

Relationship between the Long-Term Vision and the Vision for 2020

The SMM Group has established the Long-Term Vision and the Vision for 2020 (which states “The Kind of Company that We Would Like to be in 2020”) to indicate our approach to creating value. The activities to attain these twin goals are inseparable for sustainable growth and maximization of corporate value, and we are proceeding on them as a single Vision.

Sustainable Growth and Maximization of Corporate Value

Long-Term Vision

Our Long-Term Vision is a goal to execute a continuous growth strategy aimed at a stable supply of materials and products over the long term. In

order to attain the Long-Term Vision, which has a target year of 2021, we set out a medium-term business plan every three years as a mid-term strategic goal.

Long-Term Vision

Become a World Leader in the Non-Ferrous Metals Industry & an Excellent Company of Japan

Long-Term Vision Targets

Become a World Leader in the Non-Ferrous Metals Industry

Copper

Annual production interest
300 kt

With regards to copper, our target of annual production output of 300,000 tons from our interests is in sight, with the expansion of overseas copper mines already in operation, the start of commercial production in the Sierra Gorda Project, and the acquisition of additional interests in the Morenci Copper Mine. In copper smelting, we will strive to bolster profitability through stable operation, by processing of secondary materials, and by reducing fixed costs.

Nickel

Annual production capacity
150 kt

With regards to nickel, both the Taganito Project and the expansion of electrolytic nickel production capacity to 65,000 tons/year were completed in 2013, completing our 100,000-ton/year nickel production structure. As an even longer vision, we are looking to raise that to 150,000 tons/year by securing alternative sources of mineral resources and expanding production capacity.

Gold

Annual production interest
30 t

Through entry into the Côté Gold Project in Canada, we have increased our gold resources by approximately 2.7 tons/year. We will continue exploration around our operating mines, consider participation in new joint ventures, and acquire new interests through M&As.

New Materials

Recurring profit
¥5 billion

Through collaboration between the Materials Division and the Research & Development Division, we aim to accelerate new materials development and raise profitability.

An Excellent Company of Japan

Net sales **¥1 trillion** Net income **¥100 billion**

Vision for 2020

—and the Six CSR Areas of High Priority—

The Vision for 2020 is our goal for the SMM Group's coexistence with the global environment and society aimed at sustainable growth. As the SMM Group's business activities involve large-scale developments, such as mining developments, there is a significant impact on the surrounding areas, the scope of which extends to the economy, the environment, human rights, and the local communities.

Therefore, the SMM Group believes that in running our business it is essential to obtain a Social License to Operate that cannot be achieved in the absence of trust-based relationships with the local communities, in addition to a legal operating permit.

In 2015, the SMM Group revised its Vision for 2020 as it applies to its Six CSR Areas of High Priority in

view of business globalization and other changes in social conditions. In tandem with this revision, we identified material issues that the Group needs to address from among a large number of sustainability issues with the primary focus on evaluating impacts on the Social License to Operate, opportunities for future earnings, and the sources of our competitiveness (see p. 63–65 for process to identify material issues).

Effective Use of Resources

A company that generates resources using innovative technology

KPI

Develop and implement technologies to efficiently recover resources (low-grade/hard-to-process ores)

Develop new and effective uses for by-products
Promote recycling

Environmental Preservation

A company that uses advanced technologies to reduce environmental impacts and contributes to preserving the global environment

KPI

Advance biodiversity preservation initiatives
Maintain our record of zero significant environmental accidents

Contribution to Society and Local Communities

A company that earns trust and contributes to regional development through our business and social contribution activities rooted in each region

KPI

1. Communicate with local communities to recognize social issues in regions where we do business, and implement programs to support solutions to those issues.

2. Provide support for the improvement of educational infrastructure and the maintenance and development of academic activities, culture, tradition, and art in countries where we do business.

3. Provide support for recovery and reconstruction after large-scale disasters.

Allocate financial resources for initiatives 1 to 3 above.

Respect for People and Human Rights

A company where diverse human resources exercise their ability sufficiently and take a vibrant and active part in each field

A company that works with its stakeholders to strive for a society that actively respects human rights

KPI

A company where employees can take a vibrant and active part
Respect diversity
Develop human resources
Prevent major human rights infringements

Occupational Health and Safety

A company that accords safety the highest priority and provides comfortable working environments

KPI

Ensure safety
Provide comfortable working environments

Stakeholder Communication

A company that works to communicate transparently with all worldwide stakeholders to deepen mutual understanding

KPI

Encourage deeper mutual understanding with employees
Encourage mutual understanding with local communities and citizen groups
Encourage mutual understanding with shareholders and investors
Encourage mutual understanding with other stakeholders

CSR Policy

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.

To continue sound business activities, SMM shall respect human rights and shall try to be a company in which diverse human resources take active parts.

4.

According to safety the highest priority, SMM shall provide safe, comfortable working environments and seek to eliminate occupational accidents.

5.

SMM shall strengthen communications with all stakeholders to build healthy, trust-based relationships.