

International Council on Mining and Metals' (ICMM) Performance Expectations (PEs) Self-Assessment

FY2022 Asset Level Report (Toyo Smelter & Refinery)

We implemented a PEs self-assessment for the Toyo Smelter & Refinery in FY2022 as shown below and underwent third-party validation in FY2022.

FY2022 Self-Assessment Result (Toyo Smelter & Refinery)

Items	Performance Expectation	Assessment Summary	Implementation Evidence and Gaps
1	Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development.		
1.1	Establish systems to maintain compliance with applicable law	Meets	A mechanism we have to identify relevant legal requirements is a monthly newsletter sent to all employees that contains information on laws and regulations that were revised in the previous month. This newsletter is a product of Sumitomo Metal Mining Co., Ltd's legal department. Our group has "The Basic Compliance Regulations" as a mechanism to track, assess, implement and communicate changes to relevant legal requirements. When a compliance violation has been detected at the Toyo Smelter & Refinery, countermeasures to prevent reoccurrence shall be evaluated by the legal division with jurisdiction and the details shall be reported to Sumitomo Metal Mining Co., Ltd's board of directors.
1.2	Implement policies and practices to prevent bribery and corruption, and to publicly disclose facilitation payments.	Partially Meets	Our group has "The Basic Policies for Anti-Bribery" as a policy related to the prevention of bribery and corruption. While facilitation payments are stipulated as being handled in the same manner as the provisioning of standard benefits, we have not disclosed specific details. Additionally, while training is delivered to employees on policies and prohibited practices, we were not able to provide evidence that training was being implemented for contractors.
1.3	Implement policies and standards consistent with the ICMM policy framework.*	—	—
1.4	Assign accountability for sustainability performance at the Board and/or Executive Committee level.*	—	—
1.5	Disclose the value and beneficiaries of financial and in-kind political contributions whether directly or through an intermediary.*	—	—
2	Integrate sustainable development in company strategy and decision-making processes.		
2.1	Integrate sustainable development principles into corporate strategy and decision-making processes relating to investments in the design, operation and closure of facilities.*	—	—
2.2	Support the adoption of responsible health and safety, environmental, human rights and labour policies and practices by joint venture partners, suppliers and contractors, based on risk.	Partially Meets	Our group has the "SMM Group's Sustainable Procurement Policy" as a policy in place to define company expectations in the value chain with respect to health and safety, environmental, human rights and labour practices. We ask that all of our primary suppliers and contractors consent to the "SMM Group's Sustainable Procurement Policy" as a means to promote health and safety, environmental, human rights and labour performance. We were not able to submit evidence that we had mechanisms in place, based on risk, to support the health and safety, environmental, human rights and labour performance of partners.

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3	Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities.		
3.1	Support the UN Guiding Principles on Business and Human Rights by developing a policy commitment to respect human rights, undertaking human rights due diligence and providing for or cooperating in processes to enable the remediation of adverse human rights impacts that members have caused or contributed to.	Partially Meets	Our group has the "Sumitomo Metal Mining Group Policy on Human Rights" as a policy commitment to avoid causing or contributing to adverse human rights impacts from operational activities or from activities directly linked to the operations, products or services by business relationships. While we are delivering human rights training to all employees, including those in the group, we were not able to provide evidence for mechanisms to communicate negative human rights impacts in an appropriate manner to potentially impacted neighboring inhabitants, nor for company-wide due diligence for human rights.
3.2	Avoid the involuntary physical or economic displacement of families and communities. Where this is not possible apply the mitigation hierarchy and implement actions or remedies that address residual adverse effects to restore or improve livelihoods and standards of living of displaced people.	Partially Meets	As the development plan for the Toyo Smelter & Refinery started before 2001 (before the start of the ICMM), assessment related to the involuntary resettlement plan for the Toyo Smelter & Refinery is not applicable. A development plan requiring involuntary resettlement has not been implemented for the Toyo Smelter & Refinery from 2001 and after. At present, we have not drafted a policy statement covering the avoidance of involuntary resettlement to the extent possible.
3.3	Implement, based on risk, a human rights and security approach consistent with the Voluntary Principles on Security and Human Rights.	Partially Meets	We are delivering human rights training to security personnel. Incidents between security personnel and neighboring inhabitants are recorded in a security record. We were not able to present evidence that we were implementing an approach to security and human rights (including a human rights risk assessment) that was in line with the Voluntary Principles on Security and Human Rights, nor were we able to present evidence of consultations related to security and human rights that had taken place with stakeholders (neighboring inhabitants) who were potentially affected.
3.4	Respect the rights of workers by: not employing child or forced labour; avoiding human trafficking; not assigning hazardous/dangerous work to those under 18; eliminating harassment and discrimination; respecting freedom of association and collective bargaining; and providing a mechanism to address workers grievances.	Meets	Our recruitment process employs those who have graduated high school, so we do not employ child labour or assign hazardous/dangerous work to those under 18. Our group has labour contracts that are based on the consent of the labourers as evidence that forced labour and human trafficking are not occurring. Our group has the internal "Human Rights Regulations" as a mechanisms to identify, assess, and eliminate potential employment and human rights risks related to harassment and discrimination. Our group has a collective labour agreement as a mechanism to respect the right to freedom of association and collective bargaining. Our group has a "Grievance Redressal Council" as a mechanism to enable workers' grievances to be brought forward and addressed.
3.5	Remunerate employees with wages that equal or exceed legal requirements or represent a competitive wage within that job market (whichever is higher) and assign regular and overtime working hours within legally required limits.	Meets	Our group has labour contracts as contracts related to employee compensation. We monitor working hours and check against statutory working hours. Our group has internal regulations for personnel evaluations and achievement level evaluations as evidence related to mechanisms to demonstrate implementation of fair remuneration.
3.6	Respect the rights, interests, aspirations, culture and natural resource-based livelihoods of Indigenous Peoples in project design, development and operation; apply the mitigation hierarchy to address adverse impacts; and deliver sustainable benefits for Indigenous Peoples.	Not Applicable	We determined that this was "Not applicable," as the area used for the construction of the Toyo Smelter & Refinery had no indigenous people.

