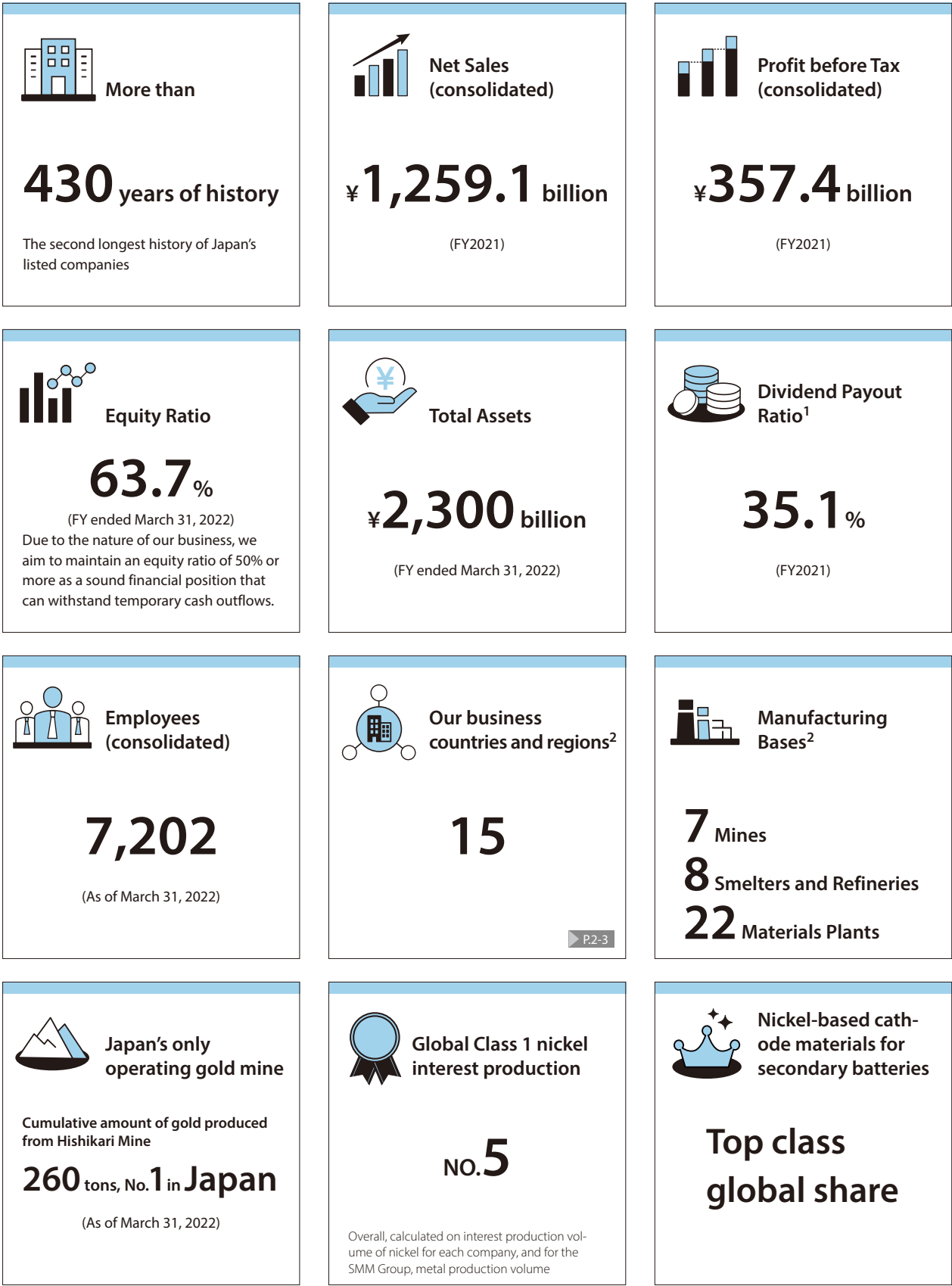


Integrated Report 2022

 SUMITOMO METAL MINING

At a Glance (As of July 1, 2022)



1. The gain on sale associated with the transfer of all equity interest in the Sierra Gorda copper mine recorded in FY2021 includes an amount equal to a reversal of the allowance for bad debt for loans and other receivables for Sierra Gorda S.C.M., which was adjusted in the opening balance of retained earnings in FY2019 as a cumulative effect (Revised IAS 28 "Investments in Associates and Joint Ventures"). For this reason, effects on FY2021 results caused by the application of these accounting procedures and manifesting in accordance with the transfer of equity are omitted from the dividend calculation. Basic earnings per share, excluding the effects of this application of accounting procedures, were ¥857.47.

2. Includes SMM Vietnam Co., Ltd. which we acquired on May 1, 2022.



Mineral Resources Business

P.48-52

We are leveraging over 300 years of mine development and operational experience to advance new mine development projects and to make a shift to sustainability-focused operation at the Hishikari Mine, the largest gold mine in Japan. At the same time, we are participating in the development and operation of new superior mines to secure mineral resources.

Main Products

Gold and Silver Ore, Copper Concentrates, Copper, Gold, Molybdenum



Smelting & Refining Business

P.53-57

For over 400 years since the start of our copper smelting and refining business in 1590, we have stably supplied a variety of metal materials to a wide range of industries. We engage in business on the strength of our advanced smelting and refining technology, which was the first in the world to achieve the successful recovery of nickel from low-grade nickel oxide ore using the High Pressure Acid Leach (HPAL) method on a commercial basis.

Main Products

Copper, Gold, Silver, Electrolytic Nickel, Electrolytic Cobalt, Ferronickel, Palladium, Chemical Products



Materials Business

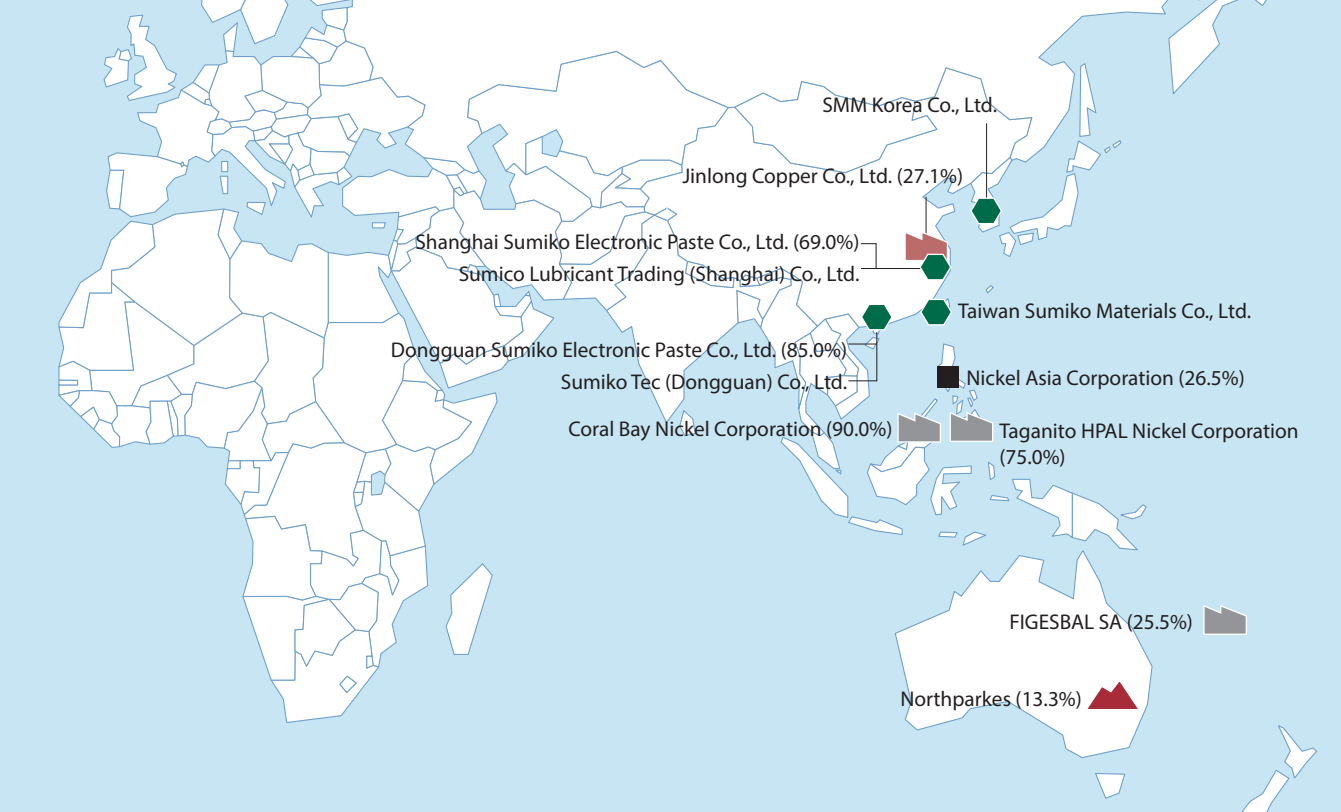
P.58-63

We produce highly advanced materials used in wide-ranging fields including automobiles, energy, the environment, communications and information, and home appliances, and develop and produce products that contribute to carbon neutrality.

Main Products

Battery Materials, Thick Film Paste, Powder Materials, Crystal Materials, Thin Film Materials, Magnetic Materials, Package Materials, Oil Refining Catalysts, Automotive Catalysts, Autoclaved Lightweight Concrete, Lubricants

SMM Group Overview (As of July 1, 2022)



● Consolidated subsidiaries ■ Equity-method affiliates * Included in the boundary of the environmental performance data

Japan Sumitomo Metal Mining Co., Ltd.*

Mineral Resources

- Sumiko Resources Exploration & Development Co., Ltd.

Smelting & Refining

- Acids Co., Ltd.
- MS Zinc Co., Ltd.
- Shisaka Smelting Co., Ltd.*
- Sumiko Logistics Co., Ltd.*
- Hyuga Smelting Co., Ltd.*
- Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd.

Materials

- SMM Precision Co., Ltd.*
- N.E. Chemcat Corporation
- Ohkuchi Electronics Co., Ltd.*
- Ohkuchi Materials Co., Ltd.*
- GRANOPT CO., LTD.*
- Sicoxs Corporation *
- Shinko Co., Ltd.*
- Sumiko Energy Materials Co., Ltd.*
- Sumiko Kunitomi Electronics Co., Ltd.*
- Sumico Lubricant Co., Ltd.*
- Sumiko Tec Co., Ltd.*
- Sumitomo Metal Mining Siporex Co., Ltd.*
- Niihama Electronics Co., Ltd.*
- Nippon Ketjen Co., Ltd.*

Other

- Igeta Heim Co., Ltd.*
- JCO Co., Ltd.*

- Sumiko Technical Service Co., Ltd.
- Sumiko Techno-Research Co., Ltd.*
- Sumitomo Metal Mining Engineering Co., Ltd.*
- Japan Irradiation Service Co., Ltd.*

Asia

Mineral Resources

- Cordillera Exploration Company Inc. (Philippines)

Smelting & Refining

- Jinlong Copper Co., Ltd. (China)
- Sumitomo Metal Mining Management (Shanghai) Co., Ltd. (China)
- Sumitomo Metal Mining (Hong Kong) Co., Ltd. (China)
- Coral Bay Nickel Corporation (Philippines)*
- Nickel Asia Corporation (Philippines)
- Taganito HPAL Nickel Corporation (Philippines)*
- Sumitomo Metal Mining Philippine Holdings Corporation (Philippines)

Materials

- Dongguan Sumiko Electronic Paste Co., Ltd. (China)*
- Shanghai Sumiko Electronic Paste Co., Ltd. (China)*
- Sumico Lubricant Trading (Shanghai) Co., Ltd. (China)
- Sumiko Tec (Dongguan) Co., Ltd. (China)
- Granopt Optics Trading (Shenzhen) Co., Ltd. (China)
- Taiwan Sumiko Materials Co., Ltd. (Taiwan)*
- SMM Korea Co., Ltd. (South Korea)
- Sumiko Tec (Thailand) Co., Ltd. (Thailand)
- SMM Vietnam Co., Ltd. (Vietnam)

North America

Mineral Resources

- SMMA Candelaria Inc. (U.S.A.)
- SMM Exploration Corporation (U.S.A.)
- Sumitomo Metal Mining America Inc. (U.S.A.)
- Sumitomo Metal Mining Arizona Inc. (U.S.A.)
- SMM Morenci Inc. (U.S.A.)
- SMM Gold Cote Inc. (Canada)
- Sumitomo Metal Mining Canada Ltd. (Canada)
- SMM Resources Inc. (Canada)

Other Regions

Mineral Resources

- Compania Contractual Minera Candelaria (Chile)
- Compania Contractual Minera Ojos del Salado (Chile)
- Sumitomo Metal Mining Chile LTDA. (Chile)
- SMMQB Holding SpA (Chile)
- SMM Quebrada Blanca SpA (Chile)
- Quebrada Blanca Holdings SpA (Chile)
- Sumitomo Metal Mining Peru S.A. (Peru)
- Sociedad Minera Cerro Verde S.A.A. (Peru)
- Sumitomo Metal Mining do Brasil LTDA. (Brazil)
- Sumitomo Metal Mining Oceania Pty. Ltd. (Australia)
- SMM Cerro Verde Netherlands B.V. (Netherlands)
- SMMCV Holding B.V. (Netherlands)
- SMM Holland B.V. (Netherlands)

Smelting & Refining

- FIGESBAL SA (New Caledonia)

- Mineral Resources Segment** ▲ Copper ▲ Gold
- Smelting & Refining Segment** ■ Copper ■ Nickel
- Materials Segment** ● Other
- Major Sites of Materials Business
- Other Major Site / Group Company

Figures in parentheses indicate percentage interest.
Companies with no percentage written are 100% owned.

- Besshi-Niihama District Division
- Toyo Smelter & Refinery
- Niihama Nickel Refinery
- Shisaka Smelting Co., Ltd.
- Isoura Plant
- Niihama Electronics Co., Ltd.

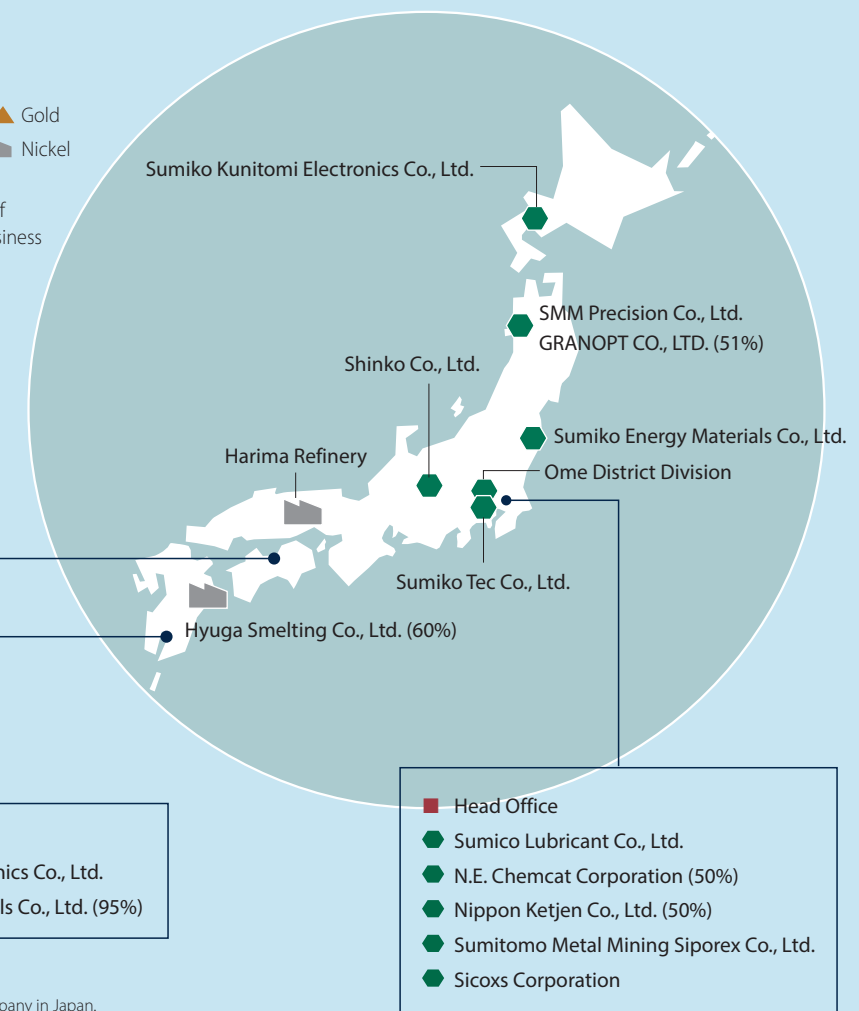
- Hishikari Mine
- Ohkuchi Electronics Co., Ltd.
- Ohkuchi Materials Co., Ltd. (95%)

The location of the head office is shown for each group company in Japan.

Group Companies

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Disclaimer
The forward-looking statements in this integrated report, including business result forecasts, are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this report. Actual business results may differ substantially due to a number of factors.

* This document is the English version of the Japanese original.

Integrated Report 2022 Concepts

Focused explanation of the contents that are of interest to stakeholders, such as Vision for 2030 initiatives to realize our long-term vision and our attempt to respond to and transform with the changes in the social environment through the newly formulated 2021 3-Year Business Plan.

The Integrated Report 2022 is composed of six chapters: “Vision for the SMM Group,” “SMM Group’s Creation of Value,” “Growth Strategy for Value Creation,” “Co-Creating Value with Society,” “Supporting Value Creation,” and “Data Section.” We have strived to make the content more comprehensive yet easy-to-read for our stakeholders, and we have enhanced the information to take into account the perspectives of investment decisions regarding our stock.

We have included an At a Glance page at the beginning of this report so that those reading our Integrated Report for the first time can quickly get an overview of our Group.

This year’s special feature, continuing from last year, is Digital Transformation (DX), explaining, with specific examples of DX initiatives, how the Group has established a system to actively promote DX Group-wide, and how the DX Transformation Department was newly established to promote DX development as the executive organization.

In addition, the material issues of Vision for 2030, which are milestones for the realization of our long-term vision, are positioned as the Materialities of our Group, and the progress made during the past year is explained for each of the 11 material issues, including KPIs.

We are publishing a Data Book 2022 again this year. We reconsidered sustainability-related data to be published, and this Data Book will have the detailed data. In addition to narrowing the scope of the data included in the Integrated Report, we have sought to further enhance readability while maintaining the quality and quantity of information we have disclosed to date.

Description and business model explanation based on integrated thinking

In the Value Creation Process section, we have quantified the details of each process to clarify the characteristics of the Group’s value creation process. This year, we have also added an illustration of our business model on the explanatory page to help readers deepen their understanding of our Group’s unique value creation mechanism.

Throughout, the report expresses the Group’s high goals and commitment to value creation and its long-term vision of becoming a world leader in the non-ferrous metals industry. Along with our business strategy, the report also shows SMM’s commitment to sustainability, focusing on initiatives for our Vision for 2030.

Editorial Policy

In recent years, interest in, and demand for, corporate ESG initiatives has been growing among various stakeholders, and companies are actively disclosing information to fulfill their responsibility to explain about sustainability, including ESG initiatives.

Since 2016, we have published these integrated reports to serve as a tool for dialogue with stakeholders inside and outside the Group and to help stakeholders attain a deeper understanding of the SMM Group’s initiatives toward sustainable growth and maximization of corporate value.

The Sumitomo Metal Mining Integrated Report 2022 is the seventh edition of our Report, and in it we have tried to make it easy to understand and comprehensive, and have tried to explain the SMM Group’s value creation while further integrating sustainability and our business operations. The Report has also been edited with the aim of providing an understanding of the 2021 3-Year Business Plan, the first year of which is FY2022.

In this report, CBNC and THPAL are acronyms for Coral Bay Nickel Corporation and Taganito HPAL Nickel Corporation, respectively.

Also, unless otherwise stated, the term “ton” refers to a metric ton.

Referenced Guidelines and Assurance

In compiling this Report, we have referred to the International Integrated Reporting Framework¹ and the Guidance for Collaborative Value Creation² to provide an easy-to-understand explanation of the capital and business model, used in the value creation process, and the value provided to stakeholders. For information on sustainability, we have complied with the Core option of the Global Reporting Initiative’s³ Sustainability Reporting Standards. Performance data have received independent assurance.

- 1. An international corporate reporting framework from the Value Reporting Foundation that tells a company’s short-, medium-, and long-term value creation story.
- 2. Guidance compiled by the Ministry of Economy, Trade and Industry (METI) to help companies and investors deepen mutual understanding through information disclosure and dialogue, and to encourage action toward value co-creation.
- 3. Global Reporting Initiative (GRI): An organization established with the purpose of creating and promoting international guidelines for sustainability reports. The GRI Content Index is on our website: <https://www.smm.co.jp/en/>

Scope of the Report

Sumitomo Metal Mining Co., Ltd. (SMM)
The Sumitomo Metal Mining Group (SMM and consolidated subsidiaries)
Economic Topics SMM, consolidated subsidiaries and equity-method affiliates
Environmental Topics SMM, consolidated subsidiaries and equity-method affiliates (27 companies)
Social Topics SMM and consolidated subsidiaries

Publication Date

November 2022 Next scheduled publication: November 2023 (Previous publication: November 2021)

Period Covered

(Some activities before or after the following periods have also been included)
Japan: April 1, 2021–March 31, 2022
Overseas: January 1, 2021–December 31, 2021

Referenced Guidelines

GRI’s Sustainability Reporting Standards
VRF’s International Integrated Reporting Framework

Japanese Ministry of the Environment’s Environmental Reporting Guidelines (Fiscal Year 2018 Version)
Ministry of Economy, Trade and Industry’s Guidance for Collaborative Value Creation

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The Sumitomo Business Spirit and the SMM Group Corporate Philosophy

The Sumitomo Business Spirit

Article 1

Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

Article 2

Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

(Quoted from the Sumitomo Goshi Kaisha Administrative Regulations, named "Summary of Business Operations", formulated in 1928)

SMM Group Corporate Philosophy

Sumitomo Metal Mining Co., Ltd. (SMM), in accordance with the Sumitomo Business Spirit, shall, through the performance of sound corporate activities and the promotion of sustainable co-existence with the global environment, seek to make positive contributions to society and to fulfill its responsibilities to its stakeholders, in order to win ever greater trust.

SMM shall, based on respect for all individuals and recognizing each person's dignity and value, seek to be a forward-minded and vibrant company.

SMM Group Management Vision

By improving technical capabilities, we shall fulfill our social responsibilities as a manufacturing enterprise.

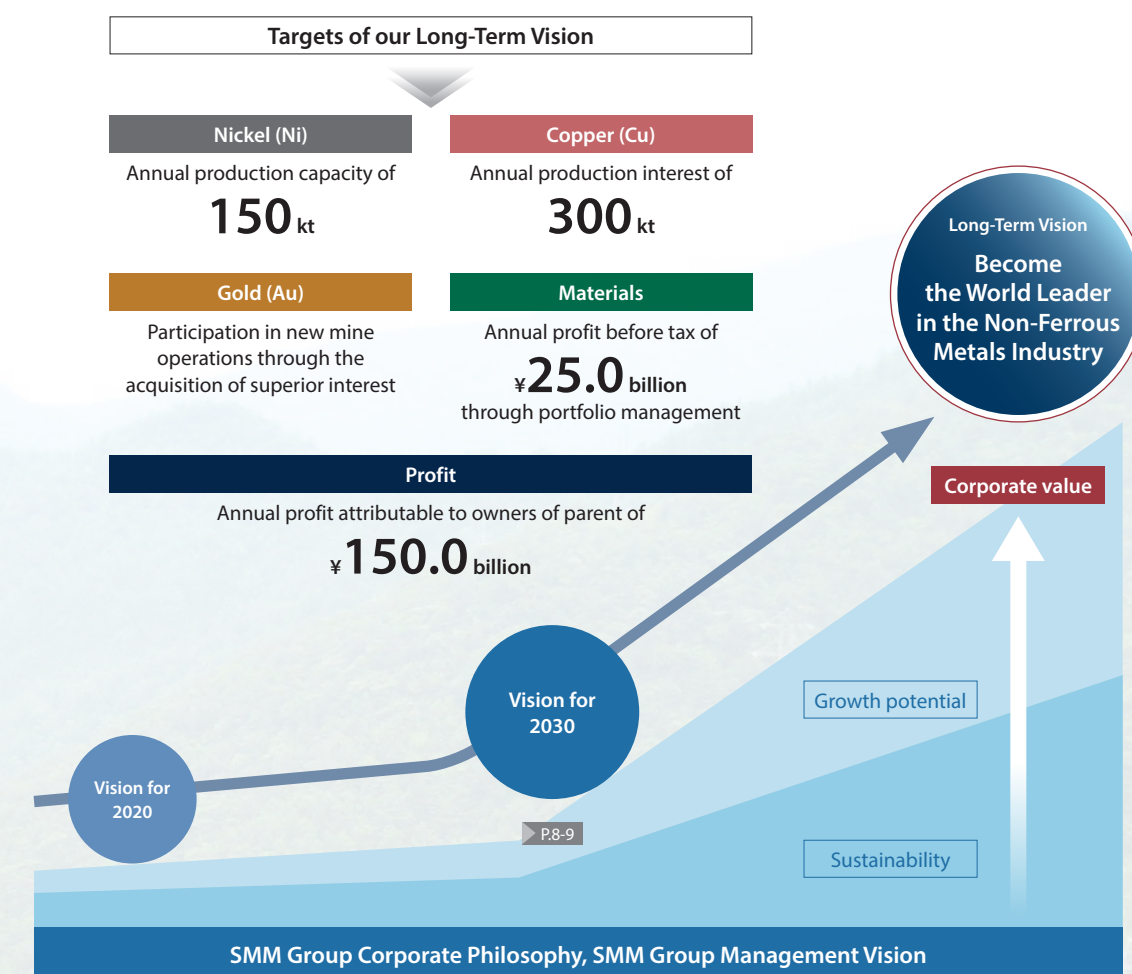
Based on the principles of compliance, environmental protection and operational safety, SMM Group shall pursue maximum corporate value through the securing of resources and the provision of high-quality materials such as non-ferrous metals and advanced materials via its global network.

Long-Term Vision

Become the world leader in the non-ferrous metals industry

As the world leader in the non-ferrous metals industry we are aiming to

- Have a global presence in terms of mineral resource interests and metal production volumes (= be in the global top five)
- Have leading technology and a unique business model that cannot be easily emulated by other major mineral resource companies
- Grow sustainably and stably produce a certain amount of profit
- Actively tackle social issues such as the SDGs
- Have employees work with spirit



Vision for 2030

Drawing on its corporate philosophy and management vision, the SMM Group will expand its growth potential and sustainability by securing resources and providing non-ferrous metals, battery materials, advanced materials, and other high-quality materials, and will enhance its company value and achieve its long-term vision of becoming the world leader in the non-ferrous metals industry.

We formulated our Vision for 2030 as a milestone toward the realization of these initiatives, which will also contribute to the formation of a sustainable society.

Overview of Vision for 2030

In the process¹ of formulating Vision for 2030, we selected material issues from a perspective that also included management issues, to enable further integration with management.

In particular, we believe that proactively tackling the SDGs and their targets is indispensable to the growth strategy of our Group's business.

In the end, we identified issues that continue from our Vision for 2020, including Effective Use of Non-Ferrous Metal Resources, Occupational Health and Safety, and Environmental Preservation, and issues that have risen in priority, including Climate Change, Rights of Indigenous Peoples, and Human Rights in the Supply Chain, for a total of 11 material issues.

After considering our Vision for 2030 and KPIs² with respect to each of these material issues and receiving approval for the selections at the CSR Committee meeting held in December 2019, Vision for 2030 was resolved by the Board of Directors and was formulated and announced in March 2020.

1. Formulation process: ▶ See p. 10
2. Material issues, Vision for 2030, and KPIs: ▶ See p. 74–75

Relationship with the SDGs

Recognizing the close affinity between the SDGs and our Group's corporate philosophy and vision, we formulated our Vision for 2030 with the SDGs kept firmly in mind. The results of our work to evaluate issues and connect them with SDG targets are shown in the diagram below. We set the 12th SDG, "responsible consumption and production," as our most important goal, as this goal indicates our approach toward all issues and directly connects to our management vision.



Material Issues in Vision for 2030, and Background to These

- 1

Effective Use of Non-Ferrous Metal Resources

The SMM Group is engaged in the mining of natural resources, the production of highly advanced materials, and everything in between. We handle a wide range of non-ferrous metal materials in the process. We believe that it is the SMM Group's responsibility to take on the challenge of making more effective use of limited non-ferrous metal resources without waste through the utilization of resources that could hitherto not be used due to technical obstacles and through the development of recycling technologies.
- 2

Climate Change

Society's demand for companies to reduce greenhouse gas (GHG) emissions has increased dramatically, and the business risks associated with climate change are also increasing. On the other hand, a stable supply of products contributing to a low-carbon society, such as the secondary battery materials for electric vehicles and functional inks (near-infrared absorbing materials) produced by our Group, are expected to contribute to the reduction of GHG emissions.
- 3

Significant Environmental Accidents

4

Biodiversity

The SMM Group recognizes that there are risks of adverse impacts on the natural environment when developing natural resources and using chemical substances. In addition to preventing significant environmental accidents, we recognize that minimizing our negative environmental impacts, including rationalization the use of water resources, and preserving biodiversity in our day-to-day management of operations are prerequisites for business continuity.
- 5

Employees' Occupational Health and Safety

It is the responsibility of management to prevent work-related accidents and illnesses, provide a safe and healthy work environment, and strive to improve employee comfort. All of these also lead to greater motivation and productivity among employees. The SMM Group bases management on job classification, striving to ensure the safety and health of our employees through intrinsic equipment safety improvements and safety education.
- 6

Diverse Human Resources

7

Development and Participation of Human Resources

The source of the SMM Group's growth is its employees. We respect individuality and diversity, and aim to create an open and vibrant organizational climate in which everyone can demonstrate their strengths and thrive. With the globalization of business and the rapid development of DX, it is a management challenge to develop human resources who can think and act on their own initiative based on their expertise.
- 8

Engagement with Stakeholders

9

Co-Existence and Mutual Prosperity with Local Communities

10

Rights of Indigenous Peoples

The SMM Group's main premise for business continuity is to earn a social license to operate. To this end, we recognize the importance of promoting information disclosure and transparency to the greatest extent possible, as well as deepening mutual understanding and building relationships of trust through ongoing dialogue with local communities and other stakeholders. In particular, when there is a risk that development may affect the livelihood of indigenous peoples, it is necessary to proceed carefully, giving priority to preventing such impacts, based on a thorough understanding of and dialogue with their culture, traditions, and history prior to development.
- 11

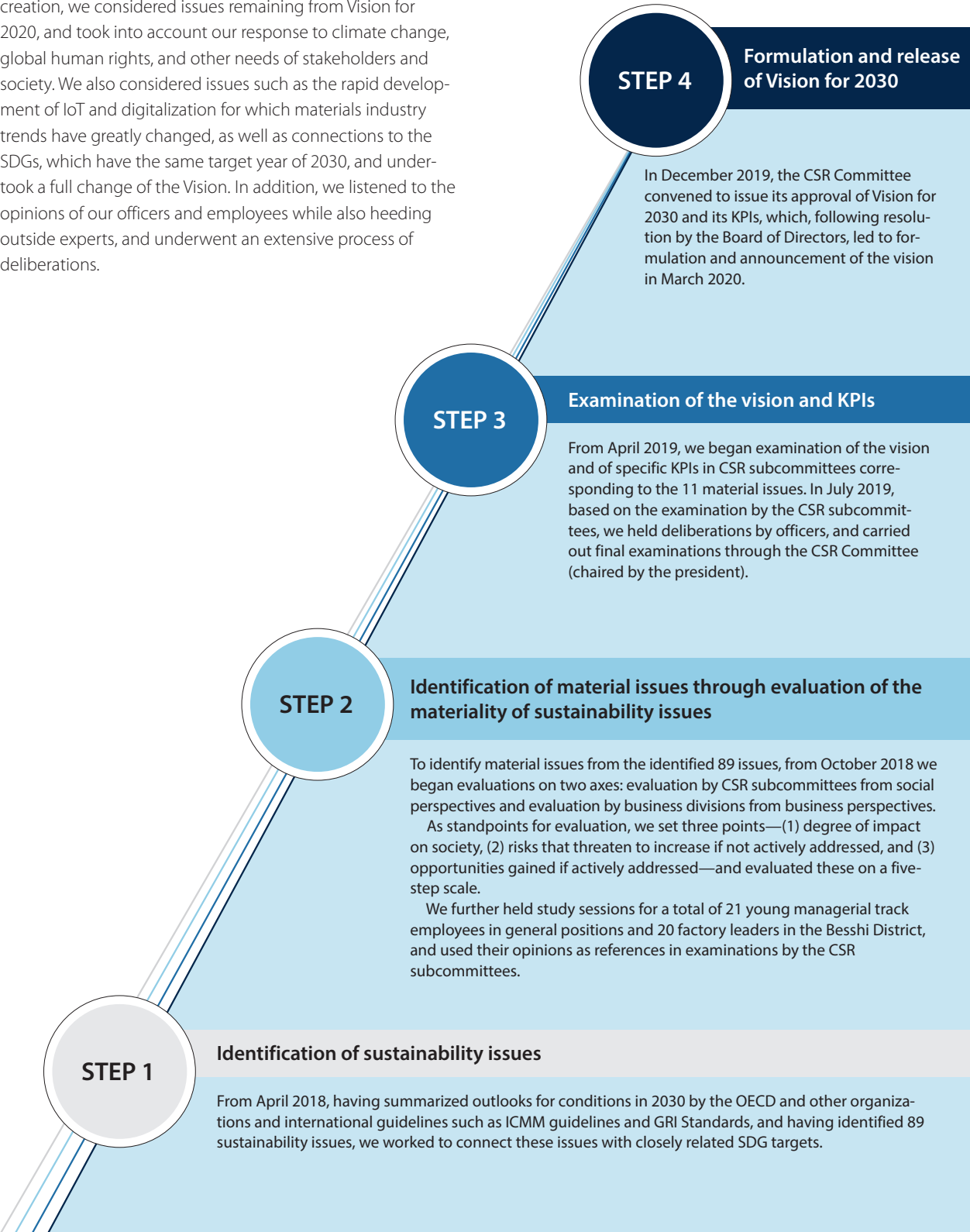
Human Rights in the Supply Chain

As for Business and Human Rights, the calls for companies to take strong measures to prevent human rights violations throughout their supply chains are increasing. Since the SMM Group is involved in diverse supply chains, including resource development, metal smelting and refining, and the production of highly advanced materials, it is necessary to promote sustainable procurement through human rights due diligence and other measures.

Vision for 2030—Formulation Approach

The Process of Formulating Vision for 2030 (Including Identification of Material Issues and Setting of KPIs)

To formulate Vision for 2030 and achieve sustainable value creation, we considered issues remaining from Vision for 2020, and took into account our response to climate change, global human rights, and other needs of stakeholders and society. We also considered issues such as the rapid development of IoT and digitalization for which materials industry trends have greatly changed, as well as connections to the SDGs, which have the same target year of 2030, and undertook a full change of the Vision. In addition, we listened to the opinions of our officers and employees while also heeding outside experts, and underwent an extensive process of deliberations.



Efforts to Help Prevent the Spread of COVID-19

The response incumbent upon companies from a social responsibility standpoint

Case numbers of novel coronavirus infection (COVID-19) have been decreasing worldwide due mainly to the proliferation of vaccination, although numbers have fluctuated due to new variants of the virus. Under these circumstances, the SMM Group is giving the highest priority to the safety of our stakeholders, including customers, business partners, local communities, and employees, while working to prevent the spread of COVID-19 infections. Despite the various changes and limitations resulting from COVID-19 that we face, we will continue with efforts to stably supply indispensable materials to society. With regard to necessary responses from the standpoint of social responsibility, the SMM Group is carrying out the following initiatives.

Efforts to prevent the spread of COVID-19

- Employees at the Head Office, Osaka Branch, and Nagoya Branch are continuing to work from home, depending on the situation regarding infections.
- Measures are being taken against the risk of infection in mines and plants in Japan. E.g.: Response measures have been established to handle new infections; on-site employees are working in two cohorts and interaction between the two is prohibited.
- Measures are being taken against the risk of infection at overseas mines and plants. E.g.: We have formulated COVID-19 protocols (monitoring, prevention, and management plans) and spread out the times during which cafeterias are in use.
- Countermeasures shared across the SMM Group
 - Employees are not to come to work if there is the possibility of having been infected and if an employee is infected, we check on their physical condition and provide care.
 - Meetings, events, etc. are held or attended online or with precautions in place for avoiding the 3Cs (Closed spaces, Crowded places, Close-contact settings).
 - For business trips within Japan, the number of people and duration are carefully considered, for international business trips, quarantine measures, such as border restrictions, of each country are observed.
 - We ensure that actions take requests from local authorities into account.
 - Education and training activities are being carried out online.

Efforts addressing employee programs, wages, and hiring

- We adopted a special, paid leave program for at-home child-raising, applicable to employees who needed to stay home because their child/children's elementary school, kindergarten, or nursery school closed temporarily. We also relaxed the requirements for use of accumulated annual leave.
- We are paying 90% of the temporary leave benefit.
- We are committed to maintaining employment and avoiding layoffs.
- We are paying appreciation bonuses to SMM Group employees.

Efforts for local communities

- We donated funds for the purchase of COVID-19 vaccines and provision of supplies to medical institutions in the areas where we do business. E.g.: 17,000 vaccine doses donated to local communities (Philippines) in collaboration with a neighboring mining company. We awarded SDMP¹ grant to Bataraza District Hospital (Philippines) to fund the purchase of vaccines. We donated 60 beds to a COVID-19 quarantine facility (Philippines) in collaboration with a neighboring mining company.

Cooperation with industry group initiatives and international initiatives

- We support the Open COVID-19 Declaration addressing intellectual property.²
- We support the Declaration of Partnership Building.³

Going forward, the SMM Group will continue to urge greater awareness and thorough implementation of countermeasures as we swiftly carry out any necessary responses to prevent the spread of COVID-19 infections.

1. Social Development Management Program
2. A declaration started voluntarily by companies, universities, and other groups, stating that signatories will not assert any patent, utility model, design, or copyright, nor seek any payment or compensation for intellectual property, during the stated period, with respect to the activities whose sole purpose is stopping the spread of COVID-19.
3. A declaration intended to support the development of a system to promote the introduction of appropriate trade practices among companies, along with other actions, in order to prevent SMEs and small businesses from bearing the burdens of worsened business environments resulting from impacts of the novel coronavirus disease and other factors. This was prepared by the Cabinet Office and the Small and Medium Enterprise Agency and the new partnerships were asked to involve efforts for increasing value added across supply chains.

Message from the President



Akira Nozaki
President and
Representative Director

A. Nozaki

“Renewed Challenge for Change”: The Aspirations Integrated into Our 2021 3-Year Business Plan

Our 2021 3-Year Business Plan, which commenced in the current fiscal 2022, focuses on measures to be taken to respond to, and resolve, the three major issues (social factors) impacting our business operations in recent years: the accelerating transition to carbon neutrality, adaptation to digital transformation (DX), and increasing difficulty of securing human capital. These are all material issues that cannot be resolved merely by continuing earlier means of response. Moreover, if we were to “stumble” in the early stages, failing to live up to the expectations held of us by our stakeholders, we could suffer a loss of competitiveness and eventually be shunned by the market. Although responding to the social factors presented to us can perhaps be regarded as answering to “external pressure”, our overarching intent is to transform such pressure into a welcome opportunity to implement major changes.

The central theme of our 2021 3-Year Business Plan is “Renewed Challenge for Change.” Here, we don’t view “change” as modification in the sense of making modest changes to mechanisms long in place, but rather as something altogether new: total reform. History demonstrates that companies which focus solely on maintaining the status quo are destined to gradually wither in strength. Every company needs to question its current situation, and recognize that nothing positive emerges from simply maintaining the same old work methods and systems. Change itself is positive, and taking up the challenges presented by the pursuit of change leads to resolving the material issues at hand. This is the stance I aim to embrace firmly at SMM, to make our organization ever more vibrant and successful.

Long-Term Vision and “Vision for 2030”

The SMM Group’s corporate focus is “*monozukuri*”: manufacturing in the tradition of fine craftsmanship. As such, our foremost social responsibility is to stably provide customers the products they require. At the same time, in order for SMM to be broadly accepted and needed by society on a sustained basis, it is absolutely necessary for us to secure a social license to operate. Furthermore, business continuity is quintessentially vital in order for us to respond flexibly, through our business operations, to society’s changing demands. This way of thinking, this philosophy, has been passed down at SMM as the “Sumitomo Business Spirit” ever since the Company’s founding more than 430 years ago. Today it is embodied in our Long-Term Vision, whereby we aim to become “the world leader in the non-ferrous metals industry,” and in our “Vision for 2030,” which identifies our current milestones for achieving our ultimate goals.

The activities, and their respective levels, necessary for achieving our goals must be appropriately and continually reviewed in line with society’s changing needs. In recent years, the issues demanding increased attention especially within the corporate sector are response to climate change and diligent attention to human rights. To enhance our response capability with respect to climate change, during the past year we established a Carbon Neutral Promotion

Committee charged with accelerating our measures for reducing greenhouse gas (GHG) emissions. The new committee’s activities span from resetting targets to undertaking major reviews of unit prices applied under our internal carbon pricing system, which is designed to promote capital investment that is highly effective for reducing GHG emissions; to disclosing information and using scenario analysis based on proposals by the Task Force on Climate-related Financial Disclosures (TCFD). Concerning promotion of diligent attention to human rights, today the social demands made of resource industries are becoming ever more severe, with strong calls being heard for these industries to ensure that no human rights violations, or abetment of such violations, occur throughout their supply chain in the performance of their business operations. In response to this shifting milieu, during the past year with support from outside experts we undertook major revision of the “Sumitomo Metal Mining Group Policy on Human Rights.” Going forward, through application of human rights due diligence, active dialogue and other means, we will strictly uphold the commitments indicated in the revised policy which we have made to members of the local communities where our bases are located, including indigenous peoples, as well as to all components of our supply chain, and our employees and other stakeholders.

Message from the President

2018 3-Year Business Plan Results and Issues Unresolved

Under our 2018 3-Year Business Plan, we reviewed our Long-Term Vision – defining where we want the Company to be in the future – and, with the newly declared aim of becoming “the world leader in the non-ferrous metals industry,” we planned and carried out our medium- and long-term strategies and measures focused 10 or 15 years into the future. Unfortunately, progress in implementing these strategies and measures was gravely impacted by the unprecedented circumstances resulting from the global pandemic.

In our Mineral Resources business, plans fell behind schedule in the Quebrada Blanca 2 Project – which is one of three projects expected to play core roles in our long-term growth strategy – due mainly to a temporary suspension of construction amid the pandemic. The result was a significant increase in project-related investment costs, including unanticipated outlays to prevent the COVID-19 contagion. In our Smelting & Refining business, impact from the pandemic caused delays both in license acquisition for the Pomalaa Project and in discussions with the project partner. These delays gave rise to a gap between our scheduled launch of operations and the startup date expected by the partner. Ultimately that gap could not be bridged, and deliberations on achieving com-

mercial operations came to a halt. In our Materials business, we took the decision to undertake investment in domestic Japan to increase production of automotive secondary battery cathode materials by 2,000 tons per month. This plan is now underway.

Production and sales volumes were partially affected by the pandemic, but overall sales and delivery volumes were maintained at constant levels. This was achieved because operations were able to continue while optimal precautions were taken to prevent infection at our workplaces, further aided by cooperation received from all SMM Group business partners. Ultimately, boosted by merits from yen depreciation and soaring metal prices as well as revenue booked from the sale of our interest in the Sierra Gorda Copper Mine, in fiscal 2021, the final year of our 2018 3-Year Business Plan, we were able to record the highest profit in our history.

These solid results notwithstanding, during the period of the 2018 3-Year Business Plan our safety targets went unachieved by significant margins and we failed to completely prevent production setbacks caused by facility and equipment issues. These failures gave reason for deep reflection on the need to improve our site management capabilities.

2021 3-Year Business Plan: 4 Challenges

At SMM, we think it is imperative for us to maximize our corporate value through promotion of our growth strategy and strengthening of our business foundations, simultaneous with achieving sound management. In our quest to maximize our corporate value, earlier our 3-year business plans focused mainly on promoting our growth strategy and strengthening our business foundations. In our 2021 3-Year Business Plan, we are addressing the three external factors of major importance I mentioned above: carbon neutrality, DX, and human capital strategy. We believe these social factors, which have come into sharp focus rapidly in the past several years, need to be dealt with successfully in order for SMM to maintain its industry presence and achieve sustained growth. Although it is difficult to see these issues as crises of immediate urgency, at the management level we feel an extremely strong sense of crisis, recognizing that failure to deal effectively with these issues will gradually erode our corporate strength. If we are lax in promoting carbon neutrality and in lightening our carbon

footprint, we run the risk of being excluded from future supply chains. If we fail to implement DX, we will very likely get left out of the competition. If we fail to address human capital needs, we will clearly become unable to sustain our corporate existence. In our 2021 3-Year Business Plan, to address these three material issues as well as other matters of pressing importance, we have therefore incorporated “4 challenges.”

The first challenge calls for increasing our corporate value and promoting large-scale projects. It identifies our growth strategies for the future.

One large-scale project is to expand our production capacity in battery cathode materials. As vehicle electrification today proceeds at a rapid pace worldwide, we view increasing production capacity in battery materials as a project vital to achieving carbon neutrality. Under our 2018 3-Year Business Plan we had set a production target of 10,000 tons per month by fiscal 2027. In our 2021 3-Year Business Plan, we have now raised our target to 15,000 tons per month by fiscal

2030, to enable us to maintain a leading position in the market for nickel-based cathode materials. In May 2022, we took over business in lithium iron phosphate (LFP) battery materials from Sumitomo Osaka Cement Co., Ltd. This move has enabled expansion of our cathode product lineup, putting in place a business structure enabling response to a wider range of customer needs.

In our Mineral Resources business, construction work relating to the Quebrada Blanca 2 Project and Cote Gold Project is making steady progress. At both mines, increased volumes of new resources are anticipated, so we have high hopes for their future expansion.

The second challenge is to improve the sustainability of our core businesses. Here, we have defined measures for enhancing sustainability in each core business.

To strengthen our value chain for nickel-based batteries, securing nickel ore deposits has become an issue of utmost importance owing to the need to compensate for the Pomalaa Project, whose impending commercialization plans have been terminated. The new situation now makes it necessary to further accelerate our other new deposit explorations currently underway. In the Philippines, our quests to secure ore volumes at our two HPAL bases will both proceed forward. Our battery-to-battery recycling process, pursued to secure nickel and cobalt resources and to achieve sustainability, has now been completed. In our 2024 3-Year Business Plan, we will aim for processing capacity of 10,000 tons per year, so we intend to push ahead with demonstration testing within the scope of the 2021 3-Year Business Plan.

Our Hishikari Mine produces one of the highest grades of ore of all gold mines worldwide, but now that the mine has

been in operation for almost 40 years, volumes of newly acquirable resources are decreasing. In response we are contemplating a shift to a sustainable operating structure taking the mine’s life into consideration. Although per-year gold production volumes will decrease, we intend to forge a structure that will enable long-term operation, both to make effective and full use of the mine’s resources and to sustain our contribution to the local community. DX technology will also be incorporated in order to enhance cost management.

In our advanced materials business, we undertake the development and marketing of products that not only have market growth potential but also will contribute to achievement of a digitalized, low-carbon society. In the area of silicon carbide (SiC) especially, we are pursuing market penetration of our proprietary “laminated substrates.” By 2025 we hope to commence mass production for automotive use, and we are currently working assiduously to overcome remaining issues.

The third challenge is to adapt to changes in the social environment: specifically, the three material issues I noted earlier.

In conjunction with the pursuit of carbon neutrality, under our 2021 3-Year Business Plan we have established a new Carbon Neutral Promotion Committee. The committee will undertake discussions on future plans and individual measures for achieving net zero GHG emissions no later than 2050. A total of 12 billion yen is planned for investments targeting reduction of GHG emissions from existing production processes. Of that amount, 5 billion yen has been earmarked for capital investments including those which are subject to internal carbon pricing (ICP), and the remaining 7 billion yen will go to testing and research to drive the development of



Message from the President

new products, technologies and processes that will contribute to reducing GHG emissions by society as a whole, including those from Scope 3 sources.

With respect to DX response, here too we have established a new committee, the DX Promotion Committee, under which we will accelerate DX throughout the Company. Related initiatives have been launched throughout the Company starting several years ago, and going forward not only will we integrate these initiatives and pursue digitalization in our business administration procedures, we will also take under consideration goals such as business expansion through digitalization. Within the scope of our 2021 3-Year Business Plan, we are planning a total of 15 billion yen in related investments and expenditures.

Concerning human capital strategy, during the past several years Japan's birthrate has fallen, its population has aged steadily, and work styles and attitudes have changed significantly. As a result, securing, developing and utilizing human capital have become extremely critical issues for ensuring corporate survival. Today we are undertaking a variety of measures to resolve these issues: for example, we are reviewing our personnel systems and enhancing our educational programs. In addition, human capital and innovation are necessary for executing our carbon neutrality, DX and growth

strategies. Innovation is born from "new knowledge" derived by combining existing knowledge, and is nurtured by diversity and robust communication. To achieve such an environment, it is absolutely necessary to have a vibrant and open organizational culture in which employees can freely express their thoughts, regardless of age or position within the Company, and where all members welcome and accept the views expressed by others. Since an environment of this kind will also lead to securing and developing human capital, we intend to continue our activities focused on building an open and vibrant organizational culture.

The fourth challenge is to strengthen our business management foundation. To begin, we are addressing safety issues. During the past 10 years, our safety record has achieved no real progress, and the number of accidents has continuously failed to decline. Under our 2021 3-Year Business Plan, we have now shifted our perspective and are concentrating on preventing "serious accidents" – accidents resulting in an absence from work for 3 months or more – and "recurring accidents." Our safety measures up to now have dealt primarily with matters relating to physical equipment and machinery. This stance has failed to bring satisfactory results, and one contributing factor may be the failure to pass on experience amid continuous changes in personnel

and generations. With matters of safety, I believe it is fundamentally important to provide education and guidance repeatedly, always in equal measure.

To improve our corporate governance, besides reviewing our framework for promoting sustainability, we have adopted ROCE – return on capital employed – as an indicator for managing our business portfolio. This step was taken to conform to Japan's newly revised Corporate Governance Code. During the period of our 2021 3-Year Business Plan, we set an ROCE target of 5.5%. In the event that any business unit falls short of that target for the three-year period as a whole, a judgment will then be made considering whether to continue or withdraw from that business, taking a variety of factors into consideration.

In carrying out the measures I have just outlined, in our 2021 3-Year Business Plan we are planning capital investments above 300 billion yen, not counting the Pomalaa Project. Even so, we expect to achieve our financial strength

target for the period: an equity ratio above 50%.

Concerning shareholder returns, we will disburse dividends based on business performance, with our consolidated payout ratio in principle to exceed 35%. No change has been made to our fundamental dividend policy, but we added the qualifier "in principle." We made this addition because, especially when seeking carbon neutrality, there may be cases when we will be in a position to adopt newly developed best available technology (BAT). We intend to pursue this stance aggressively, and to do so can be expected to require a fairly high level of investment. In the event that a special factor of this kind arises, then, rather than the cash flow of the given term, we will consider our financial situation at the given point in time as well as our projected financial strength. In such cases, we could possibly propose a payout ratio below 35%.

Message to Our Stakeholders

The environment surrounding the SMM Group is becoming increasingly opaque, with the COVID-19 pandemic and frictions within the global community causing disruptions in the supply chains, driving inflation, and raising the potential for a descent into economic recession due to changes in financial policies to cope with these various factors. Even amid this opacity, today non-ferrous metal prices remain at high levels; yet there is no knowing when the situation might change and metal prices turn downward.

In all three of our interconnected businesses – Mineral Resources, Smelting & Refining, and Materials – we have an obligation to contribute to mitigating our footprint on the global environment. Today, attention is focusing ever more closely on whether our supplies of mineral resources and materials to support digitalization and automotive electrification are sustainable.

As we go forward in carrying out our 2021 3-Year Business Plan amid this business environment, numerous issues will need to be resolved, and among them are many that cannot be resolved in the short term. However, if we fail to take advantage of the current opportunity, the potential for calamity will endure into the future. We are therefore wholly committed to seeking the solutions required now, proceeding forward at a perhaps slow but nevertheless steady pace.

We also recognize that keeping business management sustainable lies at the core. For this reason I continuously focus my thoughts on employees' pursuit of happiness, the passing on of positive assets to younger employees, and ensuring that we leave no negative assets behind us. Especially important in this context is to maintain awareness and acceptance of "change" – the fact that even things created at great pains begin to deteriorate from the moment they are completed. As a mechanism to forcefully instill this awareness and acceptance, today we are going forward with our "Shikinen Kaikaku Project."

With a spirit of challenge always uppermost in mind, while continuing to respond adeptly to changes in our business environment, we will move steadily forward toward realizing our "Vision for 2030" and our Long-Term Vision to become "the world leader in the non-ferrous metals industry." In this way we will respond to the hopes and expectations of all our stakeholders.



Through a history of over 430 years, we have provided society with the non-ferrous metals that are indispensable to people's lives. In this environment, the SMM Group has been keenly aware of major changes in the business environment and has generated new value. Based on our long-cultivated technologies for handling metals and

our spirit of co-existence with society, we will recognize changes in increasingly diversifying and sophisticated social demands as business opportunities and continue to take on new, transformative challenges.

Our path toward long-term value creation

The beginning of Sumitomo's original business: copper smelting and refining business

In 1590, the Sumitomo copper business began in Kyoto as a copper smelting and decorative copper-work operation. By being the first in Japan to perfect a smelting technique known as *Nanban-buki* for the separation of copper from silver, Sumitomo solidified its business foundation.

Opening of the Besshi Copper Mine triggers discovery of new value, mineral resources

The Besshi Copper Mine operated continuously for 283 years from its opening in 1691 and made a huge contribution to Sumitomo's development. The opening of the mine presented an opportunity to expand the company's business to include mineral resources business in addition to copper smelting and refining. The mining technology cultivated at the Besshi Copper Mine continues to be inherited by SMM's Mineral Resources Business as it expands across the globe.

Adding new metals to the Smelting & Refining and Mineral Resources businesses portfolio

At a time when the importance of gold as a resource was growing, we acquired the management rights for the Kounomai Mine in Hokkaido in 1917. Beginning in 1939, SMM also pioneered and commercialized the smelting and refining of nickel in Japan, which had hitherto relied on imports as nickel could not be smelted domestically.

