

mitsui kinzoku Integrated Report 2023

For the year ended March 31, 2023

mitsui kinzoku Integrated Report 2023



**FTSE Blossom
Japan Index**

FTSE Russell confirms that Mitsui Mining & Smelting Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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**FTSE Blossom
Japan Sector
Relative Index**

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2023



Sompo Sustainability Index



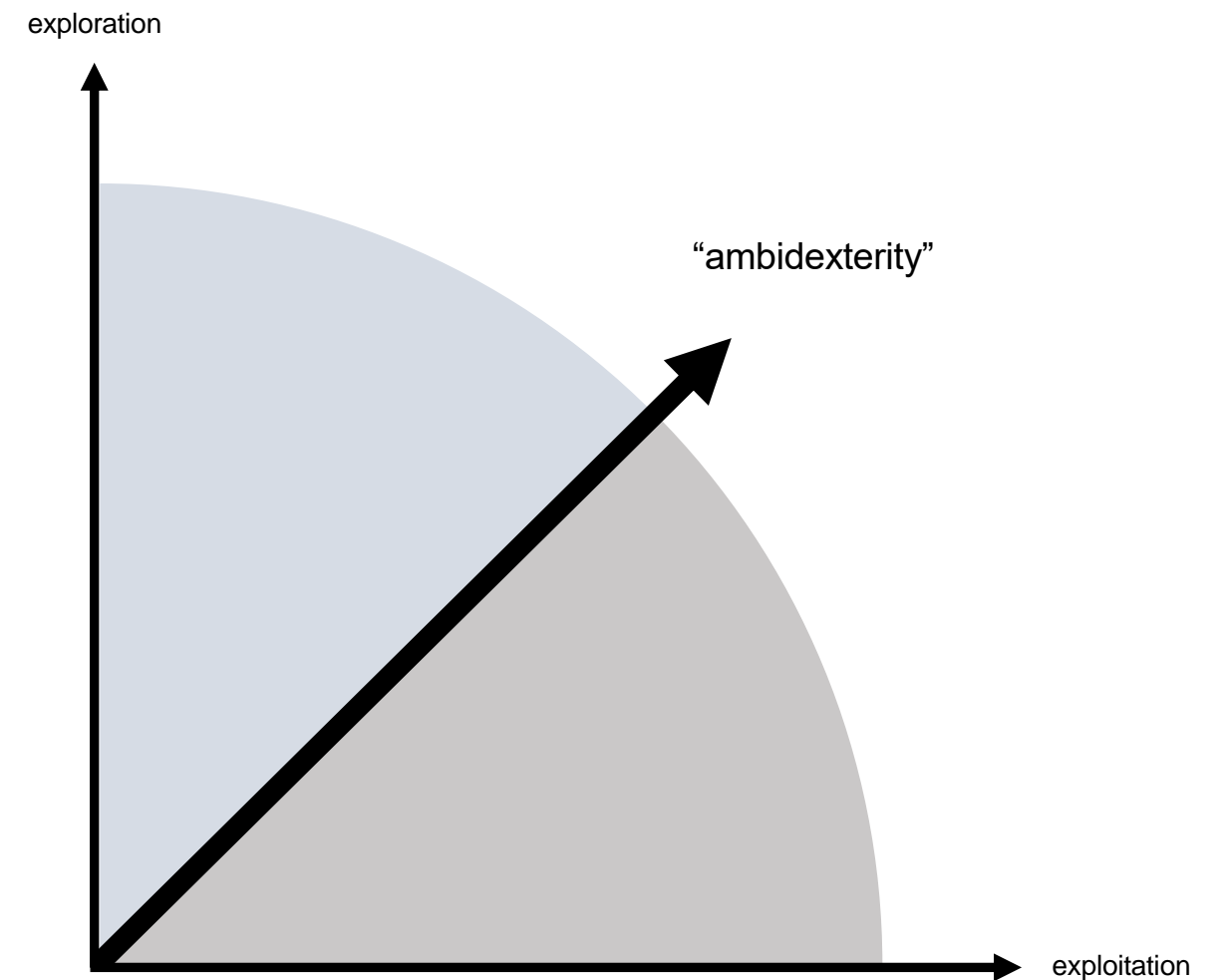
2023
健康経営優良法人
Health and productivity



**MITSUI
KINZOKU**

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About Mitsui Kinzoku Integrated Report 2023

This report describes how Mitsui Kinzoku Group will create economical and social value through the management in our value creation process, focusing on the 22 Medium-term Management Plan which began in FY2022.

We have edited this report referring to the International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IIRC), the “Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation” developed by the Ministry of Economy, Trade and Industry, the GRI Sustainability Reporting Standards (GRI Standards), and SASB standards.

You can find detailed financial information in our Securities Report and detailed governance information in our Corporate Governance Report.

[Coverage]

This report focuses on figures for FY2022 (April 2022 – March 2023). It also contains details of initiatives prior to that period, and initiatives that are underway for FY2023.

[Scope]

This report covers Mitsui Kinzoku (non-consolidated), as well as consolidated domestic/overseas subsidiaries. If we include a non-consolidated group company, there are details on its scope of application in the explanatory note for each item.

[Caution concerning forward-looking statements]

In addition to facts about Mitsui Kinzoku Group past and present, this report contains decisions, plans and other forward-looking statements based on information available at the time of writing. Please bear in mind that social situations in the future, and the actual results of our business activities, may vary from the forward-looking statements contained herein.

[Securities Report] only available in Japanese

<https://www.mitsui-kinzoku.com/toushi/lib/youka/>

[Corporate Governance Report] only available in Japanese

<https://www.mitsui-kinzoku.com/toushi/management/governance/>

We use the SDG icons in this report in accordance with the UN SDG guidelines.

<https://www.un.org/sustainabledevelopment/>

References and citations

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Philosophy of Mitsui Kinzoku Group

Throughout our history, which is approaching 150 years since our company was first founded, Mitsui Kinzoku has experienced many changes and faced many difficulties. The reason why we were able to overcome these obstacles and continue to this day is because we continuously supplied products that are helpful to the world by utilizing our “intelligence” that we have fostered over years as a manufacturer. The central pillar of the business is our corporate philosophy.

We have to enhance our own sustainability in order to fulfill our social responsibility. We advance our business to respond to the expectations of our stakeholders, while keeping our corporate philosophy at the center of our business activities to further strengthen our business base. We will contribute to the realization of a sustainable society through new value creation by enhancing our recognition of environmental and social issues, and driving our unique innovations.

経営理念

創造と前進を旨とし
価値ある商品によって社会に貢献し
社業の永続的発展成長を期す

三井金属鉱業株式会社

Management Philosophy

“With creativity and productivity,
We, Mitsui Kinzoku Group, will explore products of value to society,
and seek an eternal growth of our group.”

Mitsui Kinzoku Group’s mission included in its Management Philosophy

The Management Philosophy was developed and documented in 1984, more than 39 years ago. It declares that the goal of the Group’s business is contribution to society and sustainable growth. Grateful to our predecessors for having had the perspective of sustainability, we will pass on the values they sought to uphold.

In 2022, as values we should share, the Purpose was established to show why Mitsui Kinzoku Group exists and the value we provide.

【Purpose】

探索精神と多様な技術の融合で、
地球を笑顔にする。

We promote the well-being of the world
through a spirit of exploration and diverse technologies.

Why we exist

The Purpose provides our unchanging basis for making judgments, allowing us to respond nimbly and promptly to changes in the world or major shifts in the business environment whenever they occur. While envisioning the world in 2050, our Purpose, our raison d’etre as Mitsui Kinzoku Group is to realize a contribution to both humanity and the environment of the world.

【Corporate Slogan】

Taking full advantage of Material Intelligence

Mitsui Kinzoku in a nutshell

We are a manufacturing company mainly dealing with non-ferrous metal materials and always thinking about what our strengths are, how we can utilize them effectively, and what value we can create. With thinking them thoroughly, we pursue our originality and value.

Code of Conduct [Revision 3rd edition as of July 2016]

This Code of Conduct applies to all the directors, officers and employees of Mitsui Mining & Smelting Co., Ltd. (Mitsui Kinzoku) and its Group companies.

1. Our Social Mission
2. Self-Awareness and Social Responsibility as a Member of our Corporate Group
3. Compliance
4. Fair Business Activities
5. Rejection of Antisocial Forces
6. Proactive Information Disclosure and Comprehensive Information Management
7. Contribution to the Natural Environment
8. Provision of Comfortable Work Environment
9. Demonstration of Leadership by Senior Management

Specific commitment to implementing the Management Philosophy

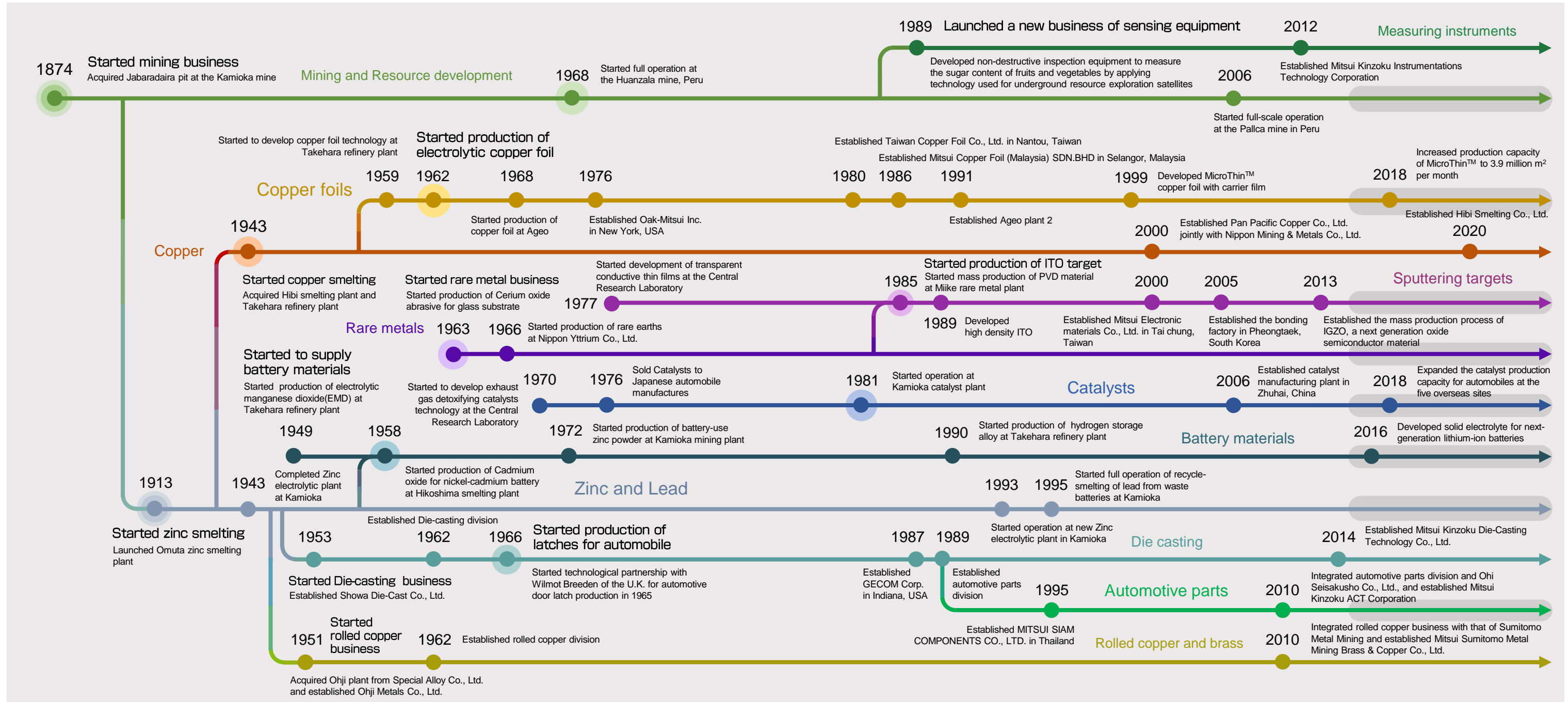
The Code of Conduct defines basic requirements that all executives and employees must comply with in their daily business activities to make them aware of their social responsibilities so that we can grow together with our stakeholders.

https://www.mitsui-kinzoku.com/en/company/c_idea/

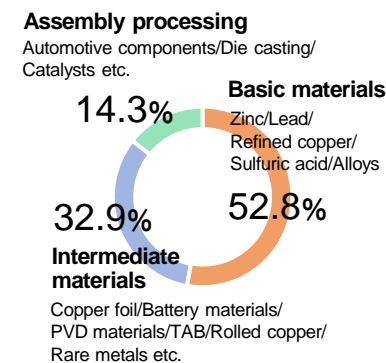
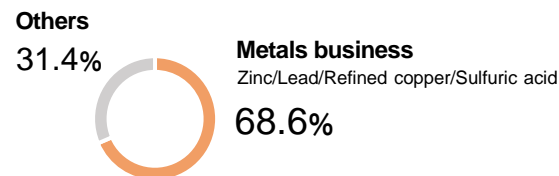
Our History

Our origin is to develop the resources that are blessings from the earth and perform smelting of nonferrous metal. We have continued to provide materials and products that are essential to many industries by giving added value to nonferrous materials through processing and assembly. We will strive to create new value utilizing our core technologies cultivated by our nonferrous metal smelting business, such as in separation and purification, powder control, electrochemistry, and solution chemistry.

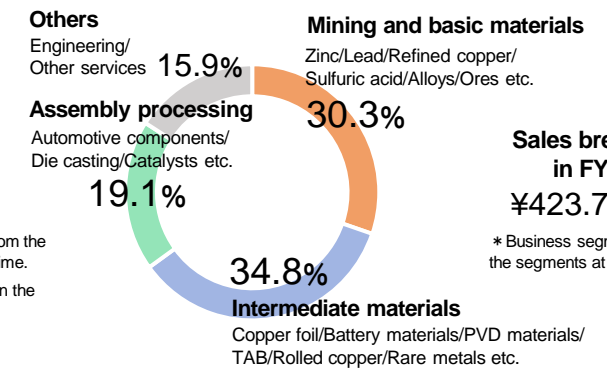
Areas that our current core business domains
* Lists only major events and initiatives.



Sales breakdown in FY1960
¥29.5 billion
* Non-consolidated sales



Sales breakdown in FY1990
¥269.6 billion
* Excludes sales of gold bullion from the financial statement values of that time.
* Business segments are shown in the segments at that time.



Sales breakdown in FY2000
¥423.7 billion
* Business segments are shown in the segments at that time.



My commitment

Review of the first year of the 22 Mid-term Plan, formulated to realize the Vision for 2030, a result of backcasting from the point of 2050, and by combining forecasting from our past achievements.

That first fiscal year has ended.

President and Representative Director

NOU Takeshi

FY2022 was the initial year of the new three year management plan, the 22 Mid-term Plan, which was started in April 2022.

We have managed to weather through the past fiscal year, struggling to adapt to the rapidly changing business environment.

Although the spread of the COVID-19 pandemic has been gradually contained around the world, our industry is being plagued by a battery of challenges posed by the protracted conflict in Ukraine, raw materials prices and energy costs rising as an outcome of heightened geopolitical risks, the slowing Chinese economy, fluctuations in exchange rates and metal prices, among other factors. Due to this situation, our business environment continued to be severe throughout the year.

The Group's business performance in FY2022 is outlined by Sector as follows. In the Engineered Materials Sector, sales of electro-deposited copper foil, one of our main products, decreased due to the prolonged inventory adjustment throughout the supply chain chiefly for semiconductors. The Engineered Powders division was also affected by production adjustments made by major customers and sluggish demand from smartphone manufacturers. As a result, the Sector as a whole posted a decline in revenue and income year on year.

In the Metals Sector, although the LME market was on a generally downward trend, domestic prices remained at sufficient levels backed by the weak yen, to allow the Sector to post a slight increase in revenue. However, income declined as an outcome of higher energy costs as well as inventory-related factors accompanying fluctuations in the non-ferrous metal market.

The Mobility Sector benefited from global sales of automobiles slightly increasing on the back of the supply shortage of semiconductors and other components being gradually eliminated. Door latches for automobiles, a main product of the Sector, posted an increase in revenue thanks to rising demand in Japan, India and Southeast Asia, which offset declining demand in China, in addition to part of increased

raw materials costs passed on to selling prices. Revenue of the Catalysts Division also increased, as sales increased reflecting the increased production of exhaust gas purifying catalysts for motorcycles in response to strong growth in demand in India and Southeast Asia as well as the mass production of exhaust gas purifying catalysts for four-wheeled vehicles as orders for new models for India started to be delivered. As a result, the Mobility Sector as a whole posted an increase in revenue. Income also grew year on year, owing to expanded sales of catalysts as well as reduced impacts from fluctuations in the prices of rhodium, a major raw material for catalyst production, and other materials.

The Group's overall financial results for FY2022 are summarized as follows. Net sales increased by 18.6 billion yen (up 2.9%) year on year to 651.9 billion yen, with the decreased revenue posted by the Engineered Materials Sector being offset by growth in other Sectors. Operating income plunged by 48.2 billion yen (down 79%) to 12.5 billion yen, reflecting reduced revenue and income by the Engineered Materials Sector as well as rising energy costs and the impact of inventory-related factors accompanying fluctuations in the non-ferrous metal market, despite the favorable effect of the continuing weak yen.

Ordinary income dropped by 46.1 billion yen (down 69.9%) to 19.8 billion yen, due to a significant decline in operating income, despite an increase of 1.1 billion yen in gains on equity method investments.

Income after extraordinary losses, including for loss on disposal of property, plant and equipment and valuation loss on shares in subsidiaries and associates, plummeted by 43.5 billion yen (down 83.7%) to 8.5 billion yen.

I am acutely aware of my responsibility as the leader of the management team for these results, which fell short of the revenue and income targets stated in the commitment at the beginning of the period, even in consideration of the uncertain business environment.

In FY2023, the second year of the 22 Mid-term Plan, the business environment is likely to remain very severe and make it difficult to achieve the initial targets set for income and other financial performance indicators. Nonetheless, we will adhere to the original strategies directed at realizing the Vision for 2030 and implement individual action plans as planned.

In the Engineered Materials Sector, we will accelerate growth through generating financial value according to the integrated thinking-based management principle, by expanding business opportunities and developing schemes for this purpose. For generating social and environmental value, we will focus particularly on creating environmentally friendly products, promoting additional strategies to step up CO₂ emissions reduction efforts, and optimizing management resource allocation for more efficient asset management.

In the Metals Sector, aiming to become an essential supplier for transition towards a circular economy and a sustainable society, we will continue with our efforts to establish recycling networks, conduct studies for the development of new metal resources and renewable energy sources, improve the resource efficiency of copper and precious metals, and increase the recovery of by-products.

In the Mobility Sector, seeking to become a pioneer in mobility technology development, we will strive to enhance our capabilities in all areas of technology, manufacturing and sales, and to create new products and businesses, to be able to continuously create value that is truly appreciated by customer companies and markets.

In the Business Creation Sector, which is engaged in R&D and market co-creation strategies, we will increase our capacity to explore business opportunities and promote R&D to be able to create new business sustainably while promoting the commercialization of development themes through mobilizing financial and human resources in a timely manner in response to changes in the environment.

Continue to press ahead with reforms to create financial value and social and environmental value all at once.

In the corporate function, for the purpose of accelerating efforts for improving social and environmental value according to the integrated-thinking based management principle, the Sustainability Promotion Department was moved from under the Corporate Planning & Control Sector to directly under the President, in April 2022, so as to facilitate cooperation with related departments and divisions including business units.

In April of the same year, the Technology Sector was set up and the four technology-related departments—Production Engineering, Quality Assurance, Environment & Safety, and Intellectual Property—were incorporated in the new organization. The aim is to encourage the four departments to work together to create synergy and maximize the effect of initiatives implemented to improve the technology infrastructure and develop relevant specialists for promoting GX*¹ and DX*² reforms while also continuing to engage in individual tasks independently. With the new organization established, we will ramp up efforts to achieve the carbon neutrality goal, create environmentally friendly products, solve environmental issues, and increase intellectual, technology and human capital.

*1 GX

Green transformation (GX) refers to strategies that see international calls for reducing greenhouse gas emissions, a major cause of climate change, as an opportunity for economic growth, and aim to achieve emissions reduction and improve industrial competitiveness at once.

*2 DX

Digital transformation (DX) refers to strategies to utilize digital technologies to upgrade management operations and business processes.

In order to improve financial value and social and environmental value all at once according to the integrated thinking-based management principle, we endeavor to maximize the potential of human capital, the most important management resource for pursuing the above purpose.

We focus on diversity and inclusion as the key issue in this area. To enhance and accelerate our efforts to address this issue, the Diversity, Equity, and Inclusion Office was established in 2021 as a dedicated department to formulate and implement plans to create a workplace where all employees with diverse values can play an active role.

In pursuit of an attractive diversity-oriented workplace, specific plans are on the table for two key approaches: increasing job satisfaction, a priority issue defined in the Mid-term Management Plan; and supporting women's career development, the first step towards achieving a diversity-driven productive workplace. In April 2022, the Diversity, Equity, and Inclusion Committee was set up and I serve as chair of the organ. The Committee meets on a regular basis to discuss action policies and strategies, make decisions, and monitor the progress of implementation. And issues and the progress of the Committee's activities are reported to the Board of Directors to confirm that diversity and inclusion initiatives are being implemented in an ongoing fashion and in alignment with management policies and that implementations are thoroughgoing and effective.

We are also committed to the physical and mental health of all the Group's employees and their families, as one of our important management issues. The good health of employees and their families constitutes a condition for the employees leading a fulfilling life, which provides a basis for maximizing their individual potential and contributing to increasing the Company's productivity and creating innovations. Based on this understanding, we will promote health management proactively.

In April 2022, the HR Business Partner Office was set up as a human resources management function to support organizations with implementing business growth and strategies. The new function is designed to be the key to a structure for aligning personnel management with management strategies to ensure sustainable business growth. In the structure, an HRBP*³ person is assigned to each Sector to support close cooperation between the Human Resource Department and the Sector. The HRBP person is responsible for identifying personnel issues from a forward-looking perspective, particularly for running personnel allocation programs to support group-wide dynamic management of business portfolios, and implementing solutions to the issues identified while assisting each Sector with dealing with talent management issues, such as succession planning and individual assignment and skills development.

In conjunction with this, the personnel system was revised in the previous year, adopting the job-based model to employ suitable persons to engage in clearly defined roles and jobs, compared with the conventional "person-based" allocation practice in which responsibilities of individual persons are not clearly defined. This shift aims to make sure that the right person is assigned to the right role according to the performance-based personnel policy.

*³ HRBP

Human resource business partner (HRBP): HR function that serves as a partner to the management team or business divisions, supporting the organization with using its human resources effectively to implement business growth and strategies.

Realization of the 2030 vision, which should lead to the well-being of all our stakeholders.

We introduced the new ESG-linked compensation scheme for Directors, started from this fiscal year, as a measure to incentivize the Directors to continuously commit to enhancing the Group's corporate value and share more value with our shareholders. Specifically, we launched a new type of stock compensation scheme that grants shares with restrictions on transfer according to performance related to requirements set for newly introduced ESG indicators, including those related reduction of greenhouse gas, promotion of job satisfaction and diversity, and compliance.

We described our commitment to the "ambidexterity-oriented" management strategy—pursuing "exploitation" (enhancing existing businesses) and "exploration" (creating new businesses)—at the beginning of the previous fiscal year when the ongoing Mid-term Management Plan was launched. In pursuit of exploration, we will continue to proactively invest management resources in activities of the Business Creation Sector, as described earlier. In pursuit of exploitation, we will continue executing investments as scheduled for businesses selected for expanding and developing value as well as seeking the best internal and external owners for businesses categorized for value restructuring while continuing with dynamic portfolio management.

*⁴ The Vision for 2030

Building new businesses — and the future — with our material intelligence.

The period of uncertainty will likely continue, posing a challenging business environment to us for a while longer. Nevertheless, we will maintain the commitment to the Vision for 2030*⁴ and performance targets for FY2030 announced last year. We are firmly determined to fulfill this commitment so that Mitsui Kinzoku Group will continue to exist toward 2050 and beyond.

The Company will mark the 150th anniversary of its founding in FY2024, the final year of the 22 Mid-term Plan. This is driving us forward more strongly toward the goals so that we will be able to report good results in the year when we can share the delight of reaching this major milestone full-heartedly together with our stakeholders.

Towards realizing the Vision for 2030 based on our Purpose: "We promote the well-being of the world through a spirit of exploration and diverse technologies," I, as the leader of the management team, will commit to proactive information sharing and communication with our internal and external stakeholders.

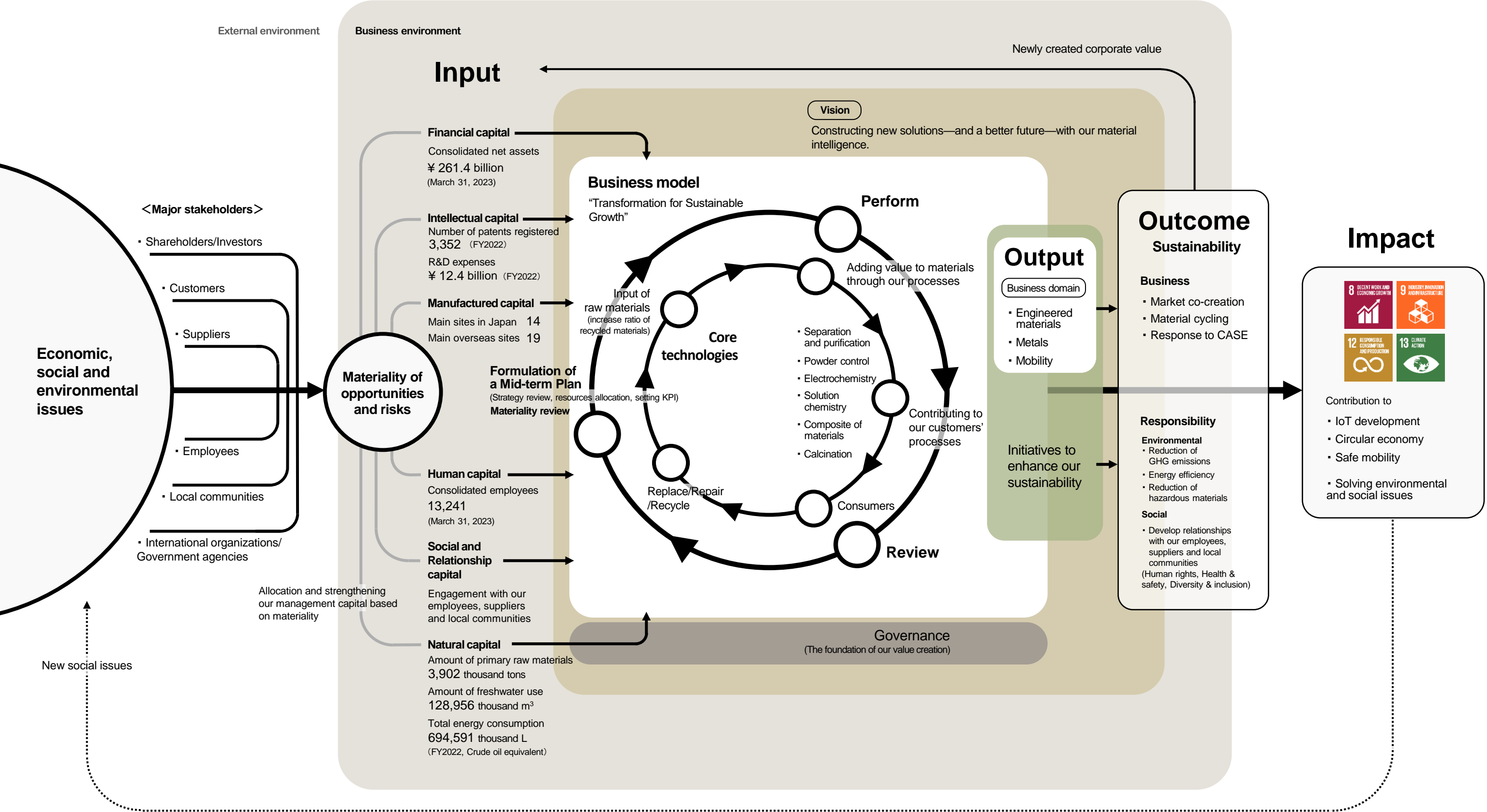
I greatly appreciate your continued support.

(July 2023)



Our value creation process

As a nonferrous metal manufacturer, we have cultivated our technologies and know-how and developed our value chain in our history. "Material Intelligence" — this is the source of our value creation. Based on the newly set Purpose, we will practice the integrated thinking-based management to realize the Vision. In the scope of "promoting the well-being of the world", we will implement a business model of exploration (forging new businesses) and exploitation (developing existing businesses) to achieve long-term value creation.



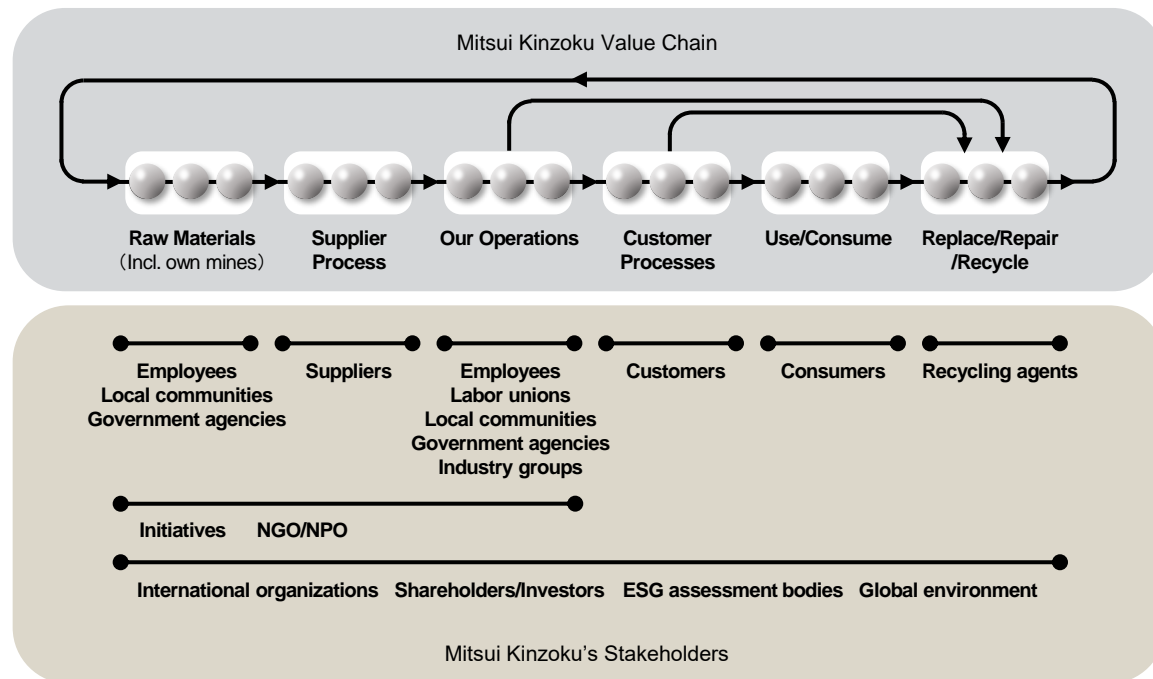
Stakeholders and materiality

Mitsui Kinzoku Group is committed to practicing management that integrates sustainability in order to continue creating value over the long term. We have identified major stakeholders as well as material issues (materiality) to promote the integrated thinking-based management efficiently.

Identification of major stakeholders

Mitsui Kinzoku Group has identified major stakeholders in accordance with the eight criteria of ISO 26000. The major stakeholders are determined as highly likely to be affected by our business activities economically, environmentally, and socially. The earth environment is considered as being one of our major stakeholders. The SDGs indicate the common social and environmental issues which these multiple stakeholders are facing. In order to understand major stakeholders' needs and interests and respond to them in a rational manner, we create various engagement opportunities. In FY2022, we held ESG briefings for institutional investors, the President's Site Visit Campaign to talk with employees on the Purpose/the Vision for 2030 and the 22 Mid-term Plan and briefings to suppliers, and used feedback when promoting initiatives to address the materiality.

Stakeholder mapping along the value chain



Materiality review

Among the various environmental and social issues raised by stakeholders, Mitsui Kinzoku Group selects those with particularly significant impacts on the Group's value chain and identifies them as material issues (materiality).

In FY2019, we reviewed our materiality for 2024 in order to implement the integrated thinking-based management. The revised materiality comprises three items as opportunities and nine items as risks based on two perspectives: opportunities for our businesses that may help solve the raised issues and ESG risks that may affect us financially which are regarded as initiatives to fulfill our social responsibility. We have also selected six additional items from the capital perspective as initiatives to support the efforts on materiality.

We discussed commitments, targets (KPIs), and annual plans and compiled "Mitsui Kinzoku Group Sustainability Initiatives" (P.87-93).

FY2019 Materiality Review

We have reviewed the materiality based on the integrated management strategy built on the two pillars of business and social responsibility.

1 Enumerated a wide range of economic, environmental, and social issues from a long-term perspective

Ref. The SDGs, the United Nations Global Compact, the GRI Standards and ISO 26000 as issues raised by international organization like the UN and NPOs

2 Selected issues that are likely to have a long-term impact on our business and value chains

Ref. The Management Philosophy, the Code of Conduct, the 19 Mid-term Plan

3 Determined the level of materiality for each issue selected in 2 above according to the degree of the major stakeholders' expectations and needs regarding our business and their impacts

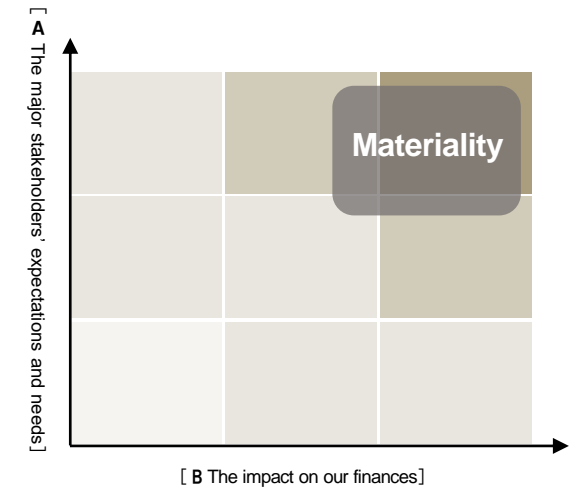
Ref. <International organizations> OECD Due Diligence Guidance for Responsible Business Conduct

<Investors> The SASB standards, the ESG general standards by Amundi <Industrial initiatives> The RBA Code of Conduct (Customer/Supplier), ICMM 10 Principles, the Charter of Corporate Behavior by Keidanren

4 Determined the level of materiality for each issue selected in 2 above at the CSR Committee according to the degree of impact on our business model and finances

Ref. The 19 Mid-term Plan, the Code of Conduct, the Environmental Action Plan, the Human Rights Standards, the procurement policy

5 Mapped the issues on the two axes of 3 and 4 above (see the right graph) and identified the ones in the shaded area as material issues

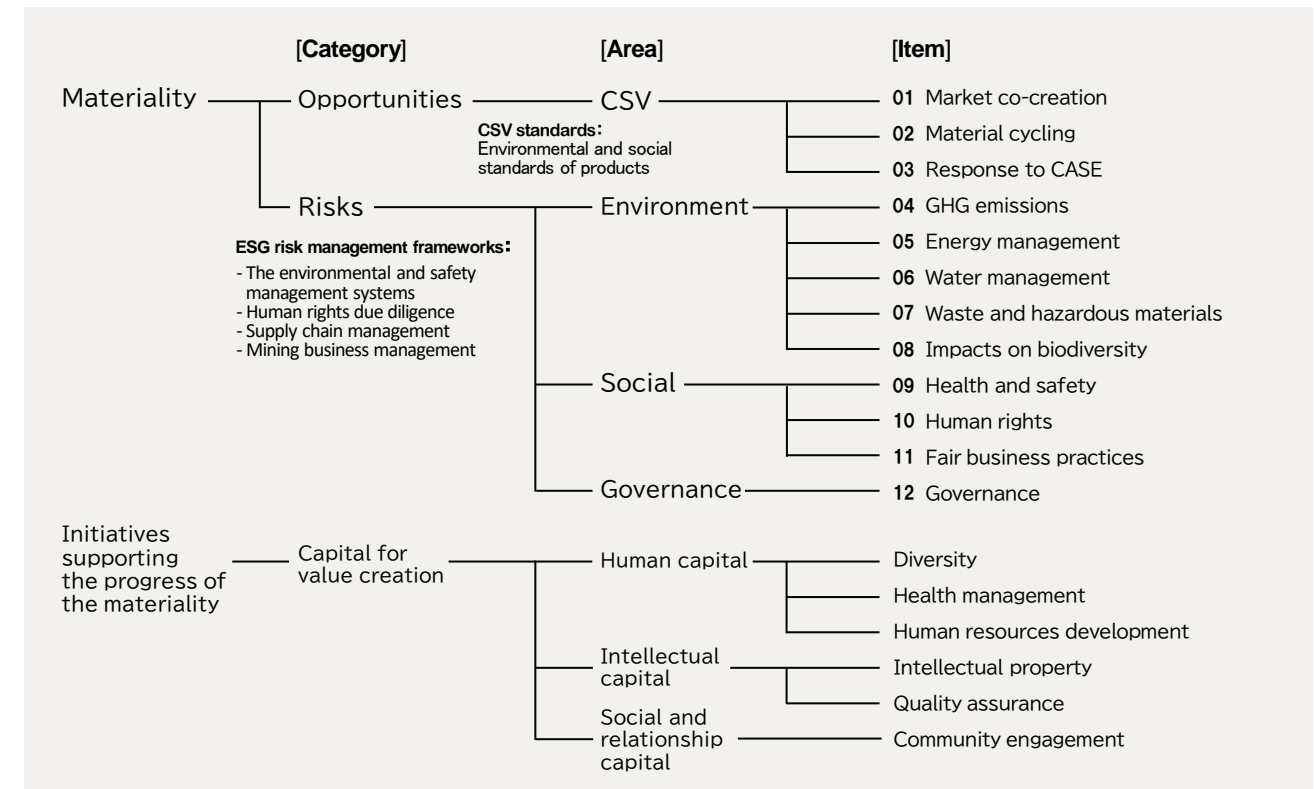


6 Divided the material issues, based on the integrated management strategy of business and social responsibility, into ones that may pose ESG risks (social responsibility) that are likely to affect us financially and into ones that can turn out to be business opportunities

Ref. The International Integrated Reporting Framework, the SASB standards

7 Classified the issues mapped in the lighter-colored parts in the graph into a set of issues that supports the progress on the material issues

8 Received approval from the Board of Directors for the materiality of ESG risks and business opportunities



FY2022 PDCA cycle for the materiality

In FY2022, the departments responsible for each materiality item carried out initiatives according to the annual plans. At the end of the fiscal year, results for each item were confirmed and plans for FY2023 were reviewed in consideration of changes in the external environment and major stakeholders' interests. Information on the progress of the Group was gathered and reported to the CSR Committee. In FY2023, we will run the PDCA cycle and manage the group-wide progress. The progress of each materiality is compiled in "Mitsui Kinzoku Group Sustainability Initiatives" (P.87-93) in this report.

Financial Strategy

Place importance on investment efficiency, coordinating with the business strategies to improve our corporate value



KIBE Hisakazu

Representative Director Senior Managing Director,
Senior Managing Executive Officer,
Senior General Manager of Corporate Planning & Control Sector

In FY2022, the first year of the 22 Mid-term Plan, our Group's net sales and profit substantially fell short of the targets. This was principally attributable to rising raw materials prices and energy costs and violently fluctuating exchange rates as an outcome of the slowing Chinese economy and the protracted Ukraine crisis.

In FY2023, the second year of the 22 Mid-term Plan, the business environment is likely to remain severe and make it difficult for us to achieve the initial targets. Nonetheless, we will maintain the strategies described in the 22 Mid-term Plan for realizing the Vision for 2030, and adhere to the goal of achieving an 80 billion yen ordinary income in FY2030. To this end, we will have more in-depth discussions on management resource allocation in order to reduce risks associated with fluctuations in metal prices and exchange rates and create new growth products and businesses and move forward with initiatives to increase the corporate value of the Group as a whole.

Towards realizing the Vision for 2030 established based on our Purpose and launched under the 22 Mid-term Plan, we are advancing the process to transform ourselves into a more sustainable corporate group, by implementing the integrated thinking-based management principle on a full scale to increase financial value and social and environmental value all at once.

Our major social and environmental initiatives are represented by the environmental investment promotion system incorporating the Internal Carbon Pricing (ICP) mechanism to reduce greenhouse gas emissions from the Company's energy consumption, which was rolled out in FY2023. Going forward, we plan to utilize the ICP mechanism to raise employee awareness of this issue and promote decarbonization investments and climate change actions.

For the dynamic portfolio management mechanism adopted to improve our financial value, we reviewed the portfolio matrix in FY2022, and have found no need to significantly alter the business portfolio for FY2023. We will continue to manage the portfolio, using and reviewing the mechanism, in order to facilitate ongoing value enhancement.

Financing policy

In order to prepare for drastic changes, such as in the market situation as well as the exchange rate and prices for nonferrous metals, we will secure a certain level of liquidity on hand so that we will be able to conduct stable business operations.

Meanwhile, in addition to active investments with a focus on business creation and engineered materials, we will strive to procure financing in accordance with our funding needs, considering various factors including the overall financial situation and interest rate levels. This is in line with our 22 Mid-term Plan, which includes plans for making investments to improve social, environmental, and economic value.

Management that places awareness on capital efficiency

Under the 19 Mid-term Plan, we strengthened business monitoring by evaluating each segment using ROIC (consolidated return on invested capital).

Under the 22 Mid-term Plan, which adopts the dynamic portfolio management mechanism, we use ROIC as a business value indicator to specify business units with higher capital efficiency. Additionally, we are examining plans to set appropriate ROIC targets for each business in accordance with its position in the portfolio as a way to improve the overall ROIC figure for the entire portfolio.

ROE (consolidated return on equity), a key financial performance indicator for capital efficiency, in FY2022 was 3.5%, falling short of the target set for the initial year of the 22 Mid-term Plan due to a decline in earnings. We have set the target of achieving 14.0% in the final year, and will continue carrying out measures to meet the target.

Dividend policy

Our dividend policy is based on the appropriate distribution of profits according to our business performance while also ensuring that we hold back what is needed for the future of our business foundation. In line with this, we aim to provide continuous and stable shareholder returns, with a benchmark of 3.0% DOE (consolidated dividend on equity), starting in FY2022.

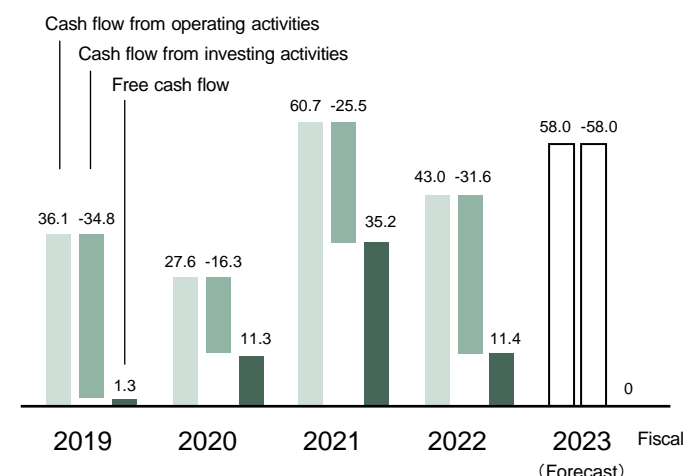
Also, we will pay interim dividends, in principle, from FY2023.

In the future, we will review our shareholder return policy in accordance with the level of progress that we achieve in strengthening our management foundation and in improving our financial condition.

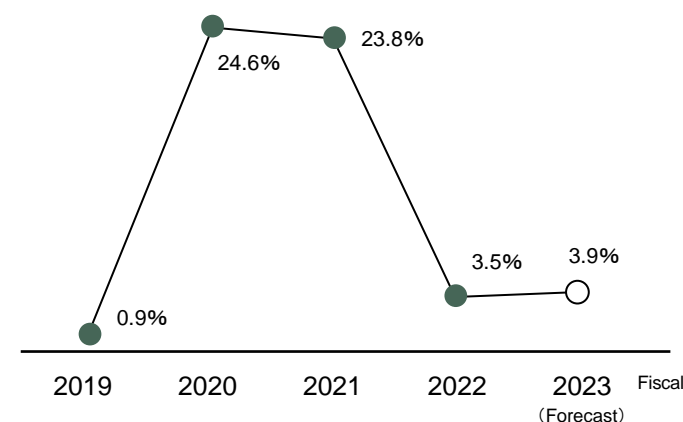
Tax policy

Mitsui Kinzoku Group complies with the laws and regulations of the countries and regions in which we do business, and conduct our business activities in accordance with the tax guidelines published by international organizations such as the OECD (the Organization for Economic Cooperation and Development). If countries and regions have preferential taxation systems, we carefully check the actual situation of our business and the purpose of the systems, use them appropriately, and do not take tax avoidance acts that abuse the systems. When making business decisions, we consider tax matters and position tax strategy as part of our business strategy.

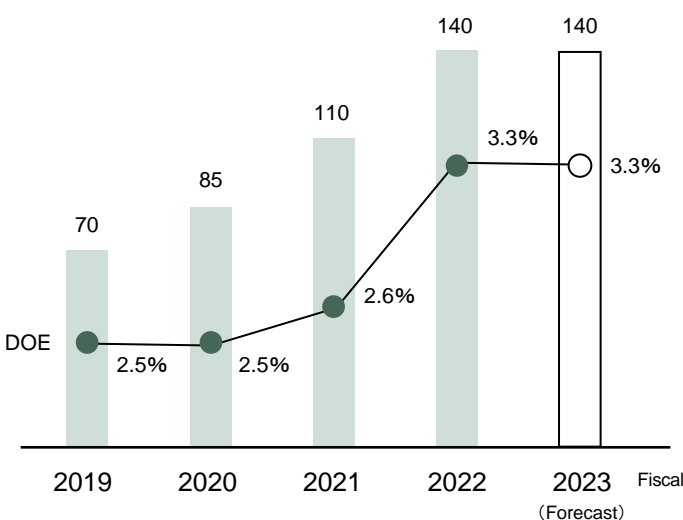
Cash flow (Billion yen)



Trends in ROE

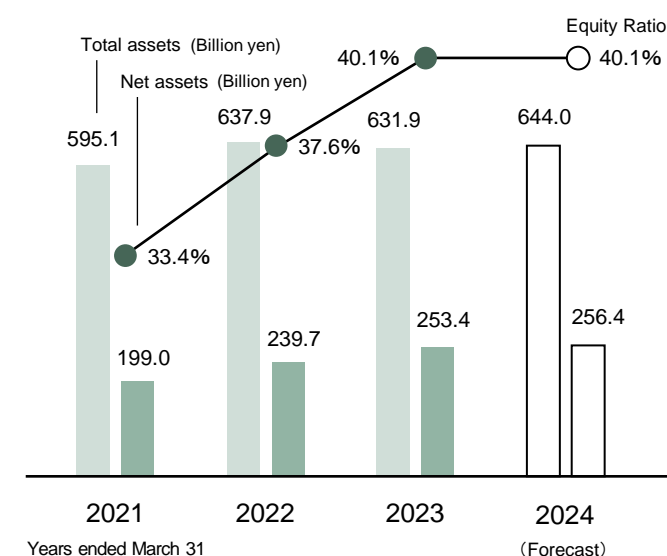


Trends in consolidated dividend on equity (Yen)



* We executed a 1-for-10 consolidation of shares, which came into force on October 1, 2017.

