



May 12, 2023

To All the Parties Concerned

Company name Mitsubishi Materials Corporation
Representative Naoki Ono, Chief Executive Officer
(Securities code: 5711, Prime Market, Tokyo Stock Exchange)
Chiaki Kubota, General Manager,
Contact for inquiries Corporate Communications Dept.,
Strategic Headquarters
(Tel: +81-3-5252-5206)

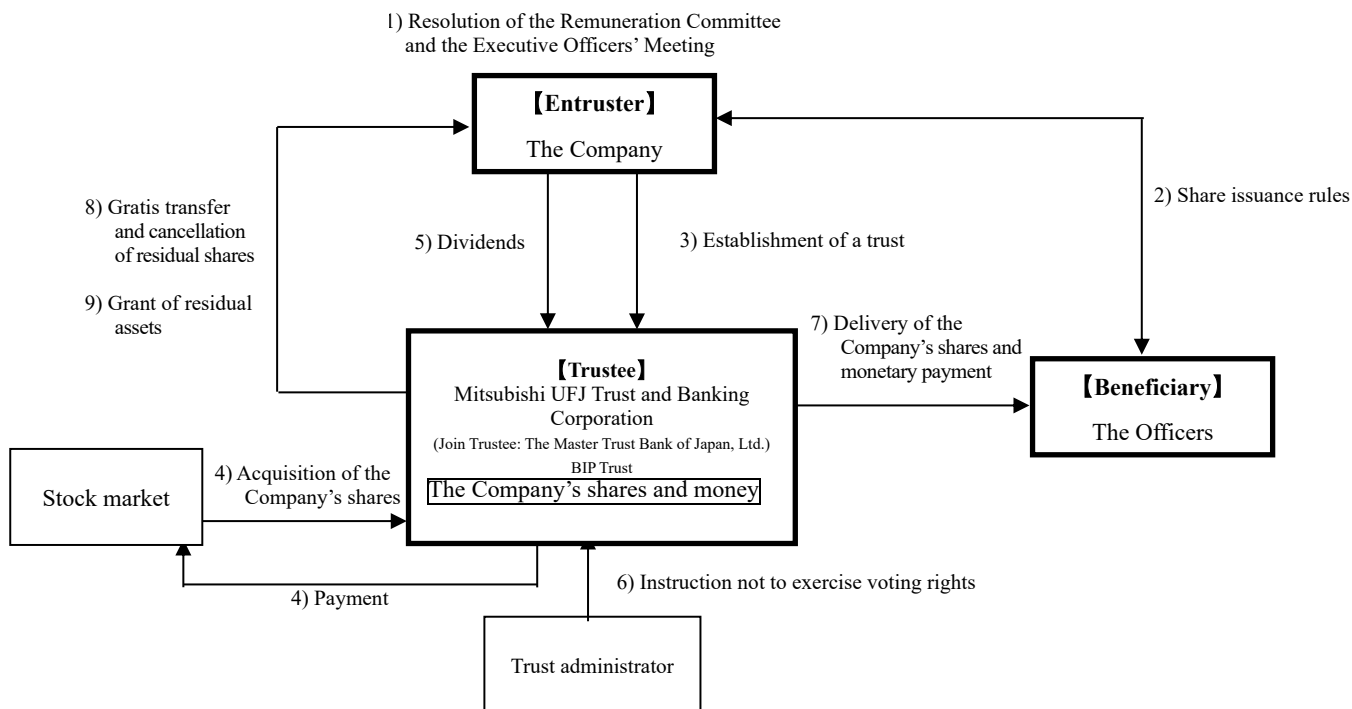
Notice Regarding Continuation of the Stock Compensation Plan

On May 12, 2023, Mitsubishi Materials Corporation (hereinafter referred to as the “Company”) hereby announces that its Remuneration Committee resolved to continue its stock compensation plan (hereinafter referred to as the “Plan”) applicable to the Company’s executive officers (hereinafter referred to as the “Officers”), as described below.

1. Continuation of the Plan

- (1) The Company has introduced an executive remuneration system for the Officers on April 1, 2020 and its remuneration system consists of a base salary as a fixed compensation, an annual bonus as a performance-based compensation, and a stock-based compensation. Of these compensations above, the Company introduced the Plan with respect to the stock-based compensation as a compensation for the purpose of enhancing the corporate value in the medium to long-term and align the interests of the Officers with those of the shareholders of the Company. As the period of coverage set at the time of its introduction expired at the end of fiscal year ended March 31, 2023, the Remuneration Committee discussed the matter at its meeting held today and decided to continue the Plan after the next fiscal year.
- (2) The Plan adopts a structure called Board Incentive Plan Trust (hereinafter the “BIP trust”). The Plan offers Officers grant or payment (hereinafter referred to as the "Grant, etc.") of the Company's shares and money equivalent to the converted value of such shares (hereinafter referred to as the "Company's shares, etc.") according to their individual rank.
- (3) When the trust period of the BIP Trust established for implementation of the Plan (hereinafter referred to as the “Trust”) has expired, the Company may continue the Plan by making amendments to the existing Trust for which the trust period has expired and additionally contributing to the Trust.

