The following environmental considerations were applied to the printing of this report:

- To support sound forest management, the full version of this report has been printed on paper derived from forests that have been thinned by "Morino Chonai-Kai" (Forest Neighborhood Association).

- Printed using soy ink, which partially contains soybean oil in place of other ink oils.
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This report was created for the benefit of customers, citizens of local communities, suppliers, employees and all other stakeholders. The intention has been to provide a clear outline of activities Sumitomo Metal Mining Co., Ltd. is pursuing in order to achieve sustainable co-existence with society and the environment.

The articles in this report emphasize activities relating to “Six Key CSR Areas,” which were selected in 2008 by an in-house group of twenty people comprising executive officers and general managers of headquarters divisions. Their selection was based on the impact those areas have on the company and the extent of related social needs. In keeping with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI),* this year’s report contains much more information on social activities compared to the 2008 report and the boundary of the report with regard to environmental aspects has been expanded.

* Global Reporting Initiative (GRI)—An organization established with the purpose of creating and promoting globally accepted guidelines for sustainability reports.

Editorial Policy

Reporting boundary of the report

Sumitomo Metal Mining Co., Ltd. (SMM)
The Sumitomo Metal Mining Group
(consolidated subsidiaries)

Economic Aspects:  SMM, consolidated subsidiaries and affiliates

Environmental Aspects:  SMM and consolidated subsidiaries

* From the perspective of significance, we included equity-method application affiliate Nippon Ketjen Co., Ltd., and non-consolidated subsidiaries SMM Precision Co., Ltd. and Japan Irradiation Service Co., Ltd., but excluded consolidated subsidiaries with a low environmental impact. The following subsidiaries and affiliates have been covered.


Social Aspects:  SMM and consolidated subsidiaries

Period covered

April 1, 2008 – March 31, 2009
(Some activities that were carried out before or after the above period have also been included)

Publication date

October 2009

Previous publication:  October 2008
Next scheduled publication:  October 2010

Referenced guidelines

GRI Sustainability Reporting Guidelines 2006

Unless otherwise stated, the term ‘ton’ refers to a metric ton.

Enquiries

PR and IR Department, Sumitomo Metal Mining Co., Ltd.,
11-3, Shimbashi 5-chome Minato-ku, Tokyo 105-8716, Japan
Tel: 81-3-3436-7705  Fax: 81-3-3434-2215
Sumitomo Metal Mining Co., Ltd. (SMM) aims to become a major player in the non-ferrous metals industry. To gain the trust of people around the world, the company, in 2008, newly incorporated ideas about corporate social responsibility (CSR) into its Corporate Philosophy and Management Vision. President Nobumasa Kemori explains those intentions.

**Q** How do you view society today?

*Put simply, I believe the ego of the individual is running out of control. The Earth has only limited resources, and yet energy is being devoured to satisfy the indulgences of governments, corporations and individual people. It is important that we acknowledge the Earth’s limitations and act from a sense of ethical responsibility.*

- Acting from a sense of ethical responsibility means more than plain observance of rules and regulations. This is because rules and regulations emerge out of issues from the past. We need to face the future, not the past, when carrying out our activities and a sense of ethics allows us to look ahead.
- I live by the motto, “Attain targets without fail.” To attain a target, first one must demonstrate, or “Lead by example,” and also “Exercise self-restraint and proper courtesy” by following social codes and etiquette. Even though I learned these three central principles through my own personal experience over the years, they actually coincide with the Sumitomo Business Spirit, which places importance on integrity and trust. By re-acknowledging what has been passed down to us as corporate culture, I believe we can retain a sense of ethics within our business activities.

**Q** Why did you decide to focus on CSR?

*It goes without saying that the standards and experience we draw upon in the Japanese market are insufficient for doing business overseas where the cultures differ. To develop a global business, the standards we adopt need to be acceptable to societies throughout the world.*

- Digging up the Earth to extract resources for smelting is the kind of activity that puts a strain on the planet. In our production activities, we need to be able to determine the right balance—extracting resources of which there is limited availability and providing benefit to the world through the materials we gather, while minimizing damage to the Earth.

- We believe CSR activity involves winning the trust of society through sound corporate activities and sustainable co-existence with society and the global environment. Our Corporate Philosophy and Management Vision, which were revised in 2008, express SMM’s earnest commitment to fulfilling our corporate social responsibility.

**Q** How do you plan to fulfill your corporate social responsibility and contribute to society through SMM’s business activities?

*As a manufacturer, SMM’s duty, and contribution, to society is to make full use of proprietary technologies to deliver materials of a high quality. I have personally sought to develop smelting technologies bearing the Sumitomo name throughout my career.*

- Resources we extract are naturally used to produce materials like copper, but we actually want to make effective use of everything we dig up. One of our pressing missions is to develop innovative ore-processing technologies. We want to use our technology to make sure resources are not wasted.

- In terms of environmental preservation, we also encourage the use of materials we supply in products that contribute to energy conservation or reductions of CO₂ emissions. For example, our materials are already employed in nickel metal hydride batteries for hybrid vehicles. We will be directing even more effort into the development and manufacture of such materials.

**Q** What are the main CSR themes relating to employees?

*Safety and human resource development. I would say that employees work so they and their families can be happy. As good health and safety are basic factors for happiness, we are working towards a target of zero work-related accidents for the group. Meanwhile, a fundamental element of human resource development, I believe, is on-the-job training. All of this is related to CSR.*

- The very activities of a corporation constitute CSR activity, but there is a big difference between being aware and not being aware of this while engaging in activities. Employees, in the same way, will be able to grow if they undertake their jobs aware of the purpose behind each individual task.*
Ultimately, the satisfaction from realizing they have made progress or knowing they have contributed to society through their work at SMM ought to be a source of pride for employees and their families. For that reason, I would like to manage the company so that employees are able to work with clear perceptions about matters such as contributions to the local community and observance of human rights.

Q What is important when engaging in business overseas?
A It will be impossible for us to accomplish anything if our activities create problems for people in the local community. It is extremely important that the countries with the resources and community residents fully understand our production activities and the benefits to the local community to be gained from us operating there.

We must co-exist with local communities, contributing in ways that will truly benefit them. That involves communicating with local residents and investing a portion of profits back into the community where it is required most. In ten, maybe twenty years’ time, hopefully our efforts to build up excellent relations between community and corporation will mirror our achievements in Besshi and Niihama in Japan, where SMM has its roots.

Q What methods and frameworks will be used for advancing CSR initiatives?
A The CSR Committee was established in fiscal 2008 as one of the committees charged with formulating corporate strategy. At present, we also have in place a CSR Promotion Framework and have set down specific goals to achieve—a CSR Vision for 2020 and targets for fiscal 2009. We are currently working toward realization of those goals.

When conveying something to others, I believe it is important to have strong conviction and to be able to offer a logical explanation. The company and I, too, must use the various avenues open to us to convey our ideas and intentions to stakeholders. We will press ahead with our business activities with strong conviction, informing stakeholders along the way about our plans and the benefits we can provide, at the same time listening to feedback from society to discover if we are truly making a difference.
Overview of Business Operations

Corporate Data (March 31, 2009)

<table>
<thead>
<tr>
<th>Company name</th>
<th>Sumitomo Metal Mining Co., Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Nobumasa Kemori</td>
</tr>
<tr>
<td>Founded</td>
<td>1590</td>
</tr>
<tr>
<td>Incorporated</td>
<td>1950</td>
</tr>
<tr>
<td>Capital</td>
<td>93.2 billion yen</td>
</tr>
<tr>
<td>Listing</td>
<td>Tokyo Stock Exchange and Osaka Securities Exchange</td>
</tr>
</tbody>
</table>

| Number of Consolidated Subsidiaries | 50 |
| Number of Equity-Method Affiliates | 12 |
| Number of Employees*               | Consolidated: 9,312 (579) Non-consolidated: 9,1 billion yen |
| Net Sales                        | Consolidated: 793.8 billion yen Non-consolidated: 643.4 billion yen |
| Recurring profit                 | Consolidated: 32.6 billion yen Non-consolidated: 9.1 billion yen |

* Full-time employees: Figures in parentheses are additional temporary staff.

Main Operating Sales Offices & Plants

<table>
<thead>
<tr>
<th>Head Office</th>
<th>11-3, Shimbashi 5-chome, Minato-ku, Tokyo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Branch</td>
<td>Osaka Branch</td>
</tr>
<tr>
<td>Branches</td>
<td>Nagoya Branch, Besshi-Niihama District Division (Ehime Prefecture)</td>
</tr>
<tr>
<td>Plants (in Japan)</td>
<td>Toyo Smelter &amp; Refinery (Ehime Prefecture) Niihama Nickel Refinery (Ehime Prefecture) Harima Smelter (Hyogo Prefecture) Shisaka Plant (Ehime Prefecture) Ome District Division (Tokyo) Sagami Plant (Kanagawa Prefecture) Isoura Plant (Ehime Prefecture)</td>
</tr>
</tbody>
</table>

Mines:

- Hishikari Mine Dept. (Kagoshima Prefecture)

Research Laboratories:

- Ichikawa Research Laboratories (Chiba Prefecture)
- Niihama Research Laboratories (Ehime Prefecture)

Number of countries and regions where business is conducted: 12

Net sales by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales (Unit: Billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>678.7</td>
</tr>
<tr>
<td>North America</td>
<td>47.3</td>
</tr>
<tr>
<td>South East Asia</td>
<td>38.6</td>
</tr>
<tr>
<td>Other</td>
<td>29.2</td>
</tr>
</tbody>
</table>

Net sales by business

<table>
<thead>
<tr>
<th>Category</th>
<th>Sales (Unit: Billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mineral Resources</td>
<td>52.8</td>
</tr>
<tr>
<td>Metals and metal processing</td>
<td>534.6</td>
</tr>
<tr>
<td>Electronics and Advanced Materials</td>
<td>176</td>
</tr>
<tr>
<td>Other</td>
<td>30.4</td>
</tr>
</tbody>
</table>

Business Operations

Mineral Resources

- Gold & silver ores, Copper concentrates, Mine development, Geological surveys and Civil engineering, etc.

Non-Ferrous Metals

- Gold, Silver, Copper, Nickel, Lead, Zinc, Chemical products, Copper & Brass strips, and special steel products, etc.

Semiconductor Materials

- Board materials, Bonding wire, Lead frames, Tape materials, Printed circuit boards, etc.

Advanced Materials

- Thick film materials (Paste, Powder), Thin film materials, Special alloy materials, Magnetic materials, Battery materials, Crystal products, Functional inks, etc.

Other Operations

- Auto exhaust and petroleum refining catalysts, Siporex (ALC: Autoclaved Lightweight Concrete), Nuclear power-related engineering, Environmental protection equipment, Lubricating agents, etc.
Operation Bases by Business

Mineral Resources & Non-Ferrous Metals
Main operation bases

- Mines (SMM’s interest1)
  - Gold
  - Nickel
  - Copper
- Refineries (SMM’s investment2)
- Affiliates

1 Rounded off to 1 decimal place
2 SMM’s interest in the Pogo mines is as of July 7, 2009

Electronics and Advanced Materials
Main operation bases

- Semiconductor Materials
- Advanced Materials

---

Overview of Business Operations
Corporate Philosophy

The Sumitomo Group has been developing its business for around 400 years through continuous adherence to the Sumitomo Business Spirit. Acknowledging the importance of the values and ethics our forerunners built into the Sumitomo Business Spirit, we will make every effort to strengthen SMM Group business and consolidate society’s trust in us.

The SMM Group upholds the Sumitomo Business Spirit in its Corporate Philosophy and Management Vision. The very activities we pursue to substantiate the visions expressed in those lines constitute SMM’s CSR activity and their implementation will take us closer toward our goal of "sustainable co-existence with society and the global environment."

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.

"Business Principles" from the Rules Governing the House of Sumitomo (version 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 developing and employing innovative technology, we shall fulfill our social responsibilities as a manufacturing enterprise.
- Based on the principles of compliance, environmental protection and operational safety, the Sumitomo Metal Mining Group shall pursue maximum corporate value through the provision, via its global network, of high-quality materials such as non-ferrous metals and electronics and advanced materials.
In the fiscal year ended March 31, 2009 (FY2008), SMM determined key areas of CSR activity for the Group and a CSR Vision for 2020 based on the impact of those areas on the Group and the extent of related social needs. We will actively pursue initiatives in those areas in line with the CSR Policy, toward our goal of "sustainable co-existence with society and the global environment."

1. SMM shall work to combat global warming by promoting recycling and effective resource utilization while also targeting technological innovation and continuous improvements in energy efficiency.
2. SMM shall promote sustainable co-existence with society by respecting the needs of local communities in which we operate around the world.
3. SMM shall respect human rights and safeguard diversity in the workplace.
4. According safety the highest priority, SMM shall provide safe, comfortable working environments and seek to eliminate work-related accidents.
5. SMM shall strengthen communications with all stakeholders to build healthy, trust-based relationships.

CSR Policy

Six Key CSR Areas and CSR Vision for 2020

The 10 Principles of ICMM

From 2001, we became a member of the ICMM (International Council on Mining and Metals). As of June 2009, 17 of the world’s major mining and metals companies are members of the ICMM association. The objective is to lead the movement towards the attainment of sustainable development in the world’s metal mining sectors.

The ICMM has formulated 10 principles, and ICMM Council committed company members are required to implement and measure their performance against the 10 principles. They are also required to issue CSR reports in line with GRI guidelines. The 10 Principles of ICMM are also reflected in the SMM Group’s policies and thinking.

The 10 PRINCIPLES of ICMM
1. Implement and maintain ethical business practices and sound systems of corporate governance.
2. Integrate sustainable development considerations within the corporate decision-making process.
3. Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.
4. Implement risk management strategies based on valid data and sound science.
5. Seek continual improvement of our health and safety performance.
6. Seek continual improvement of our environmental performance.
7. Contribute to conservation of biodiversity and integrated approaches to land use planning.
8. Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products.
9. Contribute to the social, economic and institutional development of the communities in which we operate.
10. Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.
On October 1, 2008, SMM restructured occupational health and safety, social and environmental activities within a new CSR activity framework and established rules to govern CSR promotion. CSR would be promoted by a CSR Committee that convened at least twice annually or as required and comprised the president, as chairman, and the heads of business and headquarters divisions.

Attached to the CSR Committee are two working groups—the Compliance and Risk Management Working Groups—and six subcommittees overseeing the following areas: efficient resource utilization, environmental protection, corporate citizenship, human rights and human resources development, occupational health and safety, and communication. Each of these six subcommittees, which correspond to the SMM Group’s “Six Key CSR Areas,” works toward annual targets in the quest to realize the “CSR Vision for 2020.” The CSR Committee reviews activities each year and evaluates the company’s performance in social, environmental and financial terms.

**CSR Promotion Framework**

<table>
<thead>
<tr>
<th>Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
</tr>
<tr>
<td>CSR Committee</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Deputy chair: CSR Executive Officer</td>
</tr>
<tr>
<td>Members: (Heads of...)</td>
</tr>
<tr>
<td>Mineral Resources Div.</td>
</tr>
<tr>
<td>Non-Ferrous Metals Div.</td>
</tr>
<tr>
<td>Semiconductor Materials Div.</td>
</tr>
<tr>
<td>Advanced Materials Div.</td>
</tr>
<tr>
<td>Technology Div.</td>
</tr>
<tr>
<td>Engineering Div.</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Internal Controls Committee</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Compliance Working Group</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Risk Management Working Group</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Secretariat</td>
</tr>
<tr>
<td>Safety &amp; Environment Control Dept.</td>
</tr>
<tr>
<td>Secretary: Senior manager, Safety &amp; Environment Control Dept.</td>
</tr>
<tr>
<td>Members of the Secretariat: Appointed by the CSR Executive Officer</td>
</tr>
<tr>
<td>Secretariat</td>
</tr>
<tr>
<td>Safety &amp; Environment Control Dept.</td>
</tr>
<tr>
<td>Branch offices</td>
</tr>
<tr>
<td>Business divisions</td>
</tr>
<tr>
<td>Headquarters divisions</td>
</tr>
<tr>
<td>Compliance Working Group</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Risk Management Working Group</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Efficient Resource Utilization Subcommittee</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Environmental Protection Subcommittee</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Corporate Citizenship Subcommittee</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Human Rights &amp; Human Resources Development Subcommittee</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Occupational Health &amp; Safety Subcommittee</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Communication Subcommittee</td>
</tr>
<tr>
<td>Chair: President</td>
</tr>
<tr>
<td>Branch offices</td>
</tr>
<tr>
<td>Business divisions</td>
</tr>
<tr>
<td>Headquarters divisions</td>
</tr>
</tbody>
</table>

**Examples of Social Recognition**

Some of the awards received by the SMM Group in FY2008 are listed below:

<table>
<thead>
<tr>
<th>Recognition/Awarding Party</th>
<th>Date</th>
<th>Recipients/Award received for</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent Paper Award</td>
<td>March 27, 2009</td>
<td>Satoshi Asano (Niihama Research Laboratories), Yoshiaki Manabe (Ohkushi Electronics Co., Ltd.), Harumasa Kurokawa (Non-Ferrous Metals Div.) and Masaki Imamura (Niihama Research Laboratories) for the paper, Chemical Forms and Selective Leaching of Impurities in the Silver Chloride Recovered from Chlorine Leach Residue of the Copper Anode Slime</td>
</tr>
<tr>
<td>Technology Award</td>
<td>March 27, 2009</td>
<td>Yukihito Sasaki (Niihama Research Laboratories) for “Contribution to the improvement of refining and functional material business facilities employing simulation, particularly in regard to flash furnace numerical research”</td>
</tr>
<tr>
<td>Governor’s North Star Awards for International Excellence</td>
<td>May 27, 2008</td>
<td>Sumitomo Metal Mining Co., Ltd. for the significant contribution the company has made to the State of Alaska</td>
</tr>
<tr>
<td>Okochi Memorial Foundation Production Award</td>
<td>Okochi Memorial Foundation</td>
<td>Sumitomo Metal Mining Co., Ltd. and Coral Bay Nickel Corporation for developing technology for extracting nickel and cobalt from low-grade lateritic nickel ore deposits</td>
</tr>
</tbody>
</table>
Our Stakeholders

‘Stakeholder’ is the term generally used to refer to an entity which has an interest in the running of a corporation, the continuity of the corporation, or its growth.

Prior to commencing CSR activities at SMM, the Board of Directors, in board meetings, and executive officers and heads of headquarters divisions, through management workshops, spent much time discussing revisions to the Group Corporate Philosophy and the Group Management Vision, the establishment of the CSR Policy and other matters.

Stakeholders were mentioned in the SMM Group Corporate Philosophy from the beginning—the Group shall “fulfill its responsibilities to its stakeholders”—and were previously defined as customers, shareholders, employees, local communities and creditors. In light of conclusions reached during deliberation on the Group Corporate Philosophy, Management Vision, CSR Policy and CSR Vision for 2020, business partners, citizen groups and government were added to that list when CSR activities got underway.

SMM aims to maximize its corporate value and has established targets that specify the “ideal company” for each stakeholder category.

Communication with Stakeholders

Customers
Sales personnel are our main points of contact for communication with customers. Business divisions, too, send out customer questionnaires and appropriate action is taken at the management level for each business through the frameworks in place.

Investors
One-on-one meetings with visiting investors, conference calls during earnings announcements and earnings briefings by the president are some of the methods used. Investor feedback is reported to the Board of Directors each month and applied to management.

Employees
Workers’ unions formed at branch offices and affiliated companies of the SMM Group fall under the umbrella of the Federation of Sumitomo Metal Mining Workers Union. SMM routinely convenes labor-management meetings with each union to provide information and hold discussions. Interviews with individual employees are also held on a regular basis to discuss job targets, health and workplace transfers, among other matters.

Local Communities
SMM conforms to the laws of each country in which it operates and communicates with people in the community when making inroads into a new region. Opportunities for communication are regularly arranged even after operations commence and an effort is made to offer adequate explanations to members of the community when problems occur. We also provide support for events and carry out various other activities as a way to strengthen ties with the community.

Business Partners
Individual divisions within the SMM Group stay in touch with business partners on a daily basis to hold dialogue on business operations and products and to exchange technological information. This is based on friendly relationships built up over the years.

Other Stakeholders
SMM also seeks regular information exchange and round-table discussions with local government and industry groups wherever our business divisions operate. We are also hoping to engage in discussions with citizen groups.

SMM Group stakeholders and each stakeholder category’s "ideal company"

A company with all-round competitiveness, boasting advantage over competitors on technology, quality, delivery and price

A company that provides a healthy work environment where individual roles within the organization are clearly defined and employees have pride in their work

A trustworthy company with strong earning power and sound finances

A company that engages in an appropriate level of communication, maintaining an acute awareness of its corporate responsibility

A company that maintains total legal compliance and contributes to the growth of nations and communities in which it operates

A company that demonstrates enormous technological capability and integrity while placing value on trust and with which mutual prosperity can be gained

An attractive investment as a company aiming to raise corporate value through efficient business management and sound governance while delivering a dividend commensurate with performance and disclosing information as appropriate

A company seeking to co-exist with the local community and contribute to regional growth

SUMITOMO METAL MINING CO., LTD. CSR Report 2009 9
Initiatives in the Six Key CSR Areas

In this section, we report on the CSR Committee’s FY2008 activities and FY2009 plans in relation to the Six Key CSR Areas.

Efficient Resource Utilization Subcommittee

Kozo Baba
General Manager, Technology Div.

The Efficient Resource Utilization Subcommittee is promoting effective utilization of resources through further development of SMM technology as we strive toward our vision of “a company that generates resources using innovative technology.” Our activities include three core initiatives: establish low-grade ore processing technology; expand recycling operations; and convert slag into resources to reduce industrial waste.

Establish low-grade ore processing technology—In FY2008, we carried out basic research relating to effective utilization of copper smelting slag. For FY2009, we have more specific plans to conduct basic trials of copper hydrometallurgy, with an eye toward practical application, and to develop technologies to aid effective utilization of residue from nickel oxide ore.

Expansion of recycling operations—We are making efforts to recover metals produced by SMM from the products they were used in; the recovery, for example, of precious metals, copper, nickel, zinc and, from waste catalyst, molybdenum. In FY2009, we will work to develop even more efficient recovery technologies and extend the scope of recovery to more metals and areas, including recovery of nickel from secondary batteries.

Convert slag into resources to reduce industrial waste—In FY2008, we conducted basic trials relating to the conversion of slag into resources. From FY2009, we will make further progress on research and development relating to the removal of impurities from copper slag and attempts to use reduced iron pellets as a raw material in steel.

Environmental Protection Subcommittee

Takahito Kusada
General Manager, Safety & Environment Control Dept.

