

# With business partners

To continue to reliably deliver quality products and services to customers, collaboration is essential with the suppliers and various partners who engage in our business. Involving supply chains in all aspects of our business is also necessary to address CSR, rather than only for the Company on a non-consolidated basis and its Group companies.

## Accelerating efforts with business partners

The Mitsui Kinzoku Group understands that to contribute to the achievement of a sustainable society through its business, it is important to fully enforce fair and impartial transactions with business partners and fulfill the social responsibilities expected for the supply chain as a whole, in terms of compliance, human rights, labor practices, quality, and the environment.

We will promote the efficiency of the supply chain and risk management and enhance collaboration and sharing with business partners through our CSR efforts.

In the years ahead, we plan to make progress in formulating the CSR Procurement Policy as the Mitsui Kinzoku Group and to hold policy meetings and implement questionnaires and on-site interviews to trace the CSR efforts made by business partners in order to further strengthen our collaboration.

## For impartial and fair transactions

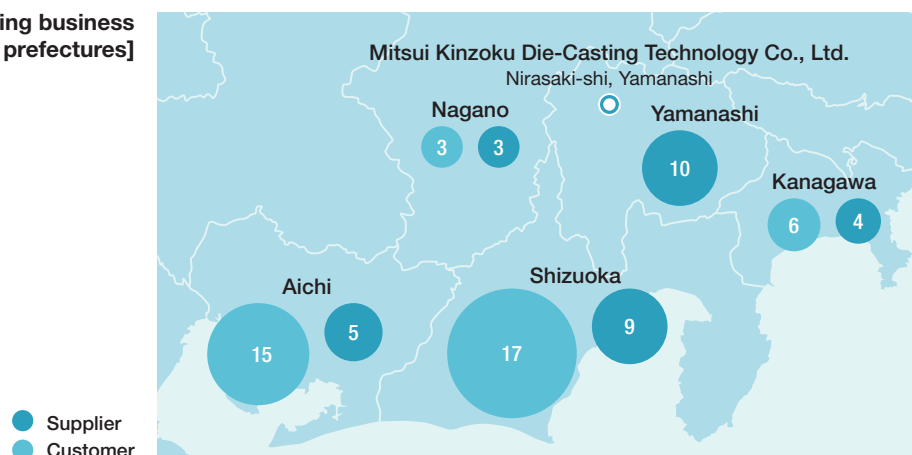
We will protect the social benefits of providing consumers with quality products and services at low prices by working to protect and promote free and fair competition, ensuring competition in the market. The Mitsui Kinzoku Group respects and observes the Antimonopoly Act.

The Legal Department prepared the Compliance Guidebook related to the Antimonopoly Act in 2014 to be distributed in the Group and also implements seminars on fair trade.

The Legal Department is also making efforts to ensure fairness in transactions with subcontractors and to protect their interests. It promotes understanding in the Group to firmly maintain fair and impartial business relationships with business partners to fully enforce any obligations and make sure on prohibited matters in cases where a business partner is an enterprise subject to the Subcontract Act.

As guidelines for maintaining fair and impartial transactions, we have set Fair Business Activities in Article 4 of the Code of Conduct.

Supply chains in the die-casting business  
[neighboring prefectures]



## Efforts at MITSUI KINZOKU ACT CORPORATION

For Mitsui Kinzoku ACT, which aims to be the best in the world in the door latch business, the pursuit of the highest quality and competitive costs is a vital element in its daily operations. For that purpose, perpetual cooperation with its business partners is essential.

