

# Vision for the SMM Group

Our Long-Term Vision is to become the world leader in the non-ferrous metals industry. To achieve this, we have been implementing the 3-Year Business Plan 2027 since fiscal 2025. We also identified material issues that should be addressed in order to achieve the Long-Term Vision, and we set a Vision for 2030 for each issue. Through these efforts, we are working to contribute to the realization of a sustainable society and to increase corporate value.

- 26 Message from the President
- 33 Sustainability Management Framework
- 35 Formulation and Revision of Material Issues and Vision for 2030
- 36 Revised Material Issues and Management Framework
- 37 Material issues and its background
- 38 Material issues / KPI



# Message from the President

**Our Vision of “Becoming the World Leader  
in the Non-ferrous Metals Industry”  
to Meet Society’s Expectations and Earn its Trust**

We will improve our profitability focusing on  
MONOZUKURI-RYOKU (earning power) and work to  
build our foundation or growth over the long term



President and Representative Director



## Message from the President

# Q.1 What is the significance of your vision of "becoming the world leader in the non-ferrous metals industry"?

## A.1 To meet society's needs and fulfill our duty to provide a stable supply of non-ferrous metals

### Our Long-term Vision: Becoming the World Leader in the Non-Ferrous Metals

#### To ensure the stable supply of non-ferrous metals that is essential for society by building cooperative relationships with major overseas players

Our Company's long-term vision of "Becoming the world leader in the non-ferrous metals industry" will not be achieved simply by increasing production volume and profit. We will be required to leverage our global presence, refine our leading technologies and unique business model, generate stable profits, and address social issues with sincerity, and this will be achieved by our employees who work vibrantly and with spirit. This long-term vision will be the goal we strive to achieve no matter how the times or the environment may change.

Our mission is to provide a stable supply of the non-ferrous metals (copper, nickel, etc.) that are essential for society. However, mine development is becoming increasingly difficult throughout the world, while competition for resources is intensifying. Maintaining a stable supply in these circumstances requires that we earn the trust of major overseas non-ferrous players as a business partner and collaborate worldwide to acquire resources. The trust that our Group has earned over the years

comes from our approach to business operations rooted in the Sumitomo Business Spirit and our high-level knowledge and technologies related to metals cultivated over our long history. This accumulated trust is one of our Group's greatest advantages.

At the root of our vision is our mission and our social responsibility as a manufacturing company. We believe that our vision of "becoming the world leader in the non-ferrous metals industry" is the sure path toward not only our Group's growth, but also our contributions to the development of society and to people's livelihoods.

### Revising the Material Issues for Achieving the Long-term Vision Meeting Society's Demands through Initiatives on Six Consolidated Material Issues

In March 2020, our Group set the material issues we must respond to as we achieve our long-term vision, and for each issue we formulated our Vision for 2030 and our KPIs for measuring degrees of achievement and made these public. In the few years since then, there have been significant changes in society, lifestyles, and the business environment, with growing calls on a global scale for companies to contribute to building sustainable societies. With these expectations and demands from society in mind, we have

consolidated our 11 material issues into six and revised our Vision for 2030 and our KPIs, which we announced in March 2025. [②P.35](#)

The key issues are these two: "1. Stable Supply of Non-Ferrous Metals and Transition to a Circular Economy" by ensuring stability and effective use of resources, and "2. Realizing a Carbon Neutral Society" to cope with the worldwide challenge of global warming. We can consider these issues that demonstrate the value our Group can provide to society. Following these are four issues: "3. Conservation and Restoration of Nature", "4. Human Capital Management", "5. Co-Existence and Mutual Prosperity with Local Communities and Indigenous People", and "6. Supply Chain Management". These will form the foundation for promoting initiatives to realize the two issues stated above. In particular, "Human Capital Management" is the foundation for all other issues, and we are working harder than ever to promote the securing, fostering, and utilization of human capital. By focusing as an entire Group on these issues, we intend to fulfill society's expectations and demands.

## Message from the President

# Q.2 What are the goals of the newly-launched 3-Year Business Plan 2027?

## A.2 To improve profitability amid the harsh environment, achieve sustainable growth, and enhance corporate value

From "21 3-Year Plan" to "3-Year Plan 27"

### We will work to enhance corporate value from a long-term perspective while overcoming current issues

In our 2021 3-Year Business Plan (21 3-Year Plan: FY 2022-FY2024), our key strategies were these four challenges: "1. Increasing corporate value – Promotion of large-scale projects"; "2. Improving core business sustainability"; "3. Adapting to changes in the social environment"; "4. Strengthening the foundation of business management".

I assumed the post of President and Representative Director in June 2024, the last year of the plan, and I have been working with the intention of fulfilling these strategies. Although I felt I carried out everything I needed to, the results were by no means satisfactory. In particular, safety performance, one of the foundations of business management, did not meet targets, and in terms of business performance, earnings fell sharply year-on-year, impacted by impairment losses in the battery materials business and at Coral Bay Nickel Corporation, our Philippine smelting and refining subsidiary. Unprecedented changes are occurring in both the global economy and our business environment, and we realize that our Group's current earning power has declined and that our revenue base is under

### The 4 Challenges in the 21 3-Year Plan and Review of the Plan

Challenge 1	<b>Increasing corporate value— Promotion of large-scale projects</b>  <ul style="list-style-type: none"> <li>▪ Expanding production capacity for battery cathode materials</li> <li>▪ Quebrada Blanca 2 project</li> <li>▪ Cote gold mine development project</li> <li>▪ Pomalaa Project (discontinued)</li> </ul>	Challenge 2	<b>Improving core business sustainability</b>  <ul style="list-style-type: none"> <li>▪ 3-business collaboration to strengthen the value chain for Ni-batteries</li> <li>▪ Shifting Hishikari Mine to sustainability-oriented operation</li> <li>▪ Enhancing competitiveness of copper-smelting business</li> <li>▪ Strategy for advanced materials business expansion</li> </ul>
Challenge 3	<b>Adapting to changes 3 in the social environment</b>  <ul style="list-style-type: none"> <li>▪ Reducing greenhouse gas (GHG) emissions</li> <li>▪ Promoting the development of products, technologies and processes that can help achieve carbon neutrality</li> <li>▪ Adaptation to digital transformation (DX)</li> <li>▪ Initiatives for securing, fostering and utilizing human capital</li> </ul>	Challenge 4	<b>Strengthening the foundation of business management</b>  <ul style="list-style-type: none"> <li>▪ Strengthening safety initiatives</li> <li>▪ Reorganizing and enhancing sustainability promotion framework</li> <li>▪ Corporate governance</li> </ul>

considerable strain.

