

## Sustainability at the SMM Group Management Approach

### Sumitomo Metal Mining Group Sustainability Policy

The SMM Group will tackle management issues that contribute to society's sustainable development, and will strive to achieve continuous growth in our business and improve our corporate value.

### Reorganization of Sustainability Promotion Structure

Drawing on the Sumitomo Business Spirit that has been passed down for 430 years since our founding, our Group has consistently endeavored to solve social issues through business, calling for respect for all individuals and sustainable co-existence with the global environment in our Corporate Philosophy. However, the term CSR has recently come to be used as a means for sustainability, such as social contribution activities, so we have reorganized our sustainability promo-

tion organization, including a progressive reorganization from the CSR Committee to the Sustainability Committee, as of April 1, 2022. We did this in response to various social issues such as climate change, and to ensure that our activities to promote our Vision for 2030 are properly understood both inside and outside the Company, and to respond more promptly and accurately to the ever-changing demands and expectations of society.

### Sustainability Promotion Framework

The SMM Group's sustainability activities are led by the Sustainability Committee. The Sustainability Committee is chaired by the president, with the executive officer in charge of sustainability (executive officer in charge of the Corporate Planning Department) serving as deputy chair, and the general managers of divisions, the general managers of Administration Department, the General Manager of the Technology Division, the General Manager of the Planning & Administration Department of the Technology Division, the General Manager of the Engineering Division, the General Manager of the Facilities Technology Department of the Engineering Division, and the heads of operational divisions in the Head Office as members. The Sustainability Department and Corporate Planning Department serve as the secretariat, and meetings are held at least twice a year.

Specifically, the committee deliberates and decides on the following important matters related to sustainability activities and indicators to evaluate the level of achievement of the Sustainability Policy: revision or abolition of the Sustainability Policy, material issues, and the Vision for 2030; important items regarding sustainability activities such as annual plans for sustainability activities; indicators to evaluate the level of achievement toward the Vision for 2030; periodic evaluations and corrective actions related to sustainability activities; provision and exchange of information on the promotion of sustainability activities, explanation of import-

ant measures and sharing of awareness. They also deliberate on important themes related to sustainability activities.

In addition, as an internal control and supervisory function for sustainability activities, the Board of Directors deliberates on sustainability activities on a regular or ad hoc basis.

Through these deliberations by the Sustainability Committee, the progress of sustainability activities, evaluations of performance, and review and revision of the next year's activity plan are carried out, and the PDCA cycle is followed.

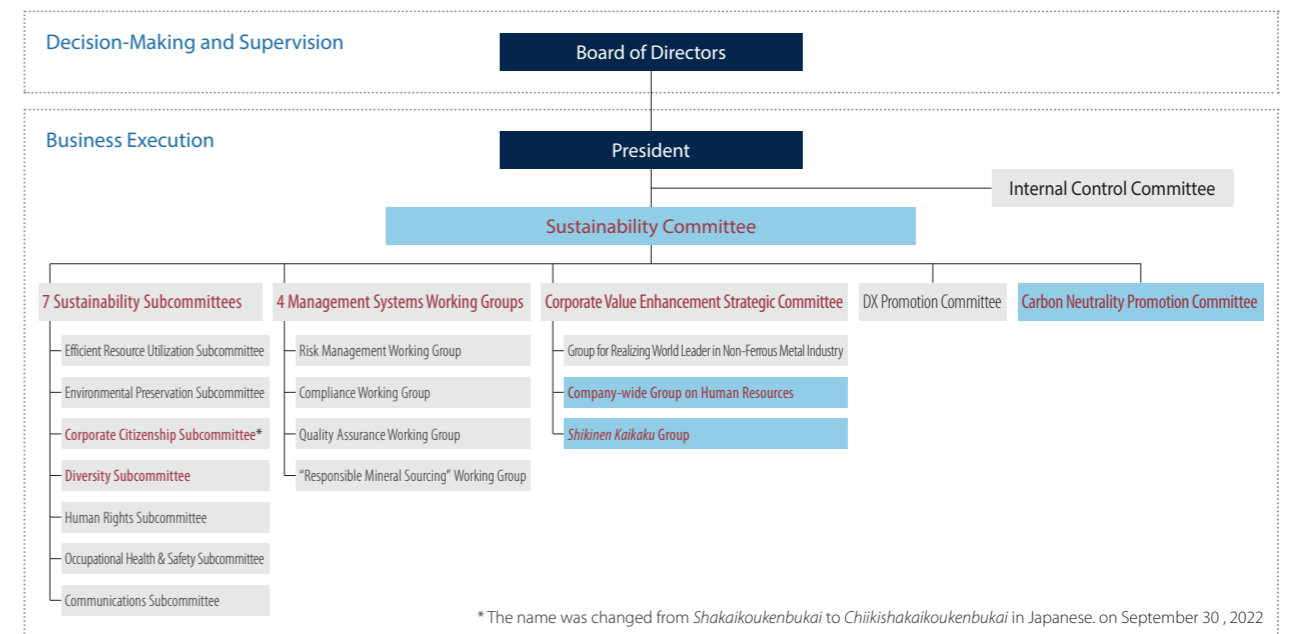
Subordinate to the Sustainability Committee there are seven Sustainability Subcommittees, 4 Management Systems Working Groups, the Corporate Value Enhancement Strategic Committee, the DX Promotion Committee, and the Carbon Neutrality Promotion Committee. Each of these organizations serves as a secretariat, with the relevant department in charge, establishing and implementing annual targets and plans in line with KPIs defined for each theme.

#### The 7 Sustainability Subcommittees

The 7 Sustainability Subcommittees form a cross-company organization with members from business and corporate divisions, and promote sustainability activities that are integrated with business, such as the promotion of the Vision for 2030 and the consideration and establishment of the Vision for 2030.

Sustainability promotion framework (reorganized on April 1, 2022)

■ = New Business Units    Red lettering = New names



#### Four Management Systems Working Groups

The Risk Management Working Group, the Compliance Working Group, the Quality Assurance Working Group, and "the Responsible Mineral Sourcing" Working Group are responsible for promoting the Group's major management systems across the organization and strengthening the management foundation. The relevant business and corporate division heads participate in these working groups, which formulate policies in accordance with their respective themes and check the progress of activity plans.

#### Corporate Value Enhancement Strategic Committee

We have established the Corporate Value Enhancement Strategic Committee to grow the SMM Group's business sustainably and enhance our corporate value. To further ensure the achievement of this objective, we have established the Group for Realizing World Leader in Non-Ferrous Metal Industry, the Company-wide Group on Human Resources, and the *Shikinen Kaikaku* Group as subordinate organizations. In addition, to sustainably realize our growth strategy, we manage the pipeline of large-scale projects and flexibly respond to issues that emerge as we work to enhance corporate value, and adapt to the environment. We confirm the progress of large-scale projects and provide appropriate advice and instructions on the spot.

#### DX Promotion Committee

The committee was established in April 2021 to clarify the future vision of Digital Transformation (DX) that our Group should aim for and to maximize the contribution to management through Group-wide promotion of DX. The committee

is chaired by the executive officer in charge of DX promotion and holds regular meetings at least twice a year. Committee members are the general managers of divisions, the executive officers in charge of corporate divisions, the executive officer in charge of the Safety & Environmental Control Department, the executive officer in charge of the Quality Assurance Department, the General Manager of the Corporate Planning Department, the General Manager of the Personnel Department, the General Manager of the Technology Division, the General Manager of the Engineering Division, and the General Manager of the Information Systems Department.

#### Carbon Neutrality Promotion Committee

The committee was established in April 2022 to clarify the policy and path toward the realization of carbon neutrality that our Group should aim for, and to promote it more quickly and more strongly Group wide. The basic principle is that each business division, and each organization related to carbon neutrality, should work together with the aim of having all parties involved actively engage in activities according to their roles. The committee is chaired by the executive officer in charge of promoting carbon neutrality, with the executive officer responsible for the Safety & Environmental Control Department as deputy chair, and the general managers of divisions, the General Manager of the Technology Division, the General Manager of the Engineering Division, the General Manager of the Safety & Environmental Control Department, the General Manager of the Corporate Planning Department, the General Manager of Sustainability Department, and the General manager of the Finance & Accounting Department as committee members, and they hold regular committee meetings.

# Vision for 2030, Material Issues, KPIs (Indicators and Goals)

## 1 Effective Use of Non-Ferrous Metal Resources

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

1. A company that stably provides non-ferrous metals to society
2. A company that contributes to society by effectively using impurities through collaborative, open technological development among industry, academia, and government
3. A company that contributes to the construction and maintenance of recycling systems for non-ferrous metals
4. A company that develops and supplies highly advanced materials that contribute to the resolution of social issues

KPI Indicators	Goals
1. 1) Advance copper mine projects	<ul style="list-style-type: none"> <li>Strengthen production structure at JV mines to achieve and maintain copper production levels of 300 kt/year from interests</li> <li>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</li> <li>Advance Phase 2 and later projects at the Quebrada Blanca Copper Mine</li> </ul>
2) Acquire new superior copper and gold resources	<ul style="list-style-type: none"> <li>Develop new mines for which we have operatorship</li> </ul>
3) Improve productivity by introducing new technology	<ul style="list-style-type: none"> <li>Promote remote operation and unmanned operation of heavy machinery and information infrastructure equipment inside and outside of the Hishikari Mine</li> </ul>
4) Advance nickel ore projects and improve productivity	<ol style="list-style-type: none"> <li>(1) Nickel production: 150 kt/year</li> <li>(2) Recovery rate compared to FY2018: +2%</li> <li>(3) Recovery of scandia by-product</li> <li>(4) Recovery of chromite by-product</li> </ol>
2. 1) Develop technology to separate, stabilize and bleed off impurities, and create value from impurities generated by smelting processes and mines	<ul style="list-style-type: none"> <li>Develop technology to stabilize and bleed off impurities: Develop and demonstrate the process</li> </ul>
2) Develop technology to create value from unused non-ferrous metal resources	<ul style="list-style-type: none"> <li>Contribute to existing (e.g. marine resource development) and new development projects</li> </ul>
3) Recover non-ferrous metals from hard-to-process resources	<ul style="list-style-type: none"> <li>Participate in business and technology for recovery of lithium from salt-lake water in the presence of high levels of impurities</li> </ul>
3. Demonstrate and commercialize automobile secondary battery recycling technology	<ul style="list-style-type: none"> <li>Demonstrate, commercialize, and expand scale of recycling technology that recovers cobalt from automotive lithium-ion batteries</li> <li>Commence commissioning and commercial operation of pre-commercial plant: FY2024</li> </ul>
4. 1) Leverage our strengths to create new products and new businesses that contribute to society	<ul style="list-style-type: none"> <li>Research, develop, and commercialize new advanced materials in the fields of energy, automobiles, and information communications</li> </ul>
2) Hold raw materials in-house for favorable and stable procurement	<ul style="list-style-type: none"> <li>Commercialize NiO for fuel cells following demonstration project</li> </ul>
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"> <li>Maintain top class global share in the expanding cathode materials market</li> </ul>

## 2 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)

KPI Indicators	Goals
Reduce GHG emissions	<ol style="list-style-type: none"> <li>1. Continuing to grow our business while maintaining GHG emissions below the level of FY2013. Accelerating actions to achieve net zero GHG emissions by 2050 or sooner.</li> <li>2. Cut GHG emissions intensity by at least 26% compared to FY2013</li> <li>3. Expand contribution of GHG reduction by products contributing to a low-carbon society: 600 kt-CO<sub>2</sub> or more</li> </ol>

## 3 Significant Environmental Accidents 4 Biodiversity

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

KPI Indicators	Goals
1. Zero significant environmental accidents	<ol style="list-style-type: none"> <li>1) Promote improvements through the use of risk management and environmental management systems</li> <li>2) Reinforce and improve equipment and infrastructure to address increases in sources of natural hazard</li> </ol>
2. Reduce emissions of hazardous substances (year-on-year)	<ol style="list-style-type: none"> <li>1) Optimize water use; reduce emissions of hazardous substances to the atmosphere and water</li> <li>2) Promote various environmental preservation and biodiversity preservation activities, such as regular reforestation</li> </ol>

## 5 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

KPI Indicators	Goals
1. Prevent occupational accidents	<ul style="list-style-type: none"> <li>Serious accidents: zero (in Japan and overseas, including contractors)</li> <li>All accidents: reduce year-on-year, with aim of eventually reaching zero</li> </ul>
2. Prevent occurrence of occupational diseases	<ul style="list-style-type: none"> <li>Number of workplaces that present higher health risks: reduce year-on-year</li> <li>Occurrence of occupational diseases: zero</li> </ul>

## 6 Diverse Human Resources 7 Development and Participation of Human Resources

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

- 1 A company that respects the humanity of each and every employee, and where employees feel pride, motivation, and joy in work
- 2 A company that provides each and every employee with opportunities to improve his/her capabilities, and grows together with employees

KPI 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	<ol style="list-style-type: none"> <li>1) Improve scores for "Management by managers and superiors," "Appeal of job," and "Work environment" in employee awareness survey</li> <li>2) (1) Number of female managers: 50 (SMM non-consolidated)</li> <li>(2) Ratio of female employees: 20% or higher (SMM non-consolidated)</li> <li>3) Expand number of managerial track employees of foreign nationality</li> <li>4) Percentage of employees with disabilities: 3% or higher (SMM non-consolidated)</li> <li>5) Assign jobs and provide support matched to employees' life stages</li> </ol>
2. Support employees' mental and physical health	<ol style="list-style-type: none"> <li>1) Reduce the number of employees taking long-term leave</li> <li>2) Percentage of employees with abnormal findings indicated in health checkups: 50% or lower</li> </ol>
3. Diversify opportunities to enhance the abilities of employees according to employee needs and work needs	<ol style="list-style-type: none"> <li>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</li> <li>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</li> <li>3) Provide opportunities for self-development matched to each employee's life plans and needs (correspondence courses, online training, etc.)</li> </ol>

## 8 Engagement with Stakeholders

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

KPI Indicators	Goals
1. Further penetrate our Group brand among employees	<ul style="list-style-type: none"> <li>Improve results of employee awareness survey (increase ratio of employees who feel pride in working at the Company)</li> </ul>
2. Ensure quality and quantity in communication of information and dialogue at the level of "world leader in the non-ferrous metals industry"	<ul style="list-style-type: none"> <li>Expand opportunities for dialogues with media and investors</li> <li>Achieve positive evaluations of our Integrated Report from outside the Company</li> </ul>
3. Increase in recognition and understanding of our goal of "world leader in the non-ferrous metals industry"	<ul style="list-style-type: none"> <li>Improvement in findings of surveys by external bodies (degree of recognition and understanding, etc.)</li> </ul>

## 9 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

KPI Indicators	Goals
Participate in local communities through dialogue and collaboration	<ul style="list-style-type: none"> <li>Accurately identify local issues through dialogues with local communities, and execute the following measures</li> </ul>
1. Support the local community via employee participation	<ul style="list-style-type: none"> <li>Implement employee participation programs (from 2023)</li> </ul>
2. Hire and procure locally	<ul style="list-style-type: none"> <li>Continually implement and assess of performance</li> </ul>
3. Support for nurturing of the next generation	<ol style="list-style-type: none"> <li>1) Implement programs to nurture the next generation in collaboration with government, local bodies, NPOs, etc. (one or more times/year)</li> <li>2) Establish and award scholarships in Japan and maintain existing overseas scholarships (from 2023)</li> </ol>
4. Support for people with disabilities and the elderly	<ul style="list-style-type: none"> <li>Implement programs to support people with disabilities and the elderly in collaboration with government, local bodies, NPOs, etc. (one or more times/year)</li> </ul>
5. Support during and after disasters	<ul style="list-style-type: none"> <li>Support regions affected by large-scale disasters</li> </ul>

## 10 Rights of Indigenous Peoples

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

KPI Indicators	Goals
1. Understand indigenous peoples and their traditions and culture	<ul style="list-style-type: none"> <li>Percentage of SMM Group sites implementing in-house education: 100% by the end of FY2023</li> </ul>
2. Support initiatives that lead to respect for the traditions and cultures of indigenous peoples	<ol style="list-style-type: none"> <li>1) Provide scholarships for indigenous peoples (continue existing initiatives)</li> <li>2) Support indigenous people-related initiatives by NGOs, academic societies, etc.: one initiative or more each year</li> </ol>

## 11 Human Rights in the Supply Chain

**Vision for 2030** A company that undertakes sustainable procurement across the supply chain

KPI Indicators	Goals
Promote sustainable procurement, particularly responsible mineral sourcing	<ol style="list-style-type: none"> <li>1. Responsible mineral sourcing <ol style="list-style-type: none"> <li>1) Establish a responsible mineral sourcing management system in line with international standards by the end of FY2021</li> <li>2) Maintain a record of zero mines, smelters, and refineries complicit in child labor or other infringements of human rights in the supply chain</li> </ol> </li> <li>2. Sustainable procurement <ol style="list-style-type: none"> <li>1) Business partners that have received and agreed with the Sumitomo Metal Mining Group Sustainable Procurement Policy: 100% by the end of FY2030</li> <li>2) Establish a sustainable procurement management system in line with international standards by the end of FY2024</li> <li>3) Continue implementing due diligence (DD)</li> </ol> </li> </ol>

# Vision for 2030: (Results and Achievement Criteria and Action Plan up to FY2030)

We are implementing activities in accordance with each of our roadmaps to realize our Vision for 2030.