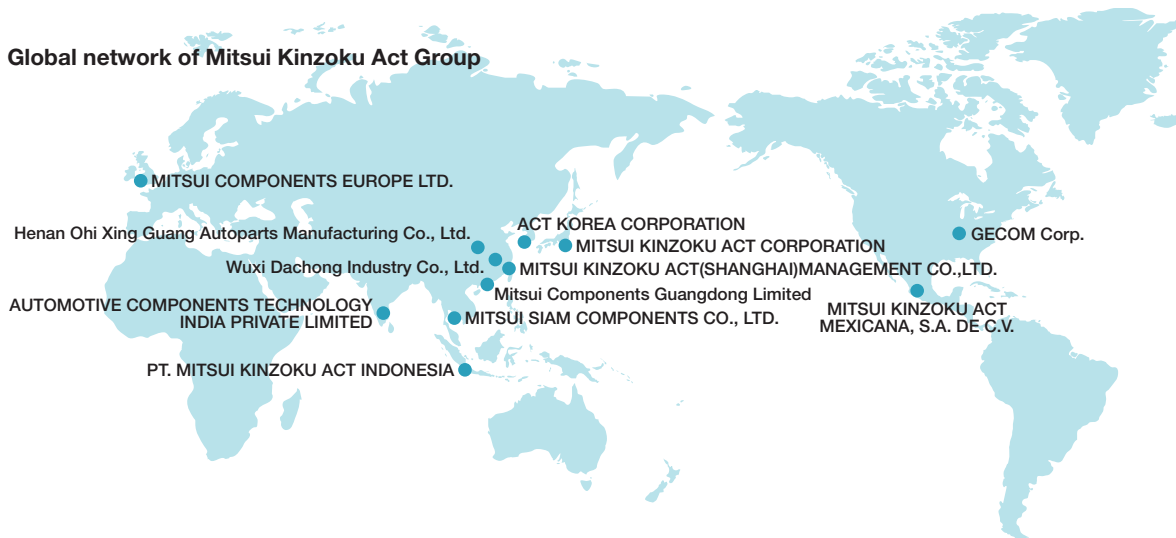
The business units take charge of their respective business areas, which are assigned separately on a global basis, encourage their business partners to share business/purchase policies, and regularly hold briefing sessions for suppliers as a place to promote the sharing of issues among business partners.

### Briefing sessions on the procurement policy of the Mitsui Kinzoku Act Group for global suppliers

- Session for domestic suppliers (held in Yokohama, at left below)
- Session for suppliers at the business unit in Europe and the United States (held at ACT MEXICANA, middle)
- Session for suppliers at the business unit in East Asia (held at Si Racha, upper right)
- Session for suppliers at the business unit in China (held in Guangzhou, lower right)



### Global network of Mitsui Kinzoku Act Group



### Mitsui Kinzoku ACT procurement policy

#### 1. Promotion of global, optimal procurement

Mitsui Kinzoku ACT seeks out partners from around the world who can provide it with superior parts and materials. We will continue to promote optimum procurement by giving opportunities for trade both domestically and overseas.

#### 2. Pursuit of industry-leading quality, cost and delivery (QCD)

We select our supplies from a comprehensive perspective that takes into account quality, cost and delivery response. Mitsui Kinzoku ACT hopes to build healthy business relationships that enable reciprocal development with its suppliers.

#### 3. Realization of cost reductions through new technologies, innovative methods and new materials

We place an emphasis on suppliers able to actively make proposals through VE / VA activities without regard for existing technologies and methods.

### Main procurement items of Mitsui Kinzoku ACT

- Raw materials (steel, resin materials)
- Stamping press components (regular stamping press, fine blanking)
- Resin mold components
- Rubber mold components
- Header components
- Surface treatment (plating, coating)
- Heat treatment
- Electrical components (motors, ECUs, switches, etc.)
- Springs ■ Molds (press, resin molds)

# Efforts for quality assurance and improvement

The Mitsui Kinzoku Group ever more strongly recognizes that the responsibility for providing safe products and services of adequate quality is becoming increasingly larger as we expand our business domains and promote globalization, along with the broadening of customers into the electronics and automobile industries.

## Our basic approach to quality

The domains of the products and services of the Mitsui Kinzoku Group, which are rooted in the development of resources and the smelting business, are expanding from non-ferrous metals to various functional materials for the electronics and other industries, the manufacturing and assembly of functional parts for automobiles, the provision of technical services in the engineering business, and others.

We are pursuing the manufacturing of safe and high-quality products that satisfy customers by establishing the Fundamental Quality Policy in 2012 as the standard for our firm efforts for quality in each business area and business location in Japan and overseas.

## Fundamental Quality Policy

**[Philosophy]** The Mitsui Kinzoku group considers the voice of its customers to be an asset and as such uses this asset in our efforts to constantly ensure optimal quality.

