

## Setting goals for our priority issues

The businesses of Mitsui Kinzoku Group are carried out through engagement with stakeholders.

We understand that the Group, which has many business domains centering on non-ferrous metals and which operates globally, constantly exerts influence on stakeholders. We believe that curbing the negative impacts and expanding the positive impacts as much as possible will enhance the sustainability of society.

However, our management resources are limited. Therefore, we have chosen what appears to have a significant impact, or priority issues, first of all.

From October to December 2016, we analyzed and identified materiality of Mitsui Kinzoku Group.

### Step1 From Global Guidelines

#### (1) Identification of issues from ISO26000

Based on the seven core subjects of ISO26000, we investigated efforts within the Group about “Related Actions and Expectations” and identified areas where more efforts are needed.

#### (2) Identification of issues from the GRI Guidelines

We identified points where disclosure was lacking in our CSR Report with respect to the aspects shown by (G4) of the GRI Guidelines.

#### (3) Identification of social challenges related to SDGs

With respect to 17 “Global Goals” presented by the SDGs (Sustainable Development Goals) of the United Nations, we examined their relationships with the businesses of Mitsui Kinzoku. We identified social agenda items that Mitsui Kinzoku can help to solve.

### Step2 From SRI Survey Sheets

#### (1) Identifying issues from SRI survey sheets

We analyzed and identified CSR issues based on survey sheets sent by the socially responsible investment groups, as well as our responses and the evaluations by the groups.

### Step3 From Stakeholders’ Opinions

#### (1) Summary of main opinions from stakeholders

We collected main opinions on CSR from dialogues with various stakeholders and summarized them.

#### (2) Analysis of main expectations by stakeholders

In light of (1), we analyzed expectations of stakeholders about businesses of Mitsui Kinzoku and its CSR efforts.

### Step4 Identification of Materiality and its Plan

#### (1) Sorting out of materiality

We comprehensively evaluated the CSR issues we identified in Steps 1 through 3 from the two perspectives of “materiality for stakeholders” and “materiality for Mitsui Kinzoku Group”, and specified a materiality plan. In the evaluation of materiality, we take the following points into consideration.

##### “A: Materiality for Stakeholders”

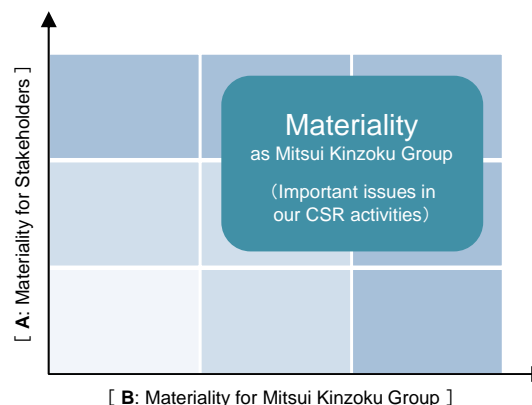
- Expectations and concerns of each stakeholder
- CSR trends
- Positive and negative impacts on society and the earth

##### “B: Materiality for Mitsui Kinzoku Group”

- Consistency with management policies and strategies
- Degree of importance of risks and opportunities
- Degree of response to CSR issues and the degree of their priority

#### (2) Identification of materiality

In the CSR Committee, we deliberated on the materiality plan we evaluated in (1) above and identified the materiality we should focus on in the years to come.



#### (3) Plans for CSR activities

For important CSR issues identified, each responsible subcommittee and department prepared a plan and received the approval of the CSR Committee.

##### <Reference guidelines>

- ISO26000
- G4 GRI Sustainability Reporting Guidelines
- UNDP Sustainable Development Goals (SDGs)

## Organizational governance

### 01 Strengthen of corporate governance

To make the governance system more effective for enhancing corporate value, the management team checks its implementation of the Corporate Governance Code through dialogues with stakeholders. The necessary mechanism for improvement is established.

### 02 Full enforcement of compliance

Compliance awareness penetrates each layer of employees, including those at overseas facilities.

### 03 Information management

Important confidential information for the organization is identified, separated and managed.

### 04 Penetration of CSR into the Group

Each facility of the Group promotes CSR efforts voluntarily.

## Human rights

### 05 Human rights due diligence

Our human rights policy is publicized to the best of our ability through human rights due diligence. Risk management is fully enforced in businesses where human rights risks are relatively high.

### 06 Prohibition of child labor and forced labor

The policy of prohibiting child labor and forced labor is made fully known to Mitsui Kinzoku Group and the supply chain. In the supply chain, conditions are identified, and management to eradicate child labor and forced labor is fully enforced.

## Labor practices

### 07 Diversity

All employees of Mitsui Kinzoku Group fully display their ability and contribute to their organization.

### 08 Employee engagement

Improvements in engagement is checked quantitatively through the employee satisfaction survey and the employee turnover rate.

### 09 Occupational safety

Safety Committee at each sites playing a central role in full enforcement of intrinsic safety at facilities based on risk assessments, lecture on compliance with relevant rules and improvement of the danger sensitivity of employees including subcontract workers.

## 10 Health management

Employees work safely and comfortably. For three years from fiscal 2017, we are focusing on improving the working environment based on analyses of stress checks.

## 11 Develop human resources

The abilities of human resources are maximized by training them continuously in a planned manner and bringing out the potential of each employee.

## Environment

## 12 Reduce GHG emissions

Medium- to long-term Group targets are established to alleviate climate change. Strategic efforts are made, and the reduction of greenhouse gas emissions make steady progress.

## 13 Use renewable energy

Renewable energy equipment works reliably at existing facilities. Renewal of the hydraulic power plants of Kamioka Mining and Smelting Co., Ltd. is completed.

## 14 Sustainable use of water

To secure the stable use of water without causing the depletion of water resources in the future, appropriate targets for the quantity of water intake are established and operated.

## 15 Waste water management

Appropriate targets for the quantity and quality of water are established and operated without contaminating public waters and groundwater.

## 16 Sustainable use of raw materials and resources

### 17 Recycling and management of wastes

Resources recycling is making progress in each business in recycling and smelting in the metals business. As a result of seeking zero emissions in Mitsui Kinzoku Group, the target values set by the Group are achieved.

## 18 Conserve biodiversity

Research is conducted to understand the relationship between business activities and the ecosystem under the Group's policy on biodiversity. Minimize the impact on biodiversity by drawing up action plans.

## 19 Manage plants and closed mines

The management of suspended and closed mines in Japan is fully enforced. If new closed mines are expected, preparation for the necessary costs and the development of management plans are completed.

## 20 Environmental contribution products

Create products and expand markets contribute to the environment, by setting criteria and target values to quantitatively measure the degree of environmental contribution.

## Fair operating practices

## 21 Prevent bribery

Employees are fully aware of bribery prevention in the process of putting "02 Full enforcement of compliance" into practice.

## 22 Prohibit anticompetitive acts

Restrictions on contacts with competitors are fully in place. There is awareness within the Group of whether our acts are problematic under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

## 23 CSR procurement

CSR efforts are expanded across the supply chain in cooperation with business partners. The corporate value of both Mitsui Kinzoku Group and business partners is enhanced through these efforts.

## 24 Intellectual properties

Awareness of respecting intellectual properties penetrates the Group and has taken hold as part of the corporate culture. Maximize corporate value using intellectual property.

## Consumer issues

### Value creation through our business

[→ P32~37]

### 25 Co-creation in the market for new engineered material

### 26 Implementing materials stewardship (Recycle-smelting)

### 27 Continuous supply of products that contribute to sustainable mobility

## Community involvement and development

## 28 Contribute to local communities

Given that co-existence and co-prosperity with local communities is the foundation for our businesses, we understand our role as a good corporate citizen. Their understanding of our businesses are deepened by continuing communication with them through social contribution activities.

These are our medium-term visions in each important issue. We have drawn up a road map and we aim to achieve them in about three fiscal years (fiscal 2016 through fiscal 2019). There are some actions which will be included in the next medium-term management plan that will begin in fiscal 2019. Progress in each issue will be reported in future CSR Reports.

## Co-creation in the market for new engineered material

### [Engineered Materials Sector]

Besides maintaining a supply, continuously creating growth businesses and products is essential for Engineered Materials Business.

Many of the products handled by the Engineered Materials Sector are bound to lose their product value at some point. We have experienced this before through the diversification of needs, fast-moving demand patterns, and the intensification of global competition. What is more, the product cycle today is much shorter than ever before. We need to establish a cycle in which we create growth businesses and products, enter the market early and make a profit while our products are still strong, and then link this to the next products and the next businesses to survive.

We are implementing our Medium-Term Management Plan which began in fiscal 2016. Engineered Materials Sector's goal over the period of the Plan is to establish the basis of a Market Co-creation business entity using our "Material Intelligence." A Market Co-creation business entity means an organization which develops new markets and creates growth businesses and

products one after another.

We review our core technologies and our existing sales channels and plan our business strategy in respond to market megatrends, such as consideration for the environment, IT and health care. We execute the strategy thoroughly in a cyclical manner.

Our existing technologies and channels are not enough to enable us to create a succession of growth businesses and products in a dramatically changing society. To execute the Plan and to become the Sector we want to be in the future, we radically reviewed our research and development system and strengthened our planning departments. This was based on the judgment that collaboration with entities outside the company and co-creation with the market is essential. Engineered Materials Sector is determined to work together to create growth businesses and products, drawing on its understanding of social needs and research and development pipelines with entities outside the company.



**Takeshi Nou**

Representative Director, Senior Executive Officer,  
Engineered Materials Sector

Utilizing our core technologies and sales networks, we transform into a Market Co-creation business entity which works with market participants to create a succession of new products using our "Material Intelligence."

[Plan of Execution]

**FY2017**

Strengthen research and development system, increase activities to explore market opportunities, and collaborate with entities outside the company.

**FY2018**

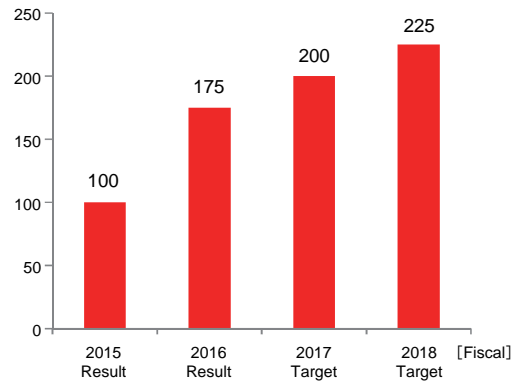
Strengthen joint development and collaboration and cooperation in research and development with entities outside the company, while continuing to explore market opportunities.

**FY2019**

Build Market Co-creation research and development system and reflect these activities to our business performance

Market Co-Creation Activity Index\*

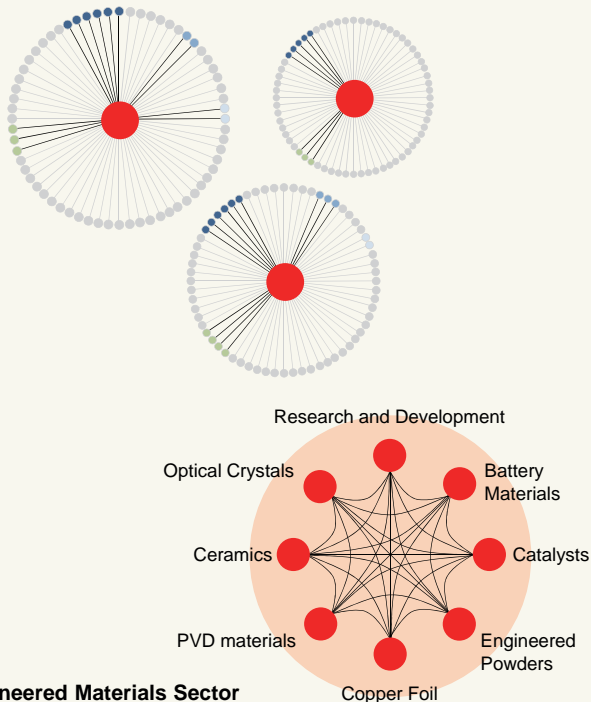
(FY 2015 = 100)



\* Market Co-Creation Activity Index  
Index reflects the combined total of joint R&D projects and business collaborations.

