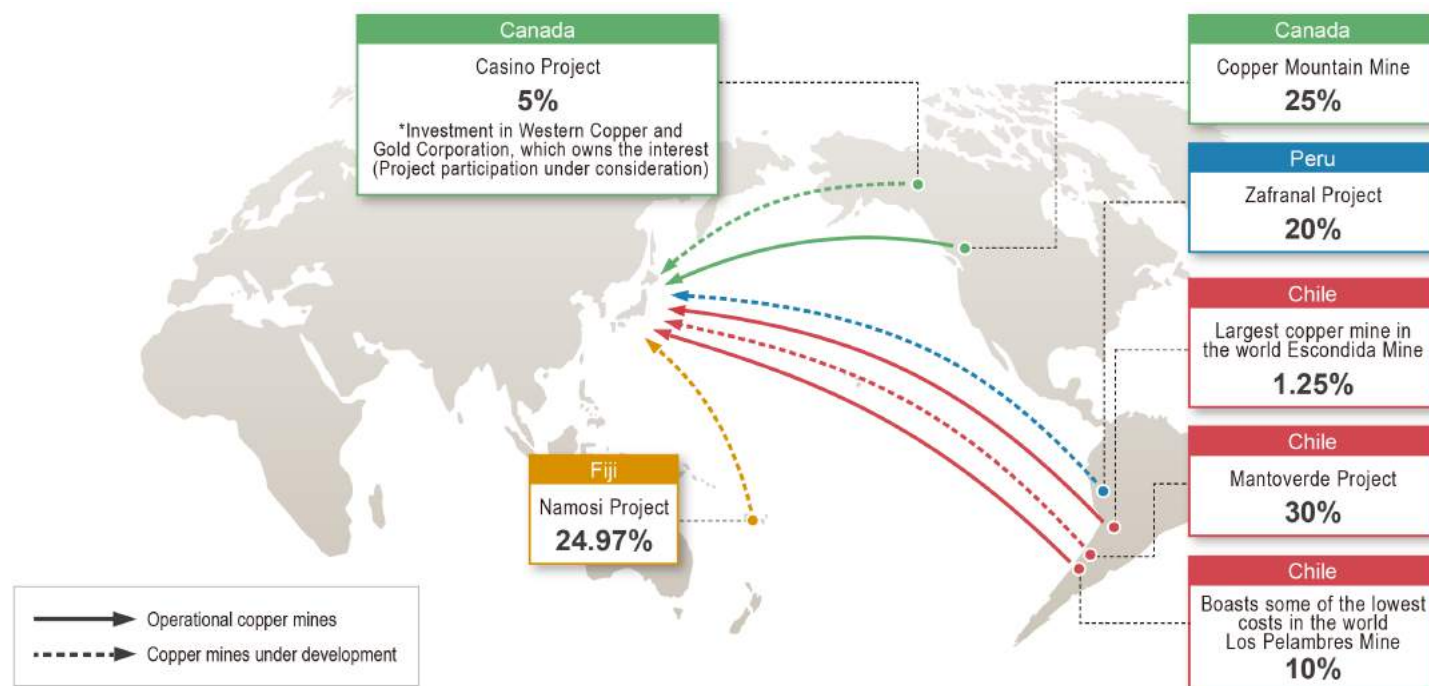
However, as copper-producing regions around the world are limited and competition for the resource is intensifying, promising production regions are becoming increasingly rare. Recently, policies to protect national resources in resource-holding countries and anti-development campaigns due to growing environmental awareness are on the rise. In addition, newly developed mines require mining at higher elevations and to greater depths, while the quality is lower and also contains more impurities. This has made securing clean copper concentrates a more important challenge than ever.

Sustainable Mine Operation

Since the closure of our domestic Akenobe Mine in 1987, we have been reliant on imports from overseas mines for copper concentrates*, the main raw material used in our products. To ensure stable procurement, we have therefore continued to invest in overseas mines. Depending on our level of investment, we also assign personnel to mines in other countries, and provide support to ensure that mines are developed sustainably in the best interests of the environment and the local community.

* Copper concentrate: The state mined in the mine is "Ore", but when it is beneficiated and the copper grade is improved, it becomes "Concentrate". "Copper Concentrate" is imported into Japan.

Overseas Copper Mines and Development Projects



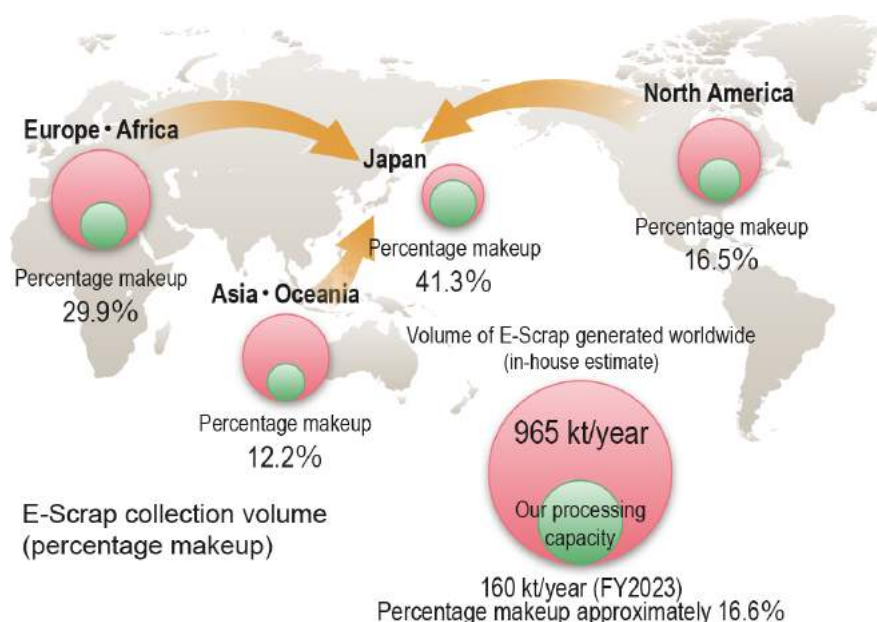
* Figures indicate ownership interest in mines and development projects.

The Growing Importance of Developing Urban Mines

The efficient recycling of resources is becoming increasingly important, in terms of securing stable supplies of metal resources and enabling the sustainable development of society as a whole. In particular, waste electrical and electronic equipment (WEEE), such as televisions, computers and cellular phones contain large quantities of valuable metals such as precious metals and rare metals. These “urban mines”^{*} are also being thrust into the spotlight because they enable highly efficient extraction (recycling) of resources with minimal impact on the environment and local communities compared to natural mines. In addition to the smelting and refining technologies that our Group has built up over more than a century, for nonferrous metals, we have a wealth of technologies and expertise in recycling, and continue to actively work on recycling, particularly E-Scrap (mainly printed circuit boards and other recyclable materials picked out from dismantled and crushed WEEE). Alongside our high-level operational expertise and the “Mitsubishi Process,” a unique continuous copper smelting and converting process developed exclusively by Mitsubishi Materials, we have established a global collection network, and are constantly working to improve and reinforce acceptance and processing capacity, as well as services such as our online booking system. In February 2018 we newly established a collection plant in the Netherlands, handling activities such as intake, inspection and sampling of E-Scrap. This has increased the Group’s annual E-Scrap intake and processing capacity to approximately 160,000 tons.