- [Policy]**
1. We will anticipate the needs of our customers and proactively offer products and services that satisfy them.
  2. The quality of our products is a reflection of the quality of our work. Therefore, we place importance on the participation of all our members and on speed as we strive to raise our overall quality.
  3. In order to guarantee product quality, we adapt our quality assurance systems for each of our business areas and strive to refine our systems.

This policy applies to all subsidiaries and facilities of the Mitsui Kinzoku group worldwide.

## Mechanisms to support quality assurance

Establishing the Quality Management Rules for all Group companies in 1984, we set the goal for all officers and employees of the Mitsui Kinzoku Group to build a quality assurance system appropriate to their respective business units in order to achieve quality for our customers. The Quality Management Rules also advocate the involvement of all employees of the Group in GK\* as part of their operations, with the aim of developing human resources, invigorating workplaces, and improving operations.

We have also set up secretariats to promote GK at each plant and company of the Mitsui Kinzoku Group in each region so that the promotion will spread in the entire company. We also regularly hold a presentation of activities to promote the mutual improvement and sharing of activities.

In addition, we hold group training for each level of employees throughout the year to learn basic skills for quality, such as the QC-wise approach of thinking and methods and statistical methods.

\* GK (Group Katsudou) : The term used by Mitsui Kinzoku for its activities to improve operations in a small group, QC circle.



The company-wide Group Activities meeting in FY 2015.

The slogan to promote group activities in the 2016 medium-term management plan  
**“Break the status quo at all workplaces”**  
 ~Change yourself and change your workplace~

**[All workplaces]**

At all workplaces, in all business units of the Mitsui Kinzoku Group around the world.

**[Break the status quo]**

Become involved in improvement activities while continually being conscious of issues without becoming complacent about the present situation.

**[On change]**

Expecting personal growth, innovative changes at the workplace, and the fundamental improvement of Mitsui Kinzoku Group through activities.

**Training system for management techniques**

4th = Subsection chiefs 5th and 6th = General staff 7th and 8th = Chiefs

		Know	Understand	Able to use
Grade	Knowledge	Knowledge + Practical training		Hands-on training
4th		QC approach and methods (intermediate course)	Problem solving and decision making (KT method)	Cultivation of statistics specialists for each business unit (planned)
5th				
6th	Training for 6th grade		Statistics (beginner course)	QC problem-solving course
7th	Follow-up training in the third year after joining the Company	QC approach and methods (beginner course)		
8th				IE (beginner course)
	Training for new employees			

**Structure of quality management systems**

The Mitsui Kinzoku Group carries out appropriate quality management with each business unit, following the given quality management system. Manufacturing bases that are judged to need a standard of certification for their quality management have done so, such as obtaining ISO9001.

**Status of acquiring ISO9001 certification for quality management systems in Japan**

**Business units of Mitsui Kinzoku**

- Battery Materials Division (each site) ■ Copper Foil Division (Ageo Operation) ■ Metals & Recycling Division (each site of Zinc-related)
- Perlite Division (each site) ■ Catalysts Division (each site) ■ PVD Materials Division (each site) ■ Metals & Recycling Division (Recycling-related)
- Chemical Products Division (each site) ■ Engineered Powders Division (each site) ■ Ceramics Division ■ Copper Business Strategic Division

**Group companies<sup>\*1</sup>**

- NIHON KESSHO KOGAKU CO.,LTD ■ MITSUI KINZOKU ACT CORPORATION<sup>\*2</sup> ■ Kyusyu Precision Equipment and Components Co., Ltd.
- Nakabohtec Co., Ltd. ■ Powdertech Co., Ltd. ■ MITSUI GRINDING WHEEL Co., Ltd. ■ Mitsui Kinzoku Instrumentations Technology Corporation
- Yoshinogawa Electric Wire & Cable Co., Ltd. ■ Nippon Yttrium Co., Ltd. ■ Mitsui Kinzoku Die-Casting Technology Co., Ltd. ■ Mitani Rolled Copper Co., Ltd.
- MESCO, Inc. ■ Hachinohe Smelting Co., Ltd. ■ Kamioka Components Co., Ltd. ■ Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd.

<sup>\*1</sup> Including equity-method affiliates. <sup>\*2</sup> Mitsui Kinzoku ACT has acquired ISO/TS16949



Testing using psychoacoustic technology to monitor the closing sound of car doors in an anechoic room (Mitsui Kinzoku ACT).



