

NITTETSU MINING

Integrated Report 2023



Supporting people and society through mining development

Nittetsu Mining provides the world with a wide array of mineral resources from its numerous mines in Japan and other countries.

We own many limestone mines in Japan—including the largest, the Torigatayama Quarry Complex—from which we sell limestone to domestic manufacturers of steel, cement, and other essential products in addition to exporting to Australia, Taiwan, and other countries.

Our limestone and other important materials are used in many industries to create the things we need to live.

Share of limestone supply for steelmaking in Japan:
40%+
Note: Nittetsu Mining survey

Japan's leading supplier of limestone for steelmaking

Our involvement in mining development since our founding has given us the technology to seamlessly handle all aspects of mining, from prospecting and assessment to excavation and ore processing. By leveraging these technologies to ensure a stable supply of resources, we are building long-term trust with our business partners. In particular, we have long been Japan's top supplier of limestone for steelmaking.

Robust technology to help build a sustainable society

We are researching, developing, and engineering new products and materials to serve as the core of new businesses based on the wealth of mining development technology and experience we have amassed over the years.

We harness the collective strengths of the Group in our business segments—including machinery & environmental engineering centered on environmentally friendly products, real estate, and renewable energy—to help create a prosperous society in the future.



Kagoshima Geothermal Facility (supplying geothermal steam)



Torigatayama Quarry Complex (limestone mine)

Management Policy

The Nittetsu Mining Group aims to contribute to the creation of a prosperous society in the future and to be a company where each and every employee can work with high motivation and pride.

Code of Conduct

Recognizing that a corporation is a member of society, the executives and employees of the Nittetsu Mining Group establish this Code of Conduct that requires us to abide by all laws, engage in sensible corporate activities, and contribute to our own sustainable development and the creation of a vibrant society.

- 1 We provide high-quality, safe products and services to customers that meet the needs of the time.
- 2 As a member of society, we live up to the trust placed in us as we co-exist with local communities.
- 3 Executives and employees create a bright, safe workplace that empowers self-realization and where work is done in good faith and in compliance with all laws and regulations.
- 4 We fulfill the trust and expectations of society by appropriately disclosing information as needed to shareholders and investors.
- 5 We consider environmental conservation by effectively utilizing resources and by promoting recycling.
- 6 We take a resolute stance against antisocial forces and have no relationships with them.

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Editorial Policy

The Integrated Report 2023 ("this report") is a collection of important information to help shareholders, investors, and other stakeholders understand Nittetsu Mining in terms of our management policy, business strategies, and other financial aspects as well as our ESG efforts and other non-financial aspects. We view this report as a vital tool for communicating with stakeholders, and we intend to enhance it further in the future.

Timeframe

In principle, this report covers the period from April 1, 2022 to March 31, 2023; however, for overseas consolidated subsidiaries, this report covers the period from January 1, 2022 to December 31, 2022. Please note that this report includes some content from outside these periods.

Scope

In general, this report focuses on Nittetsu Mining Co., Ltd. and the Nittetsu Mining Group.

Publication Date

November 2023

Note about Forward-Looking Statements

The forecasts and projections of future performance and other forward-looking statements contained in this report are judged to be reasonable by us based on information currently available to us. Actual results may differ from the forecasts and projections presented here due to changes in various factors.

The products that appear in this report—Polytetsu, Sinter Lamellar Filter, and PLASMA DASH—are trademarks of Nittetsu Mining Co., Ltd.

Our Path to Becoming an Integrated Mineral Resources Company

Origins of Nittetsu Mining

1899
Nittetsu Mining traces its origins to the Futase Mine established to serve as the Raw Materials Department for procuring coke and general fuels for the state-owned Yahata Steel Works, Japan's first integrated steel manufacturer.



1934
Japan Iron & Steel Co., Ltd. was established with funds from the state-owned Yahata Steel Works and four other private-sector companies, and took over the Futase Mine.



1939
Nittetsu Mining was established separately from Japan Iron & Steel Co., Ltd. to develop and secure coal, iron ore, limestone, and other raw materials for steelmaking. Nittetsu Mining took over mines in Japan, including the Futase Mine (coal) and the Kamaishi, Kucchan, and Akatani mines (iron ore).



1951
Entered the securities business by participating in the management of Kanto Securities Co., Ltd.

1956
Expanded into the machinery business by investing in Kobukuro Kosakusho Co., Ltd., a manufacturer of coal mining machinery

1968
Entered the copper smelting business by co-financing the establishment of Hibi Kyodo Smelting Co., Ltd. with MITSUI MINING & SMELTING CO., LTD.

1971
Established the Torigatayama Quarry Complex



1972
Withdrew from coal production with the closing of the Ioujima Quarry Complex

1973
Established the Machinery Sales Department

1975
Started operations at the Qaleh-Zari Copper Mine in Iran (sold to a national Iranian copper industries company in December 1991)

1979
Released inorganic iron flocculant Polyetsu as a product under management of the Machinery Sales Department

1989
Established the Real Estate Division

1985
Released Sinter Lamellar Filter

Established the Chemical Products Sales Division (changed name to Environmental Sales Department in April 1993 and integrated a portion of the business into the Mineral Resources Division)

1991
Started operations at the El Roble Copper Mine (Colombia) (sold to a Colombian corporation in June 1998)

1993
Established Nittetsu Mining Chile Ltd. (currently a consolidated subsidiary) for copper mining development in the Republic of Chile

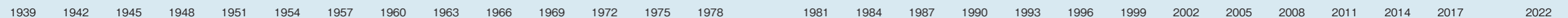
2003
Started trial operations at Atacama Copper Mine (Chile) (transitioned to full-scale operations in June 2003)



2006
Released PLASMA DASH smoke separators

2008
Withdrew from securities in light of flagging performance and synergy with the mineral resources business

2013
Launched solar power generation business when we started selling electricity from the Toyako Mega Solar Power Plant. Established the Renewable Energy Department to promote natural energy development.



Note: The bars on the graph represent non-consolidated net sales through 1976 and consolidated net sales in and after 1977

World events

Nixon Shock

First Oil Crisis

Second Oil Crisis

Plaza Accord

Collapse of Japan's bubble economy

September 11 attacks in the USA

Collapse of Lehman Brothers

Great East Japan Earthquake

COVID-19 pandemic

Nittetsu Mining's business segments

Nonmetallic minerals

Metallic minerals

Coal

Machinery & environmental engineering

Real estate

Renewable energy

Securities

Refining our mining technology
and harnessing the collective
strengths of the Group

Reiichi Morikawa

Representative Director and President



Striving to achieve sustainable growth as an integrated mineral resources company

The Long-Term Vision of the Nittetsu Mining Group sets out the goals of contributing to society through the development and stable supply of mineral resources, and harnessing the collective strengths of the Group as an integrated mineral resources company to achieve sustainable growth. The Group traces its history to 1939, when it was spun off from the company now known as NIPPON STEEL CORPORATION to secure raw materials for steelmaking—namely coal, iron ore, and limestone. In the 84 years since, we have

worked with flexibility and determination to reform our business in response to sweeping changes in society. Today, as an integrated mineral resources company, the entire Group is united in facing the challenge of developing and providing a stable supply of mineral resources. We use the term integrated mineral resources company to refer to the Group in its present state: engaged in a broad range of businesses that leverage its mining technologies around the core business of developing and producing underground

resources. We will continue to further refine our own mining technologies and harness the collective strengths of the Group to achieve sustainable growth that bears the hallmarks of the Group.

I feel that the corporate culture we have cultivated over our long history is also distinct to our Group, which has grown primarily through the mining business. In the mining business, development to production and finally closure take place over extended time spans. The corporate culture that spontaneously develops in such

Working toward achieving the Long-Term Vision (progress and outlook of the Medium-Term Management Plan)

Under the Second Medium-Term Management Plan, which started in FY2021, we are promoting many measures to achieve our Long-Term Vision based on two basic policies: steadily executing large-scale investments and acquiring resources for sustainable growth, and allocating management resources in response to demand trends in Japan and overseas.

Two years have passed since the start of the plan, and I believe things are generally progressing as expected. Net sales and operating profit for FY2022 significantly exceeded Medium-Term Management Plan targets thanks to higher sales and profits in the Metallic Minerals Division, a reflection of the impact of higher copper prices and the weaker Japanese yen. In financing, our EBITDA exceeded the projection due to the increase in operating profit, and interest-bearing liabilities decreased in part because the Arqueros Mine development work had not yet started. Although capital investment was lower than expected due to the extension of the schedule for constructing the third shaft at the Torigatayama Quarry Complex and the fact that the Arqueros Mine development work had not yet started, we are steadily moving toward full-scale operation during the next Medium-Term Management Plan. As for shareholder returns, our policy is to return profits to shareholders with a target consolidated payout ratio of 30%, and we were able to abide by this policy in FY2021 (30%) and FY2022 (30.2%).

Regarding our Shareholder Return Policy looking ahead, the Board of Directors held discussions with the aim of conducting management that is conscious of shareholder equity and share price and reached a consensus that the policy should be enhanced,

a business is one of respect for connections between employees and with local communities—in other words, a corporate culture with a long-term outlook and a penchant for cooperation. This corporate culture has supported the development of the Group as an integrated mineral resources company. To achieve sustainable growth in the future, I believe that we must maintain this corporate culture and that each and every one of our employees must further enhance their sensitivity and responsiveness to change.

eventually deciding to set a target consolidated payout ratio of 40% and enhance shareholder returns by establishing a minimum dividend based on the dividend on equity (DOE) ratio to clearly state our policy for stable dividends over the long term. Although the Second Medium-Term Management Plan is still active, the Board believes that improving our corporate value requires a sense of urgency; thus, we will implement this policy starting in FY2023.

Next, I will discuss our progress on the three large-scale investments set out in the Medium-Term Management Plan.

First, we plan to construct a third shaft at the Torigatayama Quarry Complex—our main limestone mine—to provide a stable supply of mineral resources over the long term. The schedule has been extended roughly one year from the original plan due to typhoons, measures to prevent leakage in the shaft, and the like, and we are proceeding with the work with the aim of full-scale operation in FY2024. For the development of the new mining area at the Hachinohe Mine, river rerouting and other work is being launched in FY2023 with an eye toward full-scale extraction during the next medium-term management plan period. At the Arqueros Mine, organizational decisions on its development were delayed because it took longer than expected to acquire environmental license due to the temporary suspension of the environmental authorities' review because of the COVID-19 pandemic. However, in April 2023, the Board of Directors examined the economic rationale for the project and decided to transition to the development phase. In response, we have begun development work with our sights set on

launching operations in 2026.

Regarding the development of copper mines, the first priority is to successfully launch operations at the Arqueros Mine, where we have begun development. Beyond that, there is an urgent need to find new development projects to follow those at the ATACAMA KOZAN Mine and the Arqueros Mine. This is why we established the Overseas Mineral Resources Business Department in July 2022 as a department dedicated to strengthening the management systems and technical support for our locations in Chile as well as developing and promoting new development projects. The department has assembled an elite team of mining development specialists to explore various possibilities to achieve the long-term goal of producing at least 50,000 tons of copper concentrate (copper equivalent) per year in the Republic of Chile.

Our survey work is ongoing not only in Chile, but also in other parts of South America and in Southeast Asia. In June 2023, we signed an agreement to participate in the exploration works for the Los Chapitos Copper Project in Peru. Although still in the exploration stage, if the project moves forward in the future, we will be able to acquire a 35% interest and obtain offtake rights to purchase 50% of the copper produced. The Overseas Mineral Resources Business Department plays an

important role in this as well.

For FY2023, the final year of the current Medium-Term Management Plan, we anticipate a somewhat challenging business environment. Specifically, we have factored in increases in energy and other costs as well as muted assumptions for copper prices and exchange rates. Although we expect to see an increase in profits for the Group as a whole compared to the Medium-Term Management Plan, we expect a decrease in profits compared to FY2022. The situation is unpredictable due to numerous uncertainties, among them the crisis in Ukraine and other escalating geopolitical risks, the impact of interest rate hikes in Europe and the US on the global economy, and the economic slowdown in China. Although limestone and copper—the Group’s main products—are relatively sensitive to external factors, they are indispensable natural resources for improving infrastructure and other aspects of everyday life. It is the Group’s mission to provide a stable supply of these mineral resources. To continue to provide a stable supply of these essential resources and environmentally friendly products, we will strive to further solidify our business foundation by enhancing our earning capacity mainly by reflecting increasing costs in our prices and expanding sales to overseas markets.

Strengthening sustainability management

In the mining industry, our continued ability to operate is closely tied to co-existence and co-prosperity with local communities and the natural environment. Management must be aware of the need to achieve sustainability in society. In April 2022, the Group established a Sustainability Committee chaired by the President with the aim of promoting sustainability initiatives and further enhancing corporate value over the medium and long term. We



have also worked to establish a system for promoting sustainability management; for example, in June 2022, we made organizational decisions on our Basic Policy on Sustainability and identifying material issues to be addressed in order to realize the policy.

We have established themes for materiality in each of seven areas: responding to climate change, promoting environmental conservation activities, providing a stable supply of raw materials and products, industrial safety and health, co-existence and co-prosperity with local communities, respecting human rights and diversity and developing human resources, and strengthening governance. As part of our response to climate change, the Group recognizes the need to undertake proactive efforts and is accelerating the shift to renewable energy for its electricity consumption. To promote industrial safety and health, we are working to position safety as a top management priority, and also revised several systems in April 2023 in an effort to create work environments where more flexible work styles are made available to employees. To ensure that human rights and diversity are respected and develop human resources, we aim to bring out the best of our employees’ abilities by creating work environments



where they can actively exchange opinions without concern for hierarchy. Toward this end, we upgraded the Personnel Section, which was previously located within the General Administration Department, to the Human Resources Department in April 2023 and formulated a Human Resources Development Policy the following month. Going forward, we will strive to maximize the value of our human resources through efforts such as promoting diversity and fostering inclusive work environments.

With the goal of strengthening governance, we transitioned to a company with an Audit and Supervisory Committee in June 2023 to further strengthen the supervisory functions of the Board of

Directors and make management decisions with greater speed. We also introduced a share-based remuneration system for internal Directors (excluding those who are members of the Audit and Supervisory Committee) to align them with shareholders by augmenting their focus on improving corporate value and medium- and long-term growth and improving corporate value. We will continue striving to further strengthen our governance through efforts to establish organizations capable of responding to changes in the business environment and management systems to equip the Company to execute decisions with the utmost fairness and transparency.

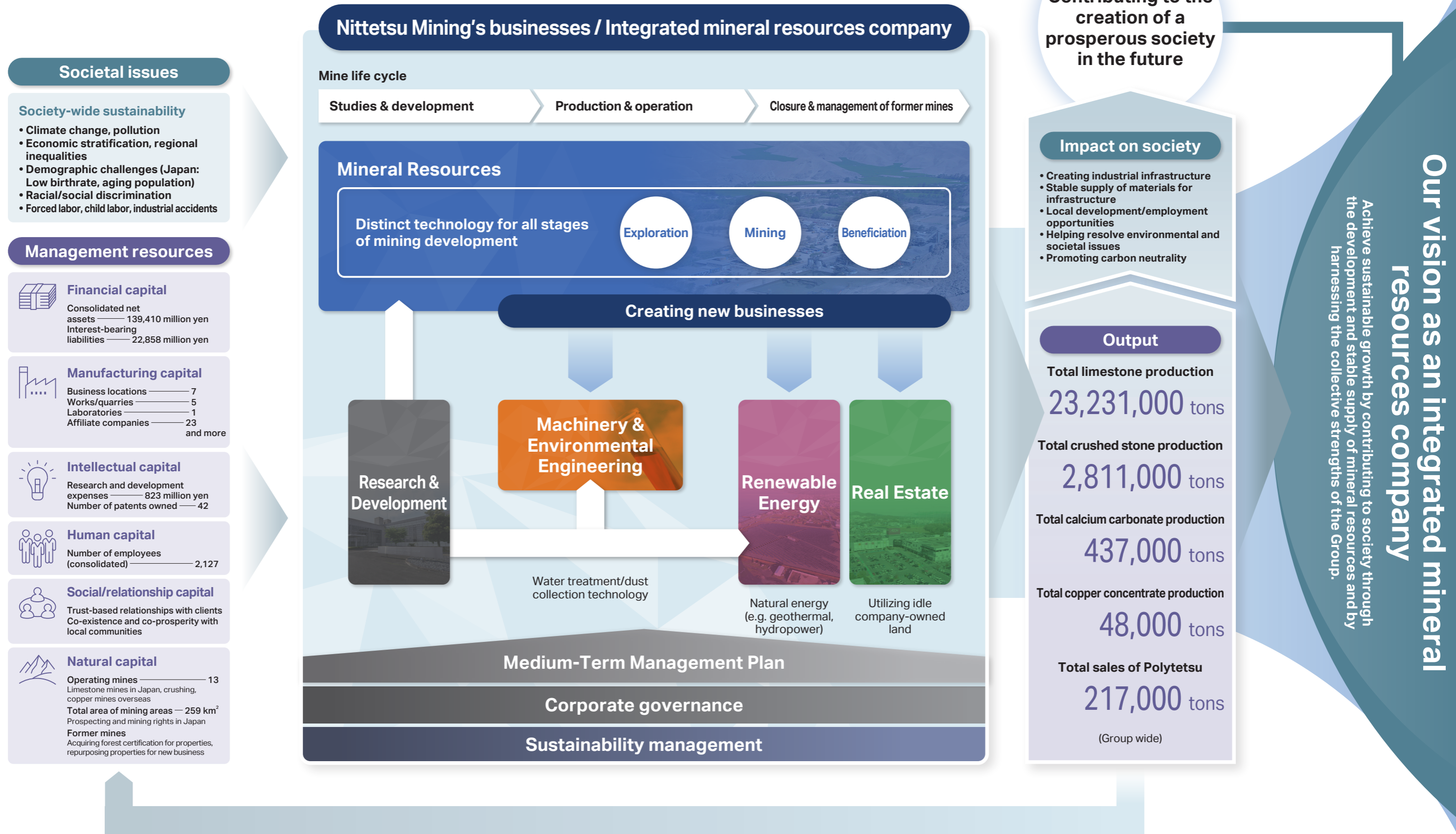
Harnessing our collective strengths to achieve sustainable growth and enhance corporate value

Around the world, uncertainty is mounting and the pace of change faster than ever before and still accelerating. The movement toward decarbonization, efforts toward digital transformation, the rapid evolution and use of generative AI, and other developments are transforming the very social systems in which they are occurring. To flexibly adapt to these changes, we will continue to devote energy to refining our mining technologies and harnessing the collective strengths of the Group under our management policy

of contributing to the creation of a prosperous society in the future and aiming to be a company where each and every employee can work with high motivation and pride.

We look forward to working earnestly with our customers, business partners, local communities, shareholders, investors, and other stakeholders as we move forward in our efforts to achieve sustainable growth and enhance corporate value.

