

# Respect for People and Human Rights

## Human Resources Development

### Basic Approach

The basis of human resources development in the SMM Group is on-the-job training (OJT) in which supervisors and senior colleagues carefully train individual employees through duties in the workplace. SMM has also prepared programs that include a range of training and seminars, e-learning, and correspondence education to complement OJT.

In recent years, developing global human resources, training the next generation of managers, and providing

support for female employees to play active roles have been promoted as priority areas. Moreover, Vision for 2020 mentions providing opportunities every year for all employees to increase their skills and motivation, and we created the Human Resources Development Department in October 2015 to further strengthen our human resource development capability and energetically working on it.

## Human Resources Development Program

SMM Group has a framework for human resources development that is composed of three components—on-the-job training (OJT) is the base, with self-development, and off-the-job training (OFF-JT)—and works to develop the human resources required to achieve our growth strategies by utilizing a training cycle that involves selection → training → assignment → practical application → evaluation.



Introductory training for new employees (former Besshi Copper Mine climbing tour)

### Specific Human Resources Development Initiatives

In particular, we focus on these human resources development initiatives:

(1) Foster a culture that develops human resources through an SMM version of OJT

(2) Develop the next generation of management

We also review training programs as required.

(1) Foster a culture that develops human resources through an SMM version of OJT

SMM's OJT requires an individual to not only learn the knowledge and skills needed for their work, but to also grow as a person. We also believe that without building deep personal connections and relationships of trust, you cannot nurture the employees who come after you or learn things yourself.

Our old training method was that of "learn by watching your bosses and seniors," and there was the expectation that growth was achieved through tough instruction. However, as we have proceeded with OJT, our methods have changed along with changes in society and the diversification of values, and now variations in training methods and communication style are expected.

Therefore, "coaching skills training" has been carried out company-wide since FY2016 in order to develop the skills to make OJT more effective. These provide an opportunity to review the ways employees communicate and interact with the people around them, having them deal with human resources development more on their own volition, and getting individuals thinking independently and approaching growth with a goal in mind. This in turn will lead to a stronger organization.

### (2) Develop the next generation of management

In addition to bottom-up training of the entire workforce, since FY2008 we have implemented a specialized program for training the next generation of management. Section manager-level and general manager-level personnel with the potential for a future senior management role at the company are selected for the program, which is designed to help them develop a senior manager's perspective. Also, by providing external training opportunities, we are increasing the number of venues for discussion and exchange with managers from other companies. Moreover, for newly promoted general manager-level personnel, we are continuing practical training that has been carried out since FY2011. This training involves current officers in charge at each site, providing guidance and advice to participants on a one-on-one basis to let them develop a sense for management. The training also involves participants themselves playing a leading role in actually addressing managerial issues faced by the company and observing the results. Furthermore, we started an Officers' coaching school in FY2014 to show that officers themselves are studying as well as cultivating an atmosphere more conducive to human resources development.



Middle Management Program (MMP)

## Diversity and Equal Opportunity

### Basic Approach

Since the Female Activation Support Group was established within the Personnel Department in July 2012, the Group has developed initiatives with the aim of establishing environments favorable to women based on the policy of making SMM a company where ambitious female employees feel motivated, are able to work dynamically, and gain a sense of personal growth through their jobs while demonstrating their full potential.

Moreover, in October 2015, we set up a Diversity Promotion Section within the Human Resources Development Department. This section is implementing initiatives aimed at reforming work styles and creating workplace environments favorable to diversity. These initiatives are aimed at all employees, but with a focus on providing support for participation by women and promoting employment of people with disabilities.

## Establishment of Workplace Environments Favorable to Diverse Human Resources

### Workplace Environments Favorable to Diverse Human Resources including Women

In FY2016, we established a framework for promoting diversity at our business sites in both Japan and overseas, and at group companies, and provided instruction for staff and supervisors responsible for diversity promotion and for staff responsible for the diversity consulting service. Furthermore, "promotion of awareness," "review of systems," and "developing individuals" have been positioned as priority issues from FY2016.

#### 1) Promotion of awareness

Through various training courses, we are providing opportunities for employees to realize and understand how others may have different circumstances and ways of thinking, and to experience diversity for themselves. We also provide training for young female management track employees on how to approach their careers.



Diversity Workshop

In FY2017, we will use the insight gained from these training courses to create new courses.

#### 2) Review of systems

In October 2015, we implemented a major renewal of our employee bulletin board, "Shining Employee." We added visual explanations of the steps for taking childbirth leave, childcare leave, and the like. We have also made employees aware of various systems and are following up on whether they are being used. As a result, we are seeing that progress is being made regarding system use.

#### 3) Developing individuals

In order to support employee career development, we are preparing measures to help employees realize the core qualities they need for the future and their growth. We are also building workplace environments in which each individual employee can demonstrate their abilities to the fullest, and are progressing with considerations into measures that will leverage these abilities to further develop SMM.

