Integrated Report 2024

NITTETSU MINING



Supporting people and society through mining development

Nittetsu Mining provides mainly limestone and copper to the world from its numerous mines in Japan and other countries.

For limestone, we own many 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.

Japan's leading supplier of limestone for steelmaking

Our involvement in mining development since our establishment 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.

Share of limestone supply for steelmaking in Japan:

40%+

Note: Nittetsu Mining survey

Origins of Nittetsu Mining

Torigatayama Quarry Complex (limestone mine)

orporate Data

The potential for global resource development

In a country like Japan, known for its scarcity of natural resources, we have consistently been involved in underground resource development. Our technologies and expertise are expanding worldwide, including exploration and development of mineral resources such as limestone and copper ore in South America, the Pacific, and the Middle East, in addition to mineral resources in Japan. Recently, we have conducted exploration operations in the Republic of Chile in South America, leading to successful mining development.

Our Global Strategy for Achieving Our Vision by FY2033

Mineral Resources (Nonmetallic Minerals Division)

As the growth potential of Japan, our primary market, remains modest, we are working to enhance our production and logistics systems to boost overseas sales.

Mineral Resources (Metallic Minerals Division)

Machinery & Environmental Engineering

In the Environment Engineering, our core product, POLYTETSU, is expected to see significant growth in medium- and long-term demand within the Asian region. We are working to acquire new customers and establish a stable supply system.

Overseas exploration and development projects

Nittetsu Mining and the World

Fiji (copper, gold) Peru (copper) –

Copper mines in Chile Atacama Mine (operating) Arqueros Mine (development underway)

Operating mine/development work underway
 Major exploration projects

Morocco (tin)

Management Policy and Code of Conduct

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.
- 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 y
- 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.



Issuance of the Integrated Report 2024

We have been issuing the Integrated Report annually since 2022 as a communication tool with our stakeholders.

This report provides details on the strengths of the Group, an overview of our businesses, and our medium- to long-term strategies. The purpose of this report is to ensure stakeholders' understanding of its content and to enhance corporate value through continuous dialogue. The report was primarily prepared by the Public & IR Relations Section and the Sustainability Promotion Section of the Corporate Planning Department. It underwent revisions based on reports from the Sustainability Committee and advice from Outside Directors.

Additionally, the Sustainability section of this report is supplemented by information available on our Sustainability website. The aim of this site is to provide comprehensive reports to a broad range of stakeholders.

Our Sustainability Website

https://www.nittetsukou.co.jp/eng/sustainability/



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Timeframe

In principle, this report covers the period from April 1, 2023 to March 31, 2024; however, for overseas consolidated subsidiaries, this report covers the period from January 1, 2023 to December 31, 2023. 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 2024

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, PLASMA DASH, Nanostrata, and COCOPA—are trademarks of Nittetsu Mining Co., Ltd.



The cover features a photograph of the mineshaft at the Torigatayama Quarry Complex.

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Our Path to Becoming an Integrated Mineral Resources Company

1939 Establishment Nittetsu Mining was estab Japan Iron & Steel Co., Lt raw materials for steelmal over mines in Japan, inclu (coal) and the Kamaishi mi	lished separately from 1. to develop and secure king. Nittetsu Mining took ding the Futase Mine ine (iron ore). 1950s	1960s-1970 Transition in Min Due to the worsening m depletion of mineral res closed or downsized. H development of the Tor Nittetsu Mining became limestone suppliers in J	s neral Products market conditions and sources, many mines were owever, with the successful igatayama Quarry Complex, o one of the leading apan.	1980s–1990s Challenges in New Business In addition to copper mining d investment in the copper sme Nittetsu Mining pursued new creation of new products in th Environmental Engineering Bu development of geothermal e	es and Mine Development evelopment in Chile and titing business in Australia, challenges such as the e Machinery & isiness and the nergy.	From 2000 Transformation of the Bus Nittetsu Mining exited the securit the copper smelting business in <i>J</i> achieving successful development in Chile and entering the renewab business.	siness Portfolio ties business and Australia, while nt of a copper mine ble energy 2020s
Mineral Resources	Nonmetallic Minerals Division Metallic Minerals Division (Coal Division Entered the copper co-financing the Kyodo Smelting MINING &	ion iron ore, copper, etc., in Jap 1968 smelting business by establishment of Hibi J Co., Ltd. with MITSUI SMELTING CO., LTD.	aan) (copper, etc., ov 1971 Established the Torigatayama Quarry Complex 1975 Started operations at the Qa a national Iranian copper ind	verseas) 1972 Withdrew from coal production with the closing of the loujima Quarry Complex taleh-Zari Copper Mine in Iran (sold to dustries company in December 1991	1990 Started operations at the EI R Copper Mine (Colombia) (sold Colombian corporation in Jun 1993 Established Nittetsu Min subsidiary) for copper n	20003 toble 1 to a 1 to a 1 to a 0 perations in June 2003) ning Chile Ltd. (currently a consomining development in Chile	Atacama Copper Ifull-scale
Machinery & Environmental Engineering	Machinery 1956 Expande investing Ltd., a ma machiner	& Environmental Engineerin d into the machinery bus g in Kobukuro Kosakusho anufacturer of coal minin ry	iness by Co., g g lg lg lg lg lg lg lg lg lg lg lg lg	chinery Sales iron flocculant oduct under Machinery 1985 Released Sint Established ti (changed nam in April 1993 a business into	er Lamellar Filter ne Chemical Products Sales ne to Environmental Sales D nd integrated a portion of the Mineral Resources Divi	2006 Released PLA s Division Department the ision)	ISMA DASH smoke separators
Real Estate				Rea 15 Es	l Estate)89 tablished the Real Estate D	livision	
Renewable Energy					Renewable Energy 1990 With NIPPON STEEL CORPORATIC co-financed the establishment of Kagoshima Geothermal Co., Ltd. (a into Nittetsu Mining in April 2013)	DN, Nittetsu absorbed	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.
Securities	Securities 1951 Entered the securities	business by participating	g in the management of Kanto Se	ecurities Co., Ltd.		2008 Withdrev performa	w from the securities business in light of flagging ance and synergy with the mineral resources business

At a Glance

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.



Nittetsu Mining's Value Creation Process



Creation of financial value (FY2023)

Net sales	166.8	billion yen
Operating profit	11.1	billion yen
Operating profit	margin	6.7 %
ROIC		4.9 %
Payout ratio		42.6%

Outputs (FY2023)

Total limestone production 22,098,000 tons Total crushed stone production 2,344,000 tons Total calcium carbonate production 430,000 tons Total copper concentrate production 48,000 tons Total sales of POLYTETSU 216,000 tons (Group wide)

Creation of social value

Creating industrial infrastructure
 Stable supply of materials for infrastructure
 Local development and employment
 opportunities
 Helping resolve environmental and societal
 issues
 Promoting carbon neutrality

Long-Term Vision for FY2033

"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."

Contributing to solving societal issues and creating a prosperous society in the future

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The Six Capitals

Financial capital



- The resource business operates over a long time frame, from studies and development to operations and mine closure management. To address significant cash outflows during development, risks from resource prices and exchange rates during operations, and long-term management of former mines, while expanding available investment opportunities, we strive to ensure financial soundness.
- · Starting from the Third Medium-Term Management Plan period, we adopted ROIC management to manage and improve return on capital of each business.

Equity capital	140.7 billion yen
Interest- bearing liabilities	22.1 billion yen
Equity ratio	61.3%

Human capital



- Consistent with our principle of prioritizing safety in all business activities, we are promoting efforts to eradicate industrial accidents through initiatives such as improving safety awareness and upgrading physical safety measures.
- Enhancing corporate value requires securing and retaining diverse human resources with different skills and values. We are working to build systems and a workplace culture that foster engagement and more comfortable working environments.

 Based on our Human Resources Development Policy, we are enhancing educational initiatives such as developing global human resources and improving an environment where employees can direct their own learning, aiming to create an environment that maximizes employee potential.

Number of employees	2,155	(consolidated)
Percentage of accidents resulting in absence from work	1.61	(consolidated, Japan)
Percentage		

of female employees



Intellectual capital

- has developed the technical expertise to consistently manage everything from securing rights and interest in the earliest stages to exploration, development, and operations, based on its extensive experience in the mining business.
- The R&D Department is focused on developing environmentally friendly products, such as the inorganic iron flocculant POLYTETSU, which utilizes our knowledge gained from the mining business, and is also engaged in research and development aimed at addressing societal issues such as carbon neutrality.

Research & 920 million yen development expenses (consolidated) Manufacturing capital



- We have established a stable limestone supply system, centered at the Torigatayama Quarry Complex, which boasts one of the highest production volumes in Japan. See p. 20
- In the Republic of Chile, we are mining copper at the Atacama Mine. We are progressing with development of a new copper mine, the Argueros Mine in Chile, with the goal of starting operations in FY2026.
- · We are implementing initiatives to boost production efficiency by adopting cutting-edge technologies such as AI and IT.

Operating	12 in Japan
mines	1 overseas
Capital	6.7 billion yen

Social capital



- · Since our establishment, we have been conducting mining operations across various regions and have been implementing initiatives such as preventing pollution and contributing to local communities that allow us to root our business activities in the community.
- Through our long-term efforts to ensure a stable supply of resources, we have built lasting relationships of trust with our business partners. In particular, we have long been Japan's top supplier of limestone for steelmaking.
- Our dedicated Public & IR Relations Section engages in earnest dialogue with shareholders and investors, enhancing transparency and information disclosure through initiatives such as holding financial results briefings.

Number of individual 31 meetings meetings with investors and others

Natural capital



- By implementing an environmental management system, we are conducting business activities that are mindful of the environment, such as efficiently using energy and water, expanding the use of renewable energy, and greening former mine sites. • We appropriately restore and manage former mine sites, and the usable land is effectively utilized for Real Estate and Renewable Energy businesses (solar and small-scale hydropower). • Utilizing our technology cultivated
- through underground resource development, we are engaged in geothermal steam production in Kagoshima and are exploring new geothermal resources.

ISO14001 7 sites certified locations Sales volume of

206.000 MWh electricity generated from renewable energy

15.3% (Nittetsu Mining)





Message from the President



Reiichi Morikawa

Representative Director and President

Steadily executing the Third Medium-Term Management Plan to make our vision a reality

Nittetsu Mining: Strengthened through changing business environments

Nittetsu Mining has continuously adapted its business portfolio in response to the rapidly-changing economic environment.

Before and after World War II, we supported the coal industry. During the post-war period and Japan's economic boom, the iron and copper ore businesses became pillars of the Group operations. As demand for steel and cement expanded during the economic boom, we grew our limestone business, which now boasts top-level production in Japan. Our copper mining business abroad has a long history, beginning with the Qaleh-Zari Copper Mine* in the Islamic Republic of Iran, which started operations in 1975. Today, we operate the Atacama Mine in the Republic of Chile, ensuring a stable production and supply of copper ore.

I joined Nittetsu Mining in 1986 and have been involved in various milestones throughout the Company's history over the past 38 years. My career began with accounting at the Torigatayama Quarry Complex, our primary limestone mine in Kochi Prefecture, followed by roles in limestone and copper resource sales. I also spent time overseas, managing operations at the Atacama Mine in Chile, where I navigated challenges during the 2008 global financial crisis. It was a struggle every day to mitigate losses through production cuts in that severe economic environment.

