

# 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 of “Building new businesses – and the future – with our material intelligence.” based on Our Purpose of “We promote the well-being of the world through a spirit of exploration and diverse technologies.” under Our Management Philosophy of “With creativity and productivity, We, Mitsui Kinzoku Group, will explore products of value to society, and seek an eternal growth of our group.” Corporate governance is the foundation for sustaining the long-term value creation of Mitsui Kinzoku Group.

### History of corporate governance reform at Mitsui Kinzoku

Major initiatives and their aims



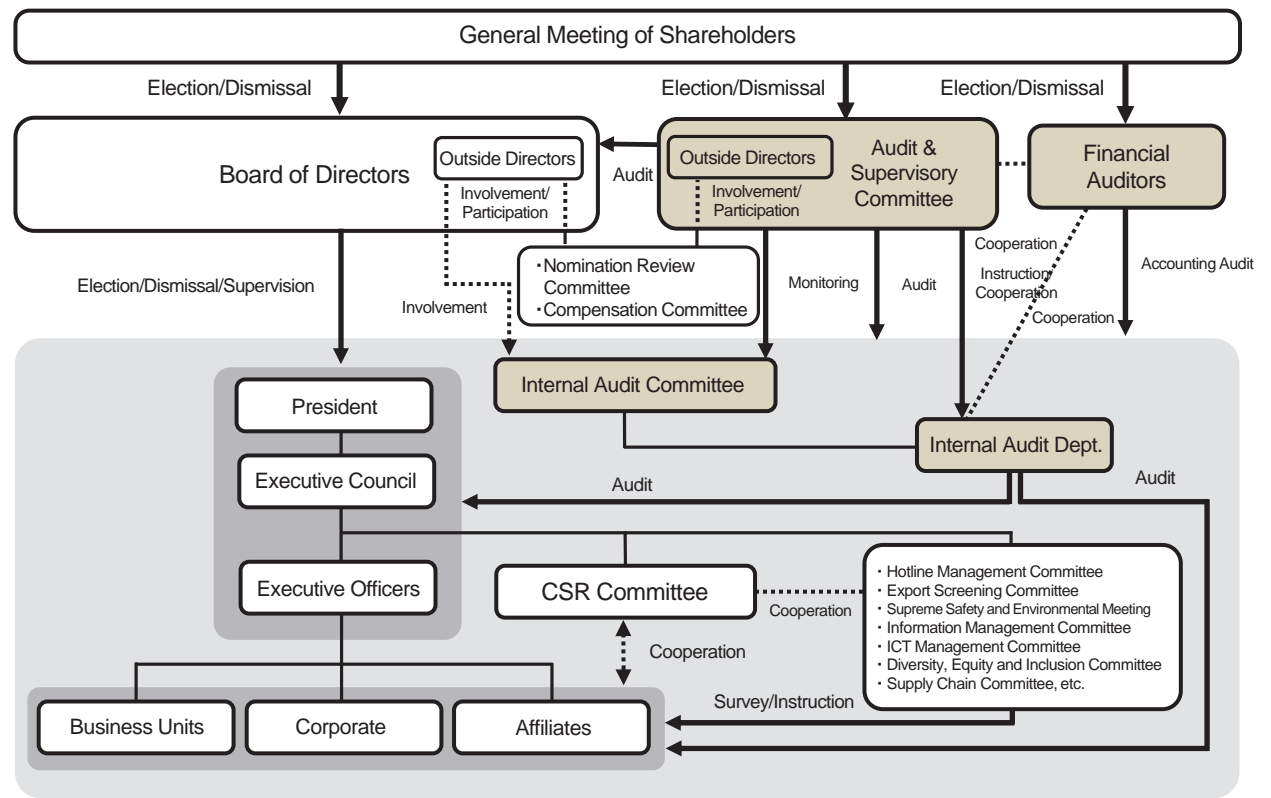
### Corporate governance system

Mitsui Kinzoku has continuously pursued corporate governance reforms. On June 27, 2024, at the 99th Annual General Meeting of Shareholders, Mitsui Kinzoku transitioned to a company with an Audit & Supervisory Committee. This transition aims to expedite decision-making related to management, to enhance discussions on management policies and strategies by focusing the agenda of the Board of Directors, and to strengthen the Board's supervisory functions over management.

At the same time, we further strengthened the management supervisory function of the Board of Directors by appointing five Outside Directors, which account for half of the ten Directors, and six Non-Executive Directors, which constitute the majority of the Board of Directors.

Mitsui Kinzoku has established a system whereby the Board of Directors, including Outside Directors, supervises the business execution, while the Audit & Supervisory Committee, the Internal Audit Dept. / the Internal Audit Committee, and the Financial Auditors work together to audit the decision-making process of the Board of Directors and the execution of the duties by Directors (i.e., three-pillar audit system).

### Corporate governance system of Mitsui Kinzoku



Notes: 1. Chairpersons of the Nomination Review Committee and the Compensation Committee are Outside Directors.  
2. The Audit & Supervisory Committee of the Company and Corporate Auditors of the Affiliates have taken cooperation effectively and timely.

# Directors and Board of Directors

## (1) Overview of the Board of Directors

The Board of Directors aims to strengthen the mechanism to effectively supervise initiatives to address medium- to long-term management issues and speed up the decision-making process. The Board of Directors consists of ten Directors, half of whom (five, including two women, three of whom are Directors who are Audit & Supervisory Committee Members) are Outside Directors. Outside Directors are appointed with consideration of their independence and ability to reflection of diverse stakeholders' perspectives. As of June 27, 2024, 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 (excluding those who are Audit & Supervisory Committee members) , as stated in our articles of incorporation, is one year, while the term for Directors who are Audit & Supervisory Committee members is two years.

## (2) Status of Board of Directors meetings and attendance

In this item, the situation in FY2023 before the transition to a company with an Audit & Supervisory Committee is described. In FY2023, the Board of Directors held 13 meetings. The attendance records of each member 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% (13/13)
Director	MIYAJI Makoto	100% (13/13)
Director	IKENOBU Seiji	100% (10/10)
Outside Director	MATSUNAGA Morio	100% (13/13)
Outside Director	TAKEGAWA Keiko	100% (13/13)
Corporate Auditor	KUTSUNAI Akira	100% (13/13)
Corporate Auditor	FUKUMOTO Hirotoshi	100% (13/13)
Outside Corporate Auditor	ISHIDA Toru	100% (13/13)
Outside Corporate Auditor	INOUE Hiroshi	100% (13/13)

\* Data for Director IKENOBU Seiji covers the period starting from June 29, 2023, when his appointment was approved at the Annual General Meeting of Shareholders held on the same day.