The Environmental Protection Subcommittee pursues global warming countermeasures, reduction of industrial waste and development of products with a low environmental impact, areas closely linked to SMM Group operations. We will also be advancing a study on biodiversity, examining medium to long-term initiatives closely linked to SMM Group operations. We will also be advancing a study on biodiversity, examining medium to long-term initiatives closely linked to SMM Group operations.

Global warming countermeasures—In FY2008, we made painstaking energy-saving efforts and set up an energy conservation project within the Non-Ferrous Metals Division. CO2 emissions in non-ferrous metals smelting operations (in Japan) fell 4.1% from the previous year to 1.49 million tons. Our unit energy consumption of 0.847, cleared the Japan Mining Industry Association target of 0.88 (2008-2012 average) against 1990 levels.

In FY2009, we will continue with steady energy-saving efforts while advancing studies on effective utilization of waste heat and the potential for natural energy use.

Reduction of industrial waste—In FY2008, 108 thousand tons of industrial waste was treated at disposal sites. We are working to reduce industrial waste together with the Efficient Resource Utilization Subcommittee.

Development of products with a low environmental impact—We are conducting research and development with the aim of developing new environment-oriented products that will contribute to energy savings and reduced CO2 emissions. With the help of other subcommittees, we compile implementation policies for actions relating to materials stewardship and the United Nations Global Compact.

Occupational Health & Safety Subcommittee

Takahito Kusada
General Manager, Safety & Environment Control Dept.

The Occupational Health & Safety Subcommittee tackles areas of safety, physical health and mental health with the aim of realizing the CSR policy: “Accoring safety the highest priority, SMM shall provide safe, comfortable working environments and seek to eliminate work-related accidents.” Safety—Unfortunately, the number of work-related accidents throughout the SMM Group in 2008 was 28, no change from the previous year. For 2009, we have set a target of a maximum 15 accidents. Divisions will seek to make high-priority upgrades to existing facilities in line with risk assessments and make use of the hazard simulation facility. As safety assurance is achieved principally through line management, the subcommittee considers safety activities of the SMM Group with a view to the long term. We will be deliberating on high-priority safety activities and targets for each division for incorporation into the 2009 medium-term management plan.

Physical health—To maintain our status of zero new occupational disease cases, we have pursued top-down activities based upon improvement targets set for dust, lead and noise. In FY2009, we will extend our measures to overseas places of business and push ahead with improvements to work environments.

Mental health—We have carried out promotion of self care, employee care overseen by the line manager, employee care overseen by outside health staff, and care via outside institutions, and have organized sessions between employees and occupational health physicians. In FY2009, we will continue implementation of the above four types of care and gradually extend the scope across the SMM Group. We will strive to create workplaces that are healthy for both body and mind through various activities, including distribution of leaflets with information about health consultations.
Human Rights & Human Resources Development Subcommittee

Yoshiaki Hashinaka
General Manager, Personnel Dept.

The Human Rights & Human Resources Development Subcommittee carries out activities with a focus on human resource development, human rights and respect for human diversity. Efforts in FY2008 included reviewing our framework for human resource development and improving our disabled employee ratio.

SMM has laid down strategies for becoming a major player in the non-ferrous metals industry (mineral resources and non-ferrous metals business) and for claiming top class shares in the global market (electronics and advanced materials business). In order to advance these strategies, human resource development is an issue we cannot overlook. In FY2008, we added senior management development training and an international employee development course to our human resources programs. We plan to further enhance such programs during FY2009. We will also open a human resource development center in the Besshi-Nihama district, SMM’s manufacturing center, as well as direct energy into safety education and education for facilities engineer

Corporate Citizenship Subcommittee

Ryoichi Manabe
General Manager, Legal & General Affairs Dept.

The Corporate Citizenship Subcommittee, with a vision of a company respected for its social contribution, bases activities around support for nature and the environment; activities relating to culture, education and welfare; maintenance and development of harmonious relationships with local communities; and voluntary social contribution activities by employees.

Support for nature and the environment—“Water and green zone” projects we advanced in FY2008 include assistance for greening and flower/tree planting activities along cycleways and walkways, assistance for alpine flora protection campaigns, and also implementation of green zone preservation and river clean-up campaigns in each region. We will be continuing these activities in FY2009.

Activities relating to culture, education and welfare—In FY2008, we provided assistance for excavation of the Las Shicras archaeological site in Peru and drew up proposals for an exhibition to mark 5,000 years of civilization in the Andes. We also provided support for activities of welfare facilities for the disabled and children’s groups in communities we operate in. Each year, we also carry out an initiative whereby employees become teachers of nature schools through which participating children from the community gain a first-hand experience of nature’s abundance and importance.

Corporate Citizenship Subcommittee

Shigeru Takeuchi
General Manager, Public Relations & Investor Relations Dept.

The Communication Subcommittee promotes communication with the eight types of stakeholders specified by SMM—customers, employees, local communities, business partners, shareholders, creditors, citizen groups and government—and is responsible for incorporating stakeholder opinion into management. In FY2008, the first year of activity, the subcommittee discussed ideas for engaging in dialogue with each type of stakeholder. Various themes were raised, including introduction of employee awareness surveys, effective utilization of in-house bulletins, a study of past dialogue with local citizens in major areas, and opportunities for discussion with NGOs and NPOs.

In FY2009, we will implement specific measures as discussed during FY2008. They will mainly consist of two-way communication with employees and citizen groups. SMM is also a co-sponsor of the L’eredità dell’Impero Romano (Legacy of the Roman Empire) exhibition, which opens on September 19, so we will look at how we can take advantage of that. Publication of the CSR Report is a responsibility we share with the Safety & Environment Control Dept., and therefore we will be conducting surveys and discussions aimed at enhancing the report.
Making Effective Use of Low-Grade Ore
—Coral Bay Nickel Project II—

Mounds of red earth had been piling up at the adjacent mine belonging to Rio Tuba Nickel Mining Corporation ever since operations began there in 1969. SMM technology has turned those piles, once abandoned as worthless, into new resources.

The plant of Coral Bay Nickel Corporation (CBNC) on Palawan Island in the Philippines commenced full-scale operations in April 2005. Adjacent to the plant, the Rio Tuba nickel mine has been excavating nickel oxide ore (laterite) ever since it opened. However, only high-grade oxide ore, buried deep in the earth, was being mined. Low-grade oxide ore existing at shallow levels, with a low nickel content, was simply piled up out in the open during the mining process. CBNC now uses that low-grade oxide ore as a raw material for manufacturing nickel intermediates. Nickel has conventionally been sourced from high-grade oxide and sulfide ore, but there are very few of these deposits remaining. Stretching supplies further, recent development by emerging nations has contributed to a 50% rise in nickel demand over the last ten years. CBNC’s paving the way for commercial...
nickel refining from low-grade oxide ore therefore has enormous social significance. Besides CBNC, SMM commenced a feasibility study in March 2007 for a nickel refining project in the Taganito district of north-eastern Mindanao Island and the plan being advanced will see operations get underway in 2013.

The CBNC plant employs the high-pressure acid leach (HPAL) refining method. Though the technology was put to use in Cuba in the late 1950s and Australia toward the end of the 1990s, commercial application had been unsuccessful with major obstacles being low economic feasibility and low facility operation rates. CBNC, however, enjoyed a consistent operation rate right from the start. The plant reached the intended production capacity in the third year of operations, succeeding where previously nobody had in commercial application of the HPAL method.

One of the main reasons for success was the ability to reduce costs by recycling heat. The HPAL method consists of dissolving screened oxide ore in sulfuric acid and then extracting nickel within an autoclave at high temperature and high pressure. Earlier overseas examples had shown that heat, or steam, recovered from this high-temperature process contained sulfuric acid, leading to corrosion of the heaters reusing the steam. The resulting breakdowns had an adverse effect on operation rates. Learning from these attempts by other companies, CBNC made improvements in this area. In this way, stable operation of the CBNC plant was achieved, with work continuing virtually non-stop except for two periods of maintenance each year, and running costs were kept low.

Also contributing to the success of the project was a close-knit team of twenty designers and twenty operators who worked together to advance the project throughout, from the development of technology and facility design right up to the start of operations. A flexible facility design, taking into account problems that might arise during operation, and a sound operation plan were possible because the team shared all information and engaged in exhaustive discussions.

The surrounding area is scattered with mounds of low-grade nickel oxide ore

Main Features of High-Pressure Acid Leach (HPAL) Technology

Nickel and cobalt are extracted using sulfuric acid in a high-temperature, high-pressure autoclave. Previous attempts at commercial application were unsuccessful due to the control difficulties inside the autoclave. Control methods and solutions to many other technical problems were found, enabling the world’s first commercial operation using HPAL technology.

* Autoclave operating conditions
  Temperature: 230-250°C
  Pressure: 3-5MPa

1 Coral Bay Nickel Corporation—Capital: 587.5 million Philippine pesos. Shareholders: Sumitomo Metal Mining Co., Ltd. (54%), Mitsui & Co., Ltd. (18%), Sojitz Corp. (18%), Rio Tuba Nickel Mining Corp. (10%). Head Office: Rio Tuba, Bataraza, Palawan Province, Republic of the Philippines.

2 Nickel intermediates—Mixed nickel-cobalt sulfides (55% nickel). All nickel intermediates are processed in Japan at SMM’s nickel refinery in Niihama, Ehime Prefecture, where they are turned into electrolytic nickel and electrolytic cobalt.
CBNC II—Eyeing Further Growth

CBNC's nickel refining business was moving forward on schedule in 2006 when plans were drawn up to expand the plant. The area expanded is the number two plant (CBNC II), which was completed in February 2009 and is already in operation. While the basic design of the CBNC II plant is identical to the number one plant (CBNC I), productivity was enhanced by incorporating improvements made since operations at CBNC I began.

CBNC employees also made a significant contribution, their skills having improved after four years operating CBNC I. In applying the HPAL method, employees need to be sensitive to conditions within the reaction vessel to be able to fine-tune the equipment. Local employees with the experience were assigned to CBNC I and CBNC II in equal numbers and entrusted with providing instruction and follow-up guidance to newly-hired employees. New employees also underwent on-site training at the operational CBNC I. These efforts enabled a smooth progression of operations at CBNC II after the launch.

Having drawn upon experiences with CBNC I, CBNC II promises to enjoy a stable operation rate and high profitability right from the start. CBNC I is already producing more than the target annual output of 10,000 tons and CBNC II can be expected to produce the same amount. The aim for the near term is a total output of 22,000 tons for both lines combined. CBNC will persist with improvements, aiming for even more effective utilization of resources.

Foundation for Success—The Spirit of Manufacturing at SMM

Underlying the success of nickel refining using the HPAL method is the superior technology and experience that SMM has built up over the years.

While this is SMM’s first foray into the nickel intermediates refining business, the company has been producing electrolytic nickel, the only Japanese manufacturer to do so, at its nickel refinery in Niihama, Ehime Prefecture. Unique operating technologies developed at our nickel refinery during that time were thus available for application at CBNC.

Employees who played a part in cultivating technologies at the Niihama Nickel Refinery also contributed directly to CBNC, getting involved in education of local employees and process management. In preparing for the start of operations, they not only taught employees how to operate equipment that required professional intuition and experience, but also communicated SMM’s mission—to make effective use of limited resources, seeing to it that none are wasted, while showing appreciation for all that nature gives us—and managed to instill a sense of purpose in advancing toward even greater accomplishments. These efforts have made stable operation and low costs at CBNC possible.

Education of local CBNC employees involved, during the preparatory stages of the launch, the training of dozens of local employees, for a period of about one year, at SMM plants in Japan. Even now, several employees visit Japan each year to partake in training for up to six months. Participants spend the half-year at Japanese plants gaining practical knowledge of advanced technologies, scheduling and safety management. Many participants have commented on the high safety awareness and different work mentality observed at Japanese plants and this seems to have triggered a change in their own work approaches. After returning to Coral Bay, some employees said they had gained a different mentality about time and work.

CBNC’s Japanese employees, too, deepen their understanding of local culture and customs and apply that knowledge in providing instruction and supervision. Future candidates for senior management are also being trained up as part of plant localization efforts.
As for education on safety, English versions of training manuals and videos created for Japanese plants are used to promote methods such as vocal confirmation with pointing, hazard prediction activities and learning from “near-miss” incidents. All employees also undergo tests to find out how much they know about safety. The aim is to raise safety education to the standard provided at Japanese plants. Local employees, as a result of these persistent efforts in education, are gradually acquiring the habit of thorough safety confirmation, even so far as using vocal confirmation with pointing, incorporating the Japanese way of acknowledging “left, right, clear,” when crossing a roadway in a vehicle within the plant premises.

General manager of the CBNC Plant, Koji Sakamoto explains the importance of human resource development. “For the continuation of stable operations, the biggest priority is making sure there will be no safety or environmental problems. Most of all, that requires capable personnel, so we will continue to pour energy into employee education.”

Plant operations are sustained by employees in all kinds of roles. Fostering human resources thus supports stability of plant operations and is vital for the process of generating new resources from those mounds of red earth.

“A company that generates resources using innovative technology” is one of SMM’s visions for 2020. To realize that vision, we will push ahead with the development of innovative technologies as well as various measures for fostering the human resources who will sustain them. As a leader in this field, aiming for sustainable co-existence with society and the global environment, SMM will continue promoting effective utilization of resources in each region.

I will apply knowledge learned in Japan to establish best practices for CBNC

I spent five months from August 2007 training at the Niihama Nickel Refinery. At the plants I visited in Japan, every employee had extremely high awareness of safety and environmental matters and I was impressed by the assured way with which safety confirmation was carried out. Now I am back in the Philippines, I want to make the most of that experience to establish best practices for CBNC, drawing from both the conduct and mentality of Japanese and Filipino people.

Walter T. Hasim
Utility Dept., CBNC

From the Community

The Okochi Memorial Foundation Production Award is awarded for outstanding achievements in industrial engineering, research and development relating to production technologies, or the application of advanced production techniques. SMM has won the award twice.

A major component of the judging process for the Okochi Award in addition to the technology itself, is the extent to which society has benefitted. The award SMM received in March 2009 recognized the company’s world-first achievement in employing HPAL technology for commercial production, whereas others had struggled in practical application despite the technology’s potential.

I hope this award will spur SMM on to further contributions to the formation of a sustainable society.

Naohiro Fujino
Administrative Director
Okochi Memorial Foundation

What is Nickel?

Nickel is a silvery-white metal extracted from oxide and sulfide ores. Its chemical symbol is “Ni.” Nickel has thousands of applications, but is mainly processed into stainless steel and other specialty steels. Nickel compounds are used in a wide range of industries as they possess excellent corrosion and thermal resistance.

Electrolytic nickel plays a role in a number of cutting-edge Japanese technologies and is an indispensable metal particularly for the semiconductor industry. SMM is the only company in Japan engaged in commercial production of electrolytic nickel.

Nickel is mostly added, with chromium, to iron to make stainless steel. Stainless steel, long-lasting with excellent heat and acid resistance, is used widely to make all kinds of products, from household utensils like spoons and forks, as well as other familiar items like automobile parts, to construction materials for office buildings and houses, and is also used, for example, in the chemical, food and brewing industries. Stainless steel is increasingly being used as a raw material for specialty, structural steels, for example in nuclear power, oil storage and shipping applications. Besides stainless steel, many other nickel alloys with excellent properties have been developed and their properties are harnessed in a host of applications requiring reduced environmental impact. SMM’s maintenance of a stable nickel supply upholds a wide range of industries in Japan.
Progress Together with the Community
—Peru: Initiatives in Mineral Exploration—

Sumitomo Metal Mining engages in business around the world. We seek harmony with the local communities wherever we operate. In this section, we introduce SMM’s initiatives in Peru.

The Mineral Resources Business is one of SMM’s core businesses and involves excavating limited resources hidden in the ground. It is essential, therefore, to obtain the understanding and cooperation of the local community when developing a mine.

The Sumitomo Business Spirit, representing the values and sense of ethical responsibility we have inherited from our forerunners throughout the Group’s 400-year history, which began with the opening of a copper smelter in Kyoto, lives on at the heart of the SMM Group Corporate Philosophy. The Philosophy clearly states the approach we take toward local citizens, and all other stakeholders, as we go about our business activities.

SMM upholds this philosophy by sustaining a healthy and harmonious rapport with local communities through communication and endeavoring to contribute to regional development. Our employees all share the same attitude to business even on the international stage, as prescribed in the SMM Group Code of Conduct, which calls for respecting the culture and customs of each country or region and striving to engage in international exchange.

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.
Mine Development in Peru

Home to one of the world’s largest mining industries, Peru is the world’s second-largest copper producer, the world’s largest silver producer, and the largest producer of gold, zinc, tin and lead in Central and South America. SMM, while boosting its copper smelting capability, has been looking to secure new copper resources. In 2005, the company helped fund a sulfide ore development project at the Cerro Verde copper mine in Peru. SMM has offtake rights to half the copper concentrates produced by the mine over a ten-year period (equal to approx. 90kt of copper annually). We also pushed ahead with mineral exploration, aiming to raise our proprietary ore ratio* to two thirds. In conjunction with those efforts, Sumitomo Metal Mining Peru S.A. (SMM Peru) was established as an overseas subsidiary in 2007. SMM Peru is currently serving as a base for vigorous exploration activities inside Peru.

Seeking Harmony with the Local Community

Seeking harmony with local citizens and obtaining their support are the most important factors when doing business in Peru. Many people live at high altitudes of more than 4,000 meters above sea level and a lot of land in mountain areas is collectively owned by communities. In many cases, permission from local communities is required before entering land even in the preliminary stages of exploration. "Mineral exploration and mine development involves digging up the land, so we need people of the region to have a sufficient understanding of the mining industry. Nothing is more important than striving toward a harmonious and mutually-beneficial relationship with local citizens," explains Kazuya Okada, president of SMM Peru.

Peru is also home to many ancient ruins and assets of cultural importance and naturally these have to be taken into account when communicating with people of the region. SMM Peru undertakes communication in the region while learning about Peruvian history, culture and customs from various experts in those areas and from the Museo Amano*, which has pioneered research on Peruvian culture and history. Respect is shown to each party’s standpoint and care is taken to avoid any action whatsoever that will benefit one group or area of influence in particular. Local citizens come forward with a wide range of requests, including the hiring of local citizens for tasks like surveying and assistance for festivities for Christmas and Mother’s Day. By taking the time to respond to these requests, we are establishing a healthy rapport.

“We have managed to set up a number of promising exploration projects since SMM was established 18 months ago. To take projects past the preliminary stages, we need to be more rigorous with environmental impact assessments and maintain a high level of transparency with regard to survey findings while obtaining the approval of residents over a wider area," stresses President Okada. “We want people of the region to realize that SMM seeks harmony with local communities, conducting business according to strict ethical values and standards. Therefore, we must work in good faith to offer explanations about our activities." SMM’s vision of harmonious co-existence with local communities thus lives on in Peru.

* Proprietary ore ratio = Copper volume from SMM interests + Copper volume from Cerro Verde offtake rights

A high proprietary ore ratio will ensure stable procurement of raw materials for the smelting business.

We seek good relations through communication," says SMM Peru’s President Kazuya Okada (left)

From the Community

Museo Amano was founded in Lima by the late Yoshitaro Amano, who dedicated his life to researching ancient Andean civilizations. According to his wish, we have done what we can to preserve, research and display ancient relics that hold enormous value for Peru, as well as to engage in international exchange. From that perspective, we approve of and admire SMM’s approach, which involves respect for local culture, international exchange and a harmonious and mutually-beneficial relationship with the local communities. We hope SMM will continue efforts to learn about Peru’s rich nature and culture from the glorious Andean civilizations of the past and pursue even greater mutual understanding within the region. The museum would be delighted to assist in those efforts.

Hiroshi Sakane
Director, Museo Amano
(Chief Curator and Executive Director)
Aiming for World-Class Environmental Initiatives
—Endeavors of the Ome District Division—

The Ome District Division of the Advanced Materials Division is pursuing a wide range of environmental protection activities in order to achieve "sustainable co-existence with society and the global environment." The attainment of "zero emissions," a Group first, is a testament to the success of those initiatives.

Creating Products with Low Environmental Impact

The CSR objective of the SMM Group is "sustainable co-existence with society and the global environment." How should we go about achieving that? Our CSR Policy provides one answer: "SMM shall work to combat global warming by promoting recycling and effective resource utilization while also targeting technological innovation and continuous improvements in energy efficiency." Our CSR Vision for 2020, too, depicts "a company that uses the latest technology to meet international standards for global warming countermeasures" and we specifically aim to achieve zero waste emissions and raise the proportion of new products which have a low environmental impact to more than 50%. Ongoing, painstaking measures are required in order to attain those targets. The Ome District Division is aiming for world-class environmental initiatives and has made steady progress so far.

The Ome Plant of the Electronic Metal Division, forerunner of the Ome District Division, was completed in 1967 and went on to produce items such as advanced materials and semiconductor materials. The plant was turned into a production center specializing in advanced materials following organizational reforms in October 2008.

The Ome District Division’s strategic products are employed as materials in products with low environmental impact. Typical examples include thick-film paste, containing no lead or other harmful substances, for use in circuits; materials for use in transparent conductive thin film for solar cells; and sapphire substrates for white LEDs, which offer hope for long-lasting,
energy-saving lighting. In regard to management and reduction of harmful chemicals in products, the district division has started surveying substances used by suppliers and is creating its own law-based chemical management database.

Any progress by environmental initiatives depends upon the environmental awareness of individual employees. The Ome District Division implements "policy deployment," whereby employees incorporate annual policies on quality, occupational health and safety, and the environment into their jobs and formulate specific targets. Environmental policies thus take shape through the actions of individuals and this is linked in turn to employee evaluations. In other words, protecting the environment goes part and parcel with the job.

Employees are in full agreement that "environmental issues are to be tackled by each and every one of us, not by selected divisions and personnel."

**Zero Emissions**

The Ome District Division is making continual efforts to reduce the environmental impact of its own activities. Waste reduction initiatives began in FY2001. In FY2003, we endorsed the concept of "zero emissions," promoting the idea of a production system that does not emit any waste overall as all waste emitted through industrial activities is utilized as resources in other industries. The Ome District Division attained zero emissions, under SMM's definition of the term (a landfill waste ratio* of 1% or less), in FY2003 and has maintained the status since (except in FY2006) with thorough sorting and recycling of waste. In FY2008, the landfill waste ratio of the Ome District Division was reduced to 0.28%.

* Landfill ratio = Volume of landfill waste ÷ Total waste volume

**Global Warming Prevention**

In FY2005, the Ome District Division embarked on a program of measures in response to a Tokyo municipal ordinance obligating large enterprises to pursue CO2 emission reductions. The measures incorporate voluntary CO2 emission reduction targets to achieve by FY2009 (a total five-year reduction of 802 tons-CO2). Power-saving initiatives are the main focus as electric power accounts for 98% of the Ome District Division's energy consumption. Measures implemented under a multi-faceted approach vary in scale, ranging from meticulous energy-saving efforts like turning off lights when no one is around and establishing temperature settings for air-conditioning systems, to the installation of a solar power generation system and switching to energy-efficient equipment. These efforts led to a cumulative reduction of 674.5 tons-CO2 by FY2008. In FY2006, the district division received an AA+ rating (within the top 18% of large business institutions) under the Tokyo CO2 Emission Reduction Program as a business institution that has implemented outstanding initiatives for reducing greenhouse gases.

