

IR-Day 2023

Sustainability Briefing

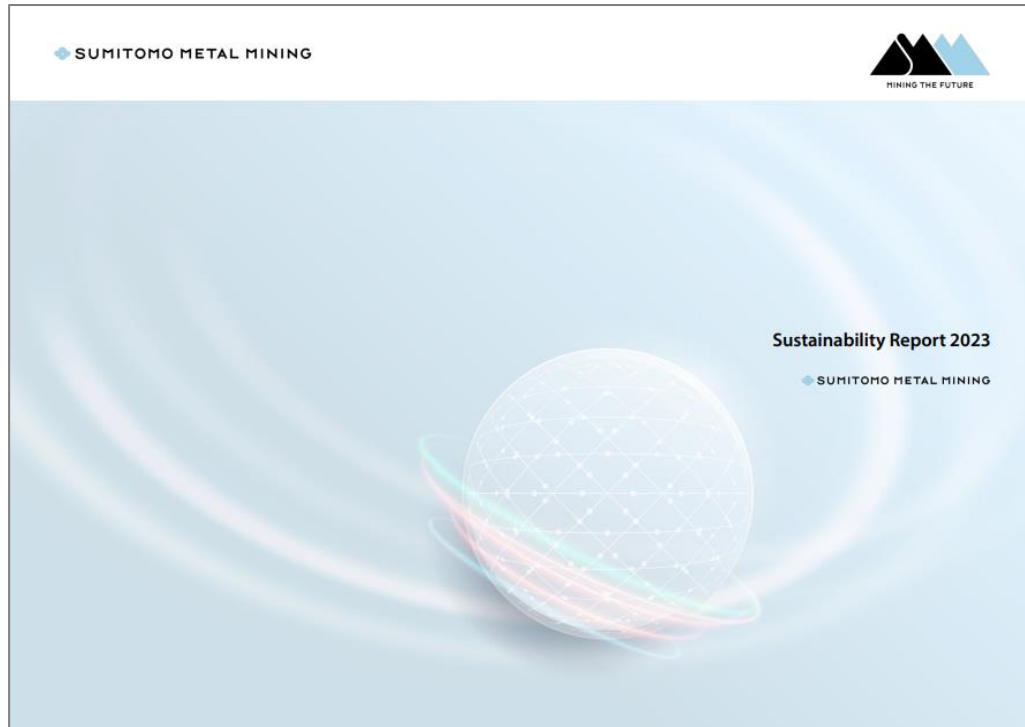
December 6, 2023



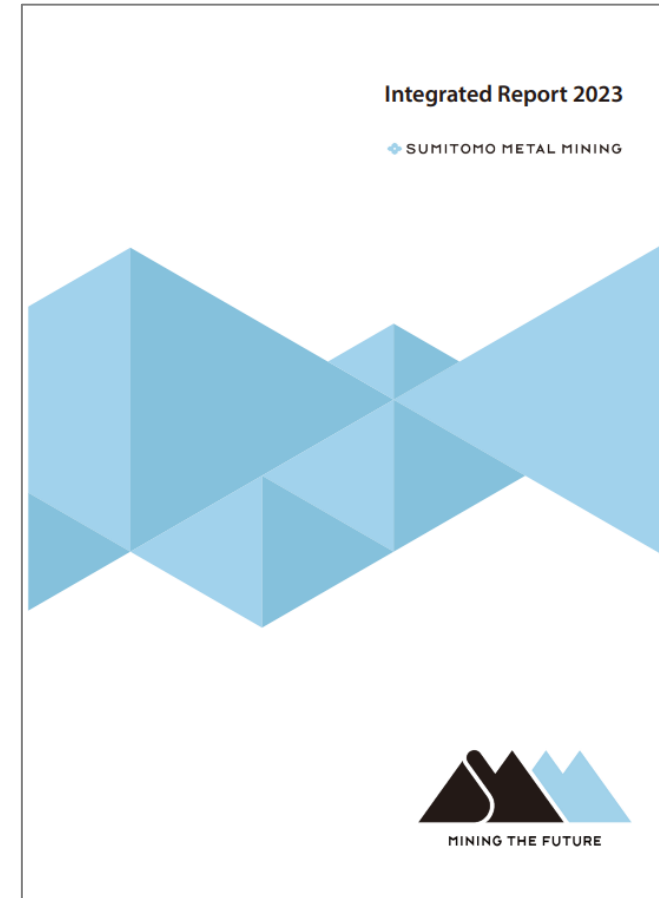
MINING THE FUTURE

Introduction

Inaugural issue of the Sustainability Report was published in October 2023 in addition to the Integrated Report



Sustainability Report 2023



Integrated Report 2023

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Human Resource Management Supports Our Business

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~ Integrated Report 2023: P66-67 ~ “Technological Changes at the Toyo Smelter & Refinery”

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- II Sustainability of SMM Group
- III Human Capital Management: Human Resource Management Supports Our Business
- IV Human Resource Development that Supports Autonomous Growth
- V A Company Where Diverse Talents Thrive

Sumitomo Business Spirit and SMM Group Corporate Philosophy

Human Resource Management Supports Our Business

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The Sumitomo Business Spirit

Inherited since the foundation of our business

[Article 1] Sumitomo shall achieve strength and prosperity **by placing prime importance on integrity and sound management** in the conduct of its business.

[Article 2] Sumitomo shall manage its activities **with foresight and flexibility in order to cope effectively with the changing times**. Under no circumstances, however, shall it pursue easy gains or act imprudently.

(Quoted from the Sumitomo Goshi Kaisha Administrative Regulations, named “Summary of Business Operations”, formulated in 1928)

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.

Sustainability Policy

- The Sumitomo Metal Mining Group is engaging in the resolution of business issues that will **contribute to the development of a sustainable society**, and is working to **improve both our sustainable growth as a business and our corporate value**.

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Sustainability of SMM Group

Through our Corporate Philosophy of “**co-existence with the global environment and society**” and “**respect for all individuals,**” which are based on the Sumitomo Business Spirit, placing value on social trust and mutual relationships, we seek to balance the **sustainable development of society** with **sustainable growth for our company**.



Sustainability Promotion Structure

Advancing sustainability activities primarily through our Sustainability Committee chaired by the President



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Material Issues for the SMM Group

Identified eleven material issues with potential material impact on both society and our business, which had been narrowed down from 89 issues (March 2020)

1	Effective use of non-ferrous metal resources	7	<u>Development and participation of human resources</u>
2	Climate change	8	Engagement with stakeholders
3	Significant environmental accidents	9	Co-existence and mutual prosperity with local communities
4	Biodiversity	10	Rights of indigenous peoples
5	Employees' occupational health and safety	11	Human rights in the supply chain
6	<u>Diverse human resources</u>		

(Underline what explain today)

Material Issues

6 Diverse Human Resources

7 Development and Participation of Human Resources



Vision for 2030

A company where all employees can take a vibrant and active part

- A company that respects the humanity of each and every employee, and where employees feel pride, motivation, and joy in work
- A company that provides each and every employee with opportunities to improve his/her capabilities, and grows together with employees

Human Capital Management: Human Resource Management Supports Our Business

Respect diversity and provide opportunities for development and participation matching each employee's career

Material Issues

6

Diverse Human Resources

7

Development and Participation of Human Resources

Vision for 2030

A company where all employees can take a vibrant and active part

What has been important to us so far

Feeling of safety

Sense of stability

Autonomous growth



Training that supports our business

Human resources development by functions

Establish mechanisms and infrastructure

To be further strengthened in the future

Diversity & Inclusion

Work-life balance

Autonomous career development



Work-life balance support

Promote communication

Health and productivity management

Create an open and vibrant organizational climate

Nurture the next generation

Human resources systems revision

etc.

