

# Capital as the source of value creation

Mitsui Kinzoku Group maintains and strengthens not only our financial capital but also our non-financial capital for achieving our business model and enhancing our corporate value.

We will continue to make investments in non-financial capital in order to develop growth products and businesses so that social value generates continuously.

## Workstyle reform project (human capital)

There are major changes of external environment underway, such as the decline of the working-age population in Japan and the advancement of technologies including AI. In this situation, Mitsui Kinzoku Group has been reforming our workstyle since FY2016 as a means for securing the human resources that will realize value creation of our Group. This workstyle reform aims to create a work environment where diverse talents are able to participate actively, regardless of age, gender, nationality or other attributes.

We are implementing teleworking, as well as reviewing our leave of absence system and transfer system, in order to create an environment that enables the active participation of employees with place restrictions and time restrictions due to various reasons—such as for child-raising, providing nursing care, or receiving medical treatment. Workstyle reform will help enhance the engagement of our employees, who are one of the major stakeholders of our Group.



## Development of human resources who will achieve value creation (human capital)

First of all, Mitsui Kinzoku places importance on OJT training. We appoint OJT instructors, and give regular trainings to them. Secondly, we offer Off-JT training programs to supplement the OJT. The Off-JT training programs include the following: required rank-based training in order to acquire the necessary knowledge and skills for each career stage, training to strengthen the employees' expertise, and a support system for self-sustaining career development.

Rank-based training has expanded the scope of the objective person. National staff\* now participate in the training. We have introduced CSR training including ESG theme, as well as a program on the SDGs for upper-level management employees (general managers) from FY2018, for the purpose of nurturing employees who create business opportunities that are inspired by environmental and social issues.

Training programs for strengthening expertise are held on different themes, such as on equipment maintenance skills, calculating statistics, intellectual property, and on sales skill-up. The program lineup is reviewed every year in accordance with the changes in external environment and in-house needs.

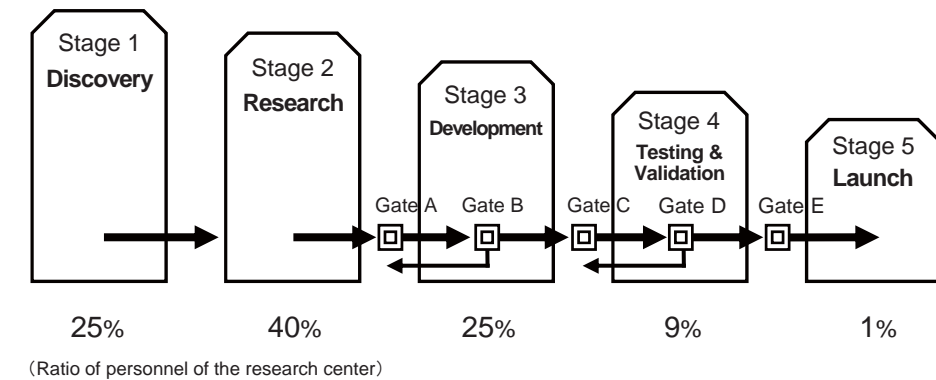
We also offer correspondence courses, e-learning, and selective external seminars, as well as systems for enhancing language abilities and for providing assistance in acquiring certifications, for the self-sustaining career development of employees. Furthermore, we encourage staff of the Human Resources department to obtain the certification for career consultant, and they take initiatives in career support for each of our employees.

\* National staff: Local staff in overseas sites.

## Effective R&D management (intellectual & human capital)

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

- Trends in R&D expenses are listed on page 19.

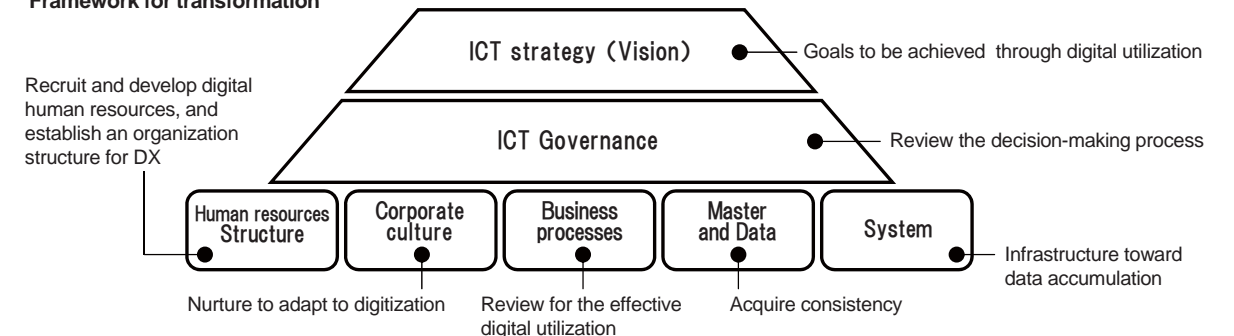


## Digital transformation (intellectual capital)

Mitsui Kinzoku Group will transform our business operations into one that leverages data and digital technologies. The digital transformation aims to correspond to changes in our external environment such as the rapid expansion and dissemination of digitalization. It will be expected to enable us to provide products and services according to social and customer needs.

In FY2019, we launched a company-wide project for digital transformation (DX). We are proceeding with this project, with a focus on innovating our business operations, developing ICT governance, and strengthening security. Considering our vision of innovation in our business, we aim to “make the management index visible” and “achieve advanced data utilization” by implementing a unified main system for the Group, which is scheduled to start operations in FY2022.

## Framework for transformation



In order for Mitsui Kinzoku Group to be able to continuously utilize social & relationship capital and natural capital, it is essential that we build an appropriate relationship with such capitals and conserve them. These capital must be managed throughout our entire business. This is explained under “materiality issues in the areas of responsibility that relate to social & relationship capital and natural capital” on page 15.