

## ESG Data Book 2021



**MINING THE FUTURE**

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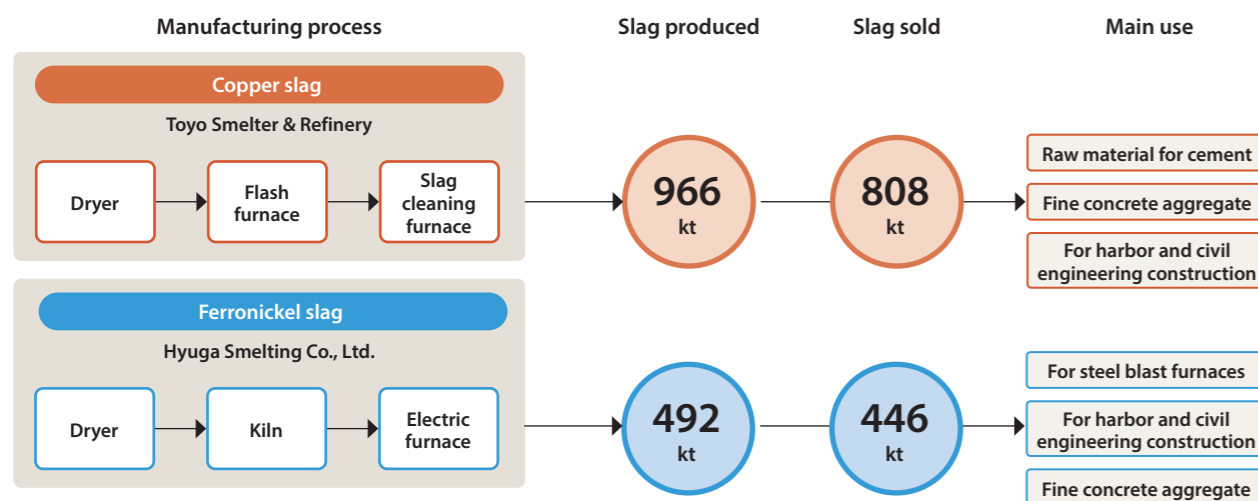
## Effective Use of Non-Ferrous Metal Resources

### Percentage of Recycled Input Raw Materials Used

FY	2018	2019	2020
Total raw materials used (kt)	11,228	10,873	10,753
Recycled raw materials (kt)	249	227	229
Percentage of recycled input raw materials used (%)	2.22	2.08	2.13

The SMM Group procures copper and precious metal scrap from the market and recovers valuable and precious metals from electric arc furnace dust and used printed circuit boards, among other sources. Production of electrolytic copper from recycled raw materials was approximately 103 kilotons, accounting for 23.3% (24.1% in FY2019) of production, a slight drop from the previous fiscal year.

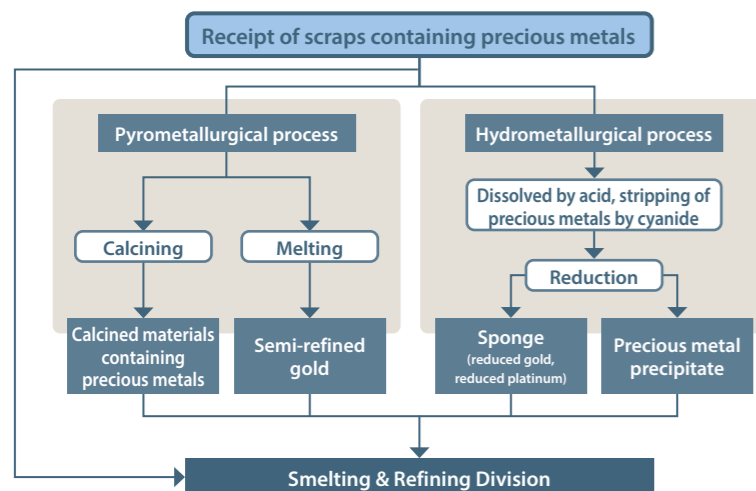
### Slag as a Recycled Material



Copper slag is a by-product produced during smelting at the Toyo Smelter & Refinery, which manufactures electrolytic copper. The main use for copper slag (70% of the total volume) is cement production for Japan and overseas. With an iron content of about 40%, copper slag is widely used as a source of iron for cement.

The ferronickel slag at Hyuga Smelting Co., Ltd., which manufactures ferronickel used as a raw material for stainless steel, is mainly used at steel blast furnaces. With a magnesia content of about 30%, ferronickel slag is used as a source of magnesia for blast furnace flux.

### Precious Metal Retrieval: Flow Diagram



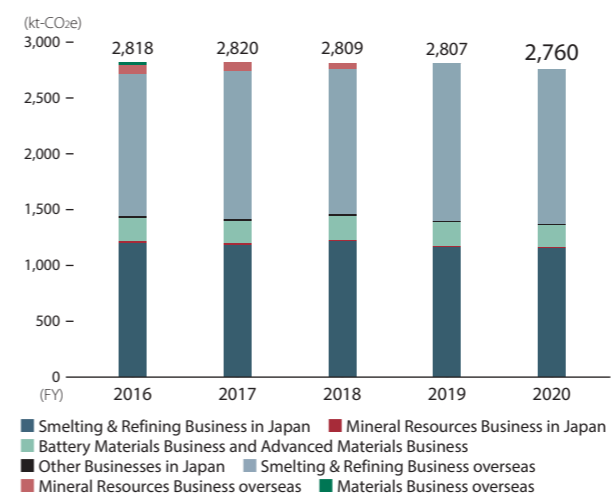
Collecting the likes of discarded household appliances and discarded electronic parts, as well as scrap created in the manufacturing process of those articles, from across Japan, SMM uses them as raw materials to recover and recycle precious metals (gold, silver, platinum, etc.).

After sorting the collected raw materials into parts that contain precious metals and those that do not, SMM uses the pyrometallurgical or hydrometallurgical process, depending on the composition and other aspects of the parts, to condense them, and then transports them to the Toyo Smelter & Refinery.

The Toyo Smelter & Refinery smelts and refines those condensed raw materials along with other copper and precious metal raw materials, and then recycles them into high-grade precious metals.

## Climate Change

### GHG Emissions (Scope 1 + 2)



In FY2020, we reduced total Group GHG emissions (Scope 1 + 2) to 2,760 kt-CO<sub>2</sub>e due to factors including a decrease in production volumes and initiatives such as energy-saving activities. GHG emissions related transport operations in Japan (Scope 3) came to 25 kt-CO<sub>2</sub>e.

The SMM Group will continue to promote energy-saving activities in FY2021 as well, and anticipates reductions of 16 kt-CO<sub>2</sub>e for the year.

GHG emissions reduced due to solar power generated at the solar power plant operated by the Group in Kashima, Ibaraki Prefecture came to approximately 1.6 kt-CO<sub>2</sub>e in FY2020.

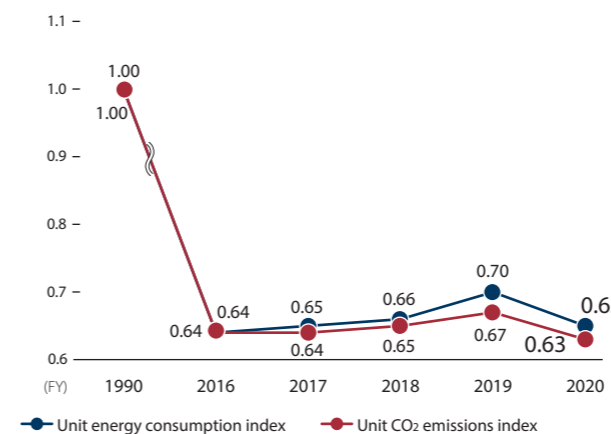
**Breakdown of GHG Emissions (FY2020)** (kt-CO<sub>2</sub>e)

	Group companies in Japan	Group companies overseas	Total
Scope 1	492	1,385	1,877
Scope 2	881	2	882
Total	1,373	1,387	2,760

Scope 3: See Scope 3 (emissions during domestic transport) in the Output table on p. 4

Direct emissions 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 GHG emissions (385 kt-CO<sub>2</sub>e) that are outside the scope of the law. The amount of GHG emissions from electric power purchased in Japan is calculated according to the market-based method using the emission factors of electric suppliers. For overseas emission factors, we used the latest emission factors for each country as published by the IEA.

### Unit Energy Consumption and CO<sub>2</sub> Emissions Index<sup>1</sup> (Scope: Smelting & Refining Business in Japan)



In the Group's Smelting & Refining Business in Japan, unit energy consumption for FY2020 improved, decreasing by 5 points. This was due to a recovery in FY2020 from the situation in FY2019, when regular maintenance and equipment trouble at the Toyo Smelter & Refinery caused a decline in production of electrolytic copper.

SMM is a member of the Japan Mining Industry Association (JMIA), an organization of non-ferrous mining, smelting and refining companies, and we are participating in action by JMIA to implement the Carbon Neutrality Action Plan (formerly called The Commitment to a Low Carbon Society) being led by the Japan Business Federation (Keidanren) within the non-ferrous mining, smelting and refining industry.

We will continue to proactively engage in thorough energy management, the promotion of energy-saving activities, the introduction of renewable energy, the use of unutilized heat, and other endeavors with the aim of reducing unit energy by an average of at least 1% per year and further lowering CO<sub>2</sub> emissions over the medium to long term.

1. Unit energy consumption and CO<sub>2</sub> emissions index: The amount of energy consumed and CO<sub>2</sub> emitted during the production of 1 ton of product, assuming the FY1990 value to be 1 (including fuels used as reducing agents).

