



mitsui kinzoku

Integrated Report 2024

For the year ended March 31, 2024



**FTSE Blossom
Japan Index**

FTSE Russell confirms that Mitsui Mining & Smelting Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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**FTSE Blossom
Japan Sector
Relative Index**

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Since 1874

This year, 2024, marks the 150th anniversary of our founding.
We would like to express our sincere gratitude to all of our stakeholders,
who have supported us over this long period of time.



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About Mitsui Kinzoku Integrated Report 2024

This report describes how Mitsui Kinzoku Group will create economical and social value through the management in our value creation process, focusing on the 22 Medium-term Management Plan which began in FY2022.

We have edited this report referring to the International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IIRC), the “Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation” developed by the Ministry of Economy, Trade and Industry, the GRI Sustainability Reporting Standards (GRI Standards), and SASB standards.

You can find detailed financial information in our Securities Report and detailed governance information in our Corporate Governance Report.

[Coverage]
This report focuses on figures for FY2023 (April 2023 – March 2024). It also contains details of initiatives prior to that period, and initiatives that are underway for FY2024.

[Scope]
This report covers Mitsui Kinzoku (non-consolidated), as well as consolidated domestic/overseas subsidiaries. If we include a non-consolidated group company, there are details on its scope of application in the explanatory note for each item.

[Caution concerning forward-looking statements]
In addition to facts about Mitsui Kinzoku Group past and present, this report contains decisions, plans and other forward-looking statements based on information available at the time of writing. Please bear in mind that social situations in the future, and the actual results of our business activities, may vary from the forward-looking statements contained herein.

[Securities Report] only available in Japanese
<https://www.mitsui-kinzoku.com/toushi/lib/yuuka/>

[Corporate Governance Report] only available in Japanese
<https://www.mitsui-kinzoku.com/toushi/management/governance/>

We use the SDG icons in this report in accordance with the UN SDG guidelines.
<https://www.un.org/sustainabledevelopment/>

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Philosophy of Mitsui Kinzoku Group

Throughout our history, having celebrated 150 years since our company was first founded, Mitsui Kinzoku has experienced many changes and faced many difficulties. The reason why we were able to overcome these obstacles and continue to this day is because we continuously supplied products that are helpful to the world by utilizing our “intelligence” that we have fostered over years as a manufacturer. The central pillar of the business is our corporate philosophy.

We have to enhance our own sustainability in order to fulfill our social responsibility. We advance our business to respond to the expectations of our stakeholders, while keeping our corporate philosophy at the center of our business activities to further strengthen our business base. We will contribute to the realization of a sustainable society through new value creation by enhancing our recognition of environmental and social issues, and driving our unique innovations.

経営理念

創造と前進を旨とし
価値ある商品によって社会に貢献し
社業の永続的発展成長を期す

三井金属鉱業株式会社

Management Philosophy

“With creativity and productivity,
We, Mitsui Kinzoku Group, will explore products of value to society,
and seek an eternal growth of our group.”

Mitsui Kinzoku Group’s mission included in its Management Philosophy

The Management Philosophy was developed and documented in 1984, more than 40 years ago. It declares that the goal of the Group’s business is contribution to society and sustainable growth. Grateful to our predecessors for having had the perspective of sustainability, we will pass on the values they sought to uphold.

In 2022, as values we should share, the Purpose was established to show why Mitsui Kinzoku Group exists and the value we provide.

【Purpose】

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.

Why we exist

The Purpose provides our unchanging basis for making judgments, allowing us to respond nimbly and promptly to changes in the world or major shifts in the business environment whenever they occur. While envisioning the world in 2050, our Purpose, our raison d’etre as Mitsui Kinzoku Group is to realize a contribution to both humanity and the environment of the world.

【Corporate Slogan】

Taking full advantage of Material Intelligence

Mitsui Kinzoku in a nutshell

We are a manufacturing company mainly dealing with non-ferrous metal materials and always thinking about what our strengths are, how we can utilize them effectively, and what value we can create. With thinking them thoroughly, we pursue our originality and value.

Code of Conduct [Revision 3rd edition as of July 2016]

This Code of Conduct applies to all the directors, officers and employees of Mitsui Mining & Smelting Co., Ltd. (Mitsui Kinzoku) and its Group companies.

- 1. Our Social Mission
- 2. Self-Awareness and Social Responsibility as a Member of our Corporate Group
- 3. Compliance
- 4. Fair Business Activities
- 5. Rejection of Antisocial Forces
- 6. Proactive Information Disclosure and Comprehensive Information Management
- 7. Contribution to the Natural Environment
- 8. Provision of Comfortable Work Environment
- 9. Demonstration of Leadership by Senior Management

Specific commitment to implementing the Management Philosophy

The Code of Conduct defines basic requirements that all executives and employees must comply with in their daily business activities to make them aware of their social responsibilities so that we can grow together with our stakeholders.

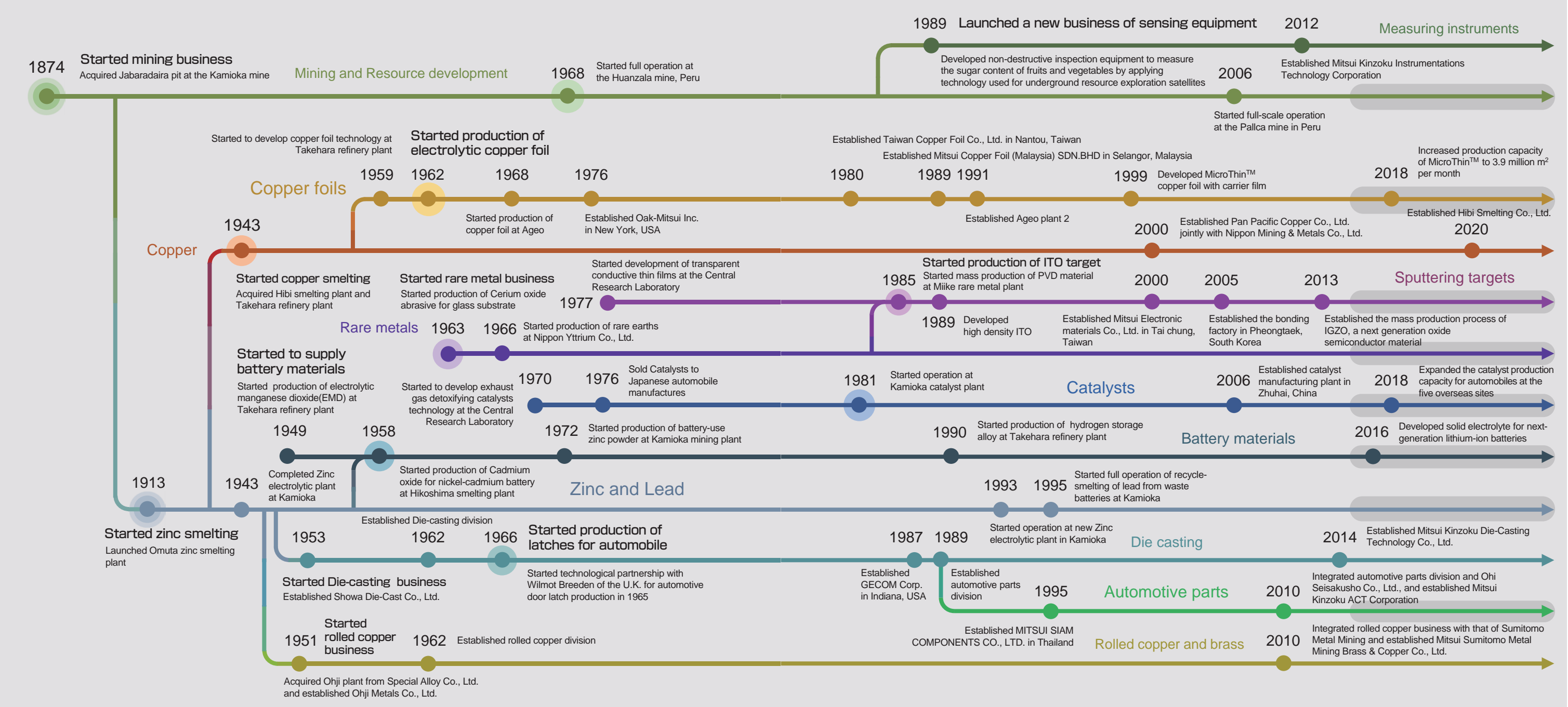
https://www.mitsui-kinzoku.com/en/company/c_idea/

Our History

Our origin is to develop the resources that are blessings from the earth and perform smelting of nonferrous metal. We have continued to provide materials and products that are essential to many industries by giving added value to nonferrous materials through processing and assembly. We will strive to create new value utilizing our core technologies cultivated by our nonferrous metal smelting business, such as in separation and purification, powder control, electrochemistry, and solution chemistry.

Areas that our current core business domains

* Lists only major events and initiatives.



Sales breakdown in FY1960
¥29.5 billion

* Non-consolidated sales

Others

31.4%

Metals business

Zinc/Lead/Refined copper/Sulfuric acid

68.6%

Assembly processing

Automotive components/Die casting/Catalysts etc.

14.3%

Basic materials

Zinc/Lead/Refined copper/Sulfuric acid/Alloys

52.8%

32.9%

Intermediate materials

Copper foil/Battery materials/PVD materials/TAB/Rolled copper/Rare metals etc.

Sales breakdown in FY1990

¥269.6 billion

* Excludes sales of gold bullion from the financial statement values of that time.

* Business segments are shown in the segments at that time.

Others

Engineering/Other services

15.9%

Assembly processing

Automotive components/Die casting/Catalysts etc.

19.1%

Mining and basic materials

Zinc/Lead/Refined copper/Sulfuric acid/Alloys/Ores etc.

30.3%

Intermediate materials

Copper foil/Battery materials/PVD materials/TAB/Rolled copper/Rare metals etc.

Sales breakdown in FY2000

¥423.7 billion

* Business segments are shown in the segments at that time.



My commitment

We are now in an era of extremely rapid change. Things once unimaginable are now happening all over the world.

Under these circumstances, in 2024, Mitsui Kinzoku reached the major milestone of the 150 year anniversary since its founding.

There are reasons why we've been able to stay in business for so long.

Our Purpose represents these reasons, values to cherish, and philosophy to share.

In order to continue contributing to the world across the next 50 and 100 years, we are committed to making swift progress every day.

President and Representative Director

A handwritten signature in black ink that reads "J. Nou".

NOU Takeshi

【Purpose】

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.”

Our “spirit of exploration” was inherited from our history of resource exploration to find ores—essential raw materials for nonferrous smelting. This DNA was cultivated through our long history, and is the wellspring of our ability to maintain enthusiasm and passion and steadily produce results, even under uncertain circumstances.

”Diverse technologies” derived from the resource development and smelting business means creating new value while responding to the needs of the times and the demands of society by utilizing our Material Intelligence—namely, our knowledge, expertise, and experience in non-ferrous metal materials.

This “spirit of exploration and diverse technologies” is a truly “ambidexterity-oriented” management that simultaneously achieves “exploration” (forging new businesses) and “exploitation” (developing existing businesses).

In the Business Creation Sector, which is responsible for “exploration” such as R&D and market co-creation, we are strengthening our ability to explore business opportunities and R&D to realize the constant creation of sustainable new businesses and make timely investments and personnel allocations in response to changes in the business environment for development subjects that are in the commercialization phase.

We value and apply the knowledge and technology we have accumulated in the field of nonferrous metal materials. In areas where we lack or need more knowledge, we actively invest and promote partnerships and cooperation through corporate venture capital (CVC) to use external knowledge.

In the area of “exploitation,” another element in our “ambidexterity-oriented” management, we reorganized our business in 2022 to create new synergy among business sectors so that we can respond to the demands in attractive markets for us in 2030. These include namely the electronics, environment, resources,

energy, mobility, and circular economy markets. We also continue to dynamically manage our business portfolio, make planned investments in value expansion and cultivation businesses, and look for the best internal and external owners in the value restructuring business.

We will steadily adhere to this cycle of improving and expanding each business through exploitation while putting the funds obtained into exploration, which will lead to new innovations.

And “promote the well-being of the world,” as stated in our Purpose, is nothing less than the practice of integrated thinking-based management. It involves considerations and contributions to the global environment, which is our most significant stakeholder.

Utilizing our knowledge, we create economic value through our products and businesses, and also achieve outcomes that contribute to solving environmental and social issues. In order to achieve this, it is also essential to grasp the opportunities and risks that our business poses to society and the environment.

Recognizing these opportunities and risks, we have identified 12 items of materiality, and endeavor to make progress on each initiative every year, cyclically.

In addressing climate change, the Group’s mainstay copper foil and metals businesses are energy-intensive, so the technological challenges and hurdles to achieving carbon neutrality by 2050 are by no means low, but we are steadily taking steps to address them. In FY2023, we introduced CO2 separation and collection equipment in the smelting process and examined the practicality of biomass fuel as an alternative to coal.

We continue to introduce the life cycle assessment (LCA) throughout the Group as a verification method to ensure the creation of products that contribute to solving environmental and social issues. In FY2023, we launched an internal certification organization, and continued expanding the Group’s lineup of environmentally friendly products.

We also continue strengthening our water management, and reduction and management of environmentally hazardous substances and waste. Through these proactive initiatives, we seek to contribute to building a recycling-oriented society with the knowledge and technology of the Group. We will focus our activities on the metals business, which uses and emits a large quantity of these materials. In our human rights efforts, we continue to implement due diligence and promptly take corrective actions on identified risks. We have already established a cycle for implementing our supply chain initiatives and will continue to scrutinize and correct any potential environmental, social, and governance risks in our supply chain. We understand that reducing risk throughout not only our Group but also our supply chain, and making it healthy, will contribute to “promoting the well-being of the world.”

While endeavoring to increase the Group’s competitiveness, we will consider how we should serve as a public organ and give back to society by transforming the capital—including people—with which we have been entrusted by society into something with more added value.

We continue to focus on enhancing and strengthening our non-financial capital, which is the source of our drive to increase corporate value. The most important capital of all is people. To implement integrated thinking-based management, which aims to realize both economic and social value enhancements, it is essential to maximize the value of human capital, the most critical management resource.

In 2021, we established the Diversity, Equity, and Inclusion Office, a dedicated organization that improves and accelerates our diversity, equity, and inclusion efforts. The Office formulates and implements plans to create a workplace where all employees with diverse values can play an active role now and in the future.

In pursuit of an attractive diversity-oriented workplace, specific plans are on the table for two key approaches: increasing job satisfaction, a priority issue defined in the Medium-term Management Plan; and supporting women’s career development, the first step towards achieving a diversity-driven, productive workplace. The Diversity, Equity, and Inclusion Committee, on which I serve as chair, meets regularly to discuss action policies and strategies, make decisions, and monitor progress. Issues and the progress of the Committee’s activities are reported to the Board of Directors to ensure that diversity and inclusion initiatives are being implemented in alignment with management policies and that initiatives have been fully instilled in the organization.

In April this year, we established a new Rewarding and Engaging Work Promotion Office in the Human Resource Department.

We will further enhance the engagement of all employees and create a workplace that attracts diverse people, which will, in turn, increase our corporate value. We will accelerate Work Satisfaction Reform as a group-wide strategy.

The job-based personnel system, introduced in FY2022, has replaced the conventional person-based personnel system. The new system is intended to place the right people in the right positions based on the employees’ competency in their assigned jobs and roles. With a focus on the era of 100-year lifespans, we have established educational and other systems to encourage employees to think autonomously about their careers and support them in realizing their careers and growth.

We have raised the retirement age to 65. Wages and other treatment remain the same after the extension of the retirement age, as we want people with experience and skills to continue to be motivated and active.

We also recognize that the physical and mental health of all employees of the Group and their families is an essential management issue. Health is the foundation on which our employees lead fulfilling lives and maximize their individuality and abilities. Employee health is indispensable for the Group to increase productivity and generate innovation. Our “Safety First” commitment will never waver, and the elimination of accidents in the workplace is our top priority. We will create a safe, hygienic and healthy job environment and actively work on health management.

To grow our business continuously and sustainably, we are working tirelessly to align personnel management and business management strategy. Persons in charge of HR are assigned to the HR Business Partner Office, which was set up in 2022, corporate departments, and business sectors to promote close coordination and cooperation between them. They are responsible for identifying HR issues from a forward-looking perspective, particularly for implementing personnel allocation tied to group-wide dynamic management of business portfolios, solving the identified issues, and assisting each Sector in dealing with talent management issues, such as succession planning and assignment and skill development for individual employees.

We are also actively conducting intellectual property management to acquire rights for and protect the knowledge we have cultivated, and to explore and increase our knowledge. The Intellectual Property Department at the head office manages intellectual property appropriately, and intellectual property staff are assigned to the Corporate Planning Department, the Business Creation Sector, and other business sectors to ensure that IP activities are carried out quickly and in accordance with the needs of each department. We have developed highly specialized intellectual property personnel and expanded the value of the Group’s patents.

We are also promoting digital transformation (DX) to speed up R&D, realize smart factories, and streamline operations. DX enhances the system’s safety, contributes to managing the business indexes, and accelerates the speed of decision-making and information flow. Last fiscal year, we implemented DX initiatives in each Sector, including introducing new data systems at some sites. And we are certified as a DX Certified Business Operator by Japan’s Ministry of Economy, Trade and Industry.

Not just following society’s movements or establishing frameworks. We are transitioning to pursue effectiveness.

With the approval of the Ordinary General Meeting of Shareholders in June 2024, Mitsui Kinzoku has transitioned to a company with an Audit & Supervisory Committee.

“There are too many agenda items to be discussed at each Board meeting.”

“We should spend more time discussing strategy implementation in light of our business portfolio.”

“The Board should use more time to discuss the allocation of management resources, including investments in human capital and intellectual property.”

These are the opinions and issues expressed and identified by the Board members during the annual evaluation and confirmation of the effectiveness of the Board of Directors.

I had thought that the Board’s effectiveness was generally ensured. However, to implement integrated thinking-based management and enhance the Group’s corporate value, I have felt, as the president, that quicker decision-making and more transparency are necessary to respond to changes in the business environment.

With the establishment of the Committee, we delegate authority to the executive officers to further expedite decision-making and strengthen the supervisory function of the Board of Directors, freeing the Board to focus on discussions and deliberations on management strategy and policies.

With the establishment of the Audit & Supervisory Committee, 50% of the Board members are from outside the company.

The Chairperson of the Board of Directors and the Chairperson of the Nomination Review Committee are Outside Directors. If the outside directors determine that I am not fit to serve as President, they can replace me at any time. It also signifies my unwavering determination to transform the Group and make Mitsui Kinzoku a better company.

It’s all about execution and implementation.

Regarding our performance in FY2023, net sales decreased slightly by 0.8% from the previous fiscal year, mainly due to lower prices of nonferrous metals and precious metals, although the sales volume of key products increased in the Engineered Materials Sector and Mobility Sector.

As for profit and loss, operating income and ordinary income increased by 153.0% and 123.8%, respectively, mainly due to the sales volume increase mentioned above, favorable inventory factors, a decrease in retirement benefit expenses, and an increase in non-operating income.

However, following last year’s results, sales and profit fell short of the initial targets of the current three-year medium-term management plan. Uncertainty and difficult environments will continue, but we cannot use the current business environment as an excuse. As a member of the upper management, I feel strongly responsible for our continuously falling short of achieving committed sales and profit targets.

FY2024 is the final year of our three-year medium-term management plan, which we have declared an essential process for the Group to continue creating value sustainably, and it is critical that we execute it as envisioned. This is also the year in which we will formulate a management plan for the next three years.



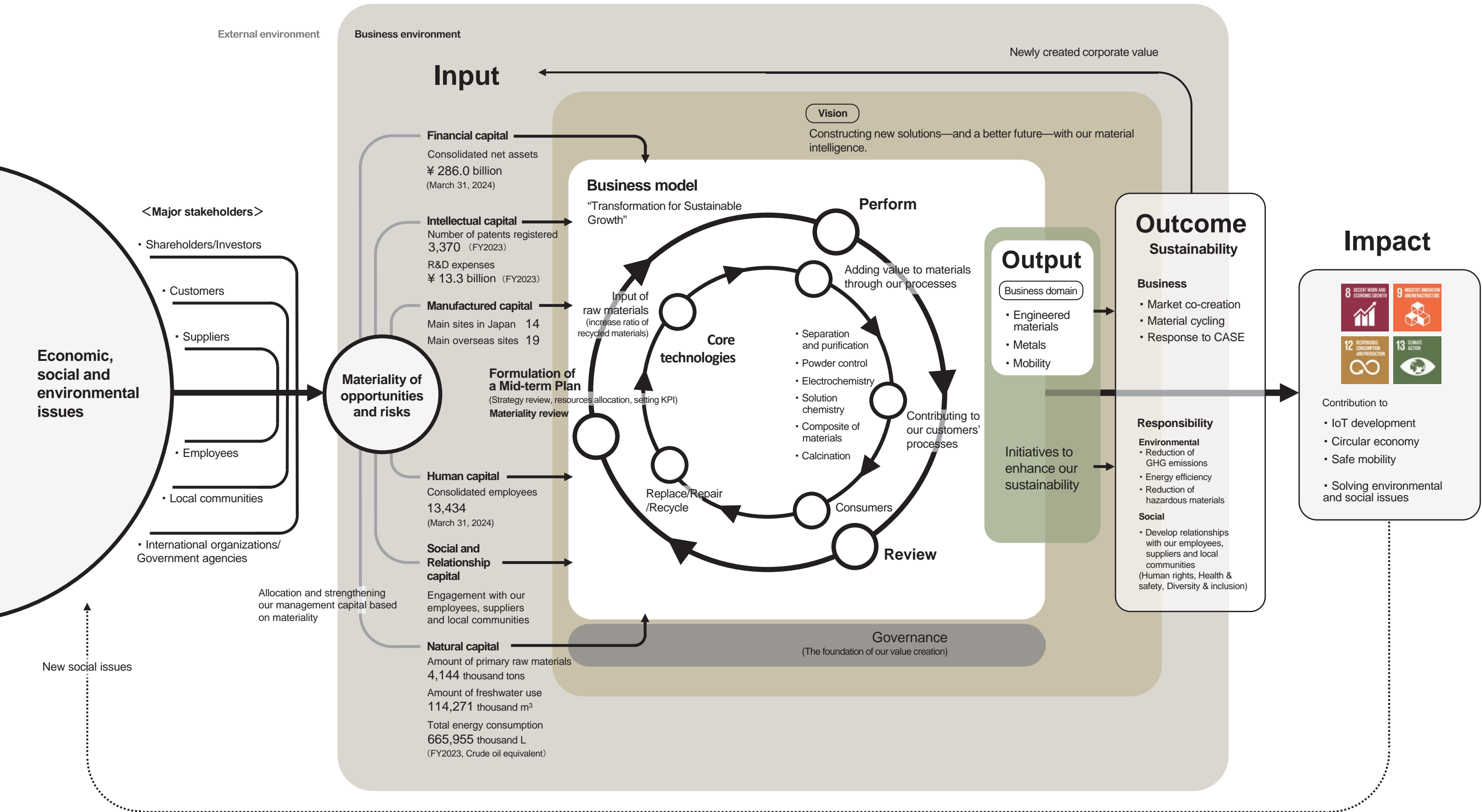
We will not change our Vision for 2030 or our FY2030 performance targets. Our determination to commit to these targets remains the same, as Mitsui Kinzoku Group will not have a future in 2050 if we fail this plan.

Centered around our Purpose, we will balance ambidexterity-oriented management, implement double-axis management strategies to realize economic and social values, and shift to integrated thinking-based management to achieve financial and non-financial sustainability. We will firmly and steadily implement these activities to promote the well-being of the world. To realize our Vision for 2030, I, as a member of the upper management, will more proactively disclose information than ever before, and promote internal and external communication with stakeholders. I would like to express my gratitude and appreciation to all stakeholders, who have been involved in the Mitsui Kinzoku Group across our 150 years, and I look forward to your continued support.

(July 2024)

Our value creation process

As a nonferrous metal manufacturer, we have cultivated our technologies and know-how and developed our value chain in our history. “Material Intelligence” — this is the source of our value creation. Based on the newly set Purpose, we will practice the integrated thinking-based management to realize the Vision. In the scope of “promoting the well-being of the world”, we will implement a business model of exploration (forging new businesses) and exploitation (developing existing businesses) to achieve long-term value creation.



Financial Strategy

Achieve sustainable corporate value enhancement by implementing a financial strategy that is coordinated with our business strategy and focused on investment efficiency

“What is the progress of the business portfolio review?”
“Capital efficiency metrics, such as ROE and ROIC, should be added to the performance-based portion of executive compensation.”

We regularly set up opportunities for dialogue with shareholders and investors through several channels. We have often received opinions and requests concerning thorough management focusing on capital costs and capital efficiency.

In response, in the previous medium-term management plan period (FY2019 to FY2021), we began monitoring to evaluate each business segment based on consolidated return on invested capital (ROIC). In the current medium-term plan period, we use ROIC as one of the business value metrics in the dynamic management of the business portfolio, giving a high evaluation rating to business units with high capital efficiency.

In FY2023, the Board of Directors spent considerable time discussing management strategies, reviewing the business portfolio and discussing matters related to mergers, acquisitions, and reorganization.

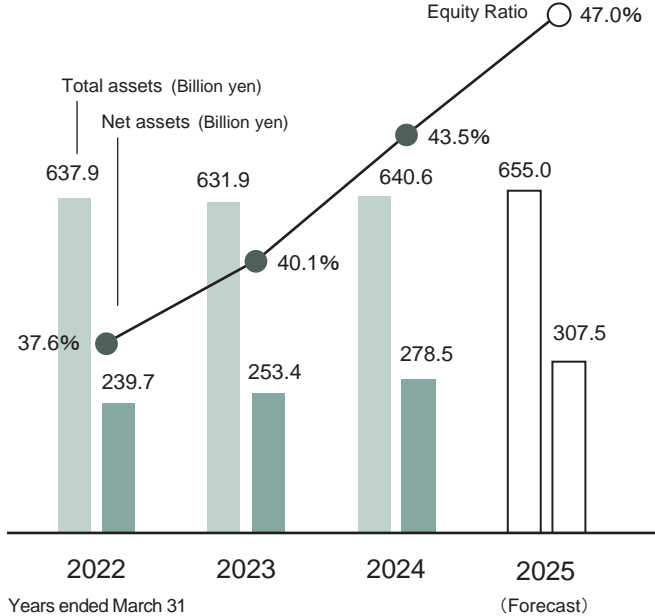
Based on these discussions, we have included the achievement of ESG metrics as a requirement for the stock portion of Directors’ compensation.

Currently, we are discussing the calculation of business segments’ weighted average cost of capital (WACC), the setting of appropriate ROIC targets for business segments that exceed each WACC, and the inclusion of capital efficiency metrics in the performance metrics of Executive Directors and Managing Executive Officers.

Upon resolution passed at the Ordinary General Meeting of Shareholders in June 2024, we have become a company with an Audit & Supervisory Committee. This change was intended to further improve capital efficiency and allow the Board of Directors to concentrate on discussing group-wide strategies, such as the effective allocation of management resources.

In FY2025, the year when a new medium-term management plan will begin, we will discuss and prepare internally to start a more effective management system and structure, focusing on capital efficiency and its improvement.

Trends in consolidated equity ratio



Managing Director, Senior Executive Officer,
Senior General Manager
of Corporate Planning & Control Sector

IKENOBU Seiji

Financing policy

To ensure stable business operations, we keep a certain level of liquidity assets to prepare for drastic changes in the market, exchange rates, and nonferrous metal prices. Meanwhile, in addition to active investments in the Business Creation and Engineered Materials Sectors, our 2022 Medium-term Plan includes investing to improve our social & environmental value and financial value. To implement these activities, we strive to procure financing in accordance with our funding needs, considering the overall financial market situation, interest rates, and other factors.

Dividend policy

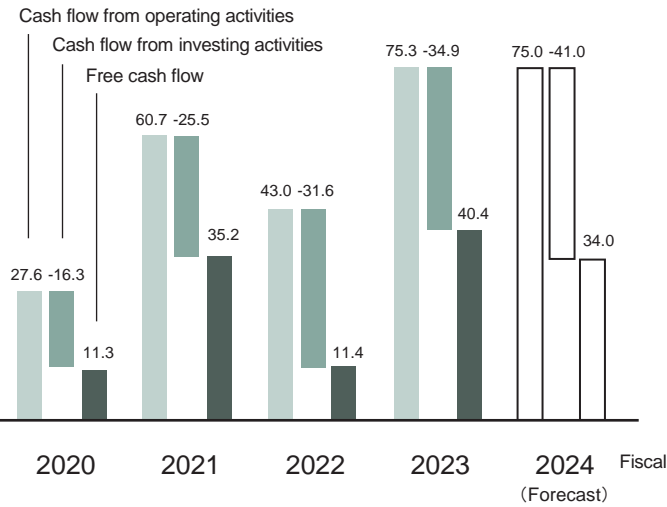
Our dividend policy is to distribute profits appropriately based on our business performance while retaining the internal reserve needed for our future business foundation. In line with this, we aim to provide continuous, stable shareholder returns, with a benchmark of 3.0% consolidated dividend on equity (DOE) starting in FY2022. We have also paid interim dividends since FY2023.

We will review our shareholder return policy in accordance with the progress made in strengthening the management foundation and improving our financial condition.

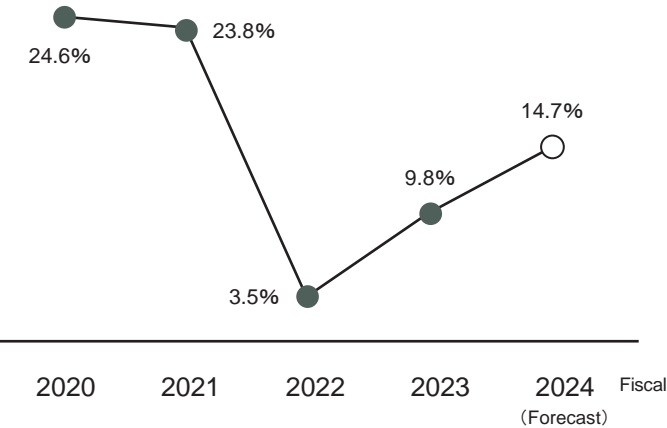
Tax policy

Mitsui Kinzoku Group complies with the laws and regulations of the countries and regions in which we do business, and conduct our business activities in accordance with the tax guidelines published by international organizations such as the OECD (the Organization for Economic Cooperation and Development). If countries and regions have preferential taxation systems, we carefully check the actual situation of our business and the purpose of the systems, use them appropriately, and do not take tax avoidance acts that abuse the systems. When making business decisions, we consider tax matters and position tax strategy as part of our business strategy.

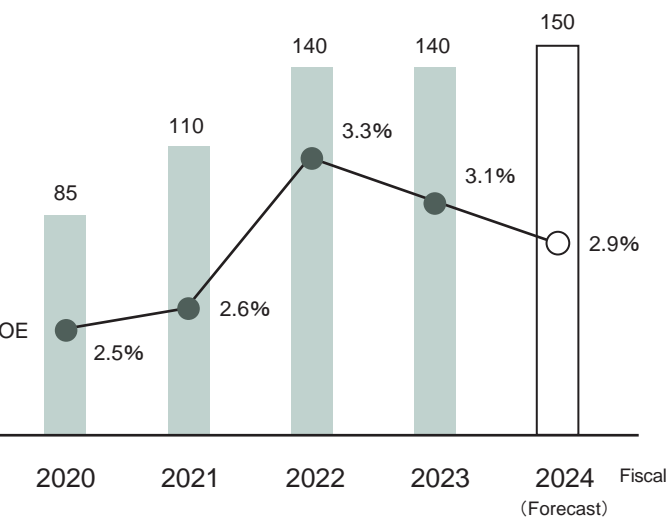
Cash flow (Billion yen)



Trends in ROE



Trends in consolidated dividend on equity (Yen)

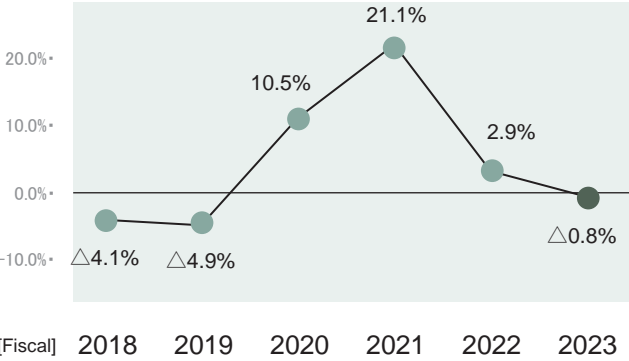


* Each forecast figure for FY2024 is as of August 8, 2024.

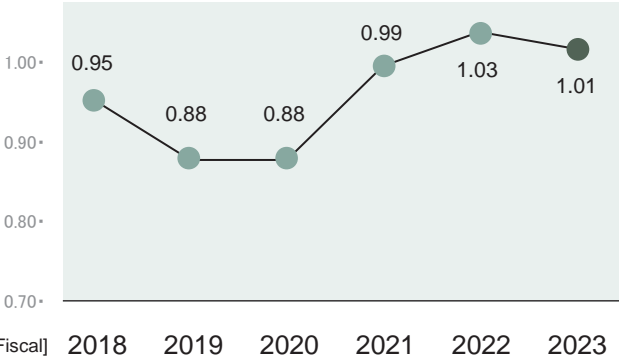
Financial Highlights

Trends in major financial indexes

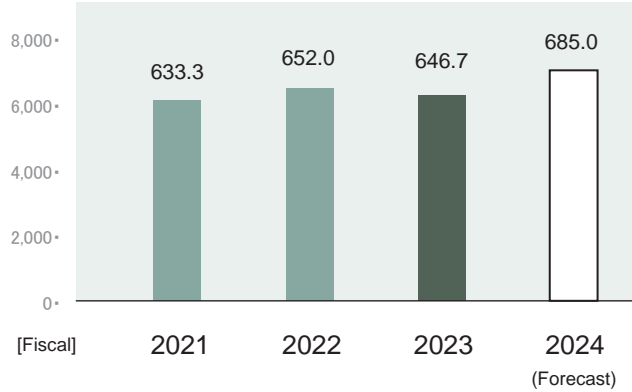
Sales growth rate



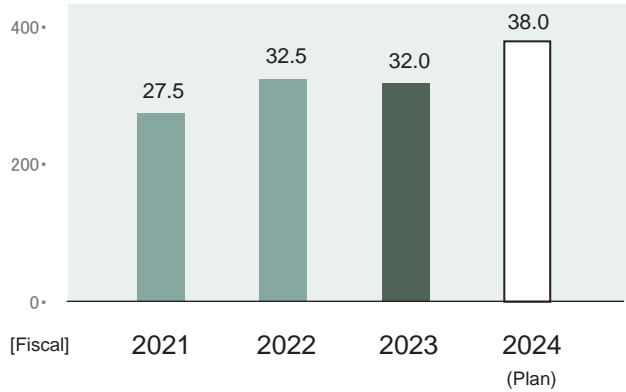
Total asset turnover ratio



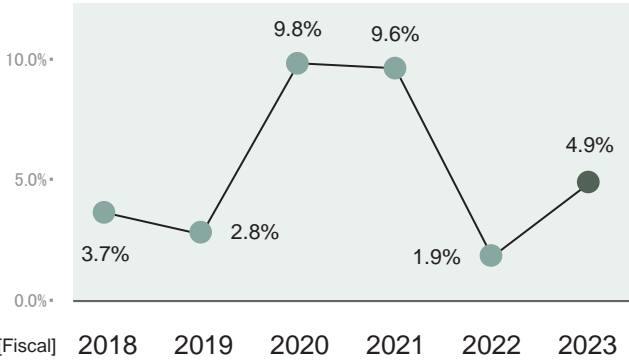
Net Sales



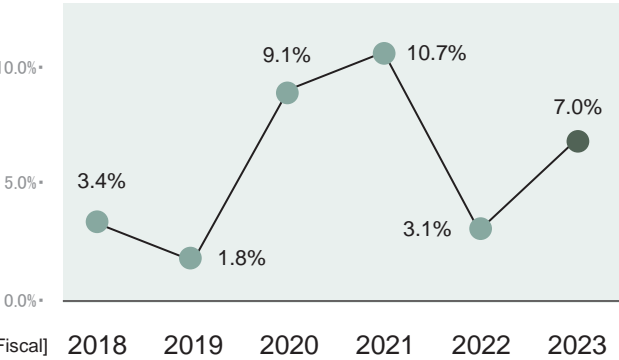
Capex



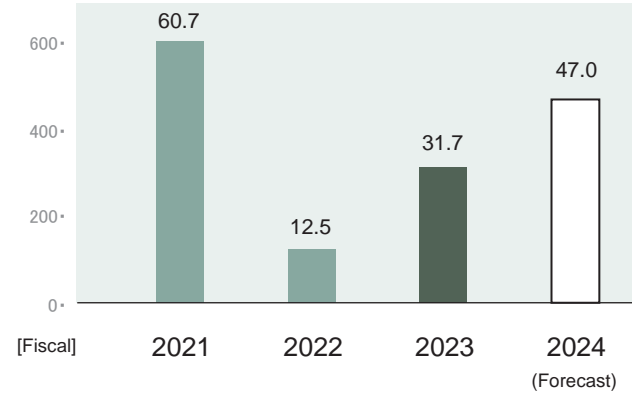
Rate of operating profit on sales



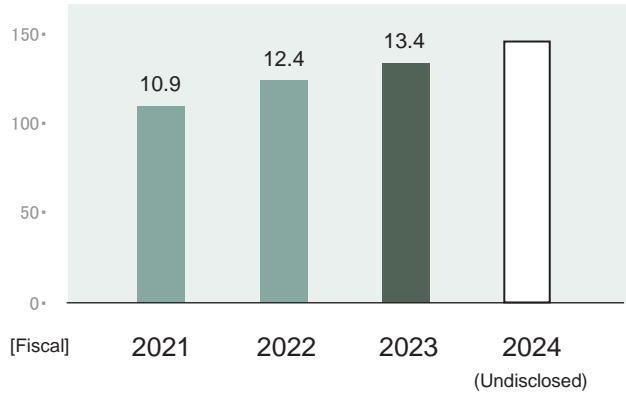
ROA (Return on assets)



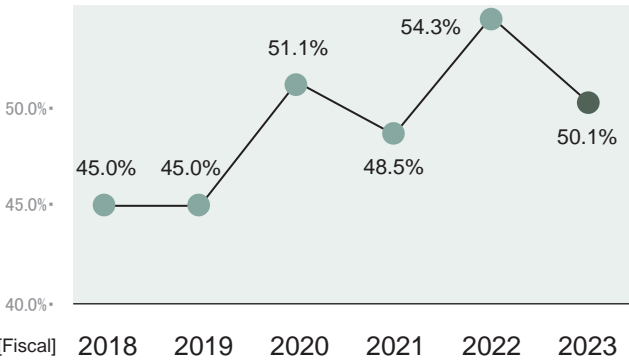
Operating profit



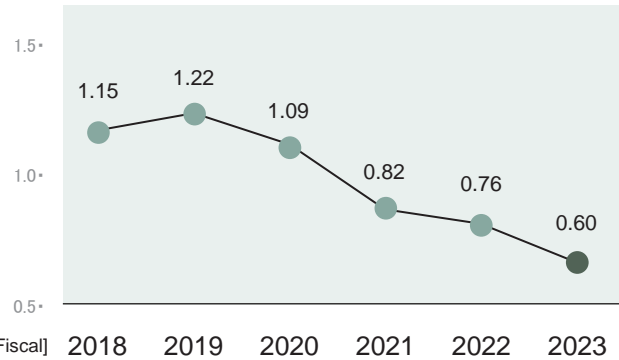
R&D expenditures



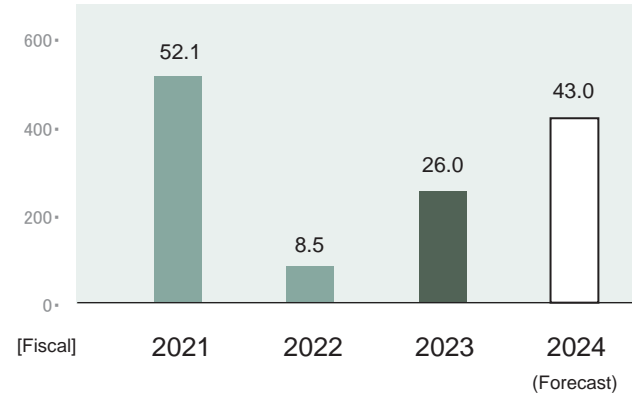
Overseas sales ratio



Net D/E ratio



Profit attributable to owners of parent



Highlights of major financial indexes for the past 11 fiscal years are listed on pages 92-93. Please refer to those pages as well.

* Each forecast figure for FY2024 is as of August 8, 2024.

Managing portfolio dynamically

Strategic investments in M&As

We will balance and accelerate the management of “exploitation” and “exploration” and pursue internal and external synergies to continually create financial value and social and environmental values.

We have backcast an "attractive market" in 2030 based on our forecast of the world in 2050, and have forecast a "winnable market" in 2030 based on the Mitsui Kinzoku Group's strengths, and set our activity areas for 2030 as the intersection of these markets. Mitsui Kinzoku Group engages in business in six product/market scopes: environment and energy, natural resources, life science, electronics, mobility, and circular economy.

According to these scopes, we restructured the organization at the start of the current medium-term management plan, with a focus on 2030. The concept for the reorganization had two visions: attractive product/market scopes and allowing continued pursuit of synergies. Traditionally, at Mitsui Kinzoku, each sector has reached its own market and customers. Now, organizations are being transformed and grouped by product/market scope to constantly provide value to attractive markets. The three business sectors develop existing businesses, and the Business Creation Sector will create new businesses to reinforce and accelerate the pursuit of ambidexterity.

“Exploitation” involves developing existing businesses and maximizing their potential. “Exploration” involves forging new businesses and expanding knowledge in uncharted areas to create new businesses. These two factors will be balanced by the pursuit of ambidexterity. To advance exploitation, we will evaluate existing businesses based on the two axes of “growth prospects” and “business value” for portfolio management, and effectively allocate management resources. Growth prospects are evaluated by market attractiveness and our competitiveness, and business value is evaluated by EBITDA and ROIC (of the past, present, and future [expected value for 2030]).

In businesses with high growth prospects, which is the matrix’s vertical axis, we actively use external resources, not only internal growth, including M&As and business alliances for further Value Expansion and Value Cultivation. The Business Development Office of the Corporate Planning Department is responsible for implementing these initiatives. We will combine synergies created through internal business reorganization and partnerships with external organizations to enhance our growth strategies.

Based on dynamic business portfolio management, we will constantly assess businesses and explore internal and external best owners* for businesses that are categorized as Value Transformation. The Business Reconstruction Office of the Corporate Planning Department, which governs businesses not included in the three business sectors, is responsible for these initiatives.

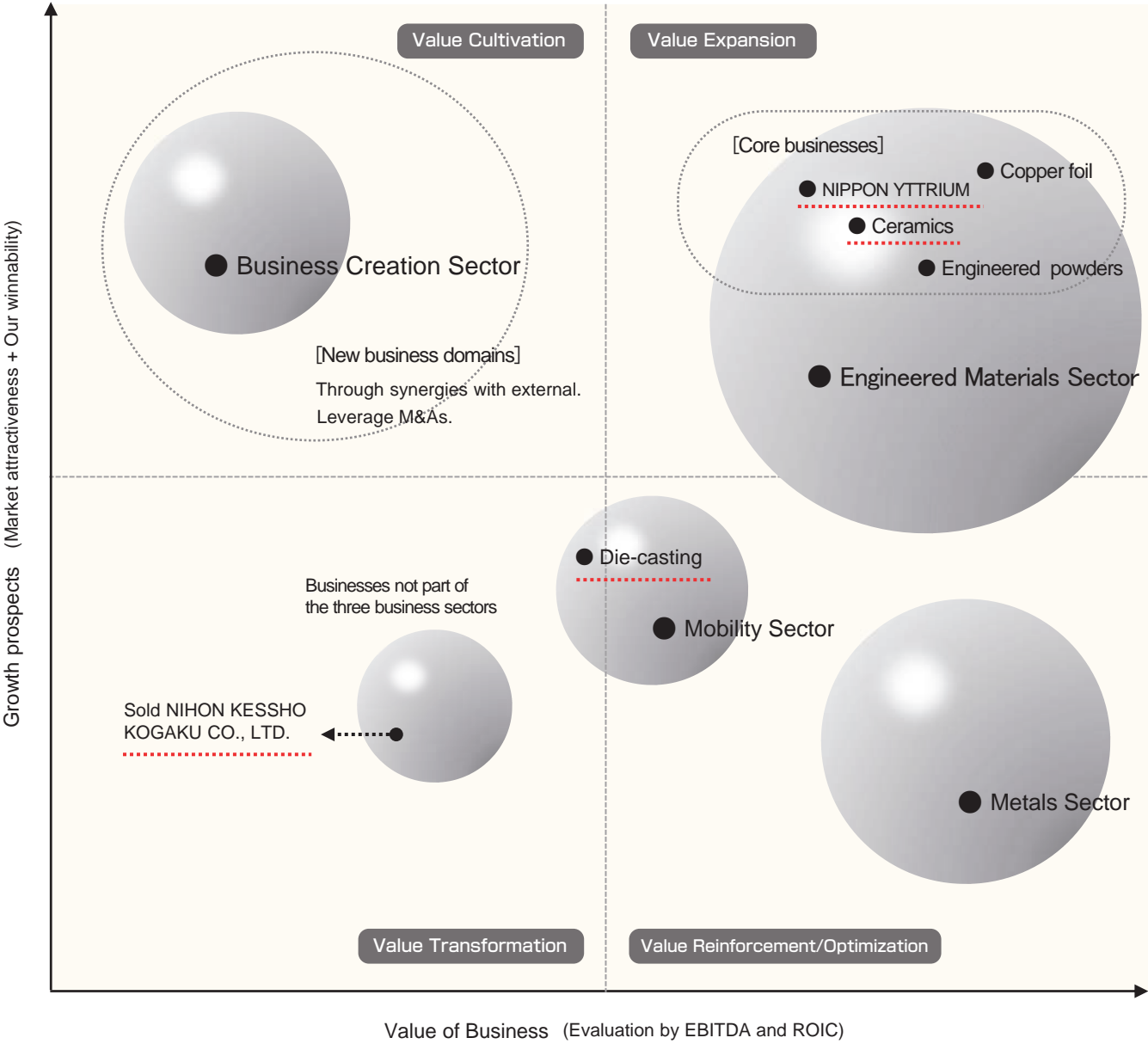
FY2023 Business Evaluation Matrix review and measures

In FY2023, we also evaluated and reviewed the growth prospects of each business in the Group. In the Engineered Materials Sector, the Ceramics Division and NIPPON YTTRIUM CO., LTD., a consolidated subsidiary in the Sector, were newly added to the core businesses for “Value Expansion.” We made NIPPON YTTRIUM a wholly owned subsidiary aiming for synergies in the advanced materials field with its connection to the rare earth market in general and its engineered powder rare metal business, which has been supplying the adjacent light rare earth market. The diecast business of the Mobility Sector was repositioned as a Value Transformation business. NIHON KESSHO KOGAKU CO., LTD., which was under the control of the Business Reconstruction Office of the Corporate Planning Department, was transferred and sold based in part on the judgment that the transfer would lead to its growth and expansion.

We will continue to maintain and update data on the matrix evaluation axes precisely and flexibly and evaluate each business. In businesses categorized into Value Cultivation and Value Expansion, we will continue to actively invest management resources and take measures for business expansion, including M&As. In businesses categorized into Value Transformation, we will continue to search for the best owners internally and externally.

* Best owner
“Best owner” refers to the management entity that is expected to make the best use of the management resources of the business to maximize the corporate value in the medium to long term.

Portfolio Matrix Current positioning as of FY2024 Re-evaluated and action taken in FY2023



Exploring for new businesses

Exploration

Value Cultivation

[Business Creation Sector]

Vision for 2030 (What we should be in 2030)

A team of excited people co-creating value, and exploring the future with material intelligence

“Help build a better future.” By taking on this challenge and making it come true, we will help improve the sustainability of society and enhance the corporate value of Mitsui Kinzoku Group.

The mission of the Business Creation Sector is to provide our stakeholders with “exciting” value with our spirit of exploration and diverse technologies, and thus contribute to improving the corporate value of Mitsui Kinzoku Group.

The Business Creation Sector is responsible for Exploration in the ambidexterity-oriented management promoted by the Group. In the business portfolio, management resources are intensively allocated to this Sector as the area of Value Cultivation.

We are committed to achieving more than 10 billion yen in profit by 2030 by commercializing as many projects as possible from the current R&D subjects and existing business implementation units to meet the aggressive input of people, costs, and investments.

To achieve these goals, we work on R&D enhancement through DX and collaboration and co-creation with external parties; the enhancement of project commercialization by increasing human resources; and the improvement of strategic support by establishing mass-production process technologies for commercialization, expanding intellectual property and strengthening the quality assurance system.

Our market co-creation initiatives are also making steady progress, through which we aim to create new innovations by strengthening R&D capabilities and integrating our technologies with external resources.

We will continue collaborating with eSep Inc. (headquartered in Soraku-gun, Kyoto) and Helical Fusion Co. Ltd. (headquartered in Chuoku, Tokyo). With eSep, we are working to commercialize the production of green fuel from carbon dioxide by combining our strength in inorganic material technology with eSep’s strength in separation membrane technology. With Helical Fusion, we are working to create a sustainable, stable, CO₂-free power generation method using a next-generation energy source by combining Helical’s fusion reactor technology with our technology.

In FY2023, we began investing in and collaborating with a bio-venture company that uses algae for bio-manufacturing. What these co-creation initiatives have in common is the creation of new values that contribute to building a society in harmony with nature.

