

## [Summary]

Securities identification code: 5706  
May 31, 2023

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 98th Annual General Meeting of Shareholders**

Dear Shareholders:

Thank you for your patronage. You are cordially invited to attend the 98th Annual General Meeting of Shareholders of Mitsui Mining & Smelting Co., Ltd. The meeting will be held on Thursday, June 29, 2023. 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 98th fiscal year.

Sincerely,

#### **Meeting Particulars**

1. Date and Time: 10:00 a.m. on Thursday, June 29, 2023

2. Place: Gate City Hall, Underground Level 1,  
Gate City Ohsaki-West Tower,  
1-11-1 Osaki, Shinagawa-ku, Tokyo

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 98th fiscal year (from April 1, 2022, to March 31, 2023)
2. Reports on financial statements for the 98th fiscal year (from April 1, 2022, to March 31, 2023)

Matters to be resolved

Proposals by the Company: Items 1-4

- |             |   |
|-------------|---|
| First Item  | Appropriation of Retained Earnings  |
| Second Item | Election of nine (9) Directors  |
| Third Item  | Election of one (1) Corporate Auditor   |
| Fourth Item | Revisions to Restricted Stock Compensation Plan for Directors (excluding Outside Directors) |

Proposals by a Shareholder: Items 5-9

Fifth Item	Acquisition of Treasury Stock
Sixth Item	Exemption of Directors from liability
Seventh Item	Amendment of Articles of Incorporation Regarding the Disclosure of the Cost of Capital
Eighth Item	Partial Amendment of the Articles of Incorporation
Ninth Item	Partial Amendment of the Articles of Incorporation (Holding Elections)

Proposals by a Shareholder (Items 5-9) are described in pages 23-27 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 Fifth, Sixth, Seventh, Eighth and Ninth Items, **the Board of Directors of the Company is opposed to these proposals.**

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

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form or by electronic means (Internet, etc.). Please review the attached General Meeting of Shareholders' Reference Materials and exercise your voting rights **by 5 p.m. (Japan Time) on Wednesday, June 28, 2023.**

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.

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.

- 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. 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.

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 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 p.m. (Japan Time) on Wednesday, June 28, 2023

## 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 or a smartphone, 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.

Exercise deadline: Until 5 p.m. (Japan Time) on Wednesday, June 28, 2023

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 and submission of questions

This General Meeting of Shareholders will be available for the shareholders to view from home, etc. through a live stream on the Internet and questions concerning the Company will be accepted as instructed below.

## 1. Date and time for the live stream

From 10:00 a.m. on Thursday, June 29, 2023 to the end of the General Meeting of Shareholders

The webpage for live stream can be accessed from about 9:30 a.m. on the same day.

### Note of caution

- (a) Viewing of the live stream is limited to shareholders.
- (b) Please refrain from audio recordings, video recordings, and publicizing thereof 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) 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 Companies Act 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.
- (e) Any telecommunications fees, etc. for viewing the live stream and submitting questions shall be borne by the shareholder.

## 2. How to ask questions

Questions concerning the Company will be accepted in advance on the following website. Among the questions the Company receives, matters of high interest to shareholders will be answered at this Annual General Meeting of Shareholders.

Term for submission of questions: From June 5, 2023 (Monday) until 12:00 p.m. on June 26, 2023 (Monday)

### Note of caution

- (a) Submitting questions is limited to shareholders.
- (b) Please be as concise as possible in your questions.
- (c) Please note that we cannot guarantee a response to all of your questions received in advance.
- (d) Any telecommunications fees, etc. for submitting questions shall be borne by the shareholder.

## 3. How to Log in to the website (Live stream/Submission of questions)

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-kinzoku98/login.aspx>



### ID and password

- (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

# General Meeting of Shareholders' Reference Materials

## Matters to Be Resolved and Reference Items:

### Proposals by the Company: Items 1-4

#### 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.

Specifically, the Company aims to pay dividends at a consolidated dividend on equity ratio (DOE) of approximately 3.0%, 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 ¥140 per share as described below, ¥30 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	¥140 per share of common stock Total value of ¥7,999,239,220
(3) Effective Date of Retained Earnings Distribution	June 30, 2023

## Second Item

### Election of nine (9) 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 nine (9) candidates be appointed to Director positions, adding one (1) Director for the purpose of strengthening management for the implementation of Integrated Thinking-based Management. The candidates for Director positions are as follows, and Mr. MATSUNAGA Morio, Mr. TOIDA Kazuhiko and Ms. TAKEGAWA Keiko are candidates for Outside Directors.

Regarding the Director candidates, the Nomination Review Committee chaired by an Outside Director has comprehensively examined their capabilities, knowledge, and character in consideration of their diversity, and considered those who can sufficiently fulfill their responsibilities as Directors, and the Board of Directors has determined the candidates based on these results.

No.	Name	Title/Positions	Number of years served as Director (Year)	Attendance rate *1	Committee
1	NOU Takeshi Reappointed	President, Representative Director	8	100%	Nomination*2 Compensation*3
2	KIBE Hisakazu Reappointed	Representative Director, Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Corporate Planning & Control Sector	3	100%	-
3	TSUNODA Satoshi Reappointed	Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Metals Sector	2	100%	-
4	OKABE Masato Reappointed	Managing Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector	1	100%	Internal Audit*4
5	MIYAJI Makoto Reappointed	Director, Senior Executive Officer, Senior General Manager of Technology Sector, Chief Environmental Officer and Chief Health and Safety Officer	2	100%	-
6	IKENOBU Seiji Newly Appointed	Executive Officer, Deputy Senior General Manager of Corporate Planning & Control Sector	-	-	-
7	MATSUNAGA Morio Reappointed Outside Independent	Outside Director	7	100%	Nomination Compensation (Chairperson) Internal Audit

8	TOIDA Kazuhiko <u>Reappointed</u> <u>Outside</u> <u>Independent</u>	Outside Director Chairperson of the Board of Directors	3	100%	Nomination (Chairperson) Compensation Internal Audit
	TAKEGAWA Keiko <u>Reappointed</u> <u>Outside</u> <u>Independent</u>	Outside Director	2	100%	Nomination Compensation Internal Audit (Chairperson)

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

\*1. Attendance Rate: attendance rate at the meeting of Board of Directors

\*2. Nomination: Nomination Review Committee

\*3. Compensation: Compensation Committee

\*4. Internal Audit: Internal Audit Committee

#### Attributes of the candidates

Reappointed: Candidate as Director for reappointment

Newly Appointed: Candidate as Director for newly-appointment

Outside: 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: 23,900 Number of years served as Corporate Director: Eight (8) years Attendance at the meetings of the Board of Directors: 100% (13/13) Attendance at the meeting of the Nomination Review Committee: 100% (7/7) Attendance at the meeting of the Compensation Committee: 100% (10/10)
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Reappointed

◆ Profile; Title and Positions

April 1986	Entered the Company
June 2010	Managing Director of Mitsui Copper Foil (Malaysia) Sdn. Bhd.
October 2013	General Manager of Recycling Business Promotion Group, Metals, Minerals & Environmental Engineering Sector
April 2014	Executive Officer, Senior General Manager of Technology Management Division, Metals & Recycling Division, Metals Sector
April 2015	Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector
June 2015	Director, Senior Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector
October 2015	Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector
April 2016	Representative Director, Managing Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector
April 2020	Vice President, Representative Director, Executive Vice President, Senior General Manager of Business Creation Sector
April 2021	President and Representative Director (current positions)

◆ Important Positions Held Concurrently at Other Organizations  
Outside Director of Powdertech Co., Ltd.

◆ 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. He is well versed in the Company's business, including areas which are currently growing and areas which are expected to grow in the future, having launched the Business Creation Sector to create growth products and businesses as foundation for future. He has been driving the Group with strong leadership as Vice President and Representative Director from 2020, and President and Representative Director from April 2021. 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.

◆ Special Interests between the 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 Companies Act 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 at the expiration of the current contract term.



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Candidate Number: 2	KIBE Hisakazu (November 1, 1960)	Number of Company's Shares in Possession: 15,300 Number of years served as Corporate Director: Three (3) years Attendance at the meetings of the Board of Directors: 100% (13/13)
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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
June 2021	Representative Director, Senior Managing 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

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 since June 2021, he is responsible for the Corporate Planning Department, 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 Companies Act 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 at the expiration of the current contract term.

Candidate Number: 3	<b>TSUNODA Satoshi</b> (October 28, 1960)	Number of Company's Shares in Possession: 15,100 Number of years served as Corporate Director: Two (2) years Attendance at the meetings of the Board of Directors: 100% (13/13)
<b>Reappointed</b>	<p>◆Profile; Title and Positions</p> <p>April 1987 Entered the Company</p> <p>April 2013 General Manager of Zinc Division, Metals, Minerals &amp; Environmental Engineering Sector, Manager of Sales Department, Zinc Division, Metals, Minerals &amp; Environmental Engineering Sector</p> <p>June 2013 Executive Officer of the Company, General Manager of Zinc Division, Metals, Minerals &amp; Environmental Engineering Sector</p> <p>April 2014 Executive Officer of the Company, Deputy General Manager of Metals &amp; Recycling Division, Metals Sector, Manager of Marketing Department, Metals &amp; Recycling Division, Metals Sector</p> <p>April 2015 Executive Officer of the Company, General Manager of Metals &amp; Recycling Division, Metals Sector, Manager of Marketing department, Metals &amp; Recycling Division, Metals Sector</p> <p>October 2015 Executive Officer of the Company, Director, Executive Officer of Pan Pacific Copper Co., Ltd.</p> <p>April 2018 Executive Officer of the Company, Deputy Senior General Manager of Metals Sector, General Manager of Copper Business Strategic Division, Metals Sector</p> <p>April 2019 Senior Executive Officer, Senior General Manager of Metals Sector</p> <p>April 2021 Senior Executive Officer, Senior General Manager of Metals Sector, General Manager of Business Planning Group, Metals Sector</p> <p>June 2021 Director, Senior Executive Officer, Senior General Manager of Business Metals Sector</p> <p>June 2022 Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Metals Sector (current positions)</p> <p>◆Important Positions Held Concurrently at Other Organizations No significant position held concurrently at other organizations</p> <p>◆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 he was appointed a Senior Executive Officer and the Senior General Manager of Metals Sector in 2019, a Director in 2021 and a Senior Managing Director in 2022, he has been participating in the Company's management as a person 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.</p> <p>◆Special Interests between 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 Companies Act 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 at the expiration of the current contract term.

Candidate Number: 4	OKABE Masato (May 5, 1963)	Number of Company's Shares in Possession: 6,600 Number of years served as Corporate Director: One (1) year Attendance at the meetings of the Board of Directors: 100% (10 /10) Attendance at the meetings of the Internal Audit Committee: 100% (2/2)
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**Newly Appointed**

◆ Profile; Title and Positions

April 1986	Entered the Company
June 2010	Director and Vice President, Taiwan Copper Foil Company, Limited
June 2011	General Manager of Business Planning Group, Electronics Materials Sector
September 2013	Assistant to General Manager of Catalysts Strategic Division, Engineered Materials Sector
January 2014	General Manager of Sales Department, Catalysts Strategic Division, Engineered Materials Sector
October 2015	Deputy General Manager of Catalysts Division and General Manager of Sales Department, Catalysts Division, Engineered Materials Sector
April 2016	Executive Officer, General Manager of Catalysts Division, Engineered Materials Sector
October 2019	Deputy Senior General Manager of Engineered Materials Sector, General Manager of Catalysts Division, Engineered Materials Sector
April 2020	Senior Executive Officer, Senior General Manager of Engineered Materials Sector
June 2022	Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector
April 2023	Managing Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials 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. OKABE Masato has good knowledge of business strategy and sales and marketing gained through extensive sales and planning experience in the Group's electronic materials business and engineered materials business, and he is well versed in the Company's business. Additionally, since he was appointed a Senior Executive Officer in 2020, a Director in 2022, and a Managing Director in April 2023, he has been participating in the Company's management and implementing various measures to maximize the Group's corporate value as Senior General Manager of the Engineered Materials Sector. 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 Companies Act Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. OKABE Masato 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 at the expiration of the current contract term.

