

Corporate Governance

Company with Audit & Supervisory Board

Listed companies in Japan usually select one of the following types organizational structure— Company with Audit & Supervisory Board, Company with Three Committees (Nomination, Audit and Remuneration), or Company with Supervisory Committee. The majority of Japanese listed companies choose to use the Company with an Audit & Supervisory Board structure. Japan's Corporate Governance Code June 1, 2018
Tokyo Stock Exchange, Inc. https://www.jpix.co.jp/english/news/1020/b5b4pj000000jvxxr-att/20180602_en.pdf

Basic Approach

SMM views corporate governance as a disciplinary framework both for maximizing the corporate value of the SMM Group and for ensuring sound management practices. As such, it is one of the most important management issues.

SMM has established the following SMM Group Corporate Philosophy based on the Sumitomo Business Spirit. Through striving to enhance our corporate governance, we will conduct efficient and sound business activities, make positive contributions to society, and fulfill our responsibilities to our shareholders and all other stakeholders in order to realize the SMM Group Corporate Philosophy.

SMM Group Corporate Philosophy

- 1) Sumitomo Metal Mining Co., Ltd. (SMM) in accordance with the Sumitomo Business Spirit, shall, through the performance of sound corporate activities and the promotion of sustainable co-existence with the global environment, seek to make positive contributions to society and to fulfill its responsibilities to its stakeholders, in order to win ever greater trust.
 - 2) SMM shall, based on respect for all individuals and recognizing each person's dignity and value, seek to be a forward-minded and vibrant company.
- SMM has adopted a Company with Audit & Supervisory Board system and an executive officer system to ensure effective execution, monitoring, and supervisory functions within management.

Formulating Corporate Governance Guidelines

SMM has established Corporate Governance Guidelines which cover our basic philosophy on corporate governance and our corporate governance framework, including our relationship with stakeholders.

Decision Making and Supervisory System

Directors and the Board of Directors

SMM's Articles of Incorporation provide for a Board of Directors of up to ten members, each appointed for one year, and the "Chairman and Representative Director" is the Chairman of the Board. Furthermore, our policies stipulate that one-third or more of directors shall be independent outside directors.

Currently, SMM has three outside directors among our eight directors. With regard to our directors being eight in number, we have determined that this is an appropriate number for ensuring agility and active discussion by the Board.

SMM works toward continuous improvement of the functions of the Board of Directors and conducts an evaluation of its effectiveness every year in order to verify whether it functions appropriately and, based on the findings, to enact appropriate measures, such as ameliorating problems.

Governance Committee

The Governance Committee is composed of the chairman of the Board of Directors, who is not an executive officer, and independent outside directors and it was established to provide the president with advice from an objective standpoint with regard to particularly important matters relating to corporate governance, including the nomination and compensation of directors, executive officers, and others.

In September 2019, outside director Kazuhisa Nakano was appointed as chair of the Governance Committee.

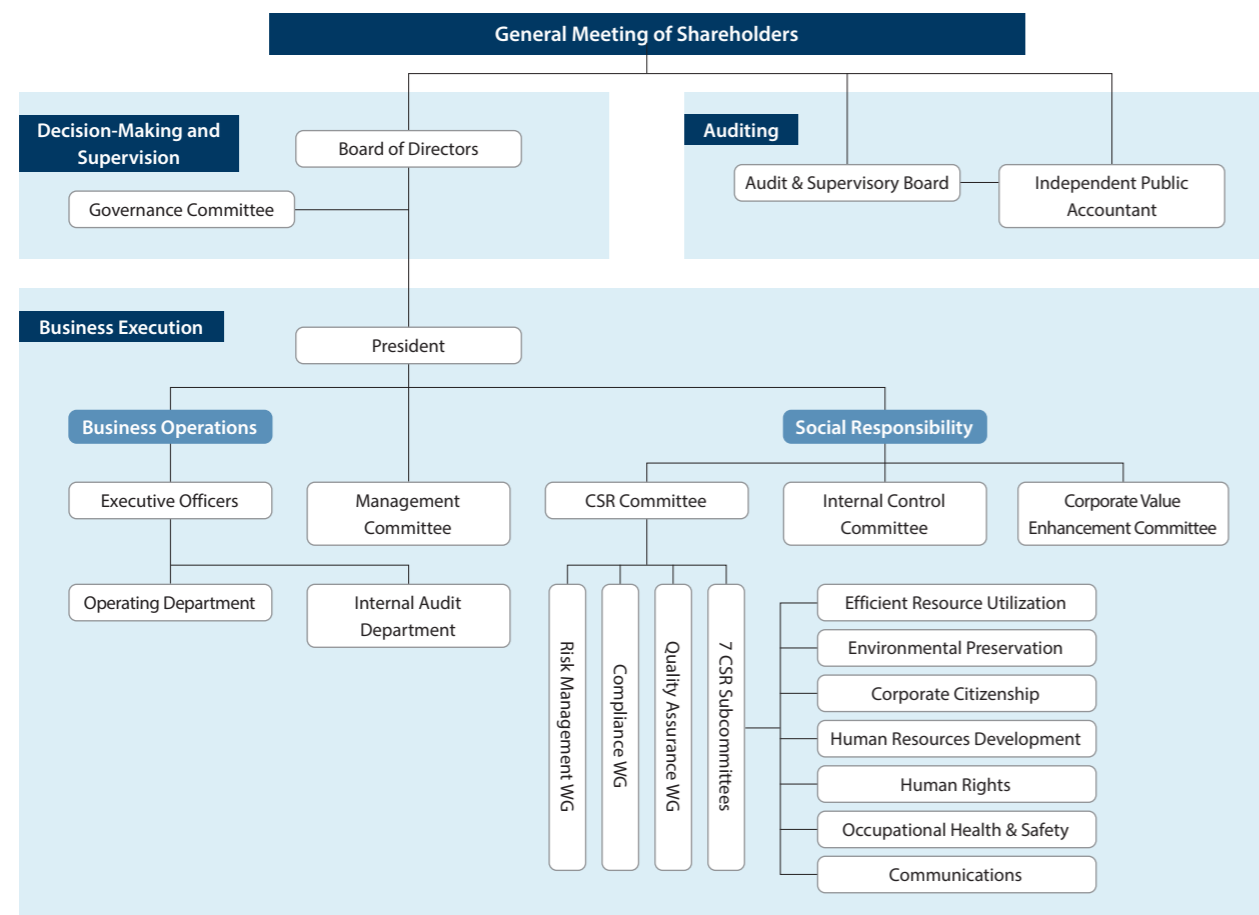
Outside Directors and Outside Audit & Supervisory Board Members

At important meetings such as those of the Board of Directors, outside directors are expected to express their views from a broad perspective based on their knowledge, experience, abilities, and insight and are expected to fulfill the function of providing objective supervision from a standpoint independent from the representative directors and the executive directors. Outside Audit & Supervisory Board members use their specialized expertise and diverse perspectives to offer supervision, provide valuable comments at Board of Directors and other meetings, and exercise oversight.

All SMM outside directors and Audit & Supervisory Board members meet the criteria for independence established by the Tokyo Stock Exchange, Inc. as well as our own internal independence standards, and all outside directors and Audit & Supervisory Board members have been declared as independent officers, pledging that there is no conflict of interest with that of shareholders. We also publish our standards governing the independence of outside officers on the following website.

WEB <https://www.smm.co.jp/E/ir/management/governance/>

Corporate Governance Framework



■ Outside Directors and Outside Audit & Supervisory Board Members

	Reason for Appointment	Attendance at Meetings
Outside Director Manabu Kinoshita	He has served as a Senior Executive Vice President of NEC Corporation and has abundant knowledge and experience in managing a company and in relation to digital business. He was appointed as an outside director so that he may utilize his knowledge and experience to fulfill a role in strengthening corporate governance by appropriately supervising the Company's business management, which is aimed toward the sustainable growth and medium- to long-term enhancement of the corporate value of the Group.	He was newly appointed as an outside director at the Ordinary General Meeting of Shareholders held in June 2020.
Outside Director Kazuhisa Nakano	He offers a wealth of knowledge and experience in company management and natural resources business and was appointed as an outside director to continue fulfilling his role in strengthening corporate governance.	In FY2019, the Board of Directors convened 14 times (12 regular meetings and 2 extraordinary sessions). He attended all meetings.
Outside Director Taeko Ishii	Based on her specialist knowledge and wealth of experience as a lawyer, she was appointed as an outside director to provide advice to SMM on business matters, particularly from a compliance perspective and to continue fulfilling her role in strengthening corporate governance.	In FY2019, the Board of Directors convened 14 times (12 regular meetings and 2 extraordinary sessions). She attended all meetings.
Outside Audit & Supervisory Board Member Wataru Yoshida	He offers a wealth of experience in financial institutions and has abundant knowledge of managing a company. He was appointed as an outside Audit & Supervisory Board member with the expectation that he will utilize his knowledge and experience to fulfill the role.	He was newly appointed as an outside Audit & Supervisory Board Member at the Ordinary General Meeting of Shareholders held in June 2020.
Outside Audit & Supervisory Board Member Yuichi Yamada	He was appointed an outside Audit & Supervisory Board member in order to exercise oversight that leverages his auditing experience accumulated over many years at audit firms as well as his extensive knowledge of accounting.	In FY2019, the Board of Directors convened 14 times (12 regular meetings and 2 extraordinary sessions), and the Audit & Supervisory Board convened 15 times. He attended all meetings of both.

Business Execution Structures and System

■ System of Internal Memorandums for Approval and the Management Committee

The basic method for making decisions on business execution is to examine and approve such matters through the system of internal memorandums. The Management Committee holds meetings for important management matters that require deliberation, thereby conducting careful decision-making and rational business judgment based on diverse perspectives.

The Management Committee is composed of the president, executive officers from the Corporate Planning Department, and other executive officers. The Chairman of the Board as well as the outside directors, and Audit & Supervisory Board members may attend Management Committee meetings. Among matters to be resolved by the Board of Directors and matters to be approved by the president, the Management Committee will deliberate from a broad perspective on matters determined to require deliberation and then will determine whether those matters will be referred to the Board of Directors. The Committee also fulfills the function of supporting approval granted by the president.

■ Executive Officer System

Substantial authority has been delegated to executive officers whose authority and responsibilities have been clearly defined to reinforce their executive function. Appointed by the Board of Directors, executive officers are entrusted with important positions (such as heading a business division, or heading a division or department at SMM's head office) and are expected to perform their duties with the specific authority assigned to each position.

Auditing System

■ Audit & Supervisory Board

The Audit & Supervisory Board has four members (two standing Audit & Supervisory Board members and two outside Audit & Supervisory Board members). Internal Audit & Supervisory Board members are able to conduct rigorous audits by their ability to collect information within the Company in an appropriate and timely manner. Outside Audit & Supervisory Board members conduct independent audits by utilizing their specialized knowledge in various fields and multilateral viewpoints.

In order to ensure managerial soundness and increase the corporate value of SMM, and in accordance with the audit policies, audit plans, and other such matters prescribed by the Audit & Supervisory Board, each Audit & Supervisory Board member will attend meetings of the Board of Directors, the Management Committee, and other important meetings, receive reports and, when necessary, request explanations from directors, executive officers, and employees regarding the status of the performance of their duties, inspect important approval and other such documents, and examine the status of operations and assets at the head office and other major business sites.

■ Collaboration between the Internal Audit Department, Independent Public Accountant and Audit & Supervisory Board Members

The Internal Audit Department regularly undertakes internal audits on the status of business execution across the SMM Group. The Department provides an explanation of its audit plans to Audit & Supervisory Board members while passing on all relevant information. At the same time, Audit & Supervisory Board members provide details of audit plans determined at meetings of the Audit & Supervisory Board to the Internal Audit Department, accompany staff of the Internal Audit Department as required when conducting internal audits, and attend meetings when reports on the results of internal audits are delivered to executive officers and the heads of operational divisions. In FY2019, Audit & Supervisory Board members attended such meetings 16 times. KPMG AZSA LLC, an independent registered public accounting firm, audits the consolidated financial statements and the effectiveness of the internal control over financial reporting. Audit & Supervisory Board members provide details of audit plans to the independent public accountant. Audit & Supervisory Board members in turn receive explanations regarding audit plans and reports on audit results and reports reviewing each quarter from the independent public accountant. In this manner, close collaboration is maintained between the independent public accountant and Audit & Supervisory Board members.

Director and Audit & Supervisory Board Member Compensation

Maximum limits on the total amounts of basic compensation for directors and compensation for Audit & Supervisory Board members will be determined by resolution of the General Meeting of Shareholders. If bonuses are paid to directors, then the total amount of bonuses to directors, excluding outside directors, will be determined in the same way.

1) Details of Procedures for Determining the Amount of Director Compensation

The president & representative director, with the authorization of the Board of Directors, will determine the amount of director compensation as outlined below.

The specific amount of basic compensation for the Chairman of the Board and each director who also serves as an executive officer will be calculated by reflecting the individual performance of the director calculated with position-specific evaluation items such as "division performance," "the degree to which individual targets set in accordance with medium- to long-term business strategies are being achieved," and "safety results (number of labor accidents), etc." as standards on a base compensation amount determined in consideration of the consolidated performance of the SMM Group; the compensation amount will then be determined after receiving the advice of the Governance Committee. The specific amount of each director's bonus will be calculated by reflecting the individual performance of each director, which is calculated with the same posi-

tion-specific evaluation items as the above standards, on a base bonus amount determined in consideration of the consolidated performance of the SMM Group; the bonus amount will then be determined after receiving the advice of the Governance Committee. However, because of the importance placed on the outside directors fulfilling a supervisory function from a standpoint independent from business execution, individual performance will not be reflected and only the base compensation amount with no bonuses will be paid to outside directors.

2) Details of Procedures for Determining the Amount of Audit & Supervisory Board Member Compensation

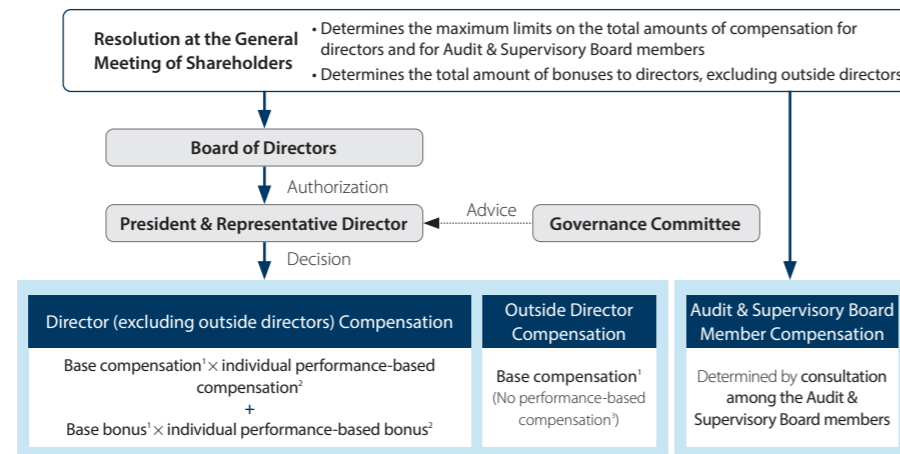
The amount of basic compensation for each individual Audit & Supervisory Board member will be determined by consultation among the Audit & Supervisory Board members at the Audit & Supervisory Board within the total compensation amount approved by the General Meeting of Shareholders.

FY2019 Director and Audit & Supervisory Board Member Compensation

Officer Classification	Number of Officers	Total Compensation	Total Compensation by Type	
			Basic Compensation	Bonus
Directors (excluding outside directors)	6	¥262 million	¥220 million	¥42 million
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board members)	2	¥65 million	¥65 million	—
Outside Directors	3	¥41 million	¥41 million	—
Outside Audit & Supervisory Board Members	2	¥23 million	¥23 million	—

Note: In addition to the aforementioned, an employee salary portion totaling ¥21 million was paid to one person who serves concurrently as a director and executive officer.

Procedures for Determining the Amount of Compensation for Directors and Audit & Supervisory Board Members



1. Takes into consideration the consolidated performance of the Group.
2. Calculated reflecting the following position-specific evaluation items:
Division performance, the degree to which individual targets set in accordance with medium- to long-term business strategies are being achieved, safety results (number of labor accidents), etc., and other individual items for evaluating each position.
3. Stipulated due to SMM's emphasis on oversight functions from a standpoint independent of business execution.

Indicators Used to Determine Performance-Based Compensation

The indicators used to determine performance-based compensation are, as described above, calculated for individual directors on the basis of position-specific evaluation items such as consolidated performance (profit before tax), division performance (return on assets [ROA], free cash flow, segment income), the degree to which individual targets set in accordance with medium- to long-term business strategies are being achieved, and safety results (number of labor accidents).

The reason that each indicator has been selected is as follows: consolidated performance (profit before tax) was selected because SMM has set profitability targets that it aims to achieve

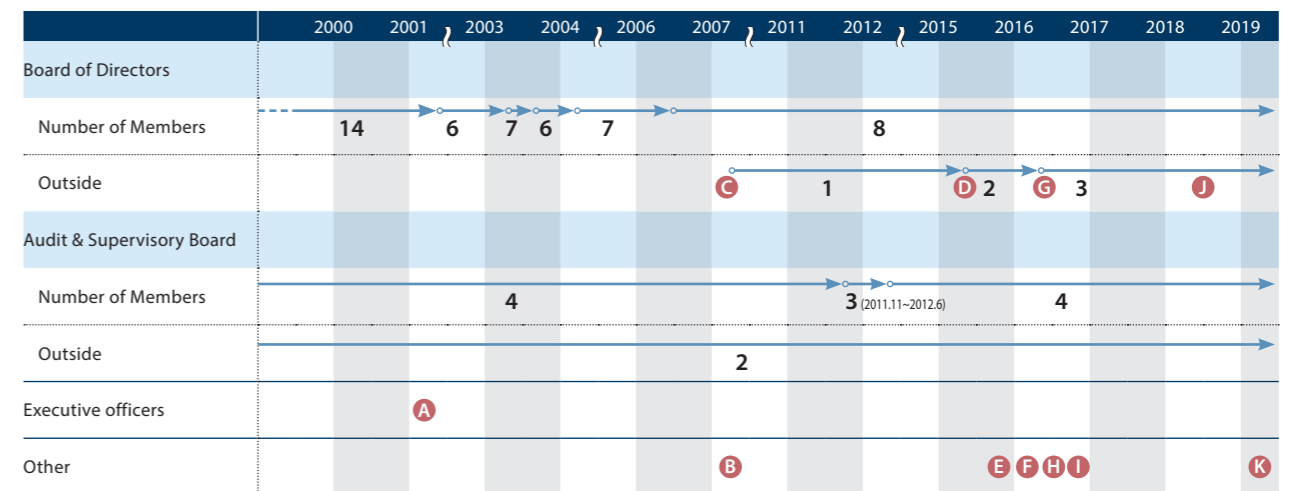
as part of its long-term vision; performance indicators for division performance (ROA, free cash flow, segment income) were selected in order to evaluate the three criteria of asset efficiency, cash flow, and absolute value of profit in a balanced manner; the degree to which individual targets set in accordance with medium- to long-term business strategies are being achieved was selected because we believe that the steady implementation of plans with a medium- to long-term perspective is essential to increase our corporate value in a sustainable manner; safety results were selected because we believe that securing a safe workplace is our operating foundation as a company engaged in the mining and manufacturing industries.

Initiatives to Strengthen Governance

SMM positions corporate governance as one of the most important issues in our management, and is taking steps to strengthen governance.

To achieve even better corporate governance going forward, we will appropriately review our corporate governance framework in accordance with revisions to laws, changes in social conditions, and other external factors.

Transitions in Governance at SMM



- June 2001** Introduction of the executive officer system **A**
Introduced the executive officer system with the aim of separating decision-making and supervisory functions in management, and revised the management system with the aim of further enhancing and strengthening the functions of each of these.
- February 2007** Introduction of takeover defense measures **B**
Introduced countermeasures to large-scale acquisitions of the Company's shares (takeover defense measures).
- June 2007** Appointment of an outside director **C**
Appointed one outside director in order to strengthen corporate governance through objective management decisions by an independent, external director. Shortened the term of directors from two years to one year to clarify management responsibilities.
- June 2015** Board of Directors composition changed to include two outside directors **D**
- November 2015** Establishment of a Governance Committee and evaluation of the effectiveness of the Board of Directors **E**
Established a Governance Committee, which is not based on legal direction or necessity, for the purpose of obtaining objective advice from the Chairman of the Board and outside directors, who are not executive officers. Started analyzing and evaluating the effectiveness of the Board of Directors in FY2015.
- February 2016** Establishment of Corporate Governance Guidelines **F**
Established the SMM Corporate Governance Guidelines which cover our basic philosophy on corporate governance and our corporate governance framework.
- June 2016** Board of Directors composition changed to include three outside directors **G**
Appointed three outside directors in order to have one third or more of the directors in the Board of Directors be outside directors.
- August 2016** Outside Directors Council meeting held **H**
Started convening Outside Directors Council meetings as a venue for discussion attended only by outside directors and outside Audit & Supervisory Board members, providing an opportunity for outside directors and outside Audit & Supervisory Board members to exchange information and share understanding.
- December 2016** Discussion of what the Board of Directors should ideally be **I**
The Board deliberated what SMM's Board should ideally be, reaffirming that the Board make a point of making decisions.
- June 2018** Appointment of a female director **J**
Appointed the Company's first female director (outside).
- September 2019** Appointment of the chair of the Governance Committee **K**
Appointed outside director as chair of the Governance Committee

Evaluation of the Effectiveness of the Board of Directors

Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed. Japan's Corporate Governance Code Supplementary Principle 4.11.3 June 1, 2018 Tokyo Stock Exchange, Inc. https://www.jpx.co.jp/english/news/1020/b5b-4pj000000jvxxr-att/20180602_en.pdf

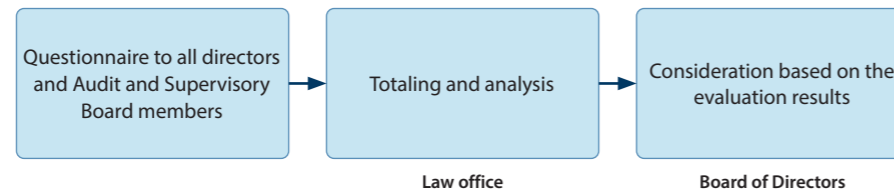
Evaluation of the Effectiveness of the Board of Directors

According to the Corporate Governance Code formulated by the Financial Services Agency and the Tokyo Stock Exchange, Inc., the effectiveness of the entire board of directors should be analyzed and evaluated and a summary of those results should be disclosed. Referring to each director's self-evaluation is a large pillar of this evaluation of the effectiveness of the board of directors. Also, the same is stipulated in SMM's Corporate Governance Guidelines, and the Board has been carrying out evaluations of itself, regarding appropriate decision-making and supervisory functions, since FY2015.

Overview of the Evaluation of Effectiveness

For the analysis and evaluation of the effectiveness of the Board of Directors, the Board carries out a questionnaire targeting the directors and Audit and Supervisory Board members every year. To make sure the responses are not seen by administrative staff, the responses are sent to an external law office, where the results are analyzed. Based upon the overall results of the self-evaluations by directors and Audit & Supervisory Board members included in the survey, the external evaluations by the law firm, and the confirmation of what the Board of Directors should ideally be (aim to achieve a Board of Directors focused on decision-making function) conducted in fiscal 2016, the Board of Directors reviews its own effectiveness.

■ The Process of Evaluating the Effectiveness of the Board of Directors



FY2019 Evaluation Results and Initiatives Going Forward

The FY2019 analysis and evaluation of the Board of Directors' effectiveness found that with reference to "what the Board of Directors should ideally be," the Board of Directors exercises its supervisory functions through its decision making, and it was confirmed that no serious problems were perceived in the effectiveness of the Board of Directors. Additionally, although the FY2019 questionnaire surveyed the necessity of a review of "what the Board of Directors should ideally be," as three years had passed since the formulation of this policy, all directors were in agreement that the review of policy was not required. Many questionnaire responses stated that discussion was conducted from diverse perspectives, with outside directors and Audit & Supervisory Board members actively stating their opinions based on their experience and respective fields of specialty. Overall, the evaluation confirmed that the Board of Directors conducted appropriate discussion and deliberation. Meanwhile, regarding the need to establish opportunities for discussion and deliberation of important management issues, an area for improvement identified in the FY2017 and FY2018 evaluations, it was confirmed that although the Board of Directors worked to create such opportunities, it was not able to discuss each of SMM's three business segments in a balanced manner. Also, it was confirmed that there is a need for the Board to take a perspective which focuses on decision-making function, to revisit and check the implementation progress and results of investment projects that it previously resolved. The Board of Directors also confirmed that in addition to steps that include reviewing items for report and checking the affiliation of the chairperson, reports on the latest trends in corporate governance will also be made to the Board of Directors as part

of initiatives to increase training opportunities for officers. Through the discussion and deliberation outlined above, in FY2019 the Board of Directors confirmed it was taking steps to 1) deliberate on important management issues and monitor investment projects resolved by the Board of Directors, 2) have reports on current issues (securing personnel, etc.) made to the Board of Directors and carry out related discussion, and 3) have reports on recent trends in corporate governance made to the Board of Directors. It also confirmed that these steps are being taken in ongoing manner. Going forward, we will make further efforts to enhance the efficiency of the Board of Directors.

Takeover Defense Measures

SMM has introduced takeover defense measures in the event that it receives a proposal for a large-scale acquisition of its shares. The aim of these measures is to enable the Board of Directors to present an alternative proposal to shareholders or ensure necessary time and information for shareholders to decide whether or not to accept the large-scale acquisition proposal, to deter large-scale acquisitions that are detrimental to the corporate value of the Company and the common interests of its shareholders, or to take other actions as necessary. In 2019, SMM renewed its Countermeasures to Large-Scale Acquisitions of Sumitomo Metal Mining Co., Ltd. Shares (Takeover Defense Measures) to put in place the procedures necessary for realizing the above aims, such as requiring that an acquirer provides information in advance in the case that said acquirer intends to make an acquisition of 20% or more of the Company's share certificates or other equity securities.

For further details, please refer to the relevant news releases for February 14 and 15, 2019.

WEB <https://www.smm.co.jp/E/news/release/2019/02/post-1558.html>
<https://www.smm.co.jp/E/news/release/2019/02/post-1566.html>

Messages from the Outside Directors

SMM has three outside directors among its eight directors. Mr. Manabu Kinoshita was appointed a new outside director in June 2020. The outside directors spoke with us about the discussions that take place in SMM's Board of Directors and Governance Committee, and about recent changes in the business environment and opportunities for growth.



“SMM is equipped with the three key elements of corporate governance.”

Kazuhisa Nakano

With a career that includes serving as president and chairman of Idemitsu Kosan Co., Ltd., Mr. Nakano has long involvement in company management and extensive knowledge and experience concerning the resources business. While the domestic market was maturing during his time at Idemitsu, he swiftly steered the company toward overseas development, promoting a growth strategy that included decisions such as investment in an oil refinery project in Vietnam. He has served as an outside director at SMM since 2016.

I believe that there are three elements that corporate governance must have. The first is that the management team have a sense of mission and ethics. The second is that systems exist to enable fair and rational management. The third is that the corporate culture allows individuals to say what they think. If these three are present, a company will not engage in behavior that betrays shareholders' expectations. SMM is equipped with the three key elements of corporate governance. In the Governance Committee that I chair, every member frankly offers experience-based opinions regarding new executive nominations and executive compensation.

We have now created our Vision for 2030. The things

stated in this vision's material issues, as well as in the SDGs, which have the same target year, are things that SMM has been practicing for 430 years. For us to be the world leader in the non-ferrous metals industry, we reorganized what we have undertaken up to now, added new issues to tackle, brought this all to the next level, and took this as our Vision for 2030. There are now three common issues that the world as a whole must tackle: response to climate change, conservation of resources for future generations, and securing food resources. Our battery business is a business that can help resolve the climate change issue by supplying products that contribute to a low-carbon society and that lead to lower CO₂ emissions.

Under the COVID-19 pandemic, our offices are shifting

toward remote work. I think that this shift has its good points and is irreversible, but we have to sort out what types of jobs can and cannot be performed through telecommuting. Some things, like corporate culture, are nurtured through people gathering to discuss things; I have a bit of concern that loyalty to the Company, or a sense of mission in work, could be weakened. In that sense, I think we need to keep up face-to-face discussions regarding our medium- to long-term vision and our strategies.



“The time has come for SMM to be aggressive, and we need to seek out more challenge-oriented people.”

Taeko Ishii

Ms. Ishii was registered as a lawyer in 1986. She is a member of the Dai-ichi Tokyo Bar Association. She is particularly knowledgeable about legal practice concerning relationships between labor and management, and also provides counsel to the Company regarding compliance. Published works include "Legal Practices for Handling Problem Employees," and "A Q&A on Practice Relating to Equality Law, Childcare and Caregiver Leave Law, and Part-time Worker Law." She has served as an outside director at SMM since 2018.

In meetings of the Board of Directors and the Governance Committee, the Company's top management and outside directors freely exchange thoughts on various issues. One item that made an impression on me during discussions in FY2019 was the issue of securing human resources. The recruitment and development of employees who will support our sustainable growth is a key issue. We must develop human resources who can overcome difficulties, a point that we are discussing enthusiastically. To take the securing of human resources as an example, we have to get people to understand the appeal of not only SMM but of our industry as well, and must recruit diverse human resources within Japan and overseas, without limiting ourselves to new

graduates. Regarding the development of human resources, we face issues such as how we can use our evaluation system not only for determining employee treatment but also for training to develop young people, who hold different values and a different way of thinking about motivation in work.

Under the current pandemic, there are companies that have done away with power harassment through the shift to remote work, and companies that have instead seen harassment increase. Expressions like "reading the air" suggest a sort of communication that is deeply rooted in Japanese companies, which means remote work may not work well for some. However, I imagine that young people will likely want

to incorporate remote work in their jobs; their superiors will have to change their instruction and guidance to a form that suits remote work.

Looking ahead, the time has come for SMM to be aggressive, and we need to seek out more challenge-oriented people. Although major waves are buffeting the business environment, our business is originally one of setting and carrying out long-term plans, not one of short-term battles. I want the Company to flexibly overcome this wave of fluctuations and achieve its long-term business goals. I believe that we have the power to do this, and welcome the high expectations of our stakeholders.



“Joint value creation with customers and business partners is vital.”

Manabu Kinoshita

Serving in positions including Senior Executive Vice President of NEC Corporation, Mr. Kinoshita has extensive knowledge and experience in corporate management and digital businesses. The Company expects that he will offer counsel making use of his knowledge in the digital sector and his experience with developing solutions through joint value creation together with other industries. He was newly appointed as an outside director at SMM in 2020.

SMM's non-ferrous metal materials find use in products that make our lives more vibrant and abundant. I believe that the Company has a role to play in making sustainable society a reality.

Objectively evaluating and monitoring aspects of management from an outside viewpoint is generally seen as what outside directors do, but I think there is more to it. Employee satisfaction is particularly vital for corporate management. During a crisis like the COVID-19 pandemic, it is important that management and employees come together to create and share a vision for where the company is headed and what form it should take, based on its management philosophy. As an outside director, I want to watch

over how management achieves these things, and whether employees think and act on their own, and are vibrantly active and motivated.

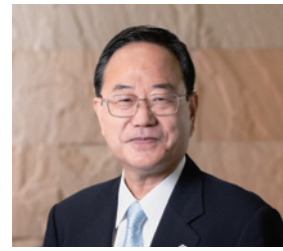
During the COVID-19 pandemic, the lagging state of DX and ICT in Japan were revealed as problems. This is expected to spur the use of robots and AI that will take over some jobs. Employees need to respond to this by polishing their skill sets. Accordingly, companies have to provide educational opportunities to their employees. Opportunities for employees to gain global experience and see Japan from the outside, and to learn about diverse values through interactions with other industries, are also vital.

Moreover, from a perspective of how we will resolve

environmental problems and other societal issues through our Materials Business, we must look at medium- to long-term changes in markets, and must provide materials that will meet markets' needs after the pandemic and that can contribute to a circular economy. To build a business model that hones the technological strengths of our Materials Business and transforms these into social value, we have to engage in joint value creation with our customers and business partners. I hope that my experience can be of some help on this point.

Directors and Audit & Supervisory Board Members (As of July 1, 2020)

Directors



Yoshiaki Nakazato

Chairman and Representative Director

Number of shares of the Company owned¹: 24,200

Born: 1953
Apr. 1976 Joined the Company
Jun. 2005 Executive Officer
Jun. 2006 Director
Jun. 2007 General Manager of Affiliated Business Administration Dept.
Jun. 2008 Managing Executive Officer General Manager of Advanced Materials Div.
Oct. 2008 General Manager of Semiconductor Materials Div.
Jun. 2009 Executive Officer General Manager of Advanced Materials Div.
Jun. 2010 Managing Executive Officer
Jun. 2012 Representative Director (Present Position)
Jun. 2013 Senior Managing Executive Officer
Jun. 2018 Chairman and Representative Director (Present Position)



Akira Nozaki

President and Representative Director

Number of shares of the Company owned¹: 14,100

Born: 1960
Apr. 1984 Joined the Company
Jun. 2013 Executive Officer Senior Deputy General Manager of Non-Ferrous Metals Div.
Jun. 2014 Director General Manager of Corporate Planning Dept.
Jun. 2015 General Manager of Non-Ferrous Metals Div.
Jun. 2016 Managing Executive Officer
Jun. 2018 Representative Director (Present Position) President and Representative Director (Present Position)



Hiroshi Asahi

Director, Senior Managing Executive Officer, General Manager of Mineral Resources Div.

Number of shares of the Company owned¹: 7,300

Born: 1958
Apr. 1982 Joined the Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry)
Apr. 2008 Director for Technology Affairs of the Ministry of Economy, Trade and Industry
Mar. 2010 Deputy Director-General for Energy and Environment of the Ministry of Economy, Trade and Industry
Jul. 2012 Director-General for Technology Policy Coordination of the Ministry of Economy, Trade and Industry
Jun. 2013 Left the Ministry of Economy, Trade and Industry
Oct. 2013 Joined the Company Engineering Dept., Mineral Resources Div.
Jun. 2014 Executive Officer Senior Deputy General Manager of Mineral Resources Div.
Jun. 2017 Director (Present Position) General Manager of Mineral Resources Div. (Present Position)
Jun. 2018 Managing Executive Officer
Jun. 2020 Senior Managing Executive Officer (Present Position)



Nobuhiro Matsumoto

Director, Managing Executive Officer, General Manager of Non-Ferrous Metals Div.

Number of shares of the Company owned¹: 3,800

Born: 1963
Apr. 1987 Joined the Company
Apr. 2008 General Manager of Niihama Nickel Refinery, Non-Ferrous Metals Div. Administration Dept., Non-Ferrous Metals Div.
Jun. 2014 General Manager of Administration Dept., Non-Ferrous Metals Div.
Jun. 2016 Executive Officer Senior Deputy General Manager of Non-Ferrous Metals Div.
Jun. 2018 General Manager of Non-Ferrous Metals Div. (Present Position)
Jun. 2019 Director (Present Position)
Jun. 2020 Managing Executive Officer (Present Position)



Toru Higo

Director, Executive Officer, General Manager of Corporate Planning Dept.

Number of shares of the Company owned¹: 4,000

Born: 1961
Apr. 1986 Joined the Company
Jul. 2010 General Manager of Nickel Sales & Raw Materials Dept., Non-Ferrous Metals Div.
Jul. 2014 General Manager of Copper & Precious Metals Raw Materials Dept., Non-Ferrous Metals Div.
Jun. 2017 Sumitomo Metal Mining Philippine Holdings Corporation, Director and President
Jun. 2019 Executive Officer (Present Position) Senior Deputy General Manager of Non-Ferrous Metals Div.
Jun. 2020 Director of the Company (Present Position) General Manager of Corporate Planning Dept. (Present Position)



Kazuhisa Nakano

Outside Director

Number of shares of the Company owned¹: 2,500

Born: 1948
Apr. 1971 Joined Idemitsu Kosan Co., Ltd.
Apr. 2003 Executive Officer and General Manager of Personnel Department of Idemitsu Kosan Co., Ltd.
Jun. 2004 Director of Idemitsu Kosan Co., Ltd.
Jun. 2005 Managing Director of Idemitsu Kosan Co., Ltd.
Jun. 2007 Executive Vice President and Representative Director of Idemitsu Kosan Co., Ltd.
Jun. 2009 President and Representative Director of Idemitsu Kosan Co., Ltd.
Jun. 2013 Chairman and Representative Director of Idemitsu Kosan Co., Ltd.
Jun. 2015 Executive Advisor of Idemitsu Kosan Co., Ltd.
Jun. 2016 Director of the Company (Present Position)
Jun. 2017 Retired from Executive Advisor of Idemitsu Kosan Co., Ltd.



Taeko Ishii

Outside Director

Number of shares of the Company owned¹: 0

Born: 1956
Apr. 1986 Registered as a lawyer Joined Ryoichi Wada Law Firm
Mar. 1992 Established Ohta & Ishii Law Firm
Jun. 2018 Director of the Company (Present Position)



Manabu Kinoshita

Outside Director

Number of shares of the Company owned¹: 0

Born: 1954
Apr. 1978 Joined NEC Corporation
Apr. 2006 Executive General Manager, Distribution and Service Industries Solutions Operations Unit of NEC Corporation
Apr. 2008 Associate Senior Vice President of NEC Corporation
Apr. 2010 Senior Vice President of NEC Corporation
Jun. 2010 Director of NEC Corporation
Apr. 2016 Senior Executive Vice President of NEC Corporation
Apr. 2018 Senior Officer of NEC Corporation (Present Position)
Jun. 2020 Director of the Company (Present Position)

¹The number of shares of the Company owned is as of May 31, 2020.

Audit & Supervisory Board Members



Kazushi Ino

Senior Audit & Supervisory Board Member (Standing)

Number of shares of the Company owned¹: 7,100

Born: 1959
Apr. 1982 Joined the Company
Dec. 2010 General Manager of Administration Dept., Advanced Materials Div.
Jun. 2012 General Manager of Legal & General Affairs Dept.
Jun. 2014 Executive Officer Senior Deputy General Manager of Materials Div.
Jun. 2017 Senior Audit & Supervisory Board Member (Standing) (Present Position)



Yasuyuki Nakayama

Audit & Supervisory Board Member (Standing)

Number of shares of the Company owned¹: 3,700

Born: 1959
Apr. 1982 Joined the Company
Apr. 2012 General Manager of Administration Dept., Semiconductor Materials Div.
Jul. 2012 General Manager of Semiconductor Materials Business Unit, Materials Div.
Oct. 2014 President and Representative Director of Shinko Co., Ltd.
Jun. 2016 Audit & Supervisory Board Member (Standing) (Present Position)



Yuichi Yamada

Outside Audit & Supervisory Board Member

Number of shares of the Company owned¹: 0

Born: 1954
Mar. 1988 Registered as a certified public accountant
Aug. 2003 Partner of ASAH I & Co. (current KPMG AZSA LLC)
Jun. 2008 Board Member of KPMG AZSA & Co. (current KPMG AZSA LLC)
Jun. 2016 Left KPMG AZSA LLC
Jul. 2016 Established Yuichi Yamada Certified Public Accountant Firm
Jun. 2017 Audit & Supervisory Board Member of the Company (Present Position)



Wataru Yoshida

Outside Audit & Supervisory Board Member

Number of shares of the Company owned¹: 0

Born: 1952
Apr. 1975 Joined Export-Import Bank of Japan
Apr. 2001 Director of Corporate Finance Department of Japan Bank for International Cooperation (JBIC) (which was formed as a result of integration between the former Export-Import Bank of Japan and the former Overseas Economic Cooperation Fund)
Nov. 2002 Director of Personnel Department of JBIC
Oct. 2004 Executive Officer for Asia and Pacific Region of JBIC
Apr. 2007 Senior Executive Director of JBIC
Sep. 2008 Resigned from Senior Executive Director of JBIC
Feb. 2009 Corporate Advisor of Marubeni Corporation
Mar. 2016 Corporate Advisor of NIPPON STEEL CORPORATION (which was NIPPON STEEL & SUMITOMO METAL CORPORATION) President and Representative Director of Nippon Usiminas Co., Ltd.
Jun. 2020 Audit & Supervisory Board Member of the Company (Present Position)

Executive Officers

An asterisk indicates the officer is also serving concurrently as a director

President

*Akira Nozaki

Senior Managing Executive Officer

*Hiroshi Asahi
General Manager of Mineral Resources Div.

Managing Executive Officers

Masahiro Morimoto
General Manager of Finance & Accounting Dept., in charge of Secretarial Dept., Purchasing Dept., Information System Dept.

Shuichi Yasukawa
General Manager of CSR Dept., in charge of General Affairs Dept., Public Relations & Investor Relations Dept.

Fumio Mizuno
General Manager of Engineering Div.

Atsushi Kaikake
General Manager of Safety & Environment Control Dept., in charge of Quality Assurance Dept.

*Nobuhiro Matsumoto
General Manager of Non-Ferrous Metals Div.

Executive Officers

Isao Abe
General Manager of Battery Materials Div.

*Toru Higo
General Manager of Corporate Planning Dept., in charge of Legal Dept., Internal Audit Dept.

Takahiro Kanayama
General Manager of Personnel Dept., in charge of Human Resources Development Dept.

Ryoichi Sato
Senior Deputy General Manager of Mineral Resources Div.

Kazunori Takizawa
General Manager of Advanced Materials Div.

Hiroshi Yoshida
Senior Deputy General Manager of Non-Ferrous Metals Div.

Masaru Tani
Senior Deputy General Manager of Mineral Resources Div.

Hitofumi Okubo
Senior Deputy General Manager of Engineering Div.

Kouji Sakamoto
Senior Deputy General Manager of Battery Materials Div.

Shuichi Ogasawara
General Manager of Technology Div.

Hiomasa Oba
General Manager of Besshi-Niihama District Div.

Katsuya Tanaka
Senior Deputy General Manager of Battery Materials Div.

Masaru Takebayashi
General Manager of Toyo Smelter & Refinery, Non-Ferrous Metals Div.

Sustainability at the SMM Group Management Approach

■ The Social Responsibility of the SMM Group

With the stable supply of non-ferrous metals and materials as our mission, the SMM Group must fulfill its social responsibility, meeting the conditions of a greatly changing society. To do that, it is vital that we strive to improve our corporate value by achieving continuous growth in our business and by promoting the Group's social responsibility. In these initiatives, it is essential to thoroughly enforce internal control and oversight. Important business execution decisions are made at meetings of the Board of Directors in order to carry out a balanced approach to executing these corporate activities.

■ Committees and Framework

■ Corporate Value Enhancement Committee

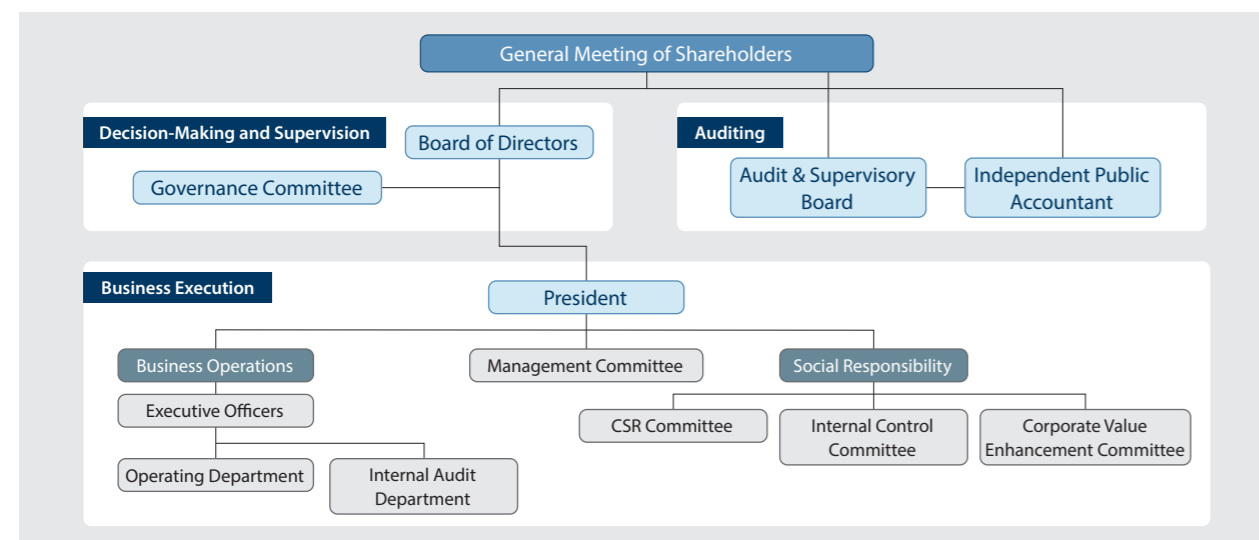
In our Mineral Resources, Smelting & Refining, and Materials businesses, the SMM Group positions projects in excess of a certain investment value and expected return value as large-scale projects.

We categorize these large-scale projects under the labels "Sowing," which spans from narrowing down projects to selection; "Planting," which covers determination of the project organization to completion of construction for the project; "Nurturing," which ranges from the start of production to achievement of the design capacity; and "Harvesting," which covers ongoing verification of the project through full production. For each of these, the Corporate Value Enhancement Committee takes the lead in receiving status reports on project progress and offering on-the-spot counsel and instruction.

The Corporate Value Enhancement Committee is chaired by the president. General managers and deputy general managers of business divisions, the General Manager of the Technology Div., the General Manager of the Engineering Div., and the heads of related operational divisions in the Head Office serve as committee members, holding regular meetings twice a year.

■ Internal Control Committee

To enforce thorough internal control and oversight of initiatives for boosting corporate value, we work primarily through the Internal Control Committee to build, maintain, and improve internal control systems in our Group. The creation of internal control systems for the proper and efficient execution of business leads to enhanced legal compliance, efficiency, and transparency in management. We view internal control systems as vital tools in securing the sustainable growth of our Group and are working to strengthen initiatives through the Internal Control Committee.



The committee operates with the president as chairman, the executive officer supervising the Internal Audit Dept. as the vice-chairman, and the general manager of the Internal Audit Dept. and other heads of related operational divisions in the Head Office as committee members.

■ CSR Committee

To pursue our social responsibility, the SMM Group deliberates material issues mainly through our CSR Committee. Meeting twice a year, the CSR Committee is chaired by the president, with the CSR executive officer participating as deputy chair, the general managers of divisions, the General Manager of the Technology Div., the General Manager of the Engineering Div., and the heads of operational divisions in the Head Office as committee members, and the CSR Dept. as secretariat.

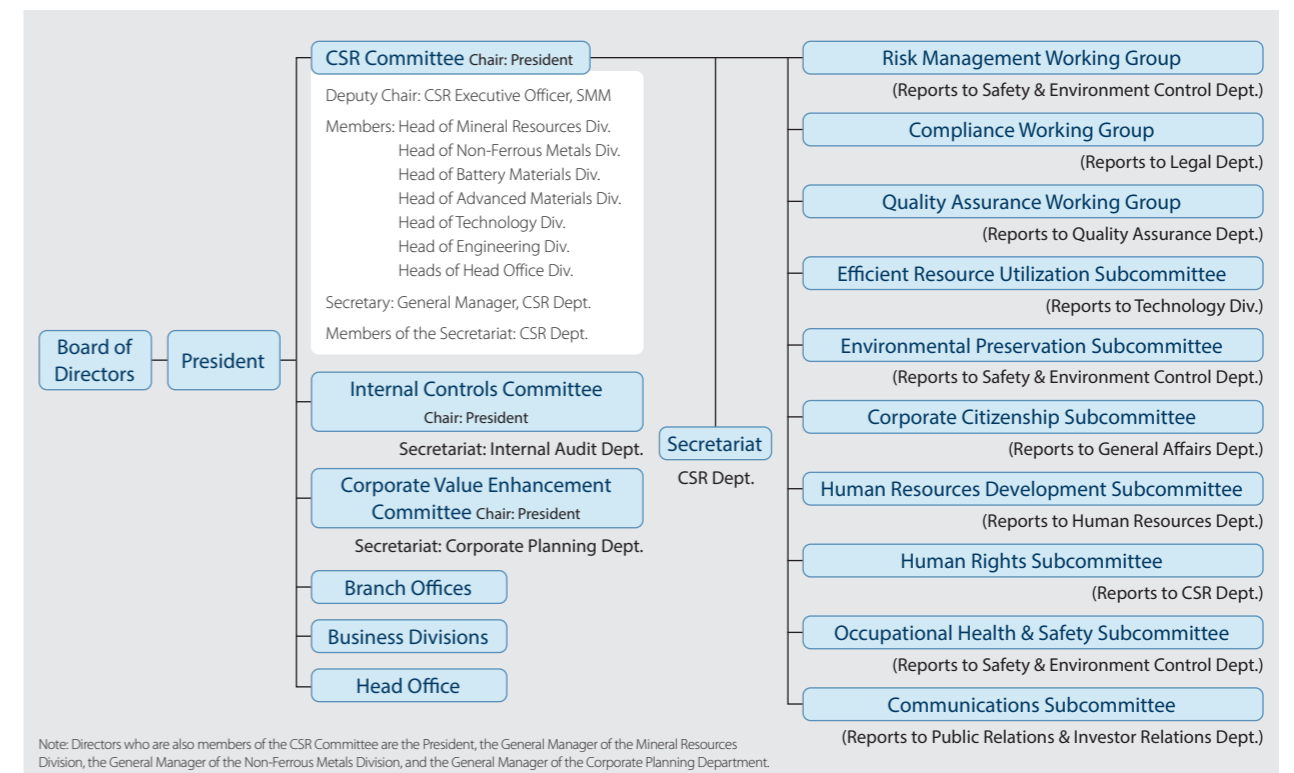
Specifically, we deliberate and decide on CSR policy, material issues, and proposals to modify the Vision for 2030. In addition, we also discuss and finalize indicators for evaluating our progress toward the Vision for 2030 and important matters regarding CSR activities, such as those in our annual CSR activity plans. Other activities include regular evaluations of CSR activities and the launch of corrective measures, as well as the provision and exchange of information regarding the promotion of CSR activities, explanations of important issues, sharing of understanding, and deliberating important issues concerning CSR activities. We continue such initiatives with the goal of sustainable co-existence with the global environment, as set forth in the SMM Group Corporate Philosophy.

Attached to the CSR Committee are three working groups—the Risk Management, Compliance, and Quality Assurance Working Groups—and seven subcommittees, including the Efficient Resource Utilization Subcommittee, that address material issues. The seven subcommittees and three working groups are under the jurisdiction of the relevant divisions, and draft and execute annual targets and plans in line with the KPIs set for each material issue.

The CSR Committee reviews activities in each area based on reports from working groups and subcommittees. Reviews include activity progress reports and activity plans for the next fiscal year, evaluations of the Group's environmental, social, and economic performance, the execution of corrective measures where necessary, and the implementation of our PDCA (Plan-Do-Check-Act) cycle.

CSR Policy

1. SMM shall work to combat global warming by promoting recycling and effective resource utilization while also targeting technological innovation and continuous improvements in energy efficiency.
2. SMM shall promote sustainable co-existence with society by respecting the needs of the local communities in which we operate around the world.
3. To continue sound business activities, SMM shall respect human rights and shall try to be a company in which diverse human resources take active parts.
4. According to safety the highest priority, SMM shall provide safe, comfortable working environments and seek to eliminate occupational accidents.
5. SMM shall strengthen communications with all stakeholders to build healthy, trust-based relationships.



Note: Directors who are also members of the CSR Committee are the President, the General Manager of the Mineral Resources Division, the General Manager of the Non-Ferrous Metals Division, and the General Manager of the Corporate Planning Department.

Compliance

■ Approach

The SMM Group's corporate activities are based on compliance. We believe in going beyond just complying with laws, regulations, Articles of Incorporation, and our own rules, and working to fulfill the moral and social responsibilities demanded of us as a member of society through corporate activities. We continue to advance various initiatives based on this approach.

■ Promotion Framework

The president is the person responsible for compliance initiatives and he appoints an executive to take charge of implementation.

Compliance is promoted through management lines at each site and its basic components are (1) executing operations based on compliance with laws and regulations, (2) picking up any issues concerning compliance, and (3) carrying out education and fostering awareness of legal compliance.

Compliance is managed according to our internal basic compliance regulations. We have established the Compliance Working Group (WG) under the CSR Committee to promote and improve that management. The Compliance WG provides and exchanges information, and discusses policy and key measures concerning the promotion of compliance.

■ Initiatives

■ Initiatives to Take on Issues and Provide Improvements

In FY2019 we formulated the following Group-Wide Compliance Goal and compliance priorities, and promoted initiatives to reach these in each department.

FY2019 Group-Wide Compliance Goal:

Prevent compliance violations that may seriously damage business.

Compliance priorities:

- ① Communicate to all employees a consistent approach to our compliance and strive to further enhance the ethical mindset of each individual employee.
- ② Foster an organizational culture that emphasizes compliance, especially among business site general managers, and strive to create workplaces that make it easy for employees to report issues.
- ③ Identify and thoroughly comply with laws and regulations directly related to the protection of lives and physical safety.

Also, the Compliance WG was convened in FY2019, confirming the following.

- The results of checking FY2019 compliance status show that there were no serious legal or regulatory violations, including cases of corruption or breaches of the Antimonopoly Act, regarding the environment, products, service, or marketing.
- Issues revealed through analysis of the results of a compliance themed employee awareness survey implemented in February 2019, and future measures to solve these issues have been shared.
- The current system for reporting compliance violations has been revised to encourage swift reporting from a crisis management perspective and to enhance measures aimed at preventing the reoccurrence of similar situations, and details of the new system have been shared.
- Progress is being made toward achieving targets set by each department in accordance with the Group-Wide Compliance Goal and compliance priorities for FY2019.

To address the risk of serious violations of the law in our Group, we have established the following company regulations and are working to prevent legal violations.

- Regulations on insider trading prevention and information management
- Regulations on the safeguarding of personal information
- Export administration regulations
- Regulations for the prevention of bribery
- Regulations for observance of competition law, etc.

■ Compliance Employee Awareness Survey

In February 2019, we implemented a compliance themed employee awareness survey. Analysis of the results of this survey revealed issues that need to be addressed going forward.

In addition to implementing measures that will prevent the occurrence of compliance violations that might have a serious impact on our business, we will also implement measures to create workplaces that can respond appropriately to any compliance issues in terms of organization and in accordance with internal rules.

■ Compliance with Competition Laws

In April 2019, the SMM Group formulated its Basic Policy for Compliance with Competition Laws and we have established regulations for observance of competition law based on this policy, which indicate the duty of its officers and employees to prevent acts prohibited under those laws through efforts such as refraining from conducting unfair transactions or making a prompt report to their superior or otherwise taking necessary action when they discover potential violations of those laws. Additionally, we have created a Competition Law Compliance Manual that explains the content of the basic policy and regulations in an easy-to-understand manner, with a focus on acts that violate competition laws and points to be aware of when conducting everyday duties.

■ Hotline (Speak Up System)

In situations where problems or doubts under the SMM Group Code of Conduct occur, and consultation with superiors fails to bring forth an appropriate response, employees are able to use the internal reporting hotline (Speak Up System) to directly report the matter to: (i) in-house liaisons which are the general managers of the Legal Department, the Safety & Environment Control Department, and the Internal Audit Department; or (ii) outside liaisons which are designated attorneys. The source of the information is always kept secret and if, for any reason, the informant is treated unfairly, the person who initiated the unfair treatment will be punished appropriately.

In FY2019, there were 10 cases brought up through the SMM Group hotline (Speak Up System). Broken down, these were five cases involving harassment, four cases involving human resources and labor management, and one case involving a relationship with a business partner. Each of these consultations was handled appropriately.

■ Participants of Compliance Education (FY2019)

Type of seminar	Target	Participants
Compliance seminar for general managers	Officers	48
Compliance seminar for officers		
JCO Study Center training	Employee	552
Introductory training for new employees		
Seminar for newly promoted employees (section managers, E-class, S-class)		

See next page for SMM Group Code of Conduct

SMM Group Code of Conduct

All officers (including executive officers) and staff (including fixed-term and temporary employees) shall, in accordance with the corporate philosophy of the SMM Group, comply with the following Code of Conduct.

1. Compliance: Abidance by Laws and Rules

- We will comply with foreign and domestic laws and rules, and conform to social norms.
- We will never under any circumstances commit an infraction of the law or act counter to social norms, even if doing so would seem to be in the company's interests.

2. Respect for Individuals

- We will accept diversity and respect the individuality and rights of people.
- We will never violate human rights, engage in discriminatory conduct, or contribute to such conduct.

3. Assurance of Health and Safety

- We will give highest priority to ensuring the physical health and safety of all persons affected by our operations.

4. Development of Human Resources

- We will strive not only for personal self-improvement, but also to nurture successors through systematic training and by providing various opportunities in the course of work.

5. Risk Management

- We will strive to identify risks, prevent their occurrence, and if risks occur, minimize the effects.

6. Adherence to a Progressive Stance

- We will approach our jobs with a positive and progressive attitude suitable to the creation of technologies and systems in the vanguard of changing times.

7. Respect for Teamwork, Promotion of Good Communication

- We will place high value on teamwork, in the form of cooperation both with other organizations and with fellow workers.
- We will strive to create a cheerful and broadminded corporate atmosphere conducive to the smooth transfer of required information and the timely performance of reporting, liaison and consultation.

8. In Harmony with Society and Local Communities

- As members of society, we will participate in social contribution activities in accordance with our personal beliefs.
- We will strive toward a harmonious and mutually beneficial relationship with local communities.

9. Separation of Corporate Business and Personal Affairs

- We will at all times conduct ourselves based on sound judgment, and make a clear distinction between corporate business and our personal affairs.

10. Collection, Management and Usage of Information

- We will collect information swiftly, properly and lawfully, manage it appropriately, and use it effectively.
- We will utilize information acquired in conjunction with corporate business expressly for that purpose only, and will not leak such information to any third party.

11. Handling of Intellectual Property

- We will nurture and maintain conscious recognition of the importance of intellectual property as a vital asset of the Group, and strive toward the creation of such property.
- We will strive to properly protect and effectively use all corporate intellectual properties; we will also respect intellectual properties of other parties.

12. Assurance of Quality

- We will continuously improve quality management systems and provide products and services that satisfy customers.
- We will enhance technologies and seek to engage in manufacturing that takes into account customers' safety and their environment.

13. Stance toward Performance of Sales and Purchasing

- We will comply with competition laws and conduct sales and purchasing activities based on fair competition.

14. Stance toward Entertainment and Gifts

- We will entertain and present gifts to others, and accept entertainment and gifts, within the proper limits of both the law and social acceptability.
- We will comply with laws against bribery and will maintain healthy and proper relationships with government and political organizations.

15. Severance of Relationships with Socially Disruptive Forces

- We will staunchly eliminate socially disruptive forces and have no relations whatsoever with them.

16. Concern for the Global Environment

- Taking into consideration climate change and biodiversity, we will act in a manner enabling us to contribute to the resolution and/or improvement of resource, energy and environmental problems of global scale.

17. Attitude in the Performance of Global Business Activities

- We will strive to interact with people in the countries or regions where we undertake business and engage in conduct that respects local culture and practices as well as globally accepted norms and their spirit.

Environmental Management

■ Approach

The SMM Group handles a large number of chemical substances in its corporate activities. For that reason, we face the risk of exerting undesirable effects on the local environment in the event that an accident does occur. On the other hand, we believe that we can contribute to the resolution of social issues, such as climate change, through the supply of our material products.

■ Policy

We have positioned environmental conservation as one of our priority CSR areas and established an Environmental Preservation Subcommittee under the CSR Committee to further initiatives aimed at achieving the Group's Vision for 2020. In FY2019, we formulated our Vision for 2030, which covers even further into our future.

■ Framework

■ Setting of SMM Group Environmental Targets

At the SMM Group, the president, in whom ultimate accountability resides, sets annual SMM Group Environmental Targets by taking into consideration environmental risks and opportunities for contribution. Acting on these targets, business sites and companies in each business division implement environmental management systems based on the ISO 14001 standard, with the Safety & Environment Control Department as the secretariat providing cooperation, support, and functional direction.

■ Operation of Environmental Management Systems

Under the SMM Group Environmental Targets, business sites and companies under each business division effectively operate environmental management systems and implement associated initiatives. For those systems, which form the basis of our environmental preservation and improvement activities, we have acquired ISO 14001 certification at our Head Office, branches, and all of the manufacturing sites and sites responsible for closed mines under the SMM Group. In addition, new manufacturing sites are required to promptly acquire that certification as well. Also, regarding risk management, we have linked our Group's own risk management systems to our environmental management systems and are working to prevent significant environmental accidents.

■ Initiatives

■ Climate Change Measures

The SMM Group recognizes that measures in response to climate change are one of the highest-priority issues for corporations. As such, we are conducting initiatives to reduce greenhouse gas (GHG) emissions. More specifically, we are working toward reducing indirect GHG emissions by expanding our business in battery materials and other products contributing to a low carbon society, reducing energy consumption per unit based on the Japanese Energy Conservation Act, and reducing direct GHG emissions largely through the use of renewable energy. With respect to measures against climate change by the SMM Group, every year, we respond to the questionnaire on climate change issued by the [CDP](#).

In February 2020, we became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). Also, in Vision for 2030, climate change is one of the 11 material issues we are working to resolve by 2030 and we have set KPIs accordingly (See Special Feature 1: Formulation of the SMM Groups Vision for 2030 on p. 27).

CDP

NGO established in the UK in 2000 that operates a global information-disclosure system for managing environmental impact.

In June 2019, we released information regarding our tailings dams in Japan and overseas through our website. https://www.smm.co.jp/E/csr/activity_highlights/environment/pdf/190611_tailingscertificate.pdf

Prevention of Significant Environmental Accidents

Accumulation sites for the waste rock, tailing, and deposits produced by mines may cause major damage should they collapse. We evaluated the earthquake resistance of the 42 accumulation sites that the SMM Group manages in Japan, and since FY2014, we have been pushing forward with stabilization work for facilities judged to require countermeasures. In FY2018, we completed that stabilization work for all of the facilities that we scheduled it for. We will continue to manage these sites to ensure their stability.

Significant environmental accidents not only impact the environment, they also have a direct link to the lifestyles and interests of communities, and potentially cause us to lose the trust that forms the premise of our business continuity. Through means such as examining the environmental risk of new businesses and regularly revising the significant risks involved, methodically updating old equipment and bolstering our monitoring and emergency response efforts, we are endeavoring to prevent significant environmental accidents and alleviating their impact in the event that they occur.

Moreover, in FY2019, we experienced no significant spill accidents.

Overview of Initiatives

	Main Initiatives	FY2019 Achievements and Issues
Climate Change Measures	We are reducing indirect GHG emissions by expanding our business in battery materials and other products contributing to a low carbon society, reducing energy consumption per unit of production based on the Japanese Energy Conservation Act, and reducing direct GHG emissions largely through the use of renewable energy.	We have achieved the targets for climate change measures set in our Vision for 2020, including expanding our business in products contributing to a low carbon society. We will now move forward with initiatives for realizing our Vision for 2030. We have also declared our support for the TCFD. Information disclosure is moving forward.
Reduction of Environmental Impact	We are working to reduce the environmental impact of our development efforts, operations, and product use in order to minimize any undesirable direct or indirect impact on biodiversity. We also carry out activities such as monitoring ecosystems and planting trees.	Initiatives for controlling emissions, such as chemical substances, in line with our Vision for 2020 have proceeded as planned. Going forward we will further reduce hazardous chemical substance emissions volumes and continue with efforts such as greening activities.
Management of Chemical Substances	When a business site intends to handle a new chemical, it conducts a preliminary study that covers hazard statements and other applicable information, and deliberates on safety in a meeting at the business site before deciding whether to adopt the handling of said chemical. We also provide customers with information on SMM Group products using safety data sheets (SDS), regardless of whether or not we are legally obligated to do so.	We will continue to practice safe and reliable chemical substance management through our supply chain to ensure such substances are handled appropriately, as well as provide information on products.
Prevention of Significant Environmental Accidents	We evaluated the earthquake resistance of accumulation sites at closed mines, and from FY2014, we carried out stabilization work for facilities judged to require countermeasures, which was completed in FY2018.	We will continue to manage accumulation sites at closed mines to ensure their stability. Also, we will continue to reinforce and improve equipment and infrastructure to address increases in sources of natural risk.
Effective Use of Water Resources	We implement various measures (water stewardship) that are considerate of the local communities and environment in the water areas that we use and that use the water responsibly and effectively.	We implemented initiatives that prevented overdrawn by strengthening water management and encouraging reuse and recycling. We disclose information related to the Group's water management through CDP's Water Security questionnaire. Going forward, we will implement various measures to further streamline our use of water resources.
Enforcement of Compliance	In addition to providing education on environmental laws, each year we hold seminars on laws and regulations for personnel in charge of the environment at business sites. We also gather information in a range of areas such as legal amendments, including those for overseas regulations covering areas like the REACH Regulation.	We will continue to provide education, including through e-learning, on matters such as environmental laws and chemical substance management, as well as seminars on laws and regulations. We will also maintain the necessary knowledge and capabilities to ensure thorough compliance through the gathering and sharing of information on legal amendments.

REACH Regulation The Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals.

An EU regulation concerning the registration, evaluation, approval, and limiting of chemical substances.

For more details see ▶

• Sustainability Data

P.112~115

• Supplementary ESG Data Book 2020

P.2~4

Our Approach to Reducing Environmental Impact

Reducing the Environmental Impact of Constructing New Plants

Coral Bay Nickel Corporation (CBNC) and Taganito HPAL Nickel Corporation (THPAL) in the Philippines produce electrolytic nickel intermediates. To construct a refinery in the Philippines, we first had to obtain an Environmental Compliance Certificate (ECC) from the Department of Environment and Natural Resources (DENR). This required submitting an Environmental Impact Assessment (EIA).

When constructing the refinery, we sought adequate dialogue with the Philippine government, local authorities and local citizens right from the planning stage. Efforts were made to construct a plant that would have a minimal impact on the environment. For example, a pier used to deliver sulfuric acid and methanol to the plant was made to circle around the coral reef, and wastewater outlets were also positioned to ensure the reef's protection.

CBNC began operations of the refinery in April 2005 based on a design certified by the DENR, and was followed by THPAL in October 2013. The refineries have set up Environmental Management Offices (EMO) as bodies to promote environmental initiatives in operations. Besides environmental surveys by the EMO, the environment is monitored by a team of representatives from organizations such as the DENR, local authorities and NGOs which carry out regular sampling of the air, water, flora and fauna. With this sort of environmental monitoring, we check that the construction and operation of plants do not have serious impacts on the ecosystem, while keeping environmental impacts from wastewater and other factors to a minimum.



Coral transplanting by CBNC

Tackling Global Warming Through the Supply of Materials

The SMM Group sees supplying manufacturers in Japan and overseas with specialty materials to support the functions of products with a low environmental impact to be one of its contributions to a more sustainable society. By focusing on energy-related materials, the SMM Group is expanding its business in domains related to the creating, storing, and saving of energy.

In the energy creation domain, we provide nickel oxide powder, which is used in the electrodes of solid oxide fuel cells (SOFC). Fuel cells are clean and highly efficient power generation systems that convert hydrogen and oxygen into electricity and heat, and their use is expected to grow as plans to promote them are being formulated in countries all over the world.

In the energy storage domain, we are contributing to the realization of a mobile society with low environmental impact by engaging in the supply of high-quality nickel-containing materials for cathodes used in the batteries required by electric-powered vehicles, such as EV and hybrid vehicles. In the auto industry, initiatives to suppress greenhouse gas emissions are being promoted globally, and demand for these kinds of vehicles is growing greatly as a result.

In the energy saving domain, we are manufacturing functional inks, such as cesium tungsten oxide (CWO) to block solar radiation. Films with these inks are applied to glass, included in an interlayer film, or kneaded directly in polycarbonates, to block the near-infrared rays contained in sunlight, therefore greatly reducing temperature increases. Currently, these are being widely used in vehicle windows, building windows, and semi-transparent roofs when design or allowing daylight in is an important consideration, and are making a significant contribution to energy efficiency.

Risk Management

Policy

The SMM Group engages in risk management (RM) under the following Six Principles established for Maximizing Corporate Value.

- | | |
|---|---|
| 1 Compliance is the foundation | 4 Adopt an RM approach in daily work |
| 2 The organizational leader confronting the risk is the responsible party | 5 Recognize that risks can materialize |
| 3 Awareness of risk must be shared among all parties involved | 6 Coordinate risk responses with other management systems |

Framework

Risk Management Framework

The president as the person with the ultimate responsibility for risk management at the SMM Group formulates RM policy as a part of his fiscal year policy. Based on this policy each business site formulates a fiscal year RM action plan and conducts RM activities. These activities are checked and reviewed by RM internal audits and RM patrols. For major risks that would cause serious damage if they materialize and require action across the entire SMM Group (SMM Group-Wide Serious Risks), a group-wide Crisis Management Framework has been built to appropriately respond to the damage and impact of these risks. Through repeated training we are enhancing our ability to respond to such situations.

These activities are in place as the SMM Group RM system (RMS).

See Special Feature 2 for a risk management diagram on p. 30.

Initiatives

Individual Risks and Daily RM Activities

Daily RM activities in each site as part of usual work tasks involve identifying and assessing individual potential risks, according to the change in the circumstances, and taking the appropriate action. These activities identify the risks, shown on the left, at each site, resulting in more than 1,400 individual risks currently registered in the RM system. On a daily basis, as a means of reducing risk, in cases whereby there are changes to the environment and conditions that serve as prerequisites for identified risks, such as business environments, work environments, people, equipment, work procedures, and quality standards, these registered risks are reviewed and updated, or new risks are added. A periodical risk review is also undertaken during the RM Promotion Campaign every September.

The FY2020 RM Policy and Activities

The FY2020 RM policy is the same as that prescribed in FY2019, "Identify and address risks that hinder executing the business plan and reaching its goals as usual work." Meanwhile, the key RM activities are prescribed as "The business plan and risk countermeasures will be revised as appropriate using a PDCA cycle taking into consideration changes impacting execution of the business plan and the achievement status of business plan goals." In FY2020, a particular risk hindering achievement of business plan goals is the risk from COVID-19 that has spread globally since its outbreak in Wuhan, China at the end of 2019. As infectious disease measures become protracted, various changes can be expected. To prevent risks from materializing as a result of these changes, or to minimize the impact or damage when they do materialize, each of these changes must be managed appropriately. Through a process of PDCA, appropriate changes will be made to the approach used thus far, and after

Main envisaged risks:

- Explosions and fires
- Environmental pollution
- Natural disasters
- Legal violations
- Quality failure
- Occupational accidents
- Terrorism / abduction
- Pandemics
- Supply chain disruptions
- Information leaks
- Damage from harmful rumors
- Violation of intellectual property rights
- Other risks include those originating from moral misconduct, such as fraudulent accounting, human rights issues, and malfeasance.

the changes have been made their effectiveness will be evaluated and further changes made as necessary.

In tandem with the infectious disease measures, activities are being led by top management to prevent issues such as compliance breaches, environmental accidents, occupational accidents, and quality issues, to ensure success and achievement of goals in new business and projects.

Other RM Activities

Each site enacts measures against natural disasters, such as earthquakes, tsunamis, floods, soil liquefaction, landslides, and volcanic eruptions, in accordance with each site's hazard level, working to reinforce buildings against earthquakes, maintain embankments, enhance drainage capabilities, add more water storage tanks, stockpile emergency rations, maintain emergency supplies. In addition, each site engages in drills to prepare for earthquakes, fires, and environmental accidents, as well as terrorism, riots, and kidnappings at overseas locations. These drills are planned to deal with problems such as lack of experience handling materials and machinery, insufficient understanding of rules and procedures, insufficient manuals, as well as to improve the decision-making abilities of members at countermeasures headquarters.

Measures for the COVID-19 pandemic included revision of the SMM business continuity plan (BCP), utilization of emergency supplies, measures to support expatriate employees and their families, limiting employee movement along with activities such as travel to and from work, business trips, postponing participation in meetings and events, working from home, and self-restraint in going out (staying at home). We will improve our risk management capacity such as by improving the manual and verifying the content of each measure such as through drills.

Information Security Measures

At the SMM Group, information technology is a key component of our management structure. Thus, we see the threat represented by cyber security risks as a management risk. In addition to the above risk management activities, we implement the following measures in line with the Cybersecurity Management Guidelines of the Ministry of Economy, Trade and Industry.

1 Defense against threats from cyberspace

We prevent external attacks on the SMM Group such as computer viruses, cyberattacks and malware by limiting the number of internet connections and taking multi-layered security measures.

2 Preventing leaks of personal information

We prevent leaks of personal information by stipulating company regulations on protecting personal information and selecting a manager responsible for protecting personal information.

3 Preventing leaks of customer, third-party and company confidential information

Regarding the handling of digital files, leaks are prevented by strictly managing access to servers storing digital files, as well as by educating employees on information security. Also, particularly important information is protected by encryption.

Quality Assurance

■ Approach

The SMM Group's three core businesses—Mineral Resources, Smelting & Refining, and Materials—collaborate closely, and we are continuously improving these products and endeavoring to provide high-quality products that meet the needs of our customers.

■ Policy

To provide our customers with high-quality products, the president, in whom ultimate accountability resides, has established a Company-Wide Quality Policy and sets SMM Quality Objectives every year. Based on these standards, each business division sets forth and implements division-specific quality targets and conducts quality activities whose vector is aligned with the entire SMM Group.

Company-Wide Quality Policy

Provide quality to satisfy our customers through continual improvements of quality assurance and control systems.

- 1 Pursue quality levels that stand out from the trends of the time
- 2 Abide by laws and rules and strive to create products incorporating safety and environmental considerations

■ Framework

Quality assurance is promoted—under the ultimate responsibility of the president—by designated officers responsible for quality assurance. Each business division develops and maintains their own quality assurance frameworks, while the Quality Assurance Department is the Head Office organization that manages quality across the entire Group and ensures a Group-wide unified approach.

Additionally, not only does the Quality Assurance Working Group—which comes under the CSR Committee—deliberate key measures for promoting quality assurance, it works to improve the Group's quality assurance frameworks through the sharing of information on progress toward departmental targets and quality control status, and reduce the number of complaints against the Company.

■ Initiatives

Improving Effectiveness of Quality Management Systems

The SMM Group has established and operates quality management systems (QMS) at each of its business sites. To effectively operate those QMS, we have been conducting activities based on the SMM Quality Standards, which constitute a summary of the ideal form of QMS at our Company. Every fiscal year, each business site sets a target level for the SMM Quality Standards prior to engaging in improvement activities, and—while assessing these activities through internal quality audits and quality audits by the Quality Assurance Department—undertakes self-assessments of its level of quality achieved as of the end of the fiscal year. The effectiveness of QMS at business sites is continually being improved by setting new targets for the next fiscal year based on the results of these assessments and then conducting improvement activities.

Additionally, the SMM Quality Standards established in FY2016 were revised in FY2019 to include factors for preventing inappropriate acts that pertain to quality and the new knowledge gained in our activities up until that point. We will continue to improve the ideal form of QMS at the SMM Group and will ensure a level of quality that will satisfy our customers.

Strengthening of Our Internal Quality Audits

We are reviewing the internal quality audits performed by our business sites and—based on the SMM Quality Standards—are implementing activities to achieve internal quality audits to identify potential internal issues from a third-person point of view and ensure that they are relayed to top management. We will also conduct audits to help prevent inappropriate acts that pertain to quality. To this end, we are holding training in various locations around Japan to nurture leaders in internal quality audits. In FY2019 we nurtured approximately 90 new leaders. In future we will progress this initiative to confirm whether internal quality audits are being implemented effectively at each business site.

Expansion of Group-Wide Quality Assurance Education

We have established a quality assurance education system so that our employees at all levels, from new employees to managers and supervisors, will be able to equip themselves with the QMS management capabilities that they need. The aim of this is to contribute to even better manufacturing and will enable employees to share their extensive knowledge and awareness of quality management.

In FY2019, we conducted an online training program, *SMM Hinkaku*, to give all employees at every organizational level an understanding of basic knowledge related to quality and to ensure they can use this knowledge in their work.

Disclosure of Information on Products and Services

Most items in the SMM Group product lineup are supplied as raw or processed materials for use by customers for manufacturing. Information that customers require in order to handle our products properly from safety and environmental perspectives, as well as information needed to enable them to supply final products, is basically communicated in product specifications at the time of contracting, during technical discussions and via product inspection certificates and safety data sheets (SDS), based on prior and the latest information, proprietary knowledge and necessary studies. SMM products supplied as final products to customers are carefully designed, incorporating considerations toward safety and environmental compatibility, and are only delivered after thorough trials and inspections carried out during their manufacture.¹ We make sure that information utilized for the above is always appropriate through management systems, reviewing it based upon the latest technology, laws and regulations and demands from customers.

¹ We also conduct surveys linked to life cycle assessments (LCA) for copper, nickel, and zinc through substance-specific associations.

Communication with Customers

As for raising the level of customer satisfaction, first, we will improve methods of measuring and evaluating customer satisfaction and then work to increase customer satisfaction through effective measures after accurately identifying the issues at hand. To that end, accurate and ample communication with customers is crucial. By keeping stakeholders in mind, the SMM Group builds products with quality, improving the yield of its products and contributing to resource and energy reduction efforts.

Initiatives to Take on Issues and Provide Improvements

All employees are aligned toward our objectives and future direction and actively take part in efforts to reach targets, so we are able to achieve quality that customers trust completely. This requires decisions and implementation based on facts obtained through external and internal communication. To ensure this is done, we will continue to implement initiatives to effectively utilize our quality management system through various activities focused on the SMM Quality Standards.

Information on SMM Products Requiring Disclosure by Labeling and Applicable Products/Services

Information requiring disclosure	Applicable products/services
The sourcing of components of the product or service	All products/services containing substances requiring management under legislation while no such information requirement is addressed to our main products (raw materials and internally processed materials).
Content, particularly with regard to substances that might produce environmental or social harm	All products/services containing substances requiring management under legislation
Safe use of the product or service	All products/services containing substances requiring management under legislation
Environmental/social harm from disposal of the products	All products/services containing substances requiring management under legislation

Methods for Providing Information

[Provision of Information Relating to Specifications]

We indicate product specifications requested by the customer on the order received sheet to provide necessary information to them.

[Provision of Information Relating to Chemicals]

The SMM Group uses SDS, etc. to provide information on chemical substances contained in products, complying with regulations for chemical substances and usage, regarding health and safety.

[Other Initiatives]

The SMM Group also engages in transactions such as the sale of different types of lubricants to general consumers. In line with related laws and regulations, we provide information on products and services in this area through labeling, advertisements, and explanations to ensure correct understanding.

SDS (Safety Data Sheet)

A document listing information on a chemical, including the chemical substance, the product name, the supplier, hazards, safety precautions and emergency procedures.

Occupational Health and Safety

■ Approach

For SMM Group, realizing safe, comfortable work environments where employees can carry out their work with peace of mind is a crucial managerial factor. We believe it leads to greater relationships of trust between employees and the Group and higher employee motivation, as well as other positive effects, such as enhancing recruitment and employee retention rates and reducing turnover.

■ Policy

The SMM Group's CSR Policy states, "Accordinging safety the highest priority, SMM shall provide safe, comfortable working environments and seek to eliminate occupational accidents," and we are advancing initiatives that will foster a culture of safety in line with this.

■ Framework

■ Organizational Framework

We are building a line management framework in which the president is the person ultimately responsible for occupational health and safety and the person in charge of each business site is appointed health and safety manager of that site, operating under the guidance and supervision of the general managers of the relevant divisions. Constructive discussions on ways to improve health and safety in the workplace also take place during meetings of the Occupational Health and Safety Committee comprising representatives from both labor and management. Furthermore, the executive officer responsible for the Safety & Environment Control Department tackles occupational health and safety by providing guidance and advice to each department and each of the Group's business sites, as well as coordinating efficiently with the health and safety officer assigned to each divisions and business site in order to improve health and safety.

■ Occupational Health and Safety Management

In order to prevent accidents and illness caused by unsafe circumstances and behavior at business sites, we are advancing occupational health and safety measures based on the concept of hierarchy of controls. In Japan, we are building an occupational health and safety management framework as stipulated by the Japanese Industrial Safety and Health Act, and are formulating policies, targets, and plans. We are also implementing a one-year PDCA cycle and each level of the Company is working to reduce risk in accordance with their role. The business division with jurisdiction and the Safety & Environment Control Department are implementing internal audits at all business sites, patrolling each one, and we are advancing activities based on the Ministry of Health, Labour and Welfare's Occupational Safety and Health Management Systems (OSHMS) guidelines. We have business sites that have received OSHMS certification through the Japan Industrial Safety and Health Association (JISHA) accreditation method, as well as business sites that have received or are preparing to receive ISO 45001 certification (migrating from OHSAS 18001).

At overseas business sites, we are building an occupational health and safety management framework based on local laws and regulations and are implementing initiatives including activities to ensure hazard prediction, risk assessment, and the improvement of equipment are at the same level as in Japan.

■ Initiatives

■ Initiatives at Each Business Site

Safety Initiatives at the Harima Refinery

At the Harima Refinery, which is shifting its business activities from the smelting and refining of zinc and lead to the production of nickel sulfate and battery materials, there have been no accidents among employees since July 2013. The main safety activities carried out have been "creating vibrant, open-minded workplaces by speaking openly and honestly," "prioritizing making equipment safer based on the three realities principle," and "transforming visual settings

and awareness through signage and 3S (putting in order [*seiri*], keeping in order [*seiton*], and keeping clean [*seisou*])" activities. In order to ensure two-way participation in safety activities, we identify high-risk, unpleasant, and difficult tasks through small group discussions. After checking the actual tasks, the supervisors and on-site workers work together to make changes, such as radical upgrades of equipment or revisions to work procedures. Although we have made equipment fundamentally safer compared to before the shift in the work being done at the refinery and reduced the amount of dangerous work, we were concerned about a weakening of hazard awareness due to an increase in employees on short working hours and continued absence of accidents. Therefore, we are advancing safety activities that prevent complacency and enhance the safety-consciousness and hazard awareness of each individual employee.

Declaration of a New Era of Safety at Sumitomo Metal Mining Siporex Co., Ltd.

Due to the occurrence of many accidents involving contracted drivers falling from vehicle beds at Sumitomo Metal Mining Siporex Co., Ltd. (Siporex), in FY2019 the company declared a new era of safety and vowed to protect the happiness and safety of all partners involved with Siporex, not just employees. In order to prevent these accidents, company-wide measures have been taken, including installing fall prevention equipment in loading bays and cargo fastening areas within plants, and setting a rule that truck sideboards must be horizontally secured during loading to ensure sound footing, and these are improving safety results. Safety and occupational health activities at plants involve using past cases of serious accidents within the Group as references for ensuring thorough safety improvements. Looking at initiatives specific to each plant, the Mie Plant has identified "procedures not being followed and difficult tasks" as a significant source of accidents, and it is revising work procedures to make them highly efficient and safe. Siporex is also actively implementing various other measures and in January 2020, it recorded two years with zero accidents at both the Mie and Tochigi plants. In regard to occupational health, the Tochigi Plant is focusing on measures to tackle dust produced during product processing, and together with the Mie Plant, all workplaces have been declared Control Class 1 workplaces, meaning they maintain appropriate levels of occupational health.



Equipment to prevent falls from vehicle beds

■ Group-Wide Activities

In FY2019, we implemented the following initiatives in order to ensure safety.

Japan

- 1 Implemented comprehensive checks to prevent serious accidents due to falls, hose disconnections and the leak of hazardous substances, etc. because of the causes of fatal accidents in plants
- 2 Encouraged on-site risk assessments in Besshi district through work observations
- 3 Improved efforts at business sites with instruction and support through patrols by individual divisions, the Besshi-Niihama District Division, and the Safety & Environment Control Department
- 4 Improved efforts through the discussion and implementation of response to risk assessment issues at meetings of health and safety officers
- 5 Innovated hazard simulation training through content that facilitates thorough awareness of and compliance with safety rules at business sites

Overseas

- 1 Improved initiatives at business sites to provide instruction through patrols by individual divisions and the like
- 2 Effectively implemented initiatives such as 10-second employee hazard prediction and activities to reduce risk through work observations and the like
- 3 Continued to bring 15 employees a year to Japan for hazard simulation training

Occupational Health Activities

- 1 Promoted activities to reduce exposure to nickel and cobalt dust and the like, led by divisions together with business sites (such as strengthening progress management by committees and others, and strengthening management of maintenance as well as improvement)
- 2 Encouraged the improvement of work environments by providing on-site instruction and support from the Safety & Environment Control Department, Besshi-Niihama District Division, and others

Hierarchy of controls

An approach for lowering risk to acceptable levels through prioritization as follows: Elimination of source of risk -> Substitution of source of risk -> Engineering controls -> Administrative controls -> Personal protective equipment
Source: The US National Institute for Occupational Safety and Health (NIOSH)

OSHMS

OSHMS is an abbreviation of Occupational Safety and Health Management System and it is a management system that aims to improve occupational health and safety levels at business sites through the implementation of a set of processes known as the PDCA cycle (Plan, Do, Check, Act), based on cooperation between businesses and their workers.

For more details see ▶

• Sustainability Data

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Human Rights Management

■ Approach

The SMM Group operates on a global scale, and we believe that this necessitates the responsibility to maintain respect for human rights in our business activities at all positions in the value chain.

■ Policy

As shown below, the SMM Group has established a policy on human rights, in accordance with the SMM Group Corporate Philosophy and the SMM Group Code of Conduct.

SMM Group Policy on Human Rights

The SMM Group's policy on human rights, in accordance with the SMM Group Corporate Philosophy and the SMM Group Code of Conduct, has been established as follows.

- 1 The SMM Group will comply with domestic laws and international standards relating to human rights and encourage persons within the Group, as well as outside parties over which the Group has influence, to work toward the realization of a society without human rights infringements.
- 2 The SMM Group will not allow harassment or other incidents of a discriminatory nature within the Group and will make efforts to prevent such incidents from occurring among outside parties over which the Group has influence.
- 3 The SMM Group will not engage in child labor or forced labor and will make efforts to prevent child labor or forced labor from occurring among outside parties over which the Group has influence.
- 4 The SMM Group will show other considerations to human rights in addition to items 1-3 above within the Group and in relationships with outside parties over which the Group has influence.
- 5 The SMM Group will establish appropriate measures and procedures for responding to human rights problems should they occur.
- 6 The SMM Group will identify and stay aware of the current and changing state of human rights in the world, as well as the impact of corporations in the area of human rights, and carry out awareness-raising activities and other necessary measures on an ongoing basis.

■ Framework

These initiatives are promoted with the president as the person with ultimate responsibility. While ensuring that all employees receive the necessary awareness education, we properly monitor the situation by establishing a hotline and carrying out due diligence for human rights, then quickly and appropriately handle problems when they arise.

SMM established the SMM Group Policy on Human Rights in 2010. The SMM Group has constructed a Group-wide human rights management program that incorporates a human rights due diligence framework based on the UN's Guiding Principles on Business and Human Rights. In FY2019, the SMM Group Policy on Human Rights was selected as the basic policy for 38 Group companies inside and outside Japan. We aim to build and operate a structured system to prevent and avoid complicity in either direct or indirect violations of human rights, and to make possible more appropriate responses, including access to remedies for concerns that arise.

■ Initiatives

■ Human Rights Due Diligence

The human rights management program covers SMM Group employees inside and outside Japan, the supply chain that the SMM Group is able to influence, and the local citizens in

areas where the Group does business (see details of supply chain initiatives starting on p. 98: Supply Chain Management).

1 Human rights management program for employees

A human rights management program for employees began full-scale operation in FY2014, and in FY2019 we carried out a survey focusing mainly on harassment at six business sites and Group companies in Japan and overseas.

2 Local communities in regions where the SMM Group does business

A third party regularly assesses the SDMP carried out by Coral Bay Nickel Corporation and Taganito HPAL Nickel Corporation. This has allowed us to check the SDMP efforts while understanding local needs through closer dialogue with the communities.

3 Human rights management program for indigenous peoples

In February 2019, we invited to Japan the leader of the indigenous people of the northern area of Mindanao Island, Philippines and we also assisted with holding events, such as a university symposium on indigenous human rights. Additionally, we held a dialogue with this indigenous leader at our Head Office as part of efforts to understand the rights of indigenous peoples and to promote mutual understanding between indigenous peoples and business operators.

■ Human Rights Seminars

Human rights seminars are held regularly and include lectures, education on human rights risks for employees scheduled to be posted overseas, and human rights education as part of training when promoted. The primary objectives are to deepen awareness of potential human rights issues in the workplace and to prevent problems from occurring. These seminars are held not only for officers and managers, but also for a broader range of employees including regular employees and limited-term employees.

Also, in order to prevent every kind of harassment, each workplace runs human rights education.

In addition to the above seminars, in FY2019 we newly designated December as Human Rights Month, and promoted diversity and held education on human rights companywide.

Going forward, we intend to further enhance human rights education. Education is conducted so that the manager of each business site talks directly to the employees about themes that should be touched upon at that particular site, and so that the management at each business site can communicate their thoughts to all employees.

■ Initiatives to Take on Issues and Provide Improvements

Issues in promoting the prevention of human rights violations include the difficulty in quantifying the results of education on the SMM Group Policy on Human Rights, further spreading the diversity promotion framework, and continuing to make employees aware of the SMM direct hotline.

In FY2019, harassment eradication initiatives were considered and put into practice at each business site and Group company. With regard to the three categories in human rights due diligence (employees, supply chain, and local communities), surveys were conducted on employees at sites where it was necessary, on-site interviews were held along the supply chain to ensure that all was going according to plan, and the direction to take for surveys of local communities around overseas business sites was considered.

SDMP

Social Development and Management Program, conducted by a company for the welfare of residents living in the vicinity of its operating area.

For more details see ▶

• Supplementary ESG Data Book 2020

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Human Resources Management

■ Approach

The SMM Group believes that the growth of each individual employee is linked to the continual growth of the Group overall.

■ Policy

Along with carrying forward the Sumitomo Business Spirit, our Group is giving all employees opportunities to boost their skills as we put effort into developing human resources and promoting diversity to deal with new business models and adapt to a changing business environment.

■ Framework

As we work to achieve our Vision for 2030, we are identifying specific targets and KPIs, and also providing employees with opportunities to boost their skills, with our focus categories including the fostering of the next generation of management, project leaders, and global human resources.

We aim to strengthen the management base and execute a solid growth strategy by promoting training in line with the talent required at the SMM Group. The human resources development program is composed of three components—on-the-job training (OJT) is the base, augmented by off-the-job training (OFF-JT), and self-development—and works to develop human resources by utilizing a training cycle that involves selection --> training --> assignment --> practical application --> evaluation.

■ Initiatives

■ Development of Human Resources

Human resources development, which has OJT by one's supervisor or senior colleagues as the foundation, is not simply the acquisition of job knowledge and skills, but also promotes growth as a person through work. In order to augment OJT, we have established abundant training programs intended to boost skill levels. Also, in order to help stimulate employees' motivation for personal growth by having them interact with people outside the Company, we send employees to management training seminars run by external organizations. We have established an environment conducive to autonomous learning for employees by enhancing our menu of courses for independent education. These courses include e-learning, correspondence classes, foreign language lessons, and the like.

Educational efforts to produce SMM's next generation of managerial human resources focus on three keywords: Cognition, the ability to understand the essence of matters and make correct judgments; Conceptualization, the ability to systematically consider, organize, and summarize matters; and Action, the ability to create and execute plans. Also, educational efforts are under way to select management candidates for leadership training at each stage.

Officers' Coaching Schools

We launched the Officers' Coaching Schools in 2014 as a program that allows Company officers and school students to mutually inspire one another and consider self-development. With a director, deputy director, and 8 to 10 students, each self-regulated school makes a report once a year (typically at the June Executive Officers' Meeting). In total, there are five schools divided into the broad categories of: project promotion, sales, corporate operations, management and accounting, and manufacturing and development technology. Every year, each school separately determines the themes they will address and endeavors to foster skills for thoroughly thinking problems through, learning cooperatively, and putting strategies into practice in the workplace.

■ Working Style Reform, Health and Productivity Management

Efforts to promote working style reforms began in FY2017. We strove to achieve our announced goal of having, by FY2019, an average of 1,900 hours or less per year for total hours worked. However, due to certain items being newly included in the total of work hours, the actual number came to 1,960 hours.

The purpose of the reform is not merely the shortening of working hours, but also the associated creation of new value. Our aim is to recreate a free and open corporate culture in which all employees can use their limited time effectively and engage in work with motivation. We believe that this reform is also extremely important in the development of the next generation of managerial human resources.

Furthermore, as one initiative for improving the workplace environment, we adopted a new, Company-wide work management system in FY2019. This new system allows more fine-tuned administration of working hours and greatly simplifies procedures for applying for time off and changing one's work schedule. Also, as one part of supporting flexible work-styles, we opened satellite offices and introduced a work-from-home system.

With regard to responding to COVID-19, we are prioritizing employee safety and health while implementing measures to prevent infection. To the extent possible for each business site, we are trying to continue operations, and, in order to stop the spread of infection, we adopted a work-from-home policy (in principle), mainly at offices including the SMM Head Office and the Osaka Branch, for the duration of the nationwide state of emergency declaration.

■ Promotion of Diversity

FY2019 diversity promotion activities adopted a broader perspective than activities to date, which had focused on female employees and employees with disabilities. We strove to become an organization that is better able to mutually recognize different values due to different generations, nationalities, and sexual orientations, as well as different values due to limitations such as childcare, family nursing care, disabilities, and treatments for disease. The objective of this commitment to diversity promotion is to translate these efforts into greater innovation by allowing a diverse workforce to fundamentally reassess conventional work-styles and ways of thinking.

We held a female employee Career Coaching School intended to transform the awareness of female normal-track employees. And we fully revised educational materials to instill the thought of normalization of employees with disabilities, to support their retention, and facilitate understanding of reasonable accommodation of them.

With regard to child rearing, our approach is one of supporting efforts to raise the next generation. We held seminars promoting the participation of fathers in child rearing and also had sessions explaining our programs supporting child rearing that includes the participation of males and females both. As for nursing care, we conducted a survey with a questionnaire on the subject in order to assess families' current situations and to help with designing future measures. Furthermore, based on the idea of promoting diversity, there are no distinctions or differences due to sex, nationality, or age in our Group's compensation system.

■ Initiatives to Take on Issues and Provide Improvements

In order to enhance internal communication, we are fostering in-house instructors with training on coaching, while also embracing measures to draw out the enthusiasm and potential of every employee through stronger relationships between supervisors and subordinates. In terms of human resources development, we are refining our system of selective training and also strengthening cultivation of our next generation of managerial human resources. Additionally, we are providing self-development opportunities suited to the needs of employees as we support them in the pursuit of self-initiated learning.

For more details see ▶

• Sustainability Data

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Supply Chain Management

■ Approach

In response to growing social demands related to human rights issues in the sourcing of minerals and avoiding complicity in human rights violations in the supply chain, the SMM Group has a duty as a resource company to actively address these issues. We believe, as a group with global operations, we must undertake our business operations responsibly by respecting human rights in every aspect of our supply chain.

■ Policy

Given its business operations around the world, the SMM Group absolutely requires initiatives geared toward sustainability in its overall supply chain. According sufficient consideration to human rights and the environment impacts our ability to conduct our projects and businesses smoothly.

The SMM Group Policy on Human Rights stipulates the consideration to be given to human rights not only within the Group but among outside parties over which the Group has influence. We are working to meet these considerations (see SMM Group Policy on Human Rights on p. 94).

Regarding mineral sourcing, we have established a SMM Group Responsible Mineral Sourcing Policy to clarify our stance toward fulfilling our social responsibility as a company with core businesses of Mineral Resources, Smelting & Refining, and Materials. This policy is established with respect to the guidance of the Organisation for Economic Co-operation and Development (OECD) on mineral sourcing.

■ Framework

Sustainability initiatives in our overall supply chain are executed by the executive officer in charge of CSR, under the ultimate responsibility of the president. The initiatives are promoted by a Human Rights Subcommittee made up of members from business and corporate divisions.

■ Initiatives

■ Human Rights in our Supply Chain

The SMM Group engages in close exchange of information with our partner companies at mines where we hold interests in addition to the mines and business sites that we operate, and takes due consideration to prevent human rights violations.

■ Establishment and Publication of SMM Group Responsible Sourcing Policy

The SMM Group Responsible Sourcing Policy was established and announced in April 2020 to clarify our Group stance toward building a sustainable supply chain that takes into consideration social issues such as human rights and environmental issues in all aspects of our sourcing activities, not only mineral sourcing. Not only do our Group officers and employees thoroughly comply with this policy, we are working to ensure all our suppliers also understand this policy.

■ Responsible Mineral Sourcing

Minerals mined from the Democratic Republic of the Congo and nine surrounding countries (tin, tantalum, tungsten and gold (3TG)) are subject to tighter regulations as “conflict minerals” that serve to fund armed groups and child labor, forced labor and other human rights violations, and supply a catalyst for the expansion and prolonging of conflict. In recent years there have also been initiatives launched related to non-3TG minerals such as cobalt, copper and nickel, including the Responsible Minerals Initiative (RMI) and the London Metals Exchange (LME) position paper.

To ensure that the smelting and refining of gold in our business does not make use of these conflict minerals, in FY2012, we began operating in accordance with the Responsible Gold Guidance of the London Bullion Market Association (LBMA) and undergo periodic audits by a third-party organization. We have also begun operating in accordance with the Responsible Silver Guidance of the LBMA with respect to silver since FY2018.

Moreover, we are establishing systems to conduct due diligence for cobalt, copper and nickel based on the SMM Group Responsible Mineral Sourcing Policy and with respect to the OECD guidance on mineral sourcing.



LBMA Responsible Gold Certificate

SMM Group Responsible Mineral Sourcing Policy

Pursuant to the SMM Group Policy on Human Rights, we do not buy minerals that may be associated with human rights violations such as child labor or forced labor, environmental destruction, illegal mining, or corruption, or minerals that may be used as a source of funding for armed groups or other such organizations. We respect the guidance established by the OECD regarding mineral sourcing, and we exercise appropriate influence over suppliers as we work for responsible mineral sourcing throughout the entire supply chain.

■ Cooperation with Suppliers

Every three years since 2015, our Mineral Resources, Smelting & Refining, and Materials divisions, in cooperation with the Purchasing Department, ask about 60 of our largest suppliers by annual transaction value to respond to a triennial questionnaire on human rights. Based on the results, the divisions and the Purchasing Department select companies as targets of inspection, and make visits to survey the companies. The survey we conducted in 2019 turned up no problematic suppliers.

When entering into a business relationship with new mining companies that are suppliers to our smelting and refining business, we perform environmental due diligence (environmental DD) to assess how those companies carry out environmental management. In FY2019, there were no new suppliers for which we conducted environmental DD.

Furthermore, since the occurrence of accidents at any time during the development of a mine creates the risk of significant environmental impacts, we work with our partners to mitigate environmental risks even at mines we do not operate, such as mines in which we hold an interest.

■ Initiatives to Take on Issues and Provide Improvements

In relation to promoting the preservation of biodiversity, we have set forth as targets: the verification of the environmental impact of our portfolio companies and supply chain and the implementation of measures to reduce risks. We are currently facing the issue of implementing those measures on an ongoing basis. In 2019, we had both Coral Bay Nickel Corporation and Taganito HPAL Nickel Corporation encourage suppliers to apply measures toward the stabilization of heavy metal concentrations.

Additionally, we have improved regional living environments through hiring individuals from the communities around our business operations and developing those regions, and are endeavoring to elevate our co-existence and co-prosperity with such local communities and our bonds of trust with them.

Responsible Minerals Initiative (RMI)

An international initiative on the responsible sourcing of minerals by the Responsible Business Alliance (RBA), an organization founded in 2004 for the purpose of promoting a common code of conduct in the world's electronic equipment industry.

London Metal Exchange (LME)

The LME specializes in trading of non-ferrous metals such as copper, nickel, aluminum, lead, and zinc. The LME trading prices for metals are used as the international pricing benchmarks for sales of refined metal and purchases of refining ores.

For more details see ▶

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Stakeholder Communication

Investor FAQs

Here we answer some questions from individual investors.

Q1. Is there a future in non-ferrous metals?

Non-ferrous metal materials together with advanced materials vital in high-speed communications, and the electrification and digitization of various fields are playing increasingly important and wide-ranging roles amid major changes in the materials industry with the rapid digitization of society, and changes in energy and technological innovation toward achieving a zero carbon future. The SMM Group is helping meet the demands of a changing society by providing non-ferrous metal materials and highly advanced materials.

Q2. What makes Hishikari Mine special?

Hishikari Mine's most impressive features are its world leading gold ore grades (approximately 30–40 grams of gold per ton of ore), its high profitability and cost competitiveness. It produces approximately 6 tons of gold annually and has remaining reserves of 163 tons and lifespan of nearly 30 years of long, stable operations, as of December 31, 2019.

■ Approach

At the SMM Group, the following entities were identified as stakeholders that we affect, or are affected by us: customers, shareholders, employees, local communities, creditors, business partners, civil society organizations, and government agencies.

■ Policy

A specific target has been established as the SMM Group's proper objective for each stakeholder and we are advancing various initiatives in order to realize these targets.

■ The SMM Group's Stakeholders and Proper Objectives Regarding Each Stakeholder

To Customers	Be a company that accurately understands customer needs and has comprehensive competitiveness with an edge over other firms with respect to technology, quality, delivery and costs.
To Shareholders	Be an excellent entity in which to invest: one that pursues maximum corporate value through efficient management and sound governance, disburses dividends matching its business performance, and discloses information as appropriate.
To Employees	Be a company that provides a favorable work environment, clearly defines the roles of all individuals within the organization, and makes employees proud to work for it.
To Local Communities	Be a company that coexists well with its local communities and that makes positive contributions to those regions' development
To Creditors	Be a company that has earning capacity, outstanding financial strength, and trustworthiness.
To Business Partners	Be a company that possesses outstanding technological strength, places importance on integrity and trust, and is capable of co-prosperity.
To Civil Society Organizations	Be a company that is keenly alert to its social responsibilities and undertakes appropriate communication.
To Government Agencies	Be a company that implements compliance fully and makes positive contributions for the benefit of the countries and local communities where it is undertaking its projects.

■ Initiatives

■ Communication with Customers

One of the SMM Group's greatest strengths is our relationships of trust with our customers. As nearly all of the products handled by the SMM Group are various kinds of fundamental raw materials that have a significant effect on the performance and quality of the products manufactured by our customers, so it is crucial we maintain appropriate communication in a timely manner from the time of taking an order, through to manufacture, delivery, and follow-up after the customer has received the product. We are responding to changes in the market environment, including globalization, while also taking a long-term perspective to sincerely meet our customers' needs. In regard to new product development, we maintain close communication, not only between market-leading customers and our business divisions, but also between different organizations and employee ranks, in order to build relationships of trust.

On the other hand, recently companies in our supply chain have been showing growing interest in CSR activities and where materials and raw materials are derived from, particularly in regard to conflict minerals. We strive to communicate with our customers in an appropriate manner by disclosing information through our website and Integrated Report.

■ Communication with Shareholders

The SMM Group strives to provide our shareholders and people who are considering purchasing shares with the information we think they need in a timely, appropriate, fair, and easy-to-understand manner.

On our website, we share our growth strategy, primarily through business descriptions, business results, financial information, and 3-year business plans, as well as the progress being made on this strategy. We deliver reports to shareholder twice a year and report on financial results and the progress of management strategies.

We have also formulated an IR Policy to ensure IR activities are implemented appropriately, which is publicly available on our website. Twice a year, after the announcements of our yearly financial results and financial results for the second quarter, the president briefs institutional investors and securities analysts directly. Since fiscal 2018, general managers also give briefings on their respective divisions at the briefing after the announcement of second quarter financial results. SMM released online video of the president explaining Vision for 2030 in conjunction with its launch in March 2020, amid the COVID-19 pandemic, and also explaining the financial results for fiscal 2019, in May 2020.

We also strive to actively disclose IR information for individual investors through our website. We will continue working to win the trust and meet the expectations of all stakeholders, including our shareholders.

■ Communication with Local Communities and NGOs

When the SMM Group starts and continues businesses in specific areas, we think a major prerequisite to the continuation of said business is co-existence with the local community through the building of relationships of trust. A contributing factor to this is mutual understanding achieved through communication and contributions that benefit the local community. We work to raise the direct contribution we make to the local economy through measures such as recruiting from areas surrounding our business site and procuring from local suppliers, and we also contribute to improving the lifestyles of these communities, particularly in emerging nations, by providing infrastructure such as roads and ports, and building and operating public facilities such as schools, hospitals, and marketplaces. When implementing these measures, we establish opportunities for regular communication with local communities and move forward while also checking the requirements of local citizens. Additionally, twice a year we hold exchanges of opinion with the international environmental NGO Friends of the Earth Japan (FoE Japan) regarding their findings on topics such as the water quality of rivers around Coral Bay Nickel Corporation and Taganito HPAL Nickel Corporation plants in the Philippines, and we implement necessary improvement measures that reference the group's opinions and recommendations.

■ Initiatives to Take on Issues and Provide Improvements

The SMM Group will continue striving to share information in a fair manner with all stakeholders through transparent, timely and appropriate information disclosure carried out by releasing various reports, holding briefings, and issuing press releases. Meanwhile, in line with our goal of becoming the world leader in the non-ferrous metals industry, in March 2020 we showed our intention to achieving this with a revised company logotype, and newly developed tagline and logo. We will work to widely spread understanding and gain acceptance of this move within SMM Group and beyond. Also, in regard to our involvement in the international community, as a member of the International Council on Mining and Metals (ICMM), we comply with the ICMM 10 Principles and we also agree with the purpose of the Extractive Industries Transparency Initiative (EITI), which aims to encourage the development of countries from which mineral resources are extracted, and we support its activities. (See details of ESG Data Book 2020 on p. 13.)

Investor FAQs

Q3. Why don't you extract more gold when the price is high?

We are focused on maintaining stable and deliberate production from a long-term perspective based on our operation plan and the life of the mine. For example, at Hishikari Mine we are continuing exploration in surrounding areas as we maintain a stable production of 6 ton of gold per year. We also use the mine to develop the next generation of mineral resources technicians.

Q4. What strengths do you have in three-business collaboration?

We have a globally unique business model whereby we control every aspect of the process from possessing our own non-ferrous metal resources that we smelt and refine, right through to supplying highly advanced materials. This enables us to stably supply metals and battery materials and so on with traceability through our unique blend of high technological capabilities and possessing the raw material mineral resources.

Q5. Can you give details of your dividend policy?

The SMM Group recognizes appropriate distribution of profits to shareholders as one of our most important management issues. Our dividend policy is performance based and under our 2018 3-Year Business Plan the consolidated dividend payout ratio was raised by 5% to 35% from the previous 3-Year Business Plan ratio of 30%.

For more details see: ▶

· Sustainability Data

P.118-119

· Supplementary ESG Data Book 2020

P.11-13

Review of Vision for 2020

* Achievement Level, O=achieved, Δ=portion remaining unachieved, X=Difficulty in achieving

Effective Use of Resources

Vision for 2020: A company that generates resources using innovative technology

Goals and KPIs	Achievement Level*	Results	Future Issues
1. Develop and implement technologies to efficiently recover resources (low-grade/hard-to-process ores)			
1) Promote rational use of low-grade nickel ore (make nickel produced from low-grade ores 2/3 of nickel production overall)	Δ	• Our ratio of nickel produced from low-grade ores to total nickel produced stayed at 57% in FY2019 due to the impact of lower production at CBNC and THPAL. We made advances with our technology for efficient recovery, but did not achieve our target volume.	• Make progress with preparations for starting production for the Pomalaa Project and, from the perspective of extending the life of the CBNC plant, continue pursuing development of low-grade nickel ore processing technology.
2) Achieve profitability in our copper business by developing processing technologies for low-grade/hard-to-process ores	O	• Developed Cu/Mo separation technology, supported operation of the Sierra Gorda Copper Mine, and carried out new process development. Maintained suitable operating conditions, improved the recovery rate on site, and contributed to lowering molybdenum content in copper concentrate.	• With regard to Cu/As separation technology, push forward technological development with the consortium of 3 non-ferrous metals companies and carry out demonstration tests using mineral processing pilot facilities. • Continue joint research with Hokkaido University on the development of recovery technology using fine-particle agglomeration and aggregation.
3) Develop efficient gold mining technologies	O	• Continued development of optimal mining methods at the Hishikari Mine and Pogo Mine (for the latter, interests sold in 2018).	• Survey and proceed to adopt the newest automation and remote-operation technology for achieving efficient and streamlined operations at the Hishikari Mine.
4) Participate in sea-floor resource development projects (contribute to the development of mining technologies and processing solutions)	O	• Participated in an 8-company consortium for a pilot test excavating and lifting sea-floor massive sulfide deposits. In 2017, achieved the world's first successful excavating and ore lifting of sea-floor sulfides. Completed development of basic technology for cobalt-rich ferromanganese crust mineral processing by combining primary concentrating (using mineral processing technology) and secondary concentrating (using smelting and refining technology).	• Devote effort to enable on-going participation and contribution to projects by JOGMEC on sea-floor massive sulfide deposits and cobalt-rich ferromanganese crust.
2. Develop new and effective uses for by-products			
1) Recover and market scandium from nickel oxide ore	O	• Started construction in FY2017 of commercial facilities at THPAL and started commercial production in July 2018 of scandium oxide at the Harima Refinery.	• Continue to increase production through operational improvements, and further boost the recovery rate. Strive to unlock demand as well.
2) Recover raw material for iron and steel manufacturing from nickel oxide ore (commercialize chromite and hematite)	X	• Implemented hematite filtration pilot trials at THPAL; however, had to halt recovery of raw material for iron and steel manufacturing, due to problems with composite ingredients. Started on a chromite recovery project instead.	• Although we gave up on attempts to use hematite as a raw material for iron and steel manufacturing, we are pursuing development of other applications, for example as a building material.
3. Promote recycling			
Improve our effective use of recycled resources	Δ	• Developed a process for the generation of battery raw materials by creating alloy from detoxified battery scrap, using a pyrometallurgical process, and recovering nickel and cobalt, using a hydrometallurgical process.	• Test and verify the developed LIB recycling process in a pilot plant, then aim for commercialization.

Environmental Preservation

Vision for 2020: A company that uses advanced technologies to reduce environmental burden and contributes to preserving the global environment

Goals and KPIs	Achievement Level*	Results	Future Issues
1. Advance biodiversity preservation initiatives			
1) Implement global warming countermeasures	O	• Continued steady growth in sales of products contributing to a low-carbon society, such as battery materials (for EV/HEV batteries) and ink materials (for infrared absorbing films for buildings and car windows). • FY2019 net sales of ¥129.0 billion, up 10.4-fold compared to FY2011.	• Set new definitions and adopt a certification system for low-carbon products. • Consider a method for calculating our contribution to reducing GHGs. • Expand production and supply of low-carbon products, such as battery materials, and pursue development of new products.
② Reduce CO ₂ emissions from operations	O	• Continue to reduce CO ₂ emissions equivalent to approximately 1% per year (a decrease of 220 kt-CO ₂ in Japan)	• Made progress at each business site switching to LED lighting, high-efficiency ventilation systems, and inverters. Cut annual CO ₂ emissions by 20 kt, meeting the FY2019 target. Also, cut annual CO ₂ emissions by 230 kt (compared to FY2014) through operational changes (zinc → nickel sulfate) at the Harima Refinery. • Set major, Group-wide CO ₂ emissions reduction targets and encourage investment (climate change scenario analysis, TCFD, internal carbon pricing, and other initiatives). • Initiatives to cut GHG emissions intensity (stabilize operations, prevent equipment trouble, increase production, adopt new technology).

Goals and KPIs	Achievement Level*	Results	Future Issues
• Contribute to CO ₂ emission reductions by constructing a plant using HPAL, etc., which has significant energy saving advantages over other technologies such as nickel pig iron	O	• Gathered basic test data on the construction of the HPAL plant under consideration in Indonesia (Pomalaa).	• Consider construction of an HPAL plant in Indonesia and elsewhere. • Extend the life and increase the efficiency of the HPAL plant in the Philippines.
③ Utilize positively renewable energy to contribute to CO ₂ emission reductions	O	• Built an approx. 2-MW solar power plant (operations commenced in August 2016) on SMM property in Kashima, Ibaraki Prefecture. After operations commenced, the expanded plant generated 3,600 MWh in FY2019. This solar power generation helped cut FY2019 CO ₂ emissions by 1,760 t. • From April 2017, started buying and using biomass-generated steam at the Tochigi Plant of Sumitomo Metal Mining Siporex Co., Ltd. This helped cut FY2019 CO ₂ emissions by 4,100 t (nearly 0.2% of the Group's overall emissions volume).	• Promote power generation from renewable energy within the Group. • Purchase electricity generated from renewable energy sources. • Make indirect contributions to cuts, such as expanding renewable energy generation in country. • Combine these initiatives and continue efforts to cut CO ₂ emissions going forward.
2) Steadily develop and adopt technologies for reducing environmental impacts	Δ	• With regard to the release of harmful chemical substances into the air and water, formulated and pursued a reduction plan. Total Group release volume of flue gas was at the same level as FY2016. Achieved an approx. 10% cut (compared to the FY2014 peak level) in the release and transfer volume of PRTR substances.	• Continue cutting PRTR substance release and transfer volume. • Aim for major release and transfer volume cuts through operational and process changes. • Support and continue efforts to respond to strengthening regulations in each location where we do business.
① Implement a planned approach for reducing the emission of chemical substances	O	• Carried out greening of 391 hectares to date (41 hectares in FY2019) at CBNC and THPAL.	• Continue greening projects going forward, such as tree planting in areas of the Philippines where we do business.
② Promote to environmental preservation through forestation, etc.	O	• At CBNC, managed wastewater and local river water quality with our suppliers who own mines. At THPAL, integrated three systems releasing wastewater into rivers and worked toward more efficient wastewater management.	• Continue encouraging ore supplying companies in the Philippines and South America to engage in environmental preservation. • Continue providing detailed explanations of environmental improvement initiatives to local residents and other parties involved.
③ Verify the environmental impacts in our portfolio companies and supply chain companies, and implement measures to reduce risks	O	• From FY2014–2018, we checked 11 accumulation sites and other such areas at domestic closed mines and, using the results, carried out earthquake stabilization and post-construction greening, all of which was completed without incident.	• Accumulation sites at closed mines met earthquake resistance standards. Strive to strengthen management going forward in order to ensure stable accumulation sites.
2) Prevent significant environmental accidents by strengthening environmental risk management	O	• Renewed pipes for hot spring water inside and outside Hishikari Mine. At smelting and refining business sites inside and outside Japan, monitored exhaust, carried out exhaust leakage prevention, boosted capacity for handling exhaust, and also improved dust control and other equipment.	• Effectively improve infrastructure at each business site while leveraging RMS & EMS frameworks.

Contribution to Society and Local Communities

Vision for 2020: A company that earns trust and contributes to regional development through our business and social contribution activities rooted in each region

Goals and KPIs	Achievement Level*	Results	Future Issues
1. Communicate with local communities to recognize social issues in regions where we do business, and implement programs to support solutions to those issues			
• In activities to contribute to society, CBNC and THPAL used communication with local government bodies and communities to conduct diverse activities that range from improvement of social infrastructure to other projects involved with maintaining people's livelihoods.	O	• Take further steps toward dialog and collaboration with NPOs and NGOs engaged in social issues, while linking those efforts to supporting development of the next generation, and supporting the elderly and people with disabilities. Also, with regard to initiatives currently being carried out, we must execute measures, such as publicizing them in our in-house bulletins, to further increase participation and sustain the initiatives going forward.	
2. Provide support for the improvement of educational infrastructure and the maintenance and development of academic activities, culture, tradition, and art in the countries where we do business			
• Communicated with local government bodies about maintaining and preserving historical structures in the Besshi district and, where necessary, appropriately carried out efforts in cooperation with Sumitomo companies. • Provided support for educational and other facilities through Social Development Management Program and CSR activities at CBNC and THPAL.	O	• Continue scholarship programs in areas where we have overseas mines and continue advancing plans to set up and implement a domestic scholarship program in 2023.	

* Achievement Level, O=achieved, Δ=portion remaining unachieved, X=Difficulty in achieving

Goals and KPIs	Achievement Level*	Results	Future Issues
3. Provide support for recovery and reconstruction after large-scale disasters 1) Provide support taking into consideration the relationship between the affected area and SMM Group's business	O	<ul style="list-style-type: none"> Implemented suitable support in Japan for disasters according to disaster conditions and areas designated as serious disaster areas. Overseas, implemented disaster support mainly for serious natural disasters around areas where we do business. 	<ul style="list-style-type: none"> Natural disasters due to climate change are increasing in frequency and severity. We must assess our criteria, etc. related to disaster support. Current SMM disaster support is focused on donations; however, we also need to consider support through programs that involve employee participation.
2) Provide continuous support for the people and areas affected by the Great East Japan Earthquake	O	<ul style="list-style-type: none"> Continued to provide donations to scholarship funds for orphans in the three disaster-affected prefectures (Miyagi, Iwate, and Fukushima). At Sumiko Energy Materials Co., Ltd., in Naraha, Fukushima Prefecture, which started operating in April 2016, we contributed to the creation of employment in an area affected by the Great East Japan Earthquake. 	<ul style="list-style-type: none"> Continue to provide donations to scholarship funds in the three disaster-affected prefectures until 2031 (when children born during the disaster will reach age 20). Continue SMM support, mainly provided by Sumiko Energy Materials Co., Ltd., to help recovery in Naraha.

Respect for People and Human Rights

Vision for 2020: A company where diverse human resources exercise their ability sufficiently and take a vibrant and active part in each field
 A company that works with its stakeholders to strive for a society that actively respects human rights

Goals and KPIs	Achievement Level*	Results	Future Issues
1. A company where employees can take a vibrant and active part 1) Work satisfaction Make continual improvements based on the results of employee satisfaction surveys	O	We carried out the following measures based on results of the employee awareness survey. <ul style="list-style-type: none"> Expanded training on coaching, which started with business division heads and presidents of Group companies, to now include section managers. Provided feedback on employment environment surveys (employee interviews, etc.) conducted at 17 of 24 business sites in Japan by FY2019. 	<ul style="list-style-type: none"> Support employee activity by reassessing human resource-related programs. Switch to in-house implementation of training on coaching and provide the training to each business site. Review the current state of harassment incidents and communication challenges (as indicated in the employment environment survey) and assess the gap with our Vision for 2030, then consider and implement necessary measures.
2) Mental health ① Optimize the work environment through training and the reduction of overly long working hours	Δ	<ul style="list-style-type: none"> Since FY2016, total actual working hours have trended between 1,950 – 1,980 hr/year. Pushed forward various work-style measures (work-from-home program, flextime, expansion of optional staggered working hours, establishment of satellite offices, etc.). 	<ul style="list-style-type: none"> Further reduce long work hours. Eradicate harassment by further improving human rights awareness. Continue promoting initiatives such as enhanced support for life events, including child raising, nursing care, and receiving medical treatment.
② Reduce mental health afflictions in employees	Δ	<ul style="list-style-type: none"> Continued to offer employee stress checks by specialized institutions, as well as education from those institutions; however, the number of employees with mental health issues remained flat. 	<ul style="list-style-type: none"> Through initiatives to improve the aforementioned employment environment, continue countermeasures to steadily cut the number of employees struggling with mental health issues.
2. Respect diversity 1) Female employees promoted at SMM (domestically) ① Target number of female managers: 10 or more	O	<ul style="list-style-type: none"> Achieved the KPI with 11 female managers as of April 1, 2020. 	<ul style="list-style-type: none"> Continue support through training and exchange with women in different industries, as well as individual counseling. Continue to further enhance the awareness of supervisors and support growth for female employees.
② Target proportion of female employees in the recruitment of management track employees: 1/3	Δ	<ul style="list-style-type: none"> Number and ratio of new female graduates employed in 2020: 7 women, 22%. Employed 4 women in technology-related positions and, for the first time, exceeded a 20% ratio of female employees; however, we did not reach our target. 	<ul style="list-style-type: none"> Aim to increase hiring numbers through the following measures: <ul style="list-style-type: none"> Employment branding Roll out internships targeting women Evaluate and reassess measures for the active participation of female employees
2) Promote non-Japanese employees as key personnel	Δ	<ul style="list-style-type: none"> In accord with changes to corporate strategies, the globalization needs for each business division diverged, necessitating changes to hiring strategies. 	<ul style="list-style-type: none"> Each business division is addressing globalization in its own way; however, going forward, the response by the Head Office's Human Resources Development Department must be strengthened.
3) Employ people with disabilities Establish and achieve an internal target for the number of employees with disabilities in the Group domestically	O	<ul style="list-style-type: none"> Each business site and Group company in Japan created a 2020 action plan and SMM's employment rate for people with disabilities as of April 1, 2020 was 2.41%. 	<ul style="list-style-type: none"> Continue hiring activities and engage in efforts to normalize the employment of people with disabilities in the SMM Group by, for example, encouraging understanding of "reasonable accommodation" among supervisors and co-workers.
4) Establish a strategy and supportive framework as a means to facilitate initiatives 1 to 3 above	O	<ul style="list-style-type: none"> Established a framework for promoting diversity, strengthened support for each workplace and Group company, strove for an awareness transformation (through training seminars, workshops, etc.), and endeavored to improve the workplace environment. 	<ul style="list-style-type: none"> Continue strengthening and enhancing individual support tailored to the different knowledge, experience, and know-how of each site, Group company, and division.

Goals and KPIs	Achievement Level*	Results	Future Issues
3. Develop human resources 1) Continue the program for select employees after confirming the effectiveness of selective training initiatives	O	<ul style="list-style-type: none"> Continued implementing selective training, including the Executive Management Program for the general manager level and the Middle Management Program for section managers, and continued sending employees to outside training seminars. 	<ul style="list-style-type: none"> Reassess our programs for developing the next generation of management and clarify the positioning of selective training. Strengthen encouragement of supervisor involvement, effective placement of employees after training, and the like.
2) Develop broad-based training to boost the level of our workforce Provide training opportunities to all employees: 100% participation in training courses	O	<ul style="list-style-type: none"> Offered training for each group business site, established e-learning, set up web-based language learning, and reassessed correspondence education programs. 	<ul style="list-style-type: none"> Continue providing education and self-development programs that are user-friendly and popular with employees, while also using IT to enhance program formats.
3) Enhance training for locally hired executive managers overseas	O	<ul style="list-style-type: none"> Invited to Japan the upper management of Group overseas sites and continued annual Head Office training and training/observation tours in the Besshi district, Kyoto, and elsewhere. 	<ul style="list-style-type: none"> Enhance the content of training from the perspective of overseas sites and continue to provide training tailored to the needs of participants.
4) Conduct training to promote further support for female employees	O	<ul style="list-style-type: none"> Endeavored to create a transformation in awareness through training and exchange with women in different industries, in addition to offering the Career Coaching School for women, and other measures. Continued offering support by providing individual counseling, creating programs for employees on maternity/childcare leave, and other measures. 	<ul style="list-style-type: none"> Further engender awareness of fostering female employees by educating managers. Engender in female managers an awareness of becoming role models and fostering the next class of female managers. Continue discovering roles for female workers at production worksites.
4. Human rights Prevent major human rights infringements ① Hold regular education on the SMM Group Human Rights Policy: applicable to all workplaces in Japan and overseas	O	<ul style="list-style-type: none"> Adopted the SMM Group Policy on Human Rights at all Group companies and carried out human rights education every year at all sites. 	<ul style="list-style-type: none"> Enhance activities at each Group company and business site for the SMM Group Human Rights Month (December), which we started in FY2019.
② Establish human rights hotline (Speak Up System) (offering multiple means for reporting): applicable to all workplaces in Japan and overseas	O	<ul style="list-style-type: none"> Established a human rights and harassment hotline and the SMM Group direct hotline (Speak Up System). Every other year, carried out training for individuals in charge of the human rights and harassment hotline. 	<ul style="list-style-type: none"> In an easy-to-understand manner, communicate how to use the hotlines and what procedures follow a consultation; continue to build a framework that facilitates more user-friendliness for all Group employees.
③ Make employees aware of the SMM direct hotline (Speak Up System): applicable to all workplaces in Japan and overseas	O	<ul style="list-style-type: none"> Publicized the hotlines through electronic bulletin board postings and various training sessions. 	
④ Implement regular human rights due diligence (human rights DD) in three categories (employees, supply chain, local communities): once every 3 years	O	<ul style="list-style-type: none"> With regard to employees, we surveyed the human rights support structure at each business site through questionnaires (FY2016). With regard to local communities, we carried out a survey in the Hishikari district (FY2017). With regard to the supply chain, we conducted on-site interviews at four companies every year. 	<ul style="list-style-type: none"> Strengthen initiatives for the human rights of indigenous peoples. Enhance our human rights initiatives in our supply chain.

Occupational Health and Safety

Vision for 2020: A company that accords safety the highest priority and provides comfortable working environments

Goals and KPIs	Achievement Level*	Results	Future Issues
1. Ensure safety 1) Make our final target zero occupational accidents overall	X	<ul style="list-style-type: none"> The number of accidents in recent years has been about 15 per year (with one fatal accident each in 2017 and 2019). Made progress with reforms of safety consciousness in top management at sites through safety patrols and instruction for newly appointed site managers. Created supervisor guidelines and started following them in practice. Used the Anzen Dojo to promote safety activities involving frontline workers. 	<ul style="list-style-type: none"> Measures for promoting safer equipment that prevents severe accidents Promote equipment improvements through appropriate risk assessments. After improving equipment, strengthen our approach to "check, act, and follow-up."
2) Reduce occupational accidents to three or fewer per year by 2020 and establish frameworks for achieving this target (Applicable to all domestic Group employees)	Δ		<ul style="list-style-type: none"> Measures for engraining safer procedures in order to mitigate unsafe behavior Until full-fledged safety changes can be made, establish and thoroughly follow concrete rules addressing residual risks. Carefully observe workplaces using the "three realities principle" and keenly monitor work tasks. Thoroughly follow basic movements. Improve cumbersome work tasks.
3) Halve the frequency rate of occupational accidents by 2020 (Applicable to all domestic and overseas Group employees) Reduce the frequency rate from 1.28 (CY2011) to 0.60 (CY2020)	Δ	<ul style="list-style-type: none"> Occupational accident frequency rate (see p. 116) Sent safety officers to some overseas business sites and built frameworks for quickly gathering occupational accident information (on par with systems in Japan). Adopted hazard prediction training matching the on-site conditions at some overseas business sites. 	<ul style="list-style-type: none"> Voluntary initiatives in consideration of the unique problems and focus issues at each site

* Achievement Level, O=achieved, Δ=portion remaining unachieved, ×=Difficulty in achieving

Goals and KPIs	Achievement Level*	Results	Future Issues
2. Provide comfortable working environments 1) Provide healthy working environments ① Achieve zero new cases of employees with occupational disease (requiring treatment) (Applicable to all domestic and overseas Group employees)	O	<ul style="list-style-type: none"> In recent years, there have been no new cases of employees with abnormal findings (requiring treatment) indicated in health checkups. Every year, we survey employees with abnormal findings and continue to monitor any changes. 	<ul style="list-style-type: none"> Continue monitoring employees with abnormal findings indicated in health checkups. Continue to proactively improve Control Class 2 and 3 workplaces.
② Achieve zero Control Class 3 workplaces (excluding locations stipulated in guidelines, etc.) and reduce Control Class 2 workplaces (Applicable to all domestic business sites)	O	<ul style="list-style-type: none"> Control Class 3 workplaces In work areas with dust at Toyo Smelter & Refinery, equipment improvements are difficult; however, we achieved unmanned operations by installing cameras that monitor work processes. Control Class 2 workplaces We set management targets for each business site and started efforts to reduce the number of Control Class 2 workplaces. 	<ul style="list-style-type: none"> As with safety issues, clarify the matters indispensable to operations and continue acquiring the necessary environmentally friendly equipment. When increasing production or starting new production, establish countermeasures ahead of time in order to ensure a safe work environment. Continue gathering and sharing examples of best practices and improvement measures at business sites.

Stakeholder Communication

Vision for 2020: A company that works to communicate transparently with all worldwide stakeholders to deepen mutual understanding

Goals and KPIs	Achievement Level*	Results	Future Issues
1. Encourage deeper mutual understanding with employees 1) Continue conducting employee awareness surveys	O	<ul style="list-style-type: none"> Conducted 4 employee awareness surveys. Reviewed the target subjects of each survey and assessed the need for additional questions. 	<ul style="list-style-type: none"> Continue conducting surveys while reassessing targets and questions as needed in order to accurately understand trends in employee awareness.
2) Hold regular dialogues with workers' unions or representatives from employees	O	<ul style="list-style-type: none"> Surveyed the status of regular labor-management discussions in the SMM Group and confirmed that regular communication is taking place. 	<ul style="list-style-type: none"> Continue discussions and constructively giving feedback on business conditions and challenges when there are opportunities to meet employees, such as during briefings at the Head Office and at business sites.
2. Encourage mutual understanding with local communities and citizen groups 1) Continue regular meetings with local communities and participate in community activities	O	<ul style="list-style-type: none"> Although there are differences between each business site in the Group, we confirmed that the channels of daily communication are being maintained at each site. 	<ul style="list-style-type: none"> With regard to predicting emergencies and building frameworks for risk communication with local residents, we will consider and support approaches to communication focusing on model business sites.
2) Carry out cooperative activities with NGOs/NPOs	O	<ul style="list-style-type: none"> Met (twice a year) with environment and human rights NGO Friends of the Earth Japan (FOEJ) and, with regard to issues where we do business in the Philippines, as well as SMM Group initiatives, we continued dialogues that exchanged data and interpretations on both sides. 	<ul style="list-style-type: none"> Continue explaining Company initiatives through regular dialogues with FOEJ. Share FOEJ suggestions and advice not only with relevant internal departments, but also with suppliers; use that advice for activities including environmental protection, preventing human rights infringements, etc.
3. Encourage mutual understanding with shareholders and investors 1) Publish integrated reports and improve their content	O	<ul style="list-style-type: none"> Starting in 2015, we formed working groups in related departments to make preparations for publishing an integrated report, and in October 2016 we published our first integrated report on schedule. Incorporating revisions based on opinions received inside and outside the Company, the report has received a degree of acclaim, including commendations from outside the Company. 	<ul style="list-style-type: none"> The information disclosure demands on integrated reports, such as information on ESG investing and connections to the SDGs, are becoming more sophisticated and wide-ranging. Going forward, we will strengthen our editing structure and polish the content of our reports with a commitment to continuous improvement.
2) Promote dialogue with investors	O	<ul style="list-style-type: none"> The IR commitment of top management received a degree of acclaim from outside the Company. (2016: IR Grand Prix, Japan Investor Relations Association; 2019: selected for the 9th year in a row for Excellence in Corporate Disclosure, ranked number one in the Steel/Non Ferrous Metal category, The Securities Analysts Association of Japan) 	<ul style="list-style-type: none"> Continue to follow fair disclosure rules; continue to deepen dialogue on our initiatives and non-financial information—primarily with investors with medium- to long-term perspectives—focusing on our Vision for 2030 and SMM's sustainable growth story.
4. Encourage mutual understanding with other stakeholders	Δ	<ul style="list-style-type: none"> Publicized the Company to students and business people with corporate ads in newspapers and on bullet trains, through support for SDG-related forums, and through active PR efforts; however, SMM's low level of recognition and other factors meant that we did not communicate our true size to society. 	<ul style="list-style-type: none"> In FY2019, we established basic designs for the new brand image we will promote. In order to ensure that it is not a one-off initiative, we must roll out and share the brand-related PR tools to employees, as well as outside the Company, in a steady, impactful manner.

Vision for 2030

Effective Use of Non-Ferrous Metal Resources

Vision for 2030: A company that generates resources through high technological capabilities

Indicators	KPIs		Current Status	FY2020 Plans
	Goals			
1. 1) Advance copper mine projects	<ul style="list-style-type: none"> Strengthen production structure at JV mines to achieve and maintain copper production level of 300 kt/year from interests. Achieve steady copper production level by reinforcing exploration of surrounding and deep areas in JV mines, expanding mineral processing technology, and improving operations leveraging IoT and AI. 	<ul style="list-style-type: none"> Advance Phase 2 and later projects at the Quebrada Blanca Copper Mine 	<ul style="list-style-type: none"> Gathering information on the activities of JV mines through management committees and technical meetings. JV mine companies are thoroughly implementing COVID-19 countermeasures and preventing the spread of infection within mine areas. Expect to be able to keep the impact on copper production levels to a minimum. Construction of Phase 2 of the Quebrada Blanca Copper Mine is at 20% completion and has been suspended since March 31, 2020 due to COVID-19 pandemic response. 	<ul style="list-style-type: none"> Continue gathering information through management committees and technical meetings. Appropriately monitor the impact of the COVID-19 pandemic and decide on restarting the project. Even after restarting the project, taking appropriate risk measures due to fears of reoccurrence of the social unrest that broke out in October 2019.
	2) Acquire new superior copper and gold resources	<ul style="list-style-type: none"> Develop new mines for which we have operatorship 	<ul style="list-style-type: none"> Despite ongoing project appraisals, no projects have been unearthed that have reached the business evaluation stage. 	<ul style="list-style-type: none"> Aim to acquire additional copper interests while watching the progress of the three major resource projects (Cote Gold Mine, Phase 2 of the Quebrada Blanca Copper Mine, Sierra Gorda Copper Mine)
3) Improve productivity by introducing new technology	<ul style="list-style-type: none"> Promote remote operation and unmanned operation of heavy machinery and information infrastructure equipment inside and outside of the Hishikari Mine 	<ul style="list-style-type: none"> Surveyed applicable technology for Hishikari Mine and produced a road-map for equipment adoption. Determined area within the mine for developing communications infrastructure and tested adoption of Wi-Fi equipment. 	<ul style="list-style-type: none"> Consider and implement work improvements and increased efficiency by leveraging IoT and AI such as expanding communications infrastructure to cover the entire mine, introducing a remote monitoring system for mine wastewater treatment facilities, and adopting image recognition equipment utilizing AI in ore processing facilities outside of Hishikari Mine. 	
4) Advance nickel ore projects and improve productivity	① Nickel production: 150 kt/year ② Recovery rate compared to FY2018: +2%	<ul style="list-style-type: none"> Investment in Pomalaa Project was planned to be decided by the end of FY2019, however, due to various circumstances no decision on investment has been made. Yield at CBNC and THPAL remained mostly flat compared to FY 2018. 	<ul style="list-style-type: none"> Obtain permissions for Pomalaa Project, continue business negotiations with partners, and finalize the decision on investment. Aim to further increase yield at CBNC and THPAL by raising the leaching rate and improving processes. 	
2. 1) Develop technology to separate, stabilize and bleed off, and create value from impurities generated by smelting processes and mines	<ul style="list-style-type: none"> Develop technology to stabilize and bleed off impurities: Develop and demonstrate the process 	<ul style="list-style-type: none"> Participating in JOGMEC research since 2017 to reduce arsenic compounds brought into Japan as copper concentrate impurities. Within a consortium of 3 non-ferrous metals companies, we are advancing development of technology to separate arsenic. 	<ul style="list-style-type: none"> Summarize 3 years of JOGMEC research and implement a demonstration experiment using a pilot mineral processing facility at our Company based on arsenic separation technology obtained as a result of research. 	
	2) Develop technology to create value from unused non-ferrous metal resources	<ul style="list-style-type: none"> Contribute to existing (e.g. marine resource development) and new development projects) 	<ul style="list-style-type: none"> Participating in and achieving results in JOGMEC sea-floor resource development projects, such as a pilot test of excavating and ore lifting of sea-floor massive sulfide deposits and development cobalt-rich ferromanganese crust (CRC). 	<ul style="list-style-type: none"> Continue improving mechanisms for excavating and ore lifting of sea-floor massive sulfide deposits. Proceed with development of test equipment for excavating and ore lifting, and further improving mineral processing and smelting and refining technology of cobalt-rich ferromanganese crusts.
3) Recover non-ferrous metals from hard-to-process resources	<ul style="list-style-type: none"> Participate in business and technology for recovery of lithium from salt-lake water in the presence of high levels of impurities 	<ul style="list-style-type: none"> Developing a refining process for recovering lithium from salt-lake water using an inorganic adsorbent. 	<ul style="list-style-type: none"> Further improve performance of the adsorbent through a pilot test of lithium refining technology, and review and demonstrate the refining process. 	
3. Demonstrate and commercialize automobile secondary battery recycling technology	<ul style="list-style-type: none"> Demonstrate, commercialize, and expand scale of recycling technology that recovers cobalt from automotive lithium-ion batteries Commercialization: 2022 	<ul style="list-style-type: none"> Process development has been completed and a demonstration experiment at a plant is underway. 	<ul style="list-style-type: none"> Continue the demonstration experiment and obtain engineering data for designing a battery recycling unit. 	
4. 1) Leverage our strengths to create new products and new businesses that contribute to society	<ul style="list-style-type: none"> Research, develop, and commercialize new advanced materials in the fields of energy, automobiles, and information communications 	<ul style="list-style-type: none"> Advancing systems for creating new products and businesses in the Technology Division, Advanced Materials Division, and Battery Materials Division. 	<ul style="list-style-type: none"> Use new systems to advance: ① exploration of new themes, ② commercialization proposals of research and development themes, and ③ Vision Co-Creation Partnership with Tohoku University. 	
	2) Hold raw materials in-house for favorable and stable procurement	<ul style="list-style-type: none"> Commercialize NiO for fuel cells following demonstration project 	<ul style="list-style-type: none"> Started operation of pilot facilities in preparation for mass production of NiO for fuel cells in FY2019. 	<ul style="list-style-type: none"> Continue technological development and verification of equipment at the pilot facilities in preparation for mass production of NiO for fuel cells.
3) Expand sales of low-cost battery cathode materials through favorable, stable procurement of our own nickel raw materials	<ul style="list-style-type: none"> Maintain top class global share in the expanding cathode materials market 	<ul style="list-style-type: none"> Currently SMM has a top-class global share in battery materials, primarily NCA, and sales, mainly for electric vehicles, are growing every year. 	<ul style="list-style-type: none"> Aim to maintain a top-class global share by expanding sales of low-cost battery cathode materials through collaboration with the Non-Ferrous Metals Division, which has achieved cost reductions. 	

Climate Change

Vision for 2030: A company that actively undertakes climate change countermeasures, by reducing emissions and stably supplying products contributing to a low-carbon society, a future with zero greenhouse gases (GHGs)

KPIs		Current Status	FY2020 Plans
Indicators	Goals		
Reduce GHG emissions	1. Keep total GHG emissions below that of FY2013 and formulate a plan to reduce our emissions to zero in the second half of the century	<ul style="list-style-type: none"> Total GHG emissions decreased in Japan as a result of converting the business structure of Harima Refinery (halting smelting and refining of zinc) but increased overseas due to THPAL becoming operational in 2014. Became TCFD supporter (February 2020). 	<ol style="list-style-type: none"> Promote projects investing in GHG emissions reductions <ul style="list-style-type: none"> Follow up on projects investing in GHG emissions reductions. Consider an internal carbon pricing framework. Consider awareness-raising activities at business divisions and sites. Gather and consider information on reducing GHG emissions (hydrogen, Carbon Capture, Utilization, and Storage, business conversion, innovative smelting and refining processes, etc.).
	2. Cut GHG emissions intensity by at least 26% compared to FY2013	<ul style="list-style-type: none"> With FY2013 set as 1, the GHG emissions intensity index for FY2018 was 0.92 (8% reduction). 	<ol style="list-style-type: none"> Advance GHG emissions intensity reductions through stable operations and increased production <ul style="list-style-type: none"> Strengthen operations management, prevent trouble, and increase production at divisions. Study and support adoption of technologies such as IoT, AI, and the Factory Energy Management System. Advance use of low-carbon energy <ul style="list-style-type: none"> Survey information on low-carbon energy technologies. Adopt renewable energy generation, storage batteries, LNG at divisions.
	3. Expand contribution of GHG reduction by products contributing to a low-carbon society: 600 kt-CO ₂ or more	<ul style="list-style-type: none"> In-house calculations show the amount of GHG reduction in society by our products increased from 3,800 t-CO₂ in FY2013 to 72,000 t-CO₂ in FY2018. 	<ol style="list-style-type: none"> Look into the definitions, certification systems, and standards of products contributing to a low-carbon society (examples of products contributing to a low-carbon society: battery materials, ink materials, copper metals). Look into and evaluate the methods of calculating contribution to reducing GHG emissions in society. Advance increased production of products contributing to a low-carbon society and the development of new products in divisions.

Significant Environmental Accidents Biodiversity

Vision for 2030: A company that values water resources and biodiversity, and protects the richness of the sea and land

KPIs		Current Status	FY2020 Plans
Indicators	Goals		
1. Zero significant environmental accidents	1) Promote improvements through the use of risk management and environmental management systems	<ul style="list-style-type: none"> Improved facilities according to issues at business sites. In FY2019 we had zero significant environmental accidents, but we did have minor accidents. 	<ul style="list-style-type: none"> Smooth implementation of facility improvements to deal with issues at divisions. Strengthen the risk management system by registering risks and the environmental management system for items of environmental significance.
	2) Reinforce and improve equipment and infrastructure to address increases in sources of natural hazard	<ul style="list-style-type: none"> The following facilities and infrastructure have been reinforced or improved: <ul style="list-style-type: none"> Seismic strengthening and greening of tailings dams at closed mines. Reinforced mountainside waterways at THPAL. Reinforced the Hadeba, Niihama City wastewater treatment facility. 	<ul style="list-style-type: none"> Evaluate risks using scenario analysis and consider matters needing addressing. Strengthen and improve facilities and infrastructure for dealing with increased sources of natural hazards at divisions (tailing dams, mine wastewater treatment facilities, etc.).
2. Reduce emissions of hazardous substances (year-on-year)	1) Optimize water use; reduce emissions of hazardous substances to the atmosphere and water.	<ul style="list-style-type: none"> Various initiatives underway such as preventing excessive water withdrawal by promoting and strengthening management of recycling and reuse. 	<ul style="list-style-type: none"> Consider and set Group policy on optimizing water use. Strengthen measures to reduce emissions of hazardous substances to the atmosphere and water.
	2) Promote various environmental preservation and biodiversity preservation activities, such as regular reforestation	<ul style="list-style-type: none"> In the Philippines (CBNC, THPAL), regular reforestation is ongoing and the environmental impact in our portfolio companies and supply chain companies is being verified and risk mitigation measures undertaken. 	<ul style="list-style-type: none"> Continue to implement greening measures at CBNC and THPAL, and promote various environmental preservation and biodiversity preservation activities through communication with mine companies.

Employees' Occupational Health and Safety

Vision for 2030: A company where all employees work together with safety first the priority in a comfortable working environment as well as safe facilities and operations

KPIs		Current Status	FY2020 Plans
Indicators	Goals		
1. Prevent occupational accidents	Serious accidents: zero (in Japan and overseas, including contractors). All accidents: reduce year-on-year, with aim of eventually zero.	<ul style="list-style-type: none"> Among all Group employees (in Japan and overseas), the number of injuries that resulted in absence from work was 11 in 2018 and 6 in 2019. These were serious accidents from facilities in an unsafe state and similar serious accidents from unsafe behaviors. 	<ul style="list-style-type: none"> Increase safety of facilities to prevent serious accidents (develop and use risk assessment guidelines, research and consider adoption of advanced technologies). Establish safer procedures through educating about, and giving instruction in, work observation methods. Thoroughly adopt basic and safe behaviors through education and instruction at the Ojikan Facility. Safety initiatives that capitalize on the unique character of each site.

Diverse Human Resources Development and Participation of Human Resources

Vision for 2030: A company where all employees can take a vibrant and active part

KPIs		Current Status	FY2020 Plans
Indicators	Goals		
1. Promote working style reform and create workplaces that make use of digital technology, enabling diverse human resources to play vibrant and active roles	1) Improve scores for "Management by managers and superiors," "Appeal of job," and "Work environment" in employee awareness survey	<ul style="list-style-type: none"> The following issues were revealed by the 2019 employee awareness survey. Management by managers and superiors: indirect support; Appeal of job: sense of achievement in work; and Work environment: ambitious attitude. 	<ul style="list-style-type: none"> Consider and implement review of human resource-related systems from the perspective of supporting employees in playing vibrant and active roles. Dispatch females for training and exchange with women in different industries, conduct training for management track female employees. Conduct a survey into the range of workplaces open to women, particularly in production-side roles. Establish a scheme for and try directly employing Philippine management track employees. Aim to promote understanding related to employing people with disabilities and to improve retention rates. Make childcare and nursing care support initiatives available to both male and female employees and ascertain the situation of employees undergoing medical treatment for illness and work to support them. Analyze the causes of stress at each workplace based on the results of the FY2020 stress checks and consider measures for each. Start health and productivity management initiatives. Select business sites to test implementation, and look for best practices.
	2) ① Number of female managers: 50 (SMM employees) ② Increase workplaces open to women and improve ratio of female employees (20% or higher at Japanese sites)	<ul style="list-style-type: none"> As of March 31, 2020, there were: ① 11 female managers, and ② 15.9% female employees. 	
	3) Expand number of managerial track employees of foreign nationality	<ul style="list-style-type: none"> Considering directly employing Philippine management track employees. 	
	4) Percentage of employees with disabilities: 3% or higher	<ul style="list-style-type: none"> Percentage of employees with disabilities was 2.4% as of March 31, 2020. 	
	5) Assign jobs and provide support matched to employees' life stages	<ul style="list-style-type: none"> Continued supporting childcare and nursing care. Support for employees undergoing medical treatment for illness to be considered in the future. 	
2. Support employees' mental and physical health	1) Halve the number of people found to require support in stress checks 2) Percentage of employees with abnormal findings indicated in health checkups: 50% or lower	<ul style="list-style-type: none"> 1) The number of people found to require support in stress checks in FY2019 remains within the standard range for data from all companies handled by the organization specializing in stress checks, however, the number is trending slightly upward. 2) Percentage of employees in our Group with abnormal findings indicated in health checkups was 60.6% in FY2018. 	
	3. Diversify opportunities to enhance the abilities of employees according to employee needs and work needs	<ul style="list-style-type: none"> 1) Utilize one-on-one meetings that bring out the motivation and potential of every employee and boost the growth of subordinates through regular dialogues between superiors and subordinates 2) Started considering methods of implementing one-on-one meetings. 	

KPIs		Current Status	FY2020 Plans
Indicators	Goals		
	2) Reconstruct the human resources development program (in-house education, external education, etc.) to provide opportunities to employees to enhance their abilities in line with their roles	• Considering revision of the development program for the next generation of management and seminars for newly promoted employees.	• Consider the timing and content of training in line with the restructuring of the human resource systems.
	3) Provide opportunities for self-development matched to each employee's life plans and needs (correspondence courses, online training, etc.)	• Analyze employee needs based on the status of applications for correspondence education and the like, and work to improve the content.	• Work to diversify employee self-development opportunities.

Engagement with Stakeholders

Vision for 2030: A company that is appreciated and understood to be the world leader in non-ferrous metals

KPIs		Current Status	FY2020 Plans
Indicators	Goals		
1. Further penetrate our Group brand among employees	• Improve results of employee awareness survey (increase ratio of employees who feel pride in working at the Company)	• Establish a brand message, and, to embody this branding, revise the Company logotype and develop a brand tagline and logo. • Ratio of employees who responded in the 2019 employee awareness survey that they felt pride in working at the Company was 62%.	Development of basic branding approach • Thoroughly explain branding to those responsible for communication of Group policies. • Establish plan to roll out a basic branding design at business sites. • Register trademarks in Japan and overseas for basic branding designs. • Raise brand profile within the Group. • Establish plan of action to penetrate brand within the Group.
2. Ensure quality and quantity in communication of information at the level of "world leader in the non-ferrous metals industry"	• Earn a high reputation for the integrated report from outside the Company (including hearings with shareholders and investors, and improvements in questionnaire and evaluation results)	• Edit the integrated report with the aim of taking it to the next level, and ensuring it is easy to understand and highlights the unique character, strengths, and competitive advantages of the SMM Group. • SMM Group integrated report is ranked in the top 10 in Japan of the approximately 514 companies publishing integrated reports.	Strict selection of contents and reflection of recent trends • Rigorously narrow down content to that related to the 11 ESG-related material issues newly established in Vision for 2030. • Strengthen explanations of management strategies from a medium- to long-term perspective—from the past to the future. • Clearly define our Group value creation model. • Declare our commitment to our Vision for 2030 as a management issue.
3. Increase in recognition and understanding of our goal of "world leader in the non-ferrous metals industry"	Improvement in findings of surveys by external bodies (degree of recognition and understanding, etc.)	• Actively work to improve Company recognition via visual advertisements—in media such as The Nikkei newspaper—and via sponsorship of events. • Brand Japan 2019 recognition rankings: 28th of 30 companies in the Materials and Machinery category.	• Mass media advertising: year-round advertising in bullet trains, newspapers, and magazines; and short-term focused advertising, such as television advertisements, targeting business people. • Active public relations: propose themes related to topics of social interest and work to get effective articles published in the media.

Co-Existence and Mutual Prosperity with Local Communities

Vision for 2030: A company that contributes to regional development and earns trust as a member of the local community

KPIs		Current Status	FY2020 Plans
Indicators	Goals		
Participate in local communities through dialogue and collaboration.	Accurately identify local issues through dialogues with local communities, and execute the following measures.	• While various proactive initiatives that contribute to society are implemented at Group business sites in Japan and overseas, the Head Office is not sufficiently aware of their content.	• Make progress recording examples of initiatives at business sites into a database and share the social issues of each location with the Head Office and each business site in Japan.
1. Support the local community via employee participation	• Implement employee participation programs (from 2023)	• Business sites are conducting clean up events and participating in events in their local communities, and many employees participate in disaster volunteer activities as individuals. No Group-wide initiatives are being implemented.	• Gather information on initiatives of other companies and consider programs suitable to the SMM Group. • Take actions to increase participation and ensure continuity of currently ongoing initiatives such as publicizing in in-house bulletins and so on.
2. Hire and procure locally	• Continually implement and assess of performance	• Employment and procurement situations at major business sites that impact local communities are being ascertained in a timely manner.	• Continue local hiring and local procurement that is currently ongoing and continue to confirm the details of these.
3. Support for nurturing of the next generation	1) Implement programs to nurture the next generation in collaboration with government, local bodies, NPOs, etc. (one or more times/year)	• Specific programs for nurturing of the next generation are currently being considered.	• Collaborate with government, local bodies, and NPOs, and ascertain the relevant issues and needs. • Gather information on initiatives of other companies and consider programs suitable to the SMM Group.

KPIs		Current Status	FY2020 Plans
Indicators	Goals		
	2) Establish and award scholarships in Japan and maintain existing overseas scholarships (from 2023)	• Meetings are being held with trust banks and other companies about how to establish scholarships in Japan, and an appropriate way forward for the Group is being considered.	• Make progress with considering scholarships in Japan and with necessary steps towards establishment.
4. Support for people with disabilities and the elderly	• Implement programs to support people with disabilities and the elderly in collaboration with government, local bodies, NPOs, etc. (one or more times/year)	• Specific programs to support people with disabilities and the elderly are being considered.	• Collaborate with government, local bodies, and NPOs, and ascertain the relevant issues and needs. • Gather information on initiatives of other companies and consider programs suitable to the SMM Group.
5. Support during disasters	• Support regions affected by large-scale disasters	• Providing suitable support to disaster affected areas based on the disaster situation and whether it has been classified by the government as a major disaster. • Providing support to areas affected by major disasters overseas, particularly in the areas around our business sites.	• When a disaster occurs in the future we will continue with currently ongoing initiatives.

Rights of Indigenous Peoples

Vision for 2030: A company that understands and respects the traditions and culture of indigenous peoples

KPIs		Current Status	FY2020 Plans
Indicators	Goals		
1. Understand indigenous peoples and their traditions and culture	• Percentage of SMM Group sites implementing in-house education: 100% by the end of FY2023	• July 2016 Invited Keiichi Omoto, emeritus professor of anthropology at the University of Tokyo, to give an in-house lecture on the Mamanwa tribe in the Philippines. • October 2018 Held in-house lecture on the initiative to support indigenous peoples by employees of the Community Relations Section of THPAL.	• Prepare for planned publication in FY2021 of pamphlets to educate Group employees on indigenous peoples.
2. Support initiatives that lead to respect for the traditions and cultures of indigenous peoples	1) Provide scholarships for indigenous peoples (continue existing initiatives) 2) Support indigenous people-related initiatives by NGOs, academic societies, etc.: one initiative or more each year	• While the Group runs scholarship programs for local residents of our overseas resource and non-ferrous metals sites, we have no scholarships targeting only indigenous peoples. • Receiving instruction and advice as appropriate from Keiichi Omoto, University of Tokyo emeritus professor, and other experts from a research group investigating the problems of indigenous peoples.	• Continue existing scholarship programs at overseas sites and gather information such as on the operational status of scholarship programs. • Gather information on appropriate initiatives related to indigenous peoples from experts on indigenous peoples and Group overseas business sites, and consider supporting initiatives where support is possible.

Human Rights in the Supply Chain

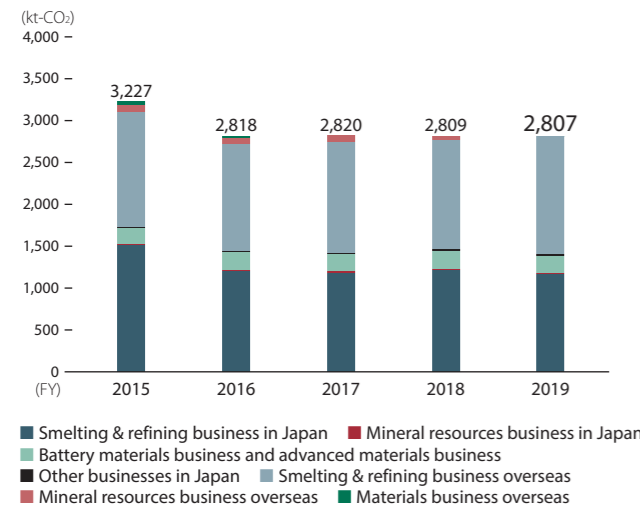
Vision for 2030: A company that undertakes responsible sourcing across the supply chain

KPIs		Current Status	FY2020 Plans
Indicators	Goals		
Promote responsible sourcing, particularly responsible mineral sourcing	1. Responsible mineral sourcing 1) Establish a responsible mineral sourcing management system in line with international standards by the end of FY2021 2) Zero mines or smelters and refineries complicit in child labor or other infringements of human rights in the supply chain	Advancing the following initiatives through collaboration between the CSR Department and business divisions. • Responding to LME position paper (copper and nickel). • Started work toward establishing systems for receiving third-party audits for cobalt. • Establishing and implementing a framework for rapid and accurate responses to responsible mineral sourcing templates (Conflict Minerals Reporting Template and Cobalt Reporting Template).	• Rapidly establish management systems related to responsible mineral sourcing and establish a framework to receive third-party audits, particularly for cobalt, through collaboration between the CSR Department and business divisions (Non-Ferrous Metals, Battery Materials, Advanced Materials). • Maintain a framework for rapid and accurate responses to responsible mineral sourcing templates (CMRT and CRT).
	2. Responsible sourcing 1) Business partners that have received and agreed with the SMM Group Responsible Sourcing Policy: 100% by the end of FY2030 2) Establish a responsible sourcing management system in line with international standards by the end of FY2024 3) Continue implementing due diligence (DD)	• Established Human Rights Subcommittee in August 2019. • After significant consideration by the Human Rights Subcommittee the SMM Group Responsible Sourcing Policy was established and launched on April 1, 2020.	• Complete adoption of the SMM Group Responsible Sourcing Policy at all Group subsidiaries. • Complete selection of business partners to roll out the Responsible Sourcing Policy in FY2020. • Hold lectures by experts for management-level staff related to responsible sourcing and in-house training for those responsible for sourcing. • Deploy the Responsible Sourcing Policy to selected business partners.

Sustainability Data

Climate Change

CO₂ Emissions



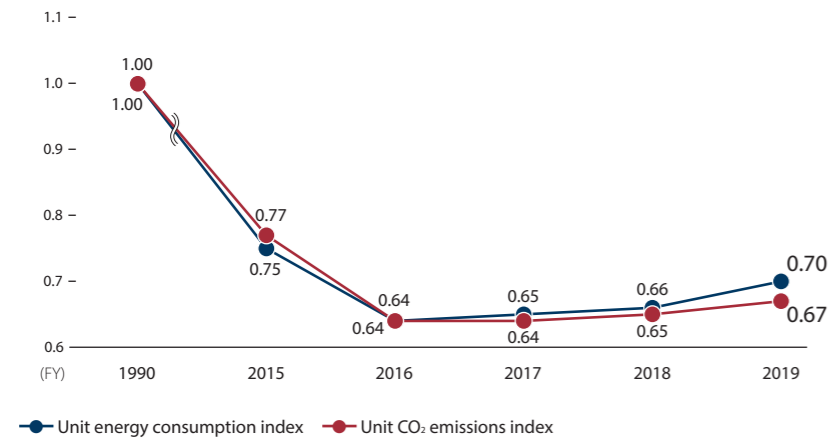
With regard to CO₂ emissions by the SMM Group in FY2019, the Group reduced emissions year on year to a total of 2,807 kt-CO₂ emissions. Factors contributing to this result included a decrease in emissions due to energy-saving activities and other endeavors as well as the sale of the Pogo Gold Mine. Although there were also increases in emissions due to an increase in production in the Group's overseas Smelting & Refining Business. Emissions of CO₂ related transport in Japan, which are indirect emissions, came to 25 kt-CO₂.

The SMM Group will continue to promote energy-saving activities in FY2020 as well, and anticipates reductions of 6 kt-CO₂ for the year.

CO₂ emissions reduced due to solar power generated at the solar power plant operated by the Group in Kashima, Ibaraki Prefecture came to approximately 1.6 kt-CO₂ in FY2019.

Figures for both Japan and overseas were calculated using emission factors derived in a manner conforming to the "Act on Promotion of Global Warming Countermeasures" of Japan. Figures include non-energy-derived CO₂ emissions (410 kt-CO₂), which are not subject to the Act on Promotion of Global Warming Countermeasures, in addition to CO₂ emissions that accompany emissions activities, which are subject to said Act. CO₂ emissions derived from purchased electricity in Japan were calculated in a manner conforming to the market-based methods using emission factors of electric power suppliers. For overseas electricity emissions, the most recent per-country emission factors published by the International Energy Agency (IEA) were used.

Unit Energy and CO₂ Emissions Index¹ (Scope: Smelting and refining business in Japan)



In the SMM Group's Smelting and Refining Business in Japan, unit energy for FY2019 saw a slightly negative change, rising by 6%. This was caused by a decrease in production volume of electrolytic copper due to regular maintenance and equipment trouble at the Toyo Smelter & Refinery.

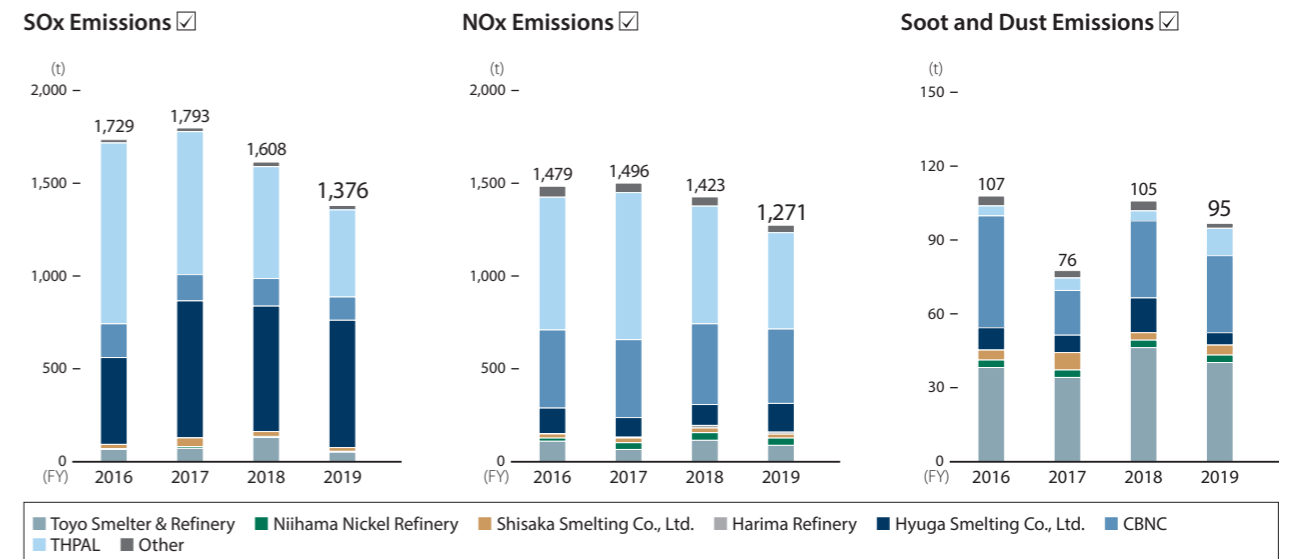
SMM is a member of the Japan Mining Industry Association (JMIA), an organization of non-ferrous mining, smelting and refining companies, as well as a participant in The Commitment to a Low Carbon Society led by the Japan Business Federation (Keidanren).

The SMM Group will also continue to proactively tackle thorough energy management, the promotion of energy-saving activities, the introduction of renewable energy, the use of unutilized heat and other endeavors as it aims to reduce unit energy by an average of at least 1% per year and further lower CO₂ emissions over the medium to long term.

1. Unit energy and CO₂ emissions index: The amount of energy consumed and CO₂ emitted during the production of 1 ton of product, assuming the FY1990 value to be 1 (including fuels used as reducing agents).

Significant Environmental Accidents Biodiversity

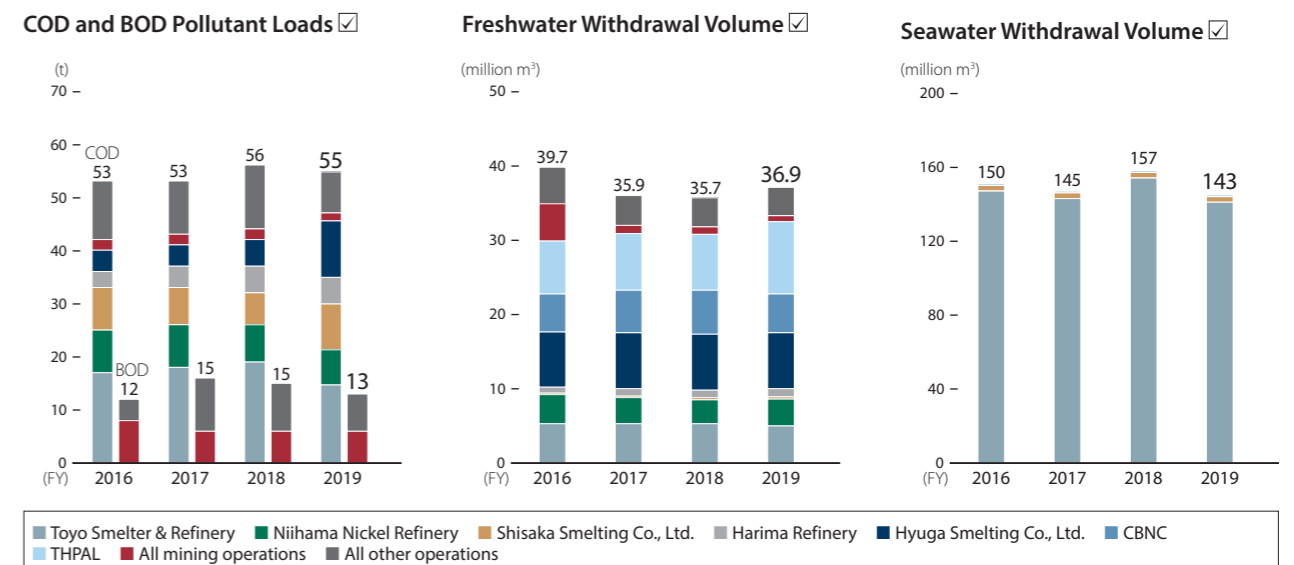
Emissions into the Atmosphere



The SO_x emissions during FY2019 decreased by about 14% year-on-year. Taganito HPAL Nickel Corporation saw a decrease of about 22% due to improvements in desulfurization capacity using low-heat fuel. The NO_x emissions decreased by about 11% year-on-year. The soot and dust emissions decreased by about 10% year on year. At Hyuga Smelting Co., Ltd., that figure decreased by about 60% due to improved management of electric dust collectors.

Each emissions figure was calculated based on the measurement of flue gas.

Emissions into Water



The COD¹ pollutant load in FY2019 was very much the same year-on-year. The BOD² pollutant load decreased about 13% from the previous year. Many SMM Group business sites face onto Japan's Seto Inland Sea and are subject to controls on the total amounts of COD, nitrogen and phosphorous emissions under the Act on Special Measures Concerning Conservation of the Environment of the Seto Inland Sea.

The volume of freshwater withdrawal was very much the same year-on-year at approximately 37 million m³. In this calculation, diversion water³, which is unrelated to production, is excluded from withdrawal and release at mines. The volume of seawater withdrawal decreased by about 8% year-on-year. This was attributable to the decrease in production volume along with down time due to regular plant maintenance work at the Toyo Smelter & Refinery.

