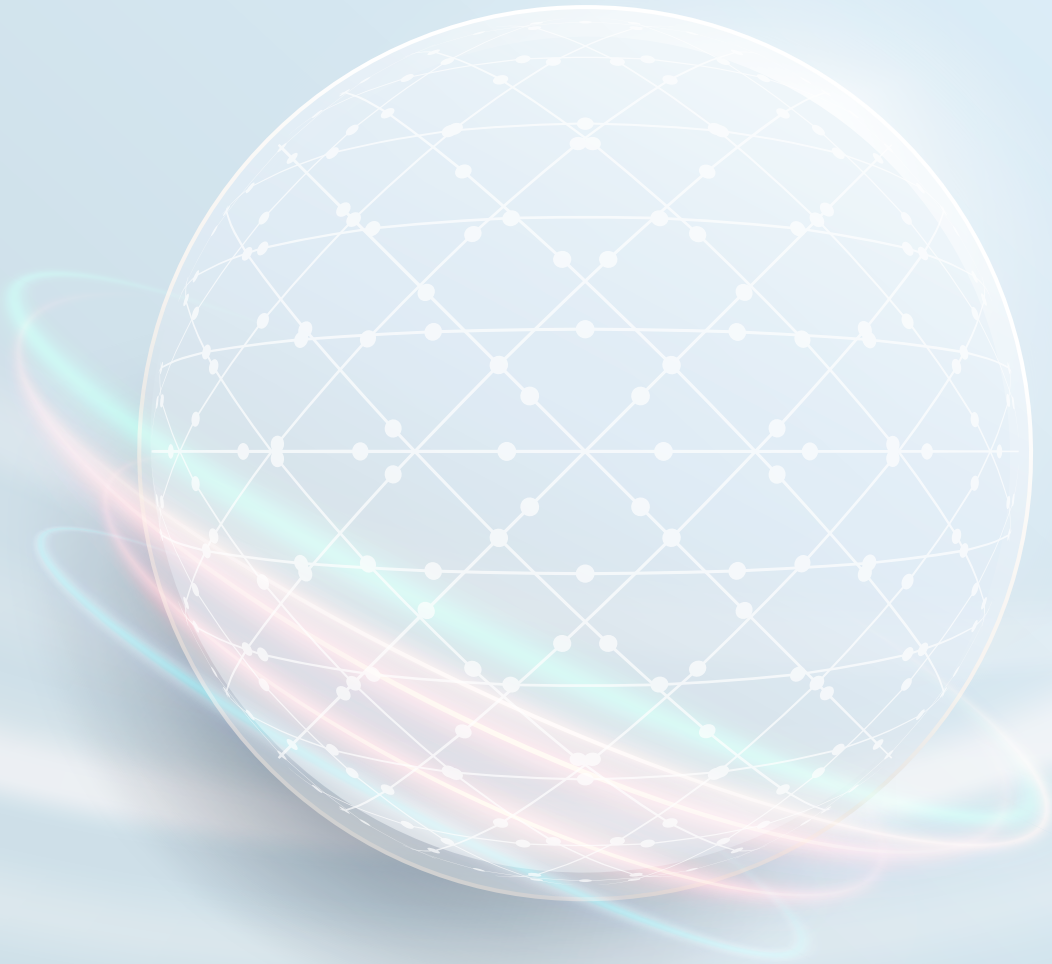


Sustainability Report 2023

 SUMITOMO METAL MINING



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Editorial Policy GRI 2-1/2-2/2-3/2-5

The Sumitomo Metal Mining Group Sustainability Report 2023 aims to report on our Group's basic approach to the achievement of a sustainable society, our promotion structure and KPIs for achieving Vision for 2030 with respect to material issues, the results of our activities in FY2022, and our future plans.

The report describes our Group's sustainability-related activities within the framework of environment, society, and governance, along with the positive and negative effects on society of our Group's business activities and our initiatives to achieve a sustainable society. As tools for engagement with all stakeholders, we followed the Mining Principles of the International Council on Mining and Metals (ICMM) to which we belong and made reference to requirements and disclosures under the GRI Standards, in order to disclose information in line with international guidelines. We also disclose information on climate change in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Through this report, we seek to enhance understanding of our Group's sustainability activities, to invite wide-ranging comments from stakeholders, and to enhance our activities and information disclosure in the future.

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^{1,2}: SMM, consolidated subsidiaries and equity-method affiliates (28 companies)

Social Topics¹: SMM and consolidated subsidiaries

1. Our environmental and occupational health and safety reporting covers our consolidated subsidiaries as well as business sites that have been determined to present major impacts

2. Scope: Companies marked with an asterisk in the list of companies on pages 8, 9 and Sumiko Tec Co., Ltd., which the Company sold in November 2022

Independent Assurance

We have received independent assurance from KPMG AZSA Sustainability Co., Ltd. regarding performance data and other data in this report. This report is issued following prior confirmation by our president of the report's content and of the receipt of independent assurance. Indicators subjected to assurance are noted by the symbol.

Referenced Guidelines

- GRI's Sustainability Reporting Standards
- Task Force on Climate-related Financial Disclosures: TCFD
- Corporate Sustainability Reporting Directive: CSRD

Publication Date

December 2023 (published once a year)

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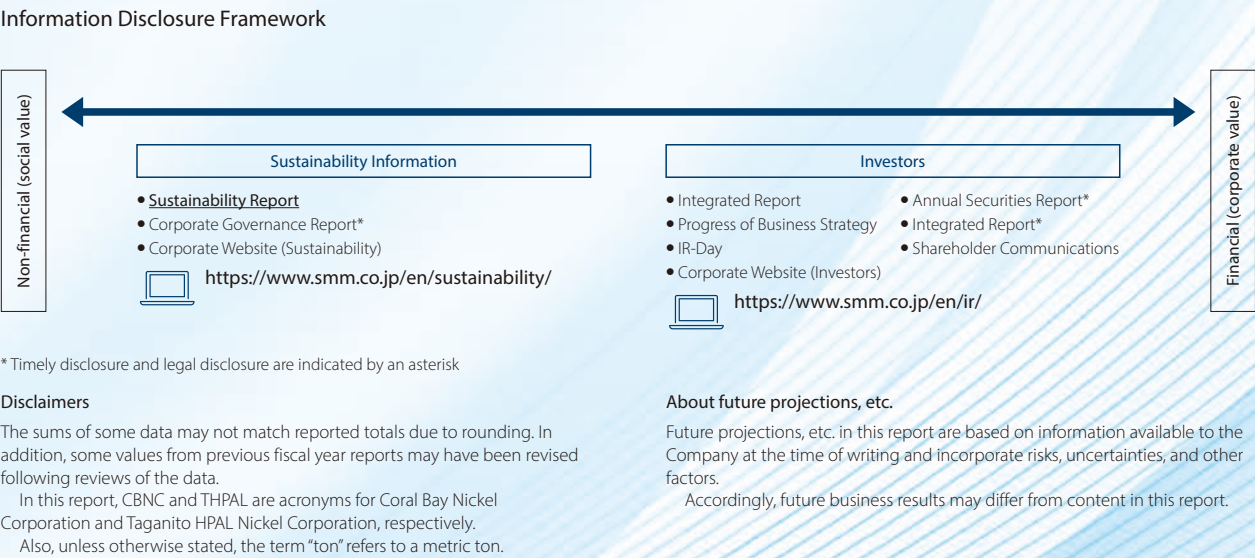
Period Covered

Japan: April 1, 2022–March 31, 2023
Overseas: January 1, 2022–December 31, 2022
(Some activities before or after the following periods have also been included)

Corresponding GRI Sector Standards

Mining, Metal processing

We plan to disclose information in line with the Sector Standards from FY2024



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.

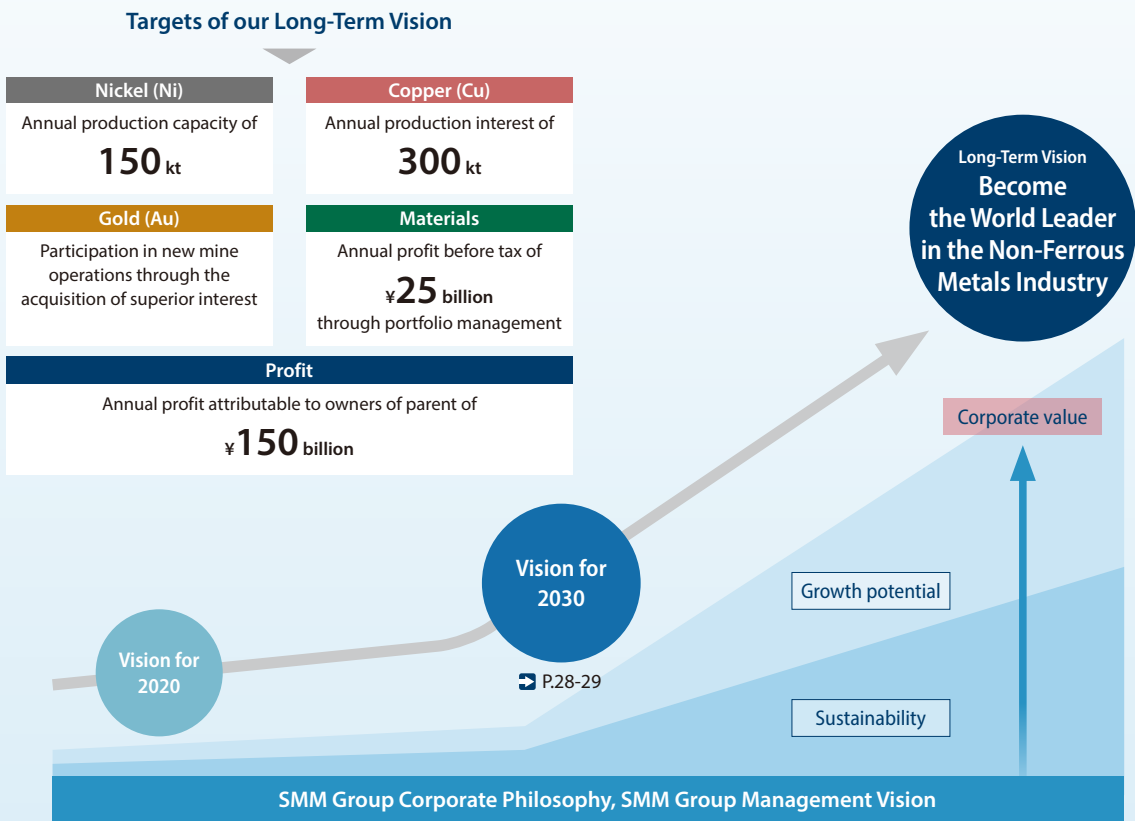
Long-Term Vision

Become the world leader in the non-ferrous metals industry

GRI 2-22

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



Sustainability at the Sumitomo Metal Mining Group

Our Group carries forward the mine operation and the smelting and refining that have been Sumitomo's original businesses since 1590, placing the Sumitomo Business Spirit at the center of our corporate conduct. Article 1 of the Sumitomo Business Spirit states that we value the trust of society and mutual relationships, and that we will address all matters with integrity. As mining must be conducted where the targeted natural resources are present, typically in projects that span years or even decades, mine operation in particular demands that we build and maintain relationships of trust with varied stakeholders in areas of operations as a prerequisite for the continuity of our business.

Based on the Sumitomo Business Spirit, our Group's Corporate Philosophy calls for co-existence with the global environment and society. It sets out ways of building and maintaining the relationships of trust indicated in the Sumitomo Business Spirit, and advocates respect for all individuals to achieve a forward-minded and vibrant company.

The Sumitomo Metal Mining Group Sustainability Policy describes our stance in working toward the sustainability that are pursuing through co-existence with the global environment and society and respect for all individuals. The policy clearly positions contribution to the sustainable development of society as an issue for our management, and further defines the aim of our sustainable growth as enhancing the degree of our contribution and ensuring its sustainability. This is in accordance with "Benefit self and benefit others, private and public interests are one and the same," the spirit that Sumitomo has inherited, meaning that Sumitomo's business must benefit the nation and society, and emphasize harmony with the public interest.

We have specified issues to be given priority in achieving our Sustainability Policy, identifying these as material issues. We also set out the evaluation that we seek to earn from society through our initiatives to tackle these material issues, in the form of Vision for 2030.

In this way, our Group's stance toward sustainability takes co-existence with the global environment and society and respect for all individuals as its philosophy. Placing value on social trust and mutual relationships, we seek to balance the sustainable development of society with sustainable growth for our company.



Sustainability Issues in the Value Chain GRI 2-6/3-1

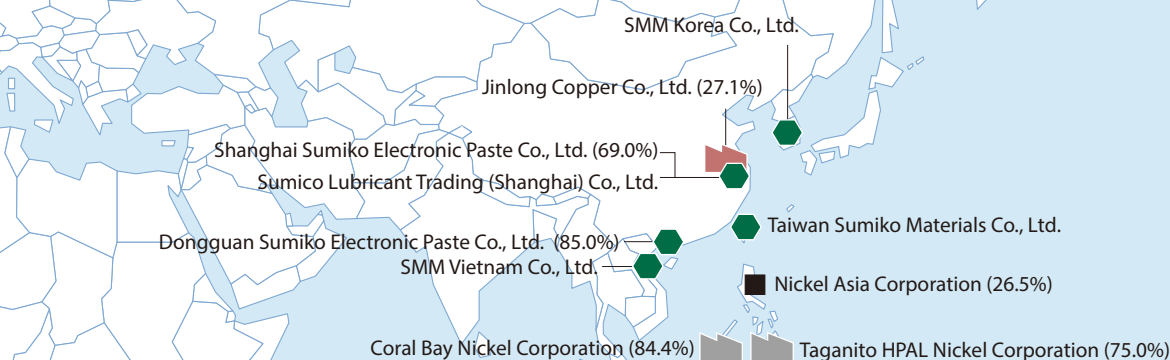
Within the value chains of our Group's businesses, we mapped out sustainability issues in terms of their potential impacts on society. In mapping sustainability issues, we made reference to matters concerning material issues described in the "Global Reporting Initiative (GRI) Sector Standard for Mining".*

Sustainability Issues: Impacts on Society (Referred to the "Global Reporting Initiative (GRI) Sector Standard for Mining.")	Business Value Chain							Stakeholders affected by the SMM Group				
	Suppliers	SMM Group			Customers	End users		Employees on our supply chain	Employees of the SMM Group	Employees of customers and contractors	Consumers and users	Local communities and indigenous peoples
	Business activities	Procurement	Research & development	Manufacture, sale and other activities (management of decommissioned and closed mines, etc.)	Process and manufacture of finished products	Usage	Disposal					
GHG emissions	●	●	●	●	●	●	●	●	●	●	●	●
Climate adaptation and resilience	●	●	●	●	●	●	●	●	●	●	●	●
Air emissions	●			●	●	●	●	●	●	●	●	●
Biodiversity	●			●	●	●	●				●	●
Waste	●			●	●		●			●	●	●
Tailings	●			●	●			●	●			●
Water and effluents	●			●	●	●	●	●	●	●	●	●
Closure and rehabilitation	●			●				●	●			●
Economic impacts		●		●	●	●		●	●	●		●
Local communities	●			●	●	●	●					●
Rights of Indigenous Peoples	●			●		●	●					●
Land and resource rights	●			●								●
Artisanal and small-scale mining	●							●				
Security practices and human rights	●			●					●			●
Critical incident management	●	●	●	●	●	●	●	●	●	●	●	●
Occupational health and safety	●	●	●	●	●			●	●	●		
Employment practices	●	●	●	●	●			●	●	●		
Child labor	●	●	●	●	●			●	●	●		
Forced labor and modern slavery	●	●	●	●	●			●	●	●		
Freedom of association and collective bargaining	●	●	●	●	●			●	●	●		
Non-discrimination and equal opportunity	●	●	●	●	●			●	●	●		
Anti-corruption		●	●	●	●			●	●	●		●
Payments to governments		●	●	●								●
Public policy		●	●	●		●	●				●	●
Conflict-affected and high-risk areas	●	●		●	●			●				●

* Global Reporting Initiative (GRI) Sector Standard for Mining
<https://www.globalreporting.org/standards/standards-development/sector-standard-project-for-mining/>

SMM Group Overview

(As of March 31, 2023) GRI 2-2/2-6



- Mineral Resources Segment**
- Copper (Red triangle)
 - Gold (Yellow triangle)
- Smelting & Refining Segment**
- Copper (Red triangle)
 - Nickel (Grey triangle)
 - Other (Blue triangle)
- Materials Segment**
- Major Sites of Materials Business (Green hexagon)
 - Other Major Site / Group Company (Black square)

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

Cote (in development)
(36.7%)

Morenci (25.0%)

Cerro Verde (16.8%)

Quebrada Blanca (in development)
(25.0%)

Candelaria (16.0%)

Ojos del Salado (16.0%)

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

Sumiko Kunitomi Electronics Co., Ltd.

SMM Precision Co., Ltd.
GRANOPT CO., LTD. (51%)

Shinko Co., Ltd.

Sumiko Energy Materials Co., Ltd.

- Ome District Division
- Materials Laboratories

Harima Refinery

Nagoya Branch

Osaka Branch

Ichikawa Research Center

Hyuga Smelting Co., Ltd. (60%)

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

- Head Office
- Sumico Lubricant Co., Ltd.
- N.E. Chemcat Corporation (50%)
- Nippon Ketjen Co., Ltd. (50%)
- Sumitomo Metal Mining Siporex Co., Ltd.
- Sicoxs Corporation

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



Group Companies

Consolidated Subsidiaries **52**¹ Equity-method Affiliates **13** District Divisions² **80**

1. Included in two other group companies shown in this page

2. District divisions refer business sites at certain locations which have workers and equipment, and mainly conduct production and research and development activities, provide support and services for business operations and provide cross-functional management business in a continuous manner (such as Head Office, mines, plants, research centers, branches, business sites which manage decommissioned and closed mines, sales offices). Consolidated subsidiaries and some equity method affiliates are included.

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.*

- 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)
- Granopt Optics Trading (Shenzhen) Co., Ltd. (China)
- Shinko Trading (Zhong Shan) Co., Ltd. (China)
- Taiwan Sumiko Materials Co., Ltd. (Taiwan)*
- SMM Korea Co., Ltd. (South Korea)
- 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)

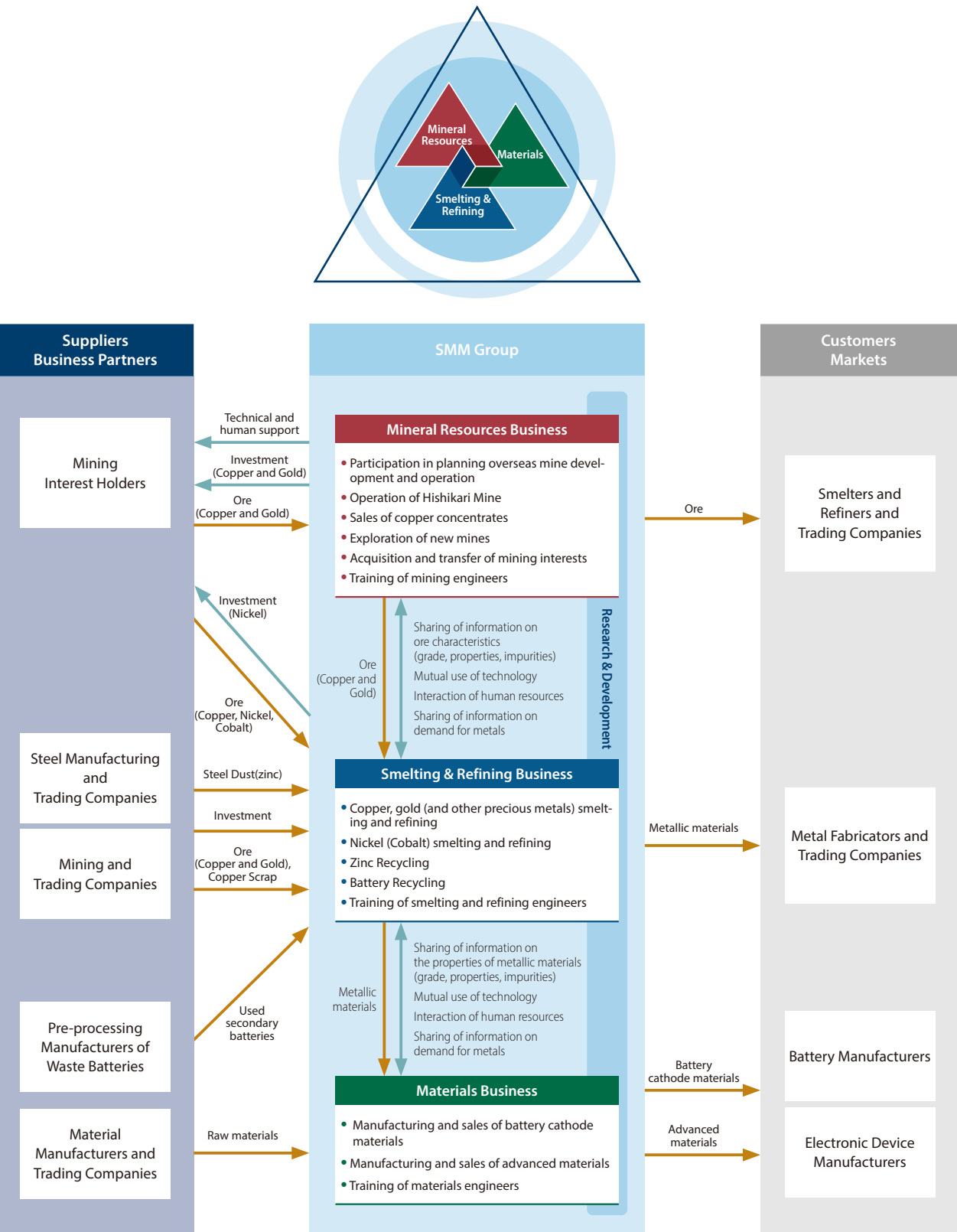
- Quebrada Blanca Holdings SpA (Chile)
- Sumitomo Metal Mining Peru S.A. (Peru)
- Sociedad Minera Cerro Verde S.A.A. (Peru)
- Sumitomo Metal Mining do Brasil LTDA. (Brazil)
- Sumitomo Metal Mining Oceania Pty. Ltd. (Australia)

- SMM Cerro Verde Netherlands B.V. (Netherlands)
- SMMCV Holding B.V. (Netherlands)

Smelting & Refining

- FIGESBAL SA (New Caledonia)

SMM Group Business Model GRI 2-6



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 human resources, goods, technology, and information between each business.

Mineral Resources Business

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

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

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

The SMM Group is engaged in various recycling efforts. In the Smelting & Refining Business, we collect 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.

Our History

Through a history of over 430 years, we have provided society with the non-ferrous metals that are indispensable to people’s lives.

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

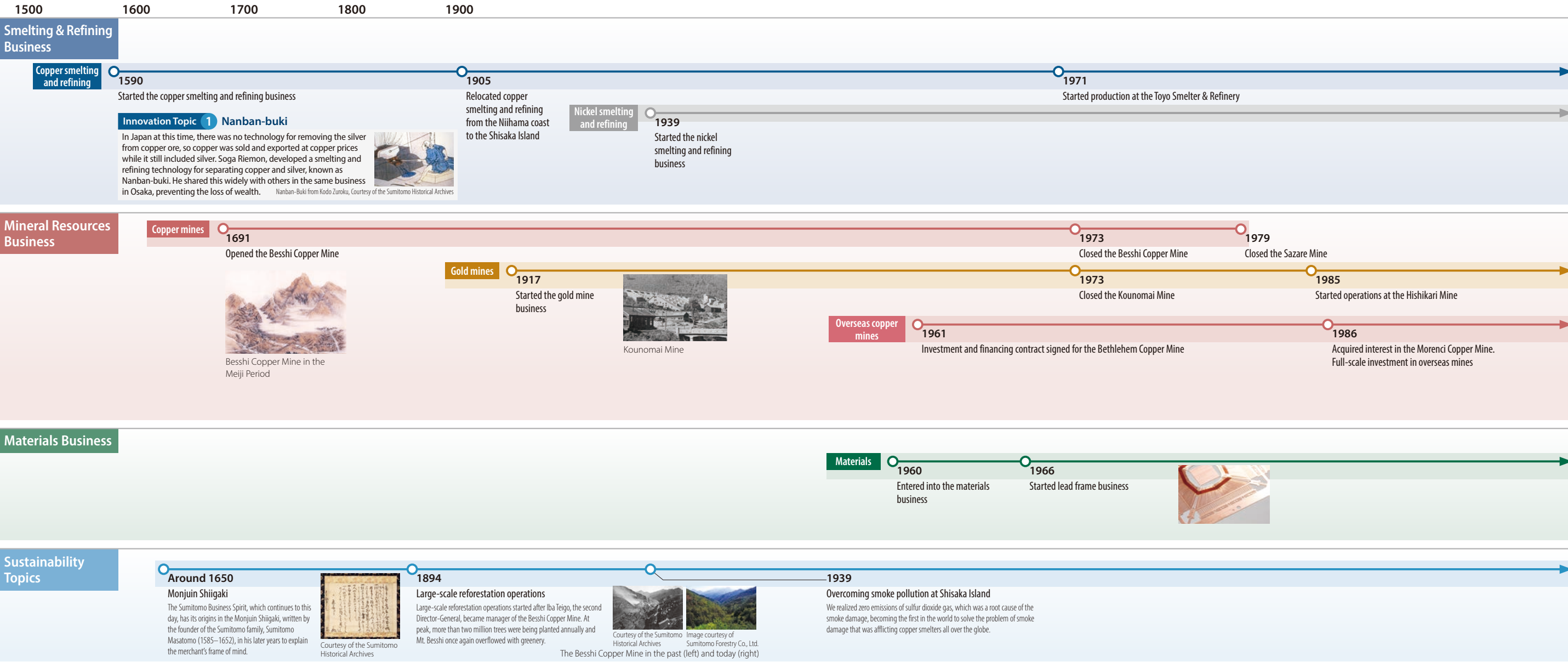
In 1960, the electronic materials business was being watched as a new market, and SMM began production of germanium dioxide for use in transistors. Since then, we have continued to provide the market with various electronic materials.

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.



Social Setting

Around 1700

The majority of Nagasaki trade

In the Edo period, about half of all copper produced in Japan for international trade was exported through Nagasaki. In the year 1698, Sumitomo’s annual production reached about 1,500 tons, a quantity that accounted for one quarter of Japan’s copper production.
Export box containing copper bars from Nagasaki (model), courtesy of the Sumitomo Historical Archives

Around 1900

The modernization of industry

Starting in the Meiji Period, with the growth in demand for communications lines, wires for electric lighting, and copper alloy fabricated products, domestic demand for copper increased significantly. The Besshi Copper Mine, which introduced Western-style smelting and refining, supported the industry in Japan.
Besshi Mine Upper Railway, Courtesy of the Sumitomo Historical Archives

Our History

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

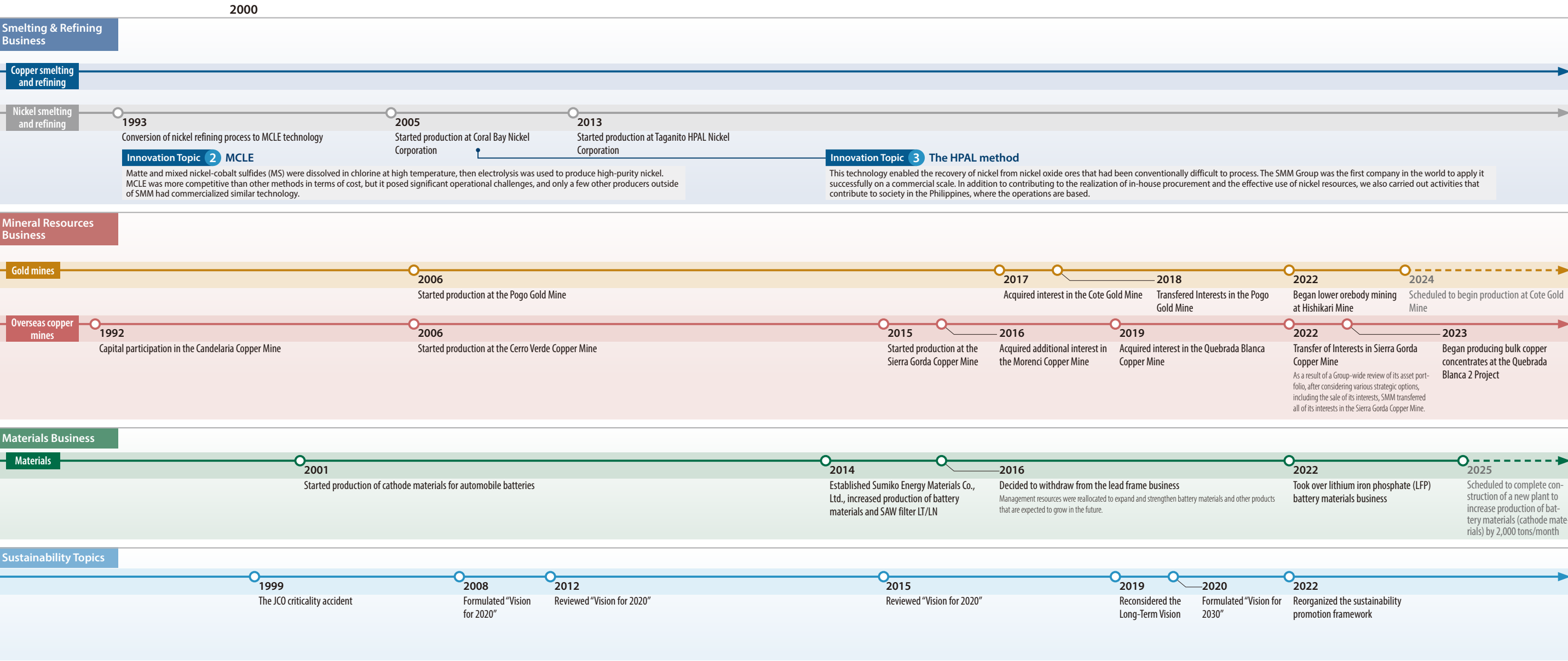
From FY2004 onward, we have steered our course toward the growth strategy by promoting large-scale projects and concentrating management resources in growth areas to expand and strengthen our core businesses. In FY2010, we shifted our business model to three core businesses: Mineral Resources, Smelting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



Social Setting

Around 1980

The spread of stainless steel

Nickel, a product of the SMM Group, was used as a raw material in stainless steel and special steels. These materials were used in various areas such as communications, medical, construction materials, and the generation of electricity. Demand for stainless steel picked up after 1987, and Hyuga Smelting Co., Ltd. expanded ferronickel production.

Around 2000

Rapidly rising demand for cathode materials for automobile batteries

Against the background of rising environmental awareness, demand rose rapidly for cathode materials for hybrid and electric vehicle secondary batteries. Through close collaboration with customers, the SMM Group worked to supply high performance, safe battery cathode materials in addition to fulfilling its obligation as a producer of nickel and cobalt, the raw materials of battery cathode materials.

Message from the President GRI 2-22



Akira Nozaki
President and
Representative Director

A. Nozaki

From Sumitomo’s earliest days,
a commitment to winning social license

In our Long-Term Vision, the Sumitomo Metal Mining Group aims to become “the world leader in the non-ferrous metals industry.” To achieve that goal, we believe one important element is to proactively address social issues through our business operations. This stance reflects Sumitomo’s underlying belief that our businesses must be in harmony with, and inseparable from, the public interest, in keeping with the following words etched in the Sumitomo Business Spirit: “Benefit self and benefit others, private and public interests are one and the same,” the spirit that Sumitomo has inherited, meaning that Sumitomo’s business must benefit the nation and society, and emphasize harmony with the public interest.

This philosophy has been central to all business activities undertaken by SMM since its earliest beginnings: starting with the copper refining and smelting business launched by Riemon Soga in 1590, and continuing with the Company’s operations in mining inaugurated at the Besshi Copper Mine (Niihama, Ehime) – the original business that set the foundations for the Sumitomo Group’s subsequent development and expansion.

Business operations involving mineral resources in many instances require large-scale development, which means they often have significant impacts on the local communities and the environment. As such, we believe a major requisite when developing mineral resources is, in every case, to obtain the social license to operate. This can be achieved only by making positive contributions through employment, tax payments, promotion of local industries, etc., while keeping adverse environmental and other impacts to a minimum.

At the Besshi Copper Mine, for a period of 283 years starting with the commencement of operations in 1691, Sumitomo continuously took steps to share in co-prosperity with the local community and to coexist in harmony with the environment. For example, Sumitomo supported the lives of the mine’s workers – nearly 12,000 at peak – and their families by creating local infrastructure including housing, schools, hospitals and other community facilities. Sumitomo also undertook large-scale revegetation at the site, at times planting more than two million trees a year, and also led the world in completely eliminating emissions of sulfur dioxide produced in the process of copper smelting. Today, the SMM Group carries on this firm commitment as we conduct our mineral resource development projects around the globe. We always make every possible effort to acquire social license and to build relationships of trust with our highly diverse stakeholders everywhere.

Defining what the SMM Group can do to help solve today's social challenges

Today, upsurges in geopolitical risk, accelerating global fragmentation and polarization and other factors are fueling increasingly complex social issues on a global scale. Meanwhile, a variety of uncertainties affecting corporate activities are also gathering momentum: turmoil in supply chains, rising costs of energy and other commodities, the emergence of issues relating to economic security, etc. Even under these challenging circumstances, we believe that there are numerous and varied ways in which the SMM Group can play a positive role and contribute to the world at large.

One example is our operations in non-ferrous metals: copper, nickel, cobalt, etc. Demand for these metals is projected to increase in the years ahead in numerous fields being promoted to combat climate change, including renewable energy-related infrastructure and electric vehicles. We believe the SMM Group has an inherent duty to provide society with stable supplies of the resources that will underpin activities of these kinds. With many non-ferrous metals, however, the number of highly productive mines is steadily decreasing, and this and other factors today are making an efficient recovery and reuse of metal resources already in the market a matter of increasing importance. Within the SMM Group, today we are responding proactively, applying our technologies nurtured through our smelting and materials businesses to realize highly efficient resource recycling and recycling of spent batteries into secondary battery cathode materials.

In our "Vision for 2030," the SMM Group has identified a total of 11 material issues to promote in priority. For each issue, we have also set KPIs and goals, and today we are striving vigorously toward realizing those goals to achieve a truly sustainable society.



Integrating our business operations and sustainability measures

In FY2022, we totally revamped our Groupwide sustainability advancement structure in order to more closely coordinate our sustainability realization measures with our business operations. Simultaneously we strengthened our response to such urgent issues as digital transformation (DX) and green transformation (GX), i.e., conversion from use of fossil fuels to renewable energies. During the 2022 fiscal period, we also undertook initiatives to address issues relating to human rights, a matter garnering increased attention globally, in line with the UN Guiding Principles on Business and Human Rights. To begin, we undertook a major review of our "Sumitomo Metal Mining Group Policy on Human Rights." We refined this policy using various international codes of conduct, etc. as references, and also sought out the opinions of outside experts. In the area of human rights due diligence, we put together a structure concerning our nickel operations and sought third-party certification. Furthermore, through our involvement with the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), we improved our grievance mechanism and enhanced justice assurance.

In the current 2023 fiscal year, we have already compiled a new "SMM Group Water Policy." The policy incorporates initiatives we must take concerning water usage, a social issue of global scope that is closely interconnected with human rights issues. Going forward, we will strive to achieve sustainable use and management of water resources based on this policy.

In the area of human resources, we drastically overhauled our comprehensive personnel system in order to foster individual and organizational openness to change. Through proper and effective operation of this new system, we aim to create an organization capable of taking up challenges, reforming its practices, and marking positive growth by supporting all employees in their right to continue independent learning.

To achieve the SMM Group's Long-Term Vision to become the "world leader in the non-ferrous metals industry" and the goals of our "Vision for 2030," it is of paramount importance that we secure the trust of our many stakeholders. To achieve this aim, starting this year we began issuing a "Sustainability Report" targeted at winning broader understanding of the SMM Group's sustainability-related initiatives and activities. Going forward, we will seek continuous dialogue with our many stakeholders and steadily strive to fulfill our responsibilities toward achieving a truly sustainable world.

Sustainability Management at the Sumitomo Metal Mining Group

Sumitomo Metal Mining Group Sustainability Policy

GRI 2-22/2-23

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.

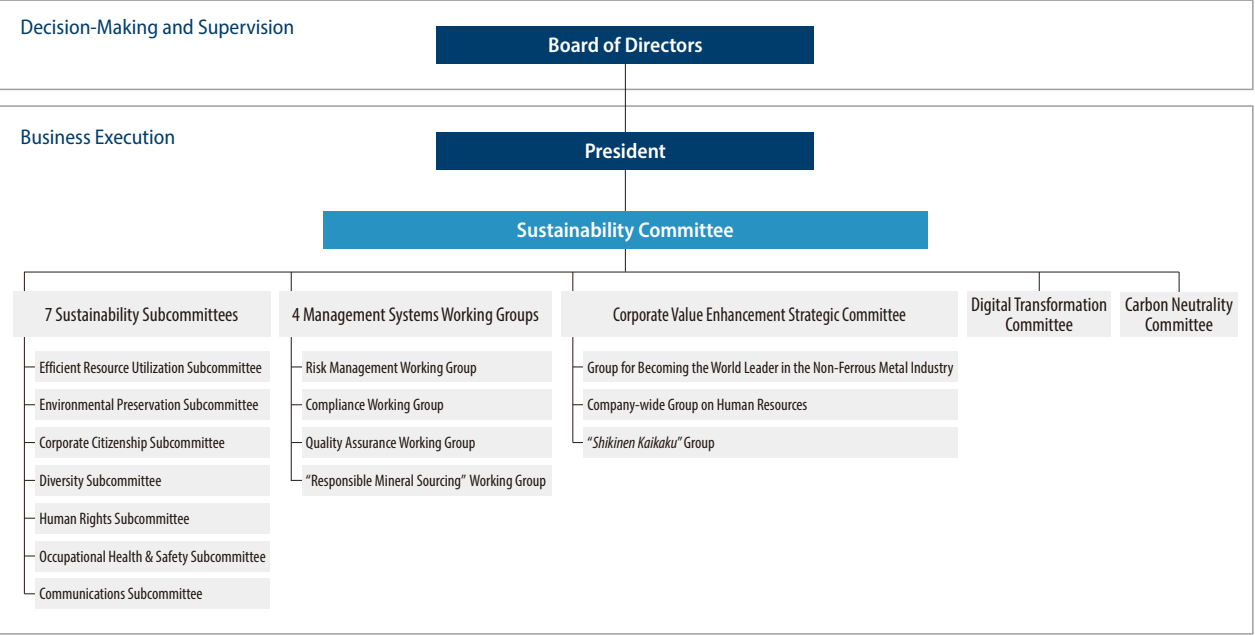
Sustainability Promotion StructureGRI 2-12/2-13/2-14/2-24

Our Group advances sustainability activities primarily through our Sustainability Committee. Since setting out our Vision for 2020 in 2008, we have consistently undertaken solutions to social issues through our business. In April 2022, we reorganized our sustainability promotion structure with the aim of engaging in management and sustainability with greater consistency.

Sustainability Committee

Chair	President
Deputy Chair	Executive officer in charge of sustainability (executive officer in charge of the Corporate Planning Department)
Members*	General Managers of Divisions, General Managers of Administration Departments, General Manager of the Technology Division, General Manager of the Planning & Administration Department of the Technology Division, General Manager of the Engineering Division, General Manager of the Facilities Technology Department of the Engineering Division, heads of operational divisions in the Head Office <small>* The Chairman of the Board, outside directors, and Audit & Supervisory Board members attend as observers</small>
Secretariat	Sustainability Department and Corporate Planning Department
Number of times convened	Two or more times per year (five times in FY2022)
Content of deliberations	<div><div><div><div>Deliberation on revision or abolition of material issues, Vision for 2030, and the Sustainability Policy</div><div>Deliberation and decision-making concerning important items related to annual plans and other sustainability promotion activities, and indicators for evaluating our level of achievement toward Vision for 2030</div><div>Regular evaluation of sustainability promotion activities reflecting issues and opinions obtained through engagement with stakeholders, and invoking of corrective measures</div><div>Provision of information on sustainability promotion activities, exchanges of information, explanation of key measures, sharing of awareness, and setting of important themes related to sustainability activities</div></div><div>In FY2022, the committee deliberated on progress toward Vision for 2030, standards for achievement and action plans for 2030, revision of the Sumitomo Metal Mining Group Policy on Human Rights, and establishment of the SMM Group Digital Transformation (DX) Vision, etc. The committee shared information on opinions and issues identified through engagement with stakeholders, grievance mechanisms, internal audits, and other means, and reflected this information in our sustainability activities. In particular, the committee made revisions to the Sumitomo Metal Mining Group Policy on Human Rights to reflect the opinions and requests of diverse stakeholders.</div></div></div>
Board of Directors	<div><div><div>Internal control and supervisory functions related to sustainability activities</div><div>Deliberation, decision-making, and approval concerning sustainability activities, progress reports, evaluation of performance, review of activity plans for the following fiscal year, etc.</div></div><div>In FY2022, the Board of Directors deliberated and resolved matters including establishment of the SMM Group DX Vision and revision of the Sumitomo Metal Mining Group Policy on Human Rights.</div></div>

Sustainability promotion framework



7 Sustainability Subcommittees

Our 7 Sustainability Subcommittees manage progress toward Vision for 2030 and engage in sustainability activities integrated with our businesses.

Subcommittee	Chair	Deputy Chair	Secretariat
Efficient Resource Utilization Subcommittee	Executive officer in charge of the Technology Division	Senior Deputy General Manager of the Technology Division	Technology Division
Environmental Preservation Subcommittee	Executive officer in charge of the Safety & Environment Control Department	Executive officer in charge of the Technology Division	Safety & Environment Control Department
Corporate Citizenship Subcommittee	General Manager of the General Affairs Department	—	General Affairs Department
Diversity Subcommittee	General Manager of the Human Resources Department	—	Human Resources Department
Human Rights Subcommittee	General Manager of the Sustainability Department	—	Sustainability Department
Occupational Health & Safety Subcommittee	Executive officer in charge of the Safety & Environment Control Department	General Manager of the Human Resources Department	Safety & Environment Control Department
Communications Subcommittee	General Manager of the Public Relations & Investor Relations Department	—	Public Relations & Investor Relations Department

Details of each subcommittee are described on the Material Issues page P.32-137

4 Management Systems Working Groups

The Risk Management Working Group, Compliance Working Group, Quality Assurance Working Group, and “Responsible Mineral Sourcing” Working Group play roles in operating our Group’s major management systems across organizations and in strengthening our management foundations. Each working group formulates policies in line with its theme and conducts checks of progress toward achieving its activity plans.

Working Group	Chair	Deputy Chair	Secretariat	Members
Risk Management Working Group P.182-184	Executive officer in charge of the Corporate Planning Department	Executive officer in charge of the Safety & Environment Control Department	Corporate Planning Department, Safety & Environment Control Department	General managers of divisions, General Manager of the Technology Division, General Manager of the Engineering Division, heads of operational divisions in the Head Office
Compliance Working Group P.176-179	Executive officer in charge of the Legal Department	General Manager of the Legal Department	Legal Department	General managers of divisions, General Manager of the Technology Division, General Manager of the Engineering Division, heads of operational divisions in the Head Office
Quality Assurance Working Group P.186-190	General Manager of the Quality Assurance Department	—	Quality Assurance Department	General managers of divisions, General Manager of the Technology Division, General Manager of the Engineering Division, heads of operational divisions in the Head Office
"Responsible Mineral Sourcing" Working Group P.120-122	General Manager of the Non-Ferrous Metals Division	General Manager of the Sustainability Department	Administration Department, Non-Ferrous Metals Division	Mineral Resources Division: General Manager of the Division, General Manager of the Administration Department Non-Ferrous Metals Division: General Manager of the Administration Department, General Manager of the Nickel Sales & Raw Materials Department, General Manager of the Copper & Precious Metals Raw Materials Department, General Manager of the Copper & Precious Metals Sales Department

Sustainability Management at the Sumitomo Metal Mining Group

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 the World Leader in the Non-Ferrous Metal Industry, the Company-wide Group on Human Resources, and the “*Shikinen Kaikaku*” Group as subordinate organizations.

Chair	Executive officer in charge of the Corporate Planning Department
Deputy Chair	General Manager of the Corporate Planning Department
Members	General managers, senior deputy general managers of divisions, General Manager of the Technology Division, General Manager of the Engineering Division, General Manager of the Legal Department, General Manager of the Human Resources Department, General Manager of the Finance & Accounting Department
Secretariat	Corporate Planning Department
Number of times convened	Two or more times per year (two times in FY2022)
Content of deliberations	<ul style="list-style-type: none">• Deliberation on candidates for new large-scale projects• Selection of “seeding” projects as candidates for new large-scale projects• Reporting on the progress of large-scale projects, from the “planting” stage to the “harvesting” stage• Instruction to the Group for Realizing the World Leader in the Non-Ferrous Metal Industry, the Company-wide Group on Human Resources, and the “<i>Shikinen Kaikaku</i>” Group regarding examination of matters specified as issues

Digital Transformation 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.

Chair	Executive officer in charge of Digital Transformation (Executive officer in charge of the Technology Division)
Deputy Chair	General Manager of the Digital Transformation Department
Members	General managers of divisions, executive officers in charge of corporate divisions, Executive officer in charge of the Safety & Environment Control Department, Executive officer in charge of the Quality Assurance Department, General Manager of the Technology Division, General Manager of the Engineering Division, General Manager of the Corporate Planning Department, General Manager of the Human Resources Department, General Manager of the Information Systems Department
Secretariat	Digital Transformation Department
Number of times convened	Two or more times per year (three times in FY2022)
Content of deliberations	<ul style="list-style-type: none">• Drafting of DX promotion policy and deliberation on material issues• Deliberation and decision-making on fiscal year plans for DX promotion activities and other key matters• Regular evaluation of DX promotion activities and invoking of corrective measures• Provision of information on DX promotion, exchanges of information, explanation of key measures, and sharing of awareness• Other key issues related to DX promotion activities

Carbon Neutrality Committee

This committee was established in April 2022 to set a clear policy and path toward achievement of the carbon neutrality that our Group should pursue, and to quickly and powerfully move forward in this pursuit.

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.

Chair	Executive officer in charge of Carbon Neutrality (Executive officer in charge of the Technology Division)
Deputy Chair	Executive officer in charge of the Safety & Environment Control Department
Members	General managers of divisions, General Manager of the Technology Division, General Manager of the Engineering Division, General Manager of the Safety & Environment Control Department, General Manager of the Corporate Planning Department, General Manager of the Sustainability Department, General Manager of the Finance & Accounting Department
Secretariat	Planning & Administration Department of the Technology Division
Number of times convened	Two or more times per year (six times in FY2022)
Content of deliberations	<ul style="list-style-type: none">• Drafting of company-wide policy, goals, and roadmap for the achievement of carbon neutrality, and deliberation on material issues• Deliberation and decision-making on fiscal year plans and other key matters related to carbon neutrality promotion activities• Regular evaluation of carbon neutrality promotion activities, review of goals, and invocation of corrective measures• Provision of information on carbon neutrality promotion, exchanges of information, explanation of key measures, and sharing of awareness• Deliberation and decision-making on other key issues related to carbon neutrality promotion activities

Putting Sustainability Promotion Activities into Practice

GRI 2-24

The 7 Sustainability Subcommittees manage and advance the progress of our sustainability promotion activities, with the Sustainability Committee at the center. However, responsibility for putting activities into practice is assigned across different levels through job classification-based management. In conjunction with our 2021 3-Year Business Plan, the subcommittees also formulated plans for organizations in areas related to Vision for 2030 during the period of the 3-Year Business Plan, and are managing the progress of these plans. The 7 subcommittees assess details of organizations’ activities through the subcommittees’ members or secretariats, and check progress through the Sustainability Committee.

Through dialogue with shareholders and investors and through briefing videos for business partners, we explain our Group’s sustainability promotion activities to outside stakeholders and call for their cooperation.

Penetration of Sustainability Promotion Activities

GRI 2-24

For Vision for 2030 and other sustainability promotion activities, we distribute simple, illustrated booklets with specific examples of activities to all Group employees, and post interviews and columns on specific activities in our in-house bulletins and on our portal site. We also conduct education on sustainability in annual training (new employee training, mid-career hire training, grade-specific training, selective training, etc.). In addition to regular training, in FY2022 we held “Reorganization of Sustainability Promotion Structure” briefings for managers and young employees in every district.

In conjunction with the adoption of the Sustainable Development Goals (SDGs) by the United Nations General Assembly in September 2015, we have also set every September as a month for thinking about the Sumitomo Metal Mining Group’s Vision for 2030. As a part of this, we hold the Sumitomo Metal Mining Group Vision for 2030 Awards every year as a rule. These awards recognize individuals and groups for their contributions to achieving Vision for 2030. In FY2022, a total of seven awards were given, with one individual award and six group awards (115 people in total). We also engage in awareness activities such as communicating messages from top management and conveying our progress toward Vision for 2030 to employees in a concise manner.

Positioning of Vision for 2030

Overview of 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 in an effort to enhance its company value and achieve its long-term vision of becoming the world leader in the non-ferrous metals industry. Vision for 2030 specifies concrete milestones indicating KPIs and deadlines toward achieving this long-term vision.

In formulating Vision for 2030, we assessed and reflected on our Group's Vision for 2020, taking societal changes into account, and sorted the material issues that need to be addressed by 2030. Vision for 2030 and KPIs* were deliberated for the 11 material issues identified, and formulated and released in March 2020.

In formulating Vision for 2030, we have kept firmly in mind the SDGs with close affinity to our corporate philosophy and vision. 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.

* Vision for 2030, Material Issues, KPIs P.28-29

Diagram of Relationship with the SDGs



* The numbers 1 to 11 in the diagram indicate material issues in Vision for 2030 P.25

Material Issues and Their Background

GRI 3-2

The below material issues were identified in March 2020. There have been no changes to material issues for FY2022.

1 Effective Use of Non-Ferrous Metal Resources P.32

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 P.42

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 the near-infrared absorbing materials CWO®, both produced by our Group, are expected to contribute to the reduction of GHG emissions.

3 Significant Environmental Accidents 4 Biodiversity P.52

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, and preserving biodiversity in our day-to-day management of operations are prerequisites for business continuity.

5 Employees' Occupational Health and Safety P.80

It is the responsibility of management to prevent work-related accidents and illnesses, provide a safe, healthy and comfortable 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, etc.

6 Diverse Human Resources 7 Development and Participation of Human Resources P.86

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 P.124 9 Co-Existence and Mutual Prosperity with Local Communities P.110 10 Rights of Indigenous Peoples P.116

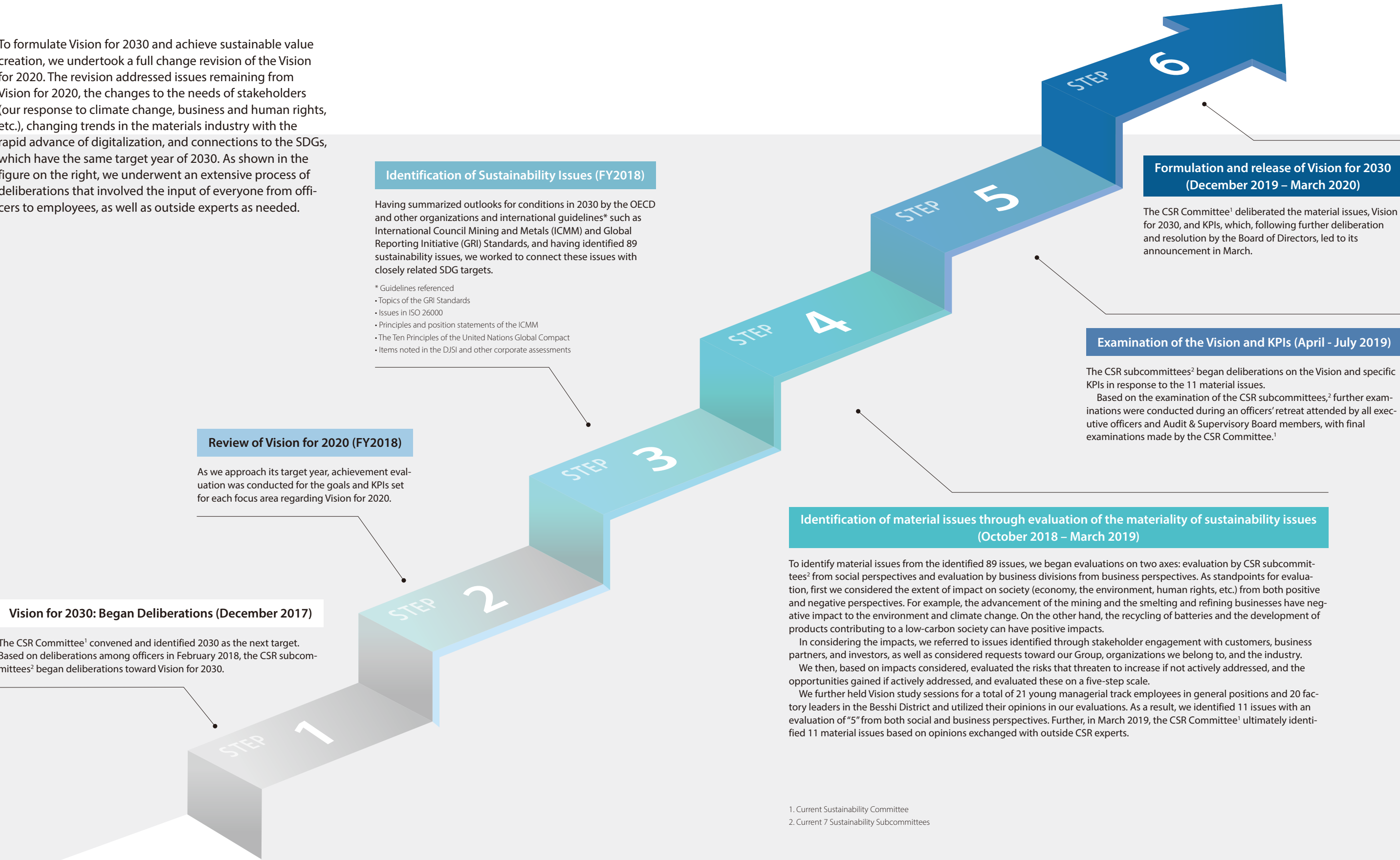
The SMM Group's main premise for business continuity is to earn a social license to operate. To this end, we recognize the importance of promoting information disclosure and transparency to the greatest extent possible, as well as deepening mutual understanding and building relationships of trust through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

11 Human Rights in the Supply Chain P.120

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. It is necessary for the SMM Group to construct sustainable supply chains in collaboration with business partners to prevent our business activities from having negative impacts on human rights along our diverse supply chains.

Vision for 2030 – Formulation Approach GRI 3-1

To formulate Vision for 2030 and achieve sustainable value creation, we undertook a full change revision of the Vision for 2020. The revision addressed issues remaining from Vision for 2020, the changes to the needs of stakeholders (our response to climate change, business and human rights, etc.), changing trends in the materials industry with the rapid advance of digitalization, and connections to the SDGs, which have the same target year of 2030. As shown in the figure on the right, we underwent an extensive process of deliberations that involved the input of everyone from officers to employees, as well as outside experts as needed.



Vision for 2030, Material Issues, KPIs (Indicators and Goals) GRI 3-2/3-3

1 Effective Use of Non-Ferrous Metal Resources

Vision for 2030

A company that generates resources through high technological capabilities

1. A company that stably provides non-ferrous metals to society

2. A company that contributes to society by effectively using impurities through collaborative, open technological development among industry, academia, and government

3. A company that contributes to the construction and maintenance of recycling systems for non-ferrous metals

4. A company that develops and supplies highly advanced materials that contribute to the resolution of social issues

KPI	Indicators	Goals
	1. 1) Advance copper mine projects	<div>• Strengthen production structure at JV mines to achieve and maintain copper production levels of 300 kt/year from interests</div> <div>• 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</div> <div>• Advance Phase 2 and later projects at the Quebrada Blanca Copper Mine</div>
	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	<div>(1) Nickel production: 150 kt/year</div> <div>(2) Recovery rate compared to FY2018: +2%</div> <div>(3) Recovery of scandium by-product</div> <div>(4) Recovery of chromite by-product</div>
	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	<div>• Demonstrate, commercialize, and expand scale of recycling technology that recovers cobalt from automotive lithium-ion batteries</div> <div>Commence commissioning and commercial operation of pre-commercial plant: FY2026*</div>
	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 2030		A company that actively undertakes climate change countermeasures, by reducing emissions and stably supplying products contributing to a low-carbon society, a future with zero greenhouse gases (GHGs)	
KPI	Indicators	Goals	
Reduce GHG emissions		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-CO ₂ or more	

3 Significant Environmental Accidents 4 Biodiversity

Vision for 2030		
A company that values water resources and biodiversity, and protects the richness of the sea and land		
KPI	Indicators	Goals
1. Zero significant environmental accidents		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 2030		A company where all employees work together with safety first the priority in a comfortable working environment as well as safe facilities and operations
KPI	Indicators	Goals
1.	Prevent occupational accidents	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 Resources 7 Development and Participation of Human Resources

Vision for 2030		A company where all employees can take a vibrant and active part	
		1. A company that respects the humanity of each and every employee, and where employees feel pride, motivation, and joy in work	
		2. A company that provides each and every employee with opportunities to improve his/her capabilities, and grows together with employees	
KPI	Indicators	Goals	
1. Promote working style reform and create workplaces that make use of digital technology, enabling diverse human resources to play vibrant and active roles		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) (2) Ratio of female employees: 20% or higher (SMM) 3) Expand number of managerial track employees of foreign nationality 4) Percentage of employees with disabilities: 3% or higher (SMM) 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 2030			A company that is appreciated and understood to be the world leader in non-ferrous metals		
KPI	Indicators		Goals		
1.	Further penetrate our Group brand among employees		• 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 2030		A company that contributes to regional development and earns trust as a member of the local community	
KPI	Indicators	Goals	
Participate in local communities through dialogue and collaboration		Accurately identify local issues through dialogues with local communities, and execute measures 1. to 5. as follows	
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 2030			A company that understands and respects the traditions and culture of indigenous peoples		
KPI	Indicators		Goals		
1.	Understand indigenous peoples and their traditions and culture		• 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 2030		
A 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)

* The underlined KPIs for this year have been partially revised
No change has been made to the material issues



Effective Use of Non-Ferrous Metal Resources

Environmental Management

Climate Change

Significant Environmental Accidents / Biodiversity

Environmental Data

Environment

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

Approach and Policy

GRI 3-3

Non-ferrous metal resources see wide use in fields connected to the resolution of social issues such as climate change. By making effective use of finite non-ferrous metal resources without waste, we believe that we can contribute to achieving a sustainable society. Our Group uses our production capabilities as a foundation for carrying out research and development that includes collaboration with external parties, and works to enhance our technological capabilities related to product creation. We strive to stably supply non-ferrous metal resources, create value from unused resources, and utilize technologies for recovering and recycling hard-to-process resources.

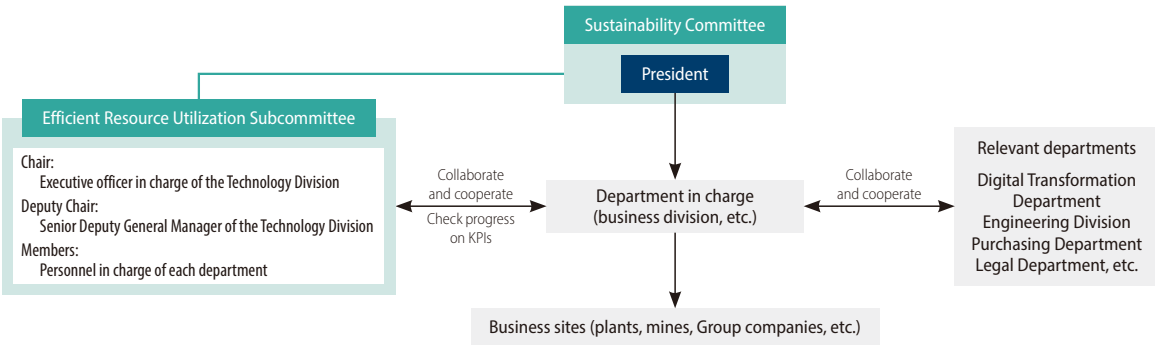
Promotion Structure

GRI 3-3

As activities concerning the effective use of non-ferrous metal resources, one of our material issues, involve numerous KPIs and specific measures that must be made consistent with business strategy, the activities are led by business divisions. The business divisions collaborate and cooperate with the Efficient Resource Utilization Subcommittee and relevant departments to engage in activities aimed at achieving our KPIs and Vision for 2030.

The Efficient Resource Utilization Subcommittee, which has the Technology Division as its secretariat, performs progress management and support for the activities of the business units. Because the Technology Division plays a particularly large role in providing support for technical aspects, our support structure integrates this division with the subcommittee.

Promotion Structure



Medium-Term Targets and Progress

GRI 3-3

To achieve our Vision for 2030, we are managing progress for each KPI and have made achievement criteria and action plans for up to 2030.

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
KPI 1. 1) Advance copper mine projects <ul style="list-style-type: none">Strengthen production structure at JV mines to achieve and maintain copper production level of 300 kt/year from interestsAchieve 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 AIAdvance Phase 2 and later projects at the Quebrada Blanca Copper Mine				
<ul style="list-style-type: none">Copper attributable production at JV mines in 2022 was 200 kt, falling short of the forecast of 220 kt (announced in May 2022)Reasons for this included a shortage of truck staff at the Morenci Copper Mine, effects of the COVID-19 pandemic at the Cerro Verde Copper Mine, truck maintenance delays and sinkhole accidents at the Candelaria Copper Mine and Ojos del Salado Copper Mine, and decline in grade of the main ore body at Northparkes Copper MineFocused on the start of copper concentrate production from Phase 2 at the Quebrada Blanca Copper Mine	<ul style="list-style-type: none">Copper attributable production at JV mines in 2023 is predicted to be 210 ktAt all mines, undertake measures to overcome the challenges of 2022 and urge steady implementation of these measures through participation in the Management Committee and technical meetingsBegin copper concentrate production from Phase 2 at the Quebrada Blanca Copper Mine, and study subsequent projects	Achievement Criteria	<ul style="list-style-type: none">Achieve copper production level on an interest basis of 270 kt by starting production in Quebrada Blanca Phase 2, etc.	<ul style="list-style-type: none">Aim to obtain further interests to achieve copper production level on an interest basis of 300 kt, which is the long-term vision
		Action Plan	<ul style="list-style-type: none">Post-pandemic, strengthen collaboration with operating sites and contribute in terms of management and technology to ensure production levels in JV mines exceed plans	<ul style="list-style-type: none">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 <ul style="list-style-type: none">Develop new mines for which we have operatorship				
<ul style="list-style-type: none">Through channels including Kenorland Minerals Ltd., in which we invested in 2021, conducted studies aimed at entry into new JV exploration projects, acquisition of new mines, etc.Also engaged in onsite surveys, information gathering necessary for the formation of new JV exploration projects, etc.	<ul style="list-style-type: none">Through entry into new JV exploration projects, information gathering aimed at acquisition of new mines, onsite surveys, etc., plan to continue conducting studies aimed at obtaining new operatorship	Achievement Criteria	<ul style="list-style-type: none">Participate in new exploration projects through joint ventures and prepare for acquisition of new mines, etc., to obtain new operatorship	<ul style="list-style-type: none">Participate in new exploration projects through joint ventures and make preparations to acquire new mines to obtain new operatorship
		Action Plan	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">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 <ul style="list-style-type: none">Promote remote operation and unmanned operation of heavy machinery and information infrastructure equipment inside and outside of the Hishikari Mine				
<ul style="list-style-type: none">At the Hishikari Mine, proceeded with the provision of Wi-Fi in the mine under a three-year plan, and introduced our first automated driving and ground-based remote control system for the underground load haul dump (LHD) loaders that load and transport ores, launching operational tests in tunnels	<ul style="list-style-type: none">Continue to provide Wi-Fi in the mine and test LHD loader automated driving, and work to further enhance operational efficiency by means including introduction of new technologies such as drilling machines with navigation functions and semi-automated long-hole drilling machines, and improvement of the waste stone rate through the introduction of new ore sorters	Achievement Criteria	<ul style="list-style-type: none">Establish ICT infrastructure (Wi-Fi) and begin introduction of (1) automated LHD loaders; (2) automated drilling machinery; and (3) remote operation and monitoring of heavy machinery and vehicles, etc. at the Hishikari Mine	<ul style="list-style-type: none">Firmly establish (1) automated LHD loaders; (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
		Action Plan	<ul style="list-style-type: none">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	<ul style="list-style-type: none">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

Effective Use of Non-Ferrous Metal Resources

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
KPI 1. 4) Advance nickel ore projects and improve productivity <ul style="list-style-type: none">• Nickel production: 150 kt/year• Ni Recovery rate compared to FY2018: +2%				
<ul style="list-style-type: none">• Accelerated examination of new nickel projects to replace the Pomalaa Project• CBNC fell short of target due to fluctuations in ore quality, but THPAL achieved target	<ul style="list-style-type: none">• Narrow down new nickel projects and continue detailed study• Maintain and improve Ni recovery rate	Achievement Criteria	<ul style="list-style-type: none">• Increase production volume to achieve 150 kt/year• Maintain and increase Ni recovery rate	<ul style="list-style-type: none">• Increase production volume to achieve 150 kt/year• Maintain and increase Ni recovery rate
		Action Plan	<ul style="list-style-type: none">• Continue to develop technology and improve processes to increase production volume• Continue to improve processes through technology development, etc.• Search for new nickel mineral sources	<ul style="list-style-type: none">• Continue to develop technology and improve processes to increase production volume• Continue to improve processes through technology development, etc.• Search for new nickel mineral sources
KPI 1. 4) Advance nickel ore projects and improve productivity <ul style="list-style-type: none">• Recovery of scandium by-product• Recovery of chromite by-product				
<ul style="list-style-type: none">• Achieved record-high production volume of scandium• Achieved record-high production volume of chromite	<ul style="list-style-type: none">• Increase scandium production volume• Increase chromite production volume	Achievement Criteria	<ul style="list-style-type: none">• Increase production volume to design capacity	<ul style="list-style-type: none">• Maintain production volume at design capacity
		Action Plan	<ul style="list-style-type: none">• Ensure Sc recovery rate and increase production volume	<ul style="list-style-type: none">• Ensure Cr 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 <ul style="list-style-type: none">• Develop technology to stabilize and bleed off impurities: Develop and demonstrate the process				
<ul style="list-style-type: none">• Studied the application of technology for separation of arsenic from copper concentrates to future operations and to other separation technologies, investigating overseas research and development cases and drawing on our knowledge obtained from research results to date	<ul style="list-style-type: none">• Continue studying latest research cases	Achievement Criteria	<ul style="list-style-type: none">• Utilize knowledge gained through research	<ul style="list-style-type: none">• Utilize knowledge gained through research
		Action Plan	<ul style="list-style-type: none">• Examine use of knowledge gained through research in future mine operations and other separation technology	<ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• Contribute to existing (e.g. marine resource development) and new development projects				
<ul style="list-style-type: none">• In the final year of a five-year plan formulated by the government, leveraged our technical knowledge to participate in massive sulfide deposit and cobalt-rich ferromanganese crust projects	<ul style="list-style-type: none">• Plan to participate in projects targeting sea-floor massive sulfide deposits, cobalt-rich ferromanganese crust, etc. based on the next Ocean Energy & Mineral Resource Development Plan to be formulated by the Ministry of Economy, Trade and Industry	Achievement Criteria	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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
		Action Plan	<ul style="list-style-type: none">• Contribute in the role of industry by participating in research and development JVs for individual projects, in Japan Organization for Metals and Energy Security (JOGMEC) committees for exploration, mining, ore lifting, mineral processing, smelting and refining, etc.	<ul style="list-style-type: none">• Contribute in the role of industry by participating in research and development JVs for individual projects, in JOGMEC committees for exploration, mining, ore lifting, mineral processing, smelting and refining, etc.