Considering the results and the challenges with the 2021 3-Year Business Plan, our themes for the 3-Year Business Plan 2027 (3-Year Plan 27: FY2025-FY2027) are "Coping with Changes in the Business Environment" and "Preparing for Future Growth".

The current business environment could be considered a

"headwind", and we expect this to continue throughout the 3-Year Plan 27 period. With this in mind, we will first work to increase profitability for the large projects undertaken during the 2021 plan by our mineral resources business and solidify our foundation. For nickel smelting and refining, in which oversupply continues to put pressure on prices, we will promote the required

# Message from the President

technological development and structural reforms, including new nickel matte production at the Hyuga Smelting and development of an in-house sulfur recycling system, to improve our overall strength. In copper-smelting, even with the historically low levels of TC/RC, our best option is to continue full production at the Toyo Smelter & Refinery, given its high production efficiency and cost competitiveness. In our materials business, we are placing particular emphasis on rebuilding our battery materials business. Changes in client needs are prompting a shift in cathode material types, and we will continue to develop high-quality cathode materials, a field where we can leverage our Group's advantages.

Although our Group currently faces strong headwinds, we believe that the oversupply state will eventually be corrected and that TC/RC will recover to normal levels. Given trends in society

such as carbon neutrality, xEVs, the hydrogen economy, and the shift toward AI, applications for the non-ferrous metals and highly advanced materials our Group handles are likely to grow even further. In anticipation of this future, we will actively tackle our next growth preparations for the 3-Year Plan 27.

Some examples include the Winu Copper-Gold Project and the Kalgoorlie Nickel Project that we are pursuing with our JV partners in Australia; the recycling plant for lithium-ion secondary batteries that we are constructing in Japan (scheduled for completion in 2026); SiCrest® bonded SiC substrates for power semiconductors that offer both outstanding performance and low cost; and SOLAMENT® near-infrared absorbing material, which offers a wide range of applications including light shielding and photothermal conversion and is expected to help cope

with climate change. Through these and other initiatives, we will continue to take on challenges to realize our long-term vision.

## "Shin" 3-Business Collaboration Model

**With the smelting and refining business at the core, we will build a sustainable supply chain with 3-business collaboration and contribute to the achievement of a circular economy and carbon-neutral society**

Our Group's business model is unique for its collaboration among our three businesses (mineral resource, smelting & refining, and materials). In the past, we have explained our integrated in-house nickel supply chain, which covers everything from securing nickel mineral ore raw material to the production of battery materials within our group, as a model case. This approach emphasized a one-directional supply chain flow with a focus on processing materials and supplying them to customers in the form of products, with the goal of expanding that core. However, we now sense the growing demands for the circular economy, and we see a greater need to develop our businesses in a way that enables circulation within our own processes, including recycling. Our business model itself remains unchanged, but its meaning has been evolved in terms of a 3-business collaboration incorporating a circular economy approach that goes beyond the conventional "expanding the core". The "Shin" in our "Shin" 3-business collaboration business model means more than just "new" – it also signifies "evolution", "deepening", "true value", and "trust" (all of which begin with the "shin" sound in Japanese). We believe the effective use of limited resources is how we will contribute to the sustainability of the mineral resources business and that advancing the circular economy is one of our Group's critical missions.  P.15

## 3-Year Plan 27 Executive Summary

**A critical juncture for realizing long-term vision of "becoming the world leader in the non-ferrous metals industry"**  
**Enhance our MONOZUKURI-RYOKU to regain profitability**  
**and rebuild a foundation to sustainably increase corporate value**

<b>Strong headwind expected in the business environment during 3-Year Business Plan 2027</b>	<ul style="list-style-type: none"> <li>Prolonged oversupply due to increased nickel production in Indonesia</li> <li>Slumping copper concentrate purchase terms (TC/RC) due to supply shortages and new copper smelter opens</li> <li>Drastic changes in the battery materials business environment</li> </ul>
<b>Tailwind expected in the medium to long-term business environment</b>	<ul style="list-style-type: none"> <li>Demand for non-ferrous metals (copper/nickel) continues to grow; supply will also increase, but suppliers who cannot withstand the price level will be eliminated (balance after 2030)</li> <li>TC/RC will also return to a level where supply (production of smelters) can be maintained to meet demand (after 2030)</li> <li>Trends such as carbon neutrality, xEVs, hydrogen economy, and AI are certainties, increasing uses for materials business products</li> </ul>

## Work to enhance corporate value from a long-term perspective while overcoming current issues

- Rebuilding of battery materials business
- Focus on MONOZUKURI
- Sustainability management (material issues and Vision for 2030, KPIs)
- Operating Smelting and Refining business under adverse conditions (nickel, copper)
- Management with an awareness of capital costs
- Stock prices
- Business portfolio management (ROCE management)
- Strengthen and enhance shareholder returns
- Prepare for future growth
- Corporate governance

## Message from the President

# Q.3 How will enhancing MONOZUKURI-RYOKU (earning power) lead to competitive advantage?

## A.3 MONOZUKURI-RYOKU is the source of our competitiveness and the foundation for sustainable growth

### Enhance our MONOZUKURI-RYOKU

#### Refining the MONOZUKURI-RYOKU (earning power) we have consistently emphasized not only at manufacturing sites but also across all business activities

As our SMM Group Management Vision demonstrates, we have consistently emphasized our role as a "manufacturing enterprise". I personally have spent many years at manufacturing sites, so I have a strong interest in MONOZUKURI and I have continued to advocate for strengthening the MONOZUKURI-RYOKU that is the source of our competitiveness even after being named President.