Nittetsu Mining's Value Creation Process



Medium-Term Management Plan (FY2021–FY2023)

Long-Term Vision

Achieve sustainable growth by contributing to society through the development and stable supply of mineral resources and by harnessing the collective strengths of the Group as an integrated mineral resources company.



We will steadily implement large-scale investments, aiming to acquire resources for sustainable growth. We will allocate management resources in response to demand trends in Japan and overseas.

The current medium-term management plan period is a time for full-fledged implementation of large-scale investments with an eye to future growth. The third shaft at the Torigatayama Quarry Complex (limestone) is under construction with the aim of beginning full-scale operation in FY2024. We will proceed with development at the Arqueros Copper Mine and the new mining area at the Hachinohe Mine, which are already under development, aiming for full-scale operation in the next medium-term management plan period.

We recognize that it is important to respond flexibly to demand trends in Japan and overseas, especially in relation to structural reform at steel manufacturers, which are major purchasers of limestone, while securing profits that can handle such active investments and maintaining financial soundness.

For this reason, we will work to identify growth areas and develop demand in all our businesses, and strive to balance our SDGs initiatives with our business activities.

Business activity	Relevance	Related SDGs
Mineral Resources	Contribute to the development of industrial infrastructure, regional development, and employment	8, 9
	Operation of an environmental management system in accordance with ISO 14001 (certification obtained for all limestone mines under direct control)	7, 13
	In-house generation of electricity by long distance conveyor belt (Torigatayama) <ul style="list-style-type: none"> Micro power generation using water from mine shafts and solar power generation for offices and company-owned land Collaborate with local governments to use public water for small-scale hydropower generation Cooperate with manufacturers to consider hybridization and electrification of heavy mining equipment 	7, 13
	Reuse steel slag and copper slag, and increase procurement of recycled raw materials to Tamano Smelter	12, 13
Machinery & Environmental Engineering	Greening and appropriate maintenance of former mine sites (used effectively in some real estate projects) and sedimentation sites Forest certification system: Operate in accordance with SGEN (certification acquired in company-owned forest in Hokkaido)	12, 13, 15
	Water purification for sewage treatment and industry effluent	3, 6, 14
	Use of recycled materials and coagulation to save energy in factories	3, 6, 14
Renewable Energy	Improve air quality through dust collection and deodorization	3, 11
	Supply steam to geothermal power station Solar and small-scale hydropower generation <ul style="list-style-type: none"> Pursue sustainability of renewable energy Construction of our own geothermal power station Study and promote introduction of renewable energy for in-house power generation and consumption throughout the Group 	7, 12, 13
R&D Department	Develop new products and materials that will contribute to existing and new businesses <ul style="list-style-type: none"> Research hydrogen recovery from hydrogen sulfide Research CO₂ absorption and fixing in mineral products and waste* 	7, 12, 13

* We are revising some future initiatives to better match present circumstances.

Financial Indicators and Medium- to Long-Term Management Goals

- We will improve our ROA (return on assets) in order to improve operating profit through the efficient operation of total capital.
- We will maintain a stable capital adequacy ratio.

	FY2020 result	FY2021 result	FY2022 result	FY2023 Plan	Medium- to long-term goals
Operating margin	7.3%	10.5%	8.3%	6% or more	8% or more
Total capital turnover	0.66	0.77	0.81	0.7 or more	0.9 or more
ROA (operating profit)	4.8%	8.1%	6.7%	4% or more	7% or more
Capital adequacy ratio	58.9%	60.7%	63.5%	57.5% or more	60% or more

Temporary decline due to full-fledged investment period (FY2022 result)
Investment recovery and next investment preparation period (FY2023 Plan)

Numerical Target

- (Assumptions)
- Exchange rate: ¥105 = US\$1
 - Exchange rate: ¥112.38 = US\$1
 - Exchange rate: ¥135.47 = US\$1
 - Copper price: 350 cents/pound
 - Copper price: 439.59 cents/pound
 - Copper price: 387.87 cents/pound
- (Billions of yen)

	FY2020 result	FY2021 result (plan)	FY2022 result (plan)	FY2023 plan
Net sales	119.1	149.0 (128.4)	164.0 (125.6)	123.8
Operating profit	8.7	15.7 (9.4)	13.6 (9.0)	7.3

Our plan assumes net sales to hold steady for the most part. Regarding limestone, we plan to counteract the drop in sales because of the ongoing consolidation of blast furnaces due to the restructuring of steelmakers—the main buyers of limestone—by expanding exports to Asia, Oceania, and other areas where economic growth is substantial. We also aim to expand exports of high-grade limestone from Torigatayama, which features loading facilities compatible with large vessels. We expect copper sales to hold steady as well, but will increase sales once the new copper mine comes online during the next Medium-Term Management Plan. Additionally, we are aiming to expand sales in machinery & environmental engineering (mainly environmentally friendly products).

Financial Plan and Capital Investment Plan

	FY2020 result	FY2021 result (plan)	FY2022 result (plan)	FY2023 plan
EBITDA	14.0	21.1 (15.2)	19.1 (14.8)	15.4
Capital investment	7.5	11.0 (12.1)	8.5 (13.2)	17.3
Depreciation	5.3	5.4 (5.8)	5.4 (5.8)	8.1

Notes: 1. EBITDA: Operating profit + depreciation. 2. Capital investment: (FY2021 to FY2023) Including the stripping activity asset.

TOPICS

Change in Shareholder Return Policy

Based on the basic policy of paying stable dividends over the long term while maintaining an optimal balance between equity capital adequacy and shareholder returns, starting in FY2023, we will pay dividends with a target consolidated payout ratio of 40% (previously 30%). Additionally, with the aim of stable dividends over the long term, if the P/B ratio at the end of a fiscal year is less than 1x, the lower limit of dividends is 3% of the market value DOE¹; if it is 1x or greater, the lower limit is 3% of the DOE². As a result of this policy change, the annual dividend forecast for FY2023 is as follows.

Annual dividend forecast for FY2023

100 yen announced at the beginning of the year (30% consolidated payout ratio) → 132 yen (40% consolidated payout ratio)³

Notes: 1. Market value DOE = Annual dividend per share ÷ Annual average share price (simple average of daily closing prices)
 2. DOE = Annual dividend per share ÷ Consolidated net assets per share at fiscal year-end (excluding non-controlling interests)
 3. As of August 25, 2023 publication date

Overview of Business Segments

Ever since our founding, we have been engaged in the entire process of providing a stable supply of mineral resources, from securing long-lasting rights and interests in the earliest stages to studies, development, production, and operation. We use the technologies we have cultivated in the mining business to develop diverse businesses as an integrated mineral resources company.



Mineral Resources

The Nonmetallic Minerals Division boasts the top level of limestone production in Japan on the strength of our limestone mines throughout the country, including the largest in Japan: the Torigatayama Quarry Complex. The Metallic Minerals Division operates the Atacama Copper Mine of the Republic of Chile in South America and smelts electrolytic copper on consignment from Hibi Kyodo Smelting Co., Ltd.



Net sales 146,384 million yen **Operating profit** 12,582 million yen

Machinery & Environmental Engineering

The Environment Division supplies wastewater treatment agents, with a special emphasis on our inorganic iron flocculant, Polytetsu. The Machinery Division satisfies a broad range of needs with dust collectors and other environmentally friendly products as well as general industrial machinery.



Net sales 13,003 million yen **Operating profit** 1,257 million yen

Real Estate

The Real Estate Division has carried out business activities to effectively use company-owned real estate. The division manages office buildings, condominiums, and other buildings on company-owned real estate in urban areas, and is developing leasing business to meet market needs (e.g. restaurants, merchandise outlets, factories, storehouses, parking areas) at former mine sites and on idle land throughout Japan.



Net sales 2,882 million yen **Operating profit** 1,707 million yen

Renewable Energy

Efforts are underway in this segment to develop renewable energy in ways that consider the global environment, for example using our prospecting technology cultivated through mineral resource development to study and develop geothermal energy and supply and sell geothermal steam, generating solar power at former mine sites and on other idle company-owned land, and small-scale hydropower generation using seepage water in tunnels.



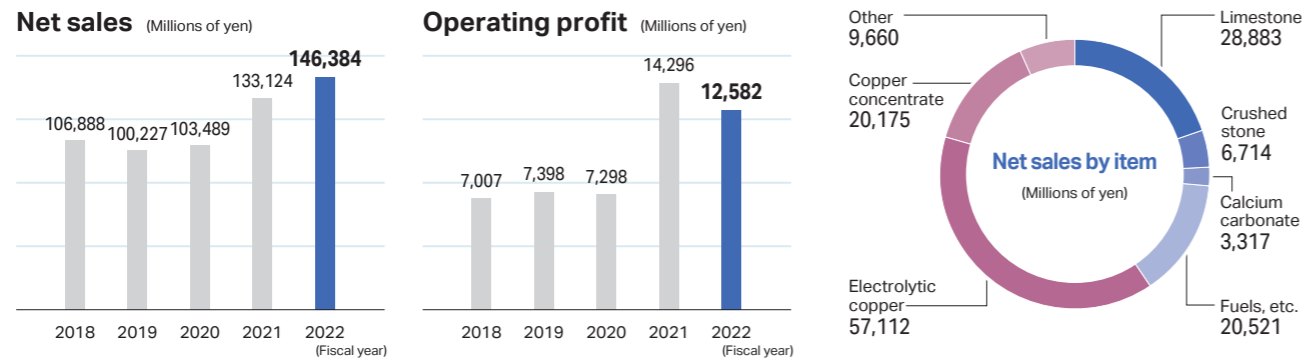
Net sales 1,750 million yen **Operating profit** 547 million yen

Mineral Resources

Business strengths

Our Nonmetallic Minerals Division produces and sells high-quality limestone throughout Japan, including from Torigatayama, a coastal quarry complex that is well situated for shipping via large vessels and boasts the largest production volume in the country. With production locations dispersed throughout Japan, we are prepared for the risk of natural disasters and accidents, thereby fulfilling our mission of providing a stable supply of high-quality mineral resources to meet society's needs.

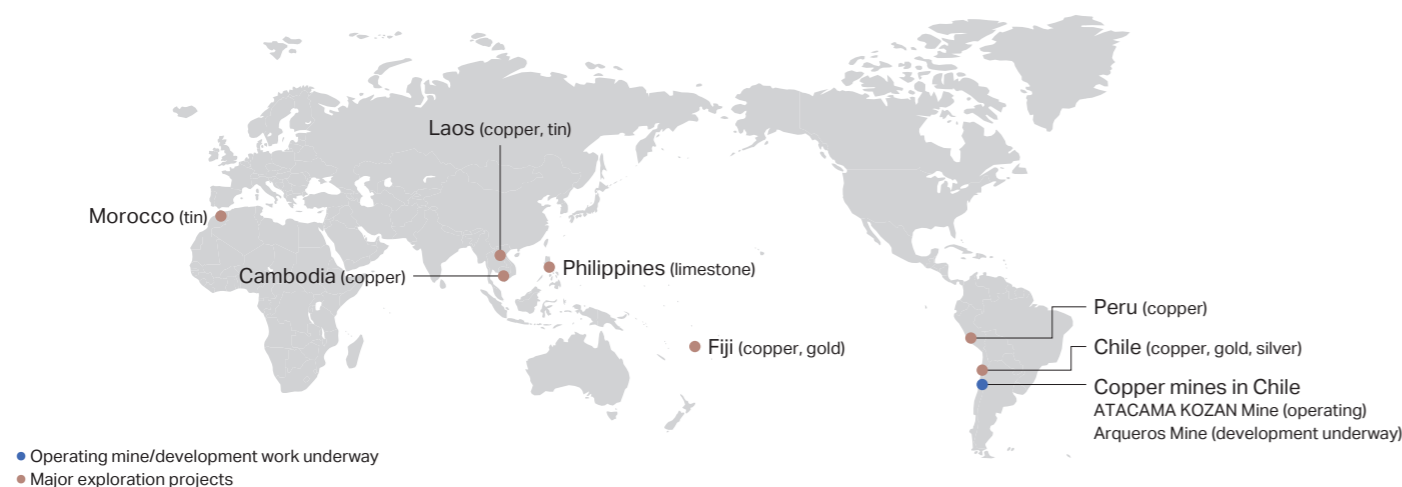
Our Metallic Minerals Division is actively leveraging mining and development technologies cultivated in domestic mines in overseas exploration and resource development. In Chile, we operate the ATACAMA KOZAN Mine, in which we hold a major interest (60%), and have begun a new development project to bring the Arqueros Mine (80% interest) online.



Environmental efforts

- Operating an environmental management system in the context of mining operations in accordance with ISO 14001
- Noise and dust control during operations, greening of former mine sites and sedimentation sites, preventing sediment discharge and river pollution
- Considering using water from mine shafts to generate power as well as generating solar and wind power at our offices and on company-owned land as a means of decarbonizing

Overseas exploration and development projects



Nonmetallic Minerals Division Limestone, crushed stone, calcium carbonate, fuels, etc.



Limestone

Limestone is an essential primary and secondary mineral resource in the production of steel, cement, and other industrial materials. It also has many other applications, including as an aggregate in civil engineering and construction, a desulfurizer at power plants and waste treatment facilities, and a material in the process of manufacturing fertilizer, animal feed, glass, paper, sugar, pharmaceuticals, food products, and more. Thus, limestone is present in every aspect of our daily lives.

Long-term goal

- Expand into the global market ahead of the projected decline in domestic demand

Business strategy and outlook

Steelmakers in Japan—major buyers of limestone—are proceeding with efforts to streamline by consolidating blast furnaces in Japan and to enhance their systems for producing raw materials overseas in light of the projected decline in domestic demand and other countries' moves toward self-sufficiency in production. Accordingly, we anticipate a measurable decrease in demand for limestone for steelmaking in Japan. On the other hand, worldwide demand for limestone for steel and other purposes is on the rise year after year as developing economies grow substantially. Therefore, we

intend to expand exports mainly to China, Taiwan, Australia, and elsewhere in Asia and Oceania to capture the increasing demand we expect in those places. Although ramping up exports will require us to further strengthen our system for providing a stable supply, we must also reevaluate operational risks and revise our backup systems at coastal locations in addition to harnessing cutting-edge technology to streamline production and improve economic efficiency. We are also looking into mineral resource development in comprehensive terms, for example to maintain and expand the Group's productivity and for BCP systems.

TOPICS

Providing a stable supply with dispersed locations

We own limestone and crushed stone production locations throughout Japan. Our four coastal quarry complexes—Shiriyu Quarry Complex, Hachinohe Mining Co., Ltd., Torigatayama Quarry Complex, and Oita Quarry Complex—have loading facilities for ships and function in tandem with the Sodegaura Distribution Center, which houses our stockpile of limestone for aggregates and steel in the Kanto region. This combination of locations gives us multiple options when production and shipments are delayed due to typhoons, heavy rain events, and other natural disasters, contributing to our stable supply of mineral resources.

Metallic Minerals Division Electrolytic copper, copper concentrate, etc.



Copper ore

Copper is a highly conductive material used in all electrified machines and infrastructure (e.g. power cables), and its importance is on the rise amid the proliferation of electric vehicles and renewable energy on the path toward society-wide carbon neutrality.

Long-term goals

- Produce at least 50,000 tons of copper concentrate (copper equivalent) per year in the Republic of Chile
- Achieve stable profits in our smelting business

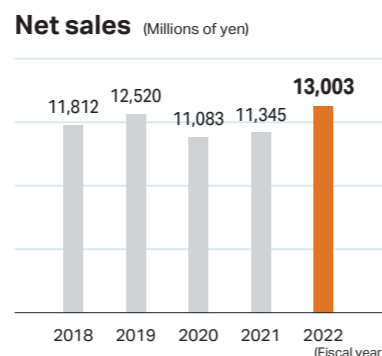
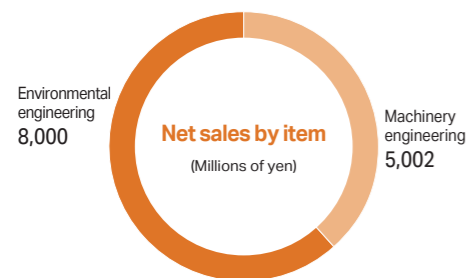
Business strategy and outlook

Our Chilean subsidiary Atacama Kozan will extend its reserves-to-production ratio by incorporating ore from surrounding mining areas and produce roughly 13,000 tons of copper concentrate (copper equivalent) per year. As for the Arqueros Mine, we decided to transition to the development stage after confirming the economic rationality of the project, and the mine is scheduled to begin operating in 2026 and produce the equivalent of roughly 15,000 tons of copper per year. Furthermore, we aim to add more production to reach 50,000 tons per year by promoting new development projects

and retaining rights and interests into the future, and also to balance the quantities handled on the smelting and mining sides of the business to create an earnings structure that is more robust against external factors. We will also work with our investing partners to streamline as well as discuss and coordinate the timing of investments to promote the recovery of cost competitiveness of smelting outsourcing companies, and promote the procurement of raw materials that stabilize our operations and recycled materials that enable us to contribute to a sustainable society.

Machinery & Environmental Engineering

Long-term goal • Segment profit: 3,000 million yen or more



Business strategy and outlook

Environment Division

- Exploring new demand by developing next-generation wastewater treatment agents
- Opening up the global market by constructing wastewater treatment agent production plants in Taiwan, Southeast Asia, and elsewhere

Although we have expanded the market for sewer systems with our wastewater treatment agent Polytetsu, we intend to develop next-generation wastewater treatment chemicals to enter new markets. To meet future increases in demand, we are taking steps to reinforce our transport system by enhancing stockpiles—specifically, building a new Ichihara Chemical Center and expanding the Fuji Chemical Center. We also plan to construct production plants in Taiwan and Southeast Asia to increase the competitiveness of our prices while capturing demand in those areas.

Machinery Division

- Opening up the global market for dust collectors in Asia and elsewhere
- Enhancing price competitiveness by automating production of dust collector filters and making other improvements
- Expanding sales by developing new applications for smoke separators

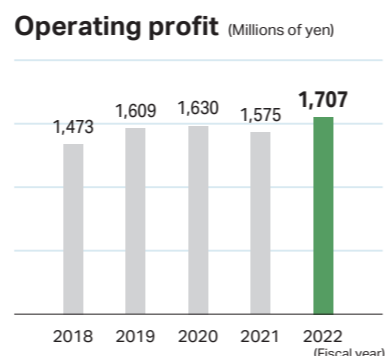
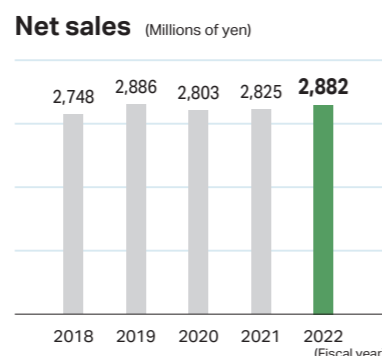
To expand sales for Sinter Lamellar Filter, we plan to develop the markets in China, South Korea, Taiwan, and Southeast Asian countries as well as the Republic of Chile, home to one of our Group companies. As for smoke separators, we are looking into applications other than removing tobacco smoke—for example removing CO and nursing care-related odors—to expand sales.

