

Corporate Governance Guidelines (2019.6.27)

Chapter 1 General Provisions

Article 1 : Purpose

The purpose of these guidelines is to promote sustained growth and enhance the corporate value of MITSUI MINING & SMELTING CO., LTD. (Mitsui Kinzoku) over the medium- to long-term by conducting rapid and decisive decision-making on the premise of securing transparency and fairness in its decision making.

Article 2 : Fundamental Perspectives regarding Corporate Governance

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 realize its management philosophy of “With creativity and productivity, We, the MMS Group, will explore products of value to society, and seek an eternal growth of our group.

Article 3 : Position of These Guidelines

These Guidelines shall stand as the code of conduct for Mitsui Kinzoku’s officers and employees to achieve corporate governance.

Chapter 2 Mitsui Kinzoku’s Relations with Shareholders

Article 4 : Exercise of Shareholder Rights

Mitsui Kinzoku shall take appropriate measures to ensure that shareholder rights are substantially secured, and work to develop an environment where shareholders can exercise their rights in an appropriate manner.

Article 5 : Respecting Voting Rights at the General Shareholders’ Meeting

Mitsui Kinzoku shall work to ensure that shareholders’ voting rights are appropriately exercised, by taking the following measures:

- (1) Appropriately providing the information that shareholders need to make proper judgments at the shareholders’ meeting.
- (2) Working to deliver notice of the shareholders’ meeting and disclose information about the meeting as early as possible in order to allow sufficient time for shareholders to review the agenda.
- (3) Setting appropriate schedules for matters related to the shareholders’ meeting, considering points such as the enhancement of dialogue with shareholders and the provision of accurate information for that purpose.

- (4) Developing an environment that allows shareholders to exercise their voting rights in an appropriate manner (electronic voting, English translation of notice of shareholders' meeting, etc.)
2. In the event that over 10% of the votes are cast against a proposal of Mitsui Kinzoku that has been adopted at a general shareholders' meeting, Mitsui Kinzoku shall analyze the reasons for the votes against the proposal, the cause for the large number of votes against it, and consider the necessary response.

Article 6 : Protection of Shareholders' Rights

In regards to adopting a capital policy leading to a change in control or a substantial dilution, the need and reasonableness of this capital policy shall be considered in order to prevent the existing shareholders' interests from being unjustly impaired. Measures shall be taken to ensure that an appropriate procedure is set out and that the details of the capital policy in question are properly disclosed to shareholders.

2. In the event that a takeover bid of Mitsui Kinzoku's shares arises, the Board of Directors shall disclose its view to shareholders. Mitsui Kinzoku shall not unduly inhibit the shareholders' right to relinquish their shareholding in response to a takeover bid.

Article 7 : Ensuring the Equality of Shareholders

Mitsui Kinzoku shall treat each and every shareholder in an equal manner that is consistent with his or her shareholding ratio.

Article 8 : Prevention of Transactions that are Detrimental to Shareholders' Interests

In order to protect the interests of shareholders, Mitsui Kinzoku shall work to prevent the Directors and other persons affiliated with Mitsui Kinzoku from abusing their positions to conduct transactions that are detrimental to the interests of Mitsui Kinzoku and its shareholders.

2. If Mitsui Kinzoku makes a transaction with a Director, Corporate Auditor, or a major shareholder of Mitsui Kinzoku, Mitsui Kinzoku shall obtain the prior approval of the Board of Directors through the procedure set out in accordance with the Companies Act and other applicable laws and regulations and internal rules.

Article 9 : Dialogue with Shareholders

To contribute to the sustained growth and enhancement of corporate value over the medium- to long-term, Mitsui Kinzoku shall engage in constructive dialogue with shareholders within the scope and by the means deemed to be appropriate by Mitsui Kinzoku.

2. The policy for improving systems and initiatives to promote constructive dialogue with shareholders shall be as follows:
 - (1) The Director in charge of the Corporate Management Department shall be responsible for overall dialogue with shareholders. For conducting dialogue with shareholders, the IR and Public Relations of the Corporate Management Department shall play a central role in providing the appropriate exchange of information with and being in organic cooperation with the Corporate Planning, Finance & Accounting Department, and the planning and management departments of each Sector.
 - (2) The Directors, etc. shall conduct dialogue with shareholders to a reasonable extent.