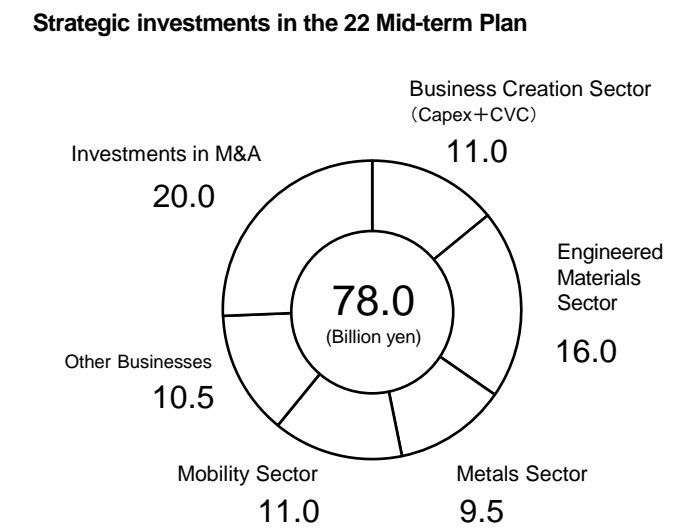
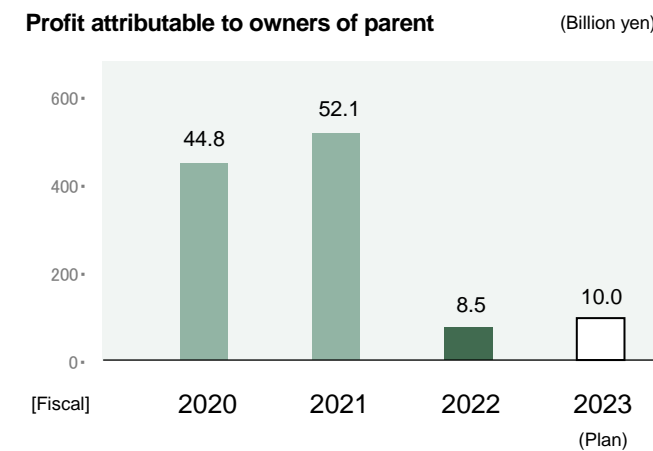
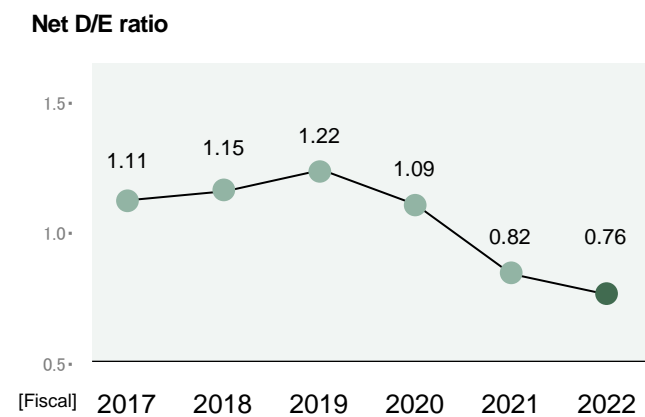
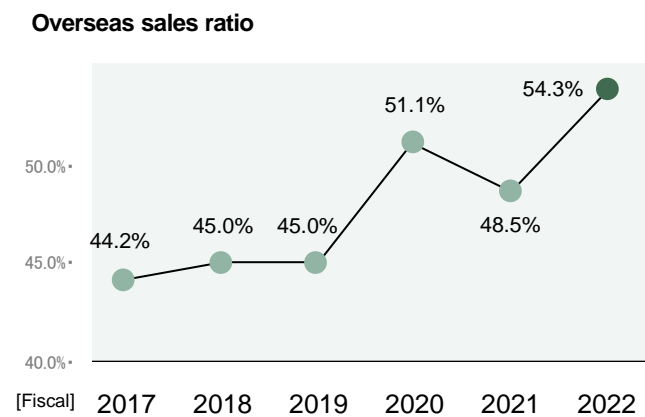
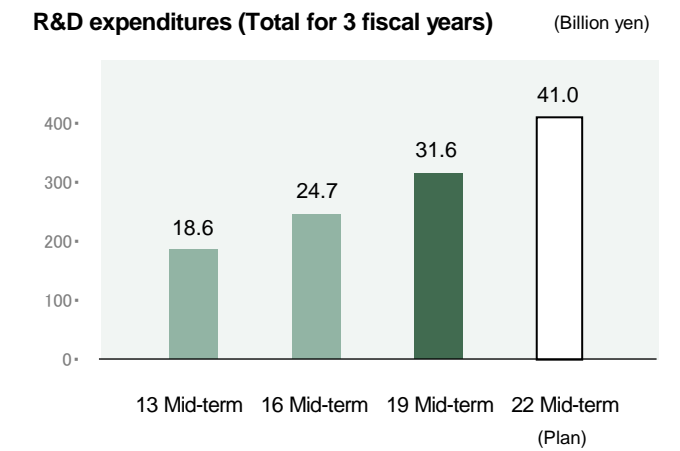
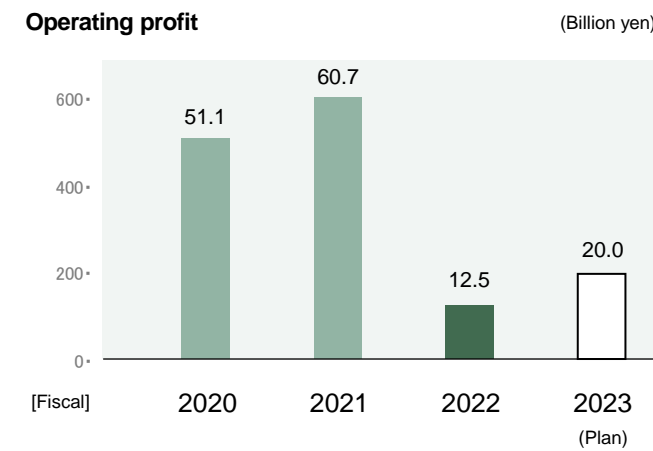
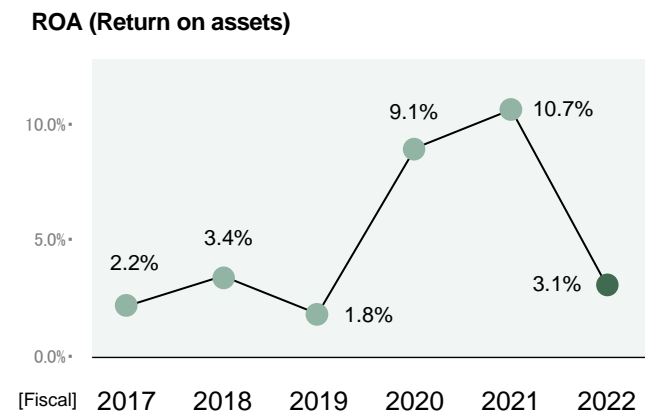
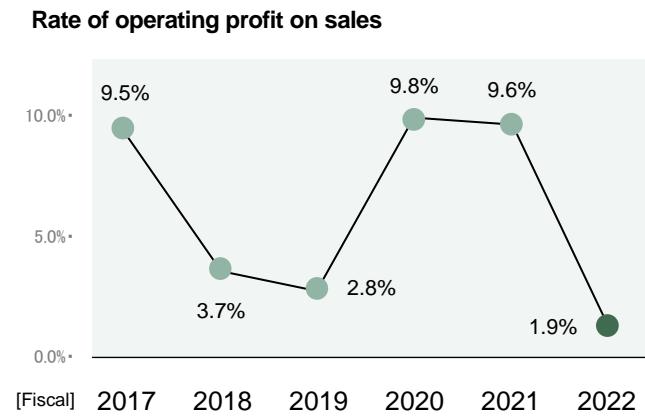
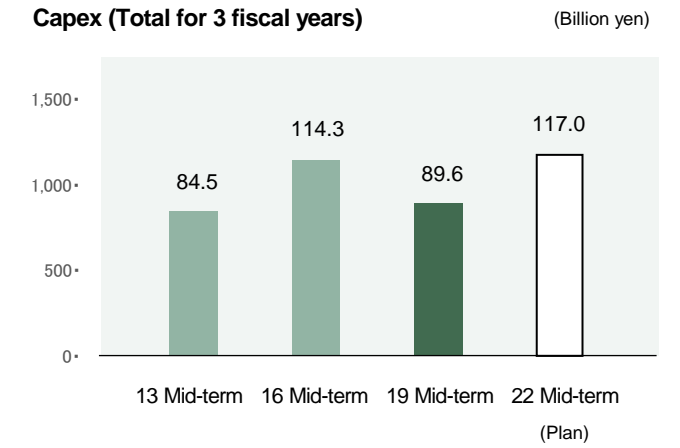
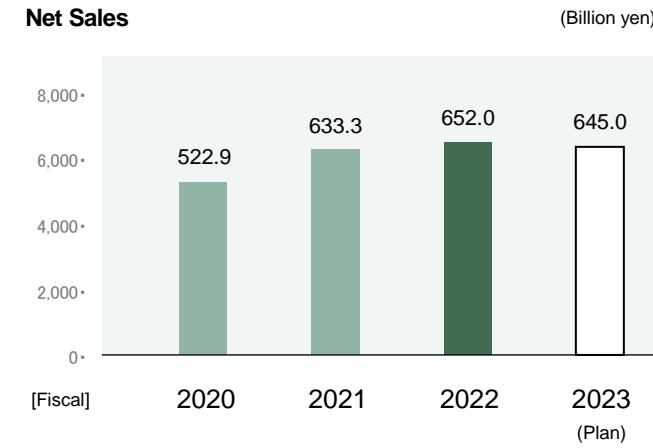
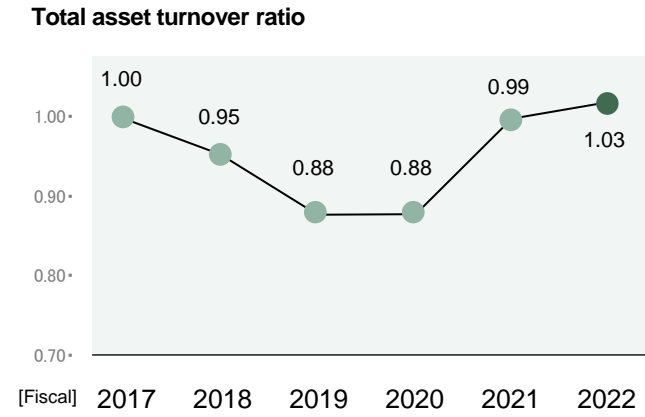
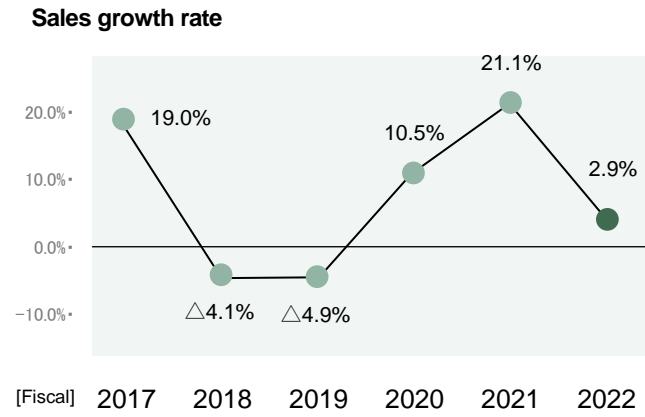
Trends in consolidated equity ratio



Financial Highlights

Trends in major financial indexes and the planned values in the “22 Medium-term Plan”

13 Mid-term Plan: from FY2013 to FY2015, 16 Mid-term Plan: from FY2016 to FY2018, 19 Mid-term Plan: from FY2019 to FY2021, 22 Mid-term Plan: from FY2022 to FY2024



Highlights of major financial indexes for the past 11 fiscal years are listed on pages 94-95. Please refer to those pages as well.

Defining product/market scopes in 2030

Organizational reform according to the product/market scope

Managing portfolio dynamically

Strategic investments in M&As

We will balance and accelerate the management of “exploitation” and “exploration” and pursue internal and external synergies to continually create financial value and social and environmental values.

To realize the Vision firmly based on our newly established Purpose, we reviewed the Mitsui Kinzoku Group’s product and market scopes.

We set the product and market scopes in 2030 as the intersection between attractive markets, which are backcast from the predicted world in 2050, and advantageous markets, which are forecast based on the strengths of our Group.

Mitsui Kinzoku Group will engage in business in six product/market scopes: the environment and energy, resources, life science, electronics, mobility, and circular economy.

According to the scope, we carried out organizational reform, reorganizing business organizations toward 2030. The design concept in the reorganization had two axes: attractive product/market scopes and allowing continued pursuit of synergies. Traditionally, at Mitsui Kinzoku, each sector has accessed its market and customers. Now, organizations are grouped by product/market scope to be able to constantly provide attractive markets with value. In addition to developing existing businesses in three sectors, the Business Creation Sector will create new businesses to reinforce and accelerate the pursuit of ambidexterity.

“Exploitation” is to develop existing businesses and maximize their potential. “Exploration” is to forge new businesses and to expand knowledge in uncharted areas for creating new businesses. These two will be balanced by the pursuit of ambidexterity. For the advancement of exploitation, we will evaluate the value of existing businesses based on the two axes of business feasibility and business value for portfolio management and effective allocation of management resources.

With respect to evaluation criteria, we use market attractiveness and our competitiveness for business feasibility, and EBITDA and ROIC (past, present, future [expected value for 2030]) for business value. Based on the result of reviews performed in FY2022 (see the right chart), we are focusing management resources on business units categorized into the value cultivation/expansion area.

On the matrix, each business unit is positioned from a comprehensive point of view and taking account of a number factors, such as objective data obtained from the above reviews, the past performance of each unit, and suitability for strategies aimed at achieving the Vision for 2030.

We are also planning to adopt ROIC as a criterion for allocating management resources, in addition to the position in the matrix, and examining possible systems to enable the needed process.

At present, for highly feasible businesses, we are seeking M&As and partnerships to actively use external capabilities, rather than relying for growth only on our strengths, in order to further expand and develop value. Going forward, we will endeavor to combine synergies created in two ways, namely, through internal business reorganization and partnership with external organizations, in a bid to enhance our growth strategies.

In April 2022, we established the Business Development Office, which is in charge of carrying out the effort, under the Corporate Planning Department.

We also decided that the basic M&A policy should be a programmatic method of executing small-scale M&As in a planned manner in areas where the effects of synergies with existing businesses would be high. The method aims to gain the capabilities required for the long-term strategy in a phased manner, accumulate M&A experience, and improve the effect of integration.

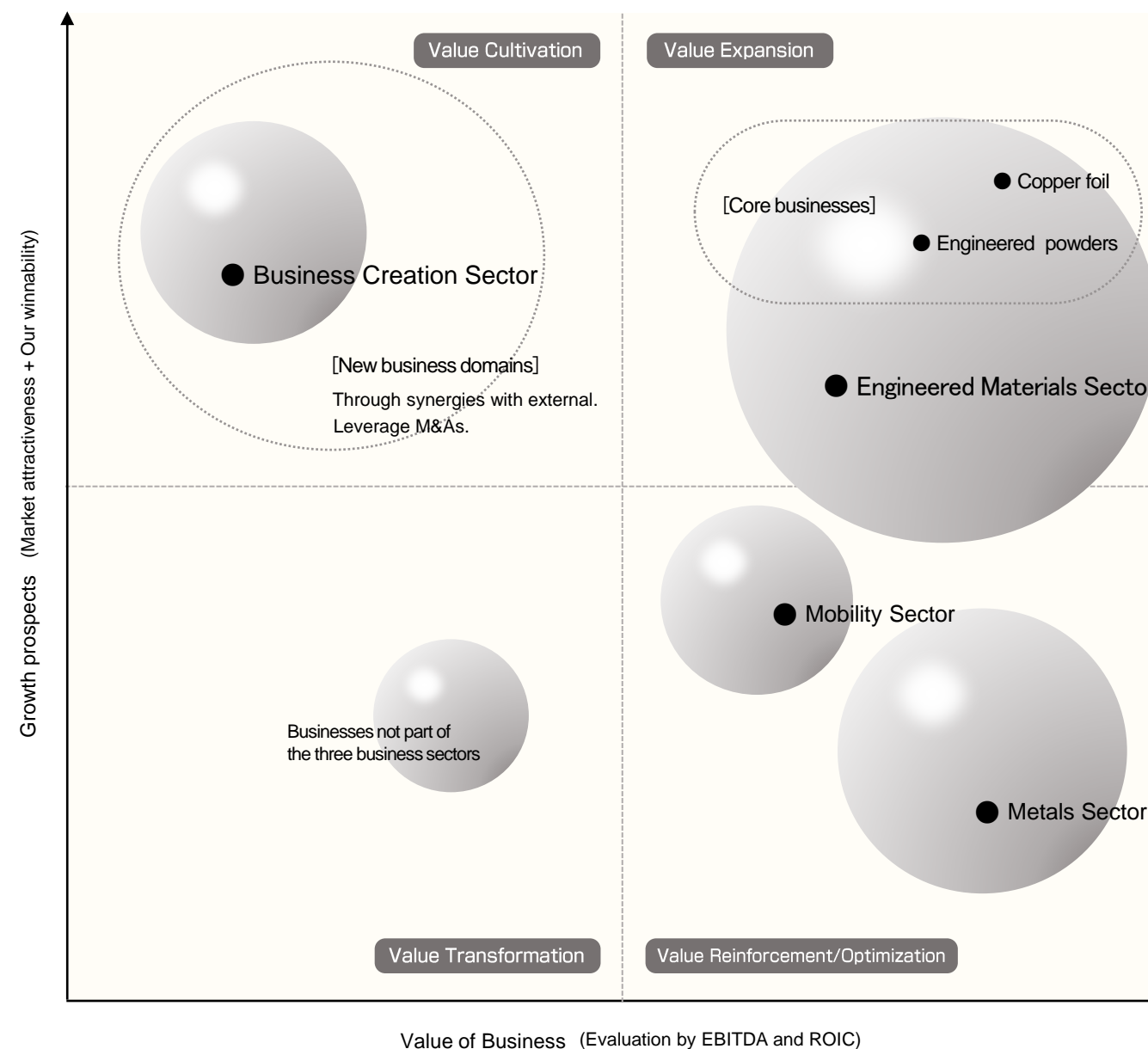
Based on dynamic business portfolio management, we will constantly assess businesses and explore internal and external best owners* for businesses that are categorized for value restructuring.

In the product/market scopes set based on the Purpose, we will continue to bring about innovation by controlling the balance between exploitation and exploration and promote integrated thinking-based management that can continually create financial value and social and environmental values.

* Best owner

“Best owner” refers to the management entity that is expected to make the best use of the management resources of the business to maximize the corporate value in the medium to long term.

Portfolio Matrix Positioning at the start of the 22 Mid-term Plan



Exploring for new businesses

[Business Creation Sector]

Exploration

Value Cultivation

Vision for 2030 (What we should be in 2030)

A team of excited people co-creating value, and exploring the future with material intelligence

“Help build a better future.” By taking on this challenge and making it come true, we will help improve the sustainability of society and enhance the corporate value of Mitsui Kinzoku Group.



The mission of the Business Creation Sector is to provide our stakeholders with “exciting” value, using our spirit of exploration and diverse technologies, and thus contribute to improving the corporate value of Mitsui Kinzoku Group.

To fulfill this mission, in the three years of the 22 Mid-term Plan, we are carrying out value creation activities centering on R&D and market co-creation and pursuing the three strategies of searching better, strengthening R&D, and solidifying the foundation.

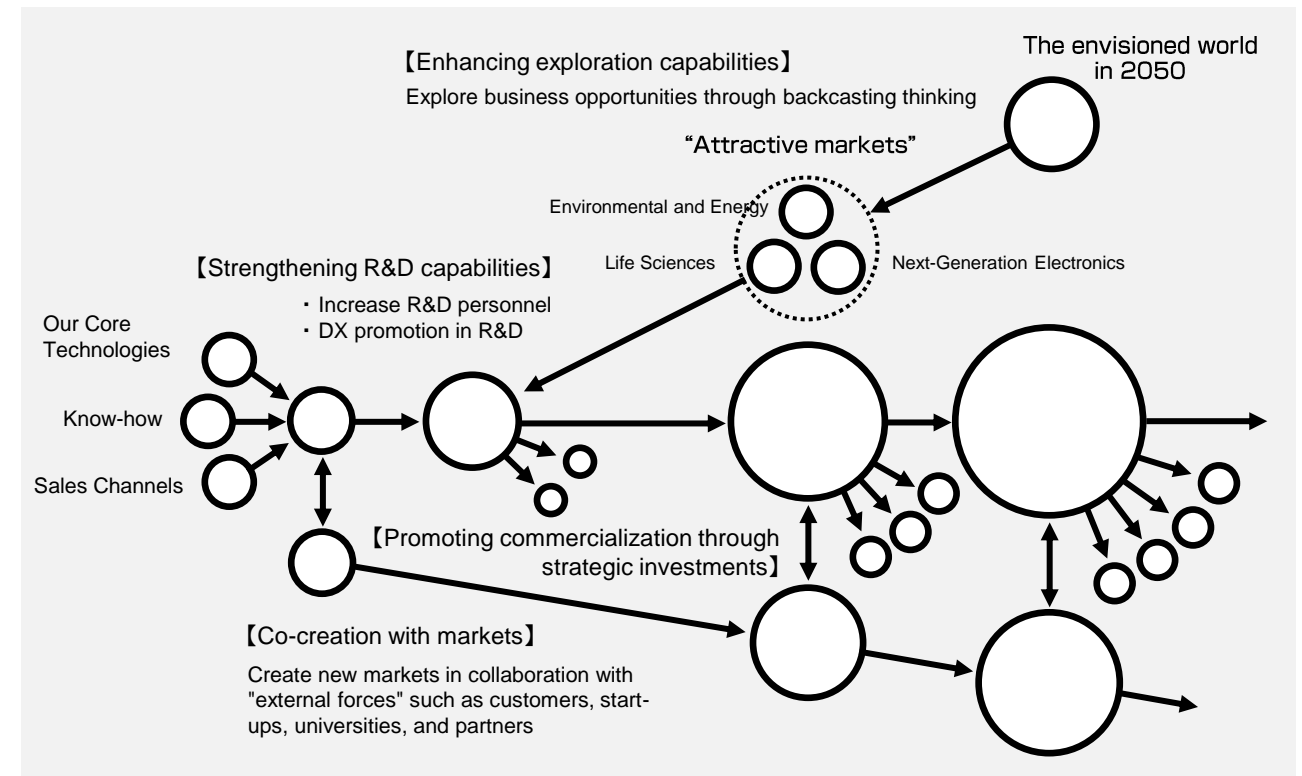
In addition to the above, we are making investments to promote the commercialization of development themes in existing units, while advancing collaborations with customers steadily to make profits.

We will continue to make concerted efforts to achieve Mitsui Kinzoku Group’s growth and improve the sustainability of society through providing value in the form of solutions made possible only by drawing on the Group’s material intelligence. The Business Creation Sector will make further advancements.

Senior Executive Officer,
Senior General Manager of Business Creation Sector

YASUDA Kiyotaka

Sustainably co-create new businesses



Promoting commercialization through strategic investments

All-solid-state batteries are expected to be the next-generation of storage batteries, and development efforts are underway for a wide range of applications, including electric vehicles (EVs). In FY2021, we started to supply A-SOLID[®], a solid electrolyte for all-solid-state batteries produced at our mass production testing facility, and in FY2022, we doubled the production capacity, in response to a sharp rise in demand for the product from customers inside and outside of Japan who are involved in the intensifying development race for commercializing all-solid-state-battery products for EVs. We have also begun to receive orders for other uses from a growing number of customers.

A number of our customers who are leading semiconductor manufacturers have started the full-scale semiconductor packaging development process using our HRDP[®] a special carrier for next-generation semiconductor packaging devices. In response to this situation, in FY2023, we signed an agreement with GEOMATIC Co., Ltd., the partner manufacturer, to build a second line for HRDP[®] in its Ako Plant, for the purpose of further improving quality and expanding production capacity. Our plan is to implement investments in sequence between 2023 and 2025 to complete the fully automated line to go into operation in 2025.

Co-creation with markets

We are accelerating market co-creation activities to integrate our core technologies and “external forces” to create innovations.

One of such recent projects was launched in July 2022, when we invested in eSep Inc. (headquartered in Soraku-gun, Kyoto Prefecture), which develops, manufactures, and sells ceramic functional separation membranes, through our corporate venture capital (CVC). eSep aims to manufacture and commercialize fuel prepared synthetically from carbon dioxide using a membrane reactor that combines its proprietary technologies, namely the separation membranes and catalytic agents.

Our investment in eSep is primarily directed at combining the firm’s separation membrane technology and our strong inorganic materials technology, with an eye to seeking business opportunities in environmental energy fields, such as the development of membrane reactors for manufacturing e-fuels which contribute to achieving a carbon neutral society.

A more recent project was to invest in Helical Fusion Co., Ltd. (headquartered in Chuo-ku, Tokyo), which aims to implement nuclear fusion power generation technology for real-life applications. The investment was made in April 2023 through the CVC. Nuclear fusion represents a next-generation energy source that does not emit CO₂. Resources used as fuel for this technology exist in large amounts in seawater. Through this investment, we will combine Helical Fusion’s nuclear fusion reactor technologies and our technological capabilities with the aim of enabling sustainable and stable energy generation.

Engineered materials

[Engineered Materials Sector]

Exploitation

Value Expansion

Vision for 2030 (What we should be in 2030)

FY2030 targets: ¥180 billion net sales, ¥40 billion ordinary income

More than 70% of newly launched products and more than 50% of sales are environmental contribution products.

The Engineered Materials Sector provides useful, high-performance products that satisfy customer needs as well as contribute to solving social issues, thereby improving and expanding financial value. Towards realizing the Vision for 2030, we are striving vigorously to effectively execute the strategies set for each division, enhance core technologies, improve marketing capabilities, create environmental contribution products, further develop existing businesses, and explore new business opportunities.

FY2022 was a difficult year for the Engineered Materials Sector. Sales of copper foil decreased due to the prolonged inventory adjustment throughout the supply chain chiefly for semiconductors. The Engineered Powders Division also recorded a decline in sales as an outcome of production adjustments made by major customers and sluggish demand from smartphone manufacturers. We were also affected by raw material inventory-related factors. As a result, the Sector as a whole posted a decline in revenue and income year on year.

Despite the generally challenging business environment, however, we made steady progress in carrying out the strategies set forth in the Mid-term Management Plan, specifically by increasing order volume for MicroThin™, a major copper foil product, for HDI, and preparing for expanding the capacity of supplying the same product for packaging. The Engineered Powders Division launched new products, such as copper powders for 3D printers, and the Ceramics Division expanded sales of next-generation setters and 3D-printed ceramics.

We are also endeavoring to create an organization where highly engaged employees with different qualities thrive together, an essential condition for aiming at achieving our goals, while continuing to pursue collaborations with customers and other stakeholders to create value on an ongoing basis.

I believe that our efforts to tackle these challenges will result in the growth of Mitsui Kinzoku Group as well as contribution to achieving a sustainable society.

Managing Director, Senior Executive Officer,
Senior General Manager of Engineered Materials Sector

OKABE Masato

Main Business Strategies

Copper foil

- Prepare to expand MicroThin™ market/applications
 - (1) Enter new markets (2) Fully leverage supply capacity
- Develop, launch, and expand sales of high-performance electrolytic foil

Engineered powders

- Maximize profit from existing products (Sales expansion of copper powders for electronics, abrasives)
- Launch new products (copper powders for 3D printers, rare metal solutions)

PVD materials

- Keep decent margins, overhaul production to reduce costs
- Cultivate future products

Ceramics

- Expand sales of new products (e.g. next-generation setters*)

* Calcined ceramic jigs for electronic parts

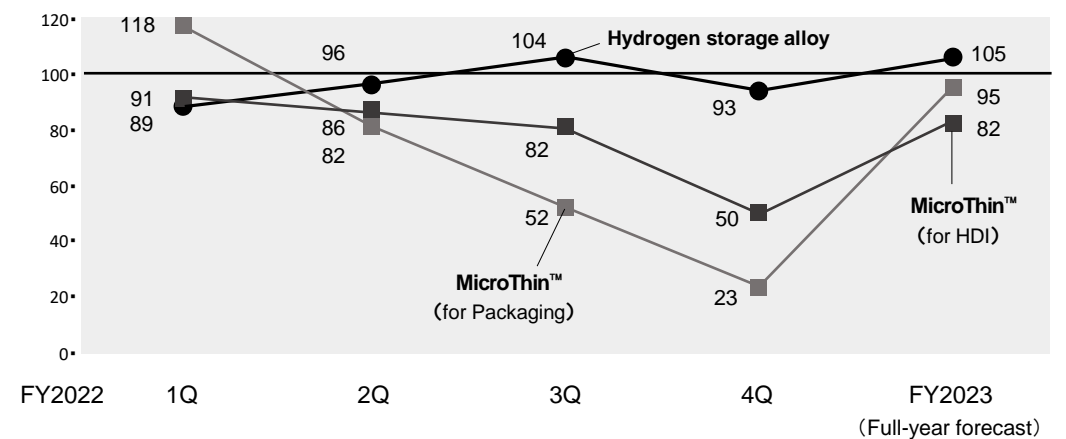
ESG Initiatives

- In cooperation with the Corporate function, build and operate an organization for promoting efforts to create environmental contribution products and achieve carbon neutrality by 2050
- Applications submitted for certification of environmental contribution products with candidates selected by divisions and affiliates

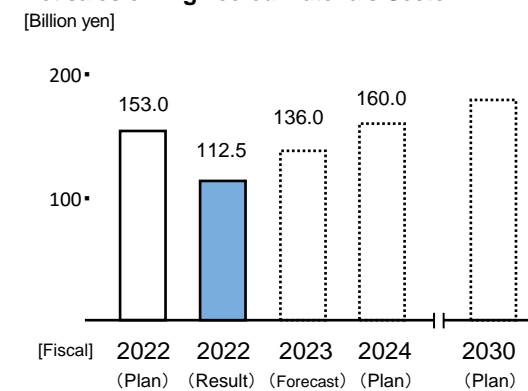
Opportunities and Risks

- Creation of new demand through technological innovation
- Expansion of demand for high-performance products due to increasingly sophisticated market needs
- Increase in demand due to expansion of markets in emerging economies
- Intensifying price competition due to rise of manufacturers in emerging economies
- Sluggish demand due to spread of infection and rise of protectionism
- Increase in geopolitical risks in procurement of raw materials from overseas

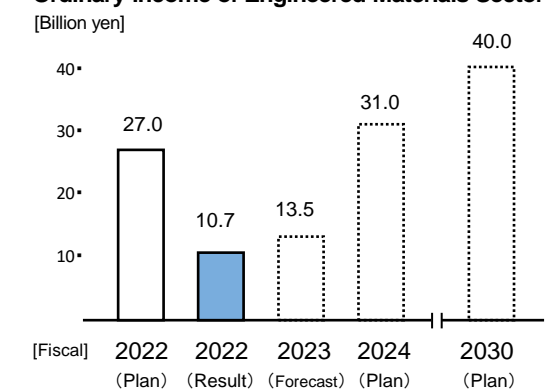
Sales Trends for Major Products in FY2022 (Index based on full-year sales results for FY2021 set at 100)



Net sales of Engineered Materials Sector



Ordinary income of Engineered Materials Sector



Note: The plan for FY2030 does not include the impact of inventory.

Metals Mining and smelting

[Metals Sector]

Vision for 2030 (What we should be in 2030)

We are essential in efforts to build a sustainable world.

We strive to further enhance recycling network underpinned by distinctive characteristics, and we continue to explore new mineral resources and renewable energy.

Exploitation

Value Reinforcement/Optimization

Main Business Strategies

Sector-wide

□ Build a sophisticated recycling network based on our diversified smelting assets

Lead & Zinc

□ Leverage existing assets to expand business of waste processing
 □ Improve margins for metals produced from complex ores
 □ Increase the volume of new lead-based materials being collected and processed to make profit

Copper & Precious Metals

□ Improve margins for metals produced from profitable materials
 □ Reduce costs by improving operations and investing more judiciously

Mineral Resources

□ Explore new mining opportunities around Huanzala and Pallca in Peru

ESG Initiatives

To contribute to a decarbonized society, reduce CO2 emissions and explore renewable energy solutions

Opportunities and Risks

- Stable growth of zinc and copper demand in the long run
- Expanding and increasingly complicated needs for resource recycling
- Promotion of the spread of renewable energy
- Fluctuations in market price of metals and exchange rates
- Rise in energy costs
- Accelerated measures to address climate change for carbon neutrality

We have continuously improved our smelting and recycling over the years. To respond to a growing need for recycling in line with the development of a recycling-based society, we determined the mission of the Metals Sector to be: provide solutions that help build a sustainable world.

Toward our vision for 2030, we will pursue a more sophisticated recycling network, explore new mining opportunities, reduce CO2 emissions for the development of a decarbonized society, explore renewable energy solutions, and improve digital infrastructures for digital transformation.

In FY2022, the Metals Sector posted a decline in profit chiefly due to higher energy costs and inventory-related factors accompanying fluctuations in the non-ferrous metals market. However, we made progress steadily in implementing the strategies set for the Sector.

For zinc smelting, the division is expanding the waste processing business leveraging existing assets, and for lead smelting, it is increasing the volume of processing recycled materials while improving the utilization of the furnace. The Mineral Resources Division is moving forward with the new mine development project planned for areas near the existing mines in Peru, which has received sufficient profitability scores from the preliminary economic feasibility analysis and will advance to a more detailed feasibility study. Also, we have begun to engage in a demonstration project for using alternative fuels for smelting, as a measure to reduce CO2 emissions from the related operations.

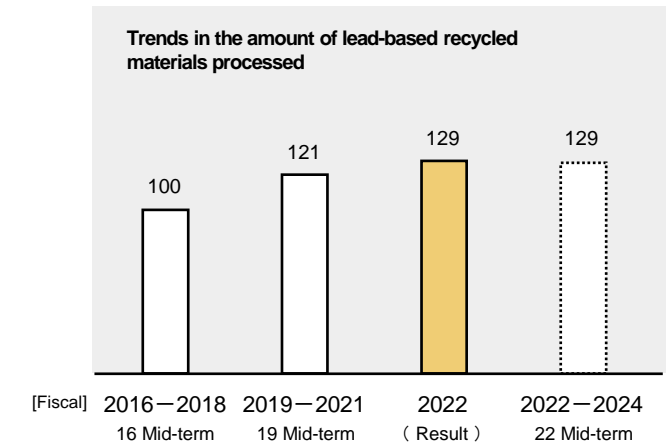
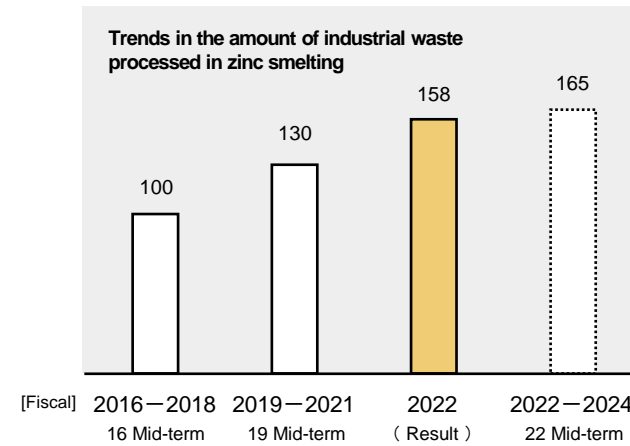
While optimizing the characteristics of zinc, lead, and copper smelting networks using diverse processes owned by our Group, mining resources, and renewable energy, we will enhance collaboration and synergies between these to provide unique value.

Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Metals Sector

TSUNODA Satoshi

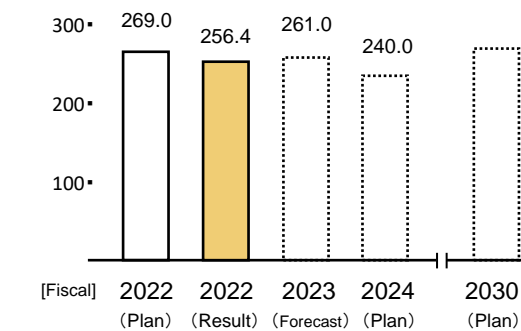
Expansion of processing of industrial waste and recycled materials

(Index display when the actual results during the 16 Mid-term period are set as 100)



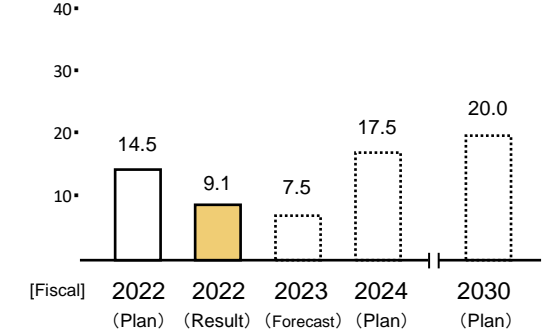
Net sales of Metals Sector

[Billion yen]



Ordinary income of Metals Sector

[Billion yen]



Note: The plan for FY2030 does not include the impact of inventory.



Mobility

[Mobility Sector]

Vision for 2030 (What we should be in 2030)

We act as a pioneer of mobility, always making sure of and always creating the best values to be chosen.

New products account for more than 50% of sales, ordinary income trends at ¥20 billion, and there are no product recalls.

Exploitation

Value Reinforcement/Optimization

Main Business Strategies

Sector-wide

- Unlock synergies (short-/medium-/long-term)
- Forge new businesses that reflect the changing times

Catalysts

- Keep honing tech prowess to differentiate products
- Streamline production with technology coefficient improvement and DX
- Envisage medium- to long-term scenarios in which we use our strengths to succeed

Mitsui Kinzoku ACT Corporation

- Develop and expand system-related products to shift focus toward systems suppliers
- Make costs more competitive by globally optimizing production and adopting smart factory design

Mitsui Kinzoku Die-Casting Technology Co., Ltd.

- Rebuild business, produce optimal profit

ESG Initiatives

Incorporate customers' environmental concerns into our own goals, while trying to reconcile both, develop quantifiable and sustained practices to achieve the goals.

Opportunities and Risks

- Sales expansion of new products through the electrification and automation of automobiles
- Tightening of environmental regulations on fuel efficiency, exhaust gas, etc.
- Rise of new players with changes in the automotive industry
- Decrease in demand and delay in production recovery in the automotive market due to the spread of infection and semiconductor shortage
- Increase in geopolitical risks in procurement of raw materials from overseas, production and sales

Recognizing big changes and evolutions in the automotive industry, including CASE, MaaS, and carbon neutrality, as new needs, the Mobility Sector will provide value that serves our customers and contributes to the development of a mobility-based society.

The targets we set for 2030 are: increasing the percentage of new products in net sales, significantly increasing profit, and ensuring that there are no product recalls. To achieve these targets, we will pursue exploitation in technology, manufacturing, and sales; forge new businesses; and pursue synergies over short-, medium-, and long-term cycles.

In FY2022, door latches for automobiles, a main product of the Mobility Sector, posted an increase in revenue thanks to rising demand in Japan, India and Southeast Asia, which offset declining demand in China. Revenue of the Catalysts Division also increased, as sales increased reflecting the increased production of exhaust gas purifying catalysts for motorcycles in response to strong growth in demand in India and Southeast Asia as well as the mass production of exhaust gas purifying catalysts for four-wheeled vehicles in response to orders from manufacturers for new models for India. Partially thanks to the improved yield in the diecast business, our Sector as a whole posted an increase in revenue and income year on year, although falling short of the initial targets set under the Mid-term Management Plan.

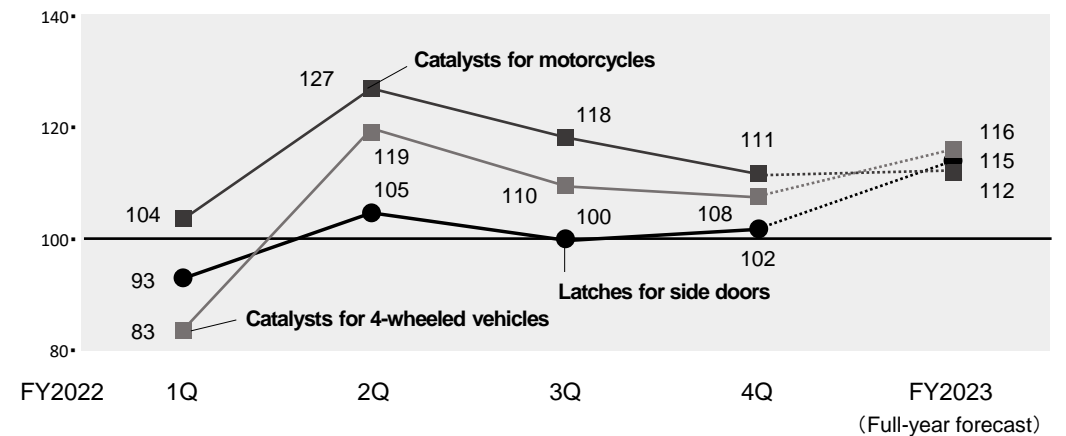
In FY2023, we are expanding sales of door latches and catalysts, looking to achieve a growth in revenue and profit for the sector overall. We will also press ahead with our strategies set forth for each division in the 22 Mid-term Plan.

With the three keywords of enthusiastic “challenge,” “persistence” to make it to the end without giving up, and “speed” of action, we aim to be a mobility pioneer that identifies future value and continues to create it.

Senior Executive Officer,
Senior General Manager of Mobility Sector

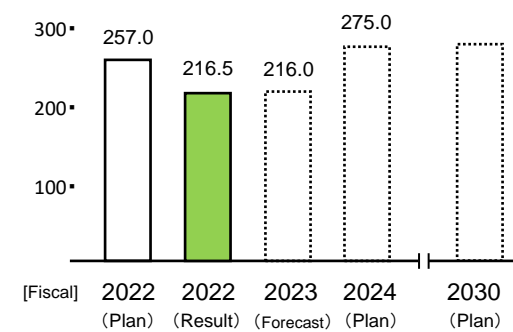
IGATA Hiroshi

Sales Trends for Major Products in FY2022 (Index based on full-year sales results for FY2021 set at 100)



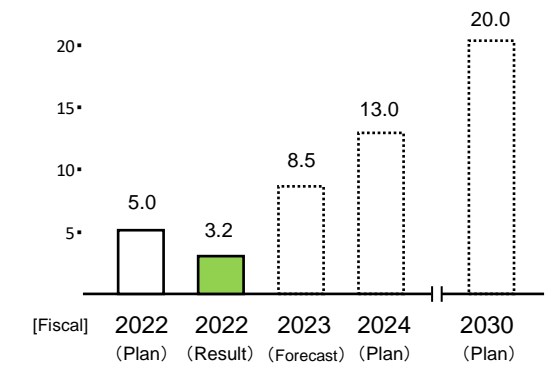
Net sales of Mobility Sector

[Billion yen]



Ordinary income of Mobility Sector

[Billion yen]



Capital as the source of value creation

In order to improve the corporate value of Mitsui Kinzoku Group by continuously creating growth products and businesses through the implementation of our business model, we make efforts to maintain and strengthen the non-financial capital that is the source of this value.

Human Capital Management

Mitsui Kinzoku Group is committed to solving environmental and social issues through its business, with the objective of enhancing the sustainability of society at large as well as the Group. To this end, we develop strategies to continuously create innovations and generate new value. The key to successful implementation of these strategies is our workforce made up of diverse individuals with different values as well as a wealth of experience and skills.

The Group's personnel work around the world, performing their roles in contributing to the creation of new value. In order to increase employee engagement and the job satisfaction of each person, we strive to create a working environment and employment systems that can foster a sense of security and maximize the potential of each individual.

The Group develops personnel who are committed to solving environmental and social issues through business activities and generating new value, based on its Human Resource Development Policy. For the purpose of fully utilizing our human capital while pursuing this policy, we have developed personnel strategies centering on the following four areas: introducing the HRBP* function based on the personnel strategies; promoting health management; promoting diversity & inclusion; and launching the performance-based system and making it firmly entrenched.

* Human resource business partner (HRBP): HR function that serves as a partner to the management team or business divisions, supporting the organization with using its human resources effectively to implement business growth and strategies.



SUGIMOTO Akiko
Executive Officer, General Manager of Human Resource Department

Establishment of Human resource business partner Office

Previously, the roles of the corporate personnel division were basically limited to operational duties, such as putting into practice personnel strategy plans created by the management team and performing employment administration duties. Recently, however, in face of the business environment becoming increasingly uncertain, many companies have begun to pursue strategic personnel functions to link business strategies to personnel management aiming to grow their business continuously.

Against this backdrop, the Company set up the HR Business Partner Office in April 2022, with the aim of building a structure that enables us to deploy personnel in a timely manner to implement business and management strategies.

As part of the structure, an HRBP is assigned to each Sector to support close cooperation between the Human Resource Department and the Sector.

We will identify forward-looking HR issues, such as the implementation of human resources allocation tied to the dynamic management of the business portfolio from a group-wide perspective, and rapidly develop measures to resolve these issues. At the same time, we will support and promote talent management in each department through succession plans and individual deployment/development plans.

Humans are the only beings that can create value proactively. Even the most advanced equipment, materials, intellectual properties or any other form of capital cannot generate value unless directed by humans with the intention of generating value from them. In this sense, humans represent the most important management resource. And the capacity for creating value can be expanded by providing appropriate personnel training and allocation programs.

However, the effect of such programs differs significantly by person depending on their frame of mind.

To enable individual persons to focus their efforts on fulfilling their duties, it is essential to establish a working environment where each person can work in good health and with safety and security in mind, a basic requirement. It is also necessary to create an environment where diverse values and views are respected without prejudice so that the Group's employees can independently work and where they can work together creatively.

With such an environment in place, we can achieve the most effective personnel deployment for the purpose of carrying out our management strategies. We are pursuing a suitable model for the organization respecting and utilizing individual qualities at the same time.

Promotion of health management

Mitsui Kinzoku Group considers the physical and mental health of all employees and their families to be an important management issue for its sustainability.

The good health of employees and their families constitutes a condition for the employees leading a fulfilling life, which provides a basis for maximizing their individual potential and contributing to increasing the Company's productivity and performance, a source for creating new value.

Based on this understanding, we have expressed our commitment to maintaining and increasing the health of our employees and their families, in pursuit of vigorous corporate activities and thereby contributing to society.

Mitsui Kinzoku is committed to health management. We have been certified as a Health and Productivity Enterprise every year since 2019. Going forward, we will work to focus more on maintaining and increasing the health of employees' families in addition to employees themselves.

In FY2022, we carried out various activities to promote health management, such as disseminating our health management commitment statement within the Group, running health-themed seminars and campaigns, and providing ongoing mental health training programs at all sites.

We are also conducting an array of health improvement programs, including: performing company-wide analysis of health check results; identifying health issues; setting health management goals and taking improvement measures to address each issue; introducing systems to support employees to receive medical treatment while continuing to work; giving feedback of mental stress checks to each workplace; conducting interview surveys for target workplaces; monitoring the progress of environmental improvement activities; and providing support with improvement activities.

Active participate of diverse human resources

In response to major changes occurring in the external environment, chiefly induced by Japan's declining working-age population and the advancement of AI and other technologies, we are striving to secure human resources that will contribute to creating value in the Group. Since FY2016, we have been implementing our workstyle, principally the development of our personnel systems. From FY2022, we are working on work satisfaction reforms that make us feel like working for Mitsui Kinzoku precisely because it is Mitsui Kinzoku, aiming to create a workplace where we can work lively and energetically.

In view of people's work styles increasingly diversifying in the future, we are promoting more flexible work practices by offering various options to support employees continuing to work while fulfilling parenting and family care responsibilities or receiving medical treatment, thus helping them pursue their careers for a long time. We are also working on reducing overtime work hours.

[Systems to allow flexibility at work]

- Flexible work times with no core hours
- Annual leave that can be taken in half-day increments
- Telework
- Special leave of absence system for spouse transfers
- Comeback system (reemployment of employees who were compelled by personal circumstances to resign)
- Shorter work hours
- Staggered work shifts
- Exemption from overtime work

[Initiatives for reducing overtime work hours]

- Labor-management discussion on measures at Occupational Health and Safety Committee
- Providing time management training
- Visualizing overtime hours with automatic aggregation of PC log-in and log-off times, grasping actual work hours of managers

[Initiative for work satisfaction reform]

Implementation of an action plan to improve employee's liveliness by utilizing engagement measurement

Active involvement of female employees

We are in an era of VUCA (volatility, uncertainty, complexity, ambiguity), and in order to overcome challenges characterized by these conditions, it is vitally important to adopt a diverse range of views and values and develop a broad perspective for making decisions and managing organizations, and build a strong organization to be able to deal with complicated issues in the future. As the major initial step towards the above objective, we are focusing on the career development of female employees, particularly developing female personnel and increasing mid-career recruitment of women to assign to managerial positions. We follow the principle of performance-based appointment and promotion for selecting and developing candidates for management positions, in order to provide a fair opportunity to all applicants, including those temporarily absent from work for reasons related to life events or other unavoidable circumstances. As part of efforts to increase female candidates for executive and managerial roles, we provide a management strategy course for the former and a candidate training course for the latter.

Promotion of diversity & inclusion

In a bid to enhance and accelerate our efforts to promote diversity & inclusion, we established the Diversity, Equity, and Inclusion Office in October 2021. The Office is staffed by full-time members to engage in preparation and implementation of plans directed at achieving a workplace where all employees with different values respect each other and thrive together. In pursuit of an attractive diversity-oriented workplace, specific plans are on the table for two key approaches: increasing job satisfaction, a priority issue defined in the Mid-term Management Plan; and supporting women's career development, the first step towards achieving a diversity-driven productive workplace. In April 2022, we set up the Diversity, Equity, and Inclusion Committee chaired by the President. The Committee meets on a regular basis to discuss policies and strategies, make decisions, and monitor the progress of activities. And issues and activities of the Committee are reported to the Board of Directors to confirm that initiatives are being implemented on an ongoing fashion and in alignment with management policies and implementations are thoroughgoing and effective.

The Diversity, Equity, and Inclusion Committee has two subcommittees: the Women's Success Promotion Subcommittee and the Work Satisfaction Reform Subcommittee.

Both are moving forward with specific plans with speed, taking advantage of the position directly under the President.

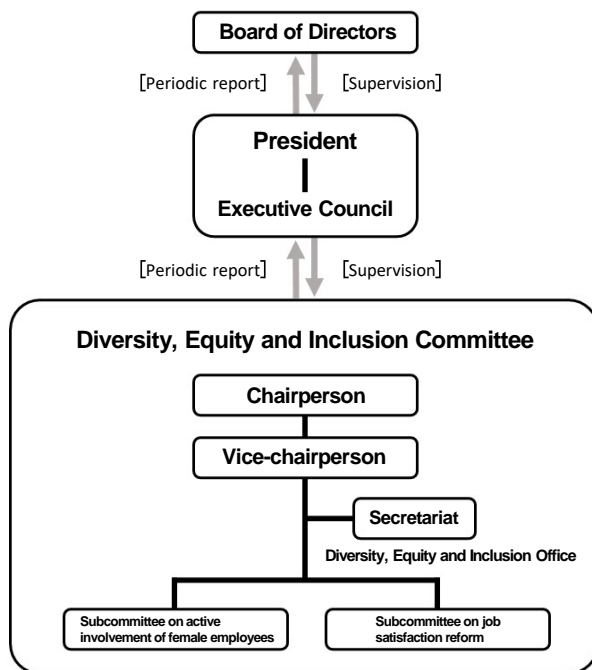
What the work satisfaction reform aims to achieve

While the goals and organizational challenges differ from business to business, we have held many discussions with members from each business division to solve problems in order to realize a workplace where everyone can work comfortably and lively.

The basic common goal is to create a workplace where all employees in the same workplace respect each other and work with a psychologically safety.

For this purpose, we plan to start by visualizing the present situation of the organization, and then put into practice actions suited to each organization.

[Management System]



Chairperson NOU Takeshi
President and Representative Director

Vice-chairperson KIBE Hisakazu
Representative Director Senior Managing Director, Senior General Manager of Corporate Planning & Control Sector

YAMASHITA Masashi
Senior Executive Officer, Deputy Senior General Manager of Corporate Planning & Control Sector



We create a psychologically safe workplace for everyone to work, by respecting each other.



We create a workplace for everyone to work in a self-directed manner and to grow personally and professionally through trial and error.

What the promotion of women's success in their careers aims to achieve

Promoting women's success in Mitsui Kinzoku Group does not simply mean encouraging only women. We believe that through this initiative, we can get closer to a company where various values and work styles can be respected and everyone can work more comfortably and motivated.



We respect the individuality of each other regardless of position and attributes.



Through promoting women's success, we aim for an organization that thrives with employees having more different attributes.



We aim for an organization that embraces flexibility in work practices and takes on new challenges.

For realization of diversity & inclusion

The Group employs a global total of more than 13,000 people at present. With this workforce, we aim to create a truly diverse and inclusive organization, where employees with different values respect each other and utilize different ways of thinking and experiences when working together, regardless of ethnicity, nationality, religion, belief, culture, place of birth, disabilities, gender, sexual orientation, gender identity, and other background and attribute factors.

In order to achieve innovations in response to constant changes and trends towards increasing diversification in the global society, it is vitally important that each employee have the above-described frame of mind and act accordingly taking advantage of differences from each other in values and experience. Aiming for a corporate group that promotes diversity, inspiring each individual to become more motivated and productive, Mitsui Kinzoku Group will enhance and accelerate its efforts toward sustainability.

[Regular information dissemination]

Externally:

- Publication of President's message on our website
- Publication of messages from an Outside Director and General Manager of Diversity Equity and Inclusion Office on recruitment page of our website
- Publication of "what company we would like to be" on recruitment page of our website
- Presentation of human resources strategy at ESG briefing

Internally:

- Posting President's message and talk between President and HR General Manager on intranet and in internal PR magazine, introducing President's message and diversity & inclusion initiatives through training programs

[Training programs]

- Unconscious Bias Training (for non-managers)
- Diversity Management Training (for managers)
- Diversity & Inclusion Promotion Workshop (Parental leave of male employees version)
- Social events for female employees



We improve productivity and contribute to the creation of organizations where innovations can be generated, through work satisfaction reform and personnel systems that enable diverse human resources to fulfill their potential.

And we aim to accelerate innovations, attracting more people to become our fans, by disseminating our Group's efforts in the promotion of diversity to gain empathy.

These are the missions of the Diversity, Equity, and Inclusion Office.

TASHIRO Misato

General Manager
Diversity Equity and Inclusion Office
Human Resource Department

New human resources system

In April 2022, we reformed our human resources system, upholding the basic principle of appointing the right people to the right positions based on their performance, regardless of seniority, under the job/role-based system. At the same time, we enhanced initiatives for supporting career development that helps individual employees develop their career according to their own intentions and values.

Through career education, interviews, and other measures, we will consider both employees' wishes and the company's expectations to continue initiatives for supporting the growth of individuals to achieve their career vision. We will also improve the existing internal public recruitment system and consider measures that respect employees' right to choose their careers.



Unconscious Bias Training

Development of human resources who will achieve value creation

Mitsui Kinzoku Group develops “Employees who have their own ‘will’ ” responsible for realizing value creation of the Group by both OJT training and Off-JT training programs.

We are promoting the development and implementation of training programs to enable employees to be self-motivated and learn autonomously, improve their abilities and skills, and demonstrate their strengths, and to support each employee’s continuous efforts to build a lifelong career.

We timely update OFF-JT programs. For example, while selecting OJT instructors and providing training to the instructors, we also collect information on training issues such as communication methods between instructors and subordinates. Then, we use the information to prepare new training programs for young employees.

Also, in order to practice the integrated thinking-based management, we are focusing on developing human resources capable of creating businesses based on environmental/social issues.

Overview of the Off-JT training programs

We renewed our training system in FY2022, supporting employees’ autonomous career development through programs centered on cafeteria-type skills development programs. We have also introduced MLP (Mitsui-Kinzoku Learning Platform) as a learning platform, providing an autonomous learning environment for the employees. As one of the new curricula in the training programs, we have introduced ICT training, Mitsui Kinzoku Total Digital Human Resource Development, in order to further improve IT literacy of all employees. Through the continuous implementation of this initiative, we aim to develop human resources capable of creating new business models based on DX.

