



2021 3-Year Business Plan

Renewed Challenge for Change

February 15, 2022

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MINING THE FUTURE

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1. Long-term vision and targets

Long-term
vision

Become the world leader in the non-ferrous metals industry

Targets

Nickel

Annual production capacity of 150,000 tons

Copper

Annual production interest of 300,000 tons per year

Gold

Participation in new mine operations through the acquisition of interests in superior interests

Materials

Achievement of annual profit before tax of ¥25.0 billion through portfolio management

Profit

Annual profit ¥150.0 billion

Continuing to pursue the long-term vision and targets under 18 3-Year Plan

2. Vision for 2030

Company we want to be in 2030

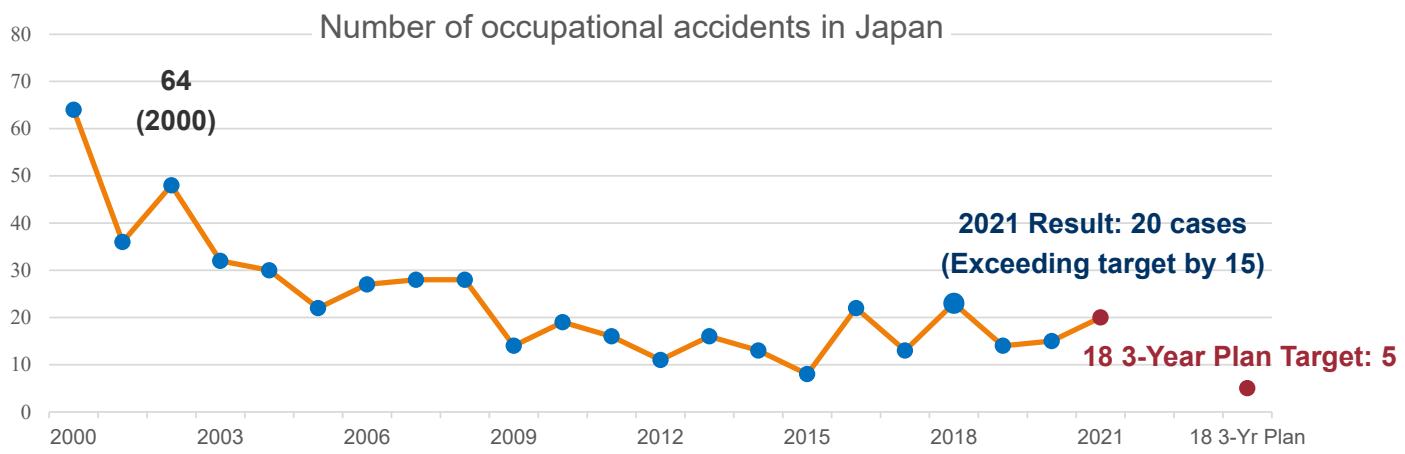
- ◆ A company that generates resources through high technological capabilities
- ◆ A company that actively undertakes climate change countermeasures, by reducing emissions and stably supplying products contributing to a low-carbon society, a future with zero greenhouse gases (GHGs)
- ◆ A company that values water resources and biodiversity, and protects the richness of the sea and land
- ◆ A company where all employees work together with safety first the priority in a comfortable working environment as well as safe facilities and operations
- ◆ A company where all employees can take a vibrant and active part
- ◆ A company that is appreciated and understood to be the world leader in non-ferrous metals
- ◆ A company that contributes to regional development and earns trust as a member of the local community
- ◆ A company that understands and respects the traditions and culture of indigenous peoples
- ◆ A company that undertakes responsible sourcing across the supply chain

3. Review of 18 3-Year Plan 1) Safety performance

The number of occupational accidents in Japan decreased significantly over the past 20 years but only to a certain level in recent years.
The target under 18 3-Year Plan remains unachieved.

- ◆ **Serious accidents** including fatal ones occurred despite efforts to improve the safety of equipment.
- ◆ **Recurrent accidents**, which are akin to those experienced before, occurred in significant number

	18 3-Year Plan Target	2019 Results	2020 Results	2021 Results
Number of occupational accidents in Japan	5 or less	14	15	20
Number of occupational accidents overseas	3 or less	1	0	2



3. Review of 18 3-Year Plan 2) Impact of COVID-19

Impact of COVID-19 on our strategy

- ◆ At each location or site of operations, measures to prevent the spread of COVID-19 have been implemented thoroughly and dedicated efforts have been made to ensure operational stability.
 - ➡ Some overseas operations were affected, but there was no significant impact on production
- ◆ The sales environment remained favorable thanks partly to an overall economic recovery following the rollout of COVID-19 vaccination.
- ◆ There was a delay in the progress of large-scale projects as well as in the commencement of capital investment plans.
 - ➡ However, the Growth Strategy remains unchanged.

3. Review of 18 3-Year Plan 3) Large-scale projects

Progress of large-scale projects

(1) QB2 (Quebrada Blanca 2) Project

- ✓ Construction was suspended for half a year due to COVID-19 and production is now slated to begin in the second half of 2022 (1 year behind the original schedule)

(2) Côté Gold Project

- ✓ The start of construction was delayed by 1.5 years and production is now slated to begin in the first half of 2023 (2 years behind the original schedule), leading to a \$362 million increase in the initial capital cost (on a 100% basis).

(3) Sierra Gorda copper mine

- ✓ Established a stable and full-scale operation with declined costs ⇒ Became profitable.
- ✓ It was decided to sell the entire stake in the mine as a result of a portfolio review.

(4) Pomalaa Project

- ✓ Due to COVID-19, we were unable to investigate on real places.
- ✓ Despite efforts to obtain necessary permits and continued negotiations with our partner, we could not reach a final investment decision by the end of the 18 3-Year Plan period.

(5) Battery materials

- ✓ A decision was made in FY21 to increase the production capacity by 2,000 tons per month, with construction slated to complete in 2025. It is behind the schedule under 18 3-Year Plan.

3. Review of 18 3-Year Plan 4) Steps toward realizing our vision(1)

Steps in line with TCFD recommendations

Scenario	Category	Drivers	Anticipated situation (2050)	Impact on business	Risk and opportunity (medium- to long-term)	SMM Group approach: Initiatives for realizing Vision 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.	Risk Large	• Climate Change: Reduce GHG emissions [See p.71-74]
	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	Increases in R&D costs and investment in low-carbon facilities and equipment	Risk Short- to long-term, large	• Climate Change: Reduce GHG emissions [See p.71-74] • Effective Use of Non-Ferrous Metal Resources: Improve productivity by introducing new technology, Advance nickel ore projects and improve productivity [See p.68-70]
	Society and infrastructure	Progress of digital transformation related to vehicles, changes in values	• Self-driving vehicles, MaaS ⁷ , and car-sharing are common • Fewer households own cars	• Increase in sales due to growing demand for batteries and nickel accompanying the spread of EVs • Increase in sales of nickel oxide powder and lithium batteries accompanying the development of a hydrogen society and the spread of FCVs • Increase in sales of other products contributing to a low-carbon society	Opportunity Large	• Climate Change: Reduce GHG emissions [See p.71-74] • 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.68-70]
	Technology	Development of hydrogen technology, fuel cells	• Fuel cell vehicles (FCV) are common • EVs and plug-in hybrid EVs (PHEV) are common			
	Climate change policy	Shift to electrical energy	• Electricity occupies a higher proportion of final energy consumption	• Increase in demand for copper accompanying the strengthening of electrical grids (although there is competition from aluminum, etc.)	Opportunity Large	• Effective Use of Non-Ferrous Metal Resources: Advance copper mine projects, Acquire new superior copper and gold resources [See p.68-70]
	Technology	Technological shift in automobile storage batteries	• There has been a shift in the market share of automobile storage batteries	• Rise in the proportion of nickel used in batteries and increased sales of nickel accompanying efforts to move away from cobalt • Solid state batteries that leverage SMM technology as next-generation batteries • Spread of iron and manganese-based batteries accompanying efforts to move away from cobalt • Spread of new batteries that do not leverage SMM technology as next-generation batteries	Opportunity Medium Risk Medium	• Climate Change: Reduce GHG emissions [See p.71-74] • 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.68-70]
4°C	Society and infrastructure	Interest in matters such as responsible sourcing, environmental footprint, and the social impact of businesses	• There is greater awareness regarding sustainability • ESG investment is mainstream • There are more possible applications for alternative materials and recycled metals	• Limits on raw materials sourcing, increase in materials and manufacturing costs, greater advantages due to owning our own mines • Expansion of the automobile secondary battery recycling business • Impact of ESG investment on financing • Reputational risk if SMM's efforts are evaluated as insufficient	Opportunity Medium Risk Medium to large	• Effective Use of Non-Ferrous Metal Resources: Advance copper mine projects, Acquire new superior copper and gold resources, Advance nickel ore projects and improve productivity, Hold raw materials in-house for favorable and stable procurement, Demonstrate and commercialize automobile secondary battery recycling technology [See p.68-70] • Human Rights in the Supply Chain: Promote responsible sourcing, particularly responsible mineral sourcing [See p.92-93] • 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.91]
	Temperatures and rainfall	Rises in average temperature, sea surface temperature, and sea levels	• Sea levels have risen • Storm surges are more frequent	Decline in port functionality, greater risk of storm surges, possibility of facility-based countermeasures needing to be taken at some coastal business sites	Risk Large	• Significant Environmental Accidents and Biodiversity: Zero significant environmental accidents [See p.75-79]
		Increase in abnormal climate events, such as heat waves, flooding, and water shortages	• Heavy rains and typhoons are more frequent • Increased risk of flooding and water shortages depending on region	Increase in risk of flooding or water shortages at business sites in certain regions, possibility of facility-based countermeasures needing to be taken Decline in operations at key suppliers, decline in plant operations due to interruptions to procurement and shipping routes Possibility of facility-based countermeasures needing to be taken due to the increased risk of damage to tailing dams	Risk Large Risk Large Risk Large	• Significant Environmental Accidents and Biodiversity: Zero significant environmental accidents, Reduce emissions of hazardous substances [See p.75-79] • Significant Environmental Accidents and Biodiversity: Zero significant environmental accidents [See p.75-79]

7: An abbreviation for LEVs/Low-Emission Vehicles

Integrated Report 2021, p72

Results of climate-related scenario analysis disclosed in Integrated Report 2021

✓ Scenario analysis was conducted to identify climate-related risks and opportunities under global warming scenarios of 1.5°C and 4°C.

✓ ICMM commitment

We go along with the ICMM commitment to building clear pathways no later than the end of 2023 to achieving net zero CO2 by 2050.

➡ It is imperative to accelerating measures to achieve carbon neutrality.

3. Review of 18 3-Year Plan 4) Steps toward realizing our vision(2)

Business and human rights

Realization of **Vision for 2030**(*)

⇒ Exercise and operation of due diligence under the UN Guiding Principles on Business and Human Rights

<Employees>

- * A company where all employees can take a vibrant and active part
 - ⇒ Promotion of diversity, exercise of due diligence to respect the human rights of employees

<Host community residents and indigenous people>

- ◆ * A company that contributes to regional development and earns trust as a member of the local community
 - ⇒ Exercise of due diligence to respect the human rights of host community residents
- * A company that understands and respects the traditions and culture of indigenous peoples
 - ⇒ Dialogue and collaboration with people in indigenous host communities in the Canada, Philippines, etc.

<Supply chain>

- * A company that undertakes “responsible sourcing” across the supply chain
 - ⇒ Responsible Mineral Sourcing: Gold, silver, cobalt, copper, nickel -- Proactive compliance with international standards
 - ⇒ CSR Sourcing Policy: Collaboration with suppliers, promotion of the exercise of human rights due diligence by suppliers

3. Review of 18 3-Year Plan

4) Steps toward realizing our vision(3)

Trials for change

◆Shiki-nen Reform Project

- ✓ Calling for SMM's mainstay technologies, institutional frameworks and business systems to repeatedly go through a “scrap-and-build” process periodically on a mandatory basis.
- ✓ Main objectives: (1) change of mind, (2) handing down technology, expertise and experience to the next generation, and (3) development of human capital

