

[Summary]

Securities identification code: 5706
June 11, 2020

To Shareholders:

Mitsui Mining & Smelting Co., Ltd.
1-11-1 Osaki, Shinagawa-ku,
Tokyo 141-8584, Japan

NISHIDA Keiji
President and
Representative Director

Notice of Convocation of the 95th Annual General Meeting of Shareholders

Dear Shareholders:

Thank you for your patronage. You are cordially invited to attend the 95th Annual General Meeting of Shareholders of Mitsui Mining & Smelting Co., Ltd. The meeting will be held on Friday, June 26, 2020. Please find below the Notice of Convocation.

We apologize for the delay in sending the Notice of Convocation compared to prior years, due to the impact of the spread of COVID-19.

Please review the proposals submitted to the General Meeting of Shareholders and the overview of operations for the 95th fiscal year.

Sincerely,

Meeting Particulars

1. Date and Time: 10:00 a.m. on Friday, June 26, 2020
2. Place: Gate City Hall, Underground Level 1,
Gate City Ohsaki-West Tower,
1-11-1 Osaki, Shinagawa-ku, Tokyo

Request on the prevention of the spread of COVID-19

For this General Meeting of Shareholders, we kindly ask shareholders to refrain from attending the meeting in person in order to prevent the spread of the infection, and to exercise your voting rights in advance by submitting the Voting Rights Exercise Form or via the Internet, etc., as much as possible.

When attending the meeting, we kindly ask that you bring and wear face masks. In addition, measures to prevent the spread of the infection will be taken in consideration of the health of shareholders on the day of the General Meeting of Shareholders, including checking temperatures, shortening the event duration, and cancelling exhibitions. We appreciate your understanding.

In the event of major changes to the operation of the meeting due to the status of the spread of COVID-19, details will be posted on the Company's website on the Internet (<https://www.mitsui-kinzoku.com/en/>).

3. Purpose of the Meeting:
Matters to be reported

1. Business Report, Consolidated Financial Statements, and reports from the independent auditing firm and the Board of Auditors on consolidated financial statements for the 95th fiscal year (from April 1, 2019, to March 31, 2020)
2. Reports on financial statements for the 95th fiscal year (from April 1, 2019, to March 31, 2020)

Matters to be resolved

Proposals by the Company: Items 1-3

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|-------------|--|
| First Item | Appropriation of Retained Earnings |
| Second Item | Election of eight (8) Directors |
| Third Item | Election of three (3) Corporate Auditors |

Proposals by a Shareholder: Items 4-13

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|-----------------|--|
| Fourth Item | Dismissal of Representative Director NISHIDA Keiji |
| Fifth Item | Partial Amendment of the Articles of Incorporation (Regarding the Chief Executive Officer concurrently serving as the Chairperson of the Board of Directors) |
| Sixth Item | Partial Amendment of the Articles of Incorporation (Regarding notice of details of compensation and assessment of Directors and Corporate Auditors) |
| Seventh Item | Partial Amendment of the Articles of Incorporation (Regarding the holding of the Company's shares by employees) |
| Eighth Item | Partial Amendment of the Articles of Incorporation (Regarding establishment of provisions for the mental attitude of employees) |
| Ninth Item | Partial Amendment of the Articles of Incorporation (Regarding the method of resolution at the General Meeting of Shareholders) |
| Tenth Item | Partial Amendment of the Articles of Incorporation (Regarding prohibition of perjury by the Company's employees) |
| Eleventh Item | Partial Amendment of the Articles of Incorporation (Clarification of the criteria for disciplinary punishment) |
| Twelfth Item | Partial Amendment of the Articles of Incorporation (Regarding company tours) |
| Thirteenth Item | Partial Amendment of the Articles of Incorporation (Regarding cost reduction) |

Proposals by a Shareholder (Items 4-13) are described in pages 22-33 of the General Meeting of Shareholders' Reference Materials hereafter.

4. Note of Caution in Exercising Voting Rights:

Proposals by one of the Shareholders have been presented for this Annual General Meeting of Shareholders as indicated above. While the details are provided hereafter under the Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelfth and Thirteenth Items, **the Board of Directors of the Company is opposed to these proposals.**

5. Other Items pertaining to the Convocation of the General Meeting of Shareholders:

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form or by electronic means (Internet, etc.). Please review the attached General Meeting of Shareholders' Reference Materials and exercise your voting rights **by 5:50 p.m. (Japan Time) on Thursday, June 25, 2020.**

In the case of exercising voting rights both by the voting right exercise form and electronically (Internet, etc.), regardless of the timing of the voting rights submissions, the electronic (Internet, etc.) version will be considered effective.

In the case of exercising voting rights electronically (Internet, etc.) multiple times, the final exercise of voting rights will be considered effective.

- End -

1. When you attend the meeting in person, please submit the voting right exercise form enclosed herewith to the receptionist at the place of the meeting. In addition, please bring with you this Notice of Convocation to assist us in reducing the amount of paper used.
2. In connection with those documents that are required to be provided with this Notice of Convocation, the notes to both consolidated and non-consolidated financial statements are posted on the Company's website and are not attached to this Notice, in accordance with relevant laws, ordinances and the Articles of Incorporation. In addition to the items outlined in the attached documents, notes to both consolidated and non-consolidated financial statements are included in the consolidated and non-consolidated financial reports that corporate auditors and the independent auditing firm audited in order to prepare audit reports and independent auditors' reports, respectively.
3. If there arises the need to make revisions to the General Meeting of Shareholders' Reference Materials or the appended Business Report, Consolidated Financial Statements, and Nonconsolidated Financial Statements, revised items will be posted on the Company's website.
4. In accordance with the stipulations of the Company's Articles of Incorporation, shareholders seeking to exercise voting rights via a proxy will be requested to designate another shareholder with voting rights as the proxy. In addition, please note that only shareholders are eligible to attend the Annual General Meeting of Shareholders.

The Company's website (<https://www.mitsui-kinzoku.com/en/>)

This is a summary translated from the Japanese-language Notice of Convocation distributed to shareholders in Japan.

Guide to Exercising Voting Rights

In order to prevent the spread of COVID-19, we kindly ask you to exercise your voting rights in advance by submitting the Voting Rights Exercise Form or via the Internet, etc., and to refrain from attending the General Meeting of Shareholders in person, as much as possible.

In the event of your inability to attend, you may exercise your voting rights by either of the methods described below.

1. Method of Exercising Voting Rights by Paper Form

Please indicate your approval or disapproval of the agenda items on the enclosed voting rights exercise form and send in the form so that it arrives before the deadline.

Exercise deadline: To arrive no later than 5:50 p.m. (Japan Time) on Thursday, June 25, 2020

2. Method of Exercising Voting Rights Electronically (Internet, Etc.)

(1) Exercise of Voting Rights Via the Internet

Please access the voting website at <https://www.web54.net> from a personal computer, follow the instructions shown on the screen, and by entering a new password (you may change your password if you wish) using the “voting rights exercise code” and “password” shown on the enclosed voting rights exercise form, you will be able to submit votes of approval or disapproval for each of the agenda items.

Please note that we do not have a designated website to exercise voting rights from mobile phones.

Exercise deadline: Until 5:50 p.m. (Japan Time) on Thursday, June 25, 2020

Exercise of Voting Rights

1. You may exercise your voting rights until 5:50 p.m. (Japan Time) on June 25, 2020 (Thursday).
2. In cases where voting rights are exercised both by paper form and electronically (Internet, etc.), the electronic (Internet, etc.) version will be considered effective.
3. In cases where voting rights are exercised electronically (Internet, etc.) multiple times, the final exercise of voting rights will be considered effective.

Handling of Passwords

1. Passwords are used to confirm that those voting are actually the shareholders with voting rights. Please be sure to keep your password secure. For security reasons, we cannot provide you with password information over the telephone or by other indirect means.
2. If you enter your password incorrectly more than a specified number of times, your account will be locked and become unusable. If you wish to have another password issued, please follow the instructions on the screen.
3. The passwords issued for exercising voting rights are effective for this year’s annual general shareholders’ meeting only.

Questions Regarding Personal Computer Operation, Etc.

If you have questions regarding the use of the voting rights exercise website, please contact the following unit.

Sumitomo Mitsui Trust Bank, Limited
Help Desk for Internet Voting
Phone Number: +81 0120 (652) 031
(Available from 9:00 a.m. to 9:00 p.m. (Japan Time))

(2) Exercising Voting Rights via the Voting Rights Exercise Platform

With regard to institutional investors, shareholders who have registered in advance to use the Voting Rights Exercise Platform may use this platform to exercise their voting rights.

General Meeting of Shareholders' Reference Materials

Matters to Be Resolved and Reference Items:

Proposals by the Company: Items 1-3

First Item

Appropriation of Retained Earnings

We propose that appropriation of retained earnings be performed as follows.

While ensuring that it retains sufficient internal reserves to fund measures for strengthening operations and promoting future business expansion, the Company has a fundamental policy of seeking to distribute dividends in line with its performance.

Specifically, the Company aims to return profit based on a consolidated dividend payout ratio of approximately 20% and to pay dividends at a consolidated dividend on equity ratio (DOE) of approximately 2.5%, focusing on continuous and stable dividend distribution.

In accordance with this fundamental policy, based on the consideration of the Company's financial condition and its performance in the fiscal year under review, the Company proposes that the year-end dividend applicable to the fiscal year under review be ¥70 per share as described below, unchanged from the previous period.

Year-End Dividends

(1) Type of Dividend Asset	Money
(2) Allocation and Total Value of Dividend Assets	¥70 per share of common stock Total value of ¥3,997,445,270
(3) Effective Date of Retained Earnings Distribution	June 29, 2020

Second Item

Election of eight (8) Directors

The term of office of six (6) Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes that eight (8) candidates be appointed to the position of Directors, increasing the number of Directors by one (1) Director and one (1) Outside Director with the purpose of further vitalizing the Board of Directors and enhancing its supervisory function.

The candidates for the position of Directors are as follows, and MATSUNAGA Morio, MIURA Masaharu and Mr. TOIDA Kazuhiko are candidates for Outside Directors.

With regard to the candidates for Directors, the Nomination Advisory Committee chaired by an Outside Director has comprehensively examined their capabilities, knowledge, and character without being limited by their nationality, race, or gender, and considered those who can sufficiently fulfill their responsibilities as Directors, and the Board of Directors has determined the candidates based on the results.

No.	Name	Title/Positions	Number of years served as Corporate Director	Attendance rate at the meetings of the Board of Directors
1	NISHIDA Keiji <u>Reappointed</u>	President, Representative Director	Nine (9) years	100%
2	NOU Takeshi <u>Reappointed</u>	Vice President, Representative Director, Executive Vice President, Senior General Manager of Business Creation Sector	Five (5) years	100%
3	HISAOKA Isshi <u>Reappointed</u>	Director, Senior Executive Officer, Chief Environmental Safety Officer	Seven (7) years	100%
4	OSHIMA Takashi <u>Reappointed</u>	Director, Senior Executive Officer, Senior General Manager of Corporate Planning & Control Sector, General Manager of Corporate Planning Department, Corporate Planning & Control Sector	Six (6) years	100%
5	KIBE Hisakazu <u>Newly Appointed</u>	Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector	-	-
6	MATSUNAGA Morio <u>Reappointed</u> <u>Outside</u> <u>Independent</u>	Outside Director	Four (4) years	100%
7	MIURA Masaharu <u>Reappointed</u> <u>Outside</u> <u>Independent</u>	Outside Director	One (1) year	81%
8	TOIDA Kazuhiko <u>Newly Appointed</u> <u>Outside</u> <u>Independent</u>	-	-	-

Note: The titles and positions stated are those at the Company as of the date of sending this Notice of Convocation.

Attributes of the candidates

Reappointed: Candidate as Director for reappointment

Newly Appointed: Candidate as Director for newly-appointment

Outside: The Candidate for Outside Director

Independent: Independent Director as provided for by the Tokyo Stock Exchange, etc.

