Corporate Governance

Sumitomo Metal Mining Co., Ltd.

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Sumitomo Metal Mining Co., Ltd.
President & Representative Director: Nobuhiro Matsumoto
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*

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 four independent outside directors, has opportunities to deliberate on the environment and methods for fostering the next president as well as concerning the candidates, etc. Regarding the specific procedure for selecting the successor to the president, after consulting with the Governance Committee about the candidate recommended by the president and receiving advice on whether the candidate has the qualifications, knowledge, experience, abilities, and insight worthy of a president and director, the president makes the final proposal to the Board of Directors, which makes the final decision after due deliberation.
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.

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.

The most recent verification by the Board of Directors was conducted at a regular Board of Directors meeting held in June 2026 for all cross-shareholdings held by the Company.

In fiscal 2025, the Company sold all cross-shareholdings in five companies, and partial cross-shareholdings in three companies. As a result, as of March 31, 2026, the Company maintained cross-shareholdings in 32 publicly-listed companies (including deemed cross-shareholdings).

For details on cross-shareholdings, please see the Company's Annual Securities Report.

Under our 3-Year Business Plan 2027, we plan to reduce our cross-shareholding ratio, excluding PTVI* shares, to 10% or less of consolidated net assets by the end of March 2028. From fiscal 2028 onward, we will aim to reduce our cross-shareholding ratio, including PTVI shares, to 10% or less of consolidated net assets.

*PT Vale Indonesia Tbk（PTVI) is an important business base in the Republic of Indonesia and a major source of the nickel raw materials that we use in our Smelting & Refining Business. In 2020, SMM sold a portion of its shares of PTVI in accordance with the Indonesian government's policy of promoting domestic ownership, and excluded PTVI from its equity-method affiliates.

Reference: 3-Year Business Plan 2027

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

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

The SMM Group Corporate Philosophy calls for recognizing the dignity and value of people based on respect for all individuals. The SMM Group Code of Conduct, which summarizes specific standards of conduct for officers and employees in achieving that respect for individuals, stipulates that we "accept diversity and respect the individuality and rights of people." The Sumitomo Metal Mining Group Policy on Human Rights declares that we will not allow discrimination, harassment, or bullying on the basis of race, religion, gender, age, sexual orientation, disabilities, nationality, or other characteristics in employment and work scenarios. In the SMM Group's material issues (Materiality) disclosed in March 2025, we have set Human Capital Management as one of our material issues, and set "a company that attracts a diverse workforce and allows them to grow and thrive" as our Vision for 2030.

Diversity Equity & Inclusion (DE&I) is another key element in promoting Human Capital Management. It is essential to foster a corporate culture where diverse talents recognize and trust each other, leverage their strengths, and collaborate under fair opportunities, acknowledging the various perspectives and ideas. In addition to diversifying attributes such as gender, nationality, and age, the SMM Group promotes the diversification of abilities and experiences to generate new ideas, enhance organizational flexibility and competitiveness, and drive transformation through the creation of new value.

Based on this approach, from a human capital management perspective we revised our human resource system in July 2023 to one centered on a job grade system for managerial track employees, in order to take in diverse human resources, make use of diverse values, and enhance our corporate value while maintaining a mechanism that allows organizations and employees to grow from a long-term perspective. We will continue to provide the sense of security and stability of the past while also enabling new challenges, transformation, and growth as all employees learn and grow autonomously.

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

1) Women in managerial positions

In order to realize the goal of "A company that attracts a diverse workforce and allows them to grow and thrive" set out in the Company's "Vision for 2030" in the material issue of Human Capital Management, we are working to promote greater opportunities for women, including promotion to managerial positions and assignment to overseas posts in addition to domestic locations. The Company aims to increase the number of women in managerial positions to at least 5% of total managerial personnel by the end of fiscal 2027 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 1, 2026 was 29, representing 3.3% of total managerial personnel. Furthermore, as a KPI for the Company's "Vision for 2030," we aim to have 50 women in managerial positions (equivalent to 7% of total managerial personnel). In order to create an environment where all employees can thrive, regardless of gender, and to promote our growth strategy, we are implementing necessary measures from a medium- to long-term perspective.

<Specific examples of initiatives>

- Measures to support balance according to life stage
- Training for the development of female leaders (training in membership-based programs to promote greater opportunities for women)
- Interviews with female employees returning to work after childcare leave to support their career development

These efforts have been recognized in the form of the *Platinum Kurumin* certification by the Minister of Health, Labour and Welfare as a company supporting child-rearing at a higher standard.

2) Midcareer hiring

By conducting midcareer hiring, in addition to securing personnel with specific expertise and skills, we are also working to further promote an open and vibrant organizational climate by incorporating the diverse knowledge and perspectives that our members from different backgrounds offer. The Company hired 25 midcareer career-track employees in fiscal 2025. Going forward we will continue to conduct midcareer hiring in order to realize our growth strategy.

3) Global hiring

The Company continues to hire regardless of nationality, and as of July 1, 2026, employs 14 non-Japanese employees. As we expand our business domain and create opportunities for new business outside Japan, we continue to hire and assign human resources who can play an active role globally. Specifically, as part of our efforts to create an attractive workplace, we regularly conduct questionnaires to assess issues faced by foreign employees, along with interviews with those who wanted them, feedback to superiors, and hearings on issues. We also make all employees aware of the activities of our global human resources and internally raise awareness of the importance of creating workplace environments in which everyone can play active roles.

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, since fiscal 2019 we have accepted students from special support schools near our workplaces to take part in workplace experiences. By deepening understanding of our workplaces and work through the experience, we aim to ensure that students feel confident in joining our Company. Since fiscal 2020, we have offered internships for university students with disabilities and actively recruited these students at workplaces that can make use of their expertise and characteristics. To support retention, we arrange regular meetings with human resource staff after joining the company to eliminate job-related anxieties and problems and to offer support as needed. We also work to make a range of improvements to our workplace environment in order to accommodate employees with disabilities.

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 that attracts a diverse workforce and allows them to grow and thrive” as a key component of its “Vision for 2030,” and aims to provide a safe and secure work environment based on an open and vibrant organizational climate, where each and every one of our employees can work with energy and enthusiasm to realize their full potential. We will also strive to create a fulfilling work environment that encourages employees to grow autonomously. We believe that autonomous growth by every employee will lead to sustainable growth for our Group. In order to build a new business model and adapt to a changing business environment, we provide all employees with opportunities to improve their capabilities and are developing human resources who can steadily execute on growth strategies. Our specific initiatives are outlined below.

- 3-year program for managerial-track new employees and training programs for midcareer hires
- Programs to develop next generation of management (Officers’ Coaching School, training to develop the next generation of executive managers, etc.)
- Self-development support and recommendations
- Initiatives to encourage autonomous growth (one-on-one meetings between superiors/subordinates, etc.)
- Career planning training

In addition, based on the approach of “respect for all individuals” set forth in our Corporate Philosophy, we respect the diverse values of all employees and are working to foster a workplace environment in which all employees can fully demonstrate their abilities. Specifically, we conduct employee engagement surveys and use the findings to develop and implement action plans aimed at improving employee engagement in our respective workplaces.

Furthermore, as part of our efforts to create workplaces where diverse human resources can play vibrant and active roles, we conduct Group-wide human rights training, harassment prevention training, programs aimed at promoting understanding of LGBT issues, and training for new employees and newly appointed site managers to promote a deeper understanding of the need for diversity, equity, and inclusion (DE&I), and we confirm the effectiveness of these programs through questionnaires following their implementation. In April 2021 we established a new "Work-Life Support Desk" 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. 22 consultations were responded to in fiscal 2025. In addition, in December 2024 we released the Declaration of the Sumitomo Metal Mining Group on DE&I, which outlined the significance of DE&I and the Group's objectives in the form of a message from top management, and in April 2025 we established a new DE&I Collaborative Creation Sect.

For information on our related approaches, policies and initiatives, refer to the Company’s sustainability website below.