Management skills training.

# Community-based activities are what we really care about

Contributions to local communities and society are not something we should boast about, but this is something that each individual at each plant and company of the Mitsui Kinzoku Group is steadily working on. We would appreciate it if our stakeholders share them. Let us introduce some of their efforts.

## Doing what we can do for local communities, even little by little.



Mitsui Kinzoku Components India (hereinafter "MKCI") is the base for the catalyst business in India. Already eleven years have passed since it advanced into India, and the number of employees now exceeds 300.

MKCI holds a company-wide sports meeting as an annual event, which was held in May of this year. It seems to be very helpful for increasing the motivation of employees, enhancing communication inside the company, and increasing interactions between the residing Japanese staff and national staff (in the catalyst business, local staff are called national staff).

In addition, MKCI actually visits local government-affiliated hospitals and schools if there is a request and it donates what is needed. Last year, it donated 150 sets of desks and chairs to a public school as well as two ambulances to a public hospital.

This year, hearing a story about out-of-date equipment at a local public hospital, MKCI donated new testing equipment.

(February 2016)

## Safety and disaster prevention with local residents

A maritime emergency drill, which simulated a heavy oil spill accident at sea, was conducted under the sponsorship of Takehara Refinery (Takehara-shi, Hiroshima) and the guidance of the Kure Coast Guard Office.

This drill aims to enhance and strengthen the maritime disaster prevention system to minimize damage, working in cooperation with neighboring organizations in the area. Four companies that have business bases in the Takehara area will take turns hosting and conducting the drill. The drill this year simulated the release of a large volume of heavy oil from a tanker coming along the berth of Takehara Refinery caused by the breaking of a bulb during oil transfer.

The companies involved began by transmitting the accident information and setting up a task force. Next, the inner harbor guard and the fire vehicle team of Takehara Refinery set up an oil fence and oil sorbent mats to prevent spilled oil from spreading and collect it. A patrol boat of the Coast Guard Office also went into action, and we checked how to deal with the accident in cooperation with the Coast Guard Office. Although the first priority is to prevent accidents from occurring, we will conduct these kinds of exercises at Group company sites so that we can respond quickly and accurately to any unexpected accident that happens.

(October 2015)



## Thankful for the understanding and cooperation of local residents



Hikoshima Smelting Co., Ltd. celebrated the 100th anniversary of its operations in 2016. In commemoration of this major milestone, the company donated Yagura (a tower for a festival), used in town festivals, to the Residents' Association of Nishiyamacho and made a cash contribution as a subsidy for the activities of the Residents' Association as thanks for the local residents.

Because the aging of the Yagura, made in 1970, was noticeable, the Company donated a new Yagura of the same size that was handmade by faithfully studying the blueprints from 50 years ago for half a year. It was delivered on August 10, and the Shinto ritual for the beginning of its use was conducted. The new Yagura was presented to local residents at Bon Kuyo Sai, a memorial festival for Obon, held in mid-August. The festival scene was widely published in the local newspaper and became the talk of the town.

At the delivery ceremony, we received an appreciative comment from the head of the Residents' Association of Nishiyamacho, "Thank you very much for your donation of the wonderful Yagura. We will work on the town development, making a fresh start."

The cash contribution was used for the renewal of the regional garbage station, which was helpful for the local residents.

(August 2016)

## To utilize the precious resources of Vietnam



The Japan-Vietnam Joint Research on Rare Earths is a project to support the development of rare earth in Vietnam by providing exploration and smelting technologies from the government and private-sector companies in Japan. The project is conducted in accordance with the memorandum on the Research and Technical Collaboration in the Areas of Mining and Development of Rare Earth Resources in Vietnam, which was concluded by the governments of both countries in 2011.

Japan Oil, Gas and Metals National Corporation (JOGMEC), which played a key role, and several private-sector companies from Japan took part in the project. Engineers of Nippon Yttrium Co., Ltd., a Group company of Mitsui Kinzoku, were engaged in collaborative research on the separation and refinement of rare earth from ore processing for five years from 2011 to March 2016. During this period, they were assigned to conduct solvent extraction separation and refinement tests for collecting rare earth. Nippon Yttrium received an award at a ceremonial gathering for the joint research project held at the Ministry of Science and Technology of Vietnam on April 15 in recognition for their contribution to technical guidance in the collection of rare earth and the cultivation of engineers.

