Value Creation

CSR Data Environmental Preservation

Material Flows within Business Activity

INPUTS (Resources & Energy)

Raw Materials ¹		Recycl	ed Materials ²	_	
Gold and silver ore	1,048 kt	Copper sci	rap 13-	4 kt	
Copper concentrates	1,428 kt	Secondary	zinc 1	1 kt	
Nickel oxide ore	7,994 kt	Secondary pro	ecious	2 kt	
Nickel matte, etc.	41 kt				Materials
Raw material for batteries	17 kt	Electric arc furn		4 kt	Silica sand
ALC raw material, incl.		ALC wast	ie 1	71 t	(for copper smelting)
silica rock	206 kt		cled input materials 2.01%	used	Chemicals (lime-based)
Raw material for metalworking	1 kt				Chemicals (sodium-based)
Hydrotreating catalyst raw material	54 kt				Chemicals (magnesium-based)
					Sulfuric acid
Energy ³		Consumption	Energy Value	•	Cement, etc.
Heavy oil		46,323 kL	1,894 TJ		
Coal/coke		510,130 t	13,167 TJ		
Wood pellets		1,980 t	37 TJ		Water
Diesel/gasoline/kerosen	е	25,191 kL	940 TJ		Freshwater total
LPG/LNG		8,619 t	438 TJ		Industrial water
City gas/natural gas		7,345 km ³	330 TJ		Groundwater Tap water
Purchased electricity		1,658,164 MWh	16,175 TJ		Surface water
Purchased steam		61,417 GJ	62,645 GJ		Seawater

142 kt

1,054 kt

75 kt

12 kt

531 kt

134 kt

39,724 km³

13,887 km³ 12,028 km³ 1,362 km³ 12,448 km³ 150,072 km³

Business Activities in Areas of High Biodiversity Value¹

Area	Size of production site (hectares)	Details
Seto Inland Sea	62 (Minoshima & lenoshima islands)	Shisaka Smelting Co., Ltd. operates on Minoshima and lenoshima islands, neighboring Setonaikai National Park (IUCN Category 2)
The Philippines	428	Coral Bay Nickel Corporation operates on Palawan Island (in hunting-prohibited and bird protection areas (IUCN Category 4))

1. Protected areas classified as Category 4 and above by the International Union for Conservation of Nature (IUCN) and neighboring areas (SMM research). Areas classified as Category 1 are of highest priority. • Currently, there are no projects in any region requiring the preparation of a management plan.

Amount of Land Developed or Rehabilitated

Amount of Land De	veloped or Rehabilitated			(hecta
	A: Total area of land not rehabilitated (as of the end of FY2016)	B: Area of land newly developed in FY2016	C: Area of land newly rehabilitated in FY2016	D: Total area of land developed but not rehabilitated (A+B-C)
Hishikari Mine	21	0	0	21
Pogo Gold Mine	170	3	1	171
CBNC	282	0	3	279
THPAL ²	192	615	54	753

2. Excludes area rehabilitated in cooperation with Taganito Mining Corporation.

OUTPUTS (Products & Emissions)

Products ¹		Emissions into the Atm	osphere
Electrolytic copper	451 kt	CO ₂	2,825
Gold	21 t	Direct emissions ⁴	1,785
Dore	8 t	Indirect emissions ⁵	1,017 k
Silver	209 t	Emissions during transportation (Japan) ⁶	23
Electrolytic nickel	62 kt	SOx	1,729
Nickel sulfate	23 kt	NOx	1,479
Electrolytic cobalt	4 kt	Soot and dust	107
Crude zinc oxide	35 kt	PRTR substances	18
Ferro-nickel	73 kt		
Battery materials	23 kt	Waste (including Items	of Value)
Sulfuric acid	523 kt	Total waste	8,097 k
Slag	1,377 kt	Breakdown of total w	acto
Processed metal products	1 kt		
Hydrotreating catalysts	10 kt	Spoil	579 kt
ALC (Siporex)	429 km ³	Flotation tailings	742 kt
Percentage of products from re		Wastewater sludge from CBNC, THPAL, etc.	6,673 kt
4.73%	-,	Industrial waste (Japan)	90 kt
		Other	13 kt
		Landfill on premises	7,996 l
		PRTR substances ⁸	1.816