Real Estate

- Long-term goals**
- New development of idle company-owned land
 - Improve profitability by rearranging properties

Business activities

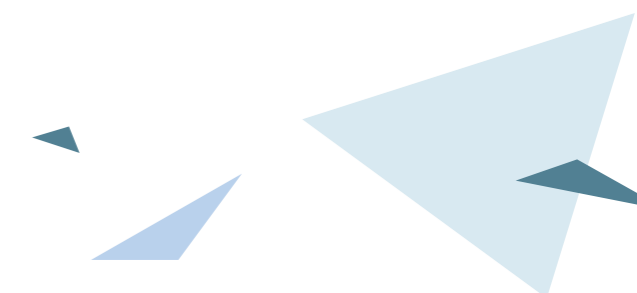
Leasing of office buildings, condominiums, storefronts, factories, warehouses, and sales of real estate



Business strategy and outlook

- Promoting studies for new development
- Improving customer satisfaction and ensuring profitability through renovations
- Re-examining the profitability and potential of existing properties

We are presently studying the feasibility of projects under discussion for new development using idle company-owned land, and are also considering rearranging unpromising assets in terms of future profitability improvement while effectively managing existing properties to further stabilize profits.

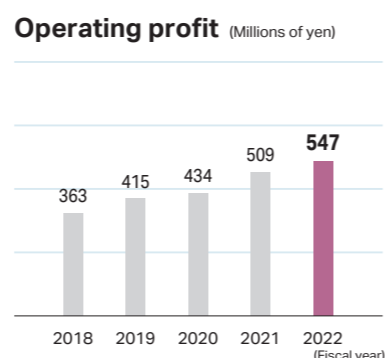
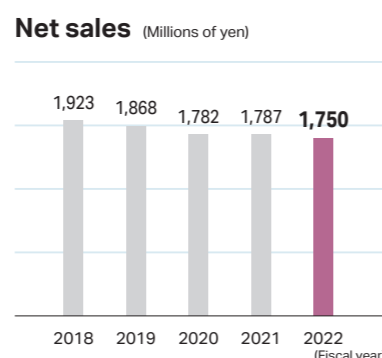


Renewable Energy

- Long-term goals**
- Maximize the supply of steam for geothermal power stations
 - Construct and operate new geothermal power stations
 - Introduce renewable energy throughout the Group

Business activities

- Supply steam to geothermal power station
- Solar power generation
- Small-scale hydropower generation



Business strategy and outlook

Geothermal Division

- Conducting investigations and drafting plans to ensure a stable a supply of steam to cover the maximum electricity output of the Ogiri Geothermal Power Station
- Promoting investigations for the construction of new geothermal power stations

Under the project to supply steam to the Ogiri Geothermal Power Station of Kyushu Electric Power Company, Incorporated, we maintain a calendar-day facility utilization rate of roughly 70%, one of the highest in Japan. However, we aim to establish a steam generation-hot water re-injection system to enable stable steam generation over the long term, and are evaluating geothermal reservoirs as well as analyzing their structure through geophysical exploration of ground surfaces and other studies and formulating plans to dig auxiliary production wells and wells for re-injection. Additionally, we began geophysical exploration after receiving approval from the mayor of Kirishima in September 2022 for our survey-phase plan for the city regarding development in the Shiramizugoe district, another new project. We will continue our development and investigation while taking sufficient time to explain them to local stakeholders and gain their understanding.

Solar Power Division

- Engaging in stable operations
- Considering ways to use surplus electricity

When there is an oversupply of solar power, output control is activated, preventing facilities from transmitting electricity. However, in light of legislative trends and technological innovation, we are considering ways to make generated electricity available even when there is a surplus.

Small-Scale Hydropower Generation Division

For our small-scale hydropower generation using seepage water from the tunnel of the Kamaishi Mine, we regularly inspect the tunnels and facilities, and are making improvements and striving for safe operations. We are also moving forward with studies of small-scale hydropower generation at other mines and on company-owned land.

Contributing to a sustainable society by meeting growing global demand for copper

Development work on the Arqueros Mine begins

Future demand for copper

Global demand for copper is expected to continue increasing in the future amid the pursuit of a carbon-neutral society. Specifically, copper consumption related to green energy is expected to increase, with the expansion of solar and wind power and other renewable energy sources and the shift to electric and hybrid vehicles expected to have a significant impact. For example, in solar and wind power generation, the materials of solar panels, power cables, and the like contain copper, and electric and hybrid vehicles require more wiring than gasoline-powered vehicles, which should boost demand for copper accordingly.

Importance of copper

Although rare metals and other metal resources are garnering most of the attention in the pursuit of a carbon-neutral society, copper is also gaining importance toward that end because of its properties.

- Conductivity
- Processability
- Thermal conductivity
- Antimicrobial

Essential mineral resources for a carbon-neutral society

	Systems & underlying technology	Major mineral resources required
Renewable energy sector	Power generation & storage batteries	Wind power generation: Copper, aluminum, rare earth metals
		Solar power generation: Indium, gallium, selenium, copper
		Geothermal power generation: Titanium
		High-capacity storage batteries: Vanadium, lithium, cobalt, nickel, manganese, copper
Automotive sector	Storage batteries & motors	Lithium-ion batteries: Lithium, cobalt, nickel, manganese, copper
		All-solid-state batteries: Lithium, nickel, manganese, copper
		High-performance magnets: Rare earth metals
		Fuel cells (electrodes, catalysts): Platinum, nickel, rare earth metals
	Hydrogen tanks: Titanium, niobium, zinc, magnesium, vanadium	

Copper appears in both the renewable energy and automotive sectors.

Source: Mineral Resources Policy for Achieving Carbon Neutrality in 2050, Ministry of Economy, Trade and Industry

Working toward realizing long-term goals for the Mineral Resources business

As a mining company operating copper mines, we believe we have a responsibility to meet society's increasing demand for copper. Accordingly, we have set a long-term goal for our Mineral Resources business: to produce at least 50,000 tons of copper concentrate (copper equivalent) per year in the Republic of Chile. Based on this goal, in April 2023, we decided to start construction works of the Arqueros Mine, a new copper mine in Coquimbo Region of Chile. The Arqueros Mine is scheduled to start operating in 2026, at which time it will join the presently operating ATACAMA KOZAN Mine (Atacama Region, Chile) in producing copper concentrate. With two mines

Overview of Arqueros Project

Mineable reserves: 26.6 million tons with a copper grade of 1.01%
 Byproduct: silver (13.1 g/t)
 1.8 million t/year of predicted ore production (underground mining)
 Estimated mine life: 15 years (expected to open in 2026)

Arqueros Mining Complex includes: Mineral deposit/plant, Tailings storage facility, Water source/power supply, Office, Airport.

Project site: 1.5- to 2-hour drive from La Serena. Semi-arid climate/Plateau at an elevation of 1,400 m.

operating in tandem, we expect to take a step closer to our long-term goal and contribute even more to society.

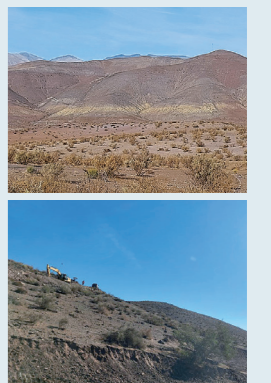
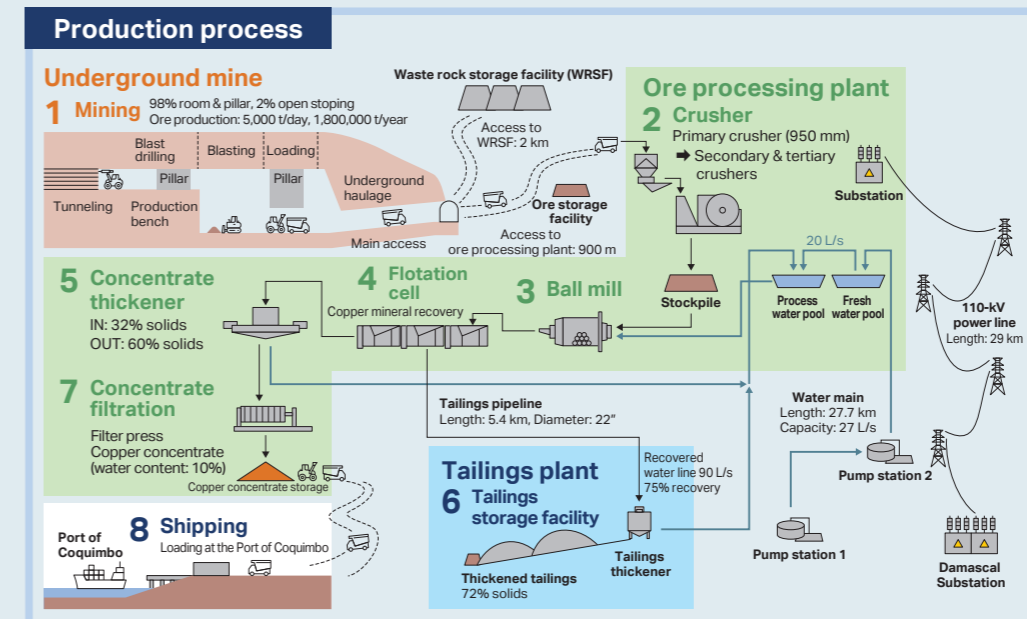
Overview of the Arqueros Mine

The Arqueros Mine is located roughly 400 km north of Santiago, the capital of Chile, and 35 km northeast of the city of La Serena in Coquimbo Region. The mine is situated 1,400 m above sea level on a semi-arid plateau with sparse bush cover. We joined the Arqueros Project in 2011, which was initially a greenfield project starting with exploration, but through a steady stream of studies progressed to a feasibility study and the development preparation stage in 2017, followed by the acquisition of environmental license for development and detailed design of the mine and plant. We decided to start development work in April 2023.

The project has 26.6 million tons with a copper grade of 1.01%, of mineable reserves which are to be mined underground and expected to produce 1.8 million t/year of ore, and copper concentrate by flotation. This

mineable reserves are equivalent to 15 years of ore production; however, we anticipate an extension of the life of the mine by conducting additional exploration works while operating.

In terms of the capital structure of Compañía Minera Arqueros S.A., we own 80% while our Chilean partner owns 20%. We lead the project as the main shareholder. Although we are responsible for everything from initial exploration to developing and operating the mine, we are committed to using the technology, experience, and knowledge we have accumulated over the years and developing the mine with the highest priority on safety.



Landscape at the Arqueros Mine

Nittetsu Mining keeps challenging

As a mining company that has tackled the challenge of developing underground resources since its establishment, we have always been engaged in independent development, managing our own interests, exploration, development, and operations from the initial stage. The Arqueros Mine is a project that truly embodies our commitment.

However, our appetite for challenges does not end there. Generally speaking, mining development takes

more than a decade, and the development of the next copper mine after Arqueros Mine is both our challenge and our goal. Leveraging our strength in all aspects from exploration to operation, we are searching for copper mining development projects in Chile, but also in Peru and other South American countries as well as in Australia, Canada, and North America, all of which have high resource potential.

Working toward the effective use and stable supply of copper resources **Copper ore beneficiation**

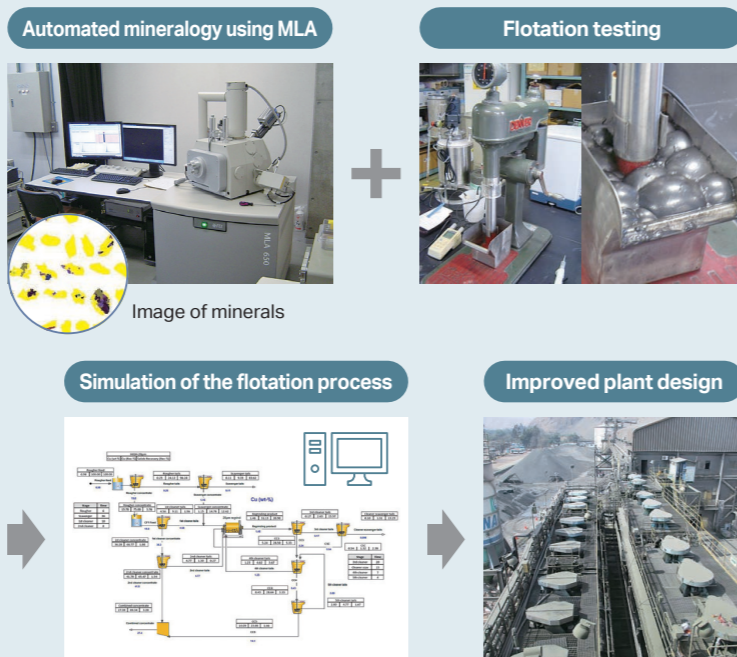
▶ Flotation plant design for stable operation with a high recovery

To ensure a stable supply of copper resources, we are producing copper concentrate from the ATACAMA KOZAN Mine in Chile and have plans to bring the Arqueros Mine, a new development project, online in 2026.

The Arqueros Mine is characterized by its reserves of multiple copper minerals. Different copper minerals behave differently in the flotation process, prompting concern that variation in mineral composition during operations could destabilize the copper recovery.

We addressed this issue using Mineral Liberation Analyzer (MLA) and plant simulation software to improve the copper recovery and establish plant design and operating conditions capable of accommodating variation in mineral composition.

Stable operation at a high recovery reduces environmental impact and stabilizes the supply of copper resources, contributing to the achievement of a carbon-neutral society.



We used a Mineral Liberation Analyzer to analyze the behavior of each mineral and search for high-recovery conditions corresponding to different mineral compositions
→ We achieved a plant design that reduces environmental impact and ensures a stable supply of copper resources

Outlook on technological development

- Realization of even higher recovery
- Development of flotation technology capable of accommodating many different ores
- Development of copper recovery technology based on acid leaching

Research and development that helps reduce greenhouse gases



Our R&D Department is researching, developing, and engineering new products and materials to contribute to society based on the wealth of mining development technology and experience we have amassed over the years.

The department views itself as one of our service departments, and thus selects themes of development and pursues solutions that proactively incorporate stakeholders' needs.

Our research and development on carbon neutrality

includes studying carbon dioxide fixation in lime materials as well as developing ultra-low-carbon lime products and applied research of stratified photocatalysts for producing hydrogen from hydrogen sulfuric acid.

To continue to resolve societal issues in the future, the department actively searches through and introduces outside technology and combines it with our proprietary technology to develop distinct technologies that will contribute to the future.

Practical application of the Polytetsu continuous production method (continuous method) **Polytetsu**

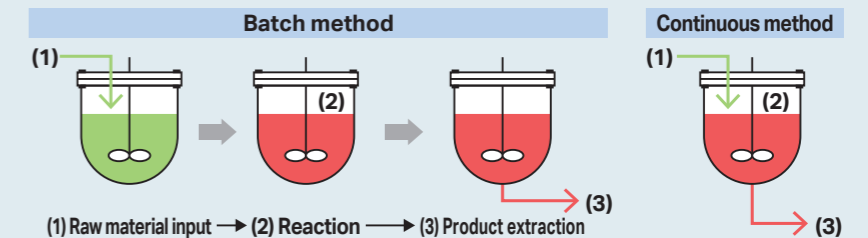
Polytetsu delivers excellent coagulation sedimentation and deodorization effects, and is used in many industrial wastewater treatment applications. Our lineup includes Polytetsu L, which has a higher concentration of active ingredients than the standard Polytetsu R and is highly cohesive and dehydrating. Over the past several years, Polytetsu L sales volume to sewage treatment plants and private factories have trended upward. Additionally, the high concentration of Polytetsu L makes it an environmentally friendly product that cuts CO₂ emissions from transport by

roughly 15% by virtue of the lower amount of chemicals used and fewer trips made due to it.

However, the production time of Polytetsu L takes 1.5 to 2 times longer than Polytetsu R, resulting in higher manufacturing costs and longer working hours for the manufacturers. In response, we developed a more efficient method to produce high-concentration Polytetsu L by switching from the conventional batch method to a continuous method. We also applied this new method to Polytetsu R, our standard product, successfully improving the production efficiency of it.

Figure 1

Schematic diagrams of the batch method (left) and continuous method (right)

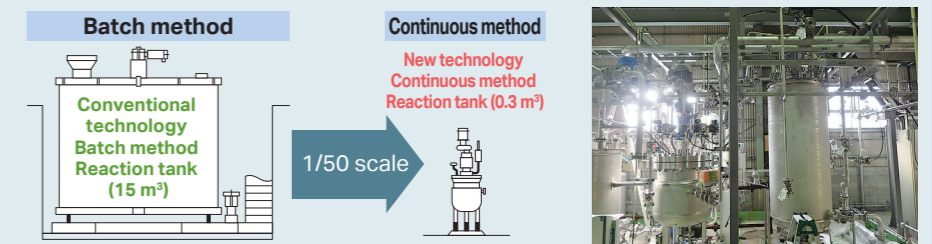


As shown on the left side of Figure 1, the batch method starts with the input of raw materials (1), followed by reaction (2) and product extraction (3). This method is inefficient in taking so much time on tasks which are not directly connected to the reaction, such as feeding, heating the raw materials, and cooling the contents after the reaction is completed. Conversely,

the continuous method (right side of Figure 1) involves feeding raw materials (1) into a tank with an ongoing reaction (2) while simultaneously extracting the product (3). With this method, most of the production time is spent directly on the reaction. Additionally, the reaction tank is far smaller than its batch-method counterpart (Figure 2).

Figure 2

Comparing the sizes of the reaction tanks for the batch method (left) and continuous method (middle), and a picture of the actual system (right)



With a reaction tank that is 1/50 the size of the batch method, the new continuous method is more compact, and the required reaction time can be shortened substantially. Since developing this new technology and putting the continuous method into practice, we have significantly improved the production efficiency, the production efficiency can be 200% for Polytetsu R

and 250% for Polytetsu L.

Compared to other inorganic flocculants, Polytetsu has less CO₂ emissions during production, in addition, due to the continuous method, contributes to the modern societal issue of achieving carbon neutrality in terms of production, transport, and utilization.

Sustainability at Nittetsu Mining

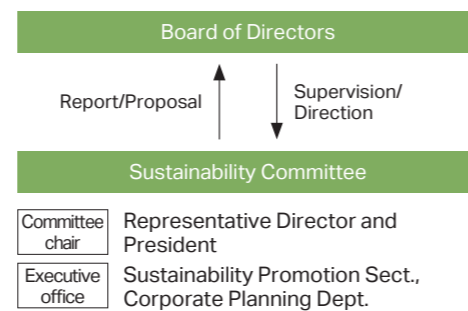
Based on our management philosophy, we established a Sustainability Committee in April 2022 to clarify the Company's efforts on sustainability issues and improve sustainable business activities and

medium- and long-term corporate value and established a Basic Policy on Sustainability and other sustainability-related policies that the committee uses to identify material issues.