Today, our Nonmetallic Minerals Division, especially limestone, serves as the core driver of stable, long-term profits for the Group. We also have high expectations for the Metallic Minerals Division, particularly copper, as a future growth pillar. In addition to the Atacama Mine, we are developing the Argueros Mine in Chile, with the goal of starting operations in FY2026. We remain active in the region, with several new exploration projects underway across South America. Following on our early coal ventures and the growth of our Nonmetallic Minerals Division, we are now taking on the challenge of expanding our Metallic Minerals Division, which holds great potential. As a unique Japanese company with extensive experience and expertise in underground resource exploration,

* Sold to a national Iranian copper industries company in 1991.

Message from the President

development, and operations, the prospects for future growth of our Group have been attracting attention. Both in Japan and overseas, our Machinery & Environmental Engineering business is expanding sales of products that leverage our technical expertise gained from mining business for use in wastewater and dust treatment. We are also entering the Renewable Energy business, applying technical expertise developed through underground resource exploration and development. Our Group takes pride in becoming stronger through unwavering dedication to the mining business.

The potential of Nittetsu Mining's business

Today, about 40% of our purchasers of limestone, a core business of our Nonmetallic Minerals Division, are steel manufacturers for use in the steelmaking process. We also sell limestone to cement manufacturers as raw material for cement and as aggregate for concrete. Our Group's ability to provide a stable supply of high-quality limestone has earned us the trust of domestic and international steel and cement manufacturers, fostering long-term business relationships.

As previously mentioned, we have high expectations for future growth in our metallic minerals businesses. While global copper demand grew due to huge demand from China, that demand has been flagging as a result of a weaker Chinese economy. However, regions like India and Africa are experiencing economic growth and rising energy needs, which will sustain global copper demand. With increasing global awareness of carbon neutrality, demand for copper for electric vehicles and renewable energy is expected to rise over the long term. Though copper prices may fluctuate in the short term due to geopolitical uncertainty, they are anticipated to increase over the medium to long term in response to this higher demand. In the Machinery & Environmental Engineering business, demand for our main product, the wastewater treatment agent POLYTETSU, is expected to increase, driven by the expansion of semiconductor factories both in Japan and overseas, as well as sewer infrastructure development in Southeast Asia. The same applies to our Renewable Energy business.

We are looking ahead to prepare for multiple scenarios, considering the trends in each operating region and the outlook for demand in various industries. We believe the business environment surrounding the Group holds significant potential over the medium to long term.

Current business environment and performance: A review of the previous medium-term management plan

In the current business environment, while social and economic activities are normalizing following the end of the COVID-19 pandemic, FY2023 also saw a surge in energy prices due to the yen's depreciation. Our Group was impacted by rising electricity costs for plants and increased fuel costs for heavy machinery used in mining operations. We see industry-wide efforts to pass on higher costs appropriately through sales prices and share the burden across the supply chain as a positive trend, one that wasn't present during the prolonged economic slump following Japan's asset bubble collapse. We also believe that increasing wages to protect the livelihoods of employees and the public is essential and should be embraced.

FY2023 was the final year of the Second Medium-Term Management Plan, our previous medium-term plan. That plan focused on two key objectives: steadily executing large-scale investments to acquire resources for sustainable growth, and allocating management resources to respond to demand trends in Japan and overseas. While some delays in achieving the original plan's targets occurred due to natural disasters and the COVID-19 pandemic, we made steady progress in key initiatives, such as the construction of the third vertical shaft at the Torigatayama Quarry Complex, the development of a new mining area at the Hachinohe Mine, and preparations for the Argueros Mine development. These efforts laid the foundation for future large-scale projects and the optimal allocation of management resources. Our financial indicators, such as ROA and the equity ratio, exceeded the targets set by the plan.

Clarifying our vision and commitment to the Third Medium-Term Management Plan

As part of our Group's Management Policy, we are committed to contributing to the creation of a prosperous society in the future. We aim to achieve this by focusing on the supply of essential resources to core industries. In May 2024, we announced the Third Medium-Term Management Plan (FY2024 to FY2026). At the same time, we reaffirmed the long-term vision we have pursued since the start of the First Medium-Term Management Plan: Achieve sustainable growth by contributing to society 10

Message from the President

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 positioned this as our Vision for FY2033. The vision emphasizes continuing stable resource supply as the foundation of our business and maximizing the technical expertise developed over many years to secure and develop new resources and enhance the value of mineral resources. Also, we are focused on strengthening our business foundation as an integrated mineral resources company by developing techniques related to mining, such as geological consulting. Our collective strengths refer to the synergies that arise from combining the Group's Mineral Resources business with our Machinery & Environmental Engineering business, Real Estate business, and Renewable Energy business. Through these synergies, we aim to achieve sustainable corporate arowth.

The medium-term plan is positioned as an important three-year period to build the launchpad toward making our Vision for FY2033 a reality. The steady progress that we have made during these three years will form the foundation for achieving this vision. To develop the key policies of the medium-term plan, we backcasted from our desired future state and outlined five key initiatives to pursue.

Introduction of ROIC management

We have set a ROIC (Return on Invested Capital) target of 7% or more as a management goal for achieving the Vision for FY2033. To reach this goal, we are implementing ROIC management, focusing on its adoption and establishment throughout the organization. Although the ROIC for the final year of the medium-term plan (FY2026) is projected to reach only 4.2%, we aim to solidify ROIC management during the period of the plan to strengthen our business portfolio. The goal is to secure a spread between the WACC, estimated at 5.8% for FY2026, and the ROIC.

2 Development and start of operations at the Argueros Mine

The Arqueros Mine, which entered the development phase in April 2023, is currently undergoing large-scale civil engineering work and plant construction. Operations are scheduled to begin in FY2026, with an absorption of depreciation from that year, contributing to the expansion of the Metallic Minerals Division's profitability. Ensuring smooth progress through the development stage and starting operations on schedule is a major theme of the medium-term plan.



Message from the President

Optimization of the limestone supply system, centered at Torigatayama, and expansion into new markets

The medium-term plan also focuses on optimizing production and sales structures for limestone mines in Japan, with the Torigatayama Quarry Complex as the central hub. This includes enhancing overall production efficiency and strengthening BCP (business continuity planning). By optimizing operations within Japan, we aim to free up surplus capacity at Torigatayama to expand into overseas markets. Torigatayama's shipping facilities are equipped to handle large vessels, providing us with a competitive advantage in global logistics.

4 POLYTETSU's market expansion

For POLYTETSU, the flagship product of our Environment Engineering, we plan to build local factories in Taiwan and Vietnam during the current medium-term plan period, using East and Southeast Asia as bases to expand into overseas markets.

Securing and developing new resources without being constrained by existing policies and approaches to interest acquisition

In the past, our resource development efforts focused on starting projects from the early stages of exploration and acquiring major rights and interests, followed by mine development and operation under direct management. Moving forward, we also plan to target minor investments in promising projects to secure and develop new mineral resources, including copper.

This is our Third Medium-Term Management Plan since the first was announced in FY2018. Unlike previous plans, the current medium-term plan is designed to serve as both a tool for driving clearly-defined actions and tracking progress, while also functioning as a communication tool to facilitate deeper engagement with stakeholders.

Strengthening human resources and organizational capabilities

To encourage human resource development, we are working to create a workplace environment where employees can fully utilize their skills, focusing on both the development of specialized personnel and the promotion of diversity, based on the Nittetsu Mining Group Human Resources Development Policy, established in May 2023. Through these efforts, we aim to develop employees who think independently and act proactively. Personally, I have always sought to approach work with a problem-solving mindset. I hope that Group employees will adopt the mindset of owning challenges they encounter, rather than merely critiquing or criticizing the efforts of others as a passive observer. I aspire for them to take the initiative in resolving problems as they arise.

Since my appointment as President in 2021, I have advanced organizational reforms to address the changing management environment. Specifically, we reinstated the Corporate Planning Department to accurately identify management challenges and

support strategy formulation and execution. Within this department, we established the Sustainability Promotion Section to work toward carbon neutrality and tackle other sustainability issues, the Public & IR Relations Section to enhance communication with stakeholders, and the Corporate Value Creation (CVC) Group, aligning with our Management Policy to create a workplace where each and every employee can work with high motivation and pride. We also reinstated the Human Resources Department, focusing on enhancing and strengthening our human capital. To drive growth, we created a dedicated Overseas Mineral Resources Business Department which can carry out more organized exploration and promotion of new mine development projects, which are essential to growth in profitability.

Strengthening sustainability management and governance

In terms of sustainability management, we are strengthening our efforts to address societal issues and climate change based on our Management Policy, with the goal of enhancing both sustainable social value and corporate value. I serve as the chair of the Sustainability Committee, where we conduct in-depth discussions on how to address material sustainability issues, and the outcomes are reported regularly to the Board of Directors.

The metallic minerals business, with copper as a key driver, plays a crucial role in addressing societal and environmental issues through our operations. As previously mentioned, we aim to make even greater contributions by supplying copper to support the economic development of emerging markets and providing key metallic resources including copper that are essential for the spread of 12

Message from the President

electric vehicles and the expansion of renewable energy.

We are also committed to strengthening corporate governance. Guided by Nittetsu Mining's Basic Policy on Corporate Governance, we leverage our status as a company with an Audit and Supervisory Committee to enhance governance and ensure the effectiveness of the Board of Directors.

To our stakeholders

To continue contributing to the creation of a prosperous society in the future, as stated in our Management Policy, we believe our core responsibility lies in the development and stable supply of resources and products. During recent interactions with customers in Hong Kong and Australia, I was able to feel the warm appreciation our customers hold for our Group's ability to ensure stable supply. Many of our customers operate in essential industries like steel and cement, and these conversations reinforced the importance of reliably providing high-quality raw materials to support their operations.

As I enter my fourth year as President, my focus is to steadily implement the third medium-term plan and build the launchpad toward achieving our Vision for FY2033. An important part of this plan is enhancing effectiveness and transparency, and my primary mission as President is to work alongside our stakeholders to fully execute the plan over the next three years.

The foundation of everything is ensuring safety. Without protecting the health and safety of our employees, the sustainable growth of the Group is impossible. It is also crucial to convey to our stakeholders the message that mining is a safe industry by implementing robust safety measures. We are committed to making every effort toward this goal.

We hope that we can count on your continuing support for the future efforts of Nittetsu Mining Group as we pursue the goals outlined in our third medium-term plan and making our vision for the future a reality. Message from Executive in Charge of Accounting and Finance

Kenji Otakara

Director and Managing Corporate Executive

Nittetsu Mining from the perspective of the executive in charge of accounting and finance, and basic financial policy

Since joining Nittetsu Mining, I have primarily worked in accounting, finance, and management at the head office. In addition to routine operations, I have been involved in a variety of projects, including large-scale investments, M&A, subsidiary establishments, business withdrawals, and company dissolutions and liquidations. Some examples include our withdrawal from Port Kembla Copper Pty. Ltd., an Australian copper smelter, in 2006, exit from the Securities business operated by a subsidiary in 2008, acquisition of shares in Nittetsu Kagoshima Geothermal Co., Ltd. from Nippon Steel Corporation and Sumitomo Metal Industries (now NIPPON STEEL CORPORATION) in 2013, and acquisition of shares in SUMIMETAL MINING COMPANY LIMITED (now Hachinohe Mining Co., Ltd.) from Nippon Steel Corporation and Sumitomo Metal Industries.

