



CSR REPORT 2017
MITSUI KINZOKU

It feels like our time has come.

Now corporate social responsibility is taken for granted,
our long-held Management Philosophy of Mitsui Kinzoku Group
has taken on greater significance than ever before.



[photo] Masanori Okura

To readers of this report:

We began publishing a CSR Report last year, to give stakeholders a better understanding of our approach and activities relating to Mitsui Kinzoku Group's corporate social responsibilities (CSR), for creating a sustainable society.

In addition to last year's activities, this report includes elements such as CSR material issues identified at the end of last year, our newly formulated human rights policy, and our history and business activities.

[Published]

July 2017

(Previous publication: October 2016 Next scheduled: July 2018)

[Coverage]

This report focuses on figures for fiscal 2016 (April 2016 – March 2017). It also contains details of initiatives prior to that period, and initiatives that are underway for fiscal 2017 and beyond.

[Scope]

This report covers Mitsui Kinzoku on a non-consolidated basis, as well as consolidated domestic/overseas affiliates. We started gathering data related to CSR for Mitsui Kinzoku Group in fiscal 2016, including areas such as the environment and personnel. Notes are included to indicate the scope of individual sets of data. Figures whose accuracy cannot be verified sufficiently have been omitted from this year's report. We continue to improve the reliability of all data.

[Reference guidelines]

This report has been compiled with reference to ISO26000, the Environmental Reporting Guidelines (Ministry of the Environment, 2012 version), and the G4 GRI Sustainability Reporting Guidelines.

We have just started full of CSR activities as a Group, there are areas in which we have not yet disclosed sufficiently. We aim to disclose as much information in this report as possible, to facilitate further dialogue with all of our stakeholders.

[Disclaimer] In addition to facts about Mitsui Kinzoku Group past and present, this report contains decisions, plans and other forward-looking statements based on information available at the time of writing. Please bear in mind that social situations in the future, and the actual results of our business activities, may vary from the forward-looking statements contained herein.

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My commitment

Fulfilling Corporate Social Responsibilities facilitates corporate growth.

Mitsui Kinzoku Group has built up a various technologies and experiences over many years, especially in the non-ferrous metal materials industry.

Our corporate slogan “Material Intelligence” means creating products and businesses that help to resolve social problems, by leveraging our unique technologies/experiences and resources from the earth.

Products and businesses which contribute to society drives corporate growth. Our long-term vision which is shared Group-wide represents the aim of consistently creating this positive cycle. The roadmap for the long-term vision is shown in the Medium-Term Management Plan.


We initiated our overall CSR initiatives last year, as one of the top priority issues to enhance our management foundation for achieving sustainable growth. Driving CSR activities means striving continually to maximize corporate value.

In fiscal 2016, the base of our CSR promotion structure has been established. We have also carried out CSR measures, including identifying the materiality of Mitsui Kinzoku Group and establishing our human rights policy. Needless to say, our CSR progress still isn't up to the level of leading companies. Mitsui Kinzoku Group is taking steps to further enhance its CSR, keeping the current speed.

Especially, the top management is focusing on reforming workstyles during fiscal 2017. To contribute to a sustainable society, our corporate capability must stay in step with social changes. To do that, we need to change as a company, and to change as individuals.

As the first step towards creating new value and embarking on something new, we are reviewing the current work and create a starting point for new activities.

President, Representative Director



Keiji Nishida <Profile>

1957 Born in Fukuoka
1980 Joined Mitsui Kinzoku
2008 Head of Finance Department
2011 Director and Chief Financial Officer
2014 Representative Director, Senior Managing Director
2016 Representative Director, President



The way we have come

It has been 143 years since the Mitsui Clan acquired Kamioka Mine and began modern mining operations. Some 1,300 years have passed since Kamioka Mine itself was first opened.

Mitsui Kinzoku has always paid close attention to the natural environment, developed “Material Intelligence,” and grown hand-in-hand with local communities.



[Sphalerite]

Mined in the Kamioka mine on May 24, 1986.

Our History



Contributing to the modernization of Japanese industry

Kamioka Mine has long since been supplying non-ferrous metals via an integrated smelting system direct from the mine, over the course of an exceptionally long history dating back to the 8th century. It was also where the Mitsui Kinzoku Group's business began. The Mitsui Clan started to operate the mine in 1874. It went on to play a supporting role in the development of domestic industry, as one of Japan's leading non-ferrous metal mines and a core facility for the Mitsui Zaibatsu during the prewar era. In addition to Kamioka, the Omuta Zinc Smelting Plant was later established in 1913. This was followed by several more domestic non-ferrous smelting plants, enabling the group to build up its very own smelting network across Japan by the 1940s.

Dissolution of the "zaibatsu" and an opportunity to strengthen competitiveness

Before World War II, Mitsui Mining Co., Ltd., including Miike Mining, contributed to the development of Japanese industry. When the "zaibatsu" conglomerates were dissolved after the war, the company's coal and metal divisions were spun off. The metal division became Kamioka Mining and Smelting Co., Ltd. in 1950. In 1952 it was renamed as Mitsui Mining & Smelting Co., Ltd., which remains the company's official name to this day.

While strengthening smelting operations during the 1950s, Mitsui Kinzoku began to expand its business into other downstream areas, including die-casting, copper and brass, electrical wire, and precision processed parts. In 1968, the company started full-scale operations at Huanzala Mine in Peru, to secure reliable supplies of zinc ore. This became the first in a series of overseas expansions from that point onwards.

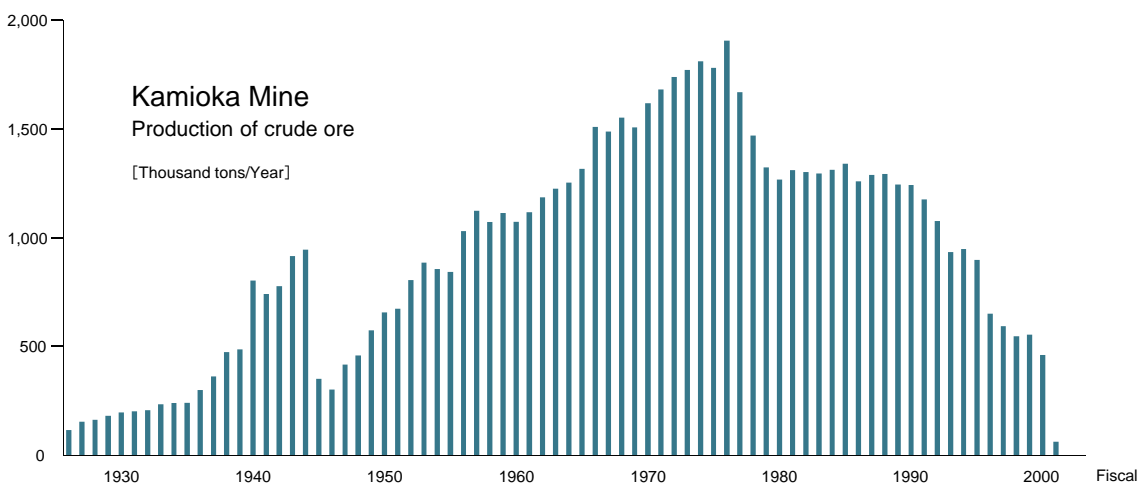
Corporate responsibilities to local communities and the environment

As well as contributing to the modernization of Japan, Kamioka Mine is also a business facility that has been responsible for causing pollution. There were known to be "four big pollution diseases" during Japan's period of rapid economic growth, namely Minamata disease, Niigata Minamata disease, Yokkaichi asthma, and Itai-itai disease.

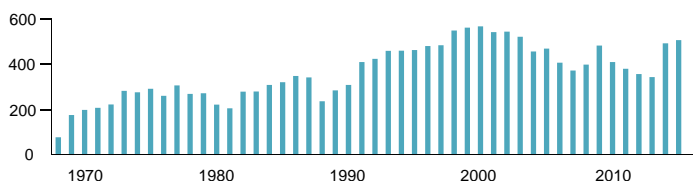
Itai-Itai disease started to break out in the Jinzu River Basin in Toyama prefecture in the 1910s. It was first reported in the newspapers under the name Itai-itai disease in 1955, which brought it to the attention of the wider public. In 1968, a lawsuit was filed against Mitsui Kinzoku by a group of victims' families. The case continued through to the appeal courts, until a verdict was handed down in favor of the families in 1972.

Since then, we have paid compensation to patients diagnosed with Itai-itai disease, persons requiring observation and affected farmers, assisting with remedial efforts to restore contaminated fields. We have done our level best to prevent pollution from Kamioka Mine, which was the source of the pollution. In December 2013, we reached a complete settlement of cadmium issues in the Jinzu River Basin with a local support association for victims of cadmium poisoning, named 'the Liaison conference of Jinzu River for Cadmium sufferer,' amongst others. In this settlement, we agreed to provide compensation to patients with Itai-itai disease, operate a lump-sum health management support scheme, and further step up anti-pollution measures.

We commit that we never cause such a pollution disease again. The prevention of environmental pollution is treated as one of the Mitsui Kinzoku Group's top priorities. We make every effort to reinforce our environmental management systems and training programs.



Huanzala Mine
Production of crude ore
[Thousand tons/Year]



- 1970
- 1970 Zinc electrolytic plant is completed at Hikoshima smelter.
 - 1972 Promissory letter for compensation to the victims of Itai-itai disease, pledge for restoration of polluted land, and agreement for prevention of public hazard are signed between the victims and Mitsui Mining & Smelting.
 - 1974 Mitsui Grinding Wheel Co., Ltd. is established.
Katanga mine (Peru) starts full-scale operation.
 - 1976 Oak-Mitsui Inc. for manufacturing copper foil is established in the U.S.
 - 1977 Oak-Mitsui Inc. starts operation.
- 1980
- 1980 Mitsui Metal Foil Co., Ltd. and Sankin Rare Earth Co., Ltd. are merged, and Ageo metal foil plant of the New Metals division (current Ageo copper foil plant) and Miike Rare Metal plant are established.
Taiwan Copper Foil Co., Ltd. is established.
 - 1982 The corporate organization is reformed adopting the divisional system. Miike smelter is split and Mitsui Miike Smelter Co., Ltd. is established.
 - 1983 Kamioka Nucleon Decay Experiment of the ICRR, University of Tokyo starts observation in Kamioka mine.
 - 1984 TQC activity is introduced group-wide.
 - 1986 The Catalysts division is established.
Equipment & Components division is moved to the Nirasaki plant. The second Ageo Copper Foil Plant is completed.
Kamioka mine and Hikoshima smelter are separated and Kamioka Mining & Smelting Co., Ltd. and Hikoshima Smelting Co., Ltd. are established. Miike Smelting Co., Ltd. is established.
Takanawadai Culture Center in Shinagawa, Tokyo is completed.
 - 1987 GECOM Corp. for manufacturing automotive parts is established in the U.S.
 - 1988 Production and sales of Mitsui Kinzoku Pipe Industry Co., Ltd. are transferred to MESCO, Inc.
 - 1989 The corporate organization is reformed and divided to corporate, business support and business divisions.
Mitsui Copper Foil (MALAYSIA) Sdn. Bhd. for manufacturing copper foil is established.
MCS Co., Ltd. for manufacturing TAB is established.
- 1990
- 1990 Mitsui Kinzoku Perlite Co., Ltd., Diecalite Orient Co., Ltd. and Tokyo Kokyu Rozai (TKR) Co., Ltd. are merged and Perlite division and TKR division (current Ceramics division) are established.
A unified common name "Mitsui Kinzoku" is introduced and a new corporate symbol is adopted.
 - 1995 Mitsui Siam Components Co., Ltd. for manufacturing automotive parts is established in Thailand.
Mitsui-Huayang Automotive Components Co., Ltd. for manufacturing automotive parts is established in China.
 - 1996 Super-Kamiokande (Super-KAMIOKA Nucleon Decay Experiment or Neutrino Detection Experiment) of the ICRR, University of Tokyo starts observation.
 - 1998 Copper Foil (Hong Kong) Co., Ltd. is established.
 - 1999 The headquarters is relocated from Nihonbashi-Muromachi, Chuo city to Osaki, Shinagawa city.
Mitsui Components Europe Ltd. for manufacturing automotive parts is established in the U.K.
- 2000
- 2000 Mitsui Electronic materials Co., Ltd. for manufacturing target materials is established in Taiwan.
Pan Pacific Copper Co., Ltd. is established jointly with Nippon Mining & Metals Co., Ltd.
 - 2001 Mining of zinc and lead in Kamioka mine is suspended.
Mitsui Copper Foil (Guangdong) Co., Ltd. is established in China.
Environmental Business division is established, and metal recycling business is accelerated.
 - 2002 Mitsui Components Guangdong Co., Ltd. is established in China.
MS Zinc Co., Ltd. is established jointly with Sumitomo Metal Mining Co., Ltd..
Kamioka Mining & Smelting Co., Ltd. wins the Prime Minister Award of 3R (Reduce, Reuse, Recycle).
Mitsui Micro Circuits Taiwan Co., Ltd. for supplying TAB is established.
 - 2003 Ohi Seisakusho Co., Ltd. becomes wholly owned subsidiary by stock exchange.

The road to bigger, stronger, and better management

We found ourselves navigating through difficult waters during the 1970s. We were thrown into turmoil due to issues such as trade liberalization, the strong yen following the transition to a floating exchange rate system in 1973, the oil crises and the change in the structure of Japanese industry .

To fend off the tide, we accelerated the overseas expansion of our operations, starting with the establishment of a copper foil manufacturing facility in the US in 1976. We also made progress in terms of diversifying our business into downstream and high added value areas.

Moving into the 1980s, we established Ageo Metal Foil Plant, Miike Rare Metal Plant and Taiwan Copper Foil Co., Ltd., and launched our catalysts business. When many of the measures we had taken previously started to produce results, we spun off major facilities – Miike Smelting, Kamioka Mining and Hikoshima Smelting – and established them as separate companies.

In 1989, at the tail end of the decade, we went ahead with organizational restructuring on an unprecedented level. Having identified our core businesses, we reorganized operations into four divisions, focusing on mining and basic materials, intermediate materials (mainly electronic materials), processed parts, and equipment and services. Instead of grouping all operations other than non-ferrous smelting into one segment as previously, we developed and established a new business culture in line with the needs of specific customers and markets, and began to invest management resources accordingly. The way that we divide our business areas today is based on that same division structure.

Greater exposure to damage as a result of stepping up global operations

In the 1990s, we continued to grow our electronic materials business and expand our main operations globally. Revolving around the dual core of copper foil and TAB bonding materials for LCD panels, electronic materials came to account for over half of our total revenue. From the 1990s to the 2000s, we expanded our copper foil operations,

establishing facilities in Hong Kong and Guangdong. We increased our network of overseas facilities for automotive parts, catalysts and sputtering targets, and secured a significant share of the global market for numerous other products.

Just when everything seemed to be going well, more new challenges lay ahead at the start of the 2000s. The IT bubble collapsed and the global economic crisis took hold.

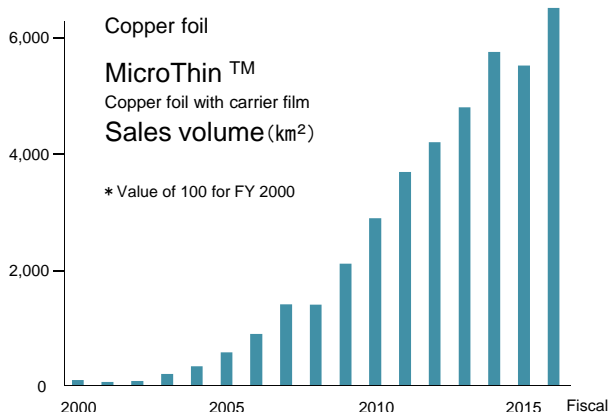
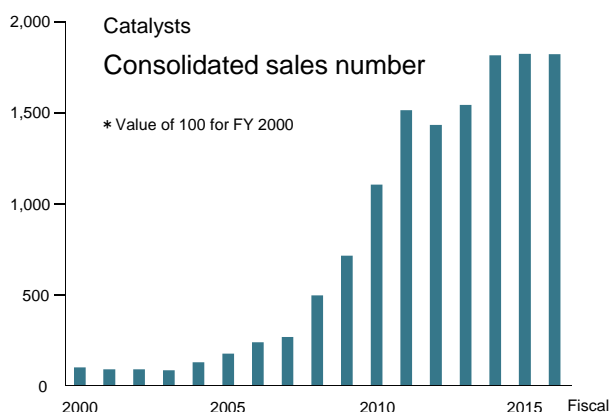
As the world economy slowed, the electronics industry was particularly serious. Our electronic materials business, which was one of our primary sources of revenue, sustained considerable damage. At the same time, tumbling metal prices and the strong yen had a major impact on our metal business. We drastically cut costs and downsized our organization, which included reducing personnel, and reconfigured our business portfolio. By taking a number of drastic measures however, we made it through that difficult time. Having also made it through the Great East Japan Earthquake, which again impacted on our operations, we started to guide Mitsui Kinzoku towards a new growth stage after that point.

Become stronger by fulfilling our social responsibilities

We are working hard to create a structure capable of continuously creating growth products and businesses, revolving around three core businesses. These are the functional material business, which in turn revolves around catalysts and copper foil, the metal business, which is increasingly undergoing a structural shift towards recycling and smelting, and the automotive parts business, in which we are expanding global sales.

To increase sustainability as a group, we firmly believe that there are a number of essential steps. We need to expand our business in growth sectors and growth regions, increase operations that can resolve social issues, and become a business entity capable of generating shared value with society through our core operations.

With that in mind, we have gone back to our Management Philosophy, “explore products of value to society and seek an eternal growth for our group.”



2010

- 2005 Mitsui Kinzoku Trading (Shanghai) Co., Ltd. is established.
Mitsui Kinzoku Components India Private Ltd. for manufacturing catalysts is established.
Mitsui Kinzoku Korea Co., Ltd. for manufacturing and sales sputtering targets is established.
- 2006 The Pallca mine in Peru starts operation.
Shanghai Mitsui Xin Yun Precious and Rare Metal Recycle Co., Ltd. is established.
Mitsui Kinzoku Catalysts Zhuhai Co., Ltd. for manufacturing catalysts is established.
- 2007 Mitsui Kinzoku (Shanghai) Management Co., Ltd. is established.
- 2010 Rolled Copper and Zinc division and rolled copper business of Sumitomo Metal Mining Co., Ltd. are integrated, and Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd. is established.
Automotive Parts division and Ohi Seisakusho Co., Ltd. are integrated, Mitsui Kinzoku ACT Corporation is established.
- 2011 Automotive Components Technology India Pvt. Ltd. for manufacturing automotive parts is established.
Hachinohe Smelting Co., Ltd. restarts to operation after the Great East Japan Earthquake.
- 2012 PT. Mitsui Kinzoku Catalysts Jakarta for manufacturing catalysts is established in Indonesia.
Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd. is established as ACT's headquarters in China.
Mitsui Kinzoku Advanced Ceramics (Suzhou) Co., Ltd. is established in China.
Mitsui Kinzoku ACT Mexicana, S.A. de C.V. for manufacturing automotive parts is established in Mexico.
Instrumentation Systems division and Mitsui Kinzoku Kyusyu Engineering Co., Ltd. are integrated, Mitsui Kinzoku Instrumentations Technology Corporation is established.
- 2013 Mitsui Kinzoku Catalysts (Thailand) Co., Ltd. for manufacturing catalysts is established.
Mitsui Kinzoku Catalysts Vietnam Co., Ltd. for manufacturing catalysts is established.
MCS Co., Ltd. is closed.
PT. Mitsui Kinzoku ACT Indonesia for manufacturing automotive parts is established.
Mitsui Micro Circuits Taiwan Co., Ltd. and Mitsui Copper Foil (Guangdong) Co., Ltd. are closed.
Mitsui Kinzoku Catalysts America Inc. for manufacturing catalysts is established in the U.S.
The Liaison conference of Jinzu River for Cadmium sufferer, the other parties concerned and Mitsui Mining & Smelting Co., Ltd. reach a complete settlement over compensation.
- 2014 Die-Casting division is separated and Mitsui Kinzoku Die-Casting Technology Co., Ltd. is established.
The Caserones Copper mine in Chile starts operation.
- 2015 Large-scale renovation of Hydroelectric power plants at Kamioka Mining & Smelting Co., Ltd. starts.
Management rights of Mitsui-Huayang Automotive Components Co., Ltd. are assigned.
Business alliance with Jiin Yeeh Ding Enterprise Corp. of recycle company in Taiwan is formed.
- 2016 Solar power plant at Hikoshima Smelting Co., Ltd. starts to run.

2005-
MITSUI KINZOKU COMPONENTS INDIA
Bawal plant
Haryana, India

Kamioka Plant
Hida city, Gifu, Japan

2013-
Mitsui Kinzoku Catalysts America
Kentucky, U.S.

2014-
MITSUI KINZOKU COMPONENTS INDIA
Sanand plant
Gujarat, India

2006-
Mitsui Kinzoku Catalysts Zhuhai
Guangdong, China

2013-
Mitsui Kinzoku Catalysts Vietnam
Hanoi, Vietnam

Catalysts

2013-
Mitsui Kinzoku Catalysts (Thailand)
Rayong, Thailand

2012-
MITSUI KINZOKU CATALYSTS JAKARTA
West Jawa, Indonesia

1999-
Mitsui Copper Foil (Suzhou)
Juangsu, China

Ageo Copper Foil Plant
Ageo city, Saitama, Japan

2003-
Oak-Mitsui Technologies
State of New York, U.S.

1998-
Mitsui Copper Foil (Hong Kong)
Kowloon, Hong Kong

1976-
Oak-Mitsui
State of New York, U.S.

1980-
Taiwan Copper Foil
Nantou County, Taiwan

1992-
Oak-Mitsui Camden
State of South Carolina, U.S.

