

## [Summary]

Securities identification code: 5706

June 14, 2021

To Shareholders:

**Mitsui Mining & Smelting Co., Ltd.**

1-11-1 Osaki, Shinagawa-ku,  
Tokyo 141-8584, Japan

NOU Takeshi  
President and  
Representative Director

### **Notice of Convocation of the 96th Annual General Meeting of Shareholders**

Dear Shareholders:

Thank you for your patronage. You are cordially invited to attend the 96th Annual General Meeting of Shareholders of Mitsui Mining & Smelting Co., Ltd. The meeting will be held on Tuesday, June 29, 2021. Please find below the Notice of Convocation.

Please review the proposals submitted to the General Meeting of Shareholders and the overview of operations for the 96th fiscal year.

Sincerely,

#### **Meeting Particulars**

1. Date and Time: 10:00 a.m. on Tuesday, June 29, 2021
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.

This General Meeting of Shareholders will be streamed live via the Internet. For how to view the live stream, etc., please refer to this Notice of Convocation or the Company's website (<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 96th fiscal year (from April 1, 2020, to March 31, 2021)
2. Reports on financial statements for the 96th fiscal year (from April 1, 2020, to March 31, 2021)

Matters to be resolved

Proposals by the Company: Items 1-5

First Item	Appropriation of Retained Earnings
Second Item	Election of eight (8) Directors
Third Item	Election of one (1) Corporate Auditor
Fourth Item	Revision of Amount of Compensation for Directors and Determination of Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors)
Fifth Item	Revision of Amount of Compensation for Corporate Auditors

Proposals by a Shareholder: Items 6-7

Sixth Item	Dismissal of Representative Director
Seventh Item	Stock Dividends

Proposals by a Shareholder (Items 6-7) are described in pages 24-26 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 Sixth and Seventh Items, **the Board of Directors of the Company is opposed to these proposals.**

Since the Seventh Item is in conflict with the First Item proposed by the Company, **please note that you should not indicate your approval for both Items.** If you vote in favor of both Items, your votes for both the First Item and the Seventh Item will be deemed invalid.

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 Monday, June 28, 2021.**

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 Monday, June 28, 2021

## 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 Monday, June 28, 2021

### Exercise of Voting Rights

1. You may exercise your voting rights until 5:50 p.m. (Japan Time) on June 28, 2020 (Monday).
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.

# Instructions for live stream of the General Meeting of Shareholders

This General Meeting of Shareholders will be available for the shareholders to view from home, etc. through a live stream on the Internet as instructed below. Please note that although the live stream will be showing only the area where the chairperson and the Officers are seated to protect the privacy of the shareholders attending the meeting, it is possible that some shareholders attending the meeting will unavoidably be captured in the video.

## 1. Date and time for the live stream

From 10:00 a.m. on Tuesday, June 29, 2021 to the end of the General Meeting of Shareholders

- (1) The webpage for live stream can be accessed from about 9:30 a.m. on the same day.
- (2) The Company may not be able to operate the live stream due to reasons such as lockdowns and staff in charge of the live stream being infected with COVID-19. We kindly ask for your understanding.

## 2. How to view the live stream on the day of the meeting

Please prepare your shareholder ID (shareholder number) and password (postal code) in advance, which are required to log in to the authentication page for shareholders (login page), and input the URL below or scan the QR code on your personal computer, smartphone, or other device to access the live stream page (be sure to keep a copy at hand or write down the “shareholder number” before sending out the Voting Rights Exercise Form).

<https://www.virtual-sr.jp/users/mitsui-kinzoku96/login.aspx>



## 3. How to ask questions

Questions concerning the proposals for the General Meeting of Shareholders or management of the Company will be accepted on the live stream system. Among the questions the Company receives, matters of high interest to shareholders will be posted on the Company’s website above at a later date.

Deadline for submission of questions: No later than 5:00 p.m. on Wednesday, June 23, 2021  
Please be as concise as possible in your questions.

### **ID and password**

For viewing the live stream, you are required to enter your ID (shareholder number) and password (postal code).

- (1) Shareholder ID: Your “shareholder number” (9-digit number) printed on the Voting Rights Exercise Form
- (2) Password: The “postal code” (7-digit number without hyphen) of your registered address on the shareholder register as of the record date

### Note of caution

- (a) **If you plan to view the live stream of the General Meeting of Shareholders, please note that it will not be recognized as attending the General Meeting of Shareholders stipulated by the Company Law and you will not be able to ask questions and exercise voting rights on the day of the meeting. Therefore, please exercise your voting rights in advance by submitting the enclosed Voting Rights Exercise Form or via the Internet, etc.**
- (b) Please note that depending on the model, functions, and Internet connection (network conditions, connection speed, etc.) of the personal computer, smartphone, or other device used, you may

- experience technical problems in image or sound quality of the live stream.
- (c) It is possible that due to system failures, communication environment, etc., there may be technical difficulties such as sound/image delays and temporary disruptions in the live stream. The Company will not be liable for any detriments caused by poor connection or system failures.
  - (d) Audio recordings, video recordings, and publicizing thereof of the live stream are prohibited to avoid infringement of portrait rights of shareholders, etc.
  - (e) Viewing of the live stream is limited to shareholders. It is prohibited to provide the shareholder ID and password for viewing the live stream to other parties.
  - (f) Any telecommunications fees, etc. for viewing the live stream shall be borne by the shareholder.

# General Meeting of Shareholders' Reference Materials

## Matters to Be Resolved and Reference Items:

### Proposals by the Company: Items 1-5

#### 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 ¥85 per share as described below, ¥15 per share higher than in the previous period.

#### Year-End Dividends

(1) Type of Dividend Asset	Money
(2) Allocation and Total Value of Dividend Assets	¥85 per share of common stock Total value of ¥4,853,996,315
(3) Effective Date of Retained Earnings Distribution	June 30, 2021



## **Second Item**

### Election of eight (8) Directors

The term of office of eight (8) 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 Director.

The candidates for the position of Directors are as follows, and Mr. MATSUNAGA Morio, Mr. TOIDA Kazuhiko and Ms. TAKEGAWA Keiko are candidates for Outside Directors.

Ms. TAKEGAWA Keiko, currently a Corporate Auditor of the Company, is scheduled to retire from her position due to resignation as a Corporate Auditor of the Company at the conclusion of this Annual General Meeting of Shareholders.

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	NOU Takeshi <u>Reappointed</u>	President, Representative Director	Six (6) years	100%
2	KIBE Hisakazu <u>Reappointed</u>	Representative Director, Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector	One (1) year	100%
3	OSHIMA Takashi <u>Reappointed</u>	Director, Senior Managing Executive Officer, Senior General Manager of Corporate Planning & Control Sector	Seven (7) years	100%
4	TSUNODA Satoshi <u>Newly Appointed</u>	Senior Executive Officer, Senior General Manager of Metals Sector, General Manager of Business Planning Group, Metals Sector	-	-
5	MIYAJI Makoto <u>Newly Appointed</u>	Executive Officer, Manager of Office of Secretariat, Corporate Planning Department, Corporate Planning & Control Sector	-	-
6	MATSUNAGA Morio <u>Reappointed</u> <u>Outside</u> <u>Independent</u>	Outside Director	Five (5) years	87%
7	TOIDA Kazuhiko <u>Reappointed</u> <u>Outside</u> <u>Independent</u>	Outside Director	One (1) year	100%
8	TAKEGAWA Keiko <u>Newly Appointed</u> <u>Outside</u> <u>Independent</u>	Outside Corporate Auditor	-	100%

Notes: 1. The titles and positions stated are those at the Company as of the date of sending this Notice of Convocation.

2. The attendance rate at the meetings of the Board of Directors for Ms. TAKEGAWA Keiko is for her attendance as an Outside Corporate Auditor.

#### 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	NOU Takeshi (December 3, 1961)	Number of Company's Shares in Possession: 18,400 Number of years served as Corporate Director: Six (6) years Attendance at the meetings of the Board of Directors: 100% (16/16)
<b>Reappointed</b>	<p>◆ Profile; Title and Positions</p> <p>April 1986 Entered the Company</p> <p>June 2010 Mitsui Copper Foil (Malaysia) Sdn.Bhd. Managing Director</p> <p>October 2013 General Manager of Recycling Business Promotion Group, Metals, Minerals &amp; Environmental Engineering Sector</p> <p>April 2014 Executive Officer, Senior General Manager of Technology Management Division, Metals &amp; 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</p> <p>April 2021 President and Representative Director (current positions)</p> <p>◆ Important Positions 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. He has been serving as Representative Director and leading the Group since 2016. He also launched the Business Creation Sector in 2020, leveraging his strong leadership to establish structures that promote co-creation with external partners with the aim of creating more growth products and businesses with increased efficiency. He pursues management with the sustainable growth of the Company in mind at all times and contributes to the enhancement of the Company's medium- to long-term corporate value. 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.</p> <p>◆ Special Interests between the Candidate and the Company There are no special interests between the candidate and the Company.</p>	

Note: The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. NOU Takeshi is appointed as Director and assumes office, he will be the insured under the insurance contract.  
In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

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Candidate Number: 2	KIBE Hisakazu (November 1, 1960)	Number of Company's Shares in Possession: 8,200 Number of years served as Corporate Director: One (1) year Attendance at the meetings of the Board of Directors: 100% (12/12)
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**Reappointed**

◆Profile; Title and Positions

April 1985	Entered the Company
April 2009	General Manager of Finance & Accounting Department, Automotive Parts & Components Division, Parts Production Sector
October 2013	Director, Senior Executive Officer, Senior General Manager of Planning & Administrative Sector, General Manager of Planning Department, Mitsui Kinzoku ACT Corporation
April 2014	Executive Officer, Assistant to Senior General Manager of Metals Sector
June 2014	Executive Officer of the Company, Director, Executive Officer of Pan Pacific Copper Co., Ltd.
October 2015	Senior Executive Officer, Deputy Senior General Manager of Affiliates Coordination Strategic Sector
January 2016	Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector, General Manager of Copper Business Strategic Division, Metals Sector
April 2018	Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector
June 2020	Director, Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector
April 2021	Representative Director, Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector (current positions)

◆Important Positions Held Concurrently at Other Organizations

Outside Director of Nakabohtech Co., Ltd.

