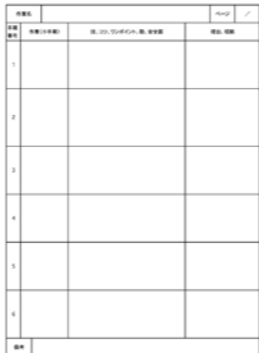


To reliably provide products all of our stakeholders can trust, we have come together company-wide to promote quality management activities based on our Quality Management System (QMS) and the Industrial Standardization Act.

Quality control

We have created a Quality Management System in accordance with the Japan Iron and Steel Federation's "Guidelines for Strengthening Quality Assurance Systems in the Iron and Steel Industry," and the Japan Mining Industry Association's "Guidelines for Producing and Selling Nonferrous Slag Products." We engage in quality management activities to ensure we are always able to meet product quality standards, satisfy our customers' requirements, and provide safe, high-quality products without contaminating the environment.

Main initiatives	Specific results
Measures to improve customer satisfaction	<p>Our ferronickel products are highly regarded by our customers in a variety of aspects, including stable quality, stable supply, and precise adherence to delivery deadlines, etc.</p> <p>Daily communication with customers and regular implementation of CS surveys are instrumental in keeping up with customer needs and improving how we make products and provide services.</p> <p>We also try to engage in proposal-type selling, as opposed to just picking up on what our customers tell us, so we can deliver better products and services.</p> <p>We supply our ferronickel slag products mainly to customers in Aomori and Iwate Prefectures. By endeavoring to ensure these products meet the particle size and component (quality) standards our customers demand based on a level of quality so high that they have never exceeded the safety standard values according to the Ministry of the Environment's notifications on elution volume (No. 18) and content (No. 19), they are highly regarded by our customers for their ease of use, etc.</p> <p>We also work to properly control our management system in accordance with the Japan Mining Industry Association's "Guidelines for Managing the Production and Sale of Nonferrous Slag Products," and endeavor to clean roads used for transport so as not to impose environmental impacts on local residents.</p>
Brush up of our analytical techniques to improve product quality reliability	<p>We are focused on handing down analytical techniques and technology to our young employees.</p> <p>We are promoting the accurate hand-down of veteran tacit knowledge, such as sensory-based techniques and knowhow, using skill charts, photos, and easy-to-follow documents, and conducting OJT based on them.</p> <p>We are also working to expand individual scopes of work, implement initiatives to enhance competence, and upgrade analytical techniques.</p> <div style="text-align: right;">  <p>Skills Chart</p> </div>
Laboratory accreditation of certification standards for testing and calibration laboratories (ISO/IEC 17025)	<p>Since the prices of ferronickel products and nickel ore depend on the amount of nickel they contain, ensuring the reliability of nickel analysis values is an important matter. We are certified under ISO/IEC 17025 in "methods for chemically analyzing components in ferronickel," "X-ray fluorescence methods for analyzing components in ferronickel," and "methods for chemically analyzing components in nickel ore," which we use to ensure the international and objective reliability of product inspections and raw material acceptance inspection results.</p> <p>In FY2020, we maintained our certifications by undergoing a once-every-four-years renewal examination.</p>

Each of our departments promotes quality management activities by setting clear objectives and goals. External ISO auditors determined that our "activity status and effectiveness are generally appropriate to the quality goals."

Department name	Status of activities with respect to quality goals												
Sales & Marketing Department, Sales & Marketing Section 1	<p>Sales Section 1 continues initiatives and activities to manage "ferronickel sales volume" goals as it always has.</p> <p>In FY2020, we engaged in new proposal type sales in an effort to provide products that fit (form, presence/absence of drying, etc.) processes used by our customers. For example, by changing from the ingots we have traditionally provided for domestic customers to shot products (no drying), we were able to lower costs for both us and our customers.</p>												
Sales & Marketing Department, Sales & Marketing Section 2	<p>Sales Section 2 sells the ferronickel slag obtained as a by-product in our ferronickel smelting process. We have developed various uses and applications for the ferronickel slag that have increased its value. As a result, the slag has been evaluated as having better workability and performance than natural sand and crushed stone. Slag generation and sales volumes for the past three years, which have led to improved revenues, are as shown in the following table.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>FY2018</th> <th>FY2019</th> <th>FY2020</th> </tr> </thead> <tbody> <tr> <td>Volume enerated</td> <td>1,460,000 t</td> <td>1,470,000 t</td> <td>890,000 t</td> </tr> <tr> <td>Volume Sold</td> <td>1,410,000 t</td> <td>1,450,000 t</td> <td>1,010,000 t</td> </tr> </tbody> </table>		FY2018	FY2019	FY2020	Volume enerated	1,460,000 t	1,470,000 t	890,000 t	Volume Sold	1,410,000 t	1,450,000 t	1,010,000 t
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Procurement Department, Purchasing Section 1	<p>With the theme of "ensuring long-term stable procurement of nickel resources," the Procurement Department strives to sign long-term agreements with mining companies and to develop new partner mines.</p> <p>Since issues in doing business with mines have included variations in quality and gaps in analysis, we have dispatched engineers, including expatriates, and examined contracting methods to address these issues.</p> <p>Furthermore, to develop new mines, we have sent personnel on business trips and invested internal human resources to cultivate mining companies in New Caledonia that provide good quality nickel.</p>												
Procurement Department, Purchasing Section 2	<p>Purchasing Section 2 remained engaged in "increasing recyclable nickel resources" as it has been since 2019. We achieved our 600 ton (nickel conversion) annual goal by leveraging the information networks of existing business partners, etc.</p> <p>Furthermore, out of an awareness of the fact that insufficient manpower is barrier to achieving our goals, we strive to manage section personnel time precisely, and have worked with the Work Process Improvement Promotion Department to consider ways of managing time in a more systematic way.</p>												
Production Department, Production Section 3	<p>Production Section 3 targets cost reductions (at least 2/yr.) as a way to manage goals, and, since last year, we have been working to improve a desulfurization method that does not use soda ash by adjusting our stirrers. As a result, we have reduced the amount of soda ash we purchase from 50 tons to 0 tons per year, which has also led to a reduction in white smoke, etc. Additionally, by improving the refractory anchor of the desulfurization cap, we improved refractory life by about 30%, which greatly contributed to cost reductions.</p>												

We work to disclose information to our shareholders and investors that is appropriate and easy to understand. We use our home page to hold briefings that center on the publication of various types of IR information.

IR activities

We have established an IR Committee built around our IR Director, and maintain a system that promotes constructive dialogue with all of our shareholders and investors.

We convene regular general meetings of shareholders every six months as well as settlement briefings at second quarter settlements where we explain our business performance, plans, and strategies, etc. to all of our shareholders and investors.

Furthermore, we position the returning of profits to shareholders as an important business management task and work to return profits to shareholders via profit dividends while striving to enhance and strengthen our corporate constitution. Our policy is to pay dividends twice each business fiscal year in the form of an interim dividend and a term-end dividend, and these surplus dividends are determined by our Board of Directors.

Dialogues with shareholders and investors

We hold regular briefings on IR for analysts and institutional twice a year.

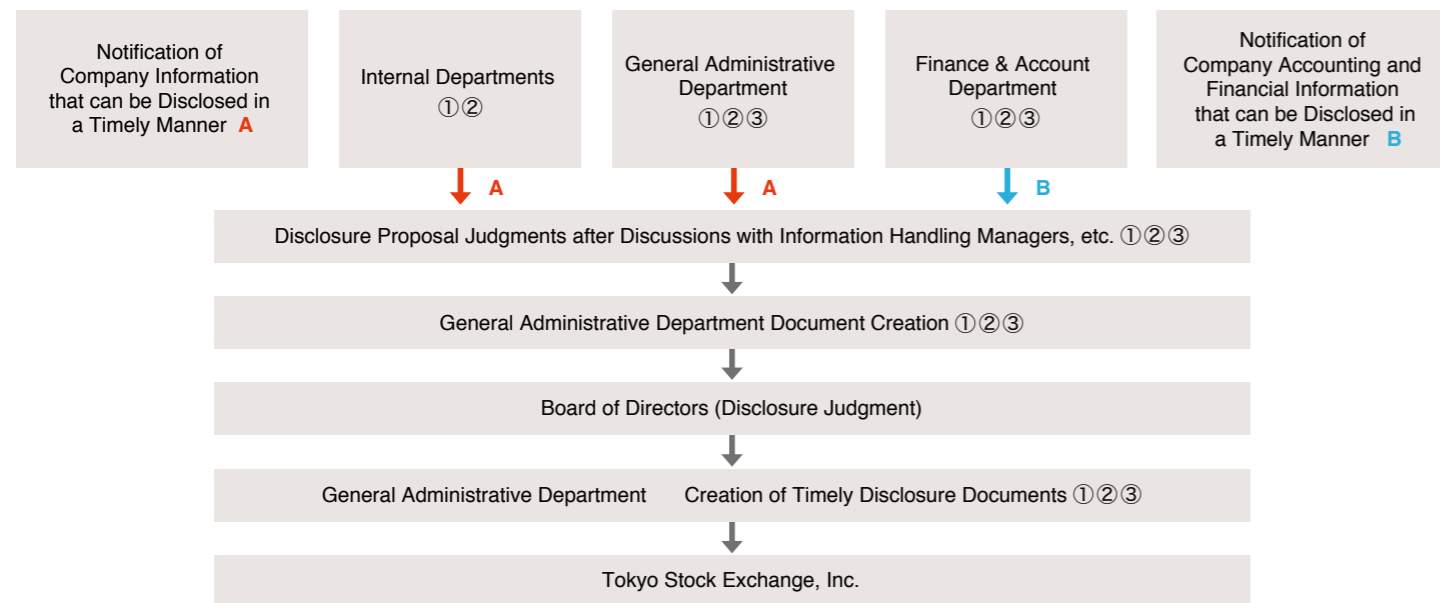
We work to ensure that shareholder opinions are shared with the entire Board of Directors with a focus on the Chairman of the Board. We also take adequate steps to ensure the proper management of insider information and that digital gaps do not develop among shareholders when holding dialogues with shareholders.

