

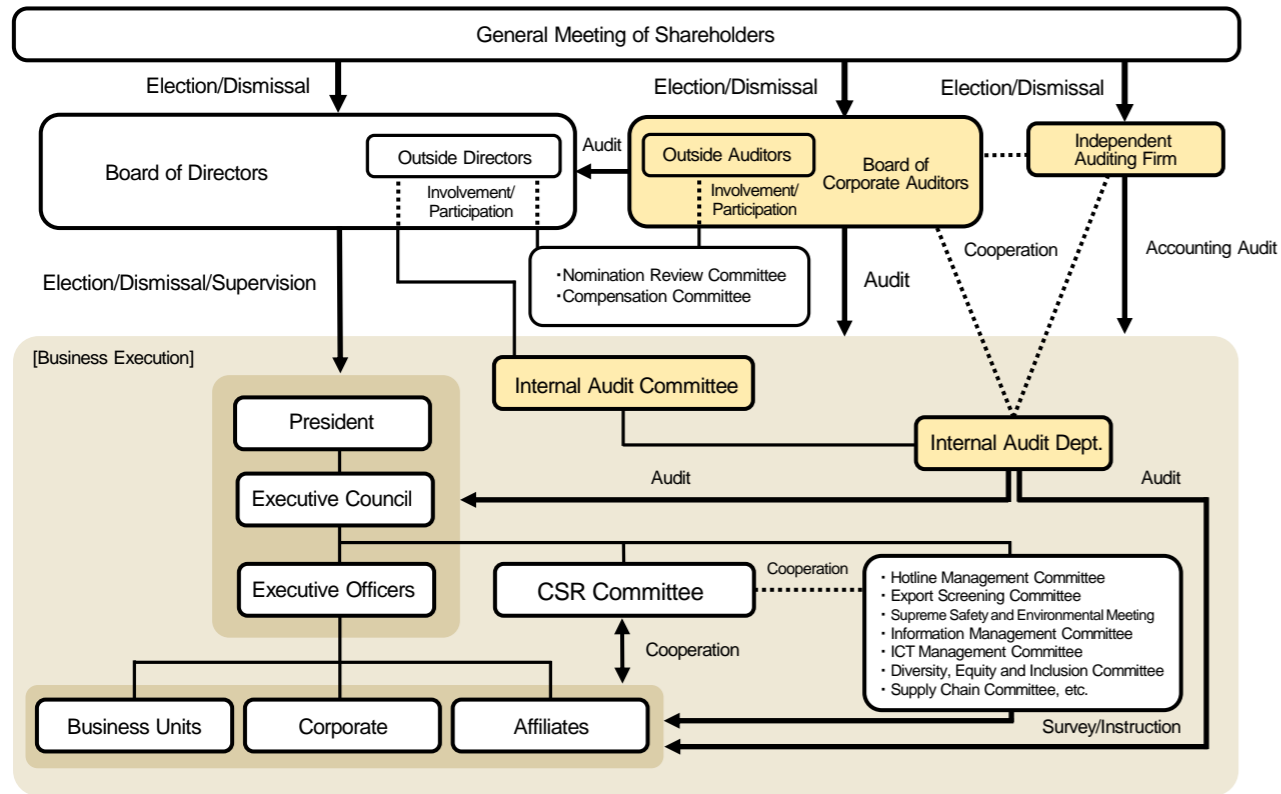
The foundation of our value creation

Mitsui Kinzoku views corporate governance as one of its most important managerial tasks that Mitsui Kinzoku shall strive to improve organizational structures and systems for management, and implement various measures as necessary, based on the recognition that corporate governance is a system for making fair and transparent decisions in a rapid and decisive manner, taking into consideration the positions of the stakeholders, including shareholders, customers, employees and local communities in order to achieve Our Vision based on Our Purpose under Our Management Philosophy. Corporate governance is the foundation for sustaining the long-term value creation of Mitsui Kinzoku Group.

Corporate Governance System

Along with the supervision of business execution by the Board of Directors including Outside Directors, Mitsui Kinzoku has a system to audit the decision-making process of the board and the execution of the duties by Directors through the three-pillar collaborative audit.

Corporate Governance System of Mitsui Kinzoku



Notes: 1. Chairpersons of the Nomination Review Committee, the Compensation Committee, and the Internal Audit Committee are Outside Directors.
2. Our auditors and auditors of the Affiliate have taken cooperation effectively and timely.

Directors and Board of Directors

We reinforce the governance system so that the Board of Directors can effectively supervise initiatives to address medium- to long-term management issues and speed up the decision-making process. Three Outside Directors, including one female Director, have been elected with consideration of their independence and reflection of various stakeholders' perspectives. As of June 29, 2023, Outside Director TOIDA Kazuhiko chairs the board, in order to promote separation between business supervision and execution as well as to strengthen the board's function to supervise business execution. The term of the Directors, as stated in our articles of incorporation, is one year.

The Corporate Governance Guidelines defining our fundamental principles regarding corporate governance is available on our website.
<https://www.mitsui-kinzoku.com/en/toushi/management/governance/>

Organization of Board of Directors' meetings and attendance

In FY2022, the Board of Directors held 13 meetings. The attendance records of Directors and Corporate Auditors are as listed below.

	Name	Attendance at the meetings of the Board of Directors
Outside Director (Chair)	TOIDA Kazuhiko	100% (13/13)
President and Representative Director	NOU Takeshi	100% (13/13)
Representative Director Senior Managing Director	KIBE Hisakazu	100% (13/13)
Senior Managing Director	TSUNODA Satoshi	100% (13/13)
Managing Director	OKABE Masato	100% (10/10)
Director	MIYAJI Makoto	100% (13/13)
Outside Director	MATSUNAGA Morio	100% (13/13)
Outside Director	TAKEGAWA Keiko	100% (13/13)
Corporate Auditor	KUTSUNAI Akira	100% (13/13)
Corporate Auditor	FUKUMOTO Hirotohi	100% (10/10)
Outside Corporate Auditor	ISHIDA Toru	100% (13/13)
Outside Corporate Auditor	INOUE Hiroshi	100% (13/13)

* Data for Managing Director OKABE Masato and Corporate Auditor FUKUMOTO Hirotohi cover the period starting from June 29, 2022, when their appointment was approved at the general shareholders' meeting held on the same day.

Deliberations by the Board of Directors

In FY2022, the Board of Directors made determinations regarding the execution of the Company's important business operations in accordance with laws, regulations, and internal rules ("Assignment of Responsibilities for Management" of the "Regulations for the Board of Directors" etc.) while also deliberating the agenda items listed below.

Matters to be resolved	Formulation of the 22 Mid-term Plan, review of business portfolio, actions for carbon neutrality (response to TCFD recommendations, introduction of the internal carbon pricing mechanism, participation in the GX League, etc.), initiatives for diversity, etc.
Matters to be reported	Situation of each business unit and corporate division, digital transformation (DX) promotion, usage of whistle-blowing systems, publication/disclosure of the integrated report and other documents, compliance awareness surveys, business risks, effectiveness assessment of Board of Directors, audits (audit of Corporate Auditors and three-pillar audits), etc.