[Previously]

Each Division had its only individual research and development pipeline with outside entities

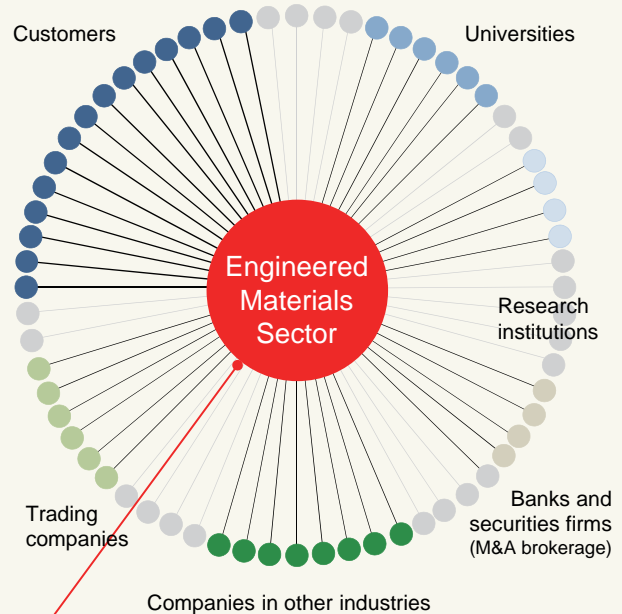


**Engineered Materials Sector**

We strengthen (unify) cooperation within the Sector and build research and development pipelines with "outside entities".

[Action 2016 Medium-Term Management Plan]

The Sector collaborates with outside entities in creation of new market. The Sector's Business Planning Department link departments inside and outside the company.



## Materiality in CSR Activities

### Recycle-smelting ~Implementing materials stewardship~

#### [Metals Sector]

Since the early 1900s, Mitsui Kinzoku has owned multiple non-ferrous metal smelters in Japan. We have owned the process from the mine to the smelter. Similarly in our overseas operations, we have not only invested in mines, we have also undertaken mine exploration, development and operation ourselves. We are one of the few non-ferrous metal smelter companies to have done this in Japan.

We have implemented the process from the upstream activities of mine development and smelting to the downstream activities. Extracting lead from scrap batteries and valuable metals from industrial waste began early in the 1990s. Our activities have extended downstream, leading to “venous industries.”

Material Stewardship is included in the 10 Principles for Sustainable Development advocated by the International Council on Mining & Minerals (ICMM), an international organization made up of mining and smelter companies. The aim is to promote the establishment of a material-cycle society through management of the entire industrial supply chain from mining, smelting, and processing to consumption, disposal, recovery and recycling of metal products. Mitsui Kinzoku is not a member of ICMM but we very much approve of this principle. It is also in sync with our activities to date aimed at creating a sustainable supply chain.

Each of the smelters we own has the capacity to process various types of raw materials. We have succeeded in organically connecting these smelters into a “smelter network” and have translated this into an increase in the collection of miscellaneous raw materials and an increase in processing capacity. Through a shift in approach from the optimization of individual sites to total optimization through the enhancement of cross-site functions, we have been able to increase our business value.

Under our Medium-Term Management Plan, we are driving the transformation of our structure from a non-ferrous metals smelter, which uses concentrate as raw materials, to a recycling smelter. We are actively making investments to expand our processing capacity of complex and refractory zinc ores, increase lead blast furnace processing, and strengthen our capacity for collecting precious metals. Together with Mitsui Kushikino Mining and our overseas sites, we are also seeking to strengthen the system of collecting materials for recycling. We are developing new smelting processes to expand the scope of metals that can be recycled. We aim to expand the capacity of recycle-smelting and to increase benefits for a sustainable business entity. We also contribute to the creation of a material-cycle society which is an integral part of our activities.



Isshi Hisaoka

Director, Senior Executive Officer, Metals Sector

Using ore extracted from the ground, we refine and manufacture useful non-ferrous metals such as zinc, lead, copper, gold and silver. It is the smelting technology which lies at the core of the technologies of Mitsui Kinzoku fostered for more than a century. Besides cultivating and accumulating technical expertise, we have also gained experience of operating smelters for many years in six locations in Japan.

Leveraging our strengths in the metals business both in terms of “soft” knowhow and “hard” facilities, we expand the scope of our operations including complex ores which were previously difficult to process and material recycling. We are also working to expand our processing capacity and building a smelter network by organically connecting each our smelters for the business shift to be capable of sustainable growth.

[Plan of Execution]

**FY2017**

Increase processing and extracting of valuable metals (base metals, precious metals and rare metals) by strengthening smelter network.

**FY2018**

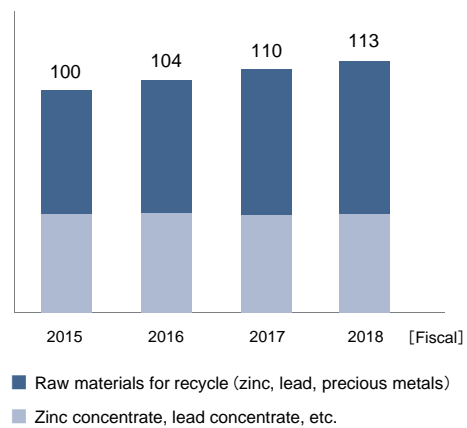
Develop new recycle smelting processes for waste metals containing precious materials which are currently difficult to process.

**From FY2019**

Organically link new processes to smelting network to obtain more diverse raw materials for recycle and increase processing capacity.

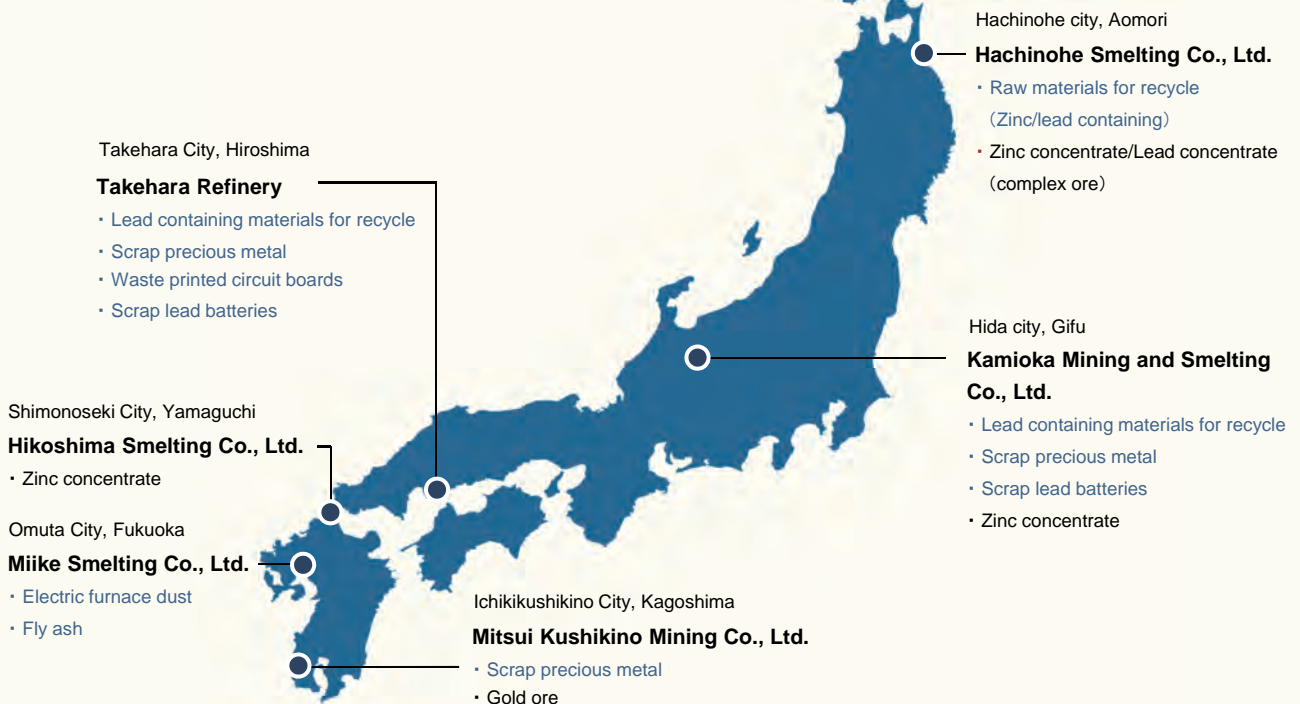
**Expansion of recycle-smelting**

(Total amount of raw materials in FY2015 = 100)



Our nonferrous and precious metals recycling operations  
**Network of our smelters and refineries**

• Raw materials for recycling that can be handled at each smelter are shown in blue.



## Materiality in CSR Activities

### Continuous supply of products that contribute to sustainable mobility

[Automotive Parts & Components = Mitsui Kinzoku ACT Corporation]

While Mitsui Kinzoku Act was established in 2010, Mitsui Kinzoku's automotive parts & components business dates back more than half a century.

Having started operation in the U.S. in 1987, we currently have 10 manufacturing and supply sites overseas. Our system of regional business units which conduct business operations in each region is also established. We have cultivated local human resources at both operational and management level. Currently the percentage of local employees in executive officer positions is around 30% and the percentage of women in management positions also exceeds 20%.

Under our Medium-Term Management Plan, we are working to strengthen our business base and our ability to generate profit in order to achieve our Vision in 10 Years. Our Vision in 10 Years is to be widely known as a global supplier of automotive parts & components and to establish the Mitsui Kinzoku ACT brand. This means becoming a company leveraging our "Manufacturing Intelligence" and providing

continuously "Safety," "Comfort" and "Amazing Performance."

In order to strengthen our ability to generate profit, which is one of the measures to get closer to our vision, improvement of cost and expansion of sales are essential. We choose in-house manufacturing if it has merits and a high operating rate. Otherwise, we choose to outsource production. In other words, competitive in-house manufacturing has to be promoted. In order to make in-house manufacturing competitive, we also actively promote automation. For the expansion of sale, we focus on the U.S. and China markets.

We also concentrate on strengthening the quality assurance structure, developing next-generation products and developing underlying technologies to earn a good reputation for ACT amongst our customers. By establishing the ACT brand and strengthening customer trust, we believe we can contribute to the sustainability of the automotive industry.



**Takashi Manabe**

President, Representative Director  
MITSUI KINZOKU ACT CORPORATION

## Establish the Mitsui Kinzoku ACT brand

Leverage our “Manufacturing Intelligence” and provide continuously “Safety,” “Comfort” and “Amazing Performance.”

Earn a good reputation for ACT amongst our customers.

[Plan of Execution]

### FY2017

#### Quality improvement for our customers

Focus on strengthening the “Quality” dimension of QCDDS, develop structure for “Outstanding Quality,” and improve performance in customers’ quality assessment globally.

### FY2018

#### Development and proposal of new products

Leverage our global development and sales promotion structure to meticulously meet customer requirements. Propose new products with additional features in terms of weight reduction, compactness, safety and comfort and provide them to customers (global OEM).

### From FY2019

#### Towards our “Vision in 10 Years”

Continuously develop unique products. Achieve efficient global supply of high quality products underpinned by core technologies and expand sales to new markets. Make progress toward achievement of the Mitsui Kinzoku Act Group’s Vision in 10 Years of ¥200 billion in consolidated net sales and ¥15 billion in consolidated ordinary income.

### [Build ACT’s reputation (1)]

#### Establishment of Quality Assurance Division

Effective April 1, 2017, we reviewed the Quality Assurance Department, which was previously an organization under the control of the Engineering Division. The Department became a new independent division under the direct control of the President. We prioritize “Quality” above all other matters except for “Safety.” We work globally to strengthen preventive quality and improve design quality and manufacturing quality. We aim the top level of quality ratings from our customers.

#### <Customer awards for our manufacturing sites in China>

(Excerpt in FY2016)

“Supplier Quality Excellence Award”

commended by Guangqi Honda Automobile Co., Ltd.

“Quality Partnership Award”

commended by GAC Toyota Motor Co., Ltd.

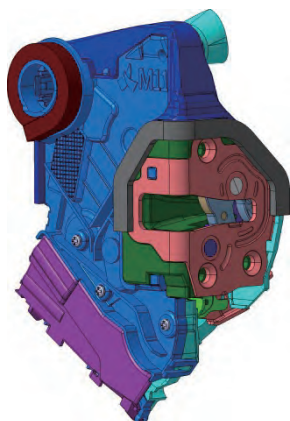
“Grade A Supplier Award”

commended by Jiangxi Isuzu Motors Co., Ltd.

