

## Initiatives on Material Issues

### Identifying and Reviewing Materiality (Material Issues)

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

Initially, in fiscal 2008, we identified nine material issues of the Group by conducting a material issue assessment based on the framework of the GRI Guidelines, a set of international guidelines that address sustainability reporting. In fiscal 2016, we reorganized them into seven issues. Later, in response to changes in the external environment, we updated the Group's material issues in the Medium-term Management Strategy for the period until fiscal 2023, which we announced in March 2020. As a result, the Group now has ten material issues.

In addition, in the Medium-term Management Strategy FY2031 that was announced in February 2022, we employed the following selection process to identify key factors from various perspectives and arranged these elements along two axes, in terms of their importance for each stakeholder, and their degree of importance in relation to Our Commitment. Following extensive discussion on the importance of each key factor undertaken by the Strategic Management Committee and the Board of Directors, an order of priority was established. As a result, we set ten material issues that include four key material issues regarded as being of particularly high importance.

#### Selection Process

##### STEP1.

###### Identification of issues

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

##### STEP2.

###### Organization and assessment of issues

In addition to these elements of social issues, we set two axes on which to rank our material issues, including those established in fiscal 2021: the importance to our various stakeholders, and the importance in light of Our Commitment.

After all of our Executive Officers and Directors have organized the issues and key themes, they are discussed from the perspective of their importance to our stakeholders and the Company.

##### STEP3.

###### Selection of issues

The material issues and key themes established in fiscal 2021 are revised and redefined, with priority given to issues that are ranked as “very high” or “high” on both axes.

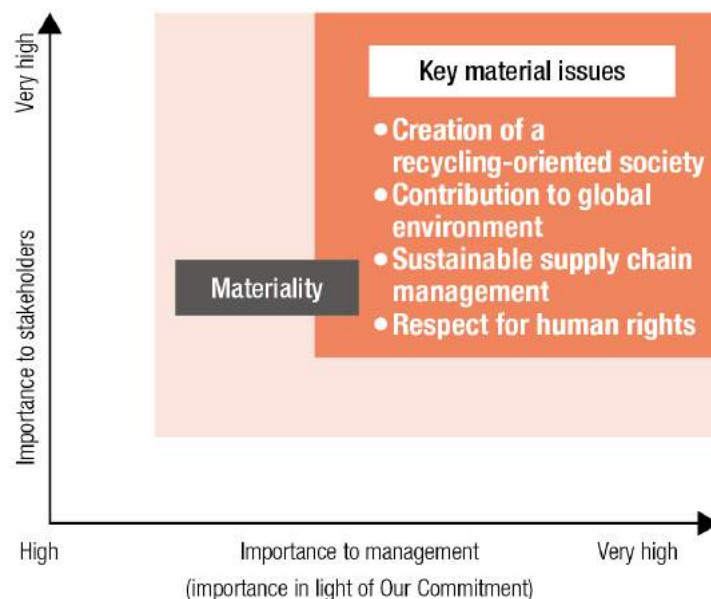
We have designated four key material issues that are of particular importance.

#### STEP4.

##### Establishment of nature and objectives of initiatives

The nature and objectives of initiatives to address the redefined material issues and key themes are established.

The progress and results of these initiatives are regularly disclosed.



## Mitsubishi Materials Group's Initiatives on Material Issues

Materiality	Key Themes	Background and Key Initiatives
Creation of a recycling-oriented society	Developing and providing recyclable products	To build a sustainable future, it is essential to realize a recycling-oriented society. We are working to increase the recycling rate by expanding the processing of E-Scrap in our Smelting & Refining business, to collect used cemented carbide tools globally in our Metalworking Solutions business, to secure recycling processing capacity and to realize recycling cooperation, as well as recycling household appliances and automobiles, and processing food waste and incinerated ash. The company is also involved in the recycling of household appliances and automobiles, and the disposal of food waste and incinerated ash. In addition, in the Electronic Materials business, the Group aims to develop and expand sales of products that contribute to reducing environmental impact, and to study ways to increase the amount of pure copper and alloy scrap recycled and treated in the manufacturing processes of the Copper & Copper Alloy business, as well as promoting technological development to secure and recover meteorological resources contained in copper ore deposits. The Company will continue to focus on the development and upgrading of processing technologies, develop new recycling targets, build an extensive recycling network and promote initiatives to increase the supply of easily recyclable products, thereby playing a central role in the evolving global resource environment, both in terms of hardware and software.
	Advanced technology-based waste recycling	