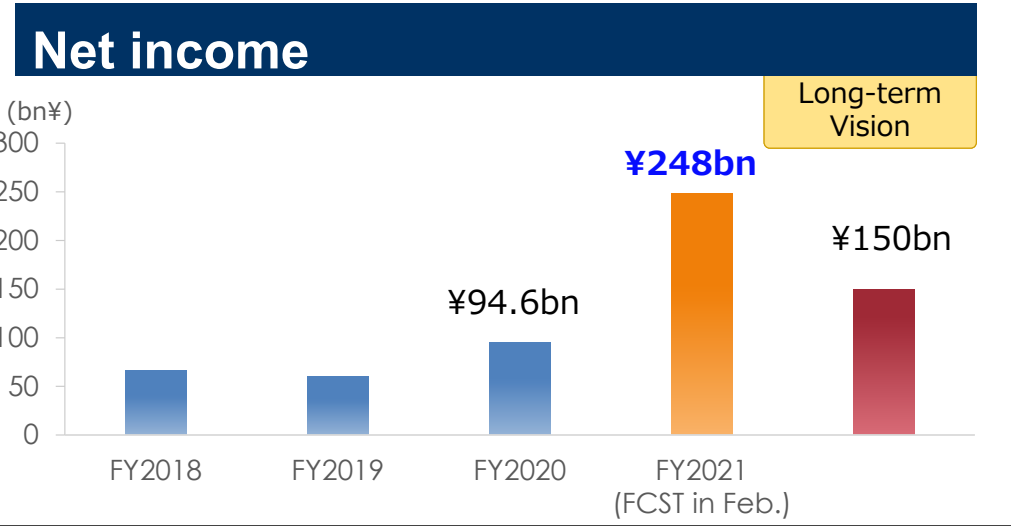
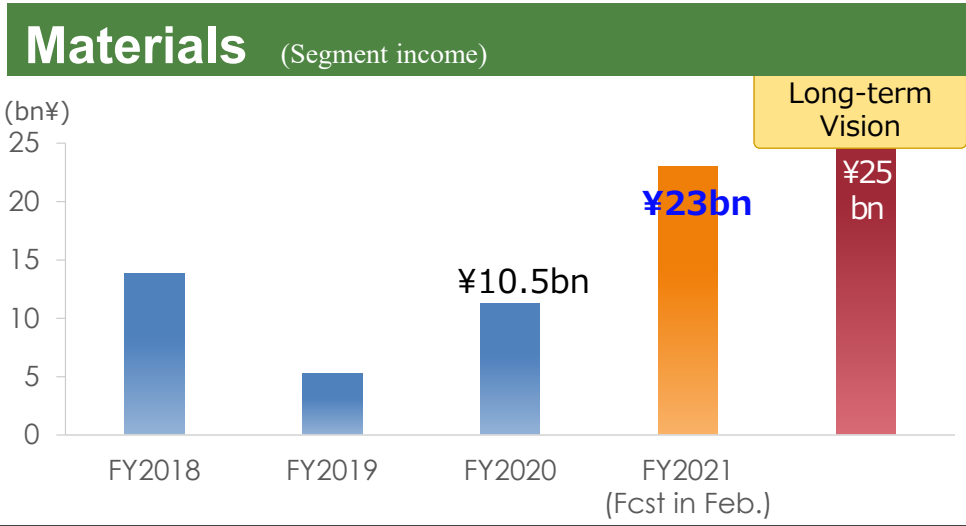
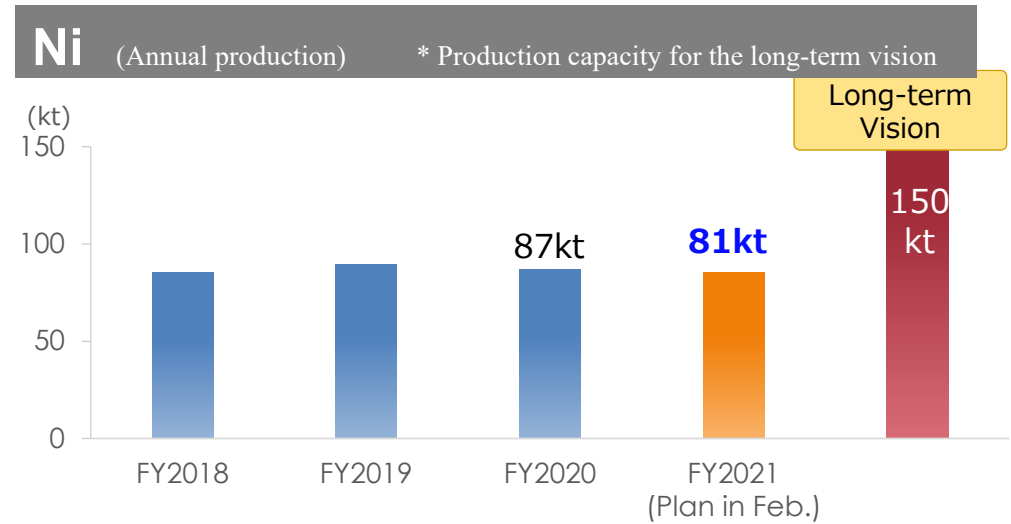
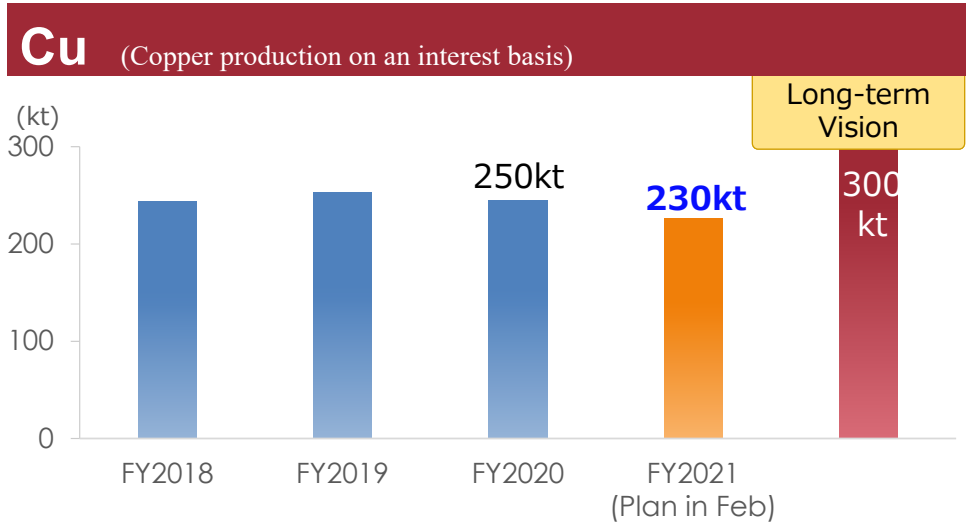
◆Change ways of meeting

- ✓ Methods of holding meetings to be changed to permit more in-depth, broader-based discussions and deliberations

◆Refurbish Head Office

- ✓ Work underway to realize a working environment enabling employees to tackle business duties in a lively manner and achieve innovation

3. Review of 18 3-Year Plan 5)Progress toward the targets



II . Environment Surrounding Our Business

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1. Business environment

◆ Supply demand balance in non-ferrous metals expected to ease temporarily

- ✓ Supply demand balance in both copper and nickel is expected to ease temporarily due to an increase in supply.
- ✓ Demand is expected to increase in the medium to long-term, mainly for use in EVs and Renewable energy purposes.

◆ Increasingly challenging environment for resource development as well as for smelting and refining operations

- ✓ Rising resource nationalism
- ✓ Greater difficulties involved in mining because of the higher, further, and/or deeper location of mines, the lower quality of ores, etc.
- ✓ Greater hurdles that must be overcome in building a positive relationship with host communities
- ✓ Stricter environmental regulations
- ✓ Increasing investment and running costs

◆ Expanding applications for materials

- ✓ Increasing demand for copper and nickel for use in power grids and EVs
- ✓ Acceleration in transition to carbon neutrality and digital transformation drives technological innovation and market growth in various areas, opening a great opportunity to expand materials business

2. Major issues we face (Social factors)

◆ Accelerating transition to carbon neutrality (CN)

- ✓ The world heading to net zero GHG by 2050 shared as a common understanding
 - ➡ It takes the development and introduction of innovative technology on an extensive scale, on top of steady emissions reduction efforts.

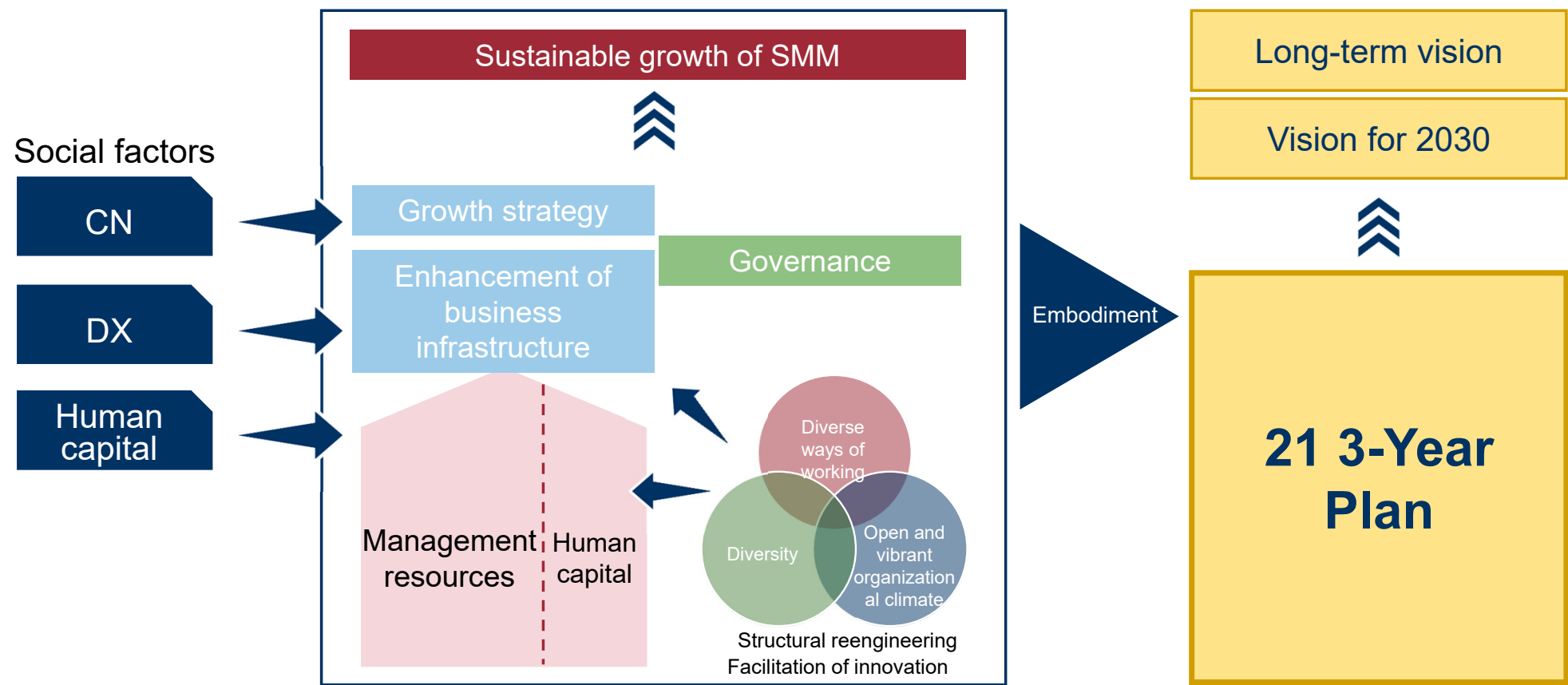
◆ Adaptation to digital transformation (DX)

- ✓ Accelerating adaptation to digitalization and the proliferation of information technology
 - ➡ This is imperative to maintaining our competitive edge and it takes changing the mindset.

◆ Increasing difficulty of securing human capital

- ✓ Greater diversity in the ways of working and changing mindset of employees (Increasing mobility of human resources)
 - ➡ We will adapt to the changing environment by reforming and reframing the personnel system.

3. Positioning of 21 3-Year Plan



Adapting social changes and using important factors as a leverage to spark self-transformation, and taking further measures for future growth

III. Key Strategies under 21 3-Year Plan (4 challenges)

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[18 3-Year Plan: 4 Challenges]

4 Challenges

Challenge 1. Increasing corporate value - Promotion of large-scale projects

- Expanding production capacity for battery cathode materials
- Pomalaa project
- Quebrada Blanca 2 project
- Côté gold mine development project

Challenge 3. Adapting to changes in the social environment

- 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

- 3-biz collaboration to strengthen the value chain for Ni-batteries
- Shifting Hishikari Mine to sustainability-oriented operation
- Enhancing competitive edge in copper-smelting business
- Strategy for advanced materials business expansion

Challenge 4. Strengthening the foundation of business management

- Strengthening safety initiatives
- Reorganizing and enhancing sustainability promotion framework
- Corporate governance

Challenge 1: Increasing corporate value

Promoting large-scale projects:1) Battery materials

Expanding production capacity for battery cathode materials

◆ Increasing the production capacity by 2,000 tons per month by the end of FY25

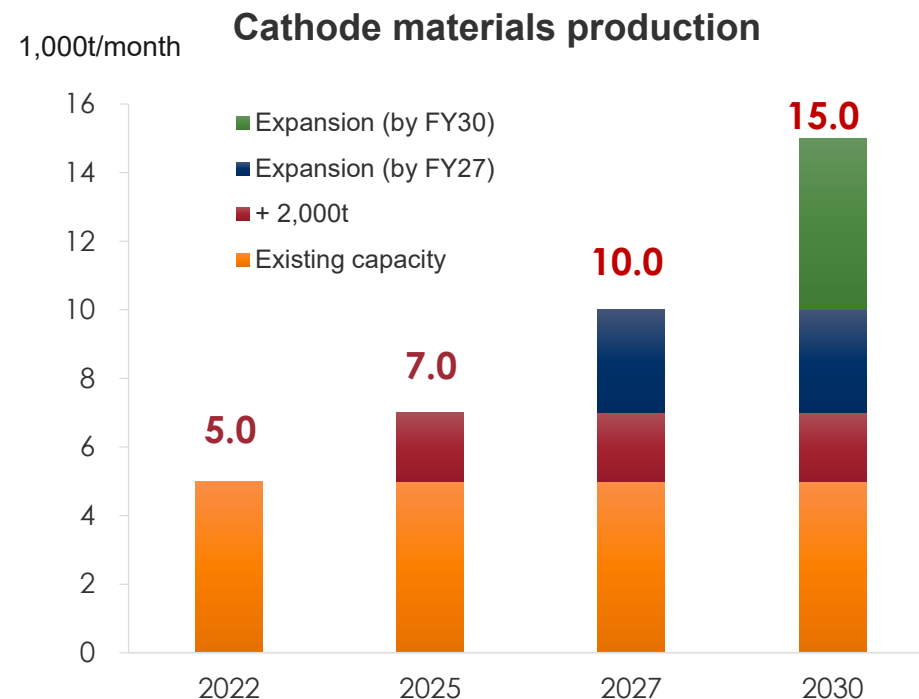
◆ Achieving a production volume of **10,000 tons per month** by FY27

◆ Building a production capacity of **15,000 tons per month** by the end of the 27 3-Year Plan period (FY28 through FY30)

⇒ Maintaining a leading position in the market share of nickel-based cathode materials

* We will consider increasing production and/or building new production capacity for other products in accordance with market demand.

◆ Introduce Toyota Production System



Challenge 1: Increasing corporate value

Promoting large-scale projects: 2) Pomalaa

Pomalaa Project

- ◆ A high-pressure acid leaching (HPAL) project to build a production capacity of **40k nickel tons per year**
- ◆ The project is planned to produce MS (mixed sulfide of nickel and cobalt), a material for Class-1 high grade nickel, for which demand is expected to grow for use in xEVs.
- ◆ We aim to reach a final investment decision.
- ◆ We are planning to launch and move into full operations in the latter half of the 2020s.

We will continue negotiations with our partner toward making a final decision and efforts to obtain necessary permits.



Sulawesi Island, Indonesia

Challenge 1: Increasing corporate value

Promotig large-scale projects: 3) QB2

Quebrada Blanca 2 (QB2) Project

- ◆ Start of production planned for the second half of 2022
- ◆ Final year of 21 3-Year Plan (FY2024)
Planned production: 284,000 tons
(SMM's interest production: 71,000 tons)
- ◆ With the progress of exploration drilling, the mineral resource estimate tends to increase.
➡ Growing prospect of future expansion



Challenge 1: Increasing corporate value

Promoting large-scale projects: 4) Côté

Côté Gold Project

- ◆ Start of production planned for the first half of 2023
- ◆ Final year of 21 3-Year Plan(FY24)
Planned production: 13 tons
(SMM's production interest: 4 tons)
- ◆ Prospect drilling in areas around the mine has confirmed the presence of additional resources
➡ Increasing the project's value with additional projects in the future



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

Securing the supply of nickel resources and implementing measures to enhance collaboration among the three core businesses

- ◆ Moving forward with the Pomalaa Project
- ◆ Securing a supply of nickel ore to CBNC and THPAL
- ◆ Continuing the search for new nickel deposits



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

- ◆ Increasing the internal supply of raw materials in step with an increase in the production capacity for battery cathode materials
 - ✓ Continuing nickel sulfate production at maximum capacity (Niihama Nickel Refinery and Harima Refinery)
 - ✓ Maximizing the supply of cobalt
- ◆ Considering developing new cobalt products to be better prepared for possible changes in the demand structure
- ◆ Recycling of batteries
 - ✓ Realizing battery-to-battery recycling to recover nickel, cobalt, and lithium
 - ✓ Aiming to achieve a processing capacity of 10,000 tons per year by the end of 24 3-Year Plan period (FY25 through FY27)
(Processing plant set to go into operation by the end of 21 3-Year Plan)



Hishikari Mine (Shifting to sustainability-oriented operations)

- ◆ Shifting to sustainable production centered on average-grade ore mining to extend the mine's life
6.0 tons per year (18 3-Year Plan period) ➡ 4.4 tons per year (21 3-Year Plan period)
- ◆ Moving forward with tunnelling to explore deep underground ore bodies by making full use of new dewatering facilities
Acquiring a new supply of ore
- ◆ Achieving cost reductions by restructuring the operational framework by incorporating digital transformation, etc.



Challenge 2: Improving core business sustainability

3) Copper smelting and refining

Enhancing competitive edge in copper smelting and refining

- ◆ Ensuring stable operations to produce 450,000 tons of electrolytic copper per year → Establishing a production capacity of 460,000 tons per year
 - ✓ Main supply source of copper concentrates: Shift from Sierra Gorda to QB2
 - ✓ Improving the capability to ensure production stability by taking the opportunity of the planned cooldown of a flash furnace in 2023
 - ✓ Increasing the production capacity by 10,000 tons per year through facility improvements
- ◆ Enhancing the logistics infrastructure
 - ✓ Optimizing internal logistics considering for environment



Strategy for advanced materials business expansion

◆ Silicon carbide

- ✓ Establishing a mass production capacity of 10,000 pieces per month in FY25

◆ Nickel powders (For use in paste for MLCCs)

- ✓ Expanding sales in high-end markets by taking advantage of the low cost, uniform diameter, and low content of coarse particles—all achieved by wet processing.

◆ Functional inks

- ✓ Expanding sales of window films for automobiles and developing new markets (clothing, agriculture, 3D printing, infrared identification)

✓

◆ Communication devices

- ✓ Building production and sales capabilities to capture every market growth opportunities

Challenge 3: Adapting to changes in the social environment

1) Carbon neutrality (1)

Initiatives for greenhouse gas (GHG) emission reductions

We will keep our GHG emissions below the FY13 level,
develop a plan for reaching **net zero GHG emissions no later than 2050**,
and implement various necessary measures.

◆ Establishing an organizational framework for promoting the initiatives

- ✓ Setting up a committee to promote carbon neutrality

◆ Executing the ICMM commitment

- ✓ Building clear pathways no later than the end of 2023 to achieving net zero Scope 1 and 2 GHG emissions by 2050
- ✓ Setting targets for Scope 3 GHG emissions

◆ Continuing to reduce unit energy consumption

◆ Implementing the internal carbon pricing (ICP) scheme more extensively (including a negative performance evaluation for an increase in emissions)

◆ Considering the use of carbon credits

Challenge 3: Adapting to changes in the social environment

1) Carbon neutrality (2)

Investment for reducing GHG emissions

- ◆ Total investment of **12 billion yen** planned for the 21 3-Year Plan period
 - Of which, **5 billion yen** is for capital investments including those subject to internal carbon pricing (Boiler fuel conversions, solar power generation, etc.)
 - **7 billion yen** in testing and research related to the reduction of GHG emissions including those from Scope 3 sources

	Amount (in million yen)	
Direct reduction of GHG emissions from the SMM group	500	Environmentally friendly smelting and refining
Contribution to reducing GHG emissions from society (Upstream)	1,000	Lithium refining, battery recycling, etc.
Contribution to reducing GHG emissions from society (Downstream)	4,500	Battery materials, heat-ray shielding materials, etc.
Contribution to electricity and energy conservation and electrification	1,000	Powder Materials, etc.
Total	7,000	

Challenge 3: Adapting to changes in the social environment

1) Carbon neutrality (3)

Promoting the development of products, technologies, and processes that can help achieve carbon neutrality

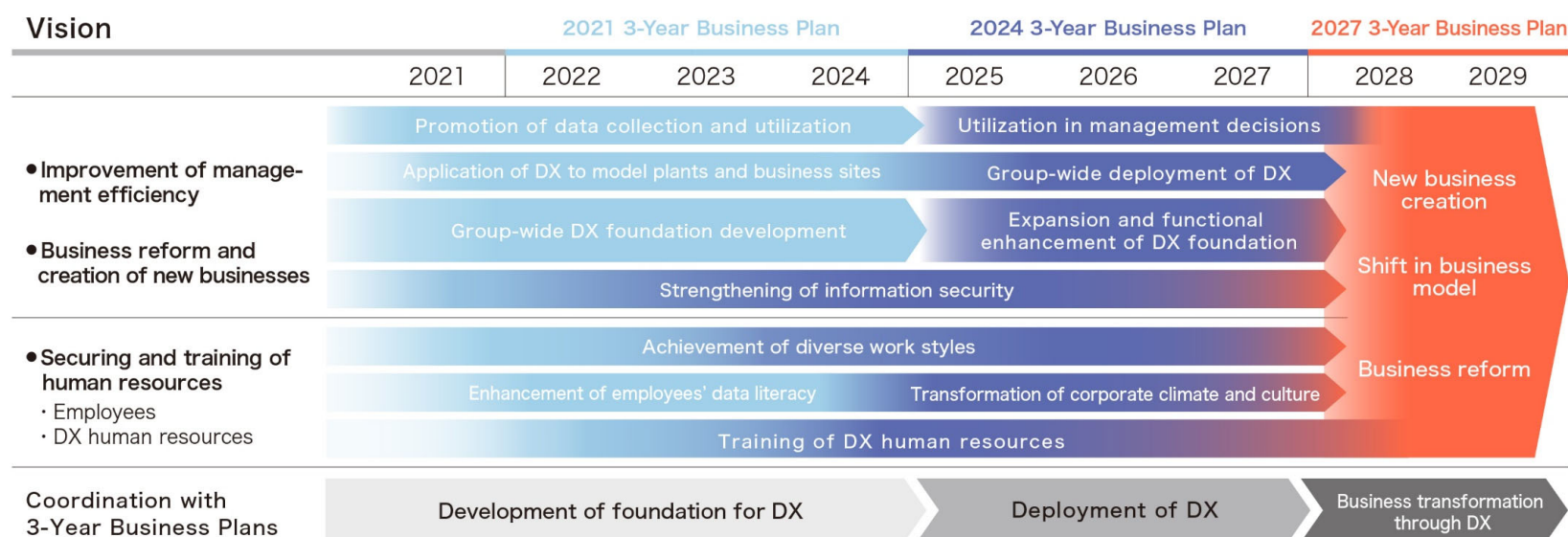
- ◆ Advanced materials (functional inks, nickel powders, silicon carbide, etc.)
- ◆ Direct reduction of GHG emissions from existing processes
 - ✓ Reduction of use of neutralizer, CO₂ fixation, use of biomass as a reductant, etc.
- ◆ Direct reduction of GHG emissions from smelting and refining operations by introducing innovative processes
 - ✓ Consideration of introducing next-generation nickel smelting and refining processes, employing a hydrogen reduction technology, etc.
- ◆ Contribution to reducing carbon footprint through new projects
 - ✓ Battery recycling (nickel, cobalt, lithium)
 - ✓ Lithium refining (direct recovery from salt lake brine)
 - ✓ Development of cathode materials for all-solid-state batteries
 - ✓ Research of photocatalyst materials for artificial photosynthesis

Challenge 3: Adapting to changes in the social environment

2) DX

Adaptation to digital transformation (DX)

- ◆ Establishing a new unit tasked with DX promotion in FY22 to accelerate company-wide DX
 - ➡ Enhancing competitive edge and establishing infrastructure for implementing measures toward achieving our vision by leveraging DX
- ◆ Investment and expenditures planned for the 21 3-Year Plan period
 - ➡ Company-wide DX infrastructure: 7 billion yen; Division-level DX: 6 billion yen
 - DX-related expenditures: 2 billion yen



Challenge 3: Adapting to changes in the social environment

3) Securing, fostering, and utilizing human capital

Initiatives for securing, fostering, and utilizing human capital

Securing

- Enhancing recruiting capabilities and increase recruitment staff
- Expanding the long-term engineering internship program
- Improving corporate branding
- Introducing scholarships

Fostering

- Promoting the evolution and deepening of OJT (1on1 meetings)
- Enriching the coaching training program
- Introducing a career building program
- Introducing a talent management system
- Enhancing the management leadership training program for selected employees

Utilizing

- Reviewing the remuneration and performance evaluation systems, allowances, and benefits
- Hiring and utilizing diverse human capital
- Implementing mental health care management and health promotion programs

Aggressive investment in human capital

- Launching a training program designed to foster next-generation leaders
- Work Experience Program (Renewed acknowledgement of capabilities and skills, mid-career development, life stage support for employees 65 and older)
- Diversifying online learning opportunities as a way to support self-motivated career building (reskilling, recurrent training)
- Promoting health and productivity management: Raising of retirement age to 65 to support employees wishing continue to work and stay active for life

Challenge 4. Strengthening the foundation of business management

1) Sources of competitiveness

Sumitomo's 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.



Technology	Technology that has been continually honed over 430 years and is focused on the next generation	Local communities	Involvement with local communities that has been built up through our core business
Corporate climate	Employees who share our business spirit and an open and vibrant organizational climate	Safety	A firm resolve in regard to safety and a management framework that heightens hazard awareness
Business partners	Relationships of trust with business partners that have been formed with a long-term perspective	Customers	A close affinity with our customers' needs and the collaborative capabilities to continuously respond to them
		Financial strength	Financial position that enables us to take advantage of investment opportunities

Challenge 4. Strengthening the foundation of business management

2) Safety

Safety initiatives

Emphasis placed on preventing “serious accidents” (absence from work for 3 months or more) & reducing “recurring accidents”

- (1) Promote measures related to equipment & essential safety, focused on serious accident risks (moving parts, crashes/falls, heavy objects, heavy machinery)
- (2) Improve on-site management power by strengthening checks on realities & actions through “work observation” & “practical risk assessment (RA)” as well as through priority-oriented initiatives, etc.
- (3) Improve risk sensitivity by introducing and practicing more effective education & training (including hands-on training based on VR, etc.)



Targets during the 21 3-Year Plan period

- ✓ Serious accidents of employees and business partners in Japan and overseas sites : **None**
- ✓ Domestic employee accidents: **7 cases/year** or less
- ✓ Employee accidents at overseas sites: **1 case/year** or less

Challenge 4. Strengthening the foundation of business management

3) Promote sustainability (1)

Reorganize & strengthen framework for tackling 11 “Material Issues”

Effective use of non-ferrous metal resources

Development & participation of human resources

Climate change

Engagement with stakeholders

Serious environmental accidents

Co-existence & mutual prosperity with local communities

Biodiversity

Rights of Indigenous peoples

Employee’s Occupational health & safety

Human rights in the supply chains

Diverse human resources

Challenge 4. Strengthening the foundation of business management

3) Promote sustainability (2)

From “CSR” to “sustainability”

- ◆ Toward achieving “Vision for 2030,” we will revise the existing promotional framework into an committees focused on the “Sustainability Committee” to adequately address social needs.

Sumitomo Metal Mining Group’s sustainability policy (changed from CSR policy)

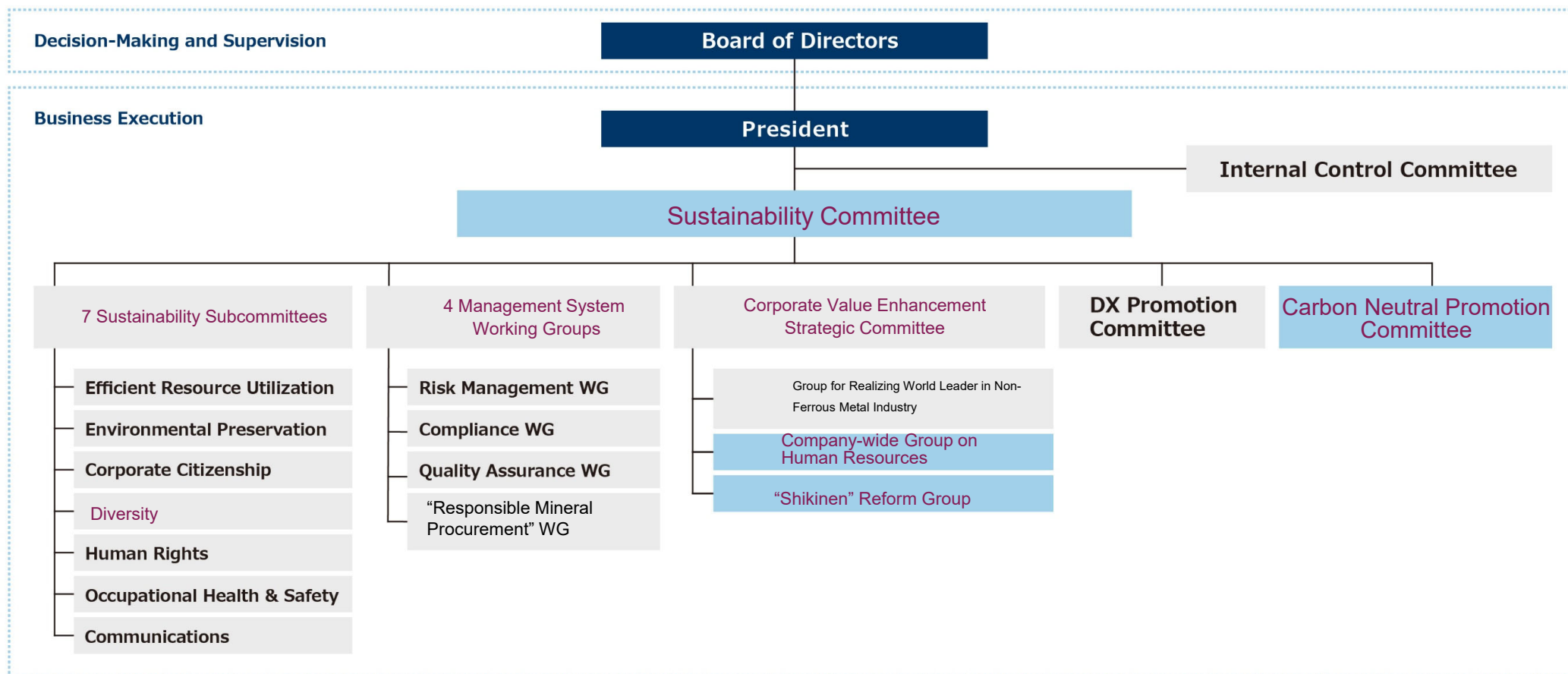
“The SMM Group will tackle management issues that contribute to society’s sustainable development, and will strive to achieve continuous growth in our business and improve our corporate value.”

Challenge 4. Strengthening the foundation of business management

3) Promote sustainability (3)

Sustainability promotion framework (from April 2022)

= New Business Units
Red = New Names



Challenge 4. Strengthening the foundation of business management

4) Corporate governance (1)

Basic approach to corporate governance

◆ **Corporate governance**

...is a disciplinary framework both for maximizing the corporate value of the SMM Group and for ensuring sound management practices.

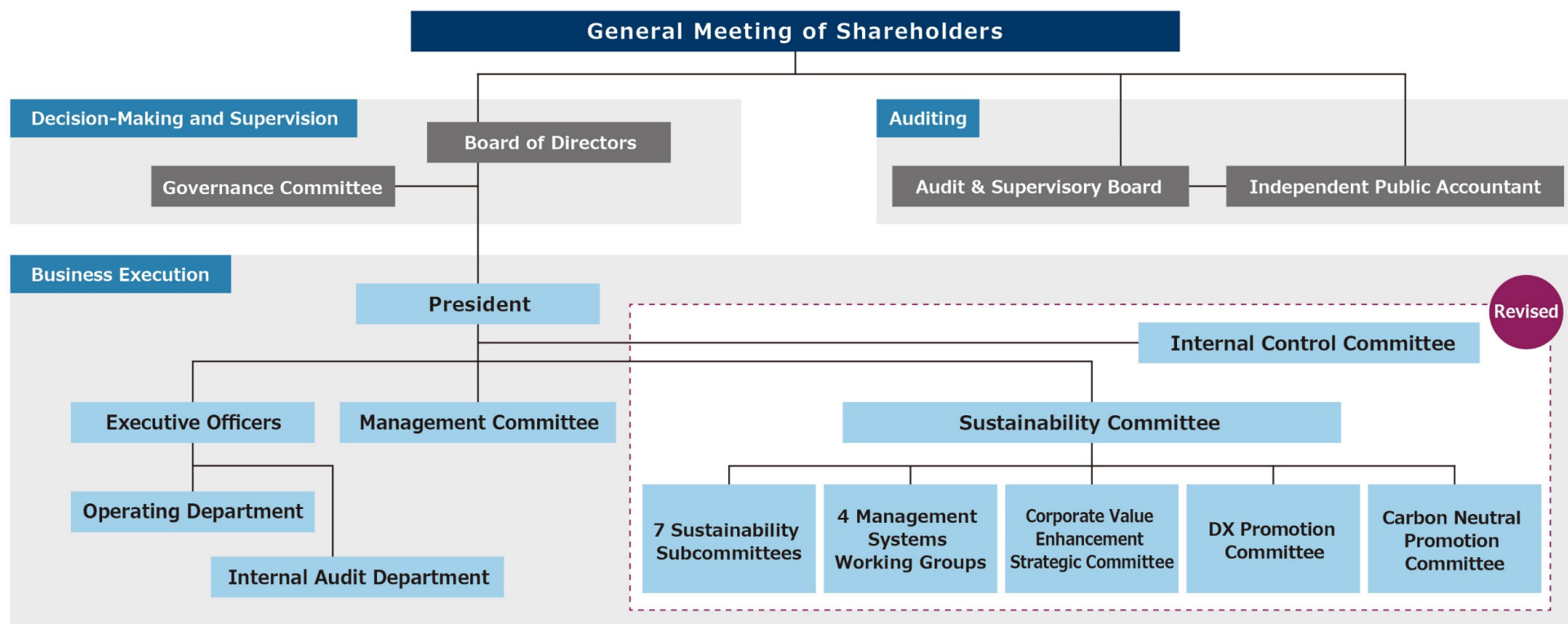
◆ **By striving to enhance our corporate governance,**

...SMM 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.

Challenge 4. Strengthening the foundation of business management

4) Corporate governance (2)

Corporate governance framework (from April 2022)



The Sustainability Committee supervises other committees and working groups.

Basic policy on business portfolio

◆ Policy formulated as follows:

- ✓ Manage the business portfolio for each business unit (consolidated basis), using ROCE (return on capital employed) as an indicator.

When a business unit falls short of the target in each 3-Year Plan period, it is positioned as “a business subject to confirmation of its continuation” and, in the following two years, whether to continue the business is confirmed while its improvement and reform are pursued, in principle, with a final judgment made in the following fiscal year. The Board of Directors shall regularly oversee the status.

◆ ROCE target during 21 3-Year Plan period: 5.5%

Challenge 4. Strengthening the foundation of business management

5) Corporate governance (4)

Takeover defense measures

◆ Introduction decided in 2007, renewed since until today

✓ It requires a long time to secure non-ferrous metal resources, ranging from a decision on development to enjoying its outcome. Possessing promising resources, our company faces the risk of takeover bids for the resources held.

✓ There is no guarantee in Japan's legal system and market regulations that necessary information and time will always be secured for the target company and its shareholders to consider whether any proposed acquisition is acceptable or not.

Necessity unchanged today as well



Cases increasing where companies confirm intentions of shareholders only after takeover proposals



Not to renewal of takeover defense measures decided

When a massive purchase of our shares is proposed or other relevant actions are taken, we will sound out shareholders on adequate response at that point as necessary.

IV. Goal of 21 3-Year Plan

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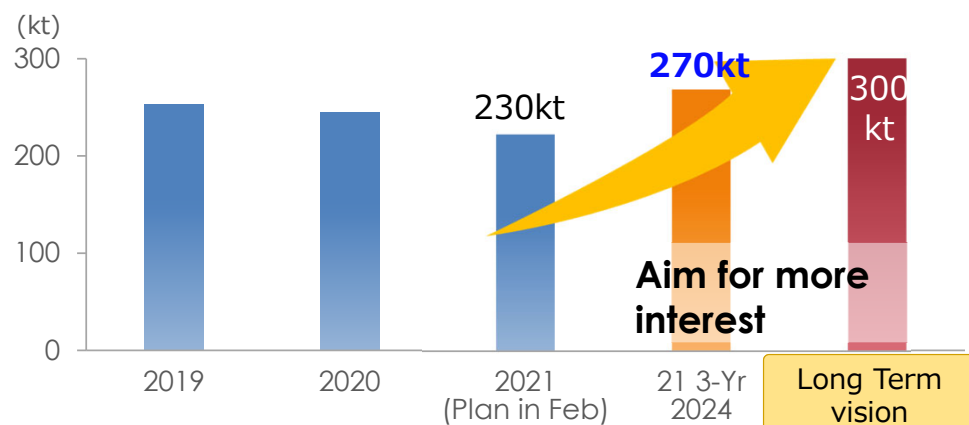
Strategy for Each Business Segment

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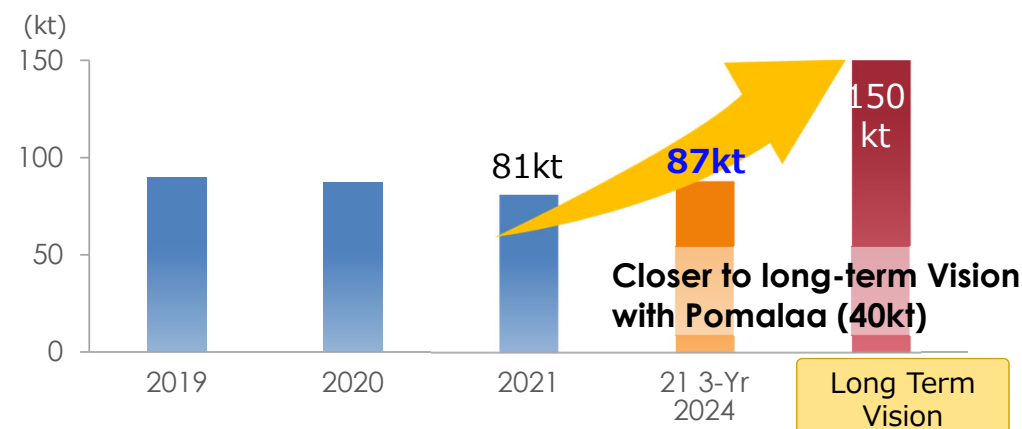
Financial Information and Supplementary Materials

1. Progress to target

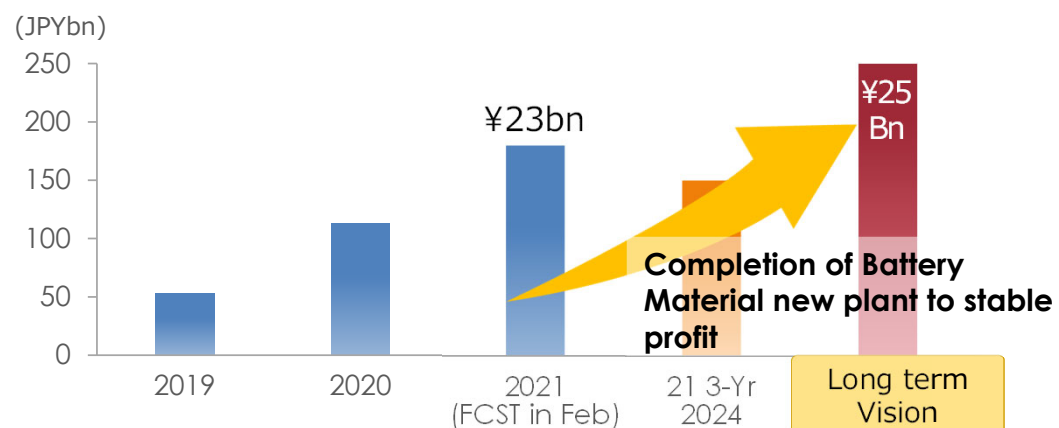
Cu (Copper production on an interest basis)



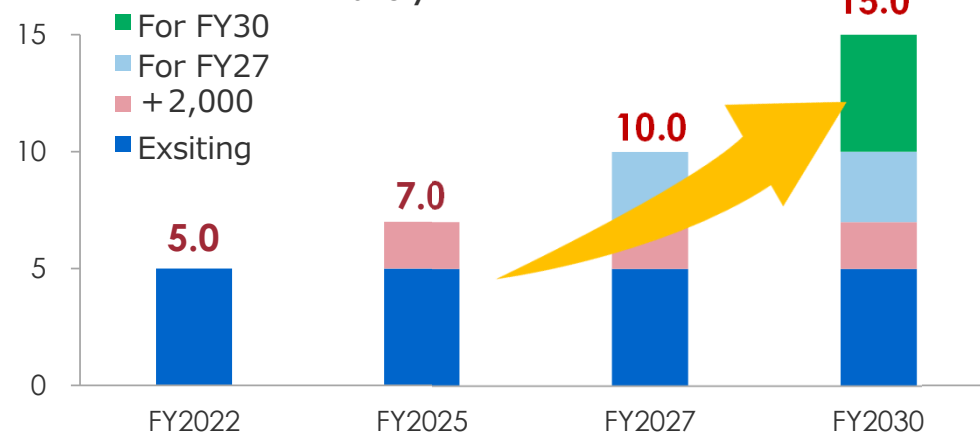
Ni (Annual production) * Production capacity for the long-term vision



Materials (Segment income)

