

# 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.

## Human capital management

Mitsui Kinzoku Group is committed to solving environmental and social issues through our business activities, thereby promoting the sustainability of the Group and society. To this end, we continuously create innovations and generate new value. These initiatives are only possible through people with diverse personalities, values, experiences, and skills, which is why people are our most important management resource.

The Group's employees work worldwide, playing their roles in contributing to creating new value. To increase their engagement and job satisfaction, we strive to create a working environment and personnel systems that provide a sense of security and maximize the potential of each individual.

Based on its Human Resource Development Policy, the Group trains people committed to solving environmental and social issues through business activities and generating new value. To maximize the potential of our human capital while pursuing this policy, we have developed personnel strategies that pursue "respect for individuals" and "utilization of human resources as an organization." The strategies center on the following four areas: strengthening the HRBP\* function based on the personnel strategies; promoting health management; promoting diversity, equity and inclusion; and launching and fully instilling the performance-based personnel system.

\* Human resource business partner (HRBP): HR function that serves as a partner to the management team or business divisions, supporting the organization with using its human resources effectively to implement business growth and strategies.

Human Resource Development Policy

[https://www.mitsui-kinzoku.com/en/csr/society/human\\_resource/](https://www.mitsui-kinzoku.com/en/csr/society/human_resource/)

Management System for Diversity Promotion

<https://www.mitsui-kinzoku.com/en/csr/society/diversity/#block02>

## Promoting diversity, equity and inclusion, reforming job satisfaction

Although the individuals may be competent and knowledgeable, a group of people who all have similar perspectives and values lacks the ability to create new values and organizational resilience. We aim to be an organization that sees things from different perspectives based on diverse experiences and values, and that fully benefits from diversity.

Since diverse perspectives can be secured by diversifying attributes, we promote women's empowerment in the workplace as the first step. We envision a future where people with different ways of thinking, experiences, and values can fully demonstrate their abilities in all workplaces and contribute to improving corporate value.

We will promote and accelerate work satisfaction reforms to create workplaces where people can work autonomously and securely, and feel they are growing through their successes and failures at work. Through these initiatives, we will improve the relationship between the organization and individuals to enhance engagement and build a solid foundation for accepting and leveraging diversity.

To promote diversity, equity, and inclusion, the Diversity Promotion Committee, chaired by the President, formulates a roadmap and KPIs based on our vision, and then implements specific initiatives. Representatives from each Sector participate as committee members and hold discussions to embody the chairperson's decisions on the diversity promotion policy. Outside Director Keiko Takegawa also participates as an advisor for discussions from a broader perspective.

In April 2024, we established the Rewarding and Engaging Work Promotion Office, an organization dedicated to accelerating job satisfaction reforms. We strive to create an environment in which employees can feel comfortable and fulfilled, and to be a company for which people choose to work. First, we analyze the characteristics of organizations that encourage engagement. Then, we formulate and implement various measures based on this analysis data, and work towards becoming our ideal organization.

The Diversity, Equity, and Inclusion Committee discusses diversity, equity and inclusion and job satisfaction reforms, since these issues are closely related. The Committee discusses the progress against the roadmap, problems, and future initiatives. The results are reported and discussed at the Executive Council and the Board of Directors.

## Promotion of health management

The physical and mental health of all employees in the Group and their families is a critical management issue. The health of employees and their families is necessary for them to lead a fulfilling life. It is the foundation on which they maximize their potential, which in turn contributes to increasing the Company's productivity and performance. We have announced, internally and externally, the health management commitment statement. It represents our determination to maintain and increase the health of employees and their families, which in turn drives vigorous corporate activities that allow us to contribute to society.

The Company has been certified as a Health and Productivity Enterprise every year since 2019. We are strengthening our health management system and developing measures as appropriate, including holding health education and events and providing regular mental health education at all locations. We have also appointed a supervising industrial physician who promotes group-wide occupational health management measures and established a health management section in the Labor & Welfare Administration Office of the Human Resources Department. We have set up priority check items for health management from both physical and mental health perspectives and introduced a financial support program for receiving secondary health checkups. And as a welfare program revision, we have abolished the upper limit on the number of paid half-days off to enable employees to continue work while receiving medical treatment. We analyze the data of health checkup results across the Company, provide feedback on stress check results to each workplace, check the conditions at key workplaces, and provide support for improvements.

## A performance-based personnel system and strategic HR management with HRBP

Our job/role-based personnel system is intended to strengthen the consistency between the Group's Purpose and Vision and the management strategies and personnel management through which we aim to achieve them. In other words, we will implement more efficient strategies than ever by shifting from the conventional system of assigning work to people to a system that assigns people to work necessary for executing the management strategies.

