



CSR REPORT 2019



Corporate Philosophy

1. Customer First

We are committed to supplying our customers with products of superior quality and features in response to their needs while continuing to strive for more competitive costs and improved customer services.

2. Development of New Technology

We focus on manufacturing excellence with a competitive edge in the global market while pursuing more advanced technology.

3. Maximizing Human Capital

We are committed to creating a pleasant and vigorous work environment, embracing a diverse workforce with various talents to achieve their full potential.

4. Challenge for the Future

We welcome any challenge with passion and creativity to respond confidently to ever-changing world markets.

5. Contribution to Society

Our management that is based on compliance contributes on progress of society through the business activities with environmental consideration.



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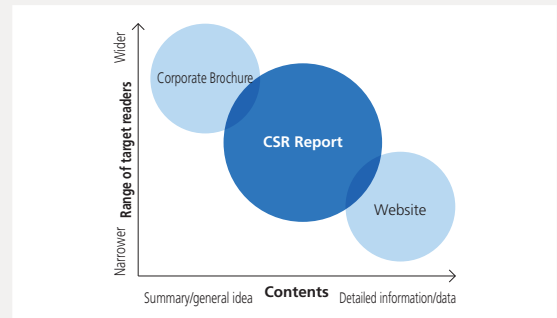
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Communication Map



Editorial Policy

- Purpose** The CSR Report is formulated to facilitate stakeholders to deepen their understanding of the various activities by the Company.
- Period of Application** The period of application is stated as fiscal 2018 (April 1, 2018 to March 31, 2019), however, some matters relate to outside the period.
- Scope of Application** The scope of application is stated as Mitsubishi Steel Mfg. Co., Ltd., however, it also applies to some Group companies.
- Importance and Completeness** Issues of high importance in the Mitsubishi Steel Group and in society are reported in the “CSR Report 2019.” For more detailed information, please visit our website.

About Mitsubishi Steel

Aims of Mitsubishi Steel

Initiatives of Mitsubishi Steel toward a Sustainable Future

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Shift from "Processing Special Steel" to

The history of the Mitsubishi Steel Group began with Tokyo Spring Works, the first spring manufacturer in Japan, established in 1904. Since then, in the course of a history of over 100 years, we have advanced as a company "Processing Special Steel." As we look toward the next 100 years, we will contribute to the progress of society by responding to changes in the world and growing into a company "Creating Added Value from Materials."



Spring manufacturing operation in the early days of the Showa era

If We Don't Have It, We Make It

1904 (37th year of the Meiji Era)

The 115-year history of Mitsubishi Steel Group began with the production of small springs for spinning machines. In Japan in those days, it was becoming increasingly difficult to procure special steels under the First World War, because Japan relied on importing them for producing springs. Under such conditions, our predecessors started producing special steels on their own, saying "If we don't have it, then let's make it on our own." The spirit of manufacturing everything from materials to products and taking on challenges without fear of failure has been the driving force of Mitsubishi Steel's business.

1917

Tokyo Spring Works (established in 1904), the first spring manufacturer in Japan, and Tokyo Steel Works (established in 1916) merged into Tokyo Steel Co., Ltd.

1949

Nagasaki Steel Mfg. Co., Ltd. took over the operations of Nagasaki Steel Works of former Mitsubishi Steel Mfg. Co., Ltd.

1964

Two firms merged into Mitsubishi Steel Mfg. Co., Ltd.

1919

Established as Nagasaki Steel Works of Mitsubishi Shipbuilding & Engineering Co., Ltd., and commenced manufacturing steel castings and forgings.

1942

Two Mitsubishi companies merged into Mitsubishi Steel Mfg. Co., Ltd.

1953

Changed the name to Mitsubishi Steel Mfg. Co., Ltd.

1952

Changed the name to Mitsubishi Steel Co., Ltd.

1965

Ohjima Works and Fukagawa Steel Works combined into as Tokyo Works.

1904

Tokyo Spring Works was founded.

1937

Became independent from Nagasaki Shipbuilding & Engineering Works and started out as Nagasaki Steel Works of Mitsubishi Heavy Industries, Ltd.

1949

Tokyo Steel Co., Ltd. took over operations of Ohjima Works, Fukagawa Steel Works and Hirota Steel Works.



Tokyo Works

- Former Mitsubishi Steel Mfg. Co., Ltd.
- Former Mitsubishi Steel Co., Ltd.

Establishment of business foundation Improvement

"Creating Added Value from Materials"



Chiba Works

1993

Newly established Chiba Works, and Springs Business Division was transferred from Tokyo Works.



1994

Special Steel Bars Division of Tokyo Works was transferred to Muroran City, and its production was transferred to Mitsubishi Steel Muroran Inc.



Mitsubishi Steel Muroran Inc.



MSM Ningbo Spring Co., Ltd.

2006

- MSM Ningbo Spring Co., Ltd. was established in China.
- PT. MSM INDONESIA was established in Indonesia.

2014

MSM SPRING INDIA PVT. LTD. was established in India.



MSM SPRING INDIA PVT. LTD.

2005

Hirota Works was established, absorbing Ryokoh Casting Co., Ltd.



Hirota Works



PT. JATIM TAMAN STEEL MFG.



MSSC Ahle GmbH

2018

- Acquired additional shares of PT. JATIM TAMAN STEEL MFG., and made it subsidiary company.
- Acquired whole shares of Gebrüder Ahle GmbH & Co. KG ("Ahle"), spring manufacture in Germany. (In September, Company name changed to MSSC Ahle GmbH.)

2016

- Opened Research & Development Center within Chiba Works.
- Opened Jakarta Branch of PT. MSM INDONESIA in Indonesia.
- MSSC MFG MEXICANA, S.A. DE C.V. was established in Mexico.



Research & Development Center



MSSC MFG MEXICANA, S.A. DE C.V.

About Mitsubishi Steel

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of manufacturing foundation and technology development▶ "Creating Added Value from Materials"



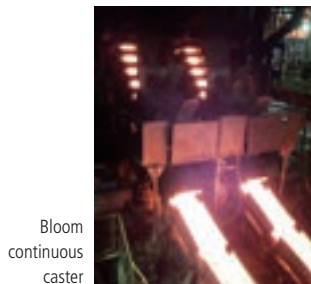
Business of Mitsubishi Steel and Its Contribution to Society

The Mitsubishi Steel Group is transforming its business model from “Processing Special Steel” into “Creating Added Value from Materials” to achieve sustainable growth and enhance corporate value over the medium- to long-term. We are committed to responding to the diverse needs of our customers and further expand our business fields by making use of our strength—a manufacturer with an integrated production system covering everything from materials to products—and maximizing synergies through collaboration between segments. The Mitsubishi Steel Group strives to provide its unique solutions and new values, thereby contributing to solve social and environmental issues through business operations.

Special Steel Bars Business

We produce special steel from blast furnace molten pig iron featuring high strength and durability for demanding usage in construction machinery, etc.

Products	Special steel bars (carbon steel, low-alloyed steel, spring steel, non-heated steel, bearing steel, free-cutting steel, tool steel, nitride steel)
Production bases	Domestic: Muroran City, Hokkaido, Japan Overseas: Indonesia
Principal final uses	Construction Machinery, Automobiles, Industrial machinery, Machine Tools, etc.



Bloom continuous caster

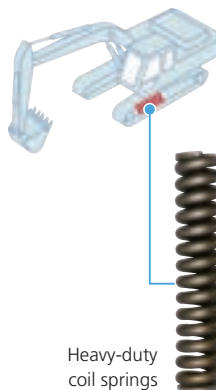


Full continuous V-H rolling machine

Springs Business

We offer a large selection of products ranging from precision springs to supersized springs through an integrated production system covering everything from materials to products, which is offered only by the Group in Japan. Our market share for heavy duty coil springs for construction machinery gains the largest proportion in the world.

Products	Coil springs, stabilizer bars, leaf springs, torsion bars, coiled wave springs, precision springs, various hinges, precision press products, plastic molded products, press assemblies, and repair parts and supplies for automobiles and construction machinery
Production bases	Domestic: Ichihara City, Chiba Prefecture, Japan Overseas: Canada, U.S.A., China, India, Philippines, Mexico, Germany
Principal final uses	Automobiles, Construction Machinery, Information and Communication Equipment, etc.



Heavy-duty coil springs

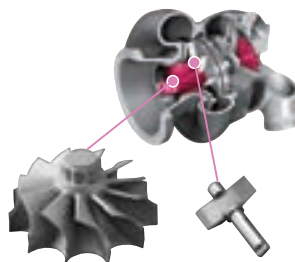


Hinges for various use

Formed & Fabricated Products Business

In a business field that creates added value from materials, we manufacture formed & fabricated products applicable to a wide range of fields, through casting and other processing technologies.

Products	Castings, precision castings, precision forgings, general forgings, special alloy materials, special alloy machinery products, special alloy powder and fine special alloy powder
Production bases	Domestic: Aizuwakamatsu City, Fukushima Prefecture, Japan Overseas: Thailand
Principal final uses	Automobiles, Construction Machinery, Industrial Machinery, etc.



Precision castings (Turbocharger parts)



Super-alloy powders

Machinery Business

We offer a wide range of products that support key industries with machinery and plant engineering technology.

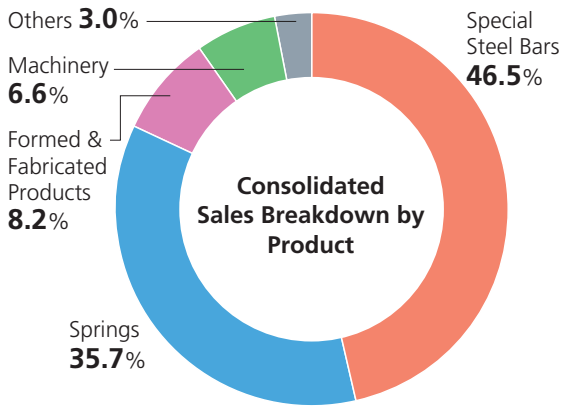
Products	Forging machinery, general industrial machinery, steel fabrication, environmental equipment, magnetic separators, conveying equipment, instrumentation equipment and anti-vibration equipment
Production bases	Domestic: Nagasaki City, Nagasaki Prefecture, Japan
Principal final uses	Industrial Machinery, etc.



Forging machinery (Ring rolling mills)



Forging machinery (Forging press)



(FY2018 ended March 2019)

● Initiatives for social issues

Mitsubishi Steel is a pioneer in the world to produce structural steels through LF (Ladle refining furnace) process and left a big footprint on quality improvement. Now, Mitsubishi Steel is trying higher quality and productivity improvement in addition to saving energy to produce earth environmental friendly special steels through compounding pig iron with scrap.