Basic Policy on Sustainability

- 1 We contribute to the sustainable development of society and the economy through the development and stable supply of mineral resources.
- 2 We understand the significance of protecting the environment and maintaining biodiversity and promote the reduction of environmental impact and the efficient, cyclical use of resources in an effort to maintain a healthy global environment. Specifically, we continue undertaking targeted efforts to achieve carbon neutrality in the context of global warming countermeasures.
- 3 We seek solidarity and harmony with local communities as we develop in an effort to continue to be a trustworthy, indispensable company.
- 4 We respect human rights and diversity and provide bright, well-ventilated workplaces with the aim of helping our employees achieve self-realization and better lives.
- 5 We prioritize safety in all business activities and work to prevent industrial accidents by creating healthy, sanitary, comfortable working environments.
- 6 We disclose information as appropriate to establish and maintain healthy, quality relationships with all stakeholders.
- 7 We engage in fair business activities, observing laws, regulations, and social norms.

Sustainability Committee Chart

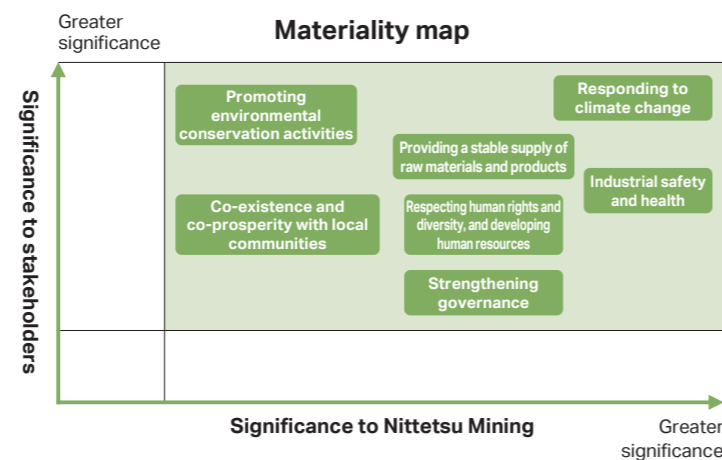


Policy Chart



Process of identifying material issues

We referred to the GRI Standards to identify environmental, social, and economic issues in mining, our main line of business. Then, we carefully considered our mission, the characteristics of our business, our strategies, and what our stakeholders and the rest of society need from us. We created a materiality map and double-checked the significance of each item using models such as the SDGs wedding cake, which depicts the environment as the foundation of social and economic activities. Finally, we arrived at our list of material issues.



List of material issues

Category	Material issues	Event	Main efforts	Related SDGs
E	Responding to climate change	Introducing measures to promote capital investment to reduce CO ₂ emissions	• Introduced an internal carbon pricing (ICP) system in November 2022	
		Installing renewable power generation facilities for internal consumption	• Considered and studied the introduction of solar, wind, and small-scale hydropower generation facilities for internal consumption at quarry complexes and other business locations	
		Promoting a substantial shift to renewable energy for purchased electricity	• Shifted to renewable energy for purchased electricity: Head Office, Osaka Branch Office, Kagoshima Geothermal Facility, Kirishima Office • Launched an initiative for a substantial shift to renewable energy for purchased electricity using FIT Non-Fossil Certificates with tracking for our FIT solar power plants (purchase of FIT NFCs started in August 2023)	
		Energy saving and efficiency	• Continued efforts to generate electricity from the long distance conveyor belts at the Torigatayama Quarry Complex	
E	Promoting environmental conservation activities	Preserving water resources	• Continued efforts to reduce water consumption through recycling	
		Greening and properly maintaining former mine sites and sedimentation sites	• Planted trees and performed hydroseeding • Conducted patrols of former mines	
		Preserving biodiversity	• Maintained certified company-owned forests	
		Maintaining an environmental management system	• Continued efforts to comply with ISO 14001 (acquired certification for seven locations)	
S	Providing a stable supply of raw materials and products	Developing resources	• Developed a new mining area at the Hachinohe Mine: Continued development work (aiming for full-scale extraction during the next medium-term management plan period) • Developed the Arqueros Copper Mine: Began development work in April 2023 (aiming to start operating in 2026)	
		Providing a stable supply	• Constructed a third shaft at the Torigatayama Quarry Complex: Continued construction work (aiming for full-scale operation in FY2024) • Sustained our stable domestic limestone supply system through decentralization	
S	Industrial safety and health	Managing safety	• Held meetings of safety managers and meetings of people in charge of safety	
		Providing education and training	• Conducted safety training for new employees • Conducted hazard prediction training by area (East/West Japan) • Conducted hazard prediction training and safety simulation training	
S	Co-existence and co-prosperity with local communities	Contributing to local communities	• Conducted social contribution activities at each location • Continued to hire locally	
S	Respecting human rights and diversity, and developing human resources	Developing human resources	• Established Human Resources Development Policy in May 2023	
		Realizing diversity and inclusion	• Promoted the active participation of women and employment of people with disabilities • Promoted improvement of internal environments Introduced and revised systems for telecommuting, staggered shifts, flexible scheduling, paid leave, etc. Expanded systems for supporting family care	
		Raising awareness of human rights	• Conducted harassment prevention training	
G	Strengthening governance	Enhancing the corporate governance system	• Transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee in June 2023	
		Strengthening the compliance system	• Conducted internal audits at each location • Continued to properly operate the internal reporting system • Held compliance training workshops	
		Risk management	• Continued to review business continuity plans (BCP) • Held regular meetings of the Quality Assurance Committee • Implemented various initiatives in the field of information security	

Environment

► The path toward achieving carbon neutrality by FY2050

The social and economic impacts of climate change are becoming increasingly severe, and efforts to curb rising temperatures by transitioning to a decarbonized society are accelerating around the world. Since its

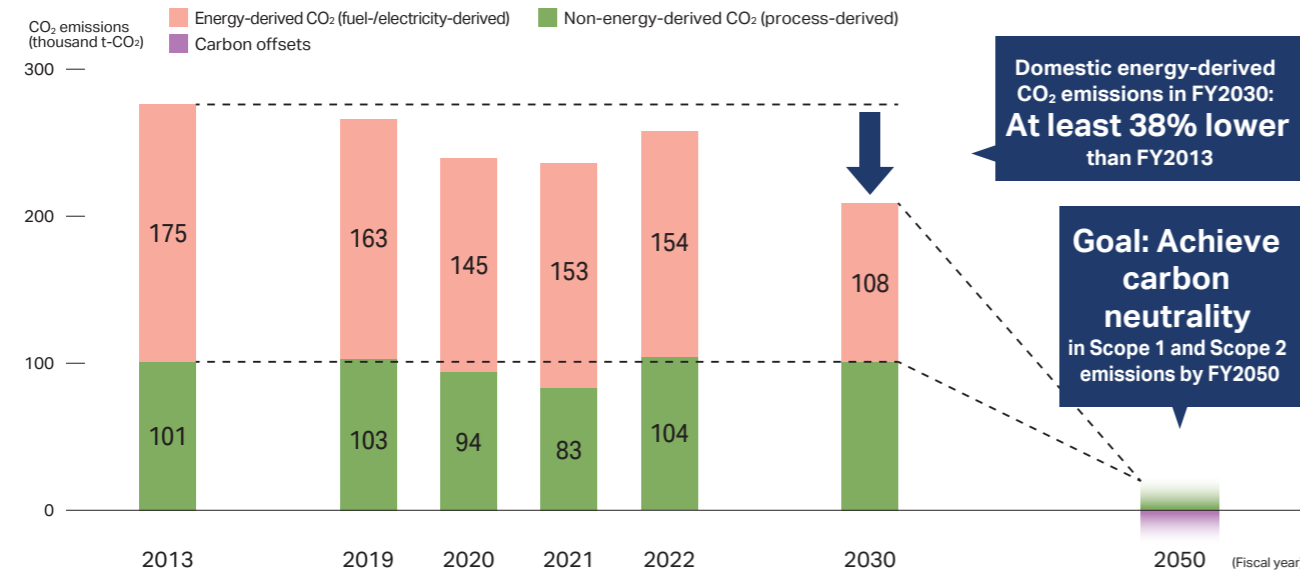
establishment in April 2022, our Sustainability Committee has taken the lead in measuring and promoting efforts to reduce CO₂ emissions toward carbon neutrality.

► CO₂ emissions in FY2022

In FY2022, domestic Scope 1 and 2 CO₂ emissions totaled 258,000 t-CO₂, an increase of roughly 22,000 t-CO₂ from the previous fiscal year. This is because the Group produced more quicklime in FY2022 than FY2021. Quicklime is produced by calcining limestone; our increased production of quicklime resulted in more

process-derived CO₂ emissions (roughly 21,000 t-CO₂) and greater fuel consumption, which resulted in more energy-derived CO₂ emissions (roughly 1,000 t-CO₂).

Roadmap to achieving carbon neutrality



► Measures to reduce CO₂ emissions

We are promoting several measures to successfully travel the path set out on our roadmap to carbon neutrality. The measures include our switch to renewable energy-derived electricity for the entirety of

the purchased electricity for our head office in the Yusen Building in October 2022 as well as the following. We intend to continue to expedite our efforts to reduce CO₂ emissions.

Introducing an internal carbon pricing (ICP) system

In November 2022, we introduced an ICP system for the Group's capital investments with an internal carbon price of 7,000 yen/t-CO₂. The ICP system encourages low-carbon investment and capital investment for decarbonized management by converting CO₂ emissions associated with capital investment plans into

a cost—an internal carbon price—to inform investment decisions. We will apply the ICP system to the installation of equipment—for example, energy-saving equipment and renewable power generation facilities for internal consumption—to promote capital investment that helps reduce CO₂ emissions.

Installing renewable power generation facilities for internal consumption

We are considering installing power generation facilities for internal consumption based on renewable energy sources (solar, wind, small-scale hydropower) at all Group locations. We are in the process of verifying in due order the technical and economic aspects and CO₂-reducing effects of installing power generation equipment on idle land at quarry complexes and the like and on the roofs of factory buildings and offices, and we plan to use the ICP system and other resources to install power generation facilities first and foremost at locations where such installation is deemed to be feasible.

Status of considerations for installing renewable power generation facilities for internal consumption

Type	Number of locations under consideration	Status of considerations
Solar power	7	Consideration of specifications, partial implementation of detailed design
Wind power	1	Wind condition surveys underway
Small-scale hydropower	3	Water volume surveys underway

Substantial shift to renewable energy for purchased electricity through FIT Non-Fossil Certificates

In August 2023, we began purchasing FIT Non-Fossil Certificates¹ with tracking² for our FIT solar power plants³ to key a substantial shift to renewable energy for a portion of purchased electricity for the Torigatayama Quarry Complex. We also expect this initiative to deliver CO₂ emissions reductions of roughly 6,200 t-CO₂ and 9,200 t-CO₂ in FY2023 and FY2024, respectively.⁴

¹: FIT Non-Fossil Certificates
Certificates showing the environmental value of renewable energy and other non-fossil electricity sources and certifying the non-fossil value of electricity generated at renewable energy power plants under the FIT system

²: Tracking
Attribute data of power plants (e.g. IDs, names, and installers of power generation facilities)

³: FIT solar power plants
Solar power plants under the Feed-In Tariff (FIT) system for renewable energy that generate electricity that electricity utilities purchase for a fixed period of time at prices determined by the government

⁴: CO₂ emissions reductions
Calculated based on the estimated number of NFCs purchased and the emission factor for purchased electricity for the Torigatayama Quarry Complex (for reporting in FY2023) under the Act on Promotion of Global Warming Countermeasures

Other future initiatives

- Streamline facilities and introduce energy-saving technology
- Promote transition to EV in the company vehicle fleet
- Switch to biofuels for heavy machinery, use technological innovations to switch to electric heavy machinery, etc.
- Increase forest absorption by greening former mine sites and sedimentation sites at active mines
- Introduce new technology for CCUS and the like to reduce process-derived CO₂ in the future

▶ Long distance conveyor belts that contribute to reducing environmental impact

The Torigatayama Quarry Complex features nine long distance conveyor belts that transport limestone extracted from the mines a total of 23.3 km to the coastal ore processing plant. Using conveyor belts instead of trucks helps reduce CO₂ emissions in transport and allows us to transport mineral resources with low environmental impact.

Three of the nine conveyor belts are steeply sloped

downhill, and the potential energy of the limestone they transport generates enough electricity to power the other six conveyor belts.

Additionally, to prevent dust and noise during ore transport, all above-ground sections are enclosed in soundproof galleries, and we conduct daily patrols and regular measurements and evaluations.

▶ Response to water risks

The Group uses water mainly in the beneficiation process in the Mineral Resources business. Water resources are not only essential to sustain the Group's business, but are also very important to the residents of the communities in which we operate. Therefore, we are working to reduce our water consumption through efficient use and recycling of water resources and taking steps to meet our stated goal of preserving water quality.

We also use Aqueduct—a suite of tools developed by the World Resources Institute (WRI) to assess the status of water risks at production locations and laboratories—to identify areas with water risks, and recognize the Republic of Chile, where we develop and operate copper mines, as an area with particularly high water risks. In the future, we will conduct more detailed risk analysis and take steps to ascertain the amount of water used at each intake to ensure efficient use of water resources.

Managing tailings dams

We produce copper concentrate at the ATACAMA KOZAN Mine in Chile. Tailings dams (tailings storage facilities) impound tailings—the slurry that remains after concentrate is removed from the ore during the production process—to allow the solids to separate from the water and settle to the bottom. From the start of operation in 2003 until 2020, the coarse grains of classified tailings were used as embankment materials, and the fine grains were allowed to settle on the insides of the dams. In 2020, we built a new tailings processing facility near the tailings dams and began using a method by which the tailings are allowed to settle after further dewatering than the old method. We recycle the

water recovered from the dewatering process, which covers roughly 80% of the water needed for the production process, thereby reducing intake. Additionally, the new dewatered sediments are located downstream of the old sediments, which also has the effect of reinforcing the structure of the old tailings dams as they settle.

Tailings dam management involves daily water sprinkling to prevent dust, routine inspections, and scheduled surveying to ascertain storage capacity and conditions. We have also installed observation wells downstream to check for leakage, and regularly conduct water quality inspections.

▶ Greening former mine sites and preventing pollution

Mining development inevitably involves altering the environment, for example by removing trees from excavation areas. Decades pass between the development and closure of mines; we plant trees and vegetation in extraction areas and sedimentation sites after mining-related operations are complete in an effort to restore the environment and landscape. We also conduct patrols and inspections and perform the necessary maintenance at former mines throughout Japan to prevent pollution.

Greening results (consolidated)

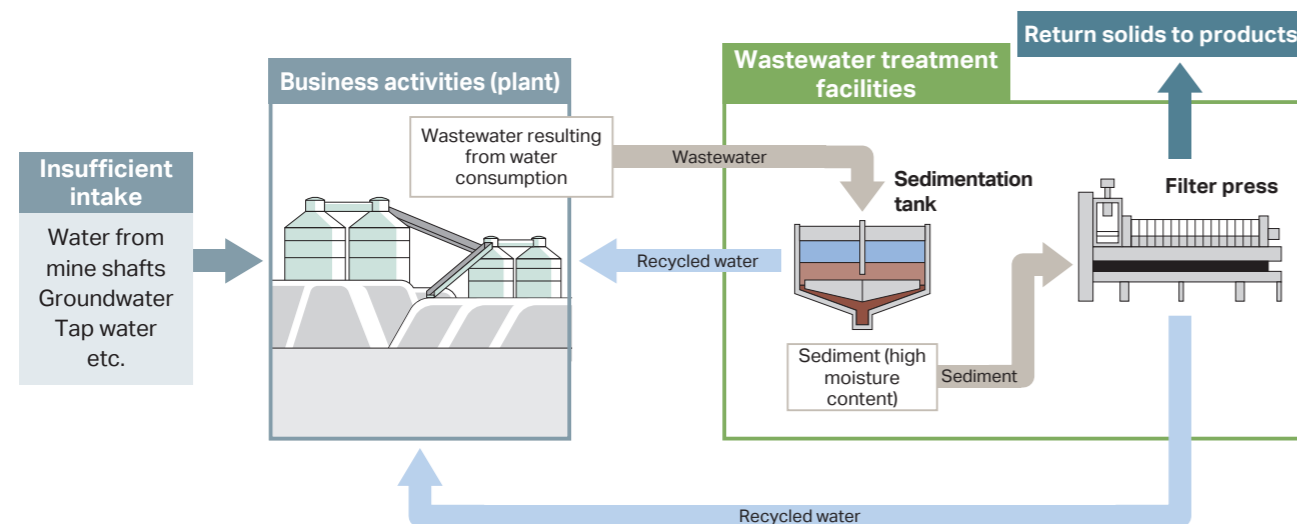
	Unit	FY2020	FY2021	FY2022
Tree planting	trees	4,058	5,545	10,061
Seed spraying	m ²	55,064	45,820	47,667

Recycling water

We strive to reduce both intake and wastewater by recycling water mainly in the Mineral Resources business. After using water in the beneficiation process to raise the grade of mined copper ore, in the washing

of some limestone products, and toward other ends, we have wastewater mixed with solids, which we treat and recycle with wastewater treatment facilities.

Examples of water recycling in a limestone mine in Japan



▶ Acquiring certification for company-owned forests

We plant trees on former mine sites and idle land as part of our CSR activities. We have conducted sustainable forest management while maintaining the diverse functions of forests, for example preserving biodiversity, recharging water sources, and preventing global warming by absorbing CO₂. In December 2013,

we acquired SGEN forest certification for one of our company-owned forests in Shiraoi, Hokkaido (area of roughly 1,200 ha) to further preserve forest functions and sustainably use forest resources. In December 2018, we were reviewed for renewal and reauthorized, and our commitment to healthy forestry is ongoing.

▶ Maintaining an environmental management system

We have obtained ISO 14001 certification at seven locations, including our Torigatayama Quarry Complex, the first mine in Japan to obtain certification that includes the scope of mining. By continuously maintaining the environmental management systems,

we ensure that everyone at every location—from top executives to employees of affiliate companies—is working together to reduce environmental impact and prevent pollution.

Endorsing the TCFD recommendations

With the recognition that addressing climate change is one of the most important management issues, the Group announced its endorsement of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in June

► Governance

Our Sustainability Committee—which is chaired by the President and comprises internal Directors and Corporate Executives as members—formulates policies, targets, and action plans for combating climate change and realizing other aspects of sustainability for the Group; manages and evaluates our

2022. We aim to engage in sustainable business activities and improve our corporate value over the medium to long term by promoting initiatives to realize a decarbonized society.

progress toward the targets; discusses individual measures in depth; and reports and advises the Board of Directors on a regular basis. The Sustainability Committee has two regular meetings each year (in May and November) and holds extraordinary meetings as needed (once in October during FY2022).