◆Reasons for the Nomination of the Candidate as Director

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 was appointed as a Senior Executive Officer in 2016, and as a Director in 2020. Since April 2021, he has participated in the Company's management as Representative Director, Senior Managing Director, and is responsible for the Affiliates Coordination Strategic Sector, promoting various measures to maximize the corporate value of the Group.

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.

◆Special Interests between Candidate and the Company

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

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Note: The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. KIBE Hisakazu is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

Candidate Number: 3	OSHIMA Takashi (October 16, 1958)	Number of Company's Shares in Possession: 10,700 Number of years served as Corporate Director: Seven (7) years Attendance at the meetings of the Board of Directors:100% (16/16)
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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

April 2021 Director, Senior Managing Executive Officer, Senior General Manager of Corporate Planning & Control Sector (current positions)

◆Important Positions 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 DX (Digital Transformation) 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 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.

◆Special Interests between Candidate and the Company

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

Note: The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. OSHIMA Takashi is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

Candidate Number: 4	TSUNODA Satoshi (October 28, 1960)	Number of Company's Shares in Possession: 8,400 Number of years served as Corporate Director: - Attendance at the meetings of the Board of Directors: -
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**Newly Appointed**

◆ Profile; Title and Positions

April 1987	Entered the Company
April 2013	General Manager of Zinc Division, Metals, Minerals & Environmental Engineering Sector, Manager of Sales Department, Zinc Division, Metals, Minerals & Environmental Engineering Sector
June 2013	Executive Officer of the Company, General Manager of Zinc Division, Metals, Minerals & Environmental Engineering Sector
April 2014	Executive Officer of the Company, Deputy General Manager of Metals & Recycling Division, Metals Sector, Manager of Marketing Department, Metals & Recycling Division, Metals Sector
April 2015	Executive Officer of the Company, General Manager of Metals & Recycling Division, Metals Sector, Manager of Marketing department, Metals & Recycling Division, Metals Sector
October 2015	Executive Officer of the Company, Director, Executive Officer of Pan Pacific Copper Co., Ltd.
April 2018	Executive Officer of the Company, Deputy Senior General Manager of Metals Sector, General Manager of Copper Business Strategic Division, Metals Sector
April 2019	Senior Executive Officer, Senior General Manager of Metals Sector
April 2021	Senior Executive Officer, Senior General Manager of Metals Sector, General Manager of Business Planning Group, Metals Sector (current positions)

◆ Important Positions Held Concurrently at Other Organizations

No significant position held concurrently at other organizations

◆ Reasons for the Nomination of the Candidate as Outside Director

Mr. TSUNODA Satoshi possesses a wide range of experience and knowledge in metals business and corporate planning of the Group, including serving as officers of affiliated companies, and is well versed in the Company's business. Since 2019, he has participated in the Company's management as a Senior Executive Officer and the Senior General Manager of Metals Sector. He is responsible for the Metals Sector, promoting various measures to maximize the corporate value of the Group.

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.

◆ Special Interests between Candidate and the Company

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

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Note: The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. TSUNODA Satoshi is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

Candidate Number: 5	MIYAJI Makoto (January 30, 1964)	Number of Company's Shares in Possession: 5,200 Number of years served as Corporate Director: - Attendance at the meetings of the Board of Directors: -
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**Newly Appointed**

◆Profile; Title and Positions

April 1986	Entered the Company
April 2010	General Manager of Technical Department, Battery Materials Division, Engineered Materials Sector
June 2011	General Manager of Battery Materials Strategic Division, Engineered Materials Sector, General Manager of Quality Assurance Department, Battery Materials Strategic Division, Engineered Materials Sector
April 2014	Executive Officer, General Manager of Battery Materials Division, Engineered Materials Sector, General Manager of Manufacture Department, Battery Materials Division, Engineered Materials Sector
April 2015	Executive Officer, General Manager of Catalysts Division, Engineered Materials Sector, General Manager of Manufacture Department, Catalysts Division, Engineered Materials Sector
October 2015	Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Catalysts Division, Engineered Materials Sector, General Manager of Manufacture Department, Catalysts Division, Engineered Materials Sector
April 2016	Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Engineered Powders Division, Engineered Materials Sector
April 2018	Executive Officer, General Manager of Human Resource Department, Corporate Planning & Control Sector, General Manager of Office of Secretariat, Corporate Planning Department, Corporate Planning & Control Sector
April 2021	Executive Officer, General Manager of Office of Secretariat, Corporate Planning Department, Corporate Planning & Control Sector (current positions)

◆Important Positions Held Concurrently at Other Organizations

No significant position held concurrently at other organizations

◆Reasons for the Nomination of the Candidate as Outside Director

Mr. MIYAJI Makoto has a wealth of experience cultivated through his many years of involvement in the Group's engineered materials business and is well versed in the Company's business. Since 2014, he consecutively served as General Manager of Battery Materials Division, General Manager of Catalysts Division, and General Manager of Engineered Powders Division as an Executive Officer. Since 2018, as General Manager of Human Resource Department, he has been pushing for the reform of the Group's human resource system and working on the human resources development to execute value creation. 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.

◆Special Interests between Candidate and the Company

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

Note: The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. MIYAJI Makoto is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

Candidate Number: 6	MATSUNAGA Morio (August 7, 1949)	Number of Company's Shares in Possession: 4,700
		Number of years served as Corporate Director: Five (5) years Attendance at the meetings of the Board of Directors: 87% (14/16)
<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, the Company expects him to contribute to the strengthening of the Group's management oversight and supervisory functions and enhancement of the transparency of the Board of Directors from the perspective of enhancement of corporate value over the medium- to long-term, by utilizing his wealth of knowledge and experience and proactively expressing his opinions from a position independent from the management without being bound by norms within the Company. Thus, the Company has nominated him as a candidate for Outside Director.	
	◆ 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, Paragraph 1, the Company has concluded a contract with Mr. MATSUNAGA Morio regarding liability as defined by the Company Law Article 423, Paragraph 1 to limit total liability to the amount stipulated by the Company Law Article 425, Paragraph 1. If his reappointment is approved, the aforementioned contract will be extended.
2. The Company has notified the Tokyo Stock Exchange that Mr. MATSUNAGA Morio is an Independent Director of the Company.
3. The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. MATSUNAGA Morio is appointed as Director and assumes office, he will be the insured under the insurance contract.  
In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.



Candidate Number: 7	TOIDA Kazuhiko (July 2, 1952)	Number of Company's Shares in Possession: 500 Number of years served as Corporate Director: One (1) year Attendance at the meetings of the Board of Directors: 100% (12/12)
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<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointed</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	◆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
	June 2020	Outside Director (current position)
	September 2020	Chairperson of the Board, Rikkyo Educational Corporation (current position)

◆Important Positions Held Concurrently at Other Organizations  
Chairperson of the Board, 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 Chairperson of the Board, Rikkyo Educational Corporation, and possesses a wealth of experience and knowledge.

The Company expects him to contribute to the strengthening of the Group's management oversight and supervisory functions and enhancement of the transparency of the Board of Directors from the perspective of enhancement of corporate value over the medium- to long-term, by utilizing his wide range of work experience and his wealth of knowledge and experience as a manager and proactively expressing his opinions from a position independent from the management without being bound by norms within the Company. Thus, the Company has nominated him as a candidate for Outside Director.

◆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, Paragraph 1, the Company has concluded a contract with Mr. TOIDA Kazuhiko regarding liability as defined by the Company Law Article 423, Paragraph 1 to limit total liability to the amount stipulated by the Company Law Article 425, Paragraph 1. If his reappointment is approved, the aforementioned contract will be extended.
2. The Company has notified the Tokyo Stock Exchange that Mr. TOIDA Kazuhiko is an Independent Director of the Company.
3. The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. TOIDA Kazuhiko is appointed as Director and assumes office, he will be the insured under the insurance contract. In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

Candidate Number: 8	TAKEGAWA Keiko (April 23, 1958)	Number of Company's Shares in Possession: 700 Number of years served as Corporate Director: - Attendance at the meetings of the Board of Directors: 100% (16/16)
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Newly Appointed</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	<p>◆Profile; Title and Positions</p> <p>April 1981 Entered Prime Minister's Office (Presently Cabinet Office)</p> <p>July 2008 Deputy Director General for Policies on Cohesive Society, Cabinet Office</p> <p>July 2009 Deputy Director General for Gender Equality Bureau, Cabinet Office</p> <p>December 2012 Director, Public Relations Office, Cabinet Office</p> <p>July 2014 Director General, Gender Equality Bureau</p> <p>April 2019 Professor, Showa Women's University</p> <p>June 2019 Outside Corporate Auditor (current position)</p> <p>June 2019 Outside Member of the Board, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (current position)</p> <p>April 2020 Dean of Faculty of Global Business and Director of Institute of Women's Culture, Showa Women's University (current position)</p> <p>April 2021 Specially Appointed Professor, Showa Women's University (current position)</p> <p>April 2021 Outside Director, Sekisui House, Ltd. (current position)</p> <p>◆Important Positions Held Concurrently at Other Organizations</p> <p>Outside Member of the Board, NIPPON TELEGRAPH AND TELEPHONE CORPORATION Dean of Faculty of Global Business and Director of Institute of Women's Culture, Showa Women's University Specially Appointed Professor, Showa Women's University Outside Director, Sekisui House, Ltd.</p> <p>◆Reasons for the Nomination of the Candidate as Outside Director</p> <p>Ms. TAKEGAWA Keiko served as Director, Public Relations Office and Director General, Gender Equality Bureau at the Cabinet Office and has a wealth of knowledge and administrative experience through her engagement in formulation and implementation of policies such as promotion of women's participation and advancement.</p> <p>Although she has never been directly involved in management of a company other than serving as an Outside Director or an Outside Corporate Auditor, the Company expects her to contribute to the strengthening of the Group's management oversight and supervisory functions and enhancement of the transparency of the Board of Directors, by utilizing her diverse insight, expertise, capabilities, and knowledge gained as an Outside Corporate Auditor of the Company. Thus, the Company has nominated her as a candidate for Outside Director.</p> <p>◆Special Interests between Candidate and the Company</p> <p>There are no special interests between the candidate and the Company.</p>	