● Initiatives for social issues

Our advanced technologies and strict quality control systems have created a highly-efficient product that is trusted in a wide variety of fields. We respond to customer needs and actively provide technological support in design and analysis during the development phase. Our technological development for lighter automobile parts contribute to a reduction of the environmental burden.

● Initiatives for social issues

As a major manufacturer of steel castings and forgings in Japan, we have manufactured a wide range of parts that serve as the very core of the modern production infrastructure. Our castings, forgings and alloy powders with high-performance special alloys support a wide variety of business fields, including automobiles, aerospace, vessels, energy and electronics.

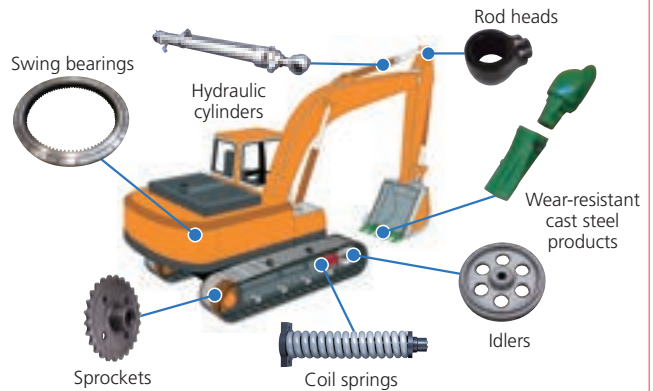
● Initiatives for social issues

Utilizing a consistent system, we supply high-quality products ranging from large-sized products to precision apparatuses, such as forging machinery, general industrial machinery, and steel fabrication. We support quality manufacturing through advanced technology, which is the sophisticated integration of engineering and manufacturing.

Concrete efforts in each application

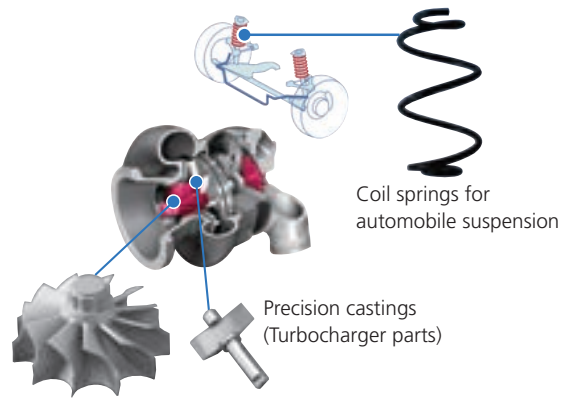
Construction Machinery ●●●●

Our special steel, heavy-duty coil springs for construction machinery and wear-resistant cast steel are used in construction machinery parts in which a high-strength property and durability are demanded, thereby contributing to the construction of social infrastructure.



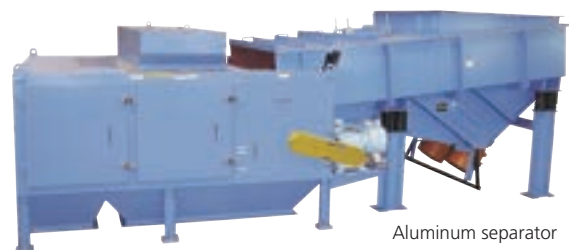
Trucks and Automobiles ●●●●

We strive to accommodate the need for lighter weight by developing turbine wheels for turbochargers with our casting technology and coil springs for automobile suspension, thereby contributing to a reduction of CO₂ emissions and improved fuel efficiency.



Recycling Factory ●●●●

We contribute to our society in response to recycling trends promoted in various industrial fields, through the manufacturing of magnetic separators, which retrieve iron and non-ferrous materials from bulk, automobiles, home electronic appliances and waste materials.



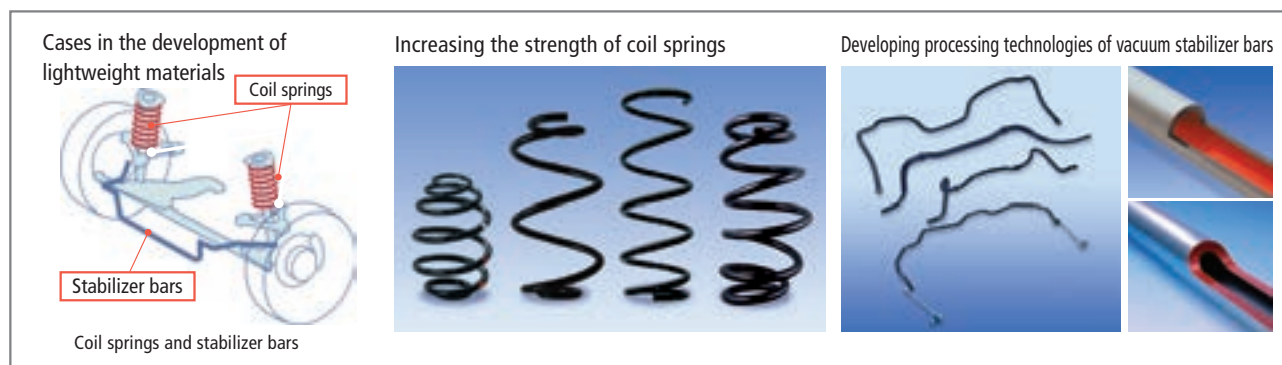
Technology Development as the Foundation of “Creating Added Value from Materials”

At the Research & Development Center of Mitsubishi Steel, we are working on the technology and product development across business sections, including steel bars, springs and formed & fabricated products. We also focus on the development of human resources so that we can continue to provide high-value-added products to society.

Reduction of Environmental Burden by Using Lighter Springs

Our special steels are used for vital parts of engines, power trains and vehicle chassis. In recent years, there is a growing demand from automobile manufacturers for lighter weight and improved fuel efficiency because of the necessity to strengthen compliance with environmental regulations and the CASE* strategy. Because lighter vehicles contribute to the improvement of fuel efficiency and significant reduction of CO₂ emissions, we strive to develop technologies to reduce weights of coil springs for automobile suspension with the focus on increasing strength of coil springs and stabilizer bars.

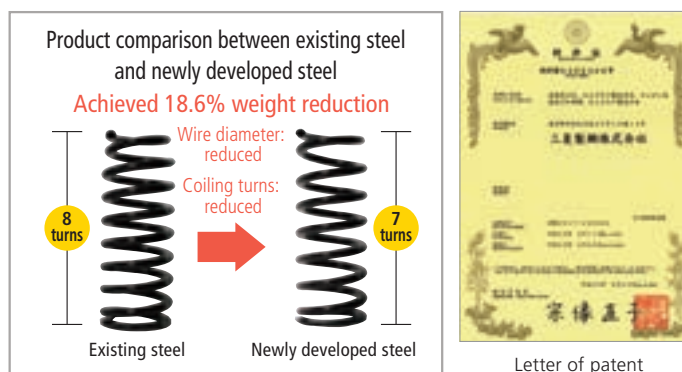
*CASE is a coined term as an acronym for “Connected, Autonomous (self-driving), Shared & Services (car-sharing and services; it refers only to sharing in some cases) and Electric (electric vehicle). The term is a keyword that drives a shift in the business model of the automobile industry.



Mitsubishi Steel’s High-Strength Spring Steel

Because high-strength springs, which are used in automobiles, etc., can be formed by thin wires due to their high strength, they contribute to automotive weight reduction, and eventually to the improvement of fuel efficiency. However, because increasing spring’s strength leads to the accumulation of more hydrogen, which causes the fatigue of the spring, it is not easy to achieve both lightweight, high-strength performance and corrosion-resistant properties. We successfully developed and commercialized the “High Strength Spring Steel, ZDS13,” which contributes to the weight reduction and improved fuel efficiency of automobiles.

The currently developed high strength spring steel achieved both high strength and anti-corrosive environment properties, which enable applications to design stress classes of up to over 1300 MPa. Reducing the wire diameter and coil turns achieved the reduction of spring weight. Moreover, reducing the additive rate of expensive alloy elements achieved a competitive advantage over other companies’ spring steels in terms of cost. We have already been approved by our customers and have also been granted a patent. Going forward, we will expand sales through our global business operation.





Fostering Specialized Human Resources through Academic-Industrial Alliance

We participate in the “Special University Lectures by Corporate Executives” organized by the Iron and Steel Institute of Japan. For this program, we are in charge of offering lectures for university students, covering themes including examples of the usage of special steel, its manufacturing processes, and our business deployment and development cases, etc. Furthermore, joint researches through academic-industrial alliance are also being carried out mainly by the Research & Development Center. We are jointly proceeding with research and development activities in cooperation with universities across Japan that achieve synergies with our company in technology development, with the aim of improving our technology development capabilities.

The results obtained through joint research are presented at various international conferences as well as lectures organized by the Iron and Steel Institute of Japan, the Japan Society of Spring Engineers, and the Japan Society of Powder and Powder Metallurgy.

In addition, in order to systematically proceed with the fostering of human resources who will play an active role in the future of Mitsubishi Steel, we have started an initiative to dispatch employees to universities to obtain a doctorate degree while maintaining their employment in the Mitsubishi Steel Group.



Poster session excellence award



Joint research meeting



A tour of the Research & Development Center



Special lecture at a university



Presentation at an international academic conference

Contribution to technological development by distributing information including the publication of Mitsubishi Steel Technical Review

“Mitsubishi Steel Technical Review” is an academic journal that publishes information including reports on research and development activities and their results, as well as introductions of facilities. With the establishment of the Research & Development Center, the journal “Mitsubishi Steel Technical Review” has been revived for the first time in 17 years. We continue to widely disseminate information such as the results of our research and development activities and technologies, and contribute to technological development within and outside our company.

Revived “Mitsubishi Steel Technical Review”





We will overcome changes in the business environment and continue to take on challenges for reform.

President & CEO

Motoyuki Sato

We recorded a significant decline in profit due to inability to respond to changes in the overseas business environment, which were beyond our expectations. The results deviated from our initial plans at the beginning of the fiscal year.

The business performance for fiscal 2018 took a sudden shift from the trend in recent years where strong performances were maintained, resulting in a significant deviation from our initial plan at the beginning of the fiscal year. Not to mention reflecting on the decline of our business performance, we will examine downward revisions made several times from our earnings forecasts. Going forward, we will strive to improve our company-wide risk management system, aiming to strengthen the analysis and forecast of the business environment and realize flexible responses.