Since our establishment in 1939, the Group has consistently focused on mining, despite shifts in extracted minerals, such as coal, metallic minerals, and limestone. In most of the projects I have worked on, including M&A, the focus has been on expanding our mining operations. At the same time, we have also withdrawn from non-mining businesses and mines that no longer contain economically viable reserves.

Mining, by its very nature, deals with finite resources that will eventually be depleted upon excavation. Therefore, we must continuously explore and develop new mines to sustain operations. Exploring new resources carries significant risks—a widely used expression in the industry is "senmitsu," meaning that only three out of 1,000 exploration projects typically reach the development stage. The investment required to reach the mine development stage has grown increasingly large, and the period until that investment is recovered has increased commensurately. Even after operations begin, the mining business remains highly susceptible to fluctuations in resource prices and exchange rates. When economically viable reserves are ultimately exhausted, mine closures must take place, followed by long-term management of former mines.

For the Group, which relies on mining, an essential financial strategy is maintaining a robust equity base and sound financial health to manage exploration risks at the survey stages, large-scale development investments, market volatility risks, and long-term costs for managing former mines. This financial strategy aligns with the Company's value system, which I interpret as thinking from an ultra-long-term perspective, rather than chasing short-term gains or quick profits and also minimizing future burdens and risks for stakeholders as much as possible.

At the same time, I constantly ask myself whether this focus on financial health has led to complacency, whether we are in touch with societal changes, whether we truly understand and respond to stakeholder expectations, and whether we are proactively adapting to change rather than becoming resistant to it. I reflect on these points when formulating and executing the Company's management and financial strategies.

Nittetsu Mining's strengths, challenges, and strategies in finance and management

As mentioned earlier, we have worked to improve our Group's financial soundness, achieving an equity ratio of 61.3% at the end of FY2023. This strong financial base enabled us to smoothly secure financing for the Arqueros Mine development, which Message from Executive in Charge of Accounting and Finance

Third Medium-Term Management Plan Management target

		FY2023	FY2024	FY2025	FY2026
		Results	Third Medium-	Term Managem	ent Plan period
	Net sales	166.8 billion yen	181.4 billion yen	172.8 billion yen	184.8 billion yen
	Operating profit	11.1 billion yen	7.4 billion yen	9.0 billion yen	12.8 billion yen
2	Profit attributable to owners of parent	6.6 billion yen	6.7 billion yen	7.2 billion yen	9.2 billion yen
lan	Operating margin	6.7%	4.1%	5.2%	6.9%
agement targ	EBITDA (Operating profit before tax + depreciation)	17.1 billion yen	16.3 billion yen	16.9 billion yen	24.5 billion yen
	Interest-bearing liabilities	22.1 billion yen	37.2 billion yen	62.4 billion yen	63.3 billion yen
et	Equity capital	140.7 billion yen	144.5 billion yen	147.7 billion yen	151.7 billion yen
	ROIC	4.9%	3.0%	3.2%	4.2%
	WACC	5.5%	5.8%	5.8%	5.8%
	ROE	4.8%	4.7%	4.9%	6.1%

is scheduled to begin operations in FY2026. We secured 355 million US\$ in loans (equivalent to 49.7 billion yen at an exchange rate of 140 yen per US\$). Our strong financial soundness is one of the strengths of the Group.

Regarding mine investments, based on our past experience, we are able to independently conduct reserve surveys, planning, evaluation, development, and operations, which allows us to estimate risks in these areas at relatively lower. Risk management is a distinctive strength of our Group as compared to other companies that primarily focus on acquiring mining interests and rights as part of their core strateav.

However, one of our challenges is that our capital efficiency has not yet reached the level expected by stakeholders. During the Third Medium-Term Management Plan period, in addition to investing in the development of the Argueros Mine, we will incur

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increased depreciation costs from the construction of the third vertical shaft at the Torigatavama Quarry Complex, leading to ROIC falling below WACC. Starting this fiscal year, we are implementing ROIC management. From the perspective of revisiting our business portfolio, we will carefully evaluate and monitor assets and activities in each business, focusing on capital costs. While optimizing business assets, we will also continue to review non-business assets. For example, regarding the issue of cross-shareholdings, we will steadily carry out our announced reduction plan, aiming to reduce 6 billion yen worth of shares over the five-year period from FY2022 to FY2026. We will also consider further reductions through discussions with counterparties.

By the end of the final year of the Third Medium-Term Management Plan (FY2026), our equity ratio is expected to fall below 55% due to the loans mentioned above. We are not only preparing for the

Reduction of cross-shareholdings (actual and forecast)







Second and Third Medium-Term Management Plans Capital allocation



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Message from Executive in Charge of Accounting and Finance

possibility that investment in the Argueros Mine may exceed the planned amount but also aiming to expand our options for future growth strategies, including additional investment projects being explored by the Overseas Mineral Resources Business Department. Maintaining a certain level of financial soundness will play an essential role in continuing to provide stable shareholder returns. It is crucial to constantly assess the balance between debt and equity capital, taking into account business progress, asset composition, external environments, and stakeholder expectations. In this context, we view share buybacks not only as a measure for shareholder return but also as a tool for balancing debt and equity capital to be considered as appropriate.

We recognize that improving capital efficiency is a critical management task, especially maintaining awareness of capital costs and enhancing our P/B

ratio. Moving forward, we will continue to evaluate and structure optimal asset compositions and capital structures to ensure sustainable profitability.

Although our Group operates in capital-intensive industries, sustainable growth in a rapidly changing environment requires recognizing employees as essential assets. In this spirit, we launched the Corporate Value Creation (CVC) Group within the Corporate Planning Department in April 2024, aiming to create a workplace where each and every employee can work with high motivation and pride. We are actively pursuing value enhancement through these efforts.

Message to stakeholders

By having each business unit and head office functions work diligently toward their goals, we will

steadily execute the Third Medium-Term Management Plan and aim to achieve our 10-year target of ROIC above 7%. In implementing ROIC management, we are committed to maintaining a broad perspective, taking into account business scale, market growth potential, and timelines to ensure we avoid the trap of managed decline. To enhance communication with stakeholders and provide updates on the progress and outlook of our activities, we established the Public & IR Relations Section within the Corporate Planning Department in July 2024.

We are further committed to enhancing corporate value by improving our business, financial soundness, and communication with stakeholders. We look forward to your continued support.

Third Medium-Term Management Plan Shareholder Return Policy and changes in dividends and payout ratios

Shareholder Return Policy during the Third Medium-Term Management Plan period

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, we will pay dividends with a target **consolidated payout ratio of 40%**.

Additionally, 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 DOE**; if it is 1x or greater, the lower limit is **3% of the DOE**.

Changes in dividends and payout ratios



Note: The dividend figures reflect the stock split carried out on October 1, 2022.



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ROIC

Target

% or more

17

Working Toward Achieving the Long-Term Vision

Since the launch of the First Medium-Term Management Plan in FY2018, we have steadily progressed through stages, from preparing for large-scale investments to executing them and beginning to reap the benefits. Although capital efficiency will temporarily remain at a low level under the Third Medium-Term Management Plan, which is backcasted from our desired state envisioned for FY2033, we aim to recover efficiency during the Fourth and subsequent Medium-Term Management Plan phases, when the benefits of these large-scale investments will be fully realized.



https://www.nittetsukou.co.jp/eng/ir/ management/medium term.html

Segment Overview (FY2023)





11.1 billion yen (18.0% YOY decrease)

Operating profit



See p. 19

* Excluding adjustment amount (-1.5 billion yen)

Mineral Resources

Nonmetallic Minerals Division

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.



Metallic Minerals Division

The Metallic Minerals Division operates the Atacama Copper Mine of the Republic of Chile in South America, develops the Arqueros Copper Mine also in Chile, and smelts electrolytic copper on consignment from Hibi Kyodo Smelting Co., Ltd.





Machinery & Environmental Engineering

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



13.2 billion ven 1.4 billion ven Net Operating profit sales

Real Estate

Net

sales

See p. 25

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.









Renewable Energy

See p. 25

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 land, and small-scale hydropower generation using seepage water in tunnels.

Operating

profit





Mineral Resources Nonmetallic Minerals Division

Main products and their applications 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.



Business strengths

Abundant mineral reserves	We operate seven limestone mines, including the Torigatayama Quarry Complex in Kochi Prefecture, which boasts one of the largest production volumes in Japan, enabling us to stably produce and supply high-quality limestone.
Customers	By focusing on maintaining stable supply, we have built long-term trust with our customers. In particular, we have long been Japan's top supplier of limestone for steelmaking.

Review of the Second Medium-Term Management Plan

We established five key goals and made progress in each. We carried out the following initiatives appropriately: (1) Boosted the value of mineral resources by achieving measurable results, (2) Expanded exports to Asia and Oceania by capturing market share in export destinations and gaining new users, (3) Rebuilt a stable supply system by reassessing the backup system by managing operational risks and leveraging four coastal mines and logistics centers, (4) Improved production efficiency and economic performance by adopting Al and IT technologies, and (5) Conducted mineral resource development in Japan and internationally.





Operating profit (Billions of yen)



Third Medium-Term Management Plan

External environment

- For steelmaking, Japanese crude steel production is expected to remain flat in the medium term. However, structural reforms by steel manufacturers and efforts toward carbon neutrality are likely to result in consolidation of blast furnaces in Japan in the long term. Also, the increased use of scrap steel is expected to reduce the demand for limestone.
- For cement and aggregates, although domestic demand for redevelopment and infrastructure reconstruction remains stable, construction delays due to labor shortages are significant. Furthermore, efforts by cement manufacturers toward decarbonization and the consolidation of production facilities are expected to decrease the demand for limestone.

Long-term Establishing stable production and sales systems in Japan and internationally Securing and developing new mining areas

Strategic points

To increase sales volumes, developing overseas markets will be essential. To improve profit margins, our primary strategies will be price adjustments and cost reductions. In order to achieve these goals, we will maximize the strengths of the Torigatayama Quarry Complex, which produces high-grade limestone and has well-equipped port facilities for exports. Furthermore, we will enhance production and logistics systems through product standardization and the adoption of advanced technologies, ensuring stable supply and efficiency both in Japan and internationally.



Limestone sales volume and net sales outlook



Special Feature Initiatives to Enhance Social and Corporate Sustainability: Torigatayama Quarry Complex

Introduction to the Torigatayama Quarry Complex

The Torigatayama Quarry Complex in Kochi Prefecture began operations in 1971. The Torigatayama Quarry Complex boasts over 1 billion tons of high-quality limestone deposits with almost no impurities and can stably produce approximately 14 million tons annually. As one of Japan's largest limestone mines, it plays a key role in the industry. Limestone extracted from the working face, situated over 1,000 meters above sea level, is transported by a long-distance belt conveyor (LBC) spanning approximately 23 kilometers to the coastal beneficiation and shipping facilities, from where it is supplied to steel and cement manufacturers both in Japan and internationally.

This Special Feature presents the initiatives and equipment at the working face, the belt conveyor, and the coastal shipping facilities.



Continuous Progress at the Working Face

Completion of the third vertical shaft

In June 2024, after seven years of construction and an investment of approximately 20 billion yen, the third vertical shaft was completed.

