

The foundation of our value creation

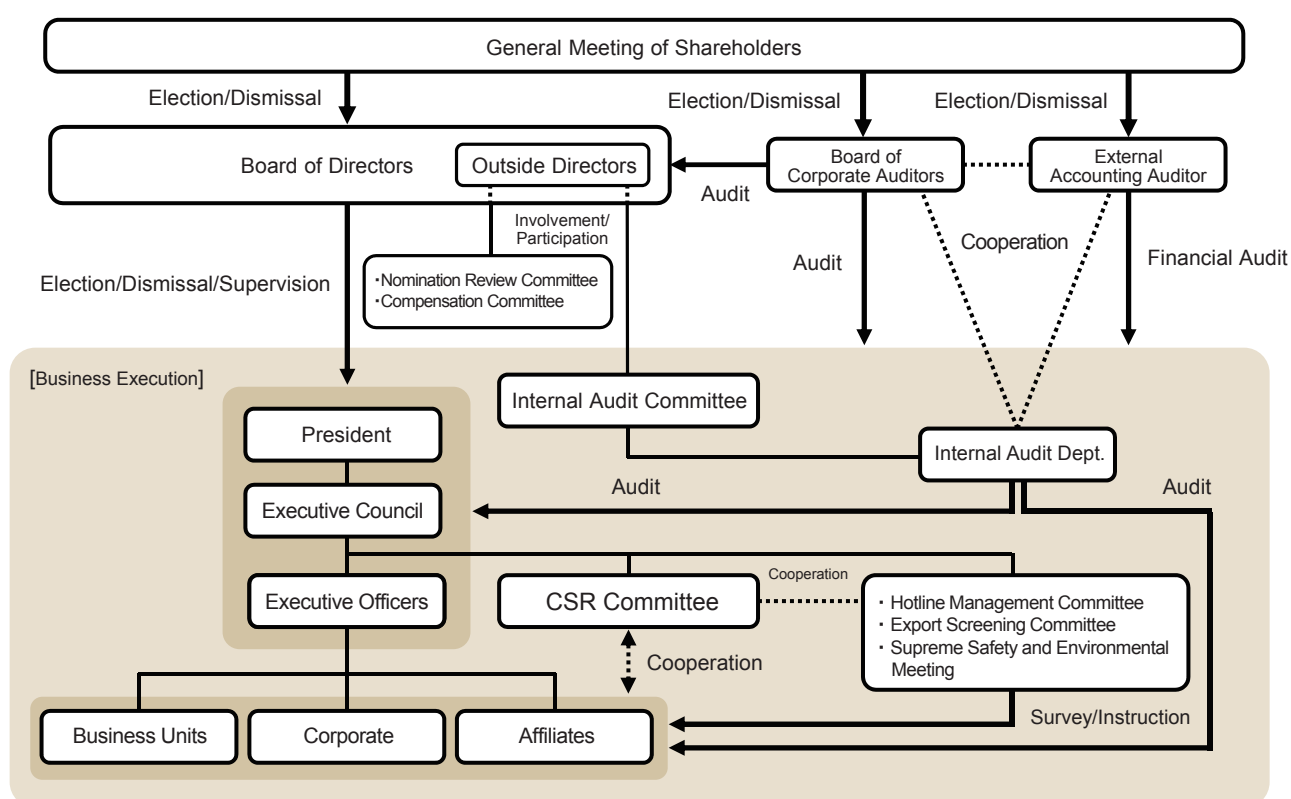
Mitsui Kinzoku recognizes that “corporate governance is a mechanism for ensuring transparent and fair decision-making that proceeds in a prompt and decisive manner, taking into account the standpoints of all stakeholders, including shareholders, customers, employees, and local communities.”

Corporate governance, which is one of the most important issues in business management, is about establishing a management organization and mechanism and taking necessary measures to achieve the management philosophy. Corporate governance is the foundation for sustaining the long-term value creation of Mitsui Kinzoku Group.

Corporate Governance System

The Board of Directors is comprised of Executive Directors and Outside Directors. The board conducts appropriate and accurate supervision of the business execution performed by the individual Executive Directors. In addition, Corporate Auditors attend the Board of Directors and audit the decision-making process of the board and the performance of duties by the Directors.