In our effort to achieve our Purpose of promoting the well-being of the world, we strive to contribute to a carbon-neutral, recycling-oriented society in harmony with nature, actively addressing numerous research and development subjects for their respective markets.

In FY2023, we concluded a basic agreement with the Indian Institute of Technology Delhi (Republic of India) for joint development on green hydrogen production technology, and for establishing a joint development center in the school.

India is expected to be a future hydrogen production and consumption center as the country’s national policy is strongly driving its transformation into a hydrogen hub. In addition, since India is close to major international hydrogen production and consumption regions, such as Europe, many green hydrogen production projects are in progress, and India is becoming increasingly important in developing green hydrogen technology. In India, the Indian Institute of Technology Delhi has extensive knowledge and many research achievements in this field. We will work with the institute to develop water electrolytic electrodes to produce green hydrogen.

Through joint developments in the future, we aim to develop R&D personnel and contribute to realizing a decarbonized society by achieving results in the green hydrogen field.

Senior Executive Officer,
Senior General Manager
of Business Creation Sector

YASUDA Kiyotaka



Business Creation Sector
R&D Center

We work on many R&D subjects, aiming to launch the next commercialized products to the markets.

The picture at the bottom is the joint development center in the Indian Institute of Technology Delhi.

Commercialization through strategic investments ❶

Solid electrolyte for all-solid-state batteries

A-SOLiD®

All-solid-state batteries are expected to be the next generation of storage batteries. In FY2021, we started to produce and supply A-SOLiD®, a solid electrolyte that is a key material for all-solid-state batteries, at our mass production testing facility. We doubled our production capacity in FY2022. In FY2023, we decided to invest in a second expansion to triple it. We are developing facilities that enable large-scale mass production and stabilize quality.

Thanks to their excellent battery properties and heat resistance, all-solid-state batteries have already been adopted in industrial applications. In addition, automakers are actively and seriously developing next-generation EVs equipped with all-solid-state batteries, which are expected to shorten charging time and increase driving distance. Automakers aim to launch next-generation EVs in the late 2020s, and demand for solid electrolytes is expected to grow dramatically in line with this movement.

We will continue to ensure the high quality and supply capacity of A-SOLiD® to meet this strong demand growth.

Commercialization through strategic investments ❷

For next-generation semiconductor chip mounting

HRDP®

Product development using our HRDP®, a special carrier for next-generation semiconductor chip mounting, is now commencing at 26 customers, including composite chip module and IC chip mounting device manufacturers. It is highly evaluated as contributing to shorter cycle times and higher yields in the production processes of next-generation semiconductor packages. These customers plan to use HRDP® in mass production from 2024 to 2030. Aligning with these customers’ plans, we have decided to install a second HRDP® production line in 2023 at the Ako Factory of our collaborative partner, GEOMATEC Co., Ltd., and investments are being made sequentially. Fully automated lines are scheduled to start operations in 2025 to improve quality and increase production capacity.

We are striving to make HRDP® the mounting platform for next-generation semiconductor packages and the de facto standard in the market.

Currently moving towards commercialization

For next-generation power semiconductors

Cu sinter paste

Power semiconductors control motors and other devices, and convert power and electrical signals. Since they handle high voltage and currents, they require high quality in terms of heat resistance and thermal conductivity. Sintered pastes with high heat dissipation and high reliability are seen as promising bonding materials to meet these needs, replacing conventional solder. Sintered silver pastes are already in practical use.

We use copper, which is cheaper than silver, to develop sintered copper paste in our integrated in-house system, which includes the design, development, and production of particles to pastes. Our sintered copper paste provides dissipation, reliability, and other performance equal to or better than the silver pastes that preceded it.

Next-generation power semiconductors are expected to be used in EVs that need more power, and also in renewable energy facilities, such as those for wind and solar power generation. They are indeed key devices for global decarbonization and energy conservation. As next-generation power semiconductors become more widespread, the market for sintering paste as a bonding material is also expected to expand significantly by 2030. We will grasp this market movement correctly and establish solid systems for mass production and the supply of copper paste.

To fuse the respective technologies together

Corporate Venture Capital

We also continue and accelerate our market co-creation efforts, innovatively fusing our core technologies with external partners.

In FY2023, we newly invested in CHITOSE BIO EVOLUTION PTE. LTD. (headquartered in Singapore). It supervises the Chitose Group, which is working on creating an algae industry. Algae efficiently produce a variety of beneficial organic compounds from CO₂ through photosynthesis. Algae and biomanufacturing utilizing algae are expected to be a means of realizing a sustainable society that does not depend on fossil resources. CHITOSE BIO EVOLUTION has extensive knowledge of the mass cultivation of algae, microorganisms, and cells. They work to realize a bio-circular economy by converting CO₂ into resources through algae. Through applying our catalyst technology as well as separation and purification technology, we aim to contribute to creating a value chain for algae bio-manufacturing.

Engineered materials

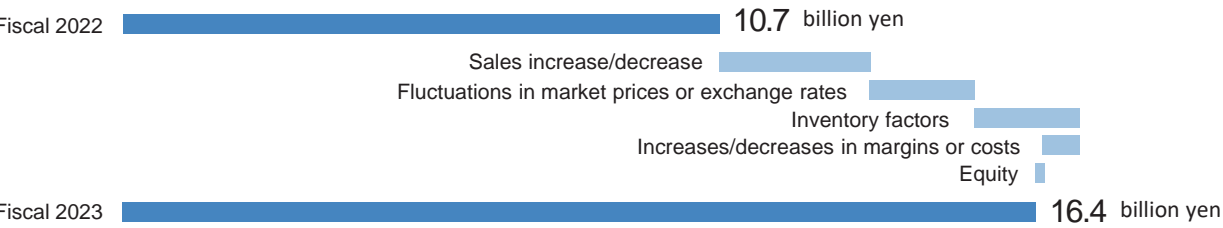
[Engineered Materials Sector]

Vision for 2030 (What we should be in 2030)

FY2030 targets: ¥180 billion net sales,
¥40 billion ordinary income

More than 70% of newly launched products and more than 50% of sales
are environmental contribution products.

Difference Analysis of Ordinary income



One of the reasons Mitsui Kinzoku has been able to continue conducting business for a century and a half is its engineered materials. What are the nature and characteristics of nonferrous metal materials, and can they be processed or combined to create unprecedented properties and new value? Constantly thinking and engaging in research and development, we have engineered many intermediate materials for applications and industries unimaginable in the past and useful to people's lives.

The Engineered Materials Sector refines and evolves the products and businesses which are the fruit of the creativity and efforts of our predecessors over the generations. It strives to enhance and expand our economic value by providing valuable, high-performance products that satisfy customer needs and contribute to solving social issues.

Looking back at FY2023, in the copper foil business, orders for our mainstay product of MicroThin™ recovered as inventory adjustments were almost complete throughout the supply chain, particularly for semiconductors. For HDIs, smartphone demand increased in North America slightly, but we were able to increase new orders for Chinese smartphones.

In the engineered powders business, we modified our sales plan for copper powder due to the slowdown in the multilayer ceramic capacitors (MLCC) market. We will continue to expand our market share and applications among existing customers.

In the rare metals business, NIPPON YTTRIUM CO., LTD., which owns rare earth elements, became a wholly owned subsidiary of the Company to create synergies such as more efficient recycling and faster development of new products and advanced materials.

"iconos™" rare metal solution and "NANOBIK™" abrasive for SiC wafers are next-generation products we have been focused on, and with which we have been accelerating development, in our current medium-term management plan. They have been adopted by several customers, and are steadily producing positive results.

The ceramics business develops and supplies new kiln tools for firing used in MLCC production (such as CeraMesh™). We work to provide products that help customers improve production yields and reduce electricity use.

Seven of the Sector's environmental contribution products have already received internal certification. We are also making steady progress in creating an organization in which highly engaged people with diverse backgrounds can play an active role, and also in introducing DX in each business of our Sector. We will continue to work with our customers and other stakeholders to create value.

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

OKABE Masato



Exploitation

Value Expansion

Progress of our initiatives in Fiscal 2023

Our growth story will continue.

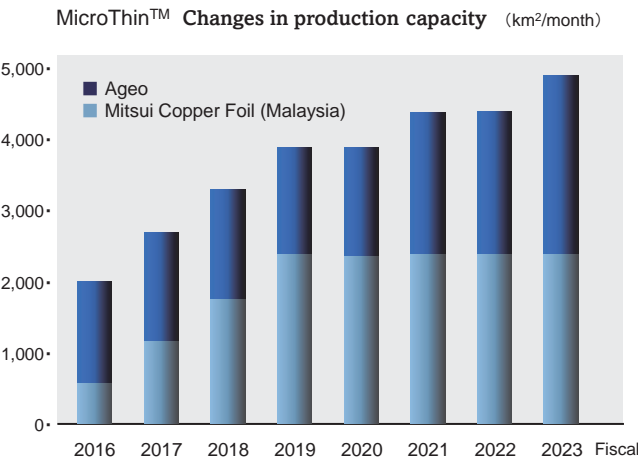
Increasing production capacity of ultra-thin copper foil

Our MicroThin™ ultra-thin copper foil with a carrier is a product that combines copper foil at thickness suitable for forming microcircuits, 1.5μm to 5μm thick, with multiple types of fine roughening treatment. It is mainly used for packaged substrates and smartphone motherboards (HDI printed circuit boards), with a global market share of over 95% for the former and almost 100% for the latter.

In packaged substrate applications, the number of parts used in smartphones is increasing due to their higher functionality, such as 5G compatibility. Besides smartphones, demand is also expected to continue to grow due to increased use in data centers and memory substrates for in-vehicle applications.

In FY2023, we increased the monthly production capacity at the Ageo Plant, the mother plant of our copper foil business, from 2 million m² to 2.5 million m², without major capital investment. We improved the operating rate, yields, and other technical factors and labor productivity by introducing DX for collecting and analyzing production data.

As a result, the Group's total production capacity, including the current MicroThin™ production capacity of 2.4 million m² per month at the Malaysian plant, increased from 4.4 million m² per month to 4.9 million m² per month. We also arranged risk hedges to ensure stable supplies and now have a sufficient production and supply system to reliably capture future increases in global demand.



Create synergies between the engineered powders business and NIPPON YTTRIUM

Becoming a wholly-owned subsidiary

NIPPON YTTRIUM CO., LTD. is a comprehensive manufacturer of rare earths, and it handles a wide range of such materials. It was previously a consolidated subsidiary in which the Company held 70% of the shares, and was part of the Engineered Materials Sector. On March 1, 2024, it became our wholly-owned subsidiary. NIPPON YTTRIUM manufactures, develops, and markets high-value-added rare earth, supplying the materials to various markets, including semiconductor manufacturing equipment, electronic materials such as multilayer ceramic capacitors (MLCC), high-performance battery materials, and the medical field. The company is also working with the Japan Organization for Metals and Energy Security (JOGMEC) to develop a solvent extraction technology for advanced separation and purification to build a recycling supply chain for rare earth.

In the Engineered Materials Sector, NIPPON YTTRIUM's business, along with the copper foil and engineered powders businesses, is categorized as a Value Expansion business. We will pursue synergies in the advanced materials field through two businesses: NIPPON YTTRIUM, which has a broad market for rare earths in general, and our engineered powders and rare metals business, which has an adjacent light rare earth market and supplies materials for applications such as high-purity tantalum oxide for surface acoustic wave (SAW) filters and cerium-based abrasives.

Engineered Powders Div.

Customer Markets
Electronics
Electronic components, batteries
Energy

Technology Domains
Powder manufacturing technologies
Solvent Extraction/Solution Technology

Main Products
Rare metals
Various metal powders

NIPPON YTTRIUM

Customer Markets
Semiconductor manufacturing equipment
Electronic components, batteries
Medical

Technology Domains
Solvent extraction/solution technology
Ultra-high purification

Main Products
Rare earths
Yttrium Compounds

An innovation in the inorganic materials market

New materials in rare metal solutions iconos™

Rare metals are used in various industrial fields, such as smartphones, automobiles, batteries, and semiconductor devices, and are essential materials in our daily lives. Rare metals such as Ta and Nb are difficult to handle, and are mainly used in powders because they do not solve easily (or are insoluble), and only dissolve in strong acids. We have cleared the hurdle of insolubility with our proprietary dissolution technology and succeeded in making compound solutions without using strong acids and developing solutions with the following elements:

Ta Nb Hf Ti Zr Mo W

Tantalum, Niobium, Hafnium, Titanium, Zirconium, Molybdenum, Tungsten

Because our iconos™ is a liquid, it is easy to handle in mixing and dispensing, and is highly reactive, which allows for shorter processing and manufacturing time using less energy. For example, by applying iconos™ to the surface of substrates and particles, films of various elements can be formed without using halogen. Using iconos™ in the sol-gel method (a material synthesis process), composite compounds can be synthesized by just mixing, and it can also be used as an alternative to metal alkoxide raw materials. Its high stability also allows for long-term storage (over six months) in a solution state. We are considering various applications for iconos™, leveraging on its unique properties. As an unprecedented engineered material, it will enable new applications that could not be achieved with powders, and contribute to reducing environmental impact by saving energy and reducing processes for our customers.



iconos™

Metals Mining and smelting

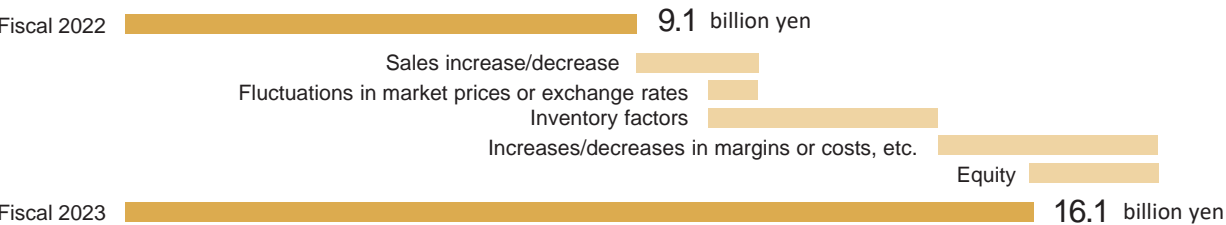
[Metals Sector]

Vision for 2030 (What we should be in 2030)

We are essential in efforts to build a sustainable world.

We strive to further enhance recycling network underpinned by distinctive characteristics, and we continue to explore new mineral resources and utilization of low-carbon energy.

Difference Analysis of Ordinary income



We have worked to advance our recycling and smelting businesses over the years. To meet growing needs as we transition to a recycling-oriented society, the mission of the Metals Sector is to propose and provide solutions that help build a sustainable world.

Focused on our Vision for 2030, we will pursue a more sophisticated recycling network, explore new mining opportunities, reduce CO2 emissions to create a decarbonized society, explore renewable energy solutions, and improve digital infrastructures for digital transformation (DX) under the current medium-term management plan.

In FY2023, Hibi Kyodo Smelting Co., Ltd. returned to our Group's smelting network. By utilizing its abilities in copper smelting and handling impurities, we obtained positive results, including in-house processing of smelting intermediates, which had previously been conducted outside the Group.

Regarding efforts to achieve carbon neutrality, demonstration tests at Miike Smelting confirmed that up to 70% of the coal and coke used in the smelting process can be replaced by biomass-derived fuels.

We are also developing a technology to separate and recover CO2 from the exhaust gas of Hachinohe Smelting using a CO2 adsorbent developed by the Company. In a bench test using emission gas from a smelting furnace, we confirmed a recovery rate of approximately 90%, almost the same as in laboratory tests. In the future, we will test it at a pilot plant on an expanded scale.

DX initiatives are also in progress to improve productivity and evolve manufacturing at each smelter. Hachinohe Smelting introduced a system that centrally manages data, such as smelter operation metrics, raw material component analysis values, and operating conditions. The system enables the rapid sharing of information and the accumulation and analysis of huge volumes of data. We will continue to improve productivity using the system, expanding it to other smelters.

We will continue to provide value that only we can provide by making the best use of our zinc, lead, and copper smelting and refining network with our Group's diverse processes, mining resources, and renewable energy.

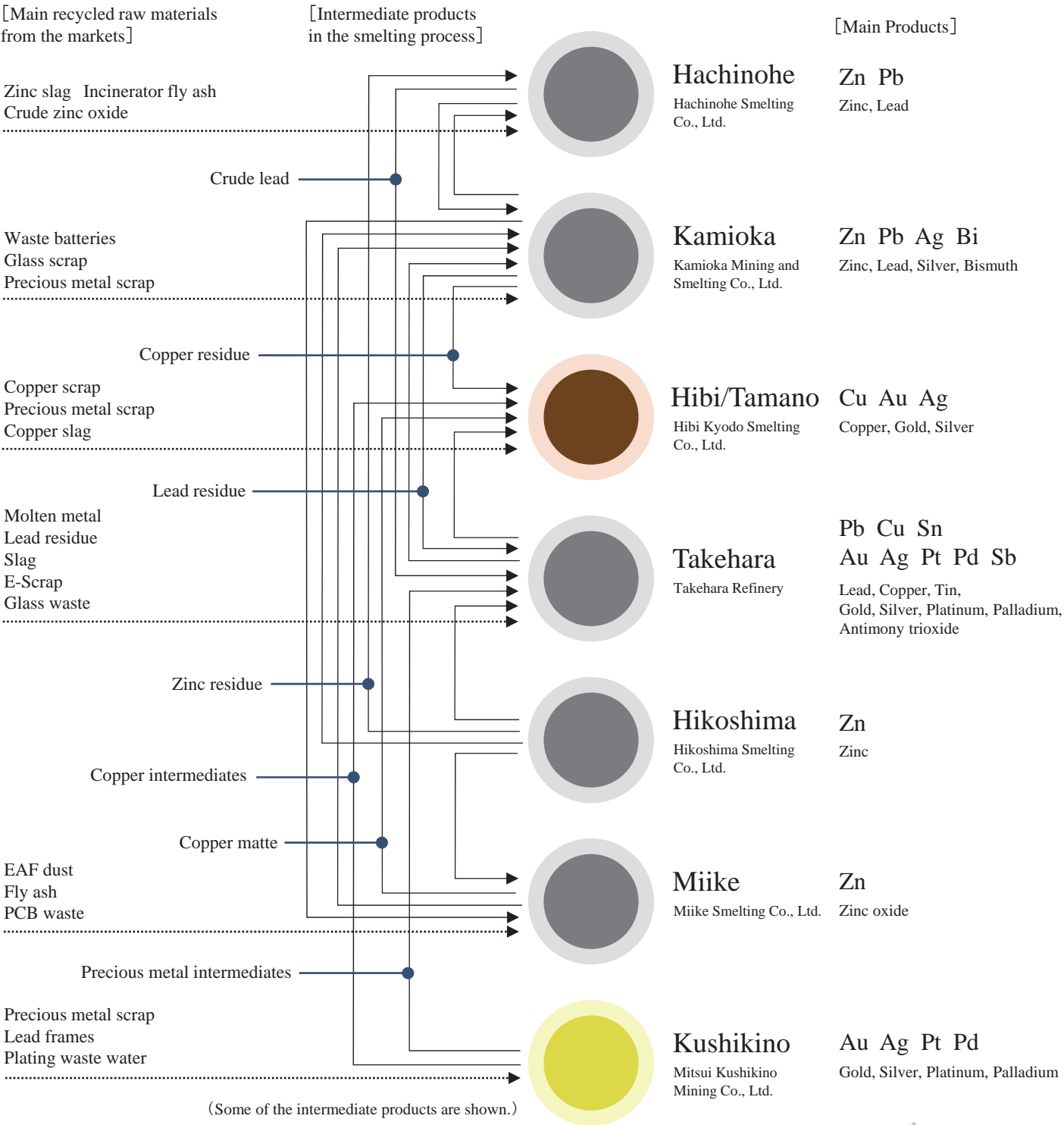
Senior Executive Officer,
Senior General Manager of Metals Sector

SAITO Osamu



Exploitation

Value Reinforcement/Optimization



Network of our smelters

For example, valuable metals such as lead, copper, tin, and silver that are recovered at Hachinohe Smelting—which can simultaneously smelt zinc and lead—are combined with tin, antimony, and other metals recovered at Kamioka Mining & Smelting. They are then processed into finished products at our Takehara Refinery Plant. Fly ash from Miike Smelting's electric furnaces and refuse incinerators contains zinc and copper. The zinc is sent to a zinc smelter and the copper is sent to Hibi Kyodo Smelting to be processed into finished products. We can process complex, diverse recycled raw materials by utilizing the smelting network of seven smelters with diverse processes in Japan. Going forward, we will continue to enhance our technical capabilities and processing capacity for recycled raw materials at our smelters and refineries to meet larger and more complex recycling needs.



Mobility

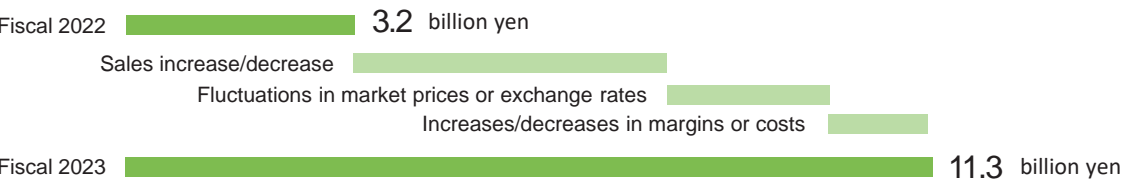
[Mobility Sector]

Vision for 2030 (What we should be in 2030)

We act as a pioneer of mobility, always making sure of and always creating the best values to be chosen.

New products account for more than 50% of sales, ordinary income trends at ¥20 billion, and there are no product recalls.

Difference Analysis of Ordinary income



The Mobility Sector recognizes major changes and evolutions in the automotive industry, including CASE, MaaS, and carbon neutrality, as new needs. We provide value that serves our customers and contribute to the development of a mobility society.

We set targets for 2030 to increase the percentage of new products in net sales, significantly increase profit, and ensure no product recalls. To achieve these targets, we pursue exploitation in technology, manufacturing, and sales, forge new businesses, and pursue synergies over short-, medium-, and long-term cycles.

In FY2023, the sales volume of automotive door latches, our main product in the mobility business, increased in Japan due to a recovery in production at automobile manufacturers. While sales volumes decreased in the Chinese market because Japanese automobile manufacturers reduced production, the total overseas sales volume increased as demand remained strong in the Western market.

The Catalyst Division's sales volume expanded, supported by the increased sales of exhaust gas cleaning catalysts for motorcycles due to strong demand in India, and the increased sales volume of exhaust gas cleaning catalysts for automobiles due to the recovery of production at automobile manufacturers and full-scale mass production that was

started in response to orders for new models. On the other hand, the Division's total sales decreased from the previous year due to lower prices of rhodium and other raw materials for catalysts.

Currently, we are enthusiastically working on expanding sales of higher value-added electric door system products for automobiles to increase their sales ratio and continue to strengthen cooperation between development and sales divisions to accelerate the development of new electric door systems.

In the catalyst business, we strive to maintain and expand the market share of products for motorcycles and automobiles, closely monitoring regulatory movements in each country. Aligning with the significant global movement toward carbon neutrality, the Mobility Sector works with the Business Creation Sector to create new businesses that contribute to decarbonization over the long term by utilizing our catalyst technology.

With the three keywords of enthusiastically taking on "challenges," the "persistence" to make it to the end without giving up, and "speed" of action, we aim to be a mobility pioneer that identifies future value and continues to create it.

Senior Executive Officer,
Senior General Manager of Mobility Sector

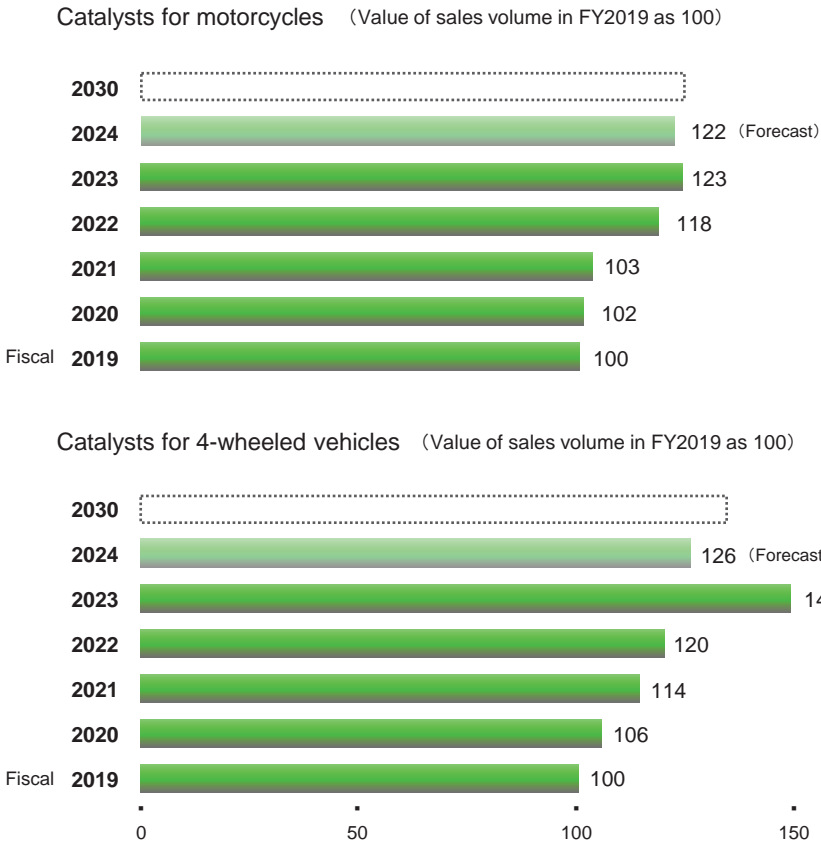
IGATA Hiroshi



Exploitation

Value Reinforcement/Optimization

Trends in catalysts sales volume

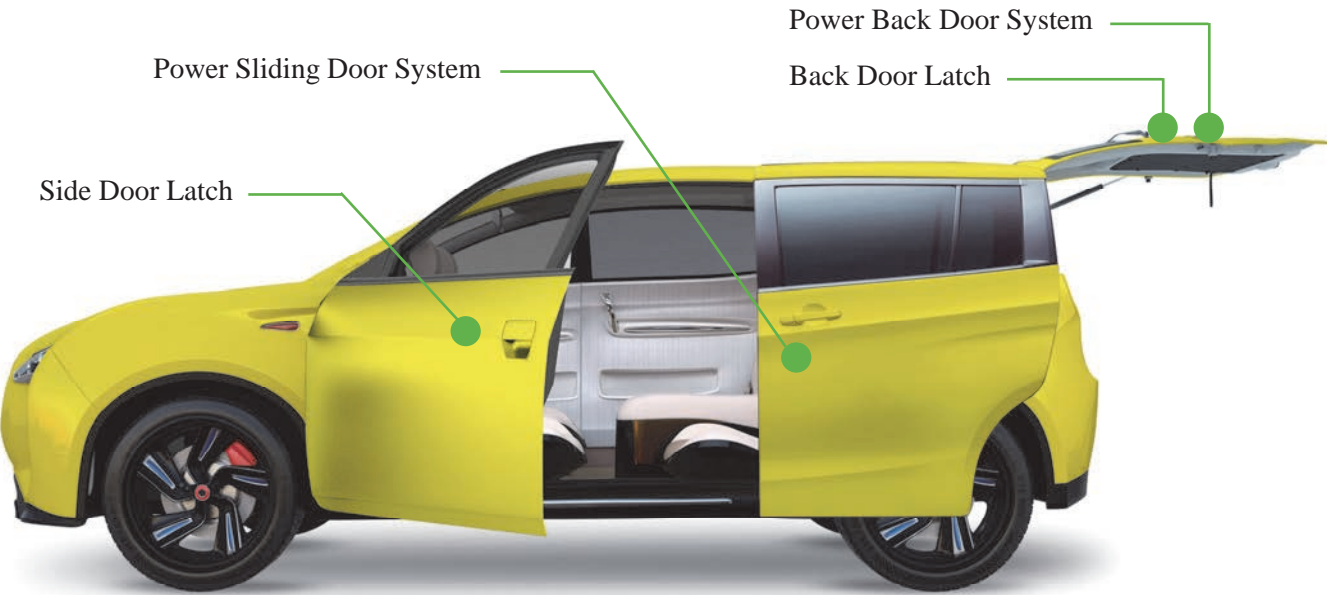
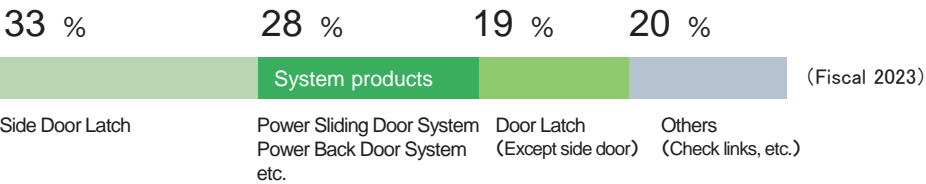


In FY2023, sales volume increased in the Indian and Southeast Asian markets, compared to the previous year. In FY2024, competition from other manufacturers will intensify in India and China, but we expect to secure the same sales volume as last year. Going forward, we will strive to maintain a 50% global market share and expand it by closely monitoring new movements in emissions regulations in each country and implementing measures to conserve precious metals.

In FY2023, we faced a challenge in the Chinese market. However, sales in the U.S. and Indian markets remained strong, resulting in a 24% year-on-year increase. In FY2024, sales are expected to fall further in the Chinese market as automakers reduce production. Although demand is expected to shrink in the medium to long term due to the spread of electric vehicles in the global market as a whole, we will seek to increase sales in emerging markets. We will continue to closely monitor movements in emissions regulations in each country, develop technologies to address precious metals conservation, and coordinate and collaborate with the Business Creation Sector to create new businesses that contribute to a decarbonized society.

Mitsui Kinzoku ACT Corporation Main Products and Sales Composition

We will firmly grasp the trend of expanding electrification and automation of automobile doors and increase the sales ratio of value-added electric door system products.



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/

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^{*1} to realize integrated thinking-based management. The new organization provides various services, including advanced analysis of intellectual property information using IP Landscape,^{*2} 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/

^{* 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 ^{* 4}		Patents held ^{* 4}		Competitive Impact ^{* 5}	Patent Asset Index ^{* 5}
	Domestic	Overseas	Domestic	Overseas		
FY2023						
The entire Group ^{* 3}	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.

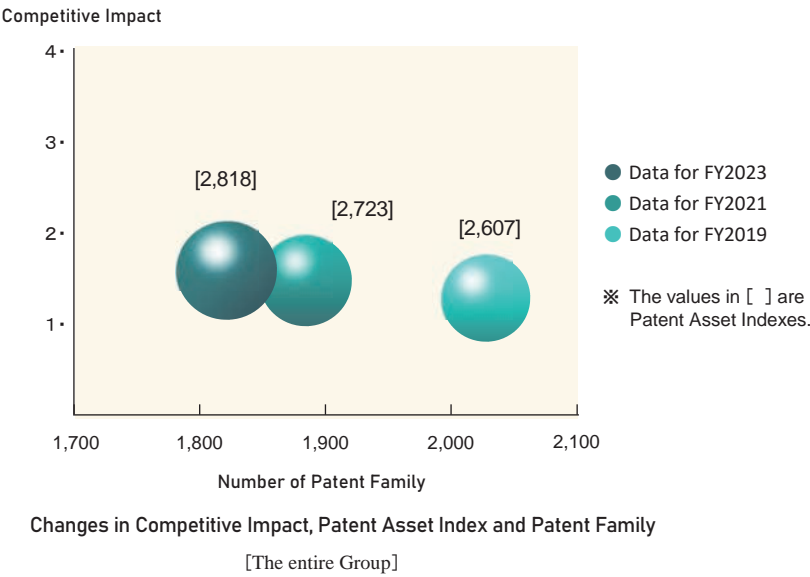
^{* 4} For applications jointly filed by two or more sectors, the intellectual rights are divided equally between those sectors, and the number of patent applications and acquired patents are rounded to the nearest whole number. All data is current as of the end of March 2024.

^{* 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.

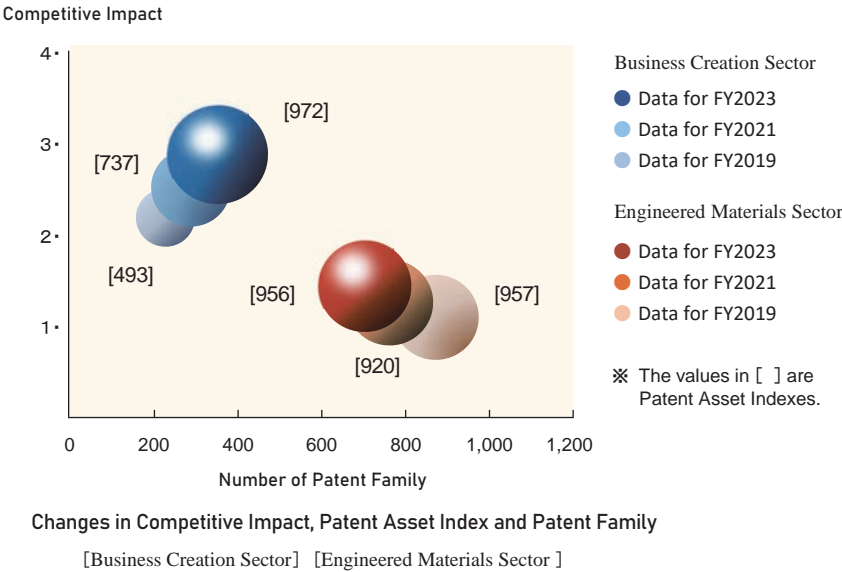


Intellectual capital

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 ^{*6} increased by 3% from the previous year to 1.5, and the Patent Asset Index ^{*6} 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[®], 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[®], 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”.

^{* 6} Valuation data calculated by PatentSight[®] 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.

The foundation of our value creation

Mitsui Kinzoku views corporate governance as one of its most important managerial tasks that Mitsui Kinzoku shall strive to improve organizational structures and systems for management, and implement various measures as necessary, based on the recognition that corporate governance is a system for making fair and transparent decisions in a rapid and decisive manner, taking into consideration the positions of the stakeholders, including shareholders, customers, employees and local communities in order to achieve Our Vision of “Building new businesses – and the future – with our material intelligence.” based on Our Purpose of “We promote the well-being of the world through a spirit of exploration and diverse technologies.” under Our Management Philosophy of “With creativity and productivity, We, Mitsui Kinzoku Group, will explore products of value to society, and seek an eternal growth of our group.” Corporate governance is the foundation for sustaining the long-term value creation of Mitsui Kinzoku Group.

History of corporate governance reform at Mitsui Kinzoku

Major initiatives and their aims



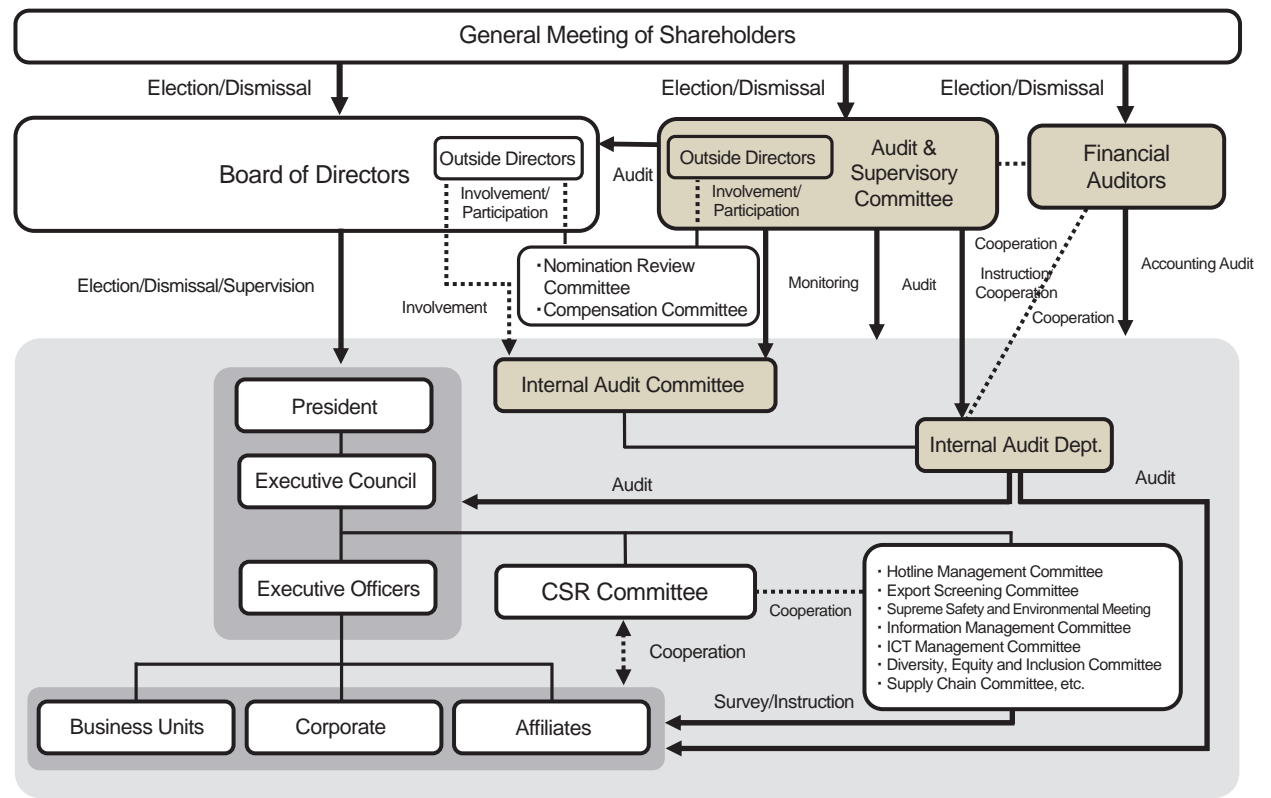
Corporate governance system

Mitsui Kinzoku has continuously pursued corporate governance reforms. On June 27, 2024, at the 99th Annual General Meeting of Shareholders, Mitsui Kinzoku transitioned to a company with an Audit & Supervisory Committee. This transition aims to expedite decision-making related to management, to enhance discussions on management policies and strategies by focusing the agenda of the Board of Directors, and to strengthen the Board's supervisory functions over management.

At the same time, we further strengthened the management supervisory function of the Board of Directors by appointing five Outside Directors, which account for half of the ten Directors, and six Non-Executive Directors, which constitute the majority of the Board of Directors.

Mitsui Kinzoku has established a system whereby the Board of Directors, including Outside Directors, supervises the business execution, while the Audit & Supervisory Committee, the Internal Audit Dept. / the Internal Audit Committee, and the Financial Auditors work together to audit the decision-making process of the Board of Directors and the execution of the duties by Directors (i.e., three-pillar audit system).

Corporate governance system of Mitsui Kinzoku



Notes: 1. Chairpersons of the Nomination Review Committee and the Compensation Committee are Outside Directors.
2. The Audit & Supervisory Committee of the Company and Corporate Auditors of the Affiliates have taken cooperation effectively and timely.

Directors and Board of Directors

(1) Overview of the Board of Directors

The Board of Directors aims to strengthen the mechanism to effectively supervise initiatives to address medium- to long-term management issues and speed up the decision-making process. The Board of Directors consists of ten Directors, half of whom (five, including two women, three of whom are Directors who are Audit & Supervisory Committee Members) are Outside Directors. Outside Directors are appointed with consideration of their independence and ability to reflection of diverse stakeholders' perspectives. As of June 27, 2024, Outside Director TOIDA Kazuhiko chairs the board, in order to promote separation between business supervision and execution as well as to strengthen the board's function to supervise business execution. The term of the Directors (excluding those who are Audit & Supervisory Committee members) , as stated in our articles of incorporation, is one year, while the term for Directors who are Audit & Supervisory Committee members is two years.

(2) Status of Board of Directors meetings and attendance

In this item, the situation in FY2023 before the transition to a company with an Audit & Supervisory Committee is described. In FY2023, the Board of Directors held 13 meetings. The attendance records of each member are as listed below.

	Name	Attendance at the meetings of the Board of Directors
Outside Director (Chair)	TOIDA Kazuhiko	100% (13/13)
President and Representative Director	NOU Takeshi	100% (13/13)
Representative Director Senior Managing Director	KIBE Hisakazu	100% (13/13)
Senior Managing Director	TSUNODA Satoshi	100% (13/13)
Managing Director	OKABE Masato	100% (13/13)
Director	MIYAJI Makoto	100% (13/13)
Director	IKENOBU Seiji	100% (10/10)
Outside Director	MATSUNAGA Morio	100% (13/13)
Outside Director	TAKEGAWA Keiko	100% (13/13)
Corporate Auditor	KUTSUNAI Akira	100% (13/13)
Corporate Auditor	FUKUMOTO Hirotoshi	100% (13/13)
Outside Corporate Auditor	ISHIDA Toru	100% (13/13)
Outside Corporate Auditor	INOUE Hiroshi	100% (13/13)

* Data for Director IKENOBU Seiji covers the period starting from June 29, 2023, when his appointment was approved at the Annual General Meeting of Shareholders held on the same day.

* Personal Changes for Director and Corporate Auditor Positions (effective as of June 27, 2024)

(1) Director KIBE Hisakazu, Director TSUNODA Satoshi, Director MIYAJI Makoto, and Outside Director MATSUNAGA Morio retired due to expiration of their terms of office.

(2) Corporate Auditor KUTSUNAI Akira, Corporate Auditor FUKUMOTO Hirotoshi, Outside Corporate Auditor ISHIDA Toru, and Outside Corporate Auditor INOUE Hiroshi retired due to expiration of their terms of office.

(3) YAMASHITA Masashi was newly appointed as Director.

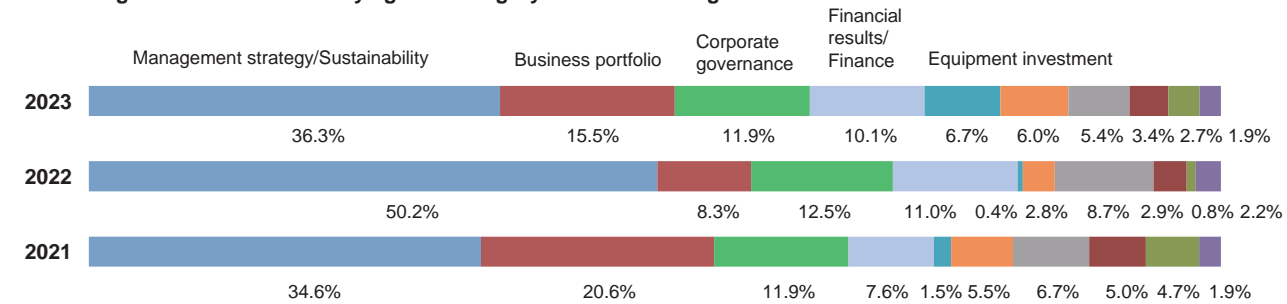
(4) SHIKI Kazuya was newly appointed as Director who is an Audit & Supervisory Committee Member.

(5) ISHIDA Toru, INOUE Hiroshi, and KAWANISHI Sachiko were newly appointed as Outside Directors who are Audit & Supervisory Committee Members.

(3) Agenda items for the Board of Directors

Over the past three years, matters deliberated at the Board of Directors have evolved as follows.

Percentage of discussion time by agenda category in board meetings



Note; The items to the right of Equipment investment are Individual items, Risk management/Internal control and compliance, HRs, Litigation and disputes, and Auditors and Financial Auditors, in that order.

In FY2023, the Board of Directors made determinations regarding the execution of the Company's important business operations in accordance with laws, regulations, and internal rules such as "Assignment of Responsibilities for Management" of the "Regulations for the Board of Directors (Torishimariyaku-kai kisoku)" etc. while also deliberating the agenda items listed below.

	Agenda items	Reporting items
Management strategy/ Sustainability	<ul style="list-style-type: none">Formulation policy of the 25 Mid-term Management PlanTransition to a company with an Audit & Supervisory CommitteeInitiatives for diversity, etc.	<ul style="list-style-type: none">Situation of each business sector and corporate divisionActions for carbon neutrality (response to TCFD recommendations, transition strategies, etc.), Response to digital transformation (DX)
Business portfolio	<ul style="list-style-type: none">Review of business portfolioImplementation of Individual M&A and organizational restructuring projects	<ul style="list-style-type: none">Progress of individual M&A and organizational restructuring projects
Corporate governance	<ul style="list-style-type: none">Exclusive matters for the Board of Directors as mandated by lawRevision of company rulesApproval of business reports and financial statements	<ul style="list-style-type: none">Effectiveness assessment of Board of DirectorsStatus of cross-held stocks
Financial results/ Finance	<ul style="list-style-type: none">Implementation of financingDisclosure of financial results reports	<ul style="list-style-type: none">Status of fundraisingSubmission of securities report
Equipment investment	<ul style="list-style-type: none">Implementation of equipment investment	<ul style="list-style-type: none">Progress of equipment investment
Individual items	—	<ul style="list-style-type: none">Business status of affiliated companies
Risk management/ Internal control and compliance	<ul style="list-style-type: none">Review of whistle-blowing systemsSubmission of the internal control report	<ul style="list-style-type: none">Usage of whistle-blowing systemsBusiness risks
HRs	<ul style="list-style-type: none">Review of the HR systemExecutive and senior management appointments	<ul style="list-style-type: none">Training programs for potential executives
Litigation and disputes	<ul style="list-style-type: none">Direction to resolving litigation and disputes cases	<ul style="list-style-type: none">Progress of litigation and dispute cases
Auditors and Financial Auditors	<ul style="list-style-type: none">Compensation for the Financial Auditors	<ul style="list-style-type: none">Audits (Audit by Auditors and three-pillar audit)Key audit matters

Upon approval at the 99th Annual General Meeting of Shareholders held on June 27, 2024, Mitsui Kinzoku transitioned to a company with an Audit & Supervisory Committee. In addition, a significant portion of decision-making regarding the execution of important business execution of the company has been delegated to the President and other Executive Officers, in order to make discussions on the company management strategies and policies (such as the Mid-Term Management Plan, new business strategies, sustainability, and utilization of human capital and intellectual property) more constructive by carefully selecting matters to be deliberated upon at meetings of the Board of Directors.

The Corporate Governance Guidelines defining our fundamental principles regarding corporate governance is available on our corporate website.
<https://www.mitsui-kinzoku.com/en/toushi/management/governance/>

Mechanisms supporting Directors and the Board of Directors

(1) Organization structure

As of June 27, 2024 - Number of female Directors: 2 (including 1 Director who is an Audit & Supervisory Committee member)

◎=Chairperson ○:Member of Committee □:Partial participant △:Observer/Guest

Name	Positison	Board of Directors	Nomination Review Committee	Compensation Committee	Executive Council	Audit & Supervisory Committee	Meeting with senior management, etc.	Internal Audit Committee	Management Liaison Meeting
NOU Takeshi	President and Representative Director	○	○	○	◎		□		◎
OKABE Masato	Representative Director Senior Managing Director	○			○		□	◎	○
IKENOBU Seiji	Managing Director	○			○		△		○
YAMASHITA Masashi	Director	○	○	○	○		△		○
TOIDA Kazuhiko	Outside Director	◎	○	○			○	△	○
TAKEGAWA Keiko	Outside Director	○	○	○			○	△	○
SHIKI Kazuya	Director, Audit & Supervisory Committee Member	○			△	◎	◎	△	○
ISHIDA Toru	Outside Director, Audit & Supervisory Committee Member	○	◎	○		○	○	△	○
INOUE Hiroshi	Outside Director, Audit & Supervisory Committee Member	○	○	◎		○	○	△	○
KAWANISHI Sachiko	Outside Director, Audit & Supervisory Committee Member	○	○	○		○	○	△	○
IGATA Hiroshi	Senior Executive Officer				○		△		○
YASUDA Kiyotaka	Senior Executive Officer				○		△		○
SAITO Osamu	Senior Executive Officer				○		△		○
KAWAHARA Makoto	Senior Executive Officer				○		△		○

(2) Advisory Committees

The Nomination Review Committee and the Compensation Committee have been established as voluntary advisory committees to the Board of Directors.

① Nomination Review Committee

【Overview of Nomination Review Committee】

Mitsui Kinzoku has established a Nomination Review Committee, which is chaired by an Outside Director and composed of Outside Directors, the President, and the Director in charge of the Human Resources Department (or Senior Executive Officer). The Committee reviews candidates to serve as Directors by considering their capabilities, knowledge, and character comprehensively using the skills matrix, and those deemed capable of satisfactorily fulfilling the responsibilities are nominated by the Board of Directors.

【Status of Nomination Review Committee meetings and attendance】

In this item, the situation in FY2023 before the transition to a company with an Audit & Supervisory Committee is described. In FY2023, the Nomination Review Committee held 9 meetings. The attendance records of Directors and Corporate Auditors are as listed below.

	Name	Attendance at the meetings of the Nomination Review Committee
Outside Director (Chair)	TOIDA Kazuhiko	100% (9/9)
Outside Director	MATSUNAGA Morio	100% (9/9)
Outside Director	TAKEGAWA Keiko	100% (9/9)
Outside Corporate Auditor	ISHIDA Toru	100% (9/9)
Outside Corporate Auditor	INOUE Hiroshi	100% (9/9)
President and Representative Director	NOU Takeshi	100% (9/9)
Senior Executive Officer	YAMASHITA Masashi	100% (9/9)

【Deliberations by the Nomination Review Committee】

In FY2023, the Nomination Review Committee deliberated the agenda items listed below.

Agenda	Review of consultant and advisor systems; revision of the skills matrix; institutional design; interviewing of candidates for executive manager positions; audit system in a company with an Audit & Supervisory Committee; approval authority; amendments to the articles of incorporation and company regulations; regarding the candidate for Director; executive personnel affairs; succession planning
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② Compensation Committee

【Overview of Compensation Committee】

Mitsui Kinzoku has established a Compensation Committee which is chaired by an Outside Director and composed of Outside Directors, the President, and the Director in charge of the Human Resources Department (or Senior Executive Officer). The Compensation Committee is entrusted by the Board of Directors with establishing, revising or abolishing the standards for determining base compensation and performance-linked compensation for Directors, and determines the amounts of base compensation and performance-linked compensation of each Director, within the limits set forth by the resolution of the Annual General Meeting of Shareholders.

