

To continue to be a trusted company

Based on our understanding that corporate governance is a mechanism for transparent, fair, prompt, and strong-minded decision-making from the perspective of stakeholders, such as shareholders, customers, employees and local communities, we position corporate governance as one of the most important management issues, build a management structure and a decision-making system, and take the necessary measures to realize our management philosophy.

Fundamental Principles regarding Corporate Governance

Pursuing its objective of “making a contribution to all stakeholders,” the Company executes policies throughout the business group by focusing on the following:

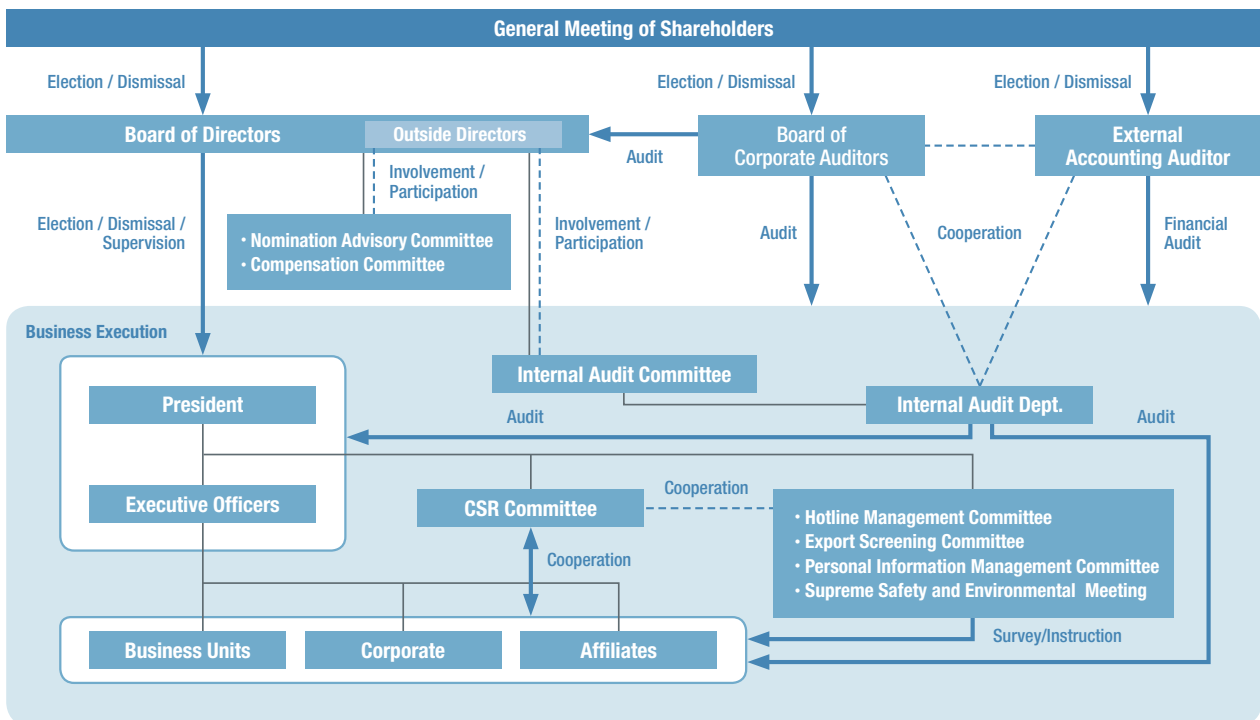
- Providing shareholders with payments of sound dividends consistent with the Company’s performance, and disclosing information in an appropriate manner.
- Providing customers with high-value products.
- Establishing harmonious and mutually prosperous relationships with local communities.
- Creating a rewarding working environment and working conditions for employees.

Moreover, as an institutional foundation that enables the Company to carry out fair and valuable business activities, the Company has been taking the following and other measures.

- Establishing company regulations and rules, including the Code of Ethics
- Election of Outside Director and Outside Corporate Auditors
- Introducing audit systems and whistle-blowing systems

In October 2015, we once again stipulated our basic approach and efforts for corporate governance and established them as our Corporate Governance Guidelines.