2. Framework of BIP Trust



- 1) In connection with the continuation of the Plan, the Company obtains a resolution on the Trust Agreement at the Remuneration Committee.
 - 2) In connection with the continuation of the Plan, the Company establish and revise the share issuance rules at the Remuneration Committee.
 - 3) The Company entrusts money based on the resolution for approval of the Remuneration Committee in 1) above and establishes a trust (the Trust) the beneficiary of which is the Officers who meet the beneficiary requirements (please see 3. (2) below).
 - 4) The Trust follows the instruction of the trust administrator and acquires the Company's shares from the stock market using the money contributed in 3), within the maximum number of shares corresponding to the share acquisition funds and the number of points to be granted, as described in 3.(6) below.
 - 5) The Company's shares held in the Trust are entitled to receive dividends in the same manner as other the Company's shares, and are allocated to the Trust's trust fees and trust expenses.
 - 6) In order to ensure neutrality towards management, no voting rights shall be exercised on the Company's shares held in the Trust (the Company's shares before Grant, etc., to the Officers in accordance with 3. (5) below) during the trust period.
 - 7) Following the share issuance rules during the trust period, a certain number of points are granted to the Officers according to their individual rank and such points are accumulated, as described in 3.(4) below. The Grant, etc. of the Company's shares, etc. corresponding to the number of points are offered to the Officers who meet certain beneficiary requirements after their retirement as described in 3.(5) below.
 - 8) If there are residual shares at the expiry of the trust period due to a decrease in the number of the Officers during the trust period and the Company will either continuously use the Trust or another stock compensation plan similar thereto as the Trust, such residual shares may be delivered to the Officers.
- If the Trust is terminated at the expiry of the trust period, the Trust will transfer such residual shares to the Company without compensation and the Company will cancel them as return to shareholders.
- 9) If there remains dividends after the distribution with respect to the Company's shares within the Trust at the expiry of the trust period and the Trust is continuously used, such residual assets will be utilized as the share acquisition fund. If the Trust is terminated at the expiry of the trust period, any portion in excess of reserve for trust expenses will be donated to organizations with no interest in the Company and the Officers.

(Note) If the Company's shares are exhausted within the Trust due to the Grant, etc. of the Company's shares, etc. to the Officers who meet the beneficiary requirements, the Trust shall be terminated prior to the expiry of the trust period. If the number of shares corresponding to accumulated number of points granted to the Officers during the trust period (as defined in 3. (4) below) is likely to be insufficient or if the money in the trust assets is likely to be insufficient for payment of trust fees or trust expenses, the Company may additionally entrust money to the Trust or additionally acquire the Company's shares from the stock market based on the resolution for approval of the Remuneration Committee.

3. Details of the Plan after continuation

(1) Outline of the Plan after continuation

The Plan after continuation is a plan that offers the Grant, etc. of the Company's shares, etc. as officer compensation to the Officers after retirement with respect to three consecutive fiscal years from the fiscal year ending March 31, 2024 (hereinafter "the Period").

If the Trust is extended (as defined in (3) (ii). below), the period shall be the three consecutive fiscal year thereafter.

(2) Persons subject to the Plan (beneficiary requirements) after continuation

The Officers are eligible to receive the Grant, etc. after retirement from the Trust for the number of the Company's shares, etc. corresponding to the accumulated number of points based on the term of office until retirement through the prescribed procedures for determining the beneficiary on the condition that they meet the beneficiary requirements.

The beneficiary requirements are as follows:

- 1) To hold office as the Officers during the Period;
- 2) To be a domestic resident;
- 3) To have retired from office as the executive officer (*);
- 4) Neither resigned due to personal reasons (excluding resignation due to any unavoidable reason such as sickness or injury), nor committed certain illegal conducts during his/her term of office;
- 5) Other requirements deemed necessary for achieving the purpose of the stock compensation plan which are provided in the trust agreement or share issuance rules.

(*). However, in the event of an extension of the trust period as described in (3)(iii) below, and if the person covered under the Plan remains to hold office as the Officers at the expiry of the extension period, the Trust shall terminate at that point, and the person shall receive the Grant, etc. of the Company's shares, etc. during his/her term of office.