Corporate Governance System of Mitsui Kinzoku



Directors and Board of Directors

The Directors supervise the execution of business operations. Important issues are shared in advance among the Directors and discussed deliberately at the meetings of the Board of Directors. In order to make swift decisions and to strengthen the supervision function of the board, the decision-making processes on certain items are entrusted to Executive Officers and their performances are supervised by the board. The term for the Board of Directors, as stated in our articles of incorporation, is one year. From FY2019, a mutual election method has been introduced for appointment of the chairperson of the board. The chairperson is elected among the Directors, and we strengthen the monitoring function of the board over the execution of operations. The mutual election method enables to appoint the chairperson of the board from Outside Directors who are independent of execution and to ensure clearer separation of supervision and execution functions.

The Corporate Governance Guidelines defining our fundamental principles regarding corporate governance is available on our website. https://www.mitsui-kinzoku.com/Portals/0/images/en/toushi/management/governance/cgguideline_e.pdf

Expertise possessed by the Directors

Name	Title/Positions	Corporate management	Business strategies	Finance and accounting	Technological research/development	Legal affairs and risk management	Internationality
NISHIDA Keiji	President, Representative Director	●	●	●			
NOU Takeshi	Vice President, Representative Director, Executive Vice President, Senior General Manager of Business Creation Sector	●	●		●		●
HISAOKA Isshi	Director, Senior Executive Officer, Chief Environmental Safety Officer	●	●		●		●
OSHIMA Takashi	Director, Senior Executive Officer, Senior General Manager of Corporate Planning & Control Sector, General Manager of Corporate Planning Department	●	●	●		●	
KIBE Hisakazu	Director, Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector		●	●			●
MATSUNAGA Morio	Outside Director				●		●
MIURA Masaharu	Outside Director					●	
TOIDA Kazuhiko	Outside Director	●	●				●

Executive Officers

President and Representative Director not only assumes executive management responsibilities, but also executive responsibilities for business operations of Mitsui Kinzoku Group. Representative Directors and Executive Directors concurrently serve as Senior Executive Officers for Mitsui Kinzoku.

Board of Corporate Auditors and External Accounting Auditor

Corporate Auditors perform audits on the performance of the Directors in accordance with the auditing plan determined by the Board of Corporate Auditors. Corporate Auditors strengthen their cooperation with Accounting Auditors by receiving accounting audit plans and audit results, as well as exchanging opinions regularly.

Internal Audit Committee and Internal Audit Dept.

In order to strengthen our internal control function, Mitsui Kinzoku has an Internal Audit Committee chaired by an Outside Director, which reports directly to the board. The Internal Audit Dept. conducts internal audits. The Department is equipped with personnel with specialized knowledge and they perform audits regarding the group-wide compliance with laws and regulations, as well as the operating situation of the internal control system. The Internal Audit Committee evaluates the results of internal audits and checks the progress of corrective measures for concerns raised by the audits. The committee reports audit results to the Board of Directors via the Internal Audit Dept.

Organization structure

The structure of each organization is as follows:
(As of July 1, 2020 - Number of female directors: 0; Number of female auditors: 1)

Name	Position	Board of Directors	Board of Corporate Auditors	Nomination Review Committee	Compensation Committee	Executive Council	Internal Audit Committee
NISHIDA Keiji	President, Representative Director	◎ (100%)		○	○	◎	
NOU Takeshi	Vice President, Representative Director	○ (100%)				○	○
HISAOKA Isshi	Director	○ (100%)				○	
OSHIMA Takashi	Director	○ (100%)		○	○	○	
KIBE Hisakazu	Director	○ (—) *1				○	○
MATSUNAGA Morio	Outside Director	○ (100%)		○	◎		○
MIURA Masaharu	Outside Director	○ (81%)		◎	○		◎
TOIDA Kazuhiko	Outside Director	○ (—) *1		○	○		○
MISAWA Masayuki	Corporate Auditor		◎ (—) *1				
KUTSUNAI Akira	Corporate Auditor		○ (—) *1				
ISHIDA Toru	Outside Corporate Auditor		○ (92%)				
TAKEGAWA Keiko	Outside Corporate Auditor		○ (100%)				

◎ = Chairperson ○ = Member of Committee (Chairperson of the Board of Directors is elected from among the Directors.)

