

Last updated: August 3, 2023

(English translation released on September 20, 2023)

## Sumitomo Metal Mining Co., Ltd.

President & Representative Director: Akira Nozaki

Contact: +81-3-3436-7705

Securities Code: 5713

URL: <https://www.smm.co.jp/en/>

The corporate governance of Sumitomo Metal Mining Co., Ltd. (“the Company”) is as set out below.

### I Basic Philosophy of Corporate Governance, Capital Structure, Corporate Data, and Other Basic Information

#### 1. Basic philosophy

The Company’s basic philosophy pertaining to corporate governance is set out in “Corporate Governance Basic Policy, 2. Basic philosophy” and is displayed publicly on the Company website at the address below.

Corporate Governance Basic Policy

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

#### Reasons for not applying a particular principle of *Japan’s Corporate Governance Code*

Updated

The Company writes this Corporate Governance Report by reference to all Principles of the Corporate Governance Code revised as of June 1, 2021.

#### Supplementary Principle 4.1.3: 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 conducted 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 (Chair: Taeko Ishii, Director), composed of the chairman of the Board of Directors who is not an executive officer and three 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.

With regard to the selection of the candidate executive officers who will constitute the 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.

#### **Supplementary Principle 4.2.1: Management remuneration as an incentive**

The Company's financial results are significantly impacted by prevailing metal market conditions and exchange rates, and thus do not necessarily correspond with the progress of management strategies and projects. Furthermore, projects related to resource development and the construction of smelting and refining plants require extremely long time periods from start to completion, and it is not unusual for the composition of management to have changed by the time the fruits of those projects can be reaped.

Given these characteristics of its business, the Company has considered how remuneration should operate as a healthy incentive for individual directors and managers and has consequently laid down its current remuneration system composed of performance-based remuneration and bonuses based on consolidated financial results and assessment factors such as the degree of attainment of personal targets under medium-to-long-term management strategies. For the basic policies and procedures for remuneration, please refer to section (iii) of "Principle 3.1: Full disclosure" below. At present, we do not believe that remuneration in the form of Company stock would effectively operate as a healthy incentive for management, and thus have not introduced it.

Updated

#### **Disclosures pursuant to specific principles of *Japan's Corporate Governance Code***

The Company writes this Corporate Governance Report by reference to all Principles of the Corporate Governance Code revised as of June 1, 2021.

#### **Principle 1.4: Cross-shareholdings**

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 fiscal 2022, the Company sold all cross-shareholdings in five companies, and partial cross-shareholdings in three companies.

As of May 31, 2023, the Company maintained cross-shareholdings in 48 publicly-listed companies. Each of the aforementioned cross-shareholdings was verified at the regular Board of Directors meeting held in June 2023.

### **Principle 1.7: Related-party transactions**

Transactions between the Company and our Directors or Audit & Supervisory Board Members will require the prior approval of the Board of Directors so as to ensure that the interests of the Company and the common interests of our shareholders are not harmed. Additionally, the Company will survey whether or not such transactions have been carried out and report our findings to the Board of Directors semiannually.

If any transaction with a major shareholder arises, it will be handled under the same standards as transactions between the Company and our Directors. A major shareholder is one who holds 10% or more of the voting rights of the Company.

## **Supplementary Principle 2.4.1: Ensuring diversity in the promotion of core human resources**

### **1. Approach to ensuring diversity**

Based on the concept of respect for all individuals set forth in the SMM Group Corporate Philosophy and in line with the Sumitomo Metal Mining Group Policy on Human Rights, the SMM Group respects the diverse values of each and every employee, strives to create a work environment that allows each employee to fully demonstrate his or her abilities, and works to secure, develop, and utilize human resources.

### **2. Voluntary and measurable goals for ensuring diversity and progress toward their achievement**

#### **1) Women in managerial positions**

In order to realize the Company's "Vision for 2030," we are working to promote greater opportunities for women, including promotion to managerial positions, active roles at production and mining sites, and assignment to overseas posts in addition to domestic locations. The Company aims to increase the number of women in managerial positions to 20 or greater by the end of fiscal 2023 in the General Employers Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and the number of women in managerial positions as of July 2023 was 24. Furthermore, in the Company's "Vision for 2030," we aim to have 50 women in managerial positions and a female employee ratio of at least 20%. In order to create an environment where women can naturally thrive, and to promote our growth strategy, we will continue implementing necessary measures from a medium- to long-term perspective.

#### **2) Midcareer hires**

The Company is actively promoting midcareer hiring. In addition to securing personnel with specific expertise and skills, we are also working to further promote an open and vibrant organizational culture by incorporating the diverse knowledge and perspectives that our members from different backgrounds offer. The Company hired 49 midcareer career-track employees in fiscal 2022, and as we continue to expand our business in line with our growth strategy, we will proactively increase the number of midcareer hires from the current level through to fiscal 2030.

#### **3) Foreign nationals**

The Company continues to hire regardless of nationality. As of July 2023, the Company employs 14 non-Japanese employees, and as we expand our business domain and create opportunities for new business outside Japan, we will continue to increase the number of human resources who can play an active role globally, regardless of whether they are new graduates or midcareer hires. In addition, at business sites outside Japan, (particularly those operating under the Company's operatorship), we appoint locally employed staff to core positions.

4) Persons with disabilities

The Company is working across the organization to improve the environment for persons with disabilities so that they can have pride, motivation, and joy in their work. Among our specific initiatives, we offer internships for students with disabilities on an ongoing basis each year. By deepening students' understanding of the workplace and work through on-the-job experience, we are striving to encourage more students with disabilities to join the Company. The employment rate of persons with disabilities in the SMM (in Japan) is 2.59% as of June 2023, and in the Company's "Vision for 2030," we aim to raise this rate to at least 3% by 2030—higher than the legally mandated rate (2.3%).

3. Policies for human resource development and internal environment development to ensure diversity, and the status of their implementation

The SMM Group has set "a company where all employees can take a vibrant and active part" as a key component of its "Vision for 2030," and aims to be a company that respects the humanity of each and every employee, and where employees feel pride, motivation, and joy in work, as well as a company that provides each and every employee with opportunities to improve his/her capabilities, and grows together with employees. Among our specific initiatives, we established a new "Work-Life Support Desk" in April 2021 which handles consultations and helps resolve issues in a wide range of areas including human rights and harassment, workplace relations, balancing work with childcare and nursing care, and career counseling. 18 consultations were responded to in fiscal 2022. For information on our other initiatives, refer to the Company's Integrated Report below.

URL: [https://www.smm.co.jp/en/ir/library/integrated\\_report/](https://www.smm.co.jp/en/ir/library/integrated_report/)

**Principle 2.6: Roles of corporate pension funds as asset owners**

The Company has established the Asset Management Committee and a structure to ensure appropriate investment and management of corporate pensions. The committee advises the president, who has responsibility for pension management, in such areas as the formulation and revision of basic management policy and the strategic asset mix, and the evaluation of asset managers. The committee also endeavors to enhance the expertise of secretariat personnel by such means as having them participate in pension-related seminars.

**Principle 3.1: Full disclosure**

(i) Business principles and strategies

The SMM Group Corporate Philosophy and its source, Sumitomo Business Spirit, the SMM Group Management Vision, which delineates what the Company aims to become on the basis of the corporate philosophy, and the SMM Group Code of Conduct, which sets out the standards of conduct required of officers and employees to fulfill its corporate philosophy, are displayed publicly on the Company's website at the addresses below.

SMM Group Corporate Philosophy

URL: [https://www.smm.co.jp/en/corp\\_info/philosophy/principle/](https://www.smm.co.jp/en/corp_info/philosophy/principle/)

The Sumitomo Business Philosophy

URL: [https://www.smm.co.jp/en/corp\\_info/philosophy/sumitomo/](https://www.smm.co.jp/en/corp_info/philosophy/sumitomo/)

SMM Group Management Vision

URL: [https://www.smm.co.jp/en/corp\\_info/philosophy/vision/](https://www.smm.co.jp/en/corp_info/philosophy/vision/)

SMM Group Code of Conduct

URL: [https://www.smm.co.jp/en/corp\\_info/philosophy/conduct/](https://www.smm.co.jp/en/corp_info/philosophy/conduct/)

Also, the 2021 3-Year Business Plan, which covers the period from fiscal 2022 through fiscal 2024, is displayed publicly on the Company's website at the address below.

URL: <https://www.smm.co.jp/en/ir/management/plan/>

(ii) Basic views and basic policy on corporate governance

The basic policy on corporate governance, including the basic philosophy on corporate governance, has been compiled as the "Corporate Governance Basic Policy" and is displayed publicly on the Company's website at the address below.

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

(iii) Basic policies and procedures for the remuneration of senior management and directors

The policy regarding the determination of remuneration, etc. of individual directors (including directors who concurrently serve as Executive Officers) is as follows.

1. Basic Policy

Remuneration for Directors of the Company is linked to the business performance of the Company, and designed to motivate Directors to achieve mid 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.

Specifically, the remuneration for Directors (excluding a Chairman and Director and Outside Directors) shall consist of basic remuneration and bonuses. Basic remuneration shall consist of fixed remuneration (remuneration which is neither performance-based nor non-monetary) and performance-based remuneration, etc., while bonuses shall be performance-based remuneration, etc. A Chairman and Director and Outside Directors shall receive only basic remuneration and no bonuses. Basic remuneration is calculated on an annual basis for each individual and paid each month in monthly installments, while bonuses are paid once annually after approval is obtained at the ordinary general meeting of shareholders.

## 2. Basic Remuneration

### 1) Policy on determination of remuneration, etc. for the President and Representative Director

Basic remuneration for the President and Representative Director is composed of fixed remuneration and performance-based remuneration.

The amount of fixed remuneration will be a basic amount for calculation set by referencing the remuneration trends of domestic companies in the same industry and domestic manufacturing companies of the same size as the Company ("Basic Amount for Calculation of Fixed Remuneration") multiplied by a predetermined position-specific coefficient.

As an evaluation of corporate management performance, performance-based remuneration, etc., is paid as an amount calculated in accordance with the degree of achievement of targets for net income attributable to owners of the parent and safety during the previous fiscal year.

### 2) Policy on determination of remuneration, etc. for a Chairman and Representative Director

Basic remuneration for a Chairman and Representative Director is composed of fixed remuneration and performance-based remuneration.

The amount of fixed remuneration will be the Basic Amount for Calculation of Fixed Remuneration multiplied by a predetermined position-specific coefficient.

As an evaluation of corporate management performance, performance-based remuneration, etc., is paid as an amount calculated in accordance with the degree of achievement of a target for net income attributable to owners of the parent during the previous fiscal year.

### 3) Policy on determination of remuneration, etc. for a Chairman and Director and Outside Directors

Basic remuneration for a Chairman and Director and Outside Directors is composed of fixed remuneration.

The amount of fixed remuneration will be the Basic Amount for Calculation of Fixed Remuneration multiplied by a predetermined position-specific coefficient.

In the event that the Chairman and Director or an Outside Director concurrently serves as the chairperson of the Board of Directors, a predetermined amount of fixed remuneration shall be paid in addition to the basic remuneration above.

### 4) Policy on determination of remuneration, etc. for Directors who concurrently serve as Executive Officers with special titles (Executive Vice President, Senior Managing Executive Officers, Managing Executive Officers)

Basic remuneration for directors who concurrently serve as executive officers with special titles is composed of fixed remuneration and performance-based remuneration.

The amount of fixed remuneration will be the Basic Amount for Calculation of Fixed Remuneration multiplied by a predetermined position-specific coefficient.

The amount to be paid as a performance-based remuneration will be determined taking into account job responsibilities, departmental performance, and individual performance evaluations.

Representative Directors who concurrently serve as Vice President or Senior Managing Executive Officers and Directors who concurrently serve as Managing Executive Officers shall be paid fixed remuneration predetermined in consideration of their positions and responsibilities in addition to the basic remuneration above.

The amount of such fixed remuneration shall not exceed 10% of basic remuneration.

- 5) Policy on determination of remuneration, etc., for Directors who concurrently serve as Executive Officers (excluding Executive Officers with special titles)

Basic remuneration for Directors who concurrently serve as Executive Officers shall be composed entirely of fixed remuneration predetermined in consideration of their positions and responsibilities and other factors. However, the basic remuneration for their role as an executive officer shall be paid separately as an employee salary.

3. Bonuses

Bonuses for Directors shall be paid to Directors, excluding a Chairman and Director and Outside Directors, as a reward for their performance in the corresponding fiscal year, and shall be proposed and deliberated at the ordinary general meeting of shareholders for the corresponding fiscal year in the case that net income attributable to owners of the parent exceeds a certain amount.

