

# Corporate Governance

## Basic Approach

SMM views corporate governance as a disciplinary framework both for maximizing the corporate value of the SMM Group and for ensuring sound management practices. As such, it is one of the most important management issues.

SMM has established the SMM Group Corporate Philosophy based on the Sumitomo Business Spirit. Through striving to enhance our corporate governance, we will conduct efficient and sound business activities, make positive contributions to society, and fulfill our responsibilities to our shareholders and all other stakeholders in order to realize the SMM Group Corporate Philosophy.

### Formulating Corporate Governance Guidelines

SMM has established Corporate Governance Guidelines which cover our basic philosophy on corporate governance and our corporate governance framework, including our relationship with stakeholders. Please check the following corporate website for further details.

**WEB** [https://www.smm.co.jp/en/ir/management/governance\\_policy/](https://www.smm.co.jp/en/ir/management/governance_policy/)

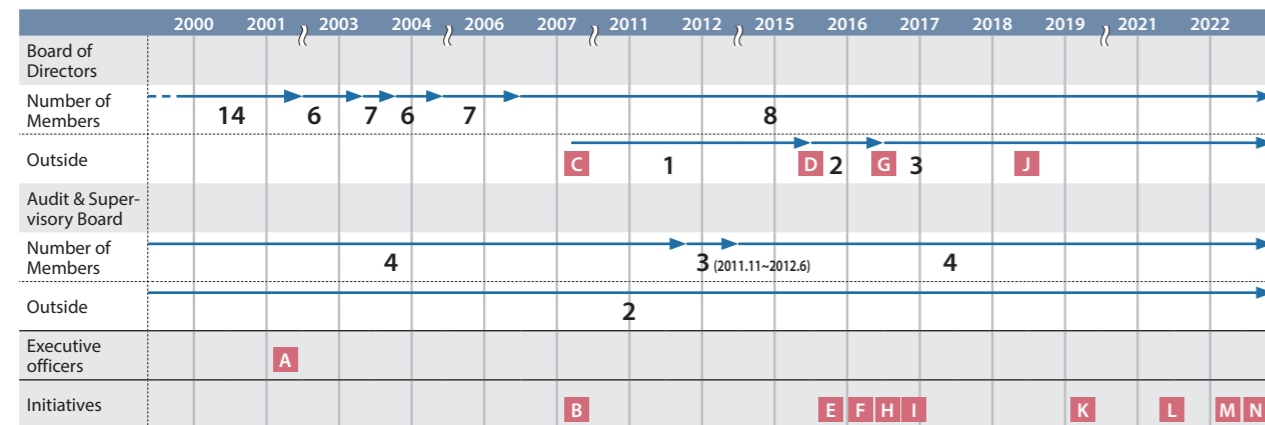
## Initiatives to Strengthen Governance

SMM positions corporate governance as one of the most important issues in our management, and is taking steps to strengthen governance.

We continue to constantly review, improve, and deepen

the current state of our corporate governance in light of legal revisions and social circumstances in order to achieve even better corporate governance.

### Transitions in Governance at SMM



**June 2001** **Introduction of the executive officer system A**  
Introduced the executive officer system with the aim of separating decision-making and supervisory functions in management, and revised the management system with the aim of further enhancing and strengthening the functions of each of these.

**February 2007** **Introduction of takeover defense measures B**  
Introduced countermeasures to large-scale acquisitions of the Company's shares (takeover defense measures).

**June 2007** **Appointment of an outside director C**  
Appointed one outside director in order to strengthen corporate governance through objective management decisions by an independent, external director. Clarified management responsibilities. Shortened the term of directors from two years to one year.

**June 2015** **Board of Directors composition changed to include two outside directors D**

**November 2015** **Establishment of a Governance Committee and evaluation of the effectiveness of the Board of Directors E**  
Established a Governance Committee, with regard to particularly important matters relating to governance, including the nomination and remuneration of directors, which is not based on legal direction or necessity, for the purpose of obtaining objective advice from the Chairman of the Board and outside directors, who are not executive officers. Started analyzing and evaluating the effectiveness of the Board of Directors in FY2015.

**February 2016** **Establishment of Corporate Governance Guidelines F**  
Established the SMM Corporate Governance Guidelines which cover our basic philosophy on corporate governance and our corporate governance framework.

**June 2016** **Board of Directors composition changed to include three outside directors G**  
Appointed three outside directors in order to have one third or more of the directors in the Board of Directors be outside directors.

**August 2016** **Outside Directors Council meeting held H**  
Started convening Outside Directors Council meetings as a venue for discussion attended only by outside directors and outside Audit & Supervisory Board members, providing an opportunity for outside directors and outside Audit & Supervisory Board members to exchange information and share understanding.

**December 2016** **Discussion of what the Board of Directors should ideally be I**  
The Board deliberated what SMM's Board should ideally be, reaffirming that the Board makes a point of making decisions.

**June 2018** **Appointment of a female director J**  
Appointed the Company's first female director (outside).

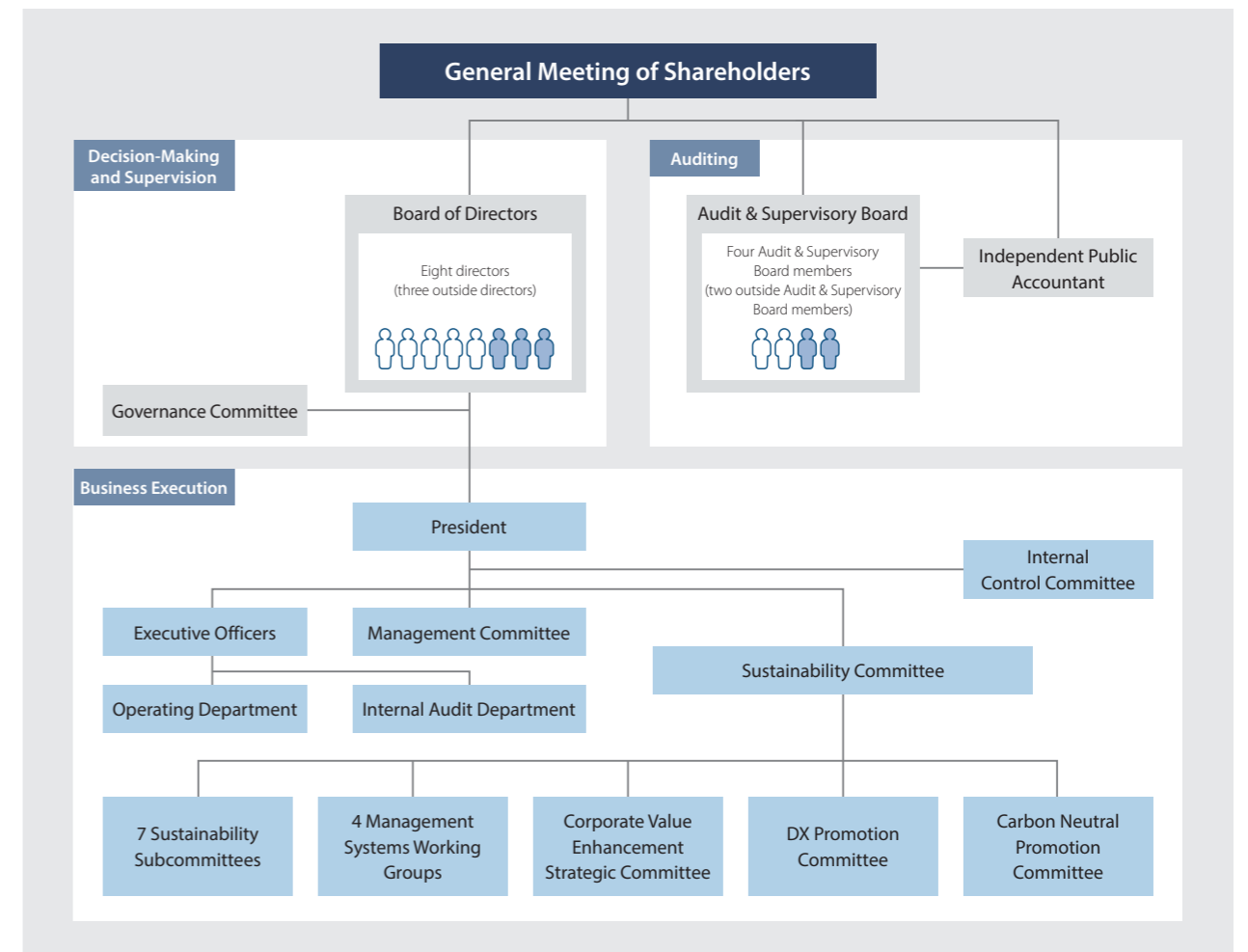
**September 2019** **Appointment of the chair of the Governance Committee K**  
Appointed outside director as chair of the Governance Committee.

**June 2021** **Abolition of the executive advisor system L**

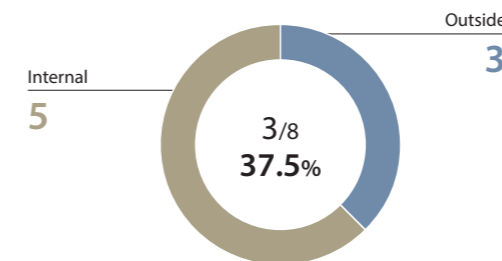
**January 2022** **Evaluation of the effectiveness of the Audit & Supervisory Board M**  
Analyzed and evaluated the effectiveness of the Audit & Supervisory Board annually since FY2021.

**February 2022** **Decision to discontinue takeover defense measures N**

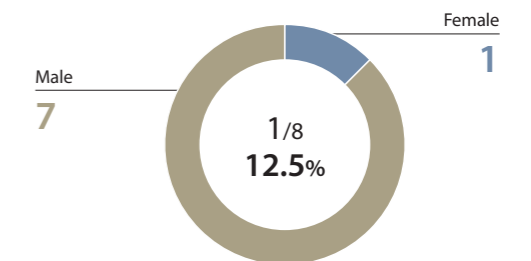
## Corporate Governance Framework



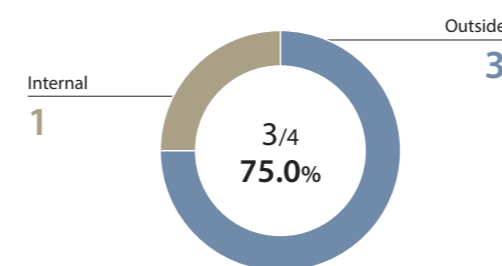
Percent of Outside Directors on the Board of Directors



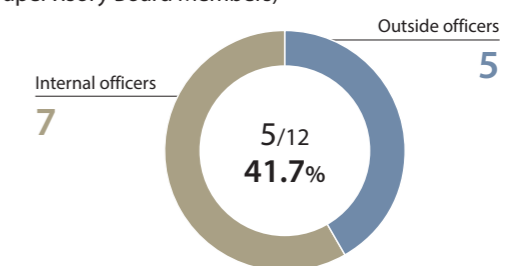
Percent of Female Directors



Percent of Outside Directors in the Governance Committee



Percent of Outside Officers (Directors and Audit & Supervisory Board Members)



## Decision Making and Supervisory System

### Directors and the Board of Directors

SMM has three outside directors among our eight directors, and our Audit & Supervisory Board members consist of two standing Audit & Supervisory Board members and two outside Audit & Supervisory Board members.