Candidate Number: 5	MIYAJI Makoto (January 30, 1964)	Number of Company's Shares in Possession: 8,600 Number of years served as Corporate Director: Two (2) years Attendance at the meetings of the Board of Directors: 100% (13/13)
<b>Reappointed</b>	<p>◆Profile; Title and Positions</p> <p>April 1986 Entered the Company</p> <p>April 2010 General Manager of Technical Department, Battery Materials Division, Engineered Materials Sector</p> <p>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</p> <p>April 2014 Executive Officer, General Manager of Battery Materials Division, Engineered Materials Sector, General Manager of Manufacture Department, Battery Materials Division, Engineered Materials Sector</p> <p>April 2015 Executive Officer, General Manager of Catalysts Division, Engineered Materials Sector, General Manager of Manufacture Department, Catalysts Division, Engineered Materials Sector</p> <p>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</p> <p>April 2016 Executive Officer, Deputy Senior General Manager of Engineered Materials Sector, General Manager of Engineered Powders Division, Engineered Materials Sector</p> <p>April 2018 Executive Officer, General Manager of Human Resource Department, Corporate Planning &amp; Control Sector, General Manager of Office of Secretariat, Corporate Planning Department, Corporate Planning &amp; Control Sector</p> <p>April 2021 Executive Officer, General Manager of Office of Secretariat, Corporate Planning Department, Corporate Planning &amp; Control Sector</p> <p>June 2021 Director, Executive Officer, Chief Environmental Officer and Chief Health and Safety Officer</p> <p>April 2023 Director, Senior Executive Officer, Senior General Manager of Technology Sector, Chief Environmental Officer and Chief Health and Safety Officer (current positions)</p> <p>◆Important Positions Held Concurrently at Other Organizations No significant position held concurrently at other organizations</p> <p>◆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, General Manager of Engineered Powders Division and General Manager of Human Resource Department. In addition, since 2021, he has been participating in the Company's management as a Director, and as the Chief Environmental Officer and the Chief Health and Safety Officer and as the Senior General Manager of the Technology Sector since April 2023, he has been overseeing the Production Engineering Department, Quality Assurance Department, Environment &amp; Safety Department and Intellectual Property Department and working to strengthen the Company's technology foundation, including green transformation (GX) and digital transformation (DX) and to develop human resources in the technology field. 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 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 Companies Act 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 at the expiration of the current contract term.

Candidate Number: 6	IKENOBU Seiji (February 12, 1971)	Number of Company's Shares in Possession: 1,900 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 1995	Entered the Company
June 2013	General Manager of Technical Planning Group, Technology Management Division, Metals, Minerals & Environmental Engineering Sector
January 2015	General Manager of Ageo Copper Foil, Strategic Production Planning Department, Copper Foil Division, Engineered Materials Sector
April 2016	General Manager of Business Planning Group, Metals Sector
April 2020	General Manager of Business Planning Group, Metals Sector, Deputy General Manager of Copper & Precious Metals Division, Metals Sector, General Manager of Business Development Department, Metals Sector
April 2021	Executive Officer, General Manager of Corporate Planning Department, Corporate Planning & Control Sector
April 2022	Executive Officer, General Manager of Corporate Planning Department, Corporate Planning & Control Sector, General Manager of Business Reconstruction Office, Corporate Planning Department, Corporate Planning & Control Sector
April 2023	Executive Officer, Deputy Senior General Manager of Corporate Planning & Control Sector, General Manager of 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. IKENOBU Seiji possesses a wide range of experience and knowledge in the metals business, engineered materials business and corporate planning of the Group and is well versed in the Company's business. In addition, he has been implementing a range of measures to maximize the Group's corporate value since being appointed to be an Executive Officer and the General Manager of Corporate Planning Department in 2021 and Deputy Senior General Manager of the Corporate Planning & Control Sector in 2023.

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 Companies Act Article 430-3, Paragraph 1 with an insurance company to cover damages of the Company's Directors and Corporate Auditors. If Mr. IKENOBU Seiji 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 at the expiration of the current contract term.

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Candidate Number: 7

MATSUNAGA Morio  
(August 7, 1949)

Number of Company's Shares in Possession: 5,500  
Number of years served as Corporate Director: Seven (7) years  
Attendance at the meetings of the Board of Directors: 100% (13/13)  
Attendance at the meeting of the Nomination Review Committee: 100% (7/7)  
Attendance at the meeting of the Compensation Committee: 100% (10/10)  
Attendance at the meeting of the Internal Audit Committee: 100% (3/3)

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Reappointed

Outside

Independent

◆ 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)
February 2022	Chairperson of The Surface Finishing Society of Japan (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  
Chairperson of The Surface Finishing Society of Japan

◆ 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.

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Notes: 1. Based on the Companies Act Article 427, Paragraph 1, the Company has concluded a contract with Mr. MATSUNAGA Morio regarding liability as defined by the Companies Act Article 423, Paragraph 1 to limit total liability to the amount stipulated by the Companies Act 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 Companies Act 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 at the expiration of the current contract term.

Candidate Number: 8	<b>TOIDA Kazuhiko</b> (July 2, 1952)	Number of Company's Shares in Possession: 1,200 Number of years served as Corporate Director: Three (3) years Attendance at the meetings of the Board of Directors: 100% (13/13) Attendance at the meeting of the Nomination Review Committee: 100% (7/7) Attendance at the meeting of the Compensation Committee: 100% (10/10) Attendance at the meeting of The Internal Audit Committee: 100% (3/3)
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Reappointed

Outside

Independent

◆Profile; Title and Positions

April 1975	Entered 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
April 2023	Advisor, Penetrate of Limits Co., Ltd. (current position)
April 2023	Advisor, Rikkyo University Innovation Center for Applied Artificial Intelligence (ICA-AI) (current position)

◆Important Positions Held Concurrently at Other Organizations

Advisor, Penetrate of Limits Co., Ltd.  
 Advisor, Rikkyo University Innovation Center for Applied Artificial Intelligence (ICA-AI)

◆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 has served as Chairperson of the Board from 2020 to 2022, 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.

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- Notes: 1. Based on the Companies Act Article 427, Paragraph 1, the Company has concluded a contract with Mr. TOIDA Kazuhiko regarding liability as defined by the Companies Act Article 423, Paragraph 1 to limit total liability to the amount stipulated by the Companies Act 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 Companies Act 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 at the expiration of the current contract term.

Candidate Number: 9	TAKEGAWA Keiko (April 23, 1958)	Number of Company's Shares in Possession: 1,500
		Number of years served as Corporate Director: Two (2) years
		Attendance at the meetings of the Board of Directors: 100% (13/13)
		Attendance at the meeting of the Nomination Review Committee: 100% (7/7)
		Attendance at the meeting of the Compensation Committee: 100% (10/10)
		Attendance at the meeting of The Internal Audit Committee: 100% (3/3)

Reappointed

Outside

Independent

◆Profile; Title and Positions

April 1981	Entered Prime Minister's Office (Presently Cabinet Office)
July 2008	Deputy Director General for Policies on Cohesive Society, Cabinet Office
July 2009	Deputy Director General for Gender Equality Bureau, Cabinet Office
December 2012	Director, Public Relations Office, Cabinet Office
July 2014	Director General, Gender Equality Bureau
April 2019	Professor, Showa Women's University
June 2019	Outside Corporate Auditor
June 2019	Outside Member of the Board, NIPPON TELEGRAPH AND TELEPHONE CORPORATION
April 2020	Dean of Faculty of Global Business, Showa Women's University
April 2020	Director of Institute of Women's Culture, Showa Women's University (current position)
April 2021	Specially Appointed Professor, Showa Women's University (current position)
April 2021	Outside Director, Sekisui House, Ltd. (current position)
June 2021	Outside Director (current position)

◆Important Positions Held Concurrently at Other Organizations

Director of Institute of Women's Culture, Showa Women's University  
Specially Appointed Professor, Showa Women's University  
Outside Director, Sekisui House, Ltd.

◆Reasons for the Nomination of the Candidate as Outside Director

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. 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.

◆Special Interests between Candidate and the Company

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

- Notes: 1. Based on the Companies Act Article 427, Paragraph 1, the Company has concluded a contract with Ms. TAKEGAWA Keiko regarding liability as defined by the Companies Act Article 423, Paragraph 1 to limit total liability to the amount stipulated by the Companies Act Article 425, Paragraph 1. If her reappointment is approved, the aforementioned contract will be extended.
2. The Company has notified the Tokyo Stock Exchange that Ms. TAKEGAWA Keiko is an Independent Director of the Company
3. The Company has entered into a directors and officers liability insurance contract stipulated in the Companies Act 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 at the expiration of the current contract term.



### Third Item

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

At the conclusion of this Annual General Meeting of Shareholders, the terms of office of Corporate Auditor INOUE Hiroshi will expire.

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

Mr. INOUE Hiroshi is a candidate for Outside Corporate Auditor.

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

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Candidate	INOUE Hiroshi (June 17, 1957)	Number of Company's Shares in Possession: 1,300 Number of years served as Corporate Auditor: Two (2) years Attendance at the meetings of the Board of Directors: 100% (13/13) Attendance at the meetings of the Board of Auditors: 100% (13/13) Attendance at the meeting of the Nomination Review Committee: 100% (7/7) Attendance at the meeting of the Compensation Committee: 100% (10/10)
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	◆Profile; Title and Positions	
	April 1985	Appointed as Public Prosecutor
Reappointed	January 2012	Assistant Vice-Minister of Justice
Outside	November 2012	Chief Prosecutor of Nara District Public Prosecutors Office
Independent	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 with Momo-o, Matsuo & Namba (current position)
	June 2021	Outside Corporate Auditor (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 despite being an Outside Corporate Auditor, since he became an Outside Corporate Auditor in 2021, he contributes to the enhancement of the Company's corporate value by utilizing his wealth of experience and specialized knowledge for audits.  
Based on the above, the Company nominated him as a candidate for Corporate Auditor because he still can be expected to conduct appropriately his duties.

◆Special Interests between the Candidate and the Company  
There are no special interests between the candidate and the Company.

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- Note: 1. Based on the Companies Act Article 427, Paragraph 1, the Company has concluded a contract with Mr. INOUE Hiroshi regarding liability as defined by the Companies Act Article 423, Paragraph 1 to limit total liability to the amount stipulated by the Companies Act 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 Companies Act 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 Corporate Auditor and assumes office, he will be the insured under the insurance contract.  
In addition, the Company plans to renew the insurance contract at the expiration of the current contract term.

## Composition of the Board of Directors

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

The skills shown in the skills matrix below have been selected by the Nomination Review Committee as the skills necessary for executing the Company's Purpose, Vision and especially the 2022-2024 Medium Term Business Plan.

(1) Reason selected as necessary skill and sufficient condition

Skills	Reason for selecting skill	Sufficient condition
Corporate management	Competence, experience and leadership enabling the formulation of strategies and the implementation of integrated thinking-based management and ambidexterity are necessary for execution of 2022-2024 Medium Term Business Plan looking towards the Purpose and Vision.	<ul style="list-style-type: none"> <li>• Management experience as a director at a listed company or equivalent entity</li> <li>• Director or Executive Officer responsible for the corporate planning</li> </ul>
Business strategies	Knowledge and experience enabling the formulation and implementation of strategies for establishing a competitive advantage are necessary for realizing sustainable business growth.	<ul style="list-style-type: none"> <li>• Experience of having achieved certain results through the formulation and implementation of business strategies for the engineered materials business, metals business or mobility business</li> </ul>
Finance/Accounting	Knowledge and experience of finance and accounting are necessary to establish financial strategies that will bolster growth investment and shareholder returns to increase the resilience of the financial base underpinning management and to achieve sustainable improvement in corporate value.	<ul style="list-style-type: none"> <li>• Director or Executive Officer responsible for financial management, accounting or fundraising operations or equivalent experience</li> </ul>
Technological/R&D/DX	The creation of new products and businesses and the strengthening of existing businesses are necessary to drive company growth, and development based on unique technologies and improvement of efficiency through sophisticated production technologies and DX are essential.	<ul style="list-style-type: none"> <li>• Director or Executive Officer responsible for R&amp;D operations or equivalent experience</li> <li>• Director or Executive Officer responsible for production technology or DX operations or equivalent experience</li> <li>• Academic expert</li> </ul>
Sales/Marketing	A good familiarity with the business environment and relationships between the Company and its customers and other stakeholders as well as knowledge and experience enabling the formulation and implementation of product planning and sales strategies are necessary.	<ul style="list-style-type: none"> <li>• Director or Executive Officer responsible for sales and marketing operations or equivalent experience</li> </ul>
HR/HR development	The attraction, retention and development of talent, a company's most valuable resource, improvement of job satisfaction to increase engagement, and promotion of diversity are directly linked to performance.	<ul style="list-style-type: none"> <li>• Director or Executive Officer responsible for personnel operations or equivalent experience</li> <li>• Experience working in government or other public offices, or academic expert</li> </ul>
Legal affairs / Risk management	Legal knowledge and experience are necessary to implement appropriate corporate governance, compliance and risk management in business activities as well as to increase the effectiveness of management supervision within the Board of Directors.	<ul style="list-style-type: none"> <li>• Director or Executive Officer responsible for legal operations or equivalent experience</li> <li>• Person with experience working in the legal profession or persons with legal qualifications</li> <li>• Experience working in government or other public offices, or academic expert</li> </ul>
Internationality	An in-depth understanding of and respect for each country's culture and diversity are necessary for survival as a global enterprise.	<ul style="list-style-type: none"> <li>• Executive experience or business experience at an overseas company</li> <li>• Overseas academic expert</li> </ul>
Sustainability/Economic Security	Consideration for the environment, adherence to fair business practices and action to address economic security concerns are needed in order to continue being regarded as necessary by society, and high levels of knowledge including about business-related matters, a long-term perspective and adaptability are required.	<ul style="list-style-type: none"> <li>• Director or Executive Officer responsible for business operations, executive responsible for ESG/CSR operations or equivalent experience</li> <li>• Experience working in government or other public offices, or academic expert</li> <li>• Consultant</li> </ul>

