


Based on our Quality Management System (QMS) and the Industrial Standardization Act, the entire company is working together to promote quality control activities in order to reliably provide products trusted by all stakeholders.

Quality control

We have established a quality management system in accordance with the “Guidelines for Enhancing Quality Assurance Systems” of the Japan Iron and Steel Federation and the “Guidelines for Manufacture and Sales of Non-ferrous Slag Products” of the Japan Mining Industry Association. In

addition to meeting product quality standards, we conduct quality control activities to meet customer demands and always provide safe and high-quality products that are free from environmental pollution.

Main initiatives	Specific results
Measures to improve customer satisfaction	Ferro-nickel products are highly evaluated by customers by providing products with shapes that are easy to handle with little variation in the product quality requested by customers, and by ensuring that the desired delivery date is met. Through customer satisfaction surveys and daily communication with customers, we find problems and improvements and respond to them as completely as possible. Slag products (ferronickel slag products, molten slag products) have been confirmed to be innocuous through periodic elution tests and content tests based on the Soil Contamination Countermeasures Act to ensure product safety. We also receive high marks via customer communications for the meeting required quality (particle size and chemical composition). Furthermore, ferronickel slag products are strictly managed from production to post-sales on-site verification in accordance with the Japan Mining Industry Association’s “Guidelines for Manufacturing and Sales of Nonferrous Slag Products” is strictly monitored so as not to interfere with the preservation of the living environment at the point of sale.
Support of improvement of in-house quality control capabilities	In FY2018, we conducted in-house training twice for “improper cases related to quality” and “QC method training” that was initiated in FY2017. For inappropriate cases, we reported on the causes, results, and responses, and provided training on the risk that trust built over many years can be lost in an instant. In FY2019, we will continue to improve the curriculum of education and aim for easy-to-understand training.
Brush up of our analytical techniques to improve product quality reliability	Communicating the knowledge base from veteran employees about analysis and testing is a focus for ensuring the reliability of product quality. We listen to the intuitive sense and know-how of veteran employees, which cannot be documented in a procedure manual, and carried out activities to document skills charts with figures and photographs. By conducting on-the-job training (OJT) based on the skills charts, we have been able to reliably achieve technical success. 
Laboratory accreditation of certification standards for testing and calibration laboratories (ISO/IEC 17025)	Because the price of ferronickel products and nickel ore is determined by nickel quality, it is important to ensure the reliability of nickel analysis values. For this reason, we have obtained ISO/IEC 17025 certification for “chemical analysis of components in ferronickel,” “fluorescence X-ray analysis of components in ferronickel,” and “chemical analysis of nickel in nickel ore.” As a result, our products serve to help ensure international and objective reliability of inspection and acceptance of inspection results for raw materials. In FY2019, we plan to review the transition to ISO/IEC 17025 (2017 edition).

The Company received ISO 9001 certification in 1998 and has maintained it since then. Since FY2015, we have run the Environmental Management System (EMS) and the Occupational Health and Safety Assessment Series (OHSAS) together as an integrated management system.

The periodic screening for FY2018 was in October. As a result, it was confirmed that there were no major problems and the quality management system based on ISO 9001 was properly maintained. In our QMS activities, stabilization of raw

material procurement and cost reduction are urgent issues, so we are promoting relevant targets in each department. The Procurement Department is working to set goals for the development of five new suppliers such as the Philippines and New Caledonia, in accordance with the “IMS Target Management Progress and Implementation Report” and, amidst external factors that have increased in complexity, has been recognized for implementing various measures.



We strive to disclose appropriate and easy-to-understand information for our shareholders and investors. Briefing sessions are held mainly in conjunction with the publication of various IR information on the website.

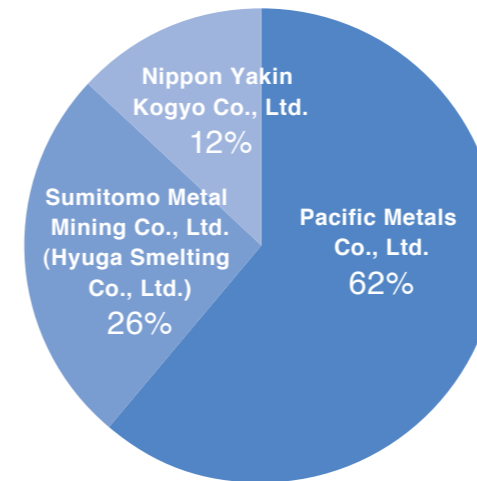
IR activities

The Company has an IR Committee centered on directors responsible for investor relations and has established a system to promote constructive dialogue with all shareholders and investors.