### What the Board of Directors should ideally be

Positioning Mineral Resources, Smelting & Refining, and Materials as its three core businesses, SMM aims to realize its Long-Term Vision of becoming a "World Leader in the Non-Ferrous Metals Industry." Since all three businesses are related to non-ferrous metals, they have a mutual organic relationship and their business contents and scale are such that the Board of Directors can make decisions itself regarding diverse management issues. Furthermore, from the viewpoint of the stronger coordination currently being promoted among the three businesses, it will further stimulate the Company's growth if the Board of Directors itself comprehensively makes decisions rather than giving strong independence to each business segment and permitting them to make their own decisions. To this end, we consider that in principle a management model is appropriate for the Company's governance, rather than a monitoring model that oversees overall business execution after the fact.

Furthermore, in view of the distinctive characteristics of the SMM Group's business operations, it is important to strengthen the management infrastructure (particularly regarding compliance, safety, and the environment) and therefore necessary to establish a system whereby Audit & Supervisory Board members can point out issues to directors and executive officers without hesitation. From this viewpoint, we have adopted an organizational structure of a company with an Audit & Supervisory Board in which Audit & Supervisory Board members with guaranteed independent authority can be expected to exercise their auditing functions stably over a period of four years. At present Audit & Supervisory Board members do not have the right of convocation regarding decisions of the Board of Directors or the right to vote on the Board of Directors. The resulting inability of Audit & Supervisory Board members to propose the removal of a director to the Board of Directors is an issue for companies with an Audit & Supervisory Board. We are striving to overcome this issue by appointing multiple outside directors (at least one third of members), have them become members of the Governance Committee, and deal with the appointment and dismissal of directors and executive officers in the Governance Committee.

### Governance Committee

The Governance Committee is composed of one member who is the chairman of the Board of Directors, who is not an executive officer, and three independent outside directors and it was established to provide the president with advice

from an objective standpoint with regard to particularly important matters relating to corporate governance, including the nomination and remuneration of directors, executive officers, and others.

Kazuhisa Nakano, an outside director, serves as chair of the Governance Committee.

### Role and function of outside directors and outside Audit & Supervisory Board members

Outside directors are expected to perform two functions: an advisory function and a monitoring function.

Regarding the advisory function, in order for the SMM Group to achieve sustainable growth and increase its corporate value over the medium to long term, outside directors are expected to enhance the quality of decision-making by the Board of Directors by providing advice and making decision based on their experience and other factors, without being bound by the Company's conventional way of thinking or frameworks.

Regarding the monitoring function, outside directors are expected to serve a check function on management from an independent and objective standpoint via the Board of Directors, as well as to supervise management on behalf of shareholders and other stakeholders by providing advice during decision-making on director nomination, remuneration, and other relevant matters as members of the Governance Committee.

In order for the Company to achieve sound management and increase its corporate value over the medium to long term, outside Audit & Supervisory Board members are expected to conduct effective audits based on their knowledge and experience in specialized fields including finance, accounting, and legal matters, while maintaining sufficient coordination with standing Audit & Supervisory Board members belonging to the Company.

In addition, as part of the audit process, outside Audit & Supervisory Board members are expected to participate in key meetings, including Board of Directors meetings, and to actively express their forthright opinions from an independent and objective standpoint during the decision-making process, including not only the legality but also the appropriateness of proposals.

All the Company's outside directors and outside Audit & Supervisory Board members have been declared as independent officers, pledging that there is no conflict of interest with that of shareholders. We also publish our standards governing the independence of outside officers on the following corporate website.

**WEB** [https://www.smm.co.jp/en/ir/management/governance\\_policy/](https://www.smm.co.jp/en/ir/management/governance_policy/)

### Outside Directors/Audit & Supervisory Board Members' Liaison Committee

From FY2021, we started the liaison meeting between outside directors and Audit & Supervisory Board members. (Due to the COVID-19 pandemic, the first meeting was held in May

2022.) Given reports on the most recent internal audit results by the internal audit department and the overview of department heads' hearing results from the Audit & Supervisory Board members' on-site audits, a wide range of opinions were exchanged at the liaison meeting.

## Auditing System

### Audit & Supervisory Board

The Audit & Supervisory Board has four members (two standing Audit & Supervisory Board members and two outside Audit & Supervisory Board members). Standing Audit & Supervisory Board members belonging to the Company gather in-house information in an accurate and timely manner, and audit operations appropriately based on this information, while independent outside Audit & Supervisory Board members conduct audits in a manner that takes advantage of knowledge of their respective specialist fields and diverse perspectives.

In order to ensure managerial soundness and increase the corporate value of SMM, and in accordance with the audit policies, audit plans, and other such matters prescribed by the Audit & Supervisory Board, each Audit & Supervisory Board member will attend meetings of the Board of Directors, the Management Committee, and other important meetings, receive reports and, when necessary, request explanations from directors, executive officers, and employees regarding the status of the performance of their duties, inspect important approval and other such documents, and examine the status of operations and assets at the head office and other major business sites.

### Collaboration between the Internal Audit Department, Independent Public Accountant and Audit & Supervisory Board Members

The Internal Audit Department regularly undertakes internal audits on the status of business execution across the SMM Group.

The Department provides an explanation of its audit plans to Audit & Supervisory Board members and the Audit & Supervisory Board while passing on all relevant information. At the same time, Audit & Supervisory Board members provide details of audit plans determined at meetings of the Audit & Supervisory Board to the Internal Audit Department, accompany staff of the Internal Audit Department as required when conducting internal audits, and attend meetings when reports on the results of internal audits are delivered to executive officers and the heads of operational divisions. In FY2021, Audit & Supervisory Board members attended such meetings 17 times. KPMG AZSA LLC, an independent registered public accounting firm, audits the consolidated financial statements and the effectiveness of the internal control over financial reporting. Audit & Supervisory Board members provide details of audit plans to the independent public accountant. Audit & Supervisory Board members in turn receive explanations regarding audit plans and reports on audit results and reports reviewing each quarter from the independent public accountant. In this manner, close collaboration is maintained between the independent public accountant and Audit & Supervisory Board members.

## Policies and Procedures in the Nomination of Director Candidates, Appointment or Dismissal of Senior Management, and Nomination of Audit & Supervisory Board Member Candidates

With regard to the selection of executive officer candidates, the president, based on the recommendations of the executive officers, comprehensively considers the knowledge, experience, abilities and insight of the candidates and, after receiving advice from the Governance Committee regarding the best lineup to solve the issues management faces, proposes the candidates to the Board of Directors, which makes the final decision after due deliberation.

The policy when nominating director candidates is for the president to comprehensively consider the knowledge, experience, abilities, and insight of the candidates, after which the

final decision is made through the same procedures as above.

The Governance Committee has opportunities to deliberate on the environment and methods for fostering the next president as well as concerning the candidates. In the event that an executive officer has rendered himself or herself markedly ineligible, for example by having acted unlawfully, improperly, or disloyally, and a dismissal recommendation is made to the Board of Directors after the Governance Committee gives advice on the matter, and the individual concerned may be dismissed by resolution of the Board of Directors.

## Corporate Governance

With regard to the nomination of Audit & Supervisory Board member candidates, the policy is for the president to comprehensively consider the qualifications, knowledge (including that of finance, accounting, and law), experience,

abilities, and insight of the candidates and, after obtaining the prior approval of the Audit & Supervisory Board, to propose the qualified candidates to the Board of Directors, which will then determine the nominations.

### View on the Balance between Knowledge, Experience, and Skills of the Board as a whole, and Also on Diversity and Appropriate Board Size

The Board of Directors will achieve a diverse composition by including both members from within the Company who are thoroughly familiar with each area of the Company's business as well as outside experts with knowledge, experience, abilities, and insight different from that of the members from within the Company. The skills matrix for the Company's directors and Audit & Supervisory Board members, can be found in the matrix table below.

The size of the Board of Directors will be appropriate to conducting active discussions and ensuring the briskness of the Board. One third or more of the directors will be independent outside directors in order to strive for greater managerial transparency.

#### Skills Matrix for Board of Directors

Knowledge, experience, ability, etc. possessed by directors and Audit & Supervisory Board members that the Company believes will contribute to the effectiveness of the Board of Directors									
Category	Name	General Corporate Management, Sustainability	Global Capability (International Experience)	Business, Marketing	R&D, Manufacturing, Engineering	Quality, Safety, Environment	Finance, Accounting	Human Resources	Legal, Compliance
Directors	Yoshiaki Nakazato	●	●	●			●		
	Akira Nozaki	●	●	●			●		
	Toru Higo	●	●	●					●
	Nobuhiro Matsumoto	●	●	●	●	●			
	Takahiro Kanayama	●				●		●	
	Kazuhisa Nakano	●	●	●				●	
	Taeko Ishii							●	●
	Manabu Kinoshita	●		●				●	
Audit & Supervisory Board Members	Koji Imai								●
	Tsuyoshi Nozawa	●				●	●		
	Wataru Yoshida		●	●			●	●	
	Shoji Wakamatsu						●		

1. The Company has created the skills matrix for directors and Audit & Supervisory Board members based on the above "What the Board of Directors should ideally be."

2. Fields in which Directors and Audit & Supervisory Board Members believes that they can make a particular contribution to the effectiveness of the Board of Directors are indicated with a "●". Furthermore, the Company has established the guidelines for fulfillment. For the details, please refer to the Corporate Governance Report.