\* Personal Changes for Director and Corporate Auditor Positions (effective as of June 27, 2024)

(1) Director KIBE Hisakazu, Director TSUNODA Satoshi, Director MIYAJI Makoto, and Outside Director MATSUNAGA Morio retired due to expiration of their terms of office.

(2) Corporate Auditor KUTSUNAI Akira, Corporate Auditor FUKUMOTO Hirotoshi, Outside Corporate Auditor ISHIDA Toru, and Outside Corporate Auditor INOUE Hiroshi retired due to expiration of their terms of office.

(3) YAMASHITA Masashi was newly appointed as Director.

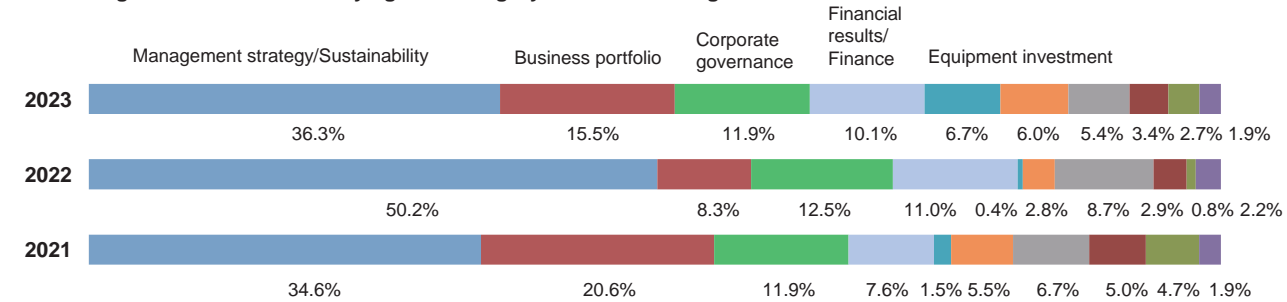
(4) SHIKI Kazuya was newly appointed as Director who is an Audit & Supervisory Committee Member.

(5) ISHIDA Toru, INOUE Hiroshi, and KAWANISHI Sachiko were newly appointed as Outside Directors who are Audit & Supervisory Committee Members.

## (3) Agenda items for the Board of Directors

Over the past three years, matters deliberated at the Board of Directors have evolved as follows.

Percentage of discussion time by agenda category in board meetings



Note; The items to the right of Equipment investment are Individual items, Risk management/Internal control and compliance, HRs, Litigation and disputes, and Auditors and Financial Auditors, in that order.

In FY2023, the Board of Directors made determinations regarding the execution of the Company's important business operations in accordance with laws, regulations, and internal rules such as "Assignment of Responsibilities for Management" of the "Regulations for the Board of Directors (Torishimariyaku-kai kisoku)" etc. while also deliberating the agenda items listed below.

	Agenda items	Reporting items
Management strategy/ Sustainability	<ul style="list-style-type: none"><li>Formulation policy of the 25 Mid-term Management Plan</li><li>Transition to a company with an Audit &amp; Supervisory Committee</li><li>Initiatives for diversity, etc.</li></ul>	<ul style="list-style-type: none"><li>Situation of each business sector and corporate division</li><li>Actions for carbon neutrality (response to TCFD recommendations, transition strategies, etc.), Response to digital transformation (DX)</li></ul>
Business portfolio	<ul style="list-style-type: none"><li>Review of business portfolio</li><li>Implementation of Individual M&amp;A and organizational restructuring projects</li></ul>	<ul style="list-style-type: none"><li>Progress of individual M&amp;A and organizational restructuring projects</li></ul>
Corporate governance	<ul style="list-style-type: none"><li>Exclusive matters for the Board of Directors as mandated by law</li><li>Revision of company rules</li><li>Approval of business reports and financial statements</li></ul>	<ul style="list-style-type: none"><li>Effectiveness assessment of Board of Directors</li><li>Status of cross-held stocks</li></ul>
Financial results/ Finance	<ul style="list-style-type: none"><li>Implementation of financing</li><li>Disclosure of financial results reports</li></ul>	<ul style="list-style-type: none"><li>Status of fundraising</li><li>Submission of securities report</li></ul>
Equipment investment	<ul style="list-style-type: none"><li>Implementation of equipment investment</li></ul>	<ul style="list-style-type: none"><li>Progress of equipment investment</li></ul>
Individual items	—	<ul style="list-style-type: none"><li>Business status of affiliated companies</li></ul>
Risk management/ Internal control and compliance	<ul style="list-style-type: none"><li>Review of whistle-blowing systems</li><li>Submission of the internal control report</li></ul>	<ul style="list-style-type: none"><li>Usage of whistle-blowing systems</li><li>Business risks</li></ul>
HRs	<ul style="list-style-type: none"><li>Review of the HR system</li><li>Executive and senior management appointments</li></ul>	<ul style="list-style-type: none"><li>Training programs for potential executives</li></ul>
Litigation and disputes	<ul style="list-style-type: none"><li>Direction to resolving litigation and disputes cases</li></ul>	<ul style="list-style-type: none"><li>Progress of litigation and dispute cases</li></ul>
Auditors and Financial Auditors	<ul style="list-style-type: none"><li>Compensation for the Financial Auditors</li></ul>	<ul style="list-style-type: none"><li>Audits (Audit by Auditors and three-pillar audit)</li><li>Key audit matters</li></ul>

Upon approval at the 99th Annual General Meeting of Shareholders held on June 27, 2024, Mitsui Kinzoku transitioned to a company with an Audit & Supervisory Committee. In addition, a significant portion of decision-making regarding the execution of important business execution of the company has been delegated to the President and other Executive Officers, in order to make discussions on the company management strategies and policies (such as the Mid-Term Management Plan, new business strategies, sustainability, and utilization of human capital and intellectual property) more constructive by carefully selecting matters to be deliberated upon at meetings of the Board of Directors.

