

NEWS RELEASE

Formulation of Transition Strategy Aimed at Achieving Carbon Neutrality

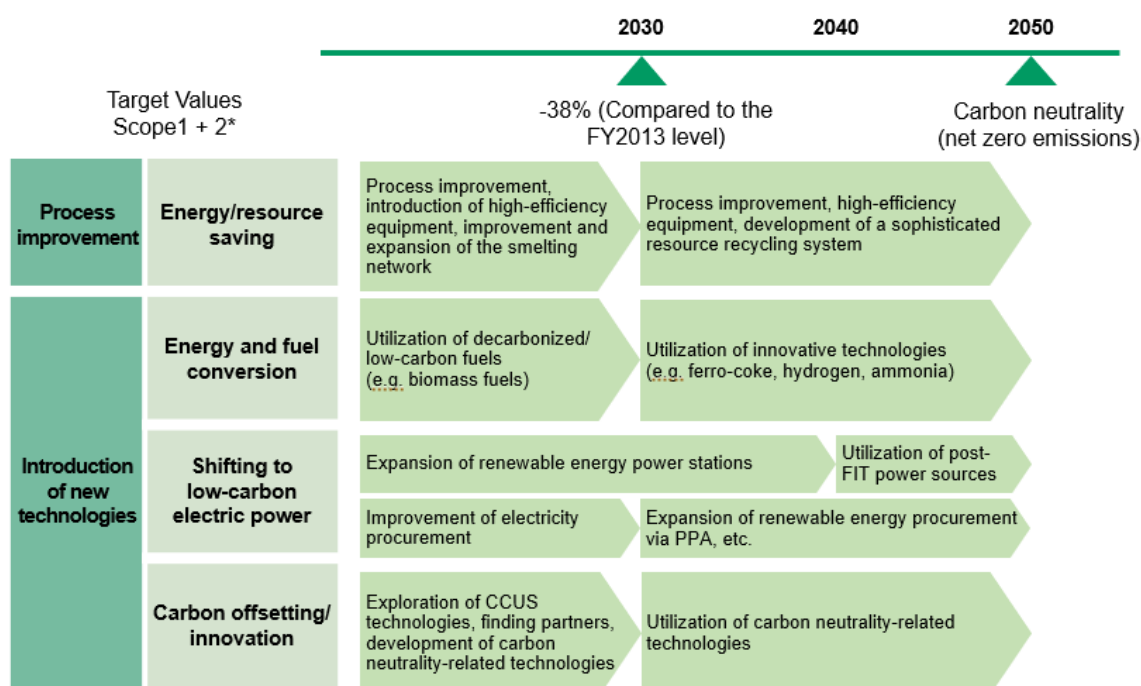
A transition strategy has been formulated to reduce CO₂ emissions by fiscal 2030 and achieve carbon neutrality by fiscal 2050.

Outline of the transition strategy

- Mitsui Kinzoku will take four different approaches (energy/resource saving, energy and fuel conversion, shifting to low-carbon electric power and carbon offsetting/innovation) to contribute to the realization of a carbon-neutral society.
- By introducing internal carbon pricing and building a governance system, we will consistently proceed with the initiatives to achieve the targets.

Mitsui Kinzoku Group roadmap to carbon neutrality

Mitsui Kinzoku has been introducing initiatives such as increasing the efficiency of equipment for energy saving, conserving resources by recycling, converting the energy/fuel used from fossil fuels to low-carbon fuels and shifting to low-carbon electricity power. In this way, we seek to reduce in-house CO₂ emissions. We have also been developing technologies such as a CO₂ separation and capture system and actively working to commercialize technologies using the carbon neutrality-related technologies we have developed, aiming to balance environmental responsiveness and sustainable growth.



* Herein, “CO₂ emissions” are CO₂ emissions from energy consumption in Mitsui Kinzoku’s manufacturing processes.