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
KPI 2. 3) Recover non-ferrous metal 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				
• Conducted conceptual design and preliminary capital expenditure (CAPEX) estimation to evaluate the commercial potential of direct lithium extraction (DLE) technology	• Start pilot trials using actual brine water	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)
			• Demonstrate process feasibility through on-site pilot tests, etc.	
• Reduced freshwater usage in the DLE process close to the target	• Continue to study commercialization	Action Plan	• Improve adsorbent through joint research with Universities	• Participate in lithium operations and stabilize product quality
			• Design overall process and verify economic feasibility	Items or targets to be implemented during the 2024 3-Year Business Plan
• Promoted development of adsorbent through joint research with universities	• Achieve target water usage in the DLE process			• Obtain data for feasibility study through demonstration plant
				• Conduct design and feasibility study of commercial plant
	• Continue the development of adsorbent through joint research			
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: FY2026				
• In studies of processes for recovery of copper, nickel, cobalt and lithium at the pilot plant, (1) passed users' evaluations of properties of batteries made with recovered nickel and cobalt, and (2) optimized pretreatment methods aimed at greenhouse gas (GHG) reduction	• Continue to study processes aimed at GHG reduction	Achievement Criteria	• Continue construction work on pre-commercial plant (Start test operation of pre-commercial plant in FY2026)	• Processing of 10,000 t/year at pre-commercial plant
	• Start construction work on pre-commercial plant	Action Plan	• Continue construction work on pre-commercial plant	• Improve technology to increase processing volume of its pre-commercial plant
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				
• Explored new themes using a new business creation system	• Narrow down new theme candidates explored using the new business creation system, through market research and collaboration with universities	Achievement Criteria	• Study potential R&D themes that will lead to commercialization	• Move on to the next stage of R&D themes with a view to commercialization
			• Implement working group activities and activities such as joint research on future co-creation with universities	• Continue joint research with universities on new businesses
• Established the GX Materials Science Co-Creation Research Center in cooperation with Tohoku University and launched search for themes related to a hydrogen-based society and future batteries	• In co-creation of a vision with Tohoku University, continue to explore themes aimed at the achievement of a solar energy society; at the GX Materials Science Co-Creation Research Center, continue to explore themes of a hydrogen-based society and future battery materials, and propose new candidate themes	Action Plan	• Operate new business creation system and manage progress of research themes	• Continually improve activities aimed at new business creation
			• Develop human resources and explore themes utilizing new working group activities and co-creation activities with universities	Items or targets to be implemented during the 2024 3-Year Business Plan
			• Use our X-MINING information dissemination website and take part in exhibitions	• 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

Effective Use of Non-Ferrous Metal Resources

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
KPI 4. 2) Hold raw materials in-house for favorable and stable procurement • Commercialize NiO for fuel cells following demonstration project				
• Continued demonstration tests at pilot plant	• Continued demonstration tests at pilot plant	Achievement Criteria	• Continued demonstration tests at pilot plant • Decide on investment in mass production based on feasibility study	• Expand business size to accommodate sustained growth of fuel cell battery market Items 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	• 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	• 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				
• Continued to advance construction, staff recruitment, etc. according to plan for 2,000 t/month expansion, with the aim of starting test operation in FY2024 • Conducted surveys and studies related to next production expansion	• Make decision on implementation of 2,000 t/month expansion according to plan and on implementation of post-processing equipment expansion • Continue to conduct surveys and studies related to next production expansion	Achievement Criteria	• Expand production capacity for cathode materials to reach 7,000 t/month (complete in FY2025) • Maintain top class share of market	• Construct 15,000 t/month production capacity for cathode materials • Maintain top class share of market Items or targets to be implemented during the 2024 3-Year Business Plan • Establish 10,000 t/month production capacity for cathode materials • Maintain top class share of market
		Action Plan	• Establish stable production of 4,850 t/month • Expand production by 2,000 t/month	• Aim for 15,000 t/month production capacity (Aim for 10,000 t/month during the 2024 3-Year Business Plan)

Contribution to a Circular Economy (effective use of resources)

Recycling of Low-Grade Nickel Oxide Ores

Smelting and refining of low-nickel-content oxide ores found near the earth's surface involves numerous technical challenges that made it difficult to achieve on a commercial basis. However, such low-grade oxide ores are said to account for about 70% of the world's nickel oxide mineral resources, which lead to worldwide demand for development of technology to enable its processing. Drawing on our advanced equipment engineering and operation technologies, in April 2005 our Group led the world in achieving large-scale commercial production via the hydrometallurgical processing technology known as HPAL at Coral Bay Nickel Corporation (CBNC)¹ in the Philippines.

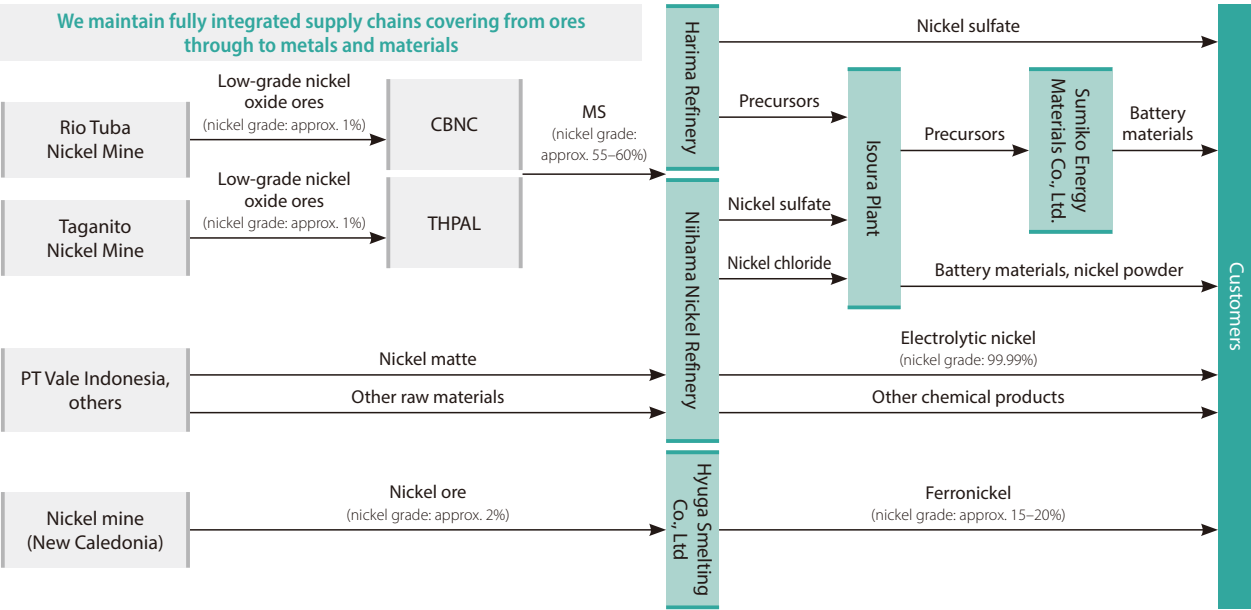
In 2013, Taganito HPAL Nickel Corporation (THPAL)² began operation as our second HPAL plant. The nickel intermediate smelted and refined at the two HPAL plants is used in Japan as electrolytic nickel and as secondary battery cathode material for electric vehicles. We also recover and recycle cobalt contained in the intermediate and scandium and chromite contained in the ore.

1. Coral Bay Nickel Corporation (CBNC): Shareholders: Sumitomo Metal Mining Co., Ltd. (84.375%); Nickel Asia Corporation (15.625%). 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



Low-grade nickel oxide ore for THPAL

Supply Chains for Realizing a Stable Supply of Nickel



Effective Use of Non-Ferrous Metal Resources

Battery Recycling

As automobiles undergo what is expected to be a rapid and long-term shift to electric drive and battery capacity becomes increasingly higher, demand is growing for the copper, nickel, cobalt, and lithium used in lithium-ion secondary batteries (LIBs) for electric vehicles, leading to calls for effective resource recycling.

Since 2017, we have been working to recover and reuse the copper and nickel contained in 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" horizontal recycling using materials recovered from used LIBs.

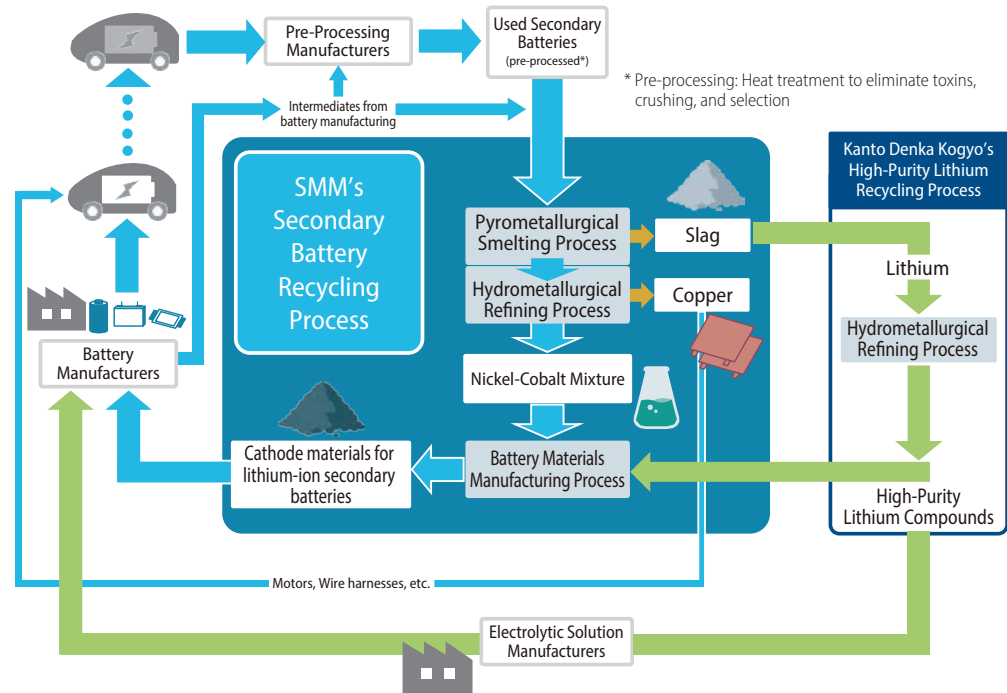
In addition to this, we have been promoting LIB recycling research and development and demonstrated in 2021 that cobalt, for which resource depletion is a concern, can also be recovered, purified to a high level, and reused as a raw material for LIB cathode materials. Moreover, through joint development with Kanto Denka Kogyo Co., Ltd., we established technology that recycles lithium from slag containing lithium into high-purity compounds in 2022, successfully developing a new process for horizontal recycling of copper, nickel, cobalt, and lithium.

In evaluations of battery performance by battery user Primearth EV Energy Co., Ltd., it was demonstrated on the product level that the performance of batteries using LIB cathode materials manufactured through this process is equal to that of batteries manufactured from conventional raw materials, primarily derived from natural resources.

We are currently studying the commercialization of battery recycling with the aim of establishing a system for processing 10,000 tons per year during the term of the 2024 3-Year Business Plan (FY2025–2027). In parallel with this, we are also working to develop technology for reducing CO₂ emissions from the perspective of carbon neutrality. If this new process makes it possible to reuse valuable metals as resources on a commercial basis, it can be expected to make a further contribution to resource recycling to combat global resource depletion.

Looking ahead, we will continue to actively work on "battery to battery" horizontal 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



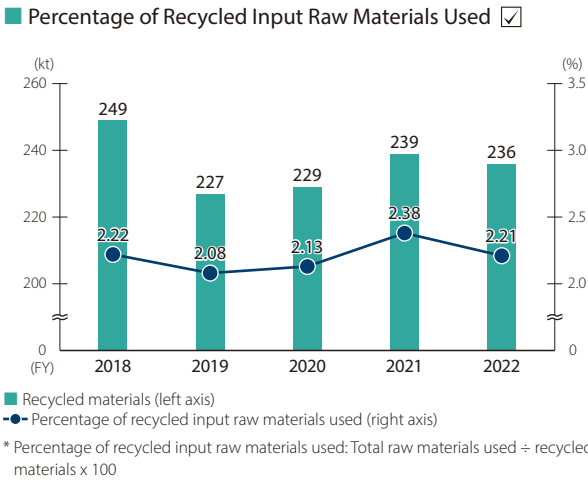
Other Recycling Initiatives

Percentage of Recycled Input Raw Materials Used

The SMM Group procures copper scrap and precious metal scrap from the market, recovers zinc from electric arc furnace dust, and recovers valuable and precious metals from used printed circuit boards and other sources. In FY2022, our percentage of recycled input raw materials used was approximately 236 kt, accounting for 2.21% (2.38% in FY2021) of input raw materials, a slight drop from the previous fiscal year. Production volume of electrolytic copper from recycled raw materials was approximately 93 kt, accounting for 20.9% (23.1% in FY2021) of production volume, a slight drop from the previous fiscal year.

Percentage of Recycled Input Raw Materials Used P.70

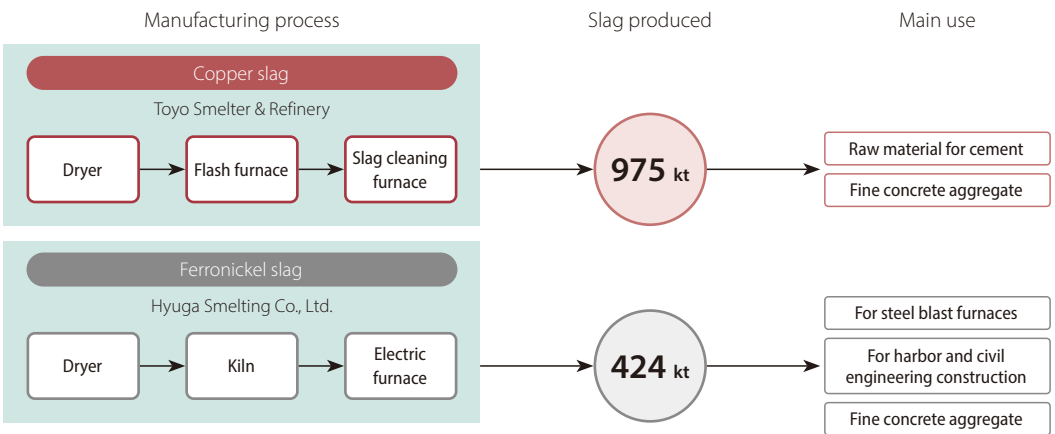
GRI 301-2



Slag as a Recycled Material

Copper slag is a by-product produced during smelting at the Toyo Smelter & Refinery, which manufactures electrolytic copper. The main use for copper slag (70% of the total volume) is cement production for Japan and overseas. With an iron content of about 40%, copper slag is widely used as a source of iron for cement.

The ferronickel slag at Hyuga Smelting Co., Ltd., which manufactures ferronickel used as a raw material for stainless steel, is mainly used at steel blast furnaces. With a magnesia content of about 30%, ferronickel slag is used as a source of magnesia for blast furnace flux.

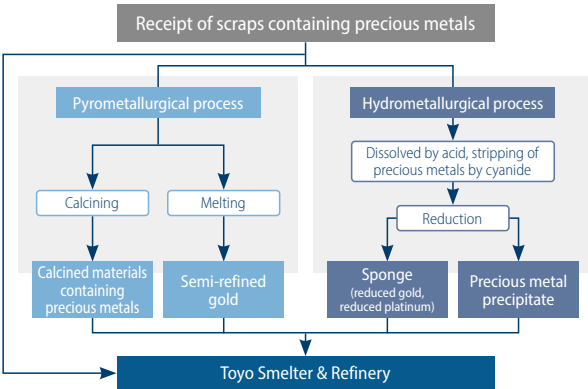


Precious Metal Recovery: Flow Diagram

Discarded household appliances and discarded electronic parts collected nationwide, and E-scrap containing high concentrations of gold, silver, copper, palladium, and other valuable metals generated in the manufacturing of these appliances and parts, provide SMM with raw materials for the recovery and recycling of precious metals (gold, silver, platinum, etc.).

After sorting the collected raw materials into parts that contain precious metals and those that do not, the SMM Group company Ohkuchi Electronics Co., Ltd. uses the pyrometallurgical or hydrometallurgical process, depending on the composition and other aspects of the parts, to condense the materials before transporting them to the Toyo Smelter & Refinery.

The Toyo Smelter & Refinery smelts and refines those condensed raw materials along with other copper and precious metal raw materials, and then recycles them into high-grade precious metals.



Environmental Management

Sumitomo Metal Mining Group Environmental Targets for 2023		GRI 3-3
FY2023 Policy	Use an environmental management system (EMS) to strengthen environmental management, address global environmental issues, and preserve biodiversity.	
FY2023 Targets	1. Eliminate environmental accidents and compliance breaches 2. Reduce greenhouse gas (GHG) emissions 3. Promote preservation of biodiversity	

Promotion Structure

GRI 3-3

Deploy Environmental Targets and Use an Environmental Management System

Based on our Group's environmental vision and progress toward it, the Safety & Environment Control Department formulates a proposal for the Group's environmental targets (policies, objectives, strategies), which are reviewed and approved by the president. At each business site, annual targets and plans are developed based on the Group's environmental targets, taking into account the unique risks of each site, and are carried out through the EMS based on ISO 14001 (JIS Q 14001). As of April 1, 2023, all our production sites have obtained third-party ISO 14001 certification.

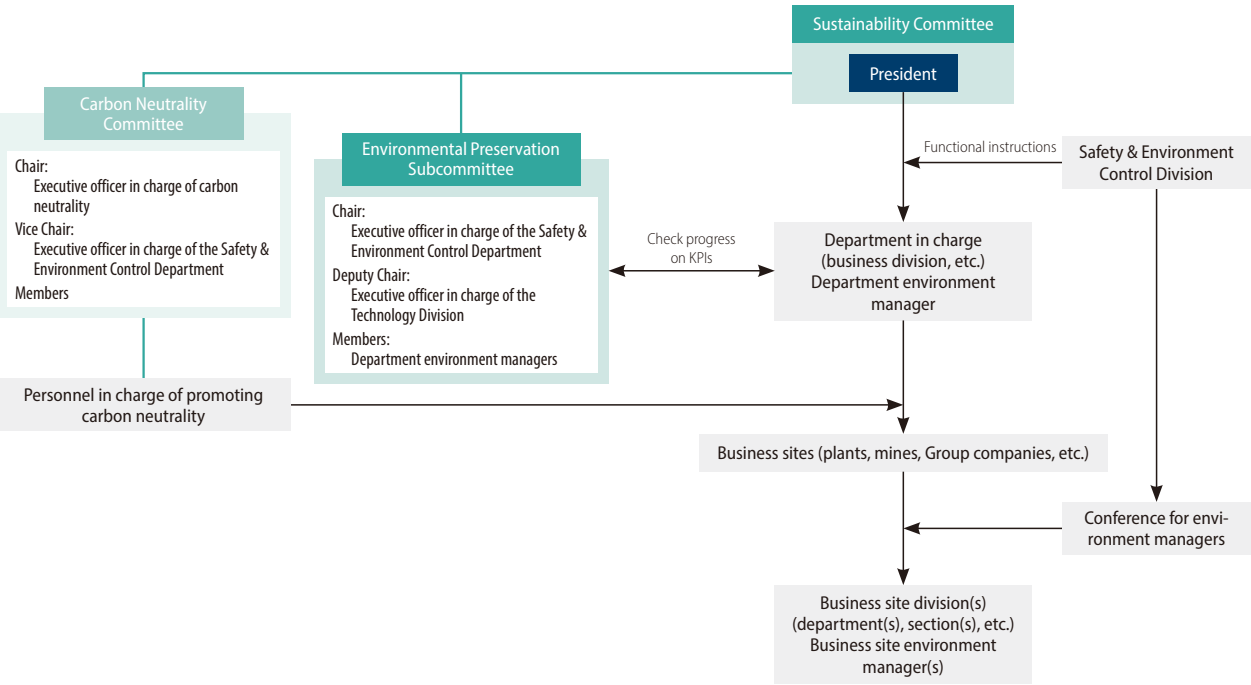
The Environmental Preservation Subcommittee and the Safety & Environment Control Department

The Safety & Environment Control Department serves as the secretariat of the Environmental Preservation Subcommittee with respect to significant environmental accidents and biodiversity which are material issues. The Department is the functional instructing department with respect to environmental preservation activities in general, promoting initiatives through the cooperation and collaboration of various departments to realize the Vision. This includes the operations of the Environmental Preservation Subcommittee, functional instructions to site managers based on legal revisions and other external information, various reports and inspections, and alerts and inspection directives through the sharing information about environmental accidents and near-miss cases within the Group.

The Carbon Neutrality Committee and the Technology Division

Regarding climate change, which is a material issue, the Technology Division serves as the secretariat and functional instruction division for the Carbon Neutrality Committee,* driving activities through collaboration and cooperation with various departments

Promotion Structure



to achieve the Group's Vision. It runs the Carbon Neutrality Committee, formulates the policy, targets, and plans to achieve carbon neutrality and deliberates on material issues, collecting external information (from guidelines of affiliated organizations, international trends, regulatory revisions, etc.) and performance data, sharing case studies with other departments, and deliberates on and approves the internal carbon pricing (ICP) system.

* Carbon Neutrality Committee P.23

Conference for Environment Managers

Conferences for environment managers are held in principle once per year and are attended by environment managers from all business sites. In these meetings, we aim to enhance the capabilities of these managers through education and discussion on the progress of environmental objectives, updates on legal amendments and compliance status, as well as environmental performance and priority areas of focus.

Individual Initiatives for Environmental Preservation

Inspections, Communications

The head of the department overseeing a business site conducts an annual inspection of the business site, including the business sites of the Group companies it oversees. In addition, the General Manager of the Safety & Environment Control Department inspects designated business sites, including those of Group companies, to ensure that proper environmental management practices are in place.

Further, the Safety & Environment Control Department conducts environmental communication activities to assess environmental issues at each business site by visiting designated sites, including those of Group companies. Findings from the inspection by the General Manager of the Safety & Environment Control Department are reported to the heads of the business sites and the department responsible, as well as the president of SMM. Upon sharing the identified issues, efforts are made to enhance environmental management levels at the respective business sites.

Environmental Management in the Besshi District

In the Besshi District (Niihama City, Ehime Prefecture, and its suburbs), where many of our Group's manufacturing bases are located, the Besshi-Niihama District Division Safety & Environment Control Center plays a central role in enhancing environmental management standards. This involves offering guidance on environmental management initiatives to business sites including Group companies in the district. The Center also offers regular opportunities to exchange information, study sessions, and conducts mutual patrolling to improve environmental practices.

Education

In addition to providing e-learning as an educational tool for laws and regulations and environmental management, we offer training for EMS internal auditors, and environmental management education for newly appointed business site general managers, the environment managers, new employees, and mid-career hires to enhance environmental management levels.

Environmental Preservation Initiatives at Business Sites

Through EMS, each business site conducts activities on a regular basis to improve the level of environmental management through the PDCA cycle. Such activities include evaluations of the effect on the environment of the business' activities (environmental risk assessment), formulation and execution of environmental management, preventive environmental preservation activities, tracking through internal and third-party audits, management reviews, and emergency response training in case of accidents.

Environmental Preservation Investment as a Part of Facility Investments P.72

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

GRI 3-3

As a group that produces a significant amount of greenhouse gas (GHG) emissions through our business activities, we are committed to contributing to mitigating climate change by reducing global GHG emissions. We will do this by reducing absolute emissions and emissions 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 near-infrared absorbing materials.

Management Structure and Approach regarding the Material Issue of Climate Change (based on the TCFD recommendations)

GRI 3-3

Governance

The Group's material issues related to sustainability, including climate change, are identified along with KPIs through discussion by senior management members and confirmed through a resolution of the Board of Directors. Climate risks, opportunities, and strategy pertaining to the Group are also reflected in 3-Year Business Plans, annual budgets, KPI targets, and other areas, and are confirmed through a resolution of the Board of Directors. The Carbon Neutrality Committee meets regularly to deliberate on and manage climate change-related matters pertaining to the Group. Initiatives and performance in regard to KPI targets are then reviewed by the Sustainability Committee and an overview is reported to the Board of Directors.

Strategy

Short-, medium-, and long-term climate change risks and opportunities that could have a major impact on the Group's business, strategy, or finances are identified based on analysis of climate change scenarios that anticipate various changes in the external environment, including regulatory changes, technological progress, market changes, and natural disasters. We then consider the impact of each of these on business and strategy in each area, such as products and services, R&D investment, operations, and GHG emission reduction and response measures. Based on the results of this analysis, we formulate Group strategies for each climate change risk and opportunity, and these are reflected in 3-Year Business Plans. These strategies are also discussed by the Carbon Neutrality Committee and reviewed by the Sustainability Committee.

Risk Management

The climate change risks identified through scenario analysis are monitored and measured by the Carbon Neutrality Committee, which also takes corrective measures and revises strategies when necessary, and are reviewed by the Sustainability Committee. Climate change risk is also managed by the Group's risk management system and Risk Management Working Group, based on consideration of the impact on other individual risks such as occupational accidents, environmental pollution, quality failures, and legal violations.

Metrics and Targets

We have established the goal of achieving carbon neutrality by 2050. In order to achieve this goal, we have set GHG emissions targets for 2030 and we are advancing activities for meeting these targets. We have also set and are pursuing targets for contribution to reducing GHG emissions at a society-wide level through the supply of secondary battery cathode materials for use in automobiles and near-infrared absorbing materials produced by the Group.

Medium-Term Targets and Progress

GRI 3-3

To achieve our Vision for 2030, we are managing progress for each KPI and have made achievement criteria and action plans for up to 2030.

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
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				
<ul style="list-style-type: none">• GHG emissions were 2,820 kt-CO₂e (an increase of 5% compared to FY2013)• Adopted an internal carbon pricing (ICP) system and promoted investment in reducing GHG emissions• Purchased substantial renewable energy• Advanced development of innovative smelting and refining processes	<ul style="list-style-type: none">• Reduce energy intensity by at least 1% by using highly efficient facilities, improving processes, and other methods• Advance investment in reducing GHG emissions (fuels transition, introduction of renewable energy, etc.) using the ICP system• Purchase substantial renewable energy• Continue development of innovative smelting and refining processes• Update climate change scenario analyses• Develop a roadmap for realizing carbon neutrality by 2050	Achievement Criteria	<ul style="list-style-type: none">• Maintain GHG emissions below the level of FY2013• Develop a roadmap for realizing carbon neutrality by 2050	<ul style="list-style-type: none">• Reduce GHG emissions in line with targets and achieve KPI targets during each 3-Year Business Plan period
		Action Plan	<ul style="list-style-type: none">• Implement measures for the 2021 3-Year Business Plan period and for each year with regard to reducing GHG emissions• Plan and expand various measures and confirm the suitability of KPI targets for realizing carbon neutrality by 2050	<ul style="list-style-type: none">• Implement the roadmap for achieving KPIs• Verify and revise roadmap and various associated measures
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 1% compared to FY2013• Advanced investment in reducing GHG emissions using the ICP system• Purchased substantial renewable energy	<ul style="list-style-type: none">• Reduce energy intensity by at least 1% through stable operations, production increases, and other methods• Advance investment in reducing GHG emissions using the ICP system• Purchase substantial renewable energy	Achievement Criteria	<ul style="list-style-type: none">• Reduce GHG emissions intensity toward achieving the KPI target	<ul style="list-style-type: none">• Achieve the KPI target by reducing GHG emissions intensity in line with the targets of each 3-Year Business Plan
		Action Plan	<ul style="list-style-type: none">• Implement the measures for the 2021 3-Year Business Plan period and for each year with regard to reducing GHG emissions• Plan and expand various measures, and confirm the suitability of KPI targets for achieving reductions in GHG emissions intensity	<ul style="list-style-type: none">• Implement measures for each 3-Year Business Plan period and for each year to achieve KPI targets• Verify and revise various 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">• Avoided emissions of 540 kt-CO₂ through the supply of products contributing to a low-carbon society, including a near-infrared absorbing material for automobiles (CWO*) and battery materials	<ul style="list-style-type: none">• Increase production of battery materials and CWO*, and advance product development	Achievement Criteria	<ul style="list-style-type: none">• Increase avoided emissions by products contributing to a low-carbon society• Increase number of products contributing to a low-carbon society and revise KPI targets	<ul style="list-style-type: none">• Increase avoided emissions by products contributing to a low-carbon society and achieve KPI targets during each 3-Year Business Plan period
		Action Plan	<ul style="list-style-type: none">• Implement the measures for the 2021 3-Year Business Plan period and 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 confirm suitability of KPI targets	<ul style="list-style-type: none">• Implement measures for each 3-Year Business Plan and for each year to achieve KPI targets• 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

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 recommends 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), and we are disclosing information in line with these recommendations. The Group responds to the CDP Climate Change Questionnaire annually regarding its GHG management.

Climate Change Scenario Analysis

GRI 201-2

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. The IEA's WEO 2019 Sustainable Development Scenario (SDS),¹ Beyond 2°C Scenario (B2DS),² and the IPCC's special report “Global Warming of 1.5°C”³ were information sources for this scenario.
- 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 RCP⁴ 8.5 Scenario.

1. A scenario published by the International Energy Agency (IEA), and adopted in World Energy Outlook (WEO) 2019, a report that presents the outlook for energy supply and demand and technological developments, and analyzes the path that should be followed to fully achieve the goals set forth in the Paris Accords
2. A scenario in “Energy Technology Perspectives 2017” (ETP 2017) published by the IEA
3. A report published by the Intergovernmental Panel on Climate Change (IPCC)
4. Representative Concentration Pathways (RCP)

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.)	<ul style="list-style-type: none">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	<ul style="list-style-type: none">Climate Change: Reduce GHG emissions ➡ P42-50
	Climate change policy	Tightening of vehicle regulations, policy to promote LEVs	<ul style="list-style-type: none">Fuel consumption regulations have been tightened and restrictions on movement introducedPolicy is supportive of EVs and LEVsInternal combustion-based vehicles have been replaced by LEVs	<ul style="list-style-type: none">Increase in sales due to growing demand for batteries and nickel accompanying the spread of EVs		<div>Risk</div> Short- to long-term, large	<ul style="list-style-type: none">Climate Change: Reduce GHG emissions ➡ P42-50Effective Use of Non-Ferrous Metal Resources ➡ P32-39 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	<ul style="list-style-type: none">Self-driving vehicles, MaaS⁵, and car-sharing are commonFewer households own cars	<ul style="list-style-type: none">Increase in sales of nickel oxide powder and lithium-ion batteries accompanying the development of a hydrogen society and the spread of FCVs		<div>Opportunity</div> Large	<ul style="list-style-type: none">Climate Change: Reduce GHG emissions ➡ P42-50Effective Use of Non-Ferrous Metal Resources ➡ P32-39 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
	Technology	Development of hydrogen technology, fuel cells	<ul style="list-style-type: none">Fuel cell vehicles (FCV) are commonEVs and plug-in hybrid EVs (PHEV) are common	<ul style="list-style-type: none">Increase in sales of other products contributing to a low-carbon society			
	Climate change policy	Shift to electrical energy	<ul style="list-style-type: none">Electricity occupies a higher proportion of final energy consumption	<ul style="list-style-type: none">Increase in demand for copper accompanying the strengthening of electrical grids (although there is competition from aluminum, etc.)		<div>Opportunity</div> Large	<ul style="list-style-type: none">Effective Use of Non-Ferrous Metal Resources ➡ P32-39 Advance copper mine projects, Acquire new superior copper and gold resources
	Technology	Technological shift in automobile storage batteries	<ul style="list-style-type: none">There has been a shift in the market share of automobile storage batteries	<ul style="list-style-type: none">Rise in the proportion of nickel used in batteries and increased sales of nickel accompanying efforts to move away from cobaltSpread of solid state batteries that leverage SMM technology as next-generation batteriesSpread of iron and manganese-based batteries accompanying efforts to move away from cobaltSpread of new batteries that do not leverage SMM technology as next-generation batteries		<div>Opportunity</div> Medium <div>Risk</div> Medium	<ul style="list-style-type: none">Climate Change: Reduce GHG emissions ➡ P42-50Effective Use of Non-Ferrous Metal Resources ➡ P32-39 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
4°C	Society and infrastructure	Interest in matters such as sustainable procurement, environmental footprint, and the social impact of businesses	<ul style="list-style-type: none">There is greater awareness regarding sustainabilityESG investment is mainstreamThere are more possible applications for alternative materials and recycled metals	<ul style="list-style-type: none">Limits on raw materials sourcing, increase in materials and manufacturing costs, greater advantages due to owning our own minesExpansion of the automobile secondary battery recycling businessImpact of ESG investment on financingReputational risk if SMM's efforts are evaluated as insufficient		<div>Opportunity</div> Medium <div>Risk</div> Medium to large	<ul style="list-style-type: none">Effective Use of Non-Ferrous Metal Resources ➡ P32-39 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
	Temperatures and rainfall	Rises in average temperature, sea surface temperature, and sea levels	<ul style="list-style-type: none">Sea levels have risenStorm 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	<ul style="list-style-type: none">Significant Environmental Accidents and Biodiversity: Zero significant environmental accidents ➡ P52-63
		Increase in abnormal climate events, such as heat waves, flooding, and water shortages	<ul style="list-style-type: none">Heavy rains and typhoons are more frequentIncreased 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	<ul style="list-style-type: none">Significant Environmental Accidents and Biodiversity: Zero significant environmental accidents ➡ P52-63
				Decline in operations at key suppliers, decline in plant operations due to interruptions to procurement and shipping routes		<div>Risk</div> Large	<ul style="list-style-type: none">Significant Environmental Accidents and Biodiversity: ➡ P52-63 Zero significant environmental accidents, Reduce emissions of hazardous substances
				Possibility of facility-based countermeasures needing to be taken due to the increased risk of damage to tailing dams		<div>Risk</div> Large	<ul style="list-style-type: none">Significant Environmental Accidents: Zero significant environmental accidents ➡ P56-57, P64-68

5. Mobility as a Service (MaaS): a service that optimally combines multiple transportation services (buses, trains, cabs, airplanes, etc.) and performs search, reservation, payment, etc. all at once

Climate Change

GHG Emissions (Scope 1 and 2) ☒

GRI 305-1/305-2/305-5

Group GHG emissions for FY2022 were 2,823 kt-CO₂e due to increases in production volumes, while direct GHG emissions reductions due to energy saving and other activities in FY2022 amounted to approximately 6 kt-CO₂e. Additionally, the solar power plant operated by SMM in Kashima, Ibaraki Prefecture helped to reduce emissions by approximately 1.5 kt-CO₂e in FY2022.

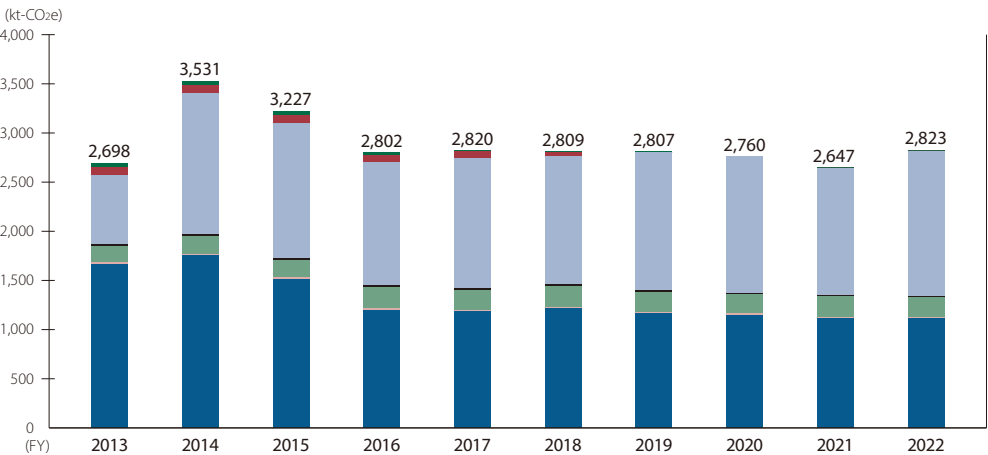
Details regarding Scope 3 GHG emissions are described on p. 50.

Scope 1: Direct GHG emissions generated by a business (due to fuel consumption, industrial processes, etc.)
Scope 2: Indirect GHG emissions generated through the use of electricity, heat, and steam supplied by other companies
Scope 3: Indirect GHG emissions not covered by Scopes 1 or 2 (emissions from other companies with a connection to the business' activities)

Breakdown of the SMM Group's GHG Emissions (FY2022)

	Japan	Overseas	Total
Scope 1 ¹	484	1,480	1,965
Scope 2 ²	854	4	858
Total	1,339	1,484	2,823

GHG Emissions (Scope 1 and 2)



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

1. Both Japan and overseas figures are calculated based on the GHG Protocol, and emission factors are based on the Japanese law "Act on Promotion of Global Warming Countermeasures"

2. GHG emissions factors for electric power purchased in Japan are the adjusted emissions factors of electric suppliers
For China and Taiwan, the latest emission factors published by the governments of those countries are used
For Vietnam, the default emission factor compiled by The Climate Registry (TCR) (2011 national emission factors published by the International Energy Agency (IEA) in 2013) is used

GHG Emissions [P.70](#)

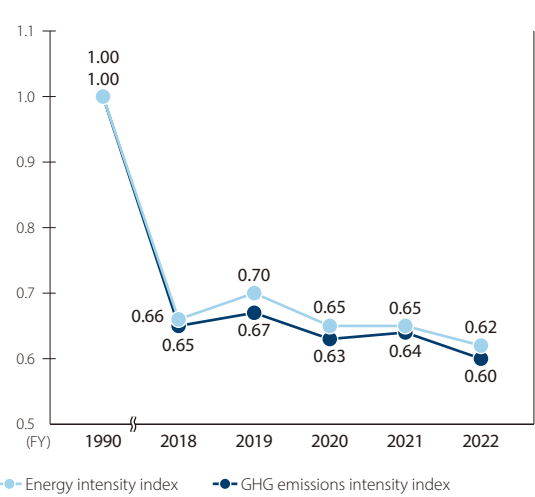
Energy and GHG Emissions Intensity Indices* (Scope: Smelting & Refining Business in Japan) ☒

GRI 302-3/305-4/305-5

In FY2022, the energy intensity of the Smelting & Refining Business in Japan improved by approximately 5% year on year. This was due to production increases.

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 and GHG emissions intensity indices: the amount of energy consumed and GHGs emitted during the production of 1 ton of product (In the graph on the right, FY1990 is the base year with a value of 1)

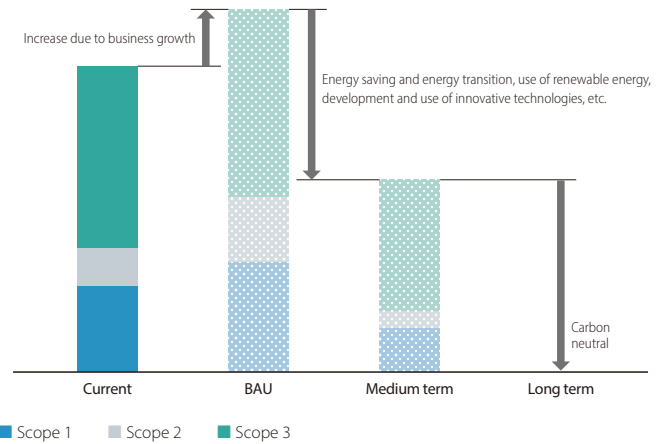
Energy and GHG emissions intensity indices [P.70](#)

SMM Group's Approach to Reducing GHG Emissions

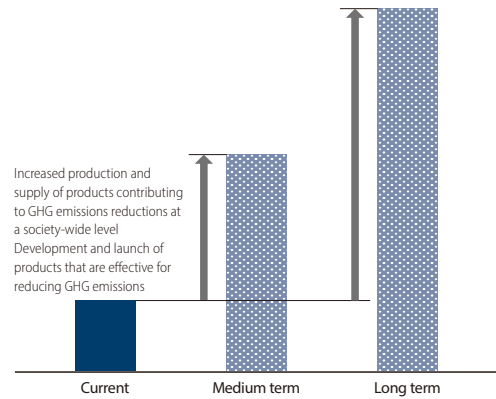
If we continue with our current Group business model (BAU*), then Scopes 1–3 GHG emission volumes are predicted to rise in accordance with business growth. We will aim to reduce emissions volumes by implementing in-house measures for Scope 1 and 2 emissions, such as energy transition, and by cooperating with suppliers for Scope 3 emissions. Furthermore, we will actively contribute to reducing GHG emissions at a society-wide level through the supply of products contributing to a low-carbon society produced by the Group, including secondary battery cathode materials for automobiles and near-infrared absorbing materials.

*BAU: business as usual

Visualization of GHG Emissions Reductions



Visualization of Contribution to GHG Emissions Reductions



Climate Change

Main Climate Change Countermeasures

We are working to counter the effects of climate change, primarily through the following four measures.

1 Reduction of GHG Emissions in the Production Process

We are working to reduce GHG emissions generated in the production process through a medium- to long-term approach outlined below.

Energy saving	Energy transition	Utilizing external technologies, businesses, and policies
E.g., Upgrade to highly efficient facilities, improve production processes, introduce AI and IoT	E.g., Transition to LNG, electricity, hydrogen, and biofuels	E.g., New CO ₂ -free fuels such as synthetic methane, hydrogen, and ammonia as renewable energy sources Carbon capture, utilization, and storage (CCUS) technology

Using Internal Carbon Pricing

The SMM Group implemented Internal Carbon Pricing (ICP), an action in which companies set an in-house carbon price to promote capital investments for decarbonization and energy savings and consider GHG emission reductions as a capital investment effect. Since introducing an ICP in September 2020, we have 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 transition from heavy oil to LNG, which previously could not be undertaken because of poor investment return. We plan on further expanding ICP measures.

Investments subject to ICP ¹	Anticipated CO ₂ emissions reduction (t-CO ₂ /year) ²
33	76,755

1. Covers investments for which the application of the system was decided between 2021 and March 2023
2. As this includes investments that will be implemented from FY2024 onward, the period in which effects manifest and the period in which application was decided are not concurrent

ICP System Application Examples

Toyo Smelter & Refinery	Transition from heavy oil to LNG as fuel for some heat supply equipment (to be completed in stages from FY2023 to FY2025)
Niihama Nickel Refinery	Transition from heavy oil to LNG as boiler fuel (to be completed in FY2023)
Harima Refinery	Transition to electricity generated from renewable sources for 100% of purchased electricity (underway since FY2022)
Hishikari Mine	Transition to electricity generated from renewable sources for 100% of purchased electricity (underway since 2023)
CBNC	Transition to co-firing by replacing some fuel coal with woody biomass (currently being trialed)

2 Development and Supply of Products that Contribute to a Low-Carbon Society

Products or materials that contribute to reducing GHG emissions at a society-wide level through their production and supply by our Group are positioned as low-carbon products, and their development and supply to the market are actively promoted. In FY2022, they contributed to reducing GHG emissions by 540 kt-CO₂e.*

* Of our products, the combined value that cathode materials for automobile batteries and near-infrared absorbing material (CWO* (only for automobile glass)) from objectively calculated technical data provided by the public or by customers

3 Realizing a Stable Supply of Non-Ferrous Metal Resources

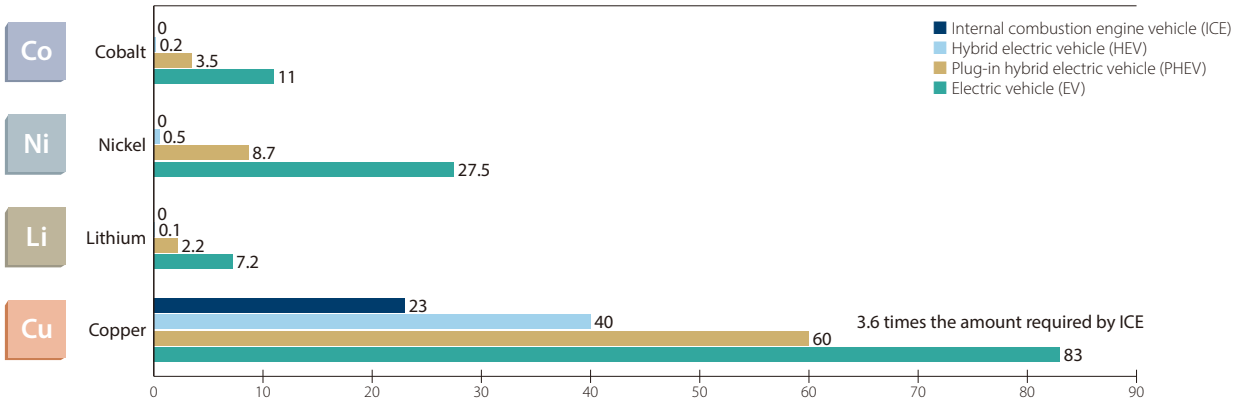
The main mineral resources for renewable energy, which is a major trend in realizing a carbon neutral society, and used in the electrification of EVs and other vehicles are shown in the table below. We provide many of these materials. We are also developing technologies for the efficient recovery of lithium from salt lake water and studying its industrialization.

The exact metal usage per vehicle increases as electrification advances, with copper requiring 3.6 times the weight equivalent of a gasoline-powered vehicle. We believe that meeting the growing demand for such materials is an important role that our Group should fulfill.

	System and Fundamental Technology		Main Metal Resources Required*
Renewable energy sector	Power generation and batteries	Wind power generation	Copper, aluminum, rare earths
		Solar power generation	Indium, gallium, selenium, copper
		Geothermal power generation	Titanium
		Large-capacity storage batteries	Vanadium, lithium, cobalt, manganese, copper
Automobile sector	Batteries, motors, etc.	Lithium-ion batteries	Lithium, cobalt, nickel, manganese, copper
		Solid-state batteries	Lithium, nickel, manganese, copper
		High-performance magnets	Rare earths
		Fuel cells (electrodes, catalysts)	Platinum, nickel, rare earths (scandium)
		Hydrogen tanks	Titanium, niobium, zinc, magnesium, vanadium

* Materials in a blue font are produced by the Group

Metal Used per Vehicle (kg)



Source: The Agency for Natural Resources and Energy's Mineral Resources Policy for Achieving Carbon Neutrality in 2050

4 Establishing Innovative Technologies that Support Decarbonization

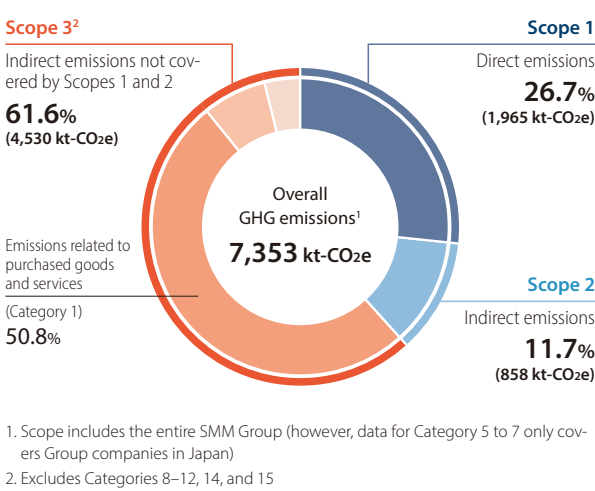
In achieving carbon neutrality for our Group, it is essential to develop innovative technologies that lead to a dramatic reduction in GHG emissions within smelting and refining operations, which account for 90% of our total emissions, and to apply these technologies to our production processes. In copper smelting and refining, we are developing hydrogen reduction technology to reduce coal consumption, and for nickel smelting and refining, we are developing a next-generation process and CO₂ fixation technology. We have our eye on the future as we work in collaboration with multiple universities and companies to proactively pursue next-generation technology.

Climate Change

GHG Emissions in the Value Chain (Scope 3)

GRI 305-3

Scope 3 GHG emissions generated in FY2022 amounted to 4,530 kt-CO₂e. The percentage of Category 1 emissions out of overall Scope 3 emissions was high, so we will communicate with business partners to make the calculation of Scope 3 emissions volumes more accurate and we will set reduction targets.



Scope 3 Emissions and Percentage of Overall Emissions

Category	Emissions (kt-CO ₂ e)	Percentage	Calculation Method
Total Scope 3 Emissions	4,530	61.6%	
1. Purchased goods and services <input checked="" type="checkbox"/>	3,737	50.8%	Σ (weight of key raw materials x emissions intensity) ¹
2. Capital goods <input checked="" type="checkbox"/>	518	7.0%	Σ (amount of capital expenditures x emissions intensity x 1.05) ² 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 <input checked="" type="checkbox"/>	239	3.3%	Σ (electricity and fuel consumptions x emissions intensity [electricity: ² fuel ¹])
4. Upstream transportation and distribution <input checked="" type="checkbox"/>	26	0.3%	Emissions from domestic transportation are calculated based on the Japanese laws the "Act on Rationalizing Energy Use" and "Act on Promotion of Global Warming Countermeasures."
5. Waste generated in operations	7	0.1%	Σ (amount of waste by type (major sites in Japan) x emissions intensity by waste type) ²
6. Business travel	1	0.0%	Σ (number of employees (major sites in Japan) x emissions intensity) ¹
7. Employee commuting	3	0.0%	Σ (number of employees (major sites in Japan) x number of business days x emissions intensity) ²
8. Upstream leased assets	Not applicable ³		
9. Downstream transportation and distribution	Not applicable ⁴		
10. Processing of sold products	Not applicable ⁴		
11. Use of sold products	Not applicable ⁴		
12. End-of-life treatment of sold products	Not applicable ⁴		
13. Downstream leased assets	0.2	0.0%	Σ (electricity and gas consumption by tenants of the Head Office building x emissions intensity) ⁵
14. Franchises	Not applicable ⁶		
15. Investments	Not applicable ⁷		

Scope includes the entire SMM Group (however, data for Category 5 to 7 only covers Group companies in Japan)

1. For emissions intensity, we used values from the National Institute of Advanced Industrial Science and Technology's IDEA Ver. 3.3

2. For emissions intensity, we used values from the Database for Calculating GHG Emissions of the Supply Chain, Ver. 3.3, prepared by the Ministry of Environment and the Ministry of Economy, Trade and Industry in Japan

3. Not applicable as it is included in calculations of Scope 1 and 2 emissions

4. This category is not applicable because it is difficult to calculate emissions since our 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

5. Emissions intensity was calculated based on the list of calculation methods and emission factors of the Ministry of the Environment's Greenhouse Gas Emissions Calculations Reporting and Publication System

6. Not applicable as we do not operate any franchise businesses

7. Not applicable as it is the disclosure of information on investments for profit

Significant Environmental Accidents / Biodiversity

Vision for 2030

A company that values water resources and biodiversity, and protects the richness of the sea and land

Approach and Policy

GRI 3-3

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. In particular, the SMM Group's business activities have the potential to cause environmental pollution through such means as the leakage of mining waste and chemicals. By improving our facilities and management to address such risks as well as intensifying natural disasters, we are working to prevent significant environmental accidents and mitigate impacts in the event of occurrence.

We are also working to sustainably utilize and manage 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.

In FY2022, there were no significant environmental accidents which would have a serious impact on the environment or society.

Promotion Structure

GRI 3-3

Matters concerning significant environmental accidents as well as biodiversity are primarily advanced by the Environmental Preservation Subcommittee* and the Safety & Environment Control Department.

* Environmental Preservation Subcommittee [▶ P.40](#)

Medium-Term Targets and Progress

GRI 3-3/303-1

To achieve our Vision for 2030, we are managing progress for each KPI and have made achievement criteria and action plans for up to 2030.

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
KPI 1. Zero significant environmental accidents 1) Promote improvements through the use of risk management and environmental management systems				
<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)	<ul style="list-style-type: none">Establish targets to strengthen our ability to address environmental conservation using our RMS and EMS at all sites, and implement PCDA cycles while continuing initiatives in line with our plan	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)

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
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">Implemented risk assessment using the World Wide Fund for Nature (WWF) Water Risk FilterIdentified risks at each site, and considered countermeasures	<ul style="list-style-type: none">Continue to implement risk assessment using the WWF Water Risk FilterContinue to identify risks at each site, and consider countermeasures	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 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 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 substances at each siteConsidered a draft water policy for the Sumitomo Metal Mining Group	<ul style="list-style-type: none">Systematically continue to address targets for emissions of hazardous substances at each siteEstablish the water policy (June 1, 2023)	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	<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: 38 ha THPAL: 59 haIdentified trends in Japan and overseas on disclosure of biodiversity information	<ul style="list-style-type: none">Continue regular reforestationConsider formulation of biodiversity policy	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

Chemical Substance Management

Because chemicals are frequently handled in the SMM Group, we have established a chemical substance management system within the environmental management system (EMS) at all business sites under divisional jurisdiction. For example, when a business site intends to handle a new chemical, it conducts a preliminary study that covers hazard statements, laws and regulations, and other applicable information, and deliberates in a meeting at the business site before deciding whether to adopt the handling of said chemical. In addition, the business divisions and Safety & Environment Control Department cooperate with requests for preliminary consultation and verification from the business site.

Further, we also provide information on safe handling for all chemicals transferred or provided to customers or other business sites in the SMM Group using safety data sheets (SDS)¹ which conform to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS),² regardless of whether or not we are legally obligated to do so.

When developing new materials, we strive to develop materials that customers can use safely and with peace of mind. We review development themes taking into account the toxicity of contained substances, including as pertains to domestic and international regulations for final products as well as the environmental impact of production processes.

Products for export to the EU are also subject to the RoHS Directive and the REACH Regulation,³ enacted with the aim of protecting human health and the environment, and we address these accordingly.

1. Safety data sheet (SDS): A document listing information on a chemical, including the chemical substance, the product name, the supplier, hazards, safety precautions and emergency procedures
2. The Globally Harmonized System of Classification and Labeling of Chemicals (GHS): A system for classifying chemicals based on the type and degree of hazards and toxicity they pose, chemical labeling, and safety data sheet provision in accordance with a set of internationally-agreed upon rules
3. 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

Sumitomo Metal Mining Group's Water Policy

1 Context

Sumitomo Metal Mining ("SMM") Vision for 2030 has been formulated as a milestone for the realization of our long-term vision of Becoming the World Leader in the Non-Ferrous Metals Industry. In our "Vision for 2030", we believe it is important to be a company that protects oceans and land with consideration for water resources and biodiversity. The SMM Group requires large amounts of water in its production processes, mainly in its mining and metals operations, and water is an indispensable resource for its business activities. At the same time, water is an essential shared resource for local communities and the surrounding ecosystem. To achieve our vision, we set goals to optimize water use and reduce emissions of hazardous substances to water. This Water Policy guides our commitment for sustainable use and management of water resources across all our operations.

2 Scope

This policy applies to the entirety of SMM's business (SMM and its subsidiaries), unless any aspect of the Policy is not permitted by local law or regulations.

3 Governance & Promotion framework

The Environmental Preservation Subcommittee, a subcommittee of the Sustainability Committee chaired by the President, will report regularly to the Sustainability Committee, which is overseen by the Board of Directors, on the status of compliance with this policy and promote water-related initiatives.

4 Water Policy Principles

As an ICMM (International Council on Mining and Metals) member, we aligned this Policy with ICMM member's approach outlined in the ICMM position statement on water stewardship. SMM has adopted the following principles with respect to water issues and risk management.

- SMM will align its business strategy with identified risk and opportunities.
- SMM will monitor and report on our efforts and results.
- SMM will engage with key stakeholders.

5 Business Strategy & Operations

Water is essential to our business. It is vital we drive responsible water use across our operations, minimize our environmental impact on water resources and invest in projects and technology for water management.

- We will consider water impacts and integrate water management into our business strategy and operational decisions.
- We will identify and proactively manage water related risk and opportunities including those associated with water quality, water scarcity.
- We will support and implement water stewardship initiatives and projects that promote better water use, reduce freshwater use, have effective catchment management and contribute to improved water security and sanitation. We will ensure provision and access to clean and safe drinking water and sanitation facilities at all our sites.
- We will develop and invest in technology and innovation for effective water management.

6 Monitoring and Reporting

We are committed to disclosing our water performance and progress towards our targets so that stakeholders can be informed and actively involved in our sustainability journey.

- We will set and regularly review water management objectives and set context-based water targets.
- We will proactively monitor our water performance and collect water consumption data.
- We will publicly report on our water management performance, material risks and provide updates on progress against our targets using consistent industry metrics and recognized approaches.

7 Engagement

Access to water is critical to the communities in where we operate. While we recognize and continue to focus on the positive impacts that our management system can facilitate, the risks associated with broader social and economic water-related impacts in the region.


We recognize the importance of working with our stakeholders to promote effective water governance and stewardship. We will support collective action to improve water policies, regulations and address shared water challenges in communities and value chains.

- We will advocate for responsible water usage practices and increase water stewardship awareness with our key stakeholders, including employees, suppliers and customers.
- We will educate all officers and employees of the Group on understanding this policy and water-related initiatives.
- We will engage with communities and stakeholders who may be affected by a site's water use and wastewater discharge to address shared water management issues.
- We will establish and maintain a grievance mechanism that is accessible to our stakeholders.
- We will engage with governments and local authorities in the areas in where we operate on water-related public policy and regulation.

8 Review

This water policy will be reviewed periodically by the Chairman of the Environmental Preservation Subcommittee and, if necessary, changes will be approved by the Board of Directors.

Akira Nozaki
President and Representative Director
June 1, 2023



Significant Environmental Accidents / Biodiversity

Water Risk Management

GRI 303-1

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 water withdrawal by understanding the amounts of withdrawal by source
- Reduction of water withdrawal and discharge 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 Coral Bay Nickel Corporation (CBNC) in 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 that accumulates in tailings dams at recycling facilities and then reuse the water in their smelting and refining processes. The company also supplies this water as industrial water to lime slurry producers, who are suppliers for the company. Furthermore, CBNC provides, maintains, and manages water supply equipment and delivers drinking water using tanker trucks as necessary 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 of discharge by conducting regular water quality tests to determine if plant operation is having a major impact on water in the surrounding area.

The SMM Group also completes an annual CDP's water security questionnaire regarding its water management. Further, on June 1, 2023, we established the Sumitomo Metal Mining Group's Water Policy to summarize and clarify our approach to water.

Managing Tailings Dams

GRI 306-1/306-2/G4-MM3

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)* is committed to compliance with GISTM, and as a member of ICMM, we are conducting investigations to comply with the standard.

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

Based on the GISTM, in August 2022, we disclosed on our website tailings dams with a risk classification of "Very High" or higher (one managed by CBNC and one managed by THPAL). [P.64-68](#)

* ICMM [P.130](#)

Managing Decommissioned and Closed Mines

GRI 306-1/306-2

The SMM Group appropriately manages the top soil, waste rock, tailings, sludge, and other mining waste generated in accordance with our resource business. Rock (waste rock) containing sulfide ores, in particular, can easily result in the production of water that contains heavy metal ions as well as acidic water due to sulfate ions from oxidation, and accordingly we appropriately treat effluent at a water treatment facility prior to discharging it.

As shown in the map of closed mines managed by SMM, we operate 42 slag storage facilities in Japan.

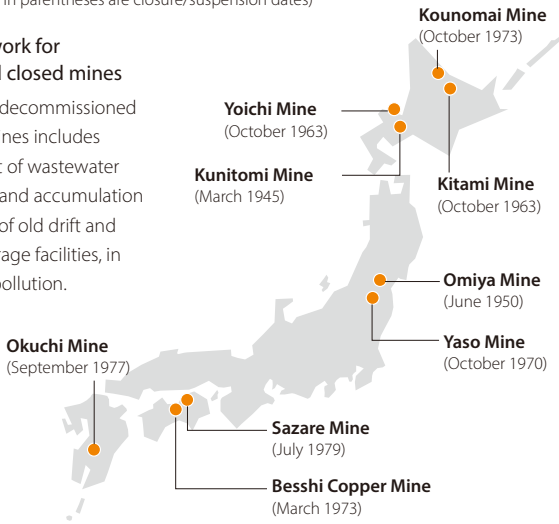
Legal standards regarding the stability of storage facilities were revised after the Great East Japan Earthquake in 2011. After assessments were conducted based on these revised standards, 11 sites were found to be insufficient, and by 2018 we had finished construction to strengthen these sites, investing a cumulative total of approximately ¥4.5 billion.

Tailings and other mining waste generated by mines accumulate at storage facilities. The breach of an accumulation site could potentially cause significant damage. Accordingly, going forward, we will continue to soundly manage closed mines while also engaging in facility and infrastructure strengthening and improvement.

Decommissioned and Closed Domestic Mines
(as of July 1, 2023, 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.



Rehabilitating Tailings Dams

GRI 306-1/306-2

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.

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 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 and indigenous people are involved in this work, and rehabilitation plays an important role in creating local employment.

Rehabilitated area [P.73](#)

Details on business activities in areas of high biodiversity value [P.73](#)

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), and we submitted an Environmental Impact Assessment (EIA).

When constructing the refinery, we sought adequate dialogue with the Philippine government, local authorities and local citizens right from the planning stage. Efforts were made to construct a plant that would have a minimal impact on the environment. For example, the 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-EMB, 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 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.

Through our efforts in this area, CBNC and THPAL have been awarded the Philippines DENR-EMB's Presidential Mineral Industry Environmental Award (PMIEA) eight times and two times, respectively between 2014 and 2022.