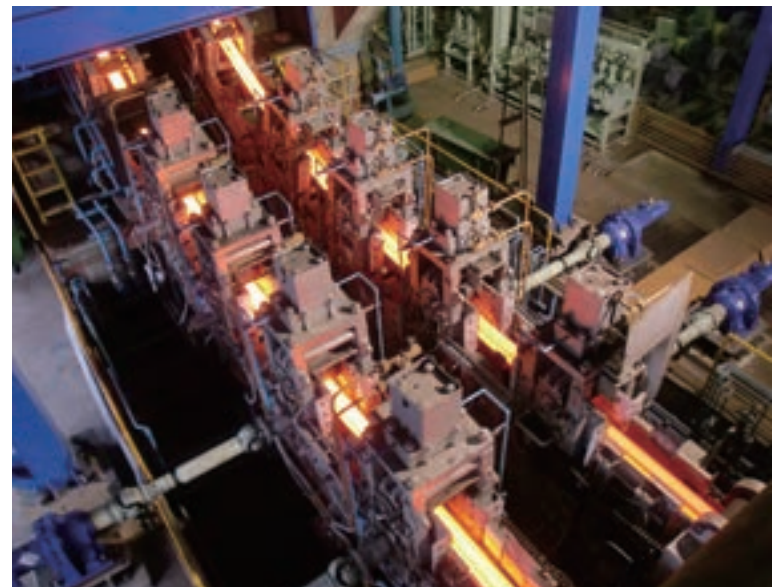
Looking back on the demand of key customers who are related to the Group's business over the past year, both the construction machinery industry and the automobile industry generally remained strong. In addition to an increase in the domestic sales volume of special steel materials and an improvement in sales prices at the same time, the Group's performance was also supported by contributions from PT. JATIM TAMAN STEEL MFG. (JATIM), an Indonesian steel company that became our consolidated subsidiary, and from Gebrüder Ahle GmbH & Co. KG (Ahle), a German spring manufacturing company. As a result, net sales increased by 10.6 billion yen (up 9.0% year-on-year) to 129.3 billion yen.

Meanwhile, we recorded a significant decline in profit due to factors including losses recorded at a North American

subsidiary in the Springs Business and losses recorded at JATIM in the Special Steel Bars Business, as well as impacts from lower production and increased costs related to the renovation of coke ovens at the Muroran Works. As a result, operating income decreased by 2.1 billion yen (down 67.2% year-on-year) to 1 billion yen.

Regarding the Springs Business in North America, the impact of the higher tariffs on steel products in the U.S. and

Materials manufacturing at JATIM



Canada that stemmed from the U.S. protectionist policies caused sharp rises in the U.S. materials market, resulting in supply disruptions and a drop in productivity. Under the current conditions, while our application for tariff exemption was approved and the U.S. materials market is showing signs of stability, we are working to resolve production disruptions and expand material suppliers at North American subsidiaries.

In the Special Steel Bars Business of Indonesia at JATIM, although a high-quality production system was built, initial targets could not be achieved, because it took more time than originally expected to obtain approvals from customers. In October 2018, we obtained the first JIS certification in Southeast Asia. Thereafter, we have been working to further improve product quality and secure more customer approvals in fiscal 2019.

Mitsubishi Steel Muroran Inc. (MSR) suffered impacts from reduced production due to a decrease in coke supply from the second half of fiscal 2018, along with the renovation of coke ovens in the Muroran Works and incurred increased costs due to external procurement of coke. However, the current volume of coke supply has already recovered, and the renovation of coke ovens is expected to be completed by fall 2019.

Of the above factors for profit decrease, especially regarding the deterioration of the overseas businesses, we strengthened functions at the head office to support overseas businesses, taking into account the fact that our systems to accurately respond while promptly understanding changes in the external environment were insufficient. In July 2019, we established the Risk Management Committee, which is responsible for overseeing risk management from a group-wide risk control perspective. We will later explain these measures.

On the other hand, the Formed & Fabricated Products Business achieved an increase in profit along with a successful consolidation of turbine wheel plants aimed at



JIS Product Certification

■ JIS Product Certification Certified Materials

Standard No.	Standard title
JIS G 4051	Carbon steel materials for machine structural use
JIS G 4052	Structural steel materials with specified hardenability bands (Steel H)
JIS G 4053	Alloyed steel materials for machine structural use

*For JIS G 4053, SACM645 is excluded.

quality improvements, while sales grew owing to progress in new sales expansions and an improvement in selling prices. In order to nurture our initiative of “Creating Added Value from Materials” as the next pillar of the business, we will further step up our efforts for the selection and concentration of our businesses.

In the Machinery Business, inventory revaluation losses were recorded because of weakening demand for gas turbine parts for power generation for the U.S. market, which are our flagship products, as a result of the trend toward decarbonization. From the second half of fiscal 2018, we decided to focus on sales expansions into new fields and customers related to offshore wind power generation areas, which are drawing high attentions as a measure to reduce the environmental impact, with the aim of improving the production system.

Regarding our policy to “build a worldwide supply chain” in the Springs Business, we will strengthen competitiveness by reviewing our plans in response to changes in the business environment.

Following the completion of the third year of our five-year 2016 Mid-term Business Plan toward fiscal 2020, we are facing a major turning point. Under the plan, we set and proceeded with the following three tactics: 1) Expansion of the Formed & Fabricated Products Business through “Creating Added Value from Materials,” 2) Progress in the business model of “Processing Special Steel,” and 3) “Building a worldwide supply chain” in the Springs Business. Of the above tactics, regarding “Building a worldwide supply chain” in the Springs Business,” it is inevitable to review the plan due to significant changes in the business environment.

In the automobile industry, which is a major customer of the Springs Business, as the impact of the protectionist trade policies of the U.S. has spread, Japanese and American manufacturers are withdrawing from the European market and shrinking their businesses in North America. As a result, the necessity of “Building a worldwide supply chain,”

which has been traditionally required by suppliers, has been lost. In light of these trends, the Group will temporarily suspend the establishment of new overseas bases, and consider partial withdrawal and consolidation of existing bases to strengthen competitiveness. We aim to deploy our business in areas where we can demonstrate our superiority by capitalizing on the advantage that we are capable of manufacturing materials as well. Meanwhile, we will continue to strengthen the business model of “Processing Special Steel” and reap benefits from JATIM’s business in Indonesia. Maintaining the Group’s own iron source other than the Muroran Works jointly operated by MSR and Nippon Steel is an essential requirement for the growth of the Special Steel Bars Business. To this end, we will put JATIM’s business on a firm trajectory as soon as possible, and aim to create synergies with JATIM handling the small-lot items that are difficult to manufacture at MSR.

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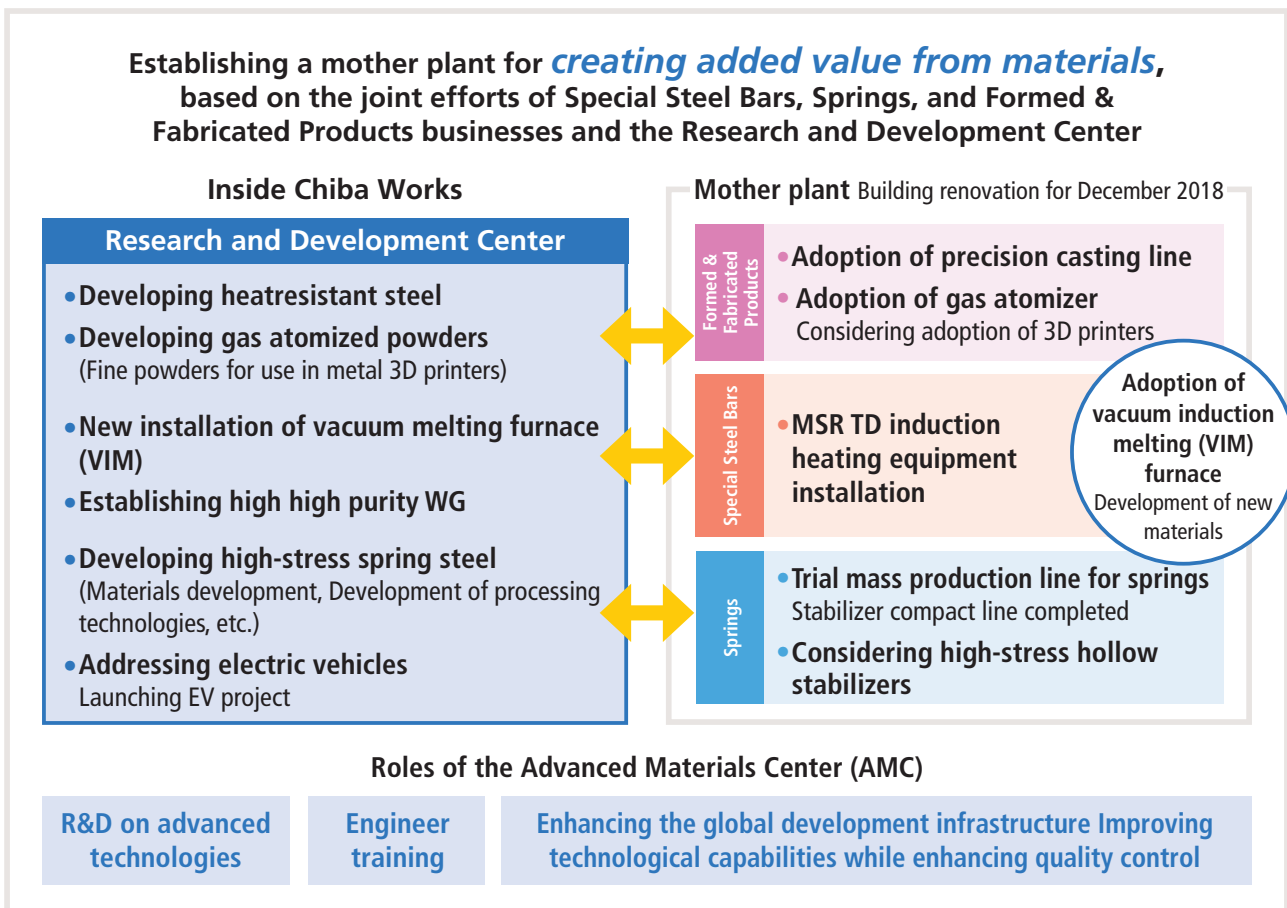


We will also make continuous efforts to expand the business model of "Creating Added Value from Materials" in the Formed & Fabricated Products Business. In the Formed & Fabricated Products Business, we will establish the Advanced Materials Center (AMC) within the Chiba Works. At the AMC, we will introduce a vacuum melting furnace (VIM), precision castings production lines, and gas atomization mass production facilities in cooperation with the Research & Development Center, with all of them being slated to come into operation by fiscal 2020. In recent years, there is a growing demand among automobile manufacturers for lighter weight and improved fuel efficiency because of the necessity to strengthen compliance with environmental regulations and the CASE* strategy. In fiscal 2018, we successfully developed and commercialized new high-strength springs steels capable of responding to those needs. In addition to improving the environmental



Vacuum melting furnace (VIM) (Precision castings production lines)

performance of automobiles, we will also contribute to reducing the environmental impact in terms of production by globally expanding our advanced technologies.