Candidate Number: 1	NISHIDA Keiji (July 13, 1957)	Number of Company's Shares in Possession: 20,800 Number of years served as Corporate Director: Nine (9) years Attendance at the meetings of the Board of Directors: 100% (14/14)
Reappointed	<p>◆Profile; Title and Positions</p> <p>April 1980 Entered the Company</p> <p>June 2010 Executive Officer, General Manager of Finance & Accounting Department</p> <p>June 2011 Director, Senior Executive Officer, CFO, General Manager of Corporate Management Department and Finance & Accounting Department</p> <p>February 2012 Director, Senior Executive Officer, CFO, General Manager of Corporate Management Department</p> <p>April 2014 Representative Director, Senior Managing Director, Senior Managing Executive Officer, CFO, General Manager of Corporate Management Department, Senior General Manager of Copper Business Strategic Division, Metals Sector</p> <p>January 2016 Representative Director, Senior Managing Director, Senior Managing Executive Officer, CFO</p> <p>April 2016 President and Representative Director (current positions)</p> <p>◆Important Position Held Concurrently at Other Organizations No significant position held concurrently at other organizations.</p> <p>◆Reasons for the Nomination of the Candidate as Director Mr. NISHIDA Keiji has a wealth of experience cultivated through his many years of engagement mainly in corporate planning and finance of the Group and is well versed in the Company's business. Serving as the President and Representative Director since 2016, he has been leading the Group with his strong leadership and has reinforced the management bases. While ROE (return on equity) for the past three years has been sluggish due to the impact of the impairment loss for the Caserones copper mine business, investment which was determined prior to his appointment as President, the average ROE is 7.8% if the impact from this impairment loss is excluded. The Company believes this is the result of steadily deploying growth strategies in each business of engineered materials, metals, and automotive, based on the Mid-term Management Plans (2016 Mid-term Management Plan and 2019 Mid-term Management Plan) he formulated as President. With regard to the Caserones copper mine business, he strived to suppress additional expenditures by establishing a partnership between the Company and JX Nippon Mining & Metals Corporation. Meanwhile, he has conducted management with the sustainable growth of the Company in mind at all times, such as by taking measures to spearhead reforms to prepare for future based on existing businesses, including the establishment of structures to promote co-creation with external partners with the aim of creating more growth products and businesses with increased efficiency, through the launch of the Business Creation Sector in April of this year, in addition to strengthening in-house R&D. Although uncertainties have increased in the current management environment due to the impact of COVID-19, the Company has nominated him as a candidate for Director precisely because of the challenging times, as the Company judges he is indispensable to the Board of Directors of the Company, being well versed in the Company's business as well as possessing diverse insight, expertise, and capabilities that contribute to the enhancement of corporate governance.</p> <p>◆Special Interests between the Candidate and the Company There are no special interests between the candidate and the Company.</p>	

Candidate Number: 2	NOU Takeshi (December 3, 1961)	Number of Company's Shares in Possession: 15,700 Number of years served as Corporate Director: Five (5) years Attendance at the meetings of the Board of Directors: 100% (14/14)
Reappointed	<p>◆ Profile; Title and Positions</p> <p>April 1986 Entered the Company</p> <p>June 2010 President and Representative Director of Mitsui Copper Foil (Malaysia) Sdn. Bhd.</p> <p>October 2013 General Manager of Recycling Business Promotion Group, Metals, Minerals & Engineering Sector</p> <p>April 2014 Executive Officer, Senior General Manager of Technology Management Division, Metals & Recycling Division, Metals Sector</p> <p>April 2015 Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector</p> <p>June 2015 Director, Senior Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector</p> <p>October 2015 Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector</p> <p>April 2016 Representative Director, Managing Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector</p> <p>April 2020 Vice President, Representative Director, Executive Vice President, Senior General Manager of Business Creation Sector (current positions)</p> <p>◆ Important Position Held Concurrently at Other Organizations Outside Director of Powdertech Co., Ltd.</p> <p>◆ Reasons for the Nomination of the Candidate as Director 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. Since 2020, he has generally assisted the President as Vice President, Representative Director and led the Group, in addition to being responsible for the Business Creation Sector and contributing to the enhancement of the Company's medium- to long-term corporate value. The Company has nominated him as a candidate for Director as the Company judges he is indispensable to the Board of Directors of the Company, possessing diverse insight, expertise, and capabilities that contribute to the enhancement of the Group's corporate value, decision-making of the Company's Board of Directors, and improvement of the effectiveness of corporate governance.</p> <p>◆ Special Interests between the Candidate and the Company There are no special interests between the candidate and the Company.</p>	

Candidate Number: 3	HISAOKA Isshi (October 10, 1957)	Number of Company's Shares in Possession: 10,100 Number of years served as Corporate Director: Seven (7) years Attendance at the meetings of the Board of Directors: 100% (14/14)
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Reappointed

◆Profile; Title and Positions

April 1980	Entered the Company
January 2010	General Manager of Specialty Foil Division
June 2010	Executive Officer, Deputy Senior General Manager of Copper Foil Sector, General Manager of Specialty Foil Division
November 2010	Executive Officer, Senior General Manager of Copper Foil Sector, General Manager of Specialty Foil Division
June 2011	Senior Executive Officer, Senior General Manager of Electronic Materials Sector, General Manager of Specialty Foil Division
June 2013	Director, Senior Executive Officer, Senior General Manager of Electronic Materials Sector
April 2014	Director, Senior Executive Officer, Deputy Senior General Manager of Engineered Materials Sector
April 2015	Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector
October 2015	Director, Senior Executive Officer, Deputy Senior General Manager of Metals Sector
April 2016	Director, Senior Executive Officer, Senior General Manager of Metals Sector
April 2018	Director, Senior Executive Officer, Senior General Manager of Metals Sector, Chief Environmental Safety Officer
April 2019	Director, Senior Executive Officer, Chief Environmental Safety Officer (current positions)

◆Important Position Held Concurrently at Other Organizations

No significant position held concurrently at other organizations.

◆Reasons for the Nomination of the Candidate as Director

Since his appointment as Director in 2013, Mr. HISAOKA Isshi has been involved in work such as the Group's engineered materials business and metals business. He possesses a wide range of work experience and knowledge, and is well versed in the Company's business. Currently, he is engaged in the Company's environmental and safety fields as the Chief Environmental Safety Officer and is responsible for such fields as quality assurance, production engineering and intellectual property, contributing to the enhancement of the Company's medium- to long-term corporate value.

The Company has nominated him as a candidate for Director as the Company judges he is indispensable to the Board of Directors of the Company, possessing diverse insight, expertise, and capabilities that contribute to decision-making of the Company's Board of Directors, and improvement of the effectiveness of corporate governance.

◆Special Interests between Candidate and the Company

There are no special interests between the candidate and the Company.

Candidate Number: 4	OSHIMA Takashi (October 16, 1958)	Number of Company's Shares in Possession: 9,300 Number of years served as Corporate Director: Six (6) years Attendance at the meetings of the Board of Directors:100% (14/14)
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Reappointed

◆Profile; Title and Positions

April 1981	Entered the Company
October 2009	President and Representative Director of MCS, Inc.
April 2013	Deputy Senior General Manager of Materials & Applications Sector, General Manager of Affiliates Coordination Division
June 2013	Executive Officer, Deputy Senior General Manager of Materials & Applications Sector, General Manager of Affiliates Coordination Division
April 2014	Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector
June 2014	Director, Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector
January 2016	Director, Senior Executive Officer, CRO, Senior General Manager of Corporate Planning & Control Sector, General Manager of Corporate Planning Department, Corporate Planning & Control Sector
April 2016	Director, Senior Executive Officer, Senior General Manager of Corporate Planning & Control Sector, General Manager of Corporate Planning Department, Corporate Planning & Control Sector (current positions)

◆Important Position Held Concurrently at Other Organizations

No significant position held concurrently at other organizations

◆Reasons for the Nomination of the Candidate as Director

Since his appointment as Director of the Company in 2014, Mr. OSHIMA Takashi has been involved in work such as the Group's finance, corporate planning, risk management, and CSR. He possesses a wide range of work experience and knowledge, and is well versed in the Company's business. Currently, he is responsible for the Corporate Planning & Control Sector, promoting the strengthening of information management and human resources development, which are indispensable for the enhancement of the Company's medium- to long-term corporate value and sustainable growth.

The Company has nominated him as a candidate for Director as the Company judges he is indispensable to the Board of Directors of the Company, possessing diverse insight, expertise, and capabilities that contribute to decision-making of the Company's Board of Directors, and improvement of the effectiveness of corporate governance.

◆Special Interests between Candidate and the Company

There are no special interests between the candidate and the Company.

Candidate Number: 5	KIBE Hisakazu (November 1, 1960)	Number of Company's Shares in Possession: 5,700 Number of years served as Corporate Director: - Attendance at the meetings of the Board of Directors: -
Newly Appointed	<p>◆Profile; Title and Positions</p> <p>April 1985 Entered the Company</p> <p>April 2009 General Manager of Finance & Accounting Department, Automotive Parts & Components Division, Parts Production Sector</p> <p>October 2013 Director, Senior Executive Officer, Senior General Manager of Planning & Administrative Sector, General Manager of Planning Department, Mitsui Kinzoku ACT Corporation</p> <p>April 2014 Executive Officer, Assistant to Senior General Manager of Metals Sector</p> <p>June 2014 Executive Officer of the Company, Director, Executive Officer of Pan Pacific Copper Co., Ltd.</p> <p>October 2015 Senior Executive Officer, Deputy Senior General Manager of Affiliates Coordination Strategic Sector</p> <p>January 2016 Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector, General Manager of Copper Business Strategic Division, Metals Sector</p> <p>April 2018 Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector (current positions)</p> <p>◆Important Positions Held Concurrently at Other Organizations</p> <p>Outside Director of Nakabohtech Co., Ltd.</p> <p>◆Reasons for the Nomination of the Candidate as Director</p> <p>Mr. KIBE Hisakazu possesses a wide range of experience and knowledge in finance and corporate planning of the Group, including serving as officers of affiliated companies, and is well versed in the Company's business. In addition, he has been appointed as an Executive Officer since 2014, and is currently participating in the Company's management as a Senior Executive Officer. He is responsible for the Affiliates Coordination Strategic Sector, promoting various measures to maximize the corporate value of the Group.</p> <p>The Company has nominated him as a candidate for Director as the Company judges he is indispensable to the Board of Directors of the Company, possessing diverse insight, expertise, and capabilities that contribute to decision-making of the Company's Board of Directors, and improvement of the effectiveness of corporate governance.</p> <p>◆Special Interests between Candidate and the Company</p> <p>There are no special interests between the candidate and the Company.</p>	

Candidate Number: 6	MATSUNAGA Morio (August 7, 1949)	Number of Company's Shares in Possession: 4,300
		Number of years served as Corporate Director: Four (4) years Attendance at the meetings of the Board of Directors: 100% (14/14)
<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Reappointed</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	◆Profile; Title and Positions	
	August 1977	Postdoctoral fellow, The University of Tennessee
	September 1996	Professor, Faculty of Engineering, Kyushu Institute of Technology
	April 2003	Professor, Department of applied science for integrated system engineering, Kyushu Institute of Technology
	April 2010	President, Kyushu Institute of Technology
	June 2016	Chairperson of the Board of Director, Kitakyushu Foundation for the Advancement of Industry, Science and Technology (current position)
	June 2016	Outside Director (current position)
	June 2018	Outside Auditor of KROSAKI HARIMA CORPORATION (current position)
	◆Important Positions Held Concurrently at Other Organizations	Chairperson of the Board of Director, Kitakyushu Foundation for the Advancement of Industry, Science and Technology, Outside Auditor of KROSAKI HARIMA CORPORATION
	◆Reasons for the Nomination of the Candidate as Outside Director	Mr. MATSUNAGA Morio has specialized knowledge of engineering and experience of organizational management as a university professor and the president of a national university corporation. Although he has never been directly involved in management of a company other than serving as an Outside Director or an outside corporate auditor, since his appointment as Outside Director of the Company in 2016, he has contributed to the strengthening of the Group's management oversight and supervisory functions and enhancement of the transparency of the Board of Directors, among other matters, by utilizing his wealth of experience. The Company has nominated him as a candidate for Director as the Company judges he is indispensable to the Board of Directors of the Company, possessing diverse insight, expertise, and capabilities that contribute to decision-making of the Company's Board of Directors, and improvement of the effectiveness of corporate governance.
	◆Special Interests between Candidate and the Company	There are no special interests between the candidate and the Company.

Notes: 1. Based on the Company Law Article 427-1, the Company has concluded a contract with MATSUNAGA Morio regarding liability as defined by the Company Law Article 423-1 to limit total liability to the amount stipulated by the Company Law Article 425-1. If his reappointment is approved, the aforementioned contract will be extended.

2. The Company has notified the Tokyo Stock Exchange that MATSUNAGA Morio is an Independent Director of the Company.

Candidate Number: 7	MIURA Masaharu (May 22, 1948)	Number of Company's Shares in Possession: 2,900 Number of years served as Corporate Director: One (1) year Attendance at the meetings of the Board of Directors: 81% (9/11)
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Reappointed

Outside

Independent

◆Profile; Title and Positions

April 1975	Adopted as Prosecutor
August 2002	Chief Prosecutor of Naha District Public Prosecutors Office
September 2004	Director-General of the Immigration Bureau, the Ministry of Justice
June 2007	Chief Prosecutor of Osaka District Public Prosecutors Office
January 2010	Superintending Prosecutor of Fukuoka High Public Prosecutors Office
May 2011	Professional registration in Japan as lawyer
May 2011	With KAWAKAMI Law Office
June 2013	Outside Corporate Auditor of the Company (current position)
June 2014	Outside Director of OUG Holdings Inc. (current position)
May 2015	Launched GINZA-CHUO Law Office
June 2019	Outside Director (current position)

◆Important Positions Held Concurrently at Other Organizations

Lawyer
Outside Director of OUG Holdings Inc.

◆Reasons for the Nomination of the Candidate as Outside Director

Mr. MIURA Masaharu has a wealth of knowledge and experience in legal circles as a public prosecutor and a lawyer. Although he has never been directly involved in management of a company other than serving as an Outside Director or an Outside Corporate Auditor, since his appointment as Outside Director of the Company in 2019, he has further contributed to the strengthening of the Group's management oversight and supervisory functions and enhancement of the transparency of the Board of Directors, among other matters, by utilizing his wealth of experience.

The Company has nominated him as a candidate for Director as the Company judges he is indispensable to the Board of Directors of the Company, possessing diverse insight, expertise, and capabilities that contribute to decision-making of the Company's Board of Directors, and improvement of the effectiveness of corporate governance.

◆Special Interests between Candidate and the Company

There are no special interests between the candidate and the Company.

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- Notes: 1. Based on the Company Law Article 427-1, the Company has concluded a contract with MIURA Masaharu regarding liability as defined by the Company Law Article 423-1 to limit total liability to the amount stipulated by the Company Law Article 425-1. If his reappointment is approved, the aforementioned contract will be extended.
2. The Company has notified the Tokyo Stock Exchange that MIURA Masaharu is an Independent Director of the Company.
3. The status of attendance at the meetings of the Board of Directors indicated is only for those meetings held after assumption of office on June 27, 2019.