In addition, considering changes in the external environment, we are working to expand and strengthen training programs for SDGs, ESG and CSR.

In FY2022, in conjunction with the reform of the human resources system, we reformed the education system to allow individual self-directed career development and introduced a DX tool, the Mitsui-Kinzoku Learning Platform (MLP), to support it. The new education system offers further reinforced free-choice capacity development programs and a cafeteria-style training system, which provides significantly enhanced learning programs that employees can take freely in addition to rank-based mandatory training programs to develop the capacity required for each rank. We also offer contents aligned with global trends, namely, leadership, anger management, diversity management, and other contents that help managers improve their management skills; learning contents related to workstyle reform, such as DX, AI, and other technologies and psychological safety; and learning contents on sustainability.

* Each of the following training program is offered through MLP.

<Type of training>	<Purpose>	<Outline>
● Basic Skill (Mandatory programs)	Acquire the necessary knowledge and skills for each career stage	<ul style="list-style-type: none"> Programs to develop the necessary competencies at each job rank, including management, diversity, IT security, sustainability, finance, intellectual property, quality control, and mental health.
● Skill Up (Recommended programs)	Acquire knowledge and skills useful for each employee’s job	<ul style="list-style-type: none"> Programs helpful for each employee’s job widely ranging from business skills to expertise. Selected by each employee based on the work and one’s own abilities or recommended by their supervisor.
● Self Development (Programs for self-development)	Improve one’s own abilities and skills according to one’s own will	<ul style="list-style-type: none"> Correspondence courses including e-learning. Trainee can choose and take training programs such as business skills and languages.
● Organization-specific training	Strengthen each employee’s expertise	<ul style="list-style-type: none"> Provide specialized knowledge necessary for job groups and business lines.
Training for selected employees	<ul style="list-style-type: none"> Special training for corporate manager candidates Interaction with external organizations 	<ul style="list-style-type: none"> External training program for candidates of next-generation managers selected from executive officers and managers. Training program for next-generation and next-next-generation corporate manager candidates selected within the corporate group. Dispatch for rank-based training held by Mitsui Inter-business Research Institute.
Training programs for young employees/ mid-career hired employees	Introduction training for new employees	<ul style="list-style-type: none"> New employee training, follow-up training, first/second/third-year follow-up training. Introduction/ follow-up training for mid-career hired employees.
Career training	Support for self-sustaining career development	<ul style="list-style-type: none"> Training by age group (20s/30s/40s/50s) in order that each employee will develop career vision.

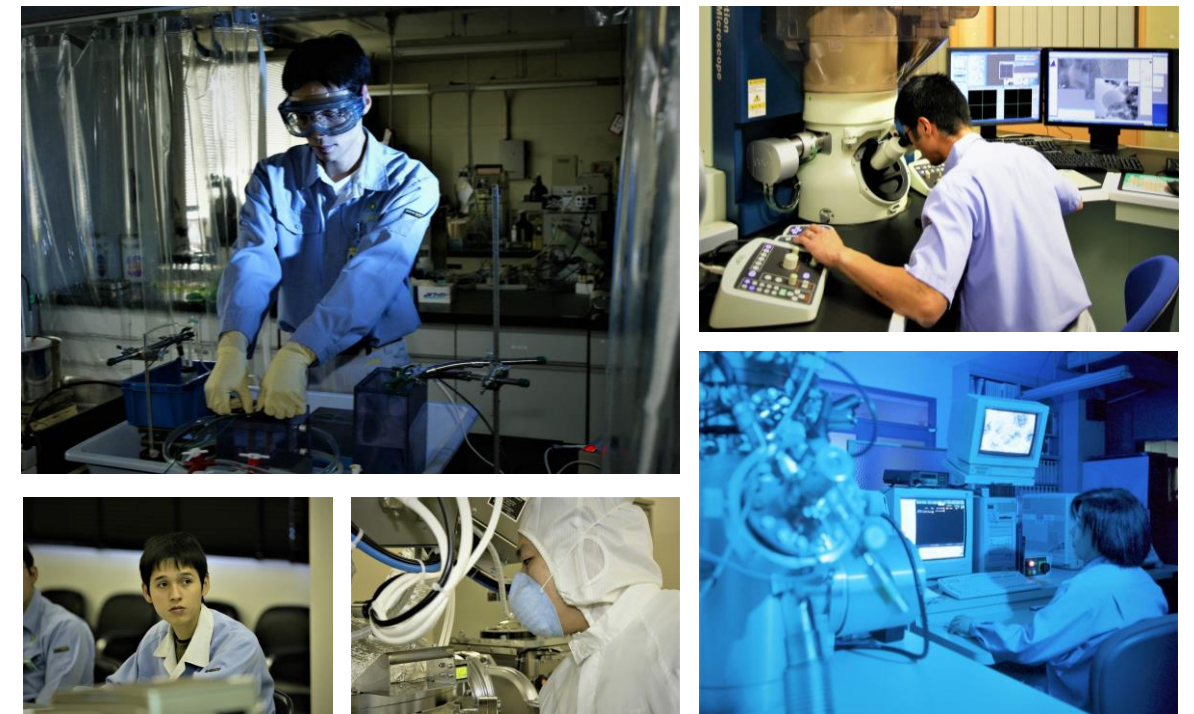
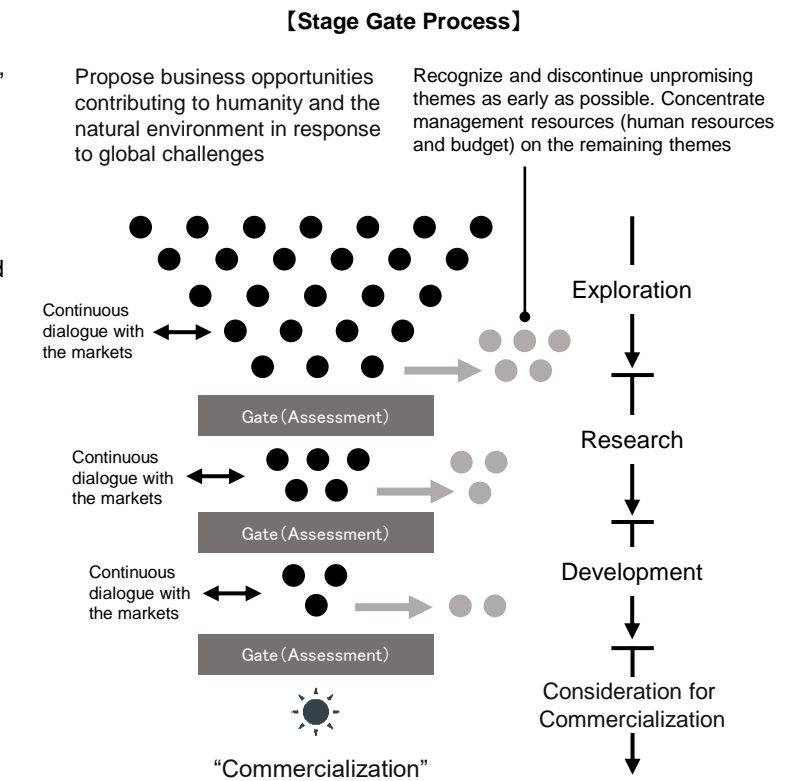
● Cafeteria-type skills development programs

“Value creation process” for continuously generating new businesses

For exploring new business opportunities suitable for contributing to solving social issues in a sustainable way and developing appropriate projects into commercial businesses, Mitsui Kinzoku Group pursues research and development, the key function to underpin its sustainable growth and competitive advantages.

As a measure to increase the exploration capacity, we hold cross-divisional brainstorming sessions to work out new business concepts. From the earliest stage of the brainstorming process, many ideas are subject to vigorous discussions and rigorous verifications made from the multiple viewpoints of different divisions, so as to expedite the procedure for creating target themes. Then, new target themes undergo the stage gate process to be evaluated by a number of criteria such as market attractiveness, our competitive advantage, and the commercialization potential, at each of the stages ranging from opportunity exploration, research and development, and commercialization study to market launch.

While pursuing this phased approach, we are also seeking the possibility of forming partnerships (with customers, suppliers, etc.) for creating new business projects. By promoting the above approach, we are building a robust value creation platform to create new businesses in succession and for the long term.



Business Creation Sector R&D Center

Intellectual Property Management

Recognizing intellectual property as an important management resource, Mitsui Kinzoku Group has set out a basic policy of properly protecting rights, securing advantage in business and using it for new business creation, minimizing risks associated with intellectual property, developing human resources to support implementation of the intellectual property strategy, and establishing respect for intellectual property as part of the corporate culture.

Based on the basic policy, we will implement the intellectual property strategy to maximize our corporate value.

New organization for integrated thinking-based management

Reorganization of the IP management structure

The Intellectual Property Department was reorganized as the new management plan, the 22 Mid-term Plan, started last fiscal year. In addition, the Intellectual Property Department was placed directly under the Technology Sector, which was newly established in April 2023 (see the figure below). The reorganization aims to create synergies for the realization of integrated thinking-based management, by collaboration of four technical divisions; Production Engineering Department, Quality Assurance Department, Environment & Safety Department, and Intellectual Property Department.

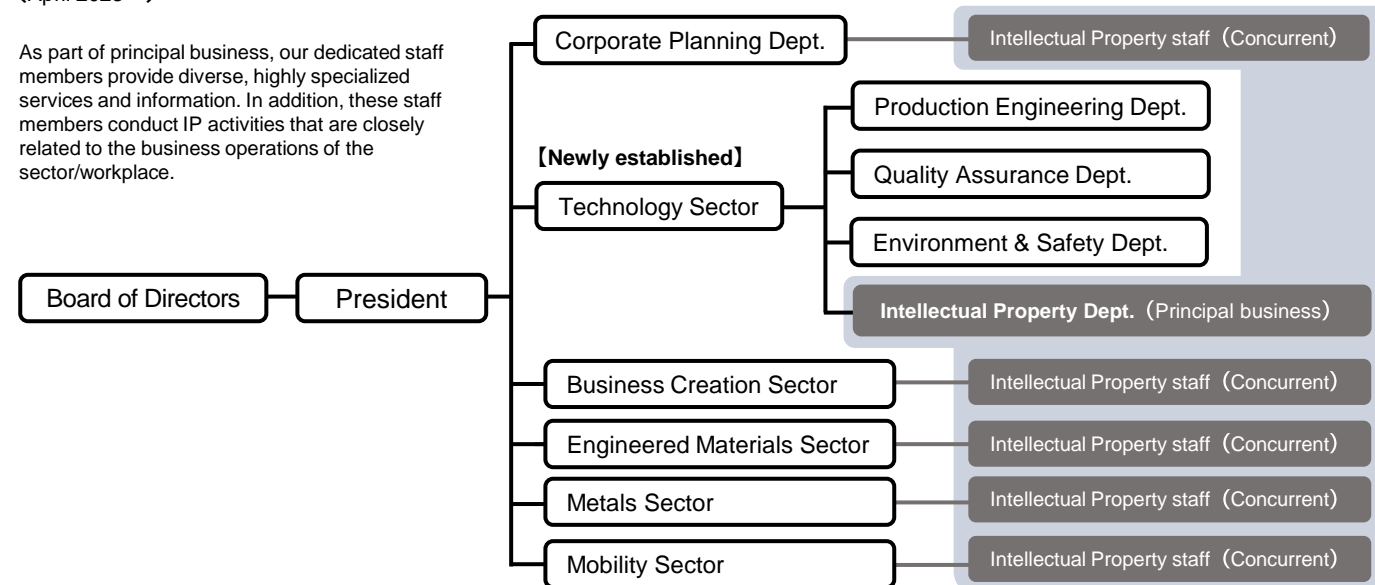
Through the reorganization, we strive to improve the technology infrastructure and develop relevant personnel for maximizing the effect of promoting GX and DX initiatives, while continuing to provide various services including sophisticated analysis of intellectual property data using IP landscapes*.

* IP landscapes stands for *Intellectual Property Landscape*, a method used to survey and analyze intellectual properties belonging to the company and others and combine outcomes with information in the market, etc. for use as part of the company's management strategy.

New organization of the Intellectual Property Department

(April 2023—)

As part of principal business, our dedicated staff members provide diverse, highly specialized services and information. In addition, these staff members conduct IP activities that are closely related to the business operations of the sector/workplace.



Reinforcing dissemination of IP/intangible asset information

Response to the new missions

To respond to the requirements of the revised Corporate Governance Code of 2021, the Intellectual Property Department enhances its cooperation with different sectors across the company to provide intellectual property and intangible asset information internally and externally.

It also strives to further strength an initiative of stepping up its activity for improving the value of intellectual property and intangible assets, through dialogues with the Board of Directors.

• Trend in the number of the group patent applications from FY2018 to FY2022 is shown on page 142.

• Number of patents of the group registered by country as of the end of March 2023 is shown on page 142.

Revision of Fundamental Quality Policy

Mitsui Kinzoku Group revised its Fundamental Quality Policy in 2022, which states that “each employee will understand and practice the Fundamental Quality Policy so that our products and services will satisfy all our customers.”

The revised policy is comprised of five items, which contain previous provisions regarding several issues, including voice of customer (VOC), quality work, teamwork, and speed at work, while explicitly setting forth a number of new issues, such as social contribution through building new businesses, ensuring compliance, and appropriate information disclosure about quality and safety.

Development of a compliance system

The Group promotes its quality compliance system in accordance with the Mitsui Kinzoku Group Quality Assurance Guidelines (QAGL).

In FY2022, we implemented self-inspection to ensure conformity to the guidelines at all sites in Japan. We also conducted quality compliance audits by internal third parties just as we did in FY2021 and inspected the status of development of quality compliance systems in 14 sites in Japan as scheduled.

In order to better ensure quality compliance, we are building a system to restrict human intervention in handling processes of inspection data and continuing to demonstrate the system at model plants.

In addition, we strive to introduce the quality compliance systems to our overseas sites in order to promote the development of QAGL-based quality compliance system across the globe. We will continue to inspect and improve our quality assurance system for further level up.

Raising the awareness of quality assurance / quality compliance

As a group-wide initiative on quality, we conduct educational activities for all employees during the quality assurance month (every November), such as conveying messages from top management, promoting compliance consultation, and conducting quality compliance awareness surveys.

We also have various training programs throughout the year, in line with the Quality Compliance Education System, in order to make the compliance culture in the Group stronger.

Fundamental Quality Policy

At the Mitsui Kinzoku Group, each employee will understand and practice the Fundamental Quality Policy so that our products and services will satisfy all our customers.

1. We consider opinions from markets and customers as an asset, which enables us to anticipate future needs and promote efforts for optimal quality and customer satisfaction.
2. We endeavor to invent, develop and provide innovative products and services by leveraging our Material Intelligence, while aiming to contribute to society.
3. Viewing the quality of work as essential to good product quality, we pursue quality improvements through enhancing teamwork and speed at work.
4. We will ensure compliance with rules and standards related to our products and services.
5. We will give first priority to ensuring safety and security for all our business processes, including those related to supply chains, and disclose accurate information, as appropriate, related to quality and safety.

Revised in April 2022

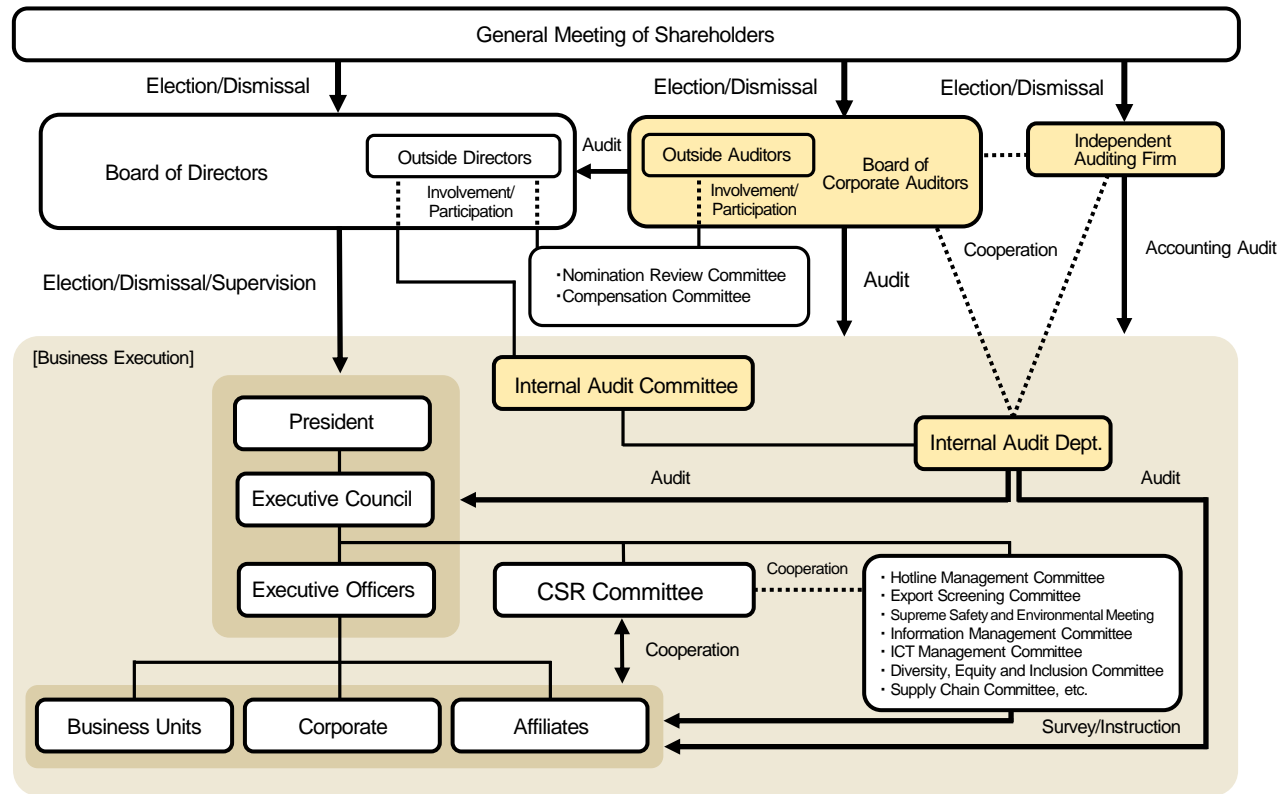
The foundation of our value creation

Mitsui Kinzoku views corporate governance as one of its most important managerial tasks that Mitsui Kinzoku shall strive to improve organizational structures and systems for management, and implement various measures as necessary, based on the recognition that corporate governance is a system for making fair and transparent decisions in a rapid and decisive manner, taking into consideration the positions of the stakeholders, including shareholders, customers, employees and local communities in order to achieve Our Vision based on Our Purpose under Our Management Philosophy. Corporate governance is the foundation for sustaining the long-term value creation of Mitsui Kinzoku Group.

Corporate Governance System

Along with the supervision of business execution by the Board of Directors including Outside Directors, Mitsui Kinzoku has a system to audit the decision-making process of the board and the execution of the duties by Directors through the three-pillar collaborative audit.

Corporate Governance System of Mitsui Kinzoku



Notes: 1. Chairpersons of the Nomination Review Committee, the Compensation Committee, and the Internal Audit Committee are Outside Directors.
2. Our auditors and auditors of the Affiliate have taken cooperation effectively and timely.

Directors and Board of Directors

We reinforce the governance system so that the Board of Directors can effectively supervise initiatives to address medium- to long-term management issues and speed up the decision-making process. Three Outside Directors, including one female Director, have been elected with consideration of their independence and reflection of various stakeholders' perspectives. As of June 29, 2023, Outside Director TOIDA Kazuhiko chairs the board, in order to promote separation between business supervision and execution as well as to strengthen the board's function to supervise business execution. The term of the Directors, as stated in our articles of incorporation, is one year.

The Corporate Governance Guidelines defining our fundamental principles regarding corporate governance is available on our website.
<https://www.mitsui-kinzoku.com/en/toushi/management/governance/>

Organization of Board of Directors' meetings and attendance

In FY2022, the Board of Directors held 13 meetings. The attendance records of Directors and Corporate Auditors are as listed below.

	Name	Attendance at the meetings of the Board of Directors
Outside Director (Chair)	TOIDA Kazuhiko	100% (13/13)
President and Representative Director	NOU Takeshi	100% (13/13)
Representative Director Senior Managing Director	KIBE Hisakazu	100% (13/13)
Senior Managing Director	TSUNODA Satoshi	100% (13/13)
Managing Director	OKABE Masato	100% (10/10)
Director	MIYAJI Makoto	100% (13/13)
Outside Director	MATSUNAGA Morio	100% (13/13)
Outside Director	TAKEGAWA Keiko	100% (13/13)
Corporate Auditor	KUTSUNAI Akira	100% (13/13)
Corporate Auditor	FUKUMOTO Hirotohi	100% (10/10)
Outside Corporate Auditor	ISHIDA Toru	100% (13/13)
Outside Corporate Auditor	INOUE Hiroshi	100% (13/13)

* Data for Managing Director OKABE Masato and Corporate Auditor FUKUMOTO Hirotohi cover the period starting from June 29, 2022, when their appointment was approved at the general shareholders' meeting held on the same day.

Deliberations by the Board of Directors

In FY2022, the Board of Directors made determinations regarding the execution of the Company's important business operations in accordance with laws, regulations, and internal rules ("Assignment of Responsibilities for Management" of the "Regulations for the Board of Directors" etc.) while also deliberating the agenda items listed below.

Matters to be resolved	Formulation of the 22 Mid-term Plan, review of business portfolio, actions for carbon neutrality (response to TCFD recommendations, introduction of the internal carbon pricing mechanism, participation in the GX League, etc.), initiatives for diversity, etc.
Matters to be reported	Situation of each business unit and corporate division, digital transformation (DX) promotion, usage of whistle-blowing systems, publication/disclosure of the integrated report and other documents, compliance awareness surveys, business risks, effectiveness assessment of Board of Directors, audits (audit of Corporate Auditors and three-pillar audits), etc.

Executive Officers

The President and Representative Director assumes not only executive management responsibilities, but also executive responsibilities for business operations of Mitsui Kinzoku Group. Representative Directors and Executive Directors also serve as Executive Officers of Mitsui Kinzoku.

Board of Corporate Auditors and Independent Auditing Firm

Corporate Auditors perform audits on the execution of the duties by Directors in accordance with the auditing plan determined by the Board of Corporate Auditors. Corporate Auditors strengthen its cooperation with Independent Auditing Firm by receiving accounting audit plans and audit results, as well as exchanging opinions regularly.

Internal Audit Committee and Internal Audit Dept.

Mitsui Kinzoku has formed an Internal Audit Committee under the direct control of the Board of Directors. The Committee approves policies and plans regarding internal audits conducted by the Internal Audit Dept., receives a report of audit results, and evaluates the results. The confirmed audit results are reported to the Board of Directors through the Internal Audit Dept.

The chairperson of the Committee is appointed by the Board of Directors from among the Outside Directors.

Internal audits are conducted by members of the Internal Audit Dept. and internal audit staff (assigned by the head of the Department and approved by the Committee), who visit each business division and site of the Company as well as affiliates in Japan and overseas and review a range of issues chiefly related to the situation regarding legal compliance, establishment status of internal control systems, and appropriateness of accounting processes.

Results of internal audits conducted by the Internal Audit Dept. are reported to the Corporate Auditors without delay and to the independent audit firm as appropriate.

Organization structure

(As of June 29, 2023 - Number of female Directors: 1 ; Number of female Corporate Auditors: 0)

Name	Position	Board of Directors	Board of Corporate Auditors	Nomination Review Committee	Compensation Committee	Executive Council	Internal Audit Committee
NOU Takeshi	President and Representative Director	○		○	○	◎	
KIBE Hisakazu	Representative Director Senior Managing Director	○				○	
TSUNODA Satoshi	Senior Managing Director	○				○	
OKABE Masato	Managing Director	○				○	○
MIYAJI Makoto	Director	○				○	
IKENOBU Seiji	Director	○					
MATSUNAGA Morio	Outside Director	○		○	◎		○
TOIDA Kazuhiko	Outside Director	◎		◎	○		○
TAKEGAWA Keiko	Outside Director	○		○	○		◎
KUTSUNAI Akira	Corporate Auditor		◎				
FUKUMOTO Hiroto	Corporate Auditor		○				
ISHIDA Toru	Outside Corporate Auditor		○	○	○		
INOUE Hiroshi	Outside Corporate Auditor		○	○	○		
IGATA Hiroshi	Senior Executive Officer					○	
YAMASHITA Masashi	Senior Executive Officer			○	○	○	
YASUDA Kiyotaka	Senior Executive Officer					○	

◎= Chairperson ○=Member of Committee (Chairperson of the Board of Directors is elected from among the Directors.)

* Corporate Auditors attend at the board meetings.

* The Internal Audit Committee includes the general manager of the Internal Audit Dept. as a member and Corporate and Outside Corporate Auditors as observers.

Election policy of Directors and Corporate Auditors

Mitsui Kinzoku has established a Nomination Review Committee, which is chaired by an Outside Director and composed of Outside Directors, Outside Corporate Auditors, the President, and the Director in charge of Human Resources (or Senior Executive Officer) as an optional organization. The Committee reviews candidates to serve as Directors and/or Corporate Auditors by considering their capabilities, knowledge, and character in a comprehensive way using the skills matrix. Based on the results of the review, those who are deemed capable of satisfactorily fulfilling the responsibilities are named as candidates for nomination by the Board of Directors.

Organization of Nomination Review Committee and attendance

In FY2022, the Nomination Review Committee held seven meetings. The attendance records of Directors and Corporate Auditors are as listed below.

	Name	Attendance at the meetings of the Nomination Review Committee
Outside Director (Chair)	TOIDA Kazuhiko	100% (7/7)
Outside Director	MATSUNAGA Morio	100% (7/7)
Outside Director	TAKEGAWA Keiko	100% (7/7)
Outside Corporate Auditor	ISHIDA Toru	100% (7/7)
Outside Corporate Auditor	INOUE Hiroshi	100% (7/7)
President and Representative Director	NOU Takeshi	100% (7/7)
Senior Executive Officer	YAMASHITA Masashi	100% (7/7)

Deliberations by the Nomination Review Committee

In FY2022, the Nomination Review Committee deliberated the agenda items listed below.

Agenda	
	Review of consultant and advisor systems; candidates for executive officer and executive manager positions for the next fiscal year; retirement age system for directors; revision of the skills matrix; interviewing of candidates for executive manager positions; succession planning

Skills Matrix of Director and Corporate Auditor

The skills shown in the skills matrix below have been selected by the Nomination Review Committee as the skills necessary for promoting the Purpose, Vision, and executing the 22 Mid-term Plan.

(1) Reason selected as necessary skill and sufficient condition

Skills	Reason for selecting skill	Sufficient condition
Corporate management	Competence, experience and leadership enabling the formulation of strategies and the implementation of integrated thinking-based management and ambidexterity are necessary for execution of the 22 Mid-term Management Plan looking towards the Purpose and Vision.	<ul style="list-style-type: none"> Management experience as a director at a listed company or equivalent entity Director or Executive Officer responsible for the corporate planning
Business strategies	Knowledge and experience enabling the formulation and implementation of strategies for establishing a competitive advantage are necessary for realizing sustainable business growth.	<ul style="list-style-type: none"> Experience of having achieved certain results through the formulation and implementation of business strategies for the engineered materials business, metals business or mobility business
Finance/Accounting	Knowledge and experience of finance and accounting are necessary to establish financial strategies that will bolster growth investment and shareholder returns to increase the resilience of the financial base underpinning management and to achieve sustainable improvement in corporate value.	<ul style="list-style-type: none"> Director or Executive Officer responsible for financial management, accounting or fundraising operations or equivalent experience
Technological/R&D/DX	The creation of new products and businesses and the strengthening of existing businesses are necessary to drive company growth, and development based on unique technologies and improvement of efficiency through sophisticated production technologies and DX are essential.	<ul style="list-style-type: none"> Director or Executive Officer responsible for R&D operations or equivalent experience Director or Executive Officer responsible for production technology or DX operations or equivalent experience Academic expert
Sales/Marketing	A good familiarity with the business environment and relationships between the Company and its customers and other stakeholders as well as knowledge and experience enabling the formulation and implementation of product planning and sales strategies are necessary.	<ul style="list-style-type: none"> Director or Executive Officer responsible for sales and marketing operations or equivalent experience
HR/HR development	The attraction, retention and development of talent, a company's most valuable resource, improvement of job satisfaction to increase engagement, and promotion of diversity are directly linked to performance.	<ul style="list-style-type: none"> Director or Executive Officer responsible for personnel operations or equivalent experience Experience working in government or other public offices, or academic expert
Legal affairs / Risk management	Legal knowledge and experience are necessary to implement appropriate corporate governance, compliance and risk management in business activities as well as to increase the effectiveness of management supervision within the Board of Directors.	<ul style="list-style-type: none"> Director or Executive Officer responsible for legal operations or equivalent experience Person with experience working in the legal profession or persons with legal qualifications Experience working in government or other public offices, or academic expert
Internationality	An in-depth understanding of and respect for each country's culture and diversity are necessary for survival as a global enterprise.	<ul style="list-style-type: none"> Executive experience or business experience at an overseas company Overseas academic expert
Sustainability/Economic Security	Consideration for the environment, adherence to fair business practices and action to address economic security concerns are needed in order to continue being regarded as necessary by society, and high levels of knowledge including about business-related matters, a long-term perspective and adaptability are required.	<ul style="list-style-type: none"> Director or Executive Officer responsible for business operations, executive responsible for ESG/CSR operations or equivalent experience Experience working in government or other public offices, or academic expert Consultant

(2) Skills Matrix of Each Director and Corporate Auditor

Name	Title	Corporate management		Finance/Accounting		Sales/Marketing		Legal affairs/Risk management		Sustainability/Economic Security	
		Business strategies	Technological/R&D/DX	HR/HR development	Internationality	Business strategies	Technological/R&D/DX	HR/HR development	Internationality	Business strategies	Technological/R&D/DX
NOU Takeshi	President and Representative Director	◎	○	◎						○	◎
KIBE Hisakazu	Representative Director, Senior Managing Director	◎	○	◎		◎	○	◎	◎	◎	◎
TSUNODA Satoshi	Senior Managing Director	◎				◎				○	○
OKABE Masato	Managing Director	◎				◎				◎	○
MIYAJI Makoto	Director	◎		◎		○				○	○
IKENOBU Seiji	Director	◎	○	◎			◎				
MATSUNAGA Morio	Outside Director			◎		○				○	○
TOIDA Kazuhiko	Outside Director	◎	○			◎				○	○
TAKEGAWA Keiko	Outside Director					◎	○	◎			
KUTSUNAI Akira	Corporate Auditor			◎						○	○
FUKUMOTO Hiroto	Corporate Auditor		○	○						○	◎
ISHIDA Toru	Outside Corporate Auditor							◎	○	◎	
INOUE Hiroshi	Outside Corporate Auditor					○	◎			◎	

○ indicates skills possessed by the Directors and Corporate Auditors, while ◎ indicates skills the Company expects Directors and Corporate Auditors to demonstrate in particular.

Compensation for Directors and Corporate Auditors

(2) The policy for the determination of content of compensation, etc.

Determination of the amount of compensation

The amounts of compensation to be paid to Directors are determined by the Compensation Committee, which is chaired by an Outside Director and composed of Outside Directors, Outside Corporate Auditors, the President, and the Director in charge of Human Resources (or Senior Executive Officer). The Committee is entrusted by the Board of Directors to make such determinations through discussion, based on the compensation criteria and within the limits set by the resolution made at the shareholders meeting*1. Outside Directors, who are independent from business execution, only receive base compensation and do not receive performance-linked compensation nor stock compensation. If the Board of Directors resolves a correction to the financial results post-announcement due to material accounting error or fraud, the Compensation Committee shall deliberate on adjustments to performance-linked compensation and restrict its payment, or even demand pay back of compensation, when deemed necessary (clawback provision).

Corporate Auditors' compensation is determined by the conference of Corporate Auditors, and the total volume of Corporate Auditors' compensation falls in the range approved at the Annual General Meeting of Shareholders*2.

*1 At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a limit on compensation paid to Directors of ¥720 million per year (not including compensation for their services as employees). At the time of this resolution, there were eight (8) Directors.

*2 At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a limit on compensation paid to Corporate Auditors of ¥180 million per year. At the time of this resolution, there were four (4) Corporate Auditors.

The composition and method of determination the compensation of Directors and Corporate Auditors are as follows:

	Representative Directors and Executive Directors	Outside Directors	Corporate Auditors
Base compensation	○	○	○
Performance-linked compensation	○	—	—
Stock compensation	○	—	—
Method of determination	Determined by the Compensation Committee		Determined by the conference of Corporate Auditors

Policy on base compensation

The base compensation for the President is set, taking into consideration the Company's performance, corporate value, and other factors comprehensively. Base compensation for Directors is calculated depending upon titles, based on the base compensation for the President and by applying a ratio for each title according to responsibilities.

Policy on performance-linked compensation

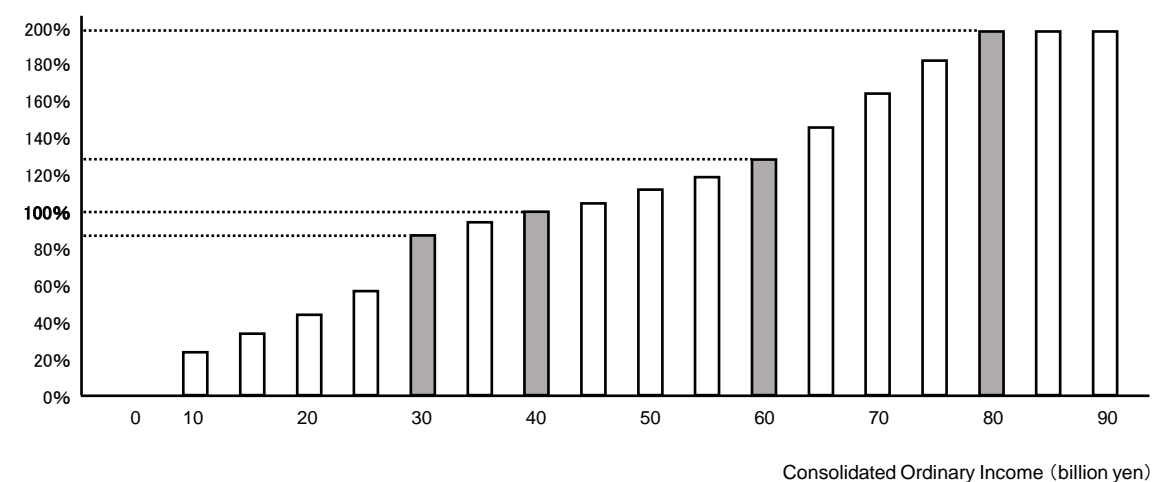
Regarding performance-linked compensation, the amount of performance-linked compensation is calculated using consolidated ordinary income, which the Company considers as a key indicator for evaluating operating results, as the performance indicator. In addition, the amounts of performance-linked compensation for individual Directors responsible for business units are determined through the evaluation of the performance of the business for which the Director is responsible.

More specifically, the Company changed its performance-linked compensation in fiscal 2021, and ¥40 billion, which is 130% of ¥30 billion, the average consolidated ordinary income over the past 10 years excluding the impact of the impairment of Caserones Copper Mine, shall be used as a benchmark (for the compensation percentage in the system design). The Compensation Committee also sets ¥60 billion, which is the largest recorded profit, as a target, and sets an upper limit of ¥80 billion in the event that the target is exceeded, to ensure that performance-linked compensation serves as an appropriate incentive.

A consolidated ordinary income of ¥65.9 billion in fiscal 2021 is used as a metric for determining performance-linked compensation in fiscal 2022, just as ¥19.9 billion in Fiscal 2022 is a metric for Fiscal 2023.

Outside Directors and Corporate Auditors who are uninvolved in business execution do not receive performance-linked compensation.

Linkage of compensation to each consolidated ordinary income when performance-linked compensation at the benchmark (¥40 billion) is 100



Policy on stock compensation

The Company introduced a restricted stock compensation plan for Directors (excluding Outside Directors) from fiscal 2021 to serve as an incentive for eligible Directors to aim for continuous growth in corporate value and further enhance value-sharing with shareholders. The total amount of compensation for granting restricted stock to eligible Directors shall be a monetary claim and the total amount thereof shall be within ¥36 million per year and the total amount of the Company's common stock to be issued or disposed of in this process shall be within 12,600 shares per year. The specific timing of payment and allotment to each eligible Director will be determined by the Board of Directors in light of standards established by the Compensation Committee.

Outside Directors and Corporate Auditors who are uninvolved in business execution do not receive stock compensation.

Policy on the composition of compensation, etc.

The composition of compensation, etc. for individual Directors is set, taking into consideration the Company's management strategy, business environment, the degree of difficulty in achieving the target for incentives, etc. and also by referring to the trend of benchmarked companies, utilizing data of an objective compensation survey by an external specialized organization and other factors. The composition of compensation for Directors is as follows:

Consolidated ordinary income	~¥0	¥20 billion	¥40 billion	¥60 billion	¥80 billion~
Base compensation	85%	70%	55%	51%	42%
Performance-linked compensation	0%	18%	35%	40%	51%
Stock compensation	15%	12%	10%	9%	7%

Note: The percentage of base compensation, the percentage of performance-linked compensation and the percentage of stock compensation vary because performance-linked compensation varies according to the Company's performance.

Policy on the timing of payment of compensation, etc. and conditions

Base compensation and performance-linked compensation are paid monthly in cash.

The stock compensation system is designed so that the period during which transfer of the allocated shares is restricted expires on the date of retirement and, even after retirement, sale of the shares is not permitted for a period of one year to prevent insider trading. Moreover, if an eligible Director retires without just cause, the Company shall automatically acquire the allocated shares at no cost irrespective of the elapsing of the period.

The details of compensation, etc. for individual Directors in fiscal 2022 are judged to be in accordance with the policies because the Board of Directors determined the details after fair and transparent deliberation based on the compensation determination standards by the Compensation Committee.

(2) Revision of the compensation system for Directors (Introduction of ESG-related indicators)

With respect to compensation, etc. for Directors (excluding Outside Directors), the Compensation Committee has decided to introduce ESG-related indicators as a means to enable the Company to continue to contribute to society and remain an essential presence in the future.

Specifically, the Company introduces new ESG index-based restricted stock compensation, which is added subject to the achievement of ESG indicators, in addition to the already introduced tenure-based restricted stock compensation. In both cases, continued service is a condition for lifting the transfer restrictions. ESG indicators are those related to the reduction of greenhouse gases, the promotion of job satisfaction and diversity and compliance.

The total amount of monetary compensation claims to be paid to eligible Directors for the granting of restricted stock shall be within ¥50 million per year as the already introduced tenure-based restricted stock compensation and within ¥50 million per year as the newly introduced ESG index-based restricted stock compensation, and the total annual amount shall be within ¥100 million. In addition, the total annual number of the Company's common shares to be issued or disposed of shall be 16,650 shares or less per year as tenure-based restricted stock compensation and 16,650 shares or less per year as ESG index-based restricted stock compensation, totaling a maximum of 33,300 shares per year. Based on the system design, the ratio of the total of tenure-based restricted stock compensation and ESG index-based restricted stock compensation to total compensation will increase from the current 10% to 15%. However, if all ESG indicators set by the Compensation Committee are not achieved, the stock compensation will be reduced from the fiscal 2022 level.

Percentage of stock-based compensation based on consolidated ordinary income of 40 billion yen

Mode of Compensation	Status of ESG indicator achievement and share of equity compensation (total of Tenure-based and ESG index-based) in total compensation		
	Target achieved	Partially achieved	Missed all targets
Stock-based compensation	15%	10% (Same level as FY2022) ~ 12.5%	7.5% (Tenure-based only, total stock-based compensation will decrease compared to FY2022)

As a result of the review of the policy on stock compensation, the compensation percentages for Directors (excluding Outside Directors) will be as follows when consolidated ordinary income of ¥40.0 billion and all ESG KPIs are achieved: base compensation: 53%, performance-linked compensation: 32%, and stock compensation: 15%. However, since performance-linked compensation will fluctuate depending on the Company's performance, the percentages of base compensation, performance-linked compensation and stock compensation will fluctuate within the following ranges.

Consolidated ordinary income	~¥0	¥20 billion	¥40 billion	¥60 billion	¥80 billion~
Base compensation	78%	65%	53%	48%	40%
Performance-linked compensation	0%	17%	32%	38%	48%
Stock compensation	22%	18%	15%	14%	12%

(3) Organization of Compensation Committee and attendance

In FY2022, the Compensation Committee held 10 meetings. The attendance records of Directors and Corporate Auditors are as listed below.

	Name	Attendance at the meetings of the Compensation Committee
Outside Director (Chair)	MATSUNAGA Morio	100% (10/10)
Outside Director	TOIDA Kazuhiko	100% (10/10)
Outside Director	TAKEGAWA Keiko	100% (10/10)
Outside Corporate Auditor	ISHIDA Toru	100% (10/10)
Outside Corporate Auditor	INOUE Hiroshi	100% (10/10)
President and Representative Director	NOU Takeshi	100% (10/10)
Senior Executive Officer	YAMASHITA Masashi	100% (10/10)

Deliberations by the Compensation Committee

In FY2022, the Compensation Committee deliberated the agenda items listed below.

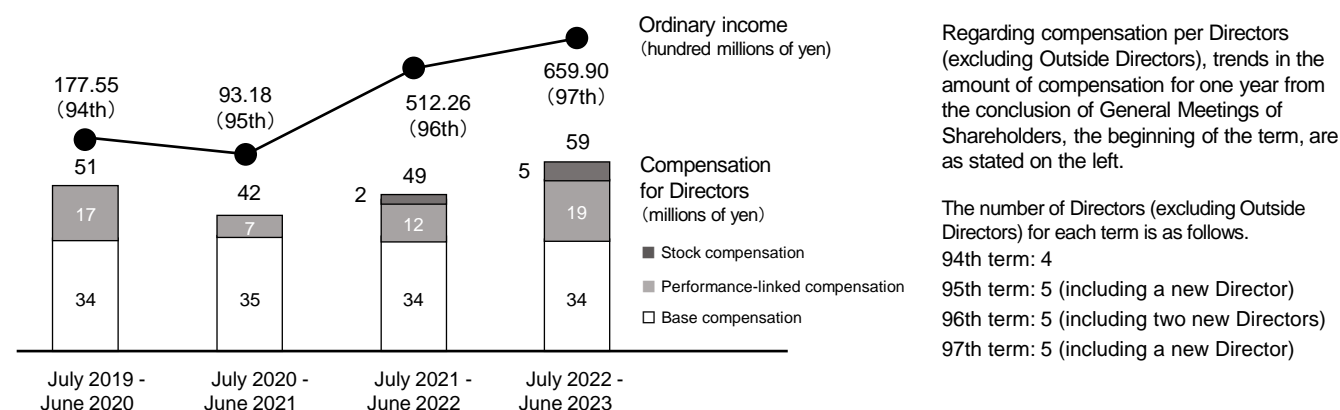
Agenda	Deliberations
Determination of Directors' compensation for FY2022; consideration of/for the introduction of non-financial indicators (ESG indicators)	

Total compensation paid to Directors and Corporate Auditors (April 2022 - March 2023)

Classification	Total Compensation (millions of yen)	Total amount of Compensation by type (millions of yen)			Number
		Base compensation	Performance-linked compensation	Stock compensation*	
Director (excluding Outside Director)	283	170	87	25	6
Corporate Auditor (excluding Outside Corporate Auditor)	50	50	—	—	3
Outside Director/Outside Corporate Auditor	78	78	—	—	5

* At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a resolution on stock compensation for Directors to the effect that the total amount of compensation shall be within ¥36 million per year and the total amount of the Company's common stock to be allocated shall be within 12,600 shares per year (stock shall not be delivered to Outside Directors). Shareholders also resolved that when allocating such stock, the Company shall conclude a contract for allocation of restricted stock with the Eligible Directors.

Linkage between the amount of compensation per Director (excluding Outside Directors) and ordinary income



Regarding compensation per Directors (excluding Outside Directors), trends in the amount of compensation for one year from the conclusion of General Meetings of Shareholders, the beginning of the term, are as stated on the left.

The number of Directors (excluding Outside Directors) for each term is as follows.
 94th term: 4
 95th term: 5 (including a new Director)
 96th term: 5 (including two new Directors)
 97th term: 5 (including a new Director)

Internal control system

A summary of the decisions made at the meetings of the Board of Directors, regarding the business structure for the appropriate business operation of Mitsui Kinzoku Group in compliance with laws and regulations and the corporate ethics, is available on our website.

<https://www.mitsui-kinzoku.com/en/toushi/management/governance/>

Effectiveness Assessment of the Board of Directors

We assess the effectiveness of the Board of Directors every year to ensure the continuous enhancement of the board's function. In FY2022, each board member conducted a self-assessment by responding to the questionnaire survey. Responses were collected and summarized by a third-party institution, and the Outside Directors and Corporate Auditors were invited by the Board chairperson (who is also an Outside Director) to share their opinions on the summarized results.

The results indicated that all internal and external board members are sufficiently qualified or generally sufficiently qualified for their role, as judged in light of the following: shared understanding of the function of the Board (supervision and decision-making based on the governance system); composition of the Board (ability to implement management strategies); and operation of meetings (willingness to engage in robust discussion). The overall effectiveness of the Board was thus confirmed.

With respect to the quality of discussion by topic, the results specified areas where progress has been made and those where improvements are needed. The former principally involves basic policies related to sustainability, such as responses to ESG and actions for the SDGs, and initiatives to improve relevant activities and ensure appropriate disclosure. The latter chiefly involves the allocation of management resources to investment in human capital and intellectual property, and execution of strategies related to the business portfolio.

Effectiveness assessments were also performed for the Nomination Review Committee and Compensation Committee, primarily by Outside Directors and Outside Corporate Auditors. While results indicated satisfactory or generally satisfactory performance for overall operations, room for improvement was identified with regard to feedback to the Board, discussion on succession plans, and others.

Mitsui Kinzoku's Board of Directors will aim higher to continue to improve its effectiveness.

Effectiveness Assessment of the Board of Corporate Auditors

We conducted self-assessment of the effectiveness of the Board of Corporate Auditors. The main aims are to assess their audit activities, reflect assessment results in the audit plan of the following fiscal year and improve the quality of audits.

Major assessment items were set for the effectiveness of the following: responses to the Corporate Governance Code; response to the Board and board members; application of the three-pillar audit (audit by Corporate Auditors, Independent Auditing Firm and/or Internal Audit Committee and Internal Audit Dept.) collaboration system; monitoring and verification for financial reporting and information disclosure; response to scandals involving serious violations of law or inappropriate accounting; ICT governance and information system framework; and response to issues related to ESG and the SDGs.

Assessments were performed as follows. Interviews were held with Outside Directors and Directors not directly in charge of business units to understand their expectations regarding the Board of Corporate Auditors, while each Corporate Auditor conducted a self-assessment questionnaire survey in advance. All Corporate Auditors then engaged in discussions on each question using the results of the survey to identify issues.

As a result of the discussions, the Board of Corporate Auditors was found to be adequately effective. For identified issues—mainly related to ICT-related investments, progress of DX promotion, response to ESG and SDGs issues, and increased collaboration for three-pillar audits and group audits—improvement efforts will be made, particularly by incorporating necessary measures into audit plans for the next fiscal year.

The assessment results have been reported to the board.

Status of cross-held stocks

Mitsui Kinzoku assesses the appropriateness of holding listed stocks held for purposes such as maintaining medium- to long-term business relationships with trading partners ("cross-held stocks") and sells any such stocks when no rational reason for holding them any longer exists.

Every year, the Board of Directors conducts a comprehensive assessment of these individual stocks by examining the purposes of holding them, the associated benefits and risks, their relationships with the cost of capital, etc.

Stocks held and balance sheet amount

Classification	FY2020			FY2021			FY2022					
	Unlisted	32	30	28	Listed	11	10	10	Total	43	40	38
Number of companies	Unlisted	3,253	3,188	1,999	Listed	5,951	3,927	5,114	Total	9,204	7,115	7,113
	Unlisted	3,253	3,188	1,999	Listed	5,951	3,927	5,114	Total	9,204	7,115	7,113
	Listed	5,951	3,927	5,114	Total	9,204	7,115	7,113				

ICT governance

Mitsui Kinzoku Group strives to enhance its ICT governance system with a focus on three areas: building a security operations center (SOC, internal function for detecting/analyzing/taking measures against cyberattacks) at overseas sites; performing security risk assessments; and establishing a computerized ICT procedures control system.

(1) Building an SOC at overseas sites

Mitsui Kinzoku Group has implemented the SOC function across the Group to ensure all employees use ICT and DX tools in a safe and secure manner. The function has been established at all sites, including those overseas, where necessary work was completed in FY2022.

(2) Security risk assessments

Security risk assessments were conducted for systems used at each site following the completion of sessions for group-wide common systems. The aim was to reduce risks and improve security levels on an ongoing basis. We are steadily proceeding with the security risk assessment plan scheduled to be completed within the three years covered by the 22 Mid-term Plan.

(3) Establishing computerized ICT procedures control systems

We are establishing computerized control systems for ensuring the proper rules-based execution of ICT procedures that were previously performed by human workers. The project is advancing according to the schedule created under the 22 Mid-term Plan.

Directors

(as of June 29, 2023)



President and
Representative Director

NOU Takeshi

Mr. NOU Takeshi has a wealth of experience cultivated through his many years of involvement in the Group's electronic materials business and engineered materials business and is well versed in the Company's business, including areas which are currently growing and areas which are expected to grow in the future.



Representative Director
Senior Managing Director

KIBE Hisakazu

Mr. KIBE Hisakazu possesses a wide range of experience and knowledge in finance and corporate planning of the Group, including serving as officers of affiliated companies, and is well versed in the Company's business.



Senior Managing Director

TSUNODA Satoshi

Mr. TSUNODA Satoshi possesses a wide range of experience and knowledge in metals business and corporate planning of the Group, including serving as officers of affiliated companies, and is well versed in the Company's business.



Managing Director

OKABE Masato

Mr. OKABE Masato has good knowledge of business strategy and sales and marketing gained through extensive sales and planning experience in the Group's electronic materials business and engineered materials business, and is well versed in the Company's business.



Outside Director

MATSUNAGA Morio

Mr. MATSUNAGA Morio has specialized knowledge of engineering and experience of organizational management as a university professor and the president of a national university corporation.



Outside Director

TOIDA Kazuhiko

Mr. TOIDA Kazuhiko has experience as a business executive, having been engaged in a wide range of work at Nissan Motor Co., Ltd., including product planning, sales promotion, and launch of a sales company, with a focus on the sales division. In addition, he has experience at FALTEC Co., Ltd. as Representative Director and President.



Outside Director

TAKEGAWA Keiko

Ms. TAKEGAWA Keiko served as Director, Public Relations Office and Director General, Gender Equality Bureau at the Cabinet Office and has a wealth of knowledge and administrative experience through her engagement in formulation and implementation of policies such as promotion of women's participation and advancement.

Corporate Auditors



Director

MIYAJI Makoto

Mr. MIYAJI Makoto has a wealth of experience cultivated through his many years of involvement in the Group's engineered materials business and is well versed in the Company's business.



Director

IKENOBU Seiji

Mr. IKENOBU Seiji possesses a wide range of experience and knowledge in the metals business, engineered materials business and corporate planning of the Group and is well versed in the Company's business.



Corporate Auditor

KUTSUNAI Akira

Mr. KUTSUNAI Akira has a wealth of experience gained over many years, centered around areas including finance, public relations, and corporate planning of the Group, and is well versed in the Company's business.



Corporate Auditor

FUKUMOTO Hirotohi

Mr. FUKUMOTO Hirotohi has a wealth of experience cultivated through his many years of involvement in the Group's R&D, manufacturing and corporate planning. He is well versed in the Company's business and management, following management experience at a subsidiary in Malaysia.



Outside Corporate Auditor

ISHIDA Toru

Mr. ISHIDA Toru has a wealth of administrative experience in planning and implementing trade and industrial policies, as well as experience and expertise in holding important positions that contribute to the enhancement of commerce and industry.