(3) Trust period

(i) The Trust's period to be extended

June 2023 to end of May 2026

(ii) Extension of the Trust

At the expiry of the trust period, as described (3) (i) above, the Company may continuously operate the Trust as an incentive plan similar to the Plan by making amendments to the trust agreement and making additional contribution to the Trust. In such case, the trust period of the Trust is extended for a further three years and the Company makes additional contribution of trust money approved by the Remuneration Committee and the Executive Officers' Meeting through a resolution for each extended trust period and continues to grant points to the Officers during the extended trust period. The extension of the trust period is not limited only once and the trust period may be re-extended thereafter.

(iii) Treatment of termination of the Trust (extension of trust period without additional contribution)

Despite the termination of the Trust, if the Officers who may meet the beneficiary requirements remain in office at the expiry of the trust period (or extended period if the Trust in ii. above is extended), although no points shall be granted to them after the expiry, the trust period of the Trust may be extended for a certain period until the retirement of such Officers and the completion of Grant, etc. of the Company's shares, etc. to such Officers.

(4) The Company's shares to be delivered as the Grant, etc. to the Officers

Number of the Company's shares, etc. to be delivered as the Grant, etc. to the Officers shall be determined by the number of points granted to the Officers each year during the trust period. The points are granted to the Officers at a certain time of each year and in the number predetermined based on the ranks. The Company's shares, etc. are delivered as Grant, etc. to the Officers in the number according to the accumulated points for terms of office until retirement (hereinafter the "Accumulated Points").

Annually granted points (truncated after decimal point)

= Amount of stock compensation by rank / Average unit of the Company's shares acquired in Trust

(truncated after decimal point)

One point shall equal to one common share of the Company's and in the event of a share split or share consolidation of the Company's shares held in the Trust, the Company shall make an adjustment to the number of the Company's shares per point in accordance with the ratio of split or ratio of consolidation.

(5) Method and timing of the Grant, etc. of the Company's shares, etc. to the Officers

If the Officers meeting the beneficiary requirements retire from office (excluding the case of their death), the Officers shall be granted the Company's shares corresponding to 70% of the Accumulated Points (any fraction less than one unit is rounded down) and the Company's shares corresponding to the remaining Accumulated Points shall be converted into cash within the Trust and the money equivalent to the converted value shall be paid to the Officers.

In the event of death of the Officer meeting the beneficiary requirements during his/her term of office, the Company's shares corresponding to the number of the Accumulated Points shall be converted to money within the Trust and paid to his/her heirs from the Trust.

(6) Trust money scheduled to be contributed to the Trust and the maximum number of the Company's shares, etc. scheduled to be delivered as the Grant, etc. from the Trust

The Company is scheduled to contribute the following money to the Trust as compensation to the Officers during the Period.

The scheduled amount of trust money to be contributed to the Trust during the Period: 18 million yen in total (*)

The maximum number of points granted to the Office during the Period: 140 thousand points

(*) The scheduled amount of trust money shall be calculated by adding the trust fees and the trust expenses to the share acquisition fund taking into account the current compensation standard of the Officers.

[Outline of the trust agreement of the Plan]

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|-------------------------------------|---|
| (1) Type of trust | Monetary trust other than a specified solely-administered monetary trust (third-party benefit trust) |
| (2) Purpose of trust | Providing incentives to the Officers |
| (3) Entruster | The Company |
| (4) Entrustee | Mitsubishi UFJ Trust and Banking Corporation
(Joint Entrustee: The Master Trust Bank of Japan, Ltd.) |
| (5) Beneficiary | Retired Officers who meet the beneficiary requirements |
| (6) Trust administrator | A third party with no interest in the Company (certified public accountant) |
| (7) Date of trust agreement | June 2020 (an amendment agreement to extend the trust period will be signed on May 17, 2023) |
| (8) Trust term | From June 2020 to May 31, 2023 (The trust term will be extended to the end of May 2026 by an amendment agreement dated May 17, 2023) |
| (9) Commencement date of the plan | June 2020 |
| (10) Exercise of voting rights | Voting rights will not be exercised |
| (11) Class of shares to be acquired | Common stock of the Company |
| (12) Additional amount of trust | 18 million yen (planned) (including the trust fees and the trust expenses) |
| (13) Timing for acquiring shares | May 22, 2023 (planned) to May 31, 2023 (planned)
(Except from five business days prior to the last day of the fiscal period (including interim and quarterly fiscal periods) to the last day of the fiscal period) |
| (14) Method of share acquisition | Acquisition from the stock market |
| (15) Rights holder | The Company |
| (16) Residual assets | The Company, as the rights holder, may receive residual assets within the scope of reserve for trust expenses after deducting share acquisition fund from trust money. |