

# The Long-Term Vision

## Setting our Long-Term Vision

Since our company was founded as “Nisso Steel Co., Ltd.” in December 1949, we have overcome various crises and have been operating until today, supported by the efforts of many seniors.

In May 2016, we set a long-term vision of “Become a world-class ferronickel manufacturer with comprehensive power” and set four pillar themes based on our strengths. To achieve this long-term vision, we set specific goals and policies for each theme and promote activities.

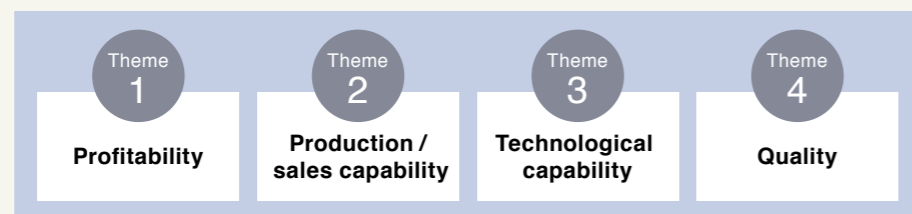
### Company philosophy

Utilizing human power, providing the resources of the earth as more useful, contributing to the well-being of human society

### Our strengths



### Key themes



### The long-term vision

**Become a world-class ferronickel manufacturer with comprehensive power\***

\* “Comprehensive power” means having world-class superiority in all themes.

### Company Policy

1. Integrate the management strategies of the entire Group to maximize the synergy effects of each Group company.
2. Focus on the development and quality improvement of world-class smelting technology, and establish the world-leading platform for management efficiency and competitiveness.
3. Promote compliance.
4. Secure appropriate profits through fair, transparent and free competition.
5. Actively tackle all environmental problems to protect the irreplaceable earth.
6. To develop the individuality of employees and fully demonstrate their creativity, pursue a sense of comfort and affluence both physically and mentally, and realize a rewarding workplace.
7. Promote wide-ranging exchanges with society and actively disclose fair corporate information.

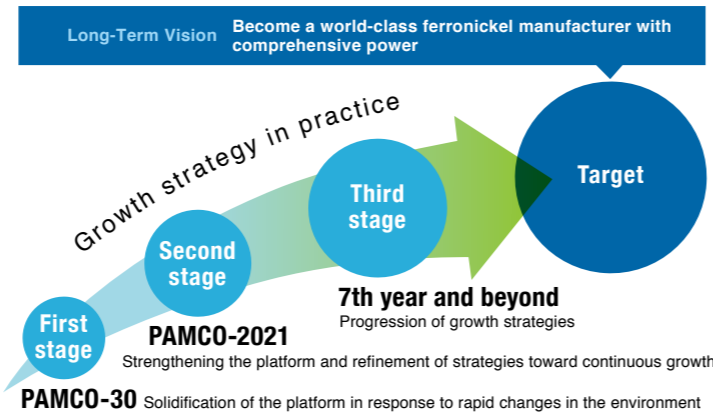
### Corporate Code of Ethics

1. **Compliance with rules, laws, and social norms**
  - Conduct corporate activities based on compliance, social norms, and social decency.
  - Insulate the company from antisocial forces that threaten social order and safety, and carry out sound corporate activities.
  - In international business activities, comply with international rules and local laws, respect local culture and customs, and carry out corporate activities that contribute to the development of the country.
2. **Conservation of the global environment**
  - Recognizing that tackling environmental problems is an essential requirement for corporate survival, so proactively engage in corporate activities that contribute to environmental improvement.
3. **Coexistence with local communities**
  - Engage in corporate activities that contribute to the development of local communities by coordinating and cooperating with local communities.
4. **Ensuring customer trust**
  - Provide good quality, safe products that meet consumer needs.
5. **Maintaining good relationships with stakeholders**
  - Meet shareholder and creditor expectations and engage in corporate activities that earn their trust and support by ensuring fair and transparent management.
  - Strive to maintain good, sound relationships with a wide range of societal entities, including consumers, business partners, employees, and shareholders.
6. **Creating a work environment where employees can work together and express themselves**
  - Foster a corporate culture that values employee independence and creativity.
  - Create equal opportunities with no discrimination in employment.
  - Ensure workplace safety and employee health.
  - Respect basic human rights and create a fair work environment with no discrimination.
7. **Communicating with society**
  - Gather social demands required of corporate activities and disclose corporate information as positively and fairly as necessary.

# Activities Performance for PAMCO-2021

PAMCO-2021 is our Medium-term Business Plan formulated in FY2018 as a second stage in realizing our long-term vision. In the second stage, we strengthened our business foundation which solidified in the first stage, and narrowed down strategies for continuous growth. We also engaged in business activities with the goal of growing into a company that takes the sustainability of society into consideration.

Although the impacts of COVID-19 prevented completion of some employee training programs in FY2020, we were able to achieve our other priority measures. In terms of ore procurements, although some nickel mines in the Philippines temporarily stopped operations, operation and shipping conditions are returning to normal. We continue to increase procurement of ore from New Caledonia with the aim of ensuring the long-term stability of ore procurement.



## Response to COVID-19

Because the safety of our business partners and employees is our top concern, we formulated “behavioral guidelines to stop the spread of infections” and have been working hard to combat the spread of COVID-19, the impacts of which are being felt in Japan and overseas. In FY2020, we created a “Manual for Responding to Persons Infected with COVID-19 and Persons who have Come in Close Contact with Them” as a manual for when employees become infected with COVID-19, and created manuals for our internal response to health centers, disclosing information on our home page, and external disclosure of information (confirmation of whether family members are going to work or children are going to school, etc.) by employees.