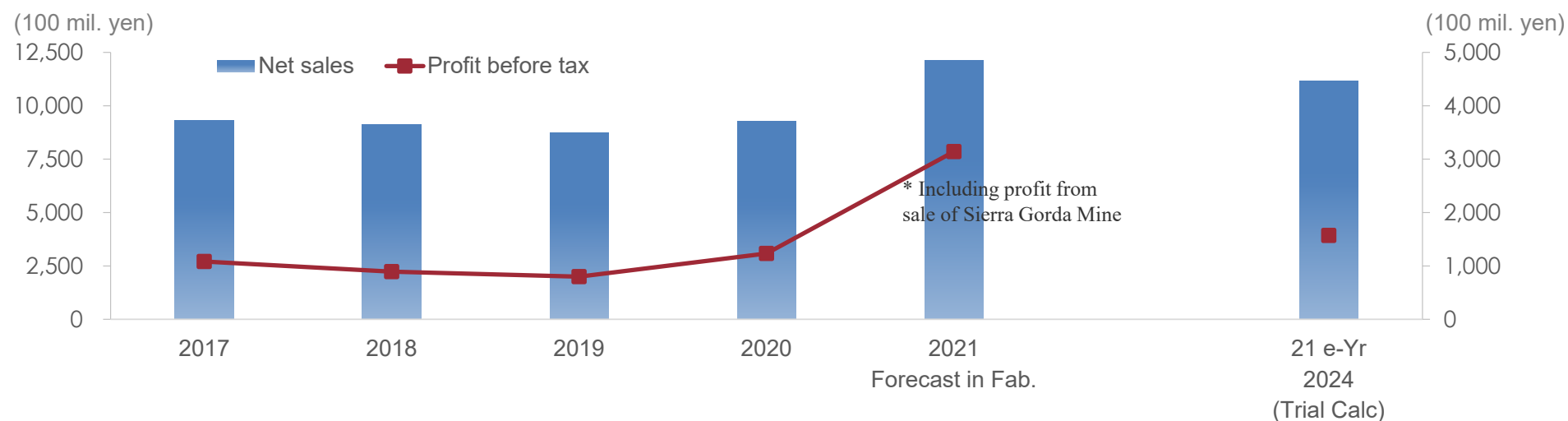


Battery Material Production Volume



2. Business Performance

1) Profit/Loss Trial Calculation under 3-Year Plan

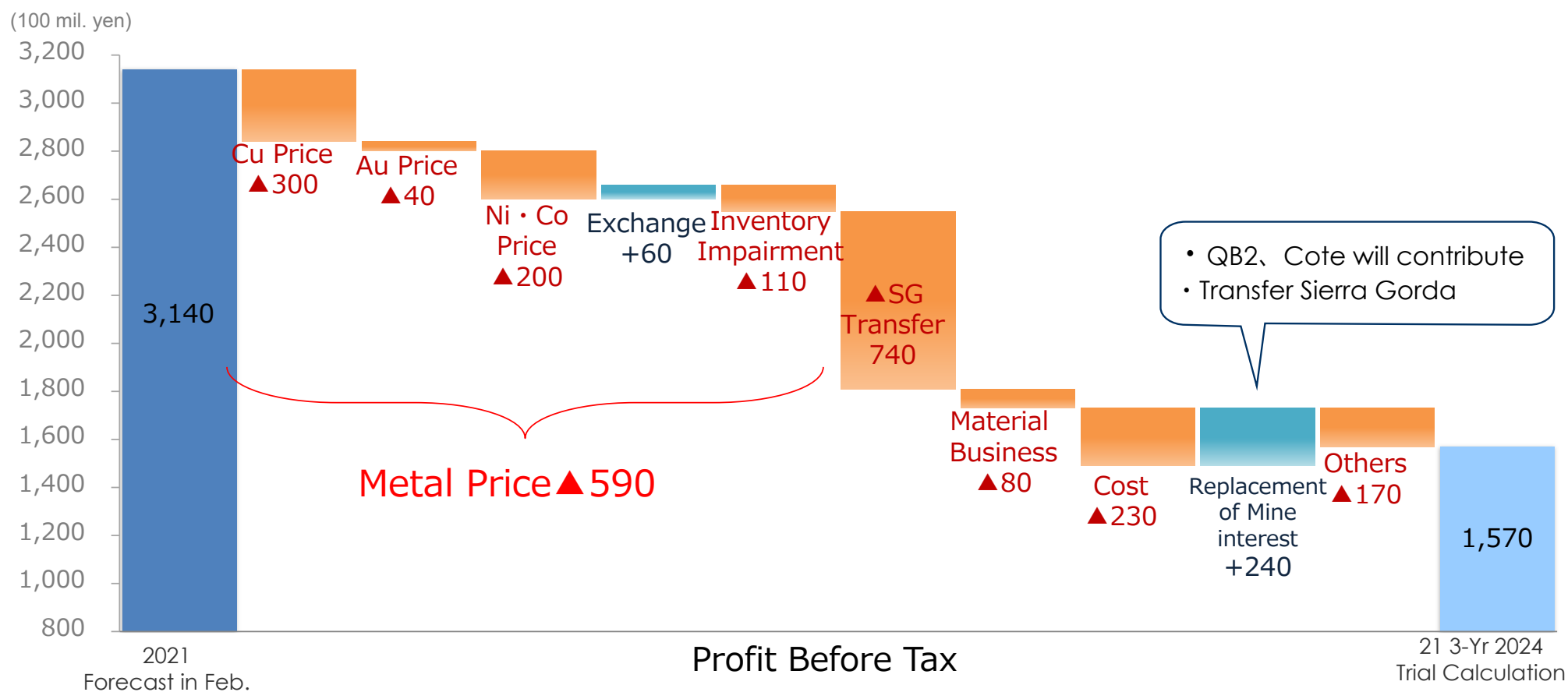


	2017	2018	2019	2020	2021 Forecast	21 3-Yr 2024 (Trial Calc.)
Net sales (100 mil yen)	9,297	9,122	8,519	9,261	12,110	11,160
Pretax profit (100 mil yen)	1,083	894	790	1,234	3,140	1,570
Copper (\$/t)	6,444	6,341	5,860	6,879	9,445	8,000
Nickel (\$/lb)	5.06	5.85	6.35	6.80	8.51	7.50
Gold (\$/Toz)	1,285	1,263	1,462	1,824	1,787	1,600
Exchange rate (yen/\$)	111	111	109	106	112	115

2. Business Performance 2) Trial Calculation of 21 3-Year Plan

21 3-Year plan 2024 Trial Calculation of profit before tax : 157bn Yen

Metal Price / Sierra Gorda Transfer profit not exist; But QB2 and Cote contribute to Profit



2. Business Performance 3) ROCE by segment

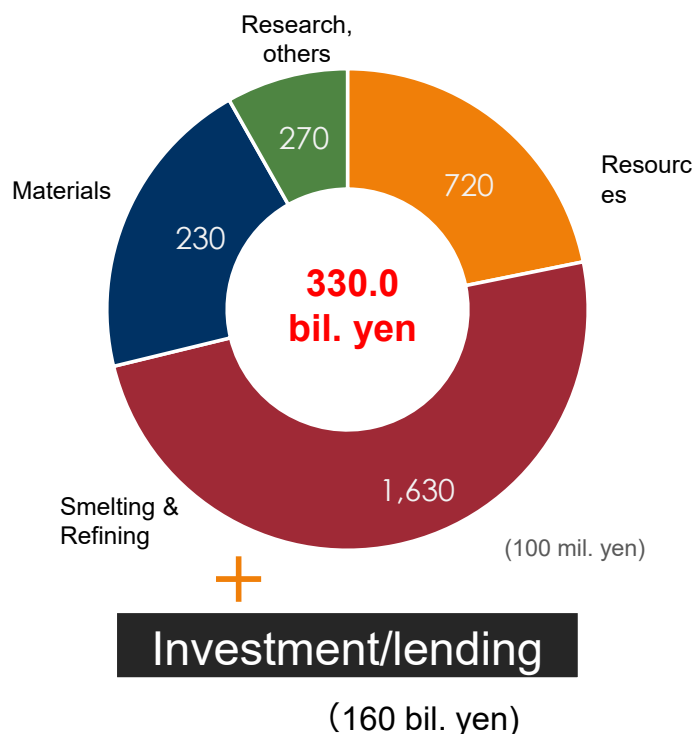
Trial Calculation in FY2024 under 21 3-Year Plan

	Mineral resources	Smelting & refining	Materials	Others	Total
Pretax profit	990	480	150	-50	1,570
Earnings before interest & tax (a)	910	380	110	-40	1,360
Capital employed (b)	9,000	8,350	2,580	730	20,660
ROCE (a/b)	10.1%	4.5%	4.1%	-	6.6%

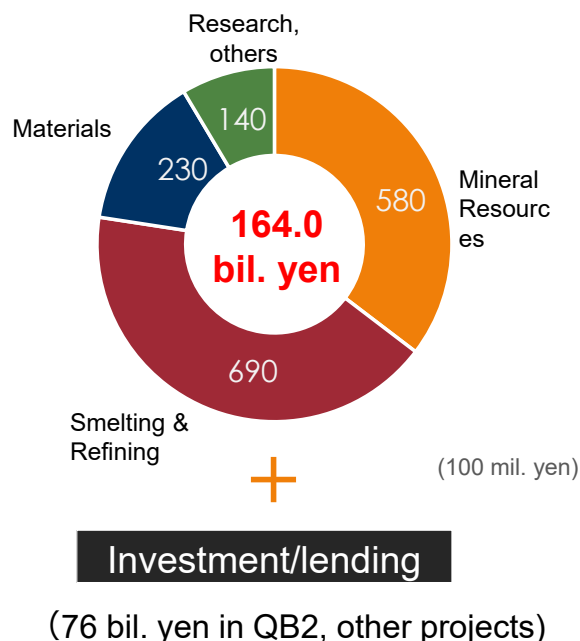
- ◆ Resources: Contributed by earnings from QB2, Côté projects
- ◆ Metals: Burdened by advance investment in Pomalaa project
- ◆ Materials
 - Batteries: Burdened by advance investment in new plants (contributing from FY2025)
 - Advanced materials: Higher profits on greater sales in existing businesses
- ◆ Company-wide: Investment made in advance in response to growth strategy, CN, DX

3. Capital expenditure & investment/lending

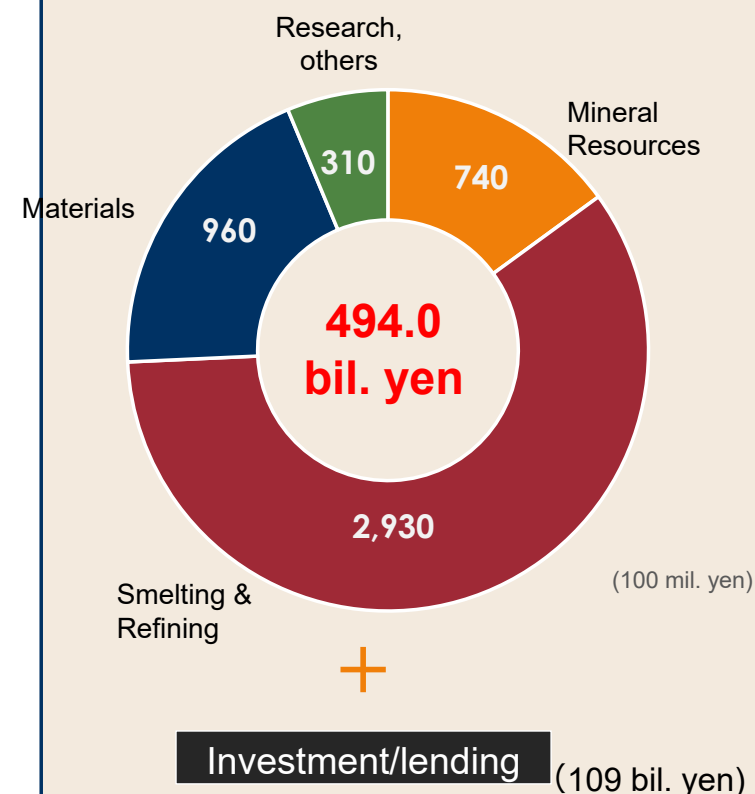
2018 3-Year plan
(3-year total)



Expected results under 2018 3-Year plan
(3-year total)

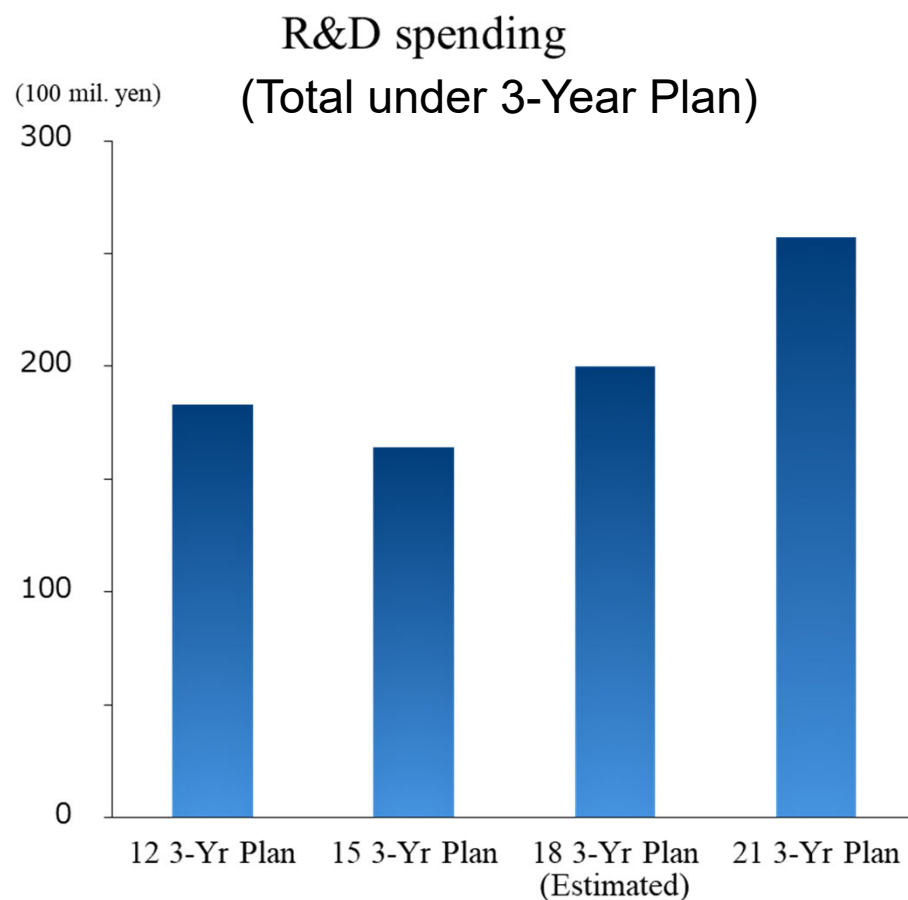


2021 3-Year plan
(3-year total)



Investment under 21 3-Year Plan up sharply due to unrealized investment carried over from 18 3-Year Plan plus additional new investment

4. Research & development expenses

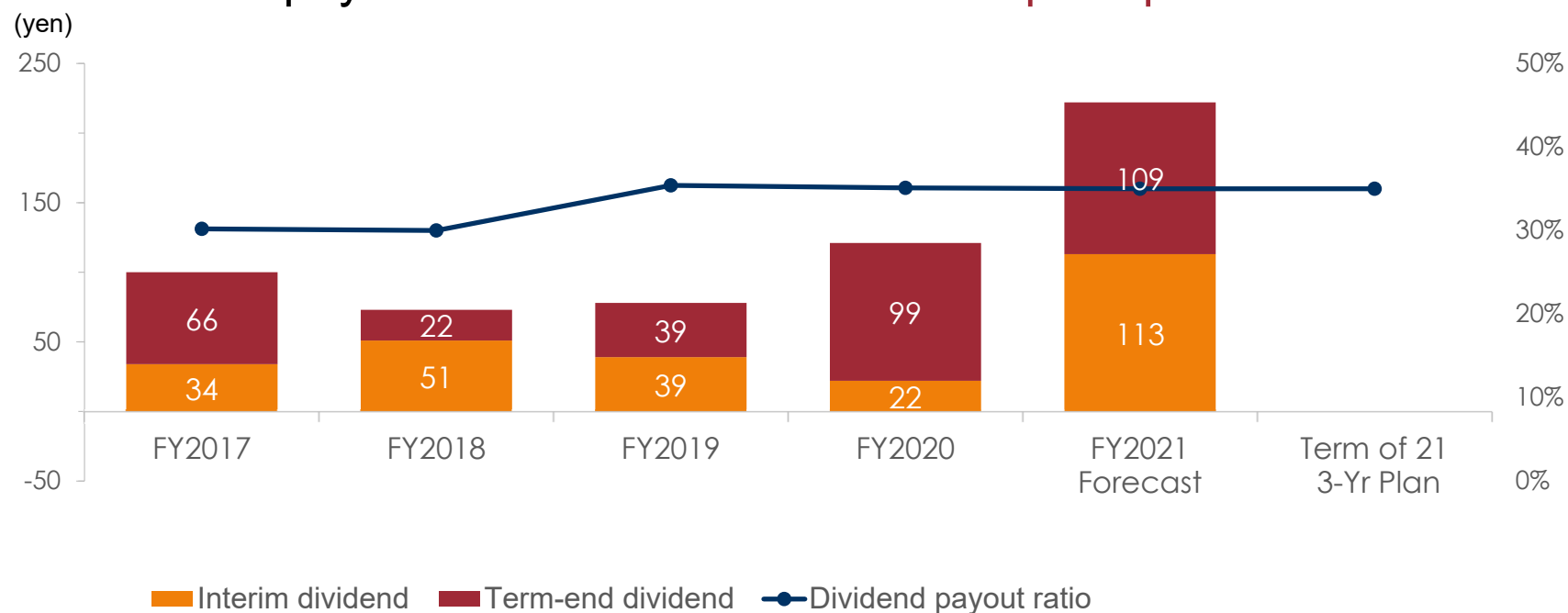


- ◆ R&D budget increased by 30%
- ◆ Research aimed at solving challenging issues promoted
 - ✓ Development of new technology and process toward carbon neutral
 - ✓ Reform of production system and R&D by dezitalization