### [ Build ACT’s reputation (2) ]

#### Development of next-generation products (weight reduction)

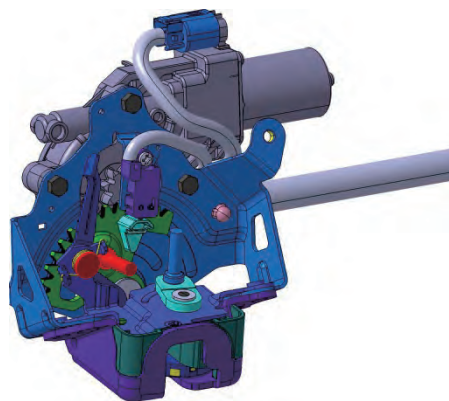
We are working to meet the needs of vehicle users and customers (global OEM) for fuel-saving and weight reduction.



Side Door Latch

0.86

(Weight of existing products = 1.0)



Back Door Latch

0.78

(Weight of existing products = 1.0)



# To continue to be a trusted company

Mitsui Kinzoku understands that “corporate governance is a mechanism for transparent, fair, prompt, and strong-minded decision-making from the perspective of stakeholders.” We position corporate governance as one of the most important issues for achieving our management philosophy.

## Our approach regarding Corporate Governance

The group-wide actions for "contribution to all stakeholders" take the following points into account:

- Provide shareholders applicable dividend according to business performance and disclose information appropriately.
- Supply customers valuable products.
- Advance co-existence and mutual prosperity with local communities.
- Ensure employees well-being workplace environment and decent working conditions.

In addition, in order to enable fair and valuable business, we implement followings as institutional measures:

- Formulate internal regulations and codes including ethics
- Adapt the election system of the Outside Directors and External Corporate Auditors
- Leverage the audit systems and the whistle-blowing systems

In October 2015, the Corporate Governance Guideline was formulated, stipulating the basic approach and actions related to corporate governance.

## Directors and Business Execution

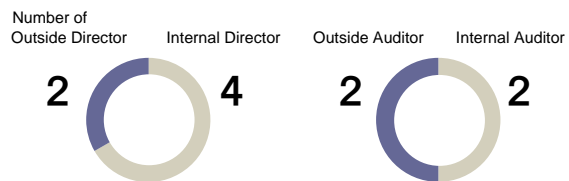
Directors discuss important business matters at Board of Directors meetings which are convened once a month and as needed and are chaired by the President, and they also supervise the execution of business activities. For appropriate and efficient supervision, the Board of Directors consists of Internal Directors who are experienced in managing our businesses and Outside Directors.

One of our two Outside Directors is a legal expert with extensive specialist knowledge and experience of corporate legal affairs. The other is an engineering expert with vast experience gained through his many years of involvement in university education. We appointed these Outside Directors to make use of their knowledge and experience in managing the Company. Both are registered with the Tokyo Stock Exchange as independent officers.

The Company takes various steps to facilitate the execution of duties by Outside Directors, including distributing the agenda ahead of Board of Directors meetings and providing prior explanations where necessary. The Outside Directors

draw on their expertise to make comments as necessary on proposals and during discussions, etc.

Regarding the execution of the business activities, the Executive Officer system was previously introduced to establish a system for strategic decision-making and to accelerate the decision-making process. The Company made amendments to the Articles of Incorporation in a resolution by the General Meeting of Shareholders held in June 2017 to clearly provide for the Executive Officer system. Important matters regarding business execution are discussed twice a month and as needed at the Executive Council which consists of Senior Executive Officers. The business affairs of the Company are executed under the leadership of Executive Officers based on the results of these discussions.

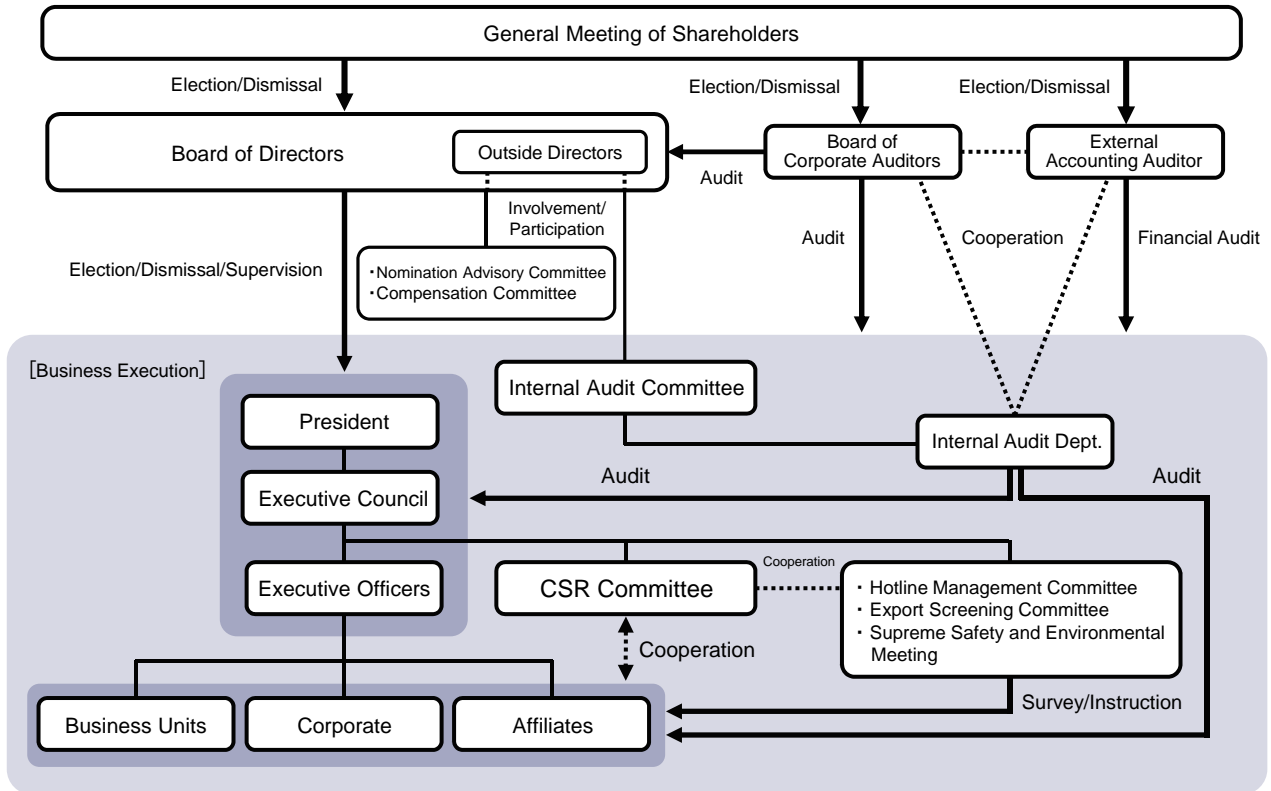


## Corporate Auditors

Mitsui Kinzoku has adopted the Corporate Auditor system. As of June 29, 2017, there are four Corporate Auditors. They are two full-time auditors with experience of Corporate Executive Officer and two part-time Outside Auditors. The Corporate Auditors audit directors' performances in accordance with the audit plan decided by the Board of Corporate Auditors.

One of the full-time Auditors has management experience as Director and knowledge of risk management as manager of the Personnel & Administrative Department. The other has management experience as Director of an affiliated company and accounting knowledge as manager of Accounting & Strategy Planning Department.

One of the Outside Corporate Auditors draws on his vast knowledge and experience in the legal profession as a prosecutor and an attorney-at-law in audits of the Company. The other Outside Corporate Auditor was appointed because his rich experience as a government official involved in the proposal and execution of economic and industrial policy is



[Corporate Governance System of Mitsui Kinzoku]

useful for the execution of duties as an Outside Corporate Auditor. Both are registered with the Tokyo Stock Exchange as independent officers.

The Board of Corporate Auditors consists of all Corporate Auditors, who know the business features of the Group, and ensures the sound management by observing Directors' performance. The Board of Corporate Auditors is held at least once a month. In addition, the Auditor Office, where 5 staff (a concurrent position) work, supports the Corporate Auditors.

### Accounting Auditor

Mitsui Kinzoku has entered an audit agreement with KPMG AZSA LLC and accounting audits are conducted by them in accordance with the applicable laws. Three Certified Public Accountants (CPAs), who work as the limited liability partner and the managing partner at KPMG AZSA LLC, are assigned to be in charge of the Mitsui Kinzoku's accounting audit. As assistant for audit operations, there are 8 CPAs and 13 staffs.

### Strengthen internal controls

**Strengthen internal controls** In addition to the Corporate Auditors and the Accounting Auditor, we organized the Internal Audit Committee, chaired by an Outside Director under the control of the Board of Directors. Besides, the Internal Audit Department strengthens the internal control functions by practicing internal audits. The Committee consists of one representative director, all Outside Directors

and the general manager of the Internal Audit Department. The Committee not only evaluates reports of internal audits implemented by the Internal Audit Department, but also observes remediation progress about the reported issues. The committee also approves and determines important items regarding internal audits.

The Internal Audit Department as the secretariat of the Internal Audit Committee has members with high expertise of each field; accounting, tax affairs, safety and environment. They conduct internal audits group-wide regarding legal compliance and status of the internal control system.

We also conduct a range of initiatives to ensure the soundness of corporate activities, including audits relating to protecting the environment and ensuring safety by the Environment & Safety Department and legal audits by the Legal Department.

### Effectiveness of the Board of Directors

Each Director and Corporate Auditor conducts self-evaluation by exchanging opinions. We have introduced a new system that the Directors discuss important issues identified through self-evaluation in order to enhance the effectiveness of the Board of Directors. That ensures the effectiveness of the Board's function in discussing proposals and monitoring. However, we recognize that there are some aspects that require modification and improvement and we are continuing to strengthen the effectiveness of the Board's function.

## Compliance is fair play

Compliance means to comply the laws and regulations as well as social codes and ethics.

That is to say "strictly follow all of the rules." "All of the rules" includes not only the laws and regulations of each country and the internal rules of company, but also all matters which Mitsui Kinzoku is expected to comply, such as common sense and morals even if they are not stipulated.

- Can you talk about your conduct to your family with confidence?
- Is your conduct right from objective point of view?
- Does your conduct in accordance with the Mitsui Kinzoku Code of Conduct?

"Strictly follow all of the rules" does not mean simply to do something wrong or only to follow the rules. We share common understandings across the Company and the Group and also the things which Mitsui Kinzoku should do in order to be trusted by ourselves, the people around us, and various other stakeholders of the Group.

### Practice and enhancement

The Mitsui Kinzoku Code of Conduct concretely represents our understanding of compliance: "strictly follow all of the rules". It aims to satisfy our social responsibility and to ensure our corporate reliability from various stakeholders. The Code of Conduct is the base of practicing the Management Philosophy.

It is the Compliance Guidebook that summarizes and explains the points of conduct in an easy-to-understand manner for our daily operations in order to match the Code of Conduct. We distribute it to all officers and employees of the Mitsui Kinzoku Group as a guide for practicing compliance. We have prepared it in Japanese, Chinese and Thai and will make it available in other languages in step with the development of our overseas bases.

In addition to holding compliance seminars by external instructors and internal compliance trainings for each level of employees, intranet provides materials and e-learning about legal knowledge.

Since 2007, October has been defined as our "Compliance Promotion Month" to advocate and educate compliance. Moreover, the Mitsui Kinzoku Hotline has been operating since 2003 to enable all officers and employees to report compliance violations they have discovered.

### Compliance training

The Legal Department of Mitsui Kinzoku provides three kinds of compliance seminars group-wide. The first is group training for respective levels of employees, such as new employees and newly-promoted managers. The second is business law seminar utilizing the grade 3 textbook of the Japan Business Law Examination issued by the Tokyo Chamber of Commerce and Industry. The third is a seminar that focuses on a legal topic such as the Antimonopoly Act, bribery, information security, Subcontract Act and security export control.

In fiscal 2016, we held compliance seminars (26 times in total) focusing on managers at every site, including affiliates, in addition to the usual training for each level of employees.

The third type of seminars that explain a single topic are gradually being held at each site of Mitsui Kinzoku Group. In fiscal 2016, at domestic sites, we held seminars about the Subcontract Act and stamp duty, in addition to seminars on security and export administration which are held every year. At overseas sites, we held seminars on bribery and corruption and information management by Thai legal experts for local employees at two sites in Thailand.

In fiscal 2017, we are holding seminars on information management at domestic sites and also preparing to deliver compliance seminars covering bribery and corruption in China.