In my concept, MONOZUKURI-RYOKU means "earning power", and with our 3-Year Plan 27 we aim to increase profitability by enhancing this power. Here, it is critical to remember that MONOZUKURI-RYOKU is not only demonstrated by the manufacturing division. MONOZUKURI refers to efforts within all division, including R&D and marketing as well as HR, accounting, and other administrative support departments, and even management; refining this MONOZUKURI-RYOKU across all business activities will lead to enhanced competitiveness. Each and every employee should take on an improvement-oriented consciousness in their positions and increase productivity using their ingenuity. I believe the accumulation of those efforts will

help enable sustainable growth for our Group.

### Human Capital Management

#### Utilizing advanced digital technologies and the Hishikari Mine to pass along our legacy of wisdom and know-how to the next generation

In enhancing our MONOZUKURI-RYOKU, I have placed the greatest emphasis on human capital, and I have included human capital management as one of our material issues.

Our Group is looking for personnel with an "edge" – that is, people who can come up with concepts beyond previous frameworks and unconventional ideas. Utilizing mid-career hiring and our career challenge system, we aim to actively bring in personnel from different fields with diverse backgrounds to generate ideas never before seen within our Group, leading to creation of new systems and technologies. On the other hand, we also see "knowledge transfer" as a major issue. Our group has accumulated wide-ranging know-how related to manufacturing throughout our long history, including fields such as safety management, environmental management, quality control, and operational management. However, we are in a state in which serious accidents are recurring. One factor is that accumulated

wisdom and know-how stays with specific employees, and knowledge transfer is not being conducted across generations. In other words, this means that personnel development is not being conducted properly, and we feel a strong sense of urgency about this.

To address this problem, we will not only create opportunities for OJT and other practical experience building, but we will also promote the visualization and sharing of efficient know-how through digital transformation (DX) and use of digital technologies such as AI. The Hishikari Mine will be particularly significant in these efforts. The mine, which started operating in 1985, is one of the Japan's largest gold mines and boasts a world-class gold content ratio. It is much more than just a revenue base for our Group; it is also a vital asset that brings multifaceted value. While serving as a place to train mining engineers covering a series of hands-on tasks from mine development to operation, it also actively incorporates advanced technologies in digital transformation, such as heavy machinery automation and remote operation, and serves as a place for improving safety and efficiency under the challenging work environment of an underground mine. Having such a facility has earned us recognition from major overseas non-ferrous players.

## Message from the President

# Q.4 How do you plan to improve evaluations from stakeholders?

## A.4 We will work to improve capital efficiency while enhancing communication with stakeholders

### Present Status and Outlook for Capital Efficiency

**Through thorough ROCE management, we will aim to improve capital efficiency while focusing on reaping the benefits from previous initiatives**

Our Group is cognizant that implementing “Management that is Conscious of Cost of Capital and Stock Price”, as requested by stakeholders, is a crucial element for maintaining and strengthening the management base.

Up to this point, we have taken steps to improve capital efficiency by promoting ROCE (return on capital employed) management while maintaining a sound financial position with a target consolidated equity ratio of over 50%. Our 3-Year Plan 27 also reflects our commitment to this financial strategy and ROCE management; however, as we anticipate a challenging business environment, we expect ROCE for the end of this plan period to fall short of the current WACC (weighted average cost of capital), which is in the 6-7% range.

Unfortunately, our PBR (price-to-book ratio) has remained under 1.0x. In addition to our concern regarding the current situation, we take very seriously the market’s frank evaluation that we have been slow in reaping the benefits of all the strategic investments in our 21 3-Year Business Plan and the large projects we have undertaken. We reflect on this in our 3-Year Plan 27, and we aim to take a step forward and proceed with the projects we

are advancing with our JV partners as planned, while working to visualize the results of the strategies and measures mentioned thus far through steady implementation of each, thus increasing our corporate value. In particular, we consider expanding profits in our materials business, which has relatively less impact from market fluctuations, as an effective measure to counter volatility.

### Capital Allocation

**We will conduct appropriate capital allocation in response to changes in the business environment and disseminate this clearly to stakeholders**

Capital allocation is vital for efficient use of capital to increase returns and maximize share value, and we need to constantly reevaluate it considering changes in environments both inside and outside the company.

In our 3-Year Plan 27, in contrast to the 21 3-Year Plan, we expect that growth investment, which had been high levels, will peak, and therefore we will proceed to strengthen shareholder returns. Our minimum DOE (dividend on equity) had been 1.5%, but we plan to revise this to 2.5%, and we are also considering flexible treasury share purchases.

To fund these shareholder returns, we intend to allocate sources, including cash inflow through reductions in cross-

shareholdings. In the past, we responded by reducing these flexibly as required; but in the 3-Year Plan 27, as part of our pursuit of capital efficiency, we will proceed with systematic reductions under a clear policy and proceed with sales with a target of reducing the ratio to 10% or less of consolidated net assets for 2028 and beyond.

We would like to clearly convey this capital allocation policy and strategy and use them as a starting point for communication with stakeholders. Along with this, offering a clear explanation of the originality and the benefits of the “Shin” 3-business collaboration business model should help to encourage understanding of our Group’s future potential and lead to better evaluations from stakeholders.

## Message from the President

### Q.5 Please offer a message to our stakeholders.

#### A.5 We aim for sustainable growth to meet the expectations of all our stakeholders



##### Aspirations for the Period of the 3-Year Plan 27

###### **While leading enhancement of communication, we will foster and instill a free and open corporate culture to swiftly respond to changes in the times**

A year has passed since I took on the post of President and Representative Director in June 2024. Looking back, it has been a whirlwind year, but I have been blessed with opportunities for dialogue with our stakeholders, including our shareholders and investors, which has given me a true sense of how much support our Group receives from our stakeholders. Again, I would like to take this opportunity to express my sincere gratitude.