^{*} A concept that treats the above-ground accumulation of discarded electronic equipment and other industrial products as resources from which valuable resources can be recovered.

■ Rolling out E-Scrap Recycling Operations Globally



Acting as a Responsible Partner in Recycling International Resources

In recent years, we have been disposing of large quantities of electric and electronic devices that have outlived their useful lifespan as WEEE. These devices still have potential value as urban mines. However, there are concerns that they could also cause environmental contamination from lead, mercury or other harmful substances if they are processed inappropriately. To address this issue, in 2003 the European Union (EU) introduced a directive to limit volumes, and promote the reuse and recycling of WEEE.

Within the EU, a certification scheme is being put in place for companies throughout the recycling chain, to encourage them to handle WEEE in an appropriate manner. In fall 2016, we became the first company in Japan to obtain certification under the Standard on End-Processing of WEEE Fractions (E-Scrap) at the Naoshima Smelter & Refinery and Onahama Smelter & Refinery (Onahama Smelting & Refining Co. Ltd.).

At the fifteenth Conference of the Parties to the Basel Convention (COP15) in 2022, proposals from Switzerland and Ghana were adopted, placing stricter restrictions on the international movements of WEEE. This and other developments are increasingly promoting the local production and local consumption of recycled resources. The Group will continue to build on the technologies and knowledge developed so far and leverage the strong networks it has developed with suppliers in Japan and overseas to continue to contribute to the sustainable development of society as a leading company in responsible E-Scrap recycling.

Providing Nonferrous Metal Materials, Mainly Copper

Securing Stable Products Supplies: Copper products

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

Securing Stable Products Supplies: Cemented Carbide Products

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

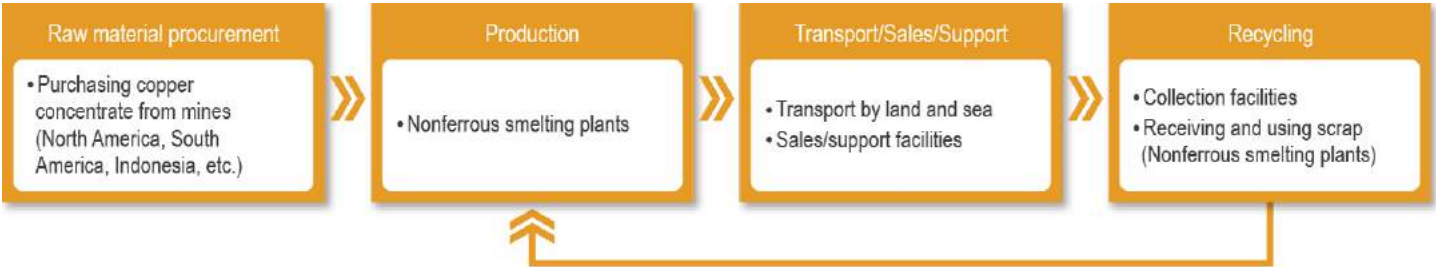
	FY2019 result	FY2020 result	FY2021 result	FY2022 result	FY2023 result	FY2024 target
Ratio of recycled tungsten as raw material	18.1%	28.3%	41.8%	43.5%	50.0%	52.0%

Providing High Added-value Functional Materials and Products

Metals Business

Our Metals business consists of three areas of business; mining, smelting and refining, and resource circulation. In the mining sector, we invest in overseas copper mines in order to procure a steady supply of copper concentrate. In the smelting and refining sector, we manufacture and sell high quality products, both domestically and overseas, thanks to the Mitsubishi Process, which combines high efficiency with exceptionally low environmental impact. Making the most of the smelting process, we have also established a recycling system for efficiently recovering valuable metals from E-Scrap and other sources, as part of our active commitment to recycling resources. We also provide precious metal bullion products and services under the brand “Mitsubishi Gold,” including our accumulation plan service called “MY GOLD PARTNER” for gold, silver and platinum for individual customers. In the resource circulation sector, we process waste products such as home appliances and automobiles for recycling, while also coordinating with the smelting and refining sector in an effort to expand resource circulation.

Value Chain for the Metals Business

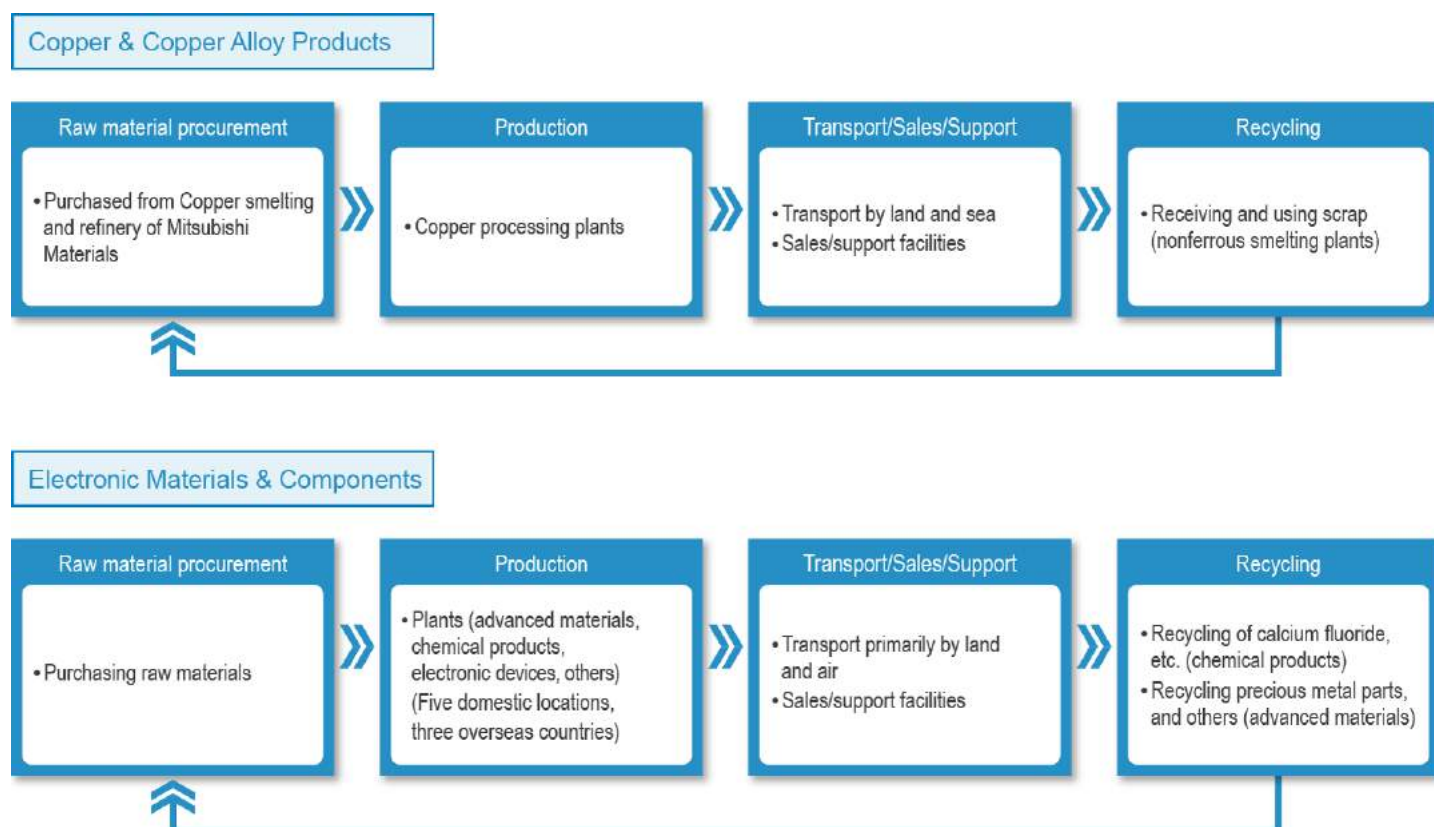


Advanced Products Company (APC) operates two businesses in an integrated manner - the Copper & Copper Alloy business and the Electronic Materials & Components business - since they are very similar in terms of market needs and technology development. Taking advantage of our unique technologies, we offer various products in the markets of next-generation vehicles, semiconductor manufacturing, electronics, industrial equipment, robots, and infrastructure, which are our focus market domain.