The Compensation Committee has decided that compensation, etc., for Directors (excluding Outside Directors) shall consist of base compensation, performance-linked compensation as a short-term incentive, and stock compensation as a medium-to-long-term incentive, to enable them to demonstrate management supervisory functions at a high level. In order to ensure competitiveness, the appropriateness of the levels of the amounts of compensation for Directors (excluding Outside Directors) is examined each year through comparisons with those of other companies of similar size of sales and market capitalization as disclosed in the findings of a compensation survey in which major companies in Japan participate.

If the Board of Directors resolves a correction to the financial results post-announcement due to material accounting error or fraud, the Compensation Committee shall deliberate on adjustments to performance-linked compensation and restrict its payment, or even demand pay back of compensation, when deemed necessary (clawback provision).

【Status of Compensation Committee meetings and attendance】

In this item, the situation in FY2023 before the transition to a company with an Audit & Supervisory Committee is described. In FY2023, the Compensation Committee held 10 meetings. The attendance records of each member are as listed below.

	Name	Attendance at the meetings of the Compensation Committee
Outside Director (Chair)	MATSUNAGA Morio	100% (10/10)
Outside Director	TOIDA Kazuhiko	100% (10/10)
Outside Director	TAKEGAWA Keiko	100% (10/10)
Outside Corporate Auditor	ISHIDA Toru	100% (10/10)
Outside Corporate Auditor	INOUE Hiroshi	100% (10/10)
President and Representative Director	NOU Takeshi	100% (10/10)
Senior Executive Officer	YAMASHITA Masashi	100% (10/10)

【Deliberations by the Compensation Committee】

In FY2023, the Compensation Committee deliberated the agenda items listed below.

Agenda	Determination of Directors' compensation for FY2023; non-financial indicators (ESG indicators); compensation ratio; KPI for performance-based compensation; review of the calculation formula; deliberation on changes to the compensation framework due to the transition to a company with an Audit & Supervisory Committee
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Compensation for Directors

(3) Executive Officers and Executive Council

① Executive Officer system

The Company, in order to enhance the agility and flexibility of business execution and increase the vitality of management, introduced the Executive Officer system and delegated a significant portion of the decision-making regarding important business execution of the Company to the President and other Executive Officers, in accordance with the articles of incorporation and internal regulations such as “Assignment of Responsibilities for Management” on “Regulations for the Board of Directors (Torishimariyaku-kai kisoku)” and other rules). The Executive Officers are responsible for making decisions and execution of business activities.

The President and Representative Director assumes not only executive management responsibilities, but also executive responsibilities for business operations of Mitsui Kinzoku Group. Representative Directors and Executive Directors also serve as Executive Officers of Mitsui Kinzoku.

② Executive Council

The Executive Council is composed of Senior Executive Officers (including those who concurrently serve as Directors), and deliberates in advance on matters to be resolved by the Board of Directors and discusses important matters related to business execution. Based on the results of these discussions, the executive officers make decisions and direct business operations.

In FY2023, the Executive Council held a total of 28 meetings.

(4) Communication and training of Directors and Executive Officers

To invigorate discussions at the Board of Directors meetings and improve the accuracy of business execution by Executive Officers, we provide opportunities for communication between Directors and Executive Officers.

① Top Management Meeting

We have established a communication forum where all members of the Board of Directors, including Outside Directors, discuss in advance particularly important management strategies and medium- to long-term issues to be deliberated upon at Board of Directors meetings. We organize the issues in order to streamline and improve discussions at Board of Directors meetings and to strengthen communication between Directors.

② Training Program for Directors and Executive Officers

We hold the Training Program for Directors and Executive Officers when they are appointed and on an ongoing basis during their term of office, in order to provide them with the information and knowledge on business activities that are necessary to supervise management.

③ Dialogue between Outside Directors and institutional investors

From February to March each year, we hold meetings as forums for dialogue between Outside Directors and institutional investors in Japan (the top 10 companies). In FY2023, meetings were held from February 13 to March 28, 2024, and Outside Directors explained and answered institutional investors’ questions about various matters including the cost of capital and capital efficiency, the review of the business portfolio, and changes to the composition of the Board of Directors and institutional design.

(1) Policy, etc. regarding the determination of compensation or its calculation formula for Directors

The amount of base compensation, performance-linked compensation and stock compensation for Directors are determined by the Compensation Committee, to which the decision is entrusted by the Board of Directors. Decisions on the amounts are made through deliberations at the Compensation Committee in a fair and transparent manner, within the limit approved at the Annual General Meeting of Shareholders and based on the compensation determination standards.

(2) Compensation system for FY2023

The amount of compensation for Directors is determined by the Compensation Committee, to which the decision is entrusted by the Board of Directors, based on the compensation determination standards and within the limit approved at the Annual General Meeting of Shareholders. Outside Directors who are uninvolved in business execution receive only base compensation and do not receive performance-linked or stock compensation.

① Policy on base compensation

The base compensation for the President is set, taking into consideration the Company’s performance, corporate value, and other factors comprehensively. Base compensation for Directors is calculated depending upon titles, based on the base compensation for the President and by applying a ratio for each title according to responsibilities.

② Policy on performance-linked compensation

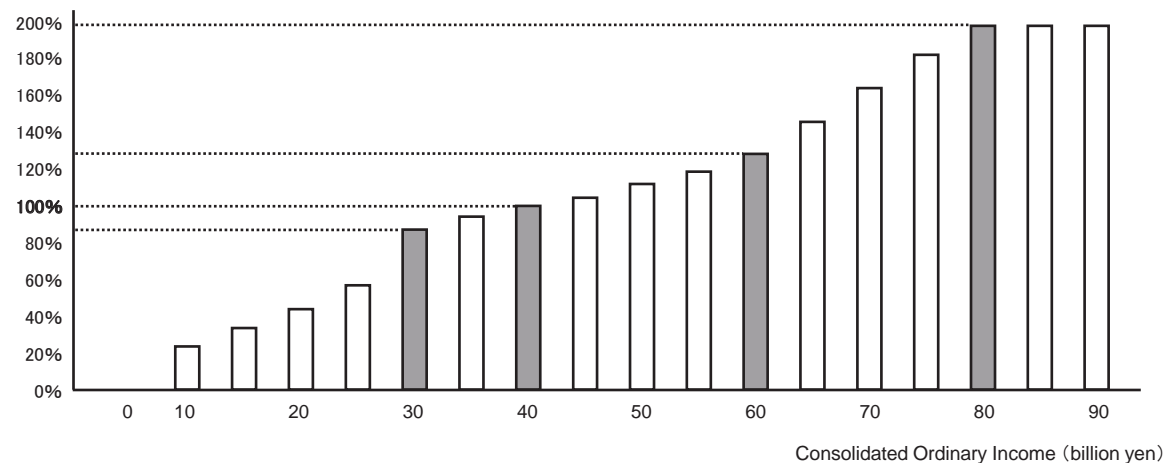
Regarding performance-linked compensation, for Directors (excluding Outside Directors), the amount of performance-linked compensation is calculated using consolidated ordinary income, which the Company considers as a key indicator for evaluating operating results, as the performance indicator. In addition, the amounts of performance-linked compensation for individual Directors responsible for business units are determined through the evaluation of the performance of the business for which the Director is responsible.

More specifically, the Company changed its performance-linked compensation in FY2021, and ¥40 billion, which is 130% of ¥30 billion, the average consolidated ordinary income over the past 10 years excluding the impact of the impairment of Caserones Copper Mine, shall be used as a benchmark (for the compensation percentage in the system design).

The Compensation Committee also sets ¥60 billion, which is the largest recorded profit, as a target, and sets an upper limit of ¥80 billion in the event that the target is exceeded, to ensure that performance-linked compensation serves as an appropriate incentive.

A consolidated ordinary income of ¥19.8 billion in FY2022 is used as a metric for determining performance-linked Compensation in FY2023.

Linkage of compensation to each consolidated ordinary income when performance-linked compensation at the benchmark (¥40 billion) is 100



③ Policy on stock compensation

The Company introduced a restricted stock compensation plan (Continuous service-type restricted stock compensation) for Directors (excluding Outside Directors) from FY2021 to serve as an incentive for eligible Directors to aim for continuous growth in corporate value and further enhance value-sharing with shareholders. In FY2023, new ESG index-based restricted stock compensation with the added requirement of achievement of ESG indices was introduced, in addition to the already introduced tenure-based restricted stock compensation. In both cases, continued service is a condition for lifting the transfer restrictions. ESG indicators are those related to the reduction of greenhouse gases, the promotion of job satisfaction and diversity and compliance.

The total amount of compensation for granting restricted stock to eligible Directors shall be within ¥50 million per year as tenure-based restricted stock compensation and within ¥50 million per year as ESG index-based restricted stock compensation, and the total annual amount shall be within ¥100 million. The total annual number of the Company's common shares to be issued or disposed of by this shall be 16,650 shares or less per year as tenure-based restricted stock compensation and 16,650 shares or less per year as ESG index-based restricted stock compensation, totaling a maximum of 33,300 shares per year. The specific timing of payment and allotment to each eligible Director will be determined by the Board of Directors in accordance with the rules established by the Compensation Committee.

Percentage of stock-based compensation based on consolidated ordinary income of ¥40 billion

Mode of Compensation	Status of ESG indicator achievement and share of equity compensation (total of tenure-based and ESG index-based) in total compensation		
	Target achieved	Partially achieved	Missed all targets
Stock-based compensation (%)	15	10~12.5	7.5

④ Policy on the composition of compensation, etc.

The composition of compensation, etc. for individual Directors is set, taking into consideration the Company's management strategy, business environment, the degree of difficulty in achieving the target for incentives, etc. and also by referring to the trend of benchmarked companies, utilizing data of an objective compensation survey by an external specialized organization and other factors. The composition of compensation for Directors when all ESG KPIs are achieved is as follows:

Consolidated ordinary income		~¥0	¥20 billion	¥40 billion	¥60 billion	¥80 billion~
Base compensation (%)		78	65	53	48	40
Performance-linked compensation (%)		0	17	32	38	48
Stock compensation (%)	Tenure-based	11	9	7.5	7	6
	ESG Index-based	11	9	7.5	7	6

* The percentage of base compensation, the percentage of performance-linked compensation and the percentage of stock compensation vary because performance-linked compensation varies according to the Company's performance.

⑤ Policy on the timing of payment of compensation, etc. and conditions

Base compensation and performance-linked compensation are paid monthly in cash. The stock compensation system is designed so that the period during which transfer of the allocated shares is restricted expires on the date of retirement and, even after retirement, sale of the shares is not permitted for a period of one year to prevent insider trading. Moreover, if an eligible Director retires without just cause, the Company shall automatically acquire the allocated shares at no cost irrespective of the elapsing of the period.

The details of compensation, etc. for individual Directors in FY2022 are judged to be in accordance with the policies above because the Board of Directors determined the details after fair and transparent deliberation based on the compensation determination standards by the Compensation Committee.

(3) Revision details of review the Company's compensation system for Directors and Corporate Auditors on FY2024

In FY2023, the Compensation Committee introduced the ESG Index-based Restricted Stock Compensation for Directors (excluding Outside Directors), in which transfer restrictions would be lifted depending on the achievement of ESG indicators, in order for the Company to continue to contribute to society and be needed in the future. The Company set the percentage of the sum of the conventional compensation based on continuous work and the ESG index-based Restricted Stock Compensation to be 15% of total Stock Compensation in the system design. In addition, the Company established Stock Ownership Guidelines applicable to Executive Officers and those in more senior positions, to ensure that Directors and other members of the management share value with shareholders and are more strongly aware of the Company's sustainable growth and the need to raise its corporate value in the medium to long term.

To further promote these efforts, the Company will increase Stock Compensation as a percentage of total compensation in FY2024. The percentage of Base Compensation will be 50%, that of Performance-linked Compensation would be 30%, and that of Stock Compensation would be 20% if the consolidated ordinary income of ¥40 billion and all KPIs for ESG are achieved.

The indicator of Performance-linked Compensation is consolidated ordinary income, and compensation for Directors in charge of business sectors are calculated based on an assessment of the performance of their respective business sectors. The Company has decided to examine a method of introducing a new performance indicator that uses ROIC in FY2024 and introduce it in FY2025.

Proportion of each compensation

Consolidated ordinary income		KPI (Key performance indicators)	~¥0	¥20 billion	¥40 billion	¥60 billion	¥80 billion~
Base compensation (%)		–	72	62	50	42	35
Performance-linked compensation (%)	Consolidated ordinary income (ROIC will be added from FY2025)		0	14	30	40	51
Stock compensation (%)	Tenure-based	–	14	12	10	9	7
	ESG Index-based	ESG indicators	14	12	10	9	7

* Since the amount of performance-linked compensation changes depending on the Company's financial results, the ratio of base compensation to performance-linked compensation to stock compensation will change.

Audit & Supervisory Committee and Financial Auditors

Total compensation paid to Directors and Corporate Auditors (FY2023)

Classification	Total compensation (millions of yen)	Total amount of compensation by type (millions of yen)			Number
		Base compensation	Performance-linked compensation	Stock compensation*	
Director (excluding Outside Director)	299	194	55	49	6
Corporate Auditor (excluding Outside Corporate Auditor)	50	50	—	—	2
Outside Director/Outside Corporate Auditor	82	82	—	—	5

Notes: 1. At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a limit on compensation paid to Directors of ¥720 million per year (not including compensation for their services as employees).

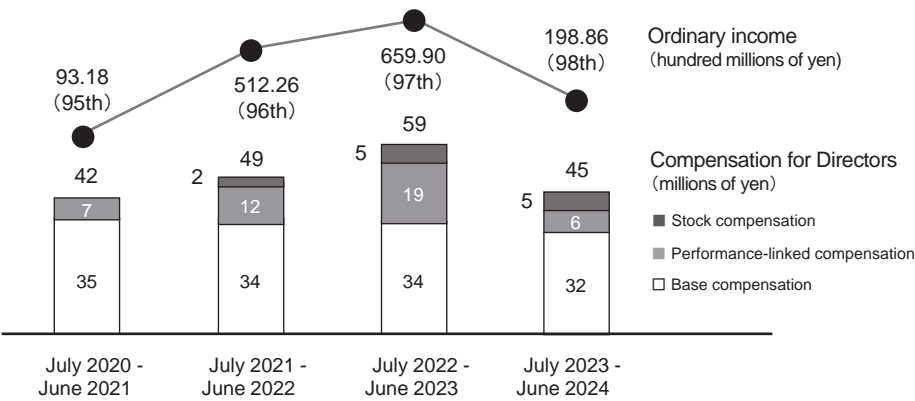
2. At the 98th Annual General Meeting of Shareholders held on June 29, 2023, shareholders approved a resolution on stock compensation for Directors to the effect that the total amount of compensation shall be within ¥100 million per year and the total amount of the Company's common stock to be allocated shall be within 33,300 shares per year (stock shall not be delivered to Outside Directors). Shareholders also resolved that when allocating such stock, the Company shall conclude a contract for allocation of restricted stock with the eligible Directors.

3. At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a limit on compensation paid to Corporate Auditors of ¥180 million per year.

4. At the time of resolution regarding above Notes 1 and 3, there were 8 Directors (including 3 Outside Directors) and were 4 Corporate Auditors.

5. In this item, the situation in FY2023 before the transition to a company with an Audit & Supervisory Committee is described.

Linkage between the amount of compensation per Director (excluding Outside Directors) and ordinary income



Regarding compensation per Directors (excluding Outside Directors), trends in the amount of compensation for one year from the conclusion of General Meetings of Shareholders, the beginning of the term, are as stated on the left.

The number of Directors (excluding Outside Directors) for each term is as follows.

95th term: 5 (including a new Director)
96th term: 5 (including two new Director)
97th term: 5 (including a new Directors)
98th term: 6 (including a new Director)

(1) Audit & Supervisory Committee

The Audit & Supervisory Committee is composed of all Directors who are Audit & Supervisory Committee members. The Committee holds regular meetings prior to monthly Board of Directors' meetings, and extraordinary meetings as necessary. The Committee determines the annual audit plan, and audits the Directors' business execution in accordance with the plan. In addition to receiving reports on the accounting audit plan and audit results from the Financial Auditors, the Committee exchange opinions with them on a regular basis to maintain close cooperation.

In FY2023, prior to the transition to a company with an Audit & Supervisory Committee, the Board of Corporate Auditors held 13 meetings, and all Corporate Auditors attended all meetings.

(2) Improvement of environment for the Audit & Supervisory Committee's audits (e.g. Meeting with Senior Management)

In addition to the monthly Committee meetings, the Audit & Supervisory Committee also meets with Representative Directors, Executive Directors, and the heads of departments to gain a timely understanding of management policies and to share information with Outside Directors, who are not limited to Audit & Supervisory Committee members. In FY2023, the following roundtable meetings were held.

	Corporate Auditor	Representative Director	Outside Director	Senior management	Heads of departments	Auditors of affiliated companies	Number of meetings
Meeting with Representative Directors	○	○					2
Meeting with Representative Directors/Outside Directors	○	○	○				3
Meeting with senior management	○		○	○			4
Meeting with heads of departments	○		○		○		2
Liaison Meeting with Auditors of Affiliated Companies	○					○	2

* The meetings held in FY2023 refer to those conducted by the Board of Auditors before the transition to a company with an Audit & Supervisory Committee.

② Internal Audit Dept. and internal audits

Internal audits are conducted by members of the Internal Audit Dept. and internal audit staff (assigned by the head of the Department and approved by the Committee), who visit each business division and site of the Company as well as affiliates in Japan and overseas and review a range of issues chiefly related to the situation regarding legal compliance, establishment status of internal control systems, and appropriateness of accounting processes.

Results of internal audits conducted by the Internal Audit Dept. are reported to the Corporate Auditors without delay and to the Financial Auditors as appropriate.

(3) Internal Audit Committee and Internal Audit Dept.

① Internal Audit Committee

Mitsui Kinzoku organizes an Internal Audit Committee chaired by the Director in charge of the Internal Audit Dept. and comprising the head of the Internal Audit Dept., General Managers of each sector's Administration Department, heads of the relevant departments in the Corporate Unit, and the head of the Internal Audit Office of Mitsui Kinzoku (Shanghai) Management Co., Ltd. The Committee approves the policy and plan for internal audits conducted by the Internal Audit Dept., receives a report of audit results, and evaluates the results. The audit results approved by the Internal Audit Committee are reported to the Board of Directors through the Internal Audit Dept. In addition to the members mentioned above, Directors who are Audit & Supervisory Committee members, and Outside Directors who are not Audit & Supervisory Committee members attend Internal Audit Committee meetings as observers.

③ Internal control system

A summary of the decisions made at the meetings of the Board of Directors, regarding the business structure for the appropriate business operation of Mitsui Kinzoku Group in compliance with laws and regulations and the corporate ethics, is available on our corporate website.

<https://www.mitsui-kinzoku.com/toushi/management/governance/>

Effectiveness assessment of the Board of Directors and the Board of Corporate Auditors

(1) Effectiveness assessment of the Board of Directors

We assess the effectiveness of the Board of Directors every year to ensure the continuous enhancement of the board's function.

① Implementation methods and processes

The effectiveness assessment for FY2022 was conducted in the form of a questionnaire, where each board member individually performed a self-assessment. The responses were collected and summarized by a third-party institution. The Board chairperson, who is an Outside Director, then facilitated a discussion on the summarized results with all Outside Directors and Outside Corporate Auditors. In FY2023, as in the previous year, all Board members self-assessed their performance individually through answering the questionnaire. Responses were collected and analyzed by a third-party institution, which then conducted and analyzed individual interviews with all Board members. At its meeting held in March 2024, the Board of Directors confirmed the evaluation results and future actions.

② Results

The majority of responses to the questionnaire and interviews indicated that there were no major problems with the operation of meetings chaired by an Outside Director (as a forum for free and open discussions) or with follow-up on the resolutions to the Board of Directors. Based on the results of past effectiveness assessments, the Board of Directors' effectiveness is deemed to be improving. However, members of the Board of Directors reached a common understanding that the monitoring model should be adopted (transition to a company with an Audit & Supervisory Committee) in order to achieve further sustainable growth and increase corporate value over the medium to long term.

a) Improvements from last time

The Board effectiveness assessment in FY2022 raised the issue that the Board of Directors should further discussions on the "allocation of management resources to investment in human capital and intellectual property" and "execution of strategies related to the business portfolio." In FY2023, regular reporting from the executive side was conducted properly, and there was a trend toward improvement. Nevertheless, we recognize the need to further enhance discussions at the Board of Directors meetings. With regard to the issue of insufficient feedback by the Nomination Review Committee and the Compensation Committee to the Board of Directors, we recognize that progress has been made in sharing information with the Board of Directors. Regarding the issue of insufficient discussion on succession plans for the Top Executive and other executives, we recognize that progress has been made. Overall, we assess that progress is being made in addressing the issues pointed out in FY2022.

b) Recognition of issues

In the Board effectiveness assessment in FY2023, the issue was raised that since there were too many matters to be discussed at the Board meetings, it is necessary to delegate authority from the Board of Directors to the executive side, including lower-level meeting bodies. This issue was shared among the Board members.

③ Future efforts

Following a change in the institutional design at the 99th Annual General Meeting of Shareholders, Mitsui Kinzoku transitioned to a company with an Audit & Supervisory Committee. By making effective use of this framework, we will continue making efforts to enhance the functions of the Board of Directors.

(2) Effectiveness assessment of the Board of Directors and the Board of Corporate Auditors

We conducted self-assessment of the effectiveness of the Board of Corporate Auditors. The main aims are to assess their audit activities, reflect assessment results in the audit plan of the following fiscal year and improve the quality of audits.

① Implementation methods and processes

In the FY2023 effectiveness assessment, all Corporate Auditors were administered a questionnaire to assess their performance on the following eight items, and then engaged in discussions on each item based on the questionnaire results to identify issues.

- a) Response to the Corporate Governance Code
- b) Response to the Board and Board members
- c) Three-pillar audit system
- d) Monitoring and verification of financial reporting and information disclosure
- e) Response to scandals, such as serious violations of laws and regulations, and inappropriate accounting
- f) ICT governance and information system framework
- g) Response to issues related to ESG and the SDGs
- h) Operation of the Board of Corporate Auditors

The Board of Corporate Auditors held a meeting in March 2024 to evaluate its own effectiveness and determine an audit plan for FY2024. Details of the discussion were reported to the Board of Directors.

② Results

The questionnaire and discussions among all Corporate Auditors revealed no major problems with the eight items. We recognize that the Board of Corporate Auditors is operated in an effective manner, with an environment conducive to open discussion and exchange of diverse opinions. On the other hand, issues were identified, such as the need to strengthen collaboration between three-pillar audits and group audits, the need to strengthen audits of trade secret management in addition to ICT investment and DX promotion status, and the need for the Board of Corporate Auditors to spend a greater deal of time discussing more important issues. These issues were shared among all Corporate Auditors.

③ Future efforts

Following a change in the institutional design at the 99th Annual General Meeting of Shareholders, Mitsui Kinzoku transitioned to a company with an Audit & Supervisory Committee. By making effective use of this framework, the Audit & Supervisory Committee will designate priority audit items for FY2024 based on the items identified through the effectiveness assessment of the Board of Corporate Auditors and conduct audits.

System of sharing and cooperation within Mitsui Kinzoku Group

A system of information sharing and mutual cooperation across Mitsui Kinzoku Group has been established through the Management Liaison Meeting (attended by the senior management of Mitsui Kinzoku and executives of all affiliates to share information on the Group's overall management situation, issues, etc.), the Mitsui Kinzoku Group Executive Training Program (training for Directors and Auditors of all Mitsui Kinzoku Group affiliates on the skills and mindset required to be an officer of an affiliated company), and the Liaison Meeting with Auditors of Affiliated Companies (the Audit & Supervisory Committee members of the Company and Corporate Auditors of Mitsui Kinzoku Group share the audit status and issues of each affiliated company).

Status of cross-held stocks

Mitsui Kinzoku assesses the appropriateness of holding listed stocks held for purposes such as maintaining medium- to long-term business relationships with trading partners ("cross-held stocks") and sells any such stocks when no rational reason for holding them any longer exists. Every year, the Board of Directors conducts a comprehensive assessment of these individual stocks by examining the purposes of holding them, the associated benefits and risks, their relationships with the cost of capital, etc.

Stocks held and balance sheet amount

Classification		FY2021	FY2022	FY2023
Number of companies	Unlisted	30	28	25
	Listed	10	10	7
	Total	40	38	32
Amount recorded on the balance sheet (millions of yen)	Unlisted	3,188	1,999	1,869
	Listed	3,927	5,114	8,589
	Total	7,115	7,113	10,458

Directors (as of June 27, 2024)

Directors who are Audit & Supervisory Committee Members



President and Representative Director
NOU Takeshi

Mr. NOU Takeshi has a wealth of experience cultivated through his many years of involvement in the Group's electronic materials business and engineered materials business and is well versed in the Company's business, including areas which are currently growing and areas which are expected to grow in the future.



Representative Director Senior Managing Director
OKABE Masato

Mr. OKABE Masato has good knowledge of business strategy, sales and marketing gained through extensive sales and planning experience in the Group's electronic materials business and engineered materials business, and is well versed in the Company's business.



Managing Director
IKENOBU Seiji

Mr. IKENOBU Seiji possesses a wide range of experience and knowledge in the metals business, engineered materials business and corporate planning of the Group and is well versed in the Company's business.



Director, Audit & Supervisory Committee Member
SHIKI Kazuya

Mr. SHIKI Kazuya has long engaged in legal affairs operations, he possesses profound knowledge in the Legal Department and has considerable understanding of risk management.



Outside Director, Audit & Supervisory Committee Member
ISHIDA Toru

Mr. ISHIDA Toru has held important positions that contribute to the revival of commerce and industry over many years, having served in posts including Director-General, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry, and Commissioner, Agency for Natural Resources and Energy, and currently serving as President of The Japan Chamber of Commerce and Industry and The Tokyo Chamber of Commerce and Industry. He possesses the judgment and knowledge required in the auditing of business operations.



Director
YAMASHITA Masashi

Mr. YAMASHITA Masashi possesses a wide range of experience and knowledge in the Group's finance, audit, and business oversight of affiliated companies, and is well versed in the Company's business.



Outside Director
TOIDA Kazuhiko

Mr. TOIDA Kazuhiko has engaged in a wide range of work centered on the sales division at Nissan Motor Co., Ltd., including product planning, sales promotion, and the launch of a sales company, and has experience as a business executive. Additionally, he achieved listing on the First Section of the Tokyo Stock Exchange as Representative Director and President of FALTEC Co., Ltd. From 2020 to 2022, he served as Chairperson of the Board of Rikkyo Educational Corporation, and possesses a wealth of knowledge and experience.



Outside Director
TAKEGAWA Keiko

Ms. TAKEGAWA Keiko has served as Director-General of the Public Relations Office of the Minister's Secretariat and Director-General of the Gender Equality Bureau at the Cabinet Office, and has extensive knowledge and government experience gained through her involvement in the formulation and implementation of policies for the promotion of women's participation and advancement in the workplace. She is currently a Specially Appointed Professor at Showa Women's University and Director of the Institute of Women's Culture.



Outside Director, Audit & Supervisory Committee Member
INOUE Hiroshi

Mr. INOUE Hiroshi has a wealth of knowledge and experience in legal circles as a public prosecutor and a lawyer. He possesses the judgment and knowledge required in the auditing of business operations.



Outside Director, Audit & Supervisory Committee Member
KAWANISHI Sachiko

Ms. KAWANISHI Sachiko started her career as a software engineer. She then became a certified public accountant. Based on her years of experience in corporate audits, she possesses the judgment and knowledge required in the auditing of business operations.

* Profiles of Directors are listed on pages 134-135.

Skills matrix of Director and Audit & Supervisory Committee Member

The skills shown in the skills matrix below have been selected by the Nomination Review Committee as the skills necessary for promoting the Purpose, Vision, and executing the 22 Mid-term Plan.

(1) Reason selected as necessary skill and sufficient condition

Skills	Reason for selecting skill	Sufficient condition
Corporate management	Competence, experience and leadership enabling the formulation of strategies and the implementation of integrated thinking-based management and ambidexterity are necessary for execution of the 22 Mid-term Management Plan looking towards the Purpose and Vision.	<div>• Management experience as a director at a listed company or equivalent entity</div> <div>• Director or Executive Officer responsible for the corporate planning</div>
Business strategies	Knowledge and experience enabling the formulation and implementation of strategies for establishing a competitive advantage are necessary for realizing sustainable business growth.	<div>• Experience of having achieved certain results through the formulation and implementation of business strategies for the engineered materials business, metals business or mobility business</div>
Finance/ Accounting	Knowledge and experience of finance and accounting are necessary to establish financial strategies that will bolster growth investment and shareholder returns to increase the resilience of the financial base underpinning management and to achieve sustainable improvement in corporate value.	<div>• Director or Executive Officer responsible for financial management, accounting or fundraising operations or equivalent experience</div>
Technological/ R&D/DX	The creation of new products and businesses and the strengthening of existing businesses are necessary to drive company growth, and development based on unique technologies and improvement of efficiency through sophisticated production technologies and DX are essential.	<div>• Director or Executive Officer responsible for R&D operations or equivalent experience</div> <div>• Director or Executive Officer responsible for production technology or DX operations or equivalent experience</div> <div>• Academic expert</div>
Sales/ Marketing	A good familiarity with the business environment and relationships between the Company and its customers and other stakeholders as well as knowledge and experience enabling the formulation and implementation of product planning and sales strategies are necessary.	<div>• Director or Executive Officer responsible for sales and marketing operations or equivalent experience</div>
HR/HR development	The attraction, retention and development of talent, a company's most valuable resource, improvement of job satisfaction to increase engagement, and promotion of diversity are directly linked to performance.	<div>• Director or Executive Officer responsible for personnel operations or equivalent experience</div> <div>• Experience working in government or other public offices, or academic expert</div>
Legal affairs / Risk management	Legal knowledge and experience are necessary to implement appropriate corporate governance, compliance and risk management in business activities as well as to increase the effectiveness of management supervision within the Board of Directors.	<div>• Director or Executive Officer responsible for legal operations or equivalent experience</div> <div>• Person with experience working in the legal profession or persons with legal qualifications</div> <div>• Experience working in government or other public offices, or academic expert</div>
Internationality	An in-depth understanding of and respect for each country's culture and diversity are necessary for survival as a global enterprise.	<div>• Executive experience or business experience at an overseas company</div> <div>• Overseas academic expert</div>
Sustainability/ Economic Security	Consideration for the environment, adherence to fair business practices and action to address economic security concerns are needed in order to continue being regarded as necessary by society, and high levels of knowledge including about business-related matters, a long-term perspective and adaptability are required.	<div>• Director or Executive Officer responsible for business operations, executive responsible for ESG/CSR operations or equivalent experience</div> <div>• Experience working in government or other public offices, or academic expert</div> <div>• Consultant</div>

(2) Skills matrix of each Director and Audit & Supervisory Committee Member

Name	Title	Corporate management	Finance/ Accounting	Sales/ Marketing	Legal affairs/ Risk management	Sustainability/ Economic security
		Business strategies	Technological/ R&D/DX	HR/HR development	Internationality	
NOU Takeshi	President and Representative Director	◎	○	◎		○ ◎
OKABE Masato	Representative Director Senior Managing Director		◎	◎		◎ ○
IKENOBU Seiji	Managing Director	◎	○	◎	○	
YAMASHITA Masashi	Director	○	◎		◎	◎
TOIDA Kazuhiko	Outside Director	◎	○	◎		○ ○
TAKEGAWA Keiko	Outside Director				◎ ○	◎
SHIKI Kazuya	Director, Audit & Supervisory Comittee Member				◎	○ ○
ISHIDA Toru	Outside Director, Audit & Supervisory Comittee Member				◎	○ ◎
INOUE Hiroshi	Outside Director, Audit & Supervisory Comittee Member			○	◎	◎
KAWANISHI Sachiko	Outside Director, Audit & Supervisory Comittee Member	○	◎	○		○

○ indicates skills possessed by the Directors and Audit & Supervisory Committee Members, while ◎ indicates skills the Company expects Directors and Audit & Supervisory Committee Members to demonstrate in particular.

— As the Chair of the Board of Directors, how do you prefer to run board meetings?

The meeting should be a forum for free and vigorous discussion. Therefore, I try to create an environment in which that can take place. It is important to further our discussions without rushing. This is particularly true for topics such as sustainability, business portfolios and management resources. I do not want the discussions to move ahead without an in-depth understanding of what is happening on site.

— What do you think is good about Mitsui Kinzoku's Board of Directors?

Mitsui Kinzoku's board meetings select agenda items suitable for having substantive discussions to arrive at appropriate conclusions. Also, each board member expresses their opinions based on their respective specialized skills as listed in the disclosed skills matrix, which significantly helps me with facilitating each session.

— What do you keep in mind at the agenda setting meeting held before each board meeting?

At each meeting, we discuss with the executive side, including President Nou, based on the draft agenda for the next two board meetings. While maintaining an objective point of view as an Outside Director, I ensure that matters which should be discussed at board meetings are properly put on the table. Also, the executive side may take some things for granted that are not so obvious from the perspective of the Outside Directors, as is often the case at any company. So I ask the executive side frankly about these points, and ask them to share information to clarify the issues.

It has been two years since I assumed the role of Chair, and I believe that the effectiveness of the Board of Directors has gradually increased as the executive side has responded sincerely to our requests regarding the way the Board operates and the agenda items to be brought up at the board meetings.

Corporate governance

Interview with the Chair of the Board of Directors

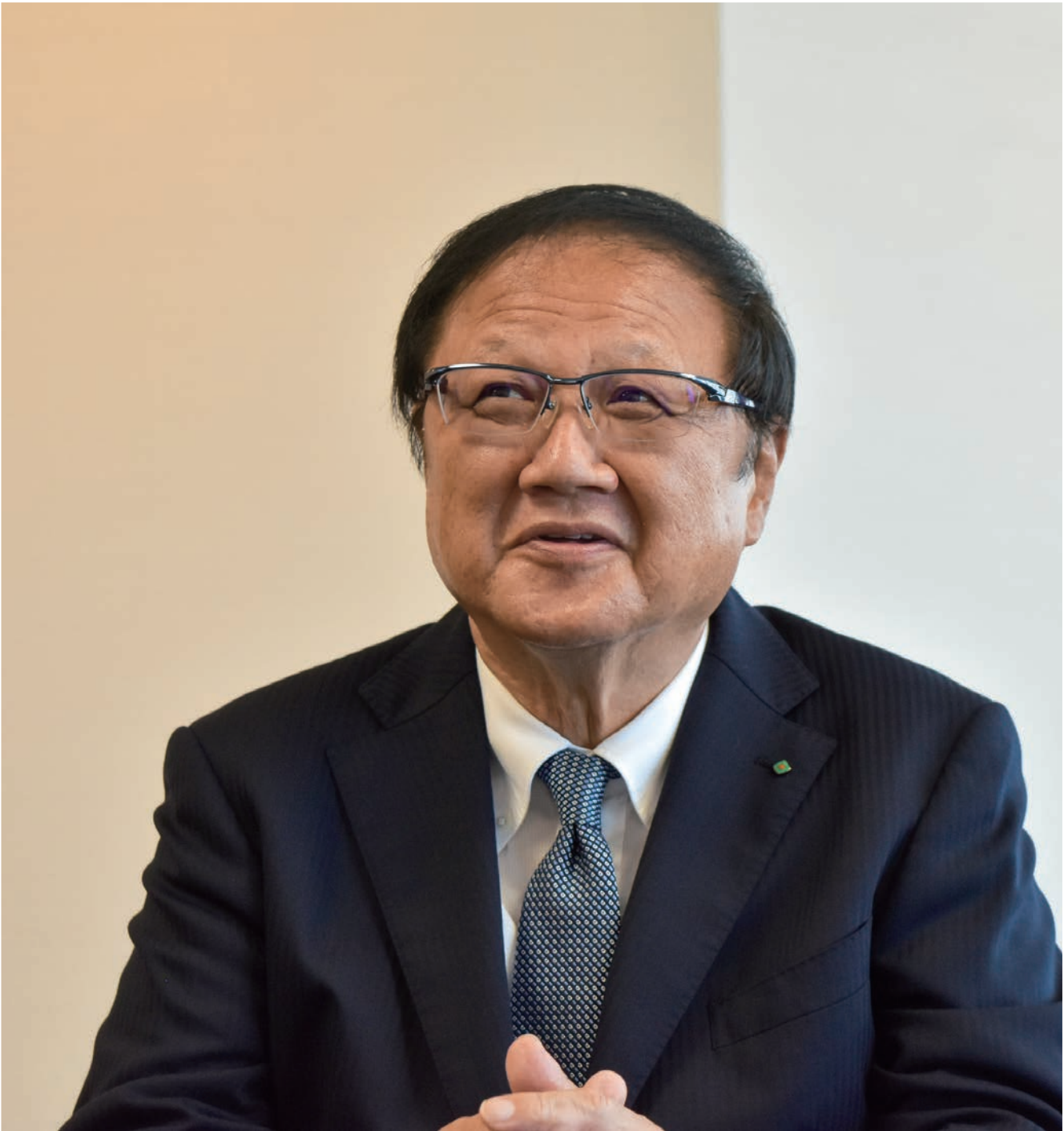
— What do you want the members of Mitsui Kinzoku's Board of Directors to be aware of?

The content of the discussions at the Executive Council is shared through President Nou. Mitsui Kinzoku is engaged in business in a wide range of fields, so I think it is important to understand what the background is for each proposed agenda item, if there is an environment in which the proposed action can be implemented, and if it is possible to continue to create such an environment. We would like to share more about the background and internal discussions on the proposed items at the board meetings.

— What do you expect of Mitsui Kinzoku's Board of Directors in the future?

As a result of past effectiveness assessments and repeated discussions at the board meetings, the Company has transitioned to a company with an Audit & Supervisory Committee and promoted the delegation of authority to the Executive Officers. This has allowed the Board of Directors to focus more on discussing and monitoring strategies and policies from a company-wide perspective.

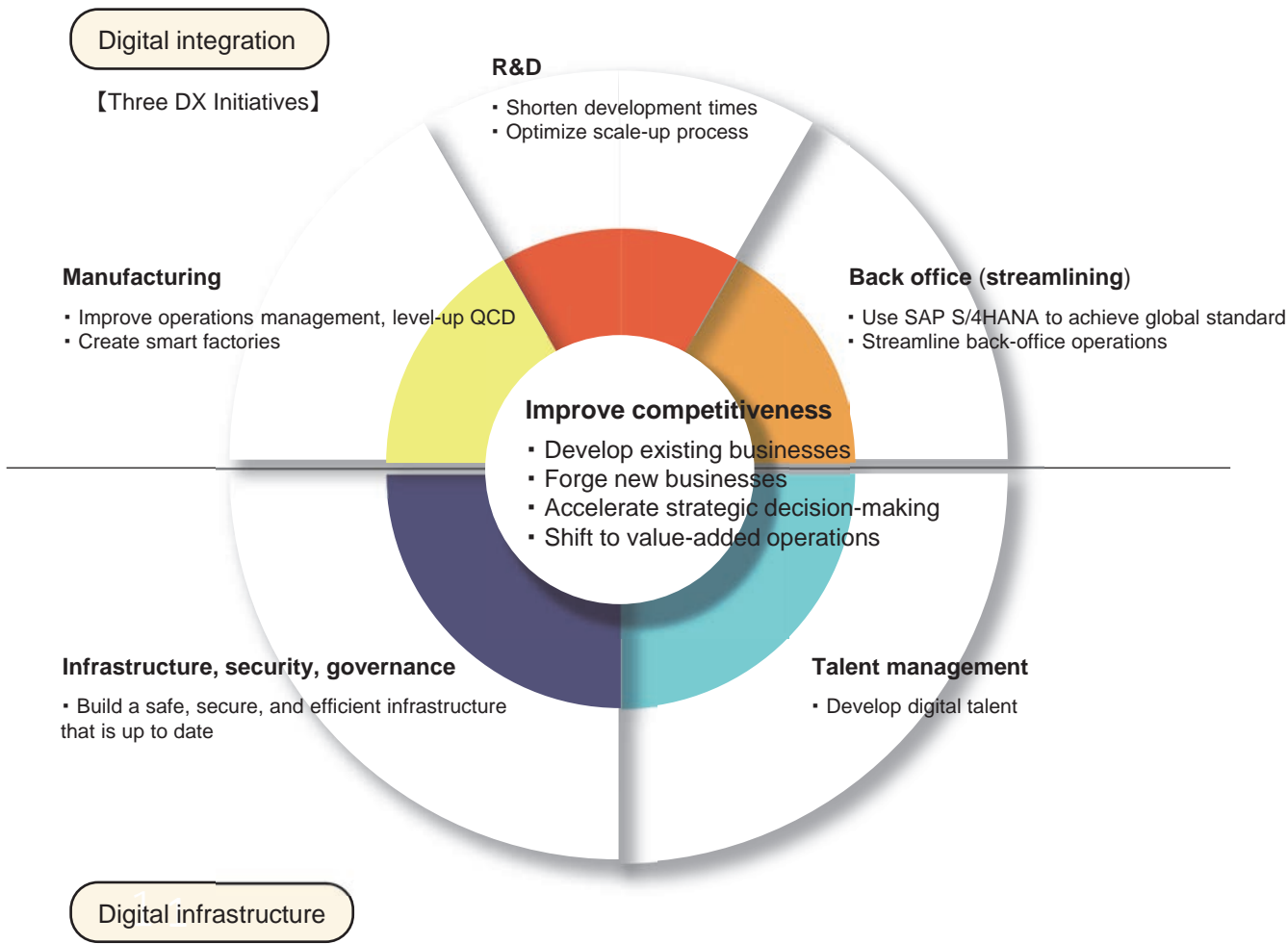
In addition to increasing the speed of management by delegating the right matters to the Executive Officers, the Board of Directors should further its discussions on insufficiencies found in past effectiveness assessment, such as dynamic management of the business portfolio. And based on those discussions, we would like to formulate a new mid-term management plan starting from the next fiscal year.



Outside Director, Chair of the Board
TOIDA Kazuhiko

ICT Governance and Digital Transformation (DX)

Mitsui Kinzoku Group is committed to DX (Digital Transformation) as a new framework to support integrated thinking-based management, aiming to evolve into a digital collective by strengthening our digital infrastructure. We are advancing three DX initiatives: "R&D," "Manufacturing," and "Back office (streamlining)," to enhance our competitiveness.



Digital infrastructure

ICT governance

Mitsui Kinzoku Group strives to enhance its ICT governance system with a focus on three areas: building a security operation center (SOC, internal function for detecting/analyzing/taking measures against cyberattacks) at overseas sites; performing security risk assessments; and establishing a computerized ICT procedures control system.

(1) Building an SOC across the entire Group

To ensure all employees of Mitsui Kinzoku Group use ICT and DX tools in a safe and secure manner, we completed the construction of an SOC across the Group in FY2022.

(2) Security risk assessments

Security risk assessments were conducted for systems used at each site following the completion of sessions for group-wide common systems. The aim was to reduce risks and improve security levels on an ongoing basis. We are steadily proceeding with the security risk assessment plan scheduled to be completed within the three years covered by the 22 Mid-term Plan.

(3) Establishing computerized ICT procedures control systems

We are establishing computerized control systems for ensuring the proper rules-based execution of ICT procedures that were previously performed by human workers. In FY2023, we implemented a system to detect unauthorized access to Box (cloud system).

Talent management

In order to achieve integrated thinking-based management through the use of ICT, we conduct ICT training under the slogan "Total Digital Talent Development" to train all Mitsui Kinzoku Group employees as digital talent. Three courses are available online according to the target audience and purpose of use. Approximately 2,000 employees have participated in the courses so far.

We also conduct information security training, including incident response, as a mandatory program for rank-based training.

Digital integration

R&D

Aiming to speed up new business creation, we have developed a data base for the R&D division, and established a model that reduces R&D time to one-third by streamlining operations and automating experiments through the use of digital technology. We also built a mechanism that enables stable mass production scale-up by identifying critical manufacturing factors through sensing and simulation technologies. We will adapt these to a wide range of research themes in the future.

Manufacturing

We have worked to improve operational efficiency by promoting "digitalization for sharing and utilizing facility management and operation data," modeled on Hachinohe Smelting, one of our Group's major smelting plants. We plan to make further use of the data for stable operations and to expand the digitalization to other sites.

Overview of Digitalization:

(Automating tasks previously performed by engineers)

- Data collection and accumulation, including vast amount of past operational data
- Data processing
- Data visualization (automated creation of standardized reports, automatic alerts based on threshold values, etc.)

Back office (streamlining)

We are expanding the use of our core system, S/4 HANA, in order to establish a management information infrastructure, strengthen operations of individual businesses, promote digitalization, promote employees' growth, and shift to high value-added operations. We are also working on the development of group-wide visualization tools for operational improvement by utilizing various data on manufacturing, sales, facilities, etc., owned by the core system.

Risk management

Mitsui Kinzoku Group is strengthening its response to risks related to business that could threaten the continuation of its operations and corporate survival. In order to identify risks and eliminate or minimize their impact, we are working to improve the Group's risk management and operate it effectively.

Risk management system

Mitsui Kinzoku Group has built its risk management system based on its Risk Management Rules. We have appointed the Director*¹ in charge of the General Affairs Department as the person with the highest responsibility for risk management. We have also designated a department in charge of risk and crisis management at the Head Office to serve as the Secretariat and identified departments in charge of each risk category, under which relevant units and sites are positioned.

Our Risk Management Rules define risks that we need to respond to. We manage our risk control status through yearly PDCA activities implemented over a three-year operation cycle aligned with the periods of the Mid-term Plan.

More specifically, we conduct a triennial risk survey for all sites and review and evaluate risks to create a risk map and plan countermeasures. Every year, we implement the countermeasures and review their progress and then update the risk map based on the current status. The effect of these activities and management systems are reviewed once a year and as needed by the Board of Directors.

In FY2023, we conducted a rolling survey of risks by risk category according to the plan, and identified and evaluated risks using the risk map. We also reviewed the status and effect of risk reduction activities, in which we observed the expansion of risk reduction activities at each site. These results were compiled into a risk management report, which was then submitted to the Board of Directors through the Director in charge of the General Affairs Department.

* 1 As the person with the highest responsibility for risk management, a Director who is in a position independent of the Directors who are Audit & Supervisory Committee Members has been appointed.

Risk management cycle

First and second years of the Mid-term Plan

- ❶ Check the status of risk control at each site based on the risk map managed at the Head Office
- ❷ Update the risk map, incorporating the check results as needed (rolling)

Last year of the Mid-term Plan (FY2024)

Conduct a risk survey for all sites for the next Mid-term Plan.

- ❸ Each sector/site returns its response to the survey
- ❹ Analyze risk control status at each site based on the response
- ❺ Incorporate the aggregate results into the risk map, formulate a new plan, and incorporate it into the next Mid-term Plan



Disaster response workshops for officers.

Extracted risk categories/classifications

Risks that are highly urgent when they become apparent

- Large-scale epidemic of infectious diseases
- Large-scale natural disasters
- Information security

Financial risks

- Market fluctuations
- Exchange rate fluctuations
- Fund procurement
- Pension asset management

Risk in each segment

- Engineered Materials Segment
(Decrease or stagnation in product market share)
- Metal Segment
(Market and exchange rate fluctuations, operational problems)
- Automotive Parts & Components Segment
(deterioration in market conditions)

Cross-Segment Risks

- Product quality
- Alliances with third parties
- Country risk
- Shortage of labor force

ESG risks that may affect business results*²

- Environment
- Social
- Governance

Emergency response

To protect assets and make efforts for early recovery and business continuity while placing the highest priority on saving lives, Mitsui Kinzoku Group has set out Basic Policy for Emergency Response. Moreover, we have built a system for possible emergencies and conduct business continuity management (BCM), under which we implement the PDCA cycle each fiscal year.

Each sector creates business continuity manuals, including an incident management plan (IMP) for incident response and business continuity plan (BCP) for supply continuity and resumption of production. In the event of an emergency, we will take appropriate measures based on the business continuity manuals to prevent the situation from spreading and causing secondary accidents. To make these plans more effective, we roll out simulation training to our major sites in a phased manner.

In FY2023, a disaster response workshop was held for nine officers, including Directors. Assuming the occurrence of a major earthquake in the Tokyo metropolitan area, the participants confirmed the actions of the group-wide disaster response headquarters headed by the Representative Director, and conducted verification of the IMP and the BCP, including alternative strategies in the event that product shipments were suspended for several months. We will revise the plans to address the issues identified through the verification.

* 2 We have incorporated nine environmental, social, and governance risks from our materiality (P.17) into risks related to business as ESG risks that could affect our business performance.

Respect for Human Rights

In order to continue to exist, a business enterprise must be committed to respecting human rights. Based on this recognition, Mitsui Kinzoku Group addresses this issue according to its Human Rights Policy in reference to the UN Guiding Principles on Business and Human Rights. We have identified stakeholders that are highly likely to be affected by the business activities of Mitsui Kinzoku Group and its supply chains and the associated human rights risks, and formulated the Human Rights Standards as specific guidelines for implementing measures to address the risks identified.

Human Rights Policy and Human Rights Standards

Mitsui Kinzoku Group approaches human rights issues based on our Human Rights Policy. We assess human rights risks associated with the Group's business activities, and define the Group's employees, supply chains and local communities involved in the mining business as stakeholders that can be particularly affected by our business activities and a high-priority target to address. Also, we have specified 11 categories of human rights risk factors unique to or characteristic of the Group, including forced labor and child labor. In order to mitigate these risks, we formulated the Human Rights Standards as guidelines for conducting human rights due diligence (human rights DD). We conduct the human rights DD to confirm that each site is implementing the standards.