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

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/
The Sumitomo Business Philosophy
URL: 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/
SMM Group Code of Conduct
URL: https://www.smm.co.jp/en/corp_info/philosophy/conduct/

Also, the 3-Year Business Plan 2027, which covers the period from fiscal 2025 through fiscal 2027, 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 Outside Directors) shall consist of basic remuneration, bonuses, and share-based compensation. Basic remuneration shall consist of fixed remuneration (remuneration which is neither performance-based nor non-monetary) and performance-based remuneration, etc., while bonuses and share-based compensation shall be performance-based remuneration, etc. A Chairman and Director and Outside Directors shall receive only basic remuneration and neither bonuses nor share-based compensation.

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, and share-based compensation is provided in the form of restricted shares, which are granted once per year after bonus payment has been determined.

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, as well as the degree of achievement of ESG indicators 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 and ESG indicators 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 performance-based remuneration will be determined taking into account job responsibilities, departmental performance, individual performance evaluations, and the degree of achievement of ESG indicators.

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 and the degree of achievement of ESG indicators.

4. Share-based compensation

Share-based compensation shall be paid to Directors, excluding a Chairman and Director who is not a representative Director, and Outside Directors, as a reward for their performance in the corresponding fiscal year, and a proposal shall be submitted to the Board of Directors for a decision on the granting of shares, subject to the determination of the bonus payment.

Share-based compensation for the President and Representative Director, Chairman of the Board and Representative Director, and Directors who concurrently serve as Executive Officers shall be determined in the same manner as for bonus payments.

5. 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 and share-based compensation will not be paid.

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

With regard to the selection of executive officer candidates, the President, based on the recommendations of the executive officers, comprehensively considers the knowledge, experience, ability, insight and other attributes of the candidates, and determines candidates through the same procedure used to nominate directors.

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 101st ordinary general meeting of shareholders (held on June 25, 2026) 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: Disclosure of initiatives on sustainability, etc.

1. Initiatives related to sustainability

The SMM Group's Corporate Philosophy calls for co-existence with the global environment and society. It sets out ways of building and maintaining the relationships of trust indicated in the Sumitomo Business Spirit, and advocates respect for all individuals to achieve a forward-minded and vibrant company. This is due to the fact that as mining must be conducted where the targeted natural resources are present, typically in projects that span years or even decades, mine operation in particular demands that we build and maintain relationships of trust with varied stakeholders in areas of operations as a prerequisite for the continuity of our business.

The Sumitomo Metal Mining Group Sustainability Policy describes our stance in working toward the sustainability that are pursuing through co-existence with the global environment and society and respect for all individuals. The policy clearly positions contribution to the sustainable development of society as an issue for our management, and further defines the aim of our sustainable growth as enhancing the degree of our contribution and ensuring its sustainability.

In order to realize our Sustainability Policy, we have reviewed the material issues (Materiality) established in 2020 and set a new "Vision for 2030" for each material issue. The SMM Group Sustainability Policy, material issues, and Vision for 2030 are disclosed publicly on the Company's sustainability website at the address below.

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

For more details on the Company's sustainability initiatives, please refer to our sustainability website. To create this website as a tool for engagement with all stakeholders, we followed the Mining Principles of the International Council on Mining and Metals (ICMM) to which we belong and made reference to requirements and disclosures under the GRI Standards.

2. Investment in human capital

In order to realize "a company that attracts a diverse workforce and allows them to grow and thrive," which is the SMM Group's Vision for 2030 in the material issue of Human Capital Management, 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 the objective of "a company where all employees can take a vibrant and active part" set out in its Vision for 2030. Specific initiatives for utilizing the Company's human capital are outlined above in Supplementary Principle 2.4.1: Ensuring diversity in the promotion of core human resources, and also disclosed on the Company's sustainability website.

3. Investment in intellectual property

Within the selection and concentration that the Company performs in its core businesses of mineral resources, smelting and refining, and materials, research and development costs are allocated according to order of priority. In order to realize our material issue of a Stable Supply of Non-Ferrous Metals and

Transition to a Circular Economy, we are promoting collaboration between our three businesses—Mineral Resources, Smelting & Refining, and Materials—and continuing to develop processes for lithium refining, battery recycling, and new smelting technologies. Meanwhile, toward our material issue of Realizing a Carbon Neutral Society, we are developing products that reduce greenhouse gas emissions, such as battery cathode materials, as well as near-infrared ray absorbing materials derived from our proprietary technology.

We disclose major R&D projects, accomplishments, and R&D expenditures in our Integrated Report and Annual Securities Report.

4. Impact of climate change on the Company's business and profits

In order to achieve its long-term vision, the Company has set “Realizing a Carbon Neutral Society” as a material issue, and is strengthening its efforts to achieve the vision of “a company that actively works to reduce greenhouse gas (GHG) emissions and develops technologies that contribute to low carbon emissions in order to achieve a carbon neutral society.” Specifically, in December 2023, we established interim targets and a roadmap toward carbon neutrality, in addition to conducting analyses of the impact of climate change on our business and profits in two scenarios—a 1.5°C increase scenario and a 4.0°C increase scenario. In addition, we summarize climate-related risks and opportunities from the perspective of four core elements of corporate management and operations (governance, strategy, risk management, and metrics and targets) in line with TCFD recommendations, and disclose information on each of these elements on our sustainability website.

Interim targets and the roadmap toward carbon neutrality are disclosed on the Company's sustainability website.

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. We have specified issues to be given priority in achieving our Sustainability Policy, identifying these as material issues, set out the evaluation that we seek to earn from society by 2030 through our initiatives to tackle these material issues, and have disclosed them as Vision for 2030.

The SMM Group's sustainability initiatives are led by the Sustainability Committee, which is chaired by the President and deliberates on the following matters:

- Revision or abolition of Sustainability Policy, material issues
- Roadmap and KPIs for sustainability promotion activities
- Regular evaluation of sustainability promotion activities and corrective measures

- Sharing of information on sustainability promotion activities, explanation of key issues and measures, and sharing of awareness
- Other important matters related to sustainability promotion activities

Regarding board supervision of allocation of management resources and implementation of business portfolio strategies, the company implements 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 outside 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 directors, 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/

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 attain the Company's long-term vision and the "Vision for 2030" for each of its material issues. 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.
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 2025, the Board of Directors analyzed and evaluated the effectiveness of the Board of Directors, with the following results:

1. Process of analysis and evaluation

The Board of Directors prepared a questionnaire and conducted a survey to Directors and Audit & Supervisory Board members, which includes the issues in the previous fiscal year and mutual evaluation within the categories of Inside Director, Outside Director, Inside Audit & Supervisory Board member, and Outside Audit & Supervisory Board member, with the cooperation of an outside evaluation organization (law firm). The aggregation and analysis of the responses to the survey were entrusted to the outside evaluation organization. The Board of Directors deliberated on the effectiveness of the Board of Directors at the ordinary meeting held in February 2026, based on the aggregated results of the questionnaire survey, the evaluation of the outside evaluation organization, 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.

1) Questionnaire

Scope: All Directors (8) and Audit & Supervisory Board members (4)

Response method: Anonymous (46 questions)

Evaluation items: (1) Supervisory function of the Board of Directors; (2) Role, function, size, and composition of the Board of Directors; (3) Role of Directors and Audit & Supervisory Board members; (4) Operation of the Board of Directors; (5) Response to issues raised in previous years; (6) Self-evaluation; (7) Relationship with investors and shareholders; and (8) Operation of the Governance Committee.

2. Overview of the analysis and evaluation results

1) Questionnaire responses and analysis and evaluation results by the outside evaluation organization are as follows.

(1) Most of the items related to the effectiveness of the Board of Directors were rated highly, and we can rate that the Board of Directors generally functions effectively.

