



My commitment

Defining our purpose

Creating value that meets the needs of the times, leveraging our own strengths.

Through this value, we will contribute to solving environmental and social issues in the world.

Through this value, we will ensure our sustainable growth.

We will move forward with our reform through integrated thinking-based management, striving to become a resilient enterprise not only in the COVID-19 pandemic but also in future crises.

President and Representative Director

Handwritten signature of J. Nou

NOU Takeshi <Profile>

1986 Joined Mitsui Kinzoku

2015 Director, Senior Executive Officer, Deputy Senior General Manager of Engineered Materials Sector

2016 Representative Director, Managing Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector

2020 Vice President, Representative Director, Executive Vice President, Senior General Manager of Business Creation Sector

2021 President and Representative Director

I would first like to extend my sincere condolences to those who have lost loved ones due to COVID-19, as well as my heartfelt sympathy to everyone affected by the pandemic. I would also like to express my gratitude and respect to the healthcare workers and many others who are dedicated to preventing infections, as well as essential workers who support our daily lives.

At Mitsui Kinzoku Group, we have promptly taken emergency measures at all of our sites and throughout our supply chain to ensure the continuity of our operations, while placing the highest priority on protecting the lives, health, and safety of our employees and their families. I would like to express my deep appreciation once again to all our stakeholders, including our customers, suppliers, and employees, for understanding our emergency measures and supporting us in minimizing the impact on our business.

The global pandemic is not over yet, and we continue to need infection prevention and control measures while balancing them with economic activities. Meanwhile, we are also facing increasingly devastating natural disasters and global environmental problems, as well as conflict between China and major developed countries. Considering such business environment surrounding the Group, we are still in a challenging situation in terms of business management.

The final year of the 2019 Medium-Term Management Plan

“By 2024, we want to be a company that continually creates and develops growth products and businesses in our three core business segments (Engineered Materials, Metals, and Automotive Parts).” In 2016, Mitsui Kinzoku Group set this vision for 2024, the year marking the 150th anniversary of the Group. Striving to achieve this vision, we have implemented seamless plans, including the 2016 Medium-Term Management Plan from FY2016 and the 2019 Medium-Term Management Plan from FY2019.

In FY2021, the final year of the 2019 Medium-Term Management Plan, we have been able to implement our initiatives as planned to create both economic and social value through our businesses, under the policy aiming for “autonomous and independent” management systems where each sector can think and act on its own.

In the copper foil business, demand exceeded the plan for the extremely-thin copper foil with carrier called MicroThin™, mainly used for 5G and other high-speed communication devices, and for copper foil for high-frequency communication. In the automotive parts business, we have been steadily expanding through the development of products that can help enhance convenience in society and solve environment problems. Examples of such products include new door systems compatible with CASE*1/MaaS*2, for which we have received large orders, and catalysts to detoxify exhaust gases in line with environmental regulations in different countries.

In the metals sector, some of the Group’s growing core businesses help build a sound material-cycle society as well as addressing environmental and social issues. For example, we engage in hydropower generation, taking advantage of geographic conditions around the Kamioka mine. We also have a well-coordinated network of smelters owned by the Group, through which we have been increasing the processing of recycled raw materials.

As for initiatives on CSR and ESG issues, we have been making full-scale efforts, which started in 2016 when we formulated the basic CSR policy and established the CSR Committee headed by the president. These initiatives have started to show effects in reducing risks throughout the Group and its supply chain, also leading to better evaluations being given by ESG rating agencies.

* 1 CASE
Connected, Autonomous, Shared & Services, and Electric, which are the four technologies to support the automotive industry and next-generation mobility.

* 2 MaaS
Mobility as a Service. The idea to see mobility itself as a service. It aims to enable people to use various types of mobility services, including not only automobiles but also public transportation such as trains and buses, through a unified gateway according to demand.

Accelerating ambidextrous management

For sustainable growth and medium- to long-term improvement in the corporate value of Mitsui Kinzoku Group, it is essential that we swiftly create new products and services that help solve environmental and social issues while also generating profits. In order to accelerate ambidextrous management, which involves both exploring new businesses and intensifying existing businesses, in April 2020, we separated the former mission from the Engineered Materials Sector and established the Business Creation Sector as a headquarters function. This new system allows us to further devote management resources and to pursue large-scale business opportunities. As for the intensifying of existing businesses, we will continue to have business sectors with autonomous and independent management systems, allowing them to make swift and flexible business decisions on such matters as the enhancement of cost competitiveness through DX and the development of new products as an extension of expansion strategies.