The Tokyo government’s ordinance will be strengthened in FY2010. Businesses will be obligated to reduce total CO2 emissions by more than 6% from a base volume of emissions* over a five-year period and to purchase emission rights to offset surplus emissions if targets are unattained. As one employee explains, "Attaining reduction targets is not easy, but the Ome District Division’s very existence depends on it. As action on issues affecting the global environment is vital in this day and age, we also believe that evolving into an ‘environmentally-conscious company’ is our passport to survival in the 21st century."

The premises of the Ome District Division are graced by a wooded area. The trees have been continually looked after by employees and have never been felled to make way for buildings needed to establish new businesses or increase production. Such strong determination will allow the district division to take on new challenges and persist with steady, painstaking efforts.

* Base volume of emissions: Average emissions over any three consecutive fiscal years between 2002 and 2007
Corporate Governance

Basic Approach

Corporate governance refers to the frameworks in place which give order to corporate activity for the purpose of maximizing the value of the corporation and ensuring sound business. SMM views corporate governance as one of the most important management themes.

SMM employs an executive officer system. This clarifies authority and duties within executive functions and enables the Board of Directors to concentrate on its supervisory function and carry out swift decision-making.

The company has also set down an SMM Group Corporate Philosophy based upon the Sumitomo Business Spirit. Furthermore, the SMM Group Code of Conduct was formulated as a set of behavioral guidelines for officers and company employees to follow in putting this philosophy into practice.

Through persistent efforts to practice the Corporate Philosophy, and sound and efficient corporate activity, we will contribute to society and fulfill our responsibilities toward shareholders and all our other stakeholders.

Corporate Governance Framework

(1) SMM's organizational structure is divided into three areas: “decision-making and supervision,” performed by the Board of Directors; “execution of business affairs,” with the president taking overall responsibility; and “audits.”

(2) “Execution of business affairs” encompasses the two domains of “business activity” and “social responsibility” (CSR activity/internal controls).

(3) The Management Committee is chaired by the President and discusses important matters relating to the management of the company. It aims to promote rational business judgment and decision-making by deliberating issues in advance of meetings of the Board of Directors, as well as efficient management and appropriate internal controls.

(4) The CSR Committee, chaired by the president, comprises the heads of business divisions and corporate staff divisions. The committee was formed, with two working groups and six subcommittees, when existing activities were restructured under the new program of CSR activities on October 1, 2008.

(5) The Internal Controls Committee, chaired by the president, has been pushing ahead with establishment of a system of internal controls in line with the Japanese Financial Instruments and Exchange Act of June 2006. In June 2009, we filed a report on internal controls and an internal controls audit report for the year ended March 31 2009, the first year in which internal controls reporting and auditing systems stipulated by the aforementioned act took effect.

In establishing and upholding internal controls, we will work to clarify the roles and duties of SMM Group officers, executive officers and employees and ensure that continual improvements are made.

Roles of Divisions and Bodies

Directors/Board of Directors

SMM currently has eight directors, including one outside director. The term of a director is one year. Remuneration for directors is determined according to a performance-based remuneration system. Ordinary meetings of the Board of Directors are convened once a month and extraordinary meetings are held as required. This structure allows for agile decision-making.

The Board of Directors discusses and passes resolutions on important matters relating to the execution of business affairs of the company, including issues relating to conflicts of interest, in line with provisions such as those stipulated in laws and ordinances, articles of incorporation and regulations pertaining to the Board of Directors. Details are disseminated through reporting to the Executive Officers’ Meeting. SMM’s chairman, who is not involved in the execution of business affairs, chairs the Board of Directors and supervises the execution of business affairs by directors.

Management Committee

Management Committee meetings are convened by the president, senior managing executive officers and other concerned executive officers and personnel. SMM’s chairman, outside directors and corporate auditors may also attend.

The Management Committee engages in broad-ranging discussion on important matters which will require a resolution by the Board of Directors or the final approval of the president and which demand particularly careful deliberation. The Committee decides for or against submission of matters to the Board of Directors and provides support on matters falling under the president’s direct authority.

Executive Officers

SMM adopted an executive officer system in June 2001. A provision was included in the articles of incorporation in June 2004 to clarify the status of executive officers.

Executive officers are entrusted with important positions such as the general manager of a business or corporate staff division and are conferred inherent authority for executing business affairs.

The progress of business affairs is reported to the Executive Officers’ Meeting once a month. Remuneration to executive officers, as for directors, is determined according to a performance-based remuneration system.
Corporate Auditors/Board of Corporate Auditors
SMM currently has four corporate auditors, two of whom are outside (part-time) auditors.

Corporate auditors attend and express opinions at important meetings, including meetings of the Board of Directors and Management Committee. Corporate auditors originating from the company, while taking care to remain independent, provide audit-based opinions as full-time auditors. Outside auditors offer opinions based on specialized experience and knowledge.

The Board of Corporate Auditors convenes once a month immediately prior to ordinary meetings of the Board of Directors and as otherwise required.

Internal Audit Department
The Internal Audit Dept. was established for the purpose of undertaking internal audits used for monitoring and supervision of the execution of business affairs. The department carries out internal audits of the entire SMM Group. The department supplies information to corporate auditors on a timely basis, providing explanations of auditing plans, for example. Corporate auditors are also in attendance during the department’s internal audit briefings for executive officers and other personnel.

Corporate governance framework

1. Candidates for director, possessing the character and abilities required for implementing the SMM Group Corporate Philosophy and fulfilling social responsibility, are nominated by the Board of Directors and approved by a resolution by the General Meeting of Shareholders.
2. Directors (excluding outside directors), executive officers and senior managers are evaluated on various criteria, chiefly quantitative results, safety, business strategy and human resources development.
3. Six executive officers also serve as directors (as of August 2009).
Regulatory Compliance

Basic Approach

The corporate activities of the SMM Group are founded upon principles of compliance. Though compliance is usually construed as applying to laws and regulations, the SMM Group goes further, viewing compliance as the fulfillment of social and moral duties as a member of society through sound corporate activities.

In 2000, the year after the JCO criticality accident¹ of September 1999, the SMM Group formulated a "Corporate Reform Plan" and embarked on a new beginning with three initial priorities:

1. Reconfirm and disseminate corporate philosophy;
2. Strengthen the condition of the corporation; and
3. Reform corporate culture.

The corporate philosophy and SMM Group Code of Conduct² were consequently revised in 2004. "Compliance: Abidance by Laws and Rules," the first of 17 items included in the Code of Conduct, calls for conduct complying not only with laws and rules, but also with social norms, as follows:

- Directors and employees will comply with foreign and domestic laws and rules, and conform with social norms.
- Directors and employees will 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 interests of the company.

Compliance Management and Strengthening

Compliance management is performed according to our basic compliance regulations. The Compliance Working Group of the CSR Committee plays a central role in compliance improvements and strengthening with represented divisions taking charge of the following main measures.

(1) Draft revisions to the SMM Group Code of Conduct
(2) Establish and revise compliance-related regulations
  - Compliance standards regulations
  - Regulations on insider trading prevention and information management
  - Regulations on the safeguarding of personal information
  - Export administration regulations
  - Regulations on database management, including reasons for granting and revoking authorization
  - Regulations on the management of confidential information
(3) Implement compliance education
A range of different training programs draw upon principles within the Sumitomo Business Spirit, SMM Group Corporate Philosophy and CSR Policy to ensure awareness among employees that compliance within the SMM Group calls for ethics-based conduct and decision-making, going beyond conformance with laws and regulations.
(4) Establish and convene the Compliance Working Group
Confirmation of the compliance status in FY2008 by the Compliance Working Group indicated that there were no major violations of laws or regulations relating to the environment and products and services, including antitrust legislation.

Speak Up System
In situations where problems or doubts remain after referring to the SMM Group Code of Conduct, and consultation with a superior fails to bring forth an appropriate response, employees are able to report the matter directly through several channels (in-house liaison: Legal & General Affairs Dept., Safety & Environment Control Dept., and Internal Audit Dept. general managers; outside liaison: designated legal attorney). The source of the information is always kept secret and if, for any reason, the informant is unfairly treated, the person responsible will be accordingly punished.

Compliance Seminars

The SMM Group commenced annual "compliance conferences" in 2001, giving employees an opportunity to reaffirm their knowledge of compliance basics and learn about the latest legislative changes.

After deliberation on the objectives and structure of these conferences, the Group now implements compliance seminars in order to educate employees of SMM and group companies about the Code of Conduct and to ensure compliance with work-related laws and ordinances. In addition to seminars, guidance provided in the workplace on an ongoing basis integrates Code of Conduct dissemination, compliance with laws and rules, and CSR awareness.

Recipients of compliance education (FY2008)

<table>
<thead>
<tr>
<th>Type of seminar</th>
<th>Scope</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code of Conduct education</td>
<td>Education providers at branch offices and subsidiaries (plants/branches) in Japan</td>
<td>738</td>
</tr>
<tr>
<td>Compliance seminar (Basic course)</td>
<td>Newly-appointed division general managers and group company directors</td>
<td>32</td>
</tr>
<tr>
<td>Compliance seminar (Advanced course)</td>
<td>General managers of business divisions, headquarter divisions and branch offices, presidents of group companies in Japan, etc.</td>
<td>76</td>
</tr>
<tr>
<td>Group seminar for new employees</td>
<td>Newly joined university graduates and clerks in the Head Office area</td>
<td>44</td>
</tr>
<tr>
<td>Seminar for newly promoted E-class employees (supervisor/senior staff)</td>
<td>Employees newly promoted to E-class</td>
<td>34</td>
</tr>
<tr>
<td>Seminar for newly promoted Manager class employees</td>
<td>Employees newly promoted to Manager class</td>
<td>28</td>
</tr>
<tr>
<td>Education for mid-career recruits</td>
<td>Mid-career recruits</td>
<td>4</td>
</tr>
</tbody>
</table>

¹ JCO criticality accident: On September 30, 1999, criticality occurred as uranium was being handled at an SMM subsidiary, JCO Co., Ltd. Two workers died from radiation injuries as a result. The radiation accident caused immeasurable suffering for the local community, with citizens living close to the facility forced to evacuate.
² The SMM Group Code of Conduct can be viewed on the SMM website.

A compliance seminar
Risk Management

Basic Approach

The Corporate Reform Plan, formulated by SMM in April 2000 based on reflections from the JCO criticality accident of 1999 (see note on page 22), acknowledged the importance of risk management improvements for strengthening the company’s condition. The Code of Conduct, too, stipulates that “all directors and employees will incorporate risk management principles into the performance of their business operations or related work.”

In August 2001, a Group-wide risk management system was established, structured upon features such as total compliance. The purpose was to ensure SMM will never again cause a major incident. Regulations pertaining to risk management systems were also established. Energy has been channeled into risk management initiatives ever since as they are essential for business continuity. With the launch of CSR activities in the autumn of 2008, risk management initiatives were integrated into a new framework together with activities and initiatives relating to compliance, occupational health and safety, environmental management and quality management. In addition to efficiency, we have also been working to raise the effectiveness of activities. For example, overlapping between systems has been fixed and activities of focus have been reviewed to match the characteristics of each facility.

In 2002, SMM established regulations pertaining to the inherent safety of equipment, thus realizing inherently-safer equipment throughout the SMM Group. In doing so, we have advanced initiatives for preventing work-related accidents. Furthermore, plant safety evaluations employing HAZOP (hazard and operability studies) or other methodology have been introduced to prevent more serious industrial accidents. Always leaning toward the side of safety, SMM has been actively incorporating preventive approaches to risk management.

Climate Change Risk

One potential risk for SMM in relation to climate change is a raw materials shortage, which is possible if source mine operations are disrupted due, for example, to abnormal weather. In recent years, SMM has been strengthening day-to-day energy conservation efforts in order to combat global warming, which is said to be a cause of abnormal weather. The company is also directing efforts into the development of energy-saving refining processes in readiness for further climate change.

Frameworks and Initiatives

Risk management in the SMM Group is generally advanced through the efforts of individual business divisions. Business divisions seek to accurately identify the risks involved in managerial decision-making and within each business process and to determine courses of action, bearing in mind their specific economic, environmental and social circumstances. SMM has put together a framework for risk management based on these efforts, establishing risk identification guidelines along with various systems, including a risk registry, an in-house risk management auditing system and risk management inspections.

The Risk Management Working Group of the CSR Committee, with close affiliation to the Compliance Working Group, coordinates risk management matters for the Group as a whole and directs energy into preventing the actualization of risks.

Risk management systems have been introduced for each business unit at business divisions throughout the Group, even at overseas subsidiaries. At least once a year, or when the need arises, divisions identify and assess the various types of unlawful behavior and other risks and take action to control those risks, registering or reviewing them as required and implementing countermeasures.

In FY2008, drills were undertaken at all business facilities to ensure readiness in case of a risk being realized. Efforts were made to improve the countermeasures.

Self-checks by individual business divisions and various audits are performed to ascertain whether risk management PDCA (Plan-Do-Check-Act) cycles are operating smoothly and according to rules and to determine revisions. Findings are reflected in plans for the following fiscal year.

1 The Finance & Accounting Dept., for example, uses various methods to check accounting processes of the entire Group, which are performed according to uniform standards and procedures. Effort also goes into actually lowering risk through procedural improvements such as centralizing processes for payments to outside parties at Head Office.

2 Audits include risk management internal audits/inspections, audits by the internal Audit Dept. and investigation by senior management of group divisions.

Issues and Targets

SMM will make intense efforts to ensure readiness, particularly with regard to “SMM Group-wide serious risks”, and focus on minimizing incidence and damage in the case of a risk being actualized.

We also plan to continue improvements that will reduce the workload of internal audit teams and enable effective implementation of audits while also providing education on auditing techniques.

3 Risks which, if realized, are expected to have a major influence on or cause significant damage to the SMM Group as a whole and cause irreparable damage (as influence or physical damage) to SMM if swift and appropriate action is not taken. The Group must unite in determining action to take in the case of these risks being realized.

Response to Influenza Pandemics

Envisaging a possible explosive outbreak of a new influenza strain, the SMM Group commenced deliberation in February 2008 to determine a response that places top priority on respect for human life, ensuring safety, and environmental protection. An overseas version of the “Guidelines for Action Against Influenza Pandemics”, which set out a basic course of action, was established in October 2008. A version for Japan was established in November 2008. In accordance with these guidelines, a company-wide task force headed by the president was formed on April 28, 2009 after the WHO raised its alert level to Phase 4. The task force has been following developments, taking action as stipulated in the guidelines.
The financial crisis in the United States and its global repercussions led to rapid deterioration of the world economy in the second half of FY2008. The Japanese economy also experienced a sudden downturn as traction was lost in the export sector, which was underpinning the economy.

In the non-ferrous metals industry, demand weakened as deterioration of the real economy spurred inventory adjustment in all industries. Prices for non-ferrous metals plummeted due to the financial crisis, falling to levels they were at prior to mineral resource price escalation. In the electronics industry, as effects of the financial crisis started to be felt, large and abrupt adjustments to output were made across the industry, causing severe cooling of demand for some time.

Against this backdrop, the SMM Group has been implementing, since FY2007, its 2006 3-Year Business Plan, with the aim to further boost corporate value by promoting growth strategies. In response to the changing business environment we have implemented urgent comprehensive management measures to thoroughly ensure business operations that maximize earnings and minimize costs.

In the mineral resources and metals sectors, to become a major player within the non-ferrous metals industry, SMM is pressing ahead with a switch from an ore purchase and refining business model to a mineral resources and refining business model. As such, we are working on building up production systems and stabilizing supplies of raw materials. Our aim is to become a major player in the non-ferrous metals industry.

In the electronics materials and advanced materials sector, we are working to improve profitability by restructuring businesses while still aiming to establish a strong business presence and claim top class shares in the global market for each product. Net sales for FY2008 on a consolidated basis were ¥793.8 billion, decreasing ¥338.6 billion from the previous year due to factors including a fall in revenue from copper and nickel in the metals sector as a result of a contraction of sales volumes and a drop in prices. Consolidated recurring profit was ¥32.6 billion, falling ¥185.3 billion due to a decline in consolidated operating income as well as to a decline in non-operating income resulting mainly from a fall in equity-method investment income from overseas mining companies and other affiliates.

Basic policy and strategy under the 2006 3-Year business Plan

- Strictly adhere to the Group's management philosophy and vision
- Further reinforce and expand core business
  (Mineral Resources & Metals: Become a major player in the non-ferrous industry)
  (Electronics & Advanced Materials: Capture leading market shares in our major products)
- Further reinforce management infrastructure

<table>
<thead>
<tr>
<th>FY2008 Financial Results</th>
</tr>
</thead>
</table>

Consolidated net sales

Recurring profit

Net income
Distribution of Value to Stakeholders

Economic value was distributed to stakeholders during FY2008 as follows.

Payments made to suppliers to purchase merchandise necessary for business, for example, were ¥684.6 billion.

Employee salaries and welfare expenses were ¥107.1 billion. SMM also has the following defined-benefit systems in place: a lump-sum retirement payment plan, a defined-benefit corporate pension plan (in some cases, a qualified retirement pension plan) and an employees’ pension fund. Projected benefit obligations are ¥51.9 billion and pension assets are ¥33.4 billion.

To shareholders and creditors, SMM paid a total of ¥26.1 billion in dividends and interest on debt.

To the government, we paid ¥5.9 billion in taxes.

To society, we contributed ¥0.2 billion in the form of donations for social contribution activities, for example.

Financial assistance from the government totaled ¥0.2 billion and included cash subsidies and investment grants.

Regional net sales were highest in Japan at ¥678.7 billion. Next were North America at ¥47.3 billion, Southeast Asia at ¥38.6 billion and the rest of the world at ¥29.2 billion.* The composition of regions other than Japan is as follows.

• North America: United States, Canada
• Southeast Asia: Singapore, Malaysia, etc.
• Rest of the world: Australia, Taiwan, etc.

* Amounts are rounded to one decimal place.

Detailed financial information is available via the “IR Information” section of the company website.
URL: http://www.smm.co.jp/ir/

* A retained value of ¥5.9 billion yen is not included in the above.
Basic Approach

Protecting and co-existing with the global environment are duties we must fulfill to sustain a healthy planet for the benefit of generations to come and important managerial challenges that can provide stability to our business base.

Applying this way of thinking to our day-to-day activity and conduct, we engage in business according to the SMM Group Code of Conduct, which calls for officers and employees of the company to act in a manner enabling them to contribute to the resolution and/or alleviation of environmental problems of global scale, and the CSR Policy, which states that SMM shall work to combat global warming by promoting recycling and effective resource utilization while also targeting technological innovation and continuous improvements in energy efficiency.

In addition to ongoing efforts relating to pollution and contamination prevention, chemical substance management and other major environmental issues pertaining to operations of the SMM Group, we have also identified key challenges for adoption by the Group, taking into account issues of a global nature and the Group’s current situation. They include reducing CO₂ emissions (energy savings), zero disposal of industrial waste at landfills and development of products with a low environmental impact.

We are taking up these key challenges through a roadmap of activities that will direct SMM toward its CSR Vision for 2020.

Outline of environmental preservation activities for realizing the CSR Vision for 2020

<table>
<thead>
<tr>
<th>Key Area</th>
<th>Environmental Preservation</th>
<th>Vision for 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reducing CO₂ emissions (energy savings); Biodiversity¹</td>
<td>&quot;A company that meets international anti-global warming standards by using advanced technologies&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Zero waste emissions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 50% of new products with low environmental impact (e.g. fuel cells, solar cells)</td>
</tr>
<tr>
<td>CSR Vision for 2020</td>
<td></td>
<td>• Reduce the unit energy consumption by 1% in each year to FY2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Zero landfill waste (FY2006: 145kt ⇒ FY2020: 18kt)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Provide low cost materials which contribute to reducing environmental impact in products through the use of superior technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Suitable biodiversity preservation initiatives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Materials stewardship initiatives²</td>
</tr>
</tbody>
</table>

SMW Group Code of Conduct

This list of 17 behavioral guidelines for officers (including executive officers) and company employees (including fixed-term and temporary employees) was established in 2003. Officers in particular, in view of their position and responsibilities, are required to exercise strict self-discipline, lead by example in practicing the code, and also educate employees to ensure that the code is fully obeyed.

Extract from the SMM Group Code of Conduct

Guideline No. 16
Concern for the Global Environment
Officers and staff will act in a manner enabling them to contribute to the resolution and/or improvement of resource, energy and environmental problems of global scale.

1 Biodiversity
There are three types of diversity, as follows.
- Ecosystem diversity—the existence of various forms of nature (community forests, marshes, mudflats, coral reefs, rivers and streams, etc.);
- Species diversity—various species existing within a habitat; and
- Genetic diversity—a single species having varying genetic characteristics.

This diversity supplies items such as food, water and fuel and also purifies air and water. In some cases, as with marshlands and mangroves, it silently protects us by controlling natural disasters. These benefits, also called "ecosystem services," are essential for the prosperity of the human race.

2 Materials stewardship
Policies and/or systems for managing upstream and downstream impacts, including:
- Supply chain management as it pertains to the environmental and social performance of outsourcing companies and suppliers; and
- Product and service stewardship initiatives.

Stewardship initiatives include efforts to improve product design to minimize negative impacts associated with manufacturing, use, and final disposal.

(Source: GRI Mining and Metals Sector Supplement Pilot Version 1.0)
Promotion Framework

Promotion of activities that will direct SMM toward the CSR Vision for 2020 is undertaken by the Environmental Protection Subcommittee. This organization within the CSR Committee carries out duties that include various studies, activity coordination, performance monitoring and formulation of measures.

Business sites and group companies lead the way in advancing environmental preservation activities of the SMM Group. Through environmental management systems established according to the ISO 14001 standard, each place of business adopts specific targets and plans and seeks continual improvements while executing the PDCA (Plan-Do-Check-Act) cycle.

Each place of business sets targets and takes action relating to specific themes, including:
- Compliance with environmental laws and acts;
- Pollution prevention (environmental risk reduction/control);
- Energy conservation;
- Waste reduction, reuse and recycling (3Rs); and
- Hazardous chemical substance management.

Business divisions and the Safety & Environment Control Dept. at Head Office collect and analyze performance data and urge corrective action as required.

Environmental Education

We seize every available opportunity to provide education, covering introductions to environmental issues through to seminars on preservation and management practices. We also encourage acquisition of public environmental qualifications.

On-site Introductory Education

Education is provided to raise awareness among new graduates and mid-career employees, helping them to acknowledge the importance of environmental preservation and recognize the direct influence of day-to-day tasks on environmental matters.

