



My commitment

## **We have established our Purpose.**

We clarified the reason why we exist in order to show the shared values that resonate with individuals working at Mitsui Kinzoku Group, so that we can always respond nimbly and promptly to change, despite the increasing difficulty in forecasting the future.

It reflects my strong desire to present to our stakeholders what our Group can do, and what value we can offer to the world.

President and Representative Director

A handwritten signature in black ink that reads "J. Nou". The signature is written in a cursive, flowing style.

NOU Takeshi

**How we approach and how we navigate this time of uncertainty**

With recurring rises and falls in the number of infections around the world, the COVID-19 pandemic is unlikely to be contained. While further vaccination in many countries and the development and use of therapeutic drugs are expected, variants that are increasingly more infectious are appearing, which does not allow for much optimism. In FY2021, our Group continued to thoroughly implement basic infection prevention measures as we were forced to grope our way forward to “living with COVID-19,” including easing some restrictions on movement.

Meanwhile, the Russian military invasion of Ukraine that started in February 2022 is facing uncertain prospects. International sanctions against Russia and retaliation against them are having enormous negative impacts, i.e., rising energy prices and food shortages. We hope this grave situation will end as soon as possible and continue to monitor the impact on our supply chains so as to take prompt measures when needed.

The current global situation has made us keenly aware that we are literally in the age of VUCA (volatility, uncertainty, complexity, and ambiguity). We cannot foresee the future and have extreme difficulty in forecasting it. These circumstances and the times have compelled us to clarify why we exist and confirm what value we can offer to society. We determined that we needed a corporate “value,” as well as an “axis” that could be shared by all individuals working at Mitsui Kinzoku Group and that would help them relate their own values to the corporate value.

In FY2021, we asked ourselves what was the reason for the Group to exist, and from there established our Purpose.

**What we realized and became convinced of after continuing to question what is required and what is possible**

Changes that may happen in the coming five years, 10 years, and beyond are likely to be much greater than the changes we have experienced so far.

Entering this time of such intense change, Mitsui Kinzoku Group put into words the value that we can offer as our Purpose. Doing so allows us to return to our roots as needed so that we can continue to create value that is welcomed by customers and useful to society.

- 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.**

Is it too self-righteous? Will it resonate with stakeholders? In establishing the Purpose, we had internal discussions and thought through the meaning of our existence from diverse perspectives, trying to imagine what the world would look like in 2050.

In two years, we will celebrate the 150th anniversary of our foundation. Over the years, we have acquired many technologies that were cultivated through the pursuit of various businesses centering on non-ferrous metal smelting.

Enthusiasm and aspiration—the sources of our continued development and of our manufacturing of new materials and products—are in our DNA. We express them with the words “a spirit of exploration.”

Our Purpose is a statement of our commitment to contributing to the realization of a sustainable society and to the future, for the next generation and the generations that will follow.

Needless to say, putting our commitment into words does not make it complete. Rather, we must embody the vision that is based on the Purpose. We also understand that we must constantly reaffirm the meaning of our existence in light of changing social needs and take action accordingly.

**How to pave a new way forward from an unconventional perspective to an unforeseeable future**

We have formulated our new three-year management plan, the 2022–2024 Medium Term Management Plan (shortened as the “22 Mid-Term Plan”)

In conjunction with the plan, we established the Purpose based on the envisaged world of 2050 and the Vision for 2030, which we “backcasted” from that point. Both are aligned with the timeline of the SDGs as universal goals.

The 16 Mid-Term Plan, which started in FY2016, laid the foundation for a new phase of growth. The 19 Mid-Term Plan, which started in FY2019, transformed the growth foundation to achieve the vision for 2024. In developing the 22 Mid-Term Plan, we used a combined process of forecasting from the past (i.e., reflecting on and confirming what we acquired based on our achievements over the past six years) and backcasting from the Purpose and the Vision.

We adopted this new method in order to bring about dynamic changes and produce epoch-making results in the drastically changing business environment. To implement the plan, we will need to undertake a drastic reorganization of our management infrastructure.