Candidate Number: 8	TOIDA Kazuhiko (July 2, 1952)	Number of Company's Shares in Possession: 400 Number of years served as Corporate Director: - Attendance at the meetings of the Board of Directors: -
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Newly Appointed

Outside

Independent

◆Profile; Title and Positions

April 1975	Entered Nissan Motor Co., Ltd.
July 1999	General Manager of Domestic Parts Department, Parts Division, Nissan Motor Co., Ltd.
April 2001	Senior Vice President, Global Aftersales Business, Nissan Motor Co., Ltd.
April 2005	Senior Vice President, Japan Marketing & Sales, Chairman of MC-Dealer, Nissan Motor Co., Ltd.
April 2009	Executive Vice President, FALTEC Co., Ltd.
April 2009	Chairman and Board Director, ALTIA Co., Ltd.
April 2010	Representative Director, President and CEO, FALTEC Co., Ltd.
April 2017	Chairman of the Board and Representative Director, FALTEC Co., Ltd.
June 2017	Senior Adviser, FALTEC Co., Ltd.
April 2018	Executive Board Member, Rikkyo Educational Corporation (current position)

◆Important Position Held Concurrently at Other Organizations

Executive Board Member, Rikkyo Educational Corporation

◆Reasons for the Nomination of the Candidate as Outside Director

Mr. TOIDA Kazuhiko has experience as a business executive, having been engaged in a wide range of work at Nissan Motor Co., Ltd., including product planning, sales promotion, and launch of a sales company, with a focus on the sales division. In addition, he has achieved listing on the First Section of the Tokyo Stock Exchange at FALTEC Co., Ltd. as Representative Director and President. He currently serves as Executive Board Member of Rikkyo Educational Corporation, and possesses a wide range of experience and knowledge.

The Company has nominated him as a candidate for Director as the Company judges he is indispensable to the Board of Directors of the Company, possessing diverse insight, expertise, and capabilities that contribute to decision-making of the Company's Board of Directors, and improvement of the effectiveness of corporate governance.

◆Special Interests between Candidate and the Company

There are no special interests between the candidate and the Company.

- Notes: 1. If the appointment of Mr. TOIDA Kazuhiko is approved, the Company will arrange a contract with him regarding liability as defined by Company Law Article 423-1 to limit total liability to the figure stipulated by Company Law Article 425-1, based on Company Law Article 427-1.
2. If the appointment of Mr. TOIDA Kazuhiko is approved, the Company will notify the Tokyo Stock Exchange of his appointment as an Independent Director of the Company.

Composition of the Board of Directors

(Scheduled after the conclusion of this General Meeting of Shareholders)

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

Third Item

Election of three (3) Corporate Auditors

At the conclusion of this Annual General Meeting of Shareholders, Corporate Auditors' the term of office of Corporate Auditor KADOWAKI Takashi, Corporate Auditor YOSHIDA Akira and Corporate Auditor ISHIDA Toru will expire.

Accordingly, the Company proposes three (3) candidates for the position of Corporate Auditors.

The candidates for the position of Corporate Auditors are as follows, and Mr. ISHIDA Toru is a candidate for Outside Corporate Auditor.

The Board of Auditors' approval of this proposal has already been obtained.

No.	Name	Title and Positions at the Company	Number of years served as Corporate Auditor	Attendance rate at the meetings of the Board of Directors	Attendance rate at the meetings of the Board of Auditors
1	MISAWA Masayuki <u>Newly Appointed</u>	Executive Officer, General Manager of Copper Foil Division, Engineered Materials Sector, General Manager of Business Planning Group, Copper Foil Division, Engineered Materials Sector	-	-	-
2	KUTSUNAI Akira <u>Newly Appointed</u>	Executive Officer, General Manager of Corporate Communications Department and Finance & Accounting Department, Corporate Planning & Control Sector	-	-	-
3	ISHIDA Toru <u>Reappointed</u> <u>Outside</u> <u>Independent</u>	Outside Corporate Auditor	Two (2) years	85%	92%

Attributes of the candidate

Reappointed: Candidate as Corporate Auditor for reappointment

Newly Appointed: Candidate as Corporate Auditor for newly appointment

Outside: The Candidate for Outside Corporate Auditor

Independent: Independent Auditor as provided for by the Tokyo Stock Exchange, etc.

Candidate Number: 1	MISAWA Masayuki (July 18, 1958)	Number of Company's Shares in Possession: 1,500 Number of years served as Corporate Auditor: - Attendance at the meetings of the Board of Directors: - Attendance at the meetings of the Board of Auditors: -
<div style="border: 1px solid black; padding: 2px;">Newly Appointed</div>	<p>◆Profile; Title and Positions</p> <p>April 1982 Entered the Company</p> <p>April 2014 General Manager of Copper Foil Division, Engineered Materials Sector, General Manager of Strategic Production Planning Department, Copper Foil Division, Engineered Materials Sector</p> <p>April 2015 Executive Officer, General Manager of Copper Foil Division, Engineered Materials Sector</p> <p>January 2020 Executive Officer, General Manager of Copper Foil Division, Engineered Materials Sector, General Manager of Business Planning Group, Copper Foil Division, Engineered Materials Sector (current positions)</p>	
	<p>◆Important Position Held Concurrently at Other Organizations</p> <p>No significant position held concurrently at other organizations.</p>	
	<p>◆Reasons for the Nomination of the Candidate as Corporate Auditor</p> <p>Mr. MISAWA Masayuki has experience as a manager responsible for quality assurance, safety environment, sales, and overseas bases for many years in the Group's engineered materials business, and is well versed in the Company's business. In addition, he has further contributed to the enhancement of corporate value since 2015 as an Executive Officer by utilizing his wealth of experience.</p> <p>Based on the above, the Company judges that he can utilize his past experience and expertise in auditing of the Company, and has nominated him as a candidate for Corporate Auditor.</p>	
	<p>◆Special Interests between the Candidate and the Company</p> <p>There are no special interests between the candidate and the Company.</p>	

Candidate Number: 2	KUTSUNAI Akira (December 16, 1960)	Number of Company's Shares in Possession: 3,000 Number of years served as Corporate Auditor: - Attendance at the meetings of the Board of Directors: - Attendance at the meetings of the Board of Auditors: -
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Newly Appointed

◆Profile; Title and Positions

April 1984 Entered the Company

February 2012 General Manager of Finance & Accounting Department

June 2014 General Manager of Administration Department, Metals Sector

April 2017 Executive Officer, General Manager of Investor Relations and Corporate Communications Department, Corporate Planning & Control Sector

June 2018 Executive Officer, General Manager of Investor Relations and Corporate Communications Department, Corporate Planning & Control Sector, Finance & Accounting Department, Corporate Planning & Control Sector

April 2020 Executive Officer, General Manager of Corporate Communications Department, Corporate Planning & Control Sector, General Manager of Finance & Accounting Department, Corporate Planning & Control Sector (current positions)

◆Important Position Held Concurrently at Other Organizations
No significant position held concurrently at other organizations.

◆Reasons for the Nomination of the Candidate as Corporate Auditor

Mr. KUTSUNAI Akira has a wealth of experience gained over many years, centered around areas including finance, public relations, and corporate planning of the Group, and is well versed in the Company's business. He has been appointed as an Executive Officer since 2017, and has contributed to the enhancement of corporate value in a wide range of fields such as CSR, finance, public relations, and IR, as General Manager of Corporate Communications Department and General Manager of Finance & Accounting Department, Corporate Planning & Control Sector.

Based on the above, the Company judges that he can utilize his past experience and expertise in auditing of the Company, and has nominated him as a candidate for Corporate Auditor.

◆Special Interests between the Candidate and the Company

There are no special interests between the candidate and the Company.

Candidate Number: 3	ISHIDA Toru (November 1, 1952)	Number of Company's Shares in Possession: 0
		Number of years served as Corporate Auditor: Two (2) years Attendance at the meetings of the Board of Directors: 85% (12/14) Attendance at the meetings of the Board of Auditors: 92% (13/14)

Reappointed

Outside

Independent

◆Profile; Title and Positions

April 1975	Entered Ministry of International Trade and Industry (Presently Ministry of Economy, Trade and Industry)
July 2003	Director General for Policy Planning and Coordination, Minister's Secretariat, METI
September 2005	Director-General, Trade and Economic Cooperation Bureau, METI
July 2007	Director-General, Industrial Science and Technology Policy and Environment Bureau, METI
July 2008	Commissioner, Agency for Natural Resources and Energy, METI
January 2011	Advisor, Tokyo Electric Power Company, Incorporated (TEPCO)
June 2013	Director, Japan Alcohol Trading Co., LTD
June 2014	Vice President, Japan Alcohol Trading CO., LTD
December 2015	President, The Japan Chamber of Commerce and Industry (current position) President, The Tokyo Chamber of Commerce and Industry (current position)
June 2018	Outside Corporate Auditor (current position)

◆Important Positions Held Concurrently at Other Organizations

President, The Japan Chamber of Commerce and Industry, President, The Tokyo Chamber of Commerce and Industry

◆Reasons for the Nomination of the Candidate as Outside Corporate Auditor

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. Since his appointment as an Outside Corporate Auditor of the Company in 2018, he has contributed to the enhancement of corporate value by utilizing his past experience and expertise in auditing of the Company.

Based on the above, the Company judges that he can continue to appropriately fulfill his duties, and has nominated him as a candidate for Corporate Auditor.

◆Special Interests between the Candidate and the Company

There are no special interests between the candidate and the Company.

- Notes: 1. Based on the Company Law Article 427-1, the Company has concluded a contract with ISHIDA Toru regarding liability as defined by the Company Law Article 423-1 to limit total liability to the amount stipulated by the Company Law Article 425-1. If his reappointment is approved, the aforementioned contract will be extended.
2. The Company has notified the Tokyo Stock Exchange that ISHIDA Toru is an Independent Auditor of the Company.

Proposals by a Shareholder: Items 4-13

Proposals made by a single shareholder (possessing 301 voting rights)

Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelfth and Thirteenth Items concern proposals made by a single shareholder (possessing 301 voting rights).

Details of these proposals and reasons for them have been translated from the Japanese version of the document that is restated verbatim from the notification received by the Company from the shareholder making the proposals, including literal errors, omitted letters and recognition of facts.

What is a proposal by a shareholder?

The Company Law provides shareholders with rights to make proposals provided certain requirements are satisfied.

Regarding these proposals, companies are required to post the proposals, regardless of the content, except in the case of a violation of laws and regulations or the Articles of Incorporation.

On this occasion, the ten proposals made by a single shareholder are being posted; however, the Board of Directors is **opposed** to all of these proposals.

You are requested to study the opinions of the Board of Directors of the Company on the following pages and exercise your voting rights.

Proposals by a Shareholder

Fourth Item

Dismissal of Representative Director NISHIDA Keiji

1. Details of Proposal

Representative Director NISHIDA Keiji who does not use the Company's General Meeting of Shareholders as a forum for discussion to enhance corporate value is an inappropriate person to serve as the representative of the Company and should be dismissed from his position as Representative Director.

2. Reasons for Proposal

The chairperson of a general meeting of shareholders has the obligation to maintain order and organize the business of the meeting and has the right to require anyone who disturbs the order of the meeting to leave the room in accordance with the provisions of the Company Law. This authority is given so as for the chairperson to proceed with the business of the meeting, gain the approval of shareholders, who are the owners of the company, and make resolutions within a reasonable time schedule.

However, procedures for proceedings of the General Meeting of Shareholders chaired by NISHIDA are prearranged because excessive rehearsals are held before the Meeting. A General Meeting of Shareholders chaired by NISHIDA deviates from the true purpose and it appears that shareholders are forced to consent to proposals determined by the Company's Directors and Corporate Auditors. At a General Meeting of Shareholders held in such a manner, shareholders are restricted from speaking or the number of times a shareholder can speak is restricted, and thus shareholders who wish to state their opinions become daunted and cannot speak vigorously.

Under Representative Director NISHIDA who chairs the General Meeting of Shareholders by putting the cart before the horse, it is impossible to anticipate enhancement of corporate value.

Opinion of the Board of Directors of the Company

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Board of Directors deems that NISHIDA Keiji is appropriate for the position of Representative Director. Representative Director NISHIDA Keiji serves as the chairperson of a General Meeting of Shareholders pursuant to the Articles of Incorporation of the Company. In operating the business of the General Meeting of Shareholders, NISHIDA appropriately conducts the proceedings pursuant to laws and regulations, while securing time to deliberate on proposals, so that the shareholders can smoothly express opinions and ask questions, to which he strives to respond with appropriate answers and explanations. The results of the Company's questionnaire surveys conducted in the last three years targeting shareholders who have attended a General Meeting of Shareholders support this opinion. As described in the following table regarding the overall operation of the General Meeting of Shareholders, the Company has been receiving favorable evaluations.

Therefore, the Board of Directors is opposed to this proposal requesting the dismissal of Representative Director NISHIDA Keiji.

		92nd	93rd	94th
Meeting duration		80 min.	83 min.	98 min.
Number of attendees		279	248	261
Number of questioners		8	8	9
Questionnaire response ratio		75.3%	64.7%	65.1%
Questionnaire results (overall operation of the General Meeting of Shareholders)	Satisfied	48.6%	41.7%	49.3%
	Somewhat satisfied	20.7%	22.0%	21.6%
	Neutral	27.9%	36.2%	26.4%
	Somewhat dissatisfied	1.1%	0.0%	2.0%
	Dissatisfied	1.7%	0.0%	0.7%

Fifth Item

Partial Amendment of the Articles of Incorporation (Regarding the Chief Executive Officer concurrently serving as the Chairperson of the Board of Directors)

1. Details for Proposal

It is proposed to prohibit the Chief Executive Officer from concurrently serving as the Chairperson of the Board of Directors, in principle, and to appoint an Outside Director as the Chairperson of the Board of Directors.

2. Reasons for Proposal

The chief executive officer is the person responsible for decision-making at a company. The board of directors takes charge of basic management strategies/plans as well as fulfills both decision-making and oversight functions.

When the Chief Executive Officer concurrently serves as the Chairperson of the Board of Directors, company oversight functions decline. Therefore, in order to strengthen corporate governance, an Outside Director who will not be controlled by the Chief Executive Officer should be appointed as the Chairperson of the Board of Directors.

Opinion of the Board of Directors of the Company

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Company continuously examines and verifies whether the Board of Directors of the Company is functioning effectively and appropriate corporate governance is ensured in accordance with the Company Law, the Corporate Governance Code (hereinafter referred to as the “CG Code”) specified by the Tokyo Stock Exchange, etc. The Company recognizes that there is a view that a non-executive outside director serving as the chairperson of the Board of Directors is effective for corporate governance to a certain extent. The Company, however, does not consider that such a structure is indispensable for the Company at this time.

