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Message From the President

A Technology-Based Company Responding to the Expectations of our Stakeholders and Contributing to the Achievement of the SDGs

A Review of the First Year of our Medium-Term Management Plan  
A Year of Steady Results Toward Our Long-Term Vision 2040

Fiscal 2020 began with the onslaught of the COVID-19 pandemic, which had an enormous impact on the world economy and society. I want to take this opportunity to express my heartfelt condolences to those who have been affected personally or through family members and friends, as well as for businesses that have been interrupted or forced to suspend operations.

The business activities of the JX Nippon Mining & Metals Group were also affected in ways more significantly than we expected. We have continued operations while engaging in strict infection control measures, including the restriction of personnel in and out of our facilities. In addition to daily safety measures and health management, employees have borne the heavy burden and restrictions of infection control measures, all while continuing with production, implementing improvements, and conducting energy-saving activities. These efforts are ongoing, and I am very grateful that we have been fortunate in not experiencing any production disruptions or restrictions at our Japanese facilities.

Fiscal 2020 was the first year of our medium-term management plan, which is very important to us. This year was important because it was the first year toward the group's Long-Term Vision 2040, and served as a time to plant seeds for this vision. In retrospect, I believe we achieved steady progress, thanks to the efforts of everyone in the group. In particular, we acted with a sense of urgency in expanding the capacity of our Focus Businesses, which is a key element of our growth strategy. This expansion came in answer to the rapid increase in demand for telework and other communications caused by the COVID-19 pandemic, which led to a dramatic increase in demand for the group's functional materials and thin film materials. Our manufacturing facilities responded quickly to increase production. I believe we fulfilled our responsibility to supply products that meet the needs of our customers and society.

At the same time, we strengthened the competitiveness of our Base Businesses, building a structure for the future. In February 2021, we completed the acquisition of the remaining interest in the Caserones Copper Mine. This mine is a key Mineral Resources Business that will add strength to our group by increasing the volume of clean ore. Our Metals & Recycling Business is another pillar of our Base Businesses. Here, we expanded our collection and treatment facilities in Taiwan and established a new distribution facility near Saganoseki, boosting our recycling business as we made progress in line with plan. Unfortunately, we experienced a decrease in production at the Caserones Copper Mine due to COVID-19-related restrictions on the number of workers allowed. Conditions for purchasing



ore in our Metals Business weakened due to supply disruptions at certain mines. However, higher prices for copper and precious metals supported profit performance, and we achieved higher year-on-year profits for fiscal 2020.

We believe the driving force behind these results was the awareness and pride of our employees in the fact that we supply materials indispensable to the achievement of digital societies so in demand across the world. Those involved in our Focus and Base Businesses are fully aware of the role that our group plays in the supply chain to provide materials needed by society. I believe this accounts for the highly motivated efforts of our group employees.

The relocation of our head office in June 2020 is also part of the measures to achieve our long-term vision. We secured the capacity based on our plan to increase personnel in conjunction with the strategic implementation of our medium-term management plan. An even larger goal, however, is to create a new work environment that encourages agile business management and the fostering of human resources capable of creating added value. These elements are indispensable for achieving the goals for which we aim today. What we require of our human resources in the future is a new behavior--the ability to create toward innovation. Our new head office is equipped with a variety of mechanisms for greater interaction with technology, improved work styles, and more interpersonal connections. We hope to use these head offices as a model to inspire a new awareness throughout the group. The new head offices also offer Activity-Based Working (ABW), aiming to foster a corporate culture and attitude by which employees choose where, when, and how to work, enjoying greater freedom to move and create.

Steering Toward ESG Management  
Building ESG Systems for a New Stage of Growth

Our Long-Term Vision 2040 redefines the JX Nippon Mining &



Metals Group business, while also declaring our transformation into a technology-based company. This definition and declaration demonstrate our commitment to contributing to the world through our Focus Business with high-value-added and differentiated advanced materials. At the same time, we will maintain our Base Businesses as a strong foundation for the present and future of society. Our medium-term management plan calls for a number of measures, designed with the necessary organizational structure, corporate culture, and climate in mind. We believe that ESG initiatives are important measures by which society recognizes the value of a corporation. Therefore, we have identified ESG initiatives as an important management issue.

We implemented two measures during fiscal 2020 to pursue ESG management. First, we reviewed the materialities associated with group businesses. We took a fresh approach from the perspective of prioritizing activities that leverage the characteristics of our nonferrous metals businesses in contributing to sustainable societies. We also clarified our vision by adding a new element to the mission of our Focus Businesses, which serve as a core of group growth: provide advanced materials that support lives and lifestyles.