Management system

The President and Representative Director, who chairs the CSR Committee, is appointed as the person responsible for human right issues related to Mitsui Kinzoku Group as a whole. The overall structure for enforcing the Human Rights Policy and Human Rights Standards has been built by forming the Human Rights Subcommittee under the CSR Committee and creating the PDCA cycle format to implement human rights actions. Each site and group company appoints their person responsible for promoting the proper practice of the Human Rights Policy and the Human Rights Standards, conducting human rights DD, and monitoring the progress of improvements at each organization. The progress of implementation of the Group's action plans and issues found are reported by the Human Rights Subcommittee to the Board of Directors annually and on an as-needed basis.

Human rights due diligence

Since we identified target sites in the Mitsui Kinzoku Group, we have been conducting human rights DD for all employees including non-regular and indirect employees utilizing our self-assessment questionnaire (SAQ). We have completed the process at 46 sites (81%) of the target 57 sites within and outside Japan by FY2023. In FY2023, we revised the SAQ taking account of issues found in the past, and conducted human rights DD at two major sites overseas. As a result, we found no major risks, and no direct forced labor or child labor. For the human rights issues that were identified, we provided feedback and implemented corrective measures. In FY2024 we will put the plan into practice and conduct human rights DD for outside Japan.

Human rights issues identified through human rights DD and corrective measures taken

- Elimination of internal rules imposing restrictions on retirement (overseas site)
- Expansion of the target groups for in-house human rights training (overseas site)

[Human Rights Policy] [Human Rights Standards]
<https://www.mitsui-kinzoku.com/en/csr/society/humanrights/>

[Supply chain management] Pages 80-82

[Mining business] Pages 83-85

Respect for human rights of foreign-national employees

Regarding the human rights of foreign-national employees, in FY2023, the Human Rights Subcommittee surveyed sites in Japan to investigate their use of the Technical Intern Training Program (TITP), for which human rights issues have been pointed out. As a result of the survey, there were sites that are using or have used the TITP, and we asked a third-party expert for its opinion on how to deal with human rights issues. First, we conducted individual interviews with foreign technical interns, and held interviews with relevant stakeholders regarding the recruitment process for technical interns. For the human rights issues identified through these engagements, we discussed specific corrective actions with the third-party expert and confirmed the corrective action process.

Our Group participates in the private-public cooperation platform comprised of business enterprises, industry groups, and related government agencies for promoting a responsible approach toward the recruitment and employment of foreign nationals, and is working to enhance stakeholder engagement. We are organizing the corrective actions taken on human rights issues and the insight gained through engagement. And in FY2024, we will implement corrective actions in accordance with the defined process. We will also establish the detailed rules concerning the employment of foreign-nationals in our Group.

We have established a grievance mechanism to deal with issues related to human rights of internal and external stakeholders. For details, please refer to the descriptions on "Internal and external whistle-blowing system" in the Compliance section (P.64).

Human rights training

We are conducting human rights training for all employees of our Group in order to ensure proper understanding and awareness of the Human Rights Policy and Standards as well as human rights. In FY2023, in conjunction with conducting human rights DD, we provided human rights training for 171 employees at the target sites.

Since some issues were identified in terms of the effectiveness of the current training, we revised the contents of the human rights training for all employees in FY2023. We will roll out the revised training within the Group in FY2024 onward.

Labor relations

Mitsui Kinzoku Group respects freedom of association and collective bargaining. Mitsui Kinzoku and major affiliates in Japan have a respective labor unions under the Mitsui Mining & Smelting Workers Union. Based on the union shop agreement, all general employees become members of the labor unions. About 80% of the other consolidated affiliates in Japan have labor unions. Labor unions are organized in 12 of the overseas consolidated companies. Labor-management council meetings and labor-management roundtables are held regularly to provide a forum for communication with workers. No strikes or lockouts lasting more than a week occurred in FY2023.

	Sites in Japan	Overseas	Total
Employees covered by collective bargaining agreements	4,587	3,331	7,918
Total employees	6,764	6,524	13,288
Coverage rate	67.8%	51.1%	59.6%

* Information on labor unions at several sites is unavailable due to legal requirements.

Compliance

We understand that compliance is not limited to observing laws and regulations, but also includes observing social norms, corporate ethics, common sense and morals, and other matters expected by society even if they are not explicitly stated.

Compliance management system

Mitsui Kinzoku Group identifies Senior General Manager of Corporate Planning & Control Sector as the person with the highest responsibility for compliance. The Legal Dept., the division in charge of compliance, plays a central role in enhancing compliance among officers and employees.

In addition, we have also formed an Internal Audit Committee, which is chaired by the Director in charge of the Internal Audit Dept. and is composed of the head of the Internal Audit Dept., General Managers of each sector's Administration Department, heads of the relevant department in Corporate Unit, and the head of the Internal Audit Office of Mitsui Kinzoku (Shanghai) Management Co., Ltd. The Committee approves the policy and plan for the internal audits conducted by the Internal Audit Dept., receives a report of audit results, and evaluates the results. The Internal Audit Dept. conducts audits of the status of compliance and reports the audit results to the Board of Directors for sharing with Board members.

In addition to the members mentioned above, Directors who are Audit & Supervisory Committee members, and Outside Directors who are not Audit & Supervisory Committee members attend Internal Audit Committee meetings as observers to ensure that the Audit & Supervisory Committee properly monitors the Internal Audit Committee.

(1) Understanding and sharing Code of Conduct

We understand that compliance is not limited to observing laws and regulations, but also includes observing social norms, corporate ethics, common sense and morals, and other matters expected by society even if they are not explicitly stated.

We have established the Code of Conduct as a set of values and a code of conduct to be shared by all officers and employees. We have translated it into local languages and distributed it to all sites.

(2) Global rollout of Compliance Guidebook

We are gradually rolling out the Compliance Guidebook to overseas sites. After we have assessed the compliance-related risks in each country and region in which we operate and considering the possible impacts of such risks on our business activities, we are starting the rollout in Asia with priority, and plan to expand to other regions. The Compliance Guidebook, which explains the key actions, has been translated into local languages in cooperation with local staff to reflect the unique risks assumed from local business practices and cultural backgrounds. We are gradually rolling it out to overseas sites. The rollout, which started in 2016, has now advanced to 12 countries and regions: Japan, China, Taiwan, Thailand, India, Malaysia, Vietnam, Indonesia, Morocco, France, Peru, and Mexico.

The rollout in Indonesia, the latest location, was completed in FY2022, marking the end of the first phase of the compliance promotion initiative in Asia.

In FY2023, we started the rollout to other regions including Morocco, France, Peru and Mexico.

(3) Compliance survey

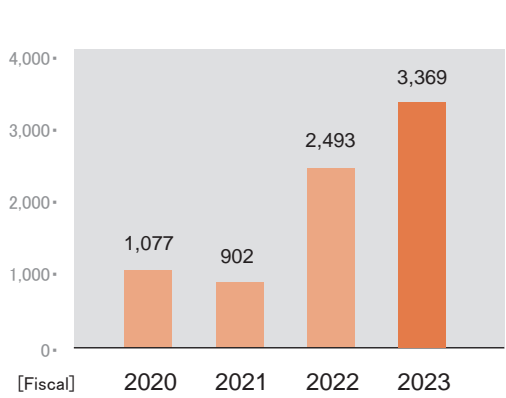
(survey results on the right page)

To assess the level of employees' understanding of the Code of Conduct and the effects of compliance initiatives, we have conducted a compliance survey every two years since FY2017 for employees of Mitsui Kinzoku and its consolidated subsidiaries in Japan. In FY2023, we conducted a survey of 7,000 employees on three items: recognition of compliance, penetration of the Code of Conduct, and reliability of the internal whistle-blowing system, Mitsui Kinzoku Hotline (MHL). Compared with the two most recent surveys, the degree of penetration of the Code of Conduct deteriorated slightly, while the other two items—degree of recognition of compliance and the reliability of MHL—showed improvement. In particular, the reliability of MHL has significantly improved due to the establishment of external contact points. We will work to improve the degree of penetration of the Code of Conduct through training and other measures.

Compliance training

Mitsui Kinzoku Group runs an array of training programs for executives and employees to ensure compliance. In FY2023, a total of 3,369 people attended compliance training programs.

Changes in number of compliance training recipients

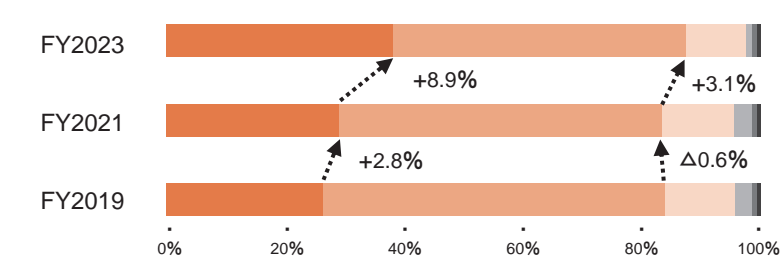


Note: The number of training programs included in the count was increased in FY2021

Survey results

Recognition of compliance

Q. Do you know the term “compliance”?



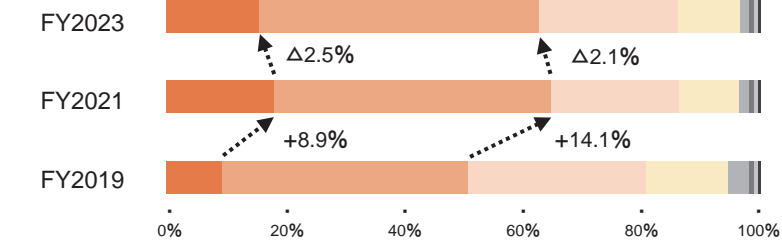
FY2023 survey results

- 87% of respondents answered “I know it in detail” or “I know it to some extent.”
- The percentage of respondents who answered “I know it in detail” increased significantly from the previous survey.

■ I know it in detail.
■ I know it to some extent, but not in detail.
■ I can imagine what it means, but don't know it as knowledge.
■ I have heard of it, but don't know what it means.
■ I don't know at all.
■ Unknown

Penetration of the Code of Conduct

Q. To what extent are you aware of the Mitsui Kinzoku Group Code of Conduct in your daily life?



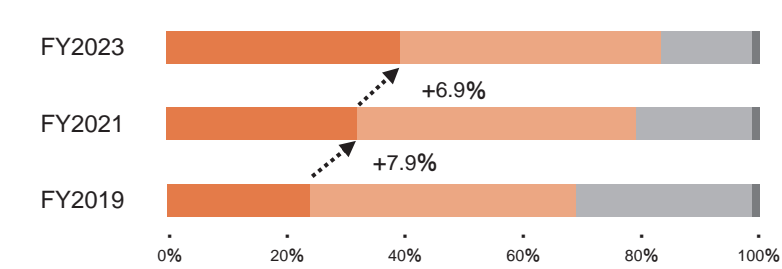
FY2023 survey results

- 63% of respondents answered “always aware” or “somewhat aware.”
- The total of “always aware” and “somewhat aware” slightly decreased from the previous survey.

■ Always aware
■ Somewhat aware
■ Can't say either way
■ Not very aware
■ Not at all aware
■ Didn't know it existed
■ Unknown

Reliability of the whistleblowing system (MHL)

Q. Do you think you will use MHL if you see or hear of any act that violates compliance?



FY2023 survey results

- 39% of respondents answered “I think I will use it.”
- MHL's reliability has significantly improved due to the establishment of external contact points, etc.

■ I think I will use it.
■ Not sure if I will use it or not.
■ I don't think I will use it.
■ Unknown

(1) The Code of Conduct / compliance training

We regularly conduct training sessions to explain overall compliance based on the Code of Conduct. At our sites in Japan, we incorporate compliance training in the grade-based training programs, including new employee training, and in the executive management training for directors and auditors of all affiliates. To date, 985 participants have received compliance training.

At overseas sites, we conduct compliance training for national staff. In FY2023, we held the Code of Conduct/compliance training in Peru and Vietnam, with a total of 234 participants.

(2) Theme-based seminars

In addition to training for individual compliance issues related to safety and quality, we also provide seminars on various topics as needed, with the topics selected primarily by the Legal dept. in consideration of compliance risks specific to each site and local social conditions.

In FY2023, the Legal Dept. hosted seminars on topics such as: trade secret management, the Antimonopoly Act, the Subcontract Act, disguised contracting, and the Foreign Exchange and Foreign Trade Act (Foreign Exchange Act, security export control). These seminars were attended by a total of 2,150 participants.

(3) MLP-based training

Some of the programs described in (1) and (2) above were provided under the MLP learning management system, and 1,413 participants have received MLP-based training.

Theme	Format	Participants
Trade secretes management	Face-to-face/MLP	1,644
Antimonopoly Act / Subcontract Act	Face-to-face/MLP	280
Disguised contracting	MLP	144
Security export control	MLP	82
Total		2,150

Internal and external whistle-blowing system

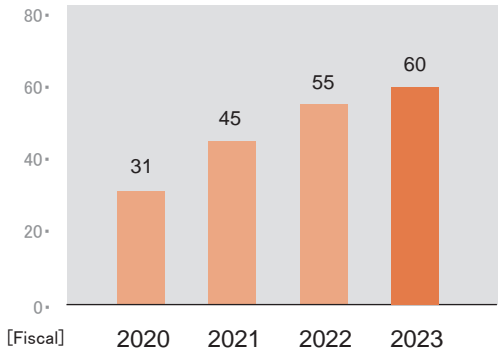
We have established a whistle-blowing system for both internal and external stakeholders. The system covers concerns about violations of laws/regulations and internal rules related to unfair competition, bribery/corruption, and occupational health and safety, as well as social and environmental risks, including but not limited to human rights, in our business activities and workplaces.

In order to thoroughly protect whistleblowers, the system ensures anonymity and strictly prohibits any disadvantageous treatment of whistleblowers and witnesses to testify to the facts. The details of the whistle-blowing are shared promptly with the Audit & Supervisory Committee, and reported to the Board of Directors on a regular basis.

We have established the Mitsui Kinzoku Hotline (MHL) for all officers and employees of the Group as internal and third-party (law firm) contact points. We have also set up a Chinese language hotline at a Chinese law firm in Beijing for our sites in China. We disseminate information on the contact points to officers and employees through compliance training and the Compliance Guidebook. In FY2020, we made the whistle-blowing system a multi-line system, and in May 2023, we outsourced an internal multilingual contact point to a third party to increase user convenience. Furthermore, female staff have been assigned to the response team to receive whistle-blowing reports, to make it easier for women and native speakers of foreign languages to report incidents.

As a result of these activities, the whistle-blowing system has gained increased recognition and reliability within the Group in recent years, and the number of reports has steadily increased over the past several years.

The number of reports to the Mitsui Kinzoku Hotline



We have set up “Compliance Consultation Desk” specialized for compliance and “Environmental and Social Risks Consultation Desk” on our corporate website for external stakeholders to report concerns at any time.

Initiatives to prevent anti-competitive practices and bribery/corruption

To prevent bribery and other forms of corruption, in parallel with the global rollout of the Compliance Guidebook, we have facilitated each of our sites to conclude an anti-bribery/corruption agreements with suppliers. Under the leadership of the Supply Chain Committee, the procurement departments at domestic and overseas sites have asked their suppliers to sign transaction agreements containing CSR provisions (respect for the Group’s Code of Conduct), or procurement policy agreement forms (Supply Chain Management, p. 80). The anti-bribery/corruption agreement contains more detailed conditions aimed at preventing bribery/corruption (e.g. prohibition of kickbacks, obligation to report identified violations, and cancellation of the contract in case of a violation). We have been promoting the conclusion of this agreement, especially in Asia. The following table shows the number of suppliers with which we have concluded anti-bribery/corruption agreements in each country/region.

Country/region	No. of suppliers (End of FY2022)	No. of suppliers (End of FY2023)	Increase
Thailand	297	370	73
China	353	353	—
Taiwan	143	143	—
Malaysia	36	36	—
Vietnam	51	66	15
Indonesia	101	101	—
India	0	98	98
Peru	0	30	30
Morocco	0	47	47
Mexico	0	53	53
Total	981	1,297	316

Initiatives for economic security

In response to the recent social movement toward economic security, Mitsui Kinzoku Group is implementing measures to address the issue, mainly in terms of trade secret management and export control.

(1) Trade secret management

Mitsui Kinzoku Group established Information Management Rules, Detailed Trade Secret Management Rules, and other related regulations in 2017. We have established and are operating a trade secret management system to protect our customer information, technical information and business know-how.

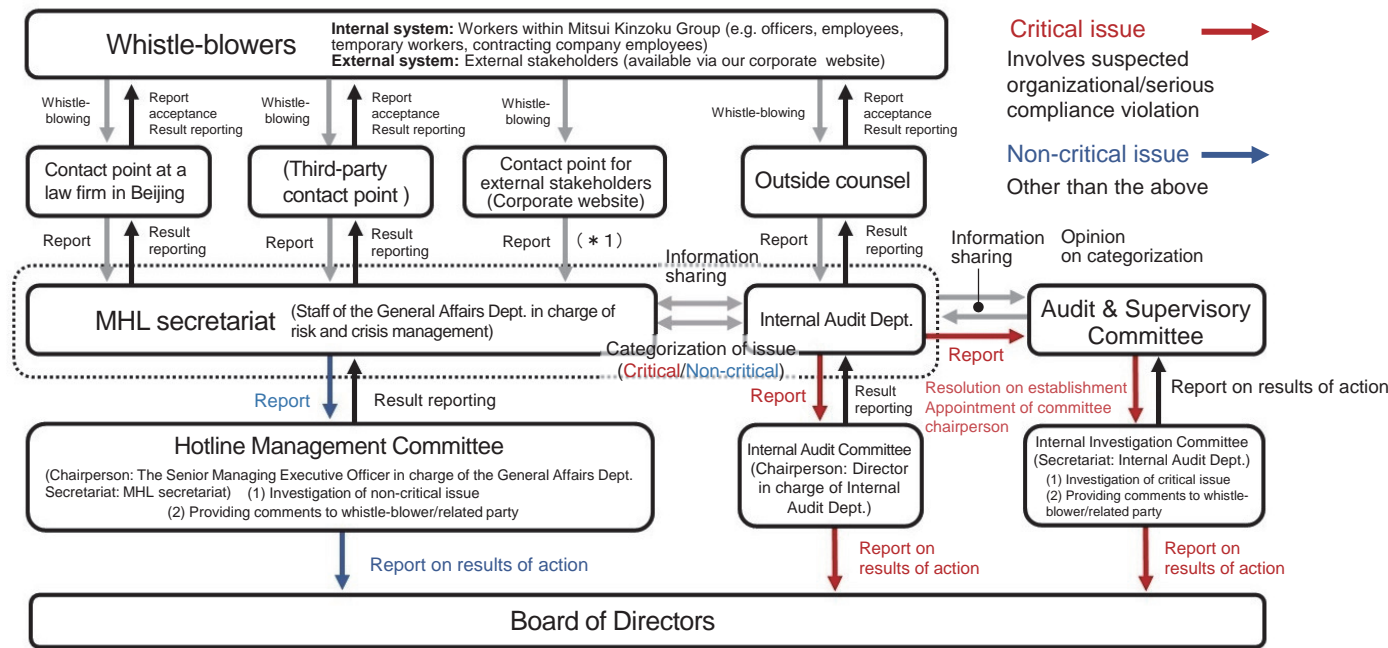
Specifically, at each of the Group sites, various activities are being implemented under the supervision of its head. Such activities include: identification of trade secrets, thorough indication of such secrets, trade secret management using ICT tools and setting of access rights, recording of data access and download history, provision of education and training on a regular and ongoing basis, and the conclusion of confidentiality agreements/pledges with officers, employees and business partners.

Since FY2022, we have conducted audits of the operation status of information management systems. On-site audits are scheduled to be conducted at our domestic and overseas sites in FY2024.

(2) Export control (security export control)

Mitsui Kinzoku has established the Product Export Control Rules, which are internal rules for export control, in accordance with the Foreign Exchange and Foreign Trade Act (Foreign Exchange Act), and has registered the Rules with the Ministry of Economy, Trade and Industry (METI) as its export control compliance program (CP). We have since formed the Export Screening Committee, chaired by the Representative Director. Reporting to the Committee, the persons in charge of sales, technology/engineering, and administration are assigned at each business division to implement the acceptance/rejection assessments and user check programs. Every year, the secretariat (Legal Dept.) audits the compliance status, and the results are reported to the METI.

Mitsui Kinzoku Group internal and external whistle-blowing system (MHL : Mitsui Kinzoku Hotline)



*1. For reports made to the corporate website, report acceptance and result reporting is performed by the MHL Secretariat (third-party contact point).

In the future, we will promote the conclusion of anti-bribery agreements in other countries and regions, including Europe and the United States.

We periodically conduct legal audits on each site, both on-site and in writing. The audits check for violations, review the compliance situation, and confirm the effectiveness of measures to prevent anti-competitive practices and bribery/corruption as described in the Code of Conduct. In Peru, we have obtained ISO37001 certification, an international standard for anti-bribery management systems.

We have received no legal action for anti-competitive practices or bribery/corruption in FY2023. We have also identified no cases where an employee has been subject to disciplinary action, including termination of employment, for engaging in anti-competitive practices or bribery/corruption of public officials.

In FY2023, Mitsui Kinzoku made no monetary or other forms of donation defined by the Political Funds Control Act to individual politicians, political parties, or political groups.

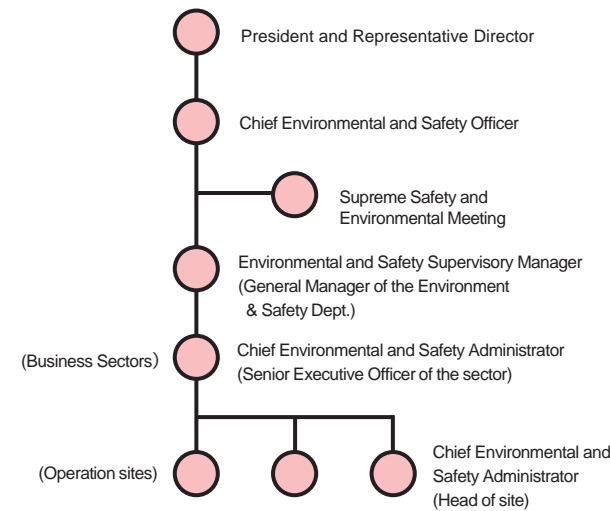
Occupational health and safety

Mitsui Kinzoku Group holds that ensuring occupational health and safety in business operations is essential for implementing integrated thinking management based on its Purpose. We provide a safe worksite environment not only for our employees but also for cooperative companies, contractors, and visitors to plants. We are also improving occupational health and safety initiatives, including global implementation of initiatives, and reinforcing measures in line with the Mitsui Kinzoku human resources system reform.

Policy and management system

Mitsui Kinzoku Group is committed to creating a safe and comfortable work environment. This is based on our Basic Policy on Health and Safety, in which it states that “ensuring the health and safety of all people working for Mitsui Kinzoku Group is the most important element for conducting business activities.” We also believe that the development of a corporate culture that places health and safety first will lead to increasing productivity and reducing operational and business risks, and even to strengthening our relationship of trust with employees and solidifying our business foundation in the medium to long term. The Basic Policy on Health and Safety, along with KPIs and initiatives, covers all employees working in the Group, including those of cooperative companies and contractors.

Environmental and Safety Management System



Health and safety management system

All major sites of Mitsui Kinzoku Group manage occupational health and safety in accordance with ISO 45001. For small-sized sites, we developed an internal certification system. At each site we work to realize an upward spiral motion by going through the PDCA cycle in accordance with the management system. Improvements to the issues identified by the review are incorporated into measures such as risk assessments and health and safety training.

Safety audit

We implement periodic internal safety audits to confirm the operational situation of the management system at each site. The internal safety auditing body checks for compliance with laws and regulations as well as the Mitsui Kinzoku Group's voluntary standards, in addition to pointing out hazardous places and following up on improvements made.

In 2023, with the lifting of COVID-19 movement restrictions, we conducted all safety audits on-site at each location.



Meeting of environmental and safety managers from sites in China. (Suzhou)

Health and safety training

Mitsui Kinzoku Group conducts health and safety training for employees regularly to increase their level of awareness of health and safety, ensure thorough compliance with health and safety regulations, and cultivate a corporate culture that places health and safety first.

We provide training materials in multiple languages and make them available on our corporate intranet for employees to review or reference at any time.

In 2023, we introduced Virtual Reality (VR) experiential training to raise our employees' risk sensitivity by enabling them to realistically experience the shaking, tilting, tipping, and impact caused by disasters through VR. Based on the characteristics of our disaster cases, we have conducted training on 'falling down stairs,' 'falling down a ladder,' 'overturned forklift truck,' and 'collision with heavy machinery.' We plan to develop VR training at each site according to the disaster situations at those locations.

Health and safety training provided in FY2023

Purposes	Major training programs
Expand knowledge on health and safety across the Group (Knowledge required for each position, key initiatives in the year, good practices, latest trends)	<ul style="list-style-type: none">• New employee training• Job-rank-based safety training• Laws and regulations lecture• Lecture by an external expert• Group study session for safety and environmental experts
Promote compliance with safety rules and improve risk perception at manufacturing sites	<ul style="list-style-type: none">• “<i>Kiken Yochi</i>” activity (hazard prediction)• Experiential risk training, VR training• Risk assessment training• Safety communication activity• PPE training• Emergency training (fire/earthquake)
* Employees of cooperative companies and contractors are also subject to these trainings.	



Safety standard workshop (Hikoshima Smelting)

2. Establishment and operation of safety standards

We are engaged in establishing the Mitsui Kinzoku Group safety standards to prevent accidents caused by improper operation of machines, equipment, and tools. In FY2023, we established and introduced new Safety Standards for Oxygen Deficient Danger Operation and a new Standard for Wearing Protective Gear to Protect Eyes from Chemical Injury. We are committed to raising safety awareness as well as eradicating any similar accidents.

To promote effective use of the standards at all domestic and overseas sites, we provide explanatory materials in Japanese, English, and Chinese. We also review the operational status of the standards through safety audits.

3. Safety initiatives for senior employees

Mitsui Kinzoku has raised the mandatory retirement age to 65 since FY2021. In addition, as the age range of our employees is expected to rise along with the aging of Japanese society, we are developing a safety management system for senior employees so that they can work safely and with peace of mind for an extended period of time.

Aging tends to reduce some physical functions, which may be a factor that increases the incidence of occupational accidents among senior employees. To prevent these accidents, we provide safety training for managers and senior employees. In addition, based on risk assessments, we worked to create a comfortable work environment by improving lighting, eliminating steps, and taking measures against heat, as well as reviewing some of the work manuals to ensure that even senior employees can operate equipment safely. We plan to pursue these activities going forward.



VR training

Accident prevention initiatives

1. Promotion of the lockout system

Occupational accidents could occur caused by human errors, such as accidentally switching on a machine whose operation has been suspended for cleanup, refueling, inspection, repair, adjustment, construction, or other work. The lockout system is a system that shuts off and locks the power source of mechanical devices to prevent occupational accidents that could occur due to erroneous operation and protects the safety of workers. At present, the system to shut off power supply is available at all manufacturing sites in Japan and overseas, and we are working on introducing the system to shut off pressure, temperature, and the flow of liquids according to specific conditions at each site. In FY2023, no safety incidents occurred due to non implementation of lockout.

* More information on occupational health and safety is available on our website.

<https://www.mitsui-kinzoku.com/en/csr/society/occupational/>

Safety performance in 2023

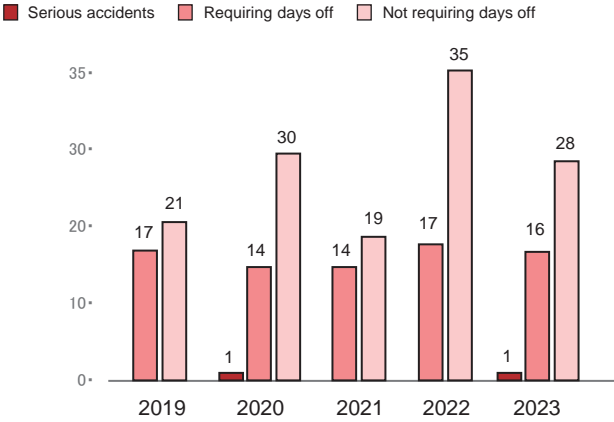
In 2023, the number of accidents declined compared to the previous year. There were 68 accidents in the entire Mitsui Kinzoku Group, including those at cooperative companies and contractors. However, we failed to achieve our target of zero serious accidents, as one occurred in Japan in December.

There were 45 accidents in Japan, accounting for 66% of the total number of accidents in the Group, with the three most common types being falls, getting caught in or crushed by equipment, and cuts or abrasions. In terms of the number of workers, 60% were employees of Mitsui Kinzoku Group, while 40% were employees of cooperative companies or contractors.

We will continue to scrutinize and analyze the causes of the accidents and take measures to prevent recurrence.

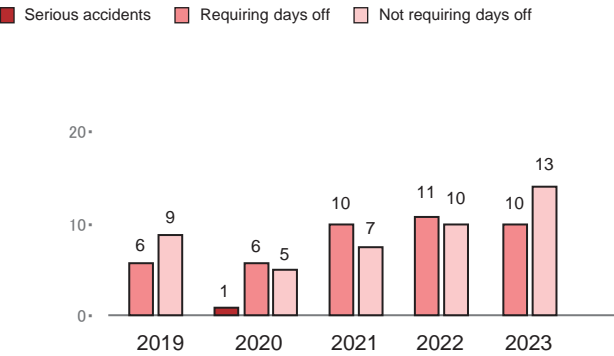
Trends in the number of accidents in sites in Japan

※ Including accidents that occurred in cooperative companies and contractors



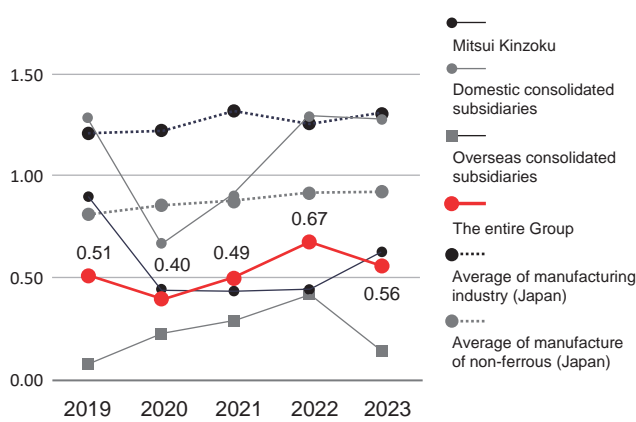
Trends in the number of accidents in overseas sites

※ Including accidents that occurred in cooperative companies and contractors



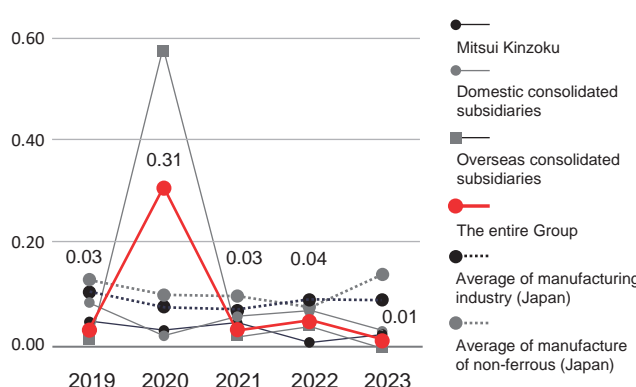
Frequency rate of accidents

※ Not including accidents that occurred in cooperative companies and contractors



Severity rate of accidents

※ Not including accidents that occurred in cooperative companies and contractors



The values shown in the graph are for the entire Mitsui Kinzoku Group as a whole.

Initiatives for environmental issues

Mitsui Kinzoku Group recognizes the negative environmental impact of its operations as a great business risk and strives to reduce it. To achieve carbon neutrality and a circular economy, we are taking on new challenges, while making detailed improvements in each operation.

Environmental management

Mitsui Kinzoku Group has established the Supreme Safety and Environmental Meeting as a place to deliberate and determine the most important matters related to safety and the environment. At this Meeting, guidelines and action plans are determined by the Chief Environmental and Safety Officer as chairman and business line heads as members. The decisions made are then spread to each site by the Environmental and Safety Supervisory Manager (General manager of the Environment & Safety Dept.) under the direction of the Chief Environmental and Safety Officer. Each site that operates under ISO 14001 has a chief person that serves as the person responsible for managing environment and safety, and who makes sure that the required actions are being reliably executed. The Chief Environmental and Safety Officer reports to the Board of Directors on important environmental and safety issues, including the operation of the management system, and receives guidance and supervision from the Board of Directors.

The Basic Environmental Policy and the Environmental Action Plan

In 2001, Mitsui Kinzoku Group established the Basic Environmental Policy* and the Environmental Action Plan. In response to the Paris Agreement as well as the expansion of ESG investment, we revised the basic policy and the action plan in 2018, in order to strengthen our Group's efforts to address environmental issues. In the action plan, we have assessed the negative impacts of our business activities on stakeholders in our value chains and set targets for activities with significant impacts, on which we will focus our efforts to reduce their environmental footprint. We are incorporating the targets set in the Environmental Action Plan into the plans of each of our sites, and promoting activities to achieve them.

The Purpose and the Vision for 2030

In 2022, Mitsui Kinzoku Group established its Group's Purpose: We promote the well-being of the world through a spirit of exploration and diverse technologies. We aim to make life easier and greener to help address environmental and social issues around the world and build a sustainable society. Our Group's Vision for 2030, which was set based on the Philosophy and the Purpose, promotes manufacturing with low environmental impact and the construction of recycling-based services. The 22 Medium-term Management Plan, which we developed for the Vision for 2030, makes clear that each business will be evaluated from the perspective of improving our environmental and social value, including environmental impacts, and that sustainability will be considered when making business decisions.

* The Basic Environmental Policy is available on our website.
<https://www.mitsui-kinzoku.com/en/csr/environment/environmental-policy>

Outline of the Environmental Action Plan

1 Establishment and improvement of environmental management system

Establishment and improvement of environmental management system at each site according to the form and scale of business

2 Reduction of environmental footprint

- Prevention of global warming
- Effective resource utilization and waste reduction
- Reduction of emissions of environmental pollutants
- Utilization of renewable energy
- Appropriate utilization and management of water resources
- Biodiversity conservation
- Thorough management of mine & plant closure

3 Development and provision of environmental contribution products

Development of environmental contribution products and market expansion

4 Emergency measures

Preparation of well-organized emergency manuals for disasters and accidents and continuous improvements of them

5 Education/public relations/social contribution activities

- Strengthening environmental education
- Disclosure of environmental information
- Dialogue with stakeholders

(Revised in April 2018)

Response to climate change

Mitsui Kinzoku Group considers climate change as an important change in our external environment which would affect the continuity of our business. As we have energy-intensive operations such as non-ferrous metal smelting and electrolytic copper foil, we are well aware of the impacts of energy consumption and greenhouse gas (GHG) emissions from business activities on climate change. In order to reduce these impacts, we have identified climate change-related issues as the materiality, including reduction of GHG emissions and energy management, and make efforts to accomplish them. In the 22 Medium-term Management Plan, we have formulated a response to climate change as a key strategy in enhancing the Group's environmental and social value.

Support for the TCFD* recommendations

We recognize that climate change and the social and economic changes surrounding it pose risks to our business. However, we also recognize that an appropriate response can lead to enhanced competitiveness and new business opportunities. In FY2020, we started to analyze the medium- and long-term risks and opportunities posed by climate change based on the TCFD recommendations and to incorporate the results of this analysis into our business strategies. In March 2022, we also announced our support for the TCFD recommendations.

* Task Force on Climate-related Financial Disclosures

Disclosure items recommended by the TCFD are indicated with TCFD .

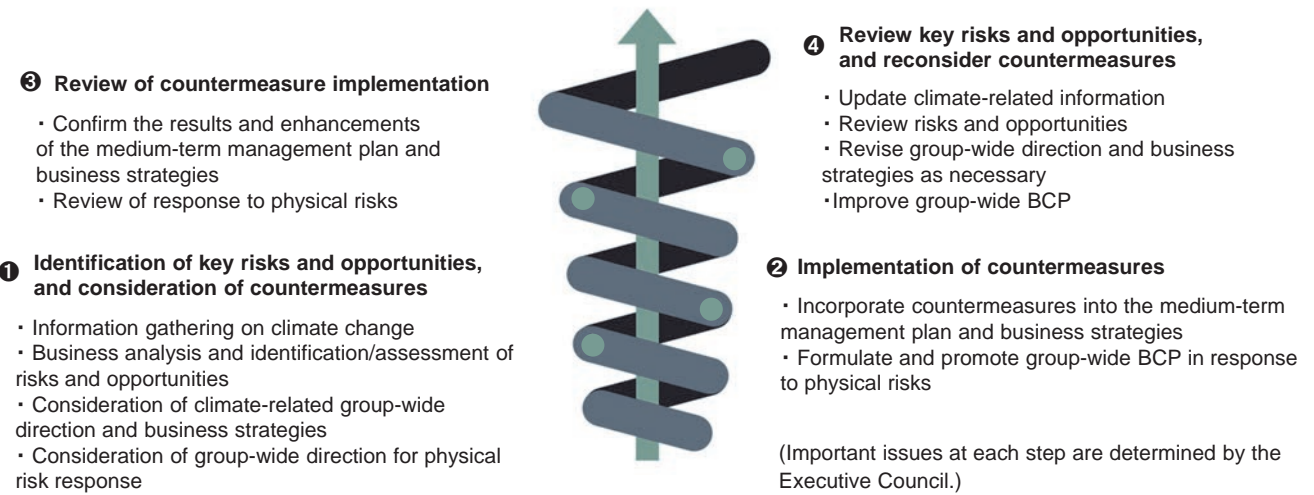
Governance TCFD

Mitsui Kinzoku Group's basic policy and important issues to address climate change are discussed by the CSR Committee, which is chaired by the President, and then deliberated and decided by the Executive Council. The Executive Council is comprised of Representative Directors and Executive Directors, deliberating from a management perspective. Decisions are reported to the Board of Directors for monitoring and oversight. In FY2023, we introduced ESG index-based restricted stock compensation for Directors (excluding outside directors), which incorporates our efforts to reduce GHG emissions as one of the ESG indicators.

Risk management TCFD

Mitsui Kinzoku Group has multiple businesses with different business models. The Climate Action Team identifies and assesses risks and opportunities related to climate change in collaboration with each business unit, including scenario analysis, based on the findings of internal and external surveys and in accordance with the framework of the TCFD recommendations. The results of the scenario analysis are reported to top management at the Executive Council. Each business unit is responsible for promoting countermeasures based on the results, while the Climate Action Team is tasked with monitoring the progress of the countermeasures. In line with the achievements, the team evaluates and identifies risks and opportunities afresh for the next cycle, in cooperation with the business units. By constantly implementing this risk management cycle, we formulate and promote business strategies with a view to addressing climate change.

Risk Management Process / Integration of scenario analysis and business strategy



Strategy/Scenario analysis TCFD

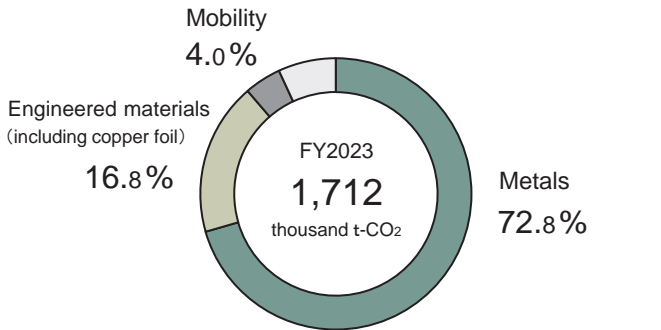
Mitsui Kinzoku Group operates many businesses globally and recognizes that climate-related risks and opportunities differ among businesses. Therefore, we conduct scenario analysis starting with businesses that are relatively likely to be affected by climate change. Specifically, we rank businesses from these perspectives: amount of CO2 emissions, magnitude of change in the business environment due to climate change, and amount of sales. We work on scenario analysis by deepening our understanding of the climate-related risks and opportunities of the target business and focusing on the integration of analysis and business strategy.

Scenario definition

Assumed period		2030s
Scenario definition	4°C scenario	2.7 - 4.0 °C higher than pre-Industrial Revolution levels by the end of 21st century. * Uses data mainly from the STEPS (Stated Policies Scenario) of the IEA (International Energy Agency).
	1.5°C scenario	0.3 - 1.7°C higher than pre-Industrial Revolution levels by the end of 21st century. * Uses data mainly from the NZE (Net Zero Emissions by 2050 Scenario) of the IEA.

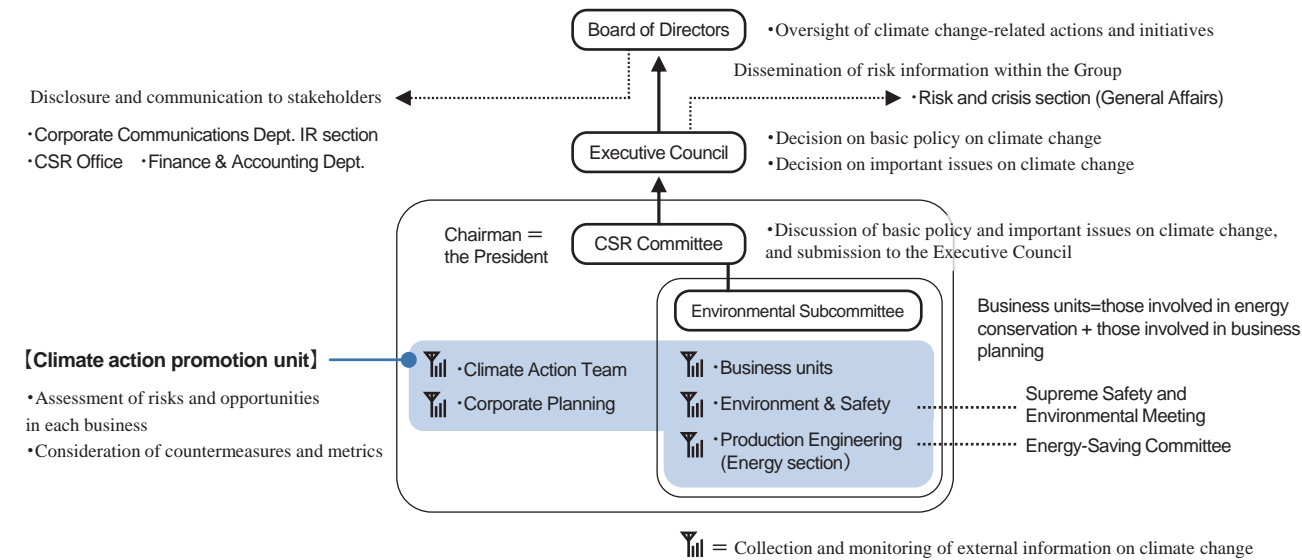
We have completed scenario analyses for our main businesses - Metals, Engineered materials and Mobility. Of these, we are updating the analyses for the Metals and Copper Foil (Engineered materials business). We will continue to analyze other business segments and update those completed previously on a periodic basis. In the scenario analysis, we considered plans to minimize the decline in earnings due to each risk and to capture opportunities through the creation of new products and new businesses. Many of these measures are to be addressed from a long-term perspective, and some of them have been incorporated into the 22 Medium-term Management Plan and are being implemented. They will also be incorporated into the 25 Plan, which is currently being developed, to secure a resilient business. In particular, in the Metals Sector, based on the scenario analysis performed in FY2020, we have made CO2 emission reduction our top priority and launched a carbon neutral response preparation project. This project manages production and CO2 emissions at each smelting site while exploring new CO2 reduction technologies. At Miike Smelting Co., Ltd., we are working on issues such as replacing coal with biomass fuels.

Breakdown of CO2 emissions



* Details of the breakdown for each business are on page 141.

Governance and risk management structure



Summary of scenario analysis results for Metals Business

Impact estimation items	Risks	Opportunities	4℃	1.5℃	Countermeasures
Sales	•Rising market prices of products due to higher costs of mining raw materials and smelting, leading to accelerated substitution of our products and lower sales •Preference for environmentally-friendly companies	•Increased demand for non-ferrous metals due to electrification drive and rising energy storage technologies •Increased market value due to accelerated decarbonization of products	Loss ▼▼▼	Profit ▲▲▲	•Monitor market conditions and ensure stable operations, while considering measures to cope with increased demand •Accelerate measures to improve recycling rates and reduce CO2 emissions
Carbon taxes	•Increased production and logistics costs due to introduction of carbon taxes	—		▼▼▼	•Reduce fossil fuel use, develop fuel conversion technologies, introduce renewable electricity and promote electrification of manufacturing facilities.
Energy prices	•Increased manufacturing and logistics costs due to rising prices for coal, electricity and other energy sources	—	▲▲▲	▲▲▲	•Reduce electricity costs by strengthening demand response measures •Energy consumption reductions
Raw material prices	•Sales decline due to accelerated substitution of our products caused by rising zinc and lead ore prices	—	▲▲▲	▼▼▼	•Accelerate shift to high-margin raw materials, such as recycled raw materials and difficult-to-process ones
Raw materials					
Sub-materials	•Higher prices for chemicals and materials due to increased energy and carbon costs	—	▼	▲	•Reduce chemical use per production unit •Diversify procurement sources

Summary of scenario analysis results for Engineered materials Business

Impact estimation items	Risks	Opportunities	4℃	1.5℃	Countermeasures
Sales	•Sales decline for low-carbon products due to cost focus over environmental benefits (4℃ scenario) •Sales decline due to emerging competing technologies	•Increase in sales of electronic components and related materials due to growth in demand for EVs •Growth in recycled products and related markets due to increased recycling awareness	Loss ▼▼▼	Loss ▼▼▼	•Expand sales to users in Japan and overseas •Enhance productivity and boost sales of products with high production efficiency •Promote renewable energy according to customers' policies •Promote low GHG emission production and gain customer confidence •Develop products that reduce CO2 emissions •Strengthen response to market needs, such as requests for recycling and reuse •Consolidate production sites and optimize raw material stock levels
Carbon taxes & Energy prices	•Significant cost increases due to carbon taxes •Higher operating costs due to higher energy prices •Cost increase due to purchase of non-fossil certificates/environmental value	• Increasing sales of CO2-free products	▼	▼▼	•Identify policy trends of local countries and their impact on our budgets •Improve production efficiency through yield improvement •Reduce electricity intensity by introducing energy-saving equipment and technologies •Consider introducing renewable energies like photovoltaic power generation and promoting waste heat use •Long-term fixation of electricity prices through Power Purchase Agreements (PPAs) •Promote electrification of fossil fuel facilities •Use carbon credits
Raw material prices	•Higher costs due to higher prices for chemicals and materials in line with higher energy prices, and higher metal prices	—	▼▼	▼▼▼	•Incorporate changes in raw material prices into selling prices •Apply recycled raw materials, increase the recycled ratio and reduce materials used in products •Multi-source raw materials
Losses due to extreme weather conditions	•Suspension due to drought (Taiwan) •Shutdown due to guerrilla rains (Malaysia)	—	▼		•Investment in extreme weather measures •Secure backup power supply •Monitor local long-term climatic conditions

Summary of scenario analysis results for Mobility Business

Impact estimation items	Risks	Opportunities	4℃	1.5℃	Countermeasures
Sales	•Decline in demand for exhaust gas purification catalyst due to lower sales of internal combustion engine vehicles (ICEVs) as a result of stricter fuel efficiency regulations •Decline in door lock market share due to shift to EVs •Order lost due to stricter environmental requirements from customers	•Increasing demand for products used in HEVs, PHEVs, etc. •Growth in market for new catalyst-related products for decarbonization-related applications •Market expansion through development of lightweight door lock products	Profit ▲	Loss ▼▼	•Shift to development and supply of catalyst products optimized for HEVs, PHEVs, etc. •Accelerate development of door lock products for EVs •Marketing and PR activities for door lock products aimed at EVs
Raw material prices	•Raw material costs and supply instability caused by increased demand for renewable energy-related materials •Increased competition due to demand for lower weight of raw materials	•Early introduction of technologies to reduce raw material weight and cost reductions to gain an advantage		Difficult to quantify	•Reduce precious metals in products
Changes in customer reputation/needs	•Increased operating costs due to demand for lower carbon emissions in manufacturing processes •Shunning products deemed to have a high GHG emissions impact	—		▼	•Introduce renewable energy equipment and utilize green electricity •Introduce energy-saving equipment. •Equipment improvements to reduce waste heat loss

* Financial impact (4℃/1.5℃)

No indication ± less than 100 million yen ▲▼ less than 1 billion yen ▲▼ ± 1 billion – less than 10 billion yen ▲▼ ±10 billion yen or more

Metrics and targets TCFD

Medium- and long-term

CO2 emissions reduction targets

In March 2022, Mitsui Kinzoku Group revised its medium-term and long-term CO2 emissions reduction targets for energy-derived CO2 emissions in Scope 1 and 2. To achieve these targets, we promote energy-saving activities, increase renewable energy use, as well as create environmental contribution products and develop innovative technologies actively.