The bonus amount for the President and Representative Director, Chairman of the Board and Representative Director, and Directors who concurrently serve as Executive Officers shall be calculated by multiplying the base amount, which is determined by the degree of achievement of the target for net income attributable to owners of the parent for the corresponding fiscal year, by a position-specific coefficient, etc..

The specific amount paid to each individual will be determined by reflecting the individual performance evaluation of each Director.

4. Policy on determination of ratio of fixed remuneration and performance-based remuneration, etc.

The ratio of fixed remuneration and performance-based remuneration, etc. for each director is determined according to the calculation method for each of the above remuneration types. However, the ratio of remuneration is determined in a manner that provides an appropriate incentive to increase corporate value based on consultation and advice from the Governance Committee, which is composed of the Chairman of the Board, who does not concurrently serve as an Executive Officer, and Independent Outside Directors.

In the case that net income attributable to owners of the parent does not reach the specified level, bonuses will not be paid.



5. Delegation of decisions regarding details of individual remuneration, etc. of Directors to third parties

The President and Representative Director shall be delegated the authority to determine specific details of individual remuneration based on a corresponding resolution by the Board of Directors, and the authority granted shall be the determination of the amount of basic remuneration and bonuses for Directors. Regarding the specific procedure involved, the President and Representative Director, who has been delegated authority by the Board of Directors, shall determine the specific amount of remuneration for each director after consulting the Governance Committee and obtaining its advice. When finalizing remuneration, the Secretary Office shall prepare a request for approval, which shall be approved by the President and Representative Director.

Results are reviewed by the Chairman of the Board, who is a member of the Governance Committee, as well as by Audit & Supervisory Board members.

(iv) Policies and procedures in the nomination of director candidates, appointment or dismissal of senior management, and nomination of Audit & Supervisory Board member candidates

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

The policy when nominating director candidates is for the President to comprehensively consider the knowledge, experience, abilities, and insight of the candidates, after which the final decision is made through the same procedures as above. The Governance Committee has opportunities to deliberate on the environment and methods for fostering the next president as well as concerning the candidates, etc. In the event that an executive officer has rendered him 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, 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 policy is for the President to comprehensively consider the qualifications, knowledge (including that of finance, accounting, and law), experience, abilities, and insight of the candidates and, after obtaining the prior approval of the Audit & Supervisory Board, to propose the qualified candidates to the Board of Directors, which will then determine the nominations.

Reasons for the nomination of director (including directors who are executive officers) candidates and Audit & Supervisory Board member candidates will be stated in the reference materials of the General Meeting of Shareholders.

- (v) Reasons for the nomination of candidates for directors and Audit & Supervisory Board members and for individual nominations, appointments, and dismissals relating to appointments and dismissals of senior management

The reasons for individual nominations of candidates for directors at the 98th ordinary general meeting of shareholders (held on June 23, 2023) are stated in the reference documentation for that meeting. The said reference documentation is displayed on the following Company's website.

URL: <https://www.smm.co.jp/en/ir/stock/meeting/>

### **Supplementary Principle 3.1.3: Initiatives on sustainability, etc.**

From the perspective of investment in human capital, the Company is actively investing in human resources, including conducting human resource development to ensure diversity and promoting corporate health and wellness, in order to realize its vision of "a company where all employees can take a vibrant and active part". In addition, with regard to intellectual property, the Company's business, research and development, and intellectual property divisions are working in close coordination to acquire intellectual property rights in order to create new businesses, achieve competitive business advantages, and realize sustainable growth. For more information on the Company's sustainability initiatives and TCFD disclosures, refer to the Company's Integrated Report below.

URL: [https://www.smm.co.jp/en/ir/library/integrated\\_report/](https://www.smm.co.jp/en/ir/library/integrated_report/)

### **Supplementary Principle 4.1.1: Outline of scope of matters delegated to the management by the board**

In accordance with laws and regulations and the Company's Articles of Incorporation, decisions for business execution are delegated to the management by the Board of Directors.

Specifically, pursuant to the Regulations of the Board of Directors it lays down, the Board of Directors adopts resolutions concerning important matters such as those relating to general meetings of shareholders, directors, executive officers, management policies, business plans, risk management, sustainability, organization and personnel affairs, and projects, and with regard to matters to which the said regulations' criteria do not apply, decisions are delegated to the president, executive officers, and others pursuant to other rules laid down by the Board of Directors.

### **Supplementary Principle 4.2.2: Development of a basic policy for the company's sustainability initiatives; board supervision of allocation of management resources and implementation of business portfolio strategies**

Following deliberation by the Board of Directors, the Company has established the "SMM Group Sustainability Policy" as its basic policy on sustainability initiatives. This basic policy states that the Company will address business issues that contribute to the sustainable development of society and work to improve our sustainable business growth and corporate value.

As a milestone in our long-term vision, we have formulated "Vision for 2030," which is published on Company's website at the address below.

URL: <https://www.smm.co.jp/en/sustainability/>

Regarding board supervision of allocation of management resources and implementation of business portfolio strategies, the company will implement it based on the Supplementary Principle 5.2.1 "Basic policy regarding business portfolio and the status of review of such portfolio" below.

### **Principle 4.8: Effective Use of Independent Directors**

The Company appoints at least one-third of directors as independent directors. As outlined in 3. "Reasons for selection of present corporate governance system" below, the Company has positioned the three businesses of Mineral Resources, Smelting & Refining, and Materials as its three core businesses. Since all three businesses are related to non-ferrous metals, they have a mutual organic relationship and we believe that the current composition of the Board of Directors, which includes a certain percentage of directors from within the company and a certain percentage of independent outside directors, is optimal for making decisions on diverse management issues and for the growth of our business. We believe that it is in the best interests of the Company, its shareholders, and other stakeholders to conduct thorough deliberations from a variety of perspectives between internal director who possess a deep understanding of the Company's business and internal affairs, and independent outside directors who are able to offer opinions from the perspective of shareholders and other stakeholders.

### **Principle 4.9: Independence standards for independent directors**

Independence standards are set out in "Corporate Governance Basic Policy, Article 6-(3)-3 Independence standards" and are displayed publicly on the Company's website at the address below.

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

**Supplementary Principle 4.10.1: Appropriate involvement and advice regarding consideration of nomination and compensation by the Nomination Committee and Compensation Committee**

The Company is a company with an Audit & Supervisory Board and maintains a policy of appointing independent outside directors as one-third or more of its directors. We have established the Governance Committee, a committee that advises the President from an objective standpoint regarding material matters of corporate governance, such as the nomination and compensation of Directors and Executive Officers. Under this framework, the Company is working to increase management transparency and strengthen corporate governance. Details are outlined below in "II Business Management Organization and Other Corporate Governance Systems Pertaining to Management Decision-Making, Execution, and Supervision; 1. Matters relating to organizational composition, operation, etc.; Directors; Existence of optional committees equivalent to nomination committee or remuneration committee."

**Supplementary Principle 4.11.1: 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 will achieve a diverse composition by including both members from within the Company who are thoroughly familiar with each area of the Company's business as well as outside experts with knowledge, experience, abilities, and insight different from that of the members from within the Company. Based on "what the Board of Directors should ideally be," as stated in II.3 "Reasons for selection of present corporate governance system," the skill matrix for the Company's directors and Audit & Supervisory Board members was created and is shown in the appendix to this report. 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 will continue to discuss the necessary knowledge, experience, ability, insight, and other attributes, and update the skills matrix as necessary. The size of the Board of Directors will be appropriate to conducting active discussions and ensuring the briskness of the Board. One third or more of the Directors will be Independent Outside Directors in order to strive for greater managerial transparency.

### **Supplementary Principle 4.11.2: Holding of concurrent positions by directors and auditors**

The situation regarding the holding of concurrent positions by directors and Audit & Supervisory Board members is as set out in the Company's business reports and reference documentation for general meetings of shareholders. The said business reports and reference documentation are displayed on the following the Company's website.

URL: <https://www.smm.co.jp/en/ir/stock/meeting/>

### **Supplementary Principle 4.11.3: Analysis and evaluation of the effectiveness of the board as a whole, and the results thereof**

The Board of Directors analyzes and evaluates the effectiveness of its performance from the perspective of appropriate decision-making for business execution and enhancing monitoring functions, and discloses a summary of these results.

Regarding "what the Board of Directors should ideally be," which is the basis of the analysis and evaluation of the effectiveness of its performance, this is described below in II.3 "Reasons for selection of present corporate governance system."

In fiscal 2022, the Board of Directors analyzed and evaluated the effectiveness of its performance, with the following results:

#### **1. Process of analysis and evaluation**

With the help of an external evaluator (law firm), based on issues from the previous fiscal year, the Board of Directors prepared and implemented questionnaires for the directors and Audit & Supervisory Board members. The compilation and analysis of the questionnaire responses was entrusted to the external evaluator. The Board of Directors deliberated on the effectiveness of the Board of Directors at the ordinary meeting held in February 2023, based on the compiled questionnaire responses, the evaluation by the external evaluator, and the "what the Board of Directors should ideally be (aiming for a Board of Directors that emphasizes decision-making functions)" confirmed in fiscal 2016, and confirmed its evaluation and future actions.

#### **2. Overview of the analysis and evaluation results**

##### **1) The questionnaire responses and external evaluator's analysis and evaluation results were as follows:**

- (1) Since most of the items related to the effectiveness of the Board of Directors were rated highly, in general, the Board of Directors can be evaluated as functioning effectively.
- (2) In the open-ended response section of the questionnaire, many positive opinions were expressed about the current system and operation, and many matters are pointed out as opinions to improve the current situation.
- (3) It is desirable to continue to discuss how the Board of Directors should deliberate strategies and visions. Additionally, the matters pointed out in the past fiscal years (such as securing human resources) should be continuously

- discussed about how to make further improvements toward implementation.
- 2) In response to the questionnaire responses and the external evaluator's analysis and evaluation results, the Board of Directors conducted deliberations on each of the following matters.
- (1) With respect to deliberations at Board of Directors meetings, some responses suggest that the meetings should further extend discussions of business strategy, management issues, sustainability, etc. In response to this, the Board confirmed that the following would be carried out:
    - a. Continuously ensure that the agenda includes business strategy and management issues.
    - b. Extend opportunities to discuss sustainability in addition to semiannual reports from the Sustainability Committee.
  - (2) With respect to initiatives related to the matters pointed out in the past fiscal years (in particular, securing human resources, etc.), the Board of Directors confirmed that they would deliberate them based on the measures of the executive side.
  - (3) The Board of Directors confirmed other matters, such as extending information that facilitates deliberations of the agenda and providing the Board of Directors with more effective feedback concerning opinions on capital markets.
3. Future actions
- The Board of Directors confirmed that steps will further enhance the effectiveness of the Board of Directors by continuing to address the above issues.

### **Analysis and evaluation of the effectiveness of the audits and the Audit & Supervisory Board, and the results**

In order to ensure managerial soundness and increase the corporate value of the Company's group, the Audit & Supervisory Board Members audit the execution of duties by directors and executive officers in accordance with the audit policies, audit plans, and other such matters prescribed by 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's activities, an evaluation of their effectiveness is conducted.

Through this evaluation of the effectiveness, we review the audits and activities of the Audit & Supervisory Board, consider issues to be improved and how to address them, and incorporate the findings in the next fiscal year's audit plan and day-to-day audit activities.

1. Evaluation process

In order to carry out the evaluation of effectiveness from an independent and objective standpoint, we requested advice on analysis and evaluation from Misono Sogo Advisory LLC, an outside professional organization. Based on the results, the Audit &

Supervisory Board discussed the matter and conducted a self-evaluation.

The specific evaluation process was as follows:

- (1) Questionnaire of all Audit & Supervisory Board members (two Standing Audit & Supervisory Board members and two outside Audit & Supervisory Board members)
- (2) Interview with the chairperson of the Audit & Supervisory Board (Senior Standing Audit & Supervisory Board member) by outside professional
- (3) Interview with the administrative office of the Audit & Supervisory Board by outside professional
- (4) Discussions with participation by all Audit & Supervisory Board members (four times in total)

## 2. Overview of evaluation results

Through the above process, the Audit & Supervisory Board confirmed the following points and evaluated that the audits by Audit & Supervisory Board members and activities of the Audit & Supervisory Board were functioning well and sufficiently effective.

- Through their attendance at Board of Directors meetings, discussions among Audit & Supervisory Board members, and auditing activities by Audit & Supervisory Board members, the Audit & Supervisory Board members have conducted audits based on a perspective of appropriateness and made necessary representations of their opinions.