We supply wide range of products for semiconductor manufacturing and electronics market as well as automotive industry; oxygen-free copper and advanced copper alloys, lead frames and various other copper products that are essential to handle high current, high voltage and high capacity data communication required to next generation vehicle; solar heat-ray shielding paints that are used mainly for automotive windows to save energy; electronic components such as thermistor sensors; processed silicon products and sealing products for semiconductor manufacturing equipment. In addition, we supply superconducting wires (used for magnetic resonance imaging (MRI) scanners and scientific research), high-performance alloy wires, ECO BRASS® and GloBrass® (an environmentally friendly, lead-free superior machinability brass), and others for the market of industrial equipment, robotics, and infrastructure.

In this way, APC contributes widely to the development of society, like a popularization of new mobility services, by providing high value-added products in response to mega trends.

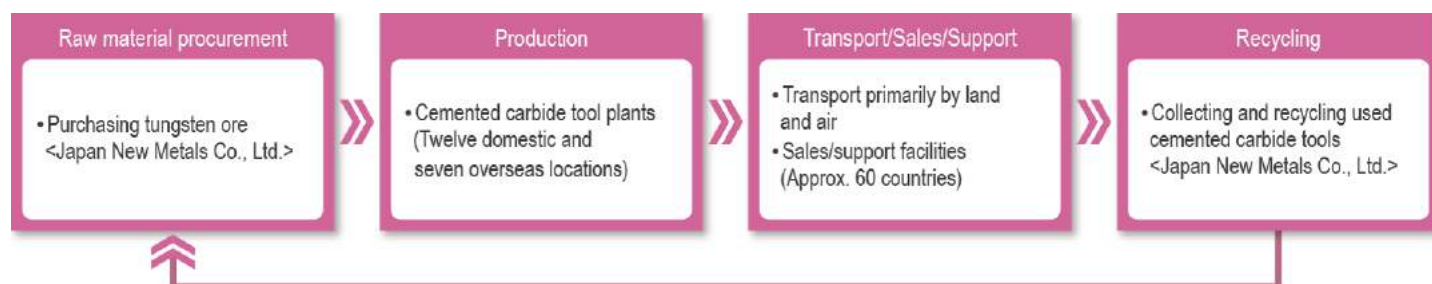
■ Value Chain for the Advanced Products Business



Metalworking Solutions Business

We supply the cutting tools and cemented carbide products such as construction tools and wear resistant tools that are essential for processing metal parts. We operate manufacturing and sales facilities worldwide, in China, and other parts of Asia, the U.S. and Europe. By providing high value-added products and services that cater to customer needs, underpinned by high levels of technical expertise and reliability, we support manufacturing across various fields and boast the largest domestic market share for cemented carbide products. We are also focused on the collection of used cemented carbide tools. For example, we proactively recycle tungsten, a rare metal that is the main raw material for cemented carbide.

■ Value Chain in the Metalworking Solutions Business



Renewable Energy Business

In the Renewable energy business, we contribute to the building of a decarbonized society by providing a stable supply of renewable energy, including geothermal, hydroelectric, solar, biogas and wind power.

Affiliated Businesses

We operate a wide range of affiliated businesses via our Group companies with diverse characteristics. For example, we have developed former mining sites for utilization as tourist roadways, while recycling companies have developed technologies to take incineration fly ash that has a high chlorine concentration remaining after the incineration of general waste and wash it until the chlorine concentration is low enough to turn it into cement resources. In this way, we have achieved the complete recycling of incineration fly ash, something that has traditionally been difficult to achieve.

In the cement business, we have established a wide-ranging business structure, from mining limestone, the main raw material in cement, through to cement plants, transportation, sales, ready-mixed concrete plants, and construction companies, etc. With this structure, we contribute to the development of social infrastructure and undertake global activities via production and sales facilities in Japan and other countries. We also supply high quality products such as low-heat cement, ultra-high strength concrete cement, and non-shrink grout, in addition to regular Portland cement and other general-purpose products. Furthermore, we actively take in difficult-to-treat waste products at our cement plants, and detoxify them using a high-temperature burning process at approx. 1,450°C. Effectively reusing resources like this enables us to contribute to the establishment of a recycling-oriented society.

* Effective April 1, 2022, the MMC's cement business and its related businesses, etc. were subject to an absorption-type demerger with Mitsubishi UBE Cement Corporation as the successor company.

Purpose of activities	Activities during fiscal 2023	Self-assessment	Targets/plans for activities from fiscal 2024 onwards
<ul style="list-style-type: none"> Operating CSR Procurement Guidelines for the Procurement & Logistics Division 	<ul style="list-style-type: none"> Supplier self-check sheets for existing suppliers were submitted by 203 companies (response rate: 81%) Supplier self-check sheets for new suppliers were submitted by 44 companies (response rate: 100%) Assessed existing suppliers: 118 suppliers Reviewed of new suppliers: 100% implemented 	B	<ul style="list-style-type: none"> Rate of collection of Self-Check Sheet: 80% or higher Assessed existing suppliers: 250 Reviewed of new supplier: 100%
<ul style="list-style-type: none"> Copper Product Raw Material Procurement Initiatives 	<ul style="list-style-type: none"> Operated a policy on the responsible procurement of minerals 	A	<ul style="list-style-type: none"> Operated and maintained a policy on the responsible procurement of minerals

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

Basic Approach

As a comprehensive materials manufacturer, we promote partnership and coexistence with wide range of suppliers throughout the value chain to improve added value. We also actively develop global procurement activities with the aim of stable product supplies and more competitive products.

As stable procurement leads to consistent operations and reduced opportunity loss, we aim to build cooperative relationships that prevent and mitigate negative impacts on society and the environment with all of our suppliers, ensuring that all transactions are fair, avoiding corruption, complying with the law and taking into account issues such as human rights.

Mitsubishi Materials Group Procurement Policy

1. Open Door/Fair Trade

When selecting suppliers, we provide a wide range of opportunities for all suppliers to engage in transactions. We select suppliers based on fair and appropriate assessments of quality, price, delivery time, management base and so on, predicated on mutual trust for the sake of mutual prosperity.

2. Legal Compliance

In conducting procurement operations, we comply with legislation in Japan and abroad.

3. Observance of Ethical Procurement

In conducting procurement operations, we do not engage in any inappropriate transfer of profits with suppliers.

4. Working Environment and Occupational Health and Safety

In conducting procurement operations, we strive to improve working environments and ensure occupational health and safety.

5. Environmental Protection and Decarbonization

In conducting procurement operations, we endeavor to protect the environment, apply every measure for the effective use and recycling of natural resources, and work toward decarbonization.