Environmental Impact of Business Activities (material flow)

INPUT (resources & energy)

GRI 301-1/301-2/302-1/303-3/303-5



Raw Material Input

12,840 kt

Percentage of Recycled Input Raw Materials Used		2.21%
Raw Materials	Total	10,424 kt
Gold and silver ore		202 kt
Copper concentrates		1,493 kt
Nickel oxide ore		8,418 kt
Nickel matte, etc.		37 kt
Raw material for batteries		85 kt
ALC raw material, incl. silica rock		150 kt
Hydrotreating catalyst raw material		39 kt
Recycled Materials¹	Total	236 kt
Copper scrap		122 kt
Secondary zinc		11 kt
Precious metals and other secondary materials		5 kt
Electric arc furnace dust		97 kt
ALC waste		848 t
Materials	Total	2,180 kt
Silica sand (for copper smelting)		115 kt
Chemicals (lime-based)		1,313 kt
Chemicals (sodium-based)		102 kt
Chemicals (magnesium-based)		15 kt
Sulfuric acid		545 kt
Cement, etc.		91 kt



Energy Input²

22,762 TJ

Total Energy Consumption		Energy Value	Consumption
Non-Renewable Energy Sources	Total	22,696 TJ	
Heavy oil		1,783 TJ	44,516 kL
Coal/coke		13,778 TJ	533,553 t
Diesel/gasoline/kerosene		997 TJ	26,529 kL
LPG/LNG		414 TJ	8,143 t
City gas/natural gas		605 TJ	13,477 ML
Purchased electricity		5,120 TJ	1,422,101 MWh
Purchased steam³		0 TJ	75 GJ
Renewable Energy	Total	66 TJ	
Solar power generation, binary power generation		1 TJ	295 MWh
Biomass steam		65 TJ	63,544 GJ



Water Withdrawal⁴

197,186 ML

Total Water Consumption from All Areas⁵		3,552 ML
Freshwater Withdrawal	Total	37,686 ML
Surface water (rivers)		15,321 ML
Rainwater		44 ML
Groundwater		7,586 ML
Industrial water (water from another organization)		14,346 ML
Tap water (water from another organization)		391 ML
Seawater Withdrawal	Total	159,500 ML



OUTPUT (products & emissions)

GRI 303-4/305-1/305-2/305-7/306-1/306-2/306-3/G4-MM3



Products

2,676 kt

Percentage of Products from Recycled Input		7.42%
Electrolytic copper		447 kt
Gold		18 t
Silver		228 t
Electrolytic nickel		53 kt
Nickel sulfate		12 kt
Electrolytic cobalt		4 kt
Crude zinc oxide		43 kt
Chromite¹		69 kt
Ferronickel		52 kt
Battery materials		61 kt
Sulfuric acid		312 kt
Slag		1,417 kt
Hydrotreating catalysts		10 kt
ALC (Siporex)		303 ML



Emissions

Emissions into the Atmosphere

GHG	Total	2,823 kt
Scope 1 (direct emissions)²		1,965 kt
Scope 2 (indirect emissions)³		858 kt
SOx		1,715 t
NOx		1,512 t
Soot and dust		68 t

Discharge into Water 132 t

COD	49 t
BOD	16 t
Total phosphorus	1 t
Total nitrogen	66 t

Release of Chemical Substances (PRTR substances) 84 t

Atmosphere	8 t
Public water areas	75 t
Soil/landfills on business premises	1 t

Total Water Discharge 196,736 ML

Discharges into seas⁴	195,792 ML
Discharges into rivers	879 ML
Sewerage, etc.	65 ML

Waste⁵,⁶, Total waste 6,946 kt

Of which, 6,846 kt is landfill on company premises and 2,438 t is PRTR substance transfers⁷

Spoil	6 kt
Leach sludge from CBNC, THPAL, etc.	6,840 kt
Industrial waste (Japan)	99 kt
Recycling	23 kt
Other	1 kt

Raw material and energy inputs in business activities P.71
Water resource input, water discharge, and water consumption in business activities P.71

Figures are rounded to the nearest whole number, so totals may not match

1. Does not include materials recycled within plants

2. Fuel, heat, electricity, etc. consumed in business activities in Japan and overseas are covered, and electricity consumption is converted into joules at 3.6 GJ per 1,000 kWh

3. Purchased steam includes purchased cold water

4. SMM uses the WWF Water Risk Filter to identify and assess regions with high water stress and has determined there are no areas of high water stress at SMM Group's production sites

5. Water consumption is estimated by subtracting the total water discharge from the total water withdrawal for each business site. There was no water storage which would have a significant water-related impact

Release and transfer of chemical substances in business activities P.72

1. The percentage of products from recycled input increased because chromite was added to products in FY2021

2. Both Japan and overseas figures are calculated based on the GHG Protocol, and emission factors are based on the Japanese law "Act on Promotion of Global Warming Countermeasures"

3. GHG emissions factors for electric power purchased in Japan are the adjusted emissions factors of electric suppliers

For China and Taiwan, the latest emission factors published by the governments of those countries are used

For Vietnam, the default emission factor compiled by The Climate Registry (TCR) (2011 national emission factors published by the International Energy Agency (IEA) in 2013) is used

4. Discharges into rivers flowing into enclosed seas are included as "discharges into seas"

5. Waste includes items of value

6. Industrial waste treatment is commissioned to Group companies and industrial waste is recycled for use as raw material. Accordingly, waste figures include some waste which was effectively not discharged outside the Group, in particular (hazardous) sludge

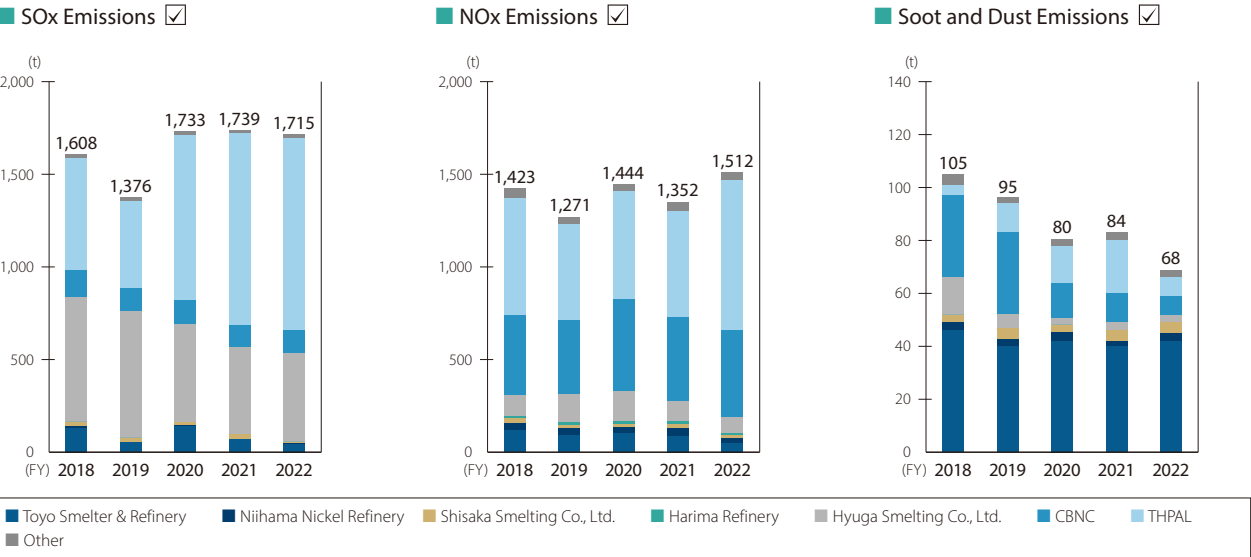
7. Total transfers to sewerage and off-site transfers

Significant Environmental Accidents / Biodiversity

Emissions into the Atmosphere* GRI 305-7

SOx emissions in FY2022 remained flat, decreasing by about 1% year on year. NOx emissions increased by about 12% year on year. Due to the effect of fuel specifications, THPAL's emissions increased by about 240 tons. Soot and dust emissions increased by about 18% year on year.

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

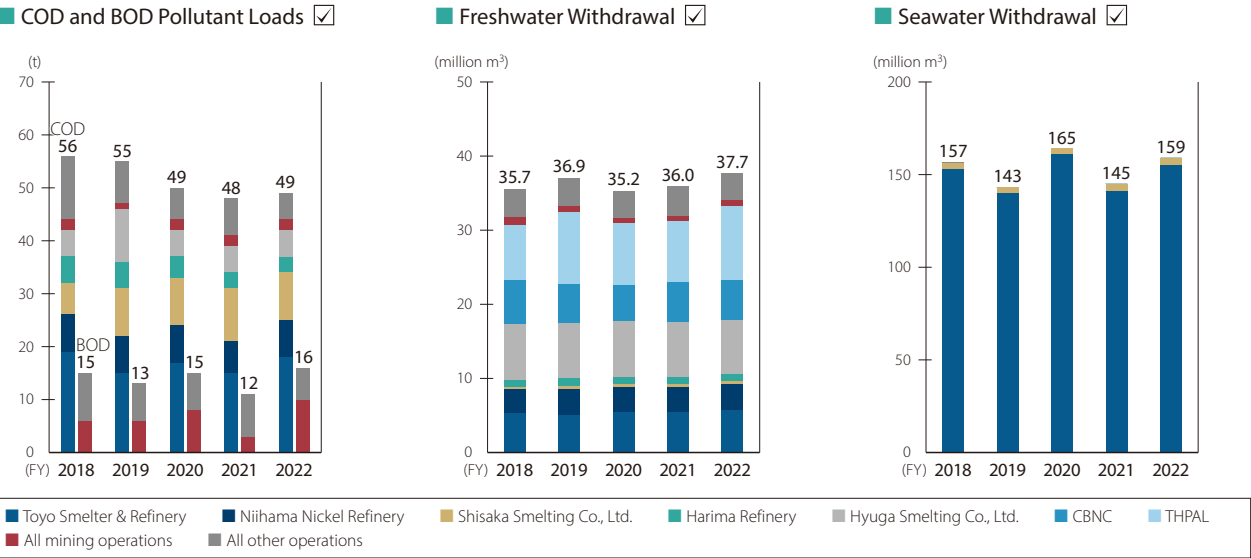


Discharge into Water GRI 303-2/303-3/303-4

The COD¹ pollutant load in FY2022 increased by about 3% year on year. The BOD² pollutant load increased by about 35% year on year due to a small rise in the analysis values at Hishikari Mine as well as an increase in discharge. Many SMM Group business sites face onto Japan's Seto Inland Sea and are subject to controls on the total amounts of COD, nitrogen, and phosphorous emissions under the Act on Special Measures Concerning Conservation of the Environment of the Seto Inland Sea. In addition, we adhere to the discharge standards of the Water Pollution Prevention Act and have not had any violations in this area.

The volume of freshwater usage increased by about 5% year on year to about 37.7 million m³. In this calculation, diversion water,³ which is unrelated to production, is excluded from withdrawal and discharge at mines. The volume of seawater usage increased by about 10% year on year. This was attributable to an increase in production volumes at the Toyo Smelter & Refinery.

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



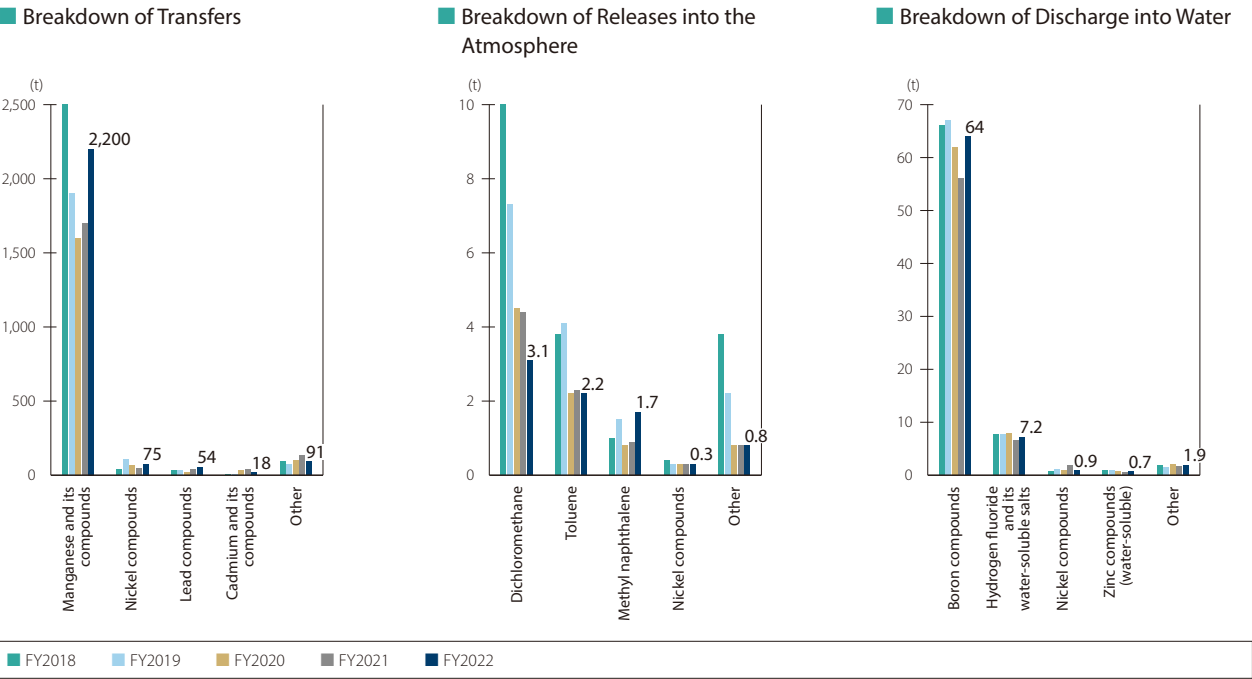
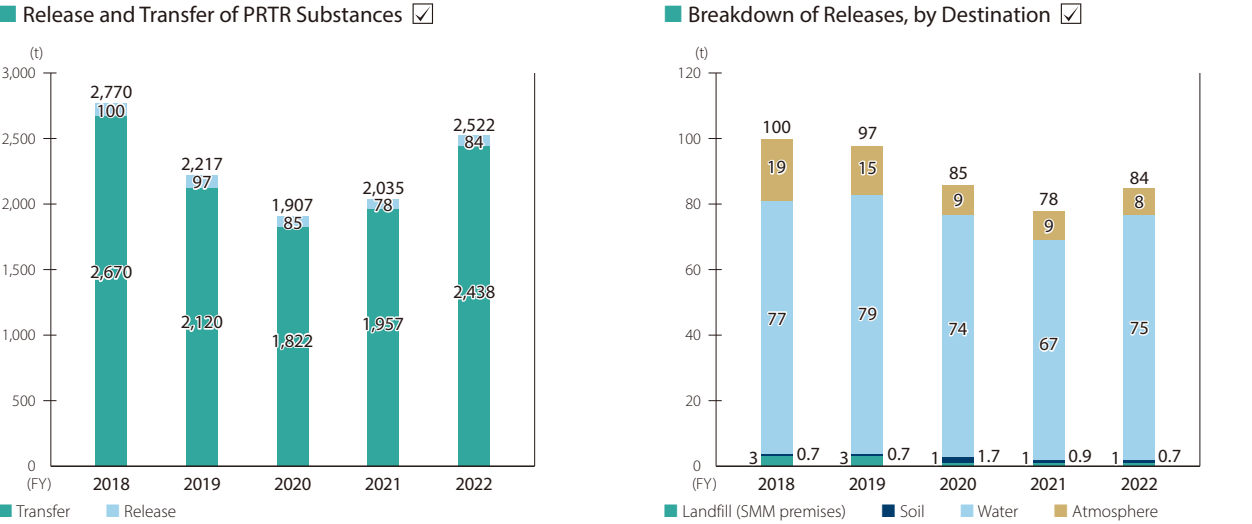
Release Control for Chemical Substances¹ GRI 305-6

An overview of releases and transfers of chemical substances based on Japan's Pollutant Release and Transfer Register (PRTR) system in FY2022 is as follows. The number of data-submitting sites in the SMM Group was 26 (24 in FY2021). The Group had 40 (42 in FY2021) substances requiring registration.

The total released and transferred amount (releases + transfers) came to 2,522 t, an increase of about 24% year on year, mainly due to an increase in transfers. The increase in transfers was due to an increase in the volume of iron clinker² to undergo final disposal as industrial waste after being generated as a by-product at Shisaka Smelting Co., Ltd. and a reduction in the volume of manganese transferred off-site.

The amount released into the atmosphere decreased by about 7%. There were no releases of ozone-depleting substances. Discharges into water increased by about 12% year on year.

1. Industrial waste treatment is commissioned to Group companies and industrial waste is recycled for use as raw material. Accordingly, chemical substances transferred off-site include some substances which were effectively not discharged outside the Group, such as nickel compounds as well as cobalt and cobalt compounds
2. Iron clinker: The residue remaining during the processing of electric arc furnace dust after recovering zinc. The residue able to be sold is called "iron contained pellet," and the residue to be disposed of is called "iron clinker"



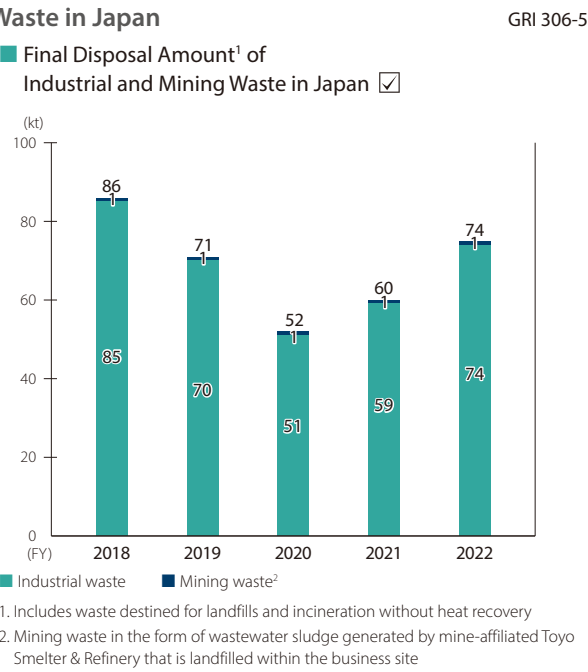
Displayed PRTR substances are those with the highest amounts in FY2022

Significant Environmental Accidents / Biodiversity

Trends in Final Disposal Amount of Industrial and Mining Waste in Japan

The SMM Group has long been making efforts to reduce industrial waste in Japan and the amount of wastewater sludge (mining waste) that undergoes final disposal from the mine-affiliated Toyo Smelter & Refinery. The total final disposal amount in FY2022 was 74 kt, which was an increase of about 14 kt from FY2021. The main factor behind this increase was an increase in the final disposal volume of iron clinker at Shisaka Smelting Co., Ltd.

Final disposal amount of industrial and mining waste in Japan [P.72](#)



Waste by Type and Treatment Method (FY2022)

Waste by Treatment Method (hazardous¹/non-hazardous²) ☒

		Hazardous	Non-hazardous	Total
Treatment method ³	Recycling	6.9	17.4	24.3
	Incineration (with heat recovery) ⁴	0.3	1.0	1.3
	Incineration (without heat recovery) ⁴	0.0	0.3	0.3
	Landfill	70.7	6,847.0	6,917.6
	Volume reduction, etc.	1.4	0.9	2.3
Total		79.3	6,866.7	6,945.9

(kt)

Landfill on company premises / Contracted disposal	Landfill on company premises	6,846
	Contracted disposal	100

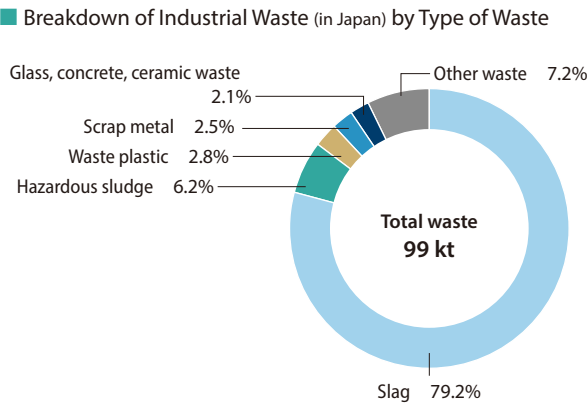
Industrial waste treatment is commissioned to Group companies and industrial waste is recycled for use as raw material. Accordingly, waste figures include some waste which was effectively not discharged outside the Group, in particular (hazardous) sludge

1. In general, this depends upon definitions of the regulations in the other releasing countries concerned. Since Japan does not have such laws or regulations, SMM applies the following definition: "Specially controlled industrial waste and waste delivered to controlled landfill sites (excluding designated inert waste (5 categories of inert waste) that should have been delivered to landfill sites for inert industrial waste, but was disposed of at controlled landfill sites due to the distance limitation)"

2. Waste other than hazardous waste

3. Treatment methods outside of the Company were identified based on the written agreement with the disposal company and the manifest

4. Since FY2021 incineration has been classified into two categories: with heat recovery and without heat recovery, and the hazardous category of incineration (without heat recovery) is 0.01 kt. To unify digits, it is shown as zero



Emissions of Waste Plastic (FY2022)

Recycling of material and recycling, etc. (heat recovery) accounted for about 65% at directly controlled business sites and about 63% for the SMM Group as a whole. We will work to further reduce emissions and promote recycling.

GRI 306-3/306-4/306-5

	Directly controlled business sites		Group	
	Amount (t)	Details (%)	Amount (t)	Details (%)
Recycling	773.6	46.1	1,103.9	40.6
Recycling (Heat recovery)	325.4	19.4	613.2	22.6
Unused	Incineration (Without heat recovery)	34.6	263.4	36.8
	Landfill		736.4	
Total waste	1,679.1	100.0	2,717.0	100.0

Education on the Environment

Environmental Education

Targeted employees	Environmental education activities	Purpose, contents
Business site general managers	• Education of newly-appointed business site general managers • Periodically send out information	• Promote understanding of the importance of the relationship between corporations and the environment and raise self-awareness and environmental awareness as the business site general manager • Provide information about revisions of laws and important precedents by a periodical e-mail magazine
Managers and supervisors	• Environmental e-learning (Environmental Laws, Basic)	• Understand the spirit and idea of Japan's laws, and understand Japan's mandatory and notification procedures
Internal auditors	• EMS Internal Auditor Training Course, standard update course	• Training of internal auditors for EMS with qualifications conforming to ISO 14001 (2015) and updating holders of old qualifications to the 2015 version
Managers	• Education about environmental preservation	• Provide information about the SMM Group's environmental preservation initiatives and raise self-awareness
Environment managers	• Conference for environment managers • Periodic education about the Chemical Substances Control Law	• Improve knowledge of Japan's environmental laws and regulations, enhance environmental management capabilities, raise self-awareness • Check the outline of Act on the Regulation of Manufacture and Evaluation of Chemical Substances and information on revisions, prevent omissions of notification, and raise self-awareness
Sales representatives	• Explanatory meeting: overseas chemical substance regulations	• Impart knowledge to sales representatives about overseas chemical substance regulations and raise their self-awareness
New and mid-career hires	• Education about environmental preservation for mid-career hires • Education about environmental preservation for new employees	• Impart knowledge about the SMM Group's environmental preservation initiatives and raise self-awareness

The SMM Group has established two e-learning courses on environmental laws with the objective of raising levels of compliance. Employees, especially managers and supervisors, involved with environmental laws and regulations, and internal environmental auditors, are taking part in those courses. The e-learning course on Japan's main environmental laws covers 10 laws that are deeply related to the businesses of the SMM Group and provides explanations of mandatory standards and notification procedures. As failing to comply with these requirements constitutes a violation of the law, employees must be certain to keep them in mind when conducting business. Given not only compliance with regulations and obligations, but also the voluntary risk management and information disclosure demanded of businesses today, the Group offers an e-learning course called Environmental Laws, Basic that serves as a stepping stone for properly conducting business. This course covers 12 laws, including the Basic Environment Act and the Basic Act on Biodiversity.

Laws Covered in the Environmental e-learning Courses

Name of law	Environmental Laws	Environmental Laws, Basic
Basic Environment Act	●	●
Basic Act on Biodiversity		●
Basic Act on Establishing a Sound Material-Cycle Society	●	●
Act on the Promotion of Environmental Conservation Activities through Environmental Education		●
Law Concerning the Promotion of Business Activities with Environmental Consideration		●
Act on Promotion of Global Warming Countermeasures		●
Act on the Rational Use of Energy	●	●
Air Pollution Control Act	● (including the content of the Act on Pollution Prevention Systems in Specified Factories)	●
Water Pollution Prevention Act	●	●
Soil Contamination Countermeasures Act	●	
PRTR Law	●	●
Poisonous and Deleterious Substances Control Act	●	
Waste Management and Public Cleansing Act	●	●
PCB Special Measures Law	●	
Act on Promoting Green Procurement		●

Significant Environmental Accidents / Biodiversity

Information Required to be Disclosed by GISTM

The information required to be disclosed by GISTM requirement 15.1 for two of the Group’s tailings facilities, CBNC TSF3 and THPAL TSF1, which are classified as “very high” or “extreme” in terms of expected damage, is presented below.

Details of tailings facilities operated with “Extreme” or “Very high” potential consequences

Name of tailings facility			CBNC TSF3	THPAL TSF1																																																																																																		
Operation			Coral Bay Nickel Corporation (CBNC)	Taganito HPAL Nickel Corporation (THPAL)																																																																																																		
Country			Philippines	Philippines																																																																																																		
Requirement 15.1B	1)	A description of the tailings facility	Coral Bay Nickel Corporation (CBNC), hydrometallurgical processing plant in Rio Tuba at the southernmost tip of Palawan Philippines, commenced commercial operation to produce 10,000 tons of nickel per year from April 2005, and expand second processing line for its annual output to 20,000 tons of nickel in June 2009. Through High-Pressure Acid Leach (HPAL), nickel and cobalt in low-grade nickel laterite ore are leached using sulfuric acid and recovered as sulfides. After neutralized, tailings which are hematite and gypsum as predominant are discharged Tailings Storage Facility (TSF). CBNC TSF3 is about 1.5km north-east of the plant. The embankment of CBNC TSF3, which has one enclosed embankment on three sides excluding the western side is Rock-fill Dam with 32.0m of the maximum height, 42.0m a.s.l. of the crest. It is being built to full height in one stage with no further raises. The construction of the embankment commenced in October 2021, and is scheduled to be completed in February 2027. The cofferdam which has same structure as the embankment forms the south cell and the north cell in CBNC TSF3. The total impounding capacity is 16.5Mm³. Tailings discharged into the south cell commenced from January 2023.	Taganito HPAL Nickel Corporation (THPAL), hydrometallurgical processing plant located at Barangay Taganito, Claver, Surigao del Norte, commenced commercial operation to produce 30,000 tons of nickel per year from June 2013. Through High-Pressure Acid Leach (HPAL) same as CBNC, nickel and cobalt in low-grade nickel laterite ore are leached using sulfuric acid and recovered as sulfides. After neutralized, tailings which are hematite and gypsum as predominant are discharged Tailings Storage Facility (TSF). THPAL TSF1 is about 3.0km south-east of the plant. The embankment of THPAL TSF1 is Rock-fill Dam with 89.0m of the maximum height, 89.0m a.s.l. of the crest, and is designed in four stages raised by Downstream method. The 1st stage embankment was commenced to construct from April 2010, and the 3rd stage embankment, 75.0m a.s.l. of the crest, was completed to build in December 2022. The 4th stage of embankment will be commenced to build from April 2024 and be completed in June 2030. The total impounding capacity is 96.0Mm³. Tailings discharged into THPAL TSF1 started from June 2013. The Hillside Channel is along the entire perimeter of THPAL TSF1 to prevent rain runoff from entering inside its impoundment.																																																																																																		
	2)	The Consequence Classification	The Consequence Classification is rated as “VERY HIGH”. The number of people potentially at risk from dam breach analysis is assumed to be over 100 and up to 1,000, as there are about 200 residences in the sphere of influence. There are no hospitals or schools in the impacted area. However, there is a national highway that crosses the flooded area, which may affect daily life and distribution.	The Consequence Classification is rated as “EXTREME”. The number of people at risk from dam breach analysis is estimated to be over 1,000, as there are over 300 residences within the sphere of influence. There is one clinic in the impact zone, but no school. However, as there is a national highway that crosses the flood zone, it may affect daily life and distribution relations.																																																																																																		
	3)	A summary of risk assessment findings relevant to the tailings facility	Based on ANCOLD guidelines, CBNC TSF3 was designed to ensure stability by performing stability analysis using the predicted Maximum Credible Earthquake (The 10,000 year seismic event) for the dam classification (EXTREME). The results of this analysis and the design were verified by third-party verification. The flood discharge was also designed to be able to carry the “Maximum Probable Precipitation” (PMP) and “Probable Maximum Flood” (PMF), which were also validated by a third-party verification.	Based on ANCOLD guidelines, THPAL TSF1 was designed to ensure stability by performing stability analysis using the predicted Maximum Credible Earthquake (The 10,000 year seismic event) for the dam classification (EXTREME). The results of this analysis and the design were verified by third-party verification. The flood discharge was also designed to be able to carry the “Maximum Probable Precipitation” (PMP) and “Probable Maximum Flood” (PMF), which were also validated by a third-party verification.																																																																																																		
	4)	A summary of impact assessments and of human exposure and vulnerability to tailings facility credible flow failure scenarios	According to the results of the breach analysis, which assumes a forced dam breach, tailings will be released into the riverbed on the southeast side and flow downstream from the National Highway to the downstream riverbed area. As a result, it was assessed that approximately 200 residences along the national highway and around the riverbed area would be affected by flooding.	According to the results of the breach analysis, which assumes a forced dam breach, tailings will be released into the Hayanggabon River, and it was assessed that more than 300 residences would be affected by flooding. Note that 41 households residing directly downstream of the dam were relocated prior to the construction of the dam.																																																																																																		
	5)	A description of the design for all phases of the tailings facility lifecycle	<table><tr><td rowspan="3">Status</td><td>Active</td><td>Catchment area</td><td>107 ha</td></tr><tr><td>Operating on South Cell</td><td>Impondment area</td><td>75 ha</td></tr><tr><td>Constructing on North Cell</td><td>Impoundment Volume</td><td>16.5 Mm³</td></tr><tr><td colspan="2">Started inpondment</td><td colspan="2">Mar-2023</td></tr><tr><td>Type</td><td>Rockfill Dam</td><td>Flood Criteria</td><td>PMF (745 mm/day)</td></tr><tr><td>Raising method</td><td>N/A</td><td>-Annual Exceedance Probability</td><td></td></tr><tr><td>Dam Hight</td><td>32 m</td><td>Seismic Criteria</td><td>1/10,000</td></tr><tr><td>Dam Elevation</td><td>42 m</td><td>-Annual Exceedance Probability</td><td></td></tr><tr><td>Downstream slope</td><td>1:2.0</td><td>Operational Basis Earthquake (OBE)</td><td>0.15 g</td></tr><tr><td>Upstream slope</td><td>1:1.8</td><td>Maximum Credible Earthquake (MCE)</td><td>0.25 g</td></tr><tr><td>Length of Embankment</td><td>2,350 m</td><td></td><td></td></tr></table>	Status	Active	Catchment area	107 ha	Operating on South Cell	Impondment area	75 ha	Constructing on North Cell	Impoundment Volume	16.5 Mm³	Started inpondment		Mar-2023		Type	Rockfill Dam	Flood Criteria	PMF (745 mm/day)	Raising method	N/A	-Annual Exceedance Probability		Dam Hight	32 m	Seismic Criteria	1/10,000	Dam Elevation	42 m	-Annual Exceedance Probability		Downstream slope	1:2.0	Operational Basis Earthquake (OBE)	0.15 g	Upstream slope	1:1.8	Maximum Credible Earthquake (MCE)	0.25 g	Length of Embankment	2,350 m			<table><tr><td rowspan="3">Status</td><td>Active</td><td>Catchment area</td><td>940 ha</td></tr><tr><td>Operating in 3rd Stage</td><td>Impondment area</td><td>267 ha (4th Stage)</td></tr><tr><td>Designing the 4th Stage (Final Stage)</td><td>Impoundment Volume</td><td>52.7 Mm³ (up to 3rd Stage) 96.4 Mm³ (up to 4th Stage)</td></tr><tr><td colspan="2">Started inpondment</td><td colspan="2">Jun-2013</td></tr><tr><td>Type</td><td>Rockfill Dam</td><td>Flood Criteria</td><td>PMF (1,549 mm/day)</td></tr><tr><td>Raising method</td><td>Downstream</td><td>-Annual Exceedance Probability</td><td></td></tr><tr><td>Dam Hight</td><td>89 m (4th Stage)</td><td>Seismic Criteria</td><td>1/10,000</td></tr><tr><td>Dam Elevation 1st stage</td><td>38 m</td><td>-Annual Exceedance Probability</td><td></td></tr><tr><td>2nd stage</td><td>60 m</td><td>Operational Basis Earthquake (OBE)</td><td>0.28 g (3rd Stage)</td></tr><tr><td>3rd stage</td><td>75 m</td><td>Maximum Credible Earthquake (MCE)</td><td>0.41 g (3rd Stage)</td></tr><tr><td>4th stage</td><td>89 m</td><td></td><td></td></tr><tr><td>Downstream slope</td><td>1:3.0</td><td></td><td></td></tr><tr><td>Upstream slope</td><td>1:3.0</td><td></td><td></td></tr><tr><td rowspan="2">Length of Embankment</td><td>1,217 m (3rd Stage)</td><td></td><td></td></tr><tr><td>1,476 m (4th Stage)</td><td></td><td></td></tr></table>	Status	Active	Catchment area	940 ha	Operating in 3rd Stage	Impondment area	267 ha (4th Stage)	Designing the 4th Stage (Final Stage)	Impoundment Volume	52.7 Mm³ (up to 3rd Stage) 96.4 Mm³ (up to 4th Stage)	Started inpondment		Jun-2013		Type	Rockfill Dam	Flood Criteria	PMF (1,549 mm/day)	Raising method	Downstream	-Annual Exceedance Probability		Dam Hight	89 m (4th Stage)	Seismic Criteria	1/10,000	Dam Elevation 1st stage	38 m	-Annual Exceedance Probability		2nd stage	60 m	Operational Basis Earthquake (OBE)	0.28 g (3rd Stage)	3rd stage	75 m	Maximum Credible Earthquake (MCE)	0.41 g (3rd Stage)	4th stage	89 m			Downstream slope	1:3.0			Upstream slope	1:3.0			Length of Embankment	1,217 m (3rd Stage)			1,476 m (4th Stage)	
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6)	A summary of material findings of annual performance reviews and DSR (Dam Safety Review), including implementation of mitigation measures to reduce risk to ALARP	CBNC TSF3: The following suggestions were received from the EOR. • With regard to the spillway, periodic inspection and cleaning should be performed to prevent blockage and reduction of flow capacity due to accumulation of soil and rocks. [Action] Daily inspections of the Spillway and surrounding area are conducted once a day. If accumulated debris is found in the Spillway through visual inspection, they are immediately removed. The inspection of the surrounding area is conducted to find if there are sources of blockage. Sources like trees, hanging rocks, other materials that may fall and cause blockage are either removed or reinforced.	The following suggestions were received from the EOR. • Upstream of THPAL TSF1, the topographic alteration due to mining is expected to increase the runoff coefficient (Larger PMF value), so the capacity of the flood discharge should be checked. • In 2017, the Philippine Institute of Volcanology and Seismology (PHIVOLCS) updated the Peak Ground Acceleration (PGA) in the Philippines to consider new findings, and since the design seismic coefficient THPAL have increased, the design seismic coefficient and dam stability need to be reconfirmed. [Action] Verification of the spillway’s flow capacity and the stability of the dam in relation to the design seismic coefficient will be verified during the detailed design of the 4th Stage and reflected in the design.																																																																																																			

Significant Environmental Accidents / Biodiversity

	7)	A summary of material findings of the environmental and social monitoring programme including implementation of mitigation measures	<p>A monitoring system for CBNC TSF3 embankment was designed in accordance with ICOLD and ANCOLD guidelines. Monitoring measured parameters are 1) pore water pressure within the core of the embankment, 2) pore water pressure within the foundation, 3) groundwater levels and quality seeping through the foundation, 4) subsurface lateral displacement and settlement, and 5) crest settlements.</p> <p>Effluent from CBNC TSF3 is sampled daily to monitor water quality to ensure that it meets the water quality standards set forth by the Department of Environment and Natural Resources (DENR) of the Philippines.</p>	<p>A monitoring system for THPAL TSF1 embankment was designed in accordance with ICOLD and ANCOLD guidelines. Monitoring measured parameters are 1) pore water pressure within the core of the embankment, 2) pore water pressure within the foundation, 3) groundwater levels and quality seeping through the foundation, 4) subsurface lateral displacement and settlement, and 5) crest settlements.</p> <p>Effluent from THPAL TSF1 is sampled daily to monitor water quality to ensure that it meets the water quality standards set forth by the Department of Environment and Natural Resources (DENR) of the Philippines.</p>
	8)	A summary version of the tailings facility EPRP (Emergency Preparedness and Response Plan) for facilities that have a credible failure mode(s) that could lead to a flow failure event	<p>Emergency Preparedness and Response Plan (EPRP) was established and is conducted according to its contents.</p> <p>1. Response to unusual operating condition To detect unusual conditions through the monitoring and response different actions taken according to the procedure.</p> <p>2. Emergency Response Plan a) If an indication of an impending dam break is spotted or observed, the discoverer should report to the CBNC Manager and the Supervisor of the Environment Management and Quality Control Section (EMQCS). The Supervisor must proceed to the area immediately and identify an incident. b) For major incident, depending on the situation, make following instruction; • Inform the employees and officials of the downstream of the dam to take the emergency evacuation, conduct head count, and conduct search, and rescue under the supervision of the Disaster and Risk Management Committee (DRCM) if someone is missing. • CBNC General Affairs Dept. Manager and Community Relations Officers should immediately contact Local Government Units to inform them of the incident. Community Relations Officers should guide the community to designated evacuation sites around their area which is away from the flood routes. • Stop operation to reduce slurry volume discharge to the tailings dam and operate all pumps to reduce water level. • The Emergency Response Team (ERT) provide need equipment to be use in response to incident, and request contractors for additional equipment and/or manpower for response. c) Deploy a command center which is plant Manager, ERT and DRCM. The command center will be the disaster management at the sight where the emergency is unfolding can be best and safety overseen and is to evaluate the actual situation and that the necessary and appropriate action can be implemented or instructed. d) If every personnel and resident is evacuated and accounted, patrols at a safe distance are conducted to check and provide assistance and information to areas that have been affected. e) The situation should be reported to Government Entities within 24 hours. f) Provide assistance to rehabilitation and mitigation of impact and to the Disaster Management and Rehabilitation process.</p> <p>3. Information, Education and Communication EMQCS shall coordinate with the Safety Section to plan the Dam break emergency action plan. Two sections shall disseminate this information in hand to all CBNC personnel. The Safety Section should ensure that the necessary materials for the emergency action plan are adequate and maintained. The Safety Section together with the Community Relations Section should ensure that the affected communities and their Local Government Unit (LGU) are well informed and educated about this scenario.</p> <p>4. Emergency Drill Dam break emergency drill is conducted once a year.</p>	<p>Emergency Preparedness and Response Plan (EPRP) was established and is conducted according to its contents.</p> <p>1. Response to unusual operating condition To detect unusual conditions through the monitoring and response different actions taken according to the procedure.</p> <p>2. Emergency Response Plan a) If an indication of an impending dam break is spotted or observed, the discoverer should report to the Manager and the Supervisor of Mine Environment Protection and Enhancement Office (MEPEO). The Supervisor must proceed to the area immediately and identify an incident. b) For major incident, depending on the situation, make following instruction; • Inform the employees and officials of the downstream of the dam to take the emergency evacuation, conduct head count, and conduct search, and rescue if someone is missing. • General Affairs Dept. Manager and Community Relations Officers should immediately contact Local Government Units to inform them of the incident. Community Relations Officers should guide the community to designated evacuation sites around their area which is away from the flood routes. • Stop operation to reduce slurry volume discharge to the tailings dam and operate all pumps to reduce water level. • The Emergency Response Team provide need equipment to be use in response to incident, and request contractors for additional equipment and/or manpower for response. • Cutoff national highway at designated point due to the possible flash flooding c) Deploy a command center at THPAL plant site and satellite centers at Taganito side and Hayanggabon side. The command center will be the disaster management at the sight where the emergency is unfolding can be best and safety overseen and is to evaluate the actual situation and that the necessary and appropriate action can be implemented or instructed. The satellite center will also serve as public communication sites for grievances, information dissemination, etc. d) If every personnel and resident is evacuated and accounted, patrols at a safe distance are conducted to check and provide assistance and information to areas that have been affected. e) The situation should be reported to Government Entities within 24 hours. f) Provide assistance to rehabilitation and mitigation of impact and to the Disaster Management and Rehabilitation process.</p> <p>3. Information, Education and Communication MEPEO shall coordinate with the Safety Section to plan the Dam break emergency action plan. Two sections shall disseminate this information in hand to all CBNC personnel. The Safety Section should ensure that the necessary materials for the emergency action plan are adequate and maintained. The Safety Section together with the Community Relations Section should ensure that the affected communities and their Local Government Unit (LGU) are well informed and educated about this scenario.</p> <p>4. Emergency Drill Dam break emergency drill is conducted twice a year.</p>
	9)	Dates of most recent and next independent reviews	<p>A third party verified the dam stability and the spillway capability in July 2023. The design was identified to meet the Flood Design Criteria and the Seismic Design Criteria of GISTM.</p> <p>Multipartite Monitoring Team (MMT) which composed representatives from governmental agencies, local governments (municipalities and barangays), religious sectors, non-government organization and mining companies, etc., validate activities and monitoring data of Environmental Protection and Enhancement Program on every quarter. Next review will conduct in November 2023.</p>	<p>A third party assessed the dam stability in June 2020 and the spillway capability in July 2023. The design was identified to meet the Flood Design Criteria and the Seismic Design Criteria of GISTM.</p> <p>Multipartite Monitoring Team (MMT) which composed representatives from governmental agencies, local governments (municipalities and barangays), religious sectors, non-government organization and mining companies, etc., validate activities and monitoring data of Environmental Protection and Enhancement Program on every quarter. Next review will conduct in November 2023.</p>
	10)	Annual confirmation that the Operator has adequate financial capacity to cover estimated costs of planned closure, early closure, reclamation, and post-closure of the tailings facility and its appurtenant structures	<p>Closure plan was established as Final Mine Rehabilitation and Decommissioning Plan (FMRDP) and submitted to Department of Environment and Natural Resources (DENR) of Philippine, and annual deposits is made to the FMRDP Fund.</p>	<p>Closure plan was established as Final Mine Rehabilitation and Decommissioning Plan (FMRDP) and submitted to Department of Environment and Natural Resources (DENR) of Philippine, and annual deposits is made to the FMRDP Fund.</p>
Requirement 15.1C		Provide local authorities and emergency services with sufficient information derived from the breach analysis to enable effective disaster management planning	<p>Information, Education and Communication (IEC) activities with communities were held regularly for stakeholders and public audiences.</p> <p>Quarterly, the construction status of CBNC TSF3 and environmental monitoring results were explained to the members of MMT.</p>	<p>Information, Education, and Communication (IEC) activities with communities were held regularly for stakeholders and public audiences.</p> <p>Quarterly, the construction status of THPAL TSF1 and environmental monitoring results were explained to the members of MMT.</p>

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The following five requirements are not in conformance with both CBNC TSF3 and THPAL TSF1 and will be addressed within one year. Except for them, all requirements were confirmed to be in conformity.

The status of conformance for GISTM and the summary to address any gaps for CBNC TSF3 and THPAL TSF1

Requirement	Criteria	Progress and Further work	Term*
1.1	Conduct the human rights due diligence	Operations and activities are conducted based on the SMM Group Human Rights Policy in accordance with UNGP and are compiled to the Philippine Human Rights Laws and Regulations, but the human rights due diligence process regarding the tailings dam facilities has not been implemented. The human rights due diligence will be conducted through the process in accordance with the SMM Group Human Rights Policy, which was revised on June 1, 2022.	Within 1 year
5.7	For an existing tailings facility, seek to identify and implement additional reasonable steps that may be taken to further reduce potential consequences to people and the environment.	On design and construction phase, the design was adopted to minimize risks to people and the environment and the TSF was developed robust design. While, in the operation phase, additional reasonable steps to farther reduce potential consequences have not been identified. For an existing tailings facility, the assessment and the frequency of its procedure based on the Dam Safety Review (DSF) should be involved to Tailing Management System (TMS).	Within 1 year
6.5	Establish the Change Management System	Through the TSF lifecycle, processes for identifying changes and processes for evaluation, review and approval have been done. A Change Management System has not been introduced including documentation as Deviance Accountability Report. A Change Management System will be established into the Tailings Management System.	Within 1 year
8.1	Publish the policy on or commitment to the safe management of tailings facilities	Sumitomo Metal Mining Group's Sustainability Policy was published, and its activity includes the safe management of tailings facilities. While the policy does not meet the Requirement sufficiently. The policy for the safe management of tailings facilities will be revised and published.	Within 1 year
13.2	Assess the capability of identified organizations to address emergency responses and improve a collaborative plan if gaps are identified.	Public sector agencies and local authorities and institutions that would participate in any emergency response have been identified, but the capacity of identified organizations has not been assessed. The assessment of the capacity to be supported by identified organizations in any emergency response will be conducted, and a collaborative response plan will be developed.	Within 1 year

* Term fixed on August 5, 2023

Environmental Data

Effective Use of Non-Ferrous Metal Resources

Percentage of Recycled Input Raw Materials Used							GRI 301-2
	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Recycled raw materials and percentage used	SMM Group	kt (%)	249 (2.22)	227 (2.08)	229 (2.13)	239 (2.38)	236 (2.21)

Climate Change

Greenhouse Gas (GHG) Emissions							GRI 305-1/305-2
	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
GHG Emissions (total)	SMM Group	kt-CO ₂ e	2,809	2,807	2,760	2,647	2,823
Scope 1 (direct emissions)			1,839	1,943	1,877	1,786	1,965
Scope 2 (indirect emissions)			971	865	882	861	858
Emissions other than CO ₂ included in Scope 1*	Sulfur hexafluoride (SF ₆)	t-CO ₂ e	—	—	—	—	1,847
	Hydrofluorocarbons (HFCs)		—	—	—	—	630
	Methane (CH ₄)		—	—	—	—	149
	Nitrous oxide (N ₂ O)		—	—	—	—	0
	Nitrogen trifluoride (NF ₃)		—	—	—	—	0
	Perfluorocarbons (PFCs)		—	—	—	—	0

Figures are rounded to the nearest whole number, so totals may not match
Both Japan and overseas figures are calculated based on the GHG Protocol, and emission factors are based on the Japanese law “Act on Promotion of Global Warming Countermeasures”
GHG emissions factors for electric power purchased in Japan are the adjusted emissions factors of electric suppliers
For China and Taiwan, the latest emission factors published by the governments of those countries are used
For Vietnam, the default emission factor compiled by The Climate Registry (TCR) (2011 national emission factors published by the International Energy Agency (IEA) in 2013) is used
* Disclosure from FY2022 based on the GHG Protocol

Energy and GHG Emissions Intensity Indices*							GRI 302-3/305-4
	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Energy intensity index	SMM Group	—	0.66	0.70	0.65	0.65	0.62
GHG emissions intensity index			0.65	0.67	0.63	0.64	0.60

* Energy and GHG emissions intensity indices: The amount of energy and GHG emitted during the production of 1 ton of product, assuming the base year FY1990 value to be 1

Significant Environmental Accidents / Biodiversity

Raw Material and Energy Inputs in Business Activities							GRI 301-1/301-2
Raw Material Input							
	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Raw Materials (total amount)	SMM Group	kt	13,334	13,116	12,777	11,936	12,840
Raw materials			10,979	10,646	10,524	9,808	10,424
Recycled materials*			249	227	229	239	236
Materials			2,106	2,243	2,024	1,889	2,180

Figures are rounded to the nearest whole number, so totals may not match
* Does not include materials recycled within plants

Energy Input							GRI 302-1
	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Energy Input (calorific value)	SMM Group	TJ	32,586	32,052	31,728	30,651	22,762
Renewable energy			28	19	12	74	66
Non-renewable energy sources			32,558	32,033	31,716	30,577	22,696

From FY2022 onward, fuel, heat, electricity, etc. consumed in business activities in Japan and overseas are covered, and electricity consumption is converted into joules at 3.6 GJ per 1,000 kwh

Water Resource Input, Water Discharge, and Water Consumption in Business Activities

Water Resource Input							GRI 303-3
	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Water Withdrawal*	SMM Group	ML	192,357	180,348	200,305	181,271	197,186
Freshwater withdrawal	Surface water (rivers)		13,902	14,085	13,717	13,954	15,321
	Rainwater		79	36	68	53	44
	Groundwater		6,843	8,059	6,657	7,108	7,586
	Industrial water (water from another organization)		14,444	14,293	14,339	14,437	14,346
	Tap water (water from another organization)		404	407	393	417	391
Seawater withdrawal			156,686	143,468	165,132	145,301	159,500

Figures are rounded to the nearest whole number, so totals may not match
* SMM uses the World Wide Fund for Nature (WWF) Water Risk Filter to determine and evaluate regions with high water stress. As a result of this, there are no areas of high water stress at SMM Group's production sites

Water Discharge							GRI 303-4
	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Water discharge (total)	SMM Group	ML	183,977	174,392	199,057	176,781	196,736
Seas*			183,060	173,456	198,051	175,753	195,792
Rivers			867	890	965	974	879
Sewerage, etc.			50	47	42	55	65

Figures are rounded to the nearest whole number, so totals may not match
* Discharges into rivers flowing into enclosed seas are included in “Seas”

Water Consumption							GRI 303-5
	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Total water consumption from all areas	SMM Group	ML	8,615	6,195	4,281	4,917	3,552

Water consumption is estimated by subtracting the total water discharge from the total water withdrawal for each business site

Environmental Data

Release and Transfer of Chemical Substances in Business Activities GRI 303-4/305-7

		Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Releases into the Atmosphere (total)		SMM Group	t	3,136	2,742	3,257	3,175	3,295
Releases into the atmosphere	SOx			1,608	1,376	1,733	1,739	1,715
	NOx			1,423	1,271	1,444	1,352	1,512
	Soot and dust			105	95	80	84	68
Discharge into Water (total)		SMM Group	t	71	68	64	59	65
Discharge into water	COD ¹ (chemical oxygen demand)			56	55	49	48	49
	BOD ² (biochemical oxygen demand)			15	13	15	12	16
Transfer/Release of PRTR Substances (total)		SMM Group	t	2,770	2,217	1,907	2,035	2,522
Transfer				2,670	2,120	1,822	1,958	2,438
Release	Release (total)			100	97	85	77	84
	Landfill (SMM premises)			3.2	2.7	0.8	0.8	0.8
	Soil			0.7	0.7	1.7	0.9	0.7
	Water			77.4	78.5	73.5	66.6	74.7
	Atmosphere			19.0	15.4	8.6	8.8	8.1

Figures are rounded to the nearest whole number, so totals may not match

1. COD (chemical oxygen demand): Measured for discharge into seas, including discharge into rivers flowing into enclosed seas

2. BOD (biochemical oxygen demand): Measured for discharge into rivers, excluding discharge flowing into enclosed seas

Final Disposal Amount of Industrial and Mining Waste in Japan GRI 306-5

		Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Final Disposal Amount (total) ¹		SMM Group	t	86	71	52	60	74
				84.7	70.1	50.9	59.0	73.7
				0.9	0.8	0.7	0.7	0.7

1 Includes waste destined for landfills and incineration without heat recovery

2 Mining waste in the form of wastewater sludge generated by mine-affiliated Toyo Smelter & Refinery that is landfilled within the business site

Environmental Preservation-Related Investments in Capital Expenditures

		Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023 (plan)
Investments Related to Environmental Preservation (total)		SMM Group	¥ millions	5,385	6,071	7,718	12,180	18,856
				5,244	5,715	7,549	11,694	18,446
				141	339	157	477	401
Percentage of environmental preservation-related investments to capital expenditures		SMM Group	%	10.6	17.3	11.9	8.6	9.5

Figures are rounded to the nearest whole number, so totals may not match

Rehabilitated Area GRI 2-4/G4-MM1

		Scope	Unit	A Total area of land developed but not rehabilitated (as of the end of FY2021)	B Area of land newly developed in FY2022	C Area of land newly rehabilitated in FY2022	D Total area of land developed but not rehabilitated (A+B-C)
Amount of land developed or rehabilitated (FY2022) <input checked="" type="checkbox"/>	SMM Group	Hishikari Mine	ha	22	0	0	22
		Coral Bay Nickel		416 ¹	20	3 ²	432
		Taganito HPAL		455 ¹	1	0 ³	456

Figures are rounded to the nearest whole number, so totals may not match

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 FY2022, bringing the total certified rehabilitated area to 149 hectares (including bamboo groves) to date (Historical figures for off-site rehabilitated areas were reviewed and adjustments were made to prior periods)

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 59 hectares in nearby regions outside the development site in FY2022, bringing the total certified rehabilitated area to 600 hectares to date

Business Activities in Areas of High Biodiversity Value* GRI 304-1/G4-MM2

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

		Scope	Unit	FY2022	
Regions and production sites	SMM Group	Seto Island Sea	ha	62	Shisaka Smelting Co., Ltd. (production site) operates on Minoshima and Ienoshima islands, neighboring Setonaikai National Park. Neighboring areas equivalent to IUCN Category 2
		Philippines		583	Coral Bay Nickel Corporation (production site) operates on Palawan Island in hunting-prohibited and bird protection areas equivalent to IUCN Category 4

* Areas classified as protected by the International Union for Conservation of Nature (IUCN) as Category 4 or higher and adjacent areas or areas with high biodiversity value that are considered equivalent (SMM's survey)

Areas classified as Category 1 are of highest priority



Business and Human Rights
Employees' Occupational Health and Safety
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
Engagement with Stakeholders
Research & Development
Intellectual Property
Social Data

Social

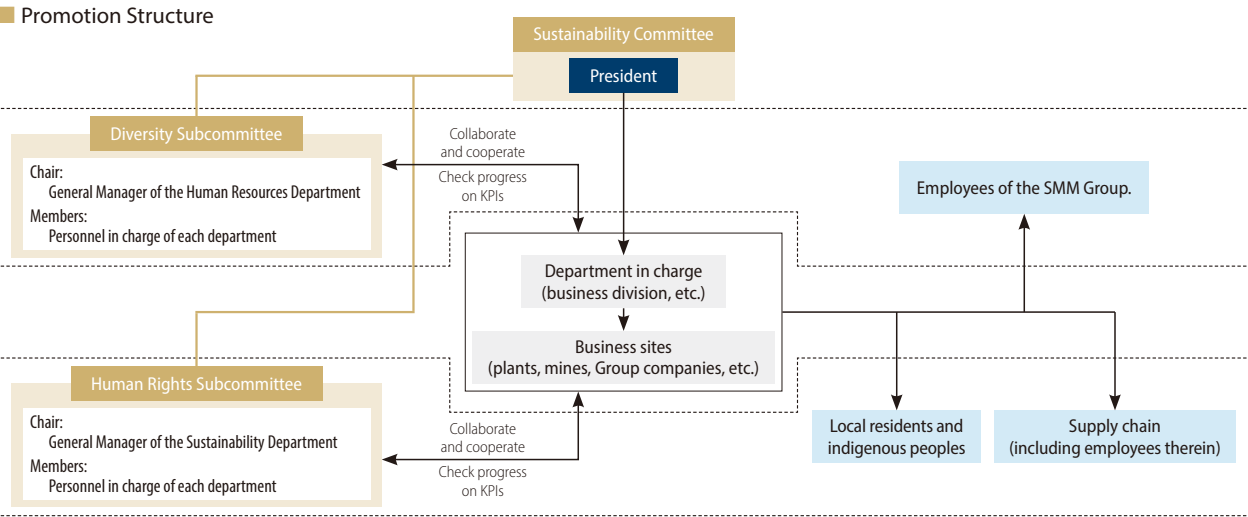
Business and Human Rights

Approach and PolicyGRI 2-25/3-3

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. Further, stakeholders associated with our Group may be involved in adverse impacts to human rights.
Our Group supports the UN Guiding Principles on Business and Human Rights and, in accordance with our Group's human rights policy, promotes initiatives to uphold human rights, including the implementation of due diligence and the operation of grievance (remedy) mechanisms.

Promotion Structure GRI 2-24/3-3

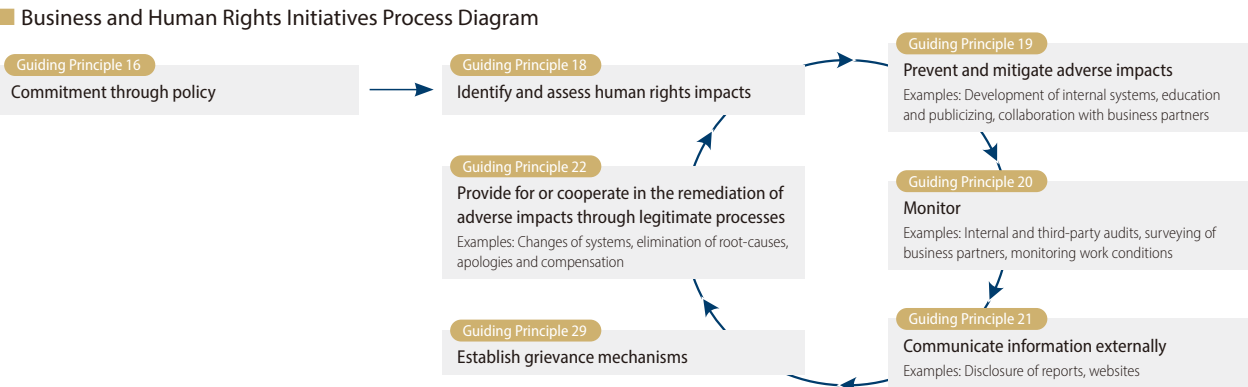
The Diversity Subcommittee and the Human Rights Subcommittee, which are subordinate organizations of the Sustainability Committee overseen by the Board of Directors and chaired by the president, report regularly to the Committee on their activities and reflect them in the Group policies and procedures to promote initiatives. We particularly focus our efforts in the three areas of employees of the SMM Group, local residents and indigenous peoples, and employees in the supply chain, who are the stakeholders affected by the Group's business activities.



Regarding the human rights of employees of the SMM Group, the Diversity Subcommittee, with the Human Resources Department serving as its secretariat, works with business divisions and operational divisions in the Head Office to address human rights issues through our organizational structure. [P.86-87](#)

Regarding the human rights of local residents and indigenous peoples, and supply chain (including employees therein), the Human Rights Subcommittee, with the Sustainability Department serving as its secretariat, works with business divisions and operational divisions in the Head Office to address each group of stakeholders. [P.110, P.116, P.120](#)

Our efforts include the formulation of policies, due diligence, and operation of a grievance (remedy) mechanism in accordance with the UN Guiding Principles on Business and Human Rights (see figure below).



Human Rights Due Diligence InitiativesGRI 2-25/3-3

Our Group supports the UN Guiding Principles and conducts human rights due diligence (DD) in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct, and others.

We seek to cease, prevent, and mitigate adverse impacts on human rights as expressed in the ILO Core Labor Standards (10 conventions in five areas: effective approval of freedom of association and workers' right to collective bargaining; prohibition of all forms of forced labor; effective elimination of child labor; elimination of discrimination in employment and occupation; safe and healthy working environment). As human rights risks in the business value chain, we promote initiatives with particular emphasis on three areas: Employees of the SMM Group¹, local residents and indigenous peoples,² and supply chain (including employees therein),³ which are impacted by our business activities.

1. Employees of the SMM Group [P.86-87](#) 2. Local residents and indigenous peoples [P.110, P.116](#) 3. Supply chain (including employees therein) [P.120](#)

Grievance Mechanism: Membership in JaCERGRI 2-25/2-26

SMM has joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER)¹ established in 2022 as a founding member (regular member). JaCER is an organization that aims to support and promote the redress of grievances of member companies from a professional standpoint by providing a non-judicial Engagement and Remedy Platform for grievance redress based on the United Nations Guiding Principles on Business and Human Rights. They also established an Advisory Board consisting of external experts and an Advisory and Mediation Panel and Investigation Panel consisting of independent expert individuals and organizations.

In addition to existing mechanisms such as the Whistle-blowing System (Speak Up System),² the Group will also utilize the platform provided by JaCER to operate a more transparent and effective grievance (remedy) mechanism.

• Grievances received by JaCER about the Group: 0 (FY2022)

1. [JaCER](https://jacer-bhr.org/en/index.html)
<https://jacer-bhr.org/en/index.html> 2. Whistle-blowing System [P.178](#)

Outline of SMM Group's human rights policy (The Sumitomo Metal Mining Group Policy on Human Rights [P.78-79](#))GRI 2-23/2-24

• **Our Group's Approach to Respect for 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 toward correcting and remedying any such situation that may arise. Further, if a stakeholder is involved in adverse impacts on human rights, we will encourage that stakeholder not to violate human rights and cooperate through corrective or remedial actions.

• **Human Rights Issues within the SMM Group**

SMM Group's human rights policy sets forth its commitments on fundamental human rights issues, including respect for children's rights and prohibition of child labor, and prohibition of discrimination, harassment, and bullying on the basis of race, religion, gender, age, sexual orientation, disability, nationality, and other factors. We are also committed to respecting human rights based on international norms such as the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Mining Principles of the International Council on Mining and Metals (ICMM),* an industry organization for which we are a member. In the unlikely event of a conflict between applicable laws and regulations and international norms on human rights in the regions in which we operate, we seek ways to respect international norms while complying with the laws and regulations.

* ICMM [P.130](#)

• **Internal and External Communications of the Human Rights Policy**

We have produced educational materials in video format available to all SMM Group employees, which includes an overview of the policy, messages from top management, and commentary from experts, and share them in internal human rights training and other programs. In addition, to ensure that our stakeholders, especially our business partners, understand our approach and efforts to respect human rights, we communicate Sumitomo Metal Mining Group's Sustainability Procurement Policy, established in line with our human rights policy. [P.123](#)

The Sumitomo Metal Mining Group Policy on Human Rights

GRI 2-23/2-24

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



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

Approach and Policy

GRI 3-3

Because the Group’s business activities involve working at heights and handling large equipment, heavy machinery, and chemical substances, employees risk occupational accidents, including fatalities, and health hazards.

On the other hand, 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. Therefore, the SMM Group aims to create comfortable and safe workplaces, including at our contractors, and is further advancing its ongoing equipment safety measures and has begun introducing advanced technologies such as the IoT* and AI (Artificial Intelligence).

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

Policy and Targets

GRI 3-3

Occupational Health and Safety Policy and Goals for FY2023

Occupational Safety Policy

- (1) Prevention of serious accidents
- (2) Prevention of recurring accidents
- (3) Achieve work with safe procedures and equipment through priority-oriented safety activities based on the Three Reality Principle and line safety management.

Occupational Safety Goals

- 1. Occupational accidents (ultimate goal of zero accidents)
 - 1) Japan Group employees
 - Serious accidents¹: 0
 - All accidents²: 7 or less
 - 2) Japan contractor employees
 - Serious accidents¹: 0
 - All accidents²: 2 or less
 - 3) Overseas business site employees
 - Serious accidents¹: 0
 - All accidents²: 1 or less

1. Accidents resulting in an absence from work of three months or more as a management indicator

2. Accidents that resulted in absence from work combined with accidents not resulting in absence from work.
- 2. Traffic accidents
 - Traffic accidents caused by employees resulting in injury or death: 6 or less

Occupational Health Policy

Ensure a comfortable work environment through measures to improve the work environment and prevent illness

Occupational Health Goals

- 1. Dust, lead, and specified substances
 - 1) Control Class 3 workplaces
 - Number of workplaces: 0 (excluding noise)
 - 2) Control Class 2 workplaces
 - Reduction in the number of workplaces
- 2. Noisy workplaces
 - Control Class 3 workplaces with a workload value of 1 or more: 1 or less
- 3. Number of employees with work-related ill health
 - Ill employees (requiring treatment): 0
- 4. Mental health enhancement

Occupational Health and Safety Policies, Targets and Plans

GRI 3-3

The Safety & Environment Control Department sets the Group’s policies, targets, and action plans (Group health and safety targets) based on the 3-Year Business Plan, which was formulated in light of the Group’s progress toward its vision for occupational health and safety, and the president approves them. In each business, based on the Group’s health and safety targets, annual activity targets and plans are established and line health and safety management is promoted, taking into consideration the risks specific to each business site.

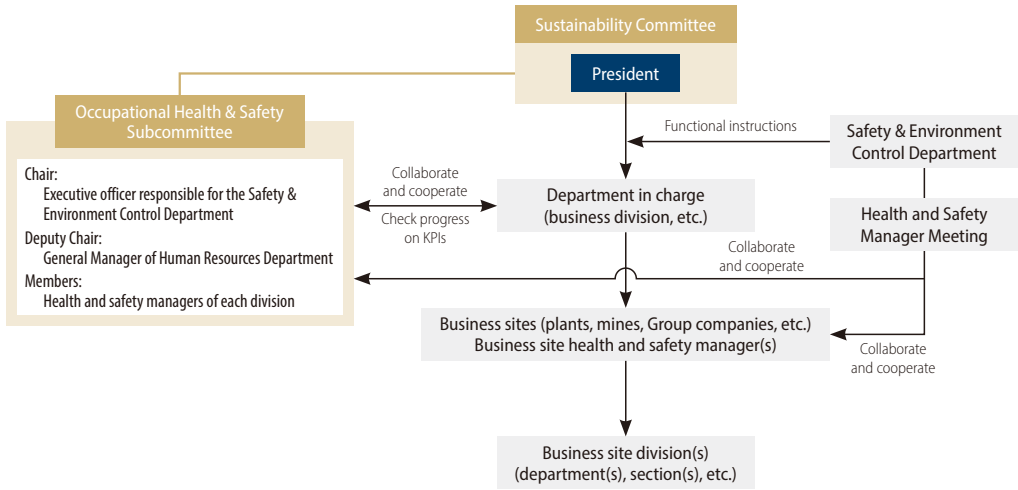
Promotion Structure

GRI 3-3/403-1/403-2

Occupational health and safety is managed by the chain of command in which the president is the person ultimately responsible, general managers of the relevant divisions provide guidance and supervision, and the person in charge of each business site is appointed as the health and safety manager of that site. 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, who is also the General Manager thereof, provides guidance and advice on safety and health initiatives to each division and each workplace of the Group, while the health and safety manager assigned to each division and business site coordinate efficiently to promote improvements in safety and health. The SMM Group strives to improve health and safety under the concepts of the OSHMS,* and has business sites that have already obtained ISO 45001 certification or are certified according to the Japan Industrial Safety and Health Association (JISHA) OSHMS standards. We conduct risk assessments when introducing new equipment or making changes to operational procedures, and make improvements to reduce risk. At overseas business sites, we have also built an occupational health and safety management framework based on local laws and regulations, and conduct the same level of risk assessment, improvement of equipment, and hazard prediction activities as in Japan.