Corporate Governance System of Mitsui Kinzoku



Directors and Business Execution

Directors discuss important business matters at the Board of Directors meetings which are convened once a month and as needed and supervise the execution of business activities. To properly and efficiently fulfill the supervision function, the Board of Directors consists of Internal Directors who are experienced and knowledgeable of the Company's businesses and Outside Directors.

There are two Outside Directors, one a legal expert with years of experience and the other an engineering expert with experience as a university president.

Regarding the execution of the business activities, the Executive Officer system has been introduced. Important matters regarding business execution are discussed twice a month and as needed at the Executive Council which consists of high-ranking Executive Officers. The business affairs of the company are executed under the leadership of Executive Officers based on the results of these discussions.

Corporate Auditors

The Company has adopted the Corporate Auditor system, and as of June 29, 2016, it has four Corporate Auditors. They are two full-time Auditors with experience in running the Company's business and two part-time Outside Auditors. Corporate Auditors primarily audit the Directors and the performance of their duties based on audit plans decided by the Board of Corporate Auditors.

One of the full-time Auditors has management experience as the Director of the Company. The other has management experience as the Director of affiliated companies.

One of the Outside Auditors is a legal expert with ample knowledge who has had experience as a Superintending Prosecutor. The other Outside Auditor has a rich and wide experience as a government official in economic and industrial policy.

The Board of Corporate Auditors consists of all the Corporate Auditors, and ensures the soundness of business through its oversight of the execution of the Directors' duties, based on a full understanding of the special nature of the Company's business.

The Board of Corporate Auditors is convened at least once a month. In addition, the Company has established a Corporate Auditor Office with five staff members (a concurrent position) to support Corporate Auditors.

Accounting Auditor

The Company has entered an audit agreement with KPMG AZSA LLC, and undergoes accounting audits based on the provisions stated in the law. The accounting audits of the Company were executed by three Certified Public Accountants (CPAs) who are the designated limited liability partners and the managing partners of KPMG AZSA LLC. There are 8 CPAs and 13 other assistants who help with the accounting auditing operations performed by the CPAs.

Strengthening the Internal Control Function

In addition to Corporate Auditors and an Accounting Auditor, we have created the Internal Audit Committee, chaired by an outside director under the direct control of the Board of Directors, and established the Internal Audit Department to strengthen the internal control function through the practice of internal audits.

The Internal Audit Committee consists of one representative director, all outside directors, and the general manager of the Internal Audit Department. The Committee will not only evaluate the reported results of the internal audits implemented by the Internal Audit Department and check the remedial status of the issues cited in the audits, but also approve and determine the important matters about internal audits.

The Internal Audit Department, which is the office of the Internal Audit Committee, plans to conduct an audit on the compliance status of the Mitsui Kinzoku Group for the laws and regulations and its operation of the internal control system by assigning personnel with specialized knowledge in accounting, tax affairs, safety, and the environment.

Compliance is fair play

Compliance means observing the laws and regulations as well as social norms and ethics, and we can say that it means to strictly follow all of the rules. We understand that all of the rules mentioned here refer not only to the laws and regulations of each country and the company rules, but also to all matters which society expects Mitsui Kinzoku to observe, including common sense and morals, even if they are not written down.

- Can you talk about your conduct with your family with confidence?
- Do you think that your conduct is objectively right from a third party's point of view?
- Do you conduct yourself in accordance with the Code of Conduct?

Strictly following the rules does not mean simply not to do something wrong or only to follow the rules. We share common understandings across the Company and the Group and also the things which Mitsui Kinzoku should do in order to be trusted by ourselves, the people around us, and various other stakeholders in the Company.

Practice and strengthening of compliance

The Code of Conduct is a concrete expression of our aim to strictly follow the rules to earn the trust of various stakeholders surrounding Mitsui Kinzoku by fulfilling our social responsibility as a company. It is the basis of materializing our management philosophy.