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Learn the essence of Sumitomo Business Spirit by visiting the historical heritage which is the origin of Sumitomo and by attending lectures

Eligibility

Newly appointed officers, section managers and general managers
 New employees (new graduates, mid-career recruits)
 Overseas business site local hires attending Japan training (Besshi Copper Mine Memorial Museum only)

Participants

About 100 participants each year (164 participants in 2023)

Training Schedule

Training Example

Schedule	Location
Day 1	(Kyoto area) Seiryo-ji, Sumitomo Yuho-en
Day 2	(Niihama area) Besshi Copper Mine Memorial Museum and hiking to the former Besshi Copper Mine



Overseas staff briefed at the Besshi Copper Mine Memorial Museum



Ascending to the former Besshi Copper Mine

In September 1999, a criticality accident occurred at our subsidiary, JCO Co., Ltd., which manufactured fuel for nuclear power generation.

The training is held to thoroughly foster and instill compliance and a culture of safety and to ensure that the memory remains fresh and that the lessons learned will be passed on to younger generations as more than 20 years have passed since the accident.

Eligibility: All SMM Group employees (mandatory)

Participants: Close to 600 participants every year



Scene from training on the JCO criticality accident

The underlying assumption of Sumitomo Business Spirit is that “Business is about people.” **In order to ensure individual attention, only a limited number of people are hired** and steadily developed until they can work at the forefront of their respective fields.

Each function presents a career path from a long-term perspective and develops human resources following a **training plan of over 10 years to instill technical skills and knowledge.**

Mineral Resources

Establishes the basics at the Mining School (geology and mining fields) and laboratories (mineral processing field); Overseas mines training; Language training, etc.

Smelting & Refining

Participants can experience Smelting & Refining University, operation management and R&D at business sites in Japan and overseas, and attend academic conferences, etc.

Materials Research & Development

On-site training and problem-solving training at the laboratory; joint research with universities and acquiring PhD for working professionals; presentation at academic conferences; paper submissions

Plant Engineering

Hands-on training in capital investment (design, construction management) and maintenance at domestic and overseas sites

Sales

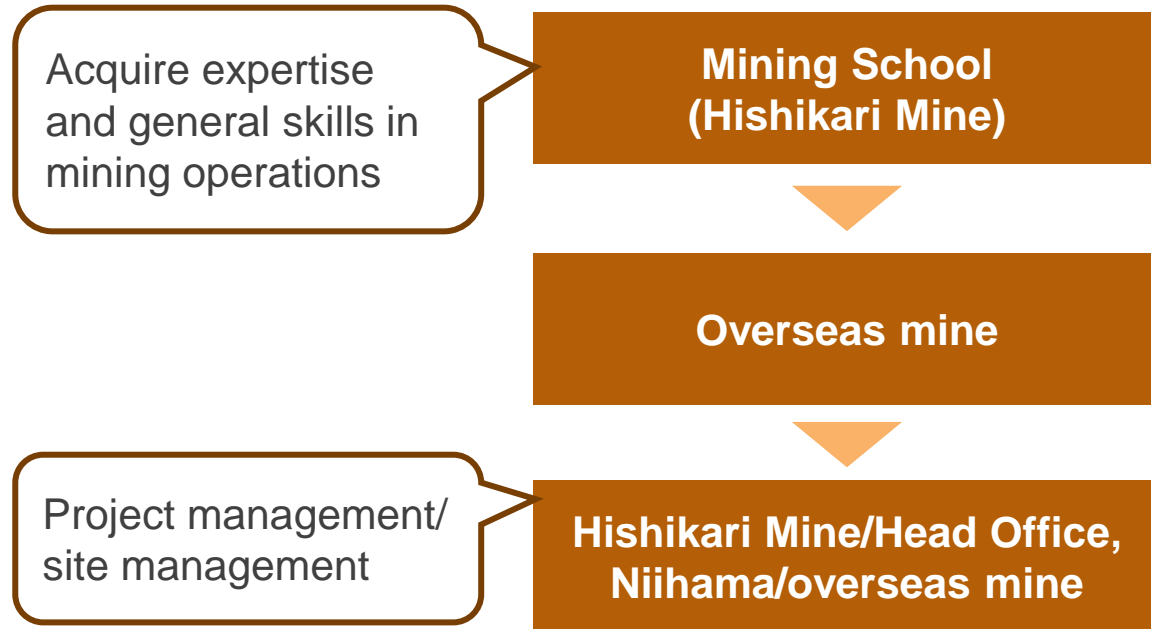
Training in marketing, selling, management, trade management, etc.

Administration

(Example for Accounting Dept.)
Group training in financial accounting, management accounting, etc., as well as on-the-job training (OJT) in accounting, etc., conducted at domestic or overseas sites and subsidiaries

After studying at the Hishikari Mine (Mining School), the trainee gains experience in overseas mines and acquires advanced expertise, technical skills, and practical experience through a ten-year plan.