## 1 Effective Use of Non-Ferrous Metal Resources

Vision for 2030			
<b>A company that generates resources through high technological capabilities</b> 1. A company that stably provides non-ferrous metals to society 2. A company that contributes to society by effectively using impurities through collaborative, open technological development among industry, academia, and government 3. A company that contributes to the construction and maintenance of recycling systems for non-ferrous metals 4. A company that develops and supplies highly advanced materials that contribute to the resolution of social issues			
<b>KPI 1. 1) Advance copper mine projects</b> • 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 • Advance Phase 2 and later projects at the Quebrada Blanca Copper Mine			
FY2021 Results	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)	
<ul style="list-style-type: none"> <li>Copper production on an interest basis at JV mines was 230 kt in FY2021</li> <li>Despite the COVID-19 pandemic, JV mines overall secured copper production level in line with plans</li> </ul>	<ul style="list-style-type: none"> <li>Achieve copper production level on an interest basis of 270 kt by starting production in Quebrada Blanca Phase 2, etc.</li> <li>Post-pandemic, strengthen collaboration with operating sites and contribute in terms of management and technology to ensure production levels in JV mines exceed plans</li> </ul>	<ul style="list-style-type: none"> <li>Aim to obtain further interests to achieve copper production level on an interest basis of 300 kt, which is the long-term vision.</li> <li>Continue to strengthen collaboration with operating sites and contribute in terms of management and technology to ensure production levels in JV mines exceed plans</li> </ul>	Achievement Criteria Action Plan
<b>KPI 1. 2) Acquire new superior copper and gold resources</b> • Develop new mines for which we have operatorship			
<ul style="list-style-type: none"> <li>Continuing exploration activities in Canada, Australia, and others while shifting focus from exploration by ourselves to exploration through joint ventures</li> <li>Invested in a junior exploration company</li> </ul>	<ul style="list-style-type: none"> <li>Participate in new exploration projects through joint ventures and make preparations to acquire new mines to obtain new operatorship</li> <li>Gather information required to form new exploration projects through joint ventures and conducted site surveys. Also, enhance project pipeline management, including participation in late-stage exploration projects.</li> </ul>	<ul style="list-style-type: none"> <li>Participate in new exploration projects through joint ventures and make preparations to acquire new mines to obtain new operatorship</li> <li>Gather information required to form new exploration projects through joint ventures and conducted site surveys. Also, enhance project pipeline management, including participation in late-stage exploration projects.</li> </ul>	Achievement Criteria Action Plan
<b>KPI 1. 3) Improve productivity by introducing new technology</b> • 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"> <li>Made preliminary preparations to introduce heavy machinery that can be automated at the Hishikari Mine</li> </ul>	<ul style="list-style-type: none"> <li>Establish information infrastructure (Wi-Fi) and begin introduction of (1) automated Load Haul Dump (LHD); (2) automated drilling machinery; and (3) remote operation and monitoring of heavy machinery and vehicles, etc. at the Hishikari Mine</li> <li>Based on status of introduction of new technology at the Hishikari Mine, examine more specific measures for promoting remote operation and unmanned operation of heavy machinery and information infrastructure equipment inside and outside the mine</li> </ul>	<ul style="list-style-type: none"> <li>Firmly establish (1) automated LHD; (2) automated drilling machinery; and (3) remote operation and monitoring of heavy machinery and vehicles, etc. (plan to introduce some during the 2024 3-Year Business Plan) and begin further introduction of new technology at the Hishikari Mine</li> <li>Based on status of introduction of new technology at the Hishikari Mine, examine more specific measures for promoting remote operation and unmanned operation of heavy machinery and information infrastructure equipment inside and outside the mine</li> </ul>	Achievement Criteria Action Plan
<b>KPI 1. 4) Advance nickel ore projects and improve productivity</b> • Nickel production: 150 kt/year • Recovery rate compared to FY2018: +2%			
<ul style="list-style-type: none"> <li>Discontinued feasibility study on Pomalaa Project</li> <li>Recovery rate of CBNC and THPAL achieved target due to success in technology development</li> </ul>	<ul style="list-style-type: none"> <li>Increase production volume to achieve 150 kt/year</li> <li>Maintain and increase recovery rate</li> <li>Continue to develop technology and improve processes to increase production volume</li> <li>Continue to develop technology by increasing leaching rates and improving processes, etc.</li> <li>Search for new nickel mineral sources</li> </ul>	<ul style="list-style-type: none"> <li>Increase production volume to achieve 150 kt/year</li> <li>Maintain and increase recovery rate</li> <li>Continue to develop technology and improve processes to increase production volume</li> <li>Continue to develop technology by increasing leaching rates and improving processes, etc.</li> <li>Search for new nickel mineral sources</li> </ul>	Achievement Criteria Action Plan

<b>KPI 1. 4) Advance nickel ore projects and improve productivity</b> • Recovery of scandia by-product • Recovery of chromite by-product			
<ul style="list-style-type: none"> <li>Continued commercial production of scandia</li> <li>Commenced commercial production of chromite in March 2021</li> </ul>	<ul style="list-style-type: none"> <li>Increase production volume to design capacity</li> <li>Ensure recovery rate and increase production volume</li> </ul>	<ul style="list-style-type: none"> <li>Maintain production volume at design capacity</li> <li>Ensure recovery rate and maintain production volume</li> </ul>	Achievement Criteria Action Plan
<b>KPI 2. 1) Develop technology to separate, stabilize and bleed off, and create value for impurities generated by smelting processes and mines</b> • Develop technology to stabilize and bleed off impurities: Develop and demonstrate the process			
<ul style="list-style-type: none"> <li>Conducted joint R&amp;D on copper and arsenic separation with Kyushu University (JOGMEC-supported project)</li> <li>In March 2022, made final report to JOGMEC on results of mineral processing tests using actual ore</li> </ul>	<ul style="list-style-type: none"> <li>Utilize knowledge gained through research</li> <li>Examine use of knowledge gained through research in future mine operations and other separation technology</li> </ul>	<ul style="list-style-type: none"> <li>Utilize knowledge gained through research</li> <li>Examine use of knowledge gained through research in future mine operations and other separation technology</li> </ul>	Achievement Criteria Action Plan
<b>KPI 2. 2) Develop technology to create value from unused non-ferrous metal resources</b> • Contribute to existing (e.g. marine resource development) and new development projects			
<ul style="list-style-type: none"> <li>Continuing joint venture participation in JOGMEC project on marine mineral resource development</li> <li>Made functional improvements to mining equipment (shape and materials of drill bits, etc.) for sea-floor massive sulfide deposits</li> <li>Conducted pyrometallurgical tests to improve cobalt recovery rate of cobalt-rich crust</li> </ul>	<ul style="list-style-type: none"> <li>Participate in some form in the next Ocean Energy &amp; Mineral Resource Development Plan (FY2023 onward) to be formulated by the Ministry of Economy, Trade and Industry</li> <li>Contribute to the industry by participating in JOGMEC committees for each type of ore and joint ventures for research and development of individual projects</li> </ul>	<ul style="list-style-type: none"> <li>Participate in some form in the next Ocean Energy &amp; Mineral Resource Development Plan (FY2023 onward) to be formulated by the Ministry of Economy, Trade and Industry</li> <li>Contribute to the industry by participating in JOGMEC committees for each type of ore and joint ventures for research and development of individual projects</li> </ul>	Achievement Criteria Action Plan
<b>KPI 2. 3) Recover non-ferrous metals from hard-to process resources</b> • 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"> <li>Launched a pilot test using actual salt-lake brine</li> <li>Continuing development of adsorbent with long-term reliability in cooperation between industry and academia</li> </ul>	<ul style="list-style-type: none"> <li>Develop adsorbent for practical use and manufacturing processes for lithium chemicals</li> <li>Demonstrate process feasibility through on-site pilot tests, etc.</li> <li>Improve adsorbent through joint research with academia</li> <li>Study overall process design and economic rationality</li> </ul>	<ul style="list-style-type: none"> <li>Participate in construction and operation of commercial plant (plan to implement study of commercialization model during the 2024 3-Year Business Plan)</li> <li>Participate in lithium recovery operations and stabilize product quality</li> <li>Items or targets to be implemented during the 2024 3-Year Business Plan</li> <li>Obtain data for feasibility study through construction and test run of demonstration plant</li> <li>Conduct design and feasibility study of commercial plant</li> </ul>	Achievement Criteria Action Plan
<b>KPI 3. Demonstrate and commercialize recycling technology for automobile secondary battery</b> • Demonstrate, commercialize, and expand scale of recycling technology that recovers cobalt from automotive lithium-ion batteries Commence commissioning and commercial operation of pre-commercial plant: FY2024			
<ul style="list-style-type: none"> <li>Established basic technology in development of battery recycle process</li> </ul>	<ul style="list-style-type: none"> <li>Commence commissioning and commercial operation of pre-commercial plant by FY2024</li> <li>Construct pre-commercial plant and prepare its commercial operation in FY2024</li> </ul>	<ul style="list-style-type: none"> <li>Continue processing of 10,000 t/year (plan to establish processing system for 10,000 t/year at pre-commercial plant during the 2024 3-Year Business Plan)</li> <li>Improve technology to increase processing volume of its pre-commercial plant</li> </ul>	Achievement Criteria Action Plan

**Vision for 2030: (Results and Achievement Criteria and Action Plan up to FY2030)**

<b>KPI 4.1) Leverage our strengths to create new products and new businesses that contribute to society</b> • Research, develop, and commercialize new advanced materials in the fields of energy, automobiles, and information communications		
• Moved on to the next stage of the new exploration themes and development themes for FY2022 • Held workshops and study sessions to explore hydrogen-related themes under the Vision Co-Creation Partnership with Tohoku University	Achievement Criteria	• Study potential R&D themes that will lead to commercialization • Implement working group activities led by young employees from within the Group and activities such as joint research on future co-creation with universities
	Action Plan	• Operate new business creation system and manage progress of research themes • Develop human resources and explore themes utilizing new working group activities and co-creation activities with universities • Use our X-MINING information dissemination website and take part in exhibitions
<b>KPI 4.2) Hold raw materials in-house for favorable and stable procurement</b> • Commercialize NiO for fuel cells following demonstration project		
• Identified issues for mass production and verified production capacity and cost through demonstration project at pilot plant • Meanwhile postponed installation of mass production equipment until FY2024 onwards due to slow start of fuel cell market	Achievement Criteria	• Continue demonstration project through pilot plant • Decide on investment in mass production based on feasibility study
	Action Plan	• Improve profitability by reducing production costs and optimizing selling prices • Prepare for mass production (installation location, design, and quotations) and carefully examine market • Decide on investment in mass production based on feasibility study
<b>KPI 4.3) Expand sales of low-cost battery cathode materials through favorable, stable procurement of our own nickel raw materials</b> • Maintain top class global share in the expanding cathode materials market		
• Established 4,550 t/month production capacity for cathode materials • Secured top class share of global market	Achievement Criteria	• Expand production capacity for cathode materials to reach 7,000 t/month (complete in FY2025) • Maintain top class share of market
	Action Plan	• Construct 15,000t/month production capacity for cathode materials • Maintain top class share of market • Establish 10,000t/month production capacity for cathode materials • Maintain top class share of market
		FY2022 • Establish stable production of 4,850 t/month FY2023 • Expand production by 2,000 t/month

**2 Climate Change**

<b>Vision for 2030</b> 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)		
<b>KPI Reduce GHG emissions</b> 1. Continuing to grow our business while maintaining GHG emissions below the level of FY2013. Accelerating actions to achieve net zero GHG emissions by 2050 or sooner		
<b>FY2021 Results</b>	<b>Final Year of 2021 3-Year Business Plan (FY2024)</b>	<b>Final Year of 2027 3-Year Business Plan (FY2030)</b>
• Adopted an internal carbon pricing (ICP) system and promoted investment in reducing GHG emissions • GHG emissions of 2,647 kt-CO <sub>2</sub> e (approximately 1% reduction compared to FY2013)	• Maintain GHG emissions below the level of FY2013 • Develop a roadmap for net zero by 2050 and revise KPIs • Disclose Scope 3 emissions and set Scope 3 emissions reduction targets	• Reduce GHG emissions in line with targets and achieve KPIs during each 3-Year Business Plan period • Reduce Scope 3 emissions
	Achievement Criteria	
	Action Plan	• Implement the 2021 3-Year Business Plan and the measures for each year with regard to reducing GHG emissions • Plan and expand various measures, including ICP, and verify the suitability of KPIs for achieving net zero GHG emissions • Conduct investigation and review for setting Scope 3 targets
<b>KPI Reduce GHG emissions</b> 2. Reduce GHG emissions intensity by at least 26% compared to FY2013		
• Reduced GHG emissions intensity by approximately 5% compared to FY2013	• Reduce GHG emissions intensity to achieve KPIs • Revise KPIs	• Reduce GHG emissions intensity in line with targets and achieve KPIs during each 3-Year Business Plan period
	Achievement Criteria	
	Action Plan	• Implement the 2021 3-Year Business Plan and the measures for each year with regard to reducing GHG emissions intensity • Plan various measures and verify the suitability of KPIs for reducing GHG emissions intensity
<b>KPI Reduce GHG emissions</b> 3. Expand contribution of GHG reduction by products contributing to a low-carbon society: 600 kt-CO <sub>2</sub> or more		
• Added CWO <sup>®</sup> for automotive to battery materials as a product contributing to a low-carbon society • Avoided GHG emissions of approximately 420 kt-CO <sub>2</sub>	• Increase avoided GHG emissions by products contributing to a low-carbon society • Increase number of products contributing to a low-carbon society and revise KPIs	• Increase avoided GHG emissions by products contributing to a low-carbon society and achieve KPIs during each 3-Year Business Plan period
	Achievement Criteria	
	Action Plan	• Implement the 2021 3-Year Business Plan and the measures for each year with regard to increasing the number of products contributing to a low-carbon society • Conduct investigation and review to increase the number of products contributing to a low-carbon society (R&D and market development), plan measures and verify suitability of KPIs

**Vision for 2030: (Results and Achievement Criteria and Action Plan up to FY2030)**

**3 Significant Environmental Accidents 4 Biodiversity**

Vision for 2030 A company that values water resources and biodiversity, and protects the richness of the sea and land		
<b>KPI 1. Zero significant environmental accidents</b> 1) Promote improvements through the use of risk management and environmental management systems		
<b>FY2021 Results</b>	<b>Final Year of 2021 3-Year Business Plan (FY2024)</b>	<b>Final Year of 2027 3-Year Business Plan (FY2030)</b>
<ul style="list-style-type: none"> <li>No significant environmental accidents or violations occurred due to implementation of management improvements using a risk management system (RMS) and an environmental management system (EMS)</li> <li>Continued to confirm and improve legal and other compliance mechanisms at business sites</li> </ul>	<ul style="list-style-type: none"> <li>Maintain zero significant environmental accidents</li> <li>Maintain zero significant violations</li> <li>Eliminate significant environmental compliance violations</li> </ul>	<ul style="list-style-type: none"> <li>Maintain zero significant environmental accidents</li> <li>Maintain zero significant violations</li> <li>Eliminate significant environmental compliance violations</li> </ul>
<b>Achievement Criteria</b>		
<b>Action Plan</b>	<ul style="list-style-type: none"> <li>Strengthen management based on risk registration/management as significant environmental aspects</li> <li>Strengthen communication with site managers, including patrols</li> <li>Provide education and support for improving competence of environmental staff</li> <li>Invest in improving treatment of wastewater and exhaust gas</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen management based on risk registration/management as significant environmental aspects</li> <li>Respond to tighter laws and regulations</li> <li>Invest in improving treatment of wastewater and exhaust gas and promote investment in remote, automation and other cutting edge technology (DX)</li> </ul>
<b>KPI 1. Zero significant environmental accidents</b> 2) Reinforce and improve equipment and infrastructure to address increases in sources of natural hazard		
<ul style="list-style-type: none"> <li>Based on results of climate change scenario analysis, identified risks, considered countermeasures, and incorporated into the 2021 3-Year Business Plan</li> <li>Created management manuals and procedures in accordance with standards for managing tailings dams at decommissioned and closed mines and shared them internally</li> <li>Reviewed risks at individual decommissioned and closed mines and continued improvements</li> </ul>	<ul style="list-style-type: none"> <li>Based on results of climate change scenario analysis review, identify risks, consider and implement countermeasures</li> <li>Establish standards and guidelines for responding to increasingly severe rainstorms and promote improvements and enhancements</li> <li>Revise BCPs</li> </ul>	<ul style="list-style-type: none"> <li>Based on results of climate change scenario analysis review, identify risks, consider and implement countermeasures</li> <li>Establish standards and guidelines for responding to increasingly severe rainstorms and promote improvements and enhancements</li> <li>Revise BCPs</li> </ul>
<b>Achievement Criteria</b>		
<b>Action Plan</b>	<ul style="list-style-type: none"> <li>Implement risk assessment using the WWF Water Risk Filter and countermeasures for each site based on the results</li> <li>Link with activities of the Carbon Neutrality Promotion Committee</li> </ul>	<ul style="list-style-type: none"> <li>Implement risk assessment using the WWF Water Risk Filter and countermeasures for each site based on the results</li> <li>Link with activities of the Carbon Neutrality Promotion Committee</li> </ul>
<b>KPI 2. Reduce emissions of hazardous substances (year-on-year)</b> 1) Optimize water use; reduce emissions of hazardous substances to the atmosphere and water		
<ul style="list-style-type: none"> <li>Further improved emissions of hazardous substances</li> <li>Continued considerations for formulation of water policy</li> </ul>	<ul style="list-style-type: none"> <li>Reduce transfers and emissions of hazardous substances through continuous improvements</li> <li>Publish water policy and implement initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Reduce transfers and emissions of hazardous substances through continuous improvements</li> <li>Implement initiatives on water and disclose information</li> </ul>
<b>Achievement Criteria</b>		
<b>Action Plan</b>	<ul style="list-style-type: none"> <li>Promote improvements and enhancements based on risks</li> <li>Analyze PRTR* data and provide feedback to sites and support based on results</li> <li>Consider and formulate water policy</li> </ul>	<ul style="list-style-type: none"> <li>Promote improvements and enhancements based on risks</li> <li>Continue to promote action based on PRTR* data improvement and results</li> <li>Promote water policy and initiatives</li> </ul>
	* PRTR: Pollutant Release and Transfer Register	
<b>KPI 2. Reduce emissions of hazardous substances (year-on-year)</b> 2) Promote various environmental preservation and biodiversity preservation activities, such as regular reforestation		
<ul style="list-style-type: none"> <li>Continued regular reforestation—CBNC 39 ha, THPAL 87 ha</li> <li>Identified trends in Japan and overseas on disclosure of biodiversity information</li> </ul>	<ul style="list-style-type: none"> <li>Continue regular reforestation</li> <li>Formulate initiatives and policy on preserving biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Continue and review regular reforestation</li> <li>Continue to improve initiatives on preserving biodiversity</li> </ul>
<b>Achievement Criteria</b>		
<b>Action Plan</b>	<ul style="list-style-type: none"> <li>Promote reforestation by CBNC and THPAL and continue communication with mining companies through the two companies</li> <li>Examine and analyze nature-related risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Promote reforestation by CBNC and THPAL and continue communication with mining companies through the two companies</li> <li>Continue to promote measures to counter nature-related risks</li> </ul>

**5 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		
<b>KPI 1. Prevent occupational accidents</b> 1. Serious accidents: zero (in Japan and overseas, including contractors) All accidents: reduce year-on-year, with aim of eventually zero		
<b>CY2021 Results</b>	<b>Calendar Year of 2021 3-Year Business Plan (FY2024)</b>	<b>Calendar Year of 2027 3-Year Business Plan (FY2030)</b>
1) Serious accidents: 3 of which 2 were fatal 2) All accidents Numbers in parentheses are CY2020 results • Japan Group employees: 20 (15) • Japan contractor employees: 8 (8) • Overseas business site employees: 1 (0)	Zero serious accidents (in Japan and overseas, including contractors)  2022 targets Japan employees all accidents: 7/year or less Japan contractors all accidents: 2/year or less Overseas employees all accidents: 1/year or less	Targets through all 3-Year Business Plan periods Serious accidents: zero (in Japan and overseas, including contractors) All accidents: reduce year on year, with aim of eventually zero
<b>Achievement Criteria</b>		
<b>Action Plan</b>	1. Enhance equipment safety 1) Initiate DX in mines and battery plants 2) Education on risk assessment manuals 2. Develop the management system 1) Identify the actual circumstances of line management • Utilize work observation • Check and review measures against reoccurring accidents 3. Develop human resources 1) Formulate education programs for managers and supervisors, etc. 2) Improve education for all employees Hazard simulation training using virtual reality	1. Enhance equipment safety 1) Promote (2024 3-Year Business Plan) and realize (2027 3-Year Business Plan) DX 2) Promote (2024 3-Year Business Plan) and realize (2027 3-Year Business Plan) equipment based on risk assessment 2. Develop the management system 1) Strengthen (2024 3-Year Business Plan) and enhance (2027 3-Year Business Plan) line management 3. Develop human resources 1) Revise (2024 3-Year Business Plan) and enhance (2027 3-Year Business Plan) manager and supervisor education 2) Review (2024 3-Year Business Plan) and enhance (2027 3-Year Business Plan) new education for all employees
<b>KPI 2. Prevent occurrence of occupational diseases</b> 2. Number of workplaces that present higher health risks: reduce year-on-year Occurrence of occupational diseases: zero		
1) Achieved year-on-year reduction in number of workplaces that present higher health risks 2020: 8 workplaces 2021: 5 workplaces 2) Occurrence of occupational diseases: zero	• Number of workplaces that present higher health risks: reduce year on year • Occurrence of occupational diseases: zero	Targets through all 3-Year Business Plan periods • Number of workplaces that present higher health risks: reduce year on year • Address new risks (2024 3-Year Business Plan) • Realize comfortable workplace environment (2027 3-Year Business Plan) • Occurrence of occupational diseases: zero
<b>Achievement Criteria</b>		
<b>Action Plan</b>	• Make improvements to equipment led by top management • Upgrade management techniques through line management and manage and maintain effects of improvement • Reduce individual exposure time Analyze and utilize individual sampling and continuous monitoring data. Utilize biosensors for heatstroke prevention, etc. • Ensure implementation of the three areas of management in occupational health and safety (working environment management, work management, and health management)	• Continue and review the actions on the left • Respond to new regulations and risks of handled substances (2024 3-Year Business Plan) • Include improvement of workloads and strengthening of health management through DX (2027 3-Year Business Plan)

**Vision for 2030: (Results and Achievement Criteria and Action Plan up to FY2030)**

**6 Diverse Human Resources      7 Development and Participation of Human Resources**

**Vision for 2030** A company where all employees can take a vibrant and active part  
 1 A company that respects the humanity of each and every employee, and where employees feel pride, motivation, and joy in work  
 2 A company that provides each and every employee with opportunities to improve his/her capabilities, and grows together with employees

KPI 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		
FY2021 Results	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
Improved scores for "Management by managers and superiors," "Appeal of job," and "Work environment" in employee awareness survey	<ul style="list-style-type: none"> <li>Improve scores from the previous fiscal year for "Management by managers and superiors," "Appeal of job," and "Work environment" in employee awareness survey</li> <li>Confirm scores and verify review of KPIs in the employee awareness survey to be conducted annually from FY2022</li> <li>Review personnel-related systems</li> </ul>	<ul style="list-style-type: none"> <li>Improve scores from the previous fiscal year for "Management by managers and superiors," "Appeal of job," and "Work environment" in employee awareness survey</li> <li>Confirm scores and verify review of KPIs in the employee awareness survey</li> <li>Review personnel-related systems</li> </ul>
KPI 1. Promote working style reform and create workplaces that make use of digital technology, enabling diverse human resources to play vibrant and active roles		
2) (1) Number of female managers: 50 (SMM non-consolidated) (2) Ratio of female employees: 20% or higher (SMM non-consolidated)		
(1) Number of female SMM managers: 13 (3% of managers) (2) Percentage of female SMM employees: 14% (406 employees)	(1) Number of female SMM managers: 25 (3% of managers) (2) Percentage of female SMM employees: 14% (460 employees)	(1) Number of female SMM managers: 50 (35 during 2024 3-Year Business Plan) (7% of managers) (5% during 2024 3-Year Business Plan) (2) Percentage of female SMM employees: 20% (16% during 2024 3-Year Business Plan) (550 employees) (500 employees during 2024 3-Year Business Plan)
KPI 1. Promote working style reform and create workplaces that make use of digital technology, enabling diverse human resources to play vibrant and active roles		
3) Expand number of managerial track employees of foreign nationality		
<ul style="list-style-type: none"> <li>13 as of March 2021</li> </ul>	<ul style="list-style-type: none"> <li>Increase from the end of FY2021</li> <li>Develop an environment that allows employees of foreign nationality to become established at the company</li> </ul>	<ul style="list-style-type: none"> <li>Increase from the number achieved during each 3-Year Business Plan</li> <li>Develop an environment that allows employees of foreign nationality to become established at the company</li> </ul>
KPI 1. Promote working style reform and create workplaces that make use of digital technology, enabling diverse human resources to play vibrant and active roles		
4) Percentage of employees with disabilities: 3% or higher (SMM non-consolidated)		
<ul style="list-style-type: none"> <li>2.6% as of June 1, 2021</li> </ul>	<ul style="list-style-type: none"> <li>2.7%</li> <li>Host practical workplace training for people with intellectual disabilities (all sites)</li> <li>Head Office recruitment: recruit college graduates and those with higher qualifications from internship programs</li> <li>Recruit people with mental illness (Head Office)</li> </ul>	<ul style="list-style-type: none"> <li>3% (2.9% during 2024 3-Year Business Plan)</li> <li>Recruit people with intellectual disabilities</li> <li>Expand recruitment channels (graduate internship, high school graduate workplace training, mid-career, employment support)</li> </ul>

KPI 1. Promote working style reform and create workplaces that make use of digital technology, enabling diverse human resources to play vibrant and active roles		
5) Assign jobs and provide support matched to employees' life stages		
FY2021 Results	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
<ul style="list-style-type: none"> <li>Childcare support</li> <li>Uptake of parental leave</li> <li>Female: 100%</li> <li>Male: 21%</li> <li>Employees who left work due to nursing care: zero</li> <li>Considered measures for medical treatment</li> </ul>	<ul style="list-style-type: none"> <li>Childcare support</li> <li>Uptake of parental leave</li> <li>Female: 100% (maintain)</li> <li>Male: 30% or more (100% of male applicants)</li> <li>Employees who left work due to nursing care: zero</li> <li>Implement measures for medical treatment</li> <li>Seminars on support systems for balancing childcare and work</li> <li>Seminars on parental leave system</li> <li>Implement interviews before taking parental leave and before and after returning to work</li> <li>Nursing care consultations (Work-life (WL) Support Desk)</li> <li>Consultations for balancing medical treatment and work (WL Support Desk)</li> </ul>	<ul style="list-style-type: none"> <li>Childcare support</li> <li>Uptake of parental leave</li> <li>Female: 100% (maintain)</li> <li>Male: 30% or more (100% of male applicants)</li> <li>Employees who left work due to nursing care: zero</li> <li>Implement measures for medical treatment</li> <li>Seminars on support systems for balancing childcare and work</li> <li>Seminars on parental leave system</li> <li>Implement interviews before taking parental leave and before and after returning to work</li> <li>Nursing care consultations (WL Support Desk)</li> <li>Consultations for balancing medical treatment and work (WL Support Desk)</li> </ul>
KPI 2. Support employees' mental and physical health		
1) Reduce the number of employees taking long-term leave		
<ul style="list-style-type: none"> <li>Percentage of people found to require support in FY2021: 7.2%</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the number of employees taking long-term leave</li> <li>Assess current situation of employees on long-term leave and confirm actions for individual situations</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the number of employees taking long-term leave</li> <li>Continue actions for individual situations</li> </ul>
KPI 2. Support employees' mental and physical health		
2) Percentage of employees with abnormal findings indicated in health checkups: 50% or lower		
Health and productivity management initiatives <ul style="list-style-type: none"> <li>As a result of offering support for quitting smoking, 40 employees had participated as of March 31, 2021. Of these, 27 quit smoking completely and 2 quit for a short time</li> <li>Individual guidance for employees with a high risk of developing lifestyle-related diseases consisted of identifying such high risk employees based on the findings of specific checkups and sending them follow up letters</li> </ul>	<ul style="list-style-type: none"> <li>Health and productivity management initiatives</li> <li>Develop Health and Productivity Management Declaration and organization and systems for its promotion</li> <li>Obtain Certified Health &amp; Productivity Outstanding Organization Recognition</li> <li>Percentage of employees with abnormal findings indicated in health checkups: 55% or lower</li> <li>Initiatives for obtaining Health &amp; Productivity Stock Selection</li> <li>Steadily implement measures for both mental and physical health (encourage voluntary health checkups, establish exercise habits, support improved dietary habits, continue employment environment surveys)</li> <li>Send follow up letters to employees with a high risk of developing lifestyle-related diseases</li> <li>Verify and review effectiveness of measures</li> </ul>	<ul style="list-style-type: none"> <li>Health and productivity management initiatives</li> <li>Continue selection under Health &amp; Productivity Stock Selection</li> <li>Percentage of employees with abnormal findings indicated in health checkups: 50% or lower (52% or lower during 2024 3-Year Business Plan)</li> <li>Initiatives for continually obtaining Health &amp; Productivity Stock Selection</li> <li>Steadily implement measures for both mental and physical health (encourage voluntary health checkups, establish exercise habits, support improved dietary habits, continue employment environment surveys)</li> <li>Send follow up letters to employees with a high risk of developing lifestyle-related diseases</li> <li>Verify and review effectiveness of measures</li> </ul>
KPI 3. Diversify opportunities to enhance the abilities of employees according to employee needs and work needs		
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		
<ul style="list-style-type: none"> <li>H1 FY2021: Tried introduction in human resource-related departments</li> <li>H2 FY2021: Tried introduction in model workplaces in Head Office</li> </ul>	<ul style="list-style-type: none"> <li>Firmly establish one-on-one meetings in the Head Office District</li> <li>Expand one-on-one meetings outside of the Head Office District (primarily management and administrative positions)</li> <li>Verify implementation status and address issues regularly using questionnaires, etc.</li> <li>Use an employee satisfaction survey to numerically monitor human relationships in the workplace and communication, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Firmly establish one-on-one meetings Group-wide</li> <li>Verify implementation status and address issues regularly using questionnaires, etc.</li> <li>Use an employee satisfaction survey to numerically monitor human relationships in the workplace and communication, etc.</li> </ul>

**Vision for 2030: (Results and Achievement Criteria and Action Plan up to FY2030)**

<b>KPI 3. Diversify opportunities to enhance the abilities of employees according to employee needs and work needs</b> 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		
• Introduced Work Experience Program aimed at supporting career development • Began onsite training to increase rate of participation in JCO Study Center training (participation rate: SMM employees 89.8%; Group companies' employees 68.5%)	Achievement Criteria	• Opportunities to consider future career (roles) and OJT and OFF-JT to realize such careers are provided • JCO Study Center training participation rate (SMM employees: 90%; Group companies' employees: 80%)
	Action Plan	• Implement grade-specific career training and introduce a talent management system • Check participation rates and take action for sites with low participation rates
<b>KPI 3. Diversify opportunities to enhance the abilities of employees according to employee needs and work needs</b> 3) Provide opportunities for self-development matched to each employee's life plans and needs (correspondence courses, online training, etc.)		
• Considered mechanisms to support learning in addition to existing self-development support tools and introduced online video learning	Achievement Criteria	• Create an environment in which employees of all generations with willingness to learn on their own can acquire the required knowledge and skills in a timely manner
	Action Plan	• Collect information on self-development support tools and introduce new measures as needed

**8 Engagement with Stakeholders**

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

<b>KPI 1. Further penetrate our Group brand among employees</b> • Improve results of employee awareness survey (increase percentage of employees who feel pride in working at the Company)		
<b>FY2021 Results</b>	<b>Final Year of 2021 3-Year Business Plan (FY2024)</b>	<b>Final Year of 2027 3-Year Business Plan (FY2030)</b>
Branding activities • Renewed signage at the Ome District Division • Introduced and installed a brand design in conjunction with the renewal of the Besshi District Nishibara front gate and gateposts • Organized issues for raising brand profile within the Group Employee awareness survey Newly added five Group companies in conducting the survey. Percentage of employees who feel pride in working at the Company: 63.7% of SMM employees (up 0.9 p.p. from FY2018 survey)	Achievement Criteria	• Improve employee awareness survey KPI values from results of FY2021 survey • Improve employee awareness survey KPI values from results of each fiscal year's survey
	Action Plan	• Implement in-house communication measures at each site to gain understanding and empathy of employees and their families • Apply good practices in in-house communication measures at other sites • Create framework for raising the brand profile within the Group, implement and review measures for further penetrating the brand among employees • Refine in-house communication measures • Verify level of penetration of the brand within the Group (continue from 2024 3-Year Business Plan), consider strategies for application to Group companies
<b>KPI 2. Ensure quality and quantity in communication of information at the level of "world leader in the non-ferrous metals industry"</b> • Expand opportunities for dialogues with media and investors • Achieve positive evaluations of our Integrated Report from outside the Company		
• Issued Integrated Report 2021 in Japanese and English • Received the Bronze Award at the WICI Japan Integrated Reporting Awards 2021 Active public relations • Conducted intensive interviews with top management alongside the release of the 21 3-Year Business Plan • Responded actively to media coverage focused on the Materials Business, which is attracting attention due to introduction of EVs, progress of DX, and the decarbonized society	Achievement Criteria	• Quantitatively increase information dissemination (compared to the 2018 3-Year Business Plan) • Increase opportunities for top management to engage with shareholders and investors (compared to the 2018 3-Year Business Plan) • Earn a high reputation for the integrated report from outside the Company During all 3-Year Business Plans, compared to the previous plan • Quantitatively increase information dissemination • Expand the methods for disseminating information • Increase opportunities for top management to engage with shareholders and investors • Earn a high reputation for the integrated report from outside the Company Target for final year of the 2027 3-Year Business Plan • Establish a system capable of building relationships with international media
	Action Plan	• Increase the number of interviews, news releases, and public relations events conducted • Take initiatives to increase spokesperson engagement levels • Improve the quality of disclosure in investor relations and shareholder relations engagement • Improve and enhance tools for engagement with shareholders and investors (integrated reports, shareholder communications, etc.) • Increase the number of interviews, news releases, and public relations events conducted • Establish public relations organizations at overseas business sites • Acquire (2024 3-Year Business Plan) and increase highly specialized human resources in the field of public relations • Improve the quality of disclosure in investor relations and shareholder relations engagement • Improve and enhance tools for engagement with shareholders and investors (integrated reports, shareholder communications, etc.) • Expand the types of information dissemination media and public relations events (2024 3-Year Business Plan)
<b>KPI 3. Increase in recognition and understanding of our goal of "world leader in the non-ferrous metals industry"</b> • Improvement in findings of surveys by external bodies (degree of recognition and understanding, etc.)		
Mass media advertising • Ran television commercials (news zero) and online advertising from January through March 2022 • Provided special sponsorship for the Pompeii Exhibition (at the Tokyo National Museum from January 2022 and touring Kyoto, Miyagi, and Fukuoka in FY2022)	Achievement Criteria	• Increase 35% compared with FY2021 in survey of recognition by external body • Maintain target value in the 2021 3-Year Business Plan in survey of recognition by external body
	Action Plan	• Promote branding activities that lead to recognition, understanding, and empathy for SMM. Run a large-scale advertising campaign to secure human resources • Implement external communication measures at Head Office and individual sites to build positive relationships with communities and government • Run ongoing advertising campaigns to consolidate recognition, understanding, and empathy • Continue external communication measures at individual sites over the medium to long term Items or targets to be implemented during the 2024 3-Year Business Plan • Consider additional measures for branding activities depending on KPI achievement status • Promote and accelerate external communication measures

Vision for 2030: (Results and Achievement Criteria and Action Plan up to FY2030)

9 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

KPI Participate in local communities through dialogue and collaboration  
 • Accurately identify local issues through dialogues with local communities, and execute the following measures

FY2021 Results	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
<ul style="list-style-type: none"> <li>Changed the framework of activities from departments to regions, and conducted an exchange of opinion that included the person responsible for general affairs starting in FY2022</li> <li>Examined ways of understanding issues and expectations through dialogues with local communities with outside experts</li> </ul>	<ul style="list-style-type: none"> <li>Establish mechanisms for identifying issues and expectations through dialogues with local communities</li> <li>Identify baseline values for local community contribution levels at all sites in Japan (17 regions), specify expected contributions and contribution levels by the end of FY2030, and incorporate them in each measure</li> </ul>	<ul style="list-style-type: none"> <li>Ascertain the achievement status of community contribution levels at all sites in Japan compared to the baseline values and clarify issues to be addressed in the future</li> <li>Items or targets to be implemented during the 2024 3-Year Business Plan</li> <li>Manage progress of all sites in Japan with regard to issues and expectations through dialogues with local communities and incorporate into measures, including any subsequent changes</li> </ul>
Achievement Criteria		
Action Plan	<ul style="list-style-type: none"> <li>Run trial operation of mechanisms for identifying issues and expectations through dialogues with local communities at model business sites (FY2022)</li> <li>Operate mechanisms as necessary at all sites in Japan to identify baseline values for community contribution levels, specify expected contributions and contribution levels by the end of FY2030, and incorporate them in each measure</li> </ul>	<ul style="list-style-type: none"> <li>Operate mechanisms as necessary at all sites in Japan, ascertain contribution levels compared to baseline values, identify expected contributions and any changes in level by the end of FY2030, and revise and adapt each measure as necessary</li> </ul>

KPI 1. Support the local community via employee participation  
 • Implement employee participation programs (from 2023)

FY2021 Results	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
<ul style="list-style-type: none"> <li>Conducted activities to collect used books, used stamps, and PET bottle caps and donate blood (Head Office, Besshi and other sites)</li> <li>Featured existing initiatives (blood donation, collection of used books, and local cleanups, etc.) in in-house bulletins</li> </ul>	<ul style="list-style-type: none"> <li>Support social contribution activities of employees and develop employee participation programs at all sites to improve employee satisfaction and motivation to contribute to society</li> <li>Trial a program at Head Office that incorporates the findings of the FY2021 Company Employee Social Participation Questionnaire survey conducted in the Head Office (FY2022)</li> <li>Conduct a questionnaire survey at the main sites and offer the program trialed at Head Office all sites with modifications</li> <li>Ascertain baseline values for the numbers of employees participating and satisfaction and improve programs</li> </ul>	<ul style="list-style-type: none"> <li>Ascertain effects of employee participation programs (number of participants and employee satisfaction) and manage progress</li> <li>Improve employee participation programs</li> <li>Conduct the Company Employee Social Participation Questionnaire survey at the main sites at the end of FY2024 and the end of FY2027, ascertain satisfaction and needs, and improve programs</li> </ul>
Achievement Criteria		
Action Plan		

KPI 2. Hire and procure locally  
 • Continually implement and assess of performance

FY2021 Results	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
<ul style="list-style-type: none"> <li>Assessed hiring and procurement status at the main sites and disclosed the information in Integrated Report 2021</li> </ul>	<ul style="list-style-type: none"> <li>Assess hiring and procurement status at the main sites and disclose the information on the company website</li> <li>Assess hiring and procurement status at the main sites and collect data</li> </ul>	<ul style="list-style-type: none"> <li>Assess hiring and procurement status at the main sites and disclose the information on the company website</li> <li>Assess hiring and procurement status at the main sites and collect data</li> </ul>
Achievement Criteria		
Action Plan		

KPI 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)

FY2021 Results	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
<ul style="list-style-type: none"> <li>Leased ground to junior baseball team (Harima)</li> <li>Sponsored junior baseball tournament (GRANOPT Co., Ltd.)</li> <li>Hosted high school student interns (Isoura, Hyuga Smelting Co., Ltd.)</li> <li>Donated to local high school brass band club (Sumiko Energy Materials Co., Ltd.)</li> <li>Provided visiting classes for Sobiraki Elementary School (Besshi)</li> <li>Donated to NPO Kaibigan Ermita Outreach Foundation, Inc in the Philippines (Head Office)</li> <li>Held social contribution forum about Children's Shelters and Other Children's Issues, provided employee donations and a matching gift of the same amount to the organization (Head Office)</li> </ul>	<ul style="list-style-type: none"> <li>Provide support for nurturing of the next generation in line with the expected content and level of contribution as assessed through mechanisms for regular dialogue with local communities</li> <li>Gain recognition from local communities for the above activities</li> <li>Provide support for nurturing of the next generation in line with the expected content and contribution levels as assessed through mechanisms for regular dialogue with local communities</li> <li>Share information on methods of support and know-how via the person in charge of general affairs at sites at the regular Corporate Citizenship Subcommittee meetings</li> <li>Collaborate with the Communications Subcommittee to publish achievements internally and externally</li> </ul>	<ul style="list-style-type: none"> <li>Provide support for nurturing of the next generation in line with the expected content and level of contribution as assessed through mechanisms for regular dialogue with local communities</li> <li>Gain recognition from local communities for the above activities</li> <li>Provide support for nurturing of the next generation in line with the expected content and contribution levels as assessed through mechanisms for regular dialogue with local communities</li> <li>Share information on methods of support and know-how via the person in charge of general affairs at sites at the regular Corporate Citizenship Subcommittee meetings</li> <li>Collaborate with the Communications Subcommittee to publish achievements internally and externally</li> </ul>
Achievement Criteria		
Action Plan		

KPI 3. Support for nurturing of the next generation  
 2) Establish and award scholarships in Japan and maintain existing overseas scholarships (from 2023)

FY2021 Results	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
<ul style="list-style-type: none"> <li>Envisaged the target scholarship recipients (people from the local community or people who contribute to the local community) and considered suitable designs (Head Office)</li> <li>Considered collaboration with Isa City on scholarships for local high school students and vocational school students (Hishikari)</li> <li>Continued the SMM Arizona (Morenci), Pogo (existing scholarships only), and SMM Oceania (Northparkes) programs</li> </ul>	<ul style="list-style-type: none"> <li>Start providing scholarships in Q1 FY2023</li> <li>Prepare application guidelines and select qualifying universities for applications (June 2022)</li> <li>Finalize funding scheme (September 2022)</li> <li>First application for scholarship students (with funding in April 2023)</li> </ul>	<ul style="list-style-type: none"> <li>Continue to work graduates in positions that contribute to the local community and raise and consolidate awareness of the purpose and results of the scholarship program at each of the qualifying universities</li> <li>Items or targets to be implemented during the 2024 3-Year Business Plan</li> <li>Work some of the first students to receive scholarships in positions that contribute to their local communities after graduation in March 2027</li> <li>Establish opportunities to communicate the purpose of the scholarships, the philosophy of SMM, and the career paths of graduates to university faculty members and scholarship recipients (Plan to provide from the 2024 3-Year Business Plan for scholarship recipients)</li> </ul>
Achievement Criteria		
Action Plan		

KPI 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)

FY2021 Results	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
<ul style="list-style-type: none"> <li>Held discussions with the Personnel Department about providing support through transition support for employment offices for students with developmental disabilities who have IT skills</li> <li>Held CSR Forum on the theme of Pathways to Realize of a Symbiotic Society with the Executive Director of the Japanese Para Sports Association as the lecturer (Head Office)</li> <li>Sponsored SDGs promotion projects by Niihama Chamber of Commerce (support for people with disabilities, gender equality, etc.)</li> <li>Attended local association respect for the aged meeting (Niihama Electronics Co., Ltd.)</li> </ul>	<ul style="list-style-type: none"> <li>Provide support for people with disabilities and the elderly that matches the expected content and contribution levels as assessed through mechanisms for regular dialogue with local communities</li> <li>Receive recognition from local communities for these activities</li> <li>Provide support for people with disabilities and the elderly that matches the expected content and level of contribution as assessed through mechanisms for regular dialogue with local communities</li> <li>Share information on methods of support and know-how via the person in charge of general affairs at sites at the regular Corporate Citizenship Subcommittee meetings</li> <li>Publish achievements of activities internally and externally</li> </ul>	<ul style="list-style-type: none"> <li>Provide support for people with disabilities and the elderly that matches the expected content and contribution levels as assessed through mechanisms for regular dialogue with local communities</li> <li>Receive recognition from local communities for these activities</li> <li>Provide support for people with disabilities and the elderly that matches the expected content and level of contribution as assessed through mechanisms for regular dialogue with local communities</li> <li>Share information on methods of support and know-how via the person in charge of general affairs at sites at the regular Corporate Citizenship Subcommittee meetings</li> <li>Publish achievements of activities internally and externally</li> </ul>
Achievement Criteria		
Action Plan		

KPI 5. Support during and after disasters  
 • Support regions affected by large-scale disasters

FY2021 Results	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
<ul style="list-style-type: none"> <li>Provided donations for damage caused by heavy rain in July 2021</li> <li>Provided support and donations for damage caused by Typhoon No. 22 in the Philippines (Typhoon Rai/ Super Typhoon Odette)</li> <li>Support for COVID-19 pandemic responses: Donated 60 beds to a patient isolation facility in Bataraza in partnership with local companies (CBNC)</li> <li>Support for people affected by Great East Japan Earthquake: Continued donations to a fund providing support for the education of children who orphaned by the earthquake and held Tohoku Reconstruction Fair: Consuming Foods from Disaster-Hit Areas (Head Office)</li> </ul>	<ul style="list-style-type: none"> <li>Provide timely on-the-ground support in large-scale disasters (earthquakes and typhoons, etc.)</li> <li>Continue support for people affected by disasters as necessary</li> <li>Provide timely support, including donations, in large-scale disasters</li> <li>Engage in community disaster prevention activities during normal times (participate in drills, lend facilities, etc.)</li> <li>Provide timely support for people affected by large-scale disasters overseas (major disasters, wars, etc.) in collaboration with business divisions</li> </ul>	<ul style="list-style-type: none"> <li>Provide timely on-the-ground support in large-scale disasters (earthquakes and typhoons, etc.)</li> <li>Continue support for people affected by disasters as necessary</li> <li>Conclude agreements with local governments and others at main sites</li> <li>Provide timely support, including donations, in large-scale disasters</li> <li>Consider local disaster prevention agreements (lend facilities, etc.)</li> <li>Provide timely support for people affected by large-scale disasters overseas (major disasters, wars, etc.) in collaboration with business divisions</li> </ul>
Achievement Criteria		
Action Plan		



**Vision for 2030: (Results and Achievement Criteria and Action Plan up to FY2030)**

**10 Rights of Indigenous Peoples**

Vision for 2030 A company that understands and respects the traditions and culture of indigenous peoples		
<b>KPI 1. Understand indigenous peoples and their traditions and culture</b> • Percentage of SMM Group sites implementing in-house education: 100% by the end of FY2023		
FY2021 Results	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
• Let's Learn About Indigenous Peoples, the first in-house educational video on indigenous peoples, viewed by 5,902 employees and screened at 100% of SMM Group sites	<b>Achievement Criteria</b> • Screen second and subsequent in-house educational videos at 100% of SMM Group sites	• Screen third and subsequent in-house educational videos at 100% of SMM Group sites
	<b>Action Plan</b> • Consider content of second educational video • Exchange information with experts	• Exchange information with experts (Consider content of third educational video during the 2024 3-Year Business Plan)
<b>KPI 2. Support initiatives that lead to respect for the traditions and cultures of indigenous peoples</b> <b>1) Provide scholarships for indigenous peoples (continue existing initiatives)</b>		
• Implemented existing initiatives [Philippines] Continued to provide local scholarships in consultation with stakeholders, including local residents and governments [North America and South America JV mines] Implemented initiatives in collaboration with efforts of joint venture partners	<b>Achievement Criteria</b> • Continue to implement existing initiatives	• Continue to implement existing initiatives
	<b>Action Plan</b> • Regularly confirm implementation status of existing initiatives • Review the need for new scholarships for indigenous peoples, including exchange of information with experts and individual sites	• Regularly confirm implementation status of existing initiatives • Review the need for new scholarships for indigenous peoples, including exchange of information with experts and individual sites
<b>KPI 2. Support initiatives that lead to respect for the traditions and cultures of indigenous peoples</b> <b>2) Support indigenous people-related initiatives by NGOs, academic societies, etc.: one initiative or more each year</b>		
• Continued dialogue with experts, but there was no information on the holding of events due to the COVID-19 pandemic, so support was not considered	<b>Achievement Criteria</b> • Support one or more indigenous people-related initiatives by NGOs, academic societies, etc. each year	• Support one or more indigenous people-related initiatives by NGOs, academic societies, etc. each year
	<b>Action Plan</b> • Continue dialogue with experts • Collect information on indigenous people-related initiatives by NGOs, academic societies, etc.	• Continue dialogue with experts • Collect information on indigenous people-related initiatives by NGOs, academic societies, etc.

**11 Human Rights in the Supply Chain**

Vision for 2030 A company that undertakes sustainable procurement across the supply chain		
<b>KPI Promote sustainable procurement, particularly responsible mineral sourcing</b> <b>1. Responsible mineral sourcing</b> 1) Establish a responsible mineral sourcing management system in line with international standards by the end of FY2021 2) Maintain record of zero mines, smelters, and refineries complicit in child labor or other infringements of human rights in the supply chain		
FY2021 Results	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
1) • Established the "Responsible Mineral Procurement" Working Group with responsibility and authority related to responsible mineral sourcing under the supervision of the Sustainability Committee • Continued to receive third-party audits at gold, silver, and cobalt smelters and refineries • Continued to review audit standards for copper and nickel 2) • Maintained zero mines, smelters, and refineries complicit in infringements of human rights	<b>Achievement Criteria</b> 1) 2) • Select international standards in response to demands of stakeholders, particularly customers • Complete establishment of mineral sourcing management system	1) 2) • Maintain mineral sourcing management system
	<b>Action Plan</b> 1) 2) • Exchange information with customers and industry groups • Continue to receive third-party audits of smelters and refineries • Continue to respond to supply chain questionnaires from customers	1) 2) • Exchange information with customers and industry groups • Continue to receive third-party audits of smelters and refineries • Continue to respond to supply chain questionnaires from customers • Update management system as appropriate
<b>KPI 2. Sustainable Procurement</b> <b>1) Business partners that have received and agreed with the Sumitomo Metal Mining Group Sustainable Procurement Policy: 100% by the end of FY2030</b> <b>2) Establish a sustainable procurement management system in line with international standards by the end of FY2024</b> <b>3) Continue implementing due diligence (DD)</b>		
1) • Requested self-assessment from major suppliers to whom we extended the Sumitomo Metal Mining Group Sustainable Procurement Policy and received responses from 98% of those suppliers 2) 3) • Attended external courses for training supplier auditors (total of eight employees from business and procurement departments)	<b>Achievement Criteria</b> 1) • Receive agreement from 100% of major suppliers 2) • Establish sustainable procurement management system	1) • Finalize scope of suppliers subject to self-assessment during the 2024 3-Year Business Plan and receive agreement from 100% of those suppliers 2) • Maintain sustainable procurement management system
	<b>Action Plan</b> 1) • In cooperation with the in-house related departments, promote understanding of our policy among main suppliers by holding briefing sessions, etc. (consider video streaming format) • Review scope of suppliers 2) 3) • Consider participation in multi-stakeholder initiatives on due diligence and a grievance mechanism • Implement second-party audits of suppliers (target: 5 suppliers/year)	1) • In cooperation with the in-house related departments, promote understanding of policy extension and receiving agreement among the main suppliers (review scope during the 2024 3-Year Business Plan) 2) 3) • Exchange information with experts and suppliers • Implement second-party audits (target from the 2024 3-Year Business Plan: 8 suppliers/year) • Implement due diligence including third-party audits in line with the management system • Operate the grievance mechanism in line with the management system

## 1 Effective Use of Non-Ferrous Metal Resources

Further information on the promotion framework of the Efficient Resource Utilization Subcommittee: p. 72-73.  
Further information on FY2021 results: p. 76-78.

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

1. A company that stably provides non-ferrous metals to society
2. A company that contributes to society by effectively using impurities through collaborative, open technological development among industry, academia, and government
3. A company that contributes to the construction and maintenance of recycling systems for non-ferrous metals
4. A company that develops and supplies highly advanced materials that contribute to the resolution of social issues

### Approach and Policy

We aim to contribute to realizing a sustainable society by using our production capabilities as a foundation for carrying out research and development that includes collaboration with external parties. We will also aim to enhance our technological capabilities related to product creation and advance various initiatives such as realizing a stable supply of non-ferrous metal resources, creating value from unused resources, and utilizing technologies for recovering and recycling hard-to-process resources.

### Initiatives

#### ■ Separating Copper and Arsenic

With the recent lowering of the grade of copper deposits, the impurity ratio in copper concentrates has been increasing, which limits the amount of ore acceptable to the smelters and refineries. To this end, we participated in a technology development project conducted by Japan Oil, Gas and Metals National Corporation (JOGMEC) from FY2017 to FY2021 by industry, academia, and government on separation technology with a particular focus on arsenic. In this context, SMM col-

laborated with Kyushu University to develop fundamental technologies for the separation and removal of arsenic minerals using physical separation and leaching technologies. As a result, we found a basic process of flotation that selectively separates arsenic minerals at a certain level and produces copper concentrates with low arsenic content, and verified its effectiveness using actual copper ores containing arsenic.

#### ■ Recovery of Scandia and Chromite

Nickel ore, the raw material for HPAL, contains trace amounts of scandium and chromium, and Taganito HPAL Nickel Corporation is engaged in the business of recovering them. We began commercial production of scandium as scandia in January 2019 and chromium as chromite in March 2021. Scandia is expected to be in demand for solid fuel cells and aluminum alloys, while chromite is expected to be in demand for stain-

less steel and a wide array of other special steels. The SMM Group intends to add value to its HPAL technology by efficiently recovering these by-products.



Chromite production facility and storage area

#### ■ Initiatives Based on the Vision Co-Creation Partnership with Tohoku University

Since FY2020, we have continued to engage in initiatives based on a Vision Co-Creation Partnership\* with Tohoku University aimed at 2050. These initiatives follow three steps: 1) Develop research ideas, 2) carry out research and development with a view to commercialization, and 3) realize social applications. One of our initiatives for developing research ideas involves energy harvesting (a technology for generating electricity from the energy around us). We are working on the development of thermoelectric materials with high conversion efficiency by controlling the microstructure of materials and point defects in the crystal structure. In FY2021, we test-

ed the growth of large single crystals of Mg<sub>2</sub>Sn, which is expected to be a thermoelectric conversion material, and succeeded in obtaining 10mmΦ of single crystal.

Both parties will continue to work on initiatives that leverage Tohoku University's strength in materials science, wide-ranging knowledge, and innovation together with SMM's strengths derived from the 3-business collaboration model and metal materials research and development capabilities.

\* For more information on the Vision Co-Creation Partnership, see the Company's website.

WEB <https://www.smm.co.jp/en/news/release/2020/06/001261.html>

## 2 Climate Change

Further information on the promotion framework of the Carbon Neutrality Promotion Committee: p. 72-73.  
Further information on FY2021 results: p. 79.

### 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)

### Approach and Policy

As a group of companies that produces a significant amount of greenhouse gas (GHG) emissions, we are committed to contributing to mitigating climate change by reducing global GHG emissions. We will do this by reducing GHG emissions based absolute and intensity through operational improvements and technological innovation, as well as expanding our business through the development of products that contribute to a low-carbon society, such as battery materials and functional inks (near-infrared absorbing materials).

### Initiatives and Sustainability Data

#### ■ Carbon Neutrality Actions

In October 2021, the International Council on Mining and Metals (ICMM) revised its climate change response policy (see p. 112). The SMM Group, a member of the council, will revise its Vision for 2030 KPIs to achieve net zero GHG emissions by

#### ■ Strengthening Promotion System

Responding to climate change is an urgent, material issue, which requires a bold and quick response in order to achieve related ambitious goals. We have reinforced the promotion system by establishing the Carbon Neutrality Promotion

#### ■ Using Internal Carbon Pricing (ICP)

ICP is an action in which companies set an in-house carbon price to promote capital investments for decarbonization and energy savings and consider GHG emission reductions as a capital investment effect.

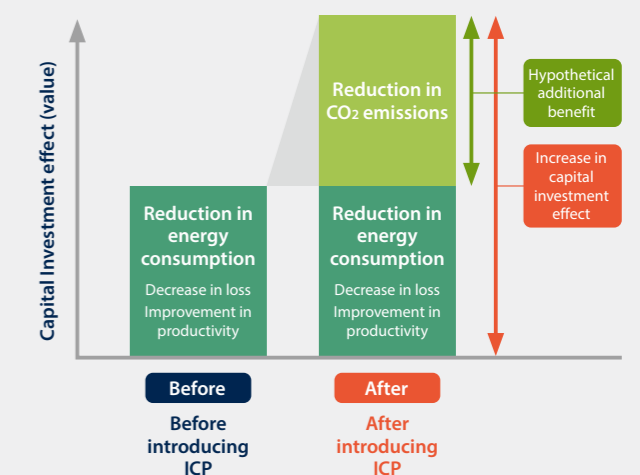
Since introducing an ICP in September 2020, the SMM Group has moved forward with decarbonization investments that make active use of ICP at business sites. Specifically, in addition to energy-saving investments, such as introducing LED lighting and replacing to highly efficient air conditioning equipment, we are actively taking on various challenges, including those related to solar power and a fuel conversion from heavy oil to LNG, which previously could not be undertaken because of poor investment return.

By further expanding ICP and spreading its use in-house, we are aiming to "Continuing to grow our business while maintaining GHG emissions below the level of FY2013. Accelerating actions to achieve net zero GHG emissions by 2050 or sooner," one of the goals of Vision for 2030.

2050, clearly indicate a path toward reducing Scope 1 and 2 emissions, move forward with disclosing Scope 3 emissions, and even examine setting targets.

Committee in FY2021 in order to clarify the strategy and plans at a high level of the organization and more quickly and forcefully move forward with introducing measures throughout the Group (see p. 73).

#### Plan for ICP



2 Climate Change

Action for TCFD

In February 2020, we became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). We have not only listed climate change as a material issue in Vision for

2030, which was formulated and released in March 2020, and strengthened efforts to achieve the vision of “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),” but also indicated that we will move forward with disclosure of related information.

The TCFD recommendations advise that the disclosure of climate change-related risks and opportunities should be organized according to four core elements of corporate management and operations (governance, strategy, risk management, and metrics & targets).

The former CSR Committee (currently Sustainability Committee), chaired by the president, and the Environmental Preservation Subcommittee (chaired by the General Manager of the Safety & Environmental Control Department and composed of members from business and corporate divisions), a subordinate organization of the committee, examines the SMM Group’s response to climate change and reports their

findings to the Board of Directors, which deliberates on the issue. Concrete measures are then introduced in each division. In April 2022, we further strengthened the system for promoting carbon neutrality throughout the Group by launching the Carbon Neutrality Promotion Committee.

Our climate change scenario analysis involved 1) identifying key drivers, 2) establishing scenarios for temperature rises of 1.5°C and 4°C, 3) considering impact on business, 4) identifying and evaluating risks and opportunities, and then 5) considering ways to approach these (such as Vision for 2030).

We have shared information gained from the results of this analysis within the Group through means such as briefing sessions for the Sustainability Committee and relevant officers. Even in our 2021 3-Year Business Plan, we tout a strategy for responding to climate change (see p. 45).

See the TCFD Content Index on p. 2 of the supplementary ESG Data Book 2022

Climate Change Scenario Analysis

We considered two scenarios for 2050

**1.5°C scenario** A scenario in which ongoing efforts are made to keep the rise in average temperatures to within 1.5°C. Information sources included the IEA’s<sup>1</sup> WEO<sup>2</sup> 2019 Sustainable Development Scenario<sup>3</sup> and ETP<sup>4</sup> Beyond 2D Scenario, and the IPCC’s<sup>5</sup> special report Global Warming of 1.5°C.

**4°C scenario** A scenario in which no countermeasures are taken, and temperatures are allowed to continue rising. Information sources included the IEA’s WEO 2018 New Policies Scenario and the IPCC’s RCP<sup>6</sup> 8.5 Scenario.

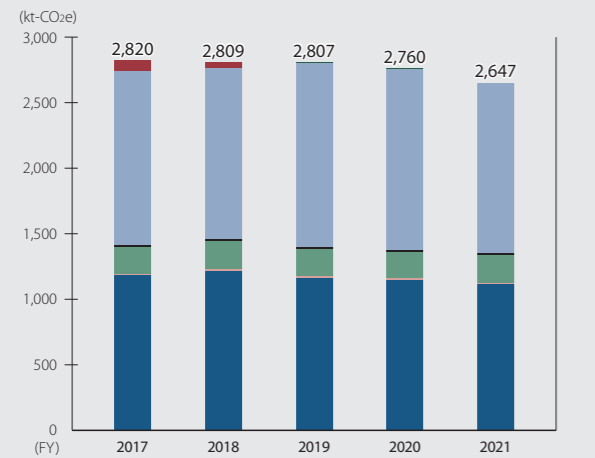
1. IEA: International Energy Agency. A global body focused on energy.  
 2. WEO: World Energy Outlook. A report issued by the IEA covering topics such as energy demand and the outlook concerning technological development.  
 3. Sustainable Development Scenario: A scenario that analyzes pathways for fully achieving the targets of the Paris Agreement.  
 4. ETP: Energy Technology Perspectives. A report issued by the IEA.  
 5. IPCC: Intergovernmental Panel on Climate Change.  
 6. RCP: Representative Concentration Pathway.

Scenario	Category	Driver	Anticipated situation (2050)	Impact on business	Risk and opportunity (medium- to long-term)	SMM Group approach: Initiatives for realizing Vision for 2030
1.5°C	Climate change policy	Carbon pricing (carbon taxes, emissions trading, etc.)	• Overall monetary amounts have risen (depending on nation or region)	Increased tax burden, etc. Increases in R&D costs and investment in low-carbon facilities and equipment	Risk Large Short- to long-term, large	• Climate Change: Reduce GHG emissions [See p. 79, 91-95] • Climate Change: Reduce GHG emissions [See p. 79, 91-95] • Effective Use of Non-Ferrous Metal Resources: [See p. 76-78, 90] Improve productivity by introducing new technology, Advance nickel ore projects and improve productivity
	Climate change policy	Tightening of vehicle regulations, policy to promote LEVs <sup>7</sup>	• Fuel consumption regulations have been tightened and restrictions on movement introduced • Policy is supportive of EVs and LEVs • Internal combustion-based vehicles have been replaced by LEVs	• Increase in sales due to growing demand for batteries and nickel accompanying the spread of EVs • Increase in sales of nickel oxide powder and lithium batteries accompanying the development of a hydrogen society and the spread of FCVs • Increase in sales of other products contributing to a low-carbon society	Opportunity Large	• Climate Change: Reduce GHG emissions [See p. 79, 91-95] • Effective Use of Non-Ferrous Metal Resources: Advance nickel ore projects and improve productivity, Develop technology to create value from unused non-ferrous metal resources, Leverage our strengths to create new products and new businesses that contribute to society, Hold raw materials in-house for favorable and stable procurement, Expand sales of low-cost battery cathode materials through favorable, stable procurement of our own nickel raw materials [See p. 76-78, 90]
	Society and infrastructure	Progress of digital transformation related to vehicles, changes in values	• Self-driving vehicles, MaaS <sup>8</sup> , and car-sharing are common • Fewer households own cars			
	Technology	Development of hydrogen technology, fuel cells	• Fuel cell vehicles (FCV) are common • EVs and plug-in hybrid EVs (PHEV) are common			
	Climate change policy	Shift to electrical energy	• Electricity occupies a higher proportion of final energy consumption	• Increase in demand for copper accompanying the strengthening of electrical grids (although there is competition from aluminum, etc.)	Opportunity Large	• Effective Use of Non-Ferrous Metal Resources: Advance copper mine projects, Acquire new superior copper and gold resources [See p. 76-78, 90]
	Technology	Technological shift in automobile storage batteries	• There has been a shift in the market share of automobile storage batteries	• Rise in the proportion of nickel used in batteries and increased sales of nickel accompanying efforts to move away from cobalt • Solid state batteries that leverage SMM technology as next-generation batteries • Spread of iron and manganese-based batteries accompanying efforts to move away from cobalt • Spread of new batteries that do not leverage SMM technology as next-generation batteries	Opportunity Medium Risk Medium	• Climate Change: Reduce GHG emissions [See p. 79, 91-95] • Effective Use of Non-Ferrous Metal Resources: Advance nickel ore projects and improve productivity, Develop technology to create value from unused non-ferrous metal resources, Leverage our strengths to create new products and new businesses that contribute to society, Hold raw materials in-house for favorable and stable procurement, Expand sales of low-cost battery cathode materials through favorable, stable procurement of our own nickel raw materials [See p. 76-78, 90]
Society and infrastructure	Interest in matters such as sustainable procurement, environmental footprint, and the social impact of businesses	• There is greater awareness regarding sustainability • ESG investment is mainstream • There are more possible applications for alternative materials and recycled metals	• Limits on raw materials sourcing, increase in materials and manufacturing costs, greater advantages due to owning our own mines • Expansion of the automobile secondary battery recycling business • Impact of ESG investment on financing • Reputational risk if SMM’s efforts are evaluated as insufficient	Opportunity Medium Risk Medium to large	• Effective Use of Non-Ferrous Metal Resources: Advance copper mine projects, Acquire new superior copper and gold resources, Advance nickel ore projects and improve productivity, Hold raw materials in-house for favorable and stable procurement, Demonstrate and commercialize automobile secondary battery recycling technology [See p. 76-78, 90] • Human Rights in the Supply Chain: Promote sustainable procurement, particularly responsible mineral sourcing [See p. 89, 116-117] • Rights of Indigenous Peoples: Understand indigenous peoples and their traditions and culture, Support initiatives that lead to respect for the traditions and cultures of indigenous peoples [See p. 88, 115]	
4°C	Temperatures and rainfall	Rises in average temperature, sea surface temperature, and sea levels	• Sea levels have risen • Storm surges are more frequent	Decline in port functionality, greater risk of storm surges, possibility of facility-based countermeasures needing to be taken at some coastal business sites	Risk Large	• Significant Environmental Accidents and Biodiversity: Zero significant environmental accidents [See p. 80, 96-101]
		Increase in abnormal climate events, such as heat waves, flooding, and water shortages	• Heavy rains and typhoons are more frequent • Increased risk of flooding and water shortages depending on region	Increase in risk of flooding or water shortages at business sites in certain regions, possibility of facility-based countermeasures needing to be taken Decline in operations at key suppliers, decline in plant operations due to interruptions to procurement and shipping routes	Risk Large Risk Large	• Significant Environmental Accidents and Biodiversity: Zero significant environmental accidents [See p. 80, 96-101] • Significant Environmental Accidents and Biodiversity: Zero significant environmental accidents, Reduce emissions of hazardous substances [See p. 80, 96-101]
				Possibility of facility-based countermeasures needing to be taken due to the increased risk of damage to tailing dams	Risk Large	• Significant Environmental Accidents: Zero significant environmental accidents [See p. 80, 96-101]

7 An abbreviation for LEVs: Low-Emission Vehicles  
 8 An abbreviation for MaaS: Mobility as a Service

2 Climate Change

GHG Emissions (Scope 1 + 2)



■ Smelting & Refining Business in Japan
 ■ Mineral Resources Business in Japan
 ■ Battery Materials Business and Advanced Materials Business
 ■ Other Businesses in Japan
 ■ Smelting & Refining Business overseas
 ■ Mineral Resources Business overseas
 ■ Materials Business overseas

Direct emissions for both Japan and overseas are calculated using emission factors conforming to the Japanese law "Act on Promotion of Global Warming Countermeasures." This includes non-energy-originated GHG emissions (349 kt-CO<sub>2</sub>e) that are outside the scope of the law. The amount of GHG emissions from electric power purchased in Japan is calculated according to the market-based method using the emission factors of electric suppliers. For overseas emission factors, we used the latest emission factors for each country as published by the IEA.

In FY2021, the SMM Group's GHG emissions (Scope 1+2) were 2,647 kt-CO<sub>2</sub>e, reduced through energy conservation activities and other efforts. In addition, GHG emissions related to transportation in Japan, which are indirect emissions, were 26 kt-CO<sub>2</sub>e.

The SMM Group will continue to promote GHG emission reduction efforts in FY2022, and anticipates reductions of 12 kt-CO<sub>2</sub>e for the year.

GHG emissions reduction due to solar power generated at the solar power plant operated by SMM in Kashima, Ibaraki Prefecture came to approximately 1.6 kt-CO<sub>2</sub>e in FY2021.

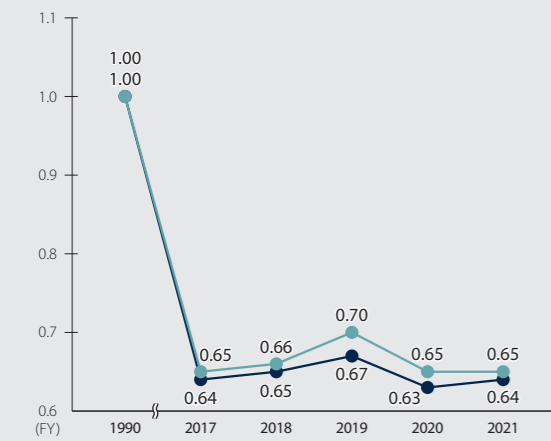
Breakdown of GHG Emissions (FY2021) (kt-CO<sub>2</sub>e)

	Group companies in Japan	Group companies overseas	Total
Scope 1	488	1,298	1,786
Scope 2	859	2	861
<b>Total</b>	<b>1,347</b>	<b>1,300</b>	<b>2,647</b>

Scope 3: See p. 95

Energy intensity and CO<sub>2</sub> Emissions intensity Index\*

(Scope: Smelting & Refining Business in Japan)



● Energy intensity index
 ● CO<sub>2</sub> emissions intensity index

In the SMM Group's Smelting & Refining Business in Japan, energy intensity for FY2021 was approximately the same as the previous year.

SMM is a member of the Japan Mining Industry Association (JMIA), an organization of non-ferrous mining, smelting and refining companies, and we are participating in the Carbon Neutrality Action Plan being led by the Japan Business Federation (*Keidanren*).

We will continue to proactively engage in thorough energy management, the promotion of energy-saving activities, the introduction of renewable energy, the use of unutilized heat, and other endeavors with the aim of reducing energy intensity by an average of at least 1% per year and further lowering CO<sub>2</sub> emissions over the medium to long term.

\* Energy intensity and CO<sub>2</sub> emissions intensity index: The amount of energy consumed and CO<sub>2</sub> emitted during the production of 1 ton of product, assuming the base year FY1990 value to be 1.

GHG Emissions (Scope 3) FY2021

Category	kt-CO <sub>2</sub> e	Calculation method and aggregation boundary
1. Purchased goods and services	3,668.7	Σ (weight of key raw materials x emission factors) Emission factors are from the LCI Database IDEA v2.3 Boundary: SMM Group, including overseas
2. Capital goods	225.9	Σ (amount of capital expenditures x emission factors) Emission factors are from the Database for Calculating GHG Emissions of the Supply Chain, Ver. 3.2, prepared by the Ministry of Environment and the Ministry of Economy, Trade and Industry in Japan. Boundary: SMM Group, including overseas Note: Capital expenditures include construction in progress, used equipment, and intragroup transactions
3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	239.8	Σ (electricity and fuel consumptions x emission factors) Emission factors (electricity) are from the Database for Calculating GHG Emissions of the Supply Chain, Ver. 3.2, prepared by the Ministry of Environment and the Ministry of Economy, Trade and Industry in Japan. Emission factors (fuel) are from the LCI Database IDEA v2.3 Boundary: SMM Group, including overseas
4. Upstream transportation and distribution	25.7	Emissions from domestic transportation are calculated based on the Japanese law "the Act on Rationalizing Energy Use" and "the Act on Promotion of Global Warming Countermeasures".
5. Waste generated in operations	7.2	Σ (amount of waste by type (major sites in Japan) x emission factors by waste type) Emission factors are from the Database for Calculating GHG Emissions of the Supply Chain, Ver. 3.2, prepared by the Ministry of Environment and the Ministry of Economy, Trade and Industry in Japan. Boundary: SMM Group in Japan
6. Business travel	0.8	Σ (number of employees (major sites in Japan) x emission factors) Emission factors are from the Database for Calculating GHG Emissions of the Supply Chain, Ver. 3.2, prepared by the Ministry of Environment and the Ministry of Economy, Trade and Industry in Japan. Boundary: SMM Group in Japan
7. Employee commuting	2.7	(By work type and place) Σ (number of employees (major sites in Japan) x number of business days x emission factors) Emission factors are from the Database for Calculating GHG Emissions of the Supply Chain, Ver. 3.2, prepared by the Ministry of Environment and the Ministry of Economy, Trade and Industry in Japan. Boundary: SMM Group in Japan
8. Upstream leased assets	Not applicable	Calculated in Scope 1 and Scope 2 so this is not applicable.
9. Downstream transportation and distribution	Not applicable	This category is not applicable because it is difficult to calculate emissions since the products are mainly non-ferrous metals and highly advanced materials, which have diverse applications after sales destinations, and each application has different GHG emission characteristics.
10. Processing of sold products	Not applicable	This category is not applicable because it is difficult to calculate emissions since the products are mainly non-ferrous metals and highly advanced materials, which have diverse applications after sales destinations, and each application has different GHG emission characteristics.
11. Use of sold products	Not applicable	This category is not applicable because it is difficult to calculate emissions since the products are mainly non-ferrous metals and highly advanced materials, which have diverse applications after sales destinations, and each application has different GHG emission characteristics.
12. End-of-life treatment of sold products	Not applicable	This category is not applicable because it is difficult to calculate emissions since the products are mainly non-ferrous metals and highly advanced materials, which have diverse applications after sales destinations, and each application has different GHG emission characteristics.
13. Downstream leased assets	0.2	Σ (electricity and gas consumption by tenants of the Head Office building x emission factors) Emission factors are from the list of emission factors of the Ministry of the Environment's Greenhouse Gas Emissions Calculations Reporting and Publication System.
14. Franchises	Not applicable	SMM group does not have franchises so this is not applicable.
15. Investments	Not applicable	SMM group does not make financial investments for profit, so this is not applicable.

# 3 Significant Environmental Accidents 4 Biodiversity

Further information on the promotion framework of the Environmental Preservation Subcommittee: p. 72-73.  
Further information on FY2021 results: p. 80.

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

## Approach and Policy

Significant environmental accidents have major impacts on the environment and communities, and can result in loss of the trust that is a prerequisite for business continuity. By improving our facilities and management to address intensifying natural disasters, we are working to prevent serious environmental accidents and mitigate impacts in the event of occurrence.

We are also working to rationalize our use of water resources and to reduce our emissions of harmful substances into the atmosphere and water, and are developing environmental conservation activities that place importance on biodiversity.

### Operation of Environmental Management Systems

The president, in whom ultimate accountability resides, sets annual SMM Group Environmental Targets comprising policies, targets, and measures by taking into consideration environmental risks and opportunities for contribution. Acting on these targets, each business division (including each business site and contractor) establishes and operates under environmental management systems based on the ISO 14001 standard. We have acquired certification for environmental management systems at Head Office, branch offices, and all Group manufacturing sites.

## Significant Environmental Accidents: Initiatives

### Managing Tailings Dams

Tailings facilities in which tailings from mines are dumped may collapse and cause considerable damage.

In August 2020, Global Tailings Review (GTR) formulated the Global Industry Standard on Tailings Management (GISTM). The International Council on Mining and Metals (ICMM; see p. 112) is committed to compliance with GISTM. As a member of ICMM, we are conducting examinations to comply with the standard.

### Rehabilitating Tailings Dams

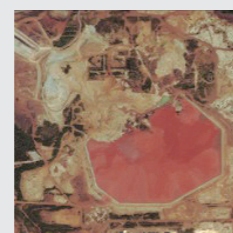
CBNC and THPAL produce intermediates for electrolytic nickel and nickel sulfate. At tailings dams, the slurry after the recovery of nickel through the production process is treated through neutralization to eliminate toxins and precipitate heavy metals. The treated slurry is then pumped to the tailings dam where it allows the solids to settle down. The solids are stored at the tailings dam, whereas the supernatant or treated wastewater with water quality. Some parts of the supernatant is being recycled for plant use.

When the storage capacity of the tailings dams is reached, the site is rehabilitated in order to establish an independent and sustainable ecosystem. Rehabilitation does not simply mean greening, but also making it possible for the area to return into its original state which is conducive to sustaining a

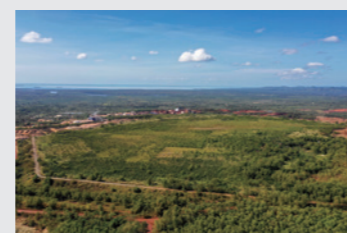
Our Group thoroughly implements measures to prevent major environment accidents at closed mines that it manages and tailings dams managed by Coral Bay Nickel Corporation (CBNC) and Taganito HPAL Nickel Corporation (THPAL), both of which are located in the Philippines.

In FY2021, there were no serious accidents including minor ones.

natural ecosystem. This involves agroforest technology wherein the forest is established alongside agricultural farming. Thus, vegetables and fruits are also grown in the area. Many local residents are involved in this work, and rehabilitation plays an important role in creating local employment.



Before rehabilitation



After rehabilitation

### Managing Decommissioned and Closed Mines

At the closed mines managed by SMM, we operate storage facilities for tailings and other materials and managing wastewater containing heavy metals discharged from drifts.

We operate 42 storage facilities in Japan, and the stability at these facilities is evaluated using mandatory management criteria that were revised in light of the Great East Japan Earthquake. Eleven of these facilities did not meet those criteria, and through 2018, we invested a total of about ¥4.5 billion to complete reinforcement work on the facilities.

On the other hand, managing wastewater requires removing heavy metals until the water quality meets the effluent standards, and thus this is a key part of the management of closed mines. In recent years, focus has been on passive treatment\* technology that uses microbes to remove heavy metals, and we are participating in the development of that technology.

In addition to safely managing closed mines, we will continue to reinforce and improve facilities and infrastructure.

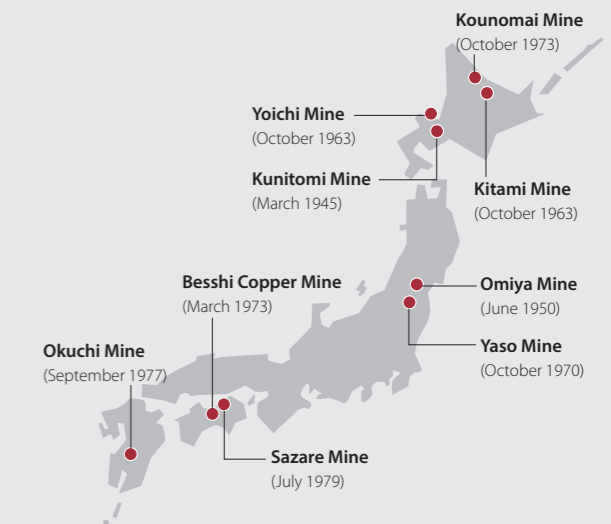
\* Passive treatment is a natural method of purifying wastewater that does not require the use of force or chemicals. It is expected to find use as a lower cost, more environmentally friendly process than treatment of mine wastewater using chemicals.

### Decommissioned and Closed Domestic Mines

(as of July 1, 2022, dates in parentheses are closure/suspension dates)

#### Management framework for decommissioned and closed mines

SMM's management of decommissioned and closed domestic mines includes daily, 24-hour treatment of wastewater discharged from mines and accumulation sites, and maintenance of old drift and slag and waste rock storage facilities, in order to prevent mine pollution.



### Effective Use of Water Resources (Water Stewardship)

Our Group's manufacturing processes require large amounts of water, particularly in the Smelting & Refining Business.

At the same time, water is a shared resource of local regions and is closely connected to the lives of local residents and communities, as well as to the surrounding ecosystem. In addition to identifying water risks using WWF Water Risk Filter and then reducing those risks, our Group gives consideration to local communities and the environment in areas where we use water and are working with a sense of responsibility to make good use of the limited water resources.

Example initiatives:

- Prevention of excessive intake of water by understanding the amounts of intake by source
- Reduction of water intake and effluent amounts by promoting the use of recycled and reused water
- Promotion of effective use of water by understanding water balance and optimizing our amounts used
- Reduction of environmental impact by reducing amounts of hazardous chemical substances in effluent discharged into water
- Promotion of preservation of biodiversity through aquatic life monitoring surveys near our business sites
- Promotion of infrastructure development in areas where access to water is difficult

At CBNC, in the Palawan Island, the Philippines makes effective use of water resources because the area is prone to water shortages during the dry season. For example, they treat supernatant water accumulated in tailings dams at recycling

facilities and then reuses the water during its process. The company also supplies that water as industrial water to lime slurry producers, one of its suppliers. Furthermore, CBNC provides handwashing equipment to local residents as part of its water-related contributions to local communities.

In addition, a team that consists of members from the Environmental Management Office (EMO), the department that conducts environmental management activities for the company, local governments, NGOs, and other entities, strives to reduce the environmental effects caused by wastewater by conducting regular water quality tests to determine if plant operation is having a major impact on surrounding water. The SMM Group also completes an annual CDP's water security questionnaire regarding its water management.



Portable handwashing equipment provided to local residents (CBNC)

3 Significant Environmental Accidents 4 Biodiversity

Enforcement of Chemical Management

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. In addition, to enable

Enforcement of Environment-Related Compliance

In addition to providing education on environmental laws using various types of material, including e-learning material, 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 amend-

appropriate and safe use of chemicals throughout the supply chain, 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.

ments, including the REACH Regulation\* and other overseas regulations.

\* 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.

Biodiversity: Initiatives and Sustainability Data

Consideration of Biodiversity

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 impacts on biodiversity.

We are systematically curbing our discharges of chemicals and other substances, and continue to further cut our emissions of hazardous chemical substances.

Regular Reforestation in Philippines

CBNC and THPAL, which are located in the Philippines, are working to undertake regular reforestation.

In areas other than those owned by the companies, efforts are underway to promote greening, which involves planting mangroves, bamboo, and other trees. CBNC also holds an annual *Shokuju* (Tree Planting) Day, an event in which employees and local residents plant seedlings every year (see p. 113), and THPAL, too, holds tree planting for employees, contractors and local residents on Arbor Day, Environmental Month and other significant celebration annually.



Reforestation at THPAL

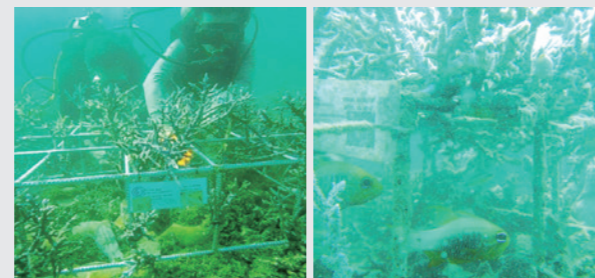
Reducing the Environmental Impact of Constructing New Plants

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-Environmental Management Bureau (DENR-EMB). This required submitting an Environmental Impact Assessment (EIA) to assess and determine the possible impacts of the new project to land, air, water and the people.

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 the operation 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) that are primarily responsible in promoting environmental initiatives of the 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



Coral near CBNC (when planted (left), now (right))

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.

Environmental Monitoring at the Hishikari Mine

To preserve the ecosystems as well as the foundation of life for communities in the area around the Hishikari Mine, SMM conducts annual environmental monitoring surveys in the area.

In addition to monitoring the atmosphere and water level and flow volume of rivers in the area, measuring water temperature, conducting water quality tests, including ones for underground water, and analyzing riverbed soil, we monitor growth of *chisujinori*\* in the Sendai River of Isa City, Kagoshima Prefecture, where the Hishikari Mine is located, because this is where the algae, which is a government-designated protected endangered species, grows. We also conduct an annual analysis of 18 items, such as rice paddy soil, whole rice, and straw. Furthermore, checks are made every other year that there are no anomalies regarding heavy metals in fish, and the results are reported to the local government, local residents, and similar parties.

As a result of the efforts that the companies have undertaken over the years, both CBNC and THPAL were awarded a Presidential Mineral Industry Environmental Award (PMIEA) by the Philippine Department of Environment and Natural Resources for the second year in a row.

\* *Chisujinori* (Scientific name: *Thorea okadae*): A Japanese government-designated protected freshwater algae species belonging to the Thoreaceae red algae family that is found only in rivers in central and southern Kyushu. It grows mainly in flowing water, clinging to rocks and trees. The Japanese name (lit. "blood-vessel moss") comes from its similarity in color and shape to blood vessels.



Routine environmental monitoring in the area around the Hishikari Mine

Business Activities in Areas of High Biodiversity Value<sup>1</sup> (FY2021)

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 (neighboring areas equivalent to IUCN Category 2)
The Philippines	583	Coral Bay Nickel Corporation operates on Palawan Island (in hunting-prohibited and bird protection areas equivalent to IUCN Category 4)

1. Protected areas classified as Category 4 and above by the International Union for Conservation of Nature (IUCN) and neighboring areas, as well as equivalent areas of high biodiversity value (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.

Amount of Land Developed or Rehabilitated (FY2021)

	A: Total area of land not rehabilitated (as of the end of FY2020)	B: Area of land newly developed in FY2021	C: Area of land newly rehabilitated in FY2021	D: Total area of land developed but not rehabilitated (A+B-C)
Hishikari Mine	22	0	0	22
Coral Bay Nickel Corporation	421 <sup>1</sup>	0	4 <sup>2</sup>	417
Taganito HPAL Nickel Corporation	568	0	1 <sup>3</sup>	567

1. Historical figures were reviewed and adjustments were made to prior periods.

2. In addition to the rehabilitated area within the development site mentioned above, CBNC cooperated with the Philippine government, and proceeded with the rehabilitation of an additional 35 hectares in nearby regions outside the development site in FY2021, bringing the total certified rehabilitated area to 126 hectares (including bamboo groves) to date.

3. In addition to the rehabilitated area within the development site mentioned above, THPAL cooperated with the Philippine government, and proceeded with the rehabilitation of an additional 86 hectares in nearby regions outside the development site in FY2021, bringing the total certified rehabilitated area to 541 hectares to date.

Material Flows within Business Activity (FY2021)

INPUT (Resources & Energy)

Raw Materials		Recycled Materials <sup>1</sup>		Materials	
Gold and silver ore	190kt	Copper scrap	124kt	Silica sand (for copper smelting)	89kt
Copper concentrates	1,287kt	Secondary zinc	12kt	Chemicals (lime-based)	1,114kt
Nickel oxide ore	7,998kt	Secondary precious metals	6kt	Chemicals (sodium-based)	108kt
Nickel matte, etc.	39kt	Electric arc furnace dust	97kt	Chemicals (magnesium-based)	13kt
Raw material for batteries	92kt	ALC waste	111t	Sulfuric acid	472kt
ALC raw material, incl. silica rock	153kt			Cement, etc.	93kt
Hydrotreating catalyst raw material	49kt				

**Percentage of recycled input raw materials used**  
**2.38%**

Energy <sup>2</sup>	Consumption	Energy Value
<b>Non-renewable sources</b>		
Heavy oil	48,850kL	1,998TJ
Coal/coke	505,241t	13,048TJ
Diesel/gasoline/kerosene	19,656kL	737TJ
LPG/LNG	8,792t	447TJ
City gas	8,531ML	384TJ
Purchased electricity	1,435,260MWh	13,963TJ
Purchased steam <sup>3</sup>	- 256GJ	0TJ
<b>Sub-total</b>		<b>30,577TJ</b>
<b>Renewable sources</b>		
Solar power generation, binary power generation	503MWh	5TJ
Wood pellets	172t	3TJ
Biomass steam	64,997GJ	66TJ
<b>Total energy consumption</b>		<b>30,651TJ</b>

Water <sup>4</sup>	
Total volume of fresh water withdrawn	35,970ML
Surface water (rivers)	13,954ML
Rainwater	53ML
Groundwater	7,108ML
Industrial water (water from another organization)	14,437ML
Tap water (water from another organization)	417ML
Volume of seawater withdrawn	145,301ML
Total volume of water consumed from all areas <sup>5</sup>	4,917ML

OUTPUT (Products & Emissions)

Products	Emissions into the Atmosphere	Emissions into Water
Electrolytic copper	CO <sub>2</sub>	Total wastewater
Gold	2,647kt	176,781ML
Silver	1,786kt	Discharges into seas <sup>4</sup>
Electrolytic nickel	Scope 1 (direct emissions) <sup>2</sup>	175,753ML
Nickel sulfate	861kt (Decrease of 22 kt compared to the previous fiscal year)	Discharges into rivers
Electrolytic cobalt	Scope 2 (indirect emissions) <sup>3</sup>	974ML
Crude zinc oxide	SO <sub>x</sub>	Sewerage, etc.
Chromite <sup>1</sup>	1,739t	55ML
Ferronickel	NO <sub>x</sub>	COD (chemical oxygen demand)
Battery materials	Soot and dust	48t
Sulfuric acid	84t	BOD (biochemical oxygen demand)
Slag	PRTR substances	12t
Hydrotreating catalysts	9t	Total phosphorus
ALC (Siporex)		1t
		Total nitrogen
		73t
		PRTR substances (discharged into public water areas)
		67t
		PRTR substances (discharged into the soil or in landfills within business premises)
		2t

**Waste (including Items of Value)**

Total waste: 6,124kt

**Breakdown of total waste**

Spoil	12kt
Leach sludge from CBNC, THPAL, etc.	6,027kt
Industrial waste (Japan)	84kt
Other	1kt

Landfill on company premises: 6,039kt

PRTR substances<sup>5</sup>: 1,957t

**Percentage of products from recycled input**  
**6.96%**

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. The consumption and the energy value of purchased steam are indicated by subtracting the amount sold from the amount purchased.  
 4. SMM uses the WWF 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.  
 5. The total water consumption is estimated by subtracting the total amount of water discharged from the total amount of water withdrawn.

1. The percentage of products from recycled input increased because chromite was newly added to products.  
 2. 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 GHG emissions (349 kt-CO<sub>2</sub>e) that are outside the scope of the law. GHGs from wood pellets are not included.  
 3. The amount of GHG emissions from electric power purchased in Japan is calculated according to the market-based method using the 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 699 kt-CO<sub>2</sub>e when calculated for both Japan and overseas with the location-based method using IEA country-specific emission factors.  
 4. Discharges into rivers flowing into enclosed seas are included as "discharges into seas."  
 5. Total transfers to sewerage and off-site transfers.

## Special Feature Initiatives for Business and Human Rights

### Approach and Policy

The business activities of the SMM Group affect the human rights of its stakeholders, particularly local residents and indigenous peoples, employees in the supply chain, and employees of the SMM Group.

In accordance with the United Nations Guiding Principles on Business and Human Rights, we will avoid causing or encouraging negative impacts on human rights, and will work to correct or remedy human rights violations when they occur. In addition, if a stakeholder is involved in human rights violations, the Group will cooperate in efforts to correct or remedy the situation.

In order to further clarify the Group's stance and initiatives regarding such business and human rights, the Sumitomo Metal Mining Group Policy on Human Rights was revised and published as of June 1, 2022.

### Promotion Structure

The Diversity Subcommittee and the Human Rights Subcommittee, which are subordinate organizations of the Sustainability Committee overseen by the Board of Directors and chaired by the president, report regularly

to the Committee on their activities and reflect them in the Group policies and procedures to promote initiatives.

### Initiatives

A human rights management program targeting employees was launched in FY2014, and we conduct on-site surveys as needed. In addition, regular dialogues with labor unions are held to confirm employees' opinions and requests (see p.108). There were no reported cases of child labor, forced labor, serious violations of freedom of association, or factory closures due to strikes or other reasons.

We are planning to conduct human rights due diligence targeting local communities at our overseas business sites. In the supply chain, we sent a question-

naire to about 300 of our major suppliers regarding their compliance with the Sumitomo Metal Mining Group Sustainable Procurement Policy, which has already been agreed to by each company, and have received responses from 98% of them (see p. 117).

We are considering the establishment of a grievance mechanism operated by a third-party organization that can be used by external stakeholders, such as local residents, indigenous peoples, and employees in the supply chain.

### Revision of the Sumitomo Metal Mining Group Policy on Human Rights (June 1, 2022)

#### Points of Revision

In addition to our internal study, we received guidance from outside specialists and exchanged opinions with outside experts, and made revisions with the following points in mind.

- Clearly state support for the UN Guiding Principles on Business and Human Rights
- Clearly state the Group's position on basic human rights violations related to its business activities
- Clearly state international norms to be respected, such as the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).
- Clearly state the implementation of human rights due diligence and the establishment of a grievance mechanism and its promotion system
- Clearly state the implementation of dialogue and consultation with stakeholders and regular disclosure of information
- Clearly state that the policy was supported by outside experts, discussed by the internal Sustainability Committee, and approved by the Board of Directors.

#### Guidance from Outside Specialists



**Mr. Sakon Kuramoto**, Attorney at Law  
Co-representative Director, Japan Center for Engagement and Remedy on Business and Human Rights (JaCER)

The UN Guiding Principles on Business and Human Rights require companies to have three pillars: formulate a human rights policy, conduct and operate human rights due diligence, and establish and operate a remedy mechanism. We believe that the revised policy is more in line with international norms and has been enhanced as a result of our discussions with people in various areas of your company. Your company has been working on due diligence for each of your stakeholders, and we hope that you will operate more in line with international norms in the future. In addition, we would like to see your company consider the use of a remedy (grievance) mechanism that is not limited to individual companies, but is operated by a third-party organization, such as a multi-stakeholder organization, to ensure greater transparency and effectiveness.

#### Opinions from Outside Experts



**Mr. Minoru Matsubara**  
Executive Officer, General Manager of Responsible Investment Division, Resona Asset Management Co., Ltd.

Since your company is already making substantial efforts to work to ensure responsible mineral sourcing and a development approach that takes indigenous peoples into consideration, I feel that the revised policy is more in line with the actual situation as well. Rather than stating that human rights issues have been resolved in response to the occurrence of an event that raises concerns about human rights violations, I would like to see information disclosure that shows what the findings are and how the company is working to resolve them when human rights issues become apparent, based on an awareness of human rights risks.



**Mr. Ryusuke Tanaka**  
Programme Officer, ILO Office for Japan

As an initiative to support the sustainability of your company's business, it is particularly important to hold dialogues and consultations with stakeholders, starting with those with labor unions, which have been conducted for many years. I would like you to be particularly conscious of respecting the rights of children, including the abolition of child labor, which has been a focus of attention in the mining and smelting and refining sectors, and of expanding the job opportunities for women from the perspective of gender equality. In order to meet society's expectations of multinational enterprises, I am looking forward to your putting into practice your commitment to the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, which is clearly stated in this revision.



## The Sumitomo Metal Mining Group Policy on Human Rights

We, the SMM Group (hereinafter referred to as the Group), support the UN Guiding Principles on Business and Human Rights and promote initiatives to respect human rights based on these principles.

Our SMM Group upholds "Coexistence with the Earth and society" and "Respect for all individuals as the basis" in our corporate philosophy. Our Group aims to focus on its social mission and responsibility as a manufacturing company, and aims to contribute to the formulation of a sustainable society by securing resources and providing society with non-ferrous metals and high-performance materials.

The Group's long-term vision is to become a "World Leader in the Non-Ferrous Metals Industry", and our sustainability policy upholds that we will "contribute to the development of a sustainable society, and we are working to improve both our sustainable growth as a business and our corporate value".

From among the key social issues that are closely related to our Group, 11 material issues have been identified, including "Diverse Human Resources", "Development and Participation of Human Resources", "Co-Existence and Mutual Prosperity with Local Communities", "Rights of Indigenous Peoples and Human Rights in the Supply Chain". Our SMM Group has also formulated the "SMM Group Vision for 2030" and KPIs as milestones in its long-term vision to address these issues, and is promoting initiatives.

We will continue to follow the Sumitomo Business Spirit, which is the basis of our Group, and aim to become a company recognized by society as the "World Leader in the Non-Ferrous Metals Industry".

### 1. Our Group's approach to respect for human rights

Our Group understands that all our business activities may directly or indirectly affect human rights.

Our Group takes utmost care not to infringe on the human rights of all people, avoids causing or contributing to adverse human rights impacts through our business activities, and works towards correcting and remedying any such situation that may arise.

Where stakeholders, in particular business partners such as suppliers, are involved in adverse human rights impacts, the Group encourages them not to infringe on the human rights and cooperates with efforts for correction and remedy. In actual efforts, we will particularly focus on the three areas of "Employees", "Local Residents and Indigenous Peoples" and "Supply Chain (including employees therein)".

### 2. Commitments on fundamental human rights issues

1) Respect for children's rights and prohibition of child labor  
We respect the fundamental human rights of children under 18 years of age and engage in relevant business activities and social contribution activities. We do not permit child labor, especially the worst forms of child labor, such as slave labor through forced recruitment in times of conflict, and labor that is harmful to the health and safety of children.

2) Prohibition of forced labor  
We do not recognize modern slavery in the form of forced labor, debt labor (work in situations where a person is forced to work for an employer to repay a debt) and human trafficking.

3) Prohibition of discrimination  
Discrimination, harassment and bullying on the basis of race, religion, gender, age, sexual orientation, disability, nationality and other factors are not permitted in employment and work situations.

4) Respect for basic labor rights  
We respect basic labor rights (such as freedom of association and workers' right to collective bargaining) and engage in constructive dialogue between labor and management.

5) Working hours and wages  
We endeavor to properly manage working hours, holidays and leave in accordance with laws and regulations, including reducing excessive working hours, and we pay wages at or above the minimum wage stipulated by laws and regulations.

6) Occupational health and safety  
We actively address to ensure a safe and healthy working environment and give top priority to safety and health for life and limb.

### 3. Scope of application

This policy applies to all executives and employees of the SMM Group (Sumitomo Metal Mining Co., Ltd. and its subsidiaries). Our SMM Group also expects and encourages stakeholders directly linked to our operations, products or services, in particular business partners, to understand and support this policy.

### 4. Respect for International Norms on Human Rights

Our Group, in cooperation with its stakeholders, will address to respect human rights in accordance with the following international norms and standards. In addition, our Group will comply with all applicable laws and regulations in the regions where we operate.

In the unlikely event of a conflict between these laws and regulations and international norms on human rights, we will seek ways to respect international norms while complying with the laws and regulations.

- UN Guiding Principles on Business and Human Rights
- International Bill of Human Rights ("Universal Declaration of Human Rights", "International Covenant on Civil and Political Rights", and "International Covenant on Economic, Social and Cultural Rights")
- International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- ILO Tripartite Declaration of Principles on Multinational Enterprises and Social Policy
- United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)
- The 2030 Agenda for Sustainable Development (SDGs)
- Convention on the Rights of the Child
- OECD Due Diligence Guidance for Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- International Council on Mining and Metals (ICMM) Mining Principles
- Voluntary Principles on Security and Human Rights

### 5. Governance and Promotion Structure

The Diversity Subcommittee and the Human Rights Subcommittee, which are subordinate organizations of the Sustainability Committee chaired by the President, shall report regularly on the status of compliance with this policy and the Group's efforts to respect human rights to the Sustainability Committee, which is overseen by the Board of Directors, and reflect this information in the Group's business policies and procedures.

### 6. Human Rights Due Diligence

In accordance with the OECD Due Diligence Guidance for Responsible Business Conduct and other guidelines, our Group will conduct the human rights due diligence in the following steps.

In doing so, our Group will strive to utilize the human rights expertise and engage in meaningful consultation with stakeholders.

- 1) Identify and assess adverse impacts associated with our Group's operations, either directly or indirectly.

- 2) Integrate the results of the assessment into the company's processes, including allocating budgets to address any adverse impacts identified as a result of the assessment.
- 3) Seek to cease, prevent and mitigate adverse impacts.
- 4) Monitor and track the status of implementation and carry out assessments of the effectiveness of our Group's initiatives.
- 5) Disclose information on the status of the implementation and the effectiveness.

### 7. Grievance Mechanism

Our Group will establish a grievance mechanism that is accessible to all stakeholders, including not only employees of our Group but also employees in the supply chain, local residents and indigenous peoples, and that aims to resolve grievances by consensus through dialogue.

### 8. Dialogue and Consultation with Stakeholders

Our Group will engage in dialogue and consultation with stakeholders, including human rights experts, labor unions, customers and business partners, to promote comprehensive measures based on expertise and a broad range of perspectives for the adaption and the revision of this policy and for our Group's efforts to respect human rights.

In addition, we will raise awareness and provide training to all executives and employees of our Group to promote their understanding of this policy and their engagement in initiatives to respect human rights.

### 9. Reporting and Information Disclosure

Our Group will regularly disclose the progress of its initiatives based on this policy.

This policy was formulated with the assistance of human rights experts, discussed within the Sustainability Committee of Sumitomo Metal Mining Co., Ltd. and approved by the Board of Directors.

Akira Nozaki  
President and Representative Director  
Amended on June 1, 2022



## 5 Employees' Occupational Health and Safety

Further information on the promotion framework of the Occupational Health & Safety Subcommittee: p. 72-73.  
Further information on FY2021 results: p. 81.

**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

### Approach and Policy

The SMM Group aims to create comfortable and safe workplaces, including at our contractors. An environment in which employees can work in safety and with security is an important management element that leads to greater employee motivation and stronger relationships of trust between employees and the Company. To address such issues, we are further advancing our ongoing equipment safety measures and have begun introducing advanced technologies such as the IoT<sup>1</sup> and artificial intelligence (AI).

1. IoT: The Internet of things, under which services are deployed through all manner of things being connected through the Internet.

### Occupational Health and Safety Management System

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 as 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 division and business site in order to improve health and safety under the concepts of the OSHMS.<sup>2</sup>

We have business sites that have certified according to the Japan Industrial Safety and Health Association (JISHA) OSHMS standards, as well as business sites with ISO 45001 certification. We also conduct risk assessments in line with our Group's risk assessment standards when introducing new equipment or making changes to operational procedures.

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 that hazard prediction, risk assessment, and the improvement of equipment are at the same level as in Japan.

2. 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.

### Initiatives and Sustainability Data

#### Work-Related Incidents (2021)

"Employees" includes employees and part-time workers from Group companies

	Japan				Overseas			
	Employees	Non-employee workers	Employees	Non-employee workers	Employees	Non-employee workers	Employees	Non-employee workers
Number of work-related fatalities and frequency rate (Calculated per 1,000,000 hours, same applies below)	1	0.07	1	0.50	0	0	0	0
Number of work-related injuries resulting in disability and frequency rate	0	0	0	0	0	0	0	0
Number of recordable work-related injuries and frequency rate <sup>1</sup>	20	1.48	8	3.99	1	0.35	7	0.58

1. "Recordable work-related injuries" is the total of injuries that required hospital treatment and resulted in absence from work and injuries not resulting in absence from work.

#### Work-Related Ill Health (2021)

"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 <sup>2</sup>	0	0	0	0

2. 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).

#### VR (Virtual Reality) - based hazard simulation training

Since FY2020, our Group has conducted hazard simulation training using VR equipment. In FY2020, we conducted training using existing content concerning falls, heavy machinery accidents, and other work-related accidents, and confirmed the effectiveness of the training. In FY2021, we worked toward enforcement of work-place rules using original content based on serious accidents in the past, while striving to raise the level of supervisors' safety management by training a large number of supervisors to act as instructors. Looking ahead, we plan expand to our education by preparing and using even more original content using past accidents as reference.



VR-based hazard simulation training

VR-based hazard simulation training screen

#### Specified chemical substances:

##### Promoting the visualization of work environments

To increase the visibility of work environments where specified chemical substances are used, such as powdered nickel compound, at the Isoura Plant, we have installed dust monitors capable of continuous monitoring in workplaces and share measurements in morning employee assemblies to detect leaks of dust at an early stage. When anomalies are detected, we use portable dust meters or special-purpose lights to identify the dust sources. Through measures to prevent the generation of dust, we are largely able to maintain work environments in a good condition.

We plan to further instill awareness of work environment improvements throughout the Isoura Plant. By eradicating and managing sources of dust through regular maintenance, we aim to create workplaces that support stable and favorable work environments.



Identification of dust sources using a special-purpose light

#### Initiatives to prevent the recurrence of serious accidents

Under Vision for 2030, we have been working toward the goal of "serious accidents: zero." However, two fatal accidents occurred in FY2021. In June, an employee of a Group company in Japan was struck by a moving forklift, and in October, an employee of a construction partner company in Japan was involved in an accident with an aerial work platform. To prevent such accidents from happening again, our Group thoroughly analyzes the causes of accidents and advances measures to prevent reoccurrence, including measures to safely separate pedestrians and vehicles and the strengthening of guidance and management for the safe use of aerial work platforms.



Demarcation of walkway boundaries using light

## 6 Diverse Human Resources

### 7 Development and Participation of Human Resources

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

1. A company that respects the humanity of each and every employee, and where employees feel pride, motivation, and joy in work
2. A company that provides each and every employee with opportunities to improve his/her capabilities, and grows together with employees

#### Approach and Policy

Based on the Group Corporate Philosophy of “respect for all individuals” and in accordance with the SMM Group Policy on Human Rights, we work to secure, develop, and make the most of human resources by respecting the diverse values of each individual employee and fostering workplace environments in which each individual can fully demonstrate their abilities.

#### Diverse Human Resources: Initiatives and Sustainability Data

##### Employee Human Rights Initiatives

In April 2021, we established the Work-life Support Desk to respond to a wide range of requests for consultation from all SMM Group employees and to provide support for resolving issues. These issues span not only harassment and human rights matters but also careers, human relations in the workplace, and balancing work with childcare and nursing care. In FY2021, the desk responded to 23 inquiries.

Since FY2019, we have also undertaken human rights education throughout the Group, with December of every year designated Human Rights Month. Under the high-level theme of “accepting diversity and creating workplaces where all employees can work with spirit,” in 2021 we created and distributed an educational text on the sub-theme of “creating workplace environments through every employee,” and used the materials to conduct a total of 7,156 hours of human rights training at our workplaces.

##### Diversity Initiatives

We continued to expand the range of activities available to women, persons with disabilities, and foreign employees, and offered childcare support-related education to both male and female employees as a form of support matched to employees’ life stages. We formulated an action plan for general business owners based on the Act on Advancement of Measures to Support Raising Next-Generation Children for the two years from April 1, 2020 to March 31, 2022. By achieving the goals set in the plan and meeting standards, we received the *Kurumin* certification from the Minister of Health, Labour and Welfare as a company supporting childcare. We also offer caregiver support and conduct LGBT management-employee training on a regular basis every year to deepen employees’ understanding of diversity promotion.

Of 100 employees<sup>1</sup> (86 men and 14 women) with the right to take parental care leave in FY2021, 32<sup>2</sup> (18 men and 14

##### Dialogues between labor and management

We hold labor-management council meetings, labor-management discussions, and Labor-Management Advisory Committee meetings as needed, as well as Central Labor-Management Conference meetings once per year. We regularly discuss our management status with labor unions and employee representative organizations, and set up opportunities to solicit opinions and requests from employees. In response to requests for improvements in occupational health and safety and working environments, we enact necessary improvement measures after confirming conditions. In the case of changes to frameworks that will have significant effects on employees, we set appropriate notification periods and provide opportunities for stating opinions. To foster a new culture in which all employees come together to share in the joy of achieving goals, in FY2022 we set annual goals shared by labor and management for the reduction of recurring accidents, and launched related initiatives.

women) did so, with the result of a parental leave percentage of 32% (21% for men and 100% for women). In addition, two employees took caregiver leave.

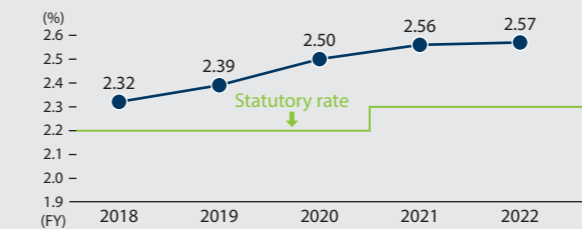


<sup>1</sup> Male employees: Number of people who submitted a notification of birth to the Company for birth by a spouse in FY2021.  
Female employees: Number of people who gave birth in FY2021

<sup>2</sup> Male employees: Number of people who took parental leave in FY2021  
Female employees: Number of people who gave birth in FY2021 and took parental leave

Further information on the promotion framework of the Diversity Subcommittee: p.72-73.  
Further information on FY2021 results: p.82-84.

#### Employment Rate of Disabled People Over the Past Five Years (Sumitomo Metal Mining Co., Ltd., employment rate as of June 1 of each fiscal year)



Every year, SMM accepts students with disabilities for internship positions. By deepening understanding of our workplaces and work through the experience, we are increasing the number of students who feel confident in joining our Company.

#### Development and Participation of Human Resources: Initiatives and Sustainability Data

##### 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. Each school consists of 8 to 10 young and middle-management employees. Executives serve as the head and deputy head of each school, which operates independently and issues a report once a year. Schools covering areas including

resources, metals, materials, research and development, equipment and technology, human resources, accounting, and sales select their own themes to undertake every year, and engage in activities with the goals of strengthening the ability to think issues through, to learn together, and to put learning to practical use in the workplace.

##### The *Shikinen Kaikaku* Project (The Fixed Period Reform Project)

The *Shikinen Kaikaku* Project involves the fixed period, mandatory application of a scrap and build process (inspired by the *Shikinen Sengu* ritual\*) to the Group’s core technologies, programs, and operational systems with the following aims: (1) Swiftly and voraciously identifying and absorbing social and environmental changes, technological trends, and other movement in society and reflecting these in the Group’s management (transformation), (2) regularly reviewing and exploring existing technologies, programs, and systems in-depth to gain a fundamental understanding so the Group’s

technology and culture can be passed down to future generations (legacy), and (3) providing a venue for the focused development of human resources (education). We appoint future leadership candidates as project leaders to provide them with practical experience on various themes which they cannot gain through off-the-job training. We believe this will lead to even greater growth.

\* *Shikinen Sengu*: A ritual held about every 20 years at Ise Jingu Shrine and other shrines in which the divine palace and its sacred apparel, furnishings, and divine treasures are completely remade and the enshrined deity is moved to the new sanctuary.

##### One-on-one meetings

One-on-one meetings are regular opportunities for dialogues between superiors and subordinates to draw out the capabilities of subordinates and aid their growth. To become “a company where all employees can take a vibrant and active part” and achieve our Vision for 2030, from FY2021 we introduced one-on-one meetings in stages in the Head Office area with the aim of enhancing the quality and quantity of communication. Interviews in the past were led by superiors, who mainly checked progress toward work goals and evaluated the degree of achievement. One-on-one meetings, however, are led by subordinates, who decide the themes for the meetings.

Superiors focus on using their coaching skills to present insights to subordinates and to draw out their self-direction. All employees working in the Head Office District undergo training to deepen understanding before one-on-one meetings. In questionnaires conducted after the meetings, many employees report feeling a sense of growth.



One-on-one training

##### Total Time Spent on Employee Education (FY2021)

	Officers		Managers		Regular employees		Occasional employees and temporary employees	Total
	Male	Female	Male	Female	Male	Female		
Annual hours of education per SMM Group’s employee (average)	9	0	22	6	37	21	20	30
Number of officers and employees at the end of the fiscal year	109	0	958	103	4,840	1,193	1,214	8,417

In addition to the total time spent on education, employees spent the following number of hours on e-learning courses: 9,450 hours for SMM non-consolidated, and 4,342 hours for consolidated subsidiaries in Japan and overseas.

## 8 Engagement with Stakeholders

Further information on the promotion framework of the Communications Subcommittee: p. 72-73.  
Further information on FY2021 results: p. 85.

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

### Approach and Policy

We are working to ensure that our diverse stakeholders correctly understand the true size of the Group and encouraging them to share in our goal of becoming the world leader in the non-ferrous metals industry. We have identified the groups of stakeholders who affect or are affected by the SMM Group as customers, shareholders, employees, local communities, creditors, business partners, NGOs and NPOs, and government agencies. We have set targets for how we should engage with each of these groups, and we are advancing various initiatives to achieve these targets.

### Initiatives

#### Implementation and Results of the Employee Awareness Survey

The SMM Group has commissioned a specialized external organization to conduct employee awareness surveys in order to communicate with its employees, who are important stakeholders, and to create a better company and workplace. These surveys have been conducted every three years since FY2010, with the fifth survey conducted in FY2021. Their purpose is to gain a quantitative understanding of how employee awareness has changed over the three years since the previous survey and what kind of awareness employees cur-

rently have about working at the Company, and to use this information to develop measures to create an even better company and workplace.

A total of 5,153 people were surveyed, with a total of 141 questions. The response rate was 94.4%.

In the FY2021 survey, the ratio of employees who feel pride in working at the Company, which is a target for improvement in our Vision for 2030, was 63.7%, a 0.9-point improvement from the previous survey.

#### Branding Activities

Toward our Vision, we are engaged in branding activities aimed at improving recognition, understanding, and appreciation of SMM as a world leader in the non-ferrous metals industry.

As part of our nationwide advertising efforts in Japan, we ran TV commercials and web ads in the second half of FY2021, and sponsored the special exhibition Pompeii to be held in four locations throughout Japan from FY2021 to FY2022. In addition, in the regions where we operate, we worked to make sure our brand designs are reflected on signs and billboards around our offices. For the Ome District Division, we adopted methods that we have never used before, such as displaying the SMM symbol mark on the glass façade of the building and illustrated ads on signboards at the JR Tachikawa Station.

We will continue to engage in proactive branding activities to make the SMM Group widely known to our stakeholders.



SMM symbol mark posted on Ome District Division building



Illustrated ad at JR Tachikawa Station

#### Communication with Shareholders and Investors

The SMM Group strives to provide our shareholders and investors with the information we think they need in a timely, appropriate, fair, and easy-to-understand manner.

On our website, we share our latest announcements, management policies and strategy, business descriptions, business results, and other information.