Outside Corporate Auditor

INOUE Hiroshi

Mr. INOUE Hiroshi has a wealth of knowledge and experience in legal circles as a public prosecutor and a lawyer.

* Profiles of Directors and Corporate Auditors are listed on pages 138-139.

Tripartite Dialogue of Outside Directors

(including Chair of the Board of Directors' Meeting)

TOIDA

It has been one year since I was appointed to chair the Board of Directors' meeting. Before taking on this role, I had served as a board member at several other companies, including sometimes as chairperson. Yet, this is the first time I have ever chaired the board in the capacity of outside director. So, I met a number of people who had assumed a similar role, namely outside director presiding at the board meeting, in other companies, as well as my seniors in this field, to ask for advice that helps me with performing my new role for the Company.

I believe the results of the effectiveness assessment of the Board of Directors indicate an appropriate level of effectiveness. In the past year, all participants in the meetings, including you both and Outside Corporate Auditors, engaged in animated discussions and presented pertinent views, which indicated the proper functioning of the board meetings. All those present, in their respective capacity of Director and Corporate Auditor, engaged themselves fully in the proceedings of the meetings. I appreciated their

commitment to the meetings, and I believe, such good performance justifies the results of the effectiveness assessment, which favorably compare with those of other major companies.

As chair of the board, I feel I need to improve my skills, particularly for bringing the discussion under control when it becomes very heated, depending on topic, and maintaining a broad and objective perspective. In my second and later years in this position, I hope I will be better at facilitating the meeting so that all participants are willing to exchange constructive opinions and, hopefully, come to a unanimous agreement in a natural manner.

MATSUNAGA

I myself do not know many companies, but I do know many people engaged in corporate management, and from talks with such people and based on my objective observations in the past, I think Mitsui Kinzoku's board meetings have an open and friendly climate compared to other companies. From my experience in university

management, I believe there is an avoidable gap as to how people feel about the same organization between parties from outside and those from within. And I learned that external members should be careful, when giving opinions or asking questions, to avoid saying something irrelevant to the discussion and only to be ignored, a situation that often happens in meetings attended by both internal and external members.

At Mitsui Kinzoku's board meetings, however, I have hardly ever faced such situations. In light of this, I agree with Mr. Toida in acknowledging the appropriate effectiveness of the Company's board.

TAKEGAWA

Outside directors have discussions with internal members at various meetings, held not only by the Board of Directors but also by other bodies placed under the board, namely, the Nomination Review Committee, Compensation Committee, and Internal Audit Committee. In addition, we attend executive seminars, where we talk about medium- to long-term business directions. With all these in place, the Company has established a structure to enable outside directors, through various settings, to fully understand the Company's situation and provide opinions from an independent and objective perspective.

Regarding the recent discussions on the 22 Mid-term Plan, which is reaching the halfway point this year, I have a particularly high regard for the board's vigorous deliberations for enhancing CO2 emissions reduction efforts and the decision made to introduce ESG-linked compensation schemes for directors, taking account of the responsibility of businesses to address social and environmental issues in order to achieve sustainable growth. The adopted ESG indicators include those related to diversity promotion as well as CO2 reduction, and progress toward the relevant goals will be reflected in compensation for directors. While attending the recent meetings, I strongly noticed the Company's dynamic momentum for action to tackle these issues.

TOIDA

Clarification of agenda items for the board of directors' meeting is one of the issues of interest to stakeholders. Behind this is the current general issue of quite a few board meetings not well facilitated, resulting in empty talks held merely for the sake of formality or arguments becoming too heated to reach any meaningful conclusions. In contrast, Mitsui Kinzoku's board meetings select agenda suitable for having substantive discussions to arrive at appropriate conclusions.

It's not necessary to say, but each board member expresses their opinions based on their respective professional skills, which are summarized in the disclosed skills matrix, which significantly helps me with facilitating each session. Most comments and suggestions shared are very insightful, backed by specialized knowledge. Ms. Takegawa, you have served as an outside board member of several other companies. Could I ask for your views about this, based on your previous experience?

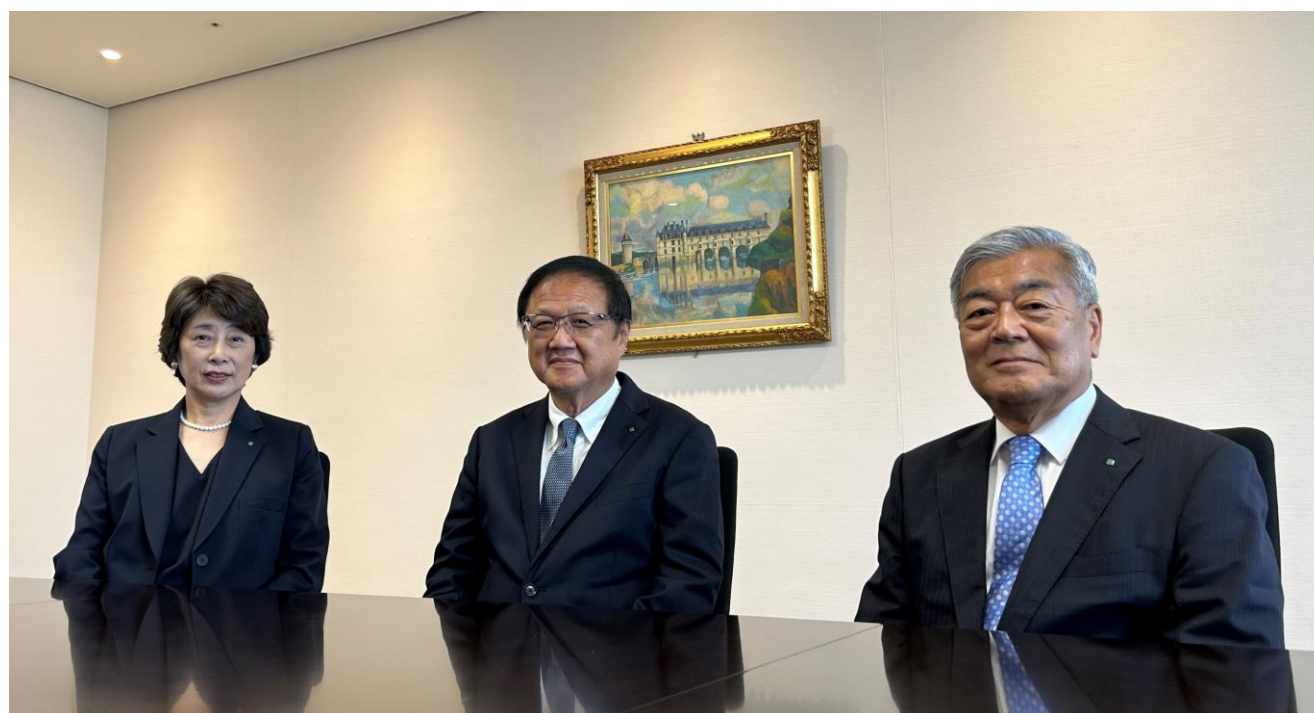
TAKEGAWA

Among the three present outside directors of Mitsui Kinzoku, I have followed a basically different career path from the other two. Mr. Toida has a long career in business management, and Mr. Matsunaga was engaged in university management as well as being a technology and materials scientist.

I have very little knowledge about materials science, which has not grown from the level of high school students, and all that I remember now is how to remember the periodic table of the elements. Still, I recognize the Company has an excellent and hard-working engineering workforce characterized by sincere and serious attitudes, a sense of humor, and high levels of professional skills in technology innovation and mine development. However, I am unqualified to express opinions on technology issues in public. So, to support the Company, I would rather take a different approach, especially by focusing on diversity, a high priority issue of the Company. This represents an area of my strength, which has been built while I was working on gender equality policies as a national government official.

Regarding your question about my observations as an outside director at several companies, I would like to emphasize the need for companies to fully understand the risk of failed governance resulting in severe damage. Many companies have begun to be aware of this risk and spend substantial time and money in order to improve their governance systems.

In my observations, Mitsui Kinzoku is endeavoring to boost its governance functions sensibly in a very rational fashion, by committing to creating new products that are environmentally friendly and help sustainable growth as well as adopting the most advanced theories of business administration while addressing permanent business issues, such as ensuring procurement of overseas resources, and responding as appropriate to the constantly changing international bare metal market.



Outside Director
TAKEGAWA Keiko

Outside Director
TOIDA Kazuhiko
Chair of the Board of Directors' Meeting

Outside Director
MATSUNAGA Morio

Mitsui Kinzoku has gone through many transformations over the years, how did the Board of Directors change along with the Company?

TOIDA

From my past observations, many people serving as board members for many years tend to become less receptive to new ideas. However, Mr. Matsunaga is always open to new views and maintains an objective perspective. At meetings, I sincerely admire you for your invariably broad mindset. It's been seven years since you became an Outside Director of Mitsui Kinzoku. The Company has gone through significant transformations over these years, and the Board of Directors has also changed along with it. In what way did it change, specifically? Would you share your views on this?

In order to build an unwavering policy, it is important to look at the future two or three decades ahead.

MATSUNAGA

Thank you, but you are praising me too much.

Looking back on these years, from my earliest days as an Outside Director of the Company, when I was quite clueless in many ways, I noticed the Board lacked discussions from medium- to long-term points of view, which was the gravest concern from my viewpoint. And I suggested to the Board a number of times that it should have discussions from a longer-term perspective; specifically, when formulating a medium-term management plan, it is important to not only talk about the three years covered by the plan but also look beyond the period. My suggestion was not accepted by the Board in those days saying that it was following the policy of continuing the past practice.

Recently, however, I have noticed a change in the above attitude of the Board, which has begun to share an understanding among the members that it is important to look at the future two or three decades ahead in order to build an unwavering policy. I think one reason for this change is that the Board has come to take note of social expectations for companies to commit to the sustainable improvement of corporate value. Also, it is apparently related to the consideration of the timing when the Company will soon celebrate the 150th anniversary of its founding.

At some board meetings, I also noted a fundamental change in the way of viewing things.

One good example is a change in how the workforce should be perceived in the context of business operations. Previously, the workforce primarily constituted "cost," but now it is considered as "capital." I have identified this clear perceptual change as a transformation of the Board's attitude toward employees, and I think this indicates the growing understanding of the importance of governance at Mitsui Kinzoku. Going forward, while maintaining this direction, the Company will need to think of what to do next for further development.

Society is subject to constant and drastic transformation. While I was working at a university, many societies in the world were affected by a number of historic events, represented by the bankruptcy of Lehman Brothers taking place shortly before I was appointed the president of the university, and the Great East Japan Earthquake occurring in my first year of the presidency. Social transformation is going on at this very moment while I am serving as an Outside Director of Mitsui Kinzoku. In these circumstances, companies need to establish strong governance in response to the constantly changing environment, and for this purpose, it is essential to utilize DX technologies wisely. In this area, also, Mitsui Kinzoku is steadily carrying out appropriate strategies. At present, the Company is advancing to achieve results as planned, which, I believe, will help it make a great leap forward.



MATSUNAGA Morio

Mr. Matsunaga became postdoctoral fellow at the University of Tennessee in 1977. In 1978, he began to work for Kyushu Institute of Technology, first as Assistant Professor at the Faculty of Engineering, then as Associate Professor and Professor at the same faculty before serving as President of the same institute between 2010 and 2016. In 2016, he was appointed Chairperson of the Board of Directors at Kitakyushu Foundation for the Advancement of Industry, Science and Technology, and in June the same year, he was appointed Outside Director of the Company.



TOIDA Kazuhiko

Mr. Toida joined Nissan Motor Co., Ltd. in 1975. He became Senior Vice President of the same company in 2001. Then, he served in a number of positions, including Representative Director, President and CEO of FALTEC Co., Ltd. (from 2010), before being appointed Outside Director of the Company in June 2020. He served as Chairperson of the Board of Rikkyo Educational Corporation between September 2020 and July 2022. In June 2022, he was appointed Chairperson of the Company's Board of Directors.

The key to the future growth of Mitsui Kinzoku is the Business Creation Sector and its research personnel. In order to increase the number and quality of the personnel and enhance the innovation capacity, the Company is looking to use external capabilities, especially through M&As, while continuing to build in-house capabilities. By doing this, the Company is facing a historic turning point in its management policy.

Outside Directors should be able to comprehend an array of future plans swiftly and give "go-no-go" judgment on each plan on the spot. Regrettably, however, I myself am yet to be well skilled to do this task appropriately. With each director adequately capable of doing this task, I believe, the Company will be able to have a bright future.

I'd like to touch another important issue. The management should examine possible approaches to creating a workplace where all employees can have a true sense of job satisfaction. These will involve reforms and improvements for diversity and inclusion, compensation and benefits, and human resources development. In order to ensure that relevant initiatives will be implemented effectively, directors must offer useful opinions and suggestions.

All in all, I should say that the Company and the Board today are notably and favorably different from the state seven years ago.

TOIDA

Thank you, Mr. Matsunaga. Your story was very interesting. It is good to have this opportunity to listen to you. As you said, at Mitsui Kinzoku, the Board of Directors' meetings as well as other supplementary sessions are designed to engage internal and external members alike in discussions from a medium- to long-term perspective. I understand this is part of the transition that has been occurring over the past years, as Mr. Matsunaga described.

The Company's Board is properly adopting recent standard practices of operating the function, particularly holding in-depth deliberations on non-financial issues as well as financial topics, in addition to having a medium- to long-term perspective. I would like to take this opportunity to share among us as the Company's Outside Directors any individual views and comments about performing the relevant roles. As for me, I am struggling with technical terminologies specific to the non-ferrous industry.

TAKEGAWA

As I talked about my skills earlier, I become keenly aware of my lack of knowledge in this field, almost every day. I appreciate the Company for including a glossary in written materials, which is very helpful. It is also good to provide an opportunity to visit production sites. I enjoy extraordinary experiences, learn new things, and broaden my horizons. In a large plant, witnessing firsthand the lines engaged in the recycling process and copper foil manufacturing, I feel like I am feeling the heartbeat of Mitsui Kinzoku.

MATSUNAGA

It is indeed true that Mitsui Kinzoku has been transforming itself, and the reform is progressing steadily, as I said earlier. To be honest, I previously thought the progress should be accelerated even if slightly.

TOIDA

I occasionally feel the same way, honestly.

MATSUNAGA

Recently, however, I have begun to think in a different way. Mitsui Kinzoku's ongoing reform involves the reviewing of a corporate culture that has been established over the many years of its long history, for which a step-by-step approach is most suitable. External interested parties may criticize the Company for the slow progress and call for acceleration, but that is a matter of methodology, and I doubt if faster methods would be effective for the Company to pursue the ongoing reform. Rather, the Company should move forward steadily by controlling the pace of progress to be suited to the nature of its corporate culture and maintaining the management principles and production philosophies that underlie the culture. The Company should advance step by step to achieve effective results.

Systems prepared for growing in a systematic way.

Moving to the next phase for making them work effectively.

TOIDA

I quite agree. As Mr. Matsunaga said, Mitsui Kinzoku is in the midst of one of the most major transformations in its long history. I see that a speed-oriented top-down approach is unsuitable for the Company to press ahead with such major reform that involves cultural redevelopment. This appears to be obvious to me as an outside member, and this understanding basically underlies my approach to the role as chair of the Board meeting.



TAKEGAWA

Under the ongoing 22 Mid-term Plan, the dynamic portfolio management mechanism came into operation and the new Technology Sector was launched. With these functions in place, appropriate systems have been prepared for the Company to grow in a systematic way. From now, it is moving to the next phase for making them work effectively.

Failing companies often, unavoidably, choose to get rid of unprofitable departments to rebuild their business. Basically, however, it is desirable that companies should act to rebuild business appropriately to be able to avoid the above choice. At Mitsui Kinzoku, President Nou supports the best-owner principle, and portfolio updates are shared within the Board of Directors. I hope the portfolio will be managed expertly to achieve a desirable shift, while overcoming challenges associated with long-established local relationships. I also look forward to technology innovations to appear from the Company in the future.

TOIDA

Before closing today's session, I would like to ask each of you to report briefly on the situation of the committees you respectively chair.

TAKEGAWA

At the Internal Audit Committee, we have lively discussions at each meeting. As the COVID-19 pandemic is coming to an end, we think we need to resume in earnest the practice of conducting visiting inspections, which had been restricted for a couple of years due to the spread of infection. We totally understand that compliance violations and quality problems identified even overseas will pose the risk of causing grave reputational damage to the Company. Therefore, we will perform on-site inspections to increase the effectiveness of audit.

TAKEGAWA Keiko

Ms. Takegawa joined the Prime Minister's Office in 1981. She served in a number of positions in the Cabinet Office, including Deputy Director General, Director of Public Relations Office, and Director General of the Gender Equality Bureau (from 2014), before being appointed Outside Corporate Auditor of the Company in June 2019 and Outside Director of the Company in June 2021. She concurrently serves as Specially Appointed Professor of Showa Women's University.

MATSUNAGA

Compensation systems for directors have been simplified. System designs for stock compensation and the ESG-linked compensation scheme directed at incentivizing non-financial performance have been established. So, the necessary preparations are almost complete. The next step will be optimizing the composition of the base compensation, performance-linked compensation and stock compensation, in consideration of the current social standards. We are refurbishing the compensation systems to be able to win the understanding of the public as well as employees. The systems must be designed to act as a driver for earning record-high profits every year, and also reward employees as well as directors.

The Compensation Committee principally discusses compensation systems for directors, but rarely talk about pay systems for employees, at present. I personally think the Committee should more broadly cover this topic in future meeting agendas. I believe we can work step by step to carry this out, and will engage in this issue as one of many others to address in the future.

TOIDA

I've heard quite a lot about the history of management personnel affairs at Mitsui Kinzoku. As part of the ongoing major transformation, which I referred to earlier today, the Nomination Review Committee is also advancing in a favorable way. At the Committee, we place overriding importance on confirming information transparency, fairness, and conformity with established processing procedures.

Presently, the Committee is focusing particularly on ensuring alignment with our Purpose. As the management vision and strategies are created based on our Purpose, the management personnel nomination and strategies must be aligned with the related philosophy. This is an essential issue that involves more than only the Nomination Review Committee. Selecting personnel without regard to our Purpose or relevant management strategies would constitute a deviation from the above discussed policy of increasing corporate value over the medium to long term. Such a situation must be avoided. This is the basic understanding shared in the Committee where I serve as chair.

I occasionally discuss meeting agenda items in advance, depending on the topic, with President Nou, who assumes executive responsibilities for business operations of the Group, in order to ensure specific nomination plans appropriately agree with the overall direction Mitsui Kinzoku is pursuing. I will continue to commit to this principle.

Mr. Matsunaga and Ms. Takegawa, Thank you very much. I appreciate you for sharing your valuable opinions today.

I think our roles and responsibilities as Outside Director are becoming more important going forward. We will work on each issue, drawing on our individual skills and expertise and from an objective perspective, in order to offer useful suggestions, advice, and opinions. Through fulfilling these tasks properly, we will be able to contribute to the future growth of Mitsui Kinzoku.

(June 2023)

Corporate governance

Tripartite Dialogue of Outside Directors

Risk management

Mitsui Kinzoku Group is strengthening its response to risks related to business that could threaten the continuation of its operations and corporate survival. In order to identify risks and eliminate or minimize their impact, we are working to improve the Group's risk management and operate it effectively.

Risk management system

Mitsui Kinzoku Group has built its risk management system based on its Risk Management Rules. We have appointed the Senior Managing Executive Officer* 1 in charge of the General Affairs Department as the person with the highest responsibility for risk management. We have also designated a department in charge of risk and crisis management at the Head Office to serve as the Secretariat and identified departments in charge of each risk category, under which relevant units and sites are positioned.

Our Risk Management Rules define risks that we need to respond to. We manage our risk control status through yearly PDCA activities implemented over a three-year operation cycle aligned with the periods of the Mid-term Plan.

More specifically, we conduct a triennial risk survey for all sites and review and evaluate risks to create a risk map and plan countermeasures. Every year, we implement the countermeasures and review their progress and then update the risk map based on the current status. The effect of these activities and management systems are reviewed once a year and as needed by the Board of Directors.

In FY2022, we performed a rolling update of the risk map to the latest version. We also reviewed the status and effect of risk reduction activities, and compiled the results into a risk management report, which was submitted to the Board of Directors through the Senior Managing Executive Officer in charge of the General Affairs Department.

* 1 As the person with the highest responsibility for risk management, the Senior Managing Executive Officer, a person independent of the Corporate Auditors, including a chair of the Board of Corporate Auditors, was appointed.

Risk management cycle

First and second years of the Mid-term Plan

- ① Check the status of risk control at each site based on the risk map managed at the Head Office
- ② Update the risk map, incorporating the check results as needed (rolling)

Last year of the Mid-term Plan

- ③ Head Office sends the survey sheet to each sector in preparation for the next Mid-term Plan and each sector/site returns its response
- ④ Analyze risk control status at each site based on the response
- ⑤ Incorporate the aggregate results into the risk map, formulate a new plan, and incorporate it into the next Mid-term Plan

Extracted risk categories/classifications

<Risks that are highly urgent when they become apparent>

- Large-scale epidemic of infectious diseases
- Large-scale natural disasters
- Information security

<Financial risks>

- Market fluctuations
- Exchange rate fluctuations
- Fund procurement
- Pension asset management

<Risk in each segment>

- Engineered Materials Segment (Decrease or stagnation in product market share)
- Metal Segment (Market and exchange rate fluctuations, operational problems)
- Automotive Parts & Components Segment (deterioration in market conditions)

<Cross-Segment Risks>

- Product quality
- Alliances with third parties
- Country risk
- Shortage of labor force

<ESG risks that may affect business results* 2 >

- Environment
- Social
- Governance

* 2 We have incorporated nine environmental, social, and governance risks from our materiality (P.17) into risks related to business as ESG risks that could affect our business performance.

Emergency response

To protect assets and make efforts for early recovery and business continuity while placing the highest priority on saving lives, Mitsui Kinzoku Group has set out Basic Policy for Emergency Response. Moreover, we have built a system for possible emergencies and conduct business continuity management (BCM), under which we implement the PDCA cycle each fiscal year.

Each sector creates business continuity manuals, including an incident management plan (IMP) for incident response and business continuity plan (BCP) for supply continuity and resumption of production. In the event of an emergency, we will take appropriate measures based on the business continuity manuals to prevent the situation from spreading and causing secondary accidents. To make these plans more effective, we roll out simulation training to our major sites in a phased manner.

In FY2022, Hachinohe Smelting Co., Ltd. conducted a scenario-based disaster drill on the assumption of a major earthquake occurring in the waters off Kuji and causing damage to its smelting plant in Hachinohe. All the managers in the plant participated in the drill, engaging in simulation activities and identifying issues.



The scenario-based disaster drill in Hachinohe Smelting Co., Ltd.

Respect for Human Rights

In order to continue to exist, a business enterprise must be committed to respecting human rights. Based on this recognition, Mitsui Kinzoku Group addresses this issue according to its Human Rights Policy established in 2017 in reference to the UN Guiding Principles on Business and Human Rights. We have identified stakeholders that are highly likely to be affected by the business activities of Mitsui Kinzoku Group and its supply chains and the associated human rights risks, and formulated the Human Rights Standards as specific guidelines for implementing measures to address the risks identified.

The Human Rights Policy and the Human Rights Standards

Mitsui Kinzoku Group approaches human rights issues based on our Human Rights Policy. We assess human rights risks associated with the Group's business activities, and define the Group's employees, supply chains and local communities involved in the mining business as stakeholders that can be particularly affected by our business activities and a high-priority target to address. Also, we have specified 11 categories of human rights risk factors unique to or characteristic of the Group, including forced labor and child labor. In order to mitigate these risks, we formulated the Human Rights Standards as guidelines for conducting human rights due diligence (human rights DD). We conduct the human rights DD to confirm that each site is implementing the standards.

[Human Rights Policy] [Human Rights Standards]
<https://www.mitsui-kinzoku.com/en/csr/society/humanrights/>

[Supply chain management] Pages 80-83

[Mining business] Pages 84-86

Management system

The President and Representative Director, who chairs the CSR Committee, is appointed as the person responsible for human right issues related to Mitsui Kinzoku Group as a whole. The overall structure for enforcing the Human Rights Policy and Human Rights Standards has been built by forming the Human Rights Subcommittee under the CSR Committee and creating the PDCA cycle format to implement human rights actions. Each site and group company appoints their person responsible for promoting the proper practice of the Human Rights Policy and the Human Rights Standards, conducting human rights DD, and monitoring the progress of improvements at each organization. The progress of implementation of the Group's action plans and issues found are reported by the Human Rights Subcommittee to the Board of Directors annually and on an as-needed basis.

Human rights due diligence

Since we identified target sites in the Mitsui Kinzoku Group in FY2016, we have been conducting human rights DD for all employees including non-regular and indirect employees utilizing our self-assessment questionnaire (SAQ). We have completed the process at 43 sites (75%) of the target 57 sites within and outside Japan by FY2022.

In FY2022, we revised the SAQ taking account of issues found in the past, and conducted human rights DD at seven major sites in Japan and three sites overseas. As a result, we did not find any major risks, including any forced labor or child labor risks. For areas that were found to require improvements, we provided feedback and implemented corrective measures. In FY2023 we will put the plan into practice and conduct human rights DD for outside Japan.

<Human rights issues identified through human rights DD and corrective measures taken>

- Improvement in the labor-management agreement on payroll deductions (Japanese sites)
- Improvement in disciplinary provisions in the work regulations (Japanese sites)

Additionally, in FY2022, we reviewed human rights issues based on the results of past due diligence and specified two target areas—human rights of foreign-national employees and human rights training for all personnel—where the Group should focus more intensely.

To address issues with respecting human rights of foreign-national employees, we will develop specific policies and procedures and implement measures appropriately as a responsible corporate group. In FY2023, we will begin surveys on the employment situation of foreign national employees sites in Japan.

Also, we plan to participate in the private-public cooperation platform comprised of business enterprises, industry groups, and related government agencies for promoting a responsible approach toward recruitment and employment of foreign nationals, as part of efforts to enhance stakeholder engagement.

We have established a grievance mechanism to deal with issues related to human rights of internal and external stakeholders. For details, please refer to the descriptions on "Internal and external whistle-blowing system" in the Compliance section (P. 66).

Human rights training

We are conducting human rights training for all employees of our Group in order to ensure proper understanding and awareness of the Human Rights Policy and Standards as well as human rights. We have conducted human rights training in our rank-based training and sustainability training programs. In FY2022, 67 employees attended human rights training. In FY2023, we plan to improve the formats and content of human rights training in a systematic fashion, in response to issues found in terms of effect of the current training.

Labor relations

Mitsui Kinzoku Group respects freedom of association and collective bargaining. Mitsui Kinzoku and major affiliates in Japan have a respective labor unions under the Mitsui Mining & Smelting Workers Union. Based on the union shop agreement, all general employees become members of the labor unions. About 80% of the other consolidated affiliates in Japan have labor unions. Labor unions are organized in 13 of the overseas consolidated companies. Labor-management council meetings and labor-management roundtables are held regularly to provide a forum for communication with workers. No strikes or lockouts lasting more than a week occurred in FY2022.

	Sites in Japan	Overseas	Total
Employees covered by collective bargaining agreements	4,476	3,548	8,024
Total employees	6,639	6,445	13,084
Coverage rate	67.4%	55.1%	61.3%

※ Information on labor unions at several sites is unavailable due to legal requirements.

Compliance

We understand that compliance is not limited to observing laws and regulations, but also includes observing social norms, corporate ethics, common sense and morals, and other matters expected by society even if they are not explicitly stated.

Compliance management system

Mitsui Kinzoku Group identifies Senior General Manager of Corporate Planning & Control Sector as the person with the highest responsibility for compliance. The Legal Dept., the division in charge of compliance, plays a central role in enhancing compliance among officers and employees.

In addition, under the Internal Audit Committee, which reports directly to the Board of Directors, the Internal Audit Dept. audits the status of compliance. The results of the audits are reported by the Internal Audit Dept. to and shared by the Board of Directors.

Code of Conduct

(1) Understanding and sharing Code of Conduct

We understand that compliance is not limited to observing laws and regulations, but also includes observing social norms, corporate ethics, common sense and morals, and other matters expected by society even if they are not explicitly stated.

We have established the Code of Conduct as a set of values and a code of conduct to be shared by all officers and employees. We have translated it into local languages and distributed it to all sites.

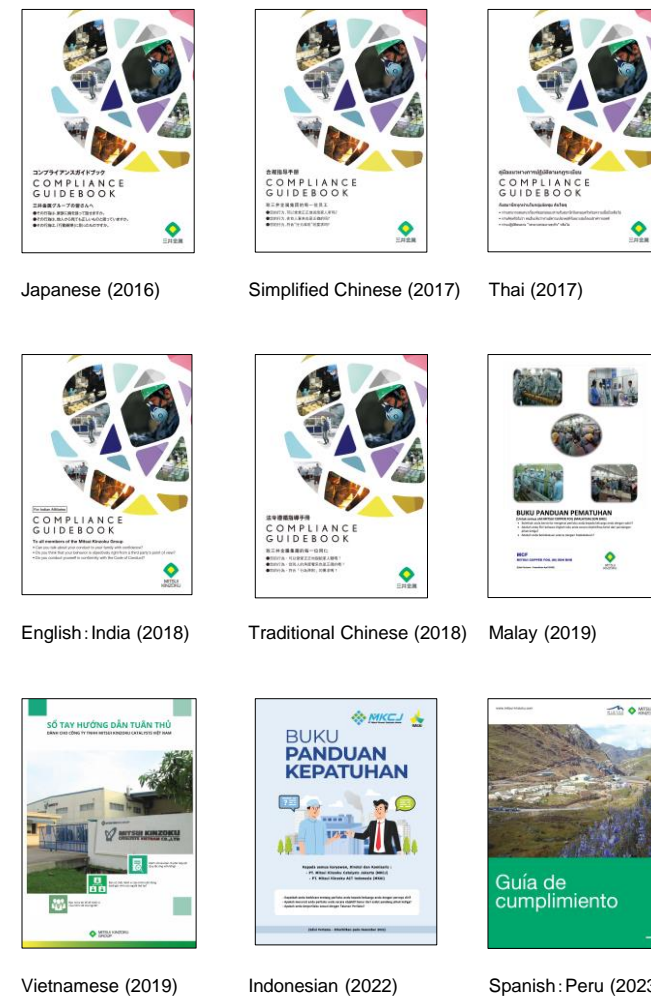
(2) Global rollout of Compliance Guidebook

We are gradually rolling out the Compliance Guidebook to overseas sites. After we have assessed the compliance-related risks in each country and region in which we operate and considering the possible impacts of such risks on our business activities, we are starting the rollout in Asia with priority, and plan to expand to other regions. The Compliance Guidebook, which explains the key actions, has been translated into local languages in cooperation with local staff to reflect the unique risks assumed from local business practices and cultural backgrounds. We are gradually rolling it out to overseas sites. The rollout, which started in 2016, has now advanced to eight countries and regions: Japan, China, Taiwan, Thailand, India, Malaysia, Vietnam, and Indonesia.

The rollout in Indonesia, the latest location, was completed in FY2022, marking the end of the first phase of the compliance promotion initiative in Asia. In Indonesia, in addition to distributing the Guidebook to national staff, we engaged local law firms to provide employee education.

In FY2023, we plan to advance the rollout to Morocco, France, and Peru. As a preparatory step, we engaged local law firms to provide employee education at Moroccan and French sites in November and December 2022 while the Guidebook was being translated.

Global rollout of Compliance Guidebook (2016—2023)



The Code of Conduct/compliance training provided at overseas sites. In France (top) and Morocco (left)

To measure the understanding level of the Code of Conduct and the effectiveness of compliance initiatives, we have conducted biennial compliance awareness surveys with employees of Mitsui Kinzoku and consolidated domestic subsidiaries since FY2017. We recently conducted the surveys in FY2021 and plan next surveys during FY2023. Compared with the results of the previous two surveys, we saw improvement for all items. Meanwhile, recognizing that improving the reliability of the MHL is a future challenge, we will continue to improve the system.

Compliance training

Mitsui Kinzoku Group runs an array of training programs for executives and employees to ensure compliance. In FY2022, a total of 2,493 people attended compliance training programs.

(1) The Code of Conduct/compliance training

We regularly conduct training sessions to explain overall compliance based on the Code of Conduct. At our sites in Japan, we provide compliance training for all ranks including new employees, and executive management

training for directors and auditors of all affiliates. We also conduct compliance training for national staff at overseas sites.

In FY2022, we held local compliance training in France, Morocco, and two sites in Indonesia, with 87 participants.

(2) Theme-based seminars

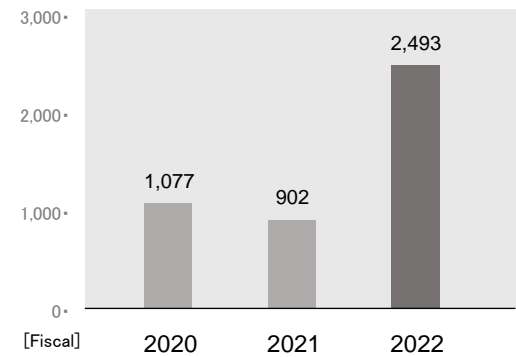
In addition to training for individual compliance issues related to safety and quality, we also provide seminars on various topics as needed, with the topics selected primarily by the Legal dept. in consideration of compliance risks specific to each site and local social conditions.

In FY2022, the Legal dept. hosted 17 seminars in total on topics such as: Act on Waste Management and Public Cleansing (Waste Management and Public Cleansing Act); trade secrets management; stamp duty; Antimonopoly Act; Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontract Act); and Foreign Exchange and Foreign Trade Act (Foreign Exchange Act, security export control). These seminars were attended by a total of 1,389 participants.

(3) MLP-based training

Some of the programs described in (1) and (2) above were provided under the MLP learning management system, which was introduced in FY2022 (P.36). A total of 1,086 participants have received MLP-based training.

Change in number of compliance training recipients



Note: The number of training programs included in the count was increased in FY2021

Internal and external whistle-blowing system

We have established a whistle-blowing system for both internal and external stakeholders. The system covers concerns about any violations of laws and regulations, including but not limited to unfair competition and bribery/corruption, as well as social risks, including but not limited to human rights, and environmental risks, in business activities and the workplace.

In order to thoroughly protect the whistleblower, the system ensures anonymity and strictly prohibits any

disadvantageous treatment of the whistleblower and witnesses to testify to the facts. The details of the whistle-blowing are shared promptly with the Corporate Auditors. The Board of Directors also receives the details of the whistle-blowing on regular basis.

We have Mitsui Kinzoku Hotline (MHL) for all officers and employees of the Group as an internal contact point and a third-party contact point (a law firm). We also have a Chinese-language hotline for our sites in China as a contact point at a law firm in Beijing. We widely disseminate the contact points among officers and employees through compliance training and the Compliance Guidebook. In FY2020, we have made the whistle-blowing system a multi-line system. As a result of these activities, more employees have become aware of the whistle-blowing system and the number of whistle-blowing has risen accordingly in recent years, increasing 22% year on year in FY2022. In May 2023, we also outsourced an internal multilingual contact point to a third party in an effort to increase user convenience. Female staff have also been assigned to the response team in order to improve the usability of the system, especially for addressing sexual harassment.

We have set up "Compliance Consultation Desk" specialized for compliance and "Environmental and Social Risks Consultation Desk" on our website for external stakeholders to report concerns at any time.

Initiatives to prevent anti-competitive practices and bribery/corruption

Article 4 of the Group's Code of Conduct states "Fair Business Activities". In the Compliance Guidebook, we require all officers and employees to engage in appropriate activities based on free and fair competition. The guidebook specifically states that proper activities include (i) establishment of compliance system and thorough compliance with competition law, (ii) proper procurement activities and subcontracting transactions, (iii) maintenance of fair and transparent relationships,



and (iv) prohibition of bribery and corruption.

With regard to competition law, we have created the Antitrust Compliance Policy as a separate volume of the Compliance Guidebook. The Policy was created in four versions (Japanese, English, simplified Chinese, and traditional Chinese) and distributed accordingly to ensure that internal procedures are properly performed.

To prevent bribery and other forms of corruption, as well as distributing the Compliance Guidebook globally we have facilitated each of our sites to conclude an anti-bribery/corruption agreement with its suppliers. The procurement department in each of domestic and overseas sites has asked its suppliers to sign contracts containing CSR provisions and pledges to respect the Code of Conduct in the efforts of the supply chain management lead by the Supply Chain Committee (p.80, "Supply Chain Management"). Related to these initiatives, the anti-bribery/corruption agreement contains more detailed conditions aimed at preventing bribery/corruption (e.g. prohibition of kickbacks, obligation to report identified violations, cancellation of the contract in case of a violation), and is particularly directed at companies in Asia.

(1) Trade secrets management

Mitsui Kinzoku Group manages its trade secrets in a systemized way. The primary framework consists of the Information Management Rules, Trade Secrets Management Detailed Rules, and other related regulations (all formulated in 2017), along with the Information Management Committee. The Committee reports to the Chief Information Management Officer, a position that is held by the Senior General Manager of the Corporate Planning & Control Sector. We have set up the Information Management Committee for the purpose of safeguarding our customer information, technical information, and business know-how. In addition to basic framework, at each site, the head of the organization is appointed to serve as the site's Information Administrator, a role that is responsible for fulfilling a range of tasks. Such tasks include: identifying trade secrets; ensuring indication of such secrets; managing the use of and access to ICT tools; keeping records of data access and download history; providing education and training on a regular and ongoing basis; and confirming confidentiality agreements and pledges signed between our officers and employees and business partners. Furthermore, we perform audits of information management systems, invite representatives of law-enforcement agencies to give lectures, share successful pioneering practices among Group sites, and promote other activities to help improve the information management systems at each site.

Anti-bribery/corruption agreement concluded with suppliers (country and region, number of suppliers)

Thailand 297, China 353, Taiwan 143, Malaysia 36, Vietnam 51, Indonesia 101 Total 981

We periodically conduct legal audits of each site both on-site and in writing. The audits check for violations, review the compliance situation and confirm the effectiveness of measures to prevent anti-competitive practices and bribery/corruption described in the Code of Conduct.

We have received no legal action for anti-competitive practices or bribery/corruption in FY2022. We have also identified no cases where an employee has been subject to disciplinary action, including termination of employment, for engaging in anti-competitive practices or bribery/corruption of public officials.

In FY2022, Mitsui Kinzoku made no monetary or other forms of donation defined by the Political Funds Control Act to individual politicians, political parties, or political groups.

(2) Export control (security export control)

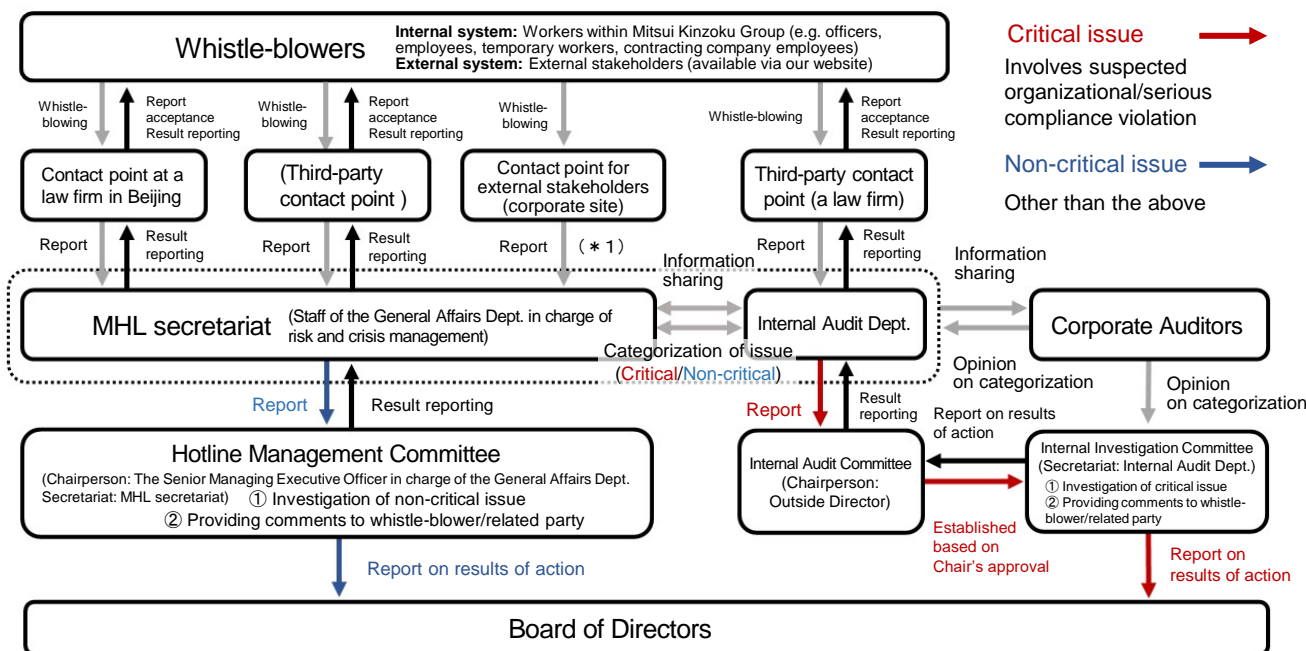
In 1988, Mitsui Kinzoku created product export control rules based on the Foreign Exchange and Foreign Trade Act (Foreign Exchange Act), and registered the rules with the Ministry of Economy, Trade and Industry (METI) as its export control compliance program (CP). We have since formed the Export Screening Committee, chaired by the representative director. Reporting to the Committee, those in charge of each area of business planning, technology/engineering, and administration at each business division are assigned to operate the acceptance/rejection assessment and user check programs. Every year, the secretariat (Legal Dept.) audits the compliance status, and the results are reported to the METI. The Group's major subsidiaries in Japan also register their own CP with the METI to facilitate group-wide compliance with the Foreign Exchange Act.

In addition, we have made preparations to utilize databases provided by a third-party agency to conduct research on suspect companies in a bid to strengthen our export control.

Initiatives for economic security

In response to the recent drive for economic security in society, Mitsui Kinzoku Group is implementing measures to address the issue, chiefly in terms of trade secrets management and export control.

Mitsui Kinzoku Internal and external whistle-blowing system (MHL: Mitsui Kinzoku Hotline)



* 1 Report acceptance/result reporting: MHL secretariat (third-party contact point)

Occupational health and safety

Mitsui Kinzoku Group holds that occupational health and safety is essential for business continuity.

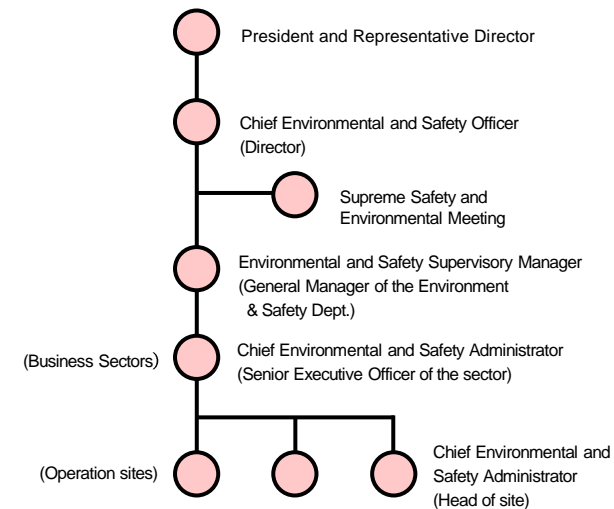
We provide a safe worksite environment not only for our employees but also for cooperative companies, contractors, and visitors to plants.

We are also improving occupational health and safety initiatives, including global implementation of initiatives, and reinforcing measures in line with the Mitsui Kinzoku human resources system reform.

Policy and management system

Mitsui Kinzoku Group is committed to creating a safe and comfortable work environment. This is based on our Basic Policy on Health and Safety, in which it states that “ensuring the health and safety of all people working for Mitsui Kinzoku Group is the most important element for conducting business activities.” We also believe that the development of a corporate culture that places health and safety first will lead to increasing productivity and reducing operational and business risks, and even to strengthening our relationship of trust with employees and solidifying our business foundation in the medium to long term.

Environmental and Safety Management System



Health and safety management system

All major sites of Mitsui Kinzoku Group manage occupational health and safety in accordance with ISO 45001. For small-sized sites, we developed an internal certification system. At each site we work to realize an upward spiral motion by going through the PDCA cycle in accordance with the management system. Improvements to the issues identified by the review are incorporated into measures such as risk assessments and health and safety training.

Safety audit

We implement periodic internal safety audits to confirm the operational situation of the management system at each site. The internal safety auditing body checks for compliance with laws and regulations as well as the Mitsui Kinzoku Group's voluntary standards, in addition to pointing out hazardous places and following up on improvements made.

In areas with travel restrictions due to COVID-19, we implement safety audits in a remote format using ICT. Details that cannot be verified remotely are intensively checked during onsite inspections after the travel restrictions are lifted.



Internal safety audit (at Hibi Smelter)

Health and safety training

Mitsui Kinzoku Group conducts health and safety training for employees regularly to increase their level of awareness of health and safety, ensure thorough compliance with health and safety regulations, and cultivate a corporate culture that places health and safety first.

We provide training materials in multiple languages and make them available on our corporate intranet for employees to review or reference at any time.

Health and safety training provided in FY2022

Purposes	Major training programs
Expand knowledge on health and safety across the Group (Knowledge required for each position, key initiatives in the year, good practices, latest trends)	<ul style="list-style-type: none"> • New employee training • Job-rank-based safety training • Laws and regulations lecture • Lecture by an external expert • Group study session for safety and environmental experts
* Conducted remotely	
Promote compliance with safety rules and improve risk perception at manufacturing sites	<ul style="list-style-type: none"> • "Kiken Yochi" activity (hazard prediction) • Experiential risk training • Risk assessment training • Safety communication activity • PPE training • Emergency training (fire/earthquake)
* Conducted face-to-face	

* More information on occupational health and safety is available on our website.
<https://www.mitsui-kinzoku.com/en/csr/society/occupational/>

Accident prevention initiatives

1. Promotion of the lockout system

Occupational accidents could occur caused by human errors, such as accidentally switching on a machine whose operation has been suspended for cleanup, refueling, inspection, repair, adjustment, construction, or other work. The lockout system is a system that shuts off and locks the power source of mechanical devices to prevent occupational accidents that could occur due to erroneous operation and protects the safety of workers. At present, the system to shut off power supply is available at all manufacturing sites in Japan and overseas, and we are working on introducing the system to shut off pressure, temperature, and the flow of liquids according to specific conditions at each site. In FY2022, no safety incidents occurred due to non implementation of lockout.

2. Establishment and operation of safety standards

We are engaged in establishing the Mitsui Kinzoku Group safety standards to prevent accidents caused by improper operation of machines, equipment, and tools. Following standards for forklifts and disk grinders in FY2021, we newly formulated and introduced a standard for the use of utility knives in FY2022. Utility knives are a handy work tool commonly used at many manufacturing sites. They can, however, be dangerous when used incorrectly due to carelessness or lack of experience and cause injuries such as cut wounds. The new standard aims to prevent such injuries as well as raise safety awareness related to the tool.

To promote effective use of the standards at all domestic and overseas sites, we provide explanatory materials in Japanese, English, and Chinese. We also review the operational status of the standards through safety audits.

3. Safety initiatives for senior employees

Mitsui Kinzoku has raised the mandatory retirement age to 65 since FY2021. In addition, as the age range of our employees is expected to rise along with the aging of Japanese society, we are developing a safety management system for senior employees so that they can work safely and with peace of mind for an extended period of time.

Aging tends to reduce some physical functions, which may be a factor that increases the incidence of occupational accidents among senior employees. To prevent these accidents, we provide safety training for managers and senior employees. In addition, based on risk assessments, we worked to create a comfortable work environment by improving lighting, eliminating steps, and taking measures against heat, as well as reviewing some of the work manuals to ensure that even senior employees can operate equipment safely. We plan to pursue these activities going forward.

Initiatives for environmental issues

Mitsui Kinzoku Group recognizes the negative environmental impact of its operations as a great business risk and strives to reduce it.

Environmental management

Mitsui Kinzoku Group has established the Supreme Safety and Environmental Meeting as a place to deliberate and determine the most important matters related to safety and the environment. At this Meeting, guidelines and action plans are determined by the Chief Environmental and Safety Officer (also a director) as chairman and business line heads as members. The decisions made are then spread to each site by the Environmental and Safety Supervisory Manager (General manager of the Environment & Safety Dept.) under the direction of the Chief Environmental and Safety Officer. Each site that operates under ISO 14001 has a chief person that serves as the person responsible for managing environment and safety, and who makes sure that the required actions are being reliably executed. The Chief Environmental and Safety Officer reports to the Board of Directors on important environmental and safety issues, including the operation of the management system, and receives guidance and supervision from the Board of Directors.

The Basic Environmental Policy and the Environmental Action Plan

In 2001, Mitsui Kinzoku Group established the Basic Environmental Policy* and the Environmental Action Plan. In response to the Paris Agreement as well as the expansion of ESG investment, we revised the basic policy and the action plan in 2018, in order to strengthen our Group's efforts to address environmental issues. In the action plan, we have assessed the negative impacts of our business activities on stakeholders in our value chains and set targets for activities with significant impacts, on which we will focus our efforts to reduce their environmental footprint. We are incorporating the targets set in the Environmental Action Plan into the plans of each of our sites, and promoting activities to achieve them.

The Purpose and the Vision for 2030

In 2022, Mitsui Kinzoku Group established its Group's Purpose: We promote the well-being of the world through a spirit of exploration and diverse technologies. We aim to make life easier and greener to help address environmental and social issues around the world and build a sustainable society. Our Group's Vision for 2030, which was set based on the Philosophy and the Purpose, promotes manufacturing with low environmental impact and the construction of recycling-based services. The 22 Medium-term Management Plan, which we developed for the Vision for 2030, makes clear that each business will be evaluated from the perspective of improving our environmental and social value, including environmental impacts, and that sustainability will be considered when making business decisions.

* The Basic Environmental Policy is available on our website.
<https://www.mitsui-kinzoku.com/en/csr/environment/environmental-policy>

Outline of the Environmental Action Plan

1 Establishment and improvement of environmental management system

Establishment and improvement of environmental management system at each site according to the form and scale of business

2 Reduction of environmental footprint

- Prevention of global warming
- Effective resource utilization and waste reduction
- Reduction of emissions of environmental pollutants
- Utilization of renewable energy
- Appropriate utilization and management of water resources
- Biodiversity conservation
- Thorough management of mine & plant closure

3 Development and provision of environmental contribution products

Development of environmental contribution products and market expansion

4 Emergency measures

Preparation of well-organized emergency manuals for disasters and accidents and continuous improvements of them

5 Education/public relations/social contribution activities

- Strengthening environmental education
- Disclosure of environmental information
- Dialogue with stakeholders

(Revised in April 2018)

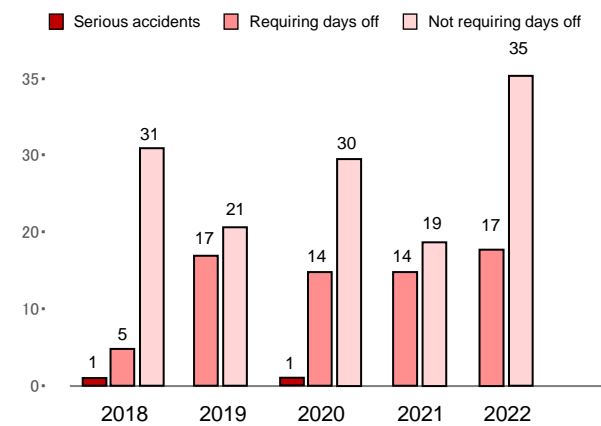
Safety performance in 2022

Excluding domestic consolidated subsidiaries, the frequency rate of accidents in each of the categories was lower than both the manufacturing average and the non-ferrous metal manufacturing average. And in each category, the severity rate of accidents was lower than the industry average.

We will continue to scrutinize and analyze the causes of the accidents and take measures to prevent recurrence.