Environmental e-learning

An environmental e-learning course complementing introductory education has been made available to all employees and helps to deepen understanding of improvement and control activities conducted through environmental management systems.

An additional e-learning course dealing with principal environmental legislation was released in the second half of FY2008 with the objective of raising levels of compliance. By the end of the year, more than 1,900 people had taken the course, which is intended for administrators and supervisors of environmental management processes as well as internal environmental auditors. We plan to use this program effectively both as a tool for confirmation of regulations and control limits and as a tool for education about workplace-related legislation.

Internal Environmental Audit Seminars

This is a program for training internal auditors, who play a central role in environmental management activities, taking responsibility, for example, for performing internal audits of their respective divisions. Participants who pass a final examination after completing the two-day curriculum become certified auditors. More than 1,800 internal environmental auditors have been trained through a total of 89 seminars between 1999 and 2008.

Issues and Targets

SMM will continue to do its utmost to ensure compliance and prevention of environmental accidents.

We will make progress on environmental impact alleviation and seek to clarify and pursue policy relating also to biodiversity preservation.

As initiatives in global warming prevention, we will push ahead with existing energy-saving efforts while looking to switch to activities that will bring about a reduction of total CO2 emissions.
Material Flows within Business Activity

The SMM Group ascertains the amount of resources and energy it consumes, as well as the Group’s overall environmental impact in quantitative terms, and carries out various activities to lower environmental impact. Here we present the inputs and outputs to and from operations in Japan and overseas during FY2008 as well as an outline of the refining process for nickel, one of SMM’s main products.

### Input

**Resources & Energy**

<table>
<thead>
<tr>
<th>Energy (energy consumption is shown in parentheses)</th>
<th>Raw Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy fuel oils 76,509 kl (3,143,540GJ)</td>
<td>Gold and silver ore 937kt</td>
</tr>
<tr>
<td>Coal/Coke 306,129 t (8,499,895GJ)</td>
<td>Copper concentrates 1,213kt</td>
</tr>
<tr>
<td>Gasoline/Kerosene 19,572 kl (738,888GJ)</td>
<td>Nickel oxide ore 2,684kt</td>
</tr>
<tr>
<td>LPG 15,074 t (756,728GJ)</td>
<td>Nickel matte, etc. 37kt</td>
</tr>
<tr>
<td>Natural gas 1,017,000 Nm³ (41,799GJ)</td>
<td>Zinc concentrates 63kt</td>
</tr>
<tr>
<td>Purchased electricity 1,661,352 MWh (16,214,795GJ)</td>
<td>Lead concentrates, etc. 52kt</td>
</tr>
<tr>
<td>Purchased steam 63,053 GJ</td>
<td></td>
</tr>
</tbody>
</table>

### Products

<table>
<thead>
<tr>
<th>Products</th>
<th>Output Products &amp; Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrolytic copper 363kt</td>
<td>Electrolytic lead 25kt</td>
</tr>
<tr>
<td>Gold 39 t</td>
<td>Crude zinc oxide 7kt</td>
</tr>
<tr>
<td>Dore 11 t</td>
<td>Ferro-nickel 91kt</td>
</tr>
<tr>
<td>Silver 328 t</td>
<td>Sulfuric acid 920kt</td>
</tr>
<tr>
<td>Electrolytic nickel 33kt</td>
<td>Slag 1,529kt</td>
</tr>
<tr>
<td>Nickel sulfate 8kt</td>
<td>Processed metal products 19kt</td>
</tr>
<tr>
<td>Electrolytic cobalt 1kt</td>
<td>Hydrotreating catalyst 9kt</td>
</tr>
<tr>
<td>Distilled zinc 76kt</td>
<td>ALC (Siporex) 439,000 m³</td>
</tr>
</tbody>
</table>

Recycling-derived products ratio 1.9%
### Environmental Aspects

#### Recycled Materials
- Copper scrap: 32kt
- Secondary zinc: 27kt
- Secondary precious metals: 71kt
- Scrap for metalworking: 4kt
- Electric arc furnace dust: 101kt
- Waste catalyst: 9kt
- ALC waste: 1kt

#### Lime-based
- Sodium-based: 36kt
- Magnesium-based: 11kt
- Cement, etc.: 27kt

#### Water Usage
- Freshwater total: 30,104,000 m$^3$
- Industrial water: 18,140,000 m$^3$
- Groundwater: 8,829,000 m$^3$
- Tap water: 2,393,000 m$^3$
- Surface water: 742,000 m$^3$
- Seawater: 154,372,000 m$^3$

#### Emissions into the Atmosphere
- CO$_2$: 2,105,858 t
- Direct emissions: 1,155,638 t
- Indirect emissions: 925,841 t
- Emissions during transportation: 24,379 t
- SOx: 1,682 t
- NOx: 597 t
- PRTR substances: 23 t

#### Emissions into Water
- Total wastewater: 173,613,000 m$^3$
- Emissions into seas: 165,213,000 m$^3$
- Emissions into rivers: 6,521,000 m$^3$
- Under ground seepage: 97,000 m$^3$
- Sewerage, etc.: 1,782,000 m$^3$
- COD (chemical oxygen demand): 64 t
- BOD (biochemical oxygen demand): 11 t
- Total phosphorus: 1 t
- Total nitrogen: 90 t
- PRTR substances: 100 t

#### Waste
- Total waste: 2,608kt
- Harmful waste: 108kt
- Harmless waste: 2,500kt
- Spoil: 461kt
- Flotation tailings: 671kt
- CBNC leach residue, etc.: 1,324kt
- Industrial waste (Japan): 139kt
- Other: 13kt

---

1. A uniform emission factor of 0.555kg/kWh is applied.
2. Emissions into rivers flowing into enclosed seas are included as “emissions into seas.”
3. See notes on page 33.

Note: Decimals have been rounded off to the nearest whole number.
Initiatives for Reducing Environmental Impact

Basic Approach

The history of our copper smelting/refining business, which forms the core of the SMM Group, is the story of our countermeasures against smoke pollution (damage to crops caused by sulfur dioxide released during the smelting/refining process). The importance of environmental preservation has been consequentially passed down through the generations together with the story of how our business has developed and indeed we view environmental preservation as vital for the continuation of business. SMM’s Toyo Smelter & Refinery (Ehime Prefecture, Japan), which commenced operations in 1972, adhered to this mentality and has employed advanced technologies to achieve thorough control over water and gas emissions. The facility has since been known for its consideration toward environmental preservation.

In addition to environmental preservation efforts, the SMM Group has fully applied lessons learned from the JCO Criticality Accident of 1999, implementing activities to prevent actualization of a wide range of environmental risks, including the risk of environmental pollution and harmful substance leaks. We practice environmental risk management based upon compliance with technical standards in keeping with laws and covenants, fail-safe and fool-proof equipment design, and the formulation of work procedures and related education.

Initiatives for Responding to Environmental Accidents

In the SMM Group, leadership on response to environmental accidents is assigned to each workplace (production line). Generally, it is the person in charge of the workplace who assumes the role of coordinator and carries out management through the PDCA cycle according to the ISO 14001 standard.

Each workplace strives to prevent environmental accidents by placing first priority on adherence to all laws and ordinances, regulations, and established procedures, and also strives for improvements to equipment technology pertaining to environmental management and to work practices, as well as for enhanced management. When new raw materials, equipment, machinery, instruments, production processes or work practices are introduced, associated risks are assessed and appropriate action is taken through reviews of the change in conditions.

To ensure that such management is performed to a suitable standard, coordinators conduct education and training, with aims to raise awareness of environmental risks and make technical improvements, and also implement routine internal audits.

These activities are supplemented and supported by inspections carried out by each business division general manager and the general manager of the Safety & Environment Control Dept., who report their findings to the company president. The general manager of the Safety & Environment Control Dept. also identifies case examples of significance which could potentially occur in any workplace and disseminates that information company-wide, giving instructions for action to prevent recurrence. In FY2008, the Safety & Environment Control Dept. commenced activity involving detailed confirmation of the standard of environmental management at high-risk workplaces, identification of issues and instructions for improvements.

Response to Emergencies

It goes without saying that environmental accidents must be avoided, but it is also important to be ready to minimize the impact if they do occur.

Coordinators of each workplace prepare for accidents by putting in place emergency facilities, equipment, response procedures, internal and external contact lists and checking that all will function properly when accidents do occur through periodic drills. Depending on the envisaged eventuality, drills might be conducted with the cooperation of assistance of other SMM Group workplaces or affiliates in the vicinity, and might involve business divisions, the Safety & Environment Control Dept. and other headquarters divisions.

No major spillages or environmental infringements (against international treaties, covenants, laws or ordinances) occurred during FY2008.

Risk Management Relating to Harmful Waste

Waste materials peculiar to the SMM Group’s core business of mineral resources and metals that need to be properly managed in order to prevent contamination of the environment include large volumes of topsoil, spoil, tailings, sludge and slag generated through excavation, mineral processing and metal smelting/refining operations.

The Group manages these waste materials in a proper manner based on the following approaches:

- Selecting disposal methods based on risk evaluations
- Ensuring structural safety of storage facilities at accumulation sites

Chemical Substance Management

The following is an overview of FY2008 releases and transfers of chemical substances managed in line with the Pollutant Release and Transfer Register (PRTR) system. (All comparisons are made with FY2007.)

In FY2008, having changed the scope of reporting, as indicated on page 1, the number of data-submitting workplaces decreased by 3 workplaces of 2 companies (N.E. Chemcat Corporation and Sumiko Techno-Research Co., Ltd.) and the number of controlled substances decreased by 9.

The total release and transfer volume (releases + transfers) decreased by around 16% to 2,176 tons due to a large reduction of around 400 tons in transfers (see Fig. 4). The reduction in transfers consisted of around 120 tons of manganese and around 250 tons of lead. Manganese is a component of reduced iron pellets generated at the Shisaka Plant and the volume to be landfilled was reduced. Lead is a component of zinc slag generated at the Harima Smelter. Technical improvements reduced contamination of
the slag by lead, decreasing the amount landfilled (see Fig.5).

Emissions into the atmosphere of toluene, nickel compounds and dichloromethane fell by around 4 tons (approx. 15%) (Fig. 6). The toluene reduction was due to the use of alternative substances by Nittosha Co., Ltd. A reduction of nickel compound emissions was achieved at Hyuga Smelting Co., Ltd. by improving dust collection efficiency through systematic upgrading of exhaust gas dust collectors as well as meticulous management.

Emissions into water stayed roughly level (see Fig. 6).

No ozone-depleting substances were released from production processes of the SMM Group.

Through initiatives in chemical substance management, which will involve further reductions of industrial landfill waste as well as improvements to chemical handling practices and strengthening of equipment management, we will strive to reduce substance emissions.

### Issues and Targets

Through initiatives in environmental accident prevention, including improvements to

### SMM Group's FY2008 PRTR

<table>
<thead>
<tr>
<th>Chemical substance</th>
<th>Releases</th>
<th>Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zinc compounds (water-soluble)</td>
<td>0.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Antimony and its compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Ethylene glycol</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Cadmium and its compounds</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Xylenol</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Silver and its water-soluble compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Chromium and chromium(III) compounds</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Cobalt and its compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Inorganic cyanide compounds</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Dichloromethane (methylene dichloride)</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>N, N-dimethylformamidemide</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Styrene</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Selenium and its compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Copper salts (water-soluble)</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Toluene</td>
<td>2.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Lead and its compounds</td>
<td>3.9</td>
<td>0.1</td>
</tr>
<tr>
<td>Nickel</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Nickel compounds</td>
<td>1.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Arsenic and its inorganic compounds</td>
<td>0.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Hydrogen fluoride and its water-soluble salts</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Boron and its compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Formaldehyde</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Manganese and its compounds</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Molybdenum and its compounds</td>
<td>0.3</td>
<td>0.0</td>
</tr>
</tbody>
</table>

* Figures have been revised due to transfer volume corrections submitted by workplaces during 2008.

### No. of chemicals registered: 33 (rounded amounts of 0.1t or above are shown, except for “dioxins”)

No substances were internally landfilled.

The boundary of tabulation for SOx emissions, NOx emissions and COD has been expanded from FY2008 to include CBNC, mining operations and other operations. Tabulation of BOD data also commenced in FY2008.
Initiatives for Resource Recycling

Environmental Impact Reductions from Effective Utilization of Resources

Basic Approach
SMM Group business centers on the utilization of the Earth’s valuable, yet limited, resources. For the purpose of preserving the environment, as well as sustaining and developing our business, we view the effective utilization of resources as an important issue for management. Based on this understanding, SMM has made “effective use of resources” one of the Six Key CSR Areas and is promoting recycling as part of those efforts. As the CSR Vision for 2020 depicts “A company that generates resources using innovative technology,” SMM develops and refines technologies for recovering precious metals from so-called “urban mines,” referring to metal contained in waste and in used equipment and fixtures.

Promoting Recycling within the SMM Group
Worldwide degradation of copper and nickel ore and metal price escalation are turning attention toward technologies enabling effective utilization of various waste materials, recycling technologies for used final products and slag from the refining process, and technologies to achieve a higher yield ratio through process improvements. The SMM Group engages in refining and processing of a diverse range of metals and as such actively pursues recycling by employing intermediates manufactured by some plants as raw materials in other SMM Group plants. Indicators for evaluating environmental impact reductions made through effective use of resources include the volume of landfill waste and the ratio of products derived from recycled materials. These indicators are referred to during the development and commercial application of technologies.

Using Electric Arc Furnace (EAF) Dust in Zinc Production
Iron scrap processed in an electric steel-making furnace includes zinc-coated steel sheets. This zinc volatilizes in the furnace and is condensed. Zinc accounts for 20-40% of EAF dust and currently more than 80% of roughly 600,000 tons of dust generated in Japan each year is recycled into valuable zinc resources.

Drawing upon the refining expertise accumulated over the years, SMM’s Shisaka Plant engages in recycling operations involving the recovery of zinc from EAF dust. The plant processes approximately 100,000 tons (dry weight) of EAF dust annually to produce crude zinc oxide pellets and briquettes. Around 37,000 tons of the crude zinc oxide is processed by the Harima Smelter and turned into distilled zinc while the remaining 7,000 tons is sold.

The Shisaka Plant has also succeeded in practical application of technology for inhibiting oxidation of iron pellets produced during the recovery process, and which for the most part would have otherwise been landfilled, thus facilitating recycling of the pellets as iron raw materials, for example. These pellets, sold as reduced iron pellets, are rich in metallic iron.

Recycling of Rare Metals
Nippon Catalyst Cycle Co., Ltd. recovers rare metals* such as molybdenum and vanadium, which are not produced in Japan, and turns them into new resources.

Oil refining companies employ hydrotreating catalysts to remove sulfur, vanadium and other impurities from crude oil. Waste catalyst from this process contains molybdenum additives. In order to make effective use of resources, molybdenum is recovered from used catalyst and reused. Solvent extraction techniques acquired by the SMM Group through the non-ferrous metals business are employed in the recovery process, and the greatest feature
of the techniques is the ability to recover molybdenum and vanadium through a continuous process. Compared to acid precipitation, which is a more common technology, it is easier to increase the purity of products using this process. The purity achieved is in fact the highest among recycling companies.

The SMM Group has created a recycling system, called Total Catalyst Management (TCM), to facilitate smoother and more efficient molybdenum recovery. Molybdenum added to fresh desulphurization catalyst is recovered, after the catalyst has been used, as high-purity molybdenum trioxide through solvent extraction and then used once again as a material for catalysts. The operation of the TCM system by three businesses—a catalyst manufacturer (SMM Group: Nippon Ketjen Co., Ltd.), an oil refining company and a recycling company (Nippon Catalyst Cycle Co., Ltd.)—is a special feature of the SMM Group.

* Rare metals—Refers to metals uncommon on Earth or metals whose extraction is very difficult financially and/or physically.

### Recycled Materials Ratio

The SMM Group, in addition to recovering valuable metals from waste-derived materials such as electric furnace dust and waste catalyst, procures and utilizes copper, zinc and other scrap from the community. The volume of raw materials derived from recycling as a percentage of total materials is shown in Figure 1.

#### Fig. 1 Recycled materials as a percentage of materials used (FY2008)

![Recycled materials ratio diagram](image)

<table>
<thead>
<tr>
<th>Total volume of materials used: 5,990kt</th>
</tr>
</thead>
</table>

The SMM Group has long been trying to reduce the volume of industrial waste (in Japan) that undergoes final disposal.

As shown in Figure 2, this volume was reduced by around 20 thousand tons in FY2008. Main contributing factors include improvements to the quality of reduced iron pellets and, with the help of electric furnace manufacturers, an increase in recycling volume.

In addition, reduction efforts at the Toyo Smelter & Refinery (affiliated remote refinery) led to a reduction in the amount of mining waste landfilled on company premises.

#### Fig. 2 Final disposal volumes\(^1\) of industrial and mining waste

<table>
<thead>
<tr>
<th>Mining waste(^2)</th>
<th>Industrial waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>145 (FY2006)</td>
<td>131 (FY2007)</td>
</tr>
<tr>
<td>108 (FY2008)</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Includes waste destined for landfills and simple incineration.

\(^2\) Mining waste generated by affiliated refineries in remote locations.

### Waste (harmful/harmless)\(^3\) processing methods

<table>
<thead>
<tr>
<th>Disposal method</th>
<th>Harmful/Harmless</th>
<th>Harmful waste</th>
<th>Harmless waste</th>
<th>Total waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycling</td>
<td>2.6</td>
<td>39</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>Simple incineration</td>
<td>1.8</td>
<td>0.6</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Landfill</td>
<td>103</td>
<td>2,460</td>
<td>2,563</td>
<td></td>
</tr>
<tr>
<td>Volume reduction, etc.</td>
<td>0.6</td>
<td>0.7</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>108</td>
<td>2,500</td>
<td>2,608</td>
<td></td>
</tr>
</tbody>
</table>

\(^3\) In general, this depends upon definitions in the countries concerned. Japan does not have such laws or regulations; therefore SMM applies the following definition: “Specially-controlled industrial waste and waste delivered to controlled landfill sites (however, this excludes waste usually delivered to landfill sites for stable industrial waste (5 stable items) that has to go to controlled landfill sites due to the distance from a stable site).”

\(^4\) Waste other than harmful waste.
Action on climate change, including global warming, is one of the more critical environmental challenges confronting the human race. SMM views climate change as a serious risk factor with a potentially large impact on the economy, society and the environment, which are the foundations of our business, as well as directly on the business activities of the SMM Group. We have therefore put forward CO2 emission reductions (energy savings) as an objective of environmental preservation activity, one of our Six Key CSR Areas.

SMM aims, in the medium to long term, to become “a company that meets international anti-global warming standards by using advanced technologies,” as stated in our CSR Vision for 2020. The company is focusing both on reducing the direct environmental impact of business activities and reducing environmental impact through products and services.

To reduce CO2 emissions directly generated by business activities, we will make progress on introducing technologies already prevalent, adopting technologies in combination with unique SMM innovations, and pursuing development that will enable drastic process changes. The SMM Group aims to reduce its unit energy consumption by 1% each year up to and including FY2012.

Hyuga Smelting Co., Ltd.
Hyuga Smelting Co., Ltd. makes continual efforts to enhance facilities and improve operating conditions in order to improve the energy efficiency of production processes.

Niihama Nickel Refinery
The Niihama Nickel Refinery is the only plant in Japan producing electrolytic nickel and electrolytic cobalt.

Having made two major changes to production processes since operations began in 1939, the refinery currently produces electrolytic nickel using the matte chlorine leach electrowinning (MCLE) method.

As the name suggests, a primary piece of equipment is the electrolysis tank, which uses electrowinning to deposit electrolytic nickel extracted from a purified nickel chloride solution onto cathodes. In November 2008, the rectifier supplying direct current to the electrolysis tank was replaced with a high-efficiency model. A 1,000-ton reduction in annual CO2 emissions is expected as a result.
Environmental Aspects

Ome District Division (Advanced Materials Division)

The Ome District Division commenced production of lead frames for use in semiconductors in 1967 and has since expanded business to include other electronic materials. The facility is currently the main base for production of materials used in precision electronic components for items such as personal computers and mobile phones.

The Ome District Division has directed much effort into reducing the energy consumption of air-conditioning systems, which are necessary for maintaining the quality of the products. In FY2008, the district division installed additional condensers (TEL-CON®) to outside air-conditioning units, reducing the compressor’s power consumption by around 30%. This technique will now be introduced for all outside air-conditioning units.

Moisture-proof storage cabinets for semiconductor materials were installed in 2007. As a result, dehumidifiers which previously used to run 24 hours a day in all indoor manufacturing and storage areas are no longer required at night, leading to reduced energy consumption.

FY2008 Achievements

(Metal Smelting and Refining Business of the SMM Group in Japan)

Operation rates have declined due to the global economic downturn from the second half of FY2008. While this has contributed, together with reduction efforts, to a 63 thousand-ton year-on-year reduction in CO₂ emissions, it has also resulted in a 0.035 deterioration of our unit energy consumption index.

Adding FY2009 measures to the initiatives we implemented during FY2008, we expect to reduce CO₂ emissions by 50,000 tons for each year from FY2009.

SMM also pursued CO₂ emission reductions in the transportation of products, which can be considered as a source of indirect environmental impact from SMM’s perspective. Measures including changes to transportation routes and switching to transportation by ship reduced CO₂ emissions by 2 thousand tons,* leading to emissions from transportation of 24,379 tons.

* The scope of calculation is transportation within Japan of products and waste.

CO₂ emissions transition

(Scope: metal smelting and refining business in Japan)

(Unit: kt-CO₂)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions</td>
<td>1,270</td>
<td>1,444</td>
<td>1,554</td>
<td>1,491</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The emission factor for electricity is 0.555kg/kWh

Unit energy consumption index transition

(Scope: metal smelting and refining business in Japan)

(Unit energy consumption index)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Index</td>
<td>1.000</td>
<td>0.920</td>
<td>0.846</td>
<td>0.847</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Unit energy consumption index: The energy consumed during the production of 1 ton of product, assuming the FY1990 figure to be 1.

Issues and Targets

SMM has introduced a full range of initiatives for cutting greenhouse gases, primarily CO₂ emissions generated by business activities, but in order to bring about further benefits, we are going to have to invest considerably in facility and process improvements. Switching to low-carbon energy sources also factors in rising costs, and in the refining business, our energy requirement will inevitably rise due to the degradation of ores, the raw material. Striking a balance between lessening environmental impact and securing profit will therefore require great resourcefulness, accompanied by technological innovation, and not just an extension of initiatives advanced so far. Companies within the Group will unite in pursuing the aim to reduce our unit energy consumption by 1% each year.

Moisture-proof cabinets for semiconductor materials were installed in 2007. As a result, dehumidifiers which previously used to run 24 hours a day in all indoor manufacturing and storage areas are no longer required at night, leading to reduced energy consumption.