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

Mechanisms supporting Directors and the Board of Directors

(1) Organization structure

As of June 27, 2024 - Number of female Directors: 2 (including 1 Director who is an Audit & Supervisory Committee member)

◎=Chairperson   ○: Member of Committee   □: Partial participant   △: Observer/Guest

Name	Positison	Board of Directors	Nomination Review Committee	Compensation Committee	Executive Council	Audit & Supervisory Committee	Meeting with senior management, etc.	Internal Audit Committee	Management Liaison Meeting
NOU Takeshi	President and Representative Director	○	○	○	◎		□		◎
OKABE Masato	Representative Director Senior Managing Director	○			○		□	◎	○
IKENOBU Seiji	Managing Director	○			○		△		○
YAMASHITA Masashi	Director	○	○	○	○		△		○
TOIDA Kazuhiko	Outside Director	◎	○	○			○	△	○
TAKEGAWA Keiko	Outside Director	○	○	○			○	△	○
SHIKI Kazuya	Director, Audit & Supervisory Committee Member	○			△	◎	◎	△	○
ISHIDA Toru	Outside Director, Audit & Supervisory Committee Member	○	◎	○		○	○	△	○
INOUE Hiroshi	Outside Director, Audit & Supervisory Committee Member	○	○	◎		○	○	△	○
KAWANISHI Sachiko	Outside Director, Audit & Supervisory Committee Member	○	○	○		○	○	△	○
IGATA Hiroshi	Senior Executive Officer				○		△		○
YASUDA Kiyotaka	Senior Executive Officer				○		△		○
SAITO Osamu	Senior Executive Officer				○		△		○
KAWAHARA Makoto	Senior Executive Officer				○		△		○

(2) Advisory Committees

The Nomination Review Committee and the Compensation Committee have been established as voluntary advisory committees to the Board of Directors.

① Nomination Review Committee

【Overview of Nomination Review Committee】

Mitsui Kinzoku has established a Nomination Review Committee, which is chaired by an Outside Director and composed of Outside Directors, the President, and the Director in charge of the Human Resources Department (or Senior Executive Officer). The Committee reviews candidates to serve as Directors by considering their capabilities, knowledge, and character comprehensively using the skills matrix, and those deemed capable of satisfactorily fulfilling the responsibilities are nominated by the Board of Directors.

【Status of Nomination Review Committee meetings and attendance】

In this item, the situation in FY2023 before the transition to a company with an Audit & Supervisory Committee is described. In FY2023, the Nomination Review Committee held 9 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% (9/9)
Outside Director	MATSUNAGA Morio	100% (9/9)
Outside Director	TAKEGAWA Keiko	100% (9/9)
Outside Corporate Auditor	ISHIDA Toru	100% (9/9)
Outside Corporate Auditor	INOUE Hiroshi	100% (9/9)
President and Representative Director	NOU Takeshi	100% (9/9)
Senior Executive Officer	YAMASHITA Masashi	100% (9/9)

【Deliberations by the Nomination Review Committee】

In FY2023, the Nomination Review Committee deliberated the agenda items listed below.

Agenda	Review of consultant and advisor systems; revision of the skills matrix; institutional design; interviewing of candidates for executive manager positions; audit system in a company with an Audit & Supervisory Committee; approval authority; amendments to the articles of incorporation and company regulations; regarding the candidate for Director; executive personnel affairs; succession planning
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② Compensation Committee

【Overview of Compensation Committee】

Mitsui Kinzoku has established a Compensation Committee which is chaired by an Outside Director and composed of Outside Directors, the President, and the Director in charge of the Human Resources Department (or Senior Executive Officer). The Compensation Committee is entrusted by the Board of Directors with establishing, revising or abolishing the standards for determining base compensation and performance-linked compensation for Directors, and determines the amounts of base compensation and performance-linked compensation of each Director, within the limits set forth by the resolution of the Annual General Meeting of Shareholders.

The Compensation Committee has decided that compensation, etc., for Directors (excluding Outside Directors) shall consist of base compensation, performance-linked compensation as a short-term incentive, and stock compensation as a medium-to-long-term incentive, to enable them to demonstrate management supervisory functions at a high level. In order to ensure competitiveness, the appropriateness of the levels of the amounts of compensation for Directors (excluding Outside Directors) is examined each year through comparisons with those of other companies of similar size of sales and market capitalization as disclosed in the findings of a compensation survey in which major companies in Japan participate.

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).

【Status of Compensation Committee meetings and attendance】

In this item, the situation in FY2023 before the transition to a company with an Audit & Supervisory Committee is described. In FY2023, the Compensation Committee held 10 meetings. The attendance records of each member 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 FY2023, the Compensation Committee deliberated the agenda items listed below.

Agenda	Determination of Directors' compensation for FY2023; non-financial indicators (ESG indicators); compensation ratio; KPI for performance-based compensation; review of the calculation formula; deliberation on changes to the compensation framework due to the transition to a company with an Audit & Supervisory Committee
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# Compensation for Directors

### (3) Executive Officers and Executive Council

#### ① Executive Officer system

The Company, in order to enhance the agility and flexibility of business execution and increase the vitality of management, introduced the Executive Officer system and delegated a significant portion of the decision-making regarding important business execution of the Company to the President and other Executive Officers, in accordance with the articles of incorporation and internal regulations such as “Assignment of Responsibilities for Management” on “Regulations for the Board of Directors (Torishimariyaku-kai kisoku)” and other rules). The Executive Officers are responsible for making decisions and execution of business activities.

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.

#### ② Executive Council

The Executive Council is composed of Senior Executive Officers (including those who concurrently serve as Directors), and deliberates in advance on matters to be resolved by the Board of Directors and discusses important matters related to business execution. Based on the results of these discussions, the executive officers make decisions and direct business operations.

In FY2023, the Executive Council held a total of 28 meetings.

### (4) Communication and training of Directors and Executive Officers

To invigorate discussions at the Board of Directors meetings and improve the accuracy of business execution by Executive Officers, we provide opportunities for communication between Directors and Executive Officers.