- The Audit & Supervisory Board members, including outside Audit & Supervisory Board members, have attended Management Committee meetings, Executive Officers' meetings, Sustainability Committee meetings, Internal Control Committee meetings, and other important meetings, and checked the status of business execution by directors and executive officers and whether the internal control system is properly maintained and operated. They have also actively expressed their opinions at important meetings, etc. based on their insight and experience.
- The Audit & Supervisory Board members have regularly conducted interviews with executives, including representative directors, have established an atmosphere where they can openly exchange opinions with management, and have made recommendations as necessary based on information and observations obtained through audits conducted by Audit & Supervisory Board members.
- On-site audits at domestic and foreign sites, including offices, mines, plants, and affiliated companies, are emphasized. A Standing Audit & Supervisory Board member and an Outside Audit & Supervisory Board member have conducted on-site audits as a pair (24 sites were visited in fiscal year 2022). Through these site visits, Audit & Supervisory Board members have checked with their own eyes the business execution status, specific issues, and how the internal control system is maintained and operated, and provided advice as necessary.
- At meetings of the Audit & Supervisory Board, the Standing Audit & Supervisory Board members have shared information they collected through inspection of important approval and other such documents and reports from relevant divisions, as well as the results of their audit activities, with Outside Audit & Supervisory Board members, and the Audit & Supervisory Board members have held discussions.
- Outside Audit & Supervisory Board members spend enough time and effort to fulfill their duties adequately, including the aforementioned on-site audits as pairs by a Standing Audit & Supervisory Board member and an outside Audit & Supervisory Board member.
- Audit & Supervisory Board members share information and exchange opinions with Outside Directors by having meetings or in other ways.
- Based on the evaluation results and other factors, the Audit & Supervisory Board establishes a PDCA cycle to improve its effectiveness by identifying relevant issues and incorporating initiatives to address them in its audit plan and day-to-day audit activities.



### 3. Future steps

Through discussion among all members, the Audit & Supervisory Board defined the roles of the Company's Audit & Supervisory Board as follows: Monitor and restrain the management, have a strong sense of involvement in corporate management under the condition that they are non-executive, and provide the management with objective opinions as Audit & Supervisory Board members based on their professional insights and experience.

For Audit & Supervisory Board members to fulfill these roles, it is necessary to have systems and initiatives whereby they understand the corporate management from an objective perspective and respond promptly and flexibly in light of internal and external changes.

Therefore, the Audit & Supervisory Board confirmed that as matters to be focused on this fiscal year the following actions will be taken to further increase effectiveness.

Firstly, in order to maintain an objective perspective on management it is important for the Audit & Supervisory Board to regularly reflect on its operation and review its activities. Accordingly, we will incorporate a discussion on the role and effectiveness of the Audit & Supervisory Board as a regular item in the Board's annual schedule.

Next, in order to further enhance on-site audit activities and identify internal and external changes in a timely manner, we will place particular emphasis on the following:

- Further enhancement of on-site audits: We will continue to place emphasis on on-site audits to appropriately identify changes in the business situation. To this end, we will review the way information is shared by full-time members to outside members in advance of on-site audits to further extend these audits.
- Strengthening communication with departments: During communication with the business divisions, corporate planning division, and other departments, we will strive to achieve more meaningful communication by clarifying our awareness of issues (topics) identified through day-to-day Audit & Supervisory Board member activities. This fiscal year, we are considering topics such as the Company's function of corporate planning.
- Updating information and knowledge: We will update Audit & Supervisory Board members with information and knowledge about corporate management and other important topics, including providing training by external instructors.

In addition to the above, we have confirmed that we will continue to examine specific issues identified in the process of evaluating the effectiveness, and strive for improvement by reflecting them appropriately in future audit plans and audit activities. By further improving the effectiveness of audit activities, the Audit & Supervisory Board and its members will strive to contribute to strengthening the management infrastructure and improving the corporate value of the Company's group.

**Supplementary Principle 4.14.2: Training policy for directors and auditors**

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 will provide 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 will provide various kinds of internal training for Directors, Audit & Supervisory Board Members, Executive Officers, and others and endeavor to obtain timely and appropriate information through lectures by lawyers and other external experts and through other such means. Additionally, the Company will provide information on other training opportunities such as external seminars. Including the above, the Company will bear the entire amount of any expenses necessary for Director, Audit & Supervisory Board Member, and Executive Officer training.

### **Principle 5.1: Policy for constructive dialogue with shareholders**

The Company believes that receiving the understanding and support of all of our shareholders and investors is essential for the sustainable growth and increased corporate value of the Company over the mid to long term. Therefore, in consideration of increasing corporate value over the mid to long term, the Company will develop the following IR activities to achieve dialogue with our shareholders and investors in order to receive a deeper understanding of the Company.

- (i) The President will coordinate dialogue with shareholders and investors and information disclosure, and the Executive Officer supervising the Public Relations & Investor Relations Department will be the officer in charge of such dialogue and disclosure.
- (ii) The officer responsible for information disclosure (the General Manager of the Public Relations & Investor Relations Department) will decide whether or not information should be disclosed.
- (iii) When preparing materials for disclosure, the Public Relations & Investor Relations Department will collaborate with the relevant divisions and conduct disclosure appropriately and in a fair and timely manner.
- (iv) The Company will implement measures to receive deeper understanding of our business, such as holding briefings conducted by the President for institutional investors and securities analysts regarding financial results and business strategies as well as holding briefings for individual investors. Additionally, the Company will establish a section on our website for individual investors and will endeavor to disclose IR information in a manner that is easy to understand.
- (v) The Company will regularly report the views and requests learned through communication with our shareholders and investors to management and make use of those views and requests in managing the Company.
- (vi) In order to prevent the divulgence of any information that could influence share prices during the preparation period of financial results announcements and to ensure fairness, the Company will establish an about two-week “quiet period” prior to the announcement of quarterly and full-year financial results and refrain from commenting or answering questions on those results during that period. Additionally, matters regarding information disclosure will be stated on internal memorandums for approval to verify the management of information. The responsible division will also thoroughly ensure that, during dialogue with shareholders and investors, no insider information is disclosed and no selective disclosure of nonpublic material information is made in accordance with the fair disclosure rule. Furthermore, if it becomes known that selective disclosure of nonpublic material information has occurred, the said information shall be publicized promptly in principle.

**Supplementary Principle 5.2.1 Basic policy regarding business portfolio and the status of review of such portfolio**

The Company manages its business portfolio based on return on capital employed (ROCE) for each business unit (on a consolidated basis). In the event that ROCE falls below its benchmark value during the medium-term management plan period, it will be designated as a “business requiring confirmation of continuation.” In principle, during the following two years the continuity of the business will be verified and improvements and changes implemented, with a final decision on continuation of the business to be made in the year after. The Board of Directors periodically monitors the status of businesses assigned this designation. In the Medium-Term Management Plan starting in 2021, the Company has set the benchmark value for ROCE at 5.5%.

## 2. Capital structure

Foreign shareholding ratio	30% or more
----------------------------	-------------

### Largest shareholders

Name or company name	Number of shares owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,593,100	16.59
Custody Bank of Japan, Ltd. (Trust Account)	18,566,500	6.76
Toyota Motor Corporation	11,058,000	4.02
STATE STREET BANK WEST CLIENT-TREATY 505234	4,812,715	1.75
Sumitomo Realty & Development Co., Ltd.	3,745,055	1.36
SUMITOMO LIFE INSURANCE COMPANY	3,737,000	1.36
JPMorgan Securities Japan Co., Ltd.	3,573,651	1.30
SMBC Nikko Securities Inc.	3,236,875	1.18
JP MORGAN CHASE BANK 385781	3,122,696	1.14
NIPPON LIFE INSURANCE COMPANY	3,109,932	1.13

Controlling shareholder (except for parent company)	---
Parent company	None

### Supplementary remarks

1. The capital structure is as of March 31, 2023.
2. The Company holds 16,049,021 shares of treasury stock.

### 3. Corporate data

Stock market where listed and market section	Tokyo Stock Exchange Prime Market
Fiscal year-end	March
Type of business	Non-ferrous metals
Number of employees (consolidated) at end of previous fiscal year	1,000 or more
Net sales (consolidated) in previous fiscal year	¥1 trillion or more
Number of consolidated subsidiaries at end of previous fiscal year	50 or more, but fewer than 100

### 4. Policy on measures to protect minority shareholders when conducting transactions, etc., with controlling shareholder

-----

### 5. Other special circumstances that may materially impact corporate governance

There are no subsidiaries listed on the domestic financial exchanges.

## **II Business Management Organization and Other Corporate Governance Systems Pertaining to Management Decision-Making, Execution, and Supervision**

### **1. Matters relating to organizational composition, operation, etc.**

Organization form	Company with Audit & Supervisory Board Members
-------------------	--

#### **Directors**

Number of directors stipulated in articles of incorporation	10
Term of office of directors stipulated in articles of incorporation	1 year
Chairperson of the board of directors	Chairman (except when serving concurrently as president)
Number of directors	8
Status of appointment of outside directors	Appointed
Number of outside directors	3
Number of outside directors designated independent officers	3

#### **Relationship with company (1)**

Name	Attribute	Relationship with the company*										
		a	b	c	d	e	f	g	h	i	j	k
Taeko Ishii	Lawyer											
Manabu Kinoshita	From another company								△			
Kanji Nishiura	From another company								○			

\* Categories of relationship with the company

“○” when a category applies to the person currently or recently; “△” when it applied in the past.

“●” when a category applies to a close relative of the person currently or recently; “▲” when it applied in the past.

- a An executive of the listed company or a subsidiary thereof
- b An executive or a nonexecutive director of the parent company of the listed company
- c An executive of a sister company of the listed company
- d A person or an executive thereof for which the listed company is a major business partner
- e A major business partner of the listed company or an executive thereof
- f A consultant or accounting or legal professional who receives a large amount of monetary consideration or other property from the listed company besides remuneration as an officer
- g A major shareholder of the listed company (or an executive of the said major shareholder if it is a corporation)
- h An executive (the said individual only) of a business partner of the listed company (where any of d, e, or f above do not apply)
- i An executive (the said individual only) of a company with which there is mutual appointment of outside officers
- j An executive (the said individual only) of an organization that receives donations from the listed company
- k Other

Relationship with company (2)

Name	Independent officer	Supplementary remarks concerning applicable categories	Reasons for selection
Taeko Ishii	○	—	Ms. Ishii has specialist knowledge and abundant experience as a lawyer, especially in the field of labor law. She is expected to participate in the Board decision-making by providing her advice regarding compliance and personnel/labor related fields, which is aimed toward the sustainable growth and mid- to long-term enhancement of the corporate value of the Company and its groups by utilizing her knowledge and experience. She is also expected to perform a check function on management by participating in decision-making at the Board of Directors from an independent and objective standpoint, and to oversee the management on behalf of shareholders and other stakeholders by being involved in decision making regarding nominations and remuneration of directors and executive officers as a member of the Governance Committee. Accordingly, the Company expects that she will realize the further improvement



			<p>of quality of the decision-making by the Board of Directors and the enhancement of the monitoring function. Ms. Ishii is currently an Outside Director of the Company and a member of the Governance Committee and has been appointed as an Outside Director as she is currently serving the role shown above. As she is considered devoid of risk of conflict of interest with general shareholders, she is designated an independent officer.</p>
Manabu Kinoshita	○	<p>Mr. Kinoshita had held responsibilities such as serving as Senior Executive Vice President of NEC Corporation, the Company's business partner. During fiscal 2022, there were no sales of the Company to NEC Corporation. Although the Company engaged in business with NEC Corporation regarding the purchase of the equipment and software, and in such areas as maintenance and lease fees, etc., the amount paid to NEC Corporation by the Company amounted to ¥125 million, which accounted for 0.0% of the non-consolidated net sales of NEC Corporation.</p>	<p>Mr. Kinoshita had served as Senior Executive Vice President of NEC Corporation and has abundant knowledge and experience in managing a company and regarding digital business. He is expected to participate in the Board decision-making by providing his advice regarding material business and digital fields where the business environment is changing significantly, which is aimed toward the sustainable growth and mid-to long-term enhancement of the corporate value of the Company and its groups by utilizing his knowledge and experience. He is also expected to perform a check function on management by participating in decision-making at the Board of Directors from an independent and objective standpoint, and to oversee the management on behalf of shareholders and other stakeholders by being involved in decision making regarding nominations and remuneration of directors and executive officers as a member of the Governance Committee. Accordingly, the Company expects that he will realize the further improvement of quality of the decision-making by the Board of Directors and the enhancement of the monitoring function. Mr. Kinoshita is currently an Outside Director of the Company and a member of the Governance Committee and has been appointed as an Outside Director as he is currently serving the role shown above.</p>