Executive Officers

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

Board of Corporate Auditors and Independent Auditing Firm

Corporate Auditors perform audits on the execution of the duties by Directors in accordance with the auditing plan determined by the Board of Corporate Auditors. Corporate Auditors strengthen its cooperation with Independent Auditing Firm by receiving accounting audit plans and audit results, as well as exchanging opinions regularly.

Internal Audit Committee and Internal Audit Dept.

Mitsui Kinzoku has formed an Internal Audit Committee under the direct control of the Board of Directors. The Committee approves policies and plans regarding internal audits conducted by the Internal Audit Dept., receives a report of audit results, and evaluates the results. The confirmed audit results are reported to the Board of Directors through the Internal Audit Dept.

The chairperson of the Committee is appointed by the Board of Directors from among the Outside Directors.

Internal audits are conducted by members of the Internal Audit Dept. and internal audit staff (assigned by the head of the Department and approved by the Committee), who visit each business division and site of the Company as well as affiliates in Japan and overseas and review a range of issues chiefly related to the situation regarding legal compliance, establishment status of internal control systems, and appropriateness of accounting processes.

Results of internal audits conducted by the Internal Audit Dept. are reported to the Corporate Auditors without delay and to the independent audit firm as appropriate.

Organization structure

(As of June 29, 2023 - Number of female Directors: 1 ; Number of female Corporate Auditors: 0)

Name	Position	Board of Directors	Board of Corporate Auditors	Nomination Review Committee	Compensation Committee	Executive Council	Internal Audit Committee
NOU Takeshi	President and Representative Director	○		○	○	◎	
KIBE Hisakazu	Representative Director Senior Managing Director	○				○	
TSUNODA Satoshi	Senior Managing Director	○				○	
OKABE Masato	Managing Director	○				○	○
MIYAJI Makoto	Director	○				○	
IKENOBU Seiji	Director	○					
MATSUNAGA Morio	Outside Director	○		○	◎		○
TOIDA Kazuhiko	Outside Director	◎		◎	○		○
TAKEGAWA Keiko	Outside Director	○		○	○		◎
KUTSUNAI Akira	Corporate Auditor		◎				
FUKUMOTO Hiroto	Corporate Auditor		○				
ISHIDA Toru	Outside Corporate Auditor		○	○	○		
INOUE Hiroshi	Outside Corporate Auditor		○	○	○		
IGATA Hiroshi	Senior Executive Officer					○	
YAMASHITA Masashi	Senior Executive Officer			○	○	○	
YASUDA Kiyotaka	Senior Executive Officer					○	

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

* Corporate Auditors attend at the board meetings.

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

Election policy of Directors and Corporate Auditors

Mitsui Kinzoku has established a Nomination Review Committee, which is chaired by an Outside Director and composed of Outside Directors, Outside Corporate Auditors, the President, and the Director in charge of Human Resources (or Senior Executive Officer) as an optional organization. The Committee reviews candidates to serve as Directors and/or Corporate Auditors by considering their capabilities, knowledge, and character in a comprehensive way using the skills matrix. Based on the results of the review, those who are deemed capable of satisfactorily fulfilling the responsibilities are named as candidates for nomination by the Board of Directors.

Organization of Nomination Review Committee and attendance

In FY2022, the Nomination Review Committee held seven meetings. The attendance records of Directors and Corporate Auditors are as listed below.

	Name	Attendance at the meetings of the Nomination Review Committee
Outside Director (Chair)	TOIDA Kazuhiko	100% (7/7)
Outside Director	MATSUNAGA Morio	100% (7/7)
Outside Director	TAKEGAWA Keiko	100% (7/7)
Outside Corporate Auditor	ISHIDA Toru	100% (7/7)
Outside Corporate Auditor	INOUE Hiroshi	100% (7/7)
President and Representative Director	NOU Takeshi	100% (7/7)
Senior Executive Officer	YAMASHITA Masashi	100% (7/7)

Deliberations by the Nomination Review Committee

In FY2022, the Nomination Review Committee deliberated the agenda items listed below.

Agenda	
	Review of consultant and advisor systems; candidates for executive officer and executive manager positions for the next fiscal year; retirement age system for directors; revision of the skills matrix; interviewing of candidates for executive manager positions; succession planning

Skills Matrix of Director and Corporate Auditor

The skills shown in the skills matrix below have been selected by the Nomination Review Committee as the skills necessary for promoting the Purpose, Vision, and executing the 22 Mid-term Plan.

(1) Reason selected as necessary skill and sufficient condition

Skills	Reason for selecting skill	Sufficient condition
Corporate management	Competence, experience and leadership enabling the formulation of strategies and the implementation of integrated thinking-based management and ambidexterity are necessary for execution of the 22 Mid-term Management Plan looking towards the Purpose and Vision.	<ul style="list-style-type: none"> Management experience as a director at a listed company or equivalent entity Director or Executive Officer responsible for the corporate planning
Business strategies	Knowledge and experience enabling the formulation and implementation of strategies for establishing a competitive advantage are necessary for realizing sustainable business growth.	<ul style="list-style-type: none"> Experience of having achieved certain results through the formulation and implementation of business strategies for the engineered materials business, metals business or mobility business
Finance/Accounting	Knowledge and experience of finance and accounting are necessary to establish financial strategies that will bolster growth investment and shareholder returns to increase the resilience of the financial base underpinning management and to achieve sustainable improvement in corporate value.	<ul style="list-style-type: none"> Director or Executive Officer responsible for financial management, accounting or fundraising operations or equivalent experience
Technological/R&D/DX	The creation of new products and businesses and the strengthening of existing businesses are necessary to drive company growth, and development based on unique technologies and improvement of efficiency through sophisticated production technologies and DX are essential.	<ul style="list-style-type: none"> Director or Executive Officer responsible for R&D operations or equivalent experience Director or Executive Officer responsible for production technology or DX operations or equivalent experience Academic expert
Sales/Marketing	A good familiarity with the business environment and relationships between the Company and its customers and other stakeholders as well as knowledge and experience enabling the formulation and implementation of product planning and sales strategies are necessary.	<ul style="list-style-type: none"> Director or Executive Officer responsible for sales and marketing operations or equivalent experience
HR/HR development	The attraction, retention and development of talent, a company's most valuable resource, improvement of job satisfaction to increase engagement, and promotion of diversity are directly linked to performance.	<ul style="list-style-type: none"> Director or Executive Officer responsible for personnel operations or equivalent experience Experience working in government or other public offices, or academic expert
Legal affairs / Risk management	Legal knowledge and experience are necessary to implement appropriate corporate governance, compliance and risk management in business activities as well as to increase the effectiveness of management supervision within the Board of Directors.	<ul style="list-style-type: none"> Director or Executive Officer responsible for legal operations or equivalent experience Person with experience working in the legal profession or persons with legal qualifications Experience working in government or other public offices, or academic expert
Internationality	An in-depth understanding of and respect for each country's culture and diversity are necessary for survival as a global enterprise.	<ul style="list-style-type: none"> Executive experience or business experience at an overseas company Overseas academic expert
Sustainability/Economic Security	Consideration for the environment, adherence to fair business practices and action to address economic security concerns are needed in order to continue being regarded as necessary by society, and high levels of knowledge including about business-related matters, a long-term perspective and adaptability are required.	<ul style="list-style-type: none"> Director or Executive Officer responsible for business operations, executive responsible for ESG/CSR operations or equivalent experience Experience working in government or other public offices, or academic expert Consultant