In FY2024, we abolished the system of dividing employees into *sougoushoku* (career-track) and *ippanshoku* (non-career track), which categorizes employees based on their personal attributes.

We hope to vitalize the organization and build a culture of taking on challenges by providing talented people with opportunities to play an active role regardless of their age, seniority, or educational background.

The shift to a performance-based personnel management system that assigns the right people to the right positions will result in two significant changes in the way employees develop their careers. One change is that each employee is required to draw up their career vision and develop their skills towards the goals they have set. In other words, they are expected to be autonomous in their career development.

Another change is that the Company recognizes the right of the employees to choose their career paths, and supports each employee in realizing their career visions through dialogue.

As part of our efforts to support employees' career development, we hold career interviews and have improved the self-declaration forms.

From the self-declaration, we can understand each employee's career aspirations and personal circumstances. Incorporating this information into the placement and development plan for each employee will allow us to help them plan career paths and develop individual employees' abilities based on their aptitude, aspirations, and abilities. The new personnel system is designed to present multiple career options, including specialists, and not only the career path of a generalist.

Specifically, employees discuss their career visions with their managers, whether they want to work in executive management, business creation, or research and development; to enter administration, such as HR, accounting, or legal affairs; or to become specialists.

We have improved our education system to make the career vision of each employee a reality.

We provide curriculums and learning environments for autonomous learning to support our employees in improving their skills, demonstrating their strengths, and continuing to build lifelong careers.

We currently use the Mitsui Kinzoku Learning Platform (MLP), a cafeteria-style learning support system, as a DX tool to support the educational system for achieving the career autonomy of each employee. In addition to elective development programs and mandatory training to develop the skills required at each level, we offer optional training programs with various content that employees can voluntarily take. The training covers, management skills such as leadership, anger management, diversity management, DX, AI and other technologies, as well as learning about work style reforms such as psychological safety, sustainability, and other subjects to address current social issues. We also provide Mitsui Kinzoku Total Digital Human Resource Development, an ICT education program to improve all employees' IT literacy. Through the continuous implementation of this initiative, we aim to develop human resources capable of creating new business models leveraging DX.

Fine-tuned training for new employees is another feature. We select OJT instructors and train them in new employee training. We collect information on issues related to new employee training, such as communication methods between instructors and new employees, and provide feedback. We also incorporate the gained knowledge into follow-up training to improve the content promptly.

To implement integrated thinking-based management, we also focus on training people in the ability to create businesses that address environmental and social issues. We are expanding and enhancing training on CSR, ESG, and SDGs in consideration of changes in the external environment.

By repeatedly conducting these individual training programs, we develop people who solve environmental and social issues through our business, based on our Human Resource Development Policy.

The HR Business Partner Office, established within the Human Resources Department, is tasked with promptly responding to management and business strategies from an HR perspective. Employees must be respected as individuals when the organization tasks them. Human Resource Business Partners (HRBPs) appointed in each Sector work with the Human Resources Department to implement HR allocation that is tied to the dynamic management of the business portfolio from a group-wide perspective, ensuring that the right people are deployed where they are needed. We also strive to solve issues quickly and with foresight, including formulating succession plans for critical positions, identifying personnel needs for the medium to long term, and managing talent in each department.

## Metrics for expanding human capital

We use the following metrics to monitor the diversity and job satisfaction reforms in the organization.

- (1) Diversity of the Board of Directors  
10% or more female directors
- (2) Ratio of female managers (ratio of female section chiefs and above)  
5.0% or more by the end of FY2024  
(3.7% at the end of FY2023)
- (3) Indicators of women's participation
  - Increase the percentage of women in new full-time hires
  - Increase in the ratio of female leaders
  - Increase in the percentage of male employees taking parental leave
  - Accreditation by government agencies
  - Improve the score of "Respect for Diversity" (employee survey results)
- (4) Indicators of Job Satisfaction Reform  
Improvement in the percentage of *Iki-iki* active engagement (engagement indicator)

In FY2023, the Company introduced ESG metrics-based transfer-restricted stock compensation, which is awarded to Directors according to the degree at which they attain ESG KPIs. This measure encourages HR initiatives at the management level.

# Intellectual Property Management

Recognizing intellectual property as an important management resource, Mitsui Kinzoku Group has set out a basic policy of properly protecting rights, securing an advantage in business and using it for new business creation, minimizing risks associated with intellectual property, developing and retaining IP personnel, and establishing a corporate culture of respecting intellectual property.

As the Corporate Governance Code has been revised in 2021, we actively implement initiatives to improve the governance of intellectual property, including system development, developing high-value-added businesses utilizing intellectual assets, and disseminating intellectual property information outside the Group.