Image of 10-year Development

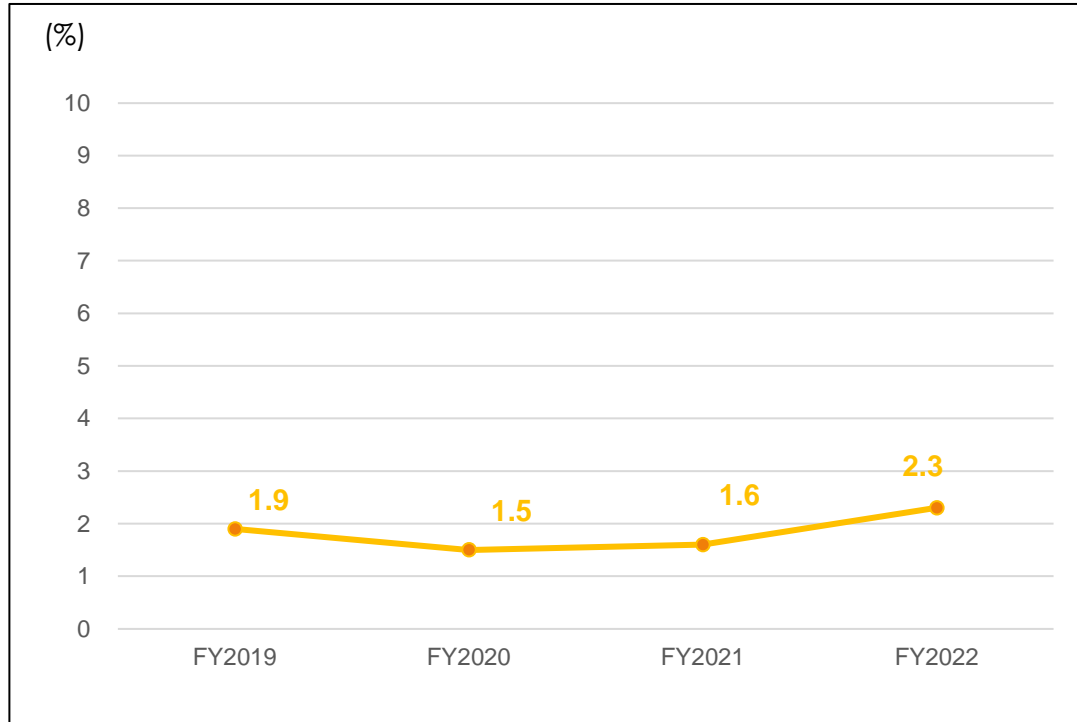


Receiving instructions at the Mining School

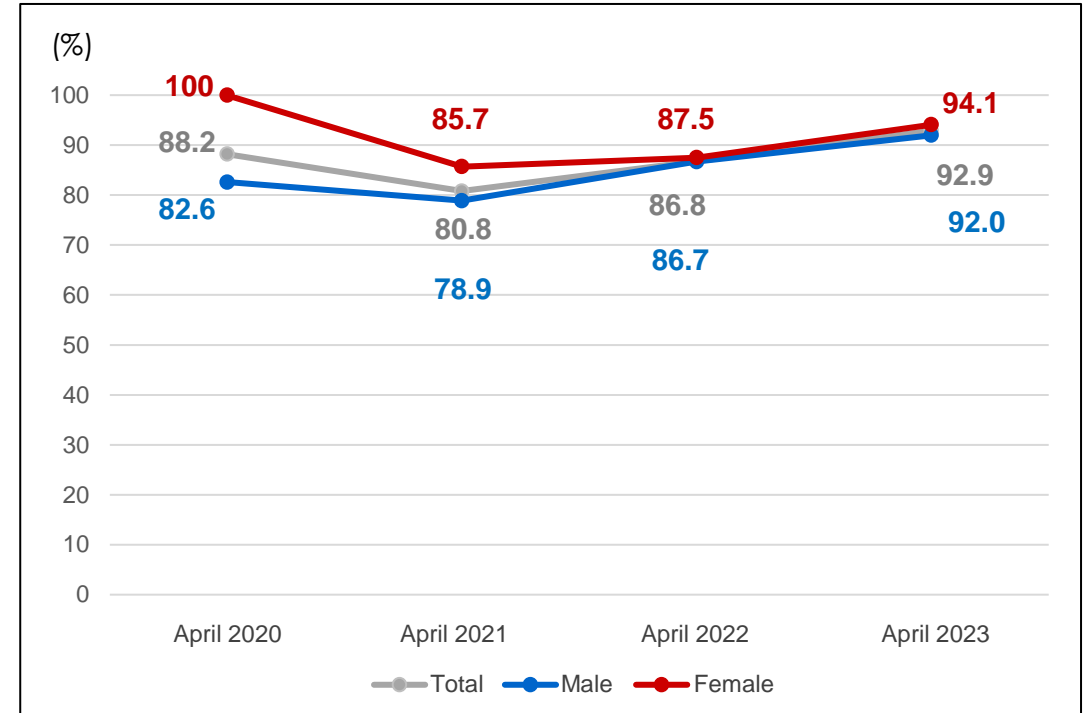


Employee working at overseas mine

Turnover rate and new graduate retention rate after 3 years



Turnover rate*1



New graduate retention rate after 3 years*2

*1 Percentage of employees who left the company during the year (excluding those who retired at the mandatory retirement age) out of the number of employees at the beginning of the fiscal year

*2 Percentage of employees who joined the company in April three years ago who were enrolled on April 1 of each year.

Scope: Sumitomo Metal Mining Co., Ltd.

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Diversity & Inclusion (Background)

Recruitment and employment of women is difficult in Japan and non-ferrous metal industry

Japan

- Number of women majoring in science in tertiary education is small*¹
- **About 80% of SMM's new graduate hires (FY2022) were engineers**, and increasing the number of female employees was difficult.

*¹ In 2021, the ratio of female higher education institution graduates in Organisation for Economic Co-operation and Development (OECD) member countries was 27% for “natural sciences, math, and statistics” and 16% for “engineering, manufacturing, and architecture.”

Non-ferrous metal industry

- There were **few opportunities for female employees to work**, including three-shift work*² and belowground labor*³.

*² In 1986, Equal Employment Opportunity Law enacted, allowing women to work late at night.

*³ In 2007, the Labor Standards Law was revised to allow women to work belowground.

▶ Set targets not only for the number of female managers but also for the **ratio of female employees among new hires (including new graduates and mid-career hires)**, aiming to increase the number of management candidates while supporting development through an individualized approach.

Initiatives implemented since 2012

Enhancing infrastructure & mechanisms

- Installation of women's restrooms and shower rooms at the sites (prior to the assignment of any female employees)
- "Alimni Recruitment" to enable former employees to rejoin the company
- Voluntary administrative leave that allows up to leave of absence for up to two years to accompany family members to an assignment, study abroad, etc.
- Enhanced maternity/parental and nursing care leave system beyond the statutory requirement
- Installation of wheelchair ramps

Fostering Change in Consciousness & Culture

- Establishment of women's empowerment team (2012) and Diversity Promotion Section (2015)
- Cross-industry exchange training for female employees in managerial positions
- Internal sign language classes and disability simulation workshops

Changes in Diverse Human Resources

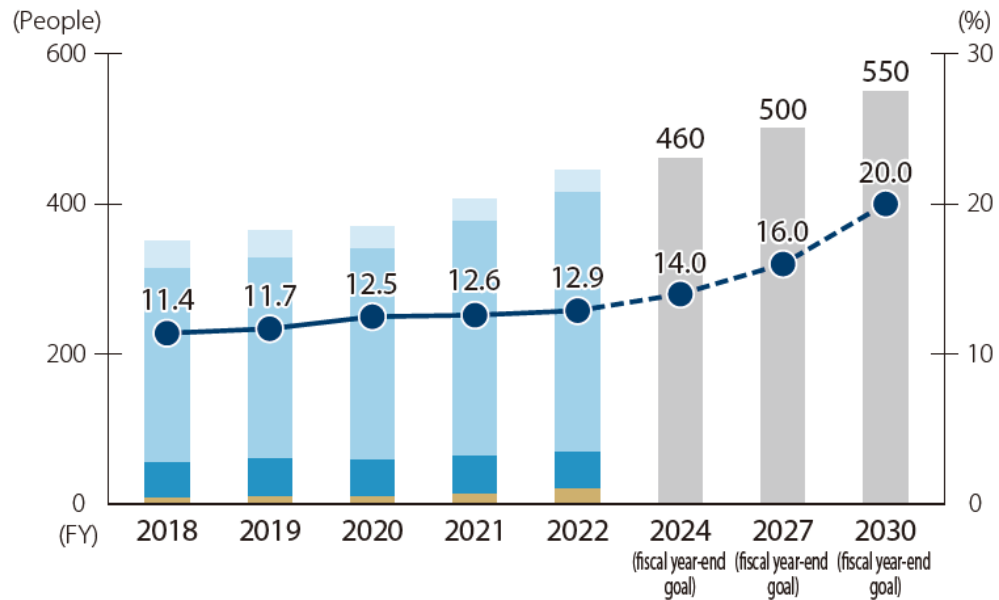
Item	2018	Present (as of November 2023)
Female employee ratio	11.4%	13.0%
Female manager ratio	1.2%	3.2%
Male parental leave uptake ratio	1.0%	End of March 2023 95.6%
Disability employment ratio	June 2019 2.39%	June 2023 2.59%
Number of foreign employees	8	13

Scope: Sumitomo Metal Mining Co., Ltd.

Female Employee Ratio and Female Manager Ratio

Aim to increase the number of female employees and female managers, while both figures are on the rise

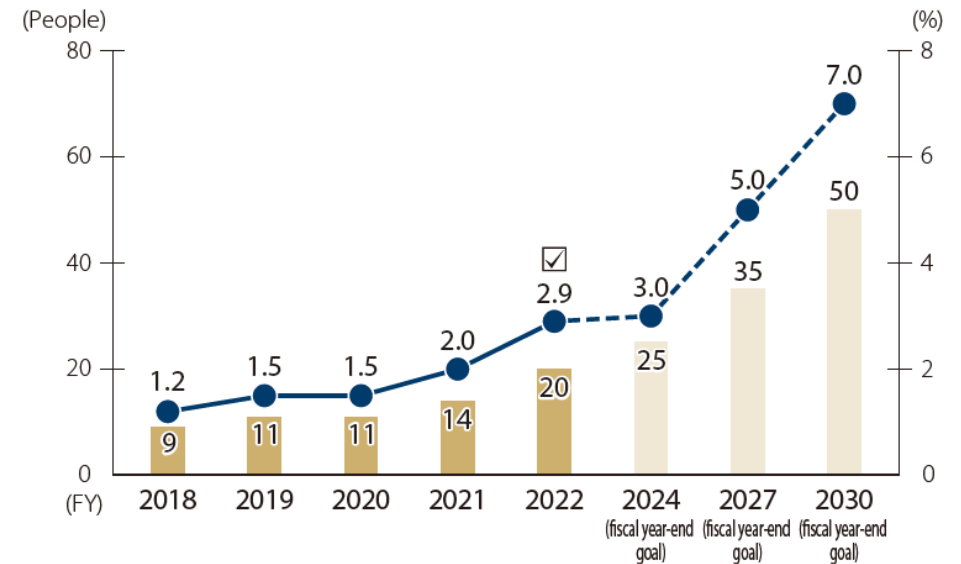
Number and Percentage of Female Employees