We also deliver reports to shareholder twice a year and report on financial results and the progress of business strategies. We have also formulated an IR Policy to ensure IR activities are implemented appropriately, which is publicly available on our website. For institutional investors and securities analysts, we hold telephone conferences at the time of announcement of our financial results, four times a year, and twice a year the president and/or general managers of business divisions give Business Strategy Progress Briefing Sessions after the announcements of our financial results. In February 2022, we announced our 2021 3-Year Business Plan and held a briefing session. We are making efforts to proactively disclose information necessary for investment decisions by committing to regular individual dialogues with major institutional investors and holding briefings for individual investors as well.

We continue to actively work to provide information and enhance dialogue during the COVID-19 pandemic through the use of online sources, as we did in FY2020, by streaming our briefing sessions online, and posting the videos, meeting minutes, and other information on our website. In addition, since the end of FY2021, we have resumed face-to-face IR activities, including simultaneous on-site and online hosting of briefing sessions.

We will continue working to meet the expectations of all shareholders and investors.



Business Strategy Progress Briefing Session

#### List of Main External Awards (FY2021)

Awards	Date	Recipient	Award received for
2021 Sulfuric Acid Award	2021/6	Sumitomo Metal Mining Co., Ltd., Non-Ferrous Metals Division	The award is presented by the Sulfuric Acid Association of Japan, whose members are sulfuric acid manufacturers in Japan, to those who have contributed to the development of sulfuric acid production technology through outstanding achievements in the maintenance of sulfuric acid facilities and improvement of operations. The award was presented to a manager of the Toyo Smelter & Refinery's Acid Plant Section, who was highly appraised for his attitude as a mining pollution control officer.
Encouragement Award from the Head of the Hokkaido Labor Bureau	2021/6	Sumiko Kunitomi Electronics Co., Ltd.	This award was given based on a high appraisal of Sumiko Kunitomi Electronics as a model to others for its health and safety activities, including accident prevention measures based on near-miss cases and measures to raise safety awareness through safety patrols conducted jointly by labor and management, in addition to the fact that it has not had a single accident resulting in lost working time injuries in the five years since July 2016.
The Japan Society for Analytical Chemistry Medal of Merit	2021/9	Sumiko Techno-Research Co., Ltd. Ohkuchi Electronics Co., Ltd.	The award is given to individuals who have amassed long-term research results in chemical analysis or for their meritorious service in the maintenance and manufacture of equipment, instruments, and reagents which are indispensable for analytical work. The work of two employees was recognized with the Medal of Merit.
Miyazaki Prefecture Governor's Award for High Pressure Gas Safety Achievement	2021/10	Hyuga Smelting Co., Ltd.	The award is given to individuals who have been engaged in high pressure gas safety-related work for more than 20 years with no accidents in the last ten years, and who set a good example for others by preventing accidents and promoting public safety in compliance with laws and regulations. The achievements of an employee who has been engaged in high pressure gas safety work for over 30 years was recognized with this award.
58th High Pressure Gas Safety Institute of Japan Chairman's Award	2021/10	Sumitomo Metal Mining Co., Ltd., Non-Ferrous Metals Division	The award is presented to business sites that have achieved significant results in the prevention of accidents and safety activities involving high pressure gas, as well as to those who have made significant contributions. The Harima Refinery has received the Chairman's Award as an excellent manufacturing site in recognition of its longstanding safety activities in the manufacture and management of high pressure gas.
2021 Presidential Mineral Industry Environmental Award, PMIEA	2021/12	Coral Bay Nickel Corporation and Taganito HPAL Nickel Corporation	This is the highest honor that can be awarded in the Philippine mining industry. It is given to companies that score highly on a comprehensive assessment of factors including environmental and safety management at plants, conservation of local environments, and contribution to local communities. This is the seventh time Coral Bay Nickel Corporation has received the award and the second time for Taganito HPAL Nickel Corporation. Both companies have been simultaneously awarded for the second consecutive year.
Kaohsiung City, Taiwan: Excellent Japanese Company Award	2021/12	Taiwan Sumiko Materials Co., Ltd.	Among the approximately 200 Japanese-affiliated companies registered in Kaohsiung City, this award is presented by the Kaohsiung City Economic Development Bureau to companies that have reached a 10-year milestone. Taiwan Sumiko Materials celebrated its 20th anniversary since its registration in 2001, and was honored as an excellent Japanese company that has contributed to the city's economic development over the years.

## 8 Engagement with Stakeholders

### Participation in Industry Group Initiatives

#### International Council on Mining and Metals (ICMM)

ICMM is an international organization established to ensure that the mining and metals industries are made safe, fair, and sustainable. It is comprised of the world's biggest mining and metals companies, as well as regional and commodity-focused organizations. SMM is a member company.

The SMM Group reflects the ICMM 10 Principles in the visions and materiality issues of our Vision for 2030, and publishes reports in line with GRI standards, as mandated for

ICMM member companies. We have also received independent assurance regarding the criteria for prioritizing the application of Performance Expectations (PEs) in the SMM Group, as well as the process of application and their disclosure.

Please refer p. 24 of the supplementary ESG Data Book for details on the 10 Principles and position statements.

**WEB** Performance Expectations  
<https://www.icmm.com/en-gb/our-principles>

#### Validation of Implementation and Progress of Performance Expectations (PEs)

Self-assessments were conducted at target sites\* on the status of PE implementation (results are shown in the table below). Of the target sites, we also prioritized the sites to undergo third-party validation. The Hishikari Mine, Toyo Smelter & Refinery, and Niihama Nickel Refinery were selected based on their production or smelting and refining of gold, silver, copper, and nickel, which are included in the minerals subject to international responsible mineral sourcing,

their large scale (production volume, number of employees, etc.), and that they produce metals as finished products (excluding facilities producing intermediate products) at their smelters and refineries. Preparations are being made for these three sites to undergo third-party validation.

\* Defined by ICMM as operations involved in the production or refining of minerals and metals for sale or further processing.

#### Self-Assessment Results (conducted in 2021)

Site Name	Outcome <sup>1</sup>				Total
	Meets	Partially Meets	Does not meet	N/A	
Corporate	14	13	2 <sup>2</sup>	0	29
Hishikari Mine	24	1	0	6	31
Toyo Smelter & Refinery	23	1	0	7	31
Niihama Nickel Refinery	23	1	0	7	31
Harima Refinery	23	1	0	7	31
Shisaka Smelting Co., Ltd.	22	1	0	8	31
Hyuga Smelting Co., Ltd.	23	1	0	7	31
CBNC	26	2	0	3	31
THPAL	26	2	0	3	31

1. Each of the PEs was evaluated in light of the judgment criteria indicated for each PE in ICMM's Validation Guidance, as follows.  
 Meets: Systems and/or practices related to the PE have been implemented (all the judgment criteria in the Validation Guidance are met) and there is sufficient evidence thereof.  
 Partially meets: Systems and/or practices related to the PE have been partially implemented (some judgment criteria of Validation Guidance are met). Or, verifiable evidence provided is insufficient.  
 Does not meet: Systems and/or practices related to the PE are not in place (all Validation Guidance judgment criteria are not met) or there is no evidence thereof.  
 N/A: Not applicable

2. Items that fell under "does not meet," the reasons for the differences, and future initiatives  
 • PE 1.5 regarding political contributions  
 Data on political contributions are not disclosed. We will consider the possibility of disclosing this information in the future.  
 • PE 7.1 regarding operations in World Heritage sites.  
 There is no clear policy for the Group regarding the exploration and development of mines in World Heritage sites. We will consider the possibility of establishing such a policy in the future. Currently, the Group does not conduct any mining exploration or development in the World Heritage sites.

## 9 Co-Existence and Mutual Prosperity with Local Communities

Further information on the promotion framework of the Corporate Citizenship Subcommittee: p. 72–73.  
 Further information on FY2021 results: p. 86–87.

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

### Approach and Policy

We think it is important that we engage with communities in the areas in which we do business through dialogue to find out what issues they are facing and to see how we can contribute to solving these issues. We will also vitalize regional economies hiring and procuring locally and continue to support areas that have been affected by major natural disasters such as earthquakes and typhoons.

### Initiatives

#### Tree Planting by Coral Bay Nickel Corporation (Philippines) (support the local community via employee participation)

Coral Bay Nickel Corporation (CBNC) implements various measures to achieve co-existence and mutual prosperity with local communities, including holding its annual *Shokuju* (Tree Planting) Day to maintain and improve the local environment. Since 2010, the event consisted of local residents and employees working together to plant seedling. At the event held in June 2021, 50 local residents and 48 employees (including 24 employees from contractors), planted 2,125 seedlings. This activity has received high praise by the community and will be continued in the future.



Shokuju (Tree Planting) Day

#### Visiting Class by Besshi-Niihama District Division (support for nurturing of the next generation)

Aware of the importance of dialogue with local communities, SMM aims to be a corporation that gains the trust of local communities by contributing to their development, and works to support efforts to nurture the next generation in response to dwindling birthrates and aging population. Having received a request from an elementary school in Niihama City, Ehime Prefecture that they would like the history and business of the Besshi Copper Mine, the foundation of Niihama City's development, to be taught, the Besshi-Niihama District Division developed, in FY2021, an original multi-session visiting class that incorporates the requested content. Based on the theme of "How is Sumitomo Metals Mining formed?" the division offered a class that discussed such topics as SMM's history, business, and products and its SDG-related initiatives. The class, which incorporated quizzes, was easy even for elementary students to understand.

In FY2022, the division received a request from the same city's Board of Education to conduct a visiting classes for fourth graders at all sixteen elementary schools in the city, and plans to offer that classes.



Original visiting class

## 9 Co-Existence and Mutual Prosperity with Local Communities

### Ichikawa Research Center's Support for Confectionary Sales by a Workplace for People with Disabilities (support for people with disabilities)

As part of its social contribution activities, the Ichikawa Research Center has provided support to Ichikawa Renkon-no-kai, a social welfare corporation that has been supporting people with disabilities in Ichikawa City since January 2013.

Specifically, the Center not only holds in-house events where confectionaries made at a workplace for people with disabilities are sold but also donates unneeded small home electrical appliances provided by employees for disassembly and recycling. The confectionary sales had been conducted around once a month during lunchtime for more than seven years, with new confectionaries being introduced each season. Although the smiling faces of members of Ichikawa Renkon-no-kai cheer employees up, the events are currently suspended to prevent the spread of COVID-19.

As for unneeded electrical appliance donations, the Center started cooperating with these activities in June 2014 and has donated a total of more than one ton of small electrical appliances through the end of 2021.



Confectionary sales event

### Continuing Support for Areas Devastated by the Great East Japan Earthquake (support during and after disasters)

It has been 11 years since the Great East Japan Earthquake approaches, we continue to provide support for rebuilding industry in the disaster area.

By purchasing products such as cookies and carrot curry sold by the NPO Shinsei (Koriyama City, Fukushima Prefecture), which has given lecture on its support for people with disabilities from the Great East Japan Earthquake, and sake made from rice grown in Naraha Town in Fukushima Prefecture, where the Group company Sumiko Energy Materials Co., Ltd. is located, and soda developed by middle School and High School students at Futaba Future School students and made from yuzu oranges grown in the same town, A number of SMM Group's officers and employees participated in projects to help reconstruction in the areas of Fukushima hit by the disaster.

In addition, a matching gift equivalent to the proceeds from purchases by officers and employees was donated to NPO Shinsei.



Sake made from sake rice grown in Naraha Town and soda made using yuzu oranges

### Communication with Local Communities and NGOs

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 living standards 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 check-

ing the requirements of local citizens.

In addition, twice a year we exchange opinions with the international environmental NGO FoE Japan regarding issues such as the water quality of rivers around CBNC and Taganito HPAL Nickel Corporation, both of which are located in the Philippines. Those opinions and recommendations are referred to when implementing necessary improvements.

## 10 Rights of Indigenous Peoples

Further information on the promotion framework of the Human Rights Subcommittee: p.72-73.  
Further information on FY2021 results: p.88.

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

### Approach and Policy

When developing mines, it is particularly important to proceed with the understanding of the indigenous people who live on the land. We collaborate with local governments and other organizations, using international standards such as the United Nations Declaration on the Rights of Indigenous Peoples as references, while also maintaining an ongoing dialogue with local indigenous peoples based on an understanding of their traditions and cultures.

### Initiatives

#### Creating In-house Educational Materials

We created video materials that use case studies from within the Group to explain who indigenous people are and how the Group should handle indigenous rights. These will enable employees to understand it is an issue that concerns us all.

The materials present case studies from Taganito HPAL Nickel Corporation in the Philippines, where we built a school for education in the native language of the indigenous people, and from the Cote Gold Project in Canada, where we took part in cultural workshops held by an indigenous people's group and held ongoing dialogues. We also continued dialogues with experts\* regarding content and received guidance to ensure fairness in the materials.

From the first half of FY2021, we made the materials available via e-learning and other means within the Group, with a total of 5,902 employees in Japan and overseas viewing the content as of the end of FY2021. Acting under the guidance of experts, we will continue our efforts to further deepen Group employees' understanding of indigenous peoples and their traditions and cultures.

\* Keiichi Omoto (emeritus professor of anthropology at the University of Tokyo), Tomoaki Nishihara (professor at Seisa University), Eiichiro Noguchi (coordinator of the NGO Taiga Forum)

#### Cote Gold Project (Canada) Initiatives

We worked with our development partner IAMGOLD Corporation to get the understanding of the project by the First Nation peoples affected by the project. We have fostered relationships of mutual trust and understanding with the organization through action such as providing explanations before gaining approvals, holding ongoing dialogue, and participating in initiatives such as cultural workshops hosted by the organization, and as a result, we were able to conclude an Impact Benefit Agreement.



Title screen (from video materials)



School at THPAL offering native language education for indigenous people (from video materials)



Impact Benefit Agreement

# 11 Human Rights in the Supply Chain

Further information on the promotion framework of the Human Rights Subcommittee: p.72-73.  
Further information on FY2021 results: p.89.

**Vision for 2030** A company that undertakes sustainable procurement across the supply chain

## Approach and Policy

In our supply chains, we monitor risk related to human rights and labor, compliance, quality assurance, and environment and local communities based on international standards and in accordance with the SMM Group Sustainable Procurement Policy. Should any issues occur, they are corrected. In regard to the sourcing of minerals in particular, we carry out activities with respect to OECD guidance and in accordance with the SMM Group Responsible Mineral Sourcing Policy.

## Initiatives

### 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.

### Responsible Mineral Sourcing

We undertake responsible mineral sourcing initiatives in line with mechanisms advanced by the international Responsible Minerals Initiative (RMI)\* to ensure supply chain transparency (see diagram below).

For the finished product manufacturers that are downstream from smelters and refineries, we have set up an approval process for the responses received to the standardized documentation-based survey form that is extended by customer companies up through the supply chain, to generate unified responses for our Group.

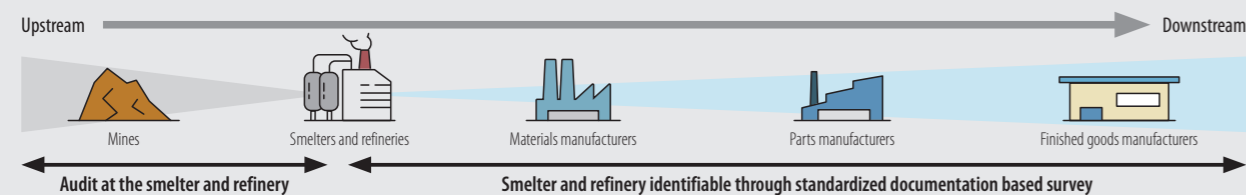
For the mines that are upstream of smelters and refineries, we regularly undergo third-party, international standards-based audits of responsible mineral sourcing mechanisms at our smelters and refineries, covering matters including risk assessments of suppliers.

As a specific example, in FY2012 our gold smelter and refinery began operating in accordance with guidance from

the London Bullion Market Association (LBMA). In FY2018, we also began operations in accordance with LBMA's guidance on silver. In FY2020, we began operations based on standards set by RMI at our cobalt refineries. Looking ahead, we plan to develop international standards-based operational systems at our copper and nickel smelters and refineries.

Additionally, when the Smelting and Refining Business selects a new company as a supplier, we assess how that company carries out environmental management, including management of water resources and tailings dams. In FY2021, there were no new suppliers selected.

\* 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.



### Sumitomo Metal Mining Group Sustainable Procurement Policy (name revised to current name in April 1, 2022)

The SMM Group carries out procurement activities that take into account human rights and labor, compliance, quality assurance, and environment and local communities based on the SMM Group Corporate Philosophy.

### SMM Group Questionnaire on Sustainable Procurement

In April 2020, we established and announced the SMM Group Responsible Sourcing Policy (currently the Sumitomo Metal Mining Group Sustainable Procurement Policy; hereinafter "the Procurement Policy"), to clarify the Group's stance of working to build a sustainable supply chain with consideration of human rights, the environment, and other social issues in all of our procurement activities.

While ensuring thorough compliance with the Procurement Policy by the Group's officers and employees, we also request the understanding of our business partners. In FY2020, we asked major business partners to consent to the Procurement Policy, in response to which approximately 99% of those business partners have stated their consent.

To continue advancing these initiatives, in FY2021 we created the Sumitomo Metal Mining Group Questionnaire on Sustainable Procurement Survey (SAQ) and requested responses from the major business partners who have consented to our Group's Procurement Policy. The questionnaire consists of 38 questions covering four categories in the Procurement Policy (Human Rights and Labor, Compliance, Qual-

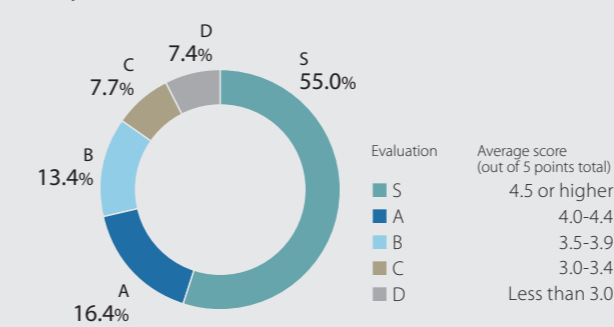
ity Assurance, and The Environment and Local Communities) to check the status of action by those business partners. As of the end of March 2022, 98% of the surveyed business partners have responded to the questionnaire.

The survey responses reveal that S, A, and B evaluations accounted for about 85% of overall evaluations, confirming that many business partners are advancing initiatives related to sustainability. We plan to cooperate with suppliers who received C or D evaluations to better understand their own situations, and will help them through advice and other means to effect improvements. Looking at average scores by survey category, The Environment and Local Communities had the lowest average score. We plan to work with our business partners to make improvements on points such as lack of progress in the disclosure of data and details regarding environmental activities.

Based on the survey results, we will work to continue implementing due diligence (DD), one of our KPIs under "Vision for 2030: A company that undertakes sustainable procurement across the supply chain."

### Results of the FY2021 "SMM Group Questionnaire on Sustainable Procurement"

#### Comprehensive evaluation



#### Average scores by category