Four approaches	Examples of specific initiatives
(1) Energy/resource saving	<ul style="list-style-type: none"> Improved production processes and increased efficiency through the renovation of equipment 1% or greater annual average reduction of energy consumption intensity by recovering waste heat, improving production efficiency, etc. System for recycling zinc and lead via a smelting network has been established and improved Waste, etc. from urban mines is recycled, with the zinc and lead recycling rate reaching 64% and recycling improving even further [Reference Material 1]
(2) Energy and fuel conversion	<ul style="list-style-type: none"> Conversion of coal into biomass fuel The activity started at Miike Smelting Co., Ltd. and its roll-out to other smelters is being planned [Reference Material 2] Low-carbon LNG is used at Hachinohe Smelter's furnace as a coke alternative Study on the use of ferro-coke as a coke alternative Conversion of the fuels used in smelting furnaces, kilns, etc. from heavy oil, etc. to lower carbon fuels
(3) Shifting to low-carbon electric power	<ul style="list-style-type: none"> Highly efficient use of hydraulic, photovoltaic and geothermal non-utility power sources and the improvement of renewable energy non-utility power sources Utilization of post-FIT power sources Improved procurement of power from renewable energy
(4) Carbon offsetting/innovation	<ul style="list-style-type: none"> Development of a CO₂ separation and capture system Using a CO₂ adsorbent developed by Mitsui Kinzoku, Hachinohe Smelter is testing a system for separating and capturing CO₂ from exhaust gases [Reference Material 3] Discussion of the commercialization of products using carbon neutrality-related technologies

Introduction of internal carbon pricing to promote carbon neutrality initiatives

Mitsui Kinzoku introduced internal carbon pricing (ICP) in April 2023. ICP is putting an in-house price on carbon dioxide (CO₂) emissions. For Scope 1 emissions, we have set the price of 30,000 yen/t-CO₂. For Scope 2 emissions, the price is 20,000 yen/t-CO₂. Using this system, we will promote low-carbon and decarbonization initiatives.

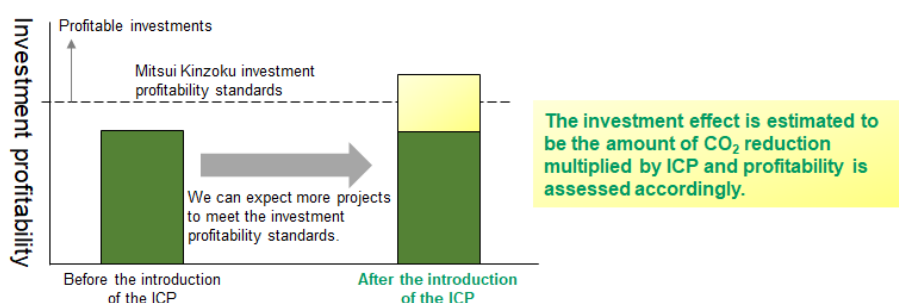
Operation of a system to promote environmental investment using ICP^{*1}

- ◆ Mitsui Kinzoku uses an ICP and assesses its CO₂ reduction effects based on return on investment, to promote environmental investments (starting in fiscal 2023).

^{*1}: ICP(Internal carbon pricing)

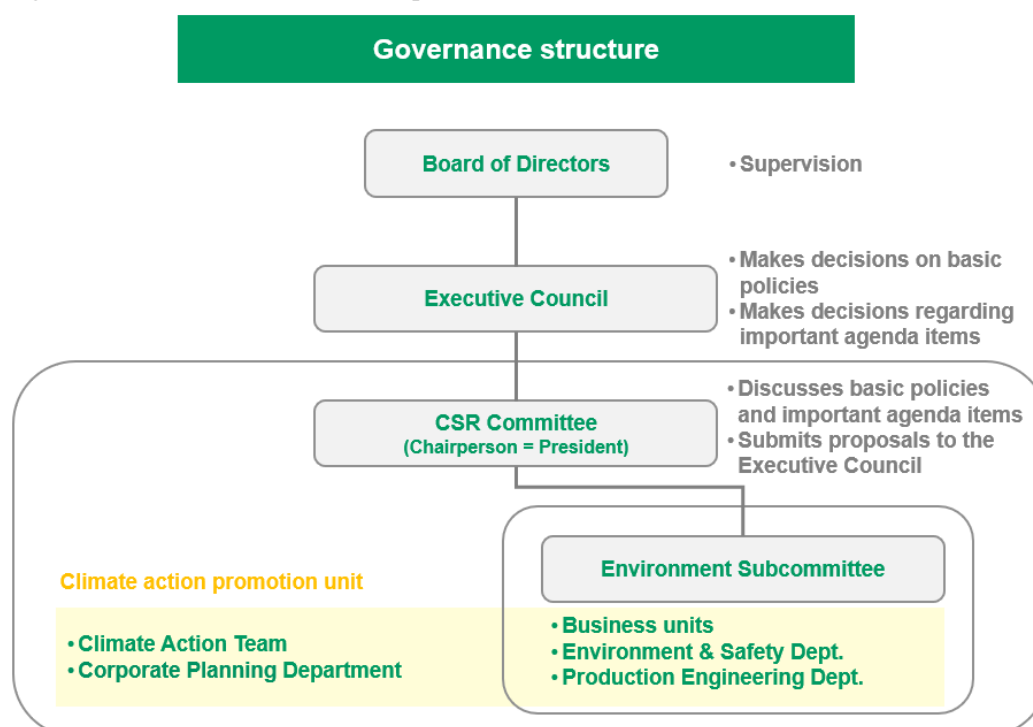
Internal carbon pricing	Scope 1: 30,000 yen/t-CO ₂ Scope 2: 20,000 yen/t-CO ₂
Scope	Equipment and development investments accompanying changes in CO ₂ emissions
Implementation	Set an ICP for CO ₂ emissions from planned investments and assess profitability so that it may be referenced in the decision-making process for investments.

What we expect from the application of ICP



Governance system relating to carbon neutrality initiatives

Mitsui Kinzoku positions climate change as one of the material management issues in the Company's management strategy. The CSR Committee, chaired by the president, discusses policies and important matters related to carbon neutrality initiatives and the Executive Council deliberates and makes decisions regarding them. The Board of Directors supervises this series of activities.



Through these activities, Mitsui Kinzoku will contribute to the realization of a sustainable society by implementing its company-wide vision for 2030, “Building new businesses —and the future— with our material intelligence,” based on its purpose, “We promote the well-being of the world through a spirit of exploration and diverse technologies.”

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[Description of Terms]

* Definitions of Scope 1 and Scope 2

Scope 1: Direct greenhouse gas emissions by the business operator itself

Scope 2: Indirect greenhouse gas emissions resulting from the use of electric power, heat and steam supplied by other companies

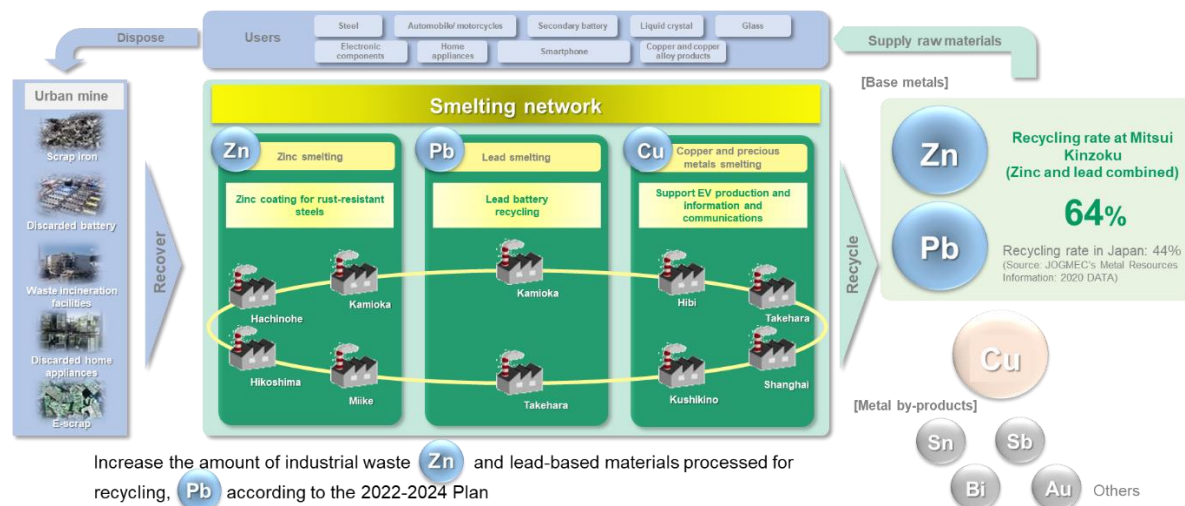
Cited from the MOE Green Value Chain Platform