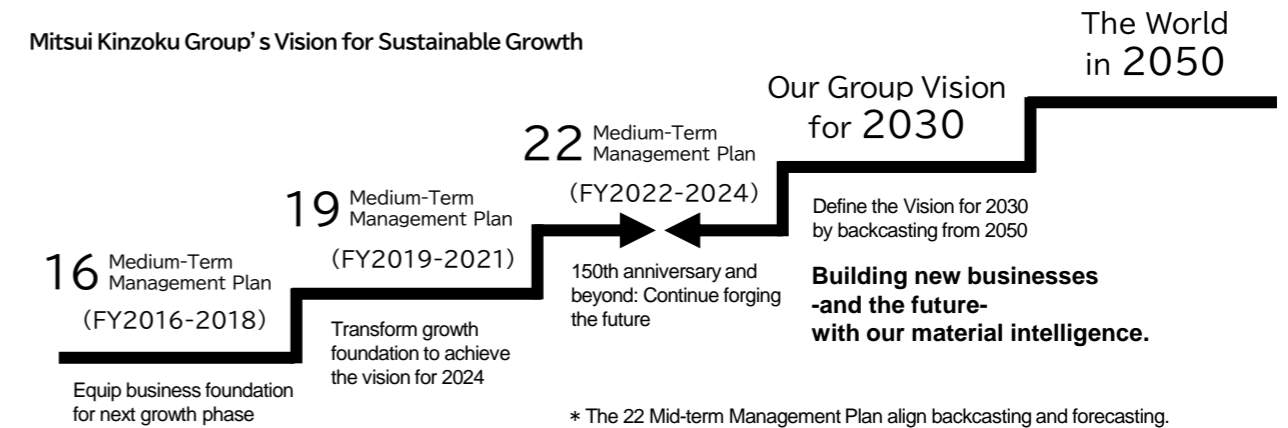
**Toughness and flexibility. Chasing after two hares to continue to create solid value**

There is a management theory called “ambidexterity,” which refers to management that balances developing existing businesses with forging new businesses. Despite their advantageous technologies, Japanese companies are said to have faced uphill battles in the global competition after the 1990s because they were unable to strike this balance.

The former refers to initiatives called “exploitation,” or digging into existing products and businesses for their improvement. The latter refers to “exploration,” or initiatives to broaden the extent of existing intelligence, by obtaining external existing intelligence through collaboration in new business areas or with new industries and combining it with existing intelligence to bring about innovation.

Setting up new businesses while improving existing businesses. This kind of business portfolio sounds very simple, but the capabilities required for exploitation aimed at improving performance and efficiency are different from the capabilities required for exploration that must create new ideas.

Having the management skills to wield these two completely different capabilities is called “ambidexterity.”



For the exploitation side, we reorganized our existing business lines into three segments, which we call “sectors.” The move was aimed at taking us closer toward our vision through further market-based cooperation between our businesses in order to create new value as a whole that could not be produced by the sum of the parts (individual businesses).

Meanwhile, to reinforce the exploration side, we had set up the Business Creation Sector at the Head Office in 2020. The allocation of management resources on an unprecedented scale to the sector in charge of R&D and market co-creation is covered in the 22 Mid-term Plan. The number of R&D staff will be increased by 1.5 times from the present number and R&D spending will be more than doubled from the previous mid-term plan.