- Notes: 1. If the appointment of Ms. TAKEGAWA Keiko is approved, the Company will arrange a contract with her regarding liability as defined by the Company Law Article 423, Paragraph 1 to limit total liability to the figure stipulated by the Company Law Article 425, Paragraph 1, based on the Company Law Article 427, Paragraph 1.
2. The Company has notified the Tokyo Stock Exchange that Ms. TAKEGAWA Keiko is an Independent Director of the Company. If the appointment of Ms. TAKEGAWA Keiko is approved, the Company will once again notify the Tokyo Stock Exchange of her appointment as an Independent Director in the position of Outside Director of the Company.
3. Ms. TAKEGAWA Keiko currently serves as Outside Corporate Auditor of the Company, and her term as Outside Corporate Auditor will reach two (2) years at the conclusion of this Annual General Meeting of Shareholders.
4. The attendance at the meetings of the Board of Directors for her is for her attendance as an Outside Corporate Auditor.
5. The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Ms. TAKEGAWA Keiko is appointed as Director and assumes office, she will be the insured under the insurance contract.
- In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

# 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	Sales Marketing	Human resources/ Human resource development	Legal affairs and risk management	Internationality
NOU Takeshi	President and Representative Director	●	●		●				●
KIBE Hisakazu	Representative Director, Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Corporate Planning & Control Sector	●	●	●					●
OSHIMA Takashi	Senior Managing Director	●	●	●			●	●	
TSUNODA Satoshi	Director, Senior Executive Officer, Senior General Manager of Metals Sector		●			●			●
MIYAJI Makoto	Director, Executive Officer, Chief Environmental Safety Officer		●		●		●		●
MATSUNAGA Morio	Outside Director				●		●		●
TOIDA Kazuhiko	Outside Director	●	●			●			●
TAKEGAWA Keiko	Outside Director						●	●	●

### Third Item

#### Election of one (1) Corporate Auditor

At the conclusion of this Annual General Meeting of Shareholders, Corporate Auditor TAKEGAWA Keiko will retire due to resignation.

Accordingly, the Company proposes one (1) candidate for the position of Corporate Auditor.

Mr. INOUE Hiroshi is a candidate as a substitute of Corporate Auditor TAKEGAWA Keiko, and Mr. INOUE Hiroshi is a candidate for Outside Corporate Auditor.

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

Candidate	INOUE Hiroshi (June 17, 1957)	Number of Company's Shares in Possession: 0 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: -
Newly Appointed Outside Independent	◆ Profile; Title and Positions	
	April 1985	Appointed as Public Prosecutor
	January 2012	Assistant Vice-Minister of Justice
	November 2012	Chief Prosecutor of Nara District Public Prosecutors Office
	July 2014	Director-General of the Immigration Bureau, the Ministry of Justice
	March 2017	Director-General, Inspection and Guidance Department, Supreme Public Prosecutors Office
	June 2017	Chief Prosecutor of Nagoya District Public Prosecutors Office
	February 2018	Superintending Prosecutor of Sapporo High Public Prosecutors Office
	January 2020	Superintending Prosecutor of Fukuoka High Public Prosecutors Office
	October 2020	Professional registration in Japan as lawyer
October 2020	With Momo-o, Matsuo & Namba (current position)	
	◆ Important Positions Held Concurrently at Other Organizations	Lawyer
	◆ Reasons for the Nomination of the Candidate as Corporate Auditor	Mr. INOUE Hiroshi 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, the Company judges that he can utilize his wealth of experience in auditing of the Company.
	◆ 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, Paragraph 1, the Company has concluded a contract with Mr. INOUE Hiroshi regarding liability as defined by the Company Law Article 423, Paragraph 1 to limit total liability to the amount stipulated by the Company Law Article 425, Paragraph 1. If his reappointment is approved, the aforementioned contract will be extended.

2. The Company has notified the Tokyo Stock Exchange that Mr. INOUE Hiroshi is an Independent Director of the Company.

3. The Company has entered into a directors and officers liability insurance contract stipulated in the Company Law Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. INOUE Hiroshi is appointed as Director and assumes office, he will be the insured under the insurance contract.

In addition, the Company plans to renew the insurance contract with the same details at the time of next renewal.

## **Forth Item**

### **Revision of Amount of Compensation for Directors and Determination of Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors)**

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 for Directors serving concurrently as employees). In line with the introduction of the restricted stock compensation plan described below, the amount of compensation at the timing of payment will temporarily increase, and therefore the Company proposes to revise the amount of compensation for Directors from a monthly amount to an annual amount, while also revising the limit thereof from ¥60 million per month to ¥720 million per year (not including compensation for their services as employees for Directors serving concurrently as employees).

Currently, there are eight (8) Directors (of which, three (3) Outside Directors) and provided that the Second Item “Election of eight (8) Directors” is approved as proposed, there will continue to be eight (8) Directors (of which, three (3) Outside Directors).

In addition, within the limit of compensation indicated above, the Company proposes to newly grant restricted stock as compensation for Directors other than Outside Directors (hereinafter referred to as the “Eligible Directors” ).

### **The Restricted Stock Compensation Plan**

#### **1. Purpose of introducing the Plan**

Introduction of the restricted stock compensation plan is part of the measures to review the Company’s compensation system for Directors and Corporate Auditors. The purpose of the plan is to serve as an incentive for Eligible Directors to aim for continuous growth in corporate value and further enhance value-sharing with shareholders.

#### **2. Upper limit and the method of determination of the amount of compensation**

Based on this proposal, the compensation for granting restricted stock to Eligible Directors shall be a monetary claim (hereinafter referred to as the “Monetary Compensation Claim”) and the total amount thereof shall be within ¥36 million per year, which the Company believes is appropriate in light of the above purpose. The specific timing and allocation of the payment to each Eligible Director shall be determined by the Board of Directors.

The compensation for granting restricted stock shall not be delivered to Outside Directors. The above amount of compensation does not include compensation for services as employees for Directors serving concurrently as employees.

#### **3. Allocation of shares**

Based on the resolution by the Board of Directors, the Eligible Directors shall make payment as property contributed in kind for all Monetary Compensation Claims to be delivered according to this proposal, and therefore receive the issuance or disposition of the common stock of the Company. The total amount of the Company’s common stock to be issued or disposed of in this process shall be within 12,600 shares per year (however, in the event that on or after the date on which this proposal is approved, the Company conducts a share split (including allotment without contribution of the Company’s common stock), a reverse share split, or other issuance or disposition as restricted stock where the total number of shares of the Company’s common stock should be adjusted, said total number shall be adjusted in a reasonable range as necessary).

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common stock at Tokyo Stock Exchange on the business day preceding the date on which the Board of Directors passes a resolution concerning allocation of shares (if no transaction was completed on that day, it shall be the most recent closing price preceding that day) and within a range in which the paid-in amount is not particularly advantageous to the Eligible Directors who shall receive such common stock. Moreover, when issuing or disposing of common stock of the Company in this process, the Company shall conclude a contract for allocation of restricted stock (hereinafter referred to as the “Allocation Contract”) with the Eligible Directors covering details in the following items (1) through (5).

(1) Transfer restriction period

The Eligible Directors shall not transfer, create a security interest, or otherwise dispose of common stock of the Company (hereinafter referred to as the “Allocated Shares”) during the period (hereinafter referred to as the “Transfer Restriction Period”) starting from the date of payment for the Allocated Shares to immediately after retirement from the position predetermined by the Board of Directors (hereinafter referred to as the “Transfer Restrictions”).

(2) Treatment in the event that the Eligible Director retires

If an Eligible Director retires from the position predetermined by the Board of Directors before the period predetermined by the Board of Directors (hereinafter referred to as the “Service Period”) expires, the Company shall automatically acquire the Allocated Shares at no cost as a matter of course, excluding where the retirement is of just cause.

(3) Cancellation of transfer restrictions

On the condition that an Eligible Director continuously serves at the position predetermined by the Company’s Board of Directors during the Service Period, the Company shall cancel the Transfer Restrictions on all Allocated Shares upon the expiration of the Transfer Restriction Period. However, if said Eligible Director retires from the position predetermined by the Board of Directors before the Service Period expires with just cause, the number of the Allocated Shares, of which Transfer Restrictions are to be cancelled, and the timing of the cancellation shall be reasonably adjusted as necessary. In addition, immediately after the cancellation of Transfer Restrictions in accordance with the provisions above, the Company shall automatically acquire the Allocated Shares of which the Transfer Restrictions have not been cancelled at no cost.

(4) Treatment in the event that an organizational restructure, etc. is implemented

Notwithstanding the provisions in (1) above, if matters concerning a merger agreement where the Company will become the disappearing company, a share exchange agreement where the Company will become a wholly-owned subsidiary, a share transfer plan, or any other matters concerning organizational restructure, etc. is approved at the Company’s General Meeting of Shareholders (or at the Board of Directors when approval by the Company’s General Meeting of Shareholders is not required for such organizational restructure, etc.) during the Transfer Restriction Period, the Company shall, by a resolution of the Board of Directors, cancel the Transfer Restrictions for the number of the Allocated Shares calculated rationally based on the period from the starting day of the Service Period to the day such organizational restructure, etc. is approved, before the effective date of such organizational restructure, etc. Moreover, in such case as provided above, immediately after the cancellation of Transfer Restrictions, the Company shall automatically acquire the Allocated Shares of which the Transfer Restrictions have not been cancelled at no cost.

(5) Other matters

Other matters related to the Allocation Contract shall be determined by the Company’s Board of Directors.

The Company believes that the upper limit for amount of compensation, the total number of shares of the Company’s common stock to be issued or to be disposed of, and other conditions for granting restricted stock to Eligible Directors based on this proposal are appropriate; these are determined considering the purpose, the status of business of the Company, the determination policy of compensation, etc. for each Director of the Company and other conditions.