5. Dividend policy

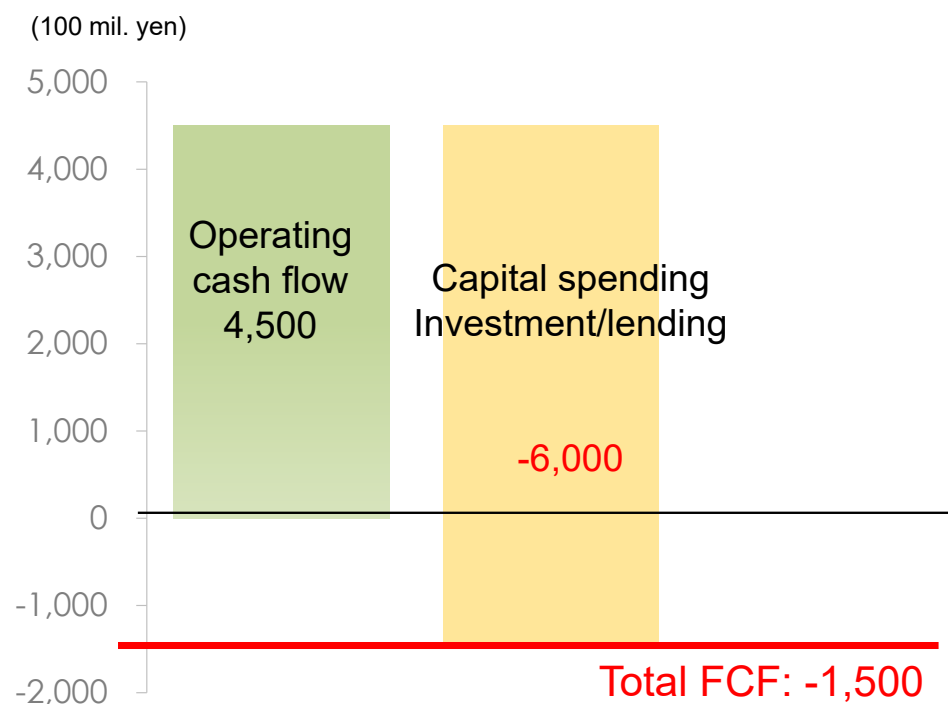
Dividend policy

- ◆ Policy for returning **performance-based** benefits to shareholders to remain intact
- ◆ Consolidated payout ratio to be **35% or more in principle**



6. Cash flow and financial strength

◆ Mid-term cash flow (3-year total)



**Due to hefty investment in future,
investment CF running ahead of operating CF**

◆ Financial strength

- ✓ Debt grows due to increased investment
- ✓ Equity ratio
62% ➡ 59%
- ✓ D/E ratio
0.27 ➡ 0.35

Equity ratio of over 50% retained

V . Strategy for Each Business Segment

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Financial Information and Supplementary Materials

1. Mineral Resources Business 1) Important Themes

Important themes

- (1) Completion of prep work and start-up of QB2 & Cote projects as planned
- (2) Redesign of production at Hishikari Mine
- (3) To Acquire new projects
the pipeline expansion project selection

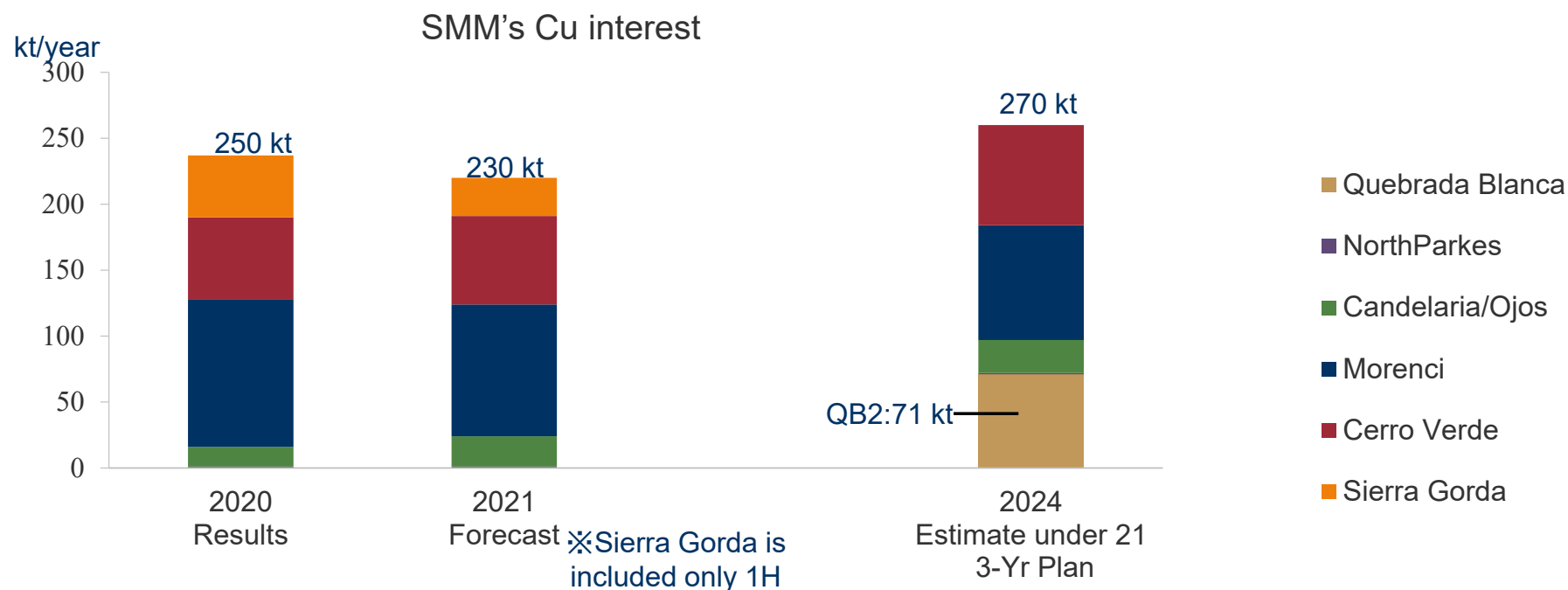


1. Mineral resources business 2) Quebrada Blanca 2 Project

Quebrada Blanca 2 (QB2) Project

SMM interest	25%
Teck	60%

- ◆ Production seen starting within 2H 2022
- ◆ Production plan : 284kt in FY2024 (SMM interest 71kt)
- ◆ Thanks to QB2's contribution, copper output equivalent to mine interests in the final year (FY2024) of 21 3-Year Plan estimated to exceed that under 18 3-Year Plan



1. Mineral resources business 3) Copper mines abroad

Morenci Mine (U.S.)

Ownership ratio	FCX	72%
	SMM	25%
	Sumitomo Corp.	3%



Output
FY2021 397 kt (actual)

Cerro Verde Mine (Peru)

Ownership ratio	FCX	53.56%
	SMM	16.8%
	Sumitomo Corp.	4.20%
	Others	25.44%



Output
FY2021 402 kt (actual)

Candelaria Mine (Chile)

Ownership ratio	Lundin	80%
	SMM	16%
	Sumitomo Corp.	4%



Output
FY2021 146kt (actual)

※Include Ojos del salado

1. Mineral resources business 4) Hishikari Mine, Côte Project (Au)

Hishikari Mine

Structural reform based on long-term operation plan

Shifting to sustainability-oriented operations

Giving priority to average-grade ore mining to extend the mine's life

6.0 tons per year (18 3-Year Plan period) ➡ 4.4 tons per year (21 3-Year Plan period)

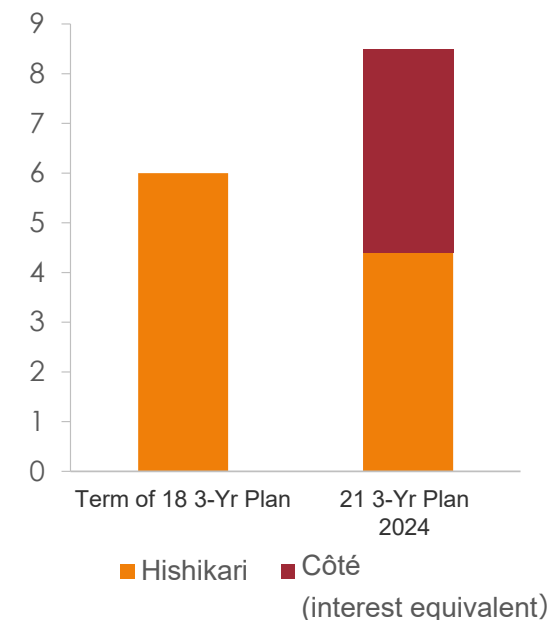
- ◆ Completing new dewatering facilities during the 21 3-Year Plan period
- ◆ Aggressively promoting deep-lying pits to secure new ore deposits
- ◆ Achieving cost reductions by restructuring the operational framework by incorporating digital transformation, etc.

Côte gold project

Operation set for launch in 2023 as planned and shift to stable production

SMM interest	
27.75%	
IAMGOLD	64.75%

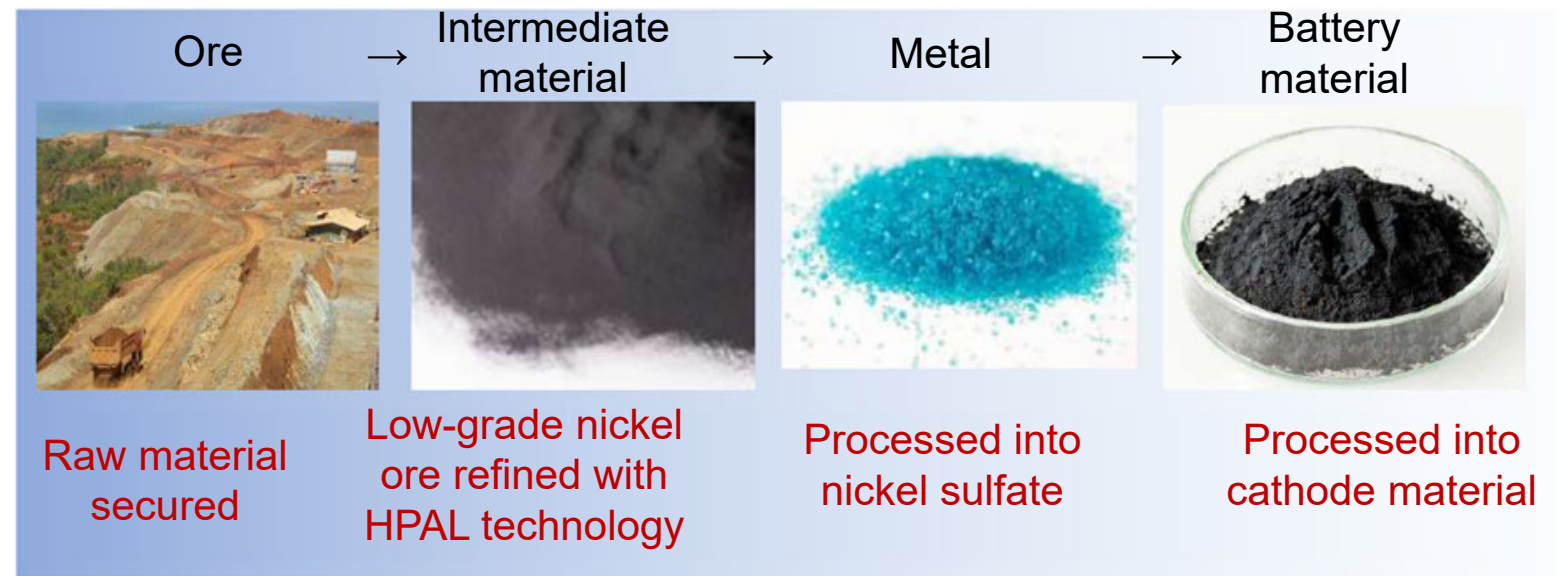
SMM's interest-based gold output



2. Smelting & Refining business 1) Important themes

Important themes

- (1) Strengthen value chain of SMM Group's Ni business
- (2) Enhance competitiveness of Cu business

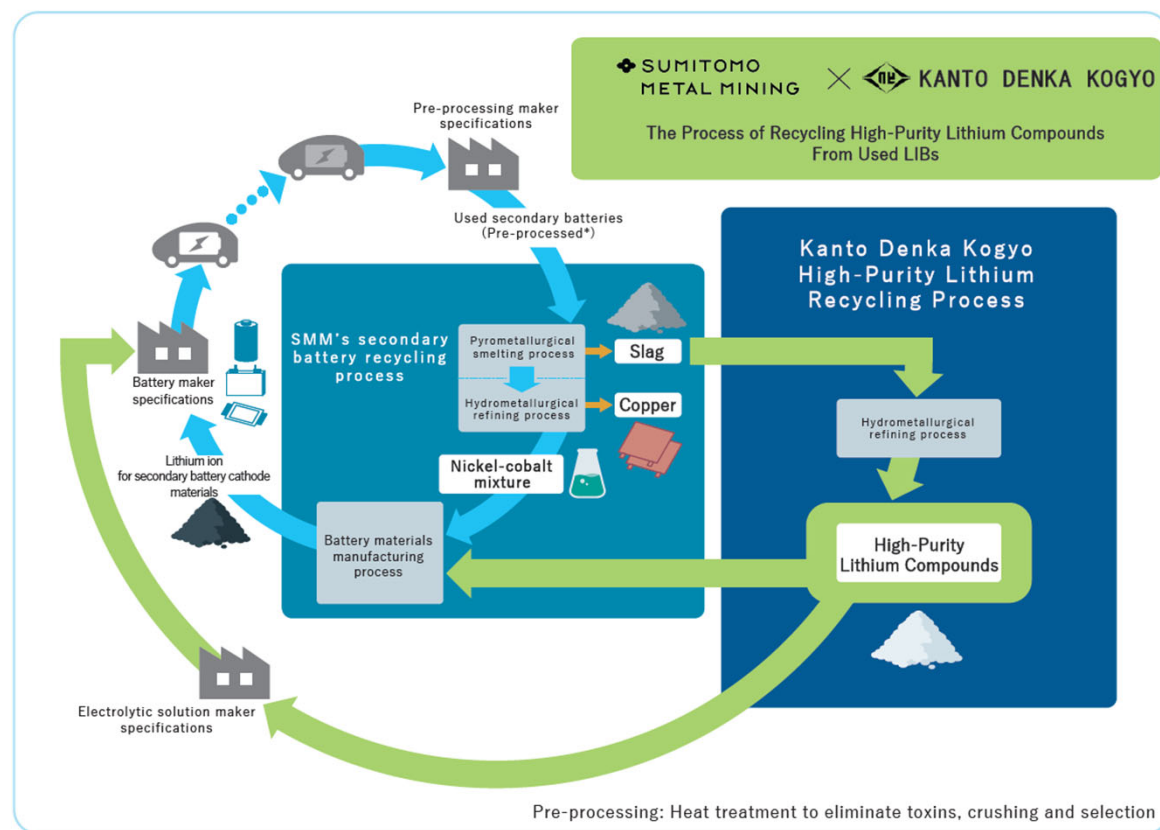


2. Smelting & Refining business

2) Enhancing value chain of Group's Ni business

Value chain of Ni business

- ◆ Promote Pomalaa project
aim to reach a final investment decision.
- ◆ Stable supply of nickel-based material
for battery/advanced materials businesses
- ◆ Battery recycling
Aiming to achieve a processing capacity of 10,000 tons per year by the end of 24 3-Year Plan period (FY25 through FY27)
Seeking to launch operation of commercial plant within the 21 3-Year Plan period

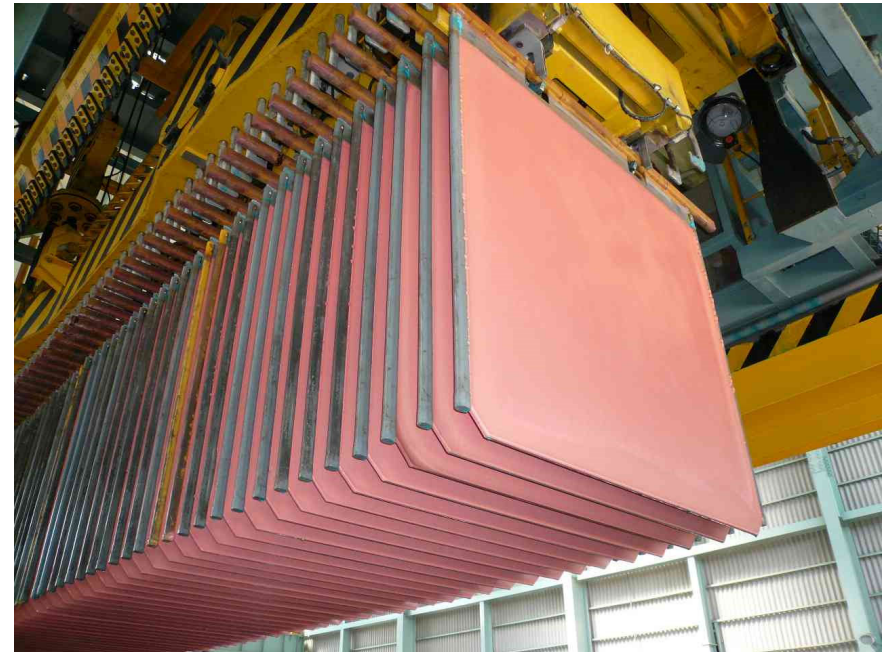


2. Smelting & Refining business

3) Enhancing competitiveness of Cu business

Copper-Smelting business

- ◆ 460 kt/year electrolytic copper output established at Toyo Smelter & Refinery
- ◆ Seeking to further improve yield
- ◆ Producing quality products matching market needs
- ◆ Promoting logistics optimization within plant premises



3. Materials business 1) Important themes

Important themes

Battery materials

Aiming at globally leading share in world nickel-based cathode material market



Advanced materials

- (1) Enhancing product portfolio management & introducing roadmap-based management
- (2) Formulating measures for profit maximization & future corporate value improvement



3. Materials business 2) Battery materials (1)

◆Promoting 2,000 t/month expansion

- ✓ Equipment completion & launch in FY2024 planned
- ✓ Plant positioned as model factory for DX promotion
- ✓ Employment/education to be launched ahead of other fields under 21 3-Year Plan to ensure steady start-up



◆Stable NCA output of 4,850 t/month, profitability improvement

- ✓ Stable production system established by improving equipment
- ✓ Improvement measures taken at various bases, such as reducing repair expenses & unit costs, and improving productivity

◆Introduce Toyota Production System

3. Materials business 2) Battery materials (2)

◆Mulling next phase of output expansion

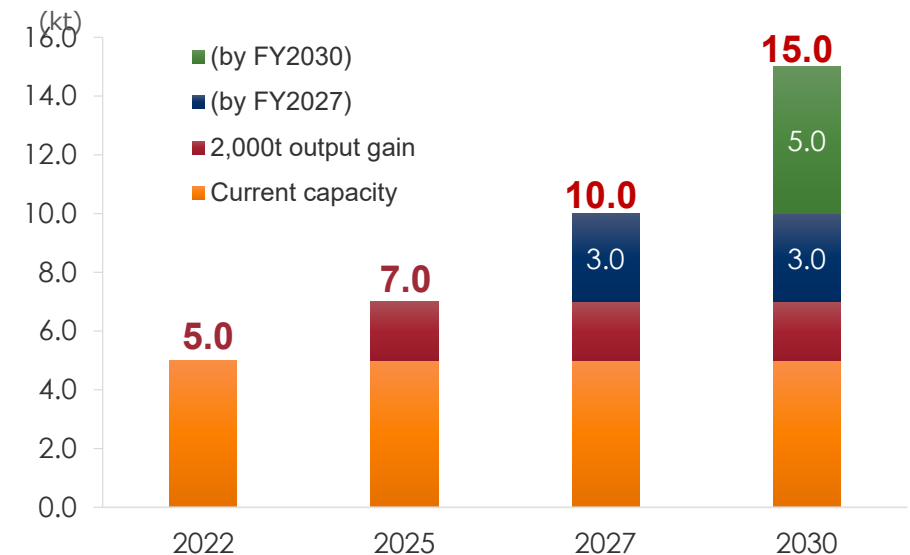
Looking into product portfolio, plant location, etc.

◆Securing raw materials

Securing new sources of procurement along with Smelting & Refining business, promoting recycling

◆Securing & developing human resources ahead of next phase of output expansion

◆Response to GHG reduction in entire battery life cycle



3. Materials business 3) Advanced materials (1)

(1) Enhancing product portfolio management

◆ What it should look like in future, sought by Advanced Materials Division

- A leading runner in each market,
- continuing to hone materials technology meeting the needs of all ages,
- securing high profitability and leading shares

◆ Introduction of roadmap-based management

As **tools to realize the vision**, introduce Market Roadmap, Business Division Roadmap, and New Product Roadmap.

(2) Formulating measures for **profit maximization** & future corporate value improvement

◆ Targeted growth rate of each product = Market growth rate + α

3. Materials business 3) Advanced materials (2)

Powder materials business

- ◆ Pastes

Shifting to high-functionality sphere by developing new products

- ◆ Ink materials

Sales expansion & development of new markets

Future plan of Ome District Division

Accelerating development of new products by integrating functions of powder materials development in Ome district



3. Materials business 3) Advanced materials (3)

Crystal materials business

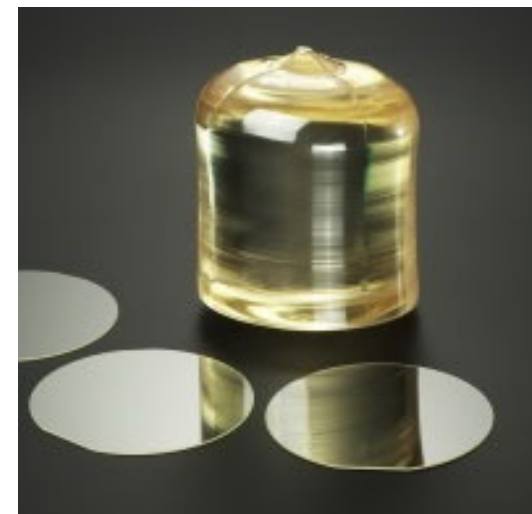
- ◆ Expanding sales seizing on spread of 5G smartphones
- ◆ FR: Production/sales framework established not to miss market growth

Package materials business

- ◆ Retaining share in display COF market
- ◆ Boosting sales of high-performance substrates for smartphones

SiC (silicon carbide)

- ◆ Market penetration & launching mass production for in-car use in FY2025



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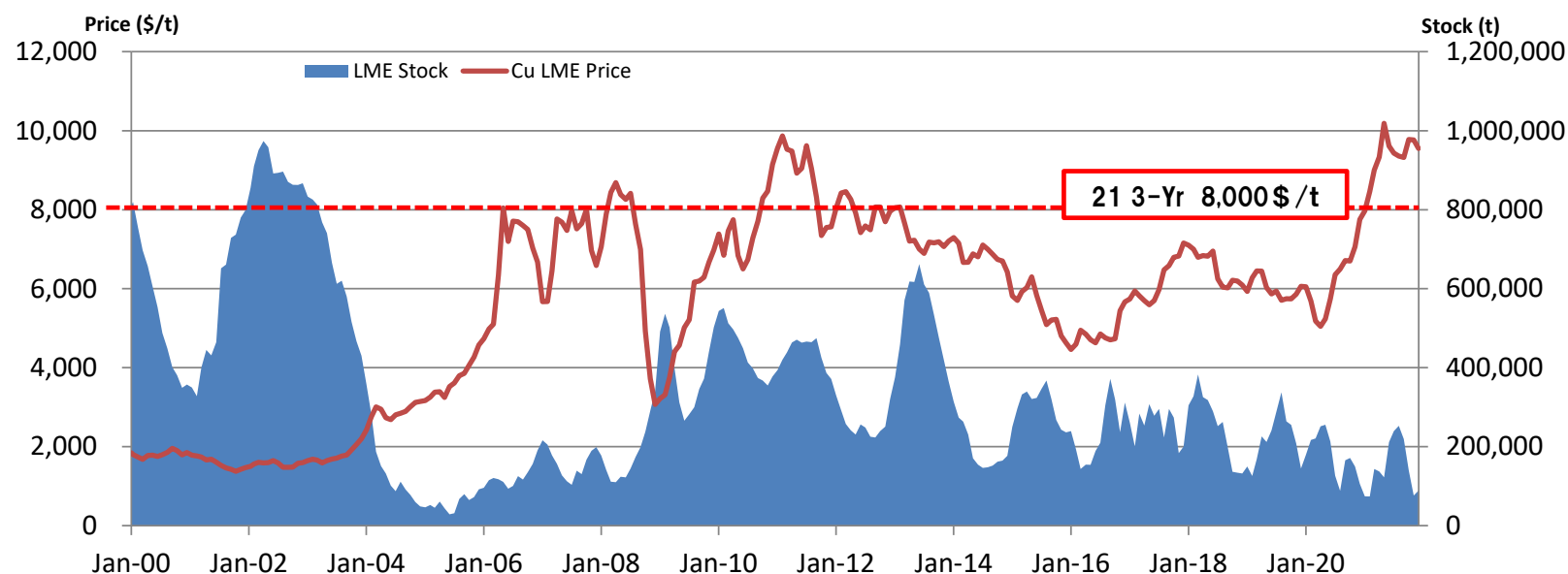
V

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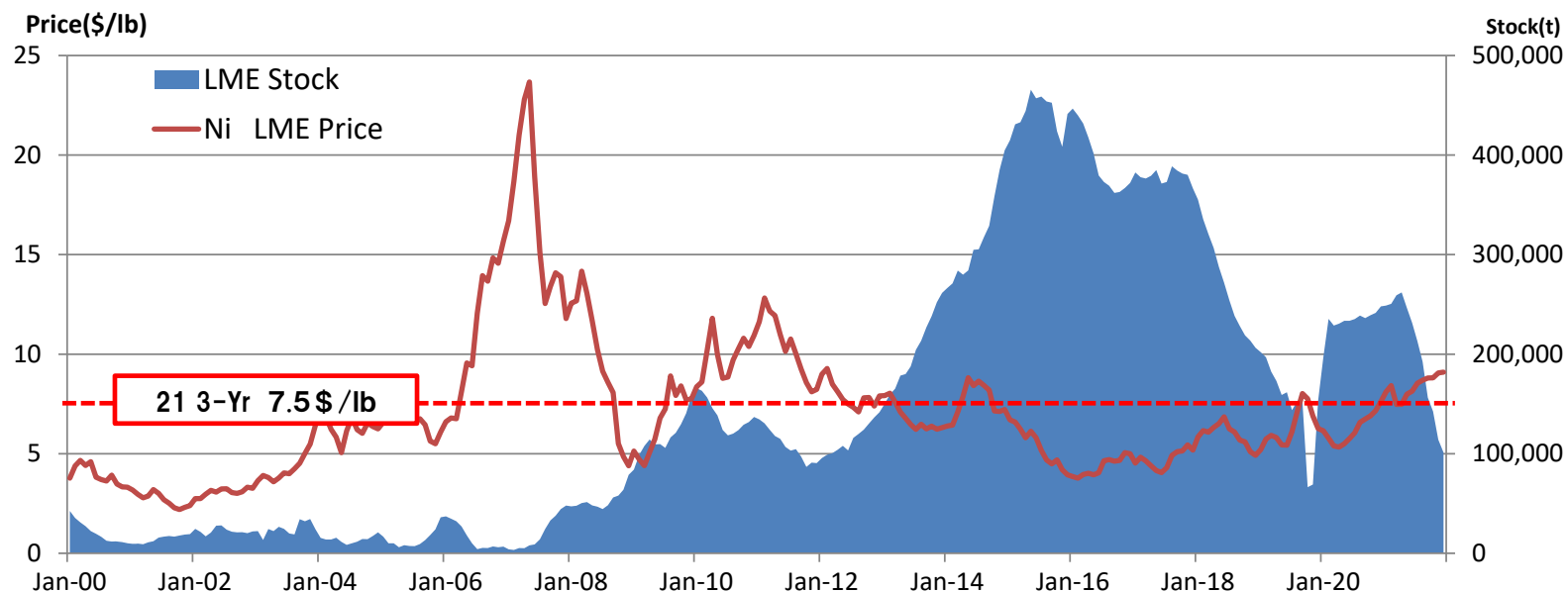
Financial Information and Supplementary Materials

