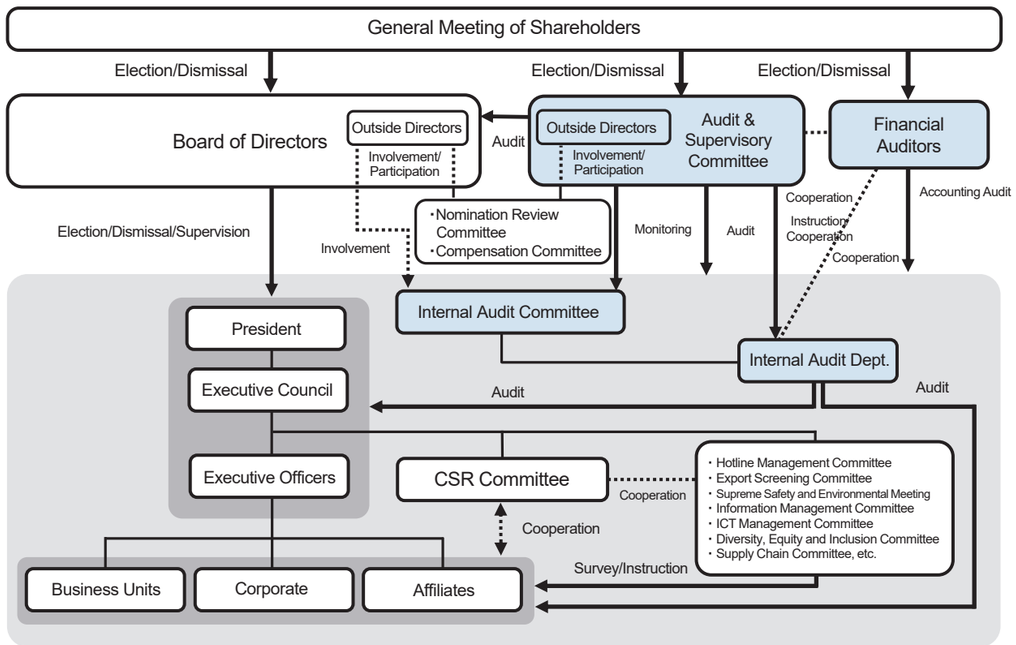
The foundation of our value creation

Mitsui Kinzoku views corporate governance as one of its most important managerial tasks that Mitsui Kinzoku shall strive to improve organizational structures and systems for management, and implement various measures as necessary, based on the recognition that corporate governance is a system for making fair and transparent decisions in a rapid and decisive manner, taking into consideration the positions of the stakeholders, including shareholders, customers, employees and local communities in order to achieve Our Vision of "Building new businesses－and the future－with our material intelligence." based on Our Purpose of "We promote the well-being of the world through a spirit of exploration and diverse technologies." under Our Management Philosophy of "With creativity and productivity, We, Mitsui Kinzoku Group, will explore products of value to society, and seek an eternal growth of our group." Corporate governance is the foundation for sustaining the long-term value creation of Mitsui Kinzoku Group.

History of corporate governance reform at Mitsui Kinzoku

FY	～2014	2015	2016	2019	2021	2022	2023	2024	2025
Organizational design	Company with a Board of Corporate Auditors							Company with an Audit & Supervisory Committee	
Advisory Committees	Internal Audit Committee（2004～） Nomination Review Committee and Compensation Committee（2005～）								
Ratio of Outside Directors on the Board of Directors The number of females is indicated in parentheses	9.1% (0)	22.2% (0)	33.3% (0)	33.3% (0)	37.5% (1)	37.5% (1)	33.3% (1)	50% (2)	50% (2)
Ratio of Outside Auditors/Directors on the Board of Corporate Auditors/ Audit & Supervisory Committee The number of females is indicated in parentheses	50% (0)	50% (0)	50% (0)	50% (1)	50% (0)	50% (0)	50% (0)	75% (1)	75% (1)
Chairpersons of the Board of Directors	President or Chairperson			Internal Director (non-executive)		Outside Director			
Topics		● Commencing the Board Effectiveness Assessment/ Formulating the Corporate Governance Guidelines		● Revising the term of office for Directors to one year ● Introducing restricted stock compensation systems			● Introducing ESG indicators in compensation for Directors		

Corporate governance system of Mitsui Kinzoku



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

Governance system: key points

1 Improving the effectiveness and transparency of the Board of Directors

- Mitsui Kinzoku transitioned to a company with an Audit & Supervisory Committee at the 99th Annual General Meeting of Shareholders held on June 27, 2024, aiming to expedite decision-making related to management in order to enhance discussions on management policies and strategies by making the agenda of the Board of Directors more focused, and to strengthen the Board's supervisory functions regarding management.
- We conduct the Board Effectiveness Assessment every year, set the percentage of addressed issues identified in the previous year as a KPI, and monitor the progress of these improvements at Board meetings.

2 Independence and diversity of the Board of Directors

- We appoint five Outside Directors, including two women, which account for half of the ten Directors, and six Non-Executive Directors, which constitute the majority of the Board of Directors. Moreover, an Outside Director serves as Chair of the Board of Directors.
- We established the voluntary Nomination Review Committee and the Compensation Committee. In each committee, Outside Directors constitute the majority, at five out of seven, and an Outside Director also serves as Committee Chair.

3 Enhancement of auditing and supervisory functions

- Mitsui Kinzoku organizes an Internal Audit Committee chaired by the Director in charge of the Internal Audit Dept. and comprised of the head of the Internal Audit Dept., General Managers of each sector's Administration Dept, Heads of the relevant departments in the Corporate Unit, and others. The Committee decides policies on and annual plans for internal audits, evaluates audit results, and reports them to the Board of Directors.
- The Internal Audit Dept. collaborates with relevant departments in the Corporate Unit based on decisions by the Internal Audit Committee to conduct internal audits of each site in Japan and overseas as well as affiliates.
- Directors who are Audit & Supervisory Committee Members attend Internal Audit Committee meetings as observers and accompany internal audits as appropriate to monitor internal auditing.

Mechanisms supporting Directors and the Board of Directors

Advisory Committees	Nomination Review Committee	The Committee reviews candidates to serve as Directors by considering their capabilities, knowledge, and character comprehensively using the skills matrix, and those deemed capable of satisfactorily fulfilling the responsibilities are nominated by the Board of Directors. In FY2024, the Nomination Review Committee held nine meetings, with all members attending. 【Agenda for FY2024】 Review of Executive Officers' roles, revision of the skills matrix, succession planning, interviews with candidates for Executive Officer positions, deliberations on executive personnel affairs, etc.
	Compensation Committee	The Committee establishes and revises the criteria for determining the amounts of base compensation and performance-linked compensation for Directors, and determines the amounts of compensation for each Director. In FY2024, the Compensation Committee held ten meetings, with all members attending. 【Agenda for FY2024】 Examination of FY2023 ESG indicator results, decisions on the compensation of Directors for FY2024, revision of treatment for officers in affiliate companies, review of compensation for Directors, deliberation on the FY2025 ESG indicators, FY2025 KPI for performance-based compensation of Internal Directors (introduction of ROIC), FY2025 compensation of Executive Officers, etc.
Executive Officer system	Executive Officer	We introduced the Executive Officer system in order to enhance the agility and flexibility of business execution and increase the vitality of management.
	Executive Council	The Council is composed of Senior Executive Officers (including those who concurrently serve as Directors), and deliberates in advance on matters to be resolved by the Board of Directors and discusses important matters related to business execution. In FY2024, the Executive Council held 56 meetings.
Communication and training of Directors and Executive Officers	Top Management Meeting	We have established a communication forum where all members of the Board of Directors, including Outside Directors, discuss in advance particularly important management strategies and medium- to long-term issues to be deliberated upon at Board of Directors meetings. We organize the issues in order to streamline and improve discussions at Board of Directors meetings and to strengthen communication between Directors.
	Training Program for Directors and Executive Officers	We hold executive training for Directors and Executive Officers when they are appointed and on an ongoing basis during their term of office, in order to provide them with the information and knowledge on business activities that are necessary to supervise management.

Directors and Board of Directors

Overview of the Board of Directors

The Board of Directors aims to strengthen the mechanism to effectively supervise initiatives to address medium- to long-term management issues and speed up the decision-making process. The Board of Directors consists of ten Directors, half of whom (five, including two women, three of whom are Directors who are Audit & Supervisory Committee Members) are Outside Directors. Outside Directors are appointed with consideration of their independence and ability to reflection of diverse stakeholders' perspectives.

In FY2024, the Board of Directors held 14 meetings, with all members attending.

Organization structure (as of June 27, 2025)

Directors

★ indicates the Chair of each meeting body.



NOU Takeshi

President and Representative Director

NRC CC ED ★



IKENOBU Seiji

Representative Director, Executive Vice President, Senior General Manager of Corporate Planning & Control Sector

ED



OKABE Masato

Representative Director Senior Managing Director, Senior Managing Executive Officer, Senior General Manager of Engineered Materials Sector

IAC ★ ED



YAMASHITA Masashi

Managing Director, Senior Executive Officer, Deputy Senior General Manager of Corporate Planning & Control Sector

NRC CC ED



SHIKI Kazuya

ASC ★

Outside Directors



TOIDA Kazuhiko

【Important positions held concurrently at other organizations】

- Advisor, Rikkyo University Innovation Center for Applied Artificial Intelligence (ICA-AI)
- Chairperson, St. Stephen's School

BoD ★ NRC CC



TAKEGAWA Keiko

【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

NRC CC



ISHIDA Toru

【Important positions held concurrently at other organizations】

- Outside Director, Sankyu Inc.

