ESG Briefing Session

November 18, 2025
Mitsui Kinzoku Company, Limited

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

MITSUI KINZOKU

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Message from the President

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

To ensure the realization of our Purpose and Our Vision (Vision for 2030), we will continue to accelerate sustainable growth and enhancement of corporate value over the medium to long term under the 2025-2027 Medium Term Business Plan (25-27 MTP), after the end of the 2022-2024 Medium Term Business Plan (22-24 MTP), based on the concepts of ambidexterity and integrated thinking-based management.

Purpose

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

Ambidexterity

- Exploration
  (Experiment and act on new business)
- Exploitation
  (Business efficiency improvement and ceaseless kaizen efforts)

Integrated thinking-based management

- Social value improvement
- Financial value improvement

Accelerate sustainable growth and enhancement of corporate value over the medium to long term

Our Vision
(Vision for 2030)

Building new businesses—and the future—with material intelligence

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

Message from the President

As the concepts (key focus areas) of the 25-27 MTP, we are refining the current measures from the 22-24 MTP and further implementing the strengthening of the management foundation, enhancement of human capital, and promotion of DX.

■ Concepts of the 25-27 MTP (Key Focus Areas)

Strengthening of the Management Foundation

- Strengthening portfolio management
  - Introduction of ROIC targets and WACC per business for business valuation, and reflection of social value
  - Execution of bold measures*
  - Expansion of mechanisms for creating new businesses and company-wide synergies
- Development of information management infrastructure
  - Strengthening information dissemination inside and outside the company, and branding
- Strengthening governance and promoting company-wide strategies through transition to a Company with an Audit and Supervisory Committee

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Enhancement of Human Capital

- Setting of action guidelines based on the Purpose and Our Vision
- Human resource development leading to improved business value and greater on-site capabilities, and acceleration of job satisfaction reforms
- Human resource development contributing to the enhancement of company-wide corporate value

Promotion of DX

- Operational efficiency improvement and shift to value-creating work
- Optimal allocation of ICT personnel and development of DX personnel

* Bold measures: Measures to shift towards non-linear growth rather than gradual growth

Message from the President

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

Regarding social value improvement, initiatives for the environment, society, and governance have all been progressing smoothly since the start of the 22-24 MTP. Today, we will report on the progress of ESG improvements and also hold a briefing session on DX, which is closely related to further improvements.

■ Concepts of the 25-27 MTP (Key Focus Areas)

Strengthening of the Management Foundation

- Strengthening portfolio management
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Reported as "G" in the ESG Briefing Session (Nou)

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Enhancement of Human Capital

- Setting of action guidelines based on the Purpose and Our Vision
- Human resource development leading to improved business value and greater on-site capabilities, and acceleration of job satisfaction reforms
- Human resource development contributing to the enhancement of company-wide corporate value

Reported as "S" in the ESG Briefing Session (Sugimoto)

Promotion of DX

- Operational efficiency improvement and shift to value-creating work
- Optimal allocation of ICT personnel and development of DX personnel

Reported in the DX Briefing Session (Ikenobu)

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Review of Materiality

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

In line with the 25-27 MTP strategy, we have updated the materialities (key issues) that the Group should address.
We aim to further link business activities with sustainability promotion initiatives and deepen integrated thinking-based management.

7 Materialities (From FY2025)

Explained in the Environment section today

Businesses that make the Earth smile

- Creation of new markets through exploration
- Advanced materials that enhance customer value
- Metal recycling supporting the industrial foundation

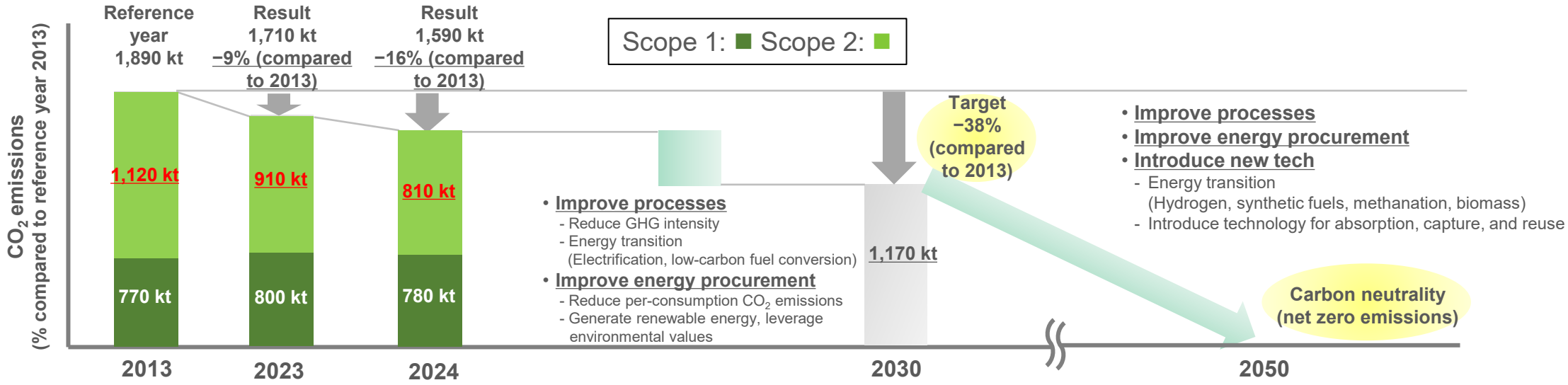
Value provided to society

- Business activities in harmony with the environment
- Human resources who practice our Values
- Value chain that realizes a sustainable society
- Foundation supporting value creation

Medium- to Long-term CO_2 Emission Reduction Targets and Initiatives (Scope1 and Scope2)

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

- Reduce CO_2 emissions by 38% globally by FY2030 (Scope 1, 2 compared to FY2013)
- We will continue to create projects and aim to achieve carbon neutrality (net zero emissions) by FY2050.



Create projects for reducing CO_2 emissions

Follow Carbon Neutral Roadmap
- ◆ Continuous scrutiny of environmental investments (technology assessment, cost reduction)
- ◆ Operation of the cloud system for the Carbon Neutral Roadmap to begin in FY2025

Scope 3 Monitor CO_2 emissions
- ◆ Calculation for domestic sites completed in FY2024 (Reported to CDP)
- ◆ Calculation for all global sites to be completed in FY2025

Details explained on the next page

Use LCA*1 to identify improvement points
- ◆ Company-wide LCA introduction (To be completed by FY2024)
- ◆ Quantify CO_2 emissions by each product and process

Use TCFD scenario analysis to formulate strategy
- ◆ Company-wide TCFD scenario analysis in progress (To be completed by FY2025)
- ◆ Used as climate-related scenario analysis under SSBJ standards

Work on TNFD started as part of sustainability information disclosure

Implement projects for reducing CO_2 emissions

Use ICP*2 for environmental investment promotion scheme
- ◆ Promote environmental investment by applying ICP to evaluate CO_2 reduction effects in terms of investment profitability (**FY2025: 23 cases**)

Activities in the GX League

Response to new regulations and technologies
- ◆ Establish a system for emissions trading
- ◆ Gather information and materialize new technologies through collaboration with partner companies

*1 LCA: Life Cycle Assessment
*2 ICP: Internal Carbon Pricing

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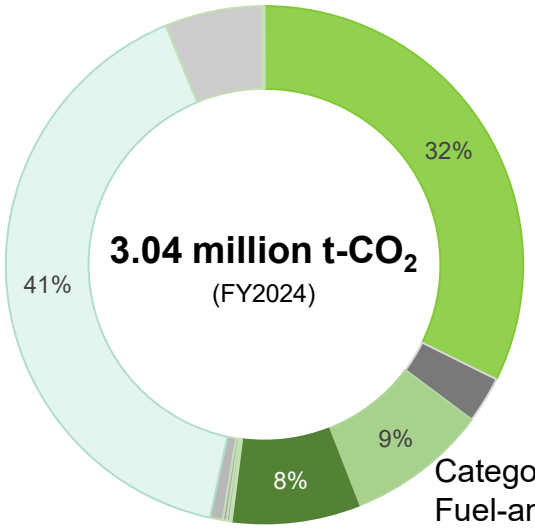
Climate Change Initiatives: Scope 3 Emissions

- Complete calculation for all global sites in FY2025 and disclose in FY2026.
- Formulate reduction targets in FY2027 after third-party verification.