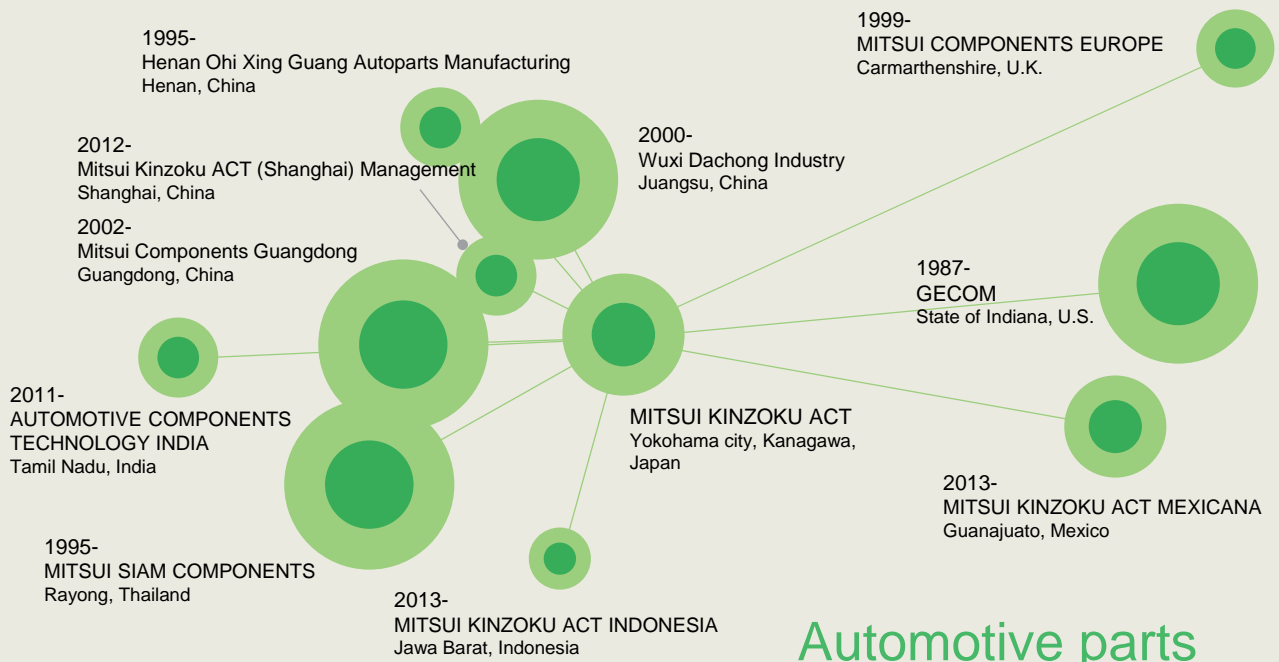
1989-
MITSUI COPPER FOIL (MALAYSIA)
Selangor, Malaysia

Copper foil

Global expansion of Mitsui Kinzoku Group's key businesses (as of June 2017) * The size of each circle stands for the number of personnel working at each site.



Sputtering targets



Automotive parts

Corporate overview

Continuing to create growth products and businesses, centered around functional materials, metals and automotive parts, and continuing to enhance corporate value. That is our vision of we want to be in 10 years' time.

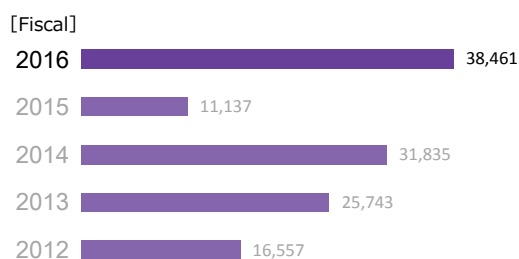
Corporate profile

[Company Name]
 MITSUI MINING & SMELTING CO.,LTD.
 <Common name= MITSUI KINZOKU >
 [Established]
 May 1, 1950
 [Head Office]
 1-11-1, Osaki, Shinagawa-ku, Tokyo, Japan
 [Paid-in capital]
 42,129million yen (as of March 31, 2017)
 [Sales]
 Consolidated 436,330 million yen
 (year ended March 31, 2017)
 Non-consolidated 204,767 million yen
 (year ended March 31, 2017)
 [Employees]
 Consolidated 11,630 Non-consolidated 1,739
 (as of March 31, 2017)
 [Subsidiaries and affiliates]
 Subsidiaries 73 (include 52 consolidated)
 Affiliates 32

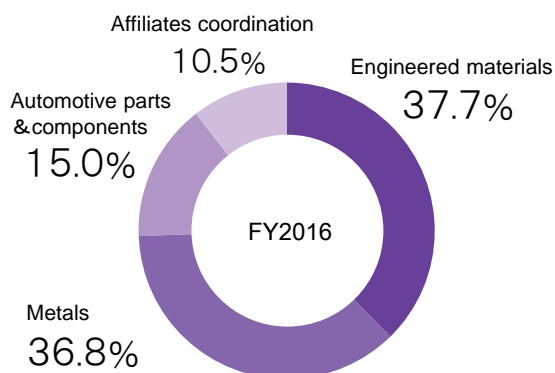
Consolidated net sales (Millions of Yen)



Consolidated operating income (Millions of Yen)



Consolidated operating income breakdown



(value before consolidated adjustment)

Consolidated total assets (Millions of Yen)



Functional materials for more comfortable lives in the information age

Battery materials

We have been supplying a wide range of different battery materials for many years, and have continued to evolve hand-in-hand with battery technology. Materials include lithium manganese oxide and lithium nickel oxide, which are used in lithium ion batteries for mobile devices and electric vehicles, as well as hydrogen-absorbing alloys, which are used in nickel hydride batteries for hybrid vehicles, and zinc powder, which is used in alkali batteries. There are high performance materials underpinning the workings of batteries in almost every aspect of our everyday lives.

We were the first in the world to develop mercury-free zinc powder for batteries, and were among the first to start supplying hydrogen-absorbing alloys after mass production of hybrid vehicles got underway.

Catalysts

Catalysts are directly linked to reducing environmental impact. With motorization and the worldwide tightening of regulations on emissions have led to a real need for reliable high performance catalysts. To cater to global demand, we have an overseas network of supply facilities across six countries. We supply catalysts that offer outstanding heat resistance, low-temperature activation and peel resistance, for motorcycles, cars and general purpose engines for a range of industrial machinery.

Engineered powders

The technologies we have built up over many years, particularly in the field of non-ferrous materials, have paved the way to create even more high added value products from metal. Whether oxidizing metal, turning it into powder, or coming up with all manner of other ideas, there are ways to achieve different functions from metal in bullion form. By focusing on these properties, and making the most of powder-related technologies we have built up to date, in terms of high purity, pulverization, and grain shape and diameter, we have been able to develop and supply a whole host of functional engineered powders.

Our products include pastolan conductive powder for antistatic coatings, magnetite toner materials for printers and copiers, cerium oxide abrasives for polishing glass for flat screens and hard disks, tantalum and niobium oxides for optical lenses and ceramic condensers, and tantalum and niobium carbides for cemented carbide tools.

Copper foil

Computers, mobile phones and all other electronic devices contain electronic circuit boards with precision wiring between IC chips. Electrodeposited copper foil provides the essential wiring material on printed circuit boards, used to form the circuit patterns.

As electronic devices become more compact and lightweight, there is also growing demand for even more precisely

detailed circuit boards. As a leading manufacturer of copper foil, we supply a wide range of products, from general purpose foils to state-of-the-art products capable of forming ultra-precise circuits, and have the development capabilities to meet the needs of the market.

One of our core products at the moment is an electrodeposited copper foil with carrier, called MicroThin™. This is a product that combines the ultra-thin properties required to form precise circuits (1.5-5μm) with an ultra-fine surface coating. It has helped customers to improve process productivity and yield, thanks to benefits such as the ability to ship foil in wide rolls. Sales have been increasing steadily ever since we commenced mass production. As smartphones acquire ever more advanced functionality, the substrates inside are expected to require increasingly precise wiring too. That is why demand for MicroThin™ is expected to keep on growing in the future.

Sputtering targets

LCD televisions, smart phones, tablets and other electronic devices are made from circuits consisting of multiple layers of thin films. The technique used to form these thin films, which are just a few micrometers (μm) thick, is called sputtering. The base materials used in this process are sputtering targets. We supply target materials for a variety of purposes, including ITO transparent conducting films for LCD panels, organic EL panels and touch panels, IGZO transparent oxide semiconductors, and thin-film solar cells. Recently, we have also started producing target materials for rotary cathodes, which improve process efficiency for our customers. With manufacturing facilities in Japan, Taiwan and South Korea, we continue to maintain a strong share of the target material market for displays in particular.

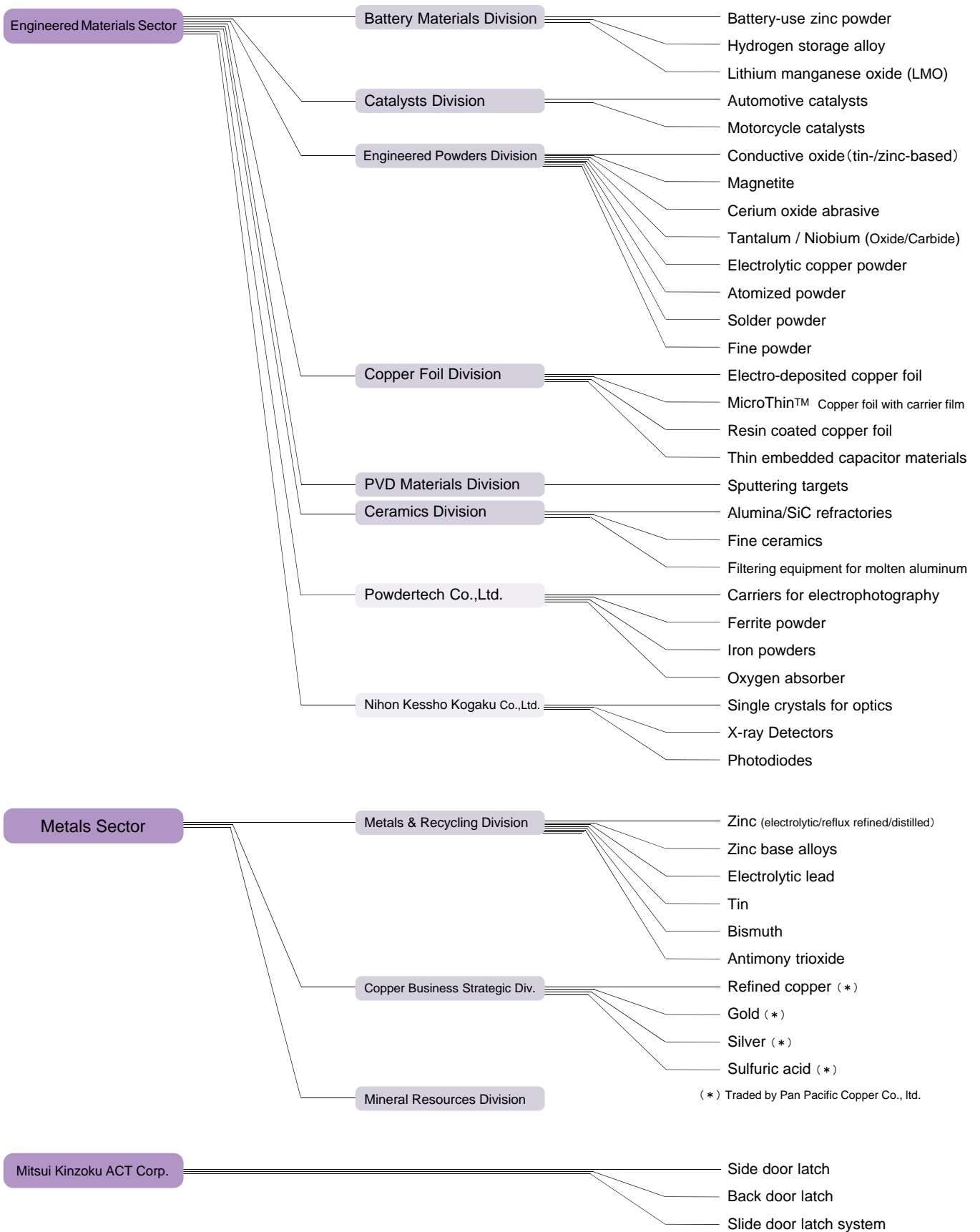
Ceramics

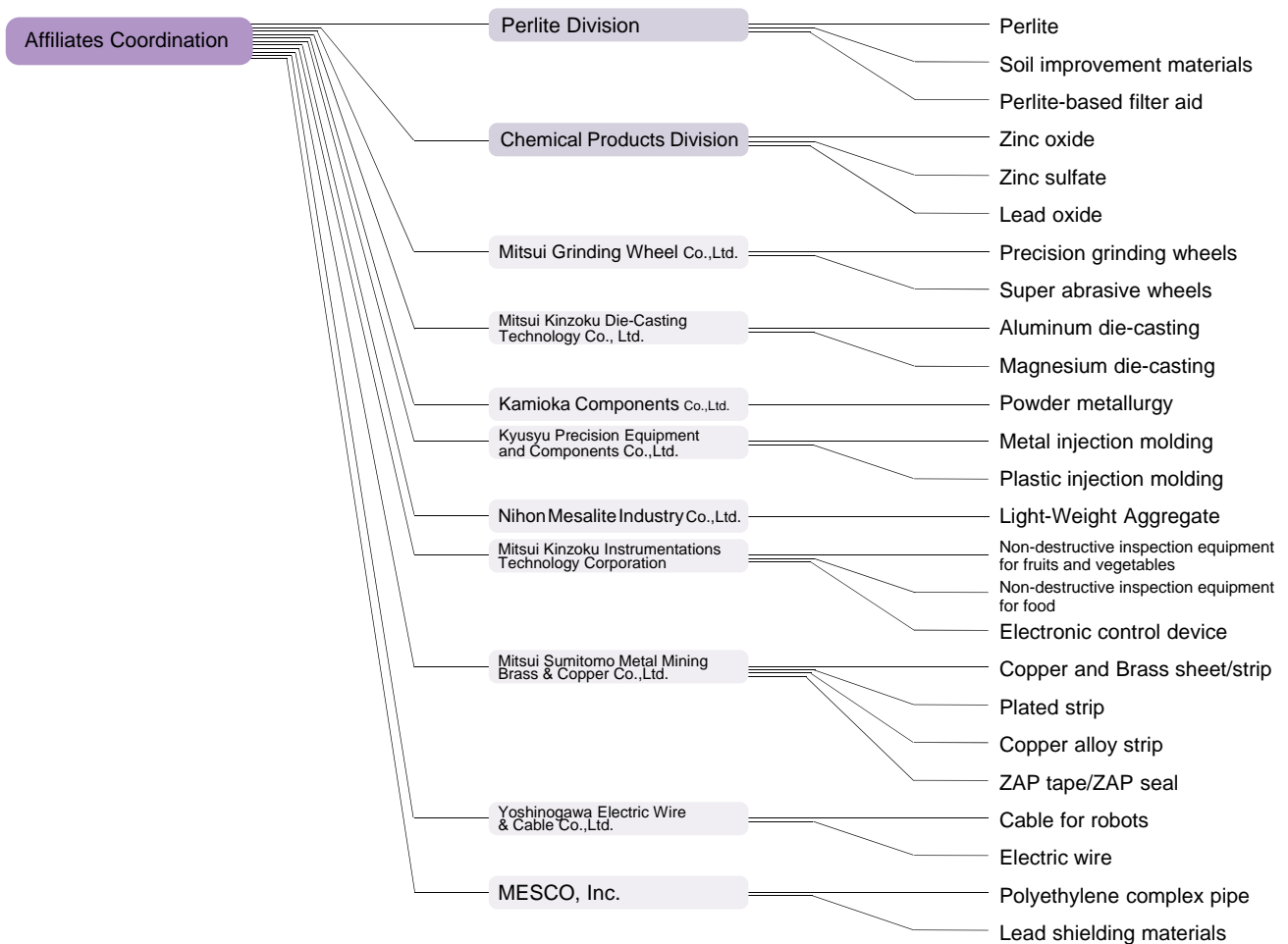
Our ceramics division manufactures firing furnaces, which are essential to the production of electronic ceramics, lining bricks, kiln tools, and bricks for non-ferrous metal melting furnaces. Products also include Metalofilter, which removes impurities from molten aluminum. Having been highly acclaimed throughout the global market for its excellent filtration capabilities, this has made a difference to the production of aluminum drinks cans the world over.

Transforming our business to create a recycling-oriented society

Non-ferrous metals

Mitsui Kinzoku is Japan's leading manufacturer of zinc, a basic material that is used across a wide range of sectors, including essential plating for rust-proofing steel, alloys, chemical products and die-cast products. It is also where our roots as a business lie. Having built up zinc smelting technologies and a supply structure over more than a century, we have earned a high level of trust from the market.





We also retain a strong share of the domestic market for lead, which is used for lead piping, radiation shielding materials and alloys, particularly for automotive and industrial batteries. At Kamioka Mining & Smelting Co., Ltd., one of our lead smelting facilities, in 1995 we took the pioneering move of switching raw materials from conventional ore to recycled materials, chiefly used batteries.

We established a system to recycle waste back into resources at an early stage too. We recover gold, silver, platinum, palladium and other metals from items such as used electronic devices and electronic substrates. We also recover metals such as zinc and copper from general waste. We continue to develop essential technologies to enable us to preserve the environment and make more effective use of resources.

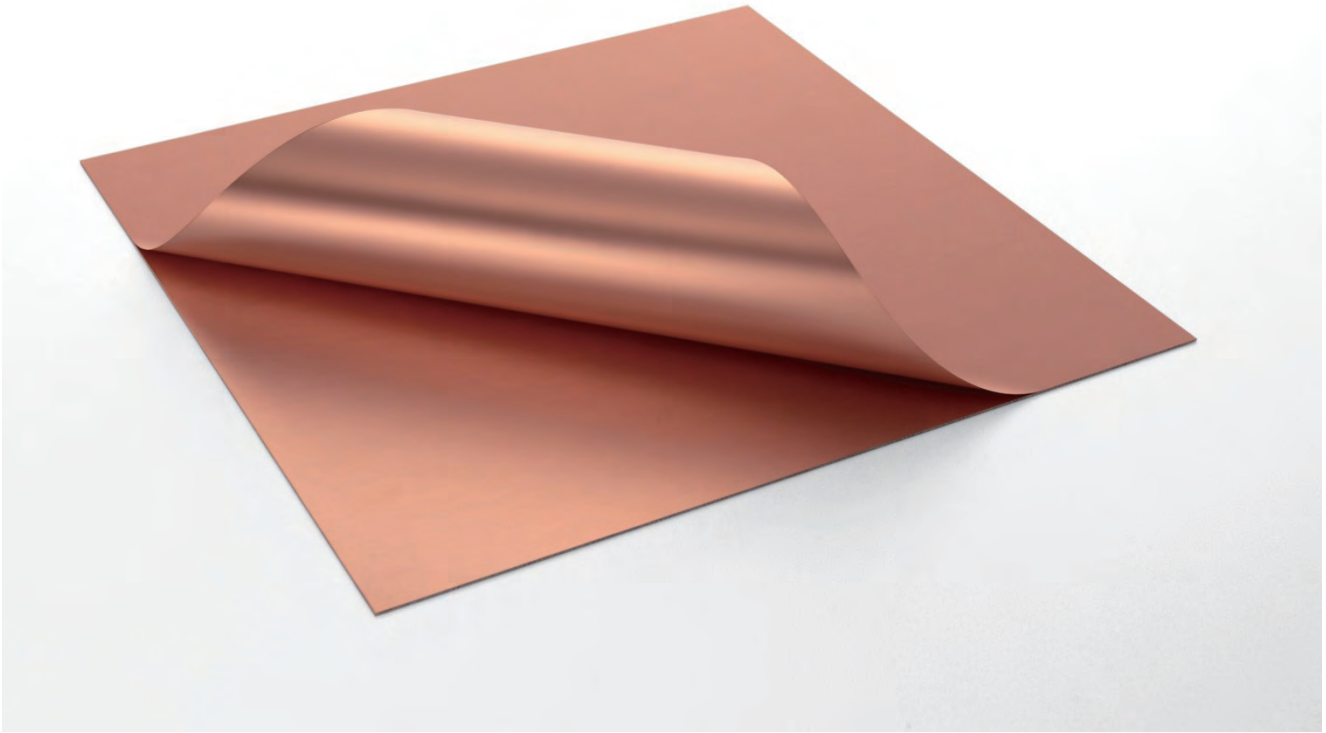
Copper is used for electrical wiring, and a whole host of other electronic parts and processed products. Pan Pacific Copper Co., Ltd. established in 2000 as part of an alliance between Mitsui Kinzoku and JX Nippon Mining & Metals Corporation. It operates a fully integrated system covering every aspect of copper, from procuring raw materials through to manufacturing and sales.

Safety, comfort and inspiration

Automotive parts

We have always developed a range of alloys, precision processed components and functional parts in order to expand the range of applications for non-ferrous materials. We also supply products that offer added value above and beyond materials. That was where Mitsui Kinzoku's parts processing business started. We now supply an extensive array of functional parts that are crucial for vehicles, home appliances and office equipment.

In particular, auto manufacturers all over the world have been using our door latches and other automotive parts for half a century. We have a leading share of the global market for side door latches. Having spun off our automotive parts business in 2010, Mitsui Kinzoku ACT Corporation is now responsible for handling automotive parts. We have a network of manufacturing and supply facilities covering Japan, the US, Mexico, UK, China, Thailand, Indonesia and India. Combined with our efforts to improve quality assurance, research and development systems, this has enabled us to establish ourselves as a global supplier of automotive parts.



01



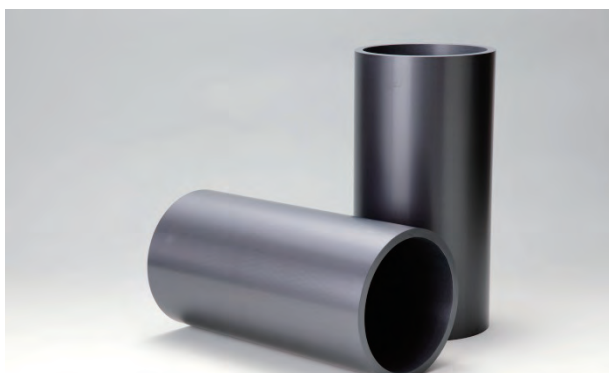
02



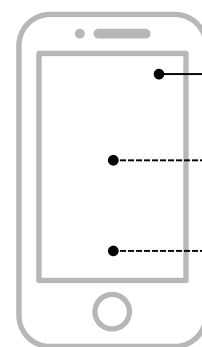
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05



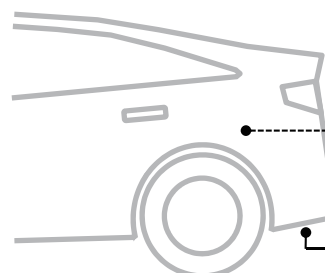
03



Sputtering targets are used in liquid crystal displays.

Ultra-thin copper foil is an essential material in circuit boards inside electronic mobile devices.

Lithium manganese oxide is one of the materials used in lithium ion batteries of electronic devices.



Hydrogen-absorbing alloys are used as a battery material in hybrid vehicles.

Catalysts are used to purify exhaust gases from cars and motorcycles.