Laws Covered in the Environmental e-learning Course Content

Environmental Laws	Environmental Laws Basic	Environmental Laws	Environmental Laws Basic	Environmental Laws	Environmental Laws Basic
Basic Environment Act	Basic Environment Act	-	Act on Promotion of Global Warming Countermeasures	PRTR Law	PRTR Law
_	Basic Act on Biodiversity	Act on the Rational Use, etc. of Energy	Act on the Rational Use, etc. of Energy	Poisonous and Deleterious Substances Control Act	_
Basic Act on Establishing a Sound Material-Cycle Society	Basic Act on Establishing a Sound Material-Cycle Society	Air Pollution Control Act (including the content of the Act on Pollution Prevention Systems in Specified Factories)	Air Pollution Control Act	Waste Management and Public Cleansing Act	Waste Management and Public Cleansing Act
_	Act on the Promotion of Environmental Conservation Activities through Environmental Education	Water Pollution Control Act	Water Pollution Control Act	PCB Special Measures Law	_
_	Law Concerning the Promotion of Business Activities with Environmental Consideration	Soil Contamination Countermeasures Act	_	_	Act on Promoting Green Purchasing

Emissions into W	/ater
Total wastewater	204,710 km ³
Discharges into seas7	196,027 km ³
Discharges into rivers	7,712 km ³
Underground seepage	76 km ³
Sewerage, etc.	895 km³
COD (chemical oxygen demand)	53 t
BOD (biochemical oxygen demand)	12 t
Total phosphorus	1 t
Total nitrogen	69 t
PRTR substances (discharged into public water areas)	95 t
PRTR substances (discharged into the soil or in landfills within business premises)	6 t

- Zinc smelting stopped in September 2015 so there is no production of prime western grade zinc.
 Does not include materials recycled within plants.
 Calorific values for both Japan and overseas are calculated using coefficients conforming to the Japanese Act on the Rational Use, etc. of Energy, Fuels used as reducing agents are also included. Energy value indicates the energy input in the case of purchased electricity and purchased steam, and calorific value for all others.
 Direct emissions for both Japan and overseas are calculated using centrissions for both Japan and overseas are calculated using emission factors conforming to the Japanese Act on Promotion of Global Warming Countermeasures. This includes non-energy-derived CO₂ emissions (334 kt-CO₂) that are ustide the scope of the law.
 Ob emissions derived from purchased electricity in Japan are calculated using the emission factors or verseas are based on international Energy Agency (IEA) data.
 Emissions during transportation in Japan are calculated in line with the Act on the Rational Use, etc. of Energy and the Act on Promotion of Global Warming Countermeasures.
 Discharges into rivers flowing into enclosed seas are included as "discharges into seas."
 Total transfers to sewerage and off-site transfers.

Value Creation

CSR Data Respect for People and Human Rights

Number of Employees & Officers Worldwide (Consolidated) (March 31, 2017)

		No. of employe	ees at year-end			ee gender kdown	Average number of non-regular/		Temporary
	Full-time officers	Managers	Regular employees	Total	Male	Female	limited-term employees during the year	Total	employees
SMM non- consolidated	21	480	1,799	2,300	2,046	254	220	2,520	79
Consolidated subsidiaries in Japan	62	337	2,706	3,105	2,620	485	426	3,531	274
Consolidated sub- sidiaries overseas	28	382	1,590	2,000	1,521	479	33	2,033	562
Total	111	1,199	6,095	7,405	6,187	1,218	679	8,084	915

Number of Employees & Officers by Region (Consolidated) (March 31, 2017)

Japan	U.S.A.	South Korea	Peru	Chile	China	Philippines	Taiwan	Malaysia	Australia	Solomon Islands	Brazil	Total
6,051	340	4	11	29	140	1,270	30	158	6	33	12	8,084