That said, if asked whether this communication was sufficient, I feel it was only a minimum, and I intend to be more proactive this year.

The challenging business environment will continue throughout the three years of our 3-Year Plan 27, so I see this as a critical juncture for realizing our long-term vision of "becoming the world leader in the non-ferrous metals industry". In order to achieve the goals of strengthening profitability and sowing seeds for the future as outlined in the plan's policies, I and each and every employee must increase opportunities for communication both inside and outside the company, and we must also refine our sensibilities for grasping current trends and valuable information. The important thing is to be prepared and

be able to sense trends before they happen, and to never miss the moment when the wind changes. Now more than ever, in this age of abundant information, the capability to discern what information is really important, or to hone your sensibilities, is crucial for generating company growth and new value. Also, the insights and information we gain should not simply stay with us; we should share them throughout the organization and put them to use as company knowledge. To this end, I will work toward fostering and instilling a free and open corporate culture that takes on challenges without fear of failure.

My goal for these three years is to create an organization based on a free and open corporate culture capable of sifting through the information we have obtained and swiftly making decisions. I believe that integrating this organizational capability with our refined MONOZUKURI-RYOKU will enable us to achieve further growth for our Group. I sincerely ask for your continued support and guidance going forward.

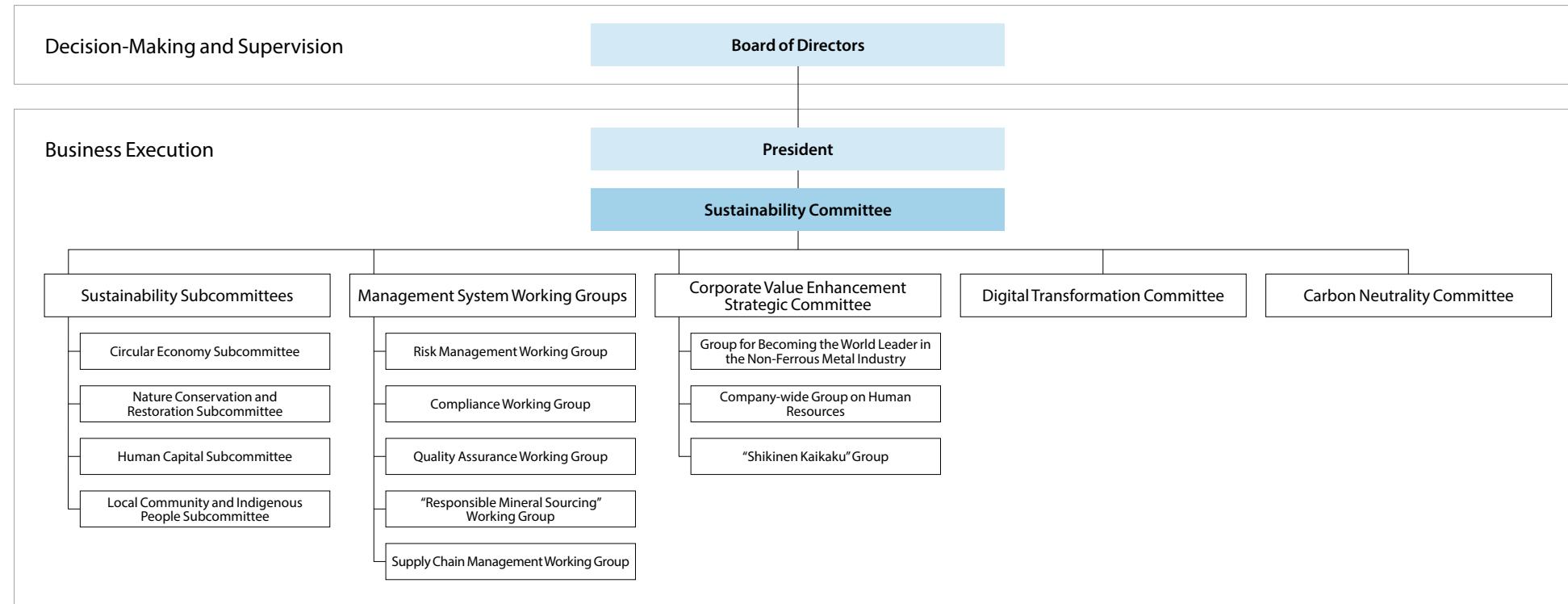
# Sustainability Management Framework

Since our earliest days, our Group has consistently worked to address social issues through our business activities, based on Sumitomo Business Spirit. In 2008, we formulated our Vision for 2020 and established the CSR Committee, the predecessor to the current framework, to identify key issues necessary for realizing our future vision, set KPIs, and carry out initiatives toward our goals. In 2020, we formulated our Vision for 2030, and in 2022, with the aim of advancing management and sustainability in a more integrated manner, we reorganized the former CSR promotion framework into a sustainability promotion framework. In March 2025, we reviewed the key issues contained in our Vision for 2030 and changed the organizational structure, including reorganizing the Sustainability Subcommittees and newly establishing a Supply Chain Management Working Group.

## Sumitomo Metal Mining Group Sustainability Policy

The SMM Group will tackle management issues that contribute to society's sustainable development, and will strive to achieve continuous growth in our business and improve our corporate value

### Sustainability Management Framework



# Sustainability Management Framework

## Board of Directors

<b>Functions of the Board of Directors</b>	<ul style="list-style-type: none"> <li>Make resolutions on sustainability-related matters (Sumitomo Metal Mining Group Sustainability Policy, material issues and vision, establishment of sustainability management framework, and significant changes to the above)</li> <li>Receive periodic regular reports on decisions and key deliberation items from the Sustainability Committee</li> </ul>
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## Sustainability Committee