Contribution to global Environment	Initiatives for building a decarbonized society	<p>In order to realize a sustainable society, it is essential for companies to "work towards a decarbonized society" and "reduce environmental impact and prevent environmental pollution". The Group promotes the development and use of renewable energies such as geothermal and hydraulic power, and energy-saving activities at its plants, while striving to protect the environment by responding appropriately to environmental regulations and working towards the effective use of resources and their recycling.</p> <p>Under the 'Initiatives for a decarbonized society' policy, the Group is working to reduce its GHG emissions by investing in GHG reductions in facilities and processes, such as upgrading technologies for developing renewable energies such as geothermal power and expanding their use by developing new sites, entering new wind power generation, stabilizing the biogas business, improving technologies such as fuel conversion, reducing CO<sub>2</sub> emissions and developing technologies for the capture and storage of CO<sub>2</sub>. reduction investments, as well as actively working on the development of environmentally friendly technology products. In addition, the Company actively participates in initiatives to address climate change issues and is also strengthening its cooperation with companies to reduce GHG emissions, including throughout supply chains other than its own.</p>
	Developing and promoting the use of renewable energy	<p>In the area of reducing environmental impact and preventing environmental pollution, we are working to minimize the environmental impact of closed non-ferrous metal mines by promoting facility and management measures, and we are also working to improve our extensive company-owned forests from the perspective of improving forest public welfare functions and effectively utilizing forest resources, which also contribute to timber resources and local recreation. We are working on the maintenance of these forests. In the future, we will consolidate information and analyze trends in incidents of off-site leakage at our business sites, compile and analyze information on emissions at sites under our direct control by using electronic manifests, and set our targets based on the Plastic Resource Recycling Promotion Act.</p>
	Reducing environmental impact and preventing environmental pollution	
Sustainable supply chain management	Diversifying procurement of raw materials	<p>Stable supply chains are becoming increasingly important due to uncertain international relations, including the spread of COVID-19 and the Russia-Ukraine conflict. The Group will accelerate its domestic and international expansion, focus on E-Scrap, copper scrap, household appliance and automobile recycling, acquire the hair root stage and secure stable copper concentrates through continuous investment in mines, increase the same supply through SX-EW* at copper mines, expand electrolytic copper production capacity and promote resource recycling through the strengthening the network.</p>
	Providing nonferrous metal materials, mainly copper	<p>In the Metalworking Solutions business, the Company will aim to expand sales of xEV terminals and bus bars to establish its position as the No. 1 copper alloy manufacturer in Japan, while in the electronic materials sector, the Company will establish an R&amp;D structure to accelerate the development of new businesses and products in the semiconductor materials area.</p> <p>Companies are strongly expected to understand the social and environmental impact of their own business activities in the value chain and to give sufficient consideration to this. The Group is working to understand the confirmation of ESG, human rights and other initiatives of its raw material and product procurement partners through supplier self-checks, to ensure thorough compliance with laws and regulations related to procurement operations and to reduce risks in the supply chain. The Group is also working to ensure the safety and reliability of its products throughout the global value chain, from the design and development stage to manufacturing and shipping, through procurement policies, CSR investment and financing standards and procurement standards that promote social and environmental considerations.</p>
	Providing high added-value functional materials and products	<p>* Solvent extraction and electrowinning: A two-step hydrometallurgical process consisting of solvent extraction and electrolysis collection</p>