Practice of integrated thinking-based management

Meanwhile, we have also established a department responsible for CSR promotion, aiming to incorporate efforts to address carbon neutrality and other ESG issues that are rapidly gaining increasing importance, into our business strategy. As an extension of this effort, the Sustainability Department was established in April 2021. Within the department, we have a team to address climate change to make Group-wide efforts on this issue in a cross-sectional manner.

By building an ambidextrous management strategy balancing economic and social value, we will accelerate our transformation to incorporate integrated thinking-based management, striving to become a sustainable company from both financial and non-financial perspectives.

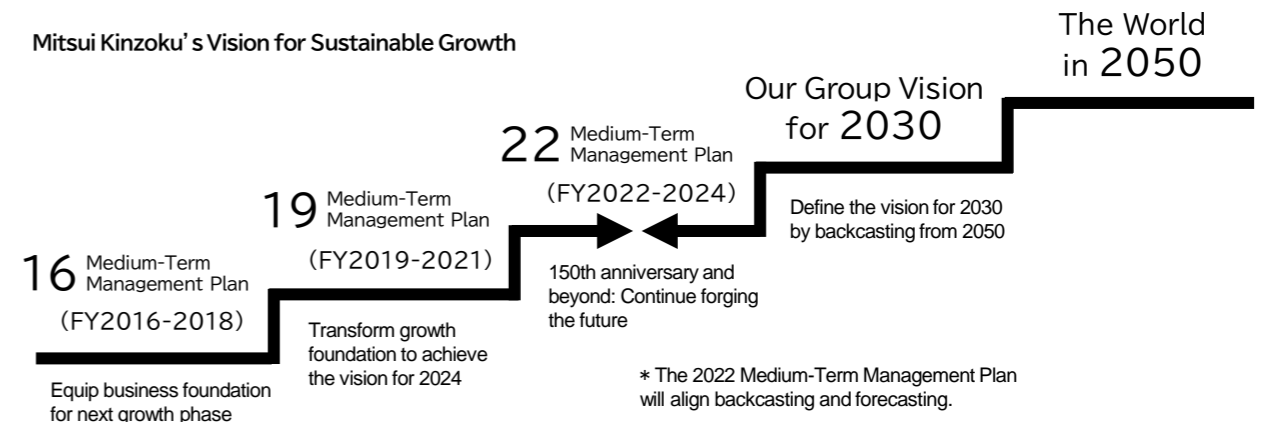
Defining our purpose to become a more sustainable company

Along with changes in social conditions and further progress in the autonomy and independence of each business sector, we are facing new business opportunities, risks, and agenda. We therefore need to promptly reexamine our corporate management to address these issues.

As the conventional factors for success no longer work, we need management decisions that can adapt to changes in a flexible and speedy manner based on the assumption that our future is uncertain. These numerous changes are expected to be entangled, making our decisions even more complex.

Looking ahead to 2050 while facing these circumstances, we strongly feel the need for Mitsui Kinzoku Group’s “raison d'être (purpose),” which will serve as the foundation for every decision we make. We are currently in the process of deciding it.

We will envision 2030 by backcasting from the purpose that fits with the times. Also, as we develop the next medium-term management plan which will start next fiscal year, we will show our clear direction, including what value we can and should create.



Integrating the efforts to achieve the vision for 2024

Along with the definition of our purpose aiming for 2050, we are also preparing the 2022 Medium-Term Management Plan, which will start next fiscal year. While it will take some time before the details of the plan become available to the public, the following summarizes the direction of each business sector over the next three years.

In the Business Creation Sector, we have established business promotion units in the headquarters to commercialize products under three themes. This initiative started during the period covered by the 2019 Medium-Term Management Plan. We are committed to launching these products and realizing growth and expansion in the period covered by the next medium-term management plan. Moreover, in addition to co-creation with the market, we will also focus our efforts on creating businesses to address societal needs, such as environmental issues, by further strengthening activities for value creation brought by the synergy of the Group's technologies and assets.

In the Engineered Materials Sector, we will take advantage of the market growth arising from enablers of Society5.0^{*3} such as 5G and IoT, CASE, and MaaS; and help solve environmental problems by differentiating our eco-friendly technologies, including GPFs^{*4} for automobiles. We will also capture new business opportunities by creating technological synergy in the fields of powders, circuit materials, and formed and fabricated materials.