#### ① Top Management Meeting

We have established a communication forum where all members of the Board of Directors, including Outside Directors, discuss in advance particularly important management strategies and medium- to long-term issues to be deliberated upon at Board of Directors meetings. We organize the issues in order to streamline and improve discussions at Board of Directors meetings and to strengthen communication between Directors.

#### ② Training Program for Directors and Executive Officers

We hold the Training Program for Directors and Executive Officers when they are appointed and on an ongoing basis during their term of office, in order to provide them with the information and knowledge on business activities that are necessary to supervise management.

#### ③ Dialogue between Outside Directors and institutional investors

From February to March each year, we hold meetings as forums for dialogue between Outside Directors and institutional investors in Japan (the top 10 companies). In FY2023, meetings were held from February 13 to March 28, 2024, and Outside Directors explained and answered institutional investors’ questions about various matters including the cost of capital and capital efficiency, the review of the business portfolio, and changes to the composition of the Board of Directors and institutional design.

### (1) Policy, etc. regarding the determination of compensation or its calculation formula for Directors

The amount of base compensation, performance-linked compensation and stock compensation for Directors are determined by the Compensation Committee, to which the decision is entrusted by the Board of Directors. Decisions on the amounts are made through deliberations at the Compensation Committee in a fair and transparent manner, within the limit approved at the Annual General Meeting of Shareholders and based on the compensation determination standards.

### (2) Compensation system for FY2023

The amount of compensation for Directors is determined by the Compensation Committee, to which the decision is entrusted by the Board of Directors, based on the compensation determination standards and within the limit approved at the Annual General Meeting of Shareholders. Outside Directors who are uninvolved in business execution receive only base compensation and do not receive performance-linked or stock compensation.

#### ① 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.

#### ② Policy on performance-linked compensation

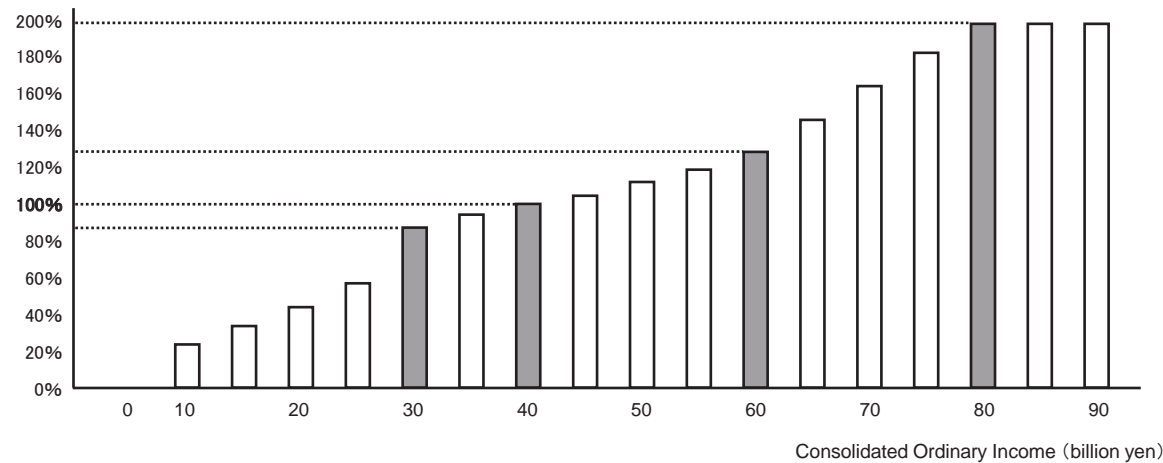
Regarding performance-linked compensation, for Directors (excluding Outside Directors), the amount of performance-linked compensation is calculated using consolidated ordinary income, which the Company considers as a key indicator for evaluating operating results, as the performance indicator. In addition, 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 FY2021, 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 ¥19.8 billion in FY2022 is used as a metric for determining performance-linked Compensation in FY2023.

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



③ Policy on stock compensation

The Company introduced a restricted stock compensation plan (Continuous service-type restricted stock compensation) for Directors (excluding Outside Directors) from FY2021 to serve as an incentive for eligible Directors to aim for continuous growth in corporate value and further enhance value-sharing with shareholders. In FY2023, new ESG index-based restricted stock compensation with the added requirement of achievement of ESG indices was introduced, 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 compensation for granting restricted stock to eligible Directors shall be within ¥50 million per year as tenure-based restricted stock compensation and within ¥50 million per year as ESG index-based restricted stock compensation, and the total annual amount shall be within ¥100 million. The total annual number of the Company's common shares to be issued or disposed of by this 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. The specific timing of payment and allotment to each eligible Director will be determined by the Board of Directors in accordance with the rules established by the Compensation Committee.

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

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	10~12.5	7.5

④ 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 when all ESG KPIs are achieved is as follows:

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 (%)	Tenure-based	11	9	7.5	7	6
	ESG Index-based	11	9	7.5	7	6

\* 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.

⑤ 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 FY2022 are judged to be in accordance with the policies above because the Board of Directors determined the details after fair and transparent deliberation based on the compensation determination standards by the Compensation Committee.

(3) Revision details of review the Company's compensation system for Directors and Corporate Auditors on FY2024

In FY2023, the Compensation Committee introduced the ESG Index-based Restricted Stock Compensation for Directors (excluding Outside Directors), in which transfer restrictions would be lifted depending on the achievement of ESG indicators, in order for the Company to continue to contribute to society and be needed in the future. The Company set the percentage of the sum of the conventional compensation based on continuous work and the ESG index-based Restricted Stock Compensation to be 15% of total Stock Compensation in the system design. In addition, the Company established Stock Ownership Guidelines applicable to Executive Officers and those in more senior positions, to ensure that Directors and other members of the management share value with shareholders and are more strongly aware of the Company's sustainable growth and the need to raise its corporate value in the medium to long term.

To further promote these efforts, the Company will increase Stock Compensation as a percentage of total compensation in FY2024. The percentage of Base Compensation will be 50%, that of Performance-linked Compensation would be 30%, and that of Stock Compensation would be 20% if the consolidated ordinary income of ¥40 billion and all KPIs for ESG are achieved.

The indicator of Performance-linked Compensation is consolidated ordinary income, and compensation for Directors in charge of business sectors are calculated based on an assessment of the performance of their respective business sectors. The Company has decided to examine a method of introducing a new performance indicator that uses ROIC in FY2024 and introduce it in FY2025.