WEB <https://www.smm.co.jp/en/ir/management/governance>

#### Outside Directors and Outside Audit & Supervisory Board Members

	Reason for Appointment	Attendance at Meetings
<b>Outside Director</b> <b>Kazuhisa Nakano</b>	Mr. Nakano has a wealth of knowledge and experience in corporate management and resource-related business. He is expected to contribute to the improvement of quality of the Board decision-making by providing his advice regarding long-term projects, especially in our Mineral Resources Business and Smelting & Refining Business as well as the overall plan, which is aimed toward the sustainable growth and medium- to long-term enhancement of the corporate value of the SMM Group by utilizing his knowledge and experience. He is also expected to perform a check function on management by participating in decision-making at the Board of Directors from an independent and objective standpoint, and to oversee the management on behalf of shareholders and other stakeholders by being involved in decision-making regarding nomination and remuneration of directors and executive officers as the member of the Governance Committee. Mr. Nakano is currently an outside director of the Company and the Chairman of the Governance Committee and has been appointed as an outside director as he is currently serving the role shown above.	In FY2021, the Board of Directors convened 18 times (12 regular meetings and 6 extraordinary sessions). He attended 17 meetings (11 regular meetings and 6 extraordinary sessions).
<b>Outside Director</b> <b>Taeko Ishii</b>	Ms. Ishii has specialist knowledge and abundant experience as a lawyer, especially in the field of labor law. She is expected to contribute to the improvement of quality of the Board decision-making by providing her advice regarding compliance and personnel/labor-related fields, which is aimed toward the sustainable growth and medium- to long-term enhancement of the corporate value of the SMM Group by utilizing her knowledge and experience. She is also expected to perform a check function on management by participating in decision-making at the Board of Directors from an independent and objective standpoint, and to oversee the management on behalf of shareholders and other stakeholders by being involved in decision-making regarding nominations and remuneration of directors and executive officers as a member of the Governance Committee. Ms. Ishii is currently an outside director of the Company and a member of the Governance Committee and has been appointed as an outside director as she is currently serving the role shown above.	In FY2021, the Board of Directors convened 18 times (12 regular meetings and 6 extraordinary sessions). She attended all meetings.
<b>Outside Director</b> <b>Manabu Kinoshita</b>	Mr. Kinoshita has a wealth of knowledge and experience in corporate management and digital business. He is expected to contribute to the improvement of quality of the Board decision-making by providing his advice regarding materials businesses and digital fields where the business environment is changing significantly, which is aimed toward the sustainable growth and medium- to long-term enhancement of the corporate value of the SMM Group by utilizing his knowledge and experience. He is also expected to perform a check function on management by participating in decision-making at the Board of Directors from an independent and objective standpoint, and to oversee the management on behalf of shareholders and other stakeholders by being involved in decision-making regarding nominations and remuneration of directors and executive officers as a member of the Governance Committee. Mr. Kinoshita is currently an outside director of the Company and a member of the Governance Committee and has been appointed as an outside director as he is currently serving the role shown above.	In FY2021, the Board of Directors convened 18 times (12 regular meetings and 6 extraordinary sessions). He attended all meetings.
<b>Outside Audit &amp; Supervisory Board Member</b> <b>Wataru Yoshida</b>	Mr. Yoshida has a wealth of financial institutional experience and knowledge of corporate management. He is expected to carry out effective audits, especially regarding finance and overseas projects, based on his own knowledge and experience in order to ensure the soundness of the Group's management and improve its corporate value over the medium to long term, while fully coordinating with the standing Audit & Supervisory Board members. In addition, as part of the audit process he is expected to participate in important meetings, including Board of Directors meetings, and during the decision-making process to actively express his frank opinions from an independent and objective standpoint, including not only the legality but also the appropriateness of proposals. Mr. Yoshida is currently an outside Audit & Supervisory Board member of the Company, and is performing the role shown above appropriately.	In FY2021, the Board of Directors convened 18 times (12 regular meetings and 6 extraordinary sessions), and the Audit & Supervisory Board convened 16 times. He attended all meetings of both.
<b>Outside Audit &amp; Supervisory Board Member</b> <b>Shoji Wakamatsu</b>	Mr. Wakamatsu has many years of auditing and management experience at an audit firm and a wealth of knowledge about accounting. He is expected to carry out effective audits, especially regarding accounting, based on his own knowledge and experience in order to ensure the soundness of the Group's management and improve its corporate value over the medium to long term, while fully coordinating with standing Audit & Supervisory Board members. In addition, as part of the audit process he is expected to participate in important meetings, including Board of Directors meetings, and during the decision-making process to actively express his frank opinions from an independent and objective standpoint, including not only the legality but also the appropriateness of proposals. Although Mr. Wakamatsu has not been involved in corporate management other than as an outside Audit & Supervisory Board member, in addition to the above reasons, he has been involved in the management of an audit firm, and accordingly the Company has appointed him as an outside Audit & Supervisory Board member as it has determined that he is able to properly perform the roles stated above.	In FY2021, the Board of Directors convened 14 times (9 regular meetings and 5 extraordinary sessions), and the Audit & Supervisory Board convened 11 times following the appointment of Mr. Wakamatsu as an outside Audit & Supervisory Board member. He attended all meetings of both.

## Corporate Governance

## Basic Policy and Procedures for Remuneration of Directors

## Basic Policy for Remuneration of Directors

Remuneration for directors of SMM is linked to the business performance of the Company, and designed to motivate directors to achieve medium- to long-term goals, based on the business structure of the Company, so that it functions as a sufficient incentive to contribute to sustainable growth, increase the corporate value of the Group over the medium to long term, and to strengthen and maintain the management base. When determining the remuneration of individual directors, the amount of remuneration is calculated using a predetermined formula in order to ensure fairness, and the Company maintains a basic policy of setting remuneration at an appropriate level based on the responsibilities of each director.

Specifically, the remuneration for directors (excluding the Chairman and outside directors) shall consist of basic remuneration and bonuses. Basic remuneration shall consist of fixed remuneration (remuneration which is neither performance-based nor non-monetary) and performance-based remuneration, etc., while bonuses shall be performance-based remuneration, etc. The Chairman and outside directors shall receive only basic remuneration and no bonuses. Basic remuneration is calculated on an annual basis for each individual and paid each month in monthly installments, while bonuses are paid once annually after approval is obtained at the Ordinary General Meeting of Shareholders.

An amendment was made in June 2022. For more information, please refer to the Corporate Governance Report.

**WEB** <https://www.smm.co.jp/en/ir/management/governance/>

## Matters Related to Performance-based Remuneration

The indicators employed by the Company to determine performance-based remuneration include consolidated results (profit attributable to owners of the parent, profit before tax),

departmental results (efficiency [basic remuneration: return on assets (ROA), bonus: return on capital employed (ROCE)], free cash flow, and segment income), the degree of attainment of personal targets under medium-to-long-term management strategies, and safety record (number of occupational accidents). With regards to the reasons that these indicators have been selected, the Company's consolidated results (profit attributable to owners of the parent, profit before tax) were chosen as the Company views these indicators as key measures of its corporate management performance, and has set profitability targets that it aims to achieve as part of its long-term vision. Performance indicators for departmental results were selected in order to evaluate the three criteria of efficiency, cash flow, and absolute value of profit in a balanced manner. Regarding the degree of attainment of personal targets under medium- to long-term management strategies, we believe that the steady implementation of plans with a medium- to long-term perspective is essential in order to increase our corporate value in a sustainable manner. Finally, regarding the setting of safety record as a performance indicator, we believe that securing a safe workplace is our operating foundation as a company engaged in the mining and manufacturing industries, including the smelting and refining industry.

## Method of Determining Amount of Performance-based Remuneration, etc.

The amount of performance-based remuneration, etc. is calculated by adding an amount reflecting individual performance to an amount of position-specific performance-based remuneration, etc.

For details on methods of calculation, please see "Method of Determining Amount of Performance-based Remuneration, etc." in the Corporate Governance Report.

**WEB** <https://www.smm.co.jp/en/ir/management/governance/>

## Procedures for Remuneration of Audit &amp; Supervisory Board Members

## Details of Procedures for Determining the Amount of Audit &amp; Supervisory Board Member Remuneration

The amount of basic remuneration for each individual Audit & Supervisory Board member will be determined by consulta-

tion among the Audit & Supervisory Board members at the Audit & Supervisory Board within the total remuneration amount approved by the General Meeting of Shareholders.

## FY2021 Director and Audit &amp; Supervisory Board Member Remuneration

Officer Classification	Total Remuneration	Total amount of remuneration etc. by remuneration type			Number of Officers
		Fixed remuneration	Performance-based remuneration, etc.	Non-monetary remuneration, etc.	
Directors (excluding outside directors)	¥515 million	¥208 million	¥307 million	—	6
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	¥66 million	¥66 million	—	—	3
Outside directors	¥42 million	¥42 million	—	—	3
Outside Audit & Supervisory Board members	¥24 million	¥24 million	—	—	3

Note: In addition to the above, the Company paid ¥8 million as employee salary to one director concurrently serving as an employee. Directors whose total consolidated remuneration etc. is ¥100 million or more are disclosed individually in the Company's Annual Securities Report.

## Analysis and Evaluation of the Effectiveness of the Board as a whole, and the Results

The Board of Directors analyzes and evaluates the effectiveness of its performance from the perspective of appropriate decision-making for business execution and enhancing monitoring functions. The following is a summary of the results of the analysis and evaluation of the effectiveness of the Board of Directors in FY2021.

## Analysis and evaluation process

The Board of Directors prepares and conducts a questionnaire to directors and Audit & Supervisory Board members with the assistance of an external evaluator (law firm). The Board of Directors outsources the compilation of responses and related analysis to the external evaluator. Based upon the results of the questionnaire, the evaluation by the external evaluator, and the confirmation of what the Board of Directors should ideally be (aim to achieve a Board of Directors focused on decision-making function) conducted in FY2016, the Board of Directors reviewed its own effectiveness at a regular Board of Directors meeting held in February 2022, where it confirmed its evaluation and discussed its response going forward.

## Overview of analysis and evaluation results

## 1) Response to questionnaire and results of analysis and evaluation of the external evaluator

- (1) Most of the main items related to the effectiveness of the Board of Directors received a high overall rating, and the Board of Directors can be evaluated as generally functioning effectively.
- (2) The free comment sections also showed that many respondents had a positive view of the current performance, and that issues raised were motivated by a desire to further improve performance.
- (3) With regard to the nature of the role and function of the Board of Directors that the Company should aim to achieve, a significant number of respondents indicated that changes are necessary. It is therefore deemed desirable that the Board of Directors considers such changes, and that the Company continues to study and implement measures to improve the matters identified in FY2019 and FY2020 (securing appropriate human resources, etc.).

## 2) Deliberations at the Board of Directors meeting

In response to the external evaluator's advice, the Board of Directors conducted deliberations on each of the following matters.

- (1) The Company confirmed that the opinion that "changes are necessary" to the nature of the role and function of the Board of Directors indicates the need to review the items to be discussed and reported at Board of Directors meetings in order to strengthen the Board's monitoring function. It also decided to review the criteria for monetary amounts requiring resolution by the Board of Directors, in order to enhance the Board's monitoring function, while adopting the management model in principle. Moreover, it confirmed that reports on the following matters will continue to be implemented.
  - a. Non-financial information will be reported twice per year (after April 2022, this will be done in the form of a report by the Sustainability Committee).
  - b. Each business division will report approximately once per year regarding relevant issues and the direction of the Company's response, including from a marketing perspective.
- (2) With regard to initiatives related to the matters identified in FY2019 and FY2020 (particularly securing appropriate human resources, etc.), the Board of Directors confirmed that it will wait for the executive team to study and present a proposed solution before discussing the matter.
- (3) Regarding other matters, the Company confirmed that it will distribute meeting materials earlier and provide feedback to the Board of Directors on the Company's approach to capital markets.

## Future steps

The Board of Directors confirmed that steps will be taken with regard to the above matters in order to improve its effectiveness in an ongoing manner.

### Analysis and Evaluation of the Effectiveness of Auditing by Audit & Supervisory Board Members and the Audit & Supervisory Board, and the Results

#### Purpose, etc. of the Evaluation of the Effectiveness of the Audit & Supervisory Board

The Company's Audit & Supervisory Board members audit the execution of duties by directors and executive officers in accordance with the audit policy, audit plan, etc. established by the Audit & Supervisory Board in order to ensure the soundness of the Company's management and to enhance the SMM Group's corporate value. In order to confirm and improve the effectiveness of the audits performed by Audit & Supervisory Board members and the Audit & Supervisory Board, the Audit & Supervisory Board began conducting an evaluation of the aforementioned organization's effectiveness.

In FY2021, the first year the evaluation was conducted, the audits performed by Audit & Supervisory Board members and the activities of the Audit & Supervisory Board were reviewed, issues requiring improvement were identified, and countermeasures were studied and reflected in the audit plan and regular audit activities for the following fiscal year.

#### Evaluation process and method

With regard to the process used to evaluate the effectiveness of the Audit & Supervisory Board, the Audit & Supervisory Board commissioned a third-party audit firm to provide advice regarding analysis and evaluation in order to conduct the evaluation from an independent and objective standpoint. The Audit & Supervisory Board then discussed and conducted a self-evaluation based on the advice received from the third-party organization.

With regard to the specific evaluation method employed, the third-party organization first verified relevant materials related to audits performed by Audit & Supervisory Board members and the Audit & Supervisory Board, and then conducted individual interviews with all Audit & Supervisory Board members (two standing Audit & Supervisory Board members and two outside Audit & Supervisory Board members). The Audit & Supervisory Board members then conducted an evaluation of their effectiveness with reference to the advice received from the third-party organization based on the results of the aforementioned individual interviews, as well as an extensive exchange of opinions regarding their audit activities and other matters.