Entered into the Materials Business

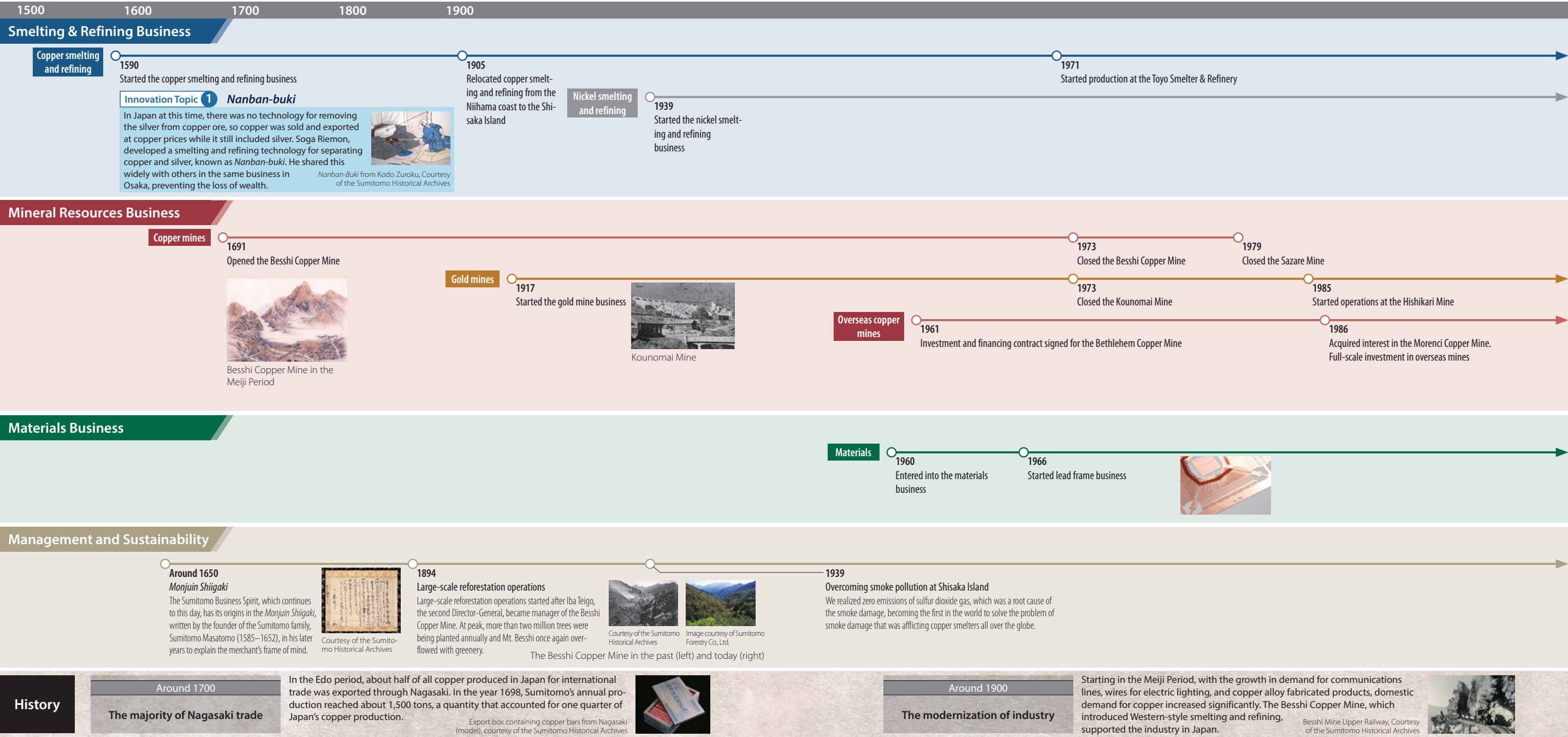
In 1960, the electronic materials business was being watched as a new market, and SMM began production of germanium dioxide for use in transistors. Since then, we have continued to provide the market with various electronic materials.

Participated in overseas copper mines and acquired interests

The downsizing of mines in Japan meant that smelting and refining businesses had to switch to resources procured from overseas. In 1961, SMM signed an investment and financing contract with Bethlehem Copper Mine, beginning the company's involvement with overseas mines and creating a foothold for the acquisition of mining interests that continues to this day.

Started operation of the Hishikari Mine

With the closure of the Sazare Mine in 1979, the curtain closed for a time on SMM's long heritage of mining technology. However, in 1985, operations began at the Hishikari Mine and SMM Group's technology began to chart a new history in a new area. The mine boasted a rich gold content ratio, even to date and has become a primary source of profit for the Group, and it also played a role in passing down our mining technology.



Our path toward long-term value creation

Corporate reform since the JCO criticality accident

In September 1999, a criticality accident occurred at SMM subsidiary, JCO Co., Ltd., which manufactured fuel for nuclear power generation. This was a turning point in the management of the SMM Group, whereupon it reflected and in 2000 formulated the Corporate Reform Plan. We have thoroughly fostered and instilled compliance and a culture of safety, and even though more than 20 years have passed since the accident, we will not forget and will pass the lessons learnt on to younger generations.

Return to core business

Since FY2002, following the Corporate Reform Plan, in order to improve our profitability, we have been further promoting business selection and concentration to reform the business and cost structure of the SMM Group to build a corporate structure strong enough to withstand international competition even in a severe business environment.

Promoting the growth strategy

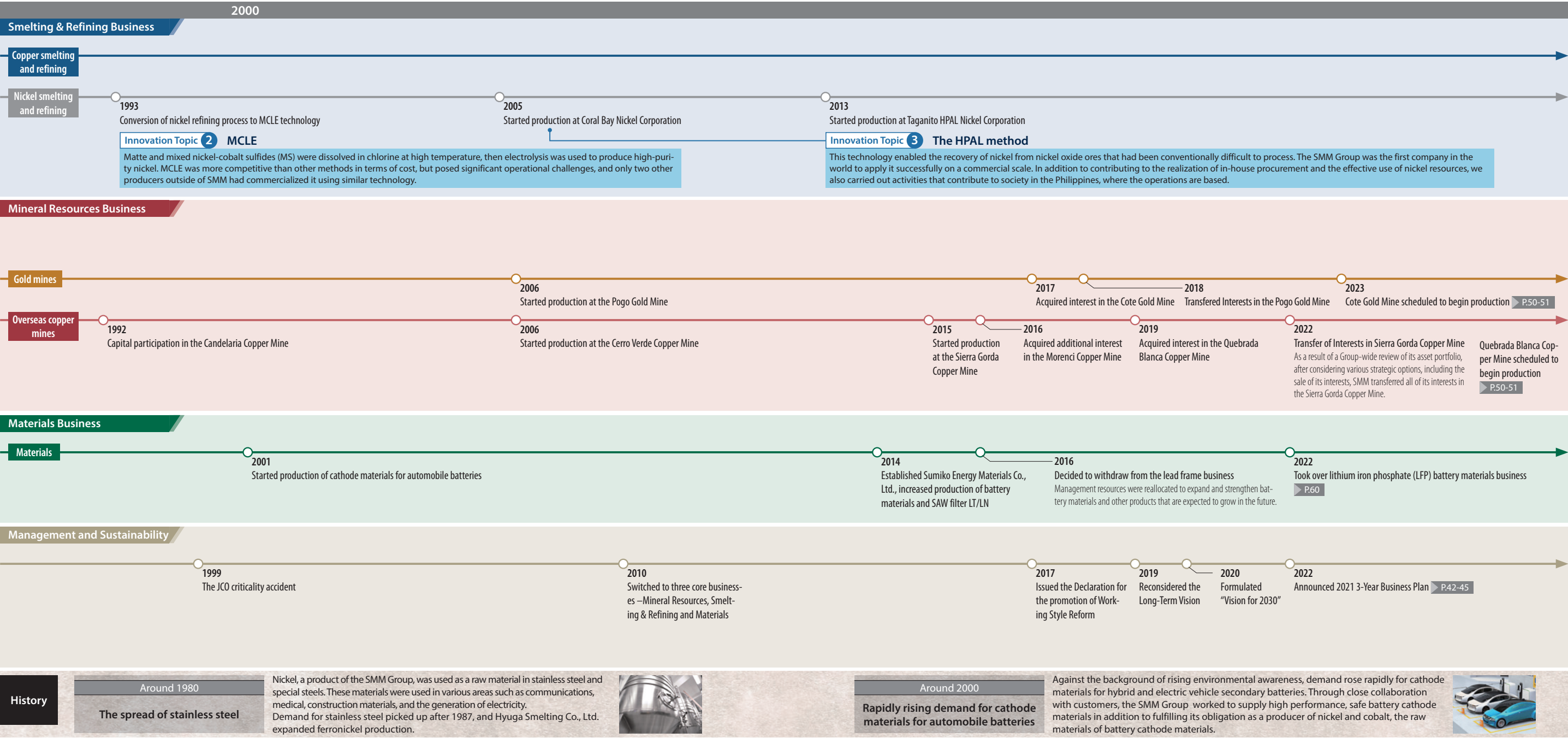
From FY2004 onward, we have steered our course toward the growth strategy by promoting large-scale projects and concentrating management resources in growth areas to expand and strengthen our core businesses. In FY2010, we shifted our business model to three core businesses: Mineral Resources, Smelting & Refining, and Materials. We have continued to implement our growth strategy to enhance our corporate value and competitiveness.

Began to increase the production of battery materials

We have been promoting high-performance materials for automobile batteries (cathode materials), which are expected to grow significantly in the future, and gradually increasing production capacity by leveraging our strength of an integrated process from the procurement of nickel raw material through to processing (3-business collaboration synergy).

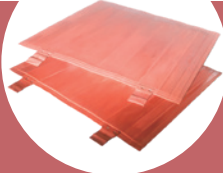
Long-term vision to become a world leader in the non-ferrous metals industry

In the 2018 3-Year Business Plan, we set the long-term vision of becoming the world leader in the non-ferrous metals industry and worked to strengthen our growth foundation through the promotion of large-scale projects, reinforced collaboration among our three businesses, and strengthened our corporate functions. In the subsequent 2021 3-Year Business Plan, under the theme of "renewed challenge for change," we will tackle 4 Challenges to realize our long-term vision.



The Global Non-Ferrous Metal Industry and the SMM Group

The Business Environment Surrounding Copper

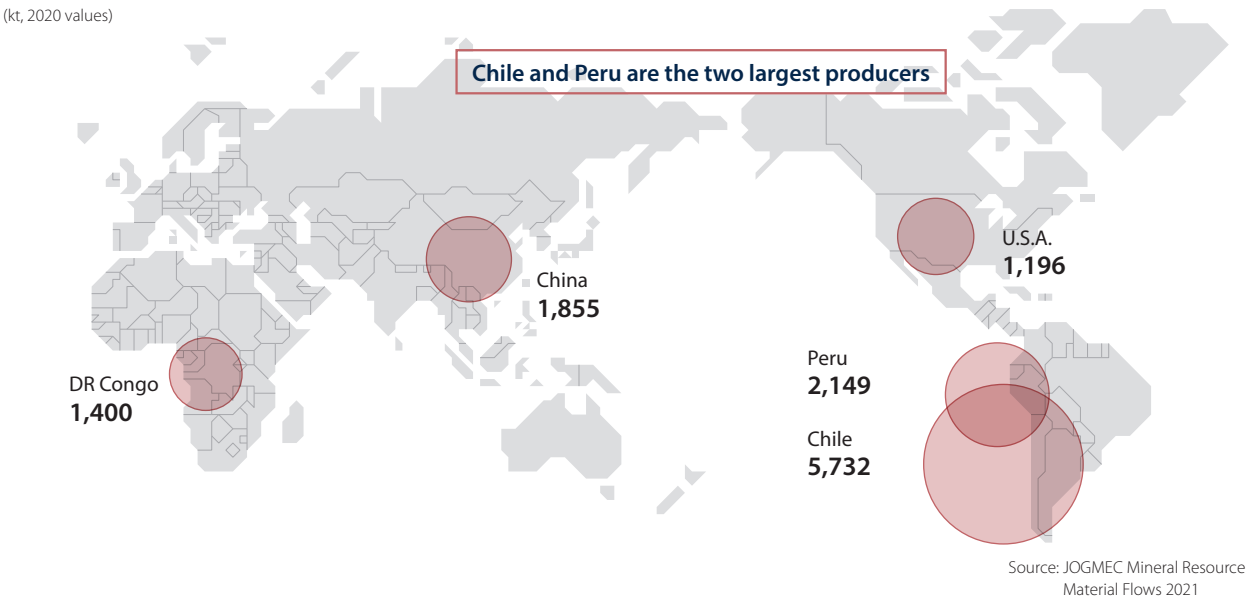


Copper is thought to be the first metal used in human history. It offers high heat and electrical conductivity, is relatively inexpensive, and has superior workability. This has resulted in it becoming an indispensable base metal for electrical wiring and copper alloy fabricated products in a wide range of industries.

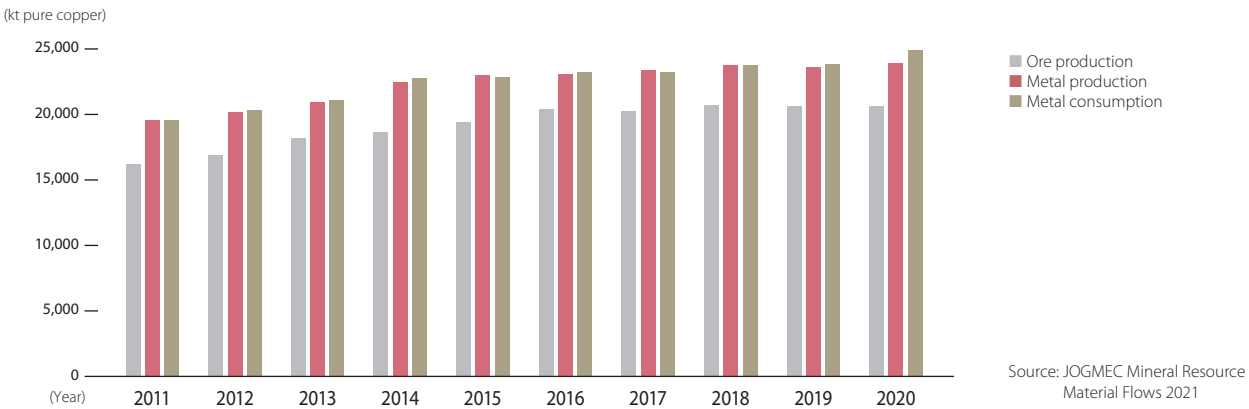
Chile and Peru are the world's two largest copper ore producing countries, followed by China, DR Congo and the U.S.

Copper is an indispensable base metal in a wide range of industries, particularly for infrastructure such as electrical wiring and copper alloy fabricated products, and China accounts for about half of global copper demand. Going forward, there is expected to be firm increases in demand along with global economic development. However, on the supply side, with development moving forward on the world's superior mines, the development of new sites will unavoidably occur in increasingly remote locations or higher elevations and with increasingly lower grade ore, making it more difficult. It is thought that this will result in the continuation of the current tight situation, including for recycled products.

World's Largest Copper Ore Producing Countries

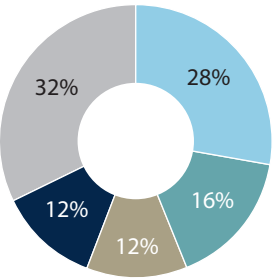


Global Copper Supply and Demand



Statistical Data Regarding Copper

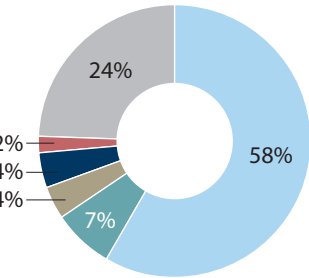
Copper End-Use (2021 results)



Sector	Percentage
Building construction (water and gas piping, roofs, décor, power distribution wires, etc.)	28%
Infrastructure (power transmission lines, telecom lines)	16%
Industry (transformers, motors, plant equipment, etc.)	12%
Transportation (automobiles, railroads, ships, etc.)	12%
Other	32%

Source: The International Wrought Copper Council (IWCC) and the International Copper Association (ICA)

Copper Metal Consumption by Country/Region (2020 results)

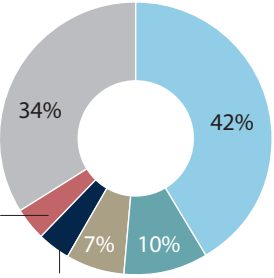


Country/Region	Percentage
China	58%
U.S.A.	24%
Germany	7%
Japan	4%
South Korea	4%
Other	2%

Total 24,913 kt

Source: JOGMEC Mineral Resource Material Flows 2021

Copper Metal Production by Country (2020 results)

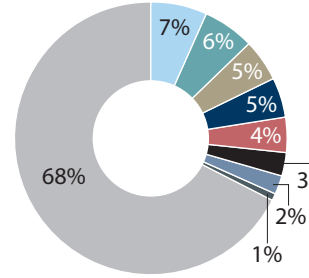


Country	Percentage
China	42%
Chile	34%
Japan	10%
Russia	7%
U.S.A.	4%
Other	4%

Total 23,931 kt

Source: JOGMEC Mineral Resource Material Flows 2021

Global Copper Interest Production (2021 results)

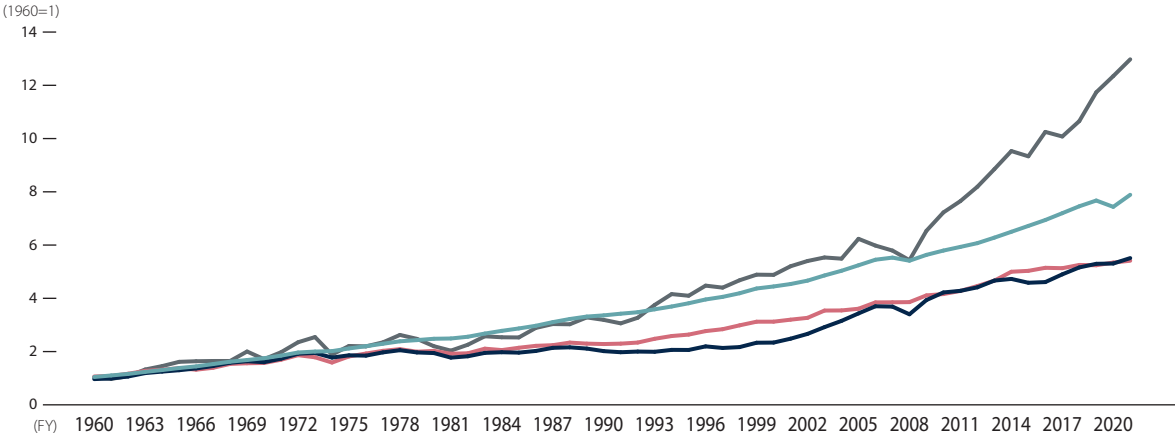


Company	Percentage
Corporación Nacional del Cobre de Chile	68%
Freeport-McMoRan Inc.	7%
BHP Group Limited	6%
Glencore plc	5%
Southern Copper Corp.	4%
First Quantum Minerals Ltd.	3%
KGHM Polska Miedz S.A.	2%
SMM Group	1%
Other	1%

Source: S&P Global Market Intelligence

The size of the global copper market is about 24,800 kt
The SMM Group ranks 24th in the world for global copper interest production (FY2021: 230 kt)

Global Resource Demand Trends



(1960=1)

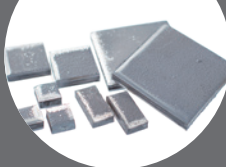
(FY) 1960 1963 1966 1969 1972 1975 1978 1981 1984 1987 1990 1993 1996 1999 2002 2005 2008 2011 2014 2017 2020

Global real GDP, Crude steel, Copper, Nickel

Source: Research by SMM

The Global Non-Ferrous Metal Industry and the SMM Group

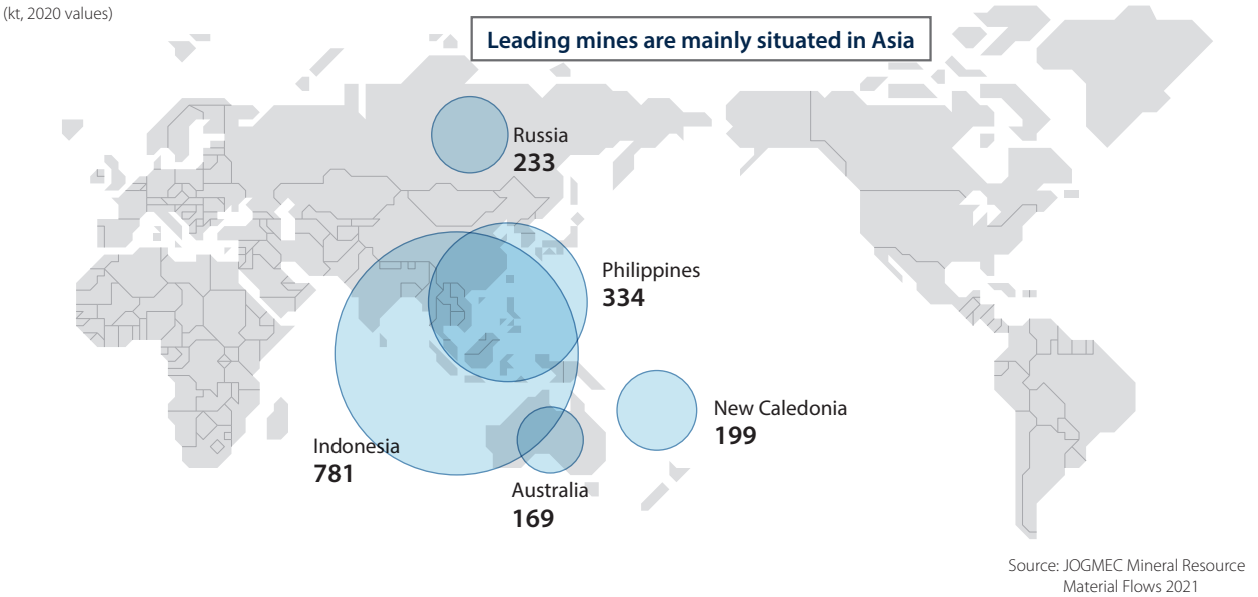
The Business Environment Surrounding Nickel



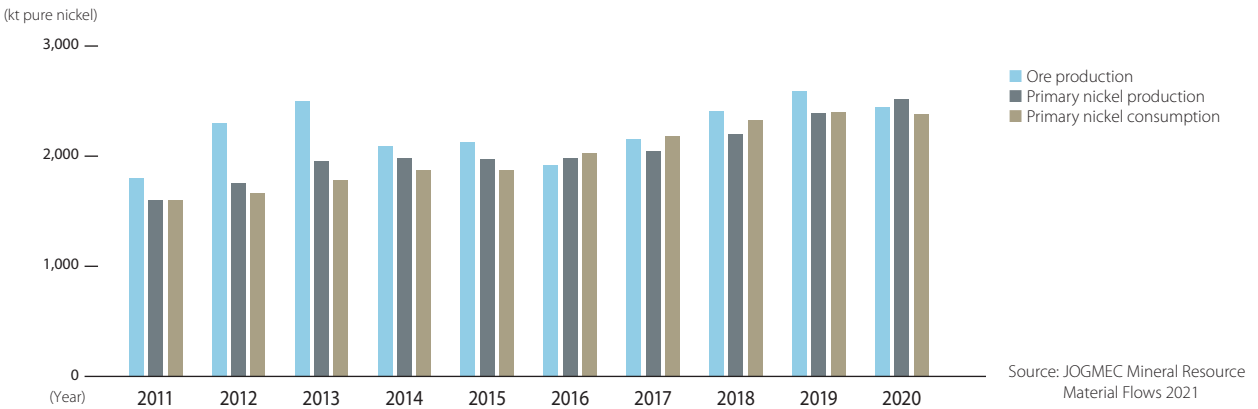
The main end-use of nickel is in stainless steel and a certain amount of increase in demand is expected. In addition to this, the electrification of the automotive sector has accelerated globally in recent years and an increase in demand for nickel for use in cathode materials for lithium-ion secondary batteries is expected to accompany this.

Indonesia and the Philippines are the world's two largest nickel ore producing countries. The end-use of about 70% of all nickel is in stainless steel and, like copper, China accounts for about half of global demand. In recent years, the growth in demand for nickel has been increasing at a much greater rate than growth in demand for copper and going forward, an increase in demand for use in cathode materials for lithium-ion secondary batteries is expected to accompany the spread of EVs. However, on the supply side, although the supply of products that are not of particularly high grade—so-called “class 2” nickel grades, such as ferronickel and nickel pig iron (NPI), which are mainly used as raw materials for stainless steel production—will be brisk due to development by Chinese companies in countries such as Indonesia, for products in the “class 1” high-grade nickel category used as raw materials in special steels and batteries for EVs, there is a limit to the specific new development that can be carried out and a situation in which demand exceeds supply is expected to continue.

World's Largest Nickel Ore Producing Countries

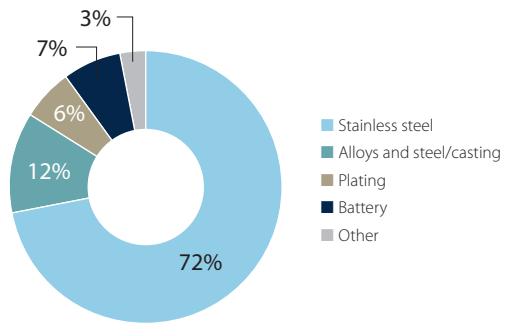


Global Nickel Supply and Demand



Statistical Data Regarding Nickel

Nickel End-Use

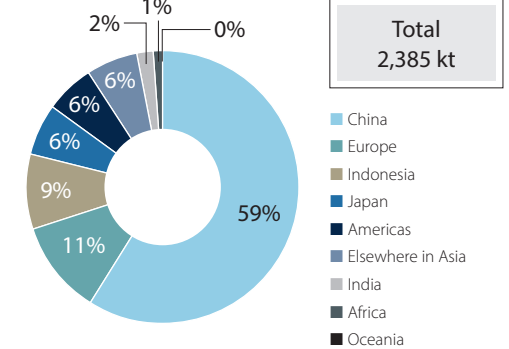


Category	Percentage
Stainless steel	72%
Alloys and steel/casting	12%
Plating	6%
Battery	7%
Other	3%

Source: S&P Global Market Intelligence (June 30, 2022)

Nickel Metal Consumption by Country/Region (2020 results)

Total 2,385 kt

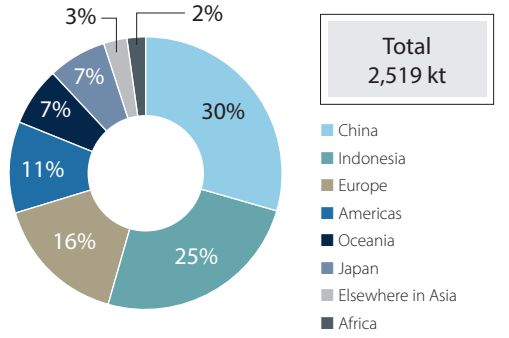


Country/Region	Percentage
China	59%
Europe	11%
Indonesia	9%
Japan	6%
Americas	6%
India	2%
Africa	1%
Oceania	0%

Source: JOGMEC Mineral Resource Material Flows 2021

Nickel Metal Production by Country/Region (2020 Results)

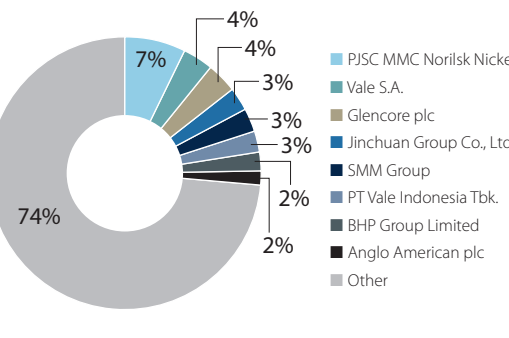
Total 2,519 kt



Country/Region	Percentage
China	30%
Indonesia	25%
Europe	16%
Americas	11%
Oceania	7%
Japan	7%
Elsewhere in Asia	3%

Source: JOGMEC Mineral Resource Material Flows 2021

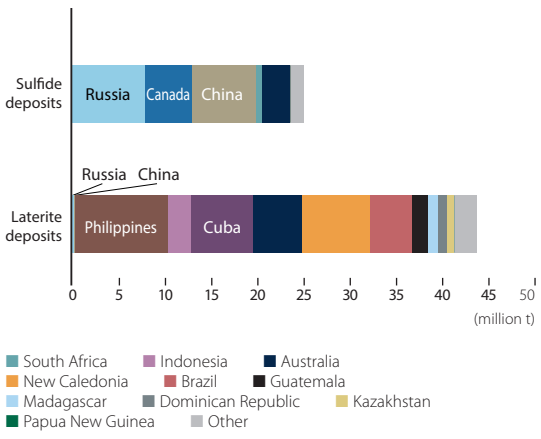
Global Nickel Interest Production (2021 Results)



Company	Percentage
SMM Group	74%
PJS MMC Norilsk Nickel	4%
Vale S.A.	4%
Glencore plc	3%
Jinchuan Group Co., Ltd.	3%
PT Vale Indonesia Tbk.	3%
BHP Group Limited	2%
Anglo American plc	2%
Other	2%

Source: S&P Global Market Intelligence
Calculated based on interest production volume of nickel for each company, and for the SMM Group, metal production volume

Nickel in Reserves

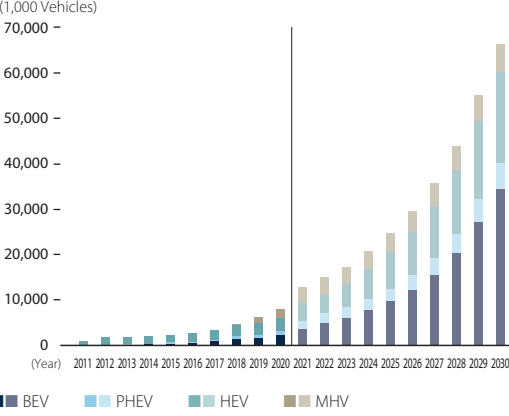


Category	Country	Reserves (million t)
Sulfide deposits	Russia	~10
	Canada	~5
	China	~5
Laterite deposits	Russia	~10
	China	~10
	Philippines	~10
	Cuba	~5
	Australia	~5
	Brazil	~5
	Guatemala	~5

Source: S&P Global Market Intelligence (July 7, 2022)

xEV Sales

(1,000 Vehicles)



Year	BEV	PHEV	HEV	MHV
2011	~100	~100	~100	~100
2012	~200	~200	~200	~200
2013	~300	~300	~300	~300
2014	~400	~400	~400	~400
2015	~500	~500	~500	~500
2016	~600	~600	~600	~600
2017	~700	~700	~700	~700
2018	~800	~800	~800	~800
2019	~900	~900	~900	~900
2020	~1,000	~1,000	~1,000	~1,000
2021	~1,100	~1,100	~1,100	~1,100
2022	~1,200	~1,200	~1,200	~1,200
2023	~1,300	~1,300	~1,300	~1,300
2024	~1,400	~1,400	~1,400	~1,400
2025	~1,500	~1,500	~1,500	~1,500
2026	~1,600	~1,600	~1,600	~1,600
2027	~1,700	~1,700	~1,700	~1,700
2028	~1,800	~1,800	~1,800	~1,800
2029	~1,900	~1,900	~1,900	~1,900
2030	~2,000	~2,000	~2,000	~2,000

Values for 2021 onward are projections
Source: B3 report 21-22



Risks and Opportunities

INPUTS

Capitals

(FY2021)

Financial capital as of March 31, 2022

Seven Competitive Strengths **7**

- Sound financial standing
- Total equity **¥1,557.4 billion**
- Interest-bearing liabilities **¥301.4 billion**

Manufactured capital

Seven Competitive Strengths **1 5**

- Mineral Resources** Operational mines **7**
- Smelting & Refining** Plants Japan **5** Overseas **3**
- Materials** Plants Japan **18** Overseas **3**
- R&D** Research centers Japan **4**

Intellectual capital Seven Competitive Strengths **1**

- Research and development expenses **¥6.6 billion**
- Intellectual property rights held **5,325**
- Technological strength related to production methods and operating techniques that are superior in terms of ability to effectively use low-grade ores, cost competitiveness, productivity and other aspects (HPAL, MCLC, etc.)
- Technology and tacit knowledge that has been continually accumulated and honed over 430 years and is focused on the next generation
- A large pool of collective knowledge supported by our 3-business collaboration

Human capital Seven Competitive Strengths **2 5**

- Consolidated employees **7,202**
- Officers and employees who have inherited and internalized the Sumitomo Business Spirit and the Group's corporate culture
- Skill development through OJT
- Human resources systems focused on expertise
- A firm resolve in regard to safety and a management framework that heightens hazard awareness

Social and relationship capital

Seven Competitive Strengths **3 4 6**

- Regarding society
 - An organizational sense of ethics
 - Risk management structures
 - Social license to operate
- Regarding business partners
 - Relationships of trust that have been cultivated over many years
 - Appropriate supply chain management
- Regarding governments
 - Relationships of trust with governments in each country and region
- Regarding customers and employees
 - The SMM Group brand
 - A close affinity with our customers' needs and the collaborative capabilities to continuously respond to them
- Regarding local communities
 - Involvement with local communities that has been built up through our core business

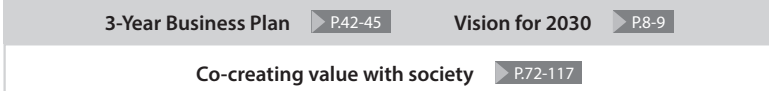
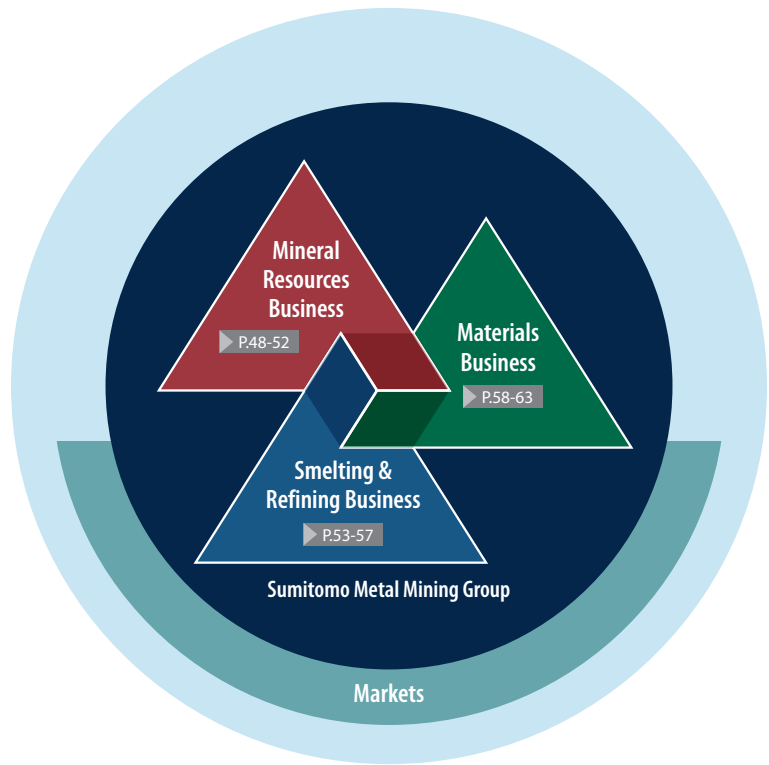
Natural capital

- Operational mines Japan **1** Overseas **7**
- Raw mineral resources
 - Copper concentrates usage **1,287kt**
 - Nickel oxide ore usage **7,998kt**
 - Gold and silver ore usage **190kt**
 - Recycled materials **239kt**
- Water resources (fresh water and seawater) **181,271,000m³**
- Energy from coal and coke **13,048TJ** (42.6% of overall energy consumption)

Seven Competitive Strengths * Figures denote the relevant items P.30-31

BUSINESS ACTIVITIES

Competitive capabilities generated by our 3-business collaboration model P.29



OUTPUTS

Products and services

(FY2021)

Non-ferrous metal materials

Ni Smelting & Refining

- Annual production volume **83kt**

Cu Mineral Resources Smelting & Refining

- Annual production interest **230kt**
- Annual production volume of electrolytic copper **420kt**

Au Mineral Resources Smelting & Refining

- Annual production volume* **17t**

*Annual production volume after smelting

Highly advanced materials

Cathode materials for batteries

Mineral Resources Smelting & Refining Materials

- Monthly production capacity **4,850t**

Effective use of resources

Smelting & Refining

- Recover scandium and chromite from nickel oxide ore

Materials Smelting & Refining

- Develop a recycling process for lithium-ion secondary batteries (copper, nickel, cobalt, lithium)

OUTCOMES

Value we provide

(FY2021)

Financial capital

- Sound financial standing (equity ratio of 50% or higher)
- Consolidated dividend payout ratio of 35% or higher
- Growth investment
- Equity ratio **63.7%** (result)
- Dividend payout ratio **35.1%** Dividend **¥301** (+¥180 YoY)
- JCR credit rating **AA-**

Manufactured capital

- Increase, expansion, and upgrading of business sites and equipment
- Increase of production capacity in response to growth in demand
- Development underway on the Cote Gold Project and Quebrada Blanca 2 Project P.50-51
- Decision made to increase production of nickel-based cathode materials 4,550 t/month → **4,850 t/month**

Intellectual capital

- Development expertise
- Production and equipment development technology
- Patents and design rights held in Japan (as of March 31, 2022) **3,126** (+177 YoY)
- Engaging in the X-MINING® (Cross-Mining) project aimed at realizing open innovation
- Engaging in the verification and commercialization of technology for recovering and recycling cobalt and lithium from lithium-ion secondary batteries used in vehicles P.67

Human capital

- Raising of awareness and encouragement of understanding among employees
- High levels of safety consciousness
- Understanding regarding indigenous peoples
- Responsible mineral sourcing
- Social contribution
- Skill development through OJT
- Mining School P.52
- Skill development through off-JT
- Smelting & Refining University
- External training fully paid for (graduate school, correspondence education)
- Improved job satisfaction for employees
- Serious accidents **2** (0 in the previous year)
- All accidents **21** (15 in the previous year)
- Occupational diseases **0** (0 in the previous year)
- Carried out internal education activities regarding indigenous peoples P.115
- Annual hours of education per employee **30** (21 hours in the previous FY) P.109
- Smelting & Refining University students **5** P.57

Social and relationship capital

- Building and maintaining of good relationships with business partners, contractors, and supply chain partners
- Building and maintaining of good relationships with local communities and indigenous peoples
- Contribution to resource-scarce Japan
- Proper fulfillment of tax obligations
- Expansion of product applications through co-creation with customers
- Significant environmental accidents **0**
- Infrastructure investment and spending on support services **¥1.3 billion** Supplementary ESG Data Book 2022 P.25
- Two business sites awarded the Philippine's 2021 Presidential Mineral Industry Environmental Award P.99, 111
- Amended the Sumitomo Metal Mining Group Policy on Human Rights P.102-105
- Practiced responsible mineral sourcing and sustainable procurement P.116-117
- Reduced environmental impact during plant construction P.98-99
- Carried out internal education activities regarding indigenous peoples P.115
- Income tax paid **¥72.1 billion** For details, see Income Tax by Country or Region on P.35 P.132-133
- Carried out activities based on the Sumitomo Metal Mining Group Basic Policy on Taxes

Natural capital

- Environmental destruction from development
- Hazardous substances emitted into the atmosphere and water
- Energy consumption
- Production of recycled copper and precious metals
- Response to climate change
- Amount of land developed or rehabilitated P.99
- Capital expenditure related to environmental preservation **¥7,706 million** P.37
- Reduction in water use through optimization **636,000m³**
- Decrease in emissions of hazardous substances into the atmosphere and water **90t**
- Reduction in consumption of energy from coal and coke **769TJ**
- Percentage of recycled materials used **2.38%**
- Engaging in an initiative to reduce GHG emissions to zero by 2050
- Reduction in GHG emissions intensity (compared to FY2013) **5%**

The + and - signs express the nature of the impact of each type of capital

IMPACTS

Impacts on Society

Stably supply high-quality non-ferrous metals and materials

From

Vision **1** Effective Use of Non-Ferrous Metal Resources

Impacted Stakeholders

Customers

NGOs and NPOs (Natural Environment)

Preserve the natural environment through reduction of GHG emissions, and increased production and new development of products contributing to a low-carbon society

From

Vision **2** Climate Change

Vision **3** Significant Environmental Accidents

Vision **4** Biodiversity

Impacted Stakeholders

Customers

NGOs and NPOs (Natural Environment)

Create comfortable and safe workplaces where all employees can take a vibrant and active part

From

Vision **5** Employees' Occupational Health and Safety

Vision **6** Diverse Human Resources

Vision **7** Development and Participation of Human Resources

Impacted Stakeholders

Employees

Achieve co-existence and mutual prosperity with local communities

From

Vision **9** Co-Existence and Mutual Prosperity with Local Communities

Vision **10** Rights of Indigenous Peoples

Impacted Stakeholders

Local communities

Achieve sustainable procurement in the entire supply chain

From

Vision **11** Human Rights in the Supply Chain

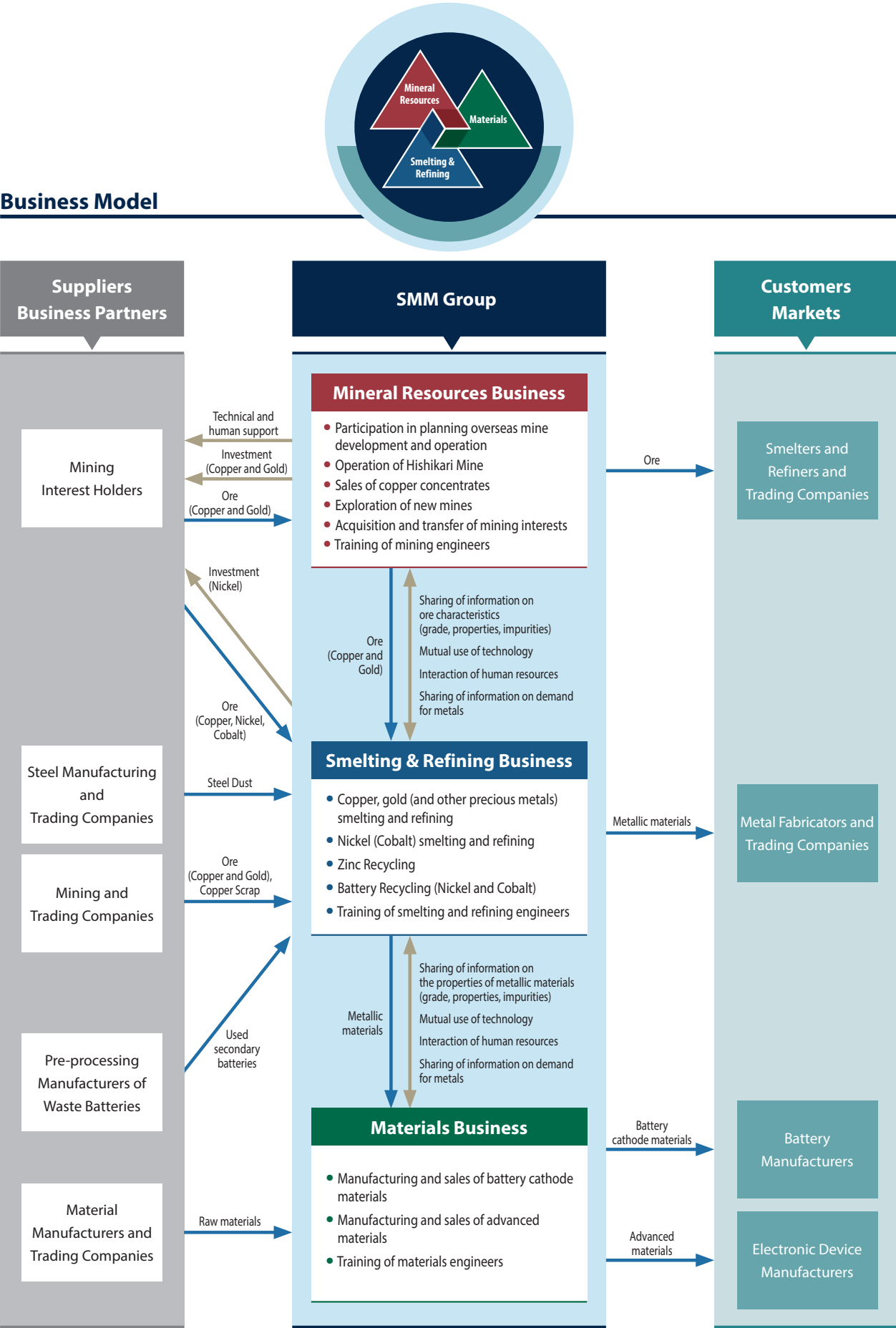
Impacted Stakeholders

Business partners

NGOs and NPOs (Human Rights, Natural Environment)

The SMM Group's Creation of Value

Value Creation Process (Business Model) Explanation



Key INPUTS—Seven Competitive Strengths

The SMM Group's seven competitive strengths come from its various management capital. Throughout our 430-plus years of history, we have continuously honed our competitiveness and achieved sustainable growth by combining diverse capi-

tal to execute strategies and businesses that meet the demands of the times.
P.30-31

Business Model—Organic 3-Business Collaboration

Our Mineral Resources Business develops and operates mines in a way that is considerate to the environment and society. Our Smelting & Refining Business then generates high-quality metal materials from the extracted ores. And, our Materials Business adds value to these materials that meet the needs of the times. In this way, SMM has a globally unique 3-business collaboration business model in which we operate three businesses — Mineral Resources, Smelting & Refining, and Materials — which collaborate in an organic way. We are building up competitive capabilities by sharing and utilizing goods, human resources, technology, and information between each business.

Mineral Resources Business P.48-52

We invest in copper and gold mines, develop mines with our partners, supply ore to our Smelting & Refining Business, and sell some of the ore to outside parties. We also own and operate the Hishikari Mine, where we mine gold ore and supply it to our Smelting & Refining Business.

Smelting & Refining Business P.53-57

We procure copper and gold ores from the market and our Mineral Resources Business, and nickel and cobalt ores from our investment mines for smelting and processing. As for products, metallic materials are sold to metal fabricators and trading companies, and used for battery cathode materials are supplied to our Materials Business.

Materials Business P.58-63

In our battery materials business, we procure metallic materials from our Smelting & Refining Business and other raw materials from outside sources, process them into battery cathode materials, and sell them to battery manufacturers. In the advanced materials business, we have various product groups such as crystal materials, powder materials, and package materials, and we procure raw materials internally and externally for processing and selling to customers such as electronic device manufacturers.

Competitive capabilities generated by our 3-business collaboration model

- (1) Great reduction of procurement risk due to the sharing of resource development regulations, supply and demand trends, and other information
- (2) Promotion of efficient development of new products, etc. through the sharing of technological information concerning non-ferrous metals and collaborating with customers in the Materials Business
- (3) A stable supply of highly advanced materials including cathode materials for automobile batteries by collaboration between the Smelting & Refining and Materials businesses
- (4) Optimization of characteristics in the materials we supply through collaboration between the Smelting & Refining and Materials businesses
- (5) Advancement of knowledge and expansion of mining business opportunities through collaboration between the Mineral Resources and Smelting & Refining businesses
- (6) Cutting-edge innovation through the collective wisdom possessed by human resources with diverse backgrounds
- (7) Building of cyclical systems and expansion of opportunities realized through collaboration between the Mineral Resources, Smelting & Refining, and Materials businesses
- (8) Assurance of traceability in terms of quality and the like through a integrated internal supply chain

Recycling P.67

The SMM Group is engaged in various recycling efforts. In the Smelting & Refining Business, we purchase steel dust from steel manufacturers and trading companies to produce and sell zinc oxide pellets, which is the raw material for metallic zinc. We also purchase copper scrap from electric wires and other sources, smelt, refine, and recycle it. In recent years, as the shift to electric vehicles has rapidly progressed, we have been promoting battery recycling by recovering nickel and cobalt from used secondary batteries for automobiles in our Smelting & Refining Business, processing them into metallic materials, and supplying them to our Materials Business to be reused as cathode materials for batteries in our Materials Business. In addition, we have invented a technology to recover lithium from used secondary batteries. We will continue to promote a variety of recycling efforts.

Outcomes and Impacts—Forming a Sustainable Society

The SMM Group has established its "Vision for 2030" to serve as a milestone for realizing its long-term vision to become "the world leader in the non-ferrous metals industry" and has identified 11 material issues as initiatives that must be accomplished. In addition, a major tenet of the SMM Group's corporate philosophy is "sustainable co-existence with the global environment," which is

our social mission as a manufacturing company that relies on resources. By steadily addressing each of the 11 material issues, we will earn our social license to operate, which is indispensable for our business. We will also contribute to a sustainable society together with our customers, NGOs, NPOs, employees, local communities, business partners, and other stakeholders.

The SMM Group's Capitals: Seven Competitive Strengths Cultivated by the Sumitomo Business Spirit

The SMM Group has cultivated a variety of management capitals over its 430 years of history, which started with the copper smelting and refining business that was the original business it inherited from the Sumitomo Group, and it has combined these in its strategies and businesses to create “Seven Competitive Strengths.”

These strengths form the base of the Group's growth and they are built upon the Sumitomo Business Spirit. The application of this business spirit has enabled the Group to overcome every difficulty so far. Now we are responding flexibly to changes in the times through collaboration among our three businesses of Mineral Resources, Smelting and Refining, and Materials in a way that leverages the strengths of each business and by realizing “transformation”, “legacy”, and “education” through the 4 Challenges of the 2021 3-Year Business Plan.

The Sumitomo Business Spirit

Trustworthiness and pride inherited from the original business

1

Intellectual Capital,
Manufactured Capital, Natural Capital



Technology that has been continually honed over 430 years and is focused on the next generation

- Originated in the *Nanban-buki* method started in Kyoto by Soga Riemon around 1600
- Have exploration, mining, and mineral processing technology for taking on the challenges presented by difficult-to-develop new deposits and sea-floor resource development
- Have advanced smelting and refining technology such as HPAL, the world's first method for converting low-grade oxide ore into a nickel resource
- Have combined high-level knowledge of metals cultivated through our history and state-of-the-art technological capabilities in the materials field and a 3-business collaboration model based on an integrated supply chain from resource development to production and recycling of highly advanced materials contributing a decarbonized society
- Have collaborations with academic institutions to realize technological innovation focused on the society of 2050

2

Human Capital




Employees who share our business spirit and an open and vibrant organizational climate

- Have Sumitomo DNA, which has been passed down from generation to generation for more than 430 years
- All employees understand and practice the Sumitomo Business Spirit, SMM Group Corporate Philosophy, and Management Vision because they are instilled through continual education
- Actively invest in human resources (various training programs, provision of learning opportunities, promotion of health and productivity management, etc.)
- Our corporate culture values people and respects diversity (assigning jobs and providing support matched to employees' life stages, and in recent years, strengthening of mid-career recruitment)
- Promote initiatives to stimulate communication across organizations and positions

3

Social and Relationship Capital,
Natural Capital




Relationships of trust with business partners that have been formed with a long-term perspective

- Build and maintain good relationships with reliable, world-class partners as a foundation for superior mine interests overseas
- Create further business opportunities through our long-term partnerships and relationships of trust
- Have strong partnerships with our business partners based on the trust that comes from Sumitomo's approach to business operations, rooted in the Sumitomo Business Spirit, and our high-level knowledge and technologies related to metals cultivated over our long history

4

Social and Relationship Capital



Involvement with local communities that has been built up through our core business

- Have a long history of co-existence and mutual prosperity with local communities through our business activities, based on the Sumitomo Business Spirit, in which we work to make people happy, including the families of employees, and develop together with society
- Develop mines starting with town building. For example, an elementary school in Niihama City, Ehime Prefecture, was founded by Sumitomo 127 years ago, when Besshi Copper Mine was in operation.
- Contribute to local communities not only in Japan, but also overseas through scholarship programs, the operation of hospitals and schools, road construction, and other initiatives
- Build trust with local communities based on dialogue and collaboration

5

Human Capital, Manufactured Capital




Management of serious risks fulfilling responsibilities according to each level of the job classification, with a firm resolve in regard to safety

- Have a target of zero occupational accidents based on the recognition that unless the correct management framework is established, there is the risk of serious accidents that cost lives, and collaboration of labor and management to promote safety initiatives
- Promote measures related to equipment and essential safety, focused on serious accident risks (moving parts, crashes/falls, heavy objects, heavy machinery)
- Improve on-site management capability by strengthening checks on realities and actions through work observation and practical risk assessment (RA) as well as through priority-oriented initiatives, etc.
- Improve hazard awareness by introducing and practicing more effective education and training (including hands-on training based on VR)

6

Social and Relationship Capital




A close affinity with our customers' needs and the collaborative capabilities to continuously respond to them

- Have strength provided by a comprehensive knowledge of not only materials but also the characteristics of the metals that are their raw materials, which we leverage to connect the various technologies we have developed to date with the innovation sought by the customer
- Have the top share of the global market of cathode materials for lithium-ion batteries used by major electric vehicle manufacturers realized through our technology for extracting nickel from low-grade oxide ore and a framework that enables us to secure materials stably
- Recognize the importance of taking a long-term approach to handling customer demands steadily and sincerely, in a way that wins trust, with ongoing new product creation in the automotive, energy and environment, communications, and other fields

7

Financial Capital, Natural Capital



Financial position that enables us to take advantage of investment opportunities

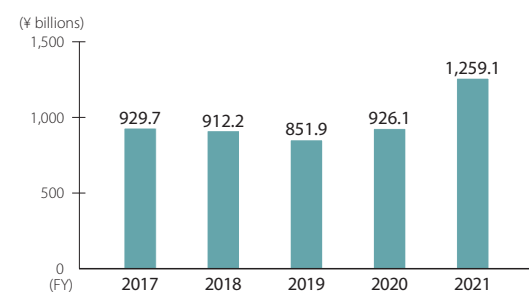
- Maintain a sound financial position to withstand large one-time cash outflows for resource and smelting & refining development projects, which require a long period of time from investment to recovery, and to avoid missing investment opportunities.
- Possess several superior mine interests that support a sound financial position, including Japan's only large-scale commercial gold mine, the Hishikari Mine, and the Morenci Copper Mine, one of the world's top-class producers of copper
- Decisively review the portfolio to maintain profitability

Risks and Opportunities

Risk Factors (External/Internal)		Risks (Threats)	Actions to Reduce Risk	Opportunities	Strategies (Concrete Initiatives)
1	Governments and Policy <ul style="list-style-type: none">• Sharp rise in protectionism• Strengthened environmental regulations• Rise in mineral resource nationalism• Conflicts and friction between countries	<ul style="list-style-type: none">• Increased cost of investing and operating mines and refineries• Increasingly strict development permit processes• Export bans on unprocessed ore• Nationalization of mines; increased taxation• Adverse impacts on production, including supply and demand and supply chains	<ul style="list-style-type: none">• Stable procurement of resources from mine interests we acquire and possess• Processing of low-grade nickel ore locally by HPAL plants ▶ P.57• Environmental and social contribution (return of profit); approach to local communities and indigenous peoples• Information gathering through embassies, governments, and JV partners• Conclusion of contracts that make allowances for resource nationalism• Diversification of materials suppliers and product customers• Establishment of BCP and crisis management framework ▶ P.137		<ul style="list-style-type: none">■ Expansion of cathode materials lineup (LFP)
2	Business Environment <ul style="list-style-type: none">• Metal price and forex movement• Generalization of advanced smelting and refining technologies• Changes in the markets of the Materials Business• Rise in awareness regarding the forming of a sustainable society• Growth in interest in ESG investment (negative screening, etc.)• Acceleration of the carbon neutrality movement• Increase in the importance of information security• Growth in the importance of intellectual property due to globalization• Spread of infectious disease• Global economic slowdown• Shortages of industrial materials and parts, such as semiconductors• Soaring energy prices	<ul style="list-style-type: none">• Adverse impacts on business performance due to lower metal prices and exchange rate fluctuations• Switch to alternative materials due to a sharp rise in metal prices• Decline in superiority of HPAL technology• Obsolescence of products and technologies due to technological innovation• Exclusion from investment due to lagging approach to ESG• Decline in competitiveness due to lagging approach to GHG emissions reduction• Leakage, destruction, falsification, etc. of information due to lagging construction of information security systems• Initiation of proceedings involving patent infringement or other intellectual property matters• Negative impacts of infectious diseases on supply and demand and on production, including supply chains• Decrease in competitiveness due to higher operating costs	<ul style="list-style-type: none">• Prior analysis of management impacts caused by fluctuations in metal prices and exchange rates• Entrance into alternative materials and technologies businesses (e.g. LFP) ▶ P.60• Deepening/continuous improvement and stable operation of production technology (HPAL)• Realization of third HPAL plant• Strengthening of research & development in collaboration with customers; development of new customers and markets• Strengthening of materials business (development of new products, increasing of production capacity) ▶ P.58-63• GHG emissions reduction activities ▶ P.91• Strengthening of information security ▶ P.137• Enforcement of and support for intellectual property management• Establishment of BCP and crisis management framework• Stable supply through an integrated supply chain• Expenditure compression and cost reduction of materials	<ul style="list-style-type: none">■ Growth in demand for copper and nickel associated with economic growth and development in emerging countries■ Growth in demand for copper and nickel associated with increase in clean energy■ Growth in demand for nickel and copper associated with increase in demand for electric vehicles	<ul style="list-style-type: none">■ Participation in development of and investment in superior overseas mines, etc.■ Efforts to secure nickel deposits■ Enhancement of the added value of HPAL technology■ Expansion of business in products that contribute to a low-carbon society■ R&D of processes and products that contribute to reduction of GHG emissions ▶ P.64-66■ Expansion of production of battery materials (construction of a new plant) Establishment of 15,000-ton production capacity of battery cathode materials by FY2030 ▶ P.59-60
3	Resource Development, Smelting and Refining Operations <ul style="list-style-type: none">• Depletion of resources; decrease in number of superior mines (increased difficulty of mine development)• Occurrence of serious accidents or disasters• Emergence of issues related to Business and Human Rights• Worsening of social conditions in areas where we do business• Expansion, utilization, and optimization of digital technologies	<ul style="list-style-type: none">• Increased difficulty in acquiring interests due to intensified competition• Increase in the cost of investing in and operating mines• Serious environmental incidents, including the collapse of tailing dams• Delays in or withdrawal from projects due to opposition from local communities or due to infringement of the rights of local communities and indigenous peoples• Suspension of production activities due to riots or strikes• Decline in competitiveness due to lagging response to DX	<ul style="list-style-type: none">• Operational improvements (dispatch of engineers for stable operation and streamlining, improvement of existing operating equipment, enhancement of process capacities)• Promotion of environmental management system (EMS) ▶ P.96• Management in line with international standards (tailing dam management, etc.) ▶ P.96• Dialogues and coexistence with local communities ▶ P.113-114• Enhancement of understanding of indigenous cultures ▶ P.115• Due diligence for mineral procurement ▶ P.116• Establishment of BCP and crisis management framework ▶ P.137	<ul style="list-style-type: none">■ Growth in demand for cathode materials associated with increase in demand for electric vehicles■ Growth in demand for advanced materials used in electronic devices aimed at achieving a digital society	<ul style="list-style-type: none">■ Securing of a sound financial base ▶ P.46-47■ Participation in development of and investment in superior overseas mines, etc.■ Promotion of responsible mineral sourcing and sustainable procurement ▶ P.116-117■ Improvements and strengthening of management to prevent serious environmental accidents (tailing dams, etc.)■ Launch of an organization to promote DX ▶ P.68-69
4	Work Environments <ul style="list-style-type: none">• Decreasing working-age population due to dwindling birthrates and aging populations• Diversification of working styles and human resources• Increased mobility of the Japanese labor market• Occurrence of serious occupational accidents	<ul style="list-style-type: none">• Adverse effects on operations due to shortages of labor (project delays, loss of opportunities for new entry, increased difficulty of technology transmission and continuation of production activities)• Outflow of talented workers	<ul style="list-style-type: none">• Promotion of human resources utilization through support for diversity and Working Style Reform• Securing and developing human resources who acknowledge our philosophy• Promotion of occupational health and safety system	<ul style="list-style-type: none">■ Growth in demand for recycling associated with the depletion of resources, heightened environmental awareness, increased demand for metals, increased collection of used products, etc.	<ul style="list-style-type: none">■ Assurance of diversity through active mid-career recruitment■ Promotion of safer and smarter plants■ Promotion of human resource strategy (securing, developing, and utilization)■ Labor saving through the promotion of DX ▶ P.68-69■ Expansion of recognition through strengthened corporate branding
5	Global Warming and Climate Change <ul style="list-style-type: none">• Increase in frequency and intensity of natural disasters	<ul style="list-style-type: none">• Damage to equipment/facilities and occurrence of spill accidents due to intensification of floods, storms, etc.• Interruption of global supply chains	<ul style="list-style-type: none">• Response to large-scale disasters• Establishment of BCP and crisis management framework ▶ P.137		<ul style="list-style-type: none">■ Equipment development, training, and BCP support as disaster strategy■ Decentralization of manufacturing sites
6	Quality Management, Compliance <ul style="list-style-type: none">• Growing importance of proper quality control• Occurrence of compliance violations• Increased sophistication of quality standards from customers	<ul style="list-style-type: none">• Violations of laws and regulations regarding, or major recalls of the SMM Group's products and services• Serious violations of laws and regulations (corruption, violations of competition law)	<ul style="list-style-type: none">→ Compliance with quality management systems and efforts to further improve quality and strengthen management ▶ P.138-139→ Establishment of frameworks to prevent compliance violations and respond appropriately should they occur ▶ P.134-135		

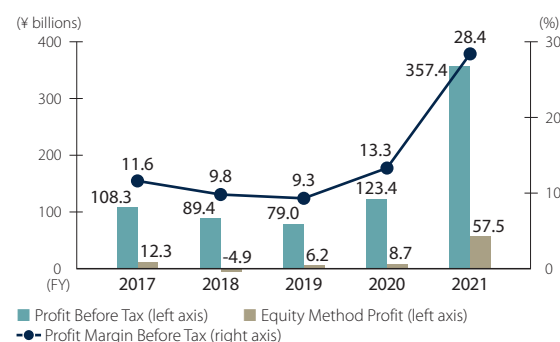
Financial and Non-Financial Highlights

Net Sales



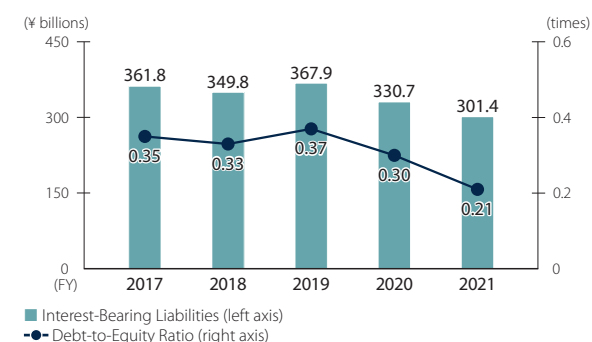
Consolidated net sales increased by ¥333.0 billion year on year to ¥1,259.1 billion, mainly due to year-on-year increases in the prices of copper and nickel and increased sales of automobile battery materials and powder materials, supported by strong demand.

Profit Before Tax/Equity Method Profit/Profit Margin Before Tax



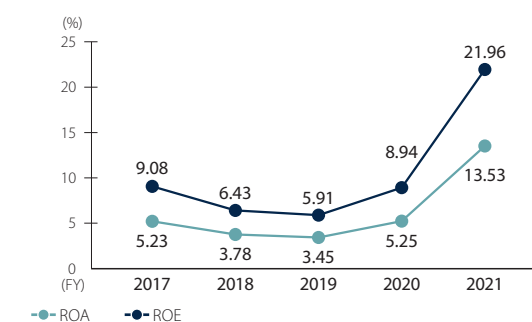
Consolidated profit before tax increased by ¥234.0 billion year on year to ¥357.4 billion, mainly due to an increase in sales, an upturn in the share of profit of investments accounted for using equity method, and the transfer of all the Company's interests in the Sierra Gorda Copper Mine (Chile).

Interest-Bearing Liabilities/Debt-to-Equity Ratio



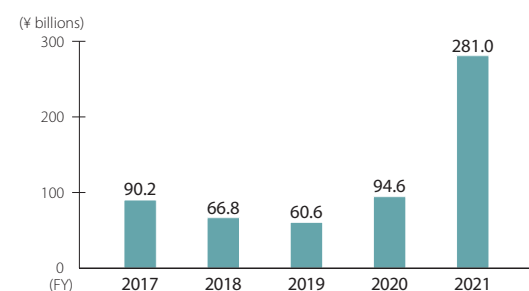
The amount of interest-bearing liabilities as of March 31, 2022, decreased by ¥29.3 billion year on year to ¥301.4 billion. The debt-to-equity ratio decreased by 0.09 points year on year to 0.21 times.

ROA/ROE



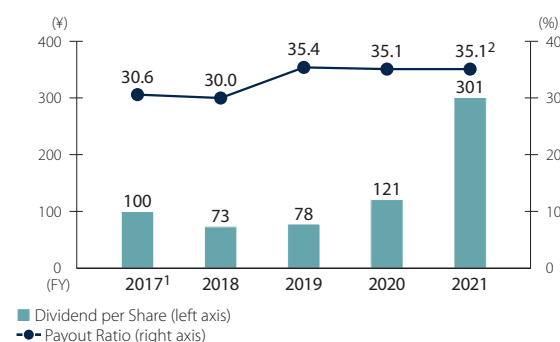
ROA improved by 8.28 points year on year to 13.53%. ROE improved by 13.02 points year on year to 21.96%. Both ROA and ROE exceeded the FY2021 estimates (ROA: 4.8%; ROE: 7.9%) in our 2018 3-Year Business Plan.

Profit Attributable to Owners of Parent



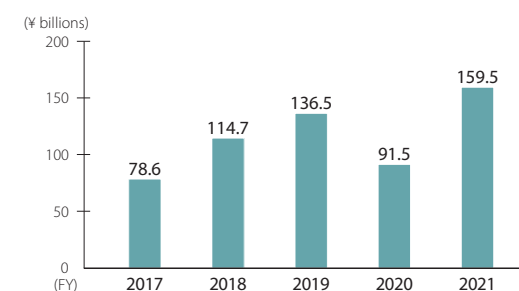
Profit attributable to owners of parent increased by ¥186.4 billion year on year to ¥281.0 billion, mainly due to an increase in consolidated profit before tax.

Dividend per Share/Payout Ratio



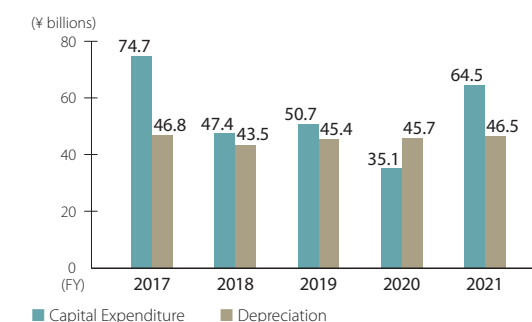
The annual dividend for FY2021 increased ¥180 year on year to a record ¥301, comprising an interim dividend of ¥113 and a year-end dividend of ¥188. The Payout ratio was 35.1%,² fulfilling the dividend policy of a consolidated payout ratio to be 35% or more in principle in our 2021 3-Year Business Plan.

Net Cash Provided by Operating Activities



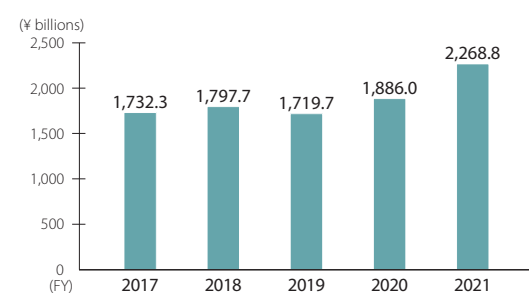
Net cash provided by operating activities during FY2021 increased mainly due to a year-on-year increase in profit before tax, despite increases in inventories and advance payments to suppliers mainly due to higher prices of non-ferrous metals.

Capital Expenditure/Depreciation



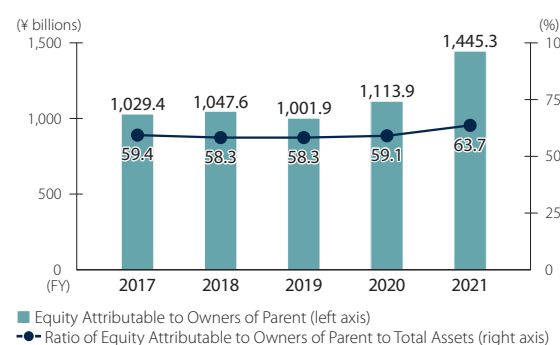
We invested ¥64.5 billion (based on property, plant and equipment and intangible assets) during FY2021, a year-on-year increase of 83.8%, primarily due to the postponement of expenditures from the previous fiscal year.

Total Assets



Total assets as of March 31, 2022 increased by ¥382.8 billion year on year to ¥2,268.8 billion. This was mainly due to increases in inventories and trade and other receivables as a result of rises in the prices of non-ferrous metals and other factors, as well as an increase in the prices of shares of subsidiaries due to the recording of profit from investments accounted for using the equity method.

Equity Attributable to Owners of Parent/Ratio of Equity Attributable to Owners of Parent to Total Assets



Total equity attributable to owners of parent increased by ¥331.4 billion year on year to ¥1,445.3 billion. The ratio of equity attributable to owners of parent to total assets (equity ratio) was 63.7%. We were able to achieve a level higher than 50%, our target for maintaining a sound financial position.

Income Tax by Country or Region (FY2021)

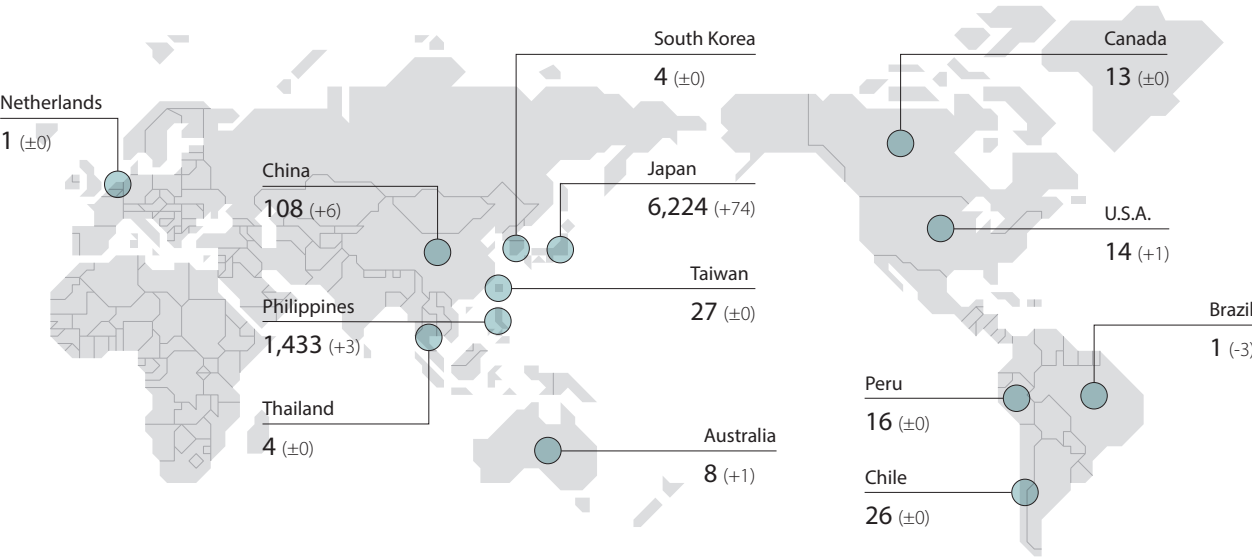
(millions of yen)					
Japan	U.S.A.	Netherlands	Peru	Chile	China
33,094	9,460	662	16,260	5,852	1,598
Philippines	New Caledonia	Australia	Others	Total	
4,040	530	574	30	72,100	

* With regard to equity-method affiliates, the above amounts include the Company's proportional burden of income tax.

1. SMM consolidated its stocks on October 1, 2017.

2. The gain on sale associated with the transfer of all equity interest in the Sierra Gorda copper mine recorded in FY2021 includes an amount equal to a reversal of the allowance for bad debt for loans and other receivables for Sierra Gorda S.C.M., which was adjusted in the opening balance of retained earnings in FY2019 as a cumulative effect (Revised IAS 28 "Investments in Associates and Joint Ventures"). For this reason, effects on FY2021 results caused by the application of these accounting procedures and manifesting in accordance with the transfer of equity are omitted from the dividend calculation. Basic earnings per share, excluding the effects of this application of accounting procedures, were ¥857.47.

Number of Employees & Officers by Region, Consolidated (As of March 31, 2022) Numbers in parentheses indicate the change from the end of March 2021.



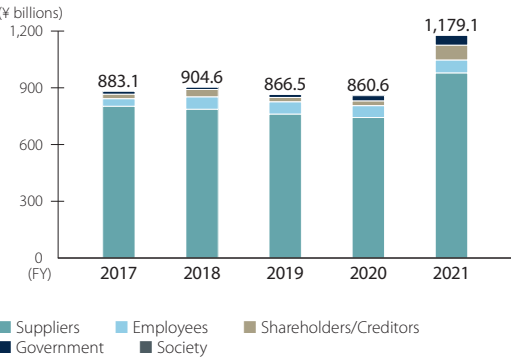
Number of Employees & Officers Worldwide (Consolidated) Figures are for March 31 of each fiscal year

FY		2017	2018	2019	2020	2021
Breakdown of employees and officers, by class	Managers	1,179	1,107	1,076	1,082	1,061
	Regular employees	5,800	5,579	5,711	5,895	6,033
	Non-regular/limited-term employees	694	612	678	710	676
	Officers	109	110	105	110	109
	Total	7,782	7,408	7,570	7,797	7,879
Breakdown of employees and officers, by gender	Male	6,448	6,079	6,178	6,328	6,415
	Female	1,334	1,329	1,392	1,469	1,464
Locally-hired senior managers at overseas affiliates (General Managers and above)	Male	9	11	15	12	14
	Female	2	2	6	5	6
Breakdown of directors	Male	7	7	7	7	7
	Female	1	1	1	1	1
	Total	8	8	8	8	8
	Outside directors	3	3	3	3	3

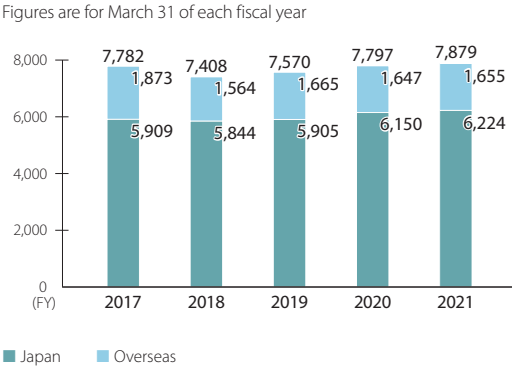
Capital Expenditure Related to Environmental Preservation

		(millions of yen)					
FY		2017	2018	2019	2020	2021	2022 (plan)
Pollution prevention/environmental preservation		4,343	5,508	5,244	5,715	7,549	15,551
Energy conservation		198	100	141	339	157	312
Total		4,541	5,608	5,385	6,054	7,706	15,863
Ratio of capital expenditure		6.1%	11.8%	10.6%	17.3%	11.9%	11.3%

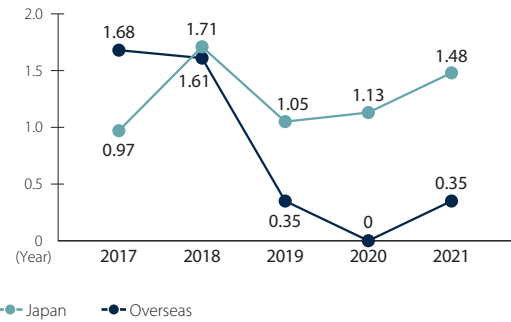
Distribution of Economic Value to Stakeholders



Number of Employees & Officers Worldwide (Consolidated)

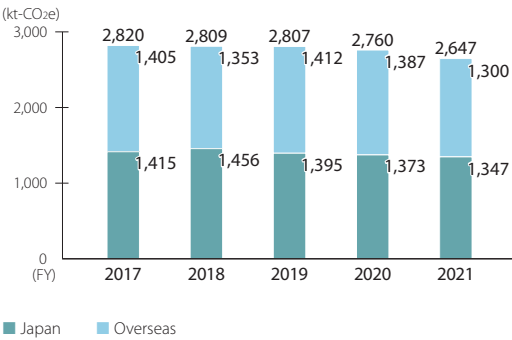


Occupational Accident Frequency Rate



At business sites in Japan, we were unable to bring the number of accidents below 20 despite efforts to make equipment safer through risk assessments and the establishment of line management systems through work observation. At business sites overseas, we began to see the effects of initiatives such as rolling out disaster countermeasures in Japan, hazard prediction education and safety patrols, achieving zero occupational accidents in 2020, and in 2021 the situation remains favorable compared to business sites in Japan.

Greenhouse Gas Emissions (Scope 1 + 2)



In FY2021, the SMM Group's GHG emissions (Scope 1 + 2) were 2,647 kt-CO₂e, reduced through energy conservation activities.

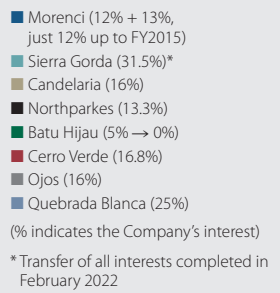
Review of Past 3-Year Business Plans

Passing through the business reforms conducted after the JCO criticality accident in 1999, SMM's business plans have continued up to the current growth strategies of the 2021 3-Year Business Plan (FY2022 to FY2024).

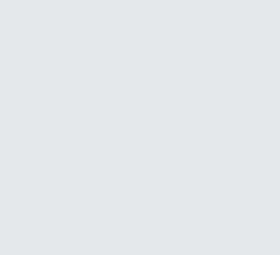
From the time of the Corporate Reform Plan (FY2000 to FY2001) that we formulated in 2000 following the accident, and through our 2001 2-Year Business Plan (FY2002 to FY2003), we implemented the selection and concentration of core businesses as a measure to reinforce corporate organization. From the 2003 3-Year Business Plan (FY2004 to FY2006) onward, we steered our course toward a growth strategy and realized long-term growth by expanding and strengthening core businesses, particularly large-scale projects. Following a degree of success in the 2015 3-Year Business Plan (FY2016 to FY2018), we tackled further growth upon a new stage under our 2018 3-Year Business Plan. (FY2019 to FY2021). (Please refer to pages 40–41 for the summary of the 2018 3-Year Business Plan).

	2015 3-Year Business Plan FY2016–FY2018	2018 3-Year Business Plan FY2019–FY2021
Long-Term Vision	Become the world leader in the non-ferrous metals industry and an excellent company of Japan	Become the world leader in the non-ferrous metals industry
Plan	<div>Mineral Resources</div> <ul style="list-style-type: none">Full-scale production at the Sierra Gorda Copper MineAcquire new gold mine interests <div>Smelting & Refining</div> <ul style="list-style-type: none">Expand Taganito HPALAdvance growth strategies using HPAL peripheral technologiesEnhance competitiveness of copper smelting business <div>Materials</div> <ul style="list-style-type: none">Profit contribution from expanded battery material and LT/ LN productionContinuously create and adapt next-generation productsCorporate governance strengtheningGlobalization measures	<div>1 Strengthen the growth foundation of core businesses (Mineral Resources, Smelting & Refining, Materials)</div> <ul style="list-style-type: none">Steady promotion of growth strategy and swift realization of competitiveness: Aggressive investmentMinimization of lost profits and opportunity loss and consolidation of business base: Defensive investment <div>2 Strengthen 3-business collaboration centered on cathode materials for batteries</div> <ul style="list-style-type: none">Maximally leverage the integrated production structure and win through overall capabilities, including battery recycling <div>3 Strengthen corporate functions</div> <ul style="list-style-type: none">Stimulate communication with stakeholders both inside and outside the companyRebuild an open and vibrant organizational climate
Results	<div>Mineral Resources</div> <ul style="list-style-type: none">Incurring a large impairment loss at Sierra Gorda Copper Mine due to a production slump and increase in costs.Entered into Cote Gold ProjectAcquired interest in Quebrada Blanca 2Transferred Pogo Gold Mine interest <div>Smelting & Refining</div> <ul style="list-style-type: none">Completed 36-kt production structure at Taganito HPALCommercialized scandium and chromite recoveryAchieved 450-kt electrolytic copper production volumeCompleted 49-kt nickel sulfate production structureBegan Pomalaa Project Definitive Feasibility Study (DFS) <div>Materials</div> <ul style="list-style-type: none">Completed 4,550-t/month battery material production structureCompleted increase of LT/LN production structureDeveloped nickel oxide powder for fuel cell electrodesEntered into silicon carbide (SiC) businessWithdrew from lead frame businessIncreased number of outside directors, appointed female directorsImplemented International Financial Reporting Standards (IFRS), commenced integrated report publication	<div>Strengthen the growth foundation of core businesses (Mineral Resources, Smelting & Refining, Materials)</div> <div>Mineral Resources</div> <ul style="list-style-type: none">Decided to sell all interests in the Sierra Gorda Copper Mine, which has established stable, full-scale production, as part of the Group-wide asset portfolio optimization and strategic asset replacement (transfer of all interests completed in February 2022)Had steady progress in FY2021 despite factors such as a temporary halt of construction of the Quebrada Blanca 2 Project due to COVID-19 and an increase in the initial start-up costs of the Cote Gold Project <div>Smelting & Refining</div> <ul style="list-style-type: none">Decided to discontinue feasibility study on the Indonesian Pomalaa Project in April 2022 <div>Materials</div> <ul style="list-style-type: none">Concluded a transfer contract with Sumitomo Osaka Cement Co., Ltd. to acquire their lithium iron phosphate (LFP) battery materials business on May 1, 2022 <div>Strengthen 3-business collaboration centered on cathode materials for batteries</div> <ul style="list-style-type: none">Decided to construct a new battery plant in 2021 (construction to be completed during the 2021 3-Year Business Plan)Established a new recycling process with the ability to recycle copper, nickel, cobalt, and lithium <div>Strengthen corporate functions</div> <ul style="list-style-type: none">Enhanced responsiveness to changes in the business environment through organizational restructuringRebuilt the organizational culture by renewing the Head OfficeEnhanced SR(Shareholder Relations) activities for institutional investors
Issues	<ul style="list-style-type: none">Enhancing and improving site management capability (production capabilities) and management capabilityCreating new products and businessesSecuring and developing the human resources to support growth	<ul style="list-style-type: none">Missed the 2018 3-Year Business Plan safety-related initiative target of less than 5 occupational accidents in Japan (FY2021 recorded 20 accidents)Accelerating the search for new nickel deposits and consideration of new projects in response to the discontinuation of feasibility study on the Indonesian Pomalaa ProjectStrengthening the value chain of the 3-business collaboration (for Ni-batteries), including recycling

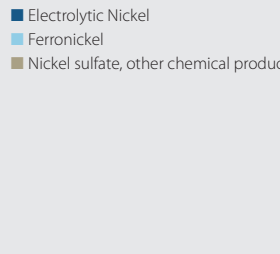
Copper Interest Production



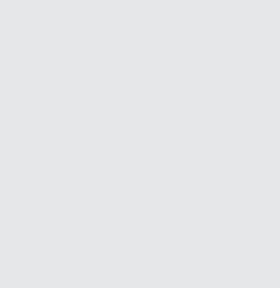
Electrolytic Copper Production



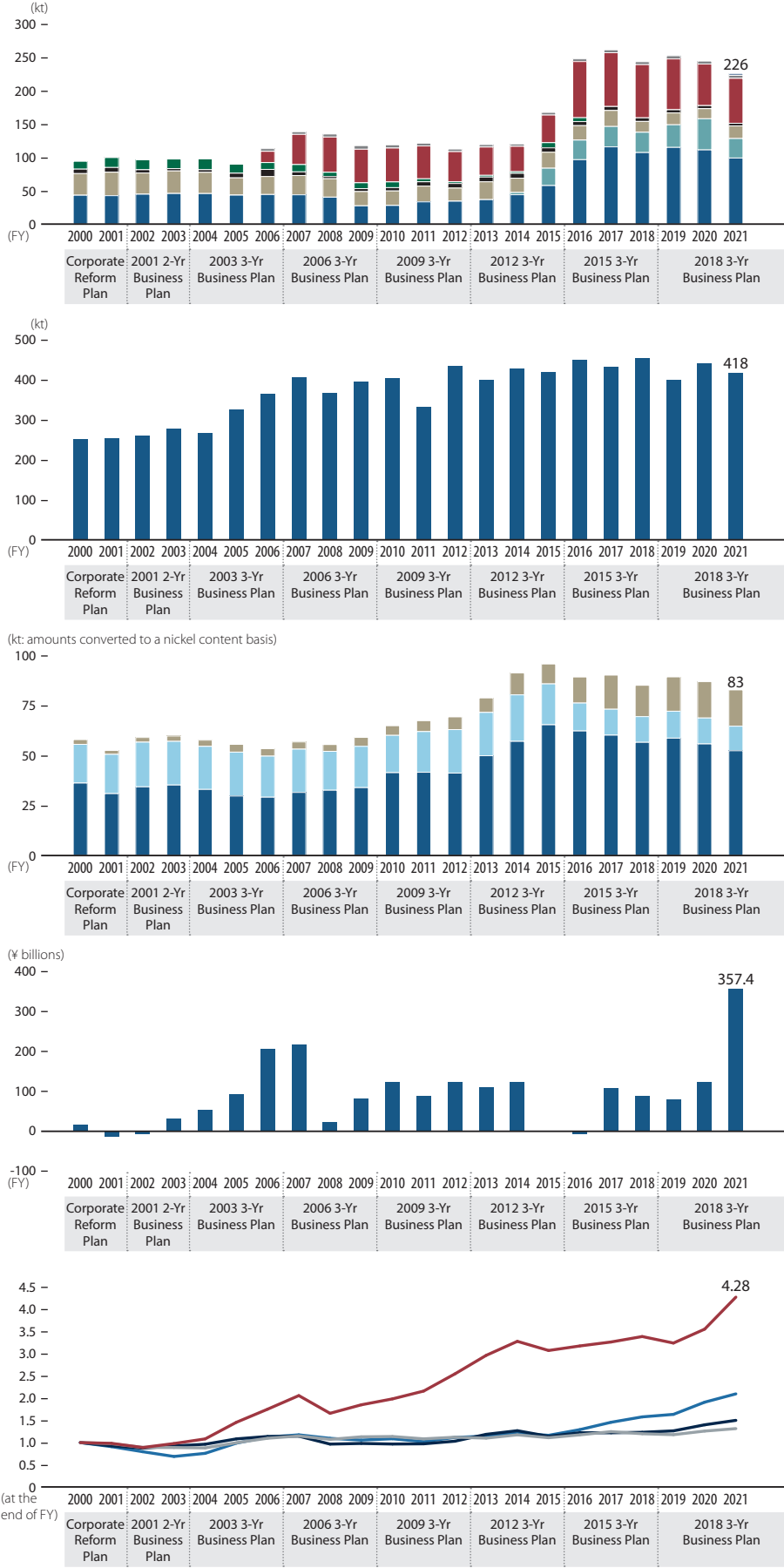
Nickel-based Product Production



Profit before tax



Growth Rate of Total Assets (book value, compared to the end of FY2000)



Summary of the 2018 3-Year Business Plan, FY2021 Results, 2022 Plan

Summary of the 2018 3-Year Business Plan

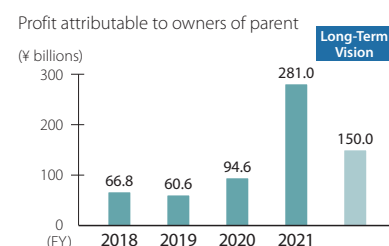
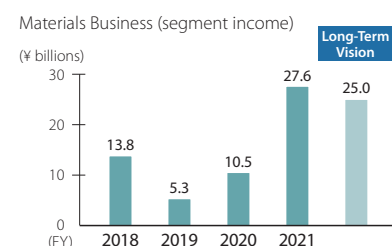
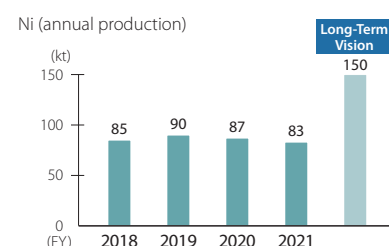
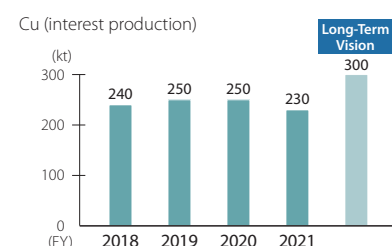
Spanning the three years between FY2019 and FY2021, the 2018 3-Year Business Plan has come to a conclusion, but not without the strong impact of COVID-19 affecting the execution of its strategies.

In the Quebrada Blanca 2 Project (QB2), which had been identified as one of the three major projects for promoting growth strategies in the 2018 3-Year Business Plan, however, the start of operations has been delayed due to a temporary interruption in construction because of the COVID-19 pandemic, and we expect construction costs will increase due to COVID-19 countermeasure costs. The Pomalaa Project (Indonesia) also experienced a delay in obtaining permits and, as a result, we discontinued the feasibility study due to inability to reach a resolution with our partners regarding the

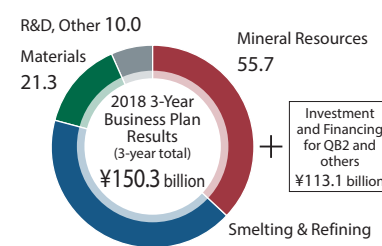
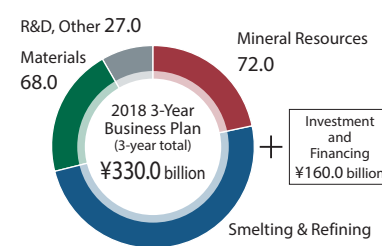
project timeline. On the other hand, as a first step toward achieving a monthly production of 10,000 tons of cathode materials for automobile secondary batteries during the period of the 2024 3-Year Business Plan, we have decided to invest in equipment required to increase the monthly production capacity by 2,000 tons from 5,000 tons to 7,000 tons, and construction is underway.

Although some projects have deviated from the 2018 3-Year Business Plan in terms of schedule and investment amounts, this does not mean that the essential value of our growth strategy, centering on the 3-business collaboration, has been lost. We will continue to steadily promote our growth strategy to achieve our long-term vision and Vision for 2030.

Review of the 2018 3-Year Business Plan, Progress toward Targets



Capital Expenditure / Investment and Financing

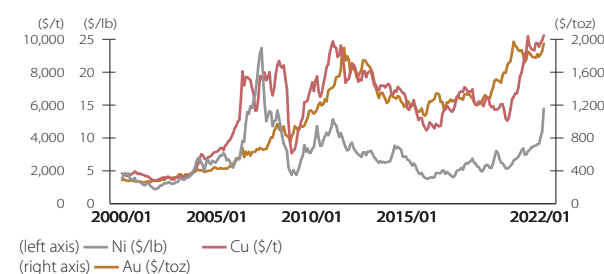


Review of FY2021 Results

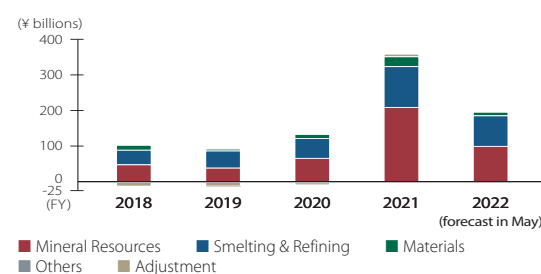
In the SMM Group's performance in FY2021, consolidated net sales increased year on year due to prices of copper and nickel

being higher than in the previous fiscal year, the depreciation of the yen, and increased sales of materials for automobile

Metal Prices



Segment Income (Loss)



batteries and powder materials, which are supported by strong demand. Consolidated profit before taxes also increased year on year, reaching a record high due to the increase in income, an upturn in share of profit (loss) of investments accounted for using the equity method, and the transfer of all interests in the Sierra Gorda Copper Mine (Chile).

Mineral Resources Segment

Segment income increased year on year due to copper prices being higher than in the previous fiscal year and a gain on the transfer of all interests in the Sierra Gorda Copper Mine, despite the impact of the COVID-19 pandemic.

Mining operations at the Hishikari Mine remained steady, with the sales volume of gold remaining nearly unchanged from the previous fiscal year at 6 tons.

Production volume at the Morenci Copper Mine (United States) (of which the Company holds a 25.0% interest, excluding non-controlling interest) declined year on year to 397,000 tons, due mainly to the implementation of measures to decrease the operating rates of some mills (ore crushers), due to the spread of COVID-19.

Production volume at the Cerro Verde Copper Mine (Peru) (of which the Company holds a 16.8% interest, excluding non-controlling interest) stood at 402,000 tons, an increase from the previous fiscal year, in which operations were temporarily transitioned to a care and maintenance status in response to the spread of COVID-19.

Smelting & Refining Segment

Segment income increased year on year, due mainly to an increase in non-ferrous metals prices and the depreciation of the yen.

Production and sales volumes of electrolytic copper decreased year on year, due mainly to scheduled furnace maintenance (large-scale shutdown) at the Toyo Smelter & Refinery. Production and sales volumes of electrolytic nickel also declined year on year, due mainly to a shortage of raw materials.

The production volume at Coral Bay Nickel Corporation (Philippines) decreased year on year, due mainly to a temporary decline in operating rates due to the effects of COVID-19. The production volume at Taganito HPAL Nickel Corporation (Philippines) fell from the previous fiscal year, due mainly to equipment issues and the effects of a typhoon.

Materials Segment

The segment income increased year on year, reaching a record high of ¥27.6 billion, due mainly to an increase in sales from battery materials due to increased demand against a backdrop of stronger demand for decarbonization than the previous fiscal year (when demand temporarily fell), as well as an increase in sales from powder materials, for which demand remained strong, including expansion in automotive and communication applications. As a result, we reached our long-term vision target of ¥25.0 billion in the segment income for the first time.

FY2022 Plan

Although the global economy is expected to expand to a certain extent due to countries' monetary and fiscal policies in response to the COVID-19 pandemic as well as progress in vaccination, rapid economic deterioration is a possibility, due to the resurgence of COVID-19 and prolongment of Russia's invasion of Ukraine.

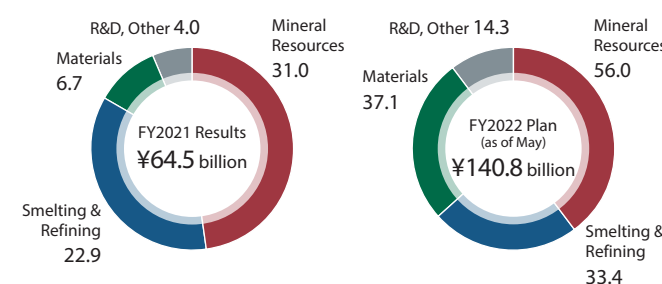
Regarding the prices of major non-ferrous metals, in addition to the inflow of funds into the market in anticipation of long-term demand growth, prices have remained at high levels due to concerns about supply chain disruptions and supply constraints caused by Russia's invasion of Ukraine, but the risk of a sharp decline is expected in the future.

In industries related to the Materials Business, although demand is expected to continue to grow due to accelerated efforts toward decarbonization and support for 5G and digital

transformation (DX), the situation remains unpredictable due mainly to the apparent impact of the lockdowns in China and the shortage of semiconductors for automobiles.

With regard to forecast for consolidated operating results for FY2022 (formulated in August), our forecast for major non-ferrous metals prices was set through consideration of levels at the time of plan formulation and prediction of future supply-demand balance. Production and sales volumes of major products were planned based on business results at the time of plan formulation. We expect net sales of ¥1,357.0 billion, profit before tax of ¥218.0 billion, and profit attributable to owners of parent of ¥162.0 billion on a consolidated basis.

Capital Expenditure Results and Plans



Main projects

- Cote Gold Project: ¥34.3 billion (total US\$536 million)
- Increase production of cathode materials for automobile batteries (Besshi District + Harima Refinery): ¥13.5 billion (total ¥47.0 billion)
- Expansion and improvement of Battery Research Laboratories: ¥1.1 billion (total ¥1.6 billion)
- Besshi-Niihama District Div. new company dormitory: ¥4.6 billion (total ¥4.7 billion)
- Development of lower orebodies at Hishikari Mine (construction of new hot spring water extraction room): ¥0.4 billion (total ¥3.7 billion)
- Switch to LNG boilers*: ¥0.4 billion (total ¥0.8 billion)

* Project subject to internal carbon pricing

Overview of the 2021 3-Year Business Plan

Renewed Challenge for Change

In February 2022, SMM announced its 2021 3-Year Business Plan. While continuing to work toward achieving our long-term vision, targets, and Vision for 2030, a milestone for the long-term vision, under the theme of renewed challenge for change, we have organized our initiatives for continuing to take on the challenge of appropriately responding to changes in the social environment, such as the accelerating trend toward carbon neutrality and digital transformation (DX), into 4 Challenges. As expectations and demand for non-ferrous metals grow throughout the world, we will transform SMM into the world leader in the non-ferrous metals industry by promoting these 4 Challenges.

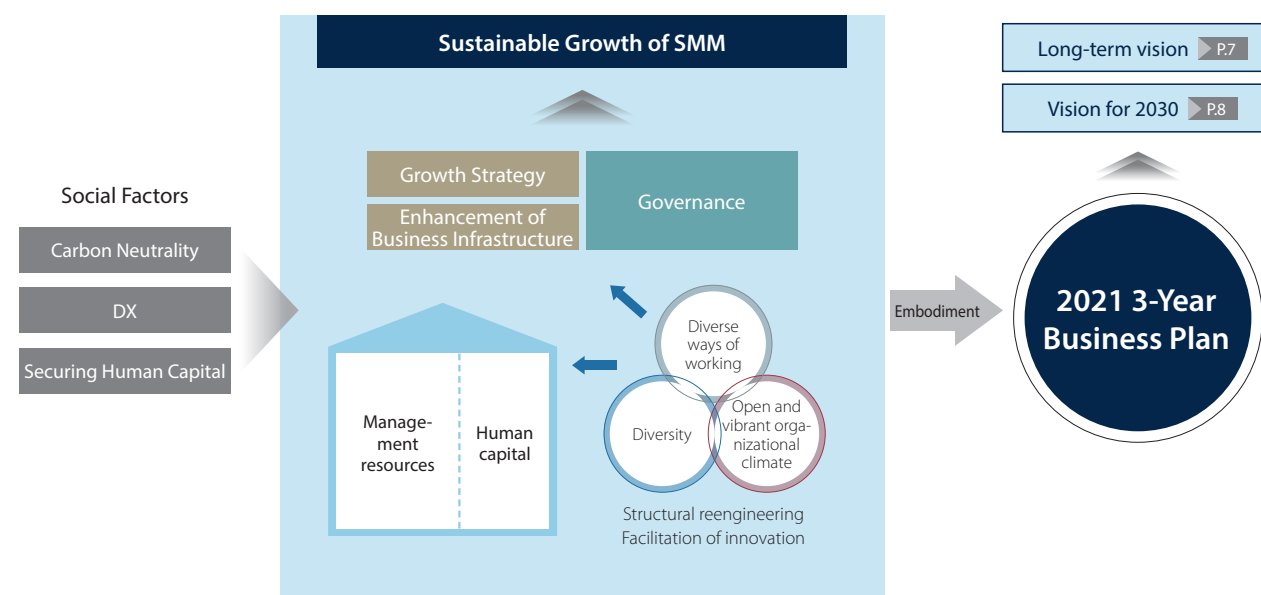
Perceptions of the Business Environment

The global economy is projected to achieve a certain degree of growth as a result of more and more people receiving the COVID-19 vaccine and other developments, but there is also increasing uncertainty on account of numerous downside risks, such as rising energy prices due to Russia's invasion of Ukraine, growing inflation on account of the accompanying high resource prices and logistics costs, shortages of semi-conductors and other industrial materials and goods, the effect of lock-downs in China, and concerns about a resurgence of COVID-19 infections.

Demand for non-ferrous metals (copper and nickel) is expected to soften temporarily as supply increases, but in the medium to long term, we expect demand will increase because of the construction of a renewable energy supply network and electrification of automobiles. In addition, tech-

nical innovation and market growth in various fields due to accelerated efforts to achieve carbon neutrality and DX offer good opportunities for the Materials Business to expand. On the other hand, the business environment for resource development and smelting and refining is growing harsher for several reasons, including stronger resource nationalism, greater difficulty in mine development, and stricter environmental regulation, and this is making it more important to build good relations with various stakeholders.

In the 2021 3-Year Business Plan, the three issues of "carbon neutrality," "DX," and "securing human capital" are given as material issues (social factors) necessary for SMM to achieve sustainable growth. We will leverage these material issues to transform ourselves and further expand measures to achieve additional growth.



4 Challenges in the 2021 3-Year Business Plan

In the 2021 3-Year Business Plan, we organize our main initiatives into "4 Challenges". Challenge 1 is "Promotion of large-scale projects," our growth strategy. Challenge 2 is "Improving core business sustainability," which entails strengthening collaboration among our 3-businesses, increasing the value of our existing businesses, and establishing new businesses.

Challenge 3 is "Adapting to changes in the social environment," which refers to initiatives related to carbon neutrality, DX, and securing human capital. Challenge 4 is "Strengthening the foundation of business management," which forms the base for tackling these challenges.

Challenge 1 Increasing corporate value - Promotion of large-scale projects* <ul style="list-style-type: none"> Expanding production capacity for battery cathode materials Quebrada Blanca 2 Project Cote gold mine development project 	Challenge 3 Adapting to changes in the social environment <ul style="list-style-type: none"> Reducing greenhouse gas (GHG) emissions Promoting the development of products, technologies, and processes that can help achieve carbon neutrality Adaptation to digital transformation (DX) Initiatives for securing, fostering, and utilizing human capital
Challenge 2 Improving core business sustainability <ul style="list-style-type: none"> 3-business collaboration to strengthen the value chain for Ni-batteries Shifting Hishikari Mine to a sustainability-oriented operation Enhancing competitive edge in copper-smelting and refining business Strategy for advanced materials business expansion 	Challenge 4 Strengthening the foundation of business management <ul style="list-style-type: none"> Strengthening safety initiatives Reorganizing and enhancing sustainability promotion framework Corporate governance

* In April 2022, we decided to discontinue consideration of the Pomalaa Project, which was being planned when the 2021 3-Year Business Plan was announced. We will continue searching for new nickel deposits.

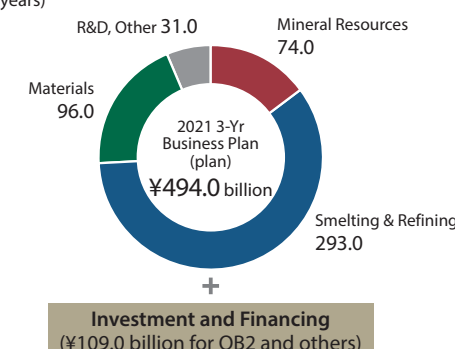
2021 3-Year Business Plan Goals

Of the various large-scale projects currently moving forward, the Quebrada Blanca 2 (QB2) Project and Cote Gold Project will start full operations during the 2021 3-Year Business Plan, but we will not see expanded battery material (cathode material) production capacity (+2,000 tons/month) until the next 3-year business plan (2024 3-Year Business Plan).

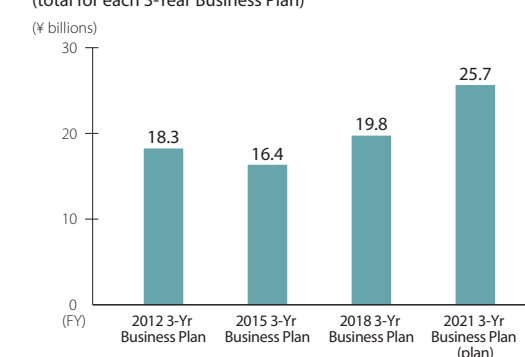
In the 2021 3-Year Business Plan we are planning on ¥494.0 billion in capital expenditures, which includes the accumulated amount for other projects planned for the previous 3-year business plan (2018 3-Year Business Plan) that were unused due to delays and other developments. In April 2022, we decided to discontinue the feasibility study of the Pomalaa

Project, which was being considered when the 2021 3-Year Business Plan was announced, and the number of capital expenditures that were expected to be allocated to that project will be redirected to other nickel deposit searches that will be considered and new projects. Furthermore, we will move forward with not only the development of new technologies and processes to achieve carbon neutrality but also R&D for innovations in operations for the production divisions and R&D divisions through digitalization. R&D expenses during the 2021 3-Year Business Plan are expected to total about ¥26.0 billion, a 30% increase compared to the 2018 3-Year Business Plan.

Capital Expenditure Plan (total for 3 years)



Research and Development Expenses (total for each 3-Year Business Plan)

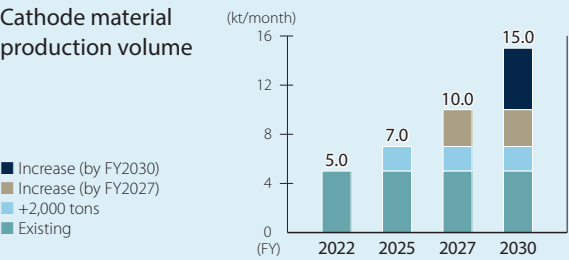


1 Increasing corporate value - Promotion of large-scale projects

Expanding production capacity for battery cathode materials

Demand for automobile secondary batteries is expected to continue to increase due to the electrification of automobiles, and SMM is increasing its secondary battery cathode material production capacity. We will precisely meet market demand and maintain one of the largest shares of the nickel-based cathode market by building a production structure that can produce more and more as time goes on—7,000 tons/month in FY2025, 10,000 tons/month in FY2027, and 15,000 tons/month in FY2030.

In addition, to further increase cost competitiveness, we will introduce into each business site the Toyota Production System, which has already been introduced at some manufacturing sites. As for the new plant where equipment installation will be completed and will launch operation in FY2024, we will position it as a model plant for promoting DX and work to increase productivity and quality through DX. During the 2021 3-Year Business Plan, we will take the lead in recruiting and developing staff for the new plant and ensure the launch of operations at the plant.



Quebrada Blanca 2 Project

Copper is used extensively in EVs and renewable energy so it is being focused on as a “green metal,” and demand for it is growing rapidly. Production at the Quebrada Blanca 2 Project (Chile) (QB2: SMM interest of 25%) is expected to start in the second half of 2022, and with this contribution we expect to have a total interest production volume for copper of 270,000 tons annually in FY2024, the final year of the 2021 3-Year Business Plan. In addition to this project being cost competitive, confirmation of mineral resource estimates through test boring is proceeding, and there is the growing possibility of planned expansion in the future.



Construction of a mineral processing facility

Cote Gold Project

The Cote Gold Project (Canada) (SMM interest of 27.75%) is underway, and we plan to launch production in 2023. Our interest production volume for the final year of the 2021 3-Year Business Plan (FY2024) is expected to be 4 tons. Also, we have confirmed new mineral resources through exploration in areas around the mine, and expect the project's value to increase through future new development.



State of construction

2 Improving core business sustainability

3-business collaboration to strengthen the value chain for Ni-batteries

One of the SMM Group's major strengths is that it possesses an in-house nickel value chain of 3-businesses collaborating—the Mineral Resources Business, the Smelting & Refining Business, and the Materials Business. Furthermore, to increase in-house raw material supply along with battery cathode material production capacity increases, we are moving forward with not only measures to secure a supply of ore from the existing Coral Bay Nickel Corporation (CBNC) and Taganito HPAL Nickel Corporation (THPAL) located in the Philippines, but also searching for new deposits to replace the Pomalaa Project.

We have created a battery-to-battery recycling process that takes pre-processed used EV batteries, recovers the included nickel, cobalt, copper, and lithium, and then re-supplies those metals as battery materials. During the 2021 3-Year Business Plan, we will move forward with a test at a processing plant aiming to achieve a processing capacity of 10,000 tons per year by the end of 2024 3-Year Plan period (FY2025 to FY2027) [P.67](#)

Hishikari Mine (shifting to a sustainability-oriented operation)

The Hishikari Mine is the largest gold mine in Japan and even globally is a very high grade mine. During the 2018 3-Year Business Plan, the mine produced 6 tons of gold annually, but it will be switched to a sustainable operation of 4.4 tons annually using average-grade ore mining to extend the life of the mine. During the 2021 3-Year Business Plan, in addition to completing construction of new dewatering facilities and acquiring a new supply of ore by moving forward with tunnelling to explore deep underground ore bodies, we will reduce costs by restructuring the operational framework through the use of the latest technology, such as DX.

Enhancing competitive edge in copper smelting and refining

In our copper smelting and refining business, we are increasing annual electrolytic copper production capacity by 10,000 tons annually and will create a production structure with an annual capacity of 460,000 tons by improving the various facilities at the Toyo Smelter & Refinery, which launched an operation in 1971, and working to increase the efficiency of internal logistics by investing in improvements in infrastructure. In addition to expanding production capacity, we are also considering GHG reduction measures, such as switching the fuel we use, as we work to improve competitiveness by accelerating initiatives to decarbonize.



Toyo Smelter & Refinery

Strategy for advanced materials business expansion

The electronic components industry, which requires various types of products handled by the advanced materials business, is forecast to experience faster growth on account of the progress in the electrification of vehicles and other developments, such as 5G and DX. We aim to generate growth that exceeds market growth by always updating and maintaining an optimal product portfolio through measures such as introducing new products and technologies, developing new uses, creating and utilizing innovative production processes, and new sales strategies.



Nickel paste

3 Adapting to changes in the social environment

Carbon neutrality

The 2021 3-Year Business Plan includes plans to establish an in-house committee to promote carbon neutrality to keep our GHG emissions below the FY2013 level, develop a plan for reaching net zero GHG emissions no later than 2050, and implement various necessary measures. We will also move forward with individual responses, future plans, and discussions related to issues such as creating a path to become net zero by 2050 and setting Scope 3 targets in line with the commitment of ICMM and other industry groups. In addition to ¥12.0 billion for capital expenditures and testing and research, we will tackle issues such as developing both advanced materials that contribute to carbon neutrality and new technologies and processes to reduce GHG emitted in existing processes, and contribute to lessening our carbon footprint through new businesses, such as battery recycling and the development of cathode materials for solid-state batteries.

Investments to reduce GHG emissions

During the 2021 3-Year Business Plan Total ¥12.0 billion	• ¥5.0 billion in capital expenditures, including adoption of an internal carbon pricing (ICP) system (boiler fuel conversion, solar power, etc.) • ¥7.0 billion in testing and research related to reduction of GHG emissions, including up to Scope 3
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Digital transformation (DX)

We created a DX Promotion Committee in April 2022 and a Digital Transformation Department in July as a body dedicated to executing DX-related

measures. With these, we are accelerating our Group-wide DX. During the 2021 3-Year Business Plan, DX-related initiatives undertaken at the various business department will be integrated Group-wide, and we will strengthen competitiveness by building a Group-wide DX foundation to achieve our vision of leveraging DX to enhance our competitiveness and create new businesses. With investment plans that include ¥15.0 billion in DX-related investments, we are aiming to transform business, improve management efficiency and the data literacy of employees, and develop human resources for DX. [P.68-71](#)

Securing, fostering, and utilizing human capital

As birthrates dwindle, the population ages, and the labor market grows more fluid, securing outstanding human capital has grown more difficult, making it an important issue for the survival of companies. We have divided our human capital management activities into the three categories of the securing, fostering, and utilizing of human capital, and will implement responses through intangible measures. In regard to “securing,” we will increase points of contact with candidates by expanding long-term internships, improving branding to increase SMM name recognition, and taking other steps; turning to “fostering” and “utilizing,” we will move forward with several initiatives, such as enriching OJT and training, revising remuneration and performance evaluation systems, and various allowances. We will also actively invest in human capital by expanding training programs and reskilling and recurrent education to foster the next generation of management.

4 Strengthening the foundation of business management

Strengthening safety initiatives

We continue to not achieve our target for number of accidents even though we are implementing equipment safety measures. This is due to our failure to find dangerous locations and operations so there are numerous accidents similar to ones that have occurred in the past (reoccurring accidents). During the 2021 3-Year Business Plan, we will stress preventing serious accidents and focus on preventing reoccurring accidents. With the passing of the baton to the next generation and change in personnel in mind, we will increase hazard awareness by introducing and expanding more effective training and development through simulation training that employs VR and other technologies, and rebuild leadership of managers and supervisors to deeply instill and maintain safety awareness. We are also striving to improve the observation skills of managers and supervisors by adopting suggestions from outside consultants. Furthermore, during the 2022 spring labor-management meetings, we confirmed that in regards to safety we would make efforts to further reinforce the system of cooperation with labor unions. Labor and management will work together to tackle the issues faced by SMM.

Targets during the 2021 3-Year Business Plan period	Serious accidents of employees and business partners in Japan and overseas sites: None
	Employee accidents in Japan: 7 cases per year or less
	Employee accidents at overseas sites: 1 case per year or less

Reorganizing and enhancing sustainability promotion framework

To achieve our Vision for 2030, we are moving forward with reviewing our sustainability promotion framework. We previously promoted sustainability activities to contribute to the solution of social issues through business. However, we have broadened the meaning of sustainability and restructured the in-house framework, which included transforming the CSR Committee into the Sustainability Committee in April 2022. SMM has the following sustainability policy: The Sumitomo Metal Mining Group is engaging in the resolution of business issues that will contribute to the development of a sustainable society, and is working to improve both our sustainable growth as a business and our corporate value.

Corporate governance

SMM's corporate governance is a disciplinary framework both for maximizing corporate value and for ensuring sound management practices, so it is one of the most important management issues. To maximize corporate value, we have also set a basic business portfolio policy. We will manage our business portfolio using return on capital employed (ROCE) on a consolidated basis as an indicator for each business (2021 3-Year Business Plan ROCE target: 5.5%).

Through striving to enhance our corporate governance, we will conduct efficient and sound business activities, make positive contributions to society, and fulfill our responsibilities to our shareholders and all other stakeholders in order to realize our corporate philosophy. [P.118-129](#)

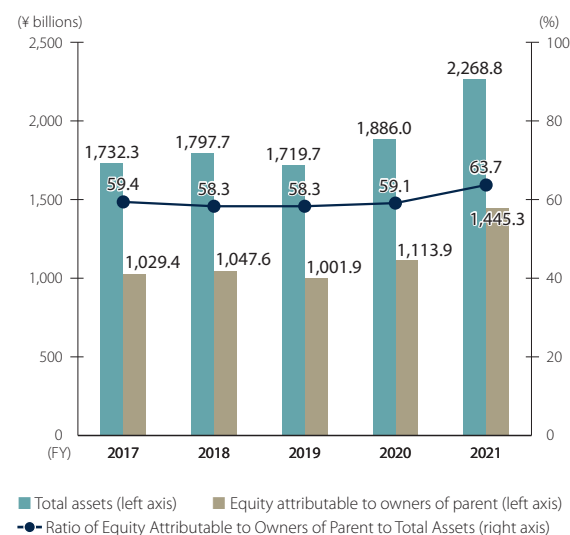
Financial Strategy

Basic Approach

Because the SMM Group deals in resources that become depleted, we must always prepare to participate in largescale projects in order to acquire new resource interests. Mineral Resources Business and Smelting & Refining Business development projects, including the construction of new smelters and refineries, involve relatively long periods of time between execution and recovery of investment. Accordingly, it is important to maintain a sound financial position that can withstand large temporary cash outflows. Based on this thinking, we set a consolidated equity ratio (ratio of equity attributable to owners of parent to total assets) of 50% or more as a foundation for our financial strategy.

As of the end of FY2021, our consolidated equity ratio (ratio of equity attributable to owners of parent to total assets) was 63.7%.

Total Assets, Equity Attributable to Owners of Parent, and Ratio of Equity Attributable to Owners of Parent to Total Assets

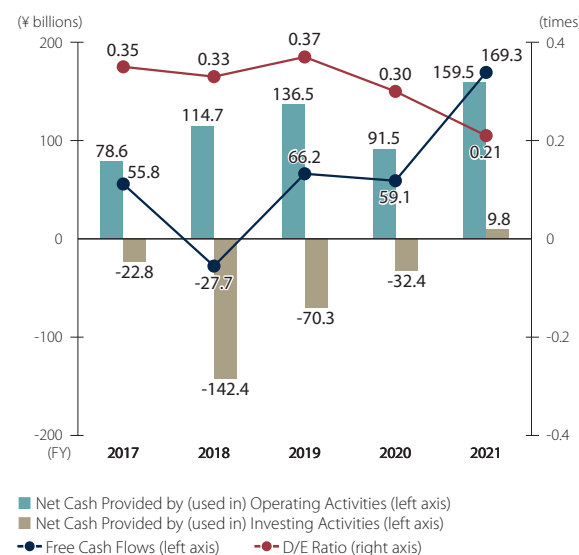


Funding

We believe it is necessary to maintain a certain amount of liquid funds on hand based on overall demand for funds such as for large-scale overseas projects in the Mineral Resources and Smelting & Refining businesses, or strategic expansions within the Materials Business. This is essential from the standpoint of management stabilization. Under that premise, we conduct funding in line with the use of the funds, while comprehensively considering the outlook for non-ferrous metal prices and currency exchange, conditions in interest rate markets, and other factors.

Net cash provided by (used in) investing activities turned positive in FY2021, mainly due to gains from the sale of our entire interest in the Sierra Gorda Copper Mine. In FY2021, based on the sale of our interest in the Sierra Gorda Copper Mine and the state of progress of large-scale projects, we refrained from long-term funding as much as possible and worked to reduce interest-bearing liabilities while curbing the accumulation of cash and cash equivalents. As a result, our interest-bearing liabilities in FY2021 decreased by ¥29.3 billion to ¥301.4 billion, resulting in a D/E ratio of 0.21.

Cash Flow, D/E Ratio



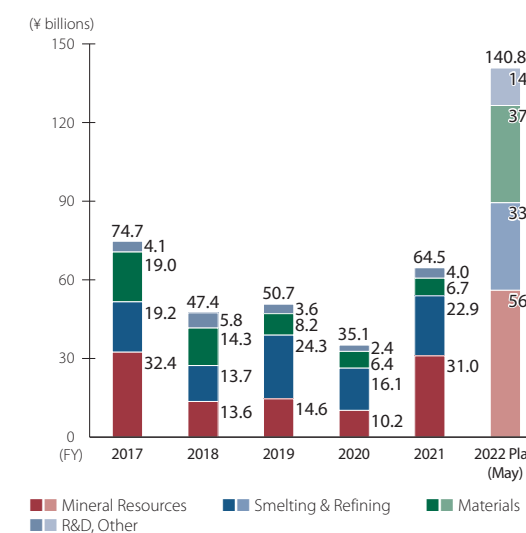
Investment

Raw material ores for non-ferrous metals are subject to sharp price fluctuations related to supply and demand, natural disasters, and other factors, and it is not always possible to secure necessary quantities of ores due to price levels. For this reason, we must secure stable sources of raw materials through the development of overseas mines and acquisition of interests. In mine development and acquisition of interests, and in large-scale overseas projects in the Smelting & Refining Business, we carry out investments by leveraging our extensive exploration experience, knowledge of mine valuation, and smelting and refining technologies, with country risk and local issues fully taken into account, to avoid additional investments or increases in costs arising from uncertainty. We also carefully select and execute capital investments other than large-scale projects, with full consideration of investment effect and efficiency (profitability).

Investment in FY2021 totaled ¥64.5 billion, falling with the scope of net cash provided by (used in) operating activities (¥159.5 billion).

In our 2018 3-Year Business Plan, we planned for a total of ¥490.0 billion in capital expenditure / investment and financing over the course of three years. However, the actual amount of capital expenditure / investment and financing during the 2018 3-Year Business Plan fell short at ¥263.4 billion, due mainly to the use of project finance in the Quebrada Blanca 2 Project, the halting of the Pomalaa Project, and delays in the construction of the new battery plant. We are planning for capital expenditure of ¥140.8 billion in FY2022.

Capital Expenditure



Return to Shareholders

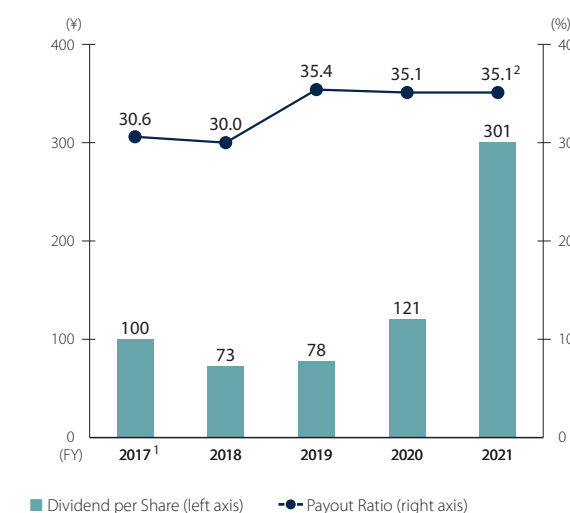
In our dividend policy, we decide on a balance of dividends and internal reserves through comprehensive consideration of our business performance, our dividend payout ratio, the business outlook, the soundness of our financial position, and other factors. As our financial strategy in the 2021 3-Year Business Plan, we will continue working to uphold the soundness of our financial position and will maintain a consolidated equity ratio of 50% or higher, with a consolidated dividend payout ratio of 35% or higher.

The annual dividend per share for FY2021 was a record ¥301, up ¥180 year on year, for a payout ratio of 35.1%.²

1. SMM consolidated its stocks on October 1, 2017.

2. The gain on sale associated with the transfer of all equity interest in the Sierra Gorda copper mine recorded in FY2021 includes an amount equal to a reversal of the allowance for bad debt for loans and other receivables for Sierra Gorda S.C.M., which was adjusted in the opening balance of retained earnings in FY2019 as a cumulative effect (Revised IAS 28 "Investments in Associates and Joint Ventures"). For this reason, effects on FY2021 results caused by the application of these accounting procedures and manifesting in accordance with the transfer of equity are omitted from the dividend calculation. Basic earnings per share, excluding the effects of this application of accounting procedures, were ¥857.47.

Dividend per Share, Payout Ratio



Mineral Resources Business



Aiming for mine development and operation adapted to changes in the social environment

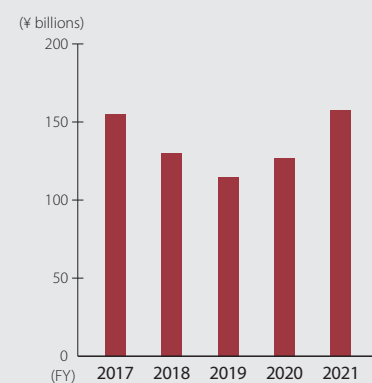
Fumio Mizuno

Senior Managing Executive Officer,
General Manager of Mineral Resources Division



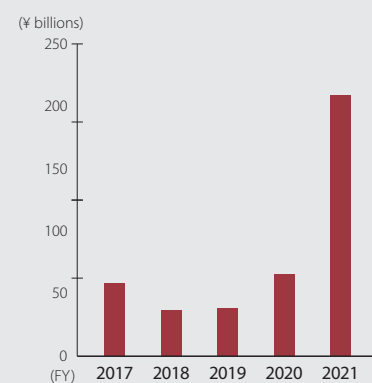
We are leveraging over 300 years of mine development and operational experience to advance new mine development projects and to make a shift to sustainability-focused operation at the Hishikari Mine, the largest gold mine in Japan. At the same time, we are participating in the development and operation of new superior mines to secure mineral resources.

Segment Net Sales



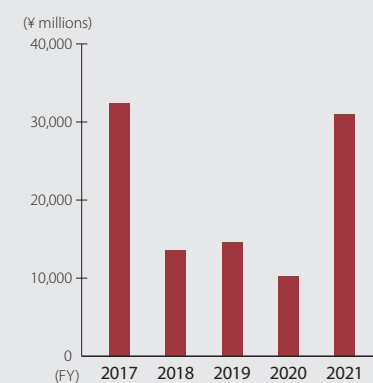
Net sales figures do not include results from affiliate companies accounted for using the equity method.

Segment Income



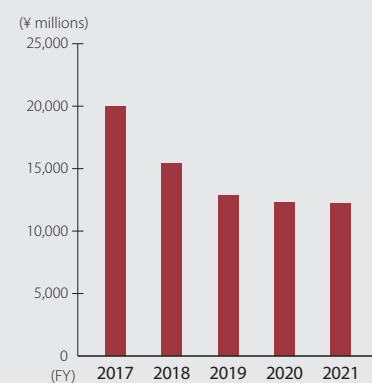
Segment income increased compared to the same period last fiscal year due to higher copper prices compared to the same period last fiscal year and a gain of ¥74.374 billion from the transfer of all interests in the Sierra Gorda copper mine, despite the impact of COVID-19. This income includes profit from investments accounted for using the equity method.

Capital Expenditure



The SMM Group continued to carry out capital expenditure at Hishikari Mine, primarily focusing on exploration and development. We also invested capital to carry out construction in the Cote Gold Project and to support mining and production at overseas mines, including the Morenci Copper Mine.

Depreciation and Amortization Expense



Exploration Costs



In FY2021, efforts including exploration by the Frotet joint venture in North America and participation in a joint venture at Mt. Isa East in Australia resulted in a year-on-year increase of ¥340 million.

Recoverable Gold Reserves at the Hishikari Mine

(gold: tons)	2017	2018	2019	2020	2021
	169	167	163	159	157

Recoverable reserves of gold at the Hishikari Mine, calculated as of December 31, 2021, are 157 tons (down 2 tons from last fiscal year).

Review of FY2021 and the 2018 3-Year Business Plan

In FY2021, as the situation regarding the effects of the COVID-19 pandemic remained unclear, we continued anti-infection protocols (monitoring, prevention, and management planning) at each of our mines and projects to minimize impacts on operations. With regard to our major mines, mining operations at the Hishikari Mine remained steady, and the volume of gold produced was in line with the planned amount. Production levels at the Morenci Copper Mine (U.S.) declined year on year for reasons including the continuation of measures to decrease operating capacity. At the Cerro Verde Copper Mine (Peru), production levels increased from the previous fiscal year, during which operations had been tem-

porarily transitioned to a care and maintenance status in response to the COVID-19 pandemic. In February 2022, we transferred all the Company's interests in the Sierra Gorda Copper Mine (Chile).

Constructing under anti-infection protocols, we made steady progress at the Quebrada Blanca 2 Project (Chile), one of the three major projects of the 2018 3-Year Business Plan. The Cote Gold Project (Canada) has been progressing according to plan since the decision to begin construction was made in July 2020. We are also continuously working to raise the value of the project through exploration activities in the surrounding area.

Business Environment and Outlook

Looking at copper supply, our production volume increased from 2020 amid the proliferation of COVID-19 vaccinations and anti-infection measures as well as enhanced production motivation under higher copper prices. However, the year also saw a number of factors leading to supply insecurity. Intensified strikes at mines and ports in resource-rich countries and protests by indigenous communities forced frequent temporary suspensions of operations, and European and American sanctions against Russia's invasion of Ukraine in February 2022 resulted in disruptions of global logistics.

Copper demand remained firm overall following the restart of economic activities as COVID-19 vaccinations spread. However, sanctions against Russia have resulted in soaring energy prices, and demand stagnation has emerged, particularly in Europe.

Copper has come under attention as a "green metal" widely applied in electric vehicles and renewable energy production, and demand is forecast to rise in the long term.

The price of copper rose sharply from around US\$7,000/ton at the end of February 2021 to a sustained high level of US\$9,300-10,200/ton in FY2021. In addition to the inflow of speculative funds associated with economic stimulus measures by major countries, reasons for this include tightness in the supply and demand balance due to low inventory volumes at metal exchanges, strikes at mines and ports in resource-rich countries, protest activities by indigenous communities, and electrical power shortages in China against a backdrop of environmental conservation measures. However, prices may trend lower in FY2022 than in FY2021 due to concerns over slowdown in demand under China's zero-COVID policies and interest rate hikes by the U.S. Federal Reserve Board.

Expectations for economic recovery have placed downward pressure on gold prices, however, the price remained relatively high at US\$1,700 to \$2,020/toz over the year, buoyed by numerous factors including concern over epi-

demics of new coronavirus variants, U.S. monetary policy, political instability in the Middle East, concern over default

by China's Evergrande Group, and soaring prices of crude oil and other fuels and resources.

Our Challenges under the 2021 3-Year Business Plan

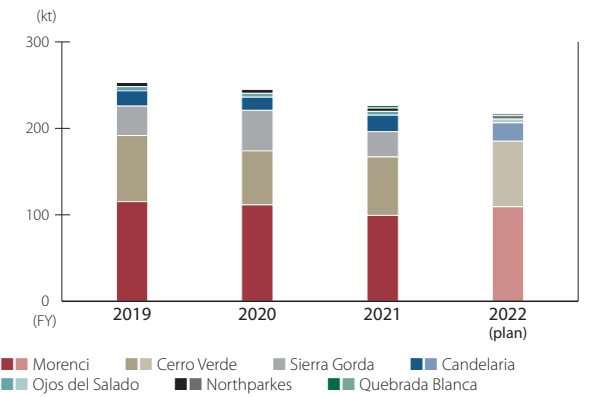
Advancement of the Quebrada Blanca 2 Project

Under strong leadership by our partner Teck Resources Limited ("Teck"), full-scale construction began on the Quebrada Blanca 2 Project in January 2019. While enacting thorough COVID-19 prevention measures, we are moving steadily forward on the project. Going forward, we will continue to move the project forward in close cooperation with Teck , and realizing our Long-Term Vision target of copper production from interests of 300 kt/year.

Overview of the Quebrada Blanca 2 Project

Equity interest	Teck 60%, SMM 25%, Sumitomo Corporation 5%, Other 10%
Planned investment	US\$7.5 billion (100% of the project, includes effects of inflation and the COVID-19 pandemic)
Average annual copper production volume	240 kt

Copper Production from Interests



Processing plant construction at the Quebrada Blanca 2 Project

Advancement of the Cote Gold Project

This is a gold mine development project being advanced together with Canadian gold producer IAMGOLD Corporation ("IMG"), and its construction began in July 2020. In 2021, under strict enforcement of infection prevention protocols, we steadily moved forward with foundation concrete construction and building construction primarily at the processing plant, as well as river rerouting work for the development of mining pits. In April 2022, progress toward the completion of construction reached 38%. We will continue working with IMG to advance the project to the start of production in 2023. Also, exploration activities in the Gosselin zone, located about



Construction at the Cote Gold Project (As of April 2022)

1.5 km to the northeast of the planned pit site, confirmed continuing gold mineralization. We will continue drilling activities for raising the future value of the project and will analyze information such as the continuity and grade of the orebody.

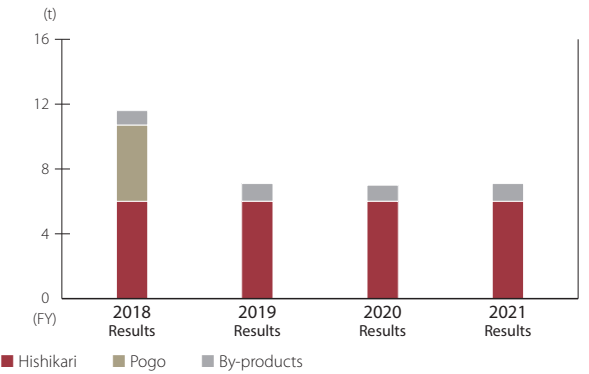
Hishikari Mine: Shift to Sustainability-Oriented Operation

The Hishikari Mine (Kagoshima Prefecture) has produced 260 tons of gold (as of the end of March 2022) since it opened in 1985. Worldwide, the amount of gold contained in gold ore is said to be 3~5 grams per ton. However, the Hishikari Mine is characterized by its high grade with 20 grams of gold per ton, or about 5 times the average. Production volume in FY2021 was 6 tons. As of the end of December 2021, the mine has recoverable reserves of 157 tons.

Gold production volume planned for FY2022 is 4.4 tons. While production volume decreased from FY2021, this was due to a shift to a sustainability-oriented operation based on mining at average reserve grade. We hope to further extend the life of the Hishikari Mine by reviewing its cost structure

through means including DX, as making the mine a place for human resource development where resource engineers can accumulate the skills and experience needed for mine operation. We are also working to develop the mine's lower ore-body, always keeping safety as the first priority.

Gold Production (SMM's interests)



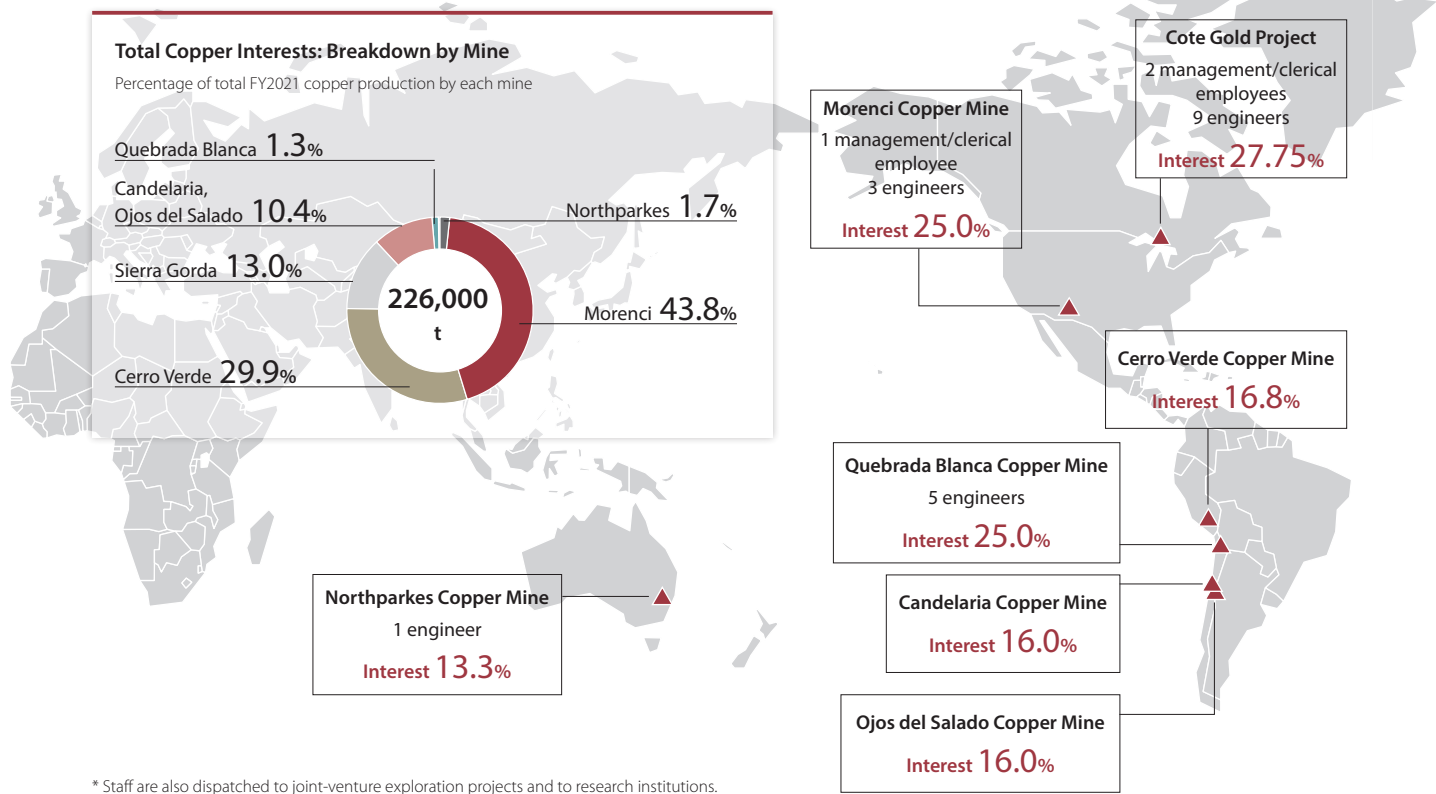
Progress and Plans for Our Top Priorities

	FY2020	FY2021	FY2022	FY2023	FY2024 and later
<div>Cu</div> Morenci Copper Mine	● Consideration of cost reductions and investment postponements				
<div>Cu</div> Cerro Verde Copper Mine	● Temporary operation under care and maintenance → Restart		● Operational structure that can process 400 kt/day		● Operational structure that can process 420 kt/day
<div>Cu</div> Candelaria Copper Mine	● Operations halted due to strike → Restart ● Mining delayed due to pit safety concerns		● Recovery from mining delay		
<div>Cu</div> Quebrada Blanca 2 Project	● Temporary halt of construction → Restart		● Start of production scheduled		
<div>Au</div> Hishikari Mine	● Continuing lower orebody development		● Shift to sustainability-oriented operation		
<div>Au</div> Cote Gold Project	● September: Groundbreaking ceremony ● October: Start of construction			● Start of production scheduled	

Strategies for the Mineral Resources Business in the 2021 3-Year Business Plan

- 1 Promotion of the Quebrada Blanca 2 Project
- 2 Promotion of the Cote Gold Project
- 3 Hishikari Mine: Establishment of a foundation for long-term stable operation

Overseas Mines and Staff Dispatched to Mines (As of June 1, 2022)



Sustainability Topics

■ Developing Human Resources and Enabling Them to Work Actively in the Mineral Resources Business

Related: Vision for 2030, p. 108-109

In the Mineral Resources Business, we are leveraging the strengths possessed by the Hishikari Mine by using it as a Mining School where new employees specializing in resources who have been assigned to the Hishikari Mine or Niihama Research Laboratories can acquire specialist skills and skills related to overall operations through OJT within Japan. Once employees complete this training, we ensure they accumulate a variety of experiences, such as onsite development and operations experience at an overseas mine or project management experience at the Head Office, in order to cultivate technicians who can work actively around the world.

The COVID-19 pandemic has reduced opportunities for young workers to gain experience overseas. We plan to send people overseas with an eye toward providing education while actively carrying out onsite surveys of overseas projects to acquire superior new interests, with the aim of enhancing the experiences of everyone involved.

■ Information about the Cote Gold Project (collection of organisms at planned pit sites, addressing indigenous people's groups)

Related: Vision for 2030, p. 96-101

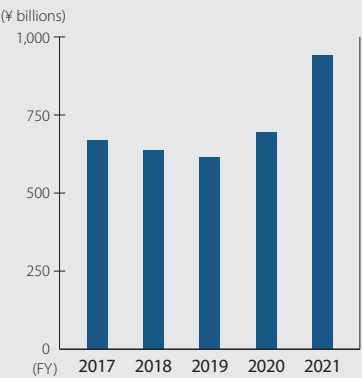
At the Cote Gold Project that we are conducting together with IAMGOLD, a lake existed at the planned mining pit site. We created a new lake with the same water surface area and also made efforts to maintain the biodiversity of the environment around the mine by collecting organisms from the original lake for release into the surrounding water area. We will continue advancing such initiatives aimed at achieving our Vision for 2030.



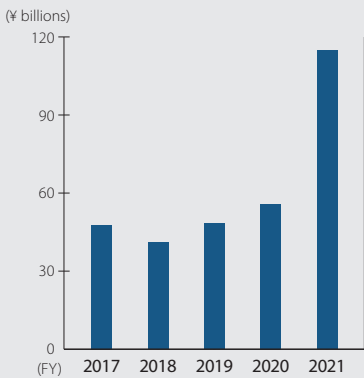
Smelting & Refining Business



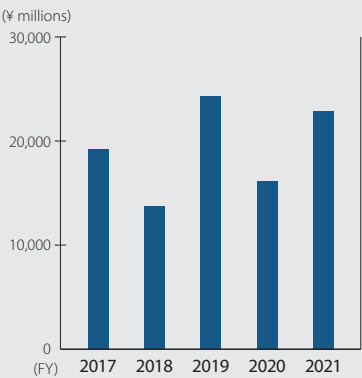
Segment Net Sales



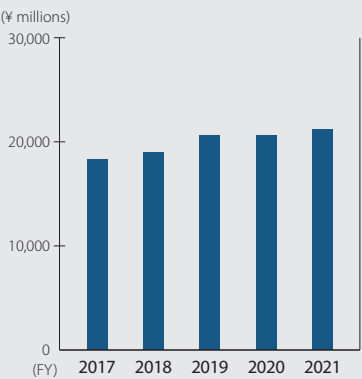
Segment Income



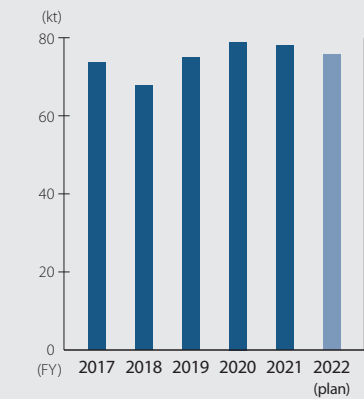
Capital Expenditure



Depreciation and Amortization Expense



Production Volume of Nickel Sulfate



TC/RC (benchmark)



Using our advanced technological capabilities cultivated over many years to supply metal materials that support society

Nobuhiro Matsumoto
Director, Senior Managing Executive Officer
General Manager of Non-Ferrous Metals Division



For over 400 years since the start of our copper smelting and refining business in 1590, we have stably supplied a variety of metal materials to a wide range of industries. We engage in business on the strength of our advanced smelting and refining technology, which was the first in the world to achieve the successful recovery of nickel from low-grade nickel oxide ore using the High Pressure Acid Leach (HPAL) process on a commercial basis.

Review of FY2021 and the 2018 3-Year Business Plan

In the 2018 3-Year Business Plan, we set (1) expansion of our nickel business and (2) reinforcement of production capabilities as two key material issues, and have advanced initiatives to achieve these goals.

In the expansion of the nickel business, we have positioned our Pomalaa Project in Indonesia as a centerpiece of our strategy and have conducted a definitive feasibility study (DFS) aimed at making a decision on investment. Due to the COVID-19 pandemic, however, the study period was prolonged, and our project partner PT Vale Indonesia Tbk chose to move ahead with a third party, SMM has concluded that it has no choice but to discontinue the study. On the other hand, we have advanced the development of our battery recycling process and have established new processes for the recycling of nickel, cobalt, and lithium as battery materials.

In the reinforcement of our production capabilities, we undertook measures at our production bases to establish

stable production systems, enhance productivity, reduce costs, and improve recovery rates. In FY2021, the COVID-19 pandemic forced us to temporarily adjust operational loads at some sites. This, together with declines in operating rate due to troubles at facilities and bad weather, shortages, and declines in the grade of raw material inventories, and other factors, resulted in production volumes of major products falling below planned values across the board. On the other hand, we also achieved positive results. Taganito HPAL Nickel Corporation (THPAL) achieved nickel production of approximately 30,000 tons for two consecutive years in FY2019 and FY2020, and the Niihama Nickel Refinery and Harima Refinery contributed to the strengthening of business collaboration by maximizing the amount of nickel sulfate supply to our internal battery materials business. We also began commercial production of the scandium oxide and chromite by-products of HPAL in January 2019 and March 2021, respectively.

Business Environment and Outlook

The supply-demand balance for non-ferrous metals is projected to ease for both copper and nickel in the short term due to the development of new and expanded copper mine projects and increased production of nickel pig iron in Indonesia. However, resurgence of COVID-19, prolonging of Russia's invasion of Ukraine, and many other uncertainty factors make the outlook difficult to forecast, and we will continue to closely watch future movements. Trends including decarbonization, clean energy, and the shift to electric vehicles are expected to accelerate globally over the long term and provide a tailwind for non-ferrous metal demand. Against this backdrop, we expect non-ferrous metal prices

in general to remain firm over the long term.

At the same time, soaring energy and material prices, marine transportation disruptions due to container shortages, shortages of semiconductors and other industrial materials and goods, and other risk factors may impede production and sales activities and lead to a downturn in revenue. To achieve our planned production and sales volumes and to maximize revenue despite these impacts, it is vital that we strengthen our competitiveness through various measures.

In line with the growth of nickel demand for use in battery materials, projects for the development of technology

to process nickel pig iron into nickel sulfate and other products of use in battery materials, and new projects to turn the nickel-cobalt Mixed Hydroxide Precipitate (MHP) used

mainly in battery materials into final products, are underway in Indonesia and elsewhere. We are closely watching the movement of such projects.

Our Challenges under the 2021 3-Year Business Plan

3-Business Collaboration to Strengthen the Value Chain for Ni-Batteries

To further strengthen the unique value chain that we have in our nickel business, we will continue working to secure nickel resources and to strengthen our 3-business collaboration.

With the discontinuation of the Pomalaa Project, the search for the next project to secure nickel resources has become more urgent than ever. Leveraging our industry networks to explore the needs of undeveloped projects and studying the securing of raw materials through collaboration with existing projects, we will develop new projects through combinations of the HPAL process and the hydro-metallurgical and pyrometallurgical processing technologies that we have cultivated, and will otherwise proceed with the selection and execution of projects that make the most of our strengths.



THPAL Plant

SMM Group Refineries and Their Main Products

Toyo Smelter & Refinery Electrolytic copper Copper sulfate Gold ingots Slag sand Gold shot Silver shot	Niihama Nickel Refinery and Harima Refinery Electrolytic nickel Electrolytic cobalt Nickel sulfate Nickel chloride	Hyuga Smelting Co., Ltd. Ferronickel shot Green sand	Shisaka Smelting Co., Ltd. Zinc oxide pellets
Coral Bay Nickel Corporation, Taganito HPAL Nickel Corporation MS (Mixed Nickel-Cobalt Sulfides) Scandium oxide Chromite			

In 3-business collaboration, we will continue full-scale production of nickel and cobalt for our internal Materials Business. We will also undertake commercialization of a recycling business that recovers copper, nickel, cobalt, and lithium from used lithium-ion secondary batteries, and will study the development of new cobalt products.

Strengthening the Competitiveness of the Copper Smelting and Refining Business

At the Toyo Smelter & Refinery, we will continue stable operation of 450,000 tons of electrolytic copper production volume and establish a 460,000-ton production structure, while working to strengthen our logistics infrastructure.

To establish a structure for stable and increased production of electrolytic copper, we will work to secure raw material quantity and quality with a focus on shifting the main supply source of copper concentrates from Sierra Gorda, for which we completed the transfer of all of our interests in February 2022, to Quebrada Blanca 2, which is scheduled to start production in the second half of 2022. We will also systematically undertake the renewal of large-scale, aging equipment by taking advantage of the planned shutdown maintenance in FY2023, and will make facilities improvements to increase production capacity by another 10,000 tons. To strengthen our logistics infrastructure, we will undertake the optimization

of logistics within plant grounds in conjunction with environmental measures, as well as measures to address the storage of raw materials and intermediate products.

We also intend to advance initiatives including favorable and stable sales of ongoing products, strengthening of our capabilities for dealing with impurities, improvement of recovery rate, and cost reductions to strengthen the competitiveness of our copper smelting and refining business. To address changes in the market environment, we will promote the introduction of fuel conversion and energy-saving equipment as initiatives aimed at carbon neutrality.



Toyo Smelter & Refinery

Progress and Plans for Our Top Priorities

	FY2019	FY2020	FY2021	FY2022	FY2023 and later
Ni Securing nickel resources			● Implementation of Pomalaa Project DFS until FY2021	● Discontinuation of Pomalaa Project	● Strengthening of search for next project
Ni Taganito HPAL Nickel Corporation	● Achievement of at least 30-kt production volume	● Start of commercial production of chromite			
	● Start of commercial production of scandium oxide				
	Continuing measures to secure nickel ore supplies				
Ni Nickel sulfate Niihama Nickel Refinery and Harima Refinery		● Achievement of new record high production level (79.1 kt)			
	● Achievement of record high production level (75.1 kt)				
	Maximum production and output to meet cathode material demand				

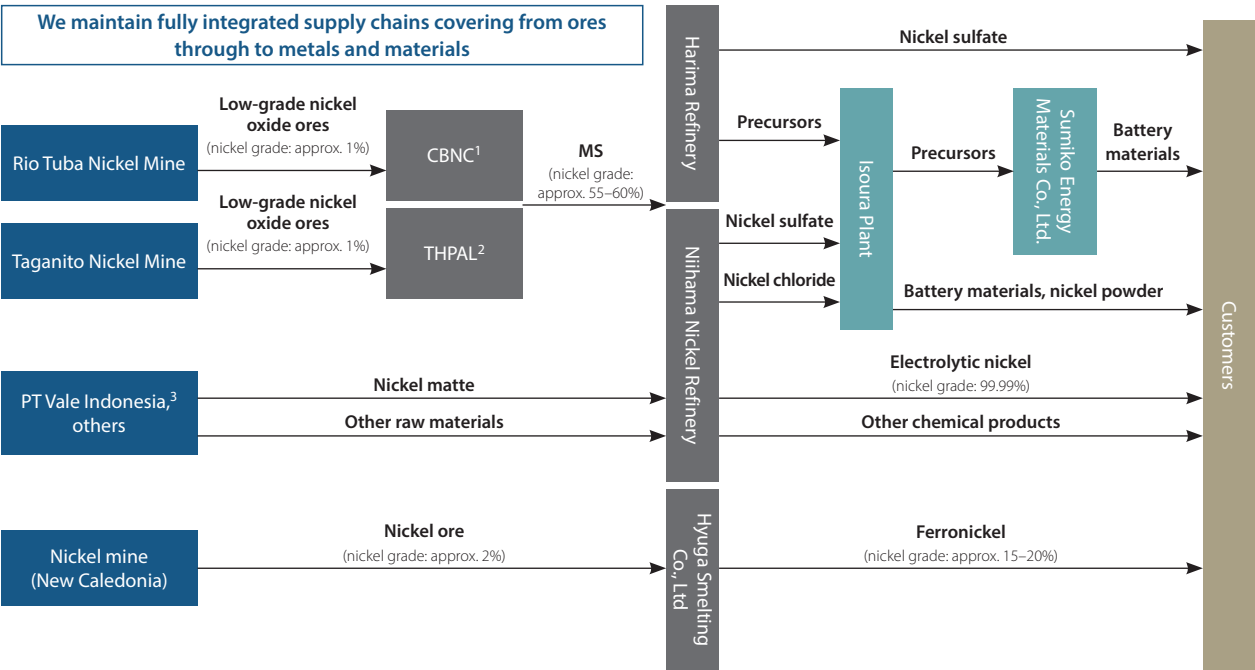
Strategies for the Smelting & Refining Business in the 2021 3-Year Business Plan

- 1 3-business collaboration to strengthen the value chain for Ni-batteries

 - Searching for new nickel deposits
 - Securing the supply of ore for CBNC and THPAL
 - Strengthening of the internal supply of raw materials in line with increased production capacity for battery cathode materials
 - Study of new cobalt product development
 - Promotion of battery recycling business
- 2 Enhancement of competitive edge in the copper smelting and refining business

 - Stable operation of 450 kt of electrolytic copper production and establishment of a 460 kt structure
 - Strengthening of logistics infrastructure

Supply Chains for Realizing a Stable Supply of Nickel



1. Coral Bay Nickel Corporation (CBNC): Shareholders: Sumitomo Metal Mining Co., Ltd. (90%); Nickel Asia Corporation (10%). Head Office: Rio Tuba, Bataraza, Palawan Province, Philippines.
2. Taganito HPAL Nickel Corporation (THPAL): Shareholders: Sumitomo Metal Mining Co., Ltd. (75%); Mitsui & Co., Ltd. (15%); Nickel Asia Corporation (10%). Head Office: Taganito, Surigao del Norte Province, Philippines.
3. PT Vale Indonesia Tbk: Shareholders: Vale Canada Limited (44.3%); Sumitomo Metal Mining Co., Ltd. (15%); others (40.7%).

Sustainability Topics

Utilizing Low-Grade Nickel Ore Through HPAL Technology

Related: Vision for 2030, p. 90

The HPAL process adopted at Coral Bay Nickel Corporation (CBNC) and THPAL is able to recover metals such as nickel and cobalt from low-grade nickel oxide ore conventionally not subject to smelting and refining, meaning it has huge significance in terms of effectively utilizing unused resources. Our supply chains also enable the stable production of nickel and cobalt, which face growing demand for use in secondary batteries, and this has become a strength of the Group's nickel business.

Smelting & Refining University

Related: Vision for 2030, p. 108–109

Since 2017, we have offered the Smelting & Refining University for young technical employees who have built up some experience in their assigned departments. The training aims to let employees learn the theories behind onsite production processes and develop problem-solving skills.

The Smelting & Refining University is conducted by lecturers who include researchers from SMM research laboratories and section managers from plants. It provides participants with a valuable opportunity to acquire specialized knowledge and to learn how to approach problems as a smelting and refining engineer. We will continue holding the Smelting & Refining University program, focusing on training the smelting and refining engineers who will take over the skills and technologies developed by the Group.



Battery Materials Business

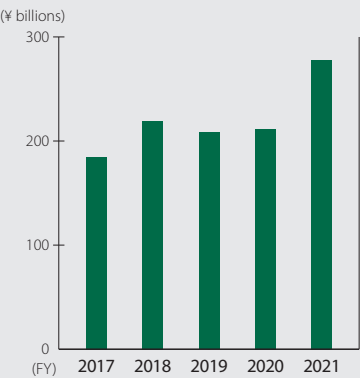
Contributing to society through the development and supply of highly advanced materials by making effective use of non-ferrous metal resources

Katsuya Tanaka
Executive Officer, General Manager of Battery Materials Division

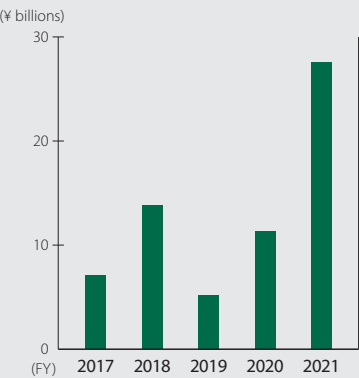


Through resource recycling and the development and manufacturing of cathode materials for automobile batteries, we will reduce greenhouse gas (GHG) emissions and contribute to the achievement of a sustainable society, while maintaining a worldwide leading share in nickel-based cathode materials.

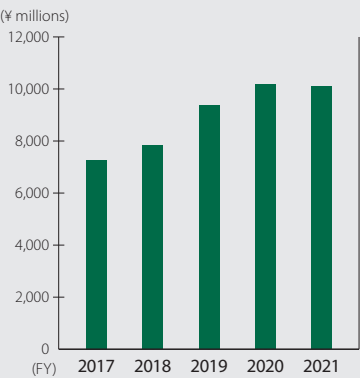
Segment Net Sales



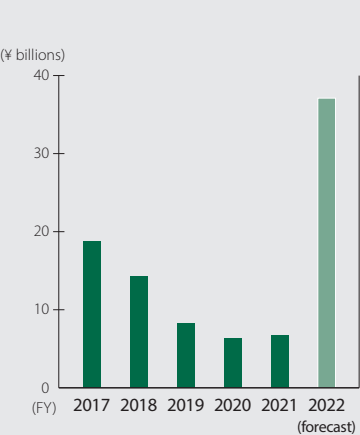
Segment Income



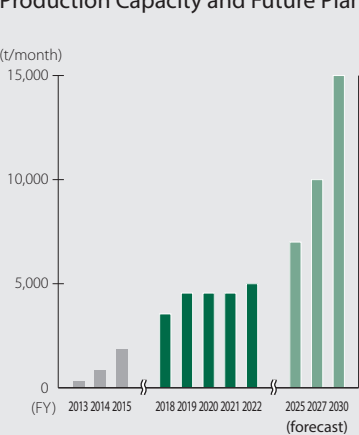
Depreciation and Amortization Expense



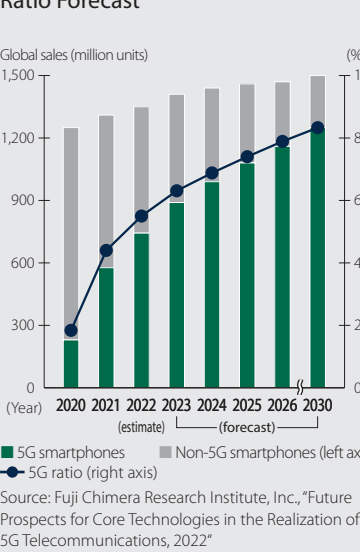
Capital Expenditure



Growth of Cathode Materials Production Capacity and Future Plans



Smartphone Sales Volume and 5G Ratio Forecast



Review of FY2021 and the 2018 3-Year Business Plan

During the period of the 2018 3-Year Business Plan, the global electric vehicle (EV) market expanded as countries, particularly European countries and China, stepped up measures to combat global warming and as movements toward carbon neutrality through automobile electrification accelerated. Production and sales of automobiles stagnated from 2019 under the COVID-19 pandemic, yet even under these circumstances, the EV market grew significantly. Worldwide EV sales in 2021 increased 2.2-fold from 2020 to 6.6 million units. In response to the growth of the EV market, the automobile lithium-ion battery market has expanded to a scale exceeding demand forecasts based on countries' regulations, and is thought to have reached 195 GWh in 2021. We are expanding our production capacity to meet the increased demand for cathode materials associated with the growth of the automo-

bile lithium-ion battery market. We made the decision to increase monthly production of lithium nickel-cobalt-aluminum oxide (NCA) from 4,550 tons to 4,850 tons in September 2020 and subsequently we decided to increase monthly production of nickel-based cathode materials by 2,000 tons in July 2021. Our investment to increase production to 4,850 tons gradually started contributing to production from the second half of FY2021, the final year of our 2018 3-Year Business Plan, with the result of record NCA production volume for the fiscal year. Our investment to increase production by 2,000 tons has been selected as a target project for the Ministry of Economy, Trade and Industry's Program for Promoting Investment in Japan to Strengthen Supply Chains. We are moving forward with the investment, aiming to launch commercial production in FY2025.

Business Environment and Outlook

The EV market is expected to continue expanding, and demand for cathode materials and other EV-related materials is expected to remain strong. At the same time, supply chains have undergone disruption under the COVID-19 pandemic and Russia's invasion of Ukraine. In addition, numerous variable factors affecting demand, such as rising prices for some raw materials, significant increases in international logistics costs, electricity costs, and tight supplies of materials under sharp increases in demand for EVs, especially in the Chinese market, are making the EV market uncertain in the short term. In the medium to long term, however, the EV market is expected to continue to expand as environmental regulations are strengthened around the world, and demand for automobile secondary batteries is expected to increase. The electrification of automobiles is accelerating, as seen in the

COP26 declaration aimed at transitioning to zero emission vehicles (ZEVs) for all new vehicles sold in major European markets by 2035 and globally by 2040. Demand for EVs is expected to grow in the North American market as well. Following Europe and China, the U.S. government has announced support for both promotion of demand and construction of supply chains in response to the increasing electrification of automobiles, so demand for EVs is expected to grow in the North American market as well. The electrification of automobiles is also expected to move forward in Japan. We will strive to start operations as early as possible for the currently promoted production increase startups that are currently underway. Furthermore, we will keep abreast of the latest situation and consider further production increases at the appropriate time.

Our Challenges under the 2021 3-Year Business Plan

Under our 2021 3-Year Business Plan, we are working to expand our production capacity of cathode materials by 2,000 tons per month, with the aim of launching commercial production in FY2025 as planned. At the new plant under construction, we will actively introduce digital transformation (DX) to improve production efficiency and reduce labor. We also aim to achieve a production capacity of 10,000 tons per

month by FY2027, as planned in the 2021 3-Year Business Plan. We will continue aggressively expanding our production capacity to achieve 15,000 tons per month by FY2030. As demand trends are expected to vary by region in line with countries' policies, we will continue to consider a wide range of locations in Japan and overseas for our next plants.

Sustainability Topics

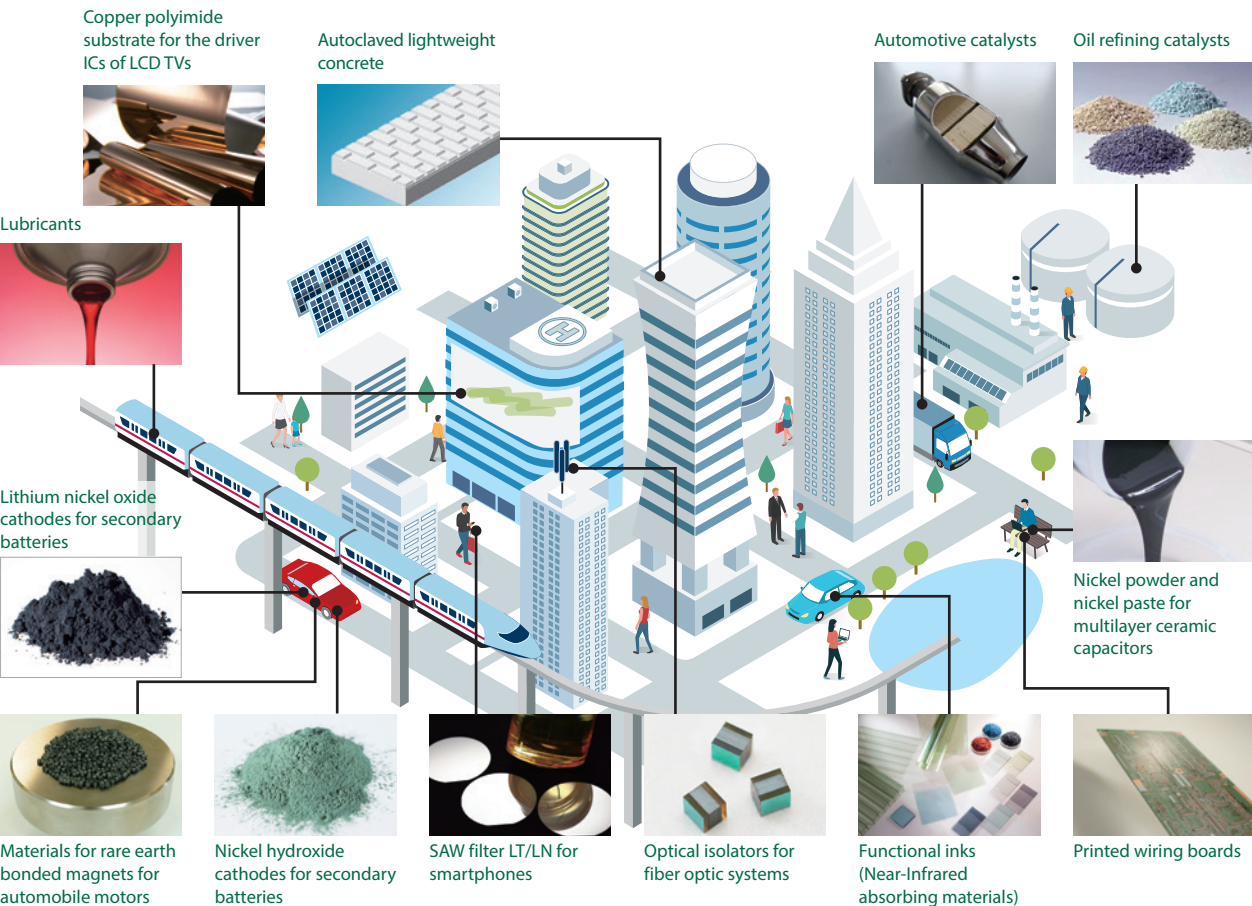
Speeding up Development of Lithium Iron Phosphate (LFP) Battery Materials

Related: Vision for 2030, p. 90

On February 22, 2022, we entered into a transfer agreement with Sumitomo Osaka Cement Co., Ltd., which was effective from May 1, 2022, regarding the lithium iron phosphate (LFP) battery materials business, for which demand is

forecasted to expand under the adoption of the material in EVs and stationary storage batteries. In addition to existing nickel-based cathode materials, through the technology and know-how transferred to us, we intend to speed up the development of LFP battery materials, which are expected to open up new markets as the world shifts from ICE (Internal Combustion Engine) vehicles to EVs, and will expand our lineup to meet a wider range of customer needs.

