

CSR Management Framework

The SMM Group's CSR

The circumstances of the society around us and its demands on our Group are constantly changing. In the promotion of CSR activities, appropriately grasping these changes and reflecting them in our objectives are of paramount importance in efforts to continuously increase the Group's corporate value while earning the trust of society. Based on this concept, we released a comprehensively revised version of our Vision for 2020 in 2015 and also formulated our 2015 3-Year Business Plan. We have established key performance indicators (KPI) to enable a clear understanding of achievement evaluations of the activities performed for meeting the revised goals.

CSR Promotion Framework

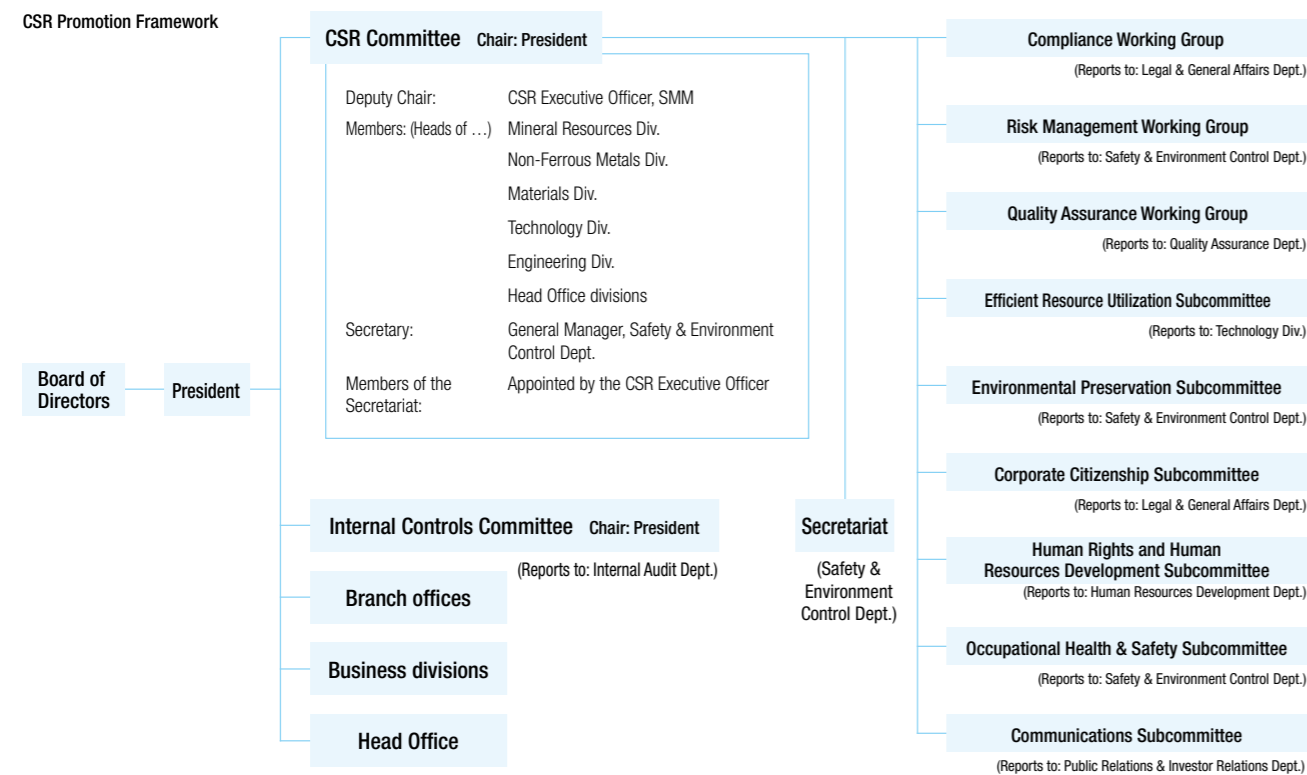
SMM's CSR activities are promoted by the CSR Committee, which convenes at least once a year and comprises the President, as chairman, and the heads of the businesses and Head Office. Attached to the CSR Committee are three working groups—the Compliance, Risk Management, and Quality Assurance Working Groups—and six subcommittees overseeing the following areas: efficient resource utilization, environmental preservation, corporate citizenship, human rights and human resources development, occupational health and safety, and communications.