(2) Skill Matrix of Each Director and Corporate Auditor

Name	Title/Positions	Field of particular expectation for each Director								
		Corporate management	Business strategies	Finance/ Accounting	Technologies/ R&D/ DX	Sales Marketing	HR/ HR development	Legal affairs/ Risk management	Internationality	Sustainability/ Economic security
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	●	○	●			●	○	●	●
TSUNODA Satoshi	Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Metals Sector		●			●			○	○
OKABE Masato	Managing Director, Senior Executive Officer, Senior General Manager of Engineered Materials Sector,		●			●			●	○
MIYAJI Makoto	Director, Senior Executive Officer, Senior General Manager of Technology Sector, Chief Environmental Officer, Chief Health and Safety Officer		●		●		○		○	○
IKENOBU Seiji	Executive Officer, Deputy Senior General Manager of Corporate Planning & Control Sector, General Manager of Corporate Planning Department, Corporate Planning & Control Sector	●	○		●			●		
MATSUNAGA Morio	Outside Director				●		○		○	○
TOIDA Kazuhiko	Outside Director Chairperson of the Board of Directors	●	○			●			○	○
TAKEGAWA Keiko	Outside Director						●	○	●	
KUTSUINAI Akira	Corporate Auditor			●					○	○
FUKUMOTO Hiroto	Corporate Auditor		○		○				○	●
ISHIDA Toru	Outside Corporate Auditor							●	○	●
INOUE Hiroshi	Outside Corporate Auditor						○	●		●

Notes: 1. Representative Directors, etc. will be determined by resolution of the Board of Directors held after the conclusion of this Annual General Meeting of Shareholders.

2. In the skills matrix, ○ indicates skills possessed by the Directors and Corporate Auditors, while ● indicates skills the Company expects Directors and Corporate Auditors to demonstrate in particular.

## **Forth Item**

### **Revisions to Restricted Stock Compensation Plan for Directors (excluding Outside Directors)**

At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved an annual amount of compensation for the Directors of the Company of ¥720 million or less (excluding the employee salaries of the Directors who concurrently serve as employees). The shareholders also approved, within the above compensation limit, the total amount of monetary claims (hereinafter the "Monetary Compensation Claims") to be paid to Directors excluding Outside Directors (hereinafter the "Eligible Directors") for the granting of restricted stock and the total number of the Company's common shares to be issued or disposed of by the Company of ¥36 million or less and 12,600 shares per year, respectively.

The Company has recently reviewed its compensation plan for executives and proposes the following revisions to the details of the restricted stock compensation plan (hereinafter the "Plan") to provide the officers a greater incentive to continuously enhance corporate value through the achievement of the Company's ESG management targets by further clarifying the connection between executive compensation and ESG management and further promoting value sharing with shareholders to enable the Company to continue to contribute to society and remain an essential presence in the future.

More specifically, the Company will introduce the new ESG index-based restricted stock compensation, which will be added subject to the achievement of ESG indicators, will be introduced, in addition to the already introduced tenure-based restricted stock compensation. In both cases, continued service is a condition for lifting the transfer restrictions. ESG indicators are those related to the reduction of greenhouse gases, the promotion of job satisfaction and diversity and compliance.

Based on this agenda item, the total amount of the Monetary Compensation Claims to be paid to the Eligible Directors for the granting of restricted stock shall be within ¥50 million per year as tenure-based restricted stock compensation and within ¥50 million per year as ESG index-based restricted stock compensation, and the total annual amount shall be within ¥100 million (excluding the employee salaries of the Directors who concurrently serve as employees). In addition, the specific time of payment and allocation to each Eligible Director shall be determined by the Board of Directors in accordance with the rules established by the Compensation Committee. Compensation for granting restricted stock shall not be given to Outside Directors.

The current number of Directors is eight (including three Outside Directors), and if the Second Item, "Election of nine (9) Directors," is approved as originally proposed, the number of Directors will be nine (including three Outside Directors).

In addition, the Eligible Directors shall pay all the Monetary Compensation Claims detailed by this agenda item based on a resolution of the Board of Directors of the Company as property contributed in kind and receive the issuance or disposal of the Company's common shares. The total annual number of the Company's common shares to be issued or disposed of by this shall be 16,650 shares or less per year as tenure-based restricted stock compensation and 16,650 shares or less per year as ESG index-based restricted stock compensation, totaling a maximum of 33,300 shares per year (however, after the date of approval of this agenda item, if a share split (including the allotment of the Company's common shares without contribution) or consolidation of the Company's common shares is conducted, or if any other event requiring an adjustment to the total number of the Company's common shares to be issued or disposed of as the restricted stock arises, the total number of the Company's common shares shall be adjusted within a reasonable range).

The amount to be paid in per share shall be determined by the Board of Directors to the extent that the amount will not be particularly advantageous to the Eligible Directors who subscribe to the Company's common shares based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day before the date of each resolution of the Board of Directors (if the trade is not made on that day, the closing price on the trading day immediately prior to that day). In addition, the issuance or disposal of the Company's common shares based on this system and the payment of the Monetary Compensation Claims as the property contributed in kind shall be subject to the conclusion of a restricted shares allotment contract, including the content below (hereinafter the "Allotment Contract") between the Company and the Eligible Directors.

The Company believes that the maximum amount of compensation in this agenda item, the total number of the Company's common shares to be issued or disposed of and other conditions for the granting of restricted stock to the Eligible Directors based on this agenda item are appropriate because they have been determined in consideration of the purpose above, the business conditions of the Company, the policy for the determination of content of compensation, etc. for individual Directors of the Company (for details of

the policy, refer to the 98th Business Report of the Company) and other factors.

[Outline of the Allotment Contract]

(1) Transfer Restriction Period

During the period from the date of the allotment of the Company's common shares based on the Allotment Contract until the time immediately following the executive or employee's retirement or resignation from their position within the Company or its subsidiary that is predetermined by the Board of Directors of the Company (hereinafter the "Transfer Restriction Period"), the Eligible Directors may not transfer, create a security interest in, or dispose of the Company's common shares allotted based on the Allotment Contract (hereinafter the "Allotted Shares") (hereinafter, the "Transfer Restriction"). However, if the time immediately following the retirement or resignation is earlier than the date three months after the end of the fiscal year that includes the date on which the Allotted Shares are to be allotted, the end of the Transfer Restriction Period shall be adjusted as necessary to a reasonable extent.

(2) Handling at the time of retirement or resignation

If an Eligible Director retires or resigns from their position as an executive or employee of the Company or its subsidiary that is predetermined by the Board of Directors of the Company before the expiration of the period of service predetermined by the Board of Directors of the Company (hereinafter the "Service Provision Period"), the Company shall automatically acquire the Allotted Shares without consideration, unless there is a justifiable reason for the Eligible Director's resignation or retirement, such as the expiration of their term of office or death.

(3) Lifting of the Transfer Restriction and acquisition without consideration

i. Tenure-based restricted stock compensation

Notwithstanding the provisions of (1) above, the Company shall lift the Transfer Restriction on all the Allotted Shares when the Transfer Restriction Period expires on the condition that the Eligible Director was continuously in the position of an executive or employee of the Company or its subsidiary as predetermined by the Board of Directors of the Company during the Service Provision Period. However, if the Eligible Directors resign or retire from the position stipulated in (2) above before the Service Provision Period expires for a justifiable reason, the number of the Allotted Shares on which the Transfer Restriction is lifted and the time when the Transfer Restriction is lifted will be adjusted rationally as needed. In addition, the Company shall automatically acquire the Allotted Shares on which the Transfer Restriction is not lifted without consideration immediately after the Transfer Restriction is lifted pursuant to the provisions above.

ii. ESG index-based restricted stock compensation

Notwithstanding the provisions of (1) above, the Company shall lift the Transfer Restriction on all the Allotted Shares at the time when the Transfer Restriction Period expires (however, if the Eligible Director resigns or retires from their position as an executive or employee of the Company or its subsidiary which is predetermined by the Board of Directors of the Company after the expiration of the Service Provision Period, at the time immediately following the Eligible Director's resignation or retirement or the day following the day on which the achievement of the relevant performance targets is determined, whichever is later) on the condition that the Eligible Director was continuously in the position of executive or employee of the Company or its subsidiary as predetermined by the Board of Directors of the Company during the Service Provision Period and has achieved the ESG indicators as predetermined by the Compensation Committee, which was entrusted by the Board of Directors of the Company to establish the standards for determining stock compensation. However, if the Eligible Director retires or resigns from their position as stipulated in (2) above before the Service Provision Period expires, the number of the Allotted Shares on which the Transfer Restriction is lifted and the time when the Transfer Restriction is lifted will be adjusted rationally as needed. In addition, the Company shall automatically acquire the Allotted Shares on which the Transfer Restriction is not lifted without consideration immediately after the Transfer Restriction is lifted pursuant to the provisions above. In addition, the Company shall automatically acquire the Allotted Shares without consideration when it is determined that the ESG indicators predetermined by the Compensation Committee, which was entrusted by the Board of Directors of the Company to establish the standards for determining stock compensation, are not achieved.

(4) Handling in cases of organizational restructuring, etc.

Notwithstanding the provisions of (1) above, if a merger agreement in which the Company will become

a disappearing company, a share exchange agreement or a share transfer plan in which the Company will become a wholly owned subsidiary, or other matters concerning organizational restructuring, etc. is approved at a General Meeting of Shareholders of the Company (or the Board of Directors of the Company, if there is no need to obtain approval at a General Meeting of Shareholders for the organizational restructuring, etc.), the Company shall lift, prior to the effective date of the organizational restructuring, etc., the Transfer Restriction on the Allotted Shares, the number of which shall be determined rationally by a resolution of the Board of Directors of the Company mainly in light of the period from the commencement date of the Transfer Restriction Period to the approval date of the organizational restructuring, etc. In the cases set forth above, the Company shall automatically acquire the Allotted Shares on which the Transfer Restriction is still not lifted without consideration immediately after the Transfer Restrictions is lifted.

(5) Other matters

Other matters concerning the Allotment Contract shall be set forth by the Board of Directors of the Company.

On the condition that the Forth Item is approved as originally proposed, the Company plans to revise the restricted stock compensation plan to the same as the above for the Senior Managing Executive Officers and Senior Executive Officers who do not concurrently serve as Directors of the Company.

### **Proposals by a Shareholder: Items 5-9**

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

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

The name of shareholder: HIDESHOU Company, Limited

(72-20 Nishiminato-machi, Kita-ku, Kokura, Kitakyushu-shi, Fukuoka, Japan)

The number of possessing voting rights: 301

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 Companies Act 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 five proposals made by a single shareholder are being posted; however, the Board of Directors is **opposed** to all of these proposals.

Please review the opinions of the Board of Directors of the Company on the following page and exercise your voting rights.

## **Proposals by a Shareholder**

### **Fifth Item**

#### Acquisition of Treasury Stock

##### 1. Details of Proposal

The Company should purchase shares of its common stock, up to a total of 10,000,000 shares and a total acquisition price of 1,000,000,004 yen, within one year from the conclusion of this Annual General Meeting of Shareholders pursuant to Article 156, Paragraph 1 of the Companies Act.