Medium-term CO2 emissions reduction target

Reducing CO2 emissions by 38% globally by FY2030 (compared to the FY2013 level)

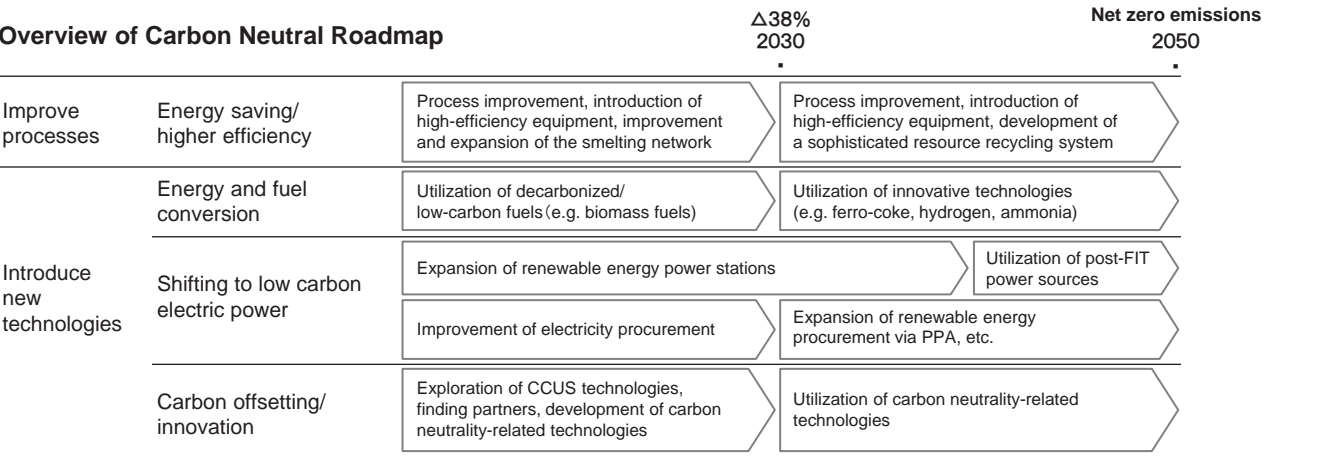
Long-term CO2 emissions reduction target

Achieving carbon neutrality (net zero emissions) by FY2050

Implementing the Carbon Neutral Road Map

Mitsui Kinzoku Group has formulated a Carbon Neutral Road Map (CNRM) to achieve its medium- and long-term CO2 emissions reduction targets. In order to achieve carbon neutrality by 2050, it is necessary for management to make climate-related investments that take into account social and technological trends, as well as the company's situation. We consider the CNRM as an important mechanism to support flexible and timely decision-making on these investments.

To develop investment programs eligible for the CNRM, the Executive Council deliberates investment plans as necessary to make decisions. Such deliberations are based on activity details and implementation plans submitted by business divisions and subsidiaries with the support of the business sectors. Implementation results are also monitored to develop further CO2 emission reduction programs. In FY2024, we plan to invest 290 million yen in Scope 1 reduction measures and 200 million yen in Scope 2, with an expected reduction of 5,115 tons of CO2 in FY2030.



* The reduction target for 2030 covers CO2 emissions derived from energy in the manufacturing process.

Summary of the Mitsui Kinzoku Group's ICP system

Internal carbon price	Scope1: 30,000yen/t-CO ₂
	Scope2: 20,000yen/t-CO ₂
	※ Set a higher price for Scope 1 than 2 in order to further promote measures for Scope 1, where emission reduction is more critical and challenging.
Applicable objectives	Equipment/development investments accompanying changes in CO ₂ emissions
Application	CO ₂ emissions from planned equipment/development investments are measured using the ICP, which are then converted to cost and referred to in investment decision-making.
Effective date	April 1, 2023



We have summarized and made public our approaches towards carbon neutrality as the Group's Transition Strategy.

Internal Carbon Pricing System

Mitsui Kinzoku Group introduced an Internal Carbon Pricing (ICP) System in FY2023 to increase investment in CO₂ emission reduction activities through CNRM operation, as well as to promote new business creation that contributes to a decarbonized society. We determined our internal carbon price taking into account a comprehensive approach that includes identification of CO₂ emission reduction measures, strategic considerations based on the TCFD scenario analysis, and the external environment related to climate change. We set the price by scope because the difficulty of implementing emission reduction measures in our Group vary greatly due to different characteristics of Scope 1 and 2.

Promoting energy conservation activities

We have been working on energy conservation activities, including operational improvements in each process, such as further energy efficiency improvements in production activities, as well as the introduction of advanced equipment. We have also incorporated programs of energy conservation in our CNRM.

Energy-saving efforts at the Hibi smelter

The Tamano Smelter of Hibi Kyodo Smelting Co., Ltd. is working to reduce electricity consumption through process improvements. The smelter produces electrolytic copper with purity of 99.99+% as a finished product by conducting electrolytic refining at its electrolytic refining plant using anodes of 99.4% pure copper produced from copper concentrates at its smelting plant.

In the smelting plant, electricity is used to supply oxygen produced from air to the flash furnace and the converter furnace. Previously, when the oxygen supplied to the converter furnace exceeded a predetermined pressure, the excess was discharged into the atmosphere. The smelter mounted new bypass pipes that branch off from the middle of the pipes to the converter furnace to allow this excess oxygen to be supplied to the flash furnace. This reduces the loss of oxygen that was otherwise discharged, thereby curbing the amount of electricity used to produce the oxygen. As a result, in FY2023, together with the switch to LED lighting, the smelter was able to reduce electricity consumption by more than 800 MWh. In addition, as part of future efforts to reduce CO₂ emissions, it is considering converting a fuel used at the plants from heavy oil to LNG.

Increasing the use of renewable energy

In order to increase the ratio of renewable energy, we are expanding the introduction of new renewable energy generation facilities as well as operating existing hydroelectric, solar, and other power generation facilities stably. We also purchase electricity from renewable energy sources.

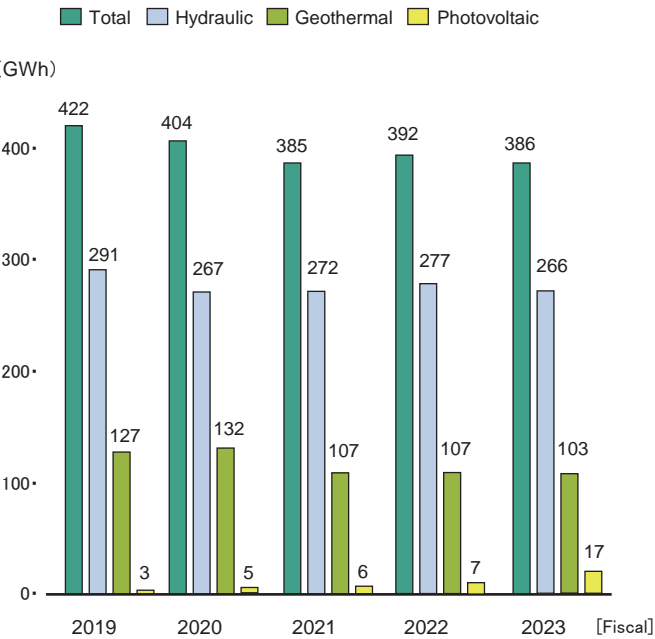
Kamioka Mining and Smelting Co., Ltd. and Compania Minera Santa Luisa S.A. operate hydroelectric power plants located on their premises. Okuaizu Geothermal Co., Ltd. produces steam for geothermal power generation, supplied to a power company.

GECOM Corp. and the Kamioka office of MITSUI KINZOKU YOURSOFT Inc. have been using 100% renewable electricity, particularly from hydroelectric power, since FY2023.

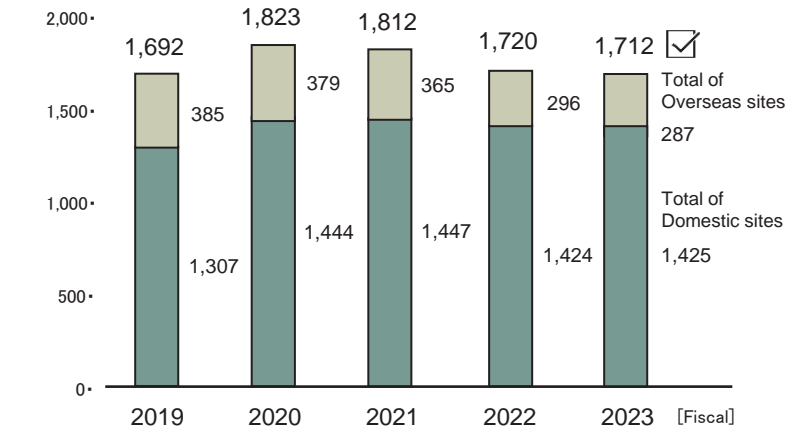
In FY2023, the copper foil business, which consumes a large amount of electricity, purchased 30% CO₂-free electricity through non-fossil certificates at the Ageo Plant in Japan. In FY2024, it plans to introduce renewable electricity to its overseas plants.

We will continue to procure electricity from renewable sources.

Total power generation using renewable energy



CO₂ emissions from energy consumption (thousand t-CO₂)

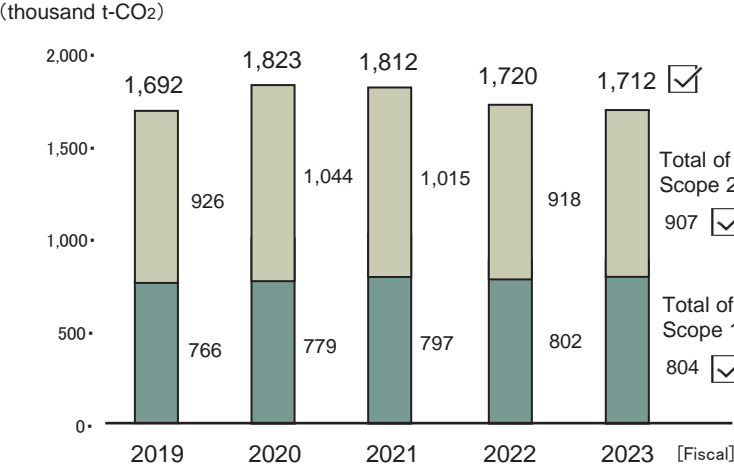


* Figures for CO₂ emissions from energy consumption were calculated using emission factors derived in a manner conforming to the Act on Promotion of Global Warming Countermeasures. CO₂ emissions from purchased electricity in Japan were calculated using the latest adjusted emission factors of electric power suppliers (basic emission factors were used until FY2019). For overseas emission factors, we used emission factors provided by power suppliers or specific locations. Where these were not available, we used the CO₂ Emission Factors from Electricity for 2021 reported by the IEA. (Until FY2020, the Electricity Emission Factors reported by GHG PROTOCOL were used).

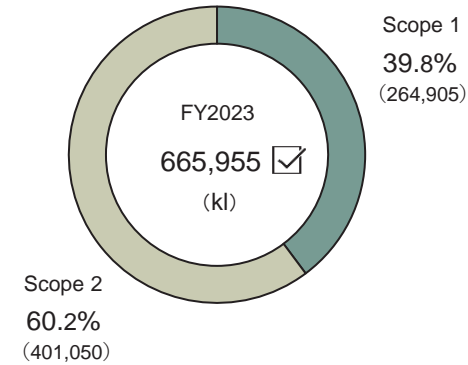
* Emissions from using waste as fuel are not included.

* We have received an independent practitioner's assurance for the figures for FY2023 in this information to which is attached.

CO₂ emissions from energy consumption (Breakdown by scope)



Energy consumption (crude oil equivalent)



CO₂ emissions results

Mitsui Kinzoku Group has been improving energy consumption per unit of production through energy conservation activities and increased use of renewable energy. As a result of fluctuations in energy consumption due to variations in production volume, CO₂ emissions have increased or decreased. The increase in total emissions for the Group after FY2020 is due to the consolidation of Hibi smelter. In FY2023, there was a slight decrease in CO₂ emissions from energy sources, despite the increase in fuel use caused by equipment issues at smelting sites and increased production of ingots. To achieve our medium- and long-term targets, we review our actions while checking our progress.

Scope 3 emissions calculations

Mitsui Kinzoku Group recognizes that reducing GHG emissions in the value chain, including raw materials used in manufacturing processes, transportation of raw materials, as well as use and disposal of products, is one of the most important measures for addressing climate change.

We have calculated emissions in categories 1 to 9 and 13 to 15 for the domestic group for FY2021 and FY2022. Starting in FY2024, we are prioritizing issues and calculating Scope 3 emissions for the entire Mitsui Kinzoku Group, encompassing categories 10 to 12.

Participation in GX League

The GX (Green Transformation) League is a Japanese government initiative to promote GX, which has been working in earnest since FY2023. In the GX League, companies collaborate with government agencies, universities, public research institutions, and financial institutions to discuss economic and social system reform as a whole and to seek to create new markets.

Through our public-private-academic collaboration in the GX League, we will work with stakeholders in our value chain and participate in green markets to achieve our medium- and long-term CO₂ emissions reduction targets.

Water conservation

Water is an important resource of the Earth, deeply connected to the abundance of land, sea and biodiversity. Water is essential to Mitsui Kinzoku Group's manufacturing processes. We are committed to the proper use of water in all aspects of our business operations, in dialogue with local communities to conserve water resources. The Mitsui Kinzoku Group's Environmental Action Plan calls for appropriate management of water intake, wastewater discharge, and wastewater quality at each site.

Improve water efficiency

At our manufacturing sites, we monitor water use, wastewater discharge, and reuse/recycling volumes to ensure efficient water use.

Our nonferrous smelting and refining operation, which is a mainstay business of Mitsui Kinzoku Group, makes extensive use of water for cooling refining facilities and for cleaning raw materials, products, and equipment. This business accounts for more than 90% of the Group's total water withdrawal. In using water, we strive to improve water use efficiency and conserve water resources, taking local conditions into account.

Miike Smelting Co., Ltd. uses some of the wastewater discharged and treated by other Mitsui Kinzoku Group plants adjacent to the smelter, as well as rainwater. Kamioka Mining & Smelting Co., Ltd. uses freshwater with relatively high turbidity (Other freshwater), such as mine water from the mining area after treatment. Our smelting sites located on the waterfront use seawater in the cooling process.

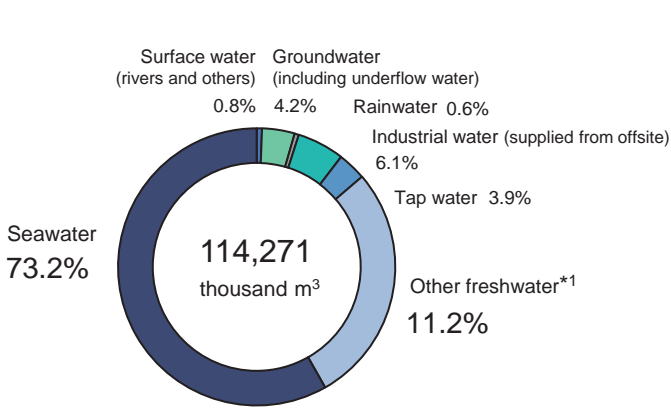
We are also promoting the reuse and recycling of water both between processes and within processes by identifying the requirements of each of the refining processes in terms of water quality and quantity. For example, water that has been used in a process which requires high purity is reused in other processes that require only relatively low purity, and water used once is treated and circulated for reuse in the same process.

In FY2023, the total freshwater withdrawal for all smelting sites amounted to 24,631 thousand m³, of which 51% was Other freshwater. The total seawater withdrawal amounted to 83,684 thousand m³, accounting for 73% of the Group's total water withdrawal.



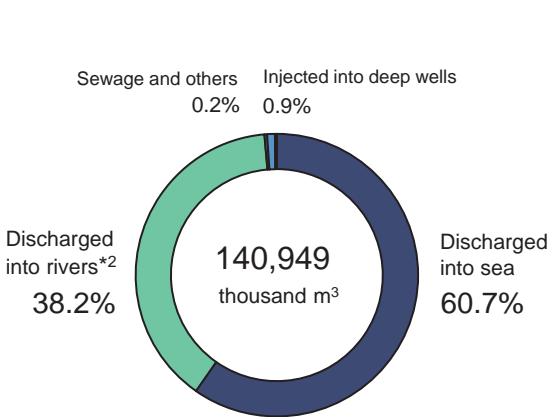
In the Miike area (Omuta City, Fukuoka Prefecture), storage ponds store wastewater treated from manufacturing sites and rainwater for reuse.

Breakdown of water withdrawal (FY2023)



* 1 Other freshwater mainly comprises wastewater from the Group's plants and mine water from the mining areas. It is used after appropriate treatment.

Breakdown of wastewater (FY2023)



* 2 Our Group's wastewater includes water used in manufacturing processes, as well as mine effluent from mining areas and on-site precipitation. The volume of mine effluent and on-site precipitation varies with changes in precipitation and other factors. Water from these sources that is not used for manufacturing is treated according to discharge standards and released into the sea, rivers, and other bodies of water under the control of each site.



Left: The 4,000-ton settling pond for mine water treatment in the Kamioka Mine. (Kamioka)



Right: After unloading the ore from the zinc concentrate carrier, water for cleaning the carrier is also collected. (Hachinohe)

Reduction of water pollutants

Each manufacturing site monitors the status of its wastewater, including BOD and COD, which indicate the amount of organic matter in the wastewater, under stricter voluntary standards to ensure compliance with laws, regulations and ordinances. At our smelting sites, we manage wastewater with regard to the concentration of heavy metals and other pollutants, not only according to laws and regulations, but also in compliance with even stricter agreements with authorities and local community groups.

We have several wastewater monitoring stations along the wastewater routes, including wastewater treatment units, confluence points, and discharge outlets, which are constantly monitored by our ICT system for any anomalies. Mitsui Kinzoku Group also collects and manages the monitoring results from each site on a group-wide basis as well as shares emission reduction efforts and technologies.

Assessment and response to water risk situations

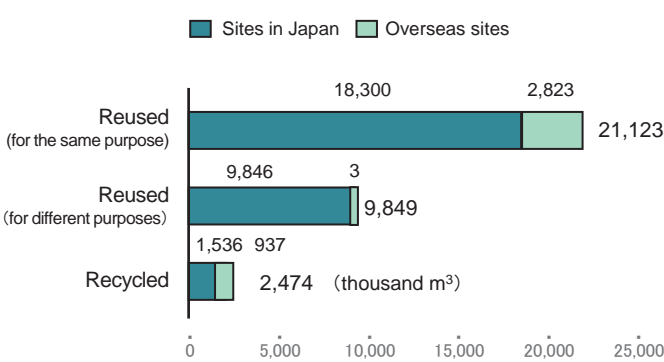
We use World Resources Institute (WRI)'s AQUEDUCT Water Risk Atlas* to assess water risks at our manufacturing sites in Japan and overseas, mainly in terms of water stress and flood hazards. In WRI's assessment, 10 sites in Morocco, Mexico, India and China are located in areas where water stress is rated Extremely High (>80%), while 5 sites in Indonesia, Thailand and China are rated High (40-80%). These sites, which mainly manufacture automotive components, had a freshwater withdrawal of 167 thousand m³ in FY2023, or 0.5% of the Group's total. At each site, we are working to improve water efficiency by reducing water intake and introducing water recycling facilities.

Some coastal sites in Asia, such as Thailand, Malaysia, and China, and sites in the Miike area of Kyushu (Omuta City, Fukuoka Prefecture), face flooding risks from heavy rainfall. We are improving and reinforcing drainage channels, raising the height of flood-prone machinery, and introducing ICT systems for faster information transmission. At smelting sites, we are enhancing reservoirs and increasing wastewater treatment capacity to prevent the leakage of wastewater containing heavy metals and other pollutants during heavy rainfall or flooding. An automatic shut-off system for wastewater has also been installed for emergencies such as leaks.

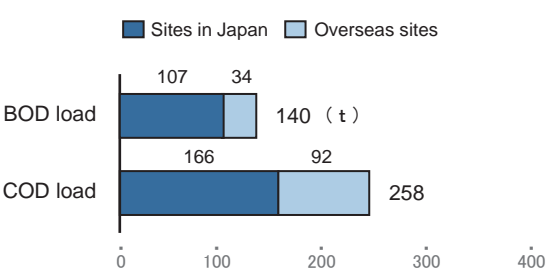
We will continue to monitor the situation, conserve water resources, and minimize the impact on our operations and neighboring areas.

* Used the Baseline Water Stress data from the AQUEDUCT Water Risk Atlas 4.0 released in August 2023.

Amount of circulated water usage (FY2023)



Emissions to the water (FY2023)



Toward a circular economy

Along with global economic growth, demand for resources and energy is expanding. As a result, the amount of waste is increasing and environmental problems are becoming more serious. Accordingly, there is a growing need to shift from the conventional linear economy based on mass-production, mass-consumption, mass-disposal to a circular economy over the medium to long term. Mitsui Kinzoku Group is committed to effective use of resources, reduction of waste and environmental pollutants, as well as introduction of environmental contribution products to meet the demands of society and achieve sustainable growth.

Resource recycling

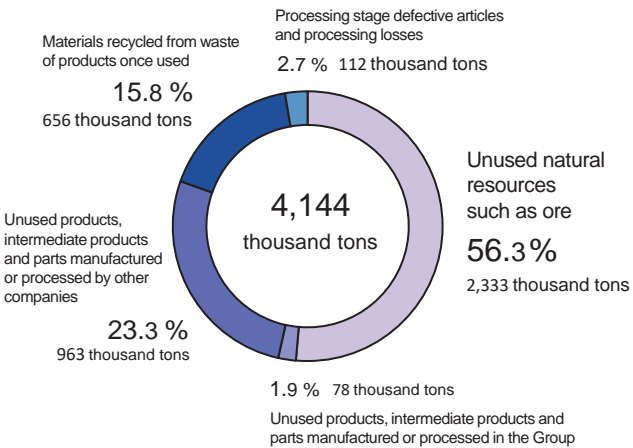
Mitsui Kinzoku Group strives to manufacture products by recycling waste and other recycled raw materials in order to make effective use of resources. In the nonferrous smelting business, we have been recovering zinc, lead, and other metals from waste, and supplying nonferrous metal products as essential raw materials for industry. This represents our effort to contribute to resource recycling while promoting our business development. Mitsui Kinzoku Group has established its own recycling network that organically links its seven smelters in Japan for synergy effects. Toward the transition to a circular economy, we are now working to build a more advanced recycling network to expand the use of recycled raw materials and improve processing ability for difficult-to-refine raw materials. To this end, we are advancing separation and purification technologies according to materials, as well as improving technologies in our manufacturing processes.

The Environmental Action Plan includes group-wide efforts to increase the use of reused and recycled raw materials.

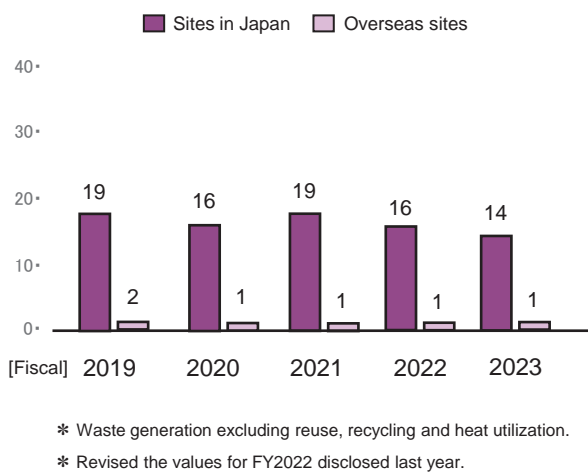
Waste reduction

Each manufacturing site of the Group strives to reduce waste through minimization and efficiency of resources used. We work to reduce the final disposal volume by improving the recovery rate of valuable resources, promoting the 3Rs of packaging materials, and improving the yield rate of manufacturing processes. The Environmental Action Plan calls for setting a Waste Intensity Target at each site and group-wide efforts to reduce waste generation. Of the amount of byproducts in FY2023, 88% within Japan and 98% overseas were recycled and used either within or outside of our Group.

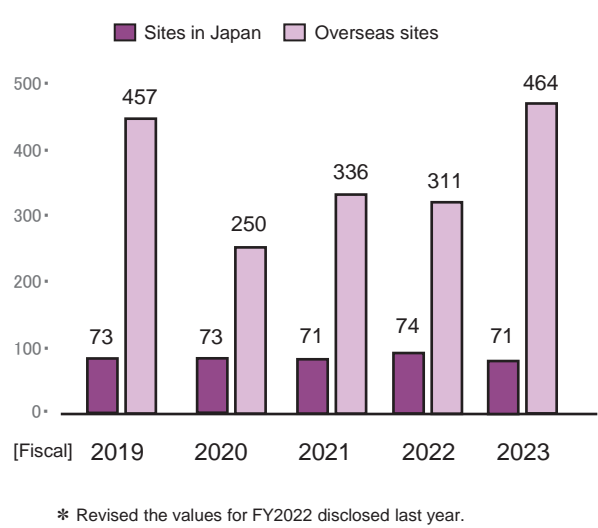
Breakdown of usage by type of raw material (FY2023)



Amount of waste generation (thousand tons)



Amount of tailings waste generation (thousand tons)



Plastic recycling

Mitsui Kinzoku Group is committed to proper disposal of plastic waste and resource recycle. In FY2022, we set targets to reduce plastic emissions and increase the recycling rate for our domestic group, which accounts for approximately 95% of the Group's total plastic waste emissions.

Plastic waste reduction targets*

	Baseline year FY2021	Reporting year FY2023	Target year FY2024
Emissions (thousand t)	2,244t	1,989t	2,044t
Recycling rate	33%	35%	39%

* Covers the scope of domestic consolidation, including Mitsui Kinzoku and domestic consolidated subsidiaries.

In manufacturing processes that use plastic materials, we are reducing both usage and emissions by improving yield rates. We are also working to switch to other materials such as metals and paper. In packaging materials, we are promoting the 3Rs and shifting to other materials.

In addition, we are introducing new equipment to convert waste that was previously disposed of into valuable materials that can be reused and recycled. Moreover, we are pursuing ICT-enabled approaches for visualizing waste data and increasing work efficiency as well as considering adopting new reduction measures. In the Ageo area (Ageo City, Saitama Prefecture) and Miike area, we have also started reduction activities through collaboration among sites.

Reduction of chemical substance emissions

Each manufacturing site of the Group files the release and the transfer amount of chemical substances to the government under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register [PRTR]). The management of hazardous chemical substances contained in products has become an essential requirement. We also respond to the guidelines for chemical substances contained in products, such as the RoHS Directive and the REACH regulations required by customers.

We aim to reduce the emission amount of environmental pollutants in accordance with the Environmental Action Plan, including our overseas sites. We continuously strive to collect and replace chemical substances that may cause environmental pollution. Thus we focus on reducing and removing use of such chemical substances from our products.

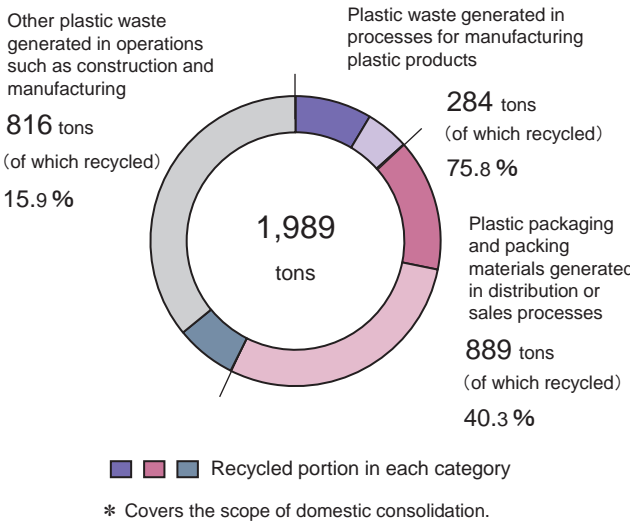
Prevent air pollution

Mitsui Kinzoku Group monitors sulfur oxides (SOx), nitrogen oxides (NOx), and soot and dust emissions into the atmosphere at each manufacturing site and facility according to stricter voluntary standards in accordance with laws and regulations.

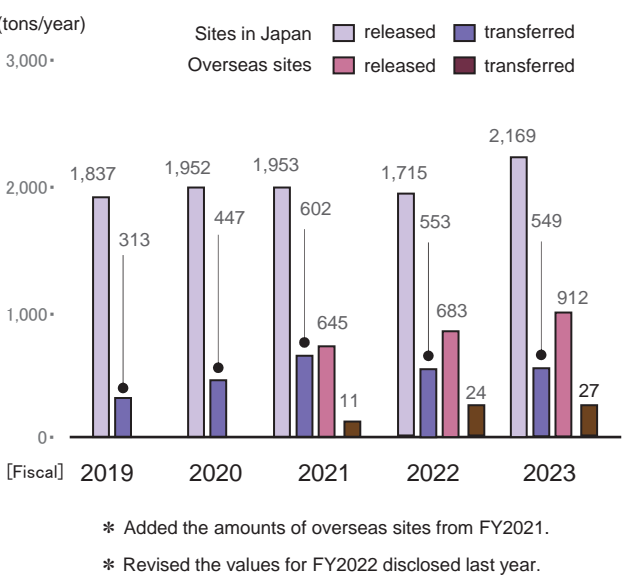
SOx is generated during the combustion of sulfur-containing fossil fuels such as oil and coal, and NOx from combustion equipment such as boilers and incinerators. We also collect and manage these monitoring results from each site across the Group and share emission reduction efforts and technologies.

Amount of plastic waste generated (FY2023) *

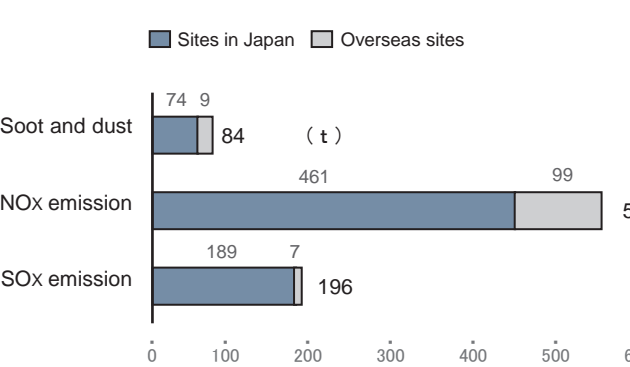
Breakdown and percentage of recycling



Volume of chemical substances released and transferred



Emissions to the atmosphere (FY2023)



Supply chain management

Mitsui Kinzoku Group believes that it is imperative to establish resilient supply chains in order to fulfill its responsibility for supplying products while increasing the Group's sustainability. Based on our Purpose and seeking to contribute to the sustainability of society, we are promoting sustainability initiatives in cooperation with our business partners, endeavoring to reduce adverse impacts of supply chains on society and the environment, and creating social and environmental value.

Responsibility for our supply chain

Mitsui Kinzoku Group fulfills our responsibility in the supply chain by implementing initiatives for sustainability according to the globally recognized codes and guidance such as the United Nations Global Compact and the UN Guiding Principles on Business and Human Rights, as well as requests from our stakeholders.

We have formulated the Mitsui Kinzoku Group procurement policy in which we declare to fulfill legal compliance and our social responsibilities in human rights and labor, health & safety, ethics, and on the environment in our supply chain. The procurement policy consists of the basic procurement policy as our commitment and the procurement guidelines that gives specific instructions for executing the policy. The procurement guidelines have been created with reference to the RBA*1 Code of Conduct.

We have established a group-wide supply chain management system to manage risks and to implement our procurement policy in our supply chain.

The senior executive officer in charge of our procurement is appointed as the person with the highest responsibility for our supply chain. The Supply Chain Committee of the Group has been organized, which consists of the representatives of each department.

We report to the Board of Directors once a year on the activities including responsible minerals sourcing and the status of risk management in principle. We also timely share the latest trends in supply chain management with the Board of Directors/the executive officers through training programs for them.

Also, we have a grievance mechanism in place to receive reports from our employees, suppliers and other internal and external stakeholders (P.64 Compliance “Internal and external whistle-blowing system”). In FY2023, we received no reports on risks associated with our supply chain.

Supply chain due diligence

Mitsui Kinzoku Group conducts risk assessments to identify risks in its supply chain. We conduct due diligence on ourselves as well as our suppliers to mitigate risks.

Within the Group, we hold SCM trainings for all employees including procurement and sales personnel to ensure that they put our procurement policy into practice. We also evaluated implementation of the procurement policy in the framework of the internal human rights due diligence.

As for our supply chain, we request our tier 1 suppliers to implement the procurement policy and to manage their own suppliers. In addition, for the critical suppliers*2 that have been evaluated as having a particularly large impact on the Group's business, we request that they submit their signed agreement forms to the policy and complete SAQ (Self-Assessment Questionnaire) consisting of 50 questions in five sections (Labor, Health and Safety, Environment, Ethics, and General) in accordance with procurement guidelines in order to assess the implementation status of the policy.

For promoting business integrity as described in the procurement guidelines (“Ethics”), we are striving to conclude an anti-bribery/corruption agreements with suppliers (P.65 Compliance “Initiatives to prevent anti-competitive practices and bribery/corruption”). Also, to address issues with energy consumption and GHG emissions as set forth in “The Environment,” we are working with suppliers to reduce Scope 3 emissions (P.75 “Scope 3 emissions calculations”).

* 1 RBA: The Responsible Business Alliance

* 2 We have identified suppliers that meet any of the following criteria as critical suppliers. They include non-production material suppliers of staffing, contracting/outourcing, and service suppliers such as transportation, warehousing, and equipment companies.

- (1) Top 80% suppliers of amount procured
- (2) Suppliers supplying materials/products that have no alternatives or strategically important materials/products
- (3) Suppliers operating in regions in which CSR risk is considered high
- (4) Supplier group identified by other risk assessments

(1) Initiatives in the second cycle (FY2021-2024)

Commitment (FY2024)

Effectively implement supplier due diligence and reduce critical risks in the supply chain.

Targets (KPIs)

Achieve the 100% annual SAQ implementation rate for the target suppliers.

Achieve the 100% engagement rate for corrective actions with C-ranked suppliers.

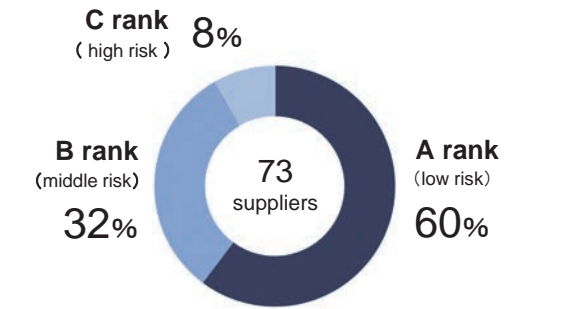
(2) Performance in FY2023

For the purpose of promoting supply chain management initiatives, the Group has defined as the second cycle the four years from FY2021 to FY2024, consisting of the first three years and the final year covered by the 22 Mid-term Plan.

In FY2023, we conducted the SAQ survey for suppliers targeted in the second cycle who had not yet responded to SAQ. We received responses from 73 suppliers, and the response rate was 84.9% as a performance against our KPI. According to the SAQ result, 8% of all suppliers were C-ranked (at high risk). By section of the five, the scores on “Ethics” and “General” tended to be lower than those on other sections.

We sequentially implement engagement with C-ranked suppliers to identify detailed risks and issues, talking about ways to improve them. We provide C-ranked suppliers with a detailed explanation about their issues that were identified through SAQ, and ask them to make plans to improve the identified risks. We regularly follow up on their progress with these improvements, and work together with them to take corrective actions. In FY2023, we implemented engagement with four C-ranked suppliers.

In addition, following the first cycle, we also requested to implement the procurement policy, collected signed agreement forms from critical suppliers, and conducted SAQ for new suppliers.



Result of supplier SAQ for the critical suppliers in FY2023

Subject to SAQ in FY2023;
Suppliers that had been targeted in the second cycle but had not yet responded to SAQ.

Performance in FY2023 (single year)

Measures	Number of supplier responses ^{*1}
Request to implement the procurement policy	795
Receipt signed agreement form	212
Implement SAQ	73
Supplier engagement	4
Responsible minerals sourcing survey ^{*2}	142
Initiative in the Group	Participants
In-house training ^{*3}	442

* 1 All suppliers including existing suppliers that have not yet implemented the SCM activities in the first cycle and new suppliers.

* 2 Total number of responses to surveys using CMRT (for tin, tantalum, tungsten and gold), EMRT (for cobalt and mica), and other formats.

* 3 Total number of employees receiving in-house training, including training of each division on responsible minerals sourcing.



Initiative for responsible mineral sourcing
Internal audit in Metals Sector
(Left: Kamioka Mining & Smelting. Right: Mitsui Kushikino Mining)



Responsible minerals sourcing

As a corporate group in the minerals supply chain, Mitsui Kinzoku Group promotes responsible minerals sourcing. Along with the heightened global interest in responsible minerals sourcing, relevant risks are expanding. The scope of target risks is expanding to environment and human rights issue and target areas are widening to CAHRAs*¹. In addition to 3TG (tin, tantalum, tungsten, and gold), other minerals such as, silver, copper, zinc lead and cobalt are included as target minerals. Mitsui Kinzoku Group has developed its management system in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We are working in close partnership with international initiatives such as the RMI*², LBMA*³, and the LME*⁴.

We have formulated the Responsible Mineral Sourcing Policy as a comprehensive policy. Also, we timely review the at-risk regions and target minerals based on trends in the legal and regulatory in each country, revising the policy. Based on the policy, each smelting business obtains third-party certification as a responsible smelter and renews it every year. Business division that launches smelting business of target minerals works to obtain third-party certification as a responsible smelter.

In the smelting business of gold or silver, we defined the “Gold and Silver Supply Chain Policy” and are performing initiatives in accordance with the LBMA’s guidance. We conduct risk assessment every year, evaluating the suppliers of mineral raw materials as well as checking the areas of origin and transportation routes of mineral raw materials. For suppliers who do not respond to our repeated inquiries, we implement engagement, including reconsidering our business relationships. Based on these evaluation results, an independent auditing company assures that mineral raw materials of our processed gold and silver have been sourced from areas not affected by any conflicts or any other risks. We submit the audit report to LBMA. The assurance reports issued by the independent auditing company and the report to LBMA are available on our corporate website.

Regarding copper, zinc and lead, we conduct risk assessments, evaluating the suppliers of mineral raw materials as well as checking their places of origin and transportation routes, in line with LME consultation on responsible sourcing. In order to certify that the mineral raw materials used in our base metals registered at the LME are obtained from suppliers and areas of origin that are not affected by any conflicts and other risks, we underwent an audit by an independent auditing company and obtained certification. In addition, we disclose the Compliance Report, which summarizes our activities for the current fiscal year, and the assurance report issued by the independent auditing company on our corporate website.

With regards to the tantalum smelting business, based on the RMAP*⁵ by the RMI, we have been receiving third party audits every year since 2011 and have been acquiring RMAP Conformant status. We are also a member of a program for achieving due diligence in the supply chain of tantalum raw materials.

In businesses other than smelting, we conduct supply chain due diligence in line with industry standards, based on customer requests. In addition, we participate in the Responsible Minerals Trade Working Group by the Japan Electronics and Information Technology Industries Association (JEITA), and gather the latest information on responsible minerals procurement. We also exchange views on due diligence in the mineral supply chain. Mitsui Kinzoku Group will promote cooperation and engagement with downstream companies in the supply chain and international initiatives such as the RMI through JEITA.

- * 1 CAHRAs: Conflict Affected and High-Risk Areas
- * 2 RMI: The Responsible Minerals Initiative
- * 3 LBMA: The London Bullion Market Association
- * 4 LME: The London Metal Exchange
- * 5 RMAP: The Responsible Minerals Assurance Process

Mining business

We recognize that the mining business has a particularly large impact on the surrounding environment and the local communities. Based on this recognition, we identify environmental and social issues related to our mining business and implement focused measures.

The Sustainability Action Plan for Mining Business and the mining business management

In FY2020, we formulated the Sustainability Action Plan for Mining Business. Based on our materiality, we identified risks related to mining pointed out in the basic principles of ICMM and by SASB for each mining site and consolidated those risks into priority initiatives. In the mining business management, we conduct progress control annually in order to achieve the KPIs stipulated in the action plan.

In addition to this progress control, we conduct annual surveys on human rights and environment using a self-assessment check sheet for sites engaged in mining activities at the operating mines for which we hold an investment ratio of more than 50% to manage related risks.

Relationships with the local communities around the mines

Compania Minera Santa Luisa that operates the Huanzala Mine and the Pallca Mine places importance on the engagement with the local communities around the mines, and is continuing to address the needs of the communities, such as by developing infrastructure, providing educational aid, and offering support for agriculture and livestock.

In FY2023, following the previous year, the company donated an agricultural tractor to the local government to support farmland reclamation in local communities.

Grievance mechanism

In Peru, in response to stakeholder requests, we hold meetings with the local government and the community organizations on an as-needed basis to resolve issues. In the event of a conflict between the company and community that could affect the operation of the mines, a discussion with local residents is held with the attendance of a third party, such as the Ministry of Energy and Mines or the Social Disputes Officer in the President’s Office.

We received a complaint from local residents about trucks carrying mined ores in FY2022. In FY2023, to resolve the situation as quickly as possible, we held a total of 11 discussions with the relevant party to share information and accurately identify the concerns of local residents. The investigation has been ongoing since FY2022, and if any impacts caused by our operations are found, we will implement the necessary corrective measures.

Item	Targets (KPIs)	Plans for FY2024
Human rights (Peru)	Establishment of a security guard system in accordance with the Human Rights Policy	- Establish a security management system based on business risk assessments - Conduct human rights training for security personnel
Community engagement (Peru)	Identification of impact on local communities	Work with hired consultants to conduct impact assessments and reflect the findings in engagement
Water management (Peru)	(1) Implementation of measures to prevent surface water from permeating (2) Development of a plan to improve water recycling rate	(1) - Block surface water inflow points - Construct surface water channels - Create a clean/contaminated mine water separation plan (2) - Install water usage meters and start measuring - Establish water circulation lines for recycling and measure their effectiveness
Tailings dam management (Japan and Peru)	(1) Preparation and implementation of a plan to reduce waste based on an analysis of types of waste generated (2) Reinforcement and operation of a stability monitoring system (3) Completion of accident simulations	(1) Evaluate reduction progress and provide feedback to the plan (Peru) (2) Install monitoring equipment and start measurement (Peru) (3) - Perform accident simulations (Japan and Peru) - Formulate emergency response plans (Peru)
GHG emissions /Energy management (Japan and Peru)	(1) Afforestation of the total area of 2,000 m ² of the Akeshi Mine by 2025 (2) Improvement of soil at the former open-pit mining site of the Kamioka Mine for afforestation (3) Completion of investigations for construction of a renewable energy power plant	(1) Consider additional afforestation areas aiming to achieve the FY2025 target (Japan) (2) Add soil and plant trees on a continuous basis (Japan) (3) Begin the study on expanding existing hydroelectric plants and constructing new ones (Peru)

Management of water

The Huanzala Mine and the Pallca Mine manage the drainage of water in accordance with the EIA (Estudio Impacto Ambiental = Environmental impact study) and in compliance with the relevant legislation. For the Huanzala Mine, where acid water is generated in the mine due to an abundance of iron sulfides in the ore, we monitor the generation of the water and neutralize it through comprehensive treatment while also carrying out measures for the water source to address the risk posed by acid water to the local environment and biodiversity. Additionally, the flotation plant at the Huanzala Mine is promoting the recycling of water within the process and the reuse of water discharged into the river from the tailings dam. The Huanzala Mine has obtained ISO 14001 certification.



Checking the quality of water discharged into the river from the tailings dam (Huanzala Mine)

Management of the tailings dam

If an accident were to occur at a tailings dam, where tailings are managed and stored, it could have an enormous impact on the surrounding environment and communities. We regard the leakage incidents of tailings dams as one of the major risks in the mining business and manage tailings dams in accordance with applicable technical guidelines and manuals.



The downstream raising method is used, which is considered to have a low risk of collapse. In-house engineers regularly patrol and monitor the seepage level in the levees, and an external organization conducts stability assessments. (Chuspi, the tailings dam of the Huanzala Mine)

Closure plan

We have submitted closure plans for mines subject to applicable laws and obtained government approval. Based on the closure plans, we guarantee or accumulate expenses for closure. At the Huanzala Mine and Pallca Mine, in accordance with the closure plans, we are working on the removal of waste rock piled up on the surface during past mining operations. We are also developing drainage ditches and planting grass in the cleared area in order to regenerate vegetation. In addition, we have worked to restore the environment of the lake, which was contaminated by mine drainage in the past, and seeking to turn it into a tourist resource that can revitalize the local community, in order to minimize the post-closure environmental and social risk.

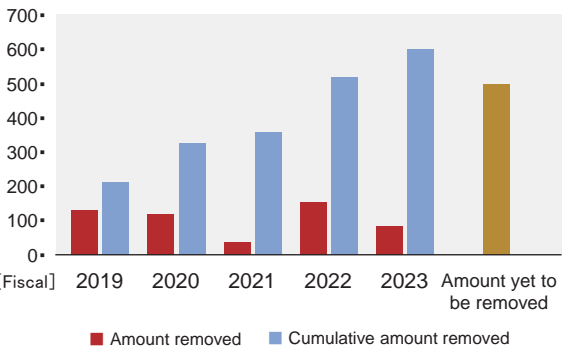
Mine	Closure plan	Amount of guaranteed/accumulated expenses (FY2023)
Huanzala Mine (Peru)	Planned	11.9 million US dollars
Pallca Mine (Peru)	Planned	3.0 million US dollars
Akeshi Mine (Kagoshima, Japan)	Not planned	261.7 million yen *

* The amount of accumulated funds for the Akeshi Mine indicated in the table is that for a tailings dam located at a refinery related to the mine.



Advancing soil covering and grass planting after waste rock removal (Pallca Mine)

Amount of waste rock removed at the Huanzala Mine and the Pallca Mine (thousand m³)



We disclose detailed information on our corporate website about the list of tailings dams managed by the Group and the implementation of stability assessments.

https://www.mitsui-kinzoku.com/en/csr/mining_business/



The tree planting event for employees held in October 2023 (Huanzala Mine)

Initiatives to conserve biodiversity

The areas surrounding the Huanzala Mine and the Pallca Mine, which are situated at an elevation of over 3,000 meters, are home to flora and fauna that are unique to that particular environment. In order to minimize the impact of mine development and operations on these flora and fauna, we conduct appropriate treatment of acid water, environmental baseline surveys and bi-annual habitat surveys. In addition, training on biodiversity conservation is provided to employees upon joining the company and once a year.

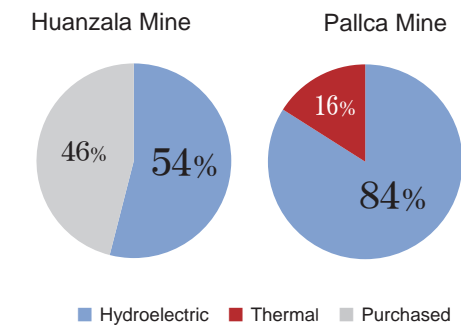


Signs erected to protect the rare plants that grow naturally on the premises (Huanzala Mine)

Use of renewable energy

The Huanzala Mine and the Pallca Mine each own one hydroelectric power plant and use the electricity in their operations.

Breakdown of annual electricity use by type (FY2023)



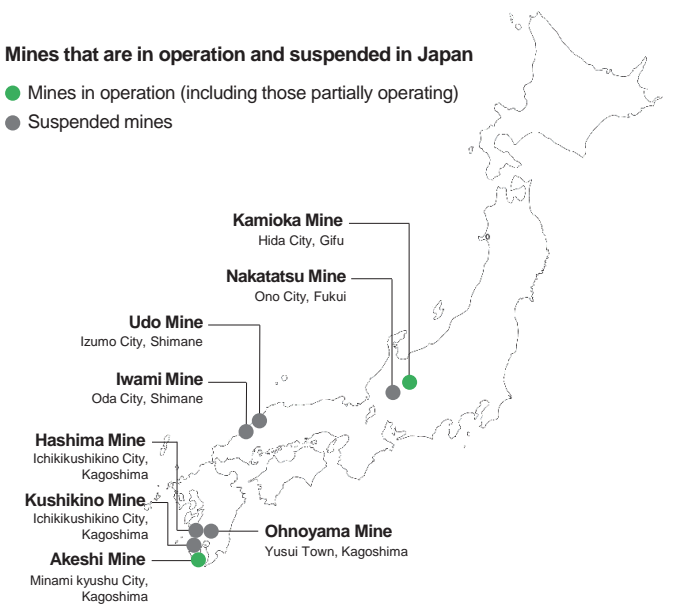
We utilize electricity generated by hydropower (Huanzala Mine)

Management of suspended and closed mines

Even for mines that have been suspended or closed, wastewater processing and disposal management continue to be performed in compliance with the Mine Safety Act and related environmental laws. We are managing the maintenance of the tailings dams and the former mine entrance, conducting neutralization treatment of acid mine drainage that includes heavy metals, and performing the monitoring of water quality. We also visit and check the area, as well as perform environmental audits, on a regular basis in order to make sure that the mines are being properly managed. In FY2023, we carried out repair work on aging facilities and road slope repair work at our sites in Japan.

Mines that are in operation and suspended in Japan

- Mines in operation (including those partially operating)
- Suspended mines



Mitsui Kinzoku Group Sustainability Initiatives

We have compiled the progress of initiatives based on our materiality.