- (3) Briefings for investors, etc. shall be held on a periodic basis to enhance dialogue with shareholders.
 - (4) Shareholders' opinions, etc. obtained through dialogue shall be reported to the Directors when necessary.
 - (5) Insider information shall be managed in an appropriate manner in accordance with the internal rules when holding dialogue with shareholders.
3. Mitsui Kinzoku shall work to understand its shareholder structure in order to promote constructive dialogue with shareholders.

Article 10 : Basic Principle for Capital Policy

In light of the significant influence of the status of capital policy on shareholders' interests, the basic principle for Mitsui Kinzoku's capital policy shall be as follows:

- (1) Aim to promote sustainable growth and enhance the corporate value of Mitsui Kinzoku over the medium- to long-term and maintain the level of shareholders' equity necessary as the basis of Mitsui Kinzoku's business expansion not only domestically but also globally.
- (2) The basic principle for Mitsui Kinzoku's dividend policy is to make appropriate results-based distribution while securing internal reserve necessary for future business development and strengthening of management culture.

Specifically, Mitsui Kinzoku will focus on providing continuous and stable dividends and aim for distribution at a consolidated dividend-on-equity (DOE) ratio of approximately 2.5% while returning profit at a consolidated dividend payout ratio of approximately 20%.

Moreover, Mitsui Kinzoku will revise its shareholder return policy according to progress in strengthening its management foundation and improving its financial position.

Article 11 : Cross-held stocks

Mitsui Kinzoku shall assess the appropriateness of holding the listed stocks held for purposes such as maintaining medium- to long-term business relationships with trading partners (the "Cross-held Stocks") and sell any Cross-held Stocks when no rational reason for holding them can be identified.

2. When exercising voting rights related to listed stocks described in the preceding paragraph, comprehensive judgment shall be made in consideration of the following concrete viewpoints and of the management strategy, etc. of the listed companies from the perspective of usefulness for efficient and sound management, the contribution to the enhancement of their corporate value over the medium- to long-term, and the interests of their shareholders and investors:
 - (1) disposal of surplus;
 - (2) amendment of the articles of incorporation;
 - (3) election of directors and corporate auditors; and
 - (4) awarding of officer remuneration and retirement bonus, etc.
3. Mitsui Kinzoku shall comprehensively assess by examining the purposes of holding each of the Cross-held Stocks, the benefits and risks of holding them, their relations with the cost of capital, and other factors concerning the appropriateness of holding the Cross-held Stocks specified in Paragraph 1 at meetings of the Board of Directors held each year.
4. If a holder of the Cross-held Stocks, which holds shares in Mitsui Kinzoku, has indicated an intention to

sell its shares in Mitsui Kinzoku, Mitsui Kinzoku shall not prevent such sale by implying a possible reduction of business transactions or through other means.

Chapter 3 Relations with Stakeholders other than Shareholders

Article 12 : Good and Smooth Relations with Stakeholders other than Shareholders

To provide for sustained growth and enhanced corporate value over the medium- to long-term, Mitsui Kinzoku shall respect its customers, officers and employees, local communities, and various other stakeholders, and work to maintain good and smooth relations with them.

2. Mitsui Kinzoku shall set out a code of conduct that stipulates Mitsui Kinzoku's approach to proper cooperation with stakeholders other than shareholders, respecting their interests, promoting sound business activities and ethic practices, etc., and seeking to familiarize its officers and employees with the code of conduct.
3. Mitsui Kinzoku shall aggressively and proactively tackle issues related to sustainability, such as social and environmental issues.
4. Mitsui Kinzoku shall promote diversity, including the promotion of female advancement, in an effort to foster a corporate culture where diversity is a strength.
5. Mitsui Kinzoku shall develop and properly manage an internal whistle-blowing system for the purpose of the early detection and rectification of violations of laws, regulations, etc. by Mitsui Kinzoku and its officers and employees.
6. Mitsui Kinzoku shall specify a management division responsible and place appropriate human resources to contribute to the operation of a sound pension system for the medium and long term by maintaining stable benefits of operation. The management division shall monitor the agency managing corporate pensions and determine policy asset weightings using the opinions from the agency as reference on the assumption of diversified investment.

