
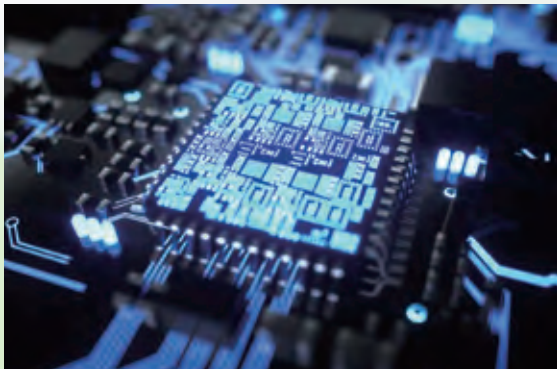



Risks and Opportunities in Nonferrous Metals

Society faces greater and greater uncertainties, including the global spread of COVID-19, and companies continue to find forecasting difficult. In order to achieve sustainable growth, the Group will strive to minimize business risks while steadily linking medium- to long-term business opportunities to growth.

Environmental Changes and Social Issues	Risks and Opportunities	Our Actions
<div><p>Global Environment / Resource Issues</p></div> <div><ul style="list-style-type: none">• Deepening climate change issues• Depletion of raw material resources, rising difficulty of development• Degrading biodiversity, water resources, etc.• Tightening environmental regulations and requirements</div>	<div><p>Risks</p><ul style="list-style-type: none">• Strengthening corporate roles in decarbonization• Increasing physical risks (e.g. flooding/droughts) due to climate change• Resource nationalism/hoarding• Increasing environmental action costs</div> <div><p>Opportunities</p><ul style="list-style-type: none">• Growing demand for essential advanced materials in society with low environmental impact• Growing demand for recycled resources</div>	<div><p>Initiatives to Achieve Net Zero CO₂ Emissions ▶P29</p><p>Initiatives for the Circular Economy and Resource Recycling ▶P33</p><p>Initiatives in Environmental Conservation for Water Resources, Biodiversity, Chemical Substance Management, etc. ▶P41</p></div>
<div><p>Advancements in Smart Society</p></div> <div><ul style="list-style-type: none">• Spread of IoT/AI technologies, etc.• Growing data transmission and storage volume</div>	<div><p>Risks</p><ul style="list-style-type: none">• Obsolescence of existing technologies due to accelerating technological development• Growing risk of information security incidents and IT infrastructure failures</div> <div><p>Opportunities</p><ul style="list-style-type: none">• Growing demand for advanced materials facilitating the data society• Growing demand for electronic devices due to growth in emerging countries• Improving market assessments of supply stability</div>	<div><p>Initiatives to Develop Advanced Materials ▶P44</p><p>Establishing Internal Systems and Developing Human Resources for DX Support and Technology-Based Systems ▶P46</p><p>Accelerating Business and Technology Development Through Open Innovation ▶P49</p></div>
<div><p>Changes in the Social Environment and Social Culture</p></div> <div><ul style="list-style-type: none">• Increasing importance of diversity and diverse work styles• Coexistence with the local community• Societal demands for stronger governance• Stronger needs for disaster resilience</div>	<div><p>Risks</p><ul style="list-style-type: none">• Recruitment risk, reputation risk• Negative impact on business and reputation due to non-compliance, incidents, etc.• Lack of preparedness/response to disasters and pandemics</div> <div><p>Opportunities</p><ul style="list-style-type: none">• Promoting innovation and securing human resources by promoting diversity• Improving labor productivity and motivation by introducing diverse work styles• Increasing corporate value by promoting coexistence with society and local communities</div>	<div><p>Creating an Attractive Workplace ▶P53</p><p>Initiatives for Respect of Human Rights ▶P61</p><p>Initiatives for Coexistence and Co-Prosperity With Local Communities ▶P65</p><p>Initiatives to Strengthen Governance ▶P69</p></div>