ASC NRC ★ CC



INOUE Hiroshi

【Important positions held concurrently at other organizations】

- Lawyer
- Outside Director and Audit & Supervisory Committee Member, Mazda Motor Cooperation
- Outside Director and Audit & Supervisory Committee Member, Custody Bank of Japan, Ltd.

ASC NRC CC ★



KAWANISHI Sachiko

【Important positions held concurrently at other organizations】

- Senior Managing Director, Internet Disclosure, Co., Ltd.

ASC NRC CC

ASC Audit & Supervisory Committee Member
NRC Nomination Review Committee Member
CC Compensation Committee Member
IAC Internal Audit Committee Member
ED Executive Director（Executive Council Member）

【Ensuring Independence and Objectivity】

Ratio of Outside Directors **50%**

Internal **5**

Outside **5**

【Strengthening Management Supervision】

Ratio of Non-Executive Directors **60%**

Executive **4**

Non-Executive **6**

【Promoting Diversity】

Ratio of Female Directors **20%**

Female **2**

Male **8**

Skills matrix of Director

The skills shown in the skills matrix below have been selected by the Nomination Review Committee as the skills necessary for promoting the Purpose, Vision, and executing the 25-27 MTP.

Skills matrix of each Director

Name	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	◎	○		◎				○	◎
IKENOBU Seiji	◎	○		◎					
OKABE Masato		◎			◎		○	◎	○
YAMASHITA Masashi	○		◎			◎		◎	
TOIDA Kazuhiko	◎	○			◎			○	○
TAKEGAWA Keiko						◎	○	◎	
SHIKI Kazuya							◎	○	○
ISHIDA Toru							◎	○	◎
INOUE Hiroshi						○	◎		◎
KAWANISHI Sachiko	○		◎	○					○

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

Reason selected as necessary skill

Skills	Reason for selecting skill
Corporate management	Competence, experience and leadership enabling the formulation of strategies and the implementation of integrated thinking-based management and ambidexterity are necessary for execution of the 25-27 MTP, looking towards the Purpose and Vision.
Business strategies	Knowledge and experience enabling the formulation and implementation of strategies for establishing a competitive advantage are necessary for realizing sustainable business growth.
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.
Technologies/ 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.
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.
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.
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.
Internationality	An in-depth understanding of and respect for each country's culture and diversity are necessary for survival as a global enterprise.
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.

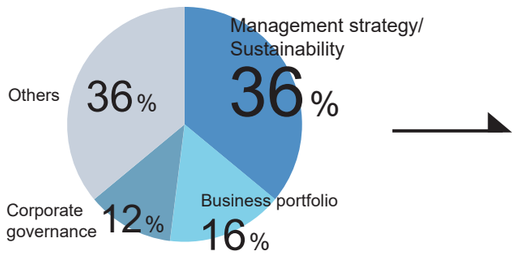
Agenda for the Board of Directors Meeting

Mitsui Kinzoku transitioned to a company with an Audit & Supervisory Committee on June 27, 2024, aiming to expedite decision-making related to management in order to enhance discussions on management policies and strategies by making the agenda of the Board of Directors more focused, and to strengthen the Board's supervisory functions regarding management. As a result of this transition, discussions by the Board have become more focused, as we aimed for, with management strategy/sustainability, the business portfolio, and governance topics representing 76% of the discussion time.

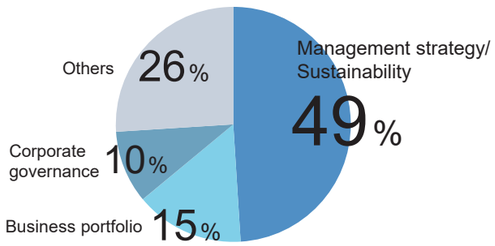
In FY2024, the Board held discussions with a particular focus on formulation of the 25-27 MTP, the sale of Mitsui Kinzoku ACT, and restructuring of the Mobility Sector.

Percentage of discussion time by agenda category in board meetings

FY2023
A company with a Board of Corporate Auditors

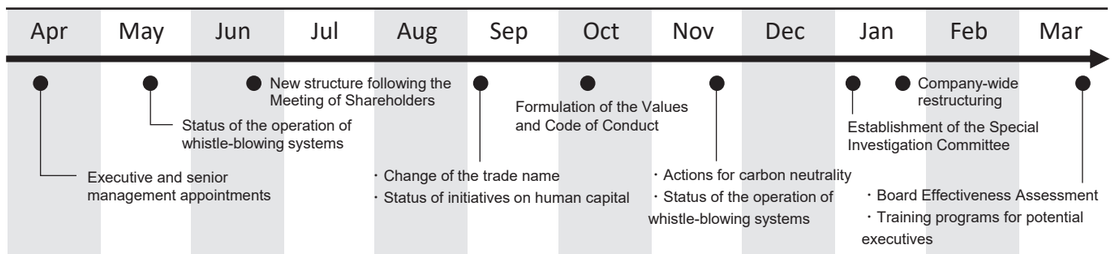


FY2024
A company with an Audit & Supervisory Committee



Main topics in board meetings by agenda category and their timing (FY2024)

Agenda categories	Agenda items	Reporting items
Management strategy/ Sustainability	・Measures for the 25-27 MTP(formulating the Values and Code of Conduct, restructuring the entire company, changing the trade name, etc.) ・Transition to a company with an Audit & Supervisory Committee	・Situation of each business sector and corporate division ・Actions for carbon neutrality ・Status of initiatives on human capital
Business portfolio	・Review of business portfolio ・Implementation of Individual M&A and organizational restructuring projects	・Progress of individual M&A and organizational restructuring projects
Corporate governance	・Exclusive matters for the Board of Directors as mandated by law ・Approval of business reports and financial statements ・Revision of company rules	・Board Effectiveness Assessment ・Status of cross held stocks ・Dialogue with institutional investors
Others	・Review of the whistle blowing systems ・Implementation of business investment ・Executive and senior management appointments	・Status of the operation of whistle-blowing systems ・Progress of business investment ・Training programs for potential executives



＊ In addition to the agenda items mentioned above, the Board of Directors regularly receives reports on the situation regarding each business sector and corporate unit.

Board Effectiveness Assessment

We conduct the Board Effectiveness Assessment every year to ensure the continuous enhancement of the board's function.

Assessment process

1 The Secretariat of the Board of Directors interviewed all Board members.

2 Based on the interview results, a third-party institution conducted a survey and interviews.

3 The following members participated in discussions.
- Board chairperson
- Representative Directors
- Director in charge of the secretariat
- Full-time Director who is an Audit & Supervisory Committee Member
- Secretariat of the Board of Directors

4 The Board of Directors deliberated at its meeting in March 2025.

5 All Board members exchanged their opinions and then confirmed the assessment results and future actions.

Assessment result

The majority of responses indicated that there were no major problems with the Board's effectiveness. Based on the results of past effectiveness assessments, the Board of Directors' effectiveness is deemed to be improving.

[Assessment points]

- In light of the FY2023 effectiveness assessment results, members of the Board of Directors reached a common understanding that the Board should adopt a monitoring model. Based on this recognition, the transition was made to a company with an Audit & Supervisory Committee in June 2024 in order to strengthen corporate governance and promote discussion on corporate-wide strategies. Along with this transition, the Board's authority has been partially delegated to the executive side.
- Moreover, based on the issues identified at the FY2023 effectiveness assessment, in FY2024, the Board followed up on and monitored the results of its effectiveness assessment at its own meetings, as well as at the top management meetings attended by all Board members, and on other occasions.

Improvements from last time

Issues in FY2023	Improvements	Recognition of new issues
The Board of Directors should further discuss the allocation of management resources, such as investment in human capital and intellectual property, and the execution of strategies related to the business portfolio.	Regarding human capital and intellectual property, a growing number of reports from the executive side enhanced deliberation at Board meetings, showing a trend toward improvement.	● Ongoing efforts are necessary to address issues continuing since FY2023.
Considering the large number of agenda items at Board meetings, the Board's authority should gradually be delegated to the executive side, including lower-level meeting bodies.	Progress was partially made on the transition to a company with an Audit & Supervisory Committee and partial delegation of the Board's authority through revision of the Articles of Incorporation. However, much remains to be done.	● Deeper discussion is needed on the monitoring-oriented Board of Directors following the transition to a company with an Audit & Supervisory Committee.
Discussion on succession plans for top and other executives is insufficient.	Progress has been made in discussions to a certain extent.	● More discussions are needed on supervision and monitoring of how the Group's internal control is operated and investment in new businesses, including M&A.

Future efforts

We have changed our institutional design to a company with an Audit & Supervisory Committee and partially delegated the Board's authority through revision of the Articles of Incorporation. By effectively using this structure, we will tirelessly drive our efforts to enhance the Board of Directors' functions.

Compensation for Directors

Compensation system

Compensation for Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members) consists of base compensation, performance-linked compensation as a short-term incentive, and stock compensation as a medium- to long-term incentive, to enable them to demonstrate management supervisory functions at a high level. In order to ensure competitiveness, the appropriateness of the level and composition of compensation for Directors is examined each year by comparing with other companies of similar size in terms of sales and market capitalization, as disclosed in the findings of a compensation survey in which major companies in Japan participate.

If the Board of Directors resolves a correction to the financial results post-announcement due to material accounting error or fraud, the Compensation Committee shall deliberate on adjustments to performance-linked compensation and restrict its payment, or even demand pay back of compensation, when deemed necessary (clawback provision).