The Mitsui Kinzoku Group also makes effective use of the technologies it has cultivated for technical assistance overseas. (April 2016)

## A good example of a social contribution through business

YOURSOFT Inc. is a system engineering company providing IT solutions from the information system division of Mitsui Kinzoku that became independent in 1989. YOURSOFT received the Best Practice Award from the Japan Image and Information Management Association (JIIMA) for its advanced case of creating an application that uses a scanner to store tax documents within a workflow system.

The workflow system helps conduct a series of operations efficiently by using computers and a network. It collects and delivers computerized application forms and notices, processes approvals in accordance with predesigned work procedures, and helps increase the speed of office work to improve operational efficiency and strengthen internal controls.

Many companies considered systems for the storage of receipts with a scanner to eliminate the hassle of storing actual tax documents such as receipts. This new system also eliminates the work of managing these receipts in connection with application documents and mailing them to the accounting department, something that companies were unable to do in the past because of a number of legal hurdles. Although multiple challenges needed to be tackled—such as electronic signatures, timestamps, and history management—YOURSOFT successfully created this system by satisfying each individual legal requirement in consultation with the Nagoya Regional Taxation Bureau.

This was a good example of how the desire to help tackle difficulties and solve problems in society is not limited to the development of metal materials and products. (September 2015)



## Conveying the excitement of science to children



A “Children’s University” class hosted by the boards of education of Ageo-shi, Ina-machi, and Okegawa-shi was held at the Materials Analysis & Exploration Center (Ageo-shi, Saitama) of Mitsui Kinzoku. A total of 51 children took part in the class.

The Children’s University is a program for fifth- and sixth-graders from local elementary schools to study on a university campus and at a company. The Materials Analysis & Exploration Center organized a class focusing on experience-based learning titled “Getting to the Core! Unlocking the Secrets of Materials.”

Child researchers in white coats observed the materials and structure of goods around them by using microscopes, and then measuring and sorting out the sweetness of fruits using an internal quality sensor, a product of Mitsui Kinzoku, in an experiment corner. They also explored the eight areas of the center and enjoyed a stamp-rally. The children were brimming with curiosity, expressing their surprise when they learned that alphabet characters are hidden in the 500-yen coin and that wood lice have hair. The class appeared to be a hit among the children. In the questionnaire after the class, they commented on how fun it was fun, and they provided a lot of feedback. Some talked about how fun it was to learn the structure of various things, see devices they had never seen, and how fascinated they were to learn that light can be used to determine the sweetness of fruits.

Mitsui Kinzoku will continue to actively provide opportunities in hopes of getting as many children as possible interested in science and inspiring future dreams.

(August 2015)

# A mine for the most advanced cosmic-ray research

We show our respect for those who engage in research every day and it is a great honor and privilege for us that our mine has come to be called “science mountain” and be known as a mine with the most advanced cosmic-ray research.

## Nobel Prize in Physics received for the second time

We think that you already know from the press releases that Takaaki Kajita, Director of the Institute for Cosmic Ray Research (ICRR) of the University of Tokyo, received the Nobel Prize for Physics in 2015.

Mr. Kajita discovered that neutrinos, a type of elementary particle, are the smallest units which make up matter and have mass based on the experiments he conducted at Super-Kamiokande, a neutrino detector installed 1,000 meters underground at Kamioka Mine (Hida-shi, Gifu) owned by Kamioka Mining and Smelting, a Group company of ours. He was honored with the Nobel Prize for his great discovery that provides even more insight into the mystery of how the universe was born by challenging the accepted myth that neutrinos do not have mass.