(2) Skills Matrix of Each Director and Corporate Auditor

Name	Title	Corporate management		Finance/Accounting		Sales/Marketing		Legal affairs/Risk management		Sustainability/Economic Security	
		Business strategies	Technological/R&D/DX	HR/HR development	Internationality	Business strategies	Technological/R&D/DX	HR/HR development	Internationality	Business strategies	Technological/R&D/DX
NOU Takeshi	President and Representative Director	◎	○	◎						○	◎
KIBE Hisakazu	Representative Director, Senior Managing Director	◎	○	◎		◎	○	◎	◎		
TSUNODA Satoshi	Senior Managing Director	◎				◎				○	○
OKABE Masato	Managing Director	◎				◎				◎	○
MIYAJI Makoto	Director	◎		◎		○				○	○
IKENOBU Seiji	Director	◎	○	◎			◎				
MATSUNAGA Morio	Outside Director			◎		○				○	○
TOIDA Kazuhiko	Outside Director	◎	○			◎				○	○
TAKEGAWA Keiko	Outside Director						◎	○	◎		
KUTSUNAI Akira	Corporate Auditor			◎						○	○
FUKUMOTO Hiroto	Corporate Auditor		○	○						○	◎
ISHIDA Toru	Outside Corporate Auditor							◎	○	◎	
INOUE Hiroshi	Outside Corporate Auditor					○	◎			◎	

○ indicates skills possessed by the Directors and Corporate Auditors, while ◎ indicates skills the Company expects Directors and Corporate Auditors to demonstrate in particular.

Compensation for Directors and Corporate Auditors

(2) The policy for the determination of content of compensation, etc.

Determination of the amount of compensation

The amounts of compensation to be paid to Directors are determined by the Compensation Committee, which is chaired by an Outside Director and composed of Outside Directors, Outside Corporate Auditors, the President, and the Director in charge of Human Resources (or Senior Executive Officer). The Committee is entrusted by the Board of Directors to make such determinations through discussion, based on the compensation criteria and within the limits set by the resolution made at the shareholders meeting*1. Outside Directors, who are independent from business execution, only receive base compensation and do not receive performance-linked compensation nor stock compensation. If the Board of Directors resolves a correction to the financial results post-announcement due to material accounting error or fraud, the Compensation Committee shall deliberate on adjustments to performance-linked compensation and restrict its payment, or even demand pay back of compensation, when deemed necessary (clawback provision).

Corporate Auditors' compensation is determined by the conference of Corporate Auditors, and the total volume of Corporate Auditors' compensation falls in the range approved at the Annual General Meeting of Shareholders*2.

*1 At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a limit on compensation paid to Directors of ¥720 million per year (not including compensation for their services as employees). At the time of this resolution, there were eight (8) Directors.

*2 At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a limit on compensation paid to Corporate Auditors of ¥180 million per year. At the time of this resolution, there were four (4) Corporate Auditors.

The composition and method of determination the compensation of Directors and Corporate Auditors are as follows:

	Representative Directors and Executive Directors	Outside Directors	Corporate Auditors
Base compensation	○	○	○
Performance-linked compensation	○	—	—
Stock compensation	○	—	—
Method of determination	Determined by the Compensation Committee		Determined by the conference of Corporate Auditors

Policy on base compensation

The base compensation for the President is set, taking into consideration the Company's performance, corporate value, and other factors comprehensively. Base compensation for Directors is calculated depending upon titles, based on the base compensation for the President and by applying a ratio for each title according to responsibilities.

Policy on performance-linked compensation

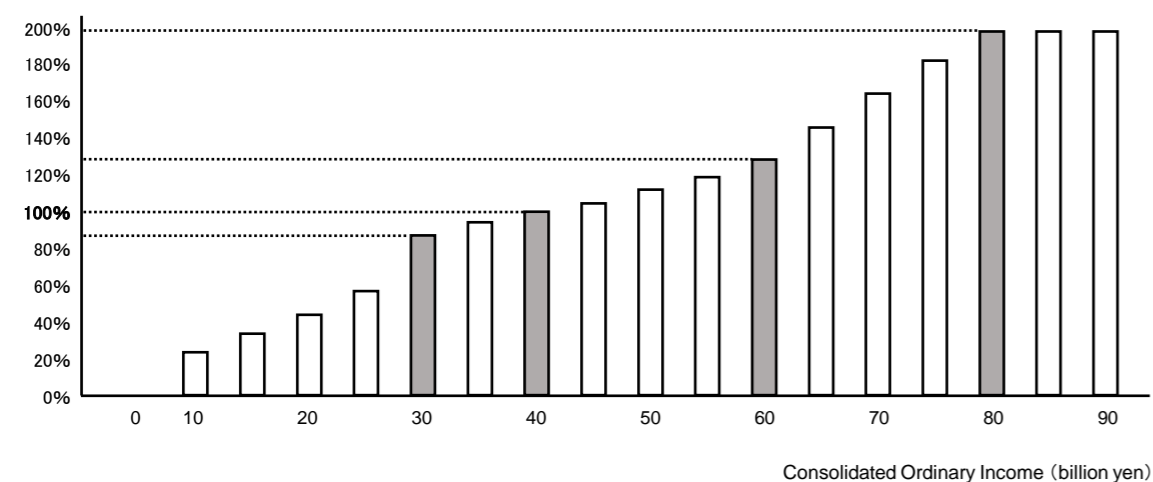
Regarding performance-linked compensation, the amount of performance-linked compensation is calculated using consolidated ordinary income, which the Company considers as a key indicator for evaluating operating results, as the performance indicator. In addition, the amounts of performance-linked compensation for individual Directors responsible for business units are determined through the evaluation of the performance of the business for which the Director is responsible.

More specifically, the Company changed its performance-linked compensation in fiscal 2021, and ¥40 billion, which is 130% of ¥30 billion, the average consolidated ordinary income over the past 10 years excluding the impact of the impairment of Caserones Copper Mine, shall be used as a benchmark (for the compensation percentage in the system design). The Compensation Committee also sets ¥60 billion, which is the largest recorded profit, as a target, and sets an upper limit of ¥80 billion in the event that the target is exceeded, to ensure that performance-linked compensation serves as an appropriate incentive.

A consolidated ordinary income of ¥65.9 billion in fiscal 2021 is used as a metric for determining performance-linked compensation in fiscal 2022, just as ¥19.9 billion in Fiscal 2022 is a metric for Fiscal 2023.

Outside Directors and Corporate Auditors who are uninvolved in business execution do not receive performance-linked compensation.