##### 2. Reasons for Proposal

To increase shareholder return and capital efficiency.

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

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

The Company believes that it is necessary to strengthen its management foundation and wishes to increase equity capital and strengthen the financial base to improve its social and economic value, accomplish the 2022-2024 Medium Term Business Plan and realize the Vision for 2030 in the corporate management environment which is becoming increasingly diverse and complex. Buying back shares of the Company using retained earnings will result in a decrease in equity capital which conflicts with the Company's policy.

Therefore, the Board of Directors is opposed to this proposal requesting the Acquisition of Treasury Stock.

## **Sixth Item**

Exemption of Directors from liability

### 1. Details for Proposal

Deleting Article 26 of the Articles of Incorporation.

### 2. Reasons for Proposal

The Directors should not always be exempted from liability. Those who do not assume responsibility should not have any authority. Earnings will not increase because the Directors are lacking in responsibility.

## **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 purposes of Article 26 of the Articles of Incorporation are to enable the Directors to fully execute their duties and fulfill their expected roles without being excessively daunted and to make it easier for the Company to secure Talents as Outside Directors. The article was approved by the shareholders at the 81st Annual General Meeting of Shareholders held on June 29, 2006.

In accordance with laws and regulations, Article 26 stipulates that the Directors shall be exempted from liability (the exemption is limited to a certain amount) only if they are acting in good faith and no gross negligence is involved. The Directors are not exempted from all liability.

Therefore, the Board of Directors opposes to the proposal for deleting Article 26 of the Articles of Incorporation.

(For reference) Article 26 of the Company's Articles of Incorporation  
(Directors' Exemption from Responsibility)

1. With regard to the responsibilities in Article 423-1 of the Companies Act, the Company's Directors (including former Directors), in cases when they have acted in good faith and there is no gross negligence in their acts, may by resolution of the Board of Directors be exempted from responsibility up to a limited figure within the scope permitted by law or ordinances.

2. With regard to the responsibilities in Article 423-1 of the Companies Act, the Company's Outside Directors may conclude contracts with the Company that provide for them to bear responsibility up to a limited figure within the scope permitted by law or ordinances in cases when they have acted in good faith and there is no gross negligence in their acts.



## **Seventh Item**

### Amendment of Articles of Incorporation Regarding the Disclosure of the Cost of Capital

#### 1. Details for Proposal

Adding to the Articles of Incorporation the following chapter and article:

Chapter: Disclosure of the Cost of Capital

Article : The Company shall disclose in a report presented to the stock exchange the weighted average cost of capital within the month before the presentation of the report that the Company determines and the basis for the calculation.

#### 2. Reasons for Proposal

We request that management accurately determine the cost of capital. We should also say that the Company is requested to formulate and review its business plans and capital policies, taking the cost of capital into consideration.

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

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

To realize the Group Vision (Vision for 2030) based on the Purpose, the Company actively invests to improve its social and environmental value and in financial value and push forward with its transformation to a sustainable company leveraging integrated thinking-based management. The Company uses cost of capital as an important metric when making investment decisions.

However, there are many different views on the data and assumptions used as the basis for the calculation of the cost of capital, and we cannot unequivocally determine the cost of capital. We fear that disclosing a single figure may mislead or confuse shareholders and investors. The Company does not believe that disclosing a single cost of capital and the basis for the calculation, in itself, is very important. The Tokyo Stock Exchange's Action to Implement Management That is Conscious of Cost of Capital and Stock Price request does not include the disclosure of the cost of capital itself. The Company believes that it is important to accurately determine the cost of capital and the profitability of capital while also assessing the current situation in consideration of market valuation, and disclose the assessment and the progress in the improvement plan.

In the 2022-2024 Medium Term Business Plan, the Company dynamically manages its business portfolio. We determine the position of each of our businesses in a quadrant matrix chart by evaluating them in terms of business value (the profitability and efficiency of capital) and expected commercial viability in the future (growth potential). Using the quadrant matrix chart, we allocate management resources—capital expenditures, R&D investments, and human capital—to each business in order of priority to achieve sustainable growth.

The Board of Directors has therefore decided that it is not appropriate to add provisions that set forth the disclosure of the cost of capital to the Articles of Incorporation as proposed in this agenda item and the Board of Directors opposes the proposal.

## **Eighth Item**

### Partial Amendment of the Articles of Incorporation

#### 1. Details for Proposal

Adding to the Articles of Incorporation of the Company the following chapter and article:

Chapter: Change to a Decarbonization Company

Article : For long-term success, the Company shall announce initiatives in line with the Paris Agreement, considering risks and business opportunities associated with climate change, and implement them seriously.

#### 2. Reasons for Proposal

The addition of the article to the Articles of Incorporation and the formulation and disclosure of business plans will enable the Company to manage climate change risks appropriately, achieve the net zero emissions target (set by the government) and achieve continuous growth.

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

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

Globally, climate change will have a significant impact in the long term, and the Company believes that climate change is one particularly important change in the external environment surrounding its businesses. The Company also believes that climate change and the related changes in society and the economy have created business risks and that appropriately adapting to climate change will enable the Company to strengthen its competitiveness and seize business opportunities. Based on this thinking, the Company started to analyze the medium- to long-term risks and opportunities of climate change in fiscal 2020 using the framework provided in the TCFD recommendations and use the results of the analysis in the development of business strategies. The Company announced its support for the TCFD recommendations in March 2022.

The Company has set energy-related CO<sub>2</sub> emissions targets as stated below. To accelerate its initiatives, the Company uses a carbon-neutrality roadmap and identifies points for improvement through LCA (life cycle assessment). It has introduced an internal carbon pricing system and participates in the Green Transformation (GX) League established by the Ministry of Economy, Trade and Industry.

FY2030: Globally reduce CO<sub>2</sub> emissions by 38% (compared to the FY2013 level)

FY2050: Carbon neutrality (net zero emissions)

As described above, the Company has already announced its initiatives for adapting to climate change and has been implementing them seriously. In addition, the Company does not think that matters related to the execution of business like the matters described in this agenda item should be included in the Articles of Incorporation. The Board of Directors is thus opposed to this proposal.

**Ninth Item**

Partial Amendment of the Articles of Incorporation (Holding Elections)

1. Details for Proposal

Representative Directors shall be elected in elections by shareholders.

2. Reasons for Proposal

A Representative Director who is elected by the shareholders is motivated, and this will result in the growth of the Company's performance results. As a result, everyone will be happy.

**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 believes that to build an optimal and agile management structure and enable the Directors and the Board of Directors to fully fulfill their supervisory duties, Representative Directors must be nominated and dismissed by the Board of Directors.

The term of office of the Company's Directors is one year, and they are elected at the general meeting of shareholders every year. Thus, we believe that the shareholders' intentions are reflected in the election of Representative Directors.

The Board of Directors has therefore decided that it is not appropriate to add provisions to the Articles of Incorporation as proposed in this agenda item and the Board of Directors opposes the proposal.

# Business Report

(From April 1, 2022, to March 31, 2023)

## 1. Current State of the Mitsui Kinzoku Group

### (1) Business Operations and Results

#### Economic Overview

During fiscal 2022, the global economy as a whole continued to decelerate due to accelerating global inflation, major countries continuing their monetary tightening policies and the downturn of the Chinese economy caused by the COVID-19 pandemic, despite the progress in the recovery of economic activity.

The Japanese economy was affected by rising raw material prices and energy costs, the sharp fluctuation of exchange rates and other factors amid concerns about the economic slowdown in China and the prolonged situation in Ukraine, despite the normalization of economic activity and signs of an increase in consumer spending and capital investment due to the relaxation of activity restrictions related to COVID-19. As a result, the future of the economy remains uncertain.

#### The Mitsui Kinzoku Group's Business Environment

In the business environment surrounding Mitsui Mining & Smelting Co., Ltd. and its consolidated subsidiaries (the Mitsui Kinzoku Group), nonferrous metal market prices were generally trending downward and the yen continued to depreciate.

Demand remained weak in the Engineered Materials Group, and the sales volume of mainstay products decreased overall. The sales volume of exhaust detoxifying catalysts increased in the Mobility Group.

	FY2022	FY2021	Change from the Previous Year	
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Percentage)
Net sales	¥651,965	¥633,346	¥18,618	2.9%
Operating income	12,528	60,737	△48,209	△79.4
Ordinary income	19,886	65,990	△46,103	△69.9
Profit attributable to owners of parent	8,511	52,088	△43,576	△83.7

#### The Group's Initiatives

In these circumstances, the Group formulated its 2022-2024 Medium Term Business Plan covering the three-year period from fiscal 2022 to fiscal 2024 and launched it in April 2022.

To realize its Group vision (Vision for 2030), "Building new businesses — and the future — with our material intelligence," based on the Group's Purpose, the Group is working on key initiatives for continued growth by building a system for the sustainable increase of corporate value through the implementation of Integrated Thinking-based Management, which aims to achieve both an improvement in social and environmental value and improvement in financial value in each department.

#### Fiscal 2022 Results

As a result, net sales in fiscal 2022 increased by ¥18,618 million compared with the previous fiscal year to ¥651,965 million due to increases in the Corporate & Other Group despite a decrease in the Engineered Materials Group. Operating income decreased by ¥48,209 million compared with the previous fiscal year, to ¥12,528 million chiefly due to the impact of inventory factors associated with rising energy costs and the fluctuation of nonferrous metal market prices, in addition to a decrease in the sales volume of the Engineered Materials Group, despite favorable factor due to the weaker yen.

Ordinary income decreased by ¥46,103 million year on year, to ¥19,886 million, reflecting a decline of ¥48,209 million in operating income and an increase of ¥1,185 million in investment gains from equity method.

In extraordinary income and losses, the Group recorded ¥2,450 million loss on disposal of property, plant and equipment and ¥1,096 million loss on valuation of subsidiaries and affiliates. In addition, profit attributable

to owners of parent decreased by ¥43,576 million, to ¥8,511 million, reflecting tax expense and loss attributable to non-controlling interests.

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

[Net Sales]

Group	2022	2021	2020	2019
	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)
Engineered Materials Group	¥112,531	¥136,114	¥207,760	¥169,194
Metals Group	256,401	240,915	193,582	164,941
Mobility Group	216,468	207,111	81,079	90,581
Corporate & Other Group	128,108	118,661	115,920	110,705
Adjustment Amount	(61,545)	(69,455)	(75,406)	(62,313)
Total	¥651,965	¥633,346	¥522,936	¥473,109

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

[Ordinary Income (Loss)]

Group	2022	2021	2020	2019
	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	¥10,706	¥29,963	¥26,522	¥12,782
Metals Group	9,082	36,285	22,824	(1,472)
Mobility Group	3,200	2,436	1,874	469
Corporate & Other Group	736	3,866	2,564	2,057
Adjustment Amount	(3,838)	(6,561)	(2,559)	(4,519)
Total	¥19,886	¥65,990	¥51,226	¥9,318

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

Associated with the changes of the Company's organization on April 1, 2022, the Company has changed its business sectors from Engineered Materials, Metals, Automotive Parts & Components and Affiliates Coordination to Engineered Materials, Metals, Mobility and Corporate & Others. Net sales and ordinary income/loss, etc. in each segment in the previous fiscal year are the figures for the segments after the changes of the Company's organization.

Mitsui Kinzoku ACT Corporation has changed to the method of recording R&D expenses and some indirect costs previously recorded under cost of sales under selling, general and administrative expenses. This change occurred at the beginning of the 97th fiscal year. The change has been retroactively applied to the figures in the 96th fiscal year.

## Operating Environment and Results by Each Group

### Engineered Materials Group

[Principal Products/Services (As of March 31, 2023)]

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

In the Engineered Materials Group, the sales volume of MicroThin™ and electro-deposited foils for printed wiring boards decreased due to prolonged inventory adjustments throughout the supply chain, mainly for semiconductor applications.

In addition, the sales volume of metal powders for electronic materials and sputtering targets for displays declined due to a backlash to stay-at-home demand and the impact of production adjustments by major customers.

As a result, sales decreased 17.3% year on year to ¥112,531 million.

Ordinary income also declined 64.3% year on year, to ¥10,706 million, mainly due to a fall in the sales volume of main products.