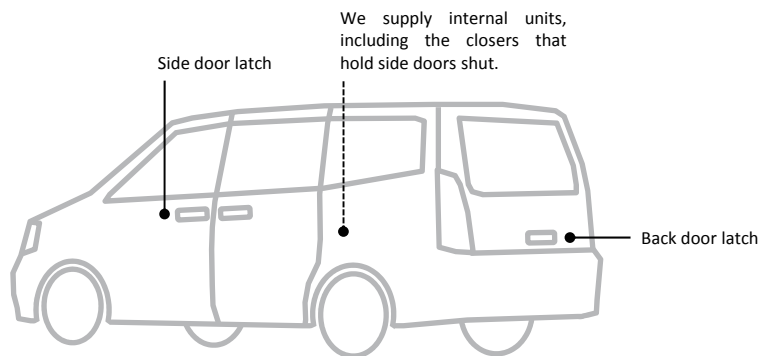
- 01 Copper foil with carrier film, MicroThin™
- 02 Catalysts for detoxifying exhaust gas
- 03 Sputtering target IGZO/ITO
- 04 Battery materials Hydrogen storage (absorbing) alloy (MH alloy)
- 05 Battery materials Lithium manganese oxide (LMO)



06



07



06 Automotive parts Units in sliding door system
Back door latch

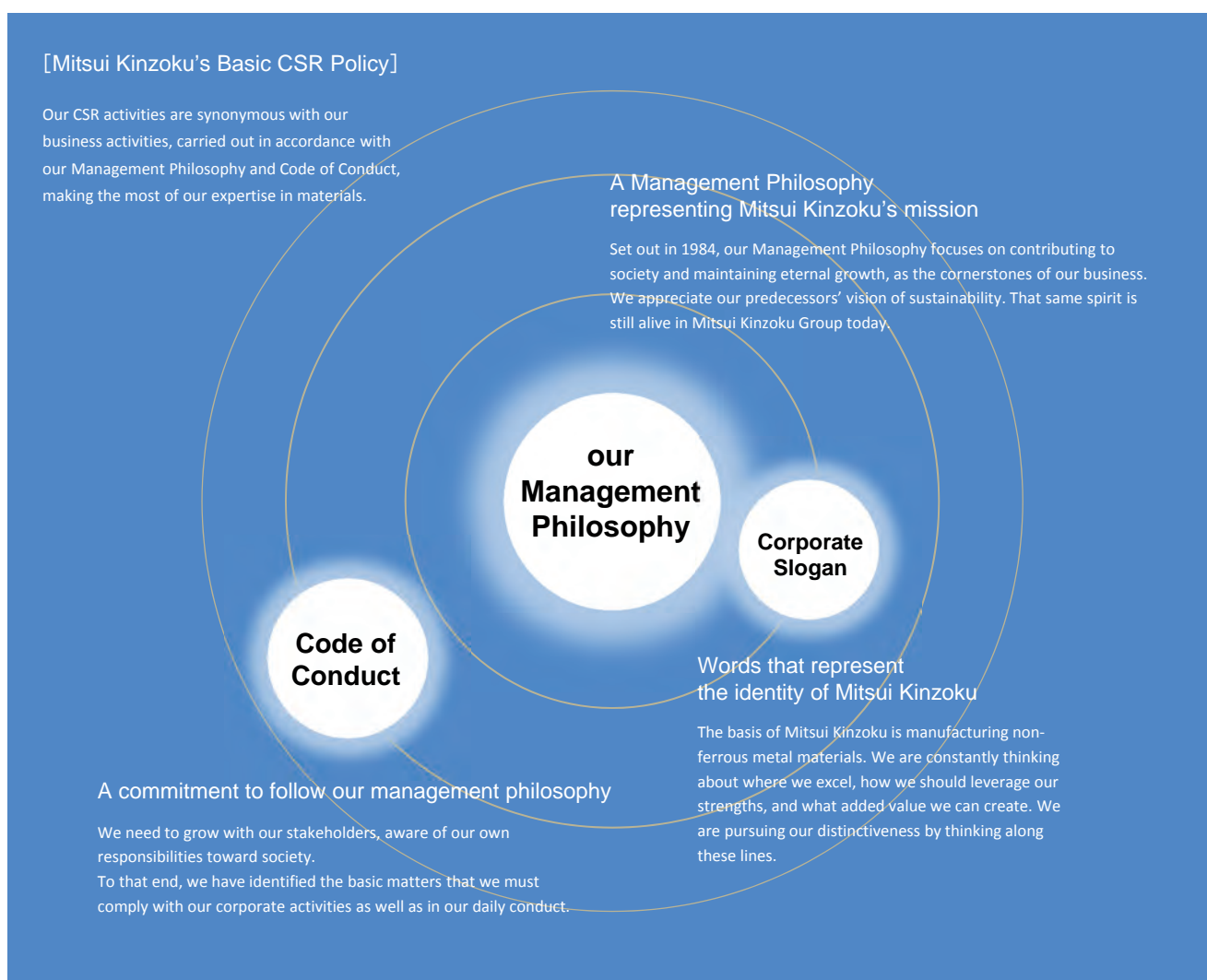
07 Automotive parts Side door latch

Putting our Management Philosophy into practice

We believe that our CSR is synonymous with putting our Management Philosophy into practice. Our philosophy is the same as it was when we set it out more than 30 years ago. We aim to “explore products of value to society”, so that we can achieve the “eternal growth of our group.”

This means resolving social issues creating a more sustainable society. Along with our Corporate Slogan and Code of Conduct, which serve as specific guidelines for putting our Management Philosophy into practice, this forms the three-pronged structure of Mitsui Kinzoku’s Basic CSR Policy.

Each and every one of our executives and employees adheres to this basic policy, as we continue to implement CSR initiatives on a group-wide scale, so that we can fulfill our responsibilities to all stakeholders.



経営理念

Management Philosophy

創造と前進を旨とし

With creativity and productivity,

価値ある商品によって社会に貢献し

We, Mitsui Kinzoku Group, will explore products of value to society,

社業の永続的発展成長を期す

and seek an eternal growth of our group.

三井金属鉱業株式会社

【スローガン】

Corporate Slogan

マテリアルの知恵を活かす

Taking full advantage of Material Intelligence

Code of Conduct

This Code of Conduct applies to all the directors, officers and employees of Mitsui Mining & Smelting Co., Ltd. (Mitsui Kinzoku) and its Group companies.

1. Our Social Mission

We shall contribute to society by providing valuable products.

2. Self-Awareness and Social Responsibility as a Member of our Corporate Group

We shall always be mindful of our role as a member of the Mitsui Kinzoku Group and act with dignity and responsibility, while positively conducting social action programs by facilitating communication with all stakeholders.

3. Compliance

We shall comply with domestic and international laws and regulations as well as our company's regulations, and shall act in accordance with the conscience of our society.

4. Fair Business Activities

We shall conduct appropriate business activities based on free and fair competition.

We shall also maintain healthy and transparent relationships with political parties and factions, the government, and business partners, while making sure not to get involved in corruption.

5. Rejection of Antisocial Forces

We shall resolutely confront antisocial forces and organizations and thoroughly prohibit all relationships with them.

6. Proactive Information Disclosure and Comprehensive Information Management

We shall proactively and fairly disclose corporate information and comprehensively protect and manage confidential information, including personal and customer information.

7. Contribution to the Natural Environment

We shall address environmental issues to help realize a sustainable society.

8. Provision of Comfortable Work Environment

We shall provide a safe and comfortable work environment that respects the human rights, personalities, and uniqueness of our employees, while providing a place where a diverse range of human resources can play an active role.

9. Demonstration of Leadership by Senior Management

Top management shall recognize that it is their responsibility to realize the spirit of this code, and act on their own responsibility while demonstrating leadership.



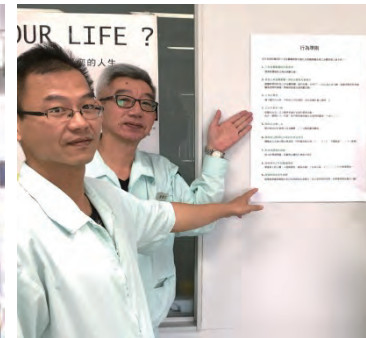
Mitsui Kinzoku Advanced Ceramics (Suzhou) Co., Ltd.



Shanghai Mitsui Xin Yun Precious and Rare Metal Recycle Co., Ltd.



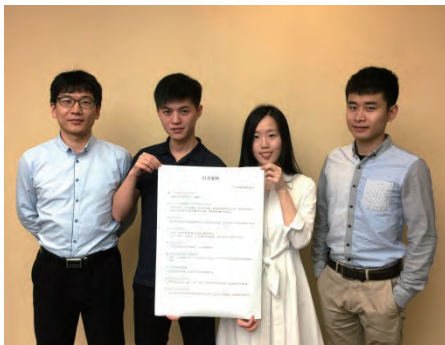
MITSUMI GRINDING TECHNOLOGY (THAILAND) CO., LTD.



Mitsui Electronic Materials Co., Ltd.



Mitsui Kinzoku Catalysts America, Inc



Mitsui Kinzoku ACT (Shanghai) Management CO., LTD.



Mitsui Kinzoku Catalysts Zhuhai Co., LTD.



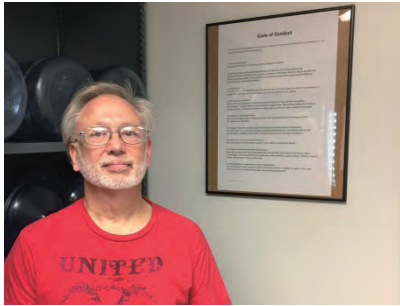
Taiwan Copper Foil CO., Ltd.



Mitsui Electronic Materials Co., Ltd.



Oak-Mitsui Inc.



Oak-Mitsui Technologies LLC



MITSUI GRINDING TECHNOLOGY(THAILAND)CO.,LTD.



Mitsui Copper Foil (Hong Kong) Co., Ltd.



Mitsui Kinzoku Catalysts (Thailand) Co., Ltd.



Mitsui Kinzoku Catalysts Zhuhai Co., Ltd.



Mitsui Kinzoku Catalysts Vietnam Co., Ltd.



Taiwan Copper Foil CO., Ltd.



Compañía Minera Santa Luisa S.A.



Mitsui Copper Foil (Suzhou) Co., Ltd.



MITSUI KINZOKU COMPONENTS INDIA PRIVATE LIMITED



MITSUI COPPER FOIL (MALAYSIA) SDN. BHD.



PT. MITSUI KINZOKU CATALYSTS JAKARTA

The Code of Conduct is a concrete expression of our commitment to following our management philosophy. We make it available in local languages at our overseas sites, such as English, Spanish, Malay, Indonesian, Thai, Vietnamese, Korean, simplified and traditional Chinese and Hindi.

Drive CSR activities

In fiscal 2016, we established the CSR Office as a specialized section that fulfills group-wide cross-sectional functions to promote CSR activities. We also launched the CSR Committee chaired by the president.

We have built the foundation of a system to promote CSR in 2016. We have instituted CSR initiatives such as the identification of materiality of Mitsui Kinzoku Group and human rights policy through vigorous discussions at the CSR Committee. We will further bolster our CSR efforts while maintaining the current speed.

Based on the core subjects of CSR

We have established subcommittees within the CSR Committee based on the seven core themes of CSR, which are also prescribed by ISO26000.

Currently, the committees consist of members from each department of the corporate division of Mitsui Kinzoku. We plan to expand the range of the committee organizations into the business sectors and the business bases as we make progress.

To accelerate our efforts for materiality and to promote all CSR activities, we appointed the general managers of responsible departments as the Chairman of the committees by clearly designating a responsible department for each committee in January 2017.



[Organizational Governance Committee]

The Legal Department works to improve corporate governance and compliance, deals with legal risks, promotes legal education, and plays a central role in this committee. At the same time, it will strengthen risk management in cooperation with the Human Rights Committee, which is creating a mechanism for due diligence regarding human rights. We will ensure transparency and accountability in our corporate governance.



[Environment Committee]

The committee consists of members from the Environment & Safety Department, which is responsible for environmental management, health, and safety, the Production Engineering Department, which promotes energy saving across Mitsui Kinzoku Group, and the Mineral Resources Division, which develops overseas mines and manages suspended and closed mines in Japan. The members play key roles in facilitating activities to create a sustainable society.



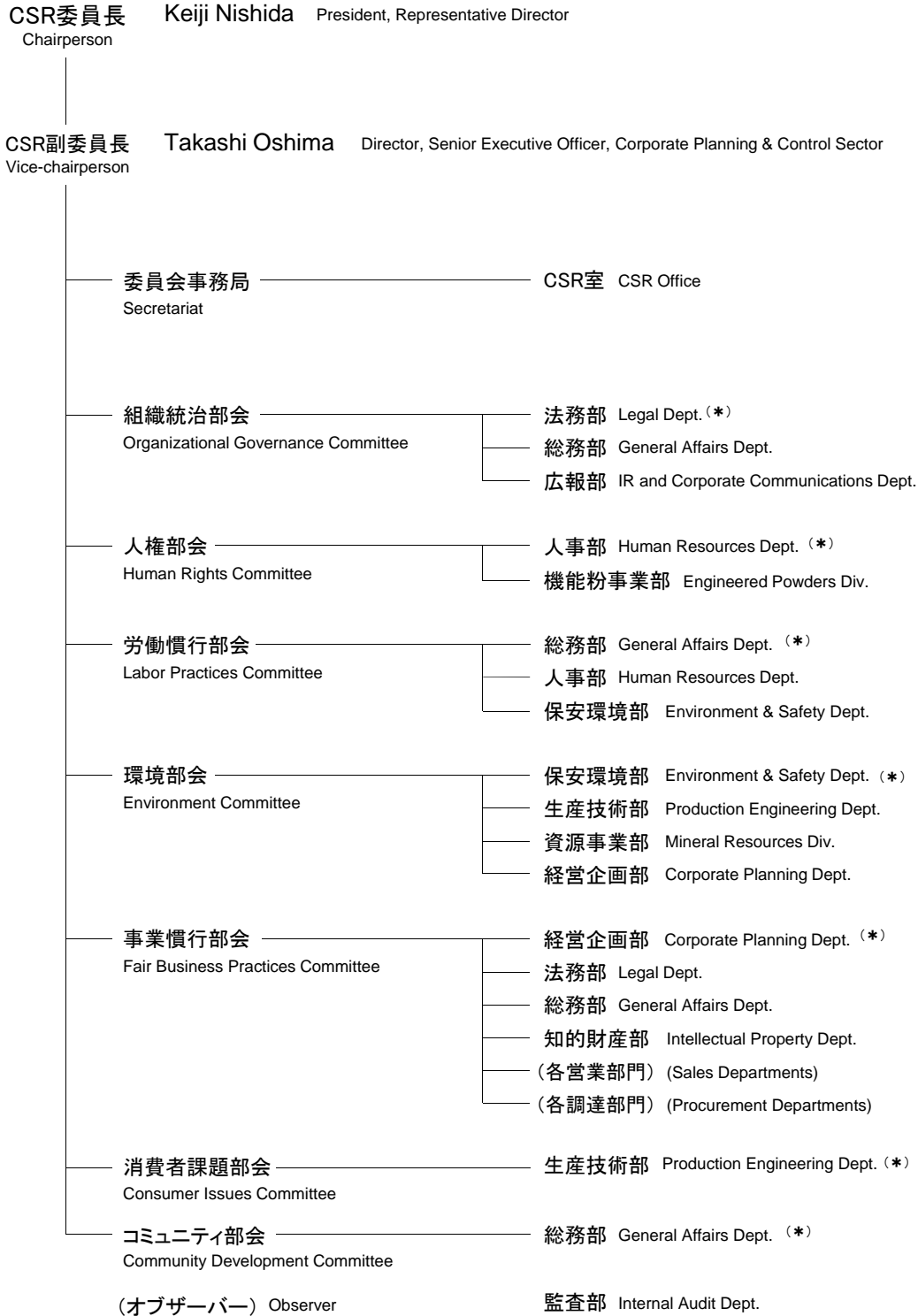
[Labor Practices Committee]

The Human Resources Department and the General Affairs Department play a central role in constructing a mechanism to promote work-life balance, diversity, and the active participation of women. The Environment & Safety Department also collaborates to make our workplace safer and more pleasant.



12th meeting of the CSR Committee

三井金属 CSR委員会 Mitsui Kinzoku CSR Committee



(*) = 各部会の責任部門 Responsible departments for each subcommittee

The team visited 22 sites in Japan to facilitate the understanding of employees of Mitsui Kinzoku Group about CSR.

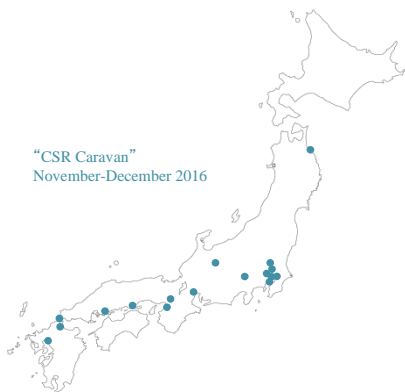
“CSR Caravan”

We provide CSR/Compliance training and explain our CSR efforts and practice of compliance. In November and December 2016, some members of the CSR Office, the Legal Department and the General Affairs Department visited 22 bases in Japan.

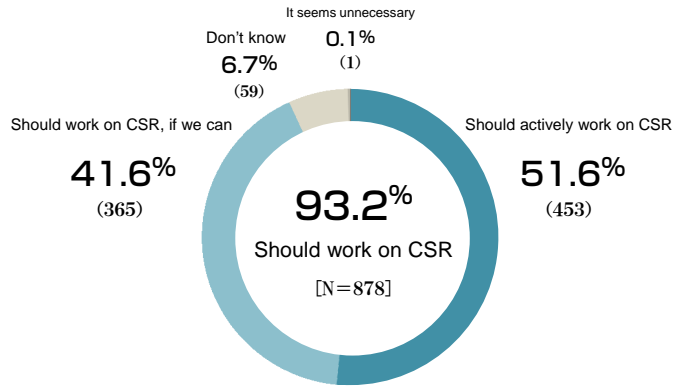
They explained international CSR trends, the start of CSR efforts of Mitsui Kinzoku Group, future CSR items to address, the revision of the Code of Conduct and the Compliance Guidebook, whistle-blowing systems, and examples of non-compliance of other companies, among other topics. In this caravan, participants were limited to management-level employees or above, and a total of 908 employees took part. In a questionnaire after the explanation, about three quarters of the participants showed an interest in CSR, and more than 90% of the participants answered that we should work on CSR. Those who answered that we should actively work on CSR made up the majority of the participants.

In the dialogue with the participants, we received many comments. We will make good use of the opinions and requests the participants made about the future activity plans, collaboration with customers and business partners, the method to instill CSR within the Group, and the means of sharing information in our future CSR efforts.

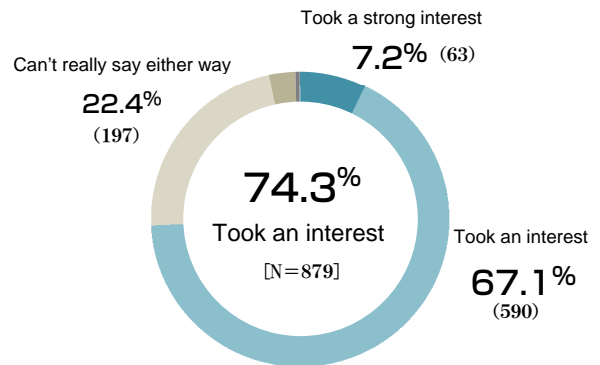
In the CSR training in fiscal 2017, we will expand the target sites and the participants to employees at other levels. We will also tailor the explanations and content of the training for the needs of each facility and each business sector.



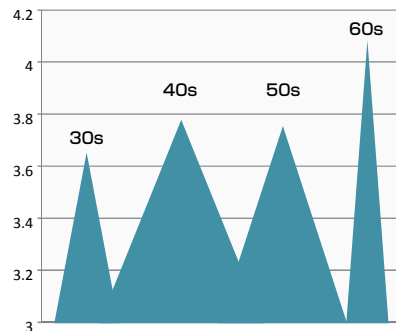
[Results of questionnaire in the CSR Caravan]



Q Do you think Mitsui Kinzoku Group should work on CSR?



Q Did you take an interest in CSR after the lecture?



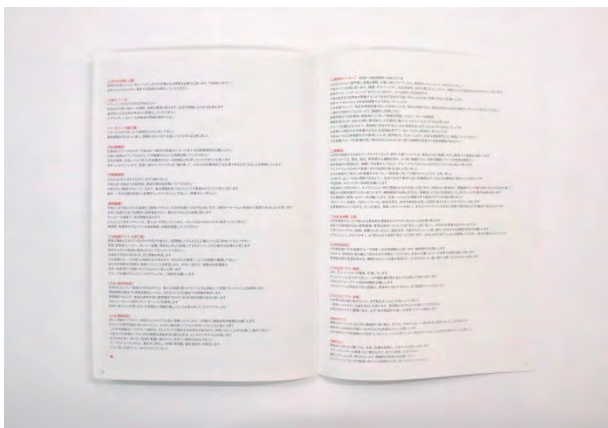
Average score of “interest in CSR” among the participants by age group

Vertical values are averages of interest on a five-point scale, and horizontal width represents the number of people in each age group.



Sharing of the results of the CSR Caravan

Around 400 questions, opinions and requests were raised in the opinion exchange and the questionnaire after the explanation. All of them are posted on the company magazine and the company intranet. The scenes of a total of 26 CSR/Compliance training sessions held at 22 facilities are also conveyed. We share the following understandings within the Group: CSR is a duty of each employee; CSR should be promoted with a sense of speed; and we have to continue to transmit information to our stakeholders.



[Picture above] Company magazine introducing the scenes of the lecture

[Picture in the middle] Details of the opinion exchange

[Picture at the bottom] Magazine page listing opinions and requests

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”

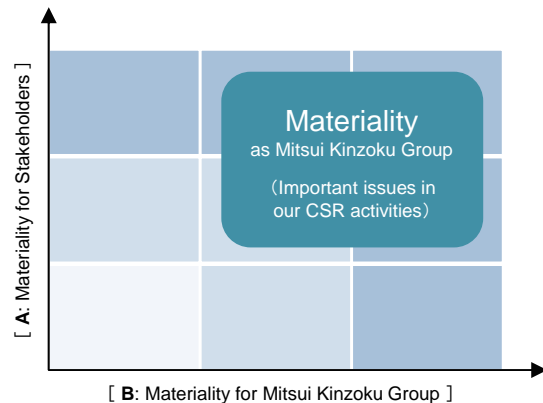
- Expectations and concerns of each stakeholder
- CSR trends
- Positive and negative impacts on society and the earth

“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

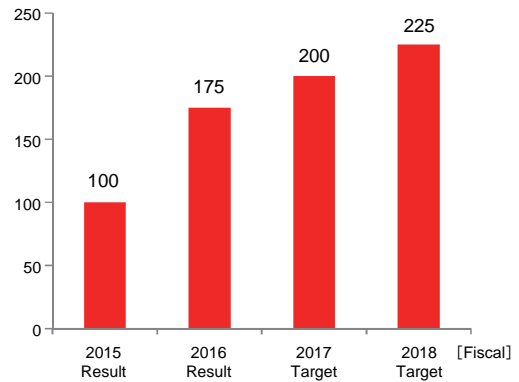
Strengthen joint development and collaboration and cooperation in research and development with entities outside the company, while continuing to explore market opportunities.