#### Overview of evaluation results

As a result of discussion at the Audit & Supervisory Board meeting, the Audit & Supervisory Board confirmed the following points regarding the audits performed by the Audit & Supervisory Board members and the activities of the Audit & Supervisory Board, and evaluated that the audits performed by the Audit & Supervisory Board members and the Audit &

Supervisory Board were functioning effectively and attaining a satisfactory level of effectiveness.

- Audit & Supervisory Board members express their opinions as necessary by attending Board of Directors meetings, holding discussions among the Audit & Supervisory Board members at Audit & Supervisory Board meetings, and conducting audits from the standpoint of appropriateness through their audit activities.
- Audit & Supervisory Board members, including outside Audit & Supervisory Board members, attend the Management Committee, Executive Officers' Meetings, CSR Committee (currently Sustainability Committee), Internal Control Committee, and other key meetings/committees to confirm that business execution by directors and executive officers is properly performed, and that internal control systems are properly established and operated. In addition, Audit & Supervisory Board members actively voice their opinions at key meetings, etc. based on their respective knowledge and experience.
- Audit & Supervisory Board members conduct interviews with the representative director and other key persons on the executive team responsible for the operational side of the business on an ongoing basis, thereby fostering an atmosphere conducive to the dynamic exchange of opinions with management, and make recommendations as necessary based on information and findings obtained through their audits.
- Onsite audits of respective business sites, including affiliates, were conducted in a pair by a standing Audit & Supervisory Board member and an outside Audit & Supervisory Board member (22 onsite audits were conducted in FY2021). Through these audits, Audit & Supervisory Board meetings confirm firsthand the status of business execution and whether internal control systems are properly established and operated, and provide advice as necessary.
- At Audit & Supervisory Board meetings, standing Audit & Supervisory Board members share with outside Audit & Supervisory Board members information collected through inspection of important approval documents, reports from relevant departments, etc., as well as the findings of their audit activities, and these matters are discussed among the Audit & Supervisory Board members.

#### Future steps

The Audit & Supervisory Board confirmed that it will continue to review issues identified during the effectiveness evaluation process, and that it will strive to improve these areas by incorporating their improvements into the next fiscal year's audit plan and audit activities as appropriate. The Audit & Supervisory Board will continue working to improve the effectiveness of its audit activities in order to strengthen the SMM Group's management base and increase its corporate value.

### Business Execution Structures and System

#### Executive Officer System

In accordance with laws and regulations and the Articles of Incorporation, the Board of Directors delegates decision-making regarding business execution to the President and executive officers, and supervises the execution of duties by the President and executive officers.

The executive officers are appointed by the Board of Directors and are entrusted with important positions such as heading a business division, or a division or a department at the Company's head office, and are granted specific authority to perform their duties in each such position.

#### System of Internal Memorandums for Approval and the Management Committee

The basic method for making decisions on business execution is to examine and approve such matters through the system of internal memorandums. The Management Committee holds meetings for important management matters that require deliberation, thereby conducting careful decision-making and rational business judgment based on diverse perspectives.

The Management Committee is composed of the president, executive officers from the Corporate Planning Department, and other executive officers. The Chairman of the Board as well as the outside directors, and Audit & Supervisory Board members may attend Management Committee meetings. Among matters to be resolved by the Board of Directors and matters to be approved by the president, the Management Committee will deliberate from a broad perspective on matters determined to require deliberation and then will determine whether those matters will be referred to the Board of Directors. The Committee also fulfills the function of supporting approval granted by the president.

When making investments or equity contributions, we use a project risk check sheet for committees, primarily the Management Committee, to carry out deliberations regarding human rights issues such as discrimination, forced labor, and child labor, and also the political system, economy, law and order, locally-specific diseases, labor issues, religious restrictions, and the impact on the local community. In FY2021, three new investment agreements were proposed to the Management Committee, which conducted screening for human rights issues and confirmed the investments to be unproblematic. We will continue to carry out regular monitoring in the future. One project was withdrawn, but a human rights screening was conducted and it was confirmed to be unproblematic.

#### Sustainability Committee

Please refer to pages 72 – 73 for further details

#### Internal Control Committee

Considering the internal control systems to be vital tools for boosting the corporate value and securing the sustainable growth of the SMM Group, we have an Internal Control Committee to improve and oversee the operation of our internal control systems.

The committee operates with the president as chairman, the executive officer supervising the Internal Audit Department as the vice-chairman, and the general manager of the Internal Audit Department and other heads of related operational divisions in the Head Office as committee members to build, maintain, and improve internal control systems in the Group.

## Cross-shareholdings

When advancing our business strategy, SMM may engage in strategic shareholdings with business partners or other companies if it is judged that doing so will contribute to strengthening our business base over the medium to long term. With regard to existing cross-shareholdings, every year the Board of Directors verifies aspects such as the objectives of holdings and whether the benefits therefrom cover the Company's cost of capital. As a result of this verification, with regard to shares whose holding is judged to have little significance, including shares considered no longer worth the cost of capital and shares judged to have become less relevant to our business due to recent business changes, we will proceed with concrete consideration based on the premise of reducing these share holdings. Furthermore, in cases where a company cross-holding SMM's shares expresses a desire to sell, we respond in a sincere manner with a view to proceeding with the sale.

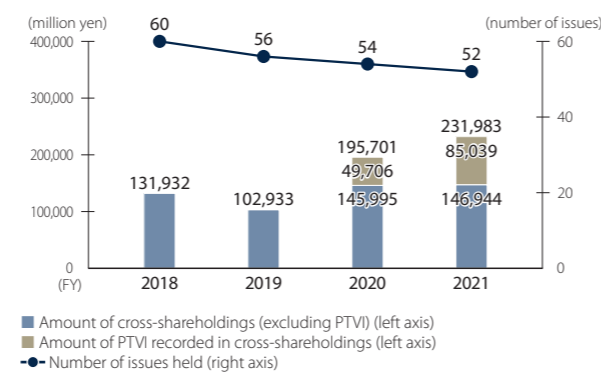
With regard to the exercise of voting rights in cross-shareholdings, we determine whether to vote for or against each proposal after giving comprehensive consideration, based on the financial results and other aspects of the financial condition of each of the issuing companies, to matters such as whether each proposal will contribute to increasing the corporate value of that company over the medium to long term, and what impact it will have on the SMM's corporate value. Decisions on voting are made particularly cautiously in circumstances such as cases of companies affected by major scandals or by losses that continue for a certain period of time.

### Relationship with PT Vale Indonesia Tbk

SMM owns a 15% stake in PT Vale Indonesia Tbk (PTVI) in the Republic of Indonesia and has entered a shareholder's agreement with Vale Canada Limited and PT Indonesia Asahan Aluminium (Persero), a state-owned Indonesian company, to jointly manage the company. In addition, we have also signed an agreement with these two companies and PTVI, which gives us the right and obligation to purchase production from these four companies. Due to this, SMM has the right and obligation to purchase 20% of the agreed annual production from PTVI's Sorowako mine.

One of the conditions for obtaining the mining business license required for PTVI to continue operations after 2025 is that 40% of investment in PTVI must be Indonesian equity. In FY2020, SMM sold a portion of its shares in PTVI and excluded that portion from its equity method affiliate associates.

### Investment shares held for purposes other than pure investment (excluding shares not listed)



## The Basic Policy regarding the Persons Who Control Decisions on the Company's Financial and Business Policies

The Company will not reject a large-scale acquisition of shares if it will contribute to the corporate value of the Company and the common interests of its shareholders. The Company also believes that, if a proposal for a large-scale acquisition of the shares in the Company is made by a specific person, a decision regarding whether or not to accept that proposal must ultimately be left to the intent of the shareholders.

Nonetheless, there are some forms of large-scale acquisitions of shares that damage the corporate value of the Company and the common interests of its shareholders. The Company believes that a person who would make a large-scale acquisition in a manner that impairs the corporate value of the Company and the common interests of its shareholders would be inappropriate to become a person who controls decisions on the Company's financial and business policies, and that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking necessary and reasonable countermeasures against large-scale acquisitions by such persons.

From the above perspectives, the Company previously decided to introduce countermeasures to be taken if the shares in the Company are subject to a large-scale acquisition. However, there has recently been an increasing number of cases in Japan where shareholders' intent with respect to the necessity of takeover defense measures against a large-scale acquisition of shares initiated without obtaining the consent of the target company's board of directors is confirmed at the time when a proposal for a large-scale acquisition is actually made by a specific person (i.e., acquirer) based on the specific features of the acquirer and the details of the proposal, as well as the purpose, manner, and terms of the

large-scale acquisition and other specific facts.

Taking into account the recent trend described above and dialogue with institutional investors, the Company has decided not to renew its takeover defense measures at a stage where a specific acquirer has not emerged. The Company believes that it is desirable to confirm shareholders' intent on appropriate countermeasures as necessary when an acquirer has actually emerged and a proposal for a large-scale acquisition of the shares in the Company is made.

The Company continues to strive to ensure and enhance its corporate value and the common interests of its shareholders by promoting its 3-Year Business Plan under the fundamental strategy of aiming to become the world leader in the non-ferrous metals industry as stated in its long-term vision, and if the shares in the Company are subject to a large-scale acquisition, the Company will take appropriate measures as necessary under the circumstances and to the extent permitted under the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations after requesting the acquirer to provide necessary and sufficient time and information to enable the shareholders to make a decision appropriately on whether or not to accept the proposal and respecting the opinions of independent outside board members.

Please refer to the Company's news release of February 15, 2022 for details.

**WEB** [https://www.smm.co.jp/en/news/release/uploaded\\_files/20220215\\_2\\_en.pdf](https://www.smm.co.jp/en/news/release/uploaded_files/20220215_2_en.pdf)

## Round-table discussion with outside directors

### New 3-Year Business Plan—The roles of the Board of Directors in achieving Renewed Challenge for Change

Our 2021 3-Year Business Plan calls for strengthening corporate governance with the goal of strengthening the foundation of our business management. We asked Chairman and Director Yoshiaki Nakazato, who serves as chairman of the Board of Directors, and our outside directors about what they prioritize in enhancing the effectiveness of our governance and what they view as necessary in the future.

#### Top priorities in the governance of the Company

**Chairman Nakazato:** I believe that the role most demanded of me as chairman of the Board of Directors is maintaining the quality and quantity of communication in Board meetings in order to make the Board a venue for highly effective decision-making.

What thoughts do you independent outside directors have about governance?

**Director Kazuhisa Nakano:** I think governance comes down to the degree to which individual employees, and directors too, hold a sense of mission and ethics towards their work and toward the Company. I believe that an organizational culture in which every individual holds a sense of mission is the most important factor in effective governance.



**Director Taeko Ishii:** I'm in agreement with Director Nakano, but I also believe that the basis of governance is the degree to which employees and others are able to adhere to the company's philosophy, and whether sincerity and integrity are present. I think the most important thing is that we cherish and adhere to the Sumitomo Business Spirit, which is already firmly established.

**Director Manabu Kinoshita:** I believe in the importance of a healthy corporate culture. When internal control is too strong, people who wait for instructions become numerous and the organization becomes rigid. When the organizational culture tolerates failure, employees will think for themselves and actively tackle challenges, which invigorates the company. When this sort of corporate culture is in place, the self-purifying action of governance also functions.