1. Price Trends and supply - demand balance 1) Cu



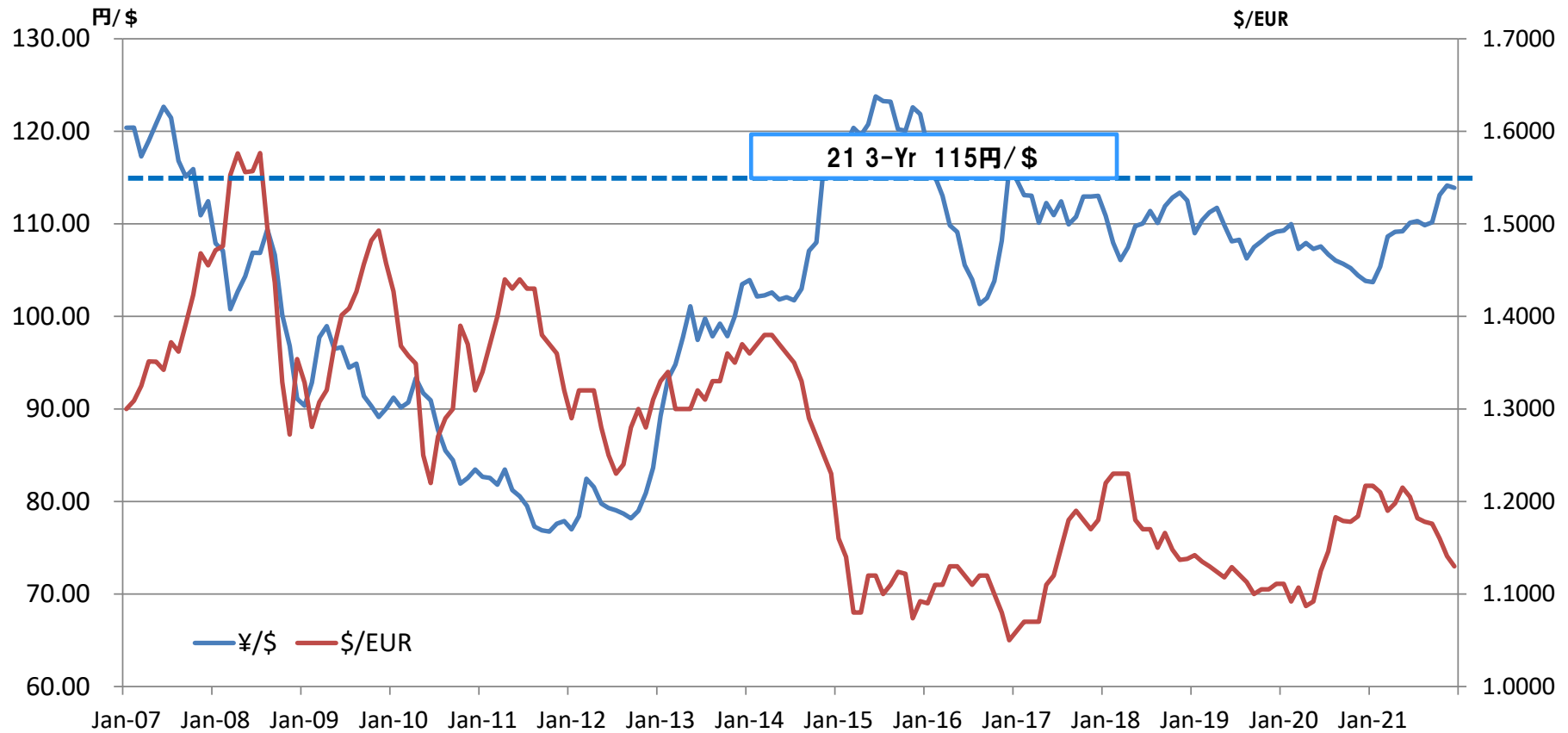
	ICSG Estimate (Oct 2021)		
(kt)	2020	2021	2022
Production	24,510	24,920	25,886
Usage	24,989	24,963	25,558
Balance	-479	-42	+328

1. Price Trends and supply - demand balance 2) Ni



	INSG Estimate(Oct 2021)			SMM Estimate (Nov 2021)		
(kt)	2020	2021	2022	2020	2021	2022
Production	2,491	2,639	3,120	2,507	2,635	2,927
Usage	2,384	2,773	3,044	2,391	2,761	2,945
Balance	+107	-134	+76	+116	-126	-18

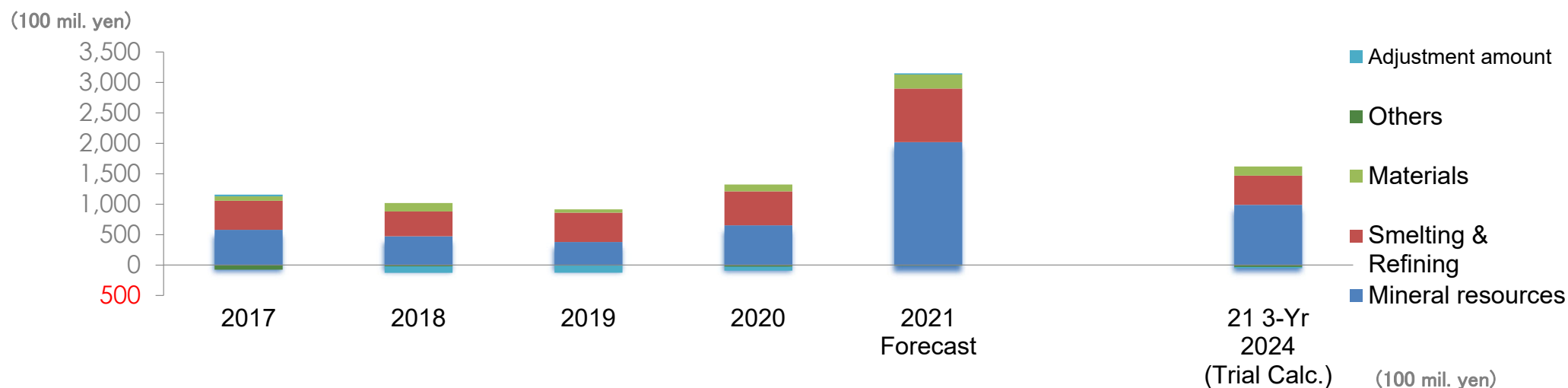
2. Trends of foreign exchange



3. Trend of business performance

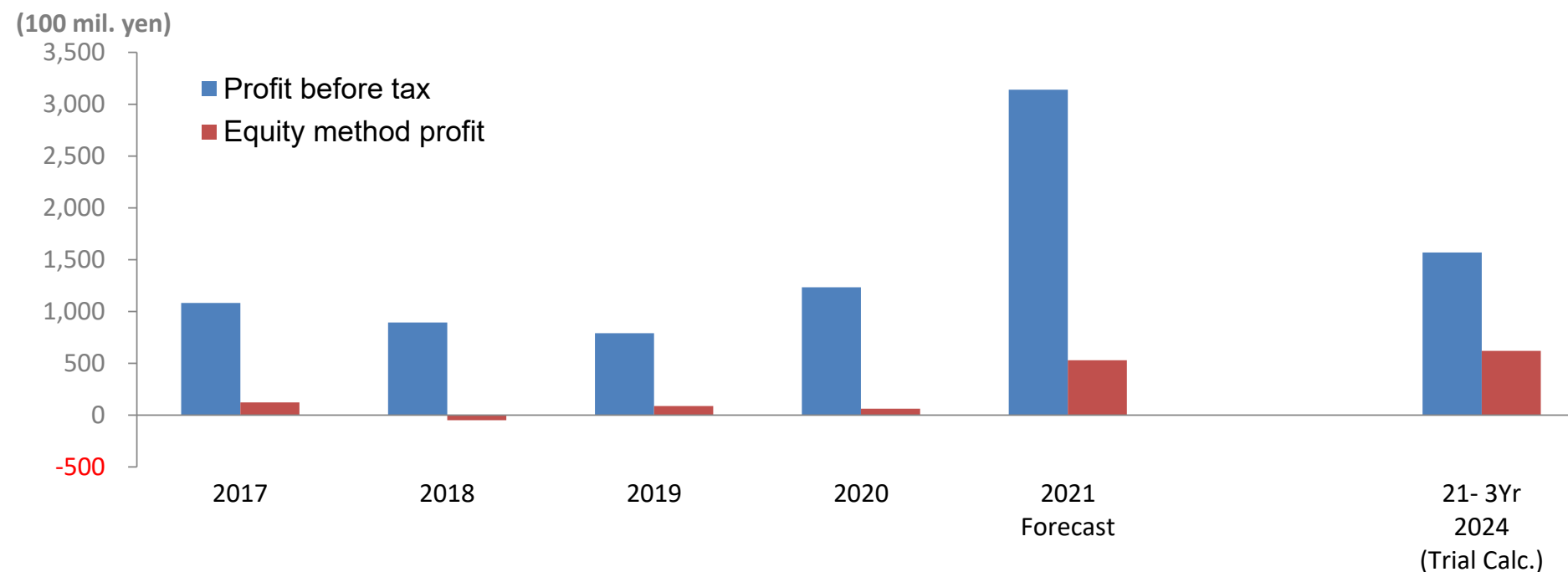
	2017	2018	2019	2020	2021 Forecast	21 3-Yr 2024 (Trial Calc.)
Net sales (100 mil. yen)	9,297	9,122	8,519	9,261	12,110	11,160
Profit before tax (100 mil. yen)	1,083	894	790	1,234	3,140	1,570
Profit (loss) based on equity method (100 mil. yen)	123	-49	87	62	530	620
Net income (100 mil. yen)	902	668	606	946	2,480	1,180
Net income ROA (%)	5.2	3.8	3.5	5.0	-	4.8
Net income ROE (%)	9.1	6.4	6.0	8.5	-	8.2
Dividend per share (yen)	100	73	78	121	222	-
Copper (\$/t)	6,444	6,341	5,860	6,879	9,445	8,000
Nickel (\$/lb)	5.06	5.85	6.35	6.80	8.51	7.50
Gold (\$/Toz)	1,285	1,263	1,462	1,824	1,787	1,600
Exchange (¥/\$)	111	111	109	106	112	115

4. Trend of profit/loss by segment



		2017 Results	2018 Results	2019 Results	2020 Results	2021 Forecast	21 3-Yr 2024 (Trial Calc.)
Segment profit/loss	Mineral resources	580	473	380	631	2,020	990
	Smelting/refining	478	409	483	530	880	480
	Materials	71	138	53	105	230	150
	Others	-74	-20	-9	-28	-10	-30
Adjustment amount		28	-106	-115	-4	20	-20
Profit before tax		902	668	790	1,234	3,140	1,570

5. Profit before tax/equity method profit



(100 mil. yen)

	2017 Results	2018 Results	2019 Results	2020 Results	2021 Forecast	21 3-Yr 2024 (Trial Calc.)
Profit before tax	1,083	894	790	1,234	3140	1,570
Equity method profit	123	-49	87	62	530	620

6. Balance sheet (Trial Calculation)

Consolidated balance sheet (100 mil. yen)

	End of FY2024 (Trial Calc.)	End of 3Q/FY2021 (Results)	Change
Total current assets	6,800	6,700	+100
Total non-current assets	17,800	12,100	+5,700
Total assets	24,600	18,900	+5,800
Total liabilities	8,500	6,600	+1,900
Total net assets	16,100	12,200	+3,900
Total equity & liabilities	24,600	18,900	+5,800
Interest-bearing debt	5,000	3,400	+1,600
Equity ratio	58.6%	62.1%	-3.5%
D/E ratio	34.8%	26.8%	+8.0%

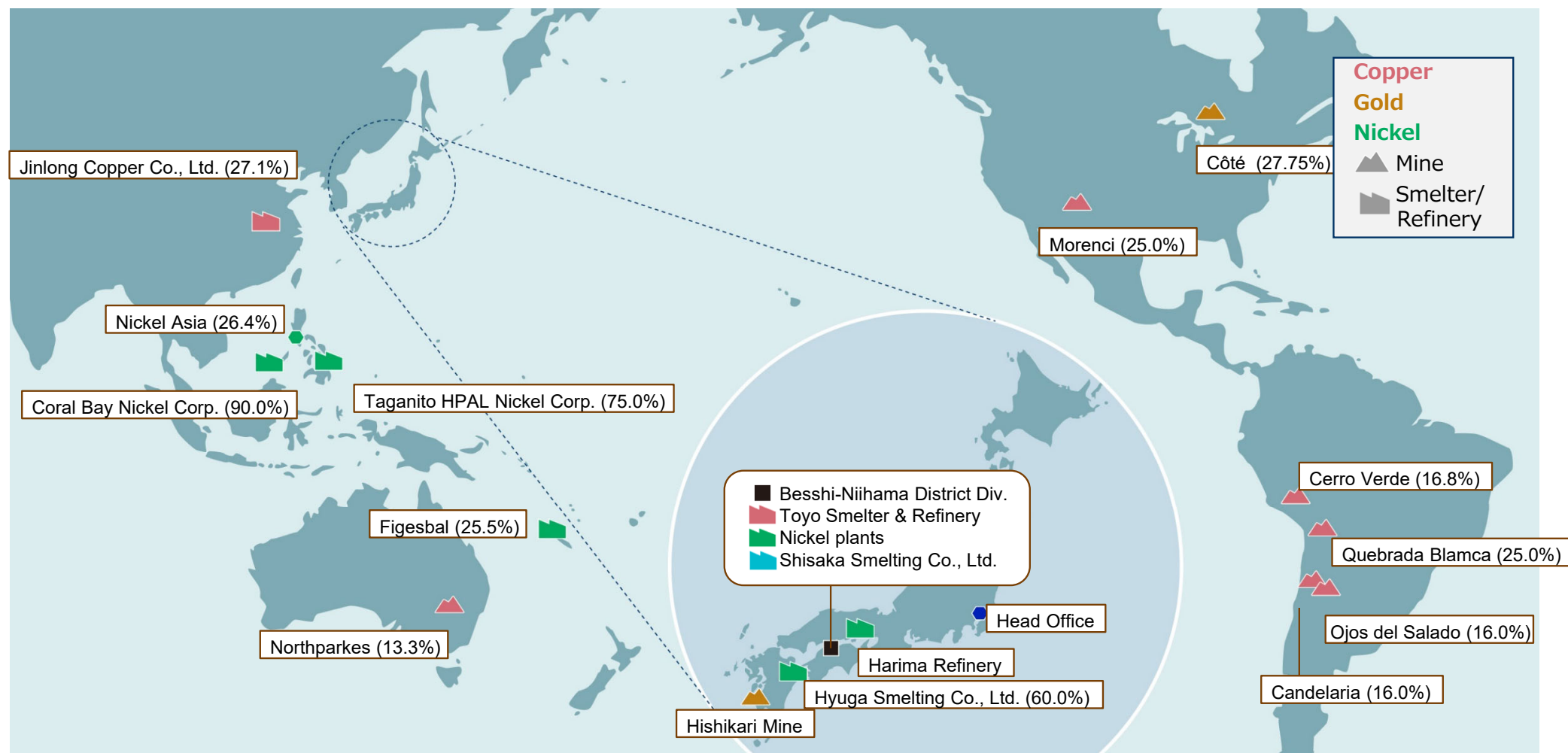
7. Sensitivity (Trial Calculation)

(100 mil. yen)

Element	Margin of change	Profit before tax in FY2024
Cu	$\pm 100\$/t$	29
Au	$\pm 100\$/toz$	31
Ni	$\pm 10\ \$ /lb$	16
Exchange (yen/\$)	$\pm 1\yen/\$$	17

(Note) Yen/\$ exchange profit represents the total of domestic metal processing revenue and overseas currency exchange differences.

8. Mines & Smelters / Refineries



Caution

The materials provided herein are not intended as disclosure under the Securities Law, and no warranty is made as to their completeness or accuracy.

Any projections included in these materials are based solely on information available at the time of this briefing, and are subject to change based on market conditions, competitive conditions, and a number of other factors.

Therefore, we ask that you refrain from making any investment decisions based on these materials alone. The Company cannot be held responsible in any way for any losses that may occur as a result of the use of these materials.

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