Each of these six subcommittees, which correspond to the SMM Group's Six CSR Areas of High Priority, works toward annual plans and targets in the quest to realize our Vision for

2020 across the entire Group.

CSR activities consistent with these annual plans and targets are advanced principally through initiatives at business sites and group companies. Actual implementation is carried out by all officers and employees according to their individual roles. The CSR Committee reviews the activities of each area based on reports from working groups and subcommittees.

Reviews include activity progress reports and activity plans for the next fiscal year, evaluations of the company's environmental, social, and economic performance, the execution of corrective measures where necessary, and the implementation of our PDCA (Plan-Do-Check-Act) cycle.



* Directors who are also members of the CSR Committee are the President, the General Manager of the Mineral Resources Division, the General Manager of the Non-Ferrous Metals Division, and the General Manager of the Materials Division.

Our Stakeholders

At the SMM Group, the following entities with an interest in the Group's activities were identified as stakeholders: Customers, Shareholders, Employees, Regional Communities, Creditors,

Business Partners, Citizens Groups, and Government Agencies. The SMM Group aims to maximize its corporate value with a specific target established as the SMM Group's proper objective for each stakeholder.

The SMM Group's Stakeholders and Proper Objectives regarding Each Stakeholder

To Customers	Be a company that accurately understands customer needs and has comprehensive competitiveness with an edge over other firms with respect to technology, quality, delivery and costs.
To Shareholders	Be an excellent entity in which to invest: one that pursues maximum corporate value through efficient management and sound governance, disburses dividends matching its business performance, and discloses information as appropriate.
To Employees	Be a company that provides a favorable work environment, clearly defines the roles of all individuals within the organization, and makes employees proud to work for it.
To Regional Communities	Be a company that coexists well with its regional communities and that makes positive contributions to those regions' development.
To Creditors	Be a company that has earning capacity, outstanding financial strength, and trustworthiness.
To Business Partners	Be a company that possesses outstanding technological strength, places importance on integrity and trust, and is capable of co-prosperity.
To Citizens Groups	Be a company that is keenly alert to its social responsibilities and undertakes appropriate communication.
To Government Agencies	Be a company that implements compliance fully and makes positive contributions for the benefit of the countries and regional communities where it is undertaking its projects.

Identification of Material Issues for the SMM Group

We comprehensively revised our Vision for 2020 in 2015 with regards to the key issues for the SMM Group through the process described below. We were guided by the International

Integrated Reporting Framework (IIRC Guidelines) and GRI Sustainability Reporting Guidelines Version 4 (G4) on the specific procedures for revision.

Step 1 June 2014

Identification of sustainability issues

As sustainability issues, we identified a variety of issues that positively or negatively impact the formation of a sustainable society. In doing so, we focused on the guidelines at right, with the result that we identified 102 issues. We further consolidated the issues according to their shared qualities, in the end identifying 58 sustainability issues.

Step 2 July 2014–August 2014

Assessment of materiality and identification of material issues

We evaluated these issues on the two axes of materiality for stakeholders and materiality for the business of the SMM Group. We identified 26 material issues for which importance is high on both axes and for which our current initiatives should be strengthened.



Guidelines referenced

- Aspects of the GRI Sustainability Reporting Guidelines Version 4 (G4)
- Issues in ISO 26000
- Principles and position statements of the ICMM
- The Ten Principles of the United Nations Global Compact
- Items noted in the DJSI and other corporate assessments

Main perspectives in evaluation of materiality

Materiality for stakeholders

- Degree of impact on stakeholders' immediate rights
- Opinions of stakeholders
- Requests directed at the SMM Group, organizations to which we belong, and our industry
- Social issues in areas where we operate, and the scale of these social issues
- Scale of the potential negative or positive impacts of our business

Materiality for the business of the SMM Group

- Degree of impact on our social license to operate
- Degree of relationship with our business policy and business strategy
- International social norms and industry rules
- Opportunities for income and sources of competitiveness in the future

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Step 3 September 2014–November 2014

Consideration of draft revisions to the Vision for 2020 and KPIs

We categorized the identified material issues into our Six CSR Areas of High Priority and formulated draft revisions to the Vision for 2020, in line with our targets and our approaches for addressing the organized material issues as a Group.

We also identified specific targets and KPIs for assessing our degree of achievement toward the Vision for 2020.