We also created a workplace disinfection manual for COVID-19, etc., and clarified workplace responses to daily disinfection, disinfection when there are persons with fevers (suspected infections), and disinfection when there are persons with fevers (suspected infections) that are subject to PCR testing. We continue to work to prevent the spread of COVID-19.

Item	Basic policies	Priority policies	State of completion	Activities performance for FY2020	Policies for future activities
<b>◇Refinement of the strategies toward strengthening and redeveloping the management platform, and toward growth</b>					
①	Strengthening of facilities and stable procurement of ore to develop the optimal production system	<ul style="list-style-type: none"> <li>◇Optimal production of ferronickel and development of sales system</li> <li>●Production system: Development of an optimal production system for the company as a whole, including expansion of overseas smelting, and further strengthening of the management platform</li> <li>●Sales system: Strengthening of stable sales for existing customers, and in addition, acquisition of new customers</li> <li>◇Long-term stabilization in the procurement of nickel resources</li> <li>●Long-term stable procurement, with view to expansion of the source based on renewal of existing agreements</li> <li>●Initiatives toward resource interest acquisition, overseas smelting, etc.</li> </ul>	○	<ul style="list-style-type: none"> <li>●Regular upgrades to aging equipment (Upgrade and restart of electric furnace No. 6 transformer)</li> <li>●Continue investigation of projects in Southeast Asia and South Pacific countries to develop new mines and acquire mine interests</li> <li>●Expand procurement of ore from New Caledonia</li> </ul>	<ul style="list-style-type: none"> <li>◇Build and optimal system for producing and selling ferronickel</li> <li>●Execute regular upgrades to aging equipment</li> <li>●Promote capital investments that contribute to saving energy and reducing CO<sub>2</sub> emissions</li> <li>●Continue considerations that include commercialization through stronger relationships with overseas partner candidates</li> <li>●Strengthen stable sales to existing business partners and acquire more new customers</li> <li>◇Stabilize nickel resource procurement over the long term</li> <li>●Develop new mines and acquire mine interests</li> </ul>
②	Initiatives with view to expanding overseas business			<ul style="list-style-type: none"> <li>●Expand range of consideration to include commercialization with overseas partner candidates</li> </ul>	
③	Diversification of business in Japan	<ul style="list-style-type: none"> <li>●Aim for diversification of businesses that contribute to reducing fluctuation in revenue and strengthening the future revenue base</li> </ul>	○	<ul style="list-style-type: none"> <li>●Begin evaluating the profitability of businesses associated with producing products other than ferronickel using hydrometallurgical technologies</li> <li>●Make steady progress in further research and development of slag productization technologies</li> </ul>	<ul style="list-style-type: none"> <li>●Investigate the profitability of businesses associated with producing products other than ferronickel using hydrometallurgical technologies</li> <li>●Investigate the possibility of expanding or reorganizing the recycling business</li> </ul>
④	Strengthen profitability	<ul style="list-style-type: none"> <li>●Press forward with cost reductions, and pursue an optimal production system with high profitability</li> </ul>	◎	<ul style="list-style-type: none"> <li>●Response to LME nickel price fluctuation risk</li> <li>●Continuous implementation of all types of cost reductions (reduction effect of approximately 900 million yen)</li> <li>●Production cost and energy usage volume reductions through expanded use of recycled resources that include nickel</li> <li>●Operational cost reductions through improved waste melting and treating technologies</li> </ul>	<ul style="list-style-type: none"> <li>●Continuous response to LME nickel price fluctuation risk</li> <li>●Continuous reductions in all types of costs</li> <li>●Expanded use of recycled resources that include nickel</li> <li>●Promotion of initiatives for building processes and innovating work based on a variety of issues</li> </ul>
⑤	Strengthening of organization and human resources in anticipation of changes in the business environment	<ul style="list-style-type: none"> <li>●Building a flexible and optimal organization toward achieving the objectives</li> <li>●Strengthening of human resources to raise the standard</li> </ul>	△	<ul style="list-style-type: none"> <li>●Plans were made for a company-wide education program for all ranks, but some have not been implemented due to COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>●Planned implementation of various training programs</li> </ul>
⑥	Management focused on cash flow	<ul style="list-style-type: none"> <li>●Stability of management is improved by maintaining the appropriate asset status and ascertaining efficient cash flow</li> </ul>	◎	<ul style="list-style-type: none"> <li>●Reduce business management risk through suitable ascertainment and management of cash flow</li> </ul>	<ul style="list-style-type: none"> <li>●Reduce business management risk and improve stability through suitable ascertainment and management of cash flow</li> </ul>
<b>◇Creation of social and economic value</b>					
⑦	Contribution toward achieving a sustainable society	<ul style="list-style-type: none"> <li>●Pursue measures to help prevent global warming, and contribute to the development of Hachinohe and Tohoku Region also resource-rich countries</li> <li>●All employees working as one toward zero accidents</li> <li>●Strengthening of the compliance and governance systems</li> </ul>	○	<ul style="list-style-type: none"> <li>●Contribute to a recycling society by recycling all ferronickel slag</li> <li>●Reduce environmental loads by improving production equipment and enhancing waste treatment technologies</li> <li>●Continued attempts to expand use of resources that include nickel, promote production that takes the environment into consideration, and to bring all employees together to eliminate accidents, but failed to achieve these things</li> <li>●Compliance with laws and regulations through the use of an Integrated Management System (IMS)</li> </ul>	<ul style="list-style-type: none"> <li>●Promote production that takes the environment into consideration by using recycled resources and reducing CO<sub>2</sub> emissions</li> <li>●Bring all employees together as one to eliminate accidents</li> <li>●Fulfill and strengthen corporate governance</li> </ul>

State of completion ◎: Achieved ○: Mostly achieved △: Not achieved