Respect for human rights	Respect for individuals and fundamental human rights	In response to growing international demands for human rights, the Group has strengthened its 'human rights approach' in the value chain. Specifically, we ensure respect for human rights in our supply chain through policy commitments and the implementation of human rights due diligence. It also maintains responsible mineral sourcing certification and implements necessary remedial measures.
	Consideration of human rights in value chain	Companies are under strong pressure to understand the social and environmental impact of their business activities in the value chain and to give sufficient consideration to this. The Group is working to ensure that it is not complicit in human rights abuses throughout its global value chain, using its human rights policy and CSR investment and procurement standards that promote social and environmental considerations, based on an understanding of the actual status of its raw material and product suppliers.
Workplace safety and hygiene	Preventing occupational accidents	Ensuring the safety and health of employees is one of the most important issues to be addressed by the Group. The Group's highest code of conduct stipulates that 'safety and health take precedence over everything else', and based on the lessons learned from serious accidents that have occurred in the past, we are promoting health and safety activities throughout the Group. Specifically, the Group has set a target of maintaining zero accidents with four or more days of absence from work for one year, and is working to eliminate accidents such as fires and explosions, improve individual awareness and capabilities, improve procedures and processes, and make facilities safer through risk assessments, as well as promoting and strengthening health and productivity management and fostering job fulfillment through the promotion of well-being, engagement on an ongoing basis, among other initiatives.
	Creating mentally and physically pleasant workplaces	
Maintenance and improvement of governance	Reinforcing compliance	Companies are required to maintain and improve their systems for transparent, fair and speedy decision-making and appropriate auditing, based on the demands of various stakeholders, including customers, local communities, business partners, shareholders and employees. The Group continuously improves its corporate governance system through the evaluation of the effectiveness of directors, etc., to realize swift and appropriate decision-making, and also conducts the Governance Review and Meeting for Sharing Governance Information, promotes risk assessment and response through group risk management, and introduces risk-based audits. The Group is also working to enhance its internal audit function by introducing risk-based audits and other measures. We will also implement various measures to raise compliance awareness and strengthen overseas compliance, with the aim of eradicating important compliance violations. Furthermore, we will ensure compliance, which is the basis of corporate management, develop risk management activities across all aspects of our business, develop a business continuity plan (BCP) in case of disasters, strengthen risk management systems such as disaster prevention and security, and invest in IT to strengthen information security.
	Expand internal control through Group Governance	
	Enhancement of corporate governance	
Retainment and utilization of human capital	Talent retention and development	For the Group to achieve sustainable development, it is essential to create an environment in which a diverse range of talents can maximize their capabilities. To strengthen our business competitiveness, we are actively working to develop and utilize talents in Japan and outside of Japan, including those who can realize business growth (management leadership candidates) and those with specialist skills, promote the advancement of women, promote work-life balance and enhance benefit packages. We are also continuing our efforts to create a bright, safe and comfortable working environment that respects the basic human rights of all employees and fosters an awareness and culture that recognizes diverse personalities and creates new values from differing opinions. These efforts are made based on a partnership between labor and management, and are promoted on the basis of shared awareness.
	Diversity & Inclusion	
	Promotion of flexible work styles	

Stakeholder communication	Engagement with stakeholders	In promoting sustainability activities, it is important to disclose corporate information that is of interest to stakeholders, while understanding their expectations, requests and trends from a global perspective and utilizing them in management. Stakeholders' expectations and demands are shifting from a 'profit-first' approach to the idea that 'addressing social values' is linked to corporate value.
	Improving customer satisfaction	The Company endeavors to disclose high-quality information through its Integrated Report, Sustainability Report, website and PR magazines, as well as promoting dialogue and collaboration with stakeholders through various communication activities, contributing to their respective communities as a member of the international community, and co-existing and prospering with society. We will also contribute to each region as a member of the international community and strive to coexist and prosper with society.
	Engaging in dialog and coexisting with local communities	In addition, we place the recognition and penetration of understanding of Our Commitment at the core of our activities, and are developing communication measures to foster a free and open-minded organizational climate, in addition to making maximum use of the framework of existing measures and developing them in a composite manner across the Group. In addition, in order to provide 'better products and services', we conduct 'customer satisfaction surveys' as part of our quality management activities, analyze complaint information, and promote various technical support and other initiatives to ensure the correct use of cutting tools in the Metalworking Solutions business.
Deepening of DX	Business process innovation	Companies need to respond to the rapidly changing business environment and transform their products, services and business models based on the needs of customers and society, using data and digital technologies. At the same time, they also need to transform their operations themselves, organizations, processes, corporate culture and climate to establish a competitive advantage. Through our DX strategy, we are strengthening the three pillars of increasing business added value, improving operational competitiveness and increasing management speed, thereby providing services that increase customer value and offering high value-added products and services based on market intelligence.
	Operational enhancement	Specifically, we are reforming communication through the use of IT tools and smartphones, strengthening production and sales collaboration using digital technologies such as IoT and AI, improving quality and manufacturing capabilities, enhancing the functions of the E-Scrap Business Platform (MEX) in the Smelting & Refining upgrading cost management in the Copper & Copper Alloy business, and deepening cutting solutions using DX in the Metalworking Solutions business. Deepening of cutting solutions using DX in the Metalworking Solutions business. Through these initiatives, we aim to increase customer value and establish sustainable competitiveness.
	Acquisition of new added-value	
Initiatives to create new value	Creation of innovation	In order to realize the Group's medium-to long-term growth and bring about solutions to social issues, the creation of economic and social value in the company is required.
	Exploration and creation of social value	Specifically, the Group has established and implemented a new business creation process and is working to increase the number of themes, promote commercialization and grow new businesses, thereby realizing continuous business creation. Another important initiative is the creation of rare earth and rare metal recycling businesses. Furthermore, the basic policy is to strengthen our manufacturing capabilities, and we are using the PDCA cycle to strengthen our constitution, reinforce our foundations, and develop and improve our technologies. In this way, we are strengthening our manufacturing capabilities and achieving sustainable growth.
	Strengthening of manufacturing	