In the Metals Sector, we have a variety of processes in zinc and lead smelting. By adding copper smelting (at Hibi Smelter) in 2020, we will strengthen our smelting network to address increasingly complex recycling needs in a coordinated manner.

In the automotive parts and components business, we will focus our resources on the development and supply of door system products that are compatible with CASE/MaaS. We will also expand the digitized

manufacturing system, which has been built at the Kyushu plant, to major overseas sites in order to enhance our quality and cost competitiveness.

Also, we have started operating the environmental contribution products system as a Group-wide initiative. We will create new products and businesses that promote recycling and conservation of energy and resources not only within our company but also in the process involving customers and consumers.

Initiatives for carbon neutrality

While Mitsui Kinzoku Group provides a steady supply of various products such as nonferrous metals, it also consumes a significant amount of resources and energy to supply such products. In other words, our business comes with CO₂ emissions. Aiming to reduce environmental impacts and to enhance our own competitiveness, we have long been working to conserve energy.

In 2020, we joined the "Challenge Zero" initiative by Keidanren (Japan Business Federation) and have been actively working on four specific themes. By leveraging our technologies and exploring collaboration with various partners through Challenge Zero, we strive to contribute to the reduction of greenhouse gas (GHG) emissions and the achievement of carbon neutrality. Also in 2020, we began TCFD scenario analysis with support from the Ministry of the Environment. Having completed the analysis on the metals business, we are currently working on the analysis of the engineered materials business. We will have a thorough understanding of how climate change affects the Group's business activities, incorporate that knowledge in our risk management, and integrate it with the management strategy. We will also continue to disclose information in accordance with the TCFD recommendations.

The Japanese government has made further commitments regarding the reduction of GHG emissions, including carbon neutrality by 2050 and a

46% reduction in emissions by 2030 compared with the 2013 level. In line with these commitments, the Group also aims to achieve carbon neutrality by 2050.

At this point, we expect to achieve our former target for FY2030, to reduce CO₂ emissions through business activities by 26% compared with the FY2013 level. In response to the new targets set by the Japanese government, we have established a new system where we discuss strategies for further reduction, aiming to reinforce energy conservation through process improvement and to promote active environmental investment. These strategies will be incorporated in the 2022 Medium-Term Management Plan as concrete measures.

Building a mechanism to maximize corporate value

Under the policy of autonomy and independence, each business sector has begun its own measures to enhance its functions. Within the sectors, we have set targets for profit and efficiency for each business unit, and made progress on the reallocation of management resources.

Based on our purpose, we will further build our collective strengths (unifying power) to maximize the entire Group's value through, for example, the Group-wide reallocation of management resources and the pursuit of synergy.

Meanwhile, as each business sector moves forward with the transition to autonomy and independence, we have also begun to find the direction we should take in human resources strategy. For example, we see changes in how to recruit talents, including mid-career hiring, and an increasing need for diverse work styles.

We will make further efforts to build a system so that people from diverse backgrounds can feel that Mitsui Kinzoku provides attractive, motivating, and fulfilling workplaces. Then, we will also explore a personnel system to ensure meaningful work for all employees, with a particular focus on millennials and Generation Z who will play a core role in the organization.

Other areas we will work on include information sharing, enhancement of information management systems, and development of smart factories. In April 2020, we established the ICT Department, through which we have built a system to integrate the development of Group-wide ICT strategies and the corporate group's ICT management processes as well as to promote a timely digital transformation. By executing the Group-wide ICT strategy, we will boost our competitiveness in R&D and manufacturing, and will also acquire the human resources necessary to achieve DX.

Message to stakeholders

We are living in extremely uncertain and volatile times. Companies can survive and grow only if they are able to adapt to the challenges they present. With the spirit of embracing these changes, we will move forward with business management with a full understanding of the opportunities to take and risks to reduce. While leveraging the unique technologies the Group has developed over the years, we will newly define our purpose that fits with the times, with a clear vision of how we can create value from a long-term perspective and how we should contribute to a sustainable society.

The year 2024 will mark the 150th anniversary of our foundation. We are ready to go beyond and committed to managing our business far into the future together with our stakeholders. We greatly appreciate your continued support for Mitsui Kinzoku Group.

Thank you.

(July 2021)



*3 Society 5.0
The concept proposed in the 5th Science and Technology Basic Plan as a future society that Japan should aspire to. It aims to build a human-centered society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space.

*4 GPF
Gasoline Particulate Filter. A cleaning function to meet European and US regulations on gas emissions from automobiles, and catalysts for filters with that function.