Chapter 4 Corporate Governance System

Article 13 : Board of Directors and Other Systems

Mitsui Kinzoku has adopted an auditor system.

2. The Board of Directors shall consist of diverse people who have expert knowledge, experience, etc. based on different backgrounds. It shall maintain a set number of members so that the Board of Directors can perform its functions in the most effective and efficient manner.
3. Two or more persons from among the Directors shall be appointed as Outside Directors.
4. One or more persons who have proper financial and accounting knowledge shall be appointed as Corporate Auditors.
5. In order to reinforce the functions of the Board of Directors, the Compensation Committee and Nomination Review Committee consisting of Outside Directors, the President, and the Director in charge of the Personnel Department, etc., shall be established.
6. The respective chairpersons of the Nomination Review Committee and Compensation Committee shall be elected from among Outside Directors.

7. The Nomination Review Committee shall, when the Board of Directors nominates candidates for Directors and Corporate Auditors, conduct reviews of the candidates who can uphold the responsibilities by taking into comprehensive consideration their capabilities, insight, and character regardless of their nationality, race, and gender.
8. The Board of Directors shall entrust Compensation Committee with the responsibility for establishing, revising, and abrogating the criteria for determining the amounts of compensation awarded to Directors. The Committee shall determine the amount of compensation for each Director in accordance with this criteria.

Article 14 : Duties of the Board of Directors

The Board of Directors shall make decisions on the execution of important business by Mitsui Kinzoku in accordance with laws and regulations and internal rules (Respective Managerial Duties under the Regulations of the Board of Directors and other rules), and oversee the Executive Directors and Executive Officers (the “Executive Officers”) in the execution of their duties.

2. The Board of Directors shall delegate to the Executive Officers decision-making authority over the execution of business other than that by Mitsui Kinzoku as described in the preceding paragraph in order to enhance the mobility and flexibility of business execution and strengthen management dynamism.
3. The Board of Directors shall strive to realize the corporate philosophy, sustained growth, and enhancement of corporate value over the medium- to long-term, and increase the common interests of the shareholders. The Board of Directors shall be responsible for making fair decisions and taking actions to address conduct that may undermine the common interests of the shareholders.
4. Based on the recognition that the medium-term management plan is one of Mitsui Kinzoku’s commitments to its shareholders, the Board of Directors shall put forward its best efforts to realize the plan. The Board of Directors shall fully analyze and inform shareholders of the initiatives and progress toward achieving the goals in the plan, and incorporate the results of the analysis into next medium-term management plans.
5. The Board of Directors shall proactively engage in the establishment and implementation of a succession plan for the office of President and other top executives in light of the corporate philosophy and specific management strategies and shall oversee the systematic development of succession candidates deploying sufficient time and resources.
6. The Board of Directors shall develop an environment that supports the Executive Officers, taking into consideration the appropriate levels of risk.
7. The Board of Directors shall give incentives to the Executive Officers in a sound manner, reflecting the performance of Mitsui Kinzoku and potential risks over the medium- to long-term.
8. The Board of Directors views the performance of the effective supervision over the Executive Officers from independent and objective perspectives as part of its major roles and responsibilities, and shall appropriately evaluate Mitsui Kinzoku’s performance, etc. and reflect the results of this evaluation in the personnel matters related to the Executive Officers.
9. The Board of Directors shall appropriately conduct the appointment and dismissal of Executive Officers by following a fair and highly transparent procedure in light of the evaluations of performance, etc. by Mitsui Kinzoku.

