

## Nippon Kinzoku Corporation Corporate Governance Policy

This policy summarizes our policy and basic approach to corporate governance.

### 1. Basic approach to corporate governance (Principle 3-1)

Our corporate philosophy is "The Nippon Kinzoku Group makes a significant contribution to society by promoting the creation of new values through our core business of rolling and processing", We will strive to develop corporate governance as a better means of realizing this philosophy, which we view as the structure of our governance system and the nature and discipline of our relationships with stakeholders.

### 2. Governance Structure

We have opted for a company with a board of auditors. It consists of the Board of Directors, which makes decisions on important matters and supervises the execution of business operations, and the Board of Auditors and Corporate Auditors, which conducts audits of all company operations. The Company's directors, with the exception of those who are independent outside directors, are appointed by the Company to be familiar with the Company's business operations and are also responsible for the execution of business operations.

As stated in our corporate philosophy, the core of our business is the rolling and processing. For these businesses, human resource development and capital investment from a long-term perspective are essential. In order to manage the company while making decisions based on current business development and a long-term perspective, we believe that it is more reasonable to have the Board of Directors, consisting of directors who are familiar with the business, report on the status of business execution and make decisions on important matters while mutually monitoring and supervising each director. In determining the appropriateness of the status of business execution and important matters, the Company ensures that the Board of Directors is adequately supervised and checked by independent outside directors before and after the fact and by the Board of Corporate Auditors and the Board of Corporate Auditors.

### 3. Directors and Board of Directors

#### (1) Policies and procedures for Compensation (Principle 3-1)

##### ( i ) Policy

Monthly remuneration for directors consists of base remuneration and performance-based remuneration, and is linked to the Company's business performance and reflects their responsibilities and achievements. Performance-based remuneration is based on the final profit of each fiscal year, after satisfying certain payment conditions such as dividends, and is considered after comprehensively taking into account the level of employees' bonuses, past payment results, and future performance prospects. Remuneration for non-director senior management will also be considered in accordance with the above.

( ii ) Procedure

Based on the above policy, the Board of Directors will deliberate and the President and Director in charge will determine specific compensation.

(2) Policies and procedures for selecting and dismissing senior management and nominating candidates for directors and corporate auditors; explanation of individual selection, dismissal, and nomination; and the board's overall views to knowledge, experience, balance, diversity, and size (Principle 3-1; Supplementary Principle 4-11-(1)).

( i ) Policy

With respect to the selection and dismissal of senior management and the nomination of candidates for directors and corporate auditors, we will comprehensively consider the performance and ability to make accurate and prompt decisions, and to find the right person for the job.

( ii ) Procedure

Based on the above policy, candidates will be selected by the President and Director in Charge and discussed by the Board of Directors.

(iii) Explanation of individual appointments, dismissals, and nominations and views on the knowledge, experience, balance, diversity and size of the Board of Directors as a whole

The Board of Directors explains the reasons for the selection of each candidate and passes a resolution, and with respect to directors and corporate auditors, the reference documents for the Notice of Convocation of the General Meeting of Shareholders describe each candidate's background and other relevant information. The Board of Directors selects candidates for Directors and Corporate Auditors who will constitute the Board of Directors based on a

comprehensive review from the perspectives of accurate and prompt decision-making, appropriate risk management, monitoring of business execution, ensuring a balance between each function of the Company and each business division, and ensuring an appropriate auditing system.

In the event that the Company determines that a director or corporate auditor is untenable or inappropriate to serve as a director or corporate auditor, the dismissal of the director or corporate auditor will be deliberated in accordance with the provisions of the Companies Act, and the reasons will be stated in the reference documents for the notice of convocation.

### (3) Officer Training (Principle 4-14, Supplemental Principle 4-14-(2))

To enable directors and corporate auditors to fulfill their expected roles and responsibilities, we provide opportunities for directors to participate in outside seminars and exchange meetings to promote their understanding of their roles and responsibilities as managers, including the legal knowledge required of them.

### 4 . Dialogue with Shareholders (Principle 5-1)

We will respond positively to requests for dialogue from shareholders to the extent reasonable. The director in charge, who is appointed by the Board of Directors, oversees dialogues with shareholders. The director in charge presides over liaison meetings attended by personnel in charge of IR and other related departments to ensure coordination among related parties, provides instructions and advice as necessary, and recognizes, shares, and manages insider information before responding to dialogues. The Company also recognizes, shares, and manages insider information and responds to dialogues. In addition, opinions and concerns from shareholders obtained by the officer in charge himself/herself or reported by the officer in charge are reported to the Board of Directors as necessary, and deliberated so that constructive dialogue can take place in the future.

(Revised November 22,2018)