A vertical shaft is a vertically excavated tunnel, and at the Torigatayama Quarry Complex, limestone extracted from the working face is deposited into this vertical shaft. It is then crushed by large crushers installed directly below into pieces no larger than 80 mm, making it suitable for transportation via the LBC (see diagram on the right). The construction of this third



vertical shaft complements the existing first and second vertical shafts. It aims to extend the operational lifespan of the mine and improve mining efficiency, ensuring the long-term and stable supply of limestone to both Japanese and international markets.

Cross-section of the third vertical shaft



Adoption of new production technologies

As labor shortages are expected across Japan due to population decline, it is essential to enhance safety and productivity through use of the latest technologies to ensure a stable supply over the medium to long term. As part of this effort, the operation of an Al-based image recognition system has begun at the beneficiation and shipping facilities to detect foreign objects.

In the future, the system's application will be expanded to include tasks such as detecting surface damage on belt conveyors, with the aim of further enhancing performance. Also, to improve safety at the working face, Nittetsu Mining is exploring remotely-operated heavy machinery and has started experimental trials such as unmanned dump trucks.



Cross-section of the long-distance belt conveyors (in direction of first and second vertical shafts)



Belt Conveyor Designed for Safety and Efficiency

Ensuring safety

Safety is the foundation of providing a stable supply. To prevent entanglement accidents, safety fences have been installed along the entire length of the LBC route and around other exposed rotating machinery components. Also, to minimize damage from earthquakes, the system is designed to automatically halt operations and retract ship loaders upon receiving an Earthquake Early Warning. Following the LBC fire incident in January 2021, several preventive measures have been implemented. These include fire-resistant modifications to equipment, installation of a temperature rise detection system using fiber optic cables, and establishing a system that detects fires at an early stage and automatically activates fire suppression equipment.

Efficient energy use

In addition to power generation through the LBC system See p. 32, we employ energy-saving belts and implement controls to reduce no-load power usage*. This enables us to achieve significantly higher energy efficiency compared to truck transportation. Furthermore, we are studying the installation of renewable energy systems—solar, wind, and small-scale hydropower—for self-consumption, aiming for sustainable energy use.

Using IT for more advanced facility management

At the expansive Torigatayama Quarry Complex, which includes the 23-km-long LBC, leveraging IT is essential for managing all facilities safely and efficiently. Various sensors installed across the facilities, including the LBC, continuously monitor the status of

the equipment. Operations and monitoring are centrally managed via fiber-optic cables that run throughout the mine. Also, we have incorporated new technologies, such as drones for inspections inside vertical shafts and for surveying at working faces and ore storage.



Highly Competitive Coastal Shipping Facilities



The limestone transported to the coastal ore processing plant is crushed, screened, and washed based on customer orders. After processing, the limestone is loaded onto a ship-loading belt conveyor from the storage facility using three reclaimers (with a maximum capacity of 2,000 tons/ hour). It is then loaded ships at the marine pier (which can accommodate vessels up to 60,000 tons) or the quay berth (capable of accommodating vessels up to 20,000 tons) using three ship loaders.

These facilities, which allow for the usage and simultaneous loading of three large vessels, enable efficient transportation and are well-suited for both remote regions in Japan and international shipping.

Environmental conservation initiatives

Since its establishment, the Torigatayama Quarry Complex has implemented various environmental measures, such as installing soundproof galleries along the LBC, greening sedimentation sites, and reducing dust through dust collectors and water sprinkling systems. In 1999, it became the first mining operation in Japan, including its mining area, to obtain ISO14001 certification, and it has since continued to systematically implement energy saving and waste reduction efforts. In particular, to realize more efficient water usage, the site has developed a water recycling system that circulates and reuses water used in the ore processing plants. See p. 32



Greening of sedimentation sites

Beneficiation / Ore storage





Ore processing plant and ore storage facility

Reclaimer

Vessel loading



Loading limestone from ship loader



Vessel loading scene

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Mineral Resources Metallic Minerals Division

Main products and their applications Electrolytic copper, copper concentrate, etc.

Copper ore

Copper is a highly conductive material used in all electrified machines and infrastructure, such as power cables. With the progress of digital transformation (DX) and the transition to a decarbonized society, its importance is on the rise amid the proliferation of electric vehicles and expansion of renewable energy.



2.9

2023

(Fiscal year)

Business strengths

 Major rights and interests in overseas mines 	Copper mining has been conducted at the Atacama Mine in the Republic of Chile since 2003, and the development of the Arqueros Copper Mine in Chile is also underway, aiming for full-scale operations in FY2026. We maximize outcomes while managing risks.
• Exploration and operational expertise	Leveraging our extensive experience in the mining business, we can seamlessly manage the entire process—from securing rights and interests in the earliest stages to exploration, development, and operations.

Review of the Second Medium-Term Management Plan

We established four key goals and made progress in each.

(1) To expand the reserves at the Atacama Mine, we have started ore extraction from the Sol Naciente mining area, for which the necessary permits have been obtained. Currently, we are focusing on exploration activities around the mine and pursuing participation in projects held by third parties in the Atacama Region. (2) In our progress toward development of the Arqueros Mine, even though preparation work was completed one year behind the initial plan in FY2022, development construction began in April 2023. (3) To explore new copper mine development beyond the Arqueros Mine, in June 2023, we entered the Los Chapitos copper exploration project in Peru. (4) For improvement in business performance with a focus on reducing smelting costs, despite challenging external conditions, including rising costs across various areas, reducing smelting costs remains our top priority.



Third Medium-Term Management Plan

External	
environment	

Copper demand is expected to expand over the medium to long term, driven by electrification and the implementation of renewable energy toward achieving carbon neutrality.

Long-term Development of new mining sources

vision Efficiently driving both the smelting business and mining operations to generate synergy

Strategic points

With an eye on producing more than 50,000 tons of copper equivalent annually in ten years, we are focused on securing new ore reserves at the Atacama Mine, carrying out the steady development of the Arqueros Mine, and advancing exploration for new self-developed copper mines. We are also aiming to participate in equity-interest projects.

For the smelting business, our top priority is cost reduction as a part of performance improvement efforts, with the goal of achieving stable profitability.

Introduction to the Arqueros Mine

- The Arqueros Project was initiated as part of efforts to expand our own mine assets, building on the development of the Atacama Mine. Since the initial exploration in 2011, we have continued internal evaluations, leading to the decision to undertake development after approximately 12 years.
- After operations begin, the Arqueros Mine will produce copper concentrate alongside the Atacama Mine. Together, the two mines are expected to produce the equivalent of 28,000 tons of copper annually, contributing to the performance of the Metallic Minerals Division.



- Arqueros Mine construction site
- The Arqueros Mine will also serve as a hub for technical knowledge transfer and human resources development, supporting future mining projects beyond Arqueros.



Production volume outlook for mining and smelting (in copper equivalent)



Business Strategy

Machinery & Environmental Engineering

Main products and their applications

Environment Engineering:

We sell wastewater treatment agents, focusing on our proprietary inorganic iron flocculant, POLYTETSU. POLYTETSU has a growing range of applications, serving not only as a wastewater treatment agent but also as a deodorizer and soil conditioner.

Machinery Engineering:

We meet a wide variety of needs, offering environmentally friendly products such as dust collectors, as well as general industrial machinery, including ultra-fine powder classifiers.

Business strengths

 Research & development capability 	We develop products and conduct research that leverage our expertise gained from mining operations, such as wastewater and dust management.
• Sales capability	Our sales representatives actively provide tailored solutions, offering advice on optimal water treatment methods to meet customer needs and conducting meticulous and customer-oriented sales operations.

Review of the Second Medium-Term Management Plan

Environment Engineering:

(1) To develop next-generation wastewater treatment agents to tap into new demand, we are steadily expanding the sales area for "POLYTETSU T." (2) For opening up the global market by constructing wastewater treatment agent production plants in Taiwan, Southeast Asia, and elsewhere, we are currently planning to build factories in Taiwan and Vietnam.

Machinery Engineering:

(1) For opening up the global market for dust collectors in Asia and elsewhere, sales in South Korea have increased. We have also (2) Enhanced price competitiveness through improvements such as the automation of dust collector filter manufacturing, and (3) Expanded sales by developing new applications for smoke separators.

Net sales (Billions of yen)



Operating profit (Billions of yen)



Third Medium-Term Management Plan



Environment Engineering:

 Sales related to the automotive and semiconductor industries are showing signs of recovery. As raw material procurement for the core product POLYTETSU remains tight, the R&D

Department is actively investigating and studying raw material diversification. See p. 26 Machinery Engineering:

The machinery-related market remains relatively stable. The market for smoke separators is recovering from the impact of the COVID-19 pandemic, with increasing inquiries, particularly from public smoking facilities.



Achieving segment profit of 3 billion yen

Strategic points

Environment Engineering:

We are focusing on expanding sales of POLYTETSU by acquiring new customers and entering the PAC market, while also building a stable supply system. To achieve a stable supply system, we will continue to move forward with the construction of factories in Taiwan and Vietnam and prioritize the diversification of raw materials.



Inorganic iron flocculant POLYTETSU

Machinery Engineering:

By enhancing the competitiveness of the Sinter Lamellar Filter, we aim to enter the domestic bag filter market and expand exports. We are also working on increasing sales of plasma membranes and single-occupant, box-type smoking booths.



Single-occupant, box-type smoking booth COCOPA

Segment profit outlook (Billions of yen)





Business Strategy

Real Estate

Business activities

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

Business positioning: Contributing to performance with a stable revenue base

Businesses utilizing former mining sites and idle land

Providing backup for the highly volatile resource business



Renewable Energy

Business activities

Supplying steam to geothermal power stations and generating solar power and small-scale hydropower

Business strengths

Net sales (Billions of yen)	Operating profit (Billions of yen)
 Natural capital 	Former mining sites and idle land are effectively utilized for solar power and small-scale hydropower generation.
Technical expertise	We leverage our techniques cultivated through underground resource development to produce geothermal steam and develop geothermal resources.



Review of the Second Medium-Term Management Plan

Group-wide initiatives:

In our efforts to adopt renewable energy for self-generation and self-consumption, we are installing solar, wind, and small-scale hydropower generation facilities, and some of these facilities have already begun operations.

Geothermal energy:

(1) For our surveys and planning to secure sufficient steam supply for maximum output at the Ogiri Geothermal Power Station, we are implementing plans to maintain one of the highest facility utilization rates in Japan and to drill auxiliary production and re-injection wells. (2) For our studies on construction of new geothermal power stations, we have received the mayor's approval for the business plan for physical exploration and the drilling of survey wells as part of the development of the Shiramizugoe area. We continue to engage with local stakeholders and conduct development surveys. We are also making progress in solar and small-scale hydropower initiatives.

Third Medium-Term Management Plan



Expanding medium- to long-term needs for carbon neutrality and environmental conservation

Long-term vision	

Research, development, and operation of renewable energy

- Achieving carbon neutrality through business activities
- Contributing to environmental conservation

Strategic points

Existing power generation businesses:

We aim to improve profitability by building a stable steam supply system and increasing steam output at the Ogiri Geothermal Power Station.