## Metals Group

[Principal Products/Services (As of March 31, 2023)]  
Zinc, Lead, Copper, Gold, Silver, Resource recycling

In the Metals Group, while the sales volume of zinc and lead decreased with the impact of production adjustments by automobile manufacturers, net sales rose following a rise in the average metal trading price in Japan, influenced by the depreciation of the yen.

As a result, sales increased 6.4% year on year to ¥256,401 million.

On the other hand, ordinary income declined 75.0% year on year, to ¥9,082 million. This was attributable to the impact of rising energy costs and inventory factors associated with fluctuations in nonferrous metal market prices, despite positive factors to increase income such as the impact of the weaker yen.

## Mobility Group

[Principal Products/Services (As of March 31, 2023)]  
Catalysis, Automobile door locks, Die-cast products, Powdered metallurgical products

In the Mobility Group, the sales volume of exhaust detoxifying catalysts for motorcycles increased, helped by firm demand in India and Southeast Asia.

The sales volume of exhaust detoxifying catalysts for automobiles also increased due to the start of mass production of newly ordered models for India, despite the impact of production adjustments by automobile manufacturers.

The sales volume of side door latches was on the par with the year-ago level thanks to the recovery of demand in Japan and from India and Southeast Asia, despite weak demand in China.

As a result, sales increased 4.5% year on year to ¥216,468 million.

Ordinary income also increased 31.3% year on year, to ¥3,200 million, reflecting an improvement in the impact of fluctuations in rhodium prices, the main raw material for exhaust detoxifying catalysts, among other products, despite negative factors such as higher steel and resin prices.

## Corporate & Other Group

[Principal Products/Services (As of March 31, 2023)]  
Rolled copper products, Perlite products, Engineering services for various industrial plants etc.

In Corporate & Other Businesses, net sales increased 8.0% year on year, to ¥128,108 million, due to a rise in the average domestic price of nonferrous metal products associated with the impact of the weaker yen, in addition to a recovery in the environment for orders received for domestic plant construction and firm orders for equipment parts for overseas markets.

However, ordinary income declined 81.0% year on year, to ¥736 million, mainly due to a fall in investment gains from equity method.

## (2) Capital Investment

The Mitsui Kinzoku Group invested a total of ¥32,515 million, mainly for the following purposes by each group:

Group	Capital Investment (Millions of Yen)	Contents and Purposes
Engineered Materials Group	¥8,137	Maintaining, renovating and boosting productivity of production facilities for copper foil products etc.
Metals Group	11,852	Maintaining and renovating facilities, boosting efficiency, conserving energy, etc.
Mobility Group	5,696	Maintaining and renovating facilities, boosting productivity of facilities, conserving energy, etc.
Corporate & Other Group	1,479	Maintaining and renovating facilities, boosting efficiency, conserving energy, etc.
Others	5,349	Maintenance and updating of testing and research facilities and the backbone system, etc.
Total	¥32,515	

Note: Unrealized profit on intersegment transactions is deducted in “the others” column.

## (3) Funding

For the purpose of redeeming No.17 issuance of unsecured domestic straight bonds, the Company issued its No.22 issuance of unsecured domestic straight bonds amounting to ¥10.0 billion in November 2022.

## (4) Research & Development and Resource Development

### Research and Development

The Group utilizes its core technologies, such as electrochemistry, powder processing, and composite material processing to offer solutions in the fields of environment, energy, next-generation electronics and life sciences and 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, fluorescent materials for next-generation display, electrode materials for fuel cells and next-generation materials for carbon dioxide absorption/separation technology and catalysts for decarbonized fuel synthesis contributing to the carbon neutral society, etc., as well as development of recycling technology, considering product lifecycle.

### Resource Development

The Group has been exploring 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		95th (2019)	96th (2020)	97th (2021)	98th (2022)
Net sales	(Millions of yen)	¥473,109	¥522,936	¥633,346	¥651,965
Ordinary income	(Millions of yen)	9,318	51,226	65,990	19,886
Profit (loss) attributable to owners of parent	(Millions of yen)	1,566	44,733	52,088	8,511
Total assets	(Millions of yen)	537,119	595,016	637,878	631,894
Total net assets	(Millions of yen)	173,255	210,470	250,048	261,406
Free cash flow	(Millions of yen)	1,274	11,240	35,134	11,367
Capital investment	(Millions of yen)	33,999	28,176	27,456	32,515
ROE (Return on equity)	(%)	0.9	24.6	23.8	3.5
ROA (Return on assets)	(%)	1.8	9.0	10.7	3.1
Shareholders' equity ratio	(%)	30.7	33.4	37.6	40.1
D/E ratio	(Times)	1.41	1.25	0.94	0.87
Earnings (losses) per share	(Yen)	27.43	783.34	912.00	148.99
Total net assets per share	(Yen)	2,884.68	3,482.62	4,196.37	4,434.42
Dividend per share	(Yen)	70.00	85.00	110.00	140.00

Note: 1. Earnings (loss) per share is calculated based on the average number of issued and outstanding shares during the term.  
2. Mitsui Kinzoku ACT Corporation has changed to the method of recording R&D expenses and some indirect costs previously recorded under cost of sales under selling, general and administrative expenses. This change occurred at the beginning of the 97th fiscal year. The change has been retroactively applied to the figures in the 96th fiscal year.



## (6) Important Challenges Ahead

### The launch of the 2022-2024 Medium Term Business Plan

The Group formulated its 2022-2024 Medium Term Business Plan for the three-year period starting in FY2022 and launched it in April 2022. To realize the Group Vision (vision for 2030) based on the Purpose, the Group is accelerating its transformation into a sustainable company through the full-scale adoption of Integrated Thinking-based Management, which aims to achieve both improvement in social and environmental value and improvement in financial value.

In terms of "improvement of social and environmental value," the Group assesses the opportunities and risks of each business from the five perspectives of "Environmental impact," "Social capital," "Human capital," "Business model, innovation" and "Leadership, governance" and utilize business sustainability in management decisions.

In terms of "improvement of financial value," the Group focuses as a priority on managing the business portfolio dynamically, unlocking synergies internally and externally, investing in M&As to accelerate growth strategies, and actively resourcing the Business Creation Sector, which houses the Group's R&D and market co-creation functions, to pursue ambidexterity (Note 1).

In fiscal 2022, the starting year of the 2022-2024 Medium Term Business Plan, profit and financial results fell far short of the planned figures due to the effects of rising raw material prices and energy costs and sharp exchange rate fluctuations amid concerns about deteriorating market conditions such as the global semiconductor shortage and economic slowdown in China, as well as the prolonged situation in Ukraine.

In fiscal 2023, the second year of the 2022-2024 Medium Term Business Plan, the Group will continue to implement the following key initiatives without changing its strategy for realizing the Group Vision, although the business environment remains challenging, with the profit and financial targets expected to fall below the original plans.

In the Engineered Material Sector, the Group will improve asset efficiency through the addition of strategies such as the acceleration of growth by expanding business opportunities to realize financial value and creating structures for that purpose, the creation of green products to create social and environmental value, and the acceleration of the reduction of CO<sub>2</sub> emissions, as well as through the optimum allocation of management resources.

In the Metals Sector, the Group will continue to focus on improving copper and precious metal recovery and increasing recovery of by-products as well as on considering possibilities for renewable energy development with a view to achieving the medium-and -long-term targets of establishing a recycling network to become a unique presence essential for the realization of a sustainable society and developing new metal and renewable energy resources.

In the Mobility Sector, the Group will act as a pioneer in mobility, always choosing and creating the best value. To this end, the Group will work on cross-divisional problem solving to promote exploitation in all areas of technology, production and sales (the maintenance of commercial rights) and exploration (creation of new products and businesses).

In the Business Creation Sector, the Group will seek to search for opportunities better and strengthen R&D to ensure that it can create new business "sustainably." It will also make investments and increase staff to pursue commercialization themes in a timely manner according to changes in the environment.

In the Corporate units, the Sustainability Promotion Department was transferred from the Corporate Planning & Control Sector to directly under the President to promote collaboration between the Sustainability Promotion Department and related departments including business units and to further accelerate efforts to increase social value in April 2023. In addition, for the goal of reducing CO<sub>2</sub> emissions 38% globally (compared to fiscal 2013) by fiscal 2030 and achieving carbon neutrality (net zero emissions) by fiscal 2050, we use a carbon-neutrality roadmap, identify improvement points through LCA (life cycle assessment) (Note 2), and have introduced an internal carbon pricing (Note 3) system. This year, we started

to participate in the Green Transformation (GX) (Note 4) League (Note 5) established by the Ministry of Economy, Trade and Industry. The Group will actively participate in the government's discussions regarding the establishment of a system for the full-scale operation of an emissions trading market from fiscal 2026 onward.

In addition, toward Integrated Thinking-based Management, which aims to achieve both improvement in social and environmental value and improvement in financial value, each of the four technology departments, namely the Production Engineering Department, Quality Assurance Department, Environment & Safety Department, and Intellectual Property Department, is working to strengthen its technological base and human resource development, including GX and digital transformation (DX),(Note 4) and the Company has newly established the Technology Sector which oversees the four departments above to create synergy and maximize their performance through collaborative efforts in April 2023.

Although the business environment is challenging, the Group will strive to achieve a transformation to Integrated Thinking-based Management and work together with its stakeholders to promote the well-being of the world by implementing the above initiatives.

- Notes: 1. Ambidexterity: Approach for achieving both "constant improvement in core businesses (Exploitation) and "experiment and action for new businesses (Exploration)."
2. LCA (Life Cycle Assessment: A method of quantitatively assessing the environmental impact of finished goods and services throughout their life cycle (including the collection of raw materials, internal production/processing, use, consumption and the disposal of the finished goods)
3. Internal carbon pricing: A system in which the Company sets a price for carbon dioxide (CO<sub>2</sub>) based on its own standards and converts CO<sub>2</sub> emissions to a cost used as a reference for investment decisions related to equipment and development
4. Green transformation (GX): An initiative that aims to balance emission reductions and industrial competitiveness by viewing the global trend to reduce greenhouse gas emissions, a major contributor to climate change, as an opportunity for economic growth.
5. GX League: A forum for companies that aim to achieve sustainable growth in the present and future society to collaborate with companies, governments and academic organizations that are implementing similar initiatives taking on the challenge of GX with a view toward becoming carbon neutral and enabling social change by 2050. It was established by the Japanese government in 2022.
6. Digital transformation (DX): Recreating the nature of operations and business processes through the use of digital technologies

## (7) Principal Business Offices, Plants, and Laboratories (As of March 31, 2023)

### 1. Mitsui Kinzoku

Head office	1-11-1, Osaki, Shinagawa-ku, Tokyo
Plants	Miike Engineered Powders 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)
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)

## (8) Condition of Principal Subsidiaries of Mitsui Kinzoku (As of March 31, 2022)

	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 MicroThin™ and 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 (Thousands)	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 (Thousands)	100.0	Production and sale of functional automotive door locks
Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd.	RMB13,234 (Thousands)	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	100.0	Engineering services for various industrial plants as well as the production, sale, and construction of polyethylene compound pipes

## (9) Employees (As of March 31, 2023)

## 1. Number of Mitsui Kinzoku Group Employees

Group	Number of Employees	
Engineered Materials Group	2,857	(186)
Metals Group	2,233	(210)
Automotive Parts & Components Group	5,063	(546)
Corporate & Other Group	1,393	(82)
Others	569	(45)
Total	12,115	(1,069)

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	1,112	(160)
Metals Group	374	(22)
Automotive Parts & Components Group	186	(19)
Corporate & Other Group	11	(0)
Others	569	(45)
Total	2,252	(246)

Number of Employees	Average Age (Years)	Average Length of Employment (Years)	Average annual salary (Thousands of Yen)
2,252 (246)	42.14	13.69	7,788

- 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, 2023)

	Amount of Borrowings (Millions of Yen)
Sumitomo Mitsui Banking Corporation	¥21,675
Sumitomo Mitsui Trust Bank, Ltd.	11,236
MUFG Bank, Ltd.	8,158
Mizuho Bank, Ltd.	8,121
JAPAN POST BANK Co.,Ltd.	4,250

## 2. Mitsui Kinzoku Group and the Company Outline

### (1) Common Stock (As of March 31,2023)

1. Authorized: 190,000 thousand
2. Issued and outstanding: 57,329,098 (up 19,021 from the previous fiscal year)
3. Number of shareholders: 42,035 (up 154 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)	11,039	19.32
Custody Bank of Japan, Ltd. (Held in trust account)	5,068	8.87
The Employees' Shareholding Association	1,337	2.34
JP MORGAN CHASE BANK 385632	964	1.68
DFA INTERNATIONAL SMALL CAP VALUE PORTFOLIO	950	1.66
STATE STREET BANK WEST CLIENT - TREATY 505234	785	1.37
The Partners' Shareholding Association	771	1.35
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RELUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	724	1.26
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	701	1.22
The Nomura Trust and Banking Co., Ltd. (Held in trust account)	630	1.10

Note: Percentages of shares held are calculated based on the total number of shares issued and outstanding (excluding 191,675 shares in treasury).