<b>Chair</b>	President
<b>Deputy Chair</b>	Executive officer in charge of sustainability (executive officer in charge of the Corporate Planning Department)
<b>Members*</b>	General Managers of Divisions, General Managers of Administration Departments, General Manager of the Technology Division, General Manager of the Planning & Administration Department of the Technology Division, General Manager of the Engineering Division, General Manager of the Facilities Technology Department of the Engineering Division, heads of operational divisions in the Head Office *The Chairman of the Board, outside directors, and Audit & Supervisory Board members attend as observers.
<b>Secretariat</b>	Sustainability Department and Corporate Planning Department
<b>Number of times</b>	10 meetings in FY 2024 (including 4 extraordinary meetings)
<b>Content of deliberations</b>	<ul style="list-style-type: none"> <li>Deliberation on revision or abolition of the Sustainability Policy and material issues</li> <li>Deliberation and decision-making concerning the roadmap and KPIs for sustainability promotion activities</li> <li>Regular evaluation of sustainability promotion activities and invocation of corrective measures</li> <li>Provision of information on sustainability promotion activities, exchange of information, explanation of important measures, and sharing of awareness</li> <li>Deliberation on other important matters related to sustainability promotion activities</li> </ul>
<b>Main Agenda Items in FY2024</b>	<ul style="list-style-type: none"> <li>Deliberation on the formulation of the Sumitomo Metal Mining Group's Tailings Facility Management</li> <li>Deliberation on the revision of material issues and the "Vision for 2030," as well as the management framework after the revision</li> <li>Deliberation on the formulation of the Sumitomo Metal Mining Group's Nature Policy</li> </ul>

## Sustainability Subcommittees

Each subcommittee develops a roadmap for each material issue toward 2030 and manages the progress of KPIs.

Subcommittee	Chair	Deputy Chair	Material Issues
Circular Economy Subcommittee	General Manager of the Technology Division	General Manager of the Non-Ferrous Metals Division	Stable Supply of Non-Ferrous Metals and Transition to a Circular Economy
Nature Conservation and Restoration Subcommittee	General Manager of the Safety & Environment Control Department	—	Conservation and Restoration of Nature
Human Capital Subcommittee	General Manager of the Safety & Environment Control Department, General Manager of the Public Relations & Investor Relations Department	General Manager of the Human Resources Department	Human Capital Management
Local Community and Indigenous People Subcommittee	General Manager of the General Affairs Department	—	Co-Existence and Mutual Prosperity with Local Communities and Indigenous People

## Management System Working Groups

We have established various working groups to promote our Group's major management systems across the organization and strengthen our management foundations. Each working group monitors the progress of its activity plans.

Working Group	Chair	Deputy Chair	Material Issues / Themes
Risk Management Working Group	Executive officer in charge of the Corporate Planning Department	Executive officer in charge of the Safety & Environmental Control Department	Risk Management
Compliance Working Group	Executive officer in charge of the Legal Department	General Manager of the Legal Department	Compliance
Quality Assurance Working Group	General Manager of the Quality Assurance Department	—	Quality Assurance
"Responsible Mineral Sourcing" Working Group	General Manager of the Non-Ferrous Metals Division	General Manager of the Sustainability Department	Supply Chain Management
Supply Chain Management Working Group	General Manager of the Battery Materials Division	General Manager of the Sustainability Department	Supply Chain Management

## Corporate Value Enhancement Strategic Committee / Digital Transformation Committee / Carbon Neutrality Committee

Committee	Chair	Deputy Chair	Purpose
Corporate Value Enhancement Strategic Committee	Executive officer in charge of the Corporate Planning Department	General Manager of the Corporate Planning Department	To grow our Group's business sustainably and to enhance corporate value
Digital Transformation Committee	Executive officer in charge of the Technology Division	General Manager of the Digital Transformation Department	To clarify the future vision of digital transformation that our Group should aim for and to maximize contribution to management through company-wide promotion of digital transformation
Carbon Neutrality Committee	Executive officer in charge of the Technology Division	General Manager of the Safety & Environment Control Department	To set a clear policy and path toward achieving carbon neutrality that our group should pursue, and to promote this initiative quickly and powerfully

# Formulation and Revision of Material Issues and Vision for 2030

The material issues and Vision for 2030, which were formulated in March 2020, were revised in March 2025 to respond to evolving global issues and the growing complexity and sophistication of expectations on corporations.

## Planning Process



### Identification of sustainability issues

From April 2018, having summarized outlooks for conditions in 2030 by the OECD and other organizations and international guidelines such as ICMM guidelines and GRI Standards, and having identified 89 sustainability issues, we worked to connect these issues with closely related SDG targets.



### Identification of material issues through evaluation of the materiality of sustainability issues

From October 2018, we began the identification of material issues through evaluation of the materiality of sustainability issues for the 89 extracted topics. Evaluations were conducted on two axes: social perspectives and business perspectives, based on three standpoints—(1) degree of impact on society, (2) increased risk if not actively addressed, and (3) opportunities gained by active engagement. Through this process, we identified 11 material issues that were commonly considered highly material from both perspectives as proposed material issues. The evaluation and identification were carried out through discussions by Sustainability subcommittees, business divisions, young employees in our group, and external experts on sustainability.



### Examination of the Vision and KPIs

From April 2019, we began examination of the Vision and of specific KPIs in the Sustainability Subcommittees corresponding to the 11 material issues. In July 2019, based on the examination by the Sustainability Subcommittees, we held deliberations by officers, and carried out final examinations through the Sustainability Committee.



### Formulation and announcement of Vision for 2030

In December 2019, the Sustainability Committee convened to issue its approval of Vision for 2030 and its KPIs, which, following resolution by the Board of Directors, led to formulation and announcement of the Vision in March 2020.

## Approach to Formulation

We extracted, evaluated, and selected important issues by including the perspective of not only sustainability challenges but also management issues. In formulating Vision for 2030 relating to each important issue, while forecasting changes in social requirements going forward, we are back casted from our long-term vision, and management goal, of becoming the world leader in the non-ferrous metals industry and set the Vision for 2030 as a milestone for the year 2030 in the realization of our long-term vision.

### In the evaluation, we rated 89 issues are assessed from three perspectives and along two axes—the social aspect and the business aspect—using a five-level scale.

