

SUMITOMO METAL MINING

Integrated Report 2026

April 1, 2025–March 31, 2026



Long-Term Vision

Employees walking through the tunnels of Japan's only operating gold mine, Hishikari Mine

Aiming to be the World Leader in the Non-Ferrous Metals Industry

The SMM Group, which inherited the copper smelting and refining business that was the original business of the Sumitomo Group, has continued to deliver value to society through its businesses for more than 430 years, even as the times have changed. The “Shin” 3-business Collaboration Business Model, in which our three businesses, Mineral Resources, Smelting & Refining, and Materials are organically interconnected, is the culmination of the history and expertise we have built over the years and a source of strength that enables us to shape the future. Through the pursuit of technological excellence and by taking on social challenges, we aspire to remain one step ahead at all times. Our long-term vision of “becoming the world leader in the non-ferrous metals industry” is to grow into a company that others will one day aspire to follow. With pride in our heritage and a strong sense of mission, we will continue to create new value and contribute to the realization of a sustainable future.

Definition of
the world leader
in the non-ferrous
metals industry

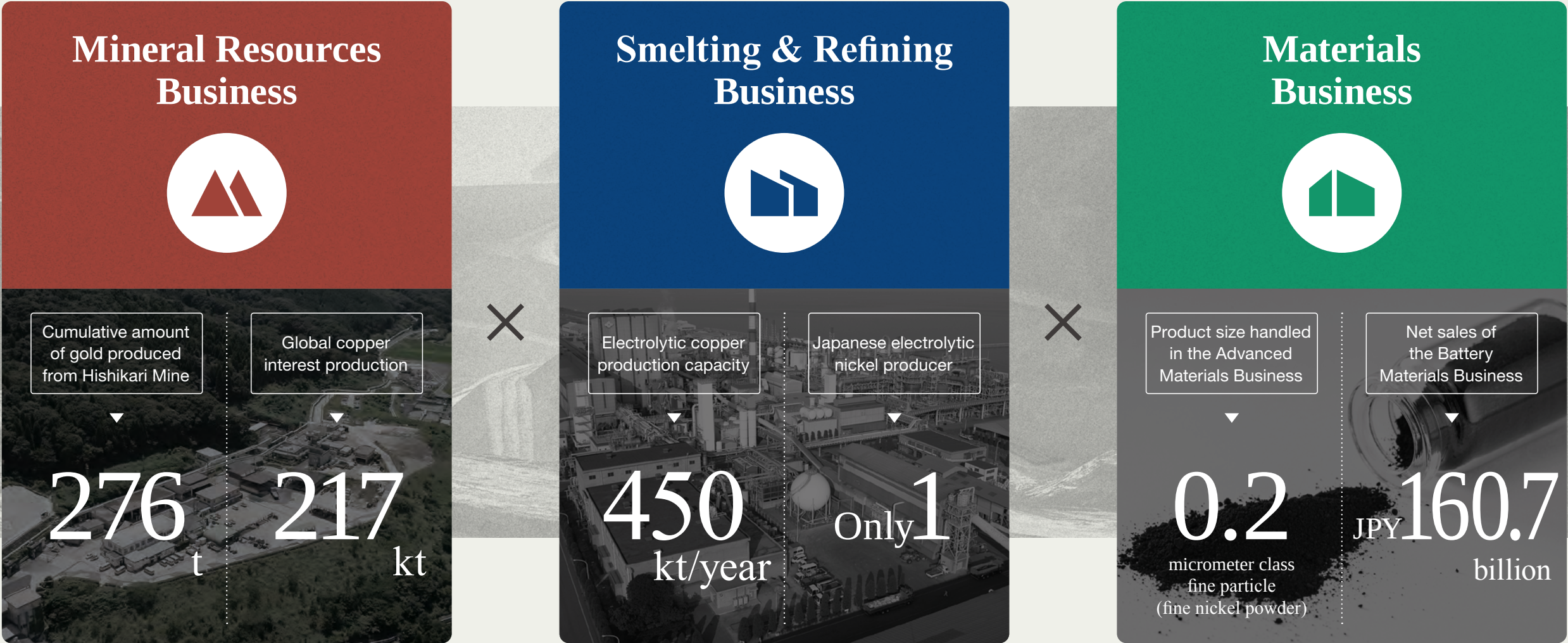
- Have a global presence in terms of mineral resource interests and metal production volumes (be in the global top five)
- Have leading technology and a unique business model that cannot be easily emulated by other major mineral resource companies
- Be growing sustainably and stably producing a certain amount of profit
- Be actively tackling social issues such as the SDGs
- Have employees working with spirit



► P.006 | Message from the President

Our Three Core Businesses: Mineral Resources, Smelting & Refining, and Materials Businesses

The “Shin” 3-business Collaboration Business Model, centered on the Smelting & Refining Business, brings together our three businesses to build a sustainable supply chain and contribute to the realization of a circular economy and a carbon-neutral society, thereby creating sustainable value.



Corporate Philosophy

The origin of the Sumitomo Metal Mining Group dates back to Soga Riemon (1572-1636), who developed a copper smelting technique known as nanban-buki. As the successor of this business, Sumitomo has evolved and expanded through such enterprises as copper smelting and mining.

Also, Sumitomo Masatomo (1585–1652) wrote and left as his legacy Monjuin Shiigaki, which describes how a merchant should conduct business. The precepts set down in this document deepened into the Sumitomo Business Spirit, which is now the spiritual backbone of the Sumitomo Metal Mining Group.

Our predecessors have put this business spirit into practice for over 430 years and have developed the Sumitomo Metal Mining Group under it. Fully recognizing the importance of the values and ethics embodied in “the Sumitomo Business Spirit,” which our predecessors have fostered, Sumitomo Metal Mining Group will continue to make efforts to consolidate its businesses and to strengthen the social trust in its businesses.

In addition, we formulated the SMM Group Corporate Philosophy based on the Sumitomo Business Spirit and set forth the SMM Group Management Vision to clarify the ideals that we should pursue.

The Sumitomo Business Spirit

Article 1

Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

This means that we should value social trust and mutual trust, and always deal with things sincerely and carefully so that our business can grow steadily.

Article 2

Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

This means that we should not rely too much on old businesses or become routine-minded. We should pay close attention to changes in society and people's needs, and take action by starting new businesses or ending those that are no longer necessary. It also shows the importance of being proactive. At the same time, we must never seek profit through unethical means, or be misled by short-term gains and act without proper study or review.

(Quoted from the Sumitomo Goshi Kaisha Administrative Regulations, named “Summary of Business Operations”, formulated in 1928)

SMM Group Corporate Philosophy

- Sumitomo Metal Mining Co., Ltd. (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.
- SMM shall, based on respect for all individuals and recognizing each person’s dignity and value, seek to be a forward-minded and vibrant company.

SMM Group Management Vision

- By improving technical capabilities, we shall fulfill our social responsibilities as a manufacturing enterprise.
- Based on the principles of compliance, environmental protection and operational safety, SMM Group shall pursue maximum corporate value through the securing of resources and the provision of high-quality materials such as non-ferrous metals and advanced materials via its global network.



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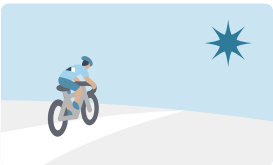
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Caution regarding Forward-Looking Information

This Integrated Report discloses various management targets and other future forecasts regarding the Company's 3-Year Business Plan and other plans. These management targets and other future forecasts are based on current assumptions and expectations regarding future events as well as information currently available to the Company. As a result, they are subject to change due to subsequent circumstances and other factors, and there is no guarantee that these targets, forecasts, or future performance will be achieved. Accordingly, we request that you refrain from relying solely on this information and recognize that the Company does not assume any obligation to revise this information on an ongoing basis.

Note on Sustainability-Related Data

The sustainability-related figures are estimated based on reasonable calculation methods available at the time of editing. The final figures are scheduled to be disclosed in the “ESG Data Book 2026.”

Reporting Boundary

- Sumitomo Metal Mining Co., Ltd. (SMM)
 - The Sumitomo Metal Mining Group (SMM and consolidated subsidiaries)*
 - The Sumitomo Metal Mining Group in Japan (SMM and consolidated subsidiaries in Japan)*
- * Our environmental and occupational health and safety reporting covers our consolidated subsidiaries as well as business sites that have been determined to present major impacts.

Period Covered

(Some activities before or after the following periods have also been included)

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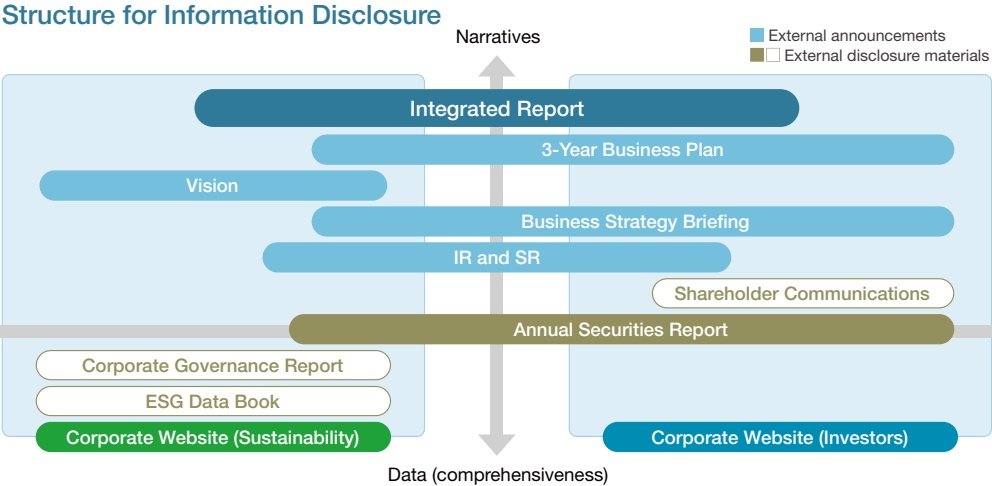
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Editorial Policy

Drawing on the management’s commitment towards realizing the vision of “Becoming the World Leader in the Non-ferrous Metals Industry,” we present our distinctive value creation story.

Specifically, we clearly illustrate the path to enhancing corporate value through the evolution of our business model centered on the “Shin” 3-business collaboration, with three key commodities at its core: copper, amid an unprecedented AI- and GX-driven supercycle; nickel, for high-performance battery cathode materials and specialty alloys; and gold with timeless value and brilliance. We also show how the integrated promotion of MONOZUKURI-RYOKU (manufacturing and operational capabilities) and human capital management contributes to enhancing corporate value.



- Reporting Guidelines
- IFRS Foundation: International Integrated Reporting Framework
 - ISO 26000: Guidance on social responsibility
 - Ministry of Economy, Trade and Industry: *Guidance for Collaborative Value Creation*
 - Global Reporting Initiative (GRI), *GRI Standards* (compliant)
 - Task Force on Climate-related Financial Disclosures (TCFD) recommendations
 - Corporate Sustainability Reporting Directive (CSRD)

Key Points

1

Storyline Design Starting from Top Management’s Vision

Centered on the Message from the President, we clearly present the management’s vision, its understanding of the challenges, and the direction we will take toward realizing our vision of “Becoming the World Leader in the Non-ferrous Metals Industry.” By illustrating the link between our long-term vision and our current initiatives, the report is structured to enable readers to understand our capacity for execution in achieving future growth.

▶ P.006 | Message from the President

2

Clarified Value Creation Process

In the Value Creation Process section, we illustrate the Group’s distinctive path to enhancing corporate value through an impactful illustration centered on the evolution of our business model. We have also added a page that explains What Defines Us by bringing together the principles that the Group has valued regardless of business scale or changing times.

▶ P.015 | What Defines Us

▶ P.021 | Value Creation Process

3

Progress Report on Financial Strategy

We report on the progress of the financial strategy under the 3-Year Business Plan 2027, together with the views and implementation policies of responsible executives.

▶ P.031 | 3-Year Business Plan 2027

▶ P.033 | Financial Strategy

4

Expanded Coverage of Earning Power Technologies

What is our unique R&D framework that is linked to our Mineral Resources, Smelting & Refining, and Materials Businesses? We explain the Group’s technology strategy supporting its MONOZUKURI-RYOKU (manufacturing and operational capabilities), from the development of low-carbon technologies and the use of AI and MI to talent development and intellectual property strategies.

▶ P.047 | Research & Development: Message from the General Manager of the Technology Div.

5

Clarification of the Link Between Management Strategy and Human Capital Management

We have enhanced the diagrams and content illustrating how human capital management contributes to building a sustainable human resources and organizational foundation and achieving our management strategy. Positioning human resources as the driving force behind value creation, we more clearly illustrate the connectivity.

▶ P.057 | [Material Issues] Human Capital Management: Message from the General Manager of the Human Resources Department

6

Presentation of Governance Effectiveness from the Perspectives of Outside Directors

Through the Messages from Outside Directors, we present their assessments of management and outside perspectives on the challenges facing the Group. By reporting the Board of Directors’ discussions and the effectiveness of its monitoring function, we illustrate the governance framework that supports the sustainable enhancement of corporate value.

▶ P.078 | Messages from Outside Directors

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Transforming Our Organization and Culture to Strengthen Our MONOZUKURI-RYOKU (manufacturing and operational capabilities)

Key Points from the President

1. Steady Progress on Initiatives Under the 3-Year Business Plan 2027

- External conditions, including metal prices, have improved. Large-scale projects, including the Quebrada Blanca Copper Mine and the Cote Gold Mine, are also progressing largely as planned.

2. Transforming Our Existing Organization and Culture to Capture Future Business Opportunities

- We are accelerating research and development to make steady contributions to commercialization and profitability.
- We will work to improve operational efficiency by 30% through digital transformation.

3. Refining the “Shin” 3-business Collaboration Business Model

- The impact of declining copper smelting processing margins on earnings can be offset by expanding the Mineral Resources Business. The presence of copper smelters capable of highly efficient and stable operations is a major strength in acquiring mineral resource interests.
- For nickel, we have established an integrated value chain encompassing ore procurement, smelting and refining, battery materials manufacturing, and recycling. This enables us to secure a stable supply of raw materials, ensure a stable supply of battery materials, achieve traceability, and reduce costs.

4. Strengthening Our MONOZUKURI-RYOKU Requires People Who Can Generate Ideas Freely

- We will strengthen our earning power by ensuring that every division—not only manufacturing and R&D—is thoroughly committed to MONOZUKURI.
- It is important to put ideas on the table without fear of failure. We will continue to foster an open and vibrant organizational climate in which employees aspire to stand out from the crowd.

5. Becoming a Company Everyone Aspires to Emulate as the World Leader in the Non-Ferrous Metals Industry

- We will remain steadfast in pursuing not only our own interests but also the well-being of society and solutions to environmental challenges, guided by the spirit of *jiri rita koshi ichinyo* (benefiting both self and others while unifying public and private interests).
- We will strengthen the core of our copper business—the foundation of our company—and drive significant growth.

Nobuhiro
Matsumoto

President and
Representative Director

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We are seeing changes in the business environment, marked by strong headwinds. How do you view the current situation, and what will you focus on going forward?

Steady Progress on Initiatives Under the 3-Year Business Plan 2027 Preparing for the Next Phase of Growth



We have completed the first year of the 3-Year Business Plan 2027 (FY2025–FY2027). Although the 3-Year Business Plan 2027 got off to a challenging start amid weak earnings and strong headwinds in the business environment, prices of copper—a base metal—reached an all-time high in January 2026, driven by factors such as growing demand related to AI investments and a shortage of copper ore. Gold prices also climbed to record highs amid rising geopolitical risks, declining confidence in currencies, and expectations of US interest rate cuts. These factors have somewhat eased the external headwinds facing our Group as a participant in the non-ferrous metals business. However, while the nickel market has shown signs of improvement recently, prices have yet to fully recover from their prolonged slump due to oversupply driven by factors such as increased production in Indonesia. In addition, uncertainty surrounding circumstances in the Middle East is growing, and we are closely monitoring developments, as a prolonged crisis could affect our business.

Against this backdrop, the large-scale projects we are advancing as part of our growth strategy, including the Quebrada Blanca Copper Mine in Chile and the Cote Gold Mine in Canada, are progressing largely as planned. At the Quebrada Blanca Copper Mine, the processing capacity of the tailings storage facility, which stores the tailings remaining after the recovery of copper and other metals, had become a constraint on production expansion. However, we now have a clear

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path toward resolving this issue and are moving forward with the necessary measures. At the Cote Gold Mine, we are working to stabilize and optimize operations while benefiting from higher gold prices. The Winu Copper-Gold Project in Australia, which we are advancing as part of our preparations for the next phase of growth, is also progressing steadily.

In October 2025, we launched a joint venture with Rio Tinto, and we are currently conducting a feasibility study to assess the project’s viability. In addition, with regard to nickel, the feasibility study on development of the Goongarrie Hub for the Kalgoorlie Nickel Project has entered its final stage, and we are currently evaluating the economic indicators needed to determine whether to proceed with the project. We also have high expectations for the scandium business, utilizing scandium contained in nickel ore. Scandium, a rare earth element, relies on China for the majority of its supply. However, our Group is one of the few suppliers outside China. In recent years, growing demand for solid oxide fuel cells (SOFCs) for use in North American data centers and other applications has driven increased demand for the scandium needed for these fuel cells. To meet this growing demand, we plan to increase our current annual production capacity of 7.5 tons by approximately 20%.

In the Battery Materials Business, we aim to capture new demand not only for automotive applications in BEVs and HEVs but also for energy storage systems for data centers. In the Advanced Materials Business, we will increase production of Faraday rotators for the advanced communications sector and expand our silicon carbide (SiC) substrate business for power semiconductors.

What changes is the Sumitomo Metal Mining Group making to capitalize on medium- to long-term business opportunities?

Transforming Our Existing Organization and Culture to Capture Future Business Opportunities

Society is steadily undergoing changes, including the transition to a carbon-neutral society, the shift toward electrification in the automotive industry, the advent of a hydrogen-based society, and the widespread adoption of AI, and we expect demand for the non-ferrous metals needed to support these changes to continue to grow. In order to capture this growing demand and achieve sustainable business growth, we believe that now is the time to make the effort to transform our organization and culture.

Achieving this will require our R&D and manufacturing divisions to work together as one. If our R&D and manufacturing divisions are able to operate together in a seamless manner to deliver high-quality, high-performance products that customers find irreplaceable, it will reduce our risk of being drawn into price competition and enable us to secure stable earnings. The Mineral Resources Business and the Smelting & Refining Business have long served as the core pillars supporting our Group, and one of their defining characteristics is their long-term business horizon. For this reason, we have traditionally taken a long-term perspective in both R&D and MONOZUKURI design. At the same time, it is necessary to recognize that the Materials Business, which encompasses the Battery Materials and Advanced Materials Businesses, operates on a different timeframe. If we rely solely on the long-term mindset required in the Mineral Resources and Smelting & Refining Businesses, we will fall significantly behind the pace of change in the Materials Business. This is a major challenge facing our Materials Business. It is essential to accelerate the entire process—from research and



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development through to manufacturing and marketing—with particular emphasis on speeding up research and development. We recognize the need to take immediate steps to achieve this. To accelerate our research and development efforts, we need to narrow the focus of our research to a certain extent. Of course, while maintaining access to a sufficient number of research seeds is a fundamental prerequisite for identifying future growth opportunities, we must also recognize that the foundation of our business lies in advancing research and development projects to the point of commercialization and monetization. With this in mind, we will give top priority to focusing our research efforts.

Close collaboration between marketing and R&D divisions is also essential. Specifically, I believe that R&D personnel should become more deeply involved in frontline marketing activities.

Customers are constantly facing major challenges, such as how to stay up-to-date on changes in their industries and determine the necessary responses. It takes considerable time for marketing personnel—who often lack experience and skills in R&D or manufacturing—to gain the fundamental understanding of these challenges needed to truly engage with customers. R&D personnel, on the other hand, are better positioned to identify the underlying issues through direct contact with customers. As someone with an engineering background myself, I have experienced the lack of sufficient collaboration in these areas firsthand. Whether such collaboration will ultimately lead to the creation of new businesses remains to be seen, but ideas for ways to solve our customers’ challenges can certainly emerge from these kinds of informal conversations. Management has an important role to play in assessing ideas, but nothing can begin unless the ideas are put forward in the first place. I believe it is important to ensure that we do not miss such opportunities.

In the course of reassessing and improving the way we work, it is also important to accelerate our digital transformation efforts. Digital technologies can be applied in many different ways, but our first goal is for every workplace to improve operational efficiency by 30% through digital transformation. Specifically, with a view to stabilizing operations, we have begun applying digital transformation in the day-to-day management of our equipment. For instance, we are building systems that enable anyone to achieve consistent results regardless of their individual skill levels by using sensors and other equipment to perform tasks that used to rely on the senses and intuition of highly experienced employees.

In this way, we believe the ideal approach to digital transformation is to build a framework for sustainable business management based on stable operations and the efficient application of personnel, while allotting the extra capacity created through these efforts to the value-producing work that people are meant to perform.

I also believe there is room for considering how to leverage digital transformation in logistics. We handle an enormous volume of materials in our businesses, so we recognize that even small improvements in these sectors can generate substantial cost savings.

In addition, when it comes to passing experience on to the next generation, the current operating environment—which is fundamentally grounded in stability—makes it difficult to gain firsthand experience in responding to large-scale operational disruptions. We have hands-on safety training facilities, such as the Oji-kan, hazard simulation facility in the Besshi District. However, one of the major challenges we face going forward is how to pass on to the next generation the knowledge of how to respond to and prevent serious incidents.

How does SMM’s unique “Shin” 3-business Collaboration Business Model deliver value in an era of heightened uncertainty?

Refining “Shin” 3-business Collaboration to Strengthen and Stabilize Earning Power

The “Shin” 3-business collaboration business model is one of our Group’s defining strengths. Under this unique business model, our three core businesses—Mineral Resources, Smelting & Refining, and Materials—work together in an integrated manner that goes beyond simple vertical integration to build a sustainable supply chain centered on the Smelting & Refining Business and contribute to society. Looking to the copper business as an example, treatment and refining charges (TC/RC)—the processing margins that are the primary source of earnings for the Smelting & Refining Business—

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have remained at exceptionally low levels, making it difficult for the business to generate substantial profits.

However, around half of the copper concentrate processed at the Toyo Smelter & Refinery is sourced from copper mines in which we hold interests (our own mines). As a result, lower earnings from the Smelting & Refining Business can be offset by higher earnings from the Mineral Resources Business,

helping to stabilize revenue across the Group. Going forward, we plan to further increase the volume of ore from our own mines and raise the offset ratio to around 80%, and the Toyo Smelter & Refinery—with its stable operations, high production efficiency, and consideration for the environment—will provide a major advantage in achieving this. In other words, expanding our Mineral Resources Business will require us to continue refining our copper smelting operations.

For nickel, the Group has established an integrated value chain encompassing nickel ore procurement, smelting and refining, battery materials manufacturing, and even recycling. This enables us to secure a stable supply of raw materials, ensure a stable supply of Battery materials, achieve traceability, and reduce costs. Scandium, mentioned earlier, also has the potential to create new business opportunities through our 3-business collaboration efforts. In addition to its use in solid oxide fuel cells (SOFCs), scandium is expected to see a growing number of other applications, such as in aerospace-related fields. Going forward, we will strengthen our circulation systems for recovering used materials and products as resources to aid in building a sustainable supply chain.

Although it may be less obvious how 3-business collaboration applies to the advanced materials business, many of our customers in this sector also have connections with our Mineral Resources and Smelting & Refining Businesses. For this

reason, I believe that our 3-business collaboration efforts still have significant value in terms of both business development and customer relationships. Moreover, when supplying nickel-based products as raw materials for advanced materials, closer collaboration among our businesses will enable us to eliminate unnecessary processes and stock only the raw materials we need, in the quantities we need. This approach is consistent with the Toyota Production System, and I believe that enhancing our MONOZUKURI-RYOKU will also enhance our cost competitiveness and strengthen our earning power.

How do you define MONOZUKURI-RYOKU? And how will you improve human capital management to enhance MONOZUKURI-RYOKU?

Strengthening Our MONOZUKURI-RYOKU Requires People Who Can Generate Ideas Freely

Since assuming the role of president in 2024, I have consistently emphasized to our employees the importance of strengthening our MONOZUKURI-RYOKU. Based on my own extensive experience in research and manufacturing, I firmly believe that MONOZUKURI-RYOKU is not demonstrated solely by the manufacturing and R&D divisions. I believe that if every division—including marketing and administrative support departments—understands the value and potential of our Group's MONOZUKURI and works toward the shared goal of enhancing our MONOZUKURI-RYOKU, it will ultimately lead to stronger earning power. As I mentioned earlier, accelerating research and development in the Materials Business will require us to focus our research on priority areas. To translate these efforts into meaningful results, we need to allocate substantial management resources, including personnel, in those areas.

Transforming our organization and culture also requires us to have personnel who are able to think freely unconstrained by the past and generate ideas with an open mind. It is important to actively embrace and incorporate the ideas that deserve attention from

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among the many generated through diverse ways of thinking, and to have the courage to put ideas on the table without fear of failure. A diverse workforce will naturally ensure a diverse range of perspectives and new ideas.

Without such efforts, we will be unable to capture new business opportunities to expand our business or reshape our business portfolio.

I am sure that there are already many within our Group who are capable of thinking creatively. Unfortunately, however, we still seem to have a culture that discourages people from standing out. If we can foster an open and vibrant organizational climate in which employees aspire—rather than hesitate—to stand out, it will also help improve employee engagement. Cultivating and instilling such a culture will take time, but we will move quickly to build an open and vibrant organizational climate through both top-down and bottom-up initiatives.

What exactly does SMM’s long-term vision of “becoming the world leader in the non-ferrous metals industry” mean? How will you lead efforts to realize this vision?

Becoming a Company Everyone Aspires to Emulate Through Exceptional Technology and a Unique Business Model

Our Group’s long-term vision is to become the world leader in the non-ferrous metals industry. By “world leader in the non-ferrous metals industry,” we do not simply mean surpassing other companies in terms of scale or profits. Rather, it means that we aspire to develop exceptional technologies and a unique business model that even the major mineral resource companies cannot easily replicate, and to become a company that everyone aspires to emulate. However, the qualities expected of a leader will naturally evolve as the times change. Instead of setting quantitative targets, we have chosen to set the type of company we aspire to become as our long-term vision, and to hold it as

our North Star, which we will continue to pursue over the long term. Looking at the copper business, the founding business of both our Group and the Sumitomo Group, expanding our portfolio of copper mine interests through our Mineral Resources Business and further strengthening our Smelting & Refining Business are essential to achieving our vision of becoming the world leader in the non-ferrous metals industry. We are firmly committed to strengthening and significantly expanding this core business. This commitment naturally extends far beyond the copper business. I believe that an unwavering dedication to MONOZUKURI across all of our businesses will undoubtedly lead us toward becoming the world leader in the non-ferrous metals industry. To enhance the sustainability of our business, we will remain steadfast in embracing approaches that align with the Sumitomo Business Spirit of *jiri rita koshi ichinyo* (benefiting both self and others while unifying public and private interests). We will continue to pursue not only our own interests but also the interests of our shareholders and investors, the well-being of society, and solutions to environmental challenges.

We will continue making every effort to help capital market participants gain a deeper understanding of our approach to achieving long-term, sustainable growth. While I believe the market has gained a certain level of understanding of our “Shin” 3-business collaboration business model, we still need to do a better job of communicating the value of our long-term growth investments and technologies, our future growth potential, and the confidence we have in achieving that growth.

With this in mind, we will continue enhancing our disclosure practices, including the active disclosure of financial indicators, to help stakeholders gain a clear understanding of our path to sustainable growth.

My passion for MONOZUKURI has remained unchanged since I joined the company 39 years ago. I have personally been involved in research and development, built production processes, and brought products to overseas markets to sell to customers. These experiences have given me an especially strong commitment to ensuring that our MONOZUKURI is driven by close collaboration across all divisions. As such, it is my strong hope that every employee, regardless of their role, finds the process of MONOZUKURI rewarding. As we strive to become the world leader in the non-ferrous metals industry, I will lead our efforts to create the products that society needs through exceptional technology and our unique business model, as we continue to evolve without fear of change. I hope that you will take an interest in the future progress of our Group.

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01



Future Envisioned by
Sumitomo Metal Mining

Our value creation process is supported by the “Shin” 3-business Collaboration Business Model centered on the Smelting & Refining Business. We will combine our six capitals with the seven competitive strengths that we have built up over our long history and leverage the strengths of our 3-business Collaboration to create value unique to the Company.

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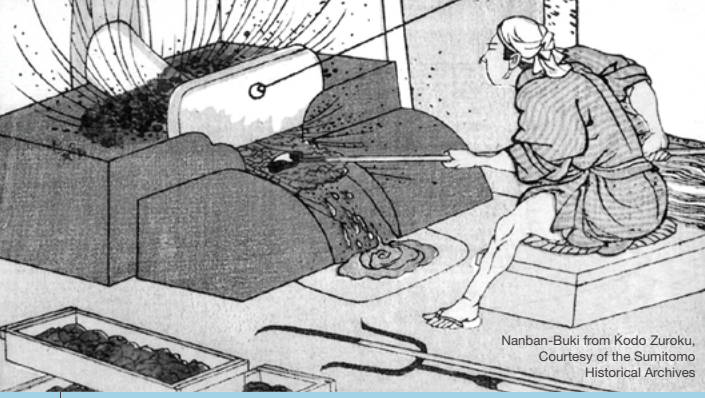
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1590



Started the copper smelting and refining business
Development of a novel smelting technique known as "Nanban-buki"

The Sumitomo copper business began in Kyoto as a copper smelting and decorative copperwork operation. By being the first in Japan to perfect a smelting technique known as Nanban-buki for the separation of copper from silver, Sumitomo solidified its business foundation.



1874

Increase in production capacity through introduction of Western and new technologies



Smelter on Shisaka Island (Meiji Period)

Larroque, "Report on Besshi Mine" (courtesy of the Sumitomo Historical Archives)

1888

Relocation of copper smelter due to smoke pollution problems

1917

Improvement of plant equipment and technology and expansion of ore and blister copper processing



Gold mines

Started the gold mine business

At a time when the importance of gold as a resource was growing, we acquired the management rights for the Kounomai Mine in Hokkaido in 1917.



Kounomai Mine

1939

Nickel smelting and refining



Started the nickel smelting and refining business

Beginning in 1939, SMM pioneered and commercialized the smelting and refining of nickel in Japan, which had hitherto relied on imports as nickel could not be smelted domestically.

1939

Overcoming smoke pollution at Shisaka Island

We realized zero emissions of sulfur dioxide gas, which was a root cause of the smoke damage, becoming the first in the world to solve the problem of smoke damage that was afflicting copper smelters all over the globe.

1690

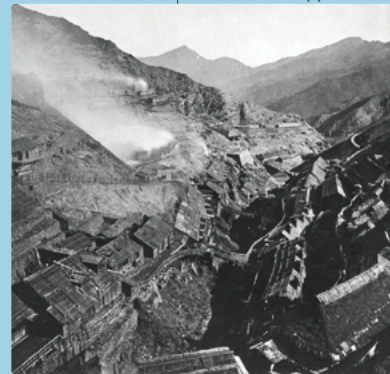
Discovery of the Besshi Copper Mine, which supported the development of Sumitomo over a long period of time



Besshi Copper Mine in the Meiji Period

1860

Overcoming the turmoil of the last days of the Tokugawa Shogunate and reviving the Besshi Copper Mine.



Besshi in the Meiji Period (Collection of the Sumitomo Historical Archives)

1884

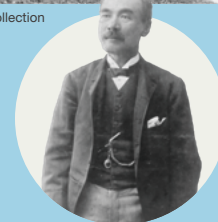
Substantial increase in copper production with start of operations of a Western-style smelter



Niihama Refinery (courtesy 1901, in the collection of the Sumitomo Historical Archives)



The #4 support tunnel (Showa Period) (Collection of the Sumitomo Historical Archives)



Saihei Hirose (1828-1914), who modernized the Besshi Copper Mine and laid the foundation for its development (Collection of the Sumitomo Historical Archives)

1933

Procurement of raw materials, technology development, and plant construction
Budding stage of the nickel business



Nickel refinery (early 1900s) (Collection of the Besshi Copper Mine Memorial Museum)

1691



Copper Mine

Opened the Besshi Copper Mine

The Besshi Copper Mine operated continuously for 283 years from its opening in 1691 and made a huge contribution to Sumitomo's development. The opening of the mine presented an opportunity to expand the company's business to include Mineral Resources Business in addition to copper smelting and refining. The mining technology cultivated at the Besshi Copper Mine continues to be inherited by SMM's Mineral Resources Business as it expands across the globe.

► P.003 | Corporate Philosophy



1960

Processing technology adding value to metals—
Entering the electronic industry Materials Business



Entered into the
Materials Business

In 1960, as electronic materials attract attention as a new market, we started producing germanium dioxide for transistors. Since then, we have continued to provide the market with various electronic materials.

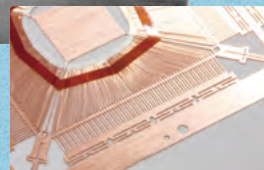


High-purity
germanium

The germanium manufacturing equipment used at that time

1966

Started lead frame
business



1971

New copper smelter and refinery to support Japan's rapid economic growth
Operational start-up of Toyo refining facility (now: Toyo Smelter & Refinery)



Toyo Smelter and Refinery under construction



Toyo Smelter & Refinery

1961

Started
operations
at overseas
copper mines

Investment and financing contract signed for the Bethlehem Copper Mine

1973

Closed the Besshi Copper Mine
Besshi Copper Mine brought its 283-year mining history to a close, and its spirit lives on in SMM as it moves into a new era.



Besshi Copper Mine Memorial Museum (photo taken in 1985)

1981

Discovery of gold-rich deposits at the Hishikari Mine

The closure of the mines at Besshi in 1973 and Sazare in 1979 brought an end to SMM's mining operations with a history of nearly 300 years. However, a major gold deposit was then discovered at the Hishikari mine in Kagoshima Prefecture in 1981. Mining of this deposit began at Hishikari in 1985, putting SMM back in the Mineral Resources Business again.



Test boring

1999

The JCO criticality accident

On September 30, 1999, a criticality accident occurred at SMM subsidiary, JCO Co., Ltd., which manufactured fuel for nuclear power generation. This was a turning point in the management of the SMM Group, reflecting on this incident, we formulated the Corporate Reform Plan in 2000. We have thoroughly fostered and instilled compliance and a culture of safety, and even though more than 20 years have passed since the accident, we will not forget and will pass the lessons learnt on to younger generations.

2001 & 2005 & 2013

The world's first commercial production using HPAL technology

Started production at Coral Bay Nickel Corporation (CBNC)

Started production at Taganito HPAL (THPAL)

CBNC and THPAL using HPAL technology known as the HPAL (High Pressure Acid Leach) method, which utilizes technology that enables the recovery of nickel from nickel oxide ores that had been conventionally difficult to process. The SMM Group was the first company in the world to successfully apply this technology on a commercial scale. In addition to contributing to the realization of in-house procurement and the effective use of nickel resources, we also carried out activities that contribute to society in the Philippines, where the operations are based.



Coral Bay Nickel Corporation

1993

Conversion of nickel refining process to MCLE technology

Matte chlorine leach electrowinning (MCLE) technology is a manufacturing process where matte and mixed nickel-cobalt sulfides (MS) are dissolved in chlorine at high temperature, then electrolysis is used to produce high-purity nickel. MCLE was more competitive than other methods in terms of cost, but it posed significant operational challenges, and only a few other producers outside of SMM had commercialized similar technology.

2014

Established Sumiko Energy Materials Co., Ltd., increased production of battery materials



2019

Acquired interest in the Quebrada Blanca Copper Mine

2016

Decided to withdraw from the lead frame business
Management resources were reallocated to expand and strengthen battery materials and other products that are expected to grow in the future.

2023

Started production of the Quebrada Blanca Copper Mine Project



photograph courtesy of Rio Tinto

2025

Acquired an interest in the Winu copper-gold project



2017

Acquired interest in the Cote Gold Mine

2016

Acquired additional interest in the Morenci Copper Mine

2022

Took over lithium iron phosphate (LFP) Battery Materials Business

2024

Began production at the Cote Gold Mine



2025

Started production of battery materials at the Niihama Plant



Based on the Sumitomo business spirit, SMM fulfills its social mission and responsibilities as a MONOZUKURI company.

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What Defines Us

In the SMM Group, we have certain fundamentals that we value and uphold regardless of business scale or the changing times. We are committed to acting with integrity for the good of society and the future, rather than merely pursuing immediate profits, with the Sumitomo Business Spirit as our foundation. Furthermore, we value the businesses that have been handed down and nurtured over many years, and are committed to passing these on properly to the next generation.

Integrity and Sound Management Above All Else

Guided by the Sumitomo Business Spirit, which places prime importance on “trust and sound management”, we have built our business one step at a time. Keeping our promises, acting with sincerity, and seeing every task through to the end with the utmost care. These efforts have earned us a reputation among people outside the company for having employees who are sincere and trustworthy.

Always Ready for Opportunities

New business opportunities never announce their arrival in advance. And once an opportunity is missed, it may never come around again. For a company like ours that operates in the resource sector, acquiring resource interests, participating in large-scale development projects, pursuing M&As, and building new plants are all essential undertakings that pave the way for the future. Such investments take time and can at times require substantial capital expenditures. That is why we have always placed great importance on maintaining a strong financial foundation, enabling us to respond with agility and confidence whenever major investment opportunities arise.

Today’s Profits are the Result of Generations of Effort

Mine development, smelting, and materials development... In such businesses, it is not uncommon for five, ten, or even more years to pass between making an investment decision and generating returns. The profits we earn today are built on the efforts of those who came before us. That is why we believe our work is not only for the present, but also for those who will come after us in five or ten years.

Never Forgetting the Lessons of the JCO Criticality Accident

We must never let the JCO criticality accident fade from memory or lessen in importance. The accident claimed precious lives, caused tremendous distress and anxiety in the local area as well as throughout the industrial community and society as a whole, and severely damaged the public trust placed in our company. To ensure that such a tragedy is never repeated, we have taken its lessons and the deep reflection it demands firmly to heart. By placing safety and compliance with laws and regulations above all else, each of us remains committed to thinking carefully and acting responsibly each and every day.

Making Respect for Human Rights the Foundation of All Our Business Activities

We are keenly aware that the mining industry around the world is particularly prone to human rights abuses. That is also why we are committed to ensuring that none of our business activities contribute to human rights abuses of any kind, including instances of child labor, forced labor, and discrimination, and we continue to put this commitment into practice in every aspect of our operations.

Working with Nature—and Restoring It as Much as Possible

Mine development begins by intervening in the natural environment. That is why we have always regarded it as our responsibility to see every development project through to the point of restoring the land back as closely as possible to its original natural state. For us, environmental considerations are not afterthoughts. From the very outset of every project, we are committed to coexisting with the global environment.

Considerations for the Future of People and Communities Throughout Our Business

No matter how large a mine may be, it will one day inevitably close. That is why we have always regarded it as our solemn responsibility to secure new employment opportunities for our people after mine closures and to minimize the impact on local communities. Creating Materials Business plants in former mining communities and continuing co-existence with local communities over many years are also natural extensions of that belief.

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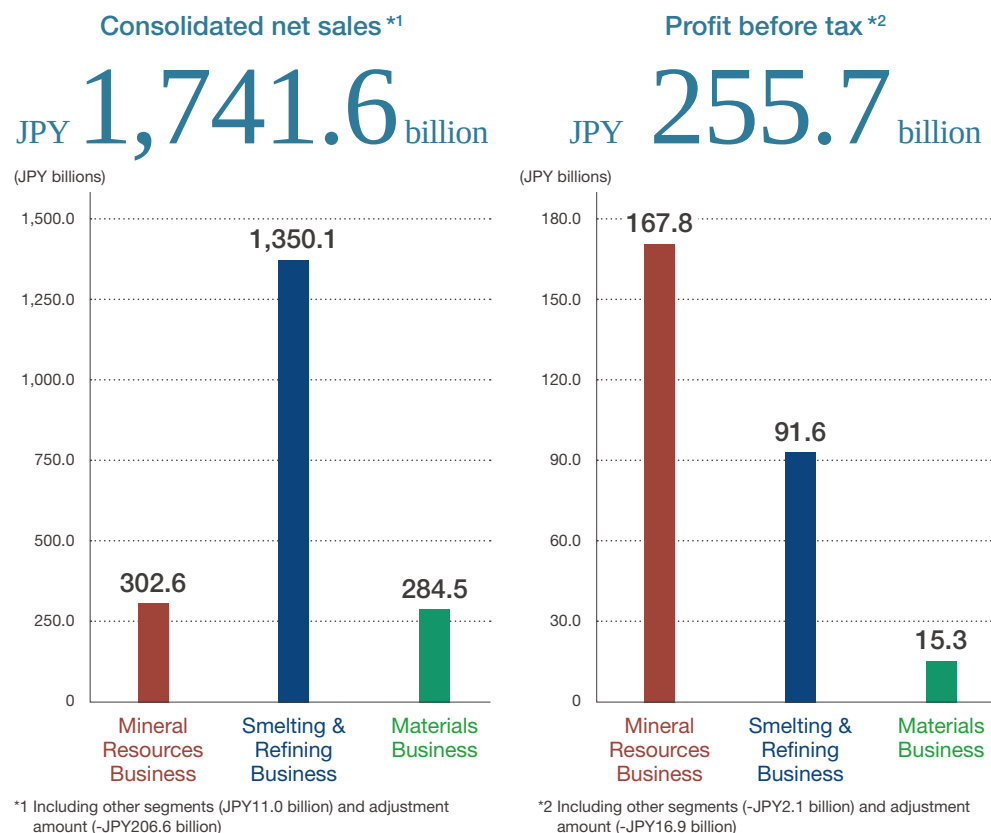
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At a Glance (FY2025 Results)

Financial



ROE

9.0%

Consolidated equity ratio

58.3%

ROA

5.3%

Dividend per Share

JPY **228**

Total shareholder return ratio

43.5%

Non-Financial



Operational mines

9 mines



Plants in Smelting & Refining Business

8 plants



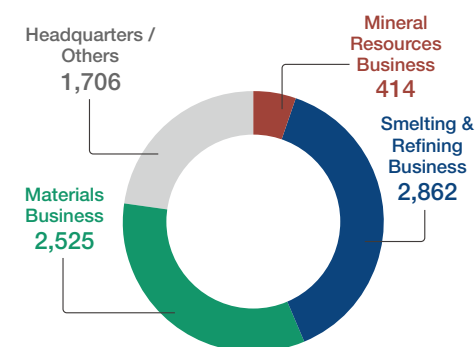
Plants in Materials Business

17 plants



Employees (consolidated)

7,507



Founded in **1590**

(The second longest history among Japan's listed companies)

Engagement score

48.6 (+0.9p YoY)

Ratio of female managers

11.2% (consolidated)

Ratio of outside directors

50% (4 of 8 directors)

GHG emissions (Scope 1 and 2)

2,401 kt-CO₂e

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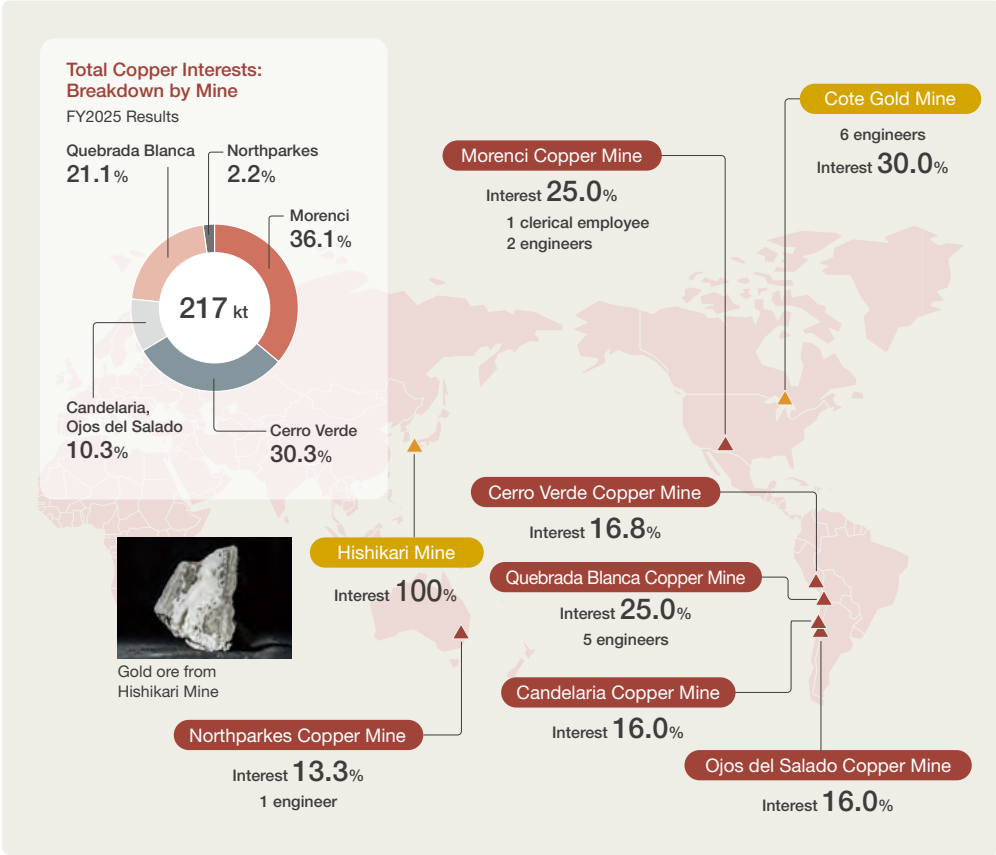
Our Three Core Businesses

Mineral Resources Business

Leveraging over 300 years of experience and technology in mine development and operations, we operate the Hishikari Mine, Japan's largest gold mine, with a focus on sustainability. We participate in the operation of overseas mines in which we hold interests producing copper, gold and other resources to supply materials, while striving to secure mineral resources. We are also working to acquire and develop new superior mines.

Overseas Mines and Staff Dispatched to Mines (As of May 1, 2026)

* Staff are also dispatched to overseas exploration sites and to research institutions.



Smelting & Refining Business

For over 430 years since the start of our copper smelting and refining business in 1590, we have stably supplied a variety of metal materials to a wide range of industries. We boast world-leading productivity in copper smelting and refining. In nickel smelting and refining, we were the first in the world to achieve the successful recovery of nickel from low-grade nickel oxide ore using the High Pressure Acid Leach (HPAL) method on a commercial basis, and are engaging in business on the strength of advanced smelting and refining technology such as this.

Main Products

Copper -Cu-

Electrolytic copper
Copper sulfate

Gold -Au-

Gold ingots
Gold shot

Nickel -Ni-

Electrolytic nickel
Nickel sulfate

Cobalt -Co-

Electrolytic cobalt

Silver -Ag-

Silver shot

Zinc -Zn-

Zinc oxide pellets

Scandium -Sc-

Scandium oxide

Intermediate raw materials

Mixed Nickel-Cobalt Sulfides (MS)

By-product

Chromite
Slag sand
Green sand

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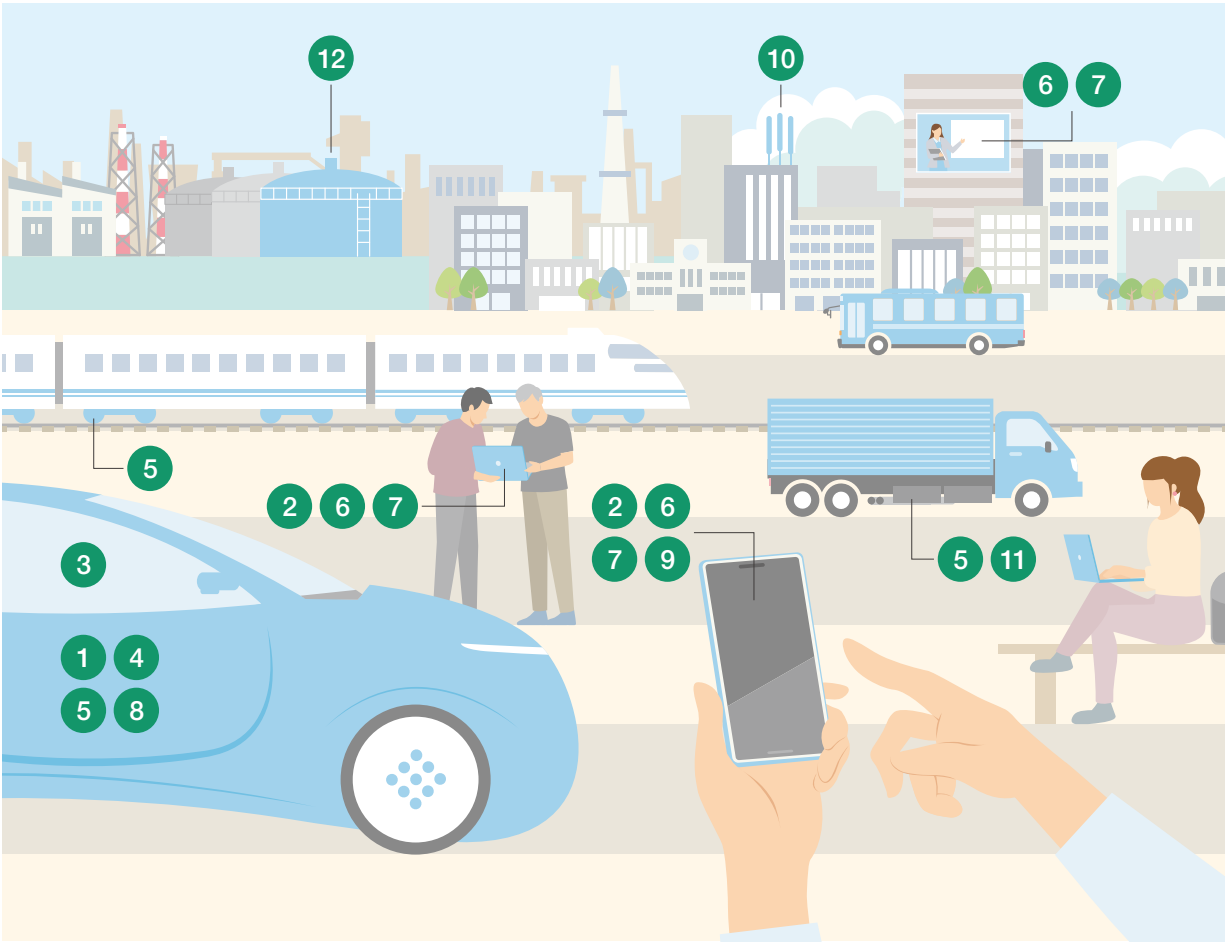
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Materials Business

Through the development and provision of highly advanced materials, including battery materials and advanced materials, which are used in a wide range of fields such as automobiles, energy, the environment, information and communications, and consumer electronics, we contribute to societal development and the realization of a carbon-neutral society.

SMM Products in Daily Life



Battery Materials

1

Lithium nickel oxide cathodes for secondary batteries (NCA)

1

Nickel hydroxide cathodes for secondary batteries

1

Lithium nickel manganese cobalt oxide (NMC)

Powder materials

2

Nickel powder and nickel paste for multi-layer ceramic capacitors

3

Heat-shielding material for windows / Functional inks

4

Materials for rare earth bonded magnets

5

Lubricants

Device materials

6

Copper polyimide substrate for the driver ICs of LCD TVs

7

Printed wiring boards

8

Direct Bonded SiC substrates SiCkrest®

9

SAW filter LT/LN for smartphones

10

Faraday rotators for communications devices

Other

11

Auto exhaust catalysts

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Oil refining catalysts

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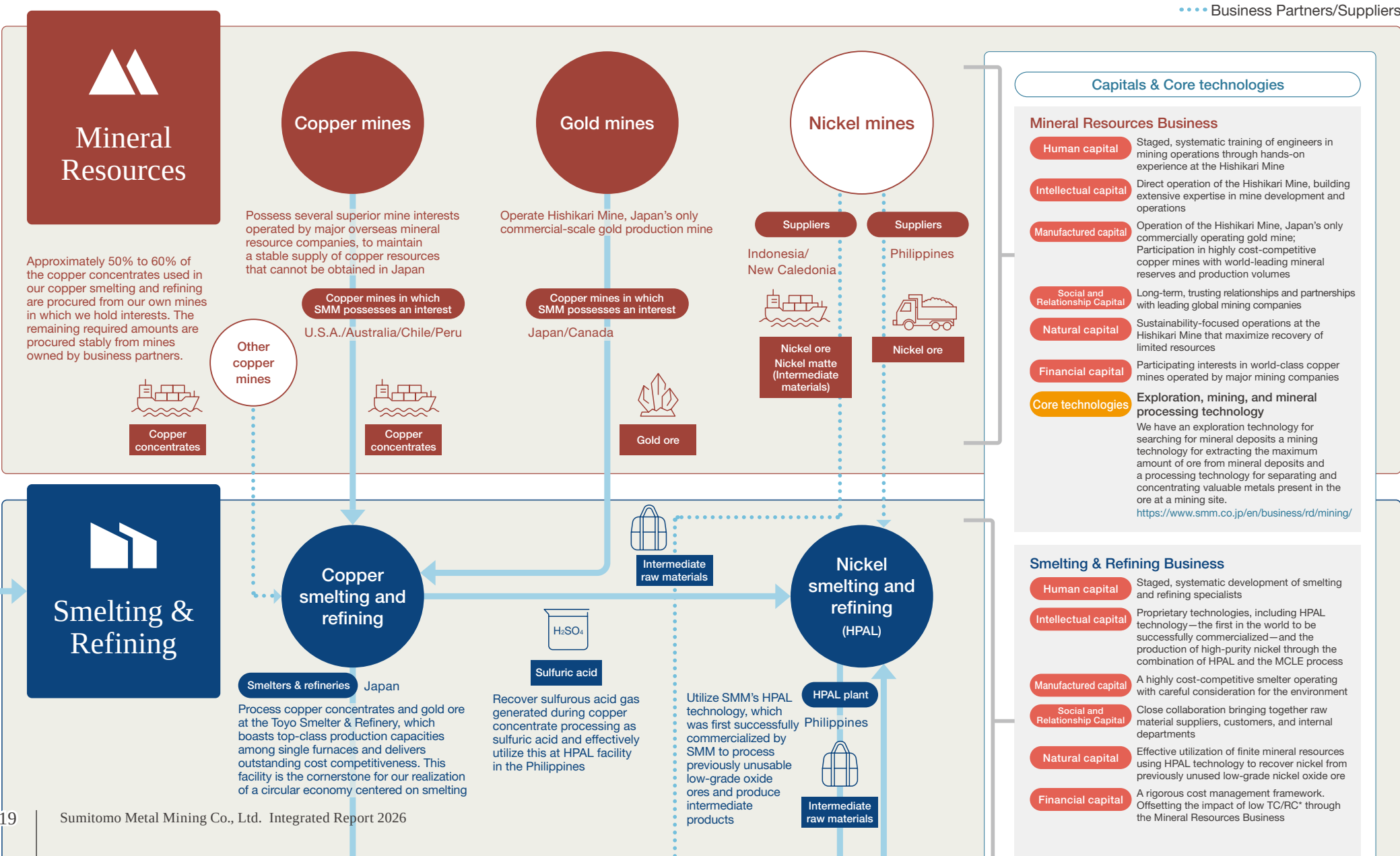
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Material Flows

The three businesses of “Mineral Resources,” “Smelting & Refining,” and “Materials” work together to explain, through the material flows below, the flow of materials from securing ores to producing low-carbon products and recycling. This section describes the framework through which the Company conducts its business by leveraging the capital and technologies it has cultivated over its history.