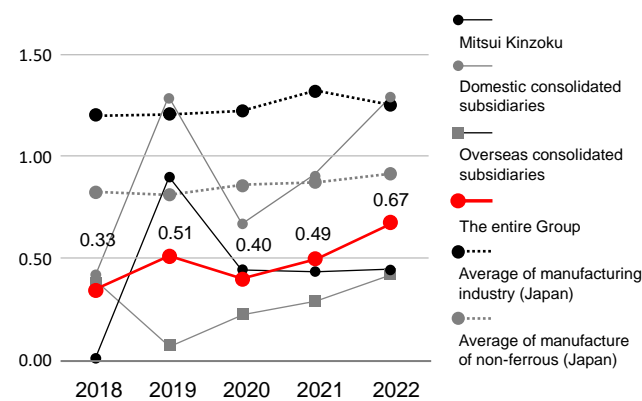
Trends in the number of accidents in sites in Japan

※ Including accidents that occurred in cooperative companies and contractors



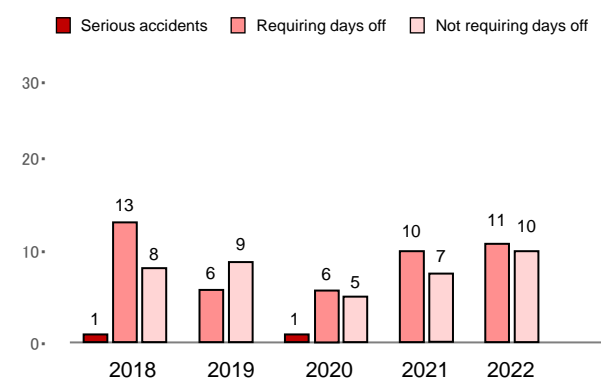
Frequency rate of accidents

※ Not including accidents that occurred in cooperative companies and contractors



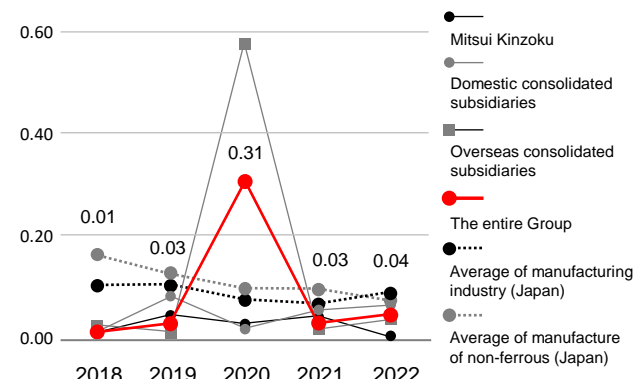
Trends in the number of accidents in overseas sites

※ Including accidents that occurred in cooperative companies and contractors



Severity rate of accidents

※ Not including accidents that occurred in cooperative companies and contractors



The values shown in the graph are for the entire Mitsui Kinzoku Group as a whole

Response to climate change

Mitsui Kinzoku Group considers climate change as an important change in our external environment which would affect the continuity of our business. As we have energy-intensive operations such as non-ferrous metal smelting and electrolytic copper foil, we are well aware of the impacts of energy consumption and greenhouse gas (GHG) emissions from business activities on climate change. In order to reduce these impacts, we have identified climate change-related issues as the materiality, including reduction of GHG emissions and energy management, and make efforts to accomplish them. In the 22 Medium-term Management Plan, we have formulated a response to climate change as a key strategy in enhancing the Group's environmental and social value.

Support for the TCFD* recommendations

We recognize that climate change and the social and economic changes surrounding it pose risks to our business. However, we also recognize that an appropriate response can lead to enhanced competitiveness and new business opportunities.

In FY2020, we started to analyze the medium- and long-term risks and opportunities posed by climate change based on the TCFD recommendations and to incorporate the results of this analysis into our business strategies. In March 2022, we also announced our support for the TCFD recommendations.

* Task Force on Climate-related Financial Disclosures

Disclosure items recommended by the TCFD are indicated with TCFD.

Governance TCFD

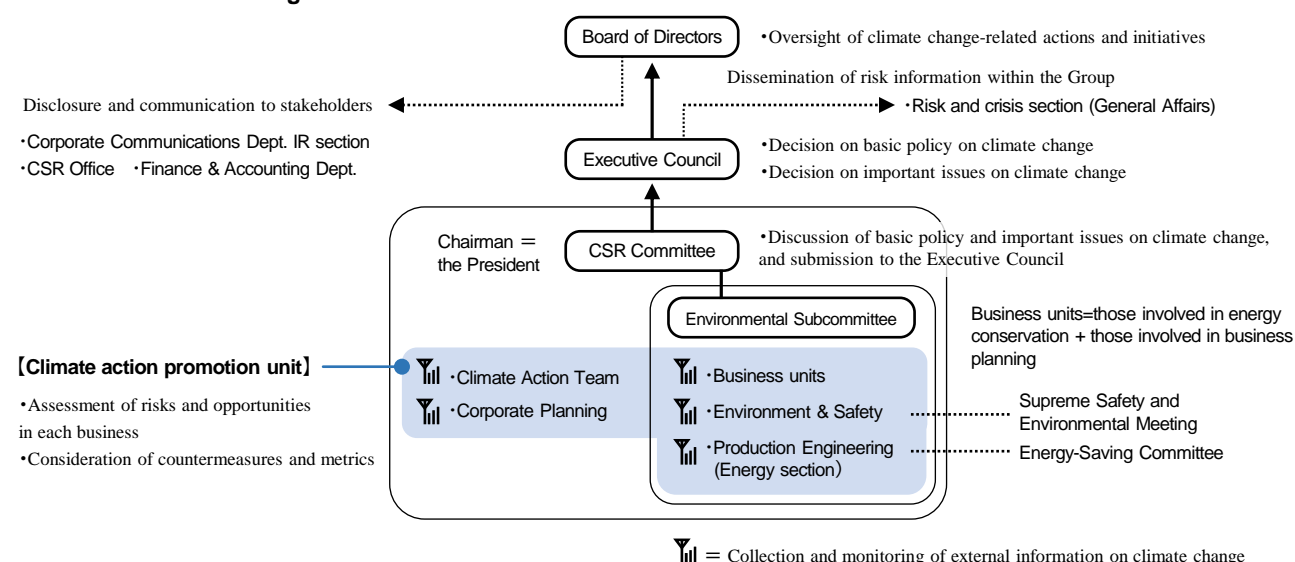
Mitsui Kinzoku Group's basic policy and important issues to address climate change are discussed by the CSR Committee, which is chaired by the President, and then deliberated and decided by the Executive Council. The Executive Council is comprised of representative directors and executive directors, deliberating from a management perspective. Decisions are reported to the Board of Directors for monitoring and oversight.

Risk management TCFD

Mitsui Kinzoku Group has multiple businesses with different business models. The Climate Action Team identifies and assesses risks and opportunities related to climate change in collaboration with each business unit, including scenario analysis, based on the findings of internal and external surveys and in accordance with the framework of the TCFD recommendations.

The results of the scenario analysis are reported to top management at the Executive Council. Each business unit is responsible for promoting countermeasures based on the results, while the Climate Action Team is tasked with monitoring the progress of the countermeasures. In line with the achievements, the team evaluates and identifies risks and opportunities afresh for the next cycle, in cooperation with the business units. By constantly implementing this risk management cycle, we formulate and promote business strategies with a view to addressing climate change.

Governance and risk management structure



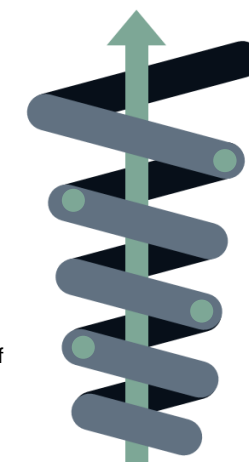
Risk Management Process / Integration of scenario analysis and business strategy

3 Review of countermeasure implementation

- Confirm the results and enhancements of the medium-term management plan and business strategies
- Review of response to physical risks

1 Identification of key risks and opportunities, and consideration of countermeasures

- Information gathering on climate change
- Business analysis and identification/assessment of risks and opportunities
- Consideration of climate-related group-wide direction and business strategies
- Consideration of group-wide direction for physical risk response



4 Review key risks and opportunities, and reconsider countermeasures

- Update climate-related information
- Review risks and opportunities
- Revise group-wide direction and business strategies as necessary
- Improve group-wide BCP

2 Implementation of countermeasures

- Incorporate countermeasures into the medium-term management plan and business strategies
- Formulate and promote group-wide BCP in response to physical risks

(Important issues at each step are determined by the Executive Council.)

Strategy/Scenario analysis TCFD

Mitsui Kinzoku Group operates many businesses globally and recognizes that climate-related risks and opportunities differ among businesses. Therefore, we conduct scenario analysis starting with businesses that are relatively likely to be affected by climate change. Specifically, we rank businesses from these perspectives: amount of CO2 emissions, magnitude of change in the business environment due to climate change, and amount of sales. We work on scenario analysis by deepening our understanding of the climate-related risks and opportunities of the target business and focusing on the integration of analysis and business strategy.

We have completed our scenario analyses for these businesses: the metals business, which accounts for about 70% of the Group's total CO2 emissions; the copper foil business, which is the second largest CO2 emitter; the catalyst business, where changes in the business environment due to climate change are comparatively large; the engineered powders business; the PVD materials business; the ceramics business; and NIPPON YTTRIUM CO.,LTD. We will continue to analyze other business segments and update those completed previously on a periodic basis.

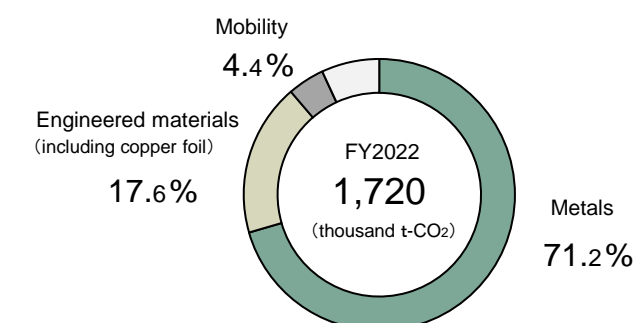
In the scenario analysis, we considered plans to minimize the decline in earnings due to each risk and to capture opportunities through the creation of new products and new businesses. Many of these measures should be addressed from a long-term perspective, and they are also incorporated into our medium-term management plan starting in FY2022 to secure a resilient business.

In particular, in the Metals Sector, based on the scenario analysis performed in FY2020, we have made CO2 emission reduction our top priority and launched a carbon neutral response preparation project. In this project, we examine CO2 reduction measures, rank them according to effectiveness and certainty, and incorporate them into the 22 medium-term management plan.

Scenario definition

Assumed period	2030s	
Scenario definition	4°C scenario	2.7 - 4.0 °C higher than pre-Industrial Revolution levels by the end of 21st century. * Uses data mainly from the STEPS (Stated Policies Scenario) of the IEA (International Energy Agency).
	2°C scenario	0.9 - 2.3°C higher than pre-Industrial Revolution levels by the end of 21st century. * Uses data mainly from the APS (Announced Pledges Scenario) and partly from the NZE (Net Zero Emissions by 2050 Scenario) of the IEA.

Breakdown of CO2 emissions



* Details of the breakdown for each business are on page 143.

Summary of scenario analysis results for the Engineered Materials Businesses

(excluding copper foil *1, performed in FY2022)

Impact estimation items	Risks	Opportunities	4°C	2°C	Countermeasures
Sales	<ul style="list-style-type: none"> Decline in sales of product lines that focus on low carbon emissions, caused by the emphasis on low cost over environmental contribution under the 4°C scenario 	<ul style="list-style-type: none"> Increase in sales of electronic components and related materials due to growth in demand for EVs Growth in recycled products and related markets due to increased recycling awareness 	Loss ▼▼	Profit ▲	<ul style="list-style-type: none"> Customer trust acquisition by promoting low GHG emission production Expand sales to users in Japan and overseas Product development to reduce CO2 emissions Enhance response to market needs, such as recycling and reuse requests Consolidate production sites and optimize raw material inventory levels
Carbon tax and energy cost changes	<ul style="list-style-type: none"> Significant cost increase due to introduction of carbon taxes Increase in operating costs due to higher energy prices 	—	▼▼	▼▼	<ul style="list-style-type: none"> Improve production efficiency through yield improvement Reduce electricity intensity through introduction of energy-saving equipment and technologies Convert fossil fuel-powered equipment to electric-powered ones Utilize carbon credits
Changes in raw material prices	<ul style="list-style-type: none"> Cost increase due to higher prices of chemicals and materials resulting from rising energy prices, and higher metal prices 	—	▼▼	▼▼	<ul style="list-style-type: none"> Reflect raw material price increases/decreases in selling prices Application of recycled raw materials and higher proportion of recycled materials Reduce raw materials used for products Multi-sourcing of raw materials

* 1 For the four businesses: Engineered Powders, PVD Materials, Ceramics, and NIPPON YTTRIUM CO.,LTD.

The summary of scenario analysis results for the copper foil business and the catalyst business performed in FY2021 is available at the link below.
https://www.mitsui-kinzoku.com/Portals/0/CSR/integrated_report/2022/EN01/13_integrated_report2022.pdf

The summary of scenario analysis results for the metals business performed in FY2020 is available at the link below.
https://www.mitsui-kinzoku.com/Portals/0/CSR/integrated_report/2021/EN/15_integrated_report2021.pdf

Metrics and targets TCFD

Medium- and long-term CO2 emissions reduction targets

In March 2022, Mitsui Kinzoku Group revised its medium-term and long-term CO2 emissions reduction targets for energy-derived CO2 emissions in Scope 1 and 2. To achieve these targets, we promote energy-saving activities, increase renewable energy use, as well as create environmental contribution products and develop innovative technologies actively.

Medium-term CO2 emissions reduction target

Reducing CO2 emissions by 38% globally by FY2030 (compared to the FY2013 level)

Long-term CO2 emissions reduction target

Achieving carbon neutrality (net zero emissions) by FY2050

Carbon Neutral Road Map

Mitsui Kinzoku Group has formulated a Carbon Neutral Road Map (CNRM) to achieve its medium- and long-term CO2 emissions reduction targets. In order to achieve carbon neutrality by 2050, it is necessary for management to make climate-related investments that take into account social and technological trends, as well as the company's situation. We consider the CNRM as an important mechanism to support flexible and timely decision-making on these investments.

To develop investment programs eligible for the CNRM, the Executive Council deliberates investment plans as necessary to make decisions. Such deliberations are based on activity details and implementation plans submitted by business divisions and subsidiaries with the support of the business sectors. Implementation results are also monitored to develop further CO2 emission reduction programs.

Internal Carbon Pricing System

Mitsui Kinzoku Group introduced an Internal Carbon Pricing (ICP) System in FY2023 to increase investment in CO2 emission reduction activities through CNRM operation, as well as to promote new business creation that contributes to a decarbonized society. We determined our internal carbon price taking into account a comprehensive approach that includes identification of CO2 emission reduction measures, strategic considerations based on the TCFD scenario analysis, and the external environment related to climate change. We set the price by scope because the difficulty of implementing emission reduction measures in our Group vary greatly due to different characteristics of Scope 1 and 2.

Summary of the Mitsui Kinzoku Group's ICP system

Internal carbon price	Scope1: 30,000yen/t-CO2 Scope2: 20,000yen/t-CO2
	※ Set a higher price for Scope 1 than 2 in order to further promote measures for Scope 1, where emission reduction is more critical and challenging.

Applicable objectives	Equipment/development investments accompanying changes in CO2 emissions
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Application	CO2 emissions from planned equipment/development investments are measured using the ICP, which are then converted to cost and referred to in investment decision-making.
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Effective date April 1, 2023

Promoting energy conservation activities

We have been working on energy conservation activities, including operational improvements in each process, such as further energy efficiency improvements in production activities, as well as the introduction of advanced equipment. We have also incorporated programs of energy conservation in our CNRM.

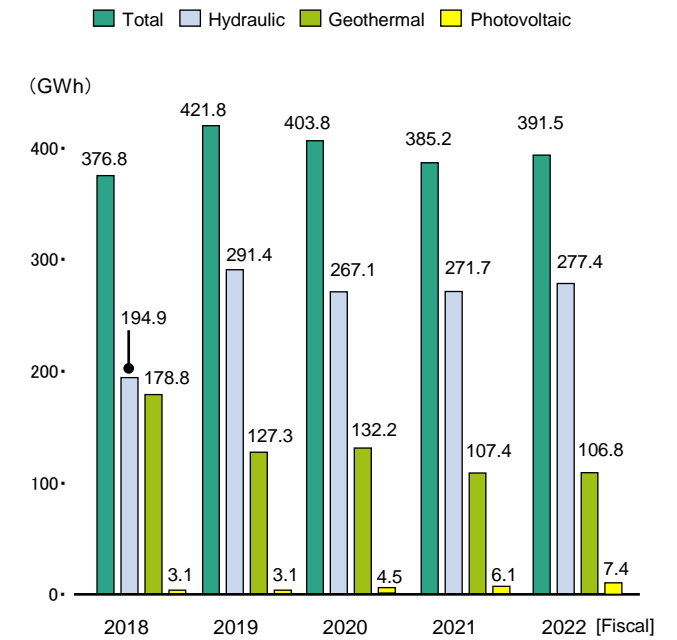
In FY2022, Taiwan Copper Foil Co., Ltd. achieved a 1.6 GWh reduction at its plant by updating refrigeration and air conditioning equipment in the copper foil production process.

Increasing the use of renewable energy

In order to increase the ratio of renewable energy, we are expanding the introduction of new renewable energy generation facilities as well as operating existing hydroelectric, solar, and other power generation facilities stably. We are also working to procure electricity derived from renewable energy sources.

At GECOM Corporation, Mitsui Kinzoku ACT Corporation's main base in North America, 63% of the electricity purchased in FY2022 was hydroelectric power, which was an increase of 20 percentage points from FY2021. At the Ageo Plant, the main domestic plant of the Copper Foil Division, 30% of the electricity used in FY2022 was from renewable sources. We will continue to increase our purchase of renewable energy-derived power.

Total power generation using renewable energy



Participation in GX League

The GX (Green Transformation) League is a Japanese government initiative to promote GX, which has been working in earnest since FY2023. In the GX League, companies collaborate with government agencies, universities, public research institutions, and financial institutions to discuss economic and social system reform as a whole and to seek to create new markets.

Through our public-private-academic collaboration in the GX League, we will work with stakeholders in our value chain and participate in green markets to achieve our medium- and long-term CO2 emissions reduction targets.

CO2 emissions results

Mitsui Kinzoku Group has been improving energy consumption per unit of production through energy conservation activities and increased use of renewable energy. As a result of fluctuations in energy consumption due to variations in production volume, CO2 emissions have increased or decreased. The increase in total emissions for the Group after FY2020 is due to the consolidation of Hibi Smelter. In FY2022, while sales increased over the previous year, the amount of CO2 emissions from energy consumption decreased. To achieve our medium- and long-term targets, we review our actions while checking our progress.

Scope 3 emissions calculations

Mitsui Kinzoku Group recognizes that reducing GHG emissions in the value chain, including raw materials used in manufacturing processes, transportation of raw materials, as well as use and disposal of products, is one of the most important measures for addressing climate change.

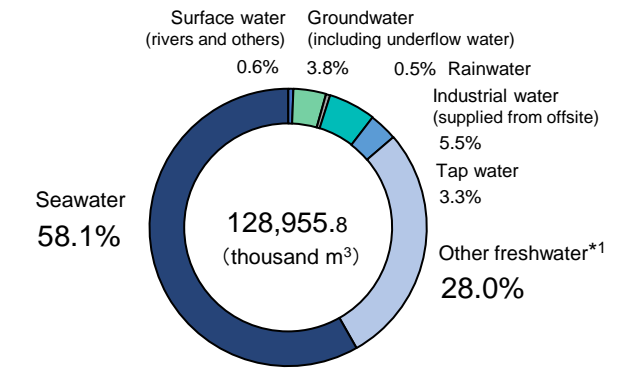
Therefore, we have started to calculate Scope 3 emissions to identify and reduce GHG emissions throughout the value chain. Trial calculations were started for the Ageo Plant of the Copper Foil Division from the second half of FY2021, and since the second half of FY2022, calculations have been underway at all domestic sites.

Appropriate use and management of water

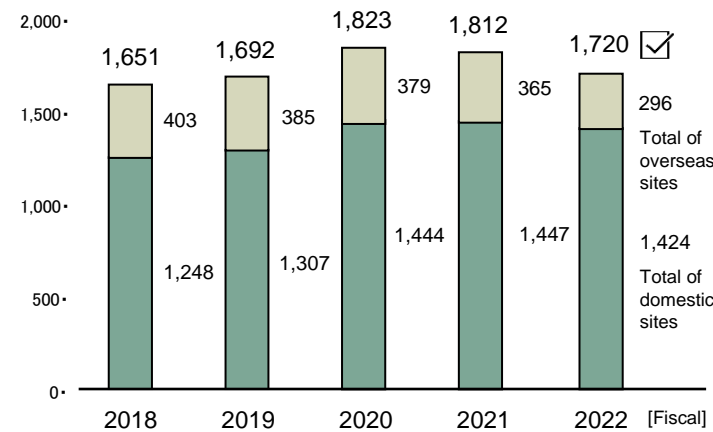
Water is an essential resource of the earth and essential to the production process of our Group. The Mitsui Kinzoku Group's Environmental Action Plan calls for appropriate management of water intake, wastewater discharge, and wastewater quality at each site. We are committed to making proper use of water resources and conserving the aquatic environment, as well as reducing water use and recycling.

At our manufacturing sites, we monitor water use, wastewater discharge, and reuse/recycling volumes to ensure efficient water use. In particular, at smelting sites that use a large amount of water, we promote the reuse of ore dressing water and cooling water, as well as the use, reuse, and recycling of seawater and rainwater.

Breakdown of water withdrawal (FY2022)



CO2 emissions from energy consumption (thousand t-CO2)

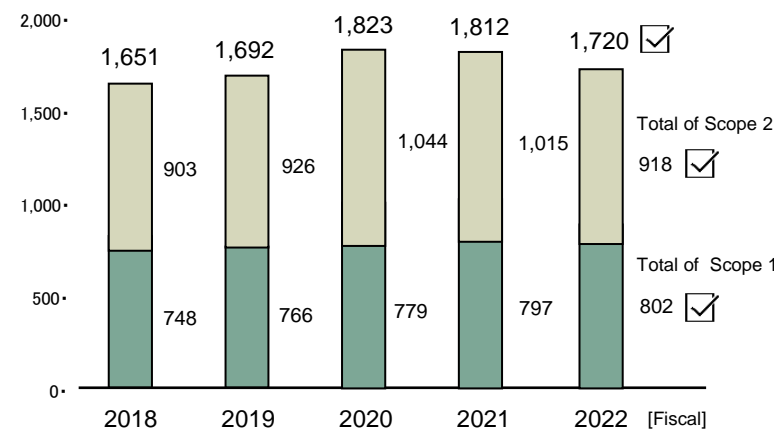


* Figures for CO2 emissions from energy consumption were calculated using emission factors derived in a manner conforming to the Act on Promotion of Global Warming Countermeasures. CO2 emissions from purchased electricity in Japan were calculated using the latest adjusted emission factors of electric power suppliers (basic emission factors were used until FY2019). For overseas emission factors, we used the per-country emission factors, the CO2 Emission Factors from Electricity for 2021 reported by IEA (Until FY2020, the Electricity Emission Factors reported by GHG PROTOCOL were used).

* We have received an independent practitioner's assurance for the figures for FY2022 in this information to which is attached.

CO2 emissions from energy consumption (Breakdown by scope)

(thousand t-CO2)



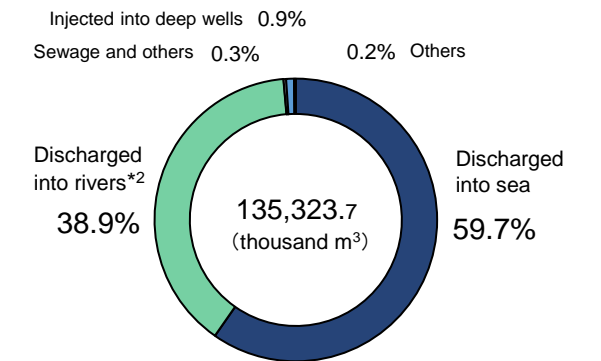
Reduction of water pollutants

Each manufacturing site monitors the status of its wastewater, including BOD and COD, which indicate the amount of organic matter in the wastewater, under stricter voluntary standards to ensure compliance with laws, regulations and ordinances. Mitsui Kinzoku Group also collects and manages the monitoring results from each site on a group-wide basis as well as shares emission reduction efforts and technologies.

Survey of water stressed areas and impacts on business

Mitsui Kinzoku Group uses World Resources Institute (WRI)'s AQUEDUCT Water Risk Atlas to assess water withdrawals in water-stressed areas for each manufacturing site in Japan and overseas. In the assessment, the sites with water stress rated as Extremely High (>80%) or High (40-80%) are primarily auto component manufacturing plants located in Morocco, Mexico, India, and China. The total freshwater withdrawals of these sites represent approximately 0.1% of the Group's total and the impacts on operations are considered manageable. We will continue monitoring and work to conserve water resources and minimize the impact on our business.

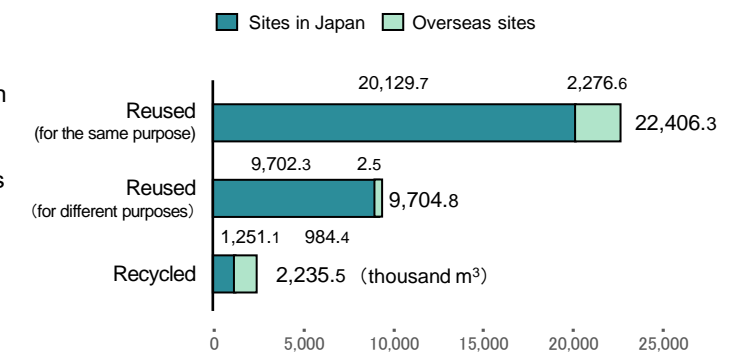
Breakdown of wastewater (FY2022)



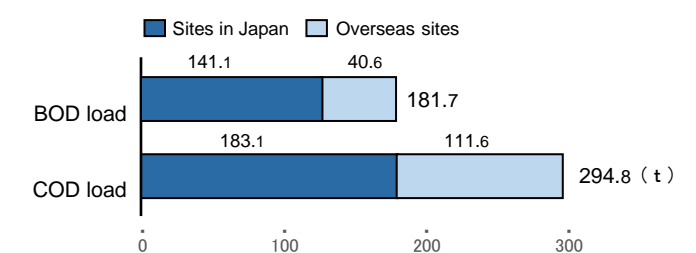
*1 Other freshwater includes spring water generated from mines in domestic mining areas (23,457.3 thousand m³, 18.2% of total water withdrawal).

*2 Wastewater discharged into the river includes spring water that is not used for production purposes and is discharged into the river under the control of the Group.

Amount of circulated water usage (FY2022)



Emissions to the water (FY2022)



Toward a Circular Economy

Along with global economic growth, demand for resources and energy is expanding. As a result, the amount of waste is increasing and environmental problems are becoming more serious. Accordingly, there is a growing need to shift from the conventional Linear Economy based on mass-production, mass-consumption, mass-disposal to a Circular Economy over the medium to long term. Mitsui Kinzoku Group is committed to effective use of resources, reduction of waste and environmental pollutants, as well as introduction of environmental contribution products to meet the demands of society and achieve sustainable growth.

Resource recycling

Mitsui Kinzoku Group strives to manufacture products by recycling waste and other recycled raw materials in order to make effective use of resources.

In the nonferrous smelting business, we have been recovering zinc, lead, and other metals from waste, and supplying nonferrous metal products as essential raw materials for industry. This represents our effort to contribute to resource recycling while promoting our business development. Mitsui Kinzoku Group has established its own recycling network that organically links its smelters for synergy effects. Toward the transition to a circular economy, we are now working to build a more advanced recycling network to expand the use of recycled raw materials and improve processing ability for difficult-to-refine raw materials. To this end, we are advancing separation and purification technologies according to materials, as well as improving technologies in our manufacturing processes.

The Environmental Action Plan includes group-wide efforts to increase the use of reused and recycled raw materials.

Waste reduction

Each manufacturing site of the Group strives to reduce waste through minimization and efficiency of resources used. We work to reduce the final disposal volume by improving the recovery rate of valuable resources, promoting the 3Rs of packaging materials, and improving the yield rate of manufacturing processes. The Environmental Action Plan calls for setting a Waste Intensity Target at each site and group-wide efforts to reduce waste generation.

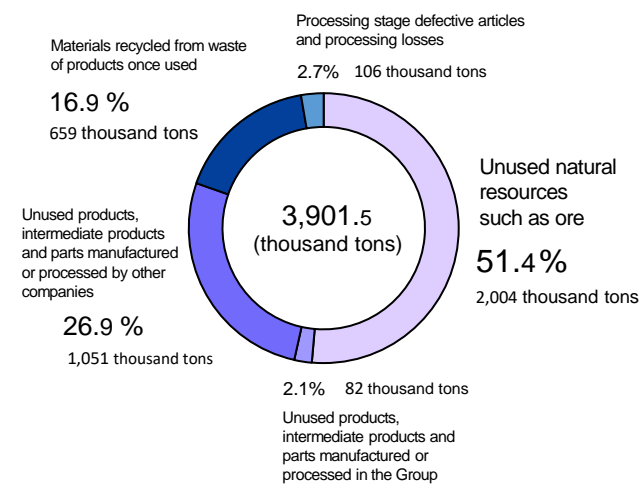
Of the amount of byproducts in FY2022, 86% within Japan and 98% overseas were recycled and used either within or outside of our Group.

Plastic recycling

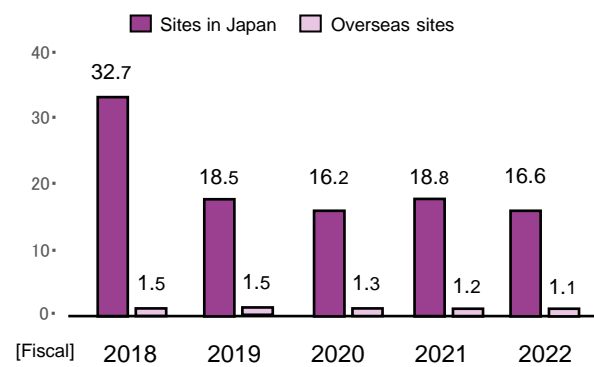
Mitsui Kinzoku Group is committed to proper disposal of plastic waste and resource recycle in response to the increasingly serious environmental impact of plastic waste worldwide.

In FY2022, in order to reduce plastic waste and promote resource recycling, based on the actual conditions of plastic use and disposal in each site, we set targets for reducing plastic emissions and raising the recycling rate in accordance with the Plastic Resource Circulation Act. Targeting the domestic group, which accounts for about 95% of the total emissions, we have set a target of reducing emissions by 200 tons to 2,044 tons and a recycling rate of 39% toward FY2024, with FY2021 as the base year.

Breakdown of usage by type of raw material (FY2022)

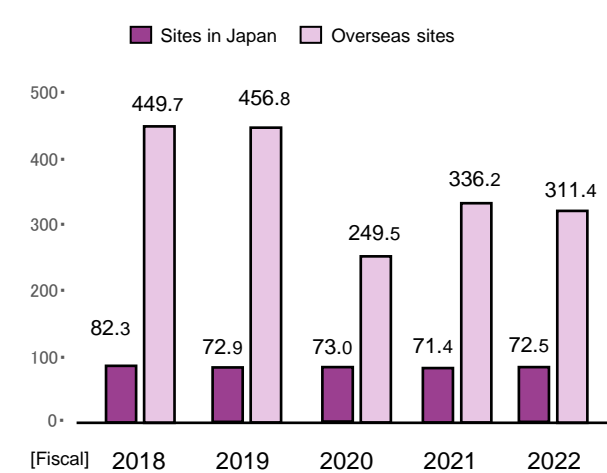


Amount of waste generation (thousand tons)



* Waste generation excluding reuse, recycling and heat utilization.
* In this year's report, waste generation and tailings waste generation are separated and reported individually.

Amount of tailings waste generation (thousand tons)



* Available from this year's report.

Plastic waste reduction targets*

	Baseline year FY2021	Reporting year FY2022	Target year FY2024
Emissions (thousand t)	2.2	2.1	2.0
Recycling rate	33%	30%	39%

* Covers the scope of domestic consolidation, including Mitsui Kinzoku and domestic consolidated subsidiaries.

In manufacturing processes that use plastic materials, we are reducing both usage and emissions by improving yield rates. We are also working to switch to other materials such as metals and paper. In packaging materials, we are promoting the 3Rs and shifting to other materials. In addition, we are introducing new equipment to convert waste that was previously disposed of into valuable materials that can be reused and recycled. Moreover, we are pursuing ICT-enabled approaches for visualizing waste data and increasing work efficiency as well as considering adopting new reduction measures. In the Ageo area (Ageo City, Saitama Prefecture) and Miike area (Omuta City, Fukuoka Prefecture), we have also started reduction activities through collaboration among sites.

Reduction of chemical substance emissions

Each manufacturing site of the Group files the release and the transfer amount of chemical substances to the government under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register [PRTR]). The management of hazardous chemical substances contained in products has become an essential requirement. We also respond to the guidelines for chemical substances contained in products, such as the RoHS Directive and the REACH regulations required by customers.

We aim to reduce the emission amount of environmental pollutants in accordance with the Environmental Action Plan, including our overseas sites. We continuously strive to collect and replace chemical substances that may cause environmental pollution. Thus we focus on reducing and removing use of such chemical substances from our products.

Prevent air pollution

Mitsui Kinzoku Group monitors sulfur oxides (SOx), nitrogen oxides (NOx), and soot and dust emissions into the atmosphere at each manufacturing site and facility according to stricter voluntary standards in accordance with laws and regulations.

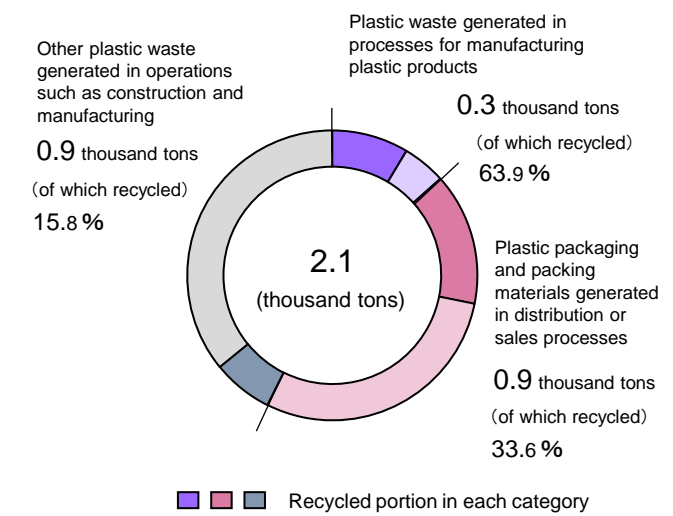
SOx is generated during the combustion of sulfur-containing fossil fuels such as oil and coal, and NOx from combustion equipment such as boilers and incinerators. We also collect and manage these monitoring results from each site across the Group and share emission reduction efforts and technologies.

Environmental Contribution Product

In order to achieve a carbon neutral society, including our operations, and to realize a recycling-based society, we recognize that it is essential to create and develop products and businesses that contribute to the reduction of environmental impact in response to the social demands. In accordance with this, we evaluate the environmental impact of our products at each stage of their life cycle from the perspective of life cycle assessment (LCA), and define products that lead to the reduction of environmental impact and mitigation of social issues as Environmental Contribution Product. In FY2020, we started to operate a system to certify the environmental contribution products in our Group.

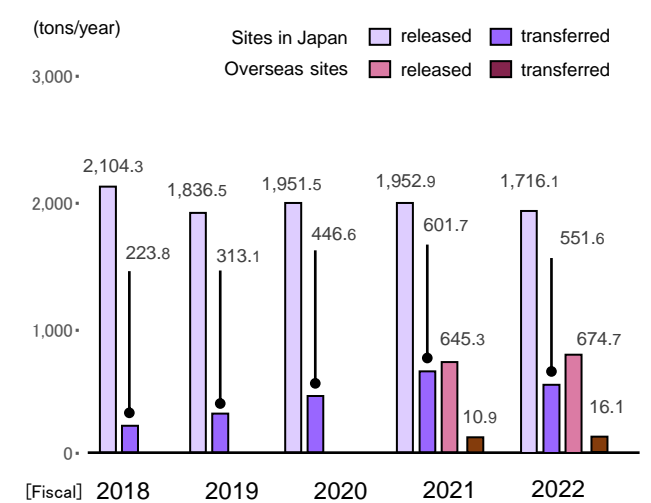
Amount of plastic waste generated (FY2022)*

Breakdown and percentage of recycling



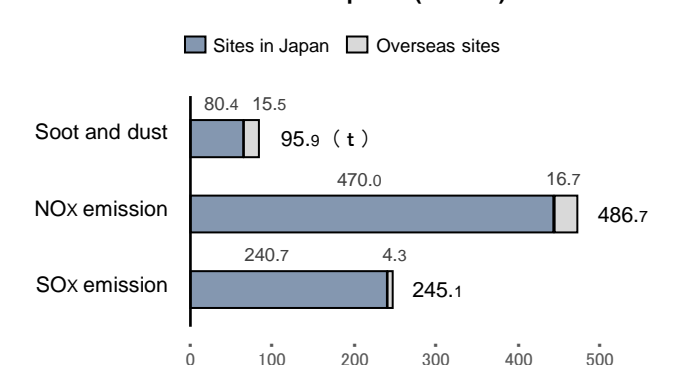
* Covers the scope of domestic consolidation.

Volume of chemical substances released and transferred



* Revised the values for FY2021 disclosed last year.
* Added the amounts of overseas sites from FY2021.

Emissions to the atmosphere (FY2022)



Supply chain management

Mitsui Kinzoku Group believes that it is imperative to establish resilient supply chains in order to fulfill its responsibility for supplying products while increasing the Group's sustainability. Strong supply chains are also essential to the sustainability of society. Thus, we are promoting sustainability initiatives in cooperation with our business partners, endeavoring to reduce adverse impacts of supply chains on society and the environment as well as creating social and environmental value.

Responsibility for our supply chain

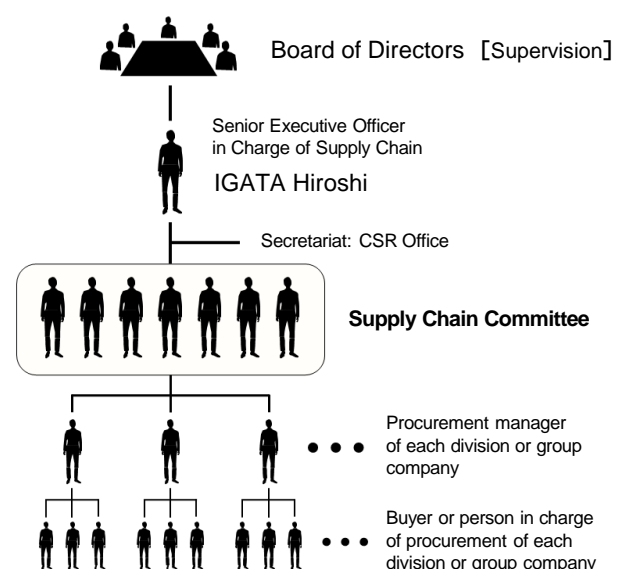
Mitsui Kinzoku Group recognizes that the impact of its business activities extends throughout the value chain. In particular, we believe that negative social and environmental impacts in our supply chain may pose risks for our business. We will fulfill our responsibility by implementing initiatives for sustainability in the supply chain according to the globally recognized codes and guidance such as the United Nations Global Compact, and requests from our stakeholders.

We have formulated the Mitsui Kinzoku Group procurement policy in which we declare to fulfill legal compliance and our social responsibilities in human rights and labor, health & safety, ethics, and on the environment in our supply chain. The procurement policy consists of the basic procurement policy as our commitment and the procurement guidelines that gives specific instructions for executing the policy. The guidelines follow the objectives of the RBA*1 Code of Conduct.

We have established a group-wide supply chain management system to manage risks and to implement our procurement policy in our supply chain. The senior executive officer in charge of our procurement is appointed as the person with the highest responsibility for our supply chain. The Supply Chain Committee of the Group has been organized, which consists of the representatives of each department.

We report to the Board of Directors once a year on the activities including responsible minerals sourcing and the status of risk management in principle. We also timely share the latest trends in supply chain management with the board of directors/the executive officers through training programs for them.

Also, we have a grievance mechanism in place to receive reports from our employees, suppliers and other internal and external stakeholders as needed (P.66 Compliance "Internal and external whistle-blowing system"). In FY2022, we received no reports on risks associated with our supply chain.



Supply chain due diligence

We have conducted supplier due diligence as part of our supply chain management, aiming to identify and address risks in our supply chain.

Within the Group, we hold SCM trainings for all employees including procurement and sales personnel to ensure that they put our procurement policy into practice. We also evaluated implementation of the procurement policy in the framework of the internal human rights due diligence.

As for our supply chain, we request our tier 1 suppliers to implement the procurement policy and to manage their own suppliers. In addition, for the critical suppliers*2 that have been evaluated as having a particularly large impact on the Group's business, we request that they submit their signed agreement forms to the policy and complete SAQ (Self-Assessment Questionnaire) consisting of 50 questions in five sections (Labor, Health and Safety, Environment, Ethics, and General) in accordance with procurement guidelines in order to assess the implementation status of the policy.

For promoting business integrity as described in the procurement guidelines ("Ethics"), we are striving to conclude an anti-bribery/corruption agreements with suppliers (P.66-67 Compliance "Initiatives to prevent anti-competitive practices and bribery/corruption").

Also, to address issues with energy consumption and GHG emissions as set forth in "The Environment," we are working with suppliers to reduce Scope 3 emissions (P.76 "Scope 3 emissions calculations").

* 1 RBA: The Responsible Business Alliance

* 2 We have identified suppliers that meet any of the following criteria as critical suppliers. They include non-production material suppliers of staffing, contracting/outsourcing, and service suppliers such as transportation, warehousing, and equipment companies.

- (1) Top 80% suppliers of amount procured
- (2) Suppliers supplying materials/products that have no alternatives or strategically important materials/products
- (3) Suppliers operating in regions in which CSR risk is considered high
- (4) Supplier group identified by other risk assessments

(1) Initiatives in the second cycle (FY2021-2023)

Commitment (FY2024):

Effectively implement supplier due diligence and reduce critical risks in the supply chain.

Targets (KPIs)

Achieve the 100% annual SAQ implementation rate for the target suppliers.

Achieve the 100% engagement rate for corrective actions with C-ranked suppliers.

(2) Performance in FY2022

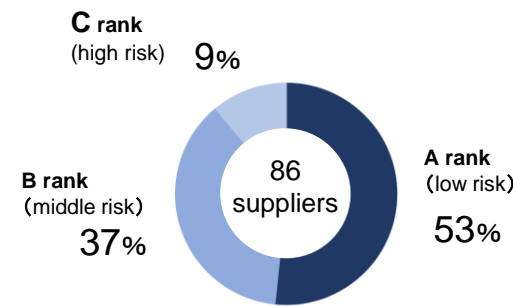
For the purpose of promoting supply chain management initiatives, the Group has defined as the second cycle the four years from FY2021 to FY2024, consisting of the first three years and the final year covered by the 22 Mid-term Plan. In FY2022, we conducted the SAQ survey for target suppliers identified through risk assessment as falling into either of the following categories: 1. suppliers of strategically important components, raw materials, indirect materials, equipment and other items for which it is impossible or very difficult to procure alternatives; or 2. suppliers in the 80th percentile in terms of procurement value after the first cycle (FY2018-FY2020). We received responses from 86 suppliers, and the response rate was 94.5% as a performance against our KPI.

According to the SAQ result, 9% of all suppliers were C-ranked (at high risk). By section of the five, the scores on Ethics tended to be lower than those on other sections.

We sequentially implement engagement with C-ranked suppliers to identify detailed risks and issues, talking about ways to improve them. The C-ranked suppliers make plans to improve identified risks and we regularly follow up on their progress of improvements, working together to take corrective actions. In FY2022, we implemented engagement with four C-ranked suppliers.

As for one C-ranked supplier that we had conducted supplier-engagement in FY2021, we completed corrective actions for the supplier in 2023 as we confirmed the company improved identified risks in accordance with improvement plan.

In addition, following the first cycle, we also requested to implement the procurement policy, collected signed agreement forms from critical suppliers, and conducted SAQ for new suppliers.



The above percentage figures do not total 100%, as each has been rounded off.

Result of supplier SAQ for the critical suppliers in FY2022

We identified critical suppliers that were subject to SAQ in FY2022 as follows;

- (1) Suppliers of strategically important components, raw materials, indirect materials, equipment and other items for which it is impossible or very difficult to procure alternatives.
- (2) Suppliers in the 80th percentile in terms of procurement value after the first cycle.

Performance in FY2022 (single year)

Measures	Number of supplier responses *1
Request to implement the procurement policy	562
Receipt signed agreement form	255
Implement SAQ	136 *2
Supplier engagement	4
Initiative in the Group	Participants
In-house training *3	98

*1 Including all existing/new suppliers that were not implemented in the first cycle.

*2 The number of "Implement SAQ" includes 86 suppliers that were subject to SAQ in FY2022.

*3 Training on supply chain management including responsible minerals sourcing.

Responsible minerals sourcing

As a corporate group in the minerals supply chain, Mitsui Kinzoku Group promotes responsible minerals sourcing. Along with the heightened global interest in responsible minerals sourcing, relevant risks are expanding. The scope of target risks is expanding to environment and human rights issue and target areas are widening to CAHRAs*4. In addition to 3TG (tin, tantalum, tungsten, and gold), other minerals such as cobalt, silver, copper, zinc and lead are included as target minerals.

Mitsui Kinzoku Group has developed its management system in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We are working in close partnership with international initiatives such as the RMI*5, LBMA*6, and the LME*7.

We have formulated the Responsible Mineral Sourcing Policy as a comprehensive policy. Also, we timely review the at-risk regions and target minerals based on trends in the legal and regulatory in each country, revising the policy.

Based on the policy, each smelting business obtains third-party certification as a responsible smelter and renews it every year. Business division that launches smelting business of target minerals works to obtain third-party certification as a responsible smelter.

In the smelting business of gold or silver, we defined the "Gold and Silver Supply Chain Policy" and are performing initiatives in accordance with the LBMA's guidance. We conduct risk assessment every year, evaluating the suppliers of mineral raw materials as well as checking the areas of origin and transportation routes of mineral raw materials. Based on these evaluation results, an independent auditing company assures that mineral raw materials of our processed gold and silver have been sourced from areas not affected by any conflicts or any other risks. We submit the audit report to LBMA. The assurance reports issued by the auditing company and the report to LBMA are available on our website.

In the business of copper, zinc, and lead, we conduct risk assessment, evaluating the suppliers of mineral raw materials as well as checking the places of origin and transportation routes of mineral raw materials, in line with the LME consultation on responsible sourcing. Based on these evaluation results, an independent auditing company will assure that mineral raw materials of our base metals registered at the LME are obtained from suppliers and areas of origin not affected by any conflicts and any other risks. We will submit the audit report to the LME after all audit processes are completed. We will also timely disclose the assurance report issued by the independent auditing company and the report to the LME on our website.

With regards to the tantalum smelting business, based on the RMAP*8 by the RMI, we have been receiving third party audits every year since 2011 and have been acquiring RMAP Conformant status. We are also a member of a program for achieving due diligence in the supply chain of tantalum raw materials.

In businesses other than smelting, we conduct supply chain due diligence in line with industry standards, based on customer requests. We participate in the Responsible Minerals Trade Working Group by JEITA (Japan Electronics and Information Technology Industries Association) and engage with downstream companies as well as global initiatives such as RMI through JEITA.

*4 CAHRAs: Conflict Affected and High-Risk Areas

*5 RMI: The Responsible Minerals Initiative

*6 LBMA: London Bullion Market Association

*7 LME: The London Metal Exchange

*8 RMAP: The Responsible Minerals Assurance Process



Initiative for responsible mineral sourcing:
Internal audit in Metals Sector (at Mitsui Kushikino Mining)

Mining business

We recognize that the mining business has a particularly large impact on the surrounding environment and the local communities.

Based on this recognition, we identify environmental and social issues related to our mining business and implement focused measures.

The Sustainability Action Plan for Mining Business and the mining business management

In FY2020, we formulated the Sustainability Action Plan for Mining Business. Based on our materiality, we identified risks related to mining pointed out in the basic principles of ICMM and by SASB for each mining site and consolidated those risks into priority initiatives. In the mining business management, we conduct progress control annually in order to achieve the KPIs stipulated in the action plan.

In addition to this progress control, we conduct annual surveys on human rights and environment using a self-assessment check sheet for sites engaged in mining activities at the operating mines for which we hold an investment ratio of more than 50% to manage related risks.

Grievance mechanism

In Peru, in response to stakeholder requests, we hold meetings with the local government and the community organizations on an as-needed basis to resolve issues. In the event of a conflict between the company and community that could affect the operation of the mines, a discussion with local residents is held with the attendance of a third party, such as the Ministry of Energy and Mines or the Social Disputes Officer in the President's Office.

In FY2022, we received a complaint from local residents about trucks carrying mined ores. In response, we began discussions with the relevant party under the grievance mechanism, aiming to resolve the situation as early as possible. While continuing to engage in the ongoing discussion, we are investigating whether there is any impact caused by our operations. In case any impact is found, we implement the necessary corrective measures.

Item	Targets(KPIs)	Plans for FY2023
Human rights (Peru)	Establishment of a security guard system in accordance with the Human Rights Policy	Work with hired consultants to conduct business risk assessments in accordance with the Voluntary Principles on Security and Human Rights
Community engagement (Peru)	Identification of impact on local communities	Decide on priority items; start conducting impact assessments
Water management (Peru)	(1) Implementation of measures to prevent surface water from permeating (2) Development of a plan to improve water recycling rate	(1) Work with hired consultants to conduct hydrogeological surveys - Locate surface water inflow areas - Create a clean/contaminated mine water separation plan (2) Conduct recyclable water quality assessments, and examine availability
Tailings dam management (Japan and Peru)	(1) Preparation and implementation of a plan to reduce waste based on an analysis of types of waste generated (2) Reinforcement and operation of a stability monitoring system (3) Completion of accident simulations	(1) Carry out reduction activities according to the plan (Peru) (2) Install monitoring equipment and start measurement (Peru) (3) - Perform accident simulations (Japan) - Select consultants to perform accident simulations (Peru)
GHG emissions /Energy management (Japan and Peru)	(1) Afforestation of the total area of 2,000 m ² of the Akeshi Mine by 2025 (2) Improvement of soil at the former open-pit mining site of the Kamioka Mine for afforestation (3) Completion of investigations for construction of a renewable energy power plant	(1) Consider additional afforestation areas aiming to achieve the FY2025 target (2) Add soil and plant trees on a continuous basis (3) Conduct economic evaluations for building a solar power station (Peru)

Excerpt from the Sustainability Action Plan for Mining Business

Relationships with the local communities around the mines

Compania Minera Santa Luisa that operates the Huanzala Mine and the Pallca Mine places importance on the engagement with the local communities around the mines, and is continuing to address the needs of the communities, such as by developing infrastructure, providing educational aid, and offering support for agriculture and livestock. In FY2022, the company donated an agricultural tractor to the local government to support farmland reclamation in local communities.

Management of water

The Huanzala Mine and the Pallca Mine manage the drainage of water in accordance with the EIA (Estudio Impacto Ambiental = Environmental impact study) and in compliance with the relevant legislation.

For the Huanzala Mine, where acid water is generated in the mine due to an abundance of iron sulfides in the ore, we monitor the generation of the water and neutralize it through comprehensive treatment while also carrying out measures for the water source to address the risk posed by acid water to the local environment and biodiversity. The flotation plant at the Huanzala Mine is advancing efforts to recycle water and striving to reduce the amount of water being used. The Huanzala Mine has obtained ISO 14001 certification.