FY2019

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

Market Co-Creation Activity Index*

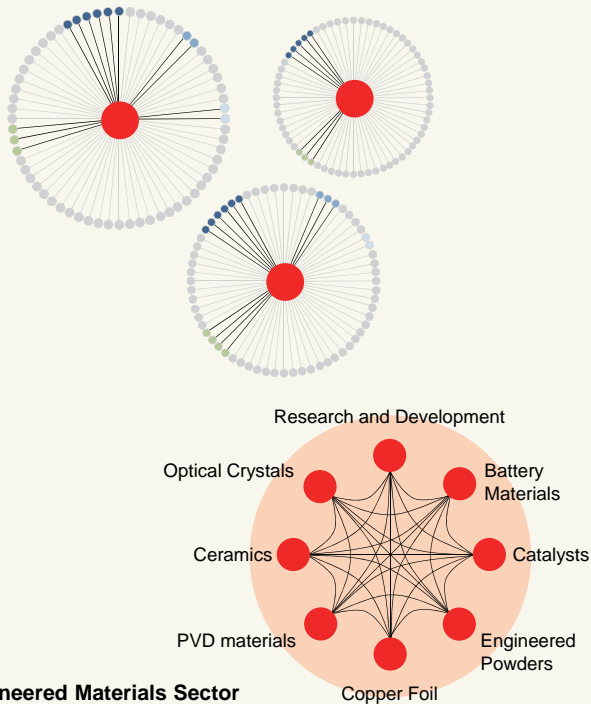
(FY 2015 = 100)



* 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

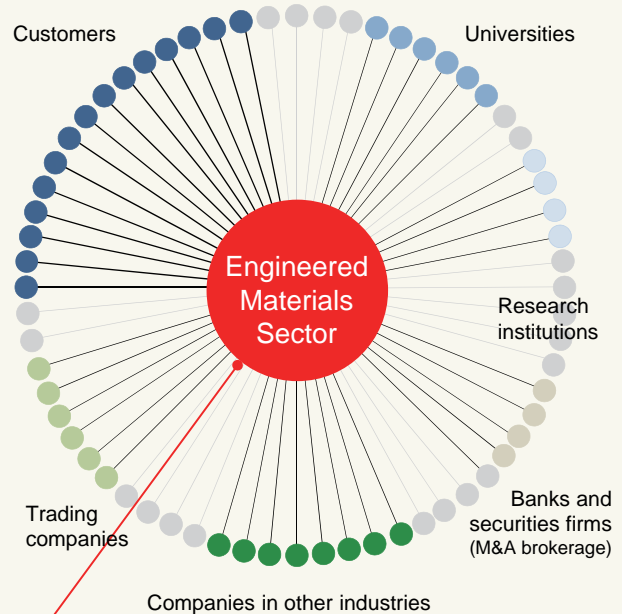


Engineered Materials Sector

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

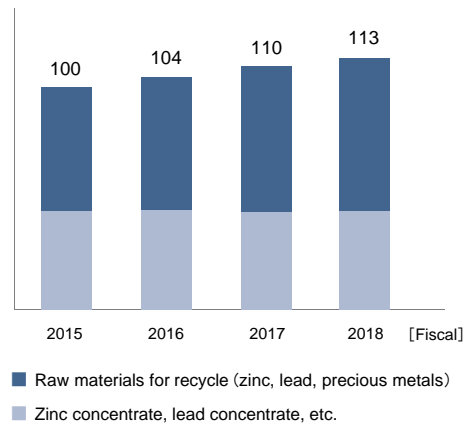
Develop new recycle smelting processes for waste metals containing precious materials which are currently difficult to process.

From FY2019

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

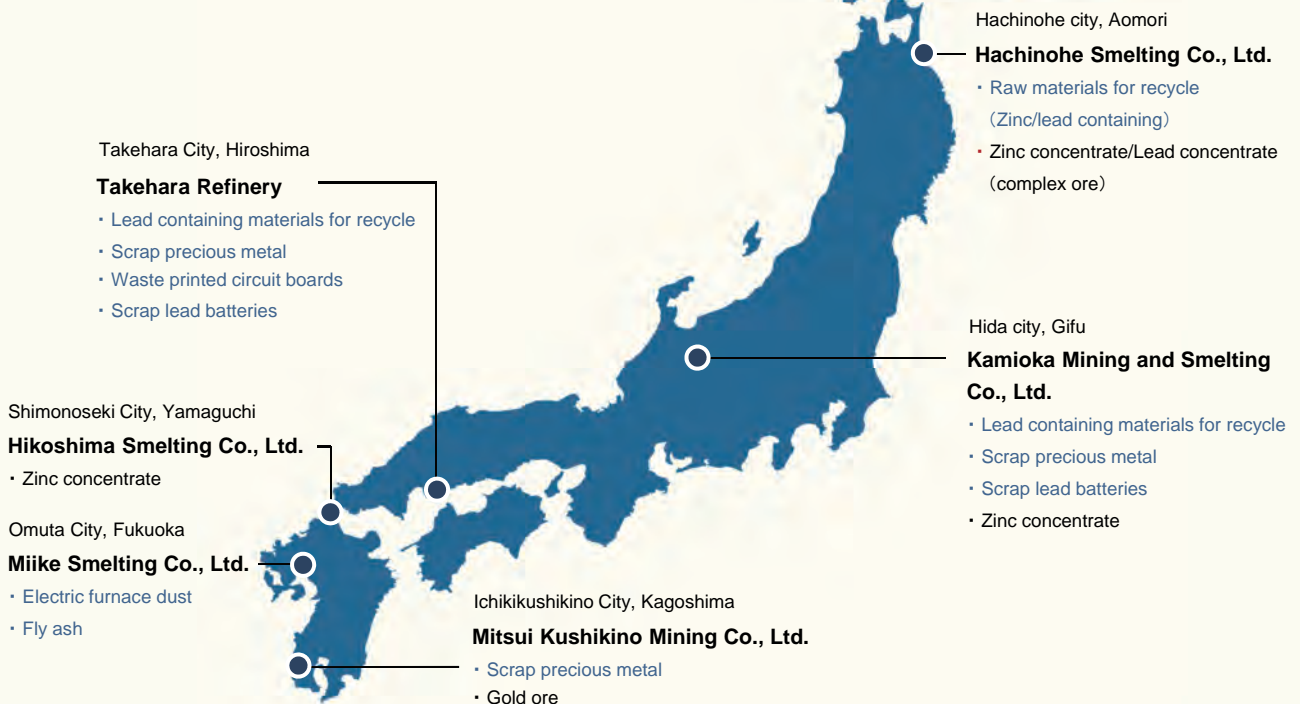
Expansion of recycle-smelting

(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.

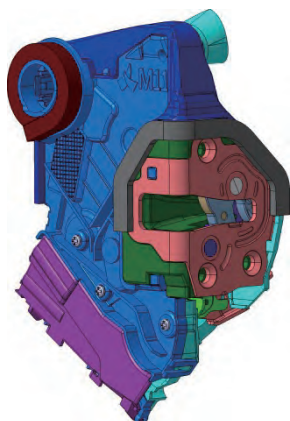
“Grade A Supplier Award”

commended by Jiangxi Isuzu Motors Co., Ltd.

[Build ACT’s reputation (2)]

Development of next-generation products (weight reduction)

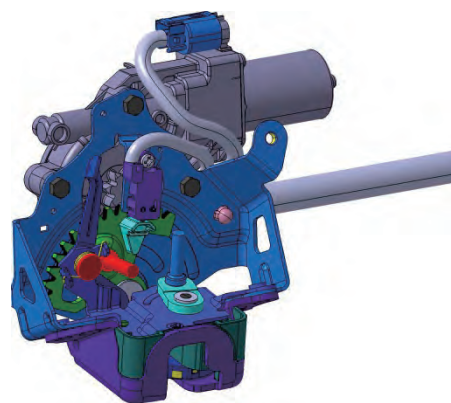
We are working to meet the needs of vehicle users and customers (global OEM) for fuel-saving and weight reduction.



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

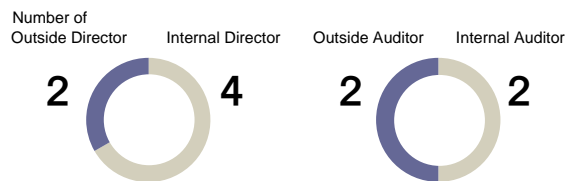
Directors discuss important business matters at Board of Directors meetings which are convened once a month and as needed and are chaired by the President, and they also supervise the execution of business activities. For appropriate and efficient supervision, the Board of Directors consists of Internal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

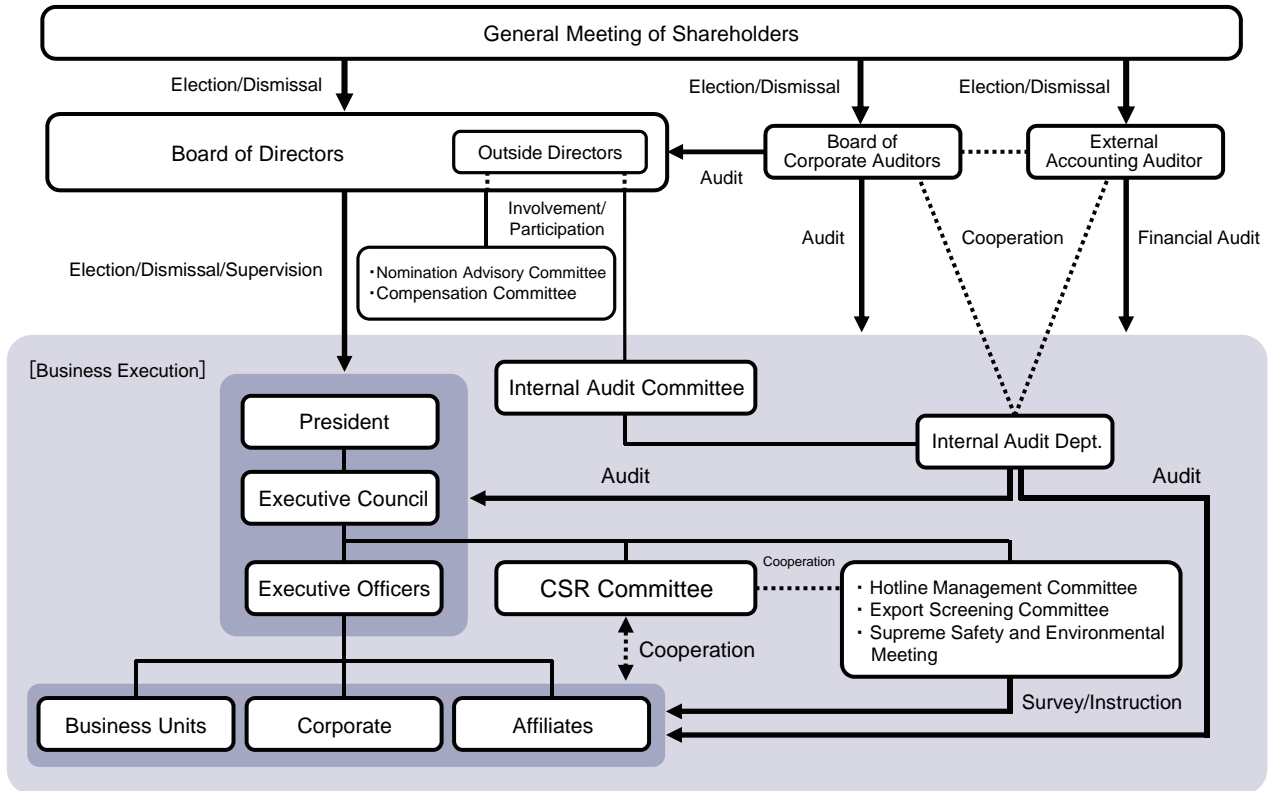


Corporate Auditors

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 not 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^{※1}. 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^{※2} 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.

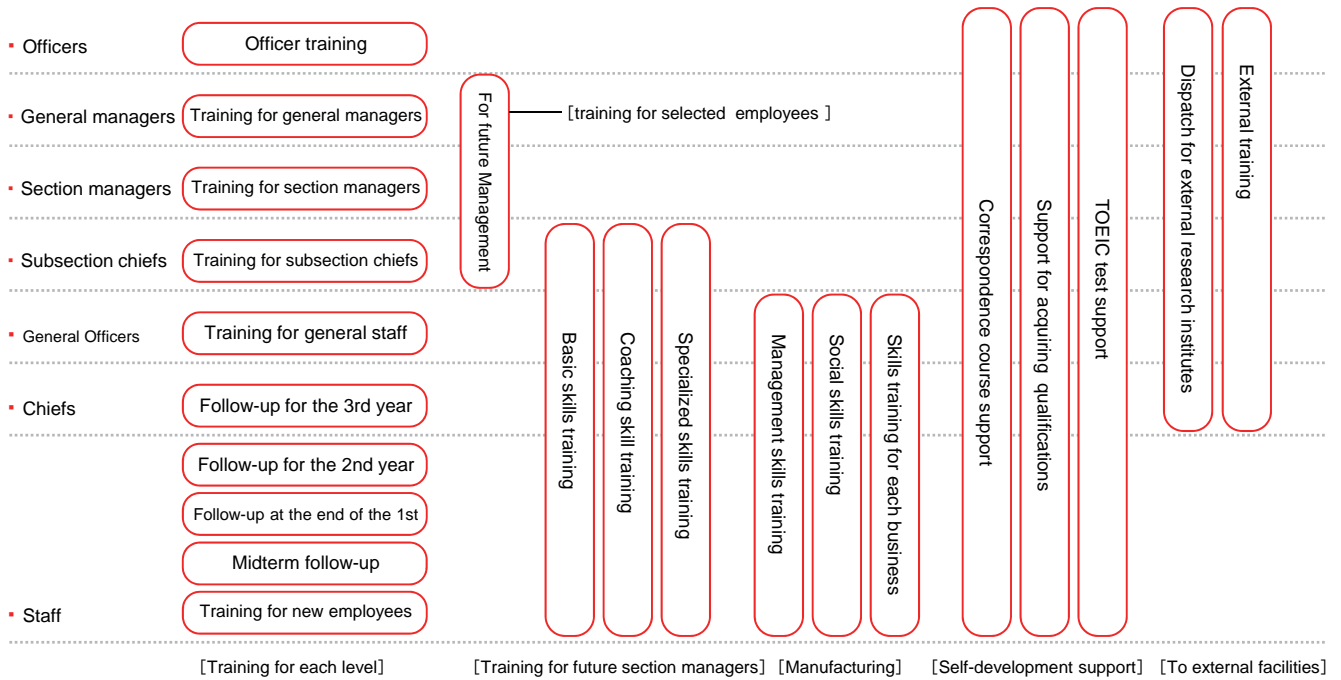
Training for next-generation managers

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

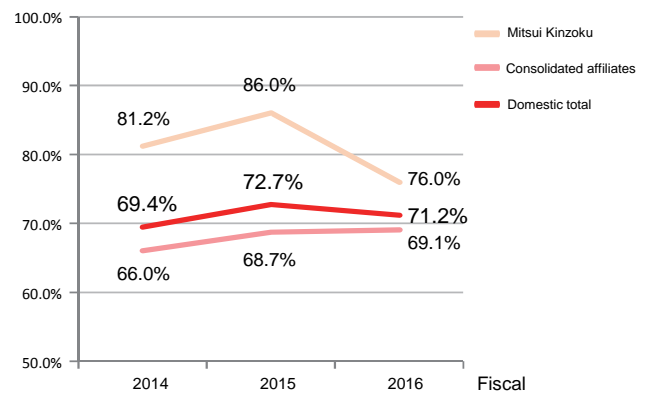
We recognize that the work style reform promoted by the Japanese Government, together with health management, is important issue from the viewpoint of sustainable growth. The automatic memory system of logon and logoff times was installed in each computer of employee. Through this, it became possible 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

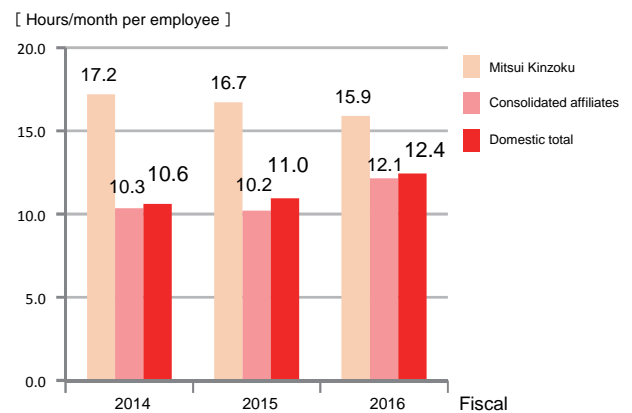
Mitsui Kinzoku has various support programs for employees' child- or nursing-care and work to balance their work and life. Role models and initiatives are able to browse on the Intranet. In addition, a handbook described our support programs are distributed to employees and seminars about balanced work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

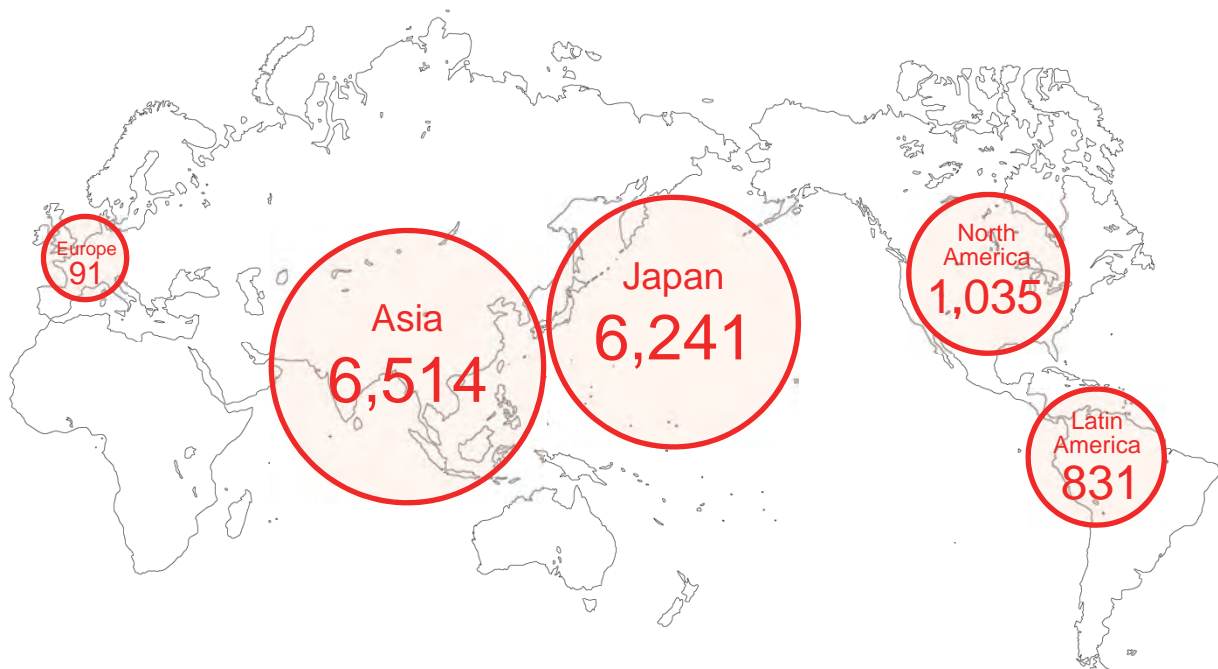
Return to work and retention rates after parental leave

		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
Total		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%
Total	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]

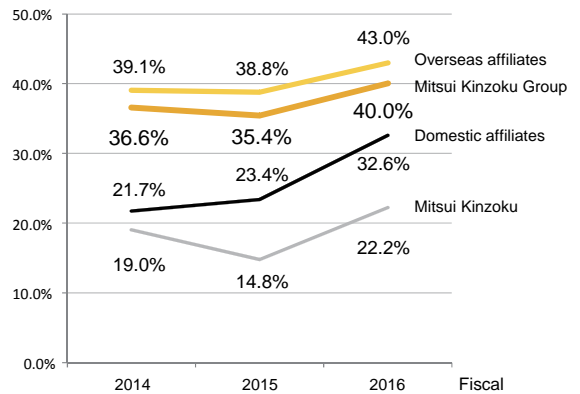
1. 22.2%
(Proportion of woman as a percentage of new hires at Mitsui Kinzoku)
2. Training for new promoted general managers and sections managers (122 employees)
3. 15.9 hours (monthly average)

[Actions]

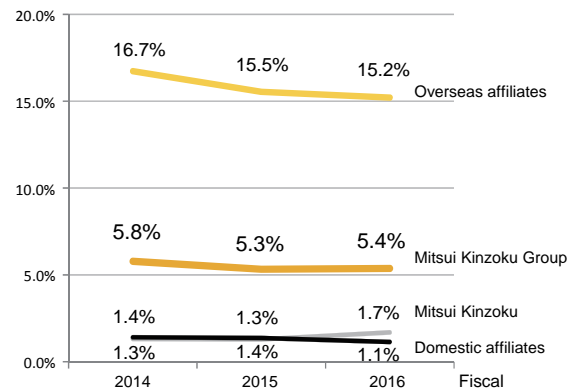
We focus on recruitment PR for female students. As a first step, we held a laboratory visit for female science students.



Laboratory visit for female science students

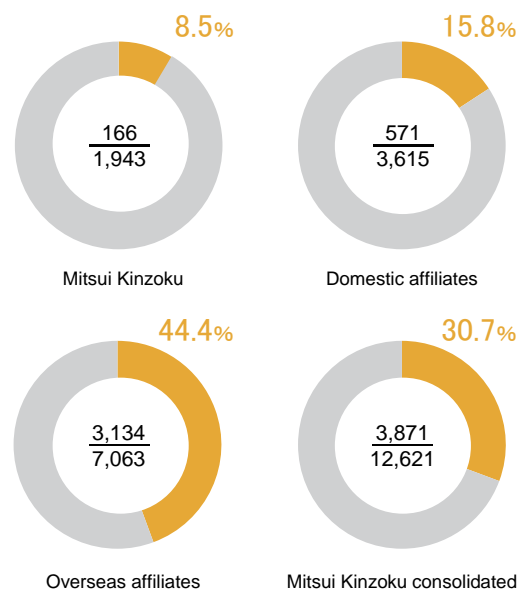


Proportion of woman as a percentage of new hires



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.



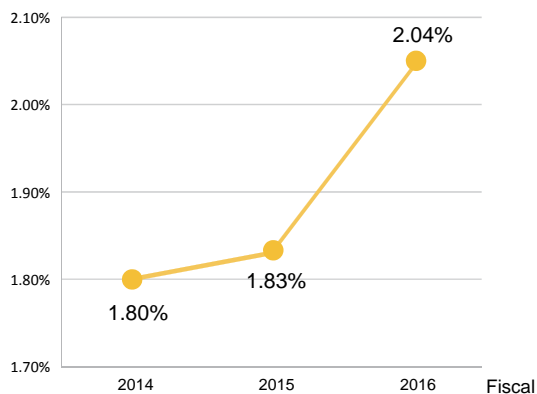
Portion of women as a percentage of total employees
(As of March 31, 2017)

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.