Outside air-conditioning units with additional TEL-CON® condensers installed

Moisture-proof cabinets

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Environmental Considerations in Areas of Business

Basic Approach

Mineral resources business operators cannot choose where to operate as they are only able to mine where there are ore deposits. This is one major difference from other industries. It could be said that mineral resources business operators bear an inherent duty to consider the environment as they go about their business. They must also think about returning land to nature on closure of a mine after the job there is complete. Smelting/refining, a core business of the SMM Group, is another industry in which due consideration of the environment is required, as the history of smoke pollution shows.

We acknowledge that the SMM Group cannot do business without environmental initiatives. When planning a new operation, we carry out detailed studies in advance on the expected environmental impact and take appropriate action according to those findings.

SMM’s Hishikari Mine, where production of ore began in 1985, is today the only metal mine in Japan being operated on a commercial scale. Prior to the start of operations at the Hishikari Mine, we carried out a voluntary environmental assessment, steps ahead of Japanese domestic legislation at the time. This initiative later became a model for mine development overseas.

SMM subsidiary, Coral Bay Nickel Corporation, commenced production of nickel intermediates on Palawan Island in the Philippines in April 2005. Protection of the natural environment is extremely important in the area, which is nestled alongside a sea with beautiful coral reefs. To construct a refinery in the Philippines, we first had to obtain an Environmental Compliance Certificate (ECC) from the Philippines’ Department of Environment and Natural Resources (DENR). After various procedures

Biodiversity Considerations

Together with global warming prevention, the preservation of ecosystems, where living things co-exist in an intricate balance, is often brought up as a major environmental challenge.

Both mining businesses operating in the midst of nature and smelting/refining businesses with their varied environmental aspects have no small effect, direct or indirect, on biodiversity. In the SMM Group, we have always paid due consideration toward the protection of nature in the running of our business.

We intend to deepen our understanding of the relationship between business activities and biodiversity. In FY2009, we plan to determine the direction of biodiversity preservation initiatives and start drawing up a specific action plan.

Developing the Pogo Mine
(Alaska, USA)

Operations began at the Pogo Gold Mine (Alaska, USA) in 2006. We have been advancing a project there in collaboration with other corporations. Environmental action is just as important overseas as it is for domestic activities in Japan and we believe the SMM Group is going to have to bear an increasingly large responsibility for environmental preservation.

The United States introduced environmental assessments before anywhere else, and as Alaska itself has many national parks and wildlife refuges, environmental protection standards are extremely stringent. We required 83 separate permits. Because SMM views co-existence with the environment and the understanding of local citizens as essential for mine development, we incorporated exhaustive environmental considerations right from the design stage. A major element of environmental preservation pertaining to development of the Pogo Mine was minimizing the impact on ecosystems. Major issues were the protection of rivers where salmon return to spawn and preventing any impact on moose habitats. This also implies protection of hunting and fishing infrastructure, which has a direct influence on the lifestyles of indigenous communities.

Groundwater from the Pogo Mine is purified by a treatment plant and reused in production processes. Excess water is discharged into the river after checking that emission standards have been cleared. In the gold production process, for which toxic cyanides are required, a “closed” system is employed to isolate water that comes into contact with cyanide within the process and make sure it is not released. We also carry out annual monitoring of the salmon run.

Regarding moose populations, we have tried to minimize our impact through efforts in construction of mine access roads, making sure to circumvent breeding grounds and prohibiting entry by the general public.

Developing the Coral Bay Nickel Refinery

SMM subsidiary, Coral Bay Nickel Corporation, commenced production of nickel intermediates on Palawan Island in the Philippines in April 2005. Protection of the natural environment is extremely important in the area, which is nestled alongside a sea with beautiful coral reefs. To construct a refinery in the Philippines, we first had to obtain an Environmental Compliance Certificate (ECC) from the Philippines’ Department of Environment and Natural Resources (DENR). After various procedures...
Environmental Aspects

Hishikari Mine Surveys of Protected Species

The Sendai River running through Hishikari, Isa City, Kagoshima Prefecture, where the Hishikari Mine is located, is home to *chisujinori* (*Thorea okadae*), a threatened red algae protected as a Japanese national treasure, and *kawagoke-so* (*Cladopus japonicus*), a riverweed designated by the prefecture as a protected species.

The Hishikari Mine carries out independent monitoring of *chisujinori* and *kawagoke-so* growth and reports findings to government authorities and local citizens.

![Monitoring of air quality](image)

To enable receipt of sulfuric acid and methanol used by the plant, a new dock was constructed by extending existing ocean jetties offshore. Sulfuric acid and methanol is delivered via pipelines running from there to tanks located on shore. The pipelines were constructed with an eye to protecting the surrounding coral reefs.

Once construction got underway, a team comprising members from organizations, including the DENR, local authorities and NGOs, carried out regular monitoring every three months to sample air, water, flora and fauna. Monitoring has continued even after the start of operations.

### Business activities in areas of high biodiversity value*

<table>
<thead>
<tr>
<th>Area</th>
<th>Size of production site (Thousand m²)</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seto Inland Sea</td>
<td>620 (Minoshima &amp; Ienoshima islands)</td>
<td>The Shisaka Plant operates on Minoshima and Ienoshima, neighboring the Setonaikai National Park (IUCN Category 2); a pier has been built on Ienoshima (IUCN Category 2)</td>
</tr>
<tr>
<td>Palawan Island, Philippines</td>
<td>3,237</td>
<td>Coral Bay Nickel Corporation operates on Palawan Island (in hunting-prohibited and bird protection areas, (IUCN Category 4)</td>
</tr>
</tbody>
</table>

* Protected areas classified as Category 4 and above by the International Union for Conservation of Nature (IUCN) and neighboring areas (SMM research)

(Areas classified as Category 1 are of highest priority)
As manufacturers and suppliers of raw materials, the SMM Group strives to reduce the environmental impact of manufacturing, distribution and other business activities. In creating the materials, the Group works to accurately identify the needs of customers and makes use of the immense knowledge of metals and minerals gathered through the manufacture of non-ferrous metals to draw out the full potential of each material. We actively seek to reduce environmental impact in the usage stage of the final product and aim to raise the proportion of new products which have a low environmental impact to 50% by 2020.

In developing its business, the SMM Group also considers the environment. In this section, we introduce a few initiatives of the Advanced Materials Division, which supplies advanced materials such as thick-film materials, target materials, crystal products, powders, functional inks and battery materials.

**Target Materials (CO₂ Emission Reductions)**

Electronic components of various kinds, flat panels and solar cells make use of a wide range of film deposition materials containing gold, silver, copper, nickel, indium or other substances as the primary material. SMM supplies a range of different film deposition materials as powders, inks, pastes and vapor deposition or sputtering targets, depending on what the customer requires.

Solar cell technology, demand for which has jumped in recent years due to its effectiveness in reducing CO₂ emissions, is a Japanese specialty. One essential material used in solar cells is transparent conductive film. This film is formed through sputtering or vapor deposition of indium or zinc-based oxides.

SMM is directing energy into technological development to help realize more sophisticated transparent conductive films needed to raise power generation efficiency.

**Solar Radiation-Shielding Materials (Energy Savings)**

Air-conditioning systems are a major factor in the rising energy consumption of households and office buildings.

Solar radiation-shielding ink developed by SMM absorbs and cuts out, from sunlight, only near infra-red rays (780-2,500nm wavelength), which have a high heat stimulation on skin. The ink was developed using nanotechnology and original raw materials only a non-ferrous metal smelting company can produce. The ink can also be mixed with resins or applied to glass surfaces and can curb climbing temperatures inside offices and automobiles by absorbing around 60-80% of near infra-red rays, which enter and heat up indoor areas. This reduces energy consumption by the amount required to cool offices by 3-7°C, or even more inside vehicles, thus leading to energy savings.

SMM, while seeking to bolster production systems in order to meet rising demand, is also pursuing development of products with greater functionality.
Magnetic Materials (Compact/ Lightweight Equipment)

High-performance magnetic materials with high magnetism, and which can be applied flexibly to suit different needs, are essential for reducing the size and raising the functionality of various motors, sensors and other key electronic components used in items such as personal computers, automobiles, air-conditioning systems and mobile phones. As a manufacturer of rare earth magnet materials, SMM carries out development, manufacturing and sale of alloys, molded bonded magnets, and intermediate molding compounds.

Motors employing neodymium iron boron (NdFeB), samarium iron nitride (SmFeN) or samarium cobalt (SmCo) magnetic powders are the driving force behind product miniaturization and efficiency improvements as they are only half to one third the size of, but perform similarly to, ferrite motor motors, which were the norm a decade ago.

Using Resources Effectively Through Recycling

Unlike non-renewable resources like coal and oil, a large proportion of metal resources are renewable. Alleviating the burden on the global environment, as pertaining to metal resources, requires efforts to conserve resources, including lowering consumption through size and weight reductions and enhancing durability, as well as efforts to improve recycling rates.

Copper, the archetypal base metal, is said to be the first metal ever used by humans. Recycling of copper and copper alloys is extremely advanced due to their high scrap value and there has been a strong push to recover used copper for conversion into new resources. For example, almost all the copper scrap generated during the fabrication of parts is reused by manufacturers of electric cables and wrought copper and copper alloy products as raw material. Now attention is turning to efficient integration into recycling systems of “urban mines.”

The SMM Group is likewise focusing attention on recycling from “urban mines,” working to convert copper from waste cables and used copper pipes as part of its contribution to the realization of a recycling-oriented society. The volume of copper recycled by the SMM Group rose to 22,200 tons in FY2008 and we intend to increase that figure further in 2009.

Copper scrap emission, recycling and landfill volumes (Japan)

<table>
<thead>
<tr>
<th></th>
<th>2005 (kt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions from society copper stocks</td>
<td>920</td>
</tr>
<tr>
<td>Volume recycled (incl. exports)</td>
<td>840</td>
</tr>
<tr>
<td>Volume landfilled</td>
<td>80</td>
</tr>
</tbody>
</table>

* Recycling/recovery rate is 91%.

We estimate that the proportion of products sold by the SMM Group that are recycled is close to the figures in the table above.


**Action on Harmful Substances in the Electronics and Advanced Materials Sector**

SMM Group companies are working together on the management of chemical substances used in products. We are striving, through proper management of chemical substances from the product design and development stage, in the selection of raw materials and the development of alternatives, and right up to procurement and manufacturing processes, to comply with domestic and foreign laws and regulations and customer requirements, as well as to provide appropriate information in an expeditious manner. Here we will introduce initiatives in the electronics and advanced materials sector. Electronics and advanced materials are incorporated into electrical and electronic equipment and circulate widely through domestic and foreign markets. SMM therefore places importance on communication with suppliers and customers for promoting green procurement and providing information on substances contained in our products. Some of our products are also exported to countries within the European Union (EU). The SMM Group therefore places importance on communication with suppliers and customers for promoting green procurement and providing information on substances contained in our products. Some of our products are also exported to countries within the European Union (EU).

Supply Chain Management for RoHS/ REACH Compliance

The RoHS Directive meant that electrical and electronic equipment sold in EU states after July 1, 2006 was not allowed to contain any of six substances—lead, mercury, cadmium, chromium (VI), polybrominated biphenyls (PBB) and polybrominated diphenyl ether (PBDE). SMM has particularly made an effort in shifting to lead-free products, managing to commercialize lead-free solders as well as pastes employing resistive glass, a focal product group. The Electronics Division (now the Advanced Materials Division) established a set of green procurement guidelines for suppliers in FY2005 as an initiative for strengthening chemical substance management and has been advancing a campaign to eliminate harmful chemicals at the source. We have also modified the chemical substance database, originally created to comply with Japanese legislation, to achieve additional compliance with RoHS and REACH regulations. Harmful chemical substance management information for the entire electronics and advanced materials sector is centrally managed.

**REACH Regulation Compliance**

The REACH Regulation, the EU’s new regulation on chemicals which took effect on June 1, 2007, covers almost all chemical substances circulating throughout the EU and requires businesses to evaluate and register substances according to the degree of hazard so the EU government can take appropriate action. This regulation also calls for suppliers and users along the supply chain to engage in reciprocal provision and dissemination of information for ensuring safer product use.

The SMM Group has established policies for handling each substance based on surveys of each substance contained in products and their procurement and sale. As well as introducing frameworks for complying with the various requirements of the REACH Regulation, we provide customers with information relating to the fulfillment of legal obligations by European importers and user safety.
The SMM Group’s core businesses are the mineral resources and metals business and the electronics and advanced materials business. In addition to ore refining and the manufacture and sale of metal ingots for use as a raw material, we manufacture and sell electronic and advanced materials, drawing out the potential of each metal through our own processes. Customers of our raw materials and processed materials businesses may differ, but the SMM Group makes every effort to fulfill their needs, introducing world-class, cutting-edge technologies with which to create unique products that, in addition to quality of performance, incorporate safety and environmental quality through compliance with product safety and other product-related laws and regulations.

At SMM, we accurately determine the effects of products and services on health and safety and seek improvements through organized implementation and linking of management systems covering the environment (safety through the environment), occupational safety (safety of business processes) and quality (performance of products). We work to raise the level of “total quality” through current assessments, setting of improvement targets, execution of improvements and verification for each process. Almost all our products are subjected to this kind of cycle.

### Relations with Customers

#### Basic Approach

The SMM Group’s core businesses are the mineral resources and metals business and the electronics and advanced materials business. In addition to ore refining and the manufacture and sale of metal ingots for use as a raw material, we manufacture and sell electronic and advanced materials, drawing out the potential of each metal through our own processes. Customers of our raw materials and processed materials businesses may differ, but the SMM Group makes every effort to fulfill their needs, introducing world-class, cutting-edge technologies with which to create unique products that, in addition to quality of performance, incorporate safety and environmental quality through compliance with product safety and other product-related laws and regulations.

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#### “Total Quality” Management

At SMM, we accurately determine the effects of products and services on health and safety and seek improvements through organized implementation and linking of management systems covering the environment (safety through the environment), occupational safety (safety of business processes) and quality (performance of products). We work to raise the level of “total quality” through current assessments, setting of improvement targets, execution of improvements and verification for each process. Almost all our products are subjected to this kind of cycle.

### Quality Management Frameworks

At SMM, based on the company-wide quality policy, personnel with responsibility over each place of business set policies and plans tailored to the particular circumstances and issues and build up management systems that center on implementation of the ISO 9001 standard. Engagement in effective activities is the basis for quality efforts and those activities are audited under an internal quality audit system.

The Quality Management Committee works to promote and support the implementation of quality activities of each business division throughout the company. The committee is responsible for reviewing company-wide activities and deliberating on changes to the company-wide quality policy. The Safety & Environment Control Dept. at Head Office is in charge of communicating and administering matters relating to the company-wide quality policy and also fills a supporting role, providing education and information to personnel in charge of quality control in each division.

1. Around 80% of business sites in Japan have acquired ISO 9001 certification. All locations which have not been certified operate their own quality management systems.
Disclosure of Information on Products and Services

Most items in the SMM Group product lineup are supplied as raw or processed materials for use by customers in the manufacture of their products. Only a few products are supplied as finished products. For that reason, information customers require in order to handle our products properly from safety and environmental perspectives is usually communicated in product specifications at the time of contract and during technical discussions, as well as via inspection certificates and MSDS.

1. Inspection Certificate—Product composition and performance documentation issued for each batch.
2. MSDS (Material Safety Data Sheet)—Sheets outlining safety data that must be handed to other enterprises when delivering products containing certain chemicals stipulated under Japan’s Pollutant Release and Transfer Register (PRTR) Law, the Industrial Safety and Health Act and the Poisonous and Deleterious Substances Control Act.

Important Information on Products and Services
- Does the product or service contain or involve materials that are potentially harmful, particularly to the environment or society?
- What information is available regarding how to use the product or service safely?
- Will disposal of the product harm the environment or society?

Methods for Providing Information

Provision of information relating to specifications requested by the customer are shown on a specification sheet, while specifications of the product delivered by SMM to the customer are shown on a specification acceptance sheet. This information is supplied to the customer.

Provision of information relating to chemicals
SMM has in place a framework for ensuring that we, as one link in the supply chain, engage in proper disclosure and provision of accurate product information relating to all substances controlled or requiring management under legislation, and which customers require in order to properly comply with regulations such as the RoHS Directive and REACH Regulation. For the portion of products consumed by customers as individual consumers, we adhere to the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) put forward by the United Nations in 2003 by classifying chemicals according to the type and degree of hazard and making that information readily available via labels and safety data sheets.

Other Methods
The SMM Group also engages in transactions such as sales of different types of lubricants and ingots of gold, where the customers are general consumers. In line with related laws, we provide information on products and services in this area through labeling and explanations to ensure correct understanding among consumers. There were no violations of laws or regulations relating to products and services during FY2008.

Communication with Customers

As mentioned earlier, most SMM Group products are raw materials and they have a major influence on the performance and quality of products manufactured by customers. It is therefore vital that we engage in apt and adequate communication with customers from order through to delivery and right through to follow-up confirmation that our products performed according to specifications after passing into the hands of customers. With regard to some of our products, we implement other initiatives, including routine questionnaires, and use information such as complaint trends and customer feedback to evaluate the satisfaction of individual customers on a five-tiered scale. Findings are incorporated into action and measures at the management level through the frameworks in place.

Issues and Targets

In connection to overall initiatives relating to quality assurance frameworks, SMM is going to enhance auditing functions and make other general improvements to management systems while aiming for optimization of those systems in light of process modifications and changing environments. In terms of product safety and information disclosure, we will continually add to and improve frameworks for disclosing all the information customers require, including information on substances in our products, and aim for early establishment of frameworks allowing swift and appropriate response to customer needs. As for raising the level of customer satisfaction, first we will improve methods of measuring and evaluating customer satisfaction and then work to increase customer satisfaction through effective measures after accurately identifying the issues at hand.

Information on SMM products requiring disclosure by labeling and applicable products/services

<table>
<thead>
<tr>
<th>Information requiring disclosure</th>
<th>Applicable products/services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are any parts of the product or service outsourced?</td>
<td>Not applicable, as SMM products are raw materials</td>
</tr>
<tr>
<td>Does the product or service contain or involve materials that are potentially harmful, particularly to the environment or society?</td>
<td>All Products/services containing substances controlled or requiring management under legislation</td>
</tr>
<tr>
<td>What information is available regarding how to use the product or service safely?</td>
<td>All Products/services containing substances controlled or requiring management under legislation</td>
</tr>
<tr>
<td>Will disposal of the product harm the environment or society?</td>
<td>All Products/services containing substances controlled or requiring management under legislation</td>
</tr>
</tbody>
</table>
Relations with Employees

Basic Approach

The SMM Group’s corporate philosophy states “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.” The Group’s CSR Policy similarly states, “SMM shall respect human rights and safeguard diversity in the workplace.”

The Group has committed to further realizing a company offering equal-opportunity employment free of any discrimination based on nationality, gender, disability or religious belief and showing respect for diversity (actively recruiting disabled and elderly people, and expanding job opportunities for women) by 2020.

The medium-term management plan integrates these ideas from the philosophy, policy and other statements into human resources strategy, through which we are pursuing a wide range of initiatives.

Employing Diverse Human Resources

Given our aims to raise corporate competitiveness and achieve sustainable growth, we are making efforts to acquire and develop a diverse workforce comprising human resources who stand out as individuals and who can make a contribution toward attaining those aims.

At Coral Bay Nickel Corporation, for example, the effects on the local economy are large; therefore, with a view to co-existing with the community, we put priority on local hiring.

Employee breakdown (as of the end of March 2009)

<table>
<thead>
<tr>
<th></th>
<th>No. of employees at year-end</th>
<th>Gender breakdown</th>
<th>Temporary employees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Directors</td>
<td>Managers</td>
<td>Regular employees</td>
<td>Subtotal</td>
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<tr>
<td>SMM non-consolidated</td>
<td>24</td>
<td>443</td>
<td>1,711</td>
<td>2,178</td>
</tr>
<tr>
<td>Japanese consolidated subsidiaries and affiliates</td>
<td>69</td>
<td>478</td>
<td>2,929</td>
<td>3,476</td>
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<tr>
<td>Overseas consolidated subsidiaries and affiliates</td>
<td>26</td>
<td>203</td>
<td>3,453</td>
<td>3,682</td>
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<tr>
<td>Total</td>
<td>119</td>
<td>1,124</td>
<td>8,093</td>
<td>9,336</td>
</tr>
</tbody>
</table>

* The 24 directors of SMM (excluding subsidiaries and affiliates) are not included in the figures presented in the Overview of Business Operations on page 4 of this report, hence the different figure here.

No. of directors/employees in each region (as of the end of March 2009)

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>North America</th>
<th>South America</th>
<th>East Asia (excluding Japan)</th>
<th>Southeast Asia</th>
<th>Oceania</th>
<th>Other</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>5,653</td>
<td>14</td>
<td>15</td>
<td>2,085</td>
<td>1,551</td>
<td>6</td>
<td>12</td>
<td>9,336</td>
</tr>
</tbody>
</table>
SMM Group Code of Conduct (for Directors and Company Employees)

**Code of Conduct for Directors and Company Employees**

All directors (including executive officers) and company employees (including fixed-term and temporary employees) shall, in accordance with the corporate philosophy of the SMM Group, comply with the following code of conduct. Directors in particular, in view of their position and responsibilities, are required to exercise strict self-discipline and also lead by example in practicing the code while educating employees to ensure that the code is fully obeyed.

1. **Compliance: Abidance by Laws and Rules**
   - Directors and employees will comply with foreign and domestic laws and rules, and conform to social norms.
   - No director or employee will 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 interests of the company.

2. **Respect for Others**
   - Directors and employees will respect the individuality and rights of others, and will at no time engage in any act of a discriminatory nature.

3. **Assurance of Health and Safety**
   - Directors and employees will give highest priority to ensuring the physical health and safety of customers, employees, and all other persons affected by Group operations.

4. **Development of Human Resources**
   - Directors and employees will strive not only for their own self-improvement, but also for the educational development of their subordinates and junior colleagues in order to nurture their successors.

5. **Risk Management**
   - Directors and employees will incorporate risk management principles into the performance of their business operations or related work.

6. **Adherence to a Progressive Stance**
   - Directors and employees will approach their jobs with a positive and progressive attitude conducive to the creation of technologies and systems in the vanguard of changing times.

7. **Respect for Teamwork and Promotion of Good Communication**
   - Directors and employees will place high value on teamwork, in the form of cooperation with other organizations and with fellow workers.
   - Directors and employees will strive to create a cheerful and broad-minded corporate atmosphere conducive to the smooth transfer of required information and the timely performance of reporting, liaison and consultation.

8. **Rapport with the Local Community**
   - Directors and employees will strive toward a harmonious and mutually beneficial relationship with local citizens.