Scope 3 Emissions Breakdown
(Domestic sites, excluding some categories)



Category 1
Purchased goods and services

Category 3
Fuel-and-energy-related activities not included in Scope 1 or 2

Category 4
Upstream transportation and distribution

Category 10
Processing of sold products

Our Group's initiatives to date

- Started ascertaining actual conditions from FY2021
- Gradually expanded the scope of calculation (categories/number of sites)
- FY2024: Calculation for domestic sites completed
- FY2025: Calculation for overseas sites scheduled to be completed

Future direction

- FY2026: Scheduled disclosure for all global sites
  Establishment of a calculation system for third-party verification
- FY2027: Setting of reduction targets and promotion of measures

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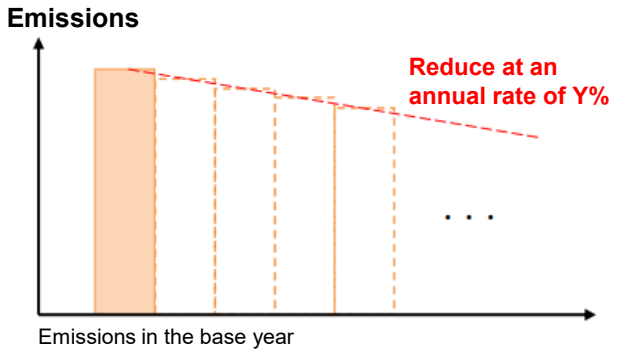
Response to the Emissions Trading System

- The Emissions Trading System will be fully operational from FY2026, targeting corporations with direct CO_2 emissions of 100,000 tons/year.
- For non-ferrous metals, the grandfathering (GF) method is used, requiring a certain percentage of reduction every year.
  - Under GF, emissions are classified into energy-derived and non-energy-derived, with a lower reduction rate set for non-energy-derived emissions.
- Regarding the ISP*1 at Hachinohe, we have requested that the coke used be classified as non-energy-derived because it is a reducing agent.

Direct CO_2 Emissions of Target Corporations in the Mitsui Kinzoku Group (FY2023)

Hachinohe Smelting	420 kt
Hibi Smelting	140 kt
Miike Smelting	110 kt

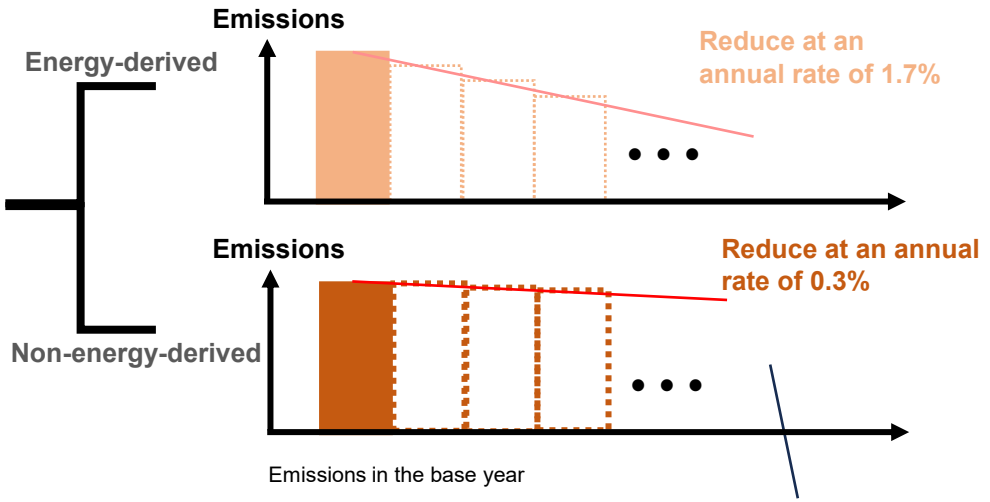
GF Method



- The allocated amount decreases by a certain percentage every year based on past emission results.
- The allocated amount is calculated by multiplying the base emissions (average emissions of the three fiscal years immediately preceding the start of the system (FY2023–FY2025)) by a certain reduction rate.

Allocated amount = Base emissions x (1 − Target reduction rate)

Different reduction rates for energy-derived and non-energy-derived



Requesting that coke used in the Hachinohe ISP be classified as non-energy-derived so that it falls under the lower reduction rate.

Source: Adapted based on materials from the "4th Subcommittee on Emissions Trading System," Ministry of Economy, Trade and Industry, October 17, 2025.

*1 The imperial smelting process (ISP) method is a smelting method that can simultaneously smelt zinc and lead, process diverse raw materials, and so on. (Reference: Hachinohe Smelting Co., Ltd. official website)

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Metals Segment—Carbon Neutrality Initiatives

The implementation and consideration of CO_2 reduction measures using both existing and new technologies are progressing as planned. In addition to utilizing existing technologies (such as CO_2 emission reduction by stopping the production of calcium sulfate), we have also added the substitution of coal with biomass fuels and the utilization of environmental value as new measures to further increase the probability of achieving the 2030 targets.

CO_2 emission reduction measures				Evaluation	Progress
Utilize existing technologies (Technologies established or implementable measures)	**CO_2 emission reduction by modifying the product mix**		**Stop the production of calcium sulfate**	**Positive**	• **Kamioka stopped producing calcium sulfate in May of this year. We are constructing a sulfuric acid storage tank to stop the production of calcium sulfate at Hibi from FY2026 to FY2028. Expected CO_2 emission reduction effect: 81,000 t-CO_2/year.**
	Energy saving and higher efficiency	Improve efficiency by updating outdated facilities	Improve heat exchange efficiency, including for sulfuric acid heat exchangers	Positive	• CO_2 reductions are being implemented at each location in conjunction with updates to aging equipment.
		Improve electricity intensity	Plan and implement energy conservation projects	Positive	• At the end of November 2023, we introduced inverters for sulfuric acid gas blowers at Hikoshima. • We are upgrading to high-efficiency motors when replacing aged equipment at each location.
			Switch factory lighting to LED	Positive	• Implementation for FY2025 is underway as planned at Hibi for the switch to LEDs.
Introduce new technologies (Measures under development through internal and external collaboration)	Energy source transition	Utilize renewable energy	**Substitute coal with biomass fuels**	**Positive**	• Coal substitution tests using biomass were conducted at Miike, Kamioka, and Hibi. Substitution tests are scheduled to be conducted at Hachinohe and Takehara this year. • **Started technical review for verification tests of biomass fuel production.**
			New hydroelectric power plant	Negative	• This has not been implemented because investment profitability is still an issue.
		Utilize low emissions factor energy	Convert from heavy oil to LNG	Positive	• The conversion of smelting furnaces, boilers, etc. to LNG is being considered at Hachinohe and Takehara.
			Convert from coke to LNG	Positive	• Lab tests completed; issues are identified via actual machine tests this year.
			Substitute coal with waste carbon materials	Positive	• Coal substitution is implemented using carbonized sludge at Nippon Mesalite Industry.
	CO_2 separation and capture	**Develop new technologies**	**Separate and capture CO_2 using amine-supported silica (Hachinohe)**	**Positive**	• **Started preparations for scale-up tests during the 25-27 MTP period in collaboration with the Business Creation Sector.** • The storage and utilization of captured CO_2 with a view to collaboration inside and outside the company are still being considered.
Utilize environmental value	Utilization of J-Credit		Creation of credits through forest management	Positive	• Obtained prefectural certification for the Kamioka Forest Management Plan.
	Procurement of carbon-free electricity and non-fossil certificates			Positive	• Incorporated as one of the measures while monitoring procurement prices.

- Reduced CO_2 as per the roadmap in the 25-27 MTP.

- Started considering the use of biomass fuel at Hachinohe and Takehara in addition to Miike, Kamioka, and Hibi.
- Coke substitution in ISP is scheduled to transition from lab tests to actual machine tests.
- **We will increase the probability of achieving CO_2 separation and capture through scale-up tests.**

We are also proceeding with considerations regarding passing on increased costs to product prices.

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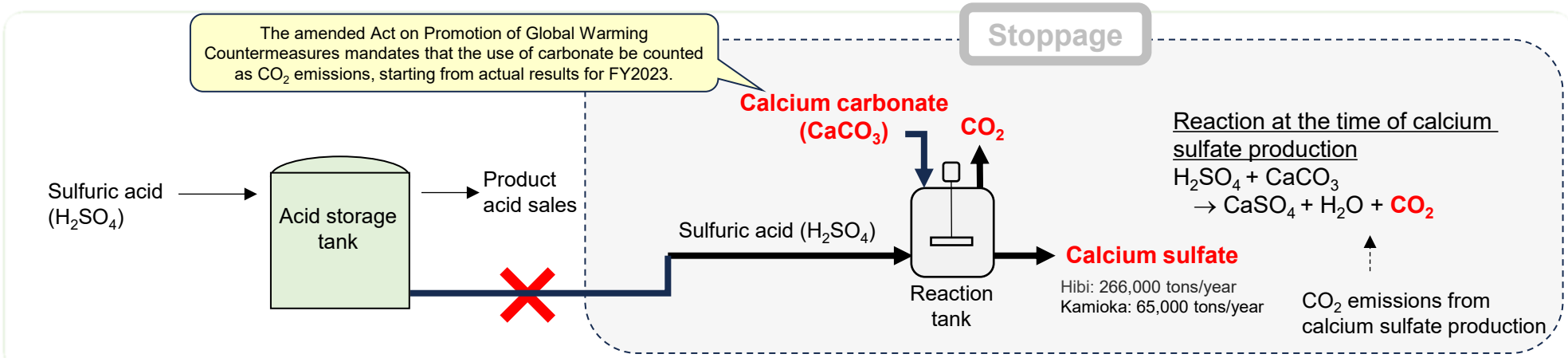
Metals Segment—CO_2 Emission Reduction due to Stopping the Production of Calcium Sulfate

In response to the amendment of the Act on Promotion of Global Warming Countermeasures, which mandates that the use of carbonate be counted as CO_2 emissions, Kamioka stopped the production of calcium sulfate in May of this year, reducing emissions by 14,000 t-CO_2/year.
Hibi is also scheduled to reduce calcium sulfate production by 50% from the second half of FY2026 and stop production in FY2028. This will achieve a CO_2 emission reduction of 81,000 t-CO_2/year.