6. Respect for Human Rights

In conducting procurement operations, we respect the fundamental principles of human rights as declared internationally.

7. Information Security

In conducting procurement operations, we maintain strict confidentiality of information obtained from suppliers.

In conducting procurement operations, we promote CSR initiatives in all business activities, including the procurement of raw materials, development, production, distribution, consumption, disposal, and recycling of materials and products.

(Establishment date: December 1, 2021)

Operating CSR Procurement Guidelines for the Procurement & Logistics Division

In an effort to reinforce our organizational responsiveness with regard to CSR priorities throughout the global supply chain, we inform suppliers of the CSR Procurement Guidelines for the Procurement & Logistics Division and make efforts such as entering into agreements that incorporate the guidelines following mutual verification of the details with suppliers. The guidelines apply to all raw materials (excluding copper ores) and equipment. They consist of a Basic Procurement Policy, which sets out our responsibilities, such as fair trade, respect for human rights, legal compliance, ethical procurement, occupational hygiene, environmental protection, and information security, and in addition to these items, we require our suppliers to comply with other requirements stated in our CSR Procurement Standards, including fair business practices, the development of work environments, working hours, freedom of association, responsible raw material procurement, and the quality and safety of products.

To ensure the effectiveness of initiatives at our suppliers, we conduct supplier recruitment audits and supplier evaluations, which have been in place since April 2016, and conduct on-site audits as necessary (in fiscal 2022, we conducted on-site audits at one company).

Before starting transactions with new suppliers, we request that they conduct self-evaluations using a Supplier Self-Check Sheet. This self-check sheet consists of items that assess their initiatives on social responsibilities related to human rights (such as child labor, forced labor, and unreasonably cheap labor) and procurement (including negative environmental impact), in addition to general items such as quality, cost and delivery. The Procurement & Logistics Division assigns scores based on responses to the 12 evaluation items on the Self-Check Sheet, and determines handling based on the total evaluation score. Based on our rules, we request that existing suppliers evaluate themselves every other year using the Supplier Self-Check Sheet, thereby checking the progress of their initiatives. In addition, when control is required for each item such as main raw materials, we use the "Supplier Evaluation Sheet" to conduct a comprehensive performance evaluation consisting of a total of 28 review items such as information security, quality control, delivery management, and prevention of corruption such as collusion, cartels, and abuse of superior bargaining position, and we respond to suppliers with poor performance evaluation as high risk. Suppliers with poor performance are identified as high risk.

We provide feedback on the results of these evaluations to suppliers, including items that need improvement, and periodically monitor them as needed.

In fiscal 2023, we collected Supplier Self-Check Sheets from 247 suppliers (44 new ones and 203 existing ones). We conducted screenings of all 44 new suppliers and periodic evaluations of 118 existing ones. Of the 162 suppliers screened or evaluated, there were no suppliers deemed high risk.

Starting fiscal 2024, we revised the existing Supplier Self-Check Sheet and added questions on policies, systems, initiatives, and corrective mechanisms for corporate ethics and environmental conservation, including items related to CSR, human rights, occupational health and safety, and prevention of corruption such as collusion, cartels, and abuse of superior bargaining positions at suppliers. With these changes, we will endeavor to ascertain the details of efforts being pursued by suppliers and monitor ESG and human rights risks in the supply chain. We will also encourage improvements by providing feedback to suppliers for which risks were identified.

Mitsubishi Materials Corporation CSR Procurement Guidelines

The Mitsubishi Materials Corporation is an ensemble of companies operating under the composite profile of a comprehensive basic materials manufacturer. We provide resources, basic materials and energy indispensable to modern lifestyles, and adhere to its corporate philosophy of “For People, Society and the Earth.”

The Company's approach to CSR activities hinges on the idea of making this corporate philosophy a reality, through the sincere fulfillment of the obligations and expected roles that society places on corporate citizens, disclosure and proper explanation of the Company's activities to stakeholders, and the pursuit of a deeper level of two-way communication with stakeholders, in order to promote greater mutual understanding.

Mitsubishi Materials Corporation's CSR Guidelines are composed of a Basic Procurement Policy and CSR Procurement Standards. The Basic Procurement Policy clarifies philosophies and standards to be upheld by the Company in executing its procurement duties, while the CSR Procurement Standards clarify standards that the Company requests its suppliers (and their suppliers) to observe and uphold.

These guidelines were established based on the understanding that CSR procurement is not something that can be completed as an internal effort, and that it will only be effective if efforts are made across the entire supply chain.

Basic Procurement Policy

1. Open Door/Fair Trade

When selecting suppliers, we provide a wide range of opportunities for all suppliers to engage in transactions. We select suppliers based on fair and appropriate assessments of quality, price, delivery time, management base and so on, predicated on mutual trust for the sake of mutual prosperity.

2. Legal Compliance

In conducting procurement operations, we comply with legislation in Japan and abroad.

3. Observance of Ethical Procurement

In conducting procurement operations, we do not engage in any inappropriate transfer of profits with suppliers.

4. Working Environment and Occupational Health and Safety

In conducting procurement operations, we strive to improve working environments and ensure occupational health and safety.

5. Environmental Protection and Decarbonization

In conducting procurement operations, we endeavor to protect the environment, and applies every measure for the effective use and recycling of natural resources, and works toward decarbonization.

6. Respect for Human Rights

In conducting procurement operations, we respect the fundamental principles of human rights as declared internationally.

7. Information Security

In conducting procurement operations, we maintain strict confidentiality of information obtained from suppliers.

Mitsubishi Materials Corporation promotes CSR initiatives in all business activities, including procurement of raw materials, development, production, distribution, consumption, disposal, and recycling of materials and products.

CSR Procurement Standards

1. Respect for Human Rights

Suppliers shall respect basic human rights, to not discriminate with regard to employment or treatment, and to not engage in harassment, child labor, forced labor, human trafficking or unfair low-wage labor.

2. Compliance with Legislation and Corporate Ethics

Suppliers shall comply with legislation in Japan and abroad and to not act in ways that go against corporate ethics, including the provision or acceptance of inappropriate benefits and dealing with anti-social individuals or groups.

3. Fair Business Activities

Suppliers must not obstruct free competition, or engage in unfair competition.

4. Safety and Health

Suppliers shall work to ensure and improve safety and health, such as by preventing occupational accidents.

5. Development of Working Environment and Working Hours

Suppliers shall uphold the Labor Standards Act and endeavor to create a stable working environment, and comply with local applicable laws and regulations regarding employee's working hours, holidays, and vacations.

6. Freedom of Association

Suppliers shall recognize employees' right to freely associate, or not to associate, complying with local applicable laws and regulations.

7. Environmental Preservation

Suppliers shall abide by legally established environmental standards and strive to preserve the environment, such as by preventing air, water and soil pollution, endeavoring to reduce greenhouse gas emissions, and processing and disposing of industrial waste in an appropriate manner.

8. Responsible Procurement of Mineral Resources

Suppliers shall consider the impact of raw materials, which can cause human rights violations and social problems such as environment destruction, in procurement activities, and take measures to avoid their use if there is concern.

9. Ensuring Product Quality and Safety

Suppliers shall establish a quality assurance system to ensure the quality and safety required for products, and provide accurate information about products.

10. Protection of Intellectual Property

Suppliers shall not infringe on the intellectual property rights of others in the course of business activities such as R&D, production or sales, etc., of products and services.