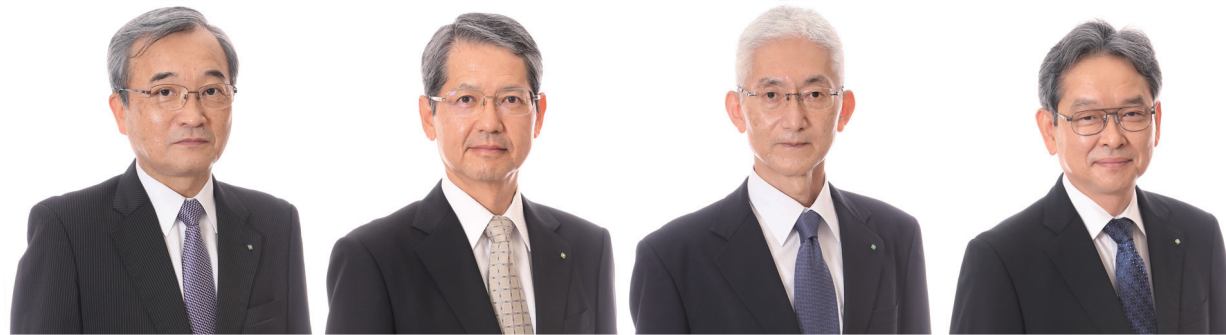
() = Attendance rate in FY2019 *1 Not listed since being newly appointed

※ Auditors attend at the board meetings.

※ Outside Auditors attend at the Nomination Review Committee and Compensation Committee in the role of advisers.

※ The Internal Audit Committee includes the general manager of the Internal Audit Dept. as a member and Corporate and Outside Corporate Auditors as observers.

(as of June 30, 2020)