At present, for meetings of the Company’s Board of Directors, the meeting agenda and other related materials are distributed in advance to Directors, including Outside Directors. Each Director then examines the content of the meeting agenda and materials and receives explanation or gathers information, as necessary, before attending the meeting of the Board of Directors. At meetings of the Board of Directors, sufficient time is secured to deliberate on the agenda items and the optimum decision is made following thorough discussion. Also regarding the evaluation of effectiveness of the Board of Directors specified by the CG Code, the Company believes the role and responsibility of the Board of Directors are sufficiently fulfilled.

Moreover, in the Board of Directors of the Company, two out of six Directors are Outside Directors, and if “Election of eight (8) Directors” submitted to this General Meeting of Shareholders is approved as proposed, three out of eight Directors will be Outside Directors. As the three Outside Directors will supervise management from the viewpoints of enhancement of corporate value and protection of the interest of shareholders from an independent non-executive position, the Company considers that the supervisory function of the Board of Directors will be further enhanced.

Therefore, the Board of Directors believes it is unnecessary to include the provisions mentioned in this proposal in the Articles of Incorporation.

Incidentally, the “Regulations for the Board of Directors (Torishimariyaku-kai kisoku)” prescribes that the chairperson of the Board of Directors shall be determined by an election by Directors from among Directors, thus it is possible for an Outside Director to be appointed the chairperson of the Board of Directors.

Sixth Item

Partial Amendment of the Articles of Incorporation (Regarding notice of details of compensation and assessment of Directors and Corporate Auditors)

1. Details for Proposal

Details of compensation and assessment of the Company's Directors and Corporate Auditors shall be described in the notice of convocation of the General Meeting of Shareholders.

2. Reasons for Proposal

Regarding disclosure of details of compensation and assessment of the Company's Directors and Corporate Auditors, whether compensation is appropriate or not is an important issue from the viewpoint of the shareholders' interest. The compensation system in Japan does not reflect the degree of contribution to the company, compared with the systems in the U.S. and Europe. The fact that the degree of contribution to the Company is not linked with compensation of Directors and Corporate Auditors is a problem.

If compensation for each Director and Corporate Auditor is disclosed, Directors and Corporate Auditors making a great contribution to the Company can receive correspondingly high compensation and a system for developing excellent human resources will be established.

Opinion of the Board of Directors of the Company

The Board of Directors is opposed to this proposal, for the reasons given as follows.

Compensation, etc. for Directors and Corporate Auditors is determined within the limit approved at the Annual General Meeting of Shareholders. The Compensation Committee (chaired by an Outside Director and composed mainly of the President, the Director in charge of Human Resources, and the Outside Corporate Auditors as advisors) determines compensation, etc. for Directors based on the compensation determination standards. Compensation, etc. for Directors consists of base compensation and performance-linked compensation. Base compensation is calculated based on the base compensation for the President and by applying the ratio according to the title, taking into consideration the Company's performance, the general level in Japan, and other factors comprehensively. Performance-linked compensation is calculated by using consolidated ordinary income as the performance indicator and is determined by the evaluation corresponding to the performance of the business for which the Director is responsible. Outside Directors who are uninvolved in business execution do not receive performance-linked compensation.

Regarding disclosure, the total amount of compensation for Directors and that for Corporate Auditors as well as the number of recipients are disclosed appropriately in the Business Report and Securities Report, in accordance with laws and regulations. Therefore, the Company believes that its disclosure practices fully satisfy management assessment by shareholders. As in the manner described above, procedures for determination and the method of disclosure are implemented appropriately. Incidentally, with regard to the amount of compensation for Directors, please refer to the description of the trends over the past three years for Directors excluding Outside Directors, classified by the amounts of base compensation and performance-linked compensation, disclosed in the Business Report for this General Meeting of Shareholders.

Therefore, the Board of Directors believes it is unnecessary to include the provisions mentioned in this proposal in the Articles of Incorporation.

*For the total compensation, etc. paid to Directors and Corporate Auditors, the compensation determination policy, and the composition, etc., please refer to Pages 45-48.

Seventh Item

Partial Amendment of the Articles of Incorporation (Regarding the holding of the Company's shares by employees)

1. Details for Proposal

The Company's Directors and Corporate Auditors and managerial employees who have served the Company for 10 years or more shall hold the Company's shares.

2. Reasons of Proposal

In the past 10 years, the Company's stock price was peaked at 7,200 yen in 2018 and the current stock price is 1,796 yen (as of April 1, 2020).

The stock price of a company is reflected in the evaluation of the company in the market and stock prices of excellent companies are naturally high. Therefore, the more people purchase the Company's shares, the higher the Company's stock value in the market becomes.

All the Directors and Corporate Auditors who are entrusted to manage the Company must take pride in their positions. And, in order to enhance the Company's corporate value without resting on their laurels, they must own the Company's shares. Managerial employees who have served the Company for 10 years or more must do the same.

Opinion of the Board of Directors of the Company

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Company recognizes that a company's directors, corporate auditors, and employees holding their own company's shares will have a certain benefit in improving their loyalty to the company and motivation to work as well as stabilizing the shareholder composition. The Company has also recommended holding of shares by Directors, Corporate Auditors, and employees, by adopting the officers' shareholding association and employees' shareholding association systems. On the other hand, the Company's Directors, Corporate Auditors, and employees are fulfilling their duties to enhance corporate value regardless of whether they hold the Company's shares. On this point, the Company believes it is not appropriate to obligate Directors and Corporate Auditors and managerial employees who have served the Company for 10 years or more to hold the Company's shares by prescribing it in the Articles of Incorporation as proposed.

Therefore, the Board of Directors believes it is unnecessary to include the provisions mentioned in this proposal in the Articles of Incorporation.

Eighth Item

Partial Amendment of the Articles of Incorporation (Regarding establishment of provisions for the mental attitude of employees)

1. Details for Proposal

It is proposed to add provisions to the Articles of Incorporation to include the following matter:
The Company's Directors and Corporate Auditors and employees shall squat on Western-style toilet seat when they defecate to train their physical strength and make an effort daily with the aim of achieving a five-digit stock price.

2. Reasons of Proposal

If you squat on Japanese-style toilet, you have a large quantity of evacuation. In short, good bowel movement is good for health and is the source of motivation to work.

This matter was proposed by a shareholder of a certain company and included in the company's agenda items in 2013 as the 16th item and was seriously discussed at its general meeting of shareholders. This is not a laughing matter and the logic mentioned in the proposal can be applied to the Company. What the Company's employees lack in order to increase the profit is cost consciousness. It is unreasonable to replace the existing Western-style toilets with Japanese-style ones as cost reduction is the current priority. Therefore, the Company's employees should squat on the toilet seats of Western-style toilets when they defecate in order to tenaciously enhance their lower body strength.

By doing so as a basic action, individuals' capabilities will be enhanced. Squatting every day and recognizing the importance of cost reduction will also lead to good results in terms of health management. Moreover, because the basic action requires concentration, daily practice will lead to a reduction in the time required, resulting in a reduction of overtime.

Opinion of the Board of Directors of the Company

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Company's Directors, Corporate Auditors, and employees fulfill their duties to enhance corporate value each day in accordance with the "Code of Conduct," which is the code of behavior applied to Directors, Corporate Auditors, and employees, and incorporate it as a mental attitude.

Therefore, the Board of Directors believes it is unnecessary to include the provisions mentioned in this proposal in the Articles of Incorporation.

Ninth Item

Partial Amendment of the Articles of Incorporation (Regarding the method of resolution at the General Meeting of Shareholders)

1. Details of Proposal

It is proposed to abolish the inaccurate method of adopting a resolution at the General Meeting of Shareholders that is based on clapping and to adopt resolutions only by votes.

2. Reasons for Proposal

The Company's General Meeting of Shareholders uses the inaccurate method of adopting a resolution based on clapping and thus opinions of shareholders who are opposed to proposals are not reflected. Similar to the preceding proposal, this matter was proposed by a shareholder of a certain company and included in the company's agenda items in 2013 as the 21st item and was seriously discussed at its general meeting of shareholders. The same applies to the Company. There are many elderly general shareholders of the Company whose arm muscles are weak and whose bones and skin are fragile. Therefore, they are not only incapable of sufficiently indicating their intention by clapping but also are exposed to risks of straining themselves, pulling a muscle, fracturing their bones, or suffering internal bleeding. Moreover, the nervous systems of elderly people are dull and they tend not to notice even if they are injured. As they cannot hear well and have weak eyesight, they lack capabilities to make decisions quickly. However, they are capable of making a decision if they have time to think deeply, and sometimes they mistakenly clap at the wrong time instead of when they should clap to adopt a resolution. For these reasons, all resolutions should be adopted by votes in order to accurately grasp shareholders' decisions.

Opinion of the Board of Directors of the Company

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The method of resolution for proposals is sufficient as long as it is a process necessary to confirm whether the proposal has been approved or disapproved. As the chairperson of a General Meeting of Shareholders organizes the General Meeting of Shareholders in consideration of the results of the exercise of voting rights via the voting rights exercise forms and the attendance status of shareholders on the day of the Meeting, the Company believes the method should be left to the chairperson's choice, made according to the situation.

Therefore, the Board of Directors believes it is unnecessary to include the provisions mentioned in this proposal in the Articles of Incorporation.

Tenth Item

Partial Amendment of the Articles of Incorporation (Regarding prohibition of perjury by the Company's employees)

1. Details of Proposal

The Company's employees must only state the truth in its internal documents and must not make false statements to the relevant authorities.

2. Reasons for Proposal

The Company is a leading Japanese non-ferrous metal manufacturer, whose main businesses include smelting and manufacturing of electronic materials, and a member of the Mitsui Group. In the past the Company had the bitter experience of being pointed out as a company that caused pollution. Old middle-ranking employees have a tendency to conceal matters that are detrimental to the Company and frequently use the English word "compliance" without knowing the meaning, having failed to keep up with change of time. It is important that a company reports the truth in a timely manner if anything bad happens or comes to its knowledge. Above all, a company must never make false statements.

Opinion of the Board of Directors of the Company

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Company, from the perspective of emphasizing compliance, has established the "Code of Conduct," with which employees must comply, and regularly conducts training in addition to conducting surveys for evaluating employees' awareness status, etc. There is no such tendency among old middle-ranking employees to conceal matters, as stated in the reasons for the proposal.

Therefore, the Board of Directors believes it is unnecessary to include the provisions mentioned in this proposal in the Articles of Incorporation.

Eleventh Item

Partial Amendment of the Articles of Incorporation (Clarification of the criteria for disciplinary punishment)

1. Details of Proposal

Although the Company's rules of employment include a provision concerning disciplinary punishment, it is proposed to impose stricter punishment for violation of confidentiality.

2. Reasons of Proposal

It was noticed in the past that certain employees of the Company used important internal documents for their own benefit or rewrote them for their own benefit. Because such conduct may constitute violation of law, due care must be exercised in the management of documents of this nature. Serious violation should be subject to a disciplinary dismissal. Moreover, one idea would be to make a person who committed a minor violation walk barefoot on the Company's premises as a punishment so that the person would reflect on the conduct.

Opinion of the Board of Directors of the Company

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Company acknowledges the duty of confidentiality as one of its indispensable obligations, and determines the details of disciplinary actions for violation of confidentiality on a case-by-case basis in accordance with internal regulations.

Therefore, the Board of Directors believes it is unnecessary to include the provisions mentioned in this proposal in the Articles of Incorporation. Incidentally, there was no such incident of employees of the Company using important internal documents or rewriting them for their own benefit, as stated in the reasons for the proposal.

Twelfth Item

Partial Amendment of the Articles of Incorporation (Regarding company tours)

1. Details of Proposal

It is proposed that, as a leading Japanese company, the Company conducts management that is transparent also to external parties by frequently utilizing opportunities such as company tours.

2. Reasons of Proposal

Some companies listed on the first section hold company tours and other events to publicize their sound operation. For example, a brewer accepts brewery tours throughout the year and such tours are immensely popular as participants can also enjoy the beer free of charge.

It is also important for the Company to conduct company tours coordinated by the General Affairs Section. In order to ensure that participants gain a good impression of the Company through company tours, novel ideas are necessary, such as entertainment by maikos from Kyoto or hostesses from Ginza, to provide something equivalent to beer tasting.

Opinion of the Board of Directors of the Company

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Company implements various measures to raise its recognition, such as by introducing the Company's businesses and announcing the progress status, etc. of Management Plans to investors and shareholders in writing and/or on the Company's website, etc., and holding factory tours and other events as necessary.

Therefore, the Board of Directors believes it is unnecessary to include the provisions mentioned in this proposal in the Articles of Incorporation.

Thirteenth Item

Partial Amendment of the Articles of Incorporation (Regarding cost reduction)

1. Details of Proposal

The Company's toilets are Western-style flush toilets and are equipped with toilet paper. In order to save resources, it is proposed that the Company use used newspaper as an alternative to toilet paper.

2. Reasons of Proposal

Recently, in relation to COVID-19, fake news that toilet paper would disappear spread on the Internet and this triggered the disappearance of toilet paper from the shelves of mass merchandisers etc. across Japan. This incident proves that the humankind is fearful about the exhaustion of resources.

Therefore, the Company should use newspaper as an alternative to toilet paper so as to overcome the crisis posed by a lack of resources that may become a reality in the future. Incidentally, no matter how one crumples a sheet of newspaper to make it soft, it will cause clogging of flush toilets. Therefore, at the Company, a person should spread newspaper on the toilet at first and then defecate on it. The feces should be put in a recycling container provided for the purpose by the person then stored and reused by the Company as fertilizer for the fields, as in the good old days.

As a leading non-ferrous metal company in Japan, the Company's employees should take the initiative and demonstrate how to use newspaper as an alternative to toilet paper. The employees must set an example to show that even if the hard paper causes bleeding from the anus, one can overcome adversity only with a fighting spirit.

Resource saving will reduce expenses and lead to higher corporate value and a higher stock price, resulting in an increase in dividends paid to shareholders.