New power generation businesses:

- Expansion through the geothermal power generation at Shiramizugoe (15 MW)
- Supporting the adoption of renewable energy for self-generation and self-consumption

Installation status of renewable energy generation facilities

- New renewable energy generation facilities (for self-consumption)
- Existing renewable energy generation facilities (solar power)
- Existing renewable energy generation facilities (small-scale
- hydropower)
- Geothermal power stations (with steam supplied by Nittetsu Mining)



Kagoshima Geothermal Facility (geothermal steam production)

Research and Development

Our R&D Department is researching, developing, and engineering new products and materials to contribute to society based on the wealth of mining 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 that proactively incorporate stakeholders' needs and pursues solutions for customers and society. For example, our research and development on carbon neutrality, which has drawn growing interest, includes studying carbon dioxide recycling in lime materials as well as developing ultra-low-carbon lime products and research on applying Stratified photocatalysts to generate hydrogen from hydrogen sulfide and the sunlight.

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.

Basic policy

Specificity

Identifying needs through communication with society and relevant stakeholders

Achieving early profitability

Five priority themes

Beneficiation, Nanostrata*, POLYTETSU, Sinter Lamellar Filter, and Carbon Neutrality

Advancement

• Developing proprietary technologies by integrating internal and external expertise

Leveraging AI, DX, and simulations

* Nanostrata refers to a thin film coating technology on surface of powders.

Recent initiatives 1

POLYTETSU: Contributing to achieving SDGs through stable supply using raw material diversification

POLYTETSU is an inorganic iron flocculant used in wastewater treatment and is expected to see growing demand as a product aligned with the targets in SDGs. However, obtaining ferrous sulfate, a main raw material, is becoming increasingly difficult each year, making the use of alternative raw materials an urgent priority.

To ensure the stable supply of POLYTETSU, we are integrating beneficiation technology developed through our mining operations, which removes impurities, with over 40 years of expertise in POLYTETSU manufacturing. This allows us to use iron-containing ores and iron compounds produced as by-products from various industries as raw materials.



Recent initiatives 2

Carbon dioxide recycling: Contributing to a carbon-neutral society through the development of new processes

One of the key initiatives for achieving carbon neutrality by 2050 is carbon recycling technology. As the name implies, carbon recycling involves converting CO₂ into fuel or materials for reuse, circulating CO₂ throughout society to prevent the generation of new emissions.

Leveraging our extensive knowledge of limestone, we are developing technology to mineralize CO₂ exhausted by lime kilns and other sources into calcium carbonate. This technology uses waste materials such as discarded concrete and slag as raw materials and recycles chemical solutions, creating a resource- and energy-efficient process.



Sustainability

Sustainability at Nittetsu Mining

Based on our Management Policy, 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

- We contribute to the sustainable development of society and the economy through the development and stable supply of mineral resources.
- 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.
- We seek solidarity and harmony with local communities as we develop in an effort to continue to be a trustworthy, indispensable company.

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.

- We prioritize safety in all business activities and work to prevent industrial accidents by creating healthy, sanitary, comfortable working environments.
- We disclose information as appropriate to establish and maintain healthy, quality relationships with all stakeholders.
- We engage in fair business activities, observing laws, regulations, and social norms.



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.



Meetings of the Sustainability Committee

In FY2023, the Sustainability Committee met three times (in May, September, and November). At these meetings, the committee discussed and deliberated on a range of topics, including the results of GHG emissions calculations, the progress of various reduction measures such as the installation of renewable power generation facilities for self-consumption, and other information related to carbon neutrality. Also, the committee reviewed the formulation of the Human Resources Development Policy and the publication of the Integrated Report. The committee plays a central role in promoting sustainability management within our Group.

Sustainability

List of material issues

Category	Material issues	Event	Main efforts	Related SDGs
	Responding to climate change	Introducing measures to promote capital investment to reduce CO ₂ emissions	• Introduced an internal carbon pricing (ICP) system Price revision scheduled for June 2024 (20,000 yen per ton of CO ₂)	
E		Installing renewable power generation facilities for self-consumption	 Considered and studied the introduction of solar, wind, and small-scale hydropower generation facilities for self-consumption at quarry complexes and other business locations 	
		Promoting a substantial shift to renewable energy for purchased electricity	 Promoted switching to renewable energy for purchased electricity Continued 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 	13 mm
		Energy saving and efficiency	Continued efforts to generate electricity from the long distance belt conveyors at the Torigatayama Quarry Complex	
		Preserving water resources	Continued efforts to reduce water consumption through recycling	6 converter 12 represent
Е	Promoting environmental	Greening and properly maintaining former mine sites and sedimentation sites	 Planted trees and performed hydroseeding Conducted patrols of former mines 	CO 🔽
	activities	Preserving biodiversity	Maintained certified company-owned forests	15 min
		Maintaining an environmental management system	Continued efforts to comply with ISO14001 (acquired certification for seven locations)	
ς	Providing a stable supply of	Developing resources	 Developed a new mining area at the Hachinohe Mine: Continued development work (aiming for full-scale extraction from FY2026) Developed the Arqueros Copper Mine: Began development work in April 2023 (aiming to start operating in 2026) 	9 MECHY MANNER AND AND AND AND AND AND AND AND AND AND
ა	raw materials and products	Providing a stable supply	 Completed construction of the third vertical shaft at Torigatayama Quarry Complex, establishing an optimal production system Sustained our stable domestic limestone supply system through decentralization 	
	Industrial safety and health	Managing safety	Held meetings of safety managers and meetings of people in charge of safety	O DECITI NOR AN
S		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 	1
S	Co-existence and co-prosperity with local communities	Contributing to local communities	 Conducted social contribution activities at each location Continued to hire locally Announced the Declaration of Partnership Building 	8 ICCH HOR AN ICCHARGE CAR'S ICCHARGE CAR'S ICCHARG
		Developing human resources	Newly implemented line manager training and revised level-based training programs	
S	Respecting human rights and diversity, and developing human resources	Realizing diversity and inclusion	 Promoted the active participation of women and the employment and retention of people with disabilities, foreign nationals, and mid-career hires Promoted improvement of internal environments Introduced and revised systems for telecommuting, staggered shifts, flexible scheduling, paid leave, etc. Expanded systems for supporting family care Raised the retirement age to 65 	
		Raising awareness of human rights	Conducted harassment prevention training	
		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	
G	Strengthening	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 Formulated the Information Security Policy in September 2024 Implemented various initiatives in the field of information security 	

CO2 emissions

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Environment

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. Our Sustainability

CO2 emissions in FY2023

In FY2023, domestic Scope 1 and 2 CO₂ emissions totaled 247,000 t-CO₂, a decrease of roughly 24,000 t-CO₂ from the previous fiscal year. The main reduction factors are reduced CO₂ emissions (approximately 5,000 t-CO₂, market-based) through a substantial shift to renewable energy for purchased electricity by utilizing FIT Non-Fossil Certificates, which we began purchasing in

Carbon offsets

CO2 emission reduction targets and results for domestic Group

(thousand t-CO2) **Domestic energy-derived** Non-energy-derived CO₂ (limestone calcination derived) 300 CO₂ emissions in FY2030: 38% or more reduction (Compared to FY2013) 200 — 167 **Goal: Achieve** 187 149 169 carbon 116 neutrality in Scope 1 and Scope 2 emissions 100 bv FY2050 104 101 101 98 83 2013 2021 2022 2023 2030 2050 (Fiscal year)

Energy-derived CO₂ (fuel-/electricity- etc. derived)

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

2. CO₂ emissions figures for previous years have been revised retroactively following a review of the calculation methods.

Committee has taken the lead in measuring and promoting efforts to reduce CO₂ emissions toward carbon neutrality.

FY2023 and reduced energy-derived CO₂ emissions (approximately 18,000 t-CO₂) due to a decrease in energy usage. Also, the production of quicklime, which is made by calcining limestone, decreased, resulting in a reduction of non-energy-derived CO₂ emissions (approximately 6,000 t-CO₂).

Sustainability

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Environment

Measures to reduce CO₂ emissions

We are promoting several measures to successfully travel the path set out on our roadmap to carbon neutrality. As part of these efforts, in FY2022, we began switching the electricity used at multiple domestic locations to renewable

Internal carbon pricing (ICP) system

We introduced the ICP system to incentivize investments that contribute to decarbonization by granting economic incentives based on the amount of CO_2 emissions reduced through capital investments. Initially, the internal carbon price was set at 7,000 yen per ton of CO_2 , but to align with the International Energy Agency's (IEA) carbon pricing in the Net Zero Emissions by 2050 Scenario and to encourage further equipment investments, we revised the price to 20,000 yen per ton of CO_2 in June 2024.

In FY2023, this system was applied to the installation of solar power generation facilities for self-consumption, contributing to the implementation of CO_2 reduction efforts.

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

From FY2023, we began purchasing FIT Non-Fossil Certificates with tracking for our FIT solar power plants to key a substantial shift to renewable energy for a portion of purchased electricity for the Torigatayama Quarry Complex. In FY2023, we purchased approximately 12,000 MWh worth of FIT Non-Fossil Certificates and conducted a substantial shift of our purchased electricity to renewable energy. We will continue purchasing FIT Non-Fossil Certificates in FY2024 and beyond as part of our efforts to reduce CO₂ emissions.



energy sources. We are also implementing the following measures and will continue to accelerate our efforts to reduce CO₂ emissions moving forward.

Installing renewable power generation facilities for self-consumption

We are actively installing power generation facilities for self-consumption based on renewable energy sources at each Group location. In FY2023, we installed a 10 kW solar power generation system for self-consumption on the roof of the office building at Hokkaido Lime Co., Ltd. In FY2024, we plan to install solar power generation systems for self-consumption with a total output of approximately 560 kW at the three locations of the Torigatayama Quarry Complex (coastal area), Hachinohe Mining Co., Ltd., and Nippon Ball Valve Co., Ltd.

We are also continuing to explore similar installations at other locations and aim to further expand adoption through the ICP system.

Status of considerations for installing renewable power generation

r-consumption	(Number of locations		
	Under installation	Under consideration	
1	3	5	
0	0	1	
0	0	3	
	Installed 1 0 0	InstalledUnder installation130000	

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 technologies such as CCUS to reduce CO₂ from limestone calcination in the future

Environment

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.

Conservation and utilization of forest resources through proper management of company-owned forests

As part of our CSR activities, we engage in sustainable forest management by planting trees on former mine sites and idle land. Among these efforts, we have obtained SGEC forest certification for our company-owned forest in Shiraoi, Hokkaido (area of roughly 1,200 ha), where we continue to foster healthy forest growth, conserve biodiversity, and replenish water sources.

To further reduce the CO₂ emissions of our Group, we promote forest growth

Maintaining an environmental management system

We have obtained ISO14001 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.

ISO14001 certified locations

Nittetsu Mining Co., Ltd.

- Torigatayama Quarry Complex
 Shiriya Quarry Complex
- Ikura Quarry Complex
 Higashi-shikagoe Quarry Complex
- Oita Quarry Complex (including Tsukumi Limestone Co., Ltd., Tsukumi Cooperative Mining Co., Ltd.)
- Tochigi Quarry Complex (including Kuzuu Limestone Aggregate Co., Ltd.)

Nippon Ball Valve Co., Ltd.

through appropriate thinning and reforestation, aiming to obtain J-Credit certification for the CO₂ absorbed by these forests. Also, at other company-owned forests, we focus on maximizing the value of forest resources through proper conservation and management, with the goal of obtaining J-Credit certification.