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

Classification	Number of shares held (Thousands)	Composition of shareholders (%)
Financial institutions	19,113	33.34
Securities firms	3,045	5.31
Other Japanese corporations	2,815	4.91
Overseas corporations, etc.	14,455	25.22
Individuals and others	17,707	30.89
Treasury stock	191	0.33

### 5. Status of shares granted to Company directors during the fiscal year as consideration for performance of duties

	Number of Shares	Number of grantees
Directors (excluding Outside Directors)	9,761	5

Note: At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a resolution on stock compensation for Directors to the effect that the total amount of compensation shall be within ¥36 million per year and the total amount of the Company's common stock to be allocated shall be within 12,600 shares per year (stock shall not be delivered to Outside Directors). Shareholders also resolved that when allocating such stock, the Company shall conclude a contract for allocation of restricted stock with the Eligible Directors.

## (2) Directors and Corporate Auditors

### 1. Directors and Corporate Auditors (As of March 31, 2023)

Position	Name	Duties and Major Occupation	Important Positions Held Concurrently at Other Organizations
President and Representative Director	NOU Takeshi		Outside Director of Powdertech Co., Ltd.
Representative Director, Senior Managing Director	KIBE Hisakazu	Senior Managing Executive Officer, Senior General Manager of Corporate Planning & Control Sector	
Senior Managing Director	TSUNODA Satoshi	Senior Managing Executive Officer, Senior General Manager of Metals Sector,	
Director	OKABE Masato	Senior Executive Officer, Senior General Manager of Engineered Materials Sector	
Director	MIYAJI Makoto	Executive Officer, Chief Environmental Officer and Chief Health and Safety Officer	
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, Chairperson, The Surface Finishing Society of Japan
Outside Director	TOIDA Kazuhiko	Chairperson of the Board of Directors	
Outside Director	TAKEGAWA Keiko		Director of Institute of Women's Culture, Showa Women's University, Specially Appointed Professor, Showa Women's University, Outside Directors of Sekisui House, Ltd. Outside Auditor of Nakabohtech Co., Ltd.
Corporate Auditor	KUTSUNAI Akira		
Corporate Auditor	FUKUMOTO Hirotooshi		
Outside Corporate Auditor	ISHIDA Toru		President, The Japan Chamber of Commerce and Industry, President, The Tokyo Chamber of Commerce and Industry
Outside Corporate Auditor	INOUE Hiroshi		Lawyer

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 29, 2022.

(1) Director OSHIMA Takashi retired due to expiration of his terms.

(2) MISAWA Masayuki retired as Corporate Auditor due to resignation.

(3) OKABE Masato was appointed to a new Director position.

(4) FUKUMOTO Hirotooshi was appointed to a new Corporate Auditor position.

3. Changes of positions and duties of Directors (as of June 29, 2022)

Position	Name	Duties and Major Occupation
Senior Managing Director	TSUNODA Satoshi	Senior Managing Executive Officer, Senior General Manager of Metals Sector,
Outside Director	TOIDA Kazuhiko	Chairperson of the Board of Directors

4. Changes of positions and duties of Directors and Corporate Auditors after the fiscal year-end (as of April 1, 2023)

Position	Name	Duties and Major Occupation
Managing Director	OKABE Masato	Senior Executive Officer, Senior General Manager of Engineered Materials Sector, General Manager of Business Planning Group, Engineered Materials Sector
Director	MIYAJI Makoto	Senior Executive Officer, Senior General Manager of Technology Sector, Chief Environmental Officer and Chief Health and Safety Officer

5. Important positions held concurrently at other organizations of Directors and Corporate Auditors

- (1) Outside Director TOIDA Kazuhiko retired Chairperson of the Board, Rikkyo Educational Corporation on July 31, 2022.
- (2) Outside Director TOIDA Kazuhiko was appointed to Advisor, Rikkyo University Innovation Center for Applied Artificial Intelligence (ICA-AI) on April 1, 2023.
- (3) Outside Director TOIDA Kazuhiko was appointed to Advisor, Penetrate of Limits Co., Ltd. on April 1, 2023.

2. Summary of Contracts for Limitation of Liability

Based on the Companies Act Article 427, Paragraph 1, the Company has concluded contracts with Outside Directors and Outside Corporate Auditors regarding liability as defined by the Companies Act Article 423, Paragraph 1 to limit total liability to the figure stipulated by the Companies Act 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 Companies Act 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 Companies Act 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 Officers (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-linked Compensation	Stock Compensation	
Directors (Directors excluding Outside Directors)	¥337 (283)	223 (170)	87 (87)	25 (25)	9 (6)
Corporate Auditors (Corporate Auditors excluding Outside Corporate Auditors)	75 (50)	75 (50)	- (-)	- (-)	5 (3)
<b>Total</b>	<b>412 (334)</b>	<b>299 (220)</b>	<b>87 (87)</b>	<b>25 (25)</b>	<b>14 (9)</b>

Notes: 1. At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a limit on compensation paid to Directors of ¥720 million per year (not including compensation for their services as employees).

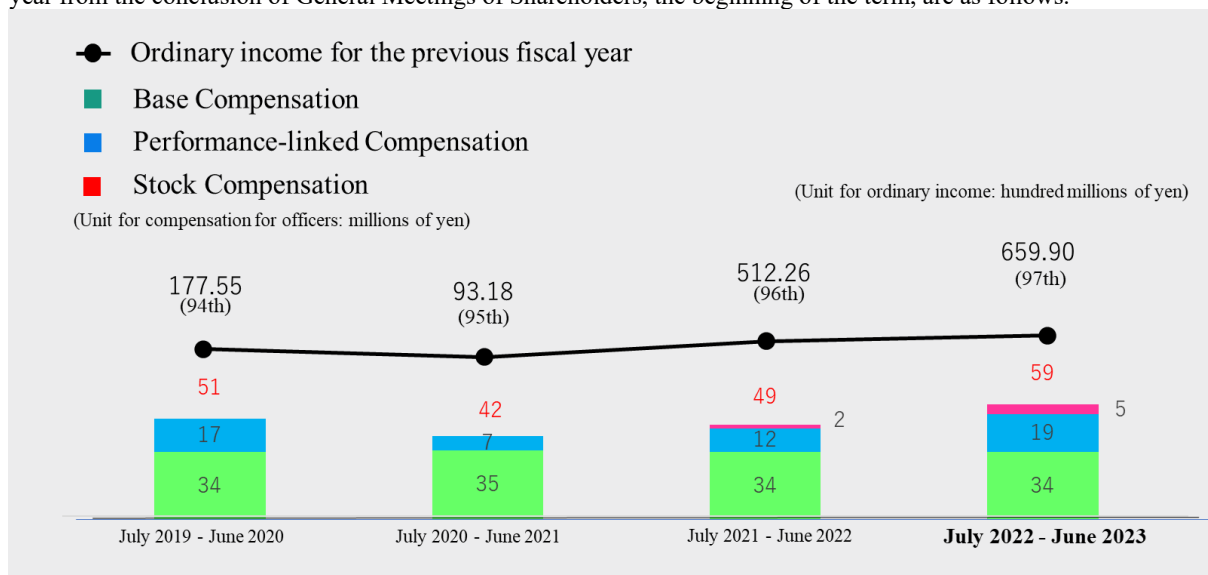
2. At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a resolution on stock compensation for Directors to the effect that the total amount of compensation shall be within ¥36 million per year and the total amount of the Company's common stock to be allocated shall be within 12,600 shares per year (stock shall not be delivered to Outside Directors). Shareholders also resolved that when allocating such stock, the Company shall conclude a contract for allocation of restricted stock with the eligible Directors.

3. At the 96th Annual General Meeting of Shareholders held on June 29, 2021, shareholders approved a limit on compensation paid to Corporate Auditors of ¥180 million per year.

4. At the time of resolution regarding above Notes 1, 2 and 3, there were 8 Directors (including 3 Outside Directors) and 4 Corporate Auditors.

## 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.



- The number of Directors (excluding Outside Directors) for each term is as follows:  
 94th term: 4, 95th term: 5 (including a new Director), 96th term: 5 (including two new Directors), 97th term: 5 (including a new Director)



(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 a Director in charge of Human Resources (or a Senior Executive Officer), etc.

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

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

**The Compensation Committee**

The Compensation Committee decided that compensation, etc. for Directors (excluding Outside Directors) shall consist of base compensation, performance-linked compensation as a short-term incentive, and stock compensation as a medium-to-long-term incentive, to enable them to demonstrate management supervisory functions at a high level. In order to ensure competitiveness, 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.

- 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	TOIDA Kazuhiko	Outside Director, Chairperson of the Board of Directors
	TAKEGAWA Keiko	Outside Director
	ISHIDA Toru	Outside Corporate Auditor
	INOUE Hiroshi	Outside Corporate Auditor
	NOU Takeshi	President and Representative Director
	YAMASHITA Masashi	Senior Executive Officer, Deputy Senior General Manager of Corporate Planning & Control Sector

- Details of authorities delegated to the Compensation Committee by resolution of the Board of Directors  
Establishment, revision and abolition of standards for determining base compensation, performance-linked compensation and stock compensation for Directors  
Determination of the base compensation, performance-linked compensation and stock compensation of each Director
- Reason for entrusting authority  
For fair and transparent deliberations based on the compensation determination standards
- Details of activities in fiscal 2022  
Examined non-financial index (ESG index-based) and Determined introduction of ESG index-based restricted stock compensation  
Deliberated and determined Directors' compensation based on the compensation determination standards
- Measures to ensure that the authority of the Compensation Committee is exercised appropriately  
The Compensation Committee is composed mainly of Outside Directors, Outside Corporate Auditors, the President, and a Director in charge of Human Resources (or a Senior Executive Officer), etc., and the chairperson is elected from among the Outside Directors. Moreover, if the Board of Directors resolves to make a correction to the financial results post-announcement due to material accounting error or fraud, if a material error or fraud affecting the indicators used as the basis for non-monetary compensation calculation is identified or if other material violation of compliance is identified, the Compensation Committee will deliberate on adjustments to compensation and restrict its payment, or even demand pay back of compensation, when deemed necessary.

a. Policy on base compensation

The base compensation for the President is set, taking into consideration the Company's performance, corporate value, and other factors comprehensively. Base compensation for Directors is calculated depending upon titles, based on the base compensation for the President and by applying a ratio for each title according to responsibilities.

b. Policy on performance-linked compensation

Regarding performance-linked compensation, the amount of performance-linked compensation is calculated using consolidated ordinary income, which the Company considers as a key indicator for evaluating operating results, as the performance indicator. In addition, the amounts of performance-linked compensation for individual Directors responsible for business units are determined through the evaluation of the performance of the business for which the Director is responsible.

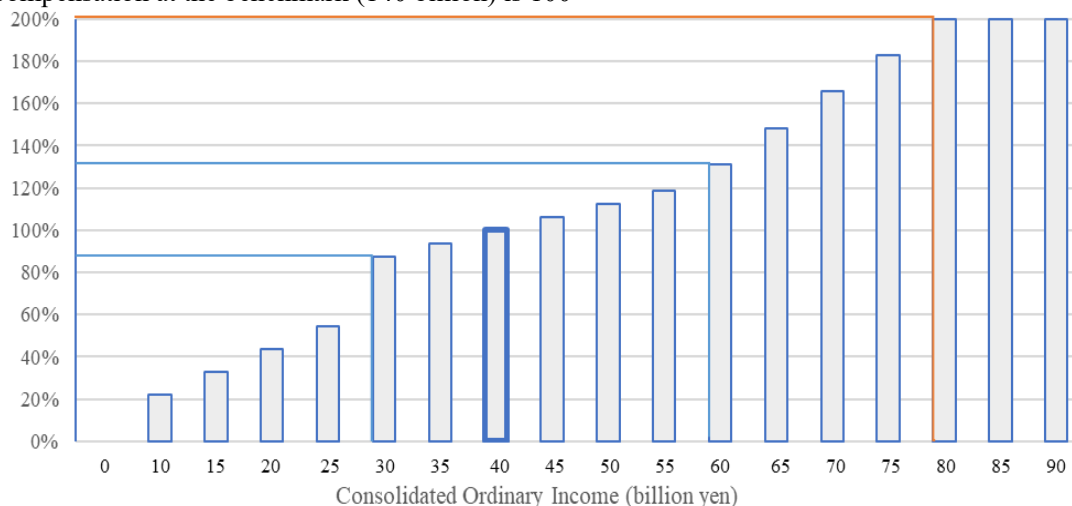
More specifically, the Company changed its performance-linked compensation in fiscal 2021, and ¥40 billion, which is 130% of ¥30 billion, the average consolidated ordinary income over the past 10 years excluding the impact of the impairment of Caserones Copper Mine, shall be used as a benchmark (for the compensation percentage in the system design).