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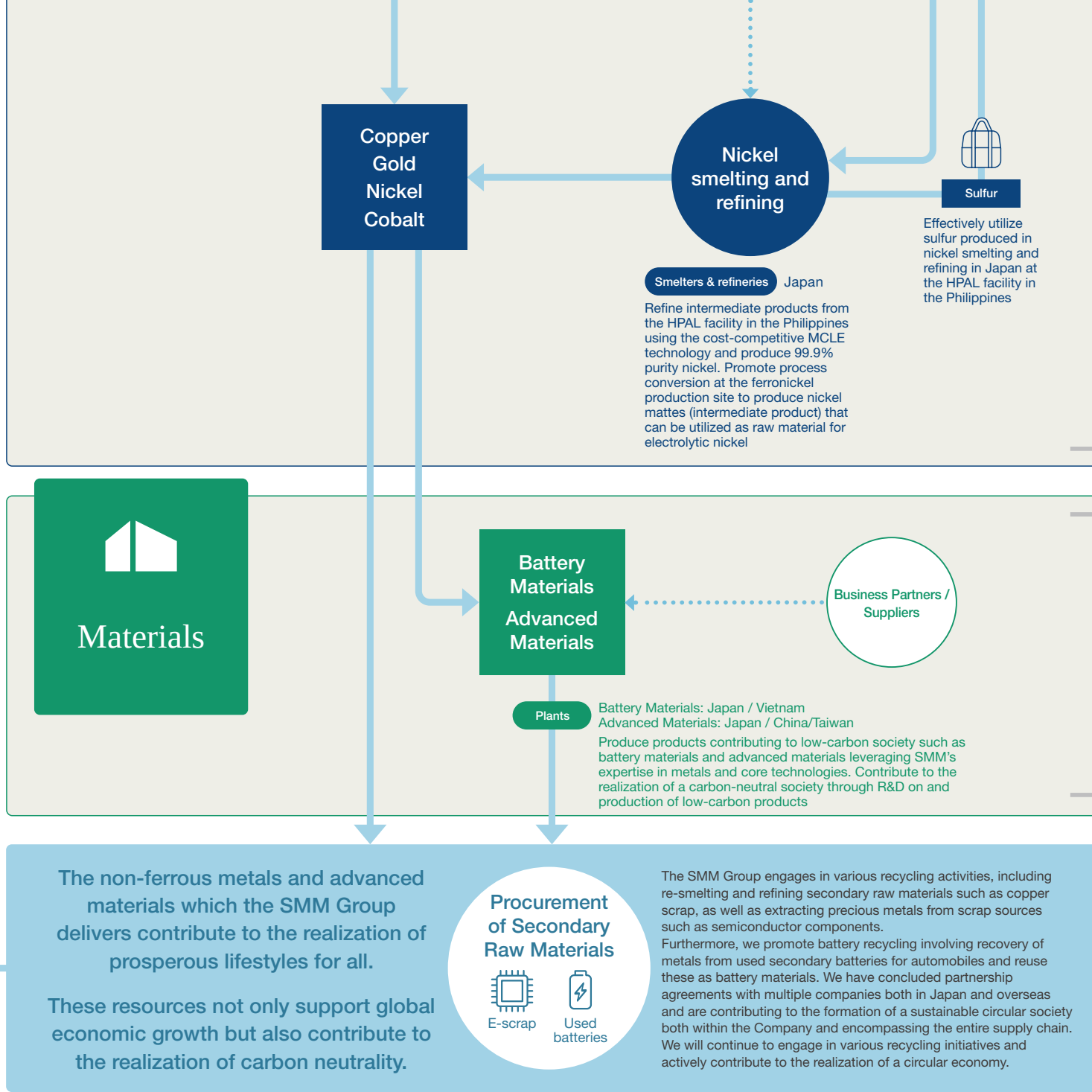
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Secondary Raw Materials



Core technologies **Smelting and refining process technology**
This is a technology for separating and refining valuable metals such as copper, noble metals, nickel, etc. from the ore produced from mines and recycled raw material. It includes the pyrometallurgical smelting technology that makes use of a furnace, and the hydrometallurgical refining technology that makes use of solvent extraction and ion exchange, etc.
<https://www.smm.co.jp/en/business/rd/smelting/>

Battery Materials

- Human capital** Employees with a strong commitment to quality and the ability to deliver results
- Intellectual capital** A competitive advantage in developing new products and processes, leveraging the technologies accumulated in the Materials Business
- Manufactured capital** Our Integrated Nickel Supply Chain from Ore to Battery Materials
- Social and Relationship Capital** Strong ties with Japanese manufacturers of automotive lithium-ion batteries (LIBs)
- Natural capital** Contributing to a carbon-neutral society through the supply of cathode materials for vehicle electrification and other applications
- Financial capital** Achieving competitiveness in cathode material production using our own nickel sources, supported by a sound financial position

Advanced materials

- Human capital** Personnel committed to co-creation to generate new value and solve challenges
- Intellectual capital** Product development and stable supply capabilities built on multiple core technologies, including powder synthesis, surface treatment, crystal growth, and processing
- Manufactured capital** A manufacturing process foundation and high-performance production facilities that deliver exceptional quality
- Social and Relationship Capital** Strong relationships of trust with leading global manufacturers
- Natural capital** Contributing to the realization of a carbon-neutral society through the supply of low-carbon products
- Financial capital** A portfolio of highly profitable products, each modest in scale but collectively creating significant value

Core technologies **Powder synthesis and surface treatment technology**
Technology which involves controlling the composition, particle size, surface condition, internal structure, etc. to synthesize powder materials having the desired functions.
<https://www.smm.co.jp/en/business/rd/powder/>

Crystal growth and processing technology
We are engaged in the development of the crystal growth technology that contributes to an increase in the diameter, length, and yield of single crystals used in the field of communication, and also the technology for processing fabricated crystals into wafers.
<https://www.smm.co.jp/en/business/rd/crystal/>

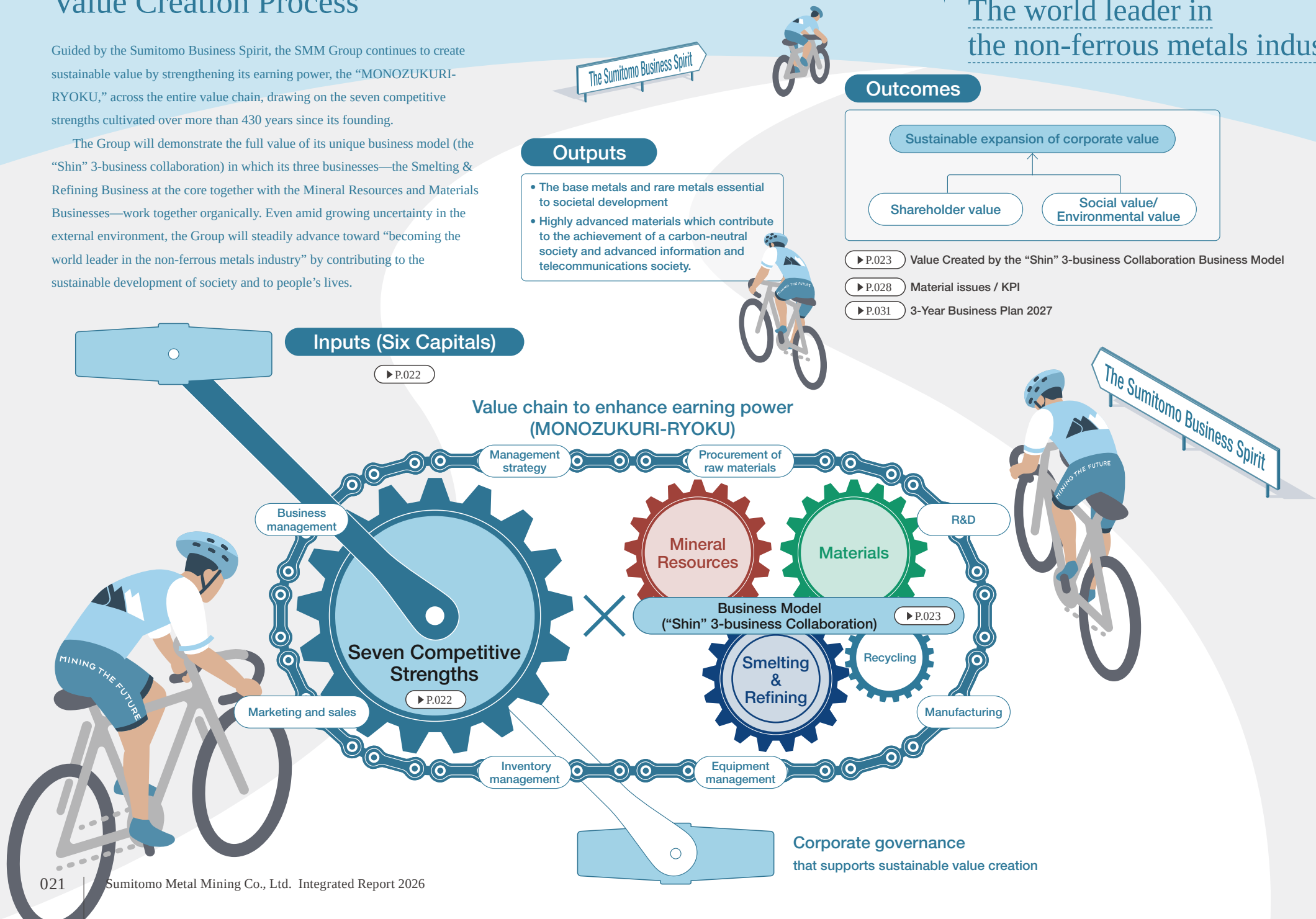
Value Creation Process

Guided by the Sumitomo Business Spirit, the SMM Group continues to create sustainable value by strengthening its earning power, the “MONOZUKURI-RYOKU,” across the entire value chain, drawing on the seven competitive strengths cultivated over more than 430 years since its founding.

The Group will demonstrate the full value of its unique business model (the “Shin” 3-business collaboration) in which its three businesses—the Smelting & Refining Business at the core together with the Mineral Resources and Materials Businesses—work together organically. Even amid growing uncertainty in the external environment, the Group will steadily advance toward “becoming the world leader in the non-ferrous metals industry” by contributing to the sustainable development of society and to people’s lives.

Long-term Vision

The world leader in
the non-ferrous metals industry



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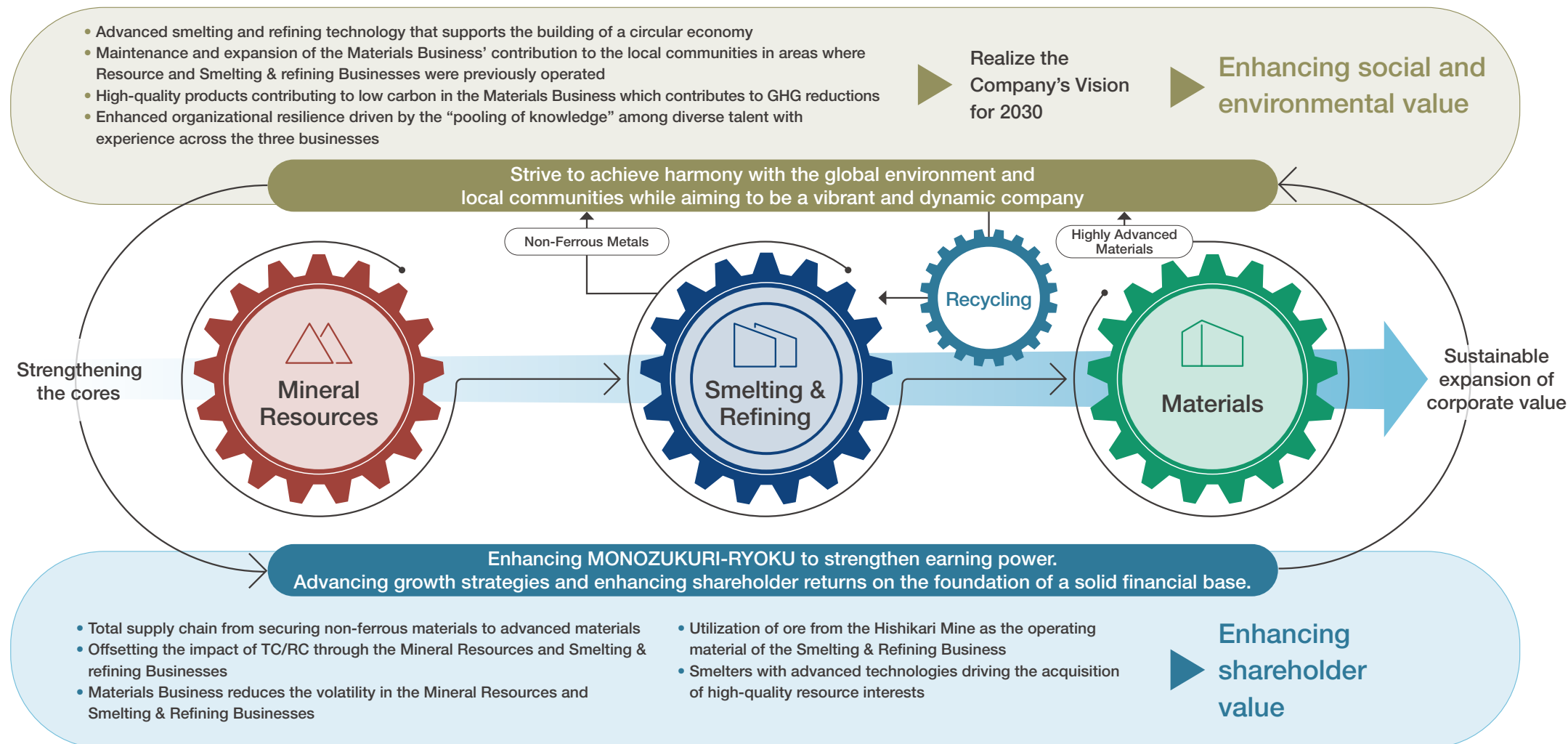
Value Created by the “Shin” 3-business Collaboration Business Model

The “Shin” 3-business Collaboration Business Model, centered on the Smelting & Refining Business, brings together our three businesses to build a sustainable supply chain and contribute to the realization of a circular economy and a carbon-neutral society, thereby creating sustainable value.

Strengthening the supply chain core + a circular economy approach = “Shin” 3-business Collaboration Business Model

Amid growing uncertainty and increasing supply chain disruption risks, the Company’s unique business model, spanning upstream and downstream operations as well as recycling, demonstrates its true value.

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).



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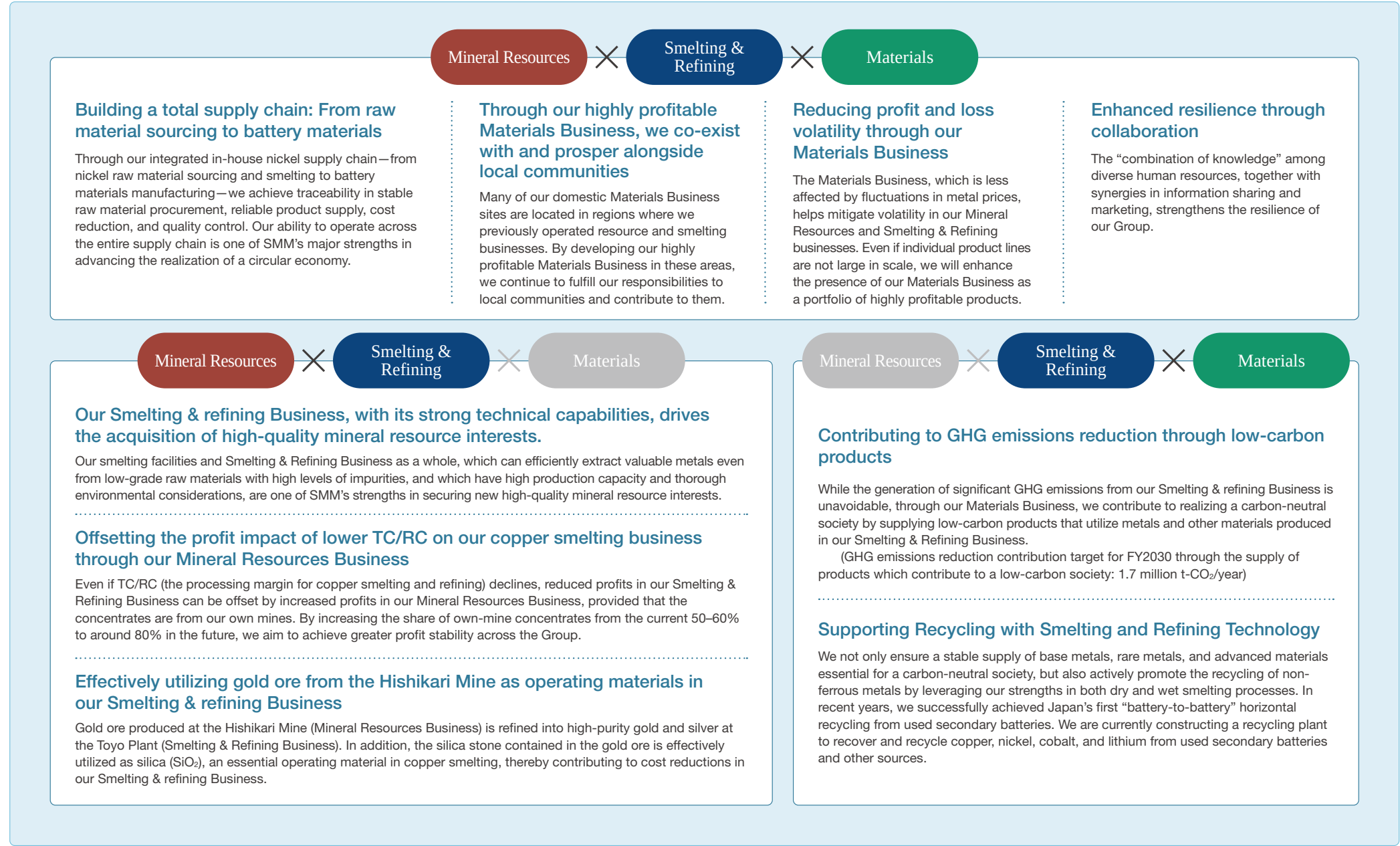
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Execution Strategy to “Become the World Leader in the Non-Ferrous Metals Industry”

As its long-term vision, the Group aspires to “become the world leader in the non-ferrous metals industry.” To realize this, the Group launched its 3-Year Business Plan 2027 in FY2025 and is working to create corporate value through manufacturing in its Mineral Resources, Smelting & Refining, and Materials Businesses, strengthening its growth foundation and enhancing the 3-business collaboration.

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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. Subsequently, in 2020, we formulated our Vision for 2030; in 2022, we restructured our CSR promotion framework into a sustainability promotion framework; and in March 2025, taking into account recent trends in the SDGs and ESG, we consolidated our material issues, reviewed our Vision for 2030 and the KPIs associated with each material issue, and reviewed our promotion framework.

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 Committee

Number of times

- 8 meetings in FY 2025

Content of deliberations

- Deliberation on revision or abolition of the Sustainability Policy and material issues
- Deliberation and decision-making concerning the roadmap and KPIs for sustainability promotion activities
- Regular evaluation of sustainability promotion activities and invocation of corrective measures
- Provision of information on sustainability promotion activities, exchange of information, explanation of important measures, and sharing of awareness
- Deliberation on other important matters related to sustainability promotion activities

Main Agenda Items in FY2025

- Discussion on the roadmap for achieving the “Material Issues and Vision for 2030,” based on the material issues revised in FY2024, and on its progress
- Discussion on initiatives related to sustainability-related financial disclosures, as well as the formulation and revision of various policies

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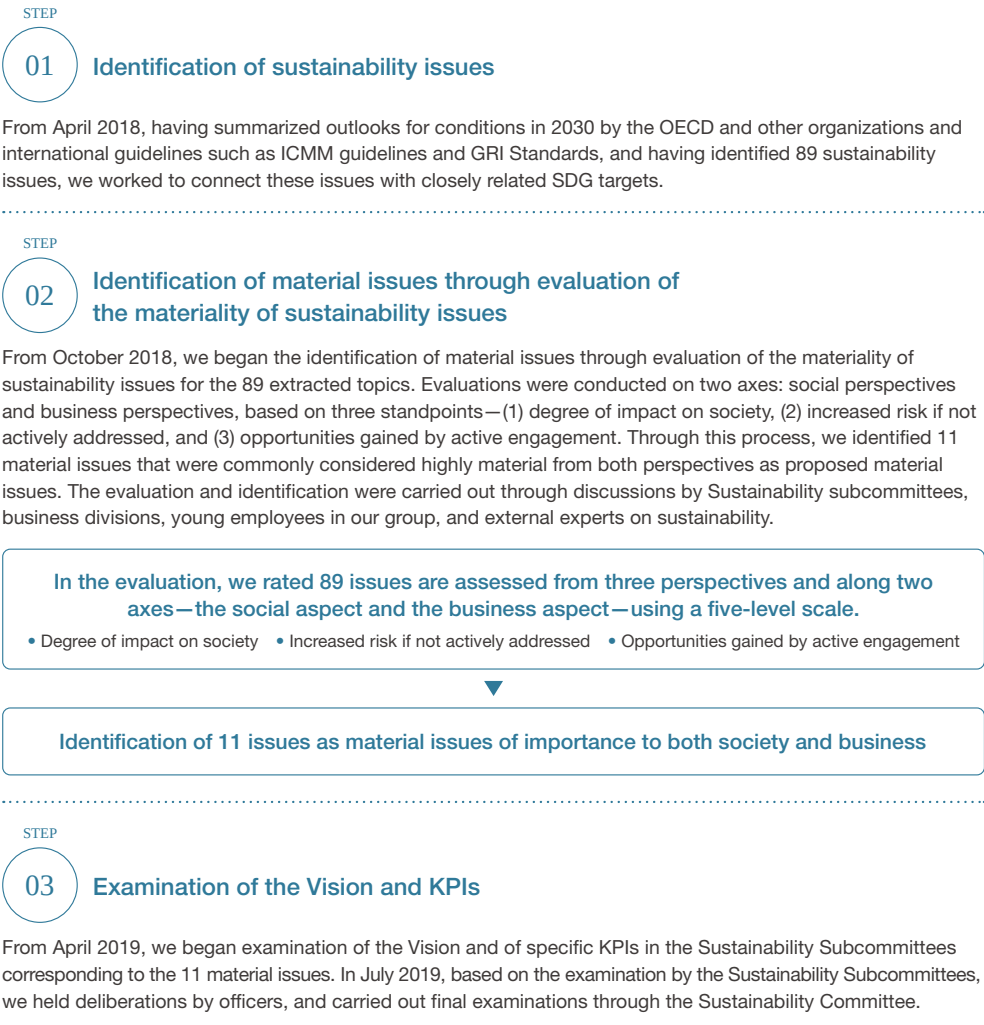
Formulation and Revision of Material Issues and Vision for 2030

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.

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 backcasting 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.

Planning Process



Material issues / KPI

The actual results for fiscal year 2025 were updated after the disclosure of the Annual Securities Report for the 101st period, resulting in some differences in the data presented. For the latest data and detailed notes, please refer to the “ESG Data Book 2026” on our website.

Material issues	Vision for 2030	KPI	Target (FY2030)	FY2025 results	Reporting Boundary
Ensuring a Stable Supply of Non-Ferrous Metals and Contributing to a Circular Economy ▶ P.065	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	Production volume of nickel ¹	100 kt/year (amounts converted to a nickel content basis)	104 kt/year (amounts converted to a nickel content basis)	(A)
		Production volume of copper from our interest	300 kt/year (amounts converted to a copper content basis)	217 kt/year (amounts converted to a copper content basis)	(B)
		The capability of the recycling facilities of lithium-ion secondary batteries	10 kt/year ²	A battery recycling plant is under construction (scheduled for completion in mid-2026)	(A)
		The capability of copper recycling	140 kt/year (amounts converted to a copper content basis) ³	90 kt/year (amounts converted to a copper content basis)	(A)
		The capability of steel making dust recycling	120 kt/year	79 kt/year	(C)
Contributing to the Realizing a Carbon-Neutral Society ▶ P.067	A company that actively works to reduce greenhouse gas (GHG) emissions and develop technologies that contribute to low carbon emissions in order to achieve a carbon-neutral society	GHG emissions	(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) 26% reduction compared to FY2015 (GHG emissions: 2,401kt-CO ₂ e) (Scope 3) Set FY2030 target Category 1 (Purchased goods and services) 18% reduction (compared to FY2023) ⁶	(A)
		Development of low-carbon smelting and refining technologies	1. Development of hydrogen reduction technology for nickel oxide ore smelting 2. Development of DLE (Direct Lithium Extraction) technology	1. Verification using a reduction furnace scaled up from laboratory testing was carried out as planned. 2. Initiatives to improve adsorbent durability were implemented as planned.	(A)
		Amount of GHG emissions reduction contributed by low-carbon contributing products ⁴	1.7 Mt-CO ₂ ⁵	1.12 Mt-CO ₂	(A)
		Developing and supplying low-carbon contributing products	1. Development of hydrogen production catalyst 2. Development of cathode materials for all-solid-state batteries	1. We established a development framework and provided samples to potential customers as planned. 2. We conducted studies on material specifications and scale-up tests of the manufacturing process assuming mass production, generally as planned.	(A)
Conservation and Restoration of Nature ▶ P.070	A company that contributes to a nature-positive future	Identification, management, and disclosure of nature-related risks and opportunities	By the end of FY2026: Addressing priority locations for our group businesses By the end of FY2030: Addressing the material value chain	An overview of SMM group's businesses dependence on nature, their impacts on nature, and the associated risks and opportunities.	(A)
		Prevention of significant environmental accidents	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	(A)

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 460 kt/year of electrolytic copper

4 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)

5 The calculation method for some products manufactured by the SMM's customers using near-infrared absorbing materials, one of the SMM's low-carbon products, was recently revised after taking advice from external experts. As a result, the FY2030 target was revised from 1.1 million t-CO₂ to 1.7 million t-CO₂.

6 For further details, please refer to “Scope 3 Initiatives” on P. 68.

Legend for the Reporting Boundary

(A) SMM Group

(B) Copper mines in which the SMM Group holds interests

(C) SMM Group - Japan

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The actual results for fiscal year 2025 were updated after the disclosure of the Annual Securities Report for the 101st period, resulting in some differences in the data presented. For the latest data and detailed notes, please refer to the “ESG Data Book 2026” on our website.

Material issues	Vision for 2030	KPI	Target (FY2030)	FY2025 results	Reporting Boundary
Human Capital Management ▶ P.057	A company that attracts a diverse workforce and allows them to grow and thrive	Engagement score ¹	Deviation score: 55	Deviation Value: 48.6	Ⓓ
		Number of serious accidents ²	0 cases	1 case	Ⓔ
		Number of workplaces with health risks ³	0 workplaces	Five workplaces (Control Class 3: 1 / Control Class 2: 4)	Ⓕ
		Survey on Health and Productivity Management	Deviation score: 62	Deviation Value: 58.2	Ⓖ
		Utilization rate of self-development programs	60%	28.1%	Ⓖ
		Percentage and number of female managers	SMM Group: 18% Sumitomo Metal Mining Co., Ltd.: 7% (50 people)	SMM Group: 11.2% Sumitomo Metal Mining Co., Ltd.: 3.2% (28 people)	Ⓐ
		Male childcare leave utilization rate ⁴	100%	102.2%	Ⓖ
Co-Existence and Mutual Prosperity with Local Communities and Indigenous People ▶ P.072	A company that grows with the community as a trusted partner	Dialogue with local communities and indigenous people	Continuous implementation of dialogue leading to the resolution of local issues	Dialogue with local residents and indigenous people: 237 cases	Ⓐ
		Grievance mechanism	Proper operation	Complaints: 3 cases (all have been properly addressed)	Ⓐ
		Strengthening the foundation for social activities in communities	Collaborative planning and participation in community contribution programs	Collaborative planning and participation in community contribution programs Amount contributed: JPY 847 million Total number of beneficiaries: 5,124 people	Ⓐ
		Helping to nurture the next generation in communities	Offering scholarships and other support programs	Offering scholarships and other support programs Amount contributed: JPY 541 million Total number of beneficiaries: 6,612 people	Ⓐ
Supply Chain Management ▶ P.073	A company that builds a sustainable supply chain	Percentage of smelters and refineries certified with international certifications ⁵	100%	57%	Ⓐ
		Percentage of appropriate suppliers ⁶ selected through due diligence for responsible mineral sourcing	100%	Identification of risks and prioritization of initiatives	Ⓐ
		Implementation of ESG due diligence ⁷ across the supply chain	Implementation and disclosure of due diligence for suppliers ⁸ (the end of FY2026)	Establishment of a supply chain management system and formulation of policies and implementation plans	Ⓐ

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 in her hometown.

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

6 Mines, smelters, etc., with international certifications

7 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

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

Legend for the Reporting Boundary

- Ⓐ SMM Group

Ⓑ Copper mines in which the SMM Group holds interests

Ⓒ SMM Group - Japan

Ⓓ SMM Group - Affiliated companies in Japan covered by the survey
- Ⓔ Workplaces covered by safety statistics (including contractors)

Ⓕ Workplaces covered by safety statistics (Japan only)

Ⓖ Sumitomo Metal Mining Co., Ltd.



3-Year Business Plan (Changes in the Management Strategy and the Business Strategy)

We have been focusing on strengthening our corporate structure through corporate culture reforms and a selection-and-concentration strategy from the Corporate Revitalization Plan (FY2000 to FY2001), created in the year after the JCO criticality accident in 1999, through the 2001 2-Year Business Plan (FY2002 to FY2003). Under the 2003 3-Year Business Plan (FY2004 to FY2006) and beyond, we have been pursuing growth strategies and have implemented large-scale projects, including the establishment of a 450 thousand-ton electrolytic copper capacity structure, participation in the Cerro Verde Copper Mine project, and construction of the HPAL facility in the Philippines. In recent years, projects we focused efforts on primarily during the period covered by the 2021 3-Year Business Plan (FY2022 to FY2024), including Cote Gold Mine and Quebrada Blanca Copper Mine, have begun to contribute to our business performance. We positioned the 3-Year Business Plan 2027 (FY2025 to FY2027) as a critical step toward inheriting these initiatives and achieving the long-term vision.

2018 3-Year Business Plan (FY2019 to FY2021)

Long-Term Vision	Become the world leader in the non-ferrous metals industry	
Results	Strengthening the growth foundation of core businesses (Mineral Resources, Smelting & Refining, Materials)	
	Mineral Resources	- Decided to transfer all interests in the Sierra Gorda Copper Mine, which has established stable, full-scale production, as part of the Group-wide asset portfolio optimization and strategic asset replacement (transfer of all interests completed in February 2022) - Had steady progress in FY2021 despite factors such as a temporary halt of construction of the Quebrada Blanca Copper Mine Project due to COVID-19 and an increase in the initial start-up costs of the Cote Gold Project
	Smelting & Refining	Decided to discontinue feasibility study on the Indonesian Pomalaa Project (April 2022)
	Materials	Completed the acquisition of Sumitomo Osaka Cement Co., Ltd.'s LFP battery materials business on May 1, 2022
Issues	Strengthen 3-business collaboration centered on cathode materials for batteries - Decided to construct a new battery plant in 2021 (construction to be completed during the 2021 3-Year Business Plan) - Established a new recycling process with the ability to recycle copper, nickel, cobalt, and lithium	
	Strengthen corporate functions - Enhanced responsiveness to changes in the business environment through organizational restructuring - Rebuilt the organizational culture by renewing the Head Office - Enhanced SR (Shareholder Relations) activities for institutional investors	

2021 3-Year Business Plan (FY2022 to FY2024)

Long-Term Vision	Become the world leader in the non-ferrous metals industry	
Results	Increasing corporate value – Promotion of large-scale projects - Construction of the new battery materials plant proceeded as planned. The start-up of production on some lines was moved forward. - Production began in both Quebrada Blanca Copper Mine and Cote Gold Mine, but did not contribute to revenue in full-scale due to COVID-19 and global inflation	
	Improving core business sustainability - Completed new hot-water treatment equipment at Hishikari Mine and started mining of the lower ore body - Decided to construct a recycling plant for lithium-ion secondary batteries - Decided to build a SiC 8-inch mass production line - Developed new markets for near-infrared absorbing materials (launched the SOLAMENT™ material technology brand)	
	Adapting to changes in the social environment - Released roadmap for achieving carbon neutrality by 2050 - Promoted energy-saving activities, LNG conversion, introduction of biomass fuels, and switch to electricity derived from renewable energy sources, etc. - Formulated and created a DX infrastructure grand design for the next generation and deployed generative AI company-wide - Reviewed and revised the managerial track personnel system	
	Strengthening the foundation of business management - Reviewed the material issues and Vision for 2030 (March 2025) - Adopted return on capital employed (ROCE) as an indicator for business portfolio management and started its operation - PBR remained below 1.0x for a prolonged period of time	
Issues	- Serious accidents are decreasing, but the target was not achieved - Responding appropriately to an increasingly challenging business environment and preparing for future growth - Realization of contributions from the Quebrada Blanca Copper Mine and Cote Gold Mine - Strengthening MONOZUKURI-RYOKU (manufacturing and operational capabilities) - Promote management that is conscious of capital costs and stock prices	

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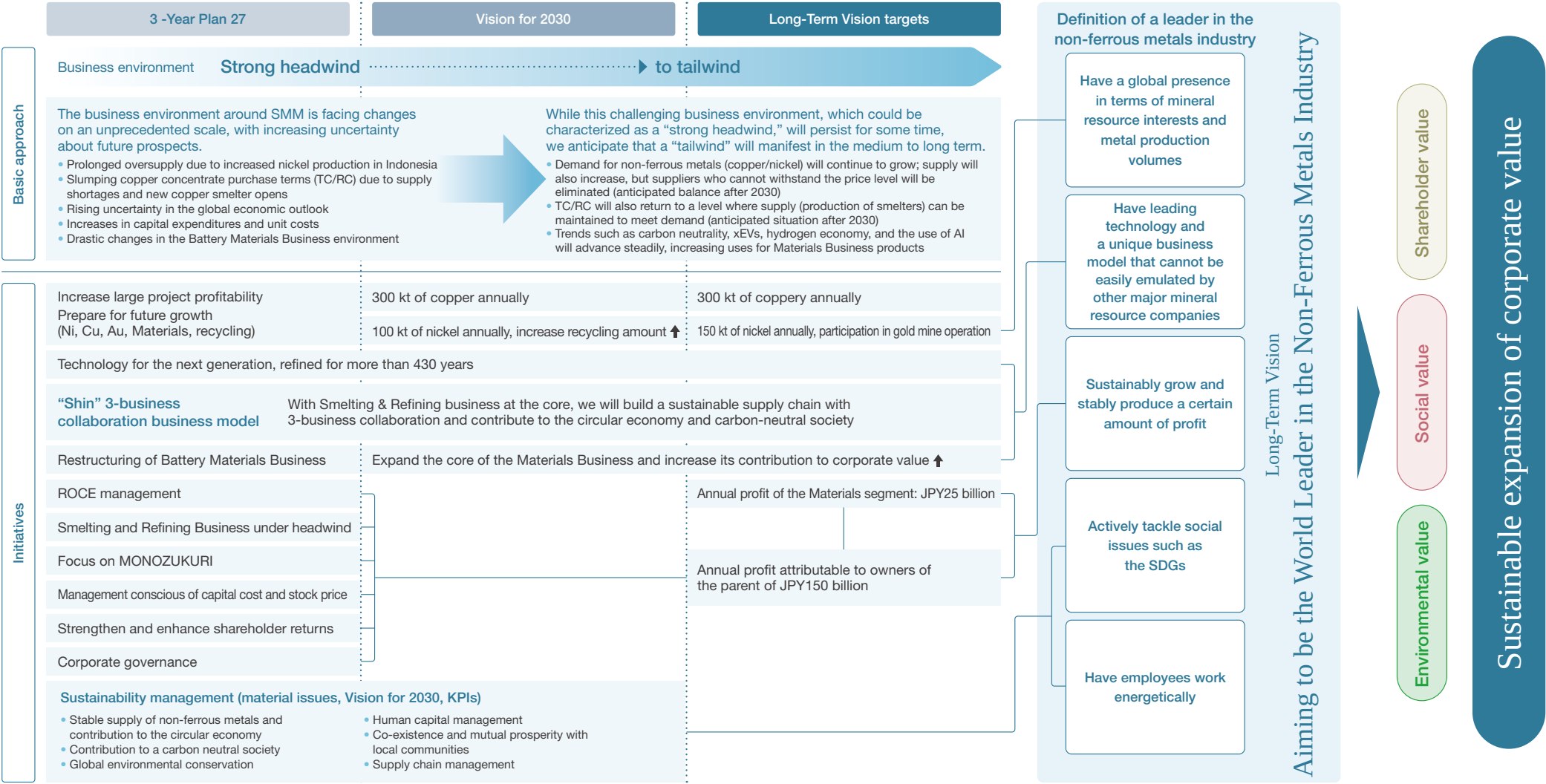
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3-Year Business Plan 2027

The three-year period from FY2025 to FY2027 covered by the 3-Year Business Plan 2027 comes at a critical juncture for realizing our Long-Term Vision to “Become the world leader in the non-ferrous metals industry,” during which we will enhance our MONOZUKURI-RYOKU (manufacturing and operational capability) to regain profitability and rebuild a foundation to sustainably increase corporate value. Under the 3-Year Business Plan 2027, we will also actively pursue initiatives to “sow the seeds” for future growth while simultaneously overcoming current issues, thereby aiming to realize our Vision for 2030 and our Long-Term Vision to “Become the world leader in the non-ferrous metals industry.”

Overall Picture of Long-Term Plan



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Key measures

Measures	Initiatives (plan)		2025 progress	Refer to this page for more details
1. Addressing Changes in the Business Environment	1. Realization of contributions by the Quebrada Blanca Copper Mine and Cote Gold Mine	• Working with joint venture partners to stabilize operations and further improve production efficiency	△	▶ P.037
	2. Rebuilding the Battery materials Business	• Switch to High-Ni NMC cathode materials	○	▶ P.043
		• Rebuilding the structure to match the business scale and focusing on thorough efficiency improvements and cost reductions	○	
	3. Enhancing the competitiveness of the Smelting & refining Business	• Ferronickel structural reform: New nickel matte production furnace. Production of nickel matte in addition to ferronickel to improve the capacity utilization of existing facilities	○	▶ P.040
		• CBNC: Focus on reducing costs and further improving production efficiency. With the final stage of the CBNC project, production is expected to cease during the 3-Year Plan 2030 period	○	
		• Continuing copper smelting & refining operations at full capacity. Enhancing technological capabilities to strengthen competitiveness	△	
	4. Business portfolio management (promoting ROCE management)	• Actions to be taken for businesses that do not achieve the ROCE benchmark during the 2021 3-Year Business Plan period Ferronickel business (Smelting & refining): Operation of the nickel matte production furnace is scheduled to begin at the end of FY2027 LT/LN business (Advanced Materials): Improve production efficiency and reduce costs by consolidating production bases and utilizing proprietary production processes	○	▶ P.034
		• Review of ROCE benchmark We will set the ROCE benchmark for the 3-Year Business Plan 2027 period at 6.5% (5.5% during the 2021 3-Year Business Plan period) based on current WACC conditions	○	
2. Preparing for Future Growth Initiative Themes	1. Promotion of growth strategies	• Kalgoorlie Nickel Project Goongaree Hub (Australia)	○	▶ P.042
		• Winu Copper-Gold Project (Australia)	○	▶ P.038
		• Securing new ore sources (nickel, copper, gold)	△	
	2. Lithium-ion secondary battery recycling	• Promotion of recycling plant construction. Operation is planned to start in FY2026.	○	▶ P.066
	3. Strengthening Advanced Materials Business	• SiCkrest® bonded SiC substrate	△	▶ P.046
		• SOLAMENT™ near-infrared absorbing material	○	
3. Assets, Technology, and Human Resources to Support Sustainable Growth	1. Focus on MONOZUKURI	• Refining MONOZUKURI-RYOKU (manufacturing and operational capabilities) not only at manufacturing sites but also across all business activities Evolving and deepening business model, maintaining and strengthening relationships of trust with partners, procurement cost reduction, development of efficient manufacturing processes, acquisition of intellectual property rights, equipment/operation problem reduction, occupational accident reduction, X-MINING™ (an initiative to cocreate new value), brand power improvement, proper budget management, thorough risk management and compliance, fostering and instilling an open and vibrant corporate culture, etc.	○	—
	2. Digital transformation (DX)	• Promote DX with a stronger emphasis on outcomes to drive business transformation	○	▶ P.052
	3. Human capital management	• Building a sustainable organizational foundation and contributing to business strategy	△	▶ P.057
4. Maintaining and Strengthening of the Management Base	1. Sustainability Management	• Address management issues that contribute to society’s sustainable development in line with our “Vision for 2030,” and achieve sustainable business growth and enhanced corporate value	○	▶ P.026
	2. Carbon Neutrality	• Implement initiatives based on our “interim targets and roadmap toward carbon neutrality”	○	▶ P.067
	3. Management with an Awareness of Capital Costs and Stock Prices	• Improve capital efficiency by promoting ROCE management and enhancing disclosure of information on growth businesses	△	▶ P.033
	4. Strengthen and Enhance Shareholder Returns	• Strengthen shareholder returns based on our financial strategy and capital allocation	○	▶ P.035
	5. Corporate Governance	• Introduce a stock compensation plan and consider the ideal governance structure, including the Board of Directors	○	▶ P.076

Financial Strategy

Enhancing Corporate Value by Balancing Growth Investment and Shareholder Returns Through a Strong Financial Foundation and ROCE Management



Message from the Executive Officer in charge of Financial Strategy

Yasuhiro Miyake
Director
Executive Officer in charge of
Financial Strategy,
General Manager of Finance &
Accounting Dept.

My Role and Assessment of the Current Situation as the Executive Officer in Charge

Over the course of my career at SMM, I have gained experience across a wide range of departments, including business divisions such as Smelting & Refining and Mineral Resources, finance departments responsible for tax and treasury, as well as the Corporate Planning Department. At SMM, where the Mineral Resources, Smelting & Refining, and Materials Businesses each have their own distinct characteristics, it is important to address management challenges in a manner that balances management with frontline operations, financial considerations with non-financial matters, and short-term earnings with medium- to long-term growth investments. As the executive officer in charge of financial strategy, my key responsibilities are to accurately grasp what is expected of SMM and the assessments of SMM conveyed through dialogue with capital markets, to inform others at SMM of my findings, and to incorporate them into our management decision-making. I support the president in the areas of finance and capital policy as he leads the company by enhancing our MONOZUKURI-RYOKU (manufacturing and operational capabilities), the source of our competitiveness, and I make continuous assessments of our optimal capital structure, capital efficiency—including return on capital employed (ROCE)—and our approach to shareholder returns. In addition, with regard to finance and capital policy, I am committed to clearly articulating and communicating the links between our corporate value and strengths that are not fully reflected in our financial statements, including our human capital, technologies, supply chain, and sustainability initiatives. These efforts aid in deepening SMM’s constructive dialogue with capital markets, building long-term relationships of trust, and enhancing corporate value.

Summary of FY2025 Results and FY2026 Business Forecast

In FY2025, stable operations at our major sites, the opening of new mines, higher copper and gold prices, continued yen depreciation, and the absence of the impairment losses recognized in the previous fiscal year all contributed to a substantial year-on-year increase in both net sales and profits. Profit before tax reached JPY 255.7 billion, the second-highest level in SMM’s history, while net income attributable to

owners of the parent totaled JPY 176.3 billion. A significant portion of the increase in earnings was attributable to favorable market conditions and one-time factors. Although profit excluding temporary factors improved by approximately JPY 50 billion year on year, strengthening SMM’s earnings power remains an ongoing challenge. From a business perspective, a high standard of production of electrolytic nickel, solid demand for materials for electronic components driven by data center-related demand, and the planned ramp-up of the Cote Gold Mine all contributed to business results. However, the Quebrada Blanca Copper Mine has yet to reach full production due to equipment-related issues and other factors, making its early stabilization a continuing priority.

For FY2026, we forecast consolidated results of JPY 1,883.0 billion, profit before tax of JPY 229.0 billion, and net income attributable to owners of the parent of JPY 139.0 billion (May Forecast). While factoring in the absence of the inventory valuation gains that boosted earnings in the previous fiscal year, higher costs resulting from factors such as the circumstances in the Middle East, expenses related to overseas projects, and increased costs associated with product-type changeovers in the Battery Materials Business, we expect profit/loss excluding temporary factors to be in the range of JPY 230.0 billion to JPY 240.0 billion. We will continue to steadily strengthen SMM’s earning power.

FY2025 Results and FY2026 Forecast (May)

(JPY billions)	FY2024 result (1)	FY2025 result (2)	Diff (2) – (1)	FY2026 Forecast (May) (3)	Diff (3) – (2)
Net sales	1,593.3	1,741.6	+148.3	1,883.0	+141.4
Gross profit	58.5	274.5	+216.0	237.0	-37.5
Profit before tax	31.4	255.7	+224.3	229.0	-26.7
Profit attributable to owners of parent	16.5	176.3	+159.8	139.0	-37.3
Profit/loss excluding temporary factors	120.0—110.0	170.0—160.0	+50.0	240.0—230.0	+70.0

► P.109 | Profit/loss excluding temporary factors

Metal Prices and Exchange Rates

	FY2024 result (1)	FY2025 result (2)	Diff (2) – (1)	FY2026 Forecast (May) (3)	Diff (3) – (2)
Copper (\$/t)	9,370	10,816	+1,446	11,000	+184
Nickel (\$/lb)	7.51	7.08	-0.43	7.50	+0.42
Gold (\$/toz)	2,585	3,939	+1,354	4,200	+261
Exchange (JPY/\$)	152.58	150.78	-1.80	155.00	+4.22

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Business Portfolio Management (Advancing ROCE Management)

SMM manages its business portfolio using ROCE. As a general rule, any business that falls below the benchmark during a single 3-Year Business Plan period is designated as requiring confirmation of continuation. As a general rule, we then spend the next two years assessing its viability and implementing improvements and reforms, with a final decision on its future made in the subsequent fiscal year. In FY2025, ROCE was 10.9% for the Mineral resources segment and 7.1% for the Smelting & Refining segment, both exceeding the 6.5% benchmark for the 3-Year Business Plan 2027 period. In contrast, the Materials segment recorded ROCE of 2.2%. In the Materials segment, we will focus on the key issues of turning around the Battery Materials Business and commercializing silicon carbide (SiC), while pursuing both future value and capital efficiency. Improvement and transformation efforts are currently underway in the LT/LN business within the Materials segment and the ferronickel business within the Smelting & refining segment, which failed to achieve the 5.5% ROCE benchmark during the 2021 3-Year Business Plan period. In other businesses as well, we have established KPIs for improving ROCE and formulated the measures needed to achieve them. We regularly monitor progress, analyze performance using the ROCE tree, and develop and implement improvement measures.

ROCE Performance Trends

		Mineral Resources	Smelting & Refining	Battery Material and Advanced Material¹
2021 3-Year Business Plan Period (benchmark: 5.5%)	FY2022 result	8.6%	12.0%	4.8%
	FY2023 result	4.6%	5.8%	-2.9%
	FY2024 result	5.7%	-2.1%	-32.3%
In 3-Year Business Plan 2027 (benchmark: 6.5%)	FY2025 result	10.9%	7.1%	2.2%²

1 The figures for "Materials" above exclude businesses other than battery materials and advanced materials.
2 Excluding certain product groups under business restructuring and those in the launch phase, the Company's main product groups are generally exceeding a ROCE of 6.5%.

Reference: Calculation in FY2027 under 3-Year Business Plan 2027

	Mineral Resources	Smelting &Refining		Materials
FY2027 under 3-Year Business Plan 2027	8.1%	0.3%		2.9%
	Copper	Nickel	Gold	Exchange (JPY/\$)
3-Year Business Plan 2027 Assumed price for calculation	\$9,400 /t	\$7.50 /lb	\$2,400 /toz	140.00

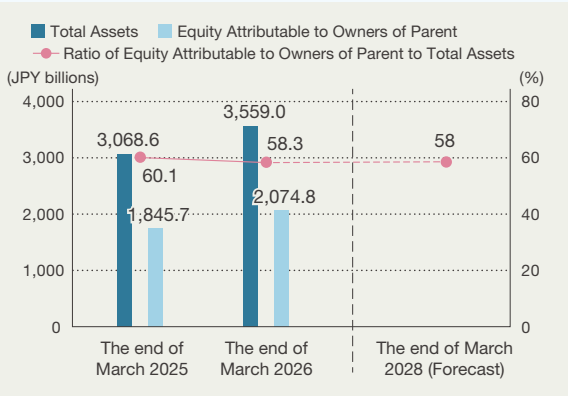
Balance Sheet Management that Pursues Financial Soundness and Efficiency

SMM's Mineral Resources and Smelting & Refining projects require long lead times—from acquiring interests and their subsequent development through to constructing smelting facilities and recovering investments—and the scale of these projects continues to increase. In addition, investment requirements are rising due to resource development sites being found at higher altitudes and greater depths, as well as increasing material and labor costs. To ensure that SMM does not miss any future large-scale projects or M&A opportunities, it is essential for us to maintain a strong financial foundation capable of withstanding significant temporary cash outflows. In line with this approach, maintaining a consolidated equity ratio (ratio of equity attributable to owners of the parent to total assets) of more than 50% is a cornerstone of SMM's financial strategy. At the same time, however, as excessive capital accumulation reduces capital efficiency, we regard 55% as the appropriate level and are targeting a consolidated equity ratio of 58% in FY2027. As of the end of March 2026, our consolidated equity ratio stood at 58.3%. While maintaining financial soundness, we will continue to enhance balance sheet efficiency through dividends, share repurchases, and growth investments.

Basic Policy on Financial Strategy

To maintain financial soundness, we will maintain a consolidated equity ratio of more than 50%. At the same time, to promote management with an awareness of capital costs, we regard 55% as the appropriate level and aim to achieve a consolidated equity ratio of 58% by the fiscal year ending March 2028, while enhancing shareholder returns and implementing other measures.

Total Assets, Equity Attributable to Owners of Parent, and Ratio of Equity Attributable to Owners of Parent to Total Assets



Capital Allocation

Capital allocation refers to the optimal allocation of capital among growth investments, maintenance and renewal investments, and shareholder returns, with the objective of maximizing shareholder value while maintaining financial soundness. SMM's basic policy is to consistently execute strategic investments that contribute to our future earnings base as well as maintenance and renewal investments that support stable operations, while also investing in the future through initiatives such as digital transformation and reductions in GHG emissions. Moreover, we will remain focused on stable dividends with DOE serving as the minimum threshold, while considering flexible shareholder returns, including purchases of treasury shares, in line with capital levels and investment opportunities. Total capital expenditures and investments for the 3-Year Business Plan 2027 period are now expected to increase from the initially planned JPY 437.0 billion to JPY 540.0 billion. The primary factors behind this increase are higher expenditures on large-scale projects, rising prices, and the continued depreciation of the yen. Looking at the breakdown by purpose, we expect to allocate approximately JPY 40.0 billion to future investments, JPY 140.0 billion

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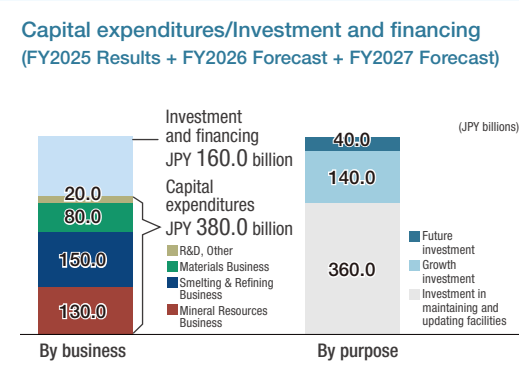
to growth investments, and JPY 360.0 billion to maintenance, renewal, and other investments. By business segment, we plan to allocate approximately JPY 130.0 billion to the Mineral Resources Business, JPY 150.0 billion to the Smelting & Refining Business, JPY 80.0 billion to the Materials Business, JPY 20.0 billion to research and other areas, and JPY 160.0 billion to investments and financing. We aim to strike a balance between long-term projects in the Mineral Resources and Smelting & Refining Businesses and investments in high-value-added areas of the Materials Business, with an emphasis on creating medium- to long-term corporate value rather than pursuing short-term earnings alone.

(JPY billions)		FY2025 Results + FY2026 Forecast + FY2027 Forecast	3-Year Plan 2027 (FY2025-FY2027)	
Cash flow from operating activities		665.0	495.0	Improved Profit
Disposal of cross-shareholdings, increase in interest-bearing debt, etc.		165.0	90.0	
Total Cash Inflows		830.0	585.0	
Capital Investment, Investments and Financing	Future investment, Growth investment, Investment in maintaining and updating facilities	540.0	440.0	Increased spending on large-scale projects, rising prices, and yen depreciation
	New investment	110.0	45.0	Securing funding for new project participation in the next medium-term plan period
shareholder returns	Additional shareholder returns			Flexible repurchase of own shares, etc.
	Dividends	180.0	100.0	Enhanced Shareholder Returns by Raising the Minimum DOE indicator (2.5% → 3.5%)
Total Cash Outflows		830.0	585.0	

* This reflects our current outlook and does not constitute a commitment.

Capital expenditures/Investment and financing

As mentioned earlier, total capital expenditures and investments and financing during the 3-Year Business Plan 2027 period are expected to amount to JPY 540.0 billion. SMM’s growth investments include the Winu Copper-Gold Project, the Kalgoorlie Nickel Project, nickel matte production facilities at Hyuga Smelting Co., Ltd. and investments related to the transition in the Battery Materials Business from lithium nickel-cobalt-aluminum oxide (NCA) to High-nickel NMC cathode materials. In terms of future investments, we will invest in battery recycling, reducing GHG emissions, digital transformation, systems development, and



other initiatives designed to address social challenges, while also strengthening our business competitiveness. Furthermore, maintenance, renewal, and other investments account for a substantial JPY 360.0 billion, and this significant allocation of capital supports stable operations as well as safety and environmental initiatives. When making investment decisions, in addition to ROCE and hurdle rates, we will also take into account synergies created through our 3-business collaboration efforts, as well as resource circulation and market growth potential, while ensuring capital efficiency.

Reducing Cross-shareholdings

We are reducing cross-shareholdings with the goal of bringing them to 10% or less of consolidated net assets, excluding shares in PT Vale Indonesia, in order to improve capital efficiency and enhance balance sheet efficiency. Although this ratio stood at 12.6% at the end of FY2025, partly due to higher share prices, we reduced holdings in eight stocks, and other efforts are also progressing as planned. To achieve our FY2028 target, we will accelerate the reduction of these holdings and flexibly allot the proceeds from these sales to growth investments, purchases of treasury shares, debt repayment, and other purposes, taking into account capital levels and investment opportunities at the time.

▶ P.090

Shareholder return policy

Shareholder returns are an important element in optimizing our capital structure and improving capital efficiency. Since FY2009, SMM has maintained a policy of paying dividends commensurate with our business performance. Since FY2019, we have used a consolidated dividend payout ratio of 35% as our benchmark. However, due to the nature of our business, our Group’s financial results are significantly affected by fluctuations in non-ferrous metal prices, exchange rates, and other external factors. As a result, dividends based principally on the consolidated dividend payout ratio can fluctuate considerably from year to year. In response to feedback from shareholders and investors seeking more stable dividends, and as part of our efforts to ensure management that is conscious of capital costs and share prices, we introduced dividends on equity (DOE) as our minimum benchmark beginning with the year-end dividends for FY2023. This is intended to mitigate the impact on dividends in the event that the Group’s earnings decline due to metal prices or other external factors.

In FY2023, we introduced a DOE of 1.5% as our shareholder return benchmark, subsequently raising it in stages. We revised our policy beginning with dividends for FY2025 so that, as long as our consolidated equity ratio remains above our target level of 55%, the minimum benchmark will be a DOE of 3.5%. This policy is intended to enable us to provide stable, predictable dividends based on our balance sheet, even though our Mineral Resources and Smelting & Refining Businesses are subject to significant earnings volatility, while clearly communicating the direction of our capital policy to our shareholders. The dividend per share for FY2025 was JPY 228*, and we forecast JPY 207 per share for FY2026 May Forecast. We also completed JPY 20.0 billion in purchases of treasury shares during FY2026. With dividends as the cornerstone of shareholder returns, we will implement a flexible return policy, including purchases of treasury shares, after comprehensively considering our business performance, financial position, investment opportunities, and capital levels. We will remain committed to maximizing shareholder value while strengthening our future earnings base.

* Dividend based on a consolidated dividend payout ratio of 35%

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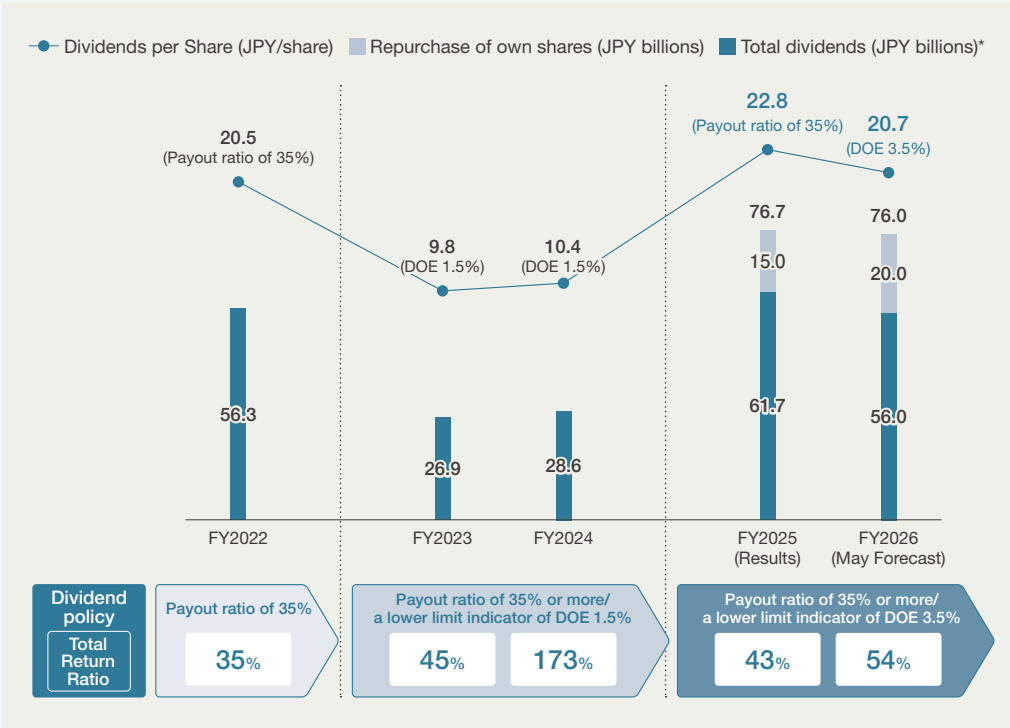
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Shareholder return policy

- (After changes)
1. In principle, dividends from surplus shall be paid out with a consolidated payout ratio to be 35% or more, and while the consolidated equity ratio exceeds the Company-defined appropriate level of 55%, the minimum indicator is set at a DOE of 3.5%*.
- * DOE = Annual total dividends / Shareholders' equity (The Company will use the finalized shareholders' equity figure as of the end of the previous fiscal year when performing calculations, and it will exclude other components of equity from consolidated net assets attributable to owners of parent.)
2. Shareholder returns will consist primarily of dividends from surplus. The Company will flexibly implement measures, including repurchase of own shares, based on its business results and financial status after comprehensively considering investment opportunities and equity standards.