#### Measures for the development and utilization of human capital in the 2021 3-Year Business Plan

**Kinoshita:** Before implementing measures concerning human capital, we conduct our Company employee awareness survey once every three years. I've said that we should be conducting it at least once a year. Now, with the environment and people's values having changed significantly under the COVID-19 pandemic, we need to engage in dialogues with all employees and greatly expand our investments in human capital development to achieve skill improvements and other growth.

**Ishii:** Diversity comes up in Board of Directors meetings.

Among its related topics, the matter of promoting active participation by women is growing in importance. Drawing out the motivation and abilities of women will be a key to corporate growth as the number of workers continues to decrease. As measures like simply extending the period of childcare leave program only widen the gap when employees return to work, we also have to support them so they can respond to changes.

**Nakano:** Employees are the people who advance and execute our 3-Year Business Plan. I believe that we have to make greater efforts to invest in human capital with the development plans, personnel plans, treatment policies, and so on as the framework for the plan for the employees who will lead the Company in the future.

**Nakazato:** Under the 2021 3-Year Business Plan, we plan for aggressive investment in human capital to secure, foster, and utilize human capital under "Challenge 3: Adapting to changes in the social environment." However, our plans are behind schedule in some areas. I'd like people to understand that we conduct training nearly every year for all job categories, and that we make considerable investments in human resource development.

#### The discontinuation of takeover defense measures



**Nakazato:** At the Ordinary General Meeting of Shareholders held in June this year, we made the decision to discontinue takeover defense measures. The resources industry has come under considerable attention in recent years, and the risk of takeover has not diminished.

However, we received negative opinions from institutional investors and other shareholders regarding continuation of the takeover defense measures. In response, we switched to a policy of seeking the opinions of shareholders at the stage at which a buyer appears and then enacting concrete measures.

**Kinoshita:** Rather than overriding numerous objections and continuing the takeover defense measures, we will promote dialogues with investors and shareholders, work to disclose information about the Company's future directions and strategies, and enhance our corporate brand, which will lead to an increase in our stock price. In other words, we have shifted our thinking toward aggressive defensive measures.

**Nakano:** I believe that, for companies like ours that are involved in infrastructure, takeover defense measures are an



From left: Taeko Ishii, Yoshiaki Nakazato, Kazuhisa Nakano, Manabu Kinoshita

absolute necessity for Japan's economy, and that the introduction of defensive measures will not necessarily reduce their corporate value.

**Ishii:** It may be more accurate to say that we have not abolished takeover defense measures themselves, but rather have shifted to post-facto defensive measures by which we prepare decision-making criteria and flows that will allow us to respond quickly when we have to.



#### Designing an executive remuneration system

**Nakazato:** Over the Company's history, top management has held to a philosophy of leaving as many positive assets as possible for future generations. Considering how the Company will look five or ten years from now is no different from looking at things from the same perspective as shareholders. Within a management culture that places value on always considering the future, when I was president I never considered a stock-based remuneration system, a stance that I believe current top management shares.

**Nakano:** I think that tying motivation to increases in stock price goes against our corporate philosophy to begin with. I believe that it is natural to be evaluated as the 3-Year Business Plan is steadily carried out, and for this evaluation to be reflected in remuneration.

**Ishii:** Even within the Governance Committee, I don't think there has been any discussion of ideas such as stock-based remuneration for executives.

**Kinoshita:** I think it would be good to set non-financial KPIs that incorporate ESG perspectives as items for the evaluation of executive remuneration. There may be room for considering the remuneration system from long-term perspectives other than those of financial targets.



#### The roles expected of the Board of Directors and independent outside directors

**Nakano:** I see the function that directors should fulfill as making all manner of decisions within management, including decisions on future directions. Based on my experience and knowledge, I strive to make responsible recommendations that let employees find joy in personal growth through work and continually contribute to society.

**Kinoshita:** In meetings of the Board of Directors of the Company, Chairman Nakazato carefully draws out the honest opinions of the independent outside directors, within an atmosphere that allows this. Because execution is the most important thing in strategy, I think that what is demanded of the Board of Directors is operating the PDCA cycle in a timely manner and offering support for execution aspects as well.

**Ishii:** Although our Company's Board of Directors adopts a management orientation in principle, I feel that this is actually closer to a monitoring orientation, as points for discussion are exhausted in Management Committee meetings and elsewhere. Independent outside directors do not have the same detailed understanding of the business that inside executives have, and so may play roles that are more advising and monitoring than decision-making.

**Nakazato:** In the evaluations of the effectiveness of the Board of Directors conducted every year, we hear that monitoring functions are necessary for strengthening the functions of the Board. Independent outside directors are now required to fulfill both advisory and monitoring functions. Amid the major changes taking place in society, I would like the Company's Board of Directors to operate as the situation requires, calling on the help of independent outside directors and avoiding fixed style of the Board operation.

#### Kazuhisa Nakano

With a career that includes serving as president and chairman of Idemitsu Kosan Co., Ltd., Mr. Nakano has long involvement in company management and extensive knowledge and experience concerning the resources business. While the domestic market was maturing during his time at Idemitsu, he swiftly steered the company toward overseas development, promoting a growth strategy that included decisions such as investment in an oil refinery project in Vietnam. He has served as an outside director at SMM since 2016.

#### Taeko Ishii

Ms. Ishii was registered as a lawyer in 1986. She is a member of the Dai-ichi Tokyo Bar Association. She is particularly knowledgeable about legal practice concerning relationships between labor and management, and also provides counsel to the Company regarding compliance. Published works include "Legal Practices for Handling Problem Employees," and "A Q&A on Practice Relating to Equality Law, Childcare and Caregiver Leave Law, and Part-time Worker Law." She has served as an outside director at SMM since 2018.

#### Manabu Kinoshita

Serving in positions including Senior Executive Vice President of NEC Corporation, Mr. Kinoshita has extensive knowledge and experience in corporate management and digital businesses. The Company expects that he will offer counsel making use of his knowledge in the digital sector and his experience with developing solutions through joint value creation together with other industries. He has served as an outside director at SMM since 2020.

#### Yoshiaki Nakazato

After serving as president and representative director of the Company for 5 years from 2013, Mr. Nakazato took on the role of chairman and representative director from June 2018. As the chairman of the Board of Directors, he will leverage his knowledge of the Company's overall businesses to strengthen the functions of the Board.

# Tax Governance

## The SMM Group Basic Policy and Initiatives Related to Taxation

### Approach

The SMM Group comprehensively investigates and examines the relationships of its products to customers and local communities to develop business in a sustainable manner. Through sound corporate activities, we work toward the maximization of our after-tax profit and free cash flow to maximize corporate value and achieve our long-term vision.

As part of this, we also examine matters in terms of taxation, such as the status of tax treaties with countries where mines or plants are located, areas near key customers and markets, and countries where we do business. By continuing to comply with international tax standards and other related matters, and by fulfilling our tax filing and payment obligations appropriately and fairly, we will strive to coexist with local communities and countries where we do business.

The Sumitomo Metal Mining Group's Basic Policy on Taxes, established and announced on April 1, 2021 with the approval of our Board of Directors, is based on this approach. (See p. 133)

### Decision-Making Concerning Taxes, Oversight by the Board of Directors, and the Role of Audit & Supervisory Board Members

At SMM, an executive officer is responsible for the Finance & Accounting Department, which is in charge of taxes. The officer manages and oversees the daily execution of tax-related duties that are performed by the department staff.

We work to improve and operate our tax governance system, with the president and the Board of Directors playing roles as noted below.

- The Company has constructed, maintains, and properly operates an internal control system for work on financial results that enables the Group to carry out appropriate accounting work, reporting of results, and other tasks, including tax-related matters. The Internal Audit Department evaluates the effectiveness of the internal control system, and reports the results to the president.
- Tax filing and payment in the Group is handled at the level of individual companies, after confirmation of content by representatives of the companies. The Company files and pays income and other taxes as a company after approval by the president. When a tax audit is conducted, the executive officer in charge of the Finance & Accounting Department reports on the progress of the audit to the president. In cases in which additional payments or tax refunds arise due to differences with tax authorities in interpretations or opinions concerning laws and regulations, the matter is handled with the approval of the president.
- When making decisions on matters such as investment projects, the Group conducts examinations that include tax-related matters and risk assessments. Particularly important projects are taken up by the Board of Directors for approval.

When the president approves filing and payment of income or other taxes on behalf of the Company, the Audit & Supervisory Board members review the documentation to confirm that filings and payments are properly managed within the Company.

### Initiatives for Tax-Related Compliance

See p.134-135 for information on the Company's compliance promotion system and specific initiatives.

Compliance is the foundation of the Group's corporate activities. As a part of our compliance activities related to taxes, we conduct education for staff in charge of taxation and execute our business on the premise of compliance with laws and regulations.

### Tax-Related Information Collection and Initiatives Involving Government, etc.

Through our activities as a member of the Japan Mining Industry Association,\* we make inquiries, collect information on, and express opinions to governmental agencies with regard to matters such as industrial policy and tax reform.

When the Group encounters issues involving interpretations of laws and regulations or specific procedural matters, we work to properly carry out tax-related matters through prior inquiries and consultations with tax authorities and outside experts.

\* See the supplementary ESG Data Book 2022, p. 23.

## Sumitomo Metal Mining Group's Basic Policy on Taxes

### Basic Policy

Sumitomo Metal Mining (SMM) will, in the conduct of tax affairs associated with business activities, define the basic policy on taxes herein, pursuant to the SMM Group Corporate Philosophy that dictates "SMM, in accordance with the Sumitomo Business Spirit, shall, through the performance of sound corporate activities and the promotion of sustainable co-existence with the global environment, seek to make positive contributions to society and to fulfill its responsibilities to its stakeholders, in order to win ever greater trust."

In addition, SMM and all Group companies will make known to and instill in employees the activities that place importance on compliance focus, maximization of corporate value, and appropriateness and fairness.

### 1. Tax-related internal controls

At SMM and all Group companies, all persons (corporate officers including executive officers, and employees including fixed-term and temporary employees) engaged in considering or implementing tax-related business processes or individual transactions will share this Basic Policy and ensure tax transparency.

SMM and all Group companies will also seek to resolve tax issues for the entire Group and at each company, by maintaining a system that manages tax risk in each country and region and by business process and that shares information globally.

### 2. Compliance with tax laws, etc.

Business activities will be conducted in compliance with the tax laws, tax conventions, and other relevant laws and regulations applicable in each country and region, as well as tax-related standards and guidelines published by international institutions and others such as the Organisation for Economic Co-operation and Development (OECD).

### 3. Treatment as part of business activities

SMM and all Group companies will practice the tax studies and implementation related to any business process and transaction as part of business activities, since tax-related risk and tax expenses are closely linked to business processes and individual transactions arising from such business activities.

SMM and all Group companies will work to minimize global tax risk, such as double taxation related to business activities, through advance pricing arrangements with the tax authorities, consultation with outside experts, and other means. At the same time, SMM and all Group companies will seek to maximize corporate value and achieve its long-term vision, through proactive and constant efforts to utilize tax incentives and optimize tax expenses, tax payment periods, and other factors so that it can maximize after-tax profit and free cash flow.

However, the following types of transactions will not be practiced:

- 1) Transactions aimed solely at avoiding tax, such as transactions using tax havens; and
- 2) Transactions that avoid tax through the transfer of income in forms that clearly depart from the Group's business objectives and economic realities.