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3.7	Work to obtain the free, prior and informed consent of Indigenous Peoples where significant adverse impacts are likely to occur, as a result of relocation, disturbance of lands and territories or of critical cultural heritage, and capture the outcomes of engagement and consent processes in agreements.	Not Applicable	We determined that this was "Not applicable," as the area used for the construction of the Toyo Smelter & Refinery had no indigenous people.
3.8	Implement policies and practices to respect the rights and interests of women and support diversity in the workplace.	Meets	Our group has salary regulations as evidence that our standards governing employment and compensation are based on objective criteria and are not discriminatory based on gender or other social or economic criteria. For employment and compensation for the company, including the Toyo Smelter & Refinery, data on the ratio of female managers, the ratio of female employees, the ratio of male and female employees taking childcare leave, and the employment and turnover rate for male and female employees is disclosed in our Integrated Report.
4	Implement effective risk-management strategies and systems based on sound science and which account for stakeholder perceptions of risks.		
4.1	Assess environmental and social risks and opportunities of new projects and of significant changes to existing operations in consultation with interested and affected stakeholders, and publicly disclose assessment results.	Meets	As the development plan for the Toyo Smelter & Refinery started before 2001 (before the start of the ICMM), assessment related to the Environmental Impact Assessment (EIA) for the Toyo Smelter & Refinery is not applicable. From 2001 onwards, the "Toyo Smelter & Refinery Sulfuric Acid Equipment Reinforcement Plan" was a development plan requiring an EIA by Japanese law. Evidence that the EIA was submitted to Ehime Prefecture and that procedures were finished is available on the Ehime Prefecture website. (https://www.pref.ehime.jp/kankyoku/k-hp/theme/assessment/jokyo/sumikin.html)
4.2	Undertake risk-based due diligence on conflict and human rights that aligns with the OECD Due Diligence Guidance on Conflict Affected and High Risk Areas, when operating in, or sourcing from, a conflict-affected or high-risk area.	Meets	The Toyo Smelter & Refinery is enacting due diligence to ensure that the sourcing of copper is in line with the responsible sourcing requirements of the London Metal Exchange and that the sourcing of gold and silver is in line with the guidelines of the London Bullion Market Association.
4.3	Implement risk-based controls to avoid/prevent, minimise, mitigate and/or remedy health, safety and environmental impacts to workers, local communities, cultural heritage and the natural environment, based upon a recognised international standard or management system.	Meets	The Toyo Smelter & Refinery conducts management of occupational health and safety based on ISO45001 and implements an environmental management system based on ISO14001. Our group has "Risk Management System Regulations" and "Environmental Management Regulations" as evidence that we implement risk-based controls to avoid/prevent, minimise, mitigate and/or remedy health, safety and environmental impacts to workers, local communities, cultural heritage and the natural environment, and minimise or compensate for adverse impacts.
4.4	Develop, maintain and test emergency response plans. Where risks to external stakeholders are significant, this should be in collaboration with potentially affected stakeholders and consistent with established industry good practice.	Meets	Our group has internal regulations such as the "Risk Management Regulations," "Business Continuity Plan" and "Emergency Response Procedure" as evidence of emergency response plans that include the identification of foreseeable hazards and risks that could lead to emergency situations.
5	Pursue continual improvement in health and safety performance with the ultimate goal of zero harm.		
5.1	Implement practices aimed at continually improving workplace health and safety, and monitor performance for the elimination of workplace fatalities, serious injuries and prevention of occupational diseases, based upon a recognised international standard or management system.	Meets	The Toyo Smelter & Refinery conducts management of occupational health and safety based on ISO45001. Our group has internal regulations such as the "Regulations for Security, Safety and Occupational Health Management" as a mechanism to identify, assess, eliminate (if possible), or control the health and safety hazards and occupational diseases at the asset.