CSV standards (opportunities):
Environmental and social standards of products
The environmental contribution products system

Commitment (FY2024)
Ensure voluntary applications for the system from business units each fiscal year

Targets (KPIs)
Make the system work in full-scale

Related SDGs G9, G11, G12, G13

Plans for FY2023
1. Operate LCA at Business Creation Sector
2. Roll out LCA to other sectors
3. Start certificating environmental contribution products in full-scale

Performance in FY2023
1. To be implemented in FY2024 and onwards
2. Discussed the rollout plan (Metals Sector, Mobility Sector)
3. Conducted as planned

Self assessment 1. Δ 2. Δ 3. ○

Plans for FY2024
1. Deploy and operate LCA at Business Creation Sector
2. Roll out LCA to Metals Sector and Mobility Sector
3. Evaluate and certify several environmental contribution products

ESG risk management frameworks
The environmental and safety management systems

Commitment (FY2024)
Continuously improve the management systems in accordance with ISO standards

Targets (KPIs)
1. Continuously operate and update the ISO management system at major manufacturing sites
2. Operate and improve the internal management system in accordance with ISO at small and non-manufacturing sites

Related SDGs G8, G9

Plans for FY2023
1. Continue monitoring and improving the management systems at major manufacturing sites
2. Continue implementing measures to address important issues related to environmental protection and occupational health and safety at small and non-manufacturing sites

Performance in FY2023
1. Conducted as planned
2. Conducted as planned

Self assessment 1. ○ 2. ○

Plans for FY2024
1. Continue monitoring and improving the management systems at major manufacturing sites
2. Continue implementing measures to address important issues related to environmental protection and occupational health and safety at small and non-manufacturing sites

Human rights due diligence

Commitment (FY2024)
Conduct human rights DD based on the human rights policy, identify risks, and implement effective measures

Targets (KPIs)
1. Complete human rights DD for 85% of 57 manufacturing & development sites and affiliated companies which are closely related to those sites
2. Review survey results and improve the survey items

Related SDGs
G1, G4, G5, G8, G10, G11, G16

Plans for FY2023
1. Conduct DD at two affiliates overseas

Performance in FY2023
1. Conducted as planned

Self assessment 1.○

Plans for FY2024
1. Conduct DD at four affiliates overseas

Supply chain management

Commitment (FY2024)
Effectively implement supplier DD to reduce critical risks in the supply chain

Targets (KPIs)
1. Achieve the 100% annual SAQ implementation rate for the target suppliers
2. Achieve the 100% engagement rate for corrective actions with C-ranked suppliers

Related SDGs G8, G12

Plans for FY2023
1. Implement SAQ for target suppliers that have not yet responded to SAQ in the second cycle

[Assessment standards]

Δ: Not achieved as planned
○: Achieved as planned
◎: Achieved more than planned

2. Corrective actions for C-ranked suppliers
3. (1) Prepare for supply chain risk assessments
(2) Compute FY22 actual procurement spending using the new system, and restructure the supplier list using the results

Performance in FY2023
1. Conducted for 84.9% of the target suppliers
2. Conducted for four suppliers
3. Conducted as planned

Self assessment 1. Δ 2. ○ 3. ○

Plans for FY2024
1. Implement SAQ for suppliers that have not yet responded to SAQ
2. Corrective actions for C-ranked suppliers
3. Review the Procurement Guidelines and SAQ
4. Consider Commitment, Targets(KPIs) and Plans, based on the Purpose

Mining business management

Commitment (FY2024)
Reduce ESG risks specific to the mining business through appropriately managing materiality items

Targets (KPIs)
1. Implement the Sustainability Action Plan for Mining Business at mining sites (including closed mines)
2. Survey the operating mines with a capital ratio of >50% about human rights and environmental risk of mining business

Related SDGs
G3, G4, G6, G7, G8, G9, G12, G13, G15, G16

Plans for FY2023
1. Check the progress of FY23 initiatives and follow up on them. Verify the plan for FY24
2. Review FY22 survey results and consider corrective actions (Akeshi, Santa Luisa)

Performance in FY2023
1. Conducted as planned
2. Conducted as planned

Self assessment 1. ○ 2. ○

Plans for FY2024
1. Check the progress of FY24 initiatives and follow up on them. Verify the plan for FY25 (all business sites)
2. Review FY23 survey results and consider corrective actions (Akeshi, Santa Luisa)

Materiality: ESG risk (Environment)

04 GHG emissions

Commitment (FY2024)
Remain on track to achieve a 38% reduction in GHG emissions by FY30

Targets (KPIs)
1. Scope1,2: Follow reduction targets
2. Scope3: Reduce emissions in the priority categories
3. Develop and implement climate change strategies
4. Initiate forest offsetting activities

Related SDGs G13

Plans for FY2023
1. (1) Continue and update TCFD scenario analysis internally
(2) Continue disclosing TCFD-related information externally
(3) Manage progress for GHG reduction targets of each sector (start operating CNRM)
2. (1) Firmly establish the GHG emissions calculation mechanism in Japan and roll it out to overseas sites
(2) Set GHG reduction targets in reference to SBTi standards and based on GHG emissions results
3. Plan comprehensive climate change strategies in reference to TCFD recommendations
4. Implement programs for all employees

Performance in FY2023
1. Conducted as planned
2.(1) Conducted as planned in Japan. Not yet initiated for Scope 3 at overseas sites
(2) To be implemented in FY24
3. Published as the CN transition strategy
4. Conducted as planned

Self assessment 1. ○ 2. Δ 3. ○ 4. ○

Plans for FY2024
1.(1) Continue and update TCFD scenario analysis internally
(2) Continue disclosing TCFD-related information externally
(3) Manage progress for GHG reduction targets of each sector and disclose information externally (firmly establish CNRM operations)
2.(1) Firmly establish the GHG emissions calculation mechanism globally
(2) Set GHG reduction targets in reference to SBTi standards and based on GHG emissions results
3. Implement the CN transition strategy and disclose progress
4. Implement programs for all employees

05 Energy management

Commitment (FY2024)
1. Investigate the potential for utilizing renewable energy and promote its introduction
2. Implement reduction goals set to replace those based on energy consumption

Targets (KPIs)
1. 100% survey of new utilization of renewable energy
2. Implement initiatives to achieve new reduction goals

Related SDGs G7, G9

Plans for FY2023
1. (1) Set targets for non-fossil fuel energy usage rates and consider and implement measures to achieve the targets
(2) Install equipment supporting renewable energy
(3) Purchase green power
2. Continue reducing energy consumption, enhance equipment guidelines and provide relevant briefings

Performance in FY2023
1. Conducted as planned
2. Conducted as planned

Self assessment 1. ○ 2.○

Plans for FY2024
1.(1) Install renewable energy equipment
(2) Consider a portfolio to procure environmental value
2.(1) Share examples of effective energy-saving measures internally
(2) Consider fuel conversion

06 Water management

Commitment (FY2024)
1. Assess water stress at each site, optimize water withdrawn, and minimize consumption
2. Ensure safe treatment of wastewater

Targets (KPIs)
1. Reduce water consumption according to the result of the water stress assessment
2. Zero discharge of untreated wastewater into public waters (excluding clean spring water, unpolluted storm water, and discharge to sewerage system)

Related SDGs G6

Plans for FY2023
1. Continue to implement water 3R plan at priority sites and identify reduction effects using the environmental survey sheet for quantitative evaluation
2. Continue to thoroughly manage operations and facilities related to quality control of discharged water to prevent incidents

Performance in FY2023
1. Conducted as planned
2. Conducted as planned

Self assessment 1. ○ 2. ○

Plans for FY2024
1. Continue to implement the 3R water plan at sites with high water stress and identify reduction effects using the environmental survey sheet for quantitative evaluations. Install meters for use according to the plan and continue quantitative monitoring of 3R
2. Continue to thoroughly manage operations and facilities related to the quality control of discharged water to prevent incidents

07 Waste and hazardous materials

Commitment (FY2024)
1. Strive to reduce using hazardous chemical substances and treat them appropriately, and minimize their release into the environment
2. Play a role in a resource-cycling society by using recycled materials and reducing waste at each business unit

Targets (KPIs)
1. Hazardous chemical substances
Identify the amount of emissions and transfers at each major site and set reduction targets
2. Promote recycling and waste reduction
(1) Identify the final disposal volume of waste (not utilized in 3R and thermal recycle) at major sites, and set reduction targets
(2) Identify the ratio of recycled materials and set targets, or optimize the ratio at each site
(3) Select well-reputed waste disposal companies, and confirm they treat properly

Related SDGs G12

Plans for FY2023
1. Continue to set reduction targets for substances to manage with priority and manage progress for specific reduction measures at target sites
2. (1) Continue to share Group's good practices of the effective use of waste (3R and thermal recycle) and expand effective use
(2) Continue to aggregate/disclose the ratio of recycled materials using the environmental survey sheet
(3) Select well-reputed waste disposal companies in each area. Make an on-site inspection visit to selected companies to confirm legal compliance, appropriateness of processing procedures
(4) Set goals for plastic waste reduction and utilization at each site. Start initiatives to reduce the amount of waste and promote 3R activities

Performance in FY2023
1. Conducted as planned
2.(1) Conducted as planned
(2) Conducted as planned
(3) Conducted on-site inspection visits, starting with disposal sites where restrictions due to COVID-19 were lifted
(4) Conducted as planned

Self assessment 1. ○ 2. ○

Plans for FY2024
1. Continue to set reduction targets for substances to manage with priority and oversee progress for specific reduction measures at each site
2.(1) Continue to share the Group's good practices on the effective use of waste and expand effective use
(2) Continue to aggregate/disclose the ratio of recycled materials using the environmental survey sheet
(3) Select well-reputed waste disposal companies in each area. Continue to make an on-site inspection to selected companies to confirm legal compliance, appropriateness of processing procedures
(4) Continue to implement Group's plastic-related initiatives, and start considering plastic-related policies and targets for after the next Mid-term Plan

08 Impacts on biodiversity

Commitment (FY2024)
1. Identify impacts of our business activities on biodiversity and prevent environmental damage
2. Effort to restore the ecosystem where we have directly developed

Targets (KPIs)
1. Evaluate the impacts on ecosystems at sites and implement countermeasures
2. Restoration by planting trees on the land we have directly developed

Related SDGs G14, G15

Plans for FY2023
1. At each site, identify impacts of business activities on local ecosystems and implement measures to reduce the impacts
2. Continue to plan and manage the progress of planting or other restoration on developed land. Continue using products conducive to biodiversity conservation

Performance in FY2023
1. Conducted as planned
2. Conducted as planned

Self assessment 1. ☐ 2. ☐

Plans for FY2024
1. At each site, identify impacts of business activities on local ecosystems and implement measures to reduce the impacts
2. Plan and manage the progress of planting or other restoration on developed land. Use products conducive to biodiversity conservation
3. Hold in-house training sessions to promote understanding of the TNFD, and grasp the overall picture of the impact and dependence of business activities on biodiversity in preparation for TNFD disclosure

Materiality: ESG risks (Social)

09 Health and safety

Commitment (FY2024)
1. Maintain a safe, hygienic, and healthy work environment where all employees can work worry free
2. Eliminate serious accidents

Targets (KPIs)
1. Safe, hygienic, and healthy workplace
(1) Reduce the number of accidents resulting in no lost time or more <30
(2) Reduce the number of occupational accidents/diseases <10, especially for new employees (<1 years of employment), senior employees (>60 years old) and foreign-national employees
2. Eliminate serious accidents
(1) Reduce to zero: the number of serious accidents (fatal accidents)
(2) Reduce to zero: the number of accidents that cause irreversible physical sequelae
(3) Hazard simulation training

Related SDGs G8

Plans for FY2023
1. (1) Determine whether to adopt physical condition monitoring using biometric sensors at a model workplace
(2) New employees: Prioritize focus workers to participate in hazard awareness training; regularly conduct interviews by forepersons; continue dialogue with the head of the sector

Senior employees: Make improvements from the perspective of senior employees based on the results of a workplace survey at a model workplace

Foreign-national employees: Install graphic warning signs; create training materials and work manuals in the languages used at sites

2. (1) Expand the sources of hazards covered by the lockout system; share good examples of the lockout system at each site; Check operation status with ISO45001 internal audits and safety audits
(2) Enforce the Mitsui Kinzoku Safety Standards (chemical injuries, hypoxia)
(3) Conduct VR hazard awareness training and support individual training at each site

Performance in FY2023
1. (1) Implemented vital sensing on a trial basis at some workplaces to prevent heat stroke
(2) Conducted as planned
2. Details on P.68
(1) Conducted as planned
(2) Conducted as planned
(3) Conducted as planned

Self assessment 1. ☐ 2. ☐

Plans for FY2024
1. (1) Roll out good examples related to wearable devices
(2) New employees: Continue preferential treatment in hazard awareness training, while taking into account actual working conditions; regularly conduct interviews by forepersons; continue dialogue with the head of the sector

Senior employees: Make improvements from the perspective of senior employees based on the results of a workplace survey at a model workplace

Foreign-national employees: Promote installing graphic warning signs; promote creating training materials and work manuals in the languages used at sites, taking into account the actual working conditions

2. (1) Expand the sources of hazards covered by the lockout system and strengthen the lockout system; address hazards from residual energy (gas pressure, hydraulic pressure, water pressure, etc.) and liquid chemicals (valves, pumps, etc.); roll out good examples of the lockout system at each site; check operation status with ISO45001 internal audits and safety audits

(2) Improve the intrinsic safety of equipment and conduct thorough preventive maintenance; enhance the Mitsui Kinzoku Safety Standards
(3) Enhance hazard awareness training; conduct on-demand VR hazard awareness training; support hazard awareness training at each site

10 Human rights

Commitment (FY2024)
Implement the Group's mitigation measures for human rights risks identified in human rights DD

Targets (KPIs)
1. Based on the results of human rights DD, identify priority theme and formulate policies/procedures
2. Design a human rights training program that includes the policies/procedures, and deploy it within the Group

Related SDGs G1, G4, G5, G8, G10, G11, G16

Plans for FY2023
1. Create action policies for protecting human rights of foreign-national employees and implement risk mitigation measures
2. Design and implement systematic human rights training programs

Performance in FY2023
1. Conducted as planned
2. Completed the design of human rights training programs to be provided to all employees

Self assessment 1. ☐ 2. ☐

Plans for FY2024
1. Consider detailed rules on respect for the human rights of foreign-national employees and implement corrective measures
2. Implement human rights training programs

11 Fair business practices

Commitment (FY2024)
Establish a global anti-bribery system and a PDCA cycle for fair business practices

Targets (KPIs)
All Group employees are aware of the prohibition of bribery and fair business practices

Related SDGs G16

Plans for FY2023
1. Roll out initiatives to overseas sites excluding the Asia region (Morocco, Mexico, Peru, India)
2. (1) Continue providing MLP-based training on the Antimonopoly Act and Subcontract Act
(2) Enhance applying rules for application/reporting for meeting with competitors

Performance in FY2023
1. Almost completed in Morocco and Peru: ongoing rollout in Mexico and India
2.(1) Conducted as planned
(2) Established and started operating rules at sectors in which no such rules had been in place

Self assessment 1. ☐ 2. (1) ☐ (2) ☐

Plans for FY2024
1. Roll out initiatives to overseas sites in regions other than Asia (US, UK)
2.(1) Continue providing MLP-based training on the Antimonopoly Act and Subcontract Act
(2) Enhance applying rules for application/reporting for meeting with competitors

Materiality: ESG risks (Governance)

12 Governance

(including Compliance and ICT Governance)

Commitment (FY2024)
1. Enhance corporate governance
(1) Establish a system that the Board of Directors effectively supervises the initiatives for medium- and long-term issues by the execution
(2) Regular risk assessment to enhance the risk management function
2. Compliance system
(1) Establish compliance awareness system at all sites
(2) Operate the whistle-blowing system for internal and external stakeholders
3. ICT Governance
Establish an information management system in all sectors
4. Information disclosure and transparency
Establish a management system for information disclosure

Targets (KPIs)
1. (1) Share information on the status of initiatives for the medium- and long-term issues with Directors, and ensure timely and appropriate discussions of issues at the Board of Directors
(2) Establish a risk management system to identify risks, formulate countermeasures and evaluate them on an annual basis
2. Ensure that all Group employees are aware of compliance
3. Minimize the risk of information leaks due to management weakness
4. Establish disclosure standards and a prompt and fair information disclosure system

Related SDGs G16

Plans for FY2023
1. (1) Strengthen responses to individual items of the revised CG Code; improve operation based on the evaluation of the effectiveness of the Board of Directors; enhance information disclosure via the Securities Report
(2) Roll out the risk map; conduct risk reduction activities and check the effects; prepare for risk management surveys to be conducted for the next Mid-term Plan
2. (1) Consider and implement compliance promotion measures in Europe and the Americas
(2) Revise the Compliance Guidebook (add descriptions for the Purpose, Vision, respect for human rights, supply chain due diligence and diversity)
3. (1) Continue reviewing ICT-related rules
(2) Enhance information management system linked with production technology enhancement
(3) Build information management systems at overseas affiliates

(4) Risk assessment of systems at each site
(5) Build a system-based control mechanism regarding detailed rules for ICT use
4. Consider adding new items to information disclosure policy

Performance in FY2023
1. (1) Conducted as planned
(2) Conducted as planned
2. (1) Conducted as planned
(2) Changed the plan and considered the revision of the Code of Conduct
3. (1) Conducted as planned
(2) Worked to enhance information management system linked with production technology enhancement. Progress is being made but goals have not yet been achieved
(3) Deployment to overseas affiliates not achieved
(4) Conducted as planned
(5) Conducted as planned. Built a control mechanism for two-thirds of the targeted systems
4. Conducted as planned

Self assessment
1. (1) ☐ (2) ☐ 2. (1) ☐ (2) ☐ 3. (1) ☐ (2) ☐ (3) ☐ (4) ☐ (5) ☐ 4. ☐

Plans for FY2024
1. (1) Strengthen responses to individual items of the revised CG Code, improve operation based on the evaluation of the effectiveness of the Board of Directors, establish and implement the governance system as a company with an Audit & Supervisory committee
(2) Develop and implement a plan for risk reduction activities, conduct a risk survey of all sites for the next Mid-Term Plan, create a risk map based on the identified risks and strengthen management
2. (1) Consider and implement compliance promotion measures in Europe and the Americas
(2) Revise the Code of Conduct (reflect the Purpose and Vision, and add descriptions of sustainability, etc.)
3. (1) Continue reviewing ICT-related rules
(2) Enhance the information management system in tandem with production technology enhancements
(3) Establish an information management system at sites in Japan where no such system has been established, and implement audits at sites with such systems in place
(4) Conduct risk assessments of systems at each site
(5) Build a system-based control mechanism regarding detailed rules for ICT use
4. Check the effectiveness of the information aggregation system

Initiatives supporting the progress of the materiality (Capital for value creation)
Human capital

Diversity

Commitment (FY2024)
Realize a corporate Group in which diverse human resources demonstrate their abilities

Targets (KPIs)
1. Change the human resources system so that diverse human resources demonstrate their abilities, regardless of age, gender, or other personal attributes

2. Create a workplace in which diverse human resources can continue to work
- Percentage of sites with maintained/improved *Ikiiki* active engagement (engagement indicator) >20%
- Percentage of sites with maintained/improved respect for diversity (based on employee surveys) >30%
- Percentage of women in the total number of new hires >20%
- Percentage of women in the total number of regular employees >26%
- Percentage of women in managerial positions >5%
- Percentage of women in leadership positions >12%
- Rate of parental leave taken by male employees >30%
- Obtain certifications for *Eruboshi*, *Kurumin*, and *Nadeshiko*
3. Establish an internal dissemination system; share information on a regular basis and introduce the systematic diversity training plan

Related SDGs G4, G5, G8

Plans for FY2023
1. Continue working to firmly establish the new human resources system operations and keep holding dialogues for internal familiarization
2.
- Increase PR activities for mid-career recruitment
- Implement a model project, “Creation of a workplace where it is easy for anyone to take leave”* at selected sites
- Obtain *Eruboshi* certification
- Plan and conduct women's networking sessions
- Create and distribute the Parental Leave Handbook; hold briefing sessions for managers on taking parental leave by male employees
- Launch the employee engagement assessment program, and roll out best practices
*Name of the project changed from the previous fiscal year
3. Provide unconscious bias training, training for female employees and their superiors, harassment training, and training for persons responsible for administrative and personnel affairs

Performance in FY2023
1. Conducted as planned
2. Conducted as planned
3. Conducted as planned

Self assessment 1. ☐ 2. ☐ 3. ☐

Plans for FY2024
1. Review the implementation status of the systems during the 22 Mid-Term Plan and improve the systems
2. Provide harassment training and training for persons responsible for administrative and personnel affairs at each site
3. Launch the employee engagement assessment program for each division/sector, initiate rollout to overseas sites, roll out best practices and support employee engagement efforts
4. Enhance the content of diversity management training, increase the attendance rate of targeted employees to 70%
5.
- Increase PR activities for mid-career recruitment, obtain *Kurumin* and *Nadeshiko* certifications
- Expand the project “Creation of a workplace where it is easy for anyone to take leave” to other sites

- Hold female employee exchange meetings
- Conduct training for female employees and their superiors, hold briefing sessions for managers on taking parental leave by male employees
- Introduce new support programs such as childcare and nursing care support

Health management

Commitment (FY2024)

Support realizing a workplace and physical and mental health for all employees to work at the forefront as they age

Targets (KPIs)

1. Preventive measures for mental and physical health risks
 - Maintain and raise health literacy
 - Reduce the ratio of high-stress employees to the average ratio reported by the research company by the end of FY24
2. Measures for high-risk/high-stress employees
 - Raise and maintain the Group's specific health guidance implementation rate to 35% or more by the end of FY24
 - Introduce a system to support the balancing of treatment and work

Related SDGs G3, G8

Plans for FY2023

1.
 - Disseminate the health management commitment; continue implementing group-wide training and events
 - Implement measures to achieve health management targets
 - Provide feedback on stress check results to each workplace; continue selecting priority workplaces and hearing from, checking the progress of improvement at, and providing support at selected workplaces
2.
 - Maintain the Group's specific health guidance implementation rate at 35% or more
 - Reconsider introducing systems to support employees in balancing medical treatment and work
 - Introduce and operate EAPs for mental health support

Performance in FY2023

1. Conducted as planned
 2.
 - Maintained at some sites
 - Removed the limit of half-day annual paid leave
- Conducted as planned (use rate: 1.7%)

Self assessment 1. ○ 2. △

Plans for FY2024

1.
 - Internally and externally disseminate the health management commitment
 - Provide feedback on results to each workplace, and continue selecting priority workplaces, conducting interviews, checking their improvement progress, and providing support at selected workplaces
 - Continue implementing group-wide training and events

2.
 - Maintain the Group's specific health guidance implementation rate at 35% or more during the 22 Mid-Term Plan
 - Consider systems to support employees in balancing medical treatment and work
 - Operate EAPs for mental health support and analyze use status
 - Implement initiatives to encourage lifestyle behavior modification

Human resources development

Commitment (FY2024)

Develop employees who have their own will for value creation

1. Support self-motivated career development and capacity development and implement development measures for value creation
2. Provide employees with global and equal learning opportunities

Targets (KPIs)

1. Training measures for value creation
 - Implement the new performance-based human resources system (the new HR system) and execute succession plans with greater HRBP functions
 - Build systems for employees' self-motivated career development
 - Adopt ICT tools to provide employees with more convenience and equitable learning opportunities
 - Provide learning formats and contents that support self-motivated career development
 - Provide contents that incorporate sustainability
2. Continue to open each training program to group-wide employees of affiliates and national staff and enhance the contents

Related SDGs G4, G8

Plans for FY2023

1.
 - Implement human resources allocation/succession plans
 - Properly operate and improve the new HR system; promote and expand usage of one-on-one meeting across the group
 - Review and improve the HR development systems
 - Implement systems for self-motivated career development; conduct career training; consider development of career consulting systems
 - Conduct training on the Purpose, integrated thinking-based management, and SDGs
 - Continue ICT training
2. Consider resuming training for national staff

Performance in FY2023

1. Conducted as planned
2. Conducted as planned

Self assessment 1. ○ 2. ○

Plans for FY2024

1.
 - Execute succession plans
 - Properly operate and improve the performance-based HR system
 - Implement systems for self-motivated career development
- Conduct career training

- Promote and expand usage of one-on-one meetings across the Group
 - Consider developing career consulting systems
 - Review and improve the HR development systems
 - Conduct training on the Purpose, integrated thinking-based management, and SDGs
 - Continue ICT training
 - Conduct management training for senior management
2. Clarify issues concerning national staff training

Intellectual capital

Intellectual property

Commitment (FY2024)

1. Build a system for IP activities and IP governance for long-term value creation
2. Acquire IP and protect technologies to support business and new initiatives related to the environment and energy
3. Develop human resources through IP education that matches the type of job and rank

Targets (KPIs)

1.
 - Reorganize and build systems for governance (respond to the revised CG Code)
 - Maintain the number of IP specialists assigned to each sector
 - Share internal IP information
 - Regularly disclose information externally (once a year) through the Integrated Report and the corporate website
2.
 - Practice IPL to support creation of new business opportunities (value) related to material cycle and CASE
 - The number of patent applications from each sector should be equal to or greater than that of the previous year; increase the number of departments that use time stamps
3. Continue group-wide IP education and enhance initiatives to employ and develop IP specialists

Related SDGs G4, G9

Plans for FY2023

1.
 - Ensure operating reorganized IP-related functions
 - Report to executives results of surveys and analyses conducted on group-wide IP-related technical issues
 - Share IP information with the Board of Directors and start relevant discussions in response to the revised CG Code, and prepare for disclosing information
2.
 - Continue surveys and analyses on group-wide technical issues and expand the coverage
 - Enhance IPL tools; build dedicated survey and planning functions
 - Utilize IP data in the R&D/business/IP divisions
3.
 - Further improve hybrid training
 - Build education systems for IP specialists and dispatch such specialists to external institutions

Performance in FY2023

1. Conducted as planned
2. Conducted as planned
3. Conducted as planned

Self assessment 1. ○ 2. ○ 3. ○

Plans for FY2024

1.
 - Ensure the stable operation of restructured IP-related organizations
 - Strengthen the IP governance system and disseminate information on its operational situation
 - Improve the level of IP information for external stakeholders
 - Introduce the next software for IP operation and stabilize it
2.
 - Continue and expand survey and analysis of technical issues group-wide
 - Further strengthen IPL activities
 - Consider DX of IP operations and improve operational efficiency through continuous trials
3.
 - Provide practical and pragmatic training programs for R&D and engineering staff
 - Build education systems for IP specialists and dispatch such specialists to external institutions

Quality assurance

Commitment (FY2024)

Contribute to society and customers by optimizing the quality of products and services

1. Maintain a compliance system in line with the QAGL
2. Provide customers and society with information on product functions, costs, health and safety, and sustainability (e.g. environmental and social impacts)
3. Start design and development considering function, cost, health and safety, and sustainability
4. Disclose the status of initiatives annually

Targets (KPIs)

1. Establish and operate a system for evaluation using the QAGL check sheet at target sites in Japan and overseas: 100%
2. All business units conduct evaluations using the "Information Provision Check Sheet" and implement guidelines: 100%
3. Evaluate all products and services using the Product and Service Design and Development Check Sheet: 100%
4. Disclose the initiatives through the Integrated Report and the corporate website (once a year)

Related SDGs G3, G6, G8, G9, G12

Plans for FY2023

1.
 - Establish systems and confirm operations through audits at sites in Japan and overseas
 - Review audit results and the QAGL
2.
 - Establish information provision GL/CS
 - Continue research on relevant laws and regulations in each country; confirm the situation excluding US and China
3.
 - Establish product design/development GL/CS
 - Participate in operating the environmental contribution products system
4.
 - Continue to disclose the initiatives and consider disclosure by other means

Performance in FY2023

1. Conducted as planned
- Internal audits at 17 sites in Japan and overseas

2. Conducted as planned
 - Working team developed the first draft of information provision GL/CS
 - Confirmed the situation in US and other regions
3.
 - To be conducted in FY24
- Participated in the First Environmental Contribution Products Certification Commission
4. Conducted as planned

Self assessment 1. ○ 2. ○ 3. △ 4. ○

Plans for FY2024

1.
 - Establish systems and confirm operations through audits at sites in Japan and overseas
 - Establish self-inspection systems at overseas sites
2.
 - Operate and review information provision GL/CS
 - Complete research on relevant laws and regulations in each country, confirm the situation globally
3.
 - Establish product design/development GL/CS
- Continue participating in operating the environmental contribution products certification system
4.
 - Continue to disclose information on the initiatives undertaken and consider disclosing information by other means

Social and relationship capital

Community engagement

Commitment (FY2024)

1. Continue current social activities and brush them up through engagement
2. Promote volunteer activities by employees
3. Contribute to sustainable consumption

Targets (KPIs)

1. Initiate engagement
2. Provide a platform for volunteer activities
3.
 - Use locally produced foods at cafeterias and in-house stores at the sites
- Implement measures to reduce food loss in the cafeterias and the in-house stores
- Switch office supplies to green procurement

Related SDGs G12, G13, G17

Plans for FY2023

1.
 - Exchange opinions with each site
2.
 - Research on corporate afforestation activities in target areas
3.
 - Confirm the situation of local-production-local-consumption procurement using internal surveys
- Aggregate purchasing data of green/ethical products from internal surveys

Performance in FY2023

1. Conducted as planned. Held briefing sessions for section managers in charge of general affairs at each site
2. Conducted as planned
3. Conducted as planned

Self assessment 1. ○ 2. ○ 3. ○

Plans for FY2024

1. Held discussions with each site about social contribution activities based on the actual status survey results
2. Conduct coordination with areas where corporate afforestation activities can be implemented
3.
 - Survey food loss situation in company cafeterias and dormitories, and where food waste is disposed of
- Continue to manage the purchasing of green/ethical products

11-Year Summary of Selected Financial Data

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31

Millions of yen

		2014	2015	2016	2017
Consolidated Financial Highlights					
Net sales		441,046	473,274	450,553	436,330
Operating income		25,743	31,835	11,137	38,461
Ordinary income		13,656	21,096	(11,284)	31,047
Profit attributable to owners of parent		3,662	17,237	(20,926)	18,674
Capital expenditures		27,160	28,906	28,446	37,718
Depreciation		24,178	25,146	25,066	24,414
Research and Development expenditures		5,795	6,265	6,575	7,163
Cash flows from operating activities		38,003	37,245	50,397	24,218
Cash flows from investing activities		(72,128)	(26,418)	(26,395)	(38,300)
Free cash flows		(34,125)	10,827	24,002	(14,082)
Total assets		503,825	538,646	484,800	518,981
Net assets		169,867	207,106	179,566	184,421
Shareholders' equity		156,280	170,994	146,469	161,713
Interest-bearing debt		218,500	210,390	191,733	207,421
Per share of common stock					
EPS (Earnings per share) ※1	Yen	64.12	301.81	(366.41)	326.98
BPS (Net assets per share) ※1	Yen	2,816.71	3,449.10	2,968.55	3,046.41
Cash dividends per share ※1	Yen	40	60	60	70
Dividend payout ratio	%	62.4	19.9	-	21.4
DOE (Dividend on equity ratio) ※2	%	1.5	2.0	2.3	2.5
Financial Ratios					
ROE (Return on equity)	%	2.4	9.6	(11.4)	10.9
ROA (Return on assets)	%	2.9	4.0	(2.2)	6.2
Net D/E ratio		1.26	0.98	1.03	1.10
Equity ratio	%	31.9	36.6	35.0	33.5

	2018	2019	2020	2021	2022	2023	2024
Net sales	519,215	497,701	473,109	522,936	633,346	651,965	646,697
Operating income	49,529	18,222	13,037	51,124	60,737	12,528	31,694
Ordinary income	11,239	17,755	9,318	51,265	65,990	19,886	44,513
Profit attributable to owners of parent	(708)	4,691	1,566	44,771	52,088	8,511	25,989
Capital expenditures	40,509	36,119	33,999	28,176	27,457	32,515	32,039
Depreciation	26,634	27,964	28,970	33,882	33,168	33,647	34,387
Research and Development expenditures	8,015	9,523	10,125	10,571	10,939	12,365	13,354
Cash flows from operating activities	52,436	40,696	36,107	27,565	60,672	43,009	75,343
Cash flows from investing activities	(40,376)	(44,843)	(34,833)	(16,324)	(25,538)	(31,641)	(34,914)
Free cash flows	12,060	(4,147)	1,274	11,241	35,134	11,368	40,428
Total assets	518,705	523,315	537,119	595,107	637,878	631,894	640,631
Net assets	178,652	179,673	173,255	210,560	250,048	261,406	286,018
Shareholders' equity	157,271	159,207	157,296	197,874	241,075	243,360	256,164
Interest-bearing debt	208,418	216,878	233,070	247,930	225,100	219,249	200,720
EPS (Earnings per share) ※1	(12.40)	82.15	27.43	784.01	912.00	148.99	454.71
BPS (Net assets per share) ※1	2,945.20	2,977.84	2,884.68	3,484.21	4,196.37	4,434.42	4,872.30
Cash dividends per share ※1	70	70	70	85	110	140	140
Dividend payout ratio	-	85.2	255.2	10.8	12.1	94.0	30.8
DOE (Dividend on equity ratio) ※2	2.5	2.5	2.5	2.5	2.6	3.3	3.1
ROE (Return on equity)	(0.4)	2.8	0.9	24.6	23.8	3.5	9.8
ROA (Return on assets)	2.2	3.4	1.8	9.1	10.7	3.1	7.0
Net D/E ratio	1.11	1.15	1.22	1.09	0.82	0.76	0.60
Equity ratio	32.4	32.5	30.7	33.4	37.6	40.1	43.5

※1 The company conducted a share consolidation to change its share unit from 10 shares to 1 share on October 1, 2017. Past figures have been calculated assuming the share consolidation took place in 2013.

※2 In calculating the DOE (Dividend on Shareholders' Equity), we use the shareholders' equity at the end of the term.

Consolidated Balance Sheets

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2023 and 2024

Millions of yen		
	2023	2024
Assets		
Current assets:		
Cash and deposits (Note 6)	¥ 26,817	¥ 32,483
Notes and accounts receivable, and contract assets (Notes 3 and 19) :		
Trade	101,897	106,259
Unconsolidated subsidiaries and affiliates	9,061	11,662
Inventories (Note 4)	176,250	165,232
Derivatives (Notes 19 and 20)	213	1,033
Other current assets	33,072	30,702
Less: Allowance for doubtful accounts	(149)	(2,777)
Total current assets	347,165	344,597
Property, plant and equipment (Note 9):		
Land	31,796	32,087
Buildings and structures	208,770	218,897
Machinery and equipment	513,103	533,641
Leased assets	5,536	6,300
Construction in progress	11,290	11,290
Others	63,186	66,678
	833,684	868,896
Less: Accumulated depreciation	(635,925)	(669,887)
Total property, plant and equipment	197,758	199,008
Investments and other assets:		
Investment securities (Notes 5 and 19):		
Unconsolidated subsidiaries and affiliates	52,582	53,759
Others	9,282	12,675
Loans receivable:		
Others	405	398
Deferred tax assets (Note 18)	5,752	5,857
Asset for retirement benefits (Note 21)	7,631	12,565
Others	11,415	11,861
Less: Allowance for doubtful accounts	(98)	(91)
Total investmnts and other assets	86,970	97,025
Total assets	¥ 631,894	¥ 640,631
Liabilities and Net Assets		
Current liabilities:		
Notes and accounts payable (Note 19):		
Trade	51,973	46,575
Unconsolidated subsidiaries and affiliates	5,352	4,219
Others	18,512	19,319
Short-term borrowings and commercial papers (Notes 7 and 19)	64,667	59,435

Millions of yen		
	2023	2024
Current portion of long-term debt (Notes 7 and 19)	¥ 28,538	¥ 39,837
Current portion of lease liabilities	642	698
Accrued income taxes	1,787	4,083
Accrued expenses	9,963	11,876
Provision for product warranties	548	747
Provision for loss on construction contracts	57	77
Provision for improvement of business structure	–	0
Provision for loss on disposal of inventories	562	730
Derivative liabilities (Notes 19 and 20)	2,390	3,217
Other current liabilities (Note 8)	13,799	13,674
Total current liabilities	198,795	204,495
Long-term liabilities:		
Long-term debt (Notes 7 and 19)	126,043	101,447
Lease liabilities	1,571	1,606
Directors' and corporate auditors' retirement benefits	389	297
Deferred tax liabilities (Note 18)	8,034	12,941
Provision for environmental countermeasures	1,275	1,096
Provision for preventing environmental pollution in mineral, mining, and other operations	839	841
Asset retirement obligations (Note 26)	3,726	3,971
Liability for retirement benefits (Note 21)	28,394	27,173
Other long-term liabilities	1,416	741
Total long-term liabilities	171,691	150,117
Total liabilities	370,487	354,613
Commitments and contingent liabilities (Note 10)		
Net Assets (Note 11):		
Shareholders' equity:		
Common stock:		
Authorized - 190,000 thousand shares in 2023 and in 2024		
Issued - 57,329 thousand shares in 2023 and 57,356 thousand shares in 2024	42,178	42,223
Capital surplus	18,729	17,503
Retained earnings	183,080	197,068
Less: Treasury stock		
191 thousand shares in 2023 and 192 thousand shares in 2024	(628)	(630)
Total shareholders' equity	243,360	256,164
Accumulated other comprehensive income:		
Net unrealized gains on securities, net of tax	3,362	6,227
Deferred gains (losses) on hedges, net of tax	(4,098)	(4,163)
Foreign currency translation adjustments	10,682	19,916
Accumulated adjustments for retirement benefit (Note 21)	64	377
Total accumulated other comprehensive income	10,010	22,357
Non-controlling interests in consolidated subsidiaries	8,035	7,495
Total net assets	261,406	286,018
Total liabilities and net assets	¥ 631,894	¥ 640,631

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2023 and 2024

Millions of yen

	2023	2024
Net sales (Notes 16 and 17)	¥ 651,965	¥ 646,697
Cost of sales (Notes 4 and 13)	572,628	551,299
Gross profit	79,337	95,397
Selling, general and administrative expenses (Notes 12 and 13)	66,808	63,703
Operating income	12,528	31,694
Non-operating income (expenses):		
Interest and dividend income	1,560	7,778
Interest expense	(2,011)	(2,526)
Foreign exchange gains	1,543	2,977
Investment gains (losses) on equity method	5,726	3,239
Real estate rent	508	658
Other, net	30	691
	7,358	12,819
Ordinary income (Note 17)	19,886	44,513
Extraordinary income (losses):		
Gain on sale of property, plant and equipment (Note 14)	129	37
Loss on sale and disposal of property, plant and equipment (Note 14)	(2,605)	(2,366)
Loss on valuation of shares of subsidiaries and associates (Note 23)	(1,096)	(987)
Gain on sale of investment securities	25	1,255
Gain on liquidation of shares of subsidiaries and associates	86	—
Provision of allowance for doubtful accounts (Note 23)	0	(2,595)
Others, net (Notes 14 and 24)	(1,235)	(1,312)
	(4,697)	(5,967)
Profit before income taxes	15,189	38,545
Income taxes (Note 18):		
Current	6,022	7,601
Deferred	2,514	4,080
	8,536	11,681
Profit	6,653	26,864
Profit (loss) attributable to non-controlling interests	(1,858)	875
Profit attributable to owners of parent	¥ 8,511	¥ 25,989
Amounts per share of common stock:	Yen	Yen
Basic earnings per share (Note 22)	¥ 148.99	¥ 454.71
Cash dividends applicable to the year	140.00	140.00

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2023 and 2024

Millions of yen

	2023	2024
Profit	¥ 6,653	¥ 26,864
Other comprehensive income:		
Net unrealized gains on securities, net of tax	845	2,733
Deferred gains on hedges, net of tax	5,262	546
Foreign currency translation adjustments	3,881	9,649
Remeasurements of defined benefit plans, net of tax	(755)	304
Share of other comprehensive income (loss)		
of entities accounted for using equity method	2,291	(416)
Total other comprehensive income (Note 27)	11,524	12,816
Comprehensive income	¥ 18,177	¥ 39,680
(Breakdown)		
Comprehensive income attributable to owners of parent	¥ 19,906	¥ 38,336
Comprehensive income attributable to non-controlling interests	(1,728)	1,344

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2023 and 2024

Millions of yen						
	Number of shares of common stock issued (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
2023						
Balance at April 1, 2022	57,310	¥42,149	¥18,701	¥180,851	¥(626)	¥241,075
Cash dividends paid				(6,283)		(6,283)
Profit attributable to owners of parent				8,511		8,511
Acquisition of treasury stock					(1)	(1)
Share-based payments with transfer restrictions		28	28			57
Changes in capital surplus due to transactions						
with non-controlling shareholders				(0)		(0)
Net changes of items other than shareholders' equity						
Balance at March 31, 2023	57,329	¥42,178	¥18,729	¥183,080	¥(628)	¥243,360

	Net unrealized gains on securities, net of tax	Deferred gains(losses) on hedges, net of tax	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets (Note 11)
Balance at April 1, 2022	¥2,512	¥(11,641)	¥6,924	¥821	¥(1,383)	¥10,356	¥250,048
Cash dividends paid							(6,283)
Profit attributable to owners of parent							8,511
Acquisition of treasury stock							(1)
Share-based payments with transfer restrictions							57
Changes in capital surplus due to transactions							
with non-controlling shareholders							(0)
Net changes of items other than shareholders' equity	849	7,543	3,758	(757)	11,394	(2,320)	9,073
Balance at March 31, 2023	¥3,362	¥(4,098)	¥10,682	¥64	¥10,010	¥8,035	¥261,406

See accompanying notes to consolidated financial statements.

Millions of yen						
	Number of shares of common stock issued (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
2024						
Balance at April 1, 2023	57,329	¥42,178	¥18,729	¥183,080	¥(628)	¥243,360
Cash dividends paid				(12,000)		(12,000)
Profit attributable to owners of parent				25,989		25,989
Acquisition of treasury stock					(2)	(2)
Share-based payments with transfer restrictions		44	44			89
Changes in capital surplus due to transactions						
with non-controlling shareholders			(1,270)			(1,270)
Net changes of items other than shareholders' equity						
Balance at March 31, 2024	57,356	¥42,223	¥17,503	¥197,068	¥(630)	¥256,164

	Net unrealized gains on securities, net of tax	Deferred gains(losses) on hedges, net of tax	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets (Note 11)
Balance at April 1, 2023	¥3,362	¥(4,098)	¥10,682	¥64	¥10,010	¥8,035	¥261,406
Cash dividends paid							(12,000)
Profit attributable to owners of parent							25,989
Acquisition of treasury stock							(2)
Share-based payments with transfer restrictions							89
Changes in capital surplus due to transactions							
with non-controlling shareholders							(1,270)
Net changes of items other than shareholders' equity	2,865	(64)	9,233	312	12,347	(539)	11,807
Balance at March 31, 2024	¥6,227	¥(4,163)	¥19,916	¥377	¥22,357	¥7,495	¥286,018

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2023 and 2024

Millions of yen

	2023	2024
Cash flows from operating activities:		
Profit before income taxes	¥ 15,189	¥ 38,545
Depreciation and amortization	33,646	34,387
Loss on impairment of fixed assets (Note 24)	34	23
Gain and loss on sale of investment securities	(25)	(1,238)
Loss on sale of property, plant and equipment, net (Note 14)	26	79
Loss on disposal of property, plant and equipment (Note 14)	2,450	2,249
Increase (decrease) in allowance for doubtful accounts (Note 23)	(132)	2,611
Increase (decrease) in liability for retirement benefits	494	(1,290)
Interest and dividend income	(1,560)	(7,778)
Interest expense	2,011	2,526
Foreign exchange gains	(438)	(849)
Investment gains on equity method	(5,726)	(3,239)
Loss on valuation of shares of subsidiaries and associates (Note 23)	1,096	987
Increase (decrease) in notes and accounts receivables and contract assets	13,633	(1,535)
Decrease in inventories	3,649	15,983
Decrease in notes and accounts payable	(7,793)	(11,282)
Other, net	(2,378)	3,597
Subtotal	54,177	73,775
Interest and dividend received	2,680	8,584
Interest paid	(1,976)	(2,522)
Income taxes paid	(12,595)	(9,858)
Income taxes refund	190	5,018
Other, net	532	344
Net cash provided by operating activities	43,009	75,343
Cash flows from investing activities:		
Purchases of investment securities	(310)	(561)
Proceeds from sale of investment securities	35	1,707
Acquisition of property, plant and equipment and other assets	(31,150)	(31,604)
Proceeds from sale of property, plant and equipment	392	290
Payments for retirement of property, plant and equipment and other assets	(1,811)	(1,840)
Increase in short-term loans receivable, net	(263)	(2,284)
Other, net	1,467	(621)
Net cash used in investing activities	(31,641)	(34,914)

Millions of yen

	2023	2024
Cash flows from financing activities:		
Net change in short-term borrowings and commercial papers	(744)	(7,294)
Proceeds from long-term debt	29,138	4,160
Repayment of long-term debt	(35,485)	(17,525)
Repayment of lease liabilities	(673)	(706)
Issuance of straight bonds	10,000	10,000
Redemption of straight bonds	(10,000)	(10,000)
Cash dividends paid	(6,283)	(12,000)
Dividends paid to non-controlling interests	(591)	(485)
Purchase of shares of subsidiaries not resulting in change		
in scope of consolidation	—	(2,616)
Other, net	(44)	(88)
Net cash provided by (used in) financing activities	(14,683)	(36,557)
Effect of exchange rate changes on cash and cash equivalents	518	1,792
Net increase (decrease) in cash and cash equivalents	(2,797)	5,662
Cash and cash equivalents at beginning of year	29,614	26,816
Cash and cash equivalents at end of year (Note 6)	¥ 26,816	¥ 32,479

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2023 and 2024

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or accounting principles generally accepted in the U.S., with adjustments for the specified four items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Mitsui Mining and Smelting Company, Limited (“the Company”) prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory consolidated financial statements prepared in Japanese, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million Japanese yen have been rounded down in the presentation of the accompanying consolidated financial statements. As a result, the totals in Japanese yen shown herein do not necessarily agree with the sums of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2024, which was ¥151.33 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its 51 significant subsidiaries (the “Companies”). One subsidiary was excluded from the scope of consolidation from the fiscal year ended March 31, 2024 because it was merged with other subsidiary. All significant intercompany transactions, accounts and unrealized profits among the Companies have been eliminated in consolidation. Investments in the 7 significant affiliates which the Company and its subsidiaries are able to have influence on their financial and operating decision-making in material extent, are accounted for by the equity method after the elimination of unrealized intercompany profits. Investments in the remaining unconsolidated subsidiaries and affiliates are not accounted for by the equity method because of their immaterial effect on the consolidated financial statements. Such investments, therefore, are carried at cost, adjusted for any substantial and non-recoverable decline in value, and income from such unconsolidated subsidiaries and affiliates is recognized only when the Companies receive dividends.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time when the Company acquired control of the respective subsidiaries.

The consolidation difference between acquisition cost and net assets at the date of acquisition is shown as goodwill and amortized mainly in five years. Negative goodwill is recognized as profit on the acquisition date.

(b) Foreign currency translation

Revenues and expense in foreign currencies are translated at the foreign exchange rates prevailing when transactions are made. Monetary claims and liabilities denominated in foreign currencies are generally translated into each reporting currency at the foreign exchange rates prevailing at the balance sheet dates and the resulting translation gains or losses are included in earnings.

All assets and liabilities of consolidated foreign subsidiaries are translated into Japanese yen at the foreign exchange rates prevailing at their balance sheet dates and revenues and expenses of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rates prevailing during the year. The resulting translation adjustments are shown as “Foreign currency translation adjustments,” in a component of net assets.

(c) Cash and cash equivalents

In the accompanying consolidated statements of cash flows, cash and cash equivalents include cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition which have high liquidity and negligible risk of price fluctuation.

(d) Marketable securities, investment securities and investments in unconsolidated subsidiaries and affiliates other than those accounted for by the equity method

Securities owned by the Companies are classified into:(1) securities intended to be held to maturity (hereafter, “held-to-maturity securities”), (2) equity securities issued by subsidiaries and affiliated companies, or (3) all other securities that are not classified as trading securities or in any of the above categories (hereafter, “available-for-sale securities”).

Held-to-maturity securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are mainly stated at average cost. Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as a component of net assets. Realized gains and losses on sale of such securities are computed using average cost or moving-average cost. Other available-for-sale securities with no available fair market value are mainly stated at average cost.

(e) Derivative transactions and hedge accounting

The Companies generally state derivative financial instruments at their fair value and recognize changes in the fair value as gains or losses unless they are used for hedging purposes and qualified for hedge accounting.

If derivative financial instruments are used as hedges and meet certain hedging criteria, gains or losses resulting from changes in their fair value are generally deferred as a component of other comprehensive income in the consolidated statement of comprehensive income, and charged to income when the related gains or losses on the hedged items are recognized.

All derivative contracts are based on actual demand and not for trading in the short term or for speculation.

For currency swap contracts, interest rate swap contracts, metal forward contracts and fuel forward contracts, the Companies evaluate hedge effectiveness by comparing the cumulative changes in cash flows or the changes in fair value of the hedged items with the corresponding changes in the hedging derivative instruments.

The evaluation of effectiveness is skipped for currency forward contracts that are believed to have high hedge effectiveness, such as in cases where hedging instruments and hedged items share the same important characteristics.

(f) Inventories

Inventories are stated primarily at lower of cost or net selling value based on the following methods:

The Company:

Metals Sector, Mobility Sector

Subsidiaries:

Kamioka Mining & Smelting Co., Ltd. (except for the metal powders factory), Hachinohe Smelting Co., Ltd. and others

: First-in, first-out method

The Company:

Copper Foil Division

Subsidiaries:

Mitsui Kinzoku ACT Corporation

: Moving average method

The Company:

Engineered Materials Sector (except for Copper Foil Division)

Subsidiaries:

The metal powders factory of Kamioka Mining & Smelting Co., Ltd., Nippon Yttrium Co., Ltd., Mitani Shindo Co., Ltd. and others

: Average method

Overseas subsidiaries

: Average method or first-in, first-out method

(g) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is generally computed by the declining-balance method based on the estimated durable years of these depreciable assets, except the straight-line method is applied to:(1) buildings, excluding building fixtures, acquired since April 1, 1998, and building fixtures and structures, which were acquired since April 1, 2016. (2) certain plant facilities of the Company and (3) property, plant and equipment of certain consolidated subsidiaries. The durable years of these assets generally range from 7 to 50 years for buildings, 3 to 60 years for structures and 2 to 20 years for machinery and equipment.

Leased assets used under finance leases and capitalized, are depreciated over the lease terms of respective assets by the straight-line method.

(h) Allowance for doubtful accounts

The Company and consolidated subsidiaries provide an allowance for doubtful accounts in an amount sufficient to cover probable losses on collection by estimating individually uncollectible amounts and applying a percentage based on historical data to the remaining accounts.