### Security export control structure

Mitsui Kinzoku requires all officers and employees to comply with the laws, regulations and rules in Japan and overseas and internal rules in line with Article 3 of its Code of Conduct entitled "Compliance." The Compliance Guidebook explaining the Code of Conduct specifies compliance with export and import-related regulation and requires us to determine whether exports fall under the supply of regulated commodities or technologies. If necessary, it is required to ensure that export permits are obtained. In accordance with internal rules on the control of product exports, etc., the Company has organized the Export Screening Committee chaired by the Representative Director and established the Company's security export control structure. The Export Screening Committee deals with individual matters and, once a quarter, also monitors the status of sales of listed regulated products in each business division.

## Implementation of a legal audit

Mitsui Kinzoku strengthens internal control functions by appointing an outside director as the chairperson of the Internal Audit Committee and by setting the Internal Audit Department. As a part of audits, internal legal audits are also conducted.

In legal audits of domestic affiliates, we assessed whether exports of handled products are controlled properly. In fiscal 2017, we plan to conduct field audits to assess the approval process at domestic affiliates.

For overseas affiliates, we conduct field audits on their response to the legal risks peculiar to each country in cooperation with local lawyers by researching and analyzing the risks beforehand. We have already conducted an audit on subsidiaries in India, China and Thailand. We are currently preparing for audits at overseas subsidiaries in fiscal 2017.

## Mitsui Kinzoku Hotline

Mitsui Kinzoku Hotline was hardly ever used by employees at overseas sites due to the language difficulties. In fiscal 2017, Chinese became available at the hotline as a first step toward encouraging use at overseas sites. In fiscal 2017, we plan to hold compliance seminars, mainly at sites in China, to inform about the Hotline.

## Information security management

In April 2017, we integrated rules on the management of information, which previously dealt with personal information, insider information and other types of information separately. We established information management rules including new detailed rules on the management of trade secrets.

In the detailed rules, the management standard established in accordance with the minimum level defined by the Unfair Competition Prevention Act. Even if the minimum level is exceeded, individual treatment is allowed based on the importance of trade secrets management. We have developed the information management system correspondent to individual business features.

We are also preparing to hold seminars to inform employees about the detailed rules. We are also asking each division about their management of trade secrets to establish an information management structure.

## Prevention of the giving or receiving of bribes

We require all officers and employees of Mitsui Kinzoku Group to conduct activities properly based on free and fair competition in line with Article 4 of our Code of Conduct "Fair Business Activities." The Compliance Guidebook gives instructions prohibiting the giving or receiving of bribes and acts of corruption and clearly specifies how to deal with demands for bribes.

We are preparing the Compliance Guidebook in other languages besides Japanese. We are also preparing guidebooks based on local legislation.

As part of our anti-bribery structure, we have prepared an Agreement on the Prohibition of Commercial Bribery which provides for the prohibition of the giving or receiving of bribes and acts of corruption at sites in China, and we are entering into this agreement with our suppliers in China. We are also ensuring that none of our business partners are involved in the giving or receiving of bribes.



Compliance seminar in MITSUI SIAM COMPONENTS CO.,LTD. (in Thailand)

## Compliance seminars in FY2016

[Target/Theme]	[Date]	[Participants]
Training for new employees	April 20	38
Business law seminar	May 30	10
Follow-up training in the third year after joining	July 13	47
Compliance seminar (in Kushikino, Kagoshima)	July 26	26
CSR・Compliance seminar	Nov. 07	36
CSR・Compliance seminar	Nov. 07	45
Compliance seminar for subsection chiefs	Nov. 07	28
CSR・Compliance seminar	Nov. 09	53
CSR・Compliance seminar	Nov. 14	35
Compliance seminar for general staff	Nov. 14	22
CSR・Compliance seminar	Nov. 15	4
CSR・Compliance seminar	Nov. 17	31
CSR・Compliance seminar	Nov. 18	28
Business law seminar	Nov. 18	15
CSR・Compliance seminar	Nov. 21	25
CSR・Compliance seminar	Nov. 21	55
CSR・Compliance seminar	Nov. 22	48
CSR・Compliance seminar	Nov. 24	34
CSR・Compliance seminar	Nov. 25	46
CSR・Compliance seminar	Nov. 28	30
Compliance seminar for subsection chiefs	Nov. 28	27
Compliance seminar (in Thailand)	Nov. 28	76
CSR・Compliance seminar	Nov. 29	13
CSR・Compliance seminar	Dec. 05	29
Compliance seminar for general staff	Dec. 05	32
CSR・Compliance seminar	Dec. 06	5
CSR・Compliance seminar	Dec. 07	35
CSR・Compliance seminar	Dec. 07	93
CSR・Compliance seminar	Dec. 08	29
CSR・Compliance seminar	Dec. 12	25
CSR・Compliance seminar	Dec. 13	28
CSR・Compliance seminar	Dec. 14	60
CSR・Compliance seminar	Dec. 14	18
CSR・Compliance seminar	Dec. 15	26
Contract and Stamp Tax Seminar (in Hachinohe, Aomori)	Dec. 15	30
Compliance seminar for general managers	Dec. 15	21
CSR・Compliance seminar	Dec. 16	21
CSR・Compliance seminar	Dec. 21	26
Compliance seminar for general managers	Jan. 11	20
Compliance seminar (in Ageo, Saitama)	Jan. 16	34
Compliance seminar (in Ageo, Saitama)	Jan. 16	30
Compliance seminar (in Ageo, Saitama)	Jan. 16	30
Compliance seminar for general managers	Jan. 19	27
Compliance seminar for manager/supervisory (in Ageo)	Jan. 20	19
Compliance seminar for manager/supervisory (in Ageo)	Jan. 20	15
Compliance seminar (in Ageo, Saitama)	Jan. 24	42
Compliance seminar (in Ageo, Saitama)	Jan. 24	40
Compliance seminar (in Ageo, Saitama)	Jan. 24	29
Compliance seminar for mid-career employees	Jan. 26	24
Compliance seminar for subsection chiefs	Jan. 30	31
Compliance seminar for manager/supervisory (in Ageo)	Jan. 31	17
Compliance seminar for manager/supervisory (in Ageo)	Jan. 31	20
Follow-up training in the second year after joining	Feb. 07	29
Subcontract Act Seminar (Tokyo Head Office)	Mar. 08	12
Compliance seminar (in Thailand)	Mar. 21	35

Total 1,704

# Integral base for our business

Respect for human rights is an indispensable basis for business operations.

We pursue human rights initiatives in accordance with the Mitsui Kinzoku Group Human Rights Policy.

### Our approach

Mitsui Kinzoku Group believes that respect for human rights is a social responsibility and an indispensable basis for business operations. We will advance our efforts for human rights, aiming to equally protect them for all related stakeholders as well as our employees.

### Establishment of Human Rights Policy

We have stated provision of work environment that “respects the human rights, personalities, and uniqueness of our employees in Article 8 “Provision of Comfortable Work Environment” of our Code of Conduct. In March 2017, we established a Human Rights Policy. This policy supplements our Basic CSR Policies to ensure that we ourselves do not commit human rights violations and that we are also not complicit in violations by others. We are also distributing the policy to our sites translated into local languages to ensure that the Human Rights Policy is applied across the entire Group.

In this policy, we declare that we will pursue initiatives which promote respect for internationally recognized human rights in accordance with our Management Philosophy, Corporate Slogan and Code of Conduct.

We established our Human Rights Policy based on an awareness of the UN Guiding Principles on Business and Human Rights. We also undertook the task of validating once again the values Mitsui Kinzoku Group has held dear since its foundation and the characteristics of its current business. With interest in human rights mounting within the global community, we ensured that the whole Group is on the same page when it comes to tackling human rights issues.

### Measurements

Mitsui Kinzoku Group has institutionalized compliance with the Code of Conduct by incorporating it in personnel evaluation items, clarified the prohibition of sexual harassment in the rules of employment, and established a consultation desk at sites. In addition, we are continuously providing lectures on the prevention of harassment in level-specific training for employees.

Moving forward, in accordance with our newly established Human Rights Policy, we plan to create a human rights due diligence mechanism provided for in the UN Guiding Principles on Business and Human Rights. We will then extend the scope of its application from Mitsui Kinzoku Group companies to our entire supply chain. Through due diligence, we will identify material human rights risks and manage these as a priority.

We will also further enhance lectures to disseminate our Human Rights Policy and promote a correct understanding of human rights.

### [Our roadmap]

FY2017

#### Phase 01

[Scope of application]

- Model site in Japan

[Goals]

- Dissemination of Human Rights Policy
- Identification of material human rights risks

[Actions]

- Human rights lecture & training
- Interviews with experts
- Survey of human rights risks
- Due diligence of model site



FY2018

#### Phase 02

[Scope of application]

- Consolidated group companies

[Goals]

- Establishment of due diligence structure
- Thoroughgoing management of material human rights risks

[Actions]

- Human rights lecture & training
- Due diligence of consolidated bases



FY2019

#### Phase 03

[Scope of application]

- Major suppliers

[Goals]

- Human rights management in supply chain

[Actions]

- Expansion of scope of human rights lecture & training
- Due diligence of major suppliers



## Human Rights Policy of Mitsui Kinzoku Group

Providing society with useful materials by refining underground resources into nonferrous metals: this is the starting point of Mitsui Kinzoku Group. Throughout the businesses, however, there is the potential for a major impact on the environment and on local residents. The Mitsui Kinzoku Group is determined to respect the human rights of all those who are affected by our business activities and to contribute to the creation of a sustainable society through the use of our knowledge and technology as well as valuable commodities.

### **[Basic Principle and Position of the Policy]**

Mitsui Kinzoku Group has established the Human Rights Policy (“the Policy”), considering the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), Declaration on Fundamental Principles and Rights at Work (International Labor Organization; ILO), and United Nations Global Compact. Based on this Policy, the Group is taking steps to respect human rights. The Policy also declares our efforts to respect human rights based on Mitsui Kinzoku's Management Philosophy, Corporate Slogan and Code of Conduct, and complements Mitsui Kinzoku Group's Basic CSR Policies.

### **[Scope of Application]**

This Policy applies to all our business offices, plants, laboratories and subsidiaries worldwide. In addition, we will encourage business partners, including suppliers and sales partners, to support human rights and prevent infringements of rights, and cooperatively promote respect for human rights.

### **[Responsibility for Respecting Human Rights]**

We will fulfill our responsibility for respecting human rights by preventing infringements of human rights and addressing any adverse impacts on human rights caused by our business activities. In the case where a business partner, such as a supplier or a sales partner, has had adverse impacts on human rights, we will encourage them not to infringe upon human rights.

### **[Dialogue and Consultation with Stakeholders]**

In terms of human rights issues related to business activities, we will make use of independent external expertise and hold a dialogue and consultation with the involved stakeholders.

### **[Human Rights Due Diligence]**

To fulfill our responsibility for respecting human rights, we will establish a framework of human rights due diligence and implement it on an ongoing basis. Human rights due diligence is a continuous process conducted to preliminarily identify any adverse impact on human rights in society that could potentially be caused by our company, and then to mitigate or prevent it.

### **[Remedy]**

Should it be revealed that we were involved, directly or indirectly, in any action with adverse impacts on human rights, we will work on correcting it through appropriate procedures.

### **[Information Disclosure and Education]**

We will release reports on our human rights initiatives based on the Policy on Mitsui Kinzoku Group's website, CSR report, and other means. In addition, we will provide appropriate education to ensure the effectiveness of the Policy.

## Prohibition of forced labor and child labor

When hiring employees, the Mitsui Kinzoku Group follows the laws and regulations of each country. We do not make people work against their will or allow the use of forced labor or child labor.

We have never breached labor laws or been reported to have engaged in labor practices which violate human rights. We incorporate the prohibition of forced labor and the prohibition of child labor in our human rights education and due diligence, and also reflect this stance in our CSR initiatives with business partners.

[Addressing the issue of conflict minerals] → Page 46

## Sound labor-management relations

Mitsui Kinzoku and major affiliates in Japan have a respective labor unions under the Mitsui Mining & Smelting Workers Union. Based on the union shop agreement, all general employees become members of the labor unions. There are 2,772 union members as of the end of March 2017. About half of the other consolidated affiliates in Japan have labor unions. These unions have established a council to cooperate mutually with the Mitsui Mining & Smelting Workers Union in their activities.

Among global consolidated affiliates, 13 affiliates have labor union and the union participation rate is around 28%.