			As he is considered devoid of risk of conflict of interest with general shareholders, he is designated an independent officer.
Kanji Nishiura	○	<p>Mr. Nishiura currently serves as Representative Director and Deputy President of Mitsubishi HC Capital Inc., the Company's business partner.</p> <p>During fiscal 2022, there were no sales of the Company to Mitsubishi HC Capital Inc. Although the Company engaged in business with Mitsubishi HC Capital Inc. with regard to maintenance and lease, the amount paid to Mitsubishi HC Capital Inc. by the Company amounted to ¥0 million, which accounted for 0.0% of the non-consolidated net sales of Mitsubishi HC Capital Inc.</p> <p>Mr. Nishiura also served as a representative director of Mitsubishi Corporation, a business partner of the Company, until fiscal 2019, and as a corporate advisor to the said company until fiscal 2020.</p> <p>During fiscal 2022, although the Company engaged in business with Mitsubishi Corporation with regard to the sales of the Company's products, the amount of sales of the Company to Mitsubishi Corporation amounted to ¥328 million, which accounted for 0.0% of the Company's non-consolidated net sales. In addition, although the</p>	<p>Mr. Nishiura served as Representative Director and other positions at Mitsubishi Corporation, currently serving as Representative Director and Deputy President at Mitsubishi HC Capital Inc., and he has abundant knowledge and experience in corporate management, non-ferrous metal business, and various other businesses. He is expected to participate in the Board decision-making, providing his advice particularly on long-term projects and comprehensive plans aimed toward the sustainable growth and mid- to long-term enhancement of the corporate value of the Company and its groups by utilizing his knowledge and experience. He is also expected to perform a check function on management by participating in decision-making at the Board of Directors from an independent and objective standpoint, and to oversee the management on behalf of shareholders and other stakeholders by being involved in decision making regarding nominations and remunerations of directors and executive officers as a member of the Governance Committee. Accordingly, the Company expects that he will realize the further improvement of quality of the decision-making by the Board of Directors and the enhancement of the monitoring function.</p> <p>As he is considered devoid of risk of conflict of interest with general shareholders, he is designated an independent officer.</p>

		<p>Company engaged in business with Mitsubishi Corporation with regard to the purchase of the Company's operating materials, the amount paid to Mitsubishi Corporation by the Company amounted to ¥29 million, which accounted for 0.0% of the non-consolidated revenues of Mitsubishi Corporation.</p>	
--	--	---	--

Existence of optional committees equivalent to nomination committee or remuneration committee	Yes
---	-----

#### Status of establishment of optional committees, membership, and attributes of chairperson

	Committee name	Total committee members	Full-time members	Inside directors	Outside directors	Outside experts	Others	Chairperson
Optional committee equivalent to nomination committee	Governance Committee	4	0	1	3	0	0	Outside Director
Optional committee equivalent to remuneration committee	Governance Committee	4	0	1	3	0	0	Outside Director

#### Supplementary remarks

##### 1. Structure of the Committee and approach to independence

The Governance Committee consists of the Chairman of the Board, who is not an executive officer, and all independent outside directors (if there is no Chairman of the Board, the Committee shall consist solely of independent outside directors). As the Company requires that at least one-third of its directors be independent outside directors, the majority of the members of the Governance Committee are independent outside directors. In principle, the Chair of the Committee is selected from among the Company's independent outside directors.

##### 2. Names of Committee members

Taeko Ishii (Outside Director; Chair)  
 Manabu Kinoshita (Outside Director)  
 Kanji Nishiura (Outside Director)  
 Yoshiaki Nakazato (Chairman of the Board)

##### 3. Authority and role of the Committee

The Governance Committee provides advice on the following matters:

- 1) Nomination and dismissal of directors, representative directors, qualified executive qualified executive and executive officers
- 2) Determination of remuneration and bonuses for directors and qualified executive
- 3) Other material issues related to corporate governance in addition to the preceding items

##### 4. Status of activities

In fiscal 2021, four meetings were held (nomination: one time, remuneration; two times, general governance: one time), with all members in attendance at all meetings.

## Audit & Supervisory Board Members

Audit & Supervisory Board established	Yes
Number of Audit & Supervisory Board Members stipulated in articles of incorporation	5
Number of Audit & Supervisory Board Members	4

Status of coordination between Audit & Supervisory Board members, the accounting auditor, and the internal auditing department.

Regarding the coordination between the Company's internal auditing function, audits performed by Audit & Supervisory Board members, and accounting audits, the Internal Audit Department is responsible for preparing an annual internal audit plan and an overview of the previous year's internal audits (including responses to any significant issues identified), which it reports regularly to the Board of Directors. The Internal Audit Department also provides information as appropriate including the findings of internal audits to all Audit & Supervisory Board members on a regular basis, and Audit & Supervisory Board members are also present when the Internal Audit Department reports the findings of internal audits to executive officers and other parties. Audit & Supervisory Board members also provide the Internal Audit Department with audit plans determined by the Audit & Supervisory Board and observe the Internal Audit Department's audits as required. Audit & Supervisory Board members also cooperate with the independent public accountant, with the Audit & Supervisory Board members providing their audit plan to the independent public accountant, and receiving from the independent public accountant an explanation of the accounting audit plan and a report on the results of the audit.

Regarding the cooperation between the Company's internal auditing function, audits performed by Audit & Supervisory Board members, accounting audits, and the department responsible for internal control, the department responsible for internal control monitors the establishment and operation of internal control systems and reports regularly or as necessary to Audit & Supervisory Board members and the independent public accountant, as well as receives audits.

Status of appointment of outside Audit & Supervisory Board members	Appointed
Number of outside Audit & Supervisory Board members	2
Number of outside Audit & Supervisory Board members designated independent officers	2

#### Relationship with company (1)

Name	Attribute	Relationship with the company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Wataru Yoshida	From another company													
Shoji Wakamatsu	Certified public accountant													

\* Categories of relationship with the company

“○” when a category applies to the person currently or recently; “△” when it applied in the past.

“●” when a category applies to a close relative of the person currently or recently; “▲” when it applied in the past.

- a An executive of the listed company or a subsidiary thereof
- b A nonexecutive director or an accounting advisor of the listed company or a subsidiary thereof
- c An executive or a nonexecutive director of the parent company of the listed company
- d An auditor of the parent company of the listed company
- e An executive of a sister company of the listed company
- f A person or an executive thereof for which the listed company is a major business partner
- g A major business partner of the listed company or an executive thereof
- h A consultant or accounting or legal professional who receives a large amount of monetary consideration or other property from the listed company besides remuneration as an officer
- i A major shareholder of the listed company (or an executive of the said major shareholder if it is a corporation)
- j An executive (the said individual only) of a business partner of the listed company (where any of f, g, or h above do not apply)
- k An executive (the said individual only) of a company with which there is mutual appointment of outside officers
- l An executive (the said individual only) of an organization that receives donations from the listed company
- m Other

## Relationship with company (2)

Name	Independent officer	Supplementary remarks concerning applicable categories	Reasons for selection
Wataru Yoshida	○	—	<p>Mr. Yoshida has a wealth of financial institutional experience and knowledge of corporate management. He is expected to carry out effective audits, especially regarding finance and overseas projects, based on his own knowledge and experience in order to ensure the soundness of the Group's management and improve its corporate value over the medium to long term, while fully coordinating with full-time Audit &amp; Supervisory Board Members. In addition, as part of the audit process he is expected to participate in important meetings, including Board of Directors meetings, and during the decision-making process to actively express his frank opinions from an independent and objective standpoint, including not only the legality but also the appropriateness of proposals. Mr. Yoshida is currently an outside Audit &amp; Supervisory Board member of the Company, and is performing the role shown above appropriately.</p> <p>As he is considered devoid of risk of conflict of interest with general shareholders, he is designated an independent officer.</p>
Shoji Wakamatsu	○	—	<p>Mr. Wakamatsu has many years of auditing and management experience at an audit firm and a wealth of knowledge about accounting. He is expected to carry out effective audits, especially regarding accounting, based on his own knowledge and experience in order to ensure the soundness of the Group's management and improve its corporate value over the medium to long term, while fully coordinating with full-time Audit &amp; Supervisory Board Members. In addition, as part of the audit process he is expected to participate in important meetings, including Board of Directors meetings, and during the decision-making process to actively express his frank opinions from an independent and objective standpoint, including not only the legality but also the appropriateness of proposals.</p>

			<p>Although Mr. Wakamatsu has not been involved in corporate management other than as an outside Audit &amp; Supervisory Board member, in addition to the above reasons, he has been involved in the management of an audit firm, and accordingly the Company has appointed him as an outside Audit &amp; Supervisory Board Member as it has determined that he is able to properly perform the roles stated above.</p> <p>As he is considered devoid of risk of conflict of interest with general shareholders, he is designated an independent officer.</p>
--	--	--	---

## Independent officers

Number of independent officers	5
--------------------------------	---

## Other matters relating to independent officers

All the Company outside directors and Audit & Supervisory Board members meet the criteria for independence established by the Tokyo Stock Exchange as well as our own internal independence standards, and all outside directors and Audit & Supervisory Board members have been declared as independent officers, pledging that there is no conflict of interest with that of shareholders. We also publish our standards governing the independence of outside officers on the following website as part of our Corporate Governance Guidelines [Article 6-(3)-3 Independence Standards].

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

## Incentives

Status of implementation of measures to grant incentives to directors	Introduction of a system of performance-based remuneration
---	--

## Supplementary remarks concerning applicable item

As of the conclusion of the 80th ordinary general meeting of shareholders (held on June 29, 2005), the system of retirement benefits for directors was abolished. The remuneration of the Company's directors (excluding Chairman and Director and outside directors) is linked to business performance each year.



Persons eligible to receive stock options	
---	--

Supplementary remarks concerning applicable item

-----

Directors' remuneration

Status of disclosure (of individual director remuneration)	Only certain items individually disclosed
--	---

Supplementary remarks concerning applicable item

Total amount of directors' remuneration

Directors whose total consolidated remuneration etc. is 100 million yen or more are disclosed individually in the Company's Annual Securities Report.

The Company's Annual Securities Report and Business Report are posted on the Company's website for public examination.

The total amount of remuneration, etc., for each category of officer, the total amount of remuneration, etc., by remuneration type, and the number of eligible officers are as follows.

- 1) Directors (excluding outside directors)
  - Total amount of remuneration, etc.: 405 million yen (includes 85 million yen in director bonuses)
  - Total amount of remuneration etc. by remuneration type: Fixed remuneration 245 million yen, performance-based remuneration 160 million yen
  - Number of eligible officers: 5
- 2) Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board members)
  - Total amount of remuneration, etc.: 68 million yen
  - Total amount of remuneration etc. by remuneration type: Fixed remuneration 68 million yen
  - Number of eligible officers: 3
- 3) Outside Directors
  - Total amount of remuneration, etc.: 43 million yen
  - Total amount of remuneration etc. by remuneration type: Fixed remuneration 43 million yen
  - Number of eligible officers: 3
- 4) Outside Audit & Supervisory Board members
  - Total amount of remuneration, etc.: 24 million yen
  - Total amount of remuneration etc. by remuneration type: Fixed remuneration 24 million yen
  - Number of eligible officers: 2

Policy for determining remuneration amounts or calculation method	Yes
---	-----

Disclosure of policy for determining remuneration amounts or calculation methods

1. Policy on determining the details of remunerations for each Director

As described above in I: Basic Philosophy of Corporate Governance, Capital Structure, Corporate Data, and Other Basic Information; 1. Basic Philosophy; Disclosures pursuant to specific principles of Japan's Corporate Governance Code; Principle 3.1: Full disclosure; "(iii) Basic policies and procedures for the remuneration of senior management and directors."

2. Matters related to performance-based remunerations, etc.

1) Details of performance indicators selected

The indicators employed by the Company to determine performance-based remunerations include consolidated results (profit attributable to owners of parent, profit before tax), division results (return on capital employed [ROCE], free cash flows, and segment income), the degree of attainment of personal targets under medium-to long-term management strategies, and safety record (number of occupational accidents).

2) Reasons for selection of above indicators

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

3) Method of calculating the amount of performance-based remunerations, etc.

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

i. Method of calculating the amount of position-specific performance-based remunerations, etc.

The amount of performance-based remunerations, etc., for each position is calculated by multiplying the basic amount for calculation of the base compensation, which is calculated from profit attributable to owners of parent, by the position-specific

coefficient. The amount of position-specific performance-based remunerations, etc. related to basic remunerations shall be calculated using profit attributable to owners of parent for the previous fiscal year, and the amount of position-specific performance-based remunerations, etc. related to bonuses shall be calculated using profit attributable to owners of parent for the current fiscal year.