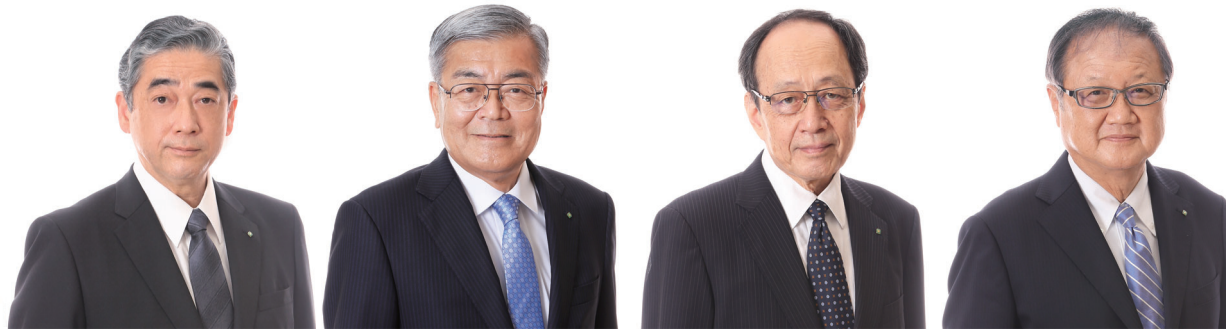


NISHIDA Keiji
President,
Representative Director

NOU Takeshi
Vice President,
Representative Director

HISAOKA Isshi
Director

OSHIMA Takashi
Director

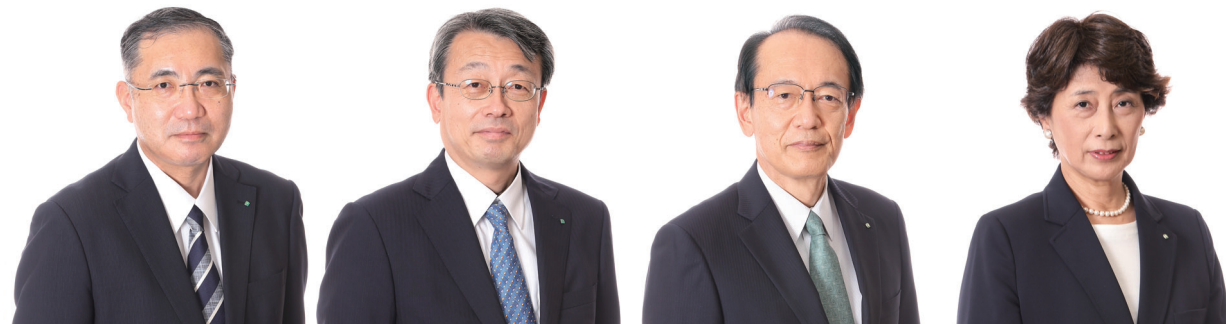


KIBE Hisakazu
Director

MATSUNAGA Morio
Outside Director

MIURA Masaharu
Outside Director

TOIDA Kazuhiko
Outside Director



MISAWA Masayuki
Corporate Auditor

KUTSUNAI Akira
Corporate Auditor

ISHIDA Toru
Outside Corporate Auditor

TAKEGAWA Keiko
Outside Corporate Auditor

* The profile of Directors and Auditors is listed on pages 96-97.

Election of Outside Directors

We endeavor to ensure the independence of the supervision and auditing functions from our company and to incorporate the perspectives of diverse stakeholders. Mitsui Kinzoku appointed a new Outside Director with management experience on June 26, 2020.

Name	Position	Reasons for the Nomination
MATSUNAGA Morio	Outside Director	Mr. MATSUNAGA Morio has specialized knowledge of engineering and experience of organizational management as a university professor and the president of a national university corporation. The Company judges that by utilizing his wealth of experience he can further contribute to the strengthening of the Group's management oversight and supervisory functions.
MIURA Masaharu	Outside Director	Mr. MIURA Masaharu has a wealth of knowledge and experience in legal circles as a public prosecutor and a lawyer. The Company judges that by utilizing his wealth of experience he can further contribute to the strengthening of the Group's management oversight and supervisory functions.
TOIDA Kazuhiko	Outside Director	Mr. TOIDA Kazuhiko has experience as a business executive, having been engaged in a wide range of work at Nissan Motor Co., Ltd., including product planning, sales promotion, and launch of a sales company. In addition, he has experience as a Representative Director and President of FALTEC Co., Ltd. The Company judges that his wealth of experience is expected to contribute to the strengthening of the Group's supervisory functions.
ISHIDA Toru	Outside Corporate Auditor	Mr. ISHIDA Toru has held key positions in which he has contributed to development of commerce and industry over the years. He served as Director-General, the Industrial Science and Technology Policy and Environment Bureau, METI and Commissioner, Agency for Natural Resources and Energy, METI and currently serves as President, The Japan Chamber of Commerce and Industry and President, The Tokyo Chamber of Commerce and Industry. The Company judges he can reflect his experience and specialized knowledge in auditing of the Company and believes he is a suitable person for the position of Corporate Auditor.
TAKEGAWA Keiko	Outside Corporate Auditor	Ms. TAKEGAWA Keiko served as Director, Public Relations Office and Director General, Gender Equality Bureau at the Cabinet Office and has a wealth of knowledge and experience through her engagement in formulation and implementation of policies such as promotion of women's participation and advancement. Although she has never been directly involved in management of a company, the Company judges that she can utilize her wealth of experience in auditing of the Company and believes she is a suitable person for the position of Corporate Auditor.

Election policy of Directors and Auditors

Mitsui Kinzoku establishes a Nomination Review Committee as an optional organization. The Committee reviews candidates to serve as directors or auditors by their capabilities, knowledge and personalities. Based on the result of the review, those who are deemed capable of satisfactorily fulfilling the responsibilities are named as candidates for nomination by the board.

Compensation policy of Directors and Auditors

(1) Criteria for determining the amounts of compensation
The amounts of Directors' basic compensation and performance payments are determined by the Compensation Committee, to which the decision is entrusted by the Board of Directors. Decisions on the amounts are made through deliberations at the committee in a fair and transparent manner, within the limits approved at the Annual General Meeting of Shareholders and based on the company's compensation standard policy. Auditors' compensation is determined by the conference of Auditors, and the total volume of Auditors' compensation falls in the range approved at the Annual General Meeting of Shareholders.