* 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

Promotion Structure



Occupational Health & Safety Subcommittee and Safety & Environment Control Department

With regard to employees’ occupational health and safety, which is a material issue, the Safety & Environment Control Department promotes activities to achieve our vision in cooperation and collaboration with the members of the Occupational Health & Safety Subcommittee, who are in charge of health and safety in their respective division. In addition, the Safety & Environment Control Department provides functional instructions to the business division supervisors based on various reports and inspections, provides advice and reports to the competent authorities on the consolidation and response to important matters such as accidents and disasters, and disseminates disaster case studies within the Group to raise awareness and provide instructions for inspections.

Employees’ Occupational Health and Safety

The SMM Group Health and Safety Manager Meeting

As a rule, once a year, the Safety & Environment Control Department holds a meeting for business division health and safety managers and business site safety and health managers. At these meetings, health and safety managers of departments and divisions work to improve the level of health and safety management by providing information on the progress of health and safety targets, information on legal revisions, and explanations and discussions on performance and material issues related to health and safety.

Occupational Health and Safety Committees

GRI 403-4/403-7

In accordance with the Industrial Safety and Health Act, the Occupational Health and Safety Committee meets once a month at each of the Group’s business sites in Japan. At the Occupational Health and Safety Committee meetings, a wide range of health and safety issues are discussed, including the progress of health and safety activity plans, analysis of the causes of occupational accidents and measures to prevent recurrence, results of working environment measurements, results of medical examinations, reports on improvements to equipment and work methods, reports on the correction of areas identified during patrols, safety and management methods for new chemical substances handled, results of pre-operational safety examinations of new equipment, and information on legal revisions. A summary of the Occupational Health and Safety Committee meetings is reported monthly by business sites to the Safety & Environment Control Department, which confirms that safety and health activities are being properly implemented at each business site.

At SMM Group’s overseas business sites, occupational health and safety committee meetings are held in accordance with the laws and regulations of each country to ensure workplace safety through the creation of accident prevention measures among businesses and their workers.

Regarding regular contractors, Occupational Health and Safety Committee meetings and informal gatherings are held every month by contracting organizations in which contractors and others participate and information is shared. This information is taken back to the company where it is shared and used to make notifications.

Medium-Term Targets and Progress

GRI 3-3

To achieve our Vision for 2030, we are managing progress for each KPI and have made achievement criteria and action plans for up to 2030.

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
KPI 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				
<ul style="list-style-type: none">Serious accidents: 3All accidents Numbers in parentheses are FY2022 results Japan employees all accidents: 24 (20) Japan contractors all accidents: 5 (8) Overseas employees all accidents: 1 (2) Serious accidents occurred. Many recurring accidents occurred, missing the target for all accidents. Multiple accidents occurred from May to July, but things calmed down after a state of emergency was declared in July, and there were no accidents from November to December. We promoted essential safety measures for equipment, separation of pedestrians and vehicles, and installation of AI cameras on forklifts, work observation by supervisors to avoid leaving unsafe behavior unnoticed, and a full-scale start of VR training.	<ul style="list-style-type: none">Conduct a comprehensive review of safety measures for automated equipment and promote countermeasures for any risks foundContinue heavy equipment safety measures such as the use of AI cameras and separation of pedestrians and vehiclesMonitor the implementation status of on-site work observation through inspections and patrols, provide guidance, identify risks, and make improvementsDevelop VR hands-on education using new original content	Achievement Criteria	Serious accidents: zero (in Japan and overseas, including contractors) 2024 targets Japan employees all accidents: 7/year or less Japan contractors all accidents: 2/year or less Overseas employees all accidents: 1/year or less	Targets through all 3-Year Business Plan periods Serious accidents: zero (in Japan and overseas, including contractors) All accidents: reduce year on year, with aim of eventually reaching zero
		Action Plan	1. Enhance equipment safety 1) Initiate DX in mines and battery plants 2) Education on risk assessment manuals 2. Develop the management system 1) Identify the actual circumstances of line management • Utilize work observation • Check and review measures against reoccurring accidents 3. Develop human resources 1) Formulate education programs for managers and supervisors, etc. 2) Improve education for all employees Hazard simulation training using VR	1. Enhance equipment safety 1) Promote (2024 3-Year Business Plan) and realize DX 2) Make facilities safer through risk assessment manuals (2024 3-Year Business Plan) and expand 2. Develop the management system 1) Strengthen (2024 3-Year Business Plan) and operate line management 3. Develop human resources 1) Revise (2024 3-Year Business Plan) and establish manager and supervisor education 2) Review (2024 3-Year Business Plan) and implement new education for all employees

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
KPI 2. Prevent occurrence of occupational diseases Number of workplaces that present higher health risks: reduce year on year Occurrence of occupational diseases: zero				
<ul style="list-style-type: none">Achieved year-on-year reduction in number of workplaces that present higher health risks 2022: 2 workplaces (2021: 5 workplaces)Occurrence of occupational diseases: zero Reinforced daily inspections, as work environments deteriorate due to equipment damage, etc. Promoted visualization of work environments using time-lapse cameras, dust meters, etc. After taking measures based on the thermal environment management standards, the number of heat stroke cases in underground operations was reduced to zero	Continue to improve equipment to ensure good work environments and strengthen management to prevent deterioration of work environments • Promote introduction of new technologies, such as automatic underground HLD to reduce individual exposure and various tools for visualization of work environments • Strengthen equipment maintenance (inspection and repair) • Share good practices for equipment and management improvement	Achievement Criteria	<ul style="list-style-type: none">Achieve year-on-year reduction in number of workplaces that present higher health risksOccurrence of occupational diseases: zero	Targets through all 3-Year Business Plan periods • Number of workplaces that present higher health risks: reduce year on year • Address new risks (2024 3-Year Business Plan) • Realize comfortable workplace environment (2027 3-Year Business Plan) • Occurrence of occupational diseases: zero
		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 time Analyze and utilize individual sampling and continuous monitoring data. Utilize biosensors for heatstroke prevention, etc.Ensure implementation of the three areas of management in occupational health and safety (working environment management, work management, and health management)	<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)

Individual Initiatives for Occupational Health and Safety

Health and Safety Management in the Besshi District

In the Besshi District of Niihama City, Ehime Prefecture, where many of the Group’s business sites are located, the Besshi-Niihama District Division Safety & Environment Control Center plays a central role in improving the level of health and safety management by providing guidance on health and safety management initiatives to business sites including Group companies in the district, holding regular information exchange meetings and study sessions, and conducting cross-patrols.

Occupational Health and Safety Risk Assessments

GRI 403-2

The SMM Group proactively uses risk assessments (investigation of hazard or harmfulness) to evaluate hazards and take appropriate countermeasures against sources of risk that may cause accidents or health hazards due to equipment, operations, or a combination of both. For example, when we introduce new equipment, we conduct a risk assessment at the time of design, taking into consideration the intrinsic safety of the equipment, and the risk assessment is reflected in the design of the equipment. Before equipment is installed and put into operation, a risk assessment (audit) is conducted again with supervisors, operators, etc., and improvements are made. After the facility goes into operation, we continuously report on the status of maintenance and improvement of residual risks at the Occupational Health and Safety Committee meetings, and work to improve the level of health and safety by ensuring that our efforts are promoted.

Inspections, Patrols

The head of the business division with jurisdiction conducts annual patrols of the business site, including affiliated companies under his/her jurisdiction, to confirm that health and safety management is being properly implemented (in 2022, 50 inspections were conducted at 39 business sites in Japan and overseas). In principle, once a year, the General Manager of the Safety & Environment Control Department or his/her designate conducts a security, safety, and occupational health management inspection of each business site, and reports the results to the president, the head of the business division with jurisdiction over the business site, and the head of the business site (in 2022, due in part to the impact of the COVID-19 pandemic, 28 of the 47 business sites in Japan covered by the safety statistics were inspected). Furthermore, in the event of a serious accident or disaster, an on-site investigation is conducted immediately.

Employees’ Occupational Health and Safety

Each business site conducts safety patrols by business site supervisors, work observation patrols at each workplace, and safety activities in small groups. Some workplaces receive guidance from outside instructors to check and improve dangerous locations at the site.

Education
Education in Hands-on Training Facilities

GRI 403-5

Since 2010, the SMM Group has been operating a hands-on training facility (Oji-kan Facility) in Niihama City, Ehime Prefecture, which consists of a Hazard Simulation Zone and an Equipment Skills Training Zone. The purpose of the Hazard Simulation Zone is to increase sensitivity to occupational safety and occupational health through simulated experiences of dangers that may be present in daily work, while the purpose of the Equipment Skills Training Zone is to develop operators with strong skills in equipment and devices through hands-on experience with actual on-site equipment, cut models, etc. In both zones, in addition to the curator and full-time instructors, site managers and supervisors, and veteran employees provide training as appointed instructors. Oji-kan Facility staff have been traveling to workplaces since 2013 to conduct on-site hazard simulation training, and we are working to expand the number of participants. In addition, each business site uses Oji-kan Facility based on a risk assessment of its own work-place to conduct safety education through its own unique program.

Number of Employees Using the Oji-kan Facility and Attending On-site Training (as of the end of 2022)

Oji-kan Facility Users	20,599
(Breakdown) Group companies in Japan	16,136
Contractors	4,360
Overseas business sites	103
Attendees of on-site training	9,140
Total	29,739

External Communication

We participate in the health and safety committees of the Japan Mining Industry Association and Kyohokai* to obtain information on legal revisions and response methods, and to introduce the latest health and safety technologies and improve the level of health and safety by visiting each other's factories and developing good practices.

We also use outside consultants to conduct safety culture assessments at SMM Group's major business sites, and the Safety & Environment Control Department presents the results to the business sites, and discusses them to improve safety initiatives.

* Kyohokai: Consists of more than 200 contractors for Toyota Motor Corporation

Priority Initiatives for FY2022

GRI 403-5

In addition to continuing to improve the intrinsic safety of its equipment, the SMM Group is strengthening measures to separate pedestrians from vehicles and promoting the installation of AI cameras on heavy machinery to prevent the fatal accident that occurred in 2021 due to contact with heavy machinery (a forklift). In addition, we are focusing on the prevention of serious accidents caused by moving equipment, heights, heavy objects, etc. We have also launched initiatives for smart mining. To enhance line management, including improving the skills of management and supervisory staff, we are promoting the implementation of the work observation manual and point card, which were formulated in 2021. We are also enhancing hazard simulation training by incorporating VR equipment.

In terms of health, we are promoting equipment improvements with the goal of eliminating workplaces in the Control Class 3. We are also promoting systematic improvement of work environments to eliminate workplaces in Control Class 2. The Safety & Environment Control Department planned health patrols, and together with the Safety & Environment Control Center in the Besshi District, where there is a high concentration of such workplaces, and the health and safety officers of business divisions provided guidance and followed up on progress in improving and maintaining work environments at business sites through patrols and other means.

Results and Reflections on FY2022 Initiatives

In FY2022, we missed our safety targets (seven or less accidents and zero serious accidents for all Group companies in Japan), having 24 total accidents and three serious accidents. Although the risk of heavy machinery accidents has been reduced as a result of efforts in FY2022, this failure is believed to be due to the accidents caused by human error such as simple mishaps or carelessness, mainly during the summer, in addition to incomplete safety improvements in automated equipment, etc. Therefore, measures against human error are necessary in addition to further promote intrinsic equipment safety improvements.

As for the health-related targets, we have achieved zero cases of work-related ill health, with Control Class 3 workplaces reduced from the previous year (from five to two), and we will steadily formulate and implement improvement measures toward achieving zero Control Class 3 workplaces.

In addition, chemical management is undergoing a major transformation starting in May 2022. First, the entire company will share the overall schedule and outline of the changeover, and then we will ascertain information on the legal revisions that will be sequentially enforced as early as possible and respond appropriately.

Action Plan for FY2023

In FY2023, we will promote comprehensive inspections and measures for automated equipment to further promote intrinsic equipment safety.

In addition, to prevent human error and recurring accidents, we will improve the skills of workers by strengthening education for line managers, promoting 5S (a workplace organization method) and improvement of the work environment through the initiative of top management, and enhancing education at Oji-kan Facility, including incorporating VR. Through these efforts, we will achieve a comfortable and safe work environment.

Action Plan for FY2023

1. Improve and make equipment intrinsically safe, with emphasis on preventing serious accidents

(1) Promote overall inspection and implementation of safety measures for automated equipment

(2) Identify risks through on-site work observation guidance, requests for implementation, etc.

2. Prevent recurring accidents






(1) Dig deeper into causes, focus on countermeasures, and promote horizontal development

(2) Hands-on training using VR
3. Infrastructure development

(1) Reinforce line safety management

(2) Improve work environments to encourage safe behavior from employees

Data on Employee’s Occupational Health and Safety

- Work-Related Incidents  P.142
- Work-Related Ill Health  P.143
- Occupational Health and Safety Management System  P.144
- Identification of Hazard Sources, Risk Assessment, and Accident Investigation  P.145
- Services, Education, and Training regarding Occupational Health and Safety  P.146

Diverse Human Resources / 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

GRI 3-3

Based on the approach of “respect for all individuals” set forth in our Corporate Philosophy and in accordance with the Sumitomo Metal Mining Group Policy on Human Rights, we work to secure, foster, and utilize human capital by respecting the diverse values of all employees and fostering workplace environments in which all employees can fully demonstrate their abilities.

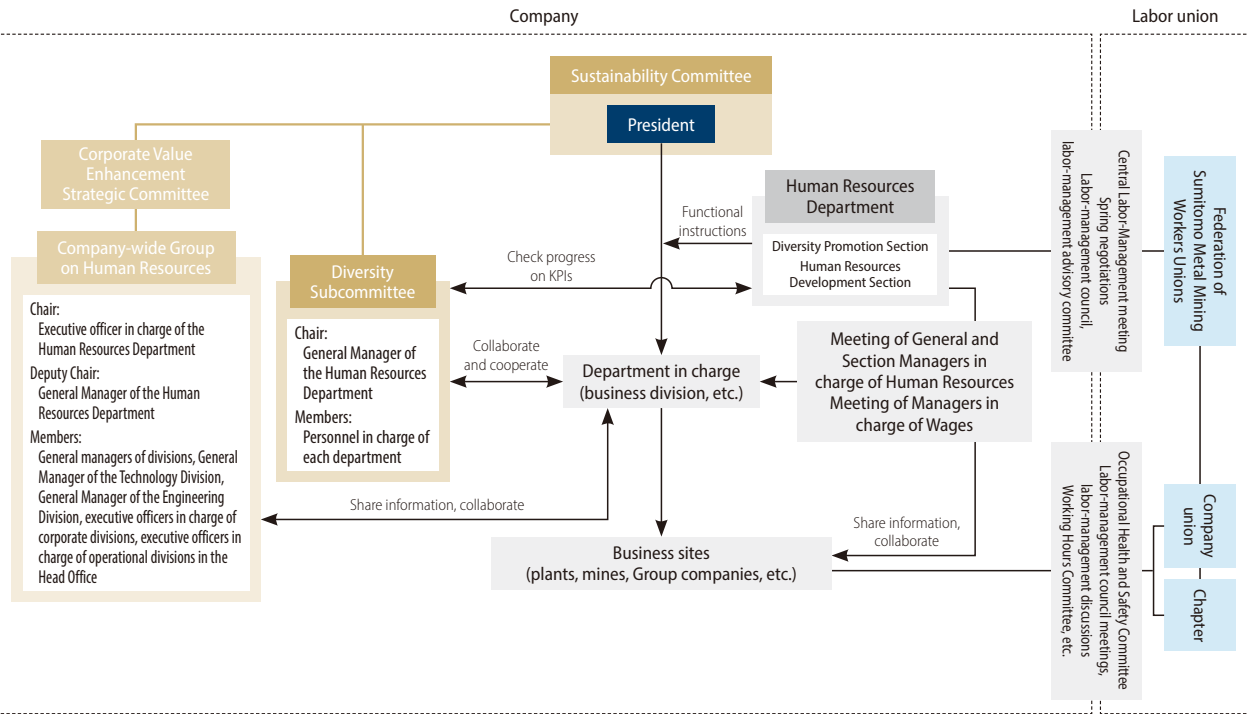
The business environment surrounding companies is a difficult one in which the future is difficult to foresee, and societal changes that overturn conventional wisdom have begun to occur one after another. We believe that our Company, too, will face difficulty in aptly adapting to such changes through the continuation of conventional approaches. Building an organization and developing employees who are not afraid to make changes, even changing themselves, is an urgent challenge for us.

In response, in July 2023 we revised our human resource system to one centered on a job grade system for managerial track employees, in order to take in diverse human resources, make use of diverse values, and enhance our corporate value while maintaining a membership-style employment mechanism that allows organizations and employees to grow from a long-term perspective. We will make our Company into one that continues to provide the sense of security and stability of the past while also enabling new challenges, transformation, and growth as all employees learn and grow autonomously.

Promotion Structure

GRI 3-3

Promotion Structure



Company-wide Group on Human Resources

With the executive officer in charge of the Human Resources Department as the Chair and the General Manager of the Human Resources Department as the Deputy Chair, the Company-wide Group on Human Resources is placed within the Corporate Value Enhancement Strategic Committee to link management strategy with human resources strategy. In addition to promoting the rational assignment of human resources, the group engages in discussions of cross-company human resources strategies related to the securing, fostering, and utilization of human capital, including the systematic development of the next generation of management and future managers. It meets one or more times per quarter.

Diversity Subcommittee

With the Human Resources Department as its secretariat, the Diversity Subcommittee engages in discussions and confirmation of progress on KPIs, placing a particular focus on diversity within the area of human resources utilization. It is composed of members from other departments and meets two or more times per year.

Meeting of General and Section Managers in Charge of Human Resources

Led by the Human Resources Department, this Meeting of General and Section Managers in Charge of Human Resources at all Group business sites in Japan meets one or two times per year to update and share information on matters including legal revisions, human resources, and organizational management trends, as well as to align awareness of human resources issues and determine policies concerning new initiatives. Its main agenda items include legal and systemic revisions, issues related to the securing, fostering, and utilization of human capital and future measures to address these, and measures undertaken by business sites. Following conference meetings, we connect discussions to the study and execution of effective personnel measures at sites.

Central Labor-Management Meeting

The Central Labor-Management meeting is held at least once a year to contribute to trouble-free discussions and negotiations between labor and management and to the stability of labor-management relations. Participating parties include all officers, including the president, on the company side, and the Federation of Sumitomo Metal Mining Workers Unions and all company union committee chairs on the union side. We explain the Company's business situation and outlook to the union and engage in active exchanges of opinions with union executives.

Local Labor-Management Discussions

Local Labor-Management meetings are arranged one or more times per month as venues to regularly explain our business situation to labor unions (company unions and chapters) and employee representatives, and to collect opinions and requests from employees. In response to requests regarding occupational health and safety and improvements to work, we perform checks of situations and then enact necessary improvement measures.

Labor-Management Committees

The labor-management committees are charged with implementation when details of matters discussed between labor and management are investigated and studied, or when the effectiveness of the matters that have already been decided and put into operation are subjected to verification. The committees are formed for a given length of time as necessary, with their conclusions reported to labor-management representatives.

Diverse Human Resources / Development and Participation of Human Resources

Medium-Term Targets and Progress

GRI 3-3

To achieve our Vision for 2030, we are managing progress for each KPI and have made achievement criteria and action plans for up to 2030.

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
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				
• Both scores have improved since the previous survey (2019) Appeal of management measures 3.47→3.55 Management by superiors 3.56→3.69 Appeal of job 3.38→3.45 Overall appeal of workplace 3.23→3.36 Details P.98	• Enhance all scores in the FY2023 employee awareness survey through the introduction of one-on-one meetings and activities aimed at creating an open and vibrant workplace climate	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 FY2023 • 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) (2) Percentage of female employees: 20% or higher (SMM)				
(1) Number of female SMM managers: 20 (2.9% of managers) (2) Percentage of female SMM employees: 12.9% (445 employees) • Dispatched five future leader candidates to training in interactions with other industries, in order to develop human resources who can serve as role models • In our recruitment plan, set the recruitment percentage for women in managerial track positions to 20% and formulated target numbers to be reached by 2030 Details P.99-100	• Continue to dispatch future leader candidates to training in interactions with other industries, in order to develop human resources who can serve as role models • Begin study aimed at the formulation of duty-specific recruitment and development plans	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 females 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 females 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				
• 14 as of the end of FY2022 • Conducted questionnaires for foreign employees aimed at understanding current problems, and conducted interviews with those who wanted them • Provided feedback to superiors and conducted hearings on issues Details P.101	• Continue study of measures related to issues identified in FY2022 and continue hearings on issues through exchange meetings, etc. • Consider workplaces for trial acceptance of foreign employees and start approach to local recruitment	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)				
• 2.57% as of June 1, 2022 • Accepted university student internships and workplace practical training for special needs schools • Implemented initiatives to foster a workplace climate aimed at retaining employees with disabilities (convened meetings of personnel in charge of recruitment of people with disabilities, etc.) Details P.101	• Consider new recruitment channels aimed at increasing the percentage of employees with disabilities • Continue to accept university student internships and practical training for special needs schools • Implemented initiatives to foster a workplace climate aimed at retaining employees with disabilities (convened meetings of personnel in charge of recruitment of people with disabilities, etc.)	Achievement Criteria	• 2.7%	• 3%
		Action Plan	• Host practical workplace training for employees 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)

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
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				
• Use of parental leave: 106% for women, 95.6% for men (excluding leave with pay for child-rearing: 42.4%) • Employees who left work due to nursing care: 2 • Conducted seminars, briefings on programs, etc. (seminars on the parental leave system, support for balancing of work with child-rearing and nursing care, etc.) • Implemented career life plan and career design training Details P.93, P.96-97	• Use of parental leave: 100% for women, 95% for men (excluding leave with pay for child-rearing: 45%) • Employees who left work due to nursing care: 0 • Continue to hold seminars on the parental leave system, and on support systems for balancing work with child-rearing and nursing care, etc. • Continue to provide consultation through the Work-life Support Desk • Implemented career life plan and career design training	Achievement Criteria	• Use of parental leave: 100% for women, 95% for men (excluding leave with pay for child-rearing: 50%) • Employees who left work due to nursing care: 0 • Implement measures for medical treatment	• Use of parental leave: 100% for women, 95% for men (excluding leave with pay for child-rearing: 60%) • Employees who left work due to nursing care: 0 • Implement measures for medical treatment
		Action Plan	• Seminars on support systems for balancing work with child-rearing and nursing care • Seminars on the 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 work with child-rearing and nursing care • Seminars on the 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				
• The percentage of employees taking long-term leave due to mental health disorders and the percentage of total number of days of leave taken increased Percentage of employees taking leave FY2021: 0.97% → FY2022: 1.12% Percentage of total number of days of leave taken FY2021: 0.37% → FY2022: 0.43% • Implemented site-specific measures (Ome District Division, Harima Refinery), based on organizational analysis of stress checks • Assessed mental health training attendance rate Details P.103-104	Initiatives using results of stress checks • Based on results from analyses of groups, analyze personnel and labor issues by department, set themes for improvement, and draft and execute action plans • Promote “Mental Health Management Supervisor Training” for managers and supervisors at workplaces with issues (100% attendance rate)	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				
• Percentage of employees with abnormal findings indicated in health checkups: 58.0% • Created a foundation for health and productivity management promotion by establishing related policies and regulations and delivering a message from the president on the health and productivity management kick-off • Set medium- to long-term milestones in the “Employee Health Promotion Roadmap” and formulated and executed a FY2022 promotion plan incorporating the roadmap • Obtained first certification as a Health & Productivity Outstanding Organization Details P.102-106	• Strengthen letter-based follow-up with employees at high risk for life-style-related diseases • Implement program for quitting smoking • Address employees at high risk of serious illness • Make use of health portal site • Hold walking events • Hold regular health seminars • Continue certification as a Health & Productivity Outstanding Organization • Prepare for creation of a company-wide health and productivity management system	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 to obtain Health & Productivity Stock Selection • Percentage of employees with abnormal findings indicated in health checkups: 50% or lower (52% or lower during period of 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 life-style-related diseases • Verify and review effectiveness of measures	• 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 life-style-related diseases • Verify and review effectiveness of measures

Diverse Human Resources / Development and Participation of Human Resources

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2023 3-Year Business Plan (FY2030)
KPI 3. Diversify opportunities to enhance the abilities of employees according to employee needs and work needs 1) Utilize one-on-one meetings that bring out the motivation and potential of every employee and boost the growth of subordinates through regular dialogues between superiors and subordinates				
<ul style="list-style-type: none">Introduced one-on-one meetings in the Head Office District from August 2022Implementation rate: Over 70% (questionnaire results following introduction) Details P.93	<ul style="list-style-type: none">Continuously implement initiatives to improve the implementation rate and relationships between superiors and subordinates in the Head Office DistrictExtend to managerial track and staff positions at all business sites in FY2023. Make use of knowledge in the Head Office District to improve the implementation rate and relationships between superiors and subordinates	Achievement Criteria	<ul style="list-style-type: none">Firmly establish one-on-one meetings in the Head Office DistrictExpand one-on-one meetings outside of the Head Office District (primarily management and administrative positions)	<ul style="list-style-type: none">Firmly establish one-on-one meetings Group-wide
		Action Plan	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">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.
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">Implemented career training (training in second year since joining company, training for E-class and newly-promoted section managers, training at 50 and 58 years of age)Implemented trial introduction of a talent management system that contributes to strategic human resources development and personnel assignment in human resources dutiesJCO Study Center training participation rate: SMM employees: 92%; Group companies' employees: 78% (as of March 2023) Details P.90-94	<ul style="list-style-type: none">Implement career training (training in second year since joining company, training at 35, 43, 50, and 58 years of age)Introduce talent management system for duties other than human resources in FY2023JCO Study Center training Conduct focused teaching at affiliated companies with aim of achieving target attendance rate of 80% for employees of Group companies	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 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">Introduced self-development support tools (online learning tools) for managerial track employees and managers in the Head Office District Details P.93	<ul style="list-style-type: none">Together with the revision of the managerial track personnel system in July 2023, introduce self-development tools for all managerial track employees and conduct evaluation in both quantitative and qualitative terms, with the aim of creating a corporate culture in which all employees continue to learn and grow	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

Employee data (including new hires and departures) [P.146-152](#)

Human Resources Development

GRI 3-3/404-2

Approach to Human Resources Development

We believe that autonomous growth by every employee will lead to sustainable growth for our Group. In order to build a new business model and adapt to a changing business environment, we provide all employees with opportunities to improve their capabilities and are developing human resources who can steadily execute on growth strategies.

We believe that self-development by individual employees and practical on-the-job training (OJT) that is planned and continuously carried out through everyday work, along with appropriate assignment of personnel resources with an intention of development, form the foundation for employees' growth. In OJT, we encourage not only acquisition of knowledge and skills for jobs but also growth as a person through work. In off-the-job training (OFF-JT), we are constructing a system for diverse training, workshops, e-learning, and other training for each human resource management classification* and are promoting autonomous learning by employees.

Under the thinking that appropriate involvement of superiors is important in the growth of subordinates, superiors make efforts to actively support the motivation and enthusiasm of subordinates. In our target management system, we evaluate employees' medium- to long-term efforts and attitudes toward challenges. We also provide active support for career development, including our transfer request system, so that all employees can independently consider their careers and work with motivation. To improve

the quality of communication between superiors and subordinates and draw out the capabilities of every individual, we are introducing and gradually expanding one-on-one meetings.

In addition to the Human Resources Division, we conduct division-specific and function-specific human resources development. For specific function, we clarify the person in charge of development and engage in Company-wide development and utilization (assignment) of human resources.

* To accommodate differences in goals and basic approaches in development and utilization (assignment), we have established human resource management classifications of "managerial track" and "operating track" in line with the roles of employees, and are developing different human resource development systems, conducting development and assignment in line with each human resource system

Training Systems

We are building training systems aimed at improving the capabilities required for each human resource management classification, hierarchical level, job function, and individual.

SMM Human Resources Development Program

		Officers	Managers (managerial track employees)	General employees (managerial track and operating track employees)
OJT	OJT			OJT programs for new employees Function-specific OJT programs for new employees Mining School
Self-development	Support for self-development			Brush-up training e-learning Foreign language programs Fee assistance for language proficiency tests Correspondence education General culture education (Head Office)
OFF-JT	Development of global human resources			Overseas training Language training prior to overseas assignment Global staff training
	Compliance, governance, risk management			Compliance seminar Human rights seminar, seminar on promotion of diversity JCO Study Center training
	External training			Pursue higher education in Japan Dispatch to MINETEC Training in Japan
	Safety, skills			Hazard simulation training Equipment skills training
	Women's career support			Training with women from other industries Individual career support
	3-year program for managerial track new employees			• Training program for new employees • Short-term overseas training • Second-year training • Third-year graduation paper presentation
	Mid-career hires			Training program for mid-career hires Secondary training for mid-career hires
	Hierarchical level-specific training			Seminar for newly promoted employees (E-class, S-class, F-class) Class-specific training Preparatory curriculum (e-learning)
	Development of next generation of management			Middle Management Program Officers' Coaching School Training to develop the next generation of executive managers Training and seminars with other companies' managerial track employees
	Career training			Career design training for persons in their 30s (Head Office) Career design training (at age 35 and 43) Career design & life plan training (at age 50 and 58)
	Project leaders			Project management training
	Specialized education			Outside seminars and workshops Business basics enhancement training (Head Office) New employee's supervisor training Supervisor/line leader training Problem-solving training for office workers Smelting & Refining University
	Work-life support			Seminar for balancing work with child-rearing and nursing care

Education for managerial track employees Education for operating track employees Education for all employees

Diverse Human Resources / Development and Participation of Human Resources

Hierarchical Position-Specific Education for Managerial Track Employees

This education falls under two types: grade-specific training conducted when employees are assigned to a job grade corresponding to staff in charge of a business or bearing duties and responsibilities for managing a workplace, and preparatory curriculum that must be taken in advance. The education enables employees to take on the duties and responsibilities demanded of each job grade category and to deliver results.

Grade-specific training	In this training, employees visit Sumitomo's and Company-related facilities to encounter the Sumitomo Business Spirit and the Company's history, to reaffirm their self-awareness and their responsibilities as employees of the Company.
Preparatory curriculum	We are developing e-learning aimed at advance acquisition of the knowledge and skills (in-house knowledge, problem solving, management skills, etc.) that employees need in order to take on the duties and responsibilities of higher job grade categories. Under this training, employees autonomously consider their careers and study and acquire required knowledge, capabilities, and skills in advance, to enhance their capabilities for executing work and to meet expectations for fulfilling their required duties and responsibilities.

3-Year Program for Managerial-Track New Employees

We consider the first three years since joining the Company to be a development period for new employees, during which the foundation for the employees as businesspersons is formed. By urging employees to envision their futures beyond those first three years, encouraging self-improvement under clearly defined three-year goals, and conducting training programs at set times, we promote employees' growth as individuals.

Training program for new employees	We conduct new employee training for about one month under a curriculum focused on classroom learning, group work, and visits to business sites and facilities related to the Company, while also teaching fundamental matters for working persons. This training is aimed at equipping employees with an awareness as employees of the Company and a recognition of their responsibilities, and having them envision their own roles and futures. Together with this training, we implement overseas programs such as language training to develop global human resources.
Second-year training	We work to enhance motivation toward work and engagement with the organization by providing employees with opportunities to reaffirm their positions and expected roles, as well as to envision their future careers, by looking back on their first two years since joining the Company.
Third-year graduation paper presentation	To wrap up the three-year development system, we hold a paper presentation event aimed at letting employees reaffirm their roles and organize their medium- to long-term career prospects. We work to promote autonomous career formation by having employees summarize the issues and work that they tackled during their first three years, along with their prospects from their fourth to tenth years.

Development of Next Generation of Management

We believe in the importance of expanding our human resource pool through planned development as well as experience through work. Toward that end, we implement multiple selection-based programs (Middle Management Programs, Training to develop the next generation of executive managers, Officers' Coaching School, etc.) for specific target groups as a way to develop the next generation of management. We also actively dispatch personnel to multiple external programs and, through training and seminars with next-generation management resources outside the company, work to equip employees with perspectives not obtainable within our Company alone.

Officers' Coaching School	We launched the Officers' Coaching School in 2014 as a venue for executive officers and the school's students to inspire each other and consider their self-development. Each class consists of 8 to 10 junior and middle-management employees. Executives serve as the head and deputy head of each class, which operates independently and issues a report once a year. Classes established based on functions such as mineral resource business, smelting and refining business, materials business, research and development, equipment and technology, human resources, accounting, and sales select key themes for the Company 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.
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Training to develop the next generation of executive managers	We have held training to develop the next generation of executive managers since FY2011. This training is for the purpose of selecting leader human resources in their late 40s who will lead our Company in the near future, instilling managerial sensibilities in the participants. We implement a practical program of about nine months aimed at fostering preparedness and motivation, while training participants in the knowledge and thinking skills needed to stand at the starting line of change and growth and engage in corporate management amid global and rapid environmental changes.
Middle Management Program (MMP)	Since FY2008, we have carried out MMP as a program to select human resources in their 30s to early 40s who can be expected to lead organizations in the future, and to equip these persons with more high-level perspectives. Through discussions of material issues for the achievement of Vision for 2030 over the course of about five months, with members of our management team serving as lecturers, MMP works to raise the level of the mid-level managers who will lead the next generation.

Self-Development Support and Recommendations

To actively support employees' own motivation and ambition, we offer numerous programs including online video-based learning, e-learning, correspondence education, and foreign language courses (English, Spanish, and Chinese), and are preparing systems that let employees learn autonomously. In our online video-based learning program for all managerial track employees, we promote autonomous learning by employees through the acquisition of knowledge and skills required for higher grade categories (problem solving capabilities, management skills, basic management knowledge) and knowledge concerning the Company's business strategy, occupational health and safety, diversity, and labor management. From FY2023, all employees are eligible for qualification congratulatory gifts aimed at developing employees who possess high-level expertise and at securing holders of qualifications necessary for business or closely related to work, along with appointment and notification allowances designed to motivate employees who take on new external responsibilities due to appointment or notification.

Promotion of Growth, Communication, and Human Resource Network Creation

One-on-one meetings	In FY2021, we introduced one-on-one meetings aimed at raising the quality of communication between superiors and subordinates, tapping the capabilities of every individual, and building organizations that achieve results. Led by and for the benefit of subordinates, one-on-one meetings provide regular opportunities to draw out the capabilities of subordinates and promote their autonomous growth through dialogues with superiors. In carrying out the meetings internally, we work to widely communicate psychological safety, the purpose and significance of the meetings, and the required skills and mindset to superiors and subordinates.
DX Salon	Every two months, we hold DX Salon as an opportunity for reviewing conventional ways of working as well as to spur employees' interest in digital technologies. Here, employees who have tackled business efficiency through digital means can share the background, details, and outcomes of their efforts. Through these casual face-to-face exchanges of information, participants have increasingly expressed the desire to make their work easier through digital technologies.
Head Office ACROSS	We hold ACROSS* once a month as an event to advance "communication activation," one of the goals of our renewal of the Head Office. In ACROSS, employees provide overviews of their business, examples of DX initiatives, and other topics to promote understanding of each other's work and targets. * Accelerate Co-creation Roundly Over the Sections in Sumitomo Metal Mining

Career Design Training, Career Design & Life Plan Training

To remain a company where employees can work with pride, motivation, and joy, we believe it is important that employees are able to autonomously envision their careers and continue working with spirit. Toward that end, beginning from employees' second year after joining the Company, we conduct career design training at the ages of 35, 43, 50, and 58. We have also set opportunities for employees to clarify their future career goals and action plans through reviews of their careers while touching on age-specific career issues.

Diverse Human Resources / Development and Participation of Human Resources

JCO Study Center Training

We believe that we bear an obligation and responsibility to pass on lessons of the JCO criticality accident that must never be forgotten by Group employees. For this reason, we established the JCO Study Center in October 2010 as an experience-oriented facility where people can come into direct contact with the facts of the incident. Through materials, audio, video, and other media, visitors can learn about topics including the accident’s direct causes and risk management at the time, to ensure that such an accident never occurs again. We are making efforts to have all Group employees undergo JCO Study Center training at least once, by incorporating it into all manner of training. As of the end of March 2023, 92% of our employees and 78% of employees of Group companies have experienced the training.

Human Rights Seminar

As stated in our Corporate Philosophy, we aim to be a forward-minded and vibrant company that recognizes the dignity and value of people based on respect for all individuals. Setting December of every year as Human Rights Month, we undertake human rights training throughout our Group. In the advancement of diversity, people’s unconscious assumptions, preconceptions, and stereotypes can create hindrances and lead to harassment. In FY2022, we conducted education on unconscious bias at workplaces, with the aim of recognizing differences in people’s attributes, backgrounds, and experiences and creating workplace in which people can inspire each other and grow—in other words, achieving diversity.

Time spent on employee education [P.153-154](#) Amount of investment in education [P.154](#)

Utilization of Human Resources (working style reform and the creation of workplaces where diverse human resources can play active roles)

Working Style Reform Approach

The purpose of the working style reform that our Group pursues goes beyond shortening working hours to enhance the growth and productivity of every employee, thereby efficiently advancing high-quality work in a limited time frame and creating new value. Restated, the purpose is “rebuilding the ability to work,” which we believe will lead to growth of the Group as a whole. We announced the start of working style reform efforts in April 2017, and since then have continuously advanced a variety of initiatives. In addition to strengthening management of appropriate working hours and reducing long working hours, we have created an environment that lets all employees demonstrate their abilities in work. We anticipate that employees will invest the time created through working style reform in themselves, using it as an opportunity for personal growth.

Working Style Reform Initiatives

In our Group, particulars of work often differ by division and workplace, with the result that working style reform activities are generally undertaken on a per-workplace basis. Every year at every workplace, we create and carry out an action plan aimed at assessing and improving current conditions related to working styles.

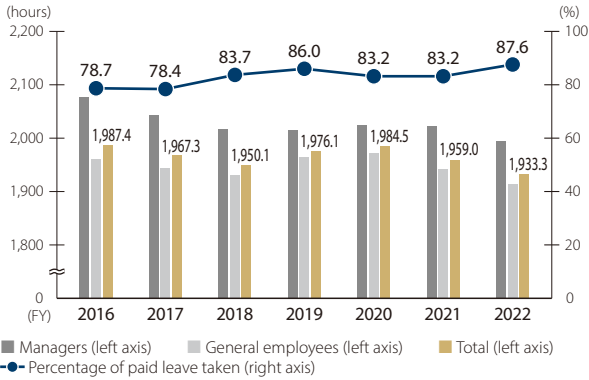
Average annual working hours are steadily decreasing, and we have begun initiatives aimed at reducing the number of persons who work long hours.

Commitment by top management	Communication of messages within the Company	
Assessment of current conditions	Assessment of current conditions, formulation of workplace-specific action plans, etc.	
New employment rules	Improvement of employment management systems, pursuit of flexible and efficient working styles, etc.	
Advancement of new jobs	Review of ideals for meetings and ways of creating meeting materials	Utilization of IT tools (in cooperation with the Information Systems Department), reduction of labor, switch to RPA
	Review of shift to paperless work and rules for using email	Work inventorying, work improvements, ideals for human resource development, etc.
Reform of awareness	Training for supervisors and staff	
Proper human resource assignment	Review of approach to staff organization	
Development of mechanisms for employment	Staggered working hours, flextime system, work-from-home system, half-day annual leave, hourly annual leave, half-day compensatory leave, etc.	

Diverse Working Styles and Labor Productivity

We make efforts to reduce employee average annual working hours to our target of 1,900 hours or lower, and report on progress toward this target every month at executive officers’ Meetings. The recognition of diverse working styles (work-from-home and flextime systems) matched to the job leads a more active involvement in work from employees and promotes reduced working hours and enhanced productivity. In the Head Office District, we have introduced a flextime system with no core hours, achieving flexible working styles grounded in the autonomy of employees. To promote the taking of annual paid leave, we also engage in labor-management dialogue at all business sites, and study and carry out related measures based on the situation at each site. Based on the reduction of annual working hours achieved through these initiatives, since April 2021 we have unified the annual scheduled working hours for all working styles to 1,920 hours. In FY2022, annual total working hours were 1,933.3 hours (average for all employees) and the percentage of paid leave taken was 87.6% (annual average for all employees). [P.154](#)

Average Annual Working Hours¹ and Percentage of Paid Leave Taken²



1. Average annual working hours = scheduled working hours (excluding leave, paid leave, etc.) + overtime hours
2. Scope: Employees of Sumitomo Metal Mining Co., Ltd. during the year (excluding limited-term employees who are specially hired employees)

Prevention of Long Working Hours and Overwork

Our Company complies with the laws and regulations of countries and regions regarding long working hours and overwork. As an initiative in Japan to prevent health disorders due to overwork, since 2003, before our working style reform initiatives, we have made superiors aware of employees who have worked overtime for over 45 hours per month and conducted health guidance by occupational physicians for employees who have worked overtime for over 80 hours per month. In working hours management, since 2016 we have linked login and logoff time of PCs to our attendance management system to check the state of working hours. When the discrepancy between working hours and PC login/log-off times exceeds a certain criterion, we check whether a labor situation exists. From the standpoint of compliance with overtime and holiday work in accordance with Article 36 of the Labor Standards Act, we are building a mechanism that delivers email alerts about subordinates’ overtime hours to superiors, and are providing support for appropriate management in the workplace.

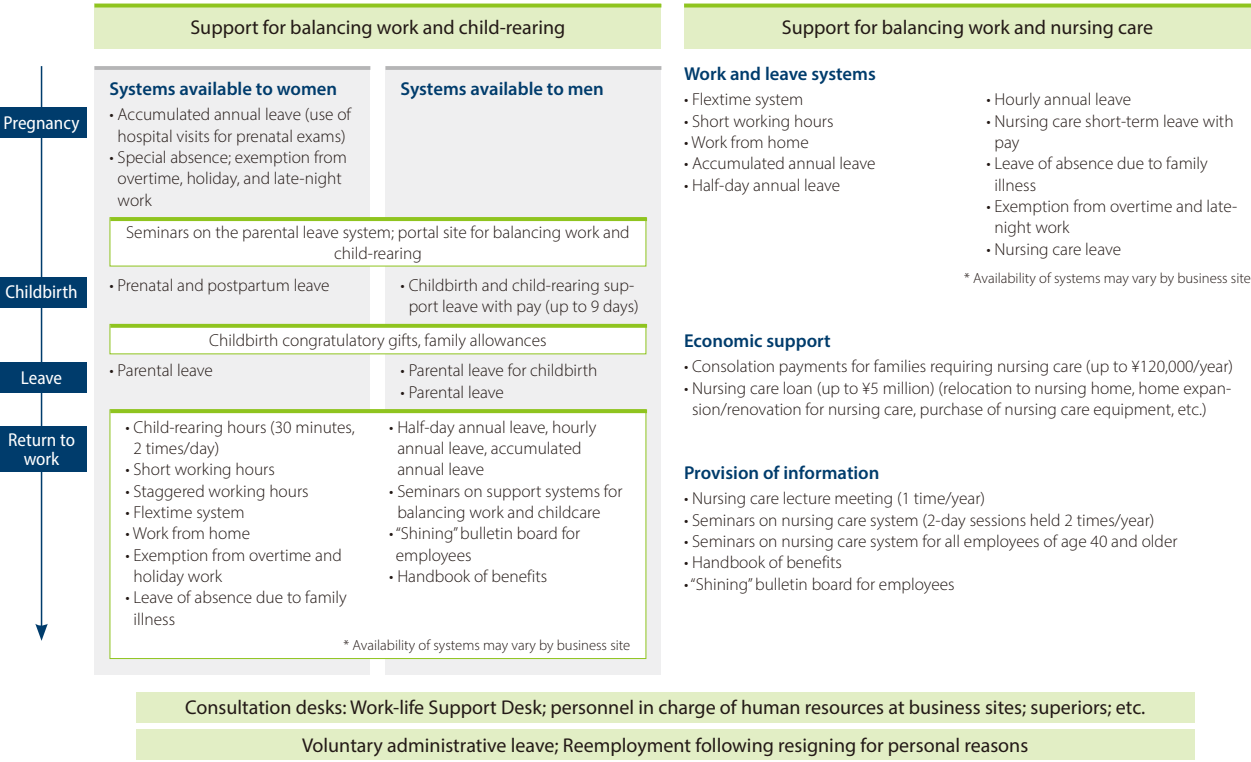
Diverse Human Resources / Development and Participation of Human Resources

Creation of Workplaces Where Diverse Human Resources Can Play Active Roles (initiatives and development of systems) GRI 401-2

Support Matched to Employees' Life Stages

Our Company offers support measures and systems matched to changes in life stages, such as joining the Company, marriage, childbirth, childcare, nursing care, and reaching retirement age. We also provide consultation and opportunities for information provision through training.

Support matched to employees' life stages



Support related to illness and health management

- Medical treatment consolation payments and administrative leave system for long-term leave of absence
- Health management leave for complete medical checkups (up to 2 days/year); medical checkup expense coverage (age 50 and older)

Support at the time of joining the Company

- Dormitory, company housing, housing expense subsidies, housing asset formation
- Employee Stock Ownership Association, defined contribution pension plan, etc.

Support at the time of marriage

- Wedding congratulatory gift payment and marriage leave
- Company housing rental; use of maiden name

Development of Support Systems for Balancing Work and Child-Rearing and Nursing Care

GRI 401-3

By enhancing our support measures beyond statutory requirements to let employees balance work and child-rearing and nursing care without worry, we are making efforts to create comfortable working environments. Our handbook on benefits summarizes internal systems, including those for child-rearing and nursing care. We revise the handbook to accommodate changes in systems, and make this information familiar to employees.

We further hold seminars on support systems for balancing work and child-rearing, aimed at employees and their supervisors before and after return from parental leave; seminars on the parental leave system to aid managers' understanding of systems associated with revision of the Act on Childcare and Caregiver Leave; and individual informational sessions on the parental leave system and interviews to confirm intent to take leave to aid understanding of the leave system by employees preparing for childbirth in the family.

Initiatives	Main content
Seminars on support systems for balancing work and child-rearing (from FY2019)	We conduct these seminars for employees in the Head Office District who have returned to work from parental leave, and for their superiors and other applicants, to build understanding of the aims and details of our in-house parental leave-related systems. From FY2022, we have offered seminars prior to employees' return to work to explain details of preparations for the return and for balancing work and child-rearing
Seminars on the parental leave system (from FY2019)	We conduct these seminars for employees who are expecting the birth of a child, as well as for their superiors and, from FY2022, all managers. The seminars' aim is to extend understanding of systems associated with revisions to the Act on Childcare and Caregiver Leave and to foster a supportive workplace culture. (All managers are scheduled to attend the session by the end of FY2023.)
Individual informational sessions on the parental leave system and interviews to confirm intent to take leave (from FY2022)	For employees who have provided notification of their own or a spouse's pregnancy, childbirth, etc., we hold these sessions in face-to-face or online format, attended by two or more people from the business site's human resources staff or from the Diversity Promotion Section of the Human Resources Department at the Head Office
Interviews before return to work	Before employees return to work, we conduct exchanges of information between the employees and their superiors to ensure trouble-free preparations for returning to work, balancing work and child-rearing, and readying systems in the workplace
Distribution of tablets	Development of an environment enabling access to Company information during parental leave

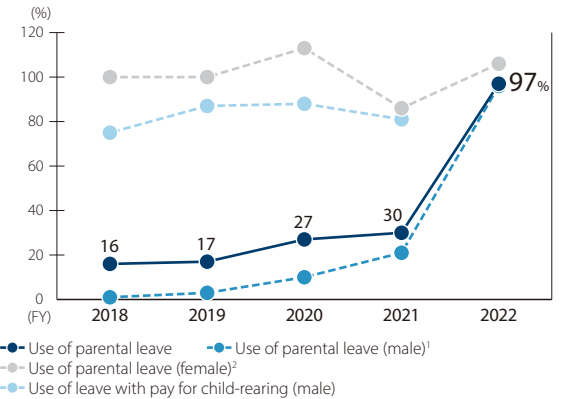
Of 107 employees (91 men and 16 women) who were eligible to take parental leave in FY2022, 104 (87 men and 17 women) did so. The percentage of eligible employees taking parental leave was 97.2% (95.6% for men and 106.3% for women). P.155

In support for balancing work and nursing care, we regularly conduct questionnaire surveys on nursing care-related awareness, conditions, and needs within the Company, and use the findings to continuously strengthen support for measures. Our questionnaire survey in FY2015 uncovered problems in the workplace climate for employees who provide nursing care, along with considerable anxiety among employees over nursing care in the future. In response, in FY2018 we launched a seminar on balancing work and nursing care, and have continued this seminar from FY2019 (including e-learning format) for all employees of age 40 and older. As understanding and cooperation by superiors and others in the workplace are indispensable in balancing work and nursing care, through the seminars we will establish an atmosphere that facilitates consultation with people in the workplace, and will explain necessary preparations and the Company's support systems for achieving that balance. Based on needs uncovered in the FY2019 questionnaire, we have continuously offered lectures by experts on nursing care and seminars on the Company's nursing care system, in order to reform awareness concerning balancing work and nursing care and to make the Company's nursing care-related systems known to employees. From FY2023, too, we plan to advance new initiatives such as creating opportunities for employees to exchange information and ideas on balancing work and nursing care. In FY2022, 2 employees took nursing care leave and 67 employees took nursing care short-term leave with pay. P.155

Work-life Support Desk

In April 2021, we established the Work-life Support Desk to respond to a wide range of requests for consultation from all 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 FY2022, the desk responded to 18 inquiries.

Status of Taking Parental Leave



From FY2022, the percentage of parental leave includes the percentage of leave with pay for child-rearing (male)
The percentage of parental leave (female) in FY2022 includes those who gave birth in FY2021 and took parental leave in FY2022, and thus exceeds 100%
1. Number of employees who took parental leave in FY2022 ÷ number of employees who submitted a notification of birth to the Company for birth by their spouse in FY2022 x 100
2. Number of employees who took parental leave in FY2022 ÷ number of employees who gave birth in FY2022 x 100

Diverse Human Resources / Development and Participation of Human Resources

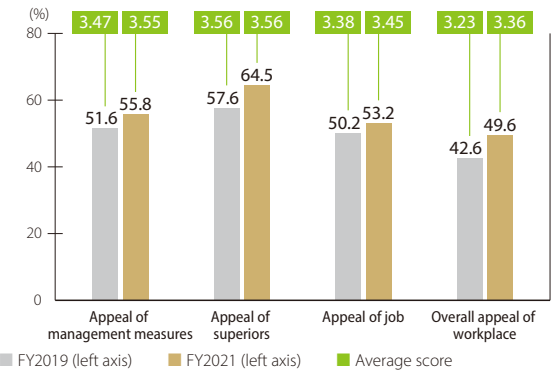
Employee Awareness Surveys and Internal System Development

To achieve the goal of creating workplaces where diverse human resources can play active roles, as set out in Vision for 2030, we are undertaking reviews of our personnel-related systems. We have selected items related to “Management by managers and superiors,” “Appeal of job,” and “Work environment” as KPIs, and have set the goal of improving these scores. In results for FY2021, scores for all items improved from the previous survey and the percentage of positive responses increased as well. [P.156](#)

We had conducted our employee awareness survey* once every three years, but from FY2023 will conduct the survey every year and use it to monitor performance. We will use the survey scores to continue planning and advancing better personnel-related measures for employees.

* Employee awareness survey [P.128](#)

■ Percentage of Positive Responses¹ and Scores² for Items related to the Employee Awareness Survey



1. Percentage of positive responses: Calculated from total responses of “Very much so” and “Somewhat so” among all response options (“Very much so,” “Somewhat so,” “Cannot say,” “Not so much,” and “Not at all”)
2. Average score: Calculated as the average value of responses, with “Very much so” as 5, “Somewhat so” as 4, “Cannot say” as 3, “Not so much” as 2, and “Not at all” as 1

■ Status of Development of Main Internal Systems over the Past Three Years (development of environments that facilitate and encourage work)

FY2020	Improvement of wages	Average for union members: ¥1,500
	Nursing care short-term leave with pay	Relaxation of requirements for usage and units for taking leave
FY2021	Extension of retirement age	Extension of retirement age for general employees (age 65)
	Annual scheduled working hours	Consolidation (reduction) to 1,920 hours
	Flextime system	Introduction of “no core time” (Head Office District)
	Internal reporting hotline	Establishment of a new Work-life Support Desk
	Special hourly leave with pay for child-rearing	Relaxation of requirements for usage and units for taking leave
	Health management leave	Elimination of age restrictions (when undergoing complete medical checkups)
	System for remote assignment away from family	Expansion of certification requirements, increase in allowances
	Miscellaneous expenses for transfers	Establishment of vehicle expense subsidy (up to ¥500,000)
	Housing allowance	Expansion of targets for payment, increase in payment amount to employees who are single
	Overseas worker allowance	Increase in hardship allowance
FY2022	Consolation payments	Review of accident consolation payments, establishment of evacuation and damaged vehicle payments
	Personnel evaluation	Review of handling of mid-career hires and employees returning from parental leave
	Telework system	Restructuring of work styles at the Head Office District
	Improvement of wages	Average for union members: about ¥4,800
	Annual paid leave	Increase in number of days granted, elimination of expiration of leave
	Accumulated annual leave	Increase in upper limit for accumulation, addition of usage requirements
	Family allowance	Changes to eligible employees and allowance amounts
	Work-from-home allowance	Payment according to number of days worked from home

Diverse Working Styles for Older Employees

GRI 404-2

Through FY2020, we offered continued employment for employees reaching the age of 60 in the form of re-employment. From FY2021, however, we have changed the retirement age for general employees to 65, so that employees can remain in active roles for a longer time. In FY2023, we revised our managerial track personnel system so that senior employees can continue working past the retirement age of 65, up to age 70. By offering a variety of options, we are achieving diverse working styles. We have also developed career and life plan training targeting employees age 50 or older at age 50 and 58, as well as a support system for change of career (with transfer support subsidies, re-employment support, etc.) to back up employees’ post-retirement lives.

Diversity & Inclusion

Approach

GRI 3-3/405-1

Our Corporate Philosophy calls for recognizing the dignity and value of people based on respect for all individuals. The SMM Group Code of Conduct, which summarizes specific standards of conduct for officers and employees in achieving that respect for individuals, stipulates that we “accept diversity and respect the individuality and rights of people.” The Sumitomo Metal Mining Group Policy on Human Rights declares that we will not allow discrimination, harassment, or bullying on the basis of race, religion, gender, age, sexual orientation, disabilities, nationality, or other characteristics in employment and work scenarios. Viewing diverse human resources and the development and participation of human resources as material issues, we aim to be “a company where all employees can take a vibrant and active part” as our Vision for 2030.

Perspectives and ways of thinking differ by individual, and values and criteria for judgment change with the environment and the times. For these reasons, it is important that we accept the differences among diverse members, accept one another, and work together while respecting and making use of individuals’ characteristics. To do so, we must make continuous efforts as individuals and organizations on a basis of mutual trust, thereby realizing diversity and inclusion, creating new wisdom, and becoming an organization capable of advancing growth strategies.

In order for diverse members to work together with motivation, in addition to the development of working environments and systems, since FY2017 we have worked to create an open and vibrant organizational climate* while fairly providing opportunities. We believe that under an open and vibrant organizational climate, every individual will respect the backgrounds of others regardless of differences and will engage in competitive hard work together with open discussion and generation of ideas.

Open and Vibrant Organizational Climate

* To activate the goodness of the organizational climate that was rooted in our Company, we have again put this into words and communicated it to employees

- Employees are able to convey their thoughts and insights without concern over differences among individuals, such as superior/subordinate relationships, senior/junior employee relationships, or gender
 - Employees welcome new ideas and challenges
 - Employees make what is right, not who is involved, their criteria for judgments
- Assumption: Organizational policies, targets, regulations, and rules are shared.

Initiatives toward Gender Balance (women’s active engagement)

GRI 202-1/404-2/405-1/405-2

To realize our Vision for 2030 to create workplaces where diverse human resources can play vibrant and active roles, we have set “number and percentage of female SMM managers” and “number and percentage of female SMM employees” as KPIs. In FY2022, the percentage of female SMM managers was 2.9% (20 employees) and the percentage of female SMM employees was 12.9% (445 employees), both figures having increased from the previous year. We have formulated an action plan based on the Act on the Promotion of Women’s Active Engagement in Professional Life* and are working to achieve our goals. Furthermore, through various measures such as proactive recruitment, appointment to a wide range of positions, and training of female leaders, we are making efforts toward furthering the active engagement of women. [P.156](#)

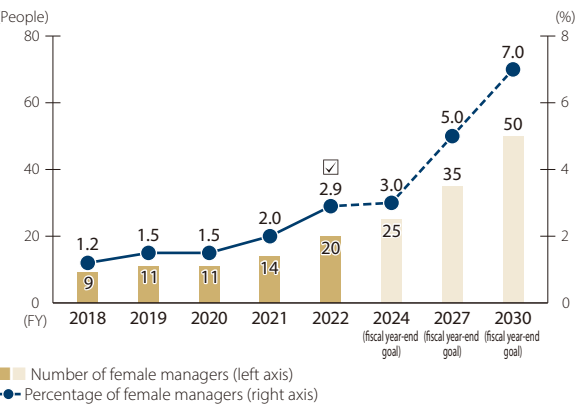
* Enacted in 2016 with the aim of realizing a society in which women can fully demonstrate their individuality and abilities, this law stipulates the responsibilities of the national government, local governments, and general business owners with regard to the promotion of women’s active engagement

■ Our Company’s Action Plan Based on the Act on the Promotion of Women’s Active Engagement in Professional Life (period of plan: April 1, 2021 to March 31, 2024)

Initiatives	
Number of female managers	20 or more
Percentage of paid leave taken	80% or more
Enact measures to support balance according to life stage	

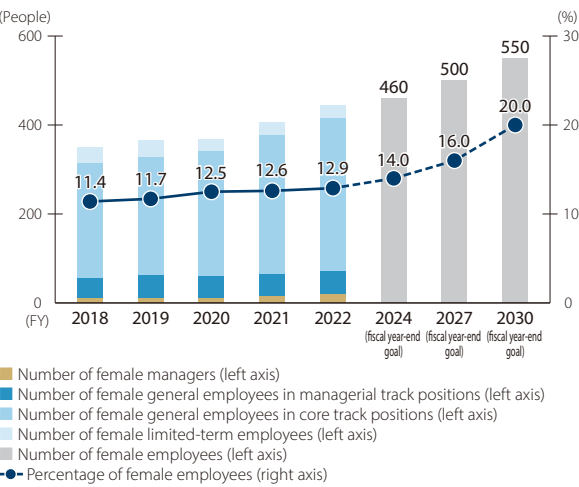
Diverse Human Resources / Development and Participation of Human Resources

Number and Percentage of Female Managers



Scope: Sumitomo Metal Mining Co., Ltd. (including seconded employees)

Number and Percentage of Female Employees



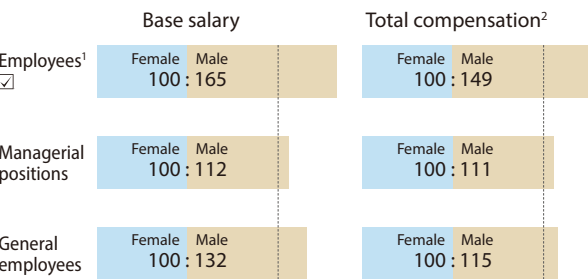
Scope: Sumitomo Metal Mining Co., Ltd. (including seconded employees)

Fair Systems of Evaluation and Treatment

Based on the Sumitomo Metal Mining Group Policy on Human Rights, we comply with laws and regulations concerning compensation, including the minimum wages established by countries and regions. In Japan, we have entered into an agreement with the Federation of Sumitomo Metal Mining Workers Unions on internal minimum wages that exceed region- and industry-specific minimum wages set under the Minimum Wage Act, as we work to improve the treatment of employees. [P.157](#)

We have also introduced an evaluation and compensation system free of distinctions or difference based on gender and age, with compensation determined by individuals' roles and achievements. The ratios of female-to-male compensation for non-limited-term employees in FY2022 were 100:165 for base salary and 100:149 for total compensation. We believe that this difference between male and female stems from the facts that the number of years of service is longer for male employees and the percentage of females in managerial positions is lower. To eliminate the difference, we will improve our retention rate for female employees and raise the percentage of female managers to an appropriate level. [P.156](#)

Ratios of Female-to-Male Base Salary and Total Compensation (FY2022)



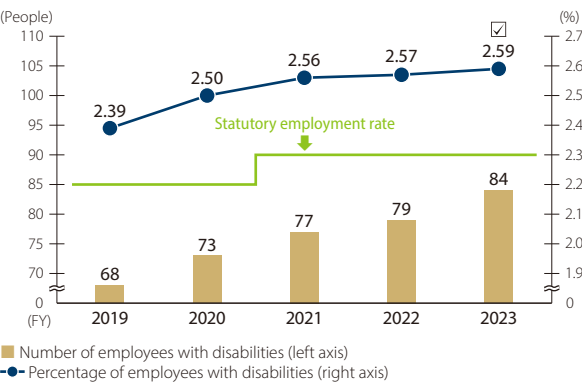
1. Scope: Non-limited-term employees of Sumitomo Metal Mining Co., Ltd. (including short-time workers)
2. Total compensation includes base salary, overtime pay, allowances for housing, family, commuting, etc., and excludes payments to employees who resigned

Promotion of Employment for People with Disabilities

In addition to career recruitment, every year since FY2019 we have accepted students from special support schools near our workplaces to take part in workplace experiences. 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. To support retention, we arrange meetings with human resource staff one and three months after joining the company and every six months thereafter to eliminate job-related anxieties and problems and to offer lifestyle-related support as needed, strengthening linkage with our employment support. Every year since FY2020, we have offered internships for university students with disabilities and actively recruited these students at workplaces that can make use of their expertise and characteristics.

From the standpoint of undertaking reasonable considerations, we install PATLITE lighting systems on all floors to enhance visual communication for deaf employees, make use of speech recognition software, hold in-house sign language classes and workshops allowing non-disabled employees to experience simulated disabilities, eliminate level differences inside facilities, and make improvements to restrooms. By acting under the idea of normalization to create environments in which people with and without disabilities can work together, we are steadily increasing our percentage of employees with disabilities. As of June 2023, our percentage of employees with disabilities was 2.59%, which exceeds the statutory rate of 2.3%. [P.157](#)

Number and Percentage of Employees with Disabilities* over the Past Five Years



Data is as of June 1 for each fiscal year, covering employees of Sumitomo Metal Mining Co., Ltd.
* The number of employees with disabilities is calculated according to methods prescribed in the relevant laws

Increase in Foreign Employees

Foreign employees in managerial track positions in our Company numbered 14 at the end of FY2022, an increase of 2 from the previous year. By content of work, these employees are divided roughly equally between technical occupations (research and development, engineering, manufacturing divisions, etc.) and clerical occupations (business divisions, corporate divisions, etc.), and are active in a range of workplaces and job categories.

In FY2022, we conducted a questionnaire to assess issues faced by foreign employees, along with interviews with those who wanted them, feedback to superiors, and hearings on issues. By holding round-table discussions with foreign employees in our Company and communicating the content through our Group in-house bulletins, we make all employees aware of the activities of our global human resources and internally raise awareness of the importance of creating workplace environments in which everyone can play active roles. In FY2023, we will study measures to address the issues identified in FY2022 and will undertake initiatives to expand the number of foreign employees in managerial track positions.

LGBT-related Initiatives

Our Sumitomo Metal Mining Group Policy on Human Rights prohibits harassment and discriminatory treatment on the basis of sexual orientation. From FY2018 to 2020, we held workshops aimed at deepening understanding of LGBT issues. In FY2020, we began training for executive officers and managers aimed at promoting understanding of changes in the external environment and of LGBT issues, and have since been gradually expanding the target groups for the training.

Maintaining and Improving Employees’ Health

GRI 3-3/403-6

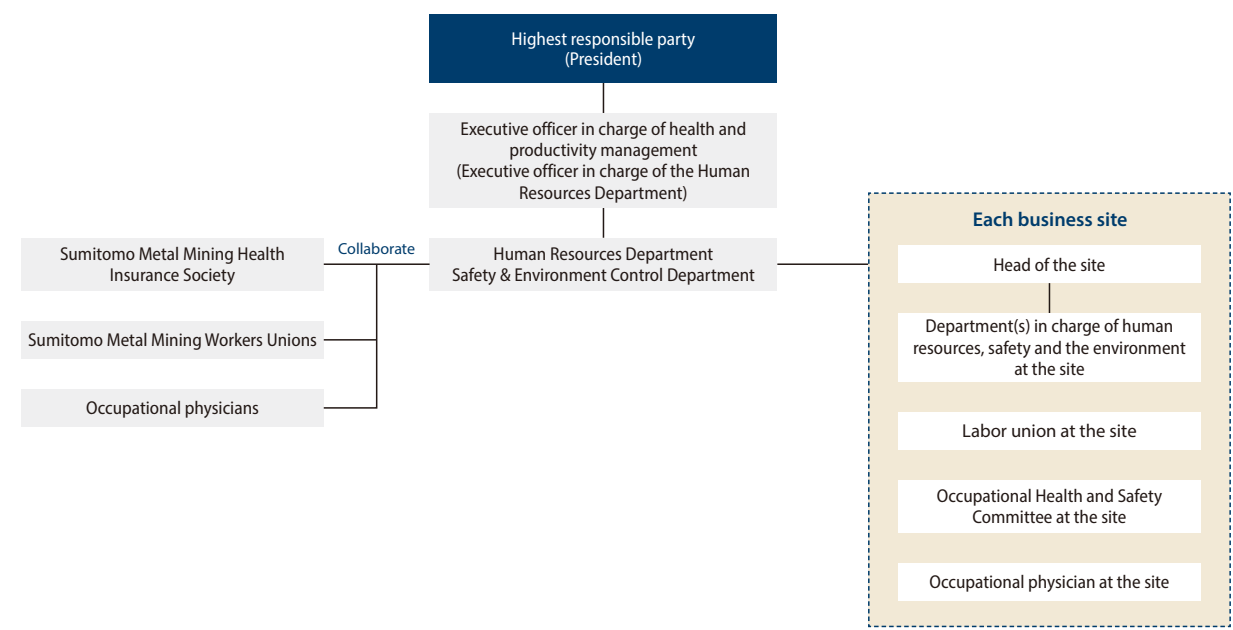
From an early stage, our Group has made securing the safety and health of officers and employees a priority from the standpoint of occupational health and safety. To ensure that all employees in our Group can work with greater health and motivation, we are undertaking and enhancing more effective maintenance and promotion measures for mental and physical health, in accordance with our health and productivity management policy. In March 2023, we received certification as a Health & Productivity Outstanding Organization 2023 (large enterprise category) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program of the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council).

Sumitomo Metal Mining Group Health and Productivity Management Policy

The Sumitomo Metal Mining Group recognizes that the ability of officers and employees to exert their capabilities to the fullest in good physical and mental health is an important foundation of our management. Accordingly, we promote efforts for the maintenance and improvement of health for every individual.

Sumitomo Metal Mining Group Health and Productivity Promotion Structure

GRI 403-6



Health and Productivity Management Plan

GRI 403-6

Employee Health Promotion Roadmap

Initiative stage	KPIs for health issues		FY2021 results	2021 3-Year Business Plan			FY2027 targets (Final year of 2024 3-Year Business Plan)	FY2030 targets (Final year of 2027 3-Year Business Plan)
				FY2022 results	FY2023 targets	FY2024 targets		
First Stage Improvement phase for employees facing high health risks (Target: High-risk employees)	I. Risk of onset of lifestyle-related diseases Reduction of percentage of men at medium or greater risk (requiring checkup, physician consultation)	Percentage at medium or greater risk	29.0%	29.6%	26.0%	25.0%	20.0%	18.0%
	II. Risk from smoking Halving of smoking rate for employees of age 40 and older	Smoking rate	25.0%	23.9%	21.0%	20.0%	16.0%	12.5%
Second Stage Health risk reduction and health promotion phase (Target: All employees)	III. Re-commitment to mental health measures (1) Reduction of number of workers taking long-term absence of 1 month or longer (2) Reduction of total number of days of absence for workers taking long-term absence	Number of employees	12	—	(1) Reduction of number of workers taking long-term absence of 1 month or longer (2) Reduction of total number of days of absence for workers taking long-term absence (3) Expansion of training and management of training attendance records, situational assessment, and confirmation of individual actions			
	Number of days	1,688						
	IV. Risk of obesity Reduction of obesity rate (BMI over 25) for employees of age 40 and older	Obesity rate (male)	39.0%	38.0%	38.0%	37.0%	28.0%	26.0%
		Obesity rate (female)	23.0%	23.4%	22.5%	22.0%	19.0%	18.0%
Promotion of health and productivity management				(1) Construction of health and productivity management policy, regulations, and promotion framework; in-house education and awareness-raising (2) Acquisition of Health & Productivity Outstanding Organization certification (3) Company-wide introduction of health management support system	(1) Continuation of Health & Productivity Outstanding Organization certification (2) Deployment of support system		(1) Acquisition of "White 500" Health & Productivity Outstanding Organization certification (2) Acquisition of Health & Productivity Stock Selection	Continuation of Health & Productivity Stock Selection
Percentage of employees receiving regular health checkups				100%	Continuation of 100% checkup percentage			

Addressing Mental Health Care

GRI 403-6

In 2007, we issued our “In-House Guidelines on the Prevention of Health Disorders Due to Overwork and on Mental Health Care.” We take action to prevent overwork from an early stage onward, and promote four types of mental health care: self-care, care by line management, care by staff, and care by external organizations. To support early return to the workplace, we are also developing systems for leave from work and trial return to work. [▶ P.158](#)

Percentage of Employees Taking Leave due to Mental Health Disorders

FY	2018	2019	2020	2021	2022
Percentage of employees taking leave*	0.51%	0.45%	0.40%	0.37%	0.43%

* Percentage of employees taking leave: Total number of days of leave taken ÷ number of scheduled working days x number of employees at end of fiscal year x 100
Scope: Employees of Sumitomo Metal Mining Co., Ltd.

Utilization of Stress Checks

To make effective use of statutory stress check systems, we conduct stress checks for all employees every year in accordance with our “Regulations for Promotion of the Stress Check System.” We also carry out workplace analyses and workplace environment improvements for which efforts are mandated, and report the results to management.

We developed a stress check system beginning in 2008, before systems were made mandatory in 2015. As the importance of the checks are well known, the rate of employees undergoing checks has remained very high.

Diverse Human Resources / Development and Participation of Human Resources

Based on results of the checks, we study and implement initiatives to improve the motivation of employees (i.e., increase the health and well-being of employees). Stress checks are a tool for evaluating employees' psychological load and stress factors. The data is kept anonymous and confidential by outsourced companies. To an extent that does not specify individuals, we assess and analyze trends and issues in departments, workplaces, and employee attributes, and feed the results back to organizations so that effective initiatives can be carried out at each business site. Employees identified in the checks as having high stress receive follow-up email communication from physicians regarding early response, checkups by specialists, and early recovery (shortening of the leave period). Upon request from individuals concerned, the Company also provides individual engagement and support.



Initiatives for mental health care

• Occupational Health and Safety Committees (formulation, implementation, evaluation, and deliberation concerning plans) • Labor-management committees (surveys and study)				
Mental health promotion plans				
	Self-care	Care by line management	Care by in-house staff (occupational physicians)	Care by external organizations (EAP)
Prevention, indications	• Statutory stress checks • Self-care training • EAP consultation desk • In-house consultation desk • Work-life Support Desk • Approach toward employees with high stress indicated by stress checks	• Training for care by line management • Assessment and improvement of workplace environment • Awareness of and response to unwell employees	• Health awareness-raising activities • Health consultations with occupational physicians • Consultation and guidance by occupational physicians for employees working long hours	• Follow-up based on results of stress checkups • Counseling (online, face-to-face, or telephone counseling for employees and their families) • Consultation and counseling by EAP staff (physicians, clinical psychologists, etc.)
Onset, recurrence, return to work	• Leave system	• Assessment and improvement of workplace environment • Support for return to work • Trial return to work system	• Regular consultations with occupational physicians • Support for return to work • Consultation with occupational physicians when returning to work	
Care by staff, line management, and cross-sectional organizations				
• Promotion of participation in training and education • Reduction of long working hours and notification of consultations with occupational physicians • Management of leave period		• Training for personnel in charge of human resource • Support for return to work • Training and assignment of occupational counselors		

Personal information is handled with due care in all of the initiatives

Illness Prevention and Health Promotion Initiatives

GRI 403-6

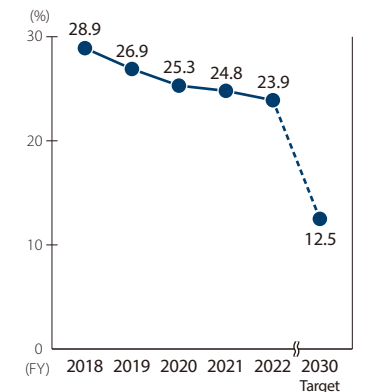
In cooperation with the Sumitomo Metal Mining Health Insurance Society, we are making initiatives for illness prevention and health promotion for our employees and their family members (dependents). To prevent lifestyle-related diseases, we promote the implementation of specific health checkups and specified health guidance, and encourage those at particularly high risk of serious illnesses to undergo checkups. We also subsidize all or part of the costs of various medical examinations, comprehensive health checkup system (Ningen Dock), and complete brain checkups. When undergoing complete medical checkups, employees can take health management leave (up to two days per year).

Furthermore, to promote smoking cessation, we have reduced the number of smoking areas and offer an online smoking cessation program for those who wish to quit. About 70% of participants in the smoking cessation program have successfully quit smoking. [▶ P.158](#)

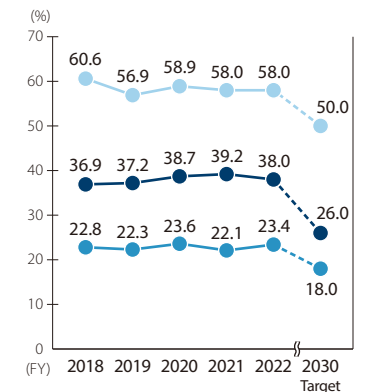
Main Projects for Illness Prevention and Health Promotion

- Specified health checkups and specific health guidance for the prevention and remediation of metabolic syndrome
- Comprehensive health checkup system (Ningen Dock), colon cancer screening, abdominal ultrasound screening, gastric X-ray screening, dental checkup
- “Body Report Card” to encourage checkups for employees at high risk of worsening of lifestyle-related diseases
- Online smoking cessation program
- Intermediary sales of household medicines

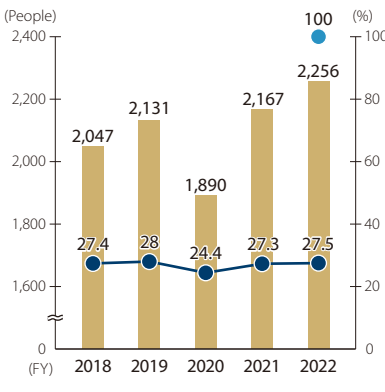
Smoking Rate and Target



Percentage of Employees with Abnormal Findings¹, Obesity Rate², and Targets



Percentage and Number of Employees Receiving Health Checkups



New Initiatives in FY2022

- **Complete brain checkups**
For insured persons who are of age 40 or older and covered under the health insurance society, we have begun checkups for early detection of brain-related disorders. About 140 employees underwent checkups in FY2022.
- **The personal health portal site “My Health Web”**
Employees can view incentive points, health information, health checkup results, medical expenses statements, health advice, and other information on this site to enhance their health awareness and better manage their health. In FY2022, we held a walking event in which about 500 participants competed on number of steps walked, based on measurements by smartphone.
- **HPV virus checks**
In FY2022 screenings for human papillomavirus (HPV), a potential cause of cervical cancer, about 120 insured persons (women) (80% of available screening openings) covered by the health insurance society made use of the screenings.

Diverse Human Resources / Development and Participation of Human Resources

New Initiatives Planned for FY2023

- **Health seminars**
We plan to hold health seminars four times a year on themes including diet, women’s health, and combating cancer.
- **Genome analysis**
Investigating one’s own genetic information to learn about innate risks such as disease susceptibilities aids in the prevention of disorders.

Long-Term Incentives and Rewards System for Employees

GRI 401-2

Details
Retirement Allowance

Under the Company’s retirement benefits system, our defined benefit pension plan, defined contribution pension plan, and retirement lump sum plan are wholly or partially applied at all Group companies. Through these, we are responding to the diversification of lifestyles later in life and changes in forms of employment, while providing peace of mind and stability in post-retirement life. In line with the revision of our managerial track personnel system in FY2023, we have introduced a point-based retirement allowance plan for managerial track employees, based on duties and years of service. We also abolished the resignation payment rate that applied to resignation for personal reasons, in order to appropriately return employees’ degree of contribution to the Company to those employees. The result is a system that addresses the mobility of human resources while assuring the ability for employees to play active roles in the Company for a long time.

Commendations for Long Service

Through certificates of merit and supplementary awards, we commend employees who have worked diligently for many years and who are recognized as models for others to follow.

Years of service	Supplementary award
10 years	2-day leave and ¥50,000 in travel vouchers
20 years	3-day leave and ¥100,000 in travel vouchers
30 years	5-day leave and ¥400,000 in travel vouchers
40 years	3-day leave and ¥50,000 in travel vouchers or 5-day leave

President’s (General Manager of Division’s) Commendation for Achievement and President’s Letter of Appreciation

To commend efforts and achievements in line with the scale and results of outstanding contributions to the Company through everyday work, once per year the Company presents certificates of merit and supplementary awards or letters of appreciation from the president or from general managers of divisions to individuals, groups, or workplaces.

Commendations in FY2022

- **President’s Commendation**
Finance & Accounting Department: 30 people; Mineral Resources Division: 32 people; Non-Ferrous Metals Division: 31 people; Battery Materials Division: 606 people
- **President’s Letter of Appreciation**
Shisaka Smelting Co., Ltd.: 67 people; Ohkuchi Materials Co., Ltd. and Niihama Materials Co., Ltd.: 149 people

Commendation for Achievements in Security, Occupational Health and Safety, and Environmental Preservation

Once per year, the Company presents certificates of merit to individuals or workplaces that have demonstrated significant achievements in security, occupational health and safety, and environmental preservation and that are recognized as models for others.

Commendations in FY2022

- **Excellent Employees:** Harima Refinery (27 people), Sumiko Techno-Research Co., Ltd. (14 people)
- **Long-term Zero Accidents:** Ichikawa Research Center, Materials Laboratories, Ome District Division

Employee Stock Ownership Association

The Employee Stock Ownership Association was launched in 1982 to assist employees with long-term asset formation. With the Company and Group company employees (including non-regular employees) as members, the association contributes funds from salaries and bonuses for the purpose of purchasing shares of the Company. The incentive from the Company is 12% of the contribution, with dividends reinvested as members’ stock purchase funds. As of March 1, 2023, the membership rate is 36.0%.

Invention Rewards

The Company has established “Regulations for the Management of Patents, etc.” conforming to the Patent Act, and pays bonuses at the time of patent application and for results for inventions made by employees in their work. No upper limit is set on the results-based amount of bonus paid for inventions that contribute to business, which enhances employees’ motivation to create valuable inventions. [▶ P.139-140](#)

Labor-Management Relations (freedom of association and collective bargaining)

GRI 2-30/402-1/407-1/G4-MM4

Basic Approach

In the Sumitomo Metal Mining Group Policy on Human Rights and the SMM Group Code of Conduct, we stipulate respect for the basic rights of employees as indicated in the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

Dialogue between Labor and Management (Japan)

The Company and Group companies in Japan have built solid labor-management relations over the years and engage in trouble-free discussions. The collective agreements concluded between the Company and the Federation of Sumitomo Metal Mining Workers Unions guarantee that labor unions have basic labor rights, including freedom of association and workers’ right to collective bargaining. At unionized sites of our branch offices and domestic Group companies, most unions are active under the Federation of Sumitomo Metal Mining Workers Unions. In Japan, based on union shop agreements, all general employees except managers are eligible to join. As of March 31, 2023, labor union membership was 60.2% in Japan and 58.8% for the entire Group in Japan and overseas. [▶ P.158](#)

In order for the Company and labor unions to respect each other’s positions and build positive labor-management relations based on trust, the Company holds labor-management council meetings, labor-management discussions, and other meetings with labor unions and employee representative organizations at all business sites at least once a month, and set regular opportunities to explain management conditions and take in opinions and requests from employees. In response to requests regarding improvements to occupational health and safety and working environments, we enact necessary improvement measures after confirming situations. We also hold a Central Labor-Management meeting at least once a year as meetings between the Company’s management team and the executives of labor unions under the Federation of Sumitomo Metal Mining Workers Unions.

From February to March every year, the Company and the Federation of Sumitomo Metal Mining Workers Unions negotiate working conditions including wages and lump-sum payments for the following fiscal year. In March 2022, labor and management jointly confirmed that “all employees will work as one toward achievement of the shared annual targets of labor and management, and, with labor unions also powerfully backing established goals and measures to achieve them, will foster a new culture of sharing in the joy of that achievement under the 2021 3-Year Business Plan.” Setting the three years from FY2022 as the target period and setting all Group business sites in Japan (directly controlled business sites, domestic subsidiaries, and domestic Group companies with labor unions under the Federation of Sumitomo Metal Mining Workers Unions) + domestic contractors as the scope of initiatives, we are undertaking initiatives to reduce repetitive accidents. As a result, we successfully met some of our targets in FY2022.

Diverse Human Resources / Development and Participation of Human Resources

We have also established individual Labor-Management Advisory Committees for specific themes such as human resource systems, wages, shorter working hours, benefits, and occupational diseases. In Labor-Management Advisory Committees, labor and management together investigate, examine, and solve issues under themes on which both sides have reached consensus. The results of the committees' examinations are reported to representatives of labor and management.

Content of Discussions with the Federation of Sumitomo Metal Mining Workers Unions (initiatives in FY2021-2022)

- Revision of the managerial track personnel system, review of wage levels, review of the family allowance system, payment of cost-of-living allowances
- System for remote assignment away from family (relaxation of requirements, increase in allowance), housing-related systems (relaxation of requirements, increase in allowance, decision on new dormitory maintenance fees)
- Measures to reduce relocation burdens (vehicle expense subsidies)

Dialogue between Labor and Management (overseas)

Among our overseas consolidated subsidiary companies are three that have labor unions. As of March 31, 2023, the labor union membership at these subsidiaries was 54.3%. Overseas, we assess the state of unionization through questionnaires, and track on-the-ground labor-management conditions and engage in exchanges of ideas through seconded employees assigned by the Company to overseas posts. On issues of importance to labor and management, we conduct discussions by both sides and reflect the opinions of both in reviews of measures and the formulation of new systems, in accordance with the laws and regulations of relevant countries and regions. As a result of such efforts, in FY2022 there were no reports of cases of child labor or forced labor, serious infringements on freedom of association, or plant closures due to causes such as strikes in our Group, either domestically or overseas.

Notification of Reassignment, Secondment, and Transfer in Work

The collective agreement we have concluded with the Federation of Sumitomo Metal Mining Workers Unions stipulates that when employees are reassigned, seconded, or transferred in large numbers for reasons of business, the Company will discuss basic matters with the labor union. The agreement also stipulates that when employees are reassigned, seconded, or transferred, the Company will promptly notify the individuals concerned and the labor union regarding the destination.

Labor-Management Agreements to Improve the Level of Occupational Health and Safety

GRI 403-4

Collective agreements concluded between the Company and the Federation of Sumitomo Metal Mining Workers Unions stipulate the assurance of occupational health and safety, the establishment of Occupational Health and Safety Committees, education, training, health checkups, and other matters. Through cooperation between management and labor, we are working to improve the level of occupational health and safety. Occupational Health and Safety Committees* formulate annual plans for occupational health and safety activities, check progress under the plans, examine measures to prevent occupational accidents and their recurrence, and share information on the use of health checkups, with the goal of creating an environment for working with safety and good health.

* Occupational Health and Safety Committees  P.82

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

Approach and Policy

GRI 3-3

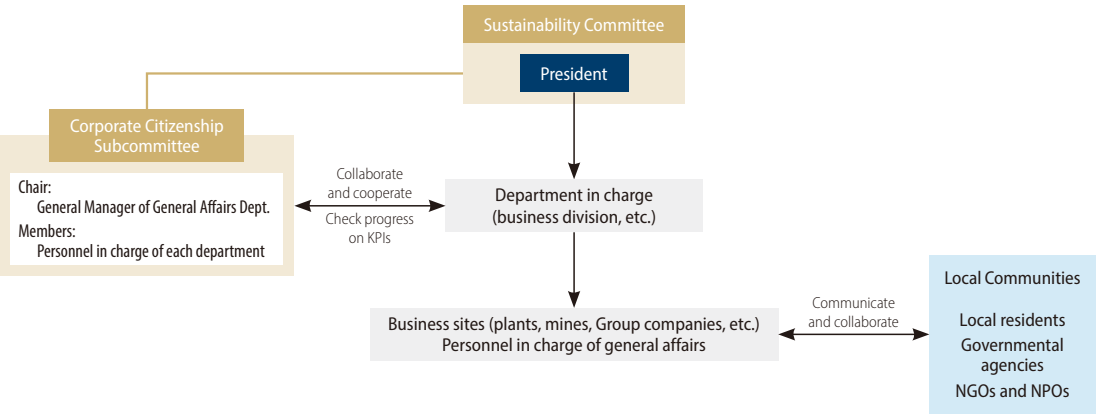
Development activities, particularly the development of mining or smelting and refining projects, can have a considerable impact on the lives of local residents, including forcing relocations. We think it is important that we engage with communities in the areas in which we do business through dialogue to find out what issues they are facing and to see how we can contribute to solving these issues. Based on this, we will vitalize regional economies, including by hiring and procuring locally in accordance with needs, and continue to support areas that have been affected by major natural disasters such as earthquakes and typhoons.

Promotion Structure

GRI 3-3

We maintain dialogue with local communities and collaborate with them in order to understand the issues and expectations in each region, and then use this understanding to implement social contribution activities in the areas in which we do business. These initiatives are carried out in coordination with the General Affairs Department, which is the secretariat of the Corporate Citizenship Subcommittee. The personnel responsible for general affairs at each business site gather for regular exchanges of opinions, held four times a year, during which they share information on the social contribution activities being conducted in each region. We also verify the effects of our business and social contribution activities through dialogue with governmental agencies and local communities. Any complaints or grievances are acknowledged and responded to by business sites and we strive to share and understand the details so that improvements can be made.

Promotion Structure



Medium-Term Targets and Progress

GRI 3-3

To achieve our Vision for 2030, we are managing progress for each KPI and have made achievement criteria and action plans for up to 2030.

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
KPI Participate in local communities through dialogue and collaboration • Accurately identify local issues through dialogues with local communities, and execute measures				
Ome model project <ul style="list-style-type: none">• Collaborated with the Tama University Research Institute on the Localized Contribution Survey using the Ome District Division as a model business site• Held mixed workshops for employees and external stakeholders to raise awareness regarding social contribution among employees• The Ome District Social Contribution Promotion Committee was established by seven employees, most of whom participated in the above workshops• Held regular meetings for sharing ways to collaborate with external stakeholders to solve community issues (starting with the Ome City and Hamura City Councils of Social Welfare)	Ome District follow-up <ul style="list-style-type: none">• Hold workshops through the Ome District Social Contribution Promotion Committee and develop new social contribution activities based on ideas generated• Break down a vision of the Ome District in 2030• Hold a sponsored bocchia tournament at the Sumitomo Metal Mining Arena Ome in collaboration with government agencies and the NEC Pro Bono Initiative as an opportunity to contribute to exchange in the community• Continue to hold collaborative meetings with local stakeholders Company-wide <ul style="list-style-type: none">• Prepare for the implementation of the survey assessing the degree of social contribution to the regions in which we do business (regional dialogue model) at other sites	Achievement Criteria	<ul style="list-style-type: none">• Establish mechanisms for identifying issues and expectations through dialogues with local communities• Identify baseline values for local community contribution levels at all sites in Japan (17 regions), specify expected contributions and contribution levels by the end of FY2030, and incorporate them in each measure	<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 Plan• Manage progress of all sites in Japan with regard to issues and expectations through dialogues with local communities and incorporate into measures, including any subsequent changes
		Action Plan	<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	<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)				
Business sites <ul style="list-style-type: none">• Implemented the existing plan roughly on schedule despite the impact of the COVID-19 pandemic, including activities such as cleaning coastlines and areas around plants, supporting events, planting trees, collecting used books, used stamps, and PET bottle caps, and conducting blood donations Company-wide <ul style="list-style-type: none">• Conducted a survey based on the Company Employee Social Participation Questionnaire survey to increase the number of programs that can be provided in the Head Office region and other sites (support for people tackling dementia, sponsorship for holding bocchia tournaments, etc.)• Planned collaboration to be implemented together with the Minato City Council of Social Welfare, organizations that participate in social contribution forums, the Japan Philanthropic Association, and the NEC Pro Bono Initiative	Business sites <ul style="list-style-type: none">• Continue implementing FY2022 initiatives• Identify examples of initiatives at each business site that could be implemented anywhere and implement these at new locations as appropriate Company-wide <ul style="list-style-type: none">• Establish the Employee Volunteer Pro Bono Support System (tentative name)• Have employees participate in regional promotion initiatives that support volunteer activities and incorporate their opinions• Carry out promotional activities that encourage employees to sign up to the Volunteer Pro Bono Support System• Showcase at least one new program each month• Build frameworks for the nationwide development and continuous improvement of programs (implementation organizations that include external experts)	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	<ul style="list-style-type: none">• Ascertain effects of employee participation programs (number of participants and employee satisfaction) and manage progress• Improve employee participation programs
		Action Plan	<ul style="list-style-type: none">• Trial a program at Head Office that incorporates the findings of the FY2021 Company Employee Social Participation Questionnaire survey conducted in the Head Office (FY2022)• Conduct a questionnaire survey at the main sites and offer the program trialed at Head Office all sites with modifications• Ascertain baseline values for the numbers of employees participating and satisfaction and improve programs	<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

Co-Existence and Mutual Prosperity with Local Communities

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
KPI 2. Hire and procure locally • Continually implement and assess of performance				
<ul style="list-style-type: none">Percentage of procurement from local suppliers and percentage of employees hired locallyPercentage of senior managers hired from the local community P.159-160	Continue implementing FY2022 initiatives	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	<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	<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.)Accepted interns from technical colleges and high schools (Besshi, Hyuga Smelting Co., Ltd., Shinko Co., Ltd.)Participated in an adult education lecture program (Sumiko Energy Materials Co., Ltd.)Provided visiting classes for elementary schools (Besshi, Hyuga Smelting Co., Ltd.)Subsidized educational fees (CBNC)Provided financial support toward school construction costs (THPAL)Gifted tickets to the Pompeii Exhibition to organizations affiliated to Carillon Children's Center (Head Office)Donated to FC Imabari's Satoyama Stadium Project and bought the rights to an engraved plate (Besshi, Head Office)	<p>Business sites</p> <ul style="list-style-type: none">Continue implementing FY2022 initiativesIn the second round of workshops implemented by the Corporate Citizenship Subcommittee, consider a breakdown of the ideal vision for each business site based on four KPI (nurturing of the next generation, support for people with disabilities, support for the elderly, and support during and after disasters) <p>Company-wide</p> <ul style="list-style-type: none">Support organizations that participate in social contribution forumsSupport organizations collaborating with employee participation programsDevelop and implement programs that support time for all-around exploration in response to new governmental educational guidelines	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 communitiesSolicit assessments of the above activities from local communities	<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 communitiesSolicit assessments of the above activities from local communities
		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 communitiesSolicit assessments of the above activities from local communities	<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 communitiesSolicit assessments of the above activities from local communities
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)Continued the SMM Arizona (Morenci) and SMM Oceania (Northparkes) programsSupported a measure for student loan repayment exemptions for students scheduled to be employed in Isa City, which was added to the agenda for discussion by the city assembly (Hishikari)	<p>Scholarships for regional contributions in Japan</p> <ul style="list-style-type: none">Applications for JEES-SMM Local Contribution Scholarships to be accepted from May 2023In the first year, scholarships will be awarded to 20 students who intend to contribute to four regions in which we have directly-controlled business sitesDevelop programs for raising the effectiveness of the system's goals, support activities that teach students about regional contribution, and implement follow-up monitoring <p>Overseas, Hishikari</p> <ul style="list-style-type: none">Continue implementing FY2022 initiatives	Achievement Criteria	<ul style="list-style-type: none">Start provision from FY2023	<ul style="list-style-type: none">Continue to work graduates in positions that contribute to the local community and raise and consolidate awareness of the purpose and results of the scholarship program at each of the qualifying 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 March 2023)	<ul style="list-style-type: none">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)

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
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">Accepted practical training students from special needs schools (Hishikari, Harima, Shinko Co., Ltd.)Purchased from businesses that employ people with disabilities (Ome, Hishikari, Ichikawa Research Center, GRANOPT Co., Ltd., Sumiko Energy Materials Co., Ltd., Head Office)Contracted work to a silver human resources center, an organization that provides work to elderly workers (Hishikari)Held a social contribution forum (on understanding dementia and preventing the need for people to leave work to provide nursing care) and implemented a matching gift programImplemented an online market and matching gift program with NPO Shinsei (Head Office)Prepared to host and sponsor a bocchia tournament (Ome)Implemented an end-of-year mutual support activity aimed at supporting the elderly (Ohkuchi Electronics Co., Ltd.)	<p>Business sites</p> <ul style="list-style-type: none">Continue implementing FY2022 initiativesIn the second round of workshops implemented by the Corporate Citizenship Subcommittee, consider a breakdown of the ideal vision for each business site based on four KPI <p>Company-wide</p> <ul style="list-style-type: none">Support organizations that participate in social contribution forumsSupport organizations collaborating with employee participation programs	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	<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	<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">Held drills in cooperation with regional authorities in preparation for a heavy rainfall disaster (Hishikari)Built a stock of emergency meals and other emergency supplies that can be handed out to the local community (Ichikawa Research Center)Cooperated with volunteer fire company activities, registered as a corporate member, and dispatched employees when needed (Sumiko Energy Materials Co., Ltd.)Sold special goods produced in Naraha Town inhouse (Head Office)Donated to the Japanese Red Cross Society (Hyuga Smelting Co., Ltd.)Continued to donate to scholarship funds for children who were orphaned by the Great East Japan Earthquake (Head Office)Held Tohoku Reconstruction Fair: Consuming Foods from Disaster-Hit Areas (Head Office)Supported areas affected by the earthquake in Turkey and Syria (Head Office)Sponsored NPOs supporting evacuees from Ukraine (Head Office)	<p>Business sites</p> <ul style="list-style-type: none">Continue implementing FY2022 initiativesIn the second round of workshops implemented by the Corporate Citizenship Subcommittee, consider a breakdown of the vision for each business site based on four KPI <p>Company-wide</p> <ul style="list-style-type: none">Respond appropriately when disasters occur in Japan or overseasSupport the training of employees as volunteer responders <p>Head Office</p> <ul style="list-style-type: none">Prepare to take in people who are unable to return home during a disaster in the area around Shinbashi Station	Achievement Criteria	<ul style="list-style-type: none">Provide timely local support in the event of a large-scale disaster (earthquake, typhoon, etc.)Continue support for people affected by disasters as necessary	<ul style="list-style-type: none">Provide timely local support in the event of a large-scale disaster (earthquake, typhoon, etc.)Continue support for people affected by disasters as necessaryConclude collaboration agreements with local governments and other organizations at major business sites
		Action Plan	<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	<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

Co-Existence and Mutual Prosperity with Local Communities

Cost of Social Contribution ActivitiesGRI 203-1

We are carrying out the following activities aimed at nurturing the next generation, supporting people with disabilities and the elderly, providing support during and after disasters, investing in infrastructure, and providing support services. As a result, in FY2022 the cost of our social contribution activities amounted to approximately ¥1.9 billion. [▶ P.159](#)

Investment in Infrastructure and Support Services¹

Region	Details	Amount (FY2022)
Japan	<ul style="list-style-type: none">• Donations to scholarship funds for orphans in Iwate, Miyagi, and Fukushima Prefectures, which were hit by the Great East Japan Earthquake (making donations every year since 2012)• Donations to medical organizations such as the Cancer Institute and the Japan Heart Foundation• Donations to sports organizations such as the Japanese Para-Sports Association• Support for basic science research, environmental research, and activities for the maintenance and restoration of cultural properties through The Sumitomo Foundation• Donations to Keidanren Nature Conservation Fund• Support for employment of former inmates and others by donating to the National Organization of Labor Support Providers• Support for victims of crime through donations to the Victim Support Center of Tokyo• Expenditure on social contribution activities, such as contribution to Expo 2025 Osaka, Kansai, Japan	¥250 million
Philippines	<ul style="list-style-type: none">• Supporting measures to prevent dengue fever in communities neighboring the plant (awareness activities, spraying insecticide, cleaning activities, etc.)• Undertaking a water supply equipment installation project for communities neighboring the plant• Popularizing organic rice cultivation among communities neighboring the plant with the help of technical experts <p>In the Philippines we are continuing to provide support through SDMP²</p>	¥1,620 million

1. Investment in infrastructure and support services are non-commercial and provided free of charge
2. SDMP: Social Development and Management Program, conducted by a company for the welfare of residents living in the vicinity of its operating area

Communication with Local Communities and NGOsGRI 2-29

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, building needed facilities, building and operating public facilities such as schools, hospitals, and marketplaces, providing teaching materials as educational support and the goods required to operate facilities, supporting free healthcare for local communities, and promoting activities that help households to support themselves. When implementing these measures, we establish opportunities for regular communication with local communities and move forward while also checking the requirements of local residents. 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 Coral Bay Nickel Corporation (CBNC) and Taganito HPAL Nickel Corporation (THPAL), both of which are located in the Philippines. Those opinions and recommendations are referred to when implementing necessary improvements.

Acknowledging Grievances and Providing Explanations for RelocationsGRI 2-25/2-26/203-2/413-2/G4-MM7/G4-MM9

When grievances are voiced by governmental agencies or local communities at each site, we respond appropriately and share the information within the Company. In FY2022, the Group received four grievance reports from local residents, including ones concerning abnormal odors. All of these were handled in an appropriate manner.

Additionally, whenever we have no choice but to ask local residents to relocate their residences due to development of a mine or related facilities, we provide alternative sites and obtain their understanding in advance. At the Hishikari Mine, we asked three local households to relocate between 1983 and 1989, and at THPAL, we asked 41 households in the affected area to relocate.*

We are also planning to implement a human rights due diligence program targeting local residents at our overseas sites.

Furthermore, when closing a mine, we work to maintain local employment through initiatives such as building plants for other businesses in the area. For example, when excavation at the Kunitomi Mine was stopped because of resource depletion, it continued to operate as a Smelter & Refinery. Then, when the Smelter & Refinery was closed in 1973, it was converted into a plant for

manufacturing materials used in electronic components. Currently it is being operated by Sumiko Kunitomi Electronics Co., Ltd. and produces high-quality products, such as lithium tantalate and samarium iron nitride.

* The relocation was planned in accordance with the World Bank Operational Policy on Involuntary Resettlement and was completed by December 2010 with the consent of all residents. After the relocation, we have continued to provide support for the repair and maintenance of the houses, as well as livelihood restoration support programs that encourage residents to acquire skills and know-how that will enable them to generate income in the future

Closure Plans for Mines, Smelters and RefineriesG4-MM10

Business site	Details	Amount	Time period
Hishikari Mine	Mine pollution control reserve	¥23,090,000	From 1984
CBNC	Closure and cleanup for the refinery and mineral processing plant	Total approx. 330 million pesos*	From 2012 (accumulating every year)
THPAL	Expenses required for the closure plan	Total approx. 286 million pesos	From 2016 (accumulating every year)

* Expenses according to the closure plan CBNC submitted to the Department of Environmental and Natural Resources

Model Project for Dialogue and Collaboration

Local issues vary from region to region, and we believe it is important to understand and resolve the issues facing each region through dialogue with the local community.

The Ome District Division and the Tama University Research Institute collaborated to conduct a model project for dialogue and collaboration called the Localized Contribution Survey. The purpose of this survey was to identify local issues through research, and to develop, operate, and evaluate our unique program that contributes to solving these issues.

The initiatives include interviews with local governments and neighboring companies and their employees, holding panel discussions and workshops with local stakeholders under the title of PROJECT OME, followed by the establishment of a Social Contribution Promotion Committee at the Ome District Division. In addition, regular collaborative meetings with local social welfare councils and government officials have been established to explore issues.

Going forward, the Ome District Division will involve its employees in the formulation of the OME VISION and other activities to foster a sense of ownership and create concrete results with local stakeholders. In addition, the model projects implemented at the Ome District Division will be implemented at other business sites to contribute to the sustainable development of local communities by resolving issues faced by those communities.

Establishment of Scholarships in Japan

As one of the measures to support the nurturing of the next generation, in FY2023 we established the JEES-SMM Regional Contribution Scholarship within the Japan Educational Exchanges and Services (JEES) based on our donation to support students who are willing to contribute to the sustainable development of the regions where our plants and mines are located and who need financial assistance.

This scholarship provides ¥100,000 per month, non-repayable until graduation, to students who are motivated to contribute to the sustainable development of the Tama District of Tokyo, Hyogo, Ehime, and Kagoshima Prefectures. We are awarding 20 scholarships to selected applicants in FY2023.

In addition, as a program to help scholars learn about supporting local communities, we are considering the formation of a community among scholarship recipients and the implementation of experiences for scholarship recipients to participate in efforts to solve real community issues in collaboration with the local community.

Rights of Indigenous Peoples

Vision for 2030

A company that understands and respects the traditions and culture of indigenous peoples

Approach and Policy

GRI 3-3

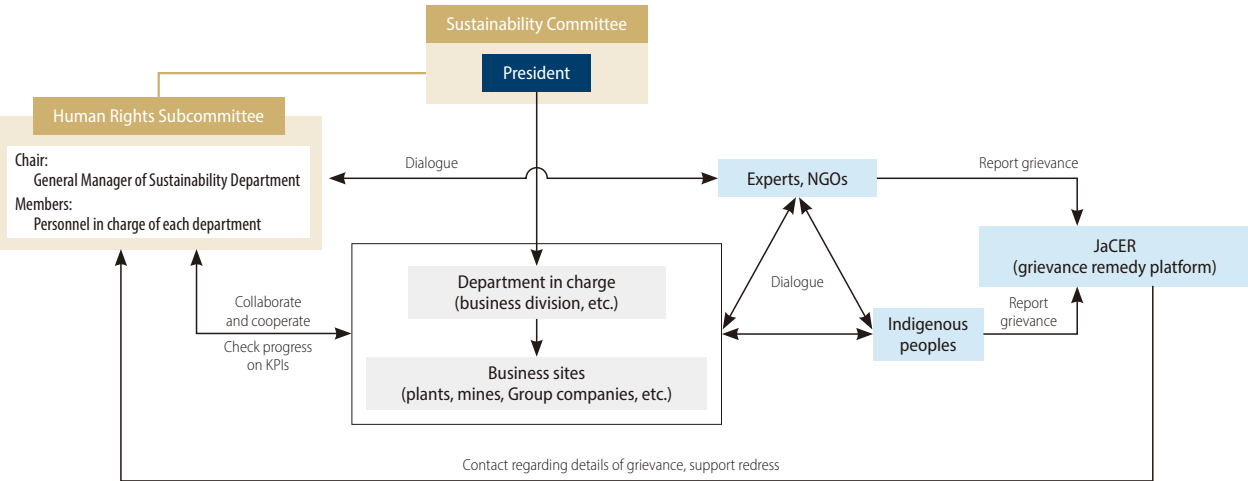
Mine development, smelting, and refining can have a considerable effect on the environment and local communities and there is a risk that the rights of the indigenous peoples living on the land, who generally occupy a vulnerable position in society, will be violated. Therefore, we think it is most important to proceed while gaining the understanding and trust of these indigenous peoples. We comply with international standards such as the United Nations Declaration on the Rights of Indigenous Peoples and collaborate with local governments and other stakeholders while also maintaining an ongoing dialogue with local indigenous peoples based on an understanding of their traditions and culture.

Promotion Structure

GRI 2-24/3-3

In accordance with our operational procedures related to business and human rights,¹ at each business site we are engaging in dialogue with indigenous peoples who are directly affected by our business activities. Each business division and Head Office division coordinates with the Human Rights Subcommittee to carry out in-house education that aims to provide Group employees with an understanding of indigenous peoples and their traditions and culture. In addition to this, the Sustainability Department, which is the secretariat of the Human Rights Subcommittee, conducts exchanges of opinions through dialogue with external experts, NGOs, and others. We also use the platform provided by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER)² as a mechanism for redressing grievances.

Promotion Structure



1. Business and human rights initiatives process P.76
2. JaCER P.77

Medium-Term Targets and Progress

GRI 3-3

To achieve our Vision for 2030, we are managing progress for each KPI and have made achievement criteria and action plans for up to 2030.

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
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				
• Created an in-house educational video on the Sumitomo Metal Mining Group Policy on Human Rights, which was revised on June 1, 2022, and used it to implement in-house training • Started consideration of the content of the second educational video (As of the end of FY2021, the first video was viewed by 5,902 employees and screened at 100% of SMM Group sites)	• Following on from the first video, exchange information with experts regarding the second video.	Achievement Criteria	• 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 North America and South America JV mines Implemented initiatives in collaboration with efforts of joint venture partners	• Continue to implement existing initiatives	Achievement Criteria	• Continue to implement existing initiatives	• Continue to implement existing initiatives
		Action Plan	• 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
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				
• Attended lectures given by the NPOs that the experts we are continuing dialogue with belong to and held an exchange of opinions on the theme of responsible mineral sourcing.	• Continue dialogue with experts and consider support initiatives.	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
		Action Plan	• 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.

Rights of Indigenous Peoples

Initiatives through Dialogue at Workplaces

GRI 2-24/2-25/411-1/MM5/MM6/MM7

The SMM Group collaborates with local governments, NGOs, and other stakeholders to engage in dialogue with indigenous peoples directly affected by its business activities.

In the Philippines, after acquiring Environmental Compliance Certificates through many consultations with stakeholders, including governments and indigenous peoples, we started operating Coral Bay Nickel Corporation (CBNC) in 2005 and Taganito HPAL Nickel Corporation (THPAL) in 2013. Even after operations started, we established organizations to carry out community development (Social Development) in accordance with local laws and regulations, and are engaged in a Social Development and Management Program (SDMP). Specifically, CBNC holds regular information exchanges with 22 barangays,* including 11 “impact barangays” near Rio Tuba, while THPAL holds them with 14 barangays, including four neighboring “impact barangays.” Based on these exchanges, budgets are prepared for the categories of health, education, welfare, livelihood, etc., and free health checkups, medical treatment, agricultural assistance, etc. are provided after obtaining approval from the local government. In addition, we also separately budget for activities not included in the SDMP, such as the construction of schools and assembly halls for indigenous peoples to educate them about their culture and unique languages.

In Canada, together with, IAMGOLD Corporation, our partner in the Cote Gold Project for which the decision to begin construction was made in 2020, we have held ongoing dialogue with First Nation peoples affected by it, as well as providing explanations before gaining approvals, with the aim of helping them understand the project. We have fostered relationships of mutual trust and understanding with the organization through participation in initiatives such as cultural workshops hosted by the organization, and as a result, we were able to conclude an Impact Benefit Agreement. Currently, we are working with indigenous groups and partners to construct a new lake with the same water surface area as the lake on the proposed development site, and to conserve biodiversity by releasing aquatic organisms from the existing lake into the newly constructed lake and surrounding water system.

Moreover, there have been no incidents of serious conflicts concerning land use or the customary rights of indigenous peoples reported in the vicinity of any of the mines or smelters and refineries in which we have more than 50% interest. There have also been no such incidents reported through channels including JaCER (grievance remedy platform).

* The smallest administrative division that makes up cities and towns in the Philippines, and denotes a village, district, or ward.

Dialogue with Experts, NGOs, and NPOs

GRI 2-25

We regularly create opportunities for dialogue with experts, mainly through the secretariat of the Human Rights Subcommittee, and hold exchanges of opinions on topics including international trends concerning the human rights of indigenous peoples.

In FY2022 in particular, we participated in meetings of NPOs engaged in activities related to the human rights of indigenous peoples and gave lectures on the theme of responsible mineral sourcing concerning the overall mining, smelting, and refining industries and Group initiatives. We gave explanations of corporate initiatives, such as international third-party verification frameworks that are engaging the entire industry, and exchanged opinions on problems and challenges concerning initiatives.

Implementation of In-house Education

GRI 2-24/2-25

The SMM Group conducts in-house education to ensure that employees understand who indigenous people are and how the Group should handle indigenous rights. This education will enable employees to understand that it is an issue that concerns us all through messages from top management and case studies from within the Group. We are also continuing dialogues with experts* on indigenous people regarding content and receiving guidance to ensure fairness in the materials.


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)

Support initiatives that lead to respect for the traditions and cultures

In 2007, we established Sumitomo Metal Mining Peru S.A. (SMM Peru) as our subsidiary in Peru, and since then, we have worked continuously to foster strong relationships with the country, including acquiring a stake in the Cerro Verde copper mine and carrying out exploration activities. One example of this relationship building is the donations we have made to the AMANO Pre-Columbian Textile Museum.* The museum was established in 1964 in Lima, Peru, by the late businessman Yoshitaro Amano with the goal of conserving important Andean cultural artifacts and sharing the results of research into these cultures. We support the museum’s efforts to communicate the richness of the Andean civilizations to not only Japan, but also the entire world, and from 2007 to 2014 we made donations totaling approximately US\$590,000.

We will continue to support initiatives that lead to respect for the traditions and cultures of indigenous peoples.

*  [AMANO Pre-Columbian Textile Museum](http://eng.museoamano.org/)
<http://eng.museoamano.org/>

Vision for 2030

A company that undertakes sustainable procurement across the supply chain

Approach and Policy

GRI 3-3

The SMM Group aims to build a sustainable supply chain in cooperation with its stakeholders. 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, in order to avoid procuring minerals that may have negative impacts such as child labor and other human rights abuses or environmental pollution, we carry out activities with respect to the Organisation for Economic Co-operation and Development (OECD) guidance and in accordance with the SMM Group Responsible Mineral Sourcing Policy.

Promotion Structure

GRI 2-24/3-3/406-1/407-1/408-1/409-1

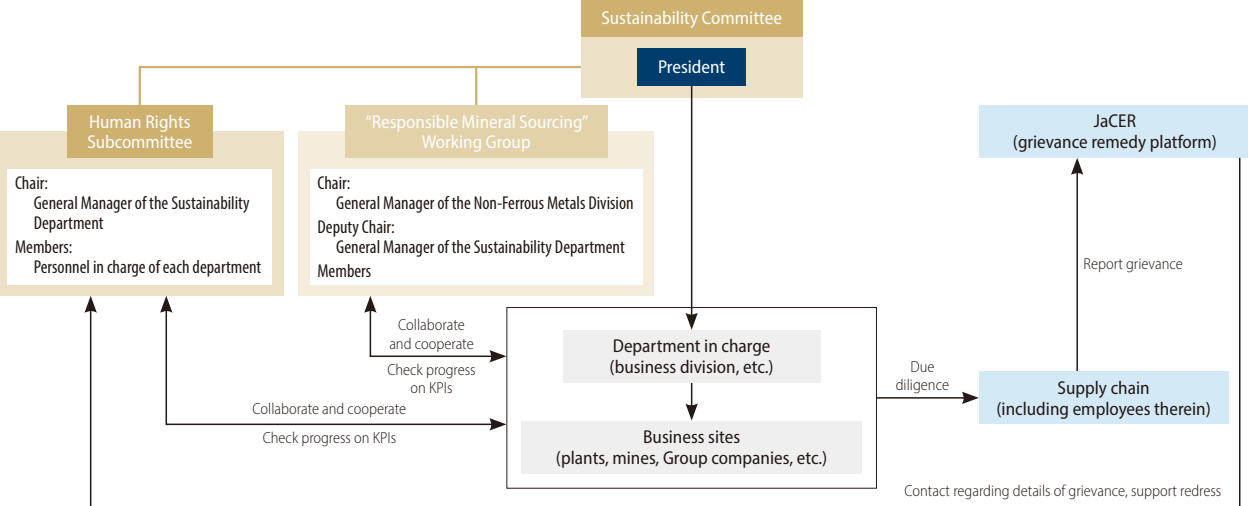
In accordance with the Business and Human Rights Initiatives Process¹, we conduct due diligence on our business partners (suppliers) through the raw material procurement staff of each business division, the Purchasing Department, and each business site with the aim of building a sustainable supply chain. The Sustainability Department, the secretariat of the Human Rights Subcommittee, collaborates and cooperates with these efforts.

In particular, the “Responsible Mineral Sourcing” Working Group, which makes decisions on important matters related to mineral sourcing, has been established under the Sustainability Committee to address responsible mineral sourcing throughout the entire supply chain.

In addition, we use the platform of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER)² as a grievance mechanism.

Through our due diligence and grievance mechanisms, we have not identified any business partners (suppliers) at risk with respect to discrimination, freedom of association, the right to collective bargaining, or child or forced labor.

Promotion Structure



1. Business and human rights initiatives process P.76
2. JaCER P.77

Medium-Term Targets and Progress

GRI 3-3

To achieve our Vision for 2030, we are managing progress for each KPI and have made achievement criteria and action plans for up to 2030.

FY2022 Results	FY2023 Plan	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
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 a record of zero mines, smelters, and refineries complicit in child labor or other infringements of human rights in the supply chain			
1) Received third-party audits at nickel smelters and refineries (Niihama Nickel Refinery and Harima Refinery). Responded to requests from battery materials customers in cooperation with the Battery Materials Division and the Non-Ferrous Metals Division Continued to receive third-party audits at the gold and silver smelter and refinery (Toyo Smelter & Refinery) and the cobalt smelters and refineries (Niihama Nickel Refinery and Harima Refinery) Made plans to undergo third-party audits at the copper smelter and refinery (Toyo Smelter & Refinery) 2) Zero business partners to our smelters and refineries complicit in human rights infringements As for external raw materials used in the battery materials and advanced materials businesses, the survey conducted using a standardized supply chain questionnaire revealed that no business partners were involved in human rights infringements	1) 2) • Consider acquiring Copper Mark certification for responsible production activities at our copper smelters and refineries • In cooperation with target divisions (Battery Materials Division and Advanced Materials Division), plan to establish a due diligence system for procurement of external raw materials in line with international standards	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
		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 ¹ : 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) 2) 3) • Distributed a 15-minute video explaining the SMM Group's sustainable procurement to major business partners. The video includes an explanation of the Group's Sustainable Procurement Policy, sustainability-related topics (climate change, responsible mineral sourcing), and a message from top management • Five companies were selected from among our major business partners, one from each business division and Purchasing Department, and each company was visited for discussions on sustainability (especially business and human rights) • Organized trends on international sustainable procurement management systems. Considered the use of existing platforms such as the Responsible Business Alliance (RBA) ² in light of the status of their use by customer companies • Participated in JaCER, which provides a platform as a grievance (remedy) mechanism. (Number of grievances about the Company: 0)	1) 2) 3) • Consider measures to help business partners gain further understanding of the Group's sustainable procurement (e.g., update content of explanatory videos, expand target business partners) • Continue to have discussions with business partners and other dialogues and consider the use of existing platforms, such as RBA, for due diligence in the supply chain • Promote external awareness of our participation in JaCER	1) • Receive agreement from 100% of major business partners 2) • Establish sustainable procurement management system	1) • Finalize scope of business partners subject to self-assessment during the 2024 3-Year Business Plan and receive agreement from 100% of those business partners 2) • Maintain sustainable procurement management system
		1) • In cooperation with the in-house related departments, promote understanding of our policy among main business partners by holding briefing sessions, etc. (consider video streaming format) • Review scope of business partners 2) 3) • Consider participation in multi-stakeholder initiatives on due diligence and a grievance mechanism • Implement second-party audits of business partners (target: 5 business partners/year)	1) • In cooperation with the in-house related departments, promote understanding of policy extension and receiving agreement among the main business partners (review scope during the 2024 3-Year Business Plan) 2) 3) • Exchange information with experts and business partners • Implement second-party audits (target from the 2024 3-Year Business Plan: 8 business partners/year) • Implement due diligence including third-party audits in line with the management system • Operate the grievance mechanism in line with the management system

1.  [Sumitomo Metal Mining Group Sustainable Procurement Policy](https://www.smm.co.jp/en/sustainability/management/csr_procurement/)
https://www.smm.co.jp/en/sustainability/management/csr_procurement/

2.  [RBA](https://www.responsiblebusiness.org/)
<https://www.responsiblebusiness.org/>

Human Rights in the Supply Chain

SMM Group Responsible Mineral Sourcing Policy

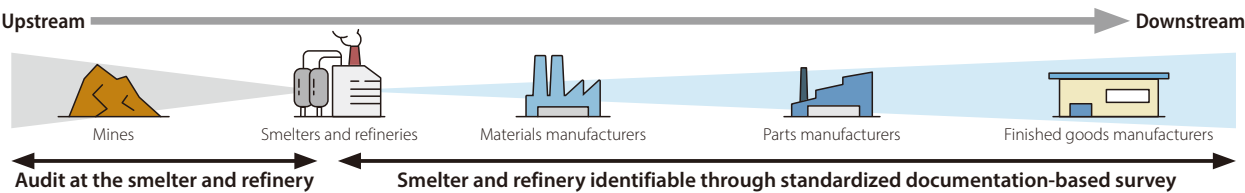
Pursuant to the SMM Group Policy on Human Rights, we do not buy minerals that may be associated with human rights violations such as child labor or forced labor, environmental destruction, illegal mining, or corruption, or minerals that may be used as a source of funding for armed groups or other such 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.

Sumitomo Metal Mining Group Sustainable Procurement Policy

The SMM Group carries out procurement activities in cooperation with its stakeholders that take into account human rights and labor, compliance, quality assurance, and environment and local communities based on the SMM Group Corporate Philosophy, the SMM Group Sustainability Policy and the SMM Group Code of Conduct.

Responsible Mineral Sourcing

GRI 2-24/2-25/308-1/414-1/MM8



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 above). These mechanisms aim to ensure transparency in the supply chain from upstream to downstream in a more efficient manner by starting with smelters and refineries, which are relatively few in number.

At the finished goods manufacturers downstream from the smelters and refineries, a standardized survey is extended for the purpose of identifying the smelters and refineries that produced the minerals used in their products. We have established an approval process for responses to these surveys, which are sent up the supply chain from customer companies, and are working to ensure unified responses across the SMM Group. In FY2022, we responded to 330 surveys. [P.161](#)

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. Since audit standards vary from mineral to mineral, we work to ensure that each standard is met by conducting due diligence, developing internal systems and regulations, and providing internal training. The table below shows the status of third-party audits at our smelters and refineries.

	Subject Minerals				
	Gold	Silver	Cobalt	Nickel	Copper
Audit standards (issuing organization)	RGG (LBMA)	RSG (LBMA)	RMAP Cobalt (RMI)	JDDS (The Copper Mark)	JDDS (The Copper Mark)
Certification Body	LBMA	LBMA	RMI	RMI	RMI
Audit start date	FY2012	FY2018	FY2020	FY2022	FY2023

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 FY2022, there were no new suppliers selected. There were also no instances of artisanal and small-scale mining (ASM) in or adjacent to the project area.

* 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.

Initiatives Related to Sustainable Procurement

GRI 2-24/2-25/308-2/414-2

The SMM Group aims to build a sustainable supply chain by asking major business partners (including local suppliers*) to consent to our Sustainable Procurement Policy, requesting responses to a questionnaire, distributing videos explaining the Group's sustainable procurement initiatives, and visiting business partners.

* Percentage of on-site procurement from local suppliers [P.159](#)

Requesting for Consent to the Procurement Policy

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.

Request for Responses to Survey on Sustainable Procurement

We prepared a survey on sustainable procurement in FY2021 and sent this survey to our major business partners who consented to our Procurement Policy, requesting their responses. The survey consisted of 38 questions based on each item of the Procurement Policy (human rights and labor, compliance, quality assurance, and environment and local communities) and the results of the survey were tabulated, having received responses from 98% of our business partners. The responses reveal that S, A, and B evaluations (the highest of the five levels of evaluation) accounted for about 85% of overall evaluations, confirming that many business partners are advancing initiatives related to sustainability. For those business partners that received a C or D rating, we plan to provide them with a better understanding of their own situation, and we will cooperate with them by offering advice and other measures to help them improve their efforts.

Distribution of Videos Explaining the SMM Group's Sustainable Procurement

A video explaining the Group's sustainable procurement initiatives was distributed in FY2022 to major business partners who have consented to our Procurement Policy. The video includes explanations of the SMM Group's Sustainable Procurement Policy, sustainability topics (climate change, responsible mineral sourcing), and a message from top management. In a survey conducted after viewing the video, 95.5% of the respondents answered that the content was "easy to understand." They commented that the video helped them better understand the Group's initiatives and provided reference for their own initiatives.

Exchange of Opinions with Business Partners on Sustainability

We selected five of our major business partners, one from each business division and Purchasing Department, to exchange opinions on sustainability (especially concerning business and human rights) in FY2022 based on their responses to a survey on sustainable procurement conducted in FY2021. In addition to hearing about their actual situations, we exchanged opinions about effective activities while introducing the initiatives of the SMM Group.

Engagement with Stakeholders

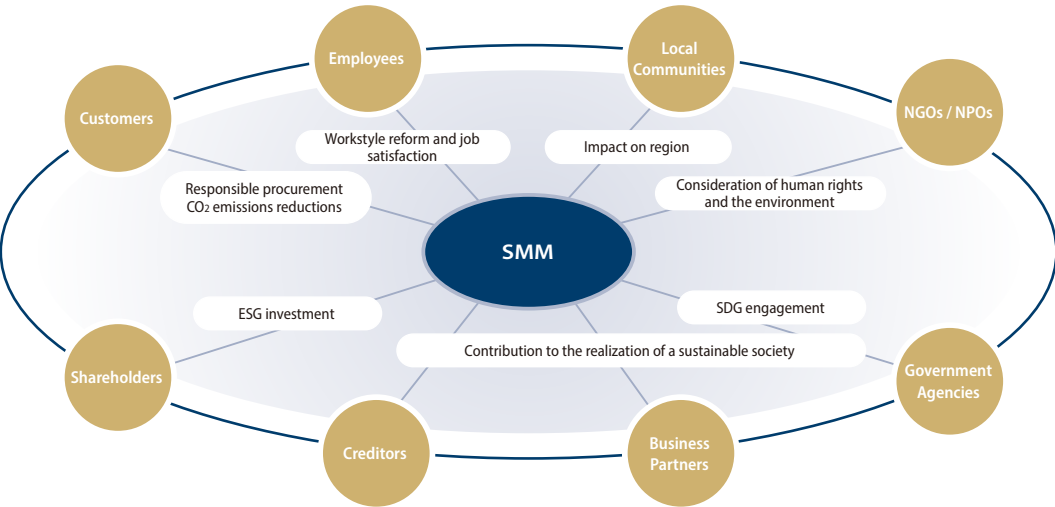
Vision for 2030

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

Approach and Policy

GRI 3-3

Our Vision for 2030 aims to solve social issues and gaining the trust of stakeholders is essential for realizing this vision. 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.



SMM's Vision for Stakeholder Engagement

GRI 2-29

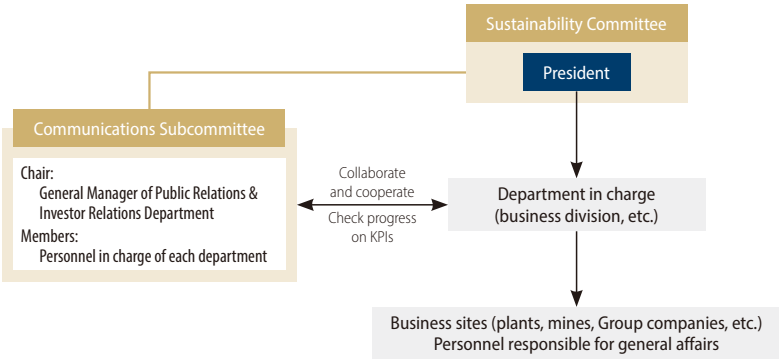
Customers	Be a company that accurately understands customer needs and has comprehensive competitiveness with an edge over other firms with respect to technology, quality, delivery and costs.
Shareholders	Be an excellent entity in which to invest: one that pursues maximum corporate value through growth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

Promotion Structure

GRI 3-3

Engagement with stakeholders is one of our material issues, and we have made each of our business divisions and business sites into a channel for maintaining dialogue with governmental agencies and local communities. Furthermore, the Public Relations & Investor Relations Department, which is the secretariat of the Communications Subcommittee, compiles information from within the Company and uses it in communications with the media and investors. In addition to this, the Communications Subcommittee, which is an organization under the Sustainability Committee, coordinates with members dispatched from each business and corporate division to check progress being made on KPIs.

Promotion Structure



Medium-Term Targets and Progress

GRI 3-3

To achieve our Vision for 2030, we are managing progress for each KPI and have made achievement criteria and action plans for up to 2030.

FY2022 Results	FY2023 Plan	Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
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)			
• Application of good practices in in-house communication measures at other sites Developed good practices for Communications Subcommittee members in January 2023 • Raising brand profile within the Group Set the creation and use of a brand booklet as a major measure with the goal of "creating loyalty and affection for the Company among employees" • Employee awareness survey Held meetings to report the results of the March 2022 survey to senior management members, heads of divisions and business sites, and presidents of Group companies (The percentage of employees who gave a positive response to the question of feeling pride in working at the Company was 63.7%)	• Application of good practices in in-house communication measures at other sites Develop good practices for Communications Subcommittee members in the second half of the fiscal year • Raising brand profile within the Group Advance the creation and use of a brand booklet with the Ome District Division as a pioneer site • Employee awareness survey From FY2023, the frequency of surveys will be increased from every three years to every year. These surveys will be conducted in November	• Improve employee awareness survey KPI values from results of FY2021 survey • Implement in-house communication measures at each site to gain understanding and empathy of employees and their families • Apply good practices in in-house communication measures at other sites • Create framework for raising the brand profile within the Group, implement and review measures for further penetrating the brand among employees	• Improve employee awareness survey KPI values from results of each fiscal year's survey • Refine in-house communication measures • Verify level of penetration of the brand within the Group (continue from 2024 3-Year Business Plan), consider strategies for application to Group companies

Engagement with Stakeholders

FY2022 Results	FY2023 Plan		Final Year of 2021 3-Year Business Plan (FY2024)	Final Year of 2027 3-Year Business Plan (FY2030)
KPI 2. Ensure quality and quantity in communication of information at the level of “world leader in the non-ferrous metals industry” 1) Expand opportunities for dialogues with media and investors 2) Achieve positive evaluations of our Integrated Report from outside the Company				
1) • Conducted intensive media engagement, including interviews with top management, alongside the release of the 2021 3-Year Business Plan • Responded actively to media coverage focused on the Materials Business, which is attracting attention due to the introduction of EVs • Expanded interviews aimed at institutional investors. Also, restarted efforts such as small meetings on specific businesses that are in high demand from investors, as well as plant observations and overseas IR activities, which had been suspended due to the pandemic (site visits) • Implemented new initiatives such as the participation of outside directors in shareholder relations interviews and holding Sustainability Briefing (IR-Day)	1) • Enhance public relations events and strengthen relationships with the media • Enhance opportunities for ongoing dialogue with important institutional investors with a focus on executive officers and senior management members 2) Issue the Japanese version of Integrated Report 2023, our eight such report, in September and the English version in November. During editing, improve content based on the feedback received from various stakeholders to date	Achievement Criteria	• Quantitatively increase information dissemination (compared to the 2018 3-Year Business Plan) • Increase opportunities for top management to engage with shareholders and investors (compared to the 2018 3-Year Business Plan) • Earn a high reputation for the integrated report from outside the Company	During all 3-Year Business Plans, compared to the previous plan • Quantitatively increase information dissemination • Expand the methods for disseminating information • Increase opportunities for top management to engage with shareholders and investors • Earn a high reputation for the integrated report from outside the Company Target for final year of the 2027 3-Year Business Plan • Establish a system capable of building relationships with international media • Increase the number of interviews, news releases, and public relations events conducted
2) Issued Integrated Report 2022 (Japanese and English) Received a Silver Award at the WICI Japan Integrated Reporting Awards 2022 and the Grand Prix S Award at the NIKKEI Integrated Report Awards 2022		Action Plan	• Increase the number of interviews, news releases, and public relations events conducted • Take initiatives to increase spokesperson engagement levels • Improve the quality of disclosure in investor relations and shareholder relations engagement • Improve and enhance tools for engagement with shareholders and investors (integrated reports, shareholder communications, etc.)	• Establish public relations organizations at overseas business sites • Acquire (2024 3-Year Business Plan) and increase highly specialized human resources in the field of public relations • Improve the quality of disclosure in investor relations and shareholder relations engagement • Improve and enhance tools for engagement with shareholders and investors (integrated reports, shareholder communications, etc.) • Expand the types of information dissemination media and public relations events (2024 3-Year Business Plan)
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.)				
• According to a survey gauging degree of recognition implemented by an external body in the first half of FY2022, recognition of the Company remained roughly level (effects of corporate advertising activities carried out from October 2022 onward not reflected) • Launched a corporate advertising campaign from October 2022 that used a celebrity to raise recognition with the aim of securing human resources. This included a TV commercial and online advertisements • Sponsored the Minato City Half Marathon, Ehime Marathon, and the Ohme 30&10Km Road Race, and strove to enhance the Company's presence around business sites through exhibition booths, etc.	• Continue corporate advertising activities • Implement our own original survey gauging degree of recognition, in addition to the survey implemented by an external body, to gain a better understanding of the Company's position through cross-referencing • Consider and implement sponsorship of sports events, etc.	Achievement Criteria	• Raise the result of the survey gauging degree of recognition implemented by an external body by 35% compared to FY2021	• Meet target value in the 2021 3-Year Business Plan regarding the result of the survey gauging degree of recognition implemented by an external body
		Action Plan	• Promote branding activities that lead to recognition, understanding, and empathy for SMM. Run a large-scale advertising campaign to secure human resources • Implement external communication measures at Head Office and individual sites to build positive relationships with communities and government	• Run ongoing advertising campaigns to consolidate recognition, understanding, and empathy • Continue external communication measures at individual sites over the medium to long term Targets to be implemented during the 2024 3-Year Business Plan • Consider additional measures for branding activities depending on KPI achievement status • Promote and accelerate external communication measures

Stakeholder Engagement

GRI 2-29

Stakeholders	Purpose	Content	Communication methods
Customers	Correctly understand customer needs	Dissemination of information on the Company and its business activities	Various media, website
		Guidance for products, service, and business activities, and in-house sharing of feedback, including opinions and requests	Business activities
		Matters related to ESG, mineral sourcing, etc.	Survey responses
Shareholders (Including Investors)	Enhance corporate value through growth strategies and firm governance and carry out appropriate information disclosure	Financial results, business reports, ESG information, etc.	General meetings of shareholders
			Briefings on financial results and progress of business strategy
			Telephone conferences aligned with financial results disclosures
			Sustainability Briefing held as part of Sumitomo Metal Mining IR-Day 2022
			Meetings with institutional investors from Japan and overseas
			Issuance of shareholder communications
Employees	Make workplaces where employees are proud to work by building good work environments and ensuring each individual has a clear role within the organization	Dissemination of management information including business activities, event information, etc.	Briefings for individual investors
			In-house bulletins and intranet
			Provision of various educational and training opportunities
			Various training activities
Local Communities (Including Indigenous Peoples)	Coexist with the local community, contribute to regional development, and behave with respect for the traditions and culture of indigenous peoples	Information concerning work environments, communication, harassment, usage of reporting channels, etc.	Various surveys (employment environment surveys, employee awareness surveys, stress check surveys)
		Discussion and mutual understanding concerning issues between labor and management	Labor-management council meetings, labor-management discussions, and Labor-Management Advisory Committee meetings
			Central Labor Management Conference
Business Partners (Including Suppliers)	Reduce risk related to human rights and labor, compliance, quality assurance, and environment and local communities, etc., and practice sustainable procurement	Explanations of the Sustainable Procurement Policy, sustainability matters, etc.	Social contribution activities in each region
		Discussion regarding sustainability (particularly business and human rights)	Exchanges of opinions on human rights issues with external experts, indigenous peoples, etc.
NGOs / NPOs	Listen to diverse opinions regarding social issues and maintain appropriate communication, including dialogue	Information gathering and exchanges of opinions	Videos explaining sustainability
Government Agencies	Practice thorough compliance and contribute to the development of the countries and communities in which we do business	Information gathering and exchanges of opinions	Visits to business partners
			Regular exchanges of opinions
			Regular exchanges of opinions

Engagement with Stakeholders

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 measure the satisfaction and engagement of 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. The survey covered 5,153 people from 10 companies,* with a total of 141 questions, and a response rate of 94.4%. 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 currently have about working at the Company, and to use this information to develop management measures to create an even better company and workplace.

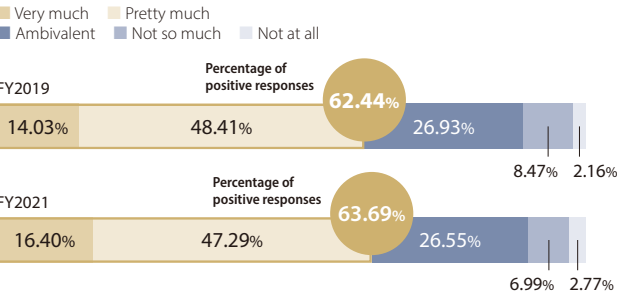
The results of this survey are fed back to top management, general managers of departments and divisions at the head office, heads of business divisions and business sites, presidents of Group companies, labor unions, etc. For directly controlled business sites, Group companies, and other sites, we disclose data by site to help improve management at each site. In FY2022, we held approximately 30 feedback briefings on the results of the FY2021 survey. The survey results and explanatory articles are published in in-house magazine for employees to read.

In order to make more effective use of the employee awareness survey, the frequency of the survey will be increased from every three years to annually starting in FY2023, and the survey content and feedback methods will be revised.

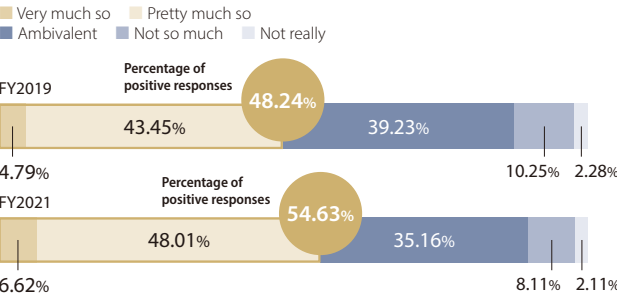
* Companies surveyed: Sumitomo Metal Mining Co., Ltd., Sumiko Logistics Co., Ltd., Hyuga Smelting Co., Ltd., Sumiko Energy Materials Co., Ltd., Ohkuchi Electronics Co., Ltd., Sumiko Kunitomi Electronics Co., Ltd., Ohkuchi Materials Co., Ltd., Shinko Co., Ltd., Sumiko Techno-Research Co., Ltd, Sumitomo Metal Mining Siporex Co., Ltd.

Results of employee awareness survey

Q. Are you proud of being an employee for Sumitomo Metal Mining?



Q. Do you think your company is an attractive workplace for you?



List of Main External Awards (FY2022)

Awards	Year/month	Recipient	Award received for
The Japan Society for Analytical Chemistry Award of Merit	2022/9	Sumitomo Metal Mining Co., Ltd., Non-Ferrous Metals Division Sumiko Techno-Research 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 Group employees was recognized with the Award of Merit.
General Meeting of the Korean Institute of Resources Recycling Excellent Paper Presentation Award	2022/10	Sumitomo Metal Mining Co., Ltd., Technology Division	This award for excellent paper presentations was awarded to two employees in the Technology Division by the Korean Institute of Resources Recycling (KIRR), a South Korean academic research organization equivalent to the Mining and Materials Processing Institute of Japan.
Japan Association of Solvent Extraction Award	2022/11	Sumitomo Metal Mining Co., Ltd., Technology Division	This award was presented to an employee of the Technology Division in recognition of his contribution to the application of solvent extraction technologies in the non-ferrous metals field by the Japan Association of Solvent Extraction (JASE), an organization comprising academic research institutes, technology development institutes, universities, and other organizations from a wide range of fields, including chemical engineering, analytical chemistry, nuclear power engineering, and metallurgy.
2022 Presidential Mineral Industry Environmental Award (PMIEA)	2022/11	Coral Bay Nickel Corporation and Taganito HPAL Nickel Corporation	In the Philippines, CBNC was awarded the 2022 Presidential Mineral Industry Environmental Award (PMIEA). This is the third consecutive year it has won this award and the eight time overall. Furthermore, it also won awards for Safest Mineral Processing - Extraction Category Award for a second consecutive year, as well as an award for Best Mining Forest Contest alongside THPAL. The PMIEA is the highest honor that can be awarded in the Philippine mining industry. SMM received the award after scoring highly on a comprehensive assessment of factors including environmental and safety management at plants, conservation of local environments, and contribution to local communities.
Modal Shift Excellent Company Award	2022/12	Sumiko Logistics Co., Ltd.	Modal shift refers to a shift in the modes of transportation used in logistics systems from long-distance trucks to sea or rail transportation. At the Awards Ceremony for Excellent Company Working on Modal Shift hosted by Japan Association for Logistics and Transport, Sumiko Logistics was awarded the Excellent Company Working on Modal Shift Award (Improvement Category) due to its excellence in proactively working to advance a modal shift. This is the second time the company has won the award.

Main Organizations in Which SMM Has Membership

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Organization	Responsibilities of SMM officers and employees	Initiatives relating to public policy
Japan Business Federation (Keidanren)	Executive member; participation in the following committees: Overseas Development Cooperation, Canada, Environment, Oceanic Resources, International Cooperation, China, South Asia, Japan-Myanmar Economic, Japan-Brazil Economic, Diversity & Inclusion, Crisis Management & National Resilience, Innovation, Mobility, Energy and Resources (Planning subcommittee), Labor Legislation (Occupational Health and Safety subcommittee)	As a unified business organization with the goal of making improvements to the autonomous growth of the domestic economy and to public life, we act reliably and swiftly after gathering opinions from the business world with regards to various internal and external economic challenges.
APEC Business Advisory Council Japan	Member	As a member of the Japanese Chapter of the APEC Business Advisory Council (ABAC), an official private sector advisory entity for the Asia-Pacific Economic Cooperation (APEC), we support the organization's activities.
Japan Mining Industry Association (JMIA)	Chair (2023); participation in the following committees and others: Reserves (chair and deputy chair), Planning and Coordination (chair and deputy chair), Energy, Overseas Development, Environmental Management (chair and deputy chair), Customs Duties, Funds, Supply and Demand, Taxation, Exploration and Development, Sulfide Ore and Sulfuric Acid, the Special Committee for Depletion Allowance Measures (chair and deputy chair), and Safety Promotion	Submission of mining industry policy requests to relevant government agencies regarding climate change countermeasures, electricity issues, taxation, resource development, smelting and recycling, mine safety, and personnel recruitment and training development. Sending observers to government-sponsored investigative committees to present industry viewpoints.
International Council on Mining and Metals (ICMM)	Participation in the Council, Principal Liaisons Committee, and other related bodies	Implement ICMM's Mining Principles Initiatives addressing priority issues in the fields of environment, society, governance and transparency, and innovation
International Copper Association, Ltd. (ICA)	Participation in the Board of Directors, Strategy Committee, Material Stewardship Council, Asia Regional Council, and other related bodies	Brings together the global copper industry to develop and defend markets for copper and to make a positive contribution to society's sustainable development goals. • Develop new uses for copper • Promote demand for copper • Contribute to achieving the SDGs
Japan Copper Development Association (JDCA)	Chairperson One director	• Develop uses for copper/copper products; develop technology • Provide correct information about copper (verdigris, bluish water from copper pipes, etc.)
Nickel Institute (NI)	Participate in meetings of the Board, Executive Committee, Strategic and Planning Advisory Committee, and other related bodies Participate on committees for PP&S (public policy and sustainability), Science (scientific research), and MD (market development)	Supporting the sustainable growth and development in the current stainless steel market and new markets for nickel, promoting sound science, risk management, and socio-economic benefit as the basis for public policy and regulation.
Cobalt Institute (CI)	One director Participate in Board, and Executive Committee (EXCO) meetings.	As a representative of the cobalt industry, we provide advice addressing all issues related to cobalt, including health, safety, and environmental issues, in a way that encourages sustainable and responsible production and use. We also work to obtain and share original information regarding sourcing, production, and use.
The Sulphuric Acid Association of Japan	One director; participation in the General Affairs Committee, Business Affairs Committee, Technical Committee and Editorial Committee	Communicating policy and information from the Manufacturing Industries Bureau of the Ministry of Economy, Trade and Industry to member companies and compiling and presenting requests from member companies. Striving to publicize and promote use of sulfuric acid as an industry organization through means such as issuing booklets on sulfuric acid, and establishing the Standard of the Sulphuric Acid Association of Japan (a quality standard for sulfuric acid).
Japan Electronics and Information Technology Industries Association (JEITA)	Participate in Electronic Components Board and Dielectric Ceramics Committee	Collection of various statistics, and participation in reviews of regulations, standards, environmental measures and other issues.
Battery Association of Japan (BAJ)	Associate member	Promotion of measures related to recycling, quality performance, and product safety that will be required in the future as demand for secondary batteries increases.
Battery Association for Supply Chain (BASC)	Regular member One director (deputy chairperson)	Provide advice on government policy to strengthen the global competitiveness of Japan and promote deliberation in Japan regarding conforming to international standards for each type of raw material in order to facilitate the development of healthy supply chains for batteries, battery parts, and materials.

As of July 2023

Engagement with Stakeholders

Participation in and Declarations of Support for International Organizations

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SMM participates in international organizations, issues declarations of support, complies with the organizations’ rules, and supports their activities. As a company in the mining and metal smelting and refining industries, we undertake initiatives for the sustainable development demanded of us.

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.

ICMM has Mining Principles as guidance for environmental, social, and governance initiatives in the mining and metals industries. The Mining Principles comprise 10 Principles, a set of performance expectations that stipulate specific targets for action on these principles, position statements concerning certain specific issues, and an assurance and validation procedure.

The SMM Group reflects the ICMM 10 Principles and position statements in the visions and materiality issues of our Vision for 2030.

<https://www.icmm.com/>

<https://www.icmm.com/en-gb/our-principles> [➡ P.131](#)

The 10 Principles of the ICMM

Principle 1:

Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development.

Principle 2:

Integrate sustainable development in corporate strategy and decision-making processes.

Principle 3:

Respect human rights and the interests, cultures, customs and values of workers and communities affected by our activities.

Principle 4:

Implement effective risk-management strategies and systems based on sound science and which account for stakeholder perceptions of risks.

Principle 5:

Pursue continual improvement in physical and psychological health and safety performance with the ultimate goal of zero harm.

Principle 6:

Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change.

Principle 7:

Contribute to the conservation of biodiversity and integrated approaches to land-use planning.

Principle 8:

Facilitate and support the knowledge-base and systems for responsible design, use, re-use, recycling and disposal of products containing metals and minerals.

Principle 9:

Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities.

Principle 10:

Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance.

Position statements

ICMM has set forth the following position statements regarding important individual issues. The SMM Group is committed to complying with these initiatives.

Diversity, equality and inclusion; transparency of mineral revenues; climate change; water stewardship; tailings governance framework; indigenous peoples and mining; mining partnerships for development; mercury risk management; mining and protected areas

Validation of Implementation and Progress of Performance Expectations (PEs)

Within our target sites* for PEs, we have prioritized the sites to undergo third-party validation as follows.

Sites that produce or smelt and refine gold, silver, copper, and nickel, which are included in the minerals subject to international responsible mineral sourcing, sites that are large in scale (production volume, number of employees, etc.), and sites that produce metals as finished products (excluding facilities producing intermediate products)

- In FY2022, the Toyo Smelter & Refinery underwent third-party validation. [➡ P.132-137](#)
- Hishikari Mine is scheduled to undergo verification in FY2023, and Niihama Nickel Refinery in FY2024.

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

Self-Assessment Results for the Entire Company (conducted in 2022)

Outcome ¹				Total
Meets	Partially Meets	Does not meet	N/A	
14	14	2 ²	0	30

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 compared to "meets," and future initiatives
• PE1.5: Political contributions
Data on political contributions are not disclosed. We will consider the possibility of disclosing this information in the future
• PE 7.1: Operations in World Heritage sites
There is no clear policy for the Group regarding the exploration and development of mines in World Heritage sites, so, we will consider such a policy. Currently, the Group does not conduct any mining exploration or development in the World Heritage sites

Extractive Industries Transparency Initiative (EITI)*

We agree with and have declared our support for the aims of the Extractive Industries Transparency Initiative (EITI).*

* EITI is a framework for multinational cooperation that enhances transparency in the flow of funds from the so-called extractive industries, those that are involved in oil, gas, and mineral resources, to the governments of resource-producing countries, to prevent corruption and conflict and thereby promote responsible resource development that leads to growth and the reduction of poverty.

<https://eiti.org/>

EITI Principles

1 We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.

2 We affirm that management of natural resource wealth for the benefit of a country's citizens is in the domain of sovereign governments to be exercised in the interest of their national development.

3 We recognise that the benefits of resource extraction occur as revenue streams over many years and can be highly price dependent.

4 We recognise that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development.

5 We underline the importance of transparency by governments and companies in the extractive industries and the need to enhance public financial management and accountability.

6 We recognise that achievement of greater transparency must be set in the context of respect for contracts and laws.

7 We recognise the enhanced environment for domestic and foreign direct investment that financial transparency may bring.

8 We believe in the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.

9 We are committed to encouraging high standards of transparency and accountability in public life, government operations and in business.

10 We believe that a broadly consistent and workable approach to the disclosure of payments and revenues is required, which is simple to undertake and to use.

11 We believe that payments' disclosure in a given country should involve all extractive industry companies operating in that country.

12 In seeking solutions, we believe that all stakeholders have important and relevant contributions to make—including governments and their agencies, extractive industry companies, service companies, multilateral organisations, financial organisations, investors, and non-governmental organisations.

Engagement with Stakeholders

International Council on Mining and Metals’ (ICMM) Performance Expectations (PEs) Self-Assessment

FY2022 Asset Level Report (Toyo Smelter & Refinery)

We implemented a PEs self-assessment for the Toyo Smelter & Refinery in FY2022 as shown below and underwent third-party validation in FY2022.

FY2022 Self-Assessment Result (Toyo Smelter & Refinery)

Items	Performance Expectation	Assessment Summary	Implementation Evidence and Gaps
1	Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development.		
1.1	Establish systems to maintain compliance with applicable law	Meets	A mechanism we have to identify relevant legal requirements is a monthly newsletter sent to all employees that contains information on laws and regulations that were revised in the previous month. This newsletter is a product of Sumitomo Metal Mining Co., Ltd’s legal department. Our group has “The Basic Compliance Regulations” as a mechanism to track, assess, implement and communicate changes to relevant legal requirements. When a compliance violation has been detected at the Toyo Smelter & Refinery, countermeasures to prevent reoccurrence shall be evaluated by the legal division with jurisdiction and the details shall be reported to Sumitomo Metal Mining Co., Ltd’s board of directors.
1.2	Implement policies and practices to prevent bribery and corruption, and to publicly disclose facilitation payments.	Partially Meets	Our group has “The Basic Policies for Anti-Bribery” as a policy related to the prevention of bribery and corruption. While facilitation payments are stipulated as being handled in the same manner as the provisioning of standard benefits, we have not disclosed specific details. Additionally, while training is delivered to employees on policies and prohibited practices, we were not able to provide evidence that training was being implemented for contractors.
1.3	Implement policies and standards consistent with the ICMM policy framework.*	—	—
1.4	Assign accountability for sustainability performance at the Board and/or Executive Committee level.*	—	—
1.5	Disclose the value and beneficiaries of financial and in-kind political contributions whether directly or through an intermediary.*	—	—
2	Integrate sustainable development in company strategy and decision-making processes.		
2.1	Integrate sustainable development principles into corporate strategy and decision-making processes relating to investments in the design, operation and closure of facilities.*	—	—
2.2	Support the adoption of responsible health and safety, environmental, human rights and labour policies and practices by joint venture partners, suppliers and contractors, based on risk.	Partially Meets	Our group has the “SMM Group’s Sustainable Procurement Policy” as a policy in place to define company expectations in the value chain with respect to health and safety, environmental, human rights and labour practices. We ask that all of our primary suppliers and contractors consent to the “SMM Group’s Sustainable Procurement Policy” as a means to promote health and safety, environmental, human rights and labour performance. We were not able to submit evidence that we had mechanisms in place, based on risk, to support the health and safety, environmental, human rights and labour performance of partners.

Items	Performance Expectation	Assessment Summary	Implementation Evidence and Gaps
3	Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities.		
3.1	Support the UN Guiding Principles on Business and Human Rights by developing a policy commitment to respect human rights, undertaking human rights due diligence and providing for or cooperating in processes to enable the remediation of adverse human rights impacts that members have caused or contributed to.	Partially Meets	Our group has the “Sumitomo Metal Mining Group Policy on Human Rights” as a policy commitment to avoid causing or contributing to adverse human rights impacts from operational activities or from activities directly linked to the operations, products or services by business relationships. While we are delivering human rights training to all employees, including those in the group, we were not able to provide evidence for mechanisms to communicate negative human rights impacts in an appropriate manner to potentially impacted neighboring inhabitants, nor for company-wide due diligence for human rights.
3.2	Avoid the involuntary physical or economic displacement of families and communities. Where this is not possible apply the mitigation hierarchy and implement actions or remedies that address residual adverse effects to restore or improve livelihoods and standards of living of displaced people.	Partially Meets	As the development plan for the Toyo Smelter & Refinery started before 2001 (before the start of the ICMM), assessment related to the involuntary resettlement plan for the Toyo Smelter & Refinery is not applicable. A development plan requiring involuntary resettlement has not been implemented for the Toyo Smelter & Refinery from 2001 and after. At present, we have not drafted a policy statement covering the avoidance of involuntary resettlement to the extent possible.
3.3	Implement, based on risk, a human rights and security approach consistent with the Voluntary Principles on Security and Human Rights.	Partially Meets	We are delivering human rights training to security personnel. Incidents between security personnel and neighboring inhabitants are recorded in a security record. We were not able to present evidence that we were implementing an approach to security and human rights (including a human rights risk assessment) that was in line with the Voluntary Principles on Security and Human Rights, nor were we able to present evidence of consultations related to security and human rights that had taken place with stakeholders (neighboring inhabitants) who were potentially affected.
3.4	Respect the rights of workers by: not employing child or forced labour; avoiding human trafficking; not assigning hazardous/dangerous work to those under 18; eliminating harassment and discrimination; respecting freedom of association and collective bargaining; and providing a mechanism to address workers grievances.	Meets	Our recruitment process employs those who have graduated high school, so we do not employ child labour or assign hazardous/dangerous work to those under 18. Our group has labour contracts that are based on the consent of the labourers as evidence that forced labour and human trafficking are not occurring. Our group has the internal “Human Rights Regulations” as a mechanisms to identify, assess, and eliminate potential employment and human rights risks related to harassment and discrimination. Our group has a collective labour agreement as a mechanism to respect the right to freedom of association and collective bargaining. Our group has a “Grievance Redressal Council” as a mechanism to enable workers’ grievances to be brought forward and addressed.
3.5	Remunerate employees with wages that equal or exceed legal requirements or represent a competitive wage within that job market (whichever is higher) and assign regular and overtime working hours within legally required limits.	Meets	Our group has labour contracts as contracts related to employee compensation. We monitor working hours and check against statutory working hours. Our group has internal regulations for personnel evaluations and achievement level evaluations as evidence related to mechanisms to demonstrate implementation of fair remuneration.
3.6	Respect the rights, interests, aspirations, culture and natural resource-based livelihoods of Indigenous Peoples in project design, development and operation; apply the mitigation hierarchy to address adverse impacts; and deliver sustainable benefits for Indigenous Peoples.	Not Applicable	We determined that this was “Not applicable,” as the area used for the construction of the Toyo Smelter & Refinery had no indigenous people.

Engagement with Stakeholders

Items	Performance Expectation	Assessment Summary	Implementation Evidence and Gaps
3.7	Work to obtain the free, prior and informed consent of Indigenous Peoples where significant adverse impacts are likely to occur, as a result of relocation, disturbance of lands and territories or of critical cultural heritage, and capture the outcomes of engagement and consent processes in agreements.	Not Applicable	We determined that this was “Not applicable,” as the area used for the construction of the Toyo Smelter & Refinery had no indigenous people.
3.8	Implement policies and practices to respect the rights and interests of women and support diversity in the workplace.	Meets	Our group has salary regulations as evidence that our standards governing employment and compensation are based on objective criteria and are not discriminatory based on gender or other social or economic criteria. For employment and compensation for the company, including the Toyo Smelter & Refinery, data on the ratio of female managers, the ratio of female employees, the ratio of male and female employees taking childcare leave, and the employment and turnover rate for male and female employees is disclosed in our Integrated Report.
4	Implement effective risk-management strategies and systems based on sound science and which account for stakeholder perceptions of risks.		
4.1	Assess environmental and social risks and opportunities of new projects and of significant changes to existing operations in consultation with interested and affected stakeholders, and publicly disclose assessment results.	Meets	As the development plan for the Toyo Smelter & Refinery started before 2001 (before the start of the ICMM), assessment related to the Environmental Impact Assessment (EIA) for the Toyo Smelter & Refinery is not applicable. From 2001 onwards, the “Toyo Smelter & Refinery Sulfuric Acid Equipment Reinforcement Plan” was a development plan requiring an EIA by Japanese law. Evidence that the EIA was submitted to Ehime Prefecture and that procedures were finished is available on the Ehime Prefecture website. (https://www.pref.ehime.jp/kankyoku/k-hp/theme/assessment/jokyo/sumikin.html)
4.2	Undertake risk-based due diligence on conflict and human rights that aligns with the OECD Due Diligence Guidance on Conflict Affected and High Risk Areas, when operating in, or sourcing from, a conflict-affected or high-risk area.	Meets	The Toyo Smelter & Refinery is enacting due diligence to ensure that the sourcing of copper is in line with the responsible sourcing requirements of the London Metal Exchange and that the sourcing of gold and silver is in line with the guidelines of the London Bullion Market Association.
4.3	Implement risk-based controls to avoid/prevent, minimise, mitigate and/or remedy health, safety and environmental impacts to workers, local communities, cultural heritage and the natural environment, based upon a recognised international standard or management system.	Meets	The Toyo Smelter & Refinery conducts management of occupational health and safety based on ISO45001 and implements an environmental management system based on ISO14001. Our group has “Risk Management System Regulations” and “Environmental Management Regulations” as evidence that we implement risk-based controls to avoid/prevent, minimise, mitigate and/or remedy health, safety and environmental impacts to workers, local communities, cultural heritage and the natural environment, and minimise or compensate for adverse impacts .
4.4	Develop, maintain and test emergency response plans. Where risks to external stakeholders are significant, this should be in collaboration with potentially affected stakeholders and consistent with established industry good practice.	Meets	Our group has internal regulations such as the “Risk Management Regulations,” “Business Continuity Plan” and “Emergency Response Procedure” as evidence of emergency response plans that include the identification of foreseeable hazards and risks that could lead to emergency situations.
5	Pursue continual improvement in health and safety performance with the ultimate goal of zero harm.		
5.1	Implement practices aimed at continually improving workplace health and safety, and monitor performance for the elimination of workplace fatalities, serious injuries and prevention of occupational diseases, based upon a recognised international standard or management system.	Meets	The Toyo Smelter & Refinery conducts management of occupational health and safety based on ISO45001. Our group has internal regulations such as the “Regulations for Security, Safety and Occupational Health Management” as a mechanism to identify, assess, eliminate (if possible), or control the health and safety hazards and occupational diseases at the asset.

Items	Performance Expectation	Assessment Summary	Implementation Evidence and Gaps
5.2	Provide workers with training in accordance with their responsibilities for health and safety, and implement health surveillance and risk-based monitoring programmes based on occupational exposures.	Meets	Our group has internal regulations such as the “Regulations for Security, Safety and Occupational Health Management” as a mechanism in place for identifying and implementing health and safety training for employees that is aligned with their job responsibilities. Our group’s internal regulations such as the “Regulations for Safety and Sanitation” identify the activities, materials and processes to which employees are exposed, and the procedures to follow when exposure levels are exceeded.
6	Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change.		
6.1	Plan and design for closure in consultation with relevant authorities and stakeholders, implement measures to address closure-related environmental and social aspects, and make financial provision to enable agreed closure and post-closure commitments to be realized.	Not Applicable	We determined that this was “Not applicable,” as the asset does not have mines or tailing dams.
6.2	Implement water stewardship practices that provide for strong and transparent water governance, effective and efficient management of water at operations, and collaboration with stakeholders at a catchment level to achieve responsible and sustainable water use.	Meets	We are monitoring water intake amounts, effluent amounts and contaminants at the Toyo Smelter & Refinery. We report to the authorities on the compliance with applicable requirements based on the Water Pollution Control Law, which serves as evidence of stakeholder engagement on water management at the catchment level.
6.3	Design, construct, operate, monitor and decommission tailings disposal/storage facilities using comprehensive, risk-based management and governance practices in line with internationally recognised good practice, to minimise the risk of catastrophic failure.	Not Applicable	We determined that this was “Not applicable,” as the asset does not have tailing facilities.
6.4	Apply the mitigation hierarchy to prevent pollution, manage releases and waste, and address potential impacts on human health and the environment.	Meets	We implement an environmental management system at the Toyo Smelter & Refinery based on ISO14001. Our group has internal regulations such as the “Environmental Management Regulations” and “Waste Management Regulations” as mechanisms to identify, assess, and control sources of potential pollution and their impacts on human health and the environment. As substantive mechanisms in line with mitigation hierarchy, we control waste by recycling water used in processes and by investing resources that are not useable in one process in another.
6.5	Implement measures to improve energy efficiency and contribute to a low-carbon future, and report the outcomes based on internationally recognised protocols for measuring CO ₂ equivalent (GHG) emissions.	Meets	The Toyo Smelter & Refinery reports energy usage to Sumitomo Metal Mining Co., Ltd. based on internal “Energy Management Regulations.” Sumitomo Metal Mining Co., Ltd. calculates the group’s CO ₂ emissions using emission factors that are based on the “Act on Promotion of Global Warming Countermeasures” and discloses them in its Integrated Report.
7	Contribute to the conservation of biodiversity and integrated approaches to land-use planning.		
7.1	Neither explore nor develop new mines in World Heritage sites, respect legally designated protected areas, and design and operate any new operations or changes to existing operations to be compatible with the value for which such areas were designated.	Not Applicable	We determined that this was “Not applicable,” as there are no listed World Heritage sites in the area surrounding the asset.
7.2	Assess and address risks and impacts to biodiversity and ecosystem services by implementing the mitigation hierarchy, with the ambition of achieving no-net-loss to biodiversity.	Meets	We implement an environmental management system at the Toyo Smelter & Refinery based on ISO14001. Our group has an “Environmental Management Program” that aims to minimize the effect on water and the atmosphere based on the Act on Special Measures Concerning Conservation of the Environment of the Seto Inland Sea as a programme in place to identify and assess potential adverse impacts to biodiversity and ecosystem services.


Engagement with Stakeholders


Items	Performance Expectation	Assessment Summary	Implementation Evidence and Gaps
8	Facilitate and support the knowledge-base and systems for responsible design, use, re-use, recycling and disposal of products containing metals and minerals.		
8.1	In project design, operation and de-commissioning, implement cost-effective measures for the recovery, re-use or recycling of energy, natural resources, and materials.	Partially Meets	Our group has evidence that sustainable development principles have been integrated into the project design. On the other hand, we were not able to present evidence related to mechanisms to identify and analyse practices to recover, recycle and re-use materials such as natural resources throughout the life of the asset.
8.2	Assess the hazards of the products of mining according to UN Globally Harmonised System of Hazard Classification and Labelling or equivalent relevant regulatory systems and communicate through safety data sheets and labelling as appropriate.	Meets	Internal regulations such as the "SMM Group Chemical Management Guidelines" exist as evidence that practices are in place to identify, assess and classify the hazards of products according to the UN Globally Harmonised System of Hazard Classification and Labelling or equivalent relevant regulatory mechanism. We are communicating the hazards of products to stakeholders through safety data sheets for hazardous substances and clearly label containers and packaging with information regarding hazardous substances.
9	Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities.		
9.1	Implement inclusive approaches with local communities to identify their development priorities and support activities that contribute to their lasting social and economic wellbeing, in partnership with government, civil society and development agencies, as appropriate.	Meets	Our group has CSR societal contribution activities (tree planting business, business for the promotion and development of sports, culture and the arts, etc.) as evidence of the implementation of participatory engagement practices to identify, assess and implement community development activities that address priorities with the intent that communities can thrive, including post-closure.
9.2	Enable access by local enterprises to procurement and contracting opportunities across the project life cycle, both directly and by encouraging larger contractors and suppliers, and also by supporting initiatives to enhance economic opportunities for local communities.	Meets	The Toyo Smelter & Refinery maintains communication minutes with subcontractors (local enterprises implementing on-premises logistics and maintenance) as evidence of consultation with local communities, to define, identify, communicate and promote procurement opportunities for local enterprises or contractors.
9.3	Conduct stakeholder engagement based upon an analysis of the local context and provide local stakeholders with access to effective mechanisms for seeking resolution of grievances related to the company and its activities.	Partially Meets	While we have mechanisms in place for the redressal of grievances from stakeholders, for the implementation of investigations and for grievance processing based on internal reporting, we were not able to present evidence related to "stakeholder mapping based on, for example, type of stakeholder, level of influence, and capacity to engage," "stakeholder engagement informed by social, economic and environmental assessments/baseline studies" and "grievance mechanism fit for purpose and aligned with the UN Guiding Principles on Business and Human Rights."
9.4	Collaborate with government, where appropriate, to support improvements in environmental and social practices of local Artisanal and Small-scale Mining (ASM).	Not Applicable	We confirmed that this was "Not applicable," as artisanal and small-scale mining does not exist in the local area.
10	Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance.		
10.1	Identify and engage with key corporate-level external stakeholders on sustainable development issues in an open and transparent manner.*	—	—
10.2	Publicly support the implementation of the Extractive Industries Transparency Initiative (EITI) and compile information on all material payments, at the appropriate levels of government, by country and by project.	Not Applicable	We determined that this was "Not applicable," as the asset is not developing resources in a country in which EITI is implemented.
10.3	Report annually on economic, social and environmental performance at the corporate level using the GRI Sustainability Reporting Standards.*	—	—

Items	Performance Expectation	Assessment Summary	Implementation Evidence and Gaps
10.4	Each year, conduct independent assurance of sustainability performance following the ICMM guidance on assuring and verifying membership requirements.*	—	—

Items for which we were not able to disclose evidence will become issues for discussion moving forward

* The asset level report is not applicable, as it is a corporate level item

 [ICMM Mining Principles: Performance Expectations](https://www.icmm.com/en-gb/our-principles/mining-principles/mining-principles)
<https://www.icmm.com/en-gb/our-principles/mining-principles/mining-principles>

 [Independent Assurance Report for the FY2022 Asset Level Report \(Toyo Smelter & Refinery\)](https://www.smm.co.jp/en/sustainability/icmm/pdf/asset_toyo_report_en.pdf)
https://www.smm.co.jp/en/sustainability/icmm/pdf/asset_toyo_report_en.pdf

Research & Development

Approach and Policy

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 for carbon neutrality. To achieve the Vision for 2030, the 2021 3-Year Business Plan* set out (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, and we are pursuing research and development in these areas.

* [2021 3-Year Business Plan](https://www.smm.co.jp/en/ir/management/plan/pdf/220215_setsumeikai_e.pdf)
https://www.smm.co.jp/en/ir/management/plan/pdf/220215_setsumeikai_e.pdf

FY2022 Results

The Group's business consists of processes that produce significant direct and indirect emissions of greenhouse gases (GHGs), such as CO₂. As such, in FY2022, we worked to reduce use of neutralizers in existing smelting and refining processes, fix CO₂, and develop next-generation processes for smelting and refining without using fossil fuels with the aim of reducing direct CO₂ emissions, and we obtained the results for proceeding to scale-up testing.

In the area of creating new businesses to support the value chain of the 3-business collaboration in Mineral Resources, Smelting and Refining, and Materials, our work on the development and demonstration of the storage battery recycling process and 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), and we accelerated development toward commercialization.

* [Green Innovation Fund](https://www.nedo.go.jp/news/press/AA5_101535.html)
https://www.nedo.go.jp/news/press/AA5_101535.html

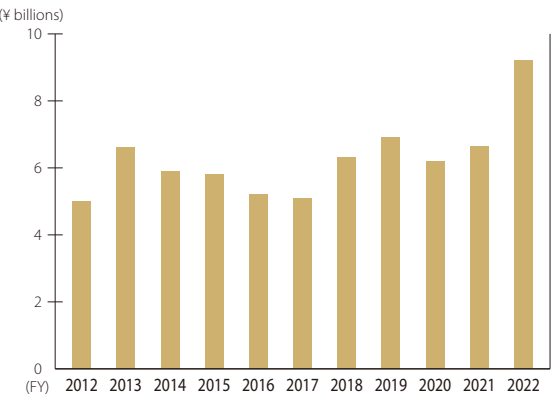
Strategy

In the materials field, we will continue to develop high functionality and new products for battery materials, powder materials, and crystal materials. In the field of battery cathode materials, regarded as a growth market, alongside development to improve performance, we will develop next-generation battery materials, including solid-state batteries, and new processes that will help to improve productivity.

Under the Vision Co-Creation Partnership with Tohoku University aimed at creating innovative materials in the lead-up to 2050, we established the Tohoku University GX Materials Science Co-Creation Research Center on October 1, 2022 in partnership with the Tohoku University Advanced Institute for Materials Research to accelerate exploration of R&D themes. Through the exploration of R&D themes at the research center, we will develop young engineers. We will also focus on the development of photocatalyst materials for use in artificial photosynthesis for CO₂ recycling and hydrogen production and materials related to energy-saving and energy harvesting with the aim of realizing carbon neutrality.

In formulating the Vision for 2030, we discussed how we will create materials without damaging the global environment in the world of 2050 or 2100 and what the non-ferrous metals industry should be like in order to achieve this goal. In terms of the medium-term outlook, we will be closely watching how the world changes and transforms by 2030, and we will work to respond rapidly in step with this change and transformation and make effective use of non-ferrous metal resources. In terms of concrete initiatives in the smelting and refining field, we are pursuing research and development related to next-generation nickel smelting and refining processes and lithium refining processes to significantly reduce GHG emissions. We are also exploring R&D themes that solve the social needs presented in the Vision for 2030 while continuing to develop improvements in resource exploration, mining, and mineral processing technologies.

Research and Development Expenses



Intellectual Property

Approach and Policy

The SMM Group Code of Conduct includes a basic policy on intellectual property (IP) and its protection and effective use. Also, its 2021 3-Year Business Plan states that the Intellectual Property Department will closely cooperate with the business and R&D divisions and promote the utilization of intellectual property in line with business development.

SMM Group Code of Conduct: Handling of Intellectual Property

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

Strategy

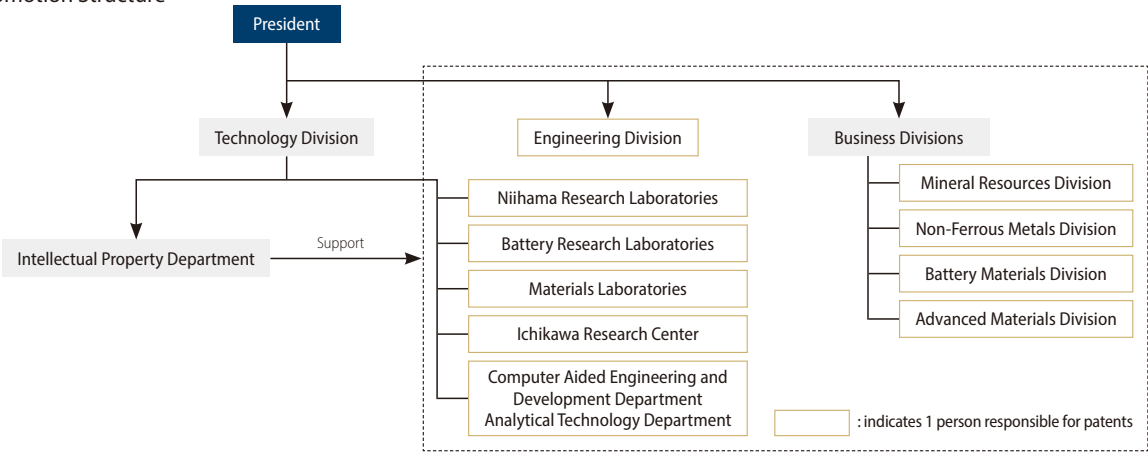
We are working on four major areas: improving intellectual property capabilities, establishing a patent portfolio, promoting the use of patent searches and patent information analysis, and developing an infrastructure for intellectual property activities. In particular, we ensure that the intellectual property strategies we have formulated are implemented in conjunction with the business strategies of our priority businesses and projects. We are using education and training to promote the development of human resources and IP awareness to execute the strategies, and we are establishing an IP rights management system that includes protection of inventors' rights and handling of other parties' IP rights. In terms of brand protection, we promote the use of trademarks and take appropriate measures against counterfeit products (patent infringement).

Promotion Structure

The Company's intellectual property activities are undertaken by the Intellectual Property Department of the Technology Division, each business division, and each department, such as research laboratories, and are under the supervision of the General Manager of the Technology Division (executive officer). Each division has one person responsible for patents, for a total of 10 people, and promotes intellectual property activities. Twice a year, the Intellectual Property Department and the people responsible for patents hold meetings to discuss strategies and management systems related to patents, and other matters, and to monitor these activities.

Under the supervision of the person responsible for patents, each division is in charge of intellectual property-related work, such as the development of patent strategies for each product or research theme, patent searches, and evaluation responses. The Intellectual Property Department is in charge of formulating Group-wide strategies, establishing and maintaining a patent management system, human resource development, etc., and promotes intellectual property activities in cooperation with each division by providing support in establishing patent strategies, conducting patent searches, establishing a patent portfolio, and effectively using Group patent rights, etc.

Promotion Structure



Intellectual Property

Education about Intellectual Property

With the aim of preventing copyright law violations in daily operations, in FY2022 we provided all employees with education on intellectual property law and Copyright Act through e-learning. As part of the training program, new technical employees are educated on basic intellectual property matters, the patent system, and our management system. For employees in their second and later years of employment, we provide more specific knowledge on patents, drafting of specifications, technical contracts, etc. For employees in management positions, we conduct case studies (group discussions) on technical contracts, lectures by outside experts, etc., depending on the level of the employee.

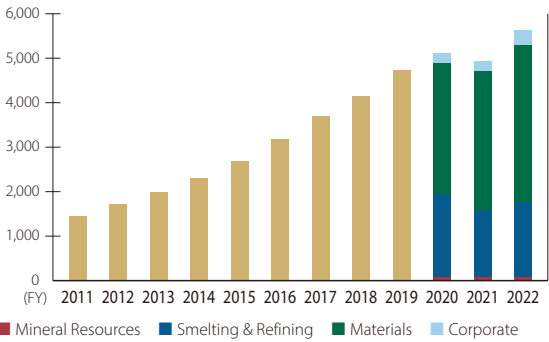
Rewards for Invention

We have established Regulations for the Management of Patents, etc. in accordance with the Patent Act, and provide monetary rewards for employee inventions made in the course of their duties, both when applying for a patent and when contributing to the business. The Company does not set a limit on the amount of rewards to be paid for inventions that contribute to the business, they are based on performance thereby motivating employees to create valuable inventions.

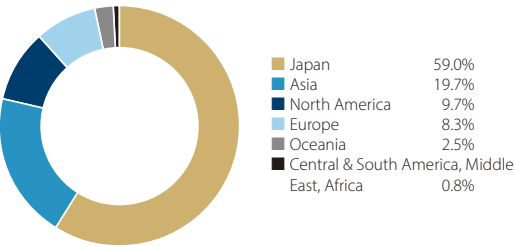
Number of Patents

We are establishing and expanding our patent portfolio by promoting patent applications for inventions created from our business activities and research and development. In recent years, we have particularly increased the number of patents related to our Materials Business (battery materials business and advanced materials business). In addition, the number of patent applications we filed in 2021 was 382, the largest number among the member companies of the Japan Mining Industry Association.

Number of Patents held by the Group



Percentage of Patents by Region (FY2022)



External Recognition

At the National Commendation for Invention 2018 (sponsored by the Japan Institute of Invention and Innovation), which aims to encourage and foster inventions and contribute to the improvement of science and technology in Japan and the promotion of industry, we were awarded the Keidanren Chairman's Award in recognition of our invention of the “Hydrometallurgical process of nickel oxide ore*”, and our achievement in commercializing this process to recover nickel and cobalt from low grade nickel oxide ore by HPAL technology.

* Patent number 4525428

Social Data

Employees’ Occupational Health and Safety

Work-Related Incidents

								GRI 403-9
		Scope ¹	Unit	2018	2019	2020	2021	2022
Work-related fatalities <input checked="" type="checkbox"/>	Number of injuries	Business sites in Japan	Employees	0	1	0	1	0
			Non-employee workers	0	0	0	1	0
		Overseas business sites	Employees	0	0	0	0	0
			Non-employee workers	0	0	0	0	0
	Frequency rate ²	Business sites in Japan	Employees	0.00	0.08	0.00	0.07	0.00
			Non-employee workers	0.00	0.00	0.00	0.50	0.00
		Overseas business sites	Employees	0.00	0.00	0.00	0.00	0.00
			Non-employee workers	—	0.00	0.00	0.00	0.00
Work-related injuries resulting in disability <input checked="" type="checkbox"/>	Number of injuries	Business sites in Japan	Employees	0	0	0	0	0
			Non-employee workers	0	0	0	0	1
		Overseas business sites	Employees	0	0	0	0	0
			Non-employee workers	0	0	0	0	0
	Frequency rate ²	Business sites in Japan	Employees	0.00	0.00	0.00	0.00	0.00
			Non-employee workers	0.00	0.00	0.00	0.00	0.50
		Overseas business sites	Employees	0.00	0.00	0.00	0.00	0.00
			Non-employee workers	—	0.00	0.00	0.00	0.00
Number of recordable work-related injuries <input checked="" type="checkbox"/>	Number of injuries ³	Business sites in Japan	Employees	23	14	15	20	24
			Non-employee workers	9	11	8	8	5
		Overseas business sites	Employees	5	1	0	1	1
			Non-employee workers	6	6	3	7	3
	Frequency rate ²	Business sites in Japan	Employees	1.71	1.05	1.13	1.48	1.63
			Non-employee workers	3.29	4.05	4.07	3.99	2.48
		Overseas business sites	Employees	1.61	0.35	0.00	0.35	0.31
			Non-employee workers	—	0.67	0.28	0.58	0.25
Cumulative hours worked		Business sites in Japan	Employees	13,417,350	13,321,652	13,288,058	13,528,961	14,722,399
			Non-employee workers	2,734,000	2,714,000	1,966,000	2,004,000	2,018,000
		Overseas business sites	Employees	3,098,667	2,826,000	2,856,000	2,870,000	3,240,000
			Non-employee workers	—	8,922,000	10,620,000	11,980,000	12,158,000
Number of potential incidents ⁶		Business sites in Japan	Employees	25	26	20	26	40
			Non-employee workers	8	14	7	7	14
		Overseas business sites	Employees	7	1	0	0	2
			Non-employee workers	5	2	1	2	6

1. "Employees" includes employees and part-time workers from Group companies
2. Frequency rate calculated per 1,000,000 hours
3. "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
4. Estimated based on one person working 2,000 hours per year
5. Total working hours of workers other than employees (those working at regular contractors) based on survey numbers from May of each year. Calculated based on note 4 above
6. The number of minor incidents (visited the hospital but no treatment needed)

Work-Related Incidents (2022 results)

	Business sites in Japan	Overseas business sites
Main types of work-related incidents	Caught in/between, cut, contact to high or low-temperature, reaction to motion/improper motion, fall from height, falling to same level, crashed by injuries	Reaction to motion/improper motion, caught in/between, crashed by, falling to same level
Sources of work-related hazards that could lead to disability, and method of determination	Sources have been classified based on analysis into damage caused by incidents in the past: 1) Heavy loads, 2) chemicals, 3) high-temperatures objects 4) rotating objects, 5) electricity, 6) high places, 7) heavy machinery, 8) cylinders, 9) hand tools	Applied based on the results of analysis of incidents in Japan: 1) Heavy loads, 2) chemicals, 3) high-temperatures objects, 4) rotating objects, 5) electricity, 6) high places, 7) heavy machinery, 8) cylinders, 9) hand tools
Incidents leading to disabilities and resulting from sources of work-related hazards, and actions taken or underway to eliminate these hazards using the hierarchy of controls*	Employees <ul style="list-style-type: none">Heavy loads (resulting in absence from work): Creation of a platform, installation of a safety fence, and layout changeHeavy loads (not resulting in absence from work): Change sensors, interlocks, and sequencesHigh places (resulting in absence from work): measures to prohibit entry to temporary scaffolds, relocation of equipment	N/A
	Contractors <ul style="list-style-type: none">High places (resulting in absence from work): Installation of special stepladder with handrailRotating objects (resulting in absence from work): Change sensors and interlocks	
Incidents resulting from other sources of workplace hazards and actions taken or underway to eliminate these hazards using the hierarchy of controls*	N/A	N/A

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

Work-Related Ill Health

		Scope*	Unit	2018	2019	2020	2021	2022
Number of fatalities as a result of work-related ill health	Business sites in Japan	Employees	cases	0	0	0	0	0
		Non-employee workers		—	0	0	0	0
	Overseas business sites	Employees		0	0	0	0	0
		Non-employee workers		0	0	0	0	0
Number of cases of recordable work-related ill health	Business sites in Japan	Employees	cases	0	0	0	0	0
		Non-employee workers		—	—	—	0	0
	Overseas business sites	Employees		0	0	0	0	0
		Non-employee workers		0	0	0	0	0

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

Work-Related Ill Health (FY2022 results)

	Business sites in Japan	Overseas business sites
Main types of work-related ill health and method of determination	As stated in the Japanese occupational health and safety laws and regulations <ul style="list-style-type: none">PneumoconiosisIonizing radiation injuryOrganic solvent poisoningDamage caused by specified chemical substances (occupational cancer, skin damage, etc.)Lead poisoningVibration-induced damageNoise-induced hearing lossOccupational dental problems (dental erosion, etc.)	As set forth in the Occupational Safety and Health Standards of the Philippines <ul style="list-style-type: none">Occupational cancerHearing lossDermatitisIonizing radiation injuryPoisoning and sequelae due to chemical substancesPneumoconiosisPneumoniaVibration-induced damageMalariaAsbestos-related diseases, etc. As set forth in the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases <ul style="list-style-type: none">Pneumoconiosis and other respiratory diseasesDermatitisHearing lossVibration-induced damageDental erosionChemical poisoningRadiation injuryOccupational cancer, etc. As set forth in the Occupational Safety and Health Act (Taiwan) Labor Insurance Act <ul style="list-style-type: none">PneumoconiosisIonizing radiation injuryHearing lossVibration-induced damageDental erosionDermatitisPoisoning and sequelae due to chemical substances (organic solvent poisoning, etc.) As set forth in Vietnamese law <ul style="list-style-type: none">PneumoconiosisLead poisoningOrganic solvent poisoningNoise-induced hearing lossVibration-induced damageSkin damageOccupational cancer
Sources of work-related hazards that lead to work-related ill health	<ul style="list-style-type: none">DustIonizing radiationOrganic solventsSpecified chemical substancesLeadVibrating toolsNoiseSubstances that erode the teeth (acids)	—
Incidents resulting from sources of work-related hazards leading to work-related ill health and actions taken or underway to eliminate these hazards using the hierarchy of controls*	<ul style="list-style-type: none">No work-related ill health occurred that required treatmentImplementing improvements to working environments at business sites, with Control Class 3 workplaces as a priority, including Control Class 2 workplacesUsing a risk assessment database of chemical substances to prevent illness	No work-related ill health occurred that required treatment

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

Social Data

Occupational Health and Safety Management System

GRI 403-1/403-8

SMM Group

	Scope ¹	Unit	2018	2019	2020	2021	2022
Workers covered by an Occupational Health and Safety Management System	Business sites in Japan	people (%)	6,763 (100)	6,885 (100)	6,849 (100)	7,008 (100)	6,760 (100)
	Overseas business sites		1,355 (100)	1,357 (100)	1,431 (100)	1,452 (100)	1,644 (100)
Workers covered by an Occupational Health and Safety Management System subject to internal audits ³	Business sites in Japan		6,763 (100)	6,885 (100)	6,849 (100)	7,008 (100)	6,760 (100)
	Overseas business sites		1,355 (100)	1,357 (100)	1,431 (100)	1,452 (100)	1,644 (100)
Workers covered by an Occupational Health and Safety Management System subject to third party audits and certification	Business sites in Japan	%	1,620 (24)	1,631 (24)	1,837 (27)	1,964 (28)	2,348 (35)
	Overseas business sites		45 (3)	89 (6)	90 (6)	99 (7)	98 (6)
Percentage of business sites with third party certification ⁵	Business sites in Japan		16.3	16.3	18.6	20.9	23.1
	Overseas business sites		60.0	60.0	60.0	60.0	50.0

Regular contractors

	Scope ¹	Unit	2018	2019	2020	2021	2022
Workers covered by an Occupational Health and Safety Management System	Business sites in Japan	people (%)	1,367 (100)	1,357 (100)	983 (100)	1,002 (100)	1,009 (100)
	Overseas business sites		2,904 (100)	4,461 (100)	5,310 (100)	5,990 (100)	6,079 (100)
Workers covered by an Occupational Health and Safety Management System subject to internal audits ³	Business sites in Japan		1,297 (95)	1,333 (98)	979 (99)	1,002 (100)	1,000 (99)
	Overseas business sites		2,233 (77)	3,551 (100)	5,310 (100)	5,990 (100)	6,079 (100)
Workers covered by an Occupational Health and Safety Management System subject to third party audits and certification	Business sites in Japan	companies	21 (2)	21 (2)	21 (2)	21 (2)	23 (2)
	Overseas business sites		0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Percentage of business sites with third party certification ⁶	Business sites in Japan		1	1	1	1	1
	Overseas business sites		—	—	—	—	—

1. Includes temporary employees covered by SMM Group occupational health and safety administration

2. Japan: We have built an occupational health and safety management framework as stipulated by the Japanese Industrial Safety and Health Act, formulated policies, targets, and plans, and implemented a one-year PDCA cycle. Activities are carried out for each level of the organization and cover 100% of employees
Overseas: We have built the system in accordance with the occupational health and safety laws and regulations of each country

3. Japan: Internal audits are implemented at each business site in the form of inspections by the business division with jurisdiction, the Safety & Environment Control Department, the Besshi-Niihama District Division Safety & Environment Control Center (Besshi District), or other organizations. The inspections check each business site's policy, targets, activity plan, and implementation status and check to see if a PDCA cycle is being carried out or not
Overseas: The business division with jurisdiction carries out audits around twice a year in the form of inspections. Dongguan Sumiko Electronic Paste Co., Ltd. carries out an internal audit each year

4. Workers at business sites covered by safety statistics

5. Results for 2022 are as follows:
Japan: ISO 45001: Nippon Ketjen Co., Ltd.; Hishikari Mine; Hishikari Office, Mining Dept., Sumiko Resources Exploration & Development Co., Ltd.; Niihama Nickel Refinery; Toyo Smelter & Refinery
Japan Industrial Safety and Health Association (JISHA) OSHMS standards: Numazu Office and Tsukuba Office of N.E. Chemcat Corporation; Shinko Co., Ltd.; Ome District Division
Overseas: Safety and production standardization (State Administration of Work Safety): Dongguan Sumiko Electronic Paste Co., Ltd.
Safety and production standardization (State Administration of Work Safety): Shanghai Sumiko Electronic Paste Co., Ltd.
Third party audit implemented by the Ministry of Labor: Taiwan Sumiko Materials Co., Ltd.

6. Results for 2022 are as follows:
Japan: JISHA OSHMS standards: Certification acquired by one contractor of Hyuga Smelting Co., Ltd.
While there are cases where some small contractors do not implement checks on the level of internal audits, contracting organizations offer guidance on occupational health and safety and carry out patrols, inspections, and other measures, and the majority do implement checks on the level of internal audits
Overseas: At Coral Bay Nickel Corporation, internal audits take the form of patrols and contractor safety meetings led by the contracting organization. At Taganito HPAL, contractors implement internal audits or participate in patrols led by Taganito HPAL

Identification of Hazard Sources, Risk Assessment, and Accident Investigation (2022)

GRI 403-2/403-7

SMM Group

	Business sites in Japan	Overseas business sites
Ongoing improvements to risk assessment process quality assurance and management systems	Risk assessment has been introduced and we continuously make improvements in regard to risk at business sites. The effectiveness of whether they contribute to preventing serious accidents is reviewed as appropriate under the leadership of the Safety & Environment Control Department.	Risk assessment is being introduced and we continuously make improvements in regard to risk at business sites. The effectiveness of these is reviewed as appropriate.
Processes for employees to report hazards and employee protection methods	We receive reports of hazards from employees through minor incident reports, morning meetings, informal discussions, etc., and take necessary measures.	We receive reports of hazards from employees through minor incident report forms, oral reports, etc. and take necessary measures.
Methods for protecting employees carrying out work that might lead to illness or injury	In addition to risk assessment, we promote risk avoidance through methods including various patrols and work observation. We work to reduce risks through hazard prediction training and mutual attention.	In addition to risk assessment and hazard prediction activities, we reduce risk through methods including inspections.
Accident investigation and countermeasures and system improvement processes	When accidents occur, we consider and deal with each case through the accident reporting database which stipulates a process that includes, investigating the characteristics of the hazard source and any background factors, and formulating countermeasures. Measures tackling the hazard source are handled according to the hierarchy of controls (in the same way as risk assessment, etc.), which prioritizes measures targeting equipment.	Investigations and countermeasures are implemented in accordance with systems at each business site including case studies and horizontal development. Measures tackling the hazard source are handled according to the hierarchy of controls, which prioritizes measures targeting equipment.

Regular contractors

	Business sites in Japan	Overseas business sites
Ongoing improvements to risk assessment process quality assurance and management systems	A similar in-house process as the contracting organization is used. (In some cases, using the contracting organization's process.)	At Coral Bay Nickel Corporation, some contractors are introducing risk assessment initiatives such as 10-second employee hazard prediction, and at Taganito HPAL, some are introducing risk assessment.
Processes for employees to report hazards and employee protection methods	A framework is in place to ensure implementation of necessary measures and provide reports, either orally or in prescribed forms, in areas such as minor incident and points on which to take note.	A framework is in place so that if either the contracting organization or contractor discovers information such as minor incident, they will contact each other.
Methods for protecting employees carrying out work that might lead to illness or injury	In addition to RA, various inspections and patrols are implemented by the contracting organization and measures are taken as necessary.	Measures implemented center on hazard prediction activities. Measures such as patrols by the contracting organization are also implemented.
Accident investigation and countermeasures and system improvement processes	A similar process as the contracting organization is used for accident investigation and countermeasures and system improvement processes. (Also using the accident reporting database of the contracting organization.)	Either checks are made by the contracting organization following consideration of the case by the contractor, or the contracting organization works with the contractor to implement an investigation, counter measures, and improvements. Measures tackling the hazard source are handled according to the hierarchy of controls, which prioritizes measures targeting equipment.

Social Data

Services, Education and Training Related to Occupational Health and Safety (2022) GRI 403-3/403-5

To ensure that employees have access to information on health and safety and disaster countermeasure services at all times, we distribute operational guidelines and procedure manuals, hang up bulletin boards, and post on the Company's intranet.

Item	Contents		Details
Working environment and work management Health management	Health checkups and exams	We conduct health checkups (general, special, and specific) as stipulated by the Industrial Safety and Health Act.	
	Exposure countermeasures	In accordance with the Industrial Safety and Health Act, we implement the measuring of working environments, wearing of protective equipment, and management of exposure times.	
	Provision of occupational physicians	In accordance with the Industrial Safety and Health Act, or under contract to an occupational physician, we provide health guidance, stress checks, etc. which make use of the results of health checkups.	
	Countermeasures against Infectious Diseases	<ul style="list-style-type: none">• We provide financial assistance for tetanus, hepatitis A, hepatitis B, and other vaccinations for employees on assignment overseas and their accompanying family members, taking into consideration the prevalence of these diseases in the destination countries.• We are continuing work from home and online meetings and events as a measure against COVID-19. In addition to subsidizing the cost of influenza vaccinations through the health insurance association, we have also established rules and guidelines for countermeasures against new strains of influenza and other infectious diseases.	P80-85, P102-106
	Mental health care	We conduct stress checks in accordance with laws and regulations, set up internal and external hotlines and counseling services, and provide self- and line-care training, etc.	
	Communication with employees	We collect employee requests and opinions through working environment questionnaires, inspection tours, and Labor-Management Advisory Committee meetings, and implement measures based on these requests and opinions.	
	Equipment, facilities, and supplies	Various equipment and facilities have been installed to provide a physically and mentally healthy working environment where employees can spend their time. Dining halls, break rooms, laundry rooms, bath/shower facilities (for dealing with specified chemical substances, etc.), first-aid kits and AED, emergency rooms, alcohol detectors, etc., accident prevention facilities, stockpile warehouses, company-owned sports facilities/ grounds, company housing/dormitories, external fitness gyms, and spa facilities related to the Company, etc.	
Education and training on occupational health and safety	Legally mandated education	Education is provided at the time of new employee training, special education, and training when starting hazardous or potentially harmful operations, etc.	
	Education beyond legal requirements	<p>In addition to legally mandated training, the following training is provided.</p> <ul style="list-style-type: none">• Education to foster qualified personnel (e.g., safety managers, industrial counselors)• Hazard simulations, internal workshops, small group activities (e.g., development of occupational accident case studies)• JCO Study Center training, lectures from external instructors (e.g., life-saving and first-aid, drunk driving prevention)	P84, P94
Disaster countermeasures	Evacuation drills	We conduct fire and earthquake evacuation drills at least once a year.	
	Self-defense fire brigade	We have established a self-defense fire brigade, etc., and have a first-response system in place in the event of a disaster.	
	Emergency supplies	Each business site prepares emergency supplies such as emergency food and equipment in preparation for disasters.	P184
	Safety confirmation	We use an external safety confirmation system to quickly confirm the safety of employees and their families in the event of a disaster. We also conduct safety confirmation drills on a regular basis.	
	Emergency contact network	An emergency contact network has been created for the entire Company and each business site, and is reviewed on a regular basis.	

Diverse Human Resources / Development and Participation of Human Resources

Employee Data

Average Years of Service, Age, and Annual Compensation

	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Average years of service	Sumitomo Metal Mining Co., Ltd.	year	21.1	19.7	19.5	18.9	18.0
Average age		age	43.9	43.0	42.7	42.3	41.5
Average annual compensation*		thousand yen	8,195	8,185	7,952	7,878	8,349

*Average annual compensation includes compensation other than base salary, other allowances, and bonuses

Number of Officers and Employees (by country and region) ☒ GRI 2-4/2-7/2-9/405-1

	Scope			Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Number of officers and employees ^{1, 2}	SMM Group	Total		people	7,408	7,570	7,797	7,879	7,950	
		By country and region	Japan	people	5,844	5,905	6,150	6,224	6,085	
				Male	4,916	4,950	5,120	5,198	5,098	
				Female	928	955	1,030	1,026	987	
		Philippines		people	1,327	1,429	1,430	1,433	1,504	
				Male	1,006	1,075	1,068	1,071	1,124	
				Female	321	354	362	362	380	
		Asia & Oceania (excluding the Philippines)	China		people	101	97	102	108	105
					Male	61	62	68	76	75
					Female	40	35	34	32	30
			Taiwan		people	28	29	27	27	26
						Male	13	13	12	12
					Female	15	16	15	15	15
			Thailand		people	4	4	4	4	—
						Male	1	1	1	1
					Female	3	3	3	3	—
			South Korea		people	4	7	4	4	5
						Male	2	2	2	2
					Female	2	5	2	2	3
			Vietnam		people	—	—	—	—	145
						Male	—	—	—	—
					Female	—	—	—	—	33
			Australia		people	8	8	7	8	7
					Male	6	6	5	6	5
				Female	2	2	2	2	2	
		North America & Europe	Canada		people	13	13	13	13	19
						Male	12	12	11	11
					Female	1	1	2	2	3
			Netherlands		people	1	1	1	1	1
						Male	1	1	1	1
					Female	0	0	0	0	0
			U.S.A.		people	9	12	13	14	12
						Male	4	6	6	6
					Female	5	6	7	8	7
			South America	Brazil		people	16	11	4	1
						Male	14	9	3	0
					Female	2	2	1	1	1
		Chile			people	28	30	26	26	23
						Male	21	20	18	18
					Female	7	10	8	8	9
Peru		people		25	24	16	16	17		
				Male	22	21	13	13	14	
		Female		3	3	3	3	3		

1. Data are as of the end of the fiscal year in each country (including employees on leave), and dispatched employees are recorded in the number of officers and employees of the company to which they are dispatched

2. The scope of officers includes directors, Audit & Supervisory Board members, and executive officers (excluding outside directors and Audit & Supervisory Board members) of SMM, and directors and Audit & Supervisory Board members of consolidated subsidiaries in Japan and overseas

* Some revisions have been made to previous years' figures based on a close examination of historical data

Social Data

Number of Officers and Employees (by age group and employee category) ☒ GRI 2-4/2-7/2-8/2-9/405-1

	Scope			Unit	FY2018	FY2019	FY2020	FY2021	FY2022		
Number of officers and employees ¹	SMM Group	Number of full-time officers ²	Total		people	110	105	110	109	105	
			Sumitomo Metal Mining Co., Ltd.	Male		21	23	25	23	24	
				Female		0	0	0	0	0	
			Consolidated subsidiaries in Japan	Male		62	56	58	61	57	
				Female		0	0	0	0	0	
			Consolidated subsidiaries overseas	Male		27	25	26	24	23	
				Female		0	1	1	1	1	
			Number of employees	Total		people	7,298	7,465	7,687	7,770	7,845
				Sumitomo Metal Mining Co., Ltd.	Total	people	2,630	2,679	2,699	2,813	2,993
					Management staff		people	487	491	487	470
	Younger than 30 years old				0	0	0	0	0		
		Male			0	0	0	0	0		
		Female			0	0	0	0	0		
	30–49 years old				179	171	170	177	198		
		Male			175	166	164	168	184		
		Female			4	5	6	9	14		
	50 years old and older				308	320	317	293	281		
		Male			304	315	312	289	277		
		Female			4	5	5	4	4		
	Regular employees			people	1,907	1,933	1,936	2,072	2,246		
	Younger than 30 years old				427	429	490	584	688		
		Male			349	351	388	468	558		
		Female			78	78	102	116	130		
	30–49 years old				920	952	908	908	938		
		Male		754	774	733	737	768			
		Female		166	178	175	171	170			
	50 years old and older			560	552	538	580	620			
Male			508	500	477	510	542				
	Female		52	52	61	70	78				
Limited-term employees		people	236	255	276	271	268				
	Male		201	218	237	235	232				
	Female		35	37	39	36	36				
Consolidated subsidiaries in Japan		Total	people	3,131	3,147	3,368	3,327	3,011			
Management staff		people	306	286	278	270	240				
Younger than 30 years old			0	0	0	0	0				
	Male		0	0	0	0	0				
	Female		0	0	0	0	0				
30–49 years old			97	85	90	92	82				
	Male		95	83	88	89	80				
	Female		2	2	2	3	2				
50 years old and older			209	201	188	178	158				
	Male		209	201	188	178	157				
	Female		0	0	0	0	1				

	Scope			Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Number of officers and employees ¹	SMM Group	Number of employees	Regular employees		people	2,456	2,454	2,671	2,659	2,453
			Younger than 30 years old		421	417	442	453	423	
		Male		350	353	377	387	366		
		Female	71	64	65	66	57			
		30–49 years old		1,503	1,480	1,603	1,583	1,414		
			Male	1,225	1,189	1,273	1,259	1,115		
		Female	278	291	330	324	299			
		50 years old and older		532	557	626	623	616		
			Male	465	484	538	527	527		
		Female	67	73	88	96	89			
		Limited-term employees		people	369	407	419	398	318	
		Male		198	237	262	267	211		
		Female		171	170	157	131	107		
		Consolidated subsidiaries overseas		Total	people	1,537	1,639	1,620	1,630	1,841
		Management staff		people	314	299	317	321	315	
		Younger than 30 years old			63	43	38	31	29	
		Male		49	30	28	19	15		
		Female		14	13	10	12	14		
		30–49 years old			227	228	249	260	253	
		Male		176	174	182	192	179		
		Female		51	54	67	68	74		
		50 years old and older			24	28	30	30	33	
		Male		17	23	24	23	26		
		Female		7	5	6	7	7		
		Regular employees		people	1,216	1,324	1,288	1,302	1,509	
		Younger than 30 years old			459	500	429	390	410	
		Male		306	324	266	245	265		
		Female		153	176	163	145	145		
		30–49 years old			702	767	814	851	1,032	
		Male		538	588	631	655	799		
		Female		164	179	183	196	233		
		50 years old and older			55	57	45	61	67	
Male		46	48	37	52	57				
Female		9	9	8	9	10				
Limited-term employees		people	7	16	15	7	17			
Male		4	15	13	6	15				
Female		3	1	2	1	2				
Temporary employees	SMM Group	Total		people	481	464	495	538	438	
		Sumitomo Metal Mining Co., Ltd.		175	185	163	182	204		
		Consolidated subsidiaries in Japan		274	251	331	355	234		
		Consolidated subsidiaries overseas		32	28	1	1	0		

1. Data are as of the end of the fiscal year in each country (including employees on leave), and dispatched employees are recorded in the number of officers and employees of the company to which they are dispatched

2. The scope of officers includes directors, Audit & Supervisory Board members, and executive officers (excluding outside directors and Audit & Supervisory Board members) of SMM, and directors and Audit & Supervisory Board members of consolidated subsidiaries in Japan and overseas

* Some revisions have been made to previous years' figures based on a close examination of historical data

Social Data

New Hires and Departures (by hiring type and reason for departure)¹ GRI 401-1

Scope			Unit	FY2018	FY2019	FY2020	FY2021	FY2022			
New hires and departures	Sumitomo Metal Mining Co., Ltd.	New hires	Total		people	158	128	176	223	284	
			New graduates	Total		people	61	48	107	132	128
				Managerial track employees			23	35	32	55	46
				Of which are women			4	4	7	11	6
				Core track			38	13	75	77	82
				Of which are women			9	7	22	21	10
			Mid-career hires	Total		people	97	80	69	91	156
				Managerial track employees			11	26	19	31	62
				Of which are women			2	5	0	3	4
				Core track			86	54	50	60	94
		Of which are women			12	8	11	3	17		
		Departures	Number of departures	Total		people	52	66	55	50	68
				Departed for personal reasons			34	54	39	41	56
			Of which are women			8	8	10	8	8	
			Departed for company-related reasons			1	0	2	0	6	
			Other ²			17	12	14	9	6	

1. Data are as of the end of each fiscal year (excluding directors, limited-term employees, and temporary employees)
2. Other: departures due to having reached mandatory retirement age, death, expiration of leave of absence, etc.

New Hires and Departures (by region)¹ GRI 401-1

Scope				Unit	FY2018	FY2019	FY2020	FY2021	FY2022
New hires and departures	Total		New hires	people (%) ²	348 (5.2)	401 (5.9)	343 (4.9)	394 (5.6)	594 (8.2)
			Departures		185 (2.8)	179 (2.6)	233 (3.3)	196 (2.8)	326 (4.5)
	SMM Group	Japan	Total	people (%)	247 (4.8)	251 (4.9)	299 (5.6)	353 (6.5)	431 (8.0)
			Departures		112 (2.2)	117 (2.3)	191 (3.6)	161 (2.9)	223 (4.1)
		Younger than 30 years old	Male	New hires	128 (18.3)	117 (16.6)	142 (18.6)	196 (22.9)	239 (25.9)
				Departures	40 (5.7)	29 (4.1)	24 (3.1)	41 (4.8)	43 (4.7)
			Female	New hires	20 (13.4)	27 (19.0)	46 (27.5)	42 (23.1)	40 (21.4)
				Departures	6 (4.0)	13 (9.2)	7 (4.2)	7 (3.8)	11 (5.9)
		30–49 years old	Male	New hires	79 (3.5)	71 (3.2)	68 (3.0)	87 (3.9)	114 (5.3)
				Departures	42 (1.9)	49 (2.2)	40 (1.8)	37 (1.6)	46 (2.1)
			Female	New hires	16 (3.6)	30 (6.3)	28 (5.5)	11 (2.2)	12 (2.5)
				Departures	7 (1.6)	19 (4.0)	9 (1.8)	10 (2.0)	20 (4.1)
		50 years old and older	Male	New hires	3 (0.2)	5 (0.3)	11 (0.7)	15 (1.0)	22 (1.5)
				Departures	15 (1.0)	6 (0.4)	104 (6.9)	62 (4.1)	97 (6.5)
			Female	New hires	1 (0.8)	1 (0.8)	4 (2.6)	2 (1.2)	4 (2.3)
				Departures	2 (1.6)	1 (0.8)	7 (4.5)	4 (2.4)	6 (3.5)

Scope			Unit	FY2018	FY2019	FY2020	FY2021	FY2022
New hires and departures	SMM Group	Philippines	Total	82	134	44	28	151
			people (%)	(6.2)	(9.5)	(3.1)	(2.0)	(10.2)
			New hires	67	57	42	23	86
			Departures	(5.1)	(4.0)	(3.0)	(1.6)	(5.8)
	Younger than 30 years old	Male	New hires	45	76	19	10	62
				(13.6)	(22.8)	(6.9)	(4.2)	(26.8)
		Female	Departures	40	30	18	8	16
				(12.0)	(9.0)	(6.6)	(3.3)	(6.9)
	30–49 years old	Male	New hires	20	27	15	5	38
				(13.3)	(15.4)	(9.3)	(3.4)	(24.8)
		Female	Departures	9	4	8	4	17
				(6.0)	(2.3)	(5.0)	(2.7)	(11.1)
	50 years old and older	Male	New hires	14	22	9	13	44
				(2.2)	(3.3)	(1.2)	(1.7)	(5.5)
		Female	Departures	15	19	10	9	40
				(2.4)	(2.8)	(1.4)	(1.2)	(5.0)
	Younger than 30 years old	Male	New hires	3	5	0	0	3
				(1.9)	(2.9)	(0.0)	(0.0)	(1.4)
		Female	Departures	1	3	4	1	9
				(0.6)	(1.7)	(2.1)	(0.5)	(4.1)
	30–49 years old	Male	New hires	0	4	1	0	4
				(0.0)	(8.3)	(2.4)	(0.0)	(6.1)
		Female	Departures	2	1	2	1	4
				(5.3)	(2.1)	(4.8)	(1.8)	(6.1)
	50 years old and older	Male	New hires	0	0	0	0	0
				(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
		Female	Departures	0	0	0	0	0
				(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
	Asia & Oceania ³ (excluding the Philippines)	Total	New hires	4	3	0	12	12
			people (%)	(3.0)	(2.2)	(0.0)	(8.6)	(4.4)
			Departures	0	1	0	11	17
				(0.0)	(0.7)	(0.0)	(7.9)	(6.2)
	Younger than 30 years old	Male	New hires	0	0	—	8	9
				(0.0)	(0.0)		(44.4)	(19.6)
		Female	Departures	0	0	—	5	8
				(0.0)	(0.0)		(27.8)	(17.4)
	30–49 years old	Male	New hires	3	0	—	0	0
				(21.4)	(0.0)		(0.0)	(0.0)
		Female	Departures	0	0	—	0	2
				(0.0)	(0.0)		(0.0)	(40.0)
	50 years old and older	Male	New hires	1	0	—	3	2
				(2.4)	(0.0)		(5.2)	(1.4)
		Female	Departures	0	1	—	5	6
				(0.0)	(2.2)		(8.6)	(4.3)
	Younger than 30 years old	Male	New hires	0	3	—	1	1
				(0.0)	(6.0)		(2.1)	(1.4)
		Female	Departures	0	0	—	1	1
				(0.0)	(0.0)		(2.1)	(1.4)
	30–49 years old	Male	New hires	0	0	—	0	0
				(0.0)	(0.0)		(0.0)	(0.0)
		Female	Departures	0	0	—	0	0
				(0.0)	(0.0)		(0.0)	(0.0)
	50 years old and older	Male	New hires	0	0	—	0	0
				(0.0)	(0.0)		(0.0)	(0.0)
		Female	Departures	0	0	—	0	0
				(0.0)	(0.0)		(0.0)	(0.0)

Social Data

Scope			Unit	FY2018	FY2019	FY2020	FY2021	FY2022
New hires and departures	SMM Group	North America & Europe ⁴	Total					
			New hires	0 (0.0)	0 (0.0)	0 (0.0)	1 (4.2)	0 (0.0)
			Departures	0 (0.0)	0 (0.0)	0 (0.0)	1 (4.2)	0 (0.0)
		Younger than 30 years old	Male	New hires	—	—	—	0 (0.0)
				Departures	—	—	—	0 (0.0)
			Female	New hires	—	—	—	0 (0.0)
				Departures	—	—	—	0 (0.0)
		30–49 years old	Male	New hires	—	—	—	1 (8.3)
				Departures	—	—	—	0 (0.0)
			Female	New hires	—	—	—	0 (0.0)
				Departures	—	—	—	0 (0.0)
		50 years old and older	Male	New hires	—	—	—	0 (0.0)
				Departures	—	—	—	1 (50.0)
			Female	New hires	—	—	—	0 (0.0)
				Departures	—	—	—	0 (0.0)
	South America ⁵	Total	New hires	15 (23.4)	13 (21.7)	0 (0.0)	0 (0.0)	0 (0.0)
			Departures	6 (9.4)	4 (6.7)	0 (0.0)	0 (0.0)	0 (0.0)
		Younger than 30 years old	Male	New hires	2 (33.3)	3 (50.0)	—	—
				Departures	1 (16.7)	0 (0.0)	—	—
			Female	New hires	2 (100.0)	1 (20.0)	—	—
				Departures	0 (0.0)	1 (20.0)	—	—
		30–49 years old	Male	New hires	8 (23.5)	6 (19.4)	—	—
				Departures	2 (5.9)	1 (3.2)	—	—
			Female	New hires	0 (0.0)	1 (16.7)	—	—
				Departures	2 (28.6)	1 (16.7)	—	—
		50 years old and older	Male	New hires	3 (25.0)	2 (25.0)	—	—
				Departures	1 (8.3)	1 (12.5)	—	—
			Female	New hires	0 (0.0)	0 (0.0)	—	—
				Departures	0 (0.0)	0 (0.0)	—	—

1. Data are based on the number of employees as of the end of the fiscal year in each country (excluding directors, limited-term employees, and temporary employees)
2. Percentage of new employees: number of new employees ÷ total employees x 100; turnover: number of departures ÷ total employees x 100
3. Asia & Oceania (excluding the Philippines) includes China, Taiwan, South Korea, Thailand, Vietnam, and Australia (FY2022)
4. North America & Europe includes Canada and the U.S. (FY2022)
5. South America includes Peru, Chile, and Brazil (FY2022)

Human Resources Development

Time Spent on and Investment in Employee Education

GRI 2-4/404-1

Scope			Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Total time spent on employee education ¹ <input checked="" type="checkbox"/>	Sumitomo Metal Mining Co., Ltd.	Total	hours	36,051	99,740	119,221	188,913	131,106
		Officers	hours	79	638	281	324	368
			Male	79	638	281	324	368
			Female	0	0	0	0	0
		Managers	hours	6,718	16,144	19,653	17,257	16,375
			Male	6,566	15,876	19,268	17,038	15,883
			Female	152	268	385	219	491
		Regular employees	hours	28,174	80,395	93,165	153,038	109,723
			Male	23,997	71,003	81,119	135,008	95,756
			Female	4,177	9,391	12,046	18,030	13,967
		Limited-term employees and temporary employees	hours	1,080	2,563	6,122	18,294	4,640
			Male	484	2,188	5,013	13,439	3,555
			Female	596	375	1,109	4,855	1,086
Consolidated subsidiaries in Japan	Consolidated subsidiaries in Japan	Total	hours	25,643	20,374	23,769	43,769	33,021
		Officers	hours	429	358	342	402	481
			Male	429	358	342	402	481
			Female	0	0	0	0	0
		Managers	hours	4,459	1,889	1,838	3,219	2,245
			Male	4,447	1,886	1,812	3,153	2,177
			Female	12	3	25	66	68
		Regular employees	hours	17,352	15,269	18,721	34,115	26,363
			Male	15,190	13,301	15,766	31,087	23,011
			Female	2,162	1,968	2,955	3,028	3,353
		Limited-term employees and temporary employees	hours	3,404	2,859	2,868	6,034	3,932
			Male	2,018	1,747	1,600	4,323	2,434
			Female	1,386	1,112	1,268	1,711	1,499
Consolidated subsidiaries overseas	Consolidated subsidiaries overseas	Total	hours	19,316	30,174	29,545	18,323	27,616
		Officers	hours	168	144	223	275	312
			Male	168	133	215	264	300
			Female	0	11	8	11	12
		Managers	hours	1,421	1,284	1,223	897	1,330
			Male	1,044	913	643	562	837
			Female	377	371	581	335	493
		Regular employees	hours	17,651	28,605	20,795	17,080	25,684
			Male	12,585	22,573	15,676	12,985	18,252
			Female	5,066	6,032	5,120	4,095	7,432
		Limited-term employees and temporary employees	hours	78	141	7,304	70	290
			Male	64	80	5,762	47	182
			Female	14	61	1,542	23	109

Social Data

		Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Average annual hours of education per employee ³ <input checked="" type="checkbox"/>	SMM Group	Total	hours	10.3	18.7	20.8	29.8	22.9
		Officers	hours	6.1	10.9	7.7	9.2	11.1
		Male		6.1	10.9	7.7	9.2	11.0
		Female		0.0	10.5	8.0	11.0	12.0
		Managers	hours	11.4	18.0	21.0	20.1	19.3
		Male		11.8	18.8	22.0	21.7	20.6
		Female		6.6	7.6	10.3	6.0	9.1
		Regular employees	hours	11.3	21.8	22.5	33.9	26.1
		Male		11.4	23.2	23.8	37.0	27.4
		Female		11.0	15.8	17.1	21.1	20.4
		Limited-term employees and temporary employees	hours	4.2	4.9	13.5	20.1	8.5
Amount of investment in education per employee ⁴	Sumitomo Metal Mining Co., Ltd.		yen	153,000	132,000	90,000	98,000	107,000

Figures are rounded to the nearest whole number, so totals may not match

1. Data are as of the end of the fiscal year in each country. Education hours cover all training except for routine on-the-job training (so-called OJT) conducted in the workplace by instructors and other personnel, emergency drills, and small-group activities

2. In addition to the total time spent on education, employees spent the following number of hours on e-learning courses: 5,763 hours for SMM, and 2,012 hours for consolidated subsidiaries in Japan and overseas

3. Average annual hours of education per employee: Total hours of education for all employees ÷ number of officers and employees

4. Amount of investment in education does not include labor costs for on-the-job training and education and training hours (rounded up to the nearest ¥1,000)

* Some revisions have been made to previous years' figures based on a close examination of historical data

Utilization of Human Resources

Working Style Reform

		Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Working hours		Average annual working hours ^{1,2}						
		Total	hours	1,950.1	1,976.1	1,984.5	1,959.0	1,933.3
		Managers		2,016.1	2,015.7	2,024.7	2,021.7	1,994.6
		Regular employees		1,930.3	1,964.3	1,972.6	1,941.0	1,913.4
Annual paid leave	Sumitomo Metal Mining Co., Ltd.	Average monthly overtime hours worked		14.7	17.9	17.9	16.1	16.6
		Average annual scheduled working hours		1,940 or 1,920			1,920	1,920
		Average annual number of days of paid leave taken	day	18.0	18.3	17.4	17.4	18.2
		Percentage of average annual paid leave taken ³	%	83.7	86.0	83.2	83.2	87.6
Number of enrolled employees ⁴			people	2,348	2,453	2,551	2,666	2,801
Volunteer leave ⁵	SMM Group	Average number of days of leave taken	day	2.2	1.9	1.0	—	2.0
		Total number of employees who took leave	people	30	8	1	0	1

1. Average annual working hours = scheduled working hours (excluding leave, paid leave, etc.) + overtime hours

2. The working style reform started in FY2017. In FY2016, there were 1,987.4 hours (managers: 2,076.1 hours, regular employees: 1,960.7 hours) In FY2017, there were 1,967.3 hours (managers: 2,043.9 hours, regular employees: 1,943.9 hours)

3. Percentage of paid leave taken by employees for the full year (excluding limited-term employees who are specially hired employees)

4. Average of 4 years (excluding limited-term employees who are specially hired employees) FY2016: 2,274 employees; FY2017: 2,317 employees

5. Data cover the period from January to December of each year

Creating Workplaces Where Diverse Human Resources Play Vibrant and Active Roles

GRI 401-3

		Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Parental leave	Sumitomo Metal Mining Co., Ltd.	Use of parental leave ¹	Total	%	15.6	17.3	26.9	30.0	97.2
			Male		1.0	2.9	10.3	20.9	95.6
			Female		100.0	100.0	113.3	85.7	106.3
		Use of leave with pay for child-rearing ²	Male	%	75.0	87.0	88.5	81.4	—
			Total	people	19	14	25	30	104
			Male		1	2	8	18	87
		Number of employees who took parental leave ³	Female		18	12	17	12	17
			Total	people	122	81	93	100	107
			Male		104	69	78	86	91
		Number of employees eligible for parental leave ⁴	Female		18	12	15	14	16
			Male	%	—	100.0 (1/1)	100.0 (5/5)	100.0 (15/15)	100.0 (37/37)
			Female	(people)	67.0	100.0 (8/8)	94.1 (16/17)	100.0 (16/16)	100.0 (11/11)
		Return-to-work rate after leave ⁵	Male	%	—	—	100.0 (1/1)	100.0 (6/6)	100.0 (17/17)
			Female	(people)	100.0	100.0 (14/14)	100.0 (12/12)	100.0 (16/16)	100.0 (15/15)
		Retention rate after leave ⁶	Male	%	—	—	100.0 (1/1)	100.0 (6/6)	100.0 (17/17)
			Female	(people)	100.0	100.0 (14/14)	100.0 (12/12)	100.0 (16/16)	100.0 (15/15)

The percentage of parental leave (female) in FY2022 includes those who gave birth in FY2021 and took parental leave in FY2022, and thus exceeds 100%

1. Until FY2021 the percentage is only for those who took parental leave, but from FY2022 onward, the percentage (male) is for both those who have taken parental leave and those who have taken leave for child-rearing

2. Childbirth and child-rearing support leave : male employees can take leave to care for and support their spouse after the birth of a child. Seven consecutive days can be taken from the day of hospital admission, delivery, or discharge (up to nine days)

3. Male employees: number of employees who took parental leave (starting) in FY2022
Female employees: number of employees who took parental leave (starting) in FY2022

4. Male employees: number of employees who submitted a notification of birth to the Company for birth by their spouse in FY2022
Female employees: number of employees who gave birth in FY2022

5. Return-to-work rate: number of employees who returned to work in FY2022 ÷ number of employees who intended to return to work in FY2022 x 100

6. Retention rate: number of employees who returned to work in FY2021 and were still working at the Company 12 months later ÷ number of employees who returned to work in FY2021 x 100

	Scope			Unit	2018	2019	2020	2021	2022
Nursing care leave	Sumitomo Metal Mining Co., Ltd.	Number of employees who took nursing care leave	Total	people	2	2	2	2	2
			Male		0	0	1	2	2
			Female		2	2	1	0	0
		Total number of days of leave taken	Total	day	209	127	259	24	140
			Male		0	0	173	24	140
			Female		209	127	86	0	0
		Average number of days per person	Total	day	104.5	63.5	129.5	12.0	70.0
			Male		0.0	0.0	173.0	12.0	70.0
			Female		104.5	63.5	86.0	0.0	0.0
Nursing care short-term leave	Sumitomo Metal Mining Co., Ltd.	Number of employees who took nursing care short-term leave	Total	people	21	40	58	70	67
			Male		14	27	43	57	52
			Female		7	13	15	13	15
		Total number of days of leave taken	Total	day	85.0	173.0	228.0	288.2	303.5
			Male		53.0	110.0	169.9	225.9	239.5
			Female		32.0	63.0	58.1	62.3	64.0
		Average number of days per person	Total	day	4.0	4.3	3.9	4.1	4.5
			Male		3.8	4.1	4.0	4.0	4.6
			Female		4.6	4.8	3.9	4.8	4.3

Social Data

		Scope		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Average score for questions in the employee awareness survey¹ Percentage of positive responses²	Sumitomo Metal Mining Co., Ltd.	Appeal of management measures	Average score	—	—	3.47	—	3.55	—
			Percentage of positive responses	%	—	51.6	—	55.8	—
		Appeal of supervisors	Average score	—	—	3.56	—	3.69	—
			Percentage of positive responses	%	—	57.6	—	64.5	—
		Appeal of job	Average score	—	—	3.38	—	3.45	—
			Percentage of positive responses	%	—	50.2	—	53.2	—
		Overall appeal of workplace	Average score	—	—	3.23	—	3.36	—
			Percentage of positive responses	%	—	42.6	—	49.6	—

1. Calculated as the average value of responses, with “Very much so” as 5, “Somewhat so” as 4, “Cannot say” as 3, “Not so much” as 2, and “Not at all” as 1
2. Calculated from total responses of “Very much so” and “Somewhat so” among all response options (“Very much so,” “Somewhat so,” “Cannot say,” “Not so much,” and “Not at all”)

Diversity & Inclusion

Gender Balance (women’s active engagement)

		Scope		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Female officers and employees¹	Percentage of employees	Sumitomo Metal Mining Co., Ltd.	Officers		3.7	3.4	3.4	3.6	3.4
			Managers (Managerial track employees)		1.2	1.5	1.5	2.0	2.9
			Regular employees	%	10.9	11.7	12.5	12.9	12.3
			Core track		15.8	16.2	17.2	17.0	16.9
			Limited-term employees		13.0	12.1	12.1	11.1	11.4
	Number of employees	Sumitomo Metal Mining Co., Ltd.	Officers		1	1	1	1	1
			Managers (Managerial track employees)		9	11	11	14	20
			Regular employees	people	46	50	52	57	59
			Core track		259	267	295	309	329
			Limited-term employees		36	37	40	37	37
	Percentage of female recruits	Sumitomo Metal Mining Co., Ltd.	Managerial track	%	25.8	16.7	20.0	20.9	16.3
			employees		20.0	16.2	5.0	11.4	6.3
			Core track		18.2	29.2	29.3	27.6	14.5
			Mid-career hires		17.4	13.7	20.3	5.9	17.4

1. The number and percentage of female employees are calculated with dispatched employees counted under the company from which they were dispatched

		Scope		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Ratios of Female-to-Male Base Salary	Sumitomo Metal Mining Co., Ltd.	Employees²			—	—	—	—	100:165
			Managers	female to male	—	—	—	—	100:112
		Regular employees			—	—	—	—	100:132
		Limited-term employees³			—	—	—	—	100:333
Ratios of Female-to-Male Total Compensation (annual compensation)⁴	Sumitomo Metal Mining Co., Ltd.	Employees			—	—	—	—	100:149
			Managers	female to male	—	—	—	—	100:111
		Regular employees			—	—	—	—	100:115
		Limited-term employees			—	—	—	—	100:279

2. Non-limited-term employees (including employees with short working hours and dispatched employees in Japan, but not including employees dispatched overseas)
3. Limited-term employees (including employees dispatched in Japan, but not including employees dispatched overseas)
4. Includes base salary, overtime pay, allowances for housing, family, commuting, etc., and excludes payments to employees who resigned
5. The main reasons for the compensation difference are that the average length of continuous service for women is 12.8 years (about 6 years shorter than the 18.7 years for men) and the percentage of women in management positions is 2.9%
6. The main reason for the compensation difference is that the average years of continuous service for women is 11 years, which is 22.6 years less than that of men (33.6 years)

Standard Entry-level Salary to Regional Minimum Wage

		Scope		Unit	April 2019	April 2020	April 2021	April 2022	April 2023
Starting salary	Sumitomo Metal Mining Co., Ltd.	Male:female base salary		ratio	100:100	100:100	100:100	100:100	100:100
		High school graduate	Monthly salary	yen	168,628	171,128	173,628	173,628	176,628
			Comparison with minimum wage	%	137	134	137	132	129
		College of technology graduate	Monthly salary	yen	192,158	194,658	197,158	197,158	200,158
			Comparison with minimum wage	%	156	152	155	150	147
		University graduate	Monthly salary	yen	221,850	227,350	229,950	229,950	232,950
			Comparison with minimum wage	%	139	139	142	138	136
		Master's degree	Monthly salary	yen	236,290	241,790	244,390	244,390	250,390
			Comparison with minimum wage	%	148	148	151	147	146
		Doctorate degree	Monthly salary	yen	268,341	272,341	273,541	273,541	281,541
			Comparison with minimum wage	%	169	166	169	164	164

* In the comparison of standard entry-level salary to regional minimum wage, Ehime Prefecture is used for the regional minimum wage for high school and technical college graduates, and Tokyo Metropolitan minimum wage is used for university graduates and above
Monthly wages and minimum wage data are as of April 1 of each fiscal year

Promoting Employment of People with Disabilities

		Scope		Unit	June 2019	June 2020	June 2021	June 2022	June 2023
Employment of people with disabilities¹	Sumitomo Metal Mining Co., Ltd.	Number of employees with disabilities²		people	68	73	77	79	84
		Employment rate of employees with disabilities		%	2.39	2.50	2.56	2.57	2.59
		Statutory employment rate		%	2.20	2.20	2.30	2.30	2.30

1. Data as of June 1 of each fiscal year
2. The number of employees with disabilities is counted by the method of counting in the statutory employment rate calculation method

Social Data

Maintaining and Improving Employees’ Health

Addressing Mental Health Care							GRI 403-6
	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Long-term leave	Percentage of employees taking long-term leave (due to mental health disorders)*		0.51	0.45	0.40	0.37	0.43
Stress checks	Percentage of employees receiving stress checks	Sumitomo Metal Mining Co., Ltd. %	97.7	96.1	94.7	95.4	96.8
	Percentage of employees with high stress		10.2	11.0	8.7	9.8	10.1
	Percentage of employees with high stress, average for all Group companies		11.8	12.0	11.3	11.8	—

* Percentage of employees taking leave: Total number of days of leave taken ÷ number of scheduled working days x number of employees at end of fiscal year x 100

Illness Prevention and Health Promotion Initiatives							GRI 403-6
	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Various health checkups	Percentage of employees with abnormal findings ¹	Sumitomo Metal Mining Health Insurance Association %	60.6	56.9	58.9	58.0	58.0
	Percentage of employees receiving complete medical checkups ²		27.4	28.0	24.4	27.3	27.5
	Obesity rate ¹	Sumitomo Metal Mining Co., Ltd. Male	36.9	37.2	38.7	39.2	38.0
		Female	22.8	22.3	23.6	22.1	23.4
	Smoking rate ³	%	28.9	26.9	25.3	24.8	23.9
	Percentage of employees receiving regular health checkups ⁴		—	—	—	—	100.0

1. Employees insured by the Sumitomo Metal Mining Health Insurance Association
2. Employees insured by the Sumitomo Metal Mining Health Insurance Association who are 18 years old or older
3. Employees of Sumitomo Metal Mining Co., Ltd., age 40 or older (results of specified health checkup interview)
4. All employees

Labor-Management Relations (freedom of association and collective bargaining)							GRI 2-30
	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Labor union members ¹	SMM Group ²	Total	4,310	4,346	4,469	4,582	4,722
		Japan	3,506	3,538	3,634	3,712	3,727
		Overseas	804	808	835	870	995
Labor union membership	SMM Group ²	Total	55.7	57.5	57.7	58.2	58.8
		Japan	59.4	58.7	59.5	59.4	60.2
		Overseas	44.0	52.8	51.0	53.7	54.3

1. Labor union members are employees covered by collective agreements (as of March 31 of each fiscal year)
2. Consolidated subsidiaries of the SMM Group

Co-Existence and Mutual Prosperity with Local Communities

Investment in Infrastructure and Support Services (cost of social contribution activities)							GRI 203-1
	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Japan	SMM Group	¥ billions	0.10	0.10	0.43	0.09	0.25
Philippines			0.90	1.02	1.03	1.25	1.62

Percentage of procurement ² from local suppliers ¹ and percentage of employees hired locally ³												GRI 204-1
	Scope	Unit	FY2018		FY2019		FY2020		FY2021		FY2022	
			Local procurement	Percentage of locally-hired employees	Local procurement	Percentage of locally-hired employees	Local procurement	Percentage of locally-hired employees	Local procurement	Percentage of locally-hired employees	Local procurement ²	Percentage of locally-hired employees ³
Niihama District (Ehime) ^{4,5}			12,800 (46)	82%	18,300 (52)	82%	12,900 (54)	84%	15,000 (53)	83%	20,924 (58)	82%
Hishikari Mine (Kagoshima)		¥ millions (%)	1,138 (57)	88%	1,230 (49)	89%	2,220 (53)	89%	1,173 (47)	88%	3,587 (40)	88%
Sumiko Energy Materials Co., Ltd. (Fukushima)	SMM Group		421 (32)	78%	486 (35)	86%	383 (36)	91%	418 (33)	95%	506 (32)	95%
Taganito HPAL Nickel Corporation (Philippines)		\$ thousands (%)	99,000 (44)	43%	109,000 (44)	42%	94,000 (45)	42%	104,000 (44)	43%	136,000 (40)	42%
Coral Bay Nickel Corporation (Philippines)			61,000 (43)	58%	69,000 (49)	59%	69,000 (54)	59%	78,000 (51)	59%	92,000 (38)	59%
Shanghai Sumiko Electronic Paste Co., Ltd. (China)		CNY millions (%)	132 (28)	93%	106 (28)	93%	197 (30)	91%	202 (21)	95%	92 (22)	91%

1. Targets the three core segments (Mineral Resources, Smelting & Refining, and Materials), business sites that are not only necessary for the business, but are also relatively large-scale (one domestic, one overseas site for each segment)
2. Local procurement: Amount paid to each area and percentage of payments (percentage of payments: amount of payments to payment area ÷ amount of total procurement payments x 100)
3. Percentage of locally-hired employees: number of employees from each of the above business sites at the end of each fiscal year ÷ total number of employees x 100
4. Scope of local procurement: Sumitomo Metal Mining Co., Ltd.'s Besshi-Niihama District Division, Toyo Smelter & Refinery, Niihama Nickel Refinery, Isoura Plant and Niihama Research Laboratories
5. Scope of percentage of locally-hired employees: Sumitomo Metal Mining Co., Ltd.'s Besshi-Niihama District Division, Toyo Smelter & Refinery, Niihama Nickel Refinery, Isoura Plant, Niihama Research Laboratories and Battery Research Laboratories

Social Data

Percentage of Locally-Hired Senior Managers^{1, 2} GRI 202-2

	Scope	Unit	FY2018		FY2019		FY2020		FY2021		FY2022	
			Number of managers	Percentage	Number of managers	Percentage	Number of managers	Percentage	Number of managers	Percentage	Number of managers	Percentage
Sumitomo Metal Mining Philippine Holdings Corporation (Philippines)	SMM Group	people/%	2 (1)	3.0%	3 (1)	4.1%	2 (1)	2.6%	3 (2)	3.8%	4 (3)	5.0%
Taganito HPAL Nickel Corporation (Philippines)			1 (0)	0.2%	2 (1)	0.3%	2 (1)	0.3%	2 (1)	0.3%	3 (2)	0.4%
Coral Bay Nickel Corporation (Philippines)			2 (0)	0.4%	4 (0)	0.7%	5 (1)	0.8%	6 (1)	1.1%	7 (1)	1.1%
Sumitomo Metal Mining Peru S.A. (Peru)			2 (0)	8.7%	2 (0)	8.7%	0 (0)	0.0%	1 (0)	6.7%	1 (0)	6.3%
SMM Korea Co., Ltd. (South Korea)			1 (0)	25.0%	1 (0)	14.3%	1 (0)	25.0%	1 (0)	25.0%	1 (0)	20.0%
Shanghai Sumiko Electronic Paste Co., Ltd. (China)			2 (0)	5.1%	2 (0)	5.4%	2 (0)	4.8%	2 (0)	4.9%	3 (1)	7.1%
Taiwan Sumiko Materials Co., Ltd. (Taiwan)			1 (0)	4.0%	4 (2)	15.4%	1 (0)	0.4%	0 (0)	0.0%	0 (0)	0.0%
Dongguan Sumiko Electronic Paste Co., Ltd. (China)			2 (1)	13.3%	2 (1)	13.3%	2 (1)	11.1%	3 (1)	12.5%	3 (1)	12.0%
Sumitomo Metal Mining Oceania Pty. Ltd. (Australia)			—	—	1 (1)	25.0%	2 (1)	50.0%	2 (1)	50.0%	2 (1)	50.0%

1. The number of senior managers include general managers or above of overseas subsidiaries (as of the end of each fiscal year). Figures in parentheses indicate the number of female managers

2. Percentage of senior managers: number of senior managers ÷ locally-hired employees x 100
(Number of locally-hired employees is the number of employees directly employed by overseas subsidiaries, excluding dispatched employees and transferees)

Human Rights in the Supply Chain

	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of responses to responsible mineral sourcing questionnaire*	SMM Group	cases	—	—	199	270	330

* Number of responses out of the Responsible Mineral Sourcing questionnaire forms from customers, mainly smelter and refinery specific survey forms developed by RMI

Economic Performance

GRI 201-1/201-3/201-4/207-4

	Scope		Unit	FY2022
Distribution of economic value to stakeholders <input checked="" type="checkbox"/>	SMM Group	Total	¥ billions	1,384.4
		Suppliers	Payments to suppliers	1,165.4
		Employees	Payments to employees	75.0
		Shareholders and Creditors	Payments of dividends and interest	93.1
		Government	Taxes paid	49.0
		Society*	Donations	1.9

No governments have an equity stake in SMM

Other than the above, there is retained value of ¥90.7 billion. Rent for use of land is minimal and therefore included in "Payments to suppliers."

* Society: In the Philippines (CBNC, THPAL), the ¥1.6 billion expended through the Social Development and Management Program (SDMP) and other contributions in the same country is included

Scope				Unit	FY2022
Financial assistance from the government <input checked="" type="checkbox"/>	SMM Group	Government	Subsidies, grants, etc.	¥ billions	0.5

Projected benefit obligation

The SMM Group has adopted both funded and unfunded defined benefit plans and defined contribution plans for allocating retirement benefits to its employees

Its defined benefit obligations as of March 31, 2023 were ¥65.1 billion ☒, which include funded defined benefit obligations of ¥62.5 billion ☒, and pension asset available for allocation to those funded defined benefit obligations were ¥85.7 billion

	Scope		Unit	FY2022
Income Tax by Country or Region	SMM Group	Total	¥ millions	69,444
		Japan		40,374
		Australia		266
		Chile		4,975
		China		1,212
		Netherlands		453
		New Caledonia		707
		Peru		12,303
		Philippines		3,717
		U.S.A.		5,431
		Other		6

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



Corporate Governance
Compliance
Tax Governance
Risk Management
Quality Assurance
Information Security

Governance

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

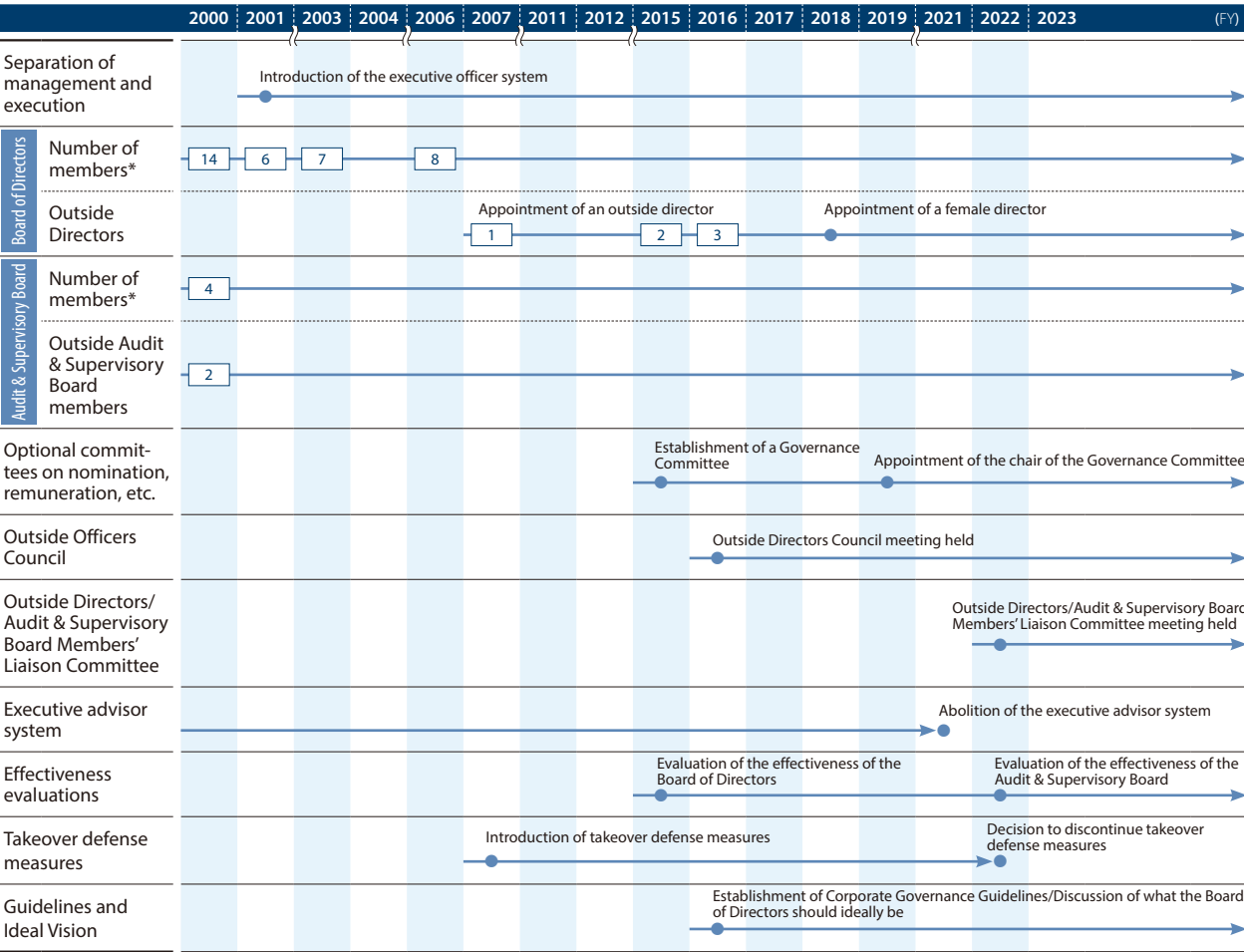
SMM has established Corporate Governance Guidelines which cover our basic philosophy on corporate governance and our corporate governance framework, including our relationship with stakeholders. More details are available on the Company's website.

[Corporate Governance Guidelines](https://www.smm.co.jp/en/ir/management/governance_policy/)
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

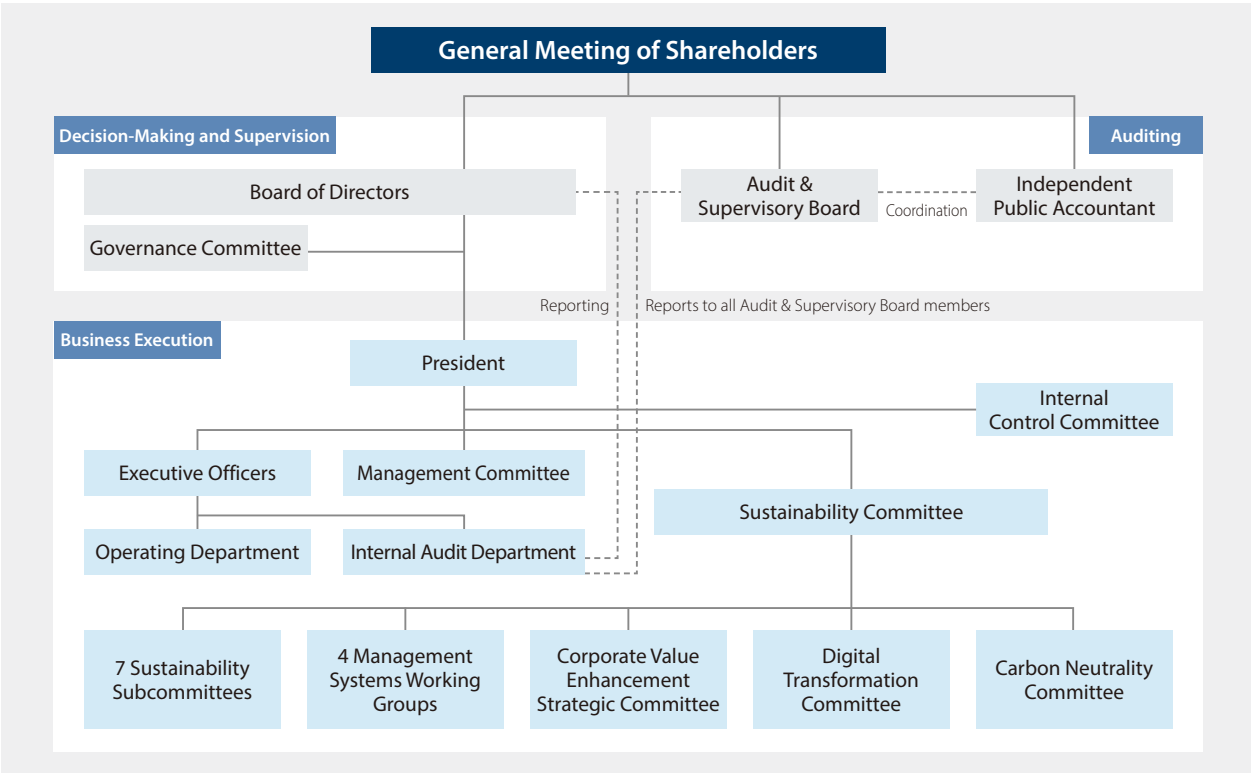


* The Number of members of the Board of Directors and Audit & Supervisory Board are after the General Meeting of Shareholders.

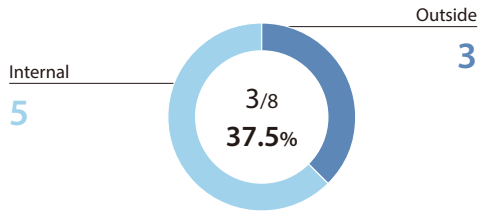
Corporate Governance Framework

GRI 2-9

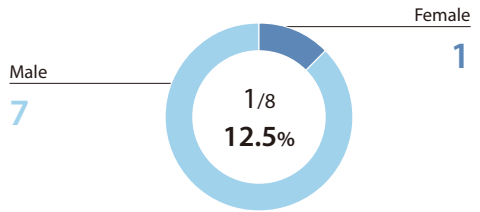
In line with its Corporate Governance Guidelines, which summarize the Company's basic philosophy for corporate governance and the framework therefore, the Company believes that its governance is a system that ensures that business execution and the associated monitoring and supervision are each functioning fully by using audit and supervisory board and executive officer systems with which to conduct governance through a three-part organizational structure in which decision-making and supervision are addressed by the Board of Directors, business execution by the president and the executive officers, and auditing by the Audit & Supervisory Board members and the independent public accountant.



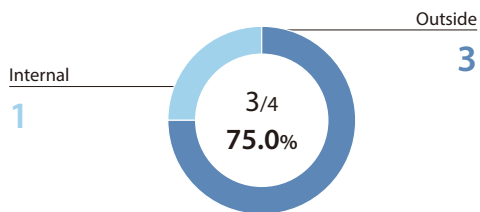
Percent of Outside Directors on the Board of Directors



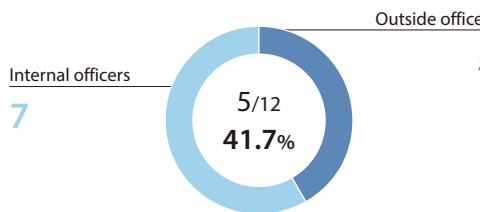
Percent of Female Directors



Percent of Outside Directors in the Governance Committee



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



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.

Decision-Making and Supervisory System

GRI 2-9/2-11/2-12/2-13/2-15/2-16

Directors and the Board of Directors



Chairman: Yoshiaki Nakazato (Chairman of the Board without representation)
Term of office: 1 year
Meetings held in FY2022: 17

The Board of Directors has 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, ability, insight and other attributes different from that of the members from within the Company and who can supervise management on behalf of shareholders and other stakeholders.

Furthermore, striving for greater managerial transparency, the Company has a policy of appointing at least one-third of its directors as independent outside directors, and of the eight directors, three, including one with management experience, have been appointed as independent outside directors.

Among the Company’s directors, there are four directors who are also executive officers. Conflicts of interest are addressed in accordance with Japanese law. There are no controlling shareholders.

Main Agenda Items at Board Meetings

- Related to existing and new projects in each business
 - Borrowings and other financing
 - Establishment or revision of important rules and regulations, including policies on human rights, DX, etc.
- Cross-shareholdings held
 - Dialogue with institutional investors
 - Planning and results of auditing by Audit & Supervisory Board members and internal auditing

Other reports on the progress of sustainability activities are made at least twice a year. In addition, the status of use of the Whistle-blowing System (Speak Up System) and the status of responses are regularly reported. Also, complaints received by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER*), a contact point for receiving complaints from suppliers and other external parties, are also subject to reporting as a grievance (remedy) mechanism.

While any matters of critical concern that arise are required to be reported to the Board of Directors, there were no matters of critical concern reported in FY2022.

In stakeholder engagement conducted by the Board of Directors, authority is delegated to business divisions for customers and suppliers, to the Human Resources Department for employees, and to the Public Relations & Investor Relations Department for shareholders and investors.

The status of dialogue with investors is reported once a year.

* JaCER P.77

Governance Committee



Chair: Taeko Ishii (Outside Director)
Meetings held in FY2022: 5 (2 nomination meetings, 2 remuneration meetings, 1 general governance meeting)

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. 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.

Role and function of outside directors

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 decisions 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.

Auditing System

Audit & Supervisory Board



Chairman: Koji Imai (Standing Audit & Supervisory Board member)
Meetings held in FY2022: 18

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 the Company, 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 and other important meetings, receive reports from directors, executive officers, and employees regarding the status of the performance of their duties, and, through on-site inspection activities at domestic and overseas business sites, confirm the status of business execution, inherent issues, and the establishment and operation of internal control systems. In addition, information collected by the standing Audit & Supervisory Board members through inspection of important approval and other such documents and reports from related departments is shared with the outside Audit & Supervisory Board members and discussed among all Audit & Supervisory Board members.

Main Agenda Items at Audit & Supervisory Board Meetings

- Audit plan of the Audit & Supervisory Board members (monthly and annually)
 - Results of the audit of the Audit & Supervisory Board members (monthly and annually)
 - Confirmation of each agenda item of the Board of Directors meeting
- Information on the business environment
 - Audit report of the Audit & Supervisory Board
 - Results of the evaluation of the effectiveness of the Audit & Supervisory Board

Role and function of outside Audit & Supervisory Board members

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.

Corporate Governance

Collaboration among 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 FY2022, Audit & Supervisory Board members attended such meetings 19 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.

Standard for Independence

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 Company website.

 [Standard for Independence](https://www.smm.co.jp/en/ir/management/governance_policy/#Independence)
https://www.smm.co.jp/en/ir/management/governance_policy/#Independence

Outside Directors/Audit & Supervisory Board Members' Liaison Committee

In FY2022, liaison meetings were held in May and December. Given the overview of reports on most recent internal audit results by the internal audit department and department heads' hearing results from the Audit & Supervisory Board members' on-site audits, a wide range of opinions were exchanged.

Procedures in the Nomination of Director Candidates, Appointment or Dismissal of Senior Management, and Nomination of Audit & Supervisory Board Member Candidates GRI 2-10

With regard to the nomination of candidates for the Board of Directors, the president comprehensively considers the knowledge, experience, ability, insight and other attributes of the candidates with respect to the best lineup for resolving current and future management issues (including the positive and negative impacts on the economy, environment, and people, including human rights, for the sustainable development of the Company), and proposes suitable candidates to the Board of Directors. The Governance Committee, which consists of the Chairman of the Board of Directors who is not an executive officer and the independent outside directors who supervise the management team on behalf of shareholders and other stakeholders, will provide the president with advice. The Board of Directors makes the final decision after due deliberation.

With regard to the selection of executive officer candidates, the president, based on the recommendations of the executive officers, comprehensively considers the knowledge, experience, ability, insight and other attributes of the candidates in accordance with the same approach as when nominating candidates for director, and the same procedures shall be used to determine the candidates.

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.

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, ability, insight and other attributes 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.

The Board's Engagement in Succession Planning for the CEO and Other Top Executives

The succession planning for holders of the office of chief executive officer (president and director) is conducted and executed appropriately on the basis of our corporate philosophy and business plans. With regard to the candidate for the successor to the president, the Governance Committee (Chair: Taeko Ishii, Director), composed of the chairman of the Board of Directors who is not an executive officer and three independent outside directors, has opportunities to deliberate on the environment and methods for fostering the next president as well as concerning the candidates, etc.

Regarding the specific procedure for selecting the successor to the president, after consulting with the Governance Committee about the candidate recommended by the president and receiving advice on whether the candidate has the qualifications, knowledge, experience, abilities, and insight worthy of a president and director, the president makes the final proposal to the Board of Directors, which makes the final decision after due deliberation.

With regard to the selection of the candidate executive officers who will constitute the pool of candidates for future president, the president, based on recommendations from the executive officers, consults with the Governance Committee regarding the best lineup to resolve the issues management faces, formulates the final proposal with reference to that advice, and submits the proposal to the Board of Directors. The Board of Directors then makes the final decision after due deliberation.

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, ability, insight and other attributes different from that of the members from within the Company. Based on "what the Board of Directors should ideally be," as stated in "Reasons for selection of present corporate governance system," the skill matrix for the Company's directors and Audit & Supervisory Board members was created and is shown below. Each skill item has been selected through discussions by the Board of Directors, focusing on those required to realize the Company's long-term vision and Vision for 2030. As the knowledge, experience, ability, insight, and other attributes required of the Company's Board of Directors may change in response to changes in management strategies and the external environment, the Board of Directors will continue to discuss the necessary knowledge,

■ 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	●	●	●	●	●			
	Masaru Takebayashi	●	●	●	●	●			
	Taeko Ishii							●	●
	Manabu Kinoshita	●		●				●	
	Kanji Nishiura	●	●	●				●	
Audit & Supervisory Board Members	Koji Imai								●
	Tsuyoshi Nozawa	●				●	●		
	Wataru Yoshida		●	●			●	●	
	Shoji Wakamatsu						●		

Fields in which Directors and Audit & Supervisory Board Members believe that they can make a particular contribution to the effectiveness of the Board of Directors are indicated with a "●"

Furthermore, the Company has established the guidelines for fulfillment. For the details, please refer to the Final Page of the Corporate Governance Report (August 3, 2023)

 [Final Page of the Corporate Governance Report \(August 3, 2023\)](https://www.smm.co.jp/en/news/release/uploaded_files/230803_CGR_E.pdf)
https://www.smm.co.jp/en/news/release/uploaded_files/230803_CGR_E.pdf

Corporate Governance

experience, ability, insight, and other attributes, and update the skills matrix as necessary. 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.

Outside Directors and Outside Audit & Supervisory Board Members

GRI 2-9

	Functions and Roles in Corporate Governance
Taeko Ishii Outside Director Attendance (FY2022) Board of Directors meetings 17/17 (100%)	Ms. Taeko Ishii has specialist knowledge and abundant experience as a lawyer, especially in the field of labor law. Ms. Taeko Ishii participates in the Board decision-making, 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 Group by utilizing her knowledge and experience. She also performs 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 remunerations of directors and executive officers as a member of the Governance Committee. Accordingly, she realizes the further improvement of quality of the decision-making by the Board of Directors and the enhancement of the monitoring function.
Manabu Kinoshita Outside Director Attendance (FY2022) Board of Directors meetings 17/17 (100%)	Mr. Manabu Kinoshita has a wealth of knowledge and experience in corporate management and digital business. He participates in the Board decision-making, providing his advice regarding material business 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 Group by utilizing his knowledge and experience. He also performs 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 remunerations of directors and executive officers as a member of the Governance Committee. Accordingly, he realizes the further improvement of quality of the decision-making by the Board of Directors and the enhancement of the monitoring function.
Kanji Nishiura Outside Director Attendance (FY2022) Board of Directors meetings —	Mr. Kanji Nishiura has abundant knowledge and experience in corporate management, non-ferrous metal business, and various other businesses. Mr. Kanji Nishiura is expected to participate in the Board decision-making, providing his advice particularly on long-term projects and comprehensive plans aimed toward the sustainable growth and medium- to long-term enhancement of the corporate value of the 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 remunerations of directors and executive officers as a member of the Governance Committee. Accordingly, the Company expects that he will realize the further improvement of quality of the decision-making by the Board of Directors and the enhancement of the monitoring function, and has appointed him as Outside Director.
Wataru Yoshida Outside Audit & Supervisory Board Member Attendance (FY2022) Board of Directors meetings 17/17 (100%) Audit & Supervisory Board meetings 18/18 (100%)	Mr. Wataru Yoshida has a wealth of financial institutional experience and knowledge of corporate management. He carries 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 participates in important meetings, including Board of Directors meetings, and during the decision-making process actively expresses his frank opinions from an independent and objective standpoint, including not only the legality but also the appropriateness of proposals.
Shoji Wakamatsu Outside Audit & Supervisory Board Member Attendance (FY2022) Board of Directors meetings 16/17 (94%) Audit & Supervisory Board meetings 18/18 (100%)	Mr. Shoji Wakamatsu has many years of auditing and management experience at an audit firm and a wealth of knowledge about accounting. He carries 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 participates in important meetings, including Board of Directors meetings, and during the decision-making process actively expresses his frank opinions from an independent and objective standpoint, including not only the legality but also the appropriateness of proposals.

The concurrent occupations of outside directors and outside Audit & Supervisory Board members (as of March 31, 2023) are listed in the Document of Matters Subject to Measures for Electronic Provision Regarding the 98th Ordinary General Meeting of Shareholders

 [4. Matters related to corporate officers, \(1\) Name of Directors and Audit & Supervisory Board Members \(as of March 31, 2023\) on page 13 of the Document of Matters Subject to Measures for Electronic Provision Regarding the 98th Ordinary General Meeting of Shareholders](https://www.smm.co.jp/en/ir/stock/meeting/pdf/2023/no98_houkoku.pdf)
https://www.smm.co.jp/en/ir/stock/meeting/pdf/2023/no98_houkoku.pdf

Training Policy for Directors and Audit and Supervisory Board Members

GRI 2-17

The training of directors and Audit & Supervisory Board members is based on the self-improvement of each individual, and therefore the Company contributes to self-improvement by providing opportunities for training either directly or as an intermediary, and provides support for the costs thereof.

Specifically, the Company will provide training on the legal liabilities of officers, compliance, and legal knowledge for newly appointed directors, Audit & Supervisory Board members, and executive officers when assuming office. The Company will provide various kinds of internal training for directors, Audit & Supervisory Board members, executive officers, and others and endeavor to

obtain timely and appropriate information through lectures by lawyers and other external experts and through other such means. Additionally, the Company will provide information on other training opportunities such as external seminars.

Including the above, the Company will bear the entire amount of any expenses necessary for director, Audit & Supervisory Board member, and executive officer training.

Basic Policy and Procedures for Remuneration of Directors

Basic Policy

GRI 2-19

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 fixed 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.

Details are provided in the Corporate Governance Report

 [Corporate Governance Report \(August 3, 2023\)](https://www.smm.co.jp/en/news/release/uploaded_files/230803_CGR_E.pdf)
https://www.smm.co.jp/en/news/release/uploaded_files/230803_CGR_E.pdf

Matters Related to Performance-based Remuneration

GRI 2-19

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 (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 industrial accidents).

Reason for Selection of Above Indicators

- **Consolidated results (profit attributable to owners of the parent, profit before tax)**
Because these indicators are key measures of the Company's corporate management performance, and are the profitability targets that it aims to achieve as part of its long-term vision.
- **Departmental results**
The three absolute values of efficiency, cash flow, and profit were selected in order to evaluate performance in a balanced manner.
- **Degree of attainment of personal targets under medium- to long-term management strategies***
Because 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.
- **Safety record**
Because we believe that securing a safe workplace is our operating foundation.


* Growth strategies, measures to strengthen competitiveness, measures to improve sustainability, etc., set forth in the 2021 3-Year Business Plan

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

GRI 2-19/2-20

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. Moreover, there are no sign-on bonuses or recruitment incentive payments, termination payments, clawback systems, or retirement benefits.

The details of each calculation method are provided in "Matters related to performance-based remunerations, etc." of the Document of Matters Subject to Measures for Electronic Provision Regarding the 98th Ordinary General Meeting of Shareholders.

 [5. Matters related to remunerations of corporate officers on pages 17-23 of the Document of Matters Subject to Measures for Electronic Provision Regarding the 98th Ordinary General Meeting of Shareholders](https://www.smm.co.jp/en/ir/stock/meeting/pdf/2023/no98_houkoku.pdf)
https://www.smm.co.jp/en/ir/stock/meeting/pdf/2023/no98_houkoku.pdf

Corporate Governance

Annual Total Compensation Ratios (FY2022)

GRI 2-21

Ratio of the average annual total compensation for the organization's highly-paid individuals to the total compensation for all employees ¹	1,039%	1. Average annual total compensation for the organization's highly-paid individuals is calculated as annual total compensation for internal directors (plus the employee salaries of any directors concurrently serving as employees) divided by the number of internal directors. This ratio is calculated as average annual total compensation for the organization's highly-paid individuals divided by the median annual total compensation for all employees x 100
Ratio of the percentage increase in average annual total compensation for the organization's highly-paid individuals to that for all employees ²	71%	2. Ratio of the percentage increase is calculated as the percentage increase in average annual total compensation for the organization's highly-paid individuals divided by the percentage increase of the median annual total compensation of all employees x 100

Management Remuneration as an Incentive

The Company's financial results are significantly impacted by prevailing metal market conditions and exchange rates, and thus do not necessarily correspond with the progress of management strategies and projects. Furthermore, projects related to resource development and the construction of smelting and refining plants require extremely long time periods from start to completion, and it is not unusual for the composition of management to have changed by the time the fruits of those projects can be reaped.

Given these characteristics of its business, the Company has considered how remuneration should operate as a healthy incentive for individual directors and managers and has consequently laid down its current remuneration system composed of performance-based remuneration and bonuses based on consolidated financial results and assessment factors such as the degree of attainment of personal targets under medium- to long-term management strategies. At present, we do not believe that remuneration in the form of Company stock would effectively operate as a healthy incentive for management, and thus have not introduced it.

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.

Total Amount of Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members

■ FY2022 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)	¥405 million	¥245 million	¥160 million	—	5
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	¥68 million	¥68 million	—	—	3
Outside directors	¥43 million	¥43 million	—	—	3
Outside Audit & Supervisory Board members	¥24 million	¥24 million	—	—	2

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

GRI 2-18

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 FY2022.

Analysis and evaluation process

The Board of Directors prepares and conducts a questionnaire based on the previous year's issues 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 2023, 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) In the open-ended response section of the questionnaire, many positive opinions were expressed about the current system and operation, and many matters are pointed out as opinions to improve the current situation.
- (3) It is desirable to continue to discuss how the Board of Directors should deliberate strategies and visions. Additionally, the matters pointed out in the past fiscal years (such as securing human resources) should be continuously discussed about how to make further improvements toward implementation.

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) With respect to deliberations at Board of Directors meetings, some responses suggest that the meetings should further extend discussions of business strategy, management issues, sustainability, etc. In response to this, the Board confirmed that the following would be carried out:
 - a. Continuously ensure that the agenda includes business strategy and management issues.
 - b. Extend opportunities to discuss sustainability in addition to semiannual reports from the Sustainability Committee.
 - (2) With respect to initiatives related to the matters pointed out in the past fiscal years (in particular, securing human resources, etc.), the Board of Directors confirmed that they would deliberate them based on the measures of the executive side.
 - (3) The Board of Directors confirmed other matters, such as extending information that facilitates deliberations of the agenda and providing the Board of Directors with more effective feedback concerning opinions on 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

In order to ensure managerial soundness and increase the corporate value of the Group, the Audit & Supervisory Board members audit the execution of duties by directors and executive officers in accordance with the audit policies, audit plans, and other such matters prescribed by the Audit & Supervisory Board. Through this evaluation of effectiveness, the Audit & Supervisory Board reviews its own audits and activities, examines issues to be improved and measures to be taken, and reflects them in the next year's audit plan and daily audit activities, thereby establishing a PDCA cycle.

Evaluation process

In order to carry out the evaluation from an independent and objective standpoint, we requested advice on analysis and evaluation from Misono Sogo Advisory LLC, an outside professional organization. Based on the results, the Audit & Supervisory Board discussed the matter and conducted the evaluation. The specific evaluation process included a questionnaire of all Audit & Supervisory Board members, interviews with the chairperson of the Audit & Supervisory Board (Senior Standing Audit & Supervisory Board member) and with the administrative office of the Audit & Supervisory Board by an outside professional, and discussions with participation by all Audit & Supervisory Board members (four times in total).

Corporate Governance

Overview of evaluation results

The Audit & Supervisory Board confirmed the following points and evaluated that the audits and activities of the Audit & Supervisory Board members were functioning well and sufficiently effective.

- Through their attendance at Board of Directors meetings, discussions among Audit & Supervisory Board members, and auditing activities by Audit & Supervisory Board members, the Audit & Supervisory Board members have conducted audits based on a perspective of appropriateness and made necessary representations of their opinions.
- The Audit & Supervisory Board members, including outside Audit & Supervisory Board members, have attended Management Committee meetings, Sustainability Committee meetings, Internal Control Committee meetings, and other important meetings, and checked the status of business execution by directors, etc. and whether the internal control system is properly maintained and operated. They have also actively expressed their opinions based on their insight and experience.
- The Audit & Supervisory Board members have regularly conducted interviews with executives, including representative directors, have established an atmosphere where they can openly exchange opinions, and have made recommendations as necessary.
- On-site audits at domestic and foreign sites, including offices, mines, plants, and affiliated companies, are conducted by a Standing Audit & Supervisory Board member and an Outside Audit & Supervisory Board member as a pair (24 sites were visited in FY2022). Through these site visits, Audit & Supervisory Board members have checked with their own eyes the business execution status, specific issues, and how the internal control system is maintained and operated, and provided advice as necessary.
- At meetings of the Audit & Supervisory Board, the Standing Audit & Supervisory Board members have shared information they collected through inspection of important approval and other such documents and reports from relevant divisions, as well as the results of their audit activities, with Outside Audit & Supervisory Board members, and have held discussions.
- Outside Audit & Supervisory Board members spend enough time and effort to fulfill their duties adequately, including on-site audits.
- Audit & Supervisory Board members share information and exchange opinions with Outside Directors at meetings or in other ways.

Future steps

Through discussion among all members, the Audit & Supervisory Board defined the roles of the Company's Audit & Supervisory Board as follows: Monitor and restrain the management, have a strong sense of involvement in corporate management under the condition that they are non-executive, and provide the management with objective opinions as Audit & Supervisory Board members based on their professional insights and experience.