**Fifth Item**

## Revision of Amount of Compensation for Corporate Auditors

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.

Considering the changes in the economic climate afterwards and the fact that, provided that the Fourth Item is approved as proposed at this Annual General Meeting of Shareholders, the amount of compensation for Directors will be revised from a monthly amount to an annual amount, the Company proposes to revise the amount of compensation for Corporate Auditors from a monthly amount to an annual amount as well, while also revising the limit thereof from ¥15 million per month to ¥180 million per year.

Currently, there are four (4) Corporate Auditors (of which, two (2) Outside Corporate Auditors) and provided that the Third Item “Election of one (1) Corporate Auditor” is approved as proposed, there will continue to be four (4) Corporate Auditors (of which, two (2) Outside Corporate Auditors).

## Proposals by a Shareholder: Items 6-7

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

Sixth and Seventh 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 two 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**

### **Sixth Item**

Dismissal of Representative Director

1. Details of Proposal

Dismissal of Representative Director NOU Takeshi

2. Reasons for Proposal

Since assuming office as Representative Director, NOU Takeshi has abandoned business operations of the Company that should be respected as intended by the proposal by shareholders, and did not use the Company's General Meeting of Shareholders as a forum for discussion to enhance corporate value, and has consequently led to various lawsuit disputes. He is an inappropriate person to serve as the representative of the Company and should be dismissed from his position as Representative Director.

### **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 NOU Takeshi is appropriate for the position of Representative Director.

NOU Takeshi has many years of involvement in the Group's electronic materials, engineered materials and metals businesses and is well versed in the Company's business. As a Senior General Manager of Business Creation Sector since its establishment in April 2020, he has been contributing to realize a company that continuously creates businesses and enhance corporate value.

The Company determined that he is able to achieve the Company's medium- to long-term corporate value by utilizing his experiences, insight, expertise and capabilities, and has appointed him as President and Representative Director on April 1 of this year.

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

## **Seventh Item**

### Stock Dividends

#### 1. Details for Proposal

##### (1) Type of Dividend Asset

Money

##### (2) Allocation and Total Value of Dividend Assets

The year-end dividends from surplus for the 96th fiscal year will be 300 yen per share of common stock on a consolidated basis for the fiscal year under review. The total amount of dividend will be above mentioned dividend amount per share multiplied by the number of shares qualifying for dividends as of March 31, 2021.

##### (3) Effective Date of Retained Earnings Distribution

The following business day of the date of the Annual General Meeting of Shareholders.

#### 2. Reasons for Proposal

The Company should respond by respecting the intentions of many ordinary shareholders who are investing in the Company.

The benefit of this proposal is to acquire shareholders who support the Company in the long-term and enhance corporate value. By returning retained earnings to shareholders, as shareholder value will increase and consequently lead to rise in stock price, dividends should be increased substantially by utilizing retained earnings. On the other hand, even if retention of near-cash assets is increased any further, interest rates are nearly zero, and substantial asset value may decrease. This proposal was submitted based on the shareholders' sincere feelings.

### **Opinion of the Board of Directors of the Company**

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

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

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

The Company's shareholders' equity ratio for the fiscal year ended March 31, 2021 is 33.4%, and the Company will continue to regard strengthening the financial soundness as a key measure, and believes that continuous capital investments as well as R&D investments are indispensable for future growth. Under the current circumstances, the Company recognizes that it is at the stage of strengthening the management base, improving financial position and enhancing corporate value by appropriately executing the 2019 Mid-term Management Plan.

Therefore, the Board of Directors opposes to the proposal for dividend distribution of 300 yen per share of common stock.

# Business Report

(From April 1, 2020, to March 31, 2021)

## 1. Current State of the Mitsui Kinzoku Group

### (1) Business Operations and Results

#### Economic Overview

During fiscal 2020, the spread of COVID-19 constrained economic activities worldwide. Although the world economy showed signs of recovery because of the comeback of the U.S. economy and the Chinese economy and other factors, the outlook of the world economy remained unclear because of resurgence of infections.

Regarding the Japanese economy, a sense of business stagnation became clear, such as deterioration of personal consumption and corporate earnings and a great decrease in exports because the COVID-19 pandemic had a large impact on economic activities and social life in general. Although there are signs of recovery of some elements of the Japanese economy in line with the step-by-step resumption of economic activities, resurgence of COVID-19 infections has been continuing since November 2020, causing the outlook to still remain uncertain.

Recognizing that the COVID-19 pandemic is an emergency whose impact on the Group's business may be considerable, the Company established the countermeasure headquarters to minimize the impact on the Group's business through appropriate risk management, according the top priority to safeguarding people's lives.

#### 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, prices of zinc, lead, copper, and indium trended upward and the rhodium price soared. Meanwhile, the foreign exchange market was on a yen appreciation trend.

Although sales volumes of the mainstay products decreased in the first quarter owing to the impact of the COVID-19 pandemic, they shifted to a recovery track from the second quarter onward against the background of the recovery of the automotive market and other factors.

#### 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: creation of growth products and business and new markets; expansion of sales of 5G-related\* products and exhaust detoxifying catalysts for automobiles; increased recovery of metals with value by reestablishing the smelting network in line with the restructuring of the copper smelting business; a volume increase in nonferrous metal recycling materials as well as stable operation; and strengthening of cost competitiveness and development capabilities of the Automotive Parts & Components Business segment.

From the viewpoint of business portfolio optimization, as a result of the consideration of the future positioning of the copper mine business, the Company reached the conclusion that redirecting the management resources allocated to the copper mine business to the Company's other businesses would contribute to further enhancement of corporate value. Accordingly, the Company sold its interests in the Caserones copper mine and the Collahuasi copper mine, which are both in Chile.

As telework has taken root at the head office in response to diversification of lifestyles, sale of the Company's head office owned by the Company's subsidiary was carried out as part of efforts to increase asset efficiency by making good use of management resources and to improve the financial position.

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

## Fiscal 2020 Results

As a result, net sales in fiscal 2020 increased by ¥49,827 million compared with the previous fiscal year to ¥522,936 million due to increases in the other businesses despite a decrease in the Automotive Parts & Components Group. Operating income increased by ¥38,087 million compared with the previous fiscal year to ¥51,124 million mainly because of improvement of inventory factors in line with the fluctuation of the non-ferrous metal market and cost reduction, in addition to the recovery trend of the demand for mainstay products from the second quarter onward.

Ordinary income increased by ¥41,946 million compared with the previous fiscal year to ¥51,265 million primarily because of the improvement of foreign exchange profits/losses and an increase in dividend income, among other factors, in addition to the increase in operating income.

In extraordinary items, the Group recorded extraordinary profits, including a ¥13,450 million gain on sales of stock of affiliated companies, a ¥9,666 million gain on sales of investment securities (including ¥9,643 million for the Collahuasi copper mine), an ¥8,350 million gain on sales of property, plant and equipment, and a ¥20,482 million loss on transfer of interest in the copper mine (Caserones copper mine). After accounting for income taxes and profit attributable to non-controlling interests, profit attributable to owners of parent in fiscal 2020 amounted to ¥44,771 million, an increase of ¥43,205 million compared with the previous fiscal year.

### Change of Segment Classification

Effective from fiscal 2020, segment classification was revised in line with the organizational change. Certain subsidiaries that had been included in the Engineered Materials Group were reclassified into the Affiliates Coordination Group and certain subsidiaries that had been included in the Affiliates Coordination Group were reclassified in the Engineered Materials Group, respectively. Moreover, certain businesses in the Metals Group were reclassified, too.

Segment sales and ordinary income for the previous fiscal year were reclassified in accordance with the above revision of the segment classification for presentation.

	2020	2019	Change from the Previous Year	
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Percentage)
Net sales	¥522,936	¥473,109	¥49,827	10.5%
Operating income	51,124	13,037	38,087	292.1
Ordinary income	51,265	9,318	41,946	450.2
Profit attributable to owners of parent	44,771	1,566	43,205	-

## Operating Environment and Results by Each Group

### Engineered Materials Group

[Principal Products/Services (As of March 31, 2021)]

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, due to the impact of the prolonged trade friction between the U.S. and China and the sluggish demand for communication infrastructure, sales volume of electro-deposited foil for printed wiring boards decreased. However, with regard to exhaust detoxifying catalysts, sales volume rose mainly owing to an increased number of catalysts equipped for some models due to tightening environmental regulations, the recovery of the Chinese market, and the start of mass production of newly ordered models. In addition, sales volume of metal powders for electronic materials and high-purity tantalum pentoxide increased due primarily to strong demand for smartphones.

As a result, sales increased 22.8% year on year to ¥207,760 million. In addition, ordinary income increased 107.5% year on year to ¥26,522 million due to the impact of sales trends of mainstay products and the improvement of inventory factors in line with the fluctuations in nonferrous metal prices, among other factors.

## Metals Group

[Principal Products/Services (As of March 31, 2021)]

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

In the Metals Group, both zinc and lead sales decreased year on year due to sluggish domestic demand.

Meanwhile, since the copper smelting companies Hibi Smelting Co., Ltd. and Hibi Kyodo Smelting Co., Ltd. became consolidated subsidiaries from the fiscal year under review, sales increased 17.4% year on year to ¥193,582 million. In addition, ordinary income amounted to ¥22,824 million, an improvement of ¥24,296 million year on year.

## Automotive Parts & Components Group

[Principal Products/Services (As of March 31, 2021)]

Automobile Door Locks

In the Automotive Parts & Components Group, sales volume of the mainstay product, side door latches, increased in China but declined overall due to weak demand in other regions.

As a result, sales decreased 10.5% year on year to ¥81,079 million. Meanwhile, ordinary income increased 307.5% year on year to ¥1,912 million as a result of efforts to strengthen cost competitiveness on a global basis.