Compensation for Directors

(excluding Outside Directors and Directors who are Audit & Supervisory Committee Members)

(1) Base compensation

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

(2) Performance-linked compensation

Regarding performance-linked compensation,, the amount of performance-linked compensation is calculated using consolidated ordinary income and ROIC, which the Company considers as key indicators for evaluating operating results, as the performance indicators. The benchmark is set at ¥40 billion, which is 130% of ¥30 billion, the average past consolidated ordinary income excluding the impact of the impairment from the Caserones Copper Mine. The Compensation Committee also sets ¥60 billion, which is the largest recorded profit, as a target, and sets an upper limit of ¥100 billion in the event that the target is exceeded, to ensure that performance-linked compensation serves as an appropriate incentive.

(3) Stock compensation

The Company has introduced a restricted stock compensation plan (tenure-based restricted stock compensation) and ESG indicator-based restricted stock compensation for Directors to serve as an incentive for Directors to aim for continuous growth in corporate value and further enhance value-sharing with shareholders. In both cases, continued service is a condition for lifting the transfer restrictions.

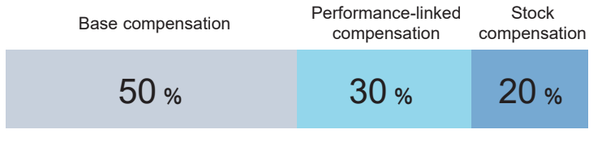
The total amount of compensation for granting restricted stock shall be within ¥50 million per year as tenure-based stock compensation and within ¥50 million per year as ESG indicator-based stock compensation, totaling within ¥100 million per year. The total annual number of the Company's common shares to be issued or disposed of by this shall be 16,650 shares or less per year as tenure-based stock compensation and 16,650 shares or less per year as ESG indicator-based stock compensation, totaling a maximum of 33,300 shares per year.

Composition of ESG Indicators

ESG	Indicator	KPI
E	GHG reduction	Formulation of a GHG reduction plan up to FY2030 and achievement of annual targets
	Environmental initiatives	CDP climate change score
S	DE&I	Percentage of female managers
	Promotion of job satisfaction	Engagement score
G	Governance	Percentage of addressed issues identified at the Board Effectiveness Assessment
	Compliance	Presence of serious compliance violations

Composition of compensation

(excluding Outside Directors and Directors who are Audit & Supervisory Committee Members)



(Stock compensation breakdown
= Tenure-based 10% + ESG indicator-based 10%)

＊ Composition of compensation when consolidated ordinary income is ¥40 billion and all KPIs are achieved for ROIC and ESG.
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.

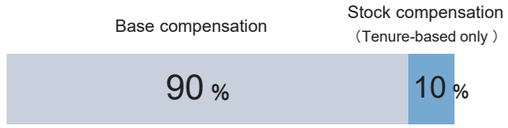
Compensation for Outside Directors and Directors who are Audit & Supervisory Committee Members

The compensation for Outside Directors and Directors who are Audit & Supervisory Committee Members consists only of base compensation and non-performance-linked stock compensation, considering their roles and independence.

The compensation for Directors who are Audit & Supervisory Committee Members is determined through discussions by the Audit & Supervisory Committee.

Composition of compensation

(Outside Directors and Directors who are Audit & Supervisory Committee Members)



Timing of payment of compensation

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.

Revision of Directors' Compensation System for FY2025

The Compensation Committee has been reviewing performance-linked compensation KPIs that reflect business strategies since FY2023, to improve sustainable corporate value. Starting in FY2025, the Company has added ROIC as a new metric for performance-linked compensation, reflecting the interests of shareholders and enabling objective verification, as part of its efforts to foster a corporate culture of business management with awareness of the cost of capital and capital efficiency. As a result, the amounts of the Company's performance-linked compensation is determined based on consolidated ordinary income and ROIC performance metrics, which are important metrics for evaluating business performance. Furthermore, to aim for further profit growth, we have raised the cap on performance-linked compensation linked to consolidated ordinary income from ¥80 billion to ¥100 billion.

In addition, in line with the Company's transition to a company with an Audit & Supervisory Committee, as the transfer of authority from Directors to the executive side progresses, the Company has abolished the addition or deduction of performance-based bonuses for business-responsible Directors based on the performance of their respective departments, with the aim of further committing to the enhancement of corporate value and social value from a company-wide perspective.

Furthermore, the Company has decided to add tenure-based restricted stock compensation for Outside Directors and Directors who are Audit & Supervisory Committee Members, with the aim of providing incentives to promote the sustainable improvement of corporate value and further advancement of sharing value with shareholders.

Total amount of compensation (FY2024)

Classification	Total compensation (millions of Yen)	Total compensation by type (millions of Yen) Base Compensation	Performance-linked Compensation	Stock Compensation	Number
Directors (excluding Directors who are Audit & Supervisory Committee Members)	334	225	58	49	10
(Outside Directors)	(46)	(46)	(—)	(—)	(3)
Directors who are Audit & Supervisory Committee Members	79	79	—	—	4
(Outside Directors)	(37)	(37)	(—)	(—)	(3)
Corporate Auditors	18	18	—	—	4
(Outside Corporate Auditors)	(6)	(6)	(—)	(—)	(2)
Total	433	324	58	49	18
(Outside Directors and Outside Corporate Auditors)	(89)	(89)	(—)	(—)	(8)

Notes: 1. The Company's 99th Annual General Meeting of Shareholders held on June 27, 2024, shareholders resolved to set the limit of compensation for Directors at ¥720 million per year (¥100 million per year for 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. The number of eligible Directors under this resolution was six (two of whom were Outside Directors).
2. At the 99th Annual General Meeting of Shareholders on June 27, 2024, shareholders resolved to set the limit of compensation for Directors who are Audit & Supervisory Committee Members at ¥180 million per year. The number of eligible Directors who are Audit & Supervisory Committee Members under this resolution was four (three of whom were Outside Directors).
3. At the 96th Annual General Meeting of Shareholders on June 29, 2021, shareholders resolved to set the limit of compensation for Directors who are Corporate Auditors at ¥180 million per year. The number of eligible Corporate Auditors under this resolution was four (two of whom were Outside Directors).
4. The above table includes four Directors (including one Outside Director) and four Corporate Auditors (including two Outside Directors) who retired at the conclusion of the 99th Annual General Meeting of Shareholders held on June 27, 2024. The Company transitioned from a Company with a Board of Corporate Auditors to a Company with an Audit & Supervisory Committee on June 27, 2024.

Total compensation and types of compensation for President (FY2024)

Total compensation (millions of Yen)	Total compensation by type (millions of Yen) Base Compensation	Performance-linked Compensation	Stock Compensation
109	62	28	18

Audit & Supervisory Committee

Overview of the Audit & Supervisory Committee

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

In FY2024, the Audit & Supervisory Committee held 12 meetings, with all Directors who are Audit & Supervisory Committee Members attending.

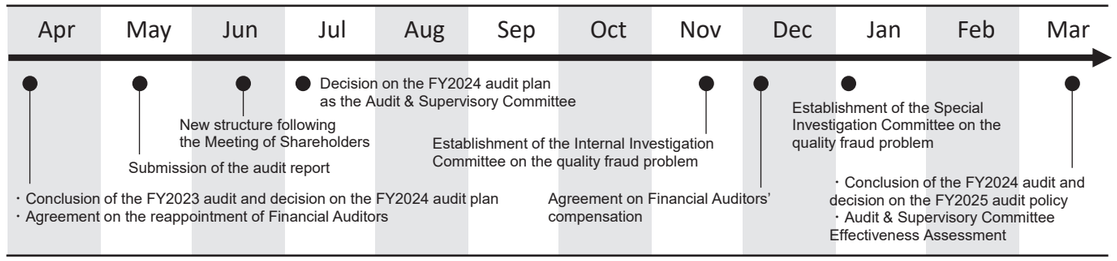
In particular, regarding the quality fraud problem at Mitsui Kinzoku Perlite Co., Ltd., the Audit & Supervisory Committee decided on the establishment of the Internal Investigation Committee. The Audit & Supervisory Committee played a key role in the Internal Investigation Committee by having two of its members involved and leading its systematic transition to the Special Investigation Committee, where an Outside Director who is also an Audit & Supervisory Committee Member served as Chair.

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

In addition to the monthly Committee meetings, the Audit & Supervisory Committee also meets with Representative Directors, Executive Directors, and the heads of departments. These meetings are also attended by Outside Directors who are not Audit & Supervisory Committee Members to ensure that all Non-Executive Directors gain a timely understanding of management policies and share information.

Annual agenda of the Audit & Supervisory Committee

The Audit & Supervisory Committee holds prior discussions and exchanges opinions on the monthly agenda items for the Board of Directors, aiming to enhance the effectiveness of audits. This process helps deepen the understanding of each proposal and organize the matters that need to be confirmed by the Board of Directors. In FY2024, the Audit & Supervisory Committee has deliberated on the following matters:



＊ The above items were undertaken by the Board of Corporate Auditors from April 1 to June 26, 2024, prior to the transition to a company with an Audit & Supervisory Committee.

Audit & Supervisory Committee Effectiveness Assessment

We conduct the Audit & Supervisory Committee Effectiveness Assessment every year to ensure the continuous enhancement of the committee's function.