► Strategies

We have exhaustively identified risks and opportunities presented by the impact of climate change on each of the Group's businesses under two scenarios—a global average temperature increase of 2°C or lower, and an increase of 4°C—and are taking

relevant measures to reduce risks and seize opportunities. We plan to analyze the scenarios to gain an understanding of the impacts on our business, and will formulate strategies accordingly.

Category	Event	Risk or opportunity	Description	Relevant initiatives	
Transition risks	Policies/legal regulations	Risk	Increase in carbon pricing	• Costs increase when new carbon-related taxes are introduced	• Ongoing information gathering
		Risk	Tighter regulations	• Costs increase amid the shift to electric/energy-saving equipment and systems at production locations • Costs increase when fuels and power sources for large and heavy machinery are changed	• Introducing the ICP system to promote electrification, energy-saving, and other advancements for reducing CO ₂ emissions
	Technology	Risk	Development of new technologies	• Demand for limestone decreases when alternative materials and technologies are developed	• Promoting limestone exporting
		Opportunity	Spread of renewable energy/energy-saving technologies	• Profits increase when we develop products that help lower GHG emissions	• Promoting research and development that helps reduce GHG emissions
	Market	Risk	Fluctuation of product/material prices	• Energy procurement costs increase when we purchase renewable energy	• Installing renewable power generation facilities for internal consumption to reduce purchased electricity • Directly procuring FIT Non-Fossil Certificates to reduce the cost of shifting to renewable energy power sources
			Opportunity	Raw material procurement costs increase as decarbonization progresses • Investment costs increase as competition for mining development projects intensifies • Regulations become stricter and tax burdens grow as resource nationalism emerges	• Promoting geothermal development in Shiramizugoe
Reputation	Risk	Changes in customer behavior	• Demand for copper increases amid growing demand for electrification • Economically mineable ores increase as the profitability of copper mines increases	• Identifying projects in the context of internal exploration • Joining projects from the early stages of development	
		Opportunity	• Costs increase when we respond to demand for products with lower GHG emissions	• Launching development work on the Arqueros Copper Mine and promoting the identification of other projects	
Physical risks	Acute	Risk	Intensification of meteorological disasters (e.g. typhoons, floods)	• Costs increase as we undertake disaster control measures and disaster recovery at production locations • Sales decrease due to supply chain interruptions	• Sustaining our stable supply system through decentralization of limestone mines
		Opportunity	Demand for limestone increases as disaster risk reduction infrastructure is developed • We retain the ability to produce and deliver during disasters by leveraging the strengths of our dispersed locations	• Sustaining our stable supply system through decentralization of limestone mines	
	Chronic	Risk	Increase in mean temperatures	• Risk of flood damage at coastal locations due to sea level rise • Operations impacted by the increased risk of drought • Productivity declines due to negative impacts on worker health	• Promoting and continuing to use recycled water
		Opportunity	Demand for wastewater treatment agents increases as water quality declines (nutritive salts, red tides) and reclaimed water use increases • Productivity increases when we revise working environments	• Reinforcing our supply system for Polyetsu	

► Risk management

After identifying climate-related risks and opportunities, the Sustainability Committee evaluates and reconsiders them through its consideration of responses and subsequent monitoring, and regularly reports significant risks to the Board of Directors.

Additionally, in terms of efforts to achieve carbon neutrality, the committee discusses plans for reducing CO₂ emissions, manages the progress of plan implementation, and takes necessary measures.

► Indicators and targets

The Group is making efforts to reduce CO₂ emissions by steadily transitioning to implementing measures to combat climate change, including reducing fuel and electricity consumption by streamlining and switching to energy-saving facilities and introducing renewable energy-based power generation facilities and switching to renewable electricity for internal consumption. Specifically, we aim for a 38% or higher reduction^{*1} of energy-derived CO₂ emissions from domestic Group companies' consumption of fossil fuels and electricity out of their total CO₂ emissions—the sum of their direct (Scope 1) emissions and indirect (Scope 2) emissions from their use of electricity and other energy purchased from other companies—from the FY2013 level by FY2030, identical to the Japanese

government's target for the corresponding CO₂ emissions category.^{*2} Notably, we intend to further reduce non-energy-derived CO₂ emissions from the quicklime production process by monitoring technological advancements and introducing new technology for CCUS and the like once it is ready for real-world implementation.

We also plan to introduce new technologies and use carbon offsets and other means of achieving carbon neutrality to meet the long-term goal of reducing direct and indirect (Scope 1 and Scope 2) emissions of the Group's non-energy-derived CO₂ by FY2050.

*1: 38% or higher reduction from the FY2013 level:

The target rate of reduction for CO₂ emissions derived from fuel and electricity consumed at plants and business locations under the Industrial category of the Japanese government's CO₂ emissions categories

*2: The Japanese government's FY2030 target for the corresponding CO₂ emissions category:

The rate of reduction for the corresponding CO₂ emissions category set out in the Comprehensive Plan of the Government under the Act on Promotion of Global Warming Countermeasures (approved by the Cabinet on October 22, 2021)

TOPICS

Calculations based on the GHG Protocol

We began calculating GHG emissions for the consolidated scope (including overseas affiliate companies) based on the GHG Protocol in FY2022. The following table shows the calculations of Scope 1 and Scope 2 emissions for FY2022. In the near future, we will calculate Scope 3 emissions and work toward disclosure.

Calculations based on the GHG Protocol (consolidated, including overseas)

Indicator	Unit	FY2022
GHG emissions (Scope 1 & 2 total)	thousand t-CO ₂	327
Scope 1	thousand t-CO ₂	210
Scope 2	thousand t-CO ₂	117
Total energy consumption	MWh	555,635
Non-renewable fuel consumption	MWh	348,523
Non-renewable electricity consumption	MWh	206,488
Other non-renewable energy consumption	MWh	442
Renewable electricity consumption	MWh	182

Social

▶ Efforts for industrial safety and health

We have established an Industrial Safety and Health Policy based on our priority on safety in all business activities, and the Safety Administration Office at our head office takes the lead in promoting safety activities.

Nittetsu Mining Group Industrial Safety and Health Policy

All Nittetsu Mining Group employees work together to ensure industrial safety and health in the course of conducting business based on the following policy as well as the fundamental principle to prioritize safety in all business activities.

- 1. Compliance with laws and regulations** In addition to observing laws, regulations, and internal rules pertaining to industrial safety and health, we work to create safer working environments through ongoing risk assessment and measures to prevent accidents similar to past accidents.
- 2. Implementing education and awareness-raising activities** We continuously implement education and awareness-raising activities to improve our awareness of industrial safety and health.
- 3. Creating comfortable working environments** We make efforts to establish working environments that are sanitary, comfortable, and healthy in both physical and psychological terms.

Safety performance in 2022 (including contractors working onsite)

	Japan	Overseas
Number of fatal accidents	0	0
Number of accidents resulting in absence from work*	4	11
Number of accidents not requiring absence from work	14	34
Percentage of accidents resulting in absence from work*	1.27	—

* 1 or more days lost

Management system

Each year, our Safety Administration Office establishes Safety Administration Office policies based on evaluations of the previous year's safety and health performance, and provides support and guidance to each location. Meetings of safety managers and people in charge of safety attended by representatives from each location are held each year at the head office to share initiatives based on the Safety Administration Office policy and discuss measures to prevent recurrence of industrial accidents and other matters. Additionally, to exchange information on safety and check the status of safety management, the Safety Administration Office conducts safety patrols at each location based on an annual plan.

When an industrial accident occurs, the office spreads the word throughout the Group by disseminating information on the circumstances of the accident—including industrial accidents that do not result in absence from work, accidents resulting in property damage but no injuries, and traffic accidents—and measures to prevent recurrence. For serious

industrial accidents, the Safety Administration Office leads onsite investigations and provides guidance on the necessary countermeasures, and the details are also shared within the Group. This information is reflected in hazard prediction training at each location in an effort to improve safety awareness and prevent similar accidents.



A meeting of people in charge of safety

Education and training

Every year, we conduct new employee safety training and regional hazard prediction training for East and West Japan. Each location also conducts hazard prediction training and hands-on safety courses as needed to enhance employees' sensitivity to danger. In

level-based training for management and key managers, we strive to provide education commensurate with their respective positions as managers and supervisors to allow them to demonstrate their leadership abilities.



A hands-on safety course in the field

Results of industrial safety and health training (total number of participants)

FY2020	FY2021	FY2022
—	284	555

Notes: 1. Results of training provided by the Safety Administration Office to domestic Group companies
2. All training was canceled in FY2020 due to the COVID-19 pandemic

▶ Co-existence and co-prosperity with local communities

Sustaining cooperative relations with the areas and communities in which we do business is essential for our mining operations and other businesses. We strive to co-exist and co-prosper with local communities by creating employment opportunities and through local procurement in the context of our business activities in

addition to engaging in dialogue with local people, implementing environmental conservation activities, participating in and sponsoring local events, offering tours of our business locations, and undertaking other activities to establish mutual understanding and trust-based relationships.

TOPICS

• Major social contribution activities at overseas locations

Sociedad Contractual Minera Atacama Kozan, a consolidated subsidiary, engaged in the following social contribution activities in the region in which it operates.

- Accepted 20 local students for practical internships
- Conducted welding training for 40 women in Tierra Amarilla and Copiapo
- Conducted industrial electrical technology training for 19 students from Tierra Amarilla
- Provided support for a celebratory event (Children's Day) in Tierra Amarilla
- Conducted training for painting for 16 residents of Paipote
- Conducted training for residents of Paipote to obtain driver's licenses



Support for a celebratory event (Children's Day)



Training for painting

• Contribution to local employment opportunities

At the Group's locations in Chile (Sociedad Contractual Minera Atacama Kozan, Compañía Minera Arqueros S.A., and Nittetsu Mining Chile Ltd.), we actively hire local people; in fact, local employees make up 41.7% of senior (general manager-level) management positions. Additionally, women hold 8.2% of management (section manager and higher) positions, and we are promoting active participation by women.

► Developing human resources

Since our establishment, we have overcome various difficulties and sustained our business because each and every employee has confronted the circumstances and changes of the times and proactively worked to resolve issues.

We believe we need people capable of thinking and acting independently in order to grow sustainably as an integrated mineral resources company. Accordingly, we have established a Human Resources Development Policy to develop those kinds of people.

We have established a development system with elements of personal growth—among them, experience and lessons through daily work, guidance and cooperation with supervisors and colleagues, self-learning and self-study, and level-based training and other Company-sponsored training—that we synchronize with the aim of creating working environments where employees can demonstrate their abilities.

Nittetsu Mining Group Human Resources Development Policy

The Nittetsu Mining Group is committed to developing human resources who think and act independently to achieve sustainable growth as an integrated mineral resources company, by developing specialized human resources under our human resources development system and creating working environments where each and every employee can demonstrate their abilities.

1. We encourage the growth of each and every employee through self-directed learning.
2. We seek to accommodate diverse learning styles and create environments where motivated employees can learn when they want to.
3. We develop human resources capable of fulfilling active roles on a global stage.

► Promoting diversity

Consistent with our Management Policy, we strive to be a company where each and every employee can work with high motivation and pride. Accordingly, we hire throughout the year and make our selections regardless of gender, nationality, or whether someone is a new graduate or midcareer candidate in an effort to ensure that our employees have a diverse array of abilities and values. We encourage each and every employee to flourish and grow in their line of work and eventually earn promotions as core members of the company so that we as a company can grow sustainably and increase our corporate value.

Percentage of management positions (Nittetsu Mining)

	Results (FY2022)	Target (FY2030)
Women	1.0%	5% or more
Foreign nationals	0.5%	5% or more
Mid-career hires	11.2%	15% or more

Promoting active participation by women

We have long been aware of the challenges of promoting women's advancement and began actively recruiting women for career track positions in 2014, and have continued our recruiting activities with the goal of increasing the percentage of women in such positions to at least 30%. However, various indicators for women in career-track positions are still lower than

the same for men. We will continue to strengthen our recruitment of female employees and devote energy to proactively training female employees and developing environments conducive to long-term employment in order to promote retention in addition to promoting female employees to management positions.

Action Plan based on the Act on the Promotion of Women's Active Engagement in Professional Life (Duration: April 1, 2021–March 31, 2026)

- Target 1: Women comprise at least 30% of new hires in career track positions
- Target 2: Trim the gender gap in average years of service to two years or less

Indicators for active participation by women (Nittetsu Mining)

	FY2020	FY2021	FY2022
Percentage of women hired	7.7%	21.7%	19.6%
Percentage of women hired (career track positions only)	9.5%	23.1%	14.7%
Gender gap in average continuous service	5.5 years	4.5 years	4.5 years
Percentage of female employees	15.5%	16.1%	15.8%
Percentage of female employees taking childcare leave	100%	100%	100%
Gender wage gap*	53.9%	55.7%	54.5%

* These figures are calculated for all employees in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life.

Improving internal environments

Our measures for improving internal environments to ensure diversity include instituting a telecommuting system, introducing staggered shifts, flexible scheduling, and other systems for accommodating various work styles, a system for rehiring retired employees, a leave system for employees whose

spouses are transferred, a system allowing employees to take paid annual leave in half-day increments, and other efforts to develop environments where each and every employee can work in such a way that their job and life are in balance.

Systems for supporting family care

We provide support to employees who are providing childcare and elderly care by enhancing our systems for supporting them beyond the requirements of laws enacted to facilitate a balance between work and family care. Specifically, we offer paid leave for employees to look after spouses giving birth or to take care of sick

children or elderly family members, and extend the duration of our system that allows employees to work shorter hours so that they can take care of sick children or provide childcare (through the end of their children's sixth year of primary school) in addition to maintaining systems that satisfy the laws.

Employing people with disabilities

To contribute to the creation of a prosperous society in the future, we are promoting the employment of people with disabilities in order to diversify our human resources. We will promote the creation of organizations that view disabilities and their implications as individuality, allow diverse talents to flourish, create environments conducive to long-term employment, and achieve high retention rates.

Employment rate of people with disabilities (Nittetsu Mining)

FY2020	FY2021	FY2022
2.31%	2.57%	2.37%

Preventing harassment

We prohibit and have set out policies and regulations to prevent all forms of harassment and discrimination. We will continue to implement awareness-raising activities, including incorporating harassment prevention into training at all levels, having all employees participate in e-learning, and distributing booklets and showing videos to all employees. We will also establish contact points for reporting and consultation to equip the company to take the proper steps to prevent the recurrence of any incidents that occur.

Number of participants in harassment prevention training (total)

FY2020	FY2021	FY2022
547	105	668

Note: Only training sponsored by the Human Resources Department of the head office

Corporate Governance

In June 2023, we transitioned to a company with an Audit and Supervisory Committee. As an integrated mineral resources company, we will work to strengthen our corporate governance to achieve sustainable growth and increase our corporate value over the medium and long term.

Basic approach to corporate governance

We make proactive efforts to establish organizations capable of swiftly and appropriately responding to changes in the business environment, and management systems to equip the Company to execute decisions with the utmost fairness and transparency.

We will continue efforts to establish, enhance, and ensure the effectiveness of a shared internal

understanding of the importance of corporate governance, and aim to become a company worthy of the trust of shareholders, users, and local communities.

We formulated the Nittetsu Mining's Basic Policy on Corporate Governance to outline our basic approach to and policy for corporate governance, and have published it on our website.

Nittetsu Mining's Basic Policy on Corporate Governance (Japanese version only)
<https://www.nittetsukou.co.jp/ir/governance/pdf/policy.pdf>

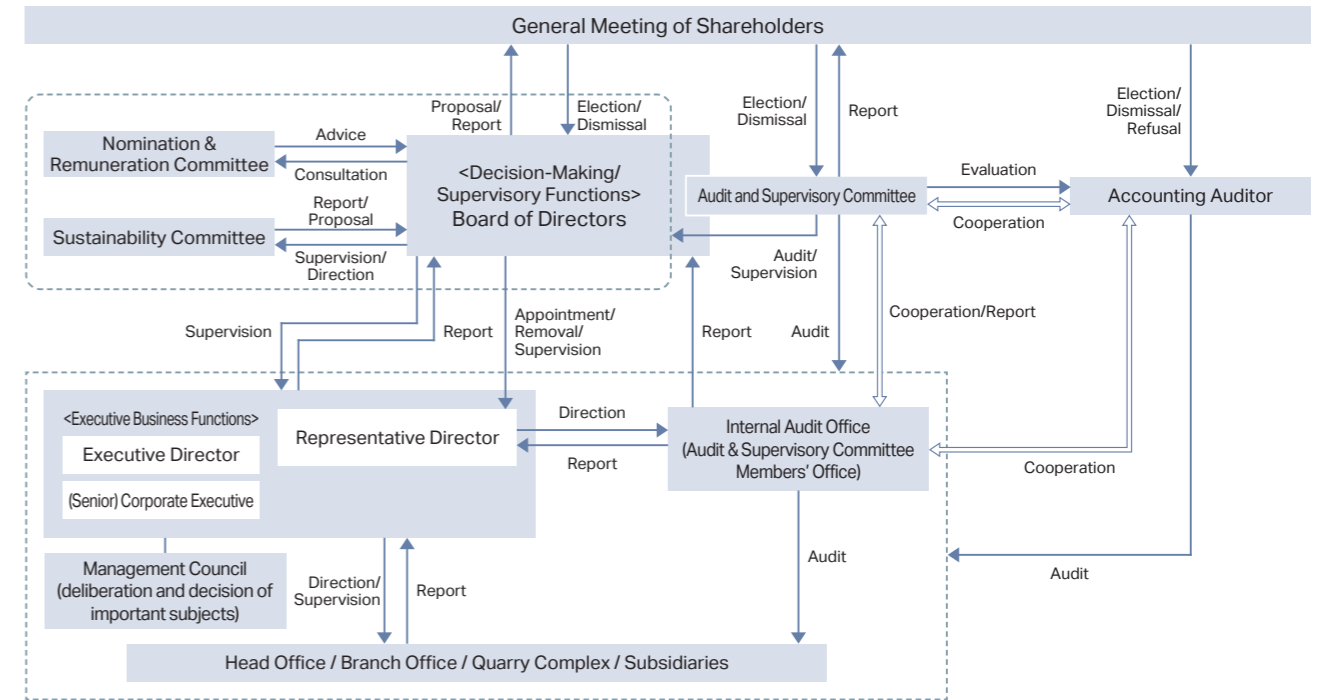


Transition to a company with an Audit and Supervisory Committee

At the 109th Annual General Meeting of Shareholders held on June 29, 2023, we transitioned to a company with an Audit and Supervisory Committee in order to strengthen the supervisory functions of management by the Board of Directors and to expedite decision-making by delegating some matters to be resolved at the Board of Directors meetings to Executive Directors, thereby enhancing deliberations at Board of Directors meetings. Two of the three Directors

on our Audit and Supervisory Committee are Outside Directors, and Directors who are Audit and Supervisory Committee Members have voting rights on the Board of Directors. We have also established an executive office to assist the Audit and Supervisory Committee in the smooth execution of its duties. Under the new corporate governance structure, we aim to further improve the soundness and transparency of management.

