













Section 3
Materiality and ESG Management

Materialities (Priority Issues) and KPIs (Key Performance Indicators)

The JX Nippon Mining & Metals Group has identified six materialities for priority action in order to realize our 2040 Long-Term Vision. KPIs have been set for each materiality, and the ESG Committee, chaired by the president, administrates this system, measuring and assessing levels of achievement for these KPIs.

	Materialities	Initiatives	Fiscal 2021 KPIs	Related SDGs
Environment	Contributing to Environmental Conservation P47	● Contribute to global environmental conservation by creating a carbon-free and recycling-oriented society.	Total In-house CO2 Emissions: Promoting initiatives to achieve net zero CO2 emissions in fiscal 2050 and 50% reduction in fiscal 2030 (vs. fiscal 2018)	 
			Increase Percentage of Recycled Raw Materials/ Expand the Breadth of Recycled Materials to be Treated	
			Landfill Disposal Rate: Less than 1% in Fiscal 2021	
Social	Provide Advanced Materials That Support Lives and Lifestyles P61	● Advance development of new technologies and contribute to an IoT/AI society.	Develop advanced materials needed by the IoT/AI society	  
			Build a framework to support technology-based management	
	Create Attractive Workplaces P77	● Create a healthy, safe, and peaceful working environment for all employees. ● Create an environment in which diverse employees feel fulfilled and fully express their talents.	Reduce Serious Occupational Accidents: Less than 0.7 accidents (four days or more of lost work time) per 1,000 workers in fiscal 2021	  
			Increase Annual Leave Utilization Rate: 80% or more in fiscal 2021	
			Implement initiatives to revitalize people and organizations	
			Initiatives for health promotion: cancer screenings for 70% of employees or more in fiscal 2021	
			Maintain and improve hiring rate for disabled persons: 2.3% or more in fiscal 2021	
	Respect Human Rights P89	● Conduct business activities that respect the human rights of all throughout the supply chain, including local community residents, customers, employees, and business partners.	Percentage of employees taking human rights training (100% in fiscal 2021)	 
			Conduct survey of human rights in supply chains	
	Coexistence and Co-Prosperity With Local Communities P94	● Foster relationships of trust with local communities through community-based social contribution activities and communications in every business location in Japan and abroad.	Continue dialogue with local communities	 
Governance	Strengthen Governance P99	● Ensure sound, transparent business management via thorough compliance and risk management activities.	Steady operation of Group-wide risk management	-
			Compliance training tailored to business characteristics and social movements, etc.	

Materiality Identification Process

The following steps were taken to identify the Group's materialities, based on global social issues and the goals set forth by the SDGs, as well as international guidelines (GRI, ISO 26000, etc.), initiatives in Japan and overseas (EITI, ICMM, etc.), and

trends among industry peers. The identified materialities will be periodically reviewed in accordance with future changes in social conditions and needs, management strategies, and other factors.



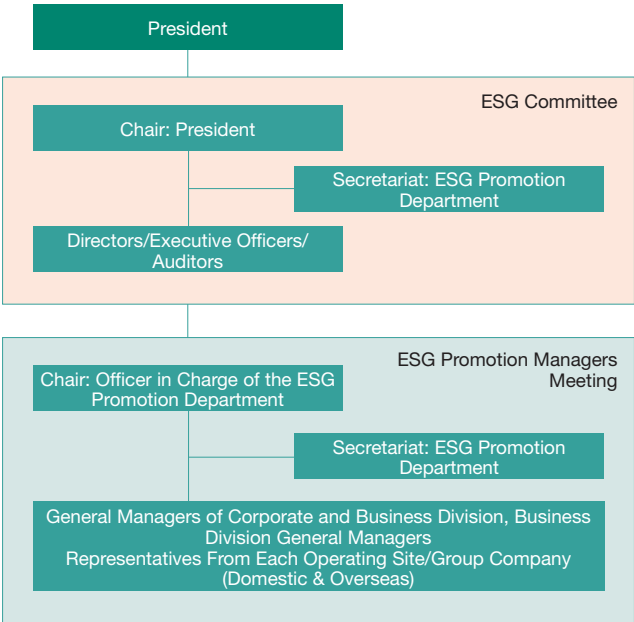
ESG Promotion System

Though the Group has taken a variety of actions over the years toward social contribution and environmental conservation, it has become necessary to strengthen organizational response to global ESG trends and take actions toward ESG management from a Group-wide perspective. Therefore, in October 2020, we established the ESG Promotion Department to oversee ESG initiatives, and created related committees to assist.

The ESG Committee serves as an advisory body to the president, and is responsible for basic policies and activity plans related to ESG initiatives, as well as monitoring of these initiatives. The ESG Committee is chaired by the president of the Company, with members from the Executive Council and with participation by outside directors as observers. This committee meets twice a year in principle. In addition, in order to promote and permeate ESG activities throughout the Group, we have established the ESG Promotion Managers Meeting as a subordinate body to this committee, consisting of the ESG promotion managers from each of the Company's departments and each Group company. Important ESG-related matters are discussed and reported to the Board of Directors and the Executive Council as appropriate.

In fiscal 2021, ESG Committee meetings were held in June and November to discuss activity policies for each priority issue and report on the status of activities.

ESG Promotion System Diagram



Permeating ESG Management

In order to promote the penetration of ESG management, we use the Group's Intranet and internal newsletters for messaging on ESG information, and we hold internal training and e-learning programs to deepen understanding about the importance of ESG and the Group's activities. In April 2021, the ESG Handbook was distributed to all Group employees, and training was initiated to further permeate ESG activities.

In addition, we distribute the Sustainability Report each year and conduct questionnaires available via paper form and online to survey employees about penetration of ESG and CSR mind-sets and status of their involvement with practicing ESG and CSR. In fiscal 2021, 5,347 people of 6,006 eligible employees responded to the survey, a response rate of 89%.

Excerpt of Questionnaire Responses

Q: Do you understand our ESG management initiatives?	
Yes	81.8%
Unsure	14.9%
No	3.2%
No answer	0.1%
Q: Do you understand and agree with the JX Nippon Mining & Metals Group Code of Conduct?	
Yes	92.7%
No	6.7%
No answer	0.6%
Q: Do you think materialities are well understood in your organization and workplace?	
Yes	78.0%
No	21.1%
No answer	0.9%



ESG Handbook

* Respondents have multiple options for answering questions, with affirmative answers categorized as "Yes" and negative answers as "No."