11. Information Security

Suppliers shall establish an information management system (organization and rules) and take measures to prevent leakage of confidential information obtained in connection with transactions. In particular, the handling of acquired personal information shall be strictly controlled.

12. Disclosure of Information

Suppliers shall disclose details of business activities and risk information, etc., as required by laws and regulations in a timely and appropriate manner. In particular, suppliers shall disclose information promptly, especially if there is a risk of affecting the continuation of transactions.

13. Protection of Whistleblowers

Suppliers shall establish an internal reporting system that ensures the protection of whistleblowers, together with a system that prevents retaliation for reporting.

Mitsubishi Materials Corporation hopes that suppliers will work to extend fair transactions based on the purport and spirit of these guidelines to their suppliers, and will work together to build a resilient and competitive supply chain.

(Last revised date: December 1, 2021)

Copper Product Raw Material Procurement Initiatives

We procure copper concentrate, a raw material for copper products, primarily from the overseas mines in which we invest, to ensure a stable supply to smelters and refineries both in Japan and overseas. While this places us in the position of a non-operator not directly involved in mine management, as a company engaged in global procurement activities, we hope to fulfill our sustainable development responsibilities.

We place importance on dialog with indigenous peoples and members of local communities. For example, we assign specific staff members to participate in the advisory committees of mines in which we have a certain scale of interests.

Moreover, our Metals Company requires the mining companies to comply with CSR Investment Standards (if we are investing) and CSR procurement standards before we invest in them. We also check the status of compliance with those standards, for example through regular questionnaire surveys, and as necessary seek to understand and improve the situation. We also regard environmental preservation and respect for human rights as important matters to consider in management of the global supply chain and have incorporated these considerations into our business processes.

Metals Company: Outline of CSR Procurement Standards

[Continual Improvement of Environmental Performance]

- Introduce and implement environmental management systems focusing on continual improvement.
- Reduce negative environmental impact from mine development and operation.
- Take into account protected natural areas and protect biodiversity.
- Consult with stakeholders regarding environmental issues.

[Continual Improvement of Occupational Safety and Health]

- Introduce safety and health management systems focusing on continual improvement.
- Protect employees and contractors from occupational accidents. Implement disease prevention measures including local communities.

[Protection of Basic Human Rights]

- Prevent forced and child labor.
- Eliminate harassment and discrimination.
- Avoid forced resettlement, or provide compensation.
- Protect indigenous people.
- Manage and record complaints and disputes with stakeholders.
- Eliminate any involvement, either direct or indirect, with militia or other armed groups in areas of conflict where there are concerns regarding human rights violations.

Metals Company: Outline of CSR Investment Standards

[Protection of basic human rights]

Protect the basic human rights of people impacted by our business operations. Consult with stakeholders regarding local community issues. Eliminate any involvement, either direct or indirect, with militia or other armed groups in areas of conflict where there are concerns regarding human rights violations.

[Mining and protected areas]

Minimize the impact on cultural and natural heritage, identify and evaluate risks to biodiversity at every stage of our business, and develop and implement mitigation measures.

[Mining and indigenous people]

Understand and respect the society, economy, environment, culture and rights of indigenous people. Conduct social impact assessments with regard to indigenous people and provide appropriate compensation measures.

[Relationship with the local community]

Verify if there are any disputes or lawsuits with the local community. Engage in consultation and dialogue to explain business plans.

[Environmental preservation]

Conduct environmental impact assessments (EIA) and obtain appropriate permits. Set out specific policies to reduce the environmental impact of mine development and operation.

[Mineral resources and economic development]

Contribute to sustainable economic development at the regional and national level.

■ Environmental Impact Assessment for Zafranal Project (Peru)

Mitsubishi Materials Corporation joined Zafranal copper mine development project in Peru with Canadian mining company Teck Resources Limited and its subsidiary.

Compania Minera Zafranal S.A.C. (CMZ) is tasked with operating the project. Mitsubishi Materials Corporation (MMC) has 20% share of the project. MMC assigns personnel at the subsidiary established in Peru, and works with CMZ to continually monitor the situation on site and drive implementation of the project.

CMZ prizes the cultures, values, traditions and historical heritages of local communities, and has been establishing transparent and sincere long-term partnership with them. Accordingly, CMZ establishes opportunities for formal dialogue with local communities and additional stakeholders, and also conducts individual briefings and responds to their inquiries. CMZ has been building public trust while reflecting local opinions and needs through these activities.

While advancing legal processes to get approval of the Environmental Impact Assessment, CMZ is consulting with local communities. It is also undertaking environmental and social baseline studies in the project and related infrastructure areas.

As a Responsible Business Operator Procuring and Smelting Minerals


From Conflict Mineral Management to Responsible Mineral Procurement Management

The United States' Dodd-Frank Wall Street Reform and Consumer Protection Act requires all companies listed in the US to disclose whether their products contain "conflict minerals," defined as gold, tin, tantalum and tungsten, along with details of reasonable survey on producing countries and the survey results, in an effort to prevent minerals mined in the Democratic Republic of Congo (DRC) or its neighboring countries from being used to fund the activities of armed groups responsible for human rights violations and other acts of violence. Recently, the scope of conflict minerals has been expanded, particularly in EU countries, with consideration also being given to cobalt and silver from a broader perspective of responsible mineral

procurement. In tandem with this trend, the OECD, SEC, and organizations such as RMI^{*1} and LBMA^{*2} have formulated guidance related to the issue of conflict minerals (responsible mineral procurement management). As a responsible business operator smelting gold, silver, and tin, we have promoted initiatives to respond to these global requirements, and have formulated and disclosed related policies. We also consider risks in the copper and lead supply chains, and conduct surveys of the producers and traders of these metals based on efficient due diligence standards.


*1 Responsible Minerals Initiative (RMI)

*2 London Bullion Market Association (LBMA): The LBMA implements and oversees compliance with quality requirements for gold and silver bullion circulated in the market.

Contact [the Responsible Minerals Control Hotline](#)  if you identify any act in violation of the provisions of our Responsible Minerals Control Policy.

Metals Company (Initiatives with Respect to Gold, Silver, and Tin)

The Metals Company has pledged its support for a campaign to ensure a transparent flow of funds related to mineral resources, as promoted by the Extractive Industries Transparency Initiative (EITI)^{*1} since June 2011. We began preparations for tackling the issue of conflict minerals in 2012, obtained certification in August 2013 for our compliance with the London Bullion Market Association (LBMA)^{*2} gold guidance on avoiding use of conflict minerals and have had this certification renewed every year since. We have also begun operations and obtained certification with regard to silver. Since February 2014, we have received annual certification of our conformance with the RMI^{*3} of RMAP^{*4} regarding tin.