It is the Compliance Guidebook that summarizes and explains the points of conduct in an easy-to-understand manner for our daily operations in order to match the Code of Conduct. We distribute it to all officers and employees of the Mitsui Kinzoku Group as a guide for practicing compliance. We have prepared it in Japanese and Chinese and will make it available in other languages in step with the development of our overseas bases.

In addition to holding compliance lectures by inviting an outside lecturer and providing compliance training inside the Company for each level of employees, we also provide explanatory materials and e-learning about legal knowledge on the company intranet.

To make the importance of compliance fully understood by all officers and employees since 2007, we have made a special effort by annually appointing October to be Compliance Promotion Month.

We also established the Mitsui Kinzoku Hotline in 2003, for all officers and employees to be able to consult about and report an act that they have discovered if it violates compliance.

We conducted an employee compliance awareness survey for all employees, contract employees, temporary employees, and part-timers of Mitsui Kinzoku and its consolidated subsidiaries in February and March 2016.

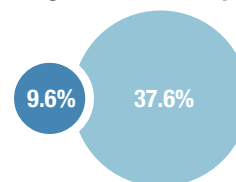


We prepared the Compliance Guidebook in 2003 as a specific guide for practicing compliance. Since then, we have distributed it to all officers and employees to facilitate their understanding and implement its content.

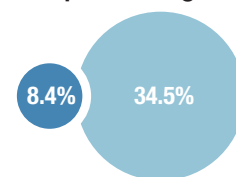


It explains unfair trade restrictions, such as cartels and bid-rigging in detail. We prepared and distributed it in 2014 as an additional volume to the Compliance Guidebook.

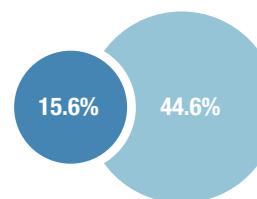
〈 Management Philosophy 〉



〈 Corporate Slogan 〉



〈 Code of Conduct 〉



■ Always aware of it
■ Somewhat aware of it

The graph above shows the results of the employee compliance awareness survey conducted in February and March 2016. Sixty percent of those who work in the Mitsui Kinzoku Group reply that they are aware of the Code of Conduct on a routine basis.

Compliance training

In Mitsui Kinzoku, the Legal Department plays a central role in providing three kinds of compliance seminars to the Group employees. The first is a group training provided for each level of employees, such as new employees, young employees, and newly-appointed managers. The second is a business law seminar that is conducted using textbooks for Grade 3 of the Japan Business Law Examination, sponsored by the Tokyo Chamber of Commerce and Industry. The third is a seminar that explains a single topic, such as the Antimonopoly Act or bribery. Particularly, this is held in a series at each base of the Mitsui Kinzoku Group in Japan and overseas. Most recently it was provided at overseas bases in India, China, and Malaysia.

Implementation of a legal audit

Mitsui Kinzoku strengthens its internal control function by appointing an outside director as the chairperson of the Internal Audit Committee and by creating the Internal Audit Department. As part of these efforts, the Company conducts an internal audit (legal audit) specialized in legal affairs. In legal audits for our affiliates in Japan, we have already conducted a field audit related to the Companies Act, such as checking the holding status of shareholders meetings and the Board of Directors meetings and the preparation and storage status of documents designated to be kept by law. Currently, we plan to conduct an audit on our transactions with subcontractors.

For our overseas affiliates, we conduct a field audit on their response to the legal risks peculiar to each country in cooperation with local lawyers by researching and analyzing the risks beforehand. We have already conducted an audit on our subsidiaries in India and China and are currently preparing for an audit on our subsidiaries in Thailand.

Mitsui Kinzoku Hotline

We have established the Mitsui Kinzoku Hotline for all officers and employees of the Group to be able to consult about and report an act that violates compliance, an event that runs contrary to the Code of Conduct, or a matter that could be of grave consequence to the Company in the future if it remains unaddressed, if they have discovered them in the workplace or in a business activity of the Mitsui Kinzoku Group. Although it is stipulated that consultation and whistleblowing should be made to the head of the department to which the employee belongs, in principle, we encourage the officers and employees to actively use the Hotline in preparation for a case in which there is difficulty with the ordinary chain of command or in the case of an emergency.