In October 2020, we established the ESG Promotion Department to give shape to the idea of addressing ESG as an important management issue. The ESG Promotion Department is responsible for formulating ESG strategies from a group-wide perspective, ensuring such strategies are reflected in group management. The department also plays a central role in engaging with issues, highlighting the importance and seriousness of our ESG initiatives. Led by the ESG Promotion Department, we identified the following three priority issues in light of international trends and stakeholder demands: addressing climate change, contributing to a recycling-oriented society, and complying with international norms and initiatives. We plan to make capital investments of 300 billion yen over the next three years, of which 20 billion yen will be set aside for ESG investments to stimulate various activities, including decarbonization.

Responding to Priority Issues  
Accelerating Activities for Group-Wide Decarbonization and Contributing to Recycling-Oriented Societies

The perspective of ESG management is indispensable to enhancing corporate value in the future. Awareness has never been higher in the international community with respect to measures for fighting climate-change and the creation of recy-



cling-oriented societies, in particular. The JX Nippon Mining & Metals Group set a target to reduce our own CO<sub>2</sub> emissions to 50% of fiscal 2018 emissions as a step toward achieving net zero CO<sub>2</sub> emissions by fiscal 2050. We have also committed to net zero CO<sub>2</sub> emissions by fiscal 2050. However, recognizing the need to accelerate our response to social trends, we moved up the time frame for achieving the interim target of 50% CO<sub>2</sub> emissions reductions by ten years, aiming to achieve this goal by fiscal 2030. This is an important goal for our management and we are working hard to achieve this target.

We have already launched company-wide activities to this end. The first of these activities was the switch to CO<sub>2</sub>-free electricity at the Caserones copper mine in January 2021. This is an effort to eventually eliminate CO<sub>2</sub> emissions from procured electricity, which today accounts for about 60% of the group's total CO<sub>2</sub> emissions. We switched to CO<sub>2</sub>-free electricity at the Isohara Works and Kurami Works in April and the Saganoseki Smelter & Refinery in June. And we will continue to take steps to transition all works to CO<sub>2</sub>-free electricity. In addition to a transition to CO<sub>2</sub>-free electricity, we will also generate renewable energy at each works facility. Our first priority is to make steady progress in activities to achieve our interim goals. However, we expect technological development incorporating innovative ideas will be an essential part in reaching our final goal.

As a corporate group that handles nonferrous metals, the JX Nippon Mining & Metals Group will engage head-on in measures that contribute to decarbonization and the structure of a recycling-oriented society. We will also embrace the challenge of making dramatic increases in the ratio of recycled materials used in copper smelting. By using recycled materials throughout the supply chain, we will reduce energy consumption and promote the effective use of resources. In addition, we intend to utilize lithium-ion battery (LiB) recycling technology, which is a

technology we have been developing over many years in our recycling business. Here, we will strive to establish closed-loop recycling for in-vehicle LiBs to support the popularization of electric vehicles.

Our nonferrous metal materials are indispensable for the spread of renewable energy and improved energy efficiency. We believe we will contribute to the decarbonization of society and accelerate progress toward recycling-oriented societies by providing a stable supply of high value-added materials, as well as through the pursuit of technological innovation through advanced materials. In addition to achieving net zero CO<sub>2</sub> emissions by fiscal 2050, we intend to create sustainable societies through our own technologies. We will continue to communicate this aspiration to our employees internally, as well as to external parties.

The Role of JX Nippon Mining & Metals  
Supporting Cutting-Edge Advancements Toward Solutions to Social Issues, and Working Together With Stakeholders for a Brighter Future

Dealing with nonferrous metals provides a clear view to changes in the world. Our group has responded to these changes by providing nonferrous metal materials critical for society. To this end, we continue to create and innovate, which is a cycle that will propel us into the future. To keep up with the speed of change, we must quickly identify gaps between our current state and what lies ahead in our changing society. In other words, this gap represents a risk. To eliminate this risk, we must observe society carefully, anticipate the correct direction, and run toward this target. This approach requires creativity, logical thinking, and, above all, a courageous attitude in taking on challenges. If we shrink in fear of challenges, we will never overcome the risks that arise due to a changing society.

The ideal vision we hold for our group is to use our own technological capabilities to create advanced materials that create societies needed by the world, leading the way into a new era. This is a very big challenge. And without the proper attitude, we will not continue to grow as a company. The structure and cycle by which we continue to support cutting-edge solutions to social issues are elements we have maintained firmly since our founding. We will never allow a breakage in this structure and cycle as we move forward.

We will continue to meet the expectations of our stakeholders, working in collaboration as we progress toward a new society.