



May 22, 2025

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Code: 5713
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Notice regarding Introduction of Compensation for Granting Restricted Shares

Sumitomo Metal Mining Co., Ltd. (TSE: 5713) announces that it has reviewed the compensation for the Company's Directors and has resolved introduction of a restricted share-based compensation plan (the "Plan") at the Board of Directors' meeting held on May 22, 2025. The Company has decided to submit a proposal regarding the Plan to the 100th Ordinary General Meeting of Shareholders scheduled for June 26, 2025 (the "100th Ordinary General Meeting of Shareholders").

1. The objective and condition of the Plan

(1) The objective

The objective of the Plan is for providing incentives for the Directors of the Company (excluding a Chairman and Director who is not a Representative Director, and Outside Directors; "Eligible Directors") to sustainably enhance the Company's corporate value and promoting further value-sharing with our shareholders.

(2) The condition

The Plan is subject to the approval of the 100th Ordinary General Meeting of Shareholders because the Plan is intended to grant compensation to the Eligible Directors.

The amount of compensation, etc. of the Company's Directors is up to 40 million yen per month (not including the portion of employee's salary for Directors who concurrently serve as employees) approved at the 81st Ordinary General Meeting of Shareholders held on June 29, 2006. Furthermore, the payments of bonus to Directors, based on the achievement of performance in each fiscal year, were approved upon approval at each Ordinary General Meeting of Shareholders for the relevant fiscal year. At the 100th Ordinary General Meeting of Shareholders, the Company will request shareholders' approval for determining compensation based on the Plan for the Eligible Directors, separate from the above compensation limit.

2. The summary of the Plan

Under the Plan, the Company shall grant the transfer of restricted shares to the Eligible Directors as part of their compensation package previously paid in cash as bonuses for Directors by considering the performance of the Company and reflecting the job performance of each Director based on the Policy on determining the details of remunerations for each Director, in case the indicators representing the status of profit of the Company are above a certain level. The purpose of the Plan is to provide incentives for the Eligible Directors to contribute to the sustainable enhancement of the Company's corporate value and promote their sharing of value with the Company's shareholders. With each fiscal year of the Company being a target period (the "Target Period"), the performance indicators and the target values for them shall be determined for each Target Period, and the number of common stocks of the Company equivalent to a certain percentage of the compensation calculated in accordance with the achievement rate for such target values shall be granted to the Eligible Directors. Accordingly, whether the compensation, etc. in accordance with the Plan will be provided to each Eligible Director and the number of common stocks of the Company to be granted have yet to be determined.

The common stocks of the Company granted to Eligible Directors under the Plan shall be subject to a certain transfer restriction, and the performance indicators to be adopted in the Plan shall be those representing the status of profit, those representing the status of safety (including the number of labor incidents), or other indicators determined based on the Company's management policies.

In accordance with a resolution of the Board of Directors of the Company, Eligible Directors shall receive the Company's common stocks that shall be issued or disposed of by the Company, either (i) without payment of money or provision of in-kind contribution assets as compensation for Directors, etc., or (ii) by providing all of monetary compensation claims paid to the Eligible Directors in accordance with the Plan as in-kind contributions.

The total number of the Company's common stocks to be issued or disposed of thereby shall be up to 15,000 shares* per year and the total amount of monetary compensation shall be up to 30 million yen per year.

*If, on or after the date that this proposal is approved, either a share split (including the allotment of the Company's common stocks without contribution) or a share consolidation of the Company's common stocks is carried out, or if any other event where the total number of the Company's common stocks to be issued or disposed of as restricted shares needs to be adjusted, the total number of shares shall be adjusted within a reasonable range.

In addition, for granting restricted shares in accordance with the Plan, the Company and the Eligible Directors shall enter into an agreement on the allotment of restricted shares containing the following details (the "Allotment Agreement").

- (1) During the period from the date of allotment to the date of retirement from the position of Director of the Company or any other positions specified by the Board of Directors of the Company, the Eligible Director who has received an allotment of the restricted shares under the Allotment Agreement (the "Allotted Shares") may not transfer, grant a security interest in, or otherwise dispose of the Allotted Shares.
- (2) The Company shall automatically acquire without consideration the Allotted Shares, if an Eligible Director has violated laws and regulations, the Allotment Agreement, or otherwise falls under any of the reasons that the Board of the Directors of the Company determines as reasonable for the Company to acquire without consideration the Allotted Shares.

Note: The Company plans to grant restricted shares to its Executive Officers and any equivalent officers and employees in accordance with a plan similar to the Plan.