An outside lawyer and the office of the Hotline Management Committee in the Company are designated to act as the reception desk, and the whistleblowing calls they have received will be reported from the reception desk to the Chairperson of the Hotline Management Committee. The Chairperson will convene the Hotline Management Committee to investigate the matter received and determine a response. The Hotline Management Committee will prepare a reply about the investigation result and the countermeasure, and the reception desk that received the whistleblowing call will reply to the whistleblower in writing.

Although the basic rule when using the Mitsui Kinzoku Hotline is to disclose the affiliation and the name of the whistleblower, anonymous whistleblowing is also acceptable. Even if a name is used at the time of the call, it will be anonymized at the reception desk. We have clearly demonstrated that officers and employees will not be treated unfavorably by the Company as a result of whistleblowing and we have stipulated that a person who causes trouble or retaliates against the whistleblower will be severely punished by the Company.

In fiscal 2015, there were three cases of Hotline use.



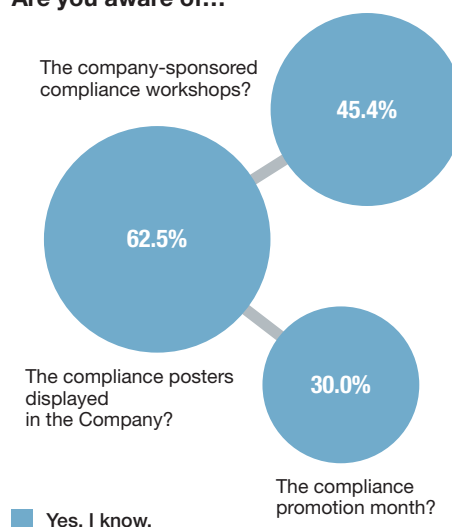
A compliance seminar provided at the copper foil business base in Malaysia.

Compliance-related seminars held in 2015

Target group/Theme	Date	Participants
Training for new employees	07 April	35
Business law seminar (Tokyo Head Office)	18 May	16
Follow-up training in the third year after joining the Company	14 July	24
Compliance seminar (in China)	17 September	6
Compliance seminar (Tokyo Head Office)	23 October	92
Training for each level of employees (for general staff)	10 November	32
Business law seminar (Tokyo Head Office)	13 November	26
Training for each level of employees (for subsection chiefs)	18 November	17
Training for each level of employees (for general staff)	30 November	39
Training for each level of employees (for subsection chiefs)	09 December	17
Training for each level of employees (for section chiefs)	14 December	25
Training for each level of employees (for general managers)	20 January	10
Compliance seminar (in Miike, Fukuoka)	10 March	83
Compliance seminar (in Miike, Fukuoka)	11 March	39
Compliance seminar (in Takehara, Hiroshima)	14 March	80
Compliance seminar (in Malaysia)	14 March	31
Compliance seminar (in Malaysia)	15 March	60

The training for each level of employees includes compliance workshop and provides a business law seminar for the purpose of developing basic knowledge about law.

Are you aware of...



The graph above shows the results of the employee compliance awareness survey conducted in February and March 2016. These are the questions asked about the employees' knowledge regarding compliance education and awareness-building activities conducted by the Company for the employees. Three items were extracted from the questions. We will regularly measure the degree of recognition and penetration for these activities in the Company and will continue to work on the total enforcement of compliance.

Indispensable basis for our business operations

The Mitsui Kinzoku Group believes that respect for human rights is a social responsibility for companies and an indispensable basis for business operations.

We will advance our efforts for human rights, aiming to equally protect them for all related stakeholders as well as Group employees.

Maintaining a good labor-management relationship

At Mitsui Kinzoku and its major affiliates in Japan, the labor unions exist under the umbrella of the Mitsui Mining & Smelting Workers Union. Based on the union shop agreement, all general employees become members of the labor union and there are 2,707 union members total as of the end of March 2016.