*1 Extractive Industries Transparency Initiative (EITI): The EITI is a global framework established to improve the transparency of financial flows from extractive industries engaging in the development of oil, gas and mineral resources to the governments of resource-producing countries. Its aim is to prevent corruption and conflicts, and thus to promote responsible resources development that can facilitate growth and help to reduce poverty. <http://eiti.org/> 

*2 London Bullion Market Association (LBMA): The LBMA implements and oversees compliance with quality requirements for gold and silver bullion circulated in the market. <http://www.lbma.org.uk/> 

*3 Responsible Minerals Initiative (RMI)

*4 Responsible Minerals Assurance Process (RMAP, formerly the Conflict-Free Smelter Program [CFSP])

Mitsubishi Materials Corporation Metals Company Responsible Minerals Control Policy

Establishment date: 19th June 2013

Last revised date (Rev. 7): 1st December 2022

The Metals Company (hereinafter the “Company”) engages in bullion manufacturing for gold, silver and tin. The Company does not procure materials originating from high risk areas, such as conflict-affected areas, connected to human rights abuses, terrorist financing, money laundering and illegal trade. Also, the Company recognizes the importance of addressing Environment and Sustainability responsibilities for procurement of materials. To rigidly maintain this practice, the Company has adopted a control system that follows the London Bullion Market Association (LBMA) guidance for gold and silver, and the Responsible Mineral Initiative (RMI) Responsible Minerals Assurance Process (RMAP) for tin and undergoes regular audits by third-party bodies.

The Company’s responsible minerals control policy applicable to gold, silver and tin is as follows.

1. General Provisions

- (1) The Company will respect human rights and avoid direct or indirect involvement with inhumane acts. For this purpose, the Company will not use suspicious minerals which may be connected to conflict-affected and high risk areas where armed conflict, widespread violence and other risks may harm individuals. Risks listed in “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” AnnexII (listed below①～⑥) and risks of gold and silver listed in LBMA’s guidance are managed.(* : When the difference of the expression or content of risks of LBMA’s guidance from risks of OECD guidance, the risks of LBMA’s guidance are added with” * ”.)

① Direct or indirect support to non-state armed groups (①* Direct or indirect support to illegitimate non-state armed groups, or public or private security forces)

- ② Serious abuses associated with the extraction, transport or trade of minerals (②* Systematic or widespread human rights abuses associated with the extraction, transport or trade of gold)
- ③ Public or private security forces (See ①*)
- ④ Bribery and fraudulent misrepresentation of the origin of minerals
- ⑤ Money laundering (⑤* Money laundering or terrorism financing.)
- ⑥ Payment of taxes, fees and royalties due to governments (⑥* Non-compliance with taxes, fees and royalties due to governments related to mineral extraction, trade and export from Conflict-Affected and High-Risk Areas (CAHRAs))
- ⑦ * Contribution to conflict

In addition, in accordance with LBMA's guidance on gold and silver, the Company will address ESG factors such as environmental and sustainability responsibilities in its mineral procurement.

- (2) The Company will take measure considering stopping a transaction when its risk controls on material procurement.
- (3) The Company annually receives third-party assurance on its procurement of materials containing gold, silver and tin, and reports the audit results concerning gold and silver to LBMA and those concerning tin to RMI.

2. Control System and Responsibility

- (1) The Company's headquarters deals with all operations for mineral control. Smelters and refineries do not procure materials independently.
- (2) The compliance officer appointed by the Company assumes authority and responsibility stipulated in the control manual, including those for overseeing relevant sections and divisions and for operating the control system.
- (3) The Company management meeting appointed by the Company assumes authority and responsibility stipulated in the control manual, including those for overseeing the entire control system and for regularly conducting management reviews.

3. Judgment Criteria for Material Procurement from Conflict-Affected and High-risk Area, and Zero-tolerance Supply Chains of LBMA.

The Company considers the procurement of materials containing gold, silver and tin as a high-risk when those materials are determined to have a high relation to any suspected OECD Annex II risks and LBMA guidance(1.General Provisions (1)①-⑥,①*-⑦*) in conflict-affected and high-risk areas defined by the Company. The Company also considers the procurement of materials containing gold and silver as a high-risk when those materials are high risk of ESG factors (Environment and Sustainability etc.).

Furthermore, by LBMA RGG, the below cases are zero-tolerance supply chains, and the Company must terminate the procurement of materials containing gold, silver immediately.

- ① The Mined Gold is known to originate from areas designated as World Heritage Sites
- ② The Mined or Recycled Gold is known to be sourced in breach of international sanctions (including but not limited to those of the UN, EU, UK and US)
- ③ The Mined or Recycled Gold supplying counterparty, other known upstream companies or their UBOs are known money launderers, fraudsters or terrorists, or have been implicit in serious human rights abuses, or in direct or indirect support to illegitimate non-state armed groups.

4. Implementation of Due Diligence on Material Suppliers, and the High-risk Supply Chains of LBMA.

The Company will practice due diligence and perform risk assessments on all suppliers of materials containing gold and silver and all suppliers of materials containing tin. The Company will take a counteraction, which contains a immediately stopping a transaction or investigation in detail (Enhanced Due Diligence : EDD), when it is deemed as being high risk, as a result of the risk assessment.

After the Company implements EDD on the high-risk supply chains by LBMA RGG, the Company take a counteraction as bellows.

- ① In case of the Company concludes that there are known instances of Money laundering, Terrorist financing, Serious human rights abuses, Direct or indirect support to illegitimate non-state armed groups, Fraudulent misrepresentation of the origin of minerals, the Company should immediately stop transaction,
- ② In case of the Company concludes that there are a founded suspicion of Money laundering, Terrorist financing, Serious human rights abuses, Direct or indirect support to illegitimate non-state armed groups, Fraudulent misrepresentation of the origin of minerals, and that there are reported catastrophic ESG impacts,

- ③ In case of the Company concludes that the counterparty is using reasonable and good faith efforts despite instances of Bribery, Non-fraudulent misrepresentation of the origin of minerals, Non-compliance with taxes, fees and royalties due to government, Material breaches of environmental, health, safety, labour and community-related local legislation, and/or ESG risks that have the high likelihood to result in highly adverse impacts, the Company may continue transaction under the improvement plan of the counterparty.

5. Monitoring of Materials Purchased by the Company's Headquarters

- (1) Materials purchased by the Company headquarters are supplied to smelters and refineries, which will check the actual goods and analyze the content of gold, silver, tin and/or other metals for every lot, to examine consistency with the information from suppliers provided in advance by the Company headquarters and to report the findings to the Company headquarters.
- (2) The Company will effectively utilize the monitoring system for incoming materials, which has long been in place, for the purpose of responsible minerals procurements control at the Company headquarters and operate it as a system for the prevention of contamination with high risk minerals.

6. Operation of the Responsible Minerals Sourcing Control System

- (1) The compliance officer will provide education and training to the relevant sections and divisions of the Company headquarters and to the smelters and refineries as needed.
- (2) The compliance officer will perform at least one internal monitoring per year of the relevant sections and divisions of the Company headquarters and of the smelters and refineries to assess if operations are properly performed in accordance with the responsible minerals sourcing control system or if there are any deviances from the system.
- (3) In the event of starting transactions with a new supplier for material procurement, the Company will ensure that the information is communicated to the compliance officer in an effort to prevent contamination with high risk minerals.
- (4) The compliance officer will keep the records of all operations concerning responsible minerals sourcing control and retain them for five years. The relevant documents of the control manual will be revised as needed and properly managed.

[PDF](#) [LBMA Responsible Gold Guidance Compliance Report and the Independent Assurance Report \(KPMG AZSA Sustainability Co., Ltd.\) \(853KB\)](#)

Metals Company (Initiative with respect to Copper and Lead)

Copper cathodes and Lead Ingots which Metals Company manufactures are registered with LME (London Metal Exchange). In line with LME's initiative to introduce "LME Policy on Responsible Sourcing of LME-Listed Brands", Metals Company has set out its Responsible Minerals Sourcing Policy for Copper and Lead as below and will implement responsible sourcing measures to comply with LME's requirements.