### TCFD Content Index

Governance			Risk Management		
Recommended disclosures: Disclose the organization's governance around climate-related risks and opportunities.			Recommended disclosures: Disclose how the organization identifies, assesses, and manages climate-related risks.		
Recommended disclosures	Integrated Report 2021	Pages	Recommended disclosures	Integrated Report 2021	Pages
a) Describe the board's oversight of climate-related risks and opportunities.	Management Approach (promotion structure, formulation process)	64-65	a) Describe the organization's processes for identifying and assessing climate-related risks.	Vision for 2030 Management Approach (promotion structure, formulation process)	24-25
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Management Approach (promotion structure, formulation process)	64-65	b) Describe the organization's processes for managing climate-related risks.	Vision for 2030: Climate Change, KPI, Goals Climate change scenario analysis Climate Change: Approach and Policy, Results, Action Plans	66 72-73 71
<b>Strategy</b>			<b>Metrics and Targets</b>		
Recommended disclosures: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.			Recommended disclosures: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Vision for 2030 Risks and Opportunities Climate change scenario analysis	24-25 26-27 72-73	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Vision for 2030: Climate Change, KPI, Goals	66
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Risks and Opportunities Vision for 2030: Climate Change, KPI, Goals Climate change scenario analysis Climate Change: Approach and Policy, Results, Action Plans	26-27 66 72-73 71	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	GHG Emissions (Scope 1 + 2) Material Flows within Business Activity (Scope 1, 2, 3)	74 78-79
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Vision for 2030 Risks and Opportunities Vision for 2030: Climate Change, KPI, Goals Climate change scenario analysis Climate Change: Approach and Policy, Results, Action Plans	24-25 26-27 66 72-73 71	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Vision for 2030: Climate Change, KPI, Goals Climate Change: Approach and Policy, Results, Action Plans Material Flows within Business Activity	24-25 66 71 78-79

# Significant Environmental Accidents

## Biodiversity

### Material Flows within Business Activity (FY2020)

#### INPUT (Resources & Energy)

Raw Materials		Recycled Materials <sup>1</sup>		Materials	
Gold and silver ore	191 kt	Copper scrap	135 kt	Silica sand (for copper smelting)	122 kt
Copper concentrates	1,441 kt	Secondary zinc	19 kt	Chemicals (lime-based)	1,202 kt
Nickel oxide ore	8,581 kt	Secondary precious metals	4 kt	Chemicals (sodium-based)	106 kt
Nickel matte, etc.	39 kt	Electric arc furnace dust	71 kt	Chemicals (magnesium-based)	14 kt
Raw material for batteries	75 kt	ALC waste	73 t	Sulfuric acid	460 kt
ALC raw material, incl. silica rock	159 kt			Cement, etc.	103 kt
Hydrotreating catalyst raw material	39 kt				

Percentage of recycled input raw materials used  
**2.13%**

Energy <sup>2</sup>	Consumption	Energy Value
<b>Non-renewable sources</b>		
Heavy oil	44,991 kL	1,843 TJ
Coal/coke	535,636 t	13,817 TJ
Diesel/gasoline/kerosene	18,145 kL	680 TJ
LPG/LNG	8,812 t	448 TJ
City gas	8,775 ML	395 TJ
Purchased electricity	1,486,802 MWh	14,465 TJ
Purchased steam	65,802 GJ	67 TJ
<b>Sub-total</b>		<b>31,716 TJ</b>
<b>Renewable sources</b>		
Solar power generation, binary power generation	306 MWh	0.03 TJ
Wood pellets	621 t	12 TJ
<b>Total energy consumption</b>		<b>31,728 TJ</b>

Water <sup>3</sup>	
Total volume of fresh water withdrawn	35,173 ML
Surface water (rivers)	13,717 ML
Rainwater	68 ML
Groundwater	6,657 ML
Industrial water (water from another organization)	14,339 ML
Tap water (water from another organization)	393 ML
Volume of seawater withdrawn	165,132 ML
Total volume of water consumed from all areas <sup>4</sup>	4,281 ML

1. Does not include materials recycled within plants.  
 2. Calorific values for both Japan and overseas are calculated using coefficients conforming to the Japanese Act on the Rational Use, etc. of Energy for fuel, heat, electricity, etc. that were consumed in business activities both in Japan and overseas. 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.  
 3. SMM uses the WWF/DEG Water Risk Filter to determine regions with high water stress. As a result of this, there are no areas of high water stress at SMM Group's production sites.  
 4. The total water consumption is estimated by subtracting the total amount of water discharged from the total amount of water withdrawn.

#### OUTPUT (Products & Emissions)

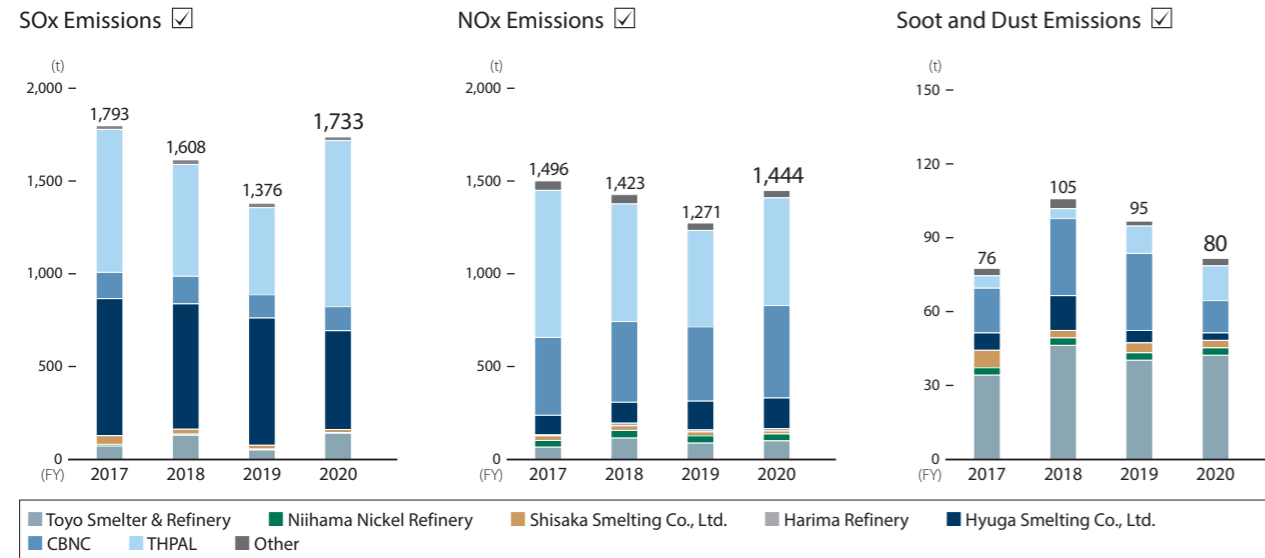
Products		Emissions into the Atmosphere		Emissions into Water	
Electrolytic copper	443 kt	CO <sub>2</sub>	2,785 kt	Total wastewater	199,057 ML
Gold	17 t	Scope 1 (direct emissions) <sup>1</sup>	1,877 kt (Decrease of 65 kt compared to the previous fiscal year)	Discharges into seas <sup>4</sup>	198,051 ML
Silver	203 t	Scope 2 (indirect emissions) <sup>2</sup>	882 kt (Increase of 17 kt compared to the previous fiscal year)	Discharges into rivers	965 ML
Electrolytic nickel	56 kt	Scope 3 (emissions during domestic transport) <sup>3</sup>	25 kt (The same year on year)	Sewerage, etc.	42 ML
Nickel sulfate	11 kt	SO <sub>x</sub>	1,733 t	COD (chemical oxygen demand)	49 t
Electrolytic cobalt	4 kt	NO <sub>x</sub>	1,444 t	BOD (biochemical oxygen demand)	15 t
Crude zinc oxide	33 kt	Soot and dust	80 t	Total phosphorus	1 t
Ferronickel	70 kt	PRTR substances	9 t	Total nitrogen	69 t
Battery materials	49 kt			PRTR substances (discharged into public water areas)	74 t
Sulfuric acid	341 kt			PRTR substances (discharged into the soil or in landfills within business premises)	3 t
Slag	1,458 kt				
Hydrotreating catalysts	7 kt				
ALC (Siporex)	327 ML				

Percentage of products from recycled input  
**4.87%**

Waste (including Items of Value)	
Total waste	6,857 kt
<b>Breakdown of total waste</b>	
Spoil	3 kt
Wastewater sludge from CBNC, THPAL, etc.	6,777 kt
Industrial waste (Japan)	76 kt
Other	1 kt
Landfill on company premises	6,780 kt
PRTR substances <sup>5</sup>	1,822 t

1. Direct emissions 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 GHG emissions (385 kt-CO<sub>2</sub>e) that are outside the scope of the law. GHGs from wood pellets are not included.  
 2. The amount of GHG emissions from electric power purchased in Japan is calculated according to the market-based method using the emission factors of electric suppliers. For overseas emission factors, we used the latest emission factors for each country as published by the IEA. The amount of indirect emissions was 744 kt-CO<sub>2</sub>e when calculated for both Japan and overseas with the location-based method using IEA country-specific emission factors.  
 3. 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.  
 4. Discharges into rivers flowing into enclosed seas are included as "discharges into seas."  
 5. Total transfers to sewerage and off-site transfers.

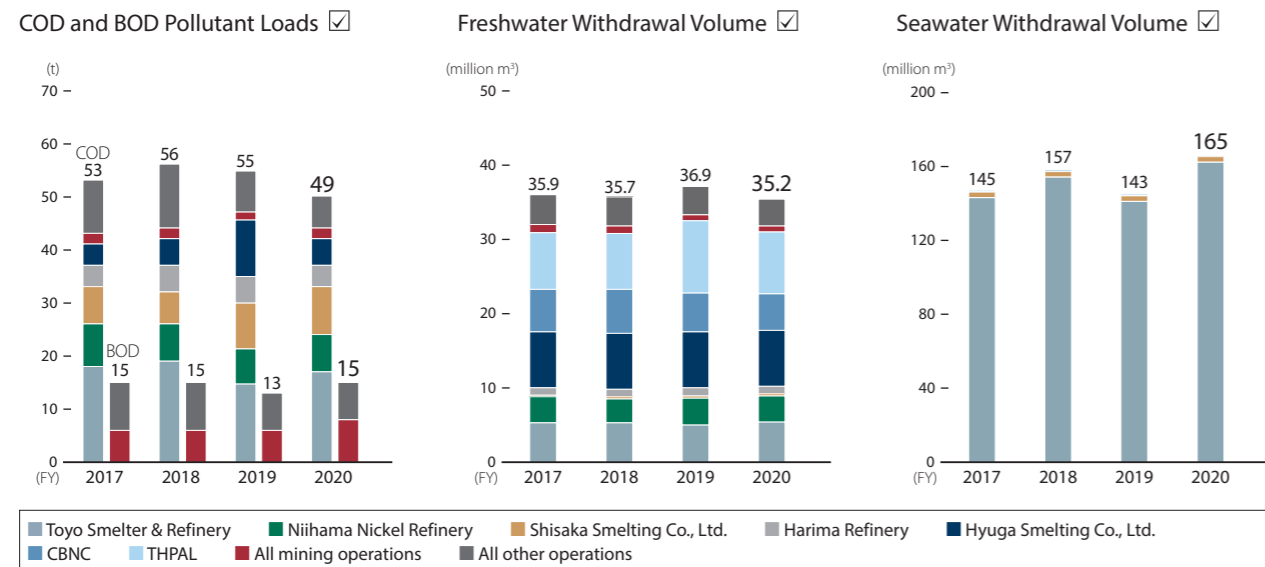
## Emissions into the Atmosphere



SOx emissions during FY2020 increased by about 26% year on year. At THPAL, emissions rose by about 90% due to factors such as fuel properties and adjustments to operating conditions. NOx emissions increased by about 14% year on year. Soot and dust emissions decreased by about 15% year on year. At CBNC, emissions fell by about 58% due to factors such as the effects of fuel properties.