Opinion of the Board of Directors of the Company

The Board of Directors is opposed to this proposal, for the reasons given as follows.

The Company believes cost reduction is fundamental to continuing corporate activities, which will directly lead to the Company's profits. Accordingly, the entire Mitsui Kinzoku Group continuously works on these efforts.

Therefore, the Board of Directors believes it is unnecessary to include the provisions mentioned in this proposal in the Articles of Incorporation.

Business Report

(From April 1, 2019, to March 31, 2020)

1. Current State of the Mitsui Kinzoku Group

(1) Business Operations and Results

Economic Overview

During fiscal 2019, the world economy generally was on a moderate recovery track, while there were concerns about the impacts of the trade friction between the U.S. and China, the prolonged issue of Brexit, slowdown in the Chinese economy, etc. However, the economy rapidly deteriorated in 2020, as economic activities were suppressed due to the global spread of the novel coronavirus disease (COVID-19).

The Japanese economy stayed on a moderate recovery track against the backdrop of improvement in the labor market and personal incomes, etc., despite weak export and production. However, the worsening of corporate earnings and personal consumption has manifested due to the impact of COVID-19.

The Mitsui Kinzoku Group's Business Environment

The business environment for Mitsui Mining & Smelting Co., Ltd. and its consolidated subsidiaries (the Mitsui Kinzoku Group) was as follows. With regard to nonferrous metal markets, although prices of zinc, lead, copper, and indium declined, prices of precious metals sharply increased. Meanwhile, the foreign exchange market was on a yen appreciation trend.

Although demand for MicroThin™ and exhaust detoxifying catalysts was robust, demand for automotive components decreased due to a global slowdown of the automotive market.

In addition, due to the impact of COVID-19, some of the overseas plants of the Group experienced large restrictions, including suspension of operations.

The Group's Initiatives

In these circumstances, with the goal of transforming growth foundations to achieve the Group's Vision in 2024—"a company that continually creates and develops growth products and businesses in our three core business segments (Engineered Materials, Metals, and Automotive Parts)" the Group formulated the 2019 Mid-term Management Plan, a three-year Mid-term Management Plan with 2019 as the first fiscal year, which was started in April 2019. The Group implemented key measures to achieve "Build on accomplishments of 2016–2018 and 2013-2015," "Implement 2019–2021 plan's growth strategy," and "Spearhead reforms to prepare for future" in each business segment.

To be specific, the Group worked on the following measures: expansion of sales of MicroThin™ and exhaust detoxifying catalysts for automobiles; reinforcement of the nonferrous metal recycling business; support for further operation improvements at the Caserones copper mine in Chile; and enhancement of cost competitiveness in the Automotive Parts & Components Business segment. In addition, the Group began feed-in tariff operation for the hydroelectric power generation service in Kamioka (hereinafter, "Kamioka FIT").

Fiscal 2019 Results

As a result, net sales in fiscal 2019 decreased by ¥24,592 million compared with the previous fiscal year to ¥473,109 million despite an increase in the Engineered Materials Business, due to decreases in the other businesses. Operating income decreased by ¥5,184 million compared with the previous fiscal year to ¥13,037 million mainly because of a decrease in sales volume of core products in each business, despite the favorable factor in the launch of operations of Kamioka FIT in the Metals Business.

Ordinary income decreased by ¥8,436 million compared with the previous fiscal year to ¥9,318 million primarily because of the recording of investment losses on equity method amounting to ¥1,429 million, among other factors.

In extraordinary items, the Group recorded extraordinary losses, including a ¥2,154 million loss on disposal of property, plant and equipment. After accounting for income taxes and profit attributable to non-controlling interests, profit attributable to owners of parent in fiscal 2019 amounted to ¥1,566 million, a decrease of ¥3,124 million compared with the previous fiscal year.

	2019	2018	Change from the Previous Year	
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Percentage)
Net sales	¥473,109	¥497,701	(¥24,592)	(4.9)%
Operating income	13,037	18,222	(5,184)	(28.5)
Ordinary income	9,318	17,755	(8,436)	(47.5)
Profit attributable to owners of parent	1,566	4,691	(3,124)	(66.6)

Operating Environment and Results by Each Group

Engineered Materials Group

[Principal Products/Services (As of March 31, 2020)]

Battery materials (Hydrogen storage, etc.), Catalysts, Engineered powders (Metal powders for electronic materials, High-purity tantalum pentoxide, etc.), Copper foil (MicroThin™, Electro-deposited foil for printed wiring boards, etc.), Sputtering targets (ITO, etc.), Ceramics products

In the Engineered Materials Group, sales volume of exhaust detoxifying catalysts for motorcycles increased mainly due to the increase in number of catalysts equipped for some models. Sales volumes of MicroThin™ and electro-deposited foil for printed wiring boards increased due to strong demand for semiconductor package substrates and 5G-related products, respectively.

Meanwhile, sales volume of sputtering targets decreased due to production adjustments at a main overseas client.

As a result, sales of the Engineered Materials Group increased 1.4% year on year to ¥167,826 million. However, ordinary income decreased 19.3% year on year to ¥13,394 million, owing mainly to the decrease in sales volumes of some mainstay products, as well as deterioration in foreign exchange losses and profits.

Metals Group

[Principal Products/Services (As of March 31, 2020)]

Zinc, Lead, Copper, Gold, Silver, Resource recycling

In the Metals Group, whereas demand for zinc for highly corrosion-resistant steel sheets in Japan was robust, demand for zinc for steel sheets was sluggish. In addition, zinc prices in Japan declined in line with the downward trend of zinc prices on the London Metal Exchange.

As a result, sales of the Metal Group decreased 3.3% year on year to ¥161,123 million. Ordinary loss amounted to ¥1,472 million, an improvement of ¥4,567 million year on year, mainly owing to the improvements in materials procurement conditions, despite a decrease in nonferrous metal prices.

Automotive Parts & Components Group

[Principal Products/Services (As of March 31, 2020)]

Automobile Door Locks

In the Automotive Parts & Components Group, the domestic market was sluggish since October of last year, mainly due to the impact of the consumption tax hike and natural disasters. Meanwhile, the Chinese and American markets rapidly deteriorated due to the impact of COVID-19 in 2020, in addition to the prolonged trade friction between the U.S. and China. Accordingly, sales volume of side door latches, a mainstay product, decreased.

As a result, sales of the Automotive Parts & Components Group decreased 12.9% year on year to ¥90,581 million. Ordinary income decreased 90% year on year to ¥469 million, mainly owing to the decrease in sales volume, despite efforts to reduce costs.

Affiliates Coordination Group

[Principal Products/Services (As of March 31, 2020)]

Engineering services for various industrial plants, Die-cast products, Powdered metallurgical products, Rolled copper products, Perlite products, etc.

In the Affiliates Coordination Group, demand for orders concerning industrial plant projects in Japan and overseas remained sluggish, and there was no revenue recognized based on the percentage of completion method for projects for hydroelectric power generation facilities, which was recorded in the previous fiscal year.

As a result, sales of the Affiliates Coordination Group decreased 13.4% year on year to ¥109,916 million. Ordinary income decreased 70.4% year on year to ¥1,445 million.

Net sales and ordinary income (loss) by each group are the following:

[Net Sales]

Group	2019	2018	2017	2016
	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)
Engineered Materials Group	¥167,826	¥165,474	¥167,216	¥145,779
Metals Group	161,123	166,640	186,518	139,647
Automotive Parts & Components Group	90,581	104,026	102,039	113,199
Affiliates Coordination Group	109,916	126,904	132,747	113,469
Adjustment Amount	(56,338)	(65,345)	(69,307)	(75,765)
Total	¥473,109	¥497,701	¥519,215	¥436,330

Note: Intersegment sales are deducted by means of Adjustment Amount items.

[Ordinary Income (Loss)]

Group	2019	2018	2017	2016
	Ordinary Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)
Engineered Materials Group	¥13,394	¥16,608	¥30,611	¥15,925
Metals Group	(1,472)	(6,039)	5,530	8,477
Automotive Parts & Components Group	469	4,689	5,513	6,188
Affiliates Coordination Group	1,445	4,881	6,833	5,684
Adjustment Amount	(4,519)	(2,385)	(37,250)	(5,228)
Total	¥9,318	¥17,755	¥11,239	¥31,047

Notes: 1. Intersegment transactions are deducted by means of Adjustment Amount items.

2. Adjustment Amount in fiscal 2017 includes a ¥34,603 million impairment loss for the Caserones copper mine.

(2) Capital Investment

The Mitsui Kinzoku Group invested a total of ¥33,999 million, mainly for the following purposes by each group:

Group	Capital Investment (Millions of Yen)	Contents and Purposes
Engineered Materials Group	¥14,929	Enhancement of production systems for exhaust detoxifying catalysts for automobile, deployment of a smart factory for copper foil and maintaining and renovating facilities , etc.
Metals Group	9,494	Maintaining and renovating facilities, boosting efficiency, conserving energy, etc.
Automotive Parts & Components Group	4,017	Boosting productivity of facilities, conserving energy, etc.
Affiliates Coordination Group	3,230	Maintaining and renovating facilities, etc.
Other Group	2,326	
Total	¥33,999	

Note: Unrealized profit on intersegment transactions is deducted by means of Other Group item.

(3) Funding

For the purpose of redeeming No.14 issuance of unsecured domestic straight bonds, the Company issued its No.19 issuance of unsecured domestic straight bonds amounting to ¥10.0 billion in November 2019.

(4) Research & Development and Resource Development

Research and Development

The Group is creating innovative products by utilizing its core technologies, such as electrochemistry, powder processing, and composite material processing. The Group is also promoting R&D while strengthening industry-academia collaboration. Specifically, the Group is mainly engaged in R&D of next-generation energy conversion materials and electronic device related materials, such as solid electrolytes for all-solid-state lithium-ion secondary batteries, next-generation fine circuit materials, joining material for power semiconductor, and fine metal powders. Specifically, the Group is mainly engaged in R&D of next-generation energy conversion materials and electronic device related materials, such as fuel-cell materials for vehicles, solid electrolytes for all-solid-state lithium-ion secondary batteries, next-generation fine circuit materials, and fine metal powders.

Resource Development

The Group explored mining possibilities mainly in the vicinity of Huanzala mine and Pallca mine in Peru. The Group also carried out an exploration and boring project in Canada jointly with other companies.

(5) Changes in Operating Performance and Financial Position of the Mitsui Kinzoku Group and the Company

Year ended March 31		92nd (2016)	93rd (2017)	94th (2018)	95 th (2019)
Net sales	(Millions of yen)	¥436,330	¥519,215	¥497,701	¥473,109
Ordinary income	(Millions of yen)	31,047	11,239	17,755	9,318
Profit (loss) attributable to owners of parent	(Millions of yen)	18,674	(708)	4,691	1,566
Total assets	(Millions of yen)	518,981	518,705	523,315	537,119
Total net assets	(Millions of yen)	184,421	178,65	179,673	173,255
Free cash flow	(Millions of yen)	(14,081)	12,060	(4,147)	1,274
Capital investment	(Millions of yen)	37,718	40,509	36,119	33,999
ROE (Return on equity)	(%)	10.9	(0.4)	2.8	0.9
ROA (Return on assets)	(%)	6.2	2.2	3.4	1.8
Shareholders' equity ratio	(%)	33.5	32.4	32.5	30.7
D/E ratio	(Times)	1.19	1.24	1.28	1.41
Earnings (losses) per share	(Yen)	326.98	(12.40)	82.15	27.43
Total net assets per share	(Yen)	3,046.43	2,945.20	2,977.8	2,884.68
Dividend per share	(Yen)	70.00	70.00	70.00	70.00

Notes: 1. Earnings (loss) per share is calculated based on the average number of issued and outstanding shares during the term.

2. Every ten shares of the Company's common stock were consolidated into one share on October 1, 2017. Accordingly, earnings (losses) per share, total net assets per share, and dividend per share are calculated, assuming that the said reverse share split was conducted at the beginning of the 92nd fiscal year.

(6) Important Challenges Ahead

Economic outlook and short-term management challenges

It is highly likely that the world economy will fall into an unprecedented crisis due to the novel coronavirus disease (COVID-19) pandemic. The Group's activities have been greatly restricted, including the suspension of operations in some cases, not only in Japan but also in the Group's overseas sites.

Under these circumstances, the Group is in the midst of a deterioration of business results following the sluggish demand, against the backdrop of the worsening of the market environment. Although the seriousness of the impact on earnings and funds is uncertain, the Group recognizes the situation may become extremely difficult.

Progress of the 2019 Mid-term Management Plan and growth strategies

With the aim of achieving the Group's Vision in 2024—"a company that continually creates and develops growth products and businesses in our three core business segments (Engineered Materials, Metals, and Automotive Parts)," the Group is promoting transformation of its foundation for growth under the 2019 Mid-term Management Plan.

In the Engineered Materials Business segment, the Group recognizes growth opportunities mainly in the copper foil business, engineered powder business, and ceramics business, amid the trends of market expansion in the 5G*¹-related fields and electrification through CASE*². The Group will expand sales to related markets in order to capture these opportunities, and balance the allocation of management resources.

In addition, regarding exhaust detoxifying catalysts, the Group will focus on boosting sales of exhaust detoxifying catalysts for automobiles and entering the new market for GPF catalyst*³.

Also in the Engineered Materials Business segment, the Group has focused on creating growth products and businesses, as well as new markets, through in-house R&D and co-creation with external partners. For further progress in the future, the Company established a new corporate organization, the "Business Creation Sector," in headquarters, and transferred the business creation function of the Engineered Materials Sector to it. The Group will focus on creating business opportunities for the future, including materials for all-solid-state batteries.

In the Metals Business segment, the Company will continue to work to achieve a volume increase in recycling materials as well as stable operation.

In April 2020, in line with the restructuring of Pan Pacific Copper Co., Ltd., the Group revised the framework for the copper smelting business. Going forward, the Group will reestablish the synergy of a "new smelting network" that adds copper smelting to the existing zinc, lead, and precious metals smelting, and further enhance the competitiveness of the smelting of recycled metal, including strengthening of the copper smelting function and the function to recover precious metals.