Implementation plans



Effect

Expected carbon emissions reduction due to stopping production

- 67,000 + 14,000 ton-CO_2/year = 81,000 ton-CO_2/year
  Hibi — **Kamioka (Reduction completed)**

Implementation schedule

Implementation plans	FY2025 and earlier	FY2026–FY2029	FY2030
Hibi	Installation of an additional acid storage tank • **Foundation work completed** (October 2025)	Move on to real operations • Reduce calcium sulfate production by approx. 50%: 266,000 tons/year → approx. 130,000 tons/year (Second half of 2026) • Stop the production of calcium sulfate (Within FY2028)	
Kamioka	Stop the production of calcium sulfate • **Expanded sulfuric acid shipment facilities** (February 2025) • **Stop the production of calcium sulfate**: 65,000 tons/year → 0 tons/year (May 2025)	Move on to real operations • Shift to operations producing sulfuric acid after stopping calcium sulfate production (June 2025)	

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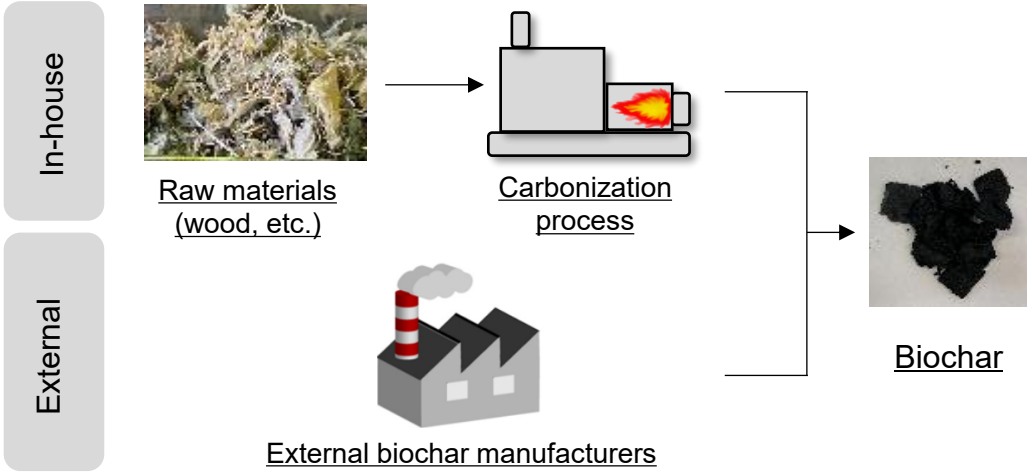
Metals Segment—Substitute Coal with Biomass Fuels

In anticipation of substituting coal, we have started technical considerations for the in-house production of biomass fuel. We are working on verification tests on the carbonization process of raw materials such as wood. We aim to utilize this, together with externally procured biomass fuel, in the dry furnaces of our zinc, lead, and copper smelting operations.

Implementation plans

Procurement



Utilization

	Verified tests completed	Tests scheduled for this year	Biomass fuel requirement
Zn	Miike (MF furnace)	Hachinohe (Sintering machine)	22,000 tons/year
Pb	Kamioka (Blast furnace)	Takehara (Blast furnace)	4,800 tons/year
Cu	Hibi (Flash furnace)		500 tons/year

Effect

Expected CO_2 reduction effect

- **56,000 tons-CO_2/year**

Implementation schedule

Item		FY2025	FY2026	FY2027–FY2029	FY2030
Procurement	In-house	Design and trial manufacture of production test equipment	Verification of manufacturing costs and investment decision		
	External	Search for new biomass raw materials, information gathering, and securing suppliers			
Utilization		Continuation of verification tests at Miike, Kamioka, and Hibi, and expansion to Hachinohe (sintering machine) and Takehara (blast furnace)			Move on to real operations

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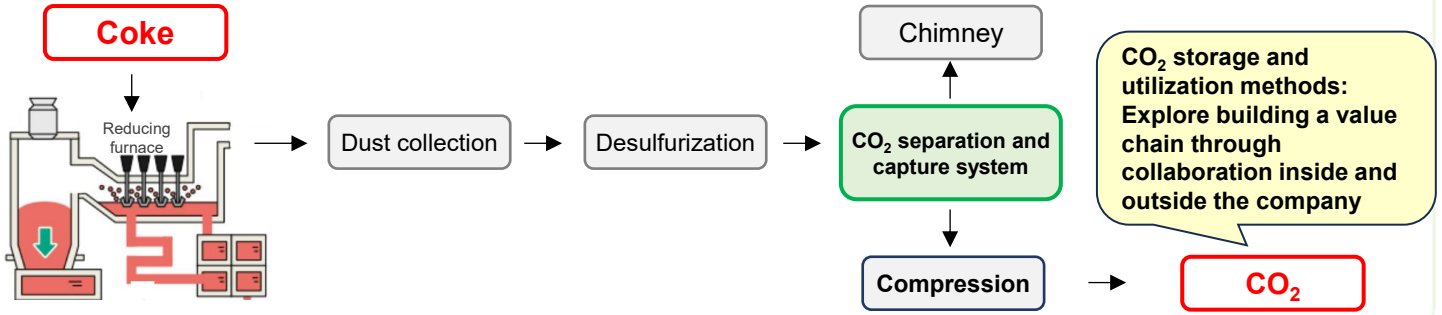
Metals Segment—CO_2 Separation and Capture

Following the bench test at Hachinohe in 2024, we are designing a test machine for medium-scale tests to be conducted this year. While strengthening R&D and external collaboration regarding CO_2 capture, storage, and utilization, we will proceed with initiatives to achieve commercialization from 2030 onwards.

Implementation plans

• Recover CO_2 from Hachinohe Smelting exhaust gas using a CO_2 adsorbent (amine-supported silica)

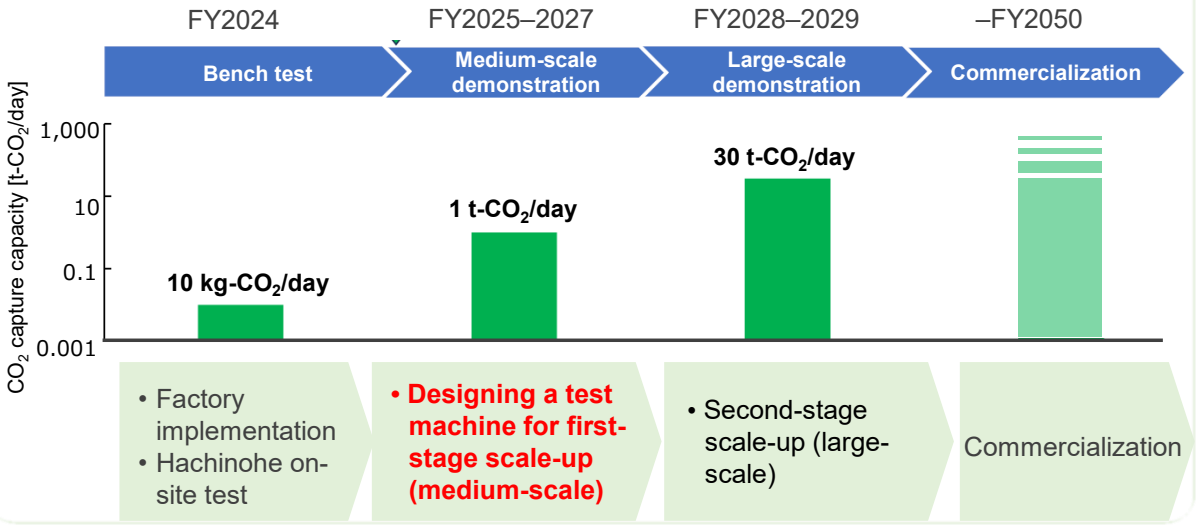


Effect

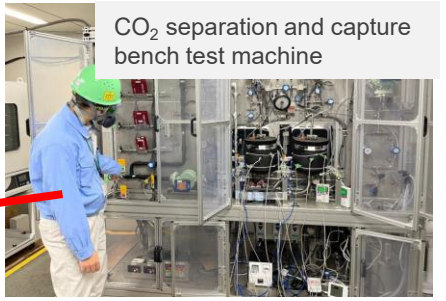
Expected CO_2 capture effect

● **190,000 tons-CO_2/year**

Implementation schedule



Hachinohe Smelting Co., Ltd. Testing Site



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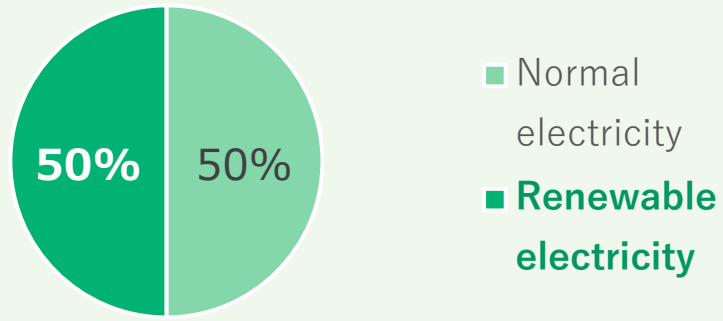
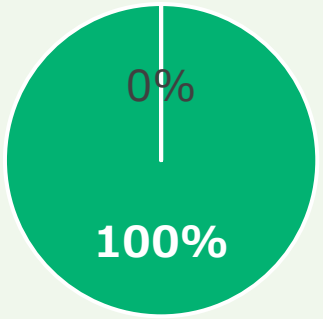
Engineered Materials Segment—Overview of Renewable Energy Usage in Copper Foil Division

Scheduled implementation of renewable energy for electricity in FY2025

Renewable energy usage rate for the entire Copper Foil Division

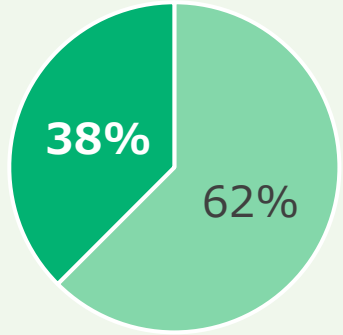


Renewable energy rate at Ageo Site



* To respond to supplier requests and Saitama Prefecture ordinances (48% reduction in CO_2 emissions compared to FY2013)
  ⇒ Addressed through green power plans and environmental certificates

Renewable energy rate at overseas sites



* To respond to supplier requests
  ⇒ Addressed through environmental certificates

Renewable energy rate of electricity during copper foil product manufacturing

Renewable energy usage rate for MicroThin™

MicroThin™


For application processors


For HDI PCBs

100% renewable energy usage
Ageo Site, Malaysia Plant

Renewable energy usage rate for VSP™

VSP™

For AI servers and high-performance servers

100% renewable energy usage
Malaysia Plant

2% renewable energy usage*
Taiwan Plant

* Based on in-house solar power generation. Due to low circulation of environmental certificates and high costs, renewable energy for electricity has not been implemented.

Renewable energy usage rate for FaradFlex™

FaradFlex™


For base stations
For servers and routers

100% renewable energy usage
Ageo Site, Malaysia Plant

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Engineered Materials Segment—Environmentally Friendly Products

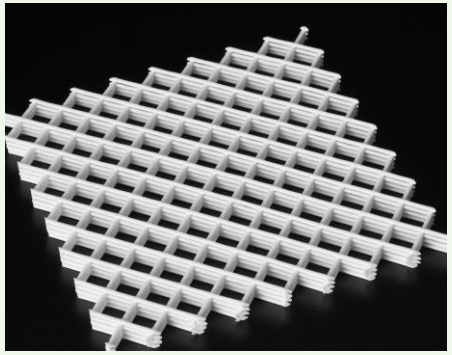
Since last year's ESG briefing session, the following four products have been designated as environmentally friendly products.

iconos™ (Ta-based)

iconos™

- A liquid in which refractory metals such as rare metals are dissolved in an aqueous solvent. Has superior safety and handleability, and produces uniform thin-film coating.
- **Doubles the life of graphite heaters. Reduces environmental impact[*1] by 47.1%.**
- We aim to increase sales in other applications and product types toward 2030.

Ceramesh®



Ceramesh®

- A mesh-like setter for firing suitable for the miniaturization of MLCCs.
- Improved thermal uniformity reduces MLCC quality variation and improves productivity.
- **Offers 78.5% weight reduction compared to conventional products; rapid temperature rise; and energy savings that reduce environmental impact[*1] by 72.8%.**
- We aim to increase sales toward 2030

IGZO target material

- **Percentage of recycled raw materials: 36%**

Our share 31%[*2]

YF_3 thermal spray material

- **Durability increased by 1.4 times (compared to Y_2O_3). Reduces environmental impact by 36.4%.**

Our share 46%[*2]

- Including 8 products in FY2024 and 3 products in FY2023, there are 11 environmentally friendly products in total. Scheduled for certification at the second-half council meeting in FY2025.

Reference: Environmentally friendly products reported last time in FY2024

- Copper Foil　Recycled raw materials100%
- ITO target　Percentage of recycled raw materials 80%
- Recycled calcium fluoride (CaF2) powder
- Gd_2O_3 (gadolinium oxide) recycled powder for GOS

We will accelerate initiatives to increase the percentage of environmentally friendly products to achieve the Vision for 2030.

*1: Our LCA evaluation *2: Our estimated value (FY2024)

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Biodiversity Conservation and Response to TNFD

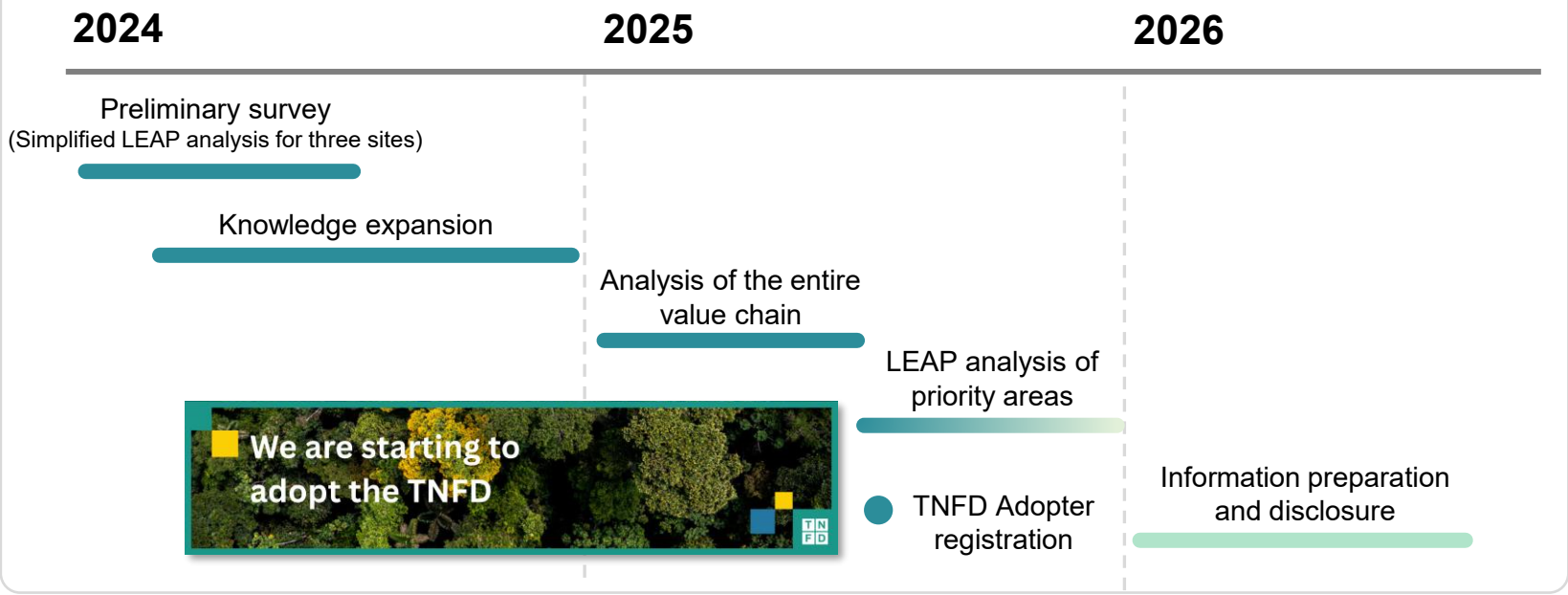
- Protecting the Earth's nature and ecosystems is recognized as an important issue to be addressed by our company, which depends on natural capital, including biodiversity.
- In FY2024, we conducted a simplified LEAP analysis*1 for three sites. We are currently conducting an analysis by expanding the scope to the entire value chain, and plan to share the results in 2026.
- Registered as a TNFD Adopter in October of this year for information disclosure in line with TNFD*2 recommendations.

Activities rooted in the region and business

Planting high-altitude plants and transplanting wetland plants at Huanzala Mine

Circular use of water by utilizing reservoir ponds in the Miike area

Schedule for responding to TNFD recommendations



*1 Preliminary survey conducted using the LEAP approach for three sites selected based on the magnitude of dependence, impact on nature, and sales contribution.
The LEAP approach is a method of evaluation using L (Locate), E (Evaluate), A (Assess), and P (Prepare) recommended by TNFD.
*2 TNFD: Taskforce on Nature-related Financial Disclosures

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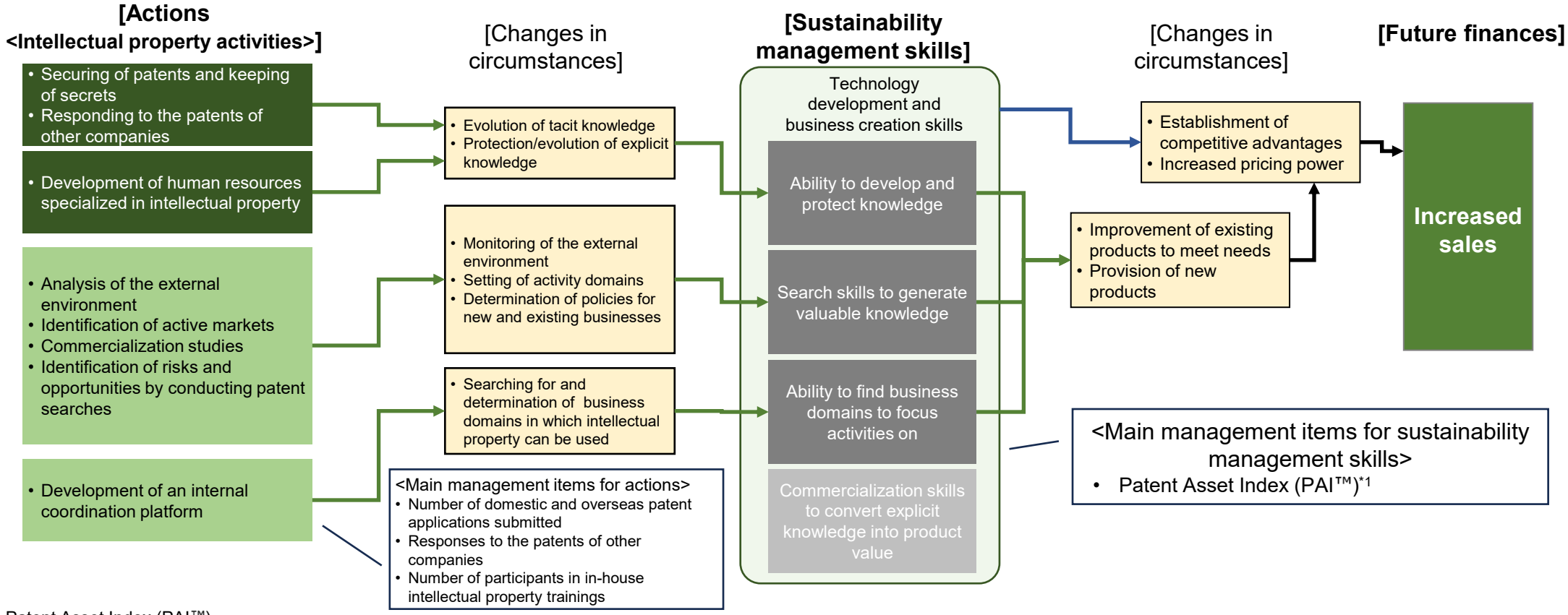
Linkage to the Future Finances of Intellectual Property Activities

We have organized the impacts of intellectual property activities on future finances and have established management items for actions and sustainability management skills.
Today, we are disclosing the target value for PAI, which is a major management item for sustainability management skills.

Linkage to the Future Finances of Intellectual Property Activities



*1: Patent Asset Index (PAI™)
The total value of competitive impacts (an indicator of competitiveness and the quality of a patent family) based on PatentSight® provided by LexisNexis Intellectual Property Solutions.
This is an index based on patent value, which represents current and future visibility in the market, and the number of patents held.

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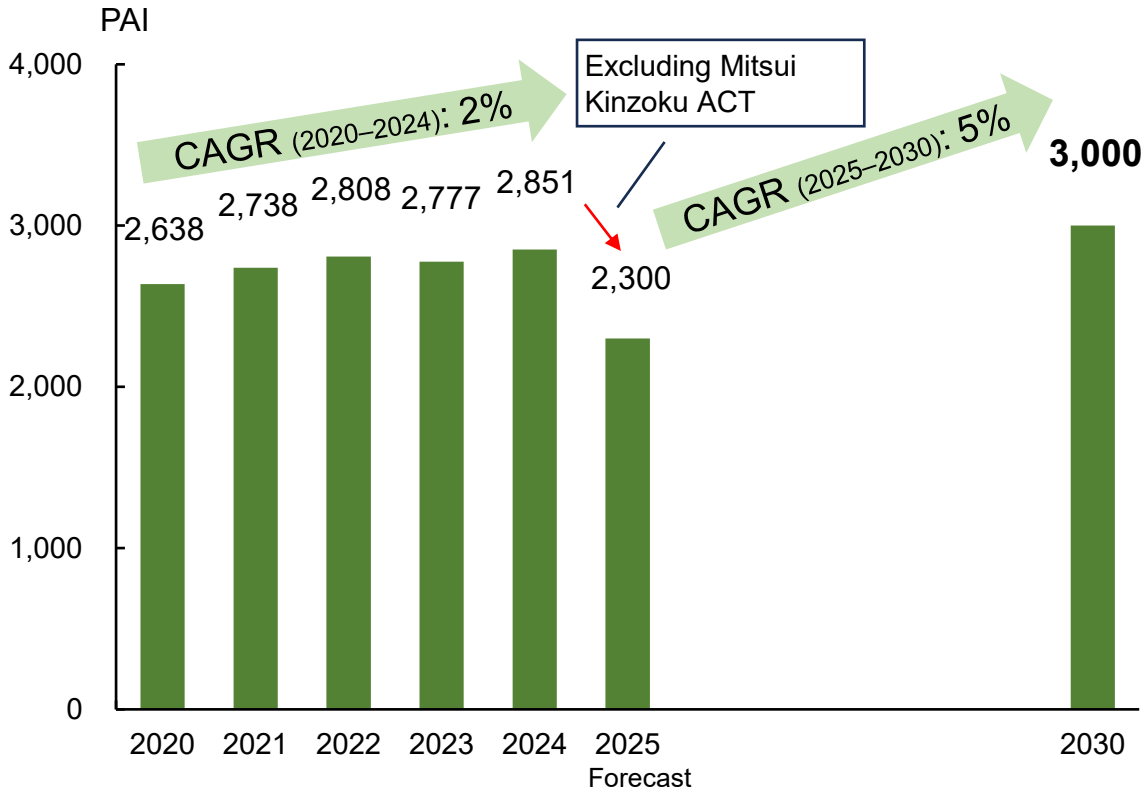
Target Values for Major Management Items of Sustainability Management Skills

Company-wide PAI has grown at a CAGR (2020–2024) of 2% due to IP investments in the Business Creation Sector and the Engineered Materials Sector.
Based on the IP investment plan in the 25-27 MTP, we have set the target value for 2030 at 3,000.

Target value of major management item (PAI) for 2030



Basis for setting the 2030 target value

- Set based on the IP investment plan in the 25-27 MTP

Examples of IP initiatives to achieve the 2030 target

- Investments in next-generation technologies by the Business Creation Sector
  - IP investments in R&D technologies such as CO_2 capture/conversion
- Initiatives for launching new businesses
  - Construction of patent networks for the new business commercialization of A-SOLiD®, HRDP™, iconos™, etc.
- Protection of developed/new products of the Engineered Materials Sector

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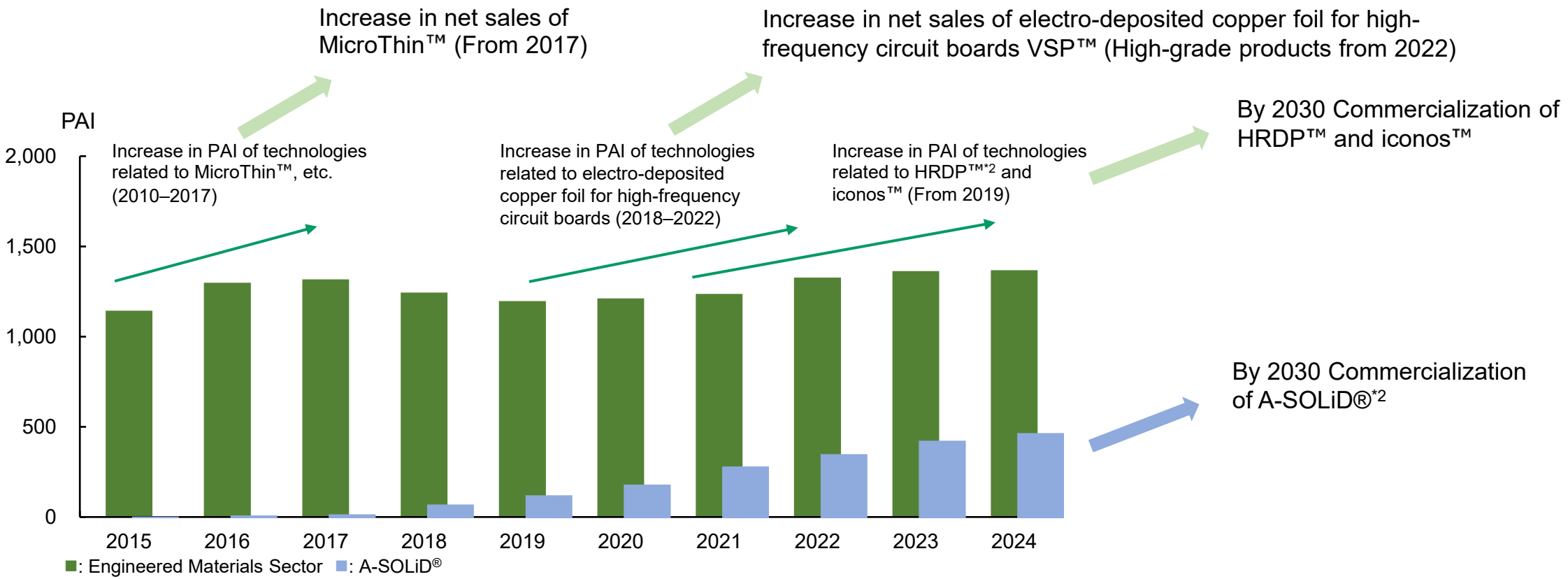
Linkage of Sustainability Management Skills to Future Finances

Sales increase several years after PAI increases due to IP investments by the Engineered Materials Sector, etc.
The PAIs of A-SOLiD®, HRDP™, iconos™, etc., are steadily increasing.

Linkage between PAI of major products of the Engineered Materials Sector, etc., and net sales



*1 Index where net sales in FY2015 are taken as 1. Calculated by adding the net sales of the Catalysts Division to the net sales of the Engineered Materials Sector for FY2022–FY2024.
*2 IP investments for HRDP™ and A-SOLiD® are implemented by the Business Creation Sector. HRDP™ was transferred to the Engineered Materials Sector in October 2025.

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Contents

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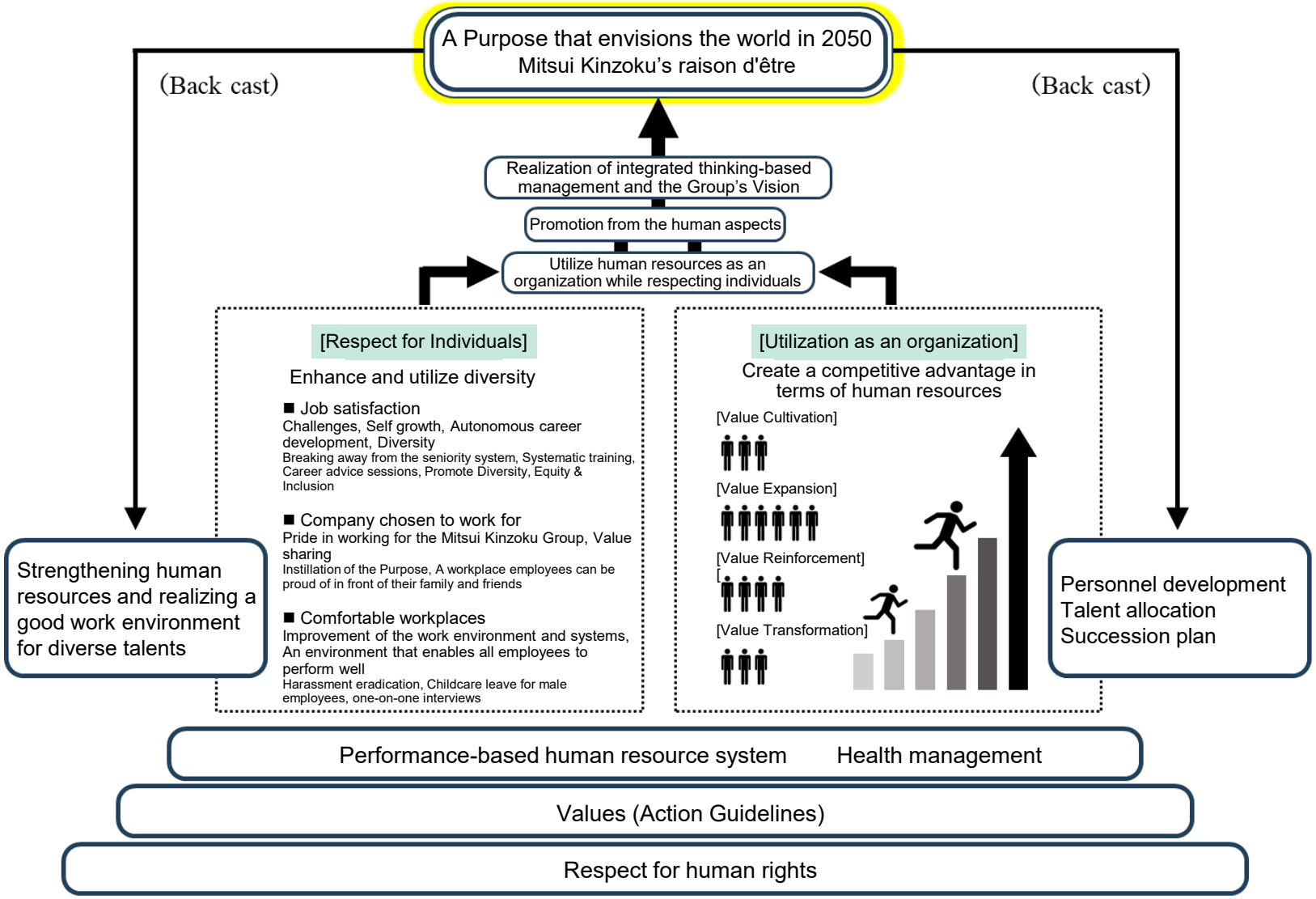
Overview of Mitsui Kinzoku's Human Capital Management



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Achievements to Date

- **Introduction and establishment of a performance-based human resources system**
  ➡ Motivation improvement
  (Job-based personnel system, mandatory retirement at age 65, and abolition of recruitment categories)
- **Establishment of values ➡ Clarification of actions to be taken**
  (Actions we want individuals to value to achieve the Purpose and Our Vision)
- **Introduction of career advice sessions and development of training systems**
  ➡ Support for employees' autonomous career development

- **★Promotion of DE&I and job satisfaction reforms ➡ All target values achieved; obtained Nadeshiko and Eruboshi certifications**
  (Ratio of female managers, male childcare leave ratio, and engagement score)
- **★Creation of a system for talent allocation by HRBP* and progress in identifying issues**
  ➡ The real work starts now.

女性が活躍しています！

NADESHIKO BRAND 2025

	FY2022	FY2024	FY2030
Ratio of female managers	2.7%	5.1%	10%
Male childcare leave ratio	10%	52%	85%
Engagement score	48%	51%	70%

* HRBP: Human Resource Business Partner. A function that supports business growth and strategy execution from the perspective of human resources and organization as a partner to management and business divisions.

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DE&I Initiatives [Respect for Individuals] Enhancing and Utilizing Diversity

We expect to achieve KPIs through strategic measures, with the possibility of achieving some indicators ahead of schedule. We will also consider improving quality in the future.