Management of the tailings dam

If an accident were to occur at a tailings dam, where tailings are managed and stored, it could have an enormous impact on the surrounding environment and communities. We regard the leakage incidents of tailings dams as one of the major risks in the mining business and manage tailings dams in accordance with applicable technical guidelines and manuals.

The amount of tailings reclaimed at overseas mines in FY2022 is 311,413 tons *1 at the Huanzala Mine.

*1 Ores mined at the Pallca Mine are being processed at the flotation plant at the Huanzala Mine, and therefore, the amount of tailings at the Huanzala Mine includes the amount originating from the Pallca Mine.

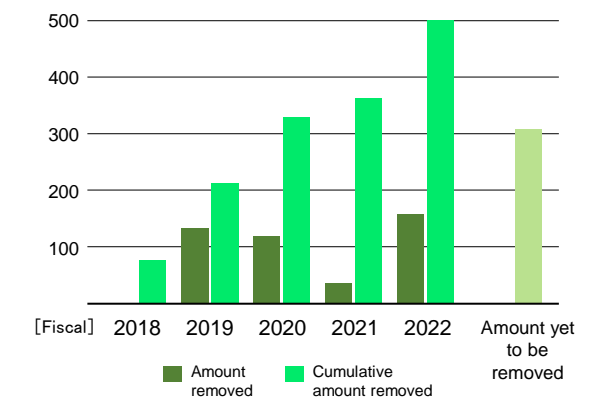
Closure plan

We have submitted closure plans for mines subject to applicable laws and obtained government approval. Based on the closure plans, we guarantee or accumulate expenses for closure. At the Huanzala Mine and the Pallca Mine, we are working on the removal of waste rock piled up on the surface during past mining operations. We are also developing drainage ditches and planting grass in the cleared area in order to regenerate vegetation as a measure to minimize the post-closure environmental and social risk.

Mine	Closure plan	Amount of guaranteed/accumulated expenses (FY2022)
Huanzala Mine (Peru)	Planned	11.0 million US dollars
Pallca Mine (Peru)	Planned	2.6 million US dollars
Akeshi Mine (Kagoshima, Japan)	Not planned	258.4 million yen *2

*2 The amount of accumulated funds for the Akeshi Mine indicated in the table is that for a tailings dam located at a refinery related to the mine.

Amount of waste rock removed at the Huanzala Mine and the Pallca Mine (thousand m³)



Plants are growing from transplants in areas where waste rock was removed (Huanzala Mine)

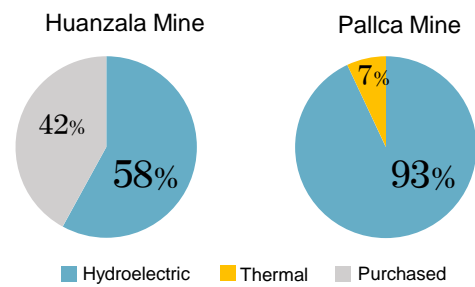
Initiatives to conserve biodiversity

The areas surrounding the Huanzala Mine and the Pallca Mine, which are situated at an elevation of over 3,000 meters, are home to flora and fauna that are unique to that particular environment. In order to minimize the impact of mine development and operations on these flora and fauna, we conduct appropriate treatment of acid water, environmental baseline surveys and bi-annual habitat surveys. In addition, training on biodiversity conservation is provided to employees upon joining the company and once a year.

Use of renewable energy

The Huanzala Mine and the Pallca Mine each own one hydroelectric power plant and use the electricity in their operations.

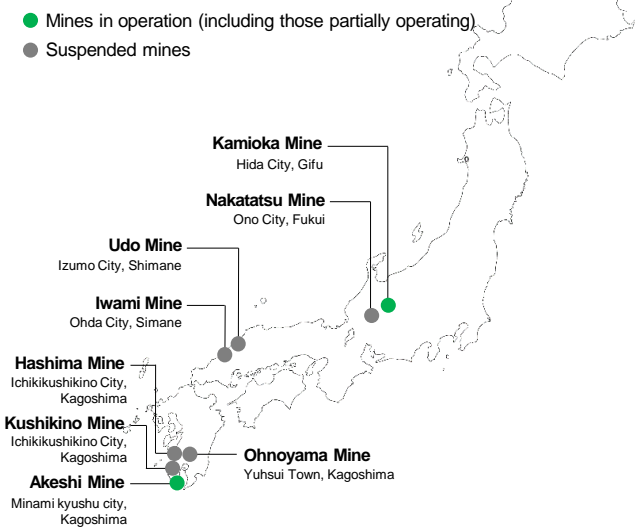
Breakdown of annual electricity use by type (FY2022)



Management of suspended and closed mines

Even for mines that have been suspended or closed, wastewater processing and disposal management continue to be performed in compliance with the Mine Safety Act and related environmental laws. We are managing the maintenance of the tailings dams and the former mine entrance, conducting neutralization treatment of acid mine drainage that includes heavy metals, and performing the monitoring of water quality. We also visit and check the area, as well as perform environmental audits, on a regular basis in order to make sure that the mines are being properly managed. In FY2022, we replaced some old piping equipment and built roads for piping management at a domestic site.

Mines that are in operation and suspended in Japan



Mitsui Kinzoku Group Sustainability Initiatives

[Assessment standards]

- △ : Not achieved as planned
- : Achieved as planned
- ◎ : Achieved more than planned

We have compiled the progress of initiatives based on our materiality. We have reviewed the commitments, KPIs and plans of some items.

CSV standards (opportunities):
Environmental and social standards of products

The environmental contribution products system

Commitment (FY2024)

Ensure voluntary applications for the system from business units each fiscal year

Targets (KPIs)

Make the system work in full-scale

Related SDGs G9, G11, G12, G13

Plans for FY2022

- Operate LCA at Engineered Materials Sector
- Start introducing LCA to Business Creation Sector
- Set up an internal certification commission for the environmental contribution products
- Start to accept applications

Performance in FY2022

- Conducted as planned
- Conducted as planned
- Set up an internal certification commission for the environmental contribution products
- Conducted as planned. Engineered Materials Sector submitted some products as candidates

Self assessment

1. ○ 2. ○ 3. △ 4. ◎

Plans for FY2023

- Operate LCA at Business Creation Sector
- Roll out LCA to other sectors
- Start certifying environmental contribution products in full-scale

ESG risk management frameworks

The environmental and safety management systems

Commitment (FY2024)

Continuously improve the management systems in accordance with ISO standards

Targets (KPIs)

- Continuously operate and update the ISO management system at major manufacturing sites
- Operate and improve the internal management system in accordance with ISO at small and non-manufacturing sites

Related SDGs G8, G9

Plans for FY2022

- Continue monitoring and improving the management systems at major manufacturing sites
- Identify important issues on environmental protection and occupational health and safety at small and non-manufacturing sites and discuss measures

Performance in FY2022

- Conducted as planned
- Conducted as planned. Implemented measures to address important issues that were identified at each site (e.g. compliance with PCB regulations, accident prevention at offices)

Self assessment

1. ○ 2. ○

Plans for FY2023

- Continue monitoring and improving the management systems at major manufacturing sites
- Continue implementing measures to address important issues related to environmental protection and occupational health and safety at small and non-manufacturing sites

Human rights due diligence

Commitment (FY2024)

Conduct human rights DD based on the human rights policy, identify risks, and implement effective measures

Targets (KPIs)

- Complete human rights DD for 85% of 56 manufacturing & development sites and affiliated companies which are closely related to those sites
- Review survey results and improve the survey items

Related SDGs

G1, G4, G5, G8, G10, G11, G16

Plans for FY2022

- Conduct DD at 12 affiliates (7 in Japan and 5 overseas, including 3 originally planned for FY21)

Performance in FY2022

- Conducted at 7 affiliates in Japan and 3 overseas that were originally planned to be targeted in FY21. Remaining 2 overseas planned for FY23

Self assessment

1. △

Plans for FY2023

- Conduct DD at 2 affiliates overseas

Supply chain management

Commitment (FY2024)

Effectively implement supplier DD to reduce critical risks in the supply chain

Targets (KPIs)

- Achieve the 100% annual SAQ implementation rate for the target suppliers
- Achieve the 100% engagement rate for corrective actions with C-ranked suppliers

Related SDGs G8, G12

Plans for FY2022

- (1) Strategically important suppliers (2) Suppliers ranked in top 80% by procurement value after the first cycle
- Corrective actions for C-ranked suppliers
- Discuss initiatives for supply chain management based on the Purpose

Performance in FY2022

- Conducted for 94.5% of the target suppliers
- Conducted as planned
- Conducted as planned

Self assessment

1. △ 2. ○ 3. ○

Plans for FY2023

- Implement SAQ for target suppliers that have not yet responded to SAQ in the second cycle
- Corrective actions for C-ranked suppliers
- (1) Prepare for supply chain risk assessments (2) Compute FY22 actual procurement spending using the new system, and restructure the supplier list using the results

Mining business management

Commitment (FY2024)

Reduce ESG risks specific to the mining business through appropriately managing materiality items

Targets (KPIs)

- Implement the Sustainability Action Plan for Mining Business at mining sites (including closed mines)
- Survey the operating mines with a capital ratio of >50% about human rights and environmental risk of mining business

Related SDGs

G3, G4, G6, G7, G8, G9, G12, G13, G15, G16

Plans for FY2022

1. Start the plan carried over from FY21 early by using a consultant (Santa Luisa)
2. Review FY21 results and consider corrective actions (Akeshi, Santa Luisa)

Performance in FY2022

1. Delay in progress due to the impact of COVID-19 (Santa Luisa)
2. Conducted as planned (Akeshi). Delay in progress due to the impact of COVID-19 (Santa Luisa)

Self assessment 1. 2.

Plans for FY2023

1. Check the progress of FY23 initiatives and follow up on them. Verify the plan for FY24
2. Review FY22 survey results and consider corrective actions (Akeshi, Santa Luisa)

Materiality: ESG risk (Environment)

04 GHG emissions

Commitment (FY2024)

Remain on track to achieve a 38% reduction in GHG emissions by FY30

Targets (KPIs)

1. Scope1,2 Follow reduction targets
2. Scope3 Reduce emissions in the priority categories
3. Develop and implement climate change strategies
4. Initiate forest offsetting activities

Related SDGs G13

Plans for FY2022

1. (1) Continue TCFD scenario analysis internally
- (2) Continue disclosing TCFD-related information externally
- (3) Manage progress for GHG reduction targets of each sector
2. Develop and internally operate a mechanism for GHG emissions calculation
3. Study to develop transition plans as the core of climate change strategies
4. Select a place and launch a pilot project

Performance in FY2022

1. Conducted as planned. Completed scenario analysis for Engineered Materials Sector
2. Conducted as planned. Started estimations for Scope 3 covering sites in Japan
3. Conducted as planned. Formulated the carbon neutrality roadmap (CNRM) to support transition plans
4. Conducted as planned

Self assessment 1. 2. 3. 4.

Plans for FY2023

1. (1) Continue and update TCFD scenario analysis internally
- (2) Continue disclosing TCFD-related information externally
- (3) Manage progress for GHG reduction targets of each sector (start operating CNRM)
2. (1) Firmly establish the GHG emissions calculation mechanism in Japan and roll it out to overseas sites
- (2) Set GHG reduction targets in reference to SBTi standards and based on GHG emissions results
3. Plan comprehensive climate change strategies in reference to TCFD recommendations
4. Implement programs for all employees

05 Energy management

Commitment (FY2024)

1. Investigate the potential for utilizing renewable energy and promote its introduction
2. Implement reduction goals set to replace those based on energy consumption

Targets (KPIs)

1. 100% survey of new utilization of renewable energy
2. Implement initiatives to achieve new reduction goals

Related SDGs G7, G9

Plans for FY2022

1. (1) Provide technical assistance for each site when starting up and follow up
- (2) Follow up on switch to renewable energy at sites
2. Create and operate facility guidelines, and enhance measures to reduce energy use

Performance in FY2022

1. (1) Conducted as planned. Adopted the on-site PPA model (photovoltaics)
- (2) Conducted as planned. Considered purchasing environmental value (e.g. non-fossil fuel energy certificate)
2. Conducted as planned

Self assessment 1. 2.

Plans for FY2023

1. (1) Set targets for non-fossil fuel energy usage rates and consider and implement measures to achieve the targets
- (2) Install equipment supporting renewable energy
- (3) Purchase green power

2. Continue reducing energy consumption, enhance equipment guidelines and provide relevant briefings

06 Water management

Commitment (FY2024)

1. Assess water stress at each site, optimize water withdrawn, and minimize consumption
2. Ensure safe treatment of wastewater

Targets (KPIs)

1. Reduce water consumption according to the result of the water stress assessment
2. Zero discharge of untreated wastewater into public waters (excluding clean spring water, unpolluted storm water, and discharge to sewerage system)

Related SDGs G6

Plans for FY2022

1. Implement water 3R plan at priority sites and identify reduction effects using the environmental survey sheet for quantitative evaluation
2. Thoroughly manage operations and facilities related to quality control of discharged water to prevent incidents

Performance in FY2022

1. Conducted as planned
2. Conducted as planned

Self assessment 1. 2.

Plans for FY2023

1. Continue to implement water 3R plan at priority sites and identify reduction effects using the environmental survey sheet for quantitative evaluation
2. Continue to thoroughly manage operations and facilities related to quality control of discharged water to prevent incidents

07 Waste and hazardous materials

Commitment (FY2024)

1. Strive to reduce using hazardous chemical substances and treat them appropriately, and minimize their release into the environment
2. Play a role in a resource-cycling society by using recycled materials and reducing waste at each business unit

Targets (KPIs)

1. Hazardous chemical substances Identify the amount of emissions and transfers at each major site and set reduction targets

2. Promote recycling and waste reduction

- (1) Identify the final disposal volume of waste (not utilized in 3R and thermal recycle) at major sites, and set reduction targets
- (2) Identify the ratio of recycled materials and set targets, or optimize the ratio at each site
- (3) Select well-reputed waste disposal companies, and confirm they treat properly

Related SDGs G12

Plans for FY2022

1. Set reduction targets for substances to manage with priority and manage progress for specific reduction measures at each site
2. (1) Share Group's good practices of the effective use of waste (3R and thermal recycle) and expand effective use
- (2) Continue to aggregate/disclose the ratio of recycled materials using the environmental survey sheet
- (3) Select well-reputed waste disposal companies in each area. Make an on-site inspection visit to selected companies to confirm legal compliance, appropriateness of processing procedures
- (4) Set targets and action policies based on the Plastic Resource Circulation Act

Performance in FY2022

1. Conducted as planned
2. (1) Conducted as planned
- (2) Conducted as planned
- (3) Conducted as planned. Partially deferred on-site inspection visit to landfill sites due to the impact of COVID-19
- (4) Conducted as planned

Self assessment 1. 2.

Plans for FY2023

1. Continue to set reduction targets for substances to manage with priority and manage progress for specific reduction measures at target sites
2. (1) Continue to share Group's good practices of the effective use of waste (3R and thermal recycle) and expand effective use
- (2) Continue to aggregate/disclose the ratio of recycled materials using the environmental survey sheet
- (3) Select well-reputed waste disposal companies in each area. Make an on-site inspection visit to selected companies to confirm legal compliance, appropriateness of processing procedures
- (4) Set goals for plastic waste reduction and utilization at each site. Start initiatives to reduce the amount of waste and promote 3R activities

08 Impacts on biodiversity

Commitment (FY2024)

1. Identify impacts of our business activities on biodiversity and prevent environmental damage
2. Effort to restore the ecosystem where we have directly developed

Targets (KPIs)

1. Evaluate the impacts on ecosystems at sites and implement countermeasures
2. Restoration by planting trees on the land we have directly developed

Related SDGs G14, G15

Plans for FY2022

1. Decide measures suitable for operations at sites based on the assessed impacts on ecosystems
2. Continue to plan and manage the progress of planting or other restoration on developed land

Performance in FY2022

1. Conducted as planned
2. Conducted as planned

Self assessment 1. 2.

Plans for FY2023

1. At each site, identify impacts of business activities on local ecosystems and implement measures to reduce the impacts
2. Continue to plan and manage the progress of planting or other restoration on developed land. Continue using products conducive to biodiversity conservation

Materiality: ESG risks (Social)

09 Health and safety

Commitment (FY2024)

1. Maintain a safe, hygienic, and healthy work environment where all employees can work worry free
2. Eliminate serious accidents

Targets (KPIs)

1. Safe, hygienic, and healthy workplace
- (1) Reduce the number of accidents resulting in no lost time or more <30
- (2) Reduce the number of occupational accidents/diseases <10, especially for new employees (<1 years of employment), senior employees (>60 years old) and foreign-national employees
2. Eliminate serious accidents
- (1) Reduce to zero: the number of serious accidents (fatal accidents)
- (2) Reduce to zero: the number of accidents that cause irreversible physical sequelae
- (3) Hazard simulation training

Related SDGs G8

Plans for FY2022

1. (1) Determine whether to adopt physical condition monitoring using biometric sensors at a model workplace
- (2) New employees: Prioritize focus workers to participate in hazard awareness training; regularly conduct interviews by forepersons; continue dialogue with the head of the sector

Senior employees: Make improvements from the perspective of senior employees based on the results of a workplace survey at a model workplace

Foreign-national employees: Install graphic warning signs; create training materials and work manuals in the languages used at sites

2. (1) Expand the sources of hazards covered by the lockout system (residual energy, liquid chemical); conduct lockout training; check operation status with ISO45001 internal audits and safety audits
- (2) Create improvement plan for identified hazardous facilities and operations
- (3) Trial use of VR equipment at sites; create a program for lending hazard awareness VR equipment and launch it

Performance in FY2022

1. (1) Re-examined the initial plan due to withdrawal of the biometric sensor manufacturer
- (2) Conducted as planned
1. (1) Conducted as planned
- (2) Conducted as planned
- (3) Conducted as planned

Self assessment 1. 2.

Plans for FY2023

1. (1) Determine whether to adopt physical condition monitoring using biometric sensors at a model workplace
- (2) New employees: Prioritize focus workers to participate in hazard awareness training; regularly conduct interviews by forepersons; continue dialogue with the head of the sector

Senior employees: Make improvements from the perspective of senior employees based on the results of a workplace survey at a model workplace

Foreign-national employees: Install graphic warning signs; create training materials and work manuals in the languages used at sites

2. (1) Expand the sources of hazards covered by the lockout system; share good examples of the lockout system at each site; Check operation status with ISO45001 internal audits and safety audits
- (2) Enforce the Mitsui Kinzoku Safety Standards (chemical injuries, hypoxia)
- (3) Conduct VR hazard awareness training and support individual training at each site

10 Human rights

Commitment (FY2024)

Implement the Group's mitigation measures for human rights risks identified in human rights DD

Targets (KPIs)

1. Based on the results of human rights DD, identify priority theme and formulate policies/procedures
2. Design a human rights training program that includes the policies/procedures, and deploy it within the Group

Related SDGs G1, G4, G5, G8, G10, G11, G16

Plans for FY2022

1. (1) Identify issues by country/region regarding detailed rules for child labor and consideration for religious beliefs
- (2) Establish the two rules above and disseminate them within the Group
- (3) Consider how to respond to other risks

Performance in FY2022

1. (1) Conducted as planned
- (2) Conducted as planned
- (3) Surveyed foreign-national employees and created action policies

Self assessment 1.

Plans for FY2023

1. Create action policies for protecting human rights of foreign-national employees and implement risk mitigation measures
2. Design and implement systematic human rights training programs

11 Fair business practices

Commitment (FY2024)

Establish a global anti-bribery system and a PDCA cycle for fair business practices

Targets (KPIs)

All Group employees are aware of the prohibition of bribery and fair business practices

Related SDGs G16

Plans for FY2022

1. Deploy anti-bribery agreement/contracts including CSR provisions (Indonesia, Malaysia)
2. Continue training on fair business practices (Antimonopoly Act and Subcontract Act)

Performance in FY2022

1. Conducted as planned. Conducted in Taiwan additionally
2. Operated the rules for application/reporting for meeting with competitors; not achieved training plans

Self assessment 1. 2.

Plans for FY2023

1. Roll out initiatives to overseas sites excluding the Asia region (Morocco, Mexico, Peru, India)
2. (1) Continue providing MLP-based training on the Antimonopoly Act and Subcontract Act
- (2) Enhance applying rules for application/reporting for meeting with competitors

Materiality: ESG risks (Governance)

12 Governance

(including Compliance and ICT Governance)

Commitment (FY2024)

1. Enhance corporate governance
- (1) Establish a system that the Board of Directors effectively supervises the initiatives for medium- and long-term issues by the execution
- (2) Regular risk assessment to enhance the risk management function
2. Compliance system
- (1) Establish compliance awareness system at all sites
- (2) Operate the whistle-blowing system for internal and external stakeholders
3. ICT Governance
- Establish an information management system in all sectors
4. Information disclosure and transparency
- Establish a management system for information disclosure

Targets (KPIs)

1. (1) Share information on the status of initiatives for the medium- and long-term issues with Directors, and ensure timely and appropriate discussions of issues at the Board of Directors
- (2) Establish a risk management system to identify risks, formulate countermeasures and evaluate them on an annual basis
2. Ensure that all Group employees are aware of compliance
3. Minimize the risk of information leaks due to management weakness
4. Establish disclosure standards and a prompt and fair information disclosure system

Related SDGs G16

Plans for FY2022

1. (1) Strengthen responses to individual items of the revised CG Code; improve operation based on the evaluation of the effectiveness of the Board of Directors
- (2) Roll out the risk map; conduct risk reduction activity and check the effects
2. (1) Complete Phase 1 of compliance promotion in Asia
- (2) Consider and implement compliance promotion measures in Europe and the Americas (including Peru)

3. (1) Enhance information management system linked with production technology enhancement
- (2) Complete SOC establishment (overseas)
- (3) Risk assessment of systems at each site
- (4) Build a system-based control mechanism regarding detailed rules for ICT use
4. Identify if there are any new issues and consider measures

Performance in FY2022

1. (1) Conducted as planned
- (2) Conducted as planned
2. (1) Conducted as planned
- (2) Conducted as planned. Started to implement compliance promotion measures in France, Morocco, and Peru (rolled out the guidebook; conducted seminars)
3. (1) Made progress in production technology enhancement and linkage
- (2) Conducted as planned
- (3) Conducted as planned
- (4) Conducted as planned. Implemented system-based control for one-third of the target
4. Conducted as planned. No new issue was identified

Self assessment

1. (1) (2) 2. 3. (1) (2) (3) (4) 4.

Plans for FY2023

1. (1) Strengthen responses to individual items of the revised CG Code; improve operation based on the evaluation of the effectiveness of the Board of Directors; enhance information disclosure via the Securities Report
- (2) Roll out the risk map; conduct risk reduction activities and check the effects; prepare for risk management surveys to be conducted for the next Mid-term Plan
2. (1) Consider and implement compliance promotion measures in Europe and the Americas
- (2) Revise the Compliance Guidebook (add descriptions for the Purpose, Vision, respect for human rights, supply chain due diligence, and diversity)
3. (1) Continue reviewing ICT-related rules
- (2) Enhance information management system linked with production technology enhancement
- (3) Build information management systems at overseas affiliates
- (4) Risk assessment of systems at each site
- (5) Build a system-based control mechanism regarding detailed rules for ICT use
4. Consider adding new items to information disclosure policy

Initiatives supporting the progress of the materiality (Capital for value creation)
Human capital

Diversity

Commitment (FY2024)

Realize a corporate Group in which diverse human resources demonstrate their abilities

Targets (KPIs)

1. Change the human resources system so that diverse human resources demonstrate their abilities, regardless of age, gender, or other personal attributes
2. Create a workplace in which diverse human resources can continue to work
- Percentage of sites with maintained/improved *Ikiiki* active engagement (engagement indicator) >20%
- Percentage of sites with maintained/improved respect for diversity (based on employee surveys) >30%
- Percentage of women in the total number of new hires >20%
- Percentage of women in the total number of regular employees >26%
- Percentage of women in managerial positions >5%
- Percentage of women in leadership positions >12%
- Rate of parental leave taken by male employees >30%
- Obtain certifications for *Eruboshi*, *Kurumin*, and *Nadeshiko*
3. Establish an internal dissemination system; share information on a regular basis and introduce the systematic diversity training plan

Related SDGs G4, G5, G8

Plans for FY2022

1. Introduce and establish a new human resources system
2. - Continue recruitment seminars for women and international students
- Examine and improve systems
- Assess usage of existing systems in the previous year and improve measures
- Set up Diversity, Equity and Inclusion Committee
- Set indexes for transforming job satisfaction and start measurement
3. Start new training for active involvement of female employees as well as unconscious bias training and training for female managers and female manager candidates

Performance in FY2022

1. Conducted as planned
2. Conducted as planned
3. Conducted as planned

Self assessment 1. 2. 3.

Plans for FY2023

1. Continue working to firmly establish the new human resources system operations and keep holding dialogues for internal familiarization
2. - Increase PR activities for mid-career recruitment
- Launch model projects at selected sites for instituting workplace systems that allow everyone to take at least 10 days' leave
- Obtain the *Eruboshi* certification
- Plan and conduct women's networking sessions
- Create and distribute the Parental Leave Handbook; hold briefing sessions for managers on taking parental leave by male employees
- Launch the employee engagement assessment program, and roll out best practices
3. Provide unconscious bias training, training for female employees and their superiors, harassment training, and training for persons responsible for administrative and personnel affairs

Health management

Commitment (FY2024)

Support realizing a workplace and physical and mental health for all employees to work at the forefront as they age

Targets (KPIs)

1. Preventive measures for mental and physical health risks
- Maintain and raise health literacy
- Reduce the ratio of high-stress employees to the average ratio reported by the research company by the end of FY24
2. Measures for high-risk/high-stress employees
- Raise and maintain the Group's specific health guidance implementation rate to 35% or more by the end of FY24
- Introduce a system to support the balancing of treatment and work

Related SDGs G3, G8

Plans for FY2022

1. - Disseminate the health management commitment; consider and implement group-wide training and event plans; continue providing mental health training
- Analyze group-wide health checkup data, identify health issues, set health management targets, and make improvements
- Provide feedback on stress check results to each workplace; continue hearing from, checking the progress of improvement at, and providing support at priority workplaces

2. - Maintain the Group's specific health guidance implementation rate at 35% or more
- Introduce systems to support employees in balancing medical treatment and work

Performance in FY2022

1. Conducted as planned
2. - Specific health guidance implementation rate: 26.7%
- Considered plans but deferred implementation
- Updated EAPs and conducted trials

Self assessment 1. 2.

Plans for FY2023

1. - Disseminate the health management commitment; continue implementing group-wide training and events
- Implement measures to achieve health management targets
- Provide feedback on stress check results to each workplace; continue selecting priority workplaces and hearing from, checking the progress of improvement at, and providing support at selected workplaces
2. - Maintain the Group's specific health guidance implementation rate at 35% or more
- Reconsider introducing systems to support employees in balancing medical treatment and work
- Introduce and operate EAPs for mental health support

Human resources development

Commitment (FY2024)

Develop employees who have their own will for value creation

1. Support self-motivated career development and capacity development and implement development measures for value creation
2. Provide employees with global and equal learning opportunities

Targets (KPIs)

1. Training measures for value creation
- Implement the new performance-based human resources system (the new HR system) and execute succession plans with greater HRBP functions
- Build systems for employees' self-motivated career development
- Adopt ICT tools to provide employees with more convenience and equitable learning opportunities
- Provide learning formats and contents that support self-motivated career development

- Provide contents that incorporate sustainability
- Implement group-wide ICT training
- 2. Continue to open each training program to group-wide employees of affiliates and national staff and enhance the contents

Related SDGs G4, G8

Plans for FY2022

1.
 - Create human resources allocation/succession plans
 - Start operating a human resource development system for the new HR system
 - Implement systems for self-motivated career development; conduct career training; manage the career support website; develop career consultants; conduct career consulting
 - Introduce learning platforms
 - Conduct training on integrated thinking-based management and SDGs
 - Establish an ICT training system
2.
 - Conduct training for national staff
 - Support local training in China

Performance in FY2022

1. Conducted as planned
2.
 - Postponed due to the impact of COVID-19
 - Conducted as planned

Self assessment 1. ○ 2. △

Plans for FY2022

1.
 - Implement human resources allocation/succession plans
 - Properly operate and improve the new HR system; promote and expand usage of one-on-one meeting across the group
 - Review and improve the HR development systems
 - Implement systems for self-motivated career development; conduct career training; consider development of career consulting systems
 - Conduct training on the Purpose, integrated thinking-based management, and SDGs
 - Continue ICT training
2. Consider resuming training for national staff

Intellectual capital

Intellectual property

Commitment (FY2024)

1. Build a system for IP activities and IP governance for long-term value creation
2. Acquire IP and protect technologies to support business and new initiatives related to the environment and energy
3. Develop human resources through IP education that matches the type of job and rank

Targets (KPIs)

1.
 - Reorganize and build systems for governance (respond to the revised CG Code)
 - Maintain the number of IP specialists assigned to each sector
 - Share internal IP information
 - Regularly disclose information externally (once a year) through the Integrated Report and the corporate website
2.
 - Practice IPL to support creation of new business opportunities (value) related to material cycle and CASE
 - The number of patent applications from each sector should be equal to or greater than that of the previous year; increase the number of departments that use time stamps
3. Continue group-wide IP education and enhance initiatives to employ and develop IP specialists

Related SDGs G4, G9

Plans for FY2022

1.
 - Organizational change to build an IP governance system
 - Consider a mechanism for internal information dissemination
 - Examine and announce contents to disclose through the corporate website and the Integrated Report
2.
 - Survey and start analysis on IP-related technical issues (e.g. CN, material cycle, CASE-related) group-wide
 - Enhance IPL tools; consider a system specialized in survey and planning
 - Set up a DX promotion project
3.
 - Continue hybrid training
 - Consider an education system for IP specialists

Performance in FY2022

1. Conducted as planned
2. Conducted as planned
3. Conducted as planned

Self assessment 1. ○ 2. ○ 3. ○

Plans for FY2023

1.
 - Ensure operating reorganized IP-related functions
 - Report to executives results of surveys and analyses conducted on group-wide IP-related technical issues
 - Share IP information with the Board of Directors and start relevant discussions in response to the revised CG Code, and prepare for disclosing information
2.
 - Continue surveys and analyses on group-wide technical issues and expand the coverage
 - Enhance IPL tools; build dedicated survey and planning functions
 - Utilize IP data in the R&D/business/IP divisions

3.
 - Further improve hybrid training
 - Build education systems for IP specialists and dispatch such specialists to external institutions

Quality assurance

Commitment (FY2024)

- Contribute to society and customers by optimizing the quality of products and services
1. Maintain a compliance system in line with the QAGL
 2. Provide customers and society with information on product functions, costs, health and safety, and sustainability (e.g. environmental and social impacts)
 3. Start design and development considering function, cost, health and safety, and sustainability
 4. Disclose the status of initiatives annually

Targets (KPIs)

1. Establish and operate a system for evaluation using the QAGL check sheet at target sites in Japan and overseas: 100%
2. All business units conduct evaluations using the "Information Provision Check Sheet" and implement guidelines: 100%
3. Evaluate all products and services using the Product and Service Design and Development Check Sheet: 100%
4. Disclose the initiatives through the Integrated Report and the corporate website (once a year)

Related SDGs G3, G6, G8, G9, G12

Plans for FY2022

1. Establish a system and confirm through audits (Japan, overseas)
2.
 - Complete research on relevant laws and regulations in each country
 - Develop and make known information provision guidelines and check sheets
3. Participate in examining the environmental contribution products system
4. Continue to disclose the status of the initiatives and consider disclosure by other means

Performance in FY2022

1. Conducted as planned. Review the QAGL; internal audits at 14 sites in Japan and overseas
2.
 - Research was completed in China and is underway in the US
 - Considered the outline of the information provision guidelines (GL)
3. Conducted as planned
4. Conducted as planned

Self assessment

1. ○ 2. △ 3. ○ 4. ○

Plans for FY2023

1.
 - Establish systems and confirm operations through audits at sites in Japan and overseas
 - Review audit results and the QAGL
2.
 - Establish information provision GL/CS
 - Continue research on relevant laws and regulations in each country; confirm the situation excluding the US and China
3.
 - Establish product design/development GL/CS
4.
 - Participate in operating the environmental contribution products system
4.
 - Continue to disclose the initiatives and consider disclosure by other means

Social and relationship capital

Community engagement

Commitment (FY2024)

1. Continue current social activities and brush them up through engagement
2. Promote volunteer activities by employees
3. Contribute to sustainable consumption

Targets (KPIs)

1. Initiate engagement
2. Provide a platform for volunteer activities
3.
 - Use locally produced foods at cafeterias and in-house stores at the sites
 - Implement measures to reduce food loss in the cafeterias and the in-house stores
 - Switch office supplies to green procurement

Related SDGs G12, G13, G17

Plans for FY2022

1. Survey the actual status of engagement using internal questionnaire (second)
2. Research on corporate afforestation activities
3.
 - Check routes for purchasing food to be used at company cafeterias and dormitories
 - Start management of green ethical procurement status

Performance in FY2022

1. Conducted as planned
2. Conducted as planned
3. Conducted as planned

Self assessment 1. △ 2. ◎ 3. ○

Plans for FY2023

1.
 - Exchange opinions with each site

2.
 - Research on corporate afforestation activities in target areas
3.
 - Confirm the situation of local-production-local-consumption procurement using internal surveys
 - Aggregate purchasing data of green/ethical products from internal surveys

11-Year Summary of Selected Financial Data

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31

Millions of yen

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Consolidated Financial Highlights												
Net sales		417,219	441,046	473,274	450,553	436,330	519,215	497,701	473,109	522,936	633,346	651,965
Operating income		16,557	25,743	31,835	11,137	38,461	49,529	18,222	13,037	51,124	60,737	12,528
Ordinary income		16,194	13,656	21,096	(11,284)	31,047	11,239	17,755	9,318	51,265	65,990	19,886
Profit attributable to owners of parent		9,910	3,662	17,237	(20,926)	18,674	(708)	4,691	1,566	44,771	52,088	8,511
Capital expenditures		22,601	27,160	28,906	28,446	37,718	40,509	36,119	33,999	28,176	27,457	32,515
Depreciation		23,952	24,178	25,146	25,066	24,414	26,634	27,964	28,970	33,882	33,168	33,647
Research and Development expenditures		5,867	5,795	6,265	6,575	7,163	8,015	9,523	10,125	10,571	10,939	12,365
Cash flows from operating activities		38,058	38,003	37,245	50,397	24,218	52,436	40,696	36,107	27,565	60,672	43,009
Cash flows from investing activities		(47,208)	(72,128)	(26,418)	(26,395)	(38,300)	(40,376)	(44,843)	(34,833)	(16,324)	(25,538)	(31,641)
Free cash flows		(9,150)	(34,125)	10,827	24,002	(14,082)	12,060	(4,147)	1,274	11,241	35,134	11,368
Total assets		438,072	503,825	538,646	484,800	518,981	518,705	523,315	537,119	595,107	637,878	631,894
Net assets		155,049	169,867	207,106	179,566	184,421	178,652	179,673	173,255	210,560	250,048	261,406
Shareholders' equity		154,397	156,280	170,994	146,469	161,713	157,271	159,207	157,296	197,874	241,075	243,360
Interest-bearing debt		180,372	218,500	210,390	191,733	207,421	208,418	216,878	233,070	247,930	225,100	219,249
Per share of common stock												
EPS (Earnings per share) *1	Yen	173.51	64.12	301.81	(366.41)	326.98	(12.40)	82.15	27.43	784.01	912.00	148.99
BPS (Net assets per share) *1	Yen	2,565.60	2,816.71	3,449.10	2,968.55	3,046.41	2,945.20	2,977.84	2,884.68	3,484.21	4,196.37	4,434.42
Cash dividends per share *1	Yen	30	40	60	60	70	70	70	70	85	110	140
Dividend payout ratio	%	17.3	62.4	19.9	-	21.4	-	85.2	255.2	10.8	12.1	94.0
DOE (Dividend on equity ratio) *2	%	1.1	1.5	2.0	2.3	2.5	2.5	2.5	2.5	2.5	2.6	3.3
Financial Ratios												
ROE (Return on equity)	%	7.1	2.4	9.6	(11.4)	10.9	(0.4)	2.8	0.9	24.6	23.8	3.5
ROA (Return on assets)	%	3.8	2.9	4.0	(2.2)	6.2	2.2	3.4	1.8	9.1	10.7	3.1
Net D/E ratio		1.13	1.26	0.98	1.03	1.10	1.11	1.15	1.22	1.09	0.82	0.76
Equity ratio	%	33.5	31.9	36.6	35.0	33.5	32.4	32.5	30.7	33.4	37.6	40.1

*1 The company conducted a share consolidation to change its share unit from 10 shares to 1 share on October 1, 2017. Past figures have been calculated assuming the share consolidation took place in 2012.

*2 In calculating the DOE (Dividend on Shareholders' Equity), we use the shareholders' equity at the end of the term.

Consolidated Balance Sheets

Millions of yen

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2022 and 2023

	2022	2023
Assets		
Current assets:		
Cash and deposits (Note 6)	¥ 29,615	¥ 26,817
Notes and accounts receivable, and contract assets (Notes 3 and 19) :		
Trade	111,496	101,897
Unconsolidated subsidiaries and affiliates	10,731	9,061
Inventories (Note 4)	177,476	176,250
Derivatives (Notes 19 and 20)	1,042	213
Other current assets	28,945	33,072
Less: Allowance for doubtful accounts	(263)	(149)
Total current assets	359,045	347,165
Property, plant and equipment (Note 9):		
Land	31,671	31,796
Buildings and structures	203,320	208,770
Machinery and equipment	497,955	513,103
Leased assets	4,640	5,536
Construction in progress	10,269	11,290
Others	60,500	63,186
	808,356	833,684
Less: Accumulated depreciation	(611,232)	(635,925)
Total property, plant and equipment	197,124	197,758
Investments and other assets:		
Investment securities (Notes 5 and 19):		
Unconsolidated subsidiaries and affiliates	46,731	52,582
Others	9,200	9,282
Loans receivable:		
Unconsolidated subsidiaries and affiliates	—	—
Others	412	405
Deferred tax assets (Note 18)	5,702	5,752
Asset for retirement benefits (Note 21)	7,577	7,631
Others	12,198	11,415
Less: Allowance for doubtful accounts	(114)	(98)
Total investments and other assets	81,708	86,970
Total assets	¥ 637,878	¥ 631,894
Liabilities and Net Assets		
Current liabilities:		
Notes and accounts payable (Note 19):		
Trade	55,727	51,973
Unconsolidated subsidiaries and affiliates	6,431	5,352
Others	18,524	18,512

	2022	2023
Short-term borrowings and commercial papers (Notes 7 and 19)	¥ 64,247	¥ 64,667
Current portion of long-term debt (Notes 7 and 19)	40,358	28,538
Current portion of lease liabilities	555	642
Accrued income taxes	5,265	1,787
Accrued expenses	10,224	9,963
Provision for product warranties	716	548
Provision for loss on construction contracts	0	57
Provision for loss on disposal of inventories	569	562
Derivative liabilities (Notes 19 and 20)	7,139	2,390
Other current liabilities (Note 8)	14,040	13,799
Total current liabilities	223,800	198,795
Long-term liabilities:		
Long-term debt (Notes 7 and 19)	120,495	126,043
Lease liabilities	1,472	1,571
Directors' and corporate auditors' retirement benefits	515	389
Deferred tax liabilities (Note 18)	5,666	8,034
Provision for environmental countermeasures	734	1,275
Provision for preventing environmental pollution in mineral, mining, and other operations	804	839
Provision for loss on litigation	163	—
Asset retirement obligations (Note 25)	4,320	3,726
Liability for retirement benefits (Note 21)	27,331	28,394
Other long-term liabilities	2,525	1,416
Total long-term liabilities	164,029	171,691
Total liabilities	387,829	370,487
Commitments and contingent liabilities (Note 10)		
Net Assets (Note 11):		
Shareholders' equity:		
Common stock:		
Authorized - 190,000 thousand shares in 2022 and in 2023		
Issued - 57,310 thousand shares in 2022 and 57,329 thousand shares in 2023	42,149	42,178
Capital surplus	18,701	18,729
Retained earnings	180,851	183,080
Less: Treasury stock		
191 thousand shares in 2022 and 191 thousand shares in 2023	(626)	(628)
Total shareholders' equity	241,075	243,360
Accumulated other comprehensive income:		
Net unrealized gains on securities, net of tax	2,512	3,362
Deferred gains (losses) on hedges, net of tax	(11,641)	(4,098)
Foreign currency translation adjustments	6,924	10,682
Accumulated adjustments for retirement benefit (Note 21)	821	64
Total accumulated other comprehensive income	(1,383)	10,010
Non-controlling interests in consolidated subsidiaries	10,356	8,035
Total net assets	250,048	261,406
Total liabilities and net assets	¥ 637,878	¥ 631,894

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2022 and 2023

Millions of yen

	2022	2023
Net sales (Notes 16 and 17)	¥ 633,346	¥ 651,965
Cost of sales (Notes 4 and 13)	510,782	572,628
Gross profit	122,564	79,337
Selling, general and administrative expenses (Notes 12 and 13)	61,826	66,808
Operating income	60,737	12,528
Non-operating income (expenses):		
Interest and dividend income	1,229	1,560
Interest expense	(1,852)	(2,011)
Foreign exchange gains	2,060	1,543
Investment gains (losses) on equity method	4,541	5,726
Real estate rent	511	508
Other, net	(1,237)	30
	5,252	7,358
Ordinary income (Note 17)	65,990	19,886
Extraordinary income (losses):		
Gain on sale of property, plant and equipment (Note 14)	245	129
Loss on sale and disposal of property, plant and equipment (Note 14)	(2,918)	(2,605)
Loss on valuation of shares of subsidiaries and associates	—	(1,096)
Gain on sale of investment securities	900	25
Gain on liquidation of shares of subsidiaries and associates	—	86
Insurance claim income	53	84
Reversal of allowance for doubtful accounts	—	52
Environmental expenses	(140)	(745)
Gain on reversal of customs duty for prior periods	1,141	—
Others, net (Notes 14 and 23)	(757)	(626)
	(1,475)	(4,697)
Profit before income taxes	64,514	15,189
Income taxes (Note 18):		
Current	10,612	6,022
Deferred	1,031	2,514
	11,643	8,536
Profit	52,871	6,653
Profit (loss) attributable to non-controlling interests	782	(1,858)
Profit attributable to owners of parent	¥ 52,088	¥ 8,511
Amounts per share of common stock:	Yen	Yen
Basic earnings per share (Note 22)	¥ 912.00	¥ 148.99
Cash dividends applicable to the year	110.02	140.00

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2022 and 2023

Millions of yen

	2022	2023
Profit	¥ 52,871	¥ 6,653
Other comprehensive income:		
Net unrealized gains (losses) on securities, net of tax	(532)	845
Deferred losses on hedges, net of tax	(7,971)	5,262
Foreign currency translation adjustments	10,129	3,881
Remeasurements of defined benefit plans, net of tax	(430)	(755)
Share of other comprehensive income (loss) of entities accounted for using equity method	(3,140)	2,291
Total other comprehensive income (Note 26)	(1,945)	11,524
Comprehensive income	¥ 50,925	¥ 18,177
(Breakdown)		
Comprehensive income attributable to owners of parent	¥ 49,610	¥ 19,906
Comprehensive income attributable to non-controlling interests	1,314	(1,728)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2022 and 2023

Millions of yen

2022	Number of shares of common stock issued (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2021	57,296	¥42,129	¥22,631	¥133,648	¥(625)	¥197,874
Cumulative effects of changes in accounting policy				(31)		(31)
Restated balance		42,129	22,631	133,617	(625)	197,752
Cash dividends paid				(4,853)		(4,853)
Profit attributable to owners of parent				52,088		52,088
Acquisition of treasury stock					(1)	(1)
Share-based payments with transfer restrictions		20	20			40
Changes in capital surplus due to transactions with non-controlling shareholders			(3,950)			(3,950)
Net changes of items other than shareholders' equity						
Balance at March 31, 2022	57,310	¥42,149	¥18,701	¥180,851	¥(626)	¥241,075

	Net unrealized gains on securities, net of tax	Deferred gains(losses) on hedges, net of tax	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets (Note 11)
Balance at April 1, 2021	¥3,059	¥(552)	¥(2,696)	¥1,283	¥1,093	¥11,591	¥210,470
Cumulative effects of changes in accounting policy							(31)
Restated balance	3,059	(552)	(2,696)	1,283	1,093	11,591	210,438
Cash dividends paid							(4,853)
Profit attributable to owners of parent							52,088
Acquisition of treasury stock							(1)
Share-based payments with transfer restrictions							40
Changes in capital surplus due to transactions with non-controlling shareholders							(3,950)
Net changes of items other than shareholders' equity	(546)	(11,089)	9,620	(462)	(2,477)	(1,235)	(3,713)
Balance at March 31, 2022	¥2,512	¥(11,641)	¥6,924	¥821	¥(1,383)	¥10,356	¥250,048

See accompanying notes to consolidated financial statements.

Millions of yen

2023	Number of shares of common stock issued (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2022	57,310	¥42,149	¥18,701	¥180,851	¥(626)	¥241,075
Cash dividends paid				(6,283)		(6,283)
Profit attributable to owners of parent				8,511		8,511
Acquisition of treasury stock					(1)	(1)
Share-based payments with transfer restrictions		28	28			57
Changes in capital surplus due to transactions with non-controlling shareholders			(0)			(0)
Net changes of items other than shareholders' equity						
Balance at March 31, 2023	57,329	¥42,178	¥18,729	¥183,080	¥(628)	¥243,360

	Net unrealized gains on securities, net of tax	Deferred gains(losses) on hedges, net of tax	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets (Note 11)
Balance at April 1, 2022	¥2,512	¥(11,641)	¥6,924	¥821	¥(1,383)	¥10,356	¥250,048
Cash dividends paid							(6,283)
Profit attributable to owners of parent							8,511
Acquisition of treasury stock							(1)
Share-based payments with transfer restrictions							57
Changes in capital surplus due to transactions with non-controlling shareholders							(0)
Net changes of items other than shareholders' equity	8494	7,543	3,758	(757)	11,394	(2,320)	9,073
Balance at March 31, 2023	¥3,362	¥(4,098)	¥10,682	¥64	¥10,010	¥8,035	¥261,406

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2022 and 2023

Millions of yen

	2022	2023
Cash flows from operating activities:		
Profit before income taxes	¥ 64,514	¥ 15,189
Depreciation and amortization	33,167	33,646
Loss on impairment of fixed assets (Note 23)	412	34
Gain and loss on sale of investment securities	(900)	(25)
Loss (gain) on sale of property, plant and equipment, net (Note 14)	(192)	26
Loss on disposal of property, plant and equipment (Note 14)	2,865	2,450
Gain on reversal of customs duty for prior periods	(1,141)	—
Increase (decrease) in allowance for doubtful accounts	76	(132)
Increase (decrease) in liability for retirement benefits	512	494
Interest and dividend income	(1,229)	(1,560)
Interest expense	1,852	2,011
Foreign exchange losses (gains)	(1,485)	(438)
Investment losses (gains) on equity method	(4,541)	(5,726)
Loss on valuation of shares of subsidiaries and associates	—	1,096
Increase (decrease) in notes and accounts receivables and contract assets	(2,738)	13,633
Increase (decrease) in inventories	(21,815)	3,649
Increase (decrease) in notes and accounts payable	9,008	(7,793)
Other, net	(9,531)	(2,378)
Subtotal	68,834	54,177
Interest and dividend received	1,919	2,680
Interest paid	(1,868)	(1,976)
Income taxes paid	(9,190)	(12,595)
Income taxes refund	813	190
Other, net	165	532
Net cash provided by operating activities	60,672	43,009
Cash flows from investing activities:		
Purchases of investment securities	(528)	(310)
Proceeds from sale of investment securities	2,406	35
Acquisition of property, plant and equipment and other assets	(25,488)	(31,150)
Proceeds from sale of property, plant and equipment	678	392
Payments for retirement of property, plant and equipment and other assets	(2,068)	(1,811)
Decrease (increase) in short-term loans receivable, net	(49)	(263)
Other, net	(488)	1,467
Net cash used in investing activities	(25,538)	(31,641)

Millions of yen

	2022	2023
Cash flows from financing activities:		
Net change in short-term borrowings and commercial papers	(11,686)	(744)
Proceeds from long-term debt	6,588	29,138
Repayment of long-term debt	(20,294)	(35,485)
Repayment of lease liabilities	(1,248)	(673)
Issuance of straight bonds	10,000	10,000
Redemption of straight bonds	(10,000)	(10,000)
Cash dividends paid	(4,853)	(6,283)
Dividends paid to non-controlling interests	(333)	(591)
Purchase of shares of consolidated subsidiary	(5,645)	—
Other, net	(47)	(44)
Net cash provided by (used in) financing activities	(37,521)	(14,683)
Effect of exchange rate changes on cash and cash equivalents	1,599	518
Net increase (decrease) in cash and cash equivalents	(788)	(2,797)
Cash and cash equivalents at beginning of year	30,402	29,614
Cash and cash equivalents at end of year (Note 6)	¥29,614	¥26,816

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2022 and 2023

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or accounting principles generally accepted in the U.S., with adjustments for the specified four items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Mitsui Mining and Smelting Company, Limited ("the Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory consolidated financial statements prepared in Japanese, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million Japanese yen have been rounded down in the presentation of the accompanying consolidated financial statements. As a result, the totals in Japanese yen shown herein do not necessarily agree with the sums of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2023, which was ¥133.54 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its 52 significant subsidiaries (the "Companies"). One subsidiary was excluded from the scope of consolidation from the fiscal year ended March 31, 2023 due to a decrease of its materiality to the consolidated financial statements. All significant intercompany transactions, accounts and unrealized profits among the Companies have been eliminated in consolidation. Investments in the 7 significant affiliates which the Company and its subsidiaries are able to have influence on their financial and operating decision-making in material extent, are accounted for by the equity method after the elimination of unrealized intercompany profits. Investments in the remaining unconsolidated subsidiaries and affiliates are not accounted for by the equity method because of their immaterial effect on the consolidated financial statements. Such investments, therefore, are carried at cost, adjusted for any substantial and non-recoverable decline in value, and income from such unconsolidated subsidiaries and affiliates is recognized only when the Companies receive dividends.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time when the Company acquired control of the respective subsidiaries.

The consolidation difference between acquisition cost and net assets at the date of acquisition is shown as goodwill and amortized mainly in five years. Negative goodwill is recognized as profit on the acquisition date.

(b) Foreign currency translation

Revenues and expenses are translated at the foreign exchange rates prevailing when transactions are made. Monetary claims and liabilities denominated in foreign currencies are generally translated into each reporting currency at the foreign exchange rates prevailing at the balance sheet dates and the resulting translation gains or losses are included in earnings.

All assets and liabilities of consolidated foreign subsidiaries are translated into Japanese yen at the foreign exchange rates prevailing at their balance sheet dates and revenues and expenses of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rates prevailing during the year. The resulting translation adjustments are shown as "Foreign currency translation adjustments," in a component of net assets.

(c) Cash and cash equivalents

In the accompanying consolidated statements of cash flows, cash and cash equivalents include cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition which have high liquidity and negligible risk of price fluctuation.

(d) Marketable securities, investment securities and investments in unconsolidated subsidiaries and affiliates other than those accounted for by the equity method

Securities owned by the Companies are classified into:(1) securities intended to be held to maturity (hereafter, "held-to-maturity securities"), (2) equity securities issued by subsidiaries and affiliated companies, or (3) all other securities that are not classified as trading securities or in any of the above categories (hereafter, "available-for-sale securities").

Held-to-maturity securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are mainly stated at average cost. Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as a component of net assets. Realized gains and losses on sale of such securities are computed using average cost or moving-average cost. Other available-for-sale securities with no available fair market value are mainly stated at average cost.

(e) Derivative transactions and hedge accounting

The Companies generally state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless they are used for hedging purposes and qualified for hedge accounting.