Information disclosure

We disclose various information on our home page in an appropriate and timely manner based on the Information Disclosure Policy set forth in our “Basic Policy on Corporate Governance.”

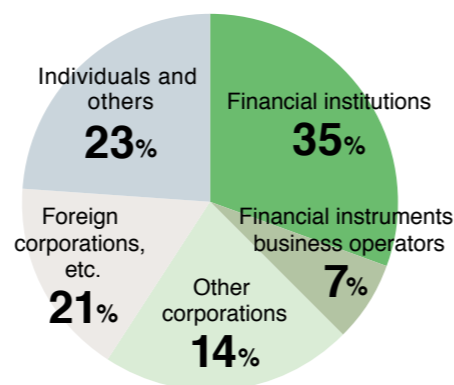
We have created a system for disclosing information relating to decisions, and information relating to occurrences and settlements that could impact investor investment decisions. Under this system, when important facts arise, relevant internal departments examine the necessity of disclosing them, the Board of Directors makes judgments on such disclosure, and, when facts are to be disclosed, they are disclosed to the Tokyo Stock Exchange.

Information disclosure system



① Information relating to decisions (including information relating to subsidiaries)
 ② Information relating to occurrences and settlements that could impact investor investment decisions (including information relating to subsidiaries)
 ③ Information relating to settlements

Composition of our shareholders

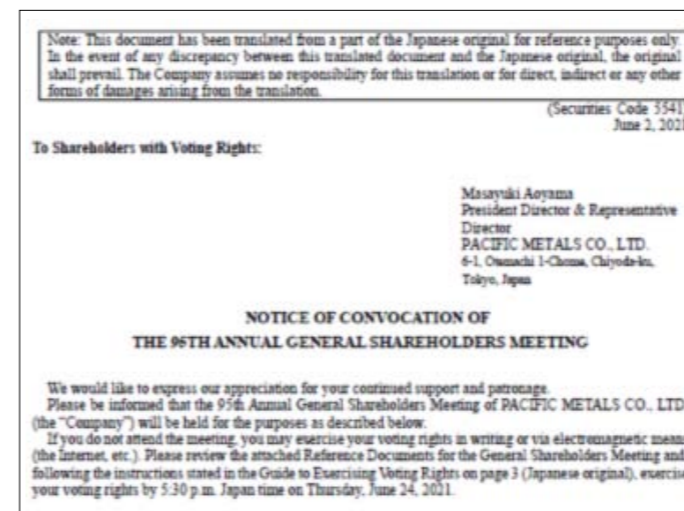


We send notices of convocations of general meetings of shareholders early so that all shareholders can adequately scrutinize details of resolutions and properly exercise their rights. We also disclose relevant convocation notices on stock exchanges or our home page the day before we send them.

Furthermore, with the goal of enhancing the rights and equality of our shareholders, we post “Internet disclosure items at the time of the convocation of regular general meetings of shareholders” on our home page, and translate notices of convocations of general meetings of shareholders into English to ensure that all shareholders can appropriately exercise their voting rights.

Note that, for the general meeting of shareholders held on June 25, 2021, in an effort to combat the spread of COVID-19, we encouraged the advance exercise of voting rights to the degree possible using documents and electromagnetic methods, and had those who attended the meeting wear masks, etc.

General meeting of shareholders convocation notices, etc.



[Click here for IR materials](https://www.pacific-metals.co.jp/en/ir/) https://www.pacific-metals.co.jp/en/ir/

Capital business alliance with AMITA HOLDINGS CO., LTD.

We listed contributing to the achievement of a sustainable society as one of our basic policies in our “PAMCO-2021” Medium-term Business Plan, and examined collaborations with optimal partners for realizing this goal.

In April 2021, we signed a capital and business alliance agreement with AMITA HOLDING CO., LTD. under which we will work together to strengthen and enhance our resource recycling business and environmental recycling business.

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.