Assessment process

1
The Secretariat of the Board of Directors interviewed all Board members, including Audit & Supervisory Committee Members

2
Based on the interview results, a third-party institution conducted a survey and interviews.

3
The following members participated in discussions.

・Board chairperson
・Representative Directors
・Director in charge of the secretariat
・Full-time Director who is an Audit & Supervisory Committee Member
・Secretariat of the Board of Directors

4
Discussions were held at the Audit & Supervisory Committee in March 2025, where the members evaluated the results and decided on the FY2025 audit plan.

5
The results were reported at the Board of Directors meeting in March 2025, together with the Board Effectiveness Assessment.

Assessment result

- In the surveys and interviews, the majority of the responses indicated that there were no major problems, including free and constructive discussion and exchange of opinion, reports from and information sharing with a full-time Director who is an Audit & Supervisory Committee Member and the Internal Audit Dept., and collaboration with Financial Auditors.
- At the same time, it was suggested that enhancing opportunities to meet with the executive side would further improve the effectiveness of the Audit & Supervisory Committee.

Future efforts

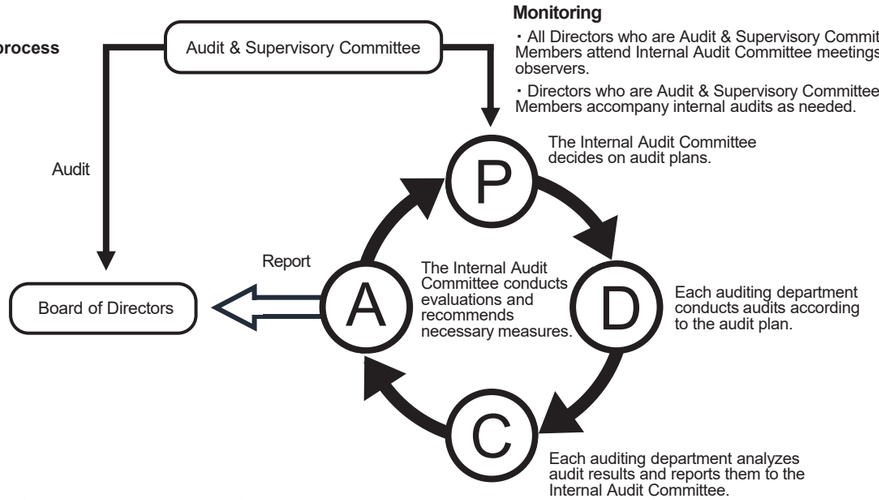
Based on the discussions by the Audit & Supervisory Committee, we have determined that the committee's effectiveness is ensured. We will continue to improve the committee's effectiveness by incorporating the results of the effectiveness assessment into the FY2025 audit plan and through other measures.

Internal Audit Committee and Internal Audit Dept.

Internal Audit Committee

Mitsui Kinzoku organizes an Internal Audit Committee chaired by the Representative Director in charge of the Internal Audit Dept., and comprised of the head of the Internal Audit Dept., head of the Corporate Unit, General Managers of each sector's Administration Department, and others. The Committee approves the policy and plan for internal audits conducted by the Internal Audit Dept. and evaluates the results. The results of audits approved and evaluated by the Internal Audit Committee are reported to the Board of Directors and the Audit & Supervisory Committee without delay through the Internal Audit Dept. and to Financial Auditors as appropriate. In FY2024, the Internal Audit Committee held four meetings.

In principle, all Directors who are Audit & Supervisory Committee Members attend Internal Audit Committee meetings as observers to monitor the activities of the Internal Audit Committee as the Audit & Supervisory Committee.



Internal Audit Dept. and internal audits

The Internal Audit Dept., positioned directly under the Director in charge of the Internal Audit Dept., functions as a body independent from other business execution departments to conduct internal audits on the Company's overall business from an independent perspective. In addition to audits approved and evaluated by the Internal Audit Committee, we have also established a system that allows the Audit & Supervisory Committee to directly instruct the Internal Audit Dept. Through this system, the Internal Audit Dept. may also conduct internal audits as an independent body without going through the Internal Audit Committee.

Internal audits are conducted by members of the Internal Audit Dept. and internal audit staff (assigned by Internal Audit Committee Members), who visit each business division and site of the Company as well as its affiliates in Japan and overseas. They review a range of issues chiefly related to the situation regarding legal compliance, establishment status of internal control systems, and appropriateness of accounting processes.

Internal control system

A summary of the decisions made at the meetings of the Board of Directors, regarding the business structure for the appropriate business operation of Mitsui Kinzoku Group in compliance with laws and regulations and the corporate ethics, is available on our corporate website.

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

＊ The Corporate Governance Guidelines, which outline the fundamental approach to corporate governance, can also be accessed through the above address.



SHIKI Kazuya
Director, Audit & Supervisory Committee Member

INOUE Hiroshi
Outside Director, Audit & Supervisory Committee Member

ISHIDA Toru
Outside Director, Audit & Supervisory Committee Member

TOIDA Kazuhiko
Outside Director, the Chair of the Board of Directors

Roundtable Discussion

with the Chair of the Board of Directors and Outside Directors

In June 2024, Mitsui Kinzoku transitioned to a company with an Audit & Supervisory Committee.
How has the company's governance changed due to this shift in institutional design?
The four Directors responsible for governance met to discuss this matter.

Shiki:

Under the company with a Board of Corporate Auditors structure that we previously adopted, we had a management-oriented Board of Directors that focused on its decision-making functions. However, even within that structure, I think authority was being delegated to executive officers and governance reforms were being pursued, including improving the efficiency of discussions at Board of Directors meetings.
Following the transition to a company with an Audit & Supervisory Committee made in June last year, a significant portion of decision-making related to key business execution has been delegated to the President and other executive officers, making it possible to narrow down the agenda items at Board of Directors meetings. I therefore feel the Board of Directors' role and the nature of the matters it handles has changed. What do all of you think? Please feel free to speak honestly.

Toida:

The transition to a company with an Audit & Supervisory Committee has been a key step in redefining the role of the Board of Directors. This transition strengthened the Board's role in monitoring decisions regarding the primary direction of the company, while delegating specific matters to executive officers, which I believe has enabled more accelerated and efficient decision-making.

Shiki:

In terms of the changes in the nature of agenda items, compared to before the transition, there is less discussion of specific issues relating to business sales, HR, and organizational changes. On the other hand, there are now frequent work status reports, effectiveness assessment of the Board of Directors and human-capital-related reports. There are also more reports on the use of intellectual property and intangible assets, so I think the Board is now discussing themes it did not previously.

Toida:

There has also been a big change in how Board of Directors meetings are run, which I handle as the Chair. When we were a company with a Board of Corporate Auditors, it was sometimes somewhat difficult to deal with the Auditors when they expressed opinions, since they did not have voting rights on the Board of Directors. With the transition to the new structure, they have become Directors who are members of the Audit & Supervisory Committee, meaning that their opinions directly influence the decision-making of the Board of Directors, which enables discussions to progress more smoothly.

Ishida:

When I attended Board of Directors meetings as an auditor, my role focused on supervising business execution, but as a director, I am required to contribute directly to decision-making. This has made me more aware that I can and should actively express my opinions on how to improve corporate value.
Due to the recent transition, the composition of the Board of Directors has changed as well. Currently, five of the ten people on the Board are independent Outside Directors, and the role of Chair is also filled by an Outside Director, Mr. Toida. I feel that this qualitative change in the governance structure is very meaningful in terms of increasing the company's transparency and efficiency.

Inoue:

With the transition to the Audit & Supervisory Committee, the style has changed, but honestly, I feel that in practical terms, some areas have not changed much because everyone has always had a strong sense of monitoring and has been actively speaking up ever since we were auditors. Like Director Ishida said, as directors we now have the responsibility to participate in the final vote, which is a major difference. I must be conscious of the fact that I play an important role in management, but as an Audit & Supervisory Committee Member, I must also maintain an independent point of view. I sometimes feel that it is difficult to strike the right balance between these goals, so I will continue seeking a path forward through trial and error.

Shiki:

Regarding the importance of having voting rights as an Audit & Supervisory Committee Member, if the Outside Directors, who represent half of the Board, oppose something, it is possible to overturn a decision of the Board. This has created a new sense of tension at Board meetings.

Could the Board of Directors have encouraged risk-taking by Executive Officers when deciding about the business sale?

Shiki:

In May last year, the Board of Directors resolved to sell Mitsui Kinzoku ACT Corporation, a consolidated subsidiary in the parts production business, which had been one of the company's mainstay businesses for many years. I would like to hear your view of the Board's involvement in making this decision.

Toida:

My perception of the sale of Mitsui Kinzoku ACT is that the Board of Directors could have encouraged risk-taking by the executive officers. I regret that there were not more discussion about the future business management strategy and the business portfolio, which are essential to such a sale.

Ishida:

Given that the business environment required Mitsui Kinzoku ACT to transform into a systems manufacturer, I felt that the policy of finding a new owner who could provide the optimal management resources was very appropriate, and I believe we supported the decision made by the executive officers. While Mitsui Kinzoku ACT has been sold, it is still too soon to say whether any specific buy-side deals are in the works, but I think that considerable progress has been made with respect to the business portfolio review. The seeds of new businesses such as next-generation semiconductor device materials, including all-solid-state batteries and HRDP, are developing, and I believe discussions about these are progressing both inside and outside the Board of Directors.

Inoue:

I think that the executive officers were responsible for identifying the appropriate timing to sell the business, while the Board of Directors was able to provide proper oversight to ensure that the sale reflected the appropriate value. As Director Ishida said, we will closely monitor whether the cash obtained from this business sale is being used properly in the 25-27 MTP, and the Board of Directors will encourage the executive officers to take action as needed.