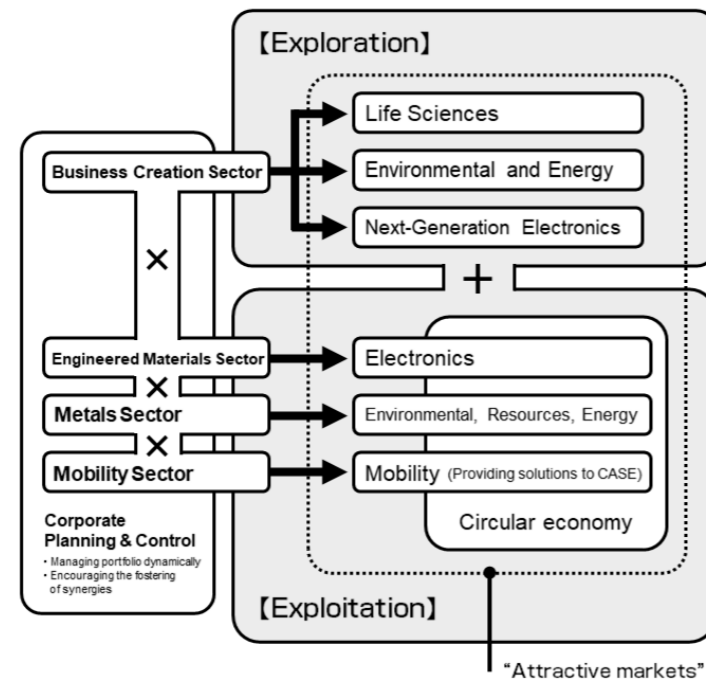
For both exploitation and exploration, we will also actively use M&As.

**Unfailingly seizing opportunities and responding risks and taking measures for each with the goal of improving social value**

“Safety First” is an abiding principle. Eliminating workplace accidents remains the highest priority among the various issues and initiatives tackled by management. We will provide safe, hygienic, and healthy working environments and practice health management.

In response to climate change, we set the new CO<sub>2</sub> emissions reduction target of a 38% reduction from the FY2013 level by 2030 for the entire Group to achieve carbon neutrality by 2050. For this reduction and as a verification method for the creation of products that contribute to solving environmental and social issues around the world, we are introducing life cycle assessment (LCA) on a group-wide basis. We are also implementing the TCFD scenario analysis in a phased manner and enhancing our information disclosure.

Meanwhile, we will continue to step up our efforts for water management and the reduction and control of substances that impact the environment.



**Accelerating ambidexterity**

Building an organization that can keep constantly providing value in attractive markets.

These are offensive initiatives that can contribute to the development of a recycling-based society using our Group’s intelligence and technologies. In human rights initiatives, we will continue to implement due diligence and promptly take corrective measures against identified risks. As for supply chain initiatives, the implementation cycle has already been established but we will continue to examine possible risks in our supply chains in terms of the environment, society, and governance and take corrective action.

We will also focus on enhancing and reinforcing our non-financial capital as the driver of the improvement of our Group’s corporate value. “Human capital,” in particular, is the most important of all our capital. Allowing members of a diverse workforce to play active roles is, and will be, the key to strengthening our human capital. To improve the workplace environment, we set up the Diversity, Equity, and Inclusion Office.

The human resources system introduced in FY2022 eliminates seniority and clarifies work roles for a comprehensive merit-based system. The education and training system is being improved to motivate individual employees to think more about their own careers and to support their career and development in light of the 100-year life.

Also, to speed up R&D, achieve smart factories, and comprehensively improve operational efficiency, we are promoting digital transformation (DX), which improves system stability and contributes to accelerating the speed of indicator management, decision-making, and flow of information.

Social value means thinking about how businesses as public institutions should act, and giving back human and other types of capital entrusted to us by society with value added. This understanding is the basis of our measures.

**Implementation and practice is all that matters**

We developed the new medium-term management plan while also improving the mechanism for its implementation. Whether or not we can implement it as planned over the coming three years is crucial. The process is essential to Mitsui Kinzoku Group’s continued value creation.

To implement the plan, the Purpose and the Vision must be prevailing and shared. We set up a project to raise awareness of them across the Group to ensure implementation of the business plan.

We have completed preparations for “Making the Earth smile” ; we have built our management strategy with financial and social/environmental goals that reinforce one another; and we have shifted to integrated thinking-based management in order to be a sustainable Group in both financial and non-financial terms. As the leader of the management team, I will share information and communicate with stakeholders even more proactively to realize the Vision for 2030 based on the Purpose.

I greatly appreciate your continued support.

(July 2022)