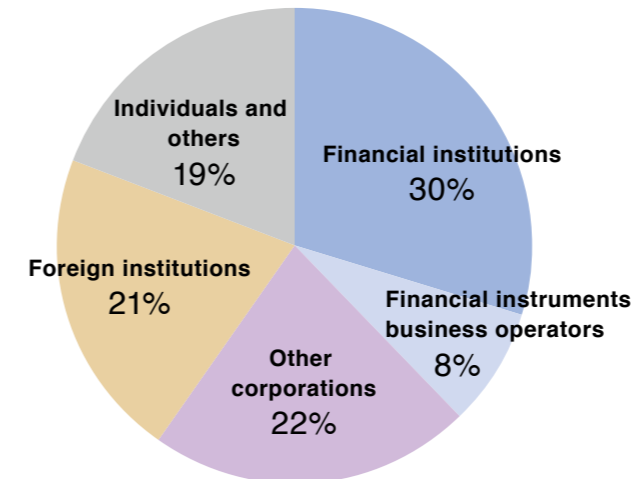
An annual general meeting of shareholders is held in June every year, and a financial results briefing is held during the second quarter earnings release to explain business results, plans and strategies of our business.

In addition, we work to return profits to shareholders through dividends while enhancing and strengthening our corporate structure.

Our company’s performance (the share of our company in ferronickel production in Japan)



Shareholder composition



Communications with shareholders and investors

Briefing sessions for IR analysts and institutional investors are held twice a year.

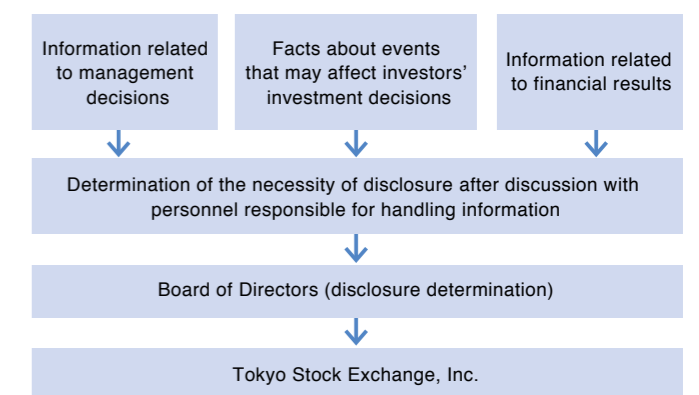
We endeavor to ensure that the opinions of shareholders are shared among the Board of Directors, centered on the Chairperson of the Board of Directors. In addition, when conducting dialogue with shareholders, we carefully manage insider information and take great care not to create information gaps among shareholders.

Information disclosure

Based on our information disclosure policy stipulated in the “Basic Policy on Corporate Governance,” information is disclosed in a timely and appropriate manner, primarily through our website.

The Company has established a disclosure system for information related to management decisions, facts about events that may affect investors’ investment decisions, and information related to financial results. When important facts arise, the relevant departments in the Company consider whether disclosure is necessary, the Board of Directors makes determination as to disclosure, and if disclosure is to occur, it is made to the Tokyo Stock Exchange.

Information disclosure system



We send out the notice of the general meeting of shareholders at an early date so that shareholders can carefully examine the contents of the proposals and exercise their rights appropriately. In addition, disclosure is made to the Stock Exchange and on the Company’s website prior to the date on which the convocation notice is sent.

[Click here for IR materials](https://www.pacific-metals.co.jp/ir/index.html) URL: <https://www.pacific-metals.co.jp/ir/index.html>



We value the connection with the local community, carry out clean-up activities, and endeavor to revitalize the community by sponsoring local organizations and participating in local events. We strive to communicate with all of our stakeholders through local initiatives.

Factory tours

We conduct factory tours to help members of the community better understand our business activities. On March 9, 2019, Pacific Metals Hachinohe Works conducted a factory tour held for students of Hachinohe Kojyo Daigaku (meaning Hachinohe Factory University).

Hachinohe Kojyo Daigaku is sponsored by Hachinohe City and is a civic activity for rediscovering and communicating the appeal and value of local factories. Since FY2015, we have been cooperating through dispatch of lecturers and implementation of art events using factory landscapes.

Twenty-eight local residents participated in this factory tour, and it was an opportunity to deepen their understanding of the Company by actually seeing the rotary kiln, electric furnace, and ferronickel slag discharge.