## Affiliates Coordination Group

[Principal Products/Services (As of March 31, 2021)]

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

In the Affiliates Coordination Group, although demand for orders concerning industrial plant projects in Japan and overseas remained sluggish, due to an increase in the number of completed large-scale projects for domestic group companies and overseas, among other positive aspects, sales increased 4.7% year on year to ¥115,920 million, and ordinary income increased 24.6% year on year to ¥2,564 million.

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

[Net Sales]

Group	2020	2019	2018	2017
	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)
Engineered Materials Group	¥207,760	¥169,194	¥165,474	¥167,216
Metals Group	193,582	164,941	166,640	186,518
Automotive Parts & Components Group	81,079	90,581	104,026	102,039
Affiliates Coordination Group	115,920	110,705	126,904	132,747
Adjustment Amount	(75,406)	(62,313)	(65,345)	(69,307)
Total	¥522,936	¥473,109	¥497,701	¥519,215

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

[Ordinary Income (Loss)]

Group	2020	2019	2018	2017
	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	¥26,522	¥12,782	¥16,608	¥30,611
Metals Group	22,824	(1,472)	(6,039)	5,530
Automotive Parts & Components Group	1,912	469	4,689	5,513
Affiliates Coordination Group	2,564	2,057	4,881	6,833
Adjustment Amount	(2,559)	(4,519)	(2,385)	(37,250)
Total	¥51,265	¥9,318	¥17,755	¥11,239

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 ¥28,176 million, mainly for the following purposes by each group:

Group	Capital Investment (Millions of Yen)	Contents and Purposes
Engineered Materials Group	¥9,501	Mass production testing facility of solid electrolyte for all solid-state batteries and enhancement of production systems for exhaust detoxifying catalysts for automobile, etc.
Metals Group	11,632	Maintaining and renovating facilities, boosting efficiency, conserving energy, etc.
Automotive Parts & Components Group	2,326	Boosting productivity of facilities, conserving energy, etc.
Affiliates Coordination Group	2,311	Maintaining and renovating facilities, etc.
Other Group	2,402	
Total	¥28,176	

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

## (3) Funding

For the purpose of redeeming commercial paper, the Company issued its No.20 issuance of unsecured domestic straight bonds amounting to ¥10.0 billion in March 2021.

## (4) Research & Development and Resource Development

### Research and Development

The Group is addressing materiality (our material issues related to sustainability) by utilizing its core technologies, such as electrochemistry, powder processing, and composite material processing to contribute to a sustainable society and create new business value. Specifically, the Group is engaged in development of solid electrolyte and electrode material for all solid-state Li-ion secondary batteries, platform carrier needed for the next generation IC device assembly, joining materials for power semiconductors, materials for fuel cells, and next-generation materials for catalysts, etc., as well as development of recycling technology, considering product lifecycle.

### Resource Development

The Group explored mining possibilities mainly in the vicinity of Huanzala mine and Pallca mine in Peru.

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

Year ended March 31		93rd (2017)	94th (2018)	95th (2019)	96th (2020)
Net sales	(Millions of yen)	¥519,215	¥497,701	¥473,109	¥522,936
Ordinary income	(Millions of yen)	11,239	17,755	9,318	51,265
Profit (loss) attributable to owners of parent	(Millions of yen)	(708)	4,691	1,566	44,771
Total assets	(Millions of yen)	518,705	523,315	537,119	595,107
Total net assets	(Millions of yen)	178,652	179,673	173,255	210,560
Free cash flow	(Millions of yen)	12,060	(4,147)	1,274	11,240
Capital investment	(Millions of yen)	40,509	36,119	33,999	28,176
ROE (Return on equity)	(%)	(0.4)	2.8	0.9	24.6
ROA (Return on assets)	(%)	2.2	3.4	1.8	9.1
Shareholders' equity ratio	(%)	32.4	32.5	30.7	33.4
D/E ratio	(Times)	1.24	1.28	1.41	1.25
Earnings (losses) per share	(Yen)	(12.40)	82.15	27.43	784.01
Total net assets per share	(Yen)	2,945.20	2,977.84	2,884.68	3,484.21
Dividend per share	(Yen)	70.00	70.00	70.00	85.00

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



## (6) Important Challenges Ahead

### Transformation through Integrated Thinking-based Management

Amid the COVID-19 pandemic, many disasters are occurring that seem to be caused by ongoing climate change, making reduction of greenhouse gas emissions an urgent issue. As these problems interrelate with other problems in a complex manner and develop into bigger social issues, the Company recognizes afresh the sense of urgency behind the Sustainable Development Goals (SDGs) and our principle of “Transforming Our World.”

The Group is pursuing Integrated Thinking-based Management that seeks to help resolve environmental and social issues through its business. The Group believes that by transforming ourselves through Integrated Thinking-based Management with a long-term perspective based on global issues, we can make the Group resilient against not only the crisis brought about by the COVID-19 pandemic but also any possible future crises and can effectively respond to change. For the Group, sustainability is the strategy. The Group will act together with its stakeholders without pandering to short-termism and aim to be a more sustainable corporate group that cares for all workers in its value chains, the earth, and future generations of people and all living things.

### 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 has promoted business management that links its sustainability measures with initiatives of individual businesses and transformation of its foundation for growth under the 2019 Mid-term Management Plan.

In fiscal 2021, the final year of the 2019 Mid-term Management Plan and the period for preparation for the next Mid-term Management Plan, the Group will continue implementation of the following key measures.

In the Engineered Materials Business segment, the Group expects expansion of business opportunities mainly in the copper foil business, engineered powder business, and ceramics business, amid the trends of market expansion and sophistication in the fields related to emerging technologies such as 5G, IoT, CASE\*<sup>1</sup>, and MaaS\*<sup>2</sup>, which will realize Society 5.0\*<sup>3</sup>. The Group will expand sales to these related markets through balanced allocation of management resources. In addition, regarding exhaust detoxifying catalysts, the Group will focus on strengthening technology development including GPF catalyst\*<sup>4</sup> and boosting sales of exhaust detoxifying catalysts for automobiles.

In the Metals Business segment, the Company will continue to work to achieve a volume increase in recycling materials as well as recovery of byproducts. In April 2020, the Group revised the joint structure for copper operations, including Pan Pacific Copper Co., Ltd., and resumed the Company’s direct operation of a copper smelter. As well as increasing the collection of recycling materials and their volume by reestablishing the copper and precious metals network in the short term, the Group aims to reinforce the competitiveness of the smelting of recycled metal over the medium- to long-term through reestablishment of the synergy of a “New Smelting Network” that covers zinc and lead as well as copper and precious metals.

Regarding the copper mine business including the Caserones copper mine, the Company sold its interests from the viewpoint of business portfolio optimization. Going forward, the Group will strive to further enhance corporate value by redirecting management resources to other businesses.

In the Automotive Parts & Components Business segment, whose mainstay products are door latches, the Group will strive for unceasing improvements in earnings by continuing the strengthening of the function design capabilities, enhancement of design quality, and further reinforcement of manufacturing and cost competitiveness. At the same time, the Group will beef up strategic development investment and the structure to win full-scale orders for products for door systems attuned to the era of CASE and MaaS with the aim of increasing the probability of winning orders for new models.

In headquarters, the Company established the Business Creation Sector equipped with R&D functions and market co-creation functions in April 2020. The aim is to promote in-house R&D and co-creation with external partners and generate innovation addressing environmental and social issues by laying the foundation for business creation and securing competitive advantage. Moreover, the Company established the Sustainability Promotion Department in April 2021. Building on the Group’s efforts to transform itself into a sustainable entity so far, the Group will accelerate its sustainability measures as Group-wide activities linked with initiatives of individual businesses and promote transformation through Integrated Thinking-based Management.

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” and “Enhancement of corporate value over the medium- to long-term.”

- Notes: 1. CASE : Abbreviation of Connected, Autonomous/Automated, Shared, and Electric. A word coined to represent the new trends in automotive next-generation technologies and services.
2. MaaS : Abbreviation of Mobility as a Service. A concept of a cloud-based transport service platform using ICT to offer seamless mobility by viewing mobility by means of all types of transportation other than personally owned modes as a single service.
3. Society 5.0 : A science and technology policy announced by the Cabinet Office in January 2016. In Society 5.0, by linking cyberspace and physical space, all the things, information, and people are connected and total optimization of the quantity and the quality is pursued through the use of AI and other technologies.
4. 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.

## (7) Principal Business Offices, Plants, and Laboratories (As of March 31, 2021)

### 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)

### 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), Hibi Kyodo Smelting Co., Ltd. (Shinagawa-ku, Tokyo), 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 Kinzoku Components India Private Limited (India), 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)

Note: Mitsui Kinzoku Components India Private Limited and Hibi Kyodo Smelting Co., Ltd. are included in the principal subsidiaries from the fiscal year ended March 31, 2021 because their significance increased owing to the expansion of the scale of the business.

## (8) Condition of Principal Subsidiaries of Mitsui Kinzoku (As of March 31, 2021)

	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.	MYR330	100.0	Production and sale of Electro-deposited foil for printed wiring boards
Mitsui Kinzoku Components India Private Limited	INR400	100.0	Production and sale of exhaust detoxifying catalysts
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, and others
Hibi Kyodo Smelting Co., Ltd.	¥100	63.5	Smelting of copper
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.	THB210	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

Note: Mitsui Kinzoku Components India Private Limited and Hibi Kyodo Smelting Co., Ltd. are included in the principal subsidiaries from the fiscal year ended March 31, 2021 because their significance increased owing to the expansion of the scale of the business.