(2) In the questionnaire, each of the respondents (officers) were given opportunities to provide the reasons for the items which they did not rate highly. There were many remarks aiming for improvement, upon appreciating the existing system and operation and the initiatives in the past to a certain extent. These opinions have become more specific through the annual effectiveness evaluations conducted each year.

2) Based on the responses to the questionnaire and the analysis and evaluation results by the external evaluator, the Board of Directors deliberated the following items at the meetings.

(1) There were opinions regarding the need to enhance the Board of Directors' monitoring function and to expedite decision-making. In response, it was confirmed that in fiscal 2026, discussions initiated in fiscal 2025 on reviewing "what the Board of Directors should ideally be" will be further deepened.

(2) There were opinions that discussions on the analysis of evaluations and opinions from the investors and shareholders shared with the Board of Directors, and how to address them, should be further enhanced, and that the Company's approach to sharing information should also be discussed. It was confirmed that, going forward, the Board of Directors will deliberate on the responses required to enhance the Company's evaluation in the capital market, including the approach to information sharing.

(3) Among other items, further improvements to Board of Directors operations (such as enhancing the substance of discussion items, effective use of advance briefings, providing materials earlier, etc.), and strengthening the Board of Directors secretariat in light of the review of the desired state of the Board of Directors were confirmed.

3. Future actions

The Board of Directors of the Company confirmed that it 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 confirm and improve the effectiveness of the audits performed by Audit & Supervisory Board members and the Audit & Supervisory Board, the Audit & Supervisory Board of the Company analyzed and evaluated the effectiveness in fiscal 2025, with the following results:

1. Evaluation process

We engaged an outside professional organization, Anderson Mori & Tomotsune, to conduct the analysis and evaluation from an independent and objective standpoint. We had discussions at Audit & Supervisory Board meetings based on (a) questionnaires for all Audit & Supervisory Board members (28 items), (b) individual interviews with all Audit & Supervisory Board members, and (c) results of the evaluation and findings by the outside professional organization.

2. Overview of the analysis and evaluation results (overall rating)

The outside professional organization rated that "fruitful audit activities were carried out," in consideration of the audits including the following points. On the basis of this, the Audit & Supervisory Board rated that the Audit & Supervisory Board was effectively functioning and the audits were effective.

- Audit & Supervisory Board members performed audits mainly through attendance at important meetings including Board of Directors meetings, interviews with executives including representative directors, and on-site inspections at sites and affiliated companies, and also made necessary representations of their opinions as well as remarks for the management personnel, heads of divisions, and organizations that received on-site inspections, etc. Notably, Outside Audit & Supervisory Board members participated in on-site inspections similarly to full-time Audit & Supervisory Board members. As a result, Outside Audit & Supervisory Board members bore greater burden in conducting audit activities compared to outside Audit & Supervisory Board members at other companies
- In auditing, Audit & Supervisory Board members including Outside Audit & Supervisory Board members place importance on observing sites and affiliated companies with their own eyes and communicating directly with local responsible personnel from the perspective of the independent decision-making system applicable to Audit & Supervisory Board members.
- Continuing from fiscal 2024, initiatives for improvement to the extent possible have been taken in order to enhance the Audit & Supervisory Board effectiveness, such as holding auditors' meetings apart from the Audit & Supervisory Board meetings, the schedule and main agenda items communicated in advance beginning in fiscal 2025, and free and open exchange of opinions has been encouraged.

3. Issues and future actions for them

Based on the above-mentioned overall rating and from the viewpoint of further enhancing audit activities, the outside professional organization pointed out issues. On the basis of those issues, the following are the major issues and actions that were confirmed to be addressed and taken by the Audit & Supervisory Board, respectively. The Audit & Supervisory Board will also continue to examine other issues.

1) Issues concerning audit activities and information sharing and cooperation among Audit & Supervisory Board members

In conducting audit activities, to facilitate Outside Audit & Supervisory Board members' understanding of on-site audit locations, considerations will be made to thoroughly enhance pre-audit information sharing, such as by selecting and sharing of relevant past on-site audit materials, and standardizing the timing and method for encouraging advance review of such materials.

2) Issues concerning the response framework in the event of misconduct or scandal

Even under current practice, when misconduct or scandal occurs, the Audit & Supervisory Board discusses the matters it should request to the executive side and provides opinions to the executive side as necessary. Considerations will be made to hold discussions among Audit & Supervisory Board members in advance to prepare for potential misconduct or scandal and determine response priorities.

3) Issues concerning the formulation of audit plans and individual priority audit items

To further enhance on-site audits, the audit time allocated to each location will be increased. In addition, after Audit & Supervisory Board members exchange views on the importance of and risks at each location, considerations will be made to formulate focused on-site audit plans according to level of risk, and changing audit destinations in response to changes in circumstances.

The Audit & Supervisory Board and its Members will further improve the effectiveness of audit activities and 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 constructive 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, including each business division, the Sustainability Department, and the Legal Department, and conduct disclosure appropriately and in a fair and timely manner.

(iv) The Company will implement measures to receive deeper understanding of our business. The President, heads of respective business divisions, officer responsible for IR, and the Company's directors, including outside directors, will attend, within a reasonable scope, financial results briefings and business presentations held for institutional investors and securities analysts, and meetings with investors in Japan and overseas, and provide explanations, in addition to briefings conducted by the President regarding financial results and business strategies as well as 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 provide feedback on the views and requests learned through communication with our shareholders and investors to management and directors 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.

In order to enhance IR activities and constructive dialogue with shareholders, the Company conducts periodic surveys of its shareholder registry to ascertain the distribution of shareholders and identify substantial shareholders.

Status of dialogue with shareholders and investors

The Company conducts dialogue with shareholders and institutional investors in accordance with the basic policy outlined above in "Principle 5-1: Policy for constructive dialogue with shareholders." The status of dialogue initiatives in fiscal 2025 is outlined below in "III. 2. IR activities." During dialogue sessions with shareholders and institutional investors, the following topics attracted particular interest from shareholders and institutional investors: copper and nickel supply and demand, market and price trends; progress of mine development projects; trends in the automotive cathode materials business; management conscious of cost of capital and stock price; status of carbon neutrality initiatives; and shareholder return policy.

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 3-Year Business Plan 2027, the Company has set the benchmark value for ROCE at 6.5%.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	03/23/2026

Explanation of Actions

Our actions to implement management that is conscious of cost of capital and stock price were disclosed in the 3-Year Business Plan 2027 published on our website. However, the Company announced on February 9, 2026 that it had decided to change part of the plan—the Basic Policy of Financial Strategy and the Shareholder Return Policy—with the aim of further optimizing the capital structure, enhancing capital efficiency and implementing more appropriate shareholder returns. These changes will be applied from the fiscal year ending March 2026.

・Basic policy of financial strategy (After changes)

From the perspective of financial soundness, the Company sets a consolidated equity ratio of 50% or more. Furthermore, to promote management that is conscious of cost of capital, it positions 55% as the appropriate level of the consolidated equity ratio and aims to adjust it to 58% by FY2027 through enhanced shareholder returns and other initiatives.

・Shareholder return policy (After changes)

1. In principle, dividends from surplus shall be paid out with a consolidated payout ratio to be 35% or more, and while the consolidated equity ratio exceeds the Company-defined appropriate level of 55%, the minimum indicator is set at a DOE of 3.5%*.

   * DOE = Annual total dividends / Shareholders' equity (The Company will use the finalized shareholders' equity figure as of the end of the previous fiscal year when performing calculations, and it will exclude other components of equity from consolidated net assets attributable to owners of parent.)

2. Shareholder returns will consist primarily of dividends from surplus. The Company will flexibly implement measures, including repurchase of own shares, based on its business results and financial status after comprehensively considering investment opportunities and equity standards.