(2) Composition of compensation

Compensation for Directors consists of base compensation and performance payments. Base compensation is calculated based on that of the President and by applying the ratio according to the title, taking into consideration the Company's performance, the general level in Japan, and other factors comprehensively.

Performance payments are calculated by using consolidated ordinary income as the performance indicator and is determined (calculated by addition and subtraction) by the evaluation corresponding to the performance of the business for which the Director is responsible. Outside Directors and Auditors who are uninvolved in business execution do not receive performance payments.

The payment ratio of the compensation provided to the Directors (excluding Outside Directors) has been determined, by way of how the system is designed, as being 60% in basic compensation and 40% in performance payments.

This ratio changes as performance payments vary according to the company's financial performance.

Total compensation paid to Directors and Auditors

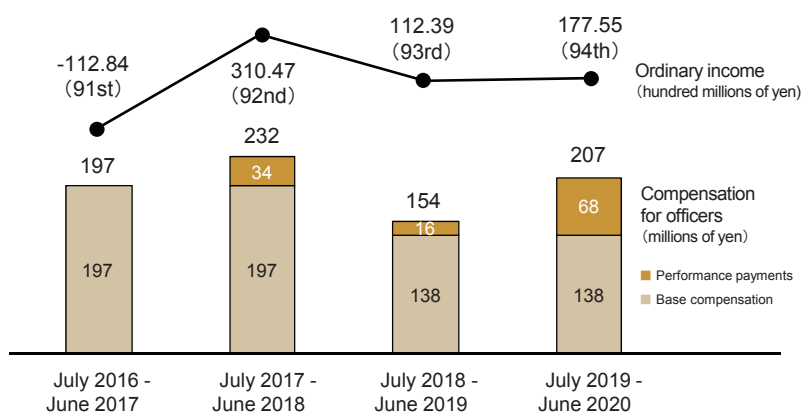
Classification	Total Compensation (millions of yen)	Total amount of Compensation by type (millions of yen)		Number
		Base compensation	Performance payments	
Director (excluding Outside Director)	194	138	55	4
Corporate Auditor (excluding Outside Corporate Auditor)	50	50	-	2
Outside Director/Outside Corporate Auditor	53	53	-	6

Notes:

- At the 80th Annual General Meeting of Shareholders held on June 29, 2005, shareholders approved a limit on compensation paid to Directors of ¥60 million per month (not including compensation for their services as employees).
- At the 80th Annual General Meeting of Shareholders held on June 29, 2005, shareholders approved a limit on compensation paid to Corporate Auditors of ¥15 million per month.
- At the time of resolution regarding above Notes 1 and 2, there were eleven (11) Directors and four (4) Corporate Auditors.
- At the meeting of the Board of Directors held on April 22, 2014, it was resolved to discontinue the system of bonuses for Directors and to calculate the Directors' compensation by adding performance payments linked to results in addition to a fixed base compensation. This does not apply to the Outside Directors to whom the Company will pay the base compensation only, without the addition of a performance payment. The total volume of Directors' compensation would be within the limit already approved at the 80th Annual General Meeting of Shareholders held on June 29, 2005. The total amount of Directors' compensation will be determined by the Compensation Committee chaired by an Outside Director and composed mainly of the President, the Director in charge of Human Resources, and the Outside Corporate Auditors as advisors.

Linkage between the amount of compensation to Directors and ordinary income

(excluding Outside Directors)



Regarding Directors' (excluding Outside Directors) compensation, trends in the amount of compensation for one year from the conclusion of General Meetings of Shareholders, the beginning of the term, are as stated on the left.

- The ratio of base compensation to performance payments was changed in July 2018.

- The number of Directors (excluding Outside Directors) for each term is as follows.

91st term: 4, 92nd term: 4, 93rd term: 4, 94th term: 4

Internal control system

A summary of the decisions made at the meetings of the Board of Directors, regarding the business structure for the appropriate business operation of Mitsui Kinzoku Group in compliance with laws and regulations and the corporate ethics, is available on our website.

<https://www.mitsui-kinzoku.com/en/toushi/management/governance/>

Effectiveness Assessment of the Board of Directors

We assess the effectiveness of the Board of Directors every year to ensure the continuous enhancement of the board's function. In FY2018, we had an independent organization conduct the assessment. In FY2019, we conducted self-assessment, which included a review of past results.