Shiki:

Chair Toida has previously spoken about the importance of portfolio management, and we have made progress in developing the portfolio, including dynamic management using ROIC. It has been pointed out that there is a lack of activity from a buy-side perspective, so I think the question of what kinds of businesses we should acquire is an important issue for the future.

Inoue:

I feel that it is necessary to develop new future-oriented businesses. With the elimination of the Mobility Sector, we must focus on what to concentrate on going forward. If the resources we can invest are widely dispersed, they may be less effective, so we should find the right balance for our initiatives. Last year, we formulated our new medium-term management plan, and while the discussions were inevitably based in part on the current situation, I feel that this year and next year are a good time for the Board of Directors to work with the executive officers to clarify which activities we will pursue to create businesses.

What was the response to the quality non-compliance issues that were discovered?

Shiki:

As you are aware, a key issue for the Audit & Supervisory Committee is to strengthen internal control, governance, and compliance. Unfortunately, instances of quality non-compliance were discovered at Mitsui Kinzoku Perlite Co., LTD. last year.
A report by the Special Investigative Committee thoroughly explored why these quality problems occurred. In terms of organizational factors, it was reported that Perlite's inspection department lacked independence; the quality assurance department was weak; inspection-related systems, programs, and functions were inadequate; and communication between Perlite and Mitsui Kinzoku's business oversight departments and Quality Assurance Department was insufficient.

In terms of people-related factors, the company's officers and employees lacked an awareness of quality compliance, while management lacked a sense of responsibility; in terms of environmental factors, the organizational culture prioritized deadlines and sales. Other factors included weak auditing functions and issues with how standards for Perlite products were determined and managed. I cannot shake the feeling that, ultimately, the underlying cause was a lack of thoroughness in governance.
I would like to hear the opinion of Director Inoue, who chaired the Special Investigative Committee, regarding the series of measures taken in response to this case.

Inoue:

In terms of the process leading to the establishment of the Special Investigative Committee, first, whistle-blowing reports were received and handled appropriately. At this stage, Mitsui Kinzoku's Quality Assurance Department also became involved, and as a result of conducting a preliminary investigation, the Audit & Supervisory Committee decided to set up the Internal Investigation Committee to address this important matter. I think that was a good move.
However, following an investigation that lasted around one month, the scope of the case became clear, and the committee proposed to the Board of Directors that it form the Special Investigative Committee and outsource the investigation. That was also a very important decision in terms of public disclosure. At that stage, we were not yet fully able to express our opinion, but as the investigation progressed, we came to believe that if we did not disclose the information, we might become the kind of company that hides information in the future, so we made a firm request that this matter be disclosed.

Toida:

In this case, I think the steps that needed to be taken up to making an external announcement were clear. Mr. Inoue's experience helped us to decide on the course of action, which I feel was the right move.
As the roles of the Board members became clear, my sense is that the pace changed. Perhaps this could also be viewed as a result of establishing the Audit & Supervisory Committee.



TOIDA Kazuhiko

Joined Nissan Motor Co., Ltd. in 1975, became Managing Director in 2001, was appointed as Representative Director and President of FALTEC Co., Ltd. in 2010, and then became an Outside Director of Mitsui Kinzoku in June 2020. He was appointed as the company's Chair of the Board of Directors in June 2022.

Ishida:

I think this case was handled appropriately, with the Special Investigative Committee playing a central role. On the other hand, it has become clear that improving the effectiveness of our internal control systems, including those at group companies, is a key issue for the future. There is no denying the shortage of human resources at our group companies, and it is very important to determine how we will ensure governance across the entire Group.
With the transition to a company with an Audit & Supervisory Committee, we must strengthen collaboration between group companies and the Internal Audit Department while maintaining audit and supervision functions, and we have begun initiatives such as having Audit & Supervisory Committee Members attend internal audits. Through enhanced collaboration between the Audit & Supervisory Committee and the Internal Audit Department, I believe we need to properly create a new system whose effects will include recurrence prevention of quality non-compliance.

Shiki:

We will fully meet our auditing and supervisory responsibilities with regard to initiatives such as supporting thorough measures to prevent recurrence of the problems that occurred at Mitsui Kinzoku Perlite; fostering a group-wide compliance- and quality-focused culture; enhancing collaboration and support between Mitsui Kinzoku and its affiliates, individual quality assurance departments, and related departments; revising the organizational structure; and improving the effectiveness of the whistle-blowing system.

What kind of initiatives have the Nomination Review Committee and Compensation Committee implemented to strengthen governance?

Shiki:

The transition to a company with an Audit & Supervisory Committee is part of an overall move toward strengthening our governance, and the Nomination Review Committee and the Compensation Committee are also contributing by pursuing various initiatives. As Chair of the Committee, what can you tell us about this, Director Ishida?

Ishida:

Unlike at a company with a Nominating Committee, etc., the Board of Directors has the authority to make the final decision rather than the Nomination Review Committee, but as an advisory committee to the Board, the Committee nevertheless plays an important role in electing and dismissing directors. The Committee's judgments are therefore very significant. Transparent, fair discussions that take into account shareholders' perspectives are important.
Following the discussions held last year, it was decided to change from an employment-based executive officer system to a delegation-based system. This was done because the transition to a company with an Audit & Supervisory Committee necessitated promoting delegation of authority to executive officers.
Other objectives were to conduct a balanced evaluation of executive officers and to encourage them to think of themselves as future director candidates. I think this change to the system is an example of how we are revising our systems in conjunction with the transition to a company with an Audit & Supervisory Committee.



ISHIDA Toru

Joined the Ministry of International Trade and Industry (now the Ministry of Economy, Trade and Industry) in 1975. After holding positions such as Director-General of the Trade and Economic Cooperation Bureau, Commissioner of the Agency for Natural Resources and Energy, and President of the Japan Chamber of Commerce and Industry and the Tokyo Chamber of Commerce and Industry, he became an Outside Auditor at Mitsui Kinzoku in 2018, and then was appointed as an Outside Director and Audit & Supervisory Committee Member in June 2024.

Shiki:

Director Inoue, what can you tell us as Chair of the Compensation Committee?

Inoue:

Since becoming a company with an Audit & Supervisory Committee, notable achievements include the introduction of ROIC in the short-term performance evaluations of directors' compensation and the granting of stock compensation to non-executive directors.
Though the Compensation Committee and the Nomination Review Committee are voluntary advisory committees, they are highly effective and have pursued flexible system design in collaboration with the executive officers. Concrete system design was carried out through planned discussions; as an example, with regard to introducing performance indicators, the view was expressed that an efficiency indicator was needed alongside ordinary income, and we incorporated this idea. The granting of stock compensation was also deemed to be an idea that would serve as an incentive to promote the company's growth.
For the institutional design of a company with an Audit & Supervisory Committee to function properly, it is important to strengthen the company's governance. To this end, the Compensation Committee is essential, so going forward, the Committee intends to continue to carry out comprehensive activities.

Toida:

While the Nomination Review Committee and the Compensation Committee are not decision-making committees, they function effectively as influential advisory committees, and I think our company is truly moving in the right direction.
There is also the possibility of becoming a company with a Nomination Committee, etc., but I feel that if we rush forward too quickly, we may end up spinning in circles. I would like to note that this is just my personal opinion.

Ishida:

Becoming a company with a Nomination Committee, etc., would mean shifting completely to a monitoring-based system. If management results are poor, we have the authority to change the senior leadership, but our company aims to adopt a hybrid approach rather than an entirely monitoring-based approach, with the Board of Directors discussing important management policies and the business portfolio while the executive officers take action. I think such a balance suits the company.
We have also prepared a CEO succession plan, which is important for developing talented human resources.

Inoue:

The institutional design has only just changed, so we must operate the business using the current system for a number of years and identify any issues. Since there is also a push to revise the laws concerning companies with committees, I think we should respond flexibly to these matters and gradually consider the optimal approach. I too feel the system is working well at present.



INOUE Hiroshi

Appointed as a public prosecutor in 1985. After holding positions such as Director of the Supervisory Office for the Supreme Public Prosecutors Office, Superintending Prosecutor for the Sapporo High District Public Prosecutors Office, and Superintending Prosecutor for the Fukuoka High District Public Prosecutors Office, he became an Outside Auditor at Mitsui Kinzoku in 2021, and then was appointed as an Outside Director and Audit & Supervisory Committee Member in June 2024.



SHIKI Kazuya

Joined Mitsui Kinzoku in 1988. After serving as head of the Legal Department and a Executive Officer, he was appointed as a Director and Audit & Supervisory Committee Member of Mitsui Kinzoku in June 2024. He is now the Chair of the Audit & Supervisory Committee.

Shiki:

Finally, is there anything else you think we should mention?

Inoue:

For me, in light of the recent quality non-compliance issues, the question is how the Audit & Supervisory Committee should undertake operational auditing. I would like the Committee and the Internal Audit Department to explore ways of collaborating with regard to their auditing functions as well as strengthen their collaboration with the auditors at each group company.

Ishida:

It is important for the Audit & Supervisory Committee to steadily improve the effectiveness of its auditing and supervision as a consultative body. Having the Committee members attend Board of Directors meetings and fully express their opinions is part of that, but I hope that the Chair will also create more opportunities to hold internal discussions and present information, hold regular meetings with senior management, and so forth.

Toida:

I am repeating what I said earlier, but because of the transition to a company with an Audit & Supervisory Committee, managing the agenda for Board of Directors meetings has become much smoother. Let's keep using our time efficiently and thoroughly discussing management policies and strategies while keeping up a fast pace.