## (9) Employees (As of March 31, 2021)

## 1. Number of Mitsui Kinzoku Group Employees

Group	Number of Employees	
Engineered Materials Group	3,684	(594)
Metals Group	2,003	(309)
Automotive Parts & Components Group	4,205	(98)
Affiliates Coordination Group	1,363	(142)
Other Group	571	(41)
Total	11,826	(1,184)

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	1,166	(171)
Metals Group	348	(25)
Automotive Parts & Components Group	–	(–)
Affiliates Coordination Group	112	(20)
Other Group	443	(28)
Total	2,069	(244)

Number of Employees	Average Age (Years)	Average Length of Employment (Years)	Average annual salary (Thousands of Yen)
2,069	41.87	14.16	7,114

- 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, 2021)

	Amount of Borrowings (Millions of Yen)
Sumitomo Mitsui Banking Corporation	¥25,625
Sumitomo Mitsui Trust Bank, Ltd.	18,730
Mizuho Bank, Ltd.	9,849
MUFG Bank, Ltd.	9,766
The Yamaguchi Bank, Ltd.	5,950

## 2. Mitsui Kinzoku Group and the Company Outline

### (1) Common Stock (As of March 31, 2021)

1. Authorized: 190,000 thousand
2. Issued and outstanding: 57,296,616
3. Number of shareholders: 41,655 (up 4,113 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)	7,172	12.55
Custody Bank of Japan, Ltd. (Held in trust account)	3,614	6.32
JP MORGAN CHASE BANK 385632	1,480	2.59
The Employees' Shareholding Association	1,180	2.06
Custody Bank of Japan, Ltd. (Held in trust account 9)	933	1.63
JPMorgan Securities Japan Co., Ltd.	898	1.57
Custody Bank of Japan, Ltd. (Held in trust account 5)	817	1.43
Custody Bank of Japan, Ltd. (Held in trust account 6)	725	1.27
JP MORGAN CHASE BANK 385781	718	1.25
The Partners' Shareholding Association	698	1.22

Note: Percentages of shares held are calculated based on the total number of shares issued and outstanding (excluding 190,777 shares in treasury).

### Distribution of Shares by Type of Shareholder (Reference)

Classification	Number of shares held (Thousands)	Composition of shareholders (%)
Financial institutions	18,699	32.64
Securities firms	3,577	6.24
Other Japanese corporations	3,083	5.38
Overseas corporations, etc.	14,480	25.28
Individuals and others	17,264	30.13
Treasury stock	190	0.33

## (2) Directors and Corporate Auditors

### 1. Directors and Corporate Auditors (As of March 31, 2021)

Position	Name	Duties and Major Occupation	Important Positions Held Concurrently at Other Organizations
President and Representative Director	NISHIDA Keiji		
Vice President and Representative Director	NOU Takeshi	Executive Vice President, Senior General Manager of Business Creation 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	
Director	KIBE Hisakazu	Senior Executive Officer, Senior General Manager of Affiliates Coordination Strategic Sector	Outside Director of Nakabohtech Co., Ltd.
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.
Outside Director	TOIDA Kazuhiko		Chairperson of the Board, Rikkyo Educational Corporation
Corporate Auditor	MISAWA Masayuki		
Corporate Auditor	KUTSUNAI Akira		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, Dean of Faculty of Global Business and Director of Institute of Women's Culture, Showa Women's University, Outside Director of Nippon Telegraph and Telephone Corporation

- Notes: 1. Corporate Auditor KUTSUNAI Akira has for many years been responsible for the Company's bookkeeping operations and has considerable knowledge regarding finance and accounting.
2. Personal Changes for Director, Corporate Auditor and Outside Corporate Auditor Positions on June 26, 2020.
- (1) Corporate Auditor YOSHIDA Akira and KADOWAKI Takashi retired due to expiration of their terms .
- (2) KIBE Hisakazu and TOIDA Kazuhiko were appointed to new Director positions.
- (3) MISAWA Masayuki and KUTSUNAI Akira were appointed to new Corporate Auditor positions.
3. Outside Corporate Auditor TAKEGAWA Keiko assumed the posts of Dean of Faculty of Global Business and Director of Institute of Women's Culture, Showa Women's University on April 1, 2021
4. Changes of positions and duties of Directors and Corporate Auditors after the fiscal year-end (as of April 1, 2021)

Position	Name	Duties and Major Occupation
President and Representative Director	NOU Takeshi	
Representative Director	KIBE Hisakazu	Senior Managing Executive Officer, Senior General Manager of Business Creation Sector
Senior Managing Director	OSHIMA Takashi	Senior Managing Executive Officer, Senior General Manager of Corporate Planning & Control Sector
Director	NISHIDA Keiji	

5. Important positions held concurrently at other organizations by Outside Corporate Auditors after the fiscal year-end
- (1) Outside Corporate Auditor TAKEGAWA Keiko assumed the post of Specially Appointed Professor, Showa Women's University on April 1, 2021
- (2) Outside Corporate Auditor TAKEGAWA Keiko assumed the post of Outside Director of Sekisui House, Ltd. on April 27, 2021

## 2. Summary of Contracts for Limitation of Liability

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

## 3. Summary of Indemnity Contracts

The Company has no indemnity contracts with any of the Directors or Corporate Auditors provided for in the Company Law Article 430-2, Paragraph 1.

## 4. Summary of the Directors and Officers Liability Insurance Contract

The Company has concluded a directors and officers liability insurance contract provided for in the Company Law Article 430-3, Paragraph 1 with an insurance company under which the Directors and Corporate Auditors are the insured. The said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. The insurance premiums are fully borne by the Company.

## 5. Compensation, etc. Paid to Directors and Corporate Auditors

### (a) Total amount of compensation, etc. for the fiscal year under review

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)	¥252 (213)	208 (168)	44 (44)	8 (5)
Corporate Auditors				
(Corporate Auditors excluding Outside Corporate Auditors)	74 (50)	74 (50)	- (-)	6 (4)
Total	327 (263)	282 (219)	44 (44)	14 (9)

- 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.

(b) Policy, etc. regarding determination of compensation, etc. for Directors and Corporate Auditors

The Company has the Compensation Committee whose members include Outside Directors, Outside Corporate Auditors, the President, and the Director in charge of Human Resources.

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

An Outside Director is appointed chairperson of the Compensation Committee.

**The Compensation Committee**

(a) Composition of the Compensation Committee (As of the time when the amount of compensation for the fiscal year under review was determined)

	Name	Position, Duties and Major Occupation
Chairperson	MATSUNAGA Morio	Outside Director
Member	MIURA Masaharu	Outside Director
	TOIDA Kazuhiko	Outside Director
	NISHIDA Keiji	President and Representative Director
	OSHIMA Takashi	Director Senior Executive Officer, Senior General Manager of Corporate Planning & Control Sector, General Manager of Corporate Planning Department, Corporate Planning & Control Sector

Note: Outside Corporate Auditor ISHIDA Toru and Outside Corporate Auditor TAKEGAWA Keiko participated in the committee as advisors as of the time when compensation for the fiscal year under review was determined, but they have been attending as members of the committee since November 2020.

(b) Details of authorities delegated to the Compensation Committee

The Compensation Committee establishes and abolishes determination standards for the amounts of base compensation and performance-linked compensation for Directors, as well as determines the amounts of base compensation and performance-linked compensation for each Director, as delegated by the resolution of the Board of Directors.

(c) Measures to ensure appropriate execution of authority by the Compensation Committee

The Compensation Committee is composed mainly of Outside Directors, Outside Corporate Auditors, the President, and the Director in charge of Human Resources, and the chairperson is elected from among the Outside Directors. Moreover, if the Board of Directors resolves a correction to the financial results post-announcement due to material accounting error or fraud, the Compensation Committee shall deliberate on adjustments to performance-linked compensation and restrict its payment, or even demand pay back of compensation, when deemed necessary.

Compensation, etc. for Directors consists of base compensation and performance-linked compensation and is the level suitable for Directors to sufficiently fulfill management supervisory functions. In order to ensure competitiveness, appropriateness of the levels of the amounts of compensation is examined through comparison with those of other companies of similar size available as the findings of a compensation survey in which major companies in Japan participate.

Compensation, etc. for Corporate Auditors is determined by discussions among the Corporate Auditors, within the limit approved at the Annual General Meeting of Shareholders.

At the meeting of the Board of Directors of the Company held on February 24, 2021, a policy regarding determination of compensation, etc. for individual Directors was resolved. Regarding the said resolution by the Board of Directors, the Board of Directors sought advice from the Compensation Committee in advance for the matter to be resolved and received a report.

a. Policy on base compensation

Regarding base compensation, the base compensation for the President is set, taking into consideration



the Company's performance, corporate value, and other factors comprehensively. Base compensation for Directors with titles is calculated based on the base compensation for the President and by applying the ratio according to the title.

b. Policy on performance-linked compensation

Regarding performance-linked compensation, the amount of performance-linked compensation is calculated by using consolidated ordinary income, which the Company considers as a key indicator for evaluating operating results, as the performance indicator. In addition, the amounts of performance-linked compensation for individual Directors responsible for business units are determined by reflecting the evaluation corresponding to the performance of the business for which the Director is responsible. Outside Directors and Corporate Auditors who are uninvolved in business execution do not receive performance-linked compensation.

c. Policy on the composition of compensation, etc.

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

(Current compensation system for individual Directors)

	Base compensation	Short-term incentive
Composition of compensation	Base compensation 53-100%	Performance-linked compensation 47-0%
Key performance indicator (KPI)	-	Consolidated ordinary income for the previous fiscal year

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

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

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

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

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

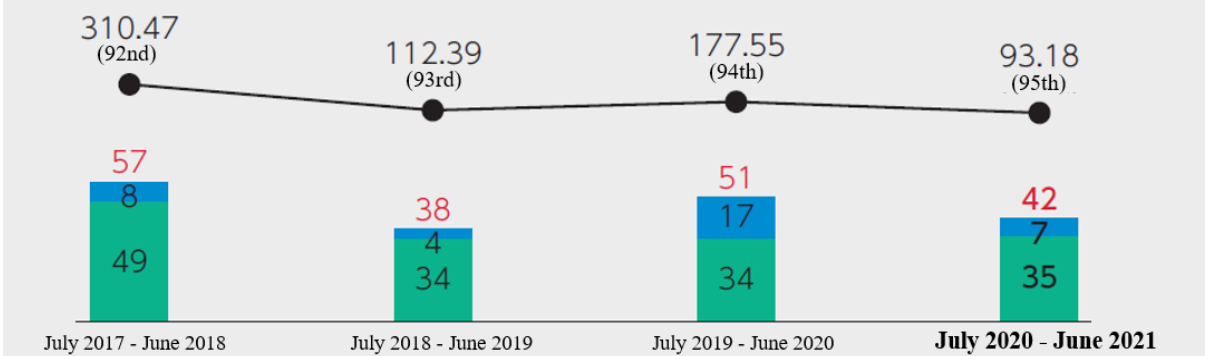
● Ordinary income for the previous fiscal year

■ Base Compensation

■ Performance Payments

(Unit for compensation for officers: millions of yen)

(Unit for ordinary income: hundred millions of yen)



(1) The ratio of base compensation to performance payments was changed in July 2018.