10. The Board of Directors shall establish a risk management system for compliance and internal control purposes, particularly for risks related to financial reporting, and supervise the management of this system.
11. The Board of Directors shall establish an environment that fosters a corporate culture that respects the free, open-minded, and constructive discussions and exchange of opinions.
12. The Board of Directors shall analyze and evaluate its own effectiveness as a whole based on the self-evaluation of each Director, etc. every year.

Article 15 : Directors

As members of the Board of Directors, the Directors shall supervise the execution of business operations by the Executive Officers.

2. Directors shall collect sufficient information for performing their duties, request for explanations at the meetings of the Board of Directors, take an active part and express opinions in discussions at the meetings to ensure thorough discussions, and exercise voting rights.
3. Directors shall recognize their fiduciary duties to shareholders, and shall act for the common interests of Mitsui Kinzoku and shareholders while securing the appropriate level of cooperation with stakeholders.

Article 16 : Corporate Auditors

While conforming to the audit policies and allocation of duties, etc. determined by the Board of Corporate Auditors, the Corporate Auditors shall work to facilitate mutual understanding with the Directors, etc. collect information, improve the environment for conducting audits, attend the meetings of the Board of Directors and other important meetings, receive reports from the Directors, etc. on the status of the work performed, request for explanations when necessary, inspect material internal decision-making documents, etc., and thereby audit the status of work performed by the Directors.

2. Corporate Auditors shall recognize their fiduciary duties to shareholders, and shall act and shall act for the common interests of Mitsui Kinzoku and shareholders while securing the appropriate level of cooperation with stakeholders.

Article 17 : Outside Officers

Outside Directors and Outside Auditors must be independent from Mitsui Kinzoku as individuals and from an economical perspective.

2. The Board of Directors shall nominate candidates for Outside Directors and Outside Auditors in accordance with the requirements set forth in the Companies Act, the criteria for independence specified by the financial instrument exchanges, and the criteria for independence of outside officers determined by Mitsui Kinzoku.
3. Mitsui Kinzoku shall improve the environment that facilitates the performance of duties by outside officers by observing the following roles and responsibilities that the outside officers are expected to perform:
 - (1) Outside Directors shall provide consultation from the viewpoint of promoting the sustained growth of Mitsui Kinzoku and seeking to enhance its corporate value over the medium- to long-term by relying on their own expertise.

- (2) Outside Directors shall supervise corporate management through the important decisions made by the Board of Directors.
- (3) Outside Directors shall supervise conflicts of interest between Mitsui Kinzoku, Executive Officers, and controlling shareholders, etc.
- (4) Based a standpoint independent of the Executive Officers and controlling shareholders, Outside Directors shall appropriately reflect the opinions of minority shareholders and other stakeholders in the Board of Directors.

Article 18 : Accounting Auditors

Mitsui Kinzoku shall strive to ensure the independence of accounting auditors.

2. The Board of Corporate Auditors shall take the following measures to ensure audits by accounting auditors are conducted in an appropriate manner:
 - (1) Formulate criteria to appropriately evaluate accounting auditors.
 - (2) Confirm whether accounting auditors have sufficient independence and expertise for conducting accounting audits of Mitsui Kinzoku.
3. The Board of Directors and the Board of Corporate Auditors shall take the following measures to ensure audits by accounting auditors are conducted in an appropriate manner:
 - (1) Secure sufficient audit time to allow for high quality audits.
 - (2) Arrange for opportunities for accounting auditors to obtain the necessary information from Executive Directors, etc.
 - (3) Improve the environment to allow for sufficient cooperation between accounting auditors, Corporate Auditors, and the internal auditing division.
 - (4) Develop a system to respond to cases in which accounting auditors detect fraudulent acts, etc. and ask Mitsui Kinzoku to take appropriate action, or cases in which the accounting auditors point out deficiencies or problems.

Article 19 : Support system and training policy for Directors and Corporate Auditors

Mitsui Kinzoku shall develop an adequate internal system necessary so that the Directors and Corporate Auditors can effectively perform their duties and responsibilities.

2. Mitsui Kinzoku shall make opportunities available to the Directors and Corporate Auditors that are necessary for them to perform their expected roles by means such as providing information and knowledge about business activities that are necessary for them to supervise corporate management at the time of their appointment and continually thereafter.