Linkage of compensation to each consolidated ordinary income when performance-linked compensation at the benchmark (¥40 billion) is 100



Policy on stock compensation

The Company introduced a restricted stock compensation plan for Directors (excluding Outside Directors) from fiscal 2021 to serve as an incentive for eligible Directors to aim for continuous growth in corporate value and further enhance value-sharing with shareholders. The total amount of compensation for granting restricted stock to eligible Directors shall be a monetary claim and the total amount thereof shall be within ¥36 million per year and the total amount of the Company's common stock to be issued or disposed of in this process shall be within 12,600 shares per year. The specific timing of payment and allotment to each eligible Director will be determined by the Board of Directors in light of standards established by the Compensation Committee.

Outside Directors and Corporate Auditors who are uninvolved in business execution do not receive stock compensation.

Policy on the composition of compensation, etc.

The composition of compensation, etc. for individual Directors is set, taking into consideration the Company's management strategy, business environment, the degree of difficulty in achieving the target for incentives, etc. and also by referring to the trend of benchmarked companies, utilizing data of an objective compensation survey by an external specialized organization and other factors. The composition of compensation for Directors is as follows:

Consolidated ordinary income	~¥0	¥20 billion	¥40 billion	¥60 billion	¥80 billion~
Base compensation	85%	70%	55%	51%	42%
Performance-linked compensation	0%	18%	35%	40%	51%
Stock compensation	15%	12%	10%	9%	7%

Note: The percentage of base compensation, the percentage of performance-linked compensation and the percentage of stock compensation vary because performance-linked compensation varies according to the Company's performance.

Policy on the timing of payment of compensation, etc. and conditions

Base compensation and performance-linked compensation are paid monthly in cash.

The stock compensation system is designed so that the period during which transfer of the allocated shares is restricted expires on the date of retirement and, even after retirement, sale of the shares is not permitted for a period of one year to prevent insider trading. Moreover, if an eligible Director retires without just cause, the Company shall automatically acquire the allocated shares at no cost irrespective of the elapsing of the period.

The details of compensation, etc. for individual Directors in fiscal 2022 are judged to be in accordance with the policies because the Board of Directors determined the details after fair and transparent deliberation based on the compensation determination standards by the Compensation Committee.

(2) Revision of the compensation system for Directors (Introduction of ESG-related indicators)

With respect to compensation, etc. for Directors (excluding Outside Directors), the Compensation Committee has decided to introduce ESG-related indicators as a means to enable the Company to continue to contribute to society and remain an essential presence in the future.

Specifically, the Company introduces new ESG index-based restricted stock compensation, which is added subject to the achievement of ESG indicators, in addition to the already introduced tenure-based restricted stock compensation. In both cases, continued service is a condition for lifting the transfer restrictions. ESG indicators are those related to the reduction of greenhouse gases, the promotion of job satisfaction and diversity and compliance.

The total amount of monetary compensation claims to be paid to eligible Directors for the granting of restricted stock shall be within ¥50 million per year as the already introduced tenure-based restricted stock compensation and within ¥50 million per year as the newly introduced ESG index-based restricted stock compensation, and the total annual amount shall be within ¥100 million. In addition, the total annual number of the Company's common shares to be issued or disposed of shall be 16,650 shares or less per year as tenure-based restricted stock compensation and 16,650 shares or less per year as ESG index-based restricted stock compensation, totaling a maximum of 33,300 shares per year. Based on the system design, the ratio of the total of tenure-based restricted stock compensation and ESG index-based restricted stock compensation to total compensation will increase from the current 10% to 15%. However, if all ESG indicators set by the Compensation Committee are not achieved, the stock compensation will be reduced from the fiscal 2022 level.

Percentage of stock-based compensation based on consolidated ordinary income of 40 billion yen

Mode of Compensation	Status of ESG indicator achievement and share of equity compensation (total of Tenure-based and ESG index-based) in total compensation		
	Target achieved	Partially achieved	Missed all targets
Stock-based compensation	15%	10% (Same level as FY2022) ~ 12.5%	7.5% (Tenure-based only, total stock-based compensation will decrease compared to FY2022)

As a result of the review of the policy on stock compensation, the compensation percentages for Directors (excluding Outside Directors) will be as follows when consolidated ordinary income of ¥40.0 billion and all ESG KPIs are achieved: base compensation: 53%, performance-linked compensation: 32%, and stock compensation: 15%. However, since performance-linked compensation will fluctuate depending on the Company's performance, the percentages of base compensation, performance-linked compensation and stock compensation will fluctuate within the following ranges.

Consolidated ordinary income	~¥0	¥20 billion	¥40 billion	¥60 billion	¥80 billion~
Base compensation	78%	65%	53%	48%	40%
Performance-linked compensation	0%	17%	32%	38%	48%
Stock compensation	22%	18%	15%	14%	12%

(3) Organization of Compensation Committee and attendance

In FY2022, the Compensation Committee held 10 meetings. The attendance records of Directors and Corporate Auditors are as listed below.

	Name	Attendance at the meetings of the Compensation Committee
Outside Director (Chair)	MATSUNAGA Morio	100% (10/10)
Outside Director	TOIDA Kazuhiko	100% (10/10)
Outside Director	TAKEGAWA Keiko	100% (10/10)
Outside Corporate Auditor	ISHIDA Toru	100% (10/10)
Outside Corporate Auditor	INOUE Hiroshi	100% (10/10)
President and Representative Director	NOU Takeshi	100% (10/10)
Senior Executive Officer	YAMASHITA Masashi	100% (10/10)

Deliberations by the Compensation Committee

In FY2022, the Compensation Committee deliberated the agenda items listed below.

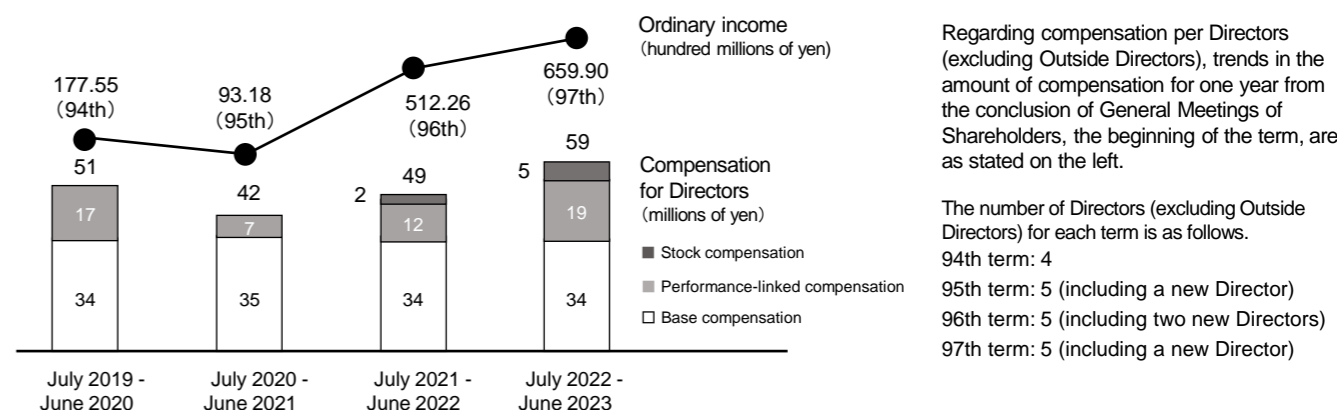
Agenda	Deliberations
Determination of Directors' compensation for FY2022; consideration of/for the introduction of non-financial indicators (ESG indicators)	