Each emissions figure was calculated based on the measurement of flue gas.

## Emissions into Water

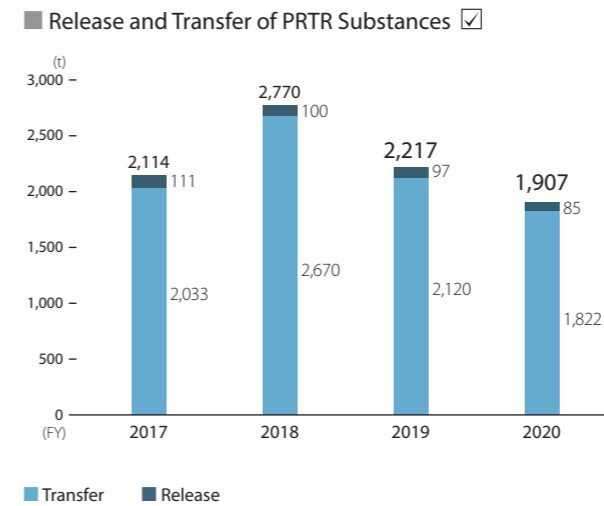


The COD<sup>1</sup> pollutant load in FY2020 decreased by about 11% year on year. The BOD<sup>2</sup> pollutant load increased about 15% year on year. Many SMM Group business sites face onto Japan's Seto Inland Sea and are subject to controls on the total amounts of COD, nitrogen and phosphorous emissions under the Act on Special Measures Concerning Conservation of the Environment of the Seto Inland Sea.

The volume of freshwater usage decreased by about 5% year on year to about 35 million m<sup>3</sup>. In this calculation, diversion water,<sup>3</sup> which is unrelated to production, is excluded from withdrawal and release at mines. The volume of seawater usage increased by about 15% year on year. This was attributable to an increase in production volumes at the Toyo Smelter & Refinery.

1. COD (Chemical Oxygen Demand): Measured for emissions into seas, including emissions into rivers flowing into enclosed seas.  
2. BOD (Biochemical Oxygen Demand): Measured for emissions into rivers, excluding emissions flowing into enclosed seas.  
3. Diversion water: Water that flows into the site as an input and flows out of the site as an output without being used for production purposes. Included starting with data for FY2017.

## Release Control for Chemical Substances



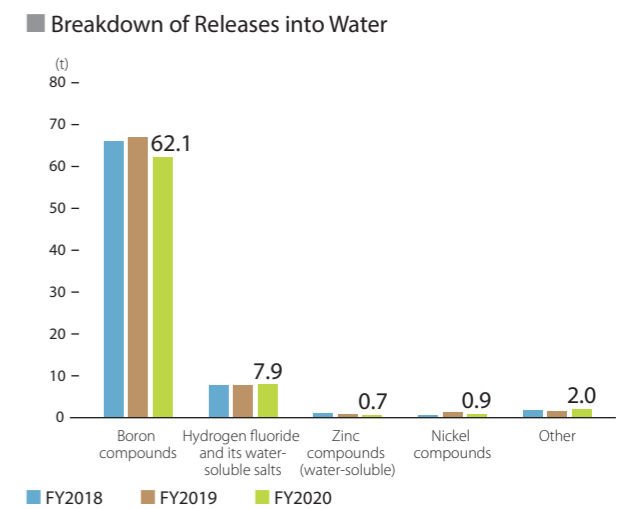
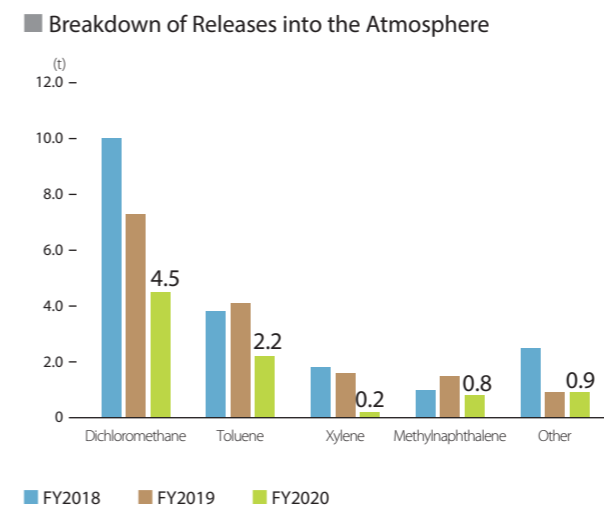
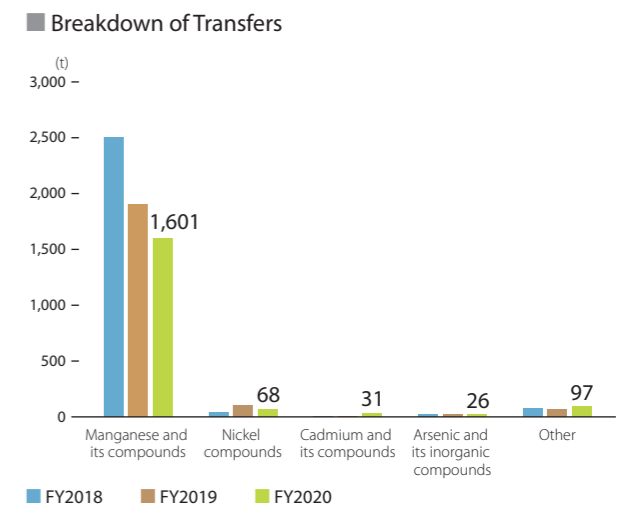
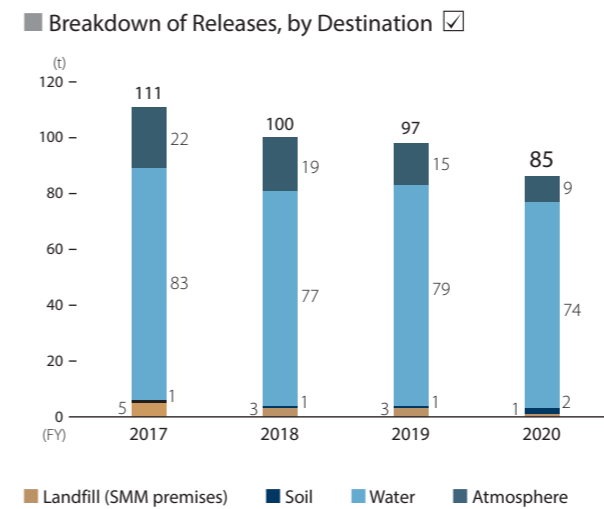
An overview of releases and transfers of chemical substances based on Japan's Pollutant Release and Transfer Register (PRTR) system in FY2020 is as follows.

The number of data-submitting sites in the SMM Group was 23 (26 in FY2019). The Group had 40 substances requiring registration (42 in FY2019).

The total released and transferred amount (releases + transfers) came to 1,907 t, a decrease of about 14% year on year, mainly due to a decrease in manganese transferred outside of business sites resulting from a decrease in the volume of iron clinker<sup>1</sup> to undergo final disposal as industrial waste after being generated as a by-product at Shisaka Smelting Co., Ltd.

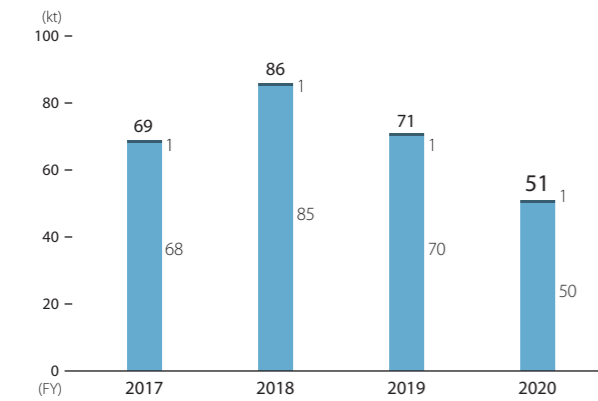
The amount discharged into the atmosphere decreased by about 44%. The main factor behind this was a decrease in releases of dichloromethane at the Ome District Division. In addition, there were no discharges of ozone-depleting substances. Discharges into water decreased by about 6% year on year.

1. Iron clinker: The residue remaining during the processing of electric arc furnace dust after recovering zinc. The residue able to be sold is called "iron pellets," and the residue to be disposed of is called "iron clinker."



## Final Disposal Amount of Industrial and Mining Waste in Japan

### Final Disposal Amount<sup>1</sup> of Industrial and Mining Waste in Japan



■ Industrial waste ■ Mining waste<sup>2</sup>

- Includes waste destined for landfills and incineration without heat recovery.
- Mining waste in the form of wastewater sludge generated by mine-affiliated Toyo Smelter & Refinery that is landfilled within the business site.

The SMM Group has long been making efforts to reduce industrial waste in Japan and the amount of wastewater sludge (mining waste) that undergoes final disposal from the mine-affiliated Toyo Smelter & Refinery. The total final disposal amount in FY2020 was 51 kt, which was a decrease of about 20 kt from FY2019. The main factor behind this decrease was a decrease in the final disposal volume of iron clinker at Shisaka Smelting Co., Ltd.