## IP management structure

In April 2023, we restructured the organization that promotes intellectual property activities<sup>\*1</sup> to realize integrated thinking-based management. The new organization provides various services, including advanced analysis of intellectual property information using IP Landscape,<sup>\*2</sup> and also works to strengthen our technological foundations, such as green transformation (GX) and digital transformation (DX).

- \* 1

Our Basic Intellectual Property Policy and the organizational chart for its promotion are posted on the Company's website.

[https://www.mitsui-kinzoku.com/en/csr/society/intellectual\\_property/](https://www.mitsui-kinzoku.com/en/csr/society/intellectual_property/)
- \* 2

IP landscape 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.

Key data on intellectual property	Patent applications <sup>* 4</sup>		Patents held <sup>* 4</sup>		Competitive Impact <sup>* 5</sup>	Patent Asset Index <sup>* 5</sup>
	Domestic	Overseas	Domestic	Overseas		
FY2023						
The entire Group <sup>* 3</sup>	272	436	1,393	1,977	1.5	2,818
Business Creation Sector	110	187	226	452	2.8	972
Engineered Materials Sector	92	167	585	780	1.3	956
Mobility Sector	58	80	484	670	1.3	866
Metals Sector and others	12	2	99	75	0.4	42

\* 3

Powdertech Co., Ltd., an equity method affiliate, is excluded.

\* 4

For applications jointly filed by two or more sectors, the intellectual rights are divided equally between those sectors, and the number of patent applications and acquired patents are rounded to the nearest whole number. All data is current as of the end of March 2024.

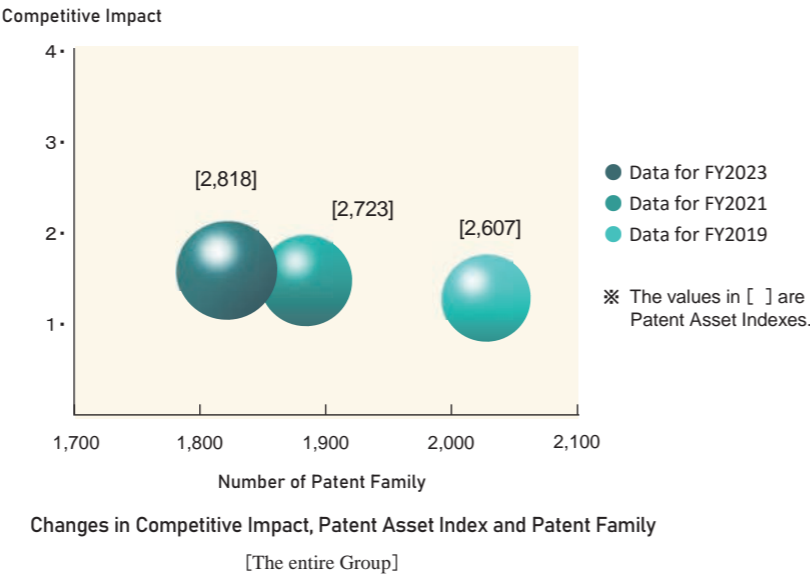
\* 5

Evaluation results are calculated based on patents held by each sector. As some patent applications were filed jointly by two or more sectors, the total value of the patent assets of sectors is different from the total value of the entire Mitsui Kinzoku Group. (For the Competitive Impact and Patent Asset Index, see Note 6 on the right page)

## Activities in FY2023

The senior general manager of the Technology Sector, who supervises the Intellectual Property Department, reports the policy and status of intellectual property activities through the Board of Directors to the President and other officers who direct business execution.

The senior general manager of the Technology Sector and the general manager of the Intellectual Property Department regularly meet with the senior general managers of business sectors to discuss intellectual property strategies and other matters. The head of the Intellectual Property Office meets with the senior general managers of business sectors, the general manager of the Development Department, and other managers to report on the status of individual intellectual property activities and discuss activities to obtain IP rights. We are working to protect, appropriately manage, and increase the value of intellectual property rights for the development results obtained in the process of creating new businesses and operating existing businesses.