Participants were interested in ferronickel manufacturing processes and wastewater treatment facilities. In particular,



Group photo with factory tour participants

Cleanup activities around the plant and in the surrounding area

We are continuously conducting cleanup activities along the coastal roads around the plant with the aim of beautifying the local environment and contributing to society. In a cleanup activity conducted in July 2018, we cleaned the parking lot in front of our main gate. In October 2018, approximately 40 employees, including employees of affiliated companies and partners, performed cleaning activities across a four-block area.

we received feedback on the water after the pollutants were removed, such as “I learned for the first time that water used in the plant is first cleaned and then released” and “I was surprised that the wastewater that was poured into the beaker was transparent.”

In addition, in FY2018, we cooperated with local organizations and held tours for local residents. Those tours include a “Student Manufacturing Company Visit Tour” hosted by the Hachinohe Regional Advance Technology Promotion Center Foundation on July 30 and an “Eco Tour” hosted by the Environmental Policy Section of the Hachinohe City Environmental Policy Administration Section, Environmental Management Department, City of Hachinohe for Hachinohe citizens on October 18.

We will continue to create opportunities for local residents to learn about our company.

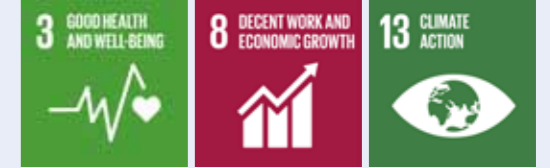


Sample water for discharge into the sea

Environmental and safety exchange events held by four nickel companies

In 2009, we established an “Environment / Safety Exchange Meeting” with three other domestic nickel companies to share information on environmental and safety issues.

In FY2018, discussions were held at the Hyuga Smelting Co., Ltd., focusing on the three themes of “Measures against nickel dust,” “Safety measures for heavy machinery,” and “Management system of partner companies.” This exchange meeting is a very meaningful place for communication because it allows information sharing about each company’s efforts.



We have been promoting voluntary work accident prevention activities under the slogan “Safety!” and working to prevent workplace accidents by raising safety awareness. We are also promoting health management activities so that employees can maintain a safe and healthy work environment.

Occupational safety activities

In FY2018, we set the company-wide goal of “No accidents and no disasters” to focus on strengthening occupational safety and health measures and managed to review risk awareness education and OJT, re-examine safety rules, establish a communication system and hold safety skills competitions.

For risk awareness education, we carry out OJT at each worksite to be prepared for any troubles. For example, we built equipment to give training participants the simulated experience of being caught in the belt conveyor and other dangerous situations. At the safety skills competition, competitions were held for “forklifts” and “crane/slings” categories, to heighten consciousness of the dangers of work vehicles and the importance of safety awareness. We will continue to strive to prevent accidents and disasters by raising awareness so that accidents and disasters do not occur at our workplaces.



Experiencing “getting caught” in the belt conveyor for risk awareness education

Hygiene activities

In July, an exercise class on locomotive syndrome prevention was conducted with the aim of improving employee health. As we did last fiscal year as well, we held an in-house relay-race tournament in September. Before the competition, instructors were invited from a fitness club to hold a course on how to run in a relay race; not only relay-race tournament participants, but also those who run on regular basis took part and learned about the proper form for running and how to do stretching before and after practice.

Our Hachinohe Works also has a gym and bath open to all employees. We take care to promote the health of employees so that they can refresh themselves by working out and working up a sweat after work.



Gym and bath in Hachinohe Works

Disaster prevention activities

In FY2018, we conducted comprehensive disaster prevention drills, night/holiday drills, and tsunami evacuation drills throughout the Company. In the comprehensive disaster prevention drill, with the cooperation of the Hachinohe Regional Joint Disaster Prevention Center, firefighting drills and rescue and relief training for injured persons were conducted with our self-defense fire brigade, premised on fire occurring on the premises due to a large-scale earthquake.

We also revised the disaster prevention map in the plant and distributed it to all employees. The disaster prevention map contains information on initial response in case of an emergency and provision of information to the fire department and police so we can take immediate action by looking at the map.



Water discharge training by the self-defense fire brigade

Creating a rewarding workplace environment

In FY2018, we introduced a new personnel system that promotes every employee feeling rewarded in their work. We place importance on promoting motivation and working by encouraging dialogue with evaluators, conducting transparent and fair evaluations, and feeding back the results of evaluations. In addition, we are working to improve productivity by systematic management of attendance information and based on leaving work on time. We aim to create a rewarding work environment by maximizing the capabilities of all employees.