- Number of female managers (left axis)
- Number of female general employees in managerial track positions (left axis)
- Number of female general employees in core track positions (left axis)
- Number of female limited-term employees (left axis)
- Number of female employees (left axis)
- Percentage of female employees (right axis)

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

Number and Percentage of Female Managers



- Number of female managers (left axis)
- Percentage of female managers (right axis)

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

Creating a framework and culture that enable diverse talents to thrive

Disability

- Established a wheelchair-accessible room in the company dormitory
- Installed a Patlite signal tower
- Use of voice recognition software
- Regular meetings with HR personnel
- Sign language classes by employees with hearing impairment

Women

- Informal get-togethers for female employees and female managers
- Individual approach by female officers
- “Career School” for select female core track employees

Foreigners

- Questionnaire to identify issues
- Individual meetings
- Feedback to superiors
Issues interview
- Roundtable discussions for foreign employees

LGBT

- Training for officers and managers to promote understanding of LGBT
- Workshops to deepen understanding

Elderly

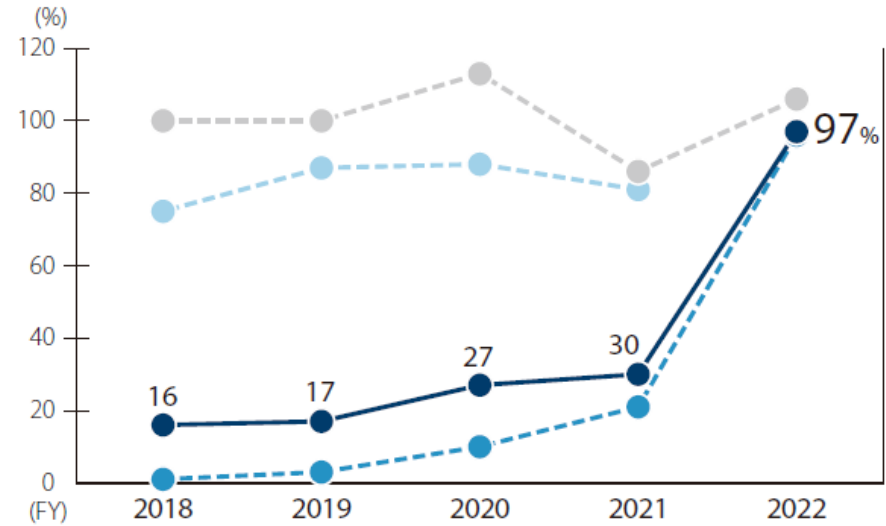
- Retirement age at 65
- Senior employees can work up to 70
- Career and life-planning training at 50 and 58

Work-life balance

- Staggered working hours/work-from-home
- Established a Work-life Support Desk to consult on matters such as balancing work with childcare, in addition to harassment issues

- “Parental Leave System Seminar” held for all managers
- HR provides an explanation on the childcare leave system and conducts interviews individually with all employees who report pregnancy, childbirth, etc., to confirm their intention to take the leave
- Superior and employee to hold a meeting for returning to work
- Posted a pamphlet on male parental leave case studies, etc.

■ Status of Taking Parental Leave



- Use of parental leave
- Use of parental leave (male)¹
- Use of parental leave (female)²
- Use of leave with pay for child-rearing (male)

From FY2022, the percentage of parental leave includes the percentage of leave with pay for child-rearing (male)

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

1. Number of employees who took parental leave in FY2022 ÷ number of employees who submitted a notification of birth to the Company for birth by their spouse in FY2022 x 100
2. Number of employees who took parental leave in FY2022 ÷ number of employees who gave birth in FY2022 x 100



Compiled a collection of male parental leave cases to disseminate information

Renewal of Workplace (Head Office) and Company Dormitory (Besshi)

Promote communication

Creating a safe, secure, and pleasant place to work that invigorates communication

Head Office



Work locations and meeting rooms can be selected to suit your communication style



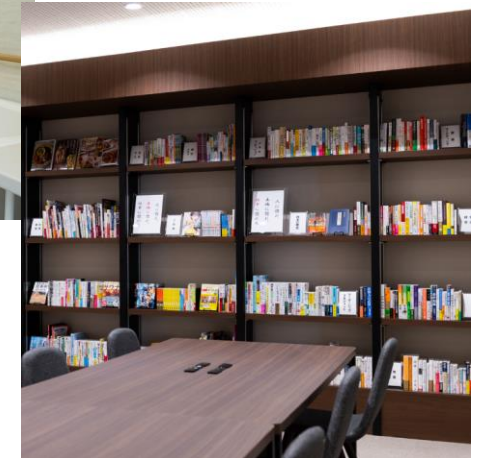
Besshi Dormitory



Buffet style canteen



Barrier-free rooms accessible from wheelchairs



Library

● ACROSS

ACROSS* is held once a month as an event to promote communication.

* A coined word, derived from the acronym “**A**ccelerate **C**o-creation **R**oundly **O**ver the **S**ections in **S**umitomo Metal Mining.”



Scenes from ACROSS

● DX Salon

“DX Salon” is held once every two months, with the aim of generating interest in “digital” as well as providing an opportunity to rethink conventional work practices.



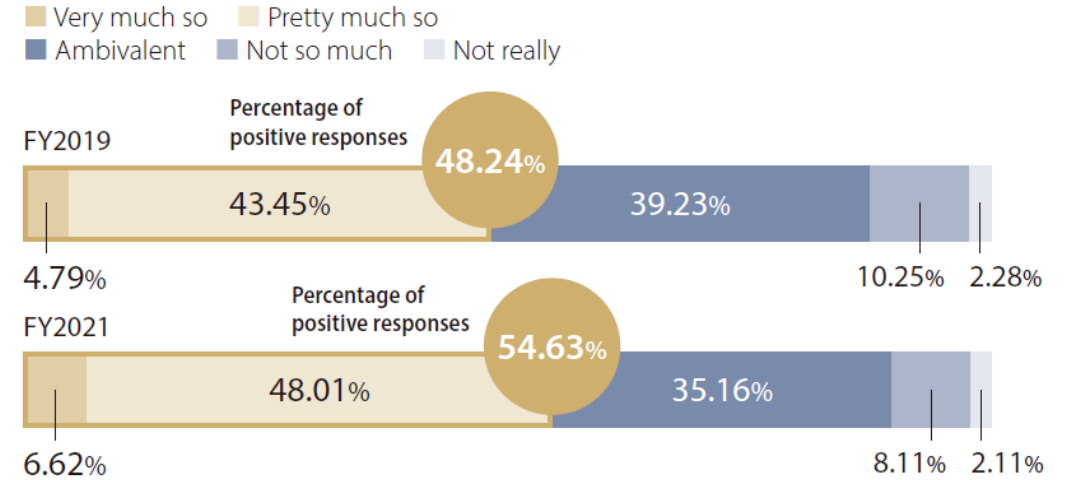
Scenes from DX Salon

- Conducted at 3-year intervals since 2010
 - ▶ To be conducted annually from 2023
- Target: 5,153 respondents in 10 companies, including group companies (FY2021)
- Questions: 141 items
- Response rate: 94.4%
- Feedback: Data has been disclosed through 30 briefings (approx.), internal newsletters, etc.