(Specific targets and KPIs correspond to the targets of the relevant subcommittee. See CSR Achievements and Plans (p. 64–71) for details)



Step 4 December 2014–March 2015

Validation

The Chairman, President, and all 24 executive officers took part in 15 hours of deliberations on the considered material issues, the Vision for 2020, the specific targets, and the KPIs, with a focus on verifying consistency with our business policy and business strategy. Validation of the final draft was carried out through confirmation by the CSR Committee and decision by the Board of Directors.



Material Issues Identified by the SMM Group

Effective Use of Resources

- 1 Utilizing unused resources (low-grade/hard-to-process ores)
- 2 Development of new applications and effective use of by-products
- 3 Exploration and development of new resources

Environmental Preservation

- 4 Energy conservation at SMM business sites
- 5 Development of products and technologies that contribute to reducing environmental impact
- 6 Respect for nature preservation areas
- 7 Preservation and restoration of ecosystems in areas where we do business
- 8 Minimizing chemical substance emissions into the air, water, and soil (including in our portfolio companies and supply chain)
- 9 Reduction of release and transfer volume of chemical substances
- 10 Waste management

Contribution to Society and Local Communities

- 11 Community investments
- 12 Local hiring
- 13 Local procurement
- 14 Utilization of partnerships
- 15 Management of closed mines
- 16 Recovery support for areas affected by devastating disasters

Respect for People and Human Rights

- 17 Human resources development
- 18 Diversity and equal opportunity
- 19 Protection of employees' human rights
- 20 Avoidance of contributing to human rights infringements with our supply chain
- 21 Respect for the rights of indigenous populations

Occupational Health and Safety

- 22 Ensure safety
- 23 Secure occupational health

Stakeholder Communication

- 24 Engagement with local communities
- 25 Engagement with employees
- 26 Communication with shareholders and investors

Regarding Boundaries

In the process to identify material issues, the boundaries were established as follows. Any other boundaries apply to the SMM Group (see p. 7 for the Group's scope).

SMM Group & Suppliers

Aspect: **(Environmental)**
Emissions (Material issue 8)

Aspect: **(Environmental)**
Effluents and Waste (Material issue 8)

Suppliers

Aspect: **(Human Rights)**
Supplier Human Rights Assessment (Material issue 20)

CSR Achievements and Plans

Effective Use of Resources

Goals and KPIs	FY2016 Achievements	Issues and Targets	FY2017 Plans
1. Develop and implement technologies to efficiently recover resources (low-grade/hard-to-process ores) 1, 3	1) Promote rational use of low-grade nickel ore (make nickel produced from low-grade ores 2/3 of nickel production overall) 2) Achieve profitability in our copper business by developing processing technologies for low-grade/hard-to-process ores 3) Develop efficient gold mining technologies 4) Participate in sea-floor resource development projects (contribute to the development of mining technologies and processing solutions)	<ul style="list-style-type: none"> ● Strengthened CBNC's mineral ore management framework and implemented blending techniques aimed at averaging leftover ore and stabilizing quality, enabling full-scale operation from April 2017 ● Found that magnetic separation of copper, arsenic and molybdenum was viable through pyrometallurgical processing (roasting) ● Completed development of the technology for a new ore sorter that will achieve reduced dilution of ore by waste rock and greater cost-effectiveness compared to existing ore sorters at Hishikari Mine ● Continued participation in the sea-floor massive sulfide deposit development and cobalt-rich ferromanganese crust (CRC) development projects by JOGMEC. In the CRC project, carried out an investigation into the effects of differences in sample lots through small-scale basic studies, managing to reproduce the superiority of the proposed process and successfully produce electrodeposited nickel metal 	<ul style="list-style-type: none"> ● Confirm leftover ore volumes at CBNC and obtain permissions for new mining zones ● Improve the selectivity of magnetic separation of non-liberated minerals ● Determine whether or not low-cost mining methods can be applied to undeveloped orebodies at the Pogo Gold Mine ● Secure CRC mined tonnage and plan and implement pilot tests
2. Develop new and effective uses for by-products 2	1) Recover and market scandium from nickel oxide ore 2) Recover raw material for iron and steel manufacturing from nickel oxide ore (commercialize chromite and hematite)	<ul style="list-style-type: none"> ● Started construction of a scandium recovery plant, and made smooth progress towards holding test operations in October 2017 and starting commercial production from January 2018 ● Established technology for recovering chromite and hematite from nickel oxide ore and, from economic evaluation, narrowed that to chromite recovery, completed preliminary designs for a commercial plant 	<ul style="list-style-type: none"> ● Cultivate new markets ● Construct a chromite recovery plant
3. Promote recycling 1	Improve our effective use of recycled resources	<ul style="list-style-type: none"> ● Achieved a record annual processing volume for copper scrap, recycled nickel from secondary batteries using our existing smelting furnaces, and made progress with the basic development of more efficient new processes 	<ul style="list-style-type: none"> ● Work to extend life of existing mines, and seek understanding from authorities in the Philippines regarding permissions for new mining zones ● Conduct basic test to evaluate the viability of pyrometallurgical processing ● Create orebody models through definition drilling and design mining methods ● Plan and implement mining and ore-lifting pilot tests in the sea-floor massive sulfide deposit development project ● Complete plant as scheduled and move to commercial production as early as possible ● Move forward with chromite recovery plant construction preparations ● Develop an efficient process for recycling secondary batteries

Numbers next to indicate the corresponding Material Issues from p. 65

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Environmental Preservation

Goals and KPIs	FY2016 Achievements	Issues and Targets	FY2017 Plans	
1. Advance biodiversity preservation initiatives 4, 5, 6, 7, 8, 9	1) Implement global warming countermeasures (1) Expand materials business for products (creating, storing, and saving energy) with low CO ₂ emissions (2) Reduce CO ₂ emissions from operations (3) Develop and use renewable energy to contribute to CO ₂ emission reductions	● Revenue from materials for products with low CO ₂ emissions in FY2016 was 3.8 times that of FY2011 ● Made 18 capital investments (one investment delayed to April 2017) based on an internal scheme for promoting effective energy-saving and CO ₂ reduction (management of capital expenditure program to reduce CO ₂ by 20 kilotons by 2020), with total investment amounting to 260 million yen ● Reduced CO ₂ by 239 kilotons compared to FY2015 by transitioning Harima Refinery operations (zinc to nickel sulfate) ● Thoroughly evaluated process engineering data regarding the HPAL plant being considered for construction in Pomalaa, Indonesia	● Stabilization of full operations at Sumiko Energy Materials Co., Ltd.'s Naraha Plant ● Ensure implementation from FY2017 onwards of projects which have been postponed due to a downturn in the business environment ● Confirm potential for commercialization	● Work on stabilizing battery production, leading to future increases in production ● Expand ink market through new applications ● Implement 18 FY2017 investment projects (¥224 million) according to plan ● Carry out preparations for a definitive feasibility study (DFS)
	2) Steadily develop and adopt technologies for reducing environmental impacts (1) Implement a planned approach for minimizing the emission of chemical substances (2) Contribute to environmental preservation through forestation, etc. (3) Verify the environmental impacts of our portfolio companies and supply chain, and implement measures to reduce risks	● Achieved 2020 targets for emissions into the atmosphere and heavy metal density at site perimeter for the Harima Refinery ● Introduced new processing equipment at Shisaka Smelting Co., Ltd., and shifted cadmium from provisional standards to uniform standards ● Carried out rehabilitation of 57 hectares at CBNC and THPAL combined ● Vegetation rehabilitation tests in the Solomon Project were completed one year ahead of schedule due to support from Sumitomo Forestry Co., Ltd., and results have been collected	● Further expand utilization of renewable energy ● Seek the best solution for the problem of boron-containing mine drainage at Hishikari Mine, including reducing the boron component with our proprietary technology, putting boron-containing hot water back deep underground, and so on. ● Conserve ecosystems by steadily implementing tree planting and soil fertility initiatives	● Continue examining the introduction of renewable energy in Japan and overseas ● Continue reduction of chemical substance emissions ● Continue rehabilitation at CBNC and THPAL ● The Solomon Project distributed vegetation rehabilitation guidelines and manuals (both in English) to the Solomon government and local communities
		● Met periodically with mine owners, our suppliers, at CBNC and THPAL to share issues. Performed dredging of Taganito River in dry season	● Continue to implement measures to reduce environmental risk ● Respond to June 2016 revisions of effluent regulations	● Periodically meet with mine owners, our suppliers, at CBNC and THPAL to share issues and consider response to new regulations
		● Completed countermeasures for two accumulation sites that had not yet fulfilled new earthquake-resistance standards ● Carried out work such as renewing equipment including pipes and tanks, and performing maintenance on sedimentation pond sheets at Hishikari Mine and closed mine sites ● In the materials business, inspected equipment for signs of aging and carried out inspections following repairs and upgrades	● Further reduce risk of others ● Implement plans and continue inspections	● Successfully implement measures at other accumulation sites as needed ● Renew plumbing, control equipment, and the like ● Set this as an environmental target and carry out inspection tours to check implementation progress
	2. Maintain our record of zero significant environmental accidents 8, 10	1) Improve strength against earthquake and severe weather at closed mine sites 2) Prevent significant environmental accidents by strengthening environmental risk management		

Contribution to Society and Local Communities

Goals and KPIs	FY2016 Achievements	Issues and Targets	FY2017 Plans
1. Communicate with local communities to recognize social issues in regions where we do business, and implement programs to support solutions to those issues 11, 12, 13, 14, 15	● Continued activities that contribute to society such as supporting infrastructure at CBNC, THPAL and the Solomon Islands ● Started full-scale operations at Sumiko Energy Materials Co., Ltd.'s plant in Naraha, Fukushima Prefecture, contributing to the creation of employment in an area affected by the Great East Japan Earthquake ● Bestowed the President's CSR Award on 3 individuals	● At CBNC, delays in project progress are an issue so improve the organization and promote strengthening of progress management ● At THPAL, priority of interaction with regional communities is increasing as we are shifting from building facilities to activities such as education	● Continue to make social contributions at CBNC and THPAL and refer to evaluations by external institutions when carrying out activities
	● Continued to provide scholarships in the areas near overseas mine development sites ● Continued to provide support for NPO Kaibigan, which helps the poor to attend school in the Philippines ● Promoting relocation of Higurashi Villa, which was built on Shisaka-island 110 years ago, in the Besshi district	● Be continually aware of the status of scholarships being awarded in the areas near overseas mine development sites	● Continue support for scholarships and overseas NPOs ● Continue the relocation of Higurashi Villa and maintain other Sumitomo remains in Besshi district
	● Made donations for areas affected by the Kumamoto earthquakes, storm damage from Typhoon No. 10, and earthquakes near THPAL ● Streamlined the management system for the Council for Promotion of Measures for Stranded Commuters around Shimbashi Station and introduced a rotating chairmanship	● Improving the precision of operational rules through drills and the like by the Council for Promotion of Measures for Stranded Commuters around Shimbashi Station is a pressing issue	● Provide appropriate support for major disasters which occur inside or outside Japan based on the level of damage and the relationship with SMM's business operations
3. Provide support for recovery and reconstruction after large-scale disasters 16	1) Provide support taking into consideration the relationship between the affected area and SMM group's business 2) Provide continuous support for the people and areas affected by the Great East Japan Earthquake	● Continued to provide donations to scholarship funds for orphans in the three disaster-affected prefectures (Iwate, Miyagi, and Fukushima), which we have been doing since FY2012 ● Held a CSR Forum on the theme of scholarship funds in Miyagi Prefecture, worked to understand the current situation of orphans	● Close communication with the three disaster-affected prefectures in order to understand future support needs ● Continue to provide support to earthquake orphans

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Respect for People and Human Rights

Goals and KPIs		FY2016 Achievements	Issues and Targets	FY2017 Plans	
1. A company where employees can take a vibrant and active part Q 19	1) Work satisfaction	Make continual improvements based on the results of employee satisfaction surveys	<ul style="list-style-type: none"> Created an OJT Manual for supervisors incorporating a section on work satisfaction, and provided training for general managers, group company presidents, and the like related to OJT implementation and coaching 	<ul style="list-style-type: none"> Permeate methods for approaching and implementing OJT throughout the whole company 	<ul style="list-style-type: none"> Gradually implement training sessions related to OJT approach, implementation, and coaching throughout the company
	2) Mental health	(1) Optimize the work environment through training and the reduction of overly long working hours	<ul style="list-style-type: none"> Established a framework for monthly on-site checks by labor and management as part of thorough working hour controls Established and implemented a project to review working hour systems and working styles 	<ul style="list-style-type: none"> A shift in awareness about working styles is required rather than simply reducing hours 	<ul style="list-style-type: none"> Make a declaration to reform working styles and announce specific initiatives, and establish targets for each division
		(2) Reduce mental health afflictions in employees	<ul style="list-style-type: none"> Created a personalized medical record database 	<ul style="list-style-type: none"> Database creation has a tendency to fall behind schedule 	<ul style="list-style-type: none"> Make entries into and maintain the personalized medical record database and establish a targeted response system
	3) Employ people with disabilities	Establish and achieve an internal target for the number of employees with disabilities in the Group domestically	<ul style="list-style-type: none"> Achieved above the statutory employment rate on a non-consolidated basis (2.0%) 	<ul style="list-style-type: none"> Proceed with setting voluntary targets and recruitment at all group companies in Japan 	<ul style="list-style-type: none"> Hold seminars for promotion officers for the employment of people with disabilities at each SMM business site and group company, and form an action plan
2. Respect diversity Q 18	1) Support the active contribution of women at SMM (domestically)	(1) Target number of female managers: 10 or more	<ul style="list-style-type: none"> Three female managers as of March 31, 2017 	<ul style="list-style-type: none"> Number of candidates for promotion is still low 	<ul style="list-style-type: none"> Hire mid-career employees Create and implement individual development plans that include female-specific life events
		(2) Target proportion of female employees in the recruitment of management track employees: 1/3	<ul style="list-style-type: none"> Results for new employees in FY2016: about 15% FY2017: about 15% 	<ul style="list-style-type: none"> Actively promoted positions but still fell short of targets 	<ul style="list-style-type: none"> Actively showcase female employees working at SMM to appeal to female students in recruitment publicity activities
	2) Promote non-Japanese employees as key personnel		<ul style="list-style-type: none"> Held a Globalization Meeting and discussed the issue 	<ul style="list-style-type: none"> The degree of globalization is uneven between business divisions and Head Office divisions 	<ul style="list-style-type: none"> Consider response for each division and role in line with urgency and importance of globalization Continue to build a culture that embraces a diverse range of personnel
	4) Establish a strategy and supportive framework as a means to facilitate initiatives 1 to 3 above		<ul style="list-style-type: none"> Established a framework for promoting diversity and held training for promotion staff and supervisors 	<ul style="list-style-type: none"> Put together an environment that facilitates the smooth promotion of diversity management 	<ul style="list-style-type: none"> Conduct interview surveys, training sessions, and other measures related to establishing a framework for promoting diversity at workplaces
3. Develop human resources Q 17	1) Continue the program for select employees after confirming the effectiveness of selective training initiatives		<ul style="list-style-type: none"> Considered the content of selective training 	<ul style="list-style-type: none"> Implement the new program and establish methods for confirming its effectiveness 	<ul style="list-style-type: none"> Steadily implement the FY2017 program Establish methods for confirming its effectiveness
	2) Develop broad-based training to boost the level of our workforce	Provide training opportunities to all employees: 100% participation in training courses	<ul style="list-style-type: none"> Achieved a Careership (the new e-learning system) usage rate of about 46% at Japanese group companies in FY2016 	<ul style="list-style-type: none"> Careership usage and course uptake is not growing 	<ul style="list-style-type: none"> Conduct an interview survey regarding the popularization of Careership and consider and implement promotion methods, enhance content
	3) Enhance training for locally hired executive managers overseas		<ul style="list-style-type: none"> Held overseas executive manager training in November 2016 (5 participants) 	<ul style="list-style-type: none"> Number of participants has fallen due to factors such as a reduction in the number of overseas group companies in the materials business segment 	<ul style="list-style-type: none"> Hold overseas executive manager training as needed
	4) Conduct training for further support for the active contribution of female employees		<ul style="list-style-type: none"> Held training in March 2017 for female management track employees who have joined the company since 2014 (16 eligible participants) 	<ul style="list-style-type: none"> Create development plans that reflect life events, identify problem areas and implement countermeasures 	<ul style="list-style-type: none"> Create and implement individual development plans that include female-specific life events
4. Human rights Q 19, 20, 21	1) Prevent major human rights infringements	(1) Hold regular education on the SMM Group Human Rights Policy: applicable to all workplaces	<ul style="list-style-type: none"> Held human rights education at all workplaces in December 2016 	<ul style="list-style-type: none"> Conduct monitoring to see if education is being implemented effectively 	<ul style="list-style-type: none"> Review education content based on monitoring results and continue to hold education at all workplaces
		(2) Establish human rights hotlines (offering multiple means for reporting): applicable to all workplaces	<ul style="list-style-type: none"> Assigned promotion staff following the establishment of a framework for promoting diversity Held training for hotline staff from January through February 2017 (153 eligible participants) 	<ul style="list-style-type: none"> Support hotline staff 	<ul style="list-style-type: none"> Hold on-site interview surveys and conduct training
		(3) Make employees aware of the SMM direct hotline: applicable to all workplaces	<ul style="list-style-type: none"> Confirmed that response at each workplace is being implemented according to the procedure 	<ul style="list-style-type: none"> Continue to notify employees of hotline 	<ul style="list-style-type: none"> Continue to notify employees of the hotline at venues such as human rights education sessions Implement various measures in line with the seriousness of the matter under consultation
		(4) Implement regular human rights due diligence (in three categories): once every 3 years	<ul style="list-style-type: none"> Implemented human rights due diligence regarding employees in October 2016 Regarding supply chain, each of the Mineral Resources, Non-Ferrous Metals, and Materials Divisions, and the Purchasing Department held on-site interviews at 4 manufacturers 	<ul style="list-style-type: none"> Conduct on-site studies based on the results of human rights due diligence regarding employees Implement human rights due diligence regarding local communities 	<ul style="list-style-type: none"> Conduct on-site studies as required Implement a test run for human rights due diligence regarding local communities

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Occupational Health and Safety

Goals and KPIs	CY2016 Results and Achievements	Issues and Targets	CY2017 Plans
<p>1. Ensure safety Q 22</p>	<p>Number of injury accidents in CY2016</p> <p>Japan Employees: 5 lost time; 22 in total (a significant increase from 8 in CY2015) Contractors: 2 lost time; 2 in total</p> <ul style="list-style-type: none"> Past accidents recurred Workers with less than one year's experience accounted for 31% of all accident victims (new employee training and instruction was not thorough enough) Veteran employees with over 5 years' experience accounted for 40% of all accident victims (superficial safety-related activities) <p>Overseas Employees: 11 in total</p> <p>Frequency rate for occupational accidents in CY2016 in Japan and overseas: 1.46 (Japan: 1.65, overseas: 1.20)</p>	<ul style="list-style-type: none"> Strengthen line management so all employees are aware of their role and can participate in safety-related activities with a safety-conscious mindset (training and supervision, improve work procedures, KYT) Prevent similar accidents from recurring Implement highly effective safety-related activities Establish most suitable safety management system for overseas sites 	<p>The following will be implemented with priority</p> <ul style="list-style-type: none"> Strengthen safety-related activities for all employees according to the characteristics of each business site Systematize hazard simulation to increase and maintain the effect Promote safety-related activities and confirm their effect Systematize safety management at overseas sites
<p>2. Provide comfortable working environments Q 23</p>	<ul style="list-style-type: none"> No new cases of occupational disease Control Class 3 workplaces (figures in parentheses are FY2015 results) in FY2016 Dust 3 (2), lead 0 (0), nickel compound 2 (0), arsenic, etc. 2 (1), cobalt, etc. 1 (2), chlorine 1 (3), noise 1 (1) Control Class 2 workplaces in FY2016 Dust 3, lead 2, nickel compound 4, arsenic, etc. 2, cobalt, etc. 5, chlorine 2 <p>Personnel Department established rules for implementing a stress test system in the Head Office area and led business sites in strengthening frameworks</p> <p>Purchased and distributed at least one book for each business site on countering back pain and used this as an opportunity to strengthen measures against back pain</p>	<p>Control Class 3</p> <ul style="list-style-type: none"> Do not worsen work environment when raising capacity utilization and starting up new processes Acquire technical capabilities for improvements Speed up creation of concrete program Conduct adequate technical review of improvement measures <p>Control Class 2</p> <ul style="list-style-type: none"> Improvement planning following Class 3 <p>Stimulate communication to make the work environment more comfortable</p>	<p>In addition to implementing initiatives as scheduled in the investment plan, implement the following:</p> <ul style="list-style-type: none"> Create rules for checking and maintaining environmental facility capacity Utilize in-house and external experts to advance workplace improvement planning <p>Begin measures for countering back pain</p> <ul style="list-style-type: none"> Enliven communication within business sites