The Compensation Committee also sets ¥60 billion, which is the largest recorded profit, as a target, and sets an upper limit of ¥80 billion in the event that the target is exceeded, to ensure that performance-linked compensation serves as an appropriate incentive.

A consolidated ordinary income of ¥65.9 billion in fiscal 2021 is used as a metric for determining performance-linked Compensation in fiscal 2022.

Outside Directors and Corporate Auditors who are uninvolved in business execution do not receive performance-linked compensation.

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



c. Policy on stock compensation

The Company introduced a restricted stock compensation plan for Directors (excluding Outside Directors) from fiscal 2021 to serve as an incentive for eligible Directors to aim for continuous growth in corporate value and further enhance value-sharing with shareholders. The total amount of compensation for granting restricted stock to eligible Directors shall be a monetary claim and the total amount thereof shall be within ¥36 million per year and 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. The specific timing of payment and allotment to each eligible Director will be determined by the Board of Directors in light of standards established by the Compensation Committee.

Stock compensation will be reviewed by the Compensation Committee in fiscal 2022, and new ESG-related indicators will be added in fiscal 2023. (Please refer to page 47, for further details.)

d. Policy on the composition of compensation, etc.

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

consolidated ordinary income	~¥0	¥20 billion	¥40 billion	¥60 billion	¥80 billion~
Base compensation	85%	70%	55%	51%	42%
Performance-linked compensation	0%	18%	35%	40%	51%
Stock compensation	15%	12%	10%	9%	7%

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

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

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

The stock compensation system is designed so that the period during which transfer of the allocated shares is restricted expires on the date of retirement and, even after retirement, sale of the shares is not permitted for a period of one year to prevent insider trading. Moreover, if an eligible Director retires without just cause, the Company shall automatically acquire the allocated shares at no cost irrespective of the elapsing of the period.

The details of compensation, etc. for individual Directors in fiscal 2022 are judged to be in accordance with the policies from a. to e. above because the Board of Directors determined the details after fair and transparent deliberation based on the compensation determination standards by the Compensation Committee.

The Compensation Committee has decided to introduce ESG-related indicators for the compensation of Directors (excluding Outside Directors) so that the Company can continue to contribute to society and remain an essential presence in the future.

More specifically, the new ESG index-based restricted stock compensation, which will be added subject to the achievement of ESG indicators, will be introduced, in addition to the already introduced tenure-based restricted stock compensation. In both cases, continued service is a condition for lifting the transfer restrictions. ESG indicators are those related to the reduction of greenhouse gases, the promotion of job satisfaction and diversity and compliance.

Based on the system design, the ratio of the total of tenure-based restricted stock compensation and ESG index-based restricted stock compensation to total compensation will increase from the current 10% to 15%. However, if all ESG indicators set by the Compensation Committee are not achieved, the stock compensation will be reduced from the fiscal 2022 level.

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

Mode of Compensation	Status of ESG indicator achievement and share of equity compensation (total of Tenure-based and ESG index-based) in total compensation		
	Target achieved	Partially achieved	Missed all targets
Stock-based compensation	15%	10% (Same level as FY2022) ~12.5%	7.5% (Tenure-based only, total stock-based compensation will decrease compared to FY2022)

As a result of the review of the policy on stock compensation, the compensation percentages for Directors (excluding Outside Directors) will be as follows when consolidated ordinary income of ¥40.0 billion and all ESG KPIs are achieved: base compensation: 53%, performance-linked compensation: 32%, and stock compensation: 15%. However, since performance-linked compensation will fluctuate depending on the Company's performance, the percentages of base compensation, performance-linked compensation and stock compensation will fluctuate within the following ranges.

consolidated ordinary income	~¥0	¥20 billion	¥40 billion	¥60 billion	¥80 billion~
Base compensation	78%	65%	53%	48%	40%
Performance-linked compensation	0%	17%	32%	38%	48%
Stock compensation	22%	18%	15%	14%	12%

## 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

a. Principal activities of Outside Directors

Position	Name	Attendance rate at the meetings of the Board of Directors (%)	Principal Activities and Summary of duties performed by the outside officer concerning the expected role
Director	MATSUNAGA Morio	100	Attended all 13 meetings of the Board of Directors during the fiscal year. Based on his specialized knowledge of engineering and a wealth of experience in organization management gained as a university professor and the president of a national university corporation, he actively commented on proposals and discussions on responses to DX, the utilization of the Company's technologies, customer support with a focus on electronic materials, etc. from a standpoint independent from management, unbound by internal norms, with a view to improving corporate value in the medium and long term. Attended all 7 meetings of the Nomination Review Committee, all 10 meetings of the Compensation Committee and all 3 meetings of the Internal Audit Committee during the fiscal year. Furthermore, as a chairperson of the Compensation Committee, he expressed opinions based on his own experience and knowledge and also led discussions in the Committee and introduced ESG-related indicators for the Company to remain an essential presence and conducted a review of the percentages of compensation, etc. for Directors (excluding Outside Directors), with a view to sustainable improvement in corporate value and enhancement of value sharing with shareholders.
Director	TOIDA Kazuhiko	100	Attended all 13 meetings of the Board of Directors during the fiscal year. Drawing on a wealth of knowledge and experience gained as a manager in the automotive industry, he actively commented on proposals and discussions on the management of the progress of the medium term business plans, organizational restructuring, the operation of the business, etc. from a standpoint independent from management, unbound by internal norms, looking to improve corporate value over the medium and long term. In addition, since the Board of Directors meeting held on June 29, 2022, he has contributed to increasing the effectiveness of the Board of Directors by becoming involved in matters regarding the deliberations and operations of the Board of Directors as a chairperson of the Board of Directors and by playing a central role in the evaluation of the effectiveness of the Board of Directors after exchanging opinions with each Outside Director, Corporate Auditor and Representative Director. Attended all 7 meetings of the Nomination Review Committee, all 10 meetings of the Compensation Committee and all 3 meetings of the Internal Audit Committee during the fiscal year. Furthermore, as a chairperson of the Nomination Review Committee, he expressed opinions based on his own extensive experience and knowledge of business execution and management and also led the discussions of the Committee and conducted interviews with manager candidates and succession planning.

Director	TAKEGAWA Keiko	100	Attended all 13 meetings of the Board of Directors during the fiscal year. Drawing on her wealth of knowledge and experience gained through involvement in the formulation and implementation of policies such as promotion of women's participation, she actively commented on proposals and discussions on diversity, the securing and development of human resources, the operation of the whistleblowing system, etc. from a standpoint independent from management, unbound by internal norms. Furthermore, as a chairperson of the Internal Audit Committee, she expressed opinions based on her own experience and knowledge from the viewpoint of strengthening general management supervision and oversight functions and also led discussions in the Committee and arranged the internal audit plans and policies, and the evaluation of audit results.
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b. Principal activities of Outside Corporate Auditors

Position	Name	Attendance rate at the meetings of the Board of Directors (%)	Attendance rate at the meetings of the Board of Auditors (%)	Principal Activities
Corporate Auditor	ISHIDA Toru	100	100	Attended all 13 meetings of the Board of Directors and all 13 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 on supporting carbon neutrality, rising energy prices, risk management, etc. from a wide perspective.
Corporate Auditor	INOUE Hiroshi	100	100	Attended all 13 meetings of the Board of Directors and all 13 meetings of the Board of Auditors 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 on legal procedures, the operation of the whistleblowing system, ICT security, etc. from a broad perspective.

(c) 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	¥78	5

(d) Notification of Independent Directors and Independent Corporate Auditors

None of the Company's Outside Directors and Outside Corporate Auditors has interests with any particular party from the Company, including its management, and none of them has conflicts of interest with general shareholders. The Company has notified the Tokyo Stock Exchange that all five of its Outside Directors (MATSUNAGA Morio, TOIDA Kazuhiko and TAKEGAWA Keiko) and Outside Corporate Auditors (ISHIDA Toru and INOUE Hiroshi) 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	¥125	¥1	¥127
The Company's subsidiaries	49	0	49
Amount	¥174	¥1	¥176

- Notes: 1. Since the contract between the Company and the auditing firm does not distinguish between the audit required under Japan's Companies Act 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 Companies Act 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 are services outside the professional responsibilities provided under the Certified Public Accountants Act Article 2, Paragraph 1 (non-audit service).

In addition, subsidiaries entrust the independent auditing firm with agreed procedures for application forms for reduction of or exemption pursuant to the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities.

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

When the provisions of the Companies Act 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. In the fiscal year under review, the Company held training sessions, including training sessions to increase employee awareness of the Code of Conduct, at its domestic business sites and in France, Morocco and Indonesia.

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 Review 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 Review 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. In addition, 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 and reports them to the Board of Directors.

## **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. The Company has appointed the Senior General Manager of the Corporate Planning & Control Sector as the person responsible and is promoting the implementation of ICT governance and information management across the Mitsui Kinzoku Group.

## **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. In the fiscal year under review, as risk mitigation activities in the 2022-2024 Medium Term Business Plan, the Company reviewed changes in the risk map, its risk mitigation activities and their effectiveness based on the analysis of risk investigations conducted during the formulation of the 2022-2024 Medium Term Business Plan, the assessment of the situation and status management using the risk map based on the analysis, and also in consideration of changes in society.

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]

The chairperson of the Company's Board of Directors is determined by an election with the Directors voting to realize the separation of the management oversight functions and the business execution functions. Since June 2022, the chair has been an Outside Director. In the fiscal year under review, 13 Board of Directors meetings were held. A regular meeting was held every month, and an extraordinary meeting was held in May 2022. Prescribed important matters are discussed and resolutions are passed 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 Company ensures that decisions about particularly important matters are made appropriately and efficiently by giving the Board members opportunities to discuss particularly important matters before they deliberate them at meetings of the Board of Directors. 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. In the fiscal year under review, the effects of COVID-19 were limited, and Corporate Auditors implemented visiting domestic and overseas business sites of the Company and subsidiaries to carry out audits. They also carried out remote audits using online meetings, which became commonplace during the COVID-19 pandemic.

The Company is developing a whistleblowing system where information is promptly shared with the Company's Corporate Auditors under the Regulation for Whistle-Blowing Systems.

**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]

In the fiscal year under review, meetings to exchange opinions were held twice between the Representative Directors and Corporate Auditors. Further, the Company is providing opportunities for a more multi-faceted exchange of information. Two meetings were held where Outside Directors, Representative Directors and Corporate Auditors met. Corporate Auditors also held meetings seven times to exchange opinions with Outside Directors, Executive Officers and other management executives.