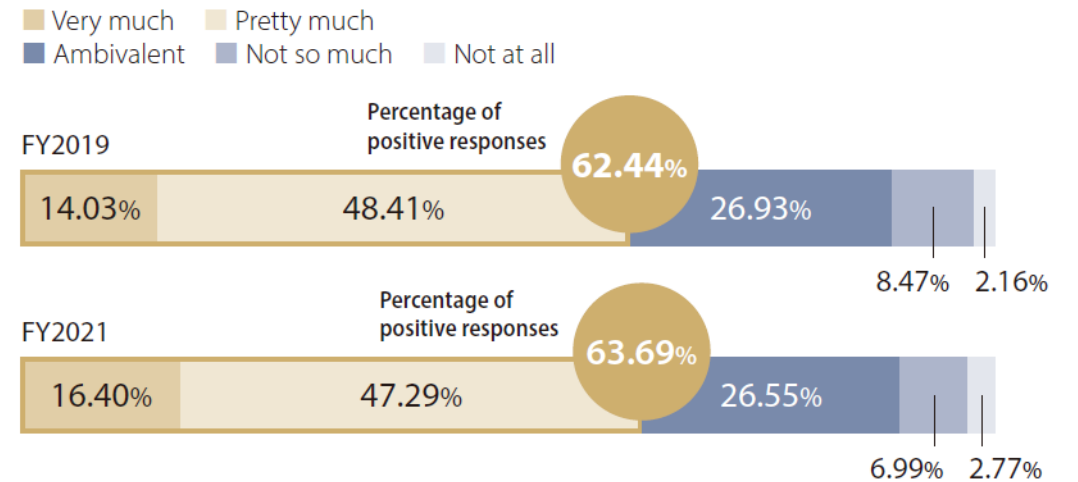
Issues identified from FY2021 survey results

- Further penetration of an open and vibrant organizational climate
 - ▶ Clarify and notify the definition of “open and vibrant”
- Enhancement of the appeal of HR measures
 - ▶ Revise the managerial track personnel system

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



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



- Specified health checkups and specific health guidance for the prevention and remediation of metabolic syndrome
- Online smoking cessation program
- Launched personal health portal site “MY HEALTH WEB”
- Walking event “Aru Fes (walking festival)”
- Health seminars on themes including dietary habits and women’s health

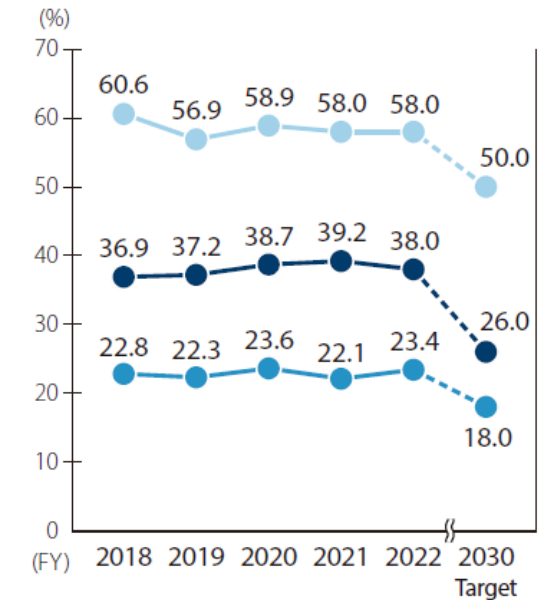


Productivity improvement / organizational revitalization



MY HEALTH WEB home page

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

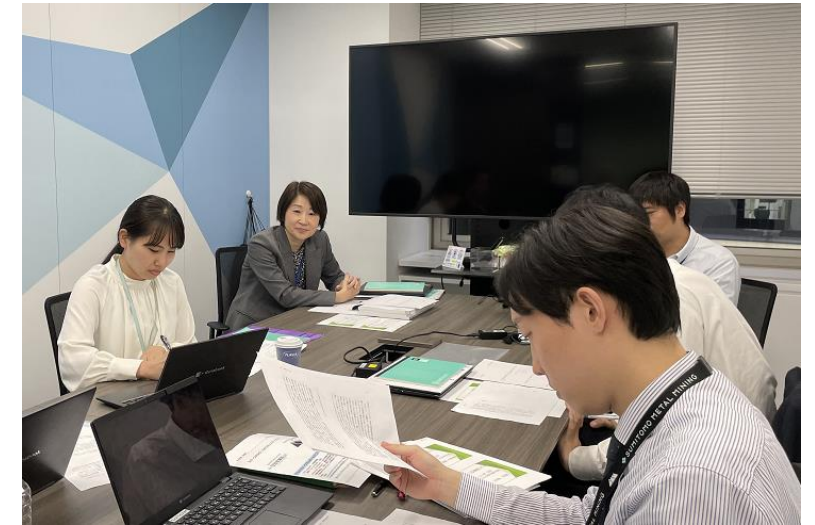


● Obesity rate (male) ● Obesity rate (female)
● Percentage of employees with abnormal findings

1. Scope: Insured persons of the Sumitomo Metal Mining Health Insurance Society
 2. Scope: Employees of Sumitomo Metal Mining Co., Ltd., age 40 or older

- **Officers' Coaching Schools**

Executive officers and students (8 to 10 younger employees) learn together about a theme chosen by each school in order to put it into practice in the workplace.



Officers' Coaching School: Learning about sustainability information disclosure

- **Middle-Management Program (MMP)**

Company management serves as the lecturer for select employees in their 30s to 40s and engages in discussion for about five months to boost the middle-management employees who will lead the next generation.

- **Training to develop the next generation of executive managers**
Leaders in their late 40s are selected for future leadership roles in SMM, and 9-month practical programs are implemented to develop their management skills.

- **Top Management Lunch Meeting**
Monthly lunch meetings with the President and young employees are held to promote harmony and invigorate the young employees and middle management at the Head Office.
It started in February 2020 with a total of 93 participants to date.



Top Management Lunch Meeting

Fostering Change, Growth, and Challenges by Individual Employees

Managerial track employee system was revised in July 2023

The personnel system has been fundamentally reviewed to ensure the growth strategy

System	Function-/role-/qualification-based system
Evaluation criteria	Seniority/experience capacity for the role (competency)
Grade change	Promotion based on accumulated results No demotion
Pay raise	Annually
Internal recruitment	N/A



System	Job grade system
Evaluation criteria	Value of the job — responsibilities, impact, and difficulties it entails
Grade change	Abolished promotion based on performance rating scores Grade changes according to the job
Pay raise	Compensation is adjusted based on job grade
Internal recruitment	Internal recruitment system

- **Enhanced voluntary training programs**

- E-learning
- Online learning
- Foreign language training
- Subsidies for outside courses
- Online video learning

- **One-on-one meeting**

Introduced subordinate-led one-on-one meetings with an aim to enhance the quality of communication with superiors, unlock individual potential, and create an organization that achieves results.

- **Career design training**

Starting with the second-year training, it is provided at ages 35, 43, 50, and 58 in order to clarify career goals and action plans, while considering career issues unique to each stage and reflecting on one's own career.

- **Choose one's own career path**
- **Autonomous learning**
- **Education that supports taking on challenges**

Shift to Talent Management to Accelerate Corporate Growth

Aim for further organizational reform to foster individual autonomous work and growth

Long-term Vision

Become the world leader in the non-ferrous metal industry

Diverse human resources

Practice DEI*

*Diversity & Equity & Inclusion

Have employees work with spirit

Development and participation of human resources

Promote autonomous growth

Future Initiatives

Realize employee well-being

Job grade change according to life stage

Generalist ↔ Specialist

Internal recruitment system

Talent Management System

Improve employee engagement / Create an open and vibrant organizational climate

Table of Contents (Theme 2)

~ Integrated Report 2023: P66-67 ~ “Technological Changes at the Toyo Smelter & Refinery”

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IV	Copper Price vs. TC/RC	IX	Conclusion
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SMM's Smelting & Refining and Copper Business (At a Glance)

SMM's History and Smelting & Refining and Copper Business History

The beginning of Sumitomo's original business: the copper smelting and refining business began in Kyoto as a copper smelting and decorative copper-work operation. Since then, it changed continuously with the change of times and remains our core business that supports our production capabilities.

copper smelting and refining

Started business in 1590

1500	1600	1700	1800	1900	2000s
	1590: Founded	1691: Besshi Copper Mine started operation	1888: Sobiraki Smelter started operation	1905: Shisaka Island Smelter started full operation	1919: Niihama Electrolytic Smelter (current Toyo Smelter & Refinery, Copper Refinery Section) started operation 1971: Toyo Smelter & Refinery started production 1973: Besshi Copper Mine closed

1939: Nickel smelting and refining started



Nanban-buki



Copper Production Flow (from copper concentrate to electrolytic copper)

Remove impurities from copper concentrate to make electrolytic copper with 99.99% copper grade