SMM Products in Daily Life



Advanced Materials Business

Aiming to be the lead runner in the market by adapting quickly to technological innovation and changing needs

Hiroshi Yoshida
Managing Executive Officer,
General Manager of Advanced Materials Division



We produce advanced materials used in wide-ranging fields including automobiles, energy, the environment, communications and information, and home appliances, and develop and produce products that contribute to carbon neutrality.

Review of FY2021 and the 2018 3-Year Business Plan

In FY2021, COVID-19 continued its rampage from the previous fiscal year, seriously impacting industries connected to the advanced materials business. Sales of consumer products including smartphones, personal computers, TVs, and game consoles remained at a high level as 5G proliferated under the accelerated construction of digital social infrastructure and the growth of demand for at-home products. In the second half of the fiscal year, operating capacity and demand, particularly for smartphones, declined in Greater China due to China's electric power restrictions and zero-COVID policy. At the same time, there was also an increase in demand aimed at building up inventories ahead of semiconductor shortages, requiring us to make changes to production plans in some businesses. Amid these changes in economic conditions, we steadily adapted to changes in customer needs and con-

tinued to operate at full production capacity. Under our 2018 3-Year Business Plan, we worked toward the continuous creation of new products and the maximization of revenue and profit. However, the degree to which we achieved business growth was varied amid a greatly fluctuating market environment. In FY2019, even as demand stagnated under the spread of COVID-19 and growing trade friction between the U.S. and China, we strengthened our manufacturing base and met recovering demand from the second half of FY2020 onward, yielding steady growth in results. In the continuous creation of new products, we opened our X-MINING® website in 2020, with the aim of developing new applications for existing powder material products and adding values.

WEB <https://crossmining.smm.co.jp/en/>

Business Environment and Outlook

According to the IMF, the real economic growth rate in 2021 was +6.1%, and advanced materials-related markets recovered rapidly against the backdrop of 5G smartphone proliferation and the use of remote IT. In FY2022, we anticipate increased investment in technological innovation aimed at carbon neutrality and in data centers and other digitalization of communication infrastructure through the proliferation of remote IT and 5G. Demand for semiconductors and electronic components is expected to continue expanding amid the ongoing shift to EVs and increased use of electric components for enhanced safety in automobiles, as well as increasing functionality in smartphones, personal computers, and

home appliances. At the same time, the impacts of semiconductor shortages continue, and sales volume is predicted to stagnate under production restrictions on automobiles, smartphones, personal computers, and other products, leaving behind a sense of uncertainty. We also expect the growth rate of the electronic components market to weaken due to factors including a slowdown in COVID-19 pandemic demand for at-home products, effects of Russia's invasion of Ukraine, and impacts of lockdowns in China.

Our Challenges under the 2021 3-Year Business Plan

Our vision for the advanced materials business

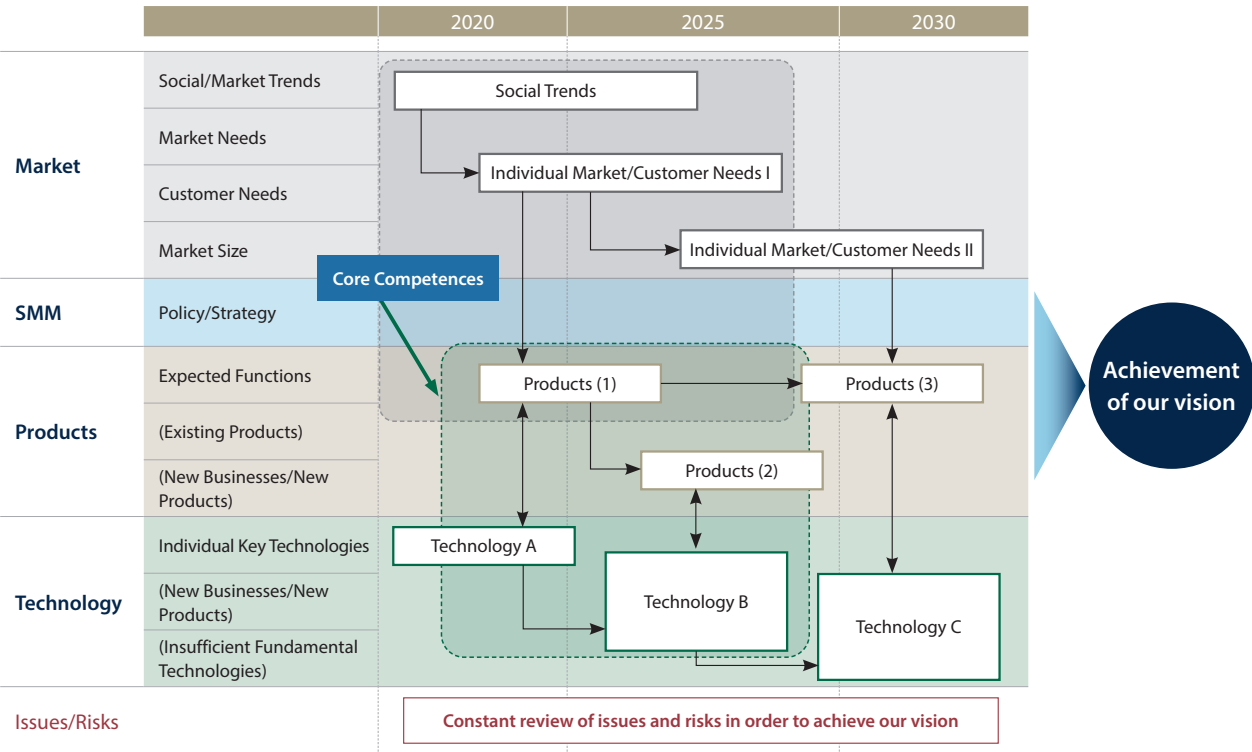
Be the lead runner in the markets for our products, continue to refine our material technology capabilities to meet the needs of every era, and secure high profitability and top-class market share

In our 2021 3-Year Business Plan, we set the embodiment of our vision as the primary goal of the advanced materials business, and further undertook a from-zero examination of the issues facing us in order to clarify the actions we should take and our goals. To adapt quickly to ever-changing market environments, we introduced roadmap-based management as a mechanism for linking and constantly improving the analysis of market needs, drafting of strategy, and product development. We will execute business strategies and specific measures in line with our roadmap, with the aim of making our vision a reality.

To improve the sustainability of our core businesses, we will undertake an expansion strategy in the advanced materials business and the development of products and new technologies that will contribute to carbon neutrality. As electrical products become lighter, thinner, smaller, and more efficient, we face demands for smaller and more uniform nickel pow-

der particle sizes. By deeply exploring the fundamental technologies of powder synthesis and dispersion and quickly establishing technologies, we will seek to become a major supplier. In functional inks (near-infrared absorbing materials), we will strengthen our R&D divisions and technical service structure, with the aim of expanding sales for window film applications. We will also strengthen our original light control technology and will work to develop markets for new applications including clothing, agriculture, and 3D printers. In silicon carbide (SiC), we will work to establish a manufacturing structure for bonded substrates, continue performing sample work to meet customer needs, and connect these to a production increase of 10,000 pieces per month in 2025. In communication devices, through expansion into special-purpose optical isolators and the construction of an increased production structure, we will establish a manufacturing and sales structure that unerringly captures market growth.

Our roadmap concept



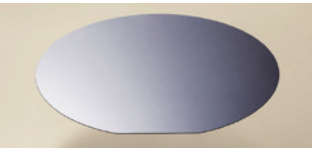
Sustainability Topics

Commercialization of Silicon Carbide (SiC) Substrates

Related: Vision for 2030, p. 91

SiC is a power semiconductor material used mainly in electric power control applications. As a material capable of reducing energy loss in high-capacity fields (high current and high voltage resistance) demanded for drive control devices, particularly in hybrid vehicles and electric vehicles, SiC faces high expectations for its mass production.

We are working to develop low-cost SiC substrate manufacturing using bonding technology, and have so far received positive evaluations of samples from multiple customers. We have begun sales of products certified by customers.



SiCrest* bonded silicon carbide (SiC) substrate

Thermal Management Using Near-Infrared Absorbing Materials

Related: Vision for 2030, p. 91

Our near-infrared absorbing material is able to selectively absorb the near-infrared energy of sunlight and convert this the absorbed energy to usable thermal energy, managing both transparency and heat-shielding performance at high levels. We are taking advantage of these unique material properties to pioneer new applications to clothing and agriculture in the field of life sciences, in addition to the positive creation of energy in the environmental field. This near-infrared absorbing material is expected to contribute to reduce of GHG emissions as a low carbon load product.



Greenhouse with a roof tent woven with fibers of dispersed near-infrared absorbing material of cesium tungsten oxide (CWO*)

Progress and Plans on Our Top Priorities in the Materials Business

	FY2019	FY2020	FY2021	FY2022	FY2024 and later
Battery materials		● Completion of 4,550 t/month production structure		● NCA ¹ : Increase in production to 4,850 t/month from mid-2022	● 10 kt/month cathode material production by FY2027 (NCA + NMC ² + nickel hydroxide) ● Increase in production of cathode materials to 15 kt/month by FY2030
Crystal materials			● SiC launch for consumer markets		● SiC launch for automotive markets

1. NCA: An acronym for a type of secondary battery cathode material composed primarily of N (nickel), C (cobalt), and A (aluminum).
2. NMC: An acronym for a type of secondary battery cathode material composed primarily of N (nickel), M (manganese), and C (cobalt).

Strategies for the Materials Business in the 2024 3-Year Business Plan

Battery Materials Business

Increase in battery material (cathode) production capacity

- 2,000 t/month expansion
- Plant completion and production launch planned for FY2024
- Plant positioned as a model factory for DX promotion and hiring and training to be implemented in advance during the 2021 3-Year Business Plan to ensure a steady start-up
- Studying next capacity expansion: Looking into product portfolio, plant location, etc.
- Securing and developing human resources for business expansion
- Reducing GHG throughout the battery life cycle

Advanced Materials Business

1 Introduction of roadmap-based management

- Capture changes and needs from a top-down view of medium-to long-term market trends
- Predict the future
- Think about how we can respond to change and shape our business
- Seek a shared understanding of strategies and measures that the Advanced Materials Division should pursue in the medium to long term

2 Expansion strategy for the advanced materials business

- Establishment of a 10,000 wafers/month mass production structure for silicon carbide (SiC) in FY2025
- Expansion of sales of Ni powders (for use in paste for MLCCs) in high-end markets
- Expansion of sales of functional inks for window film applications and exploration of new markets
- Establishment of a manufacturing and sales structure that captures market growth in communication devices

Research & Development

Strengthening development of new products for the sustainable growth of the Company

Shuichi Ogasawara
Managing Executive Officer
General Manager of Technology Division



The SMM Group has four research and development sites and we are engaged in raising our competitiveness by evolving existing technologies while also advancing research and development into next-generation metal smelting and refining technologies and pioneering new materials.

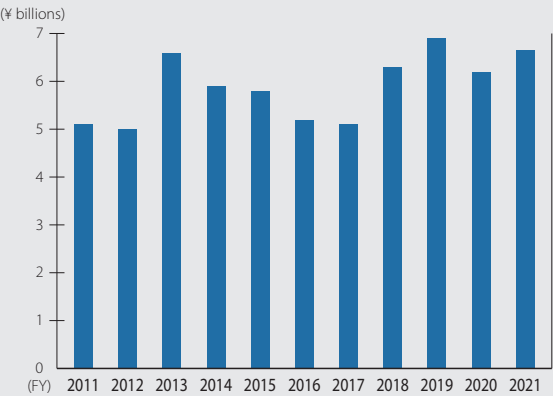
Review of FY2021 and the 2018 3-Year Business Plan

In our 2018 3-Year Business Plan, the three major themes for research and development were (1) create new businesses with a view to 10 years from now, (2) develop products that customers will prefer, and stay ahead of competitors, and (3) develop new processes that can differentiate us and support sustainable growth.

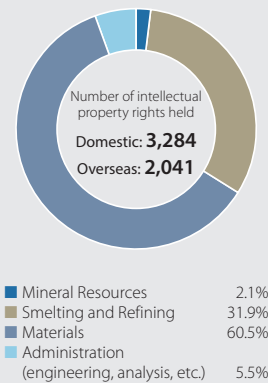
Looking back on the 2018 3-Year Business Plan, in (1) the creation of new businesses, we explored themes in the automotive, environment, energy, and communications fields that are expected to see continued growth, while also elucidating the functional expression mechanisms of new materials. In (2) the development of products that

customers will prefer, we continued to focus efforts on cathode materials for automobile secondary batteries, on larger-diameter lithium tantalate and lithium niobate single crystals used as SAW filters for communication devices, and on development that will contribute to enhancing productivity and other aspects of competitiveness. In (3) the development of new processes, to strengthen our 3-business collaboration value chain centered on nickel, we established a new recycling process equipped with the ability to recycle copper, nickel, cobalt, and lithium from used lithium-ion secondary batteries and other sources.

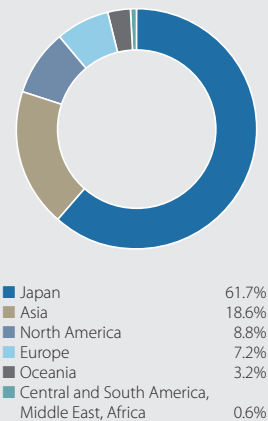
Research and Development Expenses



Number of intellectual property rights held, by business (Patents and Designs)



Number of intellectual property rights held, by region



Future Research and Development Strategy

Under the 2021 3-year Business Plan, we will promote R&D under the following three major themes. (1) Promotion of development of new technologies and processes to achieve carbon neutrality, (2) Business innovation in manufacturing and R&D divisions through DX (Digital Transformation), and (3) Activation of individuals and utilization of human resources.

In battery cathode materials, which we position as a growth market, in parallel with development aimed at improving performance we are developing materials for all-solid-state and other next-generation batteries, along with new processes that will contribute to enhanced productivity. We are expanding facilities at the Battery Research Laboratories with the completion of a new building in July 2022, as we aim to further strengthen our development capabilities and improve efficiency.

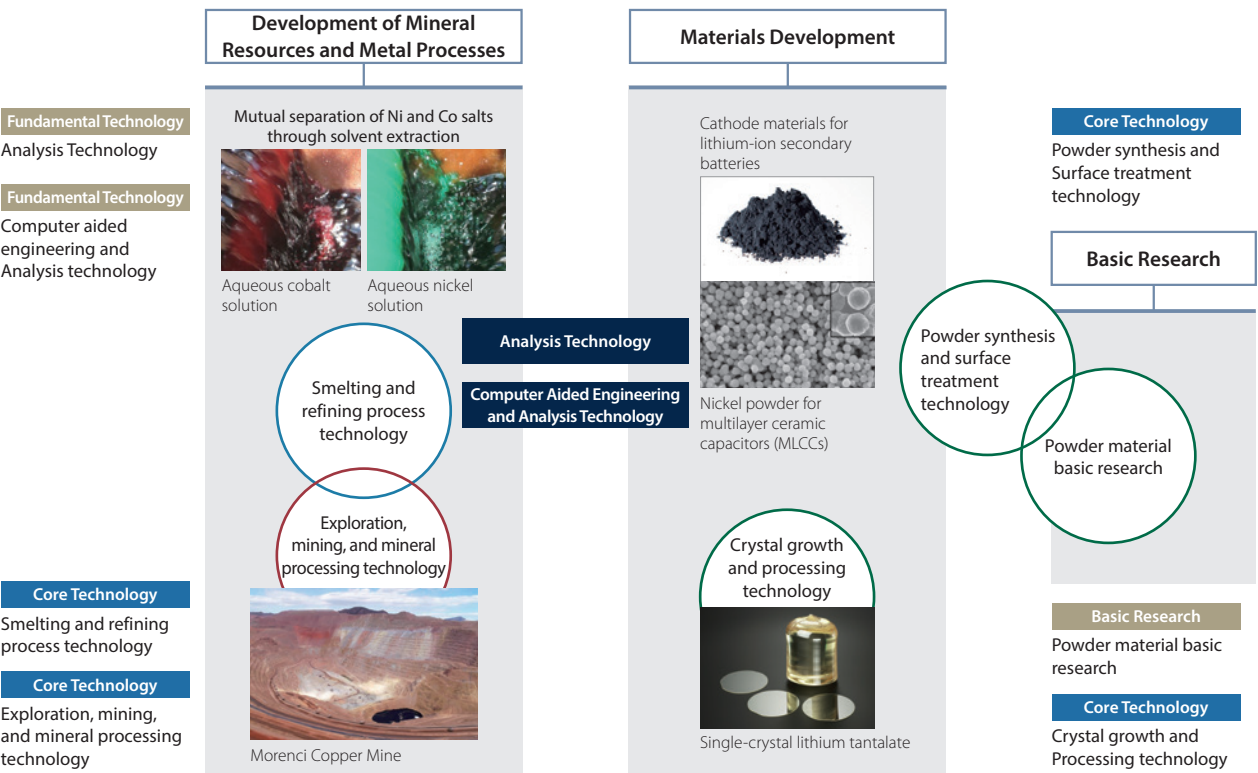
In the materials field, we will continue to focus on development related to functional powders and crystals. Our targets include nickel, copper, and other metallic powder pastes and inks for the functional diversification and miniaturization of electronic devices, and advanced crystal materials for next-generation communications and energy harvesting (using crystal materials). As basic research on powder materials, they also include optical control materials, and photocatalyst

materials for CO₂ reduction and the production of hydrogen through artificial photosynthesis.

In the smelting and refining field, we are advancing research and development on next-generation smelting and refining processes for nickel and on extraction and refining process for lithium to reduce GHG emissions. Moreover, while improving our mineral resource exploration, mining, and mineral processing technologies, we have begun exploring themes that will contribute to solving the social needs expressed in Vision for 2030.

We believed that a key point in formulating Vision for 2030 was ways to create materials that do not damage the global environment in the world of 2050 or 2100, as exemplified by carbon neutrality. In connection with that, we engaged in deliberations on a vision for the non-ferrous metal industry that will enable the achievement of such materials. We will keep a constant watch on how trends in the world will change and transform during the approximate 10 years until 2030 as a medium- to long-term outlook and will move forward with initiatives aimed at responding quickly to these changes and transformations and at achieving the effective use of non-ferrous metal resources.

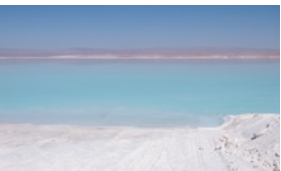
Research and Development by the SMM Group



Our Challenges under the 2021 3-Year Business Plan

Extraction of Lithium

Lithium is an essential raw material for the production of lithium-ion batteries, which contribute to carbon neutrality. The extraction process of lithium from lithium-containing salt lakes and ores normally results in large volumes of GHG emitted in the process of separating impurities. At Niihama Research Laboratories, we developed an adsorbent that is able to selectively extract only lithium while emitting close to



The lithium-rich lake Salar de Atacama (Photographed by an SMM employee)

no GHGs in the impurity separation process. We will confirm the reliability of the process and collect the information required for its industrialization in order to make this process a reality.

Development of Cathode Materials for All-Solid-State Batteries

Our Company's work on the development and demonstration of high-performance cathode materials for next-generation storage batteries has been adopted as a part of the Next-generation Storage Battery and Motor Development project under the Green Innovation Fund of the New Energy and Industrial Technology Development Organization (NEDO).

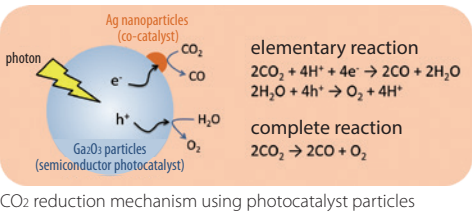
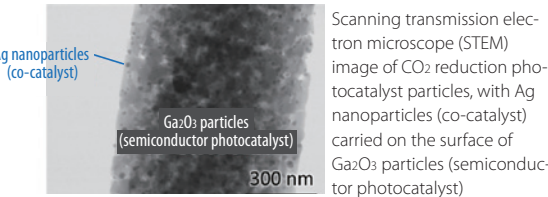
Through the further deployment of our cathode material products for storage batteries under this project, we will perform development and demonstration of GHG emission reduction processes and high-performance cathode materials that will enable the practical use of all-solid-solid state and other high-performance lithium-ion batteries.

Sustainability Topics

■ Research into Photocatalyst Materials for Artificial Photosynthesis

Related: Vision for 2030, p. 91

The Ichikawa Research Center, which conducts basic research in the field of powder materials, is working to create photocatalyst materials for use in artificial photosynthesis, including CO₂ reduction photocatalysts for carbon recycling and water-splitting photocatalysts for hydrogen production, as new materials that will contribute to carbon neutrality. In addition to conventional joint research, the Center will work toward the acquisition of new technologies and the development of human resources in the field of photocatalysis by establishing a joint industry-academia course at Kyoto University, where advanced research is underway.

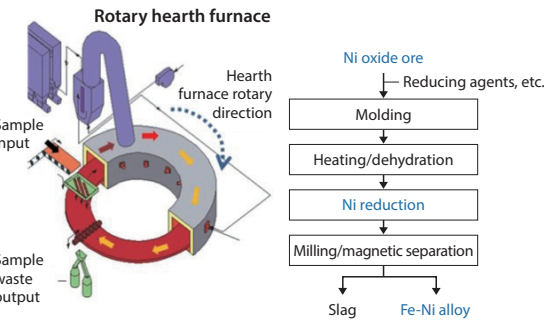


■ Study of Next-Generation Nickel Smelting and Refining Processes, Hydrogen Reduction Technologies, etc.

Related: Vision for 2030, p. 91

To achieve carbon neutrality by 2050, we are studying new pyrometallurgical processes that will replace conventional, fossil fuel-based methods.

One of these is a process for the efficient reduction of nickel using the reaction apparatus known as a rotary hearth furnace, depicted in the figure below. As this enables processing at a low temperature over a short time, it is expected to significantly reduce the GHG emissions and energy consumption of the reduction process. We are also exploring the feasibility of nickel oxide ore reduction using hydrogen, a technique that has been considered difficult, and are now working on development of the process.



Battery Recycling

As automobiles undergo what is expected to be a rapid and long-term shift to electric drive, demand is growing for the nickel, cobalt, and lithium used in cathode materials for electric vehicle lithium-ion secondary batteries (LIBs), leading to calls for effective resource recycling.

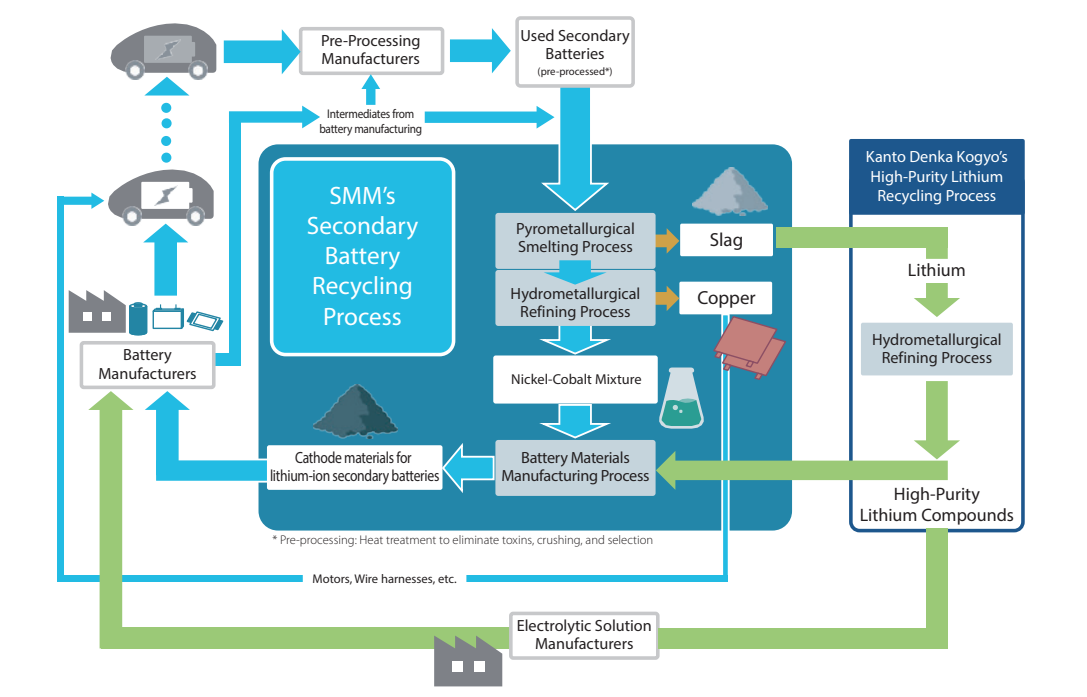
We are working to recover and reuse the copper and nickel contained in used LIBs through a process that combines the Toyo Smelter & Refinery's copper smelting and refining processes and the Niihama Nickel Refinery's nickel smelting and refining processes. The recovered nickel, in particular, is processed into a secondary battery cathode material at the Isoura Plant, realizing Japan's first "battery to battery" recycling using materials recovered from used LIBs.

As a result of our technological development, we have demonstrated the ability to recover nickel and cobalt from used LIBs, purify them to a high level, and reuse them as raw materials for LIB cathode materials. In addition, through our proprietary lithium recovery technology, the first such technology in the world, we have successfully established a new recycling process capable of recycling copper, nickel, cobalt, and lithium from used secondary batteries. Through joint development with Kanto Denka Kogyo Co., Ltd., we established the world's first technology that recycles lithium from used LIBs as high-purity compounds and horizontally recycles the compounds into battery materials.

We are currently studying the commercialization of battery recycling with the aim of launching operations at a pre-commercial plant under our 2021 3-Year Business Plan, followed by the establishment of a 10,000-ton/year processing structure under our 2024 3-Year Business Plan.

Looking ahead, we will continue to tackle the achievement of "battery to battery" recycling and will contribute to the formation of a sustainable circular economy and the strengthening of resource recycling to combat global resource depletion.

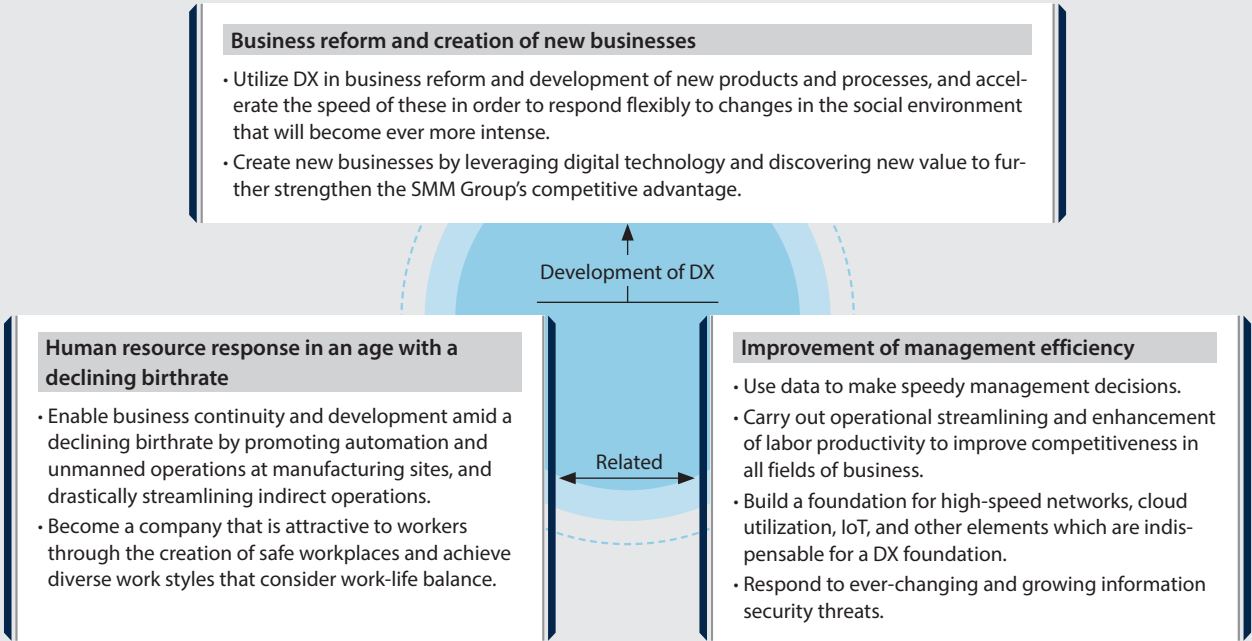
Recycling Flow



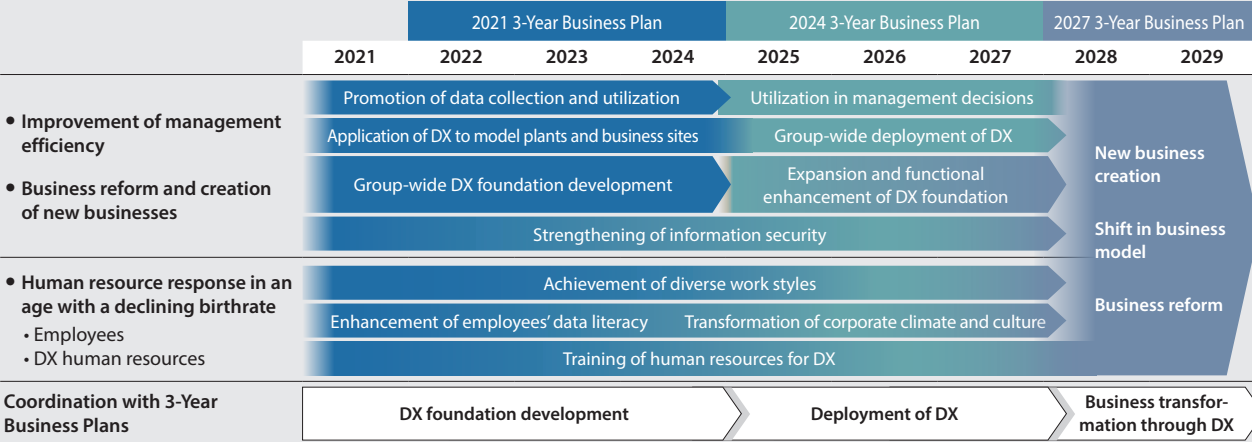
Special Feature Digital Transformation (DX) at the SMM Group

In FY2021, the SMM Group formulated DX Promotion Regulations and established the DX Promotion Committee to actively promote Group-wide DX activities. In July 2022, the Digital Transformation Department was established to actually carry out DX deployment.

Specific Issues and Responses



Road Map and Progress



Progress



Role of the Digital Transformation Department

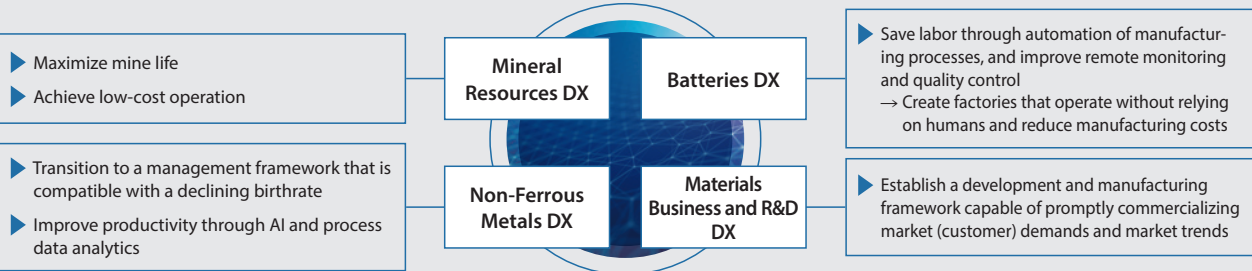
As a dedicated organization not only involved in DX planning and control, but also execution, the Digital Transformation Department will accelerate our digital transformation and promote our initiatives more powerfully.

Functions as the execution organization	Details of initiatives
(1) Policy, planning, and overall management	Formulation and updating of overall policy, vision, and focus areas, and overall plan formulation and progress management
(2) Individual project planning, technology verification, and guidance	Project planning, start-up support, technology verification, exploration for new technology, IT personnel assignment (dispatch), and technical guidance for each DX project
(3) Execution of individual DX projects	Setting of focus areas and goals, creation of execution plans, building of project structures, and execution of projects

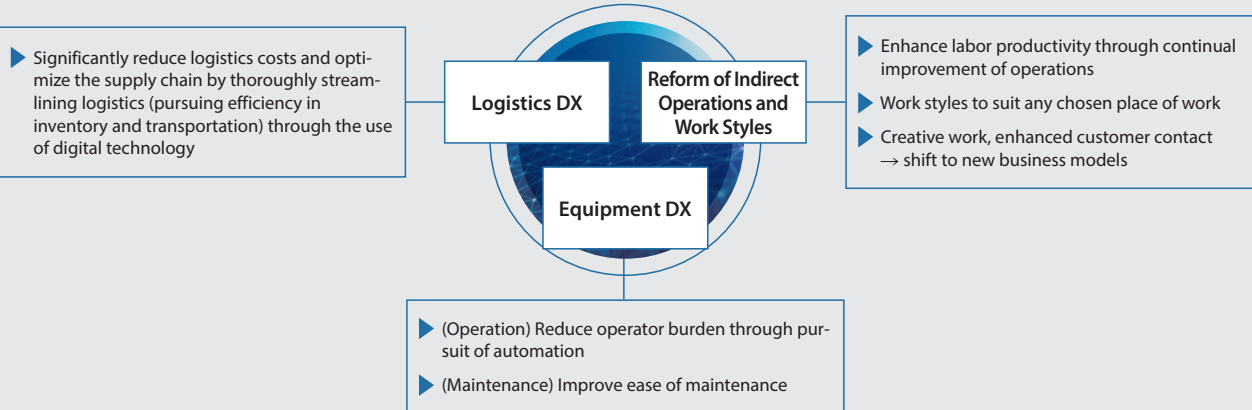
Priority Areas

In following the road map, when planning to resolve issues in accordance with our DX policy, we decided which areas of our company will undergo DX and why, and established seven items as priority areas. Specifically, we set goals for four business areas (including R&D) and three Group-wide work areas, and we are working to resolve their issues.

Four business areas (including R&D)



Three Group-wide work areas



Examples of Initiatives in the SMM Group

CASE-1

Automation and Remote Operation of Heavy Machinery (Hishikari Mine)

At the Hishikari Mine (Kagoshima Prefecture), we are aiming to extend mine life by shifting to operations that emphasize sustainability and reducing costs by restructuring the operational system to one that incorporates DX technology.

Heavy machinery (Load Haul Dump, LHD) used for loading ore and gangue are operated by remote control in some areas, but the majority of operations, including driving, are carried out by an operator on board. Automated and remote operation of heavy machinery allows one person to operate multiple units from a remote-control room, reducing the need to work in the dusty and hot environment of the mine. In addition, maintenance costs for heavy machinery are expected to be reduced through stable driving and operation.



Heavy machinery for testing automated and remote operation

CASE-2

Remote Operation from the City and Autonomous Trucks (Quebrada Blanca 2 Project)

The Quebrada Blanca 2 Project (Chile) incorporates a variety of technological solutions to further improve safety, sustainability, productivity, and cost reductions. For example, an Integrated Operations Centre (IOC) will be established in the remote location of Santiago, the capital, to consolidate all the resources and data needed for decision-making and to help achieve better operational performance.

We are currently piloting a mix of conventional and new autonomous trucks, but will eventually transition to operating solely with autonomous trucks. The main benefits of autonomous trucks are improved operational efficiency and utilization of the hauling fleet, as well as improved safety by eliminating human error through unmanned operation.



Integrated Operations Centre (IOC)



Autonomous truck

CASE-3

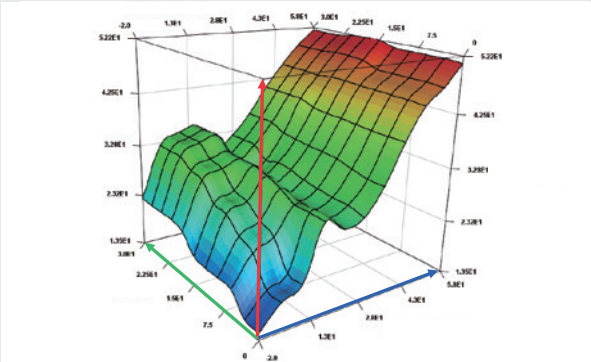
Operational Improvements through Data Analysis (Taganito HPAL Nickel Corporation, Toyo Smelter & Refinery)

The SMM Group is promoting the use of digital data analysis technology to support operations at our plants in the Smelting & Refining Business.

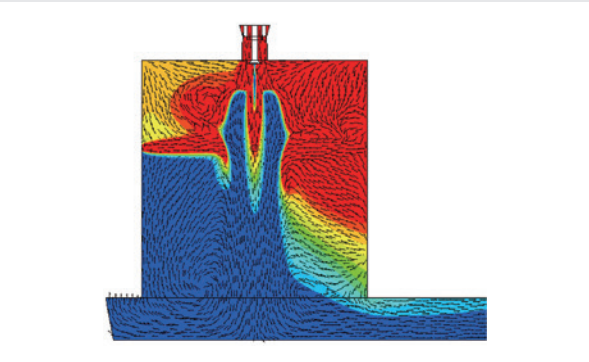
At THPAL, nickel raw materials and sulfuric acid are added into an autoclave, which is a pressure vessel, and made to react using high-temperature steam. We are analyzing multi-variable process data from the autoclave, developing numerical models to enable appropriate operational adjustments, and studying their application to operations.

At the Toyo Smelter & Refinery, thermal analysis simulations are being conducted to improve the combustion efficiency of copper concentrates (raw materials) in the flash furnace, and are being used to develop a burner for copper concentrate reactions.

We are aiming to further enhance operational management technology by efficiently and intensively analyzing process data at each site using AI technology and other means at our business sites inside and outside Japan.



Results of process data analysis



Thermal analysis simulation

CASE-4

Use of Remote Terminals in Maintenance Operations (Niihama Nickel Refinery)

The Niihama Nickel Refinery is equipped with a Wi-Fi service area that covers almost all areas of the refinery site, and is promoting the use of Wi-Fi to improve the efficiency of maintenance operations.

We are striving for higher quality maintenance work by having our maintenance staff carry tablets and smart phones to input inspection data and check maintenance records, procedure manuals, and other materials on site as needed. This is made possible by an application developed by the Research & Development Department of our Engineering Division. In addition, a Wi-Fi-compatible vibrometer has been installed to monitor abnormal vibration of the main electric motors, and the analysis results are used for predictive maintenance to help prevent unexpected problems.

By using these technologies, digitizing the experience and knowledge of experienced workers, and accumulating and using the data, we will improve the operating rate of equipment.



Generator inspection

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-

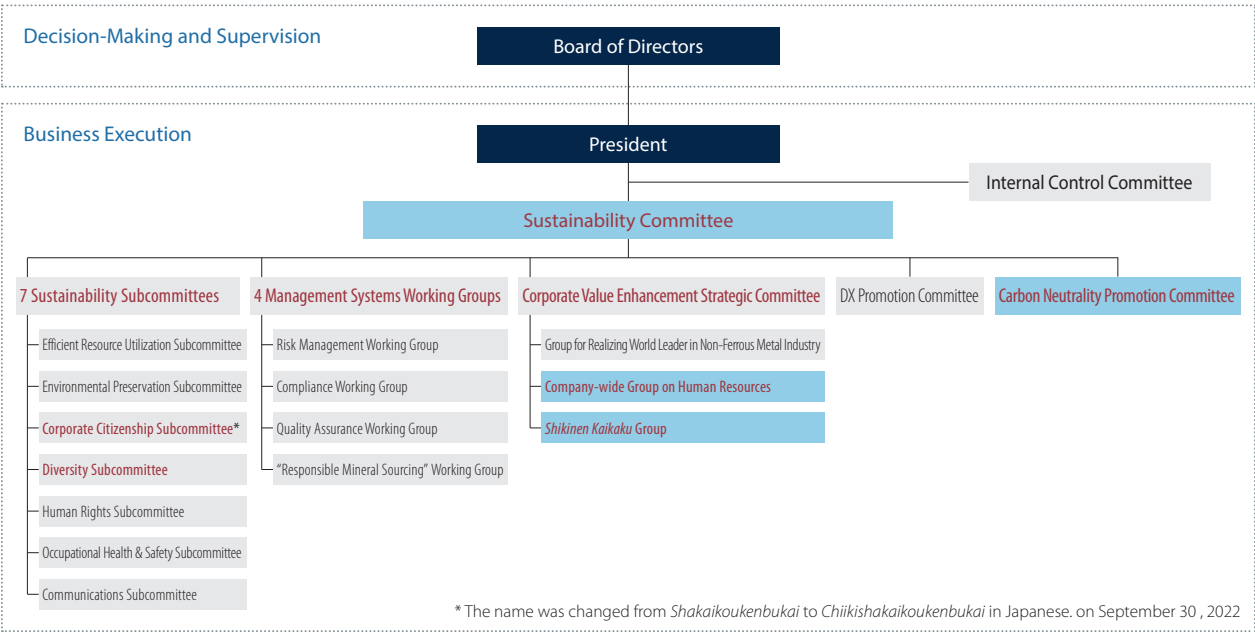
ant measures and sharing of awareness. They also deliberate on important themes related to sustainability activities. In addition, as an internal control and supervisory function for sustainability activities, the Board of Directors deliberates on sustainability activities on a regular or ad hoc basis. 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 2030A 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	• Strengthen production structure at JV mines to achieve and maintain copper production levels 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
2)	Acquire new superior copper and gold resources	• Develop new mines for which we have operatorship
3)	Improve productivity by introducing new technology	• Promote remote operation and unmanned operation of heavy machinery and information infrastructure equipment inside and outside of the Hishikari Mine
4)	Advance nickel ore projects and improve productivity	(1) Nickel production: 150 kt/year
		(2) Recovery rate compared to FY2018: +2%
		(3) Recovery of scandia by-product
		(4) Recovery of chromite by-product
2. 1)	Develop technology to separate, stabilize and bleed off impurities, and create value from impurities generated by smelting processes and mines	• Develop technology to stabilize and bleed off impurities: Develop and demonstrate the process
2)	Develop technology to create value from unused non-ferrous metal resources	• Contribute to existing (e.g. marine resource development) and new development projects
3)	Recover non-ferrous metals from hard-to-process resources	• Participate in business and technology for recovery of lithium from salt-lake water in the presence of high levels of impurities
3. Demonstrate and commercialize automobile secondary battery recycling technology		• 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
4. 1)	Leverage our strengths to create new products and new businesses that contribute to society	• Research, develop, and commercialize new advanced materials in the fields of energy, automobiles, and information communications
2)	Hold raw materials in-house for favorable and stable procurement	• Commercialize NIO for fuel cells following demonstration project
3)	Expand sales of low-cost battery cathode materials through favorable, stable procurement of our own nickel raw materials	• Maintain top class global share in the expanding cathode materials market

2 Climate Change

Vision for 2030A 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		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.
		2. Cut GHG emissions intensity by at least 26% compared to FY2013
		3. Expand contribution of GHG reduction by products contributing to a low-carbon society: 600 kt-CO2 or more

3 Significant Environmental Accidents4 Biodiversity

Vision for 2030A company that values water resources and biodiversity, and protects the richness of the sea and land		
KPI	Indicators	Goals
1. Zero significant environmental accidents		1) Promote improvements through the use of risk management and environmental management systems
		2) Reinforce and improve equipment and infrastructure to address increases in sources of natural hazard
2. Reduce emissions of hazardous substances (year-on-year)		1) Optimize water use; reduce emissions of hazardous substances to the atmosphere and water
		2) Promote various environmental preservation and biodiversity preservation activities, such as regular reforestation

5 Employees’ Occupational Health and Safety

Vision for 2030A 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		Serious accidents: zero (in Japan and overseas, including contractors)
		All accidents: reduce year-on-year, with aim of eventually reaching zero
2. Prevent occurrence of occupational diseases		Number of workplaces that present higher health risks: reduce year-on-year
		Occurrence of occupational diseases: zero

6 Diverse Human Resources7 Development and Participation of Human Resources

Vision for 2030A 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 work-places 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
		2) (1) Number of female managers: 50 (SMM non-consolidated)
		(2) Ratio of female employees: 20% or higher (SMM non-consolidated)
		3) Expand number of managerial track employees of foreign nationality
		4) Percentage of employees with disabilities: 3% or higher (SMM non-consolidated)
		5) Assign jobs and provide support matched to employees’ life stages
2. Support employees’ mental and physical health		1) Reduce the number of employees taking long-term leave
		2) Percentage of employees with abnormal findings indicated in health checkups: 50% or lower
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
		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
		3) Provide opportunities for self-development matched to each employee’s life plans and needs (correspondence courses, online training, etc.)

8 Engagement with Stakeholders

Vision for 2030A 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		• Improve results of employee awareness survey (increase ratio of employees who feel pride in working at the Company)
2. Ensure quality and quantity in communication of information and dialogue at the level of “world leader in the non-ferrous metals industry”		• Expand opportunities for dialogues with media and investors
		• Achieve positive evaluations of our Integrated Report from outside the Company
3. Increase in recognition and understanding of our goal of “world leader in the non-ferrous metals industry”		• Improvement in findings of surveys by external bodies (degree of recognition and understanding, etc.)

9 Co-Existence and Mutual Prosperity with Local Communities

Vision for 2030A 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		Accurately identify local issues through dialogues with local communities, and execute the following measures
1. Support the local community via employee participation		• Implement employee participation programs (from 2023)
2. Hire and procure locally		• Continually implement and assess of performance
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)
		2) Establish and award scholarships in Japan and maintain existing overseas scholarships (from 2023)
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)
5. Support during and after disasters		• Support regions affected by large-scale disasters

10 Rights of Indigenous Peoples

Vision for 2030A company that understands and respects the traditions and culture of indigenous peoples		
KPI	Indicators	Goals
1. Understand indigenous peoples and their traditions and culture		• Percentage of SMM Group sites implementing in-house education: 100% by the end of FY2023
2. Support initiatives that lead to respect for the traditions and cultures of indigenous peoples		1) Provide scholarships for indigenous peoples (continue existing initiatives)
		2) Support indigenous people-related initiatives by NGOs, academic societies, etc.: one initiative or more each year

11 Human Rights in the Supply Chain

Vision for 2030A company that undertakes sustainable procurement across the supply chain		
KPI	Indicators	Goals
Promote sustainable procurement, particularly responsible mineral sourcing		1. Responsible mineral sourcing
		1) Establish a responsible mineral sourcing management system in line with international standards by the end of FY2021
		2) Maintain a record of zero mines, smelters, and refineries complicit in child labor or other infringements of human rights in the supply chain
		2. Sustainable procurement
		1) Business partners that have received and agreed with the Sumitomo Metal Mining Group Sustainable Procurement Policy: 100% by the end of FY2030
		2) Establish a sustainable procurement management system in line with international standards by the end of FY2024
		3) Continue implementing due diligence (DD)

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			
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 1. 1) Advance copper mine projects			
• 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	Achievement Criteria	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
• Copper production on an interest basis at JV mines was 230 kt in FY2021		• Achieve copper production level on an interest basis of 270 kt by starting production in Quebrada Blanca Phase 2, etc.	• Aim to obtain further interests to achieve copper production level on an interest basis of 300 kt, which is the long-term vision.
• Despite the COVID-19 pandemic, JV mines overall secured copper production level in line with plans		• Post-pandemic, strengthen collaboration with operating sites and contribute in terms of management and technology to ensure production levels in JV mines exceed plans	• Continue to strengthen collaboration with operating sites and contribute in terms of management and technology to ensure production levels in JV mines exceed plans
KPI 1. 2) Acquire new superior copper and gold resources			
• Develop new mines for which we have operatorship			
• Continuing exploration activities in Canada, Australia, and others while shifting focus from exploration by ourselves to exploration through joint ventures		• Participate in new exploration projects through joint ventures and make preparations to acquire new mines to obtain new operatorship	• Participate in new exploration projects through joint ventures and make preparations to acquire new mines to obtain new operatorship
• Invested in a junior exploration company		• 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.	• 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.
KPI 1. 3) Improve productivity by introducing new technology			
• Promote remote operation and unmanned operation of heavy machinery and information infrastructure equipment inside and outside of the Hishikari Mine			
• Made preliminary preparations to introduce heavy machinery that can be automated at the Hishikari Mine		• 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	• 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
		• 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	• 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
KPI 1. 4) Advance nickel ore projects and improve productivity			
• Nickel production: 150 kt/year			
• Recovery rate compared to FY2018: +2%			
• Discontinued feasibility study on Pomalaa Project		• Increase production volume to achieve 150 kt/year	• Increase production volume to achieve 150 kt/year
• Recovery rate of CBNC and THPAL achieved target due to success in technology development		• Maintain and increase recovery rate	• Maintain and increase recovery rate
		• Continue to develop technology and improve processes to increase production volume	• Continue to develop technology and improve processes to increase production volume
		• Continue to develop technology by increasing leaching rates and improving processes, etc.	• Continue to develop technology by increasing leaching rates and improving processes, etc.
		• Search for new nickel mineral sources	• Search for new nickel mineral sources

KPI 1. 4) Advance nickel ore projects and improve productivity			
• Recovery of scandia by-product			
• Recovery of chromite by-product			
• Continued commercial production of scandia	Achievement Criteria	• Increase production volume to design capacity	• Maintain production volume at design capacity
• Commenced commercial production of chromite in March 2021	Action Plan	• Ensure recovery rate and increase production volume	• Ensure recovery rate and maintain production volume
KPI 2. 1) Develop technology to separate, stabilize and bleed off, and create value for impurities generated by smelting processes and mines			
• Develop technology to stabilize and bleed off impurities: Develop and demonstrate the process			
• Conducted joint R&D on copper and arsenic separation with Kyushu University (JOGMEC-supported project)	Achievement Criteria	• Utilize knowledge gained through research	• Utilize knowledge gained through research
• In March 2022, made final report to JOGMEC on results of mineral processing tests using actual ore	Action Plan	• Examine use of knowledge gained through research in future mine operations and other separation technology	• Examine use of knowledge gained through research in future mine operations and other separation technology
KPI 2. 2) Develop technology to create value from unused non-ferrous metal resources			
• Contribute to existing (e.g. marine resource development) and new development projects			
• Continuing joint venture participation in JOGMEC project on marine mineral resource development	Achievement Criteria	• Participate in some form in the next Ocean Energy & Mineral Resource Development Plan (FY2023 onward) to be formulated by the Ministry of Economy, Trade and Industry	• Participate in some form in the next Ocean Energy & Mineral Resource Development Plan (FY2023 onward) to be formulated by the Ministry of Economy, Trade and Industry
• Made functional improvements to mining equipment (shape and materials of drill bits, etc.) for sea-floor massive sulfide deposits	Action Plan	• Contribute to the industry by participating in JOGMEC committees for each type of ore and joint ventures for research and development of individual projects	• Contribute to the industry by participating in JOGMEC committees for each type of ore and joint ventures for research and development of individual projects
• Conducted pyrometallurgical tests to improve cobalt recovery rate of cobalt-rich crust			
KPI 2. 3) Recover non-ferrous metals from hard-to process resources			
• Participate in business and technology for recovery of lithium from salt-lake water in the presence of high levels of impurities			
• Launched a pilot test using actual salt-lake brine	Achievement Criteria	• Develop adsorbent for practical use and manufacturing processes for lithium chemicals	• Participate in construction and operation of commercial plant (plan to implement study of commercialization model during the 2024 3-Year Business Plan)
• Continuing development of adsorbent with long-term reliability in cooperation between industry and academia	Action Plan	• Improve adsorbent through joint research with academia	• Participate in lithium recovery operations and stabilize product quality
		• Study overall process design and economic rationality	• Obtain data for feasibility study through construction and test run of demonstration plant
			• Conduct design and feasibility study of commercial plant
KPI 3. Demonstrate and commercialize recycling technology for automobile secondary battery			
• 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			
• Established basic technology in development of battery recycle process	Achievement Criteria	• Commence commissioning and commercial operation of pre-commercial plant by FY2024	• 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)
	Action Plan	• Construct pre-commercial plant and prepare its commercial operation in FY2024	• Improve technology to increase processing volume of its pre-commercial plant

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

KPI 4. 1) Leverage our strengths to create new products and new businesses that contribute to society • Research, develop, and commercialize new advanced materials in the fields of energy, automobiles, and information communications		
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• Move on to the next stage of R&D themes with a view to commercialization• Continue joint research with universities on new businesses
	Action Plan	<ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• Continually improve activities aimed at new business creationItems or targets to be implemented during the 2024 3-Year Business Plan• Operate new business creation system and manage progress of research themes• Continually develop human resources to create new businesses and new themes• Continue to disseminate information, including at exhibitions
KPI 4. 2) Hold raw materials in-house for favorable and stable procurement • Commercialize NiO for fuel cells following demonstration project		
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Continue demonstration project through pilot plant• Decide on investment in mass production based on feasibility study <ul style="list-style-type: none">• Expand business size to accommodate sustained growth of fuel cell marketItems or targets to be implemented during the 2024 3-Year Business Plan• Introduce mass production equipment and expand business size• Establish business profitability
	Action Plan	<ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• Continually assess business feasibility and make decisions on investment in boosting production• Gain further competitive advantage (cost, technology, etc.)Items or targets to be implemented during the 2024 3-Year Business Plan• Introduce mass production equipment and start up as soon as possible• Achieve business profitability by expanding sales
KPI 4. 3) Expand sales of low-cost battery cathode materials through favorable, stable procurement of our own nickel raw materials • Maintain top class global share in the expanding cathode materials market		
<ul style="list-style-type: none">• Established 4,550 t/month production capacity for cathode materials• Secured top class share of global market	Achievement Criteria	<ul style="list-style-type: none">• Expand production capacity for cathode materials to reach 7,000 t/month (complete in FY2025)• Maintain top class share of market <ul style="list-style-type: none">• Construct 15,000t/month production capacity for cathode materials• Maintain top class share of marketItems or targets to be implemented during the 2024 3-Year Business Plan• Establish 10,000t/month production capacity for cathode materials• Maintain top class share of market
	Action Plan	<ul style="list-style-type: none">FY2022• Establish stable production of 4,850 t/monthFY2023• Expand production by 2,000 t/month <ul style="list-style-type: none">• Aim for 15,000t/month production capacity (Aim for 10,000 t/month during the 2024 3-Year Business Plan)

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 Reduce GHG emissions 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		
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">• Adopted an internal carbon pricing (ICP) system and promoted investment in reducing GHG emissions• GHG emissions of 2,647 kt-CO₂e (approximately 1% reduction compared to FY2013)	Achievement Criteria	<ul style="list-style-type: none">• Reduce GHG emissions in line with targets and achieve KPIs during each 3-Year Business Plan period• Reduce Scope 3 emissions
	Action Plan	<ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• Verify and revise roadmap and measures• Improve accuracy of Scope 3 calculations and revise reduction targets
KPI Reduce GHG emissions 2. Reduce GHG emissions intensity by at least 26% compared to FY2013		
<ul style="list-style-type: none">• Reduced GHG emissions intensity by approximately 5% compared to FY2013	Achievement Criteria	<ul style="list-style-type: none">• Reduce GHG emissions intensity in line with targets and achieve KPIs during each 3-Year Business Plan period
	Action Plan	<ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• Implement each 3-Year Business Plan and measures for each year to achieve KPIs• Verify and revise measures
KPI Reduce GHG emissions 3. Expand contribution of GHG reduction by products contributing to a low-carbon society: 600 kt-CO ₂ or more		
<ul style="list-style-type: none">• Added CWO® for automotive to battery materials as a product contributing to a low-carbon society• Increased number of products contributing to a low-carbon society• Avoided GHG emissions of approximately 420 kt-CO₂	Achievement Criteria	<ul style="list-style-type: none">• Increase avoided GHG emissions by products contributing to a low-carbon society and achieve KPIs during each 3-Year Business Plan period
	Action Plan	<ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• Implement each 3-Year Business Plan and measures for each year to achieve KPIs• Conduct investigation and review to increase the number of products contributing to a low-carbon society (R&D and market development), and verify and revise measures

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			
KPI 1. Zero significant environmental accidents 1) Promote improvements through the use of risk management and environmental management systems			
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">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)Continued to confirm and improve legal and other compliance mechanisms at business sites	Achievement Criteria	<ul style="list-style-type: none">Maintain zero significant environmental accidentsMaintain zero significant violationsEliminate significant environmental compliance violations	<ul style="list-style-type: none">Maintain zero significant environmental accidentsMaintain zero significant violationsEliminate significant environmental compliance violations
	Action Plan	<ul style="list-style-type: none">Strengthen management based on risk registration/management as significant environmental aspects<ul style="list-style-type: none">Strengthen communication with site managers, including patrolsProvide education and support for improving competence of environmental staffInvest in improving treatment of wastewater and exhaust gas	<ul style="list-style-type: none">Strengthen management based on risk registration/management as significant environmental aspects<ul style="list-style-type: none">Respond to tighter laws and regulationsInvest in improving treatment of wastewater and exhaust gas and promote investment in remote, automation and other cutting edge technology (DX)
KPI 1. Zero significant environmental accidents 2) Reinforce and improve equipment and infrastructure to address increases in sources of natural hazard			
<ul style="list-style-type: none">Based on results of climate change scenario analysis, identified risks, considered countermeasures, and incorporated into the 2021 3-Year Business Plan<ul style="list-style-type: none">Created management manuals and procedures in accordance with standards for managing tailings dams at decommissioned and closed mines and shared them internallyReviewed risks at individual decommissioned and closed mines and continued improvements	Achievement Criteria	<ul style="list-style-type: none">Based on results of climate change scenario analysis review, identify risks, consider and implement countermeasuresEstablish standards and guidelines for responding to increasingly severe rainstorms and promote improvements and enhancementsRevise BCPs	<ul style="list-style-type: none">Based on results of climate change scenario analysis review, identify risks, consider and implement countermeasuresEstablish standards and guidelines for responding to increasingly severe rainstorms and promote improvements and enhancementsRevise BCPs
	Action Plan	<ul style="list-style-type: none">Implement risk assessment using the WWF Water Risk Filter and countermeasures for each site based on the resultsLink with activities of the Carbon Neutrality Promotion Committee	<ul style="list-style-type: none">Implement risk assessment using the WWF Water Risk Filter and countermeasures for each site based on the resultsLink with activities of the Carbon Neutrality Promotion Committee
KPI 2. Reduce emissions of hazardous substances (year-on-year) 1) Optimize water use; reduce emissions of hazardous substances to the atmosphere and water			
<ul style="list-style-type: none">Further improved emissions of hazardous substancesContinued considerations for formulation of water policy	Achievement Criteria	<ul style="list-style-type: none">Reduce transfers and emissions of hazardous substances through continuous improvementsPublish water policy and implement initiatives	<ul style="list-style-type: none">Reduce transfers and emissions of hazardous substances through continuous improvementsImplement initiatives on water and disclose information
	Action Plan	<ul style="list-style-type: none">Promote improvements and enhancements based on risksAnalyze PRTR* data and provide feedback to sites and support based on resultsConsider and formulate water policy <p>* PRTR: Pollutant Release and Transfer Register</p>	<ul style="list-style-type: none">Promote improvements and enhancements based on risksContinue to promote action based on PRTR* data improvement and resultsPromote water policy and initiatives
KPI 2. Reduce emissions of hazardous substances (year-on-year) 2) Promote various environmental preservation and biodiversity preservation activities, such as regular reforestation			
<ul style="list-style-type: none">Continued regular reforestation—CBNC 39 ha, THPAL 87 haIdentified trends in Japan and overseas on disclosure of biodiversity information	Achievement Criteria	<ul style="list-style-type: none">Continue regular reforestationFormulate initiatives and policy on preserving biodiversity	<ul style="list-style-type: none">Continue and review regular reforestationContinue to improve initiatives on preserving biodiversity
	Action Plan	<ul style="list-style-type: none">Promote reforestation by CBNC and THPAL and continue communication with mining companies through the two companiesExamine and analyze nature-related risks and opportunities	<ul style="list-style-type: none">Promote reforestation by CBNC and THPAL and continue communication with mining companies through the two companiesContinue to promote measures to counter nature-related risks

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 1. Prevent occupational accidents 1. Serious accidents: zero (in Japan and overseas, including contractors) All accidents: reduce year-on-year, with aim of eventually zero			
CY2021 Results		Calendar Year of 2021 3-Year Business Plan (FY2024)	Calendar Year of 2027 3-Year Business Plan (FY2030)
1) Serious accidents: 3 of which 2 were fatal 2) All accidents Numbers in parentheses are CY2020 results <ul style="list-style-type: none">Japan Group employees: 20 (15)Japan contractor employees: 8 (8)Overseas business site employees: 1 (0)	Achievement Criteria	<p>Zero serious accidents (in Japan and overseas, including contractors)</p> <p>2022 targets</p> <p>Japan employees all accidents: 7/year or less</p> <p>Japan contractors all accidents: 2/year or less</p> <p>Overseas employees all accidents: 1/year or less</p>	<p>Targets through all 3-Year Business Plan periods</p> <p>Serious accidents: zero (in Japan and overseas, including contractors)</p> <p>All accidents: reduce year on year, with aim of eventually zero</p>
	Action Plan	<p>1. Enhance equipment safety</p> <p>1) Initiate DX in mines and battery plants</p> <p>2) Education on risk assessment manuals</p> <p>2. Develop the management system</p> <p>1) Identify the actual circumstances of line management</p> <ul style="list-style-type: none">Utilize work observationCheck and review measures against reoccurring accidents <p>3. Develop human resources</p> <p>1) Formulate education programs for managers and supervisors, etc.</p> <p>2) Improve education for all employees</p> <p>Hazard simulation training using virtual reality</p>	<p>1. Enhance equipment safety</p> <p>1) Promote (2024 3-Year Business Plan) and realize (2027 3-Year Business Plan) DX</p> <p>2) Promote (2024 3-Year Business Plan) and realize (2027 3-Year Business Plan) equipment based on risk assessment</p> <p>2. Develop the management system</p> <p>1) Strengthen (2024 3-Year Business Plan) and enhance (2027 3-Year Business Plan) line management</p> <p>3. Develop human resources</p> <p>1) Revise (2024 3-Year Business Plan) and enhance (2027 3-Year Business Plan) manager and supervisor education</p> <p>2) Review (2024 3-Year Business Plan) and enhance (2027 3-Year Business Plan) new education for all employees</p>
KPI 2. Prevent occurrence of occupational diseases 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	Achievement Criteria	<ul style="list-style-type: none">Number of workplaces that present higher health risks: reduce year on yearOccurrence of occupational diseases: zero	<p>Targets through all 3-Year Business Plan periods</p> <ul style="list-style-type: none">Number of workplaces that present higher health risks: reduce year on yearAddress new risks (2024 3-Year Business Plan)Realize comfortable workplace environment (2027 3-Year Business Plan)Occurrence of occupational diseases: zero
	Action Plan	<ul style="list-style-type: none">Make improvements to equipment led by top managementUpgrade management techniques through line management and manage and maintain effects of improvementReduce individual exposure timeAnalyze 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)	<ul style="list-style-type: none">Continue and review the actions on the leftRespond 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	Achievement Criteria	• Improve scores from the previous fiscal year for “Management by managers and superiors,” “Appeal of job,” and “Work environment” in employee awareness survey	• Improve scores from the previous fiscal year for “Management by managers and superiors,” “Appeal of job,” and “Work environment” in employee awareness survey
	Action Plan	• Confirm scores and verify review of KPIs in the employee awareness survey to be conducted annually from FY2022 • Review personnel-related systems	• Confirm scores and verify review of KPIs in the employee awareness survey • Review personnel-related systems
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)	Achievement Criteria	(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)
	Action Plan	(1) Continue training to foster role models (2) Target number of women to be hired: 10–15/ year (new graduates + mid-career)	(1) Develop career paths for training female managers (2 production sites, 4 positions in administrative offices (3 positions during 2024 3-Year Business Plan) (2) Target number of women to be hired: 10–15/ year (new graduates + mid-career)
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			
• 13 as of March 2021	Achievement Criteria	• Increase from the end of FY2021	• Increase from the number achieved during each 3-Year Business Plan
	Action Plan	• Develop an environment that allows employees of foreign nationality to become established at the company	• Develop an environment that allows employees of foreign nationality to become established at the company
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)			
• 2.6% as of June 1, 2021	Achievement Criteria	• 2.7%	• 3% (2.9% during 2024 3-Year Business Plan)
	Action Plan	• Host practical workplace training for people with intellectual disabilities (all sites) • Head Office recruitment: recruit college graduates and those with higher qualifications from internship programs • Recruit people with mental illness (Head Office)	• Recruit people with intellectual disabilities • Expand recruitment channels (graduate internship, high school graduate workplace training, mid-career, employment support)

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			
• Childcare support Uptake of parental leave Female: 100% Male: 21%	Achievement Criteria	• Childcare support Uptake of parental leave Female: 100% (maintain) Male: 30% or more (100% of male applicants)	• Childcare support Uptake of parental leave Female: 100% (maintain) Male: 30% or more (100% of male applicants)
• Employees who left work due to nursing care: zero		• Employees who left work due to nursing care: zero	• Employees who left work due to nursing care: zero
• Considered measures for medical treatment		• Implement measures for medical treatment	• Implement measures for medical treatment
	Action Plan	• Seminars on support systems for balancing childcare and work • Seminars on parental leave system • Implement interviews before taking parental leave and before and after returning to work • Nursing care consultations (Work-life (WL) Support Desk) • Consultations for balancing medical treatment and work (WL Support Desk)	• Seminars on support systems for balancing childcare and work • Seminars on parental leave system • Implement interviews before taking parental leave and before and after returning to work • Nursing care consultations (WL Support Desk) • Consultations for balancing medical treatment and work (WL Support Desk)
KPI 2. Support employees' mental and physical health 1) Reduce the number of employees taking long-term leave			
• Percentage of people found to require support in FY2021: 7.2%	Achievement Criteria	• Reduce the number of employees taking long-term leave	• Reduce the number of employees taking long-term leave
	Action Plan	• Assess current situation of employees on long-term leave and confirm actions for individual situations	• Continue actions for individual situations
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 • 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 • Individual guidance for employees with a high risk of developing life-style-related diseases consisted of identifying such high risk employees based on the findings of specific checkups and sending them follow up letters	Achievement Criteria	Health and productivity management initiatives • Develop Health and Productivity Management Declaration and organization and systems for its promotion • Obtain Certified Health & Productivity Outstanding Organization Recognition • Percentage of employees with abnormal findings indicated in health checkups: 55% or lower	Health and productivity management initiatives • Continue selection under Health & Productivity Stock Selection • Percentage of employees with abnormal findings indicated in health checkups: 50% or lower (52% or lower during 2024 3-Year Business Plan)
	Action Plan	• Initiatives for obtaining Health & Productivity Stock Selection • Steadily implement measures for both mental and physical health (encourage voluntary health checkups, establish exercise habits, support improved dietary habits, continue employment environment surveys) • Send follow up letters to employees with a high risk of developing lifestyle-related diseases • Verify and review effectiveness of measures	• Initiatives for continually obtaining Health & Productivity Stock Selection • Steadily implement measures for both mental and physical health (encourage voluntary health checkups, establish exercise habits, support improved dietary habits, continue employment environment surveys) • Send follow up letters to employees with a high risk of developing lifestyle-related diseases • Verify and review effectiveness of measures
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			
• H1 FY2021: Tried introduction in human resource-related departments • H2 FY2021: Tried introduction in model workplaces in Head Office	Achievement Criteria	• Firmly establish one-on-one meetings in the Head Office District • Expand one-on-one meetings outside of the Head Office District (primarily management and administrative positions)	• Firmly establish one-on-one meetings Group-wide
	Action Plan	• Verify implementation status and address issues regularly using questionnaires, etc. • Use an employee satisfaction survey to numerically monitor human relationships in the workplace and communication, etc.	• Verify implementation status and address issues regularly using questionnaires, etc. • Use an employee satisfaction survey to numerically monitor human relationships in the workplace and communication, etc.

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

KPI 3. Diversify opportunities to enhance the abilities of employees according to employee needs and work needs			
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			
<ul style="list-style-type: none">Introduced Work Experience Program aimed at supporting career developmentBegan 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	<ul style="list-style-type: none">Opportunities to consider future career (roles) and OJT and OFF-JT to realize such careers are providedJCO Study Center training participation rate (SMM employees: 90%; Group companies' employees: 80%)	<ul style="list-style-type: none">Opportunities to consider future career (roles) and OJT and OFF-JT to realize such careers are providedJCO Study Center training participation rate (SMM employees: 90%; Group companies' employees: 80%)
	Action Plan	<ul style="list-style-type: none">Implement grade-specific career training and introduce a talent management systemCheck participation rates and take action for sites with low participation rates	<ul style="list-style-type: none">Examine measures in light of 2021 and 2024 3-Year Business PlansCheck participation rates and take action for sites with low participation rates
KPI 3. Diversify opportunities to enhance the abilities of employees according to employee needs and work needs			
3) Provide opportunities for self-development matched to each employee's life plans and needs (correspondence courses, online training, etc.)			
<ul style="list-style-type: none">Considered mechanisms to support learning in addition to existing self-development support tools and introduced online video learning	Achievement Criteria	<ul style="list-style-type: none">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	<ul style="list-style-type: none">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	<ul style="list-style-type: none">Collect information on self-development support tools and introduce new measures as needed	<ul style="list-style-type: none">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			
KPI 1. Further penetrate our Group brand among employees			
• Improve results of employee awareness survey (increase percentage of employees who feel pride in working at the Company)			
FY2021 Results		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
<p>Branding activities</p> <ul style="list-style-type: none">Renewed signage at the Ome District DivisionIntroduced and installed a brand design in conjunction with the renewal of the Besshi District Nishibara front gate and gatepostsOrganized issues for raising brand profile within the Group <p>Employee awareness survey</p> <p>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)</p>	Achievement Criteria	<ul style="list-style-type: none">Improve employee awareness survey KPI values from results of FY2021 survey	<ul style="list-style-type: none">Improve employee awareness survey KPI values from results of each fiscal year's survey
	Action Plan	<ul style="list-style-type: none">Implement in-house communication measures at each site to gain understanding and empathy of employees and their familiesApply good practices in in-house communication measures at other sitesCreate framework for raising the brand profile within the Group, implement and review measures for further penetrating the brand among employees	<ul style="list-style-type: none">Refine in-house communication measuresVerify level of penetration of the brand within the Group (continue from 2024 3-Year Business Plan), consider strategies for application to Group companies
KPI 2. Ensure quality and quantity in communication of information at the level of "world leader in the non-ferrous metals industry"			
• Expand opportunities for dialogues with media and investors			
• Achieve positive evaluations of our Integrated Report from outside the Company			
<ul style="list-style-type: none">Issued Integrated Report 2021 in Japanese and EnglishReceived the Bronze Award at the WICI Japan Integrated Reporting Awards 2021 <p>Active public relations</p> <ul style="list-style-type: none">Conducted intensive interviews with top management alongside the release of the 21 3-Year Business PlanResponded 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	<ul style="list-style-type: none">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	<p>During all 3-Year Business Plans, compared to the previous plan</p> <ul style="list-style-type: none">Quantitatively increase information disseminationExpand the methods for disseminating informationIncrease opportunities for top management to engage with shareholders and investorsEarn a high reputation for the integrated report from outside the Company <p>Target for final year of the 2027 3-Year Business Plan</p> <ul style="list-style-type: none">Establish a system capable of building relationships with international media
	Action Plan	<ul style="list-style-type: none">Increase the number of interviews, news releases, and public relations events conductedTake initiatives to increase spokesperson engagement levelsImprove the quality of disclosure in investor relations and shareholder relations engagementImprove and enhance tools for engagement with shareholders and investors (integrated reports, shareholder communications, etc.)	<ul style="list-style-type: none">Increase the number of interviews, news releases, and public relations events conductedEstablish public relations organizations at overseas business sitesAcquire (2024 3-Year Business Plan) and increase highly specialized human resources in the field of public relationsImprove the quality of disclosure in investor relations and shareholder relations engagementImprove 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)
KPI 3. Increase in recognition and understanding of our goal of "world leader in the non-ferrous metals industry"			
• Improvement in findings of surveys by external bodies (degree of recognition and understanding, etc.)			
<p>Mass media advertising</p> <ul style="list-style-type: none">Ran television commercials (news zero) and online advertising from January through March 2022Provided special sponsorship for the Pompeii Exhibition (at the Tokyo National Museum from January 2022 and touring Kyoto, Miyagi, and Fukuoka in FY2022)	Achievement Criteria	<ul style="list-style-type: none">Increase 35% compared with FY2021 in survey of recognition by external body	<ul style="list-style-type: none">Maintain target value in the 2021 3-Year Business Plan in survey of recognition by external body
	Action Plan	<ul style="list-style-type: none">Promote branding activities that lead to recognition, understanding, and empathy for SMM. Run a large-scale advertising campaign to secure human resourcesImplement external communication measures at Head Office and individual sites to build positive relationships with communities and government	<ul style="list-style-type: none">Run ongoing advertising campaigns to consolidate recognition, understanding, and empathyContinue external communication measures at individual sites over the medium to long termItems or targets to be implemented during the 2024 3-Year Business PlanConsider additional measures for branding activities depending on KPI achievement statusPromote 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">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 FY2022Examined ways of understanding issues and expectations through dialogues with local communities with outside experts	Achievement Criteria	<ul style="list-style-type: none">Establish mechanisms for identifying issues and expectations through dialogues with local communitiesIdentify 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
	Action Plan	<ul style="list-style-type: none">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 futureItems or targets to be implemented during the 2024 3-Year Business PlanManage 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
	Achievement Criteria	<ul style="list-style-type: none">Run trial operation of mechanisms for identifying issues and expectations through dialogues with local communities at model business sites (FY2022)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
	Action Plan	<ul style="list-style-type: none">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
KPI 1. Support the local community via employee participation		
• Implement employee participation programs (from 2023)		
<ul style="list-style-type: none">Conducted activities to collect used books, used stamps, and PET bottle caps and donate blood (Head Office, Besshi and other sites)Featured existing initiatives (blood donation, collection of used books, and local cleanups, etc.) in in-house bulletins	Achievement Criteria	<ul style="list-style-type: none">Support social contribution activities of employees and develop employee participation programs at all sites to improve employee satisfaction and motivation to contribute to society
	Action Plan	<ul style="list-style-type: none">Ascertain effects of employee participation programs (number of participants and employee satisfaction) and manage progressImprove employee participation programs
	Achievement Criteria	<ul style="list-style-type: none">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
	Action Plan	<ul style="list-style-type: none">Conduct a questionnaire survey at the main sites and offer the program trialed at Head Office all sites with modificationsAscertain baseline values for the numbers of employees participating and satisfaction and improve programs
KPI 2. Hire and procure locally		
• Continually implement and assess of performance		
<ul style="list-style-type: none">Assessed hiring and procurement status at the main sites and disclosed the information in Integrated Report 2021	Achievement Criteria	<ul style="list-style-type: none">Assess hiring and procurement status at the main sites and disclose the information on the company website
	Action Plan	<ul style="list-style-type: none">Assess hiring and procurement status at the main sites and collect data
	Achievement Criteria	<ul style="list-style-type: none">Assess hiring and procurement status at the main sites and disclose the information on the company website
	Action Plan	<ul style="list-style-type: none">Assess hiring and procurement status at the main sites and collect data
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)		
<ul style="list-style-type: none">Leased ground to junior baseball team (Harima)Sponsored junior baseball tournament (GRANOPT Co., Ltd.)Hosted high school student interns (Isoura, Hyuga Smelting Co., Ltd.)Donated to local high school brass band club (Sumiko Energy Materials Co., Ltd.)Provided visiting classes for Sobiraki Elementary School (Besshi)Donated to NPO Kaibigan Ermita Outreach Foundation, Inc in the Philippines (Head Office)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)	Achievement Criteria	<ul style="list-style-type: none">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 communitiesGain recognition from local communities for the above activities
	Action Plan	<ul style="list-style-type: none">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 communitiesShare information on methods of support and know-how via the person in charge of general affairs at sites at the regular Corporate Citizenship Subcommittee meetingsCollaborate with the Communications Subcommittee to publish achievements internally and externally
	Achievement Criteria	<ul style="list-style-type: none">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 communitiesGain recognition from local communities for the above activities
	Action Plan	<ul style="list-style-type: none">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 communitiesShare information on methods of support and know-how via the person in charge of general affairs at sites at the regular Corporate Citizenship Subcommittee meetingsCollaborate with the Communications Subcommittee to publish achievements internally and externally

KPI 3. Support for nurturing of the next generation		
2) Establish and award scholarships in Japan and maintain existing overseas scholarships (from 2023)		
<ul style="list-style-type: none">Envisaged the target scholarship recipients (people from the local community or people who contribute to the local community) and considered suitable designs (Head Office)Considered collaboration with Isa City on scholarships for local high school students and vocational school students (Hishikari)Continued the SMM Arizona (Morenci), Pogo (existing scholarships only), and SMM Oceania (Northparkes) programs	Achievement Criteria	<ul style="list-style-type: none">Start providing scholarships in Q1 FY2023Continue 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 universitiesItems or targets to be implemented during the 2024 3-Year Business PlanWork some of the first students to receive scholarships in positions that contribute to their local communities after graduation in March 2027
	Action Plan	<ul style="list-style-type: none">Prepare application guidelines and select qualifying universities for applications (June 2022)Finalize funding scheme (September 2022)First application for scholarship students (with funding in April 2023)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)
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)		
<ul style="list-style-type: none">Held discussions with the Personnel Department about providing support through transition support for employment offices for students with developmental disabilities who have IT skillsHeld 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)Sponsored SDGs promotion projects by Niihama Chamber of Commerce (support for people with disabilities, gender equality, etc.)Attended local association respect for the aged meeting (Niihama Electronics Co., Ltd.)	Achievement Criteria	<ul style="list-style-type: none">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 communitiesReceive recognition from local communities for these activities
	Action Plan	<ul style="list-style-type: none">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 communitiesShare information on methods of support and know-how via the person in charge of general affairs at sites at the regular Corporate Citizenship Subcommittee meetingsPublish achievements of activities internally and externally
	Achievement Criteria	<ul style="list-style-type: none">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 communitiesReceive recognition from local communities for these activities
	Action Plan	<ul style="list-style-type: none">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 communitiesShare information on methods of support and know-how via the person in charge of general affairs at sites at the regular Corporate Citizenship Subcommittee meetingsPublish achievements of activities internally and externally
KPI 5. Support during and after disasters		
• Support regions affected by large-scale disasters		
<ul style="list-style-type: none">Provided donations for damage caused by heavy rain in July 2021Provided support and donations for damage caused by Typhoon No. 22 in the Philippines (Typhoon Rai/ Super Typhoon Odette)Support for COVID-19 pandemic responses: Donated 60 beds to a patient isolation facility in Bataraza in partnership with local companies (CBNC)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)	Achievement Criteria	<ul style="list-style-type: none">Provide timely on-the-ground support in large-scale disasters (earthquakes and typhoons, etc.)Continue support for people affected by disasters as necessary
	Action Plan	<ul style="list-style-type: none">Provide timely on-the-ground support in large-scale disasters (earthquakes and typhoons, etc.)Continue support for people affected by disasters as necessaryConclude agreements with local governments and others at main sites
	Achievement Criteria	<ul style="list-style-type: none">Provide timely support, including donations, in large-scale disastersEngage in community disaster prevention activities during normal times (participate in drills, lend facilities, etc.)Provide timely support for people affected by large-scale disasters overseas (major disasters, wars, etc.) in collaboration with business divisions
	Action Plan	<ul style="list-style-type: none">Provide timely support, including donations, in large-scale disastersConsider local disaster prevention agreements (lend facilities, etc.)Provide timely support for people affected by large-scale disasters overseas (major disasters, wars, etc.) in collaboration with business divisions

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			
KPI 1. Understand indigenous peoples and their traditions and culture • Percentage of SMM Group sites implementing in-house education: 100% by the end of FY2023			
FY2021 Results	Achievement Criteria	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		• 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
	Action Plan	• 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)
KPI 2. Support initiatives that lead to respect for the traditions and cultures of indigenous peoples 1) Provide scholarships for indigenous peoples (continue existing initiatives)			
• Implemented existing initiatives [Philippines] Continued to provide local scholarships in consultation with stakeholders, including local residents and governments	Achievement Criteria	• Continue to implement existing initiatives	• Continue to implement existing initiatives
• [North America and South America JV mines] Implemented initiatives in collaboration with efforts of joint venture partners		• 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
	Action Plan		
KPI 2. Support initiatives that lead to respect for the traditions and cultures of indigenous peoples 2) Support indigenous people-related initiatives by NGOs, academic societies, etc.: one initiative or more each year			
• 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	Achievement Criteria	• 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
		• 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.
	Action Plan		

11 Human Rights in the Supply Chain

Vision for 2030 A company that undertakes sustainable procurement across the supply chain			
KPI Promote sustainable procurement, particularly responsible mineral sourcing 1. Responsible mineral sourcing 1) Establish a responsible mineral sourcing management system in line with international standards by the end of FY2021 2) Maintain record of zero mines, smelters, and refineries complicit in child labor or other infringements of human rights in the supply chain			
FY2021 Results	Achievement Criteria	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		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
	Action Plan	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
KPI 2. Sustainable Procurement 1) Business partners that have received and agreed with the Sumitomo Metal Mining Group Sustainable Procurement Policy: 100% by the end of FY2030 2) Establish a sustainable procurement management system in line with international standards by the end of FY2024 3) Continue implementing due diligence (DD)			
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)	Achievement Criteria	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
		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
	Action Plan		

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 Mg₂Sn, 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 an capital investment effect.

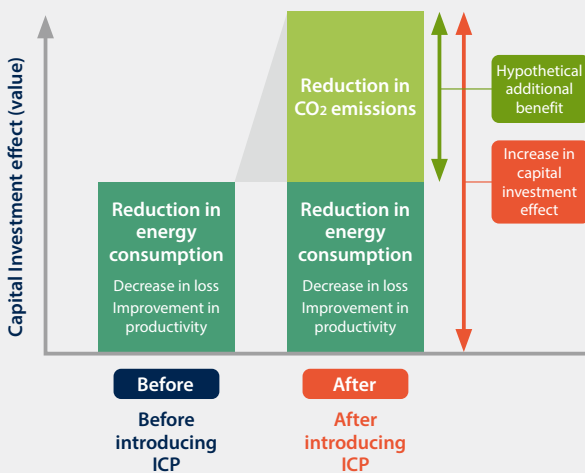
Since introducing an ICP in September 2020, the SMM Group has moved forward with decarbonization investments that make active use of ICP at business sites. Specifically, in addition to energy-saving investments, such as introducing LED lighting and replacing to highly efficient air conditioning equipment, 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’s¹ WEO² 2019 Sustainable Development Scenario³ and ETP⁴ Beyond 2D Scenario, and the IPCC’s⁵ 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 RCP⁶ 8.5 Scenario.

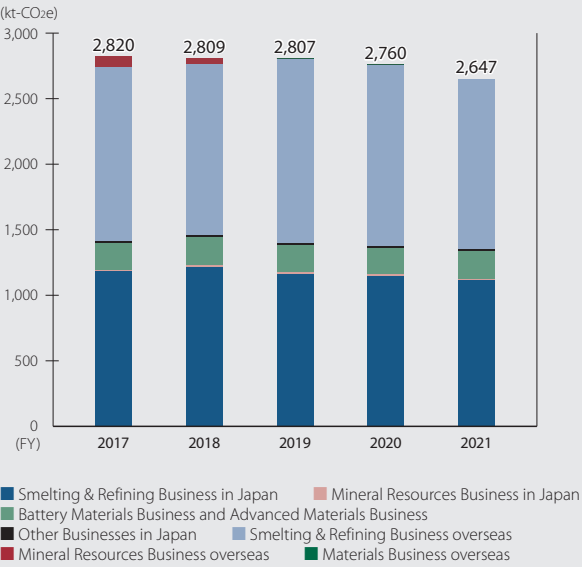
1. IEA: International Energy Agency. A global body focused on energy.
2. WEO: World Energy Outlook. A report issued by the IEA covering topics such as energy demand and the outlook concerning technological development.
3. Sustainable Development Scenario: A scenario that analyzes pathways for fully achieving 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		<div>Risk</div> Large	• Climate Change: Reduce GHG emissions See p. 79, 91–95
	Climate change policy	Tightening of vehicle regulations, policy to promote LEVs ⁷	• 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		<div>Risk</div> Short- to long-term, large	• 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
	Society and infrastructure	Progress of digital transformation related to vehicles, changes in values	• Self-driving vehicles, MaaS ⁸ , and car-sharing are common • Fewer households own cars			<div>Opportunity</div> 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
	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.)		<div>Opportunity</div> 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		<div>Opportunity</div> Medium <div>Risk</div> 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
4°C	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		<div>Opportunity</div> Medium <div>Risk</div> 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
	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		<div>Risk</div> 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		<div>Risk</div> Large	• Significant Environmental Accidents and Biodiversity: Zero significant environmental accidents See p. 80, 96-101
				Decline in operations at key suppliers, decline in plant operations due to interruptions to procurement and shipping routes		<div>Risk</div> Large	• 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		<div>Risk</div> 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)



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-CO₂e) 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-CO₂e, reduced through energy conservation activities and other efforts. In addition, GHG emissions related to transportation in Japan, which are indirect emissions, were 26 kt-CO₂e.

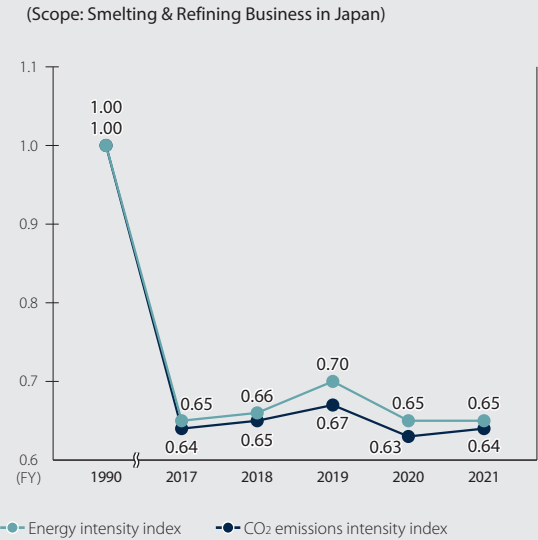
The SMM Group will continue to promote GHG emission reduction efforts in FY2022, and anticipates reductions of 12 kt-CO₂e for the year.

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-CO₂e in FY2021.

Breakdown of GHG Emissions (FY2021)				(kt-CO ₂ e)
	Group companies in Japan	Group companies overseas	Total	
Scope 1	488	1,298	1,786	
Scope 2	859	2	861	
Total	1,347	1,300	2,647	

Scope 3: See p. 95

Energy intensity and CO₂ 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 CO₂ emissions over the medium to long term.

* Energy intensity and CO₂ emissions intensity index: The amount of energy consumed and CO₂ 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 ₂ 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

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

4 Biodiversity

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

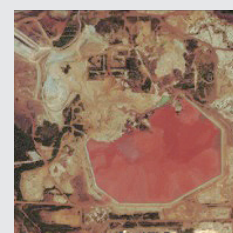
CBNC and THPAL produce intermediates for electrolytic nickel and nickel sulfate. At tailings dams, the slurry after the recovery of nickel through the production process is treated through neutralization to eliminate toxins and precipitate heavy metals. The treated slurry is then pumped to the tailings 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.

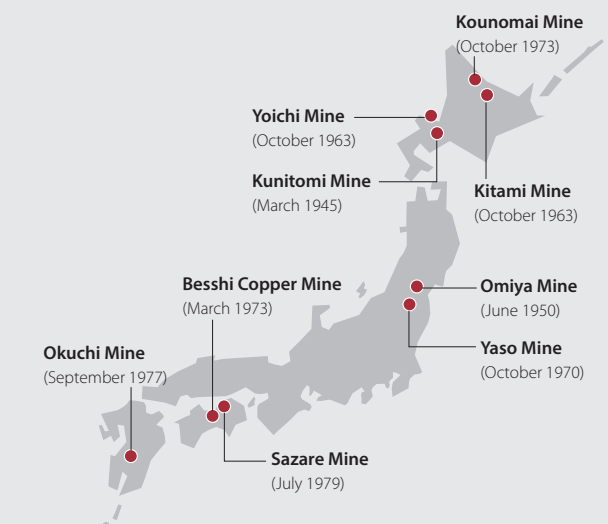
* Passive treatment is a natural method of purifying wastewater that does not require the use of force or chemicals. It is expected to find use as a lower cost, more environmentally friendly process than treatment of mine wastewater using chemicals.

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.

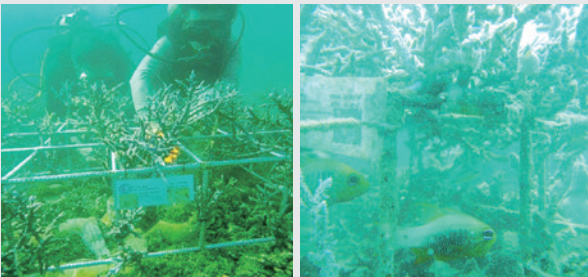


Reforestation at THPAL

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 Value¹ (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 ¹	0	4 ²	417
Taganito HPAL Nickel Corporation	568	0	1 ³	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 ¹		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	Percentage of recycled input raw materials used 2.38%		Cement, etc.	93kt
Hydrotreating catalyst raw material	49kt				

Energy ²	Consumption	Energy Value
Non-renewable sources		
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 ³	– 256GJ	0TJ
Sub-total		30,577TJ
Renewable sources		
Solar power generation, binary power generation	503MWh	5TJ
Wood pellets	172t	3TJ
Biomass steam	64,997GJ	66TJ
Total energy consumption	–	30,651TJ

Water ⁴	
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 ⁵	4,917ML

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.

OUTPUT (Products & Emissions)

Products		Emissions into the Atmosphere		Emissions into Water	
Electrolytic copper	419kt	CO2	2,647kt	Total wastewater	176,781ML
Gold	17t	Scope 1 (direct emissions) ²	1,786kt (Decrease of 91 kt compared to the previous fiscal year)	Discharges into seas ⁴	175,753ML
Silver	231t		Discharges into rivers	974ML	
Electrolytic nickel	52kt	Scope 2 (indirect emissions) ³	861kt (Decrease of 22 kt compared to the previous fiscal year)	Sewerage, etc.	55ML
Nickel sulfate	13kt		COD (chemical oxygen demand)	48t	
Electrolytic cobalt	4kt	SOx	1,739t	BOD (biochemical oxygen demand)	12t
Crude zinc oxide	40kt	NOx	1,352t	Total phosphorus	1t
Chromite ¹	52kt	Soot and dust	84t	Total nitrogen	73t
Ferronickel	61kt	PRTR substances	9t	PRTR substances (discharged into public water areas)	67t
Battery materials	62kt	Waste (including Items of Value)		PRTR substances (discharged into the soil or in landfills within business premises)	2t
Sulfuric acid	373kt	Total waste	6,124kt		
Slag	1,325kt	Breakdown of total waste			
Hydrotreating catalysts	8kt	Spoil	12kt		
ALC (Siporex)	310ML	Leach sludge from CBNC, THPAL, etc.	6,027kt		
		Industrial waste (Japan)	84kt		
		Other	1kt		
		Landfill on company premises	6,039kt		
		PRTR substances ⁵	1,957t		

Percentage of products from recycled input

6.96%

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-CO₂e) 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-CO₂e 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 IoT¹ 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.²

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.

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.



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.



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.



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	
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 ¹	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 ²	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).

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 employees¹ (86 men and 14 women) with the right to take parental care leave in FY2021, 32² (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.

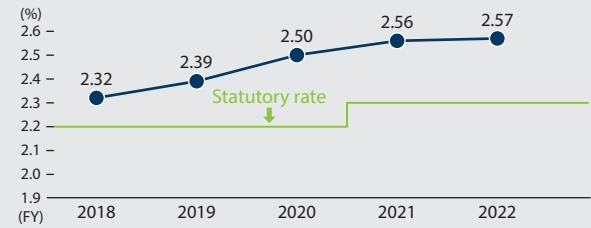
women) did so, with the result of a parental leave percentage of 32% (21% for men and 100% for women). In addition, two employees took caregiver leave.



1 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
2 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.

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 ¹				Total
	Meets	Partially Meets	Does not meet	N/A	
Corporate	14	13	2 ²	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.

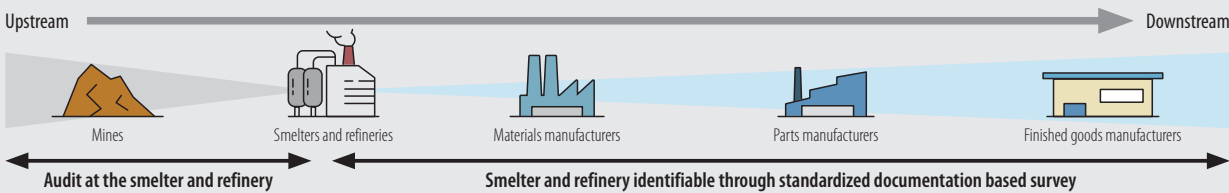
For the mines that are upstream of smelters and refineries, we regularly undergo third-party, international standards-based audits of responsible mineral sourcing mechanisms at our smelters and refineries, covering matters including risk assessments of suppliers.

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-

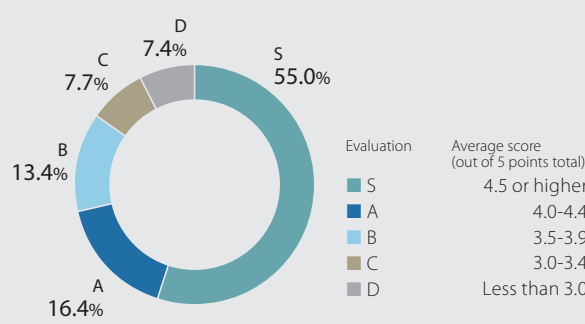
ity Assurance, and The Environment and Local Communities) to check the status of action by those business partners. As of the end of March 2022, 98% of the surveyed business partners have responded to the questionnaire.

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.

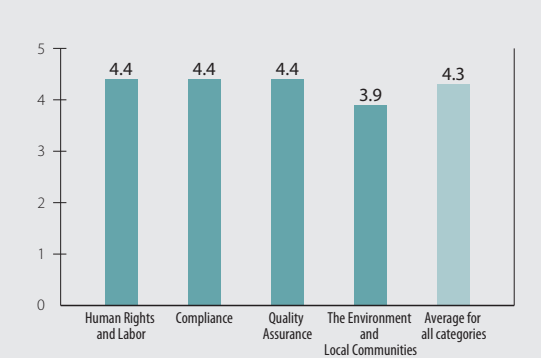
Based on the survey results, we will work to continue implementing due diligence (DD), one of our KPIs under "Vision for 2030: A company that undertakes sustainable procurement across the supply chain."

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

Comprehensive evaluation



Average scores by category



Corporate Governance

Basic Approach

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

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

Formulating Corporate Governance Guidelines

SMM has established Corporate Governance Guidelines which cover our basic philosophy on corporate governance and our corporate governance framework, including our relationship with stakeholders. Please check the following corporate website for further details.

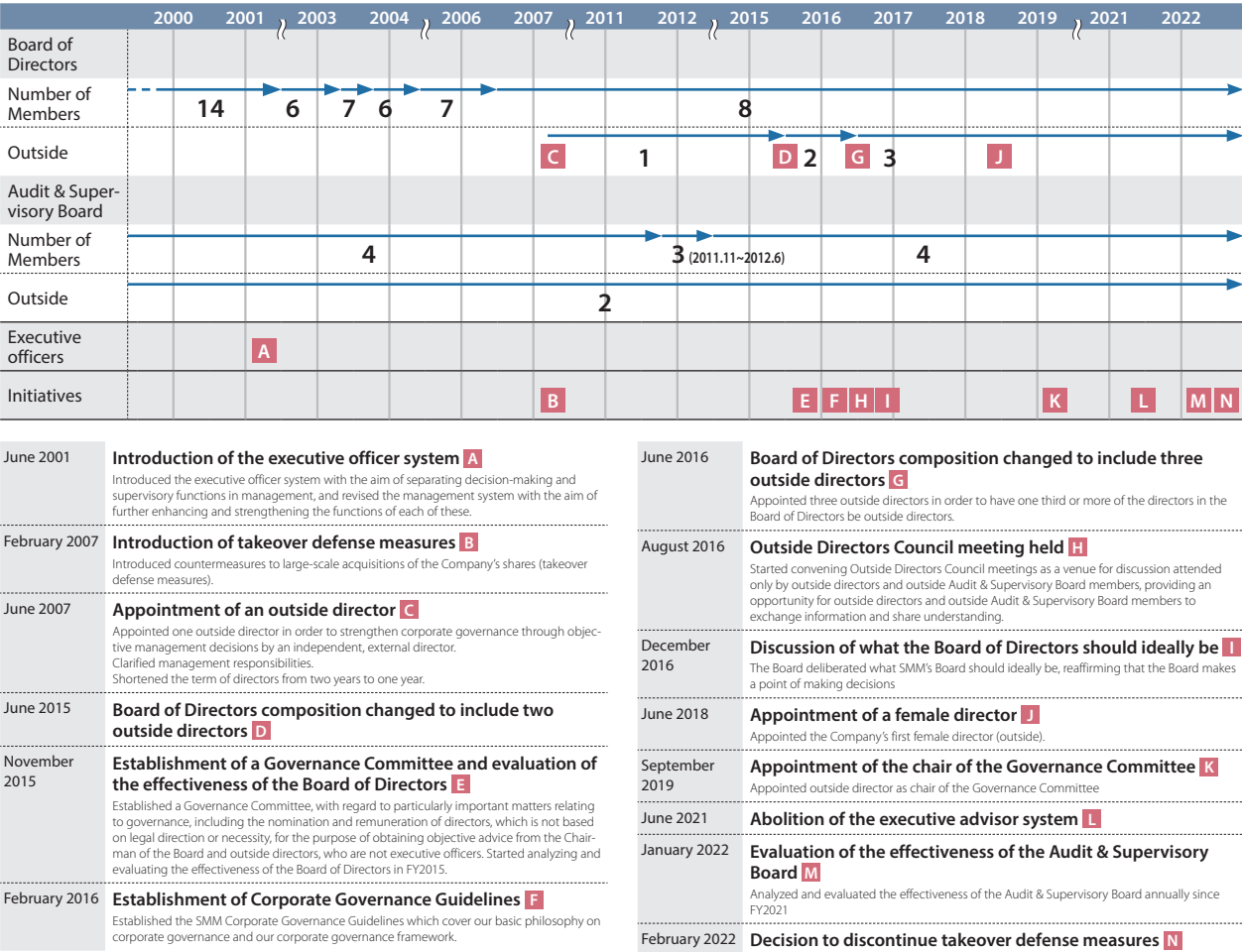
WEB https://www.smm.co.jp/en/ir/management/governance_policy/

Initiatives to Strengthen Governance

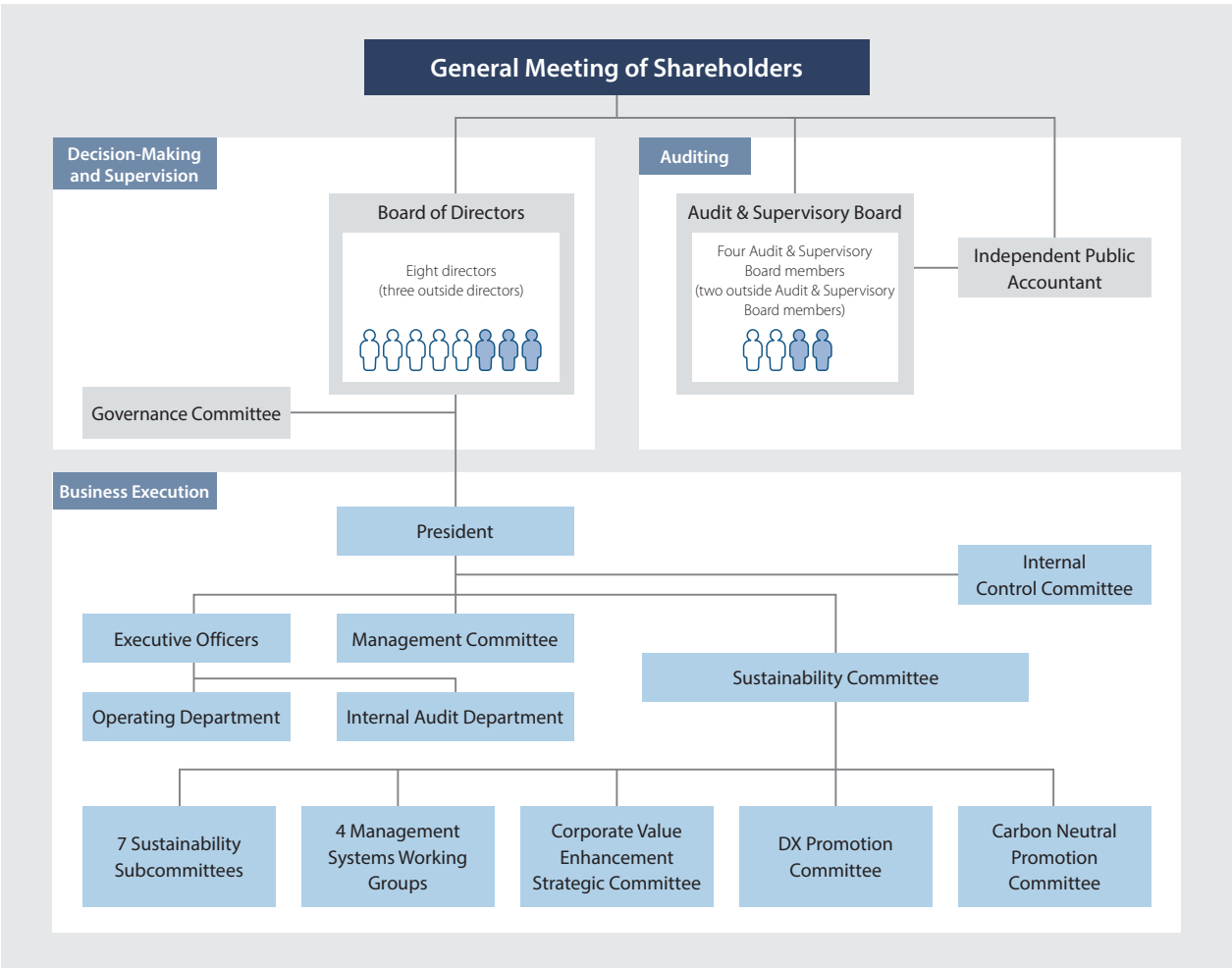
SMM positions corporate governance as one of the most important issues in our management, and is taking steps to strengthen governance.

We continue to constantly review, improve, and deepen the current state of our corporate governance in light of legal revisions and social circumstances in order to achieve even better corporate governance.

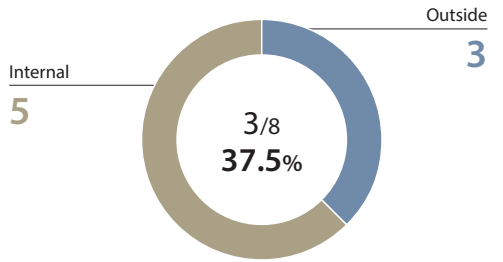
Transitions in Governance at SMM



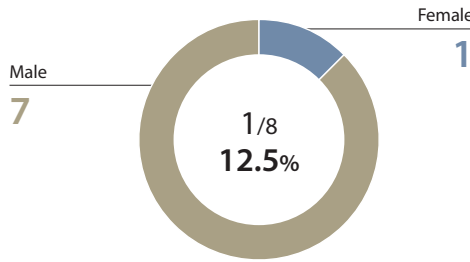
Corporate Governance Framework



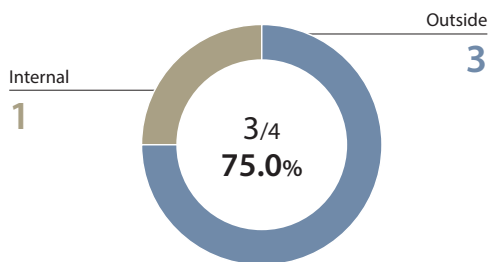
Percent of Outside Directors on the Board of Directors



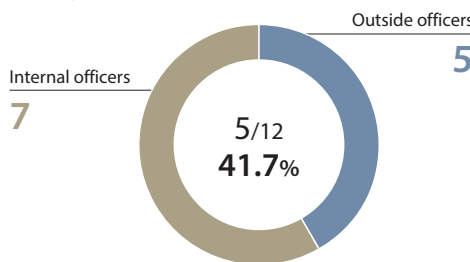
Percent of Female Directors



Percent of Outside Directors in the Governance Committee



Percent of Outside Officers (Directors and Audit & Supervisory Board Members)



Decision Making and Supervisory System

Directors and the Board of Directors

SMM has three outside directors among our eight directors, and our Audit & Supervisory Board members consist of two standing Audit & Supervisory Board members and two outside Audit & Supervisory Board members.

What the Board of Directors should ideally be

Positioning Mineral Resources, Smelting & Refining, and Materials as its three core businesses, SMM aims to realize its Long-Term Vision of becoming a “World Leader in the Non-Ferrous Metals Industry.” Since all three businesses are related to non-ferrous metals, they have a mutual organic relationship and their business contents and scale are such that the Board of Directors can make decisions itself regarding diverse management issues. Furthermore, from the viewpoint of the stronger coordination currently being promoted among the three businesses, it will further stimulate the Company’s growth if the Board of Directors itself comprehensively makes decisions rather than giving strong independence to each business segment and permitting them to make their own decisions. To this end, we consider that in principle a management model is appropriate for the Company’s governance, rather than a monitoring model that oversees overall business execution after the fact.

Furthermore, in view of the distinctive characteristics of the SMM Group’s business operations, it is important to strengthen the management infrastructure (particularly regarding compliance, safety, and the environment) and therefore necessary to establish a system whereby Audit & Supervisory Board members can point out issues to directors and executive officers without hesitation. From this viewpoint, we have adopted an organizational structure of a company with an Audit & Supervisory Board in which Audit & Supervisory Board members with guaranteed independent authority can be expected to exercise their auditing functions stably over a period of four years. At present Audit & Supervisory Board members do not have the right of convocation regarding decisions of the Board of Directors or the right to vote on the Board of Directors. The resulting inability of Audit & Supervisory Board members to propose the removal of a director to the Board of Directors is an issue for companies with an Audit & Supervisory Board. We are striving to overcome this issue by appointing multiple outside directors (at least one third of members), have them become members of the Governance Committee, and deal with the appointment and dismissal of directors and executive officers in the Governance Committee.

Governance Committee

The Governance Committee is composed of one member who is the chairman of the Board of Directors, who is not an executive officer, and three independent outside directors and it was established to provide the president with advice

from an objective standpoint with regard to particularly important matters relating to corporate governance, including the nomination and remuneration of directors, executive officers, and others.

Kazuhisa Nakano, an outside director, serves as chair of the Governance Committee.

Role and function of outside directors and outside Audit & Supervisory Board members

Outside directors are expected to perform two functions: an advisory function and a monitoring function.

Regarding the advisory function, in order for the SMM Group to achieve sustainable growth and increase its corporate value over the medium to long term, outside directors are expected to enhance the quality of decision-making by the Board of Directors by providing advice and making decision based on their experience and other factors, without being bound by the Company’s conventional way of thinking or frameworks.

Regarding the monitoring function, outside directors are expected to serve a check function on management from an independent and objective standpoint via the Board of Directors, as well as to supervise management on behalf of shareholders and other stakeholders by providing advice during decision-making on director nomination, remuneration, and other relevant matters as members of the Governance Committee.

In order for the Company to achieve sound management and increase its corporate value over the medium to long term, outside Audit & Supervisory Board members are expected to conduct effective audits based on their knowledge and experience in specialized fields including finance, accounting, and legal matters, while maintaining sufficient coordination with standing Audit & Supervisory Board members belonging to the Company.

In addition, as part of the audit process, outside Audit & Supervisory Board members are expected to participate in key meetings, including Board of Directors meetings, and to actively express their forthright opinions from an independent and objective standpoint during the decision-making process, including not only the legality but also the appropriateness of proposals.

All the Company’s outside directors and outside Audit & Supervisory Board members have been declared as independent officers, pledging that there is no conflict of interest with that of shareholders. We also publish our standards governing the independence of outside officers on the following corporate website.

WEB https://www.smm.co.jp/en/ir/management/governance_policy/

Outside Directors/Audit & Supervisory Board Members’ Liaison Committee

From FY2021, we started the liaison meeting between outside directors and Audit & Supervisory Board members. (Due to the COVID-19 pandemic, the first meeting was held in May

2022.) Given reports on the most recent internal audit results by the internal audit department and the overview of department heads’ hearing results from the Audit & Supervisory Board members’ on-site audits, a wide range of opinions were exchanged at the liaison meeting.

Auditing System

Audit & Supervisory Board

The Audit & Supervisory Board has four members (two standing Audit & Supervisory Board members and two outside Audit & Supervisory Board members). Standing Audit & Supervisory Board members belonging to the Company gather in-house information in an accurate and timely manner, and audit operations appropriately based on this information, while independent outside Audit & Supervisory Board members conduct audits in a manner that takes advantage of knowledge of their respective specialist fields and diverse perspectives.