Amount of position-specific performance-based remunerations, etc. related to basic remunerations = Profit attributable to owners of parent for the previous fiscal year x Position-specific coefficient x Certain coefficients not based on performance

Amount of position-specific performance-based remunerations, etc. related to bonuses = Profit attributable to owners of parent for the current fiscal year x Position-specific coefficient x Certain coefficients not based on performance

ii. Method of calculating the amount reflecting individual performance

With respect to the amount reflecting individual performance related to the basic remunerations for the President and Representative Director, the total score shall be calculated based on a 4:1 ratio of "achievement level of the published forecast of company-wide performance" and "achievement level of safety record" for the previous fiscal year. The individual performance evaluation coefficient is determined, in the range of 90% to 160%, based on the predetermined coefficient table according to the total score (in this table, profit before tax is taken into account), and the amount reflecting individual performance is calculated.

With respect to the amount reflecting individual performance related to the basic remunerations for Directors who concurrently serve as executive officers with special titles (Executive Vice President, Senior Managing Executive Officers, Managing Executive Officers), the total score shall be calculated by scoring the "comparison of division results with the previous fiscal year," "achievement level of the published forecast of division results," "the degree of attainment of personal targets under medium-to long-term management strategies," and "achievement level of safety record" each for the previous fiscal year, and weighting them at a ratio of 2:4:4:1, and then the amount reflecting individual performance is calculated in the same manner as above.

With respect to the amount reflecting individual performance related to the bonus for the President and Representative Director, the total score shall be calculated based on a 4:1 ratio of "achievement level of the published forecast of company-wide performance" and "achievement level of safety record" for the current fiscal year. With respect to the amount reflecting individual performance related to the bonus for Directors who concurrently serve as executive officers, the total score shall be calculated by weighting "comparison of division results with the previous fiscal year," "achievement level of the published forecast of division results," "the degree of attainment of personal targets" and "achievement level of safety record" each for the current fiscal year at a ratio of 2:4:4:1, and the amount reflecting individual performance is calculated in the same manner as above.

Amount reflecting individual performance related to the basic remunerations = Amount of basic remunerations for each position x Certain coefficients not based on performance x Individual performance evaluation coefficient

Amount reflecting individual performance related to the bonus = Amount of bonus for each position x Certain coefficients not based on performance x Individual performance evaluation coefficient

iii. Details of targets and actual results

Performance-based remunerations, etc. (basic remunerations), for Directors for the current fiscal year is paid based on the performance of the previous fiscal year. Targets linked to performance-based remunerations in the previous fiscal year included net income attributable to owners of the parent of 104.0 billion yen on a consolidated basis, profit before tax of 138.0 billion yen on a consolidated basis. With regard to divisional operating results (segment income), target segment income was 37.0 billion yen in the smelting and refining segment (aforementioned figures released in May 2021 results forecast). The target for safety record (number of occupational accidents of employees in Japan in calendar year 2021) was one injury that resulted in absence from work and no more than five accidents of all types. Regarding performance of these indicators, consolidated net income attributable to owners of the parent was 281.0 billion yen, consolidated profit before tax was 357.4 billion yen, and divisional operating results (segment income) in the smelting and refining segment was 114.8 billion yen. For safety record (number of occupational accidents of employees in Japan in calendar year 2021), there were 11 injuries that resulted in absence from work and 20 accidents of all types.

## Support system for outside directors (outside Audit & Supervisory Board members)

1. The Company views the role and function of outside directors and outside Audit & Supervisory Board Members as follows.

- 1) Role and function of outside directors

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

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

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

- 2) Role and function of outside Audit & Supervisory Board Members

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

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

- 3) Outside Directors/Audit & Supervisory Board Members' Liaison Committee

Outside Directors and Outside Audit & Supervisory Board Members receive reports at Board of Directors meetings from the Internal Audit Department on the internal audit plan and a summary of internal audits conducted in the previous fiscal year, as well as ad hoc reports from the Internal Audit Department, Audit & Supervisory Board Members, accounting auditors, and internal control divisions. Opportunities for exchange of opinion with Audit & Supervisory Board Members are also provided periodically in order to promote mutual collaboration.

2. In order to enable outside officers to execute the above roles and responsibilities effectively, essential support is provided as follows.

- 1) To maximize the thoroughness of Board of Directors deliberations, materials are distributed and explanations of agenda items given to outside directors and Audit & Supervisory Board members in advance.

- 2) In order to deepen outside officers' understanding of Company business, they are given opportunities to inspect the Company Group places of business. Opportunities are also provided to address and explain large-scale projects and other subjects of interest to outside officers.
- 3) In order to share information and to enable the objective viewpoints of people outside the Company to be reflected in management, meetings of an Outside Directors Council consisting solely of outside officers and meetings between outside officers and senior managers for direct exchanges of views are arranged.

Two personnel (occupying other positions concurrently) form a Board of Directors secretariat and three personnel (two full-time, one occupying other positions concurrently) form a secretariat for the Audit & Supervisory Board, both secretariats providing support for the outside directors and outside Audit & Supervisory Board members respectively.

### Persons who are retired president & representative directors

Names, etc., of advisers formerly president & representative directors, etc.

Name	Position /status	Business activity	Service type/conditions (Full-time/part-time, with/without remuneration )	Retirement date from the office of president & representative director	Term of office
—	—	—	—	—	—

Total number of advisers formerly president & representative director, etc.	0
---	---

### Other matters

The Company abolished its executive advisor system as of June 25, 2021.

## **2. Matters concerning functions such as business execution, auditing and supervision, nomination, and remuneration determination (Overview of the current corporate governance system)**

**Updated**

The Company's governance is a system for ensuring that business execution and associated monitoring and supervision are each functioning fully within the Company's management. To achieve that it operates by using audit and supervisory board and executive officer systems, conducting governance through a three-part organizational structure in which decision-making and supervision is 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 accounting auditor. In addition, the Company has established a Governance Committee in order to increase management transparency and enhance corporate governance.

The Board of Directors conducts decision-making that includes the making of decisions on important matters relating to business execution such as those stipulated in the Companies Act, and is responsible for monitoring functions over all corporate management, including the performance of duties by the representative director and executive officers.

In accordance with laws and regulations and the Articles of Incorporation, the Board of Directors delegates business-execution decisions to the representative director and executive officers, clearly defining their authority and responsibilities. Fundamental to business execution decision-making by the representative directors and executive officers is the conduct of investigation and screening followed by approval through systems such as the *ringi* process, and meetings of the Management Committee will be convened in the event of managerially important matters that necessitate deliberation. This system ensures that rational management judgments are made from diverse perspectives and prudent decision-making takes place. In addition, the Company engages in sustainability promotion activities, compliance activities, the Company's own unique risk-management activities, and internal control in order to address management issues that contribute to the sustainable development of society, and to achieve sustainable business growth and enhance corporate value.

All Audit & Supervisory Board members coordinate as necessary with other members, the Internal Audit Department, and the accounting auditor, including through the exchange of information, auditing business execution by directors in accordance with Regulations of the Audit & Supervisory Board, Audit & Supervisory Board Auditing Standards, laws and regulations, audit policies laid down by the Audit & Supervisory Board, audit plans, etc.

The specifics of the Company's corporate governance system are set out below.

### **1. Decision-Making and Supervision**

#### **1) Directors and Board of Directors**

The Company's Articles of Incorporation provide for up to 10 directors, each with a term of office of one year. The composition of the Board of Directors is characterized by its diversity, being composed not only of internal officers with extensive knowledge of every field of the Company's business activities, but also of outside experts with knowledge,

experience, capabilities, and opinions with perspectives that differ from those of the inside directors. In addition, with the aim of achieving more transparent management, the Company has a policy of ensuring that at least one-third of the directors are independent outside directors, and thus has selected three such directors, including a person with experience as top manager, among its eight directors. The selection of directors is conducted to the utmost extent on the basis of each candidate's personal character, with no indispensable requirements for diversity with regard to gender or nationality.

The Board of Directors is responsible for determining the execution of important business matters and supervising corporate management in general, including the execution of business by the representative director and corporate officers, and determines matters stipulated in laws and regulations and the Articles of Incorporation, as well as important matters related to execution of the Company's business. Standards defining the matters the Board must discuss are clarified in internal regulations, such as the Board of Directors Rules. Specifically, these matters include requirements stipulated in the Companies Act of Japan, such as passing resolutions related to steps such as the disposal or takeover of assets, borrowing, or investments valued above a certain limit, as well as working to strengthen the Board's monitoring function, including enhancing reporting that enables the "discussion and deliberation of important management issues and policies, etc." in response to evaluations of the effectiveness of the Board of Directors. In addition, during the fiscal 2021 evaluation of the effectiveness of the Board of Directors, the Company recognized the opinion that it was necessary to review the items to be discussed by or reported to the Board of Directors in order to contribute to strengthening monitoring by the Board. Accordingly, in October 2022, the Company conducted a comprehensive review of the monetary standards and the items required to be discussed by the Board of Directors in order to enhance the monitoring function while following the management model in principle. We have striven to further strengthen the Board's monitoring function, primarily led by the outside directors, by streamlining agenda items in order to secure more time for discussion of each matter, while being mindful not to impair the Board's management function.

In addition, with a view to further enhancing discussions at the Board of Directors meetings, a new "matters for discussion" category was established on July 1, 2023, in addition to matters requiring resolution and matters to be reported, in light of the opinions expressed during the fiscal 2022 evaluation of the effectiveness of the Board of Directors. Going forward, the Board of Directors plans to hold discussions on management strategies and important management issues from a mid- to long-term perspective.

Regular Board of Directors meetings are held once per month, but the structure also enables extraordinary Board of Directors meetings to be held whenever required, permitting flexible decision-making. In fiscal 2022, 17 meetings were convened. The attendance record of each officer in office as of March 31, 2023, is outlined below.



Name	Attendance Record
Yoshiaki Nakazato (Director)	17/17 (100%) Attended all 17 Board of Directors meetings held (12 regular, 5 extraordinary)
Akira Nozaki (Director)	17/17 (100%) Attended all 17 Board of Directors meetings held (12 regular, 5 extraordinary)
Toru Higo (Director)	17/17 (100%) Attended all 17 Board of Directors meetings held (12 regular, 5 extraordinary)
Nobuhiro Matsumoto (Director)	17/17 (100%) Attended all 17 Board of Directors meetings held (12 regular, 5 extraordinary)
Takahiro Kanayama (Director)	16/17 (94%) Attended 16 (12 regular, 4 extraordinary) out of 17 Board of Directors meetings held (12 regular, 5 extraordinary)
Kazuhisa Nakano (Director)	17/17 (100 %) Attended all 17 Board of Directors meetings held (12 regular, 5 extraordinary)
Taeko Ishii (Director)	17/17 (100%) Attended all 17 Board of Directors meetings held (12 regular, 5 extraordinary)
Manabu Kinoshita (Director)	17/17(100%) Attended all 17 Board of Directors meetings held (12 regular, 5 extraordinary)
Koji Imai (Audit & Supervisory Board Member)	17/17 (100%) Attended all 17 Board of Directors meetings (12 regular, 5 extraordinary)
Nozawa Tsuyoshi (Audit & Supervisory Board Member)	13/13 (100%) Attended all 13 Board of Directors meetings (9 regular, 4 extraordinary) held following appointment
Wataru Yoshida (Audit & Supervisory Board Member)	17/17 (100 %) Attended all 17 Board of Directors meetings held (12 regular, 5 extraordinary)
Shoji Wakamatsu (Audit & Supervisory Board Member)	16/17 (100%) Attended 16 (12 regular, 4 extraordinary) out of 17 Board of Directors meetings held (12 regular, 5 extraordinary)

Resolutions by and matters reported to the Board of Directors are in turn reported to Executive Officers' Meetings to ensure that information is shared among officers.

2) Governance Committee

The Company has established the Governance Committee to increase management transparency and enhance corporate governance. The Governance Committee is composed of the Chairman of the Board, who does not concurrently serve as an executive officer, and independent outside directors (or solely of independent outside directors in the case that there is no Chairman of the Board), and provides advice to the President from an objective standpoint regarding important corporate governance matters such as the nomination and remuneration of directors and executive officers, etc.

2. Business Execution

1) Delegation of authority by the Board of Directors

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

2) Executive officer system

As provided by its Articles of Incorporation, the Company has adopted an executive officer system.

To strengthen their executive capabilities, the executive officers' authority and responsibilities have been clearly defined, and substantial authority has been delegated to them.

There are currently 23 executive officers (including four who serve concurrently as directors). They are entrusted with important positions such as heading a business division, or a division or a department at the Company's head office, and are granted specific authority to perform their duties in each such position. In addition, executive officers report on the status of business execution once a month at Executive Officers' Meetings.

As in the case of directors, a system of performance-based remuneration has been introduced for the remuneration of executive officers. Advice from the Governance Committee is obtained with regard to the determination of the specific amounts of remuneration.

3) Management Committee

The membership of the Management Committee includes the president, senior managing executive officers, and other related executive officers, and its meetings may also be attended by the chairman of the Board of Directors, outside directors, and Audit & Supervisory Board members.