If derivative financial instruments are used as hedges and meet certain hedging criteria, gains or losses resulting from changes in their fair value are generally deferred as a component of other comprehensive income in the consolidated statement of comprehensive income, and charged to income when the related gains or losses on the hedged items are recognized.

All derivative contracts are based on actual demand and not for trading in the short term or for speculation.

For currency swap contracts, interest rate swap contracts, metal forward contracts and fuel forward contracts, the Companies evaluate hedge effectiveness by comparing the cumulative changes in cash flows or the changes in fair value of the hedged items with the corresponding changes in the hedging derivative instruments.

The evaluation of effectiveness is skipped for currency forward contracts that are believed to have high hedge effectiveness, such as in cases where hedging instruments and hedged items share the same important characteristics.

(f) Inventories

Inventories are stated primarily at lower of cost or net selling value based on the following methods:

The Company:

Metals Sector, Mobility Sector

Subsidiaries:

Kamioka Mining & Smelting Co., Ltd. (except for the metal powders factory), Hachinohe Smelting Co., Ltd. and others

: First-in, first-out method

The Company:

Copper Foil Division

Subsidiaries:

Mitsui Kinzoku ACT Corporation

: Moving average method

The Company:

Engineered Materials Sector (except for Copper Foil Division)

Subsidiaries:

The metal powders factory of Kamioka Mining & Smelting Co., Ltd., Nippon Yttrium Co., Ltd., Mitani Shindo Co., Ltd. and others

: Average method

Overseas subsidiaries

: Average method or first-in, first-out method

(g) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is generally computed by the declining-balance method based on the estimated durable years of these depreciable assets, except the straight-line method is applied to:(1) buildings, excluding building fixtures, acquired since April 1, 1998, and building fixtures and structures, which were acquired since April 1, 2016. (2) certain plant facilities of the Company and (3) property, plant and equipment of certain consolidated subsidiaries. The durable years of these assets generally range from 7 to 50 years for buildings, 3 to 60 years for structures and 2 to 20 years for machinery and equipment.

Leased assets used under finance leases and capitalized, are depreciated over the lease terms of respective assets by the straight-line method.

(h) Allowance for doubtful accounts

The Company and consolidated subsidiaries provide an allowance for doubtful accounts in an amount sufficient to cover probable losses on collection by estimating individually uncollectible amounts and applying a percentage based on historical data to the remaining accounts.

(i) Provision for product warranties

Reserve for product warranties is provided to accrue estimated costs of repairing products free of charge, based on individually estimated amounts which are reliably measurable or the amounts computed by the ratio of actual repair costs which correspond to net sales.

(j) Provision for loss on disposal of inventories

Provision for loss on disposal inventories is provided to accrue estimated costs of disposal of inventories, such as by-products and other materials.

(k) Employees' retirement benefits

The Companies provided employees' retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date. The liabilities and expenses for employees' retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

Prior service costs are amortized by the straight-line method over periods of 1 to 5 years which are within the average remaining years of service of the employees.

Actuarial differences are amortized primarily from the year in which the actuarial differences are incurred by the straight-line method over periods of 1 to 12 years which are within the average remaining years of service of the employees.

(l) Directors' and corporate auditors' retirement benefits

Directors and corporate auditors are generally entitled to receive retirement benefits based on the Companies' internal rules. Their retirement benefits are accrued at the amount required to be paid in accordance with the internal rules if the directors and corporate auditors retired at the balance sheet date.

(m) Provision for environmental countermeasures

With enactment of the legislation about special measures concerning the proper treatment of PCB (polychlorinated biphenyl) waste, the Company and its domestic subsidiaries provide for environmental countermeasures to accrue estimated cost of disposal of PCB waste.

Furthermore, estimated cost of soil improvement and preventing environmental pollution is charged to this account.

(n) Provision for preventing environmental pollution in mineral, mining, and other operations

Provision for preventing environmental pollution in mineral, mining, and other operations is provided to accrue estimated cost of preventing the environmental pollution following the termination of use of mineral, mining, and other facilities.

(o) Research and development expenses

Research and development expenses are charged to expenses when incurred.

(p) Accounting policy for recognition of significant revenues and expenses

The Companies recognize revenue through the following five steps.

Step1: Identify contract(s) with customers.

Step2: Identify the performance obligations in the contract.

Step3: Determine the transaction price.

Step4: Allocate the transaction price to the performance obligation in the contract.

Step5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Companies mainly engage in businesses related to the four segments Engineered Materials, Metals, Mobility, and Other business thereby handling a wide range of products in those realms.

In selling such products, the Companies recognize revenue mainly upon delivery of a product because it deems that the customer generally has gained control of the product upon its delivery, thereby satisfying the performance obligation.

In domestic sales, the Companies recognize revenue either upon delivery or upon shipment of a product in cases where the normal time has elapsed from the time of product shipment until the time when control of the product has been transferred to the customer.

In export sales, the Companies recognize revenue mainly upon having transferred the burden of risk to the customer pursuant to the terms of trade stipulated under the Incoterms or other similar terms.

The Companies engage in product sales involving transactions performed with the Companies serving as an agent who arrange for the product to be provided to a customer by another party. Under those circumstances, the Companies recognize revenue as the anticipated amount of remuneration or fees it is to receive in exchange for it having arranged to have another party provide the product (or the net amount of the consideration received in exchange for the products provided by the another parties and payments to the another parties).

Engineering services and other businesses have long-term construction contracts, and it is determined that the performance obligations in such contracts are satisfied over time. Revenue is therefore recognized based on the progress towards complete satisfaction of the performance obligation. The progress is measured on the basis of the construction costs incurred by the end of each reporting period relative to the total expected construction costs.

Revenue is measured by deducting discounts, rebates, product returns, etc., from consideration promised under contracts with customers.

The Companies recognize revenue at the point in time when the performance obligation has been fully satisfied, rather than recognizing revenue over a certain period of time, in cases where a very short time has elapsed from the transaction initiation date under a contract until the anticipated point in time when a performance obligation is to be fully satisfied.

Revenue is measured by deducting discounts, rebates, product returns, etc., from consideration promised under contracts with customers.

In cases where consideration includes variable consideration such as discounts and provisional unit price, the Companies estimate the sum of variable consideration using a method that enlists mode values. When uncertainty regarding the amount of variable consideration is subsequently resolved, the Companies include in its transaction price only the portion that the revenue is highly unlikely to be reduced significantly by the time of removal of the uncertainty.

The consideration is primarily received within one year of satisfying performance obligations and does not contain a significant financing component.

(q) Income taxes

The Companies recognize tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income of each of the Companies, with certain adjustments required for consolidation and tax purposes.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(r) Earnings per share, diluted earnings per share and cash dividends per share

Earnings per share is computed based on the weighted-average number of shares of common stock outstanding during the respective fiscal year.

Diluted earnings per share is not presented as there were no shares with dilutive effects in 2022 and 2023.

Cash dividends per share represent the historical amount applicable to the respective year.

(s) Reclassification

Certain prior year amounts have been reclassified to conform to the 2023 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

(t) Accounting of consumption tax

Consumption tax generally withheld upon sale, as well as that paid for purchases of goods or services, is recorded as a liability or an asset, and is excluded from the relevant revenue, costs or expenses.

(Significant accounting estimates)

1. Valuation of inventories

(1) Amounts recorded in the consolidated financial statements for the year ended March 31, 2023

Merchandise and finished goods	¥62,056 million (\$464,699 thousand)
Work in progress	¥39,276 million (\$294,114 thousand)
Raw materials and supplies	¥74,918 million (\$561,015 thousand)

(2) Information on the nature of significant accounting estimates for identified items

Inventories are stated at the acquisition cost, however, if the net realizable value or replacement cost is lower than the acquisition costs at the end of the year, inventories are measured at the net realizable value or replacement cost, and the difference from the acquisition cost is recorded as an expense for the period. In addition, the carrying amounts of slow-moving and obsolete inventories are written down to the estimated disposal value. The net realizable values used in valuation of inventories are calculated based on the most recent actual unit selling prices and the actual selling costs, which reflect the influences of changes in quoted market prices of nonferrous metals on actual unit selling prices. Quoted market prices of nonferrous metals are determined based on listed prices on the London Metal Exchange ("LME") and other international markets (hereinafter, these prices are referred to as the "LME or other market prices"). The LME or other market prices fluctuate under the influences of various factors such as the international supplydemand balance, global political and economic conditions, and speculative trading. Accordingly, any failure in calculating accurate net realizable values reflecting the LME or other market prices, which are used for the valuation of inventories, may have significant effect on valuation of inventories.

2. Recoverability of deferred tax assets

(1) Deferred tax assets recorded in the consolidated financial statements for the year ended March 31, 2023

Deferred tax assets ¥5,752 million (\$43,073 thousand)

(2) Information on the nature of significant accounting estimates for identified items

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which future deductible temporary differences, etc. can be utilized.

Deferred tax assets are recognized based on the estimated timing and amount of taxable income based on future business plans. The estimates could be affected by factors such as changes in uncertain future economic conditions. If the estimates differ from the actual timing and amount of taxable income, this could have a significant impact on the amount of deferred tax assets in the consolidated financial statements for the following fiscal year.

(Changes in Accounting Policies)

1. Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company and its subsidiaries apply "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) since the year ended March 31, 2022, and prospectively apply the new accounting policies under ASBJ Guidance No. 31 in accordance with the transitional provision set out in paragraph 27-2 of ASBJ Guidance No. 31.

This change has no impact on the consolidated financial statements.

2. Change in inventory valuation method

Effective from the current fiscal year, Mitsui Kinzoku ACT Corporation, the Company's consolidated subsidiary, has changed its inventory valuation method from first-in, first-out method to the moving-average method.

This change has been made due to modification of the ERP system, and has not been retrospectively applied to the previous fiscal years because the effect of the change in the accounting policy is immaterial.

(Accounting standards and guidance not yet adopted)

Following accounting standards and guidance are those issued but not yet adopted.

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No.27, October 28, 2022, ASBJ)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No.25, October 28, 2022, ASBJ)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No.28, October 28, 2022, ASBJ)

(1) Overview

These accounting standards and guidance determined the categories in which income tax expense should be recorded in case taxes are imposed on other comprehensive income and tax effects associated with sales of shares of subsidiaries etc. when the group taxation regime is applied.

(2) Effective date

The standards and guidance will be effective from the beginning of the fiscal year ending March 31, 2025.

(3) Effects of application of the standards and guidance

The effects of application of Accounting Standard for Current Income Taxes, etc. on the consolidated financial statements are currently under evaluation.

(Changes in presentation)

Consolidated statement of income

"Insurance claim income" that had been presented under "Others, net" under "Extraordinary income (losses)" in the previous fiscal year has exceeded ten percent of the total amount of extraordinary income, and has therefore been presented separately under "Extraordinary income (losses)" in the current fiscal year.

"Environmental expenses" that had been presented under "Others, net" under "Extraordinary income (losses)" in the previous fiscal year has exceeded ten percent of the total amount of extraordinary losses, and has therefore been presented separately under "Extraordinary income (losses)" in the current fiscal year.

"Loss on impairment of fixed assets" that had been included separately under "Extraordinary income (losses)" in the previous fiscal year has not exceeded ten percent of the total amount of extraordinary losses, and has therefore been presented under "Others, net" under "Extraordinary income (losses)" in the current fiscal year.

To reflect these changes, Consolidated statement of income in the previous fiscal year has been reclassified.

As a result, ¥(412) million that was presented as "Loss on impairment of fixed assets" and ¥(431) million that was presented as "Others, net" under "Extraordinary income (losses)" in the consolidated statement of income for the year ended March 31, 2022 have been restated as "Insurance claim income" of ¥53 million, "Environmental expenses" of ¥(140) million and "Others, net" of ¥(757) million.

3. Receivables and contract assets from contracts with customers

The amounts of receivables and contract assets from contracts with customers included in notes and accounts receivable, and contract assets as of March 31, 2023 were as follows:

	Millions of yen
	2023
Receivables from contracts with customers	
Notes receivable	¥9,013
Accounts receivable	100,714
Contract assets	1,231

4. Inventories

Inventories at March 31, 2022 and 2023 consisted of the following:

	Millions of yen	
	2022	2023
Merchandise and finished goods	¥63,379	¥62,056
Work in process	39,983	39,276
Raw materials and supplies	74,112	74,918
Total	¥177,476	¥176,250

Write-downs, net of reversal of write-downs recognized during the prior fiscal year, are included in the cost of sales for the fiscal years ended March 31, 2022 and 2023 respectively as follows:

	Millions of yen	
	2022	2023
Cost of sales	¥1,736	¥5,523
Total	¥1,736	¥5,523

5. Securities

(a) Acquisition costs and book values of available-for-sale securities with fair value as of March 31, 2022 and 2023 were as follows:

Year ended March 31, 2022	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥4,935	¥1,764	¥3,170
Subtotal	4,935	1,764	3,170
Securities whose book value does not exceed acquisition cost:			
Stocks	9	11	(2)
Bonds	234	240	(5)
Subtotal	243	251	(8)
Total	¥5,178	¥2,016	¥3,161

Year ended March 31, 2023	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥6,192	¥1,783	¥4,408
Subtotal	6,192	1,783	4,408
Securities whose book value does not exceed acquisition cost:			
Stocks	6	7	(1)
Bonds	230	240	(9)
Subtotal	236	247	(11)
Total	¥6,429	¥2,031	¥4,397

(b) Available-for-sale securities sold for the years ended March 31, 2022 and 2023 were as follows:

		Millions of yen	
		2022	2023
Total sale amount	Stocks	¥2,474	¥35
Gains	Stocks	900	25
Losses	Stocks	—	—

(c) Securities written-down for the year ended March 31, 2023 were as follows:

Losses on write-downs of securities amounted to ¥1,096 million (\$8,207 thousand) (¥1,096 million (\$8,207 thousand) for shares of subsidiaries and affiliates) for the year ended March 31, 2023.

As for write-downs of securities, the securities without market prices whose net asset value are significantly decreased due to the deterioration of financial position of their issuing companies are written-down to the amount needed considering the recoverability of the net asset value.

6. Consolidated Statement of Cash Flows

(a) Amounts of cash and cash equivalents

Amounts of cash and cash equivalents at March 31, 2022 and 2023 were reconciled with cash and deposits as follows:

		Millions of yen	
		2022	2023
Cash and deposits		¥29,615	¥26,817
Time deposits with maturities exceeding three months from the date of deposit		(1)	(1)
Total : Cash and cash equivalents		¥29,614	¥26,816

7. Short-Term Borrowings and Long-Term Debt

Short-term borrowings at March 31, 2022 and 2023 consisted of the following:

		Millions of yen	
		2022	2023
Short-term bank loans, generally represented by short-term notes and bank overdrafts, bore interest at annual rates ranging from 0.270% to 5.350% and from 0.352% to 7.950% at March 31, 2022 and 2023, respectively.		¥46,247	¥46,667
Commercial paper with interest at annual rate of (0.01)% and (0.00)% at March 31, 2022 and 2023, respectively.		18,000	18,000
		¥64,247	¥64,667

Long-term debt at March 31, 2022 and 2023 consisted of the following:

		Millions of yen	
		2022	2023
0.58 % yen unsecured straight bonds due in 2027		¥ —	¥10,000
0.43 % yen unsecured straight bonds due in 2027		10,000	10,000
0.16 % yen unsecured straight bonds due in 2026		10,000	10,000
0.22 % yen unsecured straight bonds due in 2024		10,000	10,000
0.20 % yen unsecured straight bonds due in 2023		10,000	10,000
0.20 % yen unsecured straight bonds due in 2022		10,000	—

Banks, insurance companies and other financial institutions, maturing through 2028 at interest rates ranging from 0.000% to 10.220% at March 31, 2023:

		Millions of yen	
		2022	2023
Secured		552	860
Unsecured		110,067	103,586

Government-owned banks and government agencies, maturing through 2027 at interest rates ranging from 1.300% to 1.800% at March 31, 2022:

		Millions of yen	
		2022	2023
Secured		234	134
Unsecured		—	—

		160,854	154,581
Less: Current portion		40,358	28,538
		¥120,495	¥126,043

The aggregate annual maturities of long-term debt at March 31, 2023 were as follows:

Year ending March 31,	Millions of yen
2024	¥28,538
2025	39,727
2026	33,114
2027	21,501
2028	31,700
Thereafter	—
Total	¥154,581

The 0.20% yen unsecured straight bonds due in 2023 were issued on November 29, 2018 by the Company.
The 0.22% yen unsecured straight bonds due in 2024 were issued on November 28, 2019 by the Company.
The 0.16% yen unsecured straight bonds due in 2026 were issued on March 4, 2021 by the Company.
The 0.43% yen unsecured straight bonds due in 2027 were issued on March 3, 2022 by the Company.
The 0.58% yen unsecured straight bonds due in 2027 were issued on November 29, 2022 by the Company.

8. Contract Liabilities

The amount of contract liabilities included in other current liabilities as of March 31, 2023 was as follows:

		Millions of yen	
		2022	2023
Contract Liabilities		—	¥3,935

9. Pledged Assets

Assets pledged as collateral for long-term debt at March 31, 2022 and 2023 were as follows:

		Millions of yen	
		2022	2023
Property, plant and equipment, net book value		¥6,418	¥6,349
		¥6,418	¥6,349

10. Contingent Liabilities

Contingent liabilities at March 31, 2022 and 2023 were as follows:

	Millions of yen	
	2022	2023
Notes receivable discounted	¥63	¥82
Notes and accounts receivable securitized with recourse	262	230
Loans guaranteed		
Unconsolidated subsidiaries and affiliates	74,545	85,317
Others	240	204
	¥75,111	¥85,834

11. Net Assets

Under the Japanese Companies Act, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in-capital, which is included in capital surplus.

The Japanese Company Act provides that an amount equal to 10% of cash dividends and other cash appropriations of retained earnings must be set aside as a legal earnings reserve included in retained earnings until the total amount of capital surplus and the legal earnings reserve equals 25% of common stock.

The excess of the total amount of capital surplus and the legal earnings reserve over 25% of common stock can be transferred to retained earnings by a resolution of the shareholders, which may be available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Japanese Companies Act.

(a) Shares issued and outstanding

Changes in number of shares issued and outstanding during the year ended March 31, 2022 and 2023 were as follows:

	Shares of common stock	Shares of treasury stock
	(Thousands)	(Thousands)
Balance at April 1, 2021	57,296	190
Increase during the year	13	0
Decrease during the year	—	—
Balance at March 31 and April 1, 2022	57,310	191
Increase during the year	19	0
Decrease during the year	—	—
Balance at March 31, 2023	57,329	191

(b) Dividends

Dividends paid for the year ended March 31, 2023 were as follows:

	Millions of yen
Approved at the shareholders' meeting held on June 29, 2022	¥6,283
Total	¥6,283

Dividends included in the retained earnings at March 31, 2023 and to be paid in subsequent periods were as follows:

	Millions of yen
Approved at the shareholders' meeting held on June 29, 2023	¥7,999
Total	¥7,999

12. Selling, General and Administrative Expenses

Principal items of selling, general and administrative expenses for the years ended March 31, 2022 and 2023 were as follows:

	2022	2023
Freightage related expenses	¥11,865	¥11,821
Salaries	11,858	12,958
Bonus and retirement pay	2,739	2,742
Provision for bonuses	2,078	2,124
Retirement benefit expenses	594	754
Provision for directors' and corporate auditors' retirement benefits	85	87
Provision for product warranties	274	50
Depreciation expense	2,633	3,466
Research and development/Exploration expenses	9,775	11,359

13. Research and Development Expenses

Research and development expenses included in production cost and selling, general and administrative expenses amounted to ¥10,939million and ¥12,365million (\$92,593 thousand) for the years ended March 31, 2022 and 2023, respectively.

14. Extraordinary profit and loss

(a) Gain on sale of property, plant and equipment

	Millions of yen	
	2022	2023
Buildings and structures	¥37	¥27
Machinery and equipment	148	86
Land	23	0
Others	36	14
Total	¥245	¥129

(b) Loss on sale of property, plant and equipment

	Millions of yen	
	2022	2023
Buildings and structures	¥6	¥39
Machinery and equipment	27	88
Land	4	6
Others	14	21
Total	¥53	¥155

(c) Loss on disposal of property, plant and equipment

	Millions of yen	
	2022	2023
Buildings and structures	¥344	¥336
Machinery and equipment	2,322	1,956
Others	199	157
Total	¥2,865	¥2,450

(d) Provisions included in other, net of extraordinary losses

	Millions of yen	
	2022	2023
Provision for allowance for doubtful accounts	¥52	¥0
Provision for loss on litigation	46	—

15. Lease

Future lease payments under noncancellable operating leases at March 31, 2022 and 2023 were as follows:

	Millions of yen	
	2022	2023
Due within one year	¥465	¥489
Due after one year	1,108	818
	¥1,574	¥1,307

16. Net Sales

Disaggregation of revenue and relationship with each reportable segment for the year ended March 31, 2023 was summarized as follows:

Year ended March 31, 2023	Reportable segment				Total	Adjustment	Millions of yen Consolidated
	Engineered Materials	Metals	Mobility	Other Businesses			
Major product/services							
Engineered Powders	¥24,994	¥—	¥—	¥—	¥24,994	¥—	¥24,994
Copper Foil	63,427	—	—	—	63,427	—	63,427
Zinc and Lead	—	190,588	—	—	190,588	—	190,588
Copper and Precious metals	—	56,166	—	—	56,166	—	56,166
Catalyst for exhaust-gas purification	—	—	113,045	—	113,045	—	113,045
Automobile Door Lock	—	—	86,015	—	86,015	—	86,015
Products of other businesses	—	—	—	104,134	104,134	—	104,134
Engineering services, other	—	—	—	23,973	23,973	—	23,973
Others	24,109	9,646	17,408	—	51,164	—	51,164
Subtotal	112,531	256,401	216,468	128,108	713,511	—	713,511
Adjustments	(6,546)	(52,515)	(2,346)	(26,224)	(87,633)	26,087	(61,545)
External revenue	105,985	203,886	214,121	101,884	625,877	26,087	651,965
Revenue from contracts with customers	106,729	205,460	214,121	101,884	628,196	26,087	654,283
Other revenue	(743)	(1,573)	—	(0)	(2,318)	—	(2,318)

Notes:

Other revenue includes revenue, etc. generated from derivative transactions pursuant to the "Accounting Standard for Financial Instruments".

(a) Basic information to understand Revenue from contracts with customers

It is described in Note 2. "Summary of Significant Accounting Policies (q) Accounting policy for recognition of significant revenues and expenses".

(b) Information about the relationship between satisfaction of performance obligations pursuant to contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers prevailing as of the end of the current fiscal year

(1) Outstanding balance of contract assets and contract liabilities, etc.

It is described in Note 3 "Receivables and contract assets from contracts with customers" and Note 8 "Contract Liabilities".

(2) Transaction price allocated to remaining performance obligations

Because there are no significant transactions for which an estimated contract period initially exceeds one year, the practical expedient is applied and information on remaining performance obligations has been omitted.

In addition, consideration to be received from contracts with customers does not comprise any significant amounts not included in transaction prices.

17. Segment Information

The operations of the Companies for the years ended March 31, 2022 and 2023 were summarized as follows:

(a) Overview of reportable segments

The reportable segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

The Company has business sectors categorized by products and services in head office, and each business sector plans business strategies comprehensively and operates business activities domestically and internationally.

As a result, the Company reports four segments: Engineered Materials, Metals, Mobility, and Other Businesses, based on business sectors categorized by products and services.

(Changes in reportable segments)

As a result of Company-wide organizational reforms that took place on April 1, 2022, the Company has changed its categorization of the reporting segments from the consolidated fiscal year ended March 31, 2023, changing from the Engineered Material segment, Metals segment, Automotive Parts & Components segment, and the Affiliates Coordination segment to Engineered Materials segment, Metals segment, Mobility segment, and Other Businesses segment.

Segment information for the previous fiscal year has been restated to reflect the changes in reportable segments.

(b) Basis for Calculating amounts of net sales, profit or loss, assets, and other items by reported segments

Accounting procedure for reportable segments, excluding the handling treatment for converting the income, expenses and assets of overseas subsidiaries into Japanese currency, is mostly the same as procedures described in Note 2. "Summary of Significant Accounting Policies". The handling treatment for converting the income, expenses and assets of overseas subsidiaries into Japanese currency is mainly based on anticipated exchange rates at the time budgets were formulated. Profit for reportable segments is based on ordinary income. Sales for inter-segment are based on actual market prices.

(c) Information on amounts of net sales, profit or loss, assets, and other items by reported segments

Segment information as of and for the year ended March 31, 2022, which was restated in conformity with reorganization, was as follows:

Year ended March 31, 2022	Reportable segment				Total	Adjustment	Millions of yen Consolidated
	Engineered Materials	Metals	Mobility	Other Businesses			
Sales:							
Outside customers	¥127,246	¥194,099	¥203,601	¥90,741	¥615,688	¥17,658	¥633,346
Inter-segment	8,867	46,816	3,510	27,919	87,114	(87,114)	—
Total	136,114	240,915	207,111	118,661	702,802	(69,455)	633,346
Segment profit	29,963	36,285	2,436	3,866	72,551	(6,561)	65,990
Segment assets	108,024	238,607	174,883	88,678	610,194	27,683	637,878
Depreciation expense	6,511	14,344	7,001	1,459	29,315	3,851	33,167
Amortization of goodwill and negative goodwill	—	140	—	—	140	—	140
Interest income	44	146	86	103	381	(262)	119
Interest expense	165	450	1,137	138	1,891	(38)	1,852
Investment gains (losses) on equity method	—	2,247	—	2,328	4,575	(34)	4,541
Investment for entities accounted for using the equity method	—	20,259	—	20,653	40,913	(167)	40,745
Increase in property, plant and equipment, and intangible assets	6,845	8,710	6,090	1,384	23,030	4,425	27,456

Notes :

(a) Amounts of adjustment are as follows:

- (1) Adjustments of sales to external customers are the difference mainly derived from the conversion process of sales of overseas subsidiaries to the Japanese currency.(The difference between the anticipated exchange rates at the time budgets were formulated and the average exchange rates during the year)
Adjustment to segment profit, which amounted to ¥(6,561) million, consists mainly of ¥(8,273) million for Companywide costs that is not allocated to any reportable segments.
Company-wide costs consists mainly of general and administrative expenses and research expenses that is not allocated to any reportable segments.
- (2) Adjustment to segment assets, which amounted to ¥27,683 million, consists of ¥(21,913) million for offset of receivables against the corporate administrative department, ¥(20,657) million for offset of inter-segment receivables, ¥67,320 million for Company-wide assets that are not allocated to any reportable segments and ¥2,933 million for other adjustment.
Company-wide assets are mainly the ones in head office that are not allocated to any reportable segments.

(b) Segment profit is adjusted to be consistent with ordinary income shown on the consolidated statement of income.

Segment information as of and for the fiscal year ended March 31, 2023 was as follows:

Year ended March 31, 2023	Reportable segment				Total	Adjustment	Consolidated
	Engineered Materials	Metals	Mobility	Other Businesses			
Sales:							
Outside customers	¥105,985	¥203,886	¥214,121	¥101,884	¥625,877	¥26,087	¥651,965
Inter-segment	6,546	52,515	2,346	26,224	87,633	(87,633)	—
Total	112,531	256,401	216,468	128,108	713,511	(61,545)	651,965
Segment profit	10,706	9,082	3,200	736	23,725	(3,838)	19,886
Segment assets	105,306	236,120	174,007	87,375	602,810	29,083	631,894
Depreciation expense	7,032	13,026	7,405	1,397	28,861	4,784	33,646
Amortization of goodwill and negative goodwill	—	140	—	—	140	—	140
Interest income	82	138	168	67	457	(220)	237
Interest expense	422	546	937	123	2,029	(18)	2,011
Investment gains on equity method	—	4,223	—	1,483	5,707	19	5,726
Investment for entities accounted for using the equity method	—	26,738	—	21,045	47,783	(77)	47,706
Increase in property, plant and equipment, and intangible assets	8,137	11,852	5,696	1,479	27,165	5,349	32,515

Notes :

(a) Amounts of adjustment are as follows:

- (1) Adjustments of sales to external customers are the difference mainly derived from the conversion process of sales of overseas subsidiaries to the Japanese currency.(The difference between the anticipated exchange rates at the time budgets were formulated and the average exchange rates during the year.)
Adjustment to segment profit, which amounted to ¥(3,838) million (\$28,740 thousand), consists mainly of ¥(8,075) million (\$60,468 thousand) for Company-wide costs that are not allocated to any reportable segments, ¥1,615 million (\$12,093 thousand) for adjustment of inventories, and ¥1,492 million (\$11,172 thousand) for foreign currency translation differences from the conversion of revenue and expenses of overseas subsidiaries and related entities to Japanese yen.
- (2) Adjustment to segment assets, which amounted to ¥29,083 million (\$217,784 thousand), consists of ¥(13,801) million (\$103,347 thousand) for offset of receivables against the corporate administrative department, ¥(19,841) million (\$148,577 thousand) for offset of inter-segment receivables, ¥67,869 million (\$508,229 thousand) for Company-wide assets that are not allocated to any reportable segments and ¥(5,142) million (\$38,505 thousand) for other adjustment.
Company-wide assets are mainly the ones in head office that are not allocated to any reportable segments.

(b) Segment profit is adjusted to be consistent with ordinary income shown on the consolidated statement of income.

【Related information】

Information by area:

Year ended March 31, 2022	Japan	China	India	Other Asian areas	North America	Other Areas	Millions of yen
							Consolidated
Sales	¥326,291	¥87,975	¥61,959	¥105,626	¥32,045	¥19,449	¥633,346
Year ended March 31, 2023	Japan	China	India	Other Asian areas	North America	Other Areas	Consolidated
Sales	¥306,746	¥81,472	¥85,804	¥117,344	¥33,429	¥27,167	¥651,965
Year ended March 31, 2022	Japan	Asia	North America	Other Areas	Consolidated		
Property, plant and equipment	¥141,328	¥43,033	¥4,528	¥8,232	¥197,124		
Year ended March 31, 2023	Japan	Asia	North America	Other Areas	Consolidated		
Property, plant and equipment	¥142,104	¥42,955	¥4,353	¥8,344	¥197,758		

【Information on loss on impairment of fixed assets by reportable segments】

Year ended March 31, 2022	Engineered Materials	Metals	Mobility	Other Businesses	Elimination · Corporate	Millions of yen
						Consolidated
Loss on impairment of fixed assets	¥113	¥—	¥298	¥—	¥—	¥412
Year ended March 31, 2023	Engineered Materials	Metals	Mobility	Other Businesses	Elimination · Corporate	Consolidated
Loss on impairment of fixed assets	¥—	¥—	¥—	¥34	¥—	¥34

【Information on amortization of goodwill and amortized balance by reportable segments】

Year ended March 31, 2022	Engineered Materials	Metals	Mobility	Other Businesses	Elimination · Corporate	Millions of yen
						Consolidated
Amortization of goodwill	¥—	¥140	¥—	¥—	¥—	¥140
Balance at end of fiscal year	—	422	—	—	—	422
Year ended March 31, 2023	Engineered Materials	Metals	Mobility	Other Businesses	Elimination · Corporate	Consolidated
Amortization of goodwill	¥—	¥140	¥—	¥—	¥—	¥140
Balance at end of fiscal year	—	281	—	—	—	281

【Information on gain on negative goodwill by reportable segments】

Year ended March 31, 2022
Not applicable.

Year ended March 31, 2023
Not applicable.

18. Income Taxes

The Company and its domestic subsidiaries are imposed some sorts of taxes in Japan on their taxable incomes, and the statutory effective tax rate in aggregate in Japan is approximately 30.5% for the years ended March 31, 2022 and 2023.

1. Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2022 and 2023 were as follows:

	2022	2023	Millions of yen
Deferred tax assets:			
Excess bad debt expenses	¥ 105	¥ 97	
Excess accrued bonuses to employees	1,776	1,701	
Excess product warranties	145	104	
Liability for retirement benefits	8,330	8,676	
Provision for environmental countermeasures	214	229	
Loss on impairment of fixed assets	2,309	2,300	
Depreciation in excess of limit	660	730	
Enterprise taxes accrued	493	118	
Unrealized profits and losses	3,914	3,386	
Operating loss carryforward for tax purposes (b)	23,006	27,330	
Net unrealized losses on securities	7	3	
Deferred losses on hedges	2,727	907	
Other	9,287	10,456	
Subtotal	52,979	56,043	
Valuation allowance for operating loss carryforward for tax purposes (b)	(21,727)	(26,434)	
Valuation allowance for deductible temporary differences	(15,740)	(16,408)	
Valuation allowance-total (a)	(37,467)	(42,843)	
Total deferred tax assets	¥ 15,511	¥ 13,200	
Deferred tax liabilities:			
Net unrealized gains on securities	¥ (889)	¥ (1,294)	
Deferred gains on hedges	(330)	(66)	
Retained earnings of foreign subsidiaries	(6,484)	(7,331)	
Asset for retirement benefits	(2,343)	(2,389)	
Excess depreciation for tax purposes	(2,664)	(2,858)	
Other	(2,763)	(1,542)	
Total deferred tax liabilities	(15,475)	(15,482)	
Net deferred tax assets (liabilities)	¥ 35	¥ (2,281)	

(a) Valuation allowance increased by ¥5,375 million. The main reasons for the increase were increases in valuation allowance of ¥1,113 million for operating loss carryforward.

(b) Operating loss carryforward for tax purposes and its deferred tax assets by expiration periods.

(2022)	Millions of yen						
	2023	2024	2025	2026	2027	2028 and Beyond	Total
Operating loss carryforward for tax purposes (1)	¥21	¥45	¥318	¥97	¥490	¥22,032	¥23,006
Valuation allowance	(8)	(40)	(314)	(97)	(490)	(20,775)	(21,727)
Net deferred tax assets	13	4	4	—	—	1,257	1,279

(1) Carryforward tax loss shown in the above table is after multiplying the statutory tax rate.

(2023)	Millions of yen						
	2024	2025	2026	2027	2028	2029 and Beyond	Total
Operating loss carryforward for tax purposes (1)	¥180	¥391	¥81	¥473	¥—	¥26,204	¥27,330
Valuation allowance	(162)	(386)	(81)	(263)	—	(25,540)	(26,434)
Net deferred tax assets	17	4	—	210	—	663	896

(1) Carryforward tax loss shown in the above table is after multiplying the statutory tax rate.

2. The following table summarizes the significant differences between the statutory effective tax rate and the tax rate calculated based on the Company's consolidated financial statements for the fiscal years ended March 31, 2022 and 2023.

	2022	2023
Statutory effective tax rate	30.5 %	30.5 %
Permanent difference due to non-deductible expense	0.8	1.4
Permanent difference due to non-taxable income	(6.7)	(35.5)
Effect of elimination of intercompany dividends received	6.9	35.4
Investment losses on equity method	(2.2)	(11.5)
Valuation allowance	(7.9)	(35.8)
Tax credit	(2.8)	(0.1)
Others	(0.6)	(0.0)
Tax rate calculated based on the Companies' consolidated financial statements	18.0 %	56.1 %

3. Accounting for corporation tax and local corporation tax and tax effect accounting

The Company and some of its domestic consolidated subsidiaries have adopted the group tax sharing system from the fiscal year ended March 31, 2023. In addition, corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (PITF No.42, August 12, 2021).

19. Financial Instruments

(a) Qualitative information on financial instruments

1. Policy of financial instruments management

The Companies raise funds primarily through bank loans and the issuance of commercial paper and bonds. The Companies manage surplus funds utilizing financial assets with high degrees of safety. The Companies use derivatives to reduce risk as described below and do not enter into speculative trading.

2. Description of financial instruments and risk

Trade receivables-notes and accounts receivable are exposed to the credit risks of customers. As the Companies are expanding their business globally, certain foreign currency denominated trade receivables are exposed to foreign currency exchange rate fluctuation risk. For this risk, currency forward contracts are used on a certain portion of the amount of foreign currency denominated trade receivables less the amount of respective foreign currency denominated trade payable. Investment securities are mainly stocks issued by companies that have business relationships, and are exposed to stock market fluctuation risk.

The majority of trade payables-notes and accounts payable have payment due dates of less than one year. A portion of foreign currency denominated trade payables-notes and accounts are denominated in foreign currencies in association with the import of raw materials and others and are thus exposed to foreign currency exchange rate fluctuation risk. For this risk, currency forward contracts are used on a certain portion of the positions that are, as a general rule, the net amount of trade payables denominated in the respective foreign currencies. Short-term borrowings and commercial papers are raised mainly for operating activities while long-term debt (in principle within 5 years) is raised mainly for capital investments. Loans with floating interest are exposed to interest rate fluctuation risk, for long-term debt with floating interest, derivative transactions (interest rate swap contracts) are used for certain long-term loans in each loan agreement in order to hedge the risk of fluctuating interest rates and to make interest expenses fixed.

Regarding derivative transactions, the Companies used currency forward contracts and swaps to hedge transactions, such as future sales of commodities (mainly basic metals) and future purchases of inventories (mainly imported materials) in foreign currencies, and to hedge their foreign currency denominated assets and liabilities against foreign currency exchange risk. For those transactions, the Companies apply the deferred hedge method or the matching treatment method as hedge accounting methods except for transactions held by certain foreign subsidiaries, and for certain transactions to hedge assets and liabilities denominated in foreign currencies against foreign currency exchange risk.

The Companies also entered into interest rate swap contracts to hedge their loans payable against interest rate fluctuation risk. For those transactions, the Companies apply the deferred hedge method or the exceptional accrual method for interest rate swaps as hedge accounting methods except for transactions held by certain foreign subsidiaries.

Further, the Companies utilized metal forward contracts and fuel forward contracts to reduce the Companies' exposure to fluctuations in material prices. For those transactions, the Companies apply the deferred hedge method as hedge accounting methods except for transactions held by certain foreign subsidiaries. With regard to hedging instruments, hedged items, hedging policies and evaluation of hedge effectiveness, please refer to "Notes to Consolidated Financial Statements - 2.Summary of Significant Accounting Policies - (e) Derivative transactions and hedge accounting."

Derivative transactions are exposed to market risks from fluctuations in fair value and to credit risks from breach of contract due to counter parties' insolvency or other reasons. Market risks of the Companies' currency forward and swap contracts, interest rate swap contracts and metal forward contracts refer to the risks from fluctuations in exchange rates, interest rates and metal prices.

3. Description of risk management system for financial instruments

Management system for credit risk

With regard to the credit risk for trade receivables-notes and accounts receivable, due dates and balances are managed for each customer and the credit status of major customers is kept track of on a semiannual basis.

In order to mitigate credit risk for derivative transactions, the Companies conduct business only with highly rated financial institutions and trading companies.

Management system for market risk

For foreign currency exchange rate risk from foreign currency denominated trade receivables, currency forward contracts are used on a certain portion of the positions that are, as a general rule, the net amount of foreign currency denominated trade receivables. For foreign currency exchange rate risk from foreign currency denominated trade payables, currency forward contracts are used on a certain portion of the positions that are, as a general rule, the net amount of foreign currency denominated trade payables. Moreover, the Companies also entered into interest rate swaps to hedge their loans payable against interest rate risk.

For stock market fluctuation risk of investment securities, the Companies keep track of the market prices and investees' (business partners) financial condition and review continuously the possession situation of stocks in view of the relationship with business partners.

Derivative transactions entered into by the Companies are implemented and controlled based on the Company's internal policies.

Management system for liquidity risk of financing

The Company's Finance & Accounting Department manages the risk through the preparation of the Companies' financial plans with group financing.

4. Supplementary explanation regarding fair value of financial instruments

The fair value of financial instruments is measured based on the market price, if available, or reasonably estimated value if a market price is not available. As reasonably estimated value is estimated based on certain assumptions, it might differ if different assumptions are used.

In addition, the contract amount of the derivative transactions described below in Note 20 "Derivative Transactions" does not represent the market risk of the derivative transactions.

(b) Fair value of financial instruments

The carrying amounts of book value, fair value, and differences as of March 31, 2022 and 2023 were as follows.

Year ended March 31, 2022	Millions of yen		
	Book value	Fair value	Difference
Assets:			
(a) Investment securities	¥ 11,931	¥ 11,659	¥ (272)
Total	¥ 11,931	¥ 11,659	¥ (272)
Liabilities:			
(a) Current portion of bonds payable	10,000	9,998	(1)
(b) Bonds payable	40,000	39,898	(101)
(c) Current portion of long-term borrowings Notes 3	30,358	30,370	11
(d) Long-term borrowings	80,495	80,325	(169)
Total	¥ 160,854	¥ 160,592	¥ (261)
Derivative transactions	¥ (7,893)	¥ (7,893)	¥ —

Year ended March 31, 2023	Millions of yen		
	Book value	Fair value	Difference
Assets:			
(a) Investment securities	¥ 13,401	¥ 12,638	¥ (762)
Total	¥ 13,401	¥ 12,638	¥ (762)
Liabilities:			
(a) Current portion of bonds payable	10,000	10,000	0
(b) Bonds payable	40,000	39,939	(60)
(c) Current portion of long-term borrowings Notes 3	18,538	18,528	(10)
(d) Long-term borrowings	86,043	85,703	(339)
Total	¥ 154,581	¥ 154,172	¥ (409)
Derivative transactions	¥ (2,779)	¥ (2,779)	¥ —

Notes:

1. Cash and deposits, Notes and accounts receivable, Notes and accounts payable, and Short-term borrowings and commercial papers are not included in the table above. This is because their carrying amounts are reasonably considered as fair values, as they are expected to be settled shortly.

2. Equity securities without market prices, and investments in partnerships and other similar entities recorded at the net amount equivalent to the equity interest are not included in "(a)Investment securities".

The carrying amounts of these financial instruments as follows.

Classification	Consolidated balance sheet amount		Millions of yen
	2022	2023	
Unlisted equity securities	¥ 42,192	¥ 46,495	
Investments in partnerships and others	1,807	1,967	

3. "(a)Current portion of bonds payable" and "(c)Current portion of long-term borrowings" are included in Current portion of long-term debt in the consolidated balance sheet. "(b)Bonds payable" and "(d)Long-term borrowings" are included in Long-term debt in the consolidated balance sheet.

4. Derivative assets and liabilities are on net basis. Items that are net liabilities are shown in parenthesis.

5. The redemption schedule for money claim and held-to-maturity debt securities with maturity dates subsequent to the consolidated balance sheets date

Year ended March 31, 2022	Millions of yen			
	April 1, 2022 to March 31, 2023	April 1, 2023 to March 31, 2027	April 1, 2027 to March 31, 2032	April 1, 2032 and thereafter
(a) Cash and deposits	¥ 29,615	¥ —	¥ —	¥ —
(b) Notes and accounts receivable	121,260	—	—	—
(c) Investment securities:				
Available-for-sale securities with maturity date				
Bonds(domestic government and municipal bonds)	—	—	—	234
Total	¥ 150,876	¥ —	¥ —	¥ 234

Year ended March 31, 2023	Millions of yen			
	April 1, 2023 to March 31, 2024	April 1, 2024 to March 31, 2028	April 1, 2028 to March 31, 2033	April 1, 2033 and thereafter
(a) Cash and deposits	¥ 26,817	¥ —	¥ —	¥ —
(b) Notes and accounts receivable	109,728	—	—	—
(c) Investment securities:				
Available-for-sale securities with maturity date				
Bonds(domestic government and municipal bonds)	—	—	—	230
Total	¥ 136,545	¥ —	¥ —	¥ 230

6. The redemption schedule for corporate bonds, long-term debt, and other interest-bearing debt with maturity dates subsequent to the consolidated balance sheets date

Please refer to Note 7 "Short-Term Borrowings and Long-Term Debt".

(c) Fair value information of financial instruments by level of inputs

The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and significance of the inputs used in the fair value measurement.

Level 1 fair value:

Fair value measured by quoted prices in active markets for identical assets or liabilities

Level 2 fair value:

Fair value measured using observable inputs other than Level 1

Level 3 fair value:

Fair value measured using unobservable inputs

Fair value is categorized at the level with the lowest priority in the fair value measurement from among the levels to which the respective inputs belong, in cases involving use of multiple inputs that have a material effect on fair value measurement.

(1) Financial instruments recorded in the consolidated balance sheet at fair value

Year ended March 31, 2022	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	¥ 4,944	¥ —	¥ —	¥ 4,944
Bonds(domestic government and municipal bonds)	—	—	234	234
Derivative Transactions				
Currency-related derivatives	—	246	—	246
Commodities-related derivatives	—	838	—	838
Total Assets	¥ 4,944	¥ 1,084	¥ 234	¥ 6,263
Derivative Transactions				
Currency-related derivatives	—	2,547	—	2,547
Commodities-related derivatives	—	6,430	—	6,430
Total Liabilities	¥ —	¥ 8,978	¥ —	¥ 8,978

Year ended March 31, 2023	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	¥ 6,199	¥ —	¥ —	¥ 6,199
Bonds(domestic government and municipal bonds)	—	—	230	230
Derivative Transactions				
Currency-related derivatives	—	27	—	27
Commodities-related derivatives	—	191	—	191
Total Assets	¥ 6,199	¥ 219	¥ 230	¥ 6,648
Derivative Transactions				
Currency-related derivatives	—	(2,743)	—	(2,743)
Commodities-related derivatives	—	(254)	—	(254)
Total Liabilities	¥ —	¥ (2,998)	¥ —	¥ (2,998)

(2) Financial instruments other than financial instruments recorded in the consolidated balance sheet at fair value

Year ended March 31, 2022	Fair value				Total
	Level 1	Level 2	Level 3		
Investment securities					
Shares of subsidiaries and associates	¥ 6,481	¥ —	¥ —		¥ 6,481
Total Assets	¥ 6,481	—	—		¥ 6,481
Bonds payable	—	49,897	—		49,897
Long-Term Borrowings	—	110,695	—		110,695
Total Liabilities	¥ —	¥ 160,592	¥ —		¥ 160,592

Year ended March 31, 2023	Fair value				Total
	Level 1	Level 2	Level 3		
Investment securities					
Shares of subsidiaries and associates	¥ 6,209	¥ —	¥ —		¥ 6,209
Total Assets	¥ 6,209	—	—		¥ 6,209
Bonds payable	—	49,939	—		49,939
Long-Term Borrowings	—	104,232	—		104,232
Total Liabilities	¥ —	¥ 154,172	¥ —		¥ 154,172

Notes: Explanation of valuation techniques and inputs used in fair value measurement

Investment securities

Fair value of equities is categorized as Level 1 fair value measured at the market price. Fair value of bonds is categorized as Level 3 fair value, calculated by discounting the future cash flows at an interest rate on similar bonds, taking into account the debt repayment record of the issuing local government body.

Derivative Transactions

Fair value of commodity prices and forward exchange contracts is categorized as Level 2 fair value, calculated based on observable inputs such as market prices and exchange rates.

Bonds payable

Fair value of bonds payable is categorized as Level 2 fair value, calculated by discounting future cash flows using the rate quoted in secondary markets.

Long-Term Borrowings

Fair value of long-term borrowings is categorized as Level 2 fair value, calculated by discounting future cash flows at the current borrowing rate for similar debt of a comparable maturity.

20. Derivative Transactions

(a) Derivative transactions for which hedge accounting had not been applied as of March 31, 2022 and 2023 were as follows:

Currency-related derivatives

Type	Millions of yen	
	2022	2023
Forward contracts:		
Selling:		
U.S. dollars:		
Contract amounts	¥1,394	¥876
Due over one year	—	—
Fair value	(81)	(12)
Net unrealized gains (losses)	(81)	(12)

(b) Derivative transactions for which hedge accounting had been applied as of March 31, 2022 and 2023 were as follows:

Currency-related derivatives

Currency-related derivatives for which hedge accounting had been applied

Type	Hedged items	Millions of yen	
		2022	2023
Forward contracts:			
Selling:	Accounts receivable		
U.S. dollars:	Contract amounts	¥41,819	¥27,524
	Due over one year	16,530	8,375
	Fair value	(2,371)	(2,687)
	Euros:		
	Contract amounts	¥1,374	¥553
	Due over one year	19	16
	Fair value	(47)	(13)
	Thai baht:		
	Contract amounts	¥ —	¥2
	Due over one year	—	—
	Fair value	—	(0)
Buying:	Accounts payable		
U.S. dollars:	Contract amounts	¥4,773	¥487
	Due over one year	—	—
	Fair value	153	0
	Euros:		
	Contract amounts	¥7	¥70
	Due over one year	—	—
	Fair value	0	1
	Australian dollars:		
	Contract amounts	¥486	¥110
	Due over one year	—	—
	Fair value	46	(3)

Notes: The deferred hedge method is applied as a hedge accounting method.

Currency-related derivatives for which exceptional accrual method had been applied

Type	Hedged items	Millions of yen	
		2022	2023
Forward contracts:			
Selling:	Accounts receivable		
U.S. dollars:	Contract amounts	¥128	¥139
	Due over one year	—	—
	Fair value	(Note b)	(Note b)

Notes:

- (a) The exceptional accrual method for currency-related derivatives is applied as a hedge accounting method.
(b) For certain accounts receivable for which currency forward contracts are used to hedge the foreign currency exchange rate fluctuation risk, fair value of derivative financial instruments is included in fair value of the accounts receivable as hedged items, because those currency forwards contracts are treated in combination with the respective accounts receivable with the exceptional accrual method for currency forward contracts.

Commodities-related derivatives

		Millions of yen	
Type	Hedged items	2022	2023
Forward contracts:	Raw materials and finished goods		
Selling:			
Zinc:	Contract amounts	¥21,257	¥7,796
	Due over one year	6,304	2,991
	Fair value	(6,205)	(41)
Lead:	Contract amounts	¥1,825	¥2,563
	Due over one year	—	—
	Fair value	(50)	(13)
Copper:	Contract amounts	¥156	¥117
	Due over one year	—	—
	Fair value	12	7
Buying:			
Zinc:	Contract amounts	¥7,860	¥3,279
	Due over one year	—	—
	Fair value	458	9
Lead:	Contract amounts	¥2,139	¥2,092
	Due over one year	—	—
	Fair value	192	(25)
Copper:	Contract amounts	¥144	¥110
	Due over one year	—	—
	Fair value	—	—

Notes: The deferred hedge method is applied as a hedge accounting method.

21. Employees' Retirement Benefits

The Company and its consolidated domestic subsidiaries provide two retirement benefit plans for employees, an unfunded retirement plan and a funded retirement plan, under which all eligible employees are entitled to benefits based on their length of service and basic rate of pay at the time of termination.

Defined benefit plans

(a) Changes in retirement benefit obligations

	Millions of yen	
	2022	2023
Balance at the beginning of the fiscal year	¥46,004	¥47,531
Service cost	2,770	2,400
Interest cost	96	122
Actuarial gain (loss)	186	(278)
Benefits paid	(1,414)	(1,143)
Past service benefits	(183)	49
Others	71	22
Balance at the end of the fiscal year	¥47,531	¥48,704

(b) Changes in plan assets

	2022	2023
Balance at the beginning of the fiscal year	¥26,495	¥27,777
Expected return on plan assets	926	895
Actuarial loss	(122)	(649)
Contributions paid by the employer	945	431
Benefits paid	(531)	(444)
Others	63	(67)
Balance at the end of the fiscal year	¥27,777	¥27,942

(c) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits

	2022	2023
Funded retirement benefit obligations	¥20,664	¥20,723
Plan assets	(27,777)	(27,942)
	(7,113)	(7,218)
Unfunded retirement benefit obligations	26,867	27,981
Net liability for retirement benefits at the end of the fiscal year	19,753	20,762
Liability for retirement benefits	27,331	28,394
Asset for retirement benefits	(7,577)	(7,631)
Net liability for retirement benefits at the end of the fiscal year	¥19,753	¥20,762

(d) Retirement benefit costs

	2022	2023
Service cost	¥2,770	¥2,400
Interest cost	96	122
Expected return on plan assets	(926)	(895)
Net actuarial loss (gain) amortization	405	479
Past service costs amortization	(807)	(830)
Total retirement benefit costs for the fiscal year	¥1,537	¥1,276

(e) Remeasurements of defined benefit plans

	Millions of yen	
	2022	2023
Past service costs (benefits)	¥(623)	¥(886)
Actuarial loss	98	23
Total remeasurements of defined benefit plans for the fiscal year	¥(524)	¥(862)

(f) Accumulated adjustments for retirement benefit

	2022	2023
Prior service costs that are yet to be recognized	¥(938)	¥(52)
Net actuarial losses that are yet to be recognized	43	19
Total balance at the end of the fiscal year	¥(895)	¥(33)

(g) Plan assets

1. Plan assets comprise:

	2022	2023
Bonds	36%	37%
Equity securities	30%	29%
General insurance funds	30%	30%
Other	4%	4%
Total	100%	100%

2. Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(h) Actuarial assumptions

The principal actuarial assumptions at March 31, 2022 and 2023 are as follows:

	2022	2023
Discount rate	0.0%-0.9%	0.0%-0.9%
Long-term expected rate of return	Mainly 3.7 %	Mainly 3.7 %

Defined contribution plans

Contributions to defined contribution plans amounted to ¥911 million and ¥1,060 million for the years ended March 31, 2022 and 2023, respectively.