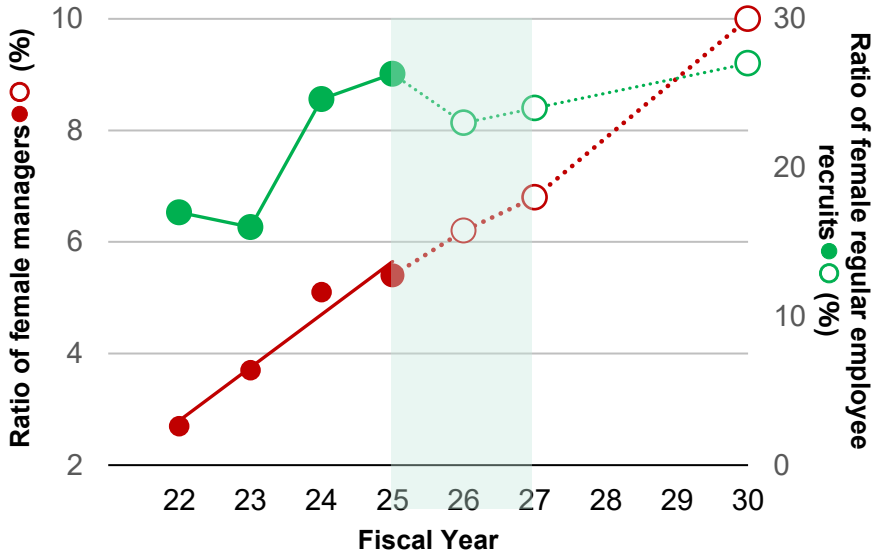

Figure 1: Results and future target values for female-related KPIs

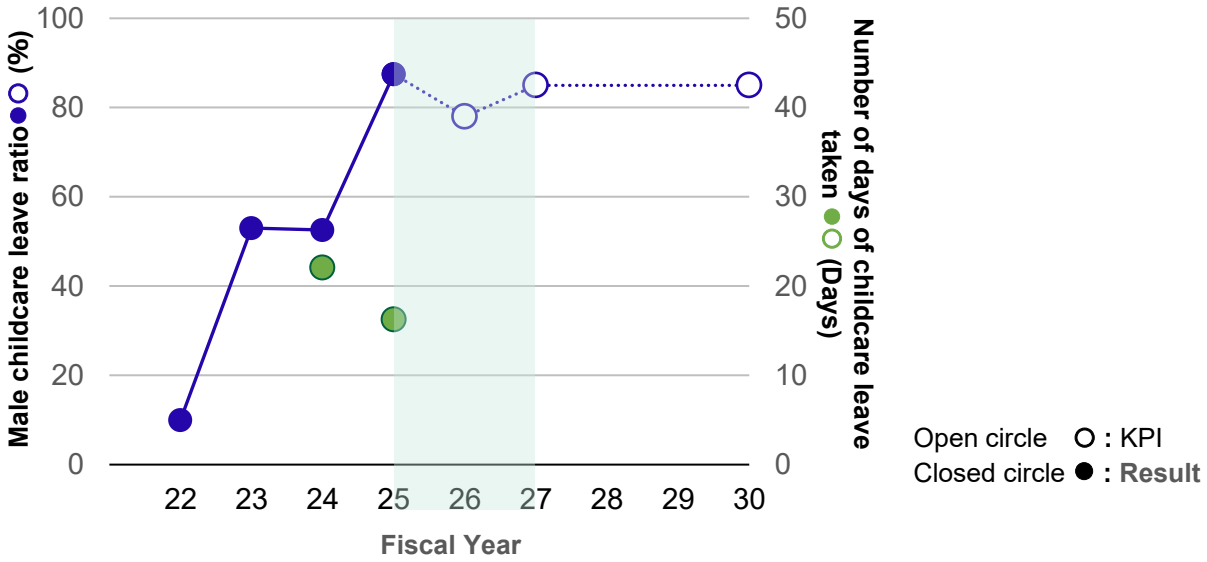

Figure 1: Results and future target values for male childcare leave ratio

- Even with the execution of current measures, achieving the 2030 KPIs for both the ratio of female managers and the ratio of female regular employee recruits is within range.
- Going forward, we will consider shifting the focus of managers to the section manager ratio and placing recruits closer to manufacturing sites.

The target male childcare leave ratio is expected to be achieved ahead of schedule.
In the future, securing the number of days taken will also be necessary.

- Female managers are those at the assistant manager level and above.
- Figures for FY2025 are provisional values as of October 1.

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Initiatives for Job Satisfaction [Respect for Individuals] Enhancing and Utilizing Diversity

Engagement has risen smoothly, including at manufacturing sites, but we will accelerate this further.

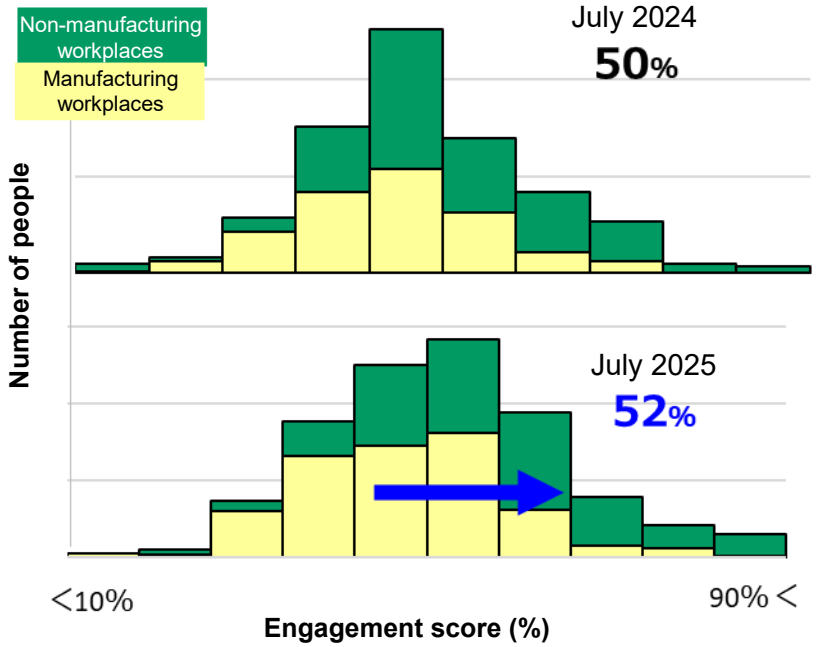

Figure 1: Comparison of engagement score distribution by number of people over time

- The improvement in the engagement score is due to overall improvement.
- Scores at manufacturing workplaces are also high.

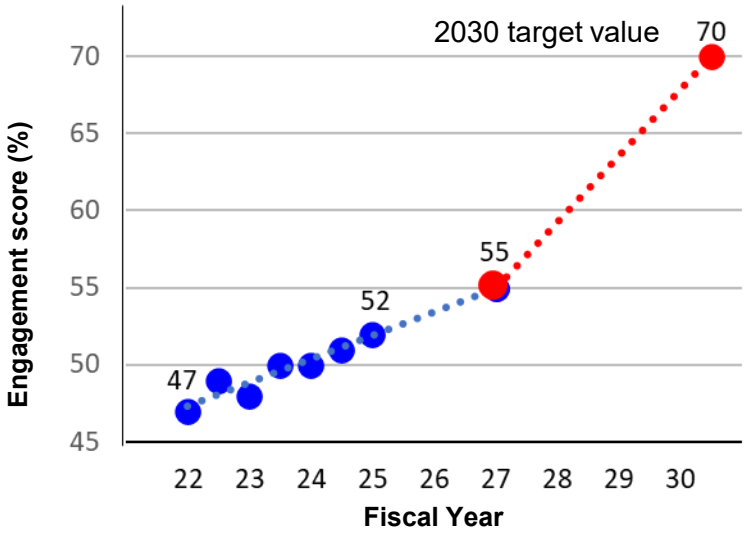

Figure 2: Company-wide average engagement score

Achieving 70% in 2030 requires initiatives that are not just an extension of the status quo.

Previously focused on basic measures

- Company-wide deployment
- System construction
- Top management messages,

etc.

For more concrete and effective measures

- **Manufacturing workplaces**
  - Training for on-site workers
- **Information dissemination**
  - Horizontal deployment of good examples
- **Training**
  - Distribution of educational videos for the entire company
- **System**
  - Sites becoming self-driven

Starting from asking "What does working mean to you?"
Information exchange meetings and external PR
Why is job satisfaction necessary? What is job satisfaction?
Development of on-site leaders

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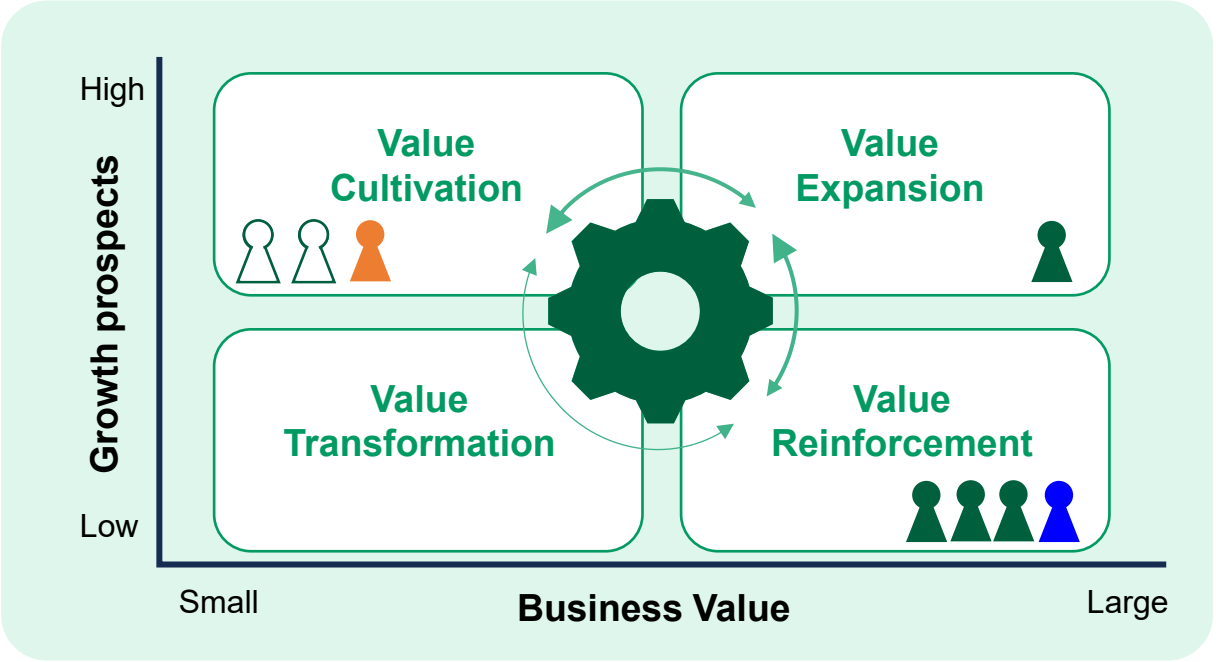
Strategic Talent Allocation [Utilization as an organization] Creating a Competitive Advantage in Terms of Human Resources