### 4. Response to transfer pricing

International transactions between SMM and all Group companies will be performed using arm's length pricing that is calculated based on methods reflecting the transaction details, industry practices, or functional and risk analysis. In conducting a functional and risk analysis of each transaction, there will be compliance with tax-related standards and guidelines published by international institutions and others such as the OECD.

### The arm's length pricing methods primarily applied:

- 1) Method based on market price according to an appropriate benchmark in line with industry practice; and
- 2) Method based on appropriate allocation of profits corresponding to the level of contribution founded on a functional and risk analysis.

### 5. Fair and appropriate tax

SMM and all Group companies will appropriately fulfill its tax payment obligations in compliance with applicable tax laws and other legal requirements at business activities in each country and region. In addition, SMM and all Group companies will seek to increase tax transparency and to build a constructive and fair relationship with the national or regional tax authorities.

### 6. Tax-related responsibilities and structure

SMM and all Group companies' tax activities will manage tax risks on a global basis and implement appropriate and fair tax treatments, subject to oversight by the executive officer in charge of SMM's Finance & Accounting Department, through the employees in charge of tax matters in the Finance & Accounting Department and the Group companies of relevant divisions operating in their respective countries and regions.

Moreover, employees with tax expertise will be assigned as necessary; and education and opportunities to increase tax knowledge will be provided to employees involved in tax considerations and implementation for business processes and individual transactions.



# Compliance

## The SMM Group's Approach to Compliance

The SMM Group believes that the significance of compliance lies in going beyond the observance of established rules, acting through our business activities to fulfill our responsibilities toward the social and moral demands placed on us as a member of society. We have established the SMM Group Corporate Philosophy and the SMM Group Code of Conduct,

under which we conduct corporate activities with an emphasis on compliance. Our aim is to fulfill our social responsibilities by contributing to society, communities, and the environment in addition to complying with laws, regulations, our Articles of Incorporation, and our internal rules.

## Initiatives

### Initiatives to Take on Issues and Provide Improvements

In FY2021 we formulated the following Group-Wide Compliance Goal and compliance priorities, and promoted initiatives to reach these in each department.

<b>FY2021 Group-Wide Compliance Goal</b>
Zero compliance violations that may seriously damage business
<b>Compliance priorities</b>
1. Review of our compliance management system under the <i>Shikinen Kaikaku</i> Project (The Fixed Period Reform Project)
2. Inspection of measures to prevent the reoccurrence of past compliance violations

Also, the Compliance Working Group was convened in FY2021, confirming the following.

- The results of checking FY2021 compliance status show that there were no serious legal or regulatory violations, including cases of corruption or breaches of the Antimonopoly Act, regarding the environment, products, service, marketing, or taxes.
- Progress is being made toward achieving targets set by each division in accordance with the Group-Wide Compliance Goal and compliance priorities for FY2021.

To address the risk of serious violations of the law in our Group, we have established the following company regulations and are working to prevent legal violations.

- Sumitomo Metal Mining Group Policy on Human Rights
- Sumitomo Metal Mining Group Sustainable Procurement Policy
- Sumitomo Metal Mining Group Basic Policy on Taxes
- Regulations on insider trading prevention and information management
- Regulations on the safeguarding of personal information
- Regulations for export control
- Regulations for the prevention of bribery
- Regulations for observance of competition law, and others.

### Initiatives for Tax-Related Compliance

On April 1, 2021, the SMM Group established the Sumitomo Metal Mining Group Basic Policy on Taxes (see p.133). Across the entire SMM Group, we continue to work on compliance with national and local taxation laws, tax treaties, and related statutes in countries where mines or plants are located, as well as compliance with taxation-related standards set forth by the OECD and other international organizations.

### Initiatives on Export Control

Based on the regulations for export control, the SMM Group has established the Export Control Committee and strives for compliance with the Foreign Exchange and Foreign Trade Act and other laws and regulations related to exports.

In response to the Japanese government's Basic Policy on Economic and Fiscal Management and Reform 2021, we set out an internal framework for "deemed export" controls, and took action to address the revised ministerial order and to enforce the notifications of May 1, 2022.

### Initiatives on Preventing Corruption

The SMM Group engages in initiatives to prevent corruption. These include a prior approval system based on the Basic Policies for Anti-Bribery and regulations for the prevention of bribery, mandating prior approval by an authorized person in specified cases of provision of benefits to public officials or other parties in Japan or overseas.

### Compliance with Competition Laws

The SMM Group has established the Basic Policy for Compliance with Competition Laws. Under this Basic Policy, we set out regulations for the observance of competition law and created a manual for compliance with competition laws, covering the content of the Basic Policy and rules. In FY2021, we worked toward the introduction of a prior notification system based on our regulations for the observance of competition law, and launched the system on April 1, 2022. This system requires individual or general prior notification in principle when officers and employees engage in contact with competitors.

## Whistle-blowing System (Speak Up System)

In situations where problems or doubts under the SMM Group Code of Conduct occur, and consultation with superiors fails to bring forth an appropriate response, employees are able to use the internal reporting hotline (Speak Up System) to directly report the matter to: (i) in-house liaisons which are the general managers of the Legal Department, the Safety & Environment Control Department, and the Internal Audit Department; or (ii) outside liaisons which are designated attorneys. In FY2021, the hotline received 12 reports.

The source of the information is always kept secret and if, for any reason, the informant is treated unfairly, the person who initiated the unfair treatment will be punished appropriately. In FY2021, we reviewed the hotline system in response to the enforcement of the revised Whistleblower Protection Act., and on June 1, 2022 changed the system's name from the Internal Reporting System (Speak Up System) to the Whistle-blowing System (Speak Up System) and began its operation.

## Number of reports received (FY2021)

Category	Number
Relationships with business partners	3
COVID-19 countermeasures	2
Employees' personal activities	3
Power harassment	8
Handling of work	1
Violations of employment regulations by employees	2
Working conditions	1
<b>Total*</b>	<b>20</b>

\* The above includes consultations from employees outside of the internal reporting hotline. Some reports are classified in multiple categories. All reports were handled appropriately.

## Participants of Compliance Education (FY2021)

Type of seminar	Target	Participants
Compliance seminar for general managers 2021	Officers	52
Compliance seminar for officers		
Seminar on insider trading prevention		
Introduction to import/export trade control		
Briefing on the Revised Competition Law Compliance Program	Employees	1,195
JCO Study Center training		
Training for new employees		
Training for mid-career hires		
Seminar for newly promoted employees (section managers, E-class, S-class)		

## SMM Group Code of Conduct (Revised on October 1, 2022)

All officers and employees shall act in accordance with the following Code of Conduct so as to live up to the SMM Group Corporate Philosophy.

### 1. Compliance: Abidance by Laws and Rules

- We will comply with foreign and domestic laws and rules, and conform to social norms.
- We will never under any circumstances commit an infraction of the law or act counter to social norms, even if doing so would seem to be in the company's interests.

### 2. Respect for Individuals

- We will accept diversity and respect the individuality and rights of people.
- We will never violate human rights, engage in discriminatory conduct, or contribute to such conduct.

### 3. Assurance of Health and Safety

- We will give highest priority to ensuring the physical and emotional health and safety of all persons affected by our operations.

### 4. Development of Human Resources

- We will strive to nurture junior colleagues and successors through systematic training and by providing them with opportunities to play an active role, and will take steps to help them shape their careers.
- We will pursue self-improvement with an awareness of our own growth.

### 5. Risk Management

- We will strive to identify risks, prevent their occurrence, and if risks occur, minimize the effects.

### 6. Adherence to a Progressive Stance

- We will approach transformation with a positive and progressive attitude without clinging to conventions and practices.

### 7. A Prideworthy, Rewarding, and Joyful Workplace

- We will place high value on teamwork, in the form of cooperation both with other organizations and with fellow employees.
- We will contribute to creating a free and open-minded workplace conducive to the smooth transfer of required information and the timely performance of reporting, liaison and consultation.
- We will strive to foster a corporate culture in which people accept and believe in each other and respect diverse values.

### 8. In Harmony with Society and Local Communities

- As members of society, we will participate in social contribution activities in accordance with our personal beliefs.
- We will strive toward a harmonious and mutually beneficial relationship with local communities.

### 9. Separation of Corporate Business and Personal Affairs

- We will at all times conduct ourselves based on sound judgment, and make a clear distinction between corporate business and our personal affairs.

### 10. Collection, Management and Usage of Information

- We will collect information swiftly, properly and lawfully, manage it appropriately, and use it effectively.
- We will utilize information acquired in conjunction with corporate business expressly for that purpose only, and will not leak such information to any third party.

### 11. Handling of Intellectual Property

- We will nurture and maintain conscious recognition of the importance of intellectual property as a vital asset of the Group, and strive toward the creation of such property.
- We will strive to properly protect and effectively use all corporate intellectual properties; we will also respect intellectual properties of other parties.

### 12. Assurance of Quality

- We will continuously improve quality management systems and provide products and services that satisfy customers.
- We will enhance technologies and seek to engage in manufacturing that takes into account customers' safety and their environment.

### 13. Stance toward Performance of Sales and Purchasing

- We will comply with competition laws and conduct sales and purchasing activities based on fair competition.

### 14. Stance toward Entertainment and Gifts

- We will entertain and present gifts to others, and accept entertainment and gifts, within the proper limits of both the law and social acceptability.
- We will comply with laws against bribery and will maintain healthy and proper relationships with government and political organizations.

### 15. Severance of Relationships with Socially Disruptive Forces

- We will staunchly eliminate socially disruptive forces and have no relations whatsoever with them.

### 16. Concern for the Global Environment

- We will act in a manner that enables us to contribute to solving global environmental problems by reducing greenhouse gas emissions, taking biodiversity into consideration, and making effective use of water resources so as to create a decarbonized society, an advanced Sound Material-Cycle Society, and a society in harmony with nature.

### 17. Attitude in the Performance of Global Business Activities

- We will strive to interact with people in the countries or regions where we undertake business and engage in conduct that respects local culture and practices as well as globally accepted norms and their spirit.

# Risk Management

## Policy

The SMM Group engages in risk management (RM) under the following Six Principles established for maximizing corporate value.

- 1 **Compliance is the foundation**
- 2 **The organizational leader confronting the risk is the responsible party**
- 3 **Awareness of risk must be shared among all parties involved**
- 4 **Adopt an RMS approach in daily work**
- 5 **Recognize that risks can materialize**
- 6 **Coordinate risk responses with other management systems**

## Framework

### Risk Management Framework

The fiscal year RM policy formulated by the president, who bears ultimate oversight responsibility for SMM Group's RM, undergoes deliberation by the Risk Management Working Group. The content of the deliberation is reported to the Sustainability Committee, after which the Board of Directors issues a resolution on the RM policy along with other fiscal year policies.

Based on this policy each business site formulates a fiscal year RM action plan and conducts RM activities. These activities are checked and reviewed by RM internal audits and RM patrols. For major risks that would cause serious damage if they materialize and require action across the entire SMM Group (SMM Group-Wide Serious Risks), a group-wide Crisis Management Framework has been built to appropriately respond to the damage and impact of these risks. Through repeated training we are enhancing our ability to respond to such situations.

We conduct these activities in line with our unique risk management system (RMS), built on the basis of lessons

learned from the JCO criticality accident. The RMS primarily focuses on the prevention of major accidents at business sites. We have operated this system for over 20 years since putting it into place, without changes to its overall framework. While the system has achieved certain outcomes over those years, including the avoidance of major risks such as the JCO criticality accident, the business environment and demands by society have undergone change, and the risks associated with execution of growth strategies and business strategies have become more sophisticated and complex.