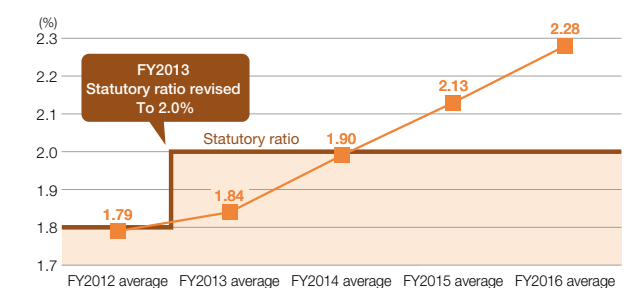
Additionally, the development and administration of a fair human resources system means there is no gender disparity in terms of basic salaries in the SMM Group.

### Working with the Disabled

Through our Committee for the Promotion of Respect for Human Rights, which promotes Group-wide activities aimed at

resolving human rights issues, we have engaged in improving our employment ratio of people with disabilities through initiatives such as developing new workplaces that facilitate participation by people with disabilities, expanding the scope of disabilities that we can accommodate, and partnering with special schools with the aim of employing new graduates. As a result, we achieved the statutory disability employment ratio of 2.0% by the end of FY2014, and the average ratio for FY2016 was 2.28%. Furthermore, we have the following as part of our Vision for 2020: establish and achieve an internal target for the number of employees with disabilities in the Group. We are engaged in achieving this through activities such as holding seminars in FY2017.

### Disabled Employee Ratio (SMM non-consolidated)



### Support for Elderly Employees

Since revisions were made to SMM's manager re-employment system in FY2013, we have rehired all employees over the age of 60 who wished to remain employed. With an increasing number of people making use of the system, we are reviewing suitable levels of treatment and systems that can contribute to raising their motivation.

### Initiatives for Enhancing Work-Life Balance

A satisfying lifestyle leads to satisfaction at work, too. Based on this belief, SMM is strengthening, and promoting the use of, various systems. In addition to restricting long working hours and encouraging employees to take paid leave, we have expanded the short-time work system available during child care, and established a job return system, which is applied in case of resignation because of marriage, child care, etc. We are also directing energy into enhancing the childcare leave system, elderly and nursing care systems, and our response to the Japanese Law for Measures to Support the Development of the Next Generation. In advancing these efforts, labor-management councils survey current conditions and draft specific provisions, and we incorporate council results in system revisions.

## Respect for People and Human Rights

### Respect for Human Rights

#### Basic Approach

As well as being a corporate social responsibility, respect for human rights is something that should be valued for every single individual as a human being. The human rights of not only SMM employees but also stakeholders must be protected equally. In order to achieve this, SMM provides the

necessary awareness education to all employees, in addition to implementing proper monitoring through the establishment of human rights hotlines, the conduct of human rights due diligence, and by taking prompt and appropriate action when a human rights problem is confirmed.

#### SMM Group Policy on Human Rights

The SMM Group's policy on human rights, in accordance with the SMM Group Corporate Philosophy and the SMM Group Code of Conduct, has been established as follows.

1. The SMM Group will comply with domestic laws and international standards relating to human rights and encourage persons within the Group, as well as outside parties over which the Group has influence, to work toward the realization of a society without human rights infringements.
2. The SMM Group will not allow harassment or other incidents of a discriminatory nature within the Group and will make efforts to prevent such incidents from occurring among outside parties over which the Group has influence.
3. The SMM Group will not engage in child labor or forced labor and will make efforts to prevent child labor or forced labor from occurring among outside parties over which the Group has influence.
4. The SMM Group will show other considerations to human rights in addition to items 1-3 above within the Group and in relationships with outside parties over which the Group has influence.
5. The SMM Group will establish appropriate measures and procedures for responding to human rights problems should they occur.
6. The SMM Group will identify and stay aware of the current and changing state of human rights in the world, as well as the impact of corporations in the area of human rights, and carry out awareness-raising activities and other necessary measures on an ongoing basis.

### Enhancing Management of Human Rights

The SMM Group is constructing a Group-wide human rights management program that incorporates a human rights due diligence framework based on the UN's Guiding Principles on Business and Human Rights. We aim to build a structured system to prevent and avoid complicity in either direct or indirect violations of human rights, and to make possible more appropriate responses, including relief, to concerns that arise. The system will apply to Group employees both inside and outside Japan, persons in the supply chain who may be affected by the Group's activities, and local residents in the areas in which the Group conducts its business activities.

A human rights management program for employees began full-scale operation in FY2014, and in FY2016 we carried out a basic survey regarding human rights at 71 business sites and group companies in Japan and overseas. At sites where issues were identified, we are advancing improvements and conducting on-site inspections as required. In addition, the human rights management program will continue to be promoted Group-wide. With regard to the human rights management program for the supply chain, we carried out questionnaires for suppliers in Japan and overseas and conducted on-site inspections at four suppliers.

In FY2016, there were no human rights-related discrimination incidents. There was one human rights-related complaint and this was handled in an appropriate manner.