(JPY/per share)	FY2024 (Reference)	(1) FY2025	(2) FY2026 (May Forecast)	Diff (2) – (1)
Dividends per Share	104	228	207	-21
Interim Dividend	49	65	103	+38
Year-end Dividend	55	163	104	-59



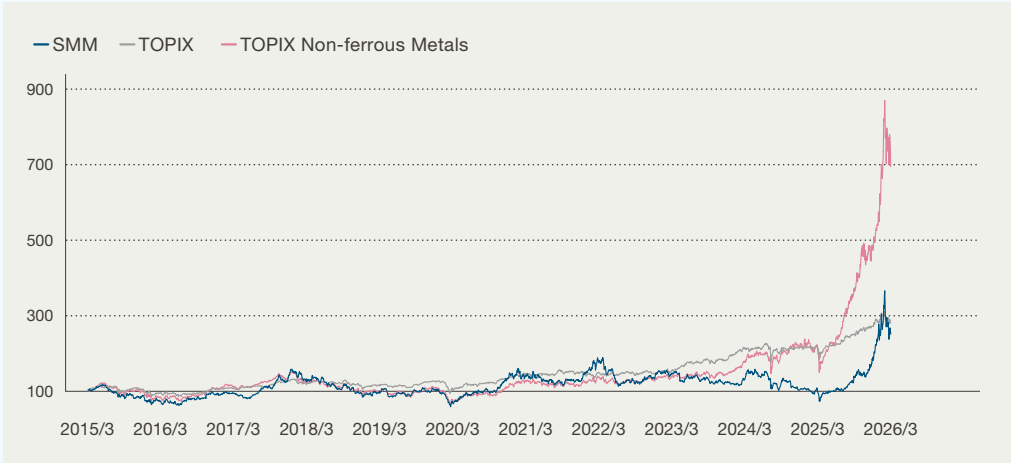
Number of shares issued and outstanding at FY2025 year-end, excluding treasury shares: 270,549,733 shares

* Amounts less than JPY 100 million are rounded to the nearest JPY 100 million.

Share Price and PBR Trends

SMM's share price and price-to-book ratio (PBR) improved significantly in FY2025. This was driven not only by a substantial increase in earnings resulting from higher copper and gold prices, continued yen depreciation, contributions from the Cote Gold Mine, and a substantial increase in earnings due to the absence of impairment losses in the previous fiscal year, but also by enhancements to our shareholder return policy, purchases of treasury shares, and the clear articulation of our policies on capital allocation and reducing cross-shareholding. Although SMM's PBR had temporarily fallen well below 1.0x, it recovered to above 1.0x toward the end of FY2025. However, rather than relying solely on valuation improvements driven by market factors, we will continue to enhance corporate value in a manner that earns sustained recognition from capital markets by instilling ROCE management, restoring the earning power of the Materials Business, and making invisible value visible.

Share Price (Share prices calculated with share price at the end of March 31, 2015 set to 100)



Share Price Performance (TSR)*1

Investment period	1 year	3 years		5 years		10 years	
	Cumulative / Annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
SMM	179.9%	83.9%	22.5%	104.9%	15.4%	355.7%	16.4%
TOPIX*2	34.6%	87.4%	23.3%	102.2%	15.1%	228.2%	12.6%
TOPIX Non-ferrous Metals*2	245.8%	398.4%	70.8%	453.9%	40.8%	764.1%	24.1%

Source: QUICK

*1 TSR (Total Shareholder Return): Calculated using $\frac{[\text{share price at the end of the fiscal year ended March 31, 2026}] - [\text{share price at the end of the fiscal year X years previous to the fiscal year ended March 31, 2026}] + [\text{total cash dividend per share for the relevant period}]}{[\text{share price at the end of the fiscal year X years previous to the fiscal year ended March 31, 2026}]}$

*2 TOPIX and TOPIX non-ferrous metals use indices that include dividends, and accordingly, dividends are not added to the calculation

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Mineral Resources Business

Aiming for mine development and operation adapted to changes in our social environment

Competitive Advantages

Human Capital

Staged, systematic training of engineers in mining operations through hands-on experience at the Hishikari Mine

Social and Relationship Capital

Long-term, trusting relationships and partnerships with leading global mining companies

Intellectual Capital

Direct operation of the Hishikari Mine, building extensive expertise in mine development and operations

Natural Capital

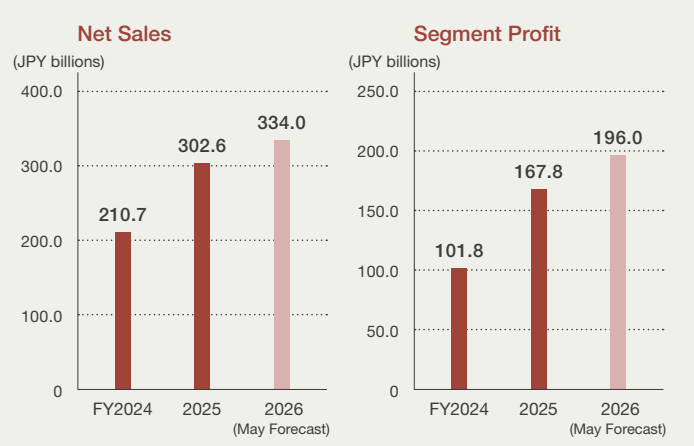
Sustainability-focused operations at the Hishikari Mine that maximize recovery of limited resources

Manufactured Capital

Operation of the Hishikari Mine, Japan's only commercially operating gold mine; Participation in highly cost-competitive copper mines with world-leading mineral reserves and production volumes

Financial Capital

Participating interests in world-class copper mines operated by major mining companies



Profile

Yoshihiro Sagawa

Managing Executive Officer,
General Manager of Mineral Resources Div.



→ Overview

In FY2025, we focused primarily on the ramp-up toward full production at the large-scale Quebrada Blanca Copper Mine (Chile) and Cote Gold Mine (Canada). We also expanded our copper portfolio and strengthened our partnerships with major resource companies through participation in the Winu Copper-Gold Project (Australia). At the Quebrada Blanca Copper Mine, production volume fell short due to delays in raising the dam crest at the tailings storage facility. Meanwhile, at the Cote Gold Mine, the ramp-up progressed largely as planned, enabling achievement of the production target. Moreover, the Hishikari Mine (Kagoshima Prefecture) also achieved its planned production volume, and strong gold prices helped ensure robust financial performance. Among our overseas mining operations, the Morenci Copper Mine (United States), the Cerro Verde Copper Mine (Peru), the Candelaria Copper Mine (Chile), and the Northparkes Copper Mine (Australia) all recorded production levels that were generally in line with those planned.

We reached an agreement with Rio Tinto in May 2025 to acquire a 30% interest in the Winu Copper-Gold Project, and the contract was concluded in October of the same year, whereupon we immediately launched a feasibility study to aid in developing the project.

→ Progress of the 3-Year Business Plan 2027

The top priority in the 3-Year Business Plan 2027 is to ensure that our large scale projects contribute to profit steadily and reliably. Tailings storage facility constraints hampered ramp-up efforts at the Quebrada Blanca Copper Mine in FY2025, and we are currently addressing bottlenecks across the operation, including at the tailings storage facility, to achieve stable operation as quickly as possible. At the Cote Gold Mine, the ramp-up progressed steadily throughout 2025, bringing the operation to near full production. Going forward, we plan to further expand production capacity by upgrading some of the facilities.

At the Hishikari Mine, we are working toward our goal of a 100-year mine life by strengthening the infrastructure needed for long-term operations. At the same time, we continue to pursue digital transformation to secure gold production and maintain stable output while compensating for declining ore grades. Under the slogan “Discover as Much Gold as We Mine,” we will also continue prospecting operations in the surrounding areas. In our major overseas mining operations, we will remain committed to stable production while further strengthening collaboration with our business partners.

To support medium- to long-term business growth, we will continue to advance the feasibility study for the Winu Copper-Gold Project. We will also make progress in our gold prospecting projects, primarily in Canada and Australia.



SMM's Understanding of the Business Environment

Looking ahead, demand for non-ferrous metals is expected to continue growing, driven by factors such as global decarbonization efforts, the construction of data centers, and the accelerating transition to electric vehicles. At the same time, however, developing new mines—particularly copper mines—is becoming increasingly challenging due to the growing remoteness, higher elevations, and declining ore grades of mineral deposits; rising development and construction costs; and the diversification of stakeholder engagement and social license to operate. As a result, competition to secure mineral resources has intensified, and metal prices have remained at elevated levels. In addition to the non-ferrous metals we produce, other critical minerals such as battery metals and rare earth elements are also gaining prominence as new strategic resources. At the same time, supply risks attributable to strengthened export controls by countries such as China and efforts to corral critical minerals for the development of domestic industries have become apparent. Against this backdrop, global markets have become increasingly uncertain, with commodity markets experiencing periods of disruption due to the impact of tariff policies adopted by various countries.

In addition, rising tensions in the Middle East and other geopolitical uncertainties have driven up fuel and transportation costs, leading to higher operating costs for mines around the world. Major global resource companies are accelerating the restructuring of their businesses and the optimization of their portfolios in anticipation of the energy transition, placing greater emphasis on their copper businesses while expanding into lithium and other battery metals. Given this state of affairs, we will continue to focus our operations around the Pacific Rim to maintain a stable supply chain, and continue to acquire and maintain resources while securing long-term, stable mining interests, working closely with leading global resources companies as a trusted business partner to ensure a stable supply of metals from mine to smelter.

Key Initiatives

Timeline for Key Projects

	FY2025	FY2026	FY2027	From 3-Year Plan 30 and after
Quebrada Blanca Copper Mine	Optimization and Debottlenecking			Decision-making for expansion
Cote Gold Mine	Ramp-up	Optimization and Debottlenecking		
Winu Copper-Gold Project	Entry	Feasibility Study		Construction
Baptiste Nickel Project	Feasibility Study			Environmental permitting and decision-making

Addressing Changes in the Business Environment
—Ensuring Stable Mine Operations and Expanding Facilities

1 Prioritizing Stable Operations at the Quebrada Blanca Copper Mine

In 2025, we successfully met all of the financial completion requirements, including production indicators and costs stipulated in the project finance agreement formulated for this project. Subsequently, however, we were unable to secure sufficient material to raising the dam crest at the tailings storage facility (where tailings—the material remaining after copper and other valuable metals have been extracted from ore—are deposited), resulting in a temporary constraint on the facility's tailings storage capacity. This intermittently reduced the operation rate of upstream mineral processing, hindering the production ramp-up. To eliminate this bottleneck, we are currently enhancing the performance of our cyclone classifiers to recover tailings in quantities sufficient to raise the dam crest. In addition, we are securing crushed rock from nearby sources to prevent further reductions in operation rates. As a result, copper production has been recovering since the end of 2025. We are strengthening ties with our business partner, Teck Resources Limited, with the aim of bringing the mine to full production as quickly as possible. A key strength of the mine is its lengthy anticipated operating life, with annual copper production projected to reach 210 thousand–270 thousand tons over the next three years.

2 Expanding Facilities at the Cote Gold Mine

In June 2025, the average mill throughput over a 30-day period exceeded the design capacity of 36 thousand tons per day, bringing the operation to near full production. To increase throughput further beyond the design capacity, we completed the installation of an additional crusher in November 2025 to expand crushing capacity, which had become a bottleneck, and began trial operations in December. We are also expanding ancillary facilities to further increase mill throughput. Working together with our business partner, IAMGOLD Corporation, we are also evaluating how to optimally develop the Gosselin deposit, a satellite deposit of the Cote Gold Mine, and making preliminary economic assessments that include expanding processing facilities.

Preparing for the Next Phase of Growth—Advancing Our Growth Strategy

1 Advancing the Winu Copper-Gold Project

We began to engage in exclusive negotiations with Rio Tinto regarding the acquisition of a 30% interest in its Winu Copper-Gold Project in December 2024, which culminated in mutual agreement on a definitive agreement in May 2025. In October of the same year, we paid an upfront consideration of 195 million USD for the acquired interest, formally establishing a joint venture with Rio Tinto. Since then, we have commenced the feasibility study and environmental permitting process, both of which are progressing steadily.



Panoramic view of the Winu Copper-Gold Project site

2 Securing New Mineral Resources (Copper, Gold, Nickel)

Under our long-term vision, we have set a target of achieving annual copper production volume of 300 thousand tons attributable to our participating interests. With the addition of the Winu project to our portfolio of copper assets—which also includes the Morenci (USA), Cerro Verde (Peru), and Quebrada Blanca (Chili) copper mines—we expect copper production attributable to our participating interests to further increase. We also plan to increase gold production attributable to our participating interests by adding output from the ramp-up at the Cote Gold Mine as well as gold produced as a by-product of the Winu project to production from the Hishikari Mine, while continuing to advance exploration projects in Canada and Australia. For nickel, we will continue discussions with Canada's FPX Nickel Corp. On a future commercialization framework for the Baptiste Nickel Project, while assessing the suitability of awaruite ore and advancing initiatives to secure raw materials for our nickel refinery.

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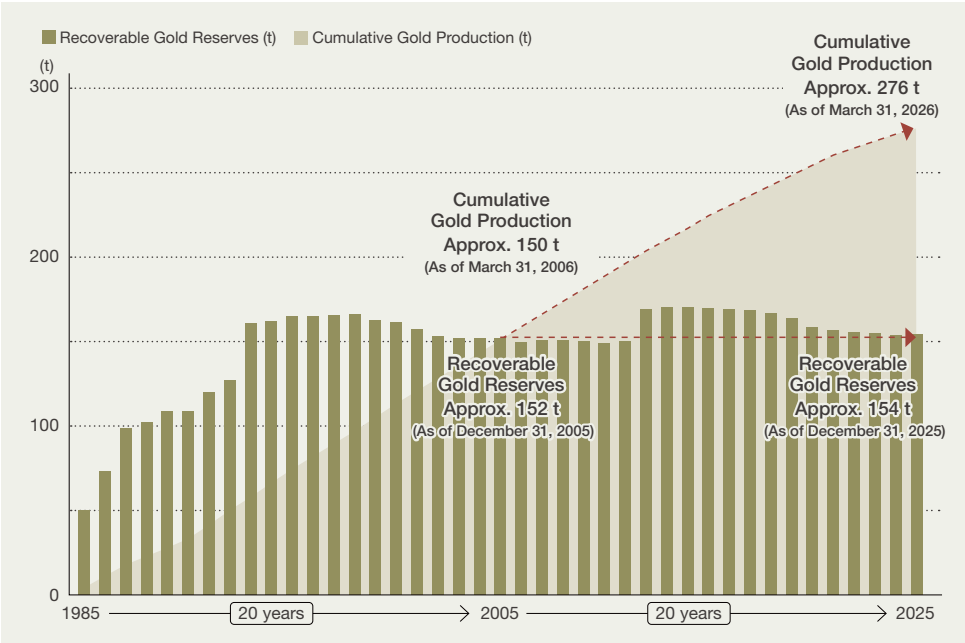


Assets Supporting Sustainable Growth

1 Hishikari Mine's Emphasis on Long-Term, Stable Operations

Since it started operations in 1985, the Hishikari Mine has produced approximately 276 tons of gold (as of the end of March 2026). Worldwide, the amount of gold contained in gold ore (grade) is said to be 3–5 grams per ton on average. However, the Hishikari Mine is characterized by its high grade with approximately 20 grams of gold per ton, or about five times the global average. Annual gold production for FY2026 is projected at 3.5 tons. Going forward, we will continue to emphasize sustainable mining by bringing mined ore grades closer to the average recoverable grade while adding new gold reserves through exploration of surrounding ore veins. Our sustainable operations have enabled us to extract more than 120 tons of gold over the past 20 years since 2005, while maintaining approximately the same level of remaining recoverable gold reserves as initially existed. Meanwhile, with approximately 40 years having passed since Hishikari Mine's opening in 1985, critical facilities are deteriorating. Therefore, we are promoting the replacement of facilities while actively introducing DX-related facilities, such as autonomous heavy equipment. By maintaining stable operations, we also aim to ensure that the Hishikari Mine continues to serve as a mining school, where geologists, mining engineers and metallurgists hone the skills necessary in mining operations.

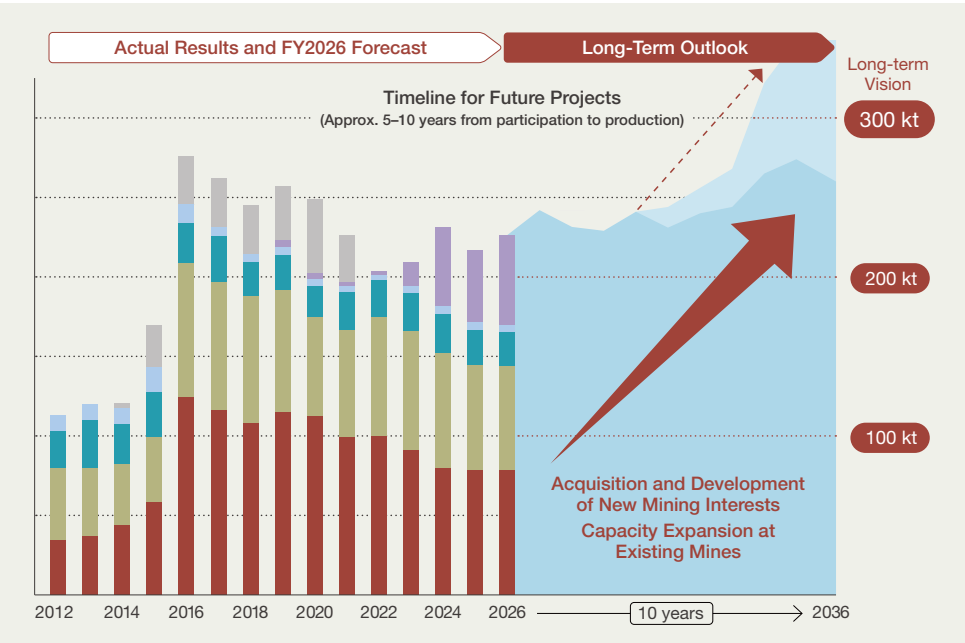
Hishikari Mine: Recoverable Gold Reserves and Cumulative Gold Production



2 High-quality Mines in which SMM Holds Interests

All of the copper mines in which we hold interests are long-life, high-quality assets offering strong cost competitiveness. In recent years, however, declining ore grades at these mines have led to a gradual decrease in annual copper production attributable to our participating interests. Nevertheless, with the Quebrada Blanca Copper Mine ramping up to full production and the Winu Copper-Gold Project moving forward, copper production attributable to our participating interests is now returning to a growth trajectory. Against this backdrop, to achieve one of our long-term vision targets of 300 thousand tons of annual copper production attributable to our participating interests, we will focus on maintaining stable production and consistently meeting our production plans by sharing challenges and solutions with our business partners, strengthening monitoring operations, dispatching engineers, and proposing improvements. Each of these copper mines is notable for the abundant potential they possess for further exploration, so we are committed to pursuing sustainable operations, just as we have at the Hishikari Mine, through continuous exploration of the areas near these sites to secure additional ore reserves.

Production from Copper Mine Interests (t/year)



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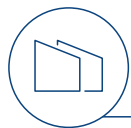
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Smelting & Refining Business

Using our advanced technological capabilities to provide a stable supply of metal materials that support society

Competitive Advantages

Human Capital

Staged, systematic development of smelting and refining specialists

Intellectual Capital

Proprietary technologies, including HPAL technology—the first in the world to be successfully commercialized—and the production of high-purity nickel through the combination of HPAL and the MCLE process

Manufactured Capital

A highly cost-competitive smelter operating with careful consideration for the environment

Social and Relationship Capital

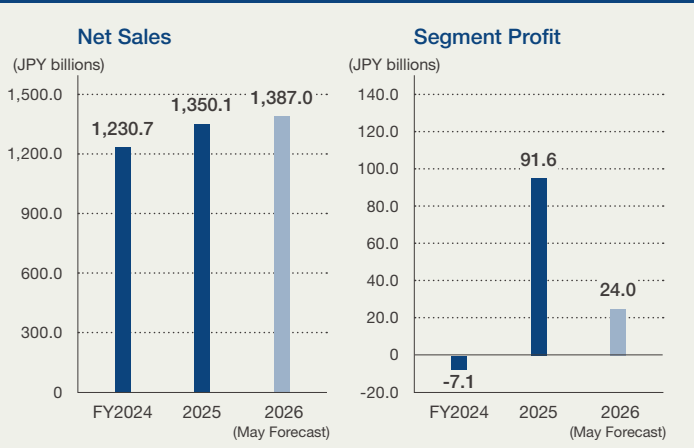
Close collaboration bringing together raw material suppliers, customers, and internal departments

Natural Capital

Effective utilization of finite mineral resources using HPAL technology to recover nickel from previously unused low-grade nickel oxide ore

Financial Capital

A rigorous cost management framework. Offsetting the impact of low TC/RC* through the Mineral Resources Business



Profile

Masaru Takebayashi

Director, Senior Managing Executive Officer
General Manager of Non-Ferrous Metals Division



→ Overview

In FY2025, electrolytic nickel production exceeded the planned volume through continuous and stable operations, reaching a record high. Nickel sulfate production also significantly exceeded the planned volume, supported by sustained demand targeting the Battery Materials Business. Electrolytic copper production fell short due to equipment-related issues and other operational disruptions. As part of our strategy to drive growth in the nickel business, we joined the Kalgoorlie Nickel Project in Australia in May 2024 to help secure a stable supply of raw materials and are currently conducting a definitive feasibility study (DFS). Once the project's economic viability has been confirmed, we plan to proceed to the basic design phase.

In the spot market for copper concentrate TC/RC (Treatment Charge and Refining Charge), TC/RC processing margins remained negative. In addition, concerns over copper concentrate supplies due to mine shutdowns and limited plans for new mine development, coupled with persistently strong demand from smelters, further exacerbated this extraordinary situation. Approximately 50–60% of the copper concentrate we process is sourced from mines in which we hold ownership interests. As a result, the impact of TC/RC is offset by earnings from our Mineral Resources Business. Nevertheless, as the business environment surrounding copper smelting continues to grow more challenging, we will continue to strengthen our cost competitiveness to ensure a stable supply of copper. In the lithium-ion battery (LIB) business, we advanced the construction of Japan's first commercial-scale battery recycling plant. The wet-processing plant at the nickel refinery commenced trial operations in March 2026, followed by the dry-processing plant at the Toyo Smelter & Refinery in June 2026. Securing sufficient materials for the LIB recycling plant remains a challenge, and we will strengthen our raw material collection network to ensure a stable supply.

* TC: Treatment Charge; RC: Refining Charge. A margin received by smelters from mining companies, and an indicator used when determining the conditions for purchasing copper concentrate and other metal raw materials.

→ Progress of the 3-Year Business Plan 2027

In the copper business, while profitability deteriorated amid persistently low TC/RC levels, we focused on securing higher sales premiums. In procuring copper concentrate, rather than following the benchmark terms established by Chinese smelters, we worked to improve TC/RC through direct negotiations with suppliers. Operationally, we are enhancing our electrolytic refining process to achieve annual electrolytic copper production of 460 thousand tons. Going forward, we will continue implementing measures to reduce costs, increase our ability to process highly impure materials, and expand the proportion of secondary copper materials, as well as to achieve an annual processing volume of 140 thousand tons of secondary copper materials—equivalent to 30% of our annual electrolytic copper production target of 460 thousand tons—by 2030.

In the nickel business, as Coral Bay Nickel Corporation (CBNC) approaches the end of its operating life, we are preparing for the conclusion of production by engaging with the local community and supporting the reemployment of local employees. At the same time, to improve the profitability of the struggling ferronickel business, we are working toward the completion and start-up of the nickel matte production facilities at Hyuga Smelting Co., Ltd. during FY2027 to acquire a new source of nickel by securing raw materials, establishing a slag sales network, and recruiting and training personnel.



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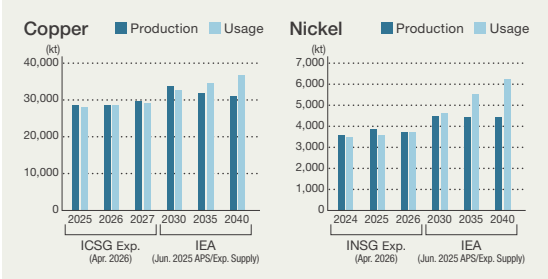
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SMM's Understanding of the Business Environment

Amid the global trend toward decarbonization, the continued adoption of EVs and renewable energy sources, including wind and solar power, together with growing demand for data centers, is expected to drive continued expansion of power infrastructure. As a result, demand for copper used in power transmission cables and other applications is expected to increase significantly over the medium to long term. To meet the rising demand, smelters and refineries in China, Southeast Asia, and India are coming online in succession. While copper production capacity is expected to increase, it is increasingly difficult to develop new copper mines, limiting the number of copper mine development projects. As such, the current copper concentrate supply shortage is expected to persist. Consequently, we assume that any recovery in TC/RC conditions will take some time.

For nickel, although demand is expected to grow only slightly over the short term, significant medium- to long-term growth is anticipated, driven primarily by EV batteries and stainless-steel production in Southeast Asia and India. While supply volumes from China and Indonesia have continued to increase, supply is expected to tighten as Indonesia's restrictions on nickel ore production take effect, easing the current state of oversupply in the market.



Key Initiatives

Timeline for Key Projects

		FY2025	FY2026	FY2027	From 3-Year Plan 30 and after
Enhancing competitiveness of copper smelting and refining (Toyo Smelter & Refinery)	Expanding production capacity	Expand production capacity to 460kt-Cu/year			
	Recycling systems	Establishing a processing system to recycle 140 kt/year of copper			
Enhancing competitiveness of nickel business	Kalgoorlie Nickel Project	DFS/FEED			Construction / Start of operations
	Ferronickel structural reform	Construction of nickel matting furnace			Start of operations
	CBNC	Regular operations + Various studies toward ending production			End of production
Secondary battery recycling		Plant construction	Start of operations (maximum capacity of 10 kt/year)		Capability enhancement

Addressing Changes in the Business Environment
—Strengthening the Competitiveness of the Smelting Business

1 Maintaining Full-Scale Copper Smelting Operations While Enhancing Competitiveness Through Advanced Technologies

While we will continue to operate under the same low TC/RC conditions as in FY2025, the highly productive Toyo Smelter & Refinery will be able to maximize its advantages by maintaining full production at a high rate of operation, as it features a flash furnace with one of the world's largest production capacities for a single furnace and an electrolytic plant operating at one of the highest current densities in the world. With this as the cornerstone of our supply chain, in order to further boost profitability, we will pursue greater operating efficiency and lower costs while enhancing our ability to source materials under more favorable procurement terms.

In addition, to reduce the carbon footprint of electrolytic copper by increasing the use of recycled materials and to secure copper raw materials in response to declining copper grades in concentrates, we have set a target for 2030 of an annual processing volume of 140 thousand tons of secondary copper materials (recycled materials, including copper scrap and copper-bearing sludges)—equivalent to 30% of our annual electrolytic copper production target of 460 thousand tons. To achieve this goal, we are developing processing technologies capable of handling a wide variety of secondary copper materials.

In addition, we began studying closed-loop recycling of automobile waste wire harnesses in May 2026. We are developing technologies to recover copper from waste wire harnesses so that it can be reused by wire manufacturers to produce new wire harnesses. Although waste wire harnesses contain a wide range of impurities, making recycling technically challenging, we aim to deliver high-quality electrolytic copper, using reaction heat generated during the copper smelting process to melt slag and leveraging technologies we have developed over many years to remove impurities.

2 Nickel Smelting and Refining with Priority on Reducing Costs and Securing New Materials

CBNC in the Philippines, which produces the nickel-cobalt mixed sulfide (MS) used as a raw material in our nickel refining operations, has achieved major outcomes since commencing commercial production in 2005. These include becoming the first company in the world to successfully commercialize the recovery of nickel and cobalt from low-grade nickel oxide ore using the HPAL process. Even now, CBNC remains a key raw material supplier for our nickel business as it continues to pursue cost reductions and productivity improvements. However, with more than 20 years having passed since the project began, CBNC is entering the final stage of its operating life. We are therefore considering ending operations during the period covered by the 3-Year Business Plan 2030. We plan to use nickel matte to be produced at Hyuga Smelting Co., Ltd. as the new raw material to replace CBNC's MS. Since this nickel matte will be produced using ferronickel, which has been forced into production cutbacks in response to the recent decline in demand, increasing the operating rate at Hyuga Smelting Co., Ltd. will enable us to expand production and fundamentally improve profitability. The nickel matte produced will then be supplied as the primary material for our nickel refinery, replacing CBNC and helping to build a more resilient supply chain. In addition, we will recover scandium, a rare earth element, from the nickel ore processed by THPAL, and in response to growing demand, we plan to increase production capacity by approximately 20% while also developing new applications for scandium.

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Battery Material Business

Leveraging our accumulated technologies to prepare for the transition to High-Ni NMC cathode materials

Competitive Advantages

Human Capital

Employees with a strong commitment to quality and the ability to deliver results

Intellectual Capital

A competitive advantage in developing new products and processes, leveraging the technologies accumulated in the materials business

Manufactured Capital

Our Integrated Nickel Supply Chain from Ore to Battery Materials

Social and Relationship Capital

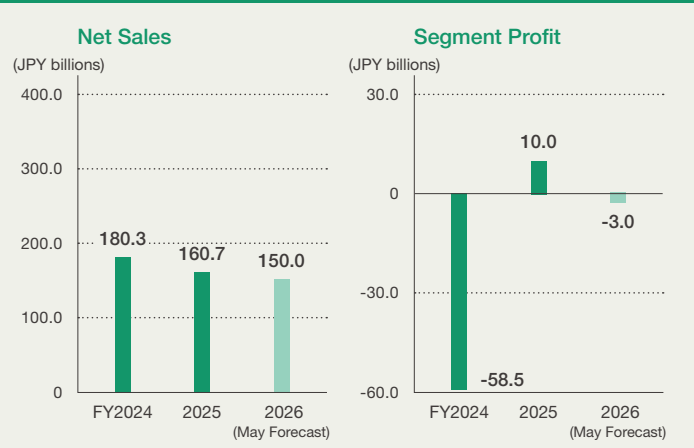
Strong ties with Japanese manufacturers of automotive lithium-ion batteries (LIBs)

Natural Capital

Contributing to a carbon-neutral society through the supply of cathode materials for vehicle electrification and other applications

Financial Capital

Achieving competitiveness in cathode material production using our own nickel sources, supported by a sound financial position



Profile

Munekazu Kawata

Managing Executive Officer
General Manager of Battery Materials Div.



→ Overview

Amid changing market conditions for electric vehicles (EVs), growth in EV demand has slowed due to factors such as the expiration of tax credits for BEV^{*1} purchases under the U.S. Inflation Reduction Act and sluggish sales growth in Europe, resulting in a temporary plateau in the BEV market. Meanwhile, HEVs^{*2} have been reevaluated in the market, with demand growing particularly in North America. Against this backdrop, a number of automakers have announced delays or cancellations of their planned BEV mass-production programs. Although the prevailing view is that the shift to EVs will continue to advance over the long term, growth is expected to slow in the near term, heightening uncertainty regarding the market size and future growth of EVs and energy storage batteries.

Our Battery Materials Business continued steady production and sales amid solid customer demand. Production of NCA cathode materials reached a record high, due in part to a planned increase in inventory in preparation for the transition to High High-Ni NMC cathode materials scheduled to begin after FY2027.

^{*1} BEV: Battery Electric Vehicle

^{*2} HEV: Hybrid Electric Vehicle

→ Progress of the 3-Year Business Plan 2027

During the first half of FY2025, we continued producing and selling NCA cathode materials, our mainstay products, in line with customer demand. Line No. 1 at the Niihama Plant manufactured NCA cathode materials as planned, while Line No. 2 began conducting trials in the second half of FY2025 in preparation for the commercial launch of High-Ni NMC cathode materials, a new product line. We also began optimizing and restructuring our supply chain in preparation for the discontinuation of NCA cathode material sales. Regarding the new High-Ni NMC cathode materials, we are preparing for mass production to commence sales after FY2027, while continuing to develop technologies to improve the capacity of the crystallization process.

In our efforts toward next-generation technologies, we are advancing the development of (nickel-based) cathode materials for next-generation all-solid-state batteries through a joint development agreement with Toyota Motor Corporation, with the aim of achieving commercial-scale production. For Lithium Iron Phosphate (LFP) cathode materials, product and process development remains underway to establish a new mass-production process, and potential customers are currently conducting evaluations. In addition, with the objective of reinforcing our research and development foundations, we opened the second development building at the Battery Research Laboratories in the second half of FY2025 with support from the Ministry of Economy, Trade and Industry's Green Innovation Fund, accelerating the development of next-generation technologies and products while enhancing our in-house evaluation framework for cathode materials and battery cells.



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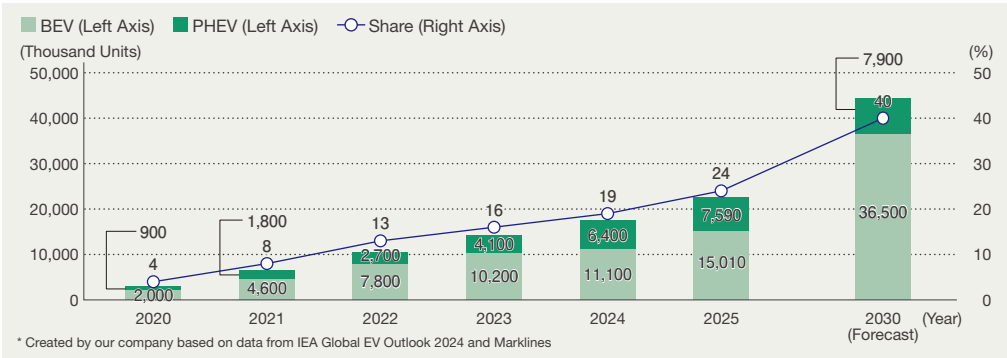
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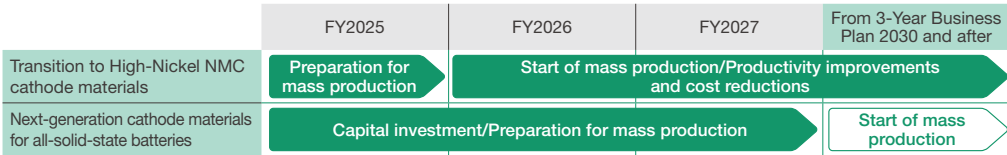
SMM's Understanding of the Business Environment

Although the EV market is currently undergoing a period of adjustment, during which growth has slowed, EV demand is expected to continue growing over the medium to long term as the transition to a decarbonized society progresses. Likewise, while overall demand for both nickel-based and LFP cathode materials continues to grow, competition over cost is intensifying as competing manufacturers in China and South Korea grapple with excess production capacity. Amid changing market conditions, we are advancing the development of next-generation High-Ni NMC cathode materials. At the same time, we aim to regain our competitive position by continuing to build our technological capabilities and leveraging our strengths, including our experience in mass-producing NCA cathode materials and access to our nickel sources.

BEV and PHEV Sales Volume and Share of Total Vehicle Sales



Timeline for Key Projects

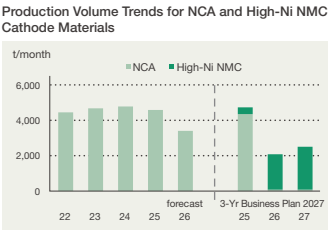


Key Initiatives

Addressing Changes in the Business Environment—Boosting Competitiveness Through Organizational Transformation and Technological Development

1 Transition to High-Ni NMC Cathode Materials

In FY2026, we will continue producing and selling NCA cathode materials in line with customer demand while optimizing our workforce and developing technologies and production systems for the future transition to High-Ni NMC cathode materials. As High-Ni NMC cathode materials—the successor to NCA cathode materials—are expected to generate a comparable degree of demand, we will continue to deepen and build upon our technological expertise.



2 Key Topics and Status of Progress Under the 3-Year Business Plan 2027

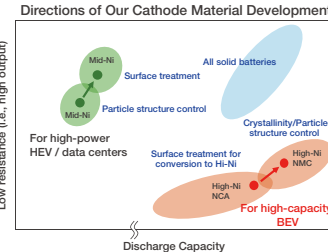
We will actively develop competitive products and technologies for LFP cathode materials. In the automotive sector, we will focus primarily on existing customers in anticipation of future market expansion. In addition, we will work with our partner company, Nano One®, to expand our presence in the market by acquiring customers for LFP cathode materials for use in data centers and other consumer applications.

We will promote proactive, market-driven product development, establish an in-house evaluation framework to address technical challenges, and accelerate the pace of development. To improve and reinvigorate manufacturing management, we will engage in production innovation activities centered on the Toyota Production System (TPS), promote digital transformation, strengthen our MONOZUKURI-RYOKU and systems, and reduce costs through measures such as reducing inventory. To improve sales, we will strengthen our relationships with existing customers. For BEVs, we will leverage our surface modification technology and crystal structure control technology, while for HEVs we will further refine our particle morphology control technology. These efforts to win new customers will provide our business with a second pillar. To capture new demand, we are monitoring the expected rapid growth in demand for lithium-ion batteries (LiBs) for use in data centers. For battery backup unit (BBU)*1 applications, we will follow the lead of our existing customers at the forefront of the industry.

*1 BBU: Battery Backup Unit. Storage batteries and power supply systems that provide backup power for data centers.

3 Boosting Competitiveness Through Technological Development

In the Battery Materials Business, FY2026 will be a year in which we clearly define the technologies and capabilities that will drive our next phase of growth. Although the EV market is expected to continue expanding, competition is becoming increasingly intense, placing SMM's Battery Materials Business in a highly competitive environment. In response, we will leverage our experience in mass-producing NCA cathode materials and our access to our own nickel sources to continue strengthening our production framework in order to accelerate the transition to next-generation High-Ni NMC cathode materials. We will continue producing and selling NCA cathode materials in line with customer demand. We will also pursue market-driven product development and expand our business with a broader range of customers. To secure new products, we will apply our surface modification technology, crystal structure control technology, and particle morphology control technology to identify the areas in which our cathode materials business can drive further growth and carry out our growth strategy accordingly.



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Advanced Materials Business

Responding swiftly to technological innovation and evolving customer needs to become a market leader

Competitive Advantages

Human Capital

Personnel committed to co-creation to generate new value and solve challenges

Intellectual Capital

Product development and stable supply capabilities built on multiple core technologies, including powder synthesis, surface treatment, crystal growth, and processing

Manufactured Capital

A manufacturing process foundation and high-performance production facilities that deliver exceptional quality

Social and Relationship Capital

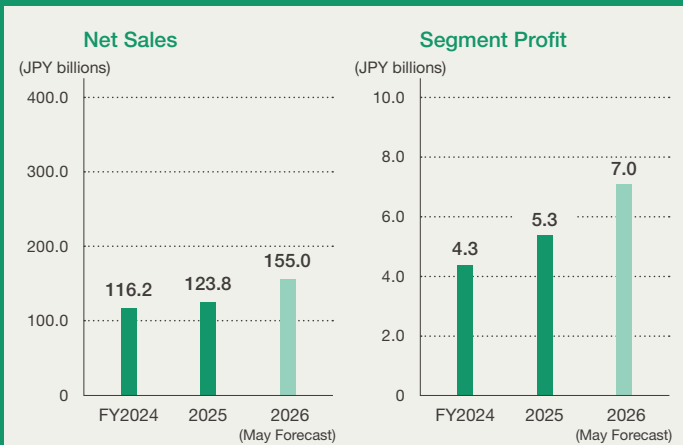
Strong relationships of trust with leading global manufacturers

Natural Capital

Contributing to the realization of a carbon-neutral society through the supply of low-carbon products

Financial Capital

A portfolio of highly profitable products, each modest in scale but collectively creating significant value



Profile

Shinichi Sato

Managing Executive Officer
General Manager of Advanced Materials Div.



→ Overview

We entered the materials business in 1960, building on the technological expertise we had cultivated over many years in our Mineral Resources and Metals Businesses. Today, by supplying a diverse portfolio of products built on multiple technologies—including powder synthesis, surface treatment, crystal growth, and processing—we have established a business that is less susceptible to fluctuations in metal prices, foreign exchange rates, and other market conditions. Manufacturing sites operated by SMM's Advanced Materials Business include two business sites, seven domestic affiliates, and three overseas affiliates. Several of SMM's domestic production sites are located where we formerly operated mining or smelting businesses, and over many years, we have grown our materials business through close collaboration with and a commitment to the shared prosperity of the local communities.

The Advanced Materials Business pursues two core objectives through the supply of high-performance advanced materials: addressing societal challenges such as global warming and resource circularity, and supporting the advancement of society through technologies such as advanced communications and AI. With a broad portfolio of products offering strong growth potential, we will further pursue co-creation by combining our technological expertise with the challenges our partners seek to overcome and the ideas they seek to realize in order to create new value (products).

→ Progress of the 3-Year Business Plan 2027

As part of our portfolio management strategy, we recognize Faraday rotators for the advanced information and communications sector as an offensive business and are making steady progress on planned capacity expansion investments to meet rising demand driven by the growth of AI and data centers. Demand for fine nickel powder and paste used in high-capacity multilayer ceramic capacitors (MLCCs) continues to grow, and we are actively expanding sales as these products are well suited to mass production using SMM's hydrometallurgical refining technology. We have identified LT/LN (for SAW filters) as a business that requires transformation and are proceeding as planned with the consolidation of production from two sites into one to improve profitability.

To expand our new businesses, we have established an 8-inch substrate mass-production line for SiCkrest® bonded SiC substrates for power semiconductors. Following customer certification, we began shipping mass-produced products in FY2026.

In addition, our newly developed oxidation-resistant nano copper powder—which overcomes copper powder's susceptibility to oxidation through proprietary technologies—has been certified as a substitute for silver powder used in power semiconductor bonding materials, the prices of which have risen sharply. We will launch a mass-production line for this product in FY2026.

In maximizing the profitability of our existing businesses, the benefits of implementing the Toyota Production System (TPS) in multiple business units are beginning to materialize. In FY2026, we will incorporate the TPS into additional businesses to further enhance productivity.



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SMM's Understanding of the Business Environment

The electronic components market is expected to experience robust growth, driven by the expansion of generative AI and data centers, the proliferation of smart home appliances, and the widespread rollout of high-speed 5G communications. In addition, in the automotive sector, while electrification is progressing more slowly than originally anticipated, strong growth is expected as demand continues to increase for connected, autonomous/automated, shared, and electric (CASE) technologies and advanced driver-assistance systems (ADAS). At the same time, many companies are seeking to enter the market or expand their operations, intensifying competition. In response, we will capitalize on the distinctive strengths of our advanced materials to differentiate ourselves from competitors, while driving business growth by contributing to the realization of carbon neutrality—a critical social issue—and the continued development of the advanced information and communications sector. The Advanced Materials Business provides a stable source of earnings that is insulated from fluctuations in metal prices and foreign exchange rates, advanced materials will continue to serve as a core pillar of our business portfolio.

Key Initiatives

Timeline for Key Projects

	FY2025	FY2026	FY2027	From 3-Year Plan 30 and after
SOLAMENT™	Development of new markets			
SiCkrest® (SiC)	Construction of 8-inch substrate line	Acquisition of customer certification and start of mass production		
LT/LN	Consolidate sites to a single site (Relocate facilities and obtain customer certification)			Development of New Applications (Including LN Crystals for TFLN)

Addressing Changes in the Business Environment
—Strengthen business portfolio management (the promotion of ROCE management)

1 Driving Transformation in the LT/LN Business

The planned consolidation of production from two facilities—Ohkuchi Electronics Co., Ltd. (Kagoshima Prefecture) and Sumiko Kunitomi Electronics Co., Ltd. (Hokkaido)—into Sumiko Kunitomi Electronics Co., Ltd. is progressing smoothly. We plan to complete the consolidation by the end of FY2026 to improve profitability. Employees at the facility being consolidated, Ohkuchi Electronics Co., Ltd., will be reassigned to support the ramp-up of mass production of 8-inch SiCkrest® bonded SiC substrates at the facility. At Sumiko Kunitomi Electronics, productivity is being improved through incorporation of the TPS and investments in automation. In addition to their established application in SAW filters, LT/LN products are being used in other new ways. As data transmission volumes continue to increase, LN crystals are being adopted for thin-film lithium niobate (TFLN) modulators used in co-packaged optics, which are attracting attention for their ultra-high-speed performance and low power consumption, and we aim to expand our presence in this market.

Preparing for the Next Phase of Growth
—Strengthening the Advanced Materials Business

1 Advancing the Development and Mass Production of SiCkrest® Bonded SiC Substrates

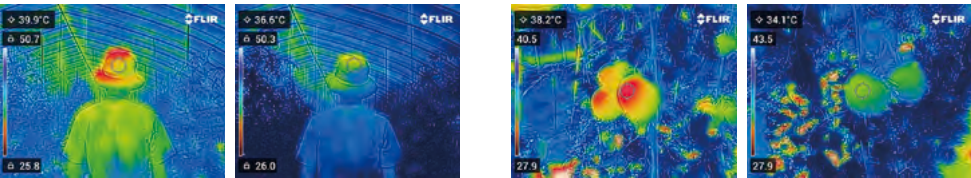
SiCkrest® preserves the properties of monocrystal SiC while ensuring low electrical resistance across the entire substrate and suppressing current-induced degradation.

In FY2025, devices incorporating 6-inch substrates leveraging the characteristics of SiCkrest® entered mass production, and the 8-inch mass-production line was successfully brought online as planned. The 8-inch substrate mass-production line was then certified by a major semiconductor manufacturer, and we began shipping mass-produced 8-inch substrates in FY2026. Despite the fact that demand for power semiconductors—particularly for electric vehicles (EVs), their primary application—is growing more slowly than anticipated, we will continue pursuing 8-inch substrate certification with additional customers while expanding the scope of our bonding license, including licensing and the sale of polycrystalline products. We will also accelerate development to commercialize large-diameter 12-inch substrates.

2 Expanding Applications for SOLAMENT™, a Near-Infrared Absorbing Material

SOLAMENT™, a near-infrared absorbing material developed by SMM, is widely used in automotive window films for heat-shielding. Building on its unique capabilities, we are developing new applications that contribute to addressing societal challenges such as global warming and the transition to carbon neutrality. In the apparel sector, we are collaborating with several leading manufacturers. SOLAMENT™ has been recognized for a range of performance benefits, including (1) suppressing temperature increases through its heat-shielding properties, (2) blocking near-infrared radiation to help prevent sunburn and improve privacy, and (3) improving the warmth of winter apparel while promoting the evaporation of perspiration and other moisture absorbed by fabrics. These features have led to its adoption in a diverse range of products including parasols, air-conditioned workwear, fashion apparel, and uniforms for major international sporting events. In addition, in the agricultural sector, we are carrying out the ReFarm by SOLAMENT™ project to explore ways to make agriculture more prosperous, including efforts to improve the harsh midsummer conditions inside plastic greenhouses, which can cause heatstroke among workers and heat stress in crops, leading to lower quality and reduced yields. As part of this project, we conducted a demonstration trial using SOLAMENT™ heat-shielding nets, which transmit visible light needed for photosynthesis while blocking near-infrared radiation that causes temperatures to rise, and confirmed that the nets lowered temperatures inside the greenhouse as well as on crop and leaf surfaces. In March 2026, we also launched the “Save Endangered Vegetables” project to support the cultivation of heirloom (traditional) vegetable varieties.

Thermal comparison



Comparison of conditions with and without the agricultural net using SOLAMENT™
(Thermographic images of a person and tomatoes inside the greenhouse)

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Research & Development

R&D Supporting the “Shin” 3-business Collaboration Business Model and the Evolution of MONOZUKURI-RYOKU (manufacturing and operational capabilities) for the Future



Message from
the General Manager of
the Technology Div.

Toru Kitazaki
Executive Officer,
General Manager of the Technology Div.

An R&D Framework Tailored to SMM’s Unique Business Characteristics to Build a Solid Competitive Advantage

The greatest strength of SMM’s R&D framework lies in the close collaboration between the research laboratories dedicated to each of our three core businesses—Mineral Resources, Smelting & Refining, and Materials. Each laboratory is closely aligned with the characteristics of its respective business and has clearly defined roles, enabling the three businesses to work together in an integrated manner. For our Mineral Resources and Smelting & Refining Businesses, we have the Niihama Research Laboratories, and our Materials Business and Battery Materials Business are supported by the Materials Laboratories and Battery Research Laboratories. These institutes are the powerful driving forces behind the applied research and development efforts that directly support our businesses. At the same time, we have the Ichikawa Research Center as an organization independent of these business-oriented core research institutes. It pursues the innovative technologies and fundamental research and development projects that will engage in the future from a medium- to long-term perspective.

This division of roles is effective because each of these three business domains—Mineral Resources, Smelting & refining, and Materials—requires a fundamentally different approach. In the Mineral resources and Smelting & refining Businesses, success requires a hands-on approach focused on improving productivity while maintaining stable production of high-quality products. In contrast, success in the Materials Business requires a market-based approach that accurately identifies customer and market needs and then develops technologies by backcasting from those needs. One of SMM’s key strengths is our advanced technological capabilities in both the upstream Mineral Resources and Smelting & Refining Businesses and the downstream Materials Business, despite their fundamentally different orientations within the supply chain.



Selecting and Prioritizing R&D Themes for the Future

The first year of the 3-Year Business Plan 2027 has come to an end, and our R&D initiatives are progressing steadily. We are making steady, on-schedule progress in developing low-carbon products, including cathode materials for all-solid-state batteries and catalysts for hydrogen production, as well as low-carbon smelting technologies. As we pursue our long-term vision of “Becoming the world leader in the non-ferrous metals industry”, the new value and technologies we create must contribute to the realization of carbon neutrality and a circular economy. We are committed to advancing research and development in line with our fundamental goal of contributing to the sustainability of society.

At the same time, we are also keenly aware that determining the optimal allocation of our limited business resources remains a challenge. The Technology Division recognizes the urgent need to optimize the balance between developing new technologies that will serve as seeds for future growth and improving the technologies that support our existing businesses. We are concentrating business resources on high-quality, promising fields in order to accelerate the pace of research and development, which top management has identified as an important task while also rigorously reviewing our research themes and strategy.

Developing the Personnel that Drive SMM’s MONOZUKURI-RYOKU and the Process of Co-Creating New Value

The source of our advanced technological capabilities lies, above all, in our personnel. In-depth information sharing and active interaction between personnel from different business divisions and R&D organizations are fundamental to the success of our research and development efforts. We have operated an in-house training program, the Smelting & Refining University, since 2017 as one of our key initiatives, under the belief that successful research and development requires firsthand knowledge of the frontlines. As opportunities to study smelting at universities and other educational institutions continue to decline, we have established a unique program in which personnel from both the Non-Ferrous Metals Division and the Technology Division learn the fundamentals of on-site operations together. This substantial investment in personnel, which we introduced ahead of our peers, has made a significant contribution to enabling

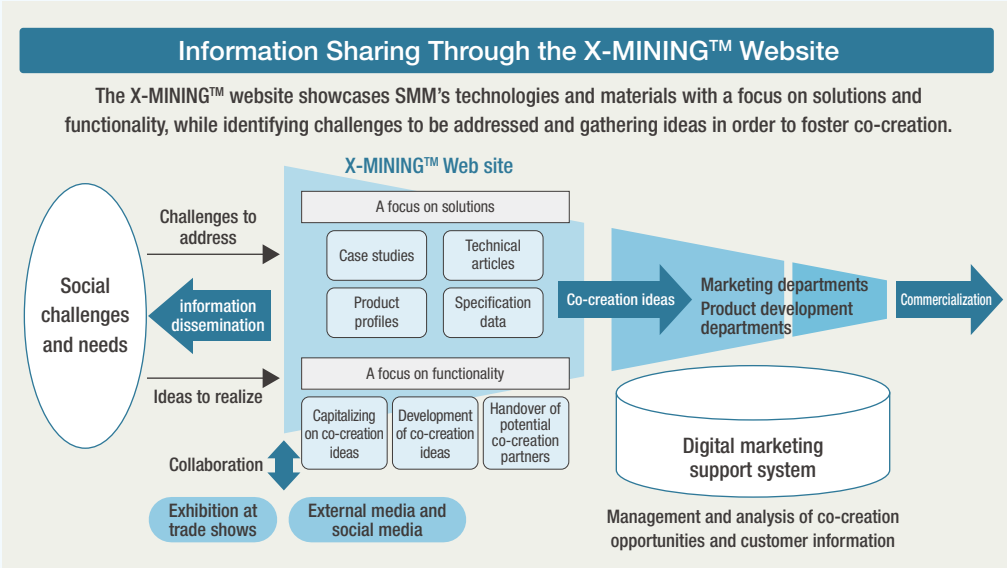
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engineers to become productive more quickly and shortening R&D lead times through the regular review and optimization of the program’s curriculum.

In addition, in the rapidly evolving Materials Business, we have established a process for creating new value. Through X-MINING™, our information-sharing platform, we showcase our technologies, cross (co-create) our technologies with our customers’ ideas, and uncover new value that creates a positive impact on society. In doing so, we are driving initiatives to create new value and address societal challenges. Specifically, based on information and customer needs identified through X-MINING™, the Advanced Materials Division selects promising themes, which are then developed by the Materials Laboratories. Once the technologies have taken shape, they are transferred to business departments for commercialization. Success in the Materials Business relies on accelerating commercialization through this series of steps and close coordination between the organizations involved.



SMM’s Intellectual Property Strategy and Provision of Incentives for Inventions to Strengthen Our Competitive Advantage

We are working to enhance quality under our intellectual property strategy in order to translate the results of our R&D efforts into a sound competitive advantage.

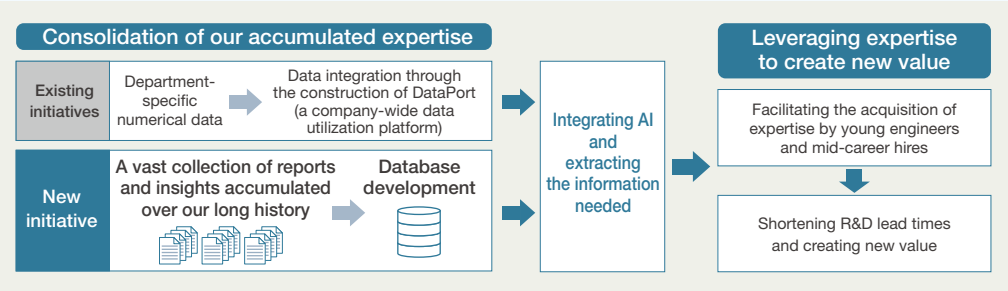
In our key areas of focus, we actively acquire peripheral patents to build a robust patent portfolio, and we are making every effort to maintain high barriers to entry for competitors. We have also introduced objective valuation metrics for patents, making their value more readily apparent.

Moreover, to foster an environment that continuously generates innovation, we continue to operate an invention incentive program (a performance-based reward system) for inventors. We recognize that appropriately rewarding outstanding inventions is an important measure for the company as it helps

sustain high levels of motivation among employees engaged in research and development and directly enhances the technological capabilities of the organization as a whole.

Transmitting Technical Expertise and Advancing Digital Transformation Through AI and Data Utilization

We are focusing on digital transformation and the use of AI at our R&D sites. Our smelting technology, which has been developed over SMM’s more than 430-year history, is based by a vast collection of reports and insights accumulated by our predecessors. The insights accumulated in our MONOZUKURI processes have developed into valuable expertise and serve as a source of SMM’s competitive advantage even if not protected by patents.



By organizing these insights into a database and integrating AI, we are creating an environment in which past knowledge and expertise can be accessed instantly. This will enable even early-career engineers and mid-career hires with limited experience to develop products more efficiently by building on the successes and failures of the past, and we expect it to significantly shorten R&D lead times.

We are also actively leveraging materials informatics (MI) in materials development, where virtually limitless combinations of elements are possible. By using AI to narrow a vast pool of candidates of materials with the desired properties down to several hundred, followed by further screening, we aim to dramatically improve labor productivity and create greater added value without the need for individuals to rely solely on their own experience. We believe that our true value will be demonstrated by our ability to deliver highly accurate results efficiently within limited time frames, amid a rapidly changing business environment. We will continue to pursue our vision of “becoming the world leader in the non-ferrous metals industry” by combining cutting-edge technologies with the expertise we have built up over our long history.

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Development of Cathode Materials for All-Solid-State Batteries



Hiroyuki Toya
General Manager of
Battery Research Laboratories*
* At the time of interview

Storage batteries, including lithium-ion secondary batteries, are positioned as a key technology for achieving carbon neutrality by 2050. They have become indispensable for the electrification of mobility, including automobiles, and for making renewable energy the primary power source. In particular, storage batteries are increasing in importance not merely as components, but as a fundamental technology supporting social infrastructure, driven by the need to reduce CO₂ emissions in the transportation sector, increased use of renewable energy, and the growing acceptance of a view that emphasizes life cycle assessment (LCA) of potential environmental impacts throughout a product's life cycle, including manufacture, use, disposal, and recycling. For electric vehicles and renewable energy to be used more widely, batteries that have a longer service life, can be charged quickly, offer high energy density, and minimize the risk of igniting are required.

Against this backdrop, all-solid-state batteries, rather than conventional liquid-based lithium-ion secondary batteries, are attracting significant attention for their potential to become key next-generation batteries. These batteries, which replace the conventional liquid electrolyte with a solid one, promise to not only mitigate risks of leaking liquid and igniting but also improve performance in terms of higher power input and output, higher energy density, and longer service life. They are thus attracting attention as a technology that contributes to extending the driving range and reducing charging times for electric vehicles, and improving safety of residential and industrial storage battery systems. There is a heated race to develop all-solid-state batteries in Japan and abroad, aiming for full-fledged commercialization by around 2030.

Our strength in this area is our integrated system that spans from raw materials to battery materials. By combining it with recycling technologies, we are operating the Battery Materials Business capable of maintaining both stable supply and resource circulation. As part of this effort, we are also constantly working on the development of new cathode materials. Since around 2021, we have been conducting joint research on cathode materials for all-solid-state batteries with Toyota Motor Corporation, and one of our research topics has been

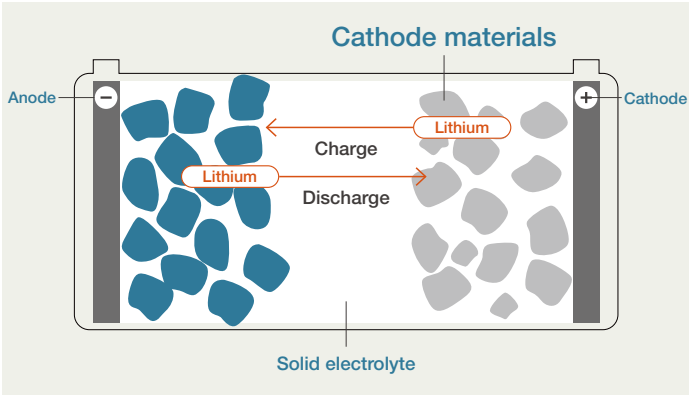
the issue of cathode material degradation that occurs after repeated charging and discharging cycles.