For Audit & Supervisory Board members to fulfill these roles, it is necessary to have initiatives whereby they understand the corporate management from an objective perspective and respond promptly and flexibly in light of internal and external changes. Therefore, the Audit & Supervisory Board confirmed that as matters to be focused on this fiscal year the following actions will be taken.

- Regular reflection by the Audit & Supervisory Board to maintain an objective perspective on management and fulfill their role as Audit & Supervisory Board members
- Further enhancement of on-site audit activities by improving information sharing by full-time Audit & Supervisory Board members to outside Audit & Supervisory Board members in advance of on-site audits, etc.
- Strengthening communication with departments by clarifying our awareness of issues (topics) identified through day-to-day Audit & Supervisory Board member activities (considering topics such as the Company's function of corporate planning)
- Updating information and knowledge about corporate management and other important topics, including providing training by external instructors.

In addition to the above, the Company has confirmed that it will continue to examine specific issues identified in the process of evaluating the effectiveness, and strive for improvement. By further improving the effectiveness of audit activities, the Audit & Supervisory Board and its members are striving to contribute to strengthening the management infrastructure and improving the corporate value of the Group.

Business Execution Structure

Management Committee

The membership of the Management Committee includes the president, senior managing executive officers, and other related executive officers, and its meetings may also be attended by the chairman of the Board of Directors, outside directors, and Audit & Supervisory Board members.

The Management Committee deliberates on important matters requiring careful consideration from a wide range of perspectives prior to their submission for the Board of Directors resolutions or approval by the president, deciding whether or not matters should be submitted to the Board of Directors, and assisting the president's decision-making.

When making investments or capital 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 FY2022, one new investment agreement was proposed to the Management Committee, which conducted screening for human rights issues and confirmed the investment to be unproblematic. We will continue to carry out regular monitoring in the future. No projects were withdrawn.

Sustainability Committee* and Internal Control Committee

The Company has systemized its social and environmental initiatives as sustainability promotion activities and is expanding them throughout the Group. In order to promote these activities, the Sustainability Committee (headed by the president) has been established. 7 Sustainability Subcommittees and four Management System Working Groups have also been established under the Sustainability Committee, and the Company has also established the Corporate Value Enhancement Strategic Committee, Digital Transformation Committee, and Carbon Neutrality Committee.

* Sustainability Committee  P20-23

Cross-Shareholdings

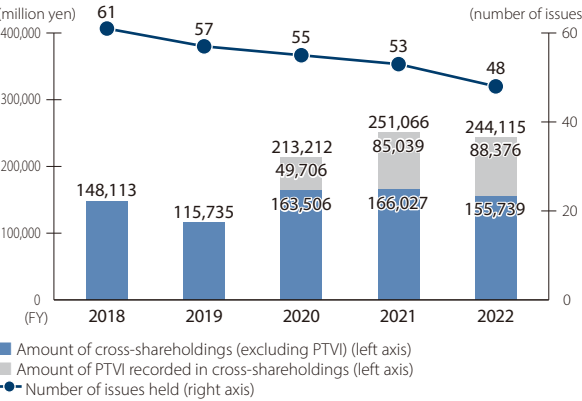
When advancing our business strategy, the Company may engage in strategic shareholdings with business partners or other companies if it is judged that doing so will contribute to strengthening our business base over the medium to long term. With regard to existing cross-shareholdings, the Board of Directors verifies aspects such as the objectives of holdings and whether the benefits therefrom cover the Company's cost of capital every year. 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 due to recent business changes, we will proceed with concrete consideration based on the premise of reduction. Furthermore, in cases where a company cross-holding the Company's shares expresses a desire to sell, we will not prevent such a sale, etc. by suggesting a reduction in the size of the transaction, or by other means.

With regard to the exercise of voting rights in cross-shareholdings, the Company determines 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, or enhancing shareholders' interests in, that company over the medium to long term, and what impact it will have on the Company's corporate value or shareholders' interests. In order to determine whether to approve or reject proposals, the Company will engage in dialogue with the issuing company regarding the contents of each proposal, etc., as necessary. Decisions on voting are made particularly cautiously in circumstances such as cases of companies affected by major scandals or by persistent losses.

■ Number of Issues Reduced (stocks other than unlisted stocks)

	FY2018	FY2019	FY2020	FY2021	FY2022
Whole sale	0	4	3	2	5
Partial sale	0	1	1	3	3

■ Investment shares held for purposes other than pure investment (stocks other than those unlisted stocks, including deemed holdings*)



For FY2020, the number of issues held increased by one due to the exclusion of PTVI from the equity-method affiliates

Compliance

Approach and Policy

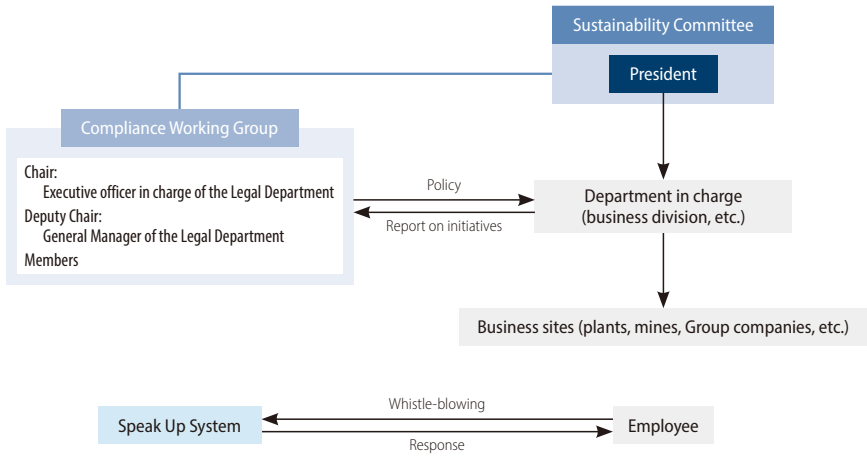
Our Group seeks to contribute to society and fulfill its responsibilities to its stakeholders through the performance of sound corporate activities. Under the philosophy that compliance is fundamental to corporate activities, we have established the SMM Group Code of Conduct and the Basic Compliance Regulations, to serve as specific guidelines for officers and employees. Further, we have established the following policies and regulations regarding individual focus areas such as human rights and procurement, which is shared across the Group.

- 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
- Regulations on the Whistle-blowing System (Speak Up System)

Promotion Structure

With the president bearing ultimate oversight responsibility for compliance, we strive to promote compliance through our organizational structure. The Compliance Working Group, which operates under the Sustainability Committee and is served by the Legal Department as secretariat, regularly conducts deliberations and exchanges information on material issues related to compliance. A system is in place whereby measures shared in the Working Group are cascaded to the necessary employees through our organizational structure and reflected in daily operations.

Promotion Structure



Initiatives

Initiatives to Take on Issues and Provide Improvements

In FY2022, the Group-wide compliance goal of “Zero compliance violations that may seriously damage business” was set. The following priority initiatives were identified as focus areas and implemented sequentially and promoted within each department: 1) review of our compliance management system, 2) thorough line management to eradicate intentional fraudulent acts that may result in serious damage to the business, and compliance violations that can lead to rescission of permits, and 3) departments in charge of laws and regulations gradually start to handle matters that pose a serious threat to operations or high reputation risk.

Responding to Compliance Issues

GRI 2-16/2-25/2-26

If a compliance incident (including GRI 2-26, “Responsible corporate conduct in organizational business activities and business relationships”) occurs or is likely to occur in our Group, it must be promptly reported to the General Manager of the Legal Department and other relevant departments through our organizational structure. Further, a system is in place whereby the issue is reported to the Representative Director, standing Audit & Supervisory Board member, etc. through the General Manager of the Legal Department, and finally to the Board of Directors. When an incident occurs, measures are taken to identify the cause of such incident, formulate measures to prevent recurrence, and if necessary deployed horizontally.

Further, the Compliance Working Group promotes compliance across the entire Group by analyzing causes of incidents, and shares information aimed at preventing recurrence.

Compliance Status

GRI 2-27/205-3/206-1/207-2/416-2/417-2/417-3

The results of checking FY2022 compliance status show that there were no serious legal or regulatory violations, including those related to the environment, products, service, marketing, tax, anti-corruption, and anti-competitive behavior. In addition, there were no fines or penalties reported in the consolidated financial statements or in the financial information submitted to public institutions in FY2022, and there are no fines or penalties that are currently pending and could be recorded in the provisions of the balance sheet in financial statements.

Initiatives on Preventing Corruption

GRI 205-1

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 subject persons in Japan or overseas. Further, an anti-bribery manual was formulated based on the characteristics of each business and country/region, as well as legal and regulatory conditions. Each business division and the Legal Department work together to prevent corruption under the supervision of the officer overseeing compliance.

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.

Operations of the prior notification system (a system that in principle requires prior notification when contacting competitors) based on the regulations for observance of competition law came into effect on April 1, 2022.

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. Internal systems for the management of “deemed export” was put in place by FY2021.

Compliance

Whistle-blowing System (Speak Up System)

GRI 2-25/2-26/406-1

In accordance with the enforcement of the amended Whistleblower Protection Act that came into effect on June 1, 2022, we have revised our Whistle-blowing System. Provisions thereof are incorporated in the newly established Regulations on the Whistle-blowing System, independent from the “Basic Compliance Regulations.”The new regulations provide detailed information on matters concerning the handling of whistleblower reports and reports to the Board of Directors, etc. of violations of laws and regulations discovered because of such reports. Employees of our Group (excluding certain affiliate employees operating their own whistle-blowing system) can provide information directly to the internal reporting hotline, SMM Group Speak Up System (Internal: General Managers of the Legal, Safety & Environment Control, or Internal Audit Departments; External: Attorney. However, depending on the matter, further responses may be conducted by the Audit & Supervisory Board) for not only matters that are in violation of laws and regulations, but also concerns or questions in line with the SMM Group Code of Conduct. 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.

The Whistle-blowing System covers not only matters experienced by individuals, but also those that are raised for the purpose of seeking advice regarding responsible corporate conduct within the business' activities and transactions (including those related to GRI 2-26).

In FY2022, a total of 11 incidents were reported across the Group, including those reported to affiliated companies' independent hotlines. In addition, three consultations were received by employees and others.

Further, to understand whether the Whistle-blowing System is instilled throughout the Group, an employee awareness survey asks questions regarding whistleblowing and compliance, the results of which are analyzed. In addition, the General Manager of the Legal Department gives lectures on compliance and the Whistle-blowing System during regularly held training sessions.

Number of reports received (FY2022)

Category	Number
Human resource systems	1
Power harassment	6
Workplace communication	2
Privacy	1
Violation of employment regulation by employees	1
Relationships with business partners	1
Business processing	1
Quality errors	1
Total	14

Eleven consultations were received through the Whistle-blowing System, with three additional consultations through other means
One matter related to GRI 2-26 (systems for seeking advice and raising concerns) was raised, which was in duplicate of the abovementioned consultation
All reports were handled appropriately

Participants of Compliance Education (FY2022) GRI 205-2

Type of seminar	Classification	Participants
Compliance seminar for general managers	Officers	25
Compliance seminar for officers		
Introduction to import/export trade control		
Briefing on the Revised Competition Law Compliance Program		
JCO Study Center training	Employees	1,215
Training for new employees		
Training for mid-career hires		
Seminar for newly promoted employees (section managers)		

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.

1. Compliance: Abidance by Laws and Rules

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

2. Respect for Individuals

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

3. Assurance of Health and Safety

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

4. Development of Human Resources

- 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.

5. Risk Management

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

6. Adherence to a Progressive Stance

- We will approach transformation with a positive and progressive attitude without clinging to conventions and practices.

7. A Prideworthy, Rewarding, and Joyful Workplace

- 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.

8. In Harmony with Society and Local Communities

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

9. Separation of Corporate Business and Personal Affairs

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

10. Collection, Management and Usage of Information

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

11. Handling of Intellectual Property

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

12. Assurance of Quality

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

13. Stance toward Performance of Sales and Purchasing

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

14. Stance toward Entertainment and Gifts

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

15. Severance of Relationships with Socially Disruptive Forces

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

16. Concern for the Global Environment

- 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.

17. Attitude in the Performance of Global Business Activities

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

Tax Governance

Approach and Policy

GRI 207-1

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.

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.

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

GRI 207-2

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 established, maintains, and effectively operates an internal control system for financial closing operations that enables the Group to conduct 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 are 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.

The Audit & Supervisory Board members ensure the appropriateness of tax-related practices and policies through the following roles.

- Audit & Supervisory Board members verify the appropriateness of financial closing operations, including tax calculations and tax effect accounting, through audits conducted by the independent public accountant. In addition, when necessary, they pose questions to the independent public accountant to clarify tax-related issues.
- Audit & Supervisory Board members receive reports from the internal audit department and the independent public accountant regarding the results of their evaluation of the effectiveness of the development and operation of the internal control system for financial closing operations, including tax-related matters, and subsequently review the contents of the reports.
- When the president approves the 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.
- When the president approves the development of a tax policy, the Audit & Supervisory Board members review the documentation and confirm that the tax policy is properly developed within the Company.

Initiatives for Tax-Related Compliance

GRI 207-1/207-2

Compliance* is the cornerstone of the Group's corporate activities. In accordance with the Sumitomo Metal Mining Group's Basic Policy on Taxes, the SMM Group endeavors to adhere to tax laws, tax treaties, and other relevant laws and regulations applicable in the countries and regions where its mines or plants are located. Additionally, the Group follows tax-related standards published by international organizations such as the Organisation for Economic Co-operation and Development (OECD). As part of these efforts, we not only ensure our operations comply with laws and regulations, but also provide education and training to our staff.

* Compliance P.176-179

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

GRI 207-3

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.

Income Tax by Country or Region P.161

Risk Management

Approach and Policy

Policy

The SMM Group engages in risk management (RM) under the following Six Principles established to achieve our long-term vision in becoming the world leader in the non-ferrous metals industry.

1. The organizational leader confronting the risk is the responsible party
2. Compliance is the foundation
3. Recognize that potential risks can materialize and take necessary risk countermeasures
4. Risks recognized as a result of change are shared among all parties involved
5. Implement RM in daily operations, considering the organization's hierarchy, size, role, and maturity, regional and cultural factors, and the knowledge, views, and values of stakeholders
6. Conduct ongoing reviews and improvements of management framework and initiatives

Approach

The definition of risk at our Group includes both that which is beneficial to our goals and that which is detrimental to them. We see risk as something that will have an effect on the achievement of business and organizational goals and that makes the protection or creation of value uncertain. Through risk management, we are able to revise goals and measures to maximize those risks which are beneficial, and inspect and improve processes to minimize those risks which are detrimental. This helps us achieve our 3-Year Business Plan, and ties into further ensuring the realization of our Vision for 2030 and our long-term vision.

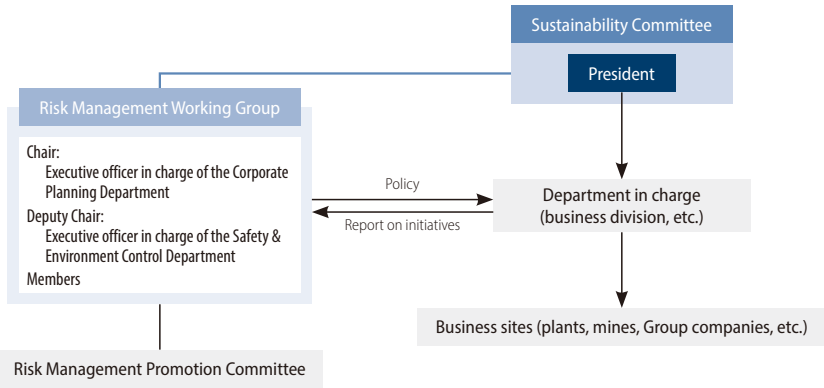
Promotion Structure

RM will be promoted through the efforts of the president, who bears ultimate oversight responsibility for RM, and the head of each business division and business site as the person responsible for RM within their unit.

The Risk Management Working Group, operating under the Sustainability Committee and is served by the Safety & Environment Control Department as secretariat, has a system in place to respond to risks and changes in the Group's business environment by promoting and monitoring Group-wide policies and priority measures.

In addition, the Risk Management Promotion Meeting serves to promote and monitor the Group's risk reduction and operation and improvement of RM.

Promotion Structure



Review of Company-wide Risk Management

In reflecting on the JCO criticality accident that occurred in 1999, our RM system (RMS) was established with the president bearing ultimate oversight responsibility, focusing mainly on the prevention of serious accidents at our sites, and has been effective in preventing industrial accidents and other accidents that have a large societal impact. On the other hand, in response to the changing demands from the business environment and society, as well as increasing complexity and sophistication of risks associated with growth and business strategies, we have repositioned RM from the prevention of major accidents at business sites to the creation and protection of the organization's value. We have reviewed and updated Group-wide RMS based on three frameworks (see diagram below). Further, we have established a system to address the risks and changes surrounding our Group through the Risk Management Working Group, which promotes and monitors Group-wide policies and priority measures.



Framework

Business Risk Management

Regarding management and business risks associated with our Group's growth and business strategies, we have a mechanism to address critical Group-wide risks, deemed particularly important for the achievement of not only initiatives such as management meetings, various committee meetings, medium-term plans, budgets, settlements and monthly activities, but also for the achievement of strategic goals (3-Year Business Plan). The critical Group-wide risks are discussed in management meetings attended by executive officers, including the president, and deliberated by the Board of Directors. Response policies are established, and each department's initiatives are monitored and promoted through the Risk Management Working Group.

Operational Risk Management

At each business site, in addition to focusing on specific risks addressed annually, risks inherent in regular operations are also identified and assessed based on internal and external conditions, and are managed as individual risks (see table below). There are over 1,400 individual risks, and as a means of reducing risks daily, when there are any changes to environments and conditions that serve as prerequisites for identified risks (business environments, work environments, people, equipment, work procedures, quality standards, etc.), these risks are reviewed and updated, or handled as new risks. A periodical risk review is also undertaken during the RM Promotion Campaign every September.

Serious risk categories			
<ul style="list-style-type: none">• Explosions and fires• Environmental pollution• Natural disasters• Legal violations	<ul style="list-style-type: none">• Quality failure• Occupational accidents• Terrorism / abduction• Pandemics	<ul style="list-style-type: none">• Supply chain disruptions• Information leaks• Damage from harmful rumors• Violation of intellectual property rights	<ul style="list-style-type: none">• Other risks include those originating from moral misconduct, such as fraudulent accounting, human rights issues, and malfeasance

Risk Management

Crisis Management

In preparation for crises beyond assumed scenarios of management and site-risk management, as well as instances where on-site handling is challenging, a standing Crisis Management Committee chaired by the officer responsible for crisis management was established. The committee 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 transition into Group-wide response headquarters which takes appropriate actions and provides support based on the level of crisis. The president has ultimate responsibility for crisis management as a whole.

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.

Future Initiatives

For FY2023, we will continue with the FY2022 RM policy of “Assess and respond to changes in risks caused by changes inside and outside the Company,” and based on revisions to Group-wide RM, will focus on reassessing risks and reviewing crisis measures, including major Group-wide risks and disasters as priority initiatives.

Revisions to Group-wide RM in FY2022 primarily focused on system aspects, and in FY2023 we are in the execution phase of these measures. In doing so, the entire Group will reassess risks and review crisis countermeasures to improve and streamline activities.

Further, events such as Russia’s invasion of Ukraine and the U.S. Speaker of the House’s visit to Taiwan have escalated tensions between Western countries and China-Russia. In Japan, we have seen instances of attacks during election campaign speeches, targeting both former and current prime ministers. Considering the heightened risks toward national security, we will focus on enhancing overseas crisis management, with emphasis on preparedness for a Taiwan contingency, and prevention of and response to unlawful detention in China, etc. With regard to natural disasters, in light of ongoing threats with earthquakes on the Noto Peninsula in June 2022 and May 2023, with a seismic intensity of under 6 and over 6, respectively, and the “Damage Estimation in Tokyo resulting from a Tokyo Inland Earthquake (May 2022)” released by the Tokyo Metropolitan Government, we will work toward enhancing the Group-wide disaster preparedness measure based on the diversification of work styles, changes in values and social norms, and advancements in equipment and materials.

In tandem with these efforts, our top management continues to lead activities to prevent issues such as compliance breaches, environmental accidents, occupational accidents, and quality issues, to ensure success in new business and projects, and achievement of business goals.

Quality Assurance

Approach and Policy

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.

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

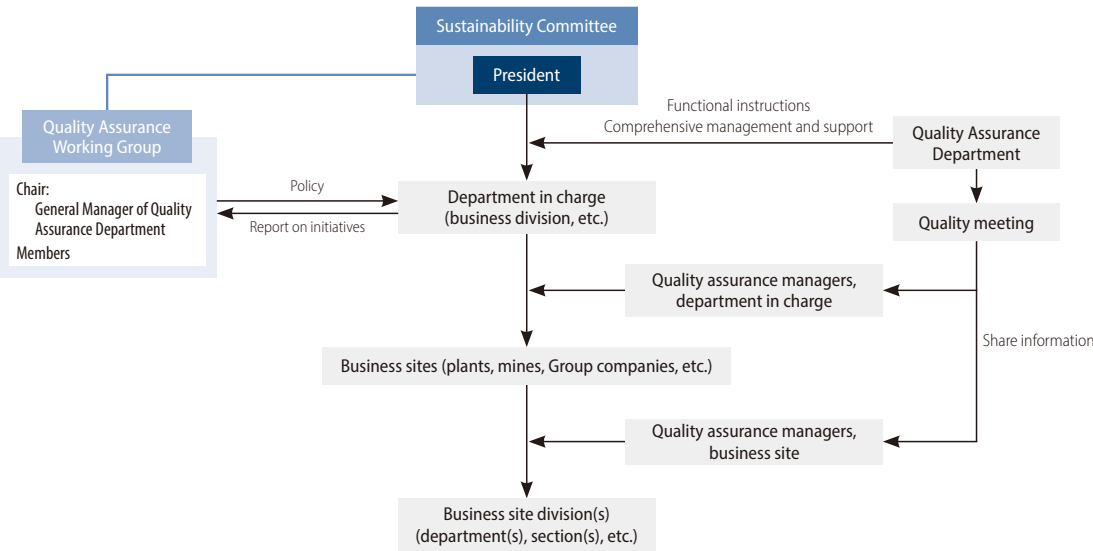
Quality Assurance Promotion Framework

With the president bearing ultimate oversight responsibility, we have appointed an executive officer in charge of the Quality Assurance Department to drive quality assurance initiatives. Each business division develops and maintains their own quality assurance framework, 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 including the reduction of the number of complaints against the Company.

In addition, quality assurance managers from the various business divisions and business sites, along with members of the head office's Quality Assurance Department hold an annual quality meeting to share the quality management status of each business site and quality issues common across the entire Group.

Promotion Structure



SMM Quality Objectives

FY2023 Company-Wide Quality Policy

Drive QMS improvements to achieve zero major quality complaints and create a structure that earns customer trust.

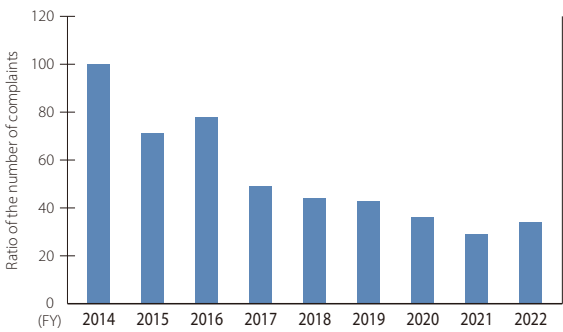
- Zero major quality complaints. Prevent complaints on quality that could jeopardize our business foundation
- Zero occurrences of quality misconduct
- Achieve complaint goals within business divisions

Quality Complaints

The chart to the right illustrates the trend of quality claims since FY2014 for the entire Group.

Quality complaints declined gradually from FY2014 onwards, and in FY2022, the number of complaints had reduced to approximately one-third of that of FY2014. We believe that this is due to the effective implementation of quality improvement initiatives at each business division and business site, and the impact of QMS.

Quality complaints (with FY2014 data as 100)



Quality Improvement Initiatives

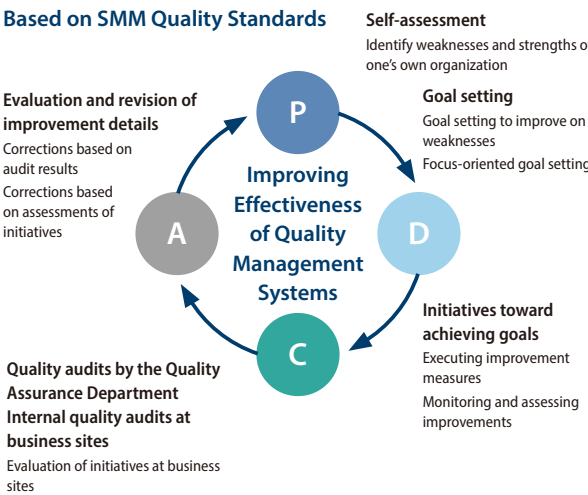
Improving Effectiveness of Quality Management Systems

The SMM Group has established and operates QMS at its business divisions and business sites. For such QMS to function effectively, 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 categorizes requirements into eight sections, with content based on prior incidents, allowing us to identify strengths and weaknesses of each business site, and to focus on improving such weaknesses.

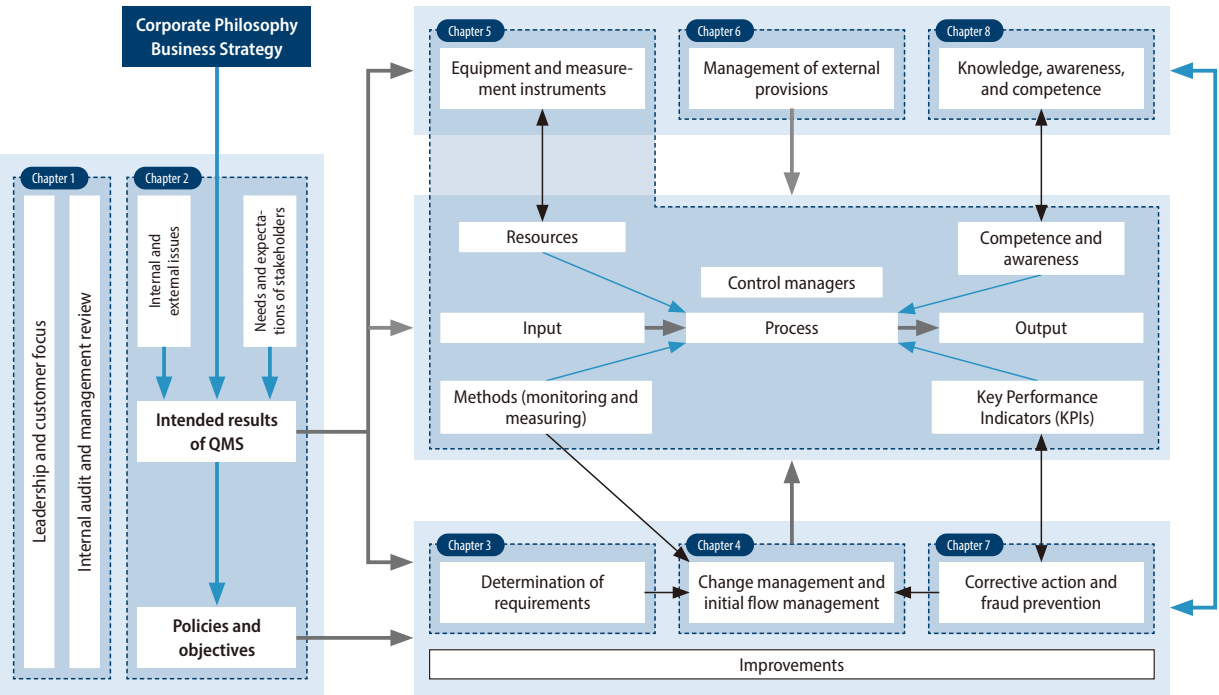
The SMM Quality Standards are revised each year to raise QMS to the level required by the Group so that we can deliver quality that satisfies customers.

PDCA cycle for QMS improvement in SMM Quality Standards



Quality Assurance

Overall picture of QMS and applicable items in SMM Quality Standards



Strengthening of Our Internal Quality Audits

Based on the SMM Quality Standards, we currently aim to carry 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 roughly 450 internal quality auditors from FY2019 to FY2022. We operate a PDCA cycle to develop these internal auditors, and confirm their effectiveness through supervised audits by trained internal auditors.

To prevent quality-related misconduct such as falsification of inspection or testing data, we provide Group-wide quality fraud prevention training opportunities using e-learning. In addition, Group-wide efforts are made to deter misconduct, including internal quality audits to guarantee product quality and to confirm the reliability of inspection or testing data, automated transfer thereof to avoid human intervention, and if such automation is difficult, administrative measures are enhanced.

Expansion of Group-Wide Education on Quality

We provide training on quality based on our education system that aims to equip each level of employee, from new employees to managers, with necessary quality-related knowledge and management ability. With the aim to acquire wide-ranging quality-related knowledge and enhance awareness, *SMM Hinkaku*,* an e-learning program for all employees launched in FY2019, with approximately 5,900 employees taking the course in FY2021. *SMM Hinkaku* will be used for the education of new employees and transferees.

As a shortage is expected of human resources capable of assuming responsibility for quality in the future, training is conducted Group-wide to nurture people responsible for quality. Four practical training sessions a year are conducted to improve the effectiveness of the QMS by rolling out SMM Quality Standards to the business divisions. After completion, the trainees will determine issues to be addressed at their own business sites and aim to accomplish these issues by utilizing what they have learned in the training program. The Quality Assurance Department also follows up on the progress of the initiatives. The training was completed by roughly 25 employees in FY2022 and is currently participated by 20 employees in FY2023.

* 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

GRI 416-1

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 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),¹ 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 manufacture². We make sure that information utilized for the above is always appropriate through quality management systems, reviewing it based upon the latest technology, laws and regulations and demands from customers.

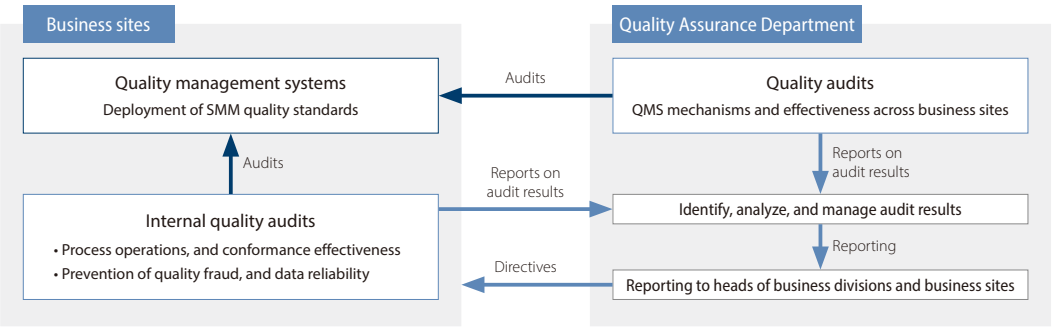
1. SDS (Safety Data Sheet): A document listing information on a chemical product, including the chemical substance, the product name, the supplier, hazards, safety precautions and emergency procedures
2. We also conduct surveys linked to life cycle assessments (LCA) for copper, nickel, and zinc through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

Communication with Customers

Business divisions and business sites take the initiative in conducting customer satisfaction surveys. The results are fed back to the sales and development divisions. To enhance customer satisfaction, we are constantly improving our methods of measuring and assessing customer satisfaction, accurately identify issues through precise and sufficient communication with our customers, and execute effective measures. Through quality improvement activities, we contribute to resource and energy conservation by improving product yield.

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 quality improvement activities based on our SMM Quality Standards.



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

GRI 417-1

Information requiring disclosure	Applicable products/services
The sourcing of components of the product or service	All products/services containing substances requiring management under legislation Requirement is not applicable 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 customers 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.

Responding to Product Quality Issues as They Arise

If a quality issue arises in relation to the Group's products or services, the necessary action will be taken in accordance with the Quality Assurance Regulations. The business divisions and business sites will immediately check facts, report results of root-cause analysis and verification to the customer, and agree on the necessary corrective actions and recurrence prevention measures.

In the unlikely event that a serious quality issue occurs, the business division will promptly report the problem to management and the General Manager of the Quality Assurance Department, who in order to resolve quality issues immediately, will check the progress of necessary response measures, and confirm the effectiveness of corrective actions and measures to prevent recurrence.

Information Security

Approach and Policy

FY2023 information security policy: strengthening responses to changing information security threats

- We will strengthen measures against ransomware, which has been causing numerous incidents in Japan and overseas.
- We will work to strengthen the security of control system equipment and systems.

Promotion Structure

To promote information security management throughout the SMM Group, we have established and implemented a security policy consisting of the Information Security Regulations and Group-wide Standards for Information Security.

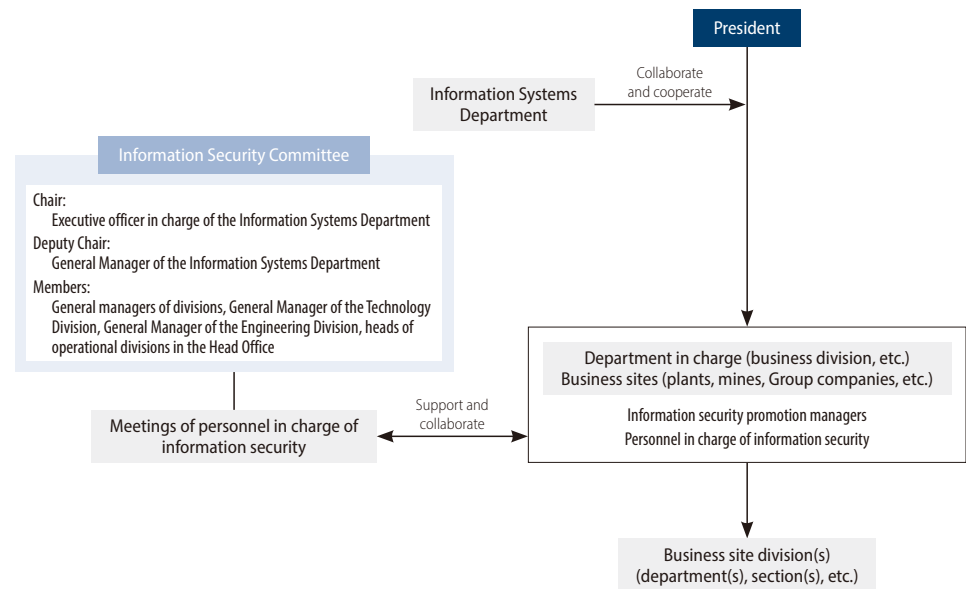
The Information Security Committee regularly deliberates Group-wide strategies and basic policies regarding information security, as well as Group-wide measures for information security. The Information Security Committee consists of the executive officer in charge of the Information Systems Department as the Chair, the General Manager of the Information Systems Department as the Deputy Chair, the general managers of divisions, the General Manager of the Technology Division, the General Manager of the Engineering Division, and the heads of operational divisions in the Head office as committee members, and the secretariat is set up as the Information Systems Department.

Measures to improve the level of information security are led by the Information Systems Department, and are specifically promoted with the cooperation of the information security promotion managers, who are the heads of the organizational units (plant, division, branch, etc.) positioned as subordinate structures of the Information Security Committee, and the information security personnel at each site.

In order to facilitate promotion and follow up of the measures, the Information Systems Department serves as the secretariat for the meetings of personnel in charge of information security, which are held regularly.

The status of implementation of the measures is fed back to the Information Security Committee and actions are taken as necessary.

Promotion Structure



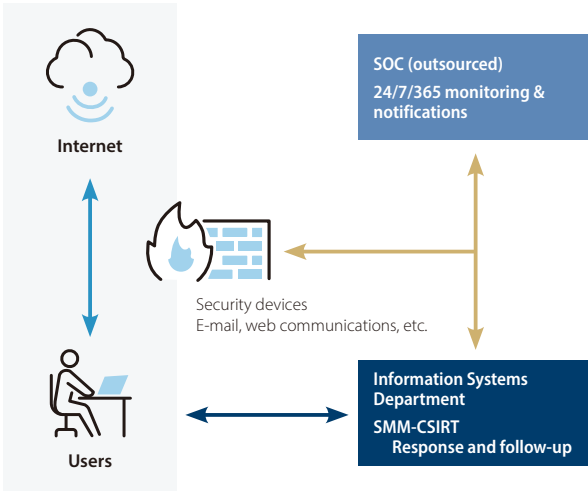
Response to Information Security Risks

To ensure the safety of in-house information assets from increasingly sophisticated cyber security attacks, we are taking countermeasures on both a system and human level.

For threats such as cyber-attacks from outside, the SOC,¹ to which we are outsourced, monitors newly detected malware, targeted e-mails, and other threats 24 hours a day, 365 days a year. When an abnormality is detected, we have a system in place where the Information Systems Department is promptly contacted and, together with the SMM-CSIRT² quickly implements an appropriate response.

We also educate and train employees through e-learning and targeted e-mail drills to prevent damage from cyber-attacks.

1. Security Operation Center (SOC): An organization specializing in monitoring and analyzing information from security devices, taking countermeasures, etc.
2. Computer Security Incident Response Team (CSIRT): The generic name for the organization that analyzes the causes of computer security problems, investigates the scope of impact, and responds



Main System Countermeasures

- Critical information is stored on servers in an external data center with advanced accident countermeasures, and the data center is protected by a special security system.
- Internal and external networks are separated by a firewall to protect against cyber-attacks from the outside (Internet).
- For work-from-home and other remote connections, we use a cloud security gateway with a high level of security, rendering third-party connections or unauthorized entries impossible.
- All servers and PCs are equipped with EDR* software in addition to anti-virus software. We have a system where EDR software logs are monitored 24 hours a day, 365 days a year by an external SOC to promptly detect and respond to malware infection.
- We have introduced e-mail and web filters to ensure safe use of e-mail and the Internet by our employees.
- Of the above countermeasure systems, important ones are outsourced to an external SOC that operates 24 hours a day, 365 days a year to promptly detect and respond to any anomalies.

* EDR: endpoint detection and response

Main Human Countermeasures

- We conduct annual information security education using an e-learning service specialized in the field of cyber security, which is available in various languages, for the purpose of deepening employees' understanding of ever-changing cyber-attack methods and enhancing security awareness, including staff at our overseas sites.
- To prevent targeted attacks, which can easily lead to malware infection, we conduct targeted attack e-mail drills, in which users are sent simulated e-mails that look like actual attack e-mails, to increase their security sensitivity through first-hand experience.

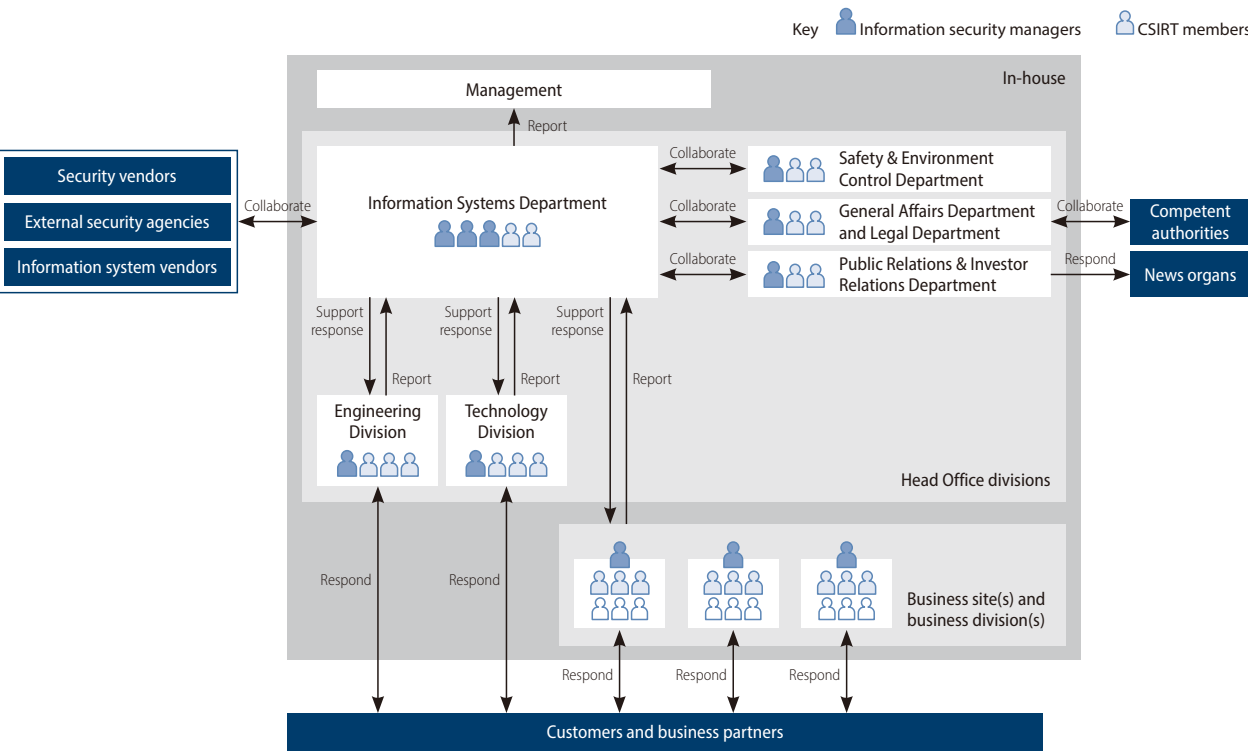
Results of the above measures are analyzed and fed back to each division and management, and are reflected in the next plan.

Response to Security Incidents

The SMM-CSIRT, consisting of the Information Systems Department and representatives from user departments, has been established to respond promptly and prevent the spread of damage in the unlikely event of a serious security incident despite the security measures taken.

The Information Systems Department and the user departments work together to respond to incidents and bring them to an early end, while also working along with external responses.

SMM-CSIRT is a member of the Nippon CSIRT Association (NCA) and cooperates with external organizations.



FY2022 Results and FY2023 Plan

In FY2022, we introduced EDR software to PCs and servers connected to the SMM Group network, and also deployed it to our overseas sites. For overseas sites, we individually surveyed the operational status of cyber security measures and provided guidance for improvement. To strengthen human countermeasures, we introduced a multilingual cyber security training system and combined it with training about suspicious emails to improve users' security awareness and skills.

In FY2023, we will switch our anti-virus software to deep learning software with high detection capability against unknown malware in order to strengthen endpoint security. In addition, to create a zero-trust network, we will introduce a globally compatible authentication infrastructure to strengthen the authentication function for users in Japan and overseas.

Information Leakage Countermeasures

To ensure the security of customer information, including personal information, and confidential in-house information, the following countermeasures are taken in addition to the above to protect electronic data.

- In principle, the use of USB memory devices is prohibited, but working environments have been designed to permit use when necessary, under systemic control and upon notification.
- Mobile PCs and other devices that may be taken outside the Company have their disks encrypted so that even if they are stolen or lost, a third party cannot view the data.
- We use a dedicated file server and an external cloud storage service to store in-house data, and strictly control rights to access.
- Our system monitors communication path logs to promptly detect and respond to unauthorized communications.
- Our system is designed to prevent malware infections from suspicious e-mails by sharing information about suspicious e-mails that slip through the filtering system with users.

External Assessments and Awards

We have been recognized by various external evaluation organizations as a company that promotes sustainability initiatives and have been included in various indices.

Inclusion in Indices

Various FTSE Indices*

FTSE4Good Index Series
FTSE Blossom Japan Index
FTSE Blossom Japan Sector Relative Index (Continued inclusion in 2023)

We have been selected as a constituent of the FTSE4Good Index Series, the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index. These indices were developed by FTSE Russell, a global index data provider, to measure the performance of companies that are active in environmental, social and governance (ESG) practices. The FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are widely used by one of the world's largest institutional investors, and which manages Japan's public pension funds, the Government Pension Investment Fund (GPIF), and others to create and evaluate ESG investment funds and other financial products.

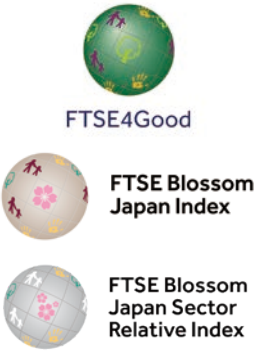
* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Sumitomo Metal Mining Co.,Ltd. has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Russell confirms that Sumitomo Metal Mining Co.,Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Russell confirms that Sumitomo Metal Mining Co.,Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

 [FTSE4Good Index Series](https://www.ftserussell.com/products/indices/ftse4good)
<https://www.ftserussell.com/products/indices/ftse4good>

 [FTSE Blossom Japan Index Series](https://www.ftserussell.com/products/indices/blossom-japan)
<https://www.ftserussell.com/products/indices/blossom-japan>



MSCI ESG Leaders Indexes* (Continued inclusion in 2023)

Equity indices created by U.S.-based MSCI, Inc., consisting of companies that have received high ESG ratings.

MSCI Japan ESG Select Leaders Index* (Continued inclusion in 2023)

An equity index created by U.S.-based MSCI, Inc., consisting of listed companies in Japan with excellent ESG ratings, and is one of the ESG indices selected by the Government Pension Investment Fund (GPIF).

* THE INCLUSION OF SUMITOMO METAL MINING CO., LTD.(SMM) IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SMM BY MSCI OR ANY OF ITS AFFILIATES.
THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

 [MSCI Japan ESG Select Leaders Index](https://www.msci.com/msci-esg-leaders-indexes)
<https://www.msci.com/msci-esg-leaders-indexes>



S&P/JPX Carbon Efficient Index (Continued inclusion in 2023)

This index is provided by S&P Dow Jones Indices and the Tokyo Stock Exchange (TSE). Component stocks are weighted against TOPIX component stocks based on their environmental initiatives, such as environmental information disclosure and carbon efficiency levels. It is one of the ESG indices used by the Government Pension Investment Fund (GPIF).

 [S&P/JPX Carbon Efficient Index](https://www.jpix.co.jp/english/markets/indices/carbon-efficient/index.html)
<https://www.jpix.co.jp/english/markets/indices/carbon-efficient/index.html>



JPX-Nikkei Index 400 (Continued inclusion in 2023)

We have been selected to be included in the JPX-Nikkei Index 400, a stock price index jointly managed by JPX Market Innovation & Research, Inc. and Nikkei Inc. This index is composed of companies that meet global investment criteria in terms of finance and management and are highly attractive to investors.

 [JPX-Nikkei Index 400](https://www.jpix.co.jp/english/markets/indices/jpx-nikkei400/index.html)
<https://www.jpix.co.jp/english/markets/indices/jpx-nikkei400/index.html>



External Assessments of Sustainability

MSCI ESG Ratings

An evaluation by U.S.-based MSCI Inc. that measures a company's exposure to significant ESG (environmental, social, and governance) risks within its industry and the adequacy of its risk management. As of November 2022, we have received an MSCI ESG rating of AA. (On a 7-point scale from AAA-CCC.)

 [MSCI ESG Research website](https://www.msci.com/our-solutions/esg-investing)
<https://www.msci.com/our-solutions/esg-investing>



CDP


CDP is an ESG evaluation organization that evaluates more than 13,000 companies worldwide on their strategies to address climate change and their efforts to reduce greenhouse gas emissions. Each company is evaluated using an independent method based on the comprehensiveness of its disclosure, risk management, high goal setting, leadership, and other information and assigned a score from A to D-. We have been responding to CDP's questionnaire since 2014. As a result of our response to the CDP questionnaire in 2022, we received a rating of B for Climate Change and A- for Water Security.

 [CDP](https://www.cdp.net/en)
<https://www.cdp.net/en>



Kurumin certification


We formulated an action plan for general business owners based on the Act on Advancement of Measures to Support Raising Next-Generation Children. In 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.

 [SMM's Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children](https://ryouritsu.mhlw.go.jp/hiroba/planfile/202204011010323690814_1.pdf)
https://ryouritsu.mhlw.go.jp/hiroba/planfile/202204011010323690814_1.pdf (Japanese Only)



Health & Productivity Management Outstanding Organization

The Certified Health & Productivity Management Outstanding Organizations Recognition Program recognizes corporations, including large enterprises and small and medium-sized companies, that practice particularly excellent health and productivity management based on their promotion of health as set forth by the Nippon Kenko Kaigi and efforts to address local health issues. In 2023, we were certified as a Health & Productivity Management Outstanding Organization (large enterprises category).


 [Health & Productivity Management Outstanding Organization](https://www.smm.co.jp/news/release/uploaded_files/20230309.pdf)
https://www.smm.co.jp/news/release/uploaded_files/20230309.pdf (Japanese Only)



External Assessments of Reporting

NIKKEI Integrated Report Award 2022


The Nikkei Integrated Report Award 2022 sponsored by Nikkei Inc. awarded the Nikkei Integrated Report Grand Prix S Award to the SMM Group for our explanation of KPI formulation for ESG items, including the identification process, our definition of SMM Group policy on human rights, our setting the rights of indigenous peoples as a material issue, and our descriptions of initiatives for improvement, including those in our supply chains. S corresponds to the Society category of ESG.

 [NIKKEI Integrated Reporting Award 2022 Winner](https://www.smm.co.jp/news/release/uploaded_files/20230323.pdf)
https://www.smm.co.jp/news/release/uploaded_files/20230323.pdf (Japanese Only)



WICI Japan Integrated Reporting Award 2022

This award was established by general incorporated association WICI Japan as a measure to promote integrated reporting in Japan. We received the Encouragement Award in 2017, the Bronze Award for two consecutive years in 2020 and 2021, and the Silver Award in 2022.

 [WICI Japan Integrated Reporting Award 2022 Winner](https://www.smm.co.jp/news/release/uploaded_files/20221202.pdf)
https://www.smm.co.jp/news/release/uploaded_files/20221202.pdf (Japanese Only)



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, 2022 to March 31, 2023 included in its Sustainability Report 2023 (the “Report”) for the fiscal year ended March 31, 2023; 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 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 Report; 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 Hishikari Mine 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 Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Report;
- 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 130 of the Report;
- the Company’s self-assessment of the relevant CPEs is not as described on page 131 of the Report;



- the Company’s prioritization process for selecting assets for the validation of APEs is not as described on page 131 of the Report;
- the Company has not identified and prioritized its material issues as described on page 26 and 27 of the Report;
- the Company has not approached and managed its material issues as described on pages 28, 29, 33-36, 43, 52, 53, 82, 83, 88-90, 111-113, 117, 121, 125 and 126 of the Report.

Our Independence and Quality Management

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 Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Kazuhiko Saito, Partner, Representative Director
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
November 28, 2023

GRI Content Index

Statement of use	Sumitomo Metal Mining Co., Ltd. has reported the information cited in this GRI content index for the period April 1, 2022 to March 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
GRI Sector Standard	GRI Sector Standard for Mining (Draft)

General Disclosures

GRI Standard/ Other Sources	Disclosure	Item	Page number(s)	Omitted		
				Items omitted	Reasons	Explanation
GRI 2: General Disclosures 2021						
▶ 1. The organization and its reporting practices						
2-1	Organizational details	Editorial Policy	1			
2-2	Entities included in the organization's sustainability reporting	Editorial Policy	1			
		SMM Group Overview	8-9			
2-3	Reporting period, frequency and contact point	Editorial Policy	1			
2-4	Restatements of information	Environmental Data: Rehabilitated Area	73			
		Social Data: Number of Officers and Employees (by country and region)	147			
		Social Data: Number of Officers and Employees (by age group and employee category)	148-149			
		Social Data: Time Spent on and Investment in Employee Education	153-154			
2-5	External assurance	Editorial Policy	1			
		Independent Assurance Report	198-199			
▶ 2. Activities and workers						
2-6	Activities, value chain and other business relationships	Sustainability Issues in the Value Chain	6-7			
		SMM Group Overview	8-9			
		SMM Group Business Model	10-11			
2-7	Employees	Social Data: Number of Officers and Employees (by country and region)	147			
		Social Data: Number of Officers and Employees (by age group and employee category)	148-149			
2-8	Workers who are not employees	Social Data: Number of Officers and Employees (by age group and employee category)	148-149			
▶ 3. Governance						
2-9	Governance structure and composition	Social Data: Number of Officers and Employees (by country and region)	147			
		Social Data: Number of Officers and Employees (by age group and employee category)	148-149			
		Corporate Governance Framework	165			
		Decision-Making and Supervisory System	166-167			
		Outside Directors and Outside Audit & Supervisory Board Members	170			
2-10	Nomination and selection of the highest governance body	Procedures in the Nomination of Director Candidates, Appointment or Dismissal of Senior Management, and Nomination of Audit & Supervisory Board Member Candidates	168			
2-11	Chair of the highest governance body	Decision-Making and Supervisory System	166-167			

GRI Standard/ Other Sources	Disclosure	Item	Page number(s)	Omitted		
				Items omitted	Reasons	Explanation
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Promotion Structure	20-23			
		Decision-Making and Supervisory System	166-167			
2-13	Delegation of responsibility for managing impacts	Sustainability Promotion Structure	20-23			
		Decision-Making and Supervisory System	166-167			
2-14	Role of the highest governance body in sustainability reporting	Sustainability Promotion Structure	20-23			
2-15	Conflicts of interest	Decision-Making and Supervisory System	166-167			
2-16	Communication of critical concerns	Decision-Making and Supervisory System	166-167			
		Responding to Compliance Issues	177			
2-17	Collective knowledge of the highest governance body	Training Policy for Directors and Audit and Supervisory Board Members	170-171			
2-18	Evaluation of the performance of the highest governance body	Analysis and Evaluation of the Effectiveness of the Board as a whole, and the Results	172-173			
2-19	Remuneration policies	Basic Policy and Procedures for Remuneration of Directors	171			
2-20	Process to determine remuneration	Basic Policy and Procedures for Remuneration of Directors	171			
2-21	Annual total compensation ratio	Annual Total Compensation Ratios (FY2022)	172			
▶ 4. Strategy, policies and practices						
2-22	Statement on sustainable development strategy	Long-Term Vision	3			
		Message from the President	16-19			
		Sumitomo Metal Mining Group Sustainability Policy	20			
2-23	Policy commitments	Sumitomo Metal Mining Group Sustainability Policy	20			
		Outline of SMM Group's human rights policy	77			
		The Sumitomo Metal Mining Group Policy on Human Rights	78-79			
2-24	Embedding policy commitments	Sustainability Promotion Structure	20-23			
		Putting Sustainability Promotion Activities into Practice	23			
		Penetration of Sustainability Promotion Activities	23			
		Business and Human Rights: Promotion Structure	76			
		Outline of SMM Group's human rights policy	77			
		The Sumitomo Metal Mining Group Policy on Human Rights	78-79			
		Rights of Indigenous Peoples: Promotion Structure	116			
		Initiatives through Dialogue at Workplaces	118			
		Implementation of In-house Education	119			
		Human Rights in the Supply Chain: Promotion Structure	120			
		Responsible Mineral Sourcing	122			
2-25	Processes to remediate negative impacts	Initiatives Related to Sustainable Procurement	123			
		Business and Human Rights: Approach and Policy	76			
		Human Rights Due Diligence Initiatives	77			
		Grievance Mechanism: Membership in JaCER	77			
		Acknowledging Grievances and Providing Explanations for Relocations	114-115			
		Initiatives through Dialogue at Workplaces	118			
		Dialogue with Experts, NGOs, and NPOs	118			
		Implementation of In-house Education	119			
		Responsible Mineral Sourcing	122			
		Initiatives Related to Sustainable Procurement	123			
		Responding to Compliance Issues	177			
2-26	Mechanisms for seeking advice and raising concerns	Whistle-blowing System (Speak Up System)	178			
		Grievance Mechanism: Membership in JaCER	77			
		Acknowledging Grievances and Providing Explanations for Relocations	114-115			
		Responding to Compliance Issues	177			
		Whistle-blowing System (Speak Up System)	178			

GRI Content Index

GRI Standard/ Other Sources	Disclosure	Item	Page number(s)	Omitted		
				Items omitted	Reasons	Explanation
2-27	Compliance with laws and regulations	Compliance Status	177			
2-28	Membership associations	Main Organizations in Which SMM Has Membership	129			
		Participation in and Declarations of Support for International Organizations	130			
▶ 5. Stakeholder engagement						
2-29	Approach to stakeholder engagement	Communication with Local Communities and NGOs	114			
		SMM's Vision for Stakeholder Engagement	124			
		Stakeholder Engagement	127			
2-30	Collective bargaining agreements	Labor-Management Relations	107-108			
		Social Data: Labor-Management Relations	158			

Disclosures on material topics

GRI Standard/ Other Sources	Disclosure	Item	Page number(s)	Omitted		
				Items omitted	Reasons	Explanation
GRI 3: Material Topics 2021						
3-1	Process to determine material topics	Sustainability Issues in the Value Chain	6-7			
		Vision for 2030 – Formulation Approach	26-27			
3-2	List of material topics	Material Issues and Their Background	25			
		Vision for 2030, Material Issues, KPIs (Indicators and Goals)	28-29			

Effective Use of Non-Ferrous Metal Resources

▶ GRI 3: Material Topics 2021						
3-3	Management of material topics	Vision for 2030, Material Issues, KPIs (Indicators and Goals)	28			
		Approach and Policy / Promotion Structure / Medium-Term Targets and Progress	32-33			

▶ 301: Materials 2016

301-1	Materials used by weight or volume	Environmental Impact of Business Activities (material flow)	58			
		Environmental Data: Raw Material and Energy Inputs in Business Activities	71			
301-2	Recycled input materials used	Percentage of Recycled Input Raw Materials Used	39			
		Environmental Impact of Business Activities (material flow)	58			
		Environmental Data: Percentage of Recycled Input Raw Materials Used	70			

Climate Change

▶ GRI 3: Material Topics 2021						
3-3	Management of material topics	Vision for 2030, Material Issues, KPIs (Indicators and Goals)	28			
		Environmental Management: Sumitomo Metal Mining Group Environmental Targets for 2023 / Promotion Structure	40-41			
		Approach and Policy / Management Structure and Approach regarding the Material Issue of Climate Change (based on the TCFD recommendations) / Medium-Term Targets and Progress	42-43			

GRI Standard/ Other Sources	Disclosure	Item	Page number(s)	Omitted		
				Items omitted	Reasons	Explanation
▶ 201: Economic Performance 2016						
201-2	Financial implications and other risks and opportunities due to climate change	Climate Change Scenario Analysis	44-45			
▶ 302: Energy 2016						
302-1	Energy consumption within the organization	Environmental Impact of Business Activities (material flow)	58			
		Environmental Data: Raw Material and Energy Inputs in Business Activities	71			
302-2	Energy consumption outside of the organization			a.-c.	Information not available/sufficient	Not disclosed because the information outside of the organization is not available.
302-3	Energy intensity	Energy and GHG Emissions Intensity Indices	47			
		Environmental Data: Energy and GHG Emissions Intensity Indices	70			
302-4	Reduction of energy consumption			a.-d.	Information not available/sufficient	Not disclosed because the information for the reduction of energy consumption is not sufficient.
302-5	Reductions in energy requirements of products and services			a.-c.	Information not available/sufficient	Not disclosed because the information for the reduction in energy requirements is not sufficient.

▶ 305: Emissions 2016

305-1	Direct (Scope 1) GHG emissions	GHG Emissions (Scope 1 and 2)	46			
		Environmental Impact of Business Activities (material flow)	59			
		Environmental Data: Greenhouse Gas (GHG) Emissions	70			
305-2	Energy indirect (Scope 2) GHG emissions	GHG Emissions (Scope 1 and 2)	46			
		Environmental Impact of Business Activities (material flow)	59			
		Environmental Data: Greenhouse Gas (GHG) Emissions	70			
305-3	Other indirect (Scope 3) GHG emissions	GHG Emissions in the Value Chain (Scope 3)	50			
305-4	GHG emissions intensity	Energy and GHG Emissions Intensity Indices	47			
		Environmental Data: Energy and GHG Emissions Intensity Indices	70			
305-5	Reduction of GHG emissions	GHG Emissions (Scope 1 and 2)	46			
		Energy and GHG Emissions Intensity Indices	47			

Significant Environmental Accidents / Biodiversity

▶ GRI 3: Material Topics 2021			
3-3	Management of material topics	Vision for 2030, Material Issues, KPIs (Indicators and Goals)	28
		Environmental Management: Sumitomo Metal Mining Group Environmental Targets for 2023 / Promotion Structure	40-41
		Approach and Policy / Promotion Structure / Medium-Term Targets and Progress	52-53
▶ 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Water Risk Management	56

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GRI Standard/ Other Sources	Disclosure	Item	Page number(s)	Omitted		
				Items omitted	Reasons	Explanation
303-2	Management of water discharge-related impacts	Discharge into Water	60			
303-3	Water withdrawal	Environmental Impact of Business Activities (material flow)	58			
		Discharge into Water	60			
		Environmental Data: Water Resource Input, Water Discharge, and Water Consumption in Business Activities	71			
303-4	Water discharge	Environmental Impact of Business Activities (material flow)	59			
		Discharge into Water	60			
		Environmental Data: Water Resource Input, Water Discharge, and Water Consumption in Business Activities	71			
		Environmental Data: Release and Transfer of Chemical Substances in Business Activities	72			
303-5	Water consumption	Environmental Impact of Business Activities (material flow)	58			
		Environmental Data: Water Resource Input, Water Discharge, and Water Consumption in Business Activities	71			
▶ 304: Biodiversity 2016						
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Data: Business Activities in Areas of High Biodiversity Value	73			
304-2	Significant impacts of activities, products and services on biodiversity			a.-b.	Information not available/ sufficient	Not disclosed because the information for impacts is not available.
304-3	Habitats protected or restored			a.-d.	Information not available/ sufficient	Not disclosed because the information for habitats is not sufficient.
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations			a.	Information not available/ sufficient	Not disclosed because the information for species with habitats is not sufficient.
▶ 305: Emissions 2016						
305-6	Emissions of ozone-depleting substances (ODS)	Release Control for Chemical Substances	61			
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental Impact of Business Activities (material flow)	59			
		Emissions into the Atmosphere	60			
		Environmental Data: Release and Transfer of Chemical Substances in Business Activities	72			
▶ 306: Waste 2020						
306-1	Waste generation and significant waste-related impacts	Managing Tailings Dams	56			
		Managing Decommissioned and Closed Mines	56-57			
		Rehabilitating Tailings Dams	57			
		Environmental Impact of Business Activities (material flow)	59			
306-2	Management of significant waste-related impacts	Managing Tailings Dams	56			
		Managing Decommissioned and Closed Mines	56-57			
		Rehabilitating Tailings Dams	57			
		Environmental Impact of Business Activities (material flow)	59			

GRI Standard/ Other Sources	Disclosure	Item	Page number(s)	Omitted		
				Items omitted	Reasons	Explanation
306-3	Waste generated	Environmental Impact of Business Activities (material flow)	59			
		Waste by Type and Treatment Method (FY2022)	62			
		Emissions of Waste Plastic (FY2022)	63			
306-4	Waste diverted from disposal	Waste by Type and Treatment Method (FY2022)	62			
		Emissions of Waste Plastic (FY2022)	63			
306-5	Waste directed to disposal	Trends in Final Disposal Amount of Industrial and Mining Waste in Japan	62			
		Waste by Type and Treatment Method (FY2022)	62			
		Emissions of Waste Plastic (FY2022)	63			
		Environmental Data: Final Disposal Amount of Industrial and Mining Waste in Japan	72			
▶ G4-Mining and Metals						
G4-MM1	AMOUNT OF LAND (OWNED OR LEASED, AND MANAGED FOR PRODUCTION ACTIVITIES OR EXTRACTIVE USE) DISTURBED OR REHABILITATED	Environmental Data: Rehabilitated Area	73			
G4-MM2	THE NUMBER AND PERCENTAGE OF TOTAL SITES IDENTIFIED AS REQUIRING BIODIVERSITY MANAGEMENT PLANS ACCORDING TO STATED CRITERIA, AND THE NUMBER (PERCENTAGE) OF THOSE SITES WITH PLANS IN PLACE	Environmental Data: Business Activities in Areas of High Biodiversity Value	73			
G4-MM3	TOTAL AMOUNTS OF OVERBURDEN, ROCK, TAILINGS, AND SLUDGES AND THEIR ASSOCIATED RISKS	Managing Tailings Dams	56			
		Environmental Impact of Business Activities (material flow)	59			
Employees' Occupational Health and Safety						
▶ GRI 3: Material Topics 2021						
3-3	Management of material topics	Vision for 2030, Material Issues, KPIs (Indicators and Goals)	28			
		Business and Human Rights: Approach and Policy / Promotion Structure / Human Rights Due Diligence Initiatives	76-77			
		Approach and Policy / Policy and Targets / Occupational Health and Safety Policies, Targets and Plans / Promotion Structure / Medium-Term Targets and Progress	80-83			
▶ 403: Occupational Health and Safety 2018						
403-1	Occupational health and safety management system	Promotion Structure	81			
		Social Data: Occupational Health and Safety Management System	144			
403-2	Hazard identification, risk assessment, and incident investigation	Promotion Structure	81			
		Occupational Health and Safety Risk Assessments	83			
		Social Data: Identification of Hazard Sources, Risk Assessment, and Accident Investigation (2022)	145			
403-3	Occupational health services	Social Data: Services, Education and Training Related to Occupational Health and Safety (2022)	146			
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