

Mining business

Mitsui Group first started mining operations in the Kamioka area in 1874, and ever since, Mitsui Kinzoku has been in the mining business for more than 140 years. We currently have our own developed mines in operation in Peru: the Huanzala Mine and the Pallca Mine. In Japan, many of the mines have already suspended or terminated operations, and we are continuing to manage these suspended or closed mines.

Relationships with the local communities around the mines

We recognize that the mining business has a particularly large impact on the surrounding environment and the local communities. As such, based on the mining-specific risks as recognized by such institutions as the ICMM Principles and SASB, we strive in our efforts to establish a relationship of co-existence and mutual prosperity with the local communities, and to be respectful of human rights. Since FY2017, we have been conducting annual surveys on human rights and environment at the mines for which we hold an investment ratio of more than 50%, using a self-assessment check sheet for sites engaged in mining activities.

We also place importance on our engagement with the local communities around the mines, and are continuing to address the needs of the communities, such as by developing infrastructure, providing educational aid, and offering support for agriculture and livestock. In FY2019, we signed an agreement with Llamac Village, a local community near the Pallca Mine, regarding comprehensive local support to be provided by the company until 2022. Under this agreement, we implement various support projects, including bridge and road repair and guidance on artificial insemination techniques for cattle.

Migration and resettlement

We manage human rights risks, such as the relocation of indigenous people and local residents, for the mines in which our investment ratio exceeds 50%. None of these mines are located and operated on land owned by indigenous people or in their neighboring areas. No local residents were forced to relocate to another area due to the development of these mines.

Artisanal and Small-scale Mining (ASM)

There are no ASM activities in the operation areas of the Huanzala Mine, Pallca Mine and the Akeshi Mine (Kagoshima, Japan). Although we found ASM activities in a neighborhood located outside of the Huanzala Mine operating area, we confirmed that the discovered ASM activities do not pose a risk to our business.

Grievance mechanism

Compania Minera Santa Luisa that operates the Huanzala Mine and the Pallca Mine holds meetings with the local government and the community organizations on an as-needed basis. These meetings are held to listen to complaints and opinions from the local community and to resolve the raised issues. There is also a grievance mechanism system to address conflicts between the company and local residents that could affect the operation of the mines. In the event of such a conflict, a discussion with local residents is held with the attendance of a third party, such as the Ministry of Energy and Mines of Peru. No such conflicts occurred in FY2019.

Details of the group-wide approach are described on page 46.



Construction of a debris barrier as a road improvement (Near Llamac Village)

Appropriate management of water

The Huanzala Mine and Pallca Mine manage the drainage of water in accordance with the EIA (*Estudio Impacto Ambiental* = Environmental impact study) and in compliance with the relevant legislation. For the Huanzala Mine, where acidic water is generated in the mine due to an abundance of sulfide of iron in ore, we focus particularly on thorough neutralization treatment of the water. We continue to promote these and other efforts by utilizing ISO14001. The flotation plant at the Huanzala Mine is also advancing efforts to recycle water and striving to reduce the amount of water being used.

Wastewater management in Huanzala Mine

Neutralization of acid water	<ul style="list-style-type: none"> Acid mine drainage is gathered and processed centrally Neutralization treatment at the mine-attached plant
Management at the drains	<ul style="list-style-type: none"> Maintain a pH level within the range of effluent standards with 24-hour monitoring Analyze the concentration of heavy metals in drained water every three days
Environmental monitoring	<ul style="list-style-type: none"> Monthly water quality testing at 14 nearby locations



24-hour water quality monitoring at all drains

Appropriate management of the tailings dam

In the flotation process, slurry type wastes called tailings are generated. The facility to storage "tailings" is called "tailings dam". An accident at the tailings dam could have an enormous impact on the surrounding environment and community. Mitsui Kinzoku Group regards the leakage incidents of tailings dams as one of the major risks in the mining business and manages tailings dams in accordance with applicable technical guidelines and manuals. The amount of tailings for FY2019 was 471,041 tons*.

* Ores mined at the Pallca Mine are being processed at the flotation plant at the Huanzala Mine, and therefore, the amount of tailings at the Huanzala Mine includes the amount originating from the Pallca Mine.

Initiatives to conserve biodiversity

The areas surrounding the Huanzala Mine and Pallca Mine, which are situated at an elevation of over 3,000 meters, are home to flora and fauna that are unique to that particular environment. Both mines practice underground mining, so they have limited impact on the surface above the grounds. However, in order to minimize the effects of mine development and operations, we make sure to process the acidic water properly, and also conduct environmental baseline surveys and bio habitat surveys. From 2019, due to the construction work to expand the tailings dam, we have conducted the transplant of the wetland vegetation group (bofedal) at the Huanzala Mine, which has been performed in partnership with experts and affiliated government agencies. In addition, since 2018, we have been distributing pamphlets to the local residents on animal and plant protection, thereby providing information on initiatives being implemented toward the preservation of biodiversity.

Overview of tailings dam management

Country	Peru	Japan
Number of dams	1	13
Management Guidelines	Technology guidelines and manuals (The Ministry of Energy and Mines)	Technical policies of the ministerial decree defining technical standards of mining facilities (The Ministry of Economy, Trade and Industry)
Approaches to safety	<ul style="list-style-type: none"> Monitoring of seepage level and water quality (in-house expert / monthly) Seepage level monitoring and tilt measurement (outside experts / every three months) 	<ul style="list-style-type: none"> Monitoring of seepage level and water quality (in-house expert / once a year to twice a month*) Inspection tour (in-house expert / once a year to twice a month*)
Result of stability evaluations	No stability problems, even if the area is hit by a major earthquake of a level that only happens once every 500 years	<ul style="list-style-type: none"> 12 of the 13 dams have extremely low risks of major collapses or downstream damages, even in the event of a massive-scale earthquake One tailings dam was found to be non-conforming by an evaluation in FY2019 and is scheduled to be reinforced against earthquakes in FY2020

* The frequency is appropriate to the risk of each tailings dam

Closure plan

In the mining business, we have drawn up closure plans of mines subject to applicable laws, and guarantee or accumulate expenses for closure to minimize the impact and risk after closure.

Mine	Closure plan	Amount of guaranteed/accumulated expenses (FY2019)
Huanzala Mine (Peru)	Planned	8.5million US dollars
Pallca Mine (Peru)	Planned	2.3million US dollars
Akeshi Mine (Kagoshima, Japan)	Not planned	249.1million yen ※

※ The amount of accumulated funds for the Akeshi Mine indicated in the table is that for a tailings dam located at a refinery related to the mine.

Management of suspended and closed mines

Even for mines that have been suspended or closed, wastewater processing and disposal management continue to be performed in compliance with the Mine Safety Act and related environmental laws. We are managing the maintenance of the tailings dams and the former mine entrance, conducting neutralization treatment of acid mine drainage that includes heavy metals, and performing the monitoring of water quality. We also visit and check the area, as well as perform environmental audits, on a regular basis in order to make sure that the mines are being properly managed.

* Nippon Caserones Resources Co., Ltd., which became an affiliate company based on the equity method (investment ratio of 32.2%) from FY 2020, is operating the Caserones Copper Mine in Chile through SCM Minera Lumina Copper Chile. The scope of disclosure for this report is for mines in which our investment ratio exceeds 50%.

Mines that are in operation and suspended in Japan

● Mines in operation (including those partially operating)
● Suspended mines