9. **Separation of Corporate Business and Personal Affairs**
   - Directors and employees will at all times conduct themselves based on sound judgment, making a clear distinction between corporate business and their personal affairs.

10. **Collection, Usage and Handling of Information**
    - Directors and employees will gather information swiftly, properly and lawfully, and use it effectively.
    - Directors and employees will utilize information acquired through performance of their jobs for job purposes only, and will not disclose such information to any third party.

11. **Handling of Intellectual Property**
    - Directors and employees will acknowledge the importance of intellectual property as a vital asset of our technology-driven Group, and strive to create such property.
    - Directors and employees will strive to properly protect and effectively use corporate intellectual property; they will also respect the intellectual property of others.

12. **Assurance of Quality**
    - Directors and employees will carry out their respective roles as demanded by the Group’s quality control systems.
    - Directors and employees will provide products and services which will meet with the customer’s satisfaction, always paying full attention to safety requirements.

13. **Stance in the Performance of Sales and Purchasing Activities**
    - Directors and employees will conduct sales and purchasing activities through free and fair transactions carried out under conditions of propriety.

14. **Stance on Entertainment and Gifts**
    - Directors and employees will entertain and present gifts to others within legal and socially acceptable limits.
    - Directors and employees will maintain the same stance when receiving entertainment or gifts.

15. **Complete Severance from Socially Disruptive Forces**
    - Directors and employees will stand in strong opposition to and have no relations whatsoever with forces or groups of a socially disruptive nature.

16. **Concern for the Environment**
    - Directors and employees will act in a manner enabling them to contribute to the resolution and/or improvement of resource, energy and environmental problems of global scale.

17. **Stance in the Performance of International Business Activities**
    - Directors and employees conducting international business activities will respect the culture and customs of each country or region, and will strive to engage in international exchange.
Relations with Employees

Work Environments Favorable to Women

SMM implements measures for expanding employment opportunities for women so they need not quit their jobs due to marriage or childbirth and to allow them to stay with the company for the long term.

We are actively seeking to recruit women to work in management. In FY2008, three of the company’s 35 new management track employees were women, and women filled two of the ten new administrative positions.

After hiring, we try to get a grasp of employment conditions, for example by analyzing indices such as employee turnover and numbers of employees taking advantage of child-care leave provisions. The information is used to determine what measures to implement next.

The development and administration of a fair human resources system means there is no gender disparity in terms of base salaries, for example, in the SMM Group.

Working with the Disabled

SMM has been implementing an action plan with the aim of reaching the statutory disabled employee ratio target.

We currently carry out ongoing initiatives within regular recruitment activity, including enhancement of company presentations and Web-based recruitment.

As a result of these continual efforts, SMM’s disabled employee ratio reached 1.86% as of April 1, 2009, satisfying the statutory requirement in Japan.

We will press ahead with activities assisting the creation of environments where disabled employees can work alongside other employees. These include expanding the scope of placement, establishing infrastructure and finding new places where disabled people can work.

Support for Veteran Employees

SMM has overhauled its re-employment system in response to the revised law (effective April 2006) to ensure stable employment for elderly persons. Nearly 60% of SMM and affiliated company employees in Japan are rehired after reaching the mandatory retirement age due to the introduction of the re-employment system and other methods for utilizing elderly human resources.

Efforts in utilization of elderly human resources will be continued.

Initiatives Relating to Locally-Hired Employees

In the SMM Group, we clarify recruitment processes for each overseas facility, while adhering strictly to laws and ordinances of respective regions, and ensure fairness in job appraisal, including promotions.

Actual conditions are confirmed through the implementation of group-wide questionnaires.

Initiatives for Enhancing Work-Life Balance

A satisfying lifestyle leads to satisfaction at work, too. Based on this belief, SMM is making efforts to enhance the work-life balance of employees.

Efforts include strengthening, and promoting the use of, various systems. In addition to restricting long working hours and encouraging employees to take paid leave, we have enhanced the reduced working hour system available during child-care and established a new return-to-work system.

We are also directing energy into enhancing the child-care leave system, the reduced working hour system, and elderly and nursing care systems, which includes integrating our response to the Japanese Law for Measures to Support the Development of the Next Generation.

In advancing these efforts, we make full use of labor-management councils for surveying current conditions and drafting specific provisions. The results are reflected in system revisions.

Human Resources Development

Basic Approach

The SMM Group undertakes human resources development in line with the following basic approach, as stipulated in our human resources development regulations.

Human Resources Development Program

The SMM Group advocates a human resources strategy for developing the ideal human resources, “who see opportunity in change and who perceive issues correctly and push forward with determination toward finding solutions.” This strategy will help us become a major player in the non-ferrous metals industry (mineral resources and non-ferrous metals business) and claim top shares in the global market (electronics and advanced materials business) as put forward in the 2006 3-year business plan.

We have a program for developing such human resources. It is structured around three areas—on-the-job training (OJT), which is the primary area, self-development and off-the-job training (OFF-JT).
Human Resources Development Initiatives

Human resources development initiatives we have particularly been focusing on during the 3-year medium-term business plan spanning fiscal years 2007-2009 are:
(1) International employee development; and
(2) Next-generation senior management development.

We also intend to introduce new programs as required.

International employee development

In the mineral resources business, there is a growing need to develop human resources who will go out and acquire overseas mines for the company and carry out operations under their own initiative. In the electronics and advanced materials business, there is a need, given anticipated expansion in emerging markets, to develop human resources who can respond flexibly to different circumstances and succeed in capturing new markets. As part of these efforts, SMM has been implementing a unique initiative since 2006 for all new management track employees in the form of short-term overseas training involving participation in English learning programs run by overseas universities. In FY2008, 35 employees partook in programs in the United States, the United Kingdom and Canada. The objectives go beyond simply improving English language skills; the training has been very successful in helping employees acquire confidence in living overseas and learn to support themselves.

Human resources development program

Next-generation senior management development

The focus of training in the past has been general bottom-up training, but from FY2008 we have been strengthening programs for the training of next-generation senior management.

This training is for general manager and section manager-level personnel likely to take a senior management role within the company in the future. The program also involves lectures by current officers, giving those officers an opportunity to recount their experiences and pass down their ideas on management.

Cumulative annual hours of education

<table>
<thead>
<tr>
<th></th>
<th>Officers</th>
<th>General managers</th>
<th>Section managers</th>
<th>Regular employees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMM non-consolidated</td>
<td>657</td>
<td>2,678</td>
<td>3,574</td>
<td>20,393</td>
<td>27,382</td>
</tr>
<tr>
<td>Group companies in Japan</td>
<td>134</td>
<td>221</td>
<td>1,683</td>
<td>13,373</td>
<td>15,411</td>
</tr>
<tr>
<td>Group companies overseas</td>
<td>48</td>
<td>73</td>
<td>1,136</td>
<td>25,461</td>
<td>26,918</td>
</tr>
</tbody>
</table>

* Figures are limited to education training organized by personnel and general affairs divisions

Human Resources Development Initiatives

Social Aspects
Human Resources Development Center

On April 1, 2009, SMM established the Human Resources Development Center within the Personnel Dept. and is advancing construction of two facilities, the Oji Facility and the Hoshigoe Facility. The Oji Facility will be used for the education of front-line operators, with the objectives being safety assurance and enhancing the technical capability of facilities, which are important elements of the manufacturing process. Specifically, operators of production sites will learn to heighten their sensitivity towards hazards, gain simulated disaster experience and awareness about the importance of protective equipment, and will undergo a systematic curriculum of practical training relating to the configuration, operation and maintenance of facilities, machinery and equipment. The Hoshigoe Facility will be used for implementing original training programs, retracing the history of SMM from Niihama, where the company originated.

Employee Perspective: Participating in the Overseas Short-term Study Program

I studied at a language school in Bristol, the United Kingdom, for two months from October 2008. The classes focused mainly on conversation, for example through discussions and presentations. During my stay, I made a point of creating as many opportunities as I could to speak English with my non-Japanese friends and my host family. As a result, when speaking English, I began to think in English, too. I think my fluency and the speed with which I read English have improved dramatically. After returning to Japan, I managed to add 100 points to my TOEIC (Test of English for International Communication) English proficiency score. Now I want to make the most of my new abilities by getting involved in gathering information on overseas products and markets. In the future, I would like to be able to engage in smooth communication in English with customers overseas to help build up close relationships.

Shinnozuka Yamaguchi
Crystals Team
Functional Materials Group
Sales & Marketing Dept.
Advanced Materials Division

Creating Better Work Environments

Protection of Human Rights

SMM has established human rights regulations which prescribe respect for basic human rights and elimination of discrimination from the workplace.

Initiatives include holding human rights seminars on a regular basis for those who are responsible for meeting those objectives.

The Human Rights & Human Resources Development Subcommittee is currently undertaking a partial review of the human rights regulations to make them applicable to the entire Group. The subcommittee hopes to complete the revisions during FY2009.

Human Rights Regulations (Extract)

Article 1 (Purpose)
These regulations, in keeping with the Constitution of Japan and other laws and ordinances pertaining to human rights and for the purpose of realizing the SMM Group Corporate Philosophy, aim for the mutual observance of basic human rights by anyone with a connection to the Company, including but not limited to directors, advisors, regular employees, fixed-term employees, temporary employees and other persons working for the Company, and the elimination of discrimination based on ancestral background, sexual harassment and all other discrimination from the Company.

Human rights seminar attendance (FY2008)

<table>
<thead>
<tr>
<th></th>
<th>Headquarters divisions</th>
<th>Business divisions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Directors</td>
<td>Managers</td>
<td>Regular employees, etc.</td>
</tr>
<tr>
<td>No. of attendees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total hours</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Boundary of data: Attendees of seminars held by SMM Headquarters (from Headquarters Personnel Dept and human resources sections of various business divisions)
Establishment of a consultation office

The SMM Group Consultation Office was established to field reports from employees about problematical or doubtful situations in reference to the SMM Group Code of Conduct.

The office is split into several in-house and outside liaisons, all of which enable anonymous inquiries or reporting of information. The privacy of informants is strictly protected to ensure they are not unfairly treated for supplying information.

This system, as an initiative in improving work environments, will allow early identification and prevention of instances of harassment, discrimination or similar conduct. (Please also see the section on Compliance on page 22.)

Preventing sexual harassment

To prevent sexual harassment, each business facility has a dedicated consultation office and a designated sexual harassment prevention promotion officer.

One applicable case was picked up during FY2008 among affiliated companies. Circumstances of the case were ascertained and it was dealt with accordingly.

Labor-Management Relations

Workers’ unions formed at SMM branch offices and facilities of subsidiaries and affiliates in Japan of the SMM Group carry out activity under the umbrella of the Federation of Sumitomo Metal Mining Workers Union Sumikoren. In principle, all regular employees join workers’ unions in accordance with union shop agreements. In order to build up healthy labor-management relations based on mutual trust, in which company and union mutually respect the other party’s position, labor-management council meetings, or labor-management discussions, are held at least once a month with unions at each branch or affiliated company. The Central Labor-Management Conference, a meeting between SMM management and executives of Sumikoren unions, is held every March.

We also implement questionnaires to ascertain conditions relating to the establishment of workers’ unions overseas.

Various committees comprising members from labor and management are set up to tackle matters deemed important to both sides so that the views of both labor and management can be reflected in revisions to, or the additional formulation of, a wide range of measures. Management endeavors to act in good faith, for example in providing sufficient advance notice in the case of business reforms that will have a significant impact on employees.

Communicating with Employees

With an eye to bringing management and front-line operations closer together, the president visits business facilities in person to engage in dialogue with front-line employees. In FY2008, he visited every SMM facility.

Another method for receiving feedback from employees involves the gathering of requests and opinions through a self-submission system executed in conjunction with annual interviews with immediate superiors. Under the system, employees submit a “suggestion to management.” We plan to summarize these suggestions for circulation among officers.

In the near future, we will be looking to implement employee satisfaction surveys.
Relations with Employees

Occupational Health and Safety

Basic Approach
SMM engages in a wide range of activities in line with the CSR Policy, which states, “According to safety the highest priority, SMM shall provide safe, comfortable working environments and seek to eliminate work-related accidents.”

The CSR Vision for 2020 includes, “A company that prioritizes the safety and total health of all employees and in all workplaces,” stipulating the following four specific targets.

Safety
• Eliminate work-related accidents throughout the SMM Group (including affiliates)

Physical Health
• Zero incidence of occupational disease
• Create workplaces where protective equipment (earplugs/masks) is unnecessary

Mental Health
• A vibrant company whose workforce is physically and mentally healthy

Safety-related activities are advanced under two basic policies, “nurture a safety culture” and “ensure thorough safety management on production lines,” with an eye to minimizing risk at the workplace.

To raise the effectiveness of these measures, we are working to strengthen safety management at the divisional level, focusing particularly on specified “top-priority workplaces,” where statistically many accidents occur.

Health-related activities include ascertaining dust, lead and noise conditions within work environments, making improvements to those environments where necessary, and working to enhance occupational health management.

Occupational Health and Safety Management Frameworks
The executive officer with jurisdiction over the Safety & Environment Control Dept., who takes responsibility for matters relating to health, safety and the environment, coordinates health and safety management for the SMM Group.

The general manager of each workplace is appointed health and safety manager for that workplace, as provided for under the Japanese Industrial Safety and Health Act. Health and safety management is advanced by line personnel according to instructions given by the general manager.

Besshi-Niihama District Division health and safety management framework

Health and Safety Activities in the Workplace
Each workplace carries out initiatives relating to health and safety based on annual targets for the SMM Group set for each of those areas.

Safety-related activities during 2008 were pursued under the following themes.
(1) Realizing inherent safety of machinery and equipment
(2) Routine formulation of annual targets and plans based on risk assessments
(3) Improving hazard prediction skills of individual employees
(4) Follow-up on accident countermeasures at top-priority workplaces
(5) Strengthening safety management at affiliates

Another initiative has involved complementing existing health and safety patrols with night patrols by labor-management representatives to ensure safety at workplaces operating through the night.

Health-related activities during 2008 were pursued under the following themes.
(1) Sound implementation of, and follow-up on, work environment improvements
(2) Protective equipment usage management and upkeep
(3) Identification and provision of adequate information on the dangers and hazards of chemical substances
(4) Effective utilization of health examination results and guidance on physical exercise
(5) Continuation and enhancement of mental health care

As an initiative relating to occupational illnesses, dust, lead, noise, specified chemicals and other parameters are measured on a regular basis each year and controls are in place for each parameter.

A labor-management agreement pertaining to dust, computer-related illness, lead and noise sets forth procedures for preventing illness and
taking action when illnesses occur.

Special health examinations relating to indium tin oxides (ITO) are also implemented once a year to ascertain the current situation and discussions are held with workers’ unions in order to confirm and share knowledge of the results.

Mental Health Care
In April 2007, the executive officer with jurisdiction over the Safety & Environment Control Dept. and the executive officer with jurisdiction over the Personnel Dept., who is responsible for health supervision, jointly formulated a set of management guidelines pertaining to the mental health of employees.

Observing these guidelines, in FY2007 we commenced seminars run by industrial counselors to teach mental health care basics to personnel responsible for human resource occupational health and safety, as well as to managers and supervisors. We also commenced mental health level self-checks administered through specialized institutions.

In FY2008, seminars run by industrial physicians were held for managers and supervisors in order to enhance employee care overseen by the line manager and self-care was implemented for 3,300 Group employees.

We have also enabled health consultations at any time via telephone or website to provide mental health care for employees and their families.

In FY2009, we are working to enhance the four cares—employee care overseen by the line manager, self care, employee care overseen by outside health staff and care via outside institutions—through initiatives in health care support, including more practical training for managers and supervisors, additional basic learning for regular employees, and mental health counseling with mental health specialists and clinical psychologists.

Incidence of Occupational Accidents
The status of occupational accidents during 2008 was as follows. The total number of accidents and the number of lost time injuries (injuries that result in the employee taking time off from work) stayed roughly level with 2007, but the number of working days lost fell dramatically. (Note this data is based on the calendar year, January-December 2008.) No occupational illnesses occurred.

Issues and Targets
Safety issues include the fact that 57% of all accidents in 2008 were caused by employees with less than five years’ experience partaking in the operations concerned. In addition, nine of the twelve designated “top-priority workplaces” accounted for 18 accidents.

To respond to these issues, we will look to further enhance education based on ranks-within the hierarchy and strengthen safety patrols at top-priority workplaces. A hands-on hazard simulation facility, which will be used to improve hazard prediction skills, will also be opened during 2009 in the Besshi-Niihama district. We are currently putting together a curriculum to ensure effective utilization of the facility.

To realize inherent safety in machinery and equipment, we will press ahead in 2009 with high-priority upgrades to existing facilities in line with risk assessments and continue with risk assessments with an eye to lowering risks.

In terms of health, we will work to enhance mental health education, for which there was a growing demand among managers and supervisors during FY2008. Within work environments, we will respond soundly to new controls on nickel compounds, arsenic and arsenic compounds and also to revised working environment assessment standards relating to dust and other parameters.

We will also carry out sound implementation of, and follow-up on, work environment improvements and look to identify and provide adequate information on the dangers and hazards of chemical substances on an ongoing basis. In addition, we will look to promote effective utilization of health examination results and provide guidance on physical exercise, while continuing and enhancing mental health care.

Data on occupational accidents in Japan

<table>
<thead>
<tr>
<th>Year</th>
<th>SMM</th>
<th>Subsidiaries and affiliates</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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<td>2008</td>
<td>12</td>
<td>16</td>
<td>28</td>
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<tr>
<td>2007</td>
<td>11</td>
<td>17</td>
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<td>2006</td>
<td>10</td>
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<td>22</td>
</tr>
<tr>
<td>2004</td>
<td>7</td>
<td>23</td>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>SMM</th>
<th>Subsidiaries and affiliates</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>2007</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>2006</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>2005</td>
<td>1</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>2004</td>
<td>5</td>
<td>7</td>
<td>12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>SMM</th>
<th>Subsidiaries and affiliates</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>12</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>2007</td>
<td>183</td>
<td>104</td>
<td>287</td>
</tr>
<tr>
<td>2006</td>
<td>45</td>
<td>78</td>
<td>123</td>
</tr>
<tr>
<td>2005</td>
<td>66</td>
<td>316</td>
<td>382</td>
</tr>
<tr>
<td>2004</td>
<td>72</td>
<td>427</td>
<td>499</td>
</tr>
</tbody>
</table>

* Boundary: SMM Japanese facilities, Japanese consolidated subsidiaries, Nippon Ketjen Co., Ltd. and N.E. Chemcat Corporation from among affiliated companies to which the equity method is applied, were included.

The Four Cares Relating to Mental Health Care

Self-care: Care by workers themselves
Care overseen by the line manager:
Care by managers and supervisors
Care overseen by outside health staff:
Care by industrial physicians, health officers, etc.
Outside care: Care by specialized institutions/specialists outside the workplace

CSR Report 2009

SUMITOMO METAL MINING CO., LTD.

SOCIAL ASPECTS
Relations with Society

Basic Approach

SMM has long been opening up to citizens of local communities while advancing its business, not only by securing housing for employees and their families, but also by supporting a wide range of areas such as health care, education and culture. SMM also incorporates concerns for regional environments into its business activities. Since 2008, we have been incorporating consideration toward local communities into our activities in line with our revamped SMM Group Corporate Philosophy, Management Vision and Code of Conduct, and the CSR Policy. Due deliberation is made during management and other meetings to ensure that decisions made within various projects do not act counter to SMM Group policy or philosophy.

Impact on Local Economies

We believe the SMM Group has an enormous impact on the local economy when a facility in which SMM has more than a 50% interest or equity share is located in the vicinity of a local community. We particularly recognize the direct influence that Besshi-Niihama district facilities in Japan and Coral Bay Nickel Corporation (CBNC) in the Philippines have over their respective local economies.

Investments in public infrastructure and its maintenance

Sumitomo Metal Mining

<table>
<thead>
<tr>
<th>Details of Investment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upkeep of former Besshi Copper Mine mountain trail (Japan)</td>
<td>¥10.5 mil.</td>
</tr>
</tbody>
</table>

CBNC

<table>
<thead>
<tr>
<th>Details of Investment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water supply infrastructure, etc.</td>
<td>29,272,678 pesos (approx. US$623 thousand)</td>
</tr>
</tbody>
</table>

To achieve co-existence with the local community, CBNC makes every effort to select suppliers from among companies operating in the local community.

At the Pogo Mine, we make an effort to conduct recruitment and procurement activities within the state of Alaska.

CBNC’s Impact on the Local Economy

CBNC invested a total 29,272,678 pesos (approx. US$623,000) in public infrastructure during 2008. A prime example was the establishment of water supply infrastructure, which included the laying of pipes from water sources to the “townsite” (the community where the workers live) and nearby villages and the installation of tanks.

The proportion of CBNC employees who are hired locally is 57%.

Ratio of locally-hired employees (CBNC)

Starting/ Ceasing Operations

When starting up business in, or withdrawing from, a region, SMM adheres to company regulations by holding management or similar meetings to discuss and determine how to respond to political and economic risks, risks to humans, and other risks relating, for example, to region-specific diseases, employment, labor disputes and other labor issues, religious constraints, and border disputes. If a risk actualizes, we will clearly identify the causes and take swift action.

Mine Closure Plans

Taking into consideration the treatment procedures that must be carried out once the mining is finished, the SMM Group makes an effort to minimize the impact on the environment during the mine development stage. When actually closing a mine, procedures are advanced in a proper manner in keeping with the Sumitomo Business Spirit and the SMM Group Code of Conduct. At all mines in which SMM has more than a 50% interest, we draw up suitable plans once closure of
the mine is foreseeable. Closure formalities and management are carried out according to the laws of the country in question.

Environmental considerations at the Hishikari Mine include shaping waste dumps into slopes, which are then covered with soil if necessary and sprayed with seed to create vegetation. The costs for such activity are covered by reserves put aside for the purpose of mine pollution control in line with Japanese law. The Pogo Mine in the United States falls under Alaskan state law, which requires sites to be covered in soil and revegetated after all mine facilities have been removed. The law stipulates remedial programs required and to what extent they are required, water quality parameters to be monitored, as well as the costs required for remedial work and revegetation of the developed land.

Employment considerations are also necessary. SMM Group employees who used to work at the Besshi Copper Mine and other Japanese mines now closed have been transferred to other facilities or given assistance in finding new jobs.

Involvement with Local Communities

SMM looks to integrate concerns for society and local communities into business activities in keeping with a basic approach taken from our CSR Policy, “SMM shall promote sustainable co-existence with society by respecting the needs of local communities in which we operate around the world.”

Response to Emergencies

Emergency drills are conducted at all business divisions as provided for under the risk management system. Personnel responsibilities and contact lists have been established, even covering nights and holidays, to ensure that local authorities will be notified immediately in the case of an emergency which may affect the local community. Drills for notifying relevant personnel at times of emergency are carried out at each facility with the cooperation of local authorities.