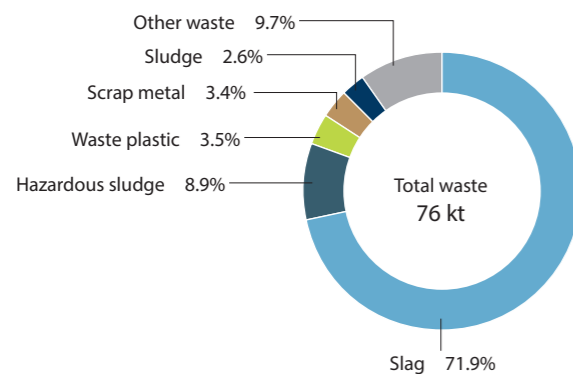
## Waste by Type and Treatment Method (FY2020)

### Waste by Treatment Method (Hazardous<sup>3</sup>/Non-hazardous<sup>4</sup>)

Treatment method <sup>5</sup>	Total		
	Total	Hazardous	Non-hazardous
Recycling	24	8	16
Landfill	6,831	49	6,782
Incineration	0	0	0
Volume reduction, etc.	2	1	1
<b>Total</b>	<b>6,857</b>	<b>57</b>	<b>6,799</b>

- In general, this depends upon definitions of the regulations in the other releasing countries concerned. Since Japan does not have such laws or regulations, SMM applies the following definition: "Specially controlled industrial waste and waste delivered to controlled landfill sites (excluding designated inert waste (5 categories of inert waste) that should have been delivered to landfill sites for inert industrial waste, but was disposed of at controlled landfill sites due to the distance limitation)."
- Waste other than hazardous waste.
- Treatment methods outside of the Company were identified based on the written agreement with the disposal company and the manifest.

### Breakdown of Industrial Waste (in Japan) by Type of Waste



Landfill on company premises/Contracted disposal	Total	
	Landfill on company premises	Contracted disposal
	6,780	76

## Environmental Education

Name of activity	Targeted employees	Purpose, contents (simple overview)
EMS Internal Auditor Training Course	New internal environmental auditors	Training of new internal auditors for the EMS conforming to ISO 14001 (2015)
EMS Internal Auditor Course for updating to the ISO 14001 (2015) standard	Internal environmental auditors	Updating internal auditors with qualifications conforming to ISO 14001 (2004) to the 2015 version
Environmental e-learning (Environmental Laws)	Managers and supervisors, internal environmental auditors	Explanation of Japan's mandatory standards and notification procedures
Environmental e-learning (Environmental Laws, Basic)	Managers and supervisors, internal environmental auditors	Promote understanding of the spirit and idea of Japan's laws
Education of newly-appointed business site general managers	Newly-appointed business site general managers	Promote understanding of the importance of the relationship between corporations and the environment and raise self-awareness and environmental awareness as the business site general manager
Conference for environment managers	Environment managers of each of the business sites	Improve knowledge of Japan's environmental laws and regulations, enhance environmental management capabilities, raise self-awareness
Periodically send out information	Business site general managers	Provide information about revisions of laws and important precedents by a periodical e-mail magazine
Education about environmental preservation for mid-career hires	Mid-career hires at the Head Office	Impart knowledge about the SMM Group's environmental preservation initiatives
Education about environmental preservation for new employees	Newly-hired management track employees at the Head Office	Impart knowledge about the SMM Group's environmental preservation initiatives and raise self-awareness
Education about environmental preservation for newly-promoted section managers	Newly-promoted section managers	Provide information about the SMM Group's environmental preservation initiatives and raise self-awareness
Periodic education about the Chemical Substances Control Law	Division environment managers	Overview of the Chemical Substances Control Law, checking for revision information, and prevent omissions of notification
Explanatory meeting: overseas chemical substance regulations	Head Office sales representatives	Impart knowledge to sales representatives about overseas chemical substance regulations and raise their self-awareness

## Laws Covered in the Environmental e-learning Courses

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

The SMM Group has established two e-learning courses on environmental laws with the objective of raising levels of compliance. Employees, especially managers and supervisors involved with environmental laws and regulations and internal environmental auditors, are taking part in those courses. The e-learning course on Japan's main environmental laws covers ten laws that are deeply related to the businesses of the SMM Group and provides explanations of mandatory standards and notification procedures. As failing to comply with these requirements constitutes a violation of the law, employees must be certain to keep them in mind when conducting business. Given not only compliance with regulations and obligations, but also the voluntary risk management and information disclosure demanded of businesses today, the Group offers an e-learning course called Environmental Laws, Basic that serves as a stepping stone for properly conducting business. This course covers 12 laws, including the Basic Environment Act and the Basic Act on Biodiversity.

## Employees' Occupational Health and Safety

### Business Activities in Areas of High Biodiversity Value<sup>1</sup> (FY2020)

Area	Size of production site (hectares)	Details
Seto Inland Sea	62 (Minoshima & Ienoshima islands)	Shisaka Smelting Co., Ltd. operates on Minoshima and Ienoshima islands, neighboring Setonaikai National Park (IUCN Category 2 and neighboring equivalent areas)
The Philippines	434	Coral Bay Nickel Corporation operates on Palawan Island (in hunting-prohibited and bird protection areas (IUCN Category 4 and neighboring equivalent areas))

1. Protected areas classified as Category 4 and above by the International Union for Conservation of Nature (IUCN) and neighboring areas, as well as equivalent areas of high biodiversity value (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 (FY2020)

	(hectares)			
	A: Total area of land not rehabilitated (as of the end of FY2019)	B: Area of land newly developed in FY2020	C: Area of land newly rehabilitated in FY2020	D: Total area of land developed but not rehabilitated (A+B-C)
Hishikari Mine	22	0	0	22
Coral Bay Nickel Corporation	274	6	0	280
Taganito HPAL Nickel Corporation	567 <sup>1</sup>	0	-2 <sup>2</sup>	568

1. The area of the developed land was reviewed on the basis of the survey results.

2. THPAL conducted rehabilitation of 12 hectares in the developed land in fiscal 2020. However, as the survey shows a decrease in existing rehabilitated area due to eroding and other factors, the area of newly rehabilitated land is adjusted. THPAL is also advancing rehabilitation activities in nearby regions outside the site. In cooperation with the Philippine government, rehabilitation of 74 hectares was achieved in FY2020 in nearby regions outside the site. To date, 455 hectares in total have been certified as rehabilitated area.

### Work-Related Incidents (2020)

\*Employees\* includes employees and part-time workers from Group companies

	Japan				Overseas			
	Employees		Non-employee workers		Employees		Non-employee workers	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate
Number of work-related fatalities and frequency rate (Calculated per 1,000,000 hours, same applies below) <input checked="" type="checkbox"/>	0	0	0	0	0	0	0	0
Number of work-related injuries resulting in disability and frequency rate <input checked="" type="checkbox"/>	0	0	0	0	0	0	0	0
Number of recordable work-related injuries and frequency rate <input checked="" type="checkbox"/>	15	1.13	8	4.07	0	0.00	3	0.28
Main types of work-related incidents	Explosions, getting caught between objects, getting tangled in objects, lacerations, contact with harmful substances, contact with high- or low-temperature objects, results of movements or unreasonable actions, stumbles, tumbles, impact injuries.				Getting caught between objects			
Cumulative hours worked	13,288,058 hours		1,966,000 hours <sup>4,5</sup>		2,856,000 hours <sup>4</sup>		10,620,000 hours <sup>4,5</sup>	
Number of potential incidents <sup>5</sup>	20		7		0		1	
Sources of work-related hazards that lead to disability, and method of determination	1) Heavy loads, 2) chemicals, 3) high-temperature objects, 4) rotating objects, 5) electricity, 6) high places, 7) heavy machinery, 8) cylinders, 9) hand tools Sources have been classified based on analysis into damage caused by incidents in the past.				1) Heavy loads, 2) chemicals, 3) high-temperature objects, 4) rotating objects, 5) electricity, 6) high places, 7) heavy machinery, 8) cylinders, 9) hand tools Applied based on the results of analysis of incidents in Japan			
Incidents leading to disabilities and resulting from sources of work-related hazards, and actions taken or underway to eliminate these hazards using the hierarchy of controls <sup>1</sup>	<ul style="list-style-type: none"> <li>Chemical incidents (resulting in absence from work): Established a process for approving test production and experiment plans at the basic development stage.</li> <li>Rotating object incidents (resulting in absence from work): Installed guard fences and proper footing.</li> <li>Heavy load incidents (resulting in absence from work): Clarified grey areas, such as providing assistance.</li> <li>High place incidents (resulting in absence from work): Reaffirmed and provided guidance regarding response to changes in action plans, including fourth-tier subcontractors.</li> </ul>				N/A			
Incidents resulting from other sources of workplace hazards and actions taken or underway to eliminate these hazards using the hierarchy of controls <sup>1</sup>	N/A				N/A			

1. Hierarchy of controls: An approach for lowering risk to acceptable levels through prioritization as follows:

Elimination of source of risk → Substitution of source of risk → Engineering controls → Administrative controls → Personal protective equipment  
Source: The US National Institute for Occupational Safety and Health (NIOSH)

2. "Recordable work-related injuries" is the total of injuries that required hospital treatment and resulted in absence from work and injuries not resulting in absence from work.

3. The number of minor incidents (visited the hospital but no treatment needed).

4. Estimated based on one person working 2,000 hours per year.

5. Total working hours of workers other than employees (those working at regular contractors) based survey numbers from May 2021. Calculated based on note 4 above.

### Work-Related Ill Health (2020)

\*Employees\* includes employees and part-time workers from Group companies

	Japan		Overseas	
	Employees	Non-employee workers	Employees	Non-employee workers
Number of fatalities as a result of work-related ill health	0	0	0	0
Number of cases of recordable work-related ill health <sup>1</sup>	0	— <sup>2</sup>	0	0
Main types of work-related ill health and method of determination	As stated in the Japanese occupational health and safety laws and regulations <ul style="list-style-type: none"> <li>Pneumoconiosis</li> <li>Ionizing radiation injury</li> <li>Organic solvent poisoning</li> <li>Damage caused by specified chemical substances (occupational cancer, skin damage, etc.)</li> <li>Lead poisoning</li> <li>Vibration-induced damage</li> <li>Noise-induced hearing loss</li> <li>Occupational dental problems (dental erosion, etc.)</li> </ul>		As stated in occupational health and safety laws and regulations of each country <sup>3</sup>	
Sources of work-related hazards that lead to ill health	Dust • Ionizing radiation • Organic solvents • Specified chemical substances • Lead • Vibrating tools • Noise • Substances that erode the teeth (acids)		— <sup>3</sup>	
Incidents resulting from sources of work-related hazards leading to illness and actions taken or underway to eliminate these hazards using the hierarchy of controls <sup>1</sup>	<ul style="list-style-type: none"> <li>No work-related ill health occurred that required treatment</li> <li>Implementing improvements to working environments at business sites, with Control Class 3 workplaces as a priority</li> <li>Using a risk assessment database of chemical substances to prevent illness</li> </ul>		No work-related ill health occurred that required treatment	

1. Hierarchy of controls: An approach for lowering risk to acceptable levels through prioritization as follows:

Elimination of source of risk → Substitution of source of risk → Engineering controls → Administrative controls → Personal protective equipment  
Source: The US National Institute for Occupational Safety and Health (NIOSH)

2. Under Japanese laws and regulations, for workers other than employees, this falls under the responsibility and management of the businesses that hire them, so while we provide leadership, we are unable to disclose information.