As a solution, we developed a highly durable cathode material suitable for all-solid-state batteries, taking advantage of our proprietary powder synthesis technology. We are currently working on a project to establish a supply system for this newly developed material and to prepare for its mass production.

In one of our unique initiatives, in FY2022, our proposed project was qualified to receive support under the Green Innovation Fund program of the New Energy and Industrial Technology Development Organization, better known as NEDO. In this project, we are working on two themes: the development of high-performance cathode materials for next-generation storage batteries, and the development and demonstration of processes that can reduce greenhouse gas emissions. In the development of high-performance cathode materials, we worked to optimize prototyping conditions with the aim of establishing a scale-up process that ensures productivity, while identifying the physical properties of cathode materials suitable for all-solid-state batteries. As a result, we have confirmed, through repeated prototyping, that the process has sufficient process capability. In addition, we have developed a new coating technology that enhances the durability of a cathode material, which is confirmed to be able to help achieve both high capacity density and slow the deterioration of the cathode material resulting from repeated charging and discharging cycles. Furthermore, we are working to advance our analytical technologies. We have introduced electrode prototyping equipment and battery evaluation equipment for all-solid-state batteries, and are working to optimize the conditions for electrode fabrication and evaluation.

In the development and demonstration of processes that can reduce greenhouse gas emissions, our focus is on a high-productivity process for precursors and a high-productivity calcination process for cathode materials. After laboratory-level verification, we have introduced pilot equipment for each of these processes and are conducting demonstration tests. In the high-productivity process for precursors, we expect to achieve both a productivity level exceeding conventional methods and reduction in greenhouse gas emissions, while making particle sizes smaller. We are currently conducting demonstration tests using our pilot equipment. In the high-productivity calcination process, we have identified the conditions in which uniform calcination and our target powder properties can be achieved, and again, we are currently conducting verification tests using the pilot equipment. Furthermore, we are developing simulation models for our goal of scaling it up for mass-production equipment. By predicting conditions inside the equipment that cannot be directly observed, we aim to achieve appropriate equipment design and parameter settings.

In December 2025, construction work of the Battery Research Laboratory Second Development Building, which houses the pilot equipment, was completed, further strengthening our research and development infrastructure. The pilot equipment we introduced is eligible to receive support under the Green Innovation Fund program.



Structure of a all-solid-state battery



Cathode materials for all-solid-state batteries



Second development building at the Battery Research Laboratories

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Intellectual Property

Strategy

While the diversification of supply chains has intensified market competition, the importance of intellectual property has been increased in our Materials Business, which covers parts and materials. In accordance with SMM Group Code of Conduct, we are committed to enhancing the value of our intellectual property to secure competitive advantages and promote the creation of new businesses.

- We promote inventions, as a source of intellectual property, through research and development, and secure intellectual property that serves as market entry barriers.
- To maximize future value, we protect our core technologies through trade secrets or patents, thereby securing our competitive advantage.
- We build robust patent portfolios, including improvements, in both core and surrounding technology areas with multiple perspectives, thereby strengthening our competitive advantage to effectively mitigate business risks in the expansive and competitive market.

We enhance the value of intellectual property and develop intangible assets by sharing quantitative performance indicators in connection with intellectual property portfolio among each business division and R&D division.

Group Code of Conduct https://www.smm.co.jp/en/corp_info/philosophy/conduct/

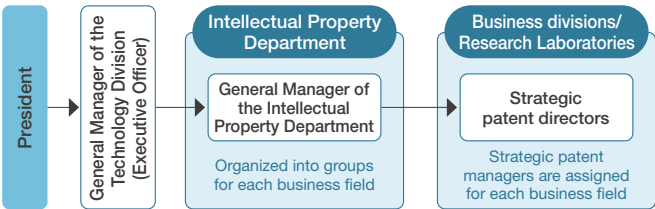
11. Handling of Intellectual Property

- 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.

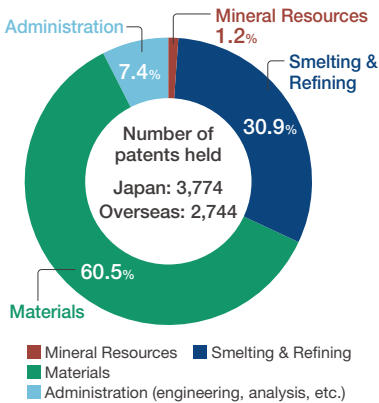
Organizational Structure

Under the Executive officer in charge of the Technology Division, the Intellectual Property Department is organized into groups aligned with each of the Mineral Resources, Smelting & Refining, and Materials Business fields. The structure enables us to direct both our business portfolio spanning multiple fields and accumulated technological assets toward growth areas in a timely manner.

In addition to the Intellectual Property Department, strategic patent directors are assigned to each business division, Research Laboratories, and other relevant organizations to enhance collaboration across businesses and improve the quality of strategic decision-making.



Ratio of the Number of Patents Held by Business (FY2025)



Initiatives to Enhance Intellectual Property Value

We have a relatively high proportion in numbers of patents in the Materials Business field. In the Materials Business field, we promote patent application filings and prosecutions with a focus on research and development that contributes to the creation of new businesses.

Patent Asset Index

We have adopted the evaluation data from LexisNexis® PatentSight+, provided by LexisNexis Intellectual Property Solutions, as one of our patent evaluation indicators, based on patent families (bundles of patent applications filed in each country based on the same priority application).

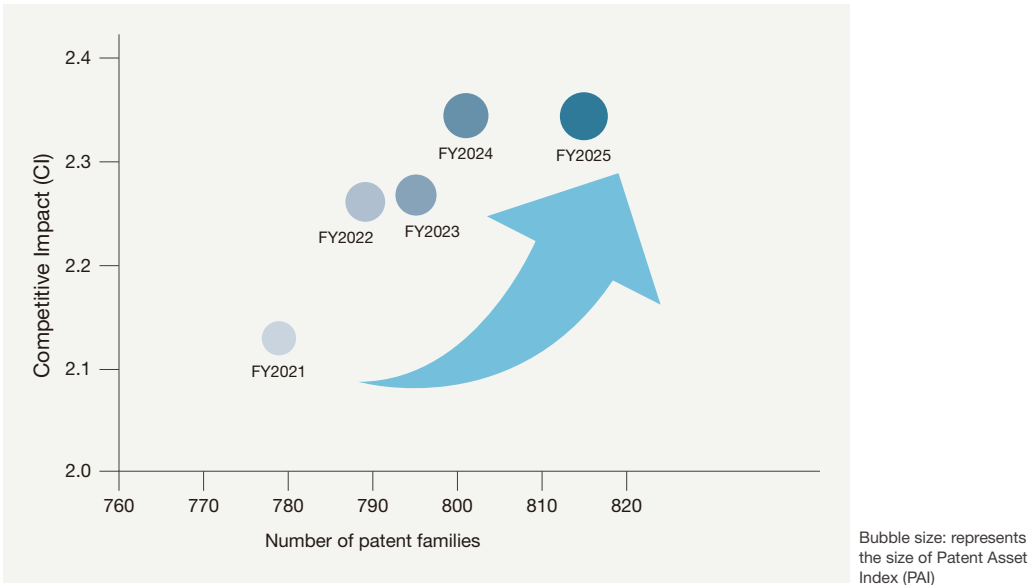
The Patent Asset Index (PAI) is an indicator of the overall value and competitive strength of a patent portfolio consisting of patent families. It is calculated as the sum of the Competitive Impact (CI)* values of each patent family.

* Competitive Impact (CI): The average patent value. It represents the relative value of a patent, calculated by multiplying Technology Relevance (TR), an indicator of the patent's technological value, by Market Coverage (MC), an indicator of market value weighted by the Gross National Income (GNI) of the country in which a patent family has a corresponding patent.

Trend in the Patent Asset Index (PAI) in the Battery Materials Business Field

The chart illustrates the relationship between the number of patent families and the Competitive Impact (CI) in the intellectual property activities of the Battery Materials Business within the Materials Business, with the size of each bubble representing the Patent Asset Index (PAI). In the highly competitive Battery Materials Business, we pursue new technology development and improvements to secure a competitive advantage in line with our business strategy. The chart demonstrates that these efforts have increased the number of patent families and expanded the PAI. Across the Group's businesses, we pass on the technologies we have cultivated while our Research Laboratories strive to make technological improvements. At the same time, we promote the creation of new value and the development of intangible assets by protecting our know-how, with appropriately managing technologies and data.

Trend in the Patent Asset Index (PAI) in the Battery materials Business



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Quality Assurance

Basic Approach and Promotion Framework

See the following website for details about the approach, policy, and promotional framework.
<https://www.smm.co.jp/en/sustainability/management/quality/>

Achievements of quality assurance activities and trends of complaints

The SMM Group promotes quality assurance activities across the entire group under our company-wide quality policy of “Continuously improve our quality assurance and quality management systems to deliver products and services that meet or exceed customer expectations.” Each business division works with the Quality Assurance Department to maintain and improve quality standards.

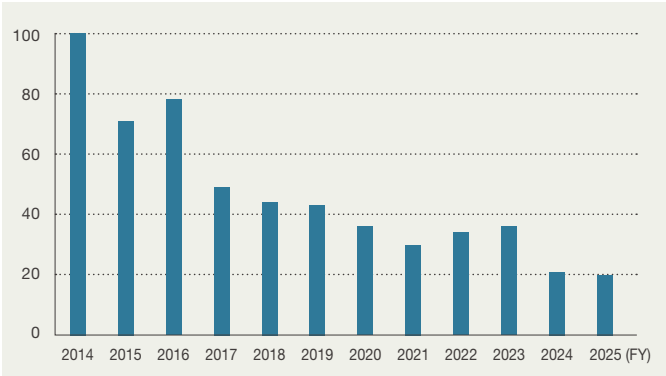
The Quality Assurance Working Group, subordinate to the Sustainability Committee, whose members include heads of operational divisions and heads of operational divisions in the Head Office, deliberates on key measures related to quality assurance and shares information on the progress toward department quality targets and quality activities, including complaint reduction, to promote the continuous improvement of quality management systems.

The number of complaints has been declining since FY2014, reaching a record low in FY2025. As part of efforts to reduce complaints in the Materials Business, the device materials business implemented thorough quality escape prevention measures to improve detection capabilities during production, strengthen the shipment screening process, and clarify rules for handling abnormalities. It significantly reduced the number from the year-earlier level. In addition, the Battery Materials Business has set up “The fine metal particles contamination simulation booth” to raise awareness of preventing foreign-object contamination. As fine foreign particles, such as copper powder, can directly cause product defects but are difficult to detect by visual inspection, we have created an environment in which employees can experience firsthand the presence and impact of foreign particles through microscope observation and the display of actual objects. With this measure, we are working to raise the basic awareness of “preventing foreign materials from being brought in” and “preventing scattering of fine copper powder” when washing hands or taking protective measures in construction work, ensuring desirable practices are followed consistently at the staff level.

Meanwhile, we have been experiencing defects caused mainly by human error. To address this, we aim to enhance our risk analysis, improve the effectiveness of measures to prevent recurrence, and establish quality improvement activities across all operational divisions and workplaces.

Trends in Number of Quality Complaints

Scale (FY2014 = 100)



If you rub a coin against your fingertip and examine it under a microscope, you can see fine copper particles attached to your fingertip.

Efforts to Enhance Quality Assurance Functions

To strengthen our quality assurance framework, the SMM Group is working to enhance our quality assurance functions, focusing on “standardization,” “business process improvement,” and “human resource development.”

To strengthen our quality management systems (QMS), we are implementing improvement initiatives based on our SMM Quality Standards. The standards are a set of quality standards we developed independently based on ISO 9001, an international standard for quality management systems. They systematically outline the vision for our quality management system. By clearly defining common quality standards, it provides guidance on quality assurance activities across business divisions, enhances the effectiveness of our QMS, and promotes continuous improvement. Our Quality Assurance Department is responsible for developing and revising the SMM Quality Standards and implementing them across all business divisions. In addition, it monitors implementation status through audits and other means, identifies issues, and supports improvement efforts from both corrective and preventive perspectives, thereby raising company-wide quality standards. Furthermore, the department evaluates the results of internal audits conducted at each workplace based on the standards and provides feedback. Through this, we are enhancing the effectiveness of internal audits and continuously strengthening our QMS.

As a measure to improve business processes, we are expanding the automation of inspection and test data transfers. We aim to prevent human error and inappropriate data manipulation by reducing data entry and transcribing by hand where possible and automating data transfers. Furthermore, we improve traceability by enhancing data digitization and system integration and by centrally managing quality information.

In terms of our human resource development, we provide training on statistical techniques, the use of R, statistical programming tool, measurement systems analysis (MSA), the “*naze naze bunseki*” (“five whys” analysis), and problem-solving-style QC stories, as well as training for internal quality auditors. The Quality Assurance Department is mainly responsible for planning and conducting these training programs. A total of 485 individuals participated in them during FY2025. We expect attendance to reach at least 600 individuals in FY2026. These training programs are designed with practical application in mind, going beyond mere knowledge acquisition. They emphasize strengthening participants’ skills to identify issues and carry out processes, from analysis to devising countermeasures, all on their own. We encourage employees to apply the techniques they learned in these programs to help improve our ability to address quality issues.

We aim to develop personnel who can approach quality issues logically and derive effective countermeasures based on data-driven analysis.

To maintain the quality standards that earn customers’ trust, we believe it is important for every employee to understand our quality targets and take the initiative in working toward them. Through efforts in “standardization,” “business process improvement,” and “human resource development,” we will enhance our quality assurance functions and ensure continuous quality improvement.



A problem-solving-style QC story training session

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DX (Digital Transformation)

Believing that promoting DX contributes directly to enhancing our corporate value, the SMM Group has established a DX promotion policy and is systematically implementing DX initiatives in accordance with a roadmap.

DX Promotion Policy: Three Objectives and Strategies

- 1

Business reform and creation of new businesses

 - Utilize DX in business reform and development of new products and processes, and accelerate the speed of these in order to respond flexibly to changes in the social environment that will become ever more intense.
 - Create new businesses by leveraging digital technology and discovering new value to further strengthen the Group's competitive advantage.
- 2

Human resource response in an age with a declining birthrate

 - Enable business continuity and development amid a declining birthrate by promoting automation and unmanned operations at manufacturing sites, and drastically streamlining indirect operations.
 - Become a company that is attractive to workers through the creation of safe workplaces and the achievement of diverse work styles that consider work-life balance.
- 3

Improvement of management efficiency

 - Promote digital transformation through data utilization to contribute to swift management decisions.
 - Carry out operational streamlining and enhancement of labor productivity to improve competitiveness in all fields of business.
 - Build an infrastructure essential for the DX foundation, including high-speed networks, cloud services, and IoT implementation.
 - Respond to ever-changing and growing information security threats.

Group-Wide DX Strategy in the 3-Year Business Plan 2027

During the period covered by the 3-Year Business Plan 2027, we will promote DX with a greater emphasis on achievements. We clearly articulated what the management team aims to achieve with DX in the president's message and in a set of guidelines, and, in accordance with those guidelines, reviewed our initiatives and KPIs in each priority area.

The key points of the specific associated guidelines, "DX Promotion Guidelines for the 3-Year Business Plan 2027 period," are as follows:

1. We define productivity improvement as our top priority and the ultimate objective of our businesses' DX initiatives during the 3-Year Business Plan 2027 period, with the equivalent Groupwide KPI target set at a "30% improvement in productivity."
2. We will maintain a strong awareness of transformation and boldly review actual processes without being constrained by the need to adhere to existing operations or procedures.
3. We will actively consider introducing new technologies which can be anticipated to yield advanced outcomes at a future point in time given the remarkable technological advancements in the DX field, even if clear outcomes are not immediately apparent at the time when these technologies are being considered.

	2021 3-Year Business Plan	3-Year Business Plan 2027		Expected destination under 3-Year Business Plan 2030
		FY2025	FY2026 / FY2027	
Phase	DX foundation development	Deployment of DX		Business reform through DX
Initiative themes and progress/ plans for key facilities	Promotion of data collection and utilization	Utilization in management decisions		
	Achievement of diverse work styles			
	• Design data utilization infrastructure; develop systems • Promote company-wide use of generative AI and improve operational efficiency; develop guidelines • Deploy efficiency-enhancing tools, including RPA, Teams, and BOX	• DataPort goes live • Introduce measures to promote the use of generative AI; start AI seminars for specific job types • Promote generative AI's use of division-specific data in RAG	• Apply data use to divisional operations • Build an AI agent development environment; build a company-wide AI use environment • Promote automation of routine tasks by using AI agents	• Establish data-driven execution of tasks and judgment • Realize sophisticated linkage between AI and data in and outside the company
	Use DX in model plants and workplaces	Group-wide deployment of DX		
	• Promote DX aligned with KPIs in each priority area	• Set company-wide KPIs and update KPIs in priority areas • Work to enhance the sophistication and efficiency of DX by forming a DX Alliance	• Step up DX efforts for back-office operations • Enhance functions of DX Coordinator Plus	• Continue to take effective DX measures to realize our management strategies
	Strengthening of information security			
	Group-wide DX foundation development	Expansion and functional enhancement of DX foundation		
	• Rebuild company-wide IT infrastructure as a DX foundation	• Define DMO functions* and start operations	• Design data privileges and implement systems to strengthen governance	• Achieve continuous improvement in DMO functions and operations
	Development of DX human resources			
	Enhancement of employees' data literacy	Transformation of corporate climate and culture		
	• Introduce video content and internal webinars on DX • Start ChatGPT user community (Teams) activities	• Begin DX literacy education and training of personnel to promote and utilize DX • Start DX Alliance member community (Teams) activities	• Promote information sharing across different divisions and step up efforts for collaboration by using ChatGPT and stimulating DX Alliance community activities	• Many employees are not afraid of change and are taking the initiative to drive DX at the operational or departmental level through collaboration across divisions.

* Data Management Office: An organization that promotes the management and utilization of digital data

Improve our corporate value

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Efforts to Utilize AI

The Future of AI in the Workplace

We have formulated an AI Vision to resolve our current business challenges through the use of AI and to help realize our Vision for 2030. This vision positions AI not as a tool for individuals to improve their efficiency but as the foundation for management transformation.

In FY2025, we worked to formulate our vision and develop a medium- to long-term roadmap. We also conducted a proof of concept (PoC) for a simplified AI agent designed for business applications to help a wide range of employees understand the concept of AI agents. We held an in-house webinar focused on this PoC to allow many employees to gain a concrete understanding of the potential of AI agents. At the same time, we surveyed webinar participants to gather staff thoughts on the front lines by asking whether AI agents can be introduced into their work processes. We used this information to identify and prioritize potential future use cases. In FY2026, we aim to build and begin operating an AI agent platform that general employees can actually use, leveraging what we learned about needs on the front lines and knowledge gained from trial introductions. We plan to begin by automating routine and repetitive tasks, gradually expanding the scope of application. This way, we will establish an environment in which AI becomes an integral part of our daily operations.

Initiatives to Promote the Adoption of AI

We are implementing various initiatives to enable employees to use generative AI extensively in their work. Thanks to these efforts, the number of employees who use generative AI in their daily work has been steadily increasing, improving efficiency and the quality of their work.



An in-house training session on generative AI is underway. (Ten sessions were held in FY2025.)



Biweekly newsletter distribution (Japanese only)

We will resolve our current business challenges by introducing AI to help realize our Vision for 2030.

	Present	Final year of 3-Year Business Plan 2027	Fiscal year in which the Material Issues will be resolved (FY2030)
Finance	■ Business evaluation grounded in quantitative assessment while drawing on experiential knowledge While quantitative investment profitability assessments are conducted, final decisions also take qualitative factors such as the business environment and future potential into account, and experiential knowledge still carries significant weight	■ Improved accuracy of investment decisions through the use of data Realize business evaluation and investment decisions based on objective data by leveraging AI	■ Establish financial superiority Achieve overwhelming cost competitiveness and new business-driven increases in profits through co-creation between humans and AI
Customers	■ Market-specific measures confined to each business division Responses to market needs and changes depend on the expertise of each business division	■ Contribute to customers through the creation of new value Propose new products and services that meet customer needs by working with AI to generate ideas	■ A partner in co-creating value for customers Establish ourselves as the one and only partner for each customer by leveraging AI to predict customer needs
Business processes	■ Operations relying on specific individuals and organizational silos A situation in which work processes become dependent on specific individuals and fragmented into silos, making it difficult for the organization to leverage expertise or achieve overall optimization	■ Improve operational efficiency by leveraging AI Use AI to enable company-wide use of knowledge held by each operational division, thereby improving operational efficiency	■ Innovation in “on-site capabilities” Realize manufacturing capabilities that look ahead toward the future by working alongside AI as a partner and fostering diverse perspectives
Learning and growth	■ A “defensive” culture that hinders challenges A strong risk-averse, defensive culture that makes it difficult for employees to take on new challenges	■ Build a foundation for fostering a transformation-ready spirit Foster a culture that encourages employees to take on the challenge of creating new value through dialogue with AI and events	■ Establish a culture of continuous innovation Establish a culture that continuously drives innovation across the entire organization through the use of AI

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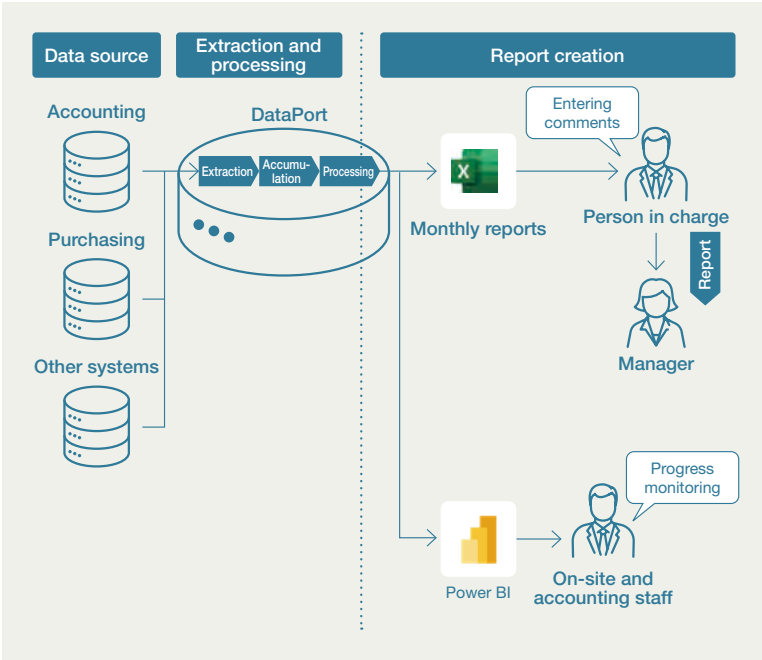
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Data utilization

Aiming to enable sophisticated and objective decision-making supported by data utilization, we are working to enhance data utilization across the entire company. We verified the effectiveness of the “DataPort” data utilization platform, for which we began building and operating its initial infrastructure in September 2025, in actual operations by deploying it on a trial basis in multiple departments. At the same time, we identified challenges for its full-scale deployment, including access privilege design, data quality, and security measures, and incorporated them into an improvement plan. In FY2025, we implemented a streamlined process for creating monthly performance reports in regular operations, reducing work hours and centralizing information. We also made open data, including population, weather, and economic indicators, available across the company, expanding the range of data available for analysis. By holding ongoing in-house study sessions and seminars led by external instructors, we are also working to foster a culture in which employees review their work processes with a data-focused approach.

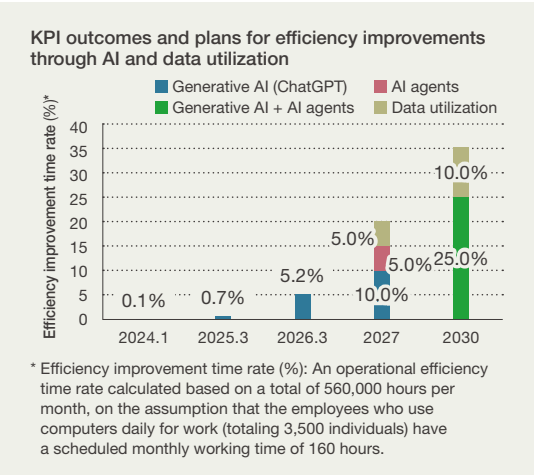
Starting in FY2026, we plan to gradually expand use cases, beginning with high-priority operational areas, and, by developing a data catalog and implementing master data management, establish an environment in which user departments can independently search and analyze data. Furthermore, we aim to accelerate decision-making and improve productivity by continuing to test generative AI for natural language search, visualization, and automated report generation. We will clearly define the roles of data owners and stewards and establish an infrastructure that enables different operational divisions to view the “same numbers” by defining common metrics and pursuing continuous quality improvement.

Monthly operational efficiency improvement



Relationship Between AI and Data Utilization and Company-Wide KPIs

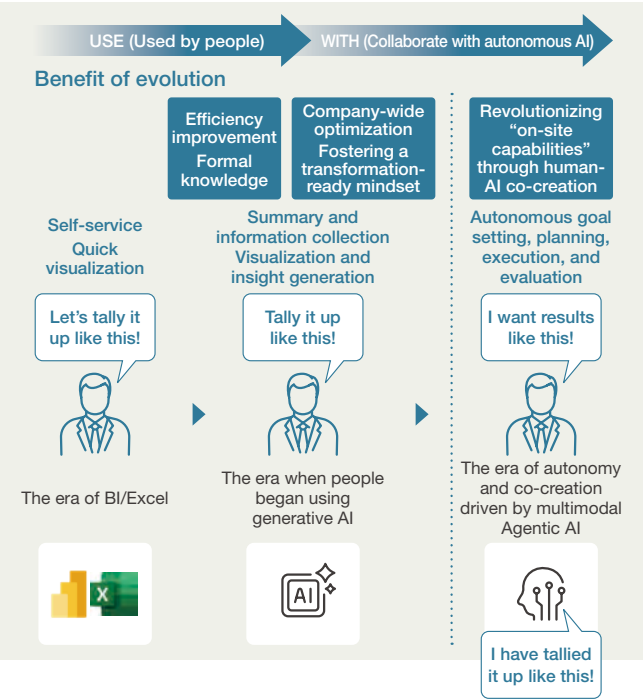
We position the immediate results of using AI and data in our operations as efficiency improvements, including the automation of routine tasks, and have set a company-wide KPI target of a 35% increase in operational efficiency for employees who use computers daily by the end of the period covered by the 3-Year Business Plan 2030. The use of ChatGPT within the company has already had a significant positive impact, and the company-wide introduction of generative AI is playing a key role in driving productivity improvements. Going forward, we plan to expand the scope and depth of efficiency improvements in phases by combining business process automation through AI agents with advanced operations integrated with DataPort, thereby ensuring that we meet our KPI target.



Utilizing open data

Population and households	National population and households / Future population trends
Labor	Number of employed and unemployed persons / Average wage per person
Economy	Indexes of business conditions / Number of business establishments
Climate and topography	Past temperature and precipitation / Weather forecast
Inbound	Number of tourists / Spending trends of foreign visitors
Agriculture	Agricultural shipment value by item / Number of agricultural workers
Real estate	Property transaction prices / Land prices
Medical and nursing care	Information on medical and nursing care facilities / National medical care expenditures
Education	Number of schools / Number of students advancing to high school

The future we envision with AI×DataPort



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Development of DX human resources and DX Alliance

Development of DX human resources

The SMM Group promotes the development of DX human resources through two approaches, namely: literacy training focused on knowledge acquisition and fostering the right mindset, and the development of human resources who will take on key roles in promoting DX.

The basic course in the literacy training program is designed for employees who use computers daily. DX-promoting human resources are classified into four categories: DX Promotion leader, DX Engineer, DX Coordinator, and IT/DX Engineers. We have defined the expected roles for each category within the human network built to efficiently promote DX (“DX Alliance”), designed a curriculum accordingly, and are conducting training primarily through workshops. For each course, we grant in-house certification to individuals who complete it and award them a digital badge.

DX Solution Showcase

Click the links for each image displayed to access the solution introduction page.

Business card management (Sansan)

Minutes transcribing service (Rimo Voice)

SMM electronic contract system

Automated machine learning platform (H2O.ai)

Safety monitoring service (Work Mate)

Engineering Division safety monitoring app

Activity scheduler app (KIMIDOKO)

Truck log (HACOBELL)

Remote automated Meter Inspection AI (LiZ Gauge)

Safety and health management solution (Wearable Connect)

Implementation case studies and solutions from other offices shared on the portal

Roles of DX Alliance

The DX Alliance was launched in May 2025 to promote DX efficiently and effectively by providing support and sharing information through a human resource network.

In the past, the Information Systems Department, the Technology Division, and the Engineering Division provided support for implementing IT systems in each operational division, data analysis, and equipment automation. To strengthen interdivisional cooperation, however, we are working to centralize the point of contact for DX-related consultations and support requests from all departments, with the Digital Transformation Department serving as the hub.

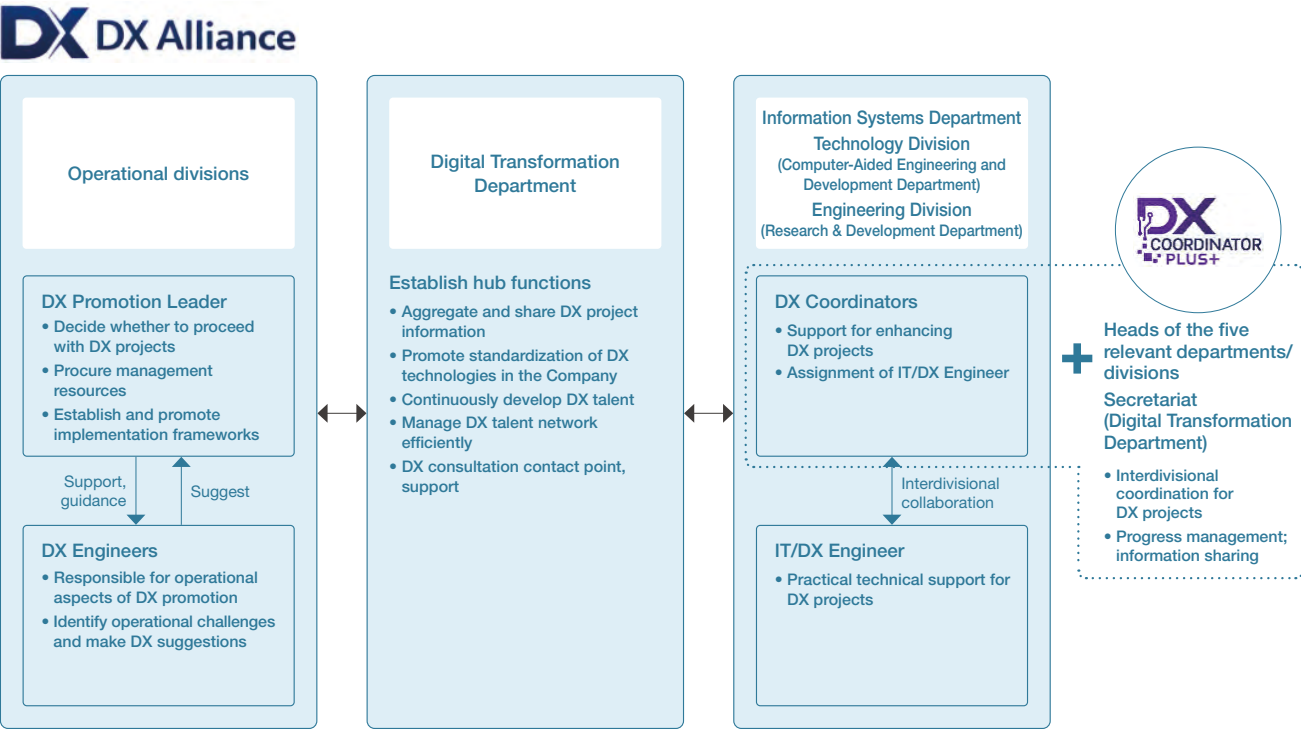
In addition, we have created a community on Teams centered on DX-promoting human resources, through which we routinely share case studies of DX implementations at other offices, exchange information on solutions, provide one-on-one consultations, and offer support. In FY2025, we provided support for 45 instances of inquiries from different operational divisions.

DX Coordinator Plus+

For projects that require the involvement of multiple support divisions and those for which collaboration among support departments is critical, such as those requiring the sharing of past development insights, a consultative body comprising DX Coordinators and the heads of relevant operational divisions (“DX Coordinator Plus+”) is responsible for clarifying responsibilities regarding support measures and sharing progress updates.

Category	Name	Number of certified individuals (as of April 2026)	Targeted number of individuals
Literacy training	Basic	1,868	3,500
	Advanced	40	350
DX-promoting human resource training	DX Promotion Leader	59	118
	DX Engineer	121	270
	DX Coordinator	14	14
	IT/DX Engineer	67	67

Digital badge samples



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Initiatives to Address Material Issues

In March 2025, the Group revised its material issues and Vision for 2030, which were formulated in March 2020, to respond to evolving global issues and the growing complexity and sophistication of expectations on corporations. We will contribute to the realization of a sustainable future by earnestly addressing these material issues, working toward their resolution, and fulfilling our social responsibilities.

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[Material Issues] Human Capital Management

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Background to the Selection of Material Issues

It is essential to implement human capital management that treats human resources as capital, seeks to maximize their value, and enhances corporate value over 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.

Vision for 2030

A company that attracts a diverse workforce and allows them to grow and thrive

Strategy

The SMM Group is committed to providing 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.

Cultivating talent that drives sustainable growth by embracing an open and vibrant corporate culture, creating new value through co-creation without fear of failure



Message from the General Manager of the Human Resources Department

Mihoko Yano
Executive Officer, General Manager of the Human Resources Department

Developing Talent to Support “MONOZUKURI”

We believe that our MONZUKURI-RYOKU—the source of the Group’s competitiveness—is sustained by human resource development that supports our business. While Mineral Resources and Smelting & Refining Businesses are extremely long-term endeavors, the Materials Business evolves rapidly, requiring us to respond quickly to emerging technologies and new products. In light of the distinctive characteristics of each business, we believe that human resource development should be focused on developing our people over the long term. At the same time, we recognize the importance of tailoring development to the specialized expertise and pace of growth required by each business to enable employees to continue playing active roles over the course of their long careers.

Our employees have confidence in the company, knowing that they can work here with peace of mind for a long time, and this supports the stable management of the company.

Another defining feature of our human capital management is the clear inclusion of safety-related indicators in our KPIs. We established these safety KPIs based on our firm belief that safety—the issue that matters most because it directly affects the lives of our employees—must be a central pillar of human capital management. No matter how advanced technologies may be, a company’s true value will be called into question unless the safety of its employees is assured. Moreover, our businesses involve numerous different working environments with a diverse range of equipment and work practices. Accordingly, rather than relying on uniform, company-wide measures, we engage in ongoing dialogue between the Company (Human Resources Dept.) and the Labor Union, as well as with the Safety & Environment Control Dept., to ensure a culture of safety tailored to the specific conditions of each



Business
Reinforcing the Sumitomo Business Spirit as the Guiding Principle
for Daily Decision-Making

We have set human capital management as one of the six material issues that need to be addressed to realize our long-term vision of “The world leader in the non-ferrous metals industry,” with becoming “a company that attracts a diverse workforce and allows them to grow and thrive” as our vision for 2030. We believe that one of the Human Resources Department’s most important roles, as the first step in strengthening our organization, is to express the company’s aspirations in concise, intuitive language that resonates with everyone, both inside and outside the company, to foster a shared understanding. We first focus on helping employees understand the importance of engagement through clear, in-depth explanations, as well as on fostering company-wide understanding and awareness.

In addition, the Sumitomo Business Spirit, cultivated over more than 430 years of operation, serves as the guiding principle for our day-to-day business decisions and as a trusted compass for our actions. However, it is precisely because this has become so deeply ingrained over many years that it is often taken for granted, and we recognized the need to take a fresh look at whether employees can express the Sumitomo Business Spirit in their own words and put it into practice in the modern business environment. To address this, we have launched a new, role-specific Management Philosophy Dissemination Program to clearly articulate the essence of the Sumitomo Business Spirit so that every employee can develop a deeper understanding and apply it in their daily work. Rather than allowing our legacy to remain merely a part of our history, we aim to transform it into a guiding code of conduct for today’s business environment.

To Foster a Sense of Ownership and Accelerate the Development
of Young Personnel

Since FY2024, we have conducted engagement surveys as a means of objectively assessing the state of our organization and identifying the actions needed to move forward. The FY2025 engagement score (deviation value) of 48.6 highlighted an issue that we must address in earnest. The survey revealed that, as a consequence of the strong sense of security employees enjoy, some have developed a tendency to assume that “someone else will take care of it,” resulting in a diminished sense of ownership. To achieve our target engagement score of 55 by FY2030, we will strongly promote initiatives, including diversity, equity, and inclusion (DE&I), to empower each and every employee to take ownership of pursuing organizational transformation. Given the nature of our business, SMM has developed a relatively homogeneous organizational culture. However, to drive the next wave of innovation, we believe it is essential to foster a corporate culture that embraces new ways of thinking and diverse perspectives, while cultivating the ability to inspire others to do likewise. Promoting diversity requires more than empowering minority voices. It also requires engaging the majority and transforming the organization from its foundations upward. Initiatives such as the advancement of women and mid-career recruitment should not be viewed as standalone programs. Instead, they must be embraced as shared organizational priorities, with every employee taking personal ownership and playing an active role in advancing them. We believe that an organization’s true value is demonstrated by its willingness to engage in ongoing dialogue, without shying away from differing perspectives or conflicting values.

Providing career support that anticipates the evolving needs of employees at different stages of life

has also become an urgent priority. In particular, we aim to strengthen systems that accelerate the growth of younger employees by giving them hands-on experience at an early stage and providing opportunities to take on new challenges, including overseas assignments. Developing specialized expertise from the early stages of an employee’s careers and creating an environment in which those with diverse backgrounds are able to maximize their potential in their respective roles will be central to our human capital management going forward.

Strengthening Collaboration and Communication to Enhance
Our MONOZUKURI-RYOKU

To further enhance our MONOZUKURI-RYOKU (manufacturing and operational capabilities), we have established a collaborative framework in which the Human Resources Department promotes the right mindset, while each business division develops the specialized skills required in its field. For instance, as the number of institutions providing specialized education in metallurgy continues to decline, we have established our own distinctive training system through in-house programs such as the Smelting & Refining University, where employees acquire practical technical expertise. We will continue to cultivate personnel able to work closely with others to deliver sustainable results while ensuring that important aspects of our legacy—our advanced technologies and corporate culture—are passed on to future generations.

Moreover, SMM has an open and vibrant culture in which employees are able to speak candidly regardless of rank, as exemplified by the many opportunities for newly hired employees and site leaders to gather around the same round table at our plants to exchange ideas. We believe that reaffirming and carrying on this valued tradition is key to our future growth. By doing so, we will foster an organization-wide culture that encourages taking on challenges in uncharted territory without fear of failure, while cultivating the agility needed to keep pace with an ever-changing business environment.

SMM’s business plays an indispensable role in advancing technology and improving people’s quality of life. We are committed to becoming the world leader in the non-ferrous metals industry—as a company that attracts and is chosen by a diverse range of personnel—by ensuring that every employee has a deep understanding of this fundamental purpose and takes pride in their work.

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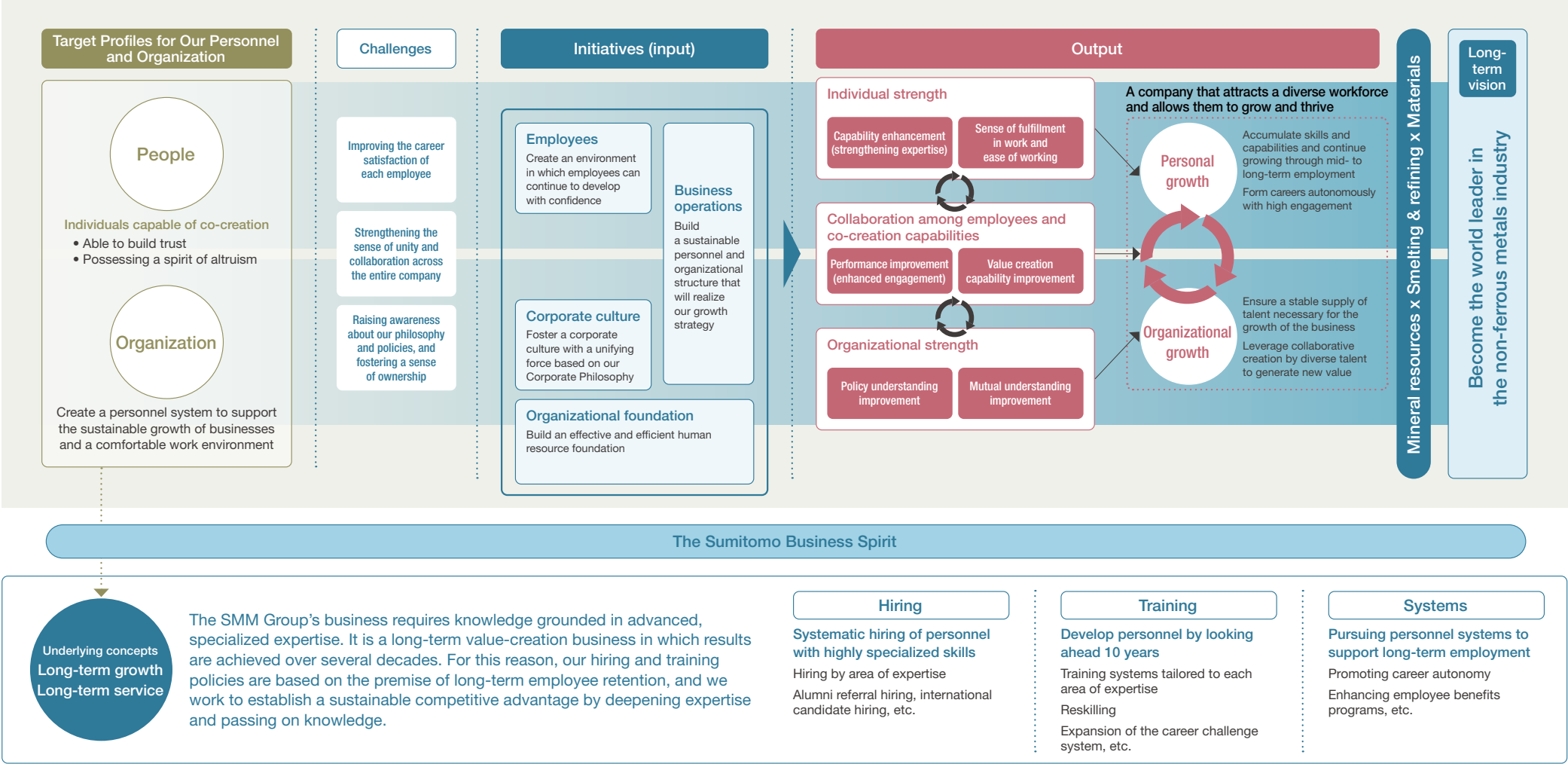
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Overall Picture of Human Capital Management

To achieve our long-term vision of becoming the world leader in the non-ferrous metals industry, we have set “a company that attracts a diverse workforce and allows them to grow and thrive” as the Vision for 2030 for human capital. By implementing Human Capital Management toward this goal, we will realize a corporation in which employees can “accumulate skills and capabilities and continue growing through mid- to long-term employment” and “form their careers autonomously with high engagement.” Moreover,

we will realize a corporation whose businesses and organizations will be able to “secure a stable supply of talent essential for sustainable business growth” and “leverage wide-ranging talent’s collaborative creation to create new value.”

Under the current 3-Year Business Plan 2027, when implementing Human Capital Management, we will address human resources materialities identified across four domains—“corporate culture,” “business operations,” “employees,” and “organizational foundation”—to build a sustainable foundation for human resources and organizations, thereby contributing to the realization of our business strategy.



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Corporate Culture

Improving Employee Engagement

We define high employee engagement as “a state in which there is mutual understanding between the company/organization and employees, and the company/organization values employees while employees dedicate themselves to the development and revitalization of the company/organization.” Strengthening engagement is at the core of our human resources strategy. We introduced an engagement survey in FY2024 to quantitatively measure employee engagement levels and our organizational strengths and challenges, and are now conducting group-wide improvement activities based on the PDCA cycle. Our FY2025 survey scores (deviation from the average of about 10,000 surveyed companies set at 50) were 48.6 for the domestic group of 17 companies (97.4% response rate) and 50.5 for nonconsolidated SMM (97.0% response rate), representing slight year-over-year increases of 0.9 and 0.6 points, respectively.

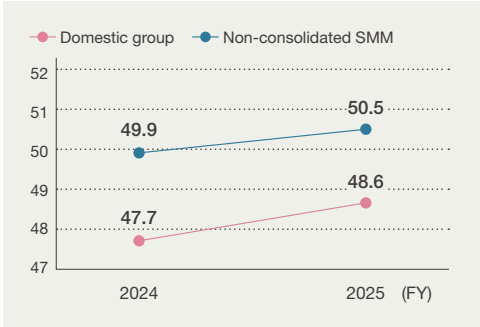
We have set the Vision for 2030 KPI target of raising the group score to 55 by 2030. By understanding what employees expect, what satisfies them, and what causes them dissatisfaction, and by making improvements through surveys, we aim to evolve as an organization.

KPI Target and Outcomes (Deviation score)

Engagement score
(Our Company + Domestic affiliated
companies subject to survey)

2030 target group score	55
2025 outcome for the domestic group	48.6
Nonconsolidated SMM	50.5

Engagement score



FY2024 Challenges

We believe our survey scores for FY2024 are in line with the average for manufacturing companies. We have identified that, overall, our strength lies in employees’ relationships with immediate supervisors, but that there are challenges in areas such as “outward orientation” and “sense of personal growth,” and scores varied between divisions. Furthermore, a detailed analysis of the survey results showed that supervisors’ management quality has a strong impact on engagement.

FY2025 Initiatives

To continuously improve the SMM Group’s overall score based on the FY2024 results, we have been working simultaneously on “initiatives to address company-wide challenges and improve the absolute scores” and “initiatives to raise scores within each division.” The former initiatives included “sharing information on best practices by high-engagement divisions,” “raising awareness about our Corporate Philosophy, strategy, and brand,” and “thoroughly instilling basic management skills among managers.” Among the latter is an initiative in which each workplace has formulated action plans to address its weaknesses and has been carrying them out independently.

FY2025 Results Analysis

The FY2025 scores improved slightly, indicating, in our view, a positive impact from the initiatives implemented in FY2025. The overall trends in strengths and weaknesses were similar to those of FY2024. However, we reaffirmed that challenges remain, including “gaps in the perceived sense of ownership about our Corporate Philosophy and strategy between different job levels” and “a lack of a sense of self-growth through job satisfaction and the acquisition of new skills.” In addition, we confirmed through a year-over-year comparison that scores for specific attributes tend to remain unchanged, and that we need a variety of approaches.

Future Direction

Aiming to ensure we achieve the Vision for 2030 KPI target (55 group score), we will continue to advance both “initiatives to address company-wide challenges and improve the absolute scores” and “initiatives to raise scores within each division.” For the former, we will tailor an approach to each job level within the organization. For example, the executive layer maintains a communication infrastructure that connects the executive level with the front lines and among business divisions through various channels, carefully conveying management policies. Meanwhile, the management layer acts as the organizational hub, translates the philosophy and strategies for their own units, and articulates them in words. We will encourage our employees to have a mindset focused on building their own careers and finding fulfillment, and to take the first step in tackling the challenges that come their way. For the latter, we prioritize “small improvements we can make today,” and we will continue to implement initiatives tailored to each workplace.

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Corporate Philosophy Dissemination

To help achieve the goal of “fostering a corporate culture with a unifying force based on our Corporate Philosophy,” as outlined in the 3-Year Business Plan 2027, we introduced the “SMM Corporate Philosophy Dissemination Program” in FY2024. This program aims to help participants internalize Sumitomo’s history, corporate spirit, and corporate philosophy and apply them to their daily decision-making and work. In FY2024, it was conducted for newly appointed personnel classified as general managers and site managers. In FY2025, the program was additionally conducted for second-year main career track employees, mid-career hires in the main career track, and executives and division heads. In addition, in FY2026, we plan to conduct this program as part of a training initiative for selected middle-level managers in the main career track. We encourage a broad range of employees to deeply understand and interpret the corporate philosophy and business spirit underlying the evolution of our business and various decisions in accordance with their respective positions, duties, and responsibilities, and to change their behavior as leaders and employees in ways that enable them to embody these principles.

Comments from Program Participants



Takumi Shimoji
President of Shinko Co., Ltd.

After we visited Kyoto, the birthplace of the Sumitomo Group, and visited the former Besshi Copper Mine, which served as the foundation for the Sumitomo Group’s growth, I came to a deep understanding that it was the right judgment and constant efforts made at each stage that enabled the SMM Group to carry on its business while navigating many changes over the years.

And the experience made me realize afresh that our current responsibilities are indeed rooted in that history. Furthermore, the JCO Study Center training allowed me, as an individual in a position of responsibility, to learn the importance of reflecting on the causes of accidents or organizational challenges as issues relevant to my own workplace.

The corporate philosophy dissemination session allowed me to deepen my understanding of the need for our three key businesses of Mineral Resources, Smelting & Refining, and Materials to share a common sense of urgency and enhance value while complementing one another.

The opportunity to identify and share the challenges and current issues involved in increasing value in the process, from raw materials to metals and ultimately to finished materials, was very meaningful to me.

While we are currently focusing on improving communication among business divisions in the advanced materials business, we will go forward to further strengthen collaboration and promote mutual understanding between the Mineral Resources and Non-Ferrous Metals divisions and the Materials divisions.

I believe that sharing challenges across the entire SMM Group and deepening mutual understanding among our business divisions will create even greater value for the Group.

Enhancing Safety Culture

As a manufacturing company, safety is the top priority and underpins our Group’s business foundation. We will advance safety initiatives with labor and management united toward our goal of zero serious accidents.

DE&I

To foster a corporate culture in which various types of employees take pride in and have attachment to our Group with high engagement work attitudes, it is essential that a wide variety of members mutually recognize and trust one another, leverage their strengths, and engage in creative collaboration through equitable opportunities (Diversity, Equity & Inclusion (DE&I)). To embed and implement DE&I as a management strategy, it is crucial for top management to clearly convey its purpose and significance. Personnel in managerial positions must then communicate the intent of DE&I to the workplaces using their own words and execute concrete measures. And when all employees understand the intent of DE&I and actively participate in such measures, each individual’s attitude and action will change, which leads to a transformed corporate culture.

Based on this idea, in 2024, we issued the “Declaration of the Sumitomo Metal Mining Group on DE&I.” Through this, its purpose and significance as a message from top management was announced. In April 2025, with the goal of having all employees engage in DE&I and advancing collaborative company-wide creation, the “DE&I Collaborative Creation Section” has been established within the Human Resources Department.

With our collaborative creation for DE&I, we undertake various efforts, such as gender balance (women’s active engagement), promotion of an active portion of foreign employees, building of an environment in which sexual minorities (LGBTQ+) can work comfortably, dissemination of understanding of the same, promotion of employment for people with disabilities and support for their retention, and provision of work-life balance support tailored to different life stages. For promotion of gender balance, we commenced concrete initiatives in 2012 and have steadily expanded opportunities for women to play active roles, including appointments to management positions, as well as assignments in production facilities and to overseas locations. In our Vision for 2030, we have set targets for the rate and number of female managers (consolidated: 18%, SMM: 7% (50 individuals)) and further aim for a 30% rate of female board members. Going forward, we will consider introducing individualized development plans and a mentoring system for female managers.

In addition, we have been co-hosting the “Non-Ferrous DE&I Forum” with various non-ferrous companies and the Japan Mining Industry Association since FY2023, and we will continue to support this initiative.

See the following web page for specific information on our initiatives:
[Diversity, Equity and Inclusion
https://www.smm.co.jp/en/sustainability/management/humanrights/humanrights_5.html](https://www.smm.co.jp/en/sustainability/management/humanrights/humanrights_5.html)

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Human Resources and Organizational Structure

Developing Management Talent (Successors)

To systematically develop the talent that will play key roles in the Company’s management in the future, we provide training programs tailored to each target group.

We conduct a Management Training program for managers. This is a practical program designed to allow participants to improve their organizational management skills by tackling challenges in their own workplaces. It aims to help participants gain a systematic understanding of the principles and fundamentals of organizational management.

In addition, we provide selection-based programs for employees at levels expected to lead future divisions. In the Middle Management Program, Members of our executive leadership serve as instructors, addressing sustainability issues and financial strategies for increasing corporate value. The program aims to raise the capabilities of middle managers. A training program to develop the next generation of executive managers selects candidates for future leaders and conducts a practical program designed to foster their commitment and motivation to take on management responsibilities, help them acquire the required knowledge, and train their thinking skills. In the Officers’ Coaching School program, headed by an executive officer serving as the “schoolmaster,” “students” ranging from young to mid-level employees set key themes, learn together, and apply what they have learned in their respective workplaces. In addition, we have our employees participate in external programs on an ongoing basis, aiming to have them interact with next-generation management talent from outside the Company to gain perspectives not available in the Company.



A scene from the Management Training Program

Becoming a company chosen by wide-ranging personnel

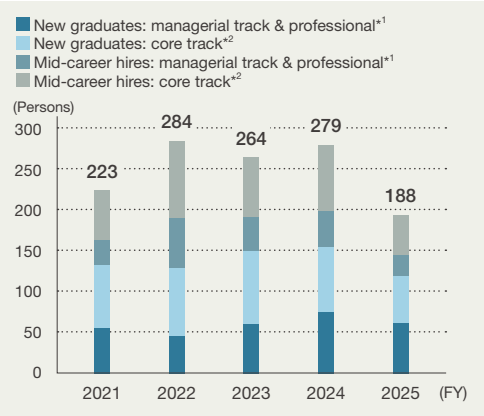
Believing that human resources are the key to realizing our business strategies, we aim to become a company that is “chosen” for the diverse talent needed to execute them. To this end, we are expanding our branding initiatives and hiring channels and making proactive hiring efforts.

In FY2025, we redesigned our recruitment website to make it easier for users to find the information they seek, and we created and launched a special site focused on the Mineral resources (mining development) Business, which may be difficult for students and job seekers to grasp clearly.

For our regular recruitment of new graduates, we have expanded our technical internship programs, participate in recruitment events targeting technical school students, and hold a “Female Engineers Networking Meeting,” an event in which female employees from various departments of our company interact with students, on an ongoing basis, aiming to boost recognition of our company and foster understanding about us among a broad range of candidates. We also offer scholarship programs to support science and engineering students.

In addition, as part of our efforts to hire mid-career candidates, we introduced an alumni recruitment system in FY2024. In this initiative, we established a system to support our former employees and candidates who declined job offers during our regular new graduate hiring process, so they can consider joining the company again, which has helped us hire a more diverse workforce.

New employee hiring



*1 Managerial track & professional: An occupational category in which personnel are expected to perform core duties and responsibilities and take on management of the company in the future.

*2 Core track: An occupational category in which personnel are expected to continuously use their accumulated knowledge, experience, and know-how in a specific job or region.

Our recruitment website



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Employees

Health and productivity management

Given the intensifying competition in the talent-hunting market and the growing diversity in employees’ career perspectives, we need to be a company where employees can work with peace of mind and continue to grow.

Our Group has made the occupational safety and health of officers and employees a priority in occupational health and safety. FY2025, the Health & Productivity Management Promotion Section was established within the Human Resources Department, which is the central coordinating body for implementing company-wide health management. This office updated the Health Management Roadmap and created the Health Management Strategy Map, which schematized management challenges and health management initiatives into a series of processes.

The health management operation is led by the Human Resources Department and the Safety & Environment Control Department under the direction of the President as the highest responsible party and the executive officer in charge of the Human Resources Department as an executive officer in charge of health and productivity management through coordination with each business site, labor union, and health insurance society. Our specific measures include efforts to ensure individuals undergo follow-up or in-depth examinations recommended after routine health checkups, an online smoking-cessation program, mental health training, walking events, and more. Through such measures, we will provide employees with systems that allow them to work in good health.

Website: Human Capital Management
https://www.smm.co.jp/en/sustainability/management/humanrights/humanrights_6.html

Promoting career autonomy

To help employees shape their own careers, we have implemented a one-on-one meeting system, in addition to the performance target interviews held between supervisors and subordinates at the beginning, middle, and end of each fiscal year. We support each individual’s personal growth by understanding their interests and career aspirations through these opportunities for dialogue, going beyond simply receiving reports on their work progress and having consultations with them. Furthermore, through our Work-life Support Desk and Career Plan Training, we provide employees with opportunities to obtain the information they need and seek advice to clarify their career goals and action plans.

To provide employees with opportunities for voluntary learning, we have lined up a variety of self-development programs, including online video courses, correspondence courses, foreign language courses, and dispatch to external training programs and undergraduate and graduate programs. We aim to achieve a 60% utilization rate of our self-development system, which is a key performance indicator for critical issues.

In 2023, alongside revisions to the personnel system for managerial track employees, we established the career challenge system (an internal job posting system). We support employees who take on new challenges in their work.

Organizational Foundation

The SMM Group’s business is long-term value creation built on advanced, specialized expertise, and we believe human resources are its driving force. Given the nature of our business, the SMM Group’s hiring and training policies are based on the premise of long-term employee retention and growth, aiming to deepen our employees’ expertise and ensure knowledge transfer. Furthermore, by ensuring that diverse individuals play active roles and working to build an open and vibrant organizational climate, we will bring out the potential in each employee and use that to establish a sustainable competitive advantage.

We believe that realizing our human resources strategies requires maximizing the impact of our systems, including the human resources system, and strengthening the foundation of our human resources functions.