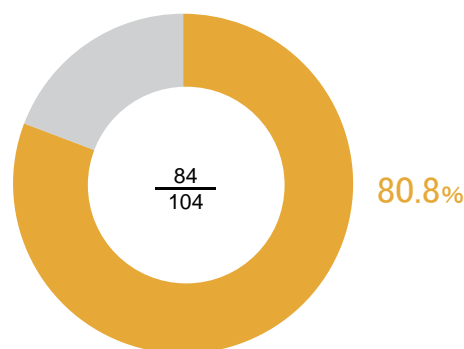
Percentage of employees with disabilities
(Mitsui Kinzoku, Non-consolidated)

※ 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.

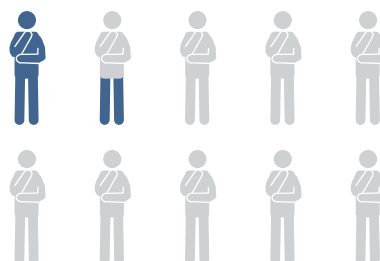
In May 2017, the Health Management Office has established at the headquarters in Osaki, which enables employees to seek advice from occupational health physicians and nurses. In July 2017, a series of columns launched about health in the corporate magazine.

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^(*)

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.

(*) 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. 27
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

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

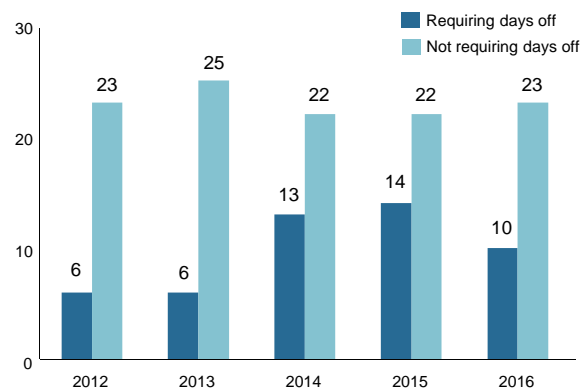
* The severity rate expresses the severity of accidents calculated based on the number of working days lost as a result of accidents.

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.

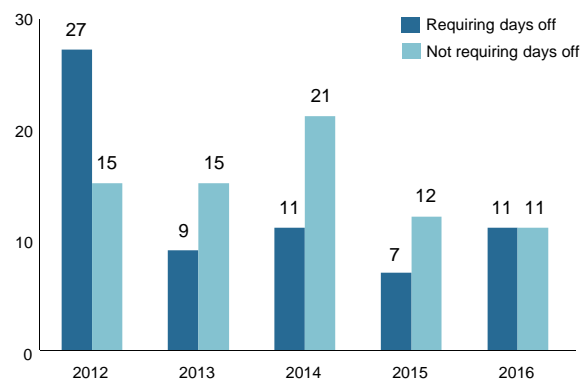
Trends in the number of accidents in domestic sites

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

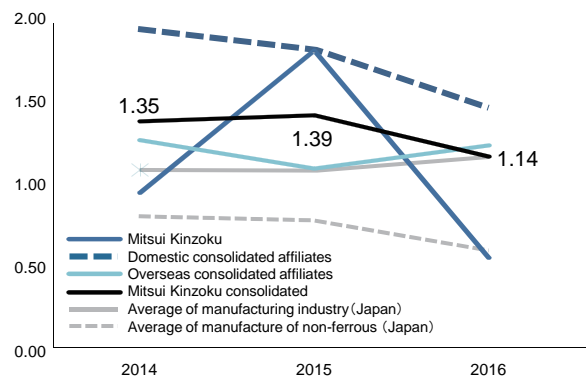


Trends in the number of accidents in overseas sites

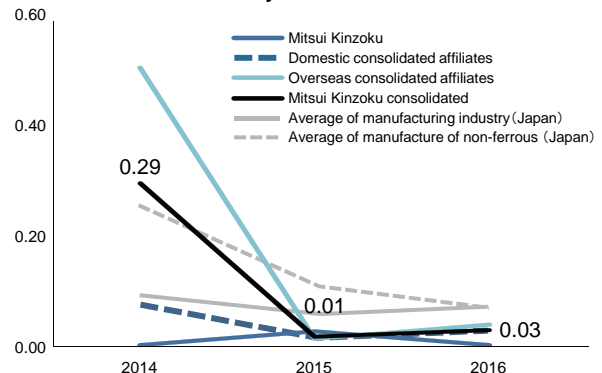
(※) Accidents that have occurred in cooperative companies and contractors.



Frequency rate of accidents



Severity rate of accidents



Acquiring land, building plants and recruiting people to work there. Procuring raw materials and utilizing technologies to create products with added value...products which are delivered to customers in the electronics or automotive industries or manufacturers of different materials, who add new value, all of this then culminating in the delivery of final products to the market. This has long been the business flow of Mitsui Kinzoku Group. It is the business of manufacturing.

Our work processes involve many environmental risks. We are constantly striving to monitor each of these risks and to minimize their impact as much as possible. It is in this “Environment” domain - more than in any other - that we are required to work on through both of our business and CSR activities.



Flitting Fireflies (in Kanagawa, Japan. June 2017)

Reduce environmental footprint

We are striving to conserve the global environment while producing useful materials that will contribute to sustainable development in society. Continuing to achieve such a balance is one of the important management issues of Mitsui Kinzoku Group.

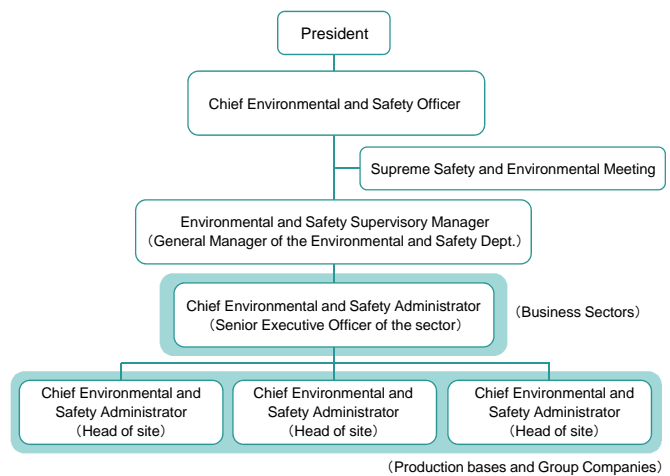
Conserve the environment and continue our business

Smelting non-ferrous metals from mineral ore and supplying useful materials for various industries and society. This is the origin of our business. However, developing mines and mining have an impact on the environment. Even in the process of refining and processing ore, we consume energy and water. We also inevitably create by-products, CO2 and waste. In 2001, we established the Basic Policy on Environmental Conservation and formulated the Environmental Action Plan aiming to improve our environmental management system and minimize the environmental impact.

Environmental management

Mitsui Kinzoku Group has established the Supreme Safety & Environmental Meeting as a place to deliberate and determine the most important matters related to safety and the environment.

Guidelines and action plans determined at the Meeting are spread to the business locations of the Group by the Environmental and Safety Supervisory Manager (General manager of the Environmental and Safety Dept.) under the direction of the Chief Environmental and Safety Officer. At each business location, the Head will execute the action plans as the Chief Environmental and Safety Administrator.



Environmental Management System

Basic Policy on Environmental Conservation

- 【Principle】** Positioning the conservation of the global environment as one of the most important management issues, we will act with consideration for environmental conservation in all aspects of our business activities.
- 【Policies】**
1. We will make efforts to prevent environmental contamination and reduce environmental burden by complying with environment-related laws and regulations and setting necessary self-standards.
 2. We will improve the organization and system to promote the environmental preservation activities at each location and company of the Mitsui Kinzoku Group.
 3. We will strive to prevent global warming and reduce wastes and the emission of environmental pollutants by setting targets.
 4. We will actively promote the development of environmentally-friendly technologies, materials, and products.
 5. We will continuously improve the environmental management system by regularly implementing an audit.
 6. We will increase the awareness of environmental preservation by reminding all people working for the Mitsui Kinzoku Group of its importance through education and information, etc. about the environment.

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

Environmental audits

We conduct an environmental audit at all 45 business locations in Japan. We conduct it annually at mines and business locations with a high environmental risk that engage in smelting, once every two years at business locations with a moderate environmental risk among those that engage in the processing of parts, and once every three years at business locations with a low environmental risk. In 2016, we carried out an audit at a total of 23 business locations.

In an environmental audit, usually two or more auditors spend half a day to two days at one business location and conduct the audit according to ISO14001. The auditors collect performance data such as measured values of waste water and waste gases, etc., checking on-site risks, and also check responses to matters pointed out in the previous audit. The business locations complete the remedial measures for the matters pointed out in the audit within the relevant fiscal year.

In June 2015, we added the audit of statutory applications and notifications. We check whether applications required by laws and regulations are appropriately made.

Environmental training

Mitsui Kinzoku Group believes that increasing the environmental awareness of individual employees will help encourage environmental activities. We, therefore, provide lectures to encourage compliance with environmental laws and regulations. We implement workshops about environment-related laws and regulations as group training for employees of all group companies, gathering at our headquarters.

We are also focusing on environmental training that is helpful at the workplace. For example, we give lectures to site managers at each site about the laws and regulations required for their own operations. We provide training in relation to actual operations.



Environment-related laws basic seminar

Domestic and overseas operating sites that have obtained ISO14001 certification

[Mitsui Kinzoku]

- 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

[Mitsui Kinzoku Group]

- Nihon Kessho Kogaku Co., Ltd.
- Mitsui Kinzoku Catalysts Zhuhai Co., Ltd.
- PT.MITSUI KINZOKU CATALYSTS JAKARTA
- Mitsui Kinzoku Catalysts (Thailand) Co., Ltd.
- Mitsui Kinzoku Catalysts Vietnam Co., Ltd.
- Powdertech Co., Ltd.
- Nippon Yttrium Co., Ltd.
- Taiwan Copper Foil Co., Ltd.
- MITSUI COPPER FOIL (MALAYSIA) SDN.BHD
- Oak-Mitsui Inc.
- Mitsui Copper Foil (Suzhou) Co., Ltd.
- Mitsui Electronic Materials Co., Ltd.
- Mitsui Kinzoku Korea 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.
- Public Nuisance & Medical Research Institute, Inc
- Shanghai Mitsui Xin Yun Precious and Rare Metal Recycle Co., Ltd.
- Compania Minera Santa Luisa S.A.
- Mitsui Kinzoku ACT Corporation
- GECOM Corp.
- MITSUI SIAM COMPONENTS CO.,LTD.
- MITSUI COMPONENTS EUROPE LTD.
- Mitsui Components Guangdong Co., Ltd.
- MITSUI KINZOKU ACT MEXICANA, S.A. de C.V.
- Mitsui Kinzoku Trading Co., Ltd.
- 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
- Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd.
- Yoshinogawa Electric Wire & Cable Co., Ltd.
- MESCO, Inc.
- MINDECO, Iwami mining station
- Okuaizu Geothermal Co., Ltd. Nishiyama Office
- Mitani Rolled Copper Co., Ltd.

Environmental audit 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
Nippon Yttrium Co., Ltd.	Apr. 12
Miike Smelting Co., Ltd.	Jul. 28-29
Perlite Division., Osaka Plant	Aug. 23
Takehara Refinery	Aug. 25-26
Mitsui Kinzoku ACT, Kyushu Plant	Sept. 05
Yoshinogawa Electric Wire & Cable Co., Ltd.	Sept. 08-09
Mitsui Grinding Wheel Co., Ltd.	Sept. 14
Hikoshima Smelting Co., Ltd.	Sept. 28-29
Kamioka Mining and Smelting Co., Ltd.	Oct. 18-19
Mitsui Kinzoku Instrumentations Technology	Oct. 24
Mitsui Kinzoku Die-Casting Technology Co., Ltd.	Oct. 27
Mitsui Sumitomo Metal Mining Brass & Copper	Nov. 01-02
Mitani Rolled Copper Co., Ltd.	Nov. 8-11
Hachinohe Smelting Co., Ltd.	Nov. 10-11
Kamioka Components Co., Ltd.	Nov. 15
Nihon Mesalite Industry Co., Ltd.	Dec. 14
Kyusyu Precision Equipment and Components	Dec. 20

Environment-related laws workshops (FY2016)

[Site]	[Date]	[Participants]
Tokyo Head Office	Apr. 28	10
Kamioka Mining & Smelting Co., Ltd.	Jul. 01	9
Hikoshima Smelting Co., Ltd.	Aug. 05	8
Takehara Refinery	Sept. 02	10
Ageo training center	Sept. 16	7
Kamioka Mining & Smelting Co., Ltd.	Oct. 14	7
Miike Smelting Co., Ltd.	Nov. 18	6

Environmental law seminars (FY 2016)

[Target]	[Date]	[Participants]
Person in charge of environmental	Sep. 09	50
Person in charge of environmental	Mar. 07	25

Environmental seminars as Training for each level of employees (FY2016)

[Target]	[Date]	[Participants]
New employees	Apr. 10	38
Employees in the third year	Jul. 13	47
New employees (Follow-up)	Oct. 11	38
6th grade (1)	Nov. 07	28
6th grade (2)	Nov. 28	27
6th grade (3)	Jan. 30	31

Environmental e-Learning course (FY2016)

[Target]	[Term]	[Participants]
Newly-appointed person	Oct. 2016-Mar. 2017	151

* 73 participants have already completed the course at the end of FY.

Environmental training in overseas bases (FY2016)

[Company name]	[Contents]
Mitsui Components Europe Ltd.	"Waste Segregation"
Mitsui Kinzoku Catalysts America Inc.	"Operation standard"
Oak-Mitsui, Inc. Camden	"Resource conservation & recovery, Hazardous material transportation & disposal, Chemical spill prevention & control, P/C waste water treatment, OMI environmental permits & requirements."
GECOM Corporation	"ISO14001 Overview"
Mitsui Kinzoku ACT Mexicana	"Environmental Standard"
Compania Minera Santa Luisa S.A.	"Environment assessment, Waste separation, Effluent standard and Tree plantation"
Shanghai Mitsui Xin Yun Precious and Rare Metal Recycle Co., Ltd.	"Treatment in emergencies (Liquid leak)"
Mitsui Kinzoku Catalysts Zhuhai Co., Ltd.	"ISO14001 Basic"
Mitsui Kinzoku Advanced Ceramics (Suzhou) Co., Ltd.	"Effluent standard"
Mitsui Copper Foil (Suzhou) Co., Ltd.	"Environmental management system"
Wuxi Dachong Industry	"Protection of environment and Waste separation"
Mitsui Components Guangdong Co., Ltd.	"Environment+Energy-saving and Training for internal inspectors"
Taiwan Copper Foil Co., Ltd.	"The education of environment-related controlled substances"
Mitsui Electronic Materials Co., Ltd.	"ISO14001 Concept and Protection of environment"
PT. Mitsui Kinzoku Catalysts Jakarta	"Anticipation for Chemical's Leakage and gas's leakage"
Mitsui Kinzoku Catalysts Vietnam Co., Ltd	"Environmental training by outside instructor"
Mitsui Grinding Technology(Thailand)Co., Ltd.	"Chemical waste control"
Mitsui Kinzoku Catalysis (Thailand) Co., Ltd.	"Theory and Practice"
Mitsui Siam Components Co., Ltd.	"Theory and Practice"
Mitsui Copper Foil (Malaysia) Sdn. Bhd.	"Series of ISO14001 : 2015 Training"
MITSUI KINZOKU COMPONENTS INDIA PRIVATE LIMITED	"Tree Plantation"

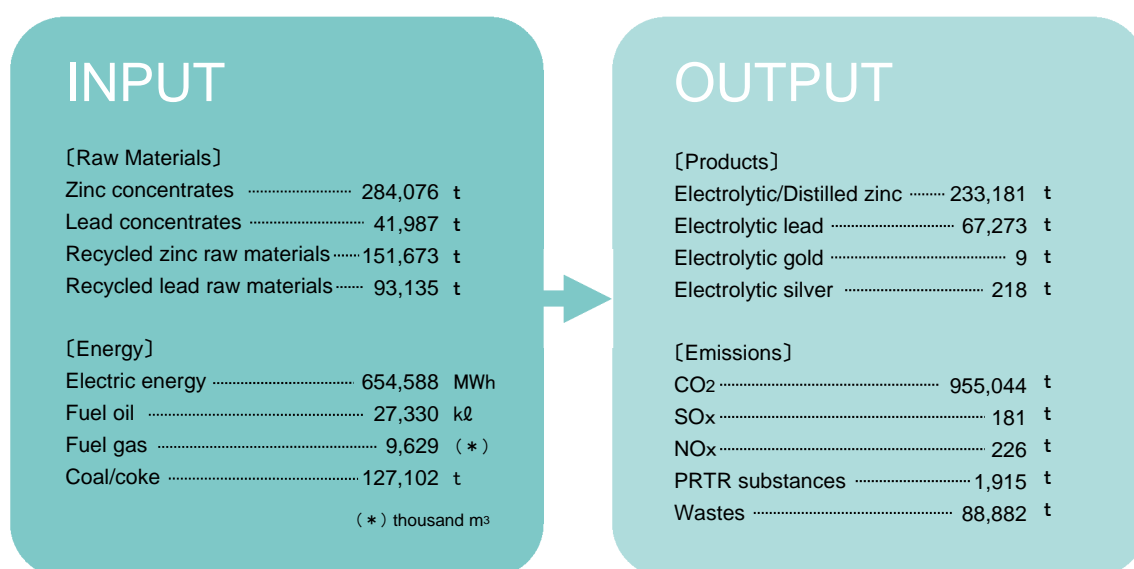
A total of 3,441 people participated in environmental training held in 21 overseas production bases.

Overall environmental adverse impacts in the smelting business^(※)

In fiscal 2016, Mitsui Kinzoku Group emitted 1,338,000 tons of CO2 from fuel combustion through its business in Japan, of which the smelting business makes up more than 70%. Accordingly, we have compiled raw materials and energy (input) as well as products and emissions (output) in the smelting business. The smelting business requires massive electricity. The Group works to

contribute to resource recycling society by reducing its energy consumption and promoting recycle-smelting.

(※) The scope covers four manufacturing sites: Hachinohe Smelting Co., Ltd., Kamioka Mining and Smelting Co., Ltd., Hikoshima Smelting Co., Ltd., and Takehara Refinery. We have started to gather environment-related information on businesses other than the smelting business, including overseas sites.



Use of recycled raw materials

Mitsui Kinzoku Group is working on the recycling of waste to contribute to the sustainability of society by using resources as effectively as possible.

In fiscal 2016, the use of recycled raw materials exceeded its use of natural resources such as ore.

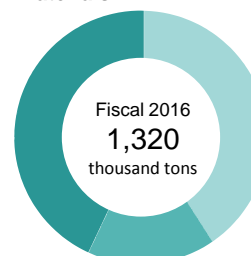
In Japan, recycled materials account for 42.3% of the raw materials used in smelting and materials segment and 51.9% of the raw materials used in other business segments. The share for our group, as a whole, including overseas affiliates, is 37.9%.

Breakdown of usage by type of raw material

Used products that have become waste, by-products of another company, etc.

Recycled raw materials

43.0%
567,723 t



Unused natural products such as ore

Primary raw materials

41.0%
540,922 t

Unused products, parts, etc. manufactured or processed by another company

Secondary raw materials

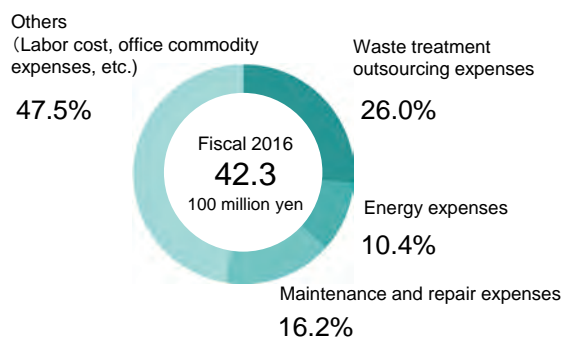
16.1%
212,122 t

Investment and expenses

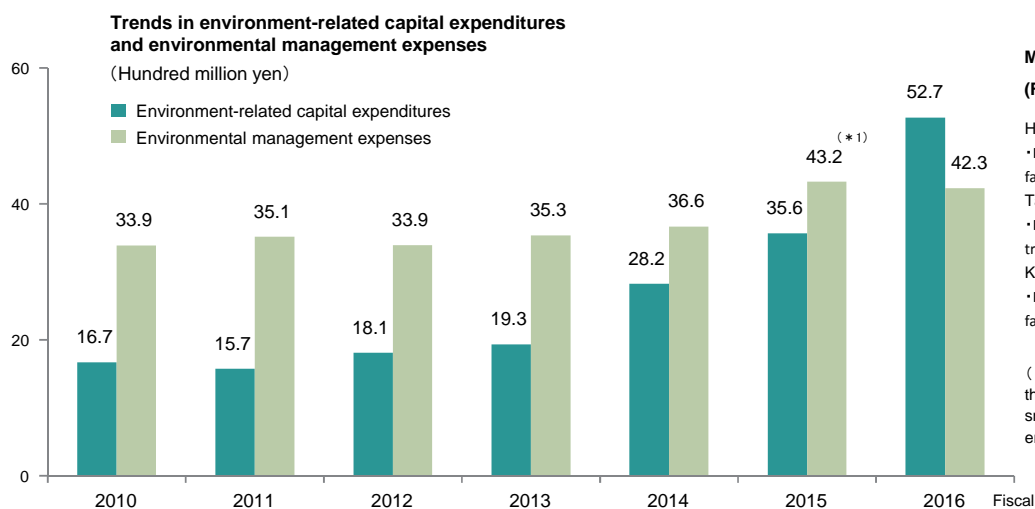
Every year we invest in environmental conservation activities and we are steadily reducing our environmental impact.

We make efficient environmental investments, taking into account their cost effectiveness. Environmental expenses in fiscal 2016 were 4,230 million yen, a decrease of 2.1% year on year. Environmental investments totaled 5,270 million yen, an increase of 48.0% year on year.

Large investments in fiscal 2016 included expansion of wastewater processing capacity at Hachinohe Smelting and expansion of waste gas processing capacity at Takehara Refinery and Kamioka Mining and Smelting. We make environment-related investments at a total of 29 business locations in Japan, mainly at business locations related to the smelting business.