Article 20 : Remuneration, etc. for Directors and Corporate Auditors

Remuneration, etc. for Directors shall be determined by the Compensation Committee, based on the entrustment from the Board of Directors, in a fair and transparent manner through mutual discussion in accordance with the criteria for determining the amounts of compensation within the limits set forth by the resolution of the shareholders meeting.

2. Remuneration, etc. for Corporate Auditors shall be determined through discussions by the Board of Corporate Auditors within the limits set forth by the resolution of the shareholders meeting.

3. Remuneration, etc. for Directors (excluding Outside Directors) shall be at the levels appropriate for Directors who are capable of sufficiently undertaking the management supervisory functions.

Chapter 5 Information Disclosure

Article 21 : Information Disclosure and Transparency

Mitsui Kinzoku shall appropriately disclose information in accordance with laws and regulations. Furthermore, it shall disclose information on the following matters from the viewpoint of ensuring transparency and fairness in decision making by Mitsui Kinzoku and achieving effective corporate governance:

- (1) Corporate philosophy and management plan.
- (2) Fundamental perspectives regarding corporate governance.
- (3) Policy and procedure for determining remuneration for Directors.
- (4) Perspectives regarding the Board of Directors as a whole in terms of the balance of the members' knowledge, experience and capabilities, their diversity, and the size of the Board.
- (5) Policy and procedure for nominating candidates for Directors and Corporate Auditors.
- (6) Reasons for nominating individual candidates for Directors and Corporate Auditors.
- (7) Outline of scope of entrustment to Executive Officers.
- (8) Criteria for determining and ensuring the independence of the candidates for Outside Directors.
- (9) Status of the concurrent holding of positions by the Directors and Corporate Auditors.
- (10) Outline of results of analysis and evaluation concerning effectiveness of the Board of Directors as a whole.
- (11) Policy for training the Directors and Corporate Auditors.
- (12) Policy for improving the system and initiatives to promote constructive dialogue with shareholders.
- (13) Policy for the cross-holding of shares and the criteria for ensuring an appropriate response to the exercise of voting rights in association with cross-held stocks.
- (14) Framework for the appropriate procedures for transactions between related parties.

(END)

Criteria for Independence of Outside Officers

In the appointment of outside directors and/or outside corporate auditors, persons to whom none of the following conditions apply shall be selected as candidates who satisfy the independence criteria specified by Financial Instruments Exchanges as well as the requirements stipulated in the Companies Act.

- (1) Executives (Note 1) of the Company or its subsidiaries (hereinafter collectively called “the Group”);
- (2) Persons who has been Executives of the Group at any time during the past 10 years (or the 10 years before assuming the position of non-executive director or corporate auditor of the Group, if such persons held the said position at any given time during the past 10 years);
- (3) Any party whose Major Client (Note 2) is the Group or Executives of such a party;
- (4) Any Major Client (Note 2) of the Group or Executives of such a client;
- (5) Experts such as consultants, accountants or lawyers who receive monetary or other property-based benefits worth more than 10 million yen per year from the Group, other than as executive compensation, persons who belong to any organization that receives such benefits, or employees or any other staff members of any law firm or other similar facilities whose Major Client is the Group;
- (6) Any party to which any of paragraphs (3) through (5) above applies at the recent time; and
- (7) The spouse or relatives within the second degree of kinship of persons referred to in any of items (a) through (c) below (except insignificant positions):
 - (a) Persons referred to in any of paragraphs (1) and (3) through (6) above;
 - (b) Non-executive directors of the Group; or
 - (c) Persons who are Executives or non-executive directors of the Group at the recent time.

(Note 1) Executives shall mean executive directors, executive officers, managers or other employees. Non-executive directors shall be included for the case where a judgment is made as to the independence of outside corporate auditors.

(Note 2) Any party shall be considered to be a major client according to the following criteria:

- If the relevant client’s transactions with the Group (or the Group’s transactions with the relevant client) exceed 2% of the consolidated sales of the said client (or the Group) for the most recent fiscal year.