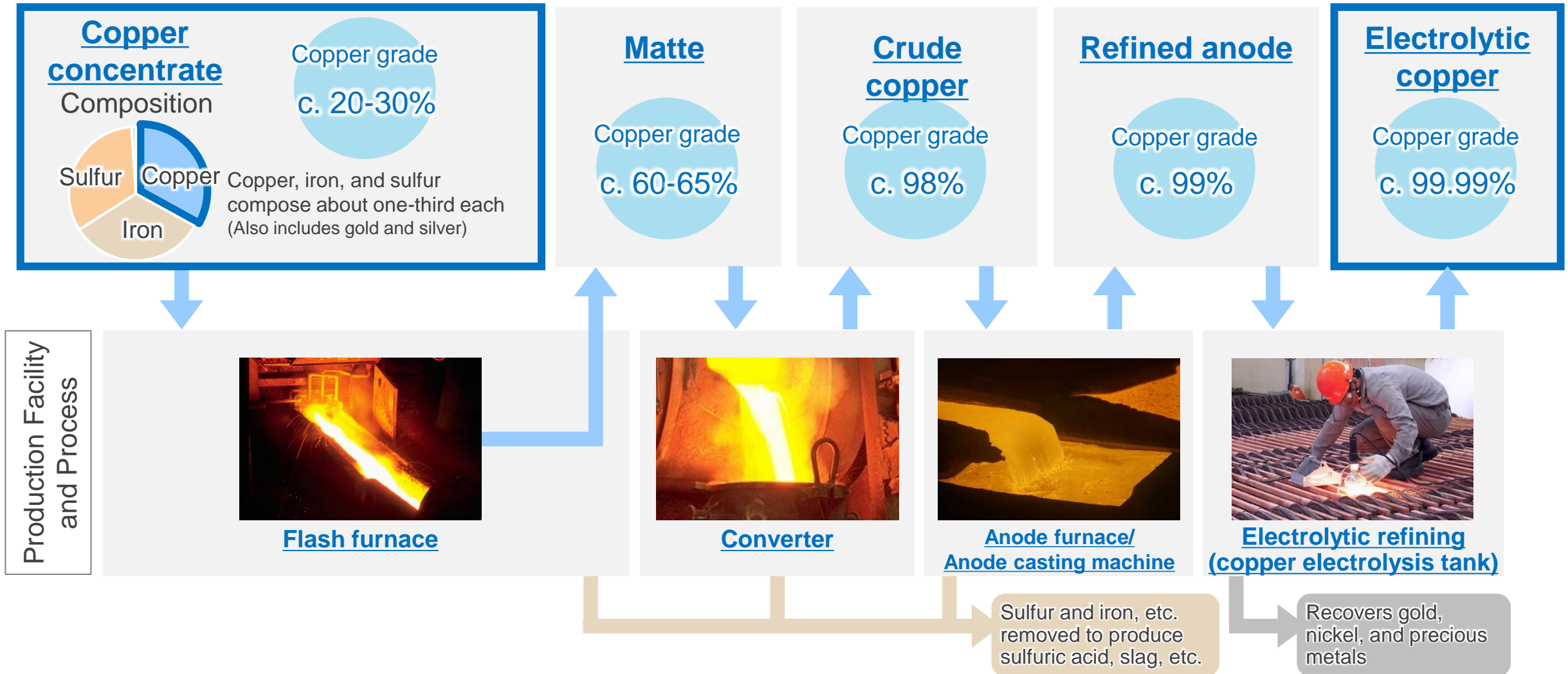
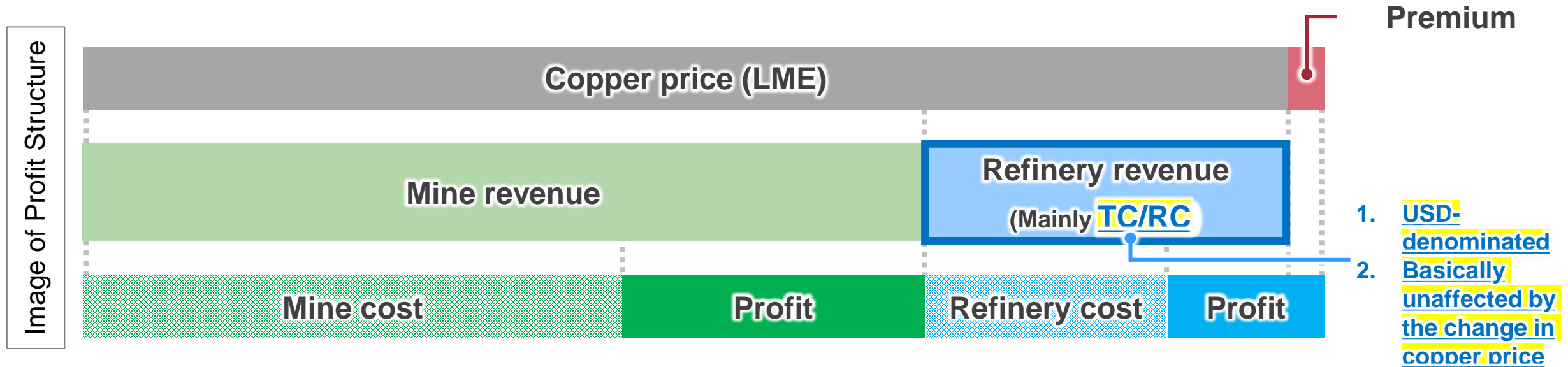


Image of Copper Smelting & Refining Business Profit Structure

Processing charges (TC/RC) are the main income for refineries, boosted by the depreciation of JPY



● Impact of exchange rate fluctuation

- TC/RC are USD-denominated. Depreciation of JPY results in an increase in the JPY-denominated refinery revenue.
- Refinery cost (incurred in Japan) does not change on a JPY basis. Depreciation of JPY is a “tailwind” for Japanese refineries.

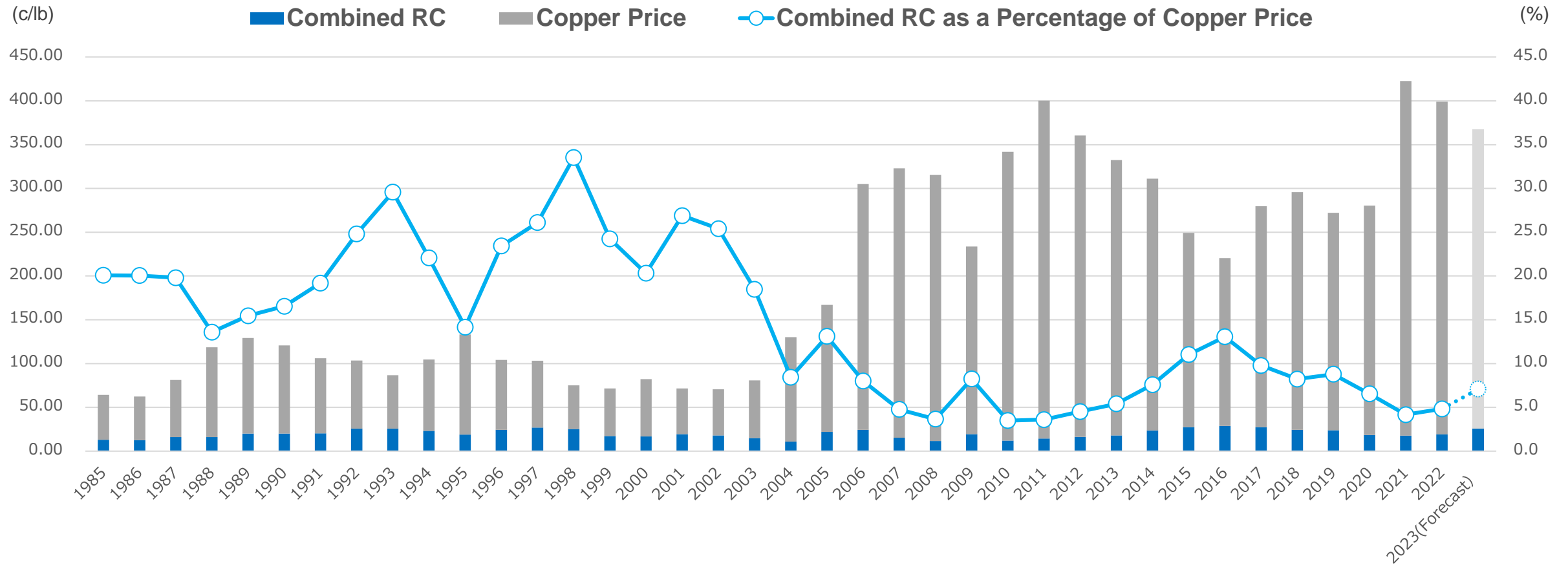
● Impact of copper price fluctuation

- TC/RC is basically unaffected by the change in copper price. Mines enjoy most of the benefits of higher copper prices.
- In other words, the decrease in refinery revenue is limited when the copper price falls.