Greening results (consolidated)

	Unit	FY2021	FY2022	FY2023
Tree planting	trees	5,545	10,061	14,703
Seed spraying	m²	45,820	47,667	83,057

Sustainability

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Long distance belt conveyors that contribute to reducing environmental impact

The Torigatayama Quarry Complex features 11 long-distance belt conveyors that transport limestone extracted from the mines more than 23 km to the coastal ore processing plant. Using belt conveyors instead of trucks helps reduce CO₂ emissions in transport and allows us to transport mineral resources with low environmental impact.

Five of the 11 belt conveyors are steeply sloped downhill, and the potential

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 guality.

We also use Aqueduct—a suite of tools developed by the World Resources

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



energy of the limestone they transport generates electricity that can be effectively used for other equipment.

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.

Sustainability

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 Mine in Chile. Tailings dams (tailings storage facility) 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.

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Sustainability

Environment

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 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.

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 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.

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
		Increase in carbon pricing	Risk	Costs increase when new carbon-related taxes are introduced	Ongoing information gathering
	Policies/legal regulations	Tighter regulations	Risk	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	 Promoting investments that help to reduce CO₂ emissions
		Development of new technologies	Risk	Demand for limestone decreases when alternative materials and technologies are developed	Promoting limestone exporting
			Opportunity	Profits increase when we develop products that help lower GHG emissions	• Promoting research and development that helps reduce GHG emissions
Transi	Technology	Spread of renewable energy/	Risk	Energy procurement costs increase when we purchase renewable energy	 Installing renewable power generation facilities for self-consumption to reduce purchased electricity Directly procuring FIT Non-Fossil Certificates to reduce the cost of shifting to renewable energy power sources
tion ri		technologies	Opportunity	 Greater possibilities for new development in geothermal power generation, solar power generation, and other areas 	Promoting geothermal development in Shiramizugoe
risks	Fluc Market pro pric	Fluctuation of product/material	Risk	 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 	 Identifying projects in the context of internal exploration Joining projects from the early stages of development
		prices	Opportunity	Demand for copper increases amid growing demand for electrification Economically mineable ores increase as the profitability of copper mines increases	• Launching development work on the Arqueros Copper Mine and promoting the identification of other projects
	Reputation	Changes in customer behavior	Risk	Costs increase when we respond to demand for products with lower GHG emissions	 Installing renewable power generation facilities for self-consumption to reduce purchased electricity Directly procuring FIT Non-Fossil Certificates to reduce the cost of shifting to renewable energy power sources
			Opportunity	Customers demand more products that help reduce GHG emissions	Reinforcing our supply system for POLYTETSU
		Intensification of	Risk	 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
Physical risks	Acute disast typho	disasters (e.g., typhoons, floods)	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
	Chronio	Increase in mean	Risk	 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
	Chronic	temperatures	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 POLYTETSU



Environment

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.

Sustainability

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 self-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 implementing carbon offsets through CO₂ absorption in company-owned forests and adopting new technologies, such as CCUS (Carbon Capture, Utilization, and Storage), when they become feasible 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:

*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 calculation results for FY2023 are shown in the following table. We will continue to calculate and disclose GHG emissions going forward.

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

Indicator	Unit	FY2023
GHG emissions (Scope 1 & 2 total)	thousand t-CO₂	270
Scope 1	thousand t-CO2	197
Scope 2 (market-based)	thousand t-CO₂	73
Total energy consumption	MWh	580,593
Non-renewable fuel consumption	MWh	383,108
Non-renewable electricity consumption	MWh	184,173
Other non-renewable energy consumption	MWh	120
Renewable electricity consumption	MWh	13,192

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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

Social

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. Guided by this policy, the Safety Administration Office at our head office develops an annual Safety Administration Office Policy and takes the lead in promoting safety activities.

Initiatives

2024 Safety Administration Office Policy

To prevent similar accidents by learning from Basic policy past incidents. 1. Zero accidents resulting in absence from work.

2. Total of 15 injuries or fewer, including accidents not resulting in absence from work. 3. Increase the number of business locations achieving complete zero-incident records.

- 1. Provide guidance and support for safety activities at various sites and companies. 2. Conduct safety training for management, key managers, technical staff,
- and partner companies. 3. Perform inspections, guidance, and information sharing during safety
- patrols at each site and company. 4. Ensure compliance with safety and health-related laws and regulations.

Safety performance in 2023 (including contractors working onsite)

	Japan	Overseas
Number of fatal accidents	0	0
Number of accidents resulting in absence from work*	5	9
Number of accidents not requiring absence from work	11	34
Percentage of accidents resulting in absence from work*	1.61	-

* 1 or more days lost

Management system

Goals

Each year, our Safety Administration Office establishes the Safety Administration Office Policy 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



Scene from a hazard prediction training session 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.

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.

FY2021	FY2022	FY2023
282	555	530

Note: Results of training provided by the Safety Administration Office to domestic Group companies

Implementation of internal examinations

In response to the revision of the Mine Safety Act in 2004, which abolished the national examination system that had been in place, our Group adopted a proprietary internal examination system as an effort to address the reduction in opportunities to learn technical skills related to safety and health. The internal examination system is used to select personnel responsible for directly supervising and instructing workers at mining sites. The examination is conducted as part of employee education, with the aim of preventing workplace accidents.

Social

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.

Sustainability

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.

As part of our Human Resources Development Policy, we have introduced new training for line managers. Based on this policy, we provide opportunities for employees to enhance their abilities and values. To foster personnel capable of independent thinking and taking action proactively, line managers, who manage operations on the ground, play a crucial role. Therefore, we have established and implemented a

continuous management education and support system for line managers.

Furthermore, we have revised the level-based training structure. Previously, it primarily focused on new graduate hires, but with the recent increase in mid-career hires, we have restructured the system to ensure that more employees can participate in education and training programs.

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 mid-career 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 (FY2023)	Target (FY2030)
Women	0.9%	5% or more
Foreign nationals	0.0%	5% or more
Mid-career hires	8.4%	15% or more

Sustainability

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 recruited for 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)

	FY2021	FY2022	FY2023
Percentage of women hired	21.7%	19.6%	15.8%
Percentage of women hired (career track positions only)	23.1%	14.7%	20.0%
Gender gap in average continuous service	4.5 years	4.5 years	4.3 years
Percentage of female employees	16.1%	15.8%	15.3%
Percentage of female employees taking childcare leave	100%	100%	100%
Gender wage gap*	55.7%	54.5%	54.0%

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

Hiring of foreign talent

In line with the Third Medium-Term Management Plan, our Group is working on overseas expansion of both the Mineral Resources business and the Machinery & Environmental Engineering business. The diversification of human resource is essential to achieving this goal, and as part of this effort, we have boosted the hiring of foreign talent. As a result, the number of foreign employees increased from two in April 2023 to nine by the end of September 2024. Moving forward, we will continue to hire foreign talent in line with our business strategy and actively leverage human resources from a global perspective.

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.

We also conduct follow-up training for mid-career hires to deepen their understanding of our corporate philosophy and business operations, motivating them to engage positively in their future roles. Furthermore, we provide training and networking sessions for foreign employees to foster connections among them and support the development of their individual abilities.



Informal gathering with foreign employees

Social

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.



Wheelchair stair lift and vehicle with ramp installed at our R&D Center

Employment rate of people with disabilities (Nittetsu Mining)

Sustainability

FY2021	FY2022	FY2023
2.57%	2.37%	2.19%

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.

Efforts to extend the retirement age

To ensure the sustainable and stable operation of our business, it is essential to leverage the skills of senior employees while improving productivity. Therefore, in April 2024, we raised the retirement age to 65.

This change allows us to make full use of the advanced knowledge, skills, experience, and capabilities of senior employees and pass them on to future generations. Furthermore, it helps us create a work environment where employees can work with peace of mind, remain highly motivated, and enjoy long-term employment.

Number of participants in harassment prevention training (total)

FY2021	FY2022	FY2023
105	668	1,123

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

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Sustainability

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Social

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.

Announcement of the Declaration of Partnership Building

In May 2024, we announced our Declaration of Partnership Building with the aim of promoting mutual prosperity throughout the supply chain and ensuring fair and equitable transactions through collaboration across businesses of all sizes and adherence to advancement standards. Our Group seeks to build new partnerships by further enhancing value-added aspects through strengthened trust with partner companies.



Logo of the Declaration of Partnership Building

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.

- Organized driving license courses and provided support for application procedures and costs for residents of Tierra Amarilla and Paipote.
- Provided relief supplies to residents affected by forest fires in central and southern Chile.
- Carried out road maintenance in the Tierra Amarilla area.
- Conducted gas piping technical training for 23 residents of the Paipote area.
- Hosted mine tours for teachers and students from Technological University of Chile INACAP.
- Conducted welding training for 23 residents of the local community.
- Conducted welding training for 20 residents of the Tierra Amarilla area.
- Conducted security training for 15 residents of the Paipote area.



Welding training completion ceremony



Scene from a mine tour

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 47.1% of senior (general manager-level) management positions. Additionally, women hold 14.1% of management (section manager and higher) positions, and we are promoting active participation by women.

Governance

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Corporate Governance

Board Members (as of September 30, 2024)

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

Yukihiko Haqikami

2.2

Outside Director

Kenichi Itakura

Representative Director and President

Reiichi Morikawa

Limestone & Raw Materials Sales Department

- Minera Atacama Kozan June 2017 Director, Responsible for Non-Ferrous Metal & Ore
- Raw Materials Sales Department Oct. 2017 Director, Responsible for Limestone & Raw Materials Sales Department and Non-Ferrous Metal
- June 2019 Managing Director, Responsible for Limestone & Raw Materials Sales Department and Non-Ferrous Metal & Ore Department
 - position)

Director and Managing Apr. 1987 Joined the Company Corporate Executive Hirofumi Fuiimoto

- 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
- Apr. 2023 Director, Responsible for General Administration Business Continuity Management Office



- Dec. 2023 Director and Corporate Executive, Responsible for Human Resources Department, General Manager of Internal Audit Department
- for Human Resources Department, General Manager of Internal Audit Department (current position)

Outside Director Nobumichi Izumi



- Apr. 1986 Joined the Company June 2012 General Manager of Limestone & Raw Materials Sales Department June 2015 Corporate Executive and General Manager of
- Apr. 2017 Director and President of Sociedad Contractual
 - Department, and General Manager of Limestone &
 - & Ore Department
- Apr. 2021 Representative Director and President (current

Director and Managing June 2014 General Manager of General Administration Corporate Executive

- Kenii Otakara
- Department and Business Continuity Management Office Department, Human Resources Department, and



- June 2024 Director and Managing Corporate Executive, Responsible
- 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



- 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)

- **Director and Managing** Apr. 1984 Joined the Company Corporate Executive 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
 - June 2024 Director and Managing Corporate Executive, Responsible for Resources Development Department and Overseas Mineral Resources Business Department (current position)

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
- June 2024 Director and Managing Corporate Executive, Responsible for Corporate Planning Department, General Accounting Department, and Non-Ferrous Metal & Ore Department (current position)
- 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
- 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**

Apr. 1986 Joined the Company

Department

Company

(current position)

June 2023 Director

June 2013 General Manager of General Accounting

June 2016 Managing Director of Hachinohe Mining Co., Ltd.