Total compensation paid to Directors and Corporate Auditors (April 2022 - March 2023)

Classification	Total Compensation (millions of yen)	Total amount of Compensation by type (millions of yen)			Number
		Base compensation	Performance-linked compensation	Stock compensation*	
Director (excluding Outside Director)	283	170	87	25	6
Corporate Auditor (excluding Outside Corporate Auditor)	50	50	—	—	3
Outside Director/Outside Corporate Auditor	78	78	—	—	5

* At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a resolution on stock compensation for Directors to the effect that the total amount of compensation shall be within ¥36 million per year and the total amount of the Company's common stock to be allocated shall be within 12,600 shares per year (stock shall not be delivered to Outside Directors). Shareholders also resolved that when allocating such stock, the Company shall conclude a contract for allocation of restricted stock with the Eligible Directors.

Linkage between the amount of compensation per Director (excluding Outside Directors) and ordinary income



Regarding compensation per Directors (excluding Outside Directors), 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 number of Directors (excluding Outside Directors) for each term is as follows.
 94th term: 4
 95th term: 5 (including a new Director)
 96th term: 5 (including two new Directors)
 97th term: 5 (including a new Director)

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 FY2022, each board member conducted a self-assessment by responding to the questionnaire survey. Responses were collected and summarized by a third-party institution, and the Outside Directors and Corporate Auditors were invited by the Board chairperson (who is also an Outside Director) to share their opinions on the summarized results.

The results indicated that all internal and external board members are sufficiently qualified or generally sufficiently qualified for their role, as judged in light of the following: shared understanding of the function of the Board (supervision and decision-making based on the governance system); composition of the Board (ability to implement management strategies); and operation of meetings (willingness to engage in robust discussion). The overall effectiveness of the Board was thus confirmed.

With respect to the quality of discussion by topic, the results specified areas where progress has been made and those where improvements are needed. The former principally involves basic policies related to sustainability, such as responses to ESG and actions for the SDGs, and initiatives to improve relevant activities and ensure appropriate disclosure. The latter chiefly involves the allocation of management resources to investment in human capital and intellectual property, and execution of strategies related to the business portfolio.

Effectiveness assessments were also performed for the Nomination Review Committee and Compensation Committee, primarily by Outside Directors and Outside Corporate Auditors. While results indicated satisfactory or generally satisfactory performance for overall operations, room for improvement was identified with regard to feedback to the Board, discussion on succession plans, and others.

Mitsui Kinzoku's Board of Directors will aim higher to continue to improve its effectiveness.

Effectiveness Assessment of the Board of Corporate Auditors

We conducted self-assessment of the effectiveness of the Board of Corporate Auditors. 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.

Major assessment items were set for the effectiveness of the following: responses to the Corporate Governance Code; response to the Board and board members; application of the three-pillar audit (audit by Corporate Auditors, Independent Auditing Firm and/or Internal Audit Committee and Internal Audit Dept.) collaboration system; monitoring and verification for financial reporting and information disclosure; response to scandals involving serious violations of law or inappropriate accounting; ICT governance and information system framework; and response to issues related to ESG and the SDGs.

Assessments were performed as follows. Interviews were held with Outside Directors and Directors not directly in charge of business units to understand their expectations regarding the Board of Corporate Auditors, while each Corporate Auditor conducted a self-assessment questionnaire survey in advance. All Corporate Auditors then engaged in discussions on each question using the results of the survey to identify issues.

As a result of the discussions, the Board of Corporate Auditors was found to be adequately effective. For identified issues—mainly related to ICT-related investments, progress of DX promotion, response to ESG and SDGs issues, and increased collaboration for three-pillar audits and group audits—improvement efforts will be made, particularly by incorporating necessary measures into audit plans for the next fiscal year.

The assessment results have been reported to the board.

Status of cross-held stocks

Mitsui Kinzoku assesses the appropriateness of holding listed stocks held for purposes such as maintaining medium- to long-term business relationships with trading partners ("cross-held stocks") and sells any such stocks when no rational reason for holding them any longer exists.

Every year, the Board of Directors conducts a comprehensive assessment of these individual stocks by examining the purposes of holding them, the associated benefits and risks, their relationships with the cost of capital, etc.

Stocks held and balance sheet amount

Classification	FY2020			FY2021			FY2022		
	Unlisted	32	30	28	Listed	11	10	10	
Number of companies	Total	43	40	38	Listed	5,951	3,927	5,114	
	Unlisted	3,253	3,188	1,999	Total	9,204	7,115	7,113	
	Amount recorded on the balance sheet (millions of yen)								

ICT governance

Mitsui Kinzoku Group strives to enhance its ICT governance system with a focus on three areas: building a security operations center (SOC, internal function for detecting/analyzing/taking measures against cyberattacks) at overseas sites; performing security risk assessments; and establishing a computerized ICT procedures control system.

(1) Building an SOC at overseas sites

Mitsui Kinzoku Group has implemented the SOC function across the Group to ensure all employees use ICT and DX tools in a safe and secure manner. The function has been established at all sites, including those overseas, where necessary work was completed in FY2022.

(2) Security risk assessments

Security risk assessments were conducted for systems used at each site following the completion of sessions for group-wide common systems. The aim was to reduce risks and improve security levels on an ongoing basis. We are steadily proceeding with the security risk assessment plan scheduled to be completed within the three years covered by the 22 Mid-term Plan.

(3) Establishing computerized ICT procedures control systems

We are establishing computerized control systems for ensuring the proper rules-based execution of ICT procedures that were previously performed by human workers. The project is advancing according to the schedule created under the 22 Mid-term Plan.

Directors

(as of June 29, 2023)



President and
Representative Director

NOU Takeshi

Mr. NOU Takeshi has a wealth of experience cultivated through his many years of involvement in the Group's electronic materials business and engineered materials business and is well versed in the Company's business, including areas which are currently growing and areas which are expected to grow in the future.



Representative Director
Senior Managing Director

KIBE Hisakazu

Mr. KIBE Hisakazu possesses a wide range of experience and knowledge in finance and corporate planning of the Group, including serving as officers of affiliated companies, and is well versed in the Company's business.



Senior Managing Director

TSUNODA Satoshi

Mr. TSUNODA Satoshi possesses a wide range of experience and knowledge in metals business and corporate planning of the Group, including serving as officers of affiliated companies, and is well versed in the Company's business.



Managing Director

OKABE Masato

Mr. OKABE Masato has good knowledge of business strategy and sales and marketing gained through extensive sales and planning experience in the Group's electronic materials business and engineered materials business, and is well versed in the Company's business.