Consolidated Employee Breakdown (March 31, 2017)

	Younge	er than 30	30-49 y	/ears old	50 an	d older	Total
	Male	Female	Male	Female	Male	Female	Total
Managers	22	13	535	61	547	21	1,199
Regular employees	1,138	349	2,728	663	1,098	119	6,095
Total	1,160	362	3,263	724	1,645	140	7,294

The 111 full-time officers and 679 non-regular/limited-term employees of the SMM Group are not included in this table, hence the different totals under "Number of Employees & Officers Worldwide (Consolidated)" and "Number of Employees & Officers by Region (Consolidated)" on this page.
 The number of employees mainly in China, Taiwan and Malaysia decreased compared to the end of March 2016 due to the sale of the lead frame business.

Company-Wide Human Resources Development Program

	Duty-based program	Development of	global human resources		3-yr. program for management track employees	Seminar for newly promoted employees	Development of next generation	of management	Project leaders		Specialized	equcation			dn date		Women's career support				Compliance, dovernance. RM				barery, skills		Self-development
Officers						3-yr. training for newly pr general ma	program romoted inagers	g school										lent seminar		ents and officers							
Section managers General managers		o overseas assignment		luage proficiency tests		Follow semi New semi	nar GM	Officers' coaching school									ining	GM and group company president seminar		Seminar for group company presidents and officers		f diversity					u
Section managers		Language training prior to overseas assignment	Overseas training	Fee assistance for language proficiency tests		Section manager seminar			ining				Outside seminars/workshops			c employees	Manager/supervisor training	GM and gr	Compliance seminar	Seminar for gro	Seminar on work and labor	Human rights seminars, seminar on promotion of diversity	JCO Study Center training			e-learning	Company-wide correspondence education
E-class	duty-based employees	 Overseas training, overseas assignment 	 Language training prior to overseas assignment 	+	Global staff registration program	E-class employee seminar			Project management training	training	leader training w-up training)	Brush-up training	Outside semir	l Japan	Training in Japan	Seminar for women: normal and management track employees	Wa		Complian		Seminar on v	ights seminars, sem	JCO Study C	ling	Bu	e-le	Company-wide corre
S-class	Introducto OUT for ne		d S-cla	ass ma	anageme	S-class employee seminar (at each branch office)			Proj	New employee supervisor training	Supervisor/line leader training (including follow-up training)			Pursue higher education in Japan	Training	women: normal and						Human		Hazard simulation training	Equipment skills training		- 0 -
F-class J-class	3-y for mana Se Short-	/r. traini	ng pro t track ear tra	gram empl ining traini	oyees	F-class employee seminar (at each branch office)				New er				Pursue		Seminar for								Ha	Ĕ		

FY2016 Total Annual Hours of Education

	Officers	General managers	Section managers	Regular employees	Other	Total
SMM non-consolidated	252	2,043	4,529	37,181	1,078	45,083
Consolidated subsidiaries in Japan	575	965	3,070	20,009	3,873	28,491
Consolidated subsidiaries overseas	1,235	315	1,923	34,071	1,165	38,709
Annual hours of education per employee	18.6	1(0.7	15.0	3.8	12.5
Number of officers and employees at the end of the fiscal year	111	1,1	199	6,095	1,594	8,999

Employee Turnover Number and Rate (FY2016)