The Management Committee deliberates on important matters requiring careful consideration from a wide range of perspectives prior to their submission for the Board of Directors resolutions or approval by the president, deciding whether or not matters should

be submitted to the Board of Directors, and assisting the president's decision-making.

4) Sustainability Committee and Internal Control Committee

The Company has systemized its social and environment initiatives as sustainability promotion activities and is expanding them throughout the Group. In order to promote these activities, the Sustainability Committee (headed by the president) has been established. 7 Sustainability Subcommittees and 4 Management System Working Groups have also been established under the Sustainability Committee, and the Company has also established the Corporate Value Enhancement Strategic Committee, DX Promotion Committee, and Carbon Neutral Promotion Committee.

Additionally, the Internal Control Committee (headed by the president) has been established for the purpose of building internal-control systems within the Sumitomo Metal Mining Group and of maintaining and improving them.

5) Internal audits

The Internal Audit Department has been established for the purpose of conducting internal audits as part of the auditing and supervision of business execution. This internal auditing is conducted throughout the Sumitomo Metal Mining Group, the department general manager and staff members implementing internal audits on a regular basis. The Internal Audit Department provides appropriate information, including reporting periodically to the Board of Directors on its annual internal audit plans and a summary of the previous fiscal year's internal audits (including countermeasures in the case that serious problems are discovered), and Audit & Supervisory Board members are present when the Internal Audit Department reports internal audit results to executive officers and other personnel.

3. Auditing

1) Audit & Supervisory Board members and Audit & Supervisory Board

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 meeting 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.

Meetings of the Audit & Supervisory Board are held once a month prior to the meetings of the Board of Directors on the days upon which regular Board of Directors meetings are held, and other meetings are held whenever necessary. In fiscal 2022, 18 meetings were convened. The attendance record of each Audit & Supervisory Board member in office as of March 31, 2023, is outlined below.

Name	Attendance Record
Koji Imai (Audit & Supervisory Board Member)	18/18 (100%) Attended all 18 Audit & Supervisory Board meetings held
Nozawa Tsuyoshi (Audit & Supervisory Board Member)	11/11 (100%) Attended all 11 Audit & Supervisory Board meetings held following appointment
Wataru Yoshida (Audit & Supervisory Board Member)	18/18 (100%) Attended all 16 Audit & Supervisory Board meetings held
Shoji Wakamatsu (Audit & Supervisory Board Member)	18/18 (100%) Attended all 18 Audit & Supervisory Board meetings held

Among the Audit & Supervisory Board members, Shoji Wakamatsu, who is an outside member, is a qualified certified public accountant and a certified public tax accountant, and thus has an advanced level of expertise in the fields of finance and accounting.

## 2) Accounting auditor

For fiscal 2022, the name of the Company's accounting auditor, the certified public accountants in charge of the audit, and details of the staff who assisted with it are as set out below.

### 1) Name of accounting auditor

KPMG AZSA LLC

### 2) Certified public accountants in charge of the audit

Designated limited liability partners and engagement partners Kensuke Sodekawa, Kenya Yakuwa, and Yukihiro Kase

### 3) Number of staff who assisted with the audit

Certified public accountants: 11; Others: 26

#### 4. Conclusion of limited liability agreements

The Company has concluded agreements prescribed in Article 427 Paragraph 1 of the Companies Act (liability limitation agreements) with the outside directors and Audit & Supervisory Board members, under which each officers' liability shall be limited to 10 million yen or to the minimum amount of liability prescribed by law, whichever is higher.

### 3. Reasons for selection of present corporate governance system

In line with its Corporate Governance Basic Policy, which summarizes the Company's basic philosophy for corporate governance and the framework therefor, the Company believes that its governance is a system that ensures that business execution 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 is 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 accounting auditor.

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

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

### **III Status of Implementation of Measures Relating to Shareholders and Other Stakeholders**

#### **1. Measures to invigorate general meetings of shareholders and facilitate the exercise of voting rights**

	Supplementary remarks
Early dispatch of notices of convocation of general meetings of shareholders	<p>In order to enable shareholders to fully deliberate the agenda of the general meeting of shareholders, the Company strives to send out and disclose the convocation notice at an early date each year. Notification of the 98th ordinary general meeting of shareholders was disclosed on the Tokyo Stock Exchange and the Company's website on May 25 of the corresponding year, prior to the sending of notices of convocation.</p> <p>The Company sends out notices of convocation three weeks prior to the date of general meetings of shareholders. The notice of convocation of the 98th ordinary general meeting of shareholders was sent on June 1, 2023.</p>
Scheduling AGMs avoiding the peak day	The 98th ordinary general meeting of shareholders was held on Friday, June 23, 2023.
Use of electronic means to exercise voting rights	Since the 83rd ordinary general meeting of shareholders on June 26, 2008, it has been possible to exercise voting rights by electronic means (Internet, etc.)
Participation in Electronic Voting Platform and other steps to enhance conditions for voting by institutional investors	Since the 83rd ordinary general meeting of shareholders on June 26, 2008, it has been possible for institutional investors to exercise voting rights through the Electronic Voting Platform.
Provision of convocation notices (summaries) in English	English versions of the convocation notice, etc. were disclosed on the Tokyo Stock Exchange and the Company's website on May 26, the day following the disclosure of the Japanese-language versions.
Other	<p>Materials related to the ordinary general meeting of shareholders, such as convocation notices, etc. are also posted on the Company's website.</p> <p>In addition, the proceedings of the ordinary general meeting of shareholders are streamed live online in order to enhance the disclosure of information to shareholders.</p>

## 2. IR activities

	Supplementary remarks	Explanation by company representative in person
Preparation and publication of disclosure policy	An IR policy has been laid down and is posted on the Company's website. <a href="https://www.smm.co.jp/en/ir/policy/">https://www.smm.co.jp/en/ir/policy/</a>	
Regular briefings for analysts and institutional investors	<ol style="list-style-type: none"> <li>1) Results briefings held in teleconference format upon each announcement of quarterly results.</li> <li>2) Briefings to explain progress of the Company's management strategy as a rule twice a year upon release of second-quarter and full-year results.</li> <li>3) Briefings at times of important announcements, such as of three-year business plans.</li> </ol>	Yes
Regular briefings for overseas investors	The Company executives visit overseas institutional investors on a regular basis to explain results and management strategies.	Yes
Posting of IR materials on website	IR materials such as financial results and other materials for timely disclosure, results-briefing materials, conference materials, integrated reports, stock information, convocation notices, reports, resolution notices, shareholder news, and press- release materials are posted on the Company's website.	
Establishment of IR unit (staff in charge)	The Company has established the Public Relations & Investor Relations Department.	

### 3. Measures to respect the position of stakeholders

Updated

	Supplementary remarks
Internal rules and other provisions for respecting the position of stakeholders	Through the SMM Group Corporate Philosophy, SMM Group Management Vision, and Sumitomo Metal Mining Group's Sustainability Policy, the Company is committed to fulfilling its responsibilities to stakeholders and actively working to build a sustainable society. As part of that, the Company aims to ensure proper information disclosure to its shareholders and other stakeholders.
Implementation of environment conservation activities, CSR activities, etc.	<p>On October 1, 2008, the Company systemized its existing social and environment initiatives as sustainability promotion activities to expand them throughout the Group. In the Sumitomo Metal Mining Group's Sustainability Policy, the Company states its commitment to addressing management issues that contribute to the sustainable development of society, thereby achieving sustainable business growth and enhancing its corporate value. The goal of Sumitomo Metal Mining Group sustainability promotion activities is to ensure sustainable co-existence with society and the global environment.</p> <p>Sustainable co-existence with the global environment means that the Company will be ever mindful of the fact that its corporate activities depend on a healthy planet and that the Earth's resources are limited.</p> <p>Sustainable co-existence with society means that, through such means as dialogue and interaction with stakeholders, the Company is endeavoring to enhance enterprise value.</p> <p>The Sustainability Committee (headed by the president) has been established to ensure promotion of sustainability promotion activities. Under this, 7 Sustainability Subcommittees and 4 Management System Working Groups have also been established, and the Company has also established the Corporate Value Enhancement Strategic Committee, DX Promotion Committee, and Carbon Neutral Promotion Committee. The 7 Sustainability Subcommittees formulate and work to achieve nine "Visions" in relation to the 11 Material Issues outlined in its "Vision for 2030." The 4 Management System Sectional Committees work to address issues related to risk management, compliance, quality, and responsible mineral procurement. The Corporate Value Enhancement Strategic Committee is dedicated to enhancing corporate value by ensuring the sustainable growth of the Group's business operations. The DX Promotion Committee and the Carbon Neutral Promotion Committee are working respectively to achieve digital transformation (DX) and carbon neutrality based on the SMM Group Corporate Philosophy, the SMM Group Management Vision, and the SMM Group "Vision for 2030."</p> <p>In order to further strengthen sustainability promotion activities and SDGs and ESG correspondence, in April 2022, in accordance with the restructuring of its sustainability promotion framework, the Company renamed the former CSR Department established in April 2019, to the Sustainability Dept.</p> <p>Each year, an integrated report is prepared to provide information on the status of the Sumitomo Metal Mining Group's sustainability promotion activities, and it is also published on the Company's website.</p>



Formulation of policies for provision of information to stakeholders	<p>The Company has formulated an IR Policy. It is posted on the following Company website.</p> <p><a href="https://www.smm.co.jp/en/ir/policy/">https://www.smm.co.jp/en/ir/policy/</a></p>
Other	<p>Initiatives to promote diversity:</p> <p>For the Company, a company that seeks to be a “World Leader in the Non-Ferrous Metals Industry,” it has become increasingly important to create a working environment in which diverse human resources can become more active, and company-wide steps are being taken to create such an environment.</p> <p>In July 2012 the Company formed the Female Activation Support Group, and in October 2015 established the Diversity Promotion Section within the Human Resources Development Department (currently the Human Resources Dept.), and has conducted a range of initiatives to assist the creation of an environment that enables diverse human resources to manifest their full capabilities, and also promote respect for human rights. In addition to initiatives related to women, foreign nationals, and persons with disabilities, the Company also implements a variety of measures to support employees at different stages of their lives, including promoting awareness of available systems among employees raising children or caring for family members and workplace training programs as well as LGBT awareness training for executives and employees.</p>

## **IV Matters Relating to Internal-Control Systems, etc.**

### **1. Basic approach to internal-control systems and status of development**

#### **1. Basic policy**

The building of internal control is one of the most important management issues for ensuring the sustained growth of the Sumitomo Metal Mining Group (including Sumitomo Metal Mining, both here and hereinafter). With regard to the matters referred to in item 2 onward, the policy is to build a structure in which Sumitomo Metal Mining Group officers (including executive officers, both here and hereinafter) and employees can all play their respective roles and responsibilities that are clearly defined, and to build a structure that can be revised in a timely and appropriate manner and improved constantly.

#### **2. Systems to ensure that the performance of duties by the Company's directors and employees conforms with laws and regulations and the Articles of Incorporation (Article 362(4)(vi) of the Companies Act, and Article 100(1)(iv) of the Ordinance for Enforcement of the Companies Act)**

1) The Company endeavors to nurture a corporate culture in which duties are performed in a sound and legally compliant manner, by having officers set an example of compliance with the SMM Group Code of Conduct, which sets out the standards of conduct required of officers and employees, and by having officers educate employees and ensure they are thoroughly acquainted with it.

2) The system in place is one in which, based on the Regulations of the Board of Directors, agenda items and matters reported at meetings of the Board of Directors are compliant with the Companies Act. In addition, matters of particular management importance are considered from diverse, expert perspectives, including with regard to legality, in meeting formats or through the ringi process in accordance with rules such as the Regulations on Head-Office, etc. Authority Criteria, the Management Committee Regulations, and the Approval Regulations.

3) With regard to the status of the performance of duties by officers and employees, internal audits by the Internal Audit Department are conducted regularly and whenever necessary. The Internal Audit Department reports to the Board of Directors on a regular basis regarding the internal audit plan for the current fiscal year and a summary of the internal audits conducted the previous fiscal year (including the response status to any major problems identified, if any.)

4) Also in place is an internal reporting hotline system to ensure that, if the performance of duties by officers or employees is in violation of laws, regulations, the Articles of Incorporation, etc., the said violations do not go ignored or unaddressed.

#### **3. Systems for the storing and management of information relating to the performance of duties by directors of the Company (Article 100(1)(i) of the Ordinance for Enforcement of the Companies Act)**

Minutes of general meetings of shareholders, minutes of Board of Directors meetings, *ringi* documents, and other information relating to the performance of duties by officers are

stored and managed appropriately in accordance with laws and regulations, the Document Regulations, the Approval Regulations, and other rules.