Regarding the Caserones copper mine, the Group will continue to provide support for the achievement of stable operation and improvement of production.

In the Automotive Parts & Components Business segment, whose mainstay products are door locks, the Group will strive for further improvements in earnings, by continuing the enhancement of cost competitiveness through reinforcement of production system and improvements in mass-production quality.

Moreover, the Group will focus on acquiring orders for the next models, through improvements in design quality and enhancement of product development capabilities, while closely watching the impact of COVID-19.

In headquarters, the Group will promote digital transformation*⁴ responding to the needs of the era, centered around the "Information and Communication Technology Department."

Although the environment surrounding the Company is extremely harsh due to the impact of COVID-19, by remaining true to the corporate slogan, "Material Intelligence," the Group will strive to practice management with awareness of capital efficiency and continue to be a source of new growth products and businesses by capitalizing on its unique technology and experience, with a view to achieving the "Sustainable growth of society" and "Enhancement of corporate value over the medium to long term."

Notes: 1. 5G : A fifth-generation communication system that will achieve large-capacity high-speed communication.

2. CASE : Abbreviation of Connected, Autonomous/Automated, Shared, and Electric. A word coined to represent the new trends in automotive next-generation technologies and services.

3. GPF catalyst: GPF is short for Gasoline Particulate Filter. GPF catalyst enables gasoline engines on four-wheel vehicles to capture carbon particles (soot) in addition to conventional detoxification of toxic gas.

4. Digital transformation: To reestablish management styles and business processes by fully leveraging digital technologies

(7) Principal Business Offices, Plants, and Laboratories (As of March 31, 2020)

1. Mitsui Kinzoku

Head office	1-11-1, Osaki, Shinagawa-ku, Tokyo
Plants	Miike Rare Metals Plant (Omuta-shi, Fukuoka), Ageo Copper Foil Plant (Ageo-shi, Saitama), Miike Thin-film Materials Plant (Omuta-shi, Fukuoka), Omuta Ceramics Plant (Omuta-shi, Fukuoka), Takehara Refinery (Takehara-shi, Hiroshima), Hibi Smelter (Tamano-shi, Okayama), Kitakata Perlite Plant (Kitakata-shi, Fukushima), Osaka Perlite Plant (Kaizuka-shi, Osaka)
Laboratory	Materials Analysis & Exploration Center (Ageo-shi, Saitama) R&D Center (Ageo-shi, Saitama)

Note: The function of R&D center of the Engineered Materials Sector was transferred to the Business Creation Sector due to the organizational restructuring as of April 1, 2020.

2. Consolidated Subsidiaries

Japan	Kamioka Mining & Smelting Co., Ltd. (Hida-shi, Gifu), Hachinohe Smelting Co., Ltd. (Shinagawa-ku, Tokyo), Hikoshima Smelting Co., Ltd. (Shimonoseki-shi, Yamaguchi), Okuaizu Geothermal Co., Ltd. (Yanaizu-cho, Fukushima), Mitsui Kinzoku ACT Corporation (Yokohama-shi, Kanagawa), Mitsui Kinzoku Trading Co., Ltd. (Sumida-ku, Tokyo), MESCO, Inc. (Sumida-ku, Tokyo),
Overseas	Taiwan Copper Foil Co., Ltd. (Taiwan), Mitsui Copper Foil (Malaysia) Sdn. Bhd. (Malaysia), Mitsui Electronic Materials Co., Ltd. (Taiwan), GECOM Corp. (U.S.A.), Mitsui Siam Components Co., Ltd. (Thailand), Mitsui Components Guangdong Limited (China), Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd. (China)

(8) Condition of Principal Subsidiaries of Mitsui Kinzoku (As of March 31, 2020)

	Paid-in Capital (Millions)	Equity Stake of the Company (%)	Principal Operations
Taiwan Copper Foil Co., Ltd.	NT\$800	95.0	Production and sale of Electro-deposited foil for printed wiring boards
Mitsui Copper Foil (Malaysia) Sdn. Bhd.	RM330	100.0	Production and sale of Electro-deposited foil for printed wiring boards
Mitsui Electronic Materials Co., Ltd.	NT\$600	100.0	Production and sale of Sputtering targets
Kamioka Mining & Smelting Co., Ltd.	¥4,600	100.0	Smelting of zinc and lead and production of metal powders, exhaust detoxifying catalysts, and others
Hachinohe Smelting Co., Ltd.	¥4,795	85.5	Smelting of zinc and lead
Hikoshima Smelting Co., Ltd.	¥460	100.0	Smelting of zinc and production of metal powders, battery materials, and others
Okuaizu Geothermal Co., Ltd.	¥100	100.0	Sale of geothermal steam for power generation
Mitsui Kinzoku ACT Corporation	¥3,000	100.0	Production and sale of functional automotive door locks
GECOM Corp.	US\$15.750	100.0	Production and sale of functional automotive door locks
Mitsui Siam Components Co., Ltd.	Bh210	100.0	Production and sale of functional automotive door locks
Mitsui Components Guangdong Limited	RMB71.212	100.0	Production and sale of functional automotive door locks
Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd.	RMB13.234	100.0	Sale of functional automotive door locks
Mitsui Kinzoku Trading Co., Ltd.	¥240	100.0	Sale of nonferrous metals and electronic materials, etc.
MESCO, Inc.	¥1,085	63.4	Engineering services for various industrial plants as well as the production, sale, and construction of polyethylene compound pipes

(9) Employees (As of March 31, 2020)

1. Number of Mitsui Kinzoku Group Employees

Group	Number of Employees	
Engineered Materials Group	3,773	(752)
Metals Group	1,716	(244)
Automotive Parts & Components Group	4,772	(120)
Affiliates Coordination Group	1,684	(176)
Other Group	252	(25)
Total	12,197	(1,317)

Notes: 1. The numbers of employees represent the numbers of employees actually working, and the numbers of temporary employees are shown separately in parentheses.

2. Temporary employee figures include temporary laborers, part-time employees, and temporary contract employees but exclude temporary employees dispatched by personnel agencies.

2. Number of the Company Employees

Group	Number of Employees	
Engineered Materials Group	1,344	(192)
Metals Group	334	(28)
Automotive Parts & Components Group	-	(-)
Affiliates Coordination Group	114	(17)
Other Group	238	(25)
Total	2,030	(262)

Number of Employees	Average Age (Years)	Average Length of Employment (Years)	Average annual salary (Thousands of Yen)
2,030	41.9	14.3	7,217

- Notes: 1. The numbers of employees represent the number of employees actually working, and the numbers of temporary employees are shown separately in parentheses.
2. Temporary employee figures include temporary laborers, part-time employees, and temporary contract employees but exclude temporary employees dispatched by personnel agencies.
3. Average annual salary includes bonus and extra wages.

(10) Major Lenders (As of March 31, 2020)

	Amount of Borrowings (Millions of Yen)
Sumitomo Mitsui Banking Corporation	¥23,755
Sumitomo Mitsui Trust Bank, Ltd.	17,820
Mizuho Bank, Ltd.	9,521
MUFG Bank, Ltd.	9,495
The Yamaguchi Bank, Ltd.	5,950

2. Mitsui Kinzoku Group and the Company Outline

(1) Common Stock (As of March 31, 2020)

1. Authorized: 190,000 thousand
2. Issued and outstanding: 57,296,616
3. Number of shareholders: 37,542 (up 836 from the previous fiscal year)
4. Major shareholders (Top 10):

	Number of Shares Held (Thousands)	Percentage of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (Held in trust account)	5,926	10.37
Japan Trustee Services Bank, Ltd. (Held in trust account)	4,718	8.26
JP MORGAN CHASE BANK 385632	2,187	3.83
JPMorgan Securities Japan Co., Ltd.	1,246	2.18
The Employees' Shareholding Association	1,105	1.93
Japan Trustee Services Bank, Ltd. (Held in trust account 5)	1,086	1.90
JP MORGAN CHASE BANK 385151	944	1.65
SMBC Nikko Securities Inc.	735	1.28
The Partners' Shareholding Association	679	1.19
SOCIETE GENERALE PARIS/BT REGISTRATION MARC/OPT	657	1.15

Note: Percentages of shares held are calculated based on the total number of shares issued and outstanding (excluding 190,255 shares in treasury).

Distribution of Shares by Type of Shareholder (Reference)

Classification	Number of shares held (Thousands)	Composition of shareholders (%)
Financial institutions	17,976	31.37
Securities firms	4,750	8.29
Other Japanese corporations	3,097	5.41
Overseas corporations, etc.	14,857	25.93
Individuals and others	16,424	28.67
Treasury stock	190	0.33

(2) Directors and Corporate Auditors

1. Directors and Corporate Auditors (As of March 31, 2020)

Position	Name	Duties and Major Occupation	Important Positions Held Concurrently at Other Organizations
President Representative Director	NISHIDA Keiji		
Representative Director Managing Director	NOU Takeshi	Senior Executive Officer, Senior General Manager of Engineered Materials Sector	Outside Director of Powdertech Co., Ltd.
Director	HISAOKA Isshi	Senior Executive Officer, Chief Environmental Safety Officer	
Director	OSHIMA Takashi	Senior Executive Officer, Senior General Manager of Corporate Planning & Control Sector, General Manager of Corporate Planning Department, Corporate Planning & Control Sector	
Outside Director	MATSUNAGA Morio		Chairperson of the Board of Director, Kitakyushu Foundation for the Advancement of Industry, Science and Technology Outside Auditor of KROSAKI HARIMA CORPORATION
Outside Director	MIURA Masaharu		Lawyer Outside Director of OUG Holdings Inc.
Corporate Auditor	YOSHIDA Akira		
Corporate Auditor	KADOWAKI Takashi		Outside Auditor of Nakabohtech Co., Ltd.
Outside Corporate Auditor	ISHIDA Toru		President, The Japan Chamber of Commerce and Industry President, The Tokyo Chamber of Commerce and Industry
Outside Corporate Auditor	TAKEGAWA Keiko		Professor, Showa Women's University Outside Director of Nippon Telegraph and Telephone Corporation

Notes: 1. Corporate Auditor KADOWAKI Takashi has for many years been responsible for the Company's bookkeeping operations and has considerable knowledge regarding finance and accounting.

2. Personal Changes for Corporate Auditor and Outside Corporate Auditor Positions on June 27, 2019.

(1) Director SATO Junya retired due to expiration of his term .

(2) Corporate Auditor MIURA Masaharu retired due to expiration of his term, and was appointed to a new Director position.

(3) TAKEGAWA Keiko was appointed to a new Corporate Auditor position.

3. Director NOU Takeshi was appointed to Vice President, Representative Director, Executive Vice President, Senior General Manager of Business Creation Sector on April 1, 2020.

4. Outside Corporate Auditor TAKEGAWA Keiko assumed the post of Outside Director of Nippon Telegraph and Telephone Corporation on June 25, 2019

2. Summary of Contracts for Limitation of Liability

Based on Company Law Article 427-1, the Company has concluded contracts with Outside Directors and Outside Corporate Auditors regarding liability as defined by Company Law Article 423-1 to limit total liability to the figure stipulated by Company Law Article 425-1.

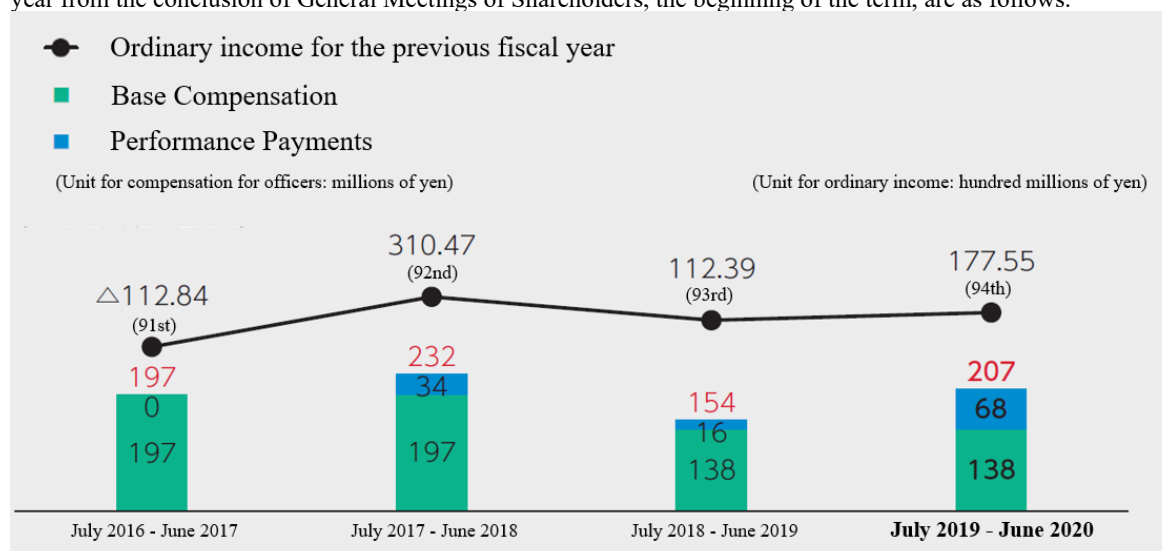
3. Total Compensation, etc. Paid to Directors and Corporate Auditors

Classification	Total Compensation, etc. (Millions of Yen)	Total Compensation, etc. by Type (Millions of Yen)		Number of Applicable Officers
		Base Compensation	Performance Payments	
Directors (Directors excluding Outside Directors)	¥223 (194)	168 (138)	55 (55)	7 (4)
Corporate Auditors (Corporate Auditors excluding Corporate Auditors)	73 (50)	73 (50)	- (-)	5 (2)
Total	297	242	55	12

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

Reference Linkage between the amount of compensation to Directors (excluding Outside Directors) and ordinary income

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



- The ratio of base compensation to performance payments was changed in July 2018.
- The number of Directors (excluding Outside Directors) for each term is as follows.
 91st term: 4, 92nd term: 4, 93rd term: 4, 94th term: 4

4. Matters Related to Outside Directors and Outside Corporate Auditors

(a) Important Positions Held Concurrently at Other Organizations

Please refer to “1. Directors and Corporate Auditors.” The Company has no special relationship with any of the entities.

