



Review of the previous medium-term management plan PAMCO-30

Pacific Metals is working toward achieving our long-term vision of becoming a world-leading ferronickel manufacturer, with the aim of building our strengths such as trust from customers, highly-efficient production and sales, and superior environmental management, on an even more solid management platform, in response to rapid changes in world politics and economy. We have positioned the initial three-year period, the first stage of the long-term vision, as a period for “building a solid platform for responding to rapid changes in the environment,” formulated the medium-term management plan PAMCO-30, and carried out activities until FY2018.

In the period FY2016 to FY2018, the period of the PAMCO-30 plan, there have been numerous changes to the business environment, such as sluggish nickel prices on the London Metal Exchange (LME), partial relaxation of the ore embargo in

Indonesia, lower grades of ore, pressure on the upper limit of stainless steel production due to environmental regulations by the Chinese government, and stubbornly high electricity costs. Even in the midst of such conditions, through working together as one to implement each of the policies in PAMCO-30, and particularly through improvements in earnings and production, Pacific Metals has been able to reduce costs by 2.6 billion yen over three years, which was an extremely significant result. This is a result of the combined efforts of every individual employee considering how he/she can minimize costs and doing everything possible to achieve that.

However, we do not consider the policies described in PAMCO-30 to be complete yet. Ongoing issues such as promotion of low-cost operations, dealing with low grade ores, stable procurement of ore, and environmental and safety measures, will be properly reflected in the next stage as well, and we will continue to put our efforts into addressing these.

Formulation of the new medium-term management plan PAMCO-2021

We formulated the new medium-term management plan (PAMCO-2021) with the aim of further strengthening the platform built under the previous medium-term management plan, as the second stage toward achieving the long-term vision.

The basic policy comprises of the two items, “Strengthening and redeveloping the management platform, and refining strategies toward growth” and “Creating social and economic value,” with the aim of being a robust company that can respond to rapid changes in the business environment, together with growing into a company that considers sustainability of society.

We are working on priority policies for building and strengthening a more stable ferronickel production system, together with strengthening the organization and human resources to be able to flexibly support changes in the business environment, with a focus on changes in social structures, such as resource nationalism, etc., that is feared to spread in the future. In addition to environmental measures, safety management is also a business maintenance platform, and we are pursuing education according to changes in the era or society, to prevent even one person from being injured.

Contribution toward achieving a sustainable society

Contributing toward achieving a sustainable society is one of the targets of PAMCO-2021. We are aiming to grow into a company that contributes to society by actively working on Sustainable Development Goals (SDGs) adopted by the United Nations.

Specifically, we are actively promoting environmental measures, such as making improvements toward energy-saving facilities, energy-saving measures through reusing high-temperature exhaust gases, water pollution prevention measures using wastewater treatment facilities and reuse of treated water, and contributing to a recycling-oriented society through recycling of all ferronickel slag, which we have been working on thoroughly from previously.

In addition, we aim to coexist with regional communities through providing ferronickel slag construction materials to areas affected by the Great East Japan Earthquake, carrying out cleaning activities around the plants and in the region,

sponsorship of local soccer clubs and participation in regional revitalization activities. We have an ongoing cooperation with Hachinohe Kojyo Daigaku, dispatching lecturers and holding plant field trips in FY2018.

Furthermore, in order to enhance or strengthen corporate governance, we are putting efforts into regulatory compliance by utilizing an integrated management system (IMS). We would like to more actively convey our activities, approaches, etc. in the future so as to expand information disclosure and so that all stakeholders understand our initiatives.

Aiming for a satisfying company

The long-term vision of the Company is “To become a ferronickel manufacturer of world-class comprehensive strength.” By increasing earnings, Pacific Metals wants to be able to continue operating in the future, protecting the jobs of the Company’s employees and their families, and create a workplace where the employees are fulfilled.

We spend many hours of our lives at work. Since we wanted all of our employees to spend their precious time at work with a sense of purpose, we developed and introduced a new HR system. This system provides for continuous development, with every single employee carrying out their work with a sense of purpose. In addition, we are implementing a system for proposing improvements. We consider that the significant results we achieved, such as cost reductions during the period of the previous medium-term management plan, came about as a result of this improvement proposal system. The number of improvement proposals has been increasing every year, and we feel the number of enthusiastic employees is increasing. We are confident that with every individual employee actively engaging in their business activities with a sense of purpose, we can overcome the challenging environment going forward as well.

Based on our management philosophy of “To utilize human power, provide more usefulness from the earth’s resources, and contribute to the well-being of human society,” we are working hard toward improving the value of the Company and achieving a sustainable society.

We look forward to your continued understanding and support in the future.

President Director & Representative Director

Akira Sasaki