Stakeholder Communication

Goals and KPIs	FY2016 Achievements	Issues and Targets	FY2017 Plans
<p>1. Encourage deeper mutual understanding with employees Q 25</p>	<p>Conducted in September 2016</p> <p>Investigated communication with employees at business sites and group companies from April through May 2016</p>	<ul style="list-style-type: none"> Make all employees aware of use of the survey results Need to find out status of initiatives related to holding dialogue with employees outside of social gatherings at some business sites 	<ul style="list-style-type: none"> Report on follow-up steps based on the survey results through the in-house bulletin At business sites that have yet to implement regular dialogue, check if there is any other form of communication with employees Formulate a response based on this and discuss with the Personnel Department on how to encourage said business sites
<p>2. Encourage mutual understanding with local communities and citizen groups Q 24</p>	<p>Investigated communication with local communities at business sites and group companies from April through May 2016</p> <p>Held regularly scheduled meetings with environmental NPOs in June and November</p> <p>Planned and had business site observations by environmental NPOs and other activities</p>	<ul style="list-style-type: none"> Fact-finding investigations required regarding whether 1) swift responses can be implemented when crises occur that affect the local community, such as environmental accidents, and 2) there are initiatives for finding out if the local community has any requests or complaints None 	<ul style="list-style-type: none"> Based on SMM Group internal surveys, introduce initiatives by business sites proactively taking action, and case studies from other companies, etc. through Communications Subcommittee members Continue holding regular meetings with NGOs Internally, introduce work by NGOs/NPOs with other companies contributing to better understanding of development in the Rio Tuba area and other good case studies, and promote externally evaluated achievements
<p>3. Encourage mutual understanding with shareholders and investors Q 26</p>	<p>Published the Japanese version of our integrated report on October 1, and the English version on November 11</p> <p>Increased dialogue with shareholders and those responsible for voting rights at institutional investors as part of shareholder relations (SR) activities</p> <p>Received our first IR Grand Prix at the 2016 IR Awards held by the Japan Investor Relations Association</p> <p>Received First Place Award for Excellence in Corporate Disclosure, Steel/Non-Ferrous Metal category from the Securities Analysts Association of Japan for the sixth consecutive year</p> <p>Joined the platform Environmental Information Disclosure System (a system for disclosing environmental information to institutional investors and the like) being implemented by the Ministry of the Environment, and completed disclosure in January 2017</p>	<ul style="list-style-type: none"> Continue to listen to investors' and shareholders' opinions and reflect these in future reports, and also consider effective planning and information disclosure methods for encouraging understanding of our integrated thinking Appropriate response needed for fair disclosure rules being considered for implementation during FY2017 Consider plans for investor briefings on specific themes 	<p>In order to produce content that better meets the demands of investors and company management, improve the FY2017 integrated report through the following additions and enhancements:</p> <ul style="list-style-type: none"> Risks and opportunities, and our response to these Three business collaboration model Each business' strengths and current topics, and in-depth individual case studies related to CSR subcommittee activities Explanations of changes in governance <p>Increase opportunities for dialogue between shareholders and top management</p> <ul style="list-style-type: none"> Encourage and deepen relationships with shareholders looking to hold long-term Respond appropriately to fair disclosure and promote understanding within the company Track movements in response to the Stewardship Code Encourage dialogue with individuals responsible for ESG and voting rights
<p>4. Encourage mutual understanding with other stakeholders</p>	<p>Published a full-page ad in the Nikkei newspaper on August 26, the third this year after ones in January and March</p> <p>Won an award for excellence in the Manufacturing and Industry category at the Nikkei Advertising Awards</p> <p>Consciously worked to increase the number of articles featuring SMM, particularly in the Nikkei newspaper, in order to increase awareness of the company</p> <p>Completely renewed website on November 1 (new design, smart phone compatibility, improved browsing experience) and enhanced content (product introduction, CSR, and R&D pages, etc.)</p>	<ul style="list-style-type: none"> The Brand Japan Survey reaffirmed SMM's low public profile and highlighted the need for steady awareness-raising activities 	<p>Conduct the following publicity activities in order to raise awareness of SMM and encourage understanding of our business</p> <ul style="list-style-type: none"> Increase the frequency of articles featuring SMM in the media Completely renew the company brochure Advertising and promotion centered on newspapers Create videos introducing the company and our business Renew the Head Office entrance area