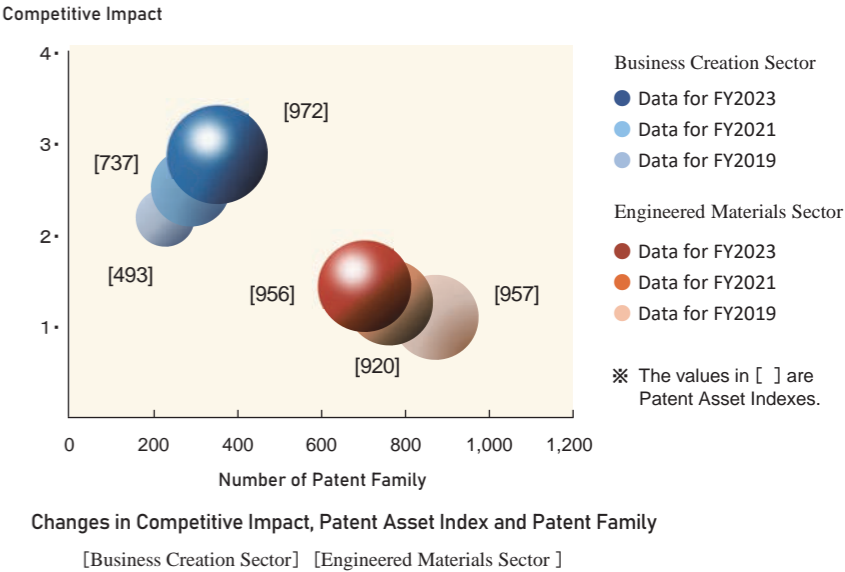


Intellectual capital

Human Capital

In the Business Creation Sector, the number of patent applications and the value of individual patents increased, leading to an improvement in the Patent Asset Index. The Engineered Materials Sector took an inventory on intellectual property and increased the value of its patents while improving the efficiency of its intellectual property investments, leading to an improvement in the Patent Asset Index.

As a result, the number of patent applications filed by the Group in FY2023 increased by 2% from the previous year to 708, and the number of patents held increased slightly from the previous year to 3,370. The Competitive Impact <sup>\*6</sup> increased by 3% from the previous year to 1.5, and the Patent Asset Index <sup>\*6</sup> increased slightly from the previous year to 2,818, contributing to building our intellectual property portfolio.



### In the Business Creation Sector

With a policy of “maximizing the future value of new businesses through strategic intellectual property acquisition and risk management,” the Business Creation Sector works on intellectual property activities with the aim of “Value Cultivation”. The Sector is working on commercializing A-SOLiD<sup>®</sup>, a solid electrolyte for all-solid-state batteries, as well as sintered copper paste for power semiconductors. It is also expanding the business of HRDP<sup>®</sup>, a special carrier for next-generation semiconductor packages, and actively engaging in research and development at the R&D Center. The number of patent applications and patents held by the Business Creation Sector in FY2023 both increased by about 5% compared to the previous year, to 297 and 678, respectively. The Competitive Impact increased by 9% compared to the previous year, to 2.8, and the Patent Asset Index increased by 14% compared to the previous year, to 972.

### In the Engineered Materials Sector

The Engineered Materials Sector engages in intellectual property activities based on the policy of “maximizing business profits and minimizing risks through intellectual property activities in line with business strategies.” In businesses that we must strengthen considering the market environment, we actively file, acquire, and maintain patents necessary for growth. On the other hand, we carefully examine and determine what actions to take for other businesses. The engineered powders business and NIPPON YTTRIUM increased the value of their patents while carefully examining their intellectual property, thereby increasing their Patent Asset Index. The copper foil business and other businesses acquired patent rights and maintained their Patent Asset Indexes. The number of patent applications and patents held in FY2023 decreased slightly from the previous year to 259 and 1,365, respectively. However, the Competitive Impact and Patent Asset Index increased slightly from the previous year to 1.3 and 956, respectively, achieving “Value Expansion”.

<sup>\* 6</sup> Valuation data calculated by PatentSight<sup>®</sup> provided by LexisNexis Intellectual Property Solutions. Competitive Impact (CI) is the average (an indicator of the competitiveness and quality of a patent family). Patent Asset Index is the sum of CI values. The data was calculated as of May 14, 2024, and is presented on an annual basis.

## Strengthening the human resources that support intellectual property activities

Recent changes in the social environment have brought attention to intangible assets such as intellectual property and human capital. With our understanding that “People create intellectual property and people use the intellectual property that has been created,” the Human Resources Department hosts a skill development program several times a year. It incorporates intellectual property training for engineers engaged in intellectual property activities, covering beginner to advanced levels. To improve IP literacy, the intellectual property offices provide suitable IP training in each business environment.

Furthermore, the skills required of intellectual property department members are becoming increasingly diverse. In response, the Intellectual Property Department encourages its members to actively participate in outside training and study groups. Also, it holds internal lectures by experts active on the front lines of the intellectual property field, as appropriate.



- Trend in the number of the group patent applications from FY2019 to FY2023 is shown on page 140.
- Number of patents of the group registered by country as of the end of March 2024 is shown on page 140.