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

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

The Internal Audit Department regularly undertakes internal audits on the status of business execution across the SMM Group.

The Department provides an explanation of its audit plans to Audit & Supervisory Board members and the Audit & Supervisory Board while passing on all relevant information. At the same time, Audit & Supervisory Board members provide details of audit plans determined at meetings of the Audit & Supervisory Board to the Internal Audit Department, accompany staff of the Internal Audit Department as required when conducting internal audits, and attend meetings when reports on the results of internal audits are delivered to executive officers and the heads of operational divisions. In FY2021, Audit & Supervisory Board members attended such meetings 17 times. KPMG AZSA LLC, an independent registered public accounting firm, audits the consolidated financial statements and the effectiveness of the internal control over financial reporting. Audit & Supervisory Board members provide details of audit plans to the independent public accountant. Audit & Supervisory Board members in turn receive explanations regarding audit plans and reports on audit results and reports reviewing each quarter from the independent public accountant. In this manner, close collaboration is maintained between the independent public accountant and Audit & Supervisory Board members.

Policies and Procedures in the Nomination of Director Candidates, Appointment or Dismissal of Senior Management, and Nomination of Audit & Supervisory Board Member Candidates

With regard to the selection of executive officer candidates, the president, based on the recommendations of the executive officers, comprehensively considers the knowledge, experience, abilities and insight of the candidates and, after receiving advice from the Governance Committee regarding the best lineup to solve the issues management faces, proposes the candidates to the Board of Directors, which makes the final decision after due deliberation.

The policy when nominating director candidates is for the president to comprehensively consider the knowledge, experience, abilities, and insight of the candidates, after which the

final decision is made through the same procedures as above.

The Governance Committee has opportunities to deliberate on the environment and methods for fostering the next president as well as concerning the candidates. In the event that an executive officer has rendered himself or herself markedly ineligible, for example by having acted unlawfully, improperly, or disloyally, and a dismissal recommendation is made to the Board of Directors after the Governance Committee gives advice on the matter, and the individual concerned may be dismissed by resolution of the Board of Directors.

Corporate Governance

With regard to the nomination of Audit & Supervisory Board member candidates, the policy is for the president to comprehensively consider the qualifications, knowledge (including that of finance, accounting, and law), experience, abilities, and insight of the candidates and, after obtaining the prior approval of the Audit & Supervisory Board, to propose the qualified candidates to the Board of Directors, which will then determine the nominations.

View on the Balance between Knowledge, Experience, and Skills of the Board as a whole, and Also on Diversity and Appropriate Board Size

The Board of Directors will achieve a diverse composition by including both members from within the Company who are thoroughly familiar with each area of the Company's business as well as outside experts with knowledge, experience, abilities, and insight different from that of the members from within the Company. The skills matrix for the Company's directors and Audit & Supervisory Board members, can be found in the matrix table below.

The size of the Board of Directors will be appropriate to conducting active discussions and ensuring the briskness of the Board. One third or more of the directors will be independent outside directors in order to strive for greater managerial transparency.

Skills Matrix for Board of Directors

Knowledge, experience, ability, etc. possessed by directors and Audit & Supervisory Board members that the Company believes will contribute to the effectiveness of the Board of Directors									
Category	Name	General Corporate Management, Sustainability	Global Capability (International Experience)	Business, Marketing	R&D, Manufacturing, Engineering	Quality, Safety, Environment	Finance, Accounting	Human Resources	Legal, Compliance
Directors	Yoshiaki Nakazato	●	●	●			●		
	Akira Nozaki	●	●	●			●		
	Toru Higo	●	●	●					●
	Nobuhiro Matsumoto	●	●	●	●	●			
	Takahiro Kanayama	●				●		●	
	Kazuhisa Nakano	●	●	●				●	
	Taeko Ishii							●	●
	Manabu Kinoshita	●		●				●	
Audit & Supervisory Board Members	Koji Imai								●
	Tsuyoshi Nozawa	●				●	●		
	Wataru Yoshida		●	●			●	●	
	Shoji Wakamatsu						●		

1. The Company has created the skills matrix for directors and Audit & Supervisory Board members based on the above "What the Board of Directors should ideally be."
2. Fields in which Directors and Audit & Supervisory Board Members believes that they can make a particular contribution to the effectiveness of the Board of Directors are indicated with a "O". Furthermore, the Company has established the guidelines for fulfillment. For the details, please refer to the Corporate Governance Report.

Outside Directors and Outside Audit & Supervisory Board Members

	Reason for Appointment	Attendance at Meetings
Outside Director Kazuhisa Nakano	Mr. Nakano has a wealth of knowledge and experience in corporate management and resource-related business. He is expected to contribute to the improvement of quality of the Board decision-making by providing his advice regarding long-term projects, especially in our Mineral Resources Business and Smelting & Refining Business as well as the overall plan, which is aimed toward the sustainable growth and medium- to long-term enhancement of the corporate value of the SMM Group by utilizing his knowledge and experience. He is also expected to perform a check function on management by participating in decision-making at the Board of Directors from an independent and objective standpoint, and to oversee the management on behalf of shareholders and other stakeholders by being involved in decision-making regarding nomination and remuneration of directors and executive officers as the member of the Governance Committee. Mr. Nakano is currently an outside director of the Company and the Chairman of the Governance Committee and has been appointed as an outside director as he is currently serving the role shown above.	In FY2021, the Board of Directors convened 18 times (12 regular meetings and 6 extraordinary sessions). He attended 17 meetings (11 regular meetings and 6 extraordinary sessions).
Outside Director Taeko Ishii	Ms. Ishii has specialist knowledge and abundant experience as a lawyer, especially in the field of labor law. She is expected to contribute to the improvement of quality of the Board decision-making by providing her advice regarding compliance and personnel/labor-related fields, which is aimed toward the sustainable growth and medium- to long-term enhancement of the corporate value of the SMM Group by utilizing her knowledge and experience. She is also expected to perform a check function on management by participating in decision-making at the Board of Directors from an independent and objective standpoint, and to oversee the management on behalf of shareholders and other stakeholders by being involved in decision-making regarding nominations and remuneration of directors and executive officers as a member of the Governance Committee. Ms. Ishii is currently an outside director of the Company and a member of the Governance Committee and has been appointed as an outside director as she is currently serving the role shown above.	In FY2021, the Board of Directors convened 18 times (12 regular meetings and 6 extraordinary sessions). She attended all meetings.
Outside Director Manabu Kinoshita	Mr. Kinoshita has a wealth of knowledge and experience in corporate management and digital business. He is expected to contribute to the improvement of quality of the Board decision-making by providing his advice regarding materials businesses and digital fields where the business environment is changing significantly, which is aimed toward the sustainable growth and medium- to long-term enhancement of the corporate value of the SMM Group by utilizing his knowledge and experience. He is also expected to perform a check function on management by participating in decision-making at the Board of Directors from an independent and objective standpoint, and to oversee the management on behalf of shareholders and other stakeholders by being involved in decision-making regarding nominations and remuneration of directors and executive officers as a member of the Governance Committee. Mr. Kinoshita is currently an outside director of the Company and a member of the Governance Committee and has been appointed as an outside director as he is currently serving the role shown above.	In FY2021, the Board of Directors convened 18 times (12 regular meetings and 6 extraordinary sessions). He attended all meetings.
Outside Audit & Supervisory Board Member Wataru Yoshida	Mr. Yoshida has a wealth of financial institutional experience and knowledge of corporate management. He is expected to carry out effective audits, especially regarding finance and overseas projects, based on his own knowledge and experience in order to ensure the soundness of the Group's management and improve its corporate value over the medium to long term, while fully coordinating with the standing Audit & Supervisory Board members. In addition, as part of the audit process he is expected to participate in important meetings, including Board of Directors meetings, and during the decision-making process to actively express his frank opinions from an independent and objective standpoint, including not only the legality but also the appropriateness of proposals. Mr. Yoshida is currently an outside Audit & Supervisory Board member of the Company, and is performing the role shown above appropriately.	In FY2021, the Board of Directors convened 18 times (12 regular meetings and 6 extraordinary sessions), and the Audit & Supervisory Board convened 16 times. He attended all meetings of both.
Outside Audit & Supervisory Board Member Shoji Wakamatsu	Mr. Wakamatsu has many years of auditing and management experience at an audit firm and a wealth of knowledge about accounting. He is expected to carry out effective audits, especially regarding accounting, based on his own knowledge and experience in order to ensure the soundness of the Group's management and improve its corporate value over the medium to long term, while fully coordinating with standing Audit & Supervisory Board members. In addition, as part of the audit process he is expected to participate in important meetings, including Board of Directors meetings, and during the decision-making process to actively express his frank opinions from an independent and objective standpoint, including not only the legality but also the appropriateness of proposals. Although Mr. Wakamatsu has not been involved in corporate management other than as an outside Audit & Supervisory Board member, in addition to the above reasons, he has been involved in the management of an audit firm, and accordingly the Company has appointed him as an outside Audit & Supervisory Board member as it has determined that he is able to properly perform the roles stated above.	In FY2021, the Board of Directors convened 14 times (9 regular meetings and 5 extraordinary sessions), and the Audit & Supervisory Board convened 11 times following the appointment of Mr. Wakamatsu as an outside Audit & Supervisory Board member. He attended all meetings of both.

Basic Policy and Procedures for Remuneration of Directors

Basic Policy for Remuneration of Directors

Remuneration for directors of SMM is linked to the business performance of the Company, and designed to motivate directors to achieve medium- to long-term goals, based on the business structure of the Company, so that it functions as a sufficient incentive to contribute to sustainable growth, increase the corporate value of the Group over the medium to long term, and to strengthen and maintain the management base. When determining the remuneration of individual directors, the amount of remuneration is calculated using a predetermined formula in order to ensure fairness, and the Company maintains a basic policy of setting remuneration at an appropriate level based on the responsibilities of each director.

Specifically, the remuneration for directors (excluding the Chairman and outside directors) shall consist of basic remuneration and bonuses. Basic remuneration shall consist of fixed remuneration (remuneration which is neither performance-based nor non-monetary) and performance-based remuneration, etc., while bonuses shall be performance-based remuneration, etc. The Chairman and outside directors shall receive only basic remuneration and no bonuses. Basic remuneration is calculated on an annual basis for each individual and paid each month in monthly installments, while bonuses are paid once annually after approval is obtained at the Ordinary General Meeting of Shareholders.

An amendment was made in June 2022. For more information, please refer to the Corporate Governance Report.

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

Matters Related to Performance-based Remuneration

The indicators employed by the Company to determine performance-based remuneration include consolidated results (profit attributable to owners of the parent, profit before tax),

departmental results (efficiency [basic remuneration: return on assets (ROA), bonus: return on capital employed (ROCE)], free cash flow, and segment income), the degree of attainment of personal targets under medium-to-long-term management strategies, and safety record (number of occupational accidents). With regards to the reasons that these indicators have been selected, the Company's consolidated results (profit attributable to owners of the parent, profit before tax) were chosen as the Company views these indicators as key measures of its corporate management performance, and has set profitability targets that it aims to achieve as part of its long-term vision. Performance indicators for departmental results were selected in order to evaluate the three criteria of efficiency, cash flow, and absolute value of profit in a balanced manner. Regarding the degree of attainment of personal targets under medium- to long-term management strategies, we believe that the steady implementation of plans with a medium- to long-term perspective is essential in order to increase our corporate value in a sustainable manner. Finally, regarding the setting of safety record as a performance indicator, we believe that securing a safe workplace is our operating foundation as a company engaged in the mining and manufacturing industries, including the smelting and refining industry.

Method of Determining Amount of Performance-based Remuneration, etc.

The amount of performance-based remuneration, etc. is calculated by adding an amount reflecting individual performance to an amount of position-specific performance-based remuneration, etc.

For details on methods of calculation, please see "Method of Determining Amount of Performance-based Remuneration, etc." in the Corporate Governance Report.

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

Procedures for Remuneration of Audit & Supervisory Board Members

Details of Procedures for Determining the Amount of Audit & Supervisory Board Member Remuneration

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

FY2021 Director and Audit & Supervisory Board Member Remuneration

Officer Classification	Total Remuneration	Total amount of remuneration etc. by remuneration type			Number of Officers
		Fixed remuneration	Performance-based remuneration, etc.	Non-monetary remuneration, etc.	
Directors (excluding outside directors)	¥515 million	¥208 million	¥307 million	—	6
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	¥66 million	¥66 million	—	—	3
Outside directors	¥42 million	¥42 million	—	—	3
Outside Audit & Supervisory Board members	¥24 million	¥24 million	—	—	3

Note: In addition to the above, the Company paid ¥8 million as employee salary to one director concurrently serving as an employee. Directors whose total consolidated remuneration etc. is ¥100 million or more are disclosed individually in the Company's Annual Securities Report.

Analysis and Evaluation of the Effectiveness of the Board as a whole, and the Results

The Board of Directors analyzes and evaluates the effectiveness of its performance from the perspective of appropriate decision-making for business execution and enhancing monitoring functions. The following is a summary of the results of the analysis and evaluation of the effectiveness of the Board of Directors in FY2021.

Analysis and evaluation process

The Board of Directors prepares and conducts a questionnaire to directors and Audit & Supervisory Board members with the assistance of an external evaluator (law firm). The Board of Directors outsources the compilation of responses and related analysis to the external evaluator. Based upon the results of the questionnaire, the evaluation by the external evaluator, and the confirmation of what the Board of Directors should ideally be (aim to achieve a Board of Directors focused on decision-making function) conducted in FY2016, the Board of Directors reviewed its own effectiveness at a regular Board of Directors meeting held in February 2022, where it confirmed its evaluation and discussed its response going forward.

Overview of analysis and evaluation results

1) Response to questionnaire and results of analysis and evaluation of the external evaluator

(1) Most of the main items related to the effectiveness of the Board of Directors received a high overall rating, and the Board of Directors can be evaluated as generally functioning effectively.

(2) The free comment sections also showed that many respondents had a positive view of the current performance, and that issues raised were motivated by a desire to further improve performance.

(3) With regard to the nature of the role and function of the Board of Directors that the Company should aim to achieve, a significant number of respondents indicated that changes are necessary. It is therefore deemed desirable that the Board of Directors considers such changes, and that the Company continues to study and implement measures to improve the matters identified in FY2019 and FY2020 (securing appropriate human resources, etc.).

2) Deliberations at the Board of Directors meeting

In response to the external evaluator's advice, the Board of Directors conducted deliberations on each of the following matters.

(1) The Company confirmed that the opinion that "changes are necessary" to the nature of the role and function of the Board of Directors indicates the need to review the items to be discussed and reported at Board of Directors meetings in order to strengthen the Board's monitoring function. It also decided to review the criteria for monetary amounts requiring resolution by the Board of Directors, in order to enhance the Board's monitoring function, while adopting the management model in principle. Moreover, it confirmed that reports on the following matters will continue to be implemented.

a. Non-financial information will be reported twice per year (after April 2022, this will be done in the form of a report by the Sustainability Committee).

b. Each business division will report approximately once per year regarding relevant issues and the direction of the Company's response, including from a marketing perspective.

(2) With regard to initiatives related to the matters identified in FY2019 and FY2020 (particularly securing appropriate human resources, etc.), the Board of Directors confirmed that it will wait for the executive team to study and present a proposed solution before discussing the matter.

(3) Regarding other matters, the Company confirmed that it will distribute meeting materials earlier and provide feedback to the Board of Directors on the Company's approach to capital markets.

Future steps

The Board of Directors confirmed that steps will be taken with regard to the above matters in order to improve its effectiveness in an ongoing manner.

Analysis and Evaluation of the Effectiveness of Auditing by Audit & Supervisory Board Members and the Audit & Supervisory Board, and the Results

Purpose, etc. of the Evaluation of the Effectiveness of the Audit & Supervisory Board

The Company's Audit & Supervisory Board members audit the execution of duties by directors and executive officers in accordance with the audit policy, audit plan, etc. established by the Audit & Supervisory Board in order to ensure the soundness of the Company's management and to enhance the SMM Group's corporate value. In order to confirm and improve the effectiveness of the audits performed by Audit & Supervisory Board members and the Audit & Supervisory Board, the Audit & Supervisory Board began conducting an evaluation of the aforementioned organization's effectiveness.

In FY2021, the first year the evaluation was conducted, the audits performed by Audit & Supervisory Board members and the activities of the Audit & Supervisory Board were reviewed, issues requiring improvement were identified, and counter-measures were studied and reflected in the audit plan and regular audit activities for the following fiscal year.

Evaluation process and method

With regard to the process used to evaluate the effectiveness of the Audit & Supervisory Board, the Audit & Supervisory Board commissioned a third-party audit firm to provide advice regarding analysis and evaluation in order to conduct the evaluation from an independent and objective standpoint. The Audit & Supervisory Board then discussed and conducted a self-evaluation based on the advice received from the third-party organization.

With regard to the specific evaluation method employed, the third-party organization first verified relevant materials related to audits performed by Audit & Supervisory Board members and the Audit & Supervisory Board, and then conducted individual interviews with all Audit & Supervisory Board members (two standing Audit & Supervisory Board members and two outside Audit & Supervisory Board members). The Audit & Supervisory Board members then conducted an evaluation of their effectiveness with reference to the advice received from the third-party organization based on the results of the aforementioned individual interviews, as well as an extensive exchange of opinions regarding their audit activities and other matters.

Overview of evaluation results

As a result of discussion at the Audit & Supervisory Board meeting, the Audit & Supervisory Board confirmed the following points regarding the audits performed by the Audit & Supervisory Board members and the activities of the Audit & Supervisory Board, and evaluated that the audits performed by the Audit & Supervisory Board members and the Audit &

Supervisory Board were functioning effectively and attaining a satisfactory level of effectiveness.

- Audit & Supervisory Board members express their opinions as necessary by attending Board of Directors meetings, holding discussions among the Audit & Supervisory Board members at Audit & Supervisory Board meetings, and conducting audits from the standpoint of appropriateness through their audit activities.
- Audit & Supervisory Board members, including outside Audit & Supervisory Board members, attend the Management Committee, Executive Officers' Meetings, CSR Committee (currently Sustainability Committee), Internal Control Committee, and other key meetings/committees to confirm that business execution by directors and executive officers is properly performed, and that internal control systems are properly established and operated. In addition, Audit & Supervisory Board members actively voice their opinions at key meetings, etc. based on their respective knowledge and experience.
- Audit & Supervisory Board members conduct interviews with the representative director and other key persons on the executive team responsible for the operational side of the business on an ongoing basis, thereby fostering an atmosphere conducive to the dynamic exchange of opinions with management, and make recommendations as necessary based on information and findings obtained through their audits.
- Onsite audits of respective business sites, including affiliates, were conducted in a pair by a standing Audit & Supervisory Board member and an outside Audit & Supervisory Board member (22 onsite audits were conducted in FY2021). Through these audits, Audit & Supervisory Board meetings confirm firsthand the status of business execution and whether internal control systems are properly established and operated, and provide advice as necessary.
- At Audit & Supervisory Board meetings, standing Audit & Supervisory Board members share with outside Audit & Supervisory Board members information collected through inspection of important approval documents, reports from relevant departments, etc., as well as the findings of their audit activities, and these matters are discussed among the Audit & Supervisory Board members.

Future steps

The Audit & Supervisory Board confirmed that it will continue to review issues identified during the effectiveness evaluation process, and that it will strive to improve these areas by incorporating their improvements into the next fiscal year's audit plan and audit activities as appropriate. The Audit & Supervisory Board will continue working to improve the effectiveness of its audit activities in order to strengthen the SMM Group's management base and increase its corporate value.

Business Execution Structures and System

Executive Officer System

In accordance with laws and regulations and the Articles of Incorporation, the Board of Directors delegates decision-making regarding business execution to the President and executive officers, and supervises the execution of duties by the President and executive officers.

The executive officers are appointed by the Board of Directors and are entrusted with important positions such as heading a business division, or a division or a department at the Company's head office, and are granted specific authority to perform their duties in each such position.

System of Internal Memorandums for Approval and the Management Committee

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

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

When making investments or equity contributions, we use a project risk check sheet for committees, primarily the Management Committee, to carry out deliberations regarding human rights issues such as discrimination, forced labor, and child labor, and also the political system, economy, law and order, locally-specific diseases, labor issues, religious restrictions, and the impact on the local community. In FY2021, three new investment agreements were proposed to the Management Committee, which conducted screening for human rights issues and confirmed the investments to be unproblematic. We will continue to carry out regular monitoring in the future. One project was withdrawn, but a human rights screening was conducted and it was confirmed to be unproblematic.

Sustainability Committee

Please refer to pages 72 – 73 for further details

Internal Control Committee

Considering the internal control systems to be vital tools for boosting the corporate value and securing the sustainable growth of the SMM Group, we have an Internal Control Committee to improve and oversee the operation of our internal control systems.

The committee operates with the president as chairman, the executive officer supervising the Internal Audit Department as the vice-chairman, and the general manager of the Internal Audit Department and other heads of related operational divisions in the Head Office as committee members to build, maintain, and improve internal control systems in the Group.

Cross-shareholdings

When advancing our business strategy, SMM may engage in strategic shareholdings with business partners or other companies if it is judged that doing so will contribute to strengthening our business base over the medium to long term. With regard to existing cross-shareholdings, every year the Board of Directors verifies aspects such as the objectives of holdings and whether the benefits therefrom cover the Company's cost of capital. As a result of this verification, with regard to shares whose holding is judged to have little significance, including shares considered no longer worth the cost of capital and shares judged to have become less relevant to our business due to recent business changes, we will proceed with concrete consideration based on the premise of reducing these share holdings. Furthermore, in cases where a company cross-holding SMM's shares expresses a desire to sell, we respond in a sincere manner with a view to proceeding with the sale.

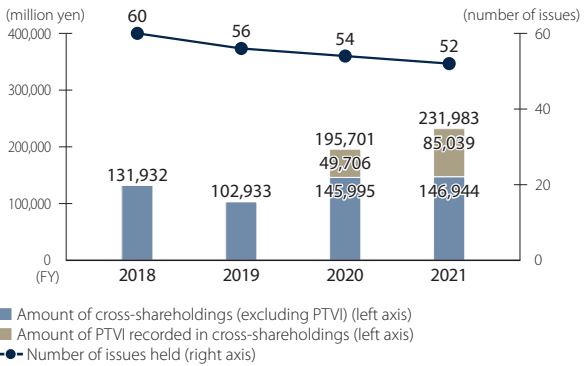
With regard to the exercise of voting rights in cross-shareholdings, we determine whether to vote for or against each proposal after giving comprehensive consideration, based on the financial results and other aspects of the financial condition of each of the issuing companies, to matters such as whether each proposal will contribute to increasing the corporate value of that company over the medium to long term, and what impact it will have on the SMM's corporate value. Decisions on voting are made particularly cautiously in circumstances such as cases of companies affected by major scandals or by losses that continue for a certain period of time.

Relationship with PT Vale Indonesia Tbk

SMM owns a 15% stake in PT Vale Indonesia Tbk (PTVI) in the Republic of Indonesia and has entered a shareholder's agreement with Vale Canada Limited and PT Indonesia Asahan Aluminium (Persero), a state-owned Indonesian company, to jointly manage the company. In addition, we have also signed an agreement with these two companies and PTVI, which gives us the right and obligation to purchase production from these four companies. Due to this, SMM has the right and obligation to purchase 20% of the agreed annual production from PTVI's Sorowako mine.

One of the conditions for obtaining the mining business license required for PTVI to continue operations after 2025 is that 40% of investment in PTVI must be Indonesian equity. In FY2020, SMM sold a portion of its shares in PTVI and excluded that portion from its equity method affiliate associates.

Investment shares held for purposes other than pure investment (excluding shares not listed)



The Basic Policy regarding the Persons Who Control Decisions on the Company's Financial and Business Policies

The Company will not reject a large-scale acquisition of shares if it will contribute to the corporate value of the Company and the common interests of its shareholders. The Company also believes that, if a proposal for a large-scale acquisition of the shares in the Company is made by a specific person, a decision regarding whether or not to accept that proposal must ultimately be left to the intent of the shareholders.

Nonetheless, there are some forms of large-scale acquisitions of shares that damage the corporate value of the Company and the common interests of its shareholders. The Company believes that a person who would make a large-scale acquisition in a manner that impairs the corporate value of the Company and the common interests of its shareholders would be inappropriate to become a person who controls decisions on the Company's financial and business policies, and that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking necessary and reasonable countermeasures against large-scale acquisitions by such persons.

From the above perspectives, the Company previously decided to introduce countermeasures to be taken if the shares in the Company are subject to a large-scale acquisition. However, there has recently been an increasing number of cases in Japan where shareholders' intent with respect to the necessity of takeover defense measures against a large-scale acquisition of shares initiated without obtaining the consent of the target company's board of directors is confirmed at the time when a proposal for a large-scale acquisition is actually made by a specific person (i.e., acquirer) based on the specific features of the acquirer and the details of the proposal, as well as the purpose, manner, and terms of the

large-scale acquisition and other specific facts.

Taking into account the recent trend described above and dialogue with institutional investors, the Company has decided not to renew its takeover defense measures at a stage where a specific acquirer has not emerged. The Company believes that it is desirable to confirm shareholders' intent on appropriate countermeasures as necessary when an acquirer has actually emerged and a proposal for a large-scale acquisition of the shares in the Company is made.

The Company continues to strive to ensure and enhance its corporate value and the common interests of its shareholders by promoting its 3-Year Business Plan under the fundamental strategy of aiming to become the world leader in the non-ferrous metals industry as stated in its long-term vision, and if the shares in the Company are subject to a large-scale acquisition, the Company will take appropriate measures as necessary under the circumstances and to the extent permitted under the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations after requesting the acquirer to provide necessary and sufficient time and information to enable the shareholders to make a decision appropriately on whether or not to accept the proposal and respecting the opinions of independent outside board members.

Please refer to the Company's news release of February 15, 2022 for details.

WEB https://www.smm.co.jp/en/news/release/uploaded_files/20220215_2_en.pdf

Round-table discussion with outside directors

New 3-Year Business Plan—The roles of the Board of Directors in achieving Renewed Challenge for Change

Our 2021 3-Year Business Plan calls for strengthening corporate governance with the goal of strengthening the foundation of our business management. We asked Chairman and Director Yoshiaki Nakazato, who serves as chairman of the Board of Directors, and our outside directors about what they prioritize in enhancing the effectiveness of our governance and what they view as necessary in the future.

Top priorities in the governance of the Company

Chairman Nakazato: I believe that the role most demanded of me as chairman of the Board of Directors is maintaining the quality and quantity of communication in Board meetings in order to make the Board a venue for highly effective decision-making.

What thoughts do you independent outside directors have about governance?

Director Kazuhisa Nakano: I think governance comes down to the degree to which individual employees, and directors too, hold a sense of mission and ethics towards their work and toward the Company. I believe that an organizational culture in which every individual holds a sense of mission is the most important factor in effective governance.

Director Taeko Ishii: I'm in agreement with Director Nakano, but I also believe that the basis of governance is the degree to which employees and others are able to adhere to the company's philosophy, and whether sincerity and integrity are present. I think the most important thing is that we cherish and adhere to the Sumitomo Business Spirit, which is already firmly established.

Director Manabu Kinoshita: I believe in the importance of a healthy corporate culture. When internal control is too strong, people who wait for instructions become numerous and the organization becomes rigid. When the organizational culture tolerates failure, employees will think for themselves and actively tackle challenges, which invigorates the company. When this sort of corporate culture is in place, the self-purifying action of governance also functions.

Measures for the development and utilization of human capital in the 2021 3-Year Business Plan

Kinoshita: Before implementing measures concerning human capital, we conduct our Company employee awareness survey once every three years. I've said that we should be conducting it at least once a year. Now, with the environment and people's values having changed significantly under the COVID-19 pandemic, we need to engage in dialogues with all employees and greatly expand our investments in human capital development to achieve skill improvements and other growth.

Ishii: Diversity comes up in Board of Directors meetings.

Among its related topics, the matter of promoting active participation by women is growing in importance. Drawing out the motivation and abilities of women will be a key to corporate growth as the number of workers continues to decrease. As measures like simply extending the period of childcare leave program only widen the gap when employees return to work, we also have to support them so they can respond to changes.

Nakano: Employees are the people who advance and execute our 3-Year Business Plan. I believe that we have to make greater efforts to invest in human capital with the development plans, personnel plans, treatment policies, and so on as the framework for the plan for the employees who will lead the Company in the future.

Nakazato: Under the 2021 3-Year Business Plan, we plan for aggressive investment in human capital to secure, foster, and utilize human capital under "Challenge 3: Adapting to changes in the social environment." However, our plans are behind schedule in some areas. I'd like people to understand that we conduct training nearly every year for all job categories, and that we make considerable investments in human resource development.

The discontinuation of takeover defense measures



Nakazato: At the Ordinary General Meeting of Shareholders held in June this year, we made the decision to discontinue takeover defense measures. The resources industry has come under considerable attention in recent years, and the risk of takeover has not diminished. However, we received negative opinions from institutional investors and other shareholders regarding continuation of the takeover defense measures. In response, we switched to a policy of seeking the opinions of shareholders at the stage at which a buyer appears and then enacting concrete measures.

Kinoshita: Rather than overriding numerous objections and continuing the takeover defense measures, we will promote dialogues with investors and shareholders, work to disclose information about the Company's future directions and strategies, and enhance our corporate brand, which will lead to an increase in our stock price. In other words, we have shifted our thinking toward aggressive defensive measures.

Nakano: I believe that, for companies like ours that are involved in infrastructure, takeover defense measures are an



From left: Taeko Ishii,
Yoshiaki Nakazato,
Kazuhisa Nakano,
Manabu Kinoshita

absolute necessity for Japan's economy, and that the introduction of defensive measures will not necessarily reduce their corporate value.

Ishii: It may be more accurate to say that we have not abolished takeover defense measures themselves, but rather have shifted to post-facto defensive measures by which we prepare decision-making criteria and flows that will allow us to respond quickly when we have to.



Designing an executive remuneration system

Nakazato: Over the Company's history, top management has held to a philosophy of leaving as many positive assets as possible for future generations. Considering how the Company will look five or ten years from now is no different from looking at things from the same perspective as shareholders. Within a management culture that places value on always considering the future, when I was president I never considered a stock-based remuneration system, a stance that I believe current top management shares.

Nakano: I think that tying motivation to increases in stock price goes against our corporate philosophy to begin with. I believe that it is natural to be evaluated as the 3-Year Business Plan is steadily carried out, and for this evaluation to be reflected in remuneration.

Ishii: Even within the Governance Committee, I don't think there has been any discussion of ideas such as stock-based remuneration for executives.

Kinoshita: I think it would be good to set non-financial KPIs that incorporate ESG perspectives as items for the evaluation of executive remuneration. There may be room for considering the remuneration system from long-term perspectives other than those of financial targets.



The roles expected of the Board of Directors and independent outside directors

Nakano: I see the function that directors should fulfill as making all manner of decisions within management, including decisions on future directions. Based on my experience and knowledge, I strive to make responsible recommendations that let employees find joy in personal growth through work and continually contribute to society.

Kinoshita: In meetings of the Board of Directors of the Company, Chairman Nakazato carefully draws out the honest opinions of the independent outside directors, within an atmosphere that allows this. Because execution is the most important thing in strategy, I think that what is demanded of the Board of Directors is operating the PDCA cycle in a timely manner and offering support for execution aspects as well.

Ishii: Although our Company's Board of Directors adopts a management orientation in principle, I feel that this is actually closer to a monitoring orientation, as points for discussion are exhausted in Management Committee meetings and elsewhere. Independent outside directors do not have the same detailed understanding of the business that inside executives have, and so may play roles that are more advising and monitoring than decision-making.

Nakazato: In the evaluations of the effectiveness of the Board of Directors conducted every year, we hear that monitoring functions are necessary for strengthening the functions of the Board. Independent outside directors are now required to fulfill both advisory and monitoring functions. Amid the major changes taking place in society, I would like the Company's Board of Directors to operate as the situation requires, calling on the help of independent outside directors and avoiding fixed style of the Board operation.

Kazuhisa Nakano

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

Taeko Ishii

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

Manabu Kinoshita

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

Yoshiaki Nakazato

After serving as president and representative director of the Company for 5 years from 2013, Mr. Nakazato took on the role of chairman and representative director from June 2018. As the chairman of the Board of Directors, he will leverage his knowledge of the Company's overall businesses to strengthen the functions of the Board.

Tax Governance

The SMM Group Basic Policy and Initiatives Related to Taxation

Approach

The SMM Group comprehensively investigates and examines the relationships of its products to customers and local communities to develop business in a sustainable manner. Through sound corporate activities, we work toward the maximization of our after-tax profit and free cash flow to maximize corporate value and achieve our long-term vision.

As part of this, we also examine matters in terms of taxation, such as the status of tax treaties with countries where mines or plants are located, areas near key customers and markets, and countries where we do business. By continuing to comply with international tax standards and other related matters, and by fulfilling our tax filing and payment obligations appropriately and fairly, we will strive to coexist with local communities and countries where we do business.

The Sumitomo Metal Mining Group's Basic Policy on Taxes, established and announced on April 1, 2021 with the approval of our Board of Directors, is based on this approach. (See p. 133)

Decision-Making Concerning Taxes, Oversight by the Board of Directors, and the Role of Audit & Supervisory Board Members

At SMM, an executive officer is responsible for the Finance & Accounting Department, which is in charge of taxes. The officer manages and oversees the daily execution of tax-related duties that are performed by the department staff.

We work to improve and operate our tax governance system, with the president and the Board of Directors playing roles as noted below.

- The Company has constructed, maintains, and properly operates an internal control system for work on financial results that enables the Group to carry out appropriate accounting work, reporting of results, and other tasks, including tax-related matters. The Internal Audit Department evaluates the effectiveness of the internal control system, and reports the results to the president.
- Tax filing and payment in the Group is handled at the level of individual companies, after confirmation of content by representatives of the companies. The Company files and pays income and other taxes as a company after approval by the president. When a tax audit is conducted, the executive officer in charge of the Finance & Accounting Department reports on the progress of the audit to the president. In cases in which additional payments or tax refunds arise due to differences with tax authorities in interpretations or opinions concerning laws and regulations, the matter is handled with the approval of the president.
- When making decisions on matters such as investment projects, the Group conducts examinations that include tax-related matters and risk assessments. Particularly important projects are taken up by the Board of Directors for approval.

When the president approves filing and payment of income or other taxes on behalf of the Company, the Audit & Supervisory Board members review the documentation to confirm that filings and payments are properly managed within the Company.

Initiatives for Tax-Related Compliance

See p.134-135 for information on the Company's compliance promotion system and specific initiatives.

Compliance is the foundation of the Group's corporate activities. As a part of our compliance activities related to taxes, we conduct education for staff in charge of taxation and execute our business on the premise of compliance with laws and regulations.

Tax-Related Information Collection and Initiatives Involving Government, etc.

Through our activities as a member of the Japan Mining Industry Association,* we make inquiries, collect information on, and express opinions to governmental agencies with regard to matters such as industrial policy and tax reform.

When the Group encounters issues involving interpretations of laws and regulations or specific procedural matters, we work to properly carry out tax-related matters through prior inquiries and consultations with tax authorities and outside experts.

* See the supplementary ESG Data Book 2022, p. 23.

Sumitomo Metal Mining Group's Basic Policy on Taxes

Basic Policy

Sumitomo Metal Mining (SMM) will, in the conduct of tax affairs associated with business activities, define the basic policy on taxes herein, pursuant to the SMM Group Corporate Philosophy that dictates "SMM, in accordance with the Sumitomo Business Spirit, shall, through the performance of sound corporate activities and the promotion of sustainable co-existence with the global environment, seek to make positive contributions to society and to fulfill its responsibilities to its stakeholders, in order to win ever greater trust."

In addition, SMM and all Group companies will make known to and instill in employees the activities that place importance on compliance focus, maximization of corporate value, and appropriateness and fairness.

1. Tax-related internal controls

At SMM and all Group companies, all persons (corporate officers including executive officers, and employees including fixed-term and temporary employees) engaged in considering or implementing tax-related business processes or individual transactions will share this Basic Policy and ensure tax transparency.

SMM and all Group companies will also seek to resolve tax issues for the entire Group and at each company, by maintaining a system that manages tax risk in each country and region and by business process and that shares information globally.

2. Compliance with tax laws, etc.

Business activities will be conducted in compliance with the tax laws, tax conventions, and other relevant laws and regulations applicable in each country and region, as well as tax-related standards and guidelines published by international institutions and others such as the Organisation for Economic Co-operation and Development (OECD).

3. Treatment as part of business activities

SMM and all Group companies will practice the tax studies and implementation related to any business process and transaction as part of business activities, since tax-related risk and tax expenses are closely linked to business processes and individual transactions arising from such business activities.

SMM and all Group companies will work to minimize global tax risk, such as double taxation related to business activities, through advance pricing arrangements with the tax authorities, consultation with outside experts, and other means. At the same time, SMM and all Group companies will seek to maximize corporate value and achieve its long-term vision, through proactive and constant efforts to utilize tax incentives and optimize tax expenses, tax payment periods, and other factors so that it can maximize after-tax profit and free cash flow.

However, the following types of transactions will not be practiced:

- 1) Transactions aimed solely at avoiding tax, such as transactions using tax havens; and
- 2) Transactions that avoid tax through the transfer of income in forms that clearly depart from the Group's business objectives and economic realities.

4. Response to transfer pricing

International transactions between SMM and all Group companies will be performed using arm's length pricing that is calculated based on methods reflecting the transaction details, industry practices, or functional and risk analysis. In conducting a functional and risk analysis of each transaction, there will be compliance with tax-related standards and guidelines published by international institutions and others such as the OECD.

The arm's length pricing methods primarily applied:

- 1) Method based on market price according to an appropriate benchmark in line with industry practice; and
- 2) Method based on appropriate allocation of profits corresponding to the level of contribution founded on a functional and risk analysis.

5. Fair and appropriate tax

SMM and all Group companies will appropriately fulfill its tax payment obligations in compliance with applicable tax laws and other legal requirements at business activities in each country and region. In addition, SMM and all Group companies will seek to increase tax transparency and to build a constructive and fair relationship with the national or regional tax authorities.

6. Tax-related responsibilities and structure

SMM and all Group companies' tax activities will manage tax risks on a global basis and implement appropriate and fair tax treatments, subject to oversight by the executive officer in charge of SMM's Finance & Accounting Department, through the employees in charge of tax matters in the Finance & Accounting Department and the Group companies of relevant divisions operating in their respective countries and regions.

Moreover, employees with tax expertise will be assigned as necessary; and education and opportunities to increase tax knowledge will be provided to employees involved in tax considerations and implementation for business processes and individual transactions.

Compliance

The SMM Group’s Approach to Compliance

The SMM Group believes that the significance of compliance lies in going beyond the observance of established rules, acting through our business activities to fulfill our responsibilities toward the social and moral demands placed on us as a member of society. We have established the SMM Group Corporate Philosophy and the SMM Group Code of Conduct,

under which we conduct corporate activities with an emphasis on compliance. Our aim is to fulfill our social responsibilities by contributing to society, communities, and the environment in addition to complying with laws, regulations, our Articles of Incorporation, and our internal rules.

Initiatives

Initiatives to Take on Issues and Provide Improvements

In FY2021 we formulated the following Group-Wide Compliance Goal and compliance priorities, and promoted initiatives to reach these in each department.

FY2021 Group-Wide Compliance Goal
Zero compliance violations that may seriously damage business
Compliance priorities
1. Review of our compliance management system under the <i>Shikinen Kaikaku</i> Project (The Fixed Period Reform Project)
2. Inspection of measures to prevent the reoccurrence of past compliance violations

Also, the Compliance Working Group was convened in FY2021, confirming the following.

- The results of checking FY2021 compliance status show that there were no serious legal or regulatory violations, including cases of corruption or breaches of the Antimonopoly Act, regarding the environment, products, service, marketing, or taxes.
- Progress is being made toward achieving targets set by each division in accordance with the Group-Wide Compliance Goal and compliance priorities for FY2021.

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

- Sumitomo Metal Mining Group Policy on Human Rights
- Sumitomo Metal Mining Group Sustainable Procurement Policy
- Sumitomo Metal Mining Group Basic Policy on Taxes
- Regulations on insider trading prevention and information management
- Regulations on the safeguarding of personal information
- Regulations for export control
- Regulations for the prevention of bribery
- Regulations for observance of competition law, and others.

Initiatives for Tax-Related Compliance

On April 1, 2021, the SMM Group established the Sumitomo Metal Mining Group Basic Policy on Taxes (see p.133). Across the entire SMM Group, we continue to work on compliance with national and local taxation laws, tax treaties, and related statutes in countries where mines or plants are located, as well as compliance with taxation-related standards set forth by the OECD and other international organizations.

Initiatives on Export Control

Based on the regulations for export control, the SMM Group has established the Export Control Committee and strives for compliance with the Foreign Exchange and Foreign Trade Act and other laws and regulations related to exports.

In response to the Japanese government’s Basic Policy on Economic and Fiscal Management and Reform 2021, we set out an internal framework for “deemed export” controls, and took action to address the revised ministerial order and to enforce the notifications of May 1, 2022.

Initiatives on Preventing Corruption

The SMM Group engages in initiatives to prevent corruption. These include a prior approval system based on the Basic Policies for Anti-Bribery and regulations for the prevention of bribery, mandating prior approval by an authorized person in specified cases of provision of benefits to public officials or other parties in Japan or overseas.

Compliance with Competition Laws

The SMM Group has established the Basic Policy for Compliance with Competition Laws. Under this Basic Policy, we set out regulations for the observance of competition law and created a manual for compliance with competition laws, covering the content of the Basic Policy and rules. In FY2021, we worked toward the introduction of a prior notification system based on our regulations for the observance of competition law, and launched the system on April 1, 2022. This system requires individual or general prior notification in principle when officers and employees engage in contact with competitors.

Whistle-blowing System (Speak Up System)

In situations where problems or doubts under the SMM Group Code of Conduct occur, and consultation with superiors fails to bring forth an appropriate response, employees are able to use the internal reporting hotline (Speak Up System) to directly report the matter to: (i) in-house liaisons which are the general managers of the Legal Department, the Safety & Environment Control Department, and the Internal Audit Department; or (ii) outside liaisons which are designated attorneys. In FY2021, the hotline received 12 reports.

The source of the information is always kept secret and if, for any reason, the informant is treated unfairly, the person who initiated the unfair treatment will be punished appropriately. In FY2021, we reviewed the hotline system in response to the enforcement of the revised Whistleblower Protection Act., and on June 1, 2022 changed the system’s name from the Internal Reporting System (Speak Up System) to the Whistle-blowing System (Speak Up System) and began its operation.

Number of reports received (FY2021)

Category	Number
Relationships with business partners	3
COVID-19 countermeasures	2
Employees’ personal activities	3
Power harassment	8
Handling of work	1
Violations of employment regulations by employees	2
Working conditions	1
Total*	20

* The above includes consultations from employees outside of the internal reporting hotline. Some reports are classified in multiple categories. All reports were handled appropriately.

Participants of Compliance Education (FY2021)

Type of seminar	Target	Participants
Compliance seminar for general managers 2021 Compliance seminar for officers Seminar on insider trading prevention Introduction to import/export trade control Lecture on competition law Briefing on the Revised Competition Law Compliance Program JCO Study Center training Training for new employees Training for mid-career hires Seminar for newly promoted employees (section managers, E-class, S-class)	Officers	52
	Employees	1,195

SMM Group Code of Conduct (Revised on October 1, 2022)		
All officers and employees shall act in accordance with the following Code of Conduct so as to live up to the SMM Group Corporate Philosophy.		
<p>1. Compliance: Abidance by Laws and Rules</p> <ul style="list-style-type: none">• We will comply with foreign and domestic laws and rules, and conform to social norms.• We will never under any circumstances commit an infraction of the law or act counter to social norms, even if doing so would seem to be in the company’s interests.	<p>7. A Prideworthy, Rewarding, and Joyful Workplace</p> <ul style="list-style-type: none">• We will place high value on teamwork, in the form of cooperation both with other organizations and with fellow employees.• We will contribute to creating a free and open-minded workplace conducive to the smooth transfer of required information and the timely performance of reporting, liaison and consultation.• We will strive to foster a corporate culture in which people accept and believe in each other and respect diverse values.	<p>12. Assurance of Quality</p> <ul style="list-style-type: none">• We will continuously improve quality management systems and provide products and services that satisfy customers.• We will enhance technologies and seek to engage in manufacturing that takes into account customers’ safety and their environment.
<p>2. Respect for Individuals</p> <ul style="list-style-type: none">• We will accept diversity and respect the individuality and rights of people.• We will never violate human rights, engage in discriminatory conduct, or contribute to such conduct.	<p>8. In Harmony with Society and Local Communities</p> <ul style="list-style-type: none">• As members of society, we will participate in social contribution activities in accordance with our personal beliefs.• We will strive toward a harmonious and mutually beneficial relationship with local communities.	<p>13. Stance toward Performance of Sales and Purchasing</p> <ul style="list-style-type: none">• We will comply with competition laws and conduct sales and purchasing activities based on fair competition.
<p>3. Assurance of Health and Safety</p> <ul style="list-style-type: none">• We will give highest priority to ensuring the physical and emotional health and safety of all persons affected by our operations.	<p>9. Separation of Corporate Business and Personal Affairs</p> <ul style="list-style-type: none">• We will at all times conduct ourselves based on sound judgment, and make a clear distinction between corporate business and our personal affairs.	<p>14. Stance toward Entertainment and Gifts</p> <ul style="list-style-type: none">• We will entertain and present gifts to others, and accept entertainment and gifts, within the proper limits of both the law and social acceptability.• We will comply with laws against bribery and will maintain healthy and proper relationships with government and political organizations.
<p>4. Development of Human Resources</p> <ul style="list-style-type: none">• We will strive to nurture junior colleagues and successors through systematic training and by providing them with opportunities to play an active role, and will take steps to help them shape their careers.• We will pursue self-improvement with an awareness of our own growth.	<p>10. Collection, Management and Usage of Information</p> <ul style="list-style-type: none">• We will collect information swiftly, properly and lawfully, manage it appropriately, and use it effectively.• We will utilize information acquired in conjunction with corporate business expressly for that purpose only, and will not leak such information to any third party.	<p>15. Severance of Relationships with Socially Disruptive Forces</p> <ul style="list-style-type: none">• We will staunchly eliminate socially disruptive forces and have no relations whatsoever with them.
<p>5. Risk Management</p> <ul style="list-style-type: none">• We will strive to identify risks, prevent their occurrence, and if risks occur, minimize the effects.	<p>11. Handling of Intellectual Property</p> <ul style="list-style-type: none">• We will nurture and maintain conscious recognition of the importance of intellectual property as a vital asset of the Group, and strive toward the creation of such property.• We will strive to properly protect and effectively use all corporate intellectual properties; we will also respect intellectual properties of other parties.	<p>16. Concern for the Global Environment</p> <ul style="list-style-type: none">• We will act in a manner that enables us to contribute to solving global environmental problems by reducing greenhouse gas emissions, taking biodiversity into consideration, and making effective use of water resources so as to create a decarbonized society, an advanced Sound Material-Cycle Society, and a society in harmony with nature.
<p>6. Adherence to a Progressive Stance</p> <ul style="list-style-type: none">• We will approach transformation with a positive and progressive attitude without clinging to conventions and practices.		<p>17. Attitude in the Performance of Global Business Activities</p> <ul style="list-style-type: none">• We will strive to interact with people in the countries or regions where we undertake business and engage in conduct that respects local culture and practices as well as globally accepted norms and their spirit.

Risk Management

Policy

The SMM Group engages in risk management (RM) under the following Six Principles established for maximizing corporate value.

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

Framework

Risk Management Framework

The fiscal year RM policy formulated by the president, who bears ultimate oversight responsibility for SMM Group's RM, undergoes deliberation by the Risk Management Working Group. The content of the deliberation is reported to the Sustainability Committee, after which the Board of Directors issues a resolution on the RM policy along with other fiscal year policies.

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

We conduct these activities in line with our unique risk management system (RMS), built on the basis of lessons

learned from the JCO criticality accident. The RMS primarily focuses on the prevention of major accidents at business sites. We have operated this system for over 20 years since putting it into place, without changes to its overall framework. While the system has achieved certain outcomes over those years, including the avoidance of major risks such as the JCO criticality accident, the business environment and demands by society have undergone change, and the risks associated with execution of growth strategies and business strategies have become more sophisticated and complex.

In response to such circumstances, we have repositioned risk management, changing it from the prevention of major accidents at business sites to the creation and protection of the organization's value. With the International Organization for Standardization's ISO 31000 risk management guidelines serving as a base and as reference, we are reviewing our risk management framework and system. By doing so, we aim to strengthen our governance structure and achieve our long-term vision of becoming the world leader in the non-ferrous metals industry.

our plans and risk countermeasures to meet such changes and worked to achieve targets. We will work to further deepen these actions, check ongoing actions and countermeasures for vulnerabilities to growing risks, implement improvements, and minimize impacts and damage from risks that materialize.

In tandem with the infectious disease measures that we have undertaken for over two years, our top management continues to lead activities to prevent issues such as compliance breaches, environmental accidents, occupational accidents, and quality issues, to ensure success and achievement of goals in new business and projects.

Individual Risks and Daily RM Activities

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

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

Crisis Management Framework

In preparation for crises, we have set up a permanent Crisis Management Committee chaired by the officer responsible for crisis management. This committee routinely works toward the sharing of crisis information, the formulation and improvement of proactive measures, and the maintenance and strengthening of crisis management functions through training. It also deliberates on initial response to emergencies, and, in situations that present a high risk of crisis, transitions into a Group-wide response headquarters that determines Group response policies, consolidates and communicates information, and provides physical or personnel support. As the officer with ultimate responsibility for crisis management, the president oversees crisis management overall.

In response to the COVID-19 pandemic, we convened the Crisis Management Committee to review BCP and enacted measures concerning utilization of stockpiles, handling of expatriates and their families, meetings, postponement of holding or participating in events, work from home, voluntary restrictions on going out, and restrictions on movement including work commuting and business travel. We are also conducting training that looks back on ongoing measures and are verifying the content of these. In addition, we are working to improve our existing manual, which assumes virulent new strains of influenza, to address a wider range of contagious diseases and thereby improve our crisis response capability.

At every business site, we are advancing measures to address earthquakes, tsunamis, flooding, soil liquefaction, landslides, volcanic eruptions, and other natural disasters, in line with the hazard level. We are undertaking seismic reinforcement of buildings, improvement of seawalls, strengthening of wastewater treatment capacity, expansion of water storage tanks, stockpiling of food and drinks, and enhancement of emergency supplies, among other measures. We also conduct training for earthquakes, fires, environmental accidents, and overseas terrorism, riots, and kidnappings, among other scenarios. In addition, we are working to address issues such as unfamiliarity with materials and equipment, insufficient understanding of rules and procedures, and inadequate manuals, and to improve the decision-making capabilities of local task force members.

Information Security Measures

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

1 Defense against threats from cyberspace

Cybersecurity threats are becoming greater due to changes in the environment such as the increase in teleworking and use of cloud computing. We are working to move from conventional security measures to a framework that enables safe use of internal and external systems in any usage environment (Zero Trust network). So far, we have completed enhancements to website security, email security, and the remote access connections essential to teleworking.

2 Preventing leaks of personal information

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

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

Regarding the handling of digital files, leaks are prevented by strictly managing access to servers storing digital files, as well as by educating employees on information security. We are also transitioning to cloud-based services that offer advanced security features.

Quality Assurance

Approach

The SMM Group has established and operates a business model based on 3-business collaboration between the Mineral Resources, Smelting & Refining, and Materials Businesses.

Through this business model, we endeavor to continuously improve products and respond to changing customer needs in order to deliver quality that satisfies customers.

Policy

To provide quality that satisfies customers, the president has established a Company-Wide Quality Policy and sets SMM Quality Objectives every year. Based on these standards, each business division sets forth and implements division-specific quality targets and conducts quality activities that are aligned across the entire SMM Group.

Company-Wide Quality Policy
Provide quality to satisfy our customers through continual improvements of quality assurance and control systems.

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

Framework

We are promoting quality assurance under the ultimate responsibility of the president by designating officers responsible for quality assurance. Each business division develops and maintains their own quality assurance frameworks, while the Quality Assurance Department manages quality across the entire Group and ensures a Group-wide unified approach. Additionally, not only does the Quality Assurance Working

Group—which comes under the Sustainability Committee—deliberate key measures for promoting quality assurance activities, it works to improve the Group's quality management systems (QMS) through the sharing of information on progress toward departmental targets and quality control status, and reduce the number of complaints against the Company.

Initiatives

Improving Effectiveness of Quality Management Systems

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

The SMM Quality Standards are also revised each year to raise QMS to the level required by the Group so that we can deliver quality that satisfies customers.

Strengthening of Our Internal Quality Audits

Based on the SMM Quality Standards, we are carrying out activities to achieve internal quality audits which work with a third-party-like perspective to identify potential internal issues from problems that have been found, and relay these findings to top management. We hold training to cultivate internal quality auditors at business sites in Japan, turning out 306 auditors between FY2019 and FY2021. We operate a PDCA cycle to develop these internal auditors, and confirm their effectiveness through audits by trained internal auditors.

To prevent quality-related misconduct such as falsification of inspection or testing data, we promote the use of internal quality audits to confirm the reliability of data and deter misconduct.

Expansion of Group-Wide Quality Assurance Education

We are developing training based on our quality assurance education system that aims to equip each level of employee, from new employees to managers, with necessary quality-re-

lated knowledge and management ability. To acquire basic knowledge concerning quality, in FY2019 we launched *SMM Hinkaku*¹ e-learning for all employees. In FY2021, about 5,900 people underwent this education, sharing wide-ranging knowledge and awareness concerning quality management. In the future, we plan to also use this e-learning as educational material for new employees.

We also conduct Group-wide training for personnel who will serve as quality control managers. By expanding the SMM Quality Standards throughout our business divisions through practical training held four times a year, we seek to develop human resources who are able to enhance the effectiveness of QMS.

1. Trainees learn the minimum level of knowledge and awareness regarding quality required for manufacturing and then their proficiency is graded through a test.

Disclosure of Information on Products and Services

Most items in the SMM Group product lineup are supplied as raw or processed materials for use by customers for manufacturing. Information that customers require in order to handle our Group's products properly from safety and environmental perspectives, as well as information needed to enable them to supply products, is communicated in product specifications at the time of contracting, during technical discussions, and via product inspection certificates and safety data sheets (SDS),² based on prior and the latest information, our Group's proprietary knowledge, and necessary studies. SMM products supplied to customers are carefully designed, incorporating considerations toward safety and environmental compatibility, and are only delivered after thorough trials and inspections carried out during their manufacture.³ We make sure that information utilized for the above is always appropriate through management systems, reviewing it based upon the latest technology, laws and regulations and demands from customers.