Evolving into a system where personnel can be deployed when needed, with benefits for the source department as well

Important missions of HRBPs

- **Strategic talent allocation to Value Cultivation and Value Expansion businesses**
- Discovery of future executive candidates and cross-divisional development rotation



1. Identify the required personnel/job types through simulation
2. Designate allocation talent
3. Recruit successors
4. Transfer at the necessary time

Securing preparation time to meet demands	Simulate positions that are difficult to fill through mid-career recruitment up to three years in advance Systematic development in existing businesses
Successors after transfer	Secured through new graduate/mid-career recruitment
Benefit for the old department	Personnel costs for the successor are borne by the whole company until the allocated talent is transferred

Under development
Unfilled position
Allocation talent
Successor

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Corporate Governance (All items comply with the Corporate Governance Code)

Fiscal Year	～2014	2015	2016	2019	2021	2022	2023	2024	2025
Organizational Design	Company with Board of Corporate Auditors							Company with an Audit and Supervisory Committee	
Voluntary Committees	Internal Audit Committee (2004 onwards)			Nomination Review Committee / Compensation Committee (2005 onwards)					
Ratio of outside officers in the Board of Directors (Numbers in parentheses indicate female members)	9.1% (0)	22.2% (0)	33.3% (0)	33.3% (0)	37.5% (1)	37.5% (1)	33.3% (1)	50% (2)	50% (2)
Ratio of outside officers in the Board of Corporate Auditors/Audit and Supervisory Committee (Numbers in parentheses indicate female members)	50% (0)	50% (0)	50% (0)	50% (1)	50% (0)	50% (0)	50% (0)	75% (1)	75% (1)
Chairperson of the Board of Directors	President or Chairman				Internal Director (Non-Executive)		Outside Director		
Topics		● Start of Board of Directors effectiveness evaluation / Establishment of Corporate Governance Guidelines		● Change in the term of directors to one year	● Introduction of restricted stock compensation plan		● Introduction of ESG indicators to director compensation		

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[Ratio of Outside Directors]

[Board of Directors]

Board of Directors	Nominating Committee	Compensation Committee	Audit and Supervisory Committee	Ratio of Non-Executive Directors
50 %	71 %	71 %	75 %	60 %
Internal Directors: 5	Internal Directors: 2	Internal Directors: 2	Internal Directors: 1	Executive Directors: 4
Outside Directors: 5	Outside Directors: 5	Outside Directors: 5	Outside Directors: 3	Non-Executive Directors: 6
Chairperson: Outside	Chairperson: Outside	Chairperson: Outside	Chairperson: Full-time Internal	Chairperson: Outside

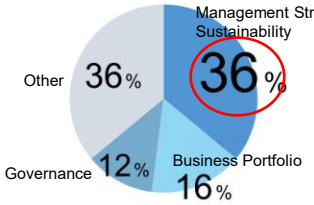
Outside directors have strong authority in the election and dismissal of internal directors and executive officers

Strengthening of supervisory functions

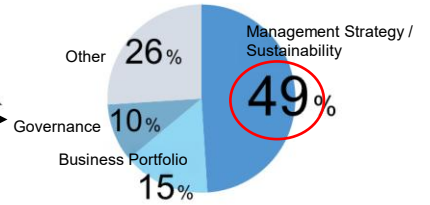
[Changes after transitioning to a Company with an Audit and Supervisory Committee]

1. Deliberation time by agenda category in the **Board of Directors**

FY2023
Company with Board of Corporate Auditors



FY2024
Company with an Audit and Supervisory Committee



➡ Discussions on management strategy and sustainability have **become significantly more active.**

2. **Executive Council** (Deliberation of important matters concerning business execution, discussion of Board of Directors agenda items)

FY2023 28 times → FY2024 56 times

➡ Discussions on the execution side have **become significantly more active** due to the transfer of authority to execution.

3. Change of Executive Officers from employment type (mandatory retirement at age 65) to delegation type (1-year contract)

➡ **Acceleration** of measures through balanced performance evaluation & treatment

The execution side became able to execute bold measures swiftly.

Corporate Governance

Acceleration of Value Sharing with Shareholders and Enhancement of Corporate Value

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[Compensation Ratio of the President and Representative Director]

FY2024

Base compensation	Performance-linked compensation	Stock compensation
50 %	30 %	20 %

	Base compensation	Performance-linked compensation	Stock compensation
FY2020	60 %	40 %	–
FY2021	60 %	35 %	**5 %**
FY2022	55 %	35 %	10 %
FY2023	53 %	32 %	15 %
FY2024	50 %	30 %	20 %
FY2025	**40 %**	30 %	**30 %**

- Since the introduction of stock compensation in FY2021, we have increased the ratio of stock compensation.
- Decided to further **increase the ratio of stock compensation** at the Compensation Committee in FY2025.

■ Performance-linked compensation

FY2024: **Consolidated Ordinary Income** only
FY2025: **Consolidated Ordinary Income** and **ROIC**

Target	Ordinary income	ROIC
FY2027	70 billion yen	11 %
FY2030	100 billion yen	14 %

■ Stock compensation

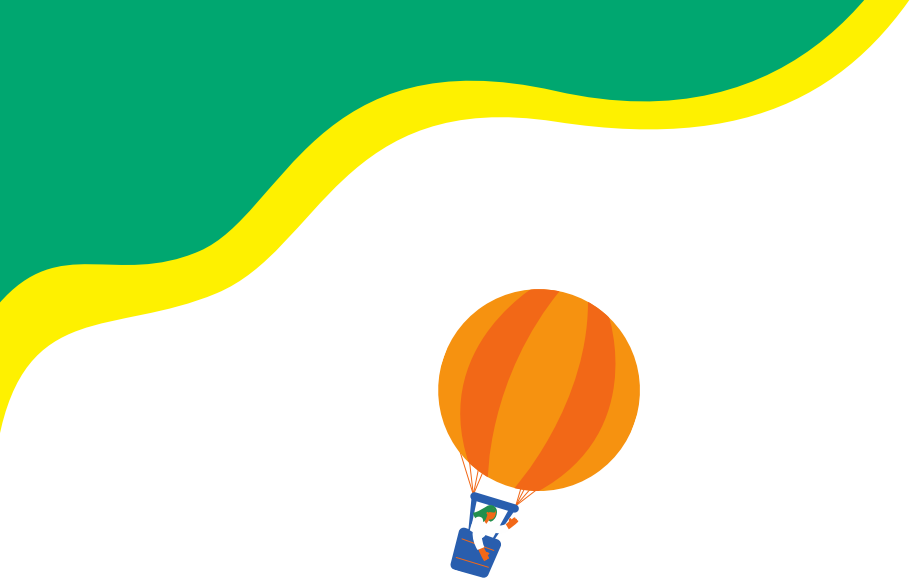
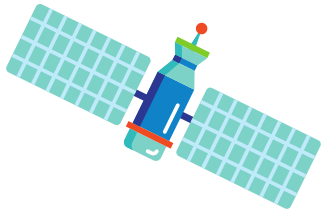
1. Restricted stock compensation (continued service type):
   Increased from 10% → 20% (with a clawback clause)
2. ESG index-linked restricted stock compensation: 10% (if all KPIs are achieved)

ESG Indicators (KPI Items) for FY2025

ESG	Item	KPI Item
E	CO_2 Reduction	Formulation of GHG reduction plan up to FY2030 and achievement of the current fiscal year's plan
	Environmental Initiatives	CDP Climate Change Score
S	DE&I	Ratio of female managers
	Job Satisfaction (Rewarding Workplace)	Engagement score
G	Governance	Resolution rate of issues pointed out in the Board of Directors effectiveness evaluation
	Compliance	Existence of cases constituting serious compliance violations

- By **adding ROIC** to the indicators for performance-linked compensation and **clarifying the KPIs** for ESG indicators, we will accelerate **value sharing** with shareholders and **enhancement of corporate value**.

- Acquire shares equivalent to three times the base compensation within five years of assuming the office of President (Shareholding Guidelines: Press release dated March 25, 2024)
- From FY2025 onwards, **each compensation amount for the President will be disclosed** regardless of the total compensation amount.



MITSUI KINZOKU