3. For overseas business sites, depending on the laws and regulations of each country, we investigate whether work-related ill health certification is present and the names of relevant laws and regulations, but we do not investigate details.

4. Regarding employees in Japan, we also record the number of workers who receive abnormal findings but do not require treatment (as this is personal information, it is not disclosed).

## Occupational Health and Safety Management System (2020)

In order to prevent accidents and illness caused by unsafe circumstances and behavior, we are advancing occupational health and safety measures at each Group business site based on the concept of hierarchy of controls.<sup>1</sup> In Japan, we are building an occupational health and safety management framework as stipulated by the Japanese Industrial Safety and Health Act, and are formulating policies, targets, and plans. We are also implementing a one-year PDCA cycle and each level of the Company is working to reduce risk in accordance with their role. The business division with jurisdiction and the Safety & Environment Control Department are implementing internal audits at all business sites, patrolling each one, and we

are advancing activities based on the Ministry of Health, Labour and Welfare's Occupational Safety and Health Management System (OSHMS)<sup>2</sup> guidelines.

- Hierarchy of controls: An approach for lowering risk to acceptable levels through prioritization as follows:  
Elimination of source of risk → Substitution of source of risk → Engineering controls → Administrative controls → Personal protective equipment  
Source: The US National Institute for Occupational Safety and Health (NIOSH)
- OSHMS is an abbreviation of Occupational Safety and Health Management System and it is a management system that aims to improve occupational health and safety levels at business sites through the implementation of a set of processes known as the PDCA cycle (Plan, Do, Check, Act), based on cooperation between businesses and their workers.

### (SMM Group companies)

	Japan Business Sites		Overseas Business Sites	
	Ratio	Number of employees <sup>1</sup>	Ratio	Number of employees <sup>1</sup>
Workers covered by an Occupational Health and Safety Management System	100% <sup>2</sup>	6,849	100% <sup>2</sup>	1,431 <sup>4</sup>
Workers covered by an Occupational Health and Safety Management System subject to internal audits <sup>3</sup>	100%	6,849	100%	1,431
Workers covered by an Occupational Health and Safety Management System subject to third party audits and certification	27%	1,837	6%	90

	Japan	Overseas
<b>Business sites with third party certification</b>	<b>Certified business sites</b> ISO 45001: Nippon Ketjen Co., Ltd.; Hishikari Mine; Hishikari Office, Mining Dept., Sumiko Resources Exploration & Development Co., Ltd.; Niihama Nickel Refinery JISHA method OSHMS: Numazu Office and Tsukuba Office of N.E. Chemcat Corporation; Shinko Co., Ltd.; Ome District Division <b>Business sites preparing for ISO 45001 certification</b> Toyo Smelter & Refinery	Safety and production standardization (State Administration of Work Safety): Dongguan Sumiko Electronic Paste Co., Ltd. Safety and production standardization (State Administration of Work Safety): Shanghai Sumiko Electronic Paste Co., Ltd. Third party audit implemented by the Ministry of Labor: Taiwan Sumiko Materials Co., Ltd.

### (Regular contractors)

	Japan Business Sites		Overseas Business Sites	
	Ratio	Number of employees <sup>1</sup>	Ratio	Number of employees <sup>1</sup>
Workers covered by an Occupational Health and Safety Management System	100% <sup>2</sup>	983	100% <sup>2</sup>	5,310
Workers covered by an Occupational Health and Safety Management System subject to internal audits <sup>5</sup>	99%	979	100%	5,310
Workers covered by an Occupational Health and Safety Management System subject to third party audits and certification	2%	21	0%	0

	Japan	Overseas
<b>Business sites with third party certification</b>	Certification acquired by one contractor of Hyuga Smelting Co., Ltd. (JISHA method OSHMS)	None

1. Includes temporary employees covered by SMM Group occupational health and safety administration.

2. Japan: We have built an occupational health and safety management framework as stipulated by the Japanese Industrial Safety and Health Act, formulated policies, targets, and plans, and implemented a one-year PDCA cycle. Activities are carried out for each level of the organization and cover 100% of employees.

Overseas: We have built the system in accordance with the occupational health and safety laws and regulations of each country.

3. Japan: Internal audits are implemented at each business site in turn by the business division with jurisdiction, the Safety & Environment Control Department, the Besshi-Niihama District Division Safety & Environment Control Center (Besshi District), or other organizations. The audits confirm each business site's policy, targets, activity plan, and implementation status and ensure a PDCA cycle is being carried out.

Overseas: The business division with jurisdiction carries out audits around twice a year in the form of patrols. Dongguan Sumiko Electronic Paste Co., Ltd. carries out an internal audit each year.

4. Workers at business sites covered by safety statistics.

5. Japan: While there are cases where some small contractors do not implement checks on the level of internal audits, contracting organizations offer guidance on occupational health and safety and carry out various patrols, and other measures, and the majority do implement checks on the level of internal audits.

Overseas: At Coral Bay Nickel Corporation, internal audits take the form of patrols and contractor safety meetings led by the contracting organization. At Taganito HPAL, contractors implement internal audits or participate in patrols led by Taganito HPAL.

## Identification of Hazard Sources, Risk Assessment, and Accident Investigation (2020)

### (SMM Group companies)

	Japan Business Sites	Overseas Business Sites
<b>Ongoing improvements to risk assessment (RA) process quality assurance and management systems</b>	RA has been introduced and we continuously make improvements in regard to risk at business sites. The effectiveness of whether they contribute to preventing serious accidents is reviewed as appropriate under the leadership of the Safety & Environment Control Department.	RA is being introduced and we continuously make improvements in regard to risk at business sites. The effectiveness of these is reviewed as appropriate.
<b>Processes for employees to report hazards and employee protection methods</b>	We receive reports of hazards from employees through minor incident reports, morning meetings, informal discussions, etc., and take necessary measures.	We receive reports of hazards from employees through minor incident report forms, oral reports, etc. and take necessary measures.
<b>Methods for protecting employees carrying out work that might lead to illness or injury</b>	In addition to RA, we reduce risk through methods including various patrols, work observation, hazard prediction training, and mutual attention.	In addition to RA and hazard prediction activities, we reduce risk through methods including patrols.
<b>Accident investigation and countermeasures and system improvement processes</b>	When accidents occur, we consider and deal with each case through the accident reporting database which stipulates a process that includes, investigating the characteristics of the hazard source and any background factors, and formulating countermeasures. Measures tackling the hazard source are handled according to the hierarchy of controls (in the same way as risk assessments, etc.), which prioritizes measures targeting equipment.	Investigations and countermeasures are implemented in accordance with systems at each business site including case studies and horizontal development. Measures tackling the hazard source are handled according to the hierarchy of controls, which prioritizes measures targeting equipment.

### (Regular contractors)

	Japan Business Sites	Overseas Business Sites
<b>Ongoing improvements to risk assessment (RA) process quality assurance and management systems</b>	A similar in-house process as the contracting organization is used. (In some cases, using the contracting organization's process.)	At Coral Bay Nickel Corporation, some contractors are introducing RA initiatives such as 10-second employee hazard prediction, and at Taganito HPAL Nickel Corporation, some are introducing RA.
<b>Processes for employees to report hazards and employee protection methods</b>	A framework is in place to ensure implementation of necessary measures and provide reports in areas such as minor incident and points on which to take note.	A framework is in place so that if either the contracting organization or contractor discovers information such as minor incident, they will contact each other.
<b>Methods for protecting employees carrying out work that might lead to illness or injury</b>	In addition to RA, various patrols are implemented by the contracting organization and measures are taken as necessary.	Measures implemented center on hazard prediction activities. Measures such as patrols by the contracting organization are also implemented.
<b>Accident investigation and countermeasures and system improvement processes</b>	A similar process as the contracting organization is used. (Also using the accident reporting database of the contracting organization.)	Either checks are made by the contracting organization following consideration of the case by the contractor, or the contracting organization works with the contractor to implement an investigation, counter measures, and improvements. Measures tackling the hazard source are handled according to the hierarchy of controls, which prioritizes measures targeting equipment.

## Provision of Occupational Health and Safety Services (2020)

	Japan Business Sites	Overseas Business Sites
Hazard simulations	An experience simulating a hazardous situation. Repeated training is being held based on actual conditions at business sites. Employees from contractor companies participate in this training. We also cultivate instructors.	Once a year a total of about 15 employees from Coral Bay Nickel Corporation, and Taganito HPAL Nickel Corporation receive hazard simulation training in Japan. However, this was cancelled in FY2020 due to the COVID-19 pandemic.
Anzen Dojo	Up to 2018, Anzen Dojo training was held at each business site (on topics such as mechanisms that lead to incidents) and contributed to activities at these business sites such as education.	At Coral Bay Nickel Corporation, and Taganito HPAL Nickel Corporation, Japanese employees receive safety training that incorporates Anzen Dojo content twice a year when the relevant business division implements safety patrols. In FY2020, training was carried out remotely.
An organizational structure and regulations, including safety managers, qualified personnel, and training plan	Required by Japanese laws and regulations. Managed by each business site.	A person responsible for health-related matters is employed in accordance with the occupational health and safety laws and regulations of each country.
A working environment management framework	Required by Japanese laws and regulations. Managed by each business site.	Required by the occupational health and safety laws and regulations of each country.
Medical examinations (general, specific, specialized), radiation exposure management, action on results of health checkups, and an insurance guidance framework	Required by Japanese laws and regulations. Managed by each business site.	All employees receive regular medical examinations (once a year).
Mental health-related checkups, consultations	Required by Japanese laws and regulations. Managed by each business site.	Japanese employees use systems provided by SMM.
Industrial doctors, health advisors, nurses, etc. (including health consultations)	Implemented in accordance with the Japanese Industrial Safety and Health Act or agreements are arranged with industrial doctors accordingly. Managed by each business site.	At Coral Bay Nickel Corporation, and Taganito HPAL Nickel Corporation, industrial doctors are commissioned in accordance with Japanese laws and regulations.
Internal workshops, small group activities	Small group activities are held for all employees for purposes such as improving communication or enhancing hazard awareness through education and the sharing of disaster case studies, which may include the incorporation of content from Anzen Dojo.	Initiatives are implemented accordingly by each business site.
Lectures from external instructors (life-saving and first aid, traffic accident prevention, etc.)	Red Cross first aid courses, life-saving courses by the fire department, traffic safety training by the police, etc. Managed by each business site.	Employees are sent out to first aid, health and safety, and other seminars.
Emergency rooms and equipment (life-saving and first aid, including AEDs, measures for pandemics or infectious diseases, etc.), an emergency contact network	There is also an emergency contact network covering the entire company. Managed by each business site.	Each business site implements measures such as the installation of emergency rooms, AED, and first-aid kits, and the maintenance of an emergency contact network.
Break rooms	Provided at business sites as needed, in line with policies related to measures to create a comfortable work environment. Considerations such as heat stroke are taken into account. Also, break rooms have been provided to ensure prevention of passive smoking.	Managed by each business site.
Dining halls (nutritionists)	Can be used by all employees at business sites where they are available.	Dining halls installed or made available at each business site.
Laundry rooms	Can be used by all employees at business sites where they are available.	Laundry rooms have been provided within Coral Bay Nickel Corporation and Taganito HPAL Nickel Corporation plants. At some business sites, the washing of work clothes is outsourced.
Bath/shower facilities	Can be used by all employees at business sites where they are available.	Installed at Coral Bay Nickel Corporation, and Taganito HPAL Nickel Corporation.
Company housing and dormitories	Can be used by all employees at business sites where they are available.	Provided at Coral Bay Nickel Corporation, and Taganito HPAL Nickel Corporation.
Suggestion boxes	Can be posted through the SMM bulletin board. Internal reporting phone lines are also available.	Managed by each business site.
Management of personal information	Required by Japanese laws and regulations.	Managed by each business site.
<b>Examples of other services provided</b>		
	Japan Business Sites	Overseas Business Sites
Tackling lifestyle-related disease and promotion of health	Thorough medical checkups (health insurance union subsidies available), other. These are available to all employees at business sites where they are available. Health promotion activities are also implemented at each business site.	Managed by each business site.
Medical and healthcare services not directly connected to operations	Mental health (external eMe) guidance for procuring medication, guidance regarding test kits (external organization).	At Coral Bay Nickel Corporation, and Taganito HPAL Nickel Corporation, we have installed on-site medical offices where treatment can be received free of charge. We also have a subsidy system covering visits to external medical facilities.
Voluntary health promotion services and programs provided to tackle major health risks not directly connected to operations	Workers have access to occupational health services and health guidance is provided by industrial doctors.	Individual programs are being implemented at Coral Bay Nickel Corporation, and Taganito HPAL Nickel Corporation.

## Labor-Management Discussion concerning Occupational Health and Safety (Status of Occupational Health and Safety Committees) (2020)

	Japan Business Sites	Overseas Business Sites
SMM Group companies	Occupational Health and Safety Committee meetings are held every month (with over half of representatives from the labor side at each business site in cases where said business site has more than 50 people, in accordance with stipulations in the Japanese Industrial Safety and Health Act). These provide opportunities to share information and hold discussions concerning occupational health and safety, while decision making is implemented by the people with overall responsibility on the management side (top management), and PDCA cycles are implemented.	Meetings are held once a month at Coral Bay Nickel Corporation, and Taganito HPAL Nickel Corporation, while at other sites, meetings of bodies comprising both labor and management, such as Occupational Health and Safety Committees, are held every quarter. Management of progress toward safety management targets is implemented.
Regular contractors	Occupational Health and Safety Committee meetings and informal gatherings are held every month by contracting organizations in which contractors and others participate and information is shared. This information is taken back to the company where it is shared and used to make notifications.	Coral Bay Nickel Corporation, and Taganito HPAL Nickel Corporation only: Contractor safety meetings are held once a month. Progress toward safety management targets by contractors is managed and information is shared.

## General Education and Training Regarding Occupational Health and Safety (2020)

	Japan Business Sites	Overseas Business Sites
SMM Group companies	Education is provided as stipulated in the Japanese Industrial Safety and Health Act (new employee training, special education, training when starting hazardous or potentially harmful operations, etc.) and places for gaining qualifications are provided. Risk response training, such as accident response, is also provided.	Implemented and managed accordingly by each business site.
Regular contractors	Education is provided as stipulated in the Japanese Industrial Safety and Health Act (new employee training, special education, training when starting hazardous or potentially harmful operations, etc.). Accident response and hazard simulation drills are also carried out at some business sites.	Coral Bay Nickel Corporation, and Taganito HPAL Nickel Corporation only: Education is provided during operation halts, etc.

## Diverse Human Resources Development and Participation of Human Resources

### Total Time Spent on Employee Education (FY2020)

	Officers		General managers		Section managers		Regular employees		Occasional employees and temporary employees		Total <sup>1</sup>
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
SMM non-consolidated	281	4	4,616	13	14,653	372	81,119	12,046	5,013	1,109	119,225
Consolidated subsidiaries in Japan	342	0	359	0	1,450	25	15,766	2,955	1,600	1,268	23,769
Consolidated subsidiaries overseas	215	38	173	97	470	454	15,676	5,120	5,762	1,542	29,545

	Officers		Managers		Regular employees		Occasional employees and temporary employees	Total
	Male	Female	Male	Female	Male	Female		
Annual hours of education per employee (average) <input checked="" type="checkbox"/>	7.6	0.0	22.0	10.0	23.8	17.1	13.5	20.8
Number of officers and employees at the end of the fiscal year	110	0	986	96	4,720	1,175	1,205	8,292

1. In addition to the total time spent on education, employees spent the following number of hours on e-learning courses: 2,555 hours for SMM non-consolidated, and 1,755 hours for consolidated subsidiaries in Japan and overseas.



New Hires and Departures (FY2020)

Location	Younger than 30		30–49 years old		50 and older		Total	
	Male	Female	Male	Female	Male	Female		
Japan	New employees	142	46	68	28	11	4	299
	New employee ratio (%)	18.6	27.5	3.0	5.5	0.7	2.6	5.6
	Departures	24	7	40	9	104	7	191
	Turnover (%)	3.1	4.2	1.8	1.8	6.9	4.5	3.6
	Total employees	765	167	2,258	513	1,515	154	5,372
U.S.A.	New employees	0	0	0	0	0	0	0
	New employee ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Departures	0	0	0	0	0	0	0
	Turnover (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Canada	New employees	0	0	0	0	0	0	0
	New employee ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Departures	0	0	0	0	0	0	0
	Turnover (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Korea	New employees	0	0	0	0	0	0	0
	New employee ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Departures	0	0	0	0	0	0	0
	Turnover (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Peru	New employees	0	0	0	0	0	0	0
	New employee ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Departures	0	0	0	0	0	0	0
	Turnover (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chile	New employees	0	0	0	0	0	0	0
	New employee ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Departures	0	0	0	0	0	0	0
	Turnover (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
China	New employees	0	0	0	0	0	0	0
	New employee ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Departures	0	0	0	0	0	0	0
	Turnover (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	New employees	15	3	36	31	9	0	94
	New employee ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Departures	0	0	0	0	0	0	0
	Turnover (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Location	Younger than 30		30–49 years old		50 and older		Total	
	Male	Female	Male	Female	Male	Female		
Philippines	New employees	19	15	9	0	1	0	44
	New employee ratio (%)	6.9	9.3	1.2	0.0	2.4	0.0	3.1
	Departures	18	8	10	4	2	0	42
	Turnover (%)	6.6	5.0	1.4	2.1	4.8	0.0	3.0
	Total employees	274	161	734	192	42	7	1,410
Taiwan	New employees	0	0	0	0	0	0	0
	New employee ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Departures	0	0	0	0	0	0	0
	Turnover (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Australia	New employees	0	0	0	0	0	0	0
	New employee ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Departures	0	0	0	0	0	0	0
	Turnover (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Brazil	New employees	0	0	0	0	0	0	0
	New employee ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Departures	0	0	0	0	0	0	0
	Turnover (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Thailand	New employees	1	0	1	0	0	1	3
	New employee ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Departures	0	0	0	0	0	0	0
	Turnover (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	New employees	161	61	77	28	12	4	343
	New employee ratio (%)	15.2	17.9	2.5	3.7	0.8	2.4	4.9
	Departures	42	15	50	13	106	7	233
	Turnover (%)	4.0	4.4	1.6	1.7	6.7	4.2	3.3
Total employees	New employees	1,059	340	3,071	763	1,576	168	6,977
	New employee ratio (%)	15.2	17.9	2.5	3.7	0.8	2.4	4.9
	Departures	42	15	50	13	106	7	233
	Turnover (%)	4.0	4.4	1.6	1.7	6.7	4.2	3.3

Total employees: number of employees as of March 31, 2021.  
 Officers, non-regular and limited-term employees, and temporary employees are not included in the figures for new employees, departures, and total employees.  
 New employee ratio: number of new employees ÷ total employees x 100.  
 Turnover: number of departures ÷ total employees x 100.

## Current Status of the Implementation of the Basic Survey into Employee Human Rights (FY2020)

In FY2016, we conducted a Human Rights Due Diligence Survey at 56 of our 73 business sites inside and outside Japan (77% coverage rate). Human Rights Due Diligence Surveys conducted to date identified harassment, communication, and the use of the human rights hotline as some of the matters deemed in need of on-going monitoring. These were made the target of further surveys at 24 sites inside Japan.