(2) The number of Directors (excluding Outside Directors) for each term is as follows.

92nd term: 4, 93rd term: 4, 94th term: 4, 95th term: 5

## 6. 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	87	-	Attended 14 out of 16 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	100	-	Attended all 16 meetings of the Board of Directors during the fiscal year. 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.
Director	TOIDA Kazuhiko	100	-	Attended all 12 meetings of the Board of Directors during the fiscal year after assuming his position. Based on a wealth of experience in business execution as a manager in the automotive industry, he made appropriate and necessary comments on proposals and discussions from a wide perspective.
Corporate Auditor	ISHIDA Toru	93	93	Attended 15 out of 16 meetings of the Board of Directors and 15 out of 16 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 16 meetings of the Board of Directors and all 16 meetings of the Board of Auditors during the fiscal year. 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) Principal activities of Outside Directors

Position	Name	Principal activities of Outside Directors	Summary of duties performed by the outside officer concerning the expected role
Director	MATSUNAGA Morio	The Company expects him to utilize his specialized knowledge of engineering and a wealth of experience in organizational management as a university professor and the president of a national university corporation and, for medium- to long-term enhancement of corporate value, vigorously state opinions from a standpoint independent from the management team and unconstrained by the conventional wisdom within the Company so as to contribute to the strengthening of the Group's management oversight and supervisory functions and enhancement of the transparency of the Board of Directors.	During the fiscal year under review, as the chairperson of the Compensation Committee, he played a central role in revising the compensation system for Directors and promoted the introduction of the restricted stock compensation plan for sustainable enhancement of corporate value and further sharing of value with shareholders.
Director	MIURA Masaharu	The Company expects him to utilize his wealth of knowledge and experience in legal circles as a public prosecutor and a lawyer and, for medium- to long-term enhancement of corporate value, vigorously state opinions from a standpoint independent from the management team and unconstrained by the conventional wisdom within the Company so as to contribute to the strengthening of the Group's management oversight and supervisory functions and enhancement of the transparency of the Board of Directors.	During the fiscal year under review, as the chairperson of the Internal Audit Committee, for the purpose of strengthening the management oversight and supervisory functions, he promoted determination of the policy and the plan for internal audits and evaluation of audit results. Moreover, as the chairperson of the Nomination Advisory Committee, he led discussion on the chief executive officer succession plan and reported to the Board of Directors about the definition of requirements for a person to be the President and appropriateness of the nomination process.
Director	TOIDA Kazuhiko	The Company expects him to utilize his wide range of business experience and wealth of knowledge and experience as a manager and, for medium- to long-term enhancement of corporate value, vigorously state opinions from a standpoint independent from the management team and unconstrained by the conventional wisdom within the Company so as to contribute to the strengthening of the Group's management oversight and supervisory functions and enhancement of the transparency of the Board of Directors.	As an Outside Director with business experience, at meetings of the Board of Directors he stated opinions based on his wealth of experience in business execution and management and insight and thereby contributed to enhancement of effectiveness of the Board of Directors of the Company. Moreover, as a member of the Nomination Advisory Committee, Compensation Committee, and Internal Audit Committee, he vigorously stated opinions from a standpoint independent from business execution.

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

Classification	Total Compensation, etc. (Millions of Yen)	Number of Applicable Officers
Outside Directors and Outside Corporate Auditors	¥63	5

(e) 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 five of its Outside Directors (MATSUNAGA Morio, MIURA Masaharu and TOIDA Kazuhiko) 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	¥1	¥117
The Company's subsidiaries	64	0	64
Amount	¥181	¥1	¥182

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 2020, 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 the Company Law Article 399, Paragraph 1 with regard to compensation, etc. for the independent auditing firm for fiscal 2020.

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.; Mitsui Kinzoku Components India Private Limited; 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," which is a service outside the professional responsibilities provided under the Certified Public Accountants Act Article 2, Paragraph 1 (non-audit service).

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

When the provisions of the Company Law Article 340, Paragraph 1 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, hygiene, ICT, etc. for the purpose of maintaining soundness of overall internal control among others.

[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 three 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. Moreover, during the fiscal year under review the Company appointed an Outside Corporate Auditor as a member of the Nomination Advisory Committee and the Compensation Committee and, as a result, independence and objectiveness in these committees were further enhanced.

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 conducts 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)," regulations concerning ICT governance, 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]

The Company has set up a unit dedicated to risk and crisis management in the General Affairs Department for the purpose of minimizing, through risk management, the impact and damage suffered by the Company and its subsidiaries from the events that pose threats to assets and earnings of the Company and its subsidiaries. The General Affairs Department serves as a secretariat to identify and evaluate risks to which the Company and its subsidiaries are exposed, and manages the current status by means of risk mapping, which helps promote risk mitigation activities carried out by organizational units in charge of each type of risk.

Moreover, the Group decided on policies for risk management and implemented measures to deal with risks when they materialize, including training for incident management in the event of an emergency and improvement of various manuals, thereby promoting risk management.

### **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, and transfer of authority to executive departments, with an aim 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 the fiscal year under review, ordinary meetings of the Board of Directors were held once every month and total of four extraordinary meetings of the Board of Directors were held with two meetings in May 2020 and one meeting in February and March 2021 respectively. In accordance with authorities such as approving authorities that stipulate the assignment of responsibilities for management, the Board of Directors deliberated and made decision on necessary important matters.

The authority has been delegated to executive units, as necessary, by reviewing the classification of responsibilities concerning management to enhance efficiency of decision-making. Meanwhile, the Board of Directors periodically receives reports on the status of execution of duties from each Executive Officer and monitors the status of business execution. Moreover, a meeting was held between Outside Directors and the independent auditing firm to exchange views and share information.

### **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) Regarding the details of the reporting made via the whistleblowing system, a system shall be setup for promptly sharing the information with 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 so that the person who made the report and the related worksites are not identified. During fiscal 2020, the Company revised the "Regulation for Whistle-Blowing System (Tsuuhou-tou toriatsukai ni kansuru kisoku)," and established a system enabling faster information sharing with the Company's Corporate Auditors.

**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. Moreover, a system is in place that enables close collaboration between Corporate Auditors and the Internal Audit Department for audits.

[Overview of the status of operation]

During fiscal 2020, meetings to exchange opinions were held twice between the Representative Directors and Corporate Auditors. Corporate Auditors held meetings seven 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 independent auditing firm as necessary. Corporate Auditors attend the Internal Audit Committee as observers and share the audit plan and audit results.

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\*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, 2021)

	Millions of yen	
	2020	2019 (Reference)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and time deposits	¥30,413	¥32,677
Notes and accounts receivable	113,209	83,979
Merchandise and finished goods	53,598	41,081
Work in process	35,138	29,536
Raw materials and supplies	61,396	50,897
Others	20,264	24,897
Allowance for doubtful accounts	(193)	(212)
Total current assets	313,827	262,856
<b>Fixed assets:</b>		
Tangible fixed assets:		
Buildings and structures	197,675	187,204
Machinery and automotive equipment	483,277	388,292
Land	31,501	34,245
Lease assets	6,398	6,031
Construction in progress	9,778	12,067
Others	58,474	55,277
Accumulated depreciation	(587,068)	(493,993)
Total tangible fixed assets	200,037	189,124
Intangible fixed assets	7,971	5,762
Investments and other assets:		
Investment securities	57,212	65,980
Long-term loans	423	435
Net defined benefit asset	7,019	3,769
Deferred tax assets	5,875	5,174
Others	2,822	4,092
Allowance for doubtful accounts	(83)	(78)
Total investments and other assets	73,270	79,375
Total fixed assets	281,279	274,262
<b>Total assets</b>	<b>¥595,107</b>	<b>¥537,119</b>

English Translation of Financial Statements Originally Issued in the Japanese Language

	Millions of yen	
	2020	2019 (Reference)
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	¥45,660	¥41,346
Short-term debt	68,109	53,187
Commercial paper	21,000	25,000
Current portion of straight bonds	10,000	20,000
Current portion of lease liability	1,186	485
Accrued income taxes	2,891	1,986
Consumption taxes payable	1,499	1,226
Provision for bonus	5,475	4,989
Provision for product warranties	936	1,147
Provision for loss on construction contracts	-	80
Business structure improvement expenses	249	2
Provision for loss on disposal of inventories	178	321
Others	38,008	36,266
<b>Total current liabilities</b>	<b>195,196</b>	<b>186,040</b>
<b>Long-term liabilities:</b>		
Straight bonds	40,000	40,000
Long-term debt	108,821	94,883
Lease liability	1,790	2,652
Deferred tax liabilities	5,618	1,260
Directors' and corporate auditors' retirement benefits	610	598
Provision for environmental countermeasures	757	803
Provision for preventing environmental pollution in mineral, mining, and other operations	705	722
Provision for loss on litigation	116	116
Net defined benefit liability	26,528	26,776
Asset retirement obligations	3,753	3,727
Others	647	6,281
<b>Total long-term liabilities</b>	<b>189,349</b>	<b>177,823</b>
<b>Total Liabilities</b>	<b>384,546</b>	<b>363,863</b>
<b>Net assets</b>		
Common stock	42,129	42,129
Capital surplus	22,631	22,631
Retained earnings	133,739	93,159
Treasury stock	(625)	(623)
<b>Shareholders' equity</b>	<b>197,874</b>	<b>157,296</b>
Net unrealized gains on securities, net of tax	3,059	659
Unrealized gains (losses) on hedging derivatives, net of tax	(552)	(174)
Foreign currency translation adjustments	(2,696)	7,275
Remeasurements of defined benefit plans	1,283	(322)
<b>Accumulated other comprehensive income</b>	<b>1,093</b>	<b>7,436</b>
<b>Non-controlling interests</b>	<b>11,591</b>	<b>8,522</b>
<b>Total net assets</b>	<b>210,560</b>	<b>173,255</b>
<b>Total liabilities and net assets</b>	<b>¥595,107</b>	<b>¥537,119</b>