Break down of environmental management expenses



Main capital expenditures (FY 2016)

- Hachinohe Smelting Co., Ltd.
 - Improvement of waste water treatment facilities
- Takehara Refinery
 - New construction of waste gas treatment facilities
- Kamioka Mining and Smelting Co., Ltd.
 - New construction of fuel gas treatment facilities

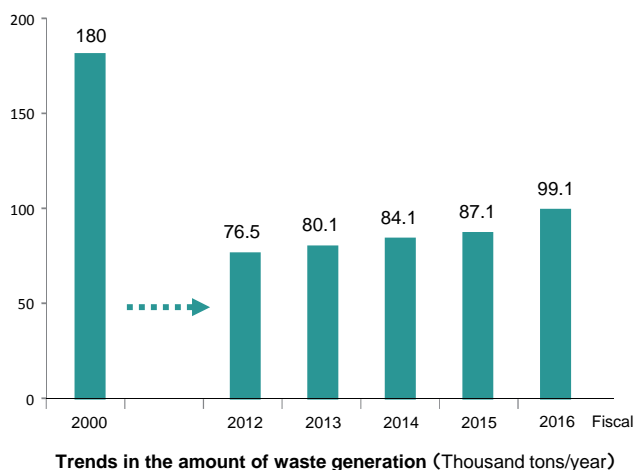
(*1) The figures are different from those in last year's report because some smelters changed the classification of environmental management expenses.

Reduce waste

We are constantly working to reduce waste through efforts to develop the process of reuse and recycle wastes in such a way as crushing waste flexible containers for use as a heat source.

In the Environmental Action Plan formulated in 2001, we set a target waste generation rate (the amount of waste generation excluding waste to be reused and recycled/net sales) at each business location.

In fiscal 2016, the amount of waste generation rose by 12.0 tons from the previous fiscal year due to an increase in the amount of production.



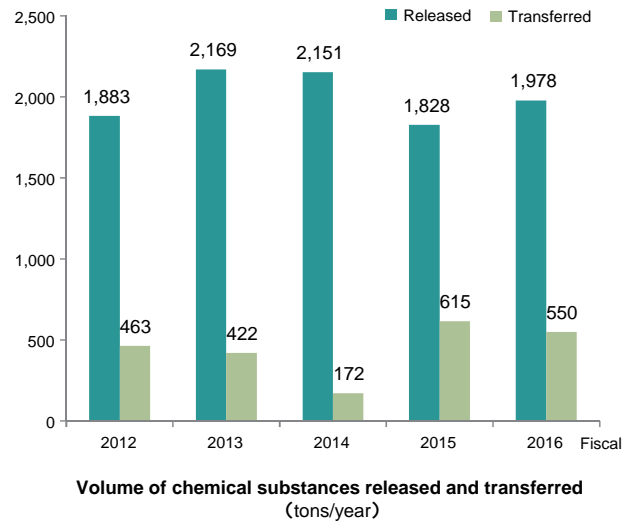
Trends in the amount of waste generation (Thousand tons/year)

Reduce emissions of chemical substances

Each manufacturing site of the Group files the release and the transfer amount of chemical substances to the government under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register [PRTR]). The release of the top six substances, such as lead compounds, arsenic, and inorganic compounds thereof amount to 97.9% of the total released in fiscal 2016.

The management of hazardous chemical substances contained in products has become an essential requirement. We also respond to the guidelines for chemical substances contained in products, such as the RoHS Directive and the REACH regulations required by customers.

Mitsui Kinzoku Group continuously strives to collect and replace chemical substances that may cause environmental pollution. Thus we focus to reduce or remove use of such chemical substances from our products.

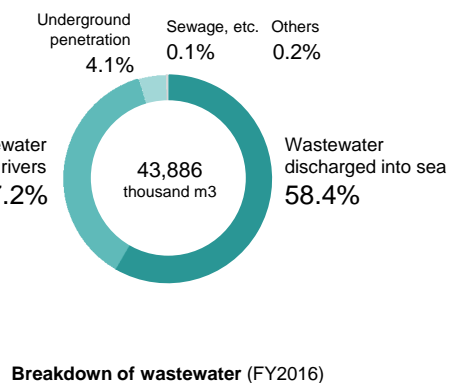
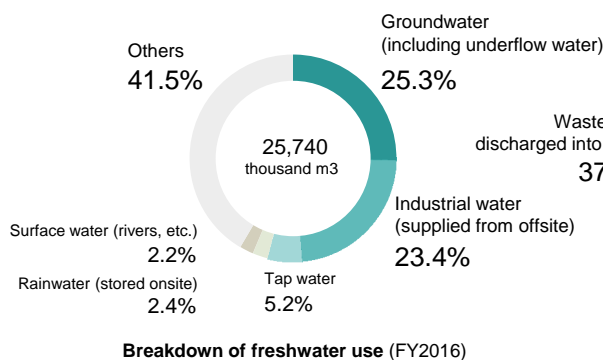
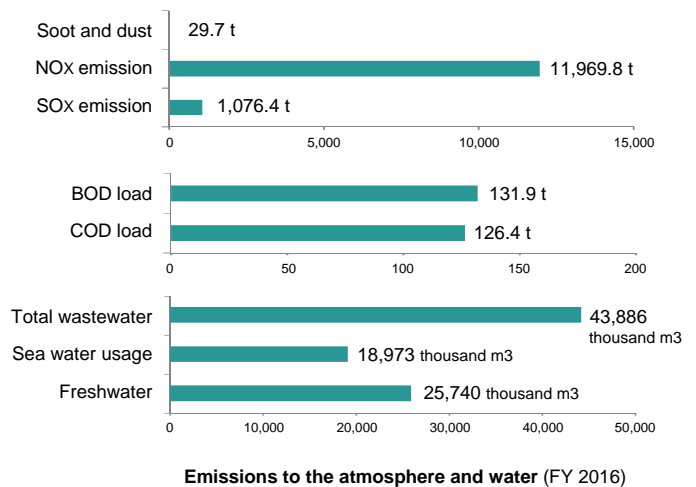


Prevent air pollution and water pollution

Every manufacturing site of Mitsui Kinzoku Group monitors the following in accordance with laws, regulations and ordinances and voluntary standards.

Sulfur oxide (SOx) emissions produced on the combustion of fossil fuels containing sulfur, nitrogen oxide (NOx) emissions from boilers, incinerators and other combustion equipment, and particulate matter, as well as water quality including BOD and COD which indicate the level of organic material in wastewater. Starting from this fiscal year, we are gathering the monitoring results of each business site across the entire Group.

* The accuracy of figures for some overseas business sites cannot be fully verified and are therefore omitted from this report.



Efforts to prevent global warming

We steadily take steps towards sustainable low-carbon society through expanding and sharing approach and performances by our manufacturing sites and logistics departments to other processes in the Group.

We also set a group-wide reduction target of carbon footprint.

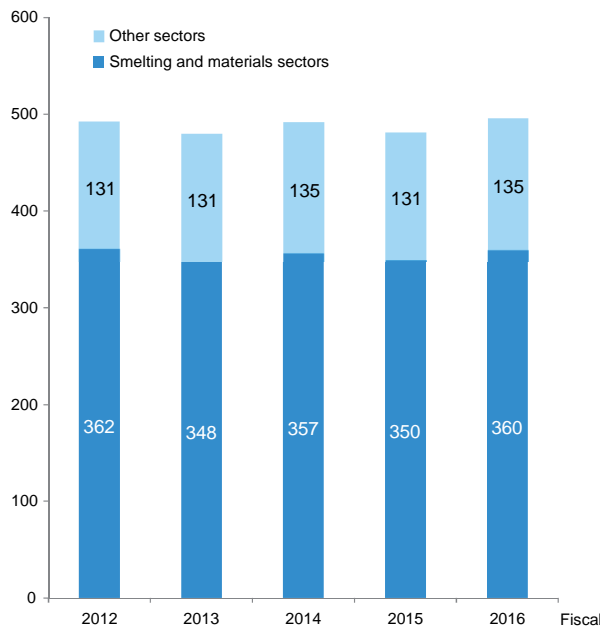
Reduce CO2 emissions

Mitsui Kinzoku Group has set a reduction target for the energy consumption rate (crude oil equivalent energy consumption/net sales). We are executing a specific reduction plan.

The crude oil equivalent energy used by the overall Group has declined since its peak in fiscal 2007. In fiscal 2016, however, the smelting and materials segment increased the energy volume by 2.9% year on year, to 360,200 kiloliters per year, and the Group as a whole increased it by 3.0%, to 495,600 kiloliters per year.

In fiscal 2016, CO2 emissions from fuel combustion of Mitsui Kinzoku Group as a whole rose by 8.4% year on year, to 1,338,000 tons per year. The CO2 emissions from fuel combustion increased by 16.3% from fiscal 1990, the base year of the Kyoto Protocol, due to the production expansion at the smelting segment and changes in the power generation mix of the electric power companies. We will strive to reduce CO2 emissions further through the efficient use of electric power and coke at the manufacturing sites.

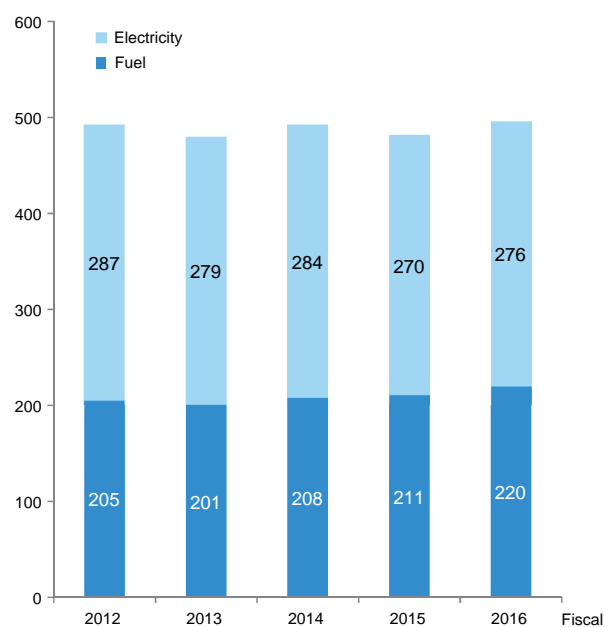
(thousand kL / year)



Total energy consumption volume in a crude oil equivalent

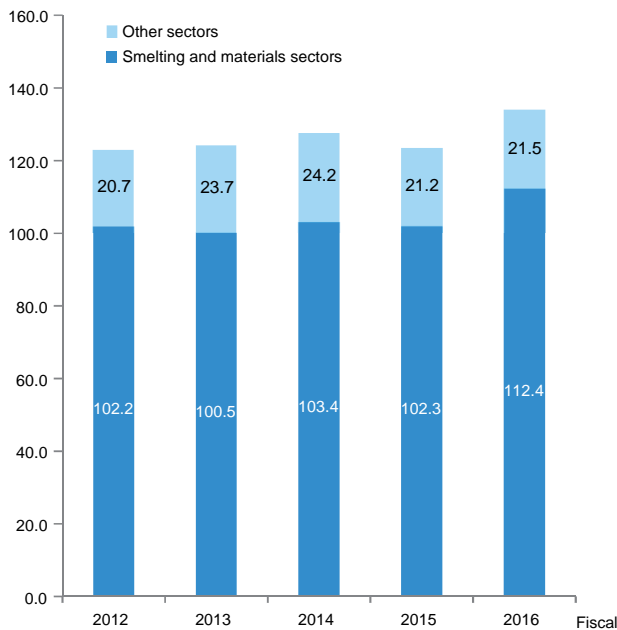
※ Covers only business locations of Mitsui Kinzoku domestic consolidated.
 ※ The breakdown figures prior to FY2016 are different from those in last year's report due to a change in segmentation at certain business locations.

(thousand kL / year)



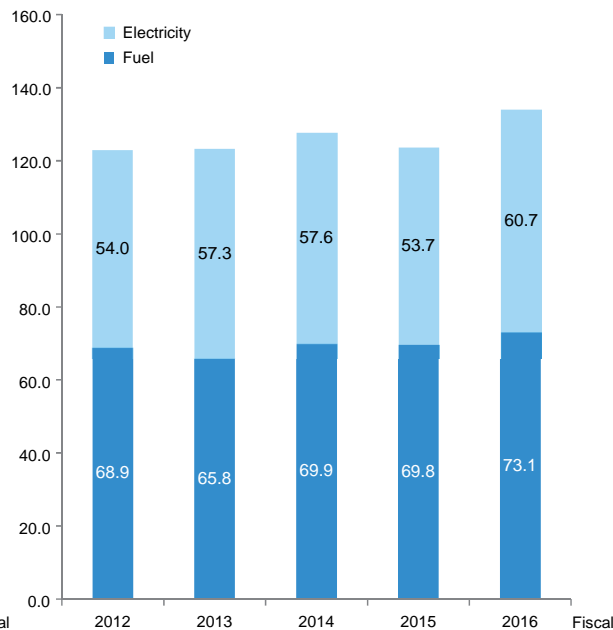
Breakdown of energy consumption by type of energy

※ Covers only business locations of Mitsui Kinzoku domestic consolidated.



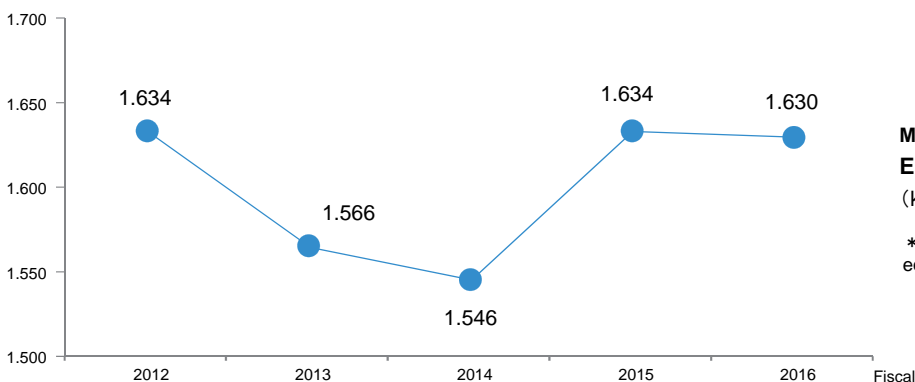
CO2 emissions from energy consumption
(ten thousand tons CO₂/year)

※ Covers only business locations of Mitsui Kinzoku domestic consolidated.
 ※ The breakdown figures prior to FY2016 are different from those in last year's report due to a change in segmentation at certain business locations.



Breakdown of CO2 emissions by type of energy
(ten thousand tons CO₂/year)

※ Covers only business locations of Mitsui Kinzoku domestic consolidated.



**Mitsui Kinzoku Group (domestic)
Energy consumption per unit**
(kL / million yen) *

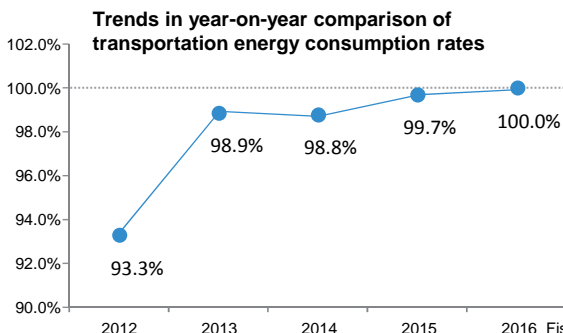
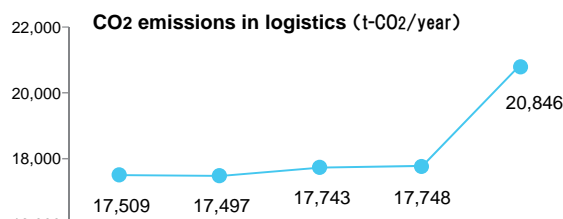
* Energy consumption in a crude oil equivalent / net sales

Reduce energy consumption in logistics

Mitsui Kinzoku Group strives to reduce the use of transportation fuel and CO₂ emissions through measures such as improving the loading ratio at transportation, shortening transportation routes, and promoting a modal shift from trucks to transportation by railways and ships. Although transportation efficiency deteriorated in fiscal 2011 when we were affected by the Great East Japan Earthquake, we have been consistently reducing energy consumption on a year-on-year basis from fiscal 2012. The average rate of change in the basic unit in the most recent five fiscal years has reached 99.3%.

(Graphs on the right)

- * Non-consolidated values for Mitsui Kinzoku are reported annually to the Ministry of Economy, Trade and Industry.
- * Energy basic unit = Energy consumption (crude oil equivalent) / ton-kilometer (t-km)
- * Year-on-year comparison value for fiscal 2015 has been revised from the value published last year.



Creation of renewable energy

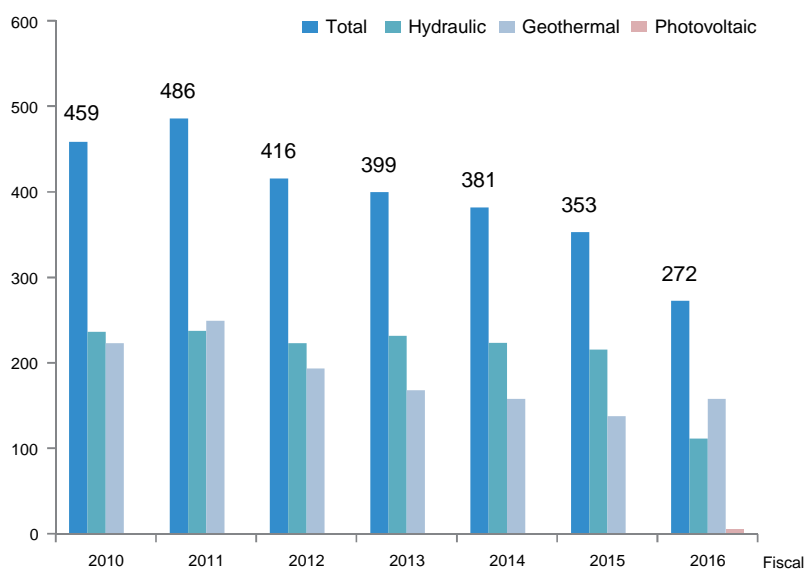
Types of energy such as solar light, solar heat, water power, wind power, and geothermal heat are non-exhaustible. These types of renewable energy also emit almost no CO₂. Mitsui Kinzoku Group will further expand the use of renewable energy as clean energy in place of fossil fuels.

Kamioka Mining and Smelting Co., Ltd. has 10 hydroelectric power plants. The earliest one began operating in 1917. Now those plants are under renewal construction in order. The total hydroelectric output will be around 40,000 kW after all renewal have been completed. Hikoshima Smelting Co., Ltd. has started the solar PV which outputs around 2 MW (megawatts) since March 2016.

Energy-Saving Committee

We have an Energy-Saving Committee which promotes the reduction of energy consumption and the reduction of greenhouse gas emissions at manufacturing sites in Japan. The chair is nominated by the President from among the Directors and take on responsibility as the Energy Management Administrator.

The Energy-Saving Committee sets goals for the rationalization of energy consumption and checks the progress of activities at each business location. It also plans measures to save energy and reduce CO₂ emissions such as the adoption of energy-saving equipment, improvement in the in-house generation rate, and effective use of renewable energy and waste heat.



Total power generation using renewable energy (GWh)

※ Includes power consumed in house as well as power supplied to utilities.

※ Includes domestic sites as well as overseas sites which generate their own power.

Okuaizu Geothermal Co., Ltd. has supplied geothermal heat to Yanaizu-Nishiyama Geothermal Power Plant of Tohoku Electric Power Co., Inc. since the operation start in May 1995. As a single unit of geothermal power generation, it has largest output of 65,000 kW in Japan.



Hikoshima Smelting Co., Ltd. has started solar PV which outputs around 2 MW (megawatts) since March 2016. The generation capacity is expected about 2,500,000 kWh annually which is to be covered annual electricity consumption for about 670 households.



Hydroelectric power plant in Huanzala Mine, Peru



Kamioka Mining and Smelting Co., Ltd. has 10 hydroelectric power plants. The earliest one began operating in 1917. Now those plants are under renewal construction in order. The total hydroelectric output will be around 40,000 kW after all renewal have been completed.

Atotsu power plant (photo above left), Do No.1 power plants (upper right), Kanakido No.2 power plant (middle right), Kanakido power plant (lower right)

Whether abundant or scarce, mineral resources are always finite. Every mine will enter the time of closing eventually.

Mines produce materials which are useful for our life and for industry. We have to manage them properly, both while they are in operation and also after they have closed. This is because mines may continue to impact on the surrounding environment even after operations are suspended.

This requires managing a much wider area than the area involved when managing a manufacturing site. As a company engaged in the mining business, this is a responsibility we have to fulfill.



Udo Mine (Izumo City, Shimane)

Preserve the natural environment

Mining mineral ore, which is a natural resource, and changing it to non-ferrous metal materials that are useful for industries and society are activities that we have been conducting for many years. We understand that these activities will work out only if we consider the environment and care about nature.

Management of suspended and closed mines

Mitsui Kinzoku has its origins in the commencement of mine operations in the Kamioka area by the Mitsui Clan in 1874. We have been developing and operating mines in different parts of Japan for the stable supply of underground resources. Currently, many of these mines have already been suspended and closed due to the depletion of resources and the increase in overseas procurement. In the suspended and closed mines, management needs to be continued to prevent mine pollution.

We are taking various measures to prevent mine pollution, such as keeping tailings dams where slag generated from ore mining has accumulated safe, keeping the quality of waste water from the pit mouths and tailings dams, regularly conducting inspection tours and the checking of managed sites for the above purposes, monitoring water quality in neighboring areas, and purifying water quality at the pit waste-water treatment facilities.

We have drawn the following conclusion from a stability analysis of tailings dams we conducted against large-scale earthquake vibrations: the risk of collapse and the possibility of the occurrence of disaster downstream are extremely low, even if a large-scale earthquake occurs.



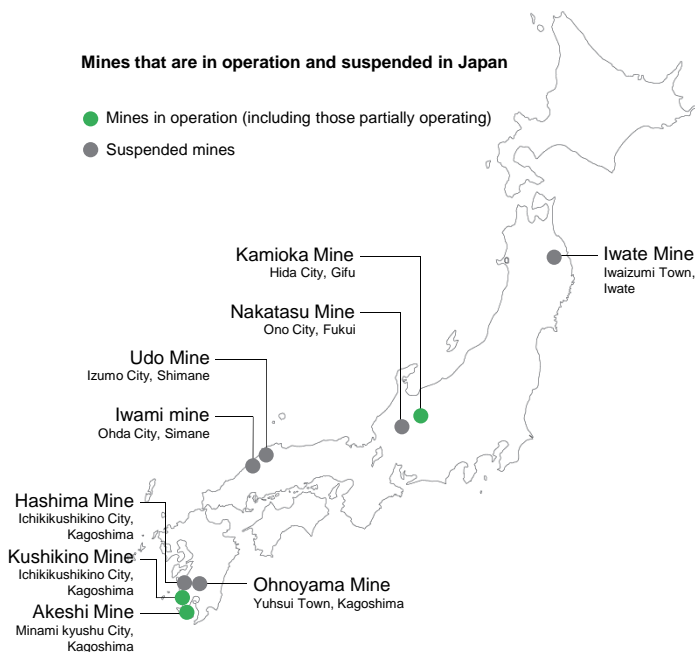
Contact of rainwater seeping underground with ore may generate acid water containing heavy metals. Therefore, it is necessary to monitor water from surrounding springs even at suspended and closed mines continually.