They regularly hold a labor-management council and a labor-management round-table conference to build good labor-management relationships based on mutual respect and trust.

In fiscal 2016, no operation closure due to strikes or other reasons was reported in the Group. There was also no report about violation of the association freedom (right to organize).

Employees of the Mitsui Kinzoku Group are responsible for initiatives to promote human rights and are at the same time also important stakeholders whose human rights as employees need to be respected. We respect the basic rights of our employees and focus on their safety in the workplace and health as well as maintaining a good labor-management relationship.

## Mutual prosperity with local communities

We have continuously operated the Huanzala Mine in Peru for almost half a century, as a wholly owned developed mine overseas. During the period, Peru overcome a difficult history, including the nationalization policy age by the military government, the growing militancy of the labor movement, rampant terrorism, and high inflation.

One of the reasons we have been able to continue operating the mine for such a long time is that the Huanzala Mine itself had high grade property. But another major reason is that we established the relationship of reliability and mutual cooperation with the local people.

At Huanzala Mine, we ensure employment at the mine, supply electric power free of charge and build infrastructure such as roads and schools, community centers and gymnasiums, water supply and sewerage works. We also provide healthcare support and transfer agriculture and livestock technics. We have consistently made a wide range of contributions to the community and sought to a relationship of trust.

Similarly at the Pallca Mine in Peru, which we began operating in 2006, we have created employment, developed the local infrastructure, and provided healthcare, agriculture and livestock support.

In the mining operation, which has a particularly large impact on the surrounding environment, it is important to fully consider the human rights of local communities. Through exploration and the operation of mines in Japan and overseas, we believe it is possible to continue our business because Mitsui Kinzoku Group and local communities live together in mutual prosperity.

[Environmental measures in the Huanzala Mine] → Page 78



01



02



03



04



05

01·02·03 Opening ceremony of Pallca Mine in 2006  
 04 We develop local infrastructure. (Huanzala Mine)  
 05 We also provide agriculture and livestock support. (Huanzala Mine)



# Promote responsible mineral sourcing

Mitsui Kinzoku Group promotes responsible mineral sourcing for corporate social responsibility and compliance, taking human rights, environment and laws/regulations into consideration. As a member of the global supply chain, we have developed a policy of not using conflict affected “conflict minerals”.

### Conflict Minerals Policy

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which was enacted in July 2010 in the United States, defines conflict minerals as gold, tin, tantalum, and tungsten. Some conflict minerals mined in the Democratic Republic of the Congo (DRC) and the nine adjoining countries could be the source of funds for armed groups who are violating human rights including child labor for mining.

In order to fulfill social responsibilities in our minerals sourcing, Mitsui Kinzoku Group has established a policy of using conflict minerals that do not directly or indirectly finance or benefit armed groups in the covered countries. Each division of the smelting business has established its own policy and has been taking steps to use DRC conflict free minerals. In addition, we established Mitsui Kinzoku Group Conflict Minerals Policy in July 2017, to ensure the use of conflict free minerals group-wide.

### Approach by the Engineered Powders Division

As a responsible smelter of tantalum, the Engineered Powders Division has been obtaining certification of “Conflict Free Smelter” by an independent third-party conflict minerals audit every year since 2011, in accordance with the Conflict Free Smelter (CFS) Program<sup>※1</sup>. For responsible sourcing of tantalum-containing materials, the division established “Procurement Policy for Tantalum” and disclose in the website. The policy prohibits the use of tantalum-containing minerals mined in the Democratic Republic of the Congo (DRC) and its adjoining countries, if the minerals are the source of funds for armed groups. The division promotes such responsible conflict minerals sourcing with the cooperation of suppliers. With regard to tin, the division also controls the CFS certification of the tin smelters in the supply chain.

※1 CFS (Conflict-Free Smelter) Program

CFS Program is for the Conflict-Free Smelter certification program developed by the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI).

### Address by the Metals & Recycling Division

The Metals & Recycling Division properly addresses the conflict minerals issue as a responsible smelter of gold in accordance with the LBMA<sup>※2</sup> Guidance. The division has established a due diligence system, for instance to pursue supplier trading materials and distribution routes. For humanitarian reasons, the division eliminates the use of conflict minerals mined in the DRC and its adjoining countries, if the minerals benefit armed groups in the covered countries. The division undergoes an independent third-party conflict minerals audit every year and files the result with the LBMA. Together with the Gold Supply Chain Policy, “Independent Assurance Report for Gold” and “LBMA Responsible Gold Guidance Compliance Report” are disclosed on the Mitsui Kinzoku website.

### Future activities

We will establish group-wide systems to address the conflict minerals issue which applies not only to the Engineered Powders Division and the Metal & Recycling Division, but to all divisions in the Group. We will provide education and seminars about conflict minerals to all relevant divisions within the Group. Our internal audit will also cover the conflict minerals issue.

In addition, we will work to make the Mitsui Kinzoku Group Conflict Minerals Policy known to all our suppliers and strengthen our supply chain due diligence.

We contribute to the international initiatives to solve the conflict minerals issue by building a management process that is based on standards.

※2 LBMA

The London Bullion Market Association is an international trade association, representing the London market for gold and silver bullion which has a global client base.

The LBMA has set up the LBMA Responsible Gold Guidance for LBMA accredited smelters and requires systematic and worldwide compliance in order to combat abuses of human rights, funding of conflicts and money laundering.

## Mitsui Kinzoku Group Conflict Minerals Policy

Mitsui Kinzoku Group promotes responsible mineral sourcing for corporate social responsibility and compliance, taking human rights, environment and laws/regulations into consideration.

As a member of the global supply chain, we set a policy of not using “conflict minerals※1,” if these minerals are the source of funds for armed groups who are violating human rights.

In particular, some conflict minerals mined in the Democratic Republic of the Congo (DRC) and its nine adjoining countries are suspected to benefit armed groups. Mitsui Kinzoku Group works with suppliers and the international industry initiatives to promote the use of conflict minerals that do not directly or indirectly finance or benefit armed groups in the covered countries.

1. We establish internal management systems and manage the supply chain appropriately in accordance with the OECD (Organisation for Economic Co-operation and Development) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
2. Regarding the smelting business of tantalum and gold, Mitsui Kinzoku Group, as a responsible smelter, carries out due diligence for conflict minerals which utilized smelting. We have acquired the certification of Conflict Free Smelter (CFS) ※2 for the smelting business by undergoing third-party audits every year.
3. Regarding our products containing smelted conflict minerals, Mitsui Kinzoku Group carries out supply chain due diligence utilizing the Conflict Minerals Reporting Template (CMRT) developed by the CFSI※3 for supply chain risk management and disclose results if necessary.

※1 Tin, Tantalum, Tungsten and Gold. Conflict minerals are defined as cassiterite, columbite-tantalite, gold, wolframite, or their derivatives, or any other minerals or their derivatives determined by the Secretary of State to be financing conflict in the DRC or its adjoining countries (Sourced by the section 1502 of the U.S. Dodd Frank Wall Street Reform and Consumer Protection Act).

※2 The CFS Program and equivalent cross-recognized third-party audit programs included the LBMA's Responsible Gold Program.

※3 Conflict-Free Sourcing Initiative: An international industry initiative working for improvement of regulatory compliance and supporting companies' responsible sourcing from conflict-affected and high-risk areas.

We request our suppliers to agree to the Conflict Minerals Policy for responsible supply chain and to cooperate with surveys and audits implemented by Mitsui Kinzoku Group.

July 2017

## Growth both personal and corporate

Human resource is one of the most important property for corporate sustainable growth. In order to create new corporate value, we work for developing human resources, which makes use of the individual capabilities to succeed worldwide or in local communities.

### Our approach

We focus on developing expertise skills to adapt to dynamic change of business environment and achieve our 10-year vision. Besides, we also concentrate to cultivate human resources who, while leveraging expertise skills, think themselves and initiate actions. For strengthen Long-term career management, corporate culture is to be created where employees actively think about their careers themselves.

Our Human Resources Development Policy established in 2012 is based on “human resources are the most important resources for corporate’s growth.” This policy stipulates that we continuously and systematically develop human resources to achieve “strong manufacturing capability” of Mitsui Kinzoku with potential and motivation of each employee.

### Development and training system

Mitsui Kinzoku provides on-the-job training to develop skills of employees while experiencing daily operations. In addition to the OJT, off-the-Job training for each level of employees supports to acquire the knowledge and skills necessary for each career stage. Besides, business skill training allows each employee to promote each career formation. We will review the contents of education curriculum annually correspondent to needs of society and the trend of business environment.

### Global human resources

With the globalization of business, the Group facilitates to develop human resources who are able to work active worldwide. We implement training including global mind-set training for new employees and training for employee appointed to positing. From fiscal 2017, we introduced training in China for new graduate employees in administrative jobs. This training offers them experience at local manufacturing sites and interaction local employees

so that they develop cultural understanding and knowhow to deal with issues in unfamiliar environment.

### Internal public recruitment system and self-statement system

We introduced the internal recruitment system to promote motivated employees and active organization. Positions for public recruitment are posted on the intranet. Employees with the required skills and experience are able to apply without the approval of their superiors. The system is designed to realize employees’ own career plans. In fiscal 2016, four employees transferred to positions where they wished using the internal public recruitment system.

The self-statement system is also utilized to enable career planning and a career path along with employees’ wishes. Employees state own experience and strengths and their desired type of job.

In fiscal 2016, the career survey was implemented for general managers, section managers and subsection chief to state their expertise and skills, desired type of job and transfer wish in the future, and any other wishes to the company. This information is used as the basic information for their career development and the appropriate assignment of human resources. From fiscal 2017, we gradually roll out the self-statement system in the Group.

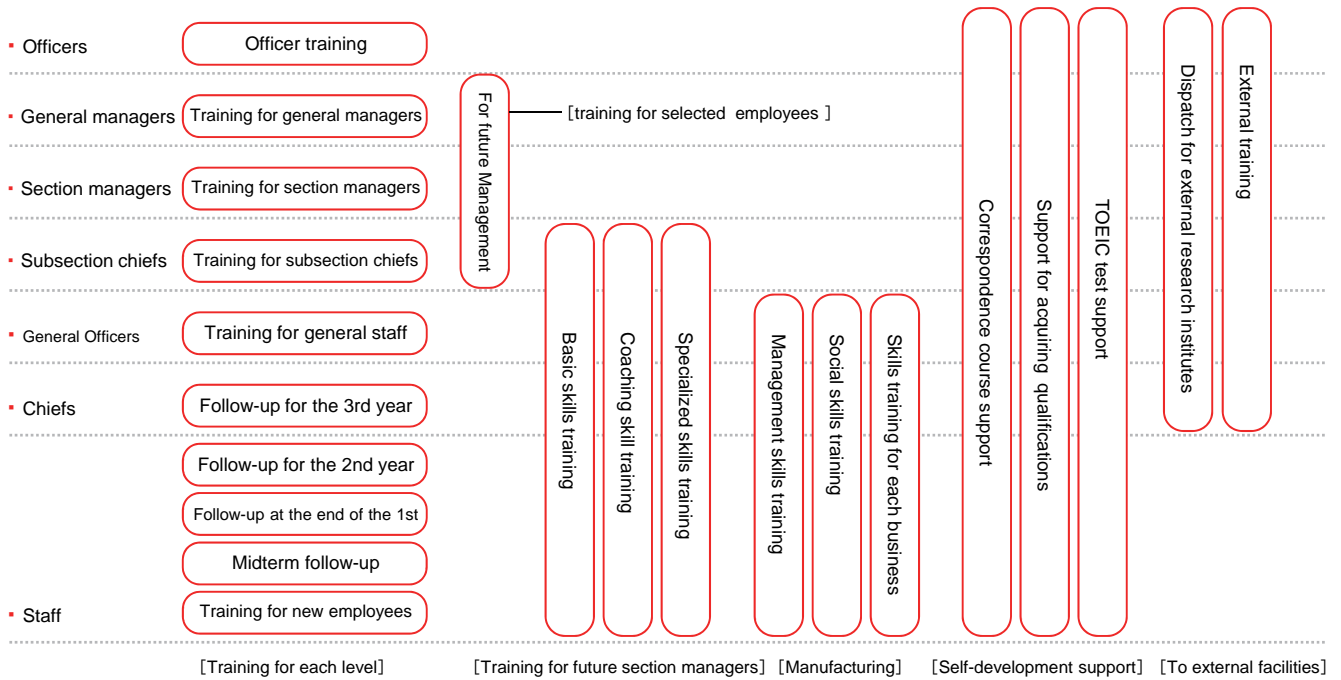
### Training for next-generation managers

From fiscal 2017, we introduced manager candidate training aimed to develop next-generation managers who will drive Mitsui Kinzoku’s business in the future. This training is internal group training for employees selected from general managers, section managers and subsection chiefs. Through the education of managerial skills input and the conception of company strategy, the trainees will develop the knowledge and mind-set required as the future management of the Mitsui Kinzoku Group.

