

**INPUTS** (FY2020)

**Capital & Seven Competitive Strengths** P.28

**Financial capital** end of March 31, 2021

- Total equity **¥1,223.0 billion**
- Interest-bearing liabilities **¥330.7 billion**

**Manufactured capital**

- Mineral Resources** • Operational mines **8**
- Smelting & Refining** • Plants Japan **5** Overseas **2**
- Materials** • Plants Japan **18** Overseas **3**
- Research centers Japan **4**

**Intellectual capital**

- Research and development expenses **¥6.2 billion**
- Patents **2,785**
- Ability to effectively use low-grade ores, cost competitiveness, technological strength related to production methods and operating techniques that are superior in terms of productivity and other aspects (HPAL, MCLE, etc.)
- Technology and tacit knowledge that has been continually accumulated and honed over 430 years and is focused on the next generation
- A large pool of collective knowledge supported by 3-business collaboration

**Human capital**

- Consolidated employees **7,072**
- Officers and employees who have inherited and internalized the Sumitomo Business Spirit and the Group's corporate culture
- Skill development through OJT
- Human resources systems focused on expertise

**Social and relationship capital**

- Regarding society
  - An organizational sense of ethics
  - Risk management structures
  - Social license to operate
- Regarding business partners
  - Relationships of trust that have been cultivated over many years
  - Appropriate supply chain management
- Regarding governments
  - Relationships of trust with governments in each country and region
- Regarding customers and employees
  - The SMM brand

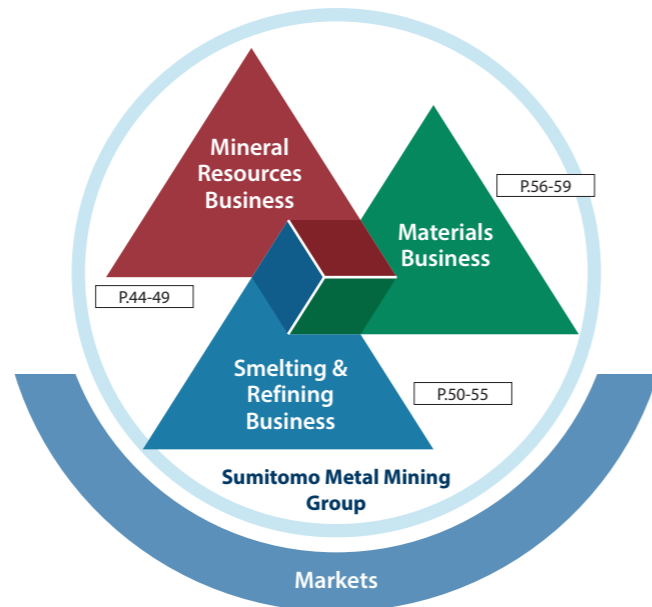
**Natural capital**

- Operational mines Japan **1** Overseas **7**
- Raw mineral resources
  - Copper concentrates usage **1,441 kt**
  - Nickel oxide ore usage **8,581 kt**
  - Gold and silver ore usage **191 kt**
  - Recycled materials **229 kt**
- Water resources (fresh water and seawater) **200,305,000 m<sup>3</sup>**
- Energy from coal and coke **13,817 TJ** (43.5% of overall energy consumption)

**BUSINESS ACTIVITIES**

**Competitive capabilities generated by our 3-business collaboration model**

- Greatly reduced procurement risk due to the sharing of controlled resource development and supply and demand trends
- Efficient collaboration such as new product development with materials business customers through the sharing of technological information concerning non-ferrous metals
- A stable supply of highly advanced materials including cathode materials for automobile batteries made possible by collaboration between the Smelting & Refining and Materials businesses
- Optimized characteristics in the materials we supply realized through collaboration between the Smelting & Refining and Materials businesses
- Advance knowledge and expansion of mining business opportunities through collaboration between the Mineral Resources and Smelting & Refining businesses
- Cutting-edge innovation through the collective wisdom possessed by human resources with diverse backgrounds
- Building of cyclical systems and expansion of opportunities realized through collaboration between the Mineral Resources, Smelting & Refining, and Materials businesses
- Assurance of traceability in terms of quality and the like through a fully integrated internal supply chain



**3-Year Business Plan** P.38-41

**Strategy for co-creating value with society (Vision for 2030)** P.66-93

**Governance strategy as a foundation for value creation** P.94-113

**OUTPUTS** (FY2020)

**Products and services**

**Non-ferrous metal materials**

- Ni** Smelting & Refining
  - Annual production volume **87 kt**
- Cu** Mineral Resources Smelting & Refining
  - Annual production interest **250 kt**
  - Annual production volume of electrolytic copper **440 kt**
- Au** Mineral Resources Smelting & Refining
  - Annual production volume\* **17 t**
  - \*Annual production volume after smelting

