

# Spread CSR activities throughout the Group

National and regional borders do not exist in CSR activities. We aim to entrench CSR activities as an initiative of individual employees both in Japan and globally.

## Continuous implementation of CSR Caravan

In FY 2016, we toured 22 major business sites in Japan. Following this, we launched the CSR Caravan at overseas business locations in FY 2017. We implement it at seven large sites in China where the number of employees is the second largest after Japan.

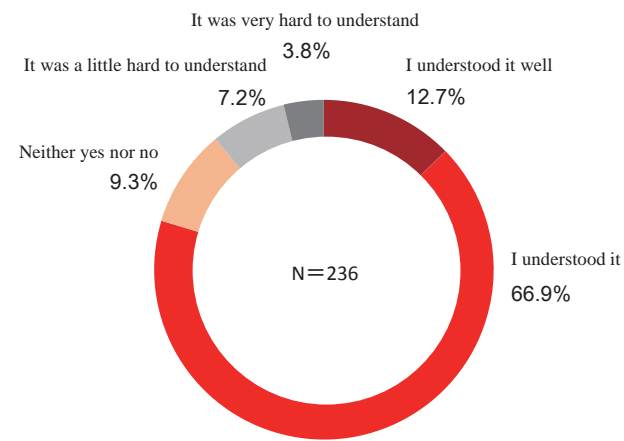
In the Caravan, we explain our CSR activities and compliance practice as two major topics. In the previous fiscal year, we added our efforts for human rights as one of the programs.

Regarding the CSR activities, we explain the content of ISO 26000, the corporate responsibilities required by society, the basic CSR policies of Mitsui Kinzoku Group and specific policies for these items. We also share the progress of our efforts regarding materiality issues. Through these explanations, we seek to facilitate employees' understanding of what they are required to work on individually.

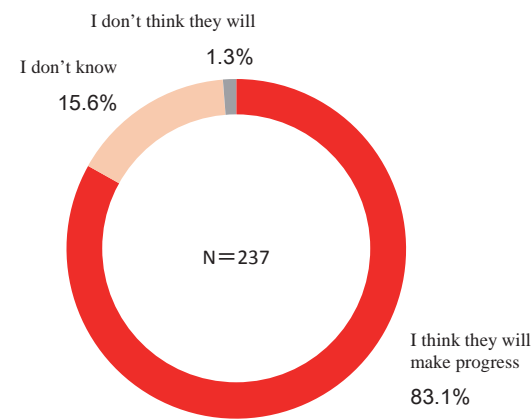
At the seven sites in China, about 260 managers and employees participated in the Caravan. At some sites, we also provided training to all employees using a video that included the explanations from the Caravan. As a result, we were able to share the explanations of CSR with a total of more than 1,000 employees.

We plan to conduct the CSR Caravan at our business locations in Asian countries and the Americas in series. We also conduct the CSR Caravan continuously in Japan.

Our aim is to enable each employee to advance their CSR activities proactively at each site of Mitsui Kinzoku Group, in addition to preparing related policies and an organizational framework.



Q Did you understand CSR as a result of this explanation ?



Q Do you think that CSR activities will make further progress within companies in China?

(From the results of a questionnaire for participants in the CSR Caravan in China)



Mitsui Components Guangdong Co., Ltd.



Wuxi Dachong Industry



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



Mitsui Copper Foil (Suzhou) Co., Ltd.



Mitsui Kinzoku Catalysts Zhuhai Co., Ltd.

# To gain and secure stakeholders' trust

Corporate governance provides the foundation of corporate management and sustainability. Mitsui Kinzoku Group has developed the Corporate Governance Guidelines to support swift and decisive decisions based on the commitment to ensure transparency and fairness in decision-making. The Group's efforts are based on these Guidelines.

### Basic concept of governance

Mitsui Kinzoku recognizes that "corporate governance is a mechanism for ensuring transparent and fair decision-making that proceeds in a prompt and decisive manner, taking into account the standpoints of all stakeholders, including shareholders, customers, employees, and local communities." Corporate governance, which is considered one of the most important issues in business management, is about establishing a management organization and mechanism and taking necessary measures to achieve the management philosophy.

### Directors and Board of Directors

Directors discuss important business management issues at meetings of the Board of Directors chaired by the President and Representative Director, which are held on a monthly and as-needed basis. They also supervise business operations. Before important issues are deliberated by the Board of Directors, relevant information is provided at top management meetings, executive training, and other occasions so that they can familiarize themselves with the issues in advance in order to facilitate appropriate and efficient discussion.

Mitsui Kinzoku clearly defines the standard agenda for the Board of Directors meetings based on the Board of Directors Rules (decision-making authority regulations). The Board of Directors delegates matters other than those that must be resolved by the Board of Directors to the executive team in accordance with the decision-making authority regulations. However, if a serious concern is raised, it is reported to the Board of Directors as a business execution-related matter that is required to be reported, or other appropriate responses are taken, depending on the circumstances. With regard to conflicts of interest among Directors, there is a requirement to obtain prior approval by the Board of Directors in accordance with Japanese corporate law.

### Business operations

We adopt an executive officer system to ensure efficient business operations. Important issues regarding the execution of business operations are discussed at meetings of the Executive Council consisting of Senior Executive Officers (held regularly twice per month and on an as-needed basis). Based on the results of their deliberations, business operations are executed under the leadership of Executive Officers.

Of Executive Officers who concurrently serve as Directors, the President assumes executive management responsibilities for drawing up management plans for the Mitsui Kinzoku Group, making relevant decisions, and promoting the implementation of the plans. The President also assumes executive responsibility for the business operations of the Mitsui Kinzoku Group.

We believe that in order to ensure quick implementation of company-wide management strategies in on-site settings and make correct decisions on business management it is necessary to be familiar with actual situations of business operations. Based on this idea, the Representative Directors

and each Executive Director concurrently serve as a Senior Executive Officer in charge of a business/functional department. With regard to conflicts of interest among Executive Directors, there is a requirement to obtain prior approval by the Board of Directors in accordance with the internal regulations.

### Corporate Auditors

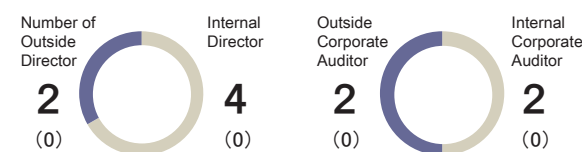
We adopt the Corporate Auditor System specified under the Japanese Companies Act. There are four elected auditors, consisting of two full-time auditors who have served as executive officers and two part-time Outside Corporate Auditors. They conduct reviews of business operations and other duties executed by Directors according to the audit plan approved by the Board of Corporate Auditors.

One of the two full-time auditors has been involved in our business management as a director of the company as well as having substantial expertise regarding risk management based on his experience in being responsible for human resources and general affairs over many years. Another full-time auditor has been involved in business management as a director of one of our affiliates and has substantial expertise in accounting operations through his experience in being responsible for accounting operations and business planning over many years.

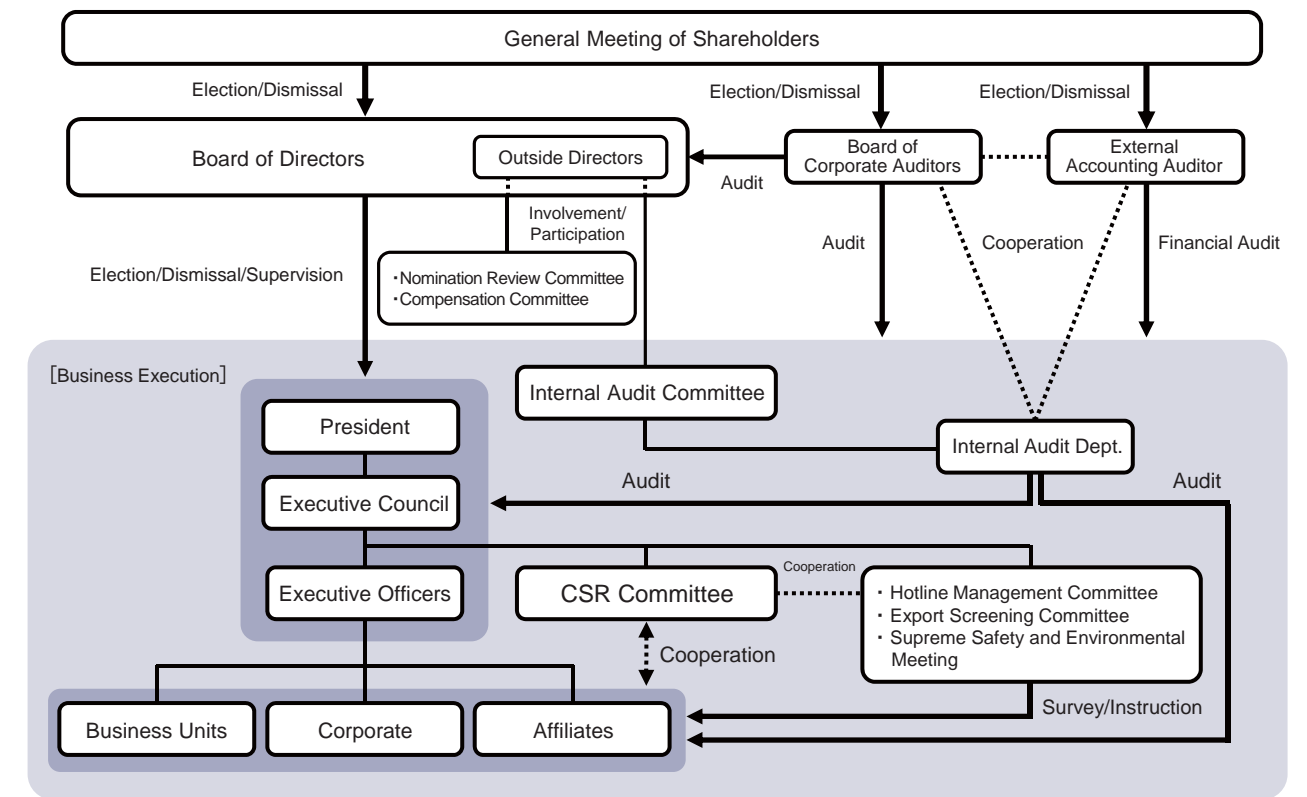
The Board of Corporate Auditors holds meetings at least once a month, which all auditors are required to attend. The auditors observe business operations executed by Directors based on their understanding of the nature of the business of our company in order to ensure sound business operations. The Corporate Auditor Office, consisting of five staff members (concurrently serving in other positions), provides support to auditors.

### Independent directors/auditors

Mitsui Kinzoku's Board of Directors is operated mainly by Directors who concurrently serve as executive officers. To ensure a proper decision-making process, there are two elected Outside Directors. They offer us useful advice and insights at Board of Directors' meetings and on other occasions, one from a professional perspective as a lawyer and the other based on his engineering expertise as well as his broader experience in engaging in university education over many years.



※ The figures in brackets show the numbers of female directors/auditors.



[Corporate Governance System of Mitsui Kinzoku]

All of the outside directors/auditors, including the two elected Outside Corporate Auditors, are independent of any specific person, including executives, and there is therefore no possibility of a conflict of interest with general shareholders. All of the outside officers of the company are registered with the Tokyo Stock Exchange as independent officers. (Refer to the Corporate Governance Guidelines for the standards for independence of our company's outside directors/auditors.)

### Nomination Review Committee and Compensation Committee

The Nomination Review Committee and the Compensation Committee of Mitsui Kinzoku are optional organizations. When the Board of Directors nominates candidates for director/auditor positions, the Nomination Review Committee identifies candidates who can fully assume the related responsibilities based on a comprehensive assessment of their abilities, views, and character. The Compensation Committee is entrusted by the Board of Directors to establish, revise, and abolish the remuneration standards for Directors and to determine the remuneration of each Director based on the remuneration standards. Each of the two committees consists of the President, Director in charge of human resources, two Outside Directors and, as advisors (external experts), two Outside Corporate Auditors.

The Chairman of the Nomination Review Committee has been and will be selected from among the Outside Directors. In FY 2017, the Chairman of the Compensation Committee will also be selected from among the Outside Directors to enhance the independence and objectivity of these committees.

### External Accounting Auditor

Mitsui Kinzoku has entered an audit agreement with KPMG AZSA LLC to undertake an accounting audit in accordance with the law. Three certified public accountants (CPAs) have provided our company with accounting services. They are designated limited liability partners and also executive members of KPMG AZSA LLC. They were assisted in their provision of accounting services by 6 CPAs and 18 other staff members.

### Internal Audit Committee and Internal Audit Department

Our company undergoes audits by Corporate Auditors and External Accounting Auditors. In addition, we have an Internal Audit Committee that operates under the direct control of the Board of Directors. With the aim of enhancing the internal control function, the Internal Audit Department is responsible for conducting internal audits. See the page on "Compliance" for audit results for this fiscal year.

### Effectiveness Assessment of the Board of Directors

To assess the effectiveness and improve the functioning of the Board of Directors, Directors and Auditors have conducted self-assessments and analysis every year. Starting in FY 2017, we invited a third-party organization to interview Directors and Auditors and analyze the results to ensure better transparency and objectivity for the effectiveness assessment.

In the latest assessment, it was confirmed that the standard agenda for the Board of Directors meetings is clearly defined and information is actively shared between Directors and Auditors, based on which a positive assessment result was received regarding the overall deliberation and monitoring function. We therefore consider that the effectiveness of the Board of Directors is ensured. We also shared issues that need to be discussed in more enhanced by the Board of Directors, for example, issues that need to be discussed in order to ensure the company's sustainable growth.

The Board of Directors will discuss issues that were identified in the effectiveness assessment in order to further improve the functions of the Board.

The Corporate Governance Guidelines defining our basic concept of corporate governance are made available to the public at the following website:

<http://www.mitsui-kinzoku.co.jp/wp-content/uploads/cggguideline.pdf>

# Compliance means fair play.

**Compliance is about observing not only laws and regulations but also social norms and ethics. It means following all the rules. We understand “all the rules” to include not only the national laws of different countries and our own internal corporate regulations but also all the conventions that society expects Mitsui Kinzoku to observe, including common sense and moral practices, even if they are not stipulated in written form.**

## Code of Conduct

The Code of Conduct defines the values that should be shared by all those involved in the Group's operations, with the aim of promoting behavior in accordance with the law and socially accepted common sense. The Code of Conduct is available in different language versions, which are distributed to overseas sites.

The Compliance Guidebook, which briefly explains the main points in practicing compliance in an easy-to-understand way, has been distributed to all executives and employees in Japan to ensure compliance. The guidebook is, at present, also available in Chinese and Thai languages, and distributed after compliance training to ensure the compliance of local personnel with the relevant legislation and practices. The Compliance Guidebook will be translated into other languages in order to promote compliance at more overseas sites.



The Compliance Guidebook, which serves as a guide for practicing compliance, has been prepared and distributed to all executives and employees to educate them on their obligation to ensure compliance. The guidebook is currently available in Japanese, Chinese, and Thai languages.

## Compliance training

Mitsui Kinzoku Group provides its employees with compliance training to ensure all of its employees are aware of the Code of Conduct. The training for new employees includes a session explaining the Code of Conduct using the guidebook. Compliance programs are also included in regular rank-based training as well as training at overseas sites to continuously raise compliance awareness.

In FY 2017, compliance training was provided for those in non-managerial positions (all union members) at different sites in Japan, including affiliates. At sites in China, training including explanations of bribery and information management was provided for employees, including managers. As new efforts in FY 2017, we provided training designed for Mitsui Kinzoku Group executives to help them acquire knowledge about their legal responsibilities and compliance practices required for executives in corporate operations.

For FY 2018, it is planned to provide a new training program for auditors. Other training seminars include a seminar on business legal affairs using a textbook for Grade 3 of the Japan Business Law Examination® sponsored by the Tokyo Chamber of Commerce and Industry and other topic-specific seminars.

In FY 2017, in addition to an annual seminar on security export control, seminars on the Subcontract Act, the stamp tax, and information management were provided at sites in Japan. (See “Promotion of information management” explained in a later section.)

## Compliance training in FY 2017

### [Japan]

Target = Staff in charge at 29 sites in Japan, including affiliates  
Participants = 4,313

### [China]

Target = Executives and employees at 9 sites in China  
Participants = 306

### [Executive training]

Target = Executives of affiliates  
Participants = 115

### [Rank-based training]

Target = New employees, young employees, newly assigned managers, etc.  
Participants = 343

## Compliance awareness survey

Mitsui Kinzoku Group conducts a compliance awareness survey, which is completely anonymous, once every two years targeting all employees. How widely the Code of Conduct is disseminated and implemented and how well compliance is achieved are assessed and assessment results are reported to the Board of Directors.

In comparison with the previous survey results (FY 2015), our most recent survey revealed certain positive effects of the compliance training, such as an increased level of awareness around compliance (meaning, the scope of violations, etc.) and increased recognition of the Mitsui Kinzoku Hotline, which will be explained in a later section. We will continue our efforts to raise employees' awareness of compliance-related issues.

## Whistle-blowing system

The Mitsui Kinzoku Hotline (whistle-blowing system), operated by the Hotline Management Committee, is available to any employee (including executives) seeking to consult or report a concern. Contact can be made at a contact point within the company or with one at an external law firm. Under the internal regulations, reporters are granted anonymity and are protected to ensure they do not suffer any disadvantage as a result of making a report. The operations of the hotline are described in the Compliance Guidebook and information on the hotline is widely disseminated among employees through compliance training and on other occasions.

Issues reported via the whistle-blowing system are regularly passed on to auditors, with the anonymity of the reporter ensured, and also comprehensively reported to the Board of Directors.

In FY 2017, a whistle-blowing system operated in Chinese for sites in China was established and started operation.

## Internal Audit

Mitsui Kinzoku's audits are mainly conducted by the Internal Audit Department according to an audit policy and plan approved by the Internal Audit Committee, which is chaired by an Outside Director. All audit results are regularly reported to the Board of Directors after being assessed by the Internal Audit Committee.

In FY 2017, the audits below were conducted. In FY 2018, audits will be conducted generally based on the framework of FY 2017, but more efforts, such as an increase in the number of auditors, will be made to improve the audit quality.

## Internal audits in FY 2017

### [Audits at all sites] ※

- (1) Audit on business operations in general (including legal compliance audit)  
3 sites (1 site in Japan and 2 overseas sites)
  - (2) Accounting and tax audit  
43 sites (27 sites in Japan and 16 overseas sites)
  - (3) Paper audit (using questionnaires)  
38 sites (24 sites in Japan and 14 overseas sites)
- ※ One of (1) to (3) above is conducted at all of the 85 sites that are required to undergo an internal audit.

### [Audit on individual items below]

- (1) Internal control audits of small-scale affiliates  
15 sites (9 sites in Japan and 6 overseas sites)
- (2) Audit on the Social Security and Tax Number System  
38 sites (All target sites in Japan)
- (3) Environmental law compliance audit  
1 site (overseas)
- (4) Compliance audit of decision-making authority regulations  
6 sites (Japan)
- (5) Safety and environmental audit  
34 sites (Japan)

### [Others]

- (1) Follow-up of completed audits on an as-needed basis

## Promotion of information management

Mitsui Kinzoku's information management rules define common standards for information management so as to be protected under the Unfair Competition Prevention Act. The company also promotes the establishment of a system unique to each business area, depending on the degree to which trade secrets must be managed.

In FY 2017, in order to establish an information management system that takes into account the characteristics of each business, we made an inventory of trade secrets at priority sites to consider management methods and systems that would be suitable for each department. To raise employees' awareness of information management, we provided seminars on information management by an attorney to managers and staff in charge at four sites.

Information management seminars were also conducted at two sites of affiliates.

In FY 2018, our efforts will be expanded to establish information management systems throughout the Group. Seminars on information management will regularly be provided to raise awareness of the importance of information management throughout the Group.

The Mitsui Kinzoku Privacy Policy clarifies expectations of how personal information is to be managed. The policy limits the use of customers' personal information and strictly prohibits its disclosure and provision to a third party except in certain circumstances. In FY 2017, there were no reports on the invasion of customers' privacy and no reports on leaked, stolen, or losing customers' data at Mitsui Kinzoku.

## Efforts to prevent anti-competitive practices and corruption/bribery

Article 4 of the Code of Conduct stipulates “fair business activities” and requires all executives and employees to ensure proper activities based on free and fair competition.

The Compliance Guidebook, which provides explanations on the Code of Conduct, requires the establishment and implementation of a system that ensures compliance with the Antimonopoly Act and prohibits bribery and corruption. In addition, it provides instructions on how to respond in the event of detecting any wrongdoing or being involved in wrongdoing, or if asked for a bribe.

The Compliance Guidebook (Antimonopoly Act) provides an easy-to-understand explanation of “unreasonable restraint of trade” cited in the Antimonopoly Act in Japanese, English, and Chinese. These explanations are also posted on the Group's intranet to ensure all employees are informed. Further, to reduce risks of violations, the company defines procedures for obtaining prior approval to attend meetings with other companies in the same business and ensures that all employees observe the procedures.

As part of our efforts to prevent bribery, we prepared the Agreement on the Prohibition of Commercial Bribery, which prohibits bribery and corruption at sites in China. The agreement has been and will be concluded with each supplier. These efforts help prevent not only our Group companies but also our partners from being involved in bribery.

In FY 2017, there were no reports of punitive legal action taken against Mitsui Kinzoku with respect to anti-competitive practices and bribery.

## Security export control

Article 3 of the Code of Conduct stipulates “Compliance,” requiring all executives and employees to comply with the laws, regulations, and rules of Japan and other countries as well as with internal regulations.

The Compliance Guidebook, which provides explanations on the Code of Conduct, requires compliance with export- and import-related regulations. It particularly requires us to determine whether cargo and technology to be imported/exported are subject to relevant regulations and, if necessary, to obtain an export permit.

Mitsui Kinzoku has organized its Export Screening Committee, which is chaired by the Representative Director, according to relevant regulations, such as the export management rules, and an security export control system is available. The Export Screening Committee is responsible for addressing individual issues as well as assessing the sales status of listed regulated products at each department every quarter.

# 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

In March 2017, the Mitsui Kinzoku Group established its human rights policy, which is available in 10 different languages used in areas where the Group's sites are located. Based on the internationally recognized concepts of respecting human rights, such as set out by the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact, the policy declares the Mitsui Kinzoku Group's respect for the human rights of all those affected by its business activities. The policy also defines the implementation of human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs).

## Human rights due diligence

To implement human rights due diligence, we conducted a human rights risk assessment of our Group companies. Based on the assessment results, we have concluded that, among various human rights risks, we need to place a higher priority on addressing risks related to the human rights of employees and in supply chains as well as human rights-related risks specific to mining activities, which have a significant impact on the surrounding environment.

[ Responsible supply chain ] page 64  
[ Responsible Minerals Sourcing ] page 67

## Due diligence at Group sites

In FY 2017, we created a Self-Assessment Questionnaire (SAQ) for our Group companies in order to survey efforts made at each site to address issues of employees' human rights. In designing the questionnaire, we took into account opinions of external experts. Because it was revealed as a result of the risk assessment that efforts to promote human rights were not fully implemented in these fields, the major focus of the questionnaire was on labor and ethics. In conducting the survey using the SAQ, we started with a model site in Japan. Based on the survey results, we then conducted on-site surveys and interviews. While no serious risks were identified at the model site, there were issues that needed to be improved.

## [Our roadmap]

### KPI toward 2020

100% implementation of human rights due diligence at sites with relatively high risk

### FY 2017

#### < Goal >

- Implementation of human rights training
- Human rights risk assessment and identification of human rights risks
- Preparation of Self-Assessment Questionnaires (SAQs) (interviews with external experts)
- Due diligence at a model site

#### < Achievement >

- Inclusion of training programs on human rights in rank-based training and implementation of training on human rights at seven major sites in China
- Assessment of human rights risks
- Preparation of an SAQ for sites, taking into account opinions of external experts
- Survey on human rights using the SAQ at a model site in Japan
- Risk assessment in the mining business

### FY 2018

#### < Goal >

- Continuation of human rights training and implementation of human rights training at sites in Asia
- Human rights due diligence for major sites in Japan and overseas model sites
- Continuation of risk assessment in the mining business

### FY 2019

#### < Goal >

- Continuation of human rights training
- Human rights due diligence for consolidated sites in Japan and major overseas sites
- Continuation of risk assessment in the mining business



June 2018 marked the 50th anniversary since the launch of a full-scale operation of the Huanzala Mine in Peru, a milestone that was achieved thanks to the cooperation of employees and trust built up with local residents. (The 50th anniversary ceremony)

The results were fed back to the site, based on which corrective measures were taken. In FY 2018 and following years, we will conduct the survey at more sites in Japan and, subsequently, at overseas sites.

We have also introduced training programs on human rights to keep all our employees fully informed of the human rights policy and improve their understanding and awareness of human rights. In Japan, we include a training program on human rights in rank-based training. In China, we have provided training on human rights at seven major sites with a large production scale and a large number of employees.

The prevention of forced labor and child labor is included in the survey as one of the important issues in human rights due diligence. In the survey at the model site in Japan in FY 2017, no case of forced labor or child labor were reported.

## Efforts on human rights in the mining business

In the mining business, due to the substantial impacts on the surrounding environment, it is essential to give due consideration to the human rights of local residents. We have taken measures to achieve mutual aid, coexistence, and mutual prosperity with local communities. To review the status of these measures, we created a self-assessment check sheet for sites engaged in mining activities. We started a survey on human rights using this check sheet in FY 2017 at mining sites for which we hold an investment ratio of more than 50%.

## Migration and resettlement

None of the mines where the investment ratio of our company exceeds 50% are located and operated on land owned by indigenous people or in neighboring areas. No indigenous people were forced to relocate to another area due to the development of these mines. We are currently discussing with local residents possible relocation due to development projects in the future.

## Grievance mechanisms

We have a process for resolving complaints that is designed to help develop favorable relationships with local residents and respond to problems quickly. Compania Minera Santa Luisa S.A., which operates the Huanzala Mine and the Pallka Mine, holds meetings with local governments and local community organizations on an as-needed basis, with its Community Relations Division serving as the contact office. In these meetings, the company collects residents' opinions and addresses identified complaints. There is also a system to address conflicts between the company and local residents that could affect the operation of the mines. In the event of such a conflict, a discussion with local residents is held with the attendance of a third party, such as the Ministry of Energy and Mines of Peru, which is responsible for managing the mining sector, and Peruvian government officials in charge of social conflicts. No such conflicts have so far occurred.

At the Akeshi Mine in Kagoshima Prefecture, the complaints office of Mitsui Kushikino Mines Co., Ltd., which operates the mine, receives and investigates complaints from local residents (received by phone, email, fax, etc.), based on which measures are taken to resolve them.

## Artisanal and Small-scale Mining

There is no artisanal and small-scale mining (ASM) on or adjacent to the sites of the Pallka Mine and Akeshi Mine. While the presence of ASM has been identified in an area adjacent to the Huanzala Mine, no specific conflicts with Compania Minera Santa Luisa have occurred. To address latent risks at the mine operating site, such as mine robberies by individual trespassers, and environmental pollution, the company takes enhanced measures, such as implementing patrols, to guard against such risks.

# 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

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. In FY 2017, we introduced new training programs and expanded the subjects for training to strengthen the development of human resources.

### [New training] Subjects and objectives

#### Volunteer training

New employees. Fostering an awareness of social contribution.

#### Training in China

New white-collar university graduates. Developing global human resources.

#### Executive training

Executive officers and directors and auditors of domestic affiliates. Raising the management’s awareness of CSR activities and compliance.

#### Training for selected candidates for next-generation managers

General managers, section managers and subsection chiefs (selected). Acquiring management skills and developing the mind.

#### Follow-up training for mid-career employees

Mid-career employees. Undertaking a review after joining the company and encouraging mutual enlightenment.

### [Expansion of subjects for training] Subjects and objectives

#### Training for section managers

National staff \* have been added to the subjects. Developing global human resources.

#### Training for subsection chiefs

National staff\* have been added to the subjects. Developing global human resources.

(\* ) National staff: Local staff in overseas sites.



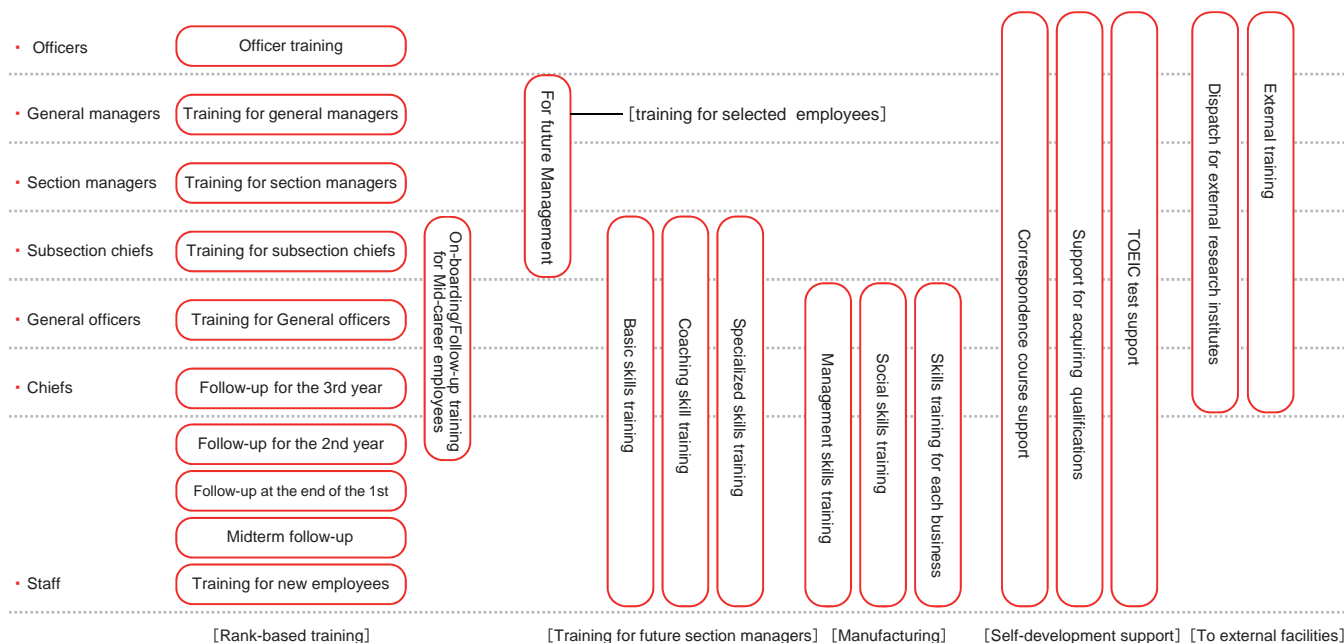
Training for subsection chiefs with national staffs.

### Performance review

Mitsui Kinzoku has established a performance review system to fairly evaluate the abilities exercised through the work, job behavior and achievements of employees. The performance review is undertaken based on the level of achievement of the role and the expectations required for each job grade defined in the statement of roles and job grades and the level of achievement of the annual targets set for each employee. Annual targets are set in April every year after a meeting with the superior, and an interim interview is arranged in October to follow up on the targets. In April the following year, after the fiscal year has ended, an interview is arranged to receive an evaluation and feedback from the superior after making a self-assessment of the degree of achievement of the targets for the fiscal year, and the determined performance review is reflected in the pay raise, promotion and bonus.

### 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 2017, two employees transferred to positions where they wished using the internal public recruitment system. Moreover, a development plan along with the ambitions of each employee is prepared with the aim of providing a stage suited to their aptitude, and their skills, desired type of work, intentions regarding transfer and something they wish to tell the company are self-reported. Managers were subject to self-reporting in the past, but general officers other than managers have also been added to the subjects in FY 2017. This information is used as the basic information for their career development and the appropriate assignment of human resources. From FY 2017, we gradually roll out the self-statement system in the Group.



Training System

### Total training hours (FY 2017)

★ = New training in FY 2017

[Target]	[Contents]	[Participants]	[Total hours]
Officers	Officer training	56	112
★ Executive officers and directors of domestic affiliates	Executive training	116	1,624
★ Selected candidates	Next-generation managers training	24	1,452
Managers	Managers Training	159	4,498
Mid-level employees	Leadership training	73	2,190
New employees *	Follow-up training, etc.	204	9,805
★ Mid-career employees	On-boarding/Follow-up training	41	448

\* Employee within 3 years after joined Mitsui Kinzoku

**Breakdown of consolidated employees by employment status and employment contract type** (as of the end of FY 2017)

		Male		Female		Total
Open-ended workforce contract	Full-time	8,410	3,910			12,320
	Part-time	181	9			190
	Total	8,591	3,919			12,510
Fixed-term contract	Full-time	672	262			934
	Part-time	87	32			119
	Total	759	294			1,053
Total		9,350	4,213			13,563
Supervised workers		753	768			1,521
Total workforce		10,103	4,981			15,084

※ Because the calculation method is different from the one for temporary employees stated in the annual securities report, the total number of employees is not in accord.

**Breakdown of consolidated employees by employment contract** (as of the end of FY 2017)

	Open-ended workforce contract		Fixed-term contract		Total
	Male	Female	Male	Female	
Japan	4,411	574	701	252	5,938
North America	523	377	0	0	900
South and Central America	569	382	13	4	968
Asia	3,045	2,541	45	38	5,669
Europe	43	45	0	0	88
Total	8,591	3,919	759	294	13,563

**Breakdown of consolidated employees by position** (as of the end of FY 2017)

	Under 30 years of age		30-49years old		50 years of age or over		Total
	Male	Female	Male	Female	Male	Female	
Managerial	3	2	714	78	537	33	1,367
Non-managerial	2,112	1,078	4,401	2,504	1,583	518	12,196
Total	2,115	1,080	5,115	2,582	2,120	551	13,563

**Percentage of managers holding local nationality in overseas sites** (as of the end of FY 2017)

North America	86.7%
South and Central America	70.0%
Asia	82.9%
Europe	81.8%
Total	82.4%

**New employee hires by region** (as of the end of FY 2017)

		Under 30 years of age		30-49years old		50 years of age or over		Total
		Male	Female	Male	Female	Male	Female	
Japan	New hires	186	47	143	57	34	13	480
	Total employees	669	118	2,982	428	1,704	224	6,125
	Rate of hiring	27.8%	39.8%	4.8%	13.3%	2.0%	5.8%	7.8%
North America	New hires	27	0	24	8	13	2	74
	Total employees	87	38	237	162	188	176	888
	Rate of hiring	31.0%	0.0%	10.1%	4.9%	6.9%	1.1%	8.3%
South and Central America	New hires	306	330	114	180	2	8	940
	Total employees	198	212	280	159	88	14	951
	Rate of hiring	154.5%	155.7%	40.7%	113.2%	2.3%	57.1%	98.8%
Asia	New hires	609	320	237	179	5	2	1,352
	Total employees	1,195	712	1,687	1,791	143	76	5,604
	Rate of hiring	51.0%	44.9%	14.0%	10.0%	3.5%	2.6%	24.1%
Europe	New hires	11	4	10	3	2	1	31
	Total employees	5	2	25	14	11	29	86
	Rate of hiring	220.0%	200.0%	40.0%	21.4%	18.2%	3.4%	36.0%
Total	New hires	1,139	701	528	427	56	26	2,877
	Total employees	2,154	1,082	5,211	2,554	2,134	519	13,654
	Rate of hiring	52.9%	64.8%	10.1%	16.7%	2.6%	5.0%	21.1%

※ Because the calculation method is different from the one for consolidated employees, the total number of employees is not in accord.

**Employee turnover by region** (as of the end of FY 2017)

		Under 30 years of age		30-49years old			50 years of age or over		Total
		Male	Female	Male	Female	Others	Male	Female	
Japan	Departures	19	9	45	23		160	25	281
	Total employees	669	118	2,982	428		1,704	224	6,125
	Turnover rate	2.8%	7.6%	1.5%	5.4%		9.4%	11.2%	4.6%
North America	Departures	19	4	34	21	1	27	28	134
	Total employees	87	38	237	162		188	176	888
	Turnover rate	21.8%	10.5%	14.3%	13.0%		14.4%	15.9%	15.0%
South and Central America	Departures	269	271	82	146		7	9	784
	Total employees	198	212	280	159		88	14	951
	Turnover rate	135.9%	127.8%	29.3%	91.8%		8.0%	64.3%	82.4%
Asia	Departures	403	229	236	164		17	7	1,056
	Total employees	1,195	712	1,687	1,791		143	76	5,604
	Turnover rate	33.7%	32.2%	14.0%	9.2%		11.9%	9.2%	18.8%
Europe	Departures	12	3	7	5		4	1	32
	Total employees	5	2	25	14		11	29	86
	Turnover rate	240.0%	150.0%	28.0%	35.7%		36.4%	3.4%	37.2%
Total	Departures	722	516	404	359	1	215	70	2,287
	Total employees	2,154	1,082	5,211	2,554		2,134	519	13,654
	Turnover rate	33.5%	47.7%	7.8%	14.1%		10.1%	13.5%	16.7%

※ Because the calculation method is different from the one for consolidated employees, the total number of employees is not in accord.

**Percentage of total employees covered by collective bargaining agreements** (as of the end of FY 2017)

	Sites in Japan	Overseas sites	Total
Employees covered by collective bargaining agreements	3,731	3,758	7,489
Total employees	6,125	7,529	13,654
Coverage rate	60.9%	49.9%	54.8%

※ Information on labor unions at some business locations is unavailable due to legal requirements.

**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 2,874 union members as of the end of March 2018. 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. 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 FY 2017, no strikes or lockouts lasting more than a week occurred in Mitsui Kinzoku Group.

# 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.

## Diversity promotion system

At Mitsui Kinzoku, an internal voluntary forum, which consisting of several related departments of the headquarters was established, plays a central role in promoting diversity. The forum has identified issues, planned training and studied a variety of personnel systems. The forum was dissolved in March 2018, and its activities have been taken over by the workstyle reform project.

## Workstyle reform project

To further advance efforts to improve the workplace environment and support the balance of child or nursing care and work since March 2018, Mitsui Kinzoku has established the workstyle reform project as a cross-sectional organization to improve the labor productivity of the Mitsui Kinzoku Group and the job satisfaction of employees.

The project team has organized three working groups that examine systems, the work environment and climate and the improvement of operations at administrative departments. The project team was established for a limited time until December 2018 and will submit opinions about the measures to be taken in the medium-term management plan for FY 2019 and thereafter.

## Projects to create a well-being workplace

### FY 2017

#### <Goal>

- PR activities to hire female employees
- Diversity training in rank-based training
- Internal announcement of information to raise awareness of diversity
- Fostering of internal career consultants
- Career management training
- Measures to reduce overtime work developed by the Reduced Work Schedule Review Committee

#### <Achievement>

- Facility tour for female students
- Diversity training in rank-based training and at several sites in Japan.
- Dispatch information on diversity through the intranet, internal reports and the CSR Report
- Begin fostering internal career consultants
- Introduce career management training in the follow-up training for the 3rd year and the training for section managers

### FY 2018

#### <Goal>

- The following measures were implemented in addition to the initiatives in FY 2017
- Expand the scope of career management training for General officers
  - Expand the scope of the work-at-home system
  - Examine the introduction of a retirement reinstatement system
  - Examine measures such as a leave system and job transfer suspension system associated with the job transfer of a spouse

## General employer action plan corresponding to the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children

※ Mitsui Kinzoku, Non-consolidated

Mitsui Kinzoku has formulated and practiced the following projects corresponding to the Act on Promotion of Women's Participation and Advancement in the Workplace since FY 2016.

[Period]

April 1, 2016 to March 31, 2018

[Goal] (Results of FY 2017 are shown in parentheses)

1. Increase percentage of women to at least 20% of new hires. ( 15.8 % )
2. Provide all employee in management positions diversity training. ( Training for new promoted general managers and sections managers was provided and 159 employees participated.)
3. Reduce the overtime under 15 hours per month. ( 15.2 hours per month )

In April 2018, we formulated new projects corresponding to both the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children.

[Period]

April 1, 2018 to March 31, 2020

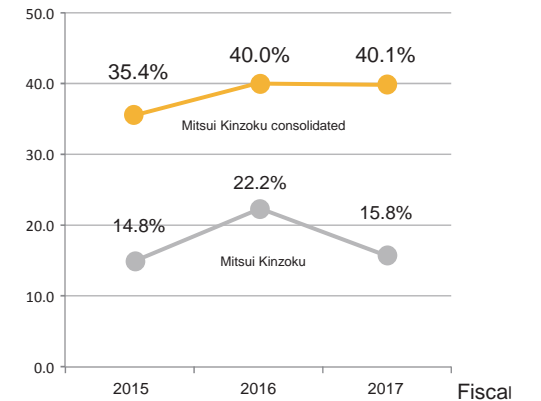
[Goal]

1. Maintain the percentage of women at 20% or more of new hires.
2. Develop a well-being workplace environment for everyone, including female employees.
3. Take measures to reduce overtime work (less than 12 hours a month) and promote annual paid leave (rate of leave of 90% or more).
4. Promote parental leave taken by male employees (rate of leave of 10% or more). Give full consideration to employees involved in childcare.

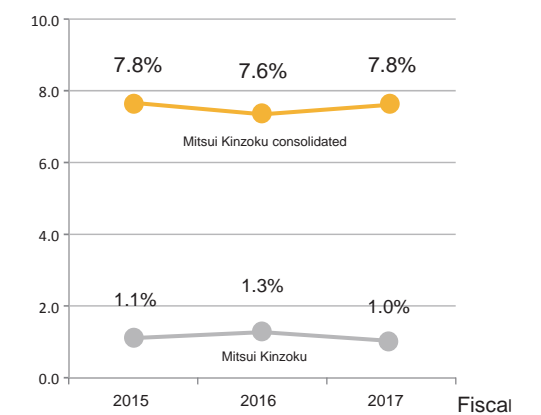
For details of initiatives after FY 2018, please refer to the website of the Ministry of Health, Labour and Welfare below.

[Website] ※ Only in Japanese

[http://positive-ryouritsu.mhlw.go.jp/positivedb/planfile/20180420111125632715\\_2.pdf](http://positive-ryouritsu.mhlw.go.jp/positivedb/planfile/20180420111125632715_2.pdf)

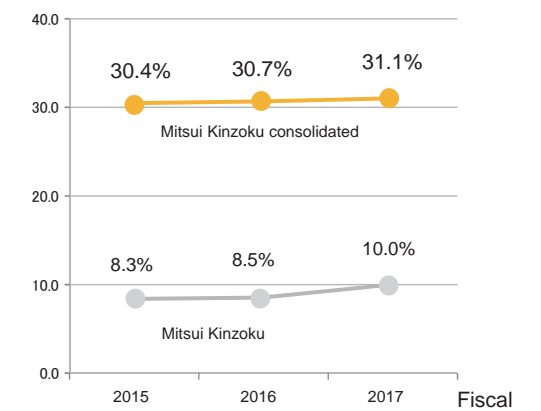


Proportion of woman as a percentage of new hires



Proportion of female employees in management positions

※ Because the treatment of seconded employees and the scope of managers at some overseas sites have been changed, the figures for prior years that were reported last year have been revised. The calculation method differs from the one for consolidated employees, and the figures are not in accord with the percentages calculated in the breakdown of consolidated employees (page 38).



Proportion of women as a percentage of total employees



Creating a workplace environment where all employees working for the Mitsui Kinzoku Group can use all their abilities is one of the important CSR activities set forth in Article 8 of the Code of Conduct, which advocates "ensuring the safe and well-being workplace." In the Miike area, we established a workplace for employees with disabilities in April 2017, and new initiatives for diverse human resources to play an active part have already commenced. Laundry Center Raccoon at Asamuta Plant in the Miike area in Omuta, Fukuoka is a workplace operated solely by employees with disabilities, where employees with physical, intellectual or mental disabilities work. They wash the work clothing used at the plants of the Mitsui Kinzoku Group in the Miike area. Various measures, including the large, clear display of work procedures and the use of easy-to-understand traffic lines, as well as safety measures, are taken to create employees-friendly work environments.

#### 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. The ratio of employees with disabilities under the Act on the Promotion of the Employment of Disabled Persons was 2.01% of the total workforce as of the end of FY 2017 (nonconsolidated), continuing to exceed the statutory rate of employment as in 2016.

Among Mitsui Kinzoku domestic consolidated, 9 out of the 20 companies to which this Act applies achieved the statutory employment rate.

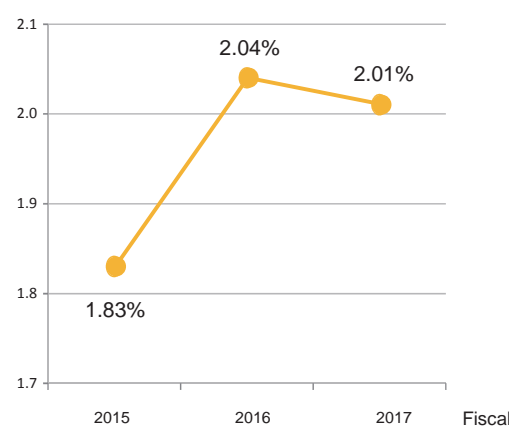
Furthermore, we strive to expand job fields and improve the workplace environment for people with disabilities.

#### Active participation of experienced retiree

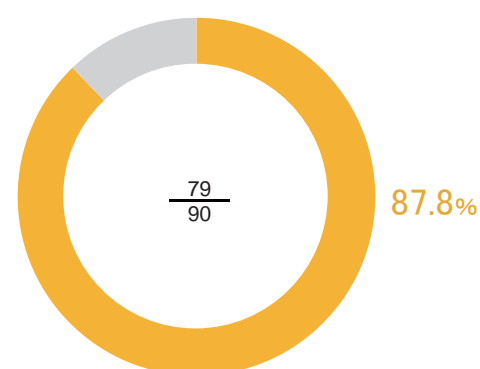
In accordance with the Act on Stabilization of Employment of Elderly Persons, Mitsui Kinzoku re-employs retirees over 60 years old in principle in order to take over their skills and knowledge to young employee. Veteran employees play an active role, leveraging their long-term of experience to provide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

In FY 2017, 90 employees reached retirement age of 60 and 79 retirees were re-employed.

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



Percentage of re-employed after retirement (Domestic consolidated FY 2017)



#### Diversity training

As one initiative to promote diversity, we provided Diversity and Communication Training for female employees in FY 2016. Following feedback from the participants calling for the participation of male employees, we included male employees in the Training in FY 2017. 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.

#### Fostering of internal career consultants

To encourage each employee to think about their own career, take actions proactively and build a diverse career, we began fostering internal career consultants in FY 2017.

We will build a system to provide appropriate consulting on a range of inquiries from employees about their career by fostering internal career consultant.

#### Support for balance of child or nursing care and work

Mitsui Kinzoku has already developed systems to support the balance of child or nursing care and work. We have also introduced a variety of systems, role models and initiatives on the intranet. In addition, we seek to make the systems well known through the distribution of a handbook and explanatory meetings of support systems.

For support for the balance of childcare and work, we have published an action plan corresponding to the Act on Advancement of Measures to Support Raising Next-Generation Children. Specifically, we provide longer childcare leave than the statutory period, the short-time work system and enhanced sick/injured childcare leave and its eased requirements.

Regarding support for the balance of nursing care and work, we introduced paid nursing care leave that can be taken as half or full days in January 2017 along with the legal revision. We are also operating a work-at-home system for employees undertaking child rearing or nursing care on a trial basis at the headquarters, with the aim of expanding it to departments where the system can be operated in the future.

#### Parental leave

		FY 2015		FY 2016		FY 2017	
		Employees that entitled to leave	Employees that took advantage	Employees that entitled to leave	Employees that took advantage	Employees that entitled to leave	Employees that took advantage
Mitsui Kinzoku	Male	94	0	69	1	87	1
	Female	6	6	1	1	10	10
	Total	100	6	70	2	97	11
Domestic total	Male	177	1	160	3	127	1
	Female	18	18	9	8	20	20
	Total	195	19	169	11	147	21

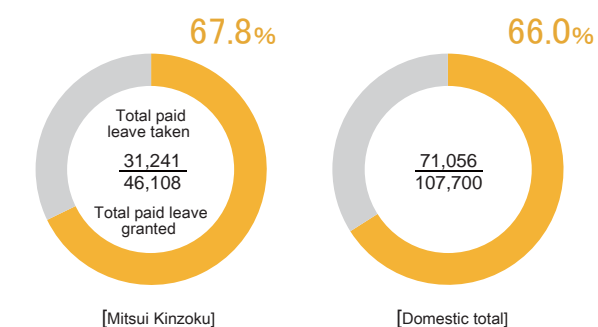
※ Employees that took advantage: Employees that took parental leave in the relevant fiscal year of those entitled.

#### Return to work and retention rates after parental leave

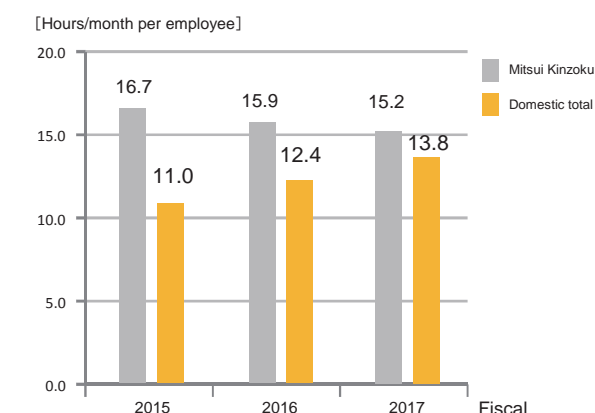
		FY 2015			FY 2016			FY 2017		
		Ended	Returned	Retired	Ended	Returned	Retired	Ended	Returned	Retired
Mitsui Kinzoku	Male	1	1	0	1	1	0	2	2	0
	Female	2	2	0	7	6	0	0	0	0
	Total	3	3	0	8	7	0	2	2	0
Domestic total	Male	2	2	0	2	2	0	2	2	0
	Female	5	5	0	11	10	0	6	6	0
	Total	7	7	0	13	12	0	8	8	0

※ Ended: Employees whose parental leave ended.  
Returned: Employees that returned to work after ended.  
Retired: Employees that separated from employment in twelve months after returning.

#### Rate of taking paid leave



#### Overtime hours

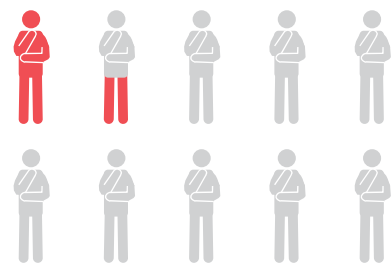




# Employees' Health

“Improvement of productivity” is an important management issue. It is essential that employees are healthy. And the right to work healthily that everyone has must be protected.

Percentage of high stress **14.0%**



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

### Results of Stress Check in FY 2017

(Target : Directly hired employees of Mitsui Kinzoku and the domestic consolidated affiliates, including expatriate worker)

### 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.

### Initiatives being carried out

Since 2016, the stress check has been conducted in accordance with the Industrial Safety and Health Act. The stress check in FY 2017 shows that 14.0% of those checked have high levels of stress, almost the same level as in FY 2016.

The stress check is used for the self-care of employees as well as other efforts such as organizational analysis training to improve the workplace environment through the understanding of the strengths and weaknesses of each department based on the 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 addition, an internal report of the Mitsui Kinzoku Group has serialized a column on health since July 2017. We conduct activities to increase interest in health, including the launch of an internal website on health in FY 2018.

In April 2018, we provided new employees with training on preparations for health management as new members of society.



We have introduced health management learning in the training for new employees.



Based on the stress check results, organizational analysis training is provided to make improvements at each workplace. The picture shows the training at the Ageo sales office in the Copper Foil Division.



Occupational health physicians and nurses at business locations of the Group regularly hold meetings to share information.

### Future health management

The development of promotion systems and collaborations with professional staff are essential for health management efforts. Occupational health physicians and nurses carry out activities for occupational health at each business location. Since 2017, meetings of occupational health physicians and nurses are held regularly to actively exchange opinions about issues common to all Group companies. Through these activities, the Mitsui Kinzoku Group will continue to advance its efforts to promote the health of employees.

# 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.

## Safety audit (FY 2017)

[Site]	[Date]
Powdertech Co., Ltd.	Feb. 20
Engineered Powders Division, Hibi Magnetic Materials Plant	Feb. 23-24
Engineered Powders Division, Miike Rare Metal Plant	Mar. 1
Nippon Yttrium Co., Ltd.	Mar. 2
Nihon Kessho Kogaku Co., Ltd., Tatebayashi Plant	Mar. 13
Catalysts Division, Ageo Operation	Mar. 27
Nihon Kessho Kogaku Co., Ltd.	Mar. 28
PVD Materials Division, Omuta Plant	Mar.29
Copper Foil Division, Ageo Operation	Apr. 20-21
Ceramics Division, Omuta Plant	May 10
Nakatatsu Kougyou Co., Ltd.	May 18-19
Catalysts Division, Kamioka Plant	May 26
Hikoshima Smelting Co., Ltd.	May 29-30
Takehara Refinery	Jun. 6-7
Miike Smelting Co., Ltd.	Jun. 27-28
Perlite Division, Osaka Plant	Jul. 19
Okuaizu Geothermal Co., Ltd.	Aug. 8-9
Perlite Division, Kitakata Quarry	Aug. 21-22
MESCO, Inc., Kyusyu Branch	Aug. 28
Kamioka Mining and Smelting Co., Ltd.	Sept. 5-6
Mitsui Kinzoku ACT Corporation, Kyusyu Plant	Sept. 6
Hachinohe Smelting Co., Ltd.	Sept. 11-12
Mitsui Kinzoku ACT, Monozukuri Technical Center	Sept. 14
Yoshinogawa Electric Wire & Cable Co., Ltd.	Sept. 19-20
Mitsui Grinding Wheel Co., Ltd.	Oct. 3-4
Mitsui Kinzoku Die-Casting Technology Co., Ltd.	Oct. 11-12
Mitsui Kinzoku Instrumentations Technology Corporation	Oct. 17
MESCO, Inc., Kamioka Branch	Nov. 21-22
Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd.	Nov. 23-26
Kamioka Components Co., Ltd.	Dec. 4-6
Nihon Mesalite Industry Co., Ltd.	Dec. 14
Kyusyu Precision Equipment and Components Co., Ltd.	Dec. 18

## Industrial Safety and Health Act Seminar (FY 2017)

[Site]	[Date]	[Participants]
Hikoshima Smelting Co., Ltd.	Jul. 20	10
Takehara Refinery	Aug. 3	14
Ageo training center	Sept. 25	11
Kamioka Mining and Smelting Co., Ltd.	Oct. 12	13
Miike Office	Nov. 9	10

## Domestic operation sites with OHSAS18001 Certification

### [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 Mines 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.

## Occupational health and safety management system

In the Mitsui Kinzoku Group, the Chief Environmental and Safety Officer, who is an officer in charge of environment and safety, presides over occupational health and safety. The Supreme Safety and Environment Meeting has been established to deliberate and decide on the most important matters for safety and the environment.

In addition, a meeting of general managers in charge of safety and the environment is held every month, at which the Chief Environmental and Safety Officer, the general managers of the sectors and the officer in charge of safety in Mitsui Kinzoku ACT examine the causes of accidents, deliberate the appropriateness of measures and expand the measures to the entire Group.

## Labor-management activities

At each site, meetings of the Health and Safety Committee are held between labor and management based on the Industrial Safety and Health Act to share information on actual labor accidents and deliberate countermeasures. Meetings of the Central Health and Safety Committee are also held once a year to share remedial measures. The Chief Environmental and Safety Officer, the Chief Environmental and Safety Administrators of sites and the officers in charge of safety at labor unions under the Mitsui Mining & Smelting Workers Union attend the Committee meetings. We have concluded an agreement on health and safety with the Mitsui Mining & Smelting Workers Union and implement measures for occupational health and safety based on the agreement.

## President's focused guidelines on health and safety for 2018 \*

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 2017, 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.

(Photos: Safety audit in Mitsui Kushikino Mines Co., Ltd.)



## Safety results in 2017

### 1. Number of accidents

(1) Domestic sites of Mitsui Kinzoku Group  
 Accidents that require days off from work: 12 cases  
 Accidents that do not require days off from work: 27 cases  
 Total number of accidents: 39 cases (up 6 from last year)

(2) Overseas sites of Mitsui Kinzoku Group  
 Accidents that require days off from work: 13 cases  
 Accidents that do not require days off from work: 13 cases  
 Total number of accidents: 26 cases (up 4 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 1.18
- (2) Domestic consolidated affiliates 2.07
- (3) Overseas consolidated affiliates 1.37

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

\* 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 0.03
- (2) Domestic consolidated affiliates 0.03
- (3) Overseas consolidated affiliates 0.04

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

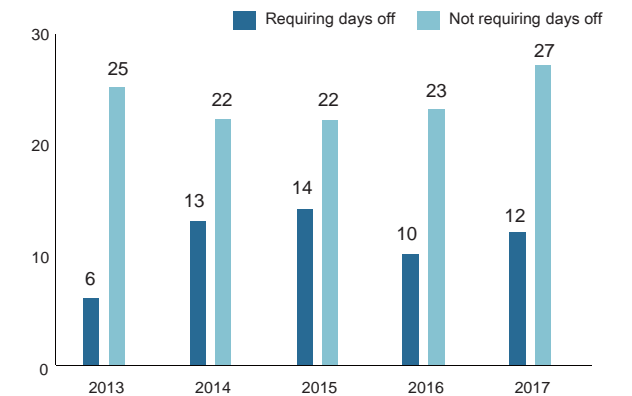
\* The severity rate expresses the severity of accidents calculated based on the number of working days lost as a result of accidents.

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.

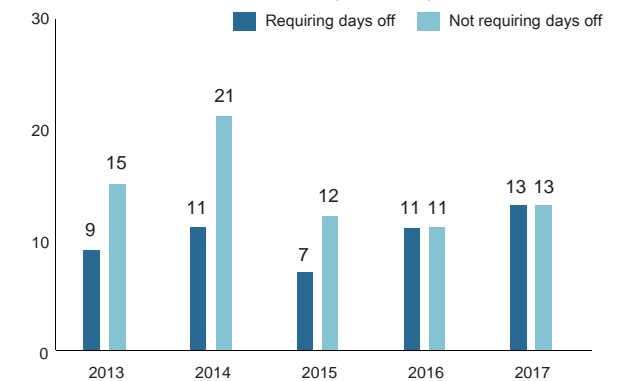
### Trends in the number of accidents in domestic sites

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

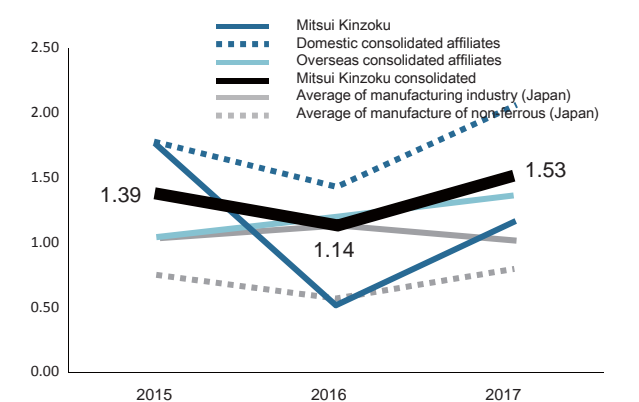


### Trends in the number of accidents in overseas sites

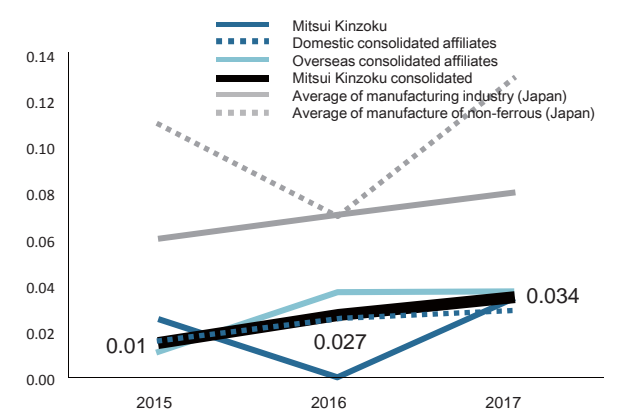
(※) Accidents that have occurred in cooperative companies and contractors.



### Frequency rate of accidents



### Severity rate of accidents



# 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.

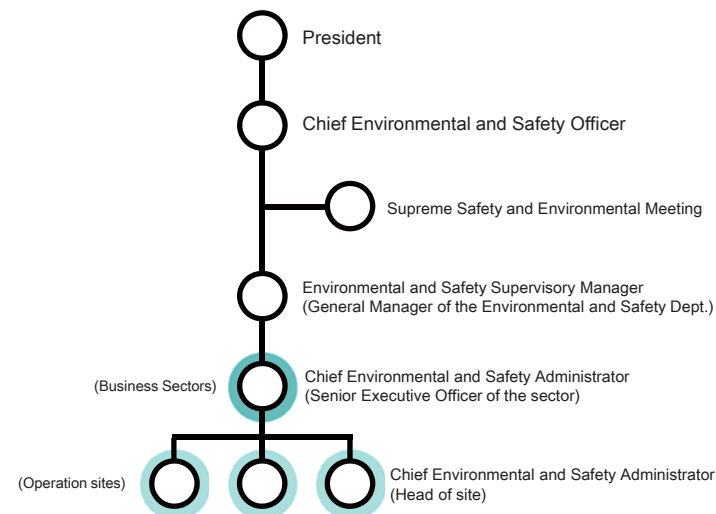
In April 2018, we revised the Environmental Action Plan to meet the current needs of society. We have established targets for our efforts to reduce greenhouse gas emissions and waste and create products that will contribute to the environment. We have also partially revised the Basic Policy on Environmental Conservation.

**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 Environmental Policy

(Revised in April 2018)

[Principle]

While recognizing 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 negative environmental impacts by complying with laws and regulations, assessing the impact of our business activities on the environment, including with regard to biodiversity, and setting necessary self-standards.
2. We will improve the organization and system to promote the environmental preservation activities at each site and company of the Mitsui Kinzoku Group.
3. We will strive to address climate change and reduce wastes and the emission of environmental pollutants by setting targets.
4. As a commitment to sustainable use of natural resources and conservation of biodiversity, we will actively promote the introduction of environmentally-friendly technologies, materials, and the development of environmentally conscious products and solutions.
5. We will continuously improve the environmental management system by regularly implementing an audit.
6. We will raise awareness of all people working in the Mitsui Kinzoku Group by emphasizing the importance of environmental conservation through environmental education and awareness raising.

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 2017, we carried out an audit at a total of 30 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.

**Operating sites with 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

[Affiliates]

- 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 Mines 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 2017

[Site]	[Date]
Powdertech Co., Ltd.	Feb. 20
Engineered Powders Division, Hibi Magnetic Materials Plant	Feb. 23-24
Engineered Powders Division, Miike Rare Metal Plant	Mar. 1
Nippon Yttrium Co., Ltd.	Mar. 2
Nihon Kessho Kogaku Co., Ltd., Tatebayashi Plant	Mar. 13
Takehara Refinery (External audit)	Mar. 15-16
Catalysts Division, Ageo Operation	Mar. 27
Nihon Kessho Kogaku Co., Ltd., Ageo Plant	Mar. 28
PVD Materials Division, Omuta Plant	Mar. 29
Copper Foil Division, Ageo Operation	Apr. 20-21
Ceramics Division, Omuta Plant	May 10
Nakatatsu Kougyou Co., Ltd.	May 18-19
Catalysts Division, Kamioka Plant	May 26
Perlite Division, Osaka Plant	Jul. 19
Miike Smelting Co., Ltd.	Jul. 27-28
Okuaizu Geothermal Co., Ltd.	Aug. 8-9
Perlite Division, Kitakata Plant	Aug. 21-22
Hikoshima Smelting Co., Ltd.	Aug. 29-30
Mitsui Kinzoku ACT Corporation, Kyusyu Plant	Sept. 6
Mitsui Kinzoku ACT, Monozukuri Technical Center	Sept. 14
Yoshinogawa Electric Wire & Cable Co., Ltd.	Sept. 19-20
Mitsui Grinding Wheel Co., Ltd.	Oct. 3-4
Mitsui Kinzoku Die-Casting Technology Co., Ltd.	Oct. 11-12
Kamioka Mining and Smelting Co., Ltd.	Oct. 17-18
Mitsui Kinzoku Instrumentations Technology Corporation	Oct. 17
Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd.	Oct. 23-26
Hachinohe Smelting Co., Ltd.	Nov. 7-8
Takehara Refinery	Nov. 27-28
Kamioka Components Co., Ltd.	Dec. 4-6
Nihon Mesalite Industry Co., Ltd.	Dec. 14

### Environmental law seminars (FY 2017)

[Target]	[Date]	[Participants]
Person in charge of environmental	March 7, 2017	26

### Environmental e-Learning course (FY 2017)

[Target]	[Term]	[Participants]
Newly-appointed person	October 2017 - March 2018	5

\* 3 participants have already completed the course by the end of the fiscal year.

### Environmental training in overseas sites (FY 2017)

[Sites]	[Participants]
Shanghai Mitsui Xin Yun Precious and Rare Metal Recycle Co., Ltd.	65
Compania Minera Santa Luisa S.A.	774
Mitsui Kinzoku Catalysts Zhuhai Co., Ltd.	74
PT. Mitsui Kinzoku Catalysts Jakarta	57
Mitsui Kinzoku Catalysis (Thailand) Co., Ltd.	41
Mitsui Kinzoku Catalysts Vietnam Co., Ltd.	48
Mitsui Kinzoku Catalysts America Inc.	20
Taiwan Copper Foil Co., Ltd.	370
Mitsui Copper Foil (Malaysia) Sdn. Bhd.	105
Oak-Mitsui, Inc.	73
Mitsui Copper Foil (Suzhou) Co., Ltd.	11
Mitsui Electronic Materials Co., Ltd.	71
Mitsui Kinzoku Advanced Ceramics (Suzhou) Co., Ltd.	27
Mitsui Grinding Technology (Thailand) Co.,Ltd.	245
GECOM Corporation	74
Mitsui Components Europe Ltd.	122
Mitsui Kinzoku ACT Mexicana	600
Mitsui Siam Components Co., Ltd.	271
PT. MITSUI KINZOKU ACT INDONESIA	5
Mitsui Components Guangdong Co., Ltd.	472
Henan Ohi Xing Guang Autoparts Manufacturing Co., Ltd.	63
Wuxi Dachong Industry	600

In fiscal 2017, a total of 4,188 people participated in environmental training held at 22 overseas production sites. It is provided according to the needs of each site, and includes "ISO 14001 Basic," "Environmental law training," "Handling of chemical substances," "Internal audit training" and "Waste separation training."

### Environment-related laws workshops (FY 2017)

[Site]	[Date]	[Participants]
Hikoshima Smelting Co., Ltd.	Jul. 21	10
Takehara Refinery	Aug. 4	15
Ageo training center	Sept. 26	14
Kamioka Mining & Smelting Co., Ltd.	Oct. 13	15
Miike Office	Nov. 10	9

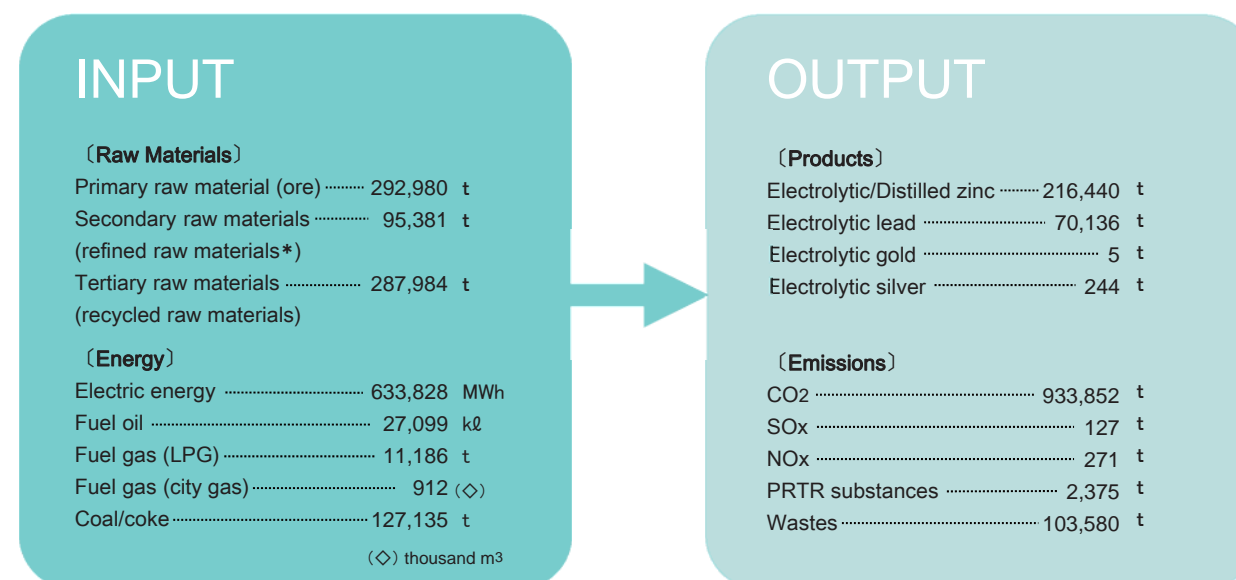
### Environmental seminars in rank-based training (FY 2017)

[Target]	[Date]	[Participants]
New employees	Apr. 24	48
Employees in the third year	Jul. 13	47
New employees (Follow-up)	Oct. 11	47
General officers(1)	Nov. 7	23
General officers(2)	Nov. 28	22
General officers(3)	Jan. 30	28

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

In fiscal 2017, Mitsui Kinzoku Group emitted 1,351 kilo 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.

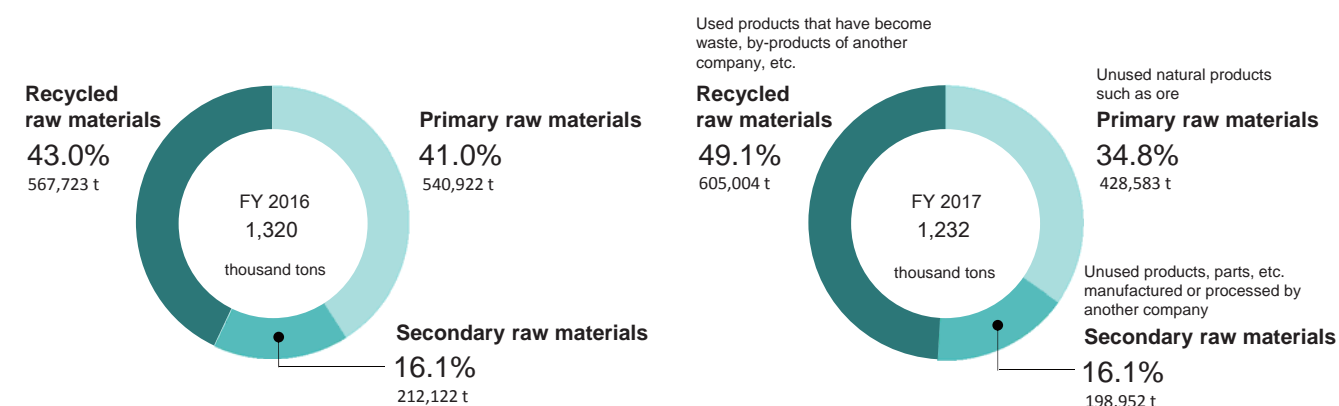
(※) The scope covers four manufacturing sites: Hachinohe Smelting Co., Ltd., Kamioka Mining and Smelting Co., Ltd., Hikoshima Smelting Co., Ltd., and Takehara Refinery. We have started to gather environment-related information on businesses other than the smelting business, including overseas sites. For CO2 emissions, the figures for the overseas sites are added to the results from FY 2017 (see page 57).



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

### 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 FY 2017, the use of recycled raw materials exceeded its use of natural resources such as ore. In Japan, recycled materials account for 46.7% of the raw materials used in smelting and materials segment and 55.5% of the raw materials used in other business segments. The share for our group, as a whole, including overseas affiliates, is 71.3%. The ratio of recycled raw materials is higher than in the previous fiscal year in all segments.



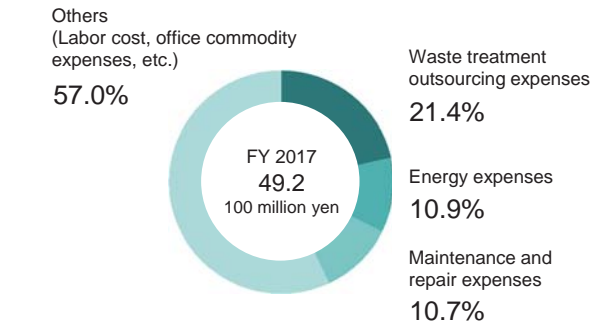
Breakdown of usage by type of raw material

### Investment and expenses for environmental management

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 FY 2017 were 4,920 million yen, an increase of 16.5% year on year. Environmental investments totaled 3,940 million yen, an decrease of 25.2% year on year.

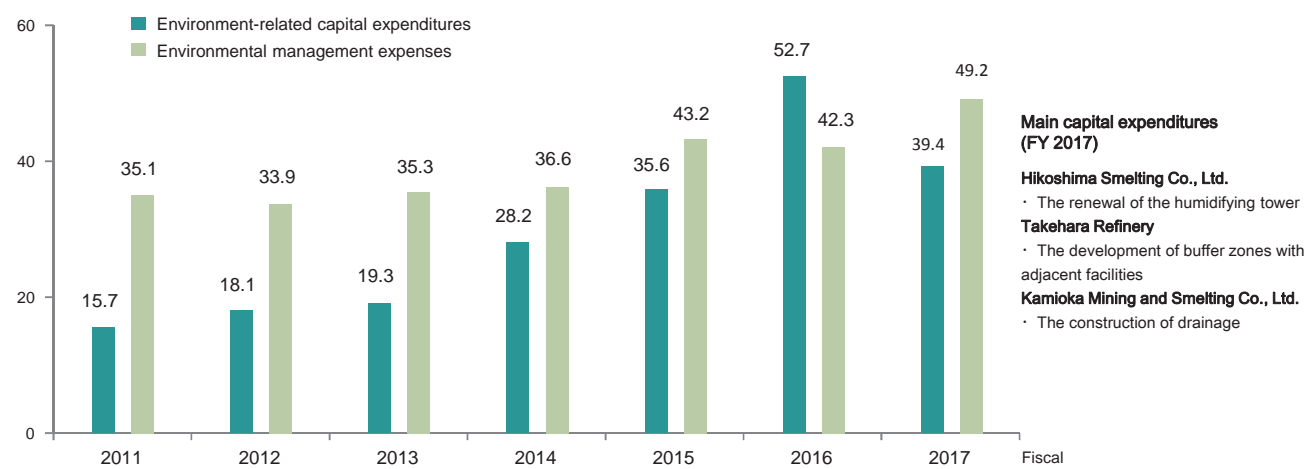
Major investments we made in FY 2017 included the renewal of the humidifying tower at Hikoshima Smelting, the development of buffer zones with adjacent facilities at Takehara Refinery and the construction work of drainage at Kamioka Mining and Smelting. We make environment-related investments at a total of 30 sites in Japan and of affiliated companies, mainly at smelting facilities.



Break down of environmental management expenses

### Trends in environment-related capital expenditures and environmental management expenses

(Hundred million yen)



**Main capital expenditures (FY 2017)**

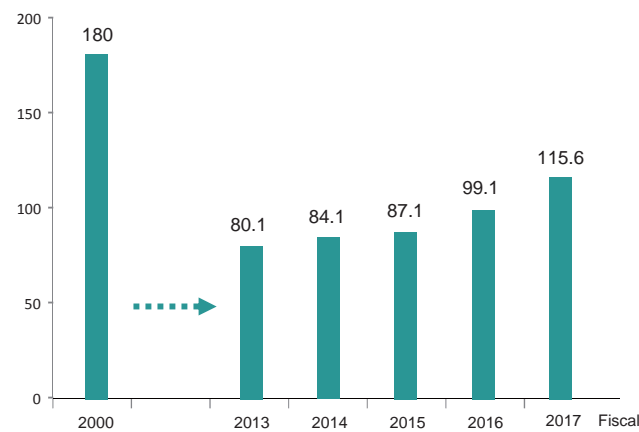
- Hikoshima Smelting Co., Ltd.**
  - The renewal of the humidifying tower
- Takehara Refinery**
  - The development of buffer zones with adjacent facilities
- Kamioka Mining and Smelting Co., Ltd.**
  - The construction of drainage

### 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 and revised in April this year, 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 FY 2017, the amount of waste generation rose 16.6% from the previous fiscal year, to 115.6 tons, due to the effect of new undertakings and an increase in the amount of production. However, the waste generation rate declined about 2%. We are preparing to disclose the waste generation rate and reduction at overseas sites in the CSR Report for the next fiscal year.

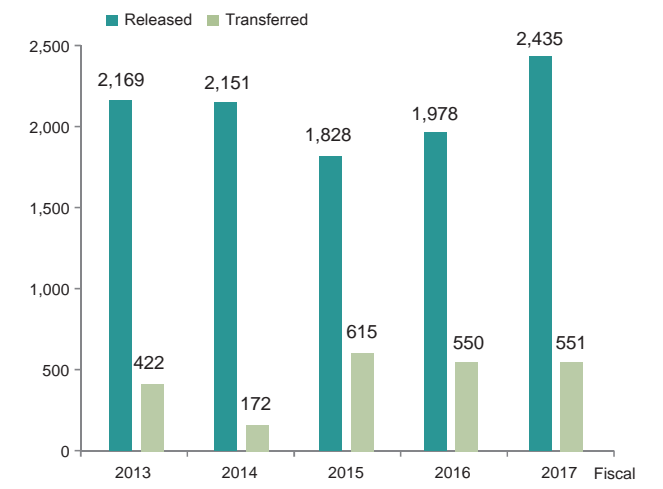


Amount of waste generation in Japan (Thousand tons/year)

### 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 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.



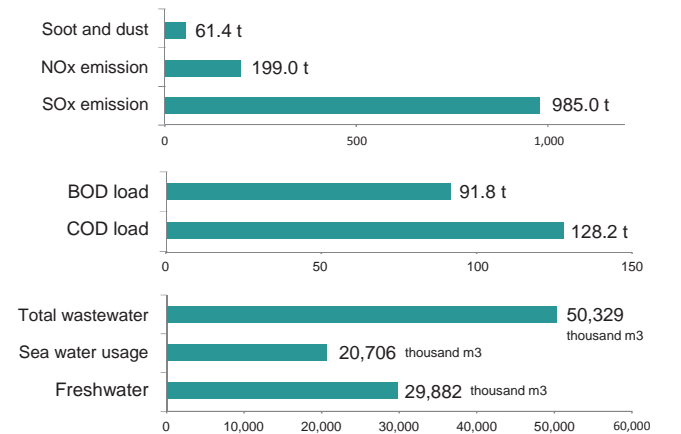
Volume of chemical substances released and transferred (tons/year)

### 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 FY2017, we are gathering the monitoring results of each business site across the entire Group.

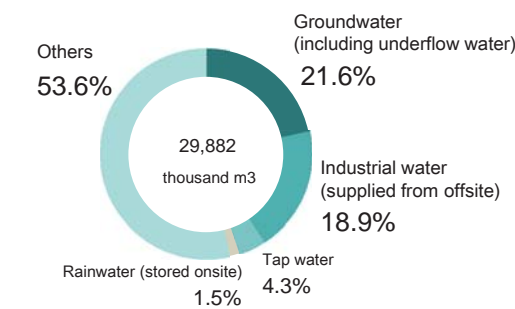
\* The accuracy of figures for some overseas sites cannot be fully verified and are therefore omitted from this report.



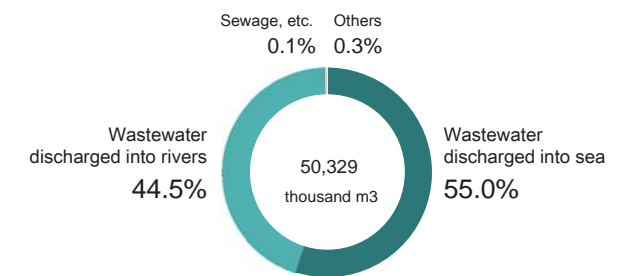
### Emissions to the atmosphere and water in Japan (FY 2017)

\* Because it has become clear that there was an error in the figures for NOx and SOx emissions in this graph last year, we have revised them.

[Emissions in FY 2016] NOx 988.3t SOx 254.3t



Breakdown of freshwater use (FY 2017)



Breakdown of wastewater (FY 2017)