In response to such circumstances, we have repositioned risk management, changing it from the prevention of major accidents at business sites to the creation and protection of the organization's value. With the International Organization for Standardization's ISO 31000 risk management guidelines serving as a base and as reference, we are reviewing our risk management framework and system. By doing so, we aim to strengthen our governance structure and achieve our long-term vision of becoming the world leader in the non-ferrous metals industry.

our plans and risk countermeasures to meet such changes and worked to achieve targets. We will work to further deepen these actions, check ongoing actions and countermeasures for vulnerabilities to growing risks, implement improvements, and minimize impacts and damage from risks that materialize.

In tandem with the infectious disease measures that we have undertaken for over two years, our top management continues to lead activities to prevent issues such as compliance breaches, environmental accidents, occupational accidents, and quality issues, to ensure success and achievement of goals in new business and projects.

### Individual Risks and Daily RM Activities

Daily RM activities involve identifying and assessing individual potential risks, according to the change in the circumstances, and taking the appropriate action. These activities identify the risks, shown on the next page, at each site, resulting in more than 1,400 cases in total currently registered in the RM system. On a daily basis, as a means of reducing risk, in cases whereby there are changes to the environment and conditions that serve as prerequisites for identified risks, such as business environments, work environments, people, equipment, work procedures, and quality standards, these registered risks are reviewed and updated, or new risks are added. A periodical risk review is also undertaken during the RM Promotion Campaign every September.

#### Major envisioned risks

<ul style="list-style-type: none"> <li>• Explosions and fires</li> <li>• Environmental pollution</li> <li>• Natural disasters</li> <li>• Legal violations</li> <li>• Quality failure</li> <li>• Occupational accidents</li> <li>• Terrorism / abduction</li> <li>• Pandemics</li> <li>• Supply chain disruptions</li> </ul>	<ul style="list-style-type: none"> <li>• Information leaks</li> <li>• Damage from harmful rumors</li> <li>• Violation of intellectual property rights</li> <li>• Other risks include those originating from moral misconduct, such as fraudulent accounting, human rights issues, and malfeasance</li> </ul>
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### Crisis Management Framework

In preparation for crises, we have set up a permanent Crisis Management Committee chaired by the officer responsible for crisis management. This committee routinely works toward the sharing of crisis information, the formulation and improvement of proactive measures, and the maintenance and strengthening of crisis management functions through training. It also deliberates on initial response to emergencies, and, in situations that present a high risk of crisis, transitions into a Group-wide response headquarters that determines Group response policies, consolidates and communicates information, and provides physical or personnel support. As the officer with ultimate responsibility for crisis management, the president oversees crisis management overall.

In response to the COVID-19 pandemic, we convened the Crisis Management Committee to review BCP and enacted measures concerning utilization of stockpiles, handling of expatriates and their families, meetings, postponement of holding or participating in events, work from home, voluntary restrictions on going out, and restrictions on movement including work commuting and business travel. We are also conducting training that looks back on ongoing measures and are verifying the content of these. In addition, we are working to improve our existing manual, which assumes virulent new strains of influenza, to address a wider range of contagious diseases and thereby improve our crisis response capability.

At every business site, we are advancing measures to address earthquakes, tsunamis, flooding, soil liquefaction, landslides, volcanic eruptions, and other natural disasters, in line with the hazard level. We are undertaking seismic reinforcement of buildings, improvement of seawalls, strengthening of wastewater treatment capacity, expansion of water storage tanks, stockpiling of food and drinks, and enhancement of emergency supplies, among other measures. We also conduct training for earthquakes, fires, environmental accidents, and overseas terrorism, riots, and kidnappings, among other scenarios. In addition, we are working to address issues such as unfamiliarity with materials and equipment, insufficient understanding of rules and procedures, and inadequate manuals, and to improve the decision-making capabilities of local task force members.

### Information Security Measures

At the SMM Group, information technology is a key component of our management structure. Thus, we see the threat represented by cybersecurity risks as a management risk. In addition to the above risk management activities, we implement the following measures in line with the Cybersecurity Management Guidelines of the Ministry of Economy, Trade and Industry.

#### 1 Defense against threats from cyberspace

Cybersecurity threats are becoming greater due to changes in the environment such as the increase in teleworking and use of cloud computing. We are working to move from conventional security measures to a framework that enables safe use of internal and external systems in any usage environment (Zero Trust network).

So far, we have completed enhancements to website security, email security, and the remote access connections essential to teleworking.

#### 2 Preventing leaks of personal information

We prevent leaks of personal information by stipulating company regulations on protecting personal information and selecting a manager responsible for protecting personal information.

#### 3 Preventing leaks of customer, third-party and company confidential information

Regarding the handling of digital files, leaks are prevented by strictly managing access to servers storing digital files, as well as by educating employees on information security. We are also transitioning to cloud-based services that offer advanced security features.

## Initiatives

### The FY2022 RM Policy and Activities

We have set "Assess and respond to changes in risks caused by changes inside and outside the Company" as our RM policy for FY2022, and have set "Review business continuity plans (BCP) with respect to increasingly serious risks, enact necessary countermeasures, and confirm and improve the effectiveness of enacted measures" as key RM activities.

In FY2021, remote meetings became the norm under prolonged pandemic countermeasures, and the movement toward decarbonization accelerated. Further changes including the intensification of storms, flooding, and other natural disasters also took place. The SMM Group made changes to

# Quality Assurance

## Approach

The SMM Group has established and operates a business model based on 3-business collaboration between the Mineral Resources, Smelting & Refining, and Materials Businesses.

Through this business model, we endeavor to continuously improve products and respond to changing customer needs in order to deliver quality that satisfies customers.

## Policy

To provide quality that satisfies customers, the president has established a Company-Wide Quality Policy and sets SMM Quality Objectives every year. Based on these standards, each business division sets forth and implements division-specific quality targets and conducts quality activities that are aligned across the entire SMM Group.

### Company-Wide Quality Policy

Provide quality to satisfy our customers through continual improvements of quality assurance and control systems.

- 1 Pursue quality levels that stand out from the trends of the time
- 2 Abide by laws and rules and strive to create products incorporating safety and environmental considerations

## Framework

We are promoting quality assurance under the ultimate responsibility of the president by designating officers responsible for quality assurance. Each business division develops and maintains their own quality assurance frameworks, while the Quality Assurance Department manages quality across the entire Group and ensures a Group-wide unified approach. Additionally, not only does the Quality Assurance Working

Group—which comes under the Sustainability Committee—deliberate key measures for promoting quality assurance activities, it works to improve the Group's quality management systems (QMS) through the sharing of information on progress toward departmental targets and quality control status, and reduce the number of complaints against the Company.

## Initiatives

### Improving Effectiveness of Quality Management Systems

The SMM Group has established and operates quality management systems (QMS) at each of its business divisions and business sites. To effectively operate those QMS, we have been conducting improvement activities based on the SMM Quality Standards, which constitute a summary of the ideal form of QMS at our Company. Every fiscal year, each business site sets a target level for the SMM Quality Standards prior to engaging in improvement activities, and—while assessing these activities through internal quality audits and quality audits by the Quality Assurance Department—undertakes self-assessments of its level of quality achieved as of the end of the fiscal year. The effectiveness of QMS at business sites is continually being improved by setting new targets for the next fiscal year based on the results of these assessments and then conducting improvement activities.

The SMM Quality Standards are also revised each year to raise QMS to the level required by the Group so that we can deliver quality that satisfies customers.

### Strengthening of Our Internal Quality Audits

Based on the SMM Quality Standards, we are carrying out activities to achieve internal quality audits which work with a third-party-like perspective to identify potential internal issues from problems that have been found, and relay these findings to top management. We hold training to cultivate internal quality auditors at business sites in Japan, turning out 306 auditors between FY2019 and FY2021. We operate a PDCA cycle to develop these internal auditors, and confirm their effectiveness through audits by trained internal auditors.

To prevent quality-related misconduct such as falsification of inspection or testing data, we promote the use of internal quality audits to confirm the reliability of data and deter misconduct.

### Expansion of Group-Wide Quality Assurance Education

We are developing training based on our quality assurance education system that aims to equip each level of employee, from new employees to managers, with necessary quality-re-

lated knowledge and management ability. To acquire basic knowledge concerning quality, in FY2019 we launched *SMM Hinkaku*<sup>1</sup> e-learning for all employees. In FY2021, about 5,900 people underwent this education, sharing wide-ranging knowledge and awareness concerning quality management. In the future, we plan to also use this e-learning as educational material for new employees.

We also conduct Group-wide training for personnel who will serve as quality control managers. By expanding the SMM Quality Standards throughout our business divisions through practical training held four times a year, we seek to develop human resources who are able to enhance the effectiveness of QMS.

1. Trainees learn the minimum level of knowledge and awareness regarding quality required for manufacturing and then their proficiency is graded through a test.

### Disclosure of Information on Products and Services

Most items in the SMM Group product lineup are supplied as raw or processed materials for use by customers for manufacturing. Information that customers require in order to handle our Group's products properly from safety and environmental perspectives, as well as information needed to enable them to supply products, is communicated in product specifications at the time of contracting, during technical discussions, and via product inspection certificates and safety data sheets (SDS),<sup>2</sup> based on prior and the latest information, our Group's proprietary knowledge, and necessary studies. SMM products supplied to customers are carefully designed, incorporating considerations toward safety and environmental compatibility, and are only delivered after thorough trials and inspections carried out during their manufacture.<sup>3</sup> We make sure that information utilized for the above is always appropriate through management systems, reviewing it based upon the latest technology, laws and regulations and demands from customers.

2. SDS (Safety Data Sheet): A document listing information on a chemical, including the chemical substance, the product name, the supplier, hazards, safety precautions and emergency procedures.

3. We also conduct surveys linked to life cycle assessments (LCA) for copper, nickel, and zinc through associations related to each metal.

### Communication with Customers

In order to enhance customer satisfaction, we have evolved methods for its measurement and evaluation. Through precise and close communication with customers, we accurately assess issues and enact effective measures. Our Group also contributes to the conservation of resources and energy by enhancing product yield through quality improvement activities.

### Initiatives to Take on Issues and Provide Improvements

Quality that earns customers' trust is achieved only when all employees align their goals and directions and actively engage in activities to achieve targets. To enable this, we clarify issues based on facts obtained through communication inside and outside the Group, set targets, and work to achieve these through active participation by all employees in improvement activities based on our SMM Quality Standards.

### Information on SMM Products Requiring Disclosure by Labeling and Applicable Products/Services

Information requiring disclosure	Applicable products/services
The sourcing of components of the product or service	All products/services containing substances requiring management under legislation while no such information Requirement is addressed to our main products (raw materials and internally processed materials).
Content, particularly with regard to substances that might produce environmental or social harm	All products/services containing substances requiring management under legislation
Safe use of the product or service	All products/services containing substances requiring management under legislation
Environmental/social harm from disposal of the products	All products/services containing substances requiring management under legislation

### Methods for Providing Information

#### [Provision of Information Relating to Specifications]

We indicate product specifications requested by the customer on the order received sheet to provide necessary information to them.

#### [Provision of Information Relating to Chemicals]

The SMM Group uses SDS, etc. to provide information on chemical substances contained in products, complying with regulations for chemical substances and usage, regarding health and safety.

