



Message from the President

Masayuki Aoyama, President and Representative Director

Medium-term Business Plan achievement status

We are engaging in formulated our PAMCO-2021 Medium-term Business Plan (hereinafter, PAMCO-2021) to achieve our long-term vision of “Become a world-class ferronickel manufacturer with comprehensive power”

Our business environment was severe in FY2020 because, among other factors, the impact of COVID-19 slowed the operations of stainless steel producers, which are the main customers of our nickel business, and overseas stainless steel producers are shifting raw material procurements to Nickel Pig Iron (NPI). Meanwhile, with respect to the procurement of nickel ore, although some of our suppliers were forced to suspend operations at their nickel mines for certain periods of time as part of their infection prevention measures, they recovered operations quickly, which enabled us to maintain procurement in line with our production and sales volumes. Nickel prices on the London Metal Exchange (LME) were sluggish at the beginning of the period but subsequent moves in various countries to get their economies moving again put them on an upward trend, and they remain high thanks to expectations that production will recover and to the practical application of vaccines.

To combat COVID-19, we formulated “behavioral guidelines to stop the spread of infections,” which naturally included daily mask wearing and hand washing/disinfection, and we did our best to prevent infections by working from home and using remote meetings to limit the movement of people as much as possible. We also continued our efforts to raise the level of our business performance and stabilize profits by communicating with customers

and suppliers in a timely and appropriate manner. As a result, we achieved our goals of; more stable procurement of ore, stronger profitability, and more stable business management through the appropriate management of cash flow, which were the priority measures for PAMCO-2021.

We also listed “business diversification,” which will contribute to strengthening our earnings base in the future, as an important issue, embarked on making contributions to the realization of sustainable society as one of our basic policies, and signed a capital and business alliance agreement with AMITA HOLDINGS CO., LTD. as an optimal partner to help us achieve these things. By creating original 100% recycling technology and recycling systems under the theme of “Re-design of industry and living,” AMITA HOLDINGS has become a leading company in the sustainability sector that provides integrated support to customers that are looking to achieve sustainable corporate business management and regional operations. Going forward, we believe that we can achieve added value by fusing the refining technologies that we have cultivated thus far to create new synergies that contribute to environmental friendliness and stable socio-economics.

Business activity and ESG initiatives

Initiatives for achieving the Sustainable Development Goals (SDGs) adopted by the UN are being emphasized, and we believe our initiatives relating to sustainable development are extremely important to enhancing our corporate value and strengthening relationships with our stakeholders. To that end, our management policies and corporate ethics norms include content that contributes

to ESG.

As specific initiatives with respect to ESG, we engage in various activities such as contributing to the creation of a recycling society by fully recycling all by-product ferronickel slag, preventing water pollution from wastewater terminal treatment facilities, and sponsoring local soccer teams. We have made particularly effective use of ferronickel slag by using it as roadbed material for highways within the prefecture in cooperation with other companies. We are also proud that making effective use of resources and reducing waste, by, for example, recycling waste incinerator ash and scallop shells generated by cities, towns, and villages in the prefecture into aggregate for secondary concrete products, etc., are areas where we can make contributions. In September 2020, we were able, as an industrial waste treatment business, to obtain the certification of an excellent industrial waste treatment company.

We also recognize that climate change problems are an extremely important issue when it comes to business continuity.

We have also begun studying medium- to long-term CO₂ reduction targets toward realizing Japan's carbon neutrality by 2050 goal. Although there are many problems we cannot solve by ourselves, we will consider approaches from various angles and formulate concrete action plans.

Our employees will come together as one to tackle important ESG issues and contribute to solving social and regional issues through our business activities.

Toward realization of a sustainable society

We introduced a new human resources system in 2018 with the

goal of “strengthening organizations and human resources in anticipation of changes in the business environment”. Under this system, all employees set their own goals at the beginning of the year and evaluate their progress against those goals with their bosses, and is thus a system that can be molded according to the individuality of each employee. Additionally, some workplaces require specialized qualifications, and so we have a system in place to provide appropriate allowances when employees acquire such qualifications. We have a large number of qualified personnel appointed in various related departments such as energy, environment, and measurement, and they do their best every day to monitor and manage the sound operation of our factories. Corporate activities are sustained by the people. Each of our employees has sense of purpose, and active engagement in their work, which we are confident that will help us overcome severe circumstances in the future as well.

Stainless steel made from nickel is used in buildings, railways, water pipes, etc., and is an indispensable material for the infrastructure that supports modern society. Based on our Company philosophy of “Utilizing human power, providing the resources of the earth as more useful, contributing to the well-being of human society” we are driving to enhance our corporate value and realize a sustainable society.

We hope this report provide you with an understanding of our activities, and we welcome your frank comments and request your continued support.