(b) Principal Activities during the Fiscal Year under Review

Position	Name	Attendance rate at the meetings of the Board of Directors (%)	Attendance rate at the meetings of the Board of Auditors (%)	Principal Activities
Director	MATSUNAGA Morio	100	-	Attended all 14 meetings of the Board of Directors during the fiscal year. Based on his specialized knowledge of engineering and a wealth of experience gained through many years of engagement in university education, he made appropriate and necessary comments on proposals and discussions.
Director	MIURA Masaharu	81	-	Attended 9 out of 11 meetings of the Board of Directors during the fiscal year after assuming his position. From his perspective as a person with experience and expertise in legal circles as a public prosecutor and a lawyer, he made appropriate and necessary comments on proposals and discussions.
Corporate Auditor	ISHIDA Toru	85	92	Attended 12 out of 14 meetings of the Board of Directors and 13 out of 14 meetings of the Board of Auditors during the fiscal year. Based on his many years of experience and responsibilities in key positions, in which he has contributed to development of commerce and industry, he made appropriate and necessary comments on proposals and discussions from a wide perspective.
Corporate Auditor	TAKEGAWA Keiko	100	100	Attended all 11 meetings of the Board of Directors and 10 meetings of the Board of Auditors during the fiscal year after assuming her position. Based on her wealth of experience through engagement in the formulation and implementation of policies such as promotion of women’s participation, she made appropriate and necessary comments on proposals and discussions from a multi-faceted perspective.

(c) Total Compensation, etc. Paid to Outside Directors and Outside Corporate Auditors

	Total Compensation, etc. (Millions of Yen)	Total Compensation, etc. by Type (Millions of Yen)		Number of Applicable Officers
		Base Compensation	Performance Payments	
Outside Directors and Outside Corporate Auditors	¥53	53	-	6

(d) Notification of Independent Directors and Independent Corporate Auditors

None of the Company's Outside Directors and Outside Corporate Auditors has interests with any particular party from the Company, including its management, and none of them has conflicts of interest with general shareholders. The Company has notified the Tokyo Stock Exchange that all four of its Outside Directors (MATSUNAGA Morio and MIURA Masaharu) and Outside Corporate Auditors (ISHIDA Toru and TAKEGAWA Keiko) are Independent Directors and Independent Corporate Auditors of the Company.

(3) Matters Related to the Independent Auditing Firm

1. Name of the firm: KPMG AZSA LLC

2. Total Compensation, etc., paid to the firm

Classification	Compensation based on audit and attestation services (Millions of Yen)	Compensation based on non-audit services (Millions of Yen)	Amount (Millions of Yen)
The Company	¥116	¥13	¥130
The Company's subsidiaries	55	-	55
Amount	¥171	¥13	¥185

- Notes: 1. Since the contract between the Company and the auditing firm does not distinguish between the audit required under Japan's Company Law and the audit required under the Financial Instruments and Exchange Law, the above figures also include the cost of the audit required under the Financial Instruments and Exchange Law.
2. The Board of Corporate Auditors of the Company reviewed the independent auditing firm's audit plan for fiscal 2019, the status of performance of duties in the previous fiscal year, the basis of calculation of the estimated amount of compensation, etc. by means of necessary documents obtained from the independent auditing firm and relevant internal departments as well as interviews. As a result, the Board of Corporate Auditors gave consent pursuant to Article 399, Paragraph 1 of the Company Law with regard to compensation, etc. for the independent auditing firm for fiscal 2019.
3. Among the Company's material subsidiaries, the following were legally audited by a certified public accountant or accounting firm, other than the Company's audit firm, with the corresponding qualifications in a foreign country: Taiwan Copper Foil Co., Ltd.; Mitsui Copper Foil (Malaysia) Sdn. Bhd.; Mitsui Electronic Materials Co., Ltd.; GECOM Corp.; Mitsui Siam Components Co., Ltd.; Mitsui Components Guangdong Limited; and Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd.

3. Details of Non-audit Services

The Company entrusts the independent auditing firm with "the preparation of a comfort letter associated with the issuance of corporate bonds" and "advisory service regarding revenue recognition," which are services outside the professional responsibilities provided under Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit service).

4. Policy regarding decisions related to dismissal and non-renewal of contract with the independent auditing firm

When the provisions of Article 340-1 of Company Law are deemed to be applicable to the auditing firm, the Board of Auditors may dismiss the firm with the consent of all the Corporate Auditors. The Board of Auditors determines the content of a proposal to be submitted to a General Meeting of Shareholders concerning non-renewal of the contract with the auditing firm at the Company's

convenience. In addition, when it is deemed that the Company cannot continue the contract with the auditing firm for reasons attributable to the auditing firm, the Board of Auditors determines the content of a proposal to be submitted to a General meeting of Shareholders concerning dismissal or non-reappointment of the auditing firm.

In either case, the Board of Auditors determines the content of a proposal to be submitted to a General Meeting of Shareholders concerning selection of a new independent auditing firm.

(4) Systems for Ensuring Appropriate Business Operations and Overview of the Status of Operation of Such Systems

The decisions as to the Company's systems for ensuring that the execution of duties by the Directors is in compliance with relevant laws and regulations and the Company's Articles of Incorporation and other systems for ensuring the proper conduct of the Group's activities and the status of operation of such systems are outlined below.

1. Systems for ensuring that the execution of duties by the Directors and employees of the Company and its subsidiaries is in compliance with relevant laws and regulations and the Company's Articles of Incorporation

- 1) To ensure that the conduct of business activities by the Directors and employees of the Company and its subsidiaries is in compliance with relevant laws and regulations and the Company's Articles of Incorporation, the Company clarifies and promotes its compliance system by instituting its "Code of Conduct," which Directors and employees are required to observe, and internal regulations.
- 2) The Company clearly defines the authority of the Directors through the issuance of internal regulations, including "Regulations for the Board of Directors (Torishimariyaku-kai kisoku)." Also, by appointing Outside Directors who have a high degree of independence, the Company increases transparency and creates a framework to ensure that the Directors execute their duties appropriately.
- 3) In addition, the Company conducts internal audits of accounting, tax affairs, legal affairs, safety, quality, facilities, the environment, and hygiene to maintain their soundness, etc.

[Overview of the status of operation]

In order to thoroughly communicate the "Code of Conduct" worldwide, which specifies values and action guidelines that ought to be shared by everyone in the Group, it is translated into various languages, and training by using the Compliance Guidebook is continued at all bases, including overseas bases, to ensure adherence to the Code of Conduct.

Each Executive Director reports important matters at the meetings of the Board of Directors, which includes two highly independent Outside Directors. Outside Directors have been appointed the chairperson of the Nomination Advisory Committee and of the Compensation Committee, respectively, thereby enhancing independence and objectiveness in these committees.

The Internal Audit Committee directly reports to the Board of Directors, and has an Outside Director appointed as the chairman of the committee. The Internal Audit Committee determines the policy and annual plan for internal audits, and the Internal Audit Department and other departments conduct audits based on that policy and plan. The Internal Audit Committee evaluates the results of audits conducted by the Internal Audit Department and other departments after the end of each fiscal year and confirms the status of corrective measures in response to the findings.

2. Systems for storing and safekeeping of information related to the execution of the duties of the Directors

For information related to the execution of the duties of the Directors, the Company has prepared, stores, and keeps in custody such information according to laws and regulations, the "Regulations for the Board of Directors (Torishimariyaku-kai kisoku)," "Information Management Rules (Jouhou kanri kisoku)," "Regulations Regarding Documentation (Bunsho kisoku)," and other internal regulations.

[Overview of the status of operation]

Information materials on agenda of meetings of the Board of Directors and their minutes are retained permanently, whereas the statutory retention period for such documents is 10 years. Documents of important meetings related to business execution are retained for 10 years or permanently depending upon the meeting bodies.

3. Regulations and systems concerning the management of losses and hazards of the Company and its subsidiaries

To prevent the materialization of risks related to the execution of business activities of the Company and its subsidiaries and to respond to risks that have already materialized, based on its “Risk Management Regulations (Risk management kisoku),” the Company designates organizational units in charge of each type of risk to monitor and evaluate the risks that may arise in the business activities of the Company and subsidiaries, decides on policies for risk management, and implements measures to deal with risks when they materialize.

The Company establishes “Regulations for Emergency Responses (Kinkyu-jitai hasseiji no taiou ni kansuru kisoku)” to protect human lives and assets and to swiftly recover and continue business in the event of a large disaster.

[Overview of the status of operation]

In fiscal 2019, the Group reviewed risks to which the Group is exposed. Principal risk factors management recognizes that may have a material impact on the Group’s financial condition, results of operations, and cash flows were identified by risk mapping and evaluated.

Moreover, the Group made preparations for a major earthquake and conducted drills based on the risk surveys. The Group also conducted training for incident management in the event of an emergency and improved various manuals.

With regard to COVID-19, with the basic policy of prioritizing health and lives, the Group strives to continue business by appropriately responding to the situation of the spread of the infection.

4. Systems to ensure that the Directors of the Company and its subsidiaries execute their duties efficiently

As the basis for systems that ensure the Directors execute their duties efficiently, the Board of Directors holds a regular meeting once a month, and at other times as necessary. In addition, the Company determines assignment of responsibilities for management and clarifies the approving authorities including those of subsidiaries to enhance the efficiency of decision-making. Also, through the introduction of the Executive Officer system, the Company endeavors to accelerate the execution of business activities.

[Overview of the status of operation]

In fiscal 2019, ordinary meetings of the Board of Directors were held once every month and two extraordinary meetings of the Board of Directors were held in May and December 2019. In accordance with the approving authorities that stipulate the assignment of responsibilities for management, the Board of Directors deliberated and made decision on necessary important matters.

A meeting was held between Outside Directors and the Accounting Auditor to exchange views. Also, monitoring of the status of business execution by Executive Officers was conducted.

5. Systems for reporting to the Company of matters related to the execution of duties by Directors of the Company’s subsidiaries

Directors, Corporate Auditors, and the responsible department shall receive reports on the status of execution of duties by Directors of the Company’s subsidiaries in accordance with the “Regulations for the Management of Subsidiaries and Affiliates (Kankei-gaisha kanri kisoku)” etc.

[Overview of the status of operation]

Directors of the Company’s subsidiaries report the status of execution of their duties in accordance with the “Regulations for the Management of Subsidiaries and Affiliates” at periodic meetings of business units.

Units of the headquarters report to Corporate Auditors, as necessary, about the information they obtained on the status of execution of duties by Directors of the Company’s subsidiaries.

6. Matters concerning employees who are to assist the duties of Corporate Auditors when Corporate Auditors request assignment of such employees and matters related to ensuring the independence of such employees from Directors and effectiveness of instructions given by Corporate Auditors to such employees

- 1) Under the Company’s “Regulations for Company Organization Systems (Kaisha shokusei kisoku),” the Company establishes an Auditor Office and assigns employees to assist the Corporate Auditors in the execution of their duties. In addition, the selection of these employees is made with reference to the opinions of the Corporate Auditors.

- 2) The employees who are assigned to assist the duties of Corporate Auditors shall assist Corporate Auditors in accordance with the “Regulations for Company Organization Systems.” At the meetings of the Board of Auditors, such employees shall receive instructions from Corporate Auditors, and also shall report on the progress of matters that they were instructed to address, and provide information.

[Overview of the status of operation]

Regarding employees who are to assist the duties of Corporate Auditors, staff of the Auditor Office are selected from headquarters organizations in reference to the opinions of the Corporate Auditors. Auditors Office Liaison Meetings are held monthly for which the Auditor Office serves as the secretariat and where the staff of the Auditor Office receive instructions from Corporate Auditors and provide Corporate Auditors with information on the progress of matters that they were instructed to address and other information.

7. Systems for Directors and employees to report to the Corporate Auditors; systems for Directors, Corporate Auditors, and employees of the Company’s subsidiaries and for persons who received reporting from such persons to report to the Corporate Auditors; and other systems regarding reporting to the Corporate Auditors

- 1) When the Directors and employees of the Company and Directors, Corporate Auditors, and employees of the Company’s subsidiaries discover facts that may cause serious losses to the Company, or when other events occur concerning the matters requiring reporting specified by the Board of Auditors, they shall report to Corporate Auditors.
- 2) Upon auditing of subsidiaries by the Corporate Auditors, Directors, Corporate Auditors, and employees of the Company’s subsidiaries shall report the status of operations and other matters required by the Corporate Auditors.
- 3) Details of the reporting made via the whistleblowing system shall be periodically reported to the Corporate Auditors.

[Overview of the status of operation]

For full-time Corporate Auditors, in addition to their attendance at the meetings of the Board of Directors, opportunities are ensured for them to attend important meetings related to business execution. Through these meetings, matters are reported and information is provided to Corporate Auditors. Full-time Corporate Auditors and Outside Corporate Auditors also visit the Company’s subsidiaries to conduct auditing whenever necessary, and receive reports on the status of operation as well as matters requested by the Corporate Auditors.

Details of the reporting made via the whistleblowing system are periodically reported to the Corporate Auditors and briefed at the meetings of the Board of Directors, after taking necessary measures in accordance with the Company’s “Regulations for Operation of the Hotline (Hot line unei kisoku)” so that the person who made the report and the related worksites are not identified.

8. Systems to ensure that persons who reported to the Corporate Auditors will not receive detrimental treatment because of the reporting

The Company shall prohibit detrimental treatment of the Directors and employees of the Company and Directors, Corporate Auditors, and employees of the Company’s subsidiaries who reported to the Corporate Auditors because of the reporting.

[Overview of the status of operation]

It is announced on the Company’s website and stated in the Compliance Guidebook that persons who reported to the Corporate Auditors will not receive detrimental treatment because of the reporting. The policy that persons who reported to the Corporate Auditors will not receive detrimental treatment because of the reporting is also communicated in internal training and on other occasions.