3-Year Business Plan 2027
URL: https://www.smm.co.jp/en/ir/management/plan/

Notice regarding Changes to the Basic Policy of Financial Strategy and Shareholder Return Policy, and Revisions Made to Dividend Forecast
URL: https://www.smm.co.jp/en/news/release/uploaded_files/260209_3_EN.pdf

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

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

Supplementary remarks

1. The capital structure is as of March 31, 2026.
2. The Company holds 20,264,282 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

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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 regarding Decision-Making, Execution of Business, and Oversight

1. Organizational Composition and Operation

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	4
Number of outside directors designated independent officers	4

Relationship with company (1) **Updated**

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								△			
Koji Takeuchi	From another company											
Sawaki Nicola Michele	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) **Updated**

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, 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 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 Chair 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.
Manabu Kinoshita	○	Mr. Kinoshita had held responsibilities such as serving as Senior Executive Vice President of NEC Corporation, the Company's business partner. During the fiscal year ended March 31, 2026, there were no sales of the Company to NEC Corporation. Although the	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, 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

		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 ¥241 million, which accounted for 0.0% of the non-consolidated net sales of NEC Corporation.	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. As he is considered devoid of risk of conflict of interest with general shareholders, he is designated an independent officer.
Koji Takeuchi	○	—	Mr. Takeuchi has abundant experience in the research and development of substrate materials for semiconductor packaging as well as in the electronic materials business at Ajinomoto Co., Inc. He also had served as Member of the Board and Vice President of its major subsidiary and has abundant knowledge and experience in corporate management and regarding advanced materials. Mr. Takeuchi is expected to participate in the Board's decision-making, providing his advice particularly on research and development as well as materials business, 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 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 Mr. Takeuchi will realize the further improvement of quality of the decision-making by the Board of Directors and the enhancement of the monitoring function. Mr. Takeuchi 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. As he is considered devoid of risk of conflict of interest with general shareholders, he is designated an independent officer.
Sawaki Nicola Michele	○	—	Ms. Sawaki has many years of auditing experience at audit firms in Japan and abroad, and a wealth of knowledge about accounting. She is expected to participate in the Board's decision-making, providing her advice regarding finance and accounting-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 remunerations of directors and executive officers as a member of the Governance Committee. Accordingly, the Company expects that she will realize the further improvement of quality of the decision-making by the Board of Directors and the enhancement of the monitoring function. Ms. Sawaki 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.

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	Chair-person
Optional committee equivalent to nomination committee	Governance Committee	5	0	1	4	0	0	Outside Director
Optional committee equivalent to remuneration committee	Governance Committee	5	0	1	4	0	0	Outside Director

Supplementary remarks **Updated**

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)
   Koji Takeuchi (Outside Director)
   Sawaki Nicola Michele (Outside Director)
   Akira Nozaki (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 2025, seven meetings were held (nomination: one time, remuneration: three times, general governance/other: three times), with all committee members serving at the time 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.

The Internal Audit Department regularly undertakes internal audits on the status of business execution across the Group.
The Department provides an explanation of its audit plans to Audit & Supervisory Board members and the Audit & Supervisory Board while passing on all relevant information. At the same time, Audit & Supervisory Board members provide details of audit plans determined at meetings of the Audit & Supervisory Board to the Internal Audit Department, accompany staff of the Internal Audit Department as required when conducting internal audits, and attend meetings when reports on the results of internal audits are delivered to executive officers and the heads of operational divisions. In fiscal 2025, Audit & Supervisory Board members attended such meetings 18 times. KPMG AZSA LLC, the Company's accounting auditor, audits the consolidated financial statements and the effectiveness of the internal control over financial reporting. Audit & Supervisory Board members provide details of audit plans to the independent accounting auditor. Audit & Supervisory Board members in turn receive explanations regarding audit plans and reports on audit results and reports reviewing each quarter from the accounting auditor. In this manner, close collaboration is maintained between the accounting auditor and Audit & Supervisory Board members.

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) **Updated**

Name	Attribute	Relationship with the company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Shoji Wakamatsu	Certified public accountant													
Tsuguya Ieda	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 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) **Updated**

Name	Independent officer	Supplementary remarks concerning applicable categories	Reasons for selection
Shoji Wakamatsu	○	—	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 & 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. Wakamatsu has been appointed as an Outside Audit & Supervisory Board Member as he is currently serving the role shown above. As he is considered devoid of risk of conflict of interest with general shareholders, he is designated an independent officer.
Tsuguya Ieda	○	Mr. Ieda was an executive officer, Western Japan Representative of Japan Bank for International Cooperation, which is a Specified Associated Service Provider (a major business partner) of the Company, until June 2015. In fiscal 2025, the outstanding balance of loans from Japan Bank for International Cooperation to the Company (non-consolidated) was 120,724 million yen, which accounted for 5.0% of the total assets of the	Mr. Ieda has abundant and extensive experience in financial institutions and knowledge about corporate management. Mr. Ieda is expected to carry out effective audits based on his main knowledge about and experience in the financial sector, while fully coordinating with full-time Audit & Supervisory Board Members, which is aimed toward the ensuring of the soundness of the Group’s management and mid- to long-term enhancement of the corporate value of the Company and its groups. 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

		Company (non-consolidated). Ten years have passed since his retirement from Japan Bank for International Cooperation in July 2015. Therefore, from the perspective of the interests of minority shareholders, the Company judges this relationship has no influence on his independence.	legality but also the appropriateness of proposals. Mr. Ieda has been appointed as an Outside Audit & Supervisory Board Member as he is currently serving the role shown above. As he is considered devoid of risk of conflict of interest with general shareholders, he is designated an independent officer.

Independent officers

Number of independent officers	6

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/

Incentives

Status of implementation of measures to grant incentives to directors	Introduction of Performance-linked Remuneration Scheme, Other

Supplementary remarks concerning applicable item

The remuneration of the Company's directors (excluding Chairman and Director and outside directors) is linked to business performance each year. Details of performance indicators for performance-based remuneration, reasons for selection of these indicators, and the method of calculating the amount of performance-based remunerations, etc. are outlined in "II Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight; 1. Organizational Composition and Operation; Directors' remuneration; Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods". In addition, at the 100th Ordinary General Meeting of Shareholders held on June 26, 2025, the Company newly introduced a restricted share-based compensation plan for directors (excluding a Chairman and Director who is not a representative Director, and Outside Directors) with the objectives of providing incentives for the Directors to sustainably enhance the Company's corporate value and promoting further value-sharing with our shareholders.

The total amount of monetary compensation for the Eligible Directors for granting restricted shares under this Plan shall be up to 30 million yen per year, an amount deemed reasonable in light of the objectives of the Plan, and the total number of the Company's common stocks to be issued or disposed of thereby shall be up to 15,000 shares per year.

Persons eligible to receive stock options	

Supplementary remarks concerning applicable item

Directors' remuneration

Status of disclosure of individual director remuneration **Updated**	Only certain items individually disclosed

Supplementary remarks concerning applicable item **Updated**

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.: 411 million yen
   - Total amount of remuneration etc. by remuneration type: Fixed remuneration 207 million yen; Of performance-based remuneration, monetary compensation totaled 184 million yen, and non-monetary compensation, etc., totaled 20 million yen.
   - Number of eligible officers: 5
2) Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board members)
   - Total amount of remuneration, etc.: 70 million yen
   - Total amount of remuneration etc. by remuneration type: Fixed remuneration 70 million yen
   - Number of eligible officers: 3
3) Outside Directors
   - Total amount of remuneration, etc.: 56 million yen
   - Total amount of remuneration etc. by remuneration type: Fixed remuneration 56 million yen
   - Number of eligible officers: 4
4) Outside Audit & Supervisory Board members
   - Total amount of remuneration, etc.: 25 million yen
   - Total amount of remuneration etc. by remuneration type: Fixed remuneration 25 million yen
   - Number of eligible officers: 2

Policy for determining remuneration amounts or calculation method **Updated**	Yes

Disclosure of Policy on 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). In addition, from fiscal 2025 the Company has adopted ESG indicators composed of the following four components: Environment (GHG emissions (Scope 1 and 2) reduction rate, etc.), Operational Governance (number of serious compliance violations), and Evaluation by ESG third-party organizations (comparison against industry standards).