Proportion of each compensation

Consolidated ordinary income		KPI (Key performance indicators)	~¥0	¥20 billion	¥40 billion	¥60 billion	¥80 billion~
Base compensation (%)		–	72	62	50	42	35
Performance-linked compensation (%)	Consolidated ordinary income (ROIC will be added from FY2025)		0	14	30	40	51
Stock compensation (%)	Tenure-based	–	14	12	10	9	7
	ESG Index-based	ESG indicators	14	12	10	9	7

\* Since the amount of performance-linked compensation changes depending on the Company's financial results, the ratio of base compensation to performance-linked compensation to stock compensation will change.

# Audit & Supervisory Committee and Financial Auditors

## Total compensation paid to Directors and Corporate Auditors (FY2023)

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)	299	194	55	49	6
Corporate Auditor (excluding Outside Corporate Auditor)	50	50	—	—	2
Outside Director/Outside Corporate Auditor	82	82	—	—	5

Notes: 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).

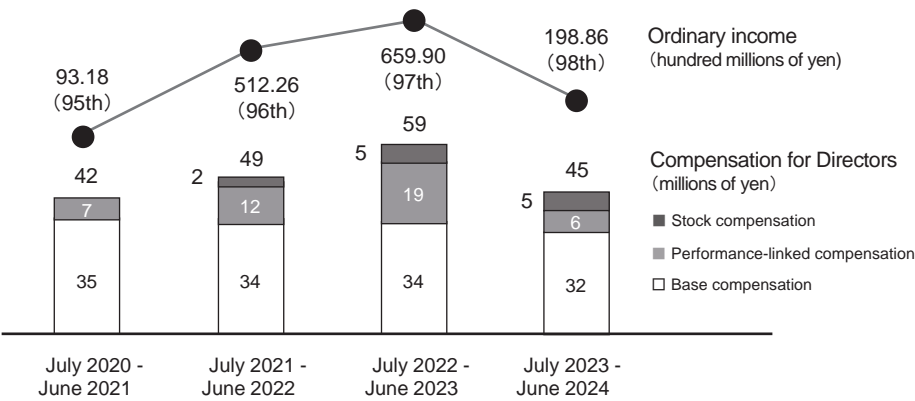
2. At the 98th Annual General Meeting of Shareholders held on June 29, 2023, shareholders approved a resolution on stock compensation for Directors to the effect that the total amount of compensation shall be within ¥100 million per year and the total amount of the Company's common stock to be allocated shall be within 33,300 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.

3. 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.

4. At the time of resolution regarding above Notes 1 and 3, there were 8 Directors (including 3 Outside Directors) and were 4 Corporate Auditors.

5. In this item, the situation in FY2023 before the transition to a company with an Audit & Supervisory Committee is described.

## 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.

95th term: 5 (including a new Director)  
96th term: 5 (including two new Director)  
97th term: 5 (including a new Directors)  
98th term: 6 (including a new Director)

## (1) Audit & Supervisory Committee

The Audit & Supervisory Committee is composed of all Directors who are Audit & Supervisory Committee members. The Committee holds regular meetings prior to monthly Board of Directors' meetings, and extraordinary meetings as necessary. The Committee determines the annual audit plan, and audits the Directors' business execution in accordance with the plan. In addition to receiving reports on the accounting audit plan and audit results from the Financial Auditors, the Committee exchange opinions with them on a regular basis to maintain close cooperation.

In FY2023, prior to the transition to a company with an Audit & Supervisory Committee, the Board of Corporate Auditors held 13 meetings, and all Corporate Auditors attended all meetings.

## (2) Improvement of environment for the Audit & Supervisory Committee's audits (e.g. Meeting with Senior Management)

In addition to the monthly Committee meetings, the Audit & Supervisory Committee also meets with Representative Directors, Executive Directors, and the heads of departments to gain a timely understanding of management policies and to share information with Outside Directors, who are not limited to Audit & Supervisory Committee members. In FY2023, the following roundtable meetings were held.

	Corporate Auditor	Representative Director	Outside Director	Senior management	Heads of departments	Auditors of affiliated companies	Number of meetings
Meeting with Representative Directors	○	○					2
Meeting with Representative Directors/Outside Directors	○	○	○				3
Meeting with senior management	○		○	○			4
Meeting with heads of departments	○		○		○		2
Liaison Meeting with Auditors of Affiliated Companies	○					○	2

\* The meetings held in FY2023 refer to those conducted by the Board of Auditors before the transition to a company with an Audit & Supervisory Committee.

## ② Internal Audit Dept. and internal audits

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 Financial Auditors as appropriate.

## (3) Internal Audit Committee and Internal Audit Dept.

### ① Internal Audit Committee

Mitsui Kinzoku organizes an Internal Audit Committee chaired by the Director in charge of the Internal Audit Dept. and comprising the head of the Internal Audit Dept., General Managers of each sector's Administration Department, heads of the relevant departments in the Corporate Unit, and the head of the Internal Audit Office of Mitsui Kinzoku (Shanghai) Management Co., Ltd. The Committee approves the policy and plan for internal audits conducted by the Internal Audit Dept., receives a report of audit results, and evaluates the results. The audit results approved by the Internal Audit Committee are reported to the Board of Directors through the Internal Audit Dept. In addition to the members mentioned above, Directors who are Audit & Supervisory Committee members, and Outside Directors who are not Audit & Supervisory Committee members attend Internal Audit Committee meetings as observers.

### ③ 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 corporate website.

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



# Effectiveness assessment of the Board of Directors and the Board of Corporate Auditors

## (1) 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.

### ① Implementation methods and processes

The effectiveness assessment for FY2022 was conducted in the form of a questionnaire, where each board member individually performed a self-assessment. The responses were collected and summarized by a third-party institution. The Board chairperson, who is an Outside Director, then facilitated a discussion on the summarized results with all Outside Directors and Outside Corporate Auditors. In FY2023, as in the previous year, all Board members self-assessed their performance individually through answering the questionnaire. Responses were collected and analyzed by a third-party institution, which then conducted and analyzed individual interviews with all Board members. At its meeting held in March 2024, the Board of Directors confirmed the evaluation results and future actions.