Promotion of DX

Mitsui Kinzoku Group is advancing digital transformation (DX) to support ambidexterity and integrated thinking-based management. By building digital infrastructure and utilizing digital technologies, we aim to further enhance corporate value.

Basic DX Strategy Roadmap

Mitsui Kinzoku Group has positioned its 22-24 MTP as a phase to develop digital infrastructure and has been building its DX infrastructure according to the plan. The Group sets the 25-27 MTP as a digital proliferation period. It will implement the digitalization models developed during the 22-24 MTP across the entire organization, while also introducing new tools and focusing on developing DX talent.

22-24 MTP（2022-2024）
Digital infrastructure development period

DX infrastructure development

- Building utilization models
  - Promote DX in sectors and divisions where it can be implemented first
- Building the foundation for infrastructure, security, and governance
- Elimination of ICT talent *1 shortage

25-27 MTP（2025-2027）
Digital proliferation period

Group-wide promotion of DX

- Group-wide use of digital technology
  - Establish a system for group-wide coordination to accelerate the realization of value at each sector
  - Promote new common tools (generative AI, etc.)
- Group-wide deployment of digital infrastructure
  - Expand and manage common infrastructure
  - Optimally allocate ICT talent and develop DX talent *2

28-30 MTP（2028-2030）
Digital creation period

Creating new value with DX

- Continuously creating new products and business models
- Launching competitive production plants
- Enhancing and streamlining our operations by enabling all employees to work using digital technology and data

＊1 ICT talent = Individuals who have insight on digital and IT technologies and are responsible for introducing and implementing them in business operations. Digital talent.
＊2 DX talent = Individuals who utilize digital technologies and data to implement structural transformation in business and operations.

DX Groupwide Targets and KPIs

To support this roadmap, we need to strengthen human resources that lead business reforms, by developing business environment that encourages expanding the AI utilization and by developing training programs (DX talent). By promoting this groupwide initiative, we will enhance activities in individual business sectors.

Elements that make up the KGI in the ICT (DX) domain

- Use of digital technology
  - Data utilization (Digital shift required across the entire group and each sector)
- Development of digital infrastructure
  - Infrastructure/Security/Governance
  - Management system
- Mechanisms that support corporate value enhancement

Group-wide KPIs (FY2027 targets)

［Sector targets］

Engineered Materials Sales, marketing, and performance management optimization KPIs: Retention rate

Metals Stable operation/efficiency KPI: Number of horizontal expansion locations

Business Creation Business creation activity acceleration KPI: Competitiveness *3 (Double that of our company)

［Generative AI utilization］

Among all target people:
Monthly utilization rate: 50% or more
Reduced working hours: 10% improved efficiency (16 hrs/person-month)

［Management system］

Creation of DX talent: 30 people or more

＊3 Competitiveness: Performance and development period relative to the targets

Development of digital infrastructure and use of digital technology

Security and Governance

To support global business expansion and further accelerate DX, we are working on strengthening security and ICT governance. In network management, we have adopted the Secure Access Service Edge (SASE) based on the zero-trust approach. We have completed the implementation at 44 domestic sites by FY2024 and plan to extend it to all sites (including overseas) by FY2027.

We have been shifting the management of ICT rules from “compliance by human efforts” to “system-based control.” In FY2024, we introduced highly effective measures, including the mandatory use of passwords for external storage media and the automatic exclusion of encrypted attachments. In and after FY2025, we will further enhance the security infrastructure by strengthening ID management and asset management.

Generative AI utilization

In 2023, we began utilizing generative AI for document creation and information retrieval in a secure, internal, dedicated environment, aiming to enhance the efficiency of daily operations to increase productivity. In 2025, we plan to upgrade to an enhanced version featuring AI agent capabilities. This will further accelerate our efforts to automate repetitive tasks and redirect the time saved by rationalization toward more creative and strategic work.

Additionally, we are revising internal guidelines and enhancing training programs to flexibly introduce new technologies while addressing information leakage risks, thus creating a safe and effective user environment.

Development of digital talent/DX talent

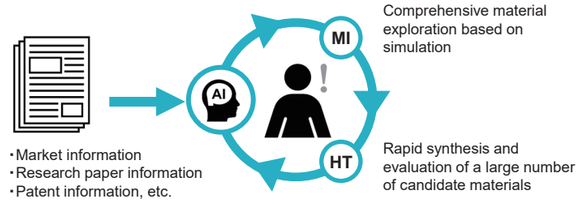
We have been conducting ICT training under the slogan “Total Digital Talent Development” to train all Mitsui Kinzoku Group employees as digital talent. Three courses are available online according to the target audience and purpose of use, and approximately 2,800 employees have participated in the courses so far.

In the 25-27 MTP, in addition to developing digital talent, we will also focus on developing DX talent who will lead business innovation through digitalization.

Examples of DX Introduced by Sectors

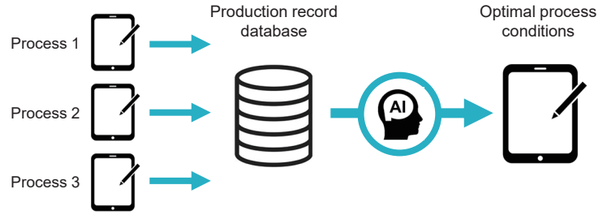
Business Creation Sector Exploration

The Business Creation Sector strives to develop new projects that will evolve into future core businesses. By combining cutting-edge technologies, such as generative AI, Materials Informatics (MI), and High-Throughput Testing (HT), with human expertise, the sector will enhance its competitiveness in materials development.



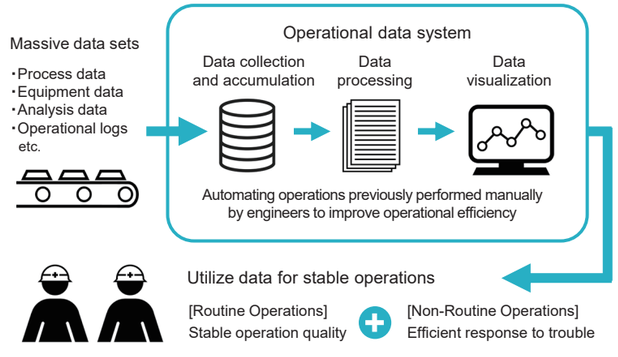
Engineered Materials Sector Exploitation

In the Ceramics Division, we digitized handwritten manufacturing records to improve the efficiency of progress management and traceability. The Division introduced an application to optimize process conditions through data analysis technology, achieving improved yield. Through these DX initiatives, awareness of data utilization has increased, driving the advancement of data-driven plant operations and automation.



Metals Sector Exploitation

Starting from Hachinohe Smelting Co., Ltd., we have begun digitizing initiatives to share and utilize equipment management and operational data. In May 2024, the operational data system started, achieving centralized management and visualization of data. In the future, we will promote deployment to other sites and work on stabilizing operations using the data infrastructure.



Risk management

Mitsui Kinzoku Group is strengthening its response to risks related to business that could threaten the continuation of its operations and corporate survival. In order to identify risks and eliminate or minimize their impact, we are working to improve the Group's risk management and operate it effectively.

Risk management system

Mitsui Kinzoku Group has built its risk management system based on its Risk Management Rules. We have appointed the Representative Director, Executive Vice President in charge of the General Affairs Department*1 as the person with the highest responsibility for risk management. We have also designated a department in charge of risk and crisis management at the Head Office to serve as the Secretariat and identified departments in charge of each risk category, under which relevant units and sites are positioned.

In FY2024, we created a risk map (Figure 1) for each business sector against the risk items defined in the Risk Management Rules (Table 1) and conducted a risk assessment. Based on the results, we formulated measures to reduce risks, incorporated them in the next Mid-Term Plan, and will check on their progress.

These results were compiled into a risk management report, which was then submitted to the Board of Directors through the Director in charge of the General Affairs Department.

＊1 As the person with the highest responsibility for risk management, a Director who is in a position independent of the Directors who are Audit & Supervisory Committee Members has been appointed.

[Table 1]

Risk items defined in the Risk Management Rules

Items	Individual items
Market risks	Metal market fluctuations Exchange rate fluctuations Liquidity risk
Country risks	
Financial risks	Credit risk Impairment risk
（The following lists the risks associated with operations）	
Risks due to external factors	Large-scale infectious disease epidemics Large-scale natural disasters
Risks associated with our industry	Market conditions Competitive advantages Resource development Partnerships with third parties
Environment	GHG emissions Energy management Water management Waste and hazardous materials Impacts on biodiversity
Social	Health and safety Human rights Fair business practices
Governance	Governance Compliance ICT Unjust information disclosure, reputation, and crisis communication
Risks related to non-financial capital	Human capital Quality assurance Intellectual property Social and relationship capital

Emergency response

Mitsui Kinzoku Group has set out its Emergency Response Basic Policy. In the event of an emergency, we will place the highest priority on saving lives and protecting assets, while also aiming for early recovery and continuity of the business and working to prevent secondary disasters.

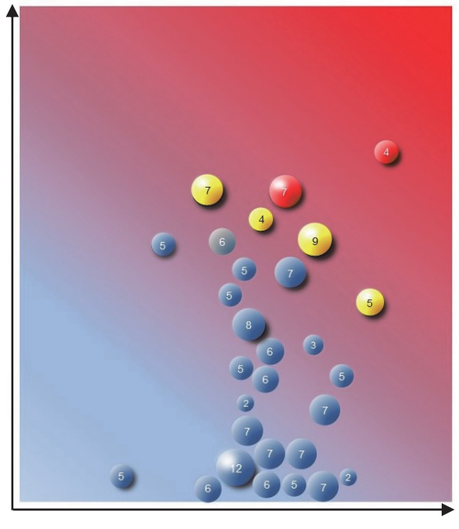
Moreover, we have built a system for possible emergencies and conduct business continuity management (BCM), under which we implement the PDCA cycle each fiscal year. Each sector creates business continuity manuals, including an incident management plan (IMP) for incident response and business continuity plan (BCP) for supply continuity and resumption of production.

We also conduct business continuity simulation exercises, assuming the responses to be taken for a few days immediately after an emergency, to enhance the effectiveness of the plan. We aim to roll out the plan, at first prioritizing major sites in Japan and overseas with higher risks of a large-scale disaster.

Risk map concept (image of business sector assessment results)

We conduct risk assessments by creating a risk map for each business sector with two axes: impact and frequency.

[Impact on the business]



[Frequency of incidents]

[**Risk management**]

https://www.mitsui-kinzoku.com/en/csr/governance/risk_management/

Compliance

We understand that compliance is not limited to observing laws and regulations, but also includes observing social norms, corporate ethics, common sense and morals, and other matters expected by society even if they are not explicitly stated.
Mitsui Kinzoku Group identifies the Senior General Manager of the Corporate Planning & Control Sector as the person with the highest responsibility for compliance. The Legal Dept., the division in charge of compliance, plays a leading role and works with other relevant departments in enhancing compliance among officers and employees.

Revision of the Code of Conduct: from standards to norms

Mitsui Kinzoku Group established its Code of Conduct (Revised 3rd edition as of July 2016) as a set of values and a code of conduct to be shared by all officers and employees. Recognizing internal and external changes over time, including establishment of the Purpose and Values, and increasing expectations from stakeholders, we established a revised Code of Conduct with an updated Japanese title, Koudou Kihan (Kihan means “norms”), from the previous title, Koudou Kijun (Kijun means “standards”), as of April 1, 2025.

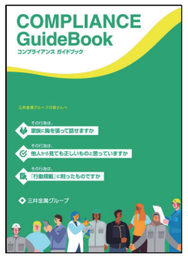
Along with the new Code of Conduct, we also revamped the Compliance Guidebook to explain the key actions.



2016–2024

We created the Compliance Guidebook in 2016 and rolled it out in 12 countries and regions by 2024.

(China, Taiwan, Thailand, India, Malaysia, Vietnam, Indonesia, Morocco, France, Peru, Mexico)



2025–

In 2025, we revamped the Guidebook and will continue to roll it out globally.

Global rollout of Compliance Guidebook

We are gradually rolling out the Compliance Guidebook to overseas sites. In this process, we collaborate with local staff to discuss its content to incorporate potential risks unique to each area due to local business practices and cultural backgrounds, and to translate the document into the local language. Based on the assessment of compliance-related risks in each country and region in which we operate, and considering the possible impacts of such risks on our business activities, we started the rollout in Asia as a priority and are expanding it to other regions. The rollout, which started in 2016, has now advanced to 12 countries and regions. In 2025, we will start global roll out of the new Guidebook.

Compliance training

We regularly conduct training sessions to explain overall compliance, aiming to promote the Code of Conduct across the Group. We provide the training to all ranks at our sites both in Japan and overseas, as well as at executive management training for the directors and auditors of all affiliates. In addition to training on individual compliance issues such as safety and quality, we also provide theme-based seminars as needed, with the topics selected primarily by the Legal dept. in consideration of compliance risks specific to each site and local social conditions.

In FY2024, we conducted training on the following themes.

Honest business activities: Antimonopoly Act, Subcontract Act, commercial bribery
Utilization and diversity of human resources: Harassment
Information security and management: Trade secret management
Other compliance issues:
Conflict of interest, proper accounting, Foreign Exchange Act (security export control)

We effectively use different formats for compliance training, including face-to-face training at each site and on-demand MLP-based training, offering a convenient mechanism to trainees. In FY2024, a total of 2,889 people attended compliance training programs.





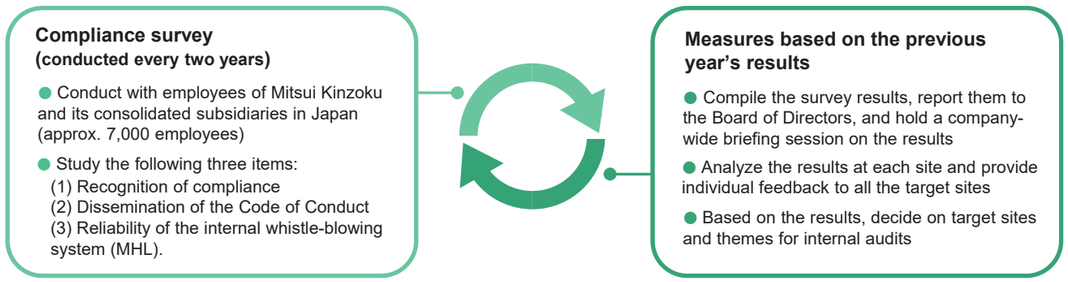


We provide compliance seminars at sites both in Japan and overseas.
(From the top: The Osaki Head Office, India, and the US)

Compliance survey

To assess the level of employees' understanding of the Code of Conduct and the effects of compliance initiatives, we have conducted a compliance survey every two years since FY2017 for employees of Mitsui Kinzoku and its consolidated subsidiaries in Japan. The latest survey was conducted in FY2023, and the next survey is scheduled within FY2025.

In FY2024, we did not conduct the survey itself but followed up on the FY2023 survey, such as analyzing its results and providing feedback.



Mitsui Kinzoku Hotline (MHL: internal and external whistle-blowing)

We established the Mitsui Kinzoku Hotline (MHL) as a whistle-blowing contact point for both internal and external stakeholders. The system covers concerns about violations of laws/regulations and internal rules related to unfair competition, bribery/corruption, and occupational health and safety, as well as social and environmental risks, including but not limited to human rights, in our business activities and workplaces.

In addition to the internal and third-party (outside counsel) contact points for all Group officers and employees, we also set up a Chinese language hotline at the Chinese office of a Japanese law firm for our sites in China. We disseminate information on the contact points to officers and employees through compliance training and the Compliance Guidebook.

Measures to increase MHL's user convenience

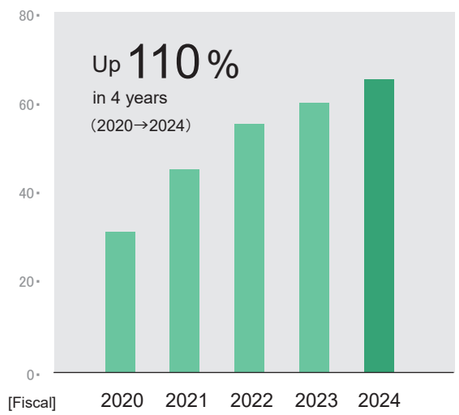
FY2020
We made the whistle-blowing system a multi-line system by setting up two contact points, one for executive divisions and the other for non-executive divisions, while also building a system that allows immediate information sharing with Corporate Auditors (currently the Audit & Supervisory Committee) when receiving a report.

FY2023
We outsourced a multilingual contact point staffed by female professional operators, making it easier for women and native speakers of foreign languages to report incidents.

Contact point for external stakeholders

We have set up "Compliance Consultation Desk" specialized for compliance and "Environmental and Social Risks Consultation Desk" on our corporate website for external stakeholders to report concerns at any time.

The number of reports to the Mitsui Kinzoku Hotline(MHL)



[Internal and external whistle-blowing system]

https://www.mitsui-kinzoku.com/en/csr/governance/compliance/

Prevention of bribery/corruption

At each site within Japan and overseas, we ask suppliers to ban bribery/corruption through various measures, such as signing business contracts and obtaining signed agreement forms with provisions on compliance with the Group's Code of Conduct and procurement policy (Supply Chain Management P.42). At overseas sites, we are also promoting the conclusion of an anti-bribery/corruption agreement requiring suppliers to take more rigorous countermeasures.

We have received no legal action for anti-competitive practices or bribery/corruption in FY2024. We have also identified no cases where an employee has been subject to disciplinary action, including termination of employment, for engaging in anti-competitive practices or bribery/corruption of public officials.

In FY2024, Mitsui Kinzoku made no monetary or other forms of donation defined by the Political Funds Control Act to individual politicians, political parties, or political groups.

Conclusion of anti-bribery/corruption agreements: progress by country and region

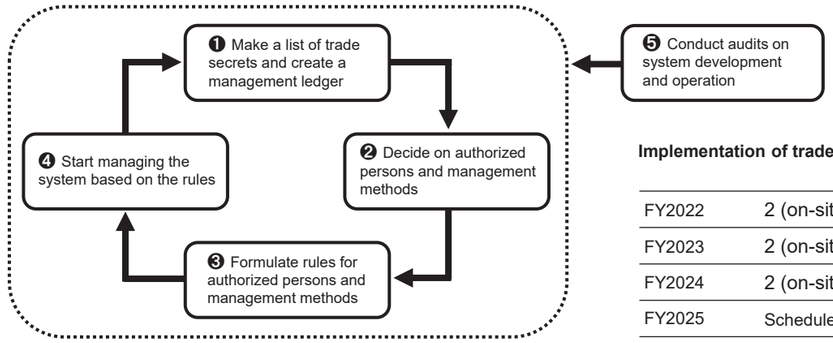
Country /region	CPI rank*	No. of suppliers (End of FY2022)	No. of suppliers (End of FY2024)	Increase
Hong Kong	17	0	3	3
Taiwan	25	143	247	104
Malaysia	57	36	38	2
China	76	353	541	188
Vietnam	88	51	66	15
India	96	0	110	110
Indonesia	99	101	212	111
Morocco	99	0	72	72
Thailand	107	297	365	68
Peru	127	0	30	30
Mexico	140	0	55	55
Total		981	1,739	664

* Corruption Perceptions Index (CPI) rank
Based on the Corruption Perceptions Index (2024) by Transparency International

Trade secret management

Mitsui Kinzoku Group established Regulation for Information Management, Detailed Regulation for Trade Secret Management, and other related regulations in 2017. We established and are operating a trade secret management system at each site to protect our customer information, technical information, and business know-how. We also conduct audits to monitor system operations.