   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. Regarding ESG indicators, we believe that management centered on environmental, social, and governance (ESG) considerations is essential to the Company's sustainable growth and the enhancement of its corporate value over the mid- to long-term.

   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 4:1:1 ratio of "achievement level of the published forecast of company-wide performance," "achievement level of safety record," and "achievement level of ESG indicators," 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 the Chairman 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 ESG indicators" for the previous fiscal year, and the amount reflecting individual performance is calculated in the same manner as above

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," "achievement level of safety record," and "achievement level of ESG indicators," each for the previous fiscal year, and weighting them at a ratio of 2:4:4:1:1. The individual performance evaluation coefficient is determined, in the range of 90% to 130%, based on the predetermined coefficient table according to the total score, and the amount reflecting individual performance is calculated.

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 4:1:1 ratio of "achievement level of the published forecast of company-wide performance," "achievement level of safety record," and "achievement level of ESG indicators," for the current fiscal year, and the amount reflecting individual performance is calculated in the same manner as for basic remuneration above. With respect to the amount reflecting individual performance related to the bonus for the Chairman 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 ESG indicators" for the current fiscal year, and the amount reflecting individual performance is calculated in the same manner as for basic remuneration above. 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," and "achievement level of the ESG indicators," each for the current fiscal year at a ratio of 2:4:4:1:1, and the amount reflecting individual performance is calculated in the same manner as for basic remuneration 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

The method of calculating the amount or number of performance-based remuneration, etc. related to restricted share-based compensation is the same as for bonuses.

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 56.0 billion yen on a consolidated basis, and profit before tax of 91.0 billion yen on a consolidated basis. With regard to divisional operating results (segment income), target segment income was 84.0 billion yen in the Mineral Resources segment and 18.0 billion yen in the Smelting & Refining segment (aforementioned figures released in the May 2024 results forecast). The target for safety record (number of occupational accidents among domestic Group employees in calendar year 2024) was zero severe accidents (accidents involving absence from work exceeding three months) and no more than seven accidents of all types. Regarding performance against these indicators, consolidated net income attributable to owners of the parent was 16.487 billion yen, consolidated profit before tax was 31.383 billion yen, and divisional operating results (segment income) were 101.836 billion yen in the Mineral Resources segment and a loss of 7.147 billion yen in the Smelting & Refining segment. For safety record (number of occupational accidents among domestic Group employees in calendar year 2024), there were three severe accidents and 22 accidents of all types.

Performance-based remuneration, etc. (bonuses and restricted share-based compensation), for Directors for the current fiscal year are paid based on the performance of the current fiscal year. Targets linked to performance-based remuneration in the current fiscal year include net income attributable to owners of the parent of 58.0 billion yen on a consolidated basis, and profit before tax of 100.0 billion yen on a consolidated basis. With regard to divisional operating results (segment income), target segment income is 97.0 billion yen in the Mineral Resources segment and a loss of 5.0 billion yen in the Smelting & Refining segment (aforementioned figures released in the May 2025 results forecast). The target for safety record (number of occupational accidents among domestic Group employees in calendar year 2025) is zero severe accidents (accidents involving absence from work of 50 days or more) and no more than two accidents involving absence from work of four days or more (excluding lower back pain and heatstroke). The targets for ESG indicators are: achievement of the reduction rate, etc. for GHG emissions (Scope 1an 2) (Environment); achievement of the engagement score target, etc. (Social); zero material compliance violations (Operational Governance); and the highest industry-level evaluation from ESG third-party organizations. Regarding performance against these indicators, consolidated net income attributable to owners of the parent was 176.290 billion yen, consolidated profit before tax was 255.680 billion yen, and divisional operating results (segment income) were 167.831 billion yen in the Mineral Resources segment and 91.593 billion yen in the Smelting & Refining segment. For safety record (number of occupational accidents among domestic Group employees in calendar year 2025), there was one severe accident and three accidents involving absence from work of four days or more. For ESG indicators, the Environment component was achieved, the Social component was not achieved, the Operational Governance component was achieved, and the ESG third-party evaluation component was not achieved.

3. Matters related to non-monetary compensation, etc.
   1) Outline of the restricted share-based compensation plan
   2)

The Company has introduced a restricted share-based compensation plan (hereinafter, the "Plan") for Directors of the Company (excluding a Chairman and Director and Outside Directors; hereinafter, "Eligible Directors") with the aim of providing incentives for the Eligible Directors to contribute to the sustainable enhancement of the Company's corporate value and promote their sharing of value with the Company's shareholders.

With each fiscal year of the Company being a target period (hereinafter, the "Target Period"), the performance indicators and the target values for them shall be determined for each Target Period, and the number of common stocks of the Company equivalent to a certain percentage of the compensation calculated in accordance with the achievement rate for such target values shall be granted to the Eligible Directors.

The common stocks of the Company granted to Eligible Directors under the Plan shall be subject to a certain transfer restriction, and the performance indicators to be adopted in the Plan shall be those representing the status of profit, those representing safety record (number of occupational accidents), or other indicators determined based on the Company's management policies. In granting shares in accordance with the Plan upon expiration of the Target Period, the Company shall grant common stocks of the Company to the Eligible Directors if they comply with the following criteria.- No certain acts of misconduct, etc., as determined by the Board of Directors of the Company.

- Satisfying other requirements determined by the Board of Directors of the Company as necessary to achieve the purpose of the Plan.

In addition, for granting restricted shares in accordance with the Plan, the Company and the Eligible Directors shall enter into an agreement on the allotment of restricted shares containing the following details (hereinafter, the "Allotment Agreement") (however, after the expiration of the Target period, if an Eligible Director resigns or retires from the position of Director of the Company or any other positions specified by the Board of Directors of the Company before the granting of the shares, the Company shall grant common stocks of the Company without transfer restrictions based on the Allotment Agreement).

(1) During the period from the date of allotment to the date of resignation or retirement from the position of Director of the Company or any other positions specified by the Board of Directors of the Company (hereinafter, the "Transfer Restriction Period"), the Eligible Director who has received an allotment of the restricted shares under the Allotment Agreement (hereinafter, the "Allotted Shares") may not transfer, grant a security interest in, or otherwise dispose of the Allotted Shares (hereinafter, the "Transfer Restriction").

(2) The Company shall lift the Transfer Restrictions on all of the Allotted Shares as of the expiration of the Transfer Restriction Period.

(3) The Company shall automatically acquire without consideration the Allotted Shares if an Eligible Director, during the Transfer Restriction Period, has violated laws and regulations, the Allotment Agreement, or otherwise falls under any of the reasons that the Board of the Directors of the Company determines as reasonable for the Company to acquire without consideration the Allotted Shares.

(4) Notwithstanding the provision of (1) above, if, during the Transfer Restriction Period, matters relating to a merger agreement whereby the Company becomes the disappearing company, a share exchange agreement or share transfer plan whereby the Company becomes a wholly-owned subsidiary, or other reorganization, etc. are approved by the General Meeting of Shareholders of the Company (or by the Board of Directors of the Company where the reorganization, etc. are not subject to approval by the General Meeting of Shareholders of the Company), the Company shall lift the Transfer Restrictions on all of the Allotted Shares by means of a resolution of the Board of Directors of the Company, prior to the effective date of the reorganization, etc.

Aggregate amount of share-based compensation and maximum number of shares The aggregate amount of compensation for the granting of share-based compensation to Eligible Directors under the Plan shall be within 30 million yen per year. The specific allocation to each Director and the timing thereof shall be determined based on a resolution by the Board of Directors.

The total number of shares of the Company's common stock to be issued or disposed of in connection with the foregoing shall be within 15,000 shares* per year.

* If, on or after the date this proposal is approved and adopted the Plan was introduced, a stock split of the Company's common stock (including a gratis allotment of the Company's common stock) or a reverse stock split occurs, or any other event arises that requires an adjustment to the total number of

shares of the Company's common stock to be issued or disposed of as restricted stock, such total number shall be adjusted within a reasonable range.

3) Method of payment

Based on a resolution by the Board of Directors of the Company, Eligible Directors shall receive an issuance or disposition of the Company's common stock either (1) as compensation, etc. for Directors, without being required to make any monetary payment or contribution of property in kind; or (2) by contributing the entire amount of monetary compensation claims paid to Eligible Directors under the Plan as property in kind.

4) Other matters

The Company also grants restricted shares to its Executive Officers and any equivalent officers a in employees in accordance with a plan similar to the Plan.

Updated

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 to the Company.

      In addition, as part of the audit process, outside Audit & Supervisory Board Members are expected to participate in key meetings, including Board of Directors meetings, and to actively express their forthright opinions from an independent and objective standpoint during the decision-making process, including not only the legality but also the appropriateness of proposals.
   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 (one full-time, two 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 at the 101st ordinary general meeting of shareholders held on June 25, 2026 selected four 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. The Board of Directors holds 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 2025, 16 meetings were convened. The attendance record of each officer in office as of March 31, 2026, is outlined below.

Name	Attendance Record
Akira Nozaki (Director)	16/16 (100%) Attended all 16 Board of Directors meetings held (12 regular, 4 extraordinary)
Nobuhiro Matsumoto (Director)	16/16 (100%) Attended all 16 Board of Directors meetings held (12 regular, 4 extraordinary)
Masaru Takebayashi (Director)	16/16 (100%) Attended all 16 Board of Directors meetings held (12 regular, 4 extraordinary)
Hiroshi Yoshida (Director)	16/16 (100%) Attended all 16 Board of Directors meetings held (12 regular, 4 extraordinary)
Taeko Ishii (Director)	16/16 (100%) Attended all 16 Board of Directors meetings held (12 regular, 4 extraordinary)
Manabu Kinoshita (Director)	16/16 (100%) Attended all 16 Board of Directors meetings held (12 regular, 4 extraordinary)
Koji Takeuchi (Director)	16/16 (100%) Attended all 16 Board of Directors meetings held (12 regular, 4 extraordinary)
Sawaki Nicola Michele (Director)	11/11 (100%) Attended all 11 Board of Directors meetings held (9 regular, 2 extraordinary) held following appointment
Tsuyoshi Nozawa (Audit & Supervisory Board Member)	16/16 (100%) Attended all 16 Board of Directors meetings held (12 regular, 4 extraordinary)
Hirohiko Matsushita (Audit & Supervisory Board Member)	11/11 (100%) Attended all 11 Board of Directors meetings held (9 regular, 2 extraordinary) held following appointment
Shoji Wakamatsu (Audit & Supervisory Board Member)	16/16 (100%) Attended all 16 Board of Directors meetings held (12 regular, 4 extraordinary)
Tsuguya Ieda (Audit & Supervisory Board Member)	16/16 (100%) Attended all 16 Board of Directors meetings held (12 regular, 4 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 22 executive officers (including three 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 (including a restricted share-based compensation plan) 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

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 has been established. The Sustainability Committee is comprised of the President, the executive officer in charge of the Corporate Planning Department, and others, and may be attended by the Chairman of the Board, outside directors, and Audit & Supervisory Board members. Sustainability Subcommittees and 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.

5) Internal Control Committee

The Company has established an Internal Control Committee for the purpose of promoting the creation of internal-control systems and maintaining and improving these systems by regularly evaluating their effectiveness. The Internal Control Committee consists of the President, the executive officer in charge of the Internal Audit Department, and other members. Audit & Supervisory Board members may also attend committee meetings.

6) 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 meetings such as Board of Directors meetings, view important documents approved, interview representative directors and other key persons, and perform site audits of offices, plants, and affiliated companies. Similarly, in addition to attending important meetings such as Board of Directors meetings, the Company's outside Audit & Supervisory Board members also perform site audits together with standing Audit & Supervisory Board members. Audit Reports on site audits performed by Audit & Supervisory Board members are also shared with the representative directors and other relevant persons.

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 2025, 19 meetings were convened. The attendance record of each Audit & Supervisory Board member in office as of March 31, 2026, is outlined below.

Name	Attendance Record
Tsuyoshi Nozawa (Audit & Supervisory Board Member)	19/19 (100%) Attended all 19 Audit & Supervisory Board meetings held
Hirohiko Matsushita (Audit & Supervisory Board Member)	12/13 (92%) Attended 12 out of 13 Audit & Supervisory Board meetings held following appointment
Shoji Wakamatsu (Audit & Supervisory Board Member)	19/19 (100%) Attended all 19 Audit & Supervisory Board meetings held
Tsuguya Ieda (Audit & Supervisory Board Member)	19/19 (100%) Attended all 19 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 the 101st Term (fiscal 2025), 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 Tomoyasu Sugizaki, Kenya Yakuwa, and Kenichi Tejima

3) Number of staff who assisted with the audit

Certified public accountants: 22; Others: 46

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 Updated

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	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 101st ordinary general meeting of shareholders was disclosed on the Tokyo Stock Exchange and the Company's website on May 28, 2026, prior to the sending of notices of convocation. The Company sends out notices of convocation three weeks prior to the date of general meetings of shareholders. The notice of convocation of the 101st ordinary general meeting of shareholders was sent on June 3, 2026.
Scheduling AGMs avoiding the peak day	The 101st ordinary general meeting of shareholders was held on Thursday, June 25, 2026.
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 29, 2026, the day following the disclosure of the Japanese-language versions.
Other	Materials related to the ordinary general meeting of shareholders, such as convocation notices, etc. are also posted on the Company's website. 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.

2. IR activities

	Supplementary remarks	Explanation by company representative in person
Preparation and publication of disclosure policy	In order to obtain the trust of shareholders and investors and receive an appropriate appraisal, the Company strives to voluntarily and proactively disclose information that it deems beneficial to shareholders and investors, in addition to items mandated for disclosure by stock exchange rules, the Financial Instruments and Exchange Act, and other laws and regulations. An IR policy has been laid down and is posted on the Company's website. https://www.smm.co.jp/en/ir/policy/	
Regular briefings for analysts and institutional investors	1) Results briefings held each announcement of quarterly results. 2) Briefings to explain the Company's management strategy as a rule twice a year upon release of second-quarter and full-year results. 3) Briefings at times of important announcements, such as of three-year business plans. 4) Site tours are also held as appropriate to promote understanding of the Company's business. 5) Briefings regarding individual businesses, etc. are held as necessary. In fiscal 2025, the Company held "Outside Directors Meeting" and briefings on "Advanced Material Business". 6) Small-sized meetings and one-on-one dialogue sessions with analysts and institutional investors were held on approximately 260 occasions in fiscal 2025. 7) With regard to dialogue with institutional investors as well, the Company endeavors to ensure that Directors are proactively and constructively involved to the extent reasonably practicable. 8) The IR department, in collaboration with the management strategy division, each business division, the sustainability promotion division, the legal division, and others, collects and disseminates the information necessary to promote constructive dialogue with shareholders and investors.	Yes
Regular briefings for overseas investors	• Representative directors, other officers, and members of the Investor Relations Department visit overseas investors on an annual basis, and individual meetings with institutional investors in North America, Europe, and Asia are held as necessary.	Yes

	• The Company also participates in a variety of conferences hosted by securities firms.	
Posting of IR materials on website	IR materials such as financial results and other materials for timely disclosure, annual securities reports/quarterly reports, results-briefing materials, conference materials, integrated reports, sustainability information, stock information, convocation notices for general meetings of shareholders, business reports, resolution notices, shareholder news, and press- release materials are posted on the Company's website. • https://www.smm.co.jp/en/ir/	
Establishment of IR unit (staff in charge)	The Company has established the Public Relations & Investor Relations Department.	
Other activities	• The Company holds a briefing for individual investors at securities firms, etc. (held once in fiscal 2025). The Company is working to enhance its corporate communications and improve its website in order to promote interest among individual investors. The Company also responds diligently to inquiries from individual investors received by telephone or other channels.	