(i) Provision for product warranties

Provision for product warranties is provided to accrue estimated costs of repairing products free of charge, based on individually estimated amounts which are reliably measurable or the amounts computed by the ratio of actual repair costs which correspond to net sales.

(j) Provision for improvement of business structure

Provision for improvement of business structure is provided to accrue estimated costs of improvement of business structure by consolidating production facilities and other measures.

(k) Provision for loss on disposal of inventories

Provision for loss on disposal of inventories is provided to accrue estimated costs of disposal of inventories, such as by-products and other materials.

(l) Employees' retirement benefits

The Companies provided employees' retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date. The liabilities and expenses for employees' retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

Prior service costs are amortized by the straight-line method over periods of 1 to 5 years which are within the average remaining years of service of the employees.

Actuarial differences are amortized primarily from the year in which the actuarial differences are incurred by the straight-line method over periods of 1 to 12 years which are within the average remaining years of service of the employees.

(m) Directors' and corporate auditors' retirement benefits

Directors and corporate auditors are generally entitled to receive retirement benefits based on the Companies' internal rules. Their retirement benefits are accrued at the amount required to be paid in accordance with the internal rules if the directors and corporate auditors retired at the balance sheet date.

(n) Provision for environmental countermeasures

With enactment of the legislation about special measures concerning the proper treatment of PCB (polychlorinated biphenyl) waste, the Company and its domestic subsidiaries provide for environmental countermeasures to accrue estimated cost of disposal of PCB waste.

Furthermore, estimated cost of soil improvement and preventing environmental pollution is charged to this account.

(o) Provision for preventing environmental pollution in mineral, mining, and other operations

Provision for preventing environmental pollution in mineral, mining, and other operations is provided to accrue estimated cost of preventing the environmental pollution following the termination of use of mineral, mining, and other facilities.

(p) Research and development expenses

Research and development expenses are charged to expenses when incurred.

(q) Accounting policy for recognition of significant revenues and expenses

The Companies recognize revenue through the following five steps.

- Step1: Identify contract(s) with customers.
- Step2: Identify the performance obligations in the contract.
- Step3: Determine the transaction price.
- Step4: Allocate the transaction price to the performance obligation in the contract.
- Step5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Companies mainly engage in businesses related to the four segments Engineered Materials, Metals, Mobility, and Other business thereby handling a wide range of products in those realms.

In selling such products, the Companies recognize revenue mainly upon delivery of a product because it deems that the customer generally has gained control of the product upon its delivery, thereby satisfying the performance obligation.

In domestic sales, the Companies recognize revenue either upon delivery or upon shipment of a product in cases where the normal time has elapsed from the time of product shipment until the time when control of the product has been transferred to the customer.

In export sales, the Companies recognize revenue mainly upon having transferred the burden of risk to the customer pursuant to the terms of trade stipulated under the Incoterms or other similar terms.

The Companies engage in product sales involving transactions performed with the Companies serving as an agent who arrange for the product to be provided to a customer by another party. Under those circumstances, the Companies recognize revenue as the anticipated amount of remuneration or fees it is to receive in exchange for it having arranged to have another party provide the product (or the net amount of the consideration received in exchange for the products provided by the another parties and payments to the another parties).

Engineering services and other businesses have long-term construction contracts, and it is determined that the performance obligations in such contracts are satisfied over time. Revenue is therefore recognized based on the progress towards complete satisfaction of the performance obligation. The progress is measured on the basis of the construction costs incurred by the end of each reporting period relative to the total expected construction costs.

Revenue is measured by deducting discounts, rebates, product returns, etc., from consideration promised under contracts with customers.

The Companies recognize revenue at the point in time when the performance obligation has been fully satisfied, rather than recognizing revenue over a certain period of time, in cases where a very short time has elapsed from the transaction initiation date under a contract until the anticipated point in time when a performance obligation is to be fully satisfied.

Revenue is measured by deducting discounts, rebates, product returns, etc., from consideration promised under contracts with customers.

In cases where consideration includes variable consideration such as discounts and provisional unit price, the Companies estimate the sum of variable consideration using a method that enlists mode values. When uncertainty regarding the amount of variable consideration is subsequently resolved, the Companies include in its transaction price only the portion that the revenue is highly unlikely to be reduced significantly by the time of removal of the uncertainty.

The consideration is primarily received within one year of satisfying performance obligations and does not contain a significant financing component.

(r) Income taxes

The Companies recognize tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income of each of the Companies, with certain adjustments required for consolidation and tax purposes.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(s) Earnings per share, diluted earnings per share and cash dividends per share

Earnings per share is computed based on the weighted-average number of shares of common stock outstanding during the respective fiscal year.

Diluted earnings per share is not presented as there were no shares with dilutive effects in 2023 and 2024.

Cash dividends per share represent the historical amount applicable to the respective year.

(t) Reclassification

Certain prior year amounts have been reclassified to conform to the 2024 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

(u) Accounting of consumption tax

Consumption tax generally withheld upon sale, as well as that paid for purchases of goods or services, is recorded as a liability or an asset, and is excluded from the relevant revenue, costs or expenses.

(Significant accounting estimates)

1. Valuation of inventories

(1) Amounts recorded in the consolidated financial statements for the year ended March 31, 2024

Merchandise and finished goods	¥56,234 million (\$371,598 thousand)
Work in progress	¥42,114 million (\$278,292 thousand)
Raw materials and supplies	¥66,883 million (\$441,967 thousand)

(2) Information on the nature of significant accounting estimates for identified items

Inventories are stated at the acquisition cost, however, if the net realizable value or replacement cost is lower than the acquisition costs at the end of the year, inventories are measured at the net realizable value or replacement cost, and the difference from the acquisition cost is recorded as an expense for the period. In addition, the carrying amounts of slow-moving and obsolete inventories are written down to the estimated disposal value. The net realizable values used in valuation of inventories are calculated based on the most recent actual unit selling prices and the actual selling costs, which reflect the influences of changes in quoted market prices of nonferrous metals on actual unit selling prices. Quoted market prices of nonferrous metals are determined based on listed prices on the London Metal Exchange (“LME”) and other international markets (hereinafter, these prices are referred to as the “LME or other market prices”). The LME or other market prices fluctuate under the influences of various factors such as the international supply-demand balance, global political and economic conditions, and speculative trading. Accordingly, any failure in calculating accurate net realizable values reflecting the LME or other market prices, which are used for the valuation of inventories, may have significant impact on valuation of inventories.

2. Recoverability of deferred tax assets

(1) Deferred tax assets recorded in the consolidated financial statements for the year ended March 31, 2024

Deferred tax assets	¥5,857 million (\$38,703 thousand)
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(2) Information on the nature of significant accounting estimates for identified items

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which future deductible temporary differences, etc. can be utilized.

Deferred tax assets are recognized based on the estimated timing and amount of taxable income based on future business plans. The estimates could be affected by factors such as changes in uncertain future economic conditions. If the estimates differ from the actual timing and amount of taxable income, this could have a significant impact on the amount of deferred tax assets in the consolidated financial statements for the following fiscal year.

(Accounting standards and guidance not yet adopted)

Following accounting standards and guidance are those issued but not yet adopted.

- “Accounting Standard for Current Income Taxes” (ASBJ Statement No.27, October 28, 2022, ASBJ)
- “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No.25, October 28, 2022, ASBJ)
- “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No.28, October 28, 2022, ASBJ)

(1) Overview

These accounting standards and guidance determined the categories in which income tax expense should be recorded in case taxes are imposed on other comprehensive income and tax effects associated with sales of shares of subsidiaries etc. when the group taxation regime is applied.

(2) Effective date

The standards and guidance will be effective from the beginning of the fiscal year ending March 31, 2025.

(3) Effects of application of the standards and guidance

The effects of application of Accounting Standard for Current Income Taxes, etc. on the consolidated financial statements are currently under evaluation.

(Changes in presentation)

Consolidated statement of income

“Reversal of allowance for doubtful accounts” and “Insurance claim income” that had been included separately under “Extraordinary income (losses)” in the previous fiscal year have not exceed ten percent of the total amount of extraordinary income, and have therefore been presented under “Others, net” under “Extraordinary income (losses)” in the current fiscal year.

“Provision of allowance for doubtful accounts” that had been presented under “Others, net” under “Extraordinary income (losses)” in the previous fiscal year has exceeded ten percent of the total amount of extraordinary losses, and has therefore been presented separately under “Extraordinary income (losses)” in the current fiscal year.

“Environmental expenses” that had been included separately under “Extraordinary income (losses)” in the previous fiscal year has not exceed ten percent of the total amount of extraordinary losses, and has therefore been presented under “Others, net” under “Extraordinary income (losses)” in the current fiscal year.

To reflect these changes, Consolidated statement of income in the previous fiscal year has been reclassified.

As a result, ¥52 million that was presented as “Reversal of allowance for doubtful accounts”, ¥84 million that was presented as “Insurance claim income”, ¥(745) million that was presented as “Environmental expenses” and ¥(626) million that was presented as “Others, net” under “Extraordinary income (losses)” in the consolidated statement of income for the year ended March 31, 2023 have been restated as “Provision of allowance for doubtful accounts” of ¥(0) million and “Others, net” of ¥(1,235) million.

3. Receivables and contract assets from contracts with customers

The amounts of receivables and contract assets from contracts with customers included in notes and accounts receivable, and contract assets as of March 31, 2024 were as follows:

	Millions of yen
	2024
Receivables from contracts with customers	
Notes receivable	¥7,802
Accounts receivable	108,615
Contract assets	1,504

4. Inventories

Inventories at March 31, 2023 and 2024 consisted of the following:

	Millions of yen	
	2023	2024
Merchandise and finished goods	¥62,056	¥56,234
Work in process	39,276	42,114
Raw materials and supplies	74,918	66,883
Total	¥176,250	¥165,232

Write-downs, net of reversal of write-downs recognized during the prior fiscal year, are included in the cost of sales for the fiscal years ended March 31, 2023 and 2024 respectively as follows:

	Millions of yen	
	2023	2024
Cost of sales	¥5,523	¥(65)
Total	¥5,523	¥(65)

5. Securities

(a) Acquisition costs and book values of available-for-sale securities with fair value as of March 31, 2023 and 2024 were as follows:

	Millions of yen		
Year ended March 31, 2023	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥6,192	¥1,783	¥4,408
Subtotal	6,192	1,783	4,408
Securities whose book value does not exceed acquisition cost:			
Stocks	6	7	(1)
Bonds	230	240	(9)
Subtotal	236	247	(11)
Total	¥6,429	¥2,031	¥4,397

Year ended March 31, 2024	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥9,678	¥1,463	¥8,214
Subtotal	9,678	1,463	8,214
Securities whose book value does not exceed acquisition cost:			
Stocks	—	—	—
Bonds	209	240	(30)
Subtotal	209	240	(30)
Total	¥9,887	¥1,703	¥8,184

(b) Available-for-sale securities sold for the years ended March 31, 2023 and 2024 were as follows:

		Millions of yen	
		2023	2024
Total sale amount	Stocks	¥35	¥1,707
Gains	Stocks	25	1,255
Losses	Stocks	—	17

(c) Securities written-down for the year ended March 31, 2024 were as follows:

Losses on write-downs of securities amounted to ¥987 million (\$6,522 thousand) (¥987 million (\$6,522 thousand) for shares of subsidiaries and affiliates) for the year ended March 31, 2024.

As for write-downs of securities, the securities without market prices whose net asset value are significantly decreased due to the deterioration of financial position of their issuing companies are written-down to the amount needed considering the recoverability of the net asset value.

6. Consolidated Statement of Cash Flows

(a) Amounts of cash and cash equivalents

Amounts of cash and cash equivalents at March 31, 2023 and 2024 were reconciled with cash and deposits as follows:

		Millions of yen	
		2023	2024
Cash and deposits		¥26,817	¥32,483
Time deposits with maturities exceeding three months from the date of deposit		(1)	(4)
Total : Cash and cash equivalents		¥26,816	¥32,479

7. Short-Term Borrowings and Long-Term Debt

Short-term borrowings at March 31, 2023 and 2024 consisted of the following:

		Millions of yen	
		2023	2024
Short-term bank loans, generally represented by short-term notes and bank overdrafts, bore interest at annual rates ranging from 0.352% to 7.950% and from 0.478% to 6.973% at March 31, 2023 and 2024, respectively.		¥46,667	¥50,935
Commercial paper with interest at annual rate of (0.00)% and 0.12% at March 31, 2023 and 2024, respectively.		18,000	8,500
		¥64,667	¥59,435

Long-term debt at March 31, 2023 and 2024 consisted of the following:

		Millions of yen	
		2023	2024
0.86 % yen unsecured straight bonds due in 2028		¥ —	¥10,000
0.58 % yen unsecured straight bonds due in 2027		10,000	10,000
0.43 % yen unsecured straight bonds due in 2027		10,000	10,000
0.16 % yen unsecured straight bonds due in 2026		10,000	10,000
0.22 % yen unsecured straight bonds due in 2024		10,000	10,000
0.20 % yen unsecured straight bonds due in 2023		10,000	—
Banks, insurance companies and other financial institutions, maturing through 2028 at interest rates ranging from 0.000% to 7.980% at March 31, 2024:			
Secured		860	836
Unsecured		103,586	90,400
Government-owned banks and government agencies, maturing through 2027 at interest rates ranging from 1.300% to 1.700% at March 31, 2024:			
Secured		134	48
Unsecured		—	—
		154,581	141,285
Less: Current portion		28,538	39,837
		¥126,043	¥101,447

The aggregate annual maturities of long-term debt at March 31, 2024 were as follows:

Year ending March 31,	Millions of yen
2025	¥39,837
2026	33,197
2027	21,549
2028	31,700
2029	15,000
Thereafter	—
Total	¥141,285

The 0.22% yen unsecured straight bonds due in 2024 were issued on November 28, 2019 by the Company.
The 0.16% yen unsecured straight bonds due in 2026 were issued on March 4, 2021 by the Company.
The 0.43% yen unsecured straight bonds due in 2027 were issued on March 3, 2022 by the Company.
The 0.58% yen unsecured straight bonds due in 2027 were issued on November 29, 2022 by the Company.
The 0.86% yen unsecured straight bonds due in 2028 were issued on November 29, 2023 by the Company.

8. Contract Liabilities

The amount of contract liabilities included in other current liabilities as of March 31, 2024 was as follows:

	Millions of yen
	2024
Contract Liabilities	¥3,628

9. Pledged Assets

Assets pledged as collateral for long-term debt at March 31, 2023 and 2024 were as follows:

	Millions of yen	
	2023	2024
Property, plant and equipment, net book value	¥6,349	¥7,257
	¥6,349	¥7,257

10. Contingent Liabilities

Contingent liabilities at March 31, 2023 and 2024 were as follows:

	Millions of yen	
	2023	2024
Notes receivable discounted	¥82	¥—
Notes and accounts receivable securitized with recourse	230	119
Loans guaranteed		
Unconsolidated subsidiaries and affiliates	85,317	37,078
Others	204	174
	¥85,834	¥37,372

11. Net Assets

Under the Japanese Companies Act, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in-capital, which is included in capital surplus.

The Japanese Company Act provides that an amount equal to 10% of cash dividends and other cash appropriations of retained earnings must be set aside as a legal earnings reserve included in retained earnings until the total amount of capital surplus and the legal earnings reserve equals 25% of common stock.

The excess of the total amount of capital surplus and the legal earnings reserve over 25% of common stock can be transferred to retained earnings by a resolution of the shareholders, which may be available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Japanese Companies Act.

(a) Shares issued and outstanding

Changes in number of shares issued and outstanding during the year ended March 31, 2023 and 2024 were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
Balance at April 1, 2022	57,310	191
Increase during the year	19	0
Decrease during the year	—	—
Balance at March 31 and April 1, 2023	57,329	191
Increase during the year	27	0
Decrease during the year	—	—
Balance at March 31, 2024	57,356	192

(b) Dividends

Dividends paid for the year ended March 31, 2024 were as follows:

	Millions of yen
Approved at the shareholders' meeting held on June 29, 2023	¥7,999
Approved at the Board of Directors' meeting held on November 10, 2023	4,001
Total	¥12,000

Dividends included in the retained earnings at March 31, 2024 and to be paid in subsequent periods were as follows:

	Millions of yen
Approved at the shareholders' meeting held on June 27, 2024	¥4,001
Total	¥4,001

12. Selling, General and Administrative Expenses

Principal items of selling, general and administrative expenses for the years ended March 31, 2023 and 2024 were as follows:

	2023	2024
Freightage related expenses	¥11,821	¥11,789
Salaries	12,958	13,880
Bonus and retirement pay	2,742	2,206
Provision for bonuses	2,124	2,395
Retirement benefit expenses	754	(4,841)
Provision for directors' and corporate auditors' retirement benefits	87	79
Provision for product warranties	50	169
Depreciation expense	3,466	3,497
Research and development/Exploration expenses	11,359	12,827

13. Research and Development Expenses

Research and development expenses included in production cost and selling, general and administrative expenses amounted to ¥12,365 million and ¥13,354 million (\$88,244 thousand) for the years ended March 31, 2023 and 2024, respectively.

14. Extraordinary profit and loss

(a) Gain on sale of property, plant and equipment

	Millions of yen	
	2023	2024
Buildings and structures	¥27	¥0
Machinery and equipment	86	2
Land	0	0
Others	14	34
Total	¥129	¥37

(b) Loss on sale of property, plant and equipment

	Millions of yen	
	2023	2024
Buildings and structures	¥39	¥11
Machinery and equipment	88	92
Land	6	2
Others	21	10
Total	¥155	¥117

(c) Loss on disposal of property, plant and equipment

	Millions of yen	
	2023	2024
Buildings and structures	¥336	¥321
Machinery and equipment	1,956	1,737
Others	157	189
Total	¥2,450	¥2,249

(d) Provisions included in other, net of extraordinary losses

	Millions of yen	
	2023	2024
Provision for Environmental expenses	¥570	¥590

15. Lease

Future lease payments under noncancellable operating leases at March 31, 2023 and 2024 were as follows:

	Millions of yen	
	2023	2024
Due within one year	¥489	¥577
Due after one year	818	728
	¥1,307	¥1,306

16. Net Sales

Disaggregation of revenue and relationship with each reportable segment for the year ended March 31, 2024 was summarized as follows:

Year ended March 31, 2024	Reportable segment				Millions of yen		
	Engineered Materials	Metals	Mobility	Other Businesses	Total	Adjustment	Consolidated
Major product/services							
Engineered Powders	¥26,456	¥—	¥—	¥—	¥26,456	¥—	¥26,456
Copper Foil	75,294	—	—	—	75,294	—	75,294
Zinc and Lead	—	172,453	—	—	172,453	—	172,453
Copper and Precious metals	—	61,388	—	—	61,388	—	61,388
Catalyst for exhaust-gas purification	—	—	102,601	—	102,601	—	102,601
Automobile Door Lock	—	—	97,641	—	97,641	—	97,641
Products of other businesses	—	—	—	84,335	84,335	—	84,335
Engineering services, other	—	—	—	29,049	29,049	—	29,049
Others	22,334	12,961	18,109	—	53,405	—	53,405
Subtotal	124,086	246,803	218,352	113,385	702,627	—	702,627
Adjustments	(5,517)	(35,776)	(1,514)	(28,714)	(71,522)	15,593	(55,929)
External revenue	118,568	211,026	216,837	84,671	631,104	15,593	646,697
Revenue from contracts with customers	119,926	212,790	216,837	84,656	634,211	15,593	649,804
Other revenue	(1,358)	(1,763)	—	14	(3,107)	—	(3,107)

Notes:

Other revenue includes revenue, etc. generated from derivative transactions pursuant to the "Accounting Standard for Financial Instruments".

(a) Basic information to understand Revenue from contracts with customers

It is described in Note 2. "Summary of Significant Accounting Policies (q) Accounting policy for recognition of significant revenues and expenses".

(b) Information about the relationship between satisfaction of performance obligations pursuant to contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers prevailing as of the end of the current fiscal year

(1) Outstanding balance of contract assets and contract liabilities, etc.

It is described in Note 3 "Receivables and contract assets from contracts with customers" and Note 8 "Contract Liabilities".

(2) Transaction price allocated to remaining performance obligations

Because there are no significant transactions for which an estimated contract period initially exceeds one year, the practical expedient is applied and information on remaining performance obligations has been omitted.

In addition, consideration to be received from contracts with customers does not comprise any significant amounts not included in transaction prices.

17. Segment Information

The operations of the Companies for the years ended March 31, 2023 and 2024 were summarized as follows:

(a) Overview of reportable segments

The reportable segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

The Company has business sectors categorized by products and services in head office, and each business sector plans business strategies comprehensively and operates business activities domestically and internationally.

As a result, the Company reports four segments: Engineered Materials, Metals, Mobility, and Other Businesses, based on business sectors categorized by products and services.

(b) Basis for Calculating amounts of net sales, profit or loss, assets, and other items by reported segments

Accounting procedure for reportable segments, excluding the handling treatment for converting the income, expenses and assets of overseas subsidiaries into Japanese currency, is mostly the same as procedures described in Note 2. "Summary of Significant Accounting Policies". The handling treatment for converting the income, expenses and assets of overseas subsidiaries into Japanese currency is mainly based on anticipated exchange rates at the time budgets were formulated. Profit for reportable segments is based on ordinary income. Sales for inter-segment are based on actual market prices.

(c) Information on amounts of net sales, profit or loss, assets, and other items by reported segments

Segment information as of and for the fiscal year ended March 31, 2023 was as follows:

Year ended March 31, 2023	Reportable segment				Millions of yen		
	Engineered Materials	Metals	Mobility	Other Businesses	Total	Adjustment	Consolidated
Sales:							
Outside customers	¥105,985	¥203,886	¥214,121	¥101,884	¥625,877	¥26,087	¥651,965
Inter-segment	6,546	52,515	2,346	26,224	87,633	(87,633)	—
Total	112,531	256,401	216,468	128,108	713,511	(61,545)	651,965
Segment profit	10,706	9,082	3,200	736	23,725	(3,838)	19,886
Segment assets	105,306	236,120	174,007	87,375	602,810	29,083	631,894
Depreciation expense	7,032	13,026	7,405	1,397	28,861	4,784	33,646
Amortization of goodwill and negative goodwill	—	140	—	—	140	—	140
Interest income	82	138	168	67	457	(220)	237
Interest expense	422	546	937	123	2,029	(18)	2,011
Investment gains on equity method	—	4,223	—	1,483	5,707	19	5,726
Investment for entities accounted for using the equity method	—	26,738	—	21,045	47,783	(77)	47,706
Increase in property, plant and equipment, and intangible assets	8,137	11,852	5,696	1,479	27,165	5,349	32,515

Notes :

(a) Amounts of adjustment are as follows:

- (1) Adjustments of sales to external customers are the difference mainly derived from the conversion process of sales of overseas subsidiaries to the Japanese currency.(The difference between the anticipated exchange rates at the time budgets were formulated and the average exchange rates during the year.)
Adjustment to segment profit, which amounted to ¥(3,838) million, consists mainly of ¥(8,075) million for Company-wide costs that are not allocated to any reportable segments, ¥1,615 million for adjustment of inventories, and ¥1,492 million for foreign currency translation differences from the conversion of revenue and expenses of overseas subsidiaries and related entities to Japanese yen.
- (2) Adjustment to segment assets, which amounted to ¥29,083 million, consists of ¥(13,801) million for offset of receivables against the corporate administrative department, ¥(19,841) million for offset of inter-segment receivables, ¥67,869 million for Company-wide assets that are not allocated to any reportable segments and ¥(5,142) million for other adjustment.
Company-wide assets are mainly the ones in head office that are not allocated to any reportable segments.

(b) Segment profit is adjusted to be consistent with ordinary income shown on the consolidated statement of income.

Segment information as of and for the fiscal year ended March 31, 2024 was as follows:

Year ended March 31, 2024	Reportable segment				Millions of yen		
	Engineered Materials	Metals	Mobility	Other Businesses	Total	Adjustment	Consolidated
Sales:							
Outside customers	¥118,568	¥211,026	¥216,837	¥84,671	¥631,104	¥15,593	¥646,697
Inter-segment	5,517	35,776	1,514	28,714	71,522	(71,522)	—
Total	124,086	246,803	218,352	113,385	702,627	(55,929)	646,697
Segment profit	16,419	16,071	11,282	3,173	46,946	(2,432)	44,513
Segment assets	113,807	242,535	160,420	87,638	604,401	36,230	640,631
Depreciation expense	7,613	13,104	7,631	1,408	29,758	4,629	34,387
Amortization of goodwill and negative goodwill	—	140	—	—	140	—	140
Interest income	50	75	260	53	440	(86)	353
Interest expense	403	512	1,313	125	2,355	171	2,526
Investment gains on equity method	—	1,948	—	1,288	3,236	2	3,239
Investment for entities accounted for using the equity method	—	28,160	—	21,574	49,734	(67)	49,667
Increase in property, plant and equipment, and intangible assets	7,524	11,846	4,614	1,780	25,766	6,273	32,039

- Notes :
- (a) Amounts of adjustment are as follows:
- (1) Adjustments of sales to external customers are the difference mainly derived from the conversion process of sales of overseas subsidiaries to the Japanese currency.(The difference between the anticipated exchange rates at the time budgets were formulated and the average exchange rates during the year.)
Adjustment to segment profit, which amounted to ¥(2,432) million (\$ (16,070) thousand), consists mainly of ¥(3,871) million (\$ (25,579) thousand) for Company-wide costs that are not allocated to any reportable segments.
Company-wide costs consists mainly of general and administrative expenses and research expenses that is not allocated to any reportable segments.
- (2) Adjustment to segment assets, which amounted to ¥36,230 million (\$239,410 thousand), consists of ¥(15,647) million (\$ (103,396) thousand) for offset of receivables against the corporate administrative department, ¥(16,659) million (\$ (110,083) thousand) for offset of inter-segment receivables, ¥75,004 million (\$495,632 thousand) for Company-wide assets that are not allocated to any reportable segments and ¥(6,467) million (\$42,734 thousand) for other adjustment.
Company-wide assets are mainly the ones in head office that are not allocated to any reportable segments.
- (b) Segment profit is adjusted to be consistent with ordinary income shown on the consolidated statement of income.

【Related information】

Information by area:

Year ended March 31, 2023	Japan	China	India	Other Asian areas	North America	Other Areas	Millions of yen
							Consolidated
Sales	¥306,746	¥81,472	¥85,804	¥117,344	¥33,429	¥27,167	¥651,965
Year ended March 31, 2024	Japan	China	India	Other Asian areas	North America	Other Areas	Consolidated
Sales	¥332,665	¥89,473	¥65,488	¥98,223	¥41,666	¥29,179	¥646,697
Year ended March 31, 2023	Japan	Asia	North America	Other Areas			Consolidated
Property, plant and equipment	¥142,104	¥42,955	¥4,353	¥8,344			¥197,758
Year ended March 31, 2024	Japan	Asia	North America	Other Areas			Consolidated
Property, plant and equipment	¥142,280	¥43,193	¥4,293	¥9,241			¥199,008

【Information on loss on impairment of fixed assets by reportable segments】

Year ended March 31, 2023	Engineered Materials	Metals	Mobility	Other Businesses	Elimination ・ Corporate	Millions of yen
						Consolidated
Loss on impairment of fixed assets	¥—	¥—	¥—	¥34	¥—	¥34
Year ended March 31, 2024	Engineered Materials	Metals	Mobility	Other Businesses	Elimination ・ Corporate	Consolidated
Loss on impairment of fixed assets	¥—	¥—	¥—	¥23	¥—	¥23

【Information on amortization of goodwill and amortized balance by reportable segments】

Year ended March 31, 2023	Engineered Materials	Metals	Mobility	Other Businesses	Elimination ・ Corporate	Millions of yen
						Consolidated
Amortization of goodwill	¥—	¥140	¥—	¥—	¥—	¥140
Balance at end of fiscal year	—	281	—	—	—	281
Year ended March 31, 2024	Engineered Materials	Metals	Mobility	Other Businesses	Elimination ・ Corporate	Consolidated
Amortization of goodwill	¥—	¥140	¥—	¥—	¥—	¥140
Balance at end of fiscal year	—	140	—	—	—	140

【Information on gain on negative goodwill by reportable segments】

Year ended March 31, 2023
Not applicable.

Year ended March 31, 2024
Not applicable.

18. Income Taxes

The Company and its domestic subsidiaries are imposed some sorts of taxes in Japan on their taxable incomes, and the statutory effective tax rate in aggregate in Japan is approximately 30.5% for the years ended March 31, 2023 and 2024.

1. Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2023 and 2024 were as follows:

	2023	2024	Millions of yen
Deferred tax assets:			
Excess bad debt expenses	¥ 97	¥ 915	
Excess accrued bonuses to employees	1,701	1,815	
Excess product warranties	104	135	
Liability for retirement benefits	8,676	8,151	
Provision for environmental countermeasures	229	324	
Loss on impairment of fixed assets	2,300	2,227	
Depreciation in excess of limit	730	966	
Enterprise taxes accrued	118	312	
Unrealized profits and losses	3,386	3,667	
Operating loss carryforward for tax purposes (b)	27,330	25,974	
Net unrealized losses on securities	3	10	
Deferred losses on hedges	907	822	
Other	10,456	8,401	
Subtotal	56,043	53,726	
Valuation allowance for operating loss carryforward for tax purposes (b)	(26,434)	(24,907)	
Valuation allowance for deductible temporary differences	(16,408)	(16,362)	
Valuation allowance-total (a)	(42,843)	(41,269)	
Total deferred tax assets	¥ 13,200	¥ 12,457	
Deferred tax liabilities:			
Net unrealized gains on securities	¥ (1,294)	¥ (2,408)	
Deferred gains on hedges	(66)	(195)	
Retained earnings of foreign subsidiaries	(7,331)	(8,812)	
Asset for retirement benefits	(2,389)	(3,727)	
Excess depreciation for tax purposes	(2,858)	(2,481)	
Other	(1,542)	(1,915)	
Total deferred tax liabilities	(15,482)	(19,541)	
Net deferred tax assets	¥ (2,281)	¥ (7,083)	

(a) Valuation allowance decreased by ¥1,573 million (\$10,394 thousand). The main reasons for the decrease were decreases in valuation allowance of ¥1,333 million (\$8,808 thousand) for operating loss carryforward.

(b) Operating loss carryforward for tax purposes and its deferred tax assets by expiration periods.

	Millions of yen						
					2029 and		
(2023)	2024	2025	2026	2027	2028	Beyond	Total
Operating loss carryforward for tax purposes (1)	¥180	¥391	¥81	¥473	¥—	¥26,204	¥27,330
Valuation allowance	(162)	(386)	(81)	(263)	—	(25,540)	(26,434)
Net deferred tax assets	17	4	—	210	—	663	896

(1) Carryforward tax loss shown in the above table is after multiplying the statutory tax rate.

	Millions of yen						
					2030 and		
(2024)	2025	2026	2027	2028	2029	Beyond	Total
Operating loss carryforward for tax purposes (1)	¥386	¥84	¥475	¥—	¥882	¥24,146	¥25,974
Valuation allowance	(282)	(84)	(283)	—	(859)	(23,398)	(24,907)
Net deferred tax assets	103	—	192	—	22	748	1,067

(1) Carryforward tax loss shown in the above table is after multiplying the statutory tax rate.

2. The following table summarizes the significant differences between the statutory effective tax rate and the tax rate calculated based on the Company's consolidated financial statements for the fiscal years ended March 31, 2023 and 2024.

	2023	2024
Statutory effective tax rate	30.5 %	— %
Permanent difference due to non-deductible expense	1.4	—
Permanent difference due to non-taxable income	(35.5)	—
Effect of elimination of intercompany dividends received	35.4	—
Investment losses on equity method	(11.5)	—
Valuation allowance	(35.8)	—
Tax credit	(0.1)	—
Others	(0.0)	—
Tax rate calculated based on the Companies' consolidated financial statements	56.1 %	— %

The note for the fiscal years ended March 31, 2024 is omitted because the difference between the statutory income tax rate and the Companies' actual income tax rate after adoption of tax-effect accounting is less than 5%.

3. Accounting for corporation tax and local corporation tax and tax effect accounting

The Company and some of its domestic consolidated subsidiaries have adopted the group tax sharing system from the fiscal year ended March 31, 2023. In addition, corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (PITF No.42, August 12, 2021).

19. Financial Instruments

(a) Qualitative information on financial instruments

1. Policy of financial instruments management

The Companies raise funds primarily through bank loans and the issuance of commercial paper and bonds. The Companies manage surplus funds utilizing financial assets with high degrees of safety. The Companies use derivatives to reduce risk as described below and do not enter into speculative trading.

2. Description of financial instruments and risk

Trade receivables-notes and accounts receivable are exposed to the credit risks of customers. As the Companies are expanding their business globally, certain foreign currency denominated trade receivables are exposed to foreign currency exchange rate fluctuation risk. For this risk, currency forward contracts are used on a certain portion of the amount of foreign currency denominated trade receivables less the amount of respective foreign currency denominated trade payable. Investment securities are mainly stocks issued by companies that have business relationships, and are exposed to stock market fluctuation risk.

The majority of trade payables-notes and accounts payable have payment due dates of less than one year. A portion of foreign currency denominated trade payables-notes and accounts are denominated in foreign currencies in association with the import of raw materials and others and are thus exposed to foreign currency exchange rate fluctuation risk. For this risk, currency forward contracts are used on a certain portion of the positions that are, as a general rule, the net amount of trade payables denominated in the respective foreign currencies. Short-term borrowings and commercial papers are raised mainly for operating activities while long-term debt (in principle within 5 years) is raised mainly for capital investments. Loans with floating interest are exposed to interest rate fluctuation risk, for long-term debt with floating interest, derivative transactions (interest rate swap contracts) are used for certain long-term loans in each loan agreement in order to hedge the risk of fluctuating interest rates and to make interest expenses fixed.

Regarding derivative transactions, the Companies used currency forward contracts and swaps to hedge transactions, such as future sales of commodities (mainly basic metals) and future purchases of inventories (mainly imported materials) in foreign currencies, and to hedge their foreign currency denominated assets and liabilities against foreign currency exchange risk. For those transactions, the Companies apply the deferred hedge method or the matching treatment method as hedge accounting methods except for transactions held by certain foreign subsidiaries, and for certain transactions to hedge assets and liabilities denominated in foreign currencies against foreign currency exchange risk.

The Companies also entered into interest rate swap contracts to hedge their loans payable against interest rate fluctuation risk. For those transactions, the Companies apply the deferred hedge method or the exceptional accrual method for interest rate swaps as hedge accounting methods except for transactions held by certain foreign subsidiaries.

Further, the Companies utilized metal forward contracts and fuel forward contracts to reduce the Companies' exposure to fluctuations in material prices. For those transactions, the Companies apply the deferred hedge method as hedge accounting methods except for transactions held by certain foreign subsidiaries. With regard to hedging instruments, hedged items, hedging policies and evaluation of hedge effectiveness, please refer to “Notes to Consolidated Financial Statements - 2.Summary of Significant Accounting Policies - (e) Derivative transactions and hedge accounting.”

Derivative transactions are exposed to market risks from fluctuations in fair value and to credit risks from breach of contract due to counter parties' insolvency or other reasons. Market risks of the Companies' currency forward and swap contracts, interest rate swap contracts and metal forward contracts refer to the risks from fluctuations in exchange rates, interest rates and metal prices.

3. Description of risk management system for financial instruments

Management system for credit risk

With regard to the credit risk for trade receivables-notes and accounts receivable, due dates and balances are managed for each customer and the credit status of major customers is kept track of on a semiannual basis.

In order to mitigate credit risk for derivative transactions, the Companies conduct business only with highly rated financial institutions and trading companies.

Management system for market risk

For foreign currency exchange rate risk from foreign currency denominated trade receivables, currency forward contracts are used on a certain portion of the positions that are, as a general rule, the net amount of foreign currency denominated trade receivables. For foreign currency exchange rate risk from foreign currency denominated trade payables, currency forward contracts are used on a certain portion of the positions that are, as a general rule, the net amount of foreign currency denominated trade payables. Moreover, the Companies also entered into interest rate swaps to hedge their loans payable against interest rate risk.

For stock market fluctuation risk of investment securities, the Companies keep track of the market prices and investees' (business partners) financial condition and review continuously the possession situation of stocks in view of the relationship with business partners.

Derivative transactions entered into by the Companies are implemented and controlled based on the Company's internal policies.

Management system for liquidity risk of financing

The Company's Finance & Accounting Department manages the risk through the preparation of the Companies' financial plans with group financing.

4. Supplementary explanation regarding fair value of financial instruments

The fair value of financial instruments is measured based on the market price, if available, or reasonably estimated value if a market price is not available. As reasonably estimated value is estimated based on certain assumptions, it might differ if different assumptions are used.

In addition, the contract amount of the derivative transactions described below in Note 20 "Derivative Transactions" does not represent the market risk of the derivative transactions.

(b) Fair value of financial instruments

The carrying amounts of book value, fair value, and differences as of March 31, 2023 and 2024 were as follows.

Millions of yen			
Year ended March 31, 2023	Book value	Fair value	Difference
Assets:			
(a) Investment securities	¥ 13,401	¥ 12,638	¥ (762)
Total	¥ 13,401	¥ 12,638	¥ (762)
Liabilities:			
(a) Current portion of bonds payable	10,000	10,000	0
(b) Bonds payable	40,000	39,939	(60)
(c) Current portion of long-term borrowings Notes 3	18,538	18,528	(10)
(d) Long-term borrowings	86,043	85,703	(339)
Total	¥ 154,581	¥ 154,172	¥ (409)
Derivative transactions	¥ (2,779)	¥ (2,779)	¥ —

Year ended March 31, 2024	Book value	Fair value	Difference
Assets:			
(a) Investment securities	¥ 17,011	¥ 16,236	¥ (775)
Total	¥ 17,011	¥ 16,236	¥ (775)
Liabilities:			
(a) Current portion of bonds payable	10,000	9,982	(17)
(b) Bonds payable	40,000	39,811	(188)
(c) Current portion of long-term borrowings Notes 3	29,837	29,875	37
(d) Long-term borrowings	61,447	61,145	(302)
Total	¥ 141,285	¥ 140,814	¥ (470)
Derivative transactions	¥ (2,184)	¥ (2,184)	¥ —

Notes:

1. Cash and deposits, Notes and accounts receivable, Notes and accounts payable, and Short-term borrowings and commercial papers are not included in the table above. This is because their carrying amounts are reasonably considered as fair values, as they are expected to be settled shortly.

2. Equity securities without market prices, and investments in partnerships and other similar entities recorded at the net amount equivalent to the equity interest are not included in “(a)Investment securities”.

The carrying amounts of these financial instruments as follows.

Consolidated balance sheet amount			Millions of yen
Classification	2023	2024	
Unlisted equity securities	¥ 46,495	¥ 47,239	
Investments in partnerships and others	1,967	2,183	

3. "(a)Current portion of bonds payable" and "(c)Current portion of long-term borrowings" are included in Current portion of long-term debt in the consolidated balance sheet. "(b)Bonds payable" and "(d)Long-term borrowings" are included in Long-term debt in the consolidated balance sheet.

4. Derivative assets and liabilities are on net basis. Items that are net liabilities are shown in parenthesis.

5. The redemption schedule for money claim and held-to-maturity debt securities with maturity dates subsequent to the consolidated balance sheets date

Millions of yen				
Year ended March 31, 2023	April 1, 2023 to March 31, 2024	April 1, 2024 to March 31, 2028	April 1, 2028 to March 31, 2033	April 1, 2033 and thereafter
(a) Cash and deposits	¥ 26,817	¥ —	¥ —	¥ —
(b) Notes and accounts receivable	109,728	—	—	—
(c) Investment securities:				
Available-for-sale securities with maturity date				
Bonds(domestic government and municipal bonds)	—	—	—	230
Total	¥ 136,545	¥ —	¥ —	¥ 230
Year ended March 31, 2024	April 1, 2024 to March 31, 2025	April 1, 2025 to March 31, 2029	April 1, 2029 to March 31, 2034	April 1, 2034 and thereafter
(a) Cash and deposits	¥ 32,483	¥ —	¥ —	¥ —
(b) Notes and accounts receivable	116,417	—	—	—
(c) Investment securities:				
Available-for-sale securities with maturity date				
Bonds(domestic government and municipal bonds)	—	—	—	209
Total	¥ 148,901	¥ —	¥ —	¥ 209

6. The redemption schedule for corporate bonds, long-term debt, and other interest-bearing debt with maturity dates subsequent to the consolidated balance sheets date

Please refer to Note 7 "Short-Term Borrowings and Long-Term Debt".

(c) Fair value information of financial instruments by level of inputs

The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and significance of the inputs used in the fair value measurement.

Level 1 fair value:

Fair value measured by quoted prices in active markets for identical assets or liabilities

Level 2 fair value:

Fair value measured using observable inputs other than Level 1

Level 3 fair value:

Fair value measured using unobservable inputs

Fair value is categorized at the level with the lowest priority in the fair value measurement from among the levels to which the respective inputs belong, in cases involving use of multiple inputs that have a material effect on fair value measurement.

(1) Financial instruments recorded in the consolidated balance sheet at fair value

Millions of yen				
Year ended March 31, 2023	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	¥ 6,199	¥ —	¥ —	¥ 6,199
Bonds(domestic government and municipal bonds)	—	—	230	230
Derivative Transactions				
Currency-related derivatives	—	27	—	27
Commodities-related derivatives	—	191	—	191
Total Assets	¥ 6,199	¥ 219	¥ 230	¥ 6,648
Derivative Transactions				
Currency-related derivatives	—	(2,743)	—	(2,743)
Commodities-related derivatives	—	(254)	—	(254)
Total Liabilities	¥ —	¥ (2,998)	¥ —	¥ (2,998)

Year ended March 31, 2024	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	¥ 9,678	¥ —	¥ —	¥ 9,678
Bonds(domestic government and municipal bonds)	—	—	209	209
Derivative Transactions				
Currency-related derivatives	—	107	—	107
Commodities-related derivatives	—	925	—	925
Total Assets	¥ 9,678	¥ 1,033	¥ 209	¥ 10,921
Derivative Transactions				
Currency-related derivatives	—	(2,601)	—	(2,601)
Commodities-related derivatives	—	(616)	—	(616)
Total Liabilities	¥ —	¥ (3,217)	¥ —	¥ (3,217)

(2) Financial instruments other than financial instruments recorded in the consolidated balance sheet at fair value

Year ended March 31, 2023	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	¥ 6,209	¥ —	¥ —	¥ 6,209
Total Assets	¥ 6,209	—	—	¥ 6,209
Bonds payable	—	49,939	—	49,939
Long-Term Borrowings	—	104,232	—	104,232
Total Liabilities	¥ —	¥ 154,172	¥ —	¥ 154,172

Year ended March 31, 2024	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	¥ 6,348	¥ —	¥ —	¥ 6,348
Total Assets	¥ 6,348	—	—	¥ 6,348
Bonds payable	—	49,793	—	49,793
Long-Term Borrowings	—	91,021	—	91,021
Total Liabilities	¥ —	¥ 140,814	¥ —	¥ 140,814

Notes: Explanation of valuation techniques and inputs used in fair value measurement

Investment securities

Fair value of equities is categorized as Level 1 fair value measured at the market price. Fair value of bonds is categorized as Level 3 fair value, calculated by discounting the future cash flows at an interest rate on similar bonds, taking into account the debt repayment record of the issuing local government body.

Derivative Transactions

Fair value of commodity prices and forward exchange contracts is categorized as Level 2 fair value, calculated based on observable inputs such as market prices and exchange rates.

Bonds payable

Fair value of bonds payable is categorized as Level 2 fair value, calculated by discounting future cash flows using the rate quoted in secondary markets.

Long-Term Borrowings

Fair value of long-term borrowings is categorized as Level 2 fair value, calculated by discounting future cash flows at the current borrowing rate for similar debt of a comparable maturity.

20. Derivative Transactions

(a) Derivative transactions for which hedge accounting had not been applied as of March 31, 2023 and 2024 were as follows:

Currency-related derivatives

Type	Millions of yen	
	2023	2024
Forward contracts:		
Selling:		
U.S. dollars:		
Contract amounts	¥876	¥1,019
Due over one year	—	—
Fair value	(12)	(41)
Net unrealized gains (losses)	(12)	(41)

			Millions of yen	
Type			2023	2024
Forward contracts:				
	Selling:			
	Indian rupees:	Contract amounts	¥ —	¥3,620
		Due over one year	—	—
		Fair value	—	(104)
		Net unrealized gains (losses)	—	(104)

(b) Derivative transactions for which hedge accounting had been applied as of March 31, 2023 and 2024 were as follows:

Currency-related derivatives

Currency-related derivatives for which hedge accounting had been applied

		Millions of yen	
Type	Hedged items	2023	2024
Forward contracts:			
Selling:			
U.S. dollars:	Accounts receivable		
	Contract amounts	¥27,524	¥20,466
	Due over one year	8,375	—
	Fair value	(2,687)	(2,432)
Euros:	Contract amounts	¥553	¥74
	Due over one year	16	—
	Fair value	(13)	(14)
Thai baht:	Contract amounts	¥2	¥ —
	Due over one year	—	—
	Fair value	(0)	—
Buying:	Accounts payable		
U.S. dollars:	Contract amounts	¥487	¥7,184
	Due over one year	—	—
	Fair value	0	98
Euros:	Contract amounts	¥70	¥40
	Due over one year	—	—
	Fair value	1	1
Australian dollars:	Contract amounts	¥110	¥121
	Due over one year	—	—
	Fair value	(3)	(0)

Notes: The deferred hedge method is applied as a hedge accounting method.

Currency-related derivatives for which exceptional accrual method had been applied

		Millions of yen	
Type	Hedged items	2023	2024
Forward contracts:			
Selling:			
U.S. dollars:	Accounts receivable		
	Contract amounts	¥139	¥158
	Due over one year	—	—
	Fair value	(Note b)	(Note b)

Notes:

(a) The exceptional accrual method for currency-related derivatives is applied as a hedge accounting method.

(b) For certain accounts receivable for which currency forward contracts are used to hedge the foreign currency exchange rate fluctuation risk, fair value of derivative financial instruments is included in fair value of the accounts receivable as hedged items, because those currency forwards contracts are treated in combination with the respective accounts receivable with the exceptional accrual method for currency forward contracts.

Commodities-related derivatives

		Millions of yen	
Type	Hedged items	2023	2024
Forward contracts:	Raw materials and finished goods		
Selling:			
Zinc:	Contract amounts	¥7,796	¥3,480
	Due over one year	2,991	—
	Fair value	(41)	411
Lead:	Contract amounts	¥2,563	¥730
	Due over one year	—	—
	Fair value	(13)	(2)
Copper:	Contract amounts	¥117	¥395
	Due over one year	—	—
	Fair value	7	47
Buying:			
Zinc:	Contract amounts	¥3,279	¥9,114
	Due over one year	—	—
	Fair value	9	(132)
Lead:	Contract amounts	¥2,092	¥3,912
	Due over one year	—	—
	Fair value	(25)	(13)
Copper:	Contract amounts	¥110	¥—
	Due over one year	—	—
	Fair value	—	—

Notes: The deferred hedge method is applied as a hedge accounting method.

21. Employees' Retirement Benefits

The Company and its consolidated domestic subsidiaries provide two retirement benefit plans for employees, an unfunded retirement plan and a funded retirement plan, under which all eligible employees are entitled to benefits based on their length of service and basic rate of pay at the time of termination.

Defined benefit plans

(a) Changes in retirement benefit obligations

	Millions of yen	
	2023	2024
Balance at the beginning of the fiscal year	¥47,531	¥48,704
Service cost	2,400	3,234
Interest cost	122	132
Actuarial gain (loss)	(278)	(4,031)
Benefits paid	(1,143)	(1,180)
Past service benefits	49	30
Others	22	46
Balance at the end of the fiscal year	¥48,704	¥46,936

(b) Changes in plan assets

	2023	2024
Balance at the beginning of the fiscal year	¥27,777	¥27,942
Expected return on plan assets	895	829
Actuarial loss	(649)	2,815
Contributions paid by the employer	431	1,017
Benefits paid	(444)	(375)
Others	(67)	100
Balance at the end of the fiscal year	¥27,942	¥32,328

(c) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits

	2023	2024
Funded retirement benefit obligations	¥20,723	¥20,100
Plan assets	(27,942)	(32,328)
	(7,218)	(12,227)
Unfunded retirement benefit obligations	27,981	26,835
Net liability for retirement benefits at the end of the fiscal year	20,762	14,608
Liability for retirement benefits	28,394	27,173
Asset for retirement benefits	(7,631)	(12,565)
Net liability for retirement benefits at the end of the fiscal year	¥20,762	¥14,608

(d) Retirement benefit costs

	2023	2024
Service cost	¥2,400	¥3,234
Interest cost	122	132
Expected return on plan assets	(895)	(829)
Net actuarial loss (gain) amortization	479	(6,349)
Past service costs amortization	(830)	(108)
Total retirement benefit costs for the fiscal year	¥1,276	¥(3,919)

(e) Remeasurements of defined benefit plans

	Millions of yen	
	2023	2024
Past service costs (benefits)	¥(886)	¥(126)
Actuarial loss	23	624
Total remeasurements of defined benefit plans for the fiscal year	¥(862)	¥498

(f) Accumulated adjustments for retirement benefit

	2023	2024
Prior service costs that are yet to be recognized	¥(52)	¥73
Net actuarial losses that are yet to be recognized	19	(605)
Total balance at the end of the fiscal year	¥(33)	¥(531)

(g) Plan assets

1. Plan assets comprise:

	2023	2024
Bonds	37%	38%
Equity securities	29%	31%
General insurance funds	30%	27%
Other	4%	4%
Total	100%	100%

2. Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(h) Actuarial assumptions

The principal actuarial assumptions at March 31, 2023 and 2024 are as follows:

	2023	2024
Discount rate	0.0%-0.9%	0.0%-1.2%
Long-term expected rate of return	Mainly 3.7 %	Mainly 3.0 %

Defined contribution plans

Contributions to defined contribution plans amounted to ¥1,060 million and ¥1,158 million (\$7,652 thousand) for the years ended March 31, 2023 and 2024, respectively.