Location		Younge	r than 30	30-49)	/ears old	50 an	d older	Total
Location		Male	Female	Male	Female	Male	Female	Total
	Departures	24	11	26	6	27	2	96
Japan	Total employees	692	171	2,393	468	1,490	108	5,322
	Turnover (%)	3.5	6.4	1.1	1.3	1.8	1.9	1.8
	Departures	7	0	16	3	17	2	45
U.S.A.	Total employees	50	1	161	13	95	11	331
	Turnover (%)	14.0	0	9.9	23.1	17.9	18.2	13.6
	Departures	0	0	0	0	0	0	0
South Korea	Total employees	0	0	1	2	0	0	3
	Turnover (%)	0	0	0	0	0	0	0
	Departures	0	0	0	0	0	0	0
Peru	Total employees	0	1	7	1	1	0	10
	Turnover (%)	0	0	0	0	0	0	0
	Departures	0	0	5	1	1	0	7
Chil	Total employees	2	1	8	5	2	7	25
	Turnover (%)	0	0	62.5	20.0	50.0	0	28.0
	Departures	54	77	4	1	0	0	136
China	Total employees	22	26	40	30	9	2	129
	Turnover (%)	245.5	296.2	10.0	3.3	0	0	105.4
	Departures	115	53	90	7	16	1	282
Philippines	Total employees	380	147	553	132	24	6	1,242
	Turnover (%)	30.3	36.1	16.3	5.3	66.7	16.7	22.7
	Departures	0	0	0	0	0	0	0
Taiwan	Total employees	4	1	5	13	2	3	28
	Turnover (%)	0	0	0	0	0	0	0
	Departures	0	0	0	0	0	0	0
Malaysia	Total employees	9	13	61	54	17	3	157
	Turnover (%)	0	0	0	0	0	0	0
	Departures	0	0	0	0	0	0	0
Australia	Total employees	0	0	1	2	1	0	4
	Turnover (%)	0	0	0	0	0	0	0
	Departures	0	0	0	0	0	0	0
olomon Islands	Total employees	1	1	27	2	1	0	32
	Turnover (%)	0	0	0	0	0	0	0
	Departures	2	0	0	0	0	0	2
Brazil	Total employees	0	0	6	2	3	0	11
	Turnover (%)	0	0	0	0	0	0	18.2
	Departures	202	141	141	18	61	5	568
Total	Total employees	1,160	362	3,263	724	1,645	140	7,294
	Turnover (%)	17.4	39.0	4.3	2.5	3.7	3.6	7.8

Figures exclude 111 officers, 915 temporary employees, 679 non-regular and limited-term employees.
 Turnover rate (%) = number of departures ÷ number of employees at fiscal year end × 100

(hours)

Value Creation

CSR Data Stakeholder Communication

The 10 Principles of the ICMM¹

- Principle 1: Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development Principle 2: Integrate sustainable development in corporate strategy and decision-making processes
- Principle 3: Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities
- Principle 4: Implement effective risk-management strategies and systems based on sound science and which account for stakeholder perceptions of risks
- Principle 5: Pursue continual improvement in health and safety performance with the ultimate goal of zero harm
- Principle 6: Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change
- Principle 7: Contribute to the conservation of biodiversity and integrated approaches to land-use planning
- Principle 8: Facilitate and support the knowledge-base and systems for responsible design, use, re-use, recycling and disposal of products containing metals and minerals
- Principle 9: Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities
- Principle 10: Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance

1. ICMM: International Council on Mining and Metals https://www.icmm.com/

The EITI² Principles

- 1. We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.
- 2. We affirm that management of natural resource wealth for the benefit of a country's citizens is in the domain of sovereign governments to be exercised in the interests of their national development.
- We recognise that the benefits of resource extraction occur as revenue streams over many years and can be highly price dependent.
- 4. We recognise that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development.

2. EITI: The Extractive Industries Transparency Initiative http://eiti.org/

ICMM Position Statements

ICMM has adopted the following position statements to complement the 10 Principles. SMM follows through on these position statements.

- Transparency of mineral revenues
- Principles for climate change policy design
- Mercury risk management
- Mining and protected areas
- Indigenous peoples & mining
- Mining partnerships for development
- Water stewardship
- Tailings governance

We underline the importance of

transparency by governments and

management and accountability.

We recognise that achievement of

companies in the extractive industries

and the need to enhance public financial

greater transparency must be set in the

context of respect for contracts and

environment for domestic and foreign

direct investment that financial

8. We believe in the principle and practice

streams and public expenditure.

We are committed to encouraging

operations and in business.

high standards of transparency and

accountability in public life, government

of accountability by government to all

citizens for the stewardship of revenue

7. We recognise the enhanced

transparency may bring.

5.

6.

9.

laws.