Mitsubishi Materials Corporation Metals Company Responsible Minerals Sourcing Policy for Copper and Lead

Established on: September 1, 2023

Naoshima Smelter & Refinery of Metallurgy Division, Metals Company, Mitsubishi Materials Corporation, Onahama Smelter & Refinery of Onahama Smelting & Refining Co., Ltd., and Hosokura Metal Mining Co., Ltd. manufacture copper cathodes and lead ingots. In procuring raw materials for these metals, the Metals Company of Mitsubishi Materials Corporation (hereinafter referred to as the "Company") establishes and operates a control system in accordance with the Responsible Sourcing Policy of the London Metal Exchange as well as the Joint Due Diligence Standard of The Copper Mark, and will undergo independent third party assessment of its risk assessment.

The Company hereby sets out its Responsible Minerals Sourcing Policy for Copper and Lead as follows and will implement the following measures.

- (1) The Company implements the five-step due diligence process defined in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Annex I for its raw material procurement of copper and lead.
- (2) The Company identifies, assesses and responds to risks of adverse impacts and actual adverse impacts in its mineral supply chains including those listed in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Area Annex II (as listed below).
 - ① Direct or indirect support to non-state armed groups
 - ② Serious abuses associated with the extraction, transport or trade of minerals
 - ③ Direct or indirect support to public or private security forces
 - ④ Bribery and fraudulent misrepresentation of the origin of minerals
 - ⑤ Money laundering
 - ⑥ Payment of taxes, fees, and royalties due to governments
- (3) If a serious abuse of human rights or any support to non-state armed groups is identified, the Company will immediately terminate the transaction or cancel the contract. Risks other than serious abuse of human rights or support to non-state armed groups will be mitigated. If it is determined that the risk cannot be mitigated, the Company will immediately terminate the transaction. A risk management plan will be used as a framework for procedures to be implemented to manage and mitigate the risks of adverse impacts and actual adverse impacts. The risk management plan will enable the Company to manage risks through engagement with suppliers that could exercise their influence further upstream of the supply chain, initiatives with business alliances and diverse stakeholders, and involvement with local and central governments. It will also monitor and track performance through feedback from stakeholders.
- (4) We will undergo an independent third party assessment of the risk assessment of the supply chain for the procurement of raw materials including copper and lead, and will also provide an annual report on the implementation status of the management system for procurement of raw materials including copper and lead.

[PDF](#) [Annual Report on Responsible Mineral Sourcing \(Copper\) \(from October 2022 to September 2023\) \(188KB\)](#)

Japan New Metals Co., Ltd. (Supervised by the Metalworking Solutions Company) (Initiatives with Respect to Tungsten)

In June 2021, Japan New Metals Co., Ltd., a Group company whose operations include tungsten smelting and refining, revised the existing Conflict Mineral Management Policy to the Responsible Mineral Procurement Management Policy, which has expanded its scope of control to a wider range of areas and minerals. As a company smelting and refining tungsten in Japan, Japan New Metals Co., Ltd. carries out management to ensure that raw materials put into the smelting and refining process are ones conforming to the Responsible Mineral Procurement Guidelines. The company also carries out the similar management for raw materials purchased from external tungsten smelting and refining companies. Furthermore, in November 2021, the company acquired the Responsible Minerals Assurance Process (RMAP) conformance certification, which was updated from the CFS Certification.



Responsible Mineral Procurement Management Policy of Japan New Metals Co., Ltd.



RMAP certification obtained by Japan New Metals Co., Ltd.

We endeavor to prevent quality issues by engaging in risk management activities for reducing quality risks at Group companies both in Japan and overseas. We aim to prevent quality risks from materializing and provide stable quality to customers. In order to ensure that delivery time and cost are not prioritized over quality, we have established the order of priority for decision making in the performance of duties as SCQDE*. By repeatedly informing and educating employees, we are fostering an environment that encourages consistent judgments. The same concept is applied in product R&D, and is a fundamental principle in all decisions that require problem solving or response to potential risks. Furthermore, we have established a front-loading system guideline, whereby the design and development, manufacturing, quality assurance, research, and sales departments identify risks and problems to be considered at each stage from design to mass production, deliberate on improvements and countermeasures, and ensure the execution of new projects through expert review and customer evaluation. This process is reviewed by experts and evaluated by customers to ensure the execution of new business.

* SCQDE" shows the order of priority of our business decisions. In providing products and services to customers, we must thoroughly implement SCQ and satisfy D. We believe that we will be able to obtain trust from customers and society by continuously executing SCQD in good faith, and this will produce a reasonable profit.

1. S (Safety & Health: safety and health come first)
2. C (Compliance & Environment: legal compliance, fair activities and environmental conservation)
3. Q (Quality: quality of products and services provided to our customers)
4. D (Delivery: strict adherence to delivery deadlines)
5. E (Earnings: appropriate earnings)

With reflection on quality issues, we prioritize adherence to SCQ.

The trust of customers is secured only when all requirements up to and including D have been satisfied.

E is obtained based on the trust of customers after satisfying SCQD.

Product Safety

As a manufacturer, we are committed to providing our customers with safe, high quality products. We therefore strive to ensure the quality and safety of our products based on the precautionary approach, in addition to ensuring compliance with the law and other applicable regulations. We have also formulated a set of regulations for the control of hazardous chemical substances contained in our products. As well as thoroughly ensuring that we do not release any products containing hazardous substances to customers, including via Group companies, we are committed to disclosing product information as necessary.

Ensuring Safety in Transit

We make every effort to guarantee safety when transporting products that require additional safety measures in transit, such as sulfuric acid.

Specific measures include ① avoiding contact with other substances, ② wear protective equipment when filling and unloading products, ③ take measures to prevent leaks or dispersal from containers, and ④ providing drivers with SDS clearly outlining measures in the event of an accident.

Providing Safety Information

Providing safety information on our own products is vitally important, to ensure product safety further along the supply chain. We therefore attach Safety Data Sheet (SDS) to Mitsubishi Materials products so as to effectively disclose and convey information on chemical substances.

Controls on Chemical Substances Contained in our Products

We have formulated a set of regulations for the control of hazardous chemical substances contained in our products, and continue to reinforce management and ensure legal compliance in relation to chemical substances contained in our products. In Japan, we register, maintain and manage chemical substances based on the Chemical Substances Control Law^{*1}. Overseas, we successfully completed the registration of chemical substances in accordance with REACH regulations^{*2}, which apply within EU regions, by September 2017, and currently maintain and manage those substances. Also note that new REACH regulations have come into effect in the UK (commonly known as UK-REACH) in response to the UK's departure from the EU, and we are making the necessary preparations to comply. We are also gathering information on and responding to chemical-related laws and regulations in other countries as needed.

We provide Group companies with the latest information through quality liaison conferences and quality meetings, and give them advice on compliance with all applicable legislation.

^{*1} Chemical Substances Control Law: Act on the Regulation of Manufacture and Evaluation of Chemical Substances

^{*2} REACH (Registration, Evaluation, Authorization and Restriction of Chemicals): EU regulation that governs the registration, evaluation, authorization and restriction of chemical substances manufactured within or imported into the EU.