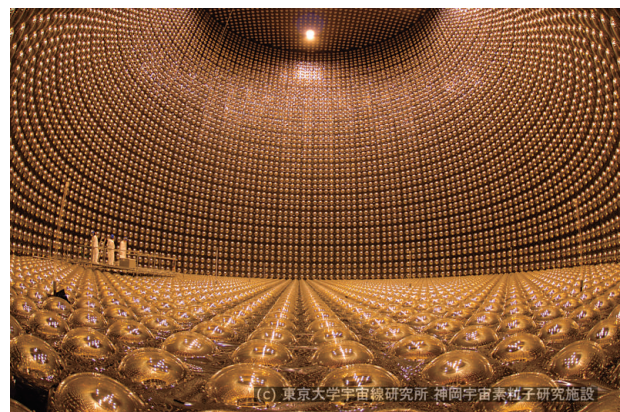
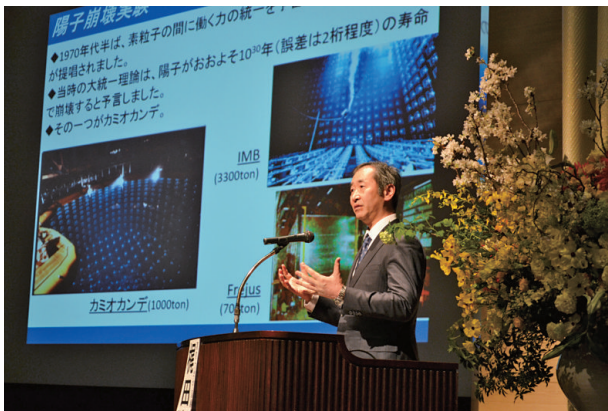
In 2002, Masatoshi Koshiba, Professor Emeritus at the University of Tokyo, also received the Nobel Prize for Physics as the first person in the world to observe neutrinos at Kamiokande, the predecessor to Super-Kamiokande. For both Kamiokande and Super-Kamiokande, Mitsui Kinzoku was involved with the construction of the area inside the mine, using the mine technologies it has cultivated over the years. It is a great honor and privilege for the employees of the Mitsui Kinzoku Group for Kamioka to have been chosen as the observation site and that we were able to help support great research experiments using our bedrock engineering technologies.

Upper left: Director Takaaki Kajita delivering a lecture at an event commemorating the receipt of the Nobel Prize for Physics, “For Those with an Aspiration for Science.” (March 29, 2016)

Upper right: Super-Kamiokande is equipped with a cylindrical water tank measuring 39.3 meters in diameter and 41.4 meters in height to store 50,000 tons of ultrapure water. A large space was required inside the mine to contain it. We spent more than two years engaged in excavation work and completed the space in June 1994. The so-called underground excavation (pit mining) that mines ore from underground mineral veins is different from open-pit mining or boring for the development of resources such as oil and gases, because it requires technology to excavate freely inside the mine.

Lower left: Kamioka Mine with a total length of over 1,000 kilometers of mining galleries. The excavation technologies we have cultivated here were helpful in constructing the underground research facility.

Lower right: Photomultiplier tubes installed in the water tank. They are light sensors that capture the Cherenkov light generated from the charged particles inside the water and function precisely as the eyes of Super-Kamiokande.