- Degree of impact on society
- Increased risk if not actively addressed
- Opportunities gained by active engagement

Identification of 11 issues as material issues of importance to both society and business

## Process and Rationale for the Revision

To respond to global developments in SDGs and ESG-related issues, as well as to the growing complexity and heightened expectations placed on companies, we revised the material issues originally formulated in March 2020 by consolidating them from 11 to six.

We also established more quantitative and measurable than before to better track progress toward achieving our Vision for 2030. Regarding the setting of KPIs, based on opinions from external experts on sustainability—such as “It is important to incorporate not only aspects that suppress negative impacts but also positive elements that enhance corporate value,” and “It is better to clarify the connection between the material issues and the KPIs”—the matter was thoroughly discussed in the Sustainability Subcommittee and the Carbon Neutrality Committee. After further deliberation, the KPIs were approved by the Sustainability Committee and then implemented following a resolution by the Board of Directors.

### Revision of Material Issues and Vision for 2030

#### Response to Changes in the External Environment

- Advances in technology, changes in social life and the social environment
- Global warming, increasing geopolitical risks

#### Clarification of the Relationship Between Each Material Issue and the Enhancement of Our Corporate Value

### Revision of KPIs

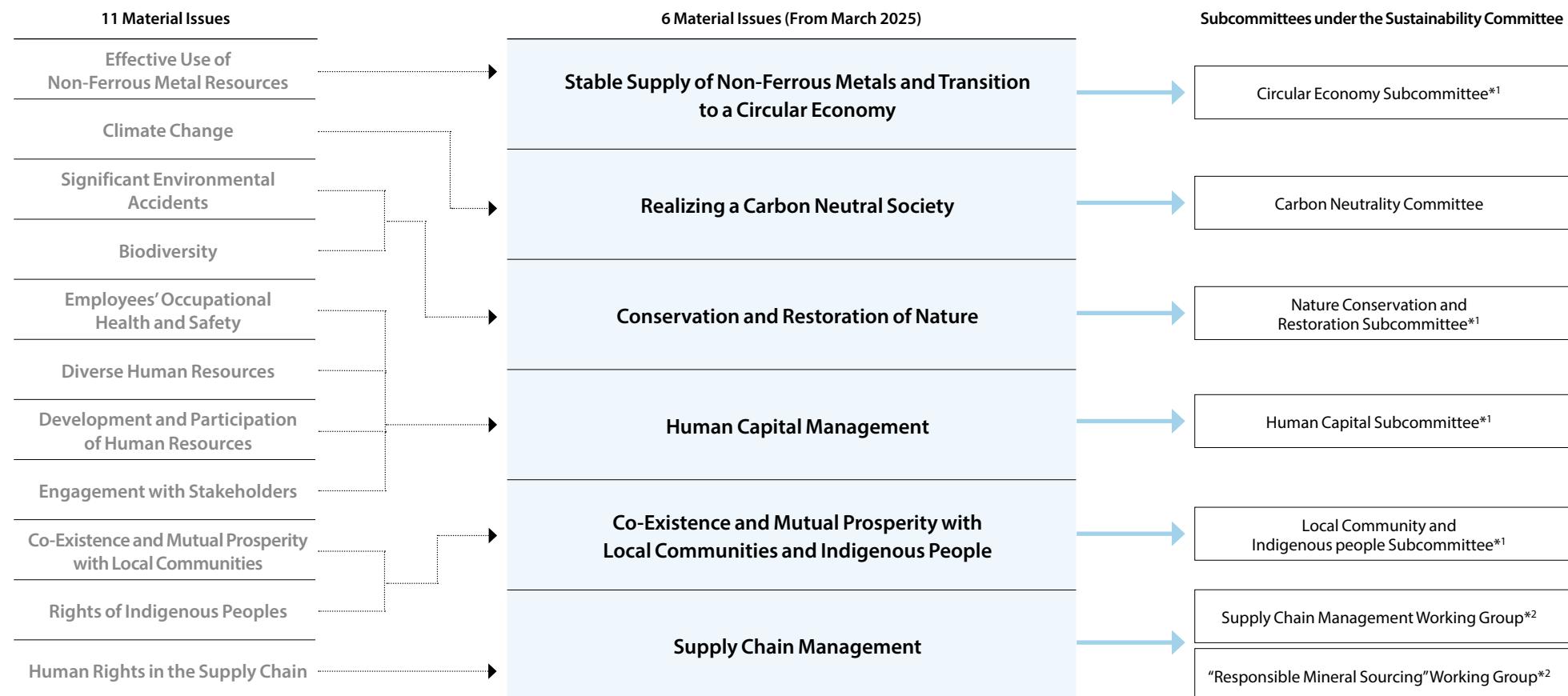
- Establishment and modification of more quantitative and measurable KPIs
- Consolidation into KPIs that are effective in realizing Vision for 2030

### Consolidation of material issues from 11 to 6 Formulation of Vision for 2030 for each material issue

### Changed the number of KPIs from 31 to 25

# Revised Material Issues and Management Framework

In March 2025, to support the implementation of the revised material issues, the subcommittees under the Sustainability Subcommittee—a subordinate body of the Sustainability Committee—were reorganized as follows: the Circular Economy Subcommittee, the Nature Conservation and Restoration Subcommittee, the Human Capital Subcommittee, and the Local Community and Indigenous People Subcommittee. Furthermore, a new Supply Chain Management Working Group was established under the Management Systems Working Groups. [⑧P.33](#)