Aside from our major affiliates, about half of the other affiliates in Japan have labor unions. These unions have established a council to mutually cooperate with the Mitsui Mining & Smelting Workers Union in their activities.

They regularly hold a labor-management council and a labor-management round-table conference to build good labor-management relationships based on mutual respect and trust.

In fiscal 2015, no closure of a plant due to strikes or other reasons was reported in Japan and at overseas business locations in the Group. No fact that infringes on the freedom of association (right to organize) was reported.



A labor-management council.

Our issues and approaches for human rights

Article 8 (Provision of a Comfortable Work Environment) of the Code of Conduct, which applies to all officers and employees of the Mitsui Kinzoku Group, says that we shall respect the human rights, personalities, and uniqueness of our employees.

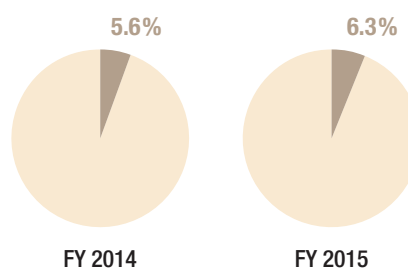
We intend to create basic company-wide policies on human rights by defining them, so that we will not infringe on any human rights, which should be respected throughout our lives, and that we avoid any complicity in such infringement.

In addition to these basic human rights policies, we will also construct a system of due diligence for human rights to respect the basic rights of workers and eliminate any kinds of discrimination, harassment, forced labor, and child labor at all business locations and in supply chains of the Group in Japan and overseas.

Mitsui Kinzoku has institutionalized compliance with the Code of Conduct by incorporating it in personnel evaluation items, clarified the prohibition of sexual harassment in the rules of employment, and established a consultation desk at plants and our affiliates. In addition, we are continuously providing education on the prevention of harassment in level-specific training for employees. As a concerted effort of the Mitsui Kinzoku Group, we will further enhance training programs and mechanisms to promote proper understanding and awareness of human rights and to prevent harassment.

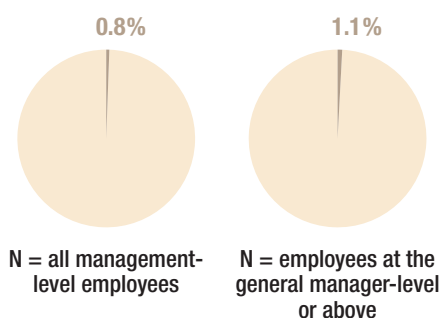
Percentage of all employees that are women

※ Mitsui Kinzoku, Non-consolidated



Percentage of management-level employees that are women

※ Mitsui Kinzoku, Non-consolidated as of July 2016



Aiming to create a workplace where women can take active roles

Due to the enforcement of the Act on Promotion of Women's Participation and Advancement in the Workplace in April 2016 in Japan, Mitsui Kinzoku established an in-house forum consisting of volunteers mainly from departments of the Corporate Division of the head office in April to develop the promotion of women's participation, advancement, and diversity.

We aim to create an attractive workplace for women where they can work actively. Mitsui Kinzoku employs workers irrespective of gender, but women make up 6.3% of all employees and 0.8% of management-level employees.

Setting the promotion of our efforts to hire more women as one of the goals in the action plan, based on the Act on Promotion of Women's Participation and Advancement in the Workplace, we aim to increase the percentage of new employees that are women to at least 20% (target value including university graduates and other employees).

The Mitsui Kinzoku Group will make efforts to increase the recruitment of female employees and create a workplace where employees will be able to showcase their abilities and diverse individuality, values, and nationalities to the fullest.

Initiatives targeting the issue of conflict minerals

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which was enacted in July 2010 in the United States, designated the gold, tin, tantalum, and tungsten produced in the Democratic Republic of the Congo and its nine neighboring countries as conflict minerals. These conflict minerals are believed to be the source of funding for armed groups that infringe on human rights and commit acts of violence. They are also said to cause grave infringements of human rights, including child labor for ore-mining.