If we find caved holes, holes must be plugged or enclosed by fences to prevent people from falling. Closed pits are also controlled carefully.

Mines that are in operation and suspended in Japan

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





01

Management at Iwami Mine

Acquired by Mitsui Kinzoku in 1955, the Iwami Mine (Ohda City, Shimane Prefecture) produced black ore containing zinc, copper, etc. and gypsum. In 1975, we closed the gypsum mine due to falling sales. In 1984, we suspended black ore mining operations due to the depletion of mineral deposits. Since then, we have managed the suspended mine in the area.

The two accumulation sites cover a total area of 50,000 m². The water seeping out from each accumulation site is collected in a collecting tank and fed into a pit waste water treatment facility where the metal content is removed in a treatment tank. Once wastewater requirements are met, the water is then discharged.

In the Iwami area, we still mine zeolite, which is used in agents for soil remediation and feed additives.

01 Water seepage varies depending on inflows of rainwater and groundwater. It is necessary to measure and monitor this wetness on a regular basis. We also check whether there is any new water welling up from the mine and to provide drainage canals or carry out reinforcement work where necessary.

02-03 Daily water quality checks to determine the state of pit waste water welling up from the mine are indispensable.

※ In the picture, the periphery of the drainage port of the pond has turned red is due to the iron contained in the waste water.



02



03



Huanzala Mine (Peru)

Environmental measures at Huanzala mine

To stably supply non-ferrous metals, Mitsui Kinzoku has been exploring and developing mines around the world. The Huanzala Mine is located at an altitude of around 4,000 meters in the Andes Mountains. Mitsui Kinzoku has improved the infrastructure in neighboring areas, protected the natural environment and built relationship with local communities.

Peru, in South America, is one of the largest mineral resource-producing countries in the world. Since 1968, Mitsui Kinzoku has been operating the Huanzala Mine in Ancash located middle of Peru. Since its founding, we've supplied concentrated minerals to Peru as well as to Japan for nearly half century.

Compania Minera Santa Luisa S.A. operates the Huanzala Mine. The subsidiary has been pursuing a number of environmental initiatives over many years. It neutralizes acid water generated from the pit and promotes the recycling of waste water. It always investigates the stability of tailings dams and installs a dust collection system at mills. In addition, it purifies living drainage. It also sorts and collects waste, and waste that cannot be used effectively is duly outsourced to processors for disposal. The company also works on tree planting on the premises.

The Huanzala Mine was the first mine at which PAMA※, enacted in 1997 in Peru, was applied.

※ PAMA = Programa de Adecuación y Manejo Ambiental (the Environmental Adjustment and Management Program)

Support for local communities

Compania Minera Santa Luisa S.A. has also been consistently striving to support local communities, aiming to coexist and prosper together with them based on a relationship of trust.

The company supplies electricity from the in-house hydraulic power plant to Huallanca, a local town, free of charge. It has also built a school, donated school supplies and equipment such as computers and books, built cultural facilities, improved the infrastructure in the town such as streets and water and sewerage systems, and provided medical support. It has also provided guidance on agricultural and animal production technology. The company shares information on mine operations with local residents in the committee the company has established and offers support under an agreement with them.



04

04 Environmental monitoring. The wastewater discharged from areas of operation as well as natural water and drinking water are regularly analyzed and managed.



05

05 Tree planting on the premises. Local residents also take part.

from Chief Environmental and Safety Officer

Ensure the safety of everyone involved in our manufacturing processes, and minimize the impact on the environment.

We aim to use natural resources to create products that help solve social issues.

As a company with its roots in mining and the smelting business, we are aware of the impact our activities have on the environment and the role required of us. And as we broaden our business fields, we position preservation of the environment as one of our most important management issues.

In particular, in seeking co-existence between our bases and communities, we place importance on preventing pollution of the environment. We are strengthening our environmental management structure and conduct regular environmental audits. We also provide environmental training to our employees.

To preserve the environment, we are saving energy, cutting our CO₂ emissions and reducing waste from a global perspective. At the same time, we also effectively use resources through our recycle-smelting operations and create renewable energy using water power, sunlight and ground heat.

As a manufacturing company, we are also required to protect the occupational safety and health of our employees, which is the bedrock of all business. We identify hazards at all our business locations and prioritize increasing intrinsic safety, including scrapping dangerous equipment or isolating it so that no one comes into contact with it.

The eradication of accidents caused by activities which are against the rules is also an important issue for us. We take various steps to ensure safety compliance and increase the hazard perception of individual employees, including providing experiential safety training, sharing near miss scenarios and conducting site patrols.

Mitsui Kinzoku Group believes that to continue being trusted by society and its stakeholders, it must fulfil its responsibility to protect the environment and raise awareness about occupational safety and health. The Group will update its stakeholders on its progress and new initiatives in these areas in CSR report.



Hiroshi Mozumi

Executive Officer Chief Environmental and Safety Officer

With business partners

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

For impartial and fair transactions

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

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

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

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

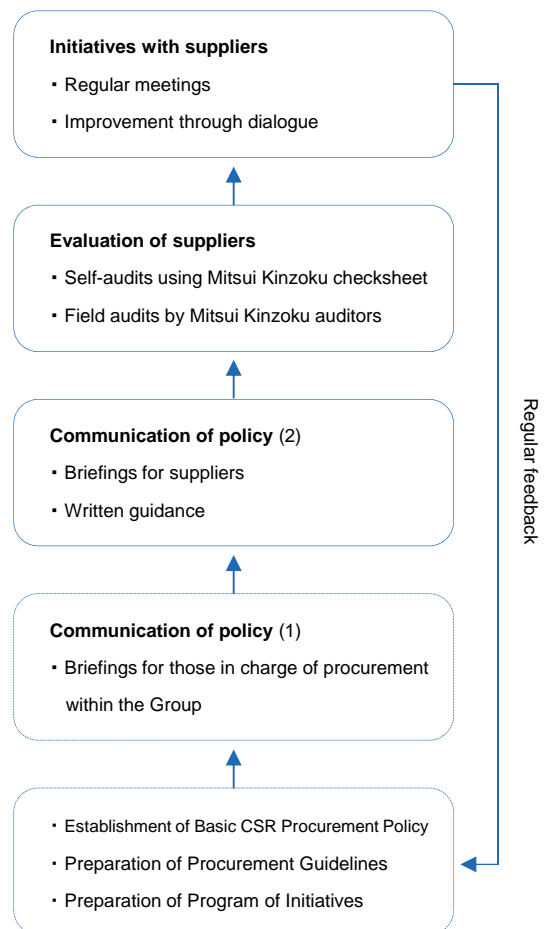
Accelerating efforts with business partners.

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

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

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

Our Basic Procurement Policy and a proposed Program of Activities with suppliers has been prepared by our Corporate Planning Department and CSR Office. We plan to make the transition from planning to execution of concrete measures by fiscal 2018.



Future supply chain initiatives



All photos show a supplier briefing session held in Japan (March 2017, Yokohama)

Approach at Mitsui Kinzoku ACT Corporation

The automotive parts business is one of the most globalized business in Mitsui Kinzoku Group. For Mitsui Kinzoku ACT which aims to become the No.1 supplier of the door latch in the world, pursuing the highest quality and competitive costs is the most essential element in daily operation. It's highly important to collaborate with its business partners to achieve the ACT's purpose. ACT's each business unit divided by global business areas encourages business partners to follow ACT's business and procurement policy. In addition, supplier seminars are held regularly in order to share business issues.

Acquisition of external evaluation of CSR by Mitsui Kinzoku Act

In the automotive industry, which is Mitsui Kinzoku Act's customer, initiatives to integrate CSR practices in the supply chain are increasing. As a Tier 1 supplier, Mitsui Kinzoku Act also underwent an assessment by EcoVadis, a third-party CSR assessment organization introduced by the customer.

Mitsui Kinzoku Act had operated a management system according to OHSAS, ISO14001 and ISO/TS16949 prior to the assessment. It has also focused on areas such as compliance and supplier audits. Mitsui Kinzoku Act received a Bronze Medal in fiscal 2016 from EcoVadis for the first time. This represents a starting point for further promotion of CSR activities in the future. The acquisition of an external assessment of CSR enables visualization of corporate value which previously could not be quantified. Mitsui Kinzoku Act will continue to undergo an external assessment in the future to quantitatively show its corporate value to customers and to become an attractive supplier for customers in areas other than QCDDS*.

* Quality, Cost, Development, Delivery, Service



Intellectual property for business advantage

Intellectual property is an essential part of business activities.
We respect intellectual property rights and promote to acquire and to use them.

Our activities for intellectual property

Intellectual property (IP) is essential for Mitsui Kinzoku Group's business operations. We respect intellectual property rights and seek to acquire and use them. The President's Policy on Intellectual Property sets out the Group's philosophy as follows: "Based on our recognition of intellectual property as an important management resource, we will aim to maximize corporate value by using intellectual property to fully consolidate our "world-class manufacturing capability."

Group structure for IP

The organization of our IP operations consists of the Intellectual Property Department, specialist IP sections in our business units, and the IP staff of each division/group companies.

The IP Department plans the Group's IP activities, provides support to divisions, centrally manages IP administrative tasks and provides IP training. The specialist IP sections of business units conduct the IP activities of their respective business units while the IP staff of divisions/group companies conduct IP activities in their own divisions respectively.

Proper use of IP rights

When formulating our business strategies and R&D strategies, we first investigate the IP rights of other companies. By acquiring and protecting the IP of new products and new technologies, we obtain advantageous positions in our existing businesses and seek to create new businesses.

We prevent from disputing any IP risks by promptly detecting and dealing with them and we take appropriate action to deal with infringements of our IP rights.

Establishment of respect for IP as corporate culture

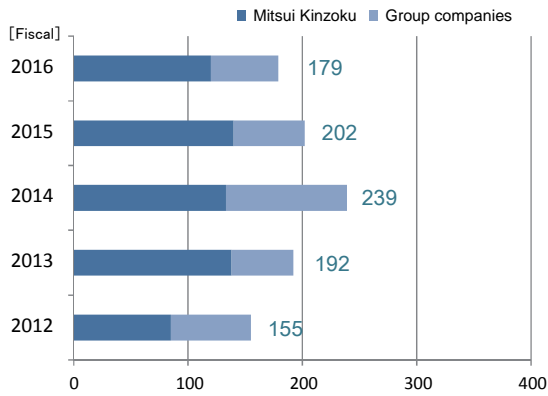
We aim to instill respect for intellectual property relating to inventions, designs, brands, etc. throughout the company and to establish this as part of our corporate culture. Intellectual Property Department provides beginner, intermediate and advanced training for employees mainly involved in R&D-related jobs to enhance employees' IP-related skills. It also provides individual training and training on specific themes according to the needs of each division.

Inventions by employees

Mitsui Kinzoku has established and applies rules for handling inventions in accordance with the Patent Act in Japan to encourage inventions by employees. Rather than inventions by employees belonging to the company, inventors receive reasonable benefits for submission of IP after filing and wage of IP after granted.

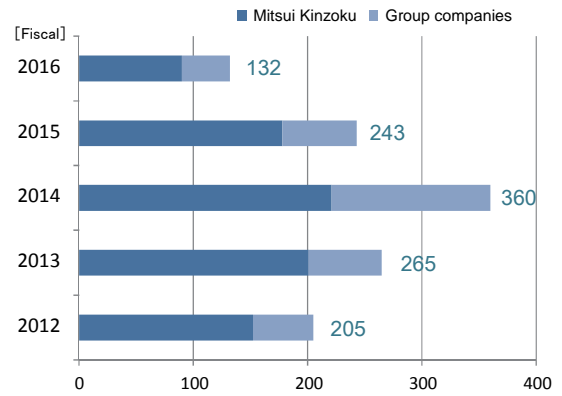
10-year vision

Our current Medium-Term Management Plan sets out a 10-year vision for IP operations of increasing the contribution of IP to business. We aim to strategically file applications to acquire IP rights and aggressive use of IP rights to establish ourselves as a company with strong IP.



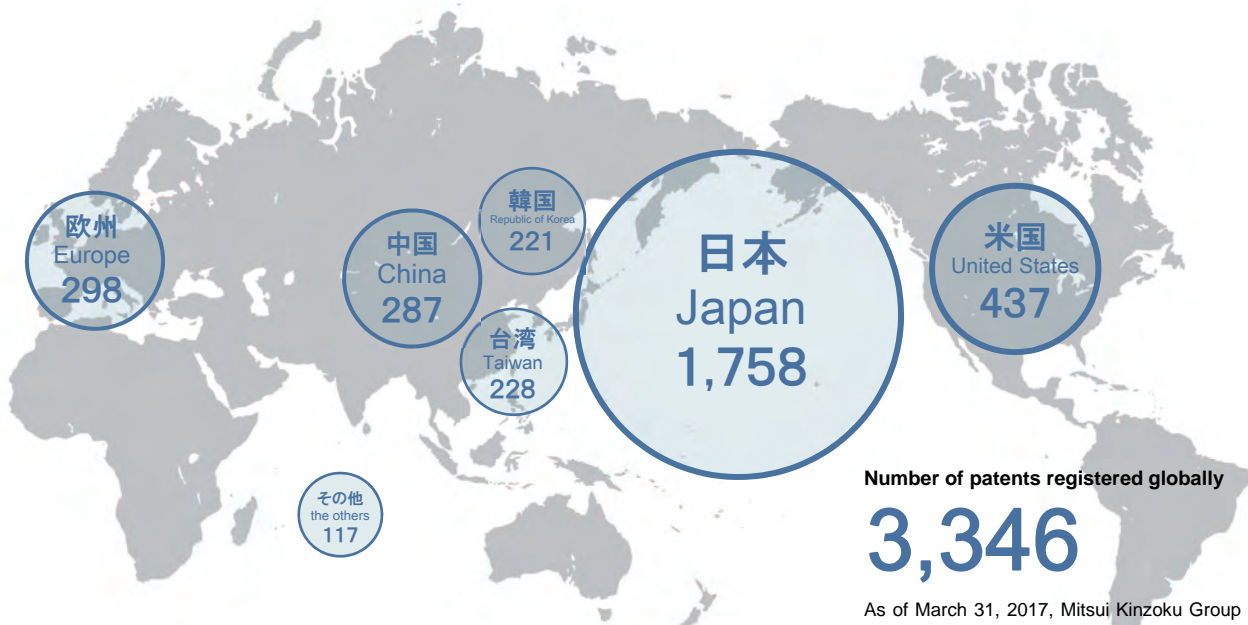
Number of Japanese patent applications

The total number of patent applications filed in Japan has trended down over the most recent three fiscal years, but applications filed by Mitsui Kinzoku have remained almost flat, ranging between 120 and 140.



Number of foreign patent applications

The number of foreign patent application filed by Mitsui Kinzoku is usually between 150 and 200. Recently, applications filed in China, South Korea and Taiwan account for around two-thirds of the total.

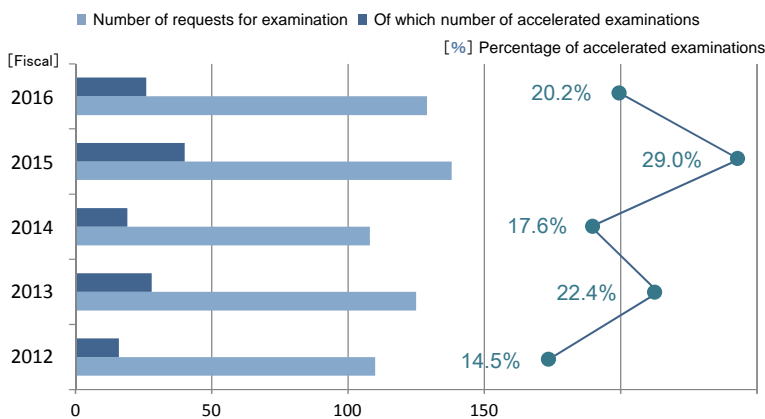


Number of patents registered globally

3,346

As of March 31, 2017, Mitsui Kinzoku Group has 1,758 patents registered in Japan and 1,588 registered overseas, bringing the total number of patents registered globally to 3,346. A breakdown of patents registered overseas by country/region shows that the U.S. accounts for the largest share with 437 patents or around 28%. The number of applications filed in China, South Korea and Taiwan has increased in recent years. The number of granted patents in those area is 736, that is almost half of all granted foreign patents.

Usage of accelerated examination for patents in Japan



Use of the accelerated examination

We use the accelerated examination for between 20% and 30% of our patent examination requests in Japan. We intend to get early grant of important rights. Average usage of accelerated examination for patents in Japan is between 7% and 9%, indicating that our use of the accelerated examination is high.

Efforts for quality assurance and improvement

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

Our basic approach to quality

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

We are pursuing the manufacturing of safe and high-quality products that satisfy customers by establishing the Basic Quality Policy in 2012 as the standards for our firm efforts for quality in each business areas and business locations in Japan and overseas.

Quality management system

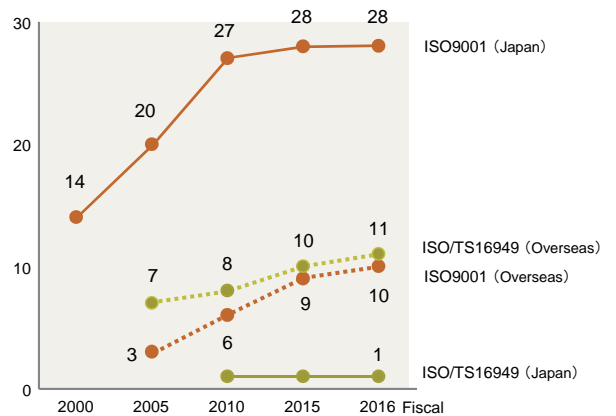
Each site in the Group conducts appropriate quality control in accordance with the quality management system regulated by respective division. The manufacturing sites, which had been judged required, have a official certification for their quality management such as ISO9001.

We have acquired ISO9001 certification at 38 manufacturing sites including overseas sites. We have acquired ISO/TS16949 certification, which is a specification for the automotive industry, at 12 manufacturing sites (as of the end of September 2016).

Quality control training

Throughout the year, we hold group training where employees learn and practice approaches and techniques to help improve quality. We also deliver onsite training and individual training.

In particular, we provide training to fully understand customer needs and mitigate product risks in new product development.



Number of operating sites with certifications

* The figure of 2016 is as of the end of September



Management skills training

Fundamental Quality Policy

[Philosophy]

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

[Policy]

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

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

Mechanism to support quality assurance

The Quality Management Rules established for all Group companies in 1984 advocate the involvement of all employees of the Group in Group Activities* as part of their operations, with the aim of cultivating human resources, invigorating workplaces, and improving operations. At the same time the Group Activities aim for human development in order to respect the humanity of individual workers, emphasize their abilities, and create strong work sites, in addition to the assurance and improvement of quality of our products.

* Group Activities: The term used by Mitsui Kinzoku for its activities to improve operations in a small group.



The company-wide Group Activities meeting in FY2016

Product safety information

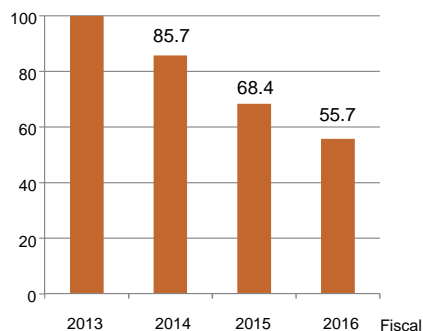
Mitsui Kinzoku Group complies with safety-related laws and regulations, and product safety information is communicated to customers via specifications, technical materials, safety data sheets, etc.



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

Quality issues

In fiscal 2016, there were no problems with our products and services in terms of product liability. Quality claims at our 13 sites in Japan have been trending down over the past four years (see graph on the right). As stated in our Fundamental Quality Policy, we adapt our quality assurance systems for each of our business areas and strive to refine our systems.



Number of claims at sites that hold QA meetings

* The data is expressed as relative values, with the data of FY2013 being 100.

Deemed necessary by communities and society

We are committed to continue contributing to members of communities and society.

Our approach

Mitsui Kinzoku Group communicates with all its stakeholders and actively promotes social contribution. Harmonious and mutually prosperous relationships with communities are fundamental to our business. This is because Mitsui Kinzoku Group's business is entirely contingent on the understanding and cooperation of local people.

Aware of our role as "a good corporate citizen," we continue to engage in communication with communities through our activities and build relationships of trust with local residents. We have recognized that it is time to move onto the stage of increasing understanding for our business activities among local people.

In the future, after completing this stage, we actively focus on solving the social issues faced by communities and link this to community development and to our own development as a member of the local community.

We are committed to continued engagement in the type of social contribution which only Mitsui Kinzoku Group can deliver.

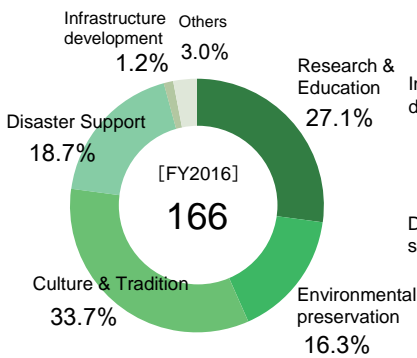
Promotional structure

Thus far, we have conducted social contribution closely linked to communities at each of our business sites, From fiscal 2018, General Affairs Department gather the results of social contribution in the previous fiscal year from each site as well as a report on planned activities for the fiscal year in question in every April. We will then share these within the Group to further promote CSR activities.

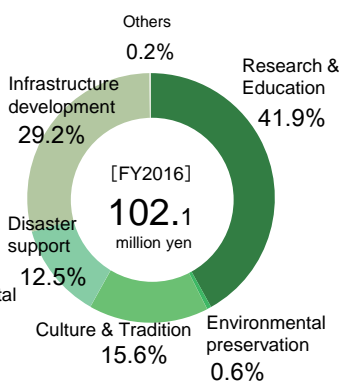
Our priorities

In light of actual activities in each region to date, we have identified "Research & Education," "Environmental Preservation," "Culture & Tradition" and "Disaster support" as priority areas. We participate in various activities including hosting plant visits and internships, community clean-up activities, and participation in community events. We also provide appropriate disaster support in line with our regulations.

