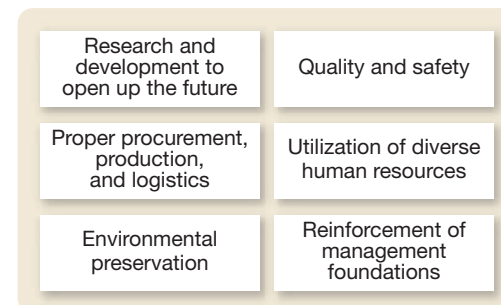


## Process for Identifying Material Issues








### MEC's Material Issues ("Materiality")

Based on the 2030 vision of "creating new value through creative technology and taking on challenges to create a sustainable society with our customers", we at the MEC Group have identified six material issues to be addressed by management in order to contribute to the creation of a prosperous and affluent society and environment by creating interfacial value through our business activities. In the future, we will link SDGs and these material issues in detail, aiming to contribute to the achievement of SDGs and the realization of a sustainable society.









The Planning Management Office and the Corporate Communication Office of the Head Office identified the material issues based on international guidelines related to social responsibility, such as the SDGs, ISO 26000, and SASB standards. What we place particular emphasis on is the resolution of social issues through our business activities. We have established a draft of material issues from both perspectives of stakeholders' expectations and priorities as seen by the Company. In addition, the ESG Committee, which is chaired by the president and consists of members of the Board of Directors, deliberates and approves matters and reflects them in the medium-term management plan.



## Six Material Issues and Related SDGs Actions

Six Material Issues	Efforts to Address Material Issues	Action items and measures	Related SDGs actions
Research and development to open up the future	Development and provision of high-value-added products	Through processing technology that adds value to metal surfaces, we are advancing the IoT by making electronic products higher-performance, smaller and lighter.	 
	Contributing to Improving Customer Production Efficiency and Yield	We develop and provide products that reduce waste by improving production efficiency and yield at our customers.	
	Development of products that reduce environmental impact		
Proper procurement, production, and logistics	SCM (supply chain management)	We manage manufacturers and regions of origin, including raw materials.	  
	Green procurement	We do not use materials that violate human rights or that are conflict minerals. *Some minerals (tin, tantalum, tungsten, and gold mined from the Democratic Republic of the Congo and its neighboring countries) are illegally mined in some conflict areas in Africa and are funding sources for armed groups and other groups, so it is becoming a global trend not to use minerals from conflict areas. Our Company is also conducting traceability surveys for these minerals and responding accordingly.	
	Global procurement	We procure high-quality raw materials both in Japan and overseas. Until now, each company has procured products, but from now on the MEC Group will conduct procurement and appropriate distribution on a global basis.	
	Creation of global production and supply system	In the past, we have implemented production and supply systems from the perspective of local consumption of local production. However, we will shift to building a global production strategy and establish a stable procurement, production and supply system from a consolidated perspective.	
	BCP responses	We have established alternative production systems for plants that were damaged by disasters and other factors, at other plants. We are working to establish a production system that will never stop at all times by increasing the number of production sites and diversifying them and by promoting multiple procurements of raw materials.	
Environmental preservation	Appropriate chemical substance management	We maintain a system that does not use banned substances, and appropriately manage the handling of a wide variety of chemical substances, while ensuring appropriate compliance with environmental laws and regulations. (Compliance with various laws and regulations (necessary notifications, inspections, management, etc.))	 
		We provide appropriate in-house education and share information on the risks and hazards of chemical substances to those who use and manage them.	

## Six Material Issues and Related SDGs Actions

Six Material Issues	Efforts to Address Material Issues	Action items and measures	Related SDGs actions
Quality and safety	Health and safety management	We have formulated and implemented measures to ensure the visualization and horizontal development of compliance with safety and health-related laws and regulations, as well as preventive maintenance. We plan to continue these measures in the future.	   
	Quality assurance	The Manufacturing Execution System (MES) is used to appropriately control the quantity, process, and expiration date of raw materials, ensuring quality control and traceability, and securing reliable product quality. We are currently rebuilding our quality assurance system to improve quality.	
	Building long-term trusting relationships with stakeholders	We strive to promptly and accurately disclose information to all stakeholders based on transparency, fairness, and continuity. In order to build long-term trust, we strive to ensure that our corporate value is properly evaluated through appropriate information disclosure.	
Utilization of diverse human resources	Health management	The rate of regular health checkups, special health checkups and stress checks is approximately 100%. We are working to ascertain the physical and mental health of all employees and to detect abnormalities as early as possible. We work together to provide health and mental health counseling to industrial physicians and counselors, creating an environment where all employees can exercise their abilities safely and in good health.	   
	Work-life balance	We are making various efforts to maintain a balance between employees' work and their lives, based on our corporate motto of "Enjoying Work". We are working to develop systems and environments that make it easier to balance work with childcare and nursing care, such as flextime and reduced working hours. Child-care leave (up to five days per year with pay) is granted to children younger than elementary school age, and is also used for male participation in child-care. We have also introduced an accrual system for expiring paid leave.	
	Career development	Based on the idea that people are our assets, we are working to develop human resources that contribute to management by implementing personnel strategies from short-, medium- and long-term perspectives. In order to maximize each employee's abilities, we are diversifying and enhancing education through programs such as "rank-based training", "business skill improvement seminars", and "career development support".	
	Diversity	Several female managers have been promoted to the positions of internal and external directors, executive officers, and general managers. We expect that the number of women in managerial positions will increase 20% by March 2024 (currently nine).	
	Engagement	We conduct an annual awareness survey to check the level of satisfaction with the Company and work and the status of engagement. Simple tests have been conducted, but in fiscal 2021, surveys were held by external specialized agencies in order to grasp the details. As a result, it was confirmed that high levels of satisfaction were maintained. (Response rate: Approx. 97%)	
Reinforcement of management foundations	Governance	The Board of Directors consists of three inside directors and four outside directors. In addition, in order to enhance the audit and supervisory functions, further strengthen the corporate governance system, and improve transparency, the Company has adopted the Company with Audit and Supervisory Committee system in which three Independent Outside Directors serve as Audit and Supervisory Committee Members.	
	Appropriate information disclosure	We recognize the importance of prompt and accurate information disclosure to all stakeholders based on transparency, fairness, and continuity. In particular, through information disclosure, we will build good relationships with capital markets so that corporate value can be properly assessed.	
	Security	In order to appropriately manage and use the information assets we have, we have established basic matters that executives and employees must comply with and are working to achieve uniform information security management for proper operation.	
	Risk management	The Risk Management Committee, which has been established in accordance with the Risk Management Regulations, plays a central role in preventing the occurrence of any risk that impedes our group's overall business performance and in responding to any risk that may arise.	