22. Earnings per Share of Common Stock

Earnings per share of common stock at March 31, 2023 and 2024 were as follows:

Year ended March 31, 2023	Profit (Millions of yen)	Weighted-average shares (Thousands)	Profit per share (Yen)
Profit attributable to owners of parent	¥8,511	57,131	¥148.99
Year ended March 31, 2024	Profit (Millions of yen)	Weighted-average shares (Thousands)	Profit per share (Yen)
Profit attributable to owners of parent	¥25,989	57,155	¥454.71

(a) Regarding diluted earnings per share, no figures for diluted earnings per share have been disclosed because no latent shares existed.

23. Loss on valuation of shares of subsidiaries and associates and Provision of allowance for doubtful accounts

Years ended March 31, 2024

Mitsui Kinzoku Die-Casting Technology America Inc., a non-consolidated subsidiary of the Company, revised its business plan responding to changes in order trends for major products. Consequently, Mitsui Kinzoku Die-Casting Technology America Inc. recognized an impairment loss on its property, plant and equipment.

Because the deterioration in the financial condition of Mitsui Kinzoku Die-Casting Technology America Inc. caused significant decrease in its net asset value, the Company recognized a loss on valuation of shares of subsidiaries and affiliates. In addition to that, the Company recognized provision of allowance for doubtful accounts on monetary receivables from Mitsui Kinzoku Die-Casting Technology America Inc.

24. Loss on impairment of fixed assets

The Company recognized impairment losses on the manufacturing facilities and the idle assets as extraordinary losses for the fiscal years ended March 31, 2023 and 2024 as follows:

Year ended March 31, 2023			
Location	Major use	Asset category	Millions of yen
Mikata County, Hyogo Prefecture	Idle assets	Buildings and structures	¥19
		Machinery and Equipment and Transportation equipment	0
		Intangible fixed Asset	15
		Total	¥34

Grouping of assets used for business purposes is based on plant- and product-specific units based on management accounting classifications. And idle assets are grouped by individual assets.

The carrying amounts of idle assets held to sale were reduced to net realizable value, which were measured at the estimated sales price. And the carrying amounts of other idle assets were reduced to the recoverable amounts, which were measured at memorandum value since it is difficult to continue to use them for other operations or to sell them. The amount of the reduction was recorded as an impairment loss in an extraordinary loss.

Year ended March 31, 2024			
Location	Major use	Asset category	Millions of yen
Kyoto City, Kyoto Prefecture	Idle assets	Buildings and structures	¥4
		Machinery and Equipment and Transportation equipment	18
		Total	¥23

The carrying amounts of idle assets were reduced to the recoverable amounts, which were measured at memorandum value since it is difficult to continue to use them for other operations or to sell them. The amount of the reduction was recorded as an impairment loss in an extraordinary loss.

25. Related Party Transactions

(a) Related party transactions

Year ended March 31, 2023

Type	Name of the company	Location	Capital (Millions)	Voting rights held by the Company	Description of the business relationship	Transaction detail	Transaction amount (Millions)	Account item	Ending balance (Millions)
Associate	Pan Pacific Copper Co., Ltd.	Minato-ku, Tokyo	¥5,000	32.2%	Production and selling products related to copper refining and smelting business	Mainly sales of products	¥35,218 * 1	Account Payable	¥9
						Guarantees of bank loans	¥79,244 * 2		

* 1. Sales and purchases of products and other items are determined by taking into consideration the equivalent market prices for arm's length transactions.

* 2. The Group guarantees for loans, etc., from financial institutions, etc.

Year ended March 31, 2024

Type	Name of the company	Location	Capital (Millions)	Voting rights held by the Company	Description of the business relationship	Transaction detail	Transaction amount (Millions)	Account item	Ending balance (Millions)
Associate	Pan Pacific Copper Co., Ltd.	Minato-ku, Tokyo	¥5,000	32.2%	Production and selling products related to copper refining and smelting business	Mainly sales of products	¥23,783 * 1	Account Receivable	¥4,664
						Guarantees of bank loans	¥32,151 * 2		

* 1. Sales and purchases of products and other items are determined by taking into consideration the equivalent market prices for arm's length transactions.

* 2. The Group guarantees for loans, etc., from financial institutions, etc.

(b) Summarized financial information of significant associate

The summarized financial information of significant associate, Pan Pacific Copper Co., Ltd. for the years ended March 31, 2023 and 2024 were as follows:

Pan Pacific Copper Co., Ltd.			Millions of yen
	2023	2024	
Total current assets	¥513,482	¥493,868	
Total non-current assets	3,636	2,398	
Total current liabilities	433,941	408,515	
Total long-term liabilities	284	286	
Total net assets	82,894	87,463	
Net sales	1,133,238	1,152,917	
Profit before income taxes	19,052	9,181	
Profit	13,076	6,050	

26. Asset Retirement Obligations

Years ended March 31, 2023 and 2024

Asset retirement obligations that are recorded in the consolidated balance sheet

(a) Overview of asset retirement obligations

- Obligation to restore a closed mine to its original state required by the Mine Closure Law overseas
- Obligation to eliminate asbestos caused by dismantling a building (business asset) under the Act on Asbestos Health Damage Relief
- Obligation to restore a vacated office or other facility to its original state based on a real estate lease agreement

(b) Basis for calculating amounts of the asset retirement obligations

(Mines)

Compania Minera Santa Luisa S.A. has recognized asset retirement obligations in accordance with International Financial Reporting Standards, by estimating closure costs based on mine closure plans under mine closure legislation and regulations in Peru. With regard to estimate of asset retirement obligations, a discount rate of 4.20~4.73% is used, and the expected period up to payment is based on number of recoverable years from launch of operations and estimated between 1 and 19 years from the next fiscal year.

In addition, during the fiscal year ended March 31, 2024, the Company revised the discount rate and that resulted in decreasing of ¥(181) million (\$1,196) thousand) in the balance of asset retirement obligations.

(Asbestos)

The expected periods that removal expenses will occur at the time of dismantling the assets are estimated between in 1 to 31 years depending on each asset. The Companies estimate the amount of asset retirement obligations by using the discount rates which are between (0.13%) and 2.30%.

In the year ended March 31, 2024, the Company gained the ability to reasonably estimate future removal expenses for asbestos building materials, as it obtained new information about these removal expenses. Accordingly, the Company has derived a new estimate of these removal expenses and has recorded the expenses as asset retirement obligations. As a result, the Company additionally recognized the balance of asset retirement obligations of ¥13 million (\$85 thousand).

(Real estate lease agreements)

The companies reasonably estimate the amount of lease deposits from real estate lease agreements that they cannot expect to finally recover, and record the portion of this amount allocated to the fiscal year ended March 31, 2024 as expenses, instead of recording them as asset retirement obligations under liabilities.

The companies use periods of time between 4 and 15 years from the date of occupancy to estimate the amount of the expenses.

The companies estimate the uncollectible amount of lease deposits as ¥291 million (\$1,922 thousand) in the fiscal year ended March 31, 2024.

(c) Changes in the total amount of these asset retirement obligations in the fiscal years ended March 31, 2023 and 2024

	Millions of yen	
	2023	2024
Balance at the beginning of the fiscal year	¥ 4,320	¥ 3,796
Adjustments due to the passage of time	70	143
Decrease from execution of asset retirement obligations	(201)	(266)
Increase from changes of estimates	(678)	(167)
Impact of foreign currency translation	286	479
Balance at the end of the fiscal year	¥ 3,796	¥ 3,984

27.Consolidated Statements of Comprehensive Income

Years ended March 31, 2023 and 2024

Amounts reclassified to net income in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income were as follows:

	Millions of yen	
	2023	2024
Net unrealized gains (losses) on securities:		
Increase (decrease) during the year	¥1,282	¥5,087
Reclassification adjustments	(25)	(1,238)
Subtotal, before tax	1,256	3,849
Tax (expense) or benefit	(411)	(1,115)
Subtotal, net of tax	845	2,733
Deferred gains (losses) on hedges:		
Increase (decrease) during the year	(1,980)	(3,908)
Reclassification adjustments	7,037	4,655
Subtotal, before tax	5,057	747
Tax (expense) or benefit	204	(201)
Subtotal, net of tax	5,262	546
Foreign currency translation adjustments:		
Increase(decrease) during the year	3,877	9,649
Reclassification adjustments	3	—
Subtotal, net of tax	3,881	9,649
Remeasurements of defined benefit plans:		
Increase(decrease) during the year	(43)	617
Reclassification adjustments	(818)	(118)
Subtotal, before tax	(862)	498
Tax (expense) or benefit	106	(194)
Subtotal, net of tax	(755)	304
Share of other comprehensive income of associates accounted for using equity method:		
Increase(decrease) during the year	(6,393)	(11,885)
Reclassification adjustments	8,685	11,468
Subtotal, net of tax	2,291	(416)
Total other comprehensive income	¥11,524	¥12,816



Independent auditor's report

To the Board of Directors of MITSUI MINING & SMELTING Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of MITSUI MINING & SMELTING Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2024 and 2023, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of the calculation of the net realizable values used for the valuation of inventories

The key audit matter

MITSUI MINING & SMELTING CO., LTD. (the "Company") recognized inventories of ¥165,232 million in the consolidated balance sheets as of March 31, 2024. This amount represented 26% of total assets in the consolidated balance sheet.

As described in Note (Significant accounting estimates), 1. Valuation of inventories" to the consolidated financial statements, inventories are

How the matter was addressed in our audit

The primary procedures we performed to assess the accuracy of the calculation of the net realizable values used for the valuation of inventories are set forth below:

In addition, we requested the independent auditors of the consolidated subsidiaries of the Company to perform an audit, and evaluated the reports of the component auditors to conclude on whether sufficient and appropriate audit evidence was obtained from the procedures performed.

stated at the acquisition cost. However, if the net realizable value or the replacement cost is lower than the acquisition cost at the end of the year, inventories are measured at the net realizable value or the replacement cost, and the difference from the acquisition cost is recorded as an expense for the period.

Of these values compared with the acquisition cost in valuation of inventories, net realizable values are calculated based on the most recent actual unit selling prices and the actual selling costs, which reflect the influences of changes in quoted market prices of nonferrous metals on actual unit selling prices. Quoted market prices of nonferrous metals are determined based on listed prices on the London Metal Exchange ("LME") and other international markets (hereinafter, these prices are referred to as the "LME or other market prices"). The LME or other market prices fluctuate under the influences of various factors such as the international supply-demand balance, global political and economic conditions, and speculative trading. Accordingly, any failure in calculating accurate net realizable values reflecting the LME or other market prices, which are used for the valuation of inventories, may have significant effect on valuation of inventories.

We, therefore, determined that our assessment of the accuracy of the calculation of the net realizable values used for the valuation of inventories was of the most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

Other Information

The other information comprises the Integrated Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Integrated Report, which is expected to be made available to us after that date. Management is responsible for the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

(1) Internal control testing

Test of the design and operating effectiveness of certain of the Company's internal controls relevant to the valuation of inventories, with a greater focus on:

- Controls to completely identify inventories to be evaluated; and
- Controls to calculate net realizable values and recognize valuation losses accurately.

(2) Assessment of the accuracy of the calculation of the net realizable values

Assessment of the accuracy of the calculation of the net realizable values by performing the following procedures:

- Assessment of the appropriateness of the unit of valuation of inventories determined for each of the categories such as zinc, lead, copper, and catalysts in accordance with the requirements of applicable accounting standards;
- Comparison of the LME or other market prices reflected in the most recent actual unit selling prices, which served as the basis for the calculation of the net realizable values, with the published LME or other market prices;
- Assessment as to whether the net realizable values used for the valuation of inventories were accurately calculated through recalculations; and
- Assessment as to whether valuation losses were recognized accurately and completely by comparing the net realizable values with the acquisition costs.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and network firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 212 million yen and 105 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroaki Sugiura
Designated Engagement Partner
Certified Public Accountant

Terukazu Nagamine
Designated Engagement Partner
Certified Public Accountant

Yoshimasa Hamada
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 27, 2024

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

ESG data

Governance

Profile of Directors and Directors who are Audit & Supervisory Committee Members (As of June 27, 2024)

Directors (excluding Directors who are Audit & Supervisory Committee Members)

President and Representative Director

NOU Takeshi

April 1986	Entered the Company
June 2010	Managing Director of Mitsui Copper Foil (Malaysia) Sdn.Bhd.
October 2013	General Manager of Recycling Business Promotion Group, Metals, Minerals & Engineering Sector
April 2014	Executive Officer, Senior General Manager of Technology Management Division, Metals & Recycling Division, Metals Sector
April 2015	Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector
June 2015	Director, Senior Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector
October 2015	Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector
April 2016	Representative Director, Managing Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector
April 2020	Vice President, Representative Director, Executive Vice President, Senior General Manager of Business Creation Sector
April 2021	President and Representative Director (current positions)

Representative Director Senior Managing Director, Senior Managing Executive Officer

OKABE Masato

April 1986	Entered the Company
June 2010	Director and Vice President, Taiwan Copper Foil Company, Limited
June 2011	General Manager of Business Planning Group, Electronics Materials Sector
September 2013	Assistant to General Manager of Catalysts Strategic Division, Engineered Materials Sector
January 2014	General Manager of Sales Department, Catalysts Strategic Division, Engineered Materials Sector
October 2015	Deputy General Manager of Catalysts Division and General Manager of Sales Department, Catalysts Division, Engineered Materials Sector
April 2016	Executive Officer, General Manager of Catalysts Division, Engineered Materials Sector
October 2019	Deputy Senior General Manager of Engineered Materials Sector, General Manager of Catalysts Division, Engineered Materials Sector
April 2020	Senior Executive Officer, Senior General Manager of Engineered Materials Sector
June 2022	Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector
April 2023	Managing Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector
April 2024	Representative Director, Senior Managing Director, Senior General Manager of Engineered Materials Sector (current positions)

Managing Director, Senior Executive Officer

IKENOBU Seiji

April 1995	Entered the Company
June 2013	General Manager of Technical Planning Group, Technology Management Division, Metals, Minerals & Environmental Engineering Sector
January 2015	General Manager of Ageo Copper Foil, Strategic Production Planning Department, Copper Foil Division, Engineered Materials Sector
April 2016	General Manager of Business Planning Group, Metals Sector
April 2020	General Manager of Business Planning Group, Metals Sector, Deputy General Manager of Copper & Precious Metals Division, Metals Sector, General Manager of Business Development Department, Metals Sector
April 2021	Executive Officer, General Manager of Corporate Planning Department, Corporate Planning & Control Sector
April 2022	Executive Officer, General Manager of Corporate Planning Department, Corporate Planning & Control Sector, General Manager of Business Reconstruction Office, Corporate Planning Department, Corporate Planning & Control Sector
April 2023	Executive Officer, Deputy Senior General Manager of Corporate Planning & Control Sector, General Manager of Corporate Planning Department, Corporate Planning & Control Sector
June 2023	Director, Executive Officer, Deputy Senior General Manager of Corporate Planning & Control Sector, General Manager of Corporate Planning Department, Corporate Planning & Control Sector
April 2024	Managing Director, Senior Executive Officer, Senior General Manager of Corporate Planning & Control Sector (current positions)

Director, Senior Executive Officer

YAMASHITA Masashi

April 1986	Entered the Company
June 2009	General Manager of Administration Department and Business Planning Department, Parts Production Sector
June 2011	Senior Manager of Finance & Accounting Department
February 2012	Deputy General Manager of Finance & Accounting Department
June 2013	General Manager of Internal Control Office
June 2014	General Manager of Finance & Accounting Department
January 2016	General Manager of Internal Audit Department
April 2018	Executive Officer, General Manager of Internal Audit Department
June 2019	Executive Officer, Deputy Senior General Manager of Affiliates Coordination Strategic Sector, General Manager of Business Planning Department, Affiliates Coordination Strategic Sector
June 2021	Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector
April 2022	Senior Executive Officer, Deputy Senior General Manager of Corporate Planning & Control Sector
June 2024	Director, Senior Executive Officer, Deputy Senior General Manager of Corporate Planning & Control Sector (current positions)

Outside Director

TOIDA Kazuhiko

April 1975	Entered Nissan Motor Co., Ltd.
April 2001	Senior Vice President, Global Aftersales Business, Nissan Motor Co., Ltd.
April 2005	Senior Vice President, Japan Marketing & Sales, Chairman of MC-Dealer, Nissan Motor Co., Ltd.
April 2009	Executive Vice President, FALTEC Co., Ltd.
April 2009	Chairman and Board Director, ALTIA Co., Ltd.
April 2010	Representative Director, President and CEO, FALTEC Co., Ltd.
April 2017	Chairman of the Board and Representative Director, FALTEC Co., Ltd.
June 2017	Senior Adviser, FALTEC Co., Ltd.
April 2018	Executive Board Member, Rikkyo Educational Corporation
June 2020	Outside Director (current position)
September 2020	Chairperson of the Board, Rikkyo Educational Corporation
June 2022	Chair of the Board of Directors (current position)
April 2023	Advisor, Rikkyo University Innovation Center for Applied Artificial Intelligence (ICA-AI) (current position)
April 2023	Advisor, Penetrate of Limits Co., Ltd. (current position)

Outside Director

TAKEGAWA Keiko

April 1981	Entered Prime Minister's Office (Presently Cabinet Office)
July 2008	Deputy Director General for Policies on Cohesive Society, Cabinet Office
July 2009	Deputy Director General for Gender Equality Bureau, Cabinet Office
December 2012	Director, Public Relations Office, Cabinet Office
July 2014	Director General, Gender Equality Bureau
April 2019	Professor, Showa Women's University
June 2019	Outside Corporate Auditor
June 2019	Outside Member of the Board of NIPPON TELEGRAPH AND TELEPHONE CORPORATION
April 2020	Dean of Faculty of Global Business, Showa Women's University
April 2020	Director of Institute of Women's Culture, Showa Women's University (current position)
April 2021	Specially Appointed Professor, Showa Women's University (current position)
April 2021	Outside Director, Sekisui House, Ltd. (current position)
June 2021	Outside Director (current position)

Directors who are Audit & Supervisory Committee Members

Director, Audit & Supervisory Committee Member

SHIKI Kazuya

April 1988	Entered the Company
January 2016	General Manager of Legal Department, Corporate Planning & Control Sector
April 2019	Executive Officer, General Manager of Legal Department, Corporate Planning & Control Sector
April 2024	Executive Officer
June 2024	Director, Audit & Supervisory Committee Member (current position)

Outside Director, Audit & Supervisory Committee Member

ISHIDA Toru

April 1975	Entered Ministry of International Trade and Industry (Presently Ministry of Economy, Trade and Industry)
July 2003	Director General for Policy Planning and Coordination, Minister's Secretariat, METI
September 2005	Director-General, Trade and Economic Cooperation Bureau, METI
July 2007	Director-General, Industrial Science and Technology Policy and Environment Bureau, METI
July 2008	Commissioner, Agency for Natural Resources and Energy, METI
January 2011	Advisor, Tokyo Electric Power Company, Incorporated (TEPCO)
June 2013	Director, Japan Alcohol Trading Co., LTD
June 2014	Vice President, Japan Alcohol Trading CO., LTD
December 2015	President, The Japan Chamber of Commerce and Industry (current position) *
December 2015	President, The Tokyo Chamber of Commerce and Industry (current position) *
June 2016	Outside Auditor, Tokyo Small and Medium Business Investment & Consultation CO., LTD. (current position)
June 2016	Outside Director, Tokyo Ryutsu Center Inc.
June 2018	Outside Corporate Auditor
June 2024	Outside Director, Audit & Supervisory Committee Member (current position)
June 2024	External Director, Sankyu Inc. (current position)

* He completed his term as the President of the Japan Chamber of Commerce and Industry and the Tokyo Chamber of Commerce and Industry as of June 30, 2024.

Outside Director, Audit & Supervisory Committee Member

INOUE Hiroshi

April 1985	Appointed as Public Prosecutor
January 2012	Assistant Vice-Minister of Justice
November 2012	Chief Prosecutor of Nara District Public Prosecutors Office
July 2014	Director-General of the Immigration Bureau, the Ministry of Justice
March 2017	Director-General, Inspection and Guidance Department, Supreme Public Prosecutors Office
June 2017	Chief Prosecutor of Nagoya District Public Prosecutors Office
February 2018	Superintending Prosecutor of Sapporo High Public Prosecutors Office
January 2020	Superintending Prosecutor of Fukuoka High Public Prosecutors Office
October 2020	Professional registration in Japan as lawyer With Momo-o, Matsuo & Namba (current position)
June 2021	Outside Corporate Auditor
June 2023	Outside Director and Audit & Supervisory Committee Member, Mazda Motor Corporation (current position)
June 2024	Outside Director, Audit & Supervisory Committee Member (current position)

Outside Director, Audit & Supervisory Committee Member

KAWANISHI Sachiko

April 1981	Entered Honeywell Information Systems Japan, Inc.
December 1986	Entered Tohmatsu Awoki & Sanwa Audit Corporation
August 2000	Senior Managing Director, Internet Disclosure, Co., Ltd. (current position)
June 2016	Outside Audit & Supervisory Board Member, Duskin Co., Ltd.
June 2024	Outside Director, Audit & Supervisory Committee Member (current position)

Employees

Breakdown of consolidated employees by employment status and employment contract type (as of the end of FY2023)

		Male	Female	Total
Open-ended workforce contract	Full-time	9,277	3,441	12,718
	Part-time	6	11	17
	Total	9,283	3,452	12,735
Fixed-term contract	Full-time	408	194	602
	Part-time	56	41	97
	Total	464	235	699
Total		9,747	3,687	13,434
Supervised workers		830	954	1,784
Total workforce		10,577	4,641	15,218

※ Since the calculation method is different from the one for temporary employees stated in the annual securities report, the total number of employees is not in accord.

Breakdown of consolidated employees by employment contract (as of the end of FY2023)

	Open-ended workforce contract		Fixed-term contract		Total
	Male	Female	Male	Female	
Japan	5,432	912	361	109	6,814
North America	227	157	0	0	384
South and Central America	685	452	9	2	1,148
Asia	2,889	1,897	94	124	5,004
Europe	50	34	0	0	84
Total	9,283	3,452	464	235	13,434

Breakdown of consolidated employees by position (as of the end of FY2023)

	Under 30 years of age		30-49 years old		50 years of age or over		Total
	Male	Female	Male	Female	Male	Female	
Managerial	4	0	746	119	679	33	1,581
Non-managerial	1,880	713	4,469	2,188	1,969	634	11,853
Total	1,884	713	5,215	2,307	2,648	667	13,434

Percentage of managers holding local nationality in overseas sites (as of the end of FY2023)

North America	77.8%
South and Central America	83.3%
Asia	86.7%
Europe	100.0%
Total	86.2%

New employee hires by region (as of the end of FY2023)

		Under 30 years of age		30-49 years old		50 years of age or over		Total
		Male	Female	Male	Female	Male	Female	
Japan	New hires	165	31	154	43	53	7	453
	Total employees	798	151	2,875	474	2,135	331	6,764
	Rate of hiring	20.7%	20.5%	5.4%	9.1%	2.5%	2.1%	6.7%
North America	New hires	4	4	11	5	9	3	36
	Total employees	14	3	81	51	119	102	370
	Rate of hiring	28.6%	133.3%	13.6%	9.8%	7.6%	2.9%	9.7%
South and Central America	New hires	210	132	107	95	11	14	569
	Total employees	214	178	323	226	144	50	1,135
	Rate of hiring	98.1%	74.2%	33.1%	42.0%	7.6%	28.0%	50.1%
Asia	New hires	296	345	112	73	4	12	842
	Total employees	833	377	1,870	1,504	213	138	4,935
	Rate of hiring	35.5%	91.5%	6.0%	4.9%	1.9%	8.7%	17.1%
Europe	New hires	26	1	21	8	15	4	75
	Total employees	12	0	18	11	20	23	84
	Rate of hiring	216.7%	-	116.7%	72.7%	75.0%	17.4%	89.3%
Total	New hires	701	513	405	224	92	40	1,975
	Total employees	1,871	709	5,167	2,266	2,631	644	13,288
	Rate of hiring	37.5%	72.4%	7.8%	9.9%	3.5%	6.2%	14.9%

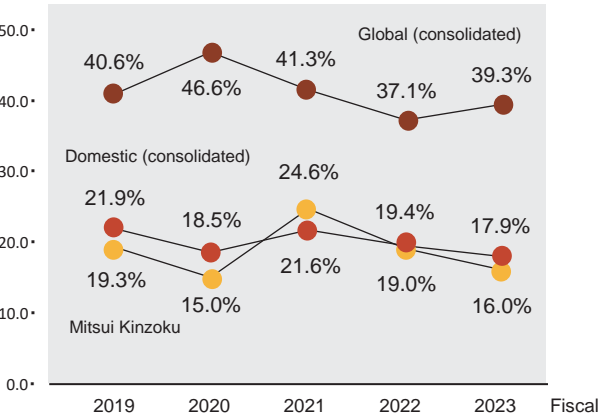
※ Since the calculation method is different from the one for consolidated employees, the total number of employees is not in accord.

Employee turnover by region (as of the end of FY2023)

		Under 30 years of age		30-49 years old		50 years of age or over		Total
		Male	Female	Male	Female	Male	Female	
Japan	Departures	46	8	65	12	145	12	288
	Total employees	798	151	2,875	474	2,135	331	6,764
	Turnover rate	5.8%	5.3%	2.3%	2.5%	6.8%	3.6%	4.3%
North America	Departures	3	3	7	6	9	8	36
	Total employees	14	3	81	51	119	102	370
	Turnover rate	21.4%	100.0%	8.6%	11.8%	7.6%	7.8%	9.7%
South and Central America	Departures	98	62	46	48	7	5	266
	Total employees	214	178	323	226	144	50	1,135
	Turnover rate	45.8%	34.8%	14.2%	21.2%	4.9%	10.0%	23.4%
Asia	Departures	170	252	163	75	15	35	710
	Total employees	833	377	1,870	1,504	213	138	4,935
	Turnover rate	20.4%	66.8%	8.7%	5.0%	7.0%	25.4%	14.4%
Europe	Departures	21	2	19	6	13	5	66
	Total employees	12	0	18	11	20	23	84
	Turnover rate	175.0%	-	105.6%	54.5%	65.0%	21.7%	78.6%
Total	Departures	338	327	300	147	189	65	1,366
	Total employees	1,871	709	5,167	2,266	2,631	644	13,288
	Turnover rate	18.1%	46.1%	5.8%	6.5%	7.2%	10.1%	10.3%

※ Since the calculation method is different from the one for consolidated employees, the total number of employees is not in accord. Departures include “retirement at the age limit” and “expiration of contract period”.

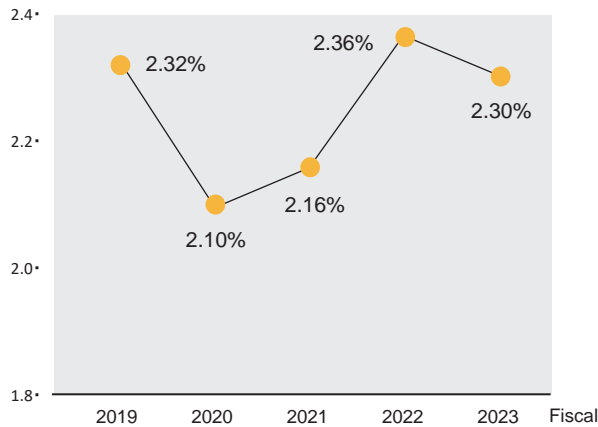
Proportion of women as a percentage of new hires



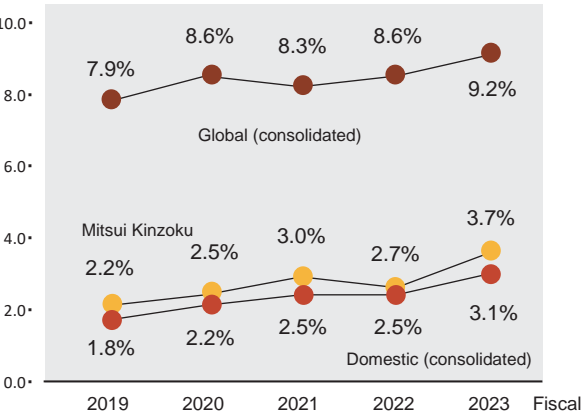
* The domestic (consolidated) values have been added from this year's report.

Percentage of employees with disabilities

(Mitsui Kinzoku, Non-consolidated)



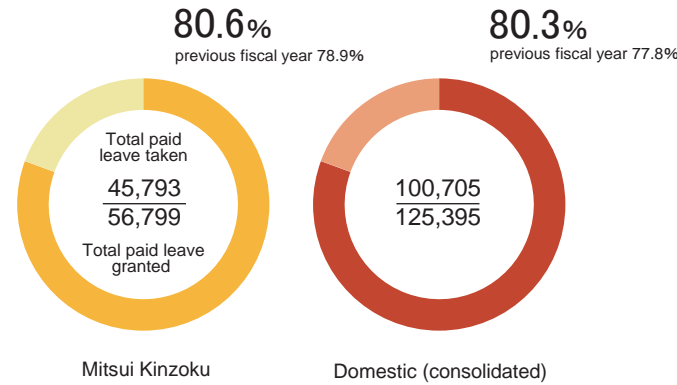
Proportion of women in management positions



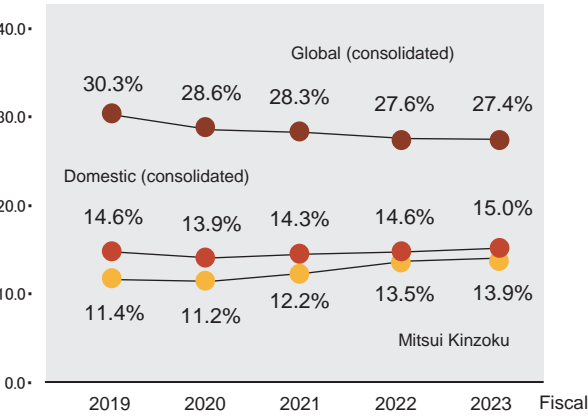
* At Mitsui Kinzoku, the target for "women in management positions" is set as those at the "section manager level" or above, and the values are calculated based on this criterion. For affiliated companies, the values are calculated based on each company's definition of management positions.

* The domestic (consolidated) values have been added from this year's report.

Rate of taking paid leave



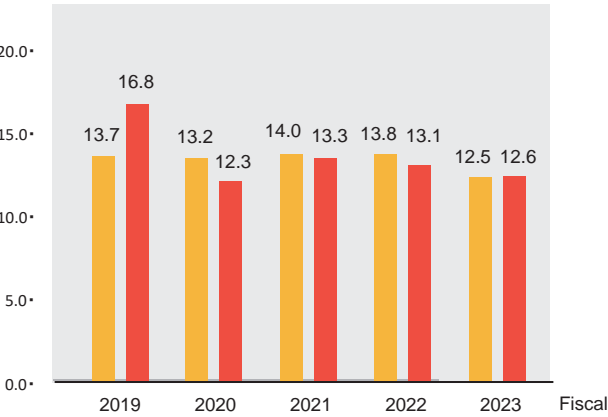
Proportion of women as a percentage of total employees



* The domestic (consolidated) values have been added from this year's report.

Overtime hours

[Hours/month per employee]



Parental leave

		FY2021		FY2022		FY2023	
		Employees that entitled to leave	Employees that took advantage	Employees that entitled to leave	Employees that took advantage	Employees that entitled to leave	Employees that took advantage
Mitsui Kinzoku	Male	87	7	71	6	71	30
	Female	17	17	15	15	11	11
	Total	104	24	86	21	82	41
Domestic (consolidated)	Male	184	15	175	21	140	62
	Female	27	27	19	18	21	21
	Total	211	42	194	39	161	83

※ Employees that took advantage: Employees that took parental leave in the relevant fiscal year of those entitled.

Return to work and retention rates after parental leave

		FY2021			FY2022			FY2023		
		Ended	Returned	Retired	Ended	Returned	Retired	Ended	Returned	Retired
Mitsui Kinzoku	Male	5	4	1	7	7	0	26	26	0
	Female	0	0	0	14	14	0	13	13	0
	Total	5	4	1	21	21	0	39	39	0
Domestic (consolidated)	Male	13	12	1	21	21	2	51	51	0
	Female	2	2	0	20	20	0	13	13	0
	Total	15	14	1	41	41	2	64	64	0

※ Ended: Employees whose parental leave ended.
Returned: Employees that returned to work after ended.
Retired: Employees that separated from employment in twelve months after returning.

Wage gap between male and female workers

FY2023	All workers	Of which, regular workers	Of which, part-time and fixed-term workers
Mitsui Kinzoku	69.1%	71.5%	57.6%
Domestic (consolidated)	55.1%	59.3%	48.5%

Calculated based on provisions in the Act on the Promotion of Women's Active Engagement in Professional Life.

Female workers are paid less than male workers, which is attributable principally to the smaller percentage of women in management positions and to the average length of service of women being shorter than that of men (by about seven years).

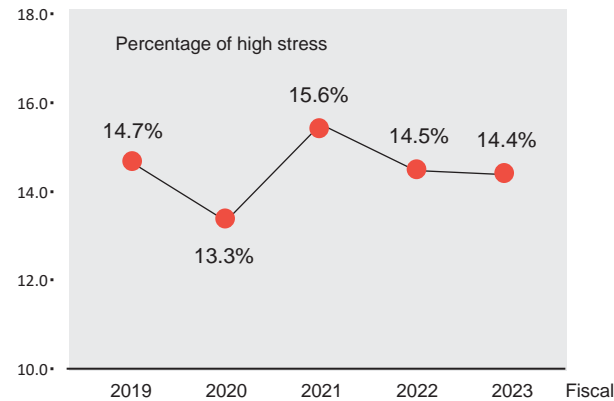
Average years of employment by gender

FY2023		All workers	Of which, regular workers	Of which, part-time and fixed-term workers
Mitsui Kinzoku	Male	14.5	15.2	6.8
	Female	7.5	8.0	3.5
	Total	13.7	14.4	6.2
Domestic (consolidated)	Male	15.1	15.5	10.2
	Female	9.2	9.5	5.7
	Total	14.2	14.7	9.2

* This item has been newly disclosed from this year's report.

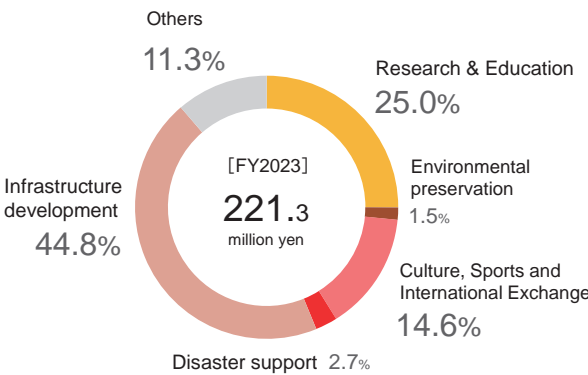
Results of stress check (Percentage of high stress)

(Target: Directly hired employees of Mitsui Kinzoku and the domestic consolidated subsidiaries, including expatriate workers)



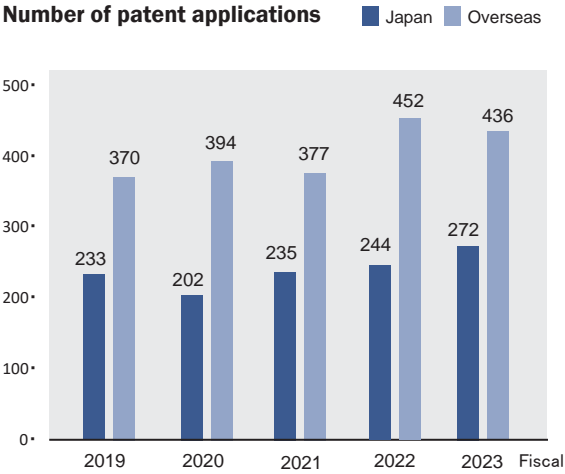
Contributing to communities

Mitsui Kinzoku Group breakdown of the amount



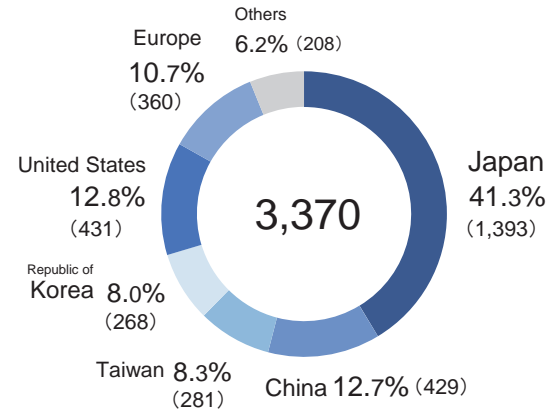
Intellectual property

Number of patent applications



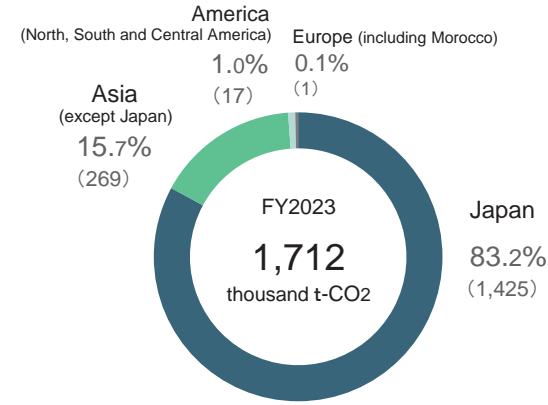
* Prior year reported figures updated as appropriate to reflect retrospective patent paperwork procedures and patent transfers.

Number of patents registered globally

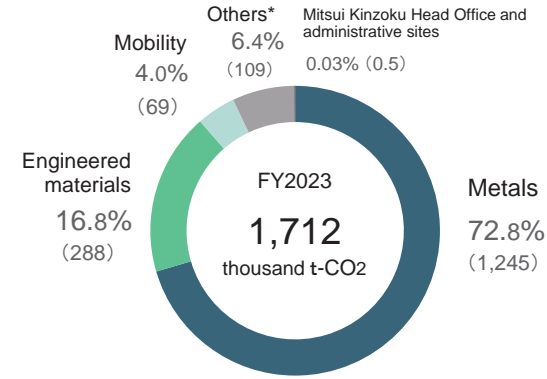


* Numbers as of the end of March 2024.

Breakdown of CO2 emissions by region



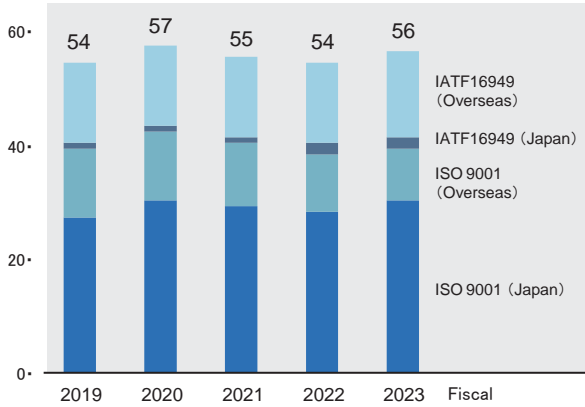
Breakdown of CO2 emissions by business unit



* Including the organizations under the Business Reconstruction Office of the Corporate Planning Department, and the Business Creation Sector.

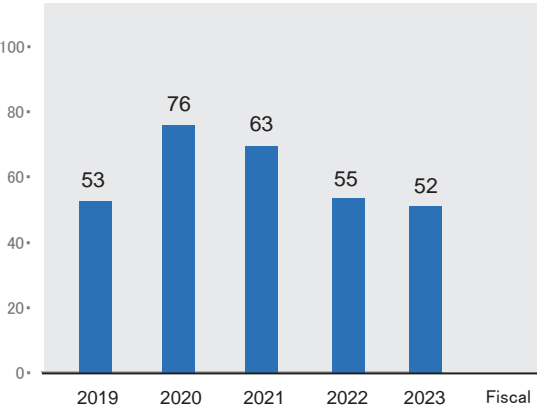
Quality assurance

Number of operating sites with certifications



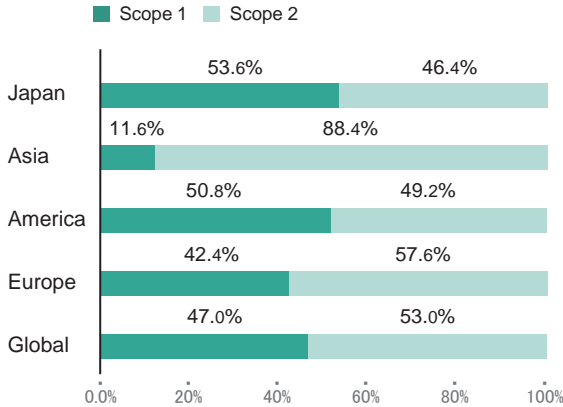
* Revised the values for FY2022 disclosed last year.

Number of claims at sites that hold QA meetings

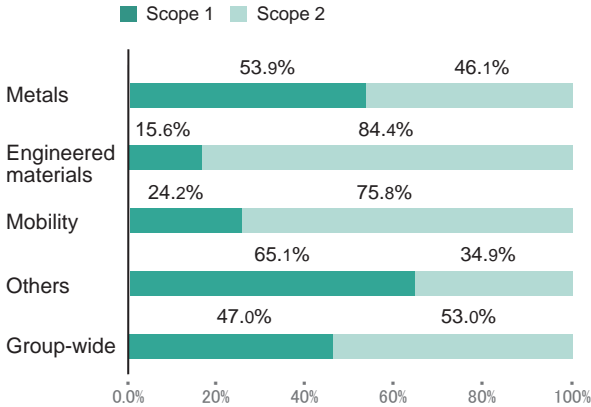


* The values expressed as relative values, with the data of FY2013 being 100.

Breakdown by scope of CO2 emissions by region

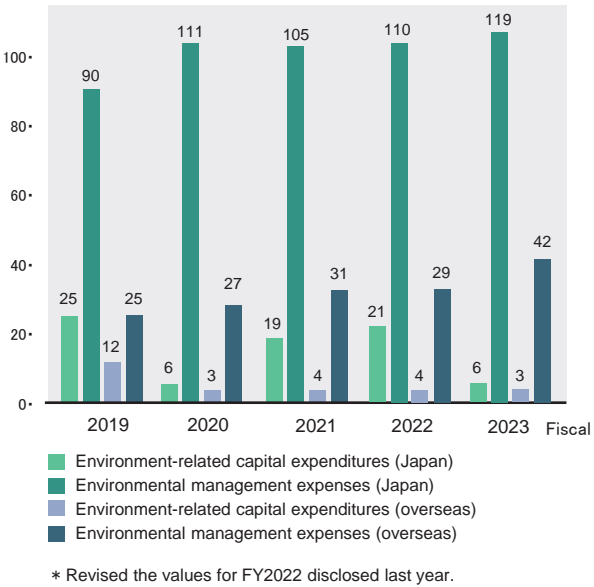


Breakdown by scope of CO2 emissions by business unit



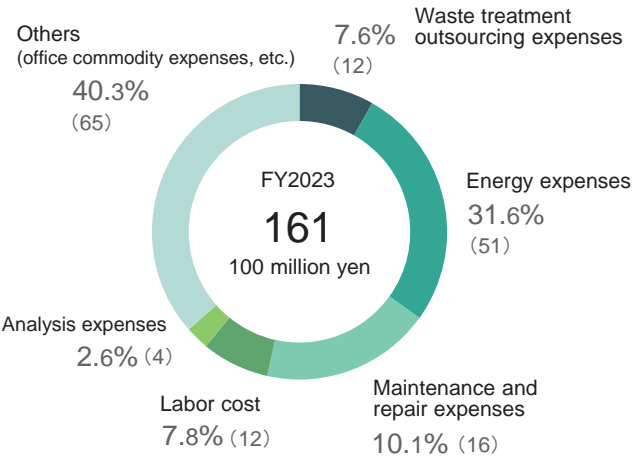
Environment

Environment-related capital expenditures and environmental management expenses (Hundred million yen)

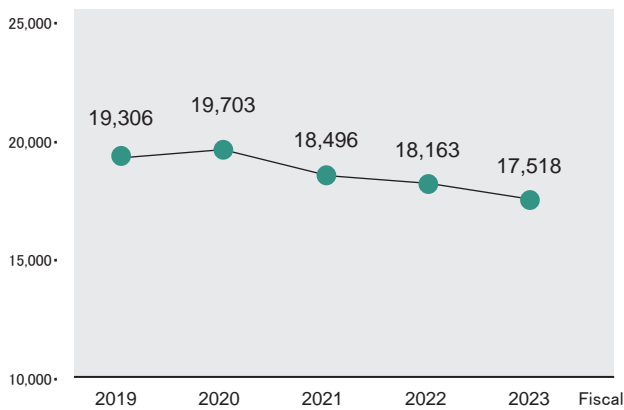


* Revised the values for FY2022 disclosed last year.

Break down of environmental management expenses

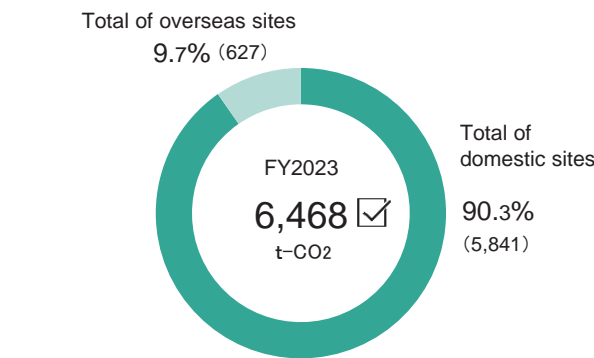


CO2 emissions in logistics (Non-consolidated, t-CO2/year)



* Up to FY2021, the scope of data calculation covered the transportations designated as Specified Consigner by the Act on the Rational Use of Energy. Data for FY2022 onwards was obtained from the calculations made for the Category 4 boundary of Scope 3.

CO2 emissions by waste treatment (Category 5 of Scope 3)



* Calculation performed based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver.2.6), using the emission factors by waste type/disposal method (excluding the waste transportation process) in the Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver.3.4).

* We have received an independent practitioner's assurance for the figures for FY2023 in this information to which ☒ is attached.

Corporate profile and Stock information

(as of March 31, 2024)

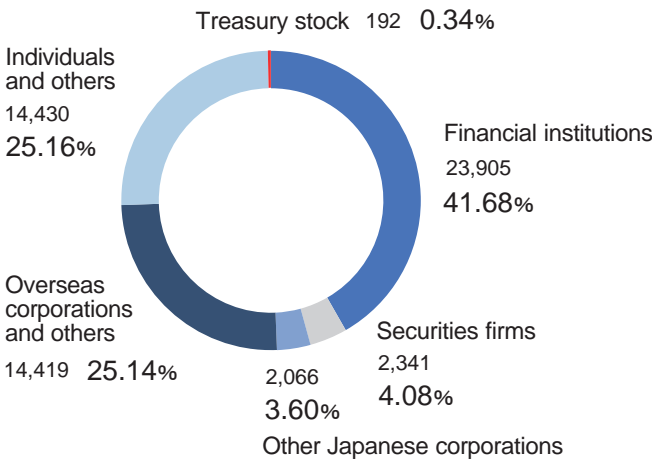
Corporate profile

Company name	MITSUI MINING & SMELTING CO., LTD.
Established	May 1, 1950
Paid-in capital	42,223 million yen
Employees	Consolidated 12,285 Non-consolidated 2,379
Subsidiaries and affiliates	Subsidiaries 51 Affiliates 7
Head office	1-11-1 Osaki, Shinagawa-ku, Tokyo 141-8584 Japan Telephone +81-3-5437-8000 Facsimile +81-3-5437-8029

Stock information

Total number of authorized shares	190,000,000 shares
Total number of outstanding shares	57,356,856 shares
Number of shareholders	38,245

Share breakdown (Thousands of shares)



Major shareholders (Top 10)

Shareholder	Number of shares held (Thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Held in trust account)	12,128	21.21
Custody Bank of Japan, Ltd. (Held in trust account)	8,132	14.22
Mitsui Kinzoku Employees' Shareholding Association	1,373	2.40
STATE STREET BANK AND TRUST COMPANY 505223	1,355	2.37
The Nomura Trust and Banking Co., Ltd. (Held in investment trust account)	1,290	2.25
DFA INTL SMALL CAP VALUE PORTFOLIO	823	1.44
Mitsui Kinzoku Business Partners' Shareholding Association	811	1.42
STATE STREET BANK WEST CLIENT-TREATY 505234	729	1.27
HSBC HONG KONG-TREASURY SERVICES *	711	1.24
JP MORGAN CHASE BANK 385781	707	1.23

Note: Percentages of shares held are calculated based on the total number of shares issued and outstanding (excluding 192,337 shares in treasury).

* A/C ASIAN EQUITIES DERIVATIVES

Deloitte.

デロイト トーマツ

(TRANSLATION)

Independent Practitioner’s Assurance Report

August 30, 2024

Mr. Takeshi Nou,
President and Representative Director,
MITSUI MINING & SMELTING CO., LTD.

Tomoharu Hase
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the CO₂ emissions and energy consumption indicated with ☑ for the year ended March 31, 2024 (the “CO₂ Related Information”) included in the “MITSUI KINZOKU Integrated Report 2024” (the “Report”) of MITSUI MINING & SMELTING CO., LTD. (the “Company”).

The Company’s Responsibility
The Company is responsible for the preparation of the CO₂ Related Information in accordance with the calculation and reporting standard adopted by the Company (indicated with the CO₂ Related Information included in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Management
We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility
Our responsibility is to express a limited assurance conclusion on the CO₂ Related Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (“ISAE”) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (“IAASB”), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company’s methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the CO₂ Related Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner’s Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited