

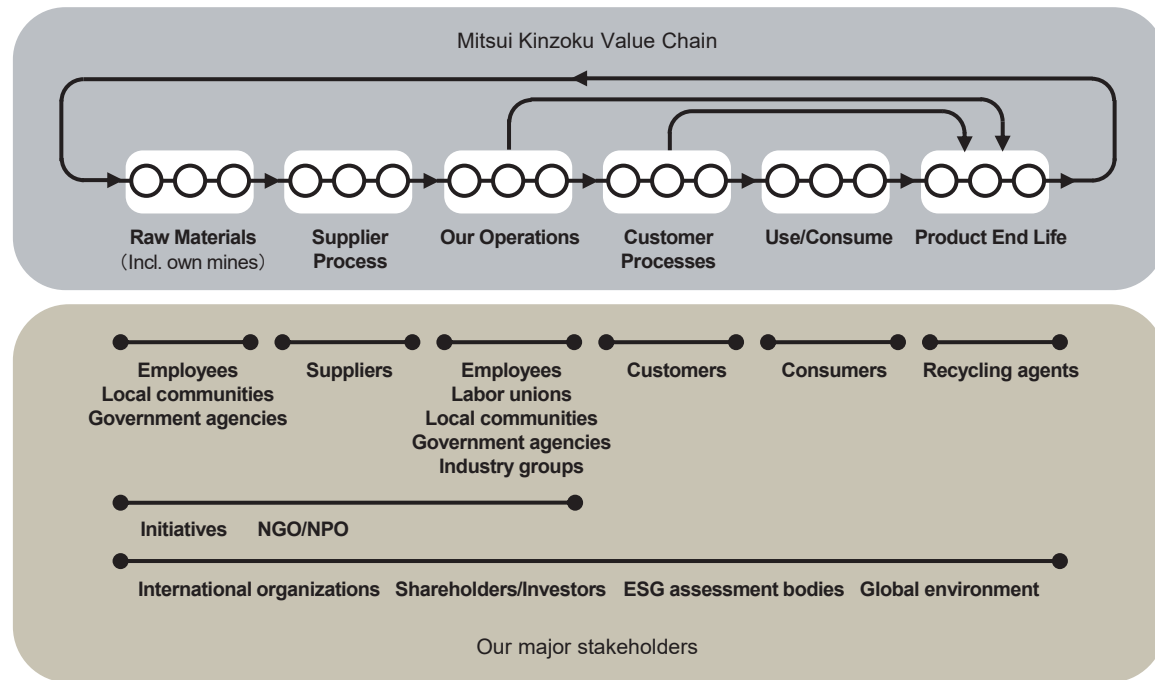
Stakeholders and materiality

For Mitsui Kinzoku Group, the integration of sustainability into its business management is what really matters in order to achieve its vision and continue creating value over the long term. In order to implement the integrated thinking-based management efficiently, we have identified major stakeholders as well as material issues (materiality) that can have critical influence on the stakeholders and our business.

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.

Stakeholder mapping along the value chain



Identification, assessment and review of materiality

Among environmental and social issues raised by the major stakeholders, we identify material issues i.e. materiality. The materiality can pose ESG risks that affect us financially or can turn out to be our business opportunities that may profit us by offering solutions for the issues through our business or in our value chains. By responding to risks and opportunities presented by the materiality, we will implement the integrated management strategy built on the two pillars of business and social responsibility.

Identification FY2016

- [1] Selected issues based on the seven core subjects of ISO 26000 and in reference to the GRI guidelines (G4), the SDGs and questionnaires of CSR assessment organizations
- [2] Narrowed down candidate issues from the selected issues according to the expectations and requests of the major stakeholders and our CSR progress
- [3] Mapped the candidate issues by critical level for stakeholders and that for Mitsui Kinzoku Group
- [4] Identified the 28 materiality which were approved by the Board of Directors

Assessment FY2017

- [1] Assessed the 28 materiality, whether it is risk or opportunity, from the ESG perspective of the GRI standards in order to integrate business contribution to solving environmental and social issues into the management strategy
- [2] Linked the materiality to the SDGs

Assessment FY2018

- [1] Conducted the materiality assessment in connection to the 19 Medium Plan to which the integrated thinking-based management was introduced
- [2] Assessed again whether the 28 materiality will have impacts on our long-term value creation by utilizing the SASB *1 standard and the ESG general standards *2 offered by Amundi
- [3] Extracted ESG-risks from them which potentially have impacts on our business model and finances, and grouped them as "materiality in the areas of responsibility that relate to the social & relationship and the natural capitals"

* 1 SASB Standards The SASB Standards have been developed by SASB (Sustainability Accounting Standards Board) for respective industrial sectors. We utilized the standards for the Metals & Mining category in the Extractives & Minerals Processing Sector in order to incorporate risks that are unique to mining.
 * 2 Amundi ESG general standard
 <Reference > Amundi Japan (2018) "Introduction to ESG investment that will change society", Nikkei Publishing Inc.

Review FY2019 - FY2020

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 Medium Plan

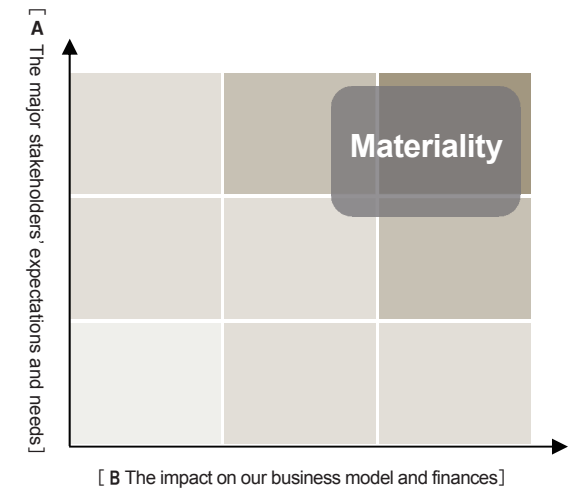
- 3 Determined the level of materiality for each issue selected in 2 above according to the degree of the major stakeholders' expectations and needs regarding our business and their impacts

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 Medium 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



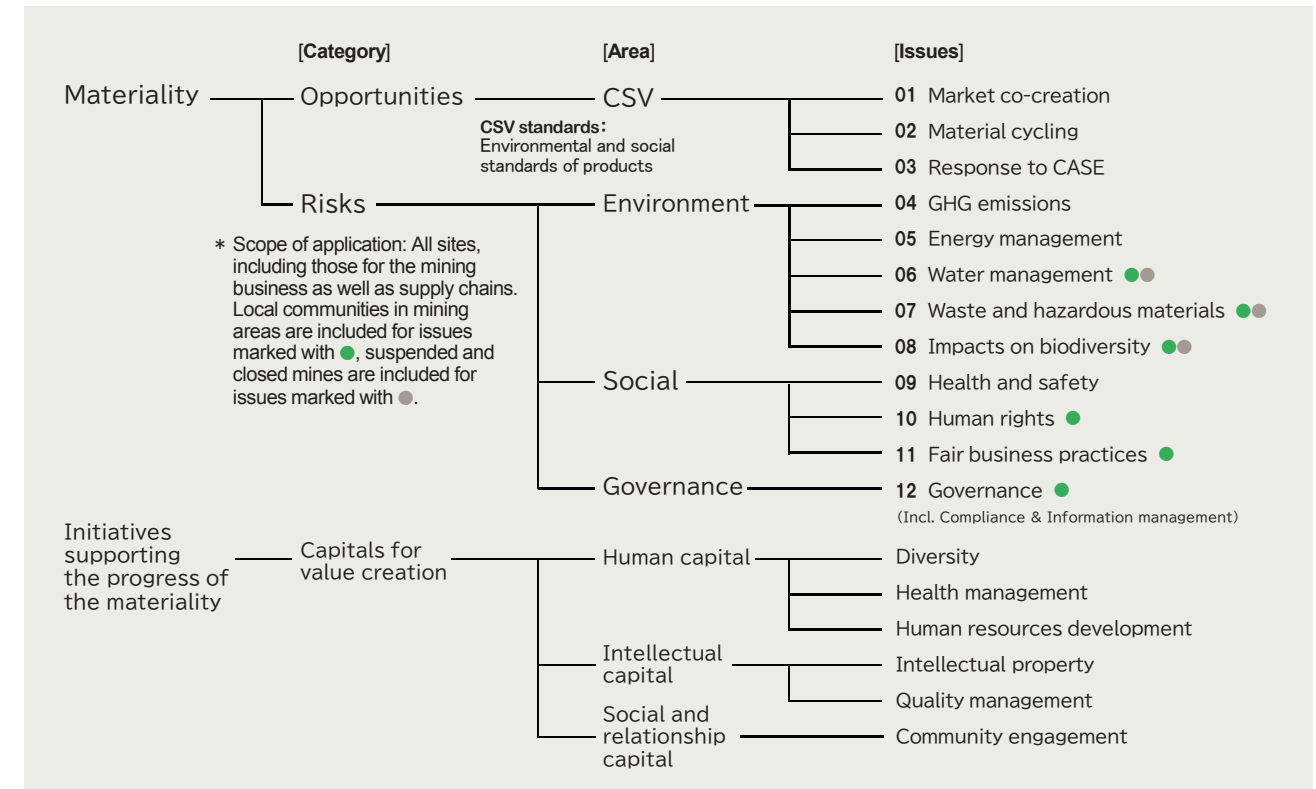
- 6 Divided the material issues, based on the integrated management strategy of business and social responsibility, into ones that may pose ESG risks (social responsibility) that are likely to affect us financially and into ones that can turn out to be business opportunities

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

Mitsui Kinzoku Group will work on the materiality and monitor the progress in order to minimize risks and maximize opportunities. The CSR committee takes the initiative in running the PDCA (plan-do-check-act) cycle of fiscal year. In FY2020, each department in charge will re-examine material issues to review commitments, key performance indicators (KPI), and plans.



See pages 52 to 57 for the report on the progress of the previous 28 materiality.