22. Earnings per Share of Common Stock

Earnings per share of common stock at March 31, 2022 and 2023 were as follows:

Year ended March 31, 2022	Profit (Millions of yen)	Weighted-average shares (Thousands)	Profit per share (Yen)
Profit attributable to owners of parent	¥52,088	57,114	¥912.00

Year ended March 31, 2023	Profit (Millions of yen)	Weighted-average shares (Thousands)	Profit per share (Yen)
Profit attributable to owners of parent	¥8,511	57,131	¥148.99

(a) Regarding diluted earnings per share, no figures for diluted earnings per share have been disclosed because no latent shares existed.

23. Loss on impairment of fixed assets

The Company recognized impairment losses on the manufacturing facilities and the idle assets as extraordinary losses for the fiscal years ended March 31, 2021 and 2022 as follows:

Year ended March 31, 2022			
Location	Major use	Asset category	Millions of yen
Yokohama City, Kanagawa Pref.	Idle assets	Land	¥174
		Intangible fixed Assets	124
		Subtotal	298
Omuta City, Fukuoka Pref.	Idle assets	Construction in progress	113
		Total	¥412

Grouping of assets used for business purposes is based on plant- and product-specific units based on management accounting classifications. And idle assets are grouped by individual assets.

The carrying amounts of idle assets held to sale were reduced to net realizable value, which were measured at the estimated sales price. And the carrying amounts of other idle assets were reduced to the recoverable amounts, which were measured at memorandum value since it is difficult to continue to use them for other operations or to sell them. The amount of the reduction was recorded as an impairment loss in an extraordinary loss.

Year ended March 31, 2023			
Location	Major use	Asset category	Millions of yen
Mikata County, Hyogo Prefecture	Idle assets	Buildings and structures	¥19
		Machinery and Equipment and Transportation equipment	0
		Intangible fixed Asset	15
		Total	¥34

The carrying amounts of idle assets were reduced to the recoverable amounts, which were measured at memorandum value since it is difficult to continue to use them for other operations or to sell them. The amount of the reduction was recorded as an impairment loss in an extraordinary loss.

24. Related Party Transactions

(a) Related party transactions

1. The Company owns 32.2% of outstanding shares of Pan Pacific Copper Co., Ltd., which produces and sells products related to copper refining and smelting business.

The transaction amount for the fiscal years ended March 31, 2022 and 2023 and account balance as of March 31, 2023 with Pan Pacific Copper Co., Ltd. was as follows:

	2022	2023	Millions of yen
Mainly purchases of metal products	¥—	¥35,218	
Guarantees of bank loans	68,653	79,244	

2. Note: 1. Sales and purchases of products and other items are determined by taking into consideration the equivalent market prices for arm's length transactions.

(b) Note about significant related parties

In the year ended March 31, 2023, Pan Pacific Copper Co., Ltd. was recognized as significant related party and the summary of its financial statements was as follows:

Pan Pacific Copper Co., Ltd.	2022	2023	Millions of yen
Total current assets	¥445,627	¥513,482	
Total non-current assets	5,364	3,636	
Total current liabilities	387,907	433,941	
Total long-term liabilities	281	284	
Total net assets	62,804	82,894	
Net sales	936,044	1,133,238	
Profit before income taxes	10,158	19,052	
Profit	6,935	13,076	

25. Asset Retirement Obligations

Years ended March 31, 2022 and 2023

Asset retirement obligations that are recorded in the consolidated balance sheet

(a) Overview of asset retirement obligations

- Obligation to restore a closed mine to its original state required by the Mine Closure Law overseas
- Obligation to eliminate asbestos caused by dismantling a building (business asset) under the Act on Asbestos Health Damage Relief
- Obligation to restore a vacated office or other facility to its original state based on a real estate lease agreement

(b) Basis for calculating amounts of the asset retirement obligations

(Mines)

Compania Minera Santa Luisa S.A. has recognized asset retirement obligations in accordance with International Financial Reporting Standards, by estimating closure costs based on mine closure plans under mine closure legislation and regulations in Peru. With regard to estimate of asset retirement obligations, a discount rate of 4.14~4.73% is used, and the expected period up to payment is based on number of recoverable years from launch of operations and estimated between 1 and 18 years from the next fiscal year.

In addition, during the fiscal year ended March 31, 2023, the Company revised the discount rate and that resulted in decreasing of ¥(664) million (\$4,972) thousand in the balance of asset retirement obligations.

(Asbestos)

The expected periods that removal expenses will occur at the time of dismantling the assets are estimated between in 1 to 31 years depending on each asset. The Companies estimate the amount of asset retirement obligations by using the discount rates which are between (0.13%) and 2.30%.

In the year ended March 31, 2023, the Company gained the ability to reasonably estimate future removal expenses for asbestos building materials, as it obtained new information about these removal expenses. Accordingly, the Company has derived a new estimate of these removal expenses and has recorded the expenses as asset retirement obligations. As a result, the Company additionally recognized the balance of asset retirement obligations of ¥(14) million (\$104) thousand).

(Real estate lease agreements)

The companies reasonably estimate the amount of lease deposits from real estate lease agreements that they cannot expect to finally recover, and record the portion of this amount allocated to the fiscal year ended March 31, 2023 as expenses, instead of recording them as asset retirement obligations under liabilities.

The companies use periods of time between 4 and 15 years from the date of occupancy to estimate the amount of the expenses.

The companies estimate the uncollectible amount of lease deposits as ¥292 million (\$2,186 thousand) in the fiscal year ended March 31, 2023.

(c) Changes in the total amount of these asset retirement obligations in the fiscal years ended March 31, 2022 and 2023

Millions of yen

	2022	2023
Balance at the beginning of the fiscal year	¥ 3,823	¥ 4,320
Adjustments due to the passage of time	34	70
Decrease from execution of asset retirement obligations	(248)	(201)
Increase from changes of estimates	290	(678)
Impact of foreign currency translation	420	286
Balance at the end of the fiscal year	¥ 4,320	¥ 3,796

26. Consolidated Statements of Comprehensive Income

Years ended March 31, 2022 and 2023

Amounts reclassified to net income in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income were as follows:

	Millions of yen	
	2022	2023
Net unrealized gains (losses) on securities:		
Increase (decrease) during the year	¥(187)	¥1,282
Reclassification adjustments	(651)	(25)
Subtotal, before tax	(838)	1,256
Tax (expense) or benefit	305	(411)
Subtotal, net of tax	(532)	845
Deferred gains (losses) on hedges:		
Increase (decrease) during the year	(5,964)	(1,980)
Reclassification adjustments	(2,152)	7,037
Subtotal, before tax	(8,116)	5,057
Tax (expense) or benefit	145	204
Subtotal, net of tax	(7,971)	5,262
Foreign currency translation adjustments:		
Increase(decrease) during the year	10,156	3,877
Reclassification adjustments	(27)	3
Subtotal, net of tax	10,129	3,881
Remeasurements of defined benefit plans:		
Increase(decrease) during the year	224	(43)
Reclassification adjustments	(749)	(818)
Subtotal, before tax	(524)	(862)
Tax (expense) or benefit	94	106
Subtotal, net of tax	(430)	(755)
Share of other comprehensive income of associates accounted for using equity method:		
Increase(decrease) during the year	(8,251)	(6,393)
Reclassification adjustments	5,110	8,685
Subtotal, net of tax	(3,140)	2,291
Total other comprehensive income	¥(1,945)	¥11,524

27. Significant Subsequent Events

(Dividends from surplus of an investee)

On June 28, 2023, the Company received dividends from Japan Korea Joint Smelting Co., Ltd., and the Company will record dividend income of approximately ¥6.6 billion as non-operating income in the consolidated financial statements for the year ending March 31 2024.



Independent auditor's report

To the Board of Directors of MITSUI MINING & SMELTING Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of MITSUI MINING & SMELTING Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2023 and 2022, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of the calculation of the net realizable values used for the valuation of inventories

The key audit matter

MITSUI MINING & SMELTING CO., LTD. (the "Company") recognized inventories of ¥176,250 million in the consolidated balance sheets as of March 31, 2023. This amount represented 28% of total assets in the consolidated balance sheet.

As described in Note (Significant accounting estimates), 1. Valuation of inventories" to the consolidated financial statements, inventories are

How the matter was addressed in our audit

The primary procedures we performed to assess the accuracy of the calculation of the net realizable values used for the valuation of inventories are set forth below:

In addition, we requested the independent auditors of the consolidated subsidiaries of the Company to perform an audit, and evaluated the reports of the component auditors to conclude on whether sufficient and appropriate audit evidence was obtained from the procedures performed.

stated at the acquisition cost. However, if the net realizable value or the replacement cost is lower than the acquisition cost at the end of the year, inventories are measured at the net realizable value or the replacement cost, and the difference from the acquisition cost is recorded as an expense for the period.

Of these values compared with the acquisition cost in valuation of inventories, net realizable values are calculated based on the most recent actual unit selling prices and the actual selling costs, which reflect the influences of changes in quoted market prices of nonferrous metals on actual unit selling prices. Quoted market prices of nonferrous metals are determined based on listed prices on the London Metal Exchange ("LME") and other international markets (hereinafter, these prices are referred to as the "LME or other market prices"). The LME or other market prices fluctuate under the influences of various factors such as the international supply-demand balance, global political and economic conditions, and speculative trading. Accordingly, any failure in calculating accurate net realizable values reflecting the LME or other market prices, which are used for the valuation of inventories, may have significant effect on valuation of inventories.

We, therefore, determined that our assessment of the accuracy of the calculation of the net realizable values used for the valuation of inventories was of the most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

(1) Internal control testing

Test of the design and operating effectiveness of certain of the Company's internal controls relevant to the valuation of inventories, with a greater focus on:

- Controls to completely identify inventories to be evaluated; and
- Controls to calculate net realizable values and recognize valuation losses accurately.

(2) Assessment of the accuracy of the calculation of the net realizable values

Assessment of the accuracy of the calculation of the net realizable values by performing the following procedures:

- Assessment of the appropriateness of the unit of valuation of inventories determined for each of the categories such as zinc, lead, copper, and catalysts in accordance with the requirements of applicable accounting standards;
- Comparison of the LME or other market prices reflected in the most recent actual unit selling prices, which served as the basis for the calculation of the net realizable values, with the published LME or other market prices;
- Assessment as to whether the net realizable values used for the valuation of inventories were accurately calculated through recalculations; and
- Assessment as to whether valuation losses were recognized accurately and completely by comparing the net realizable values with the acquisition costs.

Other Information

The other information comprises the Integrated Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Integrated Report, which is expected to be made available to us after that date. Management is responsible for the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroaki Sugiura
Designated Engagement Partner
Certified Public Accountant

Satoshi Hosoya
Designated Engagement Partner
Certified Public Accountant

Terukazu Nagamine
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 29, 2023

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

ESG data

Governance

Profile of Directors and Corporate Auditors (As of June 2023)

President and Representative Director

NOU Takeshi

April 1986	Entered the Company
June 2010	Mitsui Copper Foil (Malaysia) Sdn.Bhd. Managing Director
October 2013	General Manager of Recycling Business Promotion Group, Metals, Minerals & Engineering Sector
April 2014	Executive Officer, Senior General Manager of Technology Management Division, Metals & Recycling Division, Metals Sector
April 2015	Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector
June 2015	Director, Senior Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector
October 2015	Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector
April 2016	Representative Director, Managing Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector
April 2020	Vice President, Representative Director, Executive Vice President, Senior General Manager of Business Creation Sector
April 2021	President and Representative Director (current positions)

Representative Director, Senior Managing Director, Senior Managing Executive Officer

KIBE Hisakazu

April 1985	Entered the Company
April 2009	General Manager of Finance & Accounting Department, Automotive Parts & Components Division, Parts Production Sector
October 2013	Director, Senior Executive Officer, Senior General Manager of Planning & Administrative Sector, General Manager of Planning Department, Mitsui Kinzoku ACT Corporation
April 2014	Executive Officer, Assistant to Senior General Manager of Metals Sector
June 2014	Executive Officer of the Company, Director, Executive Officer of Pan Pacific Copper Co., Ltd.
October 2015	Senior Executive Officer, Deputy Senior General Manager of Affiliates Coordination Strategic Sector
January 2016	Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector, General Manager of Copper Business Strategic Division, Metals Sector
April 2018	Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector
June 2020	Director, Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector
April 2021	Representative Director, Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector
June 2021	Representative Director, Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Corporate Planning & Control Sector (current positions)

Senior Managing Director, Senior Managing Executive Officer

TSUNODA Satoshi

April 1987	Entered the Company
April 2013	General Manager of Zinc Division, Metals, Minerals & Environmental Engineering Sector, Manager of Sales Department, Zinc Division, Metals, Minerals & Environmental Engineering Sector
June 2013	Executive Officer of the Company, General Manager of Zinc Division, Metals, Minerals & Environmental Engineering Sector
April 2014	Executive Officer of the Company, Deputy General Manager of Metals & Recycling Division, Metals Sector, Manager of Marketing Department, Metals & Recycling Division, Metals Sector
April 2015	Executive Officer of the Company, General Manager of Metals & Recycling Division, Metals Sector, Manager of Marketing department, Metals & Recycling Division, Metals Sector
October 2015	Executive Officer of the Company, Director, Executive Officer of Pan Pacific Copper Co., Ltd.
April 2018	Executive Officer of the Company, Deputy Senior General Manager of Metals Sector, General Manager of Copper Business Strategic Division, Metals Sector
April 2019	Senior Executive Officer, Senior General Manager of Metals Sector
April 2021	Senior Executive Officer, Senior General Manager of Metals Sector, General Manager of Business Planning Group, Metals Sector
June 2021	Director, Senior Executive Officer, Senior General Manager of Metals Sector
June 2022	Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Metals Sector (current positions)

Managing Director, Senior Executive Officer

OKABE Masato

April 1986	Entered the Company
June 2010	Director and Vice President, Taiwan Copper Foil Company, Limited
June 2011	General Manager of Business Planning Group, Electronics Materials Sector
September 2013	Assistant to General Manager of Catalysts Strategic Division, Engineered Materials Sector
January 2014	General Manager of Sales Department, Catalysts Strategic Division, Engineered Materials Sector
October 2015	Deputy General Manager of Catalysts Division and General Manager of Sales Department, Catalysts Division, Engineered Materials Sector
April 2016	Executive Officer, General Manager of Catalysts Division, Engineered Materials Sector
October 2019	Deputy Senior General Manager of Engineered Materials Sector, General Manager of Catalysts Division, Engineered Materials Sector
April 2020	Senior Executive Officer, Senior General Manager of Engineered Materials Sector
June 2022	Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector
April 2023	Managing Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector (current positions)

Director, Senior Executive Officer

MIYAJI Makoto

April 1986	Entered the Company
April 2010	General Manager of Technical Department, Battery Materials Division, Engineered Materials Sector
June 2011	General Manager of Battery Materials Strategic Division, General Manager of Quality Assurance Department, Battery Materials Strategic Division, Engineered Materials Sector
April 2014	Executive Officer, General Manager of Battery Materials Division, General Manager of Manufacture Department, Battery Materials Division, Engineered Materials Sector
April 2015	Executive Officer, General Manager of Catalysts Division, General Manager of Manufacture Department, Catalysts Division, Engineered Materials Sector
October 2015	Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Catalysts Division, General Manager of Manufacture Department, Catalysts Division, Engineered Materials Sector
April 2016	Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Engineered Powders Division, Engineered Materials Sector
April 2018	Executive Officer, General Manager of Human Resource Department, General Manager of Office of Secretariat, Corporate Planning Department, Corporate Planning & Control Sector
April 2021	Executive Officer, General Manager of Office of Secretariat, Corporate Planning Department, Corporate Planning & Control Sector
June 2021	Director, Executive Officer, Chief Environmental Safety Officer Director, Director, Senior Executive Officer, Senior General Manager of Technology Sector, Chief Environmental Safety Officer (current positions)
April 2023	

Director, Executive Officer

IKENOBU Seiji

April 1995	Entered the Company
June 2013	General Manager of Technical Planning Group, Technology Management Division, Metals, Minerals & Environmental Engineering Sector
January 2015	General Manager of Ageo Copper Foil, Strategic Production Planning Department, Copper Foil Division, Engineered Materials Sector
April 2016	General Manager of Business Planning Group, Metals Sector, Deputy General Manager of Copper & Precious Metals Division, Metals Sector, General Manager of Business Development Department, Metals Sector
April 2020	Executive Officer, General Manager of Corporate Planning Department, Corporate Planning & Control Sector
April 2021	Executive Officer, General Manager of Corporate Planning Department, Corporate Planning & Control Sector, General Manager of Business Reconstruction Office, Corporate Planning Department, Corporate Planning & Control Sector
April 2022	Executive Officer, General Manager of Corporate Planning Department, Corporate Planning & Control Sector, General Manager of Business Reconstruction Office, Corporate Planning Department, Corporate Planning & Control Sector
April 2023	Executive Officer, Deputy Senior General Manager of Corporate Planning & Control Sector, General Manager of Corporate Planning Department, Corporate Planning & Control Sector
June 2023	Director, Executive Officer, Deputy Senior General Manager of Corporate Planning & Control Sector, General Manager of Corporate Planning Department, Corporate Planning & Control Sector (current positions)

Outside Director

MATSUNAGA Morio

August 1977	Postdoctoral fellow, The University of Tennessee
September 1996	Professor, Faculty of Engineering, Kyushu Institute of Technology
April 2003	Professor, Department of applied science for integrated system engineering, Kyushu Institute of Technology
April 2010	President, Kyushu Institute of Technology
June 2016	Chairperson of the Board of Director, Kitakyushu Foundation for the Advancement of Industry, Science and Technology (current position)
June 2016	Outside Director of the Company (current position)
June 2018	Outside Auditor of KROSAKI HARIMA CORPORATION (current position)
February 2022	Chairperson of The Surface Finishing Society of Japan (current position)
April 2022	Board Member, Kyushu Dental University (current position)

Outside Director

TOIDA Kazuhiko

April 1975	Entered Nissan Motor Co., Ltd.
April 2001	Senior Vice President, Global Aftersales Business, Nissan Motor Co., Ltd.
April 2005	Senior Vice President, Japan Marketing & Sales, Chairman of MC-Dealer, Nissan Motor Co., Ltd.
April 2009	Executive Vice President, FALTEC Co., Ltd.
April 2009	Chairman and Board Director, ALTIA Co., Ltd.
April 2010	Representative Director, President and CEO, FALTEC Co., Ltd.
April 2017	Chairman of the Board and Representative Director, FALTEC Co., Ltd.
June 2017	Senior Adviser, FALTEC Co., Ltd.
April 2018	Executive Board Member, Rikkyo Educational Corporation
June 2020	Outside Director of the Company (current position)
September 2020	Chairperson of the Board, Rikkyo Educational Corporation
June 2022	Chair of the Board of Directors of the Company (current position)
April 2023	Advisor, Rikkyo University Innovation Center for Applied Artificial Intelligence (ICA-AI) (current position)
April 2023	Advisor, Penetrate of Limits Co., Ltd. (current position)

Outside Director

TAKEGAWA Keiko

April 1981	Entered Prime Minister's Office (Presently Cabinet Office)
July 2008	Deputy Director General for Policies on Cohesive Society, Cabinet Office
July 2009	Deputy Director General for Gender Equality Bureau, Cabinet Office
December 2012	Director, Public Relations Office, Cabinet Office
July 2014	Director General, Gender Equality Bureau
April 2019	Professor, Showa Women's University
June 2019	Outside Corporate Auditor of the Company
June 2019	Outside Member of the Board of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
April 2020	Dean of Faculty of Global Business, Showa Women's University
April 2021	Director of Institute of Women's Culture, Showa Women's University (current position)
April 2021	Specially Appointed Professor, Showa Women's University (current position)
June 2021	Outside Director, Sekisui House, Ltd. (current position)
June 2021	Outside Director of the Company (current position)

Corporate Auditor

KUTSUNAI Akira

April 1984	Entered the Company
February 2012	General Manager of Finance & Accounting Department
June 2014	General Manager of Administration Dept., Metals Sector
April 2017	Executive Officer, General Manager of Investor Relations and Corporate Communications Department, Corporate Planning & Control Sector
June 2018	Executive Officer, General Manager of Investor Relations and Corporate Communications Department, Corporate Planning & Control Sector, Finance & Accounting Department, Corporate Planning & Control Sector
April 2020	Executive Officer, General Manager of Corporate Communications Department, Corporate Planning & Control Sector, General Manager of Finance & Accounting Department, Corporate Planning & Control Sector
June 2020	Corporate Auditor of the Company (current position)

Corporate Auditor

FUKUMOTO Hiroto

April 1986	Entered the Company
June 2011	General Manager of New Product & Process Development Center, Electronic Materials Sector
October 2011	General Manager of Ageo Copper Foil, Specialty Foil Division, Electronic Materials Sector
October 2016	Managing Director of Mitsui Copper Foil (Malaysia) Sdn.Bhn.
May 2017	Deputy General Manager of Copper Foil Division and General Manager of Business Planning Group, Engineered Materials Sector
April 2020	Deputy General Manager of R&D Center, Business Creation Sector
January 2021	General Manager of R&D Center, Business Creation Sector
June 2022	Corporate Auditor of the Company (current position)

Outside Corporate Auditor

ISHIDA Toru

April 1975	Entered Ministry of International Trade and Industry (Presently Ministry of Economy, Trade and Industry)
July 2003	Director General for Policy Planning and Coordination, Minister's Secretariat, METI
September 2005	Director-General, Trade and Economic Cooperation Bureau, METI
July 2007	Director-General, Industrial Science and Technology Policy and Environment Bureau, METI
July 2008	Commissioner, Agency for Natural Resources and Energy, METI
January 2011	Advisor, Tokyo Electric Power Company, Incorporated (TEPCO)
June 2013	Director, Japan Alcohol Trading Co., LTD
June 2014	Vice President, Japan Alcohol Trading CO., LTD
December 2015	President, The Japan Chamber of Commerce and Industry (current position)
June 2016	Outside Auditor, Tokyo Small and Medium Business Investment & Consultation CO., LTD. (current position)
June 2016	Outside Director, Tokyo Ryutsu Center Inc. (current position)
June 2018	Outside Corporate Auditor of the Company (current position)

Outside Corporate Auditor

INOUE Hiroshi

April 1985	Appointed as Public Prosecutor
January 2012	Assistant Vice-Minister of Justice
November 2012	Chief Prosecutor of Nara District Public Prosecutors Office
July 2014	Director-General of the Immigration Bureau, the Ministry of Justice
March 2017	Director-General, Inspection and Guidance Department, Supreme Public Prosecutors Office
June 2017	Chief Prosecutor of Nagoya District Public Prosecutors Office
February 2018	Superintending Prosecutor of Sapporo High Public Prosecutors Office
January 2020	Superintending Prosecutor of Fukuoka High Public Prosecutors Office
October 2020	Professional registration in Japan as lawyer With Momo-o, Matsuo & Namba (current position)
June 2021	Outside Corporate Auditor (current position)
June 2023	Director and Audit & Supervisory Committee Member, Mazda Motor Corporation (current position)

Employees

Breakdown of consolidated employees by employment status and employment contract type (as of the end of FY2022)

		Male		Female		Total
		Male	Female	Male	Female	
Open-ended workforce contract	Full-time	9,088	3,457			12,545
	Part-time	6	6			12
	Total	9,094	3,463			12,557
Fixed-term contract	Full-time	415	145			560
	Part-time	77	47			124
	Total	492	192			684
Total		9,586	3,655			13,241
Supervised workers		785	843			1,628
Total workforce		10,371	4,498			14,869

※ Since the calculation method is different from the one for temporary employees stated in the annual securities report, the total number of employees is not in accord.

Breakdown of consolidated employees by employment contract (as of the end of FY2022)

	Open-ended workforce contract		Fixed-term contract		Total
	Male	Female	Male	Female	
Japan	5,328	864	397	114	6,703
North America	236	175	0	0	411
South and Central America	604	489	3	2	1,098
Asia	2,884	1,901	92	76	4,953
Europe	42	34	0	0	76
Total	9,094	3,463	492	192	13,241

Breakdown of consolidated employees by position (as of the end of FY2022)

	Under 30 years of age		30-49 years old		50 years of age or over		Total
	Male	Female	Male	Female	Male	Female	
Managerial	4	0	753	106	627	31	1,521
Non-managerial	1,849	713	4,456	2,200	1,897	605	11,720
Total	1,853	713	5,209	2,306	2,524	636	13,241

Percentage of managers holding local nationality in overseas sites (as of the end of FY2022)

North America	75.0%
South and Central America	90.9%
Asia	84.8%
Europe	100.0%
Total	84.7%

New employee hires by region (as of the end of FY2022)

		Under 30 years of age		30-49 years old		50 years of age or over		Total
		Male	Female	Male	Female	Male	Female	
Japan	New hires	163	45	194	44	50	9	505
	Total employees	791	149	2,896	454	2,037	312	6,639
	Rate of hiring	20.6%	30.2%	6.7%	9.7%	2.5%	2.9%	7.6%
North America	New hires	10	6	29	11	16	7	79
	Total employees	18	6	84	57	121	111	397
	Rate of hiring	55.6%	100.0%	34.5%	19.3%	13.2%	6.3%	19.9%
South and Central America	New hires	153	178	69	128	16	20	564
	Total employees	183	202	277	241	137	48	1,088
	Rate of hiring	83.6%	88.1%	24.9%	53.1%	11.7%	41.7%	51.8%
Asia	New hires	403	242	221	93	5	17	981
	Total employees	843	350	1,878	1,507	187	120	4,885
	Rate of hiring	47.8%	69.1%	11.8%	6.2%	2.7%	14.2%	20.1%
Europe	New hires	16	1	17	6	7	2	49
	Total employees	8	1	15	10	18	23	75
	Rate of hiring	200.0%	100.0%	113.3%	60.0%	38.9%	8.7%	65.3%
Total	New hires	745	472	530	282	94	55	2,178
	Total employees	1,843	708	5,150	2,269	2,500	614	13,084
	Rate of hiring	40.4%	66.7%	10.3%	12.4%	3.8%	9.0%	16.6%

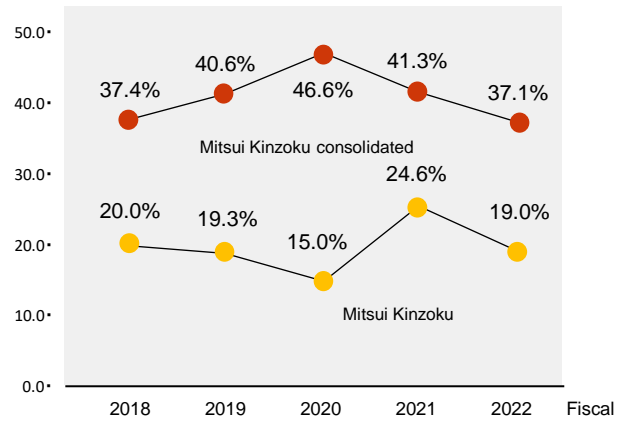
※ Since the calculation method is different from the one for consolidated employees, the total number of employees is not in accord.

Employee turnover by region (as of the end of FY2022)

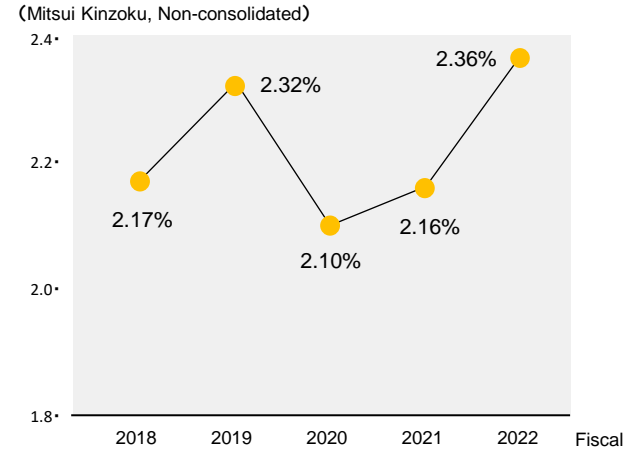
		Under 30 years of age		30-49 years old		50 years of age or over		Total
		Male	Female	Male	Female	Male	Female	
Japan	Departures	55	22	92	22	122	13	326
	Total employees	791	149	2,896	454	2,037	312	6,639
	Turnover rate	7.0%	14.8%	3.2%	4.8%	6.0%	4.2%	4.9%
North America	Departures	5	5	25	7	9	4	55
	Total employees	18	6	84	57	121	111	397
	Turnover rate	27.8%	83.3%	29.8%	12.3%	7.4%	3.6%	13.9%
South and Central America	Departures	107	164	47	109	10	12	449
	Total employees	183	202	277	241	137	48	1,088
	Turnover rate	58.5%	81.2%	17.0%	45.2%	7.3%	25.0%	41.3%
Asia	Departures	263	213	244	121	16	36	893
	Total employees	843	350	1,878	1,507	187	120	4,885
	Turnover rate	31.2%	60.9%	13.0%	8.0%	8.6%	30.0%	18.3%
Europe	Departures	16	1	16	2	4	4	43
	Total employees	8	1	15	10	18	23	75
	Turnover rate	200.0%	100.0%	106.7%	20.0%	22.2%	17.4%	57.3%
Total	Departures	446	405	424	261	161	69	1,766
	Total employees	1,843	708	5,150	2,269	2,500	614	13,084
	Turnover rate	24.2%	57.2%	8.2%	11.5%	6.4%	11.2%	13.5%

※ Since the calculation method is different from the one for consolidated employees, the total number of employees is not in accord. Departures include "retirement at the age limit" and "expiration of contract period".

Proportion of women as a percentage of new hires

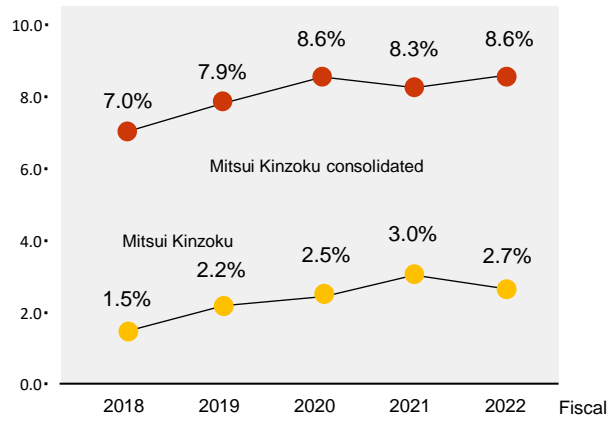


Percentage of employees with disabilities

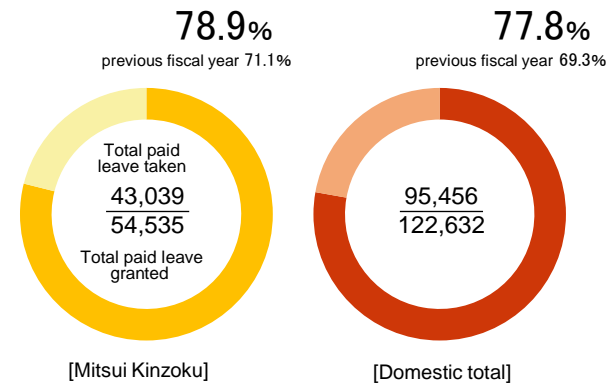


* Revised the values for previous years.

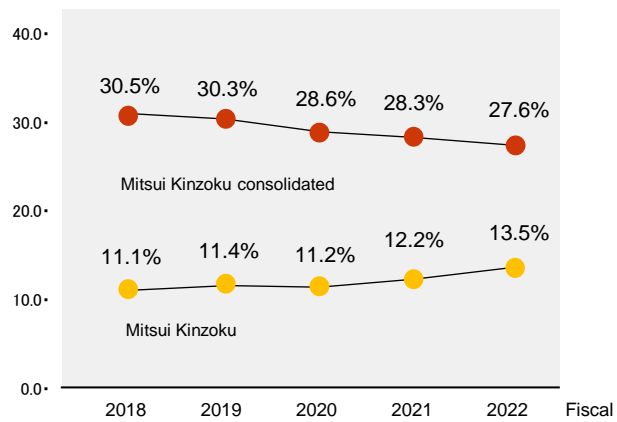
Proportion of women in management positions



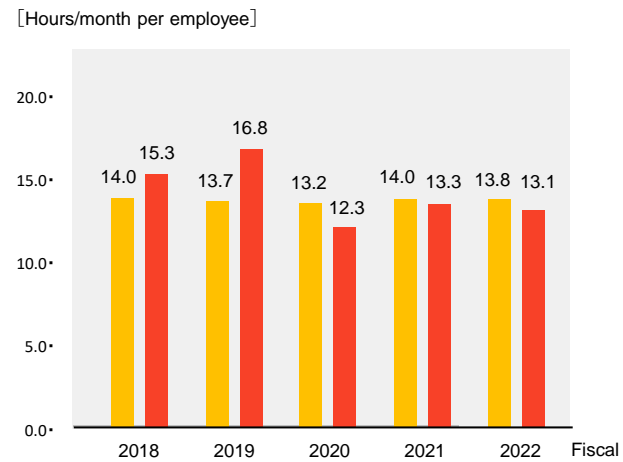
Rate of taking paid leave



Proportion of women as a percentage of total employees



Overtime hours



Parental leave

		FY2020		FY2021		FY2022	
		Employees that entitled to leave	Employees that took advantage	Employees that entitled to leave	Employees that took advantage	Employees that entitled to leave	Employees that took advantage
Mitsui Kinzoku	Male	57	3	87	7	71	6
	Female	8	8	17	17	15	15
	Total	65	11	104	24	86	21
Domestic total	Male	145	9	184	15	175	21
	Female	17	17	27	27	18	18
	Total	162	26	211	42	193	39

※ Employees that took advantage: Employees that took parental leave in the relevant fiscal year of those entitled.

Return to work and retention rates after parental leave

		FY2020			FY2021			FY2022		
		Ended	Returned	Retired	Ended	Returned	Retired	Ended	Returned	Retired
Mitsui Kinzoku	Male	3	3	0	5	4	1	7	7	0
	Female	4	4	0	0	0	0	14	14	0
	Total	7	7	0	5	4	1	21	21	0
Domestic total	Male	11	11	0	13	12	1	26	26	0
	Female	7	7	0	2	2	0	20	20	0
	Total	18	18	0	15	14	1	46	46	0

※ Ended: Employees whose parental leave ended.
Returned: Employees that returned to work after ended.
Retired: Employees that separated from employment in twelve months after returning.

Wage gap between male and female workers

FY2022	All workers	Of which, regular workers	Of which, part-time and fixed-term workers
Mitsui Kinzoku	67.7%	70.5%	53.1%
Domestic total	63.5%	67.4%	53.7%

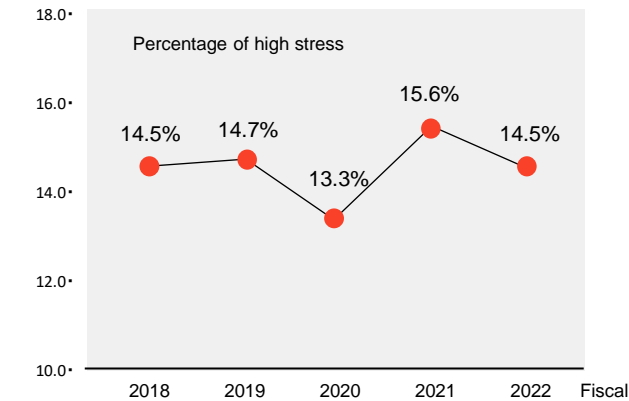
Calculated based on provisions in the Act on the Promotion of Women's Active Engagement in Professional Life.

Female workers are paid less than male workers, which is attributable principally to the smaller percentage of women in management positions and to the average length of service of women being shorter than that of men (by about seven years).

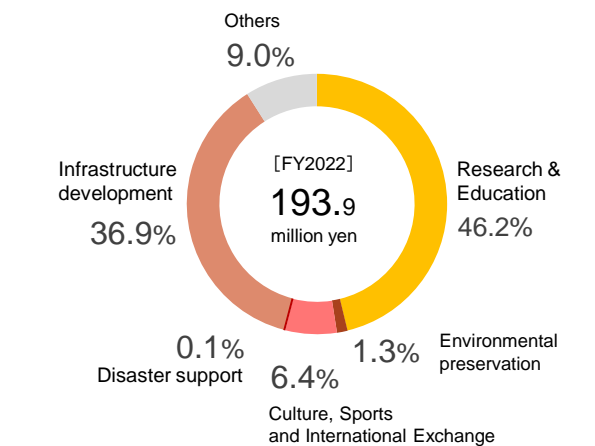
Contributing to communities

Results of stress check (Percentage of high stress)

(Target : Directly hired employees of Mitsui Kinzoku and the domestic consolidated subsidiaries, including expatriate workers)

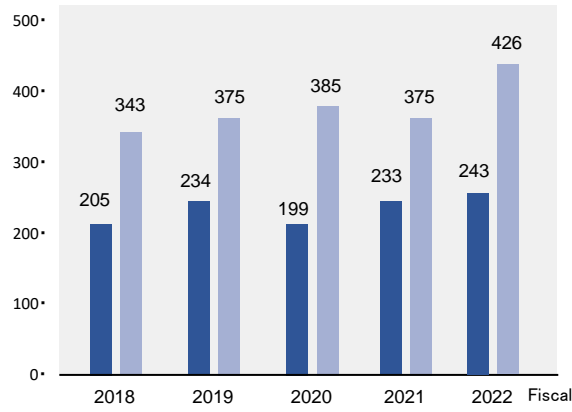


Mitsui Kinzoku Group breakdown of the amount



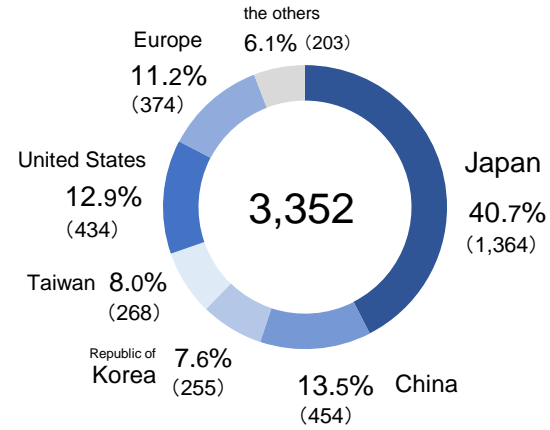
Intellectual property

Number of patent applications ■ Japan ■ Overseas



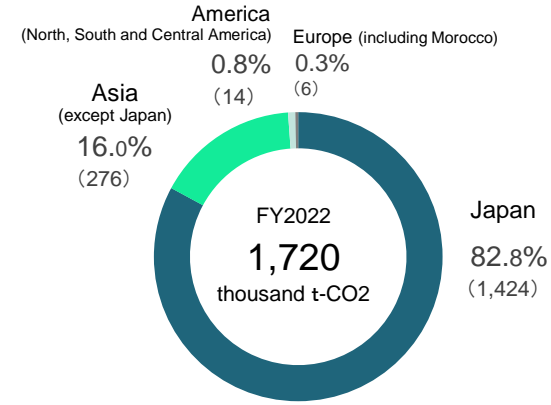
* Due to our intellectual property data management systems, some data differ from those reported last year.

Number of patents registered globally

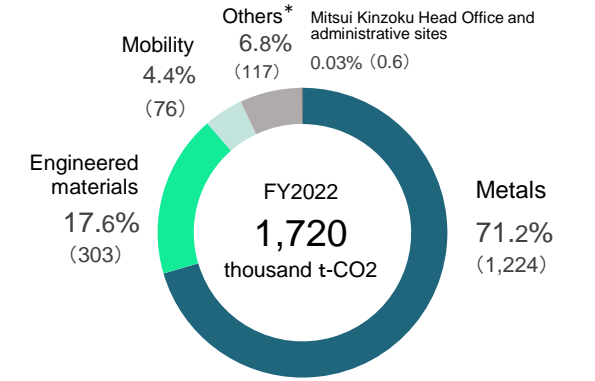


* Numbers as of the end of March 2023.

Breakdown of CO2 emissions by region

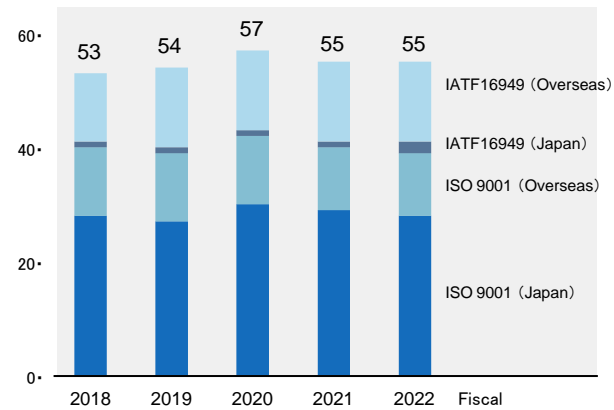


Breakdown of CO2 emissions by business unit

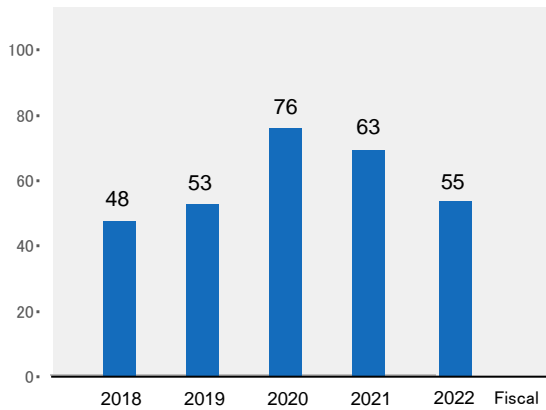


* Including the organizations under the Business Reconstruction Office of the Corporate Planning Department, and the Business Creation Sector.

Number of operating sites with certifications

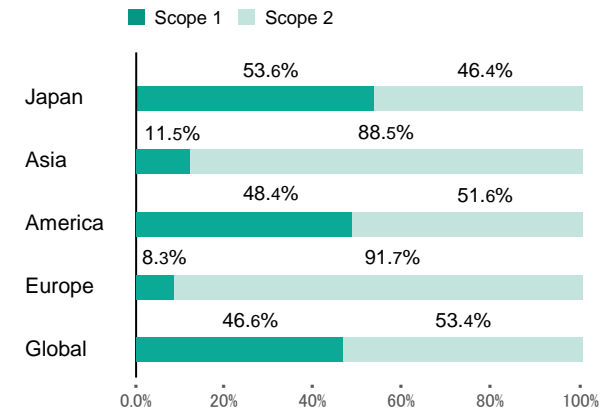


Number of claims at sites that hold QA meetings

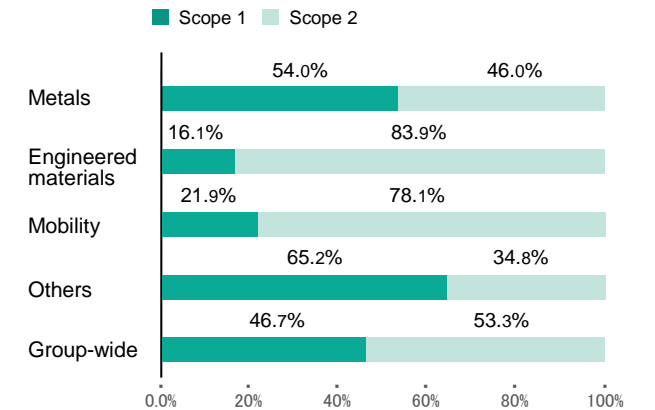


* The values expressed as relative values, with the data of FY2013 being 100.

Breakdown by scope of CO2 emissions by region

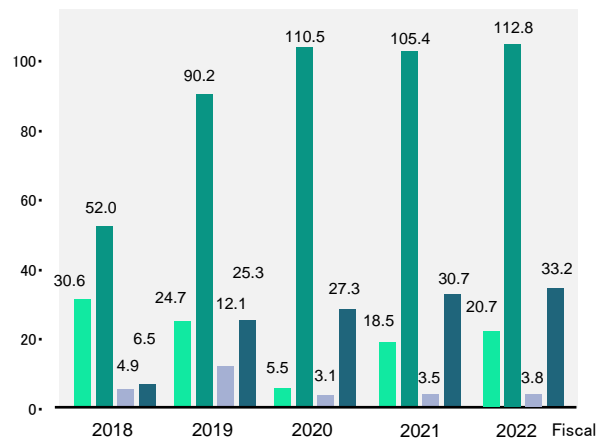


Breakdown by scope of CO2 emissions by business unit



Environment

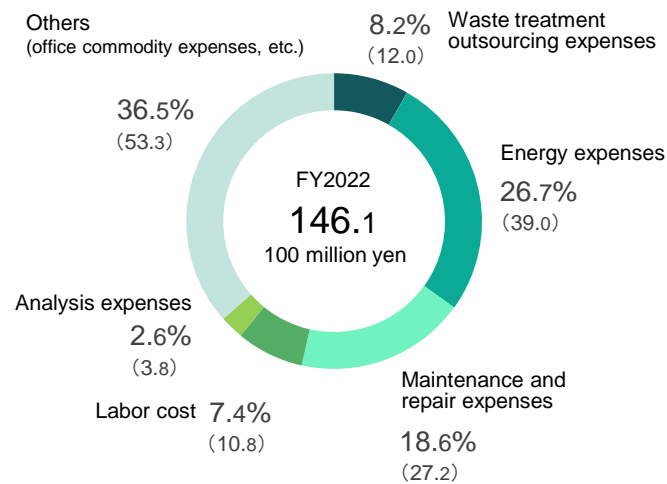
Environment-related capital expenditures and environmental management expenses (Hundred million yen)



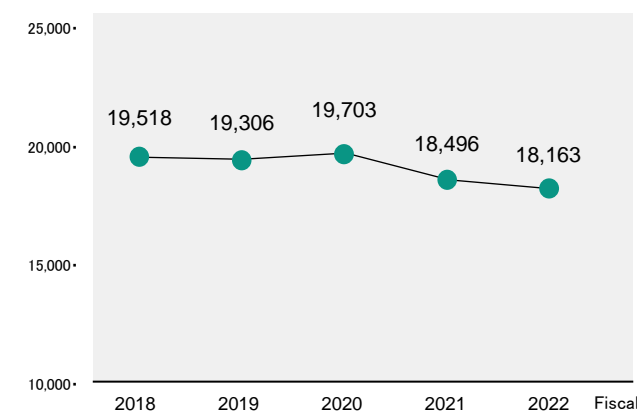
■ Environment-related capital expenditures (Japan)
 ■ Environmental management expenses (Japan)
 ■ Environment-related capital expenditures (overseas)
 ■ Environmental management expenses (overseas)

* The classification partially changed after FY2019.
 * Revised the values for FY2021 disclosed last year.

Break down of environmental management expenses

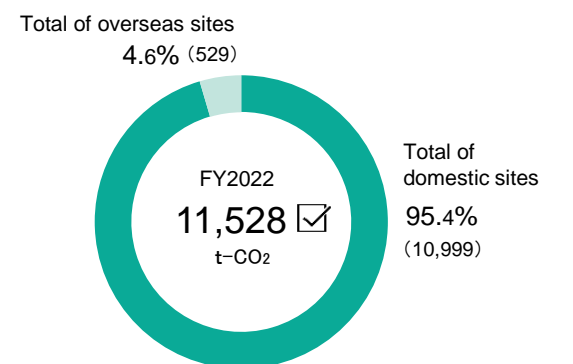


CO2 emissions in logistics (Non-consolidated, t-CO2/year)



* Up to FY2021, the scope of data calculation covered the transportations designated as Specified Consigner by the Act on the Rational Use of Energy. Data for FY2022 is obtained from the calculation made for the Category 4 boundary of Scope 3. Calculation using the previous method gives a result of 17,465 t-CO2.

CO2 emissions by waste treatment (Category 5 of Scope 3)



* Calculation performed based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver.2.5), using the emission factors by waste type/disposal method (excluding the waste transportation process) in the Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver.3.3).

* We have received an independent practitioner's assurance for the figures for FY2022 in this information to which is attached.

Corporate profile and Stock information

(as of March 31, 2023)

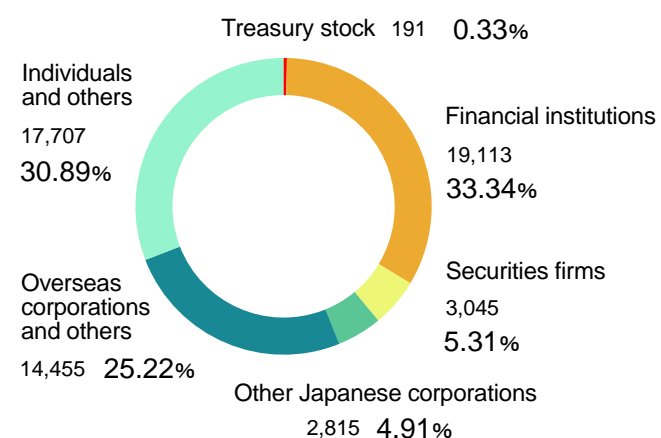
Corporate profile

Company name	MITSUI MINING & SMELTING CO., LTD.
Established	May 1, 1950
Paid-in capital	42,178 million yen
Employees	Consolidated 12,115 Non-consolidated 2,252
Subsidiaries and affiliates	Subsidiaries 52 Affiliates 7
Head office	1-11-1 Osaki, Shinagawa-ku, Tokyo 141-8584 Japan Telephone +81-3-5437-8000 Facsimile +81-3-5437-8029

Stock information

Total number of authorized shares	190,000,000 shares
Total number of outstanding shares	57,329,098 shares
Number of shareholders	42,035

Share breakdown (Thousands of shares)



Major shareholders (Top 10)

Shareholder	Number of shares held (Thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Held in trust account)	11,039	19.32
Custody Bank of Japan, Ltd. (Held in trust account)	5,068	8.87
Mitsui Kinzoku Employees' Shareholding Association	1,337	2.34
JP MORGAN CHASE BANK 385632	964	1.68
DFA INTL SMALL CAP VALUE PORTFOLIO	950	1.66
STATE STREET BANK WEST CLIENT-TREATY 505234	785	1.37
Mitsui Kinzoku Business Partners' Shareholding Association	771	1.35
NORTHERN TRUST GLOBAL SERVICES SE *	724	1.26
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	701	1.22
The Nomura Trust and Banking Co., Ltd. (Held in investment trust account)	630	1.10

* Percentages of shares held are calculated based on the total number of shares issued and outstanding (excluding 191,675 shares in treasury).

* NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RELUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT

Deloitte.

デロイト トーマツ

(TRANSLATION)

Independent Practitioner's Assurance Report

July 31, 2023

Mr. Takeshi Nou,
President and Representative Director,
MITSUI MINING & SMELTING CO., LTD.

Tomoharu Hase
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the CO₂ emissions indicated with for the year ended March 31, 2023 (the "CO₂ Information") included in the "MITSUI KINZOKU Integrated Report 2023" (the "Report") of MITSUI MINING & SMELTING CO., LTD. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the CO₂ Information in accordance with the calculation and reporting standard adopted by the Company (indicated with the CO₂ Information included in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the CO₂ Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the CO₂ Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited