

# Compliance

## Compliance management system

Mitsui Kinzoku Group ensures that all the employees are made fully aware of its compliance issues. This effort is led by the Legal Department, with the General Manager of the Corporate Planning Department serving as the chief person responsible. We are also strengthening our efforts, such as by operating the grievance mechanism and through efforts conducted by various committees including those on safety and export management. The situation on compliance is also monitored by the Internal Audit Department under the Internal Audit Committee.

## Code of Conduct

Mitsui Kinzoku Group considers compliance as referring not only to being compliant with the rules and regulations, but also to being compliant with issues that are expected by society that may not necessarily have strictly defined codes, such as social norms, corporate ethics, common sense, and morals.

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 laws and socially accepted common sense. The Code of Conduct is available in different language versions, which are distributed to the overseas sites.

The Compliance Guidebook, which explains the main points in practicing compliance, has been distributed to all executives and employees of Mitsui Kinzoku Group to ensure compliance.

## 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 Compliance Guidebook. Compliance programs are also included in regular rank-based training as well as training at overseas sites to continuously raise compliance awareness.

Specifically, we conduct, as appropriate, various seminars that focus on such topics as antitrust issues, management training targeted toward newly appointed directors and auditors for affiliate companies, information management, and security trade control.

## Grievance mechanism

For external stakeholders, we set up the CSR Inquiry Line where we receive reports of concern from websites outside of our company. This enables people to send information with anonymity, thereby establishing a framework where reporters will not be put into a disadvantageous position.

The Mitsui Kinzoku Hotline 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. This whistleblowing system is widely disseminated among employees through compliance training and on other occasions. For our affiliates in China, we created and started operating a whistleblowing system that is being consigned to a third party, and that enables communicating in Chinese.

Issues reported via the grievance mechanism are regularly passed on to auditors, with the anonymity of the reporter ensured, and also comprehensively reported to the Board of Directors.

## 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 the value chain. The Compliance Guidebook 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. In FY2018, there were no reports of punitive legal action taken against Mitsui Kinzoku with respect to anti-competitive practices and bribery.

# Respect for Human Rights

## The human rights policy and the human rights standards

Mitsui Kinzoku Group approaches human rights issues based on our Human Rights Policy. In FY2018, we identified prioritized stakeholders who could potentially be affected in our businesses and major risks through the risk assessment. We define our approach to the major risks as our "Human Rights Standards" in July 2019. This Human Rights Standard serves as a code for our human rights due diligence.

## Addressing human rights

Mitsui Kinzoku Group is implementing due diligence based on the Human Rights Standard by giving priority to human rights risks in our businesses and supply chain, as well as to the mining-specific human rights risks. Please see the following pages for more details.

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## Human rights due diligence to the sites of the Group

In FY2018, we conducted the human rights due diligence using a self-check sheet (SAQ) at ten sites among the major sites in Japan and at two model sites overseas. We assessed SAQ results and conducted on-site surveys and hearings.

As a result, we did not find any major risks, including any forced labor or child labor risks. For areas that were found to require improvements, we provided feedback and implemented corrective measures. The due diligence will be newly performed in major sites within Asia during FY2019.

## <Main areas that were improved>

- Introducing compliance training for newly-hired employees
- Introducing measures to prevent missed procedures related to overtime work

## Human rights training

We are conducting human rights training to increase awareness of our Group's Human Rights Policy and promote the correct understanding of human rights issues. In FY2018, we conducted training within Japan in the rank-based training. With regards to overseas areas, we gave explanations on the human rights due diligence toward the persons responsible for human resources at each site in China. We also conducted human rights training at two sites in Taiwan. In FY2019, we will conduct further educational training at major sites within Asia.

## Labor relations

Mitsui Kinzoku Group respects freedom of association and collective bargaining. 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. About half of the other consolidated affiliates in Japan have labor unions. Among global consolidated affiliates, 13 affiliates have labor union. A labor-management council and a labor-management round-table conference are regularly held to communicate with workers. In FY2018, no strikes or lockouts lasting more than a week occurred in Mitsui Kinzoku Group.

	Sites in Japan	Overseas	Total
Employees covered by collective bargaining agreements	3,863	4,085	7,948
Total employees	6,143	7,482	13,625
Coverage rate	63%	55%	58%

※ Information on labor unions at several sites is unavailable due to legal requirements.