#### Total training hours (FY 2016)

[Subject]	[Contents]	[Participants]	[Total hours]
Officers	Officer training	48	240 h
Managers	Training for managers	122	3,904 h
Mid-career employees	Leadership training	86	2,752 h
New employees *	Follow up training, etc.	191	8,977h

\* Employee within 3 years after joined Mitsui Kinzoku



**Training System**

### Workstyle reform

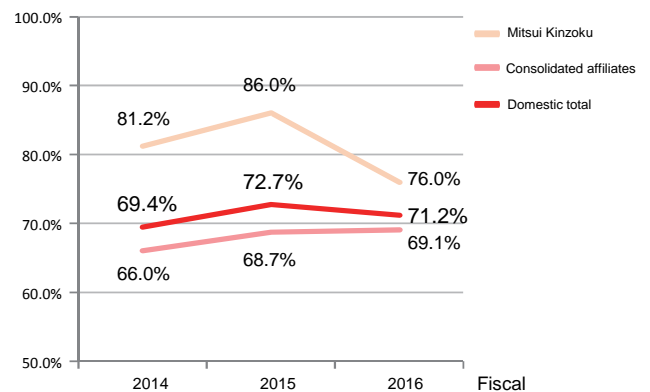
We recognize that the work style reform promoted by the Japanese Government, together with health management, is important issue from the viewpoint of sustainable growth. The automatic memory system of logon and logoff times was installed in each computer of employee. Through this, it became possible to know accurately the starting and finishing times of individual daily work not to allow service overtime. Mitsui Kinzoku also sets planned annual holidays and memorial leave days to encourage taking annual paid leave. No Overtime Day and pilot introduce of Premium Friday are designated to reduce working hours.

### Support to balance work and life

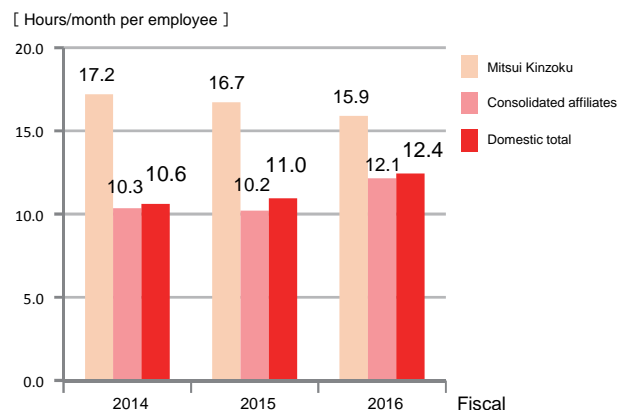
Mitsui Kinzoku has various support programs for employees' child- or nursing-care and work to balance their work and life. Role models and initiatives are able to browse on the Intranet. In addition, a handbook described our support programs are distributed to employees and seminars about balanced work hold internally in order to be known our support programs.

Regarding support for balancing childcare and work, we disclose the action plan in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children. In concrete, we have introduced childcare leave and short time working program exceeding the legal requirement, and expansion and requirement ease of sick and injured childcare leave.

In terms of support for balancing nursing care and work, paid nursing care leave was introduced from January 2017, which can be taken in half days or whole days in accordance with the change in the law. As a pilot program, the work-at-home system was introduced for employees responsible for child- or nursing-care at the head quarters. We are examining the system and aiming the system to applicable divisions in the future.



**Rate of taking paid leave**



**Overtime hours**

[Parental leave]  
 [Return to work and retention rates after parental leave]  
 → See next page

## Parental leave

		FY2014		FY2015		FY2016	
		Employees that were entitled to parental leave	Employees that took parental leave	Employees that were entitled to parental leave	Employees that took parental leave	Employees that were entitled to parental leave	Employees that took parental leave
Mitsui Kinzoku	Male	92	1	94	0	69	1
	Female	4	2	6	6	1	1
	Total	96	3	100	6	70	2
Domestic consolidated affiliates	Male	96	0	83	1	91	2
	Female	11	11	12	12	8	7
	Total	107	11	95	13	99	9
Total	Male	188	1	177	1	160	3
	Female	15	13	18	18	9	8
	Total	203	14	195	19	169	11

※ Employees that took parental leave: Employees that took parental leave in the relevant fiscal year of those entitled.

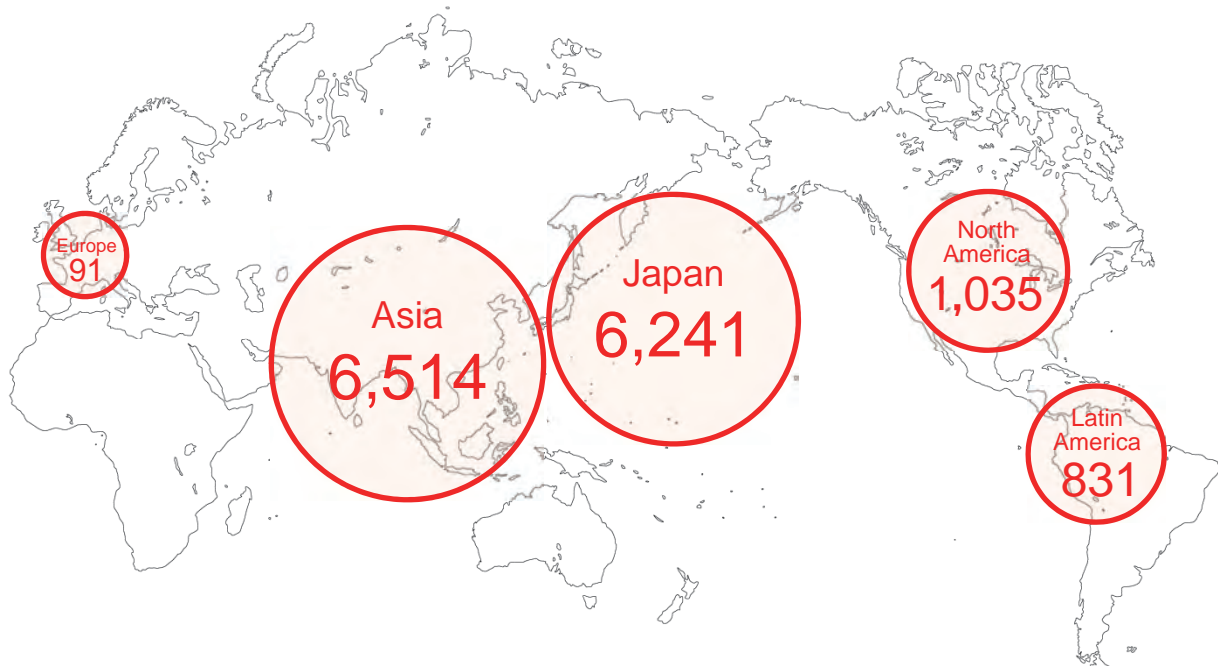
## Return to work and retention rates after parental leave

		FY2014			FY2015			FY2016		
		Employees whose parental leave ended	Employees who returned to work after ended	Employees who separated from employment	Employees whose parental leave ended	Employees who returned to work after ended	Employees who separated from employment	Employees whose parental leave ended	Employees who returned to work after ended	Employees who separated from employment
Mitsui Kinzoku	Male	0	0	0	1	1	0	1	1	0
	Female	2	1	0	2	2	0	7	7	0
	Total	2	1	0	3	3	0	8	8	0
Domestic consolidated affiliates	Male	0	0	0	1	1	0	1	1	0
	Female	5	5	0	3	3	0	4	4	0
	Total	5	5	0	4	4	0	5	5	0
Total	Male	0	0	0	2	2	0	2	2	0
	Female	7	6	0	5	5	0	11	11	0
	Total	7	6	0	7	7	0	13	13	0

※ Employees who separated from employment: Employees who separated from employment in two months after returning.

## Total workforce

※The number includes supervised workers (as of March 31, 2017)



**Breakdown of consolidated employees** (as of March 31, 2017)

		Under 30 years of age		30-49 years old		50 years of age or over		Total
		Male	Female	Male	Female	Male	Female	
Mitsui Kinzoku	Officer	0	0	0	0	10	0	10
	Manager	0	0	261	5	145	2	413
	General employee	103	30	773	52	249	8	1,215
	Other employees*	48	12	104	37	94	20	315
	Total	151	42	1,138	94	498	30	1,953
Domestic consolidated affiliates	Officer	0	0	9	0	94	0	103
	Manager	0	0	236	2	195	3	436
	General employee	330	39	1,375	194	468	92	2,498
	Other employees*	65	15	115	142	260	84	681
	Total	395	54	1,735	338	1,017	179	3,718
Overseas consolidated affiliates	Officer	0	0	18	0	46	0	64
	Manager	6	8	211	49	95	13	382
	General employee	1,138	790	1,833	1,855	355	260	6,231
	Other employees*	242	141	63	32	8	4	490
	Total	1,386	939	2,125	1,936	504	277	7,167
<b>Total</b>		1,932	1,035	4,998	2,368	2,019	486	12,838

\* Other employees = Directly hired employees except officer, manager, and general manager.

**Employee turnover** (as of March 31, 2017)

		Under 30 years of age		30-49 years old		50 years of age or over		Total
		Male	Female	Male	Female	Male	Female	
Japan	Departures	42	11	205	73	143	55	529
	Total employees	546	96	2,864	432	1,411	209	5,558
	Turnover	7.7%	11.5%	7.2%	16.9%	10.1%	26.3%	9.5%
China	Departures	281	205	82	145	2	3	718
	Total employees	489	453	416	797	42	12	2,209
	Turnover	57.5%	45.3%	19.7%	18.2%	4.8%	25.0%	32.5%
Hong Kong	Departures	0	0	1	0	0	0	1
	Total employees	2	0	2	1	0	3	8
	Turnover	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	12.5%
Taiwan	Departures	27	7	29	13	10	4	90
	Total employees	124	15	379	116	66	34	734
	Turnover	21.8%	46.7%	7.7%	11.2%	15.2%	11.8%	12.3%
Thailand	Departures	15	11	25	18	4	0	73
	Total employees	112	143	386	616	17	3	1,277
	Turnover	13.4%	7.7%	6.5%	2.9%	23.5%	0.0%	5.7%
Vietnam	Departures	1	2	2	0	0	0	5
	Total employees	7	11	15	13	0	0	46
	Turnover	14.3%	18.2%	13.3%	0.0%	0.0%	0.0%	10.9%
Malaysia	Departures	26	7	21	4	1	0	59
	Total employees	157	29	234	88	23	14	545
	Turnover	16.6%	24.1%	9.0%	4.5%	4.3%	0.0%	10.8%
Indonesia	Departures	0	10	6	1	0	0	17
	Total employees	54	102	24	11	2	0	193
	Turnover	0.0%	9.8%	25.0%	9.1%	0.0%	0.0%	8.8%
India	Departures	14	0	10	0	0	0	24
	Total employees	208	13	85	1	0	0	307
	Turnover	6.7%	0.0%	11.8%	0.0%	0.0%	0.0%	7.8%
U.K.	Departures	2	1	4	1	2	5	15
	Total employees	5	2	24	18	13	27	89
	Turnover	40.0%	50.0%	16.7%	5.6%	15.4%	18.5%	16.9%
United States	Departures	24	13	28	11	17	33	126
	Total employees	67	23	251	169	186	178	874
	Turnover	35.8%	56.5%	11.2%	6.5%	9.1%	18.5%	14.4%
Mexico	Departures	29	53	43	30	1	0	156
	Total employees	154	144	64	91	11	1	465
	Turnover	18.8%	36.8%	67.2%	33.0%	9.1%	0.0%	33.5%
Peru	Departures	0	1	26	3	29	1	60
	Total employees	7	4	227	15	98	5	356
	Turnover	0.0%	25.0%	11.5%	20.0%	29.6%	20.0%	16.9%
<b>Total</b>	Departures	461	321	482	299	209	101	1,873
	Total employees	1,932	1,035	4,971	2,368	1,869	486	12,661
	Turnover	23.9%	31.0%	9.7%	12.6%	11.2%	20.8%	14.8%

※ The number of "turnover" includes mandatory retirement and expiration of the term of contract. The total number of employees differs from that of table above due to exclusion of officers in this table.