1. COD (Chemical Oxygen Demand): Measured for emissions into seas, including emissions into rivers flowing into enclosed seas.
 2. BOD (Biochemical Oxygen Demand): Measured for emissions into rivers, excluding emissions flowing into enclosed seas.
 3. Diversion water: Water that flows into the site as an input and flows out of the site as an output without being used for production purposes. Included starting with data for FY2017.

Material Flows within Business Activity (FY2019)

INPUTS (Resources & Energy)

Raw Materials		Recycled Materials ¹		Materials	
Gold and silver ore	194 kt	Copper scrap	129 kt	Silica sand (for copper smelting)	133 kt
Copper concentrates	1,232 kt	Secondary zinc	15 kt	Chemicals (lime-based)	1,232 kt
Nickel oxide ore	8,858 kt	Secondary precious metals	3 kt	Chemicals (sodium-based)	106 kt
Nickel matte, etc.	41 kt	Electric arc furnace dust	79 kt	Chemicals (magnesium-based)	13 kt
Raw material for batteries	83 kt	ALC waste	158 t	Sulfuric acid	659 kt
ALC raw material, incl. silica rock	188 kt	Percentage of recycled input raw materials used 2.08%		Cement, etc.	100 kt
Raw material for metalworking	0.1 kt				
Hydrotreating catalyst raw material	50 kt				

Energy ²	Consumption	Energy Value
Non-renewable sources		
Heavy oil	49,246 kL	1,990 TJ
Coal/coke	549,405 t	14,185 TJ
Diesel/gasoline/kerosene	17,111 kL	640 TJ
LPG/LNG	8,473 t	430 TJ
City gas/natural gas	9,348 ML	420 TJ
Purchased electricity	1,469,587 MWh	14,296 TJ
Purchased steam	69,473 GJ	71 TJ
Sub-total		32,033 TJ
Renewable sources		
Wood pellets	1,024 t	19 TJ
Total energy consumption	-	32,052 TJ

Water ³	
Total volume of fresh water withdrawn	36,880 ML
Surface water (rivers)	14,085 ML
Rain water	36 ML
Groundwater	8,059 ML
Industrial water (water from another organization)	14,293 ML
Tap water (water from another organization)	407 ML
Volume of seawater withdrawn	143,468 ML
Total volume of water consumed from all areas⁴	6,195 ML

1. Does not include materials recycled within plants.
 2. Calorific values for both Japan and overseas are calculated using coefficients conforming to the Japanese Act on the Rational Use, etc. of Energy for fuel, heat, electricity, etc. that were consumed in business activities both in Japan and overseas. Fuels used as reducing agents are also included. Energy value indicates the energy input in the case of purchased electricity and purchased steam, and calorific value for all others.
 3. SMM uses the WWF/DEG Water Risk Filter to determine regions with high water stress. As a result of this, there are no areas of high water stress at SMM Group's production sites.
 4. The total water consumption is estimated by subtracting the total amount of water discharged from the total amount of water withdrawn.

Business Activities in Areas of High Biodiversity Value¹ (FY2019)

Area	Size of production site (hectares)	Details
Seto Inland Sea	62 (Minoshima & Ienoshima islands)	Shisaka Smelting Co., Ltd. operates on Minoshima and Ienoshima islands, neighboring Setonaikai National Park (IUCN Category 2)
The Philippines	428	Coral Bay Nickel Corporation operates on Palawan Island (in hunting-prohibited and bird protection areas (IUCN Category 4))

1. Protected areas classified as Category 4 and above by the International Union for Conservation of Nature (IUCN) and neighboring areas (SMM research). Areas classified as Category 1 are of highest priority.

Currently, there are no projects in any region requiring the preparation of a management plan.

OUTPUTS (Products & Emissions)

Products		Emissions into the Atmosphere		Emissions into Water	
Electrolytic copper	399 kt	CO ₂	2,832 kt	Total wastewater	174,392 ML
Gold	18 t	Direct emissions ¹	1,943 kt (Increase of 104 kt compared to the previous fiscal year)	Discharges into seas ⁴	173,456 ML
Silver	208 t	Indirect emissions ²	865 kt (Decrease of 106 kt compared to the previous fiscal year)	Discharges into rivers	890 ML
Electrolytic nickel	59 kt	Emissions during transportation (Japan) ³	25 kt (The same year-on-year)	Sewerage, etc.	47 ML
Nickel sulfate	12 kt	SO _x	1,376 t	COD (chemical oxygen demand)	55 t
Electrolytic cobalt	4 kt	NO _x	1,271 t	BOD (biochemical oxygen demand)	13 t
Crude zinc oxide	35 kt	Soot and dust	95 t	Total phosphorus	1 t
Ferronickel	78 kt	PRTR substances	15 t	Total nitrogen	67 t
Battery materials	53 kt	Percentage of products from recycled input 4.77%		PRTR substances (discharged into public water areas)	79 t
Sulfuric acid	376 kt			PRTR substances (discharged into the soil or in landfills within business premises)	3 t
Slag	1,386 kt				
Hydrotreating catalysts	11 kt	Waste (including Items of Value)			
ALC (Siporex)	385 ML	Total waste	7,403 kt		
		Breakdown of total waste			
		Spoil	29 kt		
		Wastewater sludge from CBNC, THPAL, etc.	7,279 kt		
		Industrial waste (Japan)	94 kt		
		Other	1 kt		
		Landfill on company premises	7,309 kt		
		PRTR substances ⁵	2,120 t		

1. Direct emissions for both Japan and overseas are calculated using emission factors conforming to the Japanese Act on Promotion of Global Warming Countermeasures. This includes non-energy-derived CO₂ emissions (410 kt-CO₂) that are outside the scope of the law. CO₂ from wood pellets is not included.
 2. The amount of CO₂ emissions from electric power purchased in Japan is calculated with the market-based method using emission factors of electric suppliers. For overseas emission factors, we used the latest emission factors for each country as published by the IEA. The amount of indirect emissions was 767 kt-CO₂ when calculating both Japan and overseas with the location-based method using IEA country-specific emission factors.
 3. Emissions during transportation in Japan are calculated in line with the Act on the Rational Use, etc. of Energy and the Act on Promotion of Global Warming Countermeasures.
 4. Discharges into rivers flowing into enclosed seas are included as "discharges into seas."
 5. Total transfers to sewerage and off-site transfers.

Amount of Land Developed or Rehabilitated (FY2019)

	A: Total area of land not rehabilitated (as of the end of FY2018)	B: Area of land newly developed in FY2019	C: Area of land newly rehabilitated in FY2019	D: Total area of land developed but not rehabilitated (A+B-C)
Hishikari Mine	22	0	0	22
Coral Bay Nickel Corporation	274	0	4	270
Taganito HPAL Nickel Corporation	432	0	41 ¹	391

1. Taganito HPAL Nickel Corporation is also advancing rehabilitation activities in nearby regions outside the site. In cooperation with the Philippine government, rehabilitation of 26 hectares was achieved in fiscal 2019 in nearby regions outside the site. To date, 382 hectares in total have been certified as rehabilitated area.

Employees' Occupational Health and Safety

Work-Related Incidents (Results for 2019)

Employees includes employees and part-time workers from group companies

	Japan				Overseas			
	Employees		Non-employee workers		Employees		Non-employee workers	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate
Number of work-related fatalities and frequency rate (Calculated per 1,000,000 hours, same applies below) <input checked="" type="checkbox"/>	1	0.08	0	0	0	0	0	0
Number of work-related injuries resulting in disability and frequency rate <input checked="" type="checkbox"/>	0	0	0	0	0	0	0	0
Number of recordable work-related injuries and frequency rate <input checked="" type="checkbox"/>	14	1.05	11	4.05	1	0.35	6	0.67 ⁵
Main types of work-related incidents	Getting caught between objects, getting tangled in objects, lacerations, contact with harmful substances, results of movements or unreasonable actions, falls, stumble, tumbles, impact injuries.				Getting caught between objects, getting tangled in objects, lacerations, stumble, contact with harmful substances			
Cumulative hours worked	13,321,652 hours		2,714,000 hours ^{4,5}		2,826,000 hours ⁴		8,922,000 hours ^{4,5}	
Number of potential incidents ¹	26		14		1		2	
Sources of work-related hazards that lead to disability, and method of determination	1) Heavy loads, 2) chemicals, 3) high-temperature objects, 4) rotating objects, 5) electricity, 6) high places, 7) heavy machinery, 8) cylinders, 9) hand tools Causes and patterns where serious damage is easily incurred. Classifications are based on analysis into damage caused by incidents in the past.				1) Heavy loads, 2) chemicals, 3) high-temperature objects, 4) rotating objects, 5) electricity, 6) high places, 7) heavy machinery, 8) cylinders, 9) hand tools Applied based on the results of analysis of incidents in Japan			
Incidents leading to disabilities and resulting from sources of work-related hazards, and actions taken or underway to eliminate these hazards using the hierarchy of controls ¹	<ul style="list-style-type: none"> High place (resulting in death): Erect safety fencing and safety seating. Comprehensive safety checks for work in high places. High place (resulting in absence from work): In the case where there isn't any lifting equipment installed on vehicles, use permanent equipment in the workplace. High-temperature object (resulting in absence from work): Improve checks when using cranes and ensure people are clear of the area and strengthen technical management. Revolving object (not resulting in absence from work): Improve inspection port, ensure equipment operations to clear clogging (reverse direction) → Tool use → conduct operations based on an order prioritized to relieve stress				N/A			
Incidents resulting from other sources of workplace hazards and actions taken or underway to eliminate these hazards using the hierarchy of controls ¹	N/A				N/A			

- Hierarchy of controls: An approach for lowering risk to acceptable levels through prioritization as follows:
Elimination of source of risk → Substitution of source of risk → Engineering controls → Administrative controls → Personal protective equipment
Source: The US National Institute for Occupational Safety and Health (NIOSH)
- "Workplace accidents requiring reporting" is the total of injuries that required hospital treatment and resulted in absence from work and injuries not resulting in absence from work.
- The number of minor incidents (visited the hospital but no treatment needed).
- Estimated based on one person working 2,000 hours per year.
- Total working hours of workers other than employees (those working at partner companies) based survey numbers from May 2020. Calculated based on *4
- This indicator is outside the scope of independent assurance.

Work-Related Ill Health (Results for 2019)

Employees includes employees and part-time workers from group companies

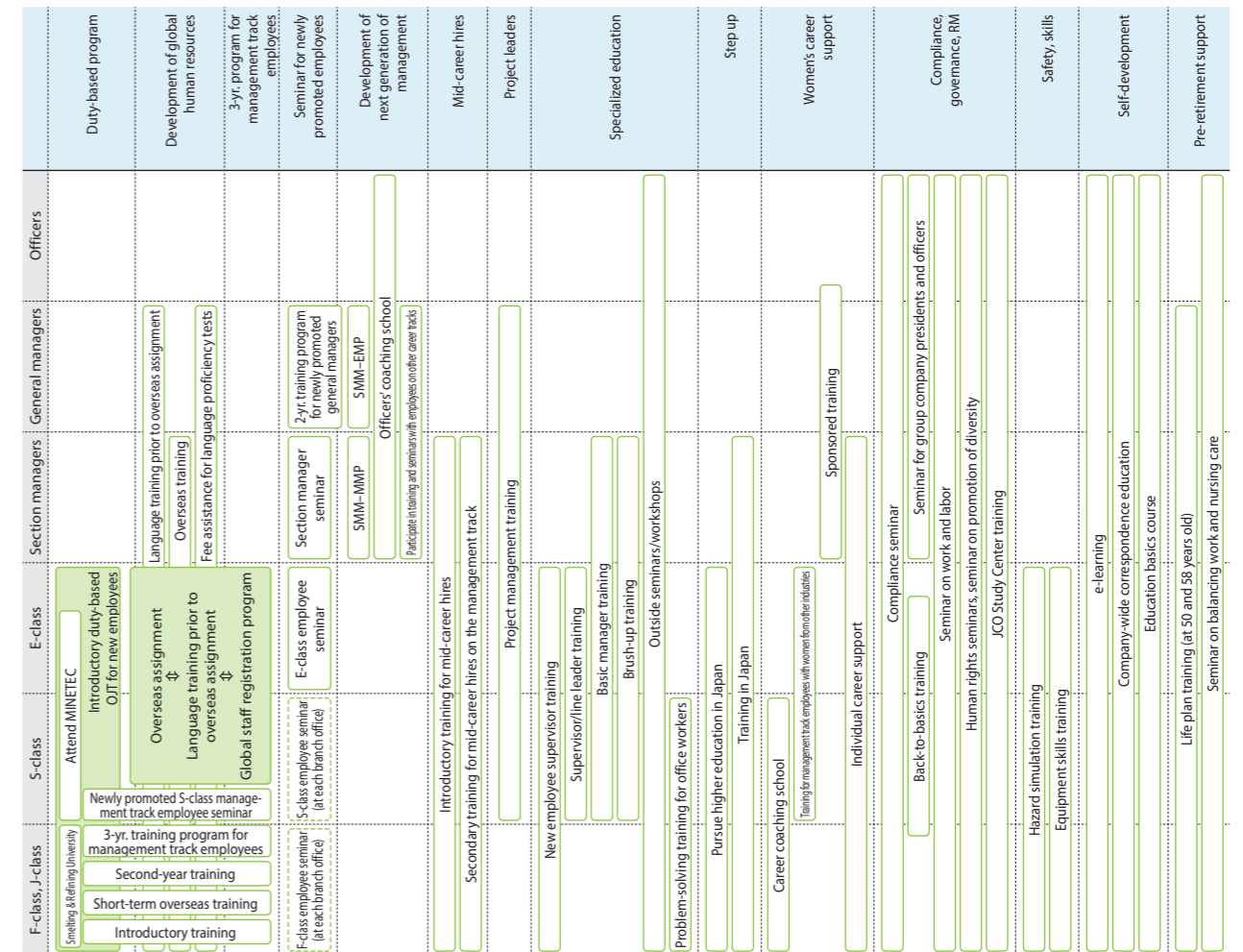
	Japan		Overseas	
	Employees	Non-employee workers	Employees	Non-employee workers
Number of fatalities as a result of work-related ill health	0	0	0	0
Number of cases of recordable work-related ill health ¹	0	— ²	0	0
Primary types of work-related ill health and method of determination	As stated in the Japanese occupational health and safety laws and regulations <ul style="list-style-type: none"> Pneumoconiosis Ionizing radiation injury Organic solvent poisoning Damage caused by specified chemical substances (occupational cancer, skin damage, etc.) Lead poisoning Vibration-induced damage Noise-induced hearing loss Occupational dental problems (dental erosion, etc.) 		As stated in occupational health and safety laws and regulations of each country ¹	
Sources of work-related hazards that lead to ill health	Dust • Ionizing radiation • Organic solvents • Specified chemical substances • Lead • Vibrating tools • Noise • Substances that erode the teeth (acids)		— ³	
Incidents resulting from sources of work-related hazards leading to illness and actions taken or underway to eliminate these hazards using the hierarchy of controls ¹	<ul style="list-style-type: none"> No work-related ill health occurred that required treatment Implementing improvements to working environments at business sites, with Control Class 3 workplaces as a priority Using a risk assessment database of chemical substances to prevent illness 		No work-related ill health occurred that required treatment	

- Hierarchy of controls: An approach for lowering risk to acceptable levels through prioritization as follows:
Elimination of source of risk → Substitution of source of risk → Engineering controls → Administrative controls → Personal protective equipment
Source: The US National Institute for Occupational Safety and Health (NIOSH)
- Under Japanese laws and regulations, for workers other than employees, this falls under the responsibility and management of the businesses that hire them, so while we provide leadership, we are unable to disclose information.
- For overseas business sites, depending on the laws and regulations of each country, we investigate whether work-related ill health certification is present and the names of relevant laws and regulations, but we do not investigate details.
- Regarding employees in Japan, we also record the number of workers who receive abnormal findings but do not require treatment (as this is personal information, it is not disclosed).

Diverse Human Resources Development and Participation of Human Resources

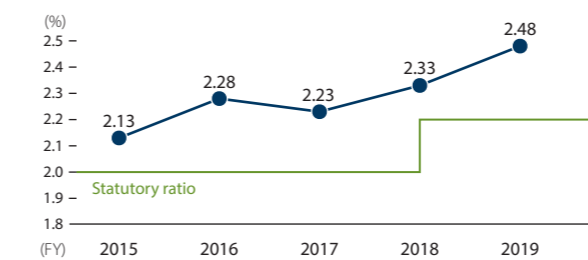
Employee Skill Improvement and Transition Support Program

SMM Human Resources Development Program



Employment Ratio of Disabled People Over the Past Five Years

(SMM non-consolidated, average employment ratio over each fiscal year)



Through initiatives such as expanding work areas in which people with disabilities can participate and accepting interns from special-needs schools, we have continuously worked to recruit new employees with disabilities. Since FY2015, we have maintained an employment ratio above the statutory ratio for Japan (2.2% since April 2018).

Employee and Labor-Related Information

Number of Employees & Officers Worldwide (Consolidated) (March 31, 2020)

	Employees																Total	Temporary employees
	Permanent employees														Occasional employees			
	Full-time officers		Managers						Regular employees						Non-regular/limited-term employees			
			Younger than 30		30-49 years old		50 and older		Younger than 30		30-49 years old		50 and older					
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female			
SMM nonconsolidated	23	0	0	0	166	5	315	5	351	78	774	178	500	52	218	37	2,702	185
Consolidated subsidiaries in Japan	56	0	0	0	83	2	201	0	353	64	1,189	291	484	73	237	170	3,203	251
Consolidated subsidiaries overseas	26	0	30	13	174	54	23	5	324	176	588	179	48	9	15	1	1,665	28
Total	105	0	30	13	423	61	539	10	1,028	318	2,551	648	1,032	134	470	208	7,570	464

In Japan, 70% of employees belonged to workers' unions. Overseas, two companies have workers' unions (excluding Chinese labor unions) resulting in a workers' union membership ratio at overseas consolidated subsidiaries of 51% .

• The number of all employees excluding officers is used as the denominator of the workers' union membership ratio.

Number of Employees & Officers by Country and Region (March 31, 2020)

Country/Region	Japan	U.S.A.	Canada	Netherlands	Peru	Chile	China	South Korea	Philippines	Taiwan	Australia	Brazil	Thailand	Total
Male	4,950	6	12	1	21	20	62	2	1,075	13	6	9	1	6,178
Female	955	6	1	0	3	10	35	5	354	16	2	2	3	1,392

Engagement with Stakeholders

External Recognition

List of Main External Awards (FY2019)

Recognition (awarding party)	Month received	Recipients	Award received for
FY2019 National Mining Society Award (Sociedad Nacional de Minería, Chile)	Aug. 2019	Sierra Gorda S.C.M.	This award recognized untiring effort and superior operation results, including increased ore processing volume and continuous safe operations. It is the most prestigious award in the Chilean mining industry.
Private Fire Brigade Awards Competition (Ome City Fire Station)	Sept. 2019	Sumitomo Metal Mining Co., Ltd., Ome District Division	The purpose of the awards competition is to help nurture private fire brigades in the Ome district of Tokyo. Specially selected team members braved sweltering weather to train for and get their first win in the three-person fire hydrant competition at the 46th installment of the event.
The Japan Society for Analytical Chemistry Medal of Merit	Sept. 2019	Sumiko Techno-Research Co., Ltd.	This award is given to individuals who have amassed long-term research results in chemical analysis or in the maintenance of chemical instruments and equipment. The work of two employees was recognized with the Medal of Merit.
JACG Industrial Achievement Award	Oct. 2019	Sumitomo Metal Mining Co., Ltd., Technology Division et al.	Six SMM Group researchers received this award for their work to achieve mass production of single-crystal lithium tantalate, a substrate material used in mobile communications, most notably in smartphones.
2019 Platinum Award of the Presidential Mineral Industry Environmental Award (Department of Environment and Natural Resources of the Philippines)	Nov. 2019	Coral Bay Nickel Corporation	This is the most prestigious award in the Philippine mining industry. CBNC received a high overall assessment for its plant's environment management, safety management, preservation of the global environment, and contribution to the local community.

Recognition (awarding party)	Month received	Recipients	Award received for
2019 Titanium Award of the Presidential Mineral Industry Environmental Award (Department of Environment and Natural Resources of the Philippines)	Nov. 2019	Taganito HPAL Nickel Corporation	In both 2016 and 2017, THPAL received the Titanium Award (3rd place behind the Presidential and Platinum Awards), while in 2018, they received the Platinum Award—four awards in four straight years.
ASEAN Mineral Awards	Dec. 2019	Coral Bay Nickel Corporation	Judges review and select finalists from nominees in each category with companies from the 11 member countries of ASEAN. CBNC received 1st place for Best Practices in Sustainable Mineral Development in the Metallic and Mineral Processing Category.
2019 JSCM Most Accessed Paper Award (Japan Society of Colour Material)	Mar. 2020	Sumitomo Metal Mining Co., Ltd., Technology Division	This award is given to the research paper posted to the JSCM website and earning the greatest number of access queries. The awarded paper reported a summary of results from testing manufacturing conditions for a two-layer (polyimide & metal) substrate with high mounting reliability.

Co-Existence and Mutual Prosperity with Local Communities

Percentage of Payments to Local Suppliers and Local Employment

Name of company or business site ¹ (payment area)	Local procurement (FY2019) <input checked="" type="checkbox"/>		Local employment, percentage ² (March 31, 2020)
	Payment to the area	Percentage ³	
Niihama District (Ehime Prefecture)	¥18.3 billion	52% ⁴	82% ⁵
Coral Bay Nickel Corporation (Philippines)	\$69 million	49%	59%
Taganito HPAL Nickel Corporation (Philippines)	\$109 million	44%	42%
Hishikari Mine (Kagoshima Prefecture)	¥1,230 million	49%	89%
Sumiko Energy Materials Co., Ltd. (Fukushima Prefecture)	¥486 million	35%	86%
Shanghai Sumiko Electronic Paste Co., Ltd. (China)	CNY 106 million	28%	93%

1. Totalled for the three core segments (Mineral Resources, Smelting & Refining, and Materials), business sites that are not only necessary for the business, but are also relatively large-scale (one domestic, one overseas site for each segment).

2. Percentage of local hiring: number of employees from the payment area ÷ total employees x 100.

3. Percentage of payments: amount of payments to payment area ÷ amount of total procurement payments x 100.

4. Sumitomo Metal Mining Co., Ltd.'s Besshi-Niihama District Division, Toyo Smelter & Refinery, Niihama Nickel Refinery, Isoura Plant and Niihama Research Laboratories.

5. Sumitomo Metal Mining Co., Ltd.'s Besshi-Niihama District Division, Toyo Smelter & Refinery, Niihama Nickel Refinery, Isoura Plant, Niihama Research Laboratories and Battery Research Laboratories.

Investment in Infrastructure and Support Services

Region	Details	Amount (FY2019)
Japan	<ul style="list-style-type: none"> Donations to scholarship funds for orphans in Iwate, Miyagi, and Fukushima Prefectures, which were hit by the Great East Japan Earthquake (making donations every year since 2012) Undertaking activities for various types of social contribution, such as support and contributions for healthcare groups and sports organizations, culture and art such as historic and archaeological site preservation activities, and contributions to the Keidanren Nature Conservation Fund 	¥100 million
The Philippines	<ul style="list-style-type: none"> Supporting measures to prevent dengue fever in communities neighboring the plant (awareness activities, spraying insecticide, cleaning activities, etc.) Undertaking Operation Smile, a program to provide treatment for cleft palates for children, covering all of Palawan, which is where the plant is located (from 2016) Undertaking a water supply equipment installation project for communities neighboring the plant Popularizing organic rice cultivation among communities neighboring the plant with the help of technical experts <p>In the Philippines we are continuing to provide support through SDMP¹.</p>	¥1,000 million

1. SDMP: Social Development Management Program, conducted by a company for the welfare of residents living in the vicinity of its operating area.