

# Capital as the source of value creation

In order to improve the corporate value of Mitsui Kinzoku Group by continuously creating growth products and businesses through the implementation of our business model, we make efforts to maintain and strengthen the non-financial capital that is the source of this value.

## < TOP Message > Nou Takeshi

We at Mitsui Kinzoku Group have established our management philosophy as "With creativity and productivity, We, Mitsui Kinzoku Group, will explore products of value to society, and seek an eternal growth of our group" and to achieve this, innovation is indispensable.

Recognizing that human resources, as the source of innovation, are the most important management resource, we promote diversity and inclusion as our management strategy to allow the engagement of diverse people and continued improvement of our corporate value.

There are more than 13,000 employees working for Mitsui Kinzoku group around the world. In this age of volatility, uncertainty, complexity and ambiguity (VUCA), where the environment surrounding us can change drastically, in order to be able to respond flexibly to those changes, personnel with diverse values are needed. Mitsui Kinzoku Group seeks to embrace diversity of race, nationality, religion, creed, culture, birthplace, disability, gender, sexual orientation, and gender identity. At the same time, we aim to create a workplace where all members of staff respect the diverse values of their colleagues and where they can put their varied opinions and experiences to use. In short, we seek to create a diverse and inclusive workplace.

As I'm sure you're all aware, diversity and inclusion coincide with a fundamental principle of the SDGs: "Leave no one behind." We also recognize that this is a globally shared issue, and at the same time, indispensable for our sustainability. At the core of this recognition, is identifying diversity as one of the initiatives supporting the progress of Mitsui Kinzoku Group's materiality, and we are making efforts to best use the varied skills, attributes and values of the Group's employees. We are promoting the active involvement of female employees, an area where Japan is lagging many other countries, and establishing systems that give members of our diverse workforce choices about how they work.

To enact innovation in this constantly evolving society where globalization has spread, each and every employee must understand about diversity and inclusion and embrace the values and experience that each has.

To realize our goal of becoming a company that embraces diversity such that all employees can energetically engage in their work, we will establish a Diversity, Equity, and Inclusion Office, and continue to deepen and accelerate our initiatives.

## Diverse employees [Human capital]

There are major changes of external environment underway, such as the decline of the working-age population in Japan and the advancement of technologies including AI. In this situation, Mitsui Kinzoku Group has been reforming our workstyle since FY2016 as a means for securing the human resources that will realize value creation of the Group.

Especially, as people's lifestyles are expected to diversify in the future, we offer various options to employees and work on reducing overtime work hours so that even those who face barriers due to child/nursing care, medical treatment, and other reasons can continue to work for a long time.

### [Systems to allow flexibility at work]

- Flexible work times with no core hours
- Annual leave that can be taken in half-day increments
- Telework
- Special leave of absence system for spouse transfers
- Comeback system (reemployment of employees who were compelled by personal circumstances to resign)
- Shorter work hours
- Staggered work shifts
- Exemption from overtime work

### [Initiatives for reducing overtime work hours]

- Labor-management discussion on measures at Occupational Health and Safety Committee
- Providing time management training
- Visualizing overtime hours with automatic aggregation of PC log-in and log-off times, grasping actual work hours of managers

## Active involvement of female employees

### [Human capital]

Promoting diverse people to decision-making positions is crucial in terms of making the most of diverse thinking and values. Based on this recognition, we focus first on female employees and have set a target to increase the share of female directors to 10% or more. Meanwhile, for more effective involvement of female employees at the managerial level, KPIs for the number of female employees newly appointed to managerial roles and the number of female employees internally promoted to the same were set as targets to be achieved by the officer in charge of human resources. We are stepping up initiatives for female human resource development, as well as the appointment of female managers through mid-career hiring.

As for employees whose ability to work is temporarily constrained due to life events or other reasons, we ensure merit-based appointment and promotion. We are also making efforts to increase female candidates for executive and managerial roles, such as providing a management strategy course for female executive candidates and candidate training program for female manager candidates.

## For realization of diversity & inclusion

### [Human capital]

Promoting diversity & inclusion requires more than just the development of a system. Its importance and significance must be understood by individual employees. Therefore, we disseminate information internally and externally and hold diversity training on a group-wide basis.

### [Regular information dissemination]

- Externally: Posting President's message on website
- Internally: Posting President's message and Talk between President and HR General Manager on intranet and in internal PR magazine, introducing President's message and diversity & inclusion initiatives during training programs

### [Training programs]

- Unconscious Bias Training (for non-managers)
- Diversity Management Training (for managers)

## Initiatives to promote diversity & inclusion

### [Human capital]

In October 2021, we established the Diversity, Equity, and Inclusion Office dedicated to deepening and accelerating ongoing group-wide initiatives. In April 2022, we also set up the Diversity, Equity, and Inclusion Committee chaired by the President. The committee will regularly discuss and decide policies and measures and report issues and the committee's initiatives to the Board of Directors to facilitate the continued implementation of initiatives in accordance with the Management Policy and establish and instill measures.

