

Metals & Minerals Company

Business Fields

- Development of metal & mineral resource projects (iron ore, coal, non-ferrous metals, rare metals, etc.)
- Trading of raw materials for steelmaking (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-related business (import and export to / from Japan, trading in non-Japanese markets, processing, etc.)

Company Strengths

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



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

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



A beneficiation plant at the South Flank iron ore mine



Nitchu Otsubo

Deputy Manager, Iron Ore Section No.1, Iron Ore & Steelmaking Resources Department

Further Strengthening of Iron Ore Interests in Western Australia

With respect to iron ore interests jointly held in Western Australia with BHP Group Limited (BHP) and others, production at the South Flank mine started on schedule in May 2021, following the decision to develop the mine in 2018. Together with the adjacent mine of Mining Area C (MAC), the South Flank mine will form the world's largest iron ore production hub, producing 145 million tons of iron ore per year. The project will also help to significantly stabilize the Western Australian iron ore business.

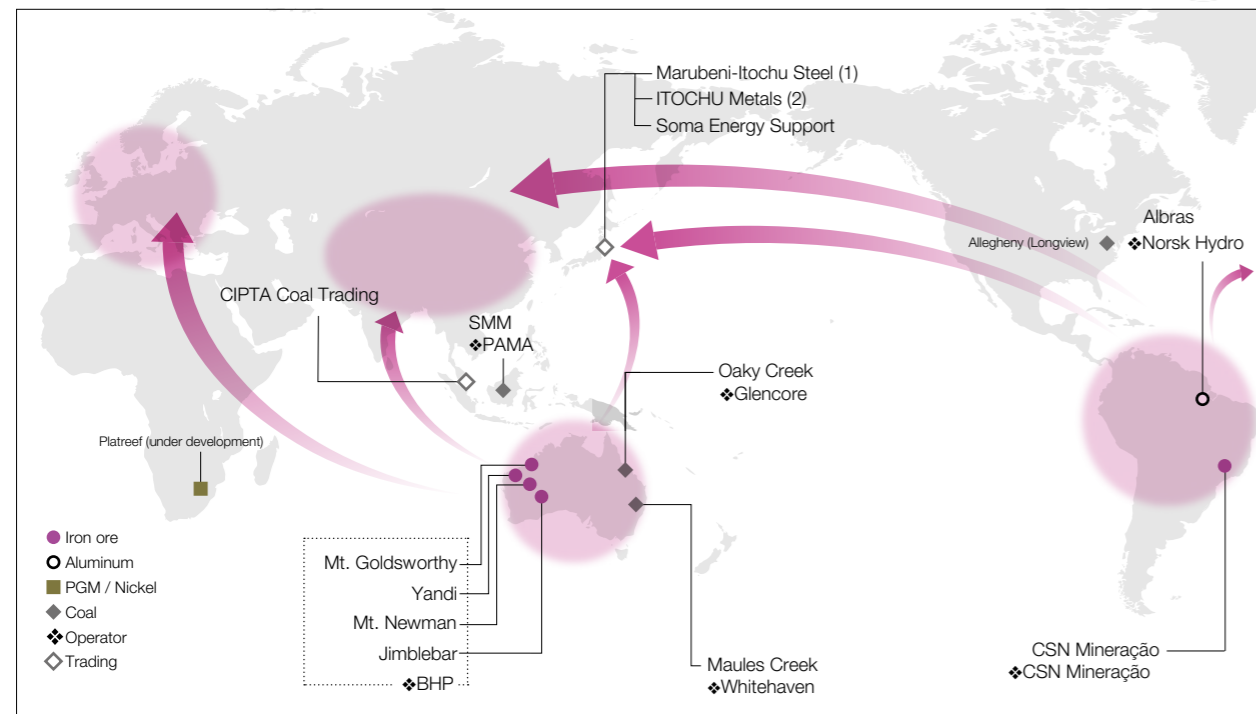
In 2021, we also acquired a partial interest in the Western Ridge iron ore deposits owned by BHP. Western Ridge consists of four vast iron ore deposits where we are able to keep costs low by utilizing existing rail and port infrastructure. We have begun production at an open-pit mine.

The usefulness of iron as a material is unlikely to change given its availability in large quantities; metal properties such as strength, workability, etc.; economic appeal as a material procurable at low cost; and reusability through recycling. We will continue benefiting society by supporting long-term secure and stable supplies of this useful resource.

Business Development Quantitative information Page 136-143

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 with a worldwide network
- Raw material supply, product distribution, and proactive advancement of a comprehensive recycling business that is helping build a circular economy



FYE 2022 Review (Specific Accomplishments)



- With the aim of building a natural resource asset portfolio supporting continued future business growth, the Western Australian iron ore business started up operations at the South Flank iron ore mine and acquired new partial interest in the Western Ridge iron ore deposits; in the United States, continued development of Allegheny (Longview) coking coal mine
- Invested in Mineral Carbonation International, based in Australia, which has mineral carbonation technologies, and advanced the roll-out of the company's technologies in Japan
- To promote decarbonization, divested our interest in the Ravensworth North thermal coal mine in Australia
- With the aim of realizing a sustainable society, steadily promoted initiatives for venous industries, such as effectively utilizing resources through recycling and appropriately treating waste

Growth Opportunities (Sustainable Growth)



- 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 and low-carbon raw materials which 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, energy storage systems, and lighter-weight materials that improve energy efficiency

Risk Responses (Lower Cost of Capital)



- Pursuing efforts to completely withdraw from thermal coal mine investments and promoting technological development that contributes to GHG emissions reduction
- 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, continuing employee education on the Guidelines, and contributing to local communities where we do business through the provision of healthcare, education, donations, and assistance in 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 a Decarbonized Society)
- Develop a Rewarding Work Environment
- Respect and Consider Human Rights
- Contribute to Healthier and More Affluent Lifestyles
- Ensure Stable Procurement and Supply
- Maintain Rigorous Governance Structures