## Diversity promotion

# Driving force behind corporate growth

Diversity is the source of corporate innovation.

We are creating a corporate culture that allows active participation of diverse human resources.

### Our approach

If we continue contributing to society through valuable products, innovation is essential. Mitsui Kinzoku Group promotes diversity as a source of innovation.

We believe it is important to create a positive workplace where diverse employees can demonstrate their abilities. The support systems have been developed for balancing child- or nursing-care work and for diverse workstyles such as the work-at-home system. Now we are focused on creating a corporate culture to accept diversity.

### Women empowerment in the workplace

The Act on Promotion of Women's Participation and Advancement in the Workplace effect since April 2016 in Japan, facilitated us to establish an internal voluntary forum for women empowerment and diversity at the headquarters. Held every month, this forum identifies issues, plans training and studies personnel systems. Mitsui Kinzoku hires employees considering gender

equality, however, currently female employees represent 8.3% of total employees in Mitsui Kinzoku (non-consolidated) and 30.7% of group-wide employees. We set our goal of hiring more women in the action plan correspondent to the Act: Percentage of female employees shall be more than 20% of total new hires in every fiscal year. The result of fiscal 2016 reached 22.2%.

### Opening an in-house website

For a positive work environment which supports balancing child- or nursing-care and work, it is essential to promote the active participation of women. In January 2017, a website on the intranet was opened specifically for this purpose.

On this website, we publish the handbook for employees taking child- or nursing-care leave, and a manual for their managers. Examples of systems use and articles introducing role models at Mitsui Kinzoku are also updated every month.



Information to support balancing child- or nursing-care and work such as the handbook for employees taking leave can be downloaded from the Intranet.



Diversity training for female employees (At the headquarters in Osaki, March 21, 2017)

### Diversity training for female employees

As a first step to promote diversity, we provided Diversity and Communication Training for female employees at the headquarters in Osaki in March 2017. The training was attended by 32 female employees from Mitsui Kinzoku Group in Japan. Trainees learned about communication focusing on the differences between men's and women's brains. The theme of promoting diversity was also discussed in each working group.

The issues identified through the training are used for the design of future training and personnel systems. We continue to provide diversity training and awareness reform.

### Well-being workplace

We determined materiality for diversity based on issues identified through the Employees' Satisfaction Survey the last fiscal year and the action plan.

[ Employee satisfaction survey ] → Page 57

#### 1. Fostering a corporate culture

[Goal]

- Foster a corporate culture where diverse human resources can play an active role.

[Actions]

- Continue diversity training (from fiscal 2017)
- Announce information internally and externally (from fiscal 2017)

#### 2. Diverse Career

[Goal]

- Autonomous career development

[Actions]

- Fostering of internal career consultants (from fiscal 2017)
- Career training (from fiscal 2017)

#### 3. Support for balance of child- or nursing-care and work

[Goal]

- Realize diverse workstyles which allow employees with time restrictions to play an active role

[Actions]

- Measures to reduce overtime work (from fiscal 2017)
- Expansion of scope for work-at-home system (from fiscal 2018)
- Expansion of systems to support child- or nursing-care (from fiscal 2018)



## The action plan correspondent to the Act on Promotion of Women's Participation and Advancement in the Workplace

※ Mitsui Kinzoku, Non-consolidated

[Period]

April 1, 2016 to March 31, 2018

[Goal]

1. Increase percentage of women to at least 20% of new hires.
2. Provide all employee in management positions diversity training.
3. Reduce the overtime under 15 hours per month.

[Results of fiscal 2016]

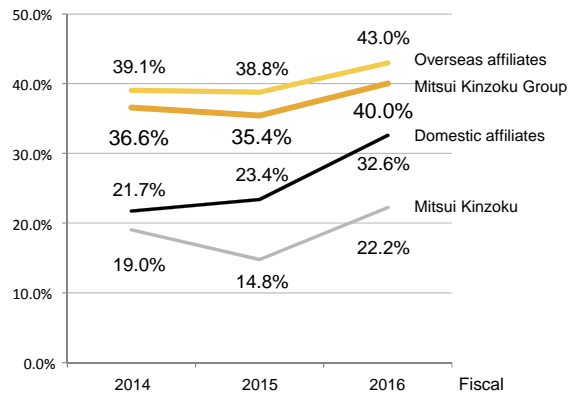
1. 22.2%  
(Proportion of woman as a percentage of new hires at Mitsui Kinzoku)
2. Training for new promoted general managers and sections managers (122 employees)
3. 15.9 hours (monthly average)

[Actions]

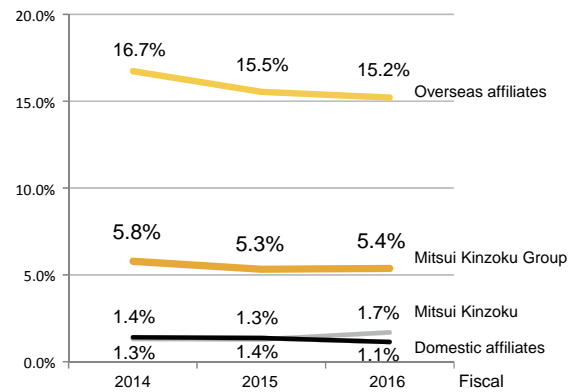
We focus on recruitment PR for female students. As a first step, we held a laboratory visit for female science students.



Laboratory visit for female science students

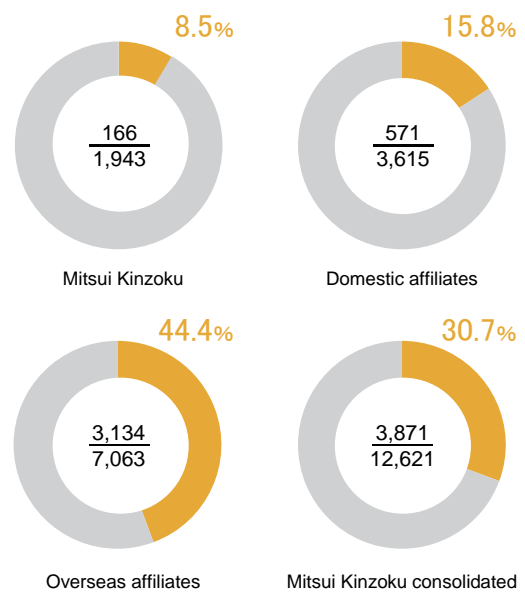


Proportion of woman as a percentage of new hires



Proportion of female employees in management positions

※ The graph shows percentages as of the end of each fiscal year. The percentages in last year's report are different because they were the figures as of July 2016.



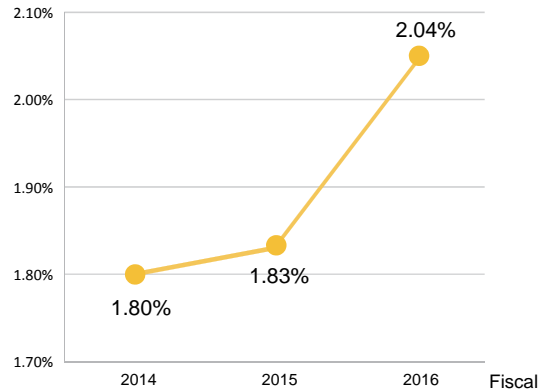
Portion of women as a percentage of total employees  
(As of March 31, 2017)

### Employment of people with disabilities

Mitsui Kinzoku has been promoting the employment of people with disabilities since 2012, with supports by public organizations, such as Hello Work (public employment security office), in each region. At the end of fiscal 2016, the rate of employees with disabilities was 2.04% of total workforce in Mitsui Kinzoku (non-consolidated).

We exceeded the statutory employment for the first time since it was raised in April 2013. Among Mitsui Kinzoku domestic consolidated, 7 out of the 19 companies to which this Act applies achieved the statutory employment rate.

Furthermore, we strive to expand job fields and improve the workplace environment for people with disabilities.



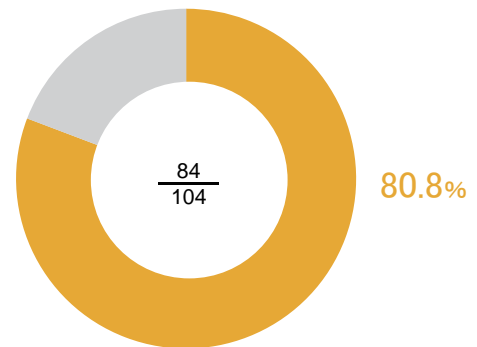
**Percentage of employees with disabilities**  
(Mitsui Kinzoku, Non-consolidated)

※ The above percentage is calculated with the figure at the end of each fiscal year. There are some discrepancies between in this version of 2017 and the previous version of 2016, since the percentage written in the CSR report 2016 was utilized the figure at the time of published.

### Active participation of experienced retiree

In accordance with the Act on Stabilization of Employment of Elderly Persons, Mitsui Kinzoku re-employs retirees over 60 years old in principle in order to take over their skills and knowledge to young employee. Veteran employees play an active role, leveraging their long-term of experience to provide instructions to young employees.

In fiscal 2016, 104 employees reached retirement age of 60 and 84 retirees were re-employed.



**Percentage of re-employed after retirement**  
(Domestic consolidated FY2016)

# Employees' Health

“Improvement of productivity” is an important management issue. It is essential that employees are healthy.

## Our approach

We leverage “material intelligence” to continue contributing to society through valuable products.

It is necessary to create a work environment where all employees can maintain both physical and mental health. Together with workstyle reform, Mitsui Kinzoku Group becomes even more vibrant company through keeping our employees healthy.

## Actions

Since 2016, the stress check has been conducted in accordance with the Industrial Safety and Health Act. The stress check shows that 13.0% of those checked have high stress. The workplace environment is to be improved utilizing the stress check results.

We also introduced the Employee Assistance Program (EAP) in 2012 to enable employees to reduce day-to-day stress and stay energetic and healthy. Employees can consult an external organization about various worries such as human relations at the workplace, career and family relations. We encourage employees to use the EAP

via the Intranet, the corporate magazine and posters around the Group.

In October 2016, a health seminar was held at the headquarters in Osaki, and participants were given tips on how to stay energetic at work and how to stretch. We intend to continue holding health seminars in the future.

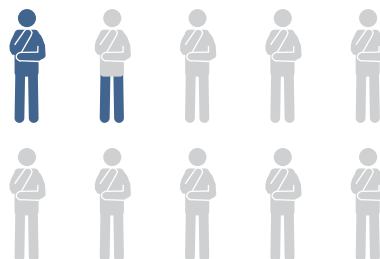
In May 2017, the Health Management Office has established at the headquarters in Osaki, which enables employees to seek advice from occupational health physicians and nurses. In July 2017, a series of columns launched about health in the corporate magazine.

## Future health management

In June 2017, the first meeting of occupational health physicians and nurses was held at the headquarters in Osaki. The meeting attended by five occupational health physicians and eight nurses. The attendee discussed about future health management of Mitsui Kinzoku Group. We promote to hold meetings of occupational health physicians and nurses and reflect the opinions at these meetings in our future health management.

Percentage of high stress

13.0 %



\* Average of listed manufacturing companies in Japan=13.1%

## Results of Stress check

(Target : Directly hired employees of Mitsui Kinzoku and the domestic consolidated affiliates )



Nurses meeting for occupational health management (In Osaki, June 2, 2017)



Physicians meeting (At the headquarters in Osaki, June 2, 2017)

### Employee satisfaction survey

With the enactment of the Act of Promotion of Women's Participation and Advancement in the Workplace in Japan and the official start of our CSR activities, we conducted the first Employee Satisfaction Survey in fiscal 2016. Based on these survey results, we implement measures to create a well-being and decent workplace for diverse employees. We will conduct this survey every three years.

#### [Outline of survey]

1. Target: 6,462 employees at Mitsui Kinzoku domestic consolidated (including employees transferred overseas and agency workers)
2. Method: Anonymous online or written survey
3. Content: Actual status of performance evaluation, operations and workplace, use of support program for balancing child- or nursing-care and work, evaluation of superiors, evaluation/awareness of the company
4. Period: From July 21 to August 5, 2016
5. Response rate: 89.3% (5,769 respondents)

Q How satisfied are you with your present work/company/workplace?



