

# Mining business

Mitsui Group first started mining operations in the Kamioka area in 1874, and ever since, Mitsui Kinzoku has been in the mining business for more than 140 years. We currently have our own developed mines in operation in Peru: the Huanzala Mine and the Pallca Mine. In Japan, many of the mines have already suspended or terminated operations, and we are continuing to manage these suspended or closed mines.

## Relationships with the local communities around the mines

We recognize that the mining business has a particularly large impact on the surrounding environment and the local communities. As such, based on the mining-specific risks as recognized by such institutions as the ICMM Principles and SASB, we strive in our efforts to establish a relationship of co-existence and mutual prosperity with the local communities, and to be respectful of human rights. Since FY2017, we have been conducting annual surveys on human rights and environment at the mines for which we hold an investment ratio of more than 50%, using a self-assessment check sheet for sites engaged in mining activities.

We also place importance on our engagement with the local communities around the mines, and are continuing to address the needs of the communities, such as by developing infrastructure, providing educational aid, and offering support for agriculture and livestock. In FY2018, the town of Huallanca near the Huanzala Mine was affected by disaster from torrential rain, and to help in this situation, we dispatched construction workers and heavy equipment to the local government, and helped build a temporary road in order to recover the transportation network for this town.

## Migration and resettlement

We manage human rights risks, such as the relocation of indigenous people and local residents, for the mines in which our investment ratio exceeds 50%. None of these mines are located and operated on land owned by indigenous people or in neighboring areas. No local residents were forced to relocate to another area due to the development of these mines.

## Artisanal and Small-scale Mining (ASM)

There are no ASM activities in the operation areas of the Huanzala Mine, Pallca Mine, and the Akeshi Mine. Although we found ASM activities in a neighborhood located outside of the Huanzala Mine operating area, we confirmed that the discovered ASM activities do not pose a risk to our business.

## Grievance mechanism

Compania Minera Santa Luisa that operates the Huanzala Mine and the Pallca Mine holds meetings with the local government and the community organizations on an as-needed basis. These meetings are held to listen to complaints and opinions from the local community and to resolve the raised issues. There is also a grievance mechanism 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. No such conflicts occurred in FY2018. Details of the group-wide grievance mechanism are described on page 40.

## Appropriate management of water

The Huanzala Mine and Pallca Mine manage the drainage of water in keeping with related regulations. The Huanzala Mine, in particular, conducts thorough management of acidic water, and in 1997, it became the first in Peru to acquire the environmental optimization plan known as PAMA (Programas de Adecuación y Manejo Ambiental), in addition to acquiring ISO 14001 certification in 2008. Acidic water generated in the mine is processed with a neutralization treatment, and a 24-hour monitoring system is put into place, thus consistently making sure that the water being released into the river has a pH level below the required environmental standard value. Furthermore, the mine voluntarily conducts analysis of obtained water samples at a frequency of every three days, in order to check the concentration of heavy metals within the drained water. And once every month, in accordance with related laws, water samples are collected from 14 locations around the Huanzala Mine to check the water quality. The flotation plant at the Huanzala Mine is also advancing efforts to recycle the use of water and striving to reduce the amount of water being used.



The water quality monitoring around the Huanzala Mine

## Initiatives to conserve biodiversity

The areas surrounding the Huanzala Mine and Pallca Mine, which are situated at an elevation of over 3,000 meters, are home to flora and fauna that are unique to that particular environment. Both mines practice underground mining, so they have limited impact on the surface above the grounds. However, in order to minimize the effects of mine development and operations, we make sure to process the acidic water properly, and also conduct environmental baseline surveys and bio habitat surveys. From 2019, due to the construction work to expand the tailings dam, we conduct the transplant of the wetland vegetation group (bofedal) at the Huanzala



The transplantation work of plants (the Huanzala Mine)

Mine, which is being performed in partnership with experts and affiliated government agencies. In addition, since 2018, we have been distributing pamphlets to the local residents on animal and plant protection, thereby providing information on initiatives being implemented toward the preservation of biodiversity.

## Appropriate management of the tailings dam

The Huanzala Mine positioned the management of the tailings dam as being one of the major risks in the mining business. As such, the tailings dam was designed, and is being managed and is undergoing stability evaluations, based on the technological guidelines and manual defined by the Ministry of Energy and Mines in Peru. As a result of the stability evaluation, it has been confirmed that the site has no problems and will remain stable, even if the area is hit by a major earthquake of a level that only happens once every 500 years. The situation is constantly being monitored, such as by monitoring the seepage level in the levees and water quality every month, in addition to having external specialists check the seepage level in the levees and perform tilt measurement every three months, in order to address the risks of leaking waste. The amount of tailings for FY2018 was 454,588 tons\*.

In Japan, after there were leakage incidents at a number of tailings dams caused by the Great East Japan Earthquake in 2011, the Ministry of Economy, Trade and Industry revised in 2012 the "Technical Policies of the ministerial decree defining technical standards of mining facilities". And from FY2017 to FY2018, we conducted a stability evaluation of the tailings dams owned by our Group, regardless of whether or not this applies to the new guidelines. Of the 12 disposal sites for which the evaluations were completed, it was concluded that the risks of major collapses or downstream damages are extremely low, even in the event of a massive-scale earthquake. We have another tailings dam currently under evaluation, which is scheduled to complete by the end of FY2019.

\* Ores mined at the Pallca Mine are being processed at flotation plant at the Huanzala Mine, and therefore, the amount of tailings at the Huanzala Mine includes the amount originating from the Pallca Mine.

## Closure plan

In the mining business, we have drawn up closure plans of mines subject to applicable laws, and accumulate expenses for closure from the development stage to minimize the impact and risk after closure.

Mine	Closure plan	Amount of accumulated expenses (FY2018)
Huanzala Mine (Peru)	Planned	7.72 million US dollars
Pallca Mine (Peru)	Planned	2.1 million US dollars
Akeshi (Kagoshima, Japan)	Not planned	243.4 million yen

\* Pan Pacific Copper Co., Ltd., which is an affiliate company based on the equity method (capital ratio of 32.2%), is operating the Caserones Copper Mine in Chile through SCM Minera Lumina Copper. The scope of disclosure for this report is for mines of which our capital ratio is 50% or more.

## Management of suspended and closed mines

Even for mines that have been suspended or closed, wastewater processing and disposal management continue to be performed in compliance with the Mine Safety Act and related environmental laws. We are managing the maintenance of the tailings dam and the former mine mouth, conducting detoxifying treatment of acidic mine wastewater that includes heavy metals, and performing the monitoring of water quality. We also visit and check the area, as well as perform environmental audits, on a regular basis in order to make sure that the mines are being properly managed.



New acidic water treatment equipment has started operations. (Udo Mine)

## Mines that are in operation and suspended in Japan

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

