

Metals & Minerals Company

- Development of metal & mineral resource projects (iron ore, coal, non-ferrous metals, rare metals, etc.)
- Trading of raw materials for steel-making (iron ore, coal, etc.), fuel for power generation (coal, uranium), non-ferrous raw material and products (aluminum, etc.), and recycling business (metal scrap, waste treatment, etc.)
- Decarbonization-related business (hydrogen, ammonia, CCUS, emissions trading, etc.)
- Steel business (import and export to / from Japan, trading in non-Japanese markets, processing, etc.)



Kenji Seto
President, Metals & Minerals Company



From left: **Jun Inomata**,
Chief Operating Officer, Metal & Mineral Resources Division
Kazuyoshi Sato,
Chief Financial Officer
Osamu Tano,
General Manager, Planning & Administration Department
Toru Shinya,
General Manager, Steel Business Coordination Department

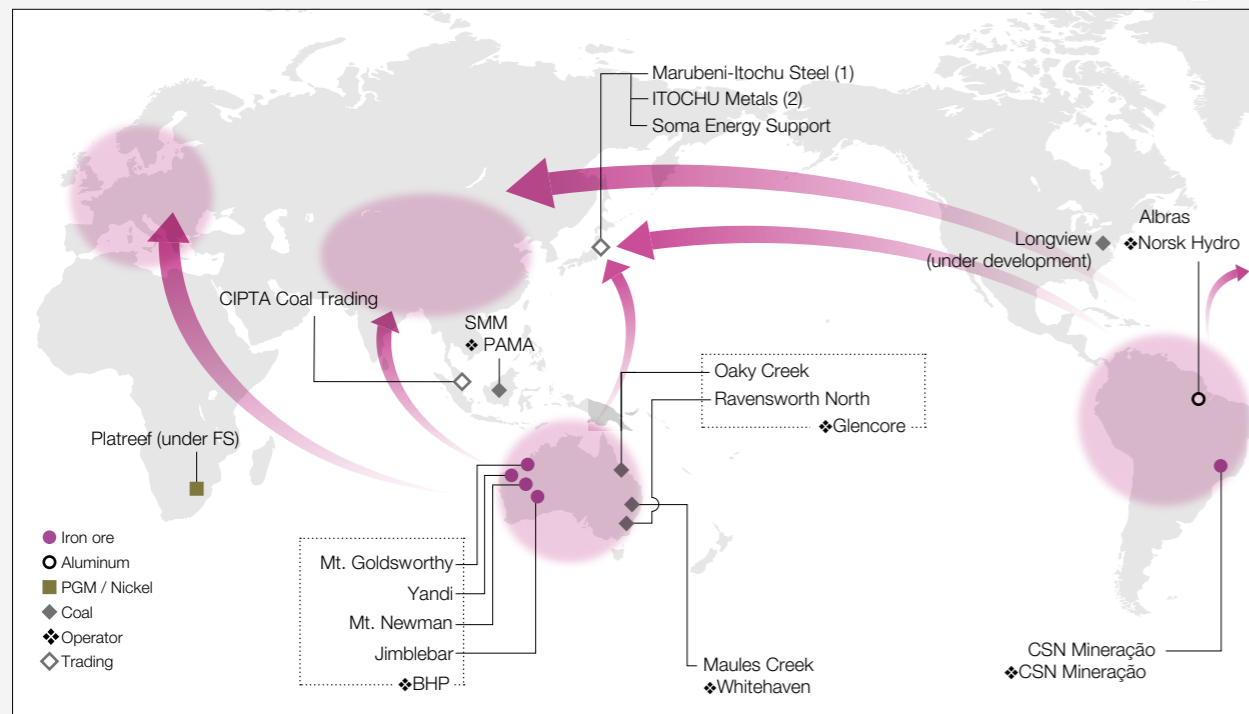
Company Strengths

- Strong relationships with blue-chip business partners in each business area
- Ownership of superior natural resource assets, in particular centering on iron ore and coal
- Broad-ranging trade flows that run from upstream (metal & mineral resources and metal materials) to downstream (steel / non-ferrous products)