Q Are you glad you joined the company?



Q Are you keen to contribute to the company?



Q Do you feel proud to be an employee of the company?



## Protecting worksite safety

Mitsui Kinzoku Group holds that industrial safety and health is essential for business continuity.

We provide a safe worksite environment not only for our employees  
but also cooperative companies, contractors, and visitors to plants.

### Occupational health and safety management

Mitsui Kinzoku Group has already completed the building of an Occupational Safety and Health Management System, OHSAS18001, at the major manufacturing sites in Japan. 93.8% of them have already acquired the certification. We implement safety audits, including regular RA (risk assessment) and internal audit, once a year at high risk sites and every two years at other sites. Occupational health and safety management is verified in its consistency by checking the status of the approaches for safety such as RA and KY (risk prediction), and compliance with the Industrial Safety and Health Act and other relevant laws. We hold safety compliance trainings group-wide in order to facilitate compliance and activities related to occupational safety and health.



Risk assessment training

### Industrial Safety and Health Act Seminar (FY2016)

[Site]	[Date]	[Participants]
Tokyo head office	April 27	13
Kamioka Mining and Smelting Co., Ltd.	June 30	10
Hikoshima Smelting Co., Ltd.	August 04	8
Takehara Refinery	Sept. 01	11
Ageo training center	Sept. 15	12
Kamioka Mining and Smelting Co., Ltd.	Oct. 13	7
Miike Office	Nov. 17	9

### Domestic operation sites with OHSAS18001 Certification

[Business Units of Mitsui Kinzoku]

- Materials Analysis & Exploration Center
- Catalysts Division, Ageo Operation
- Catalysts Division, Kamioka Plant
- Engineered Powders Division, Miike Rare Metal Plant
- Engineered Powders Division, Hibi Magnetic Materials Plant
- Takehara Refinery
- Copper Foil Division, Ageo Operation
- PVD Materials Division, Omuta Plant
- Ceramics Division, Omuta Plant
- Perlite Division, Kitakata Quarry
- Perlite Division, Kitakata Plant
- Perlite Division, Mikata Quarry
- Perlite Division, Osaka Plant

[Domestic affiliates]

- Nihon Kessho Kogaku Co., Ltd.
- Powdertech Co., Ltd.
- Nippon Yttrium Co., Ltd.
- Kamioka Mining and Smelting Co., Ltd.
- Hachinohe Smelting Co., Ltd.
- Hikoshima Smelting Co., Ltd.
- Miike Smelting Co., Ltd.
- Mitsui Kushikino Mining Co., Ltd.
- Mitsui Kinzoku ACT Corporation
- Mitsui Grinding Wheel Co., Ltd.
- Mitsui Kinzoku Die-Casting Technology Co., Ltd.
- Kamioka Components Co., Ltd.
- Kyusyu Precision Equipment and Components Co., Ltd.
- Nihon Mesalite Industry Co., Ltd.
- Mitsui Kinzoku Instrumentations Technology Corporation
- Mitani Rolled Copper Co., Ltd.
- Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd.
- Yoshinogawa Electric Wire & Cable Co., Ltd.
- MESCO, Inc.

## Basic Policy on Health and Safety

### [Principle]

Based on the recognition that ensuring the health and safety of all people working for the Mitsui Kinzoku Group is the most important element for conducting business activities, we will establish a comfortable work environment.

### [Policies]

1. We will make efforts to improve the level of health and safety management by complying with the provisions of the Industrial Safety and Health Act and establishing any necessary self-standards.
2. We will improve the organizations and systems at each location and company of the Mitsui Kinzoku Group for the promotion of health and safety activities.
3. We will identify and assess the risks or harmful factors in all areas of our business activities and make efforts to eliminate or minimize them.
4. We will make efforts to introduce new methods and technologies to improve health and safety.
5. Based on the recognition that ensuring health and safety will be realized with good communication, we aim to communicate with all people working for the Mitsui Kinzoku Group.
6. We will strive to continuously improve the health and safety management system by regularly undergoing an audit.
7. We will remind all people working for the Mitsui Kinzoku Group of the importance of ensuring health and safety and increase their awareness through education and activities to raise awareness, etc. about this.

These policies apply to all the directors, officers and employees of Mitsui Kinzoku and its Group companies.

### Basic rules shared by all employees

Advocating "ensure the safe and well-being workplace" in Article 8 of the Code of Conduct, and formulating Basic Safety and Health Policies, we apply them group-wide. We have independently formulated the Basic Safety Rules for everyday work. All employees repeat these Basic Safety Rules in chorus at the beginning of each meeting. We take all possible steps in terms of safety equipment and facilities to ensure worksite safety. To supplement these "hard" measures, we also ensure that everyone upholds these Basic Rules.

We analyze our safety and health record every year and our findings are reflected in the President's Focused Policies on Safety and Health.



### Basic Safety Rules (Tips for Safety)

1. Anything could be dangerous, so visualize danger.
2. Check safety items by pointing and calling.
3. Be sure to follow the rules and make others follow them, too.
4. Be courageous and provide a heads-up to each other.
5. Sort, Set in order, and Shine are the basis of securing safety.

### President's focused guidelines on health and safety for 2017<sup>(\*)</sup>

1. Give priority to advancing the intrinsic safety of equipment and the equipment measures in line with the concept of risk assessment.
2. Continue the full enforcement of safety compliance activities to eradicate accidents that result from a violation of rules.
3. Increase the level of sensitivity to danger of all people working for the Mitsui Kinzoku Group by reminding them of its importance.

In light of the guidelines above, each business sector will prepare and execute basic safety and health targets based on their situations to achieve no accidents.

<sup>(\*)</sup> The policies are based on the analysis of the accidents occurring between January and September 2016, and enacted in October.



### Internal safety audits

Teams made up of safety officers from each business division and the Environment & Safety Department conduct safety audits of each site.

They check aspects such as action taken to address issues identified in the previous audit, execution of the safety and health management program, enhancement of the intrinsic safety of equipment, chemical substance risk assessments and the status of safety training. They then conduct a field audit of each line. The audit results are shared the same day with the management of each site.

(Photo: Safety audit in Takehara Refinery )

### Safety audit in 2016

[Audited]	[Date]
Ceramics Division., Omuta Plant	Feb. 05
Miike Rare Metal Plant	Mar. 01
Catalysts Division., Kamioka Plant	Mar. 03
Nihon Kessho Kogaku Co., Ltd., Nobe Plant	Mar. 15
PVD Materials Division., Omuta Plant	Mar. 29
Miike Smelting Co., Ltd.	Apr. 11-12
Nippon Yttrium Co., Ltd.	Apr. 12
Takehara Refinery	Apr. 14-15
Kamioka Mining and Smelting Co., Ltd.	May. 12-13
Hachinohe Smelting Co., Ltd.	Jun. 13-14
MESCO, Inc., Tohoku Branch	Jul. 11-12
Hikoshima Smelting Co., Ltd.	Jul. 14-15
Perlite Division., Osaka Plant	Aug. 23
MITSUI KINZOKU ACT CORPORATION., Kyushu Plant	Sept. 05
Yoshinogawa Electric Wire & Cable Co., Ltd.	Sept. 08-09
Mitsui Grinding Wheel Co., Ltd.	Sept. 14
MESCO, Inc., Kyusyu Branch	Oct. 17-18
Mitsui Kinzoku Instrumentations Technology Corporation	Oct. 24
Mitsui Kinzoku Die-Casting Technology Co., Ltd.	Oct. 27
Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd.	Nov. 01-02
Mitani Rolled Copper Co., Ltd.	Nov. 08-11
Kamioka Components Co., Ltd.	Nov. 15
Nihon Mesalite Industry Co., Ltd.	Dec. 14
Kyusyu Precision Equipment and Components Co., Ltd.	Dec. 20

## Safety results in 2016

### 1. Number of accidents

- (1) Domestic sites of Mitsui Kinzoku Group  
 Accidents that require days off from work: 10 cases  
 Accidents that do not require days off from work: 23 cases  
 Total number of accidents: 33 cases (down 3 from last year)
- (2) Overseas sites of Mitsui Kinzoku Group  
 Accidents that require days off from work: 11 cases  
 Accidents that do not require days off from work: 11 cases  
 Total number of accidents: 22 cases (up 3 from last year)

Mitsui Kinzoku Group has previously always used only “the number of accidents that have occurred” to understand and share the weight of one accident and has, therefore, not used indices such as the industrial accident frequency rate or the annual accident rate per thousand employees. However, in light of the fact that these are typical indices disclosed by many companies, starting this fiscal year, we have disclosed the accident frequency rate and severity rate.

### 2. Frequency rate

※ Accidents by employees at cooperative companies and contractors are not included.

- (1) Mitsui Kinzoku Non-consolidated 0.53  
 (2) Domestic consolidated affiliates 1.44  
 (3) Overseas consolidated affiliates 1.21

$$\text{Frequency rate}^* = \frac{\text{Number of casualties by industrial injuries}}{\text{Total actual working hours}} \times 1,000,000$$

\* The frequency rate expresses the frequency of accidents based on the number of casualties at a site or company per 1,000,000 hours.

### 3. Severity rate

※ Accidents by employees at cooperative companies and contractors are not included.

- (1) Mitsui Kinzoku Non-consolidated 0  
 (2) Domestic consolidated affiliates 0.03  
 (3) Overseas consolidated affiliates 0.04

$$\text{Severity rate}^* = \frac{\text{Total number of working days lost}}{\text{Total actual working hours}} \times 1,000$$

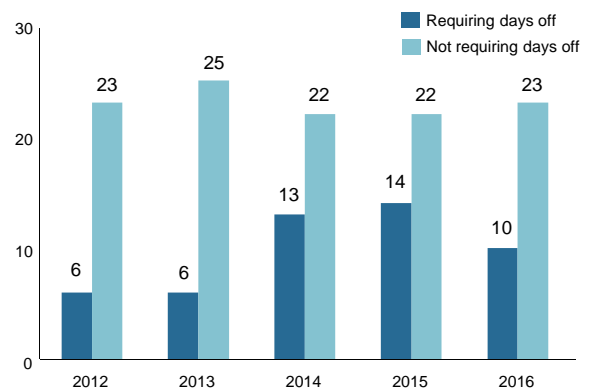
\* The severity rate expresses the severity of accidents calculated based on the number of working days lost as a result of accidents.

We will strive to achieve zero-industrial accidents with all supervisors, employees, and cooperative companies returning to the starting point of the basic safety rules as well as by reviewing the risks and countermeasures once again in their practical operations.

We make the occurred accidents fully known to all the companies in a report and analyze these accidents. The results of the analysis are reflected in the President’s Focused Policies on Safety and Health which raise awareness and outline new countermeasures, and are promptly shared group-wide.

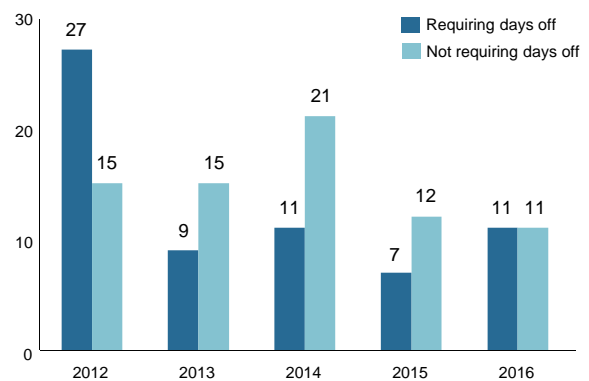
### Trends in the number of accidents in domestic sites

(※) Accidents that have occurred in cooperative companies and contractors.

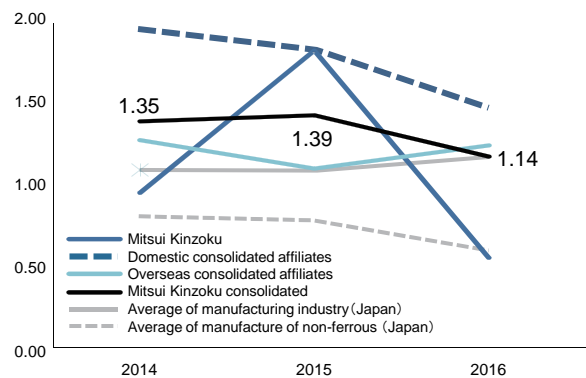


### Trends in the number of accidents in overseas sites

(※) Accidents that have occurred in cooperative companies and contractors.



### Frequency rate of accidents



### Severity rate of accidents