Fiscal year conducted	Sites surveyed	Ratio of total sites
2017	3	13%
2018	9	50%
2019	6	75%
2020	6	100%

## Current Situation Regarding Parental Leave (as of March 31, 2021) (SMM non-consolidated)

	Total	Male	Female
Employees with the right to take parental leave <sup>1</sup>	190	153	37
Employees who took parental leave	45	8	37
Employees who took parental leave during FY2020 and have since returned to work	24	6	18
Employees who were still working at the Company 12 months after returning from parental leave <sup>2</sup>	13	1	12
Ratio of workers who returned after parental leave <sup>3</sup>	21/22 (95.5%)	5/5 (100%)	16/17 (94.1%)
Retention rate of workers who returned after parental leave <sup>4</sup>	13/13 (100%)	1/1 (100%)	12/12 (100%)

1. Out of employees who have notified the Company of a birth: Male employees—From the day of birth until the day before the child turns one year old. Female employees—From 56 days before the expected delivery date until the last day of the April immediately following the fiscal year (ending March 31) when the child becomes one year old (the day before their birthday), or the day the child becomes one and a half years old, whichever is longer.
2. The number of employees who returned to work in FY2019 and were still working at the Company 12 months later.
3. Return ratio: number of employees who returned to work in FY2020 ÷ number of employees who intended to return to work in FY2020 x 100.
4. Retention rate: number of employees who returned to work in FY2019 and were still working at the Company 12 months later ÷ number of employees who returned to work in FY2019 x 100

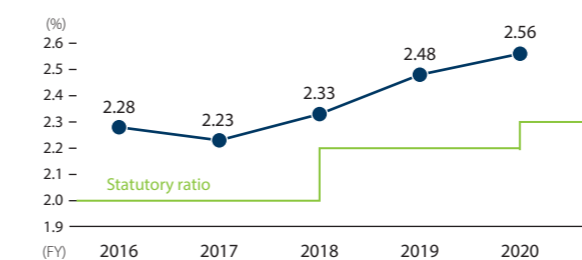
## Employee Skill Improvement and Transition Support Program

### SMM Human Resources Development Program

	Duty-based program	Self-development	3-yr. program for management track employees	Seminar for newly promoted employees	Development of next generation of management	Mid-career hires	Project leaders	Specialized education	External training	Development of global human resources	Women's career support	Compliance, governance, RMI	Safety skills	Pre-retirement support
Officers														
General managers				General manager seminar										
Section managers				Section manager seminar										
E-class				E-class employee seminar										
S-class				Management track S-class employee seminar										
F-class, J-class				F-class employee seminar (at each branch office)										

## Employment Ratio of Disabled People Over the Past Five Years

(SMM non-consolidated, average employment ratio over each fiscal year)



We consider providing support that helps employees with disabilities stay in employment to be a top priority and we hold regular interviews with these employees on an ongoing basis. We are also implementing new initiatives such as providing internships to students with disabilities. As a result, our employment ratio of disabled people has risen.

## Engagement with Stakeholders

### Employee and Labor-Related Information

Number of Employees & Officers Worldwide (Consolidated) (March 31, 2021)

	Employees																Total	Temporary employees
	Permanent employees														Occasional employees			
	Full-time officers		Managers						Regular employees						Non-regular/limited-term employees			
			Younger than 30		30-49 years old		50 and older		Younger than 30		30-49 years old		50 and older					
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female			
SMM non-consolidated	25	0	0	0	164	6	312	5	388	102	733	175	477	61	237	39	2,724	163
Consolidated subsidiaries in Japan	58	0	0	0	88	2	188	0	377	65	1,273	330	538	88	262	157	3,426	331
Consolidated subsidiaries overseas	27	0	28	10	182	67	24	6	266	163	631	183	37	8	13	2	1,647	1
<b>Total</b>	<b>110</b>	<b>0</b>	<b>28</b>	<b>10</b>	<b>434</b>	<b>75</b>	<b>524</b>	<b>11</b>	<b>1,031</b>	<b>330</b>	<b>2,637</b>	<b>688</b>	<b>1,052</b>	<b>157</b>	<b>512</b>	<b>198</b>	<b>7,797</b>	<b>495</b>

In Japan, 60% of employees belonged to workers' unions. Overseas, two companies  have workers' unions (excluding Chinese labor unions) resulting in a workers' union membership ratio at overseas consolidated subsidiaries of 54% . The number of all employees excluding officers is used as the denominator of the workers' union membership ratio.

Number of Employees & Officers by Country and Region (March 31, 2021)

Country/Region	Japan	U.S.A.	Canada	Netherlands	Peru	Chile	China	South Korea	Philippines	Taiwan	Australia	Brazil	Thailand	Total
Male	5,120	6	11	1	13	18	68	2	1,068	12	5	3	1	6,328
Female	1,030	7	2	0	3	8	34	2	362	15	2	1	3	1,469
<b>Total</b>	<b>6,150</b>	<b>13</b>	<b>13</b>	<b>1</b>	<b>16</b>	<b>26</b>	<b>102</b>	<b>4</b>	<b>1,430</b>	<b>27</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>7,797</b>

### Stakeholder Engagement (FY2020)

Stakeholders	Communication method and content	Integrated Report 2021 reference pages
Customers	Business activities Websites Commercials	Quality Assurance (P.108-109)
Shareholders and Investors	For institutional investors and analysts: • Hold Account Settlement and Business Strategy Progress Briefing sessions (2 times/year) <sup>1</sup> • Hold telephone conferences on the content of financial reports (4 times/year, with simultaneous Japanese to English interpretation) <sup>1</sup> • Hold IR Day business briefings (1 time/year) <sup>1</sup> For individual investors: • Publish The Report for Shareholders (2 times/year) • Hold a briefing (4 times/year) <sup>1</sup>	Engagement with Stakeholders (P.87-88)
Employees	In-house bulletins/intranet Various training Employment environment surveys Japan: • Hold labor-management council meetings, labor-management discussions, and Labor-Management Advisory Committee meetings (as needed) • Hold a Central Labor Management Conference (1 time/year) • Set individual job targets at the start of the fiscal year, and hold talks between individual employees and their supervisors to ascertain the progress being made toward the targets. (3 times/year) Overseas: • Establish opportunities for regularly explaining management status to labor unions and employee representative organizations, and for hearing the opinions and requests of employees. In response to requests for safety and work environment improvements, we confirm the conditions and enact the necessary improvement measures. Additionally, for cases where changes are made that particularly affect employees, we provide notice for an appropriate period in advance and provide a space for checking opinions.	Diverse Human Resources Development and Participation of Human Resources (P.83-86)
Local Communities	Hishikari Mine: Hold Pollution Prevention Council meetings (2 times/year) • CBNC: Hold regular information exchanges with 22 barangays, <sup>2</sup> including 11 "impact barangays" near Rio Tuba. • THPAL: Hold regular information exchanges with 14 barangays, including 4 neighboring "impact barangays." • CBNC: Construct facilities required by each barangay, support schools by providing educational supplies and materials required for operation, offer free medical support for local communities, and promote livelihood support activities that facilitate self-sufficiency. <sup>3</sup> • THPAL: Spread organic rice cultivation methods with the help of technical experts, help elderly in the area with daily necessities, and support educational advancement through scholarships, etc. <sup>3</sup>	Co-Existence and Mutual Prosperity with Local Communities (P.89-90)
Business Partners and Suppliers	Sharing the SMM Group Responsible Sourcing Policy Safety training for subcontractors	Human Rights in the Supply Chain (P.92-93) Employees' Occupational Health and Safety (P.81-82)
Civil Society Organizations	• Hold regular exchanges of opinion with the international environmental NGO Friends of the Earth Japan regarding their findings on topics such as the water quality of rivers around the CBNC and THPAL plants, both in the Philippines. Implement necessary improvement measures that reference the group's opinions and recommendations. (2 times/year)	Co-Existence and Mutual Prosperity with Local Communities (P.89-90)
Government Agencies	Regular exchanges of opinion with government agencies	Co-Existence and Mutual Prosperity with Local Communities (P.89-90)

1. In order to prevent COVID-19 infections, each of the Account Settlement and Business Strategy Progress Briefing sessions, business briefings, and briefings for individual investors mentioned here were held online and videos of each event were shared through our website. Additionally, for each of the Account Settlement and Business Strategy Progress Briefing sessions, business briefings, and telephone conferences mentioned here, a script of explanations and minutes of Q&A sessions were also provided through our website.

2. Barangay: the smallest administrative division that makes up cities and towns in the Philippines, and denotes a village, district, or ward.

3. Part of our SDMP (Social Development and Management Program) initiative.

Complaints Made to the Group (FY2020)	
Type of complaint	Complaints
Complaints about impact on society	0
Complaints concerning the environment (e.g. vegetation overgrowth around the edges of business sites)	13
<b>Total</b>	<b>13</b>

All complaints were dealt with in an appropriate manner.

## 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 the following committees: New Industry and Technology, Canada, Environment and Safety, Oceanic Resources, International Cooperation, China, South Asia, Japan-Myanmar Economic, Japan-Brazil Economic, Gender Diversity, National Resilience, the Tokyo 2020 Olympic and Paralympic Games, Energy and Resources (Planning subcommittee), Labor Legislation (Occupational Health and Safety subcommittee)	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.
APEC Business Advisory Council Japan	Member	As a member of the Japanese chapter of the APEC Business Advisory Council, an official private sector advisory entity for the Asia-Pacific Economic Cooperation (APEC), we support the organization's activities.
Japan Mining Industry Association	Director; participation in the following committees and others: Mining, Reserves (chairman and deputy chairman), Planning and Coordination, Energy, Overseas Development, Environmental Management, Customs Duties, Funds, Supply and Demand, Taxation, Exploration and Development, Sulfide Ore and Sulfuric Acid, the Special Committee for Depletion Allowance Measures and Safety Promotion	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.
International Council on Mining and Metals (ICMM)	Implement ICMM's Mining Principles Promote ICMM activities and participate in each of the following programme committees: Communications; Environment; Social & Economic Development; and Health & Safety	<ul style="list-style-type: none"> <li>• Environment Initiatives for biodiversity, climate change, and water management</li> <li>• Health and safety Initiatives for sharing information on health and safety and the elimination of accidents</li> <li>• Materials stewardship Initiatives for science-based chemical substance management and supply chain management</li> <li>• Society and economy Initiatives to contribute to the economic development of society by the mining industry</li> </ul>
International Copper Association, Ltd. (ICA)	One member of the Board of Directors	Brings together the global copper industry to develop and defend markets for copper and to make a positive contribution to society's sustainable development goals. <ul style="list-style-type: none"> <li>• Develop new uses for copper</li> <li>• Promote demand for copper</li> <li>• Contribute to achieving the SDGs</li> </ul>
Japan Copper Development Association	One director	<ul style="list-style-type: none"> <li>• Develop uses for copper/copper products; develop technology</li> <li>• Provide correct information about copper (verdigris, bluish water from copper pipes, etc.)</li> </ul>
Nickel Institute (NI)	Participate in Board, Executive Committee (EXCO), and Strategic and Planning Advisory Committee (SPAC) meetings Participate on committees for H&E PP (public policy and regulations), Science (scientific research), and MD (market development)	Provides support for sustainable growth and development in the current stainless steel market and new markets for nickel. Promotes sound science, risk management, and socio-economic benefit as the basis for public policy and regulation.
Cobalt Institute	One director Participate in Board, Executive Committee (EXCO), and Cobalt REACH Consortium working group meetings	As a representative of the cobalt industry, we provide advice addressing all issues related to cobalt, including health, safety, and environmental issues, in a way that encourages sustainable and responsible production and use. We also work to obtain and share original information regarding sourcing, production, and use.
The Sulphuric Acid Association of Japan	One director; participation in the General Affairs Committee, Business Affairs Committee, Technical Committee and Editorial 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. Striving to publicize and promote use of sulfuric acid as an industry organization through means such as issuing booklets on sulfuric acid, and establishing the Standard of the Sulphuric Acid Association of Japan (a quality standard for sulfuric acid).
Japan Electronics and Information Technology Industries Association (JEITA)	Participate in Electronic Components Board and Dielectric Ceramics Committee	Collection of various statistics, and participation in reviews of regulations, standards, environmental measures and other issues.
Battery Association of Japan	Associate member	Promotion of measures related to recycling, quality performance, and product safety that will be required in the future as demand for secondary batteries increases.
Battery Association for Supply Chain	Regular member One director (representative director and chairperson)	Provide advice on government policy to strengthen the global competitiveness of Japan and promote deliberation in Japan regarding conforming to international standards for each type of raw material in order to facilitate the development of healthy supply chains for batteries, battery parts, and materials.