Reserves for mine closures

<table>
<thead>
<tr>
<th>Mine</th>
<th>Reserve Name</th>
<th>Reserves (2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hishikari</td>
<td>Mine Pollution Control Reserve</td>
<td>¥13.7 mil.</td>
</tr>
<tr>
<td>Pogo Mine</td>
<td>Reclamation Bond</td>
<td>US$27.6 mil.</td>
</tr>
</tbody>
</table>

At a pollution prevention meeting, the Manager of the Engineering Section explains plans for repairing hot-water pipelines beneath municipal roads (Hishikari Mine).

Family Day at the Pogo Mine

Ammonium hydroxide leakage drill

Disaster response drill
Relations with Society

Relocation of Local Citizens

The SMM-owned Hishikari Mine and Pogo Mine employ underground mining techniques, which means they are developed by excavating resources from drifts dug in the ground. Consequently, they have a much lower impact on the surface compared to open-pit mines. Even still, there are occasions during mine development when we inevitably have to ask local citizens to relocate to make way for development of the mine or the construction of associated facilities and equipment. Whenever relocation is requested, we offer alternative land and implement the relocation after gaining the approval of local citizens.

At the Hishikari Mine, we requested and carried out relocation of three households. One of the households was relocated from the proposed site during development of the Honko deposit between 1983 and 1984. Between 1989 and 1990, one household was relocated for road-widening and another household, under construction, was relocated from adjacent to the proposed ventilation shaft site. No citizens have been asked to relocate at the Pogo Mine.

Support for Artisanal and Small-Scale Mining

As of April 2009, there were no cases of artisanal and small-scale mining (ASM) in regions where SMM operates. Nor did SMM have any programs for involvement in ASM.

Protecting the Rights of Local Communities

Complaints relating to mines are processed through complaints mechanisms conforming to the laws and conditions of each country or region. At Coral Bay Nickel Corporation (CBNC) in the Philippines, for example, representatives of CBNC and Rio Tuba Nickel Mining Corporation meet with representatives of the village where the plant is located once every two months and take appropriate action as required. As part of the process of obtaining a permit for the Pogo Mine, we undertook “G2G consultations,” which involved providing explanations about the project to, and gathering opinions from, communities located in a slightly greater than 200km radius of the Pogo Mine, in particular 13 indigenous communities within the Tanana River basin. Up until now, there have been no pending issues resulting from complaints from indigenous communities in the area surrounding the Pogo Mine.

Social Contribution Activities

The SMM Group carries out a wide range of social contribution activities in Japan and overseas. Since FY2008, the Corporate Citizenship Subcommittee within the CSR Committee has been deliberating on specific social contribution measures suitable for SMM, which is aiming to become “a company respected for its social contribution,” as expressed in the CSR Vision for 2020. SMM is looking to integrate social contribution

Examples of social contribution activities in each area

- **Support for nature and the environment**
  - Support for activities of the Sumitomo Railway Club (greening of walking trails, etc.) (Besshi); Support for preservation of the Besshi Copper Mine tuigazakura (Phylloptoe nipponica) (Besshi); River clean-up (Harima); River beautification (Taihei); Green zone preservation (Taihei); Kyowa town cleaning campaign (Kunitomi); Municipal road beautification in mine vicinity (Hishikari); Participation in Clean Campaign Nagoya (Nagoya)
- **Support for culture, education and welfare**
  - Presenting of baseball tickets to facilities for the intellectually disabled (Nagoya); Opening of sports grounds to children's groups (Ichikawa); Support for children's groups (Harima); Plant tours for students from local high schools and colleges of technology (Kunitomi)
- **Maintenance and development of harmonious relationships with local communities**
  - Participation in local events (Kunitomi); Participation as road safety instructors (Kunitomi); Formation of a fire-fighting team (Kunitomi); Participation in the Suigun Boat Races (Shisaka); Hosting of a gateball competition (Hishikari); Participation in local industrial festivals (Hishikari)

FY2008 donations

- Additional contribution to Sumitomo Foundation funds (May)
- Relief assistance following the Sichuan earthquake, China (May)
- Relief assistance following the Iwate-Miyagi Nairiku earthquake (July)
- Donation to celebrations for the 50th anniversary of restoration of Japan-Hungary diplomatic ties (September)
- Donation to the Museo Amano’s fund for excavating the Las Shicras archaeological site (September)
activities into its business activities, which are undertaken throughout the world.

Overview of Social Contribution
We have identified the following areas as key areas for social contribution by the SMM Group for the period to 2020.

(1) Continuation and expansion of current activities contributing to local communities
(2) Ongoing donating activity worthy of the SMM Group
(3) Raising employee awareness of social contribution activities

To achieve this, initiatives centering on the four areas below were implemented in each location during 2008.

(1) Support for nature and the environment
(2) Support for culture, education and welfare
(3) Maintenance and development of harmonious relationships with local communities
(4) Voluntary social contribution activities by employees

Example of support for culture, education and welfare
Internship Program

I have been participating in an internship program at Niihama Research Laboratories since May 2009. After my arrival, I received guidance on safety and living in Japan. Since June, I have been engaged in research and development relating to nickel oxides (nickel-based battery materials) used as electrodes in fuel cells. My research theme is the development of advanced nickel-based powders using surface modification.

Practical training is going well, with everyone being very kind to me. In the first two weeks, I learned about research activities in general, which I found extremely interesting. Although English is used for all experiments, explanations, and other content material that is particularly complex, everything else is carried out in Japanese, so my Japanese has improved as a result.

Every day I learn new things about Japanese culture. I had some difficulty at first with the dietary differences and, at Niihama, I had the feeling I was the only foreigner around, but I managed to settle in quickly.

When I finish my internship here, I plan to go to South Korea to study for a master’s degree in mechanical engineering. There are plenty of things I would like to do in the future and it will be hard to make a choice, but my foremost dream is to develop industrial simulation software.

* We have been accepting foreign interns from France’s École Nationale Supérieure des Mines de Saint-Étienne each year since 2007 with an aim to help nurture international perceptions among employees. Ties between SMM and École Nationale Supérieure des Mines de Saint-Étienne run deep. Records show that Monnosuke Shiono, who contributed enormously to development of the Besshi Copper Mine and refinery modernization, attended the school in the 1880s.

François Champemont of École Nationale Supérieure des Mines de Saint-Étienne

Example of voluntary/participatory social contribution activities by employees
Contributing to Local Disaster Prevention—Fire-Fighting Team

I joined the fire-fighting team when I was 23, six years ago in April.

Members of the team came around looking for new recruits and I decided to join because I was interested to find out what kind of activities they were engaged in. I am now an active member of the team. In July 2009, there is a municipal pump operation exam so at the moment we are gathering four times a week to practice, but when there aren’t any special events on, everyone gets together to train once a month.

Participating in fire-fighting team activities is very enjoyable and satisfying as it is an opportunity for people of different occupations and ages to partake in something together. I am also glad this activity fosters closer relations with people in the local community.

I will continue to do my best to contribute to disaster prevention in the region.

Daisuke Kurihara,
Ome District Division

Example of support for culture, education and welfare
Sponsorship of L’eredità dell’Impero Romano (Legacy of the Roman Empire) Exhibition

SMM is a special sponsor of the L’eredità dell’Impero Romano (Legacy of the Roman Empire) exhibition, which will be touring four museums in Japan between September 19, 2009 and August 22, 2010. The decision to participate as a sponsor took into account factors including the significance of reviving culture and works of art from the Roman period, the strong connection between the exhibition and precious and non-ferrous metals, as well as the reverence toward nature being consistent with the SMM Group Corporate Philosophy.

The dates and locations of the exhibition are as follows.

(2) Aichi Prefectural Museum of Art Jan. 6–Mar. 22, 2010
Relations with Society

Social Contributions by Individual Facilities

Each place of business and subsidiary of the SMM Group engages creatively in its own social contribution activities for the purpose of achieving co-existence with the local community.

• Shisaka Plant: Participation in Suigun Boat Races

The Suigun Boat Races, jointly hosted by Miyakubo and three other communities within the city of Imabari, Ehime Prefecture, are held every year along the coast close to SMM’s Shisaka Plant. Each year, some eighty teams gather from inside and outside the prefecture to participate in the knock-out tournament. Races involve twelve-person teams competing against one another on speed aboard replicas of the small warships in which the feudal so-called “Murakami Navy” plowed the waters of the Inland Sea around 400 years ago. As usual, a group of interested employees from SMM’s Shisaka Plant entered the general section of the July 27, 2008 tournament as the “Sumitomo Shisaka” team. The team entered their races with great determination and was able to enjoy friendly interaction with other participants and local supporters.

• Hishikari Mine: Volunteer activities in the mine vicinity

The Hishikari Mine stands out as a high-grade gold mine even in global terms and is the only metal mine in Japan being operated on a commercial scale. The mine has been implementing a total clean-up of the mine area every year since 1996. The activity was carried out this year on April 18, 2008 under a new title of “Mine Vicinity Volunteer Activity.” 48 members of the Municipal Pollution Prevention Council and the Ore Transportation Group cleaned up around 4km of municipal road in the vicinity of the mine, picking up empty cans and other trash and cutting grass. All participants worked hard despite the heat and left the roads around the mine in an extremely clean state.

• Peru: Support for the Museo Amano

SMM supports the activities of the Museo Amano (Amano Museum), an archaeological museum in Peru that seeks “to convey the great depths of Andean civilizations not only to Japan, but also to the world,” donating money toward the costs of archaeological excavations. SMM has strong ties to Peru, for example, through equity participation in the Cerro Verde copper mine and exploration activity, and we believe those ties will grow stronger. We will continue to support activities of the Museo Amano, which symbolizes the cultural links between Japan and Peru. In 2011, coinciding with the 100th anniversary of the discovery of the Machu Picchu ruins, an exhibition, 5000 Years of Civilization in the Andes, will be held in Japan, displaying items from the Museo Amano collection and gold, silver and copper artifacts of the Sipan culture. SMM will provide support and proposals for this exhibition.

Museo Amano

The Museo Amano was founded in Lima, Peru, in 1964 by the late entrepreneur, Yoshitaro Amano, with objectives to preserve valuable relics from Andean civilizations and to present research findings. The museum is a popular sightseeing location in Peru with unique exhibitions relating to ancient Andean civilizations open to the public free of charge. In recent years, the museum has been engaged in the preservation of city ruins throughout the Chancay Valley, in Lima’s north. In 2005, the Las Shicras ruins, dating from approx. 3000 BC, much earlier than the Nasca culture which flourished from around the beginning of the Christian Era to 600 AD, was discovered. Excavation and research there could potentially rewrite the ancient history of South America.

→ See also “Special Feature 2” on pages 16-17.
International Council on Mining & Metals (ICMM)

SMM joined the International Council on Mining and Metals in October 2001. As of June 2009, the council comprised 17 of the largest mining and metals companies from around the world. ICMM's objective is to provide leadership on sustainable development initiatives for the global metal mining industry.

SMM joined the ICMM as the company was in agreement with the above objective given the nature of its operations—"a resource-based business with a large impact on surrounding regions" and "a core refining business which would not exist without resources." SMM mainly participates in three task forces within ICMM (see table below).

Main organizations in which SMM has membership

<table>
<thead>
<tr>
<th>Organization</th>
<th>Responsibilities of SMM officers and employees</th>
<th>Initiatives relating to public policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nippon Keidanren</td>
<td>Participation in Committee on Industrial Technology, Committee on Risk Management, Committee on Canada, Committee on Economic Policy, Committee on Economic Law, Committee on Environment and Safety, Committee on Oceanic Resources, Committee on International Cooperation, Committee on China, Committee on Mutsu-Ogawara Development, and Committee on Social Security</td>
<td>Discu...</td>
</tr>
</tbody>
</table>
Relations with Suppliers

Basic Approach

A large number of suppliers* support the operations of the SMM Group. They include suppliers of various ores and intermediate materials; suppliers of ancillary materials, fuel and other materials used for operations; manufacturers of machinery, equipment and plant facilities; and contractors. The basic policy of the SMM Group is to engage in business with these suppliers based on fairness and mutual faith and to sustain healthy relationships of reciprocity and co-existence with suppliers over the long term.

The SMM Group Code of Conduct calls for group companies to fulfill their collective responsibility toward business partners, as one of the main stakeholder categories, by striving to be "a company demonstrating enormous technological capability and integrity while placing value on trust and with which mutual prosperity can be gained" and stipulates engagement in free and fair transactions under conditions of propriety as the Group’s stance on purchasing activities.

* At SMM, raw materials procurement is performed by individual business divisions while procurement of equipment and materials for operations is performed by the Purchasing Dept.

Supplier Selection

Suppliers are selected in line with our regulations on materials. The following criteria are taken into account.

1. Credit rating
2. Level of technology
3. Condition and capacity of equipment
4. Delivery date certainty and flexibility in abnormal circumstances
5. Willingness to cooperate with SMM

When engaging in business for the first time, a materials transaction notice is sent to the supplier who submits a letter of intent after confirming SMM's policy and approach.

Consideration for Local Communities

Procurement is one aspect of the SMM Group’s business operations which benefits local economies. We undertake procurement in local communities according to the company’s purchasing classifications.

The Niihama district, as our main business center, has always supported SMM and we have developed in tandem with the community. We contribute to local development through procurement wherever the Group operates.

The proportion of payments made to local suppliers in FY2008 was 47.9% (¥12.7 billion) for the Niihama district.

Issues and Targets

Major issues facing the Purchasing Dept. include maintaining friendly relationships by coordinating with suppliers on CSR promotion and raising the quality of management on both sides. The Purchasing Dept. has been participating in the CSR Committee’s Human Rights & Human Resources Development Subcommittee since April 2009 and has begun tackling human rights issues along the supply chain.

We will be discussing ways to fully communicate the Group’s procurement approach to suppliers and how to put it into practice.
Relations with Investors

Basic Approach

The values upheld by Japanese listed companies and shareholder composition have changed dramatically in recent years due to the globalization of finance and upheaval in the economic environment. Engaging in appropriate communication with investors is fast becoming a pressing issue for corporations.

While trying to adjust to the changing times, SMM is striving to be a company trusted by all investors. Well aware of the importance of demonstrating accountability, we make efforts to carry out fair, accurate and expeditious information disclosure and engage in dialogue while working toward the realization of a sound and highly-transparent corporate governance system.

To serve as a set of guidelines for adequate engagement in investor relations (IR) activity, we have formulated an IR policy, setting down standards of information disclosure and disclosure methods. The policy is available for public viewing on the company website.

Shareholder composition (March 31, 2009)

<table>
<thead>
<tr>
<th>Shareholder Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial institutions</td>
<td>39.4%</td>
</tr>
<tr>
<td>Foreign investors</td>
<td>21.1%</td>
</tr>
<tr>
<td>Financial instruments firms</td>
<td>2.7%</td>
</tr>
<tr>
<td>Other corporations</td>
<td>8.1%</td>
</tr>
<tr>
<td>Individuals and others</td>
<td>23.6%</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

Communication with Individual Investors

SMM places priority on the company website as a method for communicating with individual investors. Since April 2008, we have worked to enhance the level of information disclosure via the “IR Information” site and have made the site easier to navigate. We also answer telephone inquiries and organize various other opportunities for communication, including briefings and Q&A sessions during the General Meeting of Shareholders. Other initiatives for improving individuals’ access to information about SMM include ongoing publication of the Annual Report, the Report for Shareholders (written in Japanese only), the CSR Report, and other media.

Feedback from Shareholders to Management

Opinions received through the various forms of communication with investors in Japan and overseas are continually fed back to managerial staff and routinely reported to the Board of Directors in monthly meetings. We look to benefit from better two-way communication with investors by applying feedback to business management.

General Meeting of Shareholders

The General Meeting of Shareholders, while being the highest decision-making body, is also an opportunity to engage in communication with shareholders. SMM is trying to facilitate decision-making by shareholders through efforts including early notice of meetings, avoiding days on which other companies’ meetings are concentrated, and the introduction of electronic voting. We are aiming for a more “open” general meeting.

Issues and Targets

In directing energy into shareholder relations (SR), we are aiming for the realization of a highly-transparent governance system, with excellent oversight functions, which facilitates incorporation of shareholder opinions.

In terms of communicating information, we will continue improvements to the “IR Information” site on the company website, an important medium for the disclosure of information, as part of our efforts to promote understanding of SMM among more investors.
CSR Report 2009 is the first report that Sumitomo Metal Mining (SMM) has prepared in accordance with the Global Reporting Initiative's Sustainability Reporting Guidelines. The scope of the report has been substantially expanded so that social and economic performance indicators are much more widely available to the reader. The boundary of the report has also been expanded to include not only non-ferrous metals smelting operations in Japan but also the mineral resources and electronics/advanced materials operations, both in Japan and overseas. The expansion of scope and boundary has made the CSR Report 2009 into that which comprehensively communicates SMM group’s sustainability performance, and thus is more useful to its stakeholders than previous reports. It is expected that SMM, which intends to achieve A+ application level (the highest level) for its CSR Report 2010, should further elaborate on its sustainability performance in upcoming reports.

One of the challenges to SMM would include the strengthening of its internal control over environmental performance data. Errors arising from human factors were detected in our assurance process. Accuracy and efficiency in data collection could be improved by strengthening data check procedures at each stage starting from the site-level data measurement to the company-level validation of aggregated data, and by streamlining and automating the process where appropriate, on the assumption that human beings make errors. For some environmental performance indicators, documented procedures for the collection and aggregation of data would also need to be established.
Third-Party Opinion

I have been reading Sumitomo Metal Mining Co., Ltd. CSR Reports since 2006. The content of the reports has improved dramatically over that time and it is obvious how the CSR promotion framework has strengthened and awareness of the company as a whole has increased.

Through one of this year’s Highlight features, “Making Effective Use of Low-Grade Ore,” I managed to get a feel for the advanced nature of the technology and could sense an unyielding commitment to the spirit of manufacturing. Reading such an article, I have the impression I am there in person, a witness as Japan’s, and the world’s future takes shape. I look forward to reading more reports on activities at the front-line of manufacturing as our day-to-day lives provide few such insights.

It is unfortunate, however, that information relating to the Coral Bay Nickel refinery was dispersed, appearing in connection to different sections on separate pages in addition to the highlight feature. This made it difficult to gain an overall picture. For that reason, I believe more thought could go into the breakdown of the report. I found it a little confusing at times, for example with similar information appearing in several places. This may be a sign that corporate philosophy and policy are infiltrating through the divisions, but perhaps more progress needs to be made in finding cross-organizational approaches to CSR activity, its analysis and report creation.

With regard to information I would like to see in the report, I might suggest that you provide a clear indication of the degree to which you have attained targets set for the previous year and include the results of internal self-evaluations regarding those attainment levels. Add targets for the coming year and then the report becomes highly convincing. Declarations alone do not give readers much of an idea. After reading the entire report, I came away feeling I would like to know how the current state of affairs is analyzed within the organization, in addition to a report on the progress of the various initiatives.

If the CSR Report is issued annually, readers are particularly interested in what has happened over the last twelve months. I imagined that more information about special activities or events during the year with regard to specific initiatives would have provided a better, close-up look at the SMM Group.

The term “GSR” has recently started to appear in newspapers and other media. GSR is short for “global social responsibility.”

In the case of the SMM Group, this would perhaps mean that SMM will cooperate with national governments, NGOs and NPOs, and other sectors, wherever partnership is possible, and aim to realize “global” interests, with a vision for the entire world on top of the SMM Group’s CSR Vision for 2020 (page 7). Global corporations, as they possess that capability, will be increasingly required to engage in activities in the domain of global social responsibility. I would very much like to see reporting on unique SMM initiatives of such a grand scale.

Reply to Third-Party Opinion

We greatly appreciate Dr. Tamura's valuable opinion.

In our report this year, we made an effort to disclose more information after Dr. Tamura pointed to the inadequacy of our Social Report section last year. This year, she has suggested we try to make the report easier to read and mention the extent of progress of the various initiatives and the degree to which targets have been attained.

The CSR Report is a vital tool for keeping our various stakeholders informed about the SMM Group and we agree that even more effort is required to improve its content. Dr. Tamura's opinions have been very constructive and we wish to act upon them in our next report.

The objective of CSR activities of the SMM Group is to achieve sustainable co-existence with society and the global environment. We strongly recognize how essential a healthy planet really is to our corporate activities and we must press ahead with our business activities while staying aware, through interaction with our stakeholders, of the trends in society as a whole.

At SMM, we will maintain a definitive idea about the company we wish to become through constant consideration of our future and persist with CSR activities suited to the SMM Group with the aim of realizing our CSR Vision for 2020.

We hope to continue receiving such honest opinions regarding the activities of the SMM Group.
# GRI Content Index

To show that reports are based upon the GRI Reporting Framework, SMM declares the reporting level using the GRI system of “application levels.” Application levels are classified as indicated in the diagram below.

This report is aligned with the GRI Sustainability Reporting Guidelines 2006 at an application level of B+.