Copper Price vs. TC/RC (Combined RC)

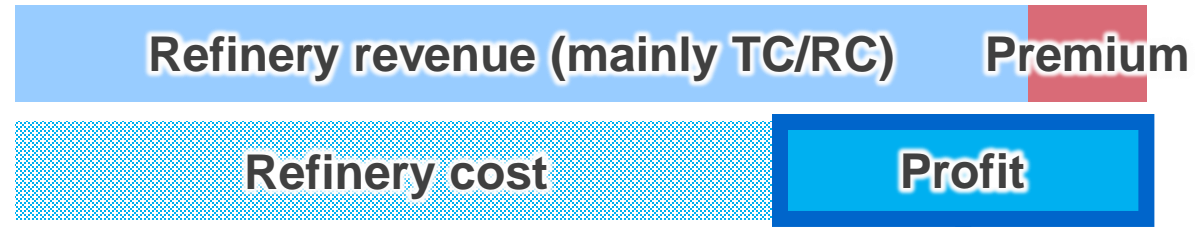
Annual benchmark TC/RC is determined by supply-demand balance for copper concentrate

Copper Price
Combined RC

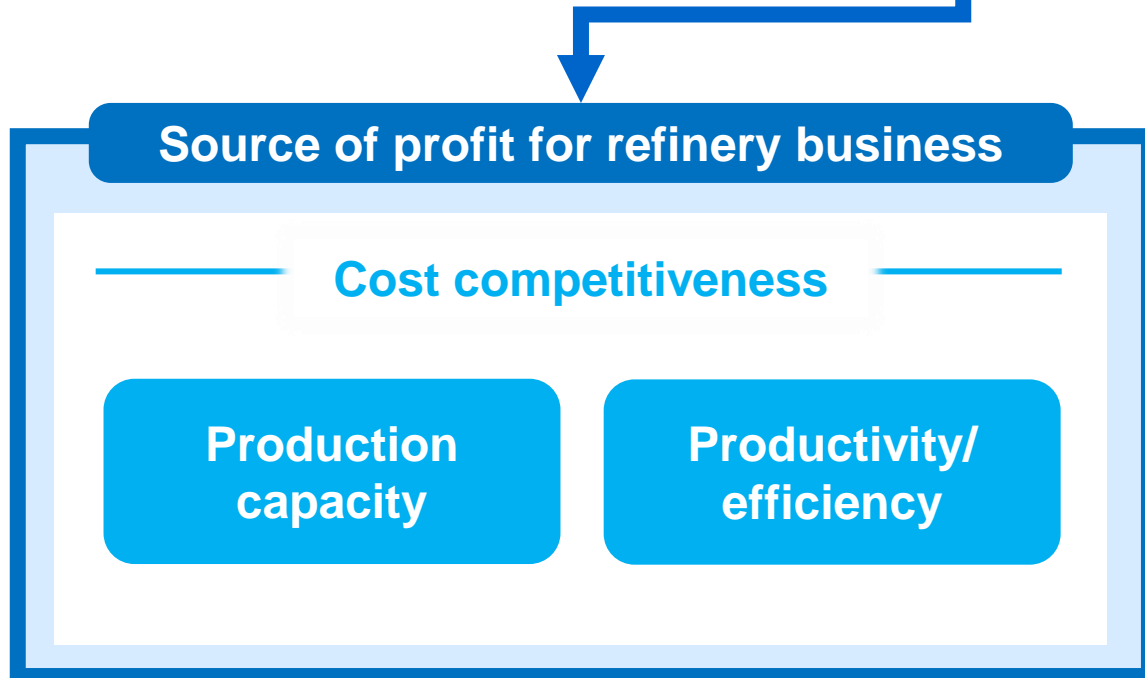


Toyo Smelter & Refinery Source of Profit

Cost competitiveness is the key source of profit



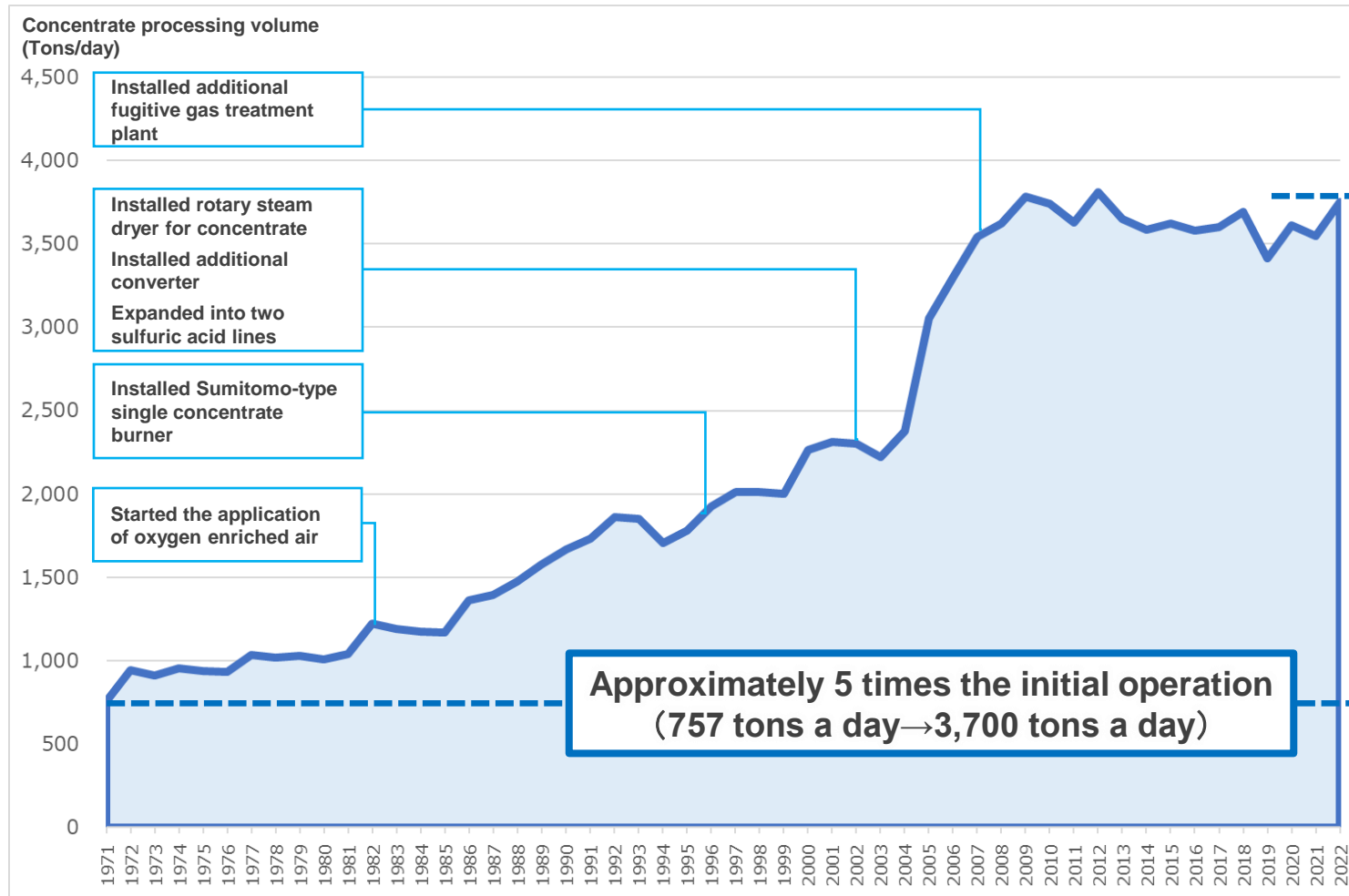
The profit structure for the copper refinery is less susceptible to the change in copper price.
Improving cost competitiveness is critical for maximizing profit