#### [Other Initiatives]

The SMM Group also engages in transactions such as the sale of different types of lubricants to general consumers. In line with related laws and regulations, we provide information on products and services in this area through labeling, advertisements, and explanations to ensure correct understanding.

# Directors and Audit & Supervisory Board Members (As of June 24, 2022)

## Directors



**Yoshiaki Nakazato**  
Chairman and Director  
Number of shares of the Company owned<sup>1</sup>: 28,400

Born: 1953  
Apr. 1976 Joined the Company  
Jun. 2005 Executive Officer  
Jun. 2006 Director  
Jun. 2008 Managing Executive Officer  
General Manager of Advanced Materials Div.  
Oct. 2008 General Manager of Semiconductor Materials Div.  
Jun. 2009 Executive Officer  
General Manager of Advanced Materials Div.  
Jun. 2010 Managing Executive Officer  
Jun. 2012 Representative Director  
Senior Managing Executive Officer  
Jun. 2013 President and Representative Director  
Jun. 2018 Chairman and Representative Director  
Jun. 2022 Chairman and Director (Present Position)



**Akira Nozaki**  
President and Representative Director  
Number of shares of the Company owned<sup>1</sup>: 18,800

Born: 1960  
Apr. 1984 Joined the Company  
Jun. 2013 Executive Officer  
Senior Deputy General Manager of Non-Ferrous Metals Div.  
Jun. 2014 Director  
General Manager of Corporate Planning Dept.  
Jun. 2015 General Manager of Non-Ferrous Metals Div.  
Jun. 2016 Managing Executive Officer  
Jun. 2018 President and Representative Director (Present Position)



**Toru Higo**  
Representative Director  
Senior Managing Executive Officer  
General Manager of Corporate Planning Dept.  
Number of shares of the Company owned<sup>1</sup>: 5,500

Born: 1961  
Apr. 1986 Joined the Company  
Jul. 2010 General Manager of Nickel Sales & Raw Materials Dept., Non-Ferrous Metals Div.  
Jul. 2014 General Manager of Copper & Precious Metals Raw Materials Dept., Non-Ferrous Metals Div.  
Jun. 2017 Sumitomo Metal Mining Philippine Holdings Corporation, Director and President  
Jun. 2019 Executive Officer Senior Deputy General Manager of Non-Ferrous Metals Div.  
Jun. 2020 Director of the Company  
General Manager of Corporate Planning Dept. (Present Position)  
Jun. 2021 Managing Executive Officer  
Jun. 2022 Representative Director (Present Position)  
Senior Managing Executive Officer (Present Position)



**Nobuhiro Matsumoto**  
Director  
Senior Managing Executive Officer  
General Manager of Non-Ferrous Metals Div.  
Number of shares of the Company owned<sup>1</sup>: 5,800

Born: 1963  
Apr. 1987 Joined the Company  
Apr. 2008 General Manager of Niihama Nickel Refinery, Non-Ferrous Metals Div.  
Jul. 2013 Administration Dept., Non-Ferrous Metals Div.  
Jun. 2014 General Manager of Administration Dept., Non-Ferrous Metals Div.  
Jun. 2016 Executive Officer  
Senior Deputy General Manager of Non-Ferrous Metals Div.  
Jun. 2018 General Manager of Non-Ferrous Metals Div. (Present Position)  
Jun. 2019 Director (Present Position)  
Jun. 2020 Managing Executive Officer  
Jun. 2022 Senior Managing Executive Officer (Present Position)



**Takahiro Kanayama**  
Director, Managing Executive Officer,  
General Manager of Personnel Dept.  
Number of shares of the Company owned<sup>1</sup>: 3,000

Born: 1963  
Apr. 1986 Joined the Company  
Oct. 2015 General Manager of Personnel Dept.  
Jun. 2017 Executive Officer  
General Manager of Besshi-Niihama District Div.  
Jun. 2020 General Manager of Personnel Dept. (Present Position)  
Jun. 2021 Director (Present Position)  
Managing Executive Officer (Present Position)



**Kazuhisa Nakano**  
Outside Director  
Number of shares of the Company owned<sup>1</sup>: 2,500

Born: 1948  
Apr. 1971 Joined Idemitsu Kosan Co., Ltd.  
Apr. 2003 Executive Officer and General Manager of Personnel Department of Idemitsu Kosan Co., Ltd.  
Jun. 2004 Director of Idemitsu Kosan Co., Ltd.  
Jun. 2005 Managing Director of Idemitsu Kosan Co., Ltd.  
Jun. 2007 Executive Vice President and Representative Director of Idemitsu Kosan Co., Ltd.  
Jun. 2009 President and Representative Director of Idemitsu Kosan Co., Ltd.  
Jun. 2013 Chairman and Representative Director of Idemitsu Kosan Co., Ltd.  
Jun. 2015 Executive Advisor of Idemitsu Kosan Co., Ltd.  
Jun. 2016 Director of the Company (Present Position)  
Jun. 2017 Retired from Executive Advisor of Idemitsu Kosan Co., Ltd.



**Taeko Ishii**  
Outside Director  
Number of shares of the Company owned<sup>1</sup>: 0

Born: 1956  
Apr. 1986 Registered as a lawyer  
Joined Ryoichi Wada Law Firm  
Mar. 1992 Established Ohta & Ishii Law Firm  
Jun. 2018 Director of the Company (Present Position)



**Manabu Kinoshita**  
Outside Director  
Number of shares of the Company owned<sup>1</sup>: 0

Born: 1954  
Apr. 1978 Joined NEC Corporation  
Apr. 2006 Executive General Manager, Distribution and Service Industries Solutions Operations Unit of NEC Corporation  
Apr. 2008 Associate Senior Vice President of NEC Corporation  
Apr. 2010 Senior Vice President of NEC Corporation  
Jun. 2010 Director of NEC Corporation  
Apr. 2016 Senior Executive Vice President of NEC Corporation  
Apr. 2018 Senior Officer of NEC Corporation (Present Position)  
Jun. 2020 Director of the Company (Present Position)  
Jun. 2021 Retired as Senior Officer of NEC Corporation

## Audit & Supervisory Board Members



**Koji Imai**  
Senior Audit & Supervisory Board Member (Standing)  
Number of shares of the Company owned<sup>1</sup>: 1,200

Born: 1962  
Apr. 1986 Joined the Company  
Jun. 2014 General Manager of Legal & General Affairs Dept.  
Jun. 2019 General Manager of General Affairs Dept.  
Jun. 2021 Audit & Supervisory Board Member (Standing)  
Jun. 2022 Senior Audit & Supervisory Board Member (Standing) (Present Position)



**Tsuyoshi Nozawa**  
Audit & Supervisory Board Member (Standing)  
Number of shares of the Company owned<sup>1</sup>: 600

Born: 1964  
Apr. 1988 Joined the Company  
Jul. 2015 Public Relations & Investor Relations Dept.  
Apr. 2018 Finance & Accounting Dept.  
Jun. 2022 Audit & Supervisory Board Member (Standing) (Present Position)



**Wataru Yoshida**  
Outside Audit & Supervisory Board Member  
Number of shares of the Company owned<sup>1</sup>: 0

Born: 1952  
Apr. 1975 Joined Export-Import Bank of Japan  
Apr. 2001 Director of Corporate Finance Department of Japan Bank for International Cooperation (JBIC) (which was formed as a result of integration between the former Export-Import Bank of Japan and the former Overseas Economic Cooperation Fund)  
Nov. 2002 Director of Personnel Department of JBIC  
Oct. 2004 Executive Officer for Asia and Pacific Region of JBIC  
Apr. 2007 Senior Executive Director of JBIC  
Sep. 2008 Resigned from Senior Executive Director of JBIC  
Feb. 2009 Corporate Advisor of Marubeni Corporation  
Feb. 2016 Resigned from Corporate Advisor of Marubeni Corporation  
Mar. 2016 Corporate Advisor of NIPPON STEEL CORPORATION (which was NIPPON STEEL & SUMITOMO METAL CORPORATION)  
President and Representative Director of Nippon Usiminas Co., Ltd.  
Dec. 2019 Resigned from Corporate Advisor of NIPPON STEEL CORPORATION  
Resigned from President and Representative Director of Nippon Usiminas Co., Ltd.  
Jun. 2020 Audit & Supervisory Board Member of the Company (Present Position)



**Shoji Wakamatsu**  
Outside Audit & Supervisory Board Member  
Number of shares of the Company owned<sup>1</sup>: 0

Born: 1953  
Sep. 1983 Joined Ota Tetsuzo Audit Firm (current Ernst & Young ShinNihon LLC)  
Mar. 1987 Registered as a certified public accountant  
Jul. 2003 Partner of ShinNihon Audit Firm (current Ernst & Young ShinNihon LLC)  
May 2006 Board Member of ShinNihon Audit Firm  
Aug. 2008 Managing Partner of ShinNihon LLC (current Ernst & Young ShinNihon LLC)  
Aug. 2010 Senior Partner of ShinNihon LLC  
Jun. 2016 Left ShinNihon LLC  
Established Wakamatsu Certified Public Accountant Firm  
Sep. 2019 Registered as a certified public tax accountant  
Jun. 2021 Audit & Supervisory Board Member of the Company (Present Position)

## Executive Officers

\* An asterisk indicates the officer is also serving concurrently as a director

### President

\* **Akira Nozaki**

### Senior Managing Executive Officer

\* **Toru Higo**

General Manager of Corporate Planning Dept.  
In charge of Secretarial Dept., Legal Dept., Internal Audit Dept., and from July 1, 2022, Digital Transformation Dept.

**Fumio Mizuno**

General Manager of Mineral Resources Div.

\* **Nobuhiro Matsumoto**

General Manager of Non-Ferrous Metals Div.

### Managing Executive Officers

\* **Takahiro Kanayama**

General Manager of Human Resources Dept.  
In charge of General Affairs Dept., Public Relations & Investor Relations Dept., Sustainability Dept. and Osaka Branch

**Hiroshi Yoshida**

General Manager of Advanced Materials Div.

**Hitofumi Okubo**

General Manager of Engineering Div.  
**Koji Sakamoto**  
General Manager of Safety & Environment Control Dept.  
In charge of Quality Assurance Dept.

**Shuichi Ogasawara**

General Manager of Technology Div.

### Executive Officers

**Hiromasa Oba**

General Manager of Besshi-Niihama District Div.

**Katsuya Tanaka**

General Manager of Battery Materials Div.

**Masaru Takebayashi**

Senior Deputy General Manager of Non-Ferrous Metals Div.

**Eiichi Fukuda**

Senior Deputy General Manager of Mineral Resources Div.

**Kunihiko Miyamoto**

General Manager of Finance & Accounting Dept.  
In charge of Purchasing Dept. and Information Systems Dept.

**Hideyuki Okamoto**

Senior Deputy General Manager of Technology Div.

**Kazuhiko Hotani**

Senior Deputy General Manager of Mineral Resources Div.

**Toru Motoki**

Senior Deputy General Manager of Battery Materials Div.

**Shinichi Sato**

Senior Deputy General Manager of Advanced Materials Div.

**Munekazu Kawata**

Senior Deputy General Manager of Battery Materials Div.

**Yusuke Niwa**

Senior Deputy General Manager of Non-Ferrous Metals Div.

**Kazuaki Sakamoto**

Senior Deputy General Manager of Engineering Div.

1. The number of shares of the Company owned is as of May 31, 2022.