2. SDS (Safety Data Sheet): A document listing information on a chemical, including the chemical substance, the product name, the supplier, hazards, safety precautions and emergency procedures.
3. We also conduct surveys linked to life cycle assessments (LCA) for copper, nickel, and zinc through associations related to each metal.

Communication with Customers

In order to enhance customer satisfaction, we have evolved methods for its measurement and evaluation. Through precise and close communication with customers, we accurately assess issues and enact effective measures. Our Group also contributes to the conservation of resources and energy by enhancing product yield through quality improvement activities.

Initiatives to Take on Issues and Provide Improvements

Quality that earns customers' trust is achieved only when all employees align their goals and directions and actively engage in activities to achieve targets. To enable this, we clarify issues based on facts obtained through communication inside and outside the Group, set targets, and work to achieve these through active participation by all employees in improvement activities based on our SMM Quality Standards.

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

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

Methods for Providing Information

[Provision of Information Relating to Specifications]
We indicate product specifications requested by the customer on the order received sheet to provide necessary information to them.

[Provision of Information Relating to Chemicals]
The SMM Group uses SDS, etc. to provide information on chemical substances contained in products, complying with regulations for chemical substances and usage, regarding health and safety.

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

Directors and Audit & Supervisory Board Members (As of June 24, 2022)

Directors



Yoshiaki Nakazato
Chairman and Director
Number of shares of the Company owned¹: 28,400

Born: 1953
Apr. 1976 Joined the Company
Jun. 2005 Executive Officer
Jun. 2006 Director
Jun. 2008 Managing Executive Officer
General Manager of Advanced Materials Div.
Oct. 2008 General Manager of Semiconductor Materials Div.
Jun. 2009 Executive Officer
General Manager of Advanced Materials Div.
Jun. 2010 Managing Executive Officer
Jun. 2012 Representative Director
Senior Managing Executive Officer
Jun. 2013 President and Representative Director
Jun. 2018 Chairman and Representative Director
Jun. 2022 Chairman and Director (Present Position)



Akira Nozaki
President and Representative Director
Number of shares of the Company owned¹: 18,800

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



Toru Higo
Representative Director
Senior Managing Executive Officer
General Manager of Corporate Planning Dept.
Number of shares of the Company owned¹: 5,500

Born: 1961
Apr. 1986 Joined the Company
Jul. 2010 General Manager of Nickel Sales & Raw Materials Dept., Non-Ferrous Metals Div.
Jul. 2014 General Manager of Copper & Precious Metals Raw Materials Dept., Non-Ferrous Metals Div.
Jun. 2017 Sumitomo Metal Mining Philippine Holdings Corporation, Director and President
Jun. 2019 Executive Officer Senior Deputy General Manager of Non-Ferrous Metals Div.
Jun. 2020 Director of the Company
General Manager of Corporate Planning Dept. (Present Position)
Jun. 2021 Managing Executive Officer
Jun. 2022 Representative Director (Present Position)
Senior Managing Executive Officer (Present Position)



Nobuhiro Matsumoto
Director
Senior Managing Executive Officer
General Manager of Non-Ferrous Metals Div.
Number of shares of the Company owned¹: 5,800

Born: 1963
Apr. 1987 Joined the Company
Apr. 2008 General Manager of Niihama Nickel Refinery, Non-Ferrous Metals Div.
Jul. 2013 Administration Dept., Non-Ferrous Metals Div.
Jun. 2014 General Manager of Administration Dept., Non-Ferrous Metals Div.
Jun. 2016 Executive Officer
Senior Deputy General Manager of Non-Ferrous Metals Div.
Jun. 2018 General Manager of Non-Ferrous Metals Div. (Present Position)
Jun. 2019 Director (Present Position)
Jun. 2020 Managing Executive Officer
Jun. 2022 Senior Managing Executive Officer (Present Position)



Takahiro Kanayama
Director, Managing Executive Officer,
General Manager of Personnel Dept.
Number of shares of the Company owned¹: 3,000

Born: 1963
Apr. 1986 Joined the Company
Oct. 2015 General Manager of Personnel Dept.
Jun. 2017 Executive Officer
General Manager of Besshi-Niihama District Div.
Jun. 2020 General Manager of Personnel Dept. (Present Position)
Jun. 2021 Director (Present Position)
Managing Executive Officer (Present Position)



Kazuhisa Nakano
Outside Director
Number of shares of the Company owned¹: 2,500

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



Taeko Ishii
Outside Director
Number of shares of the Company owned¹: 0

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



Manabu Kinoshita
Outside Director
Number of shares of the Company owned¹: 0

Born: 1954
Apr. 1978 Joined NEC Corporation
Apr. 2006 Executive General Manager, Distribution and Service Industries Solutions Operations Unit of NEC Corporation
Apr. 2008 Associate Senior Vice President of NEC Corporation
Apr. 2010 Senior Vice President of NEC Corporation
Jun. 2010 Director of NEC Corporation
Apr. 2016 Senior Executive Vice President of NEC Corporation
Apr. 2018 Senior Officer of NEC Corporation (Present Position)
Jun. 2020 Director of the Company (Present Position)
Jun. 2021 Retired as Senior Officer of NEC Corporation

Audit & Supervisory Board Members



Koji Imai
Senior Audit & Supervisory Board Member (Standing)
Number of shares of the Company owned¹: 1,200

Born: 1962
Apr. 1986 Joined the Company
Jun. 2014 General Manager of Legal & General Affairs Dept.
Jun. 2019 General Manager of General Affairs Dept.
General Manager of Legal Dept.
Jun. 2021 Audit & Supervisory Board Member (Standing)
Jun. 2022 Senior Audit & Supervisory Board Member (Standing) (Present Position)



Tsuyoshi Nozawa
Audit & Supervisory Board Member (Standing)
Number of shares of the Company owned¹: 600

Born: 1964
Apr. 1988 Joined the Company
Jul. 2015 Public Relations & Investor Relations Dept.
Apr. 2018 Finance & Accounting Dept.
Jun. 2022 Audit & Supervisory Board Member (Standing) (Present Position)



Wataru Yoshida
Outside Audit & Supervisory Board Member
Number of shares of the Company owned¹: 0

Born: 1952
Apr. 1975 Joined Export-Import Bank of Japan
Apr. 2001 Director of Corporate Finance Department of Japan Bank for International Cooperation (JBIC) (which was formed as a result of integration between the former Export-Import Bank of Japan and the former Overseas Economic Cooperation Fund)
Nov. 2002 Director of Personnel Department of JBIC
Oct. 2004 Executive Officer for Asia and Pacific Region of JBIC
Apr. 2007 Senior Executive Director of JBIC
Sep. 2008 Resigned from Senior Executive Director of JBIC
Feb. 2009 Corporate Advisor of Marubeni Corporation
Feb. 2016 Resigned from Corporate Advisor of Marubeni Corporation
Mar. 2016 Corporate Advisor of NIPPON STEEL CORPORATION (which was NIPPON STEEL & SUMITOMO METAL CORPORATION)
President and Representative Director of Nippon Usiminas Co., Ltd.
Dec. 2019 Resigned from Corporate Advisor of NIPPON STEEL CORPORATION
Resigned from President and Representative Director of Nippon Usiminas Co., Ltd.
Jun. 2020 Audit & Supervisory Board Member of the Company (Present Position)



Shoji Wakamatsu
Outside Audit & Supervisory Board Member
Number of shares of the Company owned¹: 0

Born: 1953
Sep. 1983 Joined Ota Tetsuzo Audit Firm (current Ernst & Young ShinNihon LLC)
Mar. 1987 Registered as a certified public accountant
Jul. 2003 Partner of ShinNihon Audit Firm (current Ernst & Young ShinNihon LLC)
May 2006 Board Member of ShinNihon Audit Firm
Aug. 2008 Managing Partner of ShinNihon LLC (current Ernst & Young ShinNihon LLC)
Aug. 2010 Senior Partner of ShinNihon LLC
Jun. 2016 Left ShinNihon LLC
Established Wakamatsu Certified Public Accountant Firm
Sep. 2019 Registered as a certified public tax accountant
Jun. 2021 Audit & Supervisory Board Member of the Company (Present Position)

Executive Officers

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

President	Senior Managing Executive Officer	Managing Executive Officers	Executive Officers
* Akira Nozaki	* Toru Higo General Manager of Corporate Planning Dept. In charge of Secretarial Dept., Legal Dept., Internal Audit Dept., and from July 1, 2022, Digital Transformation Dept.	* Takahiro Kanayama General Manager of Human Resources Dept. In charge of General Affairs Dept., Public Relations & Investor Relations Dept., Sustainability Dept. and Osaka Branch Hiroshi Yoshida General Manager of Advanced Materials Div. Hitofumi Okubo General Manager of Engineering Div. Koji Sakamoto General Manager of Safety & Environment Control Dept. In charge of Quality Assurance Dept. Shuichi Ogasawara General Manager of Technology Div.	Hiromasa Oba General Manager of Besshi-Niihama District Div. Katsuya Tanaka General Manager of Battery Materials Div. Masaru Takebayashi Senior Deputy General Manager of Non-Ferrous Metals Div. Eiichi Fukuda Senior Deputy General Manager of Mineral Resources Div. Kunihiko Miyamoto General Manager of Finance & Accounting Dept. In charge of Purchasing Dept. and Information Systems Dept. Hideyuki Okamoto Senior Deputy General Manager of Technology Div. Kazuhiko Hotani Senior Deputy General Manager of Mineral Resources Div.
			Toru Motoki Senior Deputy General Manager of Battery Materials Div. Shinichi Sato Senior Deputy General Manager of Advanced Materials Div. Munekazu Kawata Senior Deputy General Manager of Battery Materials Div. Yusuke Niwa Senior Deputy General Manager of Non-Ferrous Metals Div. Kazuaki Sakamoto Senior Deputy General Manager of Engineering Div.

1. The number of shares of the Company owned is as of May 31, 2022.

Independent Assurance Report



Independent Assurance Report

To the President and Representative Director of Sumitomo Metal Mining Co., Ltd.

We were engaged by Sumitomo Metal Mining Co., Ltd. (the “Company”) to undertake a limited assurance engagement of the environmental, social and economic performance indicators marked with ☑ (the “Indicators”) for the period from April 1, 2021 to March 31, 2022 included in its ESG Data Book 2022 (the “ESG Data Book”) for the fiscal year ended March 31, 2022; the alignment of the Company’s policies to the International Council on Mining and Metals (“ICMM”)’s 10 Principles, the relevant Corporate-level Performance Expectations (CPEs) and the applicable mandatory requirements set out in ICMM position statements; the Company’s prioritization process for selecting assets for the validation of Asset-level Performance Expectations (APEs); the Company’s identification and prioritization of material issues and the Company’s approach and management of its material issues included in its Integrated Report 2022 (the “Report”).

The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”) as described in the ESG Data Book; reporting on the alignment of the Company’s policies to the ICMM’s 10 Principles, the relevant CPEs and the applicable mandatory requirements set out in ICMM position statements; reporting on the Company’s prioritization process for selecting assets for the validation of APEs; reporting on the Company’s identification and prioritization of material issues and reporting on the Company’s approach and management of its material issues.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Visiting the Company’s Toyo Smelter & Refinery selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.
- Assessing the alignment of the Company’s policies to the ICMM’s 10 Principles, the relevant CPEs and the applicable mandatory requirements set out in ICMM position statements through documentation reviews and interviews.
- Assessing the Company’s prioritization process for selecting assets for the validation of APEs through documentation reviews and interviews.
- Interviewing the Company’s responsible personnel and reviewing documents with respect to the Company’s process of identifying and prioritizing its material issues and its approach to and management of its material issues.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that:

- the Indicators in the ESG Data Book are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the ESG Data Book;
- the Company’s policies are not aligned to the ICMM’s 10 Principles and the applicable mandatory requirements set out in ICMM position statements as described on page 112 of the Report and page 24 of the ESG Data Book;
- the Company’s self-assessment of the relevant CPEs is not as described on page 112 of the Report;



- the Company’s prioritization process for selecting assets for the validation of APEs is not as described on page 112 of the Report;
- the Company has not identified and prioritized its material issues as described on page 10 of the Report and the Company has not approached and managed its material issues as described on pages 74 to 89 of the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Kazuhiko Saito

Kazuhiko Saito, Partner, Representative Director
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
November 7, 2022

Glossary

Term	Explanation	Pages
Copper concentrates	A raw material used in copper smelting, consisting of about 30% copper content with sulfur and iron as most of the remainder. Copper concentrates are produced mainly from sulfide ores. At present, ores extracted from overseas mines generally have a grade of about 1%. The ores are then “dressed” at the mine to enhance the grade and produce concentrate. The raw materials imported by copper smelting and refining plants in Japan are primarily copper concentrates.	1, 26, 28, 71, 90, 100
Coral Bay Nickel Corporation (CBNC)	The SMM Group’s first HPAL plant. Located in the Province of Palawan in the Philippines, CBNC produces mixed nickel-cobalt sulfides (MS) using HPAL technology for export to the Group’s Niihama Nickel Refinery and Harima Refinery.	2, 20, 41, 44, 55-57, 76, 80, 87, 96-99, 101, 111, 112-114
Electrolytic copper (electrolytic nickel and cobalt)	A high-purity copper material produced through electrolytic refining in a solution (electrolysis). At our Group’s Toyo Smelter & Refinery, we dissolve copper concentrate in a flash furnace, pass it through a converter and a refining furnace, cast anodes in plate form, and produce electrolytic copper through electrolytic refining. Electrolytic nickel and electrolytic cobalt are also produced through electrolytic refining.	26, 38-39, 41, 44, 55-56, 94, 101
GRI	An acronym for Global Reporting Initiative. An organization that creates and promotes international guidelines and standards for sustainability reports. It issued its first guidelines in 2000, and has transitioned to issuing standards from 2016.	5, 10, 112
HPAL	An acronym for High Pressure Acid Leach. This technology enables the recovery of nickel from low-grade nickel oxide ores that had been conventionally difficult to process. The SMM Group was the first company in the world to apply it successfully on a commercial scale. HPAL causes low-grade nickel oxide ores to react stably with sulfuric acid under high-temperature and high-pressure conditions, to produce a high-grade nickel raw material.	1, 15, 21, 26, 30, 32-33, 38, 54-55, 57, 90
Human rights due diligence	An approach to human rights protection based on the United Nations Guiding Principles on Business and Human Rights approved by the United Nations Human Rights Council in 2011, this is a series of processes for performing preventive investigations to avoid and mitigate the negative effects that organizations have on human rights, and for taking appropriate corrective action based on the findings. The SMM Group built a system for human rights due diligence in FY2014 and has followed it since then.	9, 13, 102-103
Hydrometallurgical refining	A refining method in which metals and impurities are dissolved in a solution, and chemical reactions are used to separate them. The method is stable and enables continuous processing, but incurs the costs of chemical reagents.	67

Term	Explanation	Pages
ICMM	An acronym for International Council on Mining and Metals. This is an organization composed of worldwide metal and mining companies and related industry bodies. Its mission is “In collaboration with others, we will strengthen the social and environmental performance of the mining and metals industry and build recognition of its contribution to local communities and society at large.”	10, 45, 91, 96, 105, 112
Internal carbon pricing (ICP)	A framework for encouraging investment that leads to decarbonization. Internal carbon pricing uniquely attaches prices to carbon emissions within a company, attaches monetary values to GHG emission reductions, and incorporates these into investment cost-effectiveness.	13, 16, 41, 45, 79
IoT	An acronym for “Internet of Things,” referring to communication among objects via the Internet. Communication devices such as smartphones and PCs, and even items such as home appliances, are becoming connected to the Internet, creating expectations for a future society in which all things are connected to networks.	10, 68, 74, 76, 106
LT/LN	Lithium Tantalate (LT) and Lithium Niobate (LN). These are used in chips for information and communication terminal SAW filters.	21, 38, 60
Lithium Iron Phosphate (LFP)	LFP is a cathode material for lithium-ion batteries, like nickel-based cathode materials (NCA, NMC), which are battery materials. While nickel-based cathode materials are made from metals such as nickel, manganese, and cobalt, LFP is made from relatively inexpensive lithium, iron, and phosphorus. It is mainly produced in China.	15, 21, 33, 38, 60, 158
MCLE	An acronym for Matte Chlorine Leach Electrowinning. This is a manufacturing process adopted at the SMM Group’s Niihama Nickel Refinery. Matte and mixed nickel-cobalt sulfides (MS) are dissolved in chlorine at high temperature, then electrolysis is used to produce high-purity nickel. MCLE is more competitive than other methods in terms of cost, but poses significant operational challenges, and only two other producers outside of SMM have commercialized it using similar technology.	20, 26
MLCC	An acronym for Multi-Layer Ceramic Capacitor. These are capacitors made of multiple layers of ceramic dielectric bodies for greater capacity. In addition to consumer applications, in recent years they are being used often in electric automobiles so demand is expected to increase. The nickel paste produced by our Group is used in the internal electrodes of MLCCs.	63, 65
MS	An acronym for Mixed Sulfides of nickel and cobalt. CBNC and THPAL produce a mixed nickel-cobalt sulfide intermediate containing about 55–60% nickel by weight. It is used as a raw material in the production of electrolytic nickel, nickel sulfate, and other products.	20, 55, 57
Matte	A term for metal sulfides. Niihama Nickel Refinery produces electrolytic nickel using nickel matte (of about 75–80% purity) sourced from P.T. Vale Indonesia.	20, 57, 100

Glossary

Term	Explanation	Pages
NCA	An acronym for a type of secondary battery cathode material composed primarily of N (nickel), C (cobalt), and A (aluminum).	59, 63
NMC	An acronym for a type of secondary battery cathode material composed primarily of N (nickel), M (manganese), and C (cobalt).	63
Nanban-buki	A smelting and refining method that uses lead to remove silver and impurities contained in crude copper. Developed by Soga Riemon around 1600. An alloy made by melting and rapidly cooling lead and crude copper containing silver is heated, and silver-containing lead, which melts out at a melting point below that of copper, is heated atop ash. The lead is absorbed by the ash and only the silver remains. This allows the collection of silver while obtaining high-purity refined copper.	18, 30
NiO (nickel oxide) for fuel cells	Fuel cells are a clean and highly efficient method for generating electricity and heat through the chemical reaction of hydrogen and oxygen. Plans for increased use of fuel cells in a wide range of applications, from homes to factories, are being formulated in countries around the world. Nickel oxide powder for fuel cells is used in the electrodes of solid oxide fuel cells (SOFC), which deliver the highest power generation efficiency.	74, 78
Nickel oxide ores (laterite ore)	While predominantly higher-grade sulfide ores are used in nickel refining, nickel oxide ores are more prevalent than nickel sulfides. High refining costs and technical issues have limited the use of oxide ores in nickel refining to date, but the SMM Group has succeeded in mass producing nickel from low-grade oxide ores based on HPAL technology.	1, 21, 25-26, 54, 57, 60, 100
OJT	An acronym for On-the-Job Training, this is a method of training for the acquisition of knowledge and skills through the performance of actual work in the workplace under the guidance of superiors or senior colleagues. Its aim is the fast acquisition of work execution capabilities.	26-27, 45, 52, 84
Off-JT	A method of training conducted away from the workplace or separate from normal work. Its aim is the acquisition of advanced work capabilities or other knowledge and skills not directly connected to normal work based on systematic knowledge and theory.	27, 84, 109
Pyrometallurgical smelting	A smelting method in which raw ore is melted in a high-temperature furnace and the metal is separated in the molten state. While it is possible to treat a large amount at one time, it requires periodic repair of heat-resistant equipment.	55, 67
SDGs	Listed in the 2030 Agenda for Sustainable Development and adopted at the UN Sustainable Development Summit in September 2015, the Sustainable Development Goals (SDGs) are a set of international goals for creating a sustainable and better world by 2030. They are composed of 17 goals and 169 targets, and pledge to “leave no one behind.”	7-8, 10, 87, 105, 113

Term	Explanation	Pages
Secondary battery cathode materials	Materials used in the cathodes of batteries (secondary batteries) that can be charged and reused. The constituent components of secondary batteries break down roughly into cathode material, anode material, a separator, and electrolytic solution. The SMM Group produces the cathode materials used in electric and hybrid automobiles, as well as lithium-ion secondary battery cathode materials.	14, 21, 40, 60, 63, 65, 67
Smelting & Refining	This refers to the extraction of valuable metals from ore and other raw materials, and is mainly divided into pyrometallurgical smelting and hydrometallurgical refining. The SMM Group's Toyo Smelter & Refinery in Saijo, Ehime Prefecture uses pyrometallurgical smelting in its upstream processes (treatment processes), while Niihama Nickel Refinery in Niihama, Ehime Prefecture uses only hydrometallurgical refining throughout.	1-3, 9, 14, 17-20, 26-32, 38, 40-44, 46-47, 53-57, 64-67, 71-75, 77, 87, 89-90, 94, 97-100, 103, 111-112, 115-116, 120, 123-124, 138, 157
Sustainable procurement	Sustainable procurement ensures that there is no complicity in negative effects such as infringement on human rights, environmental destruction, or corruption in the procurement of parts, services, etc. It affirms that companies in the supply chain do not cause such negative effects, requests corrections when necessary, and enhances transparency in the supply chain.	9, 27, 33, 75, 89, 93, 102, 116-117, 134
TC/RC	An acronym for Treatment Charge and Refining Charge. These are costs that make up a part of the terms of purchase of metal raw materials (copper concentrate, nickel ore, etc.). As an example, (LME price at a given point in time) – (TC/RC used in the transaction) + (other terms) is used as the purchase price of copper concentrates.	53
TCFD	An acronym for the Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB) to examine the disclosure of climate-related information and how financial institutions should respond. It recommends the disclosure of information concerning governance, strategy, risk management, and metrics and targets concerning climate change-related risks and opportunities.	13, 92-93
Taganito HPAL Nickel Corporation (THPAL)	The SMM Group's second HPAL plant. Located in the Province of Surigao del Norte in the Philippines, THPAL produces mixed nickel-cobalt sulfides (MS) using HPAL technology for export to the Group's Niihama Nickel Refinery and Harima Refinery.	2, 21, 38, 41, 44, 54-57, 71, 76, 80, 90, 96, 98-99, 101, 111, 114-115
xEV	Electric vehicles. Types of electrification are diverse, differing by method of supplying electricity. Types include BEVs that carry batteries, plug-in hybrids (PHEVs), hybrids (HEVs/MHVs), and fuel cell electric vehicles (FCEVs/FCVs).	25, 158

Eleven-Year Financial Summary

SUMITOMO METAL MINING CO., LTD. AND CONSOLIDATED SUBSIDIARIES

IFRS					
Years ended March 31	2022	2021	2020	2019	2018
Results for the year:					
Net sales*3	¥1,259,091	¥ 926,122	¥ 851,946	¥ 912,208	¥ 929,746
Gross profit	257,794	150,876	109,471	126,637	149,015
Profit before tax	357,434	123,379	79,035	89,371	108,286
Profit attributable to owners of parent	281,037	94,604	60,600	66,790	90,227
Capital expenditures	64,539	35,059	50,689	47,445	74,675
Depreciation	46,455	45,729	45,355	43,541	46,762
Net cash provided by (used in) operating activities	159,489	91,522	136,545	114,744	78,552
Net cash provided by (used in) investing activities	9,796	(32,393)	(70,334)	(142,354)	(22,787)
Net cash provided by (used in) financing activities	(129,618)	(55,758)	9,149	(29,047)	(89,797)
Free cash flows	169,285	59,129	66,211	(27,610)	55,765
Financial position at year-end:					
Total assets	¥2,268,756	¥1,885,999	¥1,719,690	¥1,797,701	¥1,732,333
Equity	1,557,418	1,222,983	1,110,860	1,151,280	1,113,349
Non-current liabilities	326,547	337,694	402,520	388,943	378,438
Interest-bearing liabilities	301,355	330,678	367,882	349,798	361,775
Amounts per share (Yen)*2:					
Equity attributable to owners of parent per share	¥ 5,260	¥ 4,054	¥ 3,646	¥ 3,812	¥ 3,746
Basic earnings per share	1,023	344	221	243	327
Diluted earnings per share	1,023	344	221	243	295
Dividends	301	121	78	73	100
Key ratios:					
ROA (%)	13.5	5.3	3.5	3.8	5.2
ROE (%)	22.0	8.9	5.9	6.4	9.1
Equity ratio (%)	63.7	59.1	58.3	58.3	59.4
Interest-bearing liabilities to total asset ratio (%)	13.3	17.5	21.4	19.5	20.9
Debt-to-equity ratio (times)	0.21	0.30	0.37	0.33	0.35
Current ratio (times)	2.4	2.1	2.7	2.1	2.6

*1 Shareholders' equity is defined by the following equation.
Shareholders' equity = Total shareholders' equity + Accumulated other comprehensive income

*2 The Company consolidated its shares at a rate of one share for every two shares of its common stock with October 1, 2017 as the effective date.
"Amounts per share" is calculated on the assumption that the consolidation of its shares was conducted at the beginning of the current year at the beginning of the year ended March 31, 2018.

*3 Effective from the fiscal year ended March 31, 2021, the Company has changed its accounting policy for non-free supplied materials received from customers.
This change in accounting policy was applied retrospectively to the figure for the fiscal year ended March 31, 2020.

J-GAAP							
Millions of yen (except per share amounts and key ratios)							
Years ended March 31	2018	2017	2016	2015	2014	2013	2012
Results for the year:							
Net sales	¥ 933,517	¥ 786,146	¥ 855,407	¥ 921,334	¥ 830,546	¥ 808,540	¥ 847,897
Gross profit	157,089	122,296	113,862	174,257	124,822	140,650	132,421
Operating income	110,203	76,390	59,720	125,779	75,418	95,785	88,577
Other income (expenses)	124,853	(1,565)	(12,764)	174,226	114,352	115,034	108,829
Profit (loss) before income taxes	105,795	(5,999)	559	123,261	111,006	122,455	87,962
Profit (loss) attributable to owners of parent	91,648	(18,540)	(309)	91,113	80,258	86,640	65,286
Capital expenditures	74,589	125,950	51,013	55,232	66,441	59,291	73,143
Depreciation	46,865	44,232	46,141	38,125	32,426	27,578	31,132
Financial revenue (expenses)	10,804	10,546	8,927	6,250	3,530	(144)	663
Net cash provided by (used in) operating activities	79,405	43,796	119,704	120,003	80,014	114,665	144,999
Net cash provided by (used in) investing activities	(22,994)	(143,219)	(92,876)	(105,024)	(126,937)	(88,745)	(135,932)
Net cash provided by (used in) financing activities	(90,095)	70,392	(4,003)	(39,047)	81	21,549	50,314
Free cash flows	56,411	(99,423)	26,828	14,979	(46,923)	25,920	9,067
Financial position at year-end:							
Total assets	¥1,699,037	¥1,685,018	¥1,630,800	¥1,740,246	¥1,572,367	¥1,351,153	¥1,146,759
Net assets	1,120,008	1,024,121	1,075,995	1,158,945	1,019,053	844,547	726,039
Long-term loans payable after one year	257,409	358,564	248,036	245,000	243,130	212,323	157,119
Interest-bearing liabilities	362,297	495,504	400,559	394,094	383,580	330,073	265,951
Working capital	369,668	382,810	313,812	307,436	314,198	338,866	312,542
Amounts per share (Yen)*2:							
Net income (loss)							
—Basic	¥ 332.42	¥ (33.61)	¥ (0.56)	¥ 165.11	¥ 145.35	¥ 155.58	¥ 116.17
—Diluted	299.94	—	—	149.44	129.71	142.40	106.84
Shareholders' equity*1	3,771.69	1,743.46	1,781.91	1,905.50	1,653.83	1,393.02	1,173.97
Cash dividends	100.0	11.0	31.0	48.0	37.0	34.0	28.0
Key ratios:							
ROA (%)	5.42	(1.12)	(0.02)	5.50	5.49	6.94	5.94
ROE (%)*1	9.17	(1.93)	(0.03)	9.28	9.54	12.13	10.12
Equity ratio (%)*1	61.0	57.1	60.3	60.4	58.1	56.9	57.5
Interest-bearing debt to total asset ratio (%)	21.3	29.4	24.6	22.6	24.4	24.4	23.2
Debt-to-equity ratio (times)*1	0.35	0.52	0.41	0.37	0.42	0.43	0.40
Current ratio (times)	2.70	2.82	2.39	2.29	2.40	2.60	2.67

1 Consolidated Financial Statements

(1) Consolidated Financial Statements

1) Consolidated Statement of Financial Position

	Notes	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Assets				
Current assets				
Cash and cash equivalents	8	158,373	213,977	1,748,035
Trade and other receivables	9, 34	153,645	187,310	1,530,185
Other financial assets	16, 34	3,995	49,342	403,088
Inventories	10	323,229	420,136	3,432,203
Other current assets	17	34,494	44,354	362,340
Total current assets		673,736	915,119	7,475,852
Non-current assets				
Property, plant and equipment	11	457,662	507,822	4,148,534
Intangible assets and goodwill	12	53,180	56,586	462,266
Investment property	14	3,477	3,477	28,405
Investments accounted for using equity method	15	311,768	368,751	3,012,425
Other financial assets	16, 34	354,465	387,507	3,165,648
Deferred tax assets	18	8,693	1,645	13,438
Other non-current assets	17, 23	23,018	27,849	227,506
Total non-current assets		1,212,263	1,353,637	11,058,222
Total assets	6	1,885,999	2,268,756	18,534,074

	Notes	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	19, 34	151,128	206,013	1,682,975
Bonds and borrowings	20, 34	120,725	120,983	988,342
Other financial liabilities	20, 21, 34	6,794	7,027	57,405
Income taxes payable		22,544	24,940	203,742
Provisions	22	4,952	6,101	49,841
Other current liabilities	24	19,179	19,727	161,155
Total current liabilities		325,322	384,791	3,143,461
Non-current liabilities				
Bonds and borrowings	20, 34	239,702	210,249	1,717,580
Other financial liabilities	20, 21, 34	11,499	9,579	78,253
Provisions	22	22,650	25,107	205,106
Retirement benefit liability	23	5,851	5,310	43,379
Deferred tax liabilities	18	57,041	75,631	617,850
Other non-current liabilities	24	951	671	5,482
Total non-current liabilities		337,694	326,547	2,667,650
Total liabilities		663,016	711,338	5,811,110
Equity				
Share capital	25	93,242	93,242	761,719
Capital surplus	7, 25	87,604	90,213	736,974
Treasury shares	25	(38,027)	(38,056)	(310,890)
Other components of equity		25,148	124,304	1,015,473
Retained earnings	25	945,956	1,175,626	9,604,003
Total equity attributable to owners of parent		1,113,923	1,445,329	11,807,279
Non-controlling interests		109,060	112,089	915,685
Total equity		1,222,983	1,557,418	12,722,964
Total liabilities and equity		1,885,999	2,268,756	18,534,074

2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income
Consolidated Statement of Profit or Loss

	Notes	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Net sales	27	926,122	1,259,091	10,285,851
Cost of sales	28	(775,246)	(1,001,297)	(8,179,863)
Gross profit		150,876	257,794	2,105,988
Selling, general and administrative expenses	28	(46,297)	(52,711)	(430,610)
Finance income	29	22,955	31,884	260,469
Finance costs	29	(4,757)	(2,969)	(24,255)
Share of profit of investments accounted for using equity method	15	8,719	57,537	470,035
Other income	30	5,757	81,850	668,655
Other expenses	30	(13,874)	(15,951)	(130,308)
Profit before tax	6	123,379	357,434	2,919,974
Income tax expense	18	(24,670)	(58,903)	(481,194)
Profit		98,709	298,531	2,438,780
Profit attributable to:				
Owners of parent		94,604	281,037	2,295,866
Non-controlling interests		4,105	17,494	142,913
Profit		98,709	298,531	2,438,780
Earnings per share		Yen	Yen	U.S. dollars
Basic earnings per share	32	344.29	1,022.80	8.36
Diluted earnings per share	32	344.29	1,022.80	8.36

Consolidated Statement of Comprehensive Income

	Notes	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit		98,709	298,531	2,438,780
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Financial assets measured at fair value through other comprehensive income	31	44,921	39,748	324,712
Remeasurements of defined benefit plans	31	8,639	3,660	29,900
Share of other comprehensive income of investments accounted for using equity method	15, 31	304	137	1,119
Total of items that will not be reclassified to profit or loss		53,864	43,545	355,731
Items that will be reclassified to profit or loss:				
Cash flow hedges	31	(1,005)	1,167	9,534
Exchange differences on translation of foreign operations	31	(14,539)	46,922	383,318
Share of other comprehensive income of investments accounted for using equity method	15, 31	(7,080)	25,130	205,294
Total of items that will be reclassified to profit or loss		(22,624)	73,219	598,146
Other comprehensive income, net of tax		31,240	116,764	953,876
Comprehensive income		129,949	415,295	3,392,656
Comprehensive income attributable to:				
Owners of parent		128,758	387,078	3,162,144
Non-controlling interests		1,191	28,217	230,512
Comprehensive income		129,949	415,295	3,392,656

3) Consolidated Statement of Changes in Equity
FY2020 (From April 1, 2020 to March 31, 2021)

Notes	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2020	93,242	87,598	(38,002)	(26,376)	(916)	27,198
Profit	—	—	—	—	—	—
Other comprehensive income	31	—	—	(18,707)	(1,071)	44,946
Total comprehensive income	—	—	—	(18,707)	(1,071)	44,946
Purchase of treasury shares	25	—	(25)	—	—	—
Disposal of treasury shares	25	—	0	—	—	—
Dividends	26	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	5	—	—	—	—
Obtaining of control of subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	16	—	—	—	—	74
Transactions with owners - total	—	6	(25)	—	—	74
As of March 31, 2021	93,242	87,604	(38,027)	(45,083)	(1,987)	72,218

		Equity attributable to owners of parent				Non-controlling interests	Total equity
Notes	Other components of equity		Retained earnings	Total			
	Remeasurements of defined benefit plans	Total					
	Millions of yen	Millions of yen					
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2020		—	(94)	859,202	1,001,946	108,914	1,110,860
Profit		—	—	94,604	94,604	4,105	98,709
Other comprehensive income	31	8,986	34,154	—	34,154	(2,914)	31,240
Total comprehensive income		8,986	34,154	94,604	128,758	1,191	129,949
Purchase of treasury shares	25	—	—	—	(25)	—	(25)
Disposal of treasury shares	25	—	—	—	1	—	1
Dividends	26	—	—	(16,762)	(16,762)	(3,224)	(19,986)
Changes in ownership interest in subsidiaries		—	—	—	5	2,151	2,156
Obtaining of control of subsidiaries		—	—	—	—	28	28
Transfer to retained earnings	16	(8,986)	(8,912)	8,912	—	—	—
Transactions with owners - total		(8,986)	(8,912)	(7,850)	(16,781)	(1,045)	(17,826)
As of March 31, 2021		—	25,148	945,956	1,113,923	109,060	1,222,983

FY2021 (From April 1, 2021 to March 31, 2022)

Notes	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2021	93,242	87,604	(38,027)	(45,083)	(1,987)	72,218
Profit	—	—	—	—	—	—
Other comprehensive income	31	—	—	61,489	1,043	39,737
Total comprehensive income	—	—	—	61,489	1,043	39,737
Purchase of treasury shares	25	—	(29)	—	—	—
Disposal of treasury shares	25	—	0	—	—	—
Dividends	26	—	—	—	—	—
Changes in ownership interest in subsidiaries	7	—	2,609	—	—	—
Loss of control of subsidiaries	—	—	—	—	—	—
Transfer to retained earnings	16	—	—	—	—	(3,113)
Transactions with owners - total	—	2,609	(29)	—	—	(3,113)
As of March 31, 2022	93,242	90,213	(38,056)	16,406	(944)	108,842

		Equity attributable to owners of parent					
		Other components of equity					
Notes	Remeasurements of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total equity	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
As of April 1, 2021	—	25,148	945,956	1,113,923	109,060	1,222,983	
Profit	—	—	281,037	281,037	17,494	298,531	
Other comprehensive income	31	3,772	106,041	—	10,723	116,764	
Total comprehensive income		3,772	106,041	281,037	387,078	415,295	
Purchase of treasury shares	25	—	—	(29)	—	(29)	
Disposal of treasury shares	25	—	—	0	—	0	
Dividends	26	—	—	(58,252)	(58,252)	(70,305)	
Changes in ownership interest in subsidiaries	7	—	—	2,609	(13,119)	(10,510)	
Loss of control of subsidiaries		—	—	—	(16)	(16)	
Transfer to retained earnings	16	(3,772)	(6,885)	6,885	—	—	
Transactions with owners - total		(3,772)	(6,885)	(51,367)	(25,188)	(80,860)	
As of March 31, 2022		—	124,304	1,175,626	1,445,329	1,557,418	

Notes	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of April 1, 2021	761,719	715,660	(310,653)	(368,295)	(16,232)	589,968
Profit	–	–	–	–	–	–
Other comprehensive income	31	–	–	502,320	8,521	324,622
Total comprehensive income	–	–	–	502,320	8,521	324,622
Purchase of treasury shares	25	–	(237)	–	–	–
Disposal of treasury shares	25	0	0	–	–	–
Dividends	26	–	–	–	–	–
Changes in ownership interest in subsidiaries	7	21,314	–	–	–	–
Loss of control of subsidiaries	–	–	–	–	–	–
Transfer to retained earnings	16	–	–	–	–	(25,431)
Transactions with owners - total	–	21,314	(237)	–	–	(25,431)
As of March 31, 2022	761,719	736,974	(310,890)	134,025	(7,712)	889,159

Notes	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total				
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of April 1, 2021	–	205,441	7,727,767	9,099,935	890,940	9,990,875
Profit	–	–	2,295,866	2,295,866	142,913	2,438,780
Other comprehensive income	31	30,814	866,277	866,277	87,599	953,876
Total comprehensive income	–	866,277	2,295,866	3,162,144	230,512	3,392,656
Purchase of treasury shares	25	–	–	(237)	–	(237)
Disposal of treasury shares	25	–	–	0	–	0
Dividends	26	–	(475,876)	(475,876)	(98,464)	(574,340)
Changes in ownership interest in subsidiaries	7	–	–	21,314	(107,173)	(85,859)
Loss of control of subsidiaries	–	–	–	–	(131)	(131)
Transfer to retained earnings	16	(30,814)	56,245	–	–	–
Transactions with owners - total	–	(56,245)	(419,631)	(454,799)	(205,768)	(660,567)
As of March 31, 2022	–	1,015,473	9,604,003	11,807,279	915,685	12,722,964

4) Consolidated Statement of Cash Flows

Notes	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities			
Profit before tax	123,379	357,434	2,919,974
Depreciation and amortization	45,729	46,455	379,503
Loss (gain) on sale of property, plant and equipment	(174)	(1,364)	(11,143)
Impairment losses	262	269	2,198
Share of loss (profit) of investments accounted for using equity method	(8,719)	(57,537)	(470,035)
Loss (gain) on sale of subsidiaries	–	(74,374)	(607,581)
Increase or decrease in retirement benefit asset or liability	(14,646)	(5,100)	(41,663)
Increase (decrease) in provisions	(2,392)	(56)	(457)
Finance income	(22,955)	(31,884)	(260,469)
Finance costs	4,757	2,969	24,255
Decrease (increase) in trade and other receivables	(30,489)	(28,260)	(230,863)
Decrease (increase) in inventories	(70,653)	(92,717)	(757,430)
Increase (decrease) in trade and other payables	52,133	44,663	364,864
Decrease (increase) in advance payments to suppliers	3,144	(9,401)	(76,799)
Increase (decrease) in accrued consumption taxes	(187)	904	7,385
Other	8,587	15,787	128,968
Subtotal	87,776	167,788	1,370,705
Interest received	4,034	3,483	28,454
Dividends received	11,931	33,248	271,612
Interest paid	(3,834)	(2,419)	(19,761)
Income taxes paid	(8,463)	(42,632)	(348,272)
Income taxes refund	78	21	172
Net cash provided by (used in) operating activities	91,522	159,489	1,302,908
Cash flows from investing activities			
Payments into time deposits	(21,401)	(43,185)	(352,790)
Proceeds from withdrawal of time deposits	24,736	83	678
Purchase of property, plant and equipment	(39,267)	(55,408)	(452,643)
Proceeds from sale of property, plant and equipment	375	1,647	13,455
Purchase of intangible assets	(1,203)	(1,162)	(9,493)
Proceeds from sale of investment securities	821	7,483	61,131
Purchase of shares of subsidiaries and associates	(4,566)	(9,777)	(79,871)
Proceeds from sale of shares of subsidiaries and associates	9,943	25	204
Collection of short-term loans receivable	253	278	2,271
Payments for long-term loans receivable	(3,424)	(29,144)	(238,085)
Collection of long-term loans receivable	1,596	26,419	215,824
Proceeds from sale of interests in subsidiaries resulting in change in scope of consolidation	33	–	923,144

Corporate Data and Investor Information (As of March 31, 2022)

	Notes	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)	
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Purchase of shares of subsidiaries resulting in change in scope of consolidation		(249)	—	—
Other		(7)	(465)	(3,799)
Net cash provided by (used in) investing activities		(32,393)	9,796	80,026
Cash flows from financing activities				
Proceeds from short-term borrowings	33	252,439	190,212	1,553,893
Repayments of short-term borrowings	33	(256,969)	(184,833)	(1,509,950)
Proceeds from long-term borrowings	33	1,350	15,412	125,905
Repayments of long-term borrowings	33	(32,908)	(47,688)	(389,576)
Proceeds from issuance of bonds	33	—	64,007	522,890
Redemption of bonds	33	—	(84,007)	(686,276)
Proceeds from share issuance to non- controlling shareholders		2,158	8,865	72,421
Purchase of treasury shares		(25)	(29)	(237)
Dividends paid	26	(16,762)	(58,252)	(475,876)
Dividends paid to non-controlling shareholders		(3,224)	(12,053)	(98,464)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	7	—	(19,374)	(158,271)
Other	33	(1,817)	(1,878)	(15,342)
Net cash provided by (used in) financing activities		(55,758)	(129,618)	(1,058,884)
Net increase (decrease) in cash and cash equivalents		3,371	39,667	324,050
Cash and cash equivalents at beginning of period	8	155,530	158,373	1,293,791
Effect of exchange rate changes on cash and cash equivalents		(528)	15,937	130,194
Cash and cash equivalents at end of period	8	158,373	213,977	1,748,035

Corporate Data

Company name	Sumitomo Metal Mining Co., Ltd.
President & Representative Director	Akira Nozaki
Founded	1590
Incorporated	1950
Capital	¥93.2 billion
Listing	Prime Market
No. of subsidiaries (consolidated)	52 (including the money held in trust which is deemed to be a consolidated company)
No. of equity-method affiliates	13
Net sales (consolidated)	¥1,259.1 billion (for the year ended March 31, 2022)
Profit before tax (consolidated)	¥357.4 billion (for the year ended March 31, 2022)

Number of Employees	7,202 (Consolidated)
Head Office	11-3, Shimbashi 5-chome, Minato-ku, Tokyo 105-8716, Japan
Main Branch	Osaka Branch
Branch	Nagoya Branch
Research centers	Niihama Research Laboratories (Ehime Prefecture) Battery Research Laboratories (Ehime Prefecture) Materials Laboratories (Tokyo) Ichikawa Research Center (Chiba Prefecture)

Contact Information

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Phone: +81-3-3436-7705
Facsimile: +81-3-3434-2215
URL <https://www.smm.co.jp/en/>

Investor Information

Closing Date	March 31
Ordinary General Meeting of Shareholders	June
Common Stock	Number of authorized shares 500,000,000 Number of issued and outstanding shares 290,814,015 Number of shareholders 46,283 Listing of shares Tokyo Stock transaction unit 100 shares

Note: SMM consolidated its common stock at a rate of one share for every two shares
with October 1, 2017 as the effective date.

Registrar of Shareholders

Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan
Stock Transfer Agency Department:
Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Method of Public Notice

Electronic notification (However, if electronic notification is not available
due to unavoidable circumstances, notice will be published in the Nihon
Keizai Shimbun newspaper.)

Independent Public Accountant

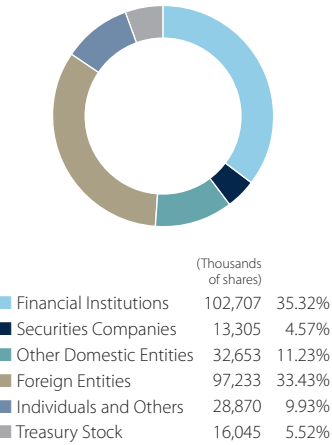
KPMG AZSA LLC 1-2, Tsukudo-cho, Shinjuku-ku, Tokyo

Major Shareholders

	Number of shares held (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	49,395	17.98
Custody Bank of Japan, Ltd. (Trust Account)	19,480	7.09
Toyota Motor Corporation	11,058	4.02
STATE STREET BANK WEST CLIENT-TREATY 505234	4,702	1.71
Sumitomo Realty & Development Co., Ltd.	3,745	1.36
Sumitomo Life Insurance Company	3,737	1.36
JPMorgan Securities Japan Co., Ltd.	3,511	1.28
Sumitomo Corporation	3,500	1.27
SMBC Nikko Securities Inc.	3,413	1.24
THE BANK OF NEW YORK MELLON 140051	3,129	1.14

Notes: 1. We own 16,045 million shares of treasury stock.
2. The shareholding ratios were calculated based on the total number of issued shares less treasury stock.

Breakdown of Shareholders



Corporate Data and Investor Information (As of March 31, 2022)

Share Price (Share prices calculated with share price at the end of March 31, 2012 set to 100)



Share Price Performance (TSR)

Investment period	1 year	3 years		5 years		10 years	
	Cumulative and Annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
SMM	35.3%	103.8%	26.8%	115.9%	16.6%	207.7%	11.9%
TOPIX	1.8%	29.6%	9.0%	41.0%	7.1%	164.4%	10.2%
TOPIX Nonferrous Metals	7.2%	33.9%	10.2%	17.8%	3.3%	89.4%	6.6%

Source: Bloomberg

• TSR (Total Shareholder Return): Calculated using $[(\text{share price at the end of the fiscal year ended March 31, 2022}) - (\text{share price at the end of the fiscal year X years previous to the fiscal year ended March 31, 2022}) + (\text{total cash dividend per share for the relevant period})] \div (\text{share price at the end of the fiscal year X years previous to the fiscal year ended March 31, 2022})$.

• Annual cash dividend per share for TOPIX and TOPIX Nonferrous Metals: Calculated using the weighted average of the cash dividend per share value for each stock over the 12 months previous to the base date and the formula used by TOPIX itself (Calculated using Bloomberg values).

Share Price by Fiscal Year

FY	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Annual high (yen)	3,214	2,974	3,898	4,044	3,333	5,491	4,882	3,711	5,578	6,588
Annual low (yen)	1,580	2,136	2,568	2,074	1,997	2,642	2,796	1,864	2,155	3,920
Year-end (yen)	2,686	2,592	3,517	2,235	3,167	4,480	3,270	2,218	4,779	6,163
Volatility	33.5%	32.8%	31.1%	40.9%	35.7%	33.7%	36.4%	47.4%	43.3%	32.2%

Source: Capital IQ

• Volatility is calculated by annualizing the standard deviation of weekly closing prices for the 52 weeks of the year.

Investor FAQ

1 I have heard that non-ferrous metals have a promising future. Why is this and what are their growth areas?

Non-ferrous metals such as copper and nickel are important materials that support social infrastructure, and their use continues to increase steadily along with the growth of the global economy. In addition, the rapid digitalization of society in recent years, the technological innovation, and energy transition toward creating a decarbonized society are major trends that are greatly expanding opportunities for non-ferrous metals.

Take the electrification of automobiles, for example. Electric vehicles are said to use about four times as much copper as conventional gasoline-powered vehicles, and demand for nickel is expected to increase for use as a cathode material in automobile batteries.

2 Why not increase mining and production when metal prices are high?

Some mines contain dense (high-grade) and some contain light (low-grade) metals. If only the high-grade areas are mined when metal prices are high, short-term performance will improve, but the low-grade areas will remain. As a result, there is a risk of leaving some areas unprofitable, depending on metal prices. We believe that rather than pursuing only a short-term contribution to business performance, we should give full consideration to environmental concerns and local communities, emphasize sustainable development, and strive for long-term stable operations, which will lead to the maximization of benefits for SMM and our stakeholders.

3 Why is production at the Hishikari Mine being reduced from FY2022 onwards?

The Hishikari Mine is a gold mine that boasts high earning capacity and cost competitiveness, with the most significant feature being its world-class ore grade (approximately 20 grams per ton), and has produced 260 tons of gold (as of March 31, 2022) since mining began in 1985. Our mission at this mine is to completely mine out the 157 tons of recoverable reserves as of December 31, 2021. In the 2021 3-Year Business Plan, we have shifted to a sustainability-oriented operation based on average-grade ore mining. In order to extend the mine life, we plan to produce 4.4 tons in FY2022, down from 6 tons in the previous fiscal year. We will continue to work on the development of the lower orebody of the mine and will also review our cost structure through a variety of innovative means, such as DX.

4 What are the strengths of the Sumitomo Metal Mining Group's 3-business collaboration model?

In its more than 400 years of handling metals, the SMM Group has continued to hone not only its mining, smelting, and refining technologies, but also its analysis, quality and equipment management, research & development, and other technologies. These knowledge and technologies related to metals are used in the three businesses of Mineral Resources, Smelting & Refining, and Materials, and the combined efforts of these businesses contribute to the expansion of our earnings. A typical example of the collaboration among these three businesses is our proprietary, integrated nickel supply chain that spans the securing of nickel ore to the production of battery materials, and achieves traceability in the securing of raw materials, stable supply, quality, and other factors. Another strength of ours is the supply and demand outlook for non-ferrous metal resources in areas close to final consumer goods, obtained from customers for our battery materials and advanced materials. This is an important source of information for our medium- to long-term growth investments in the resource field and the smelting and refining field. Our Group seeks to achieve further growth by combining the knowledge gained from our three businesses, including technologies in wide-ranging fields, experience and achievements in numerous projects, and market forecasting.

5 What are your financial targets and shareholder return policies?

Because the SMM Group deals in resources that become depleted, we must always prepare to participate in large-scale projects, M&As, and other measures in order to acquire new resource interests. Accordingly, it is important to maintain a sound financial position that can withstand large temporary cash outflows. As a foundation for our financial strategy, we set a consolidated equity ratio of over 50% as an indicator of financial soundness.

Our dividend policy is performance-based, and our 2021 3-Year Business Plan calls for a consolidated payout ratio of 35% or more in principle. However, there is a possibility that SMM may exceptionally propose a dividend payout ratio of less than 35% if special circumstances arise, especially in connection to carbon neutrality, such as when a best available technology (BAT) is developed through technological innovation, and SMM invests a large amount of money to introduce such technology. For more information on our financial strategy, please refer to p. 46-47.

6 What are your plans for increasing production of battery materials needed for xEV, which are expected to grow in the future?

In July 2021, we announced a 2,000 tons per month production increase for nickel-based cathode material, including the construction of a new plant in Niihama, aiming for a production capacity of 7,000 tons/month by FY2025. We will continue to aggressively expand our production capacity to reach 10,000 tons/month by FY2027 and 15,000 tons/month by FY2030. In addition, the lithium iron phosphate (LFP) battery materials business was newly added to our Battery Materials Division in May 2022, after taking over the LFP battery materials business of Sumitomo Osaka Cement Co., Ltd. We will also meet a wider range of customer needs by expanding our product lineup as well as our existing nickel-based cathode materials.

7 What is the life expectancy of a copper or gold mine?

The length of mine life varies depending on the size of the mine and the results of exploration activities, but most are said to be between a decade and several decades, as mine development involves a large investment. Mine resources are finite and are diminish with each dig. In order to fulfill our responsibility to supply non-ferrous metal materials over the long term and achieve increased corporate value, we need to conduct dynamic business development, such as replacing assets by acquiring new mining interests.

8 What are the future prospects for battery recycling?

We and Kanto Denka Kogyo Co., Ltd. have jointly developed a world-first horizontal recycling process that recovers lithium from used lithium-ion batteries (LIBs) as a high-purity compound for battery materials. We will continue our efforts to achieve “battery to battery” recycling and contribute to the formation of a sustainable, circular economy and to addressing global resource depletion through the promotion of resource recycling. For details, please refer to p. 67.

9 What types of products contribute to a low-carbon society and to the reduction of GHG emissions?

Examples include battery materials and functional inks (near-infrared absorbing materials). One of the battery mate-

rials that support electrification in the automotive industry, such as hybrid and electric vehicles, is cathode materials. Cathode materials are materials used for the positive electrodes of batteries, and SMM mainly produces cathode materials for batteries used in automobiles. While cathode materials with high nickel content, which are our main products, have high capacity, it is difficult to ensure stable quality. We maintain a high market share worldwide thanks to our technical capabilities and quality control system that enable us to mass produce such cathode materials with stable quality. Functional inks (near-infrared absorbing materials) are materials that combine high transmittance of visible light with strong absorption capacity against near-infrared rays. When applied to window materials, for example, it can efficiently block out the energy of near-infrared rays contained in sunlight, thereby significantly suppressing the rise in indoor temperatures while maintaining brightness.

10 What is your approach to business and human rights?

Based on the Sumitomo Metal Mining Group Policy on Human Rights, which is in line with the UN's Guiding Principles on Business and Human Rights, SMM is working to implement due diligence and establish a grievance mechanism that external stakeholders can also use. In practice, SMM places particular emphasis on the three areas of employees, local communities and indigenous peoples, and the supply chain, based on the material issues of our Vision for 2030, namely: Diverse Human Resources, Development and Participation of Human Resources, Co-Existence and Mutual Prosperity with Local Communities, Rights of Indigenous Peoples, Human Rights in the Supply Chain, etc. We also promote comprehensive initiatives based on dialogue and consultation with relevant stakeholders. These initiatives are regularly reported to the Sustainability Committee, which is overseen by the Board of Directors and chaired by the President. For details, please refer to p. 102-105.

Attestation of Validity

On the issuance of the Sumitomo Metal Mining Co., Ltd. Integrated Report 2022

Since 2016, we have published these integrated reports to serve as a tool for dialogue with stakeholders inside and outside the Group.

The Sumitomo Metal Mining Co., Ltd. Integrated Report 2022, our seventh integrated report, describes value creation by our Group as we further integrate business with sustainability, with a particular focus on the 2021 3-Year Business Plan, of which 2022 is the first fiscal year.

As the officer ultimately responsible for the production of this report, I attest that the process of preparing the report is legitimate and that its content described is accurate.

I hope that this integrated report will help our diverse stakeholders, including shareholders and investors, understand our Group's efforts toward sustainable growth and the realization of a sustainable society. We will continue to strive to appropriately disclose information.

Takahiro Kanayama
Director
Managing Executive Officer
In charge of Public Relations &
Investor Relations Department