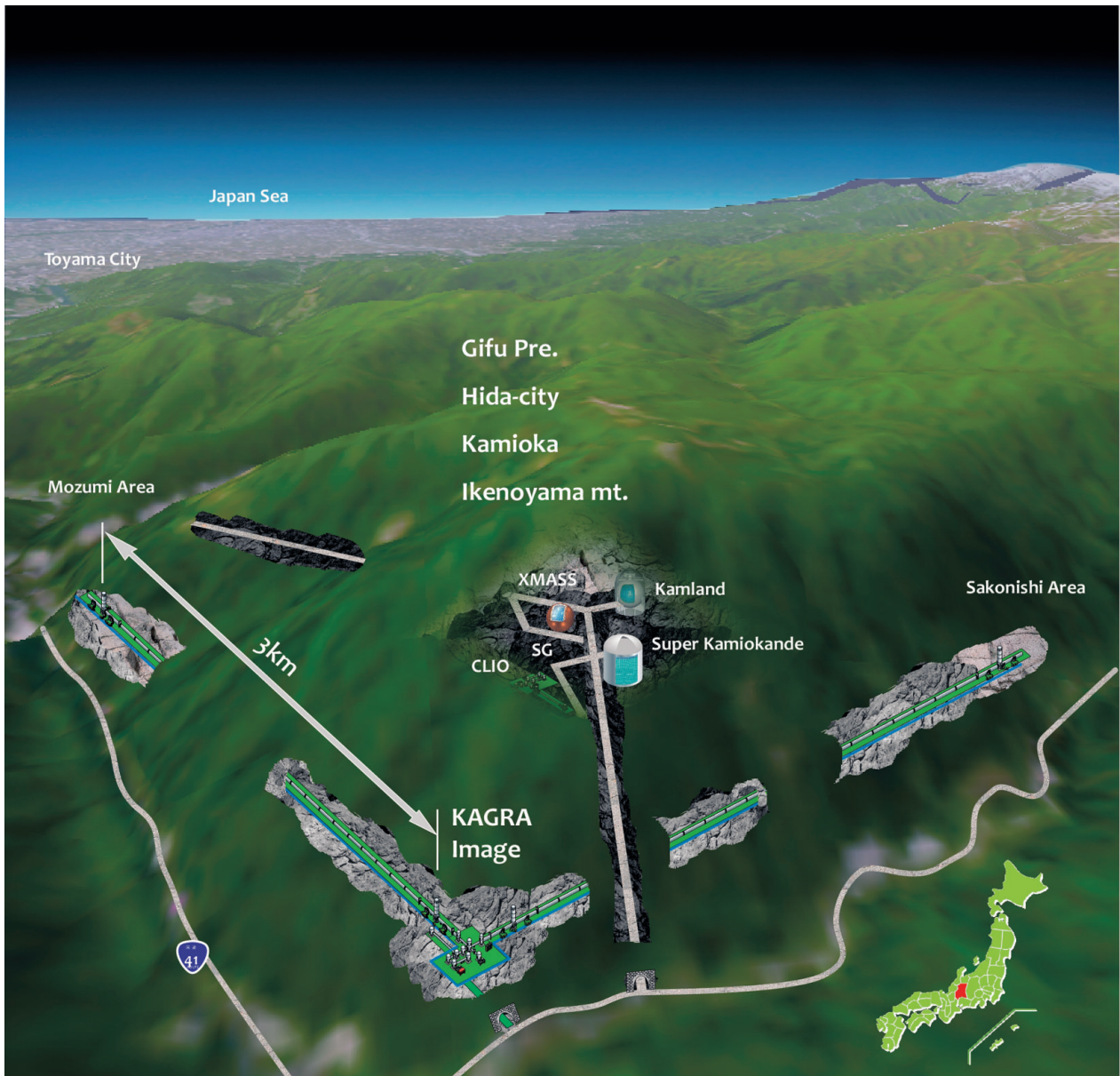


photo credit: Gravitational Wave group, ICRR, The University of Tokyo

## Advancing along with science

A next-generation detector is also planned. Hyper-Kamiokande is a super-large detector equipped with an even larger ultrapure water tank than the current Super-Kamiokande. Hyper-Kamiokande is not only a microscope to observe elementary particles, but it also functions as a telescope to observe the sun and supernova explosions through the incoming neutrinos. Its aim is to find a unified theory for the elementary particles and unravel the evolutionary history of the universe through discoveries about proton decay, the differences in the nature of neutrinos and antineutrinos, and observations of neutrinos emitted from a supernova explosion. An experiment is planned to begin in 2026, as an international research project in cooperation with scientists around the world. In addition, an attempt to capture gravitational waves through observation will also be carried out.

It will be conducted in KAGRA, a gravitational wave detector known as the telescope to observe the universe from underground, by making a tunnel with a total length of over 7 kilometers inside the mine. This is a project envisioned by the Gravitational Wave Group of the ICRR of the University of Tokyo, which plays a central role. The excavation work of the tunnel and the construction of the facility have already been completed, and experimental operations are currently being conducted towards full-scale observations. The world's most advanced research facilities that are honing on in the mysteries of the universe have been created one after another in Kamioka Mine, a mine with over 1,400 years of history.



# Getting involved with stakeholders

The Mitsui Kinzoku Group has set the facilitation of communication with all stakeholders in the Code of Conduct. We will incorporate the voices of stakeholders in our management by working on the disclosure of appropriate information and by actively providing opportunities for day-to-day dialogue and communication with them to deepen our mutual understanding.



## Setting up a mechanism for smooth dialogues with stakeholders

We are conducting business activities while associated with various stakeholders. We understand that accepting their opinions and expectations is important. From this point forward, we will construct a mechanism to examine whether our activities are meeting the requests and expectations of our stakeholders.