Business Development

Percentage of Earnings from Domestic Business (image)

10%



(1) Marubeni-Itochu Steel

- Trading company that specializes in the steel distribution business and has business foundations in regions worldwide
- Provision of high-value-added services related to steel and other products, including import, export, sale, processing, supply chain management, and investment in steel-related industries



(2) ITOCHU Metals

- Trading company that specializes in non-ferrous metals and recycling, operates from raw material supply to resource recycling worldwide
- Raw material supply, product distribution, and proactive advancement of a comprehensive recycling business that is helping build a circular economy



FYE 2021 Review (Specific Accomplishments)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Promoted development of South Flank iron ore mine in Australia and Longview coking coal mine in the U.S. with the aim of building a natural-resource asset portfolio supporting continued future business growth
- To make hydrogen a practical fuel option for society, started to collaborate with NIPPON COKE & ENGINEERING CO., LTD. and Compagnie Maritime Belge B.V. in Belgium to promote a “local production for local consumption” model for hydrogen in northern Kyushu
- To promote decarbonization, divested our interest in the Drummond thermal coal mine
- With the aim of realizing a sustainable society, steadily promoted initiatives for venous industries, such as effectively utilizing resources through recycling and appropriately disposing of waste

Growth Opportunities (Sustainable Growth)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Leveraging our solid relationships with steel manufacturers and power companies to strengthen our initiatives in hydrogen and ammonia projects, which are indispensable to achieving carbon neutrality
- Steadily promoting carbon dioxide capture, utilization, and storage (CCUS) projects that help realize decarbonization across society
- Further promoting initiatives for venous industries to help build a circular economy, such as recycling and appropriate waste treatment
- Stably supplying materials indispensable to new technologies and social demands, such as EVs and FCVs, storage batteries, and lighter-weight materials that improve energy efficiency

Risk Responses (Reduction in Cost of Capital)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Pursuing efforts to completely withdraw from thermal coal mine investments and promoting technological development that contributes to GHG emissions reductions
- Promoting businesses that will facilitate the uptake of lighter-weight vehicles and EVs (such as aluminum and rare metals)
- Optimizing the asset portfolio to support stable supply of raw materials and fuels to meet social needs
- Complying with our Environment, Health, and Safety (EHS) Guidelines and continuing employee education on the Guidelines
- Contributing to local communities where we do business through the provision of healthcare, education, donations, and assistance to the establishment of regional infrastructure
- Promoting an increase in efficiency through mine operations and facility management utilizing DX, and conversion to the automated operation of mining equipment

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.

Details of the action plans are available on our website: <https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/>

- Evolve Businesses Through Technological Innovation
- Address Climate Change (Contribute to Realization of a Decarbonized Society)
- Cultivate a Motivating Workplace Environment
- Respect Human Rights
- Contribute to Healthier and More Enriched Lifestyles
- Ensure Stable Procurement and Supply
- Maintain Rigorous Governance Structures

Specific Example of Enhancing Our Contribution to and Engagement with the SDGs



CMB's hydrogen mixed fuel engine

Constructing a “Local Production for Local Consumption” Hydrogen Business in Northern Kyushu

ITOCHU is promoting cross-division initiatives related to hydrogen as a key technology for carbon neutrality.

The Metals & Minerals Company is conducting a joint operationalization research related to a “local production for local consumption” hydrogen business in northern Kyushu with ITOCHU's major customer NIPPON COKE & ENGINEERING CO., LTD. and Belgium's largest general maritime shipping company Compagnie Maritime Belge B.V. (CMB), which has a long-standing business relationship with ITOCHU in building new ships.

The aim of the project is to generate demand (underpinned by CMB's hydrogen engine), provide supply (underpinned by by-product hydrogen from the coke business), and both construct and launch a “local production for local consumption” model by FYE 2024. Furthermore, we will strengthen initiatives to contribute to the SDGs by making hydrogen a practical fuel option on a global scale through a proactive rollout of the project to other regions.



Sho Kusuda
Carbon Neutral
Management Section