## Development of human resources who will achieve value creation

### [Human capital]

Mitsui Kinzoku Group develops "Employees who have their own will" responsible for realizing value creation of the Group by both OJT training and Off-JT training programs. We are promoting the development and implementation of training programs to enable employees to be self-motivated and learn autonomously, improve their abilities and skills, and demonstrate their strengths, and to support each employee's continuous efforts to build a lifelong career.

We timely update OFF-JT programs. For example, while selecting OJT instructors and providing training to the instructors, we also collect information on training issues such as communication methods between instructors and subordinates. Then, we use the information to prepare new training programs for young employees.

Also, in order to practice the Integrated Thinking-based Management, we are focusing on developing human resources capable of creating businesses based on environmental/social issues. In addition, considering changes in the external environment, we are working to expand and strengthen training programs for SDGs, ESG and CSR.

In FY2022, in conjunction with the reform of the human resources system, we reformed the education system to allow individual self-directed career development and introduced a DX tool, the Mitsui-Kinzoku Learning Platform (MLP), to support it. The new education system offers further reinforced free-choice capacity development programs and a cafeteria-style training system, which provides significantly enhanced learning programs that employees can take freely in addition to rank-based mandatory training programs to develop the capacity required for each rank. We also offer contents aligned with global trends, namely, leadership, anger management, diversity management, and other contents that help managers improve their management skills; learning contents related to workstyle reform, such as DX, AI, and other technologies and psychological safety; and learning contents on sustainability.

\* Overview of the Off-JT training programs is on the next page 34.

## New human resources system

### [Human capital]

In April 2022, we reformed our human resources system, upholding the basic principle of appointing the right people to the right positions based on their performance, regardless of seniority, under the job/role-based system. At the same time, we enhanced initiatives for supporting career development that helps individual employees develop their career according to their own intentions and values.

Through career education, interviews, and other measures, we will consider both employees' wishes and the company's expectations to continue initiatives for supporting the growth of individuals to achieve their career vision. We will also improve the existing internal public recruitment system and consider measures that respect employees' right to choose their career.

## Overview of the Off-JT training programs

We renewed our training system in FY2021, supporting employees' autonomous career development through programs centered on cafeteria-type skills development programs. We have also introduced MLP (Mitsui-Kinzoku Learning Platform) as a learning platform, providing an autonomous learning environment for the employees. As one of the new curricula in the training programs, we have introduced ICT training, Mitsui Kinzoku Total Digital Human Resource Development, in order to further improve IT literacy of all employees. Through the continuous implementation of this initiative, we aim to develop human resources capable of creating new business models based on DX.

\* Each of the following training program is offered through MLP.

<Type of training>	<Purpose>	<Outline>
● Basic Skill (Mandatory programs)	Acquire the necessary knowledge and skills for each career stage	<ul style="list-style-type: none"> <li>Programs to develop the necessary competencies at each job rank, including management, diversity, IT security, sustainability, finance, intellectual property, quality control, and mental health.</li> </ul>
● Skill Up (Recommended programs)	Acquire knowledge and skills useful for each employee's job.	<ul style="list-style-type: none"> <li>Programs helpful for each employee's job widely ranging from business skills to expertise.</li> <li>Selected by each employee based on the work and one's own abilities or recommended by their supervisor.</li> </ul>
● Self Development (Programs for self-development)	Improve one's own abilities and skills according to one's own will.	<ul style="list-style-type: none"> <li>Correspondence courses including e-learning.</li> <li>Trainee can choose and take training programs such as business skills and languages.</li> </ul>
● Organization-specific training	Strengthen each employee's expertise	<ul style="list-style-type: none"> <li>Provide specialized knowledge necessary for job groups and business lines.</li> </ul>
Training for selected employees	<ul style="list-style-type: none"> <li>Special training for corporate manager candidates</li> <li>Interaction with external organizations</li> </ul>	<ul style="list-style-type: none"> <li>External training program for candidates of next-generation managers selected from executive officers and managers.</li> <li>Training program for next-generation and next-next-generation corporate manager candidates selected within the corporate group.</li> <li>Dispatch for rank-based training held by Mitsui Inter-business Research Institute.</li> </ul>
Training programs for young employees/ mid-career hired employees	Introduction training for new employees	<ul style="list-style-type: none"> <li>New employee training, follow-up training, first/second/third-year follow-up training.</li> <li>Introduction/ follow-up training for mid-career hired employees.</li> </ul>
Career training	Support for self-sustaining career development	<ul style="list-style-type: none"> <li>Training by age group (20s/30s/40s/50s) in order that each employee will develop career vision.</li> </ul>

- Cafeteria-type skills development programs

## Effective R&D management [Intellectual & Human capital]

The source of continuous growth and the core competence for Mitsui Kinzoku Group is in research and development toward the creation of new businesses. We strategically invest in R&D while also implementing stage-gate management. Research themes that have been narrowed down by considering market needs (including environmental and social issues) and commercialization potential are moved forward into the research stage. Research resources such as human resources are allocated to the selected research in the research stage intensively. We will enhance our opportunities to create new businesses by focusing on the areas that have high potential to proceed steadily from research to development, commercialization, and market launch.