#### Human Rights Seminars

Human rights seminars are held regularly and include lectures, education on human rights risks for employees scheduled to be posted overseas, and education as part of promotion training. The primary objectives are to deepen awareness of potential human rights issues in the workplace and to prevent them from occurring. These seminars are held not only for officers and managers, but also for a broader range of employees. In addition to these seminars, we hold education on human rights, including the SMM Group Policy on Human Rights, for all employees—including those at group companies—every December during Japan's Human Rights Week. Going forward, we intend to further enhance human rights education.

#### Preventing Harassment

In order to prevent every kind of harassment, each workplace runs human rights education. Each business facility has established a contact person for sexual harassment and other incidents concerning human rights as well as appointing a harassment prevention officer. In FY2016, there was one complaint of workplace bullying, and appropriate actions were taken.

#### Mental Health Care

Initiatives related to mental health care for employees include mental health care training by specialized institutions and health

level self-checks. We have also established a health consultation system, which can be accessed at any time by employees and their families via interviews with specialists, telephone or our website. In addition, based on these systems, we are now able to comply with the implementation of stress checks and other measures, which became mandatory under the December 2015 amendment to the Industrial Safety and Health Act.

In FY2016, we implemented guidance to workplaces and provided training on mental health for managers and supervisors as well as regular employees based on the results of self-

checks. A "trial return to work" system and other measures were implemented to help employees who have been on long-term leave due to a mental disorder settle back into work.

We have also focused efforts on training in-house mental health care specialists, and 26 people had passed industrial counselor qualification examinations as of March 31, 2017.

In FY2017, we will continue to enhance mental health care initiatives and strive to maintain and improve the mental health of employees.

### Respect for the Human Rights of Indigenous People and Local Citizens

#### Starting/Ceasing Operations

When making investments or equity contributions, the SMM Group uses a project risk check sheet for committees, primarily the Management Committee, to investigate risks that include not only human rights issues such as discrimination, forced labor, and child labor, but also the political system, economy, law and order, locally-specific diseases, labor issues, religious restrictions, and the impact on the local community. In FY2016, one investment project was proposed to the Management Committee and it did not fall under the scope of human rights issues. Continued monitoring of human rights issues is conducted after the investment or equity contribution, for example through board meetings of the company invested in. If any issues should arise, prompt action is taken after clarification of the cause.

#### Relocation of Local Citizens for Development

There are occasions when we inevitably have to ask local citizens to relocate to make way for development of the mine or the construction of associated facilities. On such occasions, we seek the approval and understanding of local citizens and offer alternative land. For the Hishikari Mine, three households in

total relocated from 1983 to 1989. No relocations took place for development of the Pogo Gold Mine. For THPAL, we asked 41 households in areas to be affected by the plant's construction to relocate. A relocation plan was formulated in line with the World Bank's Operational Directive on Involuntary Resettlement. With the agreement of all citizens, the relocation was completed by December 2010. Furthermore, we have continued to provide support since the relocation, including for home repair and maintenance, and programs to help restore livelihoods.<sup>1</sup>

#### Prevention of Child Labor and Forced Labor

We gain knowledge of current conditions through questionnaires sent out to group companies in Japan and overseas. No reports of child labor or forced labor were received during FY2016.

#### Artisanal and Small-Scale Mining

As of July 2017, there were no cases of work environment issues relating to artisanal and small-scale mining (ASM) in regions where SMM operates, nor did SMM have any programs for involvement in ASM.

<sup>1</sup> Programs to help restore livelihoods: initiatives that facilitate the acquisition of skills and expertise that will enable local citizens to continue to make a living into the future.

### Initiatives Relating to Conflict Minerals

Resources that are mined in the Democratic Republic of the Congo and surrounding countries lead to human rights abuses such as forced labor and child labor, and armed groups use such resources as a source of funds, thereby expanding and prolonging conflicts. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which includes provisions on conflict minerals disclosure with the aim of cutting off the source of funds for armed groups in the Democratic Republic of the Congo, became law in the United States in July 2010. Under this Act, corporations listed on American stock exchanges are obligated to report to the Securities and Exchange Commission (SEC) on their use of "conflict minerals" (gold, tin, tantalum and tungsten) originating in the Democratic Republic of

the Congo or any of nine surrounding countries.

The SMM Group clearly states in the SMM Group Policy on Human Rights that it works to prevent human rights violations such as child labor and forced labor. To give assurance that the SMM Group's gold smelting and refining business does not make use of conflict minerals that may lead to human rights violations or aggravation of conflicts, we began implementing the LBMA Responsible Gold Guidance<sup>2</sup> issued by the London Bullion Market Association (LBMA) in FY2012, and undergo an annual audit by a third party organization.

<sup>2</sup> LBMA Responsible Gold Guidance: Guidance issued by the London Bullion Market Association which sets strict standards to prevent widespread organizational violation of human rights, ensure transactions are not used to fund conflicts or terrorism, and prevent money laundering.