## 1. Strategy and Analysis

<table>
<thead>
<tr>
<th>Item</th>
<th>Profile</th>
<th>Indication</th>
<th>Relevant page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td></td>
<td>Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.</td>
<td>Executive Message (2-3)</td>
</tr>
<tr>
<td>1.2</td>
<td></td>
<td>Description of key impacts, risks, and opportunities.</td>
<td>Executive Message (2-3) CSR Policy (7) Risk Management (23)</td>
</tr>
</tbody>
</table>

## 2. Organizational Profile

<table>
<thead>
<tr>
<th>Item</th>
<th>Profile</th>
<th>Indication</th>
<th>Relevant page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td></td>
<td>Name of the organization.</td>
<td>Overview of Business Operations (4)</td>
</tr>
<tr>
<td>2.2</td>
<td></td>
<td>Primary brands, products, and/or services.</td>
<td>Overview of Business Operations (4)</td>
</tr>
<tr>
<td>2.3</td>
<td></td>
<td>Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.</td>
<td>Overview of Business Operations (4-5)</td>
</tr>
<tr>
<td>2.4</td>
<td></td>
<td>Location of organization’s headquarters.</td>
<td>Overview of Business Operations (4)</td>
</tr>
<tr>
<td>2.5</td>
<td></td>
<td>Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.</td>
<td>Overview of Business Operations (5) Special Feature 2 (16-17)</td>
</tr>
<tr>
<td>2.6</td>
<td></td>
<td>Nature of ownership and legal form.</td>
<td>Overview of Business Operations (4)</td>
</tr>
<tr>
<td>2.7</td>
<td></td>
<td>Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).</td>
<td>Overview of Business Operations (4-5)</td>
</tr>
<tr>
<td>2.8</td>
<td></td>
<td>Scale of the reporting organization, including: • Number of employees; • Net sales (for private sector organizations) or net revenues (for public sector organizations); • Total capitalization broken down in terms of debt and equity (for private sector organizations); and • Quantity of products or services provided.</td>
<td>Overview of Business Operations (4) Material Flows Within Business Activity (28)</td>
</tr>
<tr>
<td>2.9</td>
<td></td>
<td>Significant changes during the reporting period regarding size, structure, or ownership including: • The location of, or changes in operations, including facility openings, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).</td>
<td>NA</td>
</tr>
<tr>
<td>2.10</td>
<td></td>
<td>Awards received in the reporting period.</td>
<td>Examples of Social Recognition (8) Special Feature 1 (15)</td>
</tr>
</tbody>
</table>

## 3. Report Parameters

### Report Profile

<table>
<thead>
<tr>
<th>Item</th>
<th>Profile</th>
<th>Indication</th>
<th>Relevant page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td></td>
<td>Reporting period (e.g., fiscal/calendar year) for information provided.</td>
<td>Period covered (1)</td>
</tr>
</tbody>
</table>
### 4. Governance, Commitments, and Engagement

#### Governance

<table>
<thead>
<tr>
<th>Item</th>
<th>Indication</th>
<th>Relevant page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.</td>
<td>Corporate Governance (20-21)</td>
</tr>
<tr>
<td>4.2</td>
<td>Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).</td>
<td>Corporate Governance (20-21)</td>
</tr>
<tr>
<td>4.3</td>
<td>For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.</td>
<td>Corporate Governance (20-21)</td>
</tr>
<tr>
<td>4.4</td>
<td>Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. (including departure arrangements), and the organization's performance (including social and environmental performance).</td>
<td>Relations with Employees (47)</td>
</tr>
<tr>
<td>4.5</td>
<td>Processes in place for the highest governance body to ensure conflicts of interest are avoided.</td>
<td>Corporate Governance (20-21)</td>
</tr>
<tr>
<td>4.6</td>
<td>Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.</td>
<td>Corporate Governance (20-21)</td>
</tr>
<tr>
<td>4.7</td>
<td>Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.</td>
<td>Corporate Philosophy (6)</td>
</tr>
<tr>
<td>4.8</td>
<td>Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. Include frequency with which the highest governance body assesses sustainability performance.</td>
<td>ICMM's 10 PRINCIPLES (7)</td>
</tr>
<tr>
<td>4.9</td>
<td>Commitments to External Initiatives</td>
<td>CSR Promotion Framework (8)</td>
</tr>
<tr>
<td>4.10</td>
<td>Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.</td>
<td>CSR Promotion Framework (8)</td>
</tr>
</tbody>
</table>

#### Commitments to External Initiatives

<table>
<thead>
<tr>
<th>Item</th>
<th>Indication</th>
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</tr>
</thead>
<tbody>
<tr>
<td>4.11</td>
<td>Explanation of whether and how the precautionary approach or principle is addressed by the organization.</td>
<td>ICMM's 10 PRINCIPLES (7)</td>
</tr>
<tr>
<td>4.12</td>
<td>Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.</td>
<td>ICMM's 10 PRINCIPLES (7)</td>
</tr>
</tbody>
</table>
| 4.13  | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:  
  • Has positions in governance bodies;  
  • Participates in projects or committees;  
  • Provides substantive funding beyond routine membership dues; or  
  • Views membership as strategic. | ICMM's 10 PRINCIPLES (7) |

#### Stakeholder Engagement

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>4.14</td>
<td>List of stakeholder groups engaged by the organization.</td>
<td>Our Stakeholders (9)</td>
</tr>
<tr>
<td>4.15</td>
<td>Basis for identification and selection of stakeholders with whom to engage.</td>
<td>Our Stakeholders (9)</td>
</tr>
</tbody>
</table>
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.

5. Management Approach and Performance Indicators

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>4.16</td>
<td>Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.</td>
<td>Our Stakeholders (9) Relations with Customers (40-41) Relations with Employees (47) Relations with Suppliers (56) Relations with Investors (57)</td>
<td></td>
</tr>
<tr>
<td>4.17</td>
<td>Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.</td>
<td>Our Stakeholders (9) Special Feature 2 (16-17) Relations with Customers (40-41) Relations with Employees (47) Relations with Suppliers (56) Relations with Investors (57)</td>
<td></td>
</tr>
</tbody>
</table>

3. Management Approach and Performance Indicators

### Economic

#### Disclosure on Management Approach

#### Economic Ties to Stakeholders (24-25)

#### Aspect: Economic Performance

<table>
<thead>
<tr>
<th>Item</th>
<th>Profile</th>
<th>Indication</th>
<th>Relevant page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC1</td>
<td>CORE</td>
<td>Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.</td>
<td>—</td>
</tr>
<tr>
<td>EC2</td>
<td>CORE</td>
<td>Financial implications and other risks and opportunities for the organization’s activities due to climate change.</td>
<td>Risk Management (23)</td>
</tr>
<tr>
<td>EC3</td>
<td>CORE</td>
<td>Coverage of the organization’s defined benefit plan obligations.</td>
<td>—</td>
</tr>
<tr>
<td>EC4</td>
<td>CORE</td>
<td>Significant financial assistance received from government.</td>
<td>Economic Ties to Stakeholders (24-25)</td>
</tr>
</tbody>
</table>

#### Aspect: Market Presence

<table>
<thead>
<tr>
<th>Item</th>
<th>Profile</th>
<th>Indication</th>
<th>Relevant page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC5</td>
<td>ADD</td>
<td>Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.</td>
<td>—</td>
</tr>
<tr>
<td>EC6</td>
<td>CORE</td>
<td>Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.</td>
<td>Relations with Suppliers (56)</td>
</tr>
<tr>
<td>EC7</td>
<td>CORE</td>
<td>Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation</td>
<td>Relations with Employees (44)</td>
</tr>
</tbody>
</table>

#### Aspect: Indirect Economic Impacts

<table>
<thead>
<tr>
<th>Item</th>
<th>Profile</th>
<th>Indication</th>
<th>Relevant page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC8</td>
<td>CORE</td>
<td>Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.</td>
<td>Relations with Society (50-52)</td>
</tr>
<tr>
<td>EC9</td>
<td>ADD</td>
<td>Understanding and describing significant indirect economic impacts, including the extent of impacts.</td>
<td>—</td>
</tr>
</tbody>
</table>

#### Environmental

#### Disclosure on Management Approach

#### Initiatives for Reducing Environmental Impact (26-27)

#### Aspect: Materials

<table>
<thead>
<tr>
<th>Item</th>
<th>Profile</th>
<th>Indication</th>
<th>Relevant page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN1</td>
<td>CORE</td>
<td>Materials used by weight or volume.</td>
<td>Material Flows Within Business Activity (28-29) Initiatives for Resource Recycling (33)</td>
</tr>
<tr>
<td>EN2</td>
<td>CORE</td>
<td>Percentage of materials used that are recycled input materials.</td>
<td>Material Flows Within Business Activity (28-29) Initiatives for Resource Recycling (33)</td>
</tr>
</tbody>
</table>

#### Aspect: Energy

<table>
<thead>
<tr>
<th>Item</th>
<th>Profile</th>
<th>Indication</th>
<th>Relevant page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN3</td>
<td>CORE</td>
<td>Direct energy consumption by primary energy source.</td>
<td>Material Flows Within Business Activity (28-29)</td>
</tr>
<tr>
<td>EN4</td>
<td>CORE</td>
<td>Indirect energy consumption by primary source.</td>
<td>Material Flows Within Business Activity (28-29)</td>
</tr>
<tr>
<td>EN5</td>
<td>ADD</td>
<td>Energy saved due to conservation and efficiency improvements.</td>
<td>Initiatives in Global Warming Control (34-35)</td>
</tr>
<tr>
<td>EN6</td>
<td>ADD</td>
<td>Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.</td>
<td>Special Feature 3 (18-19) Initiatives in Creating Products with Low Environmental Impact (38-39)</td>
</tr>
<tr>
<td>EN7</td>
<td>ADD</td>
<td>Initiatives to reduce indirect energy consumption and reductions achieved.</td>
<td>—</td>
</tr>
</tbody>
</table>

#### Aspect: Water

<table>
<thead>
<tr>
<th>Item</th>
<th>Profile</th>
<th>Indication</th>
<th>Relevant page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN8</td>
<td>CORE</td>
<td>Total water withdrawal by source.</td>
<td>Material Flows Within Business Activity (28-29) Initiatives for Resource Recycling (33)</td>
</tr>
<tr>
<td>EN9</td>
<td>ADD</td>
<td>Water sources significantly affected by withdrawal of water.</td>
<td>—</td>
</tr>
<tr>
<td>EN10</td>
<td>ADD</td>
<td>Percentage and total volume of water recycled and reused.</td>
<td>—</td>
</tr>
</tbody>
</table>

#### Aspect: Biodiversity

<table>
<thead>
<tr>
<th>Item</th>
<th>Profile</th>
<th>Indication</th>
<th>Relevant page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN11</td>
<td>CORE</td>
<td>Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.</td>
<td>Environmental Considerations in Areas of Business (37)</td>
</tr>
<tr>
<td>EN12</td>
<td>CORE</td>
<td>Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.</td>
<td>Environmental Considerations in Areas of Business (36-37)</td>
</tr>
<tr>
<td>EN13</td>
<td>ADD</td>
<td>Habitats protected or restored.</td>
<td>—</td>
</tr>
<tr>
<td>EN14</td>
<td>ADD</td>
<td>Strategies, current actions, and future plans for managing impacts on biodiversity.</td>
<td>Environmental Considerations in Areas of Business (36-37)</td>
</tr>
<tr>
<td>EN15</td>
<td>ADD</td>
<td>Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.</td>
<td>Environmental Considerations in Areas of Business (37)</td>
</tr>
<tr>
<td>Item</td>
<td>Profil</td>
<td>Indication</td>
<td>Relevant page</td>
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<tr>
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</tr>
<tr>
<td><strong>Aspect: Emissions, Effluents, and Waste</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EN16</td>
<td>CORE</td>
<td>Total direct and indirect greenhouse gas emissions by weight.</td>
<td>Material Flows Within Business Activity (28-29) Initiatives in Global Warming Control (34-35)</td>
</tr>
<tr>
<td>EN17</td>
<td>CORE</td>
<td>Other relevant indirect greenhouse gas emissions by weight.</td>
<td>Material Flows Within Business Activity (28-29) Initiatives in Global Warming Control (34-35)</td>
</tr>
<tr>
<td>EN18</td>
<td>ADD</td>
<td>Initiatives to reduce greenhouse gas emissions and reductions achieved.</td>
<td>Initiatives in Global Warming Control (34-35)</td>
</tr>
<tr>
<td>EN19</td>
<td>CORE</td>
<td>Emissions of ozone-depleting substances by weight.</td>
<td>NA</td>
</tr>
<tr>
<td>EN20</td>
<td>CORE</td>
<td>NOx, SOx, and other significant air emissions by type and weight.</td>
<td>Material Flows Within Business Activity (28-29) Initiatives for Reducing Environmental Impact (30-31)</td>
</tr>
<tr>
<td>EN21</td>
<td>CORE</td>
<td>Total water discharge by quality and destination.</td>
<td>Material Flows Within Business Activity (28-29)</td>
</tr>
<tr>
<td>EN23</td>
<td>CORE</td>
<td>Total number and volume of significant spills.</td>
<td>Initiatives for Reducing Environmental Impact (30-31)</td>
</tr>
<tr>
<td>EN24</td>
<td>ADD</td>
<td>Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.</td>
<td>—</td>
</tr>
<tr>
<td>EN25</td>
<td>ADD</td>
<td>Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.</td>
<td>—</td>
</tr>
<tr>
<td><strong>Aspect: Products and Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EN26</td>
<td>CORE</td>
<td>Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.</td>
<td>Special Feature 3 (18-19) Initiatives in Creating Products with Low Environmental Impact (38-39)</td>
</tr>
<tr>
<td>EN27</td>
<td>CORE</td>
<td>Percentage of products sold and their packaging materials that are reclaimed by category.</td>
<td>Initiatives in Creating Products with Low Environmental Impact (38-39)</td>
</tr>
<tr>
<td><strong>Aspect: Compliance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EN28</td>
<td>CORE</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.</td>
<td>Regulatory Compliance (22)</td>
</tr>
<tr>
<td><strong>Aspect: Transport</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EN29</td>
<td>ADD</td>
<td>Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.</td>
<td>—</td>
</tr>
<tr>
<td><strong>Aspect: Overall</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EN30</td>
<td>ADD</td>
<td>Total environmental protection expenditures and investments by type.</td>
<td>—</td>
</tr>
<tr>
<td><strong>Labor Practices and Decent Work</strong></td>
<td></td>
<td>Disclosure on Management Approach</td>
<td>Relations with Employees (42, 43, 48)</td>
</tr>
<tr>
<td><strong>Aspect: Employment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA1</td>
<td>CORE</td>
<td>Total workforce by employment type, employment contract, and region.</td>
<td>Relations with Employees (42)</td>
</tr>
<tr>
<td>LA2</td>
<td>CORE</td>
<td>Total number and rate of employee turnover by age group, gender, and region.</td>
<td>—</td>
</tr>
<tr>
<td>LA3</td>
<td>ADD</td>
<td>Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.</td>
<td>—</td>
</tr>
<tr>
<td><strong>Aspect: Labor/Management Relations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA4</td>
<td>CORE</td>
<td>Percentage of employees covered by collective bargaining agreements.</td>
<td>Relations with Employees (47)</td>
</tr>
<tr>
<td>LA5</td>
<td>CORE</td>
<td>Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.</td>
<td>Relations with Employees (47)</td>
</tr>
<tr>
<td><strong>Aspect: Occupational Health and Safety</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA6</td>
<td>ADD</td>
<td>Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.</td>
<td>—</td>
</tr>
<tr>
<td>LA7</td>
<td>CORE</td>
<td>Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.</td>
<td>Relations with Employees (48-49)</td>
</tr>
<tr>
<td>LA8</td>
<td>CORE</td>
<td>Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.</td>
<td>Relations with Employees (48-49)</td>
</tr>
<tr>
<td>LA9</td>
<td>ADD</td>
<td>Health and safety topics covered in formal agreements with trade unions.</td>
<td>—</td>
</tr>
<tr>
<td><strong>Aspect: Training and Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA10</td>
<td>CORE</td>
<td>Average hours of training per year per employee by employee category.</td>
<td>Relations with Employees (45)</td>
</tr>
<tr>
<td>LA11</td>
<td>ADD</td>
<td>Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.</td>
<td>Relations with Employees (44-45)</td>
</tr>
<tr>
<td>LA12</td>
<td>ADD</td>
<td>Percentage of employees receiving regular performance and career development reviews.</td>
<td>—</td>
</tr>
<tr>
<td><strong>Aspect: Diversity and Equal Opportunity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA13</td>
<td>CORE</td>
<td>Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.</td>
<td>—</td>
</tr>
<tr>
<td>LA14</td>
<td>CORE</td>
<td>Ratio of basic salary of men to women by employee category.</td>
<td>Relations with Employees (44)</td>
</tr>
<tr>
<td>Item Profile</td>
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<td>Relevant page</td>
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<td>-------------</td>
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<td></td>
</tr>
<tr>
<td><strong>Human Rights</strong></td>
<td>Disclosure on Management Approach</td>
<td>Relations with Employees (43, 46)</td>
<td></td>
</tr>
<tr>
<td>Aspect: Investment and Procurement Practices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR1 CORE</td>
<td>Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR2 CORE</td>
<td>Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.</td>
<td>Relations with Suppliers (56)</td>
<td></td>
</tr>
<tr>
<td>HR3 ADD</td>
<td>Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.</td>
<td>Relations with Employees (46)</td>
<td></td>
</tr>
<tr>
<td>Aspect: Non-discrimination</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR4 CORE</td>
<td>Total number of incidents of discrimination and actions taken.</td>
<td>Relations with Employees (46-47)</td>
<td></td>
</tr>
<tr>
<td>Aspect: Freedom of Association and Collective Bargaining</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR5 CORE</td>
<td>Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Aspect: Child Labor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR6 CORE</td>
<td>Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.</td>
<td>Relations with Employees (46) Relations with Suppliers (56)</td>
<td></td>
</tr>
<tr>
<td>Aspect: Forced and Compulsory Labor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR7 CORE</td>
<td>Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.</td>
<td>Relations with Employees (46) Relations with Suppliers (56)</td>
<td></td>
</tr>
<tr>
<td>Aspect: Security Practices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR8 ADD</td>
<td>Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspect: Indigenous Rights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR9 ADD</td>
<td>Total number of incidents of violations involving rights of indigenous people and actions taken.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Society</strong></td>
<td>Disclosure on Management Approach</td>
<td>Regulatory Compliance (22) Relations with Employees (43) Relations with Society (50-52)</td>
<td></td>
</tr>
<tr>
<td>Aspect: Community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO1 CORE</td>
<td>Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.</td>
<td>Relations with Society (50-52)</td>
<td></td>
</tr>
<tr>
<td>Aspect: Corruption</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO2 CORE</td>
<td>Percentage and total number of business units analyzed for risks related to corruption.</td>
<td>Risk Management (23)</td>
<td></td>
</tr>
<tr>
<td>SO3 CORE</td>
<td>Percentage of employees trained in organization's anti-corruption policies and procedures.</td>
<td>Regulatory Compliance (22)</td>
<td></td>
</tr>
<tr>
<td>SO4 CORE</td>
<td>Actions taken in response to incidents of corruption.</td>
<td>Regulatory Compliance (22)</td>
<td></td>
</tr>
<tr>
<td>Aspect: Public Policy Core</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO5 CORE</td>
<td>Public policy positions and participation in public policy development and lobbying.</td>
<td>Relations with Society (55)</td>
<td></td>
</tr>
<tr>
<td>SO6 ADD</td>
<td>Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspect: Anti-Competitive Behavior</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>SO7 ADD</td>
<td>Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.</td>
<td>Regulatory Compliance (22)</td>
<td></td>
</tr>
<tr>
<td>Aspect: Compliance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO8 CORE</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.</td>
<td>Regulatory Compliance (22)</td>
<td></td>
</tr>
<tr>
<td><strong>Product Responsibility</strong></td>
<td>Disclosure on Management Approach</td>
<td>Relations with Customers (40-41) Relations with Employees (43)</td>
<td></td>
</tr>
<tr>
<td>Aspect: Customer Health and Safety</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR1 CORE</td>
<td>Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.</td>
<td>Relations with Customers (40-41)</td>
<td></td>
</tr>
<tr>
<td>PR2 ADD</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.</td>
<td>Relations with Customers (40-41) Regulatory Compliance (22)</td>
<td></td>
</tr>
<tr>
<td>Aspect: Product and Service Labeling</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR3 CORE</td>
<td>Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.</td>
<td>Relations with Customers (40-41)</td>
<td></td>
</tr>
<tr>
<td>PR4 ADD</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.</td>
<td>Relations with Customers (40-41) Regulatory Compliance (22)</td>
<td></td>
</tr>
<tr>
<td>PR5 ADD</td>
<td>Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspect: Marketing Communications</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>PR6 CORE</td>
<td>Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>PR7 ADD</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Mining and Metals Sector Supplement

<table>
<thead>
<tr>
<th>Aspect: Revenue Capture, Management, and Distribution</th>
<th>Indication</th>
<th>Relevant page</th>
</tr>
</thead>
<tbody>
<tr>
<td>MM1 Identify those sites where the local economic contribution and development impact is of particular significance and interest to stakeholders (e.g., remote sites) and outline policies with respect to assessing this contribution.</td>
<td></td>
<td>Relations with Society (50-52)</td>
</tr>
<tr>
<td>MM2 Value added disaggregated to country level.</td>
<td></td>
<td>Relations with Suppliers (50)</td>
</tr>
<tr>
<td>Aspect: Biodiversity</td>
<td>The number/percentage of sites identified as requiring biodiversity management plans, and the number/percentage of sites with plans in place. Also include criteria for deciding that a biodiversity management plan is required and the key components of a plan.</td>
<td></td>
</tr>
<tr>
<td>MM3 Percentage of products(s) derived from secondary materials.</td>
<td></td>
<td>Material Flows Within Business Activity (28-29)</td>
</tr>
<tr>
<td>Initiatives for Resource Recycling (33)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspect: Materials Stewardship</td>
<td>Describe policies for assessing the eco-efficiency and sustainability attributes of products (e.g., recyclability, material use, energy use, toxicity, etc.)</td>
<td></td>
</tr>
<tr>
<td>MM4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspect: Large Volume Mining and Mineral Processing Waste</td>
<td>Describe approach to management of overburden, rock, tailings, and sludges/residues.</td>
<td>Initiatives for Reducing Environmental Impact (30-31)</td>
</tr>
<tr>
<td>Relations with Society (51)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspect: Community</td>
<td>Describe significant incidents affecting communities during the reporting period, and grievance mechanisms used to resolve the incidents and their outcomes.</td>
<td>Relations with Society (50-52)</td>
</tr>
<tr>
<td>MM7</td>
<td></td>
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</tr>
<tr>
<td>MM8 Describe programmes in which the reporting organization has been involved that addressed artisanal and small-scale mining (ASM) within company areas of operation.</td>
<td>Relations with Society (50-52)</td>
<td></td>
</tr>
<tr>
<td>Aspect: Resettlement</td>
<td>Describe resettlement policies and activities</td>
<td>Relations with Society (50-52)</td>
</tr>
<tr>
<td>MM9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspect: Operations Closure</td>
<td>Number or percentage of operations with closure plans, covering social – including labour transition –, environmental and economic aspects. Describe company policy, stakeholder engagement processes, frequency of plan review, and amount and type of financial provisions for closure.</td>
<td>Relations with Society (50-52)</td>
</tr>
<tr>
<td>MM10</td>
<td></td>
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</tr>
<tr>
<td>Aspect: Land Rights</td>
<td>Describe process for identifying local communities’ land and customary rights, including those of Indigenous peoples, and grievance mechanisms used to resolve any disputes.</td>
<td>Relations with Society (50-52)</td>
</tr>
<tr>
<td>MM11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspect: Emergency Preparedness</td>
<td>Describe approach to identifying, preparing for, and responding to emergency situations affecting employees, communities, or the environment. Include a description of the nature of existing skills, teams who respond to emergency situations, training, drills, review processes and community involvement.</td>
<td>Risk Management (23)</td>
</tr>
<tr>
<td>Relations with Employees (48-49)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relations with Society (50-52)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspect: Health &amp; Safety</td>
<td>Number of new cases of occupational disease by type. Describe programmes to prevent occupational disease</td>
<td>Relations with Employees (48-49)</td>
</tr>
<tr>
<td>MM12</td>
<td></td>
<td></td>
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<tr>
<td>MM13</td>
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</tbody>
</table>
The following environmental considerations were applied to the printing of this report.

• To support sound forest management, the full version of this report has been printed on paper derived from forests that have been thinned by “Morino Chonai-Kai” (Forest Neighborhood Association).

• Printed using soy ink, which partially contains soybean oil in place of other ink oils.

SUMITOMO METAL MINING CO., LTD.