### ② Results

The majority of responses to the questionnaire and interviews indicated that there were no major problems with the operation of meetings chaired by an Outside Director (as a forum for free and open discussions) or with follow-up on the resolutions to the Board of Directors. Based on the results of past effectiveness assessments, the Board of Directors' effectiveness is deemed to be improving. However, members of the Board of Directors reached a common understanding that the monitoring model should be adopted (transition to a company with an Audit & Supervisory Committee) in order to achieve further sustainable growth and increase corporate value over the medium to long term.

#### a) Improvements from last time

The Board effectiveness assessment in FY2022 raised the issue that the Board of Directors should further discussions on the "allocation of management resources to investment in human capital and intellectual property" and "execution of strategies related to the business portfolio." In FY2023, regular reporting from the executive side was conducted properly, and there was a trend toward improvement. Nevertheless, we recognize the need to further enhance discussions at the Board of Directors meetings. With regard to the issue of insufficient feedback by the Nomination Review Committee and the Compensation Committee to the Board of Directors, we recognize that progress has been made in sharing information with the Board of Directors. Regarding the issue of insufficient discussion on succession plans for the Top Executive and other executives, we recognize that progress has been made. Overall, we assess that progress is being made in addressing the issues pointed out in FY2022.

## b) Recognition of issues

In the Board effectiveness assessment in FY2023, the issue was raised that since there were too many matters to be discussed at the Board meetings, it is necessary to delegate authority from the Board of Directors to the executive side, including lower-level meeting bodies. This issue was shared among the Board members.

### ③ Future efforts

Following a change in the institutional design at the 99th Annual General Meeting of Shareholders, Mitsui Kinzoku transitioned to a company with an Audit & Supervisory Committee. By making effective use of this framework, we will continue making efforts to enhance the functions of the Board of Directors.

## (2) Effectiveness assessment of the Board of Directors and 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.

### ① Implementation methods and processes

In the FY2023 effectiveness assessment, all Corporate Auditors were administered a questionnaire to assess their performance on the following eight items, and then engaged in discussions on each item based on the questionnaire results to identify issues.

- a) Response to the Corporate Governance Code
- b) Response to the Board and Board members
- c) Three-pillar audit system
- d) Monitoring and verification of financial reporting and information disclosure
- e) Response to scandals, such as serious violations of laws and regulations, and inappropriate accounting
- f) ICT governance and information system framework
- g) Response to issues related to ESG and the SDGs
- h) Operation of the Board of Corporate Auditors

The Board of Corporate Auditors held a meeting in March 2024 to evaluate its own effectiveness and determine an audit plan for FY2024. Details of the discussion were reported to the Board of Directors.

## ② Results

The questionnaire and discussions among all Corporate Auditors revealed no major problems with the eight items. We recognize that the Board of Corporate Auditors is operated in an effective manner, with an environment conducive to open discussion and exchange of diverse opinions. On the other hand, issues were identified, such as the need to strengthen collaboration between three-pillar audits and group audits, the need to strengthen audits of trade secret management in addition to ICT investment and DX promotion status, and the need for the Board of Corporate Auditors to spend a greater deal of time discussing more important issues. These issues were shared among all Corporate Auditors.

### ③ Future efforts

Following a change in the institutional design at the 99th Annual General Meeting of Shareholders, Mitsui Kinzoku transitioned to a company with an Audit & Supervisory Committee. By making effective use of this framework, the Audit & Supervisory Committee will designate priority audit items for FY2024 based on the items identified through the effectiveness assessment of the Board of Corporate Auditors and conduct audits.

## System of sharing and cooperation within Mitsui Kinzoku Group

A system of information sharing and mutual cooperation across Mitsui Kinzoku Group has been established through the Management Liaison Meeting (attended by the senior management of Mitsui Kinzoku and executives of all affiliates to share information on the Group's overall management situation, issues, etc.), the Mitsui Kinzoku Group Executive Training Program (training for Directors and Auditors of all Mitsui Kinzoku Group affiliates on the skills and mindset required to be an officer of an affiliated company), and the Liaison Meeting with Auditors of Affiliated Companies (the Audit & Supervisory Committee members of the Company and Corporate Auditors of Mitsui Kinzoku Group share the audit status and issues of each affiliated company).

## 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		FY2021	FY2022	FY2023
Number of companies	Unlisted	30	28	25
	Listed	10	10	7
	Total	40	38	32
Amount recorded on the balance sheet (millions of yen)	Unlisted	3,188	1,999	1,869
	Listed	3,927	5,114	8,589
	Total	7,115	7,113	10,458

Directors (as of June 27, 2024)

Directors who are Audit & Supervisory Committee Members



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  
OKABE Masato

Mr. OKABE Masato has good knowledge of business strategy, 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.



Managing 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.



Director, Audit & Supervisory Committee Member  
SHIKI Kazuya

Mr. SHIKI Kazuya has long engaged in legal affairs operations, he possesses profound knowledge in the Legal Department and has considerable understanding of risk management.



Outside Director, Audit & Supervisory Committee Member  
ISHIDA Toru

Mr. ISHIDA Toru has held important positions that contribute to the revival of commerce and industry over many years, having served in posts including Director-General, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry, and Commissioner, Agency for Natural Resources and Energy, and currently serving as President of The Japan Chamber of Commerce and Industry and The Tokyo Chamber of Commerce and Industry. He possesses the judgment and knowledge required in the auditing of business operations.



Director  
YAMASHITA Masashi

Mr. YAMASHITA Masashi possesses a wide range of experience and knowledge in the Group's finance, audit, and business oversight of affiliated companies, and is well versed in the Company's business.



Outside Director  
TOIDA Kazuhiko

Mr. TOIDA Kazuhiko has engaged in a wide range of work centered on the sales division at Nissan Motor Co., Ltd., including product planning, sales promotion, and the launch of a sales company, and has experience as a business executive. Additionally, he achieved listing on the First Section of the Tokyo Stock Exchange as Representative Director and President of FALTEC Co., Ltd. From 2020 to 2022, he served as Chairperson of the Board of Rikkyo Educational Corporation, and possesses a wealth of knowledge and experience.