4. Regulations and other systems relating to management of risk of loss by the Company (Article 100(1)(ii) of the Ordinance for Enforcement of the Companies Act)

To address risk management, the Regulations on Risk-Management Systems have been established and the following framework is used to systematically implement company-wide risk management. Units that include management personnel have been established to pursue this implementation. The president has overall control of risk management as the senior officer responsible, and this activity is conducted systematically on a company-wide basis.

- 1) With regard to management and business risks associated with the implementation of growth and business strategies and cross-organizational risks, addressing the risks and considering in meetings and setting mid- to long-term policy and directions.
- 2) With regard to individual risks such as Quality, Environment, Compliance, head-office organizations, and units with jurisdiction over each such risk have instituted internal regulations and rules and are addressing the risks on the basis of the risk-management structure they created.
- 3) With regard to critical situations, addressing by transitioning to crisis management system based on internal regulations.

5. Systems to ensure that the Company's directors perform their duties efficiently (Article 100(1)(iii) of the Ordinance for Enforcement of the Companies Act)

- 1) The executive officer system has strengthened those officers' executive capabilities by clearly defining their authority and responsibilities and delegating substantial authority to them. Specifically, the executive officers are entrusted with important positions such as heading a business division, or a division or a department at the Company's head office, and are granted specific authority to perform their duties in each such position pursuant to the Regulations on Head-Office, etc. Authority Criteria and other rules.
- 2) Appropriate allocation of management resources within the Sumitomo Metal Mining Group is conducted in accordance with three-year business plans, budgeting systems, etc. In addition, performance-management systems enable the progress of business plans within the Group to be managed, and a system is in place under which performance assessments can be reflected in the remuneration of management and other personnel.

6. Systems to ensure the appropriateness of business within the corporate group comprising the Company and its subsidiaries (Article 100(1)(v) of the Ordinance for Enforcement of the Companies Act)

- 1) System for the reporting to the Company of matters relating to the performance of duties by directors, etc., of subsidiaries (Article 100(1)(v)(a) of the Ordinance for Enforcement of the Companies Act)

A system has been built to enable prior consultation, etc., with the Company to take place in accordance with internal regulations and rules when decisions are taken on important

management matters at subsidiaries. Another system has been built for reporting to the Company regularly with regard to business results and whenever important business matters arise.

- 2) Regulations and other systems relating to management of risk of loss by subsidiaries (Article 100(1)(v)(b) of the Ordinance for Enforcement of the Companies Act)

In accordance with the Regulations on Risk-Management Systems, a system has been built for the promotion and monitoring of risk management at subsidiaries in a manner tailored to accord with factors such as the characteristics of the business being conducted and of the local region.

- 3) Systems to ensure that subsidiaries' directors, etc., perform their duties efficiently (Article 100(1)(v)(c) of the Ordinance for Enforcement of the Companies Act)

- a. By means of three-year business plans, budgeting systems, etc., a system has been built to indicate Sumitomo Metal Mining Group management policies to subsidiaries and to make it possible for the Company to participate in the formulation of subsidiaries' business plans and budgets.
- b. A system has also been built for assigning officers from the Company to subsidiaries and making it possible for them to participate in decision-making and other tasks with regard to important management matters at subsidiaries.

- 4) Systems to ensure that the performance of duties by subsidiaries' directors, etc., and employees conforms with laws and regulations and the Articles of Incorporation (Article 100(1)(v)(d) of the Ordinance for Enforcement of the Companies Act)

- a. The Company has built a system for nurturing a corporate culture in which duties are performed at subsidiaries in a sound and legally compliant manner, by establishing the SMM Group Code of Conduct that is in principle applicable to all subsidiaries, by having officers at each subsidiary set an example of compliance with the code, and by having those officers educate the subsidiary's employees and ensure they are thoroughly acquainted with it.
- b. With regard to the status of business execution at subsidiaries, internal audits by the Company's Internal Audit Department are conducted regularly and whenever necessary. The Internal Audit Department reports to the Board of Directors on a regular basis regarding the internal audit plan for subsidiaries for the current fiscal year and a summary of the internal audits conducted the previous fiscal year (including the response status to any major problems identified, if any.)
- c. Also in place is an internal reporting hotline system to ensure that, if the performance of duties by subsidiaries' officers or employees is in violation of laws, regulations, the Articles of Incorporation, etc., the said violations do not go ignored or unaddressed.

7. Matters relating to employees in cases in which Audit & Supervisory Board members request the assignment of employees to assist them in their duties (Article 100(3)(i) of the Ordinance for Enforcement of the Companies Act)

Employees are assigned to work as Audit & Supervisory Board secretariat personnel in order to support Audit & Supervisory Board members in the performance of their duties. The number of secretariat members, their required qualifications, working arrangements, and other factors are determined through discussions with the Audit & Supervisory Board Members.

8. Matters relating to ensuring the independence from directors of the employees referred to in 7 above and the effectiveness of instructions to those employees (Article 100(3)(ii) and (iii) of the Ordinance for Enforcement of the Companies Act)
  - 1) If there are to be staff changes among Audit & Supervisory Board secretariat personnel, the Audit & Supervisory Board members will be consulted in advance.
  - 2) If Audit & Supervisory Board secretariat personnel do not abide by Audit & Supervisory Board members' instructions, and Audit & Supervisory Board members request they be replaced or otherwise addressed, such a request will be dealt with seriously.
9. Systems for the Company's directors and employees, as well as subsidiaries' directors, auditors, and employees, to report to the Company Audit & Supervisory Board members (Article 100(3)(iv) of the Ordinance for Enforcement of the Companies Act)
  - 1) A system has been built to ensure that matters required to be reported to the Company's Audit & Supervisory Board members pursuant to the Companies Act or other laws are certain to be so reported, by prescribing matters to be reported to the Board of Directors in the Regulations of the Board of Directors and other internal regulations.
  - 2) If illegal acts, etc., occur within the Sumitomo Metal Mining Group, they are reported to the Company's standing Audit & Supervisory Board members in accordance with the Basic Compliance Regulations.
  - 3) With regard to the status of use of the internal reporting hotline system, a system has been built for reporting to the Company's standing Audit & Supervisory Board members in accordance with the Internal Reporting Regulations.
  - 4) The results of internal audits by the Company Internal Audit Department relating to the status of execution of Sumitomo Metal Mining Group business are reported to all of the Company's Audit & Supervisory Board members.
10. System for ensuring that the persons reporting incidents referred to in 9 above do not receive unfavorable treatment because they have made those reports (Article 100(3)(v) of the Ordinance for Enforcement of the Companies Act)

It is stated explicitly in the Internal Reporting Regulations, etc., that it is prohibited to give unfavorable treatment to persons using the internal reporting hotline system because they have used the said system.

11. Matters relating to policy on procedures for the prepayment or reimbursement of expenses arising in relation to the performance of duties by Audit & Supervisory Board

members or on other treatment of expenses or debts arising in relation to the performance of the said duties (Article 100(3)(vi) of the Ordinance for Enforcement of the Companies Act)

When Audit & Supervisory Board members request the Company to prepay or reimburse expenses, etc., in relation to the performance of their duties, the said expenses or debts are dealt with pursuant to the Companies Act.

12. Other system for ensuring that audits by Audit & Supervisory Board members are conducted effectively (Article 100(3)(vii) of the Ordinance for Enforcement of the Companies Act)
  - 1) When important management meetings are held, such as those of the Management Committee and management information liaison meetings, Audit & Supervisory Board members are given the opportunity to attend them in accordance with internal regulations and rules.
  - 2) Ringi documents to be approved by the president are shown to the standing Audit & Supervisory Board members, with the exception of items specified by standing Audit & Supervisory Board members.

## **2. Basic approach to elimination of antisocial forces, and status of implementation**

### **1. Basic approach**

The SMM Group Code of Conduct has been instituted as the set of standards of conduct required of officers and employees of the Company and its Group companies, and it declares, both in-house and externally, the severance of relationships with antisocial forces as follows.

SMM Group Code of Conduct

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

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

### **2. Status of implementation of measures to eliminate antisocial forces**

Sumitomo Metal Mining and its Group companies adhere to the SMM Group Code of Conduct and have also formulated a manual for handling improper demands with the aim of severing relationships with antisocial forces. Details of the status of implementation of the in-house structure and implementation measures are as follows.

- 1) In order to ensure that basic policy for the severance of relationships with antisocial forces is entrenched firmly, all officers and employees of the Company and its Group companies are familiarized with the SMM Group Code of Conduct by the provision of training, particularly at the time employees are hired, and also of other education and training.

- 2) If improper demands are made by antisocial forces, or a situation occurs that suggests they may be imminent, an organizational response is made in accordance with the manual for handling improper demands under the overall control of the general manager of the General Affairs Department.
- 3) In order to sever relationships with antisocial forces, the Company and its Group companies have built close collaborative relationships with police stations and other such dedicated organizations, providing them with information, obtaining advice, etc. In addition, they have created structures for obtaining legal advice from the law firms they retain.
- 4) The Company and its Group companies also participate actively in classes and training course held by organizations such as Centers for the Elimination of Boryokudan, and endeavor to gather up- to-date information.

## **V Other Matters**

### **1. Introduction of defense measures against takeovers**

Introduction of defense measures against takeovers	No
--	----

Supplementary remarks concerning applicable item

The basic policy regarding the persons who control decisions on the Company's financial and business policies

Overview of basic policy

The Company will not reject a large-scale acquisition of the shares from the outset if it will contribute to the enterprise value of the Company and, in turn, the common interests of its shareholders. The Company also believes that any decision on a proposed acquisition that would involve a transfer of control of a stock company must ultimately be made in accordance with the intent of its shareholders as a whole.

Nonetheless, there are some forms of corporate acquisition that deteriorate the corporate value of the target company and the common interests of its shareholders.

The Company believes that persons who would make a large-scale acquisition of shares in the Company in a manner that is harmful to the enterprise value of the Company or the common interests of its shareholders would be unsuitable as a person who would control decisions on the Company's financial and business policies. The Company also believes that it is necessary to ensure the enterprise value of the Company and, in turn, the common interests of its shareholders, by taking the necessary and reasonable countermeasures against a large-scale acquisition by such persons.

From the above perspectives, the Company previously decided to introduce countermeasures to be taken if the shares in the Company are subject to a large-scale acquisition.

However, there has recently been an increasing number of cases in Japan where shareholders' intent with respect to the necessity of takeover defense measures against a large-scale acquisition of shares initiated without obtaining the consent of the target company's board of directors is confirmed at the time when a proposal for a large-scale acquisition is actually made by a specific person (i.e., acquirer) based on the specific features of the acquirer and the details of the proposal, as well as the purpose, manner, and terms of the large-scale acquisition and other specific facts. Taking into account the recent trend described above and dialogue with institutional investors, the Company has decided not to renew its takeover defense measures at a stage where a specific acquirer has not emerged. The Company believes that it is desirable to confirm shareholders' intent on appropriate countermeasures as necessary when an acquirer has actually emerged and a proposal for a large-scale acquisition of the shares in the Company is made.



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

## **2. Other matters concerning the corporate governance system, etc.**

### **Internal system for timely disclosure of corporate information**

#### **1) Corporate philosophy and code of conduct**

In December 2003, the Company instituted the SMM Group Corporate Philosophy, setting out what the Company aims to achieve, and the SMM Group Code of Conduct, which lays down the behavioral standards for all officers and employees required for fulfilling the corporate philosophy, and in April 2004 they were both put into effect. The SMM Group Code of Conduct was subsequently revised in October 2008, April 2015 and October 2022 in parallel with changes in the business environment.

The SMM Group Corporate Philosophy includes a pledge to “fulfill its responsibilities to its stakeholders,” and thus proper information disclosure is a moral obligation for the Company.

The SMM Group Code of Conduct includes “Compliance: Abidance by Laws and Rules,” where a pledge is made to “comply with foreign and domestic laws and rules, and conform to social norms.”

#### **2) Systems based on internal regulations**

Adhering to the SMM Group Corporate Philosophy and the SMM Group Code of Conduct, in order to address information disclosure appropriately and in a fair and timely manner, the Company sets out rules for managing insider information in the Regulations on Disclosure of Information to Media Organizations and Investors and the Regulations on Insider Trading Prevention and Information Management.

Specifically, the handling of information relating to decisions made, information relating to events, and information relating to financial results (hereinafter collectively referred to as “Important Facts”) is as follows. (a. below is stipulated in the Regulations on Insider Trading Prevention and Information Management, and b. and c. below are provided for in the Regulations on Disclosure of Information to Media Organizations and Investors.)