Corporate governance system chart (as of June 29, 2023)



Board of Directors

In principle, the Board of Directors holds regular monthly meetings and ad-hoc meetings as needed to make decisions on matters required by law, important management matters, and the like, and to supervise the execution of the Company's business operations and the management of its subsidiaries. The Board of Directors presently comprises a total of nine members (five internal Directors, four Outside Directors) and is chaired by the President.

Audit and Supervisory Committee

Audit and Supervisory Committee conducts audits in cooperation with the Internal Audit Department based on the audit plan determined by the committee. The committee presently comprises one internal Director who is a standing member with in-depth knowledge of finance and accounting, and two Outside Directors with expertise in their respective fields. The two Outside Directors are a scholar and an attorney, and have provided insightful views and observations based on their plentiful knowledge and experience.

Composition of the Board of Directors and Audit and Supervisory Committee in FY2023

We believe it is important that our Board of Directors and Audit and Supervisory Committee comprise members with diverse perspectives, diverse experience, and both diverse and advanced skills to supervise business execution and make important decisions.

Name	Executive	Outside	Independent	Audit and Supervisory Committee Member	Sex
Reiichi Morikawa	●				Men
Yukihiko Hagikami	●				Men
Hirofumi Fujimoto	●				Men
Kenji Otakara	●				Men
Nobumichi Izumi		●	●		Men
Kenichi Itakura		●	●		Men
Seiji Yasuda				●	Men
Eiki Hotta		●	●	●	Men
Yuko Aoki		●	●	●	Women

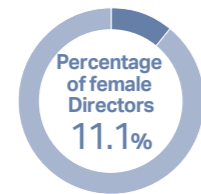
► Skills matrix for Directors (as of June 29, 2023)

Name	Years in office	Nomination & Remuneration Committee	Sustainability Committee	Position	Corporate management/ Sustainability	Internationality	Business strategy/ Sales/ Marketing	Mining engineering/ Safety environment	Research & development	Legal/ Risk management	Finance/ Accountant	Human resources/ Human resource development
Reiichi Morikawa	6	○	◎	Representative Director and President	●	●	●					●
Yukihiko Hagikami	4		○	Director and Corporate Executive	●	●	●	●				
Hirofumi Fujimoto	4		○	Director and Corporate Executive	●		●			●		●
Kenji Otakara	2		○	Director and Corporate Executive	●		●			●	●	
Nobumichi Izumi	4	◎		Outside Director	●	●						
Kenichi Itakura	2	○		Outside Director		●	●	●	●			
Seiji Yasuda	4		○	Director (Standing Audit and Supervisory Committee Member)	●					●	●	
Eiki Hotta	6			Outside Director (Audit and Supervisory Committee Member)		●			●			
Yuko Aoki	1	○		Outside Director (Audit and Supervisory Committee Member)						●	●	

Notes: 1. The chairs of the Nomination & Remuneration Committee and the Sustainability Committee are marked with double circles.
 2. Years in office represents the total number of years in office as an Audit & Supervisory Board Member.
 3. In addition to the members listed above, the Sustainability Committee also includes Corporate Executives Masanobu Kawata (Responsible for Machinery & Environmental Sales Department and Research & Development Department), Hiroyuki Sakaguchi (Responsible for Limestone & Raw Material Sales Department), Ken Soda (Responsible for Mining Department and Safety Administration Office, General Manager of Mining Department), Tsutomu Nomura (General Manager of General Administration Department and General Manager of Business Continuity Management Office), and Tomohiro Saito (General Manager of Torigatayama Quarry Complex).

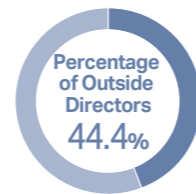
Number of female Directors

Female: 1 / Male: 8



Number of Outside Directors

Outside: 4 / Inside: 5



► Main Boards and Committees (as of March 31, 2023)



Number of members: 9 Percentage of Outside Directors: 33%

Number of meetings in FY2022

16

The Board of Directors, which comprises nine Directors (including three Outside Directors), holds ordinary meetings monthly and is also ready to operate expeditiously, for example holding extraordinary meetings about matters that require swift decisions. Additionally, matters of high importance are brought to the Board of Directors only after they are examined and vigorously discussed from multiple perspectives at Management Council meetings based on the Company's long-term management strategy.



Number of members: 4 Percentage of Outside Audit & Supervisory Board Members: 50%

Number of meetings in FY2022

15

In FY2022, consistent with our status as a company with an Audit and Supervisory Board, the Audit & Supervisory Board met 15 times. The Audit & Supervisory Board comprised two Standing Audit & Supervisory Board Members with a wealth of experience working at the Company and two Outside Audit & Supervisory Board Members who are experts in their respective fields; in and after June 1998, at least half of the members were Outside Audit & Supervisory Board Members who provided the Company with insightful views and observations based on their plentiful knowledge and experience.



Number of members: 4 Percentage of Outside Directors: 75%

Number of meetings in FY2022

5

As to the functions of the Board of Directors with regard to the nomination and remuneration of Directors, this committee elicits recommendations from and ensures proper involvement by Outside Directors with the aim of enhancing the fairness, transparency, and objectivity of the procedures, strengthening the management system to support fairer, more transparent decision-making, and enhancing the Company's corporate governance system.

► Evaluating effectiveness

In March 2023, we administered a survey to all Directors and Audit & Supervisory Board Members (including outside executives) asking them to self-assess the effectiveness of the Board of Directors in FY2022. In FY2022, the Board of Directors analyzed, discussed, and evaluated the status of responses to issues identified in the previous fiscal year, while reviewing the results of their analysis, discussion, and evaluation based on the results of the evaluation conducted by an external organization that year.

Evaluations from the survey responses were generally positive, and our average score for each response in FY2022 was generally higher than in the previous fiscal year, indicating that our Board of Directors is functioning effectively.

Based on the results of FY2021, we decided to hold offsite meetings after Board of Directors meetings to allow for free, open-minded discussion and exchange of opinions among the members of the Board of Directors. Upon analysis, discussion, and evaluation based on the results from FY2022, the Board of Directors identified some issues to continue working

on in this fiscal year, such as ensuring opportunities for more free, open-minded exchange of views, and reaching ideal levels of diversity in gender and other aspects, on the Board of Directors and throughout the Company. The Board of Directors agrees that there is room for further discussion and improvement.

Important matters concerning Company operations are discussed at the meetings of the Management Council, which are attended by all Directors and Audit & Supervisory Board Members, based on free, open-minded discussions and exchange of opinions before being brought to the Board of Directors. All Directors continue to attend meetings of the Management Council even after the transition to a company with an Audit and Supervisory Committee at the 109th Annual General Meeting of Shareholders held on June 29, 2023.

We intend to continue efforts to enhance the functions of the Board of Directors to further improve the corporate value of the Group.

► Executives' remuneration

Directors' remuneration comprises fixed monthly remuneration and performance-linked bonuses and share-based remuneration within the maximum amount of remuneration determined at a General Meeting of Shareholders.

Our basic policy when determining monthly remuneration for individual Executive Directors is to set appropriate amounts commensurate with their responsibilities. In pursuit of sustained growth and improving our corporate value over the medium to long term by continuously expanding our earning capacity in our main business activities, we also offer performance-linked remuneration and share-based remuneration, and our basic policy is to use consolidated operating profit as the performance indicator for the former, and to offer the latter to encourage further sharing of values with shareholders.

Remuneration for Executive Directors comprises fixed basic remuneration, performance-linked remuneration based on single-year consolidated operating profit and the operating profit target achievement rate during the three-year Medium-Term Management Plan period, and share-based remuneration commensurate with

position.

As for remuneration for Directors who are Audit and Supervisory Committee Members and Outside Directors, we only pay monthly remuneration because they are tasked with monitoring and supervising the management of the Company from a neutral, objective standpoint.

Notably, amounts of remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) are determined by resolution of the Board of Directors. In the course of deliberating and resolving proposals on Directors' remuneration, the Nomination & Remuneration Committee discusses the proposals from a neutral, objective standpoint and reports the results of their discussions to the Board of Directors, which then makes decisions based on the committee's views.

Amounts of remuneration for individual Directors who are Audit and Supervisory Committee Members are determined by discussion among the Directors who are Audit and Supervisory Committee Members, within the limit of amounts of remuneration approved by General Meeting of Shareholders.

► Classification of total remuneration for Directors and Audit & Supervisory Board Members in FY2022

Category	Total remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of recipient executives
		Monthly remuneration (fixed remuneration)	Bonus (performance-linked remuneration)	Non-monetary compensation, etc.	
Directors	287	244	43	-	9
Audit & Supervisory Board Members	64	64	-	-	4
Outside executives	44	44	-	-	5

Notes: 1. The above includes one Outside Director who assumed office on June 29, 2022.
 2. The amount paid to Directors does not include employee salaries or bonuses for Directors who concurrently serve as employees.
 3. We use the Company's trailing 10-year operating margin as the indicator for performance-linked remuneration in an effort to achieve sustained growth and improve our corporate value over the medium to long term by continuously expanding our earning capacity in our main business activities. The target for the current fiscal year is 6.1%; our actual operating margin for the current fiscal year is 6.0% (an achievement rate of 99.8%).
 4. The maximum amounts for executive remuneration approved at the 93rd Annual General Meeting of Shareholders held on June 28, 2007 are 27 million yen for Directors' monthly remuneration (not including the portion of employee salaries for Directors who are concurrently working as employees) and 6 million yen for Audit & Supervisory Board Members' monthly remuneration; the number of recipient executives at the time of the resolution was seven Directors and four Audit & Supervisory Board Members.
 5. The maximum amount for Directors' bonuses approved at the 93rd Annual General Meeting of Shareholders held on June 28, 2007 is 60 million yen per year (not including the portion of employee bonuses for Directors who are concurrently working as employees); the number of recipient executives at the time of the resolution was seven Directors.
 6. The Company abolished the executive retirement benefits system for Directors and Audit & Supervisory Board Members at the conclusion of the 93rd Annual General Meeting of Shareholders held on June 28, 2007.

► Risk management

Business continuity

Limestone accounts for 17.6% of the Group's sales (FY2022 actual), and roughly half of ours is produced at the Torigatayama Quarry Complex; an earthquake or other natural disaster at the complex could have a substantial impact on our business continuity.

In response to these types of risks, we have formulated a business continuity plan (BCP) to prepare for earthquakes and other natural disasters and also discuss revisions to the plan based on risks and other information identified in the interim, for example during the two safety status confirmation drills and four business continuity management (BCM) meetings

conducted and held during FY2022.

Additionally, to prepare for unforeseen circumstances such as fires and problems with equipment, we implement incident countermeasures such as strengthening equipment inspections and monitoring systems, and also promote measures to prevent fires from spreading in order to mitigate fire damage. Furthermore, we are working to strengthen and revise our stable supply system, for example by arranging supplemental shipments from our business locations, namely the Sodegaura Distribution Center, which houses our stockpile of limestone.

Quality assurance

We recognize the stable supply of raw materials and products as a material issue, and all Group employees are committed to quality assurance and quality control to ensure that no non-conforming or defective products are provided to customers.

We have formulated Quality Assurance Guidelines and hold regular meetings of the Quality Assurance Committee to identify and evaluate risks associated with the products we provide and discuss measures to address the risks, all with the aim of further strengthening our quality assurance system.

To prevent scandals stemming from falsification of inspection and test data and other quality issues, our internal audits include quality assurance and quality

control components, and the results are reported and shared at Quality Assurance Committee meetings.

In FY2022, we established a contact point for quality assurance so that even employees who are not directly involved with the Group's products can conduct quality improvement activities, and held two Quality Assurance Committee meetings at which studies of the status of quality control at each business location, activities of the Quality Risk Management Subcommittee, and other information was reported.

Information security

IT is part of our management infrastructure, and we regard cybersecurity risk as a management risk. In addition to other risk management initiatives, we are implementing the following measures to comply with

guidelines such as the Cybersecurity Management Guidelines published by the Ministry of Economy, Trade and Industry.

(1) Defense against external threats

Cybersecurity threats are increasing and expanding as more and more business is conducted online. We are considering steps to transition the telecommuting environment we hurriedly created for the pandemic into an enhanced environment for full-scale operations to improve working environments and as a BCP measure. We are revising rules and issuing alerts on how to safely use external cloud services, generative AI, and other new technologies. We regularly conduct information security training and implement awareness-raising activities to counter phishing and new threats.

(2) Protecting personal information

We have established internal rules for protecting personal information and strive to prevent personal information leaks.

(3) Protecting confidential information

We strictly control access to information assets and conduct information security training to prevent information leaks.

(4) Information security risk assessment and countermeasures

As part of our information security efforts, we conduct risk assessments at all of our business locations and Group companies to check whether information assets are being handled appropriately. Any risks identified are prioritized and addressed in due order.

Additionally, in FY2022, we conducted an e-learning program to enhance employees' knowledge of information security, and 782 employees participated.

► Compliance

We are establishing a compliance system for the entire Group in accordance with the Nittetsu Mining Group Code of Conduct in addition to establishing and applying internal controls for financial reporting to ensure the reliability thereof and comply with accounting standards.

Furthermore, our Internal Audit Office, which is independent of executive departments, is taking the

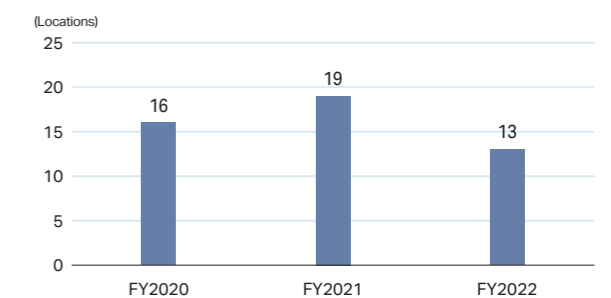
lead in conducting internal audits of the head office, business locations, branch offices, and affiliate companies in Japan as well as overseas affiliate companies in addition to developing and operating internal controls over financial reporting, thereby strengthening and expanding the Group's compliance systems and internal controls.

(1) Internal audits

Our Internal Audit Office strengthens the monitoring functions of the entire Group by conducting internal audits of compliance, internal control status, and accounting operations.

Additionally, we enhance the effectiveness of internal audits by ensuring dual reporting lines to the President and the Audit and Supervisory Committee, and facilitate corrections to individual business operations by making internal audit results available to all executives and relevant departments.

Number of locations where internal audits were conducted



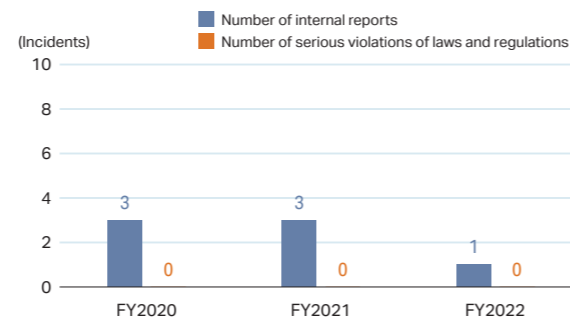
(2) Overview of the internal reporting system

We have established contact points both internally and within an outside law firm to allow Group employees and others to make reports or seek consultation when an act that violates laws, regulations, or the like has been or may be committed.

In response to these reports and requests for consultation, the Internal Audit Office takes steps to resolve the issues after giving due consideration to protecting the privacy of the informants and ensuring that they will not be treated unfairly. Whenever action is taken in response to a report, the Internal Audit Office gives a report at the very next meeting of the Board of Directors in addition to reporting the results for the fiscal year at the final meeting of the Board of Directors that year. Notably, in FY2022, there were no cases of legal action due to bribery, corruption, or the like.

We will continue to operate the internal reporting contact points appropriately to prevent violations and detect them as soon as possible.

Number of internal reports and serious violations of laws and regulations

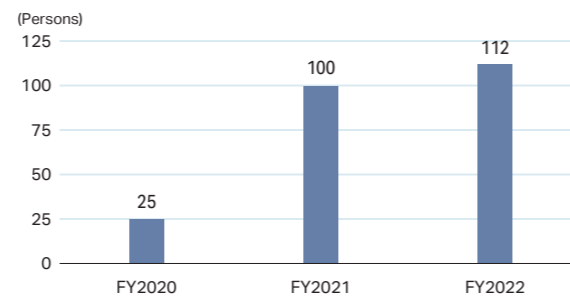


(3) Compliance training

We regularly hold training sessions to maintain and improve the awareness of compliance among executives and employees.

In FY2022, in addition to training sessions for employees on information security and the internal reporting system, we invited outside lecturers to lead training sessions on risk management for executives and head office general managers and section managers and Antimonopoly Act for head office departments and salespeople from affiliate companies.

Number of participants in compliance training (total)



Note: Only training hosted by the Internal Audit Office of the head office

► Policy for cross-shareholdings

We hold shares deemed necessary in terms of business strategy in pursuit of sustained growth and improving our corporate value over the medium to long term.

The Board of Directors examines the purpose and economic rationality of individual cross-shareholdings each year, and when they reach the conclusion that there is little reason to continue holding certain shares, we initiate a dialogue with the investee company en route to selling the shares.

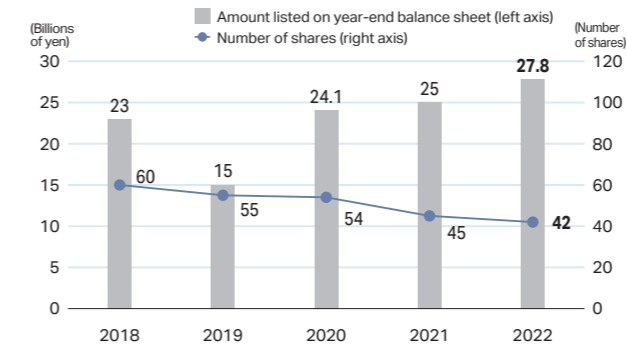
Our policy is to reduce our cross-shareholdings by 6,000 million yen (based on the market value at end-March 2022) over the five-year period from FY2022 to FY2026 to raise capital for investments toward carbon neutrality as well as other environmental

and growth investments.

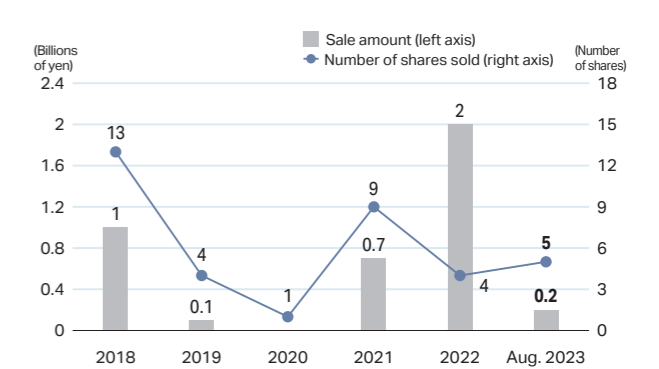
In FY2022, we disposed of holdings in four shares totaling 2,000 million yen (the same amount as the market value at end of March 2022). So far in FY2023, we have disposed of holdings in five shares totaling 200 million yen (the same amount as the market value at end of March 2022) and will continue to reduce the number of shares held.

We will exercise our right to vote on cross-shareholdings appropriately; our criteria are whether the holdings will improve the corporate value of the Company and portfolio companies over the medium to long term and whether our reasons for holding the shares remain valid.

Cross-shareholdings (exchange-listed shares excluding presumptive holdings) through the years



Actual sales of cross-shareholdings (exchange-listed shares)*



* FY2023 results as of end of August 2023

► Dialogue with shareholders and investors

We strive to create positive opportunities and engage in constructive dialogue with our shareholders and investors to the extent we deem reasonable in order to contribute to our sustainable growth and enhancement of corporate value over the medium and long term.

The development and operation of a system for dialogue with shareholders and investors is

implemented under the supervision of the Director responsible for the General Administration Department either by that Director or a person appointed by that Director based on the wishes or concerns of shareholders and investors.

Overview of shareholders and investors with whom we have had dialogue

We make no distinction in our dialogue based on whether shareholders or investors are Japanese or non-Japanese, their investment style, their areas of responsibility, or other attributes. Additionally, in an effort to properly understand our shareholders, we conduct a semiannual survey to identify substantial shareholders and use the results as reference information for dialogue.

Main topics of dialogue and concerns of shareholders and investors

Business results for the current fiscal year and outlook for the next fiscal year, the progress of the Medium-Term Management Plan, Shareholder Return Policy, efforts to reduce cross-shareholdings, ESG/SDG initiatives, initiatives to improve return on capital and share price, etc.

Feedback to management and the Board of Directors

In addition to Q&A during dialogue with shareholders and investors, we share any views and requests we are aware of with the Representative Director and all other executives (including outside executives) in reports prepared for each instance of dialogue.

Number of individual meetings with investors and others (Meetings)

Fiscal Year	FY2020	FY2021	FY2022
Meetings	18	23	28



▷ INTERVIEW

Eiki Hotta

Outside Director (Audit and Supervisory Committee Member)

Please tell us a bit about your past experience. And based on that experience, what is foremost in your mind when meeting with the Board of Directors?

I have never worked for a company—I entered the Tokyo Institute of Technology at the age of 18, went on to graduate school, became a faculty member, and remained active at the university until I retired at the age of 65. My background is in electrical engineering with specialties in high-voltage and discharge plasma engineering, so the operating principles of the Company’s PLASMA DASH are within my area of expertise.

Although I only have experience at one university, I served as an elected councilor for the graduate program and was involved in the administration of that program as deputy dean and also served as department chair. As director of the Student Guidance Room, I tackled the challenge of resolving problems not only between students but also between advisors and their students.

Outside of the university, I took on quite a bit of work for academic societies, for example serving on boards and organizing committees for national and international conferences. I have also sat on review boards for other universities and accepted part-time lecturer and visiting professor positions. I have also presented at international conferences and made repeated short-term visits each year to the Harbin Institute of Technology in China and the Czech Technical University in Prague to conduct joint research.

The director of a laboratory is like the manager of a small business—in managing the laboratory, you must take care of the overall management plan, including selecting research topics that match the interests and experience of the students under supervision, assigning personnel, and securing funds for laboratory operations and research.

Before becoming a Director at Nittetsu Mining this

year, I spent some time as an Audit & Supervisory Board Member. While some of the explanations I receive at the sites I visit involve matters not too far from my specialties or general topics such as safety management, many are beyond my expertise. As in research, it can be interesting to consider things you have not yet studied, so my approach is to consult with experts when I am in unfamiliar territory. In these cases, I try to be constructive with my opinions, and this is also true at Board meetings.

From your perspective as an Outside Director, how do you view our Board of Directors?

We have begun evaluating the effectiveness of the Board of Directors through questionnaire-based self-assessments. The results illustrate the need for ongoing efforts to ensure opportunities for the free, open-minded exchange of opinions as well as gender and other forms of diversity. One initiative we are taking toward that end is off-the-record offsite meetings we started holding after Board meetings last year. For several years now, all outside executives have enjoyed opportunities to participate and express their opinions at Management Council meetings. We also receive explanations of important agenda items in advance, an effort the evaluations recognized as increasing opportunities for exchanging opinions.

However, regarding diversity, a female Outside Director was appointed just last year, and awareness of the need to develop women in key positions is still rather fresh, so it seems like it will take some time before female employees who have spent their entire careers with the Company can be appointed as Directors.

Given the age distribution, there are currently no young Directors, either. The overall decisions for the Company by the Board are considered by all Directors, so it should be possible to develop young Directors who are considered experts in their fields.

We became a company with an Audit and Supervisory Committee after the Annual General Meeting of Shareholders in June 2023. What is your opinion regarding this change in the design of the organization?

Around the time that discussions about transitioning to a company with an Audit and Supervisory Committee began to emerge, a briefing session led by experts was held to help us understand the differences between a company with an Audit and Supervisory Board and a company with an Audit and Supervisory Committee. I was shocked to learn that foreign investors and others hold companies with Audit and Supervisory Committees in high regard, but do not regard Japanese Audit and Supervisory Boards highly at all. My primary concern was that when a company becomes a company with an Audit and Supervisory Committee, its Audit and Supervisory Committee Members also become Directors, so you end up self-auditing, so to speak. In other words, I worried that our governance functions would suffer and doubted whether we could guarantee the effectiveness of audits under the new format. Later, when I looked into the advantages of companies with Audit and Supervisory Committees, I learned, among other things, that Audit and Supervisory Committee Members have voting rights on the Board of Directors, which leads to stronger supervision, and that the Board can delegate important business decisions to the Directors through the articles of incorporation and other means, which allows the Board to operate more flexibly.

Most of my concerns have been allayed by the fact that the Company’s Audit and Supervisory Committee rules contain bylaws for elected Audit and Supervisory Committee Members, which give them the same auditing functions as before even though they are now Audit and Supervisory Committee Members rather than Audit & Supervisory Board Members, and also lead to stronger supervision. In the future, I think we should consider systematic audits using the internal control system to improve the efficiency of audit functions.

Concurrent with our transition to a company with an Audit and Supervisory Committee, we announced that we would introduce a share-based remuneration plan for executives. What do you think about the plan?

We now provide performance-linked remuneration to executives who are not Outside Directors or Audit & Supervisory Board Members in addition to the fixed remuneration provided to date. On this occasion, a trust has been established for the new share-based remuneration plan. Since share-based remuneration is paid when an executive leaves the Company, it is equivalent to an evaluation of medium- to long-term performance and thus acts as an incentive for the

executive to perform their duties. This is why I think it will be beneficial in multiple areas, for example in discussions about what to do when the P/B ratio falls below 1x.

What issues are you addressing to ensure sustainable growth of the Company? What do you expect from the Company?

Nittetsu Mining launched the Sustainability Committee last April and pledged to make further efforts to resolve environmental and social issues. As a further measure to help counteract global warming, the Company has published a roadmap to achieve carbon neutrality by FY2050 and is working to resolve issues accordingly. The members of the Sustainability Committee frequently report the results of their surveys and investigations as well as specific recommendations. I commend them for their meticulous consideration and am waiting to hear about their future activities with great interest. The R&D Department is investigating and researching how to generate hydrogen from wastewater and carbon dioxide fixation technologies, and I look forward to the results.

Vast quantities of high-quality copper materials are essential to increasing the use of electric vehicles and transporting renewable energy to combat global warming. One of the Company’s main businesses is copper mining operations in the Republic of Chile. Resource development from exploration to extraction takes a lot of time, so up-front investments must be on-target and aggressive. Regarding the development of the Arqueros Mine in Chile, the Company has entered a phase where full-scale operations are in sight. Overseas projects involving mineral resources other than copper are also being considered, and I have high expectations for the execution of the Company’s plans for the development and stable supply of resources, its core mission.

In closing, do you have anything you would like to say to our shareholders?

In Europe and the US, there seems to be a strong belief that companies belong to their shareholders, but in Japan, business partners and employees are seen as important stakeholders alongside shareholders. As an Independent Outside Director, it is my intention to respect shareholders’ opinions while giving due consideration to overall balance and aiming for flexible and sound corporate management. I sincerely appreciate the understanding and support I’ve received from the Company’s shareholders and hope I can count on it in the future as well.

Board Members (as of September 30, 2023)

▶ Directors (excluding those who are Audit and Supervisory Committee Members)



Representative Director and President
Reiichi Morikawa

Apr. 1986 Joined the Company
 June 2012 General Manager of Limestone & Raw Materials Sales Department
 June 2015 Corporate Executive and General Manager of Limestone & Raw Materials Sales Department
 Apr. 2017 Director and President of Sociedad Contractual Minera Atacama Kozan
 June 2017 Director, Responsible for Non-Ferrous Metal & Ore Department, and General Manager of Limestone & Raw Materials Sales Department
 Oct. 2017 Director, Responsible for Limestone & Raw Materials Sales Department and Non-Ferrous Metal & Ore Department
 June 2019 Managing Director, Responsible for Limestone & Raw Materials Sales Department and Non-Ferrous Metal & Ore Department
 Apr. 2021 Representative Director and President (current position)



Director and Corporate Executive
Yukihiro Hagikami

Apr. 1984 Joined the Company
 Oct. 2011 Director and Deputy President of Sociedad Contractual Minera Atacama Kozan
 June 2015 General Manager of Resources Development Department
 June 2017 Corporate Executive and General Manager of Resources Development Department
 Apr. 2019 Director and President of Sociedad Contractual Minera Atacama Kozan
 June 2019 Director, Responsible for Resources Development Department
 July 2022 Director, Responsible for Resources Development Department and Overseas Mineral Resources Business Department
 Apr. 2023 Director, Responsible for Mining Department, Resources Development Department, Overseas Mineral Resources Business Department, and Safety Administration Office
 June 2023 Director and Corporate Executive, Responsible for Resources Development Department and Overseas Mineral Resources Business Department (current position)



Director and Corporate Executive
Hirofumi Fujimoto

Apr. 1987 Joined the Company
 June 2014 General Manager of General Administration Department
 June 2017 Corporate Executive and General Manager of General Administration Department
 June 2019 Director, Responsible for General Administration Department, General Accounting Department and Business Continuity Management Office
 June 2021 Director, Responsible for General Administration Department and Business Continuity Management Office
 Apr. 2023 Director, Responsible for General Administration Department, Human Resources Department, and Business Continuity Management Office
 June 2023 Director and Corporate Executive, Responsible for General Administration Department, Human Resources Department, and Business Continuity Management Office (current position)



Director and Corporate Executive
Kenji Otakara

Apr. 1986 Joined the Company
 June 2013 General Manager of Non-Ferrous Metal & Ore Department
 June 2016 General Manager of General Accounting Department
 June 2017 Corporate Executive and General Manager of General Accounting Department
 June 2019 Corporate Executive and General Manager of Osaka Branch Office
 June 2021 Director, Responsible for General Accounting Department, Limestone & Raw Materials Sales Department and Non-Ferrous Metal & Ore Department
 Apr. 2022 Director, Responsible for Corporate Planning Department, General Accounting Department, Limestone & Raw Materials Sales Department and Non-Ferrous Metal & Ore Department
 June 2023 Director and Corporate Executive, Responsible for Corporate Planning Department, General Accounting Department, and Non-Ferrous Metal & Ore Department (current position)



Outside Director
Nobumichi Izumi

Apr. 1977 Joined Nikkei Inc.
 Mar. 2011 Executive Officer and Managing Editor of Osaka Head Office, Nikkei Inc.
 Mar. 2012 Managing Executive Officer and Managing Editor of Osaka Head Office, Nikkei Inc.
 Mar. 2013 Senior Managing Executive Officer and Representative Manager of Nagoya Branch, Nikkei Inc. Director of Nikkei Nagoya Newspaper Printing Center, Inc.
 Mar. 2015 Advisor of Nikkei Inc.
 June 2015 Executive Research Director of Japan Center for Economic Research
 Mar. 2018 Honorary Member of Nikkei Inc.
 June 2019 Director of the Company (current position)



Outside Director
Kenichi Itakura

Apr. 2002 Professor, Department of Information and Electronic Engineering, Muroran Institute of Technology
 Apr. 2004 Vice President, Muroran Institute of Technology
 Apr. 2012 Director, Center of Environmental Science and Disaster Migration for Advanced Research, Muroran Institute of Technology
 Aug. 2012 Director, Mikasa Potential Coal Energy Research Facility, Muroran Institute of Technology
 Oct. 2016 Director, Mikasa Underground Gasification Coal Mine, Muroran Institute of Technology
 Apr. 2019 Specially Appointed Professor, Graduate School, Division of Engineering, Muroran Institute of Technology (current position)
 May 2019 Emeritus Professor of Muroran Institute of Technology
 June 2021 Director of the Company (current position)

▶ Directors who are Audit and Supervisory Committee Members



Director
Seiji Yasuda

Apr. 1986 Joined the Company
 June 2013 General Manager of General Accounting Department
 June 2016 Managing Director of Hachinohe Mining Co., Ltd.
 June 2019 Standing Audit & Supervisory Board Member of the Company
 June 2023 Director (Standing Audit and Supervisory Committee Member) (current position)



Outside Director
Eiki Hotta

Apr. 1995 Professor of Interdisciplinary Graduate School of Science & Engineering, Tokyo Institute of Technology
 Apr. 2016 Emeritus Professor of Tokyo Institute of Technology
 June 2017 Audit & Supervisory Board Member of the Company
 June 2023 Director of the Company (Audit and Supervisory Committee Member) (current position)



Outside Director
Yuko Aoki

Apr. 1994 Registered as Attorney-at-Law
 Joined Shigetaka Arai Law Office
 Apr. 1999 Joined Aoki Law Office
 Apr. 2004 Joined Litigation Department, Tokyo Legal Affairs Bureau, Ministry of Justice
 Apr. 2009 Joined Shin-Yotsuya Law Offices (current position)
 Apr. 2021 Vice Chairman, Daini Tokyo Bar Association
 Managing Director, Japan Federation of Bar Associations
 June 2022 Director of the Company
 June 2023 Director of the Company (Audit and Supervisory Committee Member) (current position)

▶ Corporate Executives

Corporate Executive Responsible for Machinery & Environmental Sales Department and Research & Development Department

Masanobu Kawata

Corporate Executive Responsible for Limestone & Raw Materials Sales Department

Hiroyuki Sakaguchi

Corporate Executive Responsible for Mining Department and Safety Administration Office, and General Manager of Mining Department

Ken Soda

Corporate Executive General Manager of General Administration Department, General Manager of Business Continuity Management Office

Tsutomu Nomura

Corporate Executive General Manager of Torigatayama Quarry Complex

Tomohiro Saito

Consolidated Financial Indicators Through the Years

		FY2013	FY2014	FY2015	FY2016		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales	(Millions of yen)	114,317	125,467	114,088	107,325		118,709	123,372	117,502	119,159	149,082	164,020
Operating profit	(Millions of yen)	9,517	10,232	10,090	8,026		8,741	7,479	7,576	8,726	15,715	13,632
Ordinary profit	(Millions of yen)	8,957	9,613	9,723	7,474		8,779	7,356	8,012	9,629	16,605	13,204
Profit attributable to owners of parent	(Millions of yen)	3,903	5,973	4,483	7,289		4,877	5,360	4,518	3,746	9,279	9,780
Capital investment	(Millions of yen)	6,850	7,855	6,240	6,465		5,165	8,044	8,825	7,461	9,577	8,572
Depreciation	(Millions of yen)	5,358	5,927	6,623	5,875		5,433	5,547	5,316	5,302	5,426	5,485
Research & development expenses	(Millions of yen)	565	551	580	617		634	702	696	672	750	823
Net assets	(Millions of yen)	84,755	92,466	90,850	102,399		106,164	107,186	105,208	116,411	126,371	139,410
Total assets	(Millions of yen)	161,325	170,055	162,379	167,496		172,431	171,717	173,954	188,735	197,732	208,335
Equity capital	(Millions of yen)	81,591	89,219	87,472	98,042		101,534	102,656	100,060	111,075	120,073	132,345
Earnings per share*	(Yen)	234.44	358.77	269.33	437.92		293.06	322.12	271.58	225.19	557.73	587.89
Dividend per share*	(Yen)	42.50	35.00	40.00	40.00		45.00	55.00	45.00	50.00	167.50	177.50
ROA (operating profit)	(%)	6.2	6.2	6.1	4.9		5.1	4.3	4.4	4.8	8.1	6.7
ROE	(%)	5.0	7.0	5.1	7.9		4.9	5.3	4.5	3.5	8.0	7.7
EBITDA	(Millions of yen)	14,876	16,160	16,713	13,901		14,174	13,027	12,892	14,029	21,141	19,117
Capital adequacy ratio	(%)	50.6	52.5	53.9	58.5		58.9	59.8	57.5	58.9	60.7	63.5
Cash flows from operating activities	(Millions of yen)	5,742	19,811	11,070	12,079		12,161	13,465	9,242	9,414	8,539	15,818
Cash flows from investing activities	(Millions of yen)	(10,186)	(4,289)	(4,993)	(6,070)		(4,611)	(6,077)	(7,714)	(6,539)	(7,256)	(5,507)
Cash flows from financing activities	(Millions of yen)	0	(3,832)	(3,675)	(6,194)		(3,089)	(4,025)	(1,454)	(999)	(4,759)	(4,920)
Payout ratio	(%)	18.1	9.8	14.9	9.1		15.4	17.1	16.6	22.2	30.0	30.2
Number of employees (consolidated)	(Persons)	1,781	1,787	1,756	1,771		1,784	1,836	1,882	1,941	2,019	2,127

* The Company implemented a 10-to-1 consolidation of common shares that took effect on October 1, 2016 and a 2-for-1 split of common shares that took effect on October 1, 2022. Accordingly, per-share data on this page was calculated as though the consolidation and split were conducted at the beginning of FY2013.