We have launched the Risk Management Committee and formulated the Risk Management Regulations, establishing a system to mitigate and avoid group-wide material risks.

With the revision of the Japan's Corporate Governance Code in June 2018, each company is being required to implement corporate management more conscious of capital costs and to enhance risk management systems.

In April 2018, we established the Global Control Office for Corporate Administration as part of our efforts to strengthen functions at the head office to support overseas businesses. In July 2019, we launched the Risk Management

Committee, which is responsible for overseeing risk management mainly covering corporate governance, compliance and other management aspects of group-wide risk control. We also formulated the Risk Management Regulations, establishing a system for discussing measures to mitigate and avoid group-wide material risks.

We have been enhancing the effectiveness of corporate governance through the functions of the "Investment and Credit Committee," which analyses and assesses investment and credit projects from an independent perspective, and the "Governance Committee," which deepens Outside Directors' understanding of business issues and reflect their advice and opinions in management. This time, with the addition of the "Risk Management Committee," we will establish a stronger system that contributes to the enhancement of corporate value.

With regard to corporate governance, as the scale of businesses expands, issues to be addressed are also increasing, and there are concerns that taking measures only with the use of internal knowledge will be insufficient. To address this concern, we are strengthening our initiatives by accepting the dispatch of highly specialized personnel, with the support of the Mitsubishi Group.

Meanwhile, from the perspective of ESG (Environmental, Social and Corporate Governance) management, not only the enhancement of corporate governance, but also efforts for environmental conservation and social contribution, and for resolving social issues will become an important requirement in achieving the sustainable growth of a company.

With regard to environmental conservation, we are proceeding with research and development activities that will lead to the reduction of environmental impacts, mainly led by the Research & Development Center, while working to reduce CO₂ emissions at all domestic bases.

For our labor-related issues including employee work style reform and the improvement of the work-life balance, we are conducting a test installation of RPA (Robotic Process Automation) at the Chiba Works, aiming to improve the efficiency of routine work. We are also proceeding with streamlining operations to reduce wasteful tasks and make our measures for improving efficiency more effective, while mitigating employees' work load and encouraging awareness reform.

We are committed to making a leap toward the next growth stage by making a united group-wide effort and breaking out of our shell.

The Mitsubishi Steel Group aims to transform its business model from "Processing Special Steel" into "Creating Added Value from Materials" through the 2016 Mid-term Business Plan toward fiscal 2020. Some of the efforts we make may require policy changes or adjustments in the course of actions, since the strategies and measures we take will not always be successful.

Although the revision of our plans in the wake of a deterioration in the current business performance and changes in the business environment comes with birth pangs, we cannot achieve sustainable growth without overcoming them. We are committed to making a leap toward the next growth stage by making a united group-wide effort and encouraging every employee to break out of their shell.

As we further foster the challenging attitude that has been generated within the Company in the course of moving forward with the 2016 Mid-term Business Plan in the past three years, we are committed to creating social values, while raising awareness towards reform.

Finally, we would like to ask all of our shareholders for their continued support and expectation for further development of the Group's business.



*CASE is a coined term as an acronym for "Connected, Autonomous (self-driving), Shared & Services (car-sharing and services; it refers only to sharing in some cases) and Electric (electric vehicle). The term is a keyword that drives a shift in the business model of the automobile industry.



Resolution of Social Issues and Contribution to a Sustainable Society

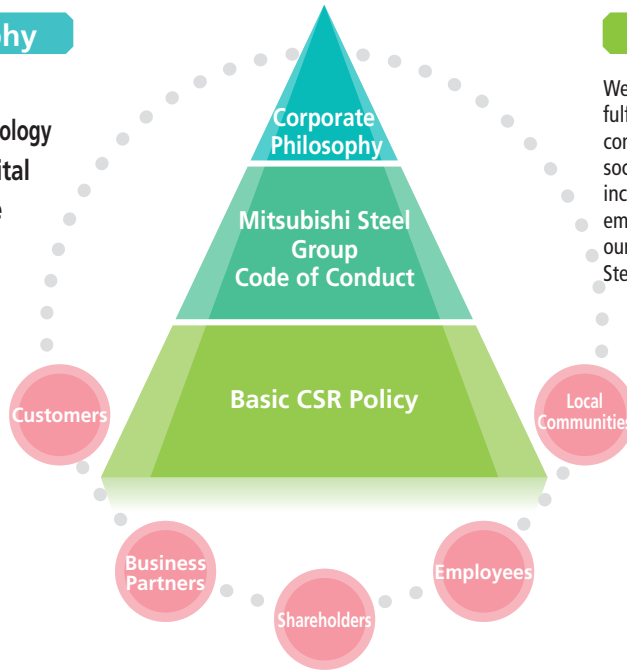
The Group has formulated the Basic CSR Policy based on our Corporate Philosophy and the Mitsubishi Steel Group Code of Conduct, and we are promoting CSR activities accordingly. The Mitsubishi Steel Group Code of Conduct is based around the six central pillars of “business activities,” “compliance,” “disclosure,” “respect for employees,” “environmental conservation,” and “globalization.” Under this Code of Conduct, we are sharing with employees attitudes to be taken to enhance corporate value through our business and to achieve a sustainable and sound society, by releasing 11 statements regarding these areas.

Corporate Philosophy

1. Customer First
2. Development of New Technology
3. Maximizing Human Capital
4. Challenge for the Future
5. Contribution to Society

Basic CSR Policy

We aim to be a more reliable business by fulfilling our social mission, and we will contribute to the realization of a sustainable society through dialogue with all stakeholders, including customers, suppliers, shareholders, employees, and local communities, based on our Corporate Philosophy and the Mitsubishi Steel Group Code of Conduct.



Mitsubishi Steel Group Code of Conduct

The purpose of the “Mitsubishi Steel Group Code of Conduct” is to ensure that the company is in line with expectations of society while retaining its flexibility to accommodate demands from a rapidly changing business environment to pursue sustainable global endeavors. All executives and employees of the group’s companies share the responsibility to abide by the Code of Conduct.

Business Activities

1. Supply high quality and functional products along with excellent services consistently to satisfy customer needs to play a part in the progress of society.
2. Focus on developing unique and advanced technology by mobilizing various areas of expertise developed within the organization to strive for profit and improved corporate value through efficient operation.
3. Cultivate a corporate culture that encourages people to take on a challenge without fear of failure for continuous growth.
4. Dedicate ourselves to improvement of society through business conduct, tapping into the opinions of all stakeholders.

Compliance

5. Comply with the laws and regulations or code of ethics in society for transparent, fair, and equitable transactions under free competition.
6. Never be involved with destructive forces that pose a threat to peace and safety of civic society.

Disclosure

7. Disclose corporate information in a timely and appropriate manner to ensure transparency while protecting privileged information pertaining to employees and customers.

Respect for employees

8. Respect human rights, character, and the individuality of employees along with diversity in the workforce, and never discriminate on the basis of difference in characteristics.
9. Galvanize the company by fostering human resources as well as ensuring a safe and pleasant work environment.

Environmental conservation

10. Get actively involved in protecting the environment in all aspects of business activities with a heightened awareness that conservation of the global environment is one of the most crucial challenges facing mankind.

Globalization

11. Respect local culture and customs as well as comply with all international rules and local laws and regulations when conducting global business.

The Mitsubishi Steel Group recognizes the importance of the establishment of a corporate structure that is able to respond to any changes in the business environment, and we have designated achieving sustainable global expansion by fostering competitive businesses as our basic management policy. Based on this basic policy, we are strengthening activities related to “Corporate Governance,” “Environment” and “Society,” so as to achieve sustainable growth together with society.

Highlights of Activities





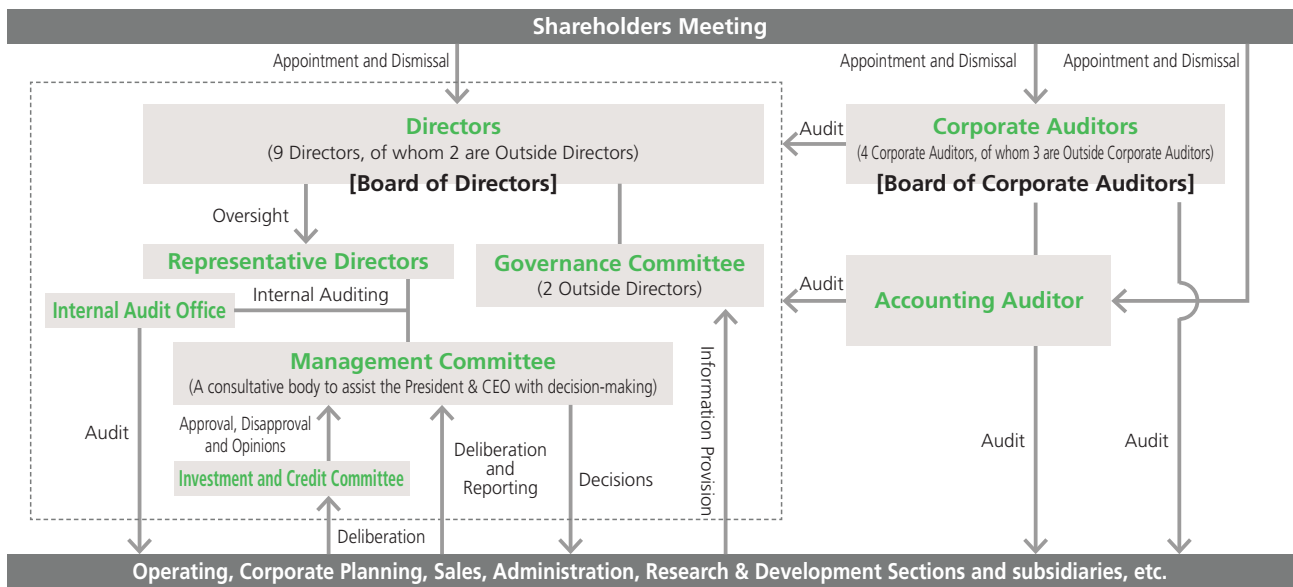
Corporate Governance

The Group recognizes the importance of the establishment of a corporate structure that is able to respond to any changes in the business environment, and we have designated “achieving sustainable global expansion by fostering competitive businesses” as our basic management policy. In order to achieve this, we recognize the importance of having comprehensive corporate governance and swift and reasonable decision-making processes, while also ensuring that we have functions for their oversight.