- a. If Important Facts arise or are predicted to arise at the Company or its subsidiaries, the heads of the departments with jurisdiction over those Important Facts (in the

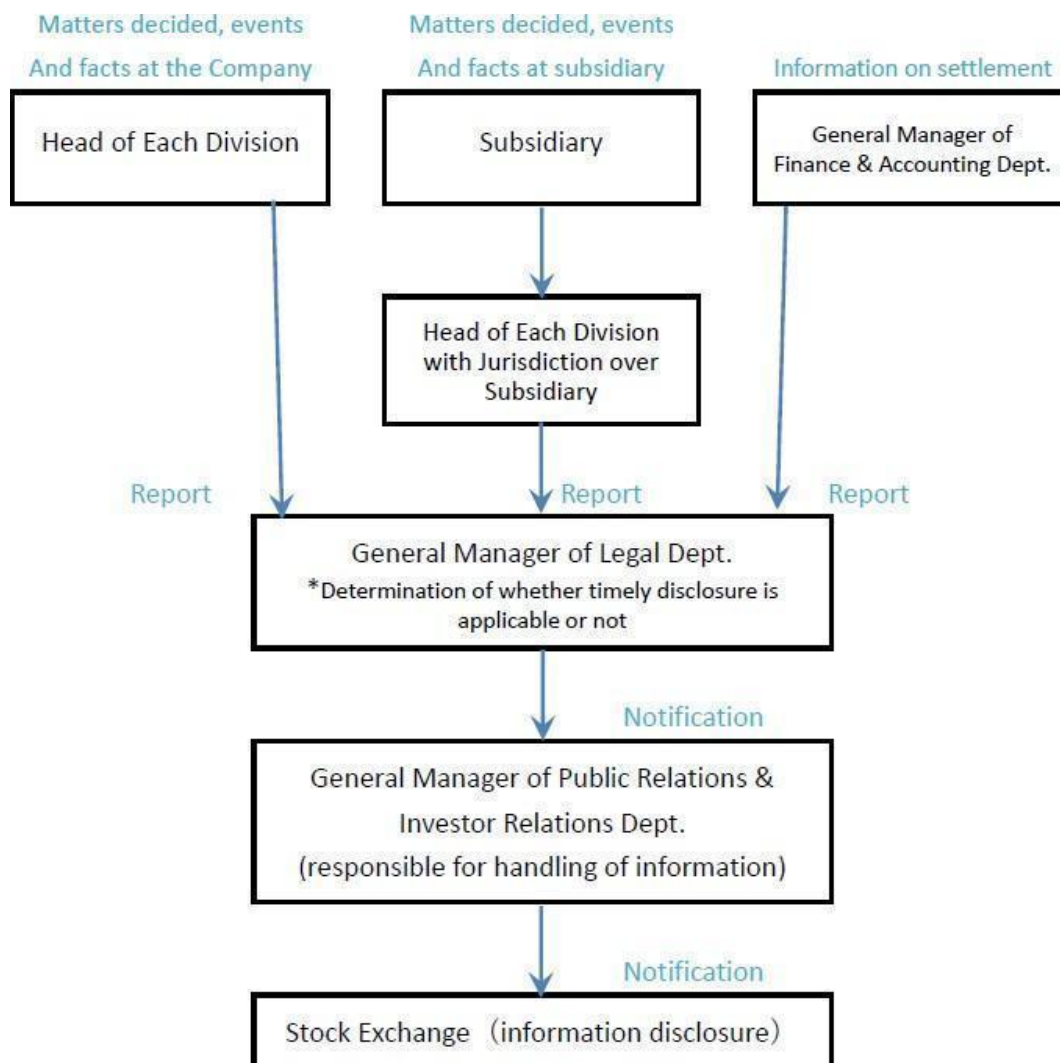
case of subsidiaries, the departments with jurisdiction over those subsidiaries) file reports to that effect to the general manager of the Legal Department.

- b. With regard to the Important Fact so reported, the general manager of the Legal Department then decides whether that fact falls into the category of a matter for timely disclosure, and notifies the general manager of the Public Relations & Investor Relations Department, the officer responsible for information handling.
- c. The general manager of the Public Relations & Investor Relations Department makes disclosure in accordance with the regulations laid down by the Tokyo Stock Exchange or other such institution.

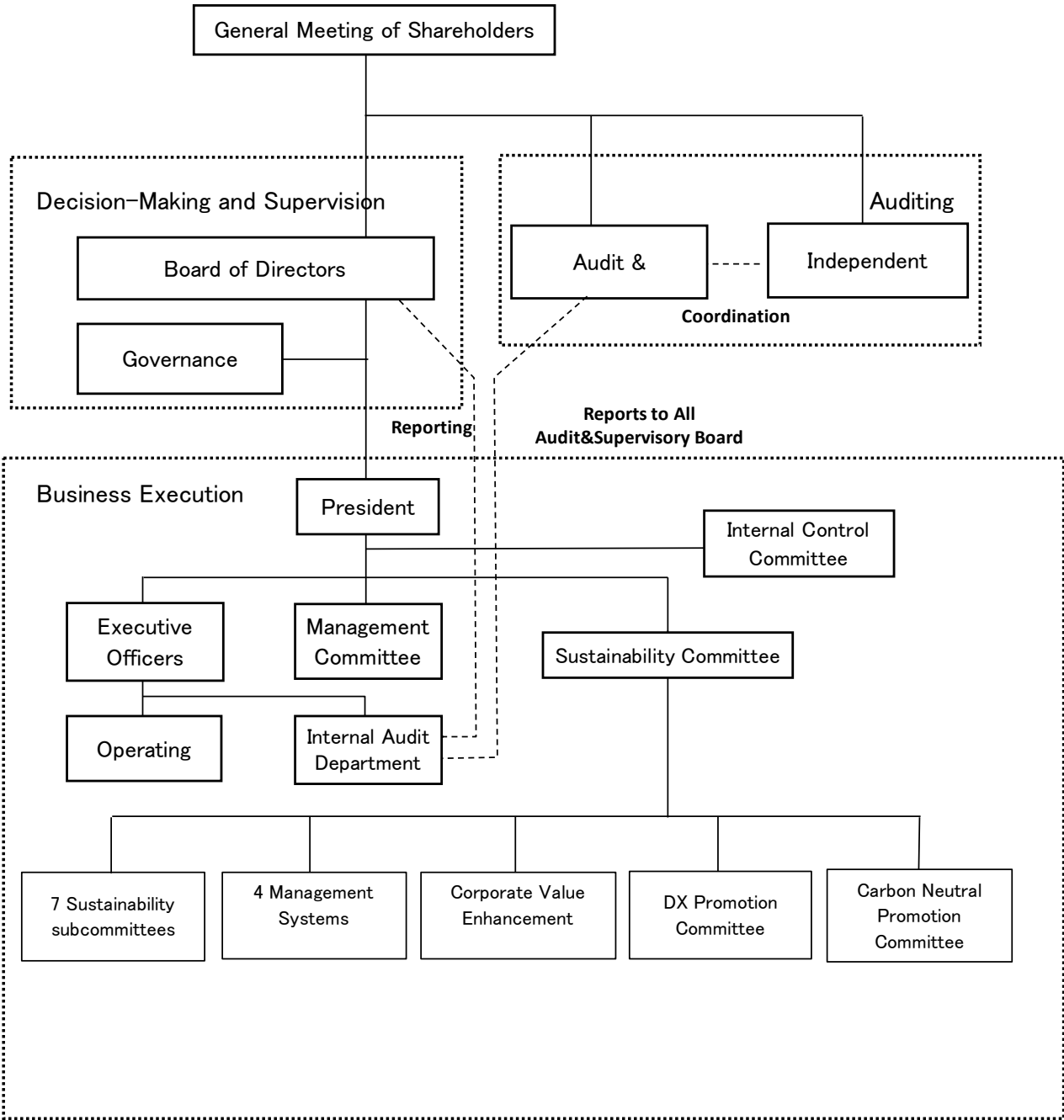
3) Timely-disclosure screening through the ringi process

Fundamental to business decision-making at the Company is the conduct of investigation and screening followed by approval through the ringi process. Screening for timely disclosure is conducted through ringi documents that are circulated during this decision-making process as the circumstances demand in each case

## Flowchart for Timely Disclosure of Corporate Information



Corporate Governance System



## Skills Matrix for Board of Directors

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

*Notes 1. The Company has created the skills matrix for directors and Audit & Supervisory Board Members based on II.3 “Reasons for selection of present corporate governance system” above. 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 will continue to discuss the necessary knowledge, experience, ability, insight, and other attributes, and update the skills matrix as necessary.*

*2. For the policies and procedures for nominating director and Audit & Supervisory Board Member candidates, refer above to I. Basic Philosophy of Corporate Governance, Capital Structure, Corporate Data, and Other Basic Information; Disclosures pursuant to specific principles of Japan's Corporate Governance Code; Principle 3-1: Full Disclosure “(iv) Policies and procedures in the nomination of director candidates, appointment or dismissal of senior management, and nomination of Audit & Supervisory Board member candidates”.*

*3. Fields in which the Company believes directors and Audit & Supervisory Board Members can make a particular contribution to the effectiveness of the Board of Directors are indicated with a “○”. In addition, the Company has established the following guidelines to determine whether members fulfill each respective requirement.*

Fields	Guidelines for fulfillment
General Corporate Management/ Sustainability	<ul style="list-style-type: none"> <li>•Experience as a corporate officer (director with representative rights) of a publicly listed company or equivalent company</li> <li>•Knowledge, experience, etc. that contributes to “strengthening the management base” as outlined in “what the Board of Directors should ideally be” established by the Company.</li> <li>•Experience as a director, division head, department head or equivalent managerial position, or experience in charge of practical operations in a division related to sustainability such as ESG/CSR / experience working for an external evaluation organization</li> <li>•Consulting/academic research experience, etc. in the General Corporate Management/Sustainability field</li> <li>•Experience holding responsibility for conducting dialogue with shareholders, local community, local residents, etc.</li> </ul>
Global Capability (International Experience)	<ul style="list-style-type: none"> <li>•Experience at an overseas subsidiary as a corporate officer, in business operations, or on assignment / Experience at an overseas office of a government agency</li> </ul>

Business/ Marketing	<ul style="list-style-type: none"> <li>•Experience as president, officer responsible for corporate planning, division head, department head or equivalent managerial position, or experience in charge of practical operations.</li> <li>•Experience as a responsible officer, division head, department head or equivalent managerial position, or experience in charge of practical operations in a division related to the Company's core businesses (Mineral Resources, Smelting &amp; Refining, Materials).</li> <li>•Experience as a responsible officer, division head, department head or equivalent managerial position, or experience in charge of practical operations related to mergers and acquisitions in business divisions or business investments.</li> <li>•Experience in charge of practical operations at a financial institution, investment bank, or professional services firm</li> <li>•Experience as president or equivalent officer of an affiliate (operating company).</li> <li>•Experience as a responsible officer, division head, department head or equivalent managerial position, or experience in charge of practical operations in a division related to sales and marketing.</li> </ul>
R&D/ Manufacturing/ Engineering	<ul style="list-style-type: none"> <li>•Experience as a responsible officer, division head, department head or equivalent managerial position, or experience in charge of practical operations in a division related to research and development.</li> <li>•Experience as a responsible officer, division head, department head or equivalent managerial position, or experience in charge of practical operations in a division related to manufacturing technology/management or engineering / Possession of international qualifications related to the manufacturing technology/management or engineering field.</li> </ul>
Quality/ Safety/ Environment	<ul style="list-style-type: none"> <li>•Experience as a responsible officer, division head, department head or equivalent managerial position, or experience in charge of practical operations in a division related to quality/safety/environmental management.</li> <li>•Possession of auditor qualifications related to public certification bodies for quality, safety, and the environment, such as ISO.</li> </ul>
Finance/ Accounting	<ul style="list-style-type: none"> <li>•Experience as a responsible officer, division head, department head or equivalent managerial position, or experience in charge of practical operations in a division related to financial management or financing / Experience in charge of practical operations related to finance at a financial institution.</li> <li>•Experience as a responsible officer, division head, department head or equivalent managerial position, or experience in charge of practical operations in a division related to the accounting field / Experience working for an accounting firm, etc. / Possession of qualifications as a certified public accountant or certified tax accountant.</li> </ul>

Human Resources	Experience as a responsible officer, division head, department head or equivalent managerial position, or experience in charge of practical operations in a division related to human resources (diversity promotion) / Experience as a member of the nomination or compensation committee of another company / Experience as a consultant, academic researcher, lawyer, etc. related to the human resources field.
Legal/ Compliance	<ul style="list-style-type: none"> <li>•Experience as a responsible officer, division head, department head or equivalent managerial position, or experience in charge of practical operations in a division related to legal affairs or compliance promotion / Practical experience as a legal professional (judge, prosecutor, lawyer) / Academic researcher in the legal affairs and compliance promotion field.</li> <li>•Experience working in regulatory affairs for a regulatory agency.</li> </ul>