10. We believe that a broadly consistent and workable approach to the disclosure of payments and revenues is required, which is simple to undertake and to use.

- 11. We believe that payments' disclosure in a given country should involve all extractive industry companies operating in that country.
- 12. In seeking solutions, we believe that all stakeholders have important and relevant contributions to makeincluding governments and their agencies, extractive industry companies, service companies, multilateral organisations, financial organisations, investors, and non-governmental organisations.

Main Organizations in Which SMM Has Membership

Organization	Responsibilities of SMM officers and employees	Initiatives relating to public policy
Japan Business Federation (Keidanren)	Executive member; participation in committees on: industrial technology, risk management, Canada, environment and safety, oceanic resources, international cooperation, China, South Asia, Japan- Myanmar economic relations and Japan-Brazil economic relations Committee on Gender Diversity: participation since July 2014	As a unified business organization with the goal of making improvements to the autonomous growth of the domestic economy and to public life, we act reliably and swiftly after gathering opinions from the business world with regards to various internal and external economic challenges
Japan Mining Industry Association	Director; participation in committees relating to planning and coordination, energy, overseas development, environmental management, customs duties, funds, supply and demand, taxation, exploration and development, mining reserves (chairman and deputy chairman), sulfide ore and sulfuric acid, the special committee for depletion allowance measures, and the safety promotion committee	Submission of mining industry policy requests to relevant government agencies regarding electricity fee issues, taxation, resource development, smelting and recycling technology, mine safety, and development of employee training. Members to be sent to government sponsored investigative committees to present industry viewpoint.
The Sulphuric Acid Association of Japan	One director; participation in Business Editorial Committee and Technical Committee	Communicating policy and information from the Manufacturing Industries Bureau of the Ministry of Economy, Trade and Industry to member companies and compiling and presenting requests from member companies
International Council on Mining and Metals (ICMM)	Participation in and promotion of activities in each of the following programme committees: Environmental Stewardship and Social Progress, the Role of Mining and Metals in Society, and Health, Safety and Product Stewardship	Environment Initiatives for biodiversity, climate change, and water management
		Health and safety Initiatives for sharing information on health and safety, and risk management
		 Materials stewardship Initiatives for science-based chemical substance management and supply chain management
		 Society and economy Initiatives to contribute to the economic development of society by the mining industry
Japan Electronics and Information Technology ndustries Association (JEITA)		Collection of various statistics, and participation in reviews of regulations, standards, environmental measures and other issues

Employees

Battery Association of Japan Associate member

Communication with Stakeholders Customers

Communication with customers occurs mainly via sales personnel. Responses are made to opinions received through action at the management level for each business using the frameworks in place.

Shareholders and Investors

In order to carry out appropriate IR activities, we established an IR Policy which specifies information disclosure standards and methods, and have made it available on our website. Institutional investors and analysts are kept informed about the progress of the business strategies under SMM's 3-Year Business Plan through Business Strategy Progress Briefing Sessions held twice a year. They are also updated on SMM's financial results through conference calls at the time of the quarterly result announcements. Meetings are also held on an individual basis to facilitate understanding of SMM's management.

Individual investors are informed of business conditions via such means as the company website and The Report for Shareholders, which is published twice a year. All feedback from investors is regularly reported to the management and applied to

the administration of the company.

In Japan, workers' unions formed at branch offices and SMM Group companies fall under the umbrella of the Federation of Sumitomo Metal Mining Workers' Union. SMM routinely holds briefings or discussions with each union. Overseas, organizations representing employees are regularly briefed on the business situation and opportunities for employees to offer feedback and make requests are arranged. Talks between individual employees and their supervisors are also held to ascertain the progress being made to meet job targets set for the fiscal year. Many comments and questions are fielded through these talks.

Local Communities

The SMM Group seeks to communicate sufficiently with people in the community when making inroads into a new region. Opportunities for communication are regularly arranged even after operations commence and an effort is made to offer adequate explanations to members of the community when problems occur. We also carry out various activities to strengthen ties with the community, such as providing support for and participating in events.