Improving refining technology is critical to secure the source of profit

Concentrate Processing Volume (Toyo Smelter & Refinery)

Increasing facility capacity for each process and constant improvement of refinery technology realized a five-fold increase in the processing capacity for the flash furnace

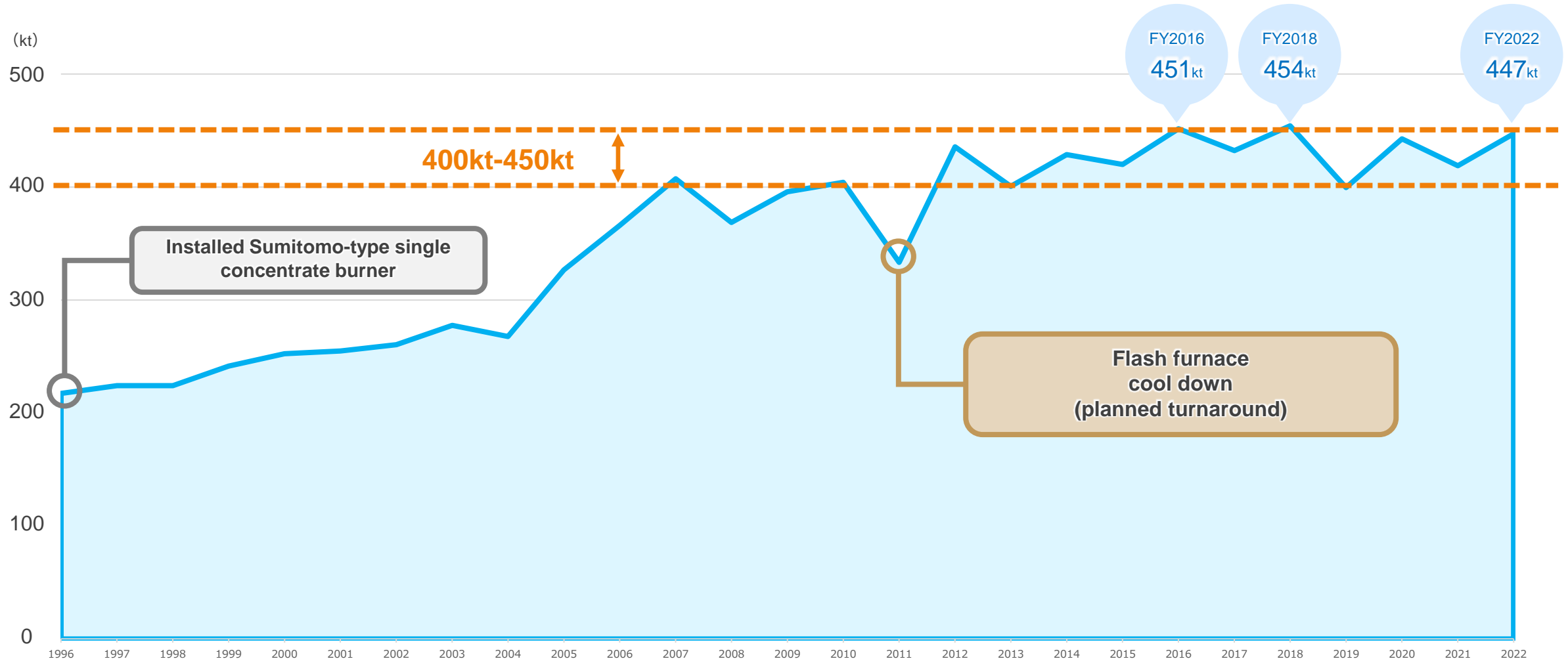


The world's highest volume of concentrate melted for a single flash furnace

Energy efficiency per unit of production is also the highest in the world

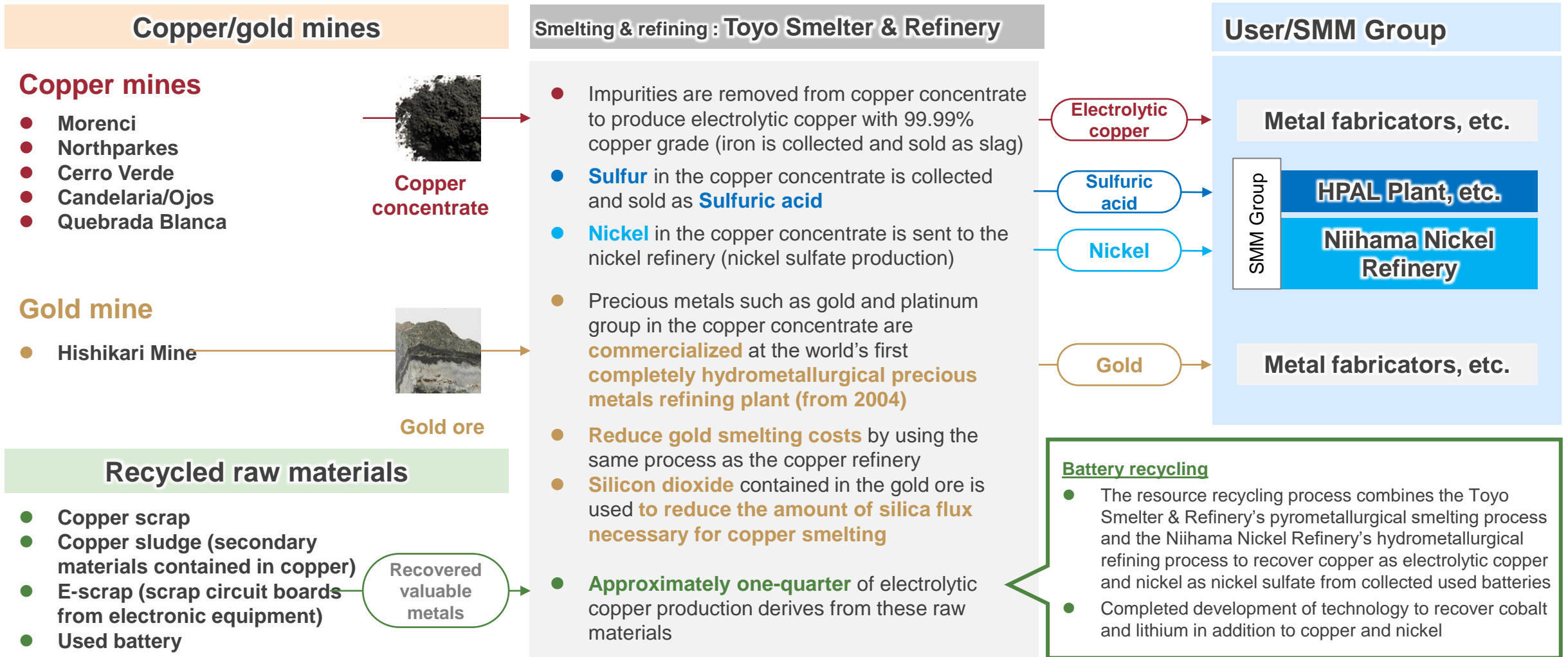
Electrolytic Copper Production Volume (Toyo Smelter & Refinery)

Stable Annual Electrolytic Copper Production of 400kt-450kt/year in recent years



Collaboration with Group Businesses

Toyo Smelter & Refinery is the core of SMM's supply chain



Conclusion

Key Points on Positioning of Toyo Smelter & Refinery

Point 1

Stable production of high-quality copper through environmentally friendly and efficient process

Point 2

Cost competitiveness based on accumulation of technology over the years is the key source of profit

Point 3

Recovery of precious/rare metals

Point 4

Critical role in supply chains, recycling metals

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