\*¹ Sustainability Subcommittees

\*² Management Systems Working Groups

# Material issues and its background

Material Issues	Background to the selection of Material Issues	Vision for 2030	Strategies
<b>Stable Supply of Non-Ferrous Metals and Transition to a Circular Economy</b>	Resources such as non-ferrous metals, which are essential for societal development, are finite and are expected to be depleted. Additionally, economic activities that assume mass consumption and disposal of resources place a significant burden on the global environment. Therefore, there is a need to shift to a circular economy across the whole society.	<b>A company that contributes to building and maintaining a circular economy by providing a stable supply of non-ferrous metal resources through its high technological capabilities</b>	The SMM Group will work to acquire mining rights and improve its smelting technology as part of its goal to ensure a stable supply of copper and nickel, which are essential to our daily lives. We will also focus on recycling technology as part of our commitment to reducing the impact that the use of resources has on the environment, with a view to shifting to a circular economy.
<b>Realizing a Carbon Neutral Society</b>	Achieving a carbon-neutral society requires efforts from the entire society, and there is a need to mitigate risks related to decarbonization and seize related opportunities.	<b>A company that actively works to reduce greenhouse gas (GHG) emissions and develop technologies that contributes to low carbon emissions in order to achieve a carbon neutral society</b>	The SMM Group published its revised roadmap for achieving carbon neutrality in 2023. In line with this roadmap, we will take steps to reduce GHG emissions as a strategy to mitigate climate change by promoting energy conservation, expanding the use of electricity from renewable energy sources, and developing technologies for innovative smelting processes. We will also work to create business opportunities and enhance our competitiveness by developing products (low-carbon contribution products) and technologies that help to reduce GHG emissions in all corners of society.
<b>Conservation and Restoration of Nature</b>	Economic activities are causing a loss of natural capital and biodiversity, as demonstrated by the rapid increase in extinction rates of species. It is necessary to aim to curb the loss of nature, restore it, and enhance its richness globally.	<b>A company that contributes to a nature-positive future</b>	The SMM Group recognizes that its business activities, which include resource development and smelting, are dependent on nature. With this recognition, we will seek to identify and respond to nature-related risks and opportunities in the hope of avoiding or minimizing the adverse impacts of our business activities on nature. In particular, we will take preemptive action to ensure that we do not cause any serious environmental accidents that could result in the loss of nature, such as accidents involving tailings dams or mining development.
<b>Human Capital Management</b>	It is essential to adopt human capital management, which views human resources as capital, aims to maximize their value, and seeks to enhance corporate value in the medium to long term. Maximizing the value of human capital to improve the productivity of the entire organization and create added value is crucial.	<b>A company that attracts a diverse workforce and allows them to grow and thrive</b>	The SMM Group pledges to provide a safe and comfortable workplace environment under an open and vibrant organizational climate. We will also encourage our employees to take the initiative in their own growth, so that each and every one of them can thrive in their work and contribute to the success of the company.
<b>Co-Existence and Mutual Prosperity with Local Communities and Indigenous People</b>	It is important for not only companies but also local communities to develop together. Furthermore, it is essential to respect the rights of indigenous peoples, especially those affected by resource development.	<b>A company that grows with the community as a trusted partner</b>	The SMM Group recognizes the importance of utilizing our experience in resource development and smelting to avoid or minimize adverse impacts on local communities in the areas where we operate, and to contribute to their sustainable development. To this end, we will foster dialogue with local communities, including indigenous peoples, in all areas where we operate, identify issues facing those communities, and work to contribute to their resolution.
<b>Supply Chain Management</b>	It is necessary to understand the social impacts not only within the corporate group but also upstream and downstream in the supply chain, and to respond to these risks and opportunities.	<b>A company that builds a sustainable supply chain</b>	The SMM Group is committed to obtaining international certification for responsible procurement and production at its manufacturing sites, with the aim of preventing and remedying human rights violations, environmental pollution, corruption, and other issues in its supply chain. In addition, we will seek to provide assistance to stakeholders through a complaint handling system (grievance mechanism) that is in line with international norms.

# Material issues / KPI

The actual results for fiscal year 2024 were updated after the disclosure of the Annual Securities Report for the 100th period, resulting in some differences in the data presented.

## Stable Supply of Non-Ferrous Metals and Transition to a Circular Economy (P98)

Vision for 2030

**A company that contributes to building and maintaining a circular economy  
by providing a stable supply of non-ferrous metal resources through its high technological capabilities**

KPI	Reporting boundary	Target (FY2030)	FY2024 results
Production volume of nickel *1	SMM Group	100kt/year (amounts converted to a nickel content basis)	94kt/year (amounts converted to a nickel content basis)
Production volume of copper from our interest	Copper mines in which the SMM Group holds in interests	300kt/year (amounts converted to a copper content basis)	232kt/year (amounts converted to a copper content basis)
The capability of the recycling facilities of lithium-ion secondary batteries	SMM Group	10kt/year*2	0t A battery recycling plant is under construction (scheduled for completion in mid-2026)
The capability of copper recycling	SMM Group	140kt/year (amounts converted to a copper content basis)*3	104kt/year (amounts converted to a copper content basis)
The capability of steel making dust recycling	SMM Group - Japan	120kt/year	80kt/year

\*1 Production volume of electrolytic nickel, nickel sulfate, ferronickel, and nickel chloride, and nickel contained in cathode materials for automotive secondary batteries (excluding the portion supplied by our company, but including recycled nickel)

\*2 Equivalent amount of lithium-ion secondary batteries

\*3 Recycling rate of 30% for 460kt/year of electrolytic copper

## Realizing a Carbon Neutral Society (P100)

Vision for 2030

**A company that actively works to reduce greenhouse gas (GHG) emissions and  
develop technologies that contributes to low carbon emissions in order to achieve a carbon neutral society**

KPI	Reporting boundary	Target (FY2030)	FY2024 results
GHG emissions	SMM Group	(Scope 1 and 2) 38% reduction compared to FY2015 (Breakdown: 50% Japan, 24% overseas) (Scope 3) Understanding current situation and setting goals: By the end of FY2025	(Scope 1 and 2) 27% reduction compared to FY2015 (GHG emissions: 2,356kt-CO2e) (Scope 3) Conducted a survey of major suppliers in Category1
Development of low-carbon smelting and refining technologies	SMM Group	1. Development of hydrogen reduction technology for nickel oxide ore smelting 2. Development of DLE (Direct Lithium Extraction) technology	1. Laboratory-scale experiments to deepen the understanding of reduction behavior were conducted as planned. 2. Improvement of adsorbent's durability
Amount of GHG emissions reduction contributed by low-carbon contributing products*1	SMM Group	1.1 Mt-CO2*2	1.0 Mt-CO2
Developing and supplying low-carbon contributing products	SMM Group	1. Development of hydrogen production catalyst 2. Development of cathode materials for all-solid-state batteries	1. Development started as planned 2. Development is progressing largely as planned