## Partnerships with Outside Organizations

SMM participates in the international organizations listed below, issues declarations of support, complies with the organizations' rules, and supports their activities. As a company in the mining and metal refining industries, we undertake initiatives for the sustainable development demanded of us.

### ■ The International Council on Mining and Metals (ICMM)

ICMM is an international organization established to ensure that the mining and metals industries are made safe, fair, and sustainable (<https://www.icmm.com/en-gb>). It is comprised of the world's biggest mining and metals companies, as well as regional and commodity-focused organizations. SMM is a member company.

ICMM has established the ICMM Mining Principles as guidance for environmental, social, and governance initiatives in the mining and metals industries. The Mining Principles comprise the 10 founding principles of the ICMM, a set of performance expectations<sup>1</sup> that stipulate specific targets for action on these principles, position statements concerning certain specific issues, and an assurance and validation procedure.

The SMM Group reflects the ICMM 10 founding principles in our CSR and other policies, and publishes reports in line with GRI standards, as mandated for ICMM member companies. In addition, we comply with the ICMM Position Statements that embody the principles, and otherwise engage in a variety of actions as a member company.

1. Performance Expectations <https://www.icmm.com/en-gb/about-us/member-requirements/mining-principles>

### The 10 Principles of the ICMM

- 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 risk.
- Principle 5:** Pursue continual improvement in the 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.

### Progress on validating achievement of performance expectations

We have identified eight business sites that are covered by the performance expectations and are carrying out a self-assessment of these sites and the overall company. The self-assessment of all of the covered sites is scheduled to be completed by December 2021 and we plan to finish assigning an order of priority in which the sites will receive external assessments.

For details regarding the assurance and validation procedure for performance expectations, see the link below.  
<https://www.icmm.com/assurance-and-validation>

### Position statements

ICMM has set forth the following position statements regarding important individual issues. The SMM Group is committed to complying with these initiatives.

- Climate Change
- Water Stewardship
- Tailings Governance Framework
- Indigenous Peoples and Mining
- Mining Partnerships for Development
- Transparency of Mineral Revenues
- Mercury Risk Management
- Mining and Protected Areas

### ■ The Extractive Industries Transparency Initiative (EITI)

We agree with and have declared our support for the aims of the Extractive Industries Transparency Initiative (EITI).<sup>1</sup>

1. EITI: <https://www.eiti.org/>

EITI is a framework for multinational cooperation that enhances transparency in the flow of funds from the so-called extractive industries, those that are involved in oil, gas, and mineral resources, to the governments of resource-producing countries, to prevent corruption and conflict and thereby promote responsible resource development that leads to growth and the reduction of poverty.

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 interest of their national development.
3. 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.
5. We underline the importance of transparency by governments and companies in the extractive industries and the need to enhance public financial management and accountability.
6. We recognise that achievement of greater transparency must be set in the context of respect for contracts and laws.
7. We recognise the enhanced environment for domestic and foreign direct investment that financial transparency may bring.
8. We believe in the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.
9. We are committed to encouraging high standards of transparency and accountability in public life, government operations and in business.
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 make—including governments and their agencies, extractive industry companies, service companies, multilateral organisations, financial organisations, investors, and non-governmental organisations.

## Co-Existence and Mutual Prosperity with Local Communities

### Percentage of Payments to Local Suppliers and Local Employment

Name of company or business site <sup>1</sup> (payment area)	Local procurement (FY2020)		Percentage of locally-hired employees <sup>2</sup> (March 31, 2021)
	Payment to the area	Percentage <sup>3</sup>	
Niihama District (Ehime Prefecture)	¥12.9 billion	54% <sup>4</sup>	84% <sup>5</sup>
Coral Bay Nickel Corporation (Philippines)	\$69 million	54%	59%
Taganito HPAL Nickel Corporation (Philippines)	\$94 million	45%	42%
Hishikari Mine (Kagoshima Prefecture)	¥2.2 billion	53%	89%
Sumiko Energy Materials Co., Ltd. (Fukushima Prefecture)	¥383 million	36%	91%
Shanghai Sumiko Electronic Paste Co., Ltd. (China)	CNY 197 million	30%	91%

1. Totaled for the three core segments (Mineral Resources, Smelting & Refining, and Materials), business sites that are not only necessary for the business, but are also relatively large-scale (one domestic, one overseas site for each segment).

2. Percentage of locally-hired employees: number of employees from the payment area ÷ total employees x 100.

3. Percentage of payments: amount of payments to payment area ÷ amount of total procurement payments x 100.

4. Sumitomo Metal Mining Co., Ltd.'s Besshi-Niihama District Division, Toyo Smelter & Refinery, Niihama Nickel Refinery, Isoura Plant and Niihama Research Laboratories.

5. Sumitomo Metal Mining Co., Ltd.'s Besshi-Niihama District Division, Toyo Smelter & Refinery, Niihama Nickel Refinery, Isoura Plant, Niihama Research Laboratories and Battery Research Laboratories.

### Investment in Infrastructure and Support Services

Region	Details	Amount (FY2020)
Japan	<ul style="list-style-type: none"> <li>Donations to scholarship funds for orphans in Iwate, Miyagi, and Fukushima Prefectures, which were hit by the Great East Japan Earthquake (making donations every year since 2012)</li> <li>Undertaking activities for various types of social contribution, such as support and contributions for health-care groups and sports organizations, culture and art such as historic and archaeological site preservation activities, and contributions to the Keidanren Nature Conservation Fund</li> <li>Donations to Expo 2025 Osaka, Kansai, Japan</li> </ul>	¥430 million
Philippines	<ul style="list-style-type: none"> <li>Supporting measures to prevent dengue fever in communities neighboring the plant (awareness activities, spraying insecticide, cleaning activities, etc.)</li> <li>Undertaking Operation Smile, a program to provide treatment for cleft palates for children, covering all of Palawan, which is where the plant is located (from 2016)</li> <li>Undertaking a water supply equipment installation project for communities neighboring the plant</li> <li>Popularizing organic rice cultivation among communities neighboring the plant with the help of technical experts</li> </ul> <p>In the Philippines we are continuing to provide support through SDMP<sup>1</sup></p>	¥1,030 million

1. SDMP: Social Development and Management Program, conducted by a company for the welfare of residents living in the vicinity of its operating area

### Presence in the Local Economy

#### Number of Locally-Hired Senior Managers (General Managers and above) and Locally-Hired Employees (March 31, 2021)

Name of company (Country or region)	Senior managers		Percentage <sup>1</sup>	Locally-hired employees <sup>2</sup>
	Male	Female		
Sumitomo Metal Mining Philippine Holdings Corporation (Philippines)	1	1	3%	78
Taganito HPAL Nickel Corporation (Philippines)	1	1	0.3%	692
Coral Bay Nickel Corporation (Philippines)	4	1	0.8%	623
Sumitomo Metal Mining Peru S.A. (Peru)	0	0	0%	15
SMM KOREA Co., Ltd. (South Korea)	1	0	25%	4
Shanghai Sumiko Electronic Paste Co., Ltd. (China)	2	0	5%	42
Taiwan Sumiko Materials Co., Ltd. (Taiwan)	1	0	4%	25
Dongguan Sumiko Electronic Paste Co., Ltd. (China)	1	1	11%	18
Sumitomo Metal Mining Oceania Pty. Ltd. (Australia)	1	1	50%	4

1. Percentage: number of senior managers ÷ locally-hired employees x 100.

2. Employees hired directly by overseas affiliated companies and excluding workers on loan and transferred workers.

### Indirect Economic Impact

#### Closure Plans for Mines and Smelting Plants

Business site	Details	Amount totals up to and including FY2020	Time period
Hishikari Mine	Mine pollution control reserve	¥25.08 million	From 1984
Coral Bay Nickel Corporation	Closure and cleanup for the refinery and mineral processing plant	Total approx. 121 million pesos <sup>1</sup>	9 years starting from 2012 (accumulating every year)
Taganito HPAL Nickel Corporation	Expenses required for the closure plan	Total approx. 191 million pesos	12 years starting from 2016 (accumulating every year)

1. Expenses according to the closure plan Coral Bay Nickel Corporation submitted to the Department of Environmental and Natural Resources.

## Other

### Economic Performance

#### Distribution of Economic Value to Stakeholders (FY2020)

Stakeholder	Amount (billions of yen)	Details
Suppliers	743.5	Payments to suppliers
Employees	62.3	Payments to employees
Shareholders/ Creditors	24.8	Payments of dividends/ interest
Government	28.5	Taxes paid
Society <sup>1</sup>	1.5	Donations

Note: No governments have an equity stake in SMM. Other than the above, there is retained value of ¥86.8 billion. Rent for use of land is minimal and therefore included in "Payments to suppliers."

1. Society: In the Philippines (CBNC, THPAL), the ¥1 billion expended through the Social Development and Management Program (SDMP) and other contributions in the same country is included.

#### Income Tax by Country or Region (FY2020)

Country or region	Amount (millions of yen)
Japan	23,558
U.S.A.	3,188
Peru	4,723
Chile	2,045
China	864
Philippines	2,336
New Caledonia	267
Australia	276
Others	30
<b>Total</b>	<b>37,287</b>

Note: With regard to equity-method affiliates, the above amounts include the Company's proportional burden of income tax.

#### Financial Assistance from the Government (FY2020)

Stakeholder	Amount (billions of yen)	Details
Government and business partners	0.3	Subsidies, grants, etc.

#### Projected Benefit Obligation

The SMM Group has adopted both funded and unfunded defined benefit plans and defined contribution plans for allocating retirement benefits to its employees. Its defined benefit obligations as of March 31, 2021 were ¥71.5 billion, which include funded defined benefit obligations of ¥68.9 billion , and pension assets available for allocation to those funded defined benefit obligations were ¥79.4 billion .