Overview of Corporate Governance

We released the “Basic Policy for Corporate Governance” in fiscal 2015, and we have revised the Rules of the Board of Directors in line with this. In the pursuit of efficient corporate governance, we are strengthening the oversight functions of the Board of Directors by ensuring full exchange of information and pooling of knowledge, etc. between independent Outside Directors in the Governance Committee, which is a subordinate organization of the Board of Directors.

In fiscal 2016, we established the Investment and Credit Committee, which evaluates cases from an objective and neutral perspective as a committee independent from the Operating Unit, etc. In this manner, we are strengthening the risk management system. The Basic Policy for Corporate Governance is available on our website.



Internal Control System

The “Basic Policy for Internal Control System” is reviewed every year through a resolution of the Board of Directors and the operating status of the policy is disclosed in the business reports. In fiscal 2018, we added in the said policy new provisions on the establishment of a risk management system centering on corporate governance and compliance by launching risk management projects. We make continuous efforts to promote compliance management and strengthen the internal management system.

Strengthening the Back up Support System for Overseas Subsidiaries

We are improving systems to manage overseas subsidiaries, led by the Global Control Office for Corporate Administration, which was newly established in April 2018. In addition to strengthening said system, we started the preparation and operation of a self-check list for internal management as a management tool for the administration of overseas subsidiaries last year.



Compliance

The Group is conducting business practices that comply with laws and social norms as indicated by the Mitsubishi Steel Group Code of Conduct.

Compliance Initiatives

Compliance education

The Group is working to ensure that thorough compliance education is conducted.

During training, unique ideas are implemented so that they relate themselves to compliance issues, such as by taking examples from actual events and using them as teaching materials as appropriate to the level of training, and engaging in discussions as necessary.

In fiscal 2018, we conducted compliance training at all domestic bases including subsidiaries. Going forward, we will continue to conduct training in order to further improve awareness of compliance and ensure penetration among officers and all group employees.

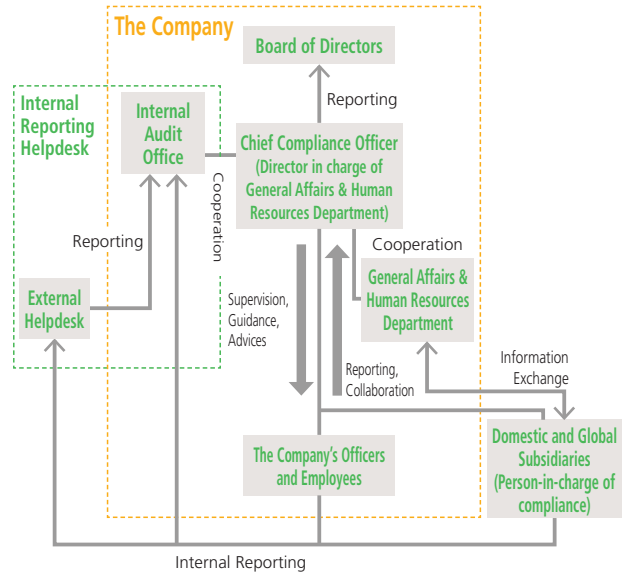
Review of operation status of the compliance system

In order to strengthen the supervision of the compliance system, we submit proposals regarding the operating status of the compliance system to the Board of Directors (once a year).

The result of the review in 2018 indicated that the Company's compliance system had been operated properly in general. We will continue to conduct reviews on a regular basis to ensure the effective and proper operation of the compliance system and realize compliance management.

Formulation of Basic Regulations on Compliance

The operation of the "Basic Regulations on Compliance," which are applied throughout the entire Group, has been enhanced and improved. The rules concerning compliance have been clarified and a compliance structure has been established, thereby strengthening the overall governance of the Group.



Internal Reporting System

The internal reporting system utilizes internal and external help-desks outside of the workplace to receive reports and provide advice should any of the Group's employees become aware of illegal or improper acts, or where there may be a problem and for whatever reason finds it difficult to discuss the issue in the workplace.

Reports can be made by telephone, email, fax, mail, in writing, or in person, and we also accept anonymous reports. We are planning to introduce internal reporting systems in overseas subsidiaries. In fiscal 2018, we have introduced internal reporting systems in subsidiaries in China and the Philippines, in addition to those already introduced in Thailand.

Communication with Shareholders and Investors

In addition to holding financial results briefings for securities analysts and institutional investors twice a year, we hold a shareholder discussion meeting following the annual general meeting of shareholders. We believe that the discussion meeting is an important opportunity for Directors and General Managers as well as the President to receive opinions directly from shareholders.

Moreover, in order to help all of our shareholders better understand our company, we have created a Mitsubishi Steel Group company introduction video. The contents of the video will help viewers better understand the products and manufacturing operations of each business, which are difficult to be conveyed through websites and brochures. The video is available on our website.

We will continue to create more opportunities for dialogues and enhance the fair, timely and appropriate disclosure of information, in order to earn correct understanding and trust from all the stakeholders.



Shareholder discussion meeting

Risk Management

In order to fulfil social responsibilities through sustainable growth, the Group appropriately identifies and manages risks to minimize losses and maximize profits.

Building of Risk Management System

The Group has established the Investment and Credit Committee, which is mainly led by the Corporate Planning Division, to examine business plans and risks from a neutral standpoint and contribute to management decisions on issues that may pose a risk of business losses.

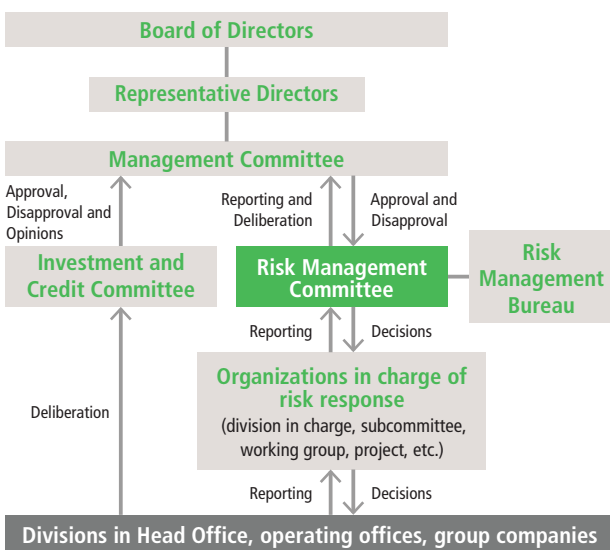
Since fiscal 2018, we have launched a risk management project with the aim of identifying risk of losses in corporate governance, compliance and other management aspects that occur in global business activities, and to promote the establishment of a system for managing those risks appropriately.

Under this project, we conducted risk surveys and risk assessments for each division, and selected material risks in the Group. Furthermore, we have planned and implemented those measures for material risks in a subcommittee, which is organized by relevant divisions.

Establishment of Risk Management Committee and Risk Management Regulations

In order to further promote and strengthen the risk management system, we established the Risk Management Committee and formulated the Risk Management Regulations in July 2019.

Risk Management System



Information Security Measures

The Group has established the Basic Policy for Information Security and its Regulations in accordance with our Corporate Philosophy and the Mitsubishi Steel Group Code of Conduct to establish an information security management system.

Specific measures include measures against unauthorized access by outside parties and malware infection, as well as internal fraud measures such as PC operation log management and data export control, so as to protect information assets from leakage, destruction, falsification, etc. In addition, we continuously offer information security education and training for employees of the Group in order to raise awareness of the importance of information security for each individual.

Message from Chief Risk Management Officer (CRO)

We have created teams to deal with important issues such as information security, BCP and quality. We strive to always think well and act on the point of how we can earn and keep the trust of our stakeholders, not simply following the laws. As the level of demand is increasing with the times, we are committing ourselves to utilizing external knowledge to handle risks, while being fully aware that things do not work only by the Company's common sense.



Managing Director
Hiroyuki Nagata



Message from Outside Director

Over the past year, there has been a progress in the improvement of the effectiveness of corporate governance and in the actions that contribute to medium- to long-term growth.

The Company's management continues to strengthen "sampo yoshi" and ESG. Our "sampo yoshi" (the benefit for all three sides) means the satisfaction of three sides, including stakeholders (shareholders, customers, business partners), directors and employees. On the other hand, a company's corporate management is evaluated rigorously from the perspective of the concept of ESG, only after the company has robustly implemented measures on ESG (environment, social and corporate governance) in addition to achieving performance targets. Both concepts are originated from the perception of "company as a public instrument of society" equivalently CSR. In that sense, our company's management well deserves recognition from society.

Looking back on the practice of ESG management over the past year, we have conducted "deliberations related to nomination reward," which becomes a key to corporate governance, under the leadership of outside directors. Regarding the reelection of officers for the current fiscal year, we appointed young officers and conducted drastic personnel assignments by placing the right persons for the right positions, in accordance with the intention of the Board of Directors. The former is an action that greatly contributes to the improvement of the effective-

ness of corporate governance. The latter raises great expectations for future outcome as a human resources policy that contributes to the medium- to long-term growth strategy.

We are currently proceeding with discussion to design a vision for the next mid-term business plan. As society and industries change dramatically through technological innovation, the point on what type of evolutionary changes we should achieve in the future will become the core of the vision. However, merely responding to these will not be sufficient for the next mid-term business plan. The vision must be robust enough to ensure sustainability of the company in the future, taking into account a variety of uncertainties arising from changes in global affairs and geopolitical relations, including the U.S.-China trade frictions. From the standpoint as an Outside Director, I will contribute to further development of the company by properly supporting the formulation of the plan.



Outside Director
Masayuki Takashima



Outside Director
Akira Hishikawa

We will further enhance our manufacturing capabilities to expand our business to overseas markets, and promote our management that meets stakeholders' expectations.

In recent years, the Company has enhanced its corporate governance system to ensure the improvement of organizational structure, compliance with laws and regulations, and appropriateness of the operations, and has also established a system for checking whether the execution of duties is appropriate for increas-

ing corporate value. While I highly respect these developments, the situation is becoming such that the Company is being required to review its plan for medium- to long-term growth, in the wake of changes in the current business environment. The Company's source for creating its value lies in its manufacturing excellence, so I believe it is important to elevate the manufacturing excellence while ensuring governance in the process of manufacturing.