June 2019 Standing Audit & Supervisory Board Member of the

(Standing Audit and Supervisory Committee Member)

- Director
- Seiii Yasuda

Outside Director Eiki Hotta

Outside Director

Yuko Aoki

June 2017 Audit & Supervisory Board Member of the Company June 2023 Director of the Company (Audit and Supervisory Committee Member)

Apr. 1994 Registered as Attorney-at-Law

Apr. 1999 Joined Aoki Law Office

Associations

June 2022 Director of the Company

June 2023 Director of the Company

(current position)

Joined Shigetaka Arai Law Office

Bureau, Ministry of Justice

Apr. 2021 Vice Chairman, Daini Tokyo Bar Association

Apr. 2004 Joined Litigation Department, Tokyo Legal Affairs

Apr. 2009 Joined Shin-Yotsuya Law Offices (current position)

Managing Director, Japan Federation of Bar

(Audit and Supervisory Committee Member)

Science & Engineering, Tokyo Institute of Technology Apr. 2016 Emeritus Professor of Tokyo Institute of Technology

(current position)

Apr. 1995 Professor of Interdisciplinary Graduate School of

Corporate Executives

Managing 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 Executives

Responsible for General Administration Department and Business Continuity Management Office, General Manager of General Administration Department

Tsutomu Nomura

Corporate Executive

General Manager of Torigatayama Quarry Complex

Tomohiro Saito

Corporate Executives

General Manager of Corporate Planning Department

Hiroki Nagata

Corporate Executive

General Manager of Resources Development Department



- Facility, Muroran Institute of Technology

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 are committed to becoming a company worthy of the trust of shareholders, users, and local communities.

Basic approach

Nittetsu Mining is committed to continuously fulfilling its crucial responsibility of supplying raw materials to key industries in the future. At the same time, we strive to achieve sustainable growth and enhance corporate value over the medium to long term to contribute to the mutual prosperity of our stakeholders, including shareholders, business partners, local communities, and employees. We are also focused on strengthening corporate governance to support these goals.

Nittetsu Mining's Basic Policy on Corporate Governance (Japanese version only)

https://www.nittetsukou.co.jp/ir/governance/pdf/policy.pdf

System

Our corporate governance structure functions effectively through oversight by the Board of Directors, day-to-day operational audits by the Audit and Supervisory Committee, and internal audits conducted by a cross-functional audit team led by members of the Internal Audit Department.

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 Audit and Supervisory Committee Member's Office 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.

In June 2024, we further strengthened our governance by appointing an Outside Director as chairperson.

Organizational chart (as of June 27, 2024)



Our corporate governance is built on the following five key principles:

- (1) Ensure the rights of shareholders and substantive equality.
- (2) Consider the interests of diverse stakeholders and strive for appropriate collaboration.
- (3) Disclose information appropriately to ensure transparency.
- (4) Directors recognize their fiduciary responsibility to shareholders and fulfill their roles and duties accordingly.
- (5) Engage in constructive dialogue with shareholders.

Sustainability

Sustainability

Corporate Governance

Composition of the Board of Directors and Audit and Supervisory Committee in FY2024

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	Gender
Reiichi Morikawa				Male
Yukihiko Hagikami				Male
Hirofumi Fujimoto				Male
Kenji Otakara				Male
Nobumichi Izumi				Male
Kenichi Itakura				Male
Seiji Yasuda				Male
Eiki Hotta				Male
Yuko Aoki				Female

Skills matrix for Directors (as of June 27, 2024)

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/ Accounting	Human resources/ Human resource development
Reiichi Morikawa	7	0	O	Representative Director and President	•	•	•					•
Yukihiko Hagikami	5		\bigcirc	Director and Managing Corporate Executive	٠	•	•	٠				
Hirofumi Fujimoto	5		0	Director and Managing Corporate Executive	•		•			•		•
Kenji Otakara	3		0	Director and Managing Corporate Executive	•		•			•	٠	
Nobumichi Izumi	5	\bigcirc		Outside Director								
Kenichi Itakura	3	\bigcirc		Outside Director								
Seiji Yasuda	5		0	Director (Standing Audit and Supervisory Committee Member)	•					•	•	
Eiki Hotta	7			Outside Director (Audit and Supervisory Committee Member)		•			•			
Yuko Aoki	2	\bigcirc		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 Managing Executive Officer Masanobu Kawata and Corporate Executives Hiroyuki Sakaguchi, Ken Soda, Tsutomu Nomura, Tomohiro Saito, Hiroki Nagata, and Takao Asaki.

Evaluating effectiveness

In March 2024, we conducted a self-assessment survey for all Directors using an anonymous questionnaire administered by an external organization to evaluate the effectiveness of the Board of Directors. The survey results were generally positive, and we recognize that the effectiveness of the Board is being maintained.

In April 2024, the Board of Directors discussed and reviewed the analysis and evaluation results provided by the external organization regarding the actions taken in FY2023 to address issues identified in FY2022. One of the issues, namely, the approach to diversity, including gender, within the Board of Directors and the Company as a whole, was acknowledged as an area that requires further discussion and improvement. Regarding the issue of ensuring opportunities for more free, open-minded exchange of views, we responded by transitioning to

a company with an Audit and Supervisory Committee in June 2023. To enhance discussions on business strategy within the Board of Directors, we delegated part of the decision-making on business execution to individual Directors. Furthermore, we have continued to hold off-site meetings after Board of Directors meetings to allow for free, open-minded discussions and exchanges of opinions among the members of the Board of Directors. For important business matters, before presenting them to the Board of Directors, they are deliberated in management meetings attended by all Directors, including Audit and Supervisory Committee members and Outside Directors, ensuring free and open discussions and exchanges of opinions.

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 performancelinked 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 FY2023

Sustainability

	Total	Total amount of r	Number of			
Category	remuneration (Millions of yen)	Monthly remuneration (fixed remuneration)	Bonus (performance-linked remuneration)	Non-monetary compensation	recipient	
Director (excluding Audit and Supervisory Committee Members)	252	171	71	10	9	
Director (Audit and Supervisory Committee Member)	33	33	-	-	3	
Audit & Supervisory Board Member	16	16	-	-	4	
Outside executive	42	42	-	-	5	

Notes: 1. As of the 109th Annual General Meeting of Shareholders held on June 29, 2023, we transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee. The amounts paid to Audit and Supervisory Board Members correspond to the period before this transition, while the amounts paid to Directors (Audit and Supervisory Committee Members) correspond to the period after the transition.

2. The above figures include one Director and two Audit and Supervisory Board Members (one of whom was an Outside Audit and Supervisory Board Member) who stepped down at the conclusion of the 109th Annual General Meeting of Shareholders held on June 29, 2023. Furthermore, the figures include one Director who resigned during the fiscal year.

- 3. The amount paid to Directors does not include employee salaries or bonuses for Directors who concurrently serve as employees.
- 4. At the 109th Annual General Meeting of Shareholders on June 29, 2023, we introduced a share-based remuneration plan using a trust (non-monetary compensation). The non-monetary compensation amount listed reflects the provision for the period from July 1, 2023 to March 31, 2024, applicable to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors).
- 5. 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.

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Corporate Governance

Message from Outside Director

Could you share insights about your previous experiences, areas of expertise, or key points you emphasize in Board meetings?

I grew up in a coal-mining area in Hokkaido and went on to study mining engineering at university. Even during my academic career, I was focused on research, including the prediction of large-scale rock bed failures through the measurement of micro-fracture sounds in rock beds and visualizing the inside of rock beds by measuring the energy consumed by drilling machines. My research fields included both Japanese and international coal mines. The former research contributed to gas outburst and rock burst prevention, while the latter focused on preventing mine roof failures and optimizing tunnel support, both serving the advancement of mine safety. Alongside my work in education and research, I participated in the application process for transitioning a national university to an independent corporation and, after the reforms were implemented, contributed to university management by serving as vice president.

After retiring from the university, I established endowed courses at the university through requests from local governments and companies. These courses allowed me to continue researching underground coal gasification and explore the storage of CO₂ as microbubble carbonated water in underground mining areas. In addition, I serve as the president of the Hokkaido Environmental Conservation Technology Association, a group of civil engineering consultants, and participate in global mining efforts as a member of the International Organizing Committee (IOC) of the World Mining Congress. Though my contribution is modest, I am committed to supporting the advancement of mining worldwide. In 2021, I was appointed as an Outside Director of Nittetsu Mining.

In addition to my many years of university education, research, and organizational management in my specialty of mine safety, I leverage the insights gained from visiting nearly 70 mines across five continents. As an Outside Director, I provide recommendations at Board meetings and offer advice and oversight regarding business execution. I also participate in various meetings, such as safety manager meetings, site manager meetings, and affiliate company president meetings, and provide input during site visits to our Company's mines, mainly focusing on strengthening risk management. Moreover, lactively engage with and offer advice to the Company's R&D Department on topics closely related to my field of expertise, as well as the Geothermal Development Department, whenever opportunities arise.

What impression do you have of our Company's Board of Directors and corporate culture?

It seems to me that the mining business shares a

Kenichi Itakura

Outside Director (Nomination & Remuneration Committee)

common organizational culture worldwide. This culture likely stems from the industry's historical integration into national growth strategies and its experience with numerous disasters and accidents. As a result, the industry is characterized by a strict focus on safe operations and a diligent work ethic. At the same time, it fosters a lively social environment with festivals and gatherings to ease stress and promote camaraderie among internal and external stakeholders. I feel that our Company also embodies these aspects, striking a healthy balance between them. This balance is also evident in our Board meetings.

I expect that the approach to our operations, which emphasizes practical integrity and resilience, will continue to evolve moving forward. This realization really struck home after living in the United States, where I

Corporate Governance

became aware of the lack of diversity in Japanese society. Japan has traditionally been a society that emphasizes conformity, educating people to align with a single vector. While this has its merits, it makes it more difficult to innovate. This same stricture applies to companies as well. It is crucial to thoroughly analyze industry trends, but it is equally important to blaze our own original trail based on that research. The key here is not to completely deny the past but to evaluate and adopt what was good about it, promote reform, and develop businesses backed by our original technologies. In fact, mining engineering, particularly extraction and mining technologies, has changed little over the past 100 years, leaving significant room for technological innovation. Given our long involvement in mine operations, it might be worth taking on the challenge of developing new technologies. Alternatively, establishing a division to research technologies for resource development on the Moon or Mars-fields now recognized as specialties in academic circles-could attract considerable interest from younger people. By securing such talent, we can naturally foster a corporate culture characterized by diversity and practical integrity and resilience.

Please share your thoughts on the expectations and challenges for our management and business operations.

In May 2024, a long-term vision was announced, outlining the desired state of the Company in ten years along with a management target of achieving an ROIC of 7% or higher. At the same time, the Third Medium-Term Management Plan was unveiled as a milestone toward achieving that vision, and it has been assessed as a highly practical plan.

The Third Medium-Term Management Plan envisions sustainable growth as a global comprehensive resource company, including initiatives such as the overseas export of limestone, overseas production of POLYTETSU, and the development of overseas copper mines, such as the Arqueros Mine. One challenge we face is raising awareness of our business activities. As a B2B-focused company, our opportunities for external communication have been limited. Moving forward, the Public & IR Relations Section established in July 2024 will take the lead in communicating our vision, plans, and business results through various channels. This is expected to improve stakeholder understanding of Nittetsu Mining, foster growth expectations, and reduce capital costs, thereby improving the P/B ratio. This topic has been frequently discussed in the Board of Directors meetings and raised as a key issue in meetings with Outside Directors.