Regarding our human resources system, we revised the personnel system for managerial-track employees to a job-grading system in July 2023 to foster a corporate culture in which each employee can continuously take on challenges, drive change, and grow. This revision enabled us to unlock the full potential of our employees, assign the right individuals to the right positions regardless of age or gender, and offer compensation commensurate with their duties and responsibilities. In addition, we have internally announced the names of higher-level positions and posts, along with their job descriptions, and begun work to establish a “systematic successor development framework” (succession plans). Furthermore, through initiatives such as the “career challenge system,” we aim to foster a corporate culture in which each employee takes an autonomous approach to their career based on their duties and responsibilities and continues to learn and grow.

For human resource development, on the premise of long-term service and continuous growth, we have established a systematic development path for each field to ensure employees at every stage, from younger employees to those in the managerial layer, progressively develop their skills and expertise required in each phase, thereby strengthening the talent base that supports the sustainable growth of our three key businesses.

Moreover, to realize human resources strategies, the supporting human resources infrastructure must be both effective and efficient.

Therefore, we have decided to reconstruct our human resources system infrastructure. We have begun efforts to implement the human resources system infrastructure necessary to drive DX in the human resources domain and improve productivity in human resources operations.

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Occupational Safety and Health

Occupational Safety

KPI & Results

Number of Serious accidents
(resulting in 50 days or more of absence from work)

2030 Target 0 cases 2025 results 1 case

* Workplaces covered by safety statistics (including contractors)

■ Occupational Safety Policy
Toward the Elimination of Serious Accidents

1. Upgrading Equipment to Make it Inherently Safe
2. Enhancement of Safety Management Capabilities
3. Developing Employees Who Can Take Safety Actions

Outcomes of 2025 Initiatives

In 2025, the extent of accidents involving Japan Group employees exceeded the targets. There was one serious accident (absence from work for 50 days or longer) and a total of 17 accidents. Eight of these involved employees with less than three years of service. At our domestic partner companies, there were no serious accidents, but three accidents occurred in total. On the other hand, our overseas business sites achieved zero occupational accidents for the second consecutive year.

As part of our 2025 initiatives, we worked to introduce inherently safe design into our equipment. We have already implemented safety measures on about 80% of our automated machinery and expect to complete them all by the end of FY2026. For accidents involving heavy machinery, we shared safety measures information within the Group and conducted tests with new AI cameras. In an effort to improve safety management capabilities and in response to frequent accidents involving part-time employees, we are reviewing the content of the training programs conducted for such employees at each workplace and considering countermeasures. In addition, as part of efforts to foster personnel who adopt safe practices, we have introduced a VR-integrated simulator to deliver effective hazard-simulation training.

Though we have worked to prevent serious accidents through these measures, a fatal accident occurred at one of our domestic affiliates in January 2026. In this accident, a worker's head was caught while a crane was transporting coiled copper material. We are working to introduce preventive measures from both the facility and management perspectives, aiming to ensure that a disaster like this never happens again.

2026 Action Plan (Priority Policy)

1. Introduction of Inherently Safe Design to Equipment, Improvements, and Enhancement of Workplace Environments

1) Address outstanding items from the comprehensive inspection of automated machinery and introduce inherently safe equipment design
2) Implement safety measures to prevent accidents involving heavy machinery
3) Improve the workplace environment to promote diversity
4) Investigate the current situation and create improvement plans aimed at full implementation of the “principle of suspension”
2. Enhancement of Safety Management Capabilities

1) Mitigate risks of serious accidents through on-site work observation and practical risk assessment (RA)
2) Enhance the training system for employees with less than three years of service
3) Utilize management (supervision) support devices
3. Development of Employees Who Can Take Safety Actions

1) Eliminate unsafe behavior through the rollout of hazard simulation and Anzen Dojo training
2) Maintain and improve safety-related physical fitness
3) Share driving-related risks based on examples of traffic accidents in and outside the Company

Occupational Health

KPI & Results

Number of workplaces with health risks

2030 Target 0 workplaces
2025 results 5 workplaces

* Workplaces covered by safety statistics (Japan only)

■ Occupational Health Policy
Ensuring a comfortable workplace environment through improvement of the work environment and measures for disease prevention.

Outcomes of 2025 Initiatives

In 2025, the number of our workplaces posing health risks under the Industrial Safety and Health Act—mainly due to substances subject to legal regulations, including dust, lead, and specified chemical substances—exceeded our target, totaling five (one in Control Class 3, four in Control Class 2).

We introduced improvement measures to the local exhaust ventilation and dust collection equipment, among other things, as planned. We also considered additional countermeasures and conducted re-measurements based on the results of work-environment monitoring. In the Besshi District, where these workplaces are concentrated, headquarters staff implemented patrols, reviewed efforts to improve and maintain the working environment of these facilities, and monitored progress. In addition, we surveyed workplaces where the working environment had deteriorated over the past two years due to inadequate daily maintenance. We assessed the effectiveness of improvement measures and the actual status of maintenance (inspections, cleaning, filter clogging, pipe deterioration, and adherence to operational rules). We implemented additional improvement measures where deficiencies were identified. We also created a daily management checklist and introduced it across the Company to help staff detect changes early and prevent recurrence.

In addition, we used a self-assessment checklist to assess the status at each location regarding compliance with amendments to laws governing the autonomous management of chemical substances, and began work in FY2026 to transition to the RA tool recommended by the Ministry of Health, Labour and Welfare.

2026 Action Plan (Priority Policy)

- In 2026, we will continue to strengthen collaboration with the Safety & Environmental Control Center in the Besshi District, where worksites needing improvement are concentrated, and with safety managers in business divisions. Through site patrols and the shared use of improvement technologies, we will strengthen the improvement, upkeep, and management of work environments, ultimately creating more comfortable workplaces.
1. Implementation and Maintenance of Planned Work Environment Improvements

1) Enhance the skills of business site personnel
2) Strengthen management and guidance through business site-business division-Safety & Environment Control Department-relevant division collaboration
3) Reduce worker noise exposure time
2. Monitor Response to New Legal Regulations on Chemical Substances and Ensure Regulatory Compliance by Applying Simplified RA Measures

1) Migrate to the RA tool recommended by the Ministry of Health, Labour and Welfare

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[Material Issues] Ensuring a Stable Supply of Non-Ferrous Metals and Contributing to a Circular Economy



Stable Supply of Non-Ferrous Metals

We produce non-ferrous metals such as copper, nickel, and gold. Copper is characterized by its high electrical and thermal conductivity and is widely used in diverse applications including electrical wires, copper products, and heat exchangers in home appliances. Nickel, known for its corrosion resistance, is extensively used in stainless steel products and also serves as a cathode material for lithium-ion rechargeable batteries. In addition to jewelry, gold is used in such applications as electronic components, taking advantage of its high corrosion resistance and excellent electrical conductivity.

Non-ferrous metals are essential materials for global economic development and modern society, with demand expected to continue growing.

Resources are finite, and competition for high-quality non-ferrous metal resources has intensified in recent years. In the area of resource procurement, the SMM Group maintains stable purchase of ores by taking advantage of relationships of trust with major overseas non-ferrous metal companies and promotes the use of recycled resources. In our manufacturing operations, we maintain stable production of high-quality non-ferrous metals, using the smelting techniques we have developed over many years. By enhancing our ability to maintain stable supply through these efforts in procurement and manufacturing, we aim to fulfill our responsibility as a MONOZUKURI (manufacturing and operation) company and help make the economy circular without mass production or mass disposal.

Recycling Initiatives

To make effective use of resources which are finite, the SMM Group is working on a diverse range of recycling initiatives. In the Smelting & Refining Business, we collect steel dust from steelmakers and trading companies and manufacture and sell zinc oxide pellets, a raw material of metal zinc. With regard to copper, the Toyo Smelter & Refinery collects copper scraps, such as electrical wires, from the market. We melt these materials in smelting furnaces or converters using surplus heat. We are working to improve our processes and considering to introduce new equipment for our goal of increasing the amount of copper we recycle to annual 140 thousand tons by 2030. In FY2025, we recycled 90 thousand tons. [▶ P.041](#)

In addition, we are engaged in recycling of diverse other items, including precious metals such as gold, silver, platinum, and palladium, as well as used secondary batteries for automobiles. We aim to contribute to the formation of a sustainable circular economy and to promote efforts for resource circulation to address global resource depletion.



The recycled raw materials (secondary copper materials) to be utilized

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Resource Recovery Through Recycling of Lithium-ion Secondary Batteries

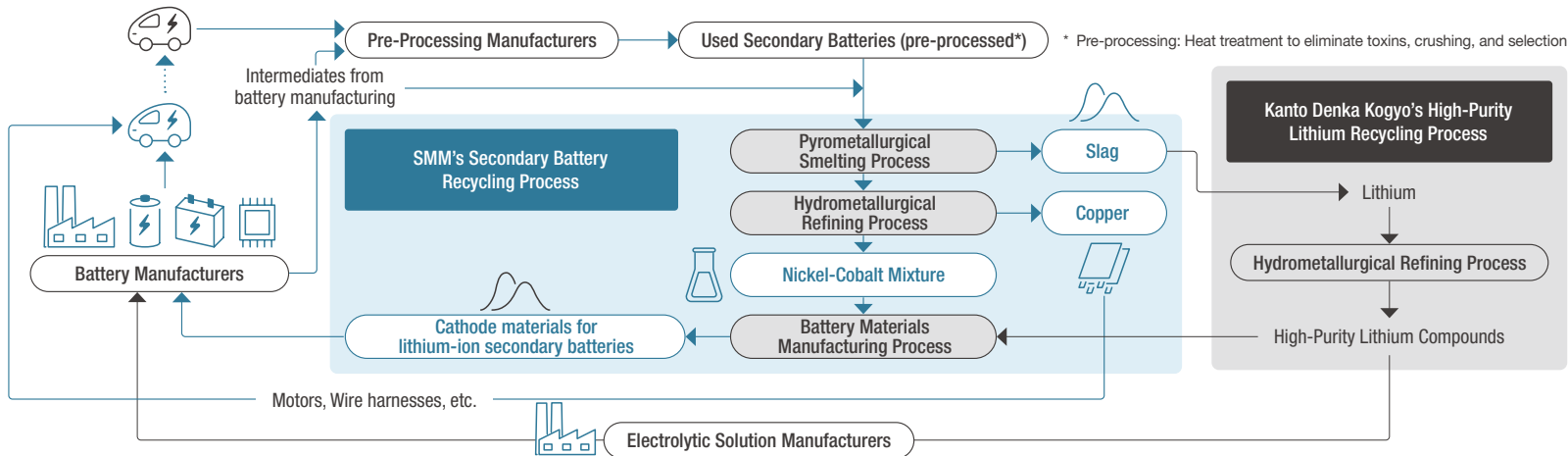
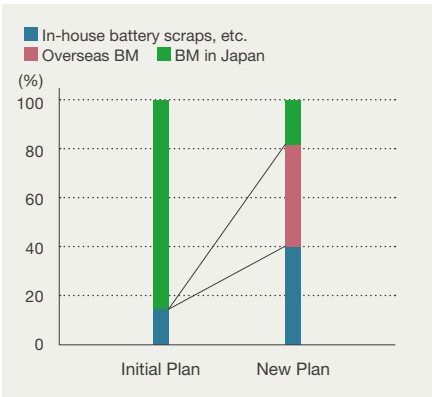
As battery capacity becomes increasingly higher for hybrid, battery, and plug-in electric vehicles, which are expected to continue over the long term, and as use of storage batteries for residential and industrial applications increases, demand is expected to grow for the copper, nickel, cobalt, and lithium used in lithium-ion secondary batteries (LIBs). Under these circumstances, there is a strong call for resource circulation through the recycling of used LIBs.

Since 2017, SMM has been conducting high-purity recycling of the copper and nickel contained in LIBs using a process that combines the Toyo Smelter & Refinery’s pyrometallurgical smelting process for copper with the Niihama Nickel Refinery’s hydrometallurgical refining process for nickel. The recovered nickel is processed into a cathode active material for LIBs at the Isoura Plant, which has allowed us to realize Japan’s first “battery-to-battery” horizontal recycling using materials recovered from used LIBs. SMM’s LIB recycling process enables efficient processing of large quantities of used LIBs with high impurity content.

In 2022, through joint development with Kanto Denka Kogyo Co., Ltd., which holds the largest domestic market share in production of electrolytes used in LIBs, we established technology that recycles lithium from pyrometallurgical slag into high-purity lithium compounds. We thus have succeeded in developing a new process for horizontal recycling of copper, nickel, cobalt, and lithium.

In March 2024, with support from the Green Innovation Fund of the New Energy and Industrial Technology Development Organization, better known as NEDO, we began construction of facilities aimed exclusively to recycle materials such as LIBs in the Toyo Smelter & Refinery and the Niihama Nickel Refinery, with the goal of bringing them online by the end of the current fiscal year, and trial operation is currently underway. This will bring the capability of the facilities at the plants, which means the volume of raw material that can be processed, to the equivalent of approximately 10 thousand tons of LIB cells per year, making it Japan’s first commercial-scale recycling plant.

Changes in recycled material procurement environment



This recycle plant’s design takes into account handling the expected future increase in used LIB and the metal recovery rate and recycled material inclusion rate defined in EU Battery Regulation in force since August 2023. The plant also incorporates the company’s own technology for suppressing CO₂ emissions, and it will continue to pursue further technology development and optimization with the goal of reducing its carbon footprint.

Additionally, in conjunction with the construction of the plants, we have signed partnership agreements with domestic trading companies and recycling companies* to establish a supply chain for used LIB recycling.

In addition, in light of recent changes in the procurement environment for raw materials for recycling (primarily black mass, or BM) and the stagnation in the amount of BM generated in Japan, we have reviewed our plans so as to give priority to increasing processing of overseas BM and in-house and external battery scraps. In May 2026, we entered into a memorandum of understanding (MOU) with Sumitomo Corporation regarding a feasibility study for a battery recycling business in Oceania (Australia and New Zealand) covering batteries from electric vehicles (EVs) and other applications. For this feasibility study, the Japan Organization for Metals and Energy Security (JOGMEC) plans to provide support for this initiative through its technical support program for addressing on-site needs and other measures. We will continue to contribute to the achievement of a sustainable circular economy by working with the partners to accelerate our studies on a collection system for used LIBs and promoting initiatives towards establishing an LIB recycling system.

* DOWA ECO-SYSTEM CO., LTD., MATSUDA SANGYO CO., LTD., MM&KENZAI Corporation, Nippon Magnetic Dressing Co., LTD., Nippon Recycle Center Corp., OONO DEVELOPMENT CO., LTD, Sanyo-Rec Co., Ltd., Toho Zinc Co., Ltd., and TOYOTA TSUSHO MATERIAL INCORPORATED (listed in alphabetical order, as of April 1, 2026)

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[Material Issues] Contributing to the Realizing a Carbon Neutral Society

Background to the selection of Material Issues

Achieving a carbon-neutral society requires efforts from the entire society, and there is a need to address the risks and opportunities associated with decarbonization.

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

Strategy

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.

Roadmap toward Achieving Carbon Neutrality in 2050

We have formulated a roadmap toward achieving carbon neutrality in 2050, along with interim reduction targets for FY2030, and announced them in December 2023.

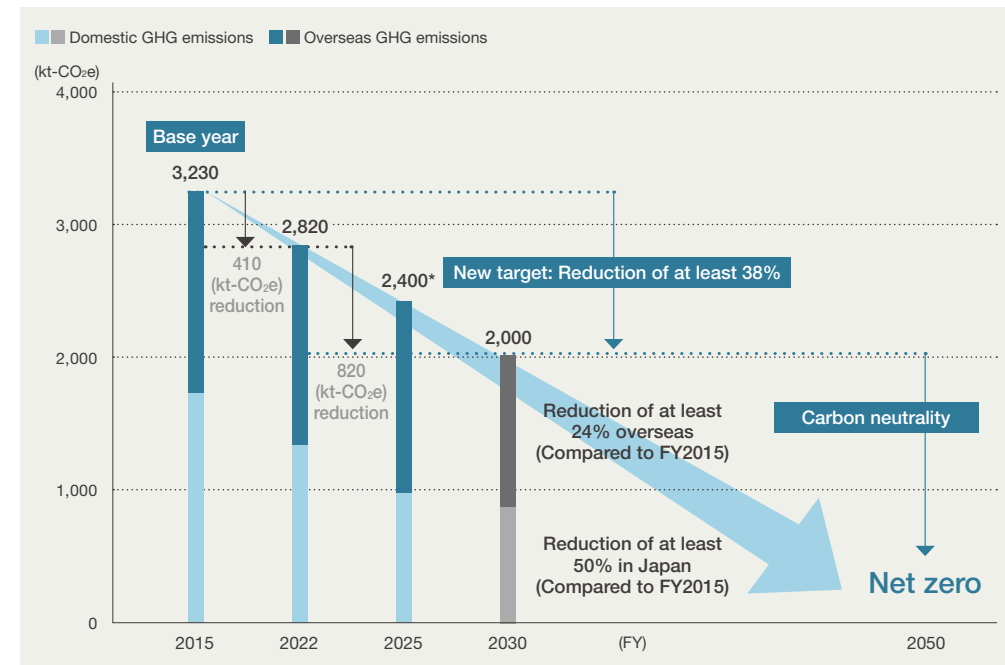
The interim target for FY2030 is a reduction of at least 38% (at least 50% in Japan and at least 24% overseas) compared to the base year of FY2015, and limiting GHG emissions to no more than 2,000 kt-CO₂e.

Disclosure of climate-related financial information (under the TCFD framework)

https://www.smm.co.jp/sustainability/management/climate/climate_2.html

Results of climate change scenario analyses

Roadmap and Achievements toward Achieving Carbon Neutrality in 2050 (Scope 1 and 2)



* The FY2025 results are estimates calculated using a reasonable methodology based on data available as of the end of March 2026.

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Initiatives to Achieve Carbon Neutrality by 2050

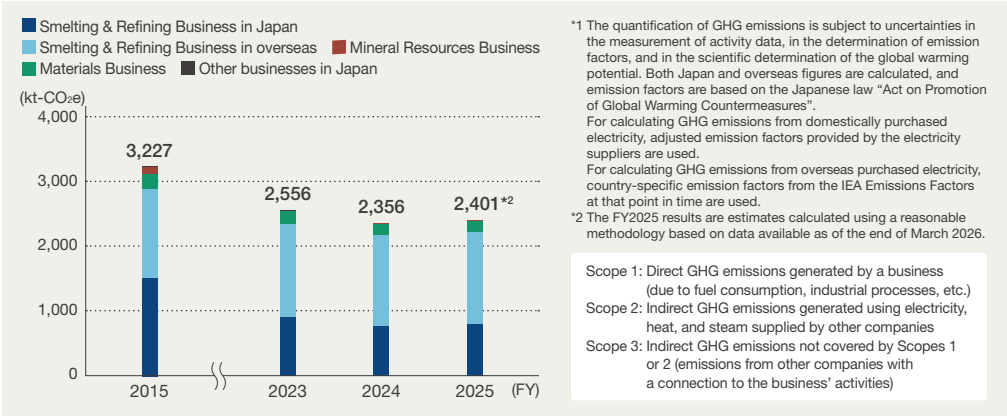
To achieve our FY2030 interim targets, we will pursue initiatives that maximize the use of existing technologies, including thoroughly implementing energy-saving measures and improving equipment efficiency, as well as switching from fossil fuels to alternative energy sources, and expanding the use of renewable energy.

Furthermore, to achieve carbon neutrality by 2050, we are taking on the challenge of developing innovative technologies for smelting and refining processes where reductions are currently difficult. At the same time, we are also working to introduce new technologies, such as next-generation energy and carbon dioxide capture and sequestration, under the assumption that decarbonization technologies will continue to advance and be adopted throughout society.

GHG Emissions (Scope 1 and 2)

The SMM Group’s GHG emissions in FY2025 were 2,401 kt-CO₂e, a year-on-year increase of 45 kt-CO₂e due to increased production volume and a rise in the electric power CO₂ emissions coefficient, amid continued implementation of reduction measures such as energy-saving activities and fuel conversion from heavy oil to LNG. In addition, the Kashima Solar Power Plant, which the SMM Group constructed in 2016 as part of a power generation business utilizing Japan’s Feed-in Tariff (FIT) Scheme for renewable energy, continues to operate smoothly. We are also working to reduce GHG emissions across society through the operation of this power plant, contributing to a reduction of approximately 1.5 kt-CO₂e in FY2025. The SMM Group will continue working to reduce emissions to achieve its interim targets for FY2030.

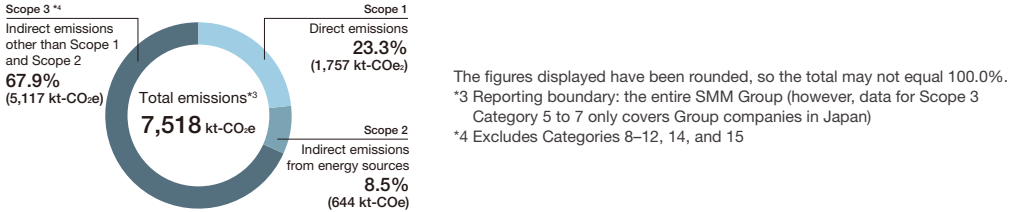
GHG Emissions*1 (Scope 1 and 2)



Scope 3 Initiatives

As Scope 3 accounts for approximately 70% of the SMM Group’s total emissions, we recognize that initiatives to reduce Scope 3 emissions are essential in reducing our total GHG emissions, with a particular focus on Category 1 (purchased goods and services) as it accounts for approximately half of all Scope 3 emissions.

Breakdown of the SMM Group’s GHG emissions in FY2025



Accordingly, in FY2025, to assess the current status of our Scope 3 emissions, we specified copper concentrate, which accounts for the largest share of Category 1 emissions, as a priority area (hotspot) for reduction. We then surveyed suppliers representing approximately 80% of our copper concentrate purchases to collect primary data, and improved the accuracy of our Category 1 emissions calculations. To accelerate emissions reduction initiatives focused on copper concentrate, the current hotspot, the SMM Group has set the following Category 1 emissions reduction target, with FY2023 as the new base year.

Target (FY2030)	(Scope 3) Category 1 (Purchased goods and services) 18% reduction (compared to FY2023) However, this excludes emissions from the planned production of nickel matte at Hyuga Smelting Co., Ltd. This is because, although nickel matte production is scheduled to begin at Hyuga Smelting Co., Ltd. in FY2027, the raw material suppliers have yet to be selected, making primary data unavailable at this time.
Calculation method	Weight of the main raw materials × emissions output level (primary data*5 for copper concentrate and secondary data*6 for other raw materials)

Scope 3 Emissions

Unit: kt-CO₂e

Category	FY2023	FY2024	FY2025	Calculation method
Total Scope 3 emissions	3,722	3,821	5,117	
1. Purchased goods and services Figures in parentheses are calculated using the previous calculation method.*7	2,916 (3,603)	3,133 (4,262)	4,360	Σ (Weight of the main raw materials × the emissions output level (primary data*5 for copper concentrate and secondary data*6 for other raw materials))
2. Capital goods	551	431	505	Σ (Capital expenditures × emissions output level × 1.05)*8
3. Fuel and energy-related activities not included in Scope 1 or Scope 2	221	226	216	Σ (Amount of purchased electricity and fuel used × emissions output levels (electricity*8, fuel*9))
4. Upstream transportation and distribution	23	20	26	Emissions from domestic transportation are calculated pursuant to the Act on Rationalization of Energy Use and Shift to Non-fossil Energy and the Act on Promotion of Global Warming Countermeasures.
Other	11	11	10	—

*5 Suppliers representing approximately 80% of SMM's copper concentrate purchases were surveyed and the emissions output levels collected through the survey were used as primary data.

*6 The latest version available in the Inventory Database for Environmental Analysis (IDEA) provided by the National Institute of Advanced Industrial Science and Technology for the relevant fiscal year was used.

*7 The previous calculation method uses only secondary data to calculate emissions output levels.

*8 Emissions output levels are taken from the Ministry of the Environment's Database of Emissions Unit Values for Calculating an Organization's Greenhouse Gas Emissions, etc. Throughout the Supply Chain.

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Development of Products Contributing to a Low-Carbon Society

Sumitomo Metal Mining strives to develop products contributing to a low-carbon society to realize a carbon-neutral society by 2050.

We are developing cathode materials for all-solid-state batteries, a type of next-generation lithium-ion battery used in electric vehicles (EVs) and that contributes to reducing GHG emissions, as well as electrode and catalyst materials that contribute to the production and use of hydrogen.

Development of hydrogen production catalyst materials

The realization of a hydrogen society will aid in preventing global warming and improving energy self-sufficiency. Building on core technologies such as powder synthesis and surface treatment, SMM is developing highly efficient, low-cost catalyst materials that contribute to the realization of a hydrogen society, including nickel oxide powder for electrodes in solid oxide electrolysis cells (SOEC) and solid oxide fuel cells (SOFC), as well as nickel catalysts for methanation reactions that synthesize methane, a component of natural gas and a hydrogen carrier, from carbon dioxide and hydrogen.

Development of Cathode Materials for All-Solid-State Batteries

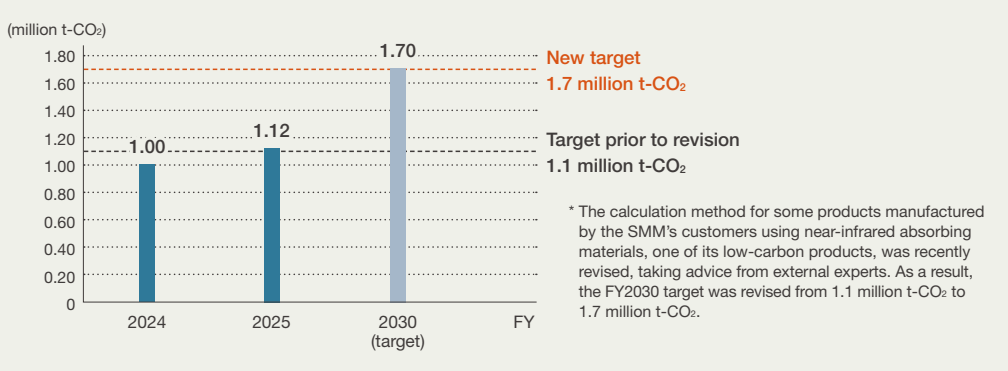
As the EV market expands, demand for high-performance lithium-ion batteries (LIB), including all-solid-state batteries, is on the rise. SMM is leveraging its development and mass production experience with cathode materials for high-capacity automotive batteries and non-ferrous metal smelting and refining technologies accumulated until now with the aim of achieving stable supplies of cathode materials for all-solid-state batteries. We are currently developing next-generation cathode materials, including cathode materials for high-performance and low-cost all-solid-state batteries, and conducting demonstration tests of manufacturing processes. In addition, with the objective of reinforcing research and development foundations, we have introduced pilot equipment and constructed a second development building at the Battery Research Laboratories to house the equipment, and the new facilities were completed in December 2025. These facilities are receiving subsidies under the Green Innovation (GI) Fund Project of the Ministry of Economy, Trade and Industry.

Providing Products That Contribute to a Low-Carbon Society

The SMM Group designates any of its products that contribute to reducing GHG emissions as low-carbon products. The Group places the highest priority on contributing to reducing GHG emissions throughout society by developing these products and expanding business.

Our current target is to contribute to a reduction in GHG emissions of at least 1.7 million tons through low-carbon products by FY2030. The GHG reduction contribution in FY 2025 was 1.12 million tons. Going forward, we will continue to advance the technological development of hydrogen production catalyst materials and hydrogen production-related materials, while also developing new processes for cathode materials for all-solid-state batteries. We will also actively expand businesses involving existing low-carbon products.

Contributions to reducing GHG emissions through low-carbon products and targets



Using Internal Carbon Pricing

The SMM Group has established Internal Carbon Pricing (ICP) to further promote the development of decarbonization technologies and capital investments, and has introduced an ICP system that reflects the effects of GHG reduction in investment decisions. Ever since the system was introduced in September 2020, we have been actively using it to make decarbonization investments at our business sites.

Specifically, in addition to energy-saving investments such as the introduction of LED lighting and the replacement of air conditioning equipment with highly efficient models, we are also promoting a switch to electricity from renewable energy sources. We are also actively introducing solar power generation and converting fuel from heavy oil to LNG, which were difficult to accomplish under conventional investment standards.

Going forward, we will maintain and bolster our decarbonization efforts in light of changes in social conditions, the regulatory environment, and other factors.

ICP price	Number of projects approved for ICP application*1	Projected CO ₂ emission reductions*2
JPY20,000/t-CO ₂	78	157 kt-CO ₂ /year

*1 Number of projects approved for application of the ICP system between FY2021 and FY2025

*2 Projected CO₂ emission reductions are calculated based on normal operating conditions. As this includes projects implemented in FY2024 and later, the timing of the effects does not coincide with the period in which ICP application was approved.

- Examples of specific initiatives**
- Conversion from heavy oil to LNG, which generates fewer CO₂ emissions
 - Use of biomass as an alternative to fossil fuels
 - Switching from purchased electricity to electricity from renewable energy sources

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Conservation and Restoration of Nature

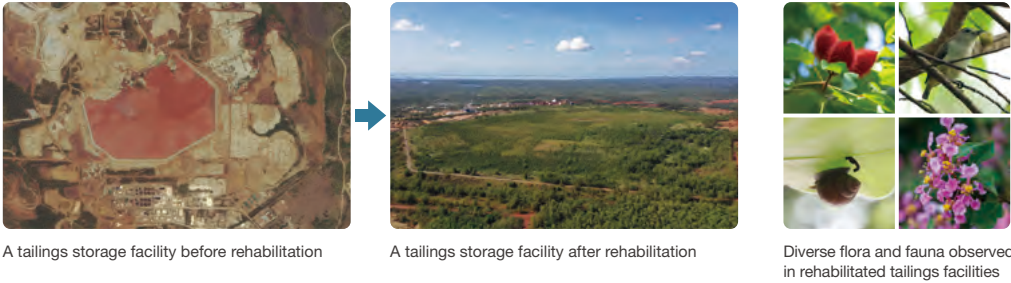


Identification and management of nature-related risks and opportunities

We formulated the Sumitomo Metal Mining Group’s Nature Policy on April 1, 2025. The policy outlines governance and promotional framework, principles, and review and reporting. The policy sets out nature policy principles covering several key areas. These include assessing and identifying nature-related dependencies, impacts, risks, and opportunities; pursuing no net loss of nature in priority locations; and collaborating with stakeholders across value chains and the associated regional ecosystems (landscapes). We also pledge to contribute to the sustainable development of society by avoiding and minimizing the negative impact of our Group’s business activities on nature and by undertaking restoration and conservation efforts. Furthermore, we have set “a company that contributes to a nature-positive future” as our Vision for 2030 and, by the end of FY2026, aim to disclose nature-related risks and opportunities identified in priority locations for our Group businesses and how we address them, referencing the disclosure recommendations and the LEAP approach (an assessment approach for nature-related disclosures) of the Taskforce on Nature-related Financial Disclosures (TNFD). On January 17, 2024, the International Council on Mining and Metals (ICMM), of which SMM is a member, released its Nature Position Statement. As part of its commitments, SMM will assess nature-related dependencies, impact, risks, and opportunities for operations in priority locations by the end of FY2026. Also, by the end of FY2030, we will identify the most material value chain categories and issues and develop performance targets and objectives for material aspects.

Initiatives that contributes to a nature-positive future (The Philippines)

In the Philippines, the SMM Group has two HPAL plants —Coral Bay Nickel Corporation (CBNC) and Taganito HPAL Nickel Corporation (THPAL)—which produce intermediates for electrolytic nickel and nickel sulfate. As there are a diverse array of trees in the tropical rainforests on Palawan and Mindanao islands, where the HPAL plants are located, that support a rich ecosystem, we have engaged with stakeholders since the plant planning stage and have worked to reduce our environmental impact, including by taking measures to protect coral reefs. In the operational phase, we monitor the ecosystem surrounding the plant and assess the impact our operations may have on the surrounding environment on an ongoing basis. At CBNC, we are also working on rehabilitation projects for tailings storage facilities that have completed their useful life through reforestation, including soil improvement and the cultivation of saplings, with the aim of establishing a sustainable ecosystem. Furthermore, we are continuing initiatives to fulfill our responsibility as a “company that contributes to a nature-positive future,” our Vision for 2030, including planting of mangroves. These efforts have been recognized by the Philippine government, and we have received many honorable awards.



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Management of Tailings Storage Facilities

In August 2020, Global Tailings Review (GTR) formulated the Global Industry Standard on Tailings Management (GISTM). The International Council on Mining and Metals (ICMM) is committed to compliance with GISTM, and as a member of ICMM, we were responding to the standard. Our Group thoroughly implements measures to prevent significant environmental accidents at closed mines that it manages in Japan, and tailings storage facilities managed by CBNC and Taganito HPAL Nickel Corporation (THPAL), both of which are in the Philippines (17 facilities in total). We disclosed information concerning high-risk tailings storage facilities in accordance with the provisions of the GISTM in FY2023 and all tailings storage facilities in FY2025. In addition, on August 1, 2024, we formulated the Sumitomo Metal Mining Group's Tailings Facility Management Policy based on the GISTM to clarify guidelines concerning governance and promotional framework, principles, allocation of management resources, collaboration, preparations for and responses to emergency situations, reviews, and disclosures. In this policy, we make a commitment to securing the resources necessary for conducting tailings storage facilities management activities, cooperating with stakeholders including local communities, mitigating risks throughout the lifecycle from tailings storage facilities planning to decommissioning, and reducing impacts on the environment, as well as providing support for the safety management of tailings storage facilities at mines and other facilities in which we have invested.



Stabilization work at the Okuchi slag accumulation site no.1



Greened state following the work

Water Use Management (Risk Management)

Water is a shared resource for the region, closely connected to the lives of residents and communities, and has an impact on surrounding ecosystems. Under the Sumitomo Metal Mining Group's Water Policy, we identify water risks not only using tools such as the WWF Water Risk Filter and WRI Aqueduct, but also by considering water use and the impact on the surrounding environment at each business site. We work to reduce these risks while considering local communities and the environment in the water areas we use and take responsible action to make effective use of limited water resources. For example, at CBNC on Palawan Island in the Philippines, where water shortages are common during the dry season, supernatant water collected in tailings storage facilities is reused in production processes. In addition, this water is supplied as industrial water to a lime slurry manufacturer that is a supplier to CBNC, as part of efforts to make effective use of water resources. As a contribution to local communities, CBNC also provides, maintains, and manages water supply facilities, and continues to deliver drinking water using

tanker trucks when necessary. Furthermore, the Environmental Management Office (EMO), which is responsible for environmental management at CBNC, forms teams with local governments, NGOs, and other stakeholders to regularly conduct water quality inspections and monitor whether plant operations are having any significant impact on surrounding water bodies. The SMM Group also responds to the CDP Water Security Questionnaire every year and communicates efforts based on the Water Policy both internally and externally.

Approach to Chemical Substance Management

Because chemicals are frequently handled in the SMM Group, we have established a chemical substance management system within the environmental management system (EMS) at all business sites under divisional jurisdiction. For example, when a business site intends to handle a new chemical, it conducts a preliminary study that covers hazard statements, laws and regulations, and other applicable information, and deliberates in a meeting at the business site before deciding whether to adopt the handling of said chemical. In addition, the business divisions and Safety & Environment Control Department cooperate with requests for preliminary consultation and verification from the business site.

Further, we also provide information on safe handling for all chemicals transferred or provided to customers or to the other business sites in the SMM Group using safety data sheets (SDS)¹ which conform to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS),² regardless of whether or not we are legally obligated to do so. When developing new materials, we strive to develop materials that customers can use safely and with peace of mind. We review development themes taking into account the toxicity of contained substances, including as pertains to domestic and international regulations for final products as well as the environmental impact of production processes.

Regarding emissions into the atmosphere and water, in order to comply with statutory regulations relating to air and water pollution and further reduce emissions of chemical substances, business sites individually set targets and take action. In FY2025, we continued implementing measures based on the hazardous substance emission reduction targets set by each facility.

1 Safety data sheet (SDS): A document listing information on a chemical, including the chemical substance, the product name, the supplier, hazards, safety precautions and emergency procedures
2 The Globally Harmonized System of Classification and Labeling of Chemicals (GHS): A system for classifying chemicals based on the type and degree of hazards and toxicity they pose, chemical labeling, and safety data sheet provision in accordance with a set of internationally agreed-upon rules

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Engagement with Indigenous Peoples

Resource development, smelting, and refining have significant impacts on the environment and local communities and there is a risk of infringing the rights of Indigenous Peoples living in the affected areas. For this reason, the SMM Group has worked to earn the understanding and trust of Indigenous Peoples by engaging in dialogue with them in accordance with international norms and standards, including the United Nations Declaration on the Rights of Indigenous Peoples and the International Council on Mining and Metals (ICMM)’s Mining Principles. In addition, we established the Sumitomo Metal Mining Group Guidelines for Respecting the Human Rights of Indigenous Peoples on April 1, 2026. The Group will maintain high-quality dialogue with Indigenous Peoples in accordance with these guidelines and work to ensure coexistence and mutual prosperity between the Group and local communities on the basis of strong relationships of trust.

In the Philippines, we are working on the Social Development and Management Program under local laws and regulations on an ongoing basis, budgeting for health, education, welfare, and livelihood, and conducting community support activities, including health checkups and school construction.

In FY2025, we held 232 dialogues with local residents and Indigenous Peoples. No serious disputes regarding land use and the customary rights of Indigenous Peoples were reported in the vicinity of any of the mines or smelters and refineries in which we have more than 50% interest. In addition, no complaints were received through contact channels such as JaCER, a grievance mechanism platform.



Classrooms built in a town near our facility in the Philippines

Community Investment Policy

The SMM Group places “coexistence with the Earth and society” as its Corporate Philosophy and has been engaged in activities that contribute to coexistence and mutual prosperity with communities where we operate. In the Sumitomo Metal Mining Group Community Investment Policy established on April 1, 2026, the Group laid out a policy to strive to avoid or minimize any negative impacts associated with its business activities and support the sustainable development of local communities, based on dialogue with local residents and Indigenous Peoples in the areas where it operates. This policy set development support for the next generation, revitalization support for local communities, and support for enhancing the ability to adapt to changes in the external environment as the focus areas for our activities that contribute to coexistence and mutual prosperity with local communities.

As part of our efforts to support the development of the next generation, we conducted in FY2025 a “Discovery” program, which aims to help participants gain the perspectives necessary for regional contribution, for 20 students in the third group of the JEES Sumitomo Metal Mining Scholarship for Community Contribution. This program provided an opportunity to tour facilities and historic sites related to our business in the Ehime prefectural city of Niihama, home to the Besshi Copper Mine which served as the foundation for our Company’s growth, and to learn about examples of coexistence and mutual prosperity with the local communities.

In efforts to support the revitalization of local communities, we are working to achieve mutual prosperity by respecting local culture and community ties and taking on a shared role. As an example, our subsidiary, Sumiko Kunitomi Electronics Co., Ltd., assists the Kunitomi Oyamazumi Shrine to hold Shinto ceremonies.



SMM Group Employees Carrying a Mikoshi at the Kunitomi Oyamazumi Shrine Festival

[Material Issues] Supply Chain Management



Initiatives Related to Sustainable Procurement

In addition to responsible mineral sourcing, the SMM Group formulated the Sumitomo Metal Mining Group Sustainable Procurement Policy, which provides for cooperation with stakeholders to carry out procurement activities that consider human rights and labor, compliance, quality assurance, and environment and local communities with the aim of building sustainable supply chains throughout the Group. We requested our main business partners (suppliers) to agree to this policy, and 99% have agreed. In addition, we ask those suppliers who agreed to the policy to complete a self-assessment questionnaire (SAQ) concerning sustainable procurement, and responses have been received from 98% of the suppliers / business partners.

The responses to the SAQ reveal that about 85% of overall evaluations were accounted for by the highest of the five levels of evaluation (i.e., S, A, and B evaluations), confirming that many business partners are advancing initiatives related to sustainability. For those business partners that received a C or D rating, we selected each from the business divisions and purchasing department, for a total of five companies, and exchange opinions with them concerning sustainability (in particular, business and human rights) with the objective of leading to improvements by the suppliers.

Initiatives for Responsible Mineral Production and Sourcing

We are aware of the importance of ensuring transparency throughout the entire supply chain with respect to the mineral sourcing, which has a long and complex supply chain from upstream to downstream, and we undertake responsible mineral sourcing initiatives in line with mechanisms advanced by the international Responsible Minerals Initiative (RMI) to ensure supply chain transparency. These mechanisms aim to ensure transparency in the supply chain in a more efficient manner by starting with smelters and refineries, which are relatively few.

Upstream of smelters and refineries, we regularly undergo third-party, international standards-based audits of responsible mineral sourcing mechanisms at our smelters and refineries, covering matters including risk assessments of suppliers. Since audit standards vary from mineral to mineral, we work to ensure that each standard is met by conducting due diligence, developing internal systems and regulations, and providing internal training. The table below shows the status of third-party audits at our smelters and refineries.

At the finished goods manufacturers downstream from the smelters and refineries, a standardized survey is distributed for the purpose of identifying the smelters and refineries that produced the minerals used in their products. We have established an approval process for responses to these surveys, which are distributed from customer companies upstream through the supply chain and are working to ensure unified responses across the SMM Group. In FY2025 we responded to 815 surveys.

Status of Third-Party Audits at Our Smelters and Refineries

	Subject minerals					
	Gold	Silver	Cobalt	Nickel	Copper	
Audit standards (issuing organization)	RGG (LBMA)	RSG (LBMA)	All Mineral Standard (RMI)	All Mineral Standard (RMI)	All Mineral Standard (RMI)	The Copper Mark Criteria (The Copper Mark)
Certification body	LBMA	LBMA	RMI	RMI	RMI	The Copper Mark
Audit start date	FY2012	FY2018	FY2020	FY2022	FY2023	FY2025

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Business and Human Rights

Fundamental Approach

Business operations in resource industries require large-scale development in many instances, which means they often have significant impacts on local communities. Mineral resource development in particular poses risks of causing human rights violations including child labor. In light of these business characteristics, the SMM Group takes measures to respect the human rights of stakeholders with an emphasis on local residents and indigenous peoples, employees in the supply chain, and our Group employees.

The SMM Group supports the UN Guiding Principles on Business and Human Rights, and our Group Corporate Philosophy espouses “respect for all individuals” as its foundation. In accordance with our Group’s human rights policy, we promote initiatives to uphold human rights, including the implementation of due diligence and the operation of grievance (remedy) mechanisms.

The Sumitomo Metal Mining Group Policy on Human Rights

In 2022, the SMM Group revised its human rights policy. The revised policy sets forth the Group’s commitments on fundamental human rights issues, including respect for children’s rights and prohibition of child labor, and prohibition of discrimination, harassment, and bullying on the basis of race, religion, gender, age, sexual orientation, disability, nationality, and other factors. We are also committed to respecting human rights based on international norms such as the International Bill of Human Rights, the ILO Core Labor Standards (10 conventions in five areas: effective approval of freedom of association and workers’ right to collective bargaining; prohibition of all forms of forced labor; effective elimination of child labor; elimination of discrimination in employment and occupation; safe and healthy working environment). In the unlikely event of a conflict between applicable laws and regulations and international norms on human rights in the regions in which we operate, we seek ways to respect international norms while complying with the laws and regulations.

Policy on Human Rights https://www.smm.co.jp/en/sustainability/management/humanrights_procurement/

Grievance Mechanism

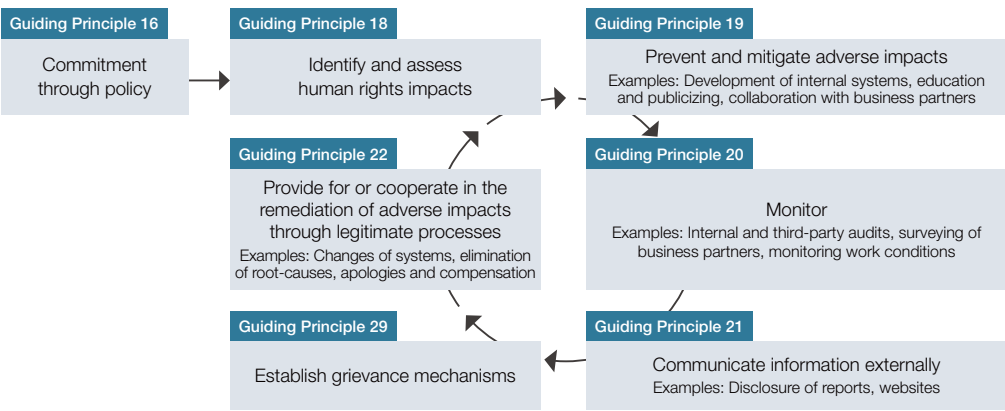
With respect to complaint handling (grievance) mechanisms, the SMM Group established an internal reporting system for our Group employees. We also have a platform operated by a third-party available for use even by outside stakeholders as a grievance mechanism. This platform is provided by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which was established in 2022. Sumitomo Metal Mining participates in JaCER as a founding member (regular member).

JaCER is an organization that aims to support and promote the redress of grievances of member companies from a professional standpoint by providing a non-judicial Engagement and Remedy Platform for grievance redress based on the United Nations Guiding Principles on Business and Human Rights. They also established an Advisory Board consisting of external experts, and an Advisory and Mediation Panel and an Investigation Panel consisting of independent experts.



Business and Human Rights Initiatives Process

Initiatives relating to business and human rights based on the UN Guiding Principles are organized in the figure below. The SMM Group conducts due diligence and operates a grievance mechanism.



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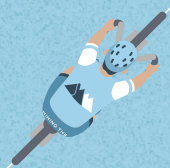
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Governance and Controls that Support Business Management

Guided by the SMM Group Corporate Philosophy, which is based on the Sumitomo Business Spirit, the SMM Group remains committed to enhancing corporate governance on an ongoing basis. Through transparent and effective management, we will strive to realize our Corporate Philosophy and fulfill our responsibilities to our shareholders and other stakeholders.

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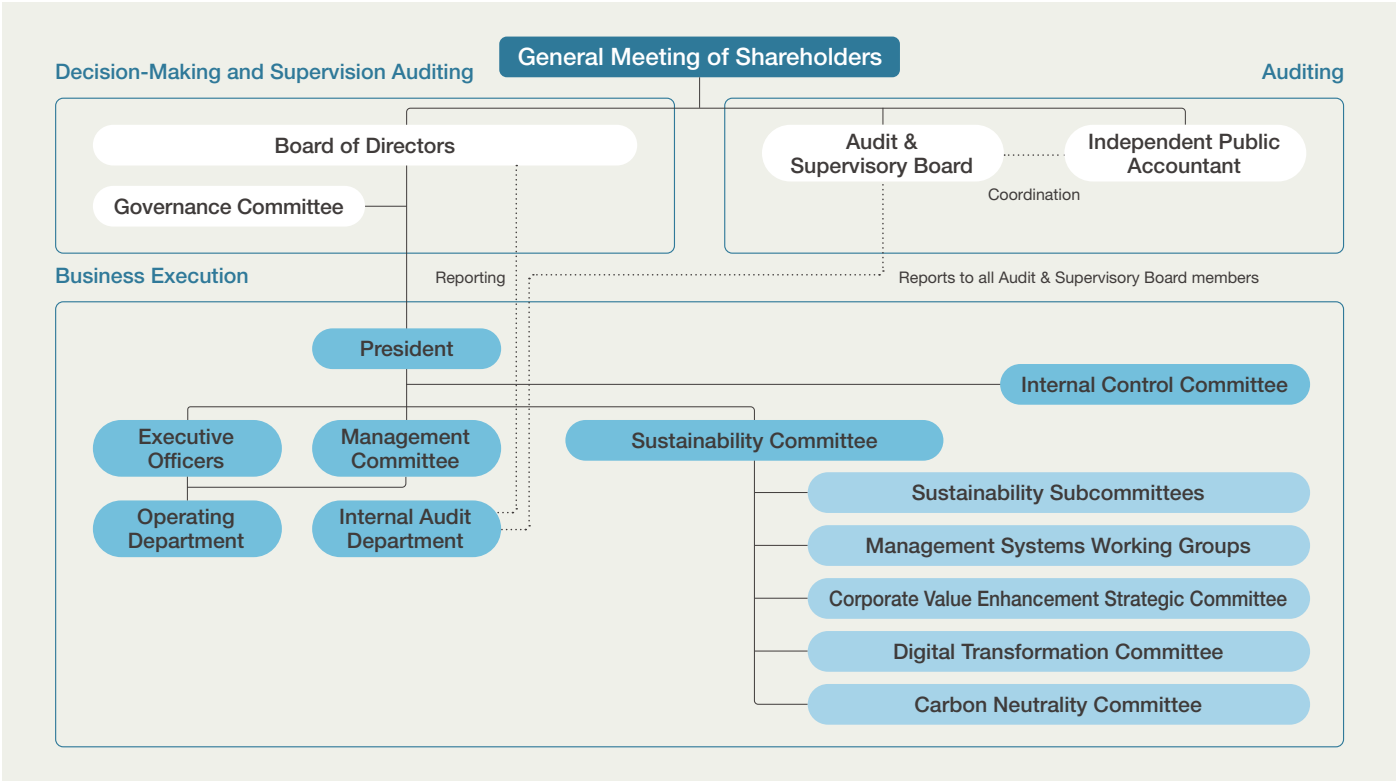


Basic Approach

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.

Corporate Governance Guidelines | https://www.smm.co.jp/en/ir/management/governance_policy/

Corporate Governance Framework

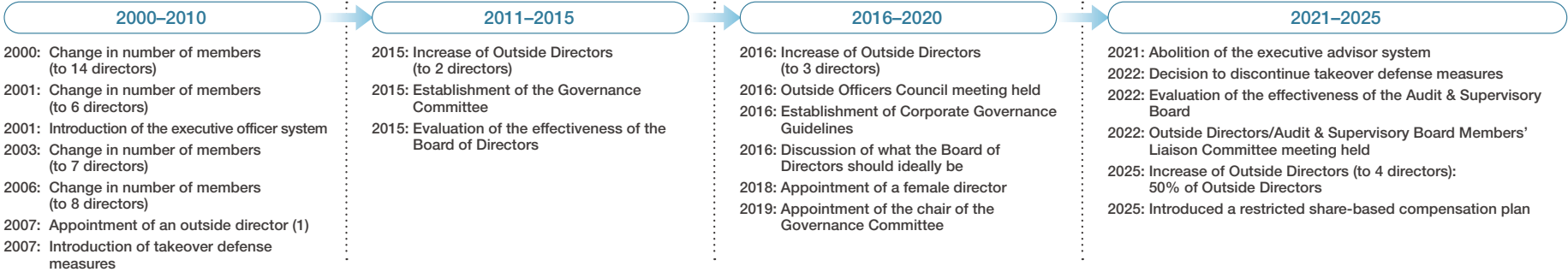


Summary of Framework (As of June 25, 2026)

In line with its Corporate Governance Guidelines, which summarize the Company's basic philosophy for corporate governance and the framework, the Company believes that its governance is a system that ensures that the execution of management and the associated monitoring and supervision are each functioning fully by using audit and supervisory board and executive officer systems with which to conduct governance through a three-part organizational structure in which decision making and supervision are addressed by the Board of Directors, business execution by the president and the executive officers, and auditing by the Audit & Supervisory Board members and the independent public accountant. In addition, to enhance management transparency and further strengthen corporate governance, we have established the Governance Committee. We have also set up the Management Committee to deliberate important matters related to business execution that require careful consideration.

Institutional design	Company with an Audit & Supervisory Board
Number of Directors	8 (Including 4 independent outside directors)
Term of office	1 year
Number of Board of Directors meetings held	16 (FY2025 Results)
Chairman of the Board of Directors	Akira Nozaki
Independent Public Accountant	KPMG AZSA LLC

Transitions in Governance at SMM



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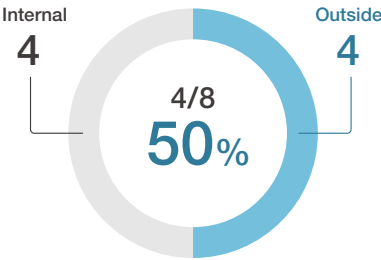
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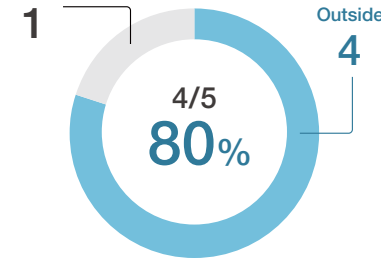
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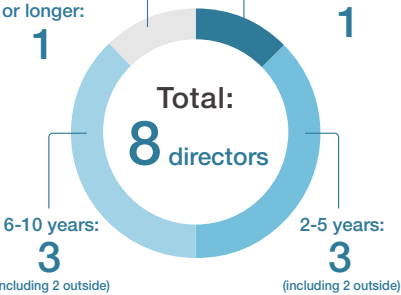
Percentage of Outside Directors on the Board of Directors



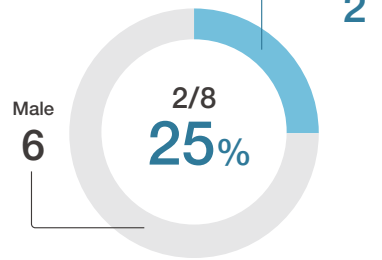
Percentage of Outside Directors in the Governance Committee



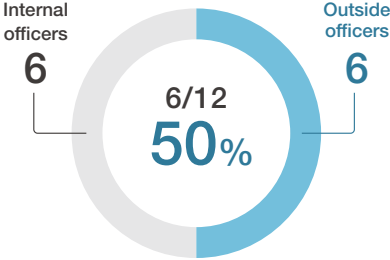
Breakdown of Years in Office of Directors



Percentage of Female Directors



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



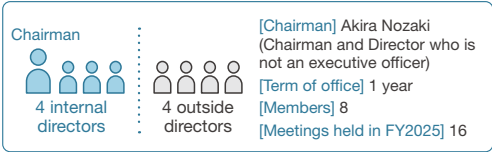
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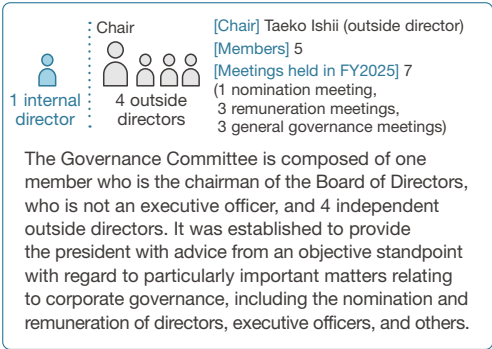


Audit & Supervisory Board

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Governance Committee



Sustainability Committee

Chair	Deputy Chair	Members*	Secretariat
President	Executive officer in charge of sustainability (executive officer in charge of the Corporate Planning Department)	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.	Sustainability Department and Corporate Planning Department

Management Systems 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	

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	Ensuring a Stable Supply of Non-Ferrous Metals and Contributing 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 Human Resources Department	General Manager of the Safety & Environment Control Department, General Manager of the Public Relations & Investor Relations 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

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

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Messages from Outside Directors

SMM is building a robust governance framework through an appropriate institutional design and coordination with the Audit & Supervisory Board



Taeko Ishii | Outside Director

Building an Even More Robust Governance Framework Through an Appropriate Institutional Design and Coordination with the Audit & Supervisory Board

In response to the Tokyo Stock Exchange’s call for management that is mindful of capital costs and share prices, SMM’s Board of Directors is firmly committed to and recognized for holding discussions that reflect the perspectives and expectations of investors. While actively incorporating diverse viewpoints, we also oversee the large-scale projects that drive SMM’s future growth. Our role extends beyond approving investments to carefully monitoring post-commissioning performance and providing timely, effective follow-up. At the same time, to further enhance corporate value, we are currently engaged in in-depth discussions on the optimal institutional design, including how to more clearly separate the roles of execution and oversight while further accelerating the

speed of decision-making. From a risk management perspective, we need to further strengthen our collaboration with the Audit & Supervisory Board Members. In addition, given the nature of SMM’s business, we are committed to ensuring rigorous oversight of safety, human rights, and health and productivity management—all of which are of critical importance—through appropriate information gathering and supervision as we work to build an even more robust governance framework.

The Urgent Need to Foster an Open and Vibrant Organizational Climate That Embraces Challenges and Nurtures Standout Talent

The revisions to SMM’s human resources system mark a significant step forward in advancing its human capital management. However, for these revisions to demonstrate their full value, it is necessary to eliminate seniority-based personnel practices and ensure that the new system—in which a diverse range of personnel are able to truly thrive—firmly takes root throughout the organization. Achieving this will require even greater commitment and perseverance, together with the continued support of senior management. There is a particularly urgent need to motivate and inspire engagement among the younger employees who will shape the company’s future. SMM has maintained a culture of integrity and earnestness. Especially, it is essential to move beyond the somewhat reserved aspects of this corporate culture and foster an open and vibrant organizational climate that embraces failure and encourages people to take on bold new challenges without hesitation, even if it means standing out. It is also necessary to look beyond the company’s homogeneity and actively leverage external networks and connections. Continuously incorporating fresh ideas and diverse insights into the organization is an essential element to thriving in a rapidly changing business environment.

Supporting Human Resources and Health & Productivity Management to Build a Company Where Diverse Personnel Thrive and Innovate

I believe that SMM enjoys a highly stable labor-management relationship. Against this backdrop, I intend to draw fully on the

expertise in human resources and labor affairs that I developed throughout my career as a lawyer. As an outside director, I will robustly support the further refinement of SMM’s HR systems, their successful implementation and adoption throughout the organization, and the promotion of health and productivity management. In terms of business, I highly expect that SMM will continue to grow in new materials fields, including rare earths and advanced materials, by leveraging its outstanding technological capabilities and specialized expertise.

Moreover, offering the new value created to society and the market to transform it into successful businesses requires strengthening SMM’s sales and marketing capabilities—the ability to identify latent needs among the customer base and cultivate new markets. I strongly expect that, supported by the systems now taking shape, SMM will evolve into a company where diverse personnel are able to fully realize their potential and continuously generate innovation.