To fulfill social responsibilities in its procurement activities, the Mitsui Kinzoku Group has set a policy of not using conflict minerals that are involved in such wrongful acts as raw materials.

To better enforce the prohibition of use of conflict minerals, we intend to develop a company-wide policy to strengthen our efforts, asking major mineral suppliers to check the source of their mineral procurement. We aim to contribute to international initiatives to solve the issue of conflict minerals by building a management process in line with global standards.

Response to conflict minerals in the Engineered Powders Division

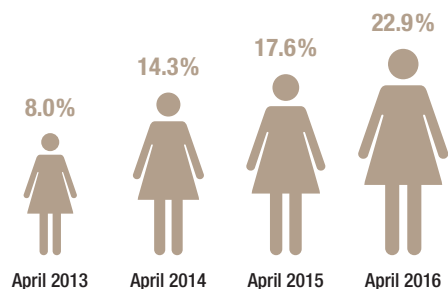
As a smelter of tantalum, the Engineered Powders Division of the Company has been obtaining certification regarding the non-use of conflict minerals by undergoing an audit by a third party every year since 2011, based on the Conflict Free Smelter (CFS) Program.* With respect to the purchase of tantalum-containing materials, the Division is also promoting materials procurement by establishing and disclosing the Procurement Policy for Tantalum-containing materials that is in line with our policy of not purchasing tantalum-containing materials that could be a source of funding for unlawful groups in areas of conflict, while gaining the understanding and cooperation of our suppliers. With regard to tin-containing materials, we also check the CFS certification of the tin smelters that manufacture our raw materials.

* CFS Program

This is a program to investigate conflict minerals, which was jointly developed by the Electronic Industry Citizenship Coalition (EICC), an electronic industry group in the United States, and the Global e-Sustainability Initiative (GeSI), an information and communications-related industry group in Europe.

Percentage of new employees with a college education or above that are women

※ Mitsui Kinzoku, Non-consolidated



Action plan based on the act on promotion of women's participation and advancement in the workplace

※ Mitsui Kinzoku, Non-consolidated

[Period]

April 1, 2016 to March 31, 2018

[Targets]

1. Increase the percentage of hired workers that are women to at least 20%.
2. Provide all management-level employees with diversity training.
3. Reduce the overtime working hours to 15 hours or fewer per month.

To address the issue of conflict minerals

Minerals to be covered	Our response
Gold	We have established and disclosed the Gold Supply Chain Policy. We operate the Policy in line with the LBMA Responsible Gold Guidance issued by the London Bullion Market Association (LBMA) and undergo an audit by a third party every year.
Tin	When we purchase tin-containing materials, we rigorously check the CFS certificate of the smelters or whether the smelter is on the CFS list.
Tantalum	We have obtained the certification for the non-use of conflict minerals by undergoing an audit by a third party every year, based on the CFS Program. We are promoting procurement by establishing and disclosing the Procurement Policy for Tantalum-containing Materials, while gaining the understanding and cooperation of our suppliers.

To maximize the abilities of each employee

We believe that to realize the sustainable growth of the Mitsui Kinzoku Group, it is important to respect the human rights, personalities, and uniqueness of our employees and to create a safe and comfortable work environment where diverse human resources are able to play an active role. Based on this concept, we are working to create a pleasant work environment.

Support for balancing childcare, nursing care, and work

To support balancing childcare, nursing care, and work, Mitsui Kinzoku has announced an action plan based on the aims of the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women's Participation and Advancement in the Workplace. Our efforts to support this balance include the following:

1. We have introduced an attendance management system based on the log management of computer operation in our effort to build an infrastructure that will enable diverse ways of working.
2. We are continuously examining the reduction of overtime working hours at the Labor-Management Committee to Consider the Reduction of Working Hours.
3. We are working to ease the requirements for childcare leave, short-time working for childcare, and sick and injured childcare leave.
4. We have commenced a work-at-home system for employees working at the head office on a trial basis.