Outside Director

MATSUNAGA Morio

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.



Outside Director

TOIDA Kazuhiko

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, with a focus on the sales division. In addition, he has experience at FALTEC Co., Ltd. as Representative Director and President.



Outside Director

TAKEGAWA Keiko

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 administrative experience through her engagement in formulation and implementation of policies such as promotion of women's participation and advancement.

Corporate Auditors



Director

MIYAJI Makoto

Mr. MIYAJI Makoto has a wealth of experience cultivated through his many years of involvement in the Group's engineered materials business and is well versed in the Company's business.



Director

IKENOBU Seiji

Mr. IKENOBU Seiji possesses a wide range of experience and knowledge in the metals business, engineered materials business and corporate planning of the Group and is well versed in the Company's business.



Corporate Auditor

KUTSUNAI Akira

Mr. KUTSUNAI Akira has a wealth of experience gained over many years, centered around areas including finance, public relations, and corporate planning of the Group, and is well versed in the Company's business.



Corporate Auditor

FUKUMOTO Hirotohi

Mr. FUKUMOTO Hirotohi has a wealth of experience cultivated through his many years of involvement in the Group's R&D, manufacturing and corporate planning. He is well versed in the Company's business and management, following management experience at a subsidiary in Malaysia.



Outside Corporate Auditor

ISHIDA Toru

Mr. ISHIDA Toru has a wealth of administrative experience in planning and implementing trade and industrial policies, as well as experience and expertise in holding important positions that contribute to the enhancement of commerce and industry.



Outside Corporate Auditor

INOUE Hiroshi

Mr. INOUE Hiroshi has a wealth of knowledge and experience in legal circles as a public prosecutor and a lawyer.

* Profiles of Directors and Corporate Auditors are listed on pages 138-139.

Tripartite Dialogue of Outside Directors

(including Chair of the Board of Directors' Meeting)

TOIDA

It has been one year since I was appointed to chair the Board of Directors' meeting. Before taking on this role, I had served as a board member at several other companies, including sometimes as chairperson. Yet, this is the first time I have ever chaired the board in the capacity of outside director. So, I met a number of people who had assumed a similar role, namely outside director presiding at the board meeting, in other companies, as well as my seniors in this field, to ask for advice that helps me with performing my new role for the Company.

I believe the results of the effectiveness assessment of the Board of Directors indicate an appropriate level of effectiveness. In the past year, all participants in the meetings, including you both and Outside Corporate Auditors, engaged in animated discussions and presented pertinent views, which indicated the proper functioning of the board meetings. All those present, in their respective capacity of Director and Corporate Auditor, engaged themselves fully in the proceedings of the meetings. I appreciated their

commitment to the meetings, and I believe, such good performance justifies the results of the effectiveness assessment, which favorably compare with those of other major companies.

As chair of the board, I feel I need to improve my skills, particularly for bringing the discussion under control when it becomes very heated, depending on topic, and maintaining a broad and objective perspective. In my second and later years in this position, I hope I will be better at facilitating the meeting so that all participants are willing to exchange constructive opinions and, hopefully, come to a unanimous agreement in a natural manner.

MATSUNAGA

I myself do not know many companies, but I do know many people engaged in corporate management, and from talks with such people and based on my objective observations in the past, I think Mitsui Kinzoku's board meetings have an open and friendly climate compared to other companies. From my experience in university

management, I believe there is an avoidable gap as to how people feel about the same organization between parties from outside and those from within. And I learned that external members should be careful, when giving opinions or asking questions, to avoid saying something irrelevant to the discussion and only to be ignored, a situation that often happens in meetings attended by both internal and external members.

At Mitsui Kinzoku's board meetings, however, I have hardly ever faced such situations. In light of this, I agree with Mr. Toida in acknowledging the appropriate effectiveness of the Company's board.

TAKEGAWA

Outside directors have discussions with internal members at various meetings, held not only by the Board of Directors but also by other bodies placed under the board, namely, the Nomination Review Committee, Compensation Committee, and Internal Audit Committee. In addition, we attend executive seminars, where we talk about medium- to long-term business directions. With all these in place, the Company has established a structure to enable outside directors, through various settings, to fully understand the Company's situation and provide opinions from an independent and objective perspective.

Regarding the recent discussions on the 22 Mid-term Plan, which is reaching the halfway point this year, I have a particularly high regard for the board's vigorous deliberations for enhancing CO2 emissions reduction efforts and the decision made to introduce ESG-linked compensation schemes for directors, taking account of the responsibility of businesses to address social and environmental issues in order to achieve sustainable growth. The adopted ESG indicators include those related to diversity promotion as well as CO2 reduction, and progress toward the relevant goals will be reflected in compensation for directors. While attending the recent meetings, I strongly noticed the Company's dynamic momentum for action to tackle these issues.

TOIDA

Clarification of agenda items for the board of directors' meeting is one of the issues of interest to stakeholders. Behind this is the current general issue of quite a few board meetings not well facilitated, resulting in empty talks held merely for the sake of formality or arguments becoming too heated to reach any meaningful conclusions. In contrast, Mitsui Kinzoku's board meetings select agenda suitable for having substantive discussions to arrive at appropriate conclusions.

It's not necessary to say, but each board member expresses their opinions based on their respective professional skills, which are summarized in the disclosed skills matrix, which significantly helps me with facilitating each session. Most comments and suggestions shared are very insightful, backed by specialized knowledge. Ms. Takegawa, you have served as an outside board member of several other companies. Could I ask for your views about this, based on your previous experience?