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

## Consolidated Statement of Operations

(April 1, 2020 to March 31, 2021)

	Millions of yen	
	2020	2019 (Reference)
<b>Net sales</b>	¥522,936	¥473,109
<b>Cost of sales</b>	420,717	403,460
<b>Gross profit</b>	102,219	69,648
Selling, general and administrative expenses	51,094	56,611
<b>Operating income</b>	51,124	13,037
<b>Non-operating income:</b>		
Interest income	293	446
Dividend income	2,848	1,197
Other income	2,779	1,200
	5,920	2,844
<b>Non-operating expenses:</b>		
Interest expense	1,670	1,749
Investment losses on equity method	1,673	1,429
Other expenses	2,436	3,384
	5,780	6,563
<b>Ordinary income</b>	51,265	9,318
<b>Extraordinary profits:</b>		
Gain on sales of property, plant and equipment	8,350	175
Gain on sales of investment securities	9,666	45
Gain on sales of stock of affiliated companies	13,450	-
Others	896	519
	32,364	740
<b>Extraordinary losses:</b>		
Loss on sales of property, plant and equipment	264	132
Loss on disposal of property, plant and equipment	1,963	2,154
Loss on sales of stock of affiliated companies	-	812
Loss on step acquisitions	1,500	-
Loss on Transfer of Interest in the Copper Mine	20,482	-
Loss on market measures related to the automotive parts	2,926	-
Others	1,777	1,165
	28,914	4,264
<b>Profit before income taxes</b>	54,714	5,794
<b>Income taxes:</b>		
Current	5,611	5,267
Deferred	2,909	(1,185)
<b>Net income</b>	46,193	1,712
Profit attributable to non-controlling interests	1,421	146
<b>Profit attributable to owners of parent</b>	¥44,771	¥1,566

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, 2020 to March 31, 2021)

Millions of yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of period	42,129	22,631	93,159	(623)	157,296
Changes of items during period					
Dividends from surplus			(3,997)		(3,997)
Profit attributable to owners of parent			44,771		44,771
Adjustments due to the changes in fiscal year-end of consolidated subsidiaries			(195)		(195)
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	40,579	(1)	40,577
Balance at end of period	42,129	22,631	133,739	(625)	197,874

	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	659	(174)	7,275	(322)	7,436	8,522	173,255
Changes of items during period							
Dividends from surplus							(3,997)
Profit attributable to owners of parent							44,771
Adjustments due to the changes in fiscal year-end of consolidated subsidiaries							(195)
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	2,400	(377)	(9,971)	1,606	(6,342)	3,069	(3,272)
Total changes of items during period	2,400	(377)	(9,971)	1,606	(6,342)	3,069	37,305
Balance at end of period	3,059	(552)	(2,696)	1,283	1,093	11,591	210,560

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

## Balance Sheet

(As of March 31, 2021)

	Millions of yen	
	2020	2019 (Reference)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and time deposits	¥13,446	¥13,279
Notes receivable	1,491	992
Accounts receivable	64,247	49,959
Merchandise and finished goods	30,180	24,566
Work in process	12,117	11,651
Raw materials and supplies	27,083	26,203
Advances payments	165	511
Prepaid expenses	327	639
Short-term loans	50,163	42,942
Other accounts receivable	10,734	7,815
Payment for others	4,249	2,368
Derivative assets	880	2,012
Others	69	38
Allowance for doubtful accounts	(1)	(1)
<b>Total current assets</b>	<b>215,155</b>	<b>182,977</b>
<b>Fixed assets:</b>		
<b>Tangible fixed assets:</b>		
Buildings	42,295	42,395
Structures	13,917	13,755
Machinery and equipment	115,969	118,801
Automotive equipment	534	541
Tools, equipment and furniture	9,231	9,654
Land used for mining operations	175	175
Land	15,844	15,772
Lease assets	1,042	992
Construction in progress	1,318	2,192
Accumulated depreciation	(152,387)	(155,814)
<b>Total tangible fixed assets</b>	<b>47,938</b>	<b>48,467</b>
<b>Intangible fixed assets:</b>		
Rights of utilization	2,324	1,650
Software in progress	1,905	1,246
<b>Total intangible fixed assets</b>	<b>4,230</b>	<b>2,897</b>
<b>Investments and other assets:</b>		
Investment securities	9,445	8,011
Stock of subsidiaries and affiliates	95,760	121,784
Investments in other securities of subsidiaries and affiliates	1,421	7,372
Investments in capital of subsidiaries and affiliates	3,026	3,026
Long-term loans	54,228	53,993
Deferred tax assets	-	2,086
Derivative assets	63	-
Others	4,191	2,454
Allowance for doubtful accounts	(304)	(338)
<b>Total investments and other assets</b>	<b>167,832</b>	<b>198,390</b>
<b>Total fixed assets</b>	<b>220,001</b>	<b>249,755</b>
<b>Total assets</b>	<b>¥435,157</b>	<b>¥432,733</b>

English Translation of Financial Statements Originally Issued in the Japanese Language

	Millions of yen	
	2020	2019 (Reference)
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	¥23,724	¥23,764
Short-term debt	27,534	25,372
Commercial paper	21,000	25,000
Current portion of long-term loans payable	14,869	7,788
Current portion of straight bonds	10,000	20,000
Current portion of lease liability	53	49
Accrued payments	9,588	9,668
Accrued expenses	624	1,137
Accrued income taxes	84	208
Advances received	264	59
Deposits received	33,022	21,536
Provision for bonus	2,191	2,072
Provision for product warranties	15	7
Derivative liabilities	609	1,016
Others	-	0
<b>Total current liabilities</b>	<b>143,584</b>	<b>137,681</b>
<b>Long-term liabilities:</b>		
Straight bonds	40,000	40,000
Long-term debt	106,536	93,059
Lease obligations	97	96
Employees' retirement benefits	16,230	15,880
Provision for environmental countermeasures	721	770
Provision for preventing environmental pollution in mineral, mining, and other operations	252	249
Provision for loss on litigation	75	75
Asset retirement obligations	126	126
Deferred tax liabilities	737	-
Others	149	153
<b>Total long-term liabilities</b>	<b>164,926</b>	<b>150,411</b>
<b>Total liabilities</b>	<b>308,510</b>	<b>288,092</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
<b>Common stock</b>		
Common stock	42,129	42,129
<b>Capital surplus:</b>		
Legal capital surplus	22,557	22,557
Other capital surplus	0	0
<b>Total capital surplus</b>	<b>22,557</b>	<b>22,557</b>
<b>Retained earnings:</b>		
Legal retained earnings	2,406	2,406
Other retained earnings	57,709	77,503
Retained earnings brought forward	57,709	77,503
<b>Total retained earnings</b>	<b>60,115</b>	<b>79,909</b>
<b>Treasury stock</b>	<b>(625)</b>	<b>(623)</b>
<b>Total shareholders' equity</b>	<b>124,177</b>	<b>143,972</b>
<b>Valuation and translation adjustments</b>		
Net unrealized gains on securities, net of tax	2,468	667
Unrealized gains (losses) on hedging derivatives, net of tax	2,411	284
	57	383
<b>Total net assets</b>	<b>126,646</b>	<b>144,640</b>
<b>Total liabilities and net assets</b>	<b>¥435,157</b>	<b>¥432,733</b>

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



## Statement of Operations

(April 1, 2020 to March 31, 2021)

	Millions of yen	
	2020	2019 (Reference)
<b>Net sales</b>	¥269,118	¥240,690
<b>Cost of sales</b>	225,239	219,943
<b>Gross profit</b>	43,879	20,747
Selling, general and administrative expenses	27,459	30,224
<b>Operating income (loss)</b>	16,419	(9,477)
<b>Non-operating income:</b>		
Interest and dividend income	10,196	8,771
Other income	2,127	973
	12,323	9,744
<b>Non-operating expenses:</b>		
Interest expense	932	1,129
Other expenses	1,503	2,728
	2,436	3,857
<b>Ordinary income (loss)</b>	26,306	(3,589)
<b>Extraordinary profits:</b>		
Gain on sales of property, plant and equipment	1,993	60
Gain on sales of investment securities	9,488	23
Gain on sales of stock of affiliated companies	13,450	0
Other profits	203	118
	25,136	202
<b>Extraordinary expenses:</b>		
Loss on sales and disposal of property, plant and equipment	749	349
Loss on impairment of fixed assets	-	64
Loss on sales of stock of affiliated companies	-	1,600
Provision for loss on litigation	-	75
Loss on Transfer of Interest in the Copper Mine	66,769	-
Other expenses	964	556
	68,483	2,646
<b>Loss before income taxes</b>	(17,041)	(6,033)
<b>Income taxes:</b>		
Current	(3,542)	(643)
Deferred	2,297	(2,123)
<b>Net Loss</b>	(¥15,796)	(¥3,266)

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, 2020 to March 31, 2021)

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	77,503	79,909	(623)	143,972
Changes of items during period									
Dividends from surplus						(3,997)	(3,997)		(3,997)
Net loss						(15,796)	(15,796)		(15,796)
Purchase of treasury stock								(1)	(1)
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	-	-	-	(19,793)	(19,793)	(1)	(19,795)
Balance at end of period	42,129	22,557	0	22,557	2,406	57,709	60,115	(625)	124,177

	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	284	383	667	144,640
Changes of items during period				
Dividends from surplus				(3,997)
Net loss				(15,796)
Purchase of treasury stock				(1)
Net changes of items other than shareholders' equity	2,127	(326)	1,801	1,801
Total changes of items during period	2,127	(326)	1,801	(17,993)
Balance at end of period	2,411	57	2,468	126,646

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