"Manufacturing excellence" refers to the ability to carry out the entire operating process from product development, order receipt, procurement, production, and shipment to the collection of payments. The Company has been polishing its manufacturing

excellence even before the term "governance" was used, and has succeeded to the ability for more than 100 years. Its sensitivity to the risk of loss has also been cultivated in the course of the succession.

In its overseas expansion, which is a challenge in the medium- to long-term growth, the first thing that needs to be done on site is to ensure the transfer of its manufacturing excellence. If expected results are achieved, human resources will also grow. However, if this process is not implemented correctly, not only the local bases but also the governance of the parent organization itself will be affected, posing a risk of drop in strength.

Regarding future manufacturing, importance will be placed on five elements—making "good items" "cheaply" and "fast" (conventional basics), as well as "easily" and "correctly" (two elements reflecting social conditions). In order to enhance the Company's manufacturing excellence through the global governance and evolution of each element and to proceed with management that meets the expectations of its stakeholders, I will continue to act together with employees while supervising actual operating sites as an Outside Director.

Message from Outside Corporate Auditor

I will continue to constantly deliver my opinions with an eye on environmental changes.

It's been two full years since I assumed office as an Outside Corporate Auditor of the Company. I am now entering third year.

In my case, I am always trying to take advantage of the strength of being a "full-time" auditor in addition to being an "outside" auditor.

When I joined the Company, my impression was that Mitsubishi Steel was a company that places great importance on "safety" and "security" on the basis of "manufacturing." This impression has not changed to this today. I feel that this point is an extremely valuable asset of the Company, and I am convinced in the last two years that it will be an important "core" from the perspective of corporate governance.

On the other hand, considering the environment surrounding the Company, keywords such as "change" and "speed," which are held on the premise of its "core," have become essential to the Company. I came to feel this more strongly from the perspective of an "outside" member who has worked in a different industry.

Including my previous positions, I have worked over six years serving as an Auditor and as a Director, Audit & Supervisory Committee Member. Based on these experiences as an Auditor, I believe that the level and contents of ESG (environmental, social and corporate governance) management required of companies have changed more dramatically than the changes in the business environment.

By fully utilizing my experience as an "outside" auditor and being watchful from a standpoint of a "full-time" auditor, I am ready to constantly deliver my opinions in order to improve the Company's corporate value, all the more for the harsh environment we are in.



Full-time Auditor
Hirokuni Sakamoto



Auditor
Shuichiro Sekine

I focus on the establishment of corporate governance system outside Japan.

Significant changes that the Group experienced since my appointment as an Outside Corporate Auditor in June 2012 would be "strengthening of governance system" and "rapid globalization." In response to a series of guidelines for strengthening of corporate governance system, which have been published following the establishment of the Corporate Governance Code in 2015, the Company has been working on corporate governance reform throughout the Group with a sense of considerable speed.

The recent changes include the distribution of meeting materials to all board members through PCs only, enabling them to receive materials in a timely manner. Through these actions, the Company has been making steady efforts that would help achieve "decision-making after sufficient discussions," which is eventually the basis of corporate governance. Our future challenge is to strengthen corporate governance at overseas production bases, the

significance of which has been increasing along with the trend of "rapid globalization." To that end, it is important to secure and develop diverse human resources globally, increase competitiveness, and build a governance system that has offensive and defensive aspects in overseas bases, which are different from Japan in terms of laws, cultures, customs, etc.

I would like to conduct audits from a neutral and independent standpoint, by utilizing my knowledge as an accounting expert, the experience of "observing a company from outside," which I gained during my service at an audit firm, and my global work experience. Through this, I would like to contribute to enhancing the Company's soundness and strengthening the corporate governance system, thereby assuming the dual roles of an Outside Corporate Auditor, one as a balancer standing in between the Company/its top management and society, and another as a watchdog for shareholder interests.

I support prompt and accurate management decisions and fulfill my responsibilities.

As the Company's business is expanding globally, the number of overseas bases has become considerable. At the same time, ensuring of thorough compliance at overseas bases has become an important issue. To this end, it is necessary to transplant the Company's faithful corporate culture to overseas bases and foster the culture there, and to cultivate and ensure compliance as we do in Japan. Just as the Chiba Works is the mother plant in production for the improvement of technology and quality at overseas bases, domestic bases must be a model of compliance under the leadership of the head office. Each and every practice forms part of a good corporate culture and eventually carries global significance.

Amidst today's extremely unstable business environment, management decisions must be made quickly and exactly. At the same time, the content of

decisions made by the Board of Directors must not be unreasonable. To this end, in the course of judgment, the collection, investigation and analysis of information to understand facts that become the basis of decision-making must be sufficient, and the recognition of the facts must be consistent with the judgement. Based on my experience as an Outside Auditor and knowledge gained through activities as a lawyer, I am committed to fulfilling my responsibilities as an Outside Auditor with an eye on the process of judgement making.



Auditor
Tetsuya Nakagawa



Environmental Management

Building and operating an environmental management system to promote an active approach to environmental conservation initiatives.

◎ Mitsubishi Steel Group Environmental Policy

With the amendment of the 2004 version of ISO 14001 to the 2015 version, we have reviewed the Group's environmental policy.

Environmental Philosophy

Get actively involved in protecting the environment in all aspects of business activities with a heightened awareness that conservation of the global environment is one of the most crucial challenges facing mankind.

Code of Conduct

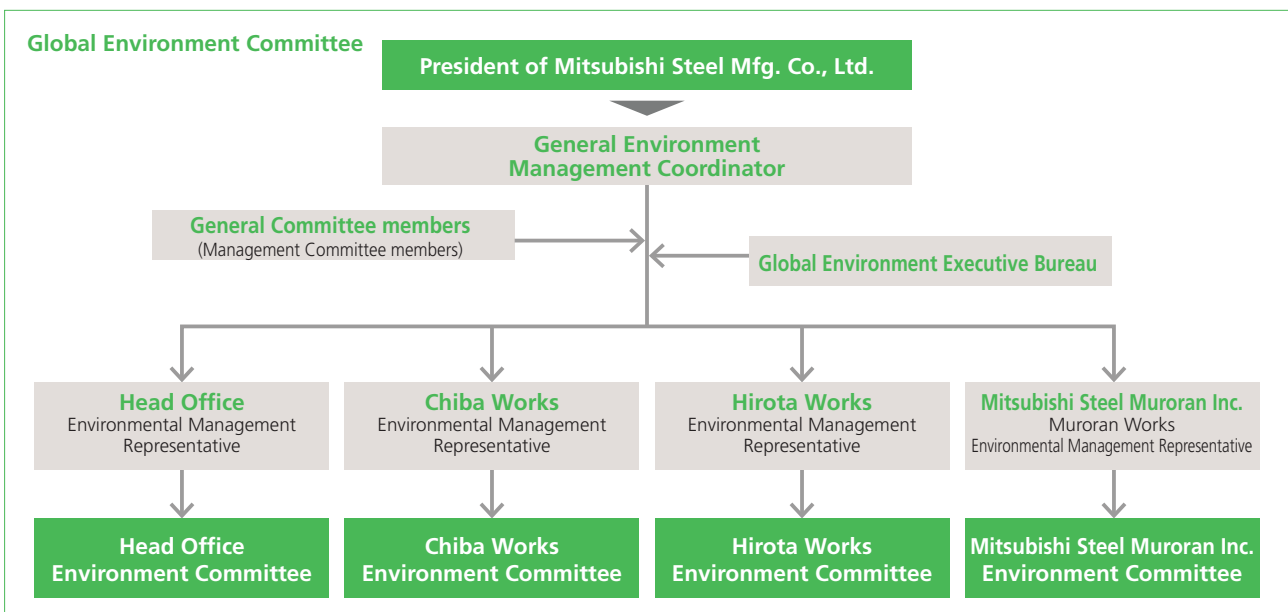
1. As an organization which contribute toward a sustainable society through manufacturing, take the environment into consideration at all stages of business activities including from product development and design to manufacturing.
2. Set environmental objectives and targets based on corporate environmental policy and conduct periodic review.
3. Engage in environmental conservation activities, such as prevention of pollution, use of sustainable resources, climate change mitigation, throughout all areas of business activities.
4. Comply with environmental laws and regulations as well as other requirements which we consent.
5. Pursue continuous improvement in environmental management system through implementation of PDCA cycle, for the better performance in environmental activity.
6. Inform environmental policy to every member of our group through education and intra-group publication, and disclose the policy to stakeholders.

Revised in Mar. 15, 2016

◎ Environmental Management Organization

We have created a company-wide organization with the Global Environment Committee at its core to work on environmental conservation initiatives.

■ <Mitsubishi Steel Group Environmental Organization Chart>



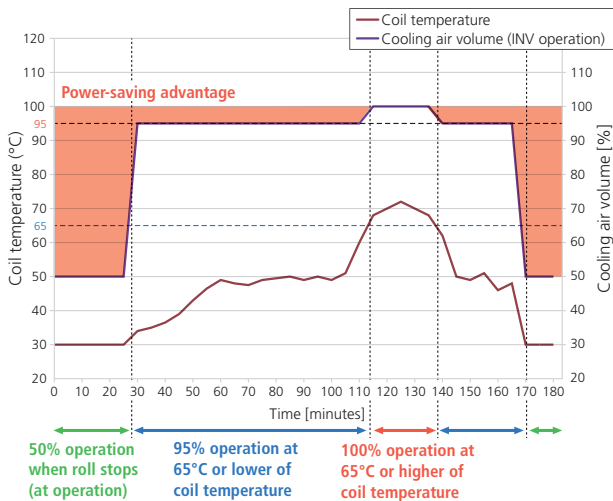
Initiatives to Reduce Environmental Burden

All work locations are implementing initiatives to reduce CO₂ emissions and industrial waste.

☉ Improve Power Consumption Rate: Mitsubishi Steel Muroran Inc.

We upgraded the inverter of the motor of cooling fan for the blooming rolling machine in the rolling plant to inverter control. A shift of the fixed rate of motor rotation to variable rate control contributed to reduce waste power generation, resulting in the improvement of the power consumption rate of the auxiliaries by 7% from the previous fiscal year owing to the reduction of electric power volume of the fan by 16%. We will continue to monitor the temperature of the motor coil and optimize the basic operating output to further reduce power consumption.

■ Inverter Control Through Roll Stop and Coil Temperature



Products of Mitsubishi Nagasaki Machinery Mfg. Co., Ltd., which collect scraps from waste household electric appliances and waste automobiles, are in line with recycling promotion in various industrial fields and contribute to society. Taking this opportunity as the first step of the sales promotion activities in China, we will vigorously promote our sales expansion.