9. Matters concerning procedures for advance payment or reimbursement of fees arising in connection with the execution of duties by the Corporate Auditors and other policies regarding handling costs or obligations arising in connection with the execution of such duties

When the Corporate Auditors request advance payment or reimbursement of expenses for their execution of duties, based on deliberation by the responsible department the Company shall make advance payment of or reimburse such expenses swiftly except in the case that such expenses or obligations are proved to be unnecessary for the execution of duties by such Corporate Auditors.

[Overview of the status of operation]

At the beginning of each fiscal year, the Company sets aside a budget for expenses to be incurred based on the action plan of the Corporate Auditors for the year. The Company has established a rule that allows the Corporate Auditors to request additional budget if expenditures exceeding the predetermined budget for expenses are necessary.

10. Other systems to ensure that audits by the Corporate Auditors are performed effectively

The Representative Directors and Corporate Auditors meet periodically to exchange opinions. The Corporate Auditors may attend important meetings to exchange information with Directors and employees thoroughly.

[Overview of the status of operation]

During fiscal 2019, meetings to exchange opinions were held twice between the Representative Directors and Corporate Auditors. Corporate Auditors held meetings six times to exchange opinions with Executive Directors, Executive Officers and other management executives. Outside Directors and Corporate Auditors held meetings twice and they also interviewed the Accounting Auditor as necessary.

*In this Business Report, the monetary amounts and the number of shares have been rounded down to the nearest unit.

Consolidated Balance Sheet

(As of March 31, 2020)

	Millions of yen	
	2019	2018 (Reference)
Assets		
Current assets:		
Cash and time deposits	¥32,677	¥21,536
Notes and accounts receivable	83,979	91,273
Merchandise and finished goods	41,081	36,061
Work in process	29,536	30,392
Raw materials and supplies	50,897	45,299
Others	24,897	24,952
Allowance for doubtful accounts	(212)	(179)
Total current assets	262,856	249,336
Fixed assets:		
Tangible fixed assets:		
Buildings and structures	187,204	184,982
Machinery and automotive equipment	388,292	385,567
Land	34,245	33,711
Lease assets	6,031	3,768
Construction in progress	12,067	11,492
Others	55,277	57,249
Accumulated depreciation	(493,993)	(486,914)
Total tangible fixed assets	189,124	189,857
Intangible fixed assets	5,762	4,613
Investments and other assets:		
Investment securities	65,980	64,363
Long-term loans	435	454
Net defined benefit asset	3,769	4,625
Deferred tax assets	5,174	5,765
Others	4,092	4,437
Allowance for doubtful accounts	(78)	(137)
Total investments and other assets	79,375	79,508
Total fixed assets	274,262	273,978
Total assets	¥537,119	¥523,315

English Translation of Financial Statements Originally Issued in the Japanese Language

	Millions of yen	
	2019	2018 (Reference)
Liabilities and Net Assets		
Current liabilities:		
Notes and accounts payable	¥41,346	¥39,043
Short-term debt	53,187	78,010
Commercial paper	25,000	6,500
Current portion of straight bonds	20,000	10,000
Current portion of lease liability	485	324
Accrued income taxes	1,986	2,600
Consumption taxes payable	1,226	1,488
Provision for bonus	4,989	5,098
Provision for Directors' bonus	-	31
Provision for product warranties	1,147	1,232
Provision for loss on construction contracts	80	23
Business structure improvement expenses	2	-
Provision for loss on disposal of inventories	321	327
Others	36,266	36,287
Total current liabilities	186,040	180,969
Long-term liabilities:		
Straight bonds	40,000	50,000
Long-term debt	94,883	72,368
Lease liability	2,652	1,025
Deferred tax liabilities	1,260	2,775
Directors' and corporate auditors' retirement benefits	598	502
Provision for environmental countermeasures	803	878
Provision for preventing environmental pollution in mineral, mining, and other operations	722	927
Provision for loss on litigation	116	-
Net defined benefit liability	26,776	26,404
Asset retirement obligations	3,727	3,341
Others	6,281	4,447
Total long-term liabilities	177,823	162,672
Total Liabilities	363,863	343,641
Net assets		
Common stock	42,129	42,129
Capital surplus	22,631	22,631
Retained earnings	93,159	95,069
Treasury stock	(623)	(622)
Shareholders' equity	157,296	159,207
Net unrealized gains on securities, net of tax	659	1,607
Unrealized gains (losses) on hedging derivatives, net of tax	(174)	(1,976)
Foreign currency translation adjustments	7,275	11,524
Remeasurements of defined benefit plans	(322)	(308)
Accumulated other comprehensive income	7,436	10,847
Non-controlling interests	8,522	9,618
Total net assets	173,255	179,673
Total liabilities and net assets	¥537,119	¥523,315

Note: Figures are rounded down to the nearest million yen.

Consolidated Statement of Operations

(April 1, 2019 to March 31, 2020)

	Millions of yen	
	2019	2018 (Reference)
Net sales	¥473,109	¥497,701
Cost of sales	403,460	424,325
Gross profit	69,648	73,376
Selling, general and administrative expenses	56,611	55,153
Operating income	13,037	18,222
Non-operating income:		
Interest income	446	299
Dividend income	1,197	1,698
Other income	1,200	2,517
	2,844	4,515
Non-operating expenses:		
Interest expense	1,749	1,605
Investment losses on equity method	1,429	2,194
Other expenses	3,384	1,182
	6,563	4,982
Ordinary income	9,318	17,755
Extraordinary profits:		
Gain on sales of property, plant and equipment	175	64
Insurance income	484	20
Others	80	47
	740	132
Extraordinary losses:		
Loss on sales of property, plant and equipment	132	62
Loss on disposal of property, plant and equipment	2,154	1,706
Loss on sales of stock of affiliated companies	812	-
Others	1,165	956
	4,264	2,725
Profit before income taxes	5,794	15,162
Income taxes:		
Current	5,267	8,792
Deferred	(1,185)	1,191
Net income	1,712	5,177
Profit attributable to non-controlling interests	146	486
Profit attributable to owners of parent	¥1,566	¥4,691

Note: Figures are rounded down to the nearest million yen.

English Translation of Financial Statements Originally Issued in the Japanese Language

Consolidated Statement of Changes in Net Assets

(April 1, 2019 to March 31, 2020)

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	42,129	22,631	95,069	(622)	159,207
Cumulative effects of changes in accounting policies			155		155
Restated balance	42,129	22,631	95,224	(622)	159,363
Changes of items during period					
Dividends from surplus			(3,997)		(3,997)
Profit attributable to owners of parent			1,566		1,566
Adjustments due to the changes in fiscal year-end of consolidated subsidiaries			366		366
Purchase of treasury stock				(1)	(1)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(0)	(2,064)	(1)	(2,066)
Balance at end of period	42,129	22,631	93,159	(623)	157,296

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains on securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total of accumulated other comprehensive income		
Balance at beginning of period	1,607	(1,976)	11,524	(308)	10,847	9,618	179,673
Cumulative effects of changes in accounting policies							155
Restated balance	1,607	(1,976)	11,524	(308)	10,847	9,618	179,829
Changes of items during period							
Dividends from surplus							(3,997)
Profit attributable to owners of parent							1,566
Adjustments due to the changes in fiscal year-end of consolidated subsidiaries							366
Purchase of treasury stock							(1)
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(0)
Net changes of items other than shareholders' equity	(948)	1,801	(4,249)	(13)	(3,410)	(1,096)	(4,507)
Total changes of items during period	(948)	1,801	(4,249)	(13)	(3,410)	(1,096)	(6,573)
Balance at end of period	659	(174)	7,275	(322)	7,436	8,522	173,255

Note: Figures are rounded down to the nearest million yen.

Balance Sheet

(As of March 31, 2020)

	Millions of yen	
	2019	2018 (Reference)
Assets		
Current assets:		
Cash and time deposits	¥13,279	¥1,778
Notes receivable	992	1,289
Accounts receivable	49,959	41,298
Merchandise and finished goods	24,566	20,058
Work in process	11,651	14,541
Raw materials and supplies	26,203	24,739
Advances payments	511	1,259
Prepaid expenses	639	434
Short-term loans	42,942	40,353
Other accounts receivable	7,815	10,622
Payment for others	2,368	3,021
Derivative assets	2,012	513
Others	38	58
Allowance for doubtful accounts	(1)	(1)
Total current assets	182,977	159,967
Fixed assets:		
Tangible fixed assets:		
Buildings	42,395	41,441
Structures	13,755	13,085
Machinery and equipment	118,801	117,210
Automotive equipment	541	529
Tools, equipment and furniture	9,654	9,046
Land used for mining operations	175	175
Land	15,772	15,701
Lease assets	992	971
Construction in progress	2,192	2,599
Accumulated depreciation	(155,814)	(152,346)
Total tangible fixed assets	48,467	48,413
Intangible fixed assets:		
Rights of utilization	1,650	1,377
Software in progress	1,246	245
Total intangible fixed assets	2,897	1,623
Investments and other assets:		
Investment securities	8,011	9,245
Stock of subsidiaries and affiliates	121,784	126,236
Investments in other securities of subsidiaries and affiliates	7,372	6,637
Investments in capital of subsidiaries and affiliates	3,026	2,997
Long-term loans	53,993	61,661
Deferred tax assets	2,086	135
Others	2,454	2,953
Allowance for doubtful accounts	(338)	(349)
Total investments and other assets	198,390	209,518
Total fixed assets	249,755	259,554
Total assets	¥432,733	¥419,521

English Translation of Financial Statements Originally Issued in the Japanese Language

	Millions of yen	
	2019	2018 (Reference)
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	¥23,764	¥18,742
Short-term debt	25,372	31,417
Commercial paper	25,000	6,500
Current portion of long-term loans payable	7,788	25,170
Current portion of straight bonds	20,000	10,000
Current portion of lease liability	49	63
Accrued payments	9,668	9,751
Accrued expenses	1,137	872
Accrued income taxes	208	26
Advances received	59	264
Deposits received	21,536	23,694
Provision for bonus	2,072	2,061
Provision for product warranties	7	-
Provision for loss on construction contracts	-	0
Derivative liabilities	1,016	1,760
Others	0	0
Total current liabilities	137,681	130,325
Long-term liabilities:		
Straight bonds	40,000	50,000
Long-term debt	93,059	71,448
Lease obligations	96	91
Employees' retirement benefits	15,880	15,411
Provision for environmental countermeasures	770	829
Provision for preventing environmental pollution in mineral, mining, and other operations	249	245
Provision for loss on litigation	75	-
Asset retirement obligations	126	125
Others	153	152
Total long-term liabilities	150,411	138,304
Total liabilities	288,092	268,630
Net assets		
Shareholders' equity:		
Common stock		
Common stock	42,129	42,129
Capital surplus:		
Legal capital surplus	22,557	22,557
Other capital surplus	0	0
Total capital surplus	22,557	22,557
Retained earnings:		
Legal retained earnings	2,406	2,406
Other retained earnings	77,503	84,767
Retained earnings brought forward	77,503	84,767
Total retained earnings	79,909	87,173
Treasury stock	(623)	(622)
Total shareholders' equity	143,972	151,237
Valuation and translation adjustments		
Net unrealized gains on securities, net of tax	284	1,057
Unrealized gains (losses) on hedging derivatives, net of tax	383	(1,403)
Total net assets	144,640	150,891
Total liabilities and net assets	¥432,733	¥419,521

Note: Figures are rounded down to the nearest million yen.

Statement of Operations

(April 1, 2019 to March 31, 2020)

	Millions of yen	
	2019	2018 (Reference)
Net sales	¥240,690	¥240,679
Cost of sales	219,943	220,524
Gross profit	20,747	20,155
Selling, general and administrative expenses	30,224	28,284
Operating loss	(9,477)	(8,129)
Non-operating income:		
Interest and dividend income	8,771	49,365
Other income	973	1,411
	9,744	50,777
Non-operating expenses:		
Interest expense	1,129	1,108
Other expenses	2,728	703
	3,857	1,812
Ordinary income (loss)	(3,589)	40,835
Extraordinary profits:		
Gain on sales of property, plant and equipment	60	12
Gain on sales of investment securities	23	-
Reversal of allowance for doubtful accounts	106	391
Other profits	12	18
	202	421
Extraordinary expenses:		
Loss on sales and disposal of property, plant and equipment	349	191
Loss on impairment of fixed assets	64	-
Loss on sales of stock of affiliated companies	1,600	-
Provision for loss on litigation	75	-
Other expenses	556	507
	2,646	698
Profit (loss) before income taxes	(6,033)	40,557
Income taxes:		
Current	(643)	771
Deferred	(2,123)	1,463
Net income (loss)	(¥3,266)	¥38,323

Note: Figures are rounded down to the nearest million yen.

English Translation of Financial Statements Originally Issued in the Japanese Language

Statement of Changes in Net Assets

(April 1, 2019 to March 31, 2020)

Millions of yen

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	42,129	22,557	0	22,557	2,406	84,767	87,173	(622)	151,237
Changes of items during period									
Dividends from surplus						(3,997)	(3,997)		(3,997)
Net loss						(3,266)	(3,266)		(3,266)
Purchase of treasury stock								(1)	(1)
Net changes of items other than shareholders' equity									
Total changes of items during period	–	–	–	–	–	(7,263)	(7,263)	(1)	(7,264)
Balance at end of period	42,129	22,557	0	22,557	2,406	77,503	79,909	(623)	143,972

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Total valuation and translation adjustments	
Balance at beginning of period	1,057	(1,403)	(346)	150,891
Changes of items during period				
Dividends from surplus				(3,997)
Net loss				(3,266)
Purchase of treasury stock				(1)
Net changes of items other than shareholders' equity	(772)	1,786	1,013	1,013
Total changes of items during period	(772)	1,786	1,013	(6,251)
Balance at end of period	284	383	667	144,640

Note: Figures are rounded down to the nearest million yen.