We are actively engaged in daily safety activities at our worksites, achieving a notable track record of just a few accidents given the scale of our operations. However, safety activities and safety measures are never-ending efforts. If safety activities become routine, and words, slogans, or safety notices no longer stay in the minds of individual employees, that is a red flag. This applies not only to accident and injury prevention but also to the prediction, prevention, and response to disasters, as well as intellectual property management and information security. These are essential challenges that must be addressed to ensure sustainable growth and align with our commitment to achieving zero accidents.

Do you have a message for our shareholders and investors?

We believe that the core of mining company management lies in sustainable safe operations through continuous mining safety activities. A single major accident or disaster would not only result in enormous losses but also erode public trust, potentially jeopardizing the Company's survival. Our management targets always emphasize the importance of ensuring safety. Leadership fully embraces the stance that nothing is more valuable than human life.

In my personal view, while major accidents and disasters often attract attention, it is equally important to investigate and eliminate the causes of smaller, everyday accidents and incidents. Accidents and disasters tend to follow certain trends, influenced indirectly by unpredictable factors such as weather, economic activity tied to supply and demand, and larger-scale events. It is important to monitor small incidents and take measures to prevent them from escalating into large-scale accidents or disasters. Furthermore, attention must be paid to the horizontal sharing of accident and disaster case studies to detect trends, ensuring that prompt alerts are issued when necessary. From this perspective, our Company's safety measures are evaluated as effective at this stage, starting with safety education and extending to on-site safety training. We hope that our shareholders and investors will understand the unique historical background of mining companies and the importance of mining safety.

Our Company transitioned to the Prime Market (top-tier segment of the Tokyo Stock Exchange) in 2022, marking the beginning of a new era of transformation. The Company has responded swiftly to the proposals from Outside Directors and stakeholders, establishing several internal committees and significantly reorganizing its administrative structure. As was the case with university reforms and the establishment of a corporate entity, I believed that after a transitional period, a period of stability would follow. However, reality often defies expectations. It is essential to evaluate the past and pursue relentless transformation. Amid these transformations, I intend to fulfill my responsibilities as an Outside Director by continuing to provide advice on safe operations from the perspective of mining safety.

Sustainability

Corporate Governance

🚩 Risk management

Business Continuity Plan

Our Business Continuity Plan (BCP) is designed with the primary objectives of protecting human life and business assets during disasters, ensuring the rapid recovery of operations, and minimizing the impact on stakeholders. Particular emphasis is placed on the limestone business, where our management resources are most concentrated.

We have established a Business Continuity Management Office at our head office to continuously update our BCP, ensuring it remains the most current and effective. This is achieved through regular safety confirmation drills and business continuity management (BCM) meetings, where risks are reviewed.

Given that we have overseas locations, the establishment of a global safety management framework is a priority. To further enhance our crisis response capabilities, we regularly revise the Overseas Emergency Response Manual, which covers expatriate employees and their accompanying family members.

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 FY2023, we held two Quality Assurance Committee meetings at which studies of the status of quality control at each audit location, activities of the Quality Risk Management Subcommittee, and other information were 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 established an information security policy and 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.

Our externally accessible servers undergo vulnerability assessments by third parties, and appropriate measures are taken promptly to address any identified vulnerabilities.

We regularly conduct information security training and implement

awareness-raising activities to counter phishing and new threats.

We are revising rules and issuing alerts on how to safely use external cloud services, generative AI, and other new technologies.

We are implementing partial steps to transition the telecommuting environment into an enhanced environment for full-scale operations to improve working environments and as a BCP measure.

(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 FY2023, we conducted an e-learning program to enhance employees' knowledge of information security, and around 900 employees participated.

Corporate Governance

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 Department, 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) Overview of internal audits

Our Internal Audit Department 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.

(2) Compliance training

We regularly hold training sessions to maintain and improve the awareness of compliance among executives and employees. In FY2023, we conducted risk management training sessions for executives, head office general managers and section managers, as well as internal controls education through e-learning for all employees.

Moving forward, we will continue to provide training and educational opportunities to strengthen the compliance framework and internal controls across our Group.

(3) 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 Department 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. Notably, in FY2023, 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 locations where internal audits were conducted

Sustainability





Number of participants in compliance training (total)

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

Number of internal reports and serious violations of laws and regulations



Note: The number of internal reports is based on the reporting criteria revised in FY2023.

Corporate Governance

Policy for cross-shareholdings

We plan to reduce our cross-shareholdings by 6,000 million yen (based on the market value at end of March 2022) over the five-year period from FY2022 to FY2026. In FY2023, we disposed of holdings in six shares totaling 200 million yen (with the same amount as the market value at end of March 2022). In FY2024, we disposed of holdings in two stocks worth 1,100 million yen during the first quarter

Dialogue with shareholders and investors

Nittetsu Mining is committed to achieving sustainable growth and enhancing corporate value through constructive dialogue with our shareholders and investors. The framework for facilitating and managing dialogue with shareholders and

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

Competitive advantages, our business model, the progress of the Medium-Term Management Plan, this fiscal year's performance and next fiscal year's outlook, the balance sheet (including Shareholder Return Policy and efforts to reduce cross-shareholding), ESG/SDGs initiatives, return on capital, and other efforts to improve the share price

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 have received with the Representative Director and all other executives (including Outside Directors and Corporate Executives) in reports prepared for each instance of dialogue.

COLUMN

Investor FAQ

We have published a FAQ after the full-year financial results for the fiscal year ended March 2024 (FY2023) and the announcement of the Third Medium-Term Management Plan on our IR site. We plan to update this section twice a year. https://ssl4.eir-parts.net/doc/1515/ir material3/234508/00.pdf

(with a March 2022 market value of 1,200 million yen). 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 investee companies over the medium to long term and whether our reasons for holding the shares remain valid. See p. 15

Business Strategy

investors is overseen by the Corporate Executive responsible for the Corporate Planning Department, with the Manager of the Public & IR Relations Section within the Corporate Planning Department at the core handling the process.

	Number of individual meetings with							
investors and others (Meetings)								
	FY2021	FY2022	FY2023					
	23	28	31					



Sustainability

Nittetsu Mining's Value Creation

11-Year Financial Data

		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
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	166,884
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	11,177
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	12,056
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	6,602
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	6,734
Depreciation	(Millions of yen)	5,358	5,927	6,623	5,875	5,433	5,547	5,316	5,302	5,426	5,485	6,013
Research & development expenses	S (Millions of yen)	565	551	580	617	634	702	696	672	750	823	929
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	150,722
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	229,577
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	140,754
Earnings per share*	(Yen)	234.44	358.77	269.33	437.92	293.06	322.12	271.58	225.19	557.73	587.89	396.88
Dividend per share*	(Yen)	42.50	35.00	40.00	40.00	45.00	55.00	45.00	50.00	167.50	177.50	169.00
ROA (operating profit)	(%)	6.2	6.2	6.1	4.9	5.1	4.3	4.4	4.8	8.1	6.7	5.1
ROE	(%)	5.0	7.0	5.1	7.9	4.9	5.3	4.5	3.5	8.0	7.7	4.8
EBITDA	(Millions of yen)	14,876	16,160	16,713	13,901	14,174	13,027	12,892	14,029	21,141	19,117	17,190
Equity ratio	(%)	50.6	52.5	53.9	58.5	58.9	59.8	57.5	58.9	60.7	63.5	61.3
Cash flows from operating activities	6 (Millions of yen)	5,742	19,811	11,070	12,079	12,161	13,465	9,242	9,414	8,539	15,818	8,951
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)	(6,326)
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)	(5,840)
Payout ratio	(%)	18.1	9.8	14.9	9.1	15.4	17.1	16.6	22.2	30.0	30.2	42.6
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	2,155

* 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.

Financial results and related materials

https://www.nittetsukou.co.jp/eng/ir/library/financial_report.html



Non-Financial Highlights



Total sales of POLYTETSU (consolidated) (Thousand tons)



 Sales volume of electricity generated from renewable energy (consolidated)



Note: This graph aggregates the power sales from solar and small-scale hydropower generation as well as the converted power generation values from geothermal steam supply in the Renewable Energy business.

Total copper concentrate production (consolidated)



- Total geothermal steam supplied (consolidated) (Thousand tons)
 1,937

 1,808
 1,845
 1,754
 1,848
- 2019 2020 2021 2022 2023
- CO2 emissions (consolidated; domestic) (Thousand tons)



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

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



3. Includes employees of contractors working onsite

Number of days of paid leave/percentage of leave taken (Nittetsu Mining) 15.3 Number of days of paid leave (days) Percentage of paid leave taken (%) 13.0 12.9 12.0 82.9 69.0 10.4 64.1 68.2 55.1 2020 2019 2021 2022 2023

Average continuous service (Nittetsu Mining)
 (Years) Men Women



Number of employees/percentage of women (Nittetsu Mining)



Percentage of women hired (Nittetsu Mining)



Employment rate of people with disabilities (Nittetsu Mining)



2019	2020	2021	2022	2023

Financial institutions 20.2 Securities companies 1.3

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Corporate Profile and Share Information (as of March 31, 2024)

Company name	Nittetsu Mining Co., Ltd.	List of lo
Date of establishment	May 20, 1939	List o
Representative	Reiichi Morikawa, Representative Director and President	https://
Head office	Yusen Building 6th floor, 3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8377 Japan	eng/co
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.	List o https:// eng/co

Consolidated 2,155; Non-consolidated 718 Number of employees

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of Business Locations //www.nittetsukou.co.jp/ ompany/location/



of Group Companies /www.nittetsukou.co.jp/ mpany/group/



Basic information

Securities code	1515	Treasury shares — 0.3		 Individuals/other 16.1
Stock exchange listings	Tokyo Stock Exchange Prime			
Business type	Mining business	Other domestic		
Share unit	100 shares	corporations – 38.9	Distribution of shareholdings by	
Authorized shares	40,000,000 shares		shareholder type	
Outstanding shares	16,704,638 shares (including 50,771 shares of treasury stock)		(70)	Financial institutions 20 2
Number of shareholders	6,157	Foreign corporation		Securities
Fiscal year	April 1 to March 31	23.2	5	1.3
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 Special account administrator	Sumitomo Mitsui Trust Bank, Limited			

Major shareholders

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
NIPPON STEEL CORPORATION	2,475	14.87
The Master Trust Bank of Japan, Ltd. (trust account)	1,400	8.41
Nittetsu Kogyo Shogakukai	1,282	7.70
ASO CORPORATION	665	3.99
Mizuho Bank, Ltd.	588	3.53
Sumitomo Mitsui Banking Corporation	580	3.49
CEPLUX- THE INDEPENDENT UCITS PLATFORM 2	508	3.05
Custody Bank of Japan, Ltd. (trust account)	353	2.12
Nittetsu Kogyo Shareholding Association	322	1.93
DFA INTL SMALL CAP VALUE PORTFOLIO	292	1.76

Notes: 1. Shareholding ratio is calculated excluding treasury stock (50,771 shares).

2. Shareholding ratios are rounded off to two decimal places.

3. The number of shares owned by Custody Bank of Japan, Ltd. (trust account) includes 17,900 shares held as trust assets for the board benefit trust.