Outside Director  
TAKEGAWA Keiko

Ms. TAKEGAWA Keiko has served as Director-General of the Public Relations Office of the Minister's Secretariat and Director-General of the Gender Equality Bureau at the Cabinet Office, and has extensive knowledge and government experience gained through her involvement in the formulation and implementation of policies for the promotion of women's participation and advancement in the workplace. She is currently a Specially Appointed Professor at Showa Women's University and Director of the Institute of Women's Culture.



Outside Director, Audit & Supervisory Committee Member  
INOUE Hiroshi

Mr. INOUE Hiroshi has a wealth of knowledge and experience in legal circles as a public prosecutor and a lawyer. He possesses the judgment and knowledge required in the auditing of business operations.



Outside Director, Audit & Supervisory Committee Member  
KAWANISHI Sachiko

Ms. KAWANISHI Sachiko started her career as a software engineer. She then became a certified public accountant. Based on her years of experience in corporate audits, she possesses the judgment and knowledge required in the auditing of business operations.

\* Profiles of Directors are listed on pages 134-135.



Skills matrix of Director and Audit & Supervisory Committee Member

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.	<div>• Management experience as a director at a listed company or equivalent entity</div> <div>• Director or Executive Officer responsible for the corporate planning</div>
Business strategies	Knowledge and experience enabling the formulation and implementation of strategies for establishing a competitive advantage are necessary for realizing sustainable business growth.	<div>• Experience of having achieved certain results through the formulation and implementation of business strategies for the engineered materials business, metals business or mobility business</div>
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.	<div>• Director or Executive Officer responsible for financial management, accounting or fundraising operations or equivalent experience</div>
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.	<div>• Director or Executive Officer responsible for R&amp;D operations or equivalent experience</div> <div>• Director or Executive Officer responsible for production technology or DX operations or equivalent experience</div> <div>• Academic expert</div>
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.	<div>• Director or Executive Officer responsible for sales and marketing operations or equivalent experience</div>
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.	<div>• Director or Executive Officer responsible for personnel operations or equivalent experience</div> <div>• Experience working in government or other public offices, or academic expert</div>
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.	<div>• Director or Executive Officer responsible for legal operations or equivalent experience</div> <div>• Person with experience working in the legal profession or persons with legal qualifications</div> <div>• Experience working in government or other public offices, or academic expert</div>
Internationality	An in-depth understanding of and respect for each country's culture and diversity are necessary for survival as a global enterprise.	<div>• Executive experience or business experience at an overseas company</div> <div>• Overseas academic expert</div>
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.	<div>• Director or Executive Officer responsible for business operations, executive responsible for ESG/CSR operations or equivalent experience</div> <div>• Experience working in government or other public offices, or academic expert</div> <div>• Consultant</div>

(2) Skills matrix of each Director and Audit & Supervisory Committee Member

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	
NOU Takeshi	President and Representative Director	◎	○	◎		○ ◎
OKABE Masato	Representative Director Senior Managing Director		◎	◎		◎ ○
IKENOBU Seiji	Managing Director	◎	○	◎	○	
YAMASHITA Masashi	Director	○	◎		◎	◎
TOIDA Kazuhiko	Outside Director	◎	○	◎		○ ○
TAKEGAWA Keiko	Outside Director				◎ ○	◎
SHIKI Kazuya	Director, Audit & Supervisory Comittee Member				◎	○ ○
ISHIDA Toru	Outside Director, Audit & Supervisory Comittee Member				◎	○ ◎
INOUE Hiroshi	Outside Director, Audit & Supervisory Comittee Member			○	◎	◎
KAWANISHI Sachiko	Outside Director, Audit & Supervisory Comittee Member	○	◎	○		○

○ indicates skills possessed by the Directors and Audit & Supervisory Committee Members, while ◎ indicates skills the Company expects Directors and Audit & Supervisory Committee Members to demonstrate in particular.

- As the Chair of the Board of Directors, how do you prefer to run board meetings?

The meeting should be a forum for free and vigorous discussion. Therefore, I try to create an environment in which that can take place. It is important to further our discussions without rushing. This is particularly true for topics such as sustainability, business portfolios and management resources. I do not want the discussions to move ahead without an in-depth understanding of what is happening on site.

- What do you think is good about Mitsui Kinzoku's Board of Directors?

Mitsui Kinzoku's board meetings select agenda items suitable for having substantive discussions to arrive at appropriate conclusions. Also, each board member expresses their opinions based on their respective specialized skills as listed in the disclosed skills matrix, which significantly helps me with facilitating each session.

- What do you keep in mind at the agenda setting meeting held before each board meeting?

At each meeting, we discuss with the executive side, including President Nou, based on the draft agenda for the next two board meetings. While maintaining an objective point of view as an Outside Director, I ensure that matters which should be discussed at board meetings are properly put on the table. Also, the executive side may take some things for granted that are not so obvious from the perspective of the Outside Directors, as is often the case at any company. So I ask the executive side frankly about these points, and ask them to share information to clarify the issues.

It has been two years since I assumed the role of Chair, and I believe that the effectiveness of the Board of Directors has gradually increased as the executive side has responded sincerely to our requests regarding the way the Board operates and the agenda items to be brought up at the board meetings.

#### Corporate governance

## Interview with the Chair of the Board of Directors

- What do you want the members of Mitsui Kinzoku's Board of Directors to be aware of?

The content of the discussions at the Executive Council is shared through President Nou. Mitsui Kinzoku is engaged in business in a wide range of fields, so I think it is important to understand what the background is for each proposed agenda item, if there is an environment in which the proposed action can be implemented, and if it is possible to continue to create such an environment. We would like to share more about the background and internal discussions on the proposed items at the board meetings.

- What do you expect of Mitsui Kinzoku's Board of Directors in the future?

As a result of past effectiveness assessments and repeated discussions at the board meetings, the Company has transitioned to a company with an Audit & Supervisory Committee and promoted the delegation of authority to the Executive Officers. This has allowed the Board of Directors to focus more on discussing and monitoring strategies and policies from a company-wide perspective.