Corporate Auditors interviewed the independent auditing firm as necessary to share information. 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, 2023)

	Millions of yen	
	2022	2021 (Reference)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and time deposits	¥26,817	¥29,615
Notes and accounts receivable	-	-
Notes, accounts receivable and Contract assets	110,959	122,227
Merchandise and finished goods	62,056	63,379
Work in process	39,276	39,983
Raw materials and supplies	74,918	74,112
Others	33,286	29,988
Allowance for doubtful accounts	(149)	(263)
<b>Total current assets</b>	<b>347,165</b>	<b>359,045</b>
<b>Fixed assets:</b>		
Tangible fixed assets:		
Buildings and structures	208,770	203,320
Machinery and automotive equipment	513,103	497,955
Land	31,796	31,671
Lease assets	5,536	4,640
Construction in progress	11,290	10,269
Others	63,186	60,500
Accumulated depreciation	(635,925)	(611,232)
<b>Total tangible fixed assets</b>	<b>197,758</b>	<b>197,124</b>
Intangible fixed assets	8,772	9,137
Investments and other assets:		
Investment securities	61,864	55,931
Long-term loans	405	412
Net defined benefit asset	7,631	7,577
Deferred tax assets	5,752	5,702
Others	2,642	3,061
Allowance for doubtful accounts	(98)	(114)
<b>Total investments and other assets</b>	<b>78,197</b>	<b>72,571</b>
<b>Total fixed assets</b>	<b>284,728</b>	<b>278,832</b>
<b>Total assets</b>	<b>¥631,894</b>	<b>¥637,878</b>

English Translation of Financial Statements Originally Issued in the Japanese Language

	Millions of yen	
	2022	2021 (Reference)
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	¥56,208	¥61,073
Short-term debt	65,206	76,605
Commercial paper	18,000	18,000
Current portion of straight bonds	10,000	10,000
Current portion of lease liability	642	555
Accrued income taxes	1,787	5,265
Consumption taxes payable	260	1,137
Provision for bonus	5,659	6,054
Provision for product warranties	548	716
Provision for loss on construction contracts	57	0
Provision for loss on disposal of inventories	562	569
Others	39,863	43,821
<b>Total current liabilities</b>	<b>198,795</b>	<b>223,800</b>
<b>Long-term liabilities:</b>		
Straight bonds	40,000	40,000
Long-term debt	86,043	80,495
Lease liability	1,571	1,472
Deferred tax liabilities	8,034	5,666
Directors' and corporate auditors' retirement benefits	389	515
Provision for environmental countermeasures	1,275	734
Provision for preventing environmental pollution in mineral, mining, and other operations	839	804
Provision for loss on litigation	-	163
Net defined benefit liability	28,394	27,331
Asset retirement obligations	3,726	4,320
Others	1,416	2,525
<b>Total long-term liabilities</b>	<b>171,691</b>	<b>164,029</b>
<b>Total Liabilities</b>	<b>370,487</b>	<b>387,829</b>
<b>Net assets</b>		
Common stock	42,178	42,149
Capital surplus	18,729	18,701
Retained earnings	183,080	180,851
Treasury stock	(628)	(626)
<b>Shareholders' equity</b>	<b>243,360</b>	<b>241,075</b>
Net unrealized gains on securities, net of tax	3,362	2,512
Unrealized gains (losses) on hedging derivatives, net of tax	(4,098)	(11,641)
Foreign currency translation adjustments	10,682	6,924
Remeasurements of defined benefit plans	64	821
<b>Accumulated other comprehensive income</b>	<b>10,010</b>	<b>(1,383)</b>
<b>Non-controlling interests</b>	<b>8,035</b>	<b>10,356</b>
<b>Total net assets</b>	<b>261,406</b>	<b>250,048</b>
<b>Total liabilities and net assets</b>	<b>¥631,894</b>	<b>¥637,878</b>

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

## Consolidated Statement of Operations

(April 1, 2022 to March 31, 2023)

	Millions of yen	
	2022	2021 (Reference)
<b>Net sales</b>	¥651,965	¥633,346
<b>Cost of sales</b>	572,628	510,782
<b>Gross profit</b>	79,337	122,564
Selling, general and administrative expenses	66,808	61,826
<b>Operating income</b>	12,528	60,737
<b>Non-operating income:</b>		
Interest income	237	119
Dividend income	1,323	1,109
Investment income on equity method	5,726	4,541
Foreign exchange income	1,543	2,060
Other income	1,734	1,391
	10,565	9,222
<b>Non-operating expenses:</b>		
Interest expense	2,011	1,852
Other expenses	1,195	2,117
	3,207	3,969
<b>Ordinary income</b>	19,886	65,990
<b>Extraordinary profits:</b>		
Gain on sales of property, plant and equipment	129	245
Gain on sales of investment securities	25	900
Gain on reversal of customs duty for prior periods	-	1,141
Reversal of allowance for doubtful accounts	52	-
Insurance Proceeds	84	53
Gain on liquidation of affiliated companies	86	-
Others	120	217
	498	2,558
<b>Extraordinary losses:</b>		
Loss on sales of property, plant and equipment	155	53
Loss on disposal of property, plant and equipment	2,450	2,865
Loss on valuation of shares of subsidiaries and affiliates	1,096	-
Environmental expenses	745	140
Others	746	974
	5,195	4,034
<b>Profit before income taxes</b>	15,189	64,514
<b>Income taxes:</b>		
Current	6,022	10,612
Deferred	2,514	1,031
<b>Net income</b>	6,653	52,871
Profit (loss) attributable to non-controlling interests	(1,858)	782
<b>Profit attributable to owners of parent</b>	¥8,511	¥52,088

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, 2022 to March 31, 2023)

Millions of yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of period	42,149	18,701	180,851	(626)	241,075
Changes of items during period					
Dividends from surplus			(6,283)		(6,283)
Profit attributable to owners of parent			8,511		8,511
Purchase of treasury stock				(1)	(1)
Restricted Stock Compensation	28	28			57
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	28	28	2,228	(1)	2,284
Balance at end of period	42,178	18,729	183,080	(628)	243,360

	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	2,512	(11,641)	6,924	821	(1,383)	10,356	250,048
Changes of items during period							
Dividends from surplus							(6,283)
Profit attributable to owners of parent							8,511
Purchase of treasury stock							(1)
Restricted Stock Compensation							57
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(0)
Net changes of items other than shareholders' equity	849	7,543	3,758	(757)	11,394	(2,320)	9,073
Total changes of items during period	849	7,543	3,758	(757)	11,394	(2,320)	11,358
Balance at end of period	3,362	(4,098)	10,682	64	10,010	8,035	261,406

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



## Balance Sheet

(As of March 31, 2023)

	Millions of yen	
	2022	2021 (Reference)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and time deposits	¥6,405	¥9,026
Notes receivable	1,450	1,965
Accounts receivable	52,853	67,606
Merchandise and finished goods	32,084	34,680
Work in process	13,773	13,275
Raw materials and supplies	32,353	33,242
Advances payments	1,110	1,588
Prepaid expenses	778	721
Short-term loans	41,619	51,646
Other accounts receivable	14,604	11,084
Payment for others	3,637	4,275
Derivative assets	85	822
Others	45	192
Allowance for doubtful accounts	(36)	(55)
<b>Total current assets</b>	<b>200,763</b>	<b>230,073</b>
<b>Fixed assets:</b>		
<b>Tangible fixed assets:</b>		
Buildings	41,944	42,906
Structures	12,980	13,492
Machinery and equipment	110,168	113,775
Automotive equipment	549	527
Tools, equipment and furniture	9,804	9,597
Land used for mining operations	175	175
Land	15,300	15,859
Lease assets	146	247
Construction in progress	1,912	1,273
Accumulated depreciation	(147,044)	(150,824)
<b>Total tangible fixed assets</b>	<b>45,936</b>	<b>47,031</b>
<b>Intangible fixed assets:</b>		
Rights of utilization	5,194	2,565
Software in progress	1,012	2,987
<b>Total intangible fixed assets</b>	<b>6,207</b>	<b>5,552</b>
<b>Investments and other assets:</b>		
Investment securities	7,343	7,349
Stock of subsidiaries and affiliates	102,471	101,998
Investments in other securities of subsidiaries and affiliates	1,967	1,807
Investments in capital of subsidiaries and affiliates	3,026	3,026
Long-term loans	56,772	46,187
Derivative assets	5	41
Others	4,655	4,818
Allowance for doubtful accounts	(771)	(478)
<b>Total investments and other assets</b>	<b>175,469</b>	<b>164,750</b>
<b>Total fixed assets</b>	<b>227,614</b>	<b>217,335</b>
<b>Total assets</b>	<b>¥428,377</b>	<b>¥447,408</b>

English Translation of Financial Statements Originally Issued in the Japanese Language

	Millions of yen	
	2022	2021 (Reference)
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	¥25,863	¥34,342
Short-term debt	19,278	15,919
Commercial paper	18,000	18,000
Current portion of long-term loans payable	17,693	29,112
Current portion of straight bonds	10,000	10,000
Current portion of lease liability	16	41
Accrued payments	9,217	11,076
Accrued expenses	674	704
Accrued income taxes	24	2,028
Advances received	216	529
Deposits received	19,488	28,647
Provision for bonus	2,166	2,446
Derivative liabilities	1,750	6,272
Others	0	0
Total current liabilities	124,390	159,123
<b>Long-term liabilities:</b>		
Straight bonds	40,000	40,000
Long-term debt	84,903	79,097
Lease obligations	12	72
Employees' retirement benefits	16,763	16,681
Provision for environmental countermeasures	1,204	712
Provision for preventing environmental pollution in mineral, mining, and other operations	258	255
Provision for loss on litigation	-	103
Asset retirement obligations	126	126
Deferred tax liabilities	1,884	494
Derivative liabilities	503	1,628
Others	119	154
Total long-term liabilities	145,776	139,325
<b>Total liabilities</b>	<b>270,167</b>	<b>298,449</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
<b>Common stock</b>		
Common stock	42,178	42,149
<b>Capital surplus:</b>		
Legal capital surplus	22,606	22,578
Other capital surplus	0	0
Total capital surplus	22,606	22,578
<b>Retained earnings:</b>		
Legal retained earnings	2,406	2,406
Other retained earnings	91,206	87,902
Retained earnings brought forward	91,206	87,902
Total retained earnings	93,612	90,308
<b>Treasury stock</b>	(628)	(626)
<b>Total shareholders' equity</b>	<b>157,769</b>	<b>154,409</b>
<b>Valuation and translation adjustments</b>		
Net unrealized gains on securities, net of tax	2,632	1,847
Unrealized gains (losses) on hedging derivatives, net of tax	(2,191)	(7,298)
<b>Total net assets</b>	<b>158,210</b>	<b>148,958</b>
<b>Total liabilities and net assets</b>	<b>¥428,377</b>	<b>¥447,408</b>

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

English Translation of Financial Statements Originally Issued in the Japanese Language

## Statement of Operations

(April 1, 2022 to March 31, 2023)

	Millions of yen	
	2022	2021 (Reference)
<b>Net sales</b>	¥340,505	¥339,816
<b>Cost of sales</b>	309,287	285,783
<b>Gross profit</b>	31,217	54,032
Selling, general and administrative expenses	35,421	31,693
<b>Operating income (loss)</b>	(4,203)	22,339
<b>Non-operating income:</b>		
Interest and dividend income	16,360	13,679
Other income	2,313	3,805
	18,674	17,484
<b>Non-operating expenses:</b>		
Interest expense	905	834
Other expenses	741	749
	1,647	1,584
<b>Ordinary income</b>	12,823	38,240
<b>Extraordinary profits:</b>		
Gain on sales of property, plant and equipment	22	6
Gain on sales of investment securities	-	1,074
Gain on sales of stock of affiliated companies	34	-
Gain on liquidation of affiliated companies	79	338
Other profits	8	2
	143	1,421
<b>Extraordinary expenses:</b>		
Loss on sales and disposal of property, plant and equipment	358	1,211
Loss on impairment of fixed assets	-	113
Provision of allowance for doubtful accounts	278	229
Provision of allowance for environmental countermeasures	495	-
Other expenses	135	185
	1,267	1,740
<b>Income before income taxes</b>	11,699	37,921
<b>Income taxes:</b>		
Current	886	2,790
Deferred	1,226	60
<b>Net Income</b>	¥9,586	¥35,069

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, 2022 to March 31, 2023)

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	42,149	22,578	0	22,578	2,406	87,902	90,308	(626)	154,409
Changes of items during period									
Restricted Stock Compensation	28	28		28					57
Dividends from surplus						(6,283)	(6,283)		(6,283)
Net profit						9,586	9,586		9,586
Purchase of treasury stock								(1)	(1)
Net changes of items other than shareholders' equity									
Total changes of items during period	28	28	–	28	–	3,303	3,303	(1)	3,359
Balance at end of period	42,178	22,606	0	22,606	2,406	91,206	93,612	(628)	157,769

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Total valuation and translation adjustments	
Balance at beginning of period	1,847	(7,298)	(5,450)	148,958
Changes of items during period				
Restricted Stock Compensation				57
Dividends from surplus				(6,283)
Net profit				9,586
Purchase of treasury stock				(1)
Net changes of items other than shareholders' equity	784	5,106	5,891	(5,891)
Total changes of items during period	784	5,106	5,891	9,251
Balance at end of period	2,632	(2,191)	440	158,210

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