■ My Perspective on MONOZUKURI-RYOKU (manufacturing and operational capabilities)

The Resilience to Continually Transform and Overcome Challenges, Driven by an Unwavering Sense of Pride

At the heart of SMM’s MONOZUKURI-RYOKU lies its advanced technological expertise cultivated over many years, its extensive facilities and exceptional personnel, and above all, an unwavering sense of pride in firmly supporting the foundations of society. However, in today’s rapidly changing business environment, it is important to be able to quickly detect changes in the external environment and evolving customer needs, continually transform, and overcome the numerous challenges that arise. Equally important is the ability to avoid becoming complacent with the status quo and to respond to emerging issues with agility and speed. I believe that this resilience—the ability to continually transform—is the driving force behind the next generation of MONOZUKURI-RYOKU and the greatest source of SMM’s enduring competitive advantage.

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The Board of Directors Supports Steady Execution on the Frontlines Through Execution-focused Monitoring



Manabu Kinoshita | Outside Director

Toward Execution-Focused Monitoring Through Enhanced Board Deliberations and a Review of the Institutional Structure

SMM's Board of Directors engages in open and active discussions under the chair's effective facilitation. In recent years, improvements in the way the Board of Directors operates have steadily enhanced its effectiveness. At the same time, to further bolster its effectiveness, we need to narrow the range of matters requiring formal resolution and devote more time to discussions on SMM's medium- to long-term strategy and direction. To achieve this, we intend to accelerate decision-making by actively advancing discussions on delegating authority, including a review of SMM's institutional design. In addition, from my experience as chief sales officer at my previous company, I have learned that a strategy's true value lies not in its formulation but in its execution. I therefore believe that the role of

the Board of Directors should not simply be to hold management accountable, but to provide oversight that robustly supports execution on the frontlines, grounded in a strong relationship of trust with the executives. I intend to continue pursuing this approach.

Transforming SMM's Organizational Culture to Encourage Taking on Challenges, and Accelerating Digital Transformation

While SMM's business performance remains strong, supported by favorable market conditions, we recognize that challenges remain in restructuring the company's Battery Materials Business and optimizing its business portfolio. In addition, advancing human capital management is the most important challenge facing the company. SMM has a long tradition of sincerity and respect for people. Going forward, however, it is imperative that it breaks away from a conservative, precedent-driven mindset and develops an open and vibrant organizational climate in which every employee is empowered to think independently and take on challenges without fear of failure. Pursuing digital transformation is an inseparable aspect of this effort to reshape the company's organizational culture. However, this must entail more than simply introducing new digital tools. Top management must now lead a fundamental redesign of business processes by eliminating any unnecessary tasks, and then reinvest the time created into reskilling employees and providing them with opportunities to take on new challenges.

Supporting a Stronger Management Foundation and the Sustainable Enhancement of Corporate Value

SMM has always listened carefully to feedback from the market and engaged in ongoing dialogue with stakeholders, deepening its commitment to managing in a way that is mindful of capital costs and share prices. I hope the company will further refine this approach while continuing to invest boldly in research and development—the source of its future growth—to lay a firm foundation for the future. Personally, I have always placed the highest value on the intuition and insight cultivated on the frontlines and through direct interaction with customers.

I am committed not only to helping formulate strategies but also

to working closely with frontline teams and providing hands-on support for execution to ensure that projects are successful. As an outside director, I intend to listen carefully to feedback from the market, aid in unlocking SMM's full potential, and support a stronger management foundation and the sustainable enhancement of corporate value.

■ My Perspective on MONOZUKURI-RYOKU (manufacturing and operational capabilities)

Evolving toward KOTOZUKURI-RYOKU, Turning Proven Technological Expertise into Social Value and Business Success

MONOZUKURI-RYOKU—the renowned ability of the Japanese manufacturing industry to deliver high-quality products at low cost—is a well-established source of SMM's competitive advantage. However, viewed against today's rapidly changing market environment, this alone is no longer enough to ensure success. I believe that what manufacturers need today is KOTOZUKURI-RYOKU, or to put it another way, the ability to accurately identify societal needs and emerging trends, transform technological strengths into tangible value, and translate that value into business success. In essence, the business model itself needs to evolve. To achieve this, SMM must further strengthen its marketing capabilities, develop a clear technology roadmap for the next 10 years, and pursue structural reforms that create social value. Integrating KOTOZUKURI-RYOKU with SMM's established strength in MONOZUKURI-RYOKU will form the foundation for a competitive advantage that will define the company's next stage of growth.

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Communicating the Potential of SMM’s Technologies to the Market to Achieve Appropriate Valuation



Koji Takeuchi | Outside Director

Continuously Communicating the Potential of SMM’s Technologies to the Market, and Building Deeper Understanding and Lasting Trust Through Dialogue

Now that I have served as an outside director for two years, I have seen steady progress step by step in the proper delegation of authority to executives, instead of the Board of Directors deliberating on and resolving every matter in a uniform manner. This has enabled the board to move beyond simply reviewing individual matters for execution and devote sufficient time to discussing the company’s medium- to long-term direction and the fundamental strategic issues that matter more. I believe this represents a meaningful improvement in the board’s effectiveness. At the same time, dialogue with capital markets—an essential aspect of effective corporate governance—has brought new challenges into sharper focus. In recent years, attention has tended to focus on financial

approaches to shareholder returns. However, SMM’s true value extends far beyond this. It is essential that SMM continues to communicate to the market, in a timely and consistent manner, the potential of its cutting-edge technologies and businesses, as well as the intellectual curiosity and interest that underpin the company’s research and development processes. I believe that proactively communicating the appeal of SMM’s technologies and its long-term growth story is an essential step in building deeper understanding and lasting trust among stakeholders, which will ultimately lead to appropriate market recognition of the company’s value.

The Urgent Need for Rapid Product Development That Anticipates Next-Generation Customer Needs

Looking at SMM’s recent performance, although the company achieved strong results overall, supported by favorable external conditions, we also recognize that these results have once again highlighted the inherent volatility of its business structure—that is, its dependence on external factors. To mitigate these medium- to long-term volatility risks and build a more resilient management foundation, there is an urgent need for SMM’s Materials Business—a cornerstone of its portfolio—to grow into a truly independent pillar capable of achieving a meaningful business scale and generating stable profits.

In particular, in the fields that will drive future growth, it will not be possible to prevail in global competition by focusing solely on solving challenges as they arise. It will be necessary to take an aggressive approach, accurately anticipating the next generation of customer needs before they emerge and developing and commercializing new products with unmatched speed ahead of any competitors. The greatest management challenge that could impede sustained growth is resisting complacency in the face of the company’s current strong performance and continuing to take the initiative in technological development with a sense of urgency.

Creating an Environment Where Diverse Personnel with Unique Perspectives Can Truly Thrive

In my previous role, I developed advanced materials from the

ground up and led their commercialization in global markets, establishing products that achieved a notable share of the global market. As an outside director, I intend to openly share the lessons I have learned from both my successes and failures with the company’s younger researchers and engineers, and to provide robust support to achieve breakthroughs and drive innovation in the materials field. To continue creating new value in the years ahead, it is essential to cultivate an environment that embraces exceptional individuals who challenge conventional thinking rather than conform to the mindsets of homogeneous organizations or existing frameworks, and to create a culture in which their unique strengths can be fully realized. SMM needs to create an environment where people with unique perspectives can truly shine. Achieving this will require fostering an open and vibrant organizational climate that becomes embedded throughout the company that encourages those on the front lines to take on new challenges and boldly test innovative ideas without fear of failure. I hope that SMM will continue to take great strides forward as an innovation-driven company that continues to create new value for society by harnessing the diverse strengths of its people and combining them with its advanced technological expertise.

■ My Perspective on MONOZUKURI-RYOKU (manufacturing and operational capabilities)

Boosting Earning Power Through Accurate Insights and Industry-Leading Development Speed

SMM’s Mineral Resources and Smelting & Refining Businesses, which form the foundation of the company, have fundamentally different approaches to value creation from those of the Materials Business. In the Materials Business, where it is not yet clear what products the market will demand, success depends first and foremost on anticipating latent customer needs, building strong relationships of trust throughout the entire supply chain—from raw material suppliers through to end customers—and gaining access to accurate, firsthand information. In addition, transforming the reliable, firsthand insights gained at the front lines into market-ready products at a speed that outpaces competitors is what will truly drive earning power in the Materials Business. I am convinced that this evolution will become a core pillar supporting SMM’s MONOZUKURI-RYOKU going forward.

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Fostering an Organization that Encourages Genuine Diversity—Supporting the Creation of New Value Through Active Dialogue



Sawaki Nicola Michele | Outside Director

Deepening Discussion Through Candid Questions and Fostering Openness within the Board of Directors

SMM’s Board of Directors is a forum where questions are always met with thoughtful responses and where open and vibrant discussion is encouraged. I believe that meaningful discussions stem from questioning. As such, I have sought to deepen our deliberations by not shying away from candid questions, as well as by drawing out clear explanations and encouraging substantive debate. Materials are provided in advance and pre-meeting briefings are conducted, which also contribute to the quality of our discussions. I would like to promote the further delegation of authority so that our frontline teams can perform to their full potential, while the Board of Directors provides clear strategic direction through effective oversight. Investors in Japan and around the world demand greater transparency in corporate disclosure, and I will

strive to support communication of the company’s unique and compelling ‘My Story’ in a clear and engaging way.

Organizations That Facilitate New Ideas Raise Corporate Value

Amid increasing uncertainty and accelerating competition around the world, companies are under growing pressure to allocate their limited management resources as effectively as possible. In my view, SMM’s challenges include further strengthening its ability to select and prioritize businesses and projects, to further clarify exit criteria, and to make decisions agilely. For an organization to achieve sustainable growth, it needs to cultivate a culture in which employees are able to confidently express their ideas and engage in active discussion. To me, a company that embodies genuine diversity is one where each individual can voice their own thoughts, and those thoughts come together to generate new ideas for the company. It is necessary to ensure that employees are not overwhelmed by the demands of their day-to-day work. I want to foster, across the entire organization, the creation of time and mental space needed for employees to try out new ideas proactively and to experience a wide range of stimuli through engagement with external networks.

New Ideas Emerge from Genuine Diversity

I intend to make full use of the global experience I have gained over many years in an audit and accountancy firm, together with my expertise in areas such as financial disclosure, to contribute to highly transparent corporate disclosures and to the establishment of an effective PDCA cycle based on clearly defined targets. Through visits to SMM’s operational sites, I gained firsthand appreciation of the company’s deeply rooted commitment to safety and its strict adherence to established rules. As an outside director, I intend to provide strong support to the company to continue building on these strengths to create an environment in which a diverse workforce—including women and non-Japanese employees—can truly thrive. I also will work to build an environment in which our frontline employees can find even greater fulfillment in their work.

■ My Perspective on MONOZUKURI-RYOKU (manufacturing and operational capabilities)

Creating Sustainable Earning Power Through Continuous Improvement

Earnestness and integrity cultivated over more than 400 years, together with the advanced expertise and technological capabilities of SMM’s operational sites, form a sturdy foundation. I support the continual reassessment of existing processes, and I challenge everyone in the company to ask, from fundamental levels, why things are done the way they are. I would also like to see SMM actively embrace new technologies, such as digital transformation and AI, to eliminate unnecessary tasks, and to take on the challenge of creating new value. I believe this will provide the company with sustainable earning power.

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Directors and Audit & Supervisory Board Members (As of June 25, 2026)

Executive Officers >> Corporate Officers | https://www.smm.co.jp/corp_info/about/executive/

Directors * Numbers of shares of the Company owned are based on information as of May 31, 2026.



Akira Nozaki

Representative Director
Chairman and Director

Number of shares of the Company owned28,200 Shares*

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 Representative Director (Present Position)
President and Director (Executive Officer)
Jun. 2024 Chairman and Director (Present Position)



Nobuhiro Matsumoto

Representative Director
President and Director
President

Number of shares of the Company owned12,100 Shares*

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

Jun. 2018 General Manager of Non-Ferrous Metals Div.
Jun. 2019 Director
Jun. 2020 Managing Executive Officer
Jun. 2022 Senior Managing Executive Officer
Jun. 2024 Representative Director (Present Position), President and Director (Present Position), President (Executive Officer) (Present Position)



Masaru Takebayashi

Director
Senior Managing Executive Officer
General Manager of Non-Ferrous Metals Div.

Number of shares of the Company owned7,000 Shares*

Born: 1966
Apr. 1990 Joined the Company
Jun. 2016 General Manager of Harima Refinery, Non-Ferrous Metals Div.
Jul. 2017 General Manager of Toyo Smelter & Refinery, Non-Ferrous Metals Div.
Jun. 2020 Executive Officer
Jan. 2021 Senior Deputy General Manager of Non-Ferrous Metals Div.

Jun. 2023 Director (Present Position)
Managing Executive Officer
General Manager of Non-Ferrous Metals Div. (Present Position)
Jun. 2026 Senior Managing Executive Officer (Present Position)



Yasuhiro Miyake

Director
Executive Officer
Executive Officer in charge of Financial Strategy
General Manager of Finance & Accounting Dept.

Number of shares of the Company owned7,500 Shares*

Born: 1968
Apr. 1992 Joined the Company
Jun. 2018 Finance & Accounting Dept.
Jul. 2023 Corporate Planning Dept.
Jun. 2025 Executive Officer (Present Position)
General Manager of Finance & Accounting Dept. (Present Position)

Jun. 2026 Director (Present Position)
Executive Officer in charge of Financial Strategy (Present Position)



Taeko Ishii

Outside Director

Number of shares of the Company owned1,000 Shares*

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 owned400 Shares*

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
Jun. 2020 Director of the Company (Present Position)
Jun. 2021 Retired as Senior Officer of NEC Corporation



Koji Takeuchi

Outside Director

Number of shares of the Company owned500 Shares*

Born: 1946
Apr. 1970 Joined Ajinomoto Co., Inc.
Jul. 1988 Head of Central Research Center of Ajinomoto Co., Inc.
Jul. 1993 Head of Development Planning Dept. of Ajinomoto Co., Inc.
Oct. 1993 Member of the Board: General Manager, Electronic Materials Division of Ajinomoto Fine-Techno Co., Inc.
Jun. 2002 Member of the Board and Senior Managing

Jun. 2004 Member of the Board and Vice President of Ajinomoto Fine-Techno Co., Inc.
Jul. 2008 Chief Director of Ajinomoto Co., Inc.
Jun. 2009 Retired as Chief Director of Ajinomoto Co., Inc.
Jun. 2012 Advisor of Ajinomoto Fine-Techno Co., Inc.
Jun. 2014 Retired as Advisor of Ajinomoto Fine-Techno Co., Inc.
Jun. 2024 Director of the Company (Present Position)



Sawaki Nicola Michele

Outside Director

Number of shares of the Company owned0 Shares*

Born: 1962
Apr. 1987 Joined Orr Shottliff Accounting Firm
Feb. 1991 Joined Ernst & Young London Office
May 1991 Registered as an ICAEW-qualified chartered accountant (UK)
Jul. 2002 Joined ShinNihon Audit Firm (current Ernst & Young ShinNihon LLC)
Jul. 2003 Partner of ShinNihon Audit Firm

Mar. 2017 Representative in Japan of Ernst & Young Global Limited IFRS Policy Committee
Jun. 2025 Retired from Ernst & Young ShinNihon LLC
Retired as Representative in Japan of Ernst & Young Global Limited IFRS Policy Committee
Director of the Company (Present Position)

Audit & Supervisory Board Members



Hirohiko Matsushita

Senior Audit & Supervisory Board Member (Standing)

Number of shares of the Company owned4,100 Shares*

Born: 1964
Apr. 1988 Joined the Company
Jul. 2019 General Manager of Legal Dept.
Jun. 2023 Executive Officer; General Manager of Besshi-Niihama District Div.
Jun. 2025 Audit & Supervisory Board Member (Standing)
Jun. 2026 Senior Audit & Supervisory Board Member (Standing) (Present Position)



Kazuhito Sasaki

Audit & Supervisory Board Member (Standing)

Number of shares of the Company owned6,300 Shares*

Born: 1968
Apr. 1991 Joined the Company
Jun. 2011 Corporate Planning Dept.
Jul. 2015 Finance & Accounting Dept.
Jun. 2017 Seconded to Japan Mining Industry Association
Jun. 2019 Finance & Accounting Dept.
Jun. 2026 Audit & Supervisory Board Member (Standing) (Present Position)



Shoji Wakamatsu

Outside Audit & Supervisory Board Member

Number of shares of the Company owned0 Shares*

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 Member of the Board 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)



Tsuguya Ieda

Outside Audit & Supervisory Board Member

Number of shares of the Company owned0 Shares*

Born: 1958
Apr. 1982 Joined Export-Import Bank of Japan
Oct. 2008 Head of Credit Department of Japan Bank for International Cooperation, Japan Finance Corporation
Jan. 2011 Head of Corporate Management Office of Japan Bank for International Cooperation, Japan Finance Corporation
Apr. 2012 Western Japan Representative of Japan Bank for International Cooperation
Dec. 2013 Executive Officer, Western Japan Representative of Japan Bank for International Cooperation

Jun. 2015 Retired as Executive Officer of Japan Bank for International Cooperation
Jul. 2015 Retired from Japan Bank for International Cooperation
Aug. 2015 Advisor of Nomura Securities Co., Ltd.
Jun. 2017 Retired as Advisor of Nomura Securities Co., Ltd.
Executive Managing Director, CEO of JBIC IG Partners
Jun. 2023 Retired as Executive Managing Director, CEO of JBIC IG Partners
Jun. 2024 Audit & Supervisory Board Member of the Company (Present Position)



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

The Board of Directors achieves 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, ability, insight and other attributes different from that of the members from within the Company. Based on “what the Board of Directors should ideally be,” as stated in the Corporate Governance Report, the skill matrix for

the Company’s directors and Audit & Supervisory Board members was created and is shown below. Each skill item has been selected through discussions by the Board of Directors, focusing on those required to realize the Company’s long-term vision and Vision for 2030. As the knowledge, experience, ability, insight, and other attributes required of the Company’s Board of Directors may change in response to changes in management strategies and the external environment, the Board of Directors discusses the necessary knowledge, experience, ability, insight, and other attributes, and updates the skills matrix as necessary. The Board revised the fields and guidelines for fulfillment prior to the 100th

Ordinary General Meeting of Shareholders held on June 26, 2025. The size of the Board of Directors will be appropriate to conducting active discussions and ensuring active and efficient Board discussions. One-third or more of the Directors will be independent outside directors in order to strive for greater managerial transparency.

The Company has established benchmarks for the fulfillment of each skill item, and the details are disclosed on the last page of the “Corporate Governance Report.”

The Corporate Governance Report
https://www.smm.co.jp/news/release/uploaded_files/260710_CGR.pdf

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	Years in Office (As of June 25, 2026)	Corporate Management	International Experience	Business strategy/ Marketing	Engineering/ IT/DX	R&D/ Manufacturing	Finance/ Accounting	HR/HR Development	Sustainability/ ESG	Legal/ Compliance/ Internal Control
Directors	Akira Nozaki	13 years	●	●	●			●			
	Nobuhiro Matsumoto	8 years	●	●	●	●	●			●	
	Masaru Takebayashi	4 years	●	●	●	●	●			●	
	Yasuhiro Miyake	Newly appointed	●	●	●			●			
	Taeko Ishii Outside	9 years							●		●
	Manabu Kinoshita Outside	7 years	●		●	●			●		
	Koji Takeuchi Outside	3 years			●		●				
	Sawaki Nicola Michele Outside	2 years		●				●	●		
Audit & Supervisory Board Members	Hirohiko Matsushita	2 years							●	●	●
	Kazuhito Sasaki	Newly appointed						●			
	Shoji Wakamatsu Outside	6 years						●			●
	Tsuguya Ieda Outside	3 years		●	●			●	●		

Attendance (FY2025)		
Board of Directors	Audit & Supervisory Board	Governance Committee
16/16 (100%)	—	7/7 (100%)
16/16 (100%)	—	—
16/16 (100%)	—	—
—	—	—
16/16 (100%)	—	7/7 (100%)
16/16 (100%)	—	7/7 (100%)
16/16 (100%)	—	7/7 (100%)
11/11 (100%)*	—	5/5 (100%)*
11/11 (100%)*	12/13 (92%)*	—
—	—	—
16/16 (100%)	19/19 (100%)	—
16/16 (100%)	19/19 (100%)	—

Note: Fields in which Directors and Audit & Supervisory Board Members believe that they can make a particular contribution to the effectiveness of the Board of Directors are indicated with a “●”.

* Refers to the period since assuming office on June 26, 2025.

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Director Training Policy/Director Nomination, Appointment and Dismissal, and Succession Planning

Training Policy for Directors and Audit & Supervisory Board Members

The training of directors and Audit & Supervisory Board members is based on the self-improvement of each individual, and therefore the Company contributes to self-improvement by providing opportunities for training either directly or as an intermediary, and provides support for the costs thereof.

Specifically, the Company provides training on the legal liabilities of officers, compliance, and legal knowledge for newly appointed directors, Audit & Supervisory Board members, and executive officers when assuming office. The Company provides various kinds of internal training for directors, Audit & Supervisory Board members, executive officers, and others and endeavors to obtain timely and appropriate information through lectures by lawyers and other external experts and through other such means. Additionally, the Company provides information on other training opportunities such as external seminars.

Including the above, the Company bears the entire amount of any expenses necessary for director, Audit & Supervisory Board member, and executive officer training.

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

In nominating candidates for the Board of Directors, the president comprehensively considers the knowledge, experience, ability, insight and other attributes of the candidates with respect to the best lineup for resolving current and future management issues for the sustainable development of the Company (including the positive and negative impacts on the economy, environment, and people, including human rights), and proposes suitable candidates to the Board of Directors. The Governance Committee, which consists of the Chairman of the Board of Directors who is not an executive officer and the independent outside directors who supervise the management team on behalf of shareholders and other stakeholders, provides the president with advice. The Board of Directors makes the final decision after due deliberation.

With regard to the selection of executive officer candidates, the president, based on the recommendations from the executive officers, comprehensively considers the knowledge, experience, ability, insight and other attributes of the candidates in accordance with the same approach as when nominating candidates for director, and the same procedures shall be used to determine director candidates.

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.

With regard to the nomination of Audit & Supervisory Board member candidates, the president comprehensively considers the qualifications, knowledge (including that of finance, accounting, and law), experience, ability, insight and other attributes of the candidates and, after obtaining the prior approval of the Audit & Supervisory Board, proposes the qualified candidates to the Board of Directors, which then determines the nominations.

The reasons for the nomination of candidates for director (including those who also serve as executive officers) and candidates for audit & supervisory board member are provided in the reference documents for the General Meeting of Shareholders.

The Board’s Engagement in Succession Planning for the CEO and Other Top Executives

The succession planning for holders of the office of chief executive officer (president and director) is developed and executed appropriately on the basis of our corporate philosophy and business plans. With regard to the candidate for the successor to the president, the Governance Committee, composed of the chairman of the Board of Directors who is not an executive officer and four independent outside directors, has opportunities to deliberate on the environment and methods for fostering the next president as well as concerning the candidates, etc. Regarding the specific procedure for selecting the successor to the president, after consulting with the Governance Committee about the candidate recommended by the president and receiving advice on whether the candidate has the qualifications, knowledge, experience, abilities, and insight worthy of a president and director, the president makes the final proposal to the Board of Directors, which makes the final decision after due deliberation. In selecting the candidates for executive officers who serve as a pool of candidates for future president, the president, based on recommendations from the executive officers, consults with the Governance Committee regarding the best lineup to resolve the issues management faces, formulates the final proposal with reference to that advice, and submits the proposal to the Board of Directors. The Board of Directors then makes the final decision after due deliberation.

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Board of Directors

What the Board of Directors Should Ideally Be

Highlights

Adoption of a Management Model

In principle, adopting a management model rather than a monitoring model that oversees overall business execution after the fact

- The businesses have a mutual organic relationship and their business contents and scale enable the Board of Directors to make decisions itself regarding diverse management issues
- Also from the viewpoint of the stronger coordination currently being promoted among the three businesses, the Company's growth will be further stimulated if the Board of Directors comprehensively makes decisions itself

Company With an Audit & Supervisory Board

- The distinctive characteristics of the SMM Group's business operations call for a strong management infrastructure (particularly in compliance, safety, and the environment), thus emphasizing a system that enables Audit & Supervisory Board members to point out issues to directors and executive officers without hesitation
- Audit & Supervisory Board members with guaranteed independent authority system* can be expected to exercise their auditing functions stably over a period of four years

Establishment of a Governance Committee

- Overcoming the issues faced by companies with an Audit & Supervisory Board by appointing multiple outside directors (at least one-third of members), having them become members of the Governance Committee, and dealing with the appointment and dismissal of directors and executive officers in the Governance Committee

* Independent authority system: Audit & Supervisory Board members can independently exercise their authority including investigative authority, injunctive authority, and so on.

Decision-Making and Supervisory System

The Board of Directors has 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, ability, insight and other attributes different from that of the members from within the Company and who can supervise management on behalf of shareholders and other stakeholders.

Furthermore, striving for greater managerial transparency, the Company has a policy of appointing at least one-third of its directors as independent outside directors, and four of the eight directors, including one with management experience, have been appointed as independent outside directors.

Discussions at the Board of Directors

Main Agenda Items at the Board of Directors Meetings (FY2025 Results)

Matters for Resolution

(i) Medium-term management plan and management policies; (ii) Basic financial strategy and shareholder return policy; (iii) Matters related to corporate governance (revisions to the Basic Policy and the Skills Matrix); (iv) Establishment and revision of important internal rules and policies (including dividend policy, director remuneration, and community investment); (v) Matters related to budgeting and financial results; (vi) Financing, including borrowings; (vii) Share repurchase; (viii) Sale of cross-shareholdings; (ix) Matters related to directors and Audit & Supervisory Board members (including the nomination of director and Audit & Supervisory Board member candidates and the appointment of the Representative Director); (x) Introduction of the restricted share-based compensation plan; (xi) Personnel matters relating to key employees and other personnel; (xii) Matters related to existing and new projects in each business; (xiii) Matters related to capital investment; (xiv) Donations, etc.

Matters for Reporting

(i) Overview of each business; (ii) Status of project progress; (iii) Status of cross-shareholdings; (iv) Details of dialogue with institutional investors; (v) Matters related to Integrated Report; (vi) Matters related to Sustainability Committee; (vii) Results of the employee engagement survey; (viii) Matters related to health management; (ix) Matters related to personnel changes; (x) Operation status of the internal control system; (xi) Matters related to risk management (including monitoring); (xii) Conflict-of-interest transactions; (xiii) Plans and results of Audit & Supervisory Board audits and internal audits; and (xiv) Evaluation of the effectiveness of the Audit & Supervisory Board, etc.

Matters for Discussion

(i) Responses for achieving management that is conscious of costs of capital and stock prices; (ii) Evaluation of the effectiveness of the Board of Directors; (iii) Measures to enhance the effectiveness of the Board of Directors; (iv) Project review; and (v) Sustainability-related matters (supply chain management)

The Board of Directors regularly receives reports on the deliberations of the Sustainability Committee and holds an annual exchange of opinions on sustainability. For FY2025, discussions were held in October on the current status and issues related to our sustainability activities and supply chain management. In addition, the status of use of the Whistle-blowing System (Speak Up System) and the status of responses are regularly reported. Also, complaints received by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), a contact point for receiving complaints from suppliers and other external parties, are also subject to reporting as a grievance (remedy) mechanism.

While any matters of critical concern that arise are required to be reported to the Board of Directors, there were no matters of critical concern reported in FY2025.

In stakeholder engagement conducted by the Board of Directors, authority is delegated to business divisions for customers and suppliers, to the Human Resources Department for employees, and to the Public Relations & Investor Relations Department for shareholders and investors. The status of dialogue with investors is reported from the Public Relations & Investor Relations Department once a year.

Message from the Chairman of the Board



Akira Nozaki

Representative Director
Chairman and Director

In principle, our corporate governance adopts a management model in which the Board of Directors itself makes comprehensive decisions, rather than a monitoring model in which the Board oversees overall business execution after the fact. At the same time, we continue to consider questions such as what the Board should ideally be and where we wish to devote more time in order to ensure that we are able to respond swiftly to changes in the business environment and exercise highly effective oversight.

As Chairman of the Board of Directors, I recognize my responsibility to conduct proceedings appropriately with a healthy degree of tension, to elicit a wide range of views, including those of outside directors, and to further enhance the depth and effectiveness of deliberations through earnest and candid discussion.

In selecting and renewing businesses, we will conduct evaluations based primarily on ROCE, guided by the principle of “managing our activities with foresight and flexibility.” Through improvements to capital efficiency while maintaining financial soundness, we will achieve sustainable growth, enhance corporate value, and stabilize and increase shareholder returns.

Going forward, we will also continue our tireless efforts to build a resilient corporate foundation capable of withstanding changes in the business environment while remaining committed to the pursuit of new growth, while paying sincere attention to market feedback and appropriately reflecting the insights gained in Board discussions.

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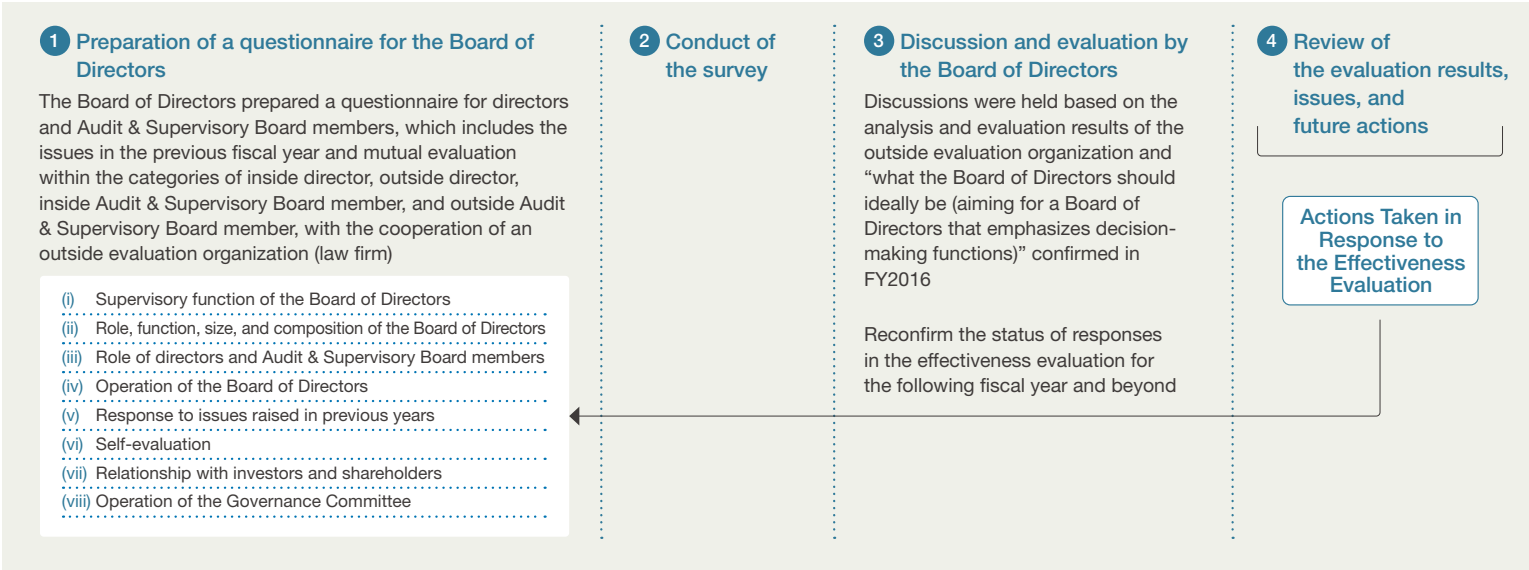
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Evaluation of the Effectiveness of the Board of Directors

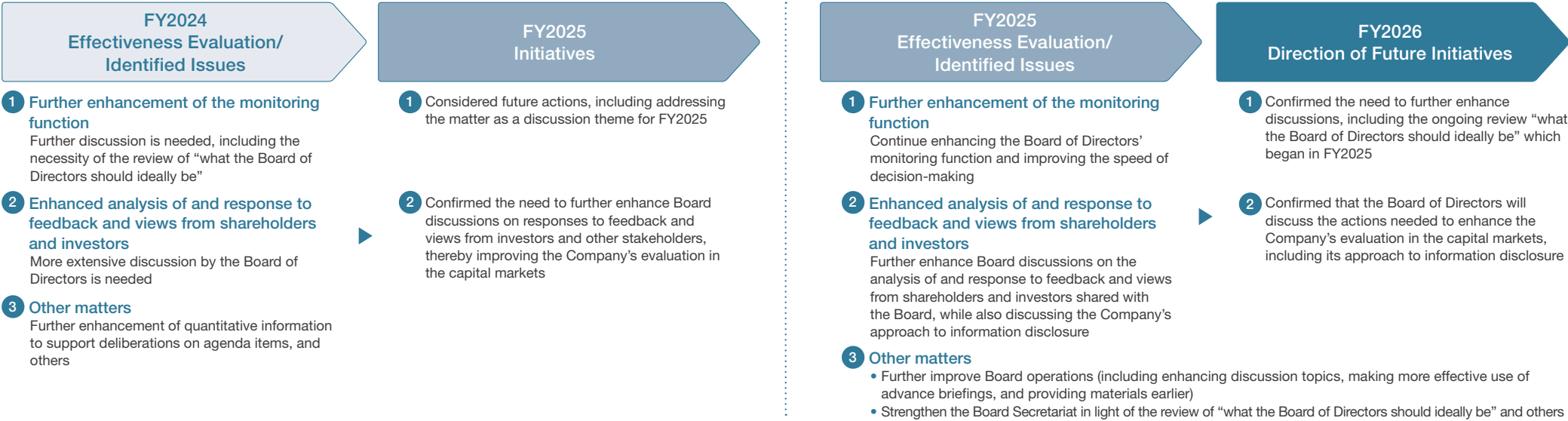
The Board of Directors analyzes and evaluates the effectiveness of its performance from the perspective of appropriate decision-making for business execution and enhancing supervisory functions. The outline of the results for FY2025 is as follows. The distribution of the survey as well as the aggregation and analysis of the responses to the survey are entrusted to an outside evaluation organization.

Method of Effectiveness Evaluation



Overview of the analysis and evaluation results (FY2025)

- Most of the items related to the effectiveness of the Board of Directors were rated highly, and we can conclude that the Board of Directors generally functions effectively.
- In the survey, each respondent (officer) was given opportunities to provide the reasons for the items which they did not rate highly. There were many remarks aiming for improvement, upon appreciating the existing system and operation and the initiatives in the past to a certain extent. These opinions have become more specific through the annual effectiveness evaluations conducted each year.



Audit & Supervisory Board

Basic Policy and Auditing System

The Company's Articles of Incorporation provide for up to five Audit & Supervisory Board members, and currently there are four (composed of two standing and two part-time [outside] members). The Company considers that the present composition and number of Audit & Supervisory Board members is suitable for ensuring the appropriate management of the Audit & Supervisory Board. 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. Audit & Supervisory Board members audit the execution of duties by directors and other matters in accordance with the audit plan determined at Audit & Supervisory Board meetings. Standing Audit & Supervisory Board members formulate draft audit policies and plans, attend important meetings such as Board of Directors meetings, view important documents approved, interview representative directors and other key persons, and perform site audits of offices, plants, and affiliated companies. Similarly, in addition to attending important meetings such as Board of Directors meetings, the Company's outside Audit & Supervisory Board members also perform site audits together with standing Audit & Supervisory Board members. Audit Reports on site audits performed by Audit & Supervisory Board members are also shared with the representative directors and other relevant persons.

Activities of the Audit & Supervisory Board

In accordance with the Regulations of the Audit & Supervisory Board, Audit & Supervisory Board Auditing Standards, the Audit & Supervisory Board establishes audit policies, audit plans, etc. It also receives and reviews reports from each Audit & Supervisory Board member on the status and results of audits, as well as reports from directors and the independent public accountant on the execution of their duties, and reviews them.

- In FY2025, the following was established as individual priority audit items and the Audit & Supervisory Board strived to conduct audits in a planned and efficient manner.
- Initiatives to revitalize businesses and restore earning power
 - Initiatives under the 3-Year Business Plan 2027
 - Specific initiatives to address “Action to Implement Management That Is Conscious of Cost of Capital and Stock Price” (Tokyo Stock Exchange)
 - The Group's internal control system

For information on other activities, please refer to the Securities Report (Japanese Only).
[Annual Securities Report](https://www.smm.co.jp/ir/library/quarterly/AnnualSecuritiesReport)
<https://www.smm.co.jp/ir/library/quarterly/>

On Site Audits

In FY2025, on site audits were performed at seven sites of the Company, 11 sites of domestic affiliated companies, and three sites of overseas affiliated companies (including overseas mines). The Audit & Supervisory Board members conducted interviews and held discussions on matters such as the overall achievement of the strategic goals of each site, the implementation of risk management, and initiatives to ensure compliance. On site audits are performed by one full-time Audit & Supervisory Board member and one outside Audit & Supervisory Board member.

Collaboration among 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 FY2025, Audit & Supervisory Board members attended such meetings 18 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.

Collaboration with Outside Directors

Meetings of the Outside Directors/Audit & Supervisory Board Members' Liaison Committee

Meetings of this committee have been held since FY2021 to facilitate regular exchanges of opinions and the development of shared awareness of issues among the outside directors and the Audit & Supervisory Board members, who are independent from management. In FY2025, the committee met twice, during which general information was provided on the business overview considered important by the Audit & Supervisory Board members, and wide-ranging opinions were exchanged.

Other

Action plans for interviews with division heads and other activities were shared with the outside directors. In FY2025, outside directors also attended some of the division head interviews and related meetings.

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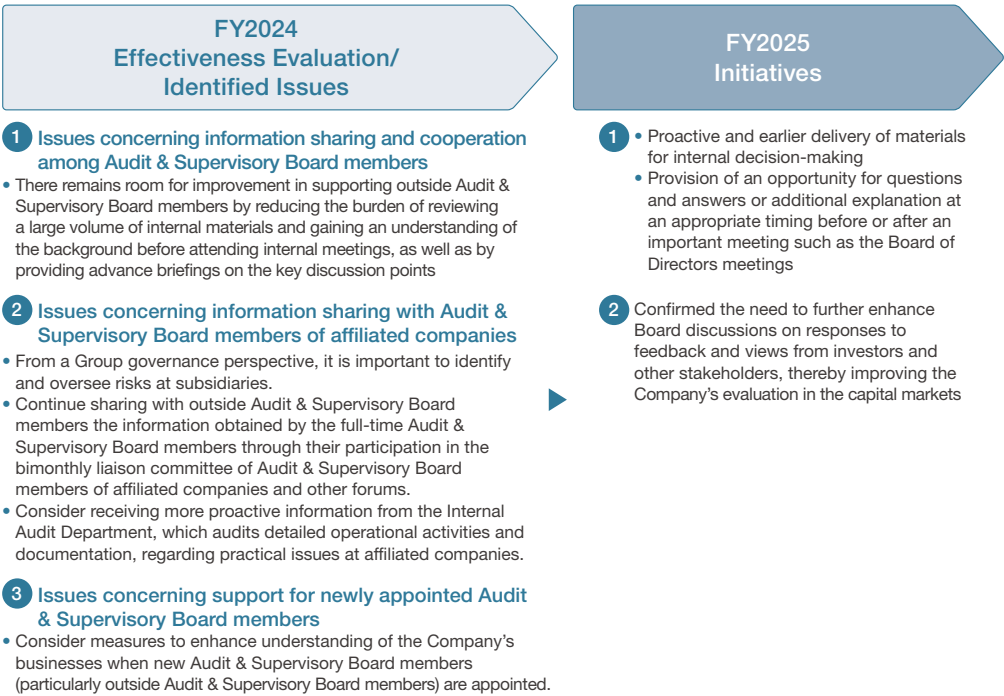
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Effectiveness Evaluation of the Audits Performed by the Audit & Supervisory Board Members and the Audit & Supervisory Board

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 of the Company analyzes and evaluates the effectiveness. The outline of the results for FY2025 is as follows. The distribution of the survey as well as the aggregation and analysis of the responses to the survey are entrusted to an outside evaluation organization.

Method of Effectiveness Evaluation

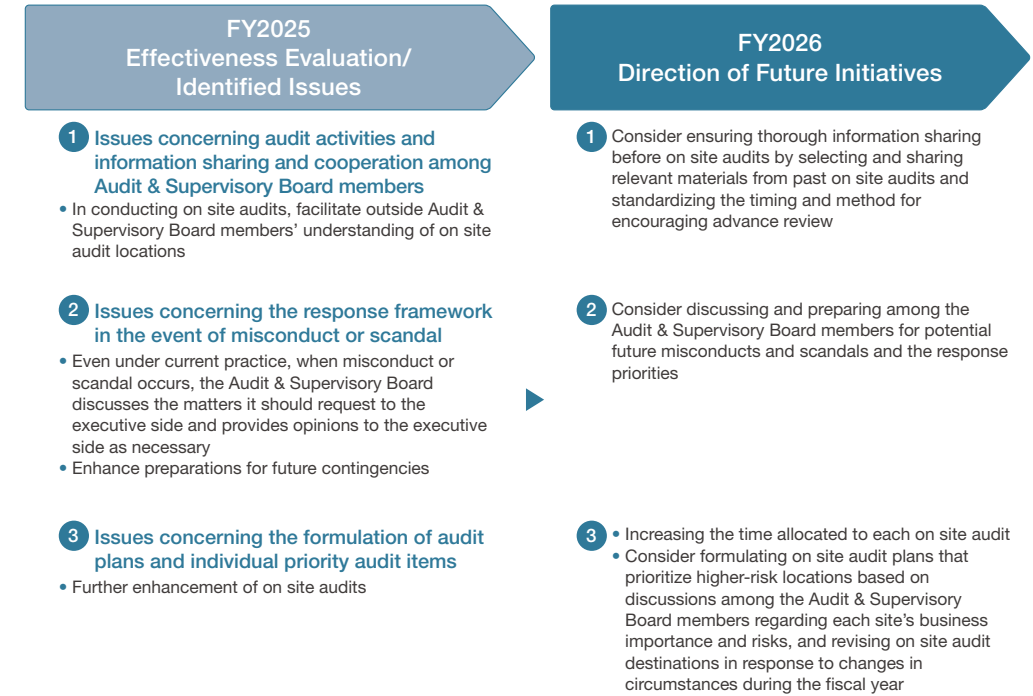
The Company engaged an outside professional organization, Anderson Mori & Tomotsune, to conduct the analysis and evaluation from an independent and objective standpoint.



Overview of the analysis and evaluation results (FY2025)

The outside professional organization rated that “fruitful audit activities were carried out,” in consideration of the audit activities noted in the evaluation results outline. Based on this, the Audit & Supervisory Board rated that the Audit & Supervisory Board was effectively functioning and the audits were effective.

- Audit & Supervisory Board members performed audits mainly through attendance at important meetings including the Board of Directors meetings, interviews with executives including representative directors, and on site audits at sites and affiliated companies, and also made necessary representations of their opinions as well as remarks for the management personnel, heads of divisions, and organizations that received on site inspections, etc. Notably, outside Audit & Supervisory Board members participated in on site inspections similarly to full-time Audit & Supervisory Board members. As a result, outside Audit & Supervisory Board members bore a substantial burden in conducting audit activities compared to outside Audit & Supervisory Board members at other companies.
- In auditing, Audit & Supervisory Board members including outside Audit & Supervisory Board members place importance on observing sites and affiliated companies with their own eyes and communicating directly with local responsible personnel from the perspective of the independent decision-making system applicable to Audit & Supervisory Board members.
- Continuing from FY2024, initiatives for improvement to the extent possible have been taken in order to enhance the Audit & Supervisory Board's effectiveness, such as holding auditors' meetings apart from the Audit & Supervisory Board meetings, the schedule and main agenda items have been communicated in advance beginning in FY2025, and free and open exchange of opinions has been encouraged.



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Officer Remuneration

Basic Policy and Procedures

Basic Policy

Remuneration for directors of the Company 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 mid 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. The Board of Directors approved partial revisions at its meetings held in June 2025 and May 2026, adding provisions on share-based compensation and introducing ESG-related performance indicators.

Directors' Remuneration

Directors (Excluding a Chairman and Director Who Is Not a Representative Director, and Outside Directors)			
Remuneration			Frequency
Basic remuneration, etc.	Fixed remuneration		Monthly (annual amount determined for each individual and paid in monthly installments)
	Performance-based remuneration	Monetary remuneration (basic remuneration, bonuses)	Once a year (following approval at the ordinary general meeting of shareholders)
		Non-monetary remuneration, etc. (restricted share-based compensation)	Once a year/restricted shares (following the determination of bonus payments) * Up to JPY30 million per year * The total number of the Company's common stocks to be issued or disposed of thereby shall be up to 15,000 shares per year
Chairman and Director Who Is Not a Representative Director, and Outside Directors			
Only fixed remuneration out of basic remuneration			
Audit & Supervisory Board Members			
Only basic remuneration, and no payment of bonuses or share-based compensation The amount of basic remuneration for each individual Audit & Supervisory Board member will be determined by consultation among the Audit & Supervisory Board members at the Audit & Supervisory Board within the total remuneration amount approved by the general meeting of shareholders.			

Matters Related to Performance-based Remuneration, etc.

The following indicators, etc., are adopted as performance indicators. 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.

Details of Performance Indicators and Reason for Selection

Consolidated results

Profit attributable to owners of the parent and profit before tax are used as evaluation indicators of the Company's corporate management performance, and are the profitability targets that the Company aims to achieve as part of its long-term vision

Degree of attainment of personal targets under medium- to long-term management strategies*

Because the steady implementation of plans with a medium- to long-term perspective is essential in order to increase the corporate value in a sustainable manner

* Growth strategies, measures to strengthen competitiveness, measures to improve sustainability, etc., set forth in the 3-Year Business Plan

Departmental results

The three indicators of efficiency, absolute values of cashflow and profit were selected in order to evaluate performance in a balanced manner

Safety record

Because securing a safe workplace is the Company's operating foundation

ESG indicators

Environment (Reduction rate of GHG emissions (Scopes 1, 2), etc.)
Society (Engagement scores, etc.)
Operational governance (Number of critical compliance violations)
Third-party ESG ratings (Compared with industry peers)
Because promoting management with a strong focus on environmental, social, and governance (ESG) factors is essential to achieving sustainable corporate growth and enhancing corporate value over the medium to long term.

Management Remuneration as an Incentive

At the 100th Ordinary General Meeting of Shareholders held in June 2025, the Company newly introduced a restricted share-based compensation plan for directors (excluding the Chairman and Director who is not a Representative Director, and Outside Directors) with the objectives of providing incentives for the directors to sustainably enhance the Company's corporate value and promoting further value-sharing with its shareholders.

Total Remuneration, etc., of Officers

FY2025 Remunerations of Directors and Audit & Supervisory Board Members

Officer classification	Total remuneration, etc.	Basic remunerations, etc.			Number of officers
		Fixed remuneration	Performance-based remuneration, etc.		
			Monetary remunerations, etc. (basic remuneration and bonuses)	Non-monetary remunerations, etc. (restricted share-based compensation)	
Directors (excluding outside directors)	411 million	207 million	184 million	20 million	5
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	70 million	70 million	—	—	3
Outside directors	56 million	56 million	—	—	4
Outside Audit & Supervisory Board members	25 million	25 million	—	—	2

Officers whose total remuneration, etc., is JPY100 million or more are disclosed individually in the Company's Annual Securities Report.

Annual Total Compensation Ratios (FY2025)

Ratio of the average annual total compensation for the organization's highly paid individuals to the total compensation for all employees ¹	1,305%
Ratio of the percentage increase in average annual total compensation for the organization's highly paid individuals to that for all employees ²	10.8%

- 1 Average annual total compensation for the organization's highly paid individuals is calculated as annual total compensation for internal directors (plus the employee salaries of any directors concurrently serving as employees) divided by the number of internal directors.
This ratio is calculated as average annual total compensation for the organization's highly paid individuals divided by the median annual total compensation for all employees x 100.
- 2 Ratio of the percentage increase is calculated as the percentage increase in average annual total compensation for the organization's highly paid individuals divided by the median of the percentage increase of annual total compensation of all employees x 100.

Reduction of Remuneration and Clawback (Malus and Clawback Provisions)

At its regular Board of Directors meeting held in June 2026, the Company resolved that, in the event of serious misconduct or other specified circumstances involving an officer, it may reduce the officer's remuneration before payment or seek the return of remuneration that has already been paid.



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Cross-Shareholdings

Policies and Initiatives

When advancing our business strategy, the Company 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 mid to long term. With regard to existing cross-shareholdings, the Board of Directors verifies aspects such as the objectives of holdings and whether the benefits therefrom cover the Company's cost of capital every year. 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 due to recent business

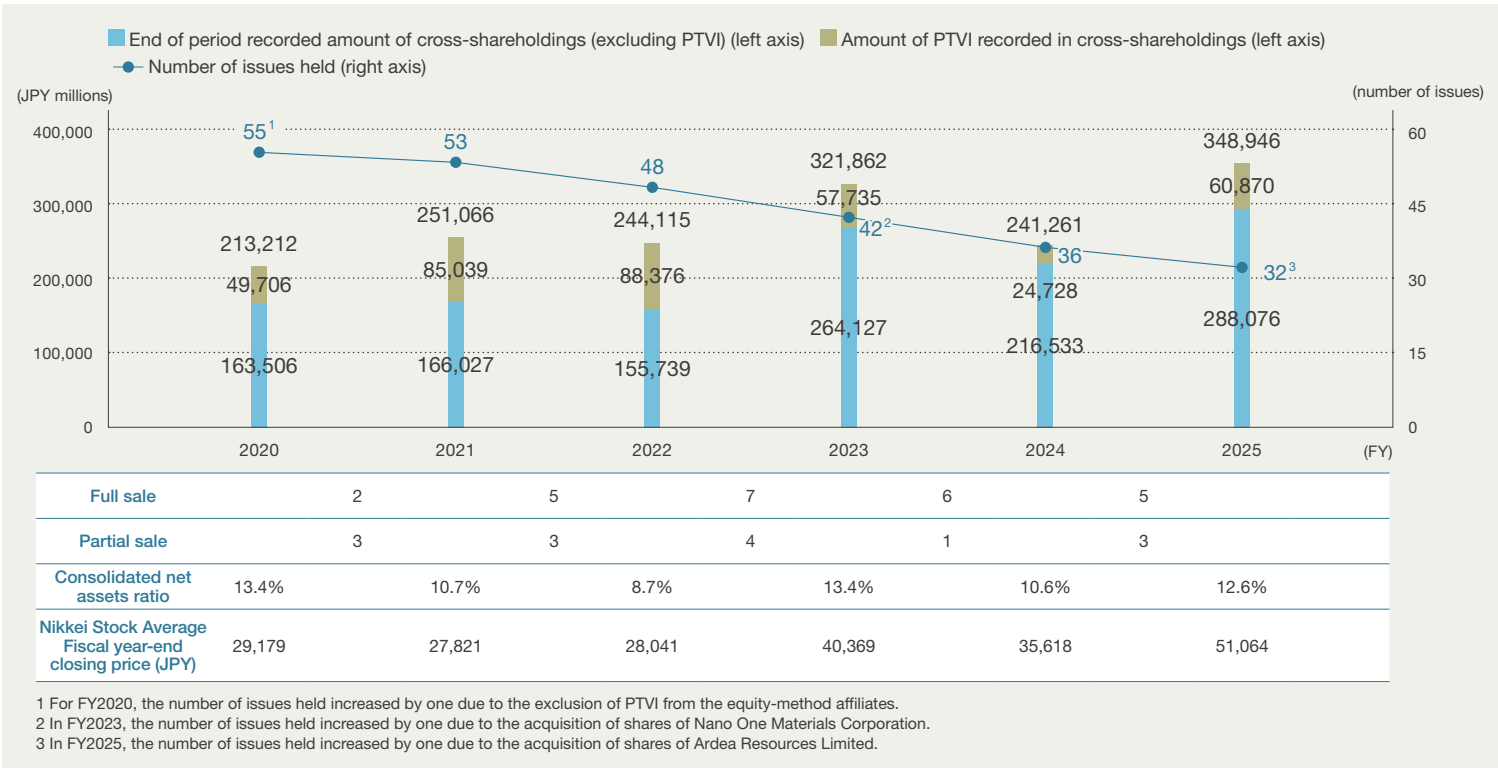
changes, we will proceed with concrete consideration based on the premise of reduction. Furthermore, in cases where a company cross-holding the Company's shares expresses a desire to sell, we will not prevent such a sale, etc., by suggesting a reduction in the size of the transaction, or by other means.

With regard to the exercise of voting rights in cross-shareholdings, the Company determines 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, or enhancing shareholders' interests in, that company over the medium to long

term, and what impact it will have on the Company's corporate value or shareholders' interests. In order to determine whether to approve or reject proposals, the Company will engage in dialogue with the issuing company regarding the contents of each proposal, etc., as necessary. Decisions on voting are made particularly cautiously in circumstances such as cases of companies affected by major scandals or by persistent losses.

In the 3-Year Business Plan 2027, we aim to reduce the ratio of policy shareholdings (excluding shares of PT Vale Indonesia Tbk [PTVI]) to 10% or less of consolidated net assets by the end of March 2028. From FY2028 onward, we will aim to keep the ratio, including PTVI shares, at 10% or less of consolidated net assets.

Investment shares held for purposes other than pure investment (stocks other than those unlisted stocks, including deemed holdings)



Relationship with PT Vale Indonesia Tbk

SMM owns 11% of the stock of PT Vale Indonesia Tbk (PTVI), a company in the Republic of Indonesia, and has entered a shareholders' agreement with Vale Canada Limited and PT Mineral Industri Indonesia (Persero), a state-owned Indonesian company, to jointly manage PTVI. In addition, these four companies including PTVI have signed an agreement regarding the right and obligation to purchase production. 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 in and after 2026 from the Indonesian government was to increase the Indonesian equity stake in the company to 51% or more. Therefore, following the sale of a portion of its PTVI shares (and exclusion of PTVI from its equity-method affiliates) in FY2020, SMM sold another portion of its PTVI shares to PT Mineral Industri Indonesia (Persero), an Indonesian company, in FY2024.

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Risk Management

Approach and Action Principles

Approach

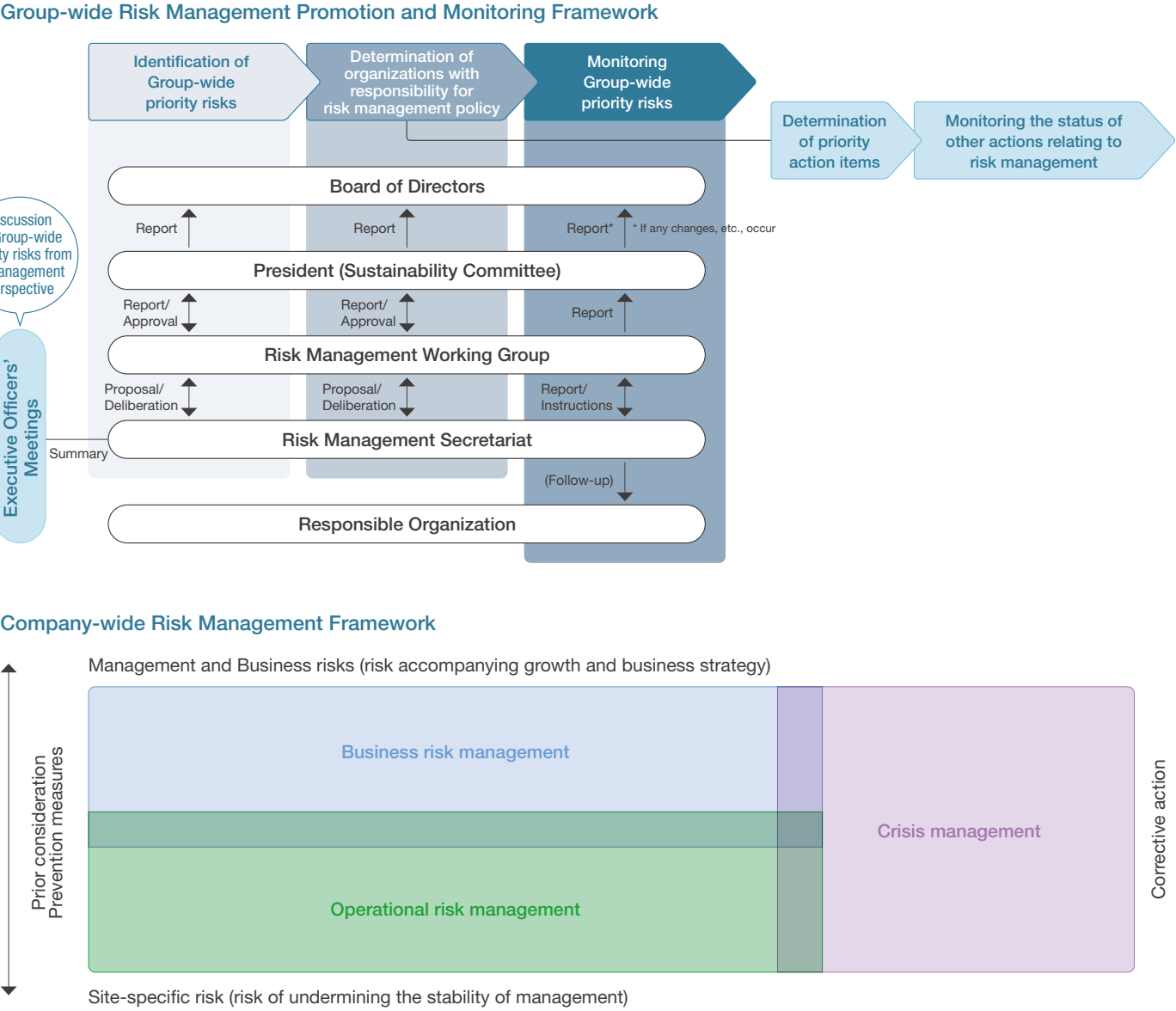
The definition of risk at our Group includes both that which is beneficial to our goals and that which is detrimental to them. We see risk as something that will have an effect on the achievement of business and organizational goals and that makes the protection or creation of value uncertain. Through risk management, we are able to revise goals and measures to maximize those risks which are beneficial, and inspect and improve processes to minimize those risks which are detrimental. This helps us achieve our 3-Year Business Plan, and ties into further ensuring the realization of our Vision for 2030 and our long-term vision.