https://www.env.go.jp/earth/ondanka/supply_chain/gvc/index.html

[Reference Material 1]

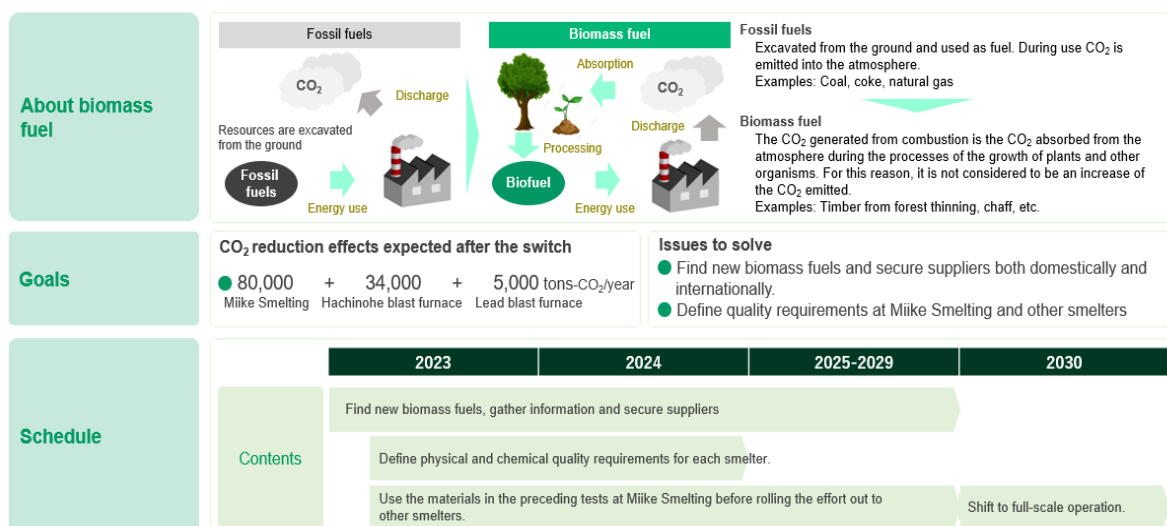
With the use of our smelting network, we achieved 64% recycling of zinc and lead.

(Rate of recycling nationwide: 44%)



[Reference Material 2]

Conversion of the metal smelting processes from coal and coke to biomass-derived fuels. In September 2023, Miike Smelting Co., Ltd. operated with 70% of the fuel used being biomass fuels, confirming the feasibility of biomass fuels. Following Miike Smelting, this effort will be rolled out at the Hachinohe Smelter to develop solutions to problems.



[Reference Material 3]

We are developing a CO₂ separating and capturing system to adsorb and remove CO₂ from the exhaust gases from plants using a CO₂ adsorbent developed by Mitsui Kinzoku. An on-site test will be conducted at the Hachinohe Smelter for putting the system into practical use in and after fiscal 2030.