## Corporate profile and consolidated data

### [ Company Name ]

MITSUI MINING & SMELTING CO.,LTD.  
 < Common name = MITSUI KINZOKU >

### [ Established ]

May 1, 1950

### [ Head Office ]

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

### [ Paid-in capital ]

42,129 million yen (as of March 31, 2016)

### [ Sales ]

Consolidated 450,553 million yen (year ended March 31, 2016)

Non-consolidated 198,351 million yen (year ended March 31, 2016)

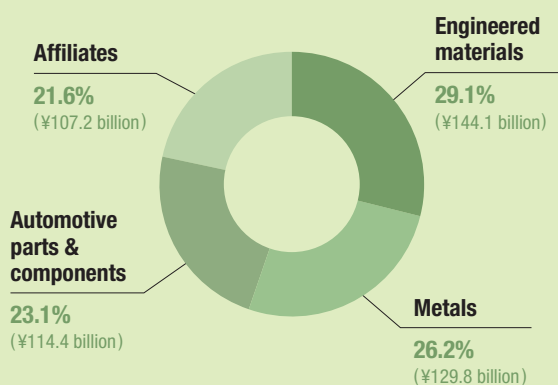
### [ Number of employees ]

Consolidated 11,132

Non-consolidated 1,663 (as of March 31, 2016)

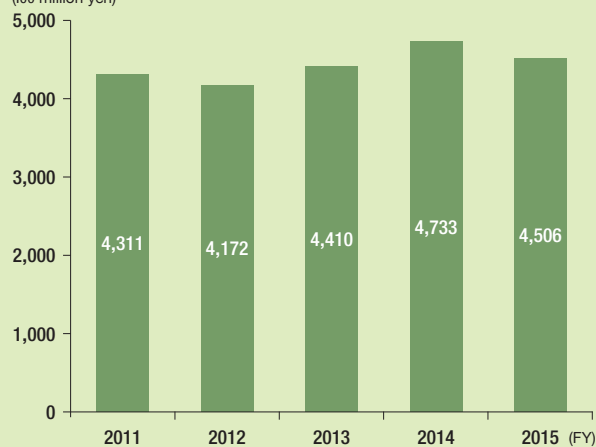
### Consolidated net sales breakdown

FY 2015



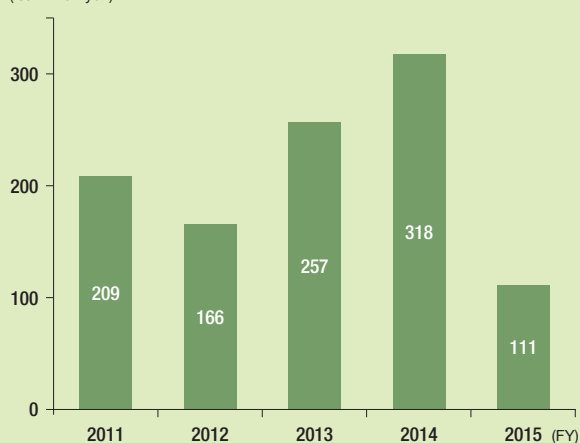
### Consolidated net sales

(100 million yen)



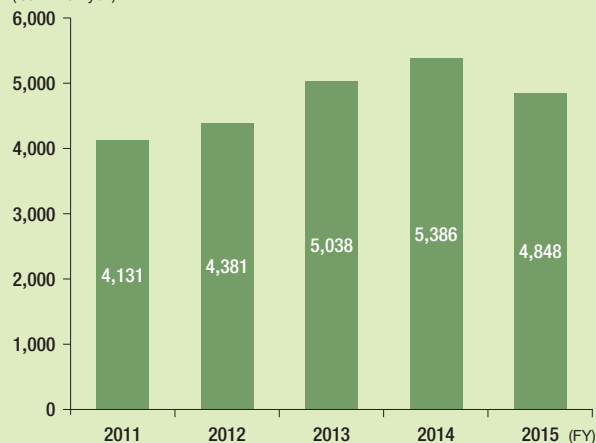
### Consolidated operating income

(100 million yen)



### Consolidated total assets

(100 million yen)





**MITSUI  
KINZOKU**

**MITSUI MINING & SMELTING CO.,LTD.**  
**CSR office**

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