Action Principles

The SMM Group established the Six Principles in the Basic Risk Management Regulations, which were formulated based on ISO 31000, a standard on risk management issued by the International Organization for Standardization, and engages in risk management (RM) to achieve our long-term vision of becoming the world leader in the non-ferrous metals industry.

Promotion Framework

We took the criticality accident that occurred at our subsidiary, JCO Co., Ltd., in 1999 very seriously and established the Risk Management Working Group as a body responsible for promoting and monitoring risk management, including Group-wide initiatives related to risk management policies and priority measures. We established a structure with the president having the highest level of responsibility to respond to risks that the Group faces and changes in those risks. The risk management framework operated under this structure comprises three frameworks.



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Business Risk Management

Among the management and business risks associated with the execution of the Group’s growth and business strategies, we have defined critical Group-wide risks, which are particularly likely to affect the achievement of our strategic goals (3-Year Business Plan). The critical Group-wide risks are discussed in management meetings attended by executive officers, including the president, and deliberated by the Board of Directors. To address the critical Group-wide risks, we establish response policies, designate the responsible department, and take action. The Risk Management Working Group monitors the status of actions to address critical Group-wide risks. Also, management and business risk other than Group-wide critical risks are addressed through monitoring and implementing initiatives by management meetings, various committee meetings, medium-term plans, budgets, monthly reports, and so on.

Operational Risk Management

At each business site, in addition to focusing on specific risks addressed annually (focus areas), risks inherent in regular operations are also identified and assessed based on internal and external conditions, and are managed as individual risks (see serious risk categories). There are over 1,300 individual risks and we conduct risk mitigation on a daily basis by reviewing risk-management measures, when there are any changes to or variations in the environments and conditions that serve as prerequisites for identified risks (business environments, work environments, people, equipment, work procedures, quality standards, etc.), and taking measures against new risks. A periodic risk review is also undertaken company-wide during “RM Promotion Month” every September.

Serious Risk Categories

- Explosions and fires
- Environmental pollution
- Legal violations
- Quality failure
- Occupational accidents
- Supply chain disruptions
- Information leaks
- Damage from harmful rumors
- Violation of intellectual property rights
- Other risks include those originating from moral misconduct, such as fraudulent accounting, human rights issues, and malfeasance

Crisis Management

In preparation for crises beyond assumed scenarios of management and site-specific risk management, as well as instances where on-site handling is challenging, a standing Crisis Management Committee chaired by the officer responsible for crisis management was established as a permanent body. The committee works toward the sharing of crisis information, the formulation and improvement of proactive measures, and the maintenance and strengthening of crisis management functions through drills. It also deliberates on initial response to emergencies, and transition to a Group-wide response headquarters which takes appropriate actions and provides support based on the level of crisis. The president has ultimate responsibility for crisis management as a whole.

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

Future Initiatives

For FY2026, we have identified two priority measures: identifying and responding to cybersecurity risks; and continuing to enhance earthquake preparedness based on revised damage assumptions and verifying its effectiveness.

Under the first priority measure, we will check and improve the isolation status of systems critical to human safety and environmental protection and establish a data backup framework necessary for business continuity in anticipation of situations in which ransomware or similar cyberattacks force us to suspend or shut down our networks. In addition, we will develop alternative procedures in situations in which access to the internal network is restricted, and procedures for contacting relevant parties and disclosing information to them and for resuming operations after recovery.

As part of our second priority measure, we will continue to improve our earthquake business continuity plans (BCPs) whose damage assumptions were revised in FY2025 and check the coordination framework between local offices, headquarters, and nearby operational sites through drills and other means.

In parallel with these initiatives, we will work on risk management in new businesses and projects and take other actions under the leadership of top management so that we can achieve our business goals without causing any compliance violations, environmental accidents, occupational accidents, quality issues, or the like. At the same time, we will continue to carefully monitor the impact of changes in political and social conditions, geopolitical risks, and shifting economic conditions on our business continuity and operating results in an effort to identify risks early and mitigate them promptly. Furthermore, to prepare for security-related risks and natural disasters, we will work to strengthen the initial response to emergencies and enhance employee education and training.

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Information Security

Approach and Policy

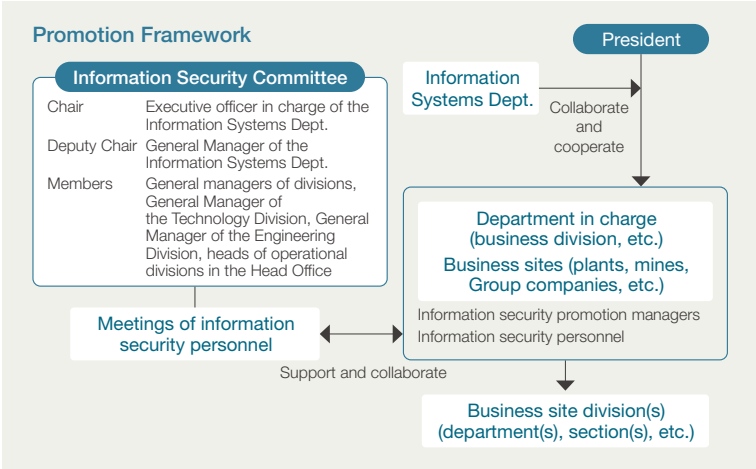
To promote Group-wide information security management, the SMM Group has established and implemented a security policy consisting of the “Information Security Regulations” and the “Group-wide Standards for Information Security.”

Promotion Framework

The Information Security Committee regularly deliberates Group-wide strategies, basic policies, and key measures regarding information security.

Measures to improve the level of information security are led by the Information Systems Dept. and are specifically promoted in collaboration with the information security promotion managers, who are the heads of the organizational units (plant, office, branch, etc.), and the information security personnel at each site. Furthermore, in order to facilitate promotion and follow-up of the measures, information security personnel meetings are held regularly, with the Information Systems Dept. serving as the secretariat. The implementation status of measures is communicated to the Information Security Committee, which takes necessary actions based on the feedback.

In preparation for the increasingly sophisticated cyberattacks of recent years, we have made information security the top priority for the Information Systems Dept. and are working to strengthen our framework.



Response to Information Security Risks

To ensure the safety of in-house information assets from increasingly sophisticated cybersecurity attacks, we are taking countermeasures at both system and human levels. For threats such as cyberattacks from outside the Group, we watch for newly detected malware, targeted attack emails, communication with suspicious external sites, and so forth around the clock, 24 hours a day, 365 days a year, primarily through an outsourced SOC¹. We also educate employees by providing e-learning programs incorporating latest attack examples and conducting drills using targeted attack email simulations to prevent damage from cyberattacks.

¹ Security Operation Center (SOC): An organization specializing in monitoring and analyzing information from security devices and implementing countermeasures, etc.

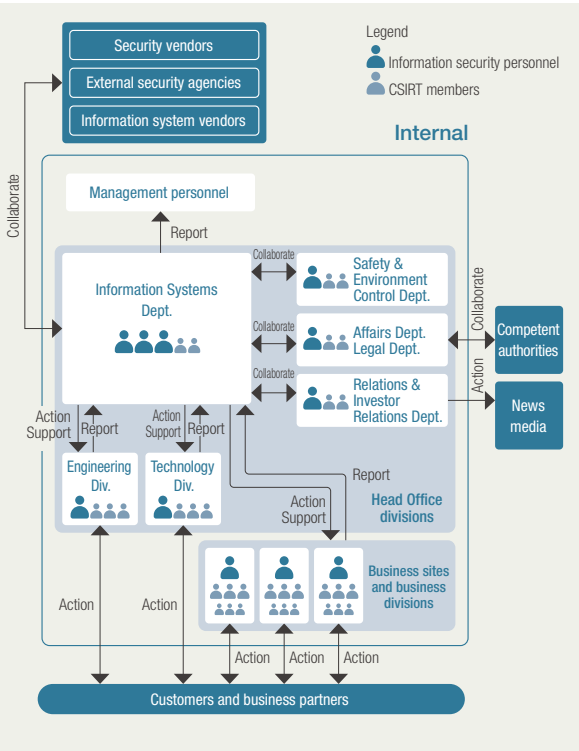
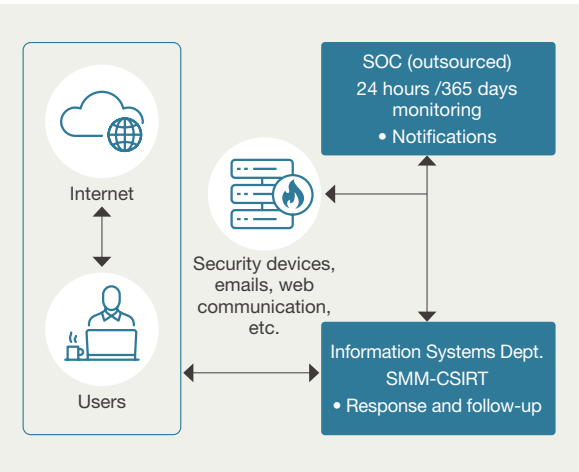
Response to Security Incidents

In the unlikely event of a serious security incident, it is important to act promptly to prevent damage from spreading. Based on the premise that “incidents will occur” even if the latest security measures are taken, we have established the SMM-CSIRT² comprising the Information Systems Dept. and representatives from user departments, aiming to minimize the damage caused by incidents.

We have codified the main response processes to be followed in the event that an incident occurs. We also have a system in place whereby the Information Systems Dept. and the user departments work together to contain the incident quickly while communicating with external stakeholders.

SMM-CSIRT is a member of the Nippon CSIRT Association (NCA), fostering external collaboration while annually participating in NCA-hosted incident response training to enhance its capabilities. Regarding risk management, we are exploring ways of maintaining business continuity on the assumption that our information systems are unavailable for a certain period of time due to an incident.

² Computer Security Incident Response Team (CSIRT): A generic term for an organization that, when a computer security issue arises, investigates the cause, assesses the scope of impact, and implements countermeasures



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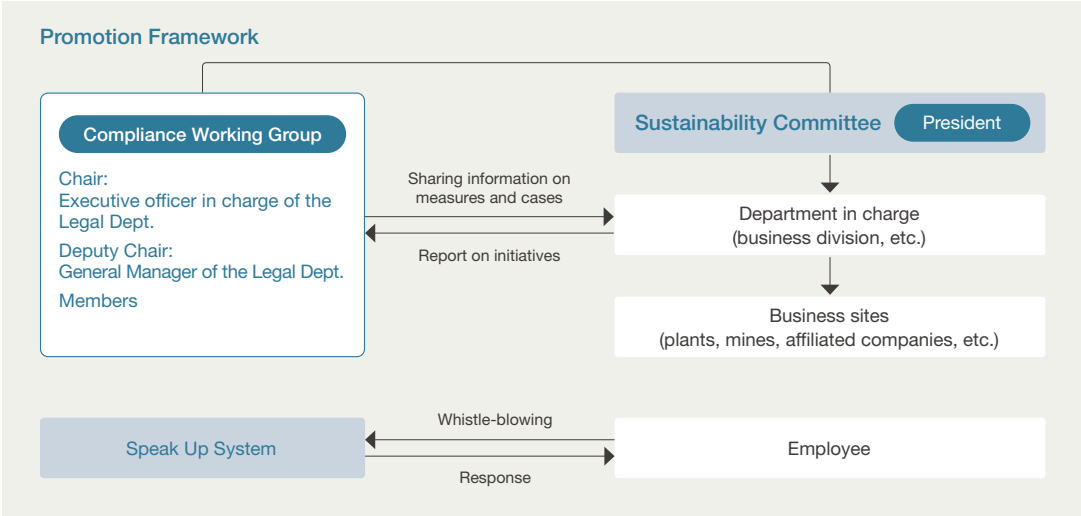
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Approach and Policy

The SMM Group has established the SMM Group Code of Conduct to facilitate the realization of its Corporate Philosophy of contributions to society and the fulfillment of its responsibilities to its stakeholders through the performance of sound corporate activities, aiming to thereby make the Group an increasingly trusted corporate presence. Within this Code of Conduct we have established specific guidelines on conduct for officers and employees, and indicated compliance as fundamental to our corporate activities. Together with the Code of Conduct, the Basic Compliance Regulations set out a fundamental framework for compliance. Further, we have established the following policies and regulations regarding individual focus areas such as human rights and procurement, which are shared across the Group.

Compliance-Related Promotion Framework

With the president bearing ultimate oversight responsibility for compliance, we strive to promote compliance through our organizational structure. The Compliance Working Group, which operates under the Sustainability Committee and is served by the Legal Dept. as secretariat, regularly conducts deliberations and exchanges information on material issues related to compliance. A system is in place whereby measures and case studies shared in the Working Group are communicated through Working Group members to respective divisions, and we are currently consolidating the framework to use this information in daily operations. Our FY2025 Group-wide compliance goal was to build an export control system that prevents violations. Based on this goal, we set the review of our export control system (understanding the current status and correcting processes that could lead to violations) as a priority initiative; individual departments, along with subsidiaries under their jurisdiction, promoted actions based on this initiative.



Compliance Issues and Responses

We operate an internal reporting hotline system—namely, the SMM Group Whistle-Blowing System, which complies with Japan’s Whistleblower Protection Act as amended on June 1, 2022. In FY2025, a total of 29 incidents were reported through the internal reporting hotline system across the Group, including those reported to affiliated companies’ independent hotlines. Appropriate action was taken in response to all reports. To ascertain the level of awareness of the internal reporting hotline system, we ask questions about internal reporting and compliance in employee engagement surveys and analyze the answers provided. Moreover, we give lectures on compliance and the internal reporting hotline system as part of employee training programs.

Compliance with Competition Laws

The SMM Group has established the Basic Policy for Compliance with Competition Laws and regulation for observance of competition law, while also having established, and is currently operating, rules governing contact with competitors. Furthermore, we have prepared a manual on regulations for the observance of competition law, to provide specific overviews on the content of the basic policy and regulations, with education on competition law also provided in the course of various training seminars and e-learning programs.

Initiatives on Preventing Corruption

The SMM Group engages in initiatives to prevent corruption. Based on the SMM Group’s Basic Policies for Anti-Bribery and regulations for the prevention of bribery, we introduced a prior approval system (mandating approval by an authorized person in cases of entertainment or gifts, etc., to public officials, whether in Japan or overseas), while prohibiting bribery by officers or employees at each of the Group’s companies in Japan and overseas. Further, an anti-bribery manual was formulated based on the characteristics of each business and country/region, as well as legal and regulatory conditions. Each business division and the Legal Dept. work together to prevent corruption under the supervision of the officer overseeing compliance. We have furthermore made it mandatory for all employees to attend e-learning training seminars on preventing corruption in advance of their promotion to certain managerial positions.

Tax Governance

The SMM Group established and announced the Sumitomo Metal Mining Group’s Basic Policy on Taxes on April 1, 2021. Under this policy, we comprehensively investigate and examine the relationships of our products to customers and local communities to develop business in a sustainable manner and pursue sound corporate activities. Through these activities, we work toward the maximization of after-tax profit and free cash flow to maximize corporate value and achieve our long-term vision. As part of this, we also examine 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.

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, which includes consolidating internal procedures for export and technology transactions, internal audits, in-house education, and provision of guidance to each Group company.



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Risks and Opportunities

Risk Factors (External/Internal)	Risks (Threats) and Opportunities	Strategies and Initiatives	Specific Responses
1 Governments and Policy - Changes in laws and regulations (rise in mineral resource nationalism, increase in environmental awareness, etc.) - Conflicts and friction between countries - Impacts of China's export controls and effects of the Middle East situation	Risks - Nationalization of mines; increased taxation - Prohibition of export of mineral ores and intermediates - Stricter approval for development and operation - Negative impacts on production, including supply and demand and supply chains - Negative impacts on production activities caused by supply disruptions and price surges in rare earths and petroleum products - Changes in the tariff system Opportunities - Introduction of preferential taxation in the automobile market - Changes in the tariff system	- Full consideration of country risk and making investment decisions while expanding the business globally - Cooperation with overseas local partners to monitor market entry status and taking appropriate measures as needed to respond to changes after entering a new market - In collaboration with internal and external stakeholders, monitor and analyze political and social developments and supply chains, and implement appropriate measures	- Conclusion of contracts that take resource nationalism into account - Information gathering through embassies, governments, JV partners and customers - Approach to local communities and indigenous people - Diversification of materials suppliers and product customers - Establishment of BCP and crisis management framework - Increase scandium production
2 Economic Environment - Metal price and forex fluctuation - Soaring energy prices	Risks - Negative impacts on business performance due to lower metal prices and exchange rate fluctuations - Switch to alternative materials due to a sharp rise in metal prices - Decrease in competitiveness due to higher operating costs - Negative impact on business performance due to fluctuations in TC/RC Opportunities - Expanding demand for non-ferrous metals, especially copper and nickel, which are indispensable for the electrification of automobiles, etc.	- Aiming to reduce costs in the Mineral Resources and Smelting & Refining Businesses and stabilizing earnings in the Materials Business, which is relatively insensitive to non-ferrous metal price fluctuations - Steadily pursuing the growth strategy based on the 3-business collaboration - Establishing and strengthening "Shin" 3-business Collaboration Business Model	- Formulation of project plans based on market fluctuation risks - Prior analysis of management impacts caused by fluctuations in metal prices and exchange rates - Entry into alternative materials and technologies businesses (e.g., LFP), and expansion of the Advanced Materials Business - Promotion of energy conservation (switch to high-efficiency equipment and improvement of manufacturing processes) - Promotion of new projects
3 Social Environment - Increased social responsibility for climate change - Acceleration of the carbon neutrality movement - Emergence of issues related to Business and Human Rights	Risks - Exclusion from investment due to lagging approach to ESG and insufficient information disclosure - Decline in competitiveness and reputation due to a delayed response to GHG emissions reduction measures for achieving carbon-neutral society - Delays in or withdrawal from projects due to opposition from local communities or due to infringement of the rights of local communities and indigenous peoples Opportunities - Growing demand for low-carbon products that contribute to GHG reduction, such as battery materials and advanced materials	- Establishing and strengthening "Shin" 3-business Collaboration Business Model - Participating in the GX League and promoting the transition to and use of clean energy, as well as introducing energy-saving equipment at production sites, to achieve net zero GHG emissions by 2050 - Proceeding with reducing GHG emissions, and promoting initiatives for research and development of products that contribute to the realization of a carbon-neutral society, etc. - Support the United Nations Guiding Principles on Business and Human Rights, and conduct due diligence and operate a complaint resolution (remedy) mechanism based on the Sumitomo Metal Mining Group Policy on Human Rights - Deliver appropriate and accurate information to stakeholders	- GHG emissions reduction activities - Dialogues and co-existence with local communities and enhancement of understanding of indigenous cultures - Due diligence for mineral procurement - Expansion of business for products that contribute to a low-carbon society - Enhancement of ESG information disclosure - Conduct dialogue with stakeholders, including ESG engagement with institutional investors
4 Work Environments - Shrinking and increasingly mobile Japanese labor market - Securing human resources and diversifying work styles	Risks - Labor shortages due to fiercer competition in hiring, outflow of human resources, and increase in mandatory retirements - Personnel shortages due to inadequate career support and delays in training management human resources - Drop in employee engagement due to delays in efforts in human capital management Opportunities - Attract diverse human resources and create innovation	- Provide employees with safe and healthy work opportunities by reforming work styles, improving the working environment, and rebuilding an open and vibrant organizational climate - Promote human resource development, encourage and evaluate efforts to address long-term issues, build a corporate culture that enables continuous "taking on of challenges," "change," and "growth," and secure, foster, and utilize diverse human capital - Improve systems and provide opportunities to support career development and talent development	- Conduct employee engagement surveys and implement measures based on the results - Rationalization and reduction of labor through the introduction of DX, etc., to reduce working hours - Promotion of health and productivity management - Revision of the personnel system for managerial track employees - Raising company recognition and actively recruiting by strengthening corporate branding
5 Technology - Evolution of technology in the field of information and communication - Catching up with the technology of overseas competitors and developing new technologies and products - Increasing and growing cybersecurity risks, including ransomware attacks - Growing importance of intellectual property due to globalization	Risks - Decline in competitiveness due to lagging response to DX - Delays in new product development and improvements to existing products in the Materials Business - Decline in the competitiveness of our technologies and products due to new technologies and products developed by competitors - External leakage, destruction, falsification, etc., of information due to delays in establishing an information security system - Delay in protecting intellectual property, infringement on other companies (patent infringement, filing of lawsuits related to intellectual property) Opportunities - Improving productivity by introducing DX and utilizing new technologies - Heightened demand for new technologies conducive to GHG emissions reduction	- Developing DX infrastructure to address human resources in an era of declining birthrate, improve management efficiency, and create business reforms and new businesses - Speeding up development of new products and improvements to existing products based on customer needs - In addition to information security education for employees, migrating to a cloud service with advanced security features regardless of the usage environment - Establishing a department dedicated to intellectual property management to ensure acquisition and preservation of intellectual property - Promoting development of new technologies conducive to GHG emissions reduction	- Developing human resources proficient with digital technologies - Improving operations through data analysis - Strengthening of information security - Enforcement of and support for intellectual property management - Application of DX to model factories and business sites - Developing and expanding new business in hydrogen production catalysts, catalysts for use in artificial photosynthesis, and fuel cell materials - Promoting marketing initiatives that generate new innovations (e.g., X-MINING™)

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Risk Factors (External/Internal)	Risks (Threats) and Opportunities	Strategies and Initiatives	Specific Responses
6 Development of Resources, Smelting & Refining Operations, Manufacturing and Development of Highly Advanced Materials Development of Resources – Decrease in superior mines and increased uncertainty in mining investment	Risks ● Increased difficulty in acquiring interests due to intensified competition for mineral resources ● Increased development difficulty due to newly discovered mines being located at higher altitudes and having lower ore grades ● Increase in investment and operating costs for mine development and entry Opportunities ◆ Expanding demand for non-ferrous metals, especially copper and nickel, which are indispensable for the electrification of vehicles, etc.	– Emphasizing acquiring social license centered on co-existence with local communities – In addition to our own exploration activities, working with business partners overseas to acquire new projects – Careful selection of investments based on a decision of profitability from our many years of experience in exploration and mine evaluation know-how, and striving to reduce and avoid the risk of uncertainty from the preparatory stage of development – Promoting initiatives to establish know-how in resource development and operations	– Operational improvements (dispatch of engineers for stable operation and streamlining, improvement of existing operating equipment, enhancement of process capacities) – Training of mining engineers at the Hishikari Mine operated by our company – Securing of a sound financial base – Participation in development of and investment in superior overseas mines, etc.
Smelting & refining Operations – Instability in procurement of non-ferrous metal raw materials and equipment	Risks ● Deterioration of raw material purchase conditions, plant shutdown ● Difficulty in procurement of raw materials and equipment and skyrocketing prices Opportunities ◆ Growth in demand for recycling associated with the increased demand for metals, increased collection of used products, etc.	– Securing stable raw material sources (own mines) and conflict-free raw materials by investing in and participating in the management of superior overseas mines, etc. – The materials procurement department will consider multiple purchases and alternative materials while improving unit consumption, and will take appropriate measures as needed in response to changes when responding to difficulties in the supply of materials and equipment and price hikes – Proactively working on battery-to-battery horizontal recycling of used lithium-ion secondary batteries, contributing to the formation of a sustainable recycling-oriented society and strengthening the promotion of resource recycling to cope with global resource depletion	– Ongoing study of measures to secure nickel mineral reserves – Strengthening the search for new nickel projects in the next period – Promoting the commercialization of battery recycling
Development of Material Products – Rapid changes in market demands and prolongation of new product development – Potential huge financial burden for defects in in-vehicle products	Risks ● Obsolescence of products and technologies due to technological innovation, changing customer needs, and market-environment change ● Outbreak of costly claims litigation and loss of reputation due to product liability (recalls and damages incurred for end products containing defective in-vehicle products) Opportunities ◆ Rising demand for cathode materials due to increasing demand for electric vehicles ◆ Growing demand for advanced materials used in electronic devices for the realization of a digital society	– Deepening relationships with customers, accurately understanding customer and market needs, and putting in place sufficient sales and development structures to promote new product development based on this understanding and to mitigate the impact of such development – Ensuring the effective functioning of the Group's quality management system (QMS) to further improve quality and enhance traceability – Accelerating development through the use of government support programs, joint development with external parties, and industry-academia collaboration	– Promote the development of cathode materials for all-solid-state batteries – Continuation of development of LFP battery materials – Creating innovations through an open platform (Ex: X-MINING™) – Compliance with the QMS and initiatives to further improve quality and strengthen management – Steady transition to next-generation nickel-based products, such as High-Ni-type NMC cathode materials – Promoting commercialization of silicon carbide (SiC) substrates – Accelerate research and development through the use of AI and data – Aim to capture new demand in battery storage applications for data centers
7 Other – Increase in frequency and intensity of natural disasters – Spread of infectious disease – Kidnapping and terrorism	Risks ● Damage to equipment/facilities and occurrence of spill accidents due to intensification of floods, storms, etc. ● Interruption of global supply chains ● Negative impacts of infectious diseases on production, including supply and demand and supply chains ● Occurrence of kidnapping and terrorism due to political instability and deteriorating public security ● Occurrences of situations that threaten the safety and lives of employees due to conflicts between nations	– Manage risks for overseas business travelers and expatriates through the development of emergency response manuals	– Response to large-scale disasters – Establishment of BCP and crisis management framework – Stable supply through an integrated supply chain

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This section contains reference information to help you gain a deeper understanding of the overall picture of the SMM Group’s sustainable growth and value creation as we strive to achieve our long-term vision.

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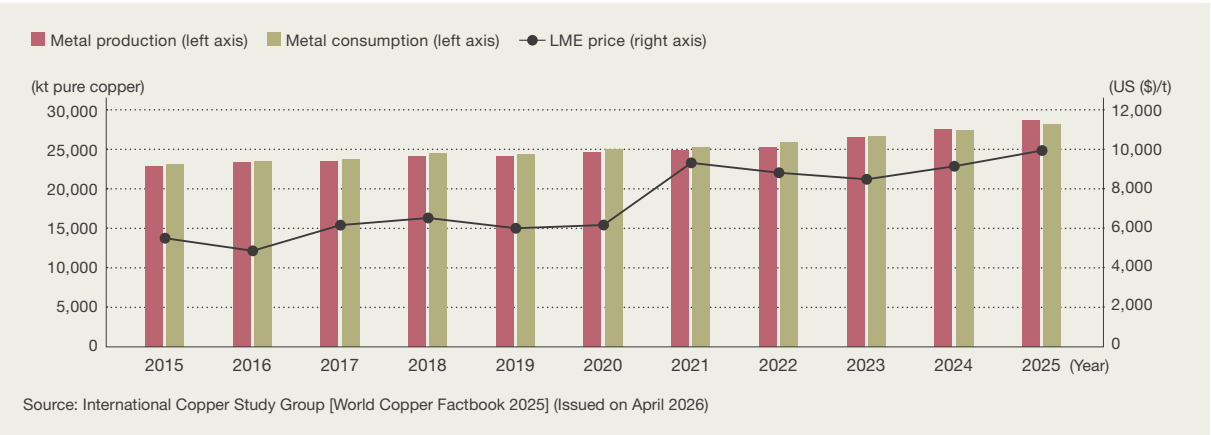
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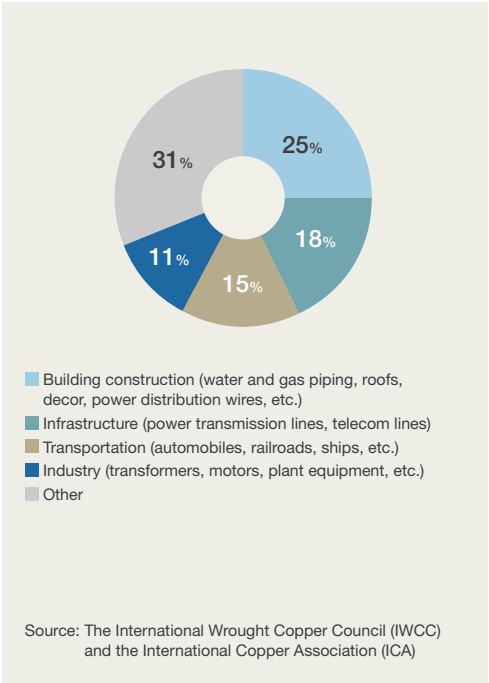
The Business Environment Surrounding Copper

Copper is thought to be one of the first metals used in human history. Owing to its high electrical and thermal conductivity and excellent workability, it has long been an indispensable base metal. With population growth, demand for copper has continued to increase. In recent years, in addition to conventional demand for wiring and wrought copper products, further growth is expected across a wide range of industries, including renewable energy infrastructure, electrification, and the expanding demand for AI and data centers in the transition to carbon neutrality.

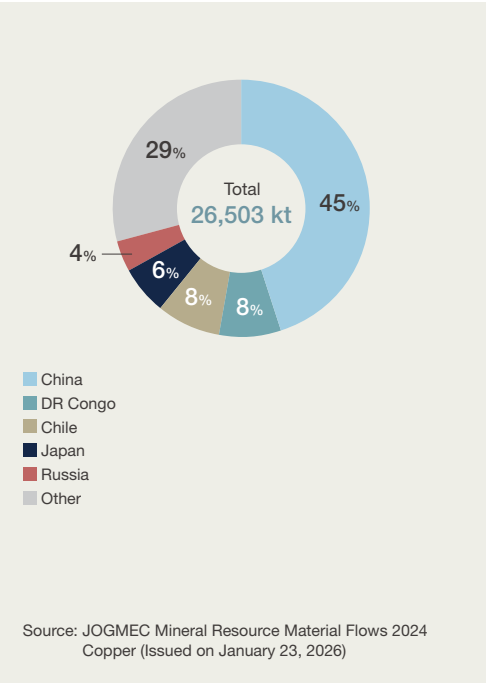
Global Copper Supply and Demand



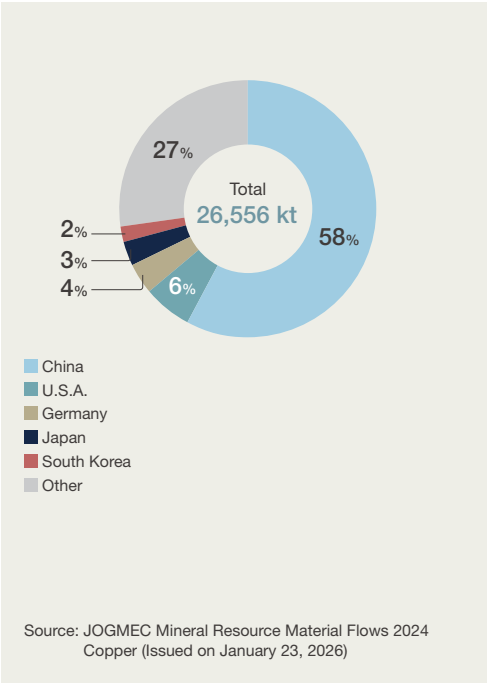
Copper End-Use (2024 results)



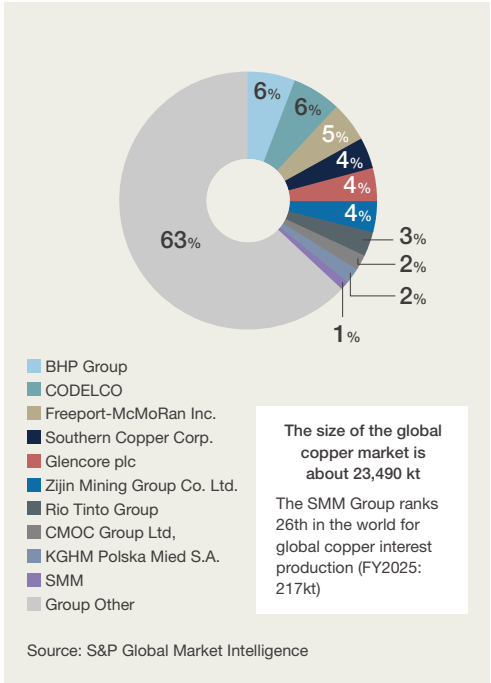
Copper Metal Production by Country (2023 results)



Copper Metal Consumption by Country (2023 results)



Global Copper Interest Production (2025 results)



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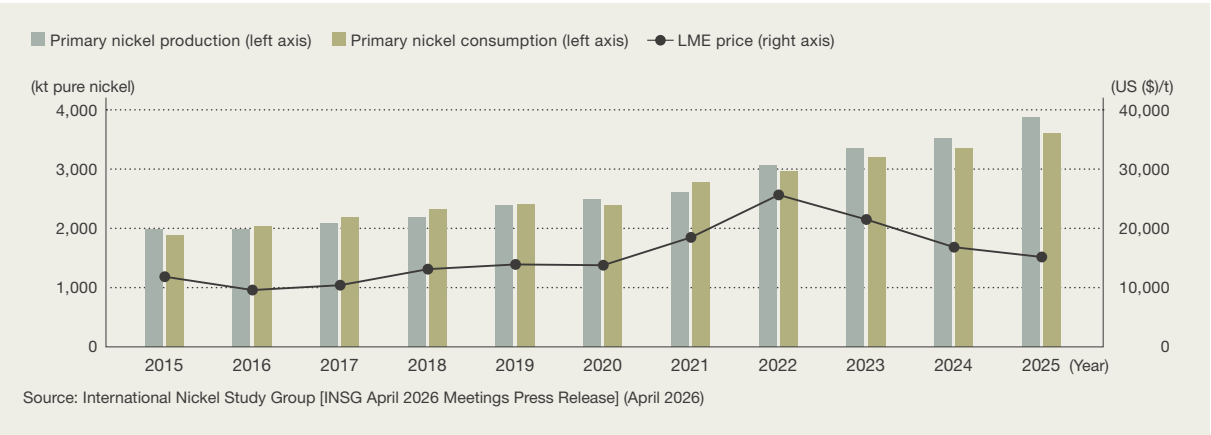
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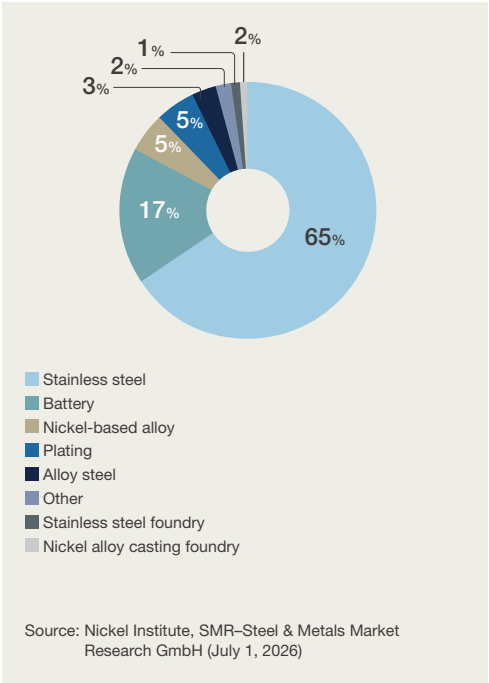
The Business Environment Surrounding Nickel

Nickel is primarily used in stainless steel, and steady demand growth is expected as the economy expands. In addition, increasing demand is anticipated for nickel-based specialty steels used in sectors such as aerospace and power generation turbines, as well as for secondary batteries for automotive applications amid the shift to xEVs, and for consumer batteries used in areas such as data centers.

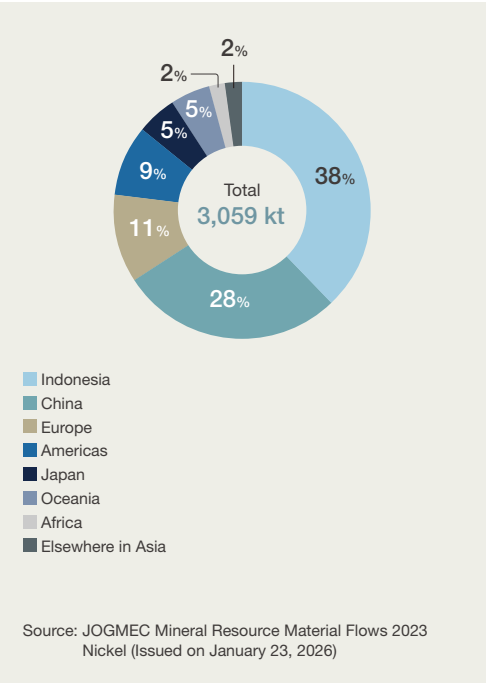
Global Nickel Supply and Demand



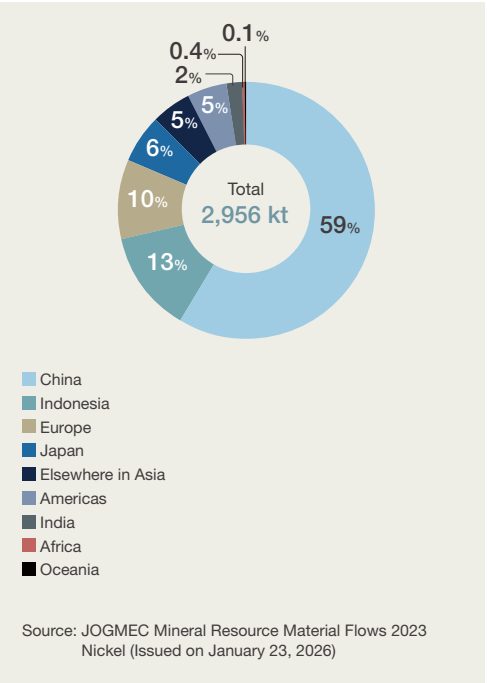
Common Use of Nickel



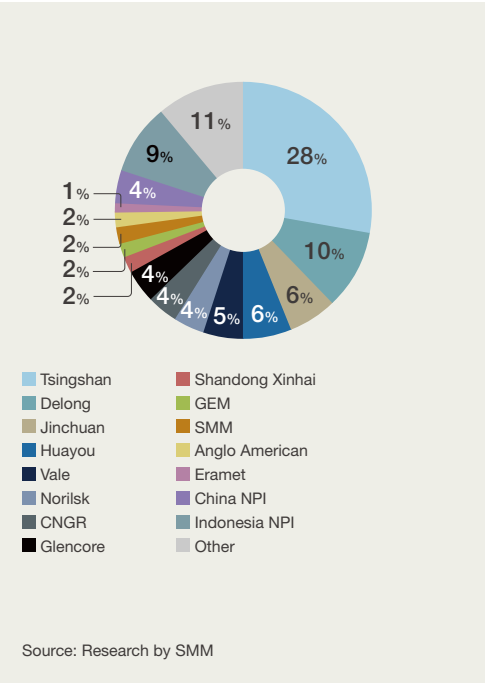
Nickel Production by Country/Region (2022 results)



Nickel Consumption by Country/Region (2022 results)



Global Nickel Supply (2025 results)



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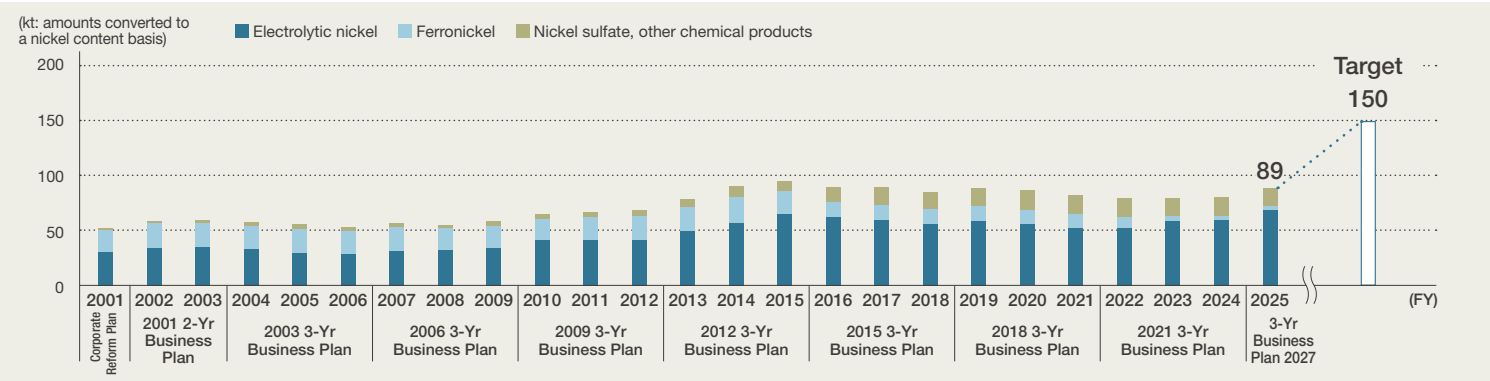
Targets and Progress of Our Long-Term Vision

Nickel

Target
Annual production
volume of 150 kt

Progress

We are also working to secure new nickel ore sources to meet increasing demand, including demand for nickel-based specialty steel and battery materials.

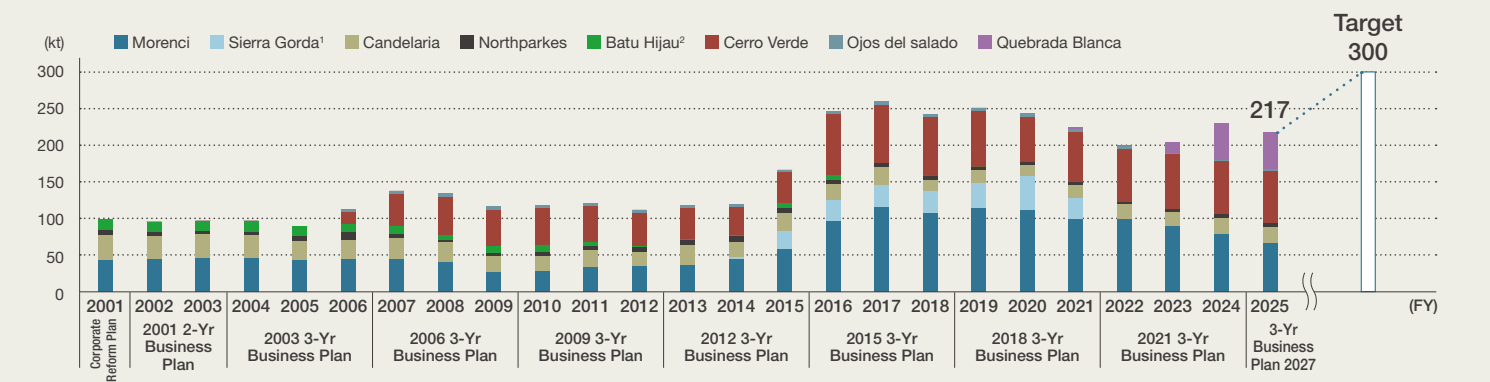


Copper

Target
Annual production
interest of 300 kt

Progress

We are making significant progress toward achieving our target with the operation of the Quebrada Blanca Copper Mine.



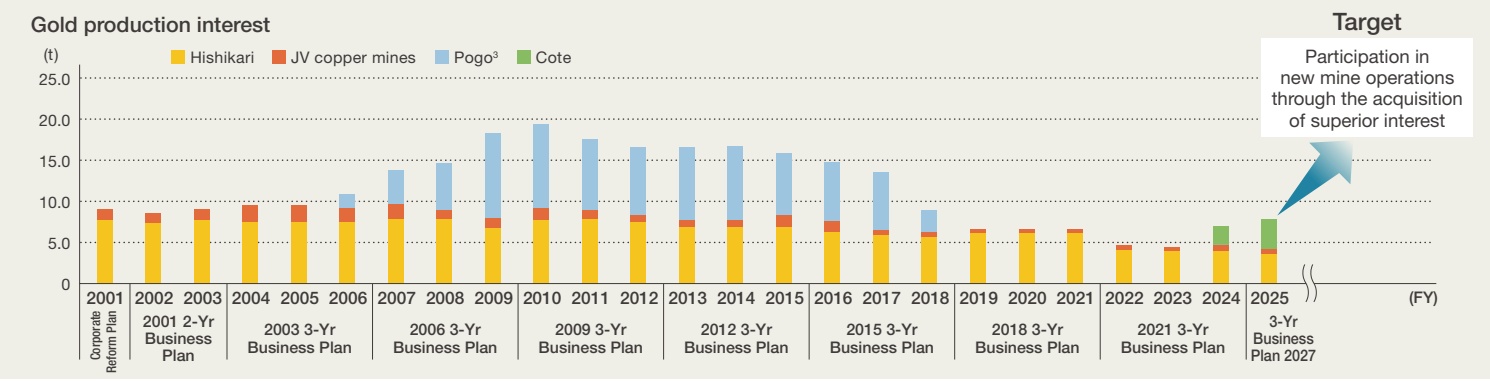
1 Transfer of all interests completed in 2022 2 Transfer of all interests completed in 2016

Gold

Target
Participation in new
mine operations
through the acquisition
of superior interest

Progress

At the Cote Gold Mine, our engineers are working closely with our JV partners to stabilize and optimize operations. We are also advancing debottlenecking initiatives to increase processing capacity.



3 Transfer of all interests completed in FY2018

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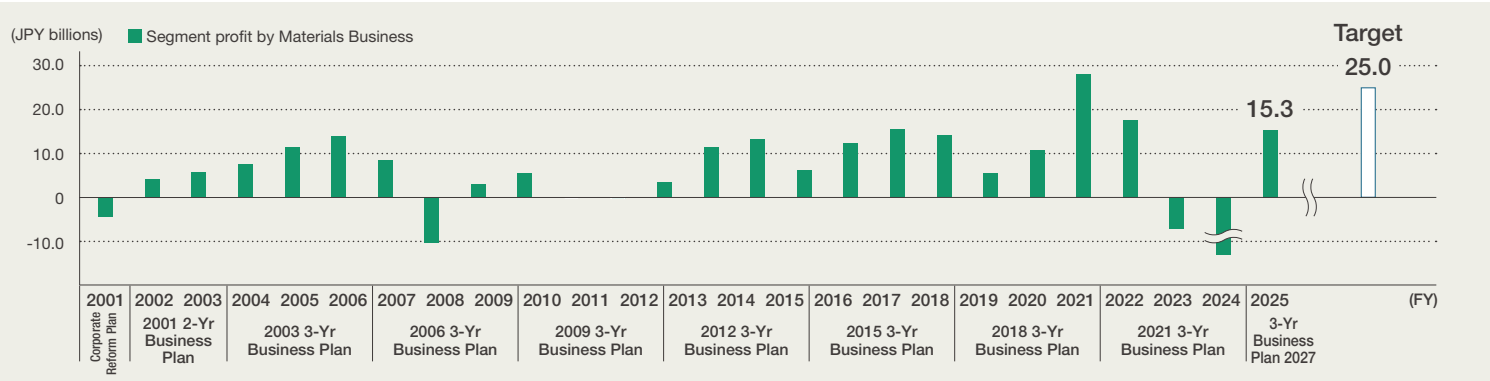
Materials Profit

Target

Annual profit before tax of JPY25 billion through portfolio management

Progress

We are rebuilding our Battery Materials Business and promoting the development and supply of highly advanced materials which will contribute to a carbon-neutral and advanced information and telecommunications society.



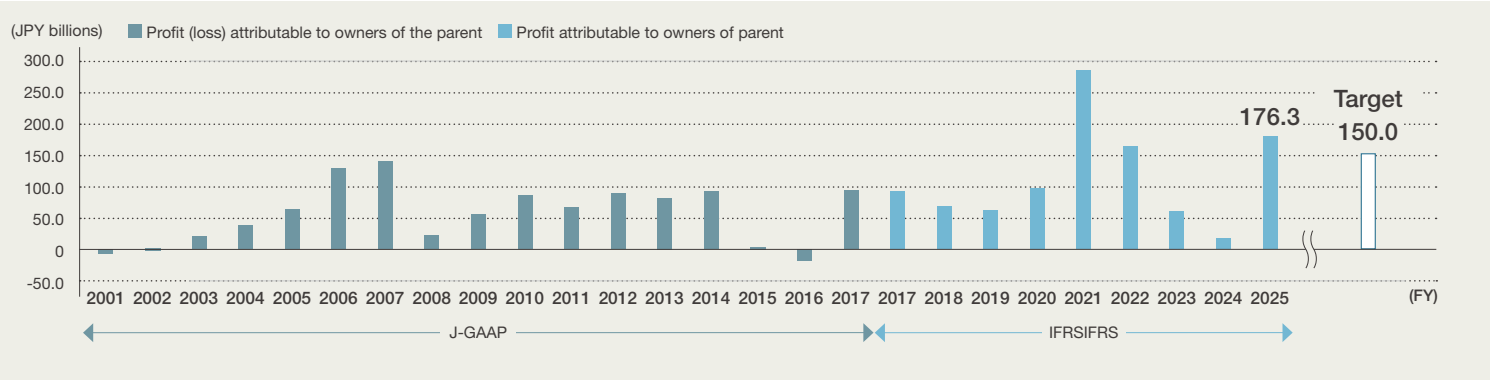
Profit

Target

Annual profit attributable to owners of the parent of JPY150 billion

Progress

In addition to the new mine's full-fledged contribution to profits, we are aiming for sustained achievement of targets through the steady execution of future strategic investments and minimization of opportunity loss.



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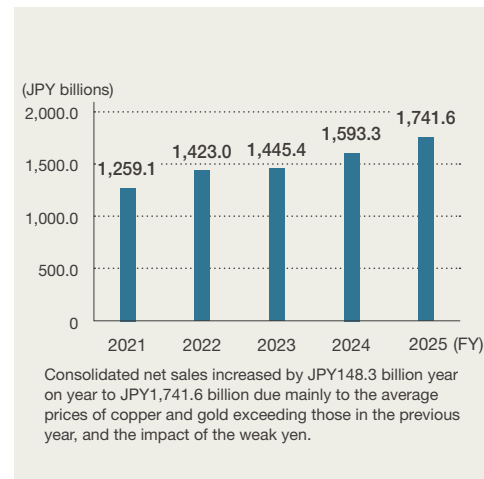
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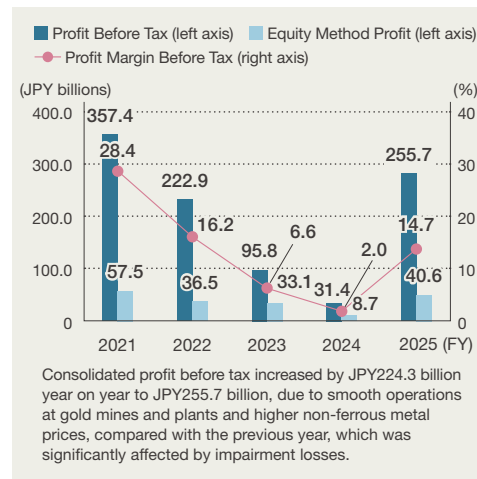
Financial and Non-Financial Highlights

Financial capital

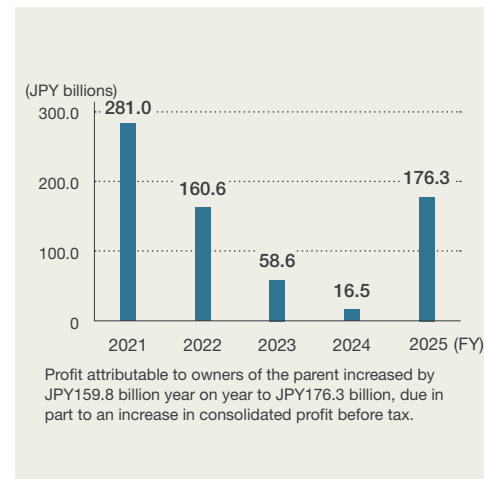
Net Sales



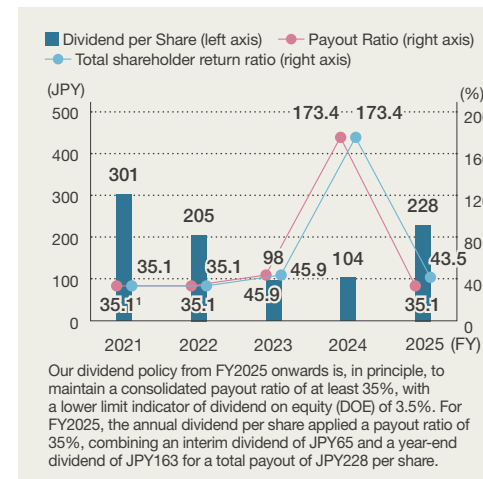
Profit Before Tax / Equity Method Profit / Profit Margin Before Tax



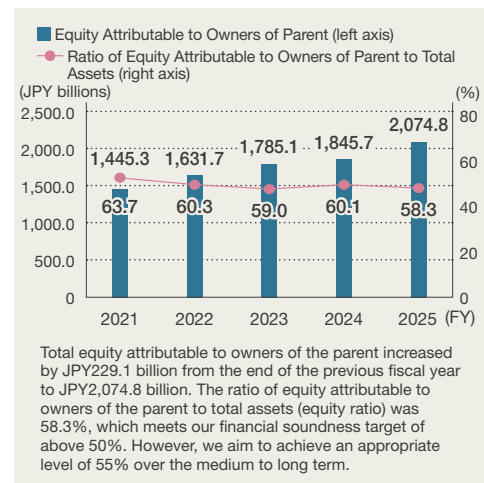
Profit Attributable to Owners of Parent



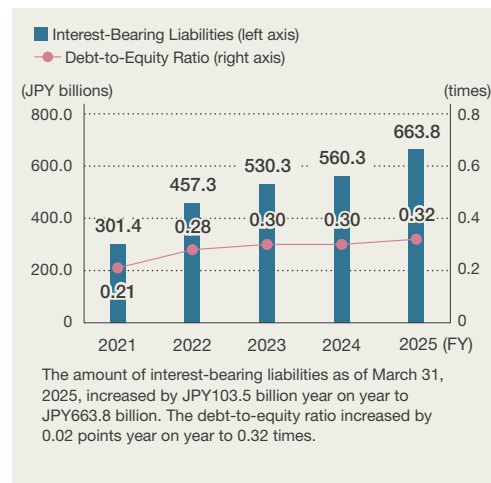
Dividend per Share / Payout Ratio



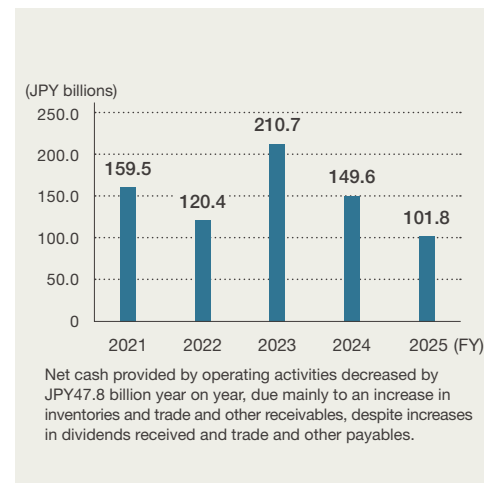
Equity Attributable to Owners of Parent / Ratio of Equity Attributable to Owners of Parent to Total Assets



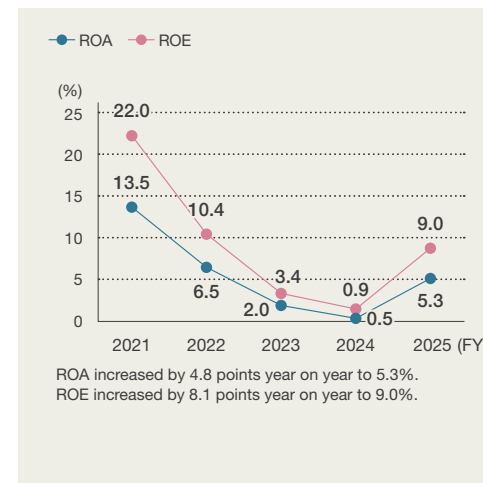
Interest-Bearing Liabilities / Debt-to-Equity Ratio²



Net Cash Provided by Operating Activities



ROA/ROE



1 The gain on sale associated with the transfer of all equity interest in the Sierra Gorda copper mine recorded in FY2021 includes an amount equal to a reversal of the allowance for bad debt for loans and other receivables for Sierra Gorda S.C.M., which was adjusted in the opening balance of retained earnings in FY2019 as a cumulative effect (Revised IAS 28 "Investments in Associates and Joint Ventures"). For this reason, effects on FY2021 results caused by the application of these accounting procedures and manifesting in accordance with the transfer of equity are omitted from the dividend calculation. Basic earnings per share, excluding the effects of this application of accounting procedures, was JPY857.47.