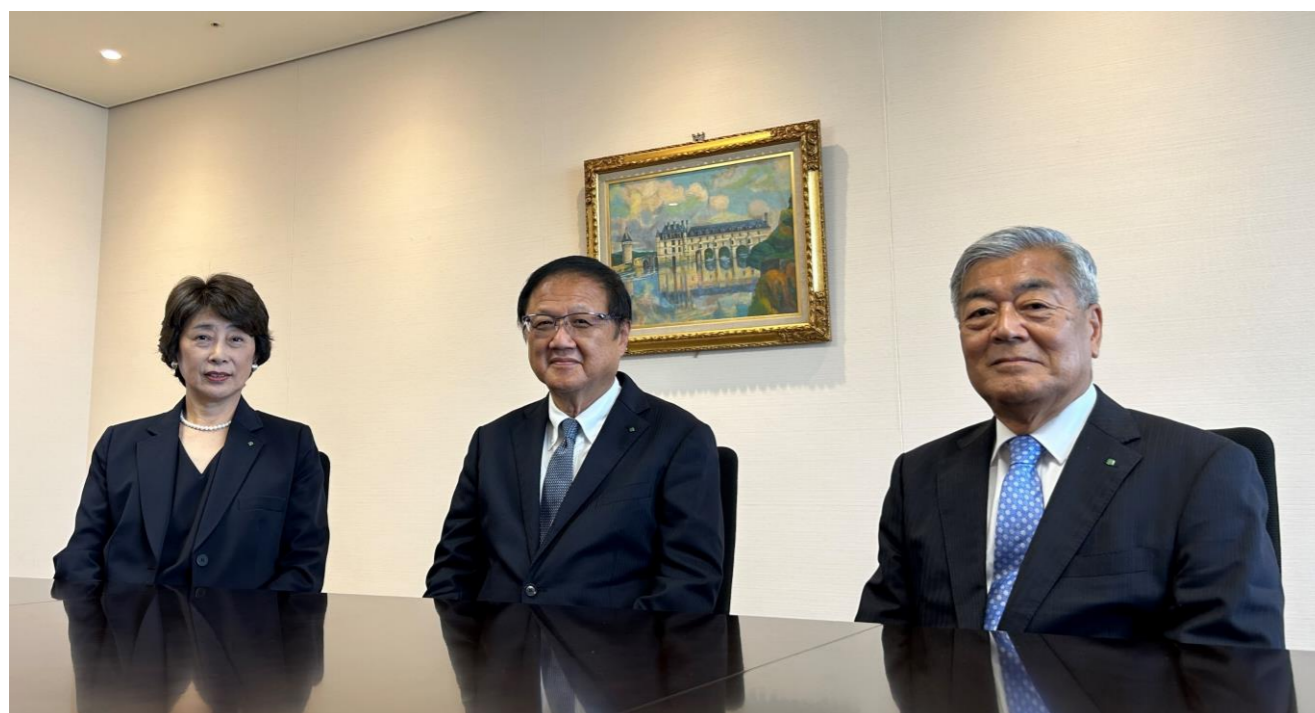
TAKEGAWA

Among the three present outside directors of Mitsui Kinzoku, I have followed a basically different career path from the other two. Mr. Toida has a long career in business management, and Mr. Matsunaga was engaged in university management as well as being a technology and materials scientist.

I have very little knowledge about materials science, which has not grown from the level of high school students, and all that I remember now is how to remember the periodic table of the elements. Still, I recognize the Company has an excellent and hard-working engineering workforce characterized by sincere and serious attitudes, a sense of humor, and high levels of professional skills in technology innovation and mine development. However, I am unqualified to express opinions on technology issues in public. So, to support the Company, I would rather take a different approach, especially by focusing on diversity, a high priority issue of the Company. This represents an area of my strength, which has been built while I was working on gender equality policies as a national government official.

Regarding your question about my observations as an outside director at several companies, I would like to emphasize the need for companies to fully understand the risk of failed governance resulting in severe damage. Many companies have begun to be aware of this risk and spend substantial time and money in order to improve their governance systems.

In my observations, Mitsui Kinzoku is endeavoring to boost its governance functions sensibly in a very rational fashion, by committing to creating new products that are environmentally friendly and help sustainable growth as well as adopting the most advanced theories of business administration while addressing permanent business issues, such as ensuring procurement of overseas resources, and responding as appropriate to the constantly changing international bare metal market.



Outside Director
TAKEGAWA Keiko

Outside Director
TOIDA Kazuhiko
Chair of the Board of Directors' Meeting

Outside Director
MATSUNAGA Morio

Mitsui Kinzoku has gone through many transformations over the years, how did the Board of Directors change along with the Company?

TOIDA

From my past observations, many people serving as board members for many years tend to become less receptive to new ideas. However, Mr. Matsunaga is always open to new views and maintains an objective perspective. At meetings, I sincerely admire you for your invariably broad mindset. It's been seven years since you became an Outside Director of Mitsui Kinzoku. The Company has gone through significant transformations over these years, and the Board of Directors has also changed along with it. In what way did it change, specifically? Would you share your views on this?

In order to build an unwavering policy, it is important to look at the future two or three decades ahead.

MATSUNAGA

Thank you, but you are praising me too much.

Looking back on these years, from my earliest days as an Outside Director of the Company, when I was quite clueless in many ways, I noticed the Board lacked discussions from medium- to long-term points of view, which was the gravest concern from my viewpoint. And I suggested to the Board a number of times that it should have discussions from a longer-term perspective; specifically, when formulating a medium-term management plan, it is important to not only talk about the three years covered by the plan but also look beyond the period. My suggestion was not accepted by the Board in those days saying that it was following the policy of continuing the past practice.

Recently, however, I have noticed a change in the above attitude of the Board, which has begun to share an understanding among the members that it is important to look at the future two or three decades ahead in order to build an unwavering policy. I think one reason for this change is that the Board has come to take note of social expectations for companies to commit to the sustainable improvement of corporate value. Also, it is apparently related to the consideration of the timing when the Company will soon celebrate the 150th anniversary of its founding.

At some board meetings, I also noted a fundamental change in the way of viewing things.

One good example is a change in how the workforce should be perceived in the context of business operations. Previously, the workforce primarily constituted "cost," but now it is considered as "capital." I have identified this clear perceptual change as a transformation of the Board's attitude toward employees, and I think this indicates the growing understanding of the importance of governance at Mitsui Kinzoku. Going forward, while maintaining this direction, the Company will need to think of what to do next for further development.

Society is subject to constant and drastic transformation. While I was working at a university, many societies in the world were affected by a number of historic events, represented by the bankruptcy of Lehman Brothers taking place shortly before I was appointed the president of the university, and the Great East Japan Earthquake occurring in my first year of the presidency. Social transformation is going on at this very moment while I am serving as an Outside Director of Mitsui Kinzoku. In these circumstances, companies need to establish strong governance in response to the constantly changing environment, and for this purpose, it is essential to utilize DX technologies wisely. In this area, also, Mitsui Kinzoku is steadily carrying out appropriate strategies. At present, the Company is advancing to achieve results as planned, which, I believe, will help it make a great leap forward.



MATSUNAGA Morio

Mr. Matsunaga became postdoctoral fellow at the University of Tennessee in 1977. In 1978, he began to work for Kyushu Institute of Technology, first as Assistant Professor at the Faculty of Engineering, then as Associate Professor and Professor at the same faculty before serving as President of the same institute between 2010 and 2016. In 2016, he was appointed Chairperson of the Board of Directors at Kitakyushu Foundation for the Advancement of Industry, Science and Technology, and in June the same year, he was appointed Outside Director of the Company.



TOIDA Kazuhiko

Mr. Toida joined Nissan Motor Co., Ltd. in 1975. He became Senior Vice President of the same company in 2001. Then, he served in a number of positions, including Representative Director, President and CEO of FALTEC Co., Ltd. (from 2010), before being appointed Outside Director of the Company in June 2020. He served as Chairperson of the Board of Rikkyo Educational Corporation between September 2020 and July 2022. In June 2022, he was appointed Chairperson of the Company's Board of Directors.

The key to the future growth of Mitsui Kinzoku is the Business Creation Sector and its research personnel. In order to increase the number and quality of the personnel and enhance the innovation capacity, the Company is looking to use external capabilities, especially through M&As, while continuing to build in-house capabilities. By doing this, the Company is facing a historic turning point in its management policy.