(Business Creation Sector R&D Center)

\* Trends in R&D expenses are shown on pages 70–71.

## Development of a compliance system in line with the Mitsui Kinzoku Group Quality Assurance Guidelines (QAGL)

### [Intellectual & Human capital]

The Group promotes its quality compliance system in accordance with the Mitsui Kinzoku Group Quality Assurance Guidelines (QAGL). In FY2021, all sites in Japan conducted self-inspection on conformity to the guidelines. We have also conducted quality compliance audits by internal third parties, just as we did in FY2020. The internal third parties inspected the status of development of quality compliance systems in 14 domestic as scheduled. One of what we need to work on is the development of systems to ensure data reliability and we have been working on it.

In addition, we launched the expansion of QAGL to overseas sites in FY2021 in order to promote the development of QAGL-based quality compliance system across the globe. We will continue to inspect and improve our quality assurance system for further enhancement.

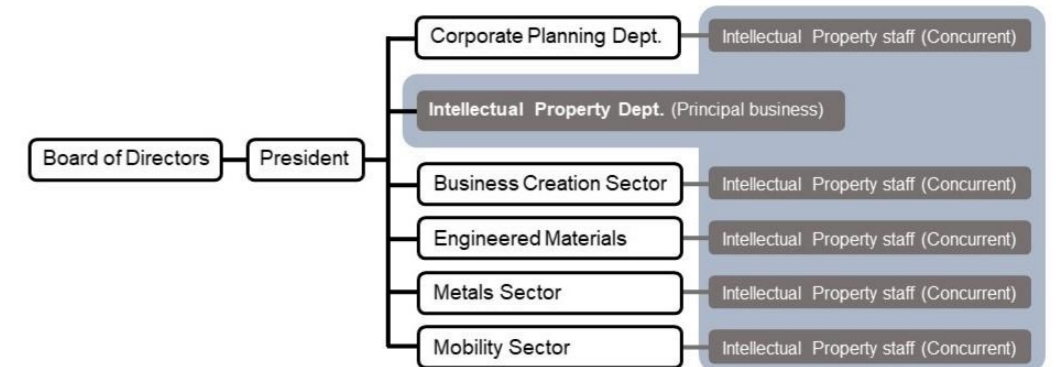
In order that employees of the Group become more aware of quality compliance, we organize a variety of events throughout the quality assurance month (every November) such as conveying top messages to all employees and holding educational activities. We also provide a wide range of programs in order to embed a compliance culture in the Group throughout the year, in line with the Quality Compliance Education System.

## Intellectual Property Management

### [Intellectual & Human capital]

Recognizing intellectual property as an important management resource, Mitsui Kinzoku Group has set out a basic policy of properly protecting rights, securing advantage in business and using it for new business creation, minimizing risks associated with intellectual property, developing human resources to support implementation of the intellectual property strategy, and establishing respect for intellectual property as part of the corporate culture.

Based on the basic policy, we will implement the intellectual property strategy to maximize our corporate value.



## New organization of the Intellectual Property Department

As part of principal business, our dedicated staff members provide diverse, highly specialized services and information. In addition, these staff members conduct IP activities that are closely related to the business operations of the sector/workplace.

## Reorganization of IP management structure Balancing consolidation and distribution

The Intellectual Property Department formulated its vision for 2030 and held discussions based on the review of initiatives taken under past medium-term management plans.

Consequently, we reorganized the IP management structure in conjunction with the start of the new management plan, the 22 Mid-term Plan (see the figure below).

The reorganization relocates intellectual property specialists to the department while maintaining cooperation with the respective business operations to make possible diverse services, including sophisticated analysis of intellectual property data using IP landscapes\*.

\* IP landscapes stands for *Intellectual Property Landscape*, a method used to survey and analyze intellectual properties belonging to the company and others and combine outcomes with information in the market, etc. for use as part of the company's management strategy.

## Response to the new missions

### Reinforcing dissemination of IP/intangible asset information

To respond to the requirements of the revised Corporate Governance Code of 2021, the Intellectual Property Department will enhance its cooperation with different sectors across the company to provide intellectual property and intangible asset information internally and externally. It has also started an initiative of stepping up its activity for improving the value of intellectual property and intangible assets through dialogues with directors.

- Number of patent applications is shown on page 120.
- Number of patents registered globally is shown on page 120.