## Mitsui Kinzoku Group Human Rights Standards

Mitsui Kinzoku Group conducts human rights due diligence and approaches human rights issues following internationally recognized guidelines and the ICMM Principles, with particular reference to the Responsible Business Alliance (RBA) Code of Conduct.

Mitsui Kinzoku Group recognizes that there are human rights risks in our businesses and supply chain, particularly mining-specific human rights risks and human rights risks in the mineral supply chain. We identify workers<sup>i</sup> of our own sites<sup>ii</sup>, workers of our business partners including suppliers, and residents of local communities as the prioritized stakeholders who could potentially be affected in our businesses and supply chain. We also identify major risks through risk assessment conducted in relation to labor, health and safety, the environment, and ethics, and define our approach to the major risks as our “Human Rights Standards.”

### 1) Management System

We establish and maintain a human rights management system.

- The management system includes regular trainings for promoting understanding and raising awareness of the human rights policy and human rights across the entire group, and keeping appropriate records of human rights matters.

### 2) Freely Chosen Employment

We do not use forced labor.

- Workers retain and manage their own legal documents including passports, other government-issued identification documents, and travel documents, and are not required to hand over the original documents.
- Workers are not required to pay any type of fees or bonds in relation to employment.
- Employment agreements are executed in the native language of workers or in a language that workers can understand, and no unfair changes are made.

### 3) Prohibition against Child Labor and Protection of Young Workers

We do not use child labor.

We protect the rights of young workers and student workers, and manage them appropriately in accordance with applicable laws and regulations.

- We strictly check the age of workers using documents issued by official organizations. We do not employ workers who have not reached the highest age of either 15 years, the legal minimum age for employment, or the age for completing compulsory education in that country.
- We do not require young workers under the age of 18 to perform work that is likely to jeopardize their health or safety, including night shifts and overtime.

### 4) Working Hours

With regard to working hours and day off, we comply with applicable local laws and support international guidelines.

### 5) Wages and Benefits

With regard to wages and benefits, we comply with applicable local laws and support international guidelines.

- We manage the wages paid to workers so that they never fall below the minimum wages.
- With regard to overtime work, we pay workers at legal pay rates greater than regular hourly rates.
- We do not reduce wages illegally or unjustly as a disciplinary measure.

### 6) Humane Treatment

We prohibit the inhumane treatment, including any type of abuse or harassment.

- We prohibit any type of harassment such as sexual harassment<sup>iii</sup>, sexual abuse, corporal punishment, mental or physical coercion, and verbal abuse.
- We take appropriate measures against harassers/abusers and against those who make false accusations.

### 7) Non-Discrimination

We prohibit unlawful discrimination.

- We do not engage in discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information, or marital status in hiring and employment practices such as application for employment, wages, benefits, promotions, rewards, job assignments, discipline, termination and access to training.
- We provide workers with reasonable accommodation for religious practices.
- Except when specified by laws and regulations or to ensure individual safety or workplace safety, workers do not be subjected to pregnancy testing or other medical testing (such as for type B hepatitis or HIV), and the test results do not be used in a discriminatory way.

### 8) Freedom of Association

With regard to freedom of association and collective bargaining, we comply with applicable local laws and regulations and support global standards.

- We respect the right to form or participate in organizations such as labor unions and worker committees.
- Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of interference, discrimination, reprisal, intimidation or harassment.

### 9) Protection of Identity and Non-Retaliation

We maintain a grievance mechanism enabling internal and external stakeholders to raise any concerns they may have.

- We ensure the confidentiality and anonymity of whistleblowers.
- We maintain a process that ensures whistleblowers are able to raise any concerns they may have without fear of retaliation.

### 10) Suppliers<sup>iv</sup>

At each of our sites, we select suppliers in accordance with the Mitsui Kinzoku Group Procurement Policy and conduct supplier due diligence on a continual basis.

### 11) Local Communities

We respect the human rights, interests, cultures, customs, and values of local communities including indigenous people, affected by our businesses.

<sup>i</sup> All personnel working in our facilities or offices, regardless of their employment type

<sup>ii</sup> All sites including our own mine

<sup>iii</sup> Giving disadvantage in the working condition of a worker by reason of the worker's responses to verbal or physical conduct of a sexual nature or harming the working environment of the worker by such conducts

<sup>iv</sup> Including third-party employment agencies