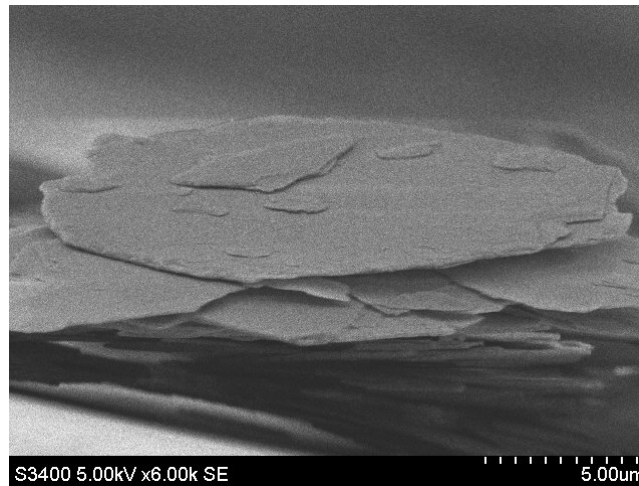


# CSR Report 2020

From Apr. 2020 to Mar. 2021



SEM Photo of Mica Powder (average particle size 20  $\mu\text{m}$ )



YAMAGUCHI MICA CO., LTD.

Issued by CSR committee  
May 24, 2021

## 1. Top message

YAMAGUCHI MICA CO.,LTD. celebrated its 70th anniversary in April 2021. Since the beginning, we have researched about how mica powder can be effectively used in various market fields, and have been working with our customers to develop and improve the quality and service of our products to enhance their value. It has not always been smooth sailing, but thanks to the recognition of our philosophy and products by our customers, we have been able to grow little by little and continue to do so for a long time.

Times have changed, and now our corporate value is measured by how we fulfill our social responsibilities. Our customers are choosing to do business with us not only because of our ability to provide products with good performance and quality, and good service, but also because of the recognition of our corporate activities toward the realization of the SDGs. I would like to talk a little bit about the recent increase in the number of mica-related companies that have taken up the issue of labor environment in the countries and regions where they procure raw materials.

We procure our raw material, mica ore, from India. We believe that one of the reasons why we are able to achieve high quality is the use of raw materials from India, as the quality of India mica is higher than other areas. However, for several years now, child labor in mica mining in India has been highlighted as a social issue. We are working to procure raw materials that do not involve child labor by conducting audits of the working environment of our local suppliers by ourselves and third-party organizations. In addition, we are a member of an international human rights NGO and are cooperating with them to improve the working environment in the entire mica mining area in India, and we are proud to be one of the leading companies in CSR procurement in mica.

Meanwhile, the Responsible Minerals Initiative, established by the Responsible Business Alliance (RBA, the world's largest industry coalition committed to CSR), has announced that in addition to conflict minerals (3TG) and cobalt, the Responsible Minerals Initiative released a reporting template for mica in 2020, and released the Global Workplace Standard for Mica Processors in March 2021. In the future, electronics and automotive manufacturers who are members of the RBA will require their wide range of upstream component and material manufacturers to secure traceability of mica and audit it to global standards.

In FY2021, “responsible procurement of mica raw materials” is expected to attract more and more attention from mica-related companies, including us. In order to gain the trust and confidence of our customers, we will share and promote the results of our CSR activities and our future policies. We will also work with our supply chain, NGO and its member companies to ensure the sustainable development of the entire mica industry.

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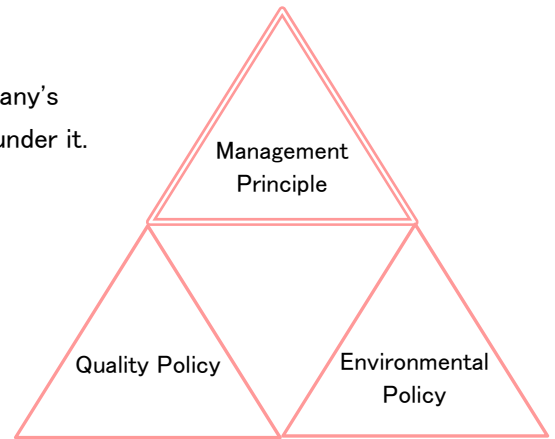
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President  
YAMAGUCHI MICA CO.,LTD.



## 2. Policies

We have set up “Management Principle” which is the basis of the company’s raison d’etre, and set the “Quality Policy” and “Environmental Policy” under it. These philosophies and policies are the basis of our thinking in formulating business plans and setting goals, and are incorporated into our specific activities. We are committed to the prosperity and development of society and the realization of a sustainable society.



### Management Principle

1. YAMAGUCHI MICA contributes to the prosperity and development of society through the manufacture and sale of mica-based powders.
2. In its activities, we will comply with social discipline, strive to respect human rights, protect the global environment, and act as a model for society.
3. Targeting mutual reflection of customers, vendors and employees as well as company development.

### Quality Policy

- (1) Provide products that meets ever-changing user’s needs and attract customer.
- (2) Develop unique products that deliver customers reliability and inspiration.
- (3) Improve our system which enables to provide quality, price and lead time that the customer’s request.

### Environmental Policy

- (1) Comply with environmental laws and regulations, our self-regulation and other requirements which we have agreed.
- (2) Consider the environmental impact of our corporate activity and working for resource saving and global environment conservation.
- (3) Clarify the purpose, target and plan, and continuously promote legal

### 3. Company outline

|                   |  |
|-------------------|--|
| Company name      | YAMAGUCHI MICA CO., LTD.   |
| Location:         | Head office: Toyokawa, Aichi, Japan<br>Toyohashi factory: Toyohashi, Aichi, Japan<br>Shinshiro factory: Shinshiro, Aichi, Japan<br>Subcontract factory: Andhra Pradesh, India                |
| Founded           | Apr, 1951 (Established in Aug, 1960)   |
| Capital           | JPY 47.6 million   |
| Annual sales      | JPY 1.05 billion ( FY Sep, 2020)   |
| Categories        | Ceramic, stone, clay product industries  |
| Main business     | Powder production and processing of mica and other inorganic minerals  |
| Products          | Wet grinding mica powder, dry grinding mica powder<br>Wet grinding talc powder, photochromic pigments、<br>Various processing of surface treatment, heat-treatment and mica granulation, etc. |
| Employee          | 66 (As of Apr, 2021, including 5 non-regular employees))   |
| Production volume | Wet grinding: 2,500t/year, Dry grinding: 1,000t/year   |
| Main market       | Plastics, cosmetics, paintings, rubber and ceramics  |



Head office (1954, former Kozakai-cho).



Head office  
now in Toyokawa City  
site area: approx..5,000 m<sup>2</sup>



Toyohashi factory  
Site area : approx. 5,000 m<sup>2</sup>



Shinshiro factory, since Sep, 2018  
Site area : approx. 27,000 m<sup>2</sup>

#### 4. Company history

|      |   |
|------|---|
| 1951 | Founded at Toyohashi city, Aichi Pref, and started mica powder production   |
| 1954 | Moved to Kosakai City, Hoigun (Present Toyokawa City)   |
| 1960 | YAMAGUCHI UNMO CO., LTD. was established  |
| 1978 | Started production for cosmetics (Improving product quality and multiproduct production)  |
| 1988 | Toyohashi factory was newly established   |
| 2003 | Toyohashi 2nd factory was newly established   |
| 2004 | ISO9001certified (LRQA, updated to 2015' s cert in 2017)  |
| 2005 | Production of wet grinding started at a subcontract factory in India  |
| 2009 | Production of dry grinding started at a subcontract factory in India  |
| 2010 | Company name was changed to YAMAGUCHI MICA CO., LTD.  |
| 2016 | Introduction of CSR Management and became a member of UN Global compact   |
| 2018 | Shinshiro factory was newly established and started production  |
| 2019 | Toyohashi 2nd factory was closed and relocate to Shinshiro factory  |
| 2020 | Formed BCP committee, and acquired company certification under the "Business Continuity Enhancement Plan" by the Small and Medium Enterprise Agency |

#### 5. Associations for CSR

##### U.N Global Compact



##### Sedex



##### ACE



##### Responsible Mica Initiative



##### EcoVadis



## 6. CSR Approach

We endorse the ten principles in the four areas of the United Nations Global Compact listed below.

|                |   |
|----------------|---|
| Human right    | <p>Principle 1. Business should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2. Make sure that they are not complicit in human rights abuses.</p>  |
| Labour         | <p>Principle 3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4. the elimination of all forms of forced and compulsory labor;</p> <p>Principle 5. the effective abolition of child labor; and Principle 6. the elimination of discrimination in respect of employment and occupation.</p> |
| Environment    | <p>Principle 7. Business should support a precautionary approach to environmental challenges;</p> <p>Principle 8. undertake initiatives to promote greater environmental responsibility;</p> <p>Principle 9. encourage the development and diffusion of environmentally friendly technologies</p>   |
| Anticorruption | <p>Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery</p>  |

We will consider and implement specific initiatives in our corporate activities to realize the SDGs.

## SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD





## **6-1 Corporate governance**

### **【 Achievement in 2020 】**

#### **■ CSR committee activity**

- Associated CSR management with each in-house activity to promote all employee's understanding for "Raw material procurement", "Environmental issue", "BCP", "Job satisfaction", "Mental and physical health", "Markets and customer's demands for CSR", "Safety and health management", and the CSR Committee held bi-monthly meetings to discuss and manage each progress.
- The member of CSR committee are:  
President, Director of CSR committee, Assistant general manager of sales technology, Manager of general affairs and accounting, Manager of purchasing, Chairman of safety and health committee.

#### **■ FY2019 CSR Report released internally and externally in June 2020, and posted on the website.**

#### **■ In September 2020, the director in charge of CSR reported on the company's CSR activities to employees at the company policy presentation and explained that the activities of each department are connected to the SDGs.**

#### **■ The Director in charge of CSR reported on the Company's CSR activities at monthly management meetings and staff meetings.**

#### **■ The BCP Committee meets bi-monthly to promote disaster preparedness against earthquakes, storms, floods, fires and epidemics.**

- The following countermeasures are being implemented  
"Preparing a disaster response manual", "Preparing emergency kits",  
"Conducting evacuation drills", "Conducted safety confirmation system drills"

### **【 Plan for FY2021 】**

- ☐ Continue CSR Committee activities.
- ☐ Continue to report internally and externally on CSR activities and share our contribution to the SDGs.
- ☐ Continue BCP Committee activities.



## **6-2 Human rights**

### **【 Achievement in 2020 】**

- In March 2020, we began third-party audits of the working environment for one of our raw material suppliers in India. However, due to the impact of Covid-19, the audit schedule has been postponed for over a year and the completion date is yet to be determined.
- We are a member of the "Responsible Mica Initiative", an international NGO that targets to eradicate child labor in India's raw material mica mining areas. This year, we invited our Indian raw material suppliers who are not members of this NGO (4 out of 5 suppliers are scheduled to join).

### **【 Plan for FY2021 】**

- ☐ Completion of postponed third-party audit.

- ☐ After Covid-19 has converged, we plan to conduct an audit of three Indian raw material suppliers.
- ☐ Continued cooperation to eradicate child labor through the activities of the NGO “Responsible Mica Initiative”.



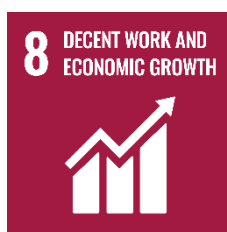
### **6—3 Employment practice**

#### **【 Achievement in 2020 】**

- In October 2020, a new personnel evaluation system and salary increase promotion system were put into operation to improve job satisfaction. In addition, with this system change, we are conducting training for appraisers and evaluators.
- The Health and Safety Committee discussed measures to prevent heat/cold and back pain at the manufacturing site, and confirmed the effects of their introduction using demonstration machines. Then, through discussions between labor and management, some ideas were introduced.
- We solicited improvement proposals (to reduce the workload at the manufacturing site) from employees, and through the Improvement Proposal Committee and Process Change Committee, we confirmed the effects of the trial and evaluated the impact on others, and materialized some proposals. In-house awards were given to the improvement proposals with the greatest effect.
- In March 2021, all employees were subjected to an online stress check by an external organization, and the results were individually fed back.
- Introduced online meetings (Teams) and improved the environment for remote work (working from home) as a response to behavioral restrictions caused by Covid-19.

#### **【 Plan for FY2021 】**

- ☐ Continue to follow up on the operation of the new personnel evaluation system and salary increase promotion system to improve job satisfaction.
- ☐ Promotion of measures against heat at manufacturing sites.
- ☐ Conduct regular stress checks by an external organization



### **6—4 Environment**

#### **【 Achievement in 2020 】**

- The total amount of CO2 emissions from the three factories was approximately 1,500 tons per year. Since the production volume changes every year due to increases and decreases in demand, the CO2 emission



figures also change significantly. We are currently examining how to set the numerical target.

**【 Plan for FY2021 】**

- ☐ Set numerical targets for total CO2 emissions and CO2 emissions per kg of production for the next fiscal year (October 2021 – September 2022) and consider specific ways to achieve the targets.
- ☐ The reduction of electricity, gas, and water consumption, as well as the reduction of waste are positioned as key themes, and suggestions for improvement are solicited from employees.



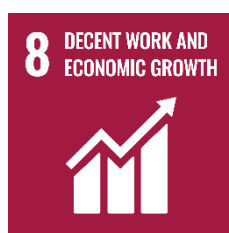
**6—5 Fair business practice**

**【 Achievement in 2020 】**

- In March 2021, harassment questionnaire was sent to all employees, and the results were used to raise awareness of harassment. In addition, our president's "Declaration on the Prevention of Harassment" and the revision of the Harassment Prevention Regulations demonstrated the company's policy of making all-out efforts to prevent harassment.
- We have established whistle-blowing regulations to correct and resolve compliance issues when employees discover violations of laws and regulations, ethically problematic acts, or violations of regulations within the company.

**【 Plan for FY2021 】**

- ☐ Conduct harassment questionnaires on a regular basis and provide internal feedback.
- ☐ Revise the confidential information management rules to make them more actual form.
- ☐ Promote an environment where women can work in a positive manner.



**6—6 Consumer Affairs**

**【 Achievement in 2020 】**

- Development and proposal of alternative materials for cosmetic microplastic beads, which are considered to be a cause of marine pollution.
- Establishment of production technology for metal oxide-coated powder (trademarked name: ADMOLITE).
- In FY 2019, the Company established a three-year plan for the procurement of mica raw materials in India, "the 2019–2022 Raw Materials Procurement Policy". However, due to the impact of the Covid-19, we were unable to procure raw materials as initially planned due to lockdowns in India and disruptions in global sea shipments.

### 【 Plan for FY2021 】

- ☐ Continue to develop products that meet customer needs, focusing on powder processing.
- ☐ “The 2019–2022 Raw Material Procurement Policy” will be revised to take into account the impact of Covid-19. However, the final target for 2022 will be maintained.



## 6—7 Community Involvement and Development

### 【 Achievement in 2020 】

- Information exchange with Responsible Business Alliance (RBA) related organizations.
  - Helped launch a mica reporting template and assisted in preliminary hearings on the mica industry and the situation in India.
- Human rights / Environmental protection organization
  - Continued participation for “UN Global Compact”, NGO the “Responsible Mica Initiative” and human right related NGO “ACE”.
- CSR platform
  - Continued participation for “Sedex” and “EcoVadis” (Supplier CSR information platform) and disclosed our information.
- Academic and industrial organizations
  - Continued participation in “THE SOCIETY OF COSMETICS OF JAPAN”, “Japan Cosmetic Suppliers Association”, “Filler Society of Japan” and “Japan Hygienic Olefin And Styrene Plastics Association”.
- Website
  - Promoted CSR activities with our bilingual website.

### 【 Plan for FY2021 】

- ☐ Continue to participate in local communities, human rights and environmental groups, and industrial and academic organizations
- ☐ Continue to update our CSR information through the CSR platform and website.
- ☐ Response to the Mica survey template by the “Responsible Minerals Initiative”.



## 7. CSR information

We update CSR report every year and publicize in our web site.

If you have any question and comment, please contact to:

|          |  |
|----------|--|
| Dept.    | Planning div, YAMAGUCHI MICA CO., LTD.   |
| Contact: | ITO or NISHIDA (Member of CSR committee) |
| E-mail:  | csr@ymsc.co.jp                           |