Consolidated Financial Statements (Condensed)

► Consolidated balance sheets

(Millions of yen)

	FY2021	FY2022
Assets		
Current assets	89,705	94,178
Non-current assets	108,027	114,156
Property, plant and equipment	67,117	70,276
Intangible assets	3,608	4,046
Investments and other assets	37,301	39,833
Total assets	197,732	208,335
Liabilities		
Current liabilities	46,938	48,258
Non-current liabilities	24,422	20,666
Total liabilities	71,360	68,924
Net assets		
Shareholders' equity	108,145	114,976
Capital stock	4,176	4,176
Capital surplus	4,746	4,584
Retained earnings	99,391	106,385
Treasury stock	(169)	(170)
Accumulated other comprehensive income	11,928	17,368
Valuation difference on available-for-sale securities	11,974	14,149
Deferred gains or losses on hedges	(778)	(180)
Foreign currency translation adjustment	808	1,937
Remeasurements of defined benefit plans	(75)	1,463
Non-controlling interests	6,297	7,065
Total net assets	126,371	139,410
Total liabilities and net assets	197,732	208,335

► Consolidated statements of income

(Millions of yen)

	FY2021	FY2022
Net sales	149,082	164,020
Cost of sales	114,217	129,038
Gross profit	34,864	34,981
Selling, general and administrative expenses	19,149	21,349
Operating profit	15,715	13,632
Non-operating income	1,561	1,810
Non-operating expenses	671	2,238
Ordinary profit	16,605	13,204
Extraordinary income	191	1,726
Extraordinary losses	493	751
Profit before income taxes	16,304	14,179
Income taxes - current	5,082	3,356
Income taxes - deferred	27	(191)
Total income taxes	5,110	3,164
Profit	11,193	11,015
Profit attributable to non-controlling interests	1,914	1,234
Profit attributable to owners of parent	9,279	9,780

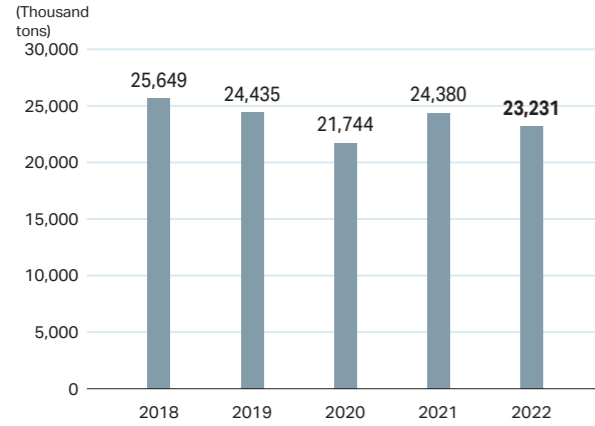
► Consolidated statements of comprehensive income

(Millions of yen)

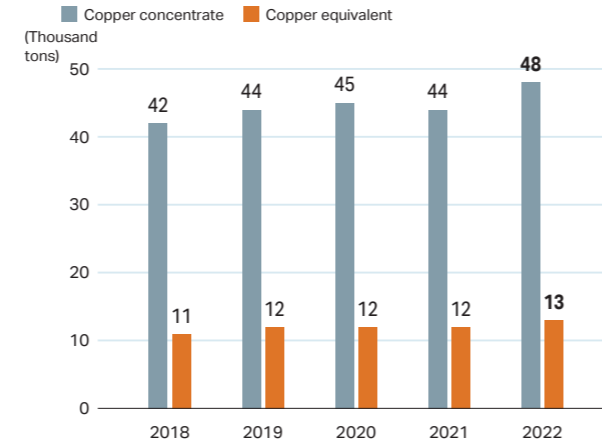
	FY2021	FY2022
Profit	11,193	11,015
Other comprehensive income	1,727	5,843
Valuation difference on available-for-sale securities	987	2,176
Deferred gains or losses on hedges	(858)	598
Foreign currency translation adjustment	1,034	1,540
Remeasurements of defined benefit plans	564	1,529
Comprehensive income	12,921	16,859
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,723	15,220
Comprehensive income attributable to non-controlling interests	2,197	1,638

Non-Financial Highlights

▶ Total limestone production (consolidated)

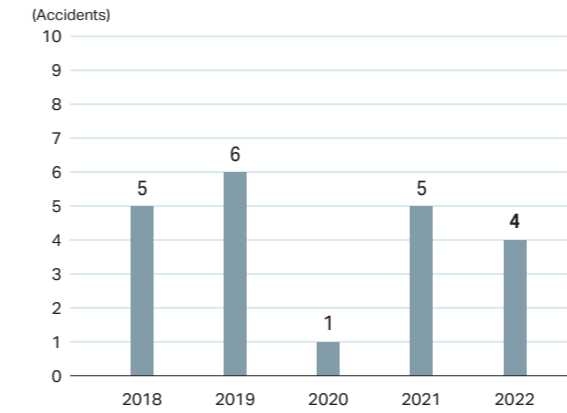


▶ Total copper concentrate production (consolidated)



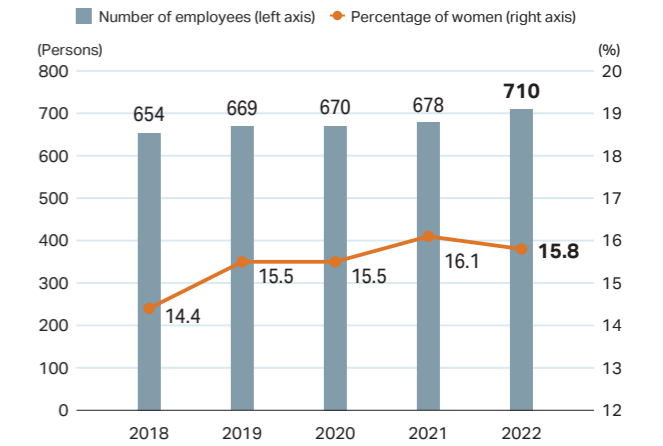
Note: Calendar year totals

▶ Number of industrial accidents involving lost work time (consolidated; domestic)

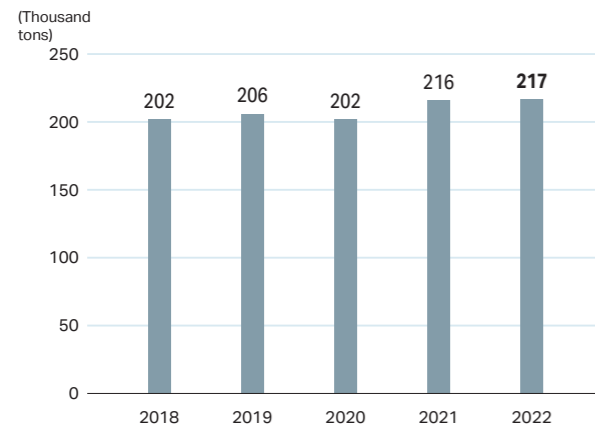


Notes: 1. 1 or more days lost 2. Calendar year totals 3. Includes employees of contractors working onsite

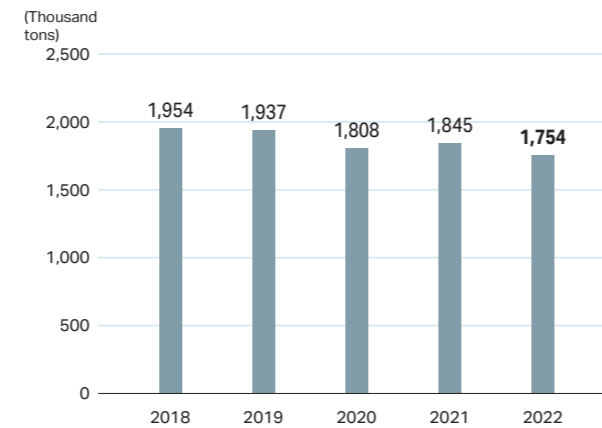
▶ Number of employees/percentage of women (Nittetsu Mining)



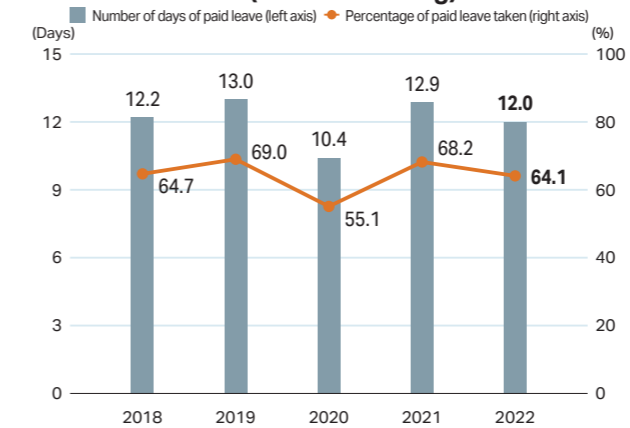
▶ Total sales of Polytetsu (consolidated)



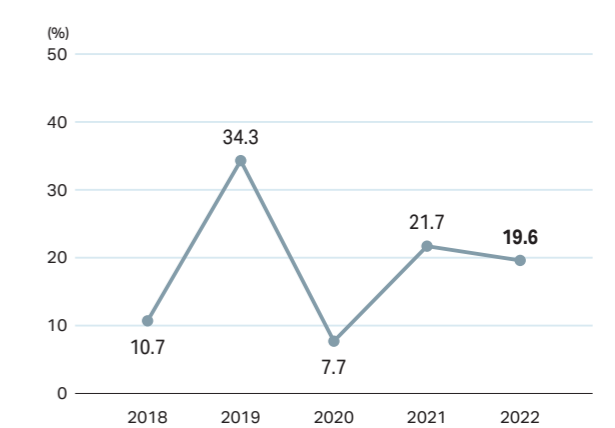
▶ Total geothermal steam supplied (consolidated)



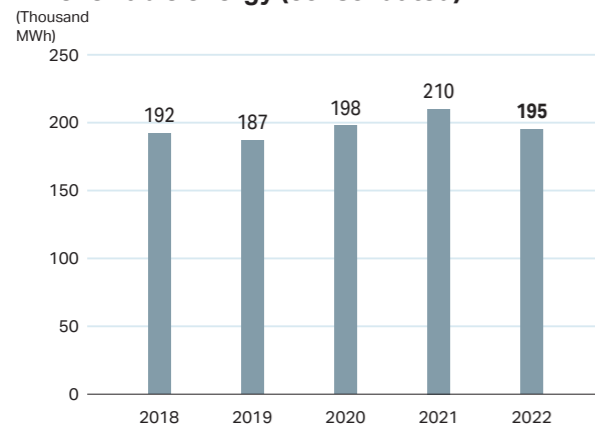
▶ Number of days of paid leave/percentage of leave taken (Nittetsu Mining)



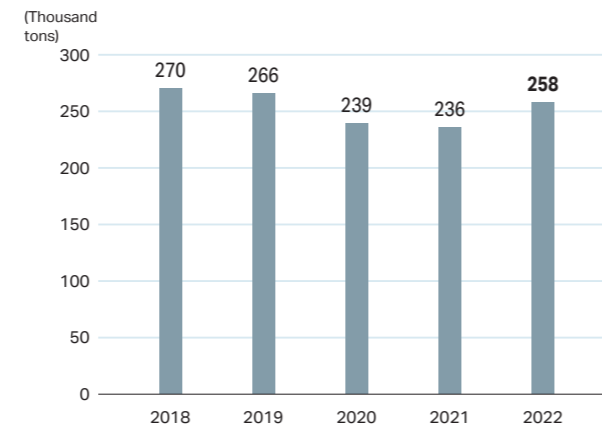
▶ Percentage of women hired (Nittetsu Mining)



▶ Sales volume of electricity generated from renewable energy (consolidated)

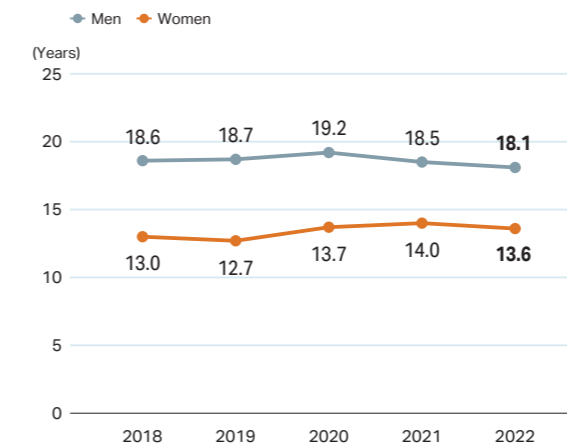


▶ CO₂ emissions (consolidated; domestic)

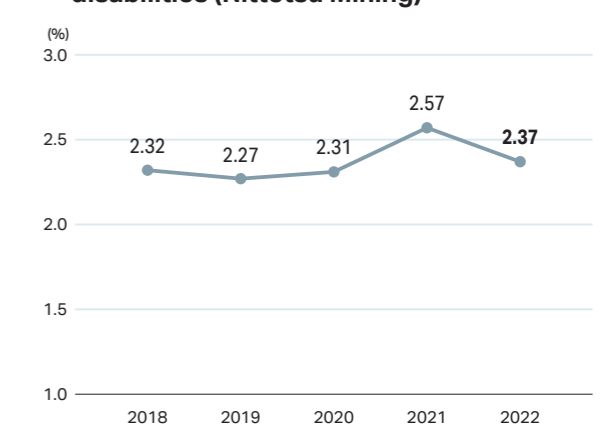


Note: Domestic (including Group companies) Scope 1 and Scope 2 emissions calculated using emissions factors based on the Act on Promotion of Global Warming Countermeasures

▶ Average continuous service (Nittetsu Mining)



▶ Employment rate of people with disabilities (Nittetsu Mining)



Note: Electricity generated under renewable energy projects
Solar power and small-scale hydropower: Total electricity sold;
Geothermal power: Converted to available electric energy from steam supply

Corporate Profile (as of March 31, 2023)

Company name	Nittetsu Mining Co., Ltd.
Date of establishment	May 20, 1939
Representative	Reiichi Morikawa, Representative Director and President
Head office	Yusen Building 6th floor, 3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8377 Japan
Capital	4,176 million yen
Business description	Primarily mining (mining and distributing limestone, calcium carbonate, gravel, etc.) in addition to processing, distributing, importing, and exporting copper and other mineral products; purchasing and distributing coal and petroleum products; developing and distributing products and equipment, including machinery and environment-related products; real estate; generating power using renewable energy; etc.
Number of employees	Consolidated 2,127; Non-consolidated 710

List of locations **List of Business Locations**
<https://www.nittetsukou.co.jp/eng/company/location/>

List of Group Companies
<https://www.nittetsukou.co.jp/eng/company/group/>

Share Information (as of March 31, 2023)

Basic information

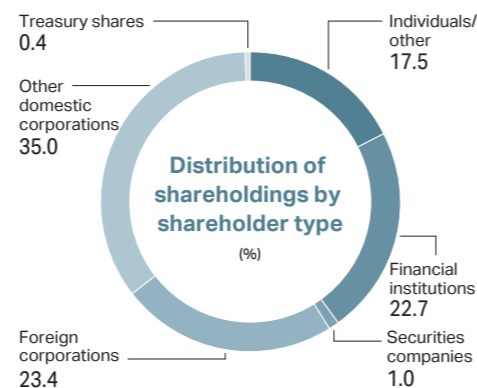
Securities code	1515
Stock exchange listings	Tokyo Stock Exchange Prime
Business type	Mining industry
Share unit	100 shares
Authorized shares	40,000,000 shares
Outstanding shares	16,704,638 shares (including 67,976 shares of treasury stock)
Number of shareholders	6,076
Fiscal year	April 1 to March 31
Annual General Meeting of Shareholders	Held in June every year
Record date of Annual General Meeting of Shareholders	March 31
Record date of shareholders eligible for profit dividends	March 31, and September 30 when paying an interim dividend
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited
Special account administrator	

Note: The Company conducted a 2-for-1 share split of its common shares with a record date of September 30, 2022 and an effective date of October 1, 2022

Major shareholders

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
NIPPON STEEL CORPORATION	2,475	14.88
The Master Trust Bank of Japan, Ltd. (trust account)	1,504	9.04
Nittetsu Kogyo Shogakukai	1,282	7.71
Mizuho Bank, Ltd.	588	3.54
Sumitomo Mitsui Banking Corporation	580	3.49
Custody Bank of Japan, Ltd. (trust account)	414	2.49
CEPLUX-THE INDEPENDENT UCITS PLATFORM 2	367	2.21
Nittetsu Kogyo Shareholding Association	350	2.11
STATE STREET BANK CLIENT OMNIBUS OM04	330	1.99
DFA INTL SMALL CAP VALUE PORTFOLIO	296	1.78

Notes: 1. Shareholding ratio is calculated excluding treasury stock (67,976 shares).
 2. Shareholding ratios are rounded off to two decimal places.



Investor FAQ

1 How do you intend to improve on a P/B ratio of less than 1x?

We have always been conscious of our share price and cost of capital, but as the TSE has requested, we must continue to manage the Company with a greater awareness of the cost of capital. We analyze the share price, P/B ratio, and other market valuations and discuss how to set targets for improvement and make efforts that are sustainable rather than transitory.

2 How long can your limestone and copper mines continue to be mined?

Reserves depend on the extraction method, the amount of ore mined, and exploration of surrounding mining areas, so we can only estimate, but as of now, the Torigatayama Quarry Complex—our main limestone mine—has roughly 100 years left at the current volume, the ATACAMA KOZAN Mine in Chile has roughly 10 years, and the Arqueros Mine in Chile, which is currently under development, has roughly 15 years.

3 Why did you forecast a decline in operating profit for the current fiscal year?

In the Metallic Minerals Division of the Mineral Resources Business, we expect a substantial decrease in both sales and income in response to the previous year's results due to a projected decline in sales of copper concentrates as well as external factors, namely the rapid depreciation of the yen and fluctuation in copper prices. However, in the Nonmetallic Minerals Division, we project both higher sales and income because we expect to be able to reflect higher energy and material costs in our sales prices with the understanding of our business partners.

4 Do you have any plans to disclose Scope 3 emissions?

Regarding the Group's Scope 3 emissions (supply chain GHG emissions), we have begun to consider reasonable calculation methods and procedures. Although we cannot give a specific date for disclosure at this stage, we plan to disclose the data as soon as we have identified issues, set reduction targets, and made other preparations.

5 In your view, what is the cost of capital?

For cost of capital, we use the weighted average cost of capital (WACC). For cost of equity, we use the capital

asset pricing model (CAPM). We review our cost of capital and cost of equity annually; in FY2022, our WACC was 5% and the CAPM yielded a cost of equity of 7%.

6 What is your business portfolio strategy?

In terms of the story behind our establishment and our earnings, the Mineral Resources Business is our mainstay, and is supported by the Machinery & Environmental Engineering Business, the Real Estate Business, and the Renewable Energy Business. While the Machinery & Environmental Engineering Business and the Renewable Energy Business are highly compatible with sustainability and are expected to grow in the direction of a decarbonized society, the Real Estate Business fulfills an important role as a source of stable earnings over the long term, a fine counter to the performance of the Mineral Resources Business, which depends on external factors such as demand and market prices for limestone, copper, and other mineral resources. Although the percentages of management resources invested may change in the future due to changes in the business environment, we will develop each segment in a well-balanced, efficient manner to achieve sustainable growth.

7 Why has the development fund for the Arqueros Mine increased so much? Also, are there any issues with profitability?

The main reason is that material prices have surged since we acquired rights in 2017. However, another factor is that indirect costs have increased because the construction schedule was extended from two to three years after the detailed design was implemented. Although the development fund has increased, copper prices have also increased; this and other factors highlight the overall economic rationality of the undertaking, and we have begun development accordingly.

8 What can you tell us about decarbonization efforts in mining operations?

To achieve both decarbonization and economic efficiency, we are seeking to streamline facilities and introduce energy-saving technologies while looking into constructing solar and wind power generation facilities for internal consumption. We will continue to promote the decarbonization of heavy mining equipment by closely monitoring trends in technological innovation, including the shift to EVs, synthetic fuels, and biofuels.