**Highly advanced materials**

**Cathode materials for batteries** Mineral Resources Smelting & Refining Materials

- Monthly production capacity **4,550 t**

**Effective use of resources**

- Smelting & Refining
  - Recover scandium and chromite from nickel oxide ore
- Materials Smelting & Refining
  - Develop a recycling process for lithium-ion secondary batteries (copper, nickel, cobalt, lithium)

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

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

**Nickel (Ni)** Annual production capacity of 150 kt

**Copper (Cu)** Annual production interest of 300 kt

**Gold (Au)** Participation in new mine operations through the acquisition of superior interest

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

**Profit** Annual profit ¥150.0 billion



**OUTCOMES** (FY2020)

**Value we provide**

**Financial capital**

- Sound financial standing (equity ratio of 50% or higher)
- Consolidated dividend payout ratio of 35% or higher
- Growth investment

**Manufactured capital**

- Increase, expansion, and upgrading of business sites and equipment
- Increase of production capacity in response to growth in demand

**Intellectual capital**

- Development expertise
- Production and equipment development technology

**Human capital**

- Raising of awareness and encouragement of understanding among employees
- High levels of safety consciousness
- Understanding regarding indigenous peoples
- Responsible mineral sourcing
- Social contribution
- Skill development through OJT Mining School
- Skill development through off-the-job training
- Smelting & Refining University
- External training fully paid for (graduate school, correspondence education)
- Improved job satisfaction for employees

**Social and relationship capital**

- Building and maintaining of good relationships with business partners, contractors, and supply chain partners
- Building and maintaining of good relationships with local communities and indigenous peoples
- Contribution to resource-scarce Japan
- Proper fulfillment of tax obligations
- Expansion of product applications through co-creation with customers

**Natural capital**

- Environmental destruction from development
- Hazardous substances emitted into the atmosphere and water
- Energy consumption
- Production of recycled copper and precious metals
- Response to climate change

**Equity ratio 59.1% (result)**

**Dividend payout ratio 35.1%**  
Dividend **¥121** (+¥43 YoY)

**JCR credit rating AA-**

**Development underway on the Côté Gold Project and Quebrada Blanca 2 Project** P.46, 47

**Debottlenecking at Sierra Gorda Copper Mine completed** P.47

**Decision made to increase production of nickel-based cathode materials 4,550 t/month → 4,850 t/month**

**Patents and design rights held in Japan (as of March 31, 2021) 3,126** (+177 YoY)

**Engaging in the X-MINING project aimed at realizing open innovation**

**Engaging in the verification and commercialization of technology for recovering and recycling cobalt and lithium from lithium-ion secondary batteries used in vehicles** P.55, 62

**Serious accidents 0**  
All accidents **15** (level with previous FY)

**Occupational diseases 0**

**Carried out internal education activities regarding indigenous peoples** P.91

**Annual hours of education per employee 20.8** (18.7 hours in the previous FY)

**Mining School** P.49, 86

**Smelting & Refining University students 5** P.55

**Significant environmental accidents 0**

**Infrastructure investment and spending on support services ¥1,460 million** Supplementary ESG Data Book 2021 p. 23

**Two business sites awarded the Philippine's 2020 Presidential Mineral Industry Environmental Award** P.55, 88

**Practiced responsible mineral sourcing and CSR procurement (responsible sourcing)** P.92

**Reduced environmental impact during plant construction** P.77

**Carried out internal education activities regarding indigenous peoples**

**Income tax paid ¥28.5 billion** For details, see Income Tax by Country or Region on p. 35

**Formulated the Sumitomo Metal Mining Group's Basic Policy on Taxes** P.103

**Participated in JOGMEC sea-floor resource development research projects** P.70

**Amount of land developed or rehabilitated** P.77

**Capital expenditure related to environmental preservation ¥6,054 million** P.37

**Reduction in water use through optimization 1,914,000 m<sup>3</sup>**

**Increase in emissions of hazardous substances into the atmosphere and water 502 t**

**Reduction in consumption of energy from coal and coke 368 TJ**

**Percentage of recycled materials used 2.13%**

**Engaging in an initiative to reduce GHG emissions to zero in the second half of the century**

**Reduction in GHG emissions intensity (compared to FY2013) 4%**

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