(1) Implementation method

An interview with each Director based on a questionnaire survey filled out in advance.

(2) Main contents of the questionnaire

- Involvement of the Board of Directors in the enhancement of corporate governance
- Involvement of the Board of Directors in the formulation of medium-term management plans and the addressing of critical issues
- Operation of the Board of Directors (including the Nomination Review Committee and the Compensation Committee)

(3) Outline of results

The results show that, while further improvement is required mainly in terms of the enhancement of the monitoring function, a higher evaluation than in the previous assessment was given to the way the Board of Directors is involved in the formulation of the medium-term management plans and the addressing of critical issues. The Board of Directors was judged overall as contributing to the promotion of corporate governance. There was also an opinion pointing out the increasing need for our unique efforts to strengthen governance based on the Corporate Governance Code, and it was shared among all the Directors.

The Board of Directors will fully examine issues identified in the assessment for further improvement of the functions of the board, and follow up on the issues as part of the assessments in the next term and thereafter.

Effectiveness Assessment of the Board of Corporate Auditors

We introduced self-assessment of the effectiveness of the Board of Corporate Auditors in FY2019. The main aims are to assess their audit activities, reflect assessment results in the audit plan of the following fiscal year and improve the quality of audits. The results of the assessment are reported to the Board of Directors.

(1) Implementation method

All the Corporate Auditors discussed and checked the effectiveness of the board based on a self-assessment questionnaire survey filled out by each Corporate Auditor.

(2) Main contents of the questionnaire

- Effectiveness of their response to the Corporate Governance Code
- Effectiveness of the three-type audits
- Effectiveness of the way they respond to misconduct, such as material legal violation and inappropriate accounting practices

(3) Outline of results

While the effectiveness of the Board of Corporate Auditors was found to be maintained, some issues, including one related to collaboration with group auditors, were identified. We will reflect the issues identified in the audit plan of the next fiscal year for further improvement of effectiveness.

ICT governance

Mitsui Kinzoku formed a project team for the reinforcement of ICT governance of the Group in FY2019. The team led various activities including the establishment of ICT-related rules to reduce such risks as cyberattack and information leak. We will continue to strengthen our ICT governance mainly through the newly created Information and Communication Technology Dept.

Corporate governance

Risk management

Mitsui Kinzoku Group is working on the improvement of its risk management organization and system to enhance its ability to respond to risks that may threaten business and the Group's continuity.

Our approach

Mitsui Kinzoku Group has identified, from an integrated perspective, long- and short-term business risks and business risks in an emergency. These risks potentially have high financial impact that may threaten business and corporate group's continuity. To remove or minimize the impact of these risks, we are working on the improvement of the Group's comprehensive risk management organization and system in order to enhance our ability to respond to the business risks.

Risk management system

In 2020, Mitsui Kinzoku Group identified business risks from a comprehensive perspective and rebuilt the risk management system which includes planning measures against the risks, implementation, and review. Initiatives based on the system will be reviewed by the Board of Directors at least annually and as needed.

The Group's risk management is managed by the Senior Executive Officer who serves as the head of Corporate Planning & Control Sector. Units assigned to be in charge of each type of risk act as a secretariat, under which relevant units or sites provide their cooperation.

Measures against COVID-19

Mitsui Kinzoku Group classifies large-scale infection and large-scale natural disaster as risks that can become urgent when they emerge. If these risks emerge, we put the human lives first and strive for protecting our assets, maintaining supply chains, and achieving the early recovery and continuity of operations in accordance with the Group's emergency response rules.

The spread of COVID-19 has caused major restrictions on our operations in some overseas sites of the Group, but we are striving to minimize the impact on our business through our appropriate emergency risk management.

Since COVID-19 began to spread worldwide in January this year, we have immediately taken measures to prevent infection, such as wearing face masks, disinfecting workplaces, restricting employees' movement, and urging office workers to work from home, based on the basic policy of human life first. We have tightened the measures in phases in line with the heightening of the alert level in each country. In the meantime, as the spread of infection was judged as an emergency situation that may have a huge adverse impact on our business, we have set up a countermeasures headquarters headed by President to address the crisis in a way that matches the changing situation.