Trade secret management system: development process



Implementation of trade secret management audits

FY2022	2 (on-site)
FY2023	2 (on-site)
FY2024	2 (on-site) + 9 (document reviews)
FY2025	Scheduled to expand the target sites

Export control (security export control)

Mitsui Kinzoku established the Regulation for Product Export Control, which is an internal regulation based on the Foreign Exchange and Foreign Trade Act (Foreign Exchange Act), and registered the Regulation with the Ministry of Economy, Trade and Industry (METI) as its export control compliance program (CP). We have since formed the Export Screening Committee, chaired by the Representative Director. Reporting to the Committee, the persons in charge of sales, technology/engineering, and administration are assigned at each business division to implement the acceptance/rejection assessments and user check programs. Every year, the secretariat (Legal Dept.) audits the compliance status, and the results are reported to the METI.

Also, by leveraging the public-private dialogue framework by METI, we are making focused efforts to prevent international leakage of our key technologies that require stronger management from a security perspective.

Quality Assurance

We have expanded our business domain and promoted globalization as we grew our customer base in industries such as communication, electronics, and automobiles. Throughout this process, we have considered opinions from customers as an asset and strived constantly to offer optimal-quality products and services. However, in 2024, we discovered improper quality control at one of our subsidiaries. To ensure not to repeat the same practice ever again, we have been making tireless efforts to prevent a recurrence.

Striving to prevent the recurrence of misconduct

In October 2024, we discovered through an internal report that Mitsui Kinzoku Perlite Co., Ltd., a member of Mitsui Kinzoku Group, had engaged in falsification of inspection results and improper data processing. We established the Internal Investigation Committee as well as the Special Investigation Committee comprised of outside members (chaired by INOUE Hiroshi, Outside Director and Audit & Supervisory Committee Member of Mitsui Kinzoku). The results of the investigation were made available to the public in April 2025.

The content of the investigation report goes beyond the issues of one subsidiary; it raises issues for the entire Mitsui Kinzoku Group as well. Taking the content of the results seriously, we formulated company-wide recurrence prevention measures and are currently implementing them while providing support to Mitsui Kinzoku Perlite.

Based on discussions from the viewpoints of governance, management, and process, we have developed preventive measures based on the following pillars: (1) reinforcing the quality assurance system, (2) establishing quality assurance rules, (3) ensuring awareness of quality assurance, and (4) taking measures to reduce the risks of misconduct. More specifically, these measures include revising the organizational system and quality audits, strengthening collaboration with and support for different quality assurance and other relevant divisions, and improving the effectiveness of the internal whistle-blowing system.

In April, the President sent a message to all Group sites, stressing that we must focus on quality rather than immediate due dates and profit. To achieve this, we are striving to complete the preventive measures and to achieve each quality assurance target set forth in the 2025-2027 New Medium Term Business Plan.



KAWAHARA Makoto

Senior Executive Officer,
Senior General Manager
of Technology Sector

Basic approach

We, Mitsui Kinzoku Group revised our “Fundamental Quality Policy” in April 2022 as the standard guiding our quality initiatives across all business sectors and domestic and international locations. We are committed to pursuing the creation of safe, high-quality products that satisfy our customers.

Mitsui Kinzoku Group, with its roots in resource development and the smelting business, has expanded its business domain in products and services and also promoted globalization. The business areas currently covered by the Group range from non-ferrous metals to various functional materials for the electronics and other industries, assembly and processing of materials, and the provision of technical services in the engineering business. Through this journey, we have become increasingly aware that our responsibility is also growing with regard to ensuring safety, security, and quality of the products and services we offer.

In particular, we are seeing growing expectations for quality compliance year after year. In response, we have been promoting various measures, including development of systems for education and quality assurance, facilitation of data digitization and systematization, inspections and audits based on the QAGL＊, and human resource development to support quality assurance.

＊QAGL＝ Mitsui Kinzoku Group Quality Assurance Guidelines

Fundamental Quality Policy

At the Mitsui Kinzoku Group, each employee will understand and practice the Fundamental Quality Policy so that our products and services will satisfy all our customers.

1. We consider opinions from markets and customers as an asset, which enables us to anticipate future needs and promote efforts for optimal quality and customer satisfaction.
2. We endeavor to invent, develop and provide innovative products and services by leveraging our Material Intelligence, while aiming to contribute to society.
3. Viewing the quality of work as essential to good product quality, we pursue quality improvements through enhancing teamwork and speed at work.
4. We will ensure compliance with rules and standards related to our products and services.
5. We will give first priority to ensuring safety and security for all our business processes, including those related to supply chains, and disclose accurate information, as appropriate, related to quality and safety.

（Revised in April 2022）

Strengthening the Quality Assurance System

To further strengthen the quality assurance system across the entire group, we established the Quality Assurance Department as a headquarters function of Mitsui Kinzoku in 2018. The main roles of the Quality Assurance Department include planning and promotion of activities related to quality assurance at each business unit and Group company, quality assurance effectiveness audits, human resource development in quality assurance, and dissemination of internal and external information on quality assurance within the Group. Also, the Quality Assurance Department for each business line has become independent in order to strengthen quality assurance functions. Moreover, the Quality Assurance Committee, consisting of the Quality Assurance Department at the Head Office and the Technical Department of each business division, meets monthly to promote planning and implementation of measures to reinforce the quality assurance system relevant to the entire Group. Additionally, the heads of quality assurance departments in businesses and companies gather twice a year to hold meetings, aiming to strengthen collaboration among the Quality Assurance Departments.

Quality Management System

At Mitsui Kinzoku Group, each business unit builds and operates its own quality management system to ensure optimal quality assurance. Manufacturing sites that have determined external certification is necessary for quality management have obtained international certification standards such as ISO 9001 and IATF 16949.

(Information on the number of certified sites is available on P.134.)

Reinforcement of the quality compliance system

We have advanced the establishment of our quality compliance framework in accordance with the QAGL. The core elements of this guideline are strengthening the management system, enhancing the reliability of test and inspection data, improving the consistency between the quality we guarantee and our technical capabilities, and implementing self-inspections of quality compliance within business lines and internal quality compliance audits.

To date, we have conducted self-inspections on conformity to the QAGL and quality compliance audits by internal third parties at domestic and overseas sites.

We are also promoting efforts to digitize and systematize inspection data to prevent data fabrication and falsification. Systematization is expected to be completed at most domestic sites by the end of FY2025. Meanwhile, regarding the Quality Compliance Incident Judgment Criteria used for self-inspections and quality audits in accordance with the QAGL, we will break down the criteria and revise the communication flow when quality compliance violations are discovered. As for quality compliance audits, we will set priorities and narrow down the main points of the audits based on risk-based assessment＊. Through these initiatives, we strive to reinforce our compliance system.

＊ Risk-based assessment = assessing the risk magnitude from each indicator

Promotion of quality assurance education and awareness-raising of quality compliance

Aiming to enhance its overall quality assurance and recurrence prevention capabilities, Mitsui Kinzoku Group promotes raising awareness by systematically developing education on the QAGL and quality compliance and incorporating it in employee education at various levels.

To implement useful thinking and management techniques that contribute to quality improvement and enhancement, we conduct quality management training through both classroom sessions and web-based learning (MLP＊). We provide training for all employees across all levels, ranging from foundational education for new hires to specialized training in statistics, industrial engineering, process thinking, and more.

In addition, we also facilitate small group activities (GK＊) at both domestic and overseas sites, with the aims of developing human resources, revitalizing the workplace, and improving work.

During quality assurance month, each Group company organizes various activities to promote quality assurance, such as group education on quality compliance, a call for slogans, awareness surveys, and other activities unique to each site. To raise awareness of quality compliance, we are also planning corporate-wide educational activities such as Quality Day and Quality Chant.

＊MLP＝ Mitsui-Kinzoku Learning Platform

＊ At Mitsui Kinzoku, QC circle activities are referred to as “*Group Katsudo* (GK).”

Provision of product safety information and development of an ecodesign system

We have primarily communicated product safety information to our customers through specifications, technical documentation, SDS (Safety Data Sheets), and similar materials.

We started developing the Product Information Provision Guidelines in FY2023, striving to facilitate the provision of appropriate information on our products and services to customers and society. We completed the Guidelines in FY2024 and started implementing them in FY2025.

Through the Guidelines, we are taking steps to build a system capable of providing appropriate information on our products when requested by customers and consumers. So far, we have simply provided data sheets and other documents. In addition to such information, we endeavor to examine products more broadly using a check sheet based on the Guidelines, covering social issues such as respect for human rights and health & safety and environmental issues, to ensure that the products have no associated risks. Our goal is to always be ready to provide these results as part of our product information.

As an initiative in our upstream process, we are also developing guidelines for creating environmentally friendly products, scheduled to be launched in FY2026.