\*1 Products that contribute to the realization of a carbon-neutral society and are aligned with the SMM Group's product strategy (e.g., cathode materials for automotive secondary batteries, near-infrared absorbing materials)

\*2 Contribution to emissions reduction as of 2030 (calculated using the stock-based method). The stock-based method is a method of calculating the contribution to emissions reduction by calculating the CO2 emissions of all products in operation in the assessment year (stock accumulation) and subtracting the CO2 emissions of comparable products

# Material issues / KPI

## Conservation and Restoration of Nature ⌚ P.103

Vision for 2030		A company that contributes to a nature-positive future		
KPI	Reporting boundary	Target (FY2030)	FY2024 results	
Identification, management, and disclosure of nature-related risks and opportunities	SMM Group	By the end of FY2026: Addressing priority locations for our group businesses By the end of FY2030: Addressing the material value chain	Organization of nature-related information Establishment the Sumitomo Metal Mining Group's Nature Policy	
Prevention of significant environmental accidents	SMM Group	1. Number of significant environmental accidents: zero 2. Maintaining compliance with Global Industry Standard on Tailings Management	1. Number of significant environmental accidents: zero 2. Confirmed compliance with Global Industry Standard on Tailings Management	

## Human Capital Management ⌚ P.88

Vision for 2030		A company that attracts a diverse workforce and allows them to grow and thrive		
KPI	Reporting boundary	Target (FY2030)	FY2024 results	
Engagement score* <sup>1</sup>	SMM Group Affiliated companies in Japan covered by the survey	Deviation score: 55	Deviation Value: 47.7	
Number of serious accidents* <sup>2</sup>	Workplaces covered by safety statistics (including contractors)	0 cases	3 cases	
Number of workplaces with health risks* <sup>3</sup>	Workplaces covered by safety statistics (Japan only)	0 workplaces	Two workplaces Control Class 3: zero Control Class 2: two	
Survey on Health and Productivity Management	Sumitomo Metal Mining Co., Ltd.	Deviation score: 62	Deviation Value: 57.8	
Utilization rate of self-development programs	Sumitomo Metal Mining Co., Ltd.	60%	25.8%	
Percentage and number of female managers	SMM Group	SMM Group: 18% Sumitomo Metal Mining Co., Ltd.: 7% (50 people)	SMM Group: 11.5% Sumitomo Metal Mining Co., Ltd.: 3.3%(28 people)	
Male childcare leave utilization rate* <sup>4</sup>	Sumitomo Metal Mining Co., Ltd.	100%	100%	

\*1 In general, engagement is taken to mean "the degree of mutual understanding and affinity between a company and its employees" (i.e. the degree of employees' attachment to the company and their passion for work). At the SMM Group, we define a high level of engagement as "the existence of a state of mutual understanding between the company/organization and its employees, in which the company/organization values its employees and the employees are committed to the development and vitalization of the company/organization"

\*2 Resulting in 50 days or more of absence from work      \*3 Workplaces classified as Control Class 2 and 3 under the Industrial Safety and Health Act

\*4 The "male childcare leave utilization rate" refers to the utilization rate of childcare leave based on Article 2 of the Act on Childcare Leave and Caregiver Leave, as well as paid leave for childcare purposes granted by our company in accordance with Article 24 of the same Act. Our company's paid leave for childcare purposes can be taken for up to nine days. Employees may use this leave to accompany their spouse during hospitalization and childbirth. In addition, they can take a consecutive seven-day leave either starting from the spouse's discharge from the hospital or from the day the couple returns home after the spouse has given birth at her hometown

# Material issues / KPI

## Co-Existence and Mutual Prosperity with Local Communities and Indigenous People (P.106)

Vision for 2030		A company that grows with the community as a trusted partner	
KPI	Reporting boundary	Target (FY2030)	FY2024 results
Dialogue with local communities and indigenous people	SMM Group	Continuous implementation of dialogue leading to the resolution of local issues	Dialogue with local residents and indigenous people: 152 cases
Grievance mechanism	SMM Group	Proper operation	Complaints: 5 cases (all have been properly addressed)
Strengthening the foundation for social activities in communities	SMM Group	Collaborative planning and participation in community contribution programs	Amount contributed: JPY 42 million Total number of beneficiaries: 1,597 people
Helping to nurture the next generation in communities	SMM Group	Offering scholarships and other support programs	Amount contributed: JPY 291 million Total number of beneficiaries: 5,908 people

## Supply Chain Management (P.108)

Vision for 2030		A company that builds a sustainable supply chain	
KPI	Reporting boundary	Target (FY2030)	FY2024 results
Percentage of smelters and refineries certified with international certifications*1	SMM Group	100%	57%
Percentage of appropriate suppliers*2 selected through due diligence for responsible mineral sourcing	SMM Group	100%	Review and establishment of a due diligence implementation system
Implementation of ESG due diligence*3 across the supply chain	SMM Group	Implementation and disclosure of due diligence for suppliers*4 (the end of FY2026)	Review and establishment of a due diligence implementation system

\*1 International certifications for responsible mineral sourcing and production (e.g., JDDS, Copper Mark Criteria, etc.)

\*2 Mines, smelters, etc. with international certifications

\*3 In accordance with ISO 20400 (Sustainable Procurement Guidance) and other relevant standards, areas covered include such things as climate change mitigation, environmental conservation, human rights (including occupational health and safety), labor practices, community development, corporate governance, ethics, and anti-corruption

\*4 Includes procurement of goods and services, logistics, construction contracts, etc. (excluding mineral procurement)