Temperature checking at the entrance (Malaysia)

Measures to prevent the spread of infection (February 2020-)

- Office workers are urged to work from home as a general rule.
- Working hours are staggered and temperature checking before commuting is made mandatory.
- Employees' overseas and domestic travel is prohibited in principle.
- Meetings, training, and other events are suspended or conducted online.
- Online recruiting
- We follow the guidelines established by each country to prevent infection.

Business continuity plan (BCP)

- The effectiveness of the existing BCP has been examined and the BCP has been modified in response to COVID-19.
- Products for which production is affected due to government regulations and disrupted supply chains are produced at another backup site (while the BCP is activated).
- Operations have been suspended at multiple sites in Japan by utilizing the Employment Adjustment Subsidy program.

Interview with Outside Directors

It has been four years since I was appointed Outside Director at Mitsui Kinzoku. During these years, I have seen many changes at the company. One major change is the computerization of the internal infrastructure. Much work was processed on a paper basis previously but has been shifted to the use of electronic databases. As can be seen in some business units, the personnel in manufacturing sites are beginning to rely on their database, rather than their experience, when making decisions.

The other major change is R&D. The direction of research investments has become clearer than four years ago under the initiative of Vice President Nou. I can feel that the company is becoming more future-oriented, and this is undoubtedly enlivening young researchers' spirits. Researchers generally tend to prefer doing everything by themselves for their research, but in the case of promising research, they are supposed to collaborate from an early stage with the staff promoting commercialization. At Mitsui Kinzoku, the R&D function and the manufacturing operation interact with each other from an early stage of the Stage-Gate process to advance projects. I think this is a very good approach.

Sowing seeds with a view to future needs

Needless to say, there is no business without customers. R&D is meaningless unless its progress matches the speed required by customers. The sales force knows such customer needs. If the speed required by customers and the direction in what they want to do are not shared with the R&D function, R&D efforts may not lead to commercialization.

In addition, the company's technologies alone cannot produce anything. It is important to exploit good external technologies by, for instance, utilizing venture capital. I think this is worth taking a little risk for. We are currently gaining experience and beginning to achieve a balanced use of our own and external technologies.

Material manufacturers have the power to change the world. If young researchers at material manufacturers like us proactively anticipate the needs of parts manufacturers and develop materials, the results can be amazing products. Correctly identifying and meeting the needs of the times can result in the creation of a world-leading product in the field.

Micro Thin, an extremely-thin copper foil, is a good example. This invention has become a successful business for us today. This is thanks to R&D achievements and knowledge accumulated through our predecessors' painstaking efforts. If researchers at the company look into the future when developing something, it, of course, does not guarantee success but is no doubt more likely to lead to the creation of a world-leading product.

We are currently developing a number of promising technologies at present, but there are various risks that need to be addressed for their commercialization. Winning the competition is not easy. To win, we must keep sowing seeds while looking into the future. But when doing so, we also must decide the best time to harvest. It is of great importance to keep closely watching market growth and plan the rollout of the product at the most effective timing.

As the advance sharing of information with the Board of Directors has become a common practice, it has become easier for Outside Directors to keep updated on projects. For instance,



Outside Director MATSUNAGA Morio

Postdoctoral fellow at the University of Tennessee in 1977. After serving as a professor of engineering, he was the president of Kyushu Institute of Technology from 2010 to 2016. Since June 2016, he has been an outside director of the Company.

we can get information on projects in their early stages at open labs, and when they reach a commercialization stage, we are given more specific details during officer training. As I myself am an expert in engineering, I can provide technical opinions in different research stages. Other Directors can also make comments from a business management perspective. Because the Board of Directors is the final decision-making body, they inevitably spend much time deliberating matters required by law to be resolved. However, Directors are now given opportunities to receive information and have discussions in advance, facilitating the board to make much more informed, final decisions.

In declining organizations, the opinion "why change something that is going well?" is often voiced. Such organizations tend to reject any extra change or idea that could make things better. To avoid this, external advice is important for the execution of business. My role at Mitsui Kinzoku is to offer opinions based on my experience and expertise which reflect the current situation of the company.