Impact Assessments at the Development and Prototype Stages

We carry out reviews during four key stages of the R&D process, when exploring areas of R&D, conducting R&D and prototyping, conducting mass production trials, and commercializing products. While continually taking safety in our processes and products into account, we implement checks and careful examination regarding the use of hazardous chemical substances, compatibility with customer requirements and compliance with various laws and regulations. From the initial stages of the R&D process we repeatedly check these aspects.

Establishment of Quality Review Day

The Group had declared November 1 of each year to be our Group-wide Quality Review Day so that the quality issues that occurred in 2017 will not be forgotten and the same issue will not occur again. In fiscal 2023, this was an opportunity to review quality issues by watching a video message from the CEO and a video of lessons learned from the series of quality issues. It is also an opportunity to once again verify that the products and services provided to customers at each site do not have quality issues. We have also implemented various initiatives, including the verification of the effectiveness of the measures for preventing the recurrence of complaints, and a review of the standards and procedures.

Quality Management System

We operate in accordance with the "Fundamental Quality Provisions at Mitsubishi Materials Group" in order to enhance governance relating to quality. Under the quality provisions, we have formulated a Group-wide "Quality Policy" that aims to provide first-class products and to obtain customer satisfaction, and established and operate the "Quality Control Guidelines at Mitsubishi Materials Group" to complement the Group Quality Policy. We have established and are working to maintain our quality management, from design and development to production, shipping and sales, for the processes involved in quality improvement of products and services provided by us.

The Group handles a wide variety of products at its domestic and overseas sites, and it is important to share the latest information related to quality management. For this purpose, we periodically hold meetings of quality managers attended by representatives involved in quality control of our group. At these meetings, Safety, Environment & Quality Dept. provides and shares a variety of up-to-date information about our quality. Participants can then share examples of improvement at each site and hold group discussions on specific topics. The purpose is to deepen the understanding for quality representatives and share information and the outcomes from discussions at each site to enable further improvements.

We have also set up a Quality Liaison Conference comprised of the persons in charge of quality from Safety, Environment & Quality Dept., each in-house company, and others, in our efforts to enhance our governance system. At the Quality Liaison Conference, the progress and status of quality initiatives at each in-house company, including Group companies, are reported. The necessary information is then shared by participants.

Further, where necessary, Safety, Environment & Quality Dept. and the Company holds quality holds quality meetings that are aimed at sharing quality information. At quality meetings, we provide detailed support to each site, such as checking the status of quality management with each site individually and exchanging views. Quality audits are conducted as part of themed audits led by the Internal Audit Dept. The purpose of the quality audit is to confirm the lack of quality fraud and the implementation of effective quality initiatives based on objective evidence. It also aims to identify issues and improvements related to quality, and to provide an opportunity for the audited sites to make continuous improvements.

Quality Training

Given the reflection that crisis sharing within the Group was not working and a poor sense of ownership was seen when the quality issues occurred, quality training is conducted for each level of younger employees, middle employees and managers, to continue to change their mindset on quality. The quality management system (QMS) based on ISO 9001 is fundamental to our quality management and quality assurance. ISO9001 internal auditor training is conducted regularly for newly appointed auditors. In fiscal 2023, twelve classes were held with a total of 133 participants. Furthermore, we also held six classes aimed at maintaining and improving the auditing skill and capabilities for the experienced internal auditors. A total of 23 people participated in these classes.

Quality Management Initiatives at Overseas Manufacturing Sites

Our Metalworking Solutions Company has 10 manufacturing sites in Europe, the United States and Asia, which manufacture high quality products in conjunction with our domestic sites. To accommodate the expansion of locally manufactured products overseas, we have continued efforts to provide technical instructions from domestic sites on equipment maintenance, production technologies, inspection standard and other matters. This initiative over a number of years has resulted in activities led by local employees overseas, e.g. kaizen (improvement) meetings and reviews of QC systems. Their motivation to acquire new skills and technologies is driving improvements in quality. We engage in activities to further improve quality, such as the raising of quality awareness and the improvement of quality documents through ongoing quality training.

Also, electronic components business, a part of Advanced Products Company, was expanded to Southeast Asia early and has transferred the production to the region. Today, in Southeast Asia, we have a total of five manufacturing sites (including subsidiaries and subcontractors) dedicated to the business, and they have worked closely with the Ceramics plant in Japan to develop production systems. The Copper & Copper Alloy Div. has a total of 12 sites in Europe, the United States and Asia, and is working to maintain and improve the level of quality management by strengthening coordination with Japanese sites and head office. In particular, to reduce customer complaints about product quality and maintain governance, we encourage the sharing of information and conduct a wide range of activities aimed at further raising awareness and improving the skills of local staff and personnel posted overseas, including quality supervisor meetings, small group activities and presentation meetings, quality audits conducted by the in-house company, and web conferences held on a timely basis.

Governance Restructure Relating to Quality Management and Preventive Measures

As a result of the Group's efforts to implement and strengthen prevention measures for recurrence in quality management, we have improved both quality awareness and control level across the Group and various measures have been disseminated across the Group. To prevent the recurrence of quality issues going forward, we will incorporate a series of measures to prevent quality issues into our quality management systems such as the systems that comply with the ISO 9001 standard, and continuously implement them.

Main causes of the shipment of non-conforming products	Preventive Measures for Quality Issues	Concrete Measures
<ul style="list-style-type: none"> ◆ Inadequate framework for exerting influence on product development and order receiving processes at order receiving stage ◆ Attitude excessively prioritizing "order receiving" and "delivery date" ◆ Order received and mass production that the specifications exceeding manufacturing capability 	① Implementation of a Front Loading System (FLS) for Order Receiving	<ul style="list-style-type: none"> • Implementation of the Front Loading System Guidelines was confirmed through quality audits, etc.
<ul style="list-style-type: none"> ◆ Insufficient framework of quality assurance system ◆ Pressure on quality assurance departments from other departments 	② Enhancement of the Framework and Authority of the Quality Control Department	<ul style="list-style-type: none"> • Authority including independence of quality assurance function, and the implementation were confirmed through quality audits, etc.
<ul style="list-style-type: none"> ◆ Low awareness of compliance with specifications ◆ Arrogance in thinking that quality management is being achieved ◆ Low sensitivity to risk in relation to quality issues 	③ Expansion of Quality Training	<ul style="list-style-type: none"> • Continued implementation of quality training for employees at domestic and overseas sites. • Implementation of quality training on the basics of quality control for younger employees. • Implementation of quality compliance training for mid-level employees and managers. • Implementation of quality training to improve professional quality management skills, including ISO9001
<ul style="list-style-type: none"> ◆ Insufficient business resources (insufficient inspectors, inspection equipment, etc.) 	④ Promoting Automated Inspection Equipment	<ul style="list-style-type: none"> • Continued implementation of automated inspection equipment
<ul style="list-style-type: none"> ◆ Audit procedures that have become a mere facade 	⑤ Enhancement of Quality Audits	<ul style="list-style-type: none"> • Continued to conduct quality audits at necessary sites
	⑥ Utilization of Outside Consultants	<ul style="list-style-type: none"> • Continued implementation of consultations and seminars by quality consultants

From "Reactive Quality Management" to "Proactive Quality Management"

Currently, as part of our "proactive quality management" efforts, we are also working to realize designs, facilities, and processes that prevent the occurrence of out-of-specification products. Each company and base sets quality targets and promotes various improvement activities to achieve them.

Since quality is the brand asset of our Group, we will continuously improve the level of quality through quality education and quality improvement activities, and continue to provide products that satisfy our customers.