Exhibition site

☉ Promotion of LED Light Bulbs in the Plant

We are successively replacing plant ceiling lights and road lamps in domestic bases with LED lights to further promote CO₂ reduction through power saving. In fiscal 2018, we replaced some of lights in Chiba Works to LED lights, resulting in the reduction of electric power consumption by 20,000 kwh/month.



LED light bulbs in Chiba Works

☉ Exhibited in the Environmental Exposition at Shanghai, China

Our group company - Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. ("MNM") set up a booth at "IE Expo 2019", an environmental exposition held from April 15, 2019 to April 17, 2019 at Shanghai New International Expo Center, China. It was a large exposition with about 2,000 participated companies and about 70,000 visitors. MNM set up a 4-company-collaboration booth including three Japanese companies, and promoted equipment used in garbage disposal facilities that attract increasing attention in China. From each process of garbage disposal (crush → magnetic separation / nonferrous metal collection → optical separation), MNM demonstrated a nonferrous metal separation machine, used in the magnetic separation process, which attracted attention of the visitors.



Creation of a Safe and Comfortable Workplace

Based on its concept of “Safety always comes first,” the Group promotes the creation of a comfortable workplace environment that allows employees to work in safety and healthy.

Creation of a Safe and Comfortable Workplace

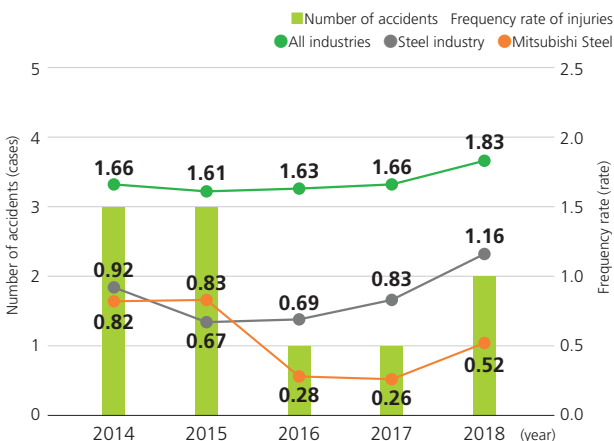
Safety awareness activities

We designated the day when the major accident occurred in Muroran in 2017 as the “Safety Restart Day.” Never to let the memory of the accident fade away with a strong will and resolution to prevent such a major accident from occurring again, president annually sends a message on the day of the accident to all the Group’s domestic and global sites, including Group companies, and employees silently pray for safety, engraving the “safety-first” principle in mind.



Pray for safety

Frequency Rate of Injuries



* Frequency rate of injuries that require time off from work = Number of industrial injuries that require time off from work per million hours
 Data has been calculated as the total of Mitsubishi Steel Mfg. Co., Ltd., Mitsubishi Steel Muroran Inc. and Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.

Conducting safety diagnosis by external safety experts

In order to identify our safety management level from an objective perspective with the aim of making improvements,

safety diagnosis by external safety experts was conducted at all bases in Japan, including Group companies. The results provided us with beneficial information such as our issues to be addressed which are likely not to be waked through in-house safety patrols. We will ensure to make use of those findings in our future patrols.

Employee meetings for safety

Meetings of the employees in charge of safety at work locations in Japan, including Group companies, are held periodically. Through those meetings, participants exchange opinion on safety, enhance the management level, and share awareness of problems. In addition, accident analyses are conducted as a one of our recent important initiatives to select our priority issues for each operating base and promote countermeasures.

Danger experience training

In order to raise safety awareness, danger experience training is provided at the Hirota Works and Mitsubishi Steel Muroran Inc. Training is conducted on the assumption of various dangers, such as electric shock, gas explosion, and dangerous situation likely to be occur in slinging work or high-place work.



Danger experience training

Worker-friendly Corporate Culture

Promoting to take the childcare leave program

In order to support diverse work styles, we have enhanced our employee programs, such as extension of childcare leave periods and expansion of people eligible for shorter working hours program. In addition, we have prepared materials that summarize the childcare leave program including its procedures and schedules so as to reduce employees’ worry and make those programs more accessible.

■ Childcare Leave Regulations

Leave period	Extendable until the end of the fiscal year in which the child turns three years old at the longest
Handling if the employee does not wish to take childcare leave	Exemption from overtime work upon request until the child is three years old
Nursing leave for children	Until Grade 3 of elementary school. Up to 5 days/year for one child, 10 days/year for two or more children
Shortening of prescribed working hours	Until Grade 3 of elementary school. The prescribed working hours may be shortened to 6 hours/day (time frame is adjusted each time)
Exemption from overtime work	Exemption from overtime work until the child is three years old
Limitation of overtime work	Up to 24 hours/month, 150 hours/year until the child enters elementary school
Limitation of midnight work for childcare	Exemption from midnight work (in principle) upon request until the child enters elementary school

Anti-Harassment measures

As more employees take the childcare leave program, promoting understanding of maternity harassment has also been an important issue. We have added the provisions regarding maternity harassment to the Harassment Regulations and educate managerial personnel by offering training to promote understanding.

◎ Human Resource Development

Overseas training

In order to develop more employees who can take an active role on a global stage, an overseas training program has been introduced since 2008. In this two-year program, participants join on-the-job training sessions while improving their language skills to deepen their understanding of the country's unique systems and cultures, and acquire flexibility to respect different values. They are expected to work actively as a leader of overseas-related business in Japan and foreign countries.



Language training at a local site

Global management training

We have conducted global management training for personnel who are expected to play an active role on a global stage. Participants learned the mindset and management skills that are required to play an active role over the world with invited lecturers who have a wealth of overseas experience. We continue to offer this training in the future.

Initiatives for the development of new employees

As part of our efforts to educate new employees, we offer training programs that contain the on-the-job training at a factory in combination with the initiation training session of which focus is the basics to be a member of society. In addition, the elder employee program is also provided as a post-assignment program. A senior employee in charge of education is appointed for each new employee as a mentor and consultant to achieve early development of new employees.



Initiation training session for new employees



Improving Customer Satisfaction

The Sales, Manufacturing, and Quality Assurance Sections work together to contribute to the growth of society by continuing to offer products that satisfy our customers and earn their trust.

◎ Initiatives to Improve Quality

In line with progress in global expansion, the Group's production sites have been expanding in recent years. Under such circumstances, when there are customer complaints, quality meetings are held, where employees investigate the causes of the complaints and ensure that the necessary measures are thoroughly implemented on a continuing basis. In order to ensure that we satisfy our customers and earn their trust, the Sales, Manufacturing, and Quality Assurance Units will work together to improve quality.



Quality meeting

◎ Acquisition of JIS Product Certification by Our Indonesian Special Steel Production Base and ISO14001:2015

In October 2018, PT. JATIM TAMAN STEEL MFG. ("JATIM") (Sidoarjo, Indonesia), our Indonesian local subsidiary, acquired JIS (Japanese Industrial Standard) Product Certification (Certification Number: QAID18001).

The standard number acquired this time is the first JIS Product Certification acquired in Southeast Asia. In the future, we will try to satisfy the needs for localizing procurement in ASEAN region where growth is expected, while meeting the demand of special steel materials in Japan.

JATIM also acquired certification of "ISO14001: 2015" (Certification Number: EMS 703562), an international standard of environment management system, on January 2019. We will keep working on further improvement of trust from our customers.



JIS Mark Certification



Attestation Certificate "ISO14001: 2015"

■ JIS Product Certification Certified Materials

Standard No.	Standard title
JIS G 4051	Carbon steel materials for machine structural use
JIS G 4052	Structural steel materials with specified hardenability bands (Steel H)
JIS G 4053	Alloyed steel materials for machine structural use

*For JIS G 4053, SACM645 is excluded.

With Business Partners

The Company will perform corporate social responsibilities in procurement activities to become a company that is trusted and selected by business partners and other stakeholders.

Basic Procurement Policy of the Mitsubishi Steel Group

The Company will promote material procurement activities based on the following three basic policies:

1. Equitable and Fair Business

In all our dealings with business partners, we offer opportunities for equitable and fair business. We select suppliers in good faith through overall and equitable evaluation on quality, costs, technologies, delivery deadlines and other related aspects.

2. Building Partnerships with Business Partners

We seek the establishment of true partnerships in the spirit of co-existence and co-prosperity with our business partners based on mutual trust and cooperation.

3. Proper Management of the Confidential Information, Intellectual Property and Assets, etc. of Our Business Partners

We properly manage and protect the confidential information, intellectual property, and assets, etc. of our business partners while procuring materials.

◎ Fair Business with Business Partners

In order to comply with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (the "Subcontractors Act"), which is closely related to procurement transactions, the Company conducts mutual audits of the Mitsubishi Steel Group on the Subcontractors Act to confirm the compliance status. In addition, every year we offer education on the Subcontractors Act to our employees to prevent violation of the Act, which is familiar and therefore is violated frequently.



Education on the Subcontractors Act in fiscal 2018

☉ Promotion of CSR Procurement

We promote the following four CSR procurement policies and ask our business partners to understand and cooperate with us.

1. Compliance with laws, regulations and societal norms

We perform corporate activities in compliance with corporate ethics, as well as the laws, regulations and ordinances of each country.

2. Concern for the global environment

We promote green procurement with low environmental burden, and ensure the thorough control of hazardous chemical materials.

3. Concern for human rights and worker safety and health

We will respect human rights and prohibit any kind of discrimination, child labor and forced labor. We also give consideration to the development of the work environment, as well as safety and health.

4. Ensuring product safety and QCD

We promote material procurement activities that ensure safety and QCD (quality, cost and deadline) to maintain and improve product values.

☉ Conducting CSR Questionnaires

We are committed to the initiatives on CSR activities throughout the supply chain which includes business partners involved in our business activities to promote CSR procurement. In order to help them understand our procurement policy, we request our business partners to answer CSR procurement questionnaires, and understand and cooperate in the promotion of their CSR activities.

☉ Basic Policy Regarding Conflict Minerals

The Company will promote initiatives for mineral procurement with greater responsibility in collaboration with business partners and other diverse stakeholders.

“Conflict minerals” refer to four minerals including tin, tantalum, tungsten, and gold that are mined in the Democratic Republic of the Congo and nine surrounding countries. There is a concern that some profits earned through sales of those minerals have been the source of funds of armed groups, possibly fueling human rights violations and disputes.

Regarding mineral procurement, we verify that no conflict minerals are handled by our business partners.

Regional and Social Contribution

As a member of the local community, our goal is to actively communicate in order to live in harmony with society, while becoming involved in a variety of social and local contribution activities.