Outside Directors should be able to comprehend an array of future plans swiftly and give "go-no-go" judgment on each plan on the spot. Regrettably, however, I myself am yet to be well skilled to do this task appropriately. With each director adequately capable of doing this task, I believe, the Company will be able to have a bright future.

I'd like to touch another important issue. The management should examine possible approaches to creating a workplace where all employees can have a true sense of job satisfaction. These will involve reforms and improvements for diversity and inclusion, compensation and benefits, and human resources development. In order to ensure that relevant initiatives will be implemented effectively, directors must offer useful opinions and suggestions.

All in all, I should say that the Company and the Board today are notably and favorably different from the state seven years ago.

TOIDA

Thank you, Mr. Matsunaga. Your story was very interesting. It is good to have this opportunity to listen to you. As you said, at Mitsui Kinzoku, the Board of Directors' meetings as well as other supplementary sessions are designed to engage internal and external members alike in discussions from a medium- to long-term perspective. I understand this is part of the transition that has been occurring over the past years, as Mr. Matsunaga described.

The Company's Board is properly adopting recent standard practices of operating the function, particularly holding in-depth deliberations on non-financial issues as well as financial topics, in addition to having a medium- to long-term perspective. I would like to take this opportunity to share among us as the Company's Outside Directors any individual views and comments about performing the relevant roles. As for me, I am struggling with technical terminologies specific to the non-ferrous industry.

TAKEGAWA

As I talked about my skills earlier, I become keenly aware of my lack of knowledge in this field, almost every day. I appreciate the Company for including a glossary in written materials, which is very helpful. It is also good to provide an opportunity to visit production sites. I enjoy extraordinary experiences, learn new things, and broaden my horizons. In a large plant, witnessing firsthand the lines engaged in the recycling process and copper foil manufacturing, I feel like I am feeling the heartbeat of Mitsui Kinzoku.

MATSUNAGA

It is indeed true that Mitsui Kinzoku has been transforming itself, and the reform is progressing steadily, as I said earlier. To be honest, I previously thought the progress should be accelerated even if slightly.

TOIDA

I occasionally feel the same way, honestly.

MATSUNAGA

Recently, however, I have begun to think in a different way. Mitsui Kinzoku's ongoing reform involves the reviewing of a corporate culture that has been established over the many years of its long history, for which a step-by-step approach is most suitable. External interested parties may criticize the Company for the slow progress and call for acceleration, but that is a matter of methodology, and I doubt if faster methods would be effective for the Company to pursue the ongoing reform. Rather, the Company should move forward steadily by controlling the pace of progress to be suited to the nature of its corporate culture and maintaining the management principles and production philosophies that underlie the culture. The Company should advance step by step to achieve effective results.

Systems prepared for growing in a systematic way.

Moving to the next phase for making them work effectively.

TOIDA

I quite agree. As Mr. Matsunaga said, Mitsui Kinzoku is in the midst of one of the most major transformations in its long history. I see that a speed-oriented top-down approach is unsuitable for the Company to press ahead with such major reform that involves cultural redevelopment. This appears to be obvious to me as an outside member, and this understanding basically underlies my approach to the role as chair of the Board meeting.



TAKEGAWA

Under the ongoing 22 Mid-term Plan, the dynamic portfolio management mechanism came into operation and the new Technology Sector was launched. With these functions in place, appropriate systems have been prepared for the Company to grow in a systematic way. From now, it is moving to the next phase for making them work effectively.

Failing companies often, unavoidably, choose to get rid of unprofitable departments to rebuild their business. Basically, however, it is desirable that companies should act to rebuild business appropriately to be able to avoid the above choice. At Mitsui Kinzoku, President Nou supports the best-owner principle, and portfolio updates are shared within the Board of Directors. I hope the portfolio will be managed expertly to achieve a desirable shift, while overcoming challenges associated with long-established local relationships. I also look forward to technology innovations to appear from the Company in the future.

TOIDA

Before closing today's session, I would like to ask each of you to report briefly on the situation of the committees you respectively chair.

TAKEGAWA

At the Internal Audit Committee, we have lively discussions at each meeting. As the COVID-19 pandemic is coming to an end, we think we need to resume in earnest the practice of conducting visiting inspections, which had been restricted for a couple of years due to the spread of infection. We totally understand that compliance violations and quality problems identified even overseas will pose the risk of causing grave reputational damage to the Company. Therefore, we will perform on-site inspections to increase the effectiveness of audit.

TAKEGAWA Keiko

Ms. Takegawa joined the Prime Minister's Office in 1981. She served in a number of positions in the Cabinet Office, including Deputy Director General, Director of Public Relations Office, and Director General of the Gender Equality Bureau (from 2014), before being appointed Outside Corporate Auditor of the Company in June 2019 and Outside Director of the Company in June 2021. She concurrently serves as Specially Appointed Professor of Showa Women's University.

MATSUNAGA

Compensation systems for directors have been simplified. System designs for stock compensation and the ESG-linked compensation scheme directed at incentivizing non-financial performance have been established. So, the necessary preparations are almost complete. The next step will be optimizing the composition of the base compensation, performance-linked compensation and stock compensation, in consideration of the current social standards. We are refurbishing the compensation systems to be able to win the understanding of the public as well as employees. The systems must be designed to act as a driver for earning record-high profits every year, and also reward employees as well as directors.

The Compensation Committee principally discusses compensation systems for directors, but rarely talk about pay systems for employees, at present. I personally think the Committee should more broadly cover this topic in future meeting agendas. I believe we can work step by step to carry this out, and will engage in this issue as one of many others to address in the future.

TOIDA

I've heard quite a lot about the history of management personnel affairs at Mitsui Kinzoku. As part of the ongoing major transformation, which I referred to earlier today, the Nomination Review Committee is also advancing in a favorable way. At the Committee, we place overriding importance on confirming information transparency, fairness, and conformity with established processing procedures.

Presently, the Committee is focusing particularly on ensuring alignment with our Purpose. As the management vision and strategies are created based on our Purpose, the management personnel nomination and strategies must be aligned with the related philosophy. This is an essential issue that involves more than only the Nomination Review Committee. Selecting personnel without regard to our Purpose or relevant management strategies would constitute a deviation from the above discussed policy of increasing corporate value over the medium to long term. Such a situation must be avoided. This is the basic understanding shared in the Committee where I serve as chair.

I occasionally discuss meeting agenda items in advance, depending on the topic, with President Nou, who assumes executive responsibilities for business operations of the Group, in order to ensure specific nomination plans appropriately agree with the overall direction Mitsui Kinzoku is pursuing. I will continue to commit to this principle.

Mr. Matsunaga and Ms. Takegawa, Thank you very much. I appreciate you for sharing your valuable opinions today.

I think our roles and responsibilities as Outside Director are becoming more important going forward. We will work on each issue, drawing on our individual skills and expertise and from an objective perspective, in order to offer useful suggestions, advice, and opinions. Through fulfilling these tasks properly, we will be able to contribute to the future growth of Mitsui Kinzoku.

(June 2023)

Corporate governance

Tripartite Dialogue of Outside Directors