As the chair of the Compensation Committee, I will also work hard to optimize the compensation system to keep everyone motivated at work. It is hoped that Executive Officers will think more about their successors from a longer-term perspective, rather than just focusing on their own tenures.

When I was appointed Outside Corporate Auditor in 2013, I was amazed by the broad range of businesses Mitsui Kinzoku is involved in.

As mining resources are almost depleted in Japan, it is only natural for the company to make inroads into various business domains in search of new opportunities. However, I had not known that the business lineup includes even electrolytic copper foils and catalysts until I became directly involved in the company. I also realized that the employees are very earnest. I felt strongly that they are behind-the-scenes people underpinning the ceaseless supply of materials.

This behind-the-scenes environment is familiar to me because it is similar to the environment in which I grew up. My father was doing civil engineering work at an electric power company and involved mainly in dam construction for hydropower plants. The job may not have been a major one at an electric power company, but I thought it was an essential job that builds a foundation on which the company can continue its business. I was proud of my father.

The same can be said about a prosecutor, which I spent many years working as. Legal work can hardly be seen from outside. Soon after I became a prosecutor, I was told by a senior colleague that a prosecutor's job is like cleaning a ditch; when a problem occurs in society, we must somehow clean it up. Although it is difficult to see from outside what prosecutors do, their job is indispensable for society. And so is the job of Mitsui Kinzoku. I feel that my current job at this company is an extension of the path I have been on in my life.

Fateful encounter behind the scenes

I am sometimes asked what changed after I became Outside Director from Outside Corporate Auditor.

Outside directors are responsible for building a robust system without such flaws that may be pointed out by corporate auditors, while corporate auditors' job is to hold directors to account in the case that there is any deficiency in the system.

As is well known, outside directors do not engage in the execution of operations. Outside directors are, under the current corporate law system, expected to contribute to the sound management of the company by properly monitoring the directors' execution of operations. While their functions partly overlap those of corporate auditors, their standpoint is totally different from that of corporate auditors as they check the company's internal control on the execution side.

As the chair of the Internal Audit Committee, I am also involved in audits conducted by the Internal Audit Department. Internal audits are becoming increasingly important. The best practices of both internal audits and Corporate Auditor audits and the establishment of an effective internal control system constitute the foundation of proper governance.

A corporate auditors' job is similar to a prosecutors' job. Internal audits at companies have a creative aspect as their goal is not just to find deficiencies but to help improve the system for the better. They are even expected to help create a system that "prevents mud from building up in the ditch in the first place."

Each Director of the board at Mitsui Kinzoku has a distinctive specialty, such as technology or R&D, and extensive business experience. I try to offer opinions based on my knowledge and experience as a lawyer. From my experience as a prosecutor, I believe that checking to prevent any problem from occurring is really important.



Outside Director MIURA Masaharu

Appointed the prosecutor in 1975. Served as the Immigration Bureau Director of the Ministry of Justice and the Public Prosecutor General of the Fukuoka High Public Prosecutors Office. Registered as a lawyer in 2011. Outside auditor of the Company since 2013, and he has been an outside director of the Company since 2019.

I know many shareholder litigation cases involving other companies. To never allow such cases to happen at Mitsui Kinzoku, I always think about what we need to watch out for to ensure proper execution of operations. Governance and compliance are the backbone of all business operations. We need the strong backbone to maintain sound and effective corporate management.

I am also the chair of the Nomination Review Committee. As with the Internal Audit Committee, this committee is also a place where lively discussions take place.

Decisions on to whom we should entrust the company's future cannot be made by an outside person alone. In order for an outside person to make such decisions, there must be an appropriate system that allows the person to access the necessary information that can be used as a basis for decision making. During the past seven years at Mitsui Kinzoku, and since when I was an observer of the Nomination Review Committee, I have had opportunities to meet many people on such occasions as audits in various business locations. These opportunities have allowed me to build up a fairly good amount of information that may be useful for decision making. Needless to say, as an Outside Director, I always ensure fairness in personnel selection. I will also ensure appropriate decision making by exchanging information with people at the company.

Mitsui Kinzoku must be led by capable personnel who are motivated to support the company throughout their lives. This company has an adequate system in place for developing such personnel.