2 Amounts of interest-bearing liabilities and the figures for the debt-to-equity ratio do not include lease liabilities.

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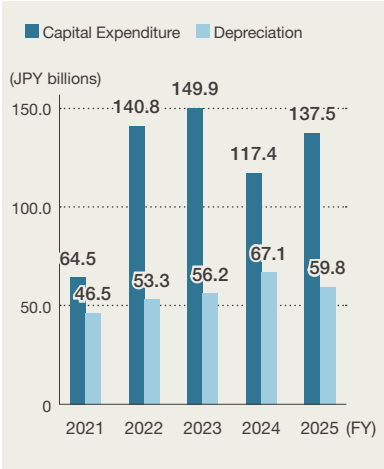
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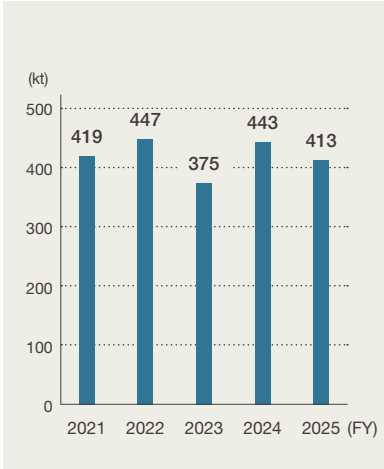
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Manufactured Capital

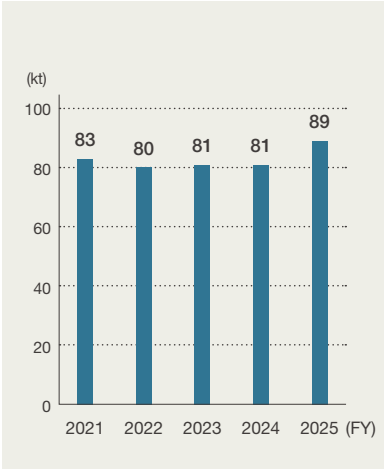
Capital Expenditure / Depreciation



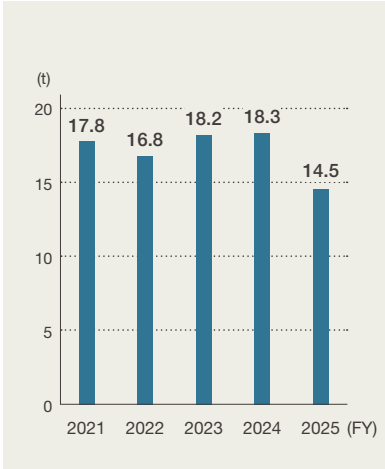
Electrolytic copper production



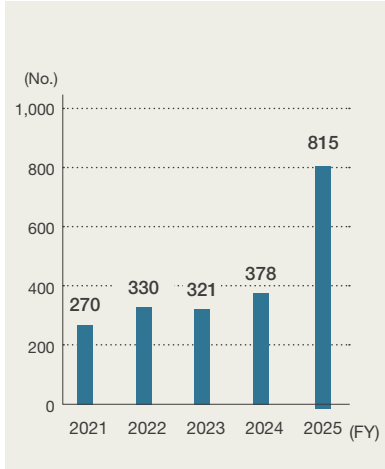
Nickel production



Gold production



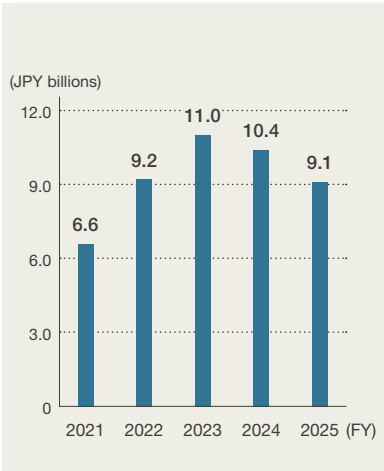
Number of customer survey responses regarding “responsible mineral sourcing”**



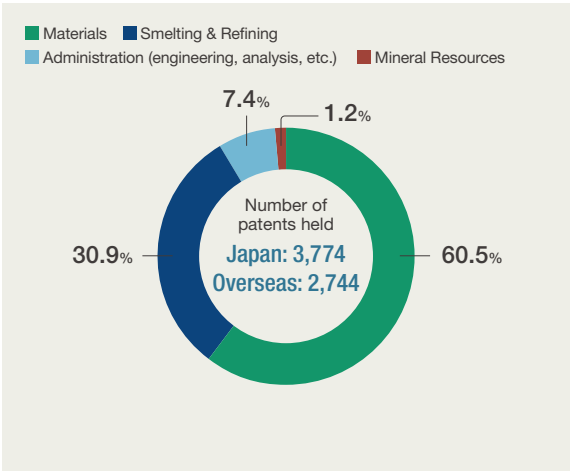
* Number of customer survey responses regarding “responsible mineral sourcing,” primarily to smelter and refiner identification surveys operated by RMI. The number has increased sharply since 2025, as the scope of minerals covered by the surveys has expanded.

Intellectual Capital

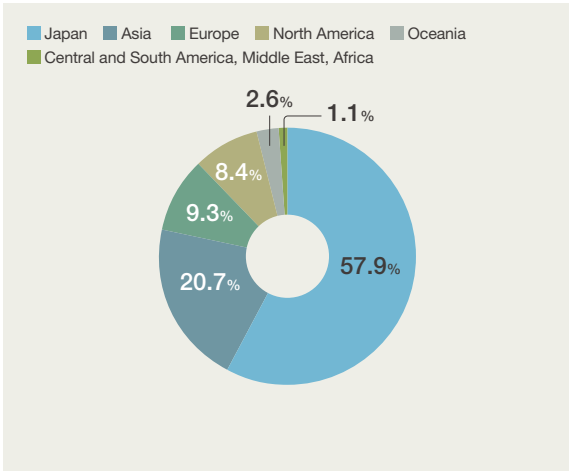
Research and Development Expenses



Ratio of the Number of Patents Held by Business (FY2025)



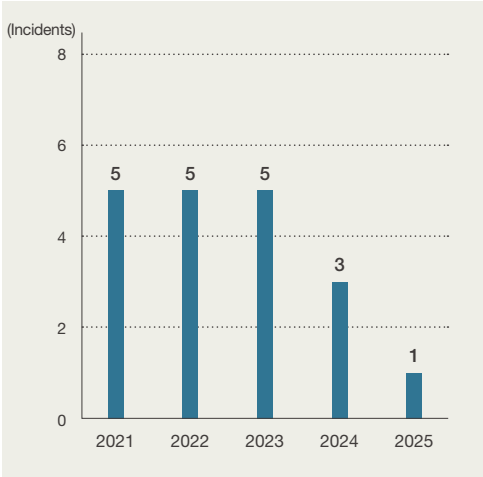
Ratio of the Number of Patents Held by Region (FY2025)



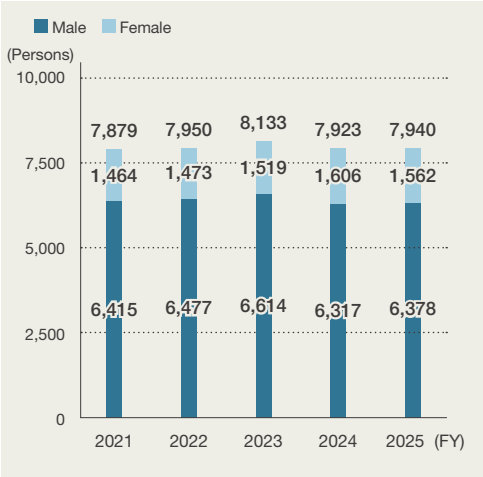


Human Capital

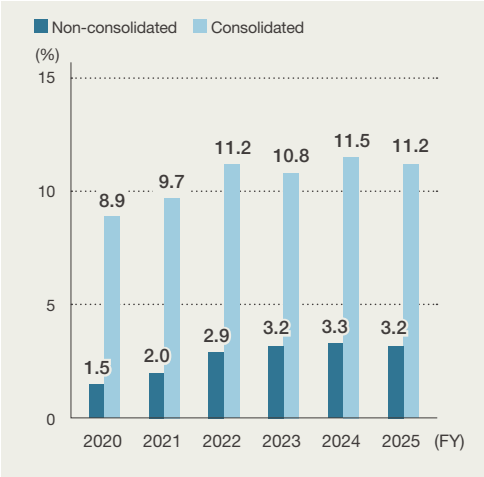
Safety Record (Number of Serious Incidents Resulting in 50 or More Days' Absence from Work)



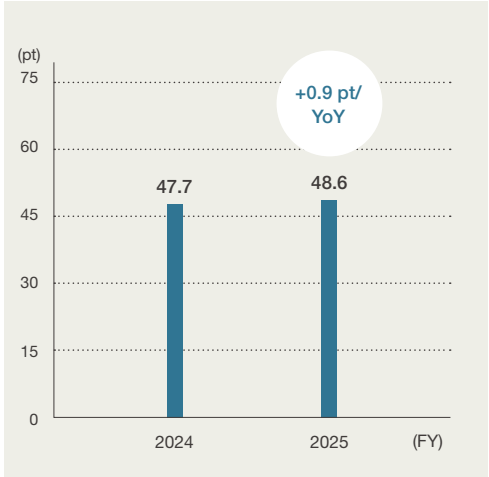
Officers and employees by gender^{1, 2}



Ratio of female managers³



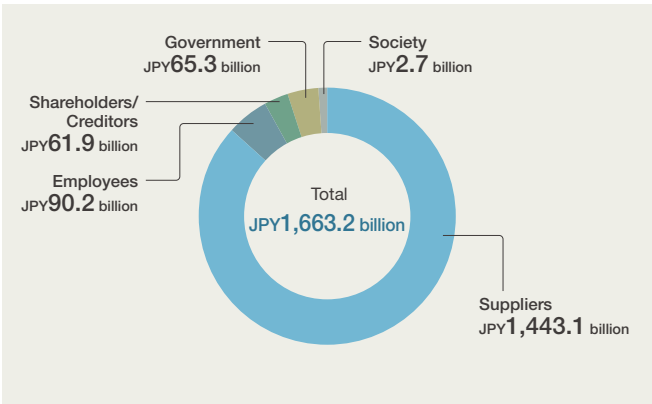
Engagement score⁴



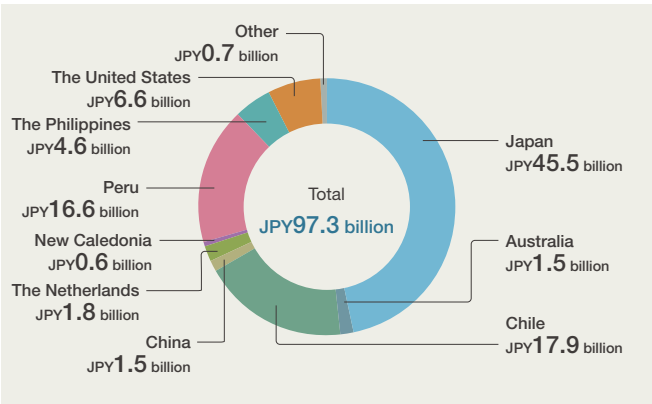
1 Data are as of the end of March of each fiscal year (including employees on leave). Dispatched employees are counted as officers and employees of the company to which they are seconded.
2 The scope of officers is as follows: SMM—directors, Audit & Supervisory Board members, and executive officers (excluding outside directors and outside Audit & Supervisory Board members); domestic and overseas affiliates—directors and Audit & Supervisory Board members.
3 Figures are as of the end of March of each fiscal year. For non-consolidated figures, dispatched employees are counted as employees of the seconding company; for consolidated figures, they are counted as employees of the company to which they are seconded.
4 Engagement score refers to a quantitatively measured indicator of employee engagement, calculated on a standardized scale with the average score of survey participants (approximately 10,000 companies) set at 50.

Social and Relationship Capital

Distribution of Economic Value to Stakeholders (FY2025)



Income Tax by Country or Region⁵ (FY2025)



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

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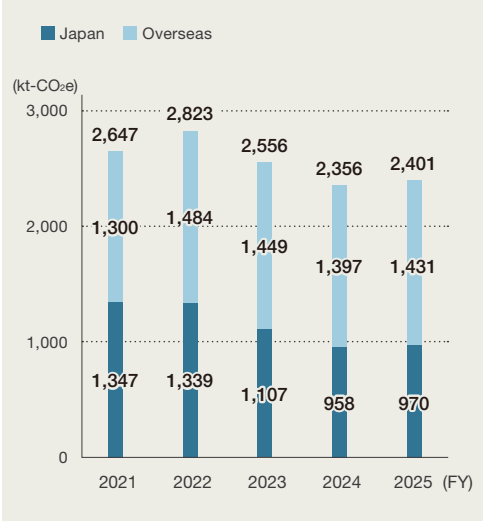
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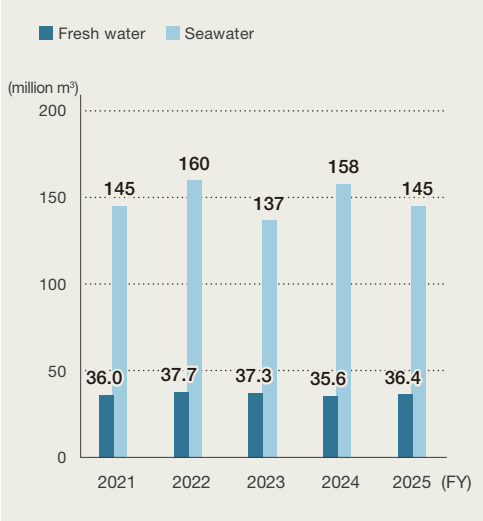
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Natural Capital

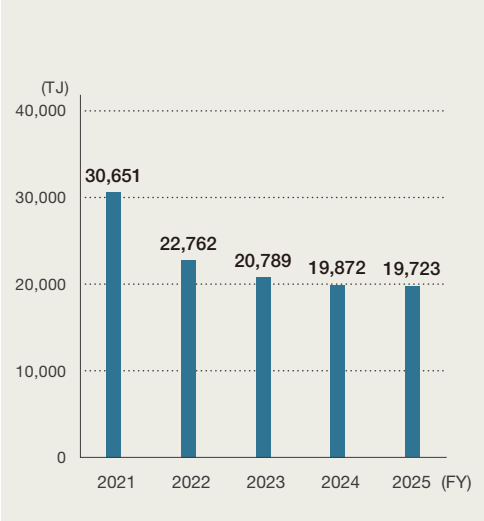
Greenhouse Gas Emissions (Scope 1 and 2)



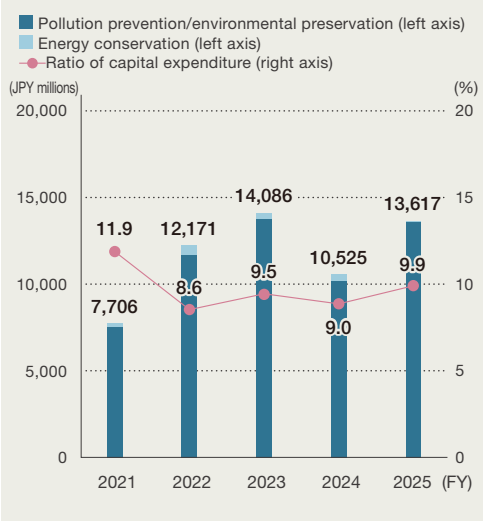
Water Resources (fresh water and seawater)



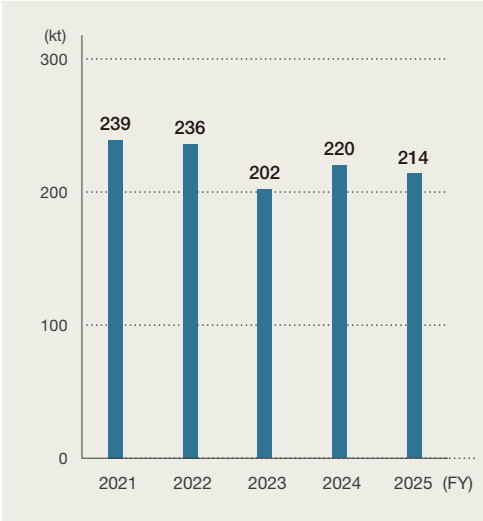
Energy Input (calorific value¹)



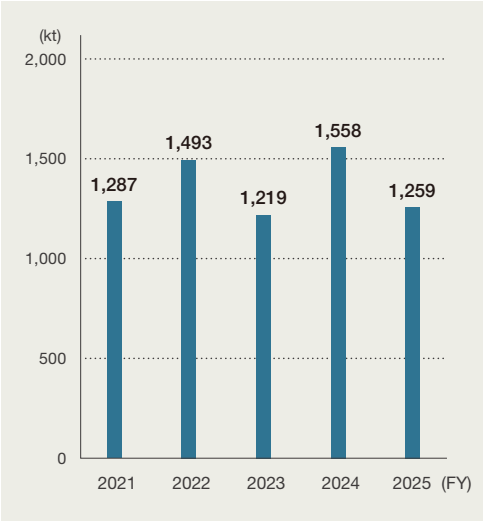
Pollution prevention/environmental preservation



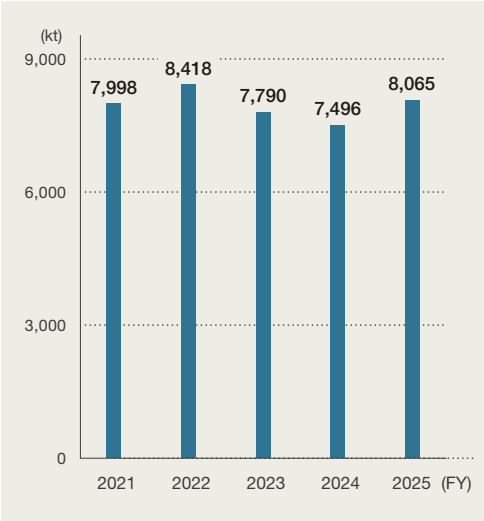
Recycled Materials²



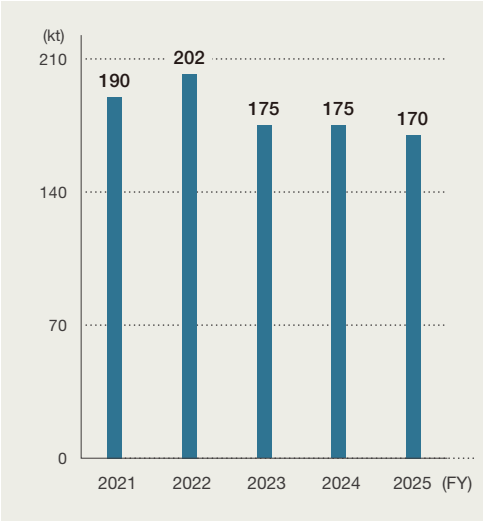
Copper Concentrates Usage



Nickel Oxide Ore Usage



Gold and Silver Ore (Hishikari Mine) Usage



¹ From FY2022 onward, fuel, heat, electricity, etc. consumed in business activities in Japan and overseas are covered, and electricity consumption is converted into joules at 3.6 GJ per 1,000 kWh.
² Recycled materials: Copper scrap, secondary zinc, precious metals and other secondary materials, electric arc furnace dust, sludge, soot and dust, ALC waste.

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Eleven-Year Financial Summary

IFRS

Years ended March 31	2026	2025	2024	2023	2022	2021	2020	2019	2018
Results for the year:									
Net sales*	1,741,586	1,593,348	1,445,388	1,422,989	1,259,091	926,122	851,946	912,208	929,746
Gross profit	274,503	58,505	166,133	250,106	257,794	150,876	109,471	126,637	149,015
Profit before tax	255,680	31,383	95,795	229,910	357,434	123,379	79,035	89,371	108,286
Profit attributable to owners of parent	176,290	16,487	58,601	160,585	281,037	94,604	60,600	66,790	90,227
Capital expenditures	137,490	117,378	149,923	140,845	64,539	35,059	50,689	47,445	74,675
Depreciation	59,842	67,074	56,224	53,310	46,455	45,729	45,355	43,541	46,762
Net cash provided by (used in) operating activities	101,810	149,644	210,675	120,382	159,489	91,522	136,545	114,744	78,552
Net cash provided by (used in) investing activities	-185,248	-138,884	-298,887	-185,503	9,796	-32,393	-70,334	-142,354	-22,787
Net cash provided by (used in) financing activities	36,736	-6,180	7,090	49,336	-129,618	-55,758	9,149	-29,047	-89,797
Free cash flows	-83,438	10,760	-88,212	-65,121	169,285	59,129	66,211	-27,610	55,765

* Effective from the fiscal year ended March 31, 2021, the Company has changed its accounting policy for non-free supplied materials received from customers. This change in accounting policy was applied retrospectively to the figure for the fiscal year ended March 31, 2020.

J-GAAP

JPY millions

Years ended March 31	2018	2017	2016
Results for the year:			
Net sales	933,517	786,146	855,407
Gross profit	157,089	122,296	113,862
Operating income	110,203	76,390	59,720
Ordinary profit	124,853	-1,565	-12,764
Profit (loss) before income taxes	105,795	-5,999	559
Profit (loss) attributable to owners of parent	91,648	-18,540	-309
Capital expenditures	74,589	125,950	51,013
Depreciation	46,865	44,232	46,141
Financial revenue (expenses)	10,804	10,546	8,927
Net cash provided by (used in) operating activities	79,405	43,796	119,704
Net cash provided by (used in) investing activities	-22,994	-143,219	-92,876
Net cash provided by (used in) financing activities	-90,095	70,392	-4,003
Free cash flows	56,411	-99,423	26,828

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IFRS

Years ended March 31	2026	2025	2024	2023	2022	2021	2020	2019	2018
Financial position at year-end:									
Total assets	3,559,006	3,068,622	3,027,714	2,707,899	2,268,756	1,885,999	1,719,690	1,797,701	1,732,333
Equity	2,291,998	2,049,386	1,973,380	1,789,296	1,557,418	1,222,983	1,110,860	1,151,280	1,113,349
Non-current liabilities	519,631	515,601	590,724	447,340	326,547	337,694	402,520	388,943	378,438
Interest-bearing liabilities	663,816	560,303	530,289	457,257	301,355	330,678	367,882	349,798	361,775
Amounts per share (JPY) ¹									
Equity attributable to owners of parent per share	7,669	6,711	6,497	5,938	5,260	4,054	3,646	3,812	3,746
Basic earnings per share	650	60	213	584	1,023	344	221	243	327
Diluted earnings per share	650	60	213	584	1,023	344	221	243	295
Dividends	228	104	98	205	301	121	78	73	100
Key ratios:									
ROA (%)	5.3	0.5	2.0	6.5	13.5	5.3	3.5	3.8	5.2
ROE (%)	9.0	0.9	3.4	10.4	22.0	8.9	5.9	6.4	9.1
Equity ratio (%)	58.3	60.1	59.0	60.3	63.7	59.1	58.3	58.3	59.4
Debt-to-equity ratio (times)	0.32	0.31	0.30	0.28	0.21	0.30	0.37	0.33	0.35
Current ratio (times)	1.6	1.9	2.0	2.2	2.4	2.1	2.7	2.1	2.6

1 The Company consolidated its shares at a rate of one share for every two shares of its common stock with October 1, 2017 as the effective date. “Amounts per share” is calculated on the assumption that the consolidation of its shares was conducted at the beginning of the fiscal year ended March 31, 2018.

2 Shareholders’ equity is defined by the following equation. Shareholders’ equity = Total shareholders’ equity + Accumulated other comprehensive income.

J-GAAP

JPY millions (except Amounts per share and Key ratios)

Years ended March 31	2018	2017	2016
Financial position at year-end:			
Total assets	1,699,037	1,685,018	1,630,800
Net assets	1,120,008	1,024,121	1,075,995
Long-term loans payable after one year	257,409	358,564	248,036
Interest-bearing liabilities	362,297	495,504	400,559
Working capital	369,668	382,810	313,812
Amounts per share (JPY) ¹			
Shareholders’ equity ²	3,771.69	1,743.46	1,781.91
Net income (loss)			
—Basic	332.42	-33.61	-0.56
—Diluted	299.94	—	—
Dividends	100.0	11.0	31.0
Key ratios:			
ROA (%)	5.4	-1.1	0.0
ROE (%) ²	9.1	-1.9	0.0
Equity ratio (%) ²	61.0	57.1	60.3
Debt-to-equity ratio (times) ²	0.35	0.52	0.41
Current ratio (times)	2.7	2.8	2.4

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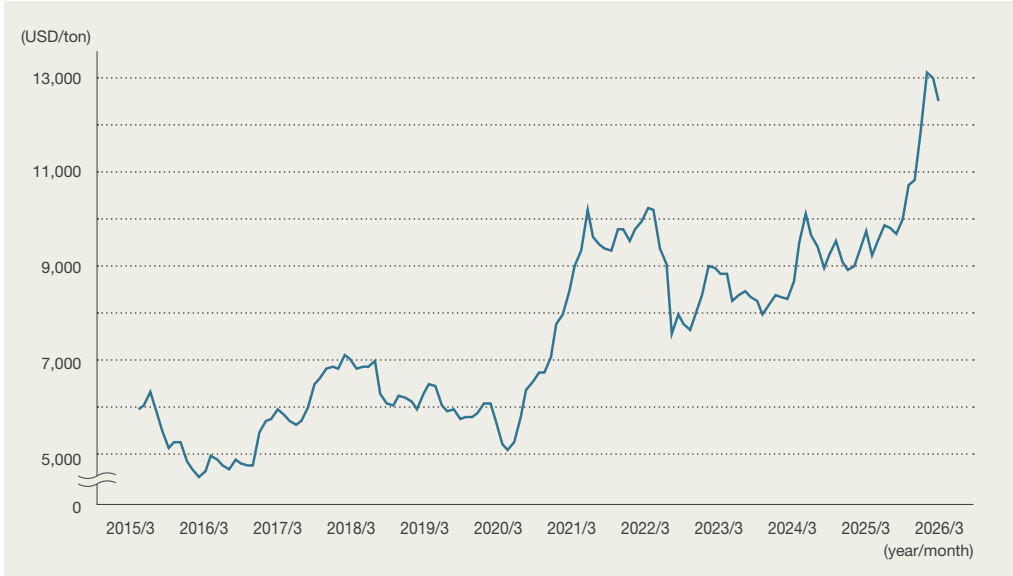
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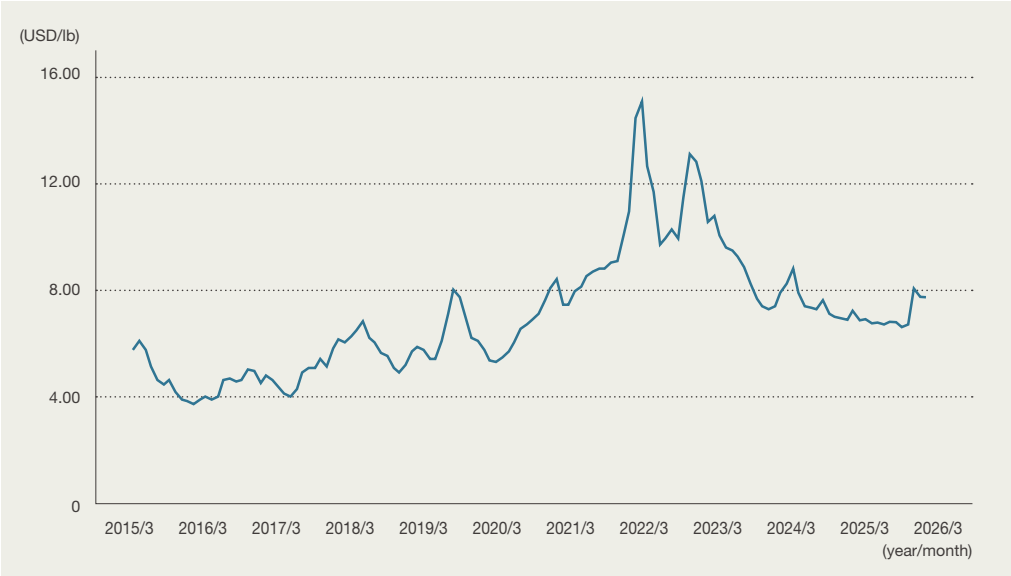
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Major Non-Ferrous Metal Prices and Exchange Rates

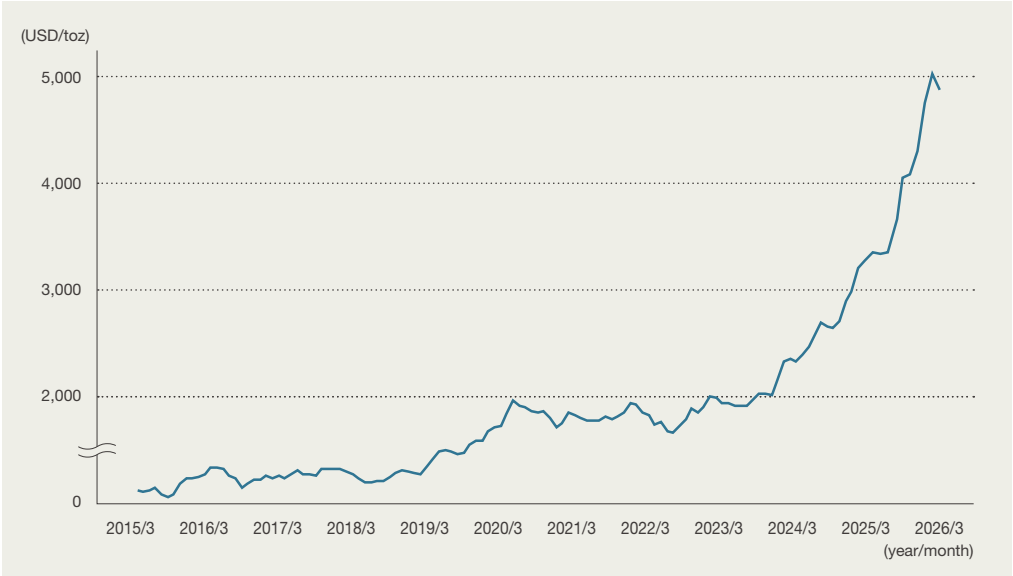
Copper Price Trends



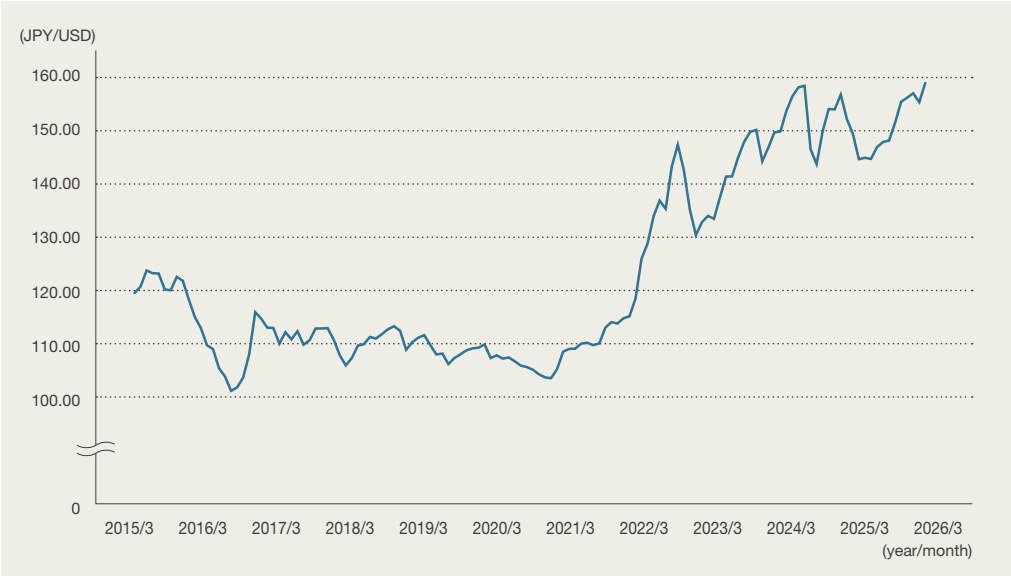
Nickel Price Trends



Gold Price Trends



Exchange Rate Trends



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Term	Explanation	Related pages
Pyrometallurgical smelting	A smelting method in which raw ore is melted in a high-temperature furnace and the metal is separated in the molten state. While it is possible to treat a large amount at one time, it requires periodic repair of heat-resistant equipment.	▶ P.019-020, 024, 040-042, 066
Coral Bay Nickel Corporation (CBNC)	The SMM Group’s first HPAL plant. Located in the Province of Palawan in the Philippines, CBNC produces mixed nickel-cobalt sulfides (MS) using HPAL technology for export to the Group’s Niihama Nickel Refinery and Harima Refinery.	▶ P.013-014, 019-020, 040-042, 70-71
Sustainable procurement	Sustainable procurement ensures that there is no complicity in negative effects such as infringement on human rights, environmental destruction, or corruption in the procurement of parts, services, etc. It affirms that companies in the supply chain do not cause such negative effects, requests corrections when necessary, and enhances transparency in the supply chain.	▶ P.073
Three Actuals Principle	This principle is a way of thinking that we commonly use in improvement activities and is emphasized in problem solving, quality control, and other situations. It is an action principle based on genchi (actual place), genbutsu (actual thing), and genjitsu (actual situation).	▶ P.051, 064
Hydrometallurgical refining	A refining method in which metals and impurities are dissolved in a solution, and chemical reactions are used to separate them. The method is stable and enables continuous processing, but incurs the costs of chemical reagents.	▶ P.019-020, 024, 040, 066
Profit/loss excluding temporary factors	Prices of non-ferrous metals (such as copper and nickel) which the Group deals in are determined in trading markets represented by London Metal Exchange (LME), and our profit and loss is characterized by the fact that they are significantly influenced by the market environment, including economic trends. Further, when prices of non-ferrous metals rise, the differences in timing of buying and selling causes profit to exceed standard levels, and likewise when prices decline profit to fall below standard levels. Therefore, we show the profit/loss excluding temporary factors as the profit/loss excluding the impact of gains/losses arising from fluctuations in non-ferrous metal prices or foreign exchange rates, as well as the impact of special factors during the period concerned. Profit/loss excluding temporary factors = Profit before tax ± Impact of temporary gains/ losses from fluctuations in non-ferrous metal prices or foreign exchange Impact of special factors for the relevant period from the forecast value Image of the Impact of Timing of Buying and Selling Price Determination • Impact of overseas copper mine sales settlement (Difference between provisional and final amounts) (Mineral Resources Business) • Impact of timing of buying and selling price determination (Smelting & Refining business, materials business) • Other gain/loss on foreign exchange (financial revenue/ expenses, and other revenue/expenses) ▶ P.033	

Term	Explanation	Related pages
Human rights due diligence	An approach to human rights protection based on the Guiding Principles on Business and Human Rights approved by the United Nations Human Rights Council in 2011, this is a series of processes for performing preventive investigations to avoid and mitigate the negative effects that organizations have on human rights, and for taking appropriate corrective action based on the findings. The SMM Group built a system for human rights due diligence in FY2014 and has followed it since then.	▶ P.072-074
Smelting and refining	This refers to the extraction of valuable metals from ore and other raw materials, and is mainly divided into pyrometallurgical smelting and hydrometallurgical refining. The SMM Group's Toyo Smelter & Refinery in Saijo, Ehime Prefecture uses pyrometallurgical smelting in its upstream processes (treatment processes), while Niihama Nickel Refinery in Niihama, Ehime Prefecture uses only hydrometallurgical refining throughout.	▶ P.013-014, 019-020, 023-024, 040-042, 066
Taganito HPAL Nickel Corporation (THPAL)	The SMM Group's second HPAL plant. Located in the Province of Surigao del Norte in the Philippines, THPAL produces mixed nickel-cobalt sulfides (MS) using HPAL technology for export to the Group's Niihama Nickel Refinery and Harima Refinery.	▶ P.013-014, 019-020, 040-042, 070-071
Electrolytic copper (electrolytic nickel and cobalt)	A high-purity copper material produced through electrolytic refining in a solution (electrolysis). At our Group's Toyo Smelter & Refinery, we dissolve copper concentrate in a flash furnace, pass it through a converter and a refining furnace, cast anodes in plate form, and produce electrolytic copper through electrolytic refining. Electrolytic nickel and electrolytic cobalt are also produced through electrolytic refining.	▶ P.017, 019-020, 024, 040-042, 065, 098-099, 100-101
Copper concentrates	A raw material used in copper smelting, consisting of about 30% copper content with sulfur and iron as most of the remainder. Copper concentrates are produced mainly from sulfide ores. At present, ores extracted from overseas mines generally have a grade of about 1%. The ores are then “dressed” at the mine to enhance the grade and produce concentrate. The raw materials imported by copper smelting and refining plants in Japan are primarily copper concentrates.	▶ P.017, 019-020, 023-024, 040-042, 067-069, 105
Dore	An alloy of gold and silver with a gold content of about 90%. Intermediate product of the Cote Gold Mine, produced by mineral processing and smelting of mined gold ore in the ore processing plant. Dore is smelted and refined into high-grade gold by external specialists.	▶ P.017, 037-039
Nanban-buki	A smelting and refining method that uses lead to remove silver and impurities contained in crude copper. Developed by Soga Riemon around 1600. An alloy made by melting and rapidly cooling lead and crude copper containing silver is heated, and silver-containing lead, which melts out at a melting point below that of copper, is heated on ash. The lead is absorbed by the ash and only the silver remains. This allows the collection of silver while obtaining high-purity refined copper.	▶ P.003, 013-014
Secondary battery cathode materials	Materials used in the cathodes of batteries (secondary batteries) that can be charged and reused. The constituent components of secondary batteries break down roughly into cathode material, anode material, a separator, and electrolytic solution. The SMM Group produces the secondary battery cathode materials used in electric and hybrid automobiles.	▶ P.013-014, 017-018, 019-020, 043-044, 049, 066-069

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Term	Explanation	Related pages
Nickel oxide ores (laterite ore)	While predominantly higher-grade sulfide ores are used in nickel refining, nickel oxide ores are more prevalent than nickel sulfides. High refining costs and technical issues have limited the use of oxide ores in nickel refining to date, but the SMM Group has succeeded in mass producing nickel from low-grade oxide ores based on HPAL technology.	▶ P.013-014, 019-020, 040-042
Nickel oxide powder for fuel cell electrodes	Fuel cells are a clean and highly efficient method for generating electricity and heat through the chemical reaction of hydrogen and oxygen. Plans for increased use of fuel cells in a wide range of applications, from homes to factories, are being formulated in countries around the world. Nickel oxide powder for fuel cell electrodes is used in the electrodes of solid oxide fuel cells (SOFCs), which deliver the highest power generation efficiency.	▶ P.008, 010
Nickel matte (matte)	A term for metal sulfides. Niihama Nickel Refinery produces electrolytic nickel using nickel matte (of about 75–80% purity) sourced from PT Vale Indonesia Tbk.	▶ P.013-014, 019-020, 040-042
GRI	An acronym for Global Reporting Initiative. An organization that creates and promotes international guidelines and standards for sustainability reports. It issued its first guidelines in 2000, and has transitioned to issuing standards from 2016.	▶ P.026-027
GX/GX League	GX is an acronym for green transformation. GX refers to activities for transformations or towards the realization of transformations to facilitate the utilization of clean energy while using the bare minimum of fossil fuels. The GX League is a forum for companies—which aim to achieve sustainable growth in the present and future society by engaging with the challenge of GX with a view to achieving carbon neutrality and social transformation by 2050—to collaborate with government and academia as part of a group of companies working on similar initiatives.	▶ P.067-069
HPAL	An acronym for High Pressure Acid Leach. This technology enables the recovery of nickel from low-grade nickel oxide ores that had been conventionally difficult to process. The SMM Group was the first company in the world to apply it successfully on a commercial scale. HPAL causes low-grade nickel oxide ores to react stably with sulfuric acid under high-temperature and high-pressure conditions, to produce a high-grade nickel raw material.	▶ P.014, 019-020, 040-042, 070-071
ICMM	An acronym for International Council on Mining and Metals. This is an organization composed of worldwide metal and mining companies and related industry bodies. Its mission is “In collaboration with others, we will strengthen the social and environmental performance of the mining, minerals and metals industry and build recognition of its contribution to local communities and society at large.”	▶ P.027, 070-072
ICP (Internal carbon pricing)	A framework for encouraging investment that leads to decarbonization. Internal carbon pricing uniquely attaches prices to carbon emissions within a company, attaches monetary values to greenhouse gas (GHG) emission reductions, and incorporates these into investment cost-effectiveness.	▶ P.067-069
Lithium Iron Phosphate (LFP)	LFP is a cathode material for lithium-ion batteries, like nickel-based cathode materials (NCA, NMC), which are battery materials. While nickel-based cathode materials are made from metals such as nickel, manganese, and cobalt, LFP is made from relatively inexpensive lithium, iron, and phosphorus. It is mainly produced in China.	▶ P.013-014, 043-044, 067-069



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Term	Explanation	Related pages
LT/LN	Lithium Tantalate (LT) and Lithium Niobate (LN). These are used in chips for information and communication terminal SAW filters.	▶ P.045-046
LME	Abbreviation for the London Metal Exchange, a specialized exchange for non-ferrous metals including copper, nickel, aluminum, lead, and zinc. Metal transaction prices set on the LME are used as international indicators for metal bullion sale prices and raw material purchase prices.	▶ P.040-042, 098-099
MCLE	An acronym for Matte Chlorine Leach Electrowinning. This is a manufacturing process adopted at the SMM Group's Niihama Nickel Refinery. Matte and mixed nickel-cobalt sulfides (MS) are dissolved in chlorine at high temperature, then electrolysis is used to produce high-purity nickel. MCLE is more competitive than other methods in terms of cost, but poses significant operational challenges, and only a few other producers outside of SMM have commercialized it using similar technology.	▶ P.013-014, 019-020, 040-042
MS	An acronym for Mixed Sulfide of nickel and cobalt. CBNC and THPAL produce a mixed nickel-cobalt sulfide intermediate containing about 55–60% nickel by weight. It is used as a raw material in the production of electrolytic nickel, nickel sulfate, and other products.	▶ P.013-014, 019-020, 040-042
NCA	An acronym for a type of secondary battery cathode material composed primarily of Li (lithium), Ni (nickel), Co (cobalt), and Al (aluminum).	▶ P.013-014, 043-044, 067-069
NMC	An acronym for a type of secondary battery cathode material composed primarily of Li (lithium), Ni (nickel), Mn (manganese), and Co (cobalt).	▶ P.013-014, 043-044, 067-069
Silicon carbide (SiC)	SiC is a power semiconductor material used mainly in electric power control applications. Its use is expanding as a material capable of reducing energy loss in high-capacity fields (high current and high withstand voltage) demanded for drive control devices, particularly in hybrid vehicles and electric vehicles.	▶ P.045-046
TCFD	An acronym for the Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB) to examine the disclosure of climate-related information and how financial institutions should respond. It recommends the disclosure of information concerning governance, strategy, risk management, and metrics and targets concerning climate change-related risks and opportunities.	▶ P.067-069
TC/RC	TC: Treatment Charge; RC: Refining Charge. These are margins received by smelters from mining companies and serve as an indicator used as part of the purchase terms for metal raw materials such as copper concentrate. For example, the purchase price of copper concentrate is determined based on terms such as “LME price at a certain point in time minus the applicable TC/RC for the transaction” plus other conditions.	▶ P.040-042
TNFD	Refers to the Taskforce on Nature-related Financial Disclosures (TNFD), established to consider disclosure of nature-related information, including natural capital and biodiversity, and the responses of companies and financial institutions. It recommends disclosure of nature-related risks and opportunities in four areas: governance, strategy, risk and impact management, and metrics and targets. It also presents the LEAP approach—Locate, Evaluate, Assess, Prepare—as a process for identifying, assessing, analyzing, and disclosing interactions with nature.	▶ P.070-071
xEV	Electric vehicles. Types of electrification are diverse, differing by method of supplying electricity. Types include BEVs that carry batteries, plug-in hybrids (PHEVs), hybrids (HEVs/MHVs), and fuel cell electric vehicles (FCEVs/FCVs).	▶ P.031-032, 098-099

SMM Group Overview

Japan

Sumitomo Metal Mining Co., Ltd.

Mineral Resources

- Sumiko Resources Exploration & Development Co., Ltd.

Smelting & Refining

- Acids Co., Ltd.
- MS Zinc Co., Ltd.
- Shisaka Smelting Co., Ltd.
- Sumiko Logistics Co., Ltd.
- Hyuga Smelting Co., Ltd.
- Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd

Materials

- SMM Precision Co., Ltd.
- N.E. Chemcat Corporation
- Ohkuchi Electronics Co., Ltd.
- GRANOPT CO., LTD.
- Shinko Co., Ltd.
- Sumiko Energy Materials Co., Ltd.
- Sumico Lubricant Co., Ltd.
- Niihama Electronics Co., Ltd.
- Nippon Ketjen Co., Ltd.

Other

- Igeta Heim Co., Ltd.
- JCO Co., Ltd.
- Sumiko Technical Service Co., Ltd.
- Sumiko Techno-Research Co., Ltd.
- Sumitomo Metal Mining Engineering Co., Ltd.
- Japan Irradiation Service Co., Ltd.

- Mineral Resources

Smelting & Refining

Materials
- Copper

Gold

Copper

Nickel

Other

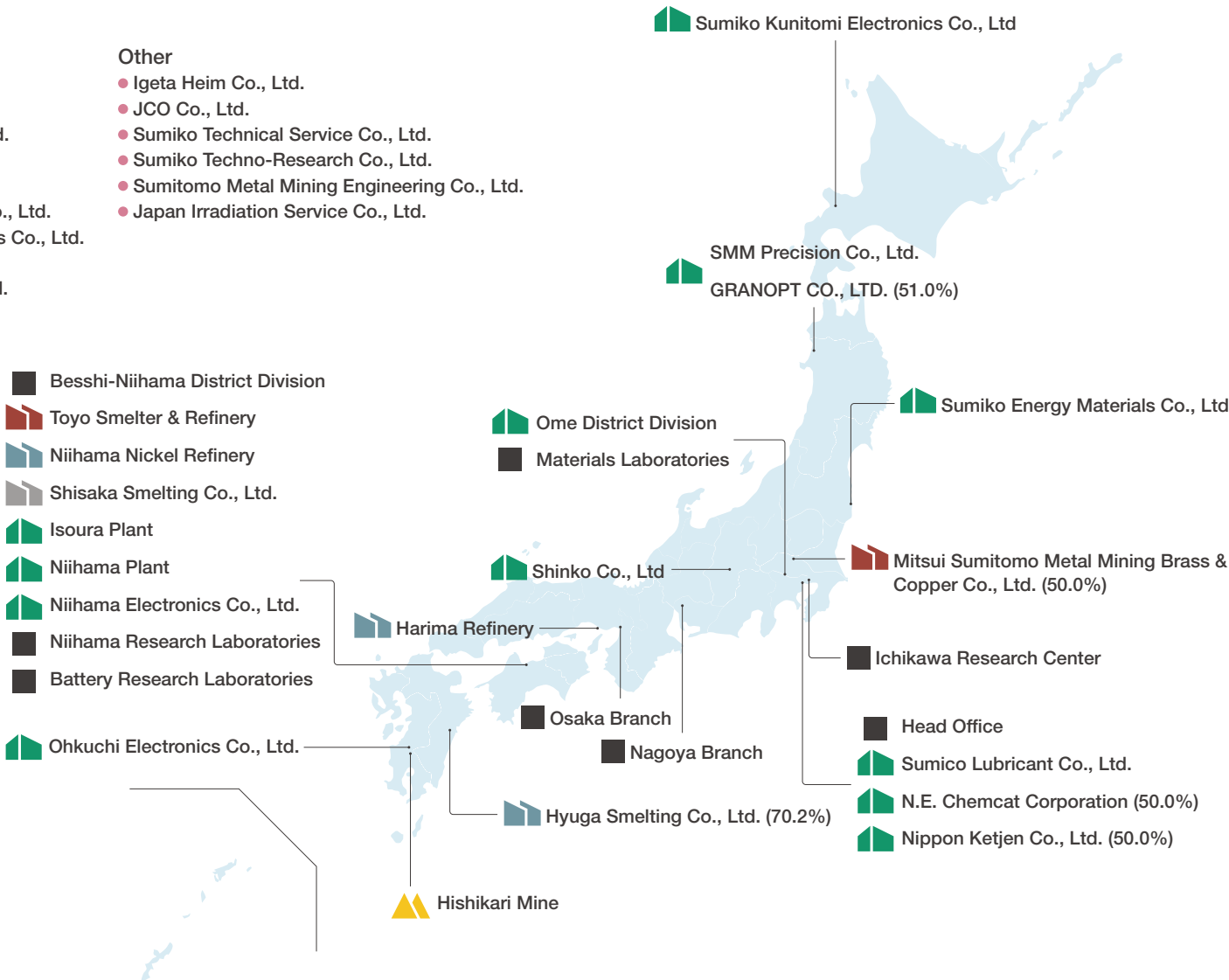
Major Sites of Materials Business

Other Major Site / Group Company
- Consolidated subsidiaries

Equity-method affiliates

Figures in parentheses indicate percentage interest. Companies with no percentage written are 100% owned.

Operational mines	9 (Japan 1, Overseas 8)
Refineries	8 (Japan 5, Overseas 3)
Plants of Materials Business	17 (Japan 13, Overseas 4)
Consolidated subsidiaries	50
Equity-method affiliates	13



(As of March 31, 2026)

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Asia

Mineral Resources

- Cordillera Exploration Company Inc. (Philippines)

Smelting & Refining

- Jinlong Copper Co., Ltd. (China)
- Sumitomo Metal Mining Management (Shanghai) Co., Ltd. (China)
- Sumitomo Metal Mining (Hong Kong) Co., Ltd. (China)
- Coral Bay Nickel Corporation (Philippines)
- Nickel Asia Corporation (Philippines)
- Taganito HPAL Nickel Corporation (Philippines)
- Sumitomo Metal Mining Philippine Holdings Corporation (Philippines)

Materials

- Dongguan Sumiko Electronic Paste Co., Ltd. (China)
- Shanghai Sumiko Electronic Paste Co., Ltd. (China)
- Sumico Lubricant Trading (Shanghai) Co., Ltd. (China)
- Granopt Optics Trading (Shenzhen) Co., Ltd. (China)
- Shinko Trading (Zhong Shan) Co., Ltd. (China)
- Taiwan Sumiko Materials Co., Ltd. (Taiwan)
- SMM Korea Co., Ltd. (South Korea)
- SMM VIETNAM Co., Ltd. (Vietnam)

North America

Mineral Resources

- SMMA Candelaria Inc. (U.S.A.)
- SMM Exploration Corporation (U.S.A.)
- Sumitomo Metal Mining America Inc. (U.S.A.)
- Sumitomo Metal Mining Arizona Inc. (U.S.A.)
- SMM Morenci Inc. (U.S.A.)
- SMM GOLD COTE Inc. (Canada)
- Sumitomo Metal Mining Canada Ltd. (Canada)
- SMM Resources Inc. (Canada)

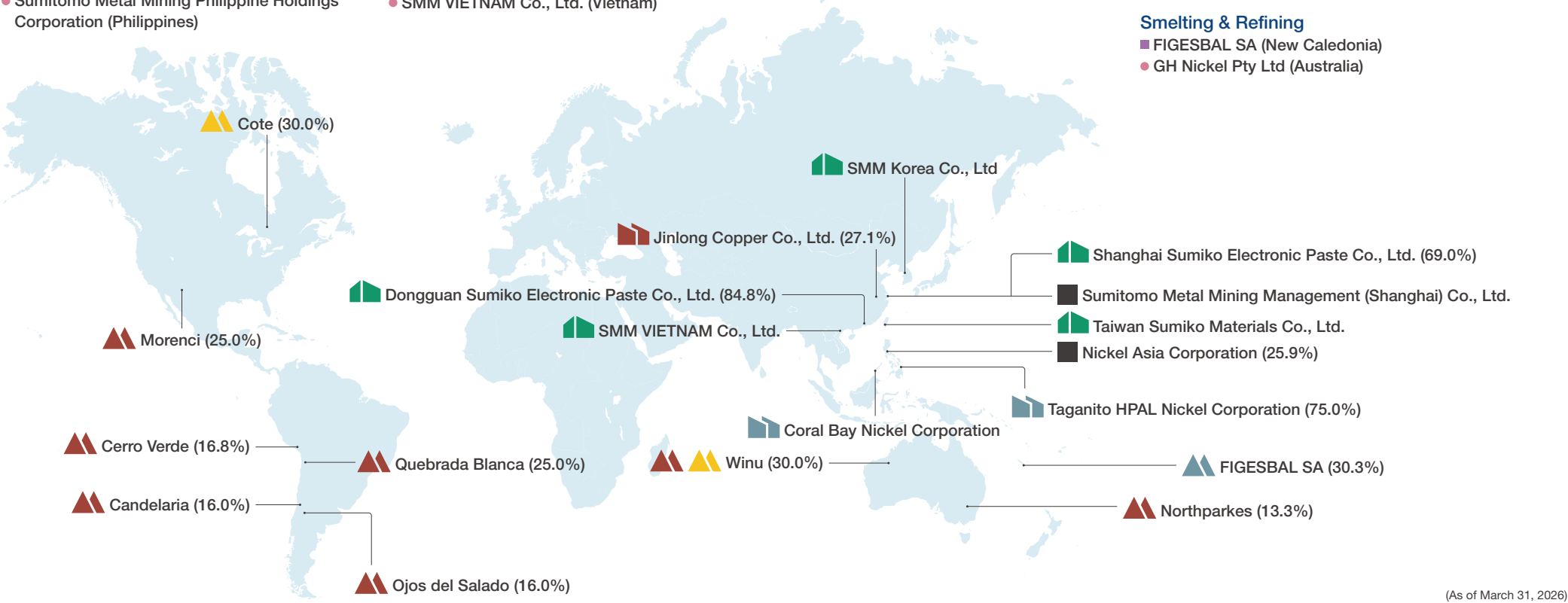
Other Regions

Mineral Resources

- Compania Contractual Minera Candelaria (Chile)
- Compania Contractual Minera Ojos del Salado (Chile)
- Sumitomo Metal Mining Chile LTDA. (Chile)
- SMMQB Holding SpA (Chile)
- SMM Quebrada Blanca SpA (Chile)
- Quebrada Blanca Holdings SpA (Chile)
- Sumitomo Metal Mining Peru S.A. (Peru)
- Sociedad Minera Cerro Verde S.A.A. (Peru)
- Sumitomo Metal Mining do Brasil LTDA. (Brazil)
- Sumitomo Metal Mining Oceania Pty. Ltd. (Australia)
- SMM PERTH PTY LTD (Australia)
- SMM Cerro Verde Netherlands B.V. (Netherlands)
- SMMCV Holding B.V. (Netherlands)

Smelting & Refining

- FIGESBAL SA (New Caledonia)
- GH Nickel Pty Ltd (Australia)



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Corporate Data and Investor Information

(As of March 31, 2026)

Corporate Data

Company name	Sumitomo Metal Mining Co., Ltd.
President & Representative Director	Nobuhiro Matsumoto
Founded	1590
Incorporated	1950
Capital	JPY93.2 billion
Listing	Tokyo Stock Exchange Prime Market
No. of subsidiaries (consolidated)	50 (including the money held in trust which is deemed to be a consolidated company) (As of March 31, 2026)
No. of equity-method affiliates	13
Net sales (consolidated)	JPY1,741.6 billion (for the year ended March 31, 2026)
Profit before tax (consolidated)	JPY255.7 billion (for the year ended March 31, 2026)
Number of Employees	7,507 (Consolidated)
Head Office	11-3, Shimbashi 5-chome, Minato-ku, Tokyo 105-8716, Japan
Main Branch	Osaka Branch
Branch	Nagoya Branch
Research centers	Niihama Research Laboratories (Ehime Prefecture)
	Battery Research Laboratories (Ehime Prefecture)
	Materials Laboratories (Tokyo)
	Ichikawa Research Center (Chiba Prefecture)

Investor Information

Closing Date	March 31
Ordinary General Meeting of Shareholders	June
Common Stock	Number of authorized shares 500,000,000
	Number of issued and outstanding shares 290,814,015
	Number of shareholders 116,743
	Listing of shares Tokyo
	Stock transaction unit 100 shares

Note: SMM consolidated its common stock at a rate of one share for every two shares with October 1, 2017 as the effective date.

Registrar of Shareholders

Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
100-8233, Japan
Stock Transfer Agency Department:

Sumitomo Mitsui Trust Bank, Limited, Stock
Transfer Agency Business Planning Department
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
100-8233, Japan

Method of Public Notice

Electronic notification (However,
if electronic notification is not
available due to unavoidable
circumstances, notice will be
published in the Nihon Keizai
Shimbun newspaper.)

Independent Public Accountant

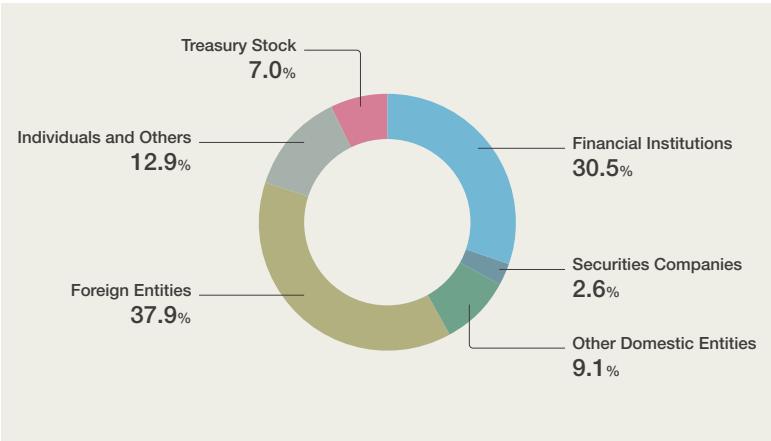
KPMG AZSA LLC
1-2, Tsukudo-cho, Shinjuku-ku, Tokyo
162-0821, Japan

Major Shareholders

Name of Shareholders	Number of shares held	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,584,000	17.22
Custody Bank of Japan, Ltd. (Trust Account)	16,768,450	6.20
STATE STREET BANK AND TRUST COMPANY 505001	11,547,827	4.27
Toyota Motor Corporation	11,058,000	4.09
BNYM AS AGT/CLTS NON TREATY JASDEC	8,433,586	3.12
SUMITOMO LIFE INSURANCE COMPANY	3,737,000	1.38
JP MORGAN CHASE BANK 385781	3,574,696	1.32
NIPPON LIFE INSURANCE COMPANY	3,109,932	1.15
RBC IST 15 PCT LENDING ACCOUNT–CLIENT ACCOUNT	2,606,304	0.96
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	2,518,035	0.93

Notes: 1 We own 20,264,282 shares of treasury stock.
2 The shareholding ratios were calculated based on the total number of issued shares less treasury stock.

Stock Distribution (by shareholders)



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Attestation of Validity

On the issuance of the Sumitomo Metal Mining Co., Ltd. Integrated Report 2026

The SMM Group has been producing Integrated Reports since 2016 with the objectives of deepening the understanding of various internal and external stakeholders regarding the Group’s efforts to achieve sustainable growth and maximize corporate value and serving as a tool for dialogue with stakeholders. Thus, the Integrated Report 2026 marks the 11th edition of the report.

As the officer ultimately responsible for the production of this report, I attest that the process of creating the report is legitimate and that its content is accurate and authentic.

I hope that this Integrated Report will help our diverse stakeholders, including shareholders and investors, understand our Group’s efforts toward sustained growth and the realization of a sustainable society. We will continue to strive to appropriately disclose information.



Takahiro Hagiwara
Managing Executive Officer
General Manager of Sustainability Dept.
In charge of General Affairs Dept.,
Public Relations & Investor Relations
Dept., and Osaka Branch

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