Active participation of experienced workers

In adherence to the spirit of the Act on Stabilization of Employment of Elderly Persons, Mitsui Kinzoku re-employs workers over the age of 60, in principle, from the perspective of utilizing and benefiting from their techniques, skills, and knowledge. In fiscal 2015, 42 employees reached the retirement age of 60. Of them, 34 employees hoped for re-employment and all were re-employed.

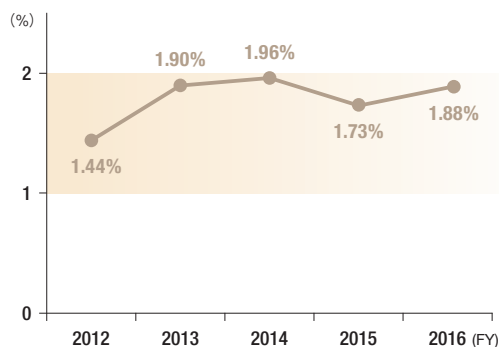
Employment of people with disabilities

Mitsui Kinzoku has been promoting the employment of people with disabilities since 2012, in collaboration with support organizations, such as Hello Work (public employment security office), in each region. Although the employment rate of people with disabilities is currently lower than the statutory employment rate (2.0%) required by the Act on the Promotion of the Employment of Disabled Persons because we newly developed some business divisions in fiscal 2014, we will strive to further expand job categories and create a pleasant work environment for people with disabilities.

Utilization of the employee support program and the stress check system

As one of the mental health measures, Mitsui Kinzoku has set up a system for employees to receive health consultations using a professional service provider at the consultation desk for the mental health issues of workers. We have also been implementing stress checks under the Industrial Safety and Health Act since October 2016. By encouraging employees to be aware of their stress, we will improve our work environment.

Trends in the employment rate for people with disabilities



※ Values of Mitsui Kinzoku on a non-consolidated basis. For each fiscal year, values are as of June 1.
※ The statutory employment rate rose from 1.8% to 2.0% in April 2013.



An explanatory meeting of the stress check system was held for the employees in charge of personnel affairs

Our approach to the cultivation of human resources

Based on the concept that human resources are the most important resources provided for in the Human Resources Development Policy established in 2012, we are working to continuously and systematically cultivate human resources to materialize a Mitsui Kinzoku that has strength in manufacturing by bringing out the passion and potential of each employee.



Mitsui Kinzoku has created training programs to develop various skills, in addition to level-specific training for employees according to their job grade. The picture shows a coaching training to improve team management skills.

Development and training systems

In addition to the training for each level of employees to acquire the knowledge and skills necessary for each stage of their careers, we are also promoting career building for individual employees by providing training for the basic necessary skills for a business person.

Training System

Level	Officers	General managers	Section managers	Subsection chiefs	General staff	Chiefs	Staff
Training for each level	Officer training	Training for general managers	Training for section managers	Training for subsection chiefs	Training for general staff	Follow-up training in the third year after joining the Company	Follow-up training at the end of the first year Midterm follow-up training for new employees Training for new employees
Training to cultivate section managers					Basic skills training		
					Skills training to cultivate human resources		
					Specialized skills training		
Manufacturing					Management skills training		
					Social skills training		
					Skills training for each business area		
Self-development support	Correspondence education support						
	Support for acquiring various qualifications						
	TOEIC test support						
To external facilities	Dispatch for external education, research institutes, and academic societies						
	Dispatch for training sponsored by external organizations						

In-house recruitment system

In 2015, we partially revised the in-house recruitment system which was previously introduced, to promote motivated employees and activate the organization. Positions for open recruitment are posted on the company intranet, so that employees with the required skills and experience are able to apply without the approval of their superiors. This is a system for employees to realize their own career plans. Four employees transferred to departments where they wished to work using the in-house recruitment system.

Self-statement system

In fiscal 2015, we surveyed the expertise and skills of section chiefs and subsection chiefs, their desired type of job, their willingness to be transferred in the future, and things that they want to communicate to the company. This kind of information will be used as the basic information for their career development and the appropriate assignment of human resources in the future.