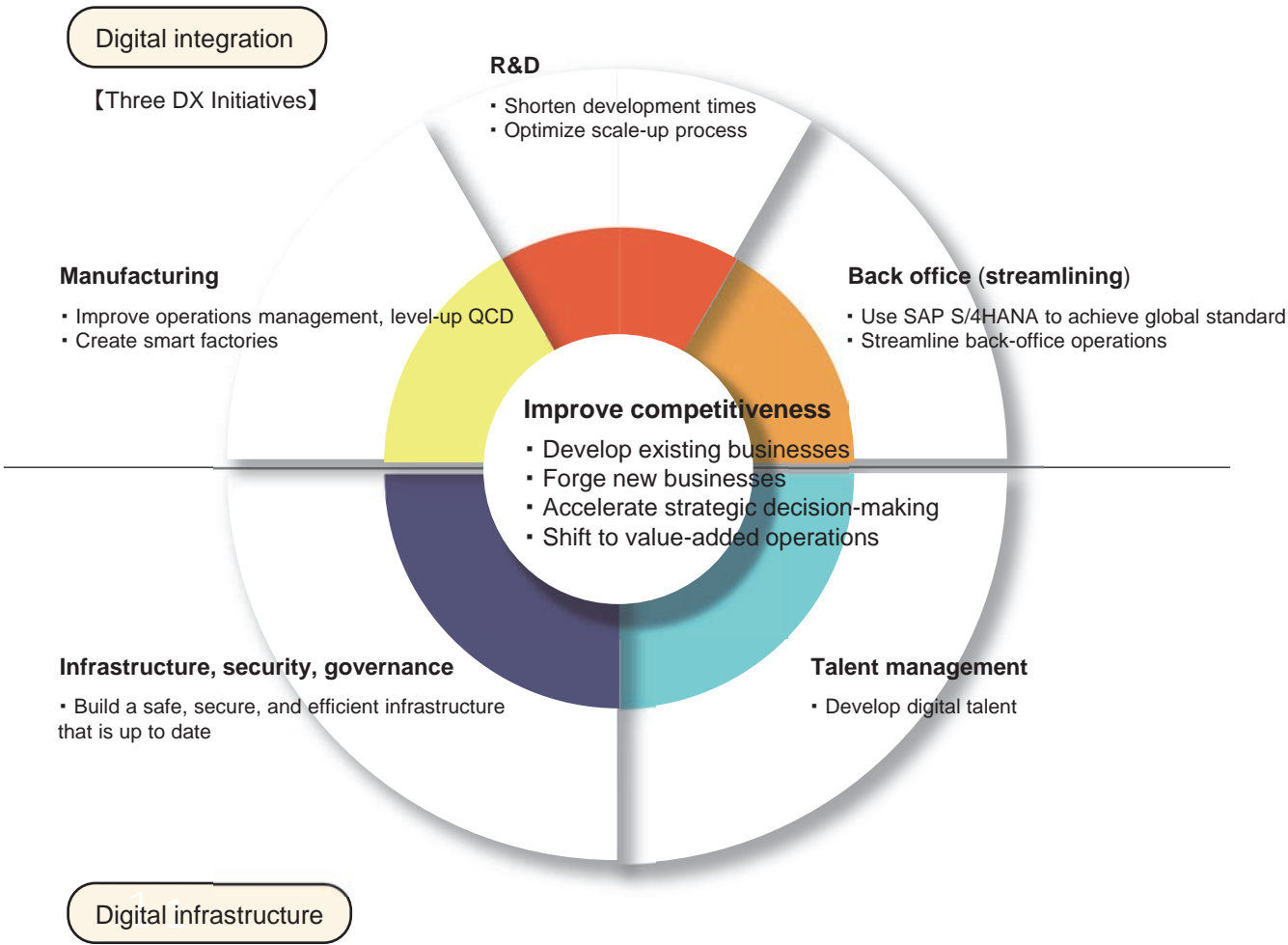
In addition to increasing the speed of management by delegating the right matters to the Executive Officers, the Board of Directors should further its discussions on insufficiencies found in past effectiveness assessment, such as dynamic management of the business portfolio. And based on those discussions, we would like to formulate a new mid-term management plan starting from the next fiscal year.



Outside Director, Chair of the Board  
TOIDA Kazuhiko

# ICT Governance and Digital Transformation (DX)

Mitsui Kinzoku Group is committed to DX (Digital Transformation) as a new framework to support integrated thinking-based management, aiming to evolve into a digital collective by strengthening our digital infrastructure. We are advancing three DX initiatives: "R&D," "Manufacturing," and "Back office (streamlining)," to enhance our competitiveness.



## Digital infrastructure

### ICT governance

Mitsui Kinzoku Group strives to enhance its ICT governance system with a focus on three areas: building a security operation 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 across the entire Group

To ensure all employees of Mitsui Kinzoku Group use ICT and DX tools in a safe and secure manner, we completed the construction of an SOC across the Group 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. In FY2023, we implemented a system to detect unauthorized access to Box (cloud system).

### Talent management

In order to achieve integrated thinking-based management through the use of ICT, we conduct ICT training under the slogan "Total Digital Talent Development" to train all Mitsui Kinzoku Group employees as digital talent. Three courses are available online according to the target audience and purpose of use. Approximately 2,000 employees have participated in the courses so far.

We also conduct information security training, including incident response, as a mandatory program for rank-based training.

## Digital integration

### R&D

Aiming to speed up new business creation, we have developed a data base for the R&D division, and established a model that reduces R&D time to one-third by streamlining operations and automating experiments through the use of digital technology. We also built a mechanism that enables stable mass production scale-up by identifying critical manufacturing factors through sensing and simulation technologies. We will adapt these to a wide range of research themes in the future.

### Manufacturing

We have worked to improve operational efficiency by promoting "digitalization for sharing and utilizing facility management and operation data," modeled on Hachinohe Smelting, one of our Group's major smelting plants. We plan to make further use of the data for stable operations and to expand the digitalization to other sites.

### Overview of Digitalization:

- (Automating tasks previously performed by engineers)
- Data collection and accumulation, including vast amount of past operational data
  - Data processing
  - Data visualization (automated creation of standardized reports, automatic alerts based on threshold values, etc.)

### Back office (streamlining)

We are expanding the use of our core system, S/4 HANA, in order to establish a management information infrastructure, strengthen operations of individual businesses, promote digitalization, promote employees' growth, and shift to high value-added operations. We are also working on the development of group-wide visualization tools for operational improvement by utilizing various data on manufacturing, sales, facilities, etc., owned by the core system.