3. Measures to respect the position of stakeholders

	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.	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. 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. Sustainable co-existence with society means that, through such means as dialogue and interaction with stakeholders, the Company is endeavoring to enhance enterprise value. The Sustainability Committee (headed by the president) has been established to ensure promotion of sustainability promotion activities. Under this, Sustainability Subcommittees and 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. Sustainability Subcommittees are organizations that work to achieve the Material Issues and "Vision for 2030". Management System Sectional Committees are organizations that address issues related to risk management, compliance, quality, and responsible mineral procurement and supply chain management. 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, Material Issues, and the SMM Group "Vision for 2030." 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. Previously, the status of the Sumitomo Metal Mining Group's sustainability promotion activities was reported in the annual Integrated Report. However, from fiscal 2023, in addition to the Integrated Report, a new annual Sustainability Report has been published to expand and enhance the disclosure of sustainability-related information. Furthermore, starting from October 2025, we have shifted from the

	conventional PDF-format Sustainability Report to disclosing information through an ESG Data Book and a dedicated sustainability website. The ESG Data Book and the sustainability website, and the Integrated Report are published on the Company's website.
Formulation of policies for provision of information to stakeholders	The Company has formulated an IR Policy. It is posted on the following Company website. https//www.smm.co.jp/en/ir/policy/
Other	Initiatives to promote diversity, equity, and inclusion (DE&I): For the Company, a company that seeks to be a "World Leader in the Non-Ferrous Metals Industry," DE&I has become increasingly important, and company-wide steps are being taken to promote DE&I initiatives. In July 2012 the Company formed the Female Activation Support Group, in October 2015 established the Diversity Promotion Section within the Human Resources Development Department (currently the Human Resources Dept.), and in April 2025 established a new DE&I Collaborative Creation Section. Under this framework, the Company 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. Going forward, in addition to initiatives related to women, foreign nationals, sexual minorities, and persons with disabilities, the Company will work to implement a variety of measures to support employees at different stages of their lives, including promoting awareness of available systems among employees who face challenges balancing work with raising children, caring for family members or receiving medical treatment, as well as workplace training programs such as human rights training and harassment prevention education for executives and employees.

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 (Article100(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 courses 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, if a proposal for a large-scale acquisition of the shares in the Company is made by a specific person, a decision regarding whether or not to accept that proposal must ultimately be left to the intent of the shareholders.

Nonetheless, there are some forms of large-scale acquisitions that damage the corporate value of the Company and the common interests of its shareholders.

The Company believes that a person who would make a large-scale acquisition in a manner that impairs the corporate value of the Company and the common interests of its shareholders would be inappropriate to become a person who controls decisions on the Company's financial and business policies, and that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking necessary and reasonable countermeasures against large-scale 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 countermeasures against a large-scale acquisition of shares initiated without obtaining the approval 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, in 2022, the Company decided not to renew its response policy (takeover defense measures) at a stage where a specific acquirer has not emerged. The Company believes that it is desirable to confirm shareholders' intent on appropriate countermeasures as necessary when an acquirer has actually emerged and a proposal for a large-scale acquisition of the shares in the Company is made.

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

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.

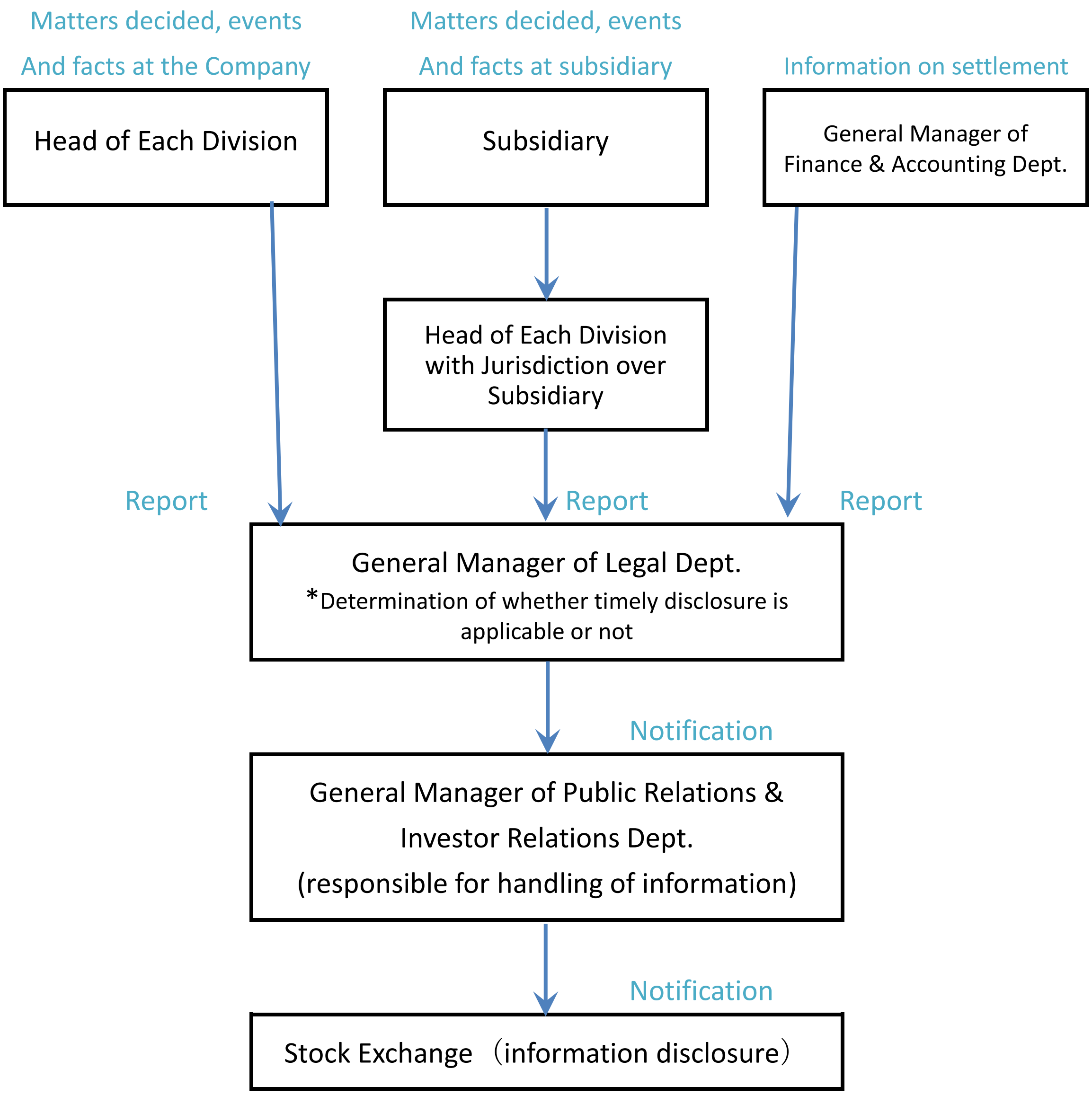
b. With regard to the Important Fact so reported, the general manager of the Legal Department then decides whether that fact falls into the category of a matter for timely disclosure, and notifies the general manager of the Public Relations & Investor Relations Department, the officer responsible for 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.