Business Partners

This is based on friendly relationships built up over the years. Individual divisions within the SMM Group stay in touch with business partners on a daily basis to hold dialogue on business operations and products and to exchange technological information.

Other

SMM also engages in regular information exchange and roundtable discussions with local government and industry groups in communities where our facilities and group companies are located, as well as with citizen groups related to our business.

CSR Data Other

Distribution of Economic Value to Stakeholders (FY2016)

Stakeholder	Amount (billions of yen)	Details
Suppliers	679.6	Payments to suppliers
Employees	39.7	Payments to employees
Shareholders/Creditors	17.2	Payments of dividends/ interest
Government	29.1	Taxes paid
Society*	1.2	Donations

There is no retained value other than the above. Rent for use of land is minimal and therefore included

In the Philippines (CBNC, THPAL), the ¥1.0 billion expended through the social development management program (SDMP) and other contributions in the same country is included.

Financial Assistance from the Government (FY2016)

Stakeholder	Amount (billions of yen)	Details
Government	3.6	Subsidies, grants, etc.

No governments have an equity stake in SMM

Projected Benefit Obligation

SMM has the following defined-benefit systems in place, principally in Japan: a lump-sum retirement payment plan; a defined-benefit corporate pension plan; and an employees' pension fund. The projected benefit obligation at March 31, 2017 is ¥69.7 billion. The portion of the projected benefit obligation to be funded by pension assets is ¥67.9 billion. Pension assets available for allocation to that portion are ¥60.8 billion.

List of Main External Awards (FY2016)

Recognition (awarding party)	Date	Recipients	Award received for
FY2016 Contributor to Local Environment Beautification Environmental Minister's Award Ministry of the Environment	June 8, 2016	Sumitomo Railway Club	The Sumitomo Railway Club, of which SMM is a member, was recognized for its long-term contributions to local beautification activities along the bicycle and pedestrian path in the Niihama district of Ehime Prefecture.
FY2016 Mine Safety Promotion Council Chairman's Award	October 12, 2016	Sadayuki Fujiwara, Chief, Sazare Office	Recognized for distinguished service in mine safety and in pollutio control of closed mines
FY2016 Award for Excellence in Corporate Disclosure Securities Analysts Association of Japan	October 26, 2016	Sumitomo Metal Mining Co., Ltd.	Selected by securities analysts to receive sixth consecutive award for being a company that carries out constructive and outstanding dialogues with investors
20th Outstanding Company History Award Japan Business History Institute	November 8, 2016	Sumitomo Metal Mining Co., Ltd.	Received the 20th Outstanding Company History Award for "The History of Sumitomo Metal Mining"
2016 Presidential Mineral Industry Environmental Award Philippines Department of Environment and Natural Resources	November 18, 2016	Coral Bay Nickel Corporation	Received the Presidential Mineral Industry Environmental Award (the most prestigious award in the Philippines' mining industry), fo the third consecutive year
Transportation Service Awards Ceremony Letter of Appreciation from the Superintendent General Tokyo Traffic Safety Association	November 25, 2016	Ome District Division, Sumitomo Metal Mining Co., Ltd.	Recognized as an excellent business that has appropriately and actively practiced safe driving management and has yielded notable results in the prevention of traffic accidents for many year
65th Nikkei Advertising Awards Nikkei Inc.	December 6, 2016	Sumitomo Metal Mining Co., Ltd.	Received the 65th Nikkei Advertising Award for Excellence, in the Production Goods and Industry category. Three advertisements, each carried in <i>The Nikkei</i> once from January, were recognized for creativity and novelty.
21st Japan Explosives Safety Association Chairman's Award	December 7, 2016	Hidenori Terabe, General Manager, Kounomai Office	Recognized for 29 years of handling and managing explosives without an accident
The 2016 IR Award IR Grand Prix Japan Investor Relations Associations	December 15, 2016	Sumitomo Metal Mining Co., Ltd.	Selected for award from 258 applying companies. Recognized for proactive stance toward IR by top management, and willingness to produce an integrated report.