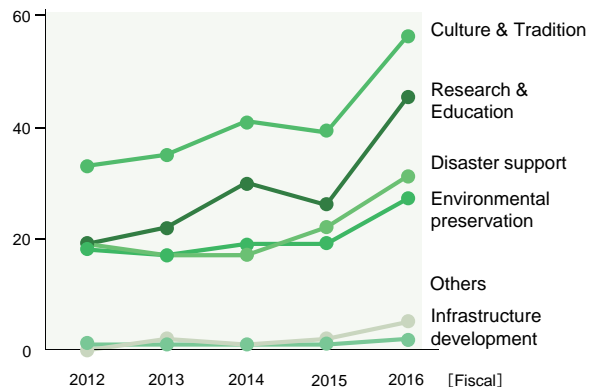
Breakdown of the number*



Breakdown of the amount*



Trend in the number*



* The date covers of 71 sites and companies of Mitsui Kinzoku Group.



From the old Satsuma province to the world – Transfer of mining technology –

Every year, around 100 trainees visit Akeshi Mine, operated by Mitsui Kushikino Mining Co., Ltd. to learn about mining technology. In particular, visits and training by trainees from overseas through organizations such as the Institute for Mining Technology, JICA (Japan International Cooperation Agency) and JMEC (Japan Mining Engineering & Training Center) are increasing. At Akeshi Mine, trainees can see the entire workflow from the extraction of ore from the ground to the crushing and sizing process all in one go. It is therefore popular among trainees. Akeshi Mine is highly rated as “one of Japan’s well-managed mines” for its strict environmental measures such as prevention of dust generation and waste water management.

Mitsui Kushikino Mining welcomes trainees who are keen to learn about mine development technologies to contribute to mine development in their home countries. In 2016, as in other years, the mine was visited as a “learning opportunity” by trainees on training programs of International Institute for Mining Technology as well as trainees from various African countries, the US, Canada, South Korea and a number of other regions. Akeshi Mine definitely contributes to develop human resources involved in mine development.

Presentations about the company to local students – useful for the students and us –

Kamioka Mining & Smelting Co., Ltd. and YOURSOFT Inc. took part in a corporate exhibition event called WAKUWAKU (EXCITING) WORK for students in Years 1-3 at Kamioka Junior High School, Hida city, Gifu Prefecture. This event explained the features and attractions of local companies to students and was the first of its kind planned by the Kamioka Chamber of Commerce & Industry to try to increase the number of young people hoping to work in local industries. Kamioka Mining & Smelting explained about Super-Kamiokande and its recycling business which involves removing lead from used car batteries, while YOURSOFT,

a system developer, talked about the role played by IT in society and how interesting IT work is.

Feedback from students included comments such as “I knew they were big companies located in Kamioka but I found out about the work they do,” “It was informative and made me interested in the company” and “IT makes the world go round and is cool.”

We continue to disseminate information by creating opportunities like this to help local residents to understand about our businesses.

(December 2016)



Experiencing the weight of ore by actually holding it.

Summer dance with 2,000 participants – Livening up local traditional events –

With its dance parades which feature around 2,000 dancers, Kushikino Sanosa Matsuri held in Ichikikushikino City, Kagoshima Prefecture is famous throughout Japan. Around 60 employees from Mitsui Kushikino Mining Co., Ltd. also took part in the parades, helping liven up this traditional event.

Kushikino Port, which is in Mitsui Kushikino Mining’s local area, is famous for deep-sea tuna fishing. Since the Meiji Era, fishing boats have gone out fishing as far as the waters off the Korean peninsula in search of tuna. However, Japanese-style sailing ships known as HACCHORO do not even have an auxiliary engine. They were, therefore, unable to adapt to sudden changes in the weather and many were apparently shipwrecked near Goto in Nagasaki Prefecture. The fishermen in those days used to set sail from Kushikino Port prepared to meet their fate. Kushikino Sanosa has its origins in a Goto folk song called Sanosa-Bushi. However, the emotions of the fishermen recalling their hometown of Kushikino were made into song lyrics and the folk song

turned into the mournful Kushikino Sanosa folk song, which has been passed down from generation to generation. A dance was choreographed for the song in 1971 and since then the dance has become a summer festival called Kushikino Sanosa Matsuri.

(August 2016)



Smiling faces – Connecting through sports –

The Indian subsidiary of Mitsui Kinzoku's catalyst business in India, MITSUI KINZOKU COMPONENTS INDIA (MKCI) held sports days to increase employee motivation and improve communication. One sports day was held for Bewal (the Bewal Plant and Gurugram Office) on February 9 and another was held for the Sanand Plant on March 19. Totally, around 300 employees took part. On the day, everyone wore matching sportswear and the participants enjoyed various sports. The games were lively, with teams including some Japanese staff competing against each other. MKCI President Yoshiyuki Komatsu says that "MKCI has withstood the slump in orders received caused by the withdrawal of high value bank notes in India at the end of 2016 and orders



received now exceed the budget. It is time to create a sense of unity among employees. We intend to keep coming up with new ideas for more company activities." MKCI plans to increasingly develop exchange among employees. (April 2017)



Community disaster preparedness – Snow-covered mountains in extreme cold –

Japan Maritime Self-Defense Force (JMSDF) Hachinohe Air Base Snow Rescue Team Drills were conducted at the Okunakayama Ski resort in Iwate Prefecture. Tsutomu Nakamura from the Equipment Technology Section of Hachinohe Smelting Co., Ltd. was the lecturer and provided guidance on rescue skills in snow-covered mountainous regions. As former chairman of the Aomori Prefecture Mountaineering Association Accident Prevention Committee and a Japan Mountaineering Association accredited senior instructor, Mr. Nakamura is a mountaineering professional with extensive experience and qualifications and mountain rescue is his area of

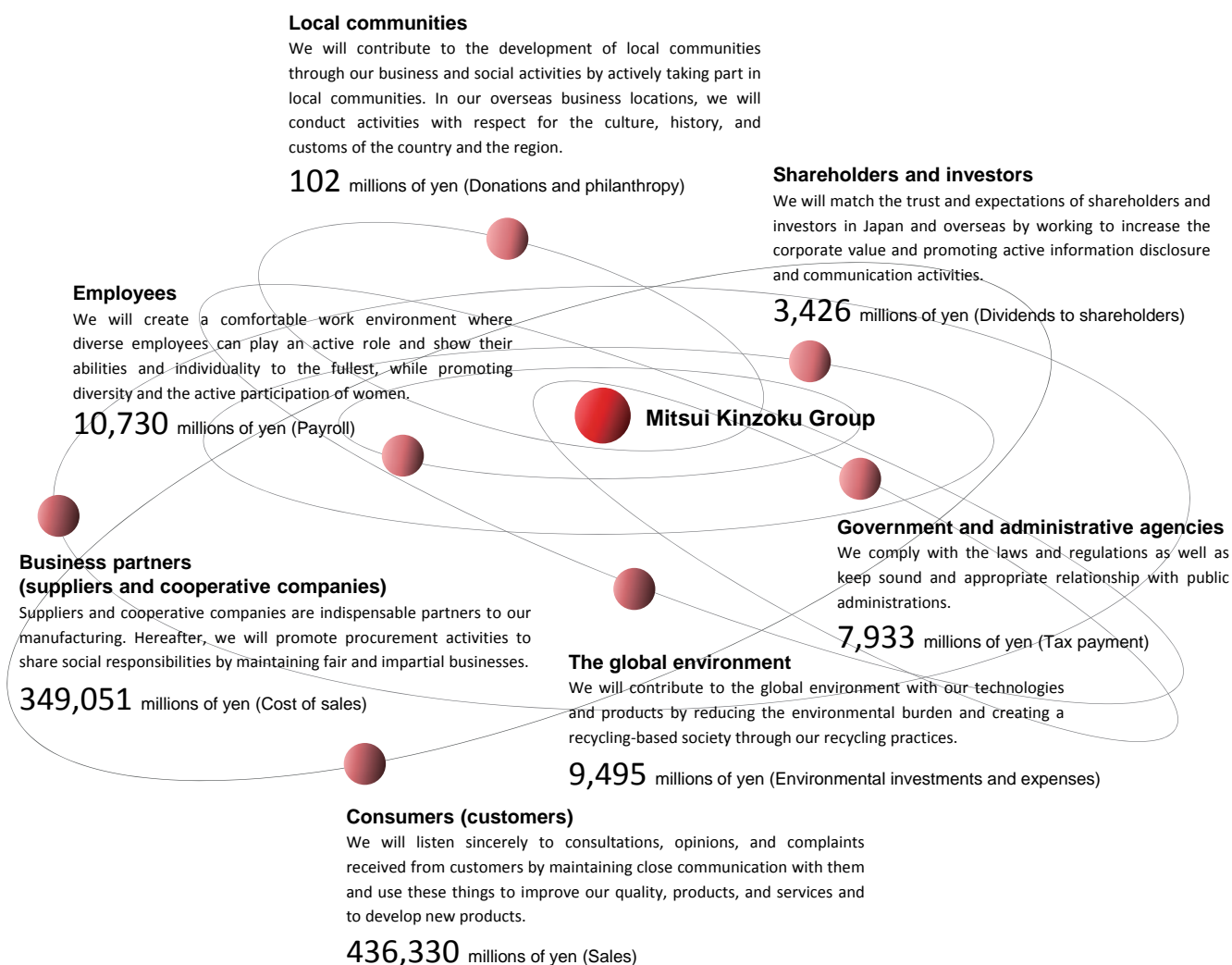
specialty. At the request of a JMSDF official who belongs to the same Mountaineering Association, Mr. Nakamura has worked as an outside lecturer for the JMSDF Snow Rescue Team since 2010. Mr. Nakamura paid tribute to the JMSDF officers for their daily activities and also commented that "This training can also be used when dispatching officers to the scene of accidents during snow cover. I sincerely hope there won't be any accidents but if there is, I hope that this training will serve of some use." We hope that Mr. Nakamura will continue making mountain rescue skills more widespread in the future.

(April 2016)

Stakeholder engagement

Mitsui Kinzoku Group has set the facilitation of communication with all stakeholders in the Code of Conduct.

We will incorporate the voices of stakeholders in our management by working on the disclosure of appropriate information and by actively providing opportunities for day-to-day dialogues and communications with them to deepen our mutual understanding.



Setting up a mechanism for smooth dialogues with stakeholders

In yearly, monthly and daily cycles, our business and economic activities are established with the involvement of our stakeholders. We are conducting business activities while associated with various stakeholders. We understand that accepting their opinions and expectations is important.

From this point forward, we will construct a mechanism to examine whether our activities are meeting the requests and expectations of our stakeholders.

GRI Content Index

This report contains Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines.

[General Standard Disclosures]

Strategy and Analysis

G4-1 Statement from the most senior decision-maker of the organization
P06-07 Top message
G4-2 Description of key impacts, risks, and opportunities
P30-37 Materiality in CSR Activities

Organizational Profile

G4-3 Name of the organization
P16 Corporate overview
G4-4 Primary brands, products and/or services
P17-21 List of business and products
G4-5 Location of the organization's headquarters
P16 Corporate overview
G4-6 Number and names of countries where the organization operates
P14-15 Global expansion of Mitsui Kinzoku Group's key businesses
G4-7 Nature of ownership and legal form
P16 Corporate overview
G4-8 Markets served
P14-15 Global expansion of Mitsui Kinzoku Group's key businesses
P17-21 List of business and products
G4-9 Scale of the reporting organization
P16 Corporate overview
G4-10 Details of workforce
P50 Total workforce
P51 Breakdown of consolidated employees
G4-11 Percentage of total employees covered by collective bargaining agreements
P44 Sound labor-management relations
G4-12 Organization's supply chain.
P35 Network of our smelters and refineries
G4-13 Significant changes during the reporting period
—N/A
G4-14 Whether and how the precautionary approach or principle is addressed by the organization
P58-61 Protecting worksite safety
P62-69 Reduce environmental footprint
P84-85 Efforts for quality assurance and improvement
G4-15 Externally developed charters, principles, or other initiatives to which the organization subscribes or endorses
—N/A
G4-16 Memberships of associations and national or international advocacy organizations
—N/A

Identified and Material Aspects and Boundaries

G4-17 All entities included in the organization's financial statements or equivalent documents
P04 Scope
G4-18 Process for defining report content and Boundaries
P04 Scope

G4-19 All the material Aspects identified in the process for defining report content
P30-31 Materiality in CSR Activities
G4-20 Report the Aspect Boundary within the organization
P04 Scope
G4-21 Report the Aspect Boundary outside the organization
P04 Scope
G4-22 The effect of any restatements of information provided in previous reports, and the reasons for such restatements
P54 Proportion of female employees in management positions
P55 Percentage of employees with disabilities
P68 Investment and expenses
P70 Total energy consumption volume in a crude oil equivalent
P71 CO2 emissions from energy consumption
P71 Trends in year-on-year comparison of transportation energy consumption rates
G4-23 Significant changes from previous reporting periods in the Scope and Aspect Boundaries
P04 Scope

Stakeholder Engagement

G4-24 Stakeholder groups engaged by the organization
P90 Communication with stakeholders
G4-25 Basis for identification and selection of stakeholders
P90 Communication with stakeholders
G4-26 Approach to stakeholder engagement
P57 Employee satisfaction survey
P80 Responsible supply chain
P86-89 Contributing to communities
G4-27 Key topics and concerns raised through stakeholder engagement
—N/A

Report Profile

G4-28 Reporting Period for information provided
P04 Coverage
G4-29 Date of most recent report
P04 Published
G4-30 Reporting cycle
P04 Published
G4-31 Contact point for questions
P95 Contact point for questions
G4-32 Report the 'in accordance' option chosen, content index, and external assurance report
P04 Reference guidelines
P91-94 GRI Content Index
G4-33 Organization's policy and current practice with external assurance of the report
P04 To readers of this report

Governance

G4-34 Governance structure of the organization
P38-39 Corporate governance
G4-35 Process for delegating authority for sustainability topics from the board to senior executives and other employees
P26-27 CSR promotion system

G4-36 Whether the organization has appointed an executive-level position or positions with responsibility for sustainability topics
P26-27 CSR promotion system
G4-37 Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics
P38-39 Corporate governance
G4-38 Composition of the board and its committees
P38-39 Corporate governance
G4-39 Whether the chair of the board is also an executive officer
P38-39 Corporate governance
G4-40 Nomination and selection processes for the board and its committees
—N/A
G4-41 Processes for the highest governance body to ensure conflicts of interest are avoided and managed
P38-39 Corporate governance
G4-42 Board's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to sustainability impacts.
P26-27 CSR promotion system
G4-43 Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics
—N/A
G4-44 Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.
—N/A
G4-45 Board's role in the identification and management of sustainability impacts, risks, and opportunities, and in the implementation of due diligence processes
P30-37 Materiality in CSR Activities
G4-46 Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics
P26-27 CSR promotion system
G4-47 Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities
P30-37 Materiality in CSR Activities
G4-48 Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered
P26-27 CSR promotion system
G4-49 Process for communicating critical concerns to the highest governance body.
P26-27 CSR promotion system

G4-50 Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.
—N/A

G4-51 The remuneration policies for the board and senior executives, and the linkage between performance criteria and the organization's sustainability objectives
—N/A

G4-52 Process for determining remuneration
—N/A

G4-53 How stakeholders' views are sought and taken into account regarding remuneration
—N/A

G4-54 Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees in the same country
—N/A

G4-55 Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees in the same country
—N/A

Ethics and Integrity

G4-56 Organization's values, principles, standards and norms of behavior
P22-23 Our approach to CSR

G4-57 Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity
P40-41 Highest priority on compliance

G4-58 Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity
P40-41 Highest priority on compliance

[Specific Standard Disclosures]

Category : Economic

Economic Performance

G4-EC1 Direct economic value generated and distributed
P90 Communication with stakeholders

G4-EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change
—N/A

G4-EC3 Coverage of the organization's defined benefit plan obligations
—N/A

G4-EC4 Financial assistance received from government
—N/A

Market Presence

G4-EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation
—N/A

G4-EC6 Proportion of senior management hired from local community at significant locations of operations
—N/A

Indirect Economic Impacts

G4-EC7 Development and impact of infrastructure investments and services supported
P86 Contributing to communities

G4-EC8 Significant indirect economic impacts, including the extent of impacts
—N/A

Procurement Practices

G4-EC9 Proportion of spending on local suppliers at significant locations of operation
—N/A

Category : Environmental

Materials

G4-EN1 Materials used by weight or volume
P35 Expansion of recycle-smelting
P67 Overall environmental adverse impacts in the smelting business
P67 Use of recycled raw materials

G4-EN2 Percentage of materials used that are recycled input materials
P67 Use of recycled raw materials

Energy

G4-EN3 Energy consumption within the organization
P70-71 Efforts to prevent global warming

G4-EN4 Energy consumption outside of the organization
—N/A

G4-EN5 Energy intensity
P70-71 Efforts to prevent global warming

G4-EN6 Reduction of energy consumption
P70-71 Efforts to prevent global warming

G4-EN7 Reductions in energy requirements of products and services
P70-71 Efforts to prevent global warming

Water

G4-EN8 Total water withdrawal by source
P69 Breakdown of freshwater use

G4-EN9 Water sources significantly affected by withdrawal of water
—N/A

G4-EN10 Percentage and total volume of water recycled and reused
—N/A

Biodiversity

G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
—N/A

G4-EN12 Significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas
—N/A

G4-EN13 Habitats protected or restored
—N/A

G4-EN14 Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk
—N/A

MM1 Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated
—N/A

MM2 The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place
—N/A

Emissions

G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)
P70-71 Efforts to prevent global warming

G4-EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2)
P70-71 Efforts to prevent global warming

G4-EN17 Other indirect greenhouse gas (GHG) emissions (Scope 3)
—N/A

G4-EN18 Greenhouse gas (GHG) emissions intensity
—N/A

G4-EN19 Reduction of greenhouse gas (GHG) emissions
P71 CO2 emissions from energy consumption

G4-EN20 Emissions of ozone-depleting substances (ODS)
—N/A

G4-EN21 NOx, SOx, and other significant air emissions
P69 Emissions to the atmosphere and water

Effluents and Waste

G4-EN22 Total water discharge by quality and destination
P69 Breakdown of wastewater

G4-EN23 Total weight of waste by type and disposal method
—N/A

G4-EN24 Total number and volume of significant spills
—N/A

G4-EN25 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally
—N/A

G4-EN26 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff
—N/A

MM3 Total amounts of overburden, rock, tailings, and sludges (in tons) and their associated risks
—N/A

Products and Services

G4-EN27 Extent of impact mitigation of environmental impacts of products and services

—N/A

G4-EN28 Percentage of products sold and their packaging materials that are reclaimed by category

—N/A

Compliance (Environmental)

G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

—N/A

Transport

G4-EN30 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce

—N/A

Overall

G4-EN31 Total environmental protection expenditures and investments by type
P68 Investment and expenses

Supplier Environmental Assessment

G4-EN32 Percentage of new suppliers that were screened using environmental criteria

—N/A

G4-EN33 Significant actual and potential negative environmental impacts in the supply chain and actions taken

—N/A

Environmental Grievance Mechanisms

G4-EN34 Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms

—N/A

Category: Social

Labor Practices and Decent Work Employment

G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region

P51 Employee turnover

G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation

—N/A

G4-LA3 Return to work and retention rates after parental leave, by gender

P50 Return to work and retention rates

Labor/Management Relations

G4-LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

—N/A

MM4 Number of strikes and lock-outs exceeding one week's duration, by country

—N/A

Occupational Health and Safety

G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs

—N/A

G4-LA6 Type and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

—N/A

G4-LA7 Workers with high incidence or high risk of diseases related to their occupation

—N/A

G4-LA8 Health and safety topics covered in formal agreements with trade unions

—N/A

Training and Education

G4-LA9 Average hours of training per year per employee by gender, and by employee category

P48 Total training hours

G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

P55 Active participation of experienced retiree

G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

—N/A

Diversity and Equal Opportunity

G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

P51 Breakdown of consolidated employees

Equal Remuneration for Women and Men

G4-LA13 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation

—N/A

Supplier Assessment for Labor Practices

G4-LA14 Percentage of new suppliers that were screened using labor practices criteria

—N/A

G4-LA15 Significant actual and potential negative impacts for labor practices in the supply chain and actions taken

—N/A

Labor Practices Grievance Mechanisms

G4-LA16 Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms

—N/A

Human Rights

Investment

G4-HR1 Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

—N/A

G4-HR2 Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained

—N/A

Non-discrimination

G4-HR3 Total number of incidents of discrimination and corrective actions taken

—N/A

Freedom of Association and Collective Bargaining

G4-HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights

—N/A

Child Labor

G4-HR5 Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor

—N/A

Forced or Compulsory Labor

G4-HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor

—N/A

Security Practices

G4-HR7 Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations

—N/A

Indigenous Rights

G4-HR8 Total number of incidents of violations involving rights of Indigenous Peoples and actions taken

—N/A

MM5 Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities

—N/A

Assessment

G4-HR9 Total number and percentage of operations that have been subject to human rights reviews or impact assessments

—N/A

Supplier Human Rights Assessment

G4-HR10 Percentage of new suppliers that were screened using human rights criteria
—N/A

G4-HR11 Percentage of new suppliers that were screened using human rights criteria
—N/A

Human Rights Grievance Mechanisms

G4-HR12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms
—N/A

Society

Local Communities

G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs
—N/A

G4-SO2 Operations with significant actual and potential negative impacts on local communities
—N/A

MM6 Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples
—N/A

MM7 The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes
—N/A

Anti-corruption

G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified
—N/A

G4-SO4 Communication and training on anti-corruption policies and procedures

P40-41 Highest priority on compliance

G4-SO5 Confirmed incidents of corruption and actions taken
—N/A

Public Policy

G4-SO6 Total value of political contributions by country and recipient/beneficiary
—N/A

Anti-competitive Behavior

G4-SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes
—N/A

Compliance (Social)

G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations
—N/A

Supplier Assessment for Impacts on Society

G4-SO9 Percentage of new suppliers that were screened using criteria for impacts on society
—N/A

G4-SO10 Significant actual and potential negative impacts on society in the supply chain and actions taken
—N/A

Grievance Mechanisms for Impacts on Society

G4-SO11 Number of grievances about impacts on society files, addressed, and resolved through formal grievance mechanisms
—N/A

MM8 Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks
—N/A

MM9 Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process
—N/A

MM10 Number and percentage of operations with closure plans
—N/A

Product Responsibility

Customer Health and Safety

G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement
—N/A

G4-PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes
—N/A

Product and Service Labeling

G4-PR3 Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements
—N/A

G4-PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes
—N/A

G4-PR5 Results of surveys measuring customer satisfaction
—N/A

Marketing Communications

G4-PR6 Sale of banned or disputed products
—N/A

G4-PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes
—N/A

Customer Privacy

G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data
—N/A

Compliance (Product Responsibility)

G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services
—N/A

Materials Stewardship

MM11 Programs and progress relating to materials stewardship

P34-35 Recycle-smelting ~Implementing materials stewardship~



CSR REPORT 2017

MITSUI KINZOKU

We look forward to hearing your views and impressions to help us improve our CSR activities and our CSR report.

If you have any inquiries about this report or any questions about our CSR activities, please contact the CSR Office using the details below.

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