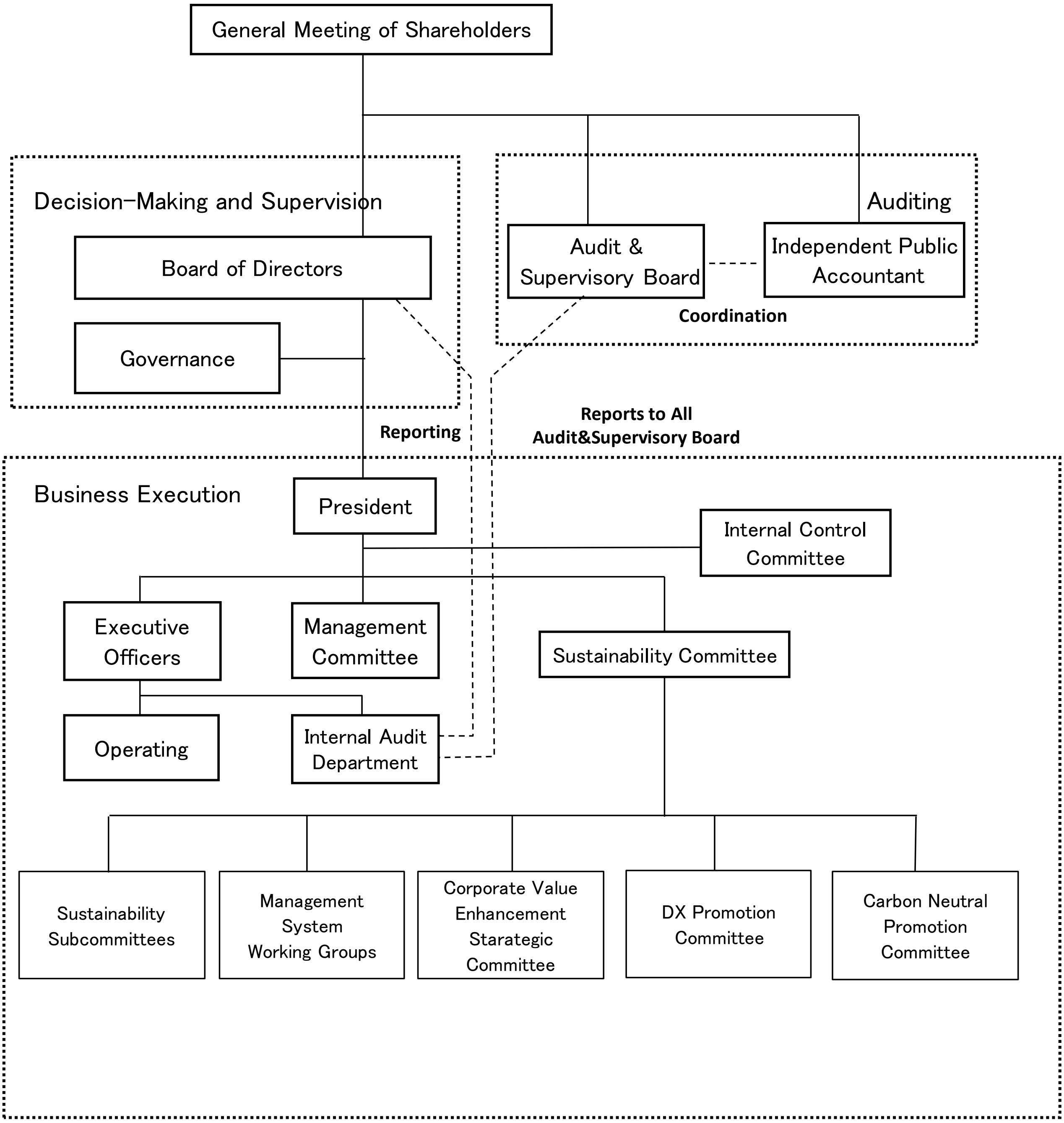
3) Timely-disclosure screening through the ringi process

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	Corporate Management	International Experience	Business strategy/ Marketing	Engineering/ IT/DX	R&D/ Manufacturing	Finance/ Accounting	HR/HR Development	Sustainability/ ESG	Legal/ Compliance/ Internal Control
		Knowledge, experience, ability, etc. possessed by Directors and Audit & Supervisory Board Members that they believe they can contribute significantly to the effectiveness of the Board of Directors.								
Director	Akira Nozaki	○	○	○			○			
	Nobuhiro Matsumoto	○	○	○	○	○			○	
	Masaru Takebayashi	○	○	○	○	○			○	
	Yasuhiro Miyake	○	○	○			○			
	Taeko Ishii							○		○
	Manabu Kinoshita	○		○	○			○		
	Koji Takeuchi			○		○				
	Sawaki Nicola Michele		○				○	○		
Audit & Supervisory Board Members	Hirohiko Matsushita							○	○	○
	Kazuhito Sasaki						○			
	Shoji Wakamatsu						○			○
	Tsuguya Ieda		○	○			○	○		

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 attain the Company's long-term vision and the "Vision for 2030" set for each material issue. 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
Corporate Management	・Experience as a corporate officer (director with representative rights) of a publicly listed company or equivalent company. ・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. ・Consulting/academic research experience, etc. in the Corporate Management field.
International Experience	・Experience as a responsible officer, etc. of a division that has important business partners/affiliates overseas. ・Experience at an overseas company, such as an overseas subsidiary, as a corporate officer, in business operations, or on assignment / Experience at an overseas office of a government agency.
Business strategy/ Marketing	・Experience as a responsible officer, etc. for corporate planning. ・Experience as a responsible officer, etc. for the Company's core businesses (Mineral Resources, Smelting & Refining, Materials). ・Experience as a responsible officer, etc. for mergers and acquisitions in business divisions or business investments. ・Experience in charge of practical operations at a financial institution, investment bank, or professional services firm ・Experience as president or equivalent officer of an affiliate (operating company). ・Experience as a responsible officer, etc. for a division related to market development, sales, marketing, or supply chain management.
Engineering/IT/ DX	・Experience as a responsible officer, superintendent, etc. in a division related to manufacturing technology or engineering (including within a business division) / Possession of international qualifications related to the manufacturing technology or engineering field. ・Experience as a project management superintendent for large-scale capital investment in a business division. ・Experience as a responsible officer, etc. for IT/DX-related divisions.
R&D/ Manufacturing	・Experience as a responsible officer, superintendent, etc. in a division related to research and development (including within a business division). ・Experience as a superintendent, etc. of a manufacturing-related division. ・Experience as a responsible officer, superintendent, etc. in a division related to quality/safety/environmental management (including within a business division).

	・Possession of auditor qualifications related to public certification bodies for quality, safety, and the environment, such as ISO.
Finance/ Accounting	・Experience as a responsible officer, etc. in a division related to the financial management, financing, or accounting fields ・Experience in charge of practical operations related to finance at a financial institution / Experience working for an accounting firm, etc. ・Possession of qualifications as a certified public accountant or certified tax accountant.
HR/HR Development	・Experience as a responsible officer, etc. in a division related to human resources/human resource development (including labor management/DE&I 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/human resource development field. ・Experience as a human resources/human resource development superintendent of a company, business division, or large site.
Sustainability/ ESG	・Experience as a responsible officer, etc. of a division related to sustainability (including initiatives toward carbon neutrality, circular economy, and nature positivity) or ESG, or a division related to key components of ESG / Experience working for an external evaluation organization. ・Experience as a consultant, academic researcher, lawyer, etc. in the Sustainability or ESG fields. ・Experience holding responsibility for conducting dialogue with shareholders, investors, local community, and local residents.
Legal/ Compliance/Internal Control	・Experience as a responsible officer, etc. in a division related to legal affairs, compliance promotion, or internal auditing / Practical experience as a corporate auditor (including at affiliated companies). ・Possession of qualifications as a legal professional (judge, prosecutor, lawyer) / Possession of qualifications as a certified public accountant, certified tax accountant, certified internal auditor, or certified fraud examiner / Academic researcher in the relevant fields (legal affairs, compliance promotion, or internal auditing). ・Experience working in regulatory affairs for a regulatory agency. ・Experience as a compliance superintendent of a company, business division, or large site.

Notes:

- ”Responsible officer, etc.” refers to a responsible officer, division head, department head or equivalent managerial position, or experience in charge of practical operations.
- ”Superintendent, etc.” refers to a superintendent or equivalent managerial position, or experience in charge of practical operations.