☉ Holding Para Sports Seminar and Trial Event

As part of our sports support activities, we held a seminar and trial event in the Head Office with Mr. Kento Kato, a guest player from the Japan's national blind soccer team. Participants deepened understanding of para sports in the seminar, and also played blind soccer with eye masks on to experience athletes' condition in the trial session. This event gave us an opportunity to experience the challenge of playing sports with disabilities, realize their outstanding abilities, and understand diversity.



Center in the first line: Blind soccer player Kento Kato



Blind soccer trial session

☉ Donation of Disaster Stockpiles

Taking an opportunity to replace disaster stockpiles, we donated emergency food (which are unexpired) to a food bank “Second Harvest Japan.”

Donated foods are delivered to people in need of foods at welfare facilities, children's homes, and other facilities.



Corporate Information

Corporate Profile (As of March 31, 2019)

Corporate Name	MITSUBISHI STEEL MFG. CO., LTD.
Head Office	Daiwa Tsukishima Bldg., 16-13, Tsukishima 4-chome, Chuo-ku, Tokyo, 104-8550 Japan
Established	April 1917
Founded	December 1949
Capital	¥10.03 billion
Representative	President Motoyuki Sato
Annual sales	Consolidated : ¥129.3 billion (Fiscal Year Ending March 2019)
Employees	Consolidated : 4,461 (Fiscal Year Ending March 2019)

Executives (As of June 21, 2019)

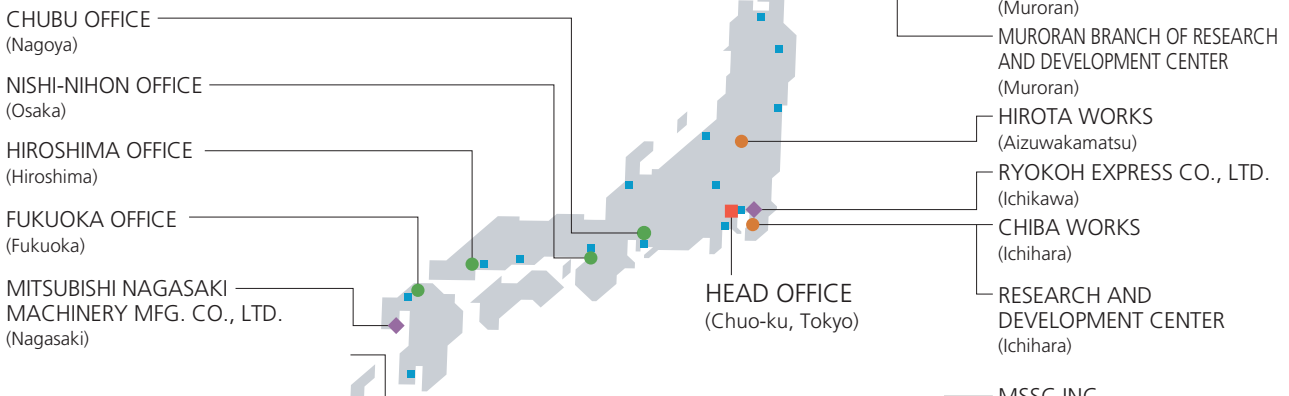
President (Representative Director)	Motoyuki Sato	Director	Akira Yamao
Managing Director (Representative Director)	Hiroyuki Nagata	Director	Jun Yamaguchi
Director	Masayuki Takashima	Full-time Auditor	Hirokuni Sakamoto
Director	Akira Hishikawa	Full-time Auditor	Takeshi Nagai
Director	Hiroshi Sekine	Auditor	Shuichiro Sekine
Director	Hiroshi Amano	Auditor	Tetsuya Nakagawa
Director	Jun Takayama		

(Note) Mr. Masayuki Takashima, Mr. Akira Hishikawa, Mr. Hirokuni Sakamoto, Mr. Shuichiro Sekine and Mr. Tetsuya Nakagawa are Outside Officers as stipulated by the Companies Act. The Company has filed them as independent officers stipulated by the Tokyo Stock Exchange, Inc.

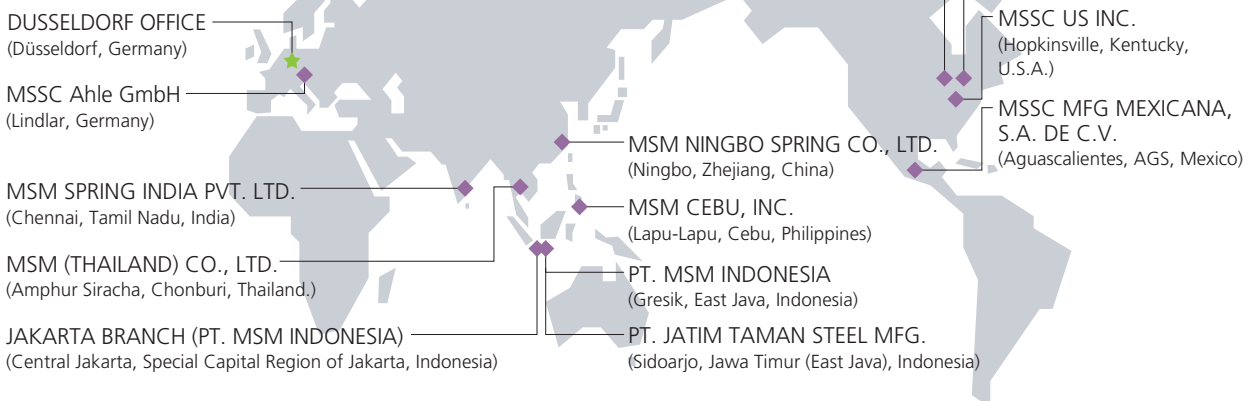
Network (Domestic and Global Operating Sites)

- Head Office ● Work locations ● Sales offices ★ Overseas offices
- Service centers ◆ Subsidiaries

Domestic Operating Sites



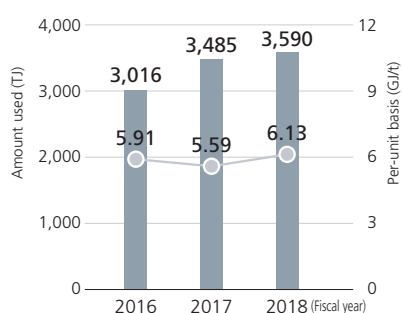
Global Operating Sites



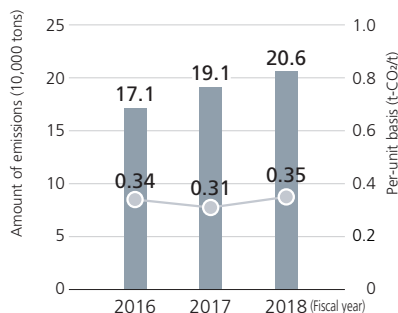
Financial · Non-financial Information

■ Environment-Related Data (Aggregate data of Mitsubishi Steel Mfg. Co., Ltd. and Mitsubishi Steel Muroran Inc.)

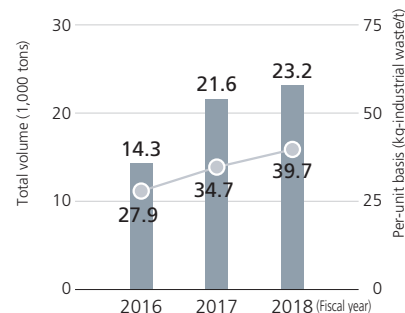
Amount of energy used



CO₂ emissions

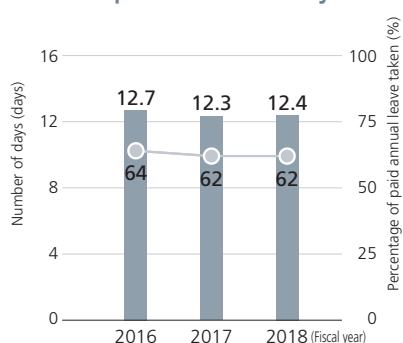


Total volume of industrial waste

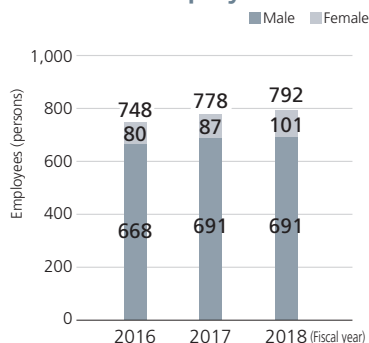


■ Labor-Related Data (Non-consolidated)

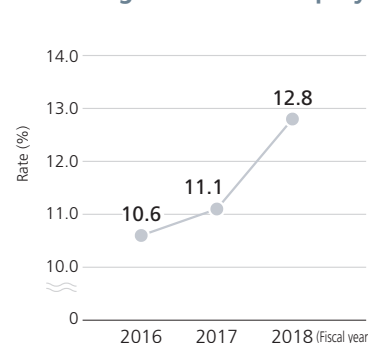
Status of paid annual holiday taken



Number of employees



Percentage of female employees



■ Financial Highlights (Consolidated)

	FY2016	FY2017	FY2018	
Financial information (billion yen)	Net sales	103.7	118.7	129.3
	Operating income	3.8	3.2	1.0
	Ordinary income	3.2	2.8	0.1
	Profit attributable to owners of parent	3.5	2.9	0.2
	Capital investment (excluding leases)	5.1	5.3	5.9
	Depreciation	3.3	3.6	4.4
	Research and development expenses	1.1	1.5	1.6
	Cash flows from operating activities	5.3	△4.5	2.8
	Cash flows from investing activities	△3.3	△6.9	△3.9
	Free cash flow	2.0	△11.4	△1.0
	Cash flows from financing activities	6.8	1.3	△1.2
Total assets	135.1	153.3	153.3	
	Interest-bearing debt	33.7	42.0	42.2
	Shareholders' equity	60.4	62.6	59.0
Financial indicators (%)	Return on equity (ROE)	5.9	4.7	0.5
	Return on assets (ROA)	2.6	1.9	0.2
	Equity ratio	44.7	40.9	38.5
Per share data (yen)	Earnings per share (EPS)	227.78	188.79*	18.24
	Net assets	3,927.17	4,072.09*	3,837.65

*The Company consolidated 10 shares of its common shares into 1 share effective October 1, 2017. Profit per share and net assets per share on a share-consolidation basis for the consolidated fiscal year under review are respectively assumed the consolidation was conducted at the beginning of 2017.



 **MITSUBISHI STEEL MFG. CO., LTD.**

HEAD OFFICE

Daiwa Tsukishima Bldg., 16-13, Tsukishima 4-chome, Chuo-ku, Tokyo, 104-8550 Japan

TEL: +81-3-3536-3111 FAX: +81-3-3533-3123

<https://www.mitsubishisteel.co.jp/>