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5.2	Provide workers with training in accordance with their responsibilities for health and safety, and implement health surveillance and risk-based monitoring programmes based on occupational exposures.	Meets	Our group has internal regulations such as the "Regulations for Security, Safety and Occupational Health Management" as a mechanism in place for identifying and implementing health and safety training for employees that is aligned with their job responsibilities. Our group's internal regulations such as the "Regulations for Safety and Sanitation" identify the activities, materials and processes to which employees are exposed, and the procedures to follow when exposure levels are exceeded.
6	Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change.		
6.1	Plan and design for closure in consultation with relevant authorities and stakeholders, implement measures to address closure-related environmental and social aspects, and make financial provision to enable agreed closure and post-closure commitments to be realised.	Not Applicable	We determined that this was "Not applicable," as the asset does not have mines or tailing dams.
6.2	Implement water stewardship practices that provide for strong and transparent water governance, effective and efficient management of water at operations, and collaboration with stakeholders at a catchment level to achieve responsible and sustainable water use.	Meets	We are monitoring water intake amounts, effluent amounts and contaminants at the Toyo Smelter & Refinery. We report to the authorities on the compliance with applicable requirements based on the Water Pollution Control Law, which serves as evidence of stakeholder engagement on water management at the catchment level.
6.3	Design, construct, operate, monitor and decommission tailings disposal/storage facilities using comprehensive, risk-based management and governance practices in line with internationally recognised good practice, to minimise the risk of catastrophic failure.	Not Applicable	We determined that this was "Not applicable," as the asset does not have tailing facilities.
6.4	Apply the mitigation hierarchy to prevent pollution, manage releases and waste, and address potential impacts on human health and the environment.	Meets	We implement an environmental management system at the Toyo Smelter & Refinery based on ISO14001. Our group has internal regulations such as the "Environmental Management Regulations" and "Waste Management Regulations" as mechanisms to identify, assess, and control sources of potential pollution and their impacts on human health and the environment. As substantive mechanisms in line with mitigation hierarchy, we control waste by recycling water used in processes and by investing resources that are not useable in one process in another.
6.5	Implement measures to improve energy efficiency and contribute to a low-carbon future, and report the outcomes based on internationally recognised protocols for measuring CO ₂ equivalent (GHG) emissions.	Meets	The Toyo Smelter & Refinery reports energy usage to Sumitomo Metal Mining Co., Ltd. based on internal "Energy Management Regulations." Sumitomo Metal Mining Co., Ltd. calculates the group's CO ₂ emissions using emission factors that are based on the "Act on Promotion of Global Warming Countermeasures" and discloses them in its Integrated Report.
7	Contribute to the conservation of biodiversity and integrated approaches to land-use planning.		
7.1	Neither explore nor develop new mines in World Heritage sites, respect legally designated protected areas, and design and operate any new operations or changes to existing operations to be compatible with the value for which such areas were designated.	Not Applicable	We determined that this was "Not applicable," as there are no listed World Heritage sites in the area surrounding the asset.
7.2	Assess and address risks and impacts to biodiversity and ecosystem services by implementing the mitigation hierarchy, with the ambition of achieving no-net-loss to biodiversity.	Meets	We implement an environmental management system at the Toyo Smelter & Refinery based on ISO 14001. Our group has an "Environmental Management Program" that aims to minimize the effect on water and the atmosphere based on the Act on Special Measures Concerning Conservation of the Environment of the Seto Inland Sea as a programme in place to identify and assess potential adverse impacts to biodiversity and ecosystem services.

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8	Facilitate and support the knowledge-base and systems for responsible design, use, re-use, recycling and disposal of products containing metals and minerals.		
8.1	In project design, operation and de-commissioning, implement cost-effective measures for the recovery, re-use or recycling of energy, natural resources, and materials.	Partially Meets	Our group has evidence that sustainable development principles have been integrated into the project design. On the other hand, we were not able to present evidence related to mechanisms to identify and analyse practices to recover, recycle and re-use materials such as natural resources throughout the life of the asset.
8.2	Assess the hazards of the products of mining according to UN Globally Harmonised System of Hazard Classification and Labelling or equivalent relevant regulatory systems and communicate through safety data sheets and labelling as appropriate.	Meets	Internal regulations such as the "SMM Group Chemical Management Guidelines" exist as evidence that practices are in place to identify, assess and classify the hazards of products according to the UN Globally Harmonised System of Hazard Classification and Labelling or equivalent relevant regulatory mechanism. We are communicating the hazards of products to stakeholders through safety data sheets for hazardous substances and clearly label containers and packaging with information regarding hazardous substances.
9	Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities.		
9.1	Implement inclusive approaches with local communities to identify their development priorities and support activities that contribute to their lasting social and economic wellbeing, in partnership with government, civil society and development agencies, as appropriate.	Meets	Our group has CSR societal contribution activities (tree planting business, business for the promotion and development of sports, culture and the arts, etc.) as evidence of the implementation of participatory engagement practices to identify, assess and implement community development activities that address priorities with the intent that communities can thrive, including post-closure.
9.2	Enable access by local enterprises to procurement and contracting opportunities across the project life cycle, both directly and by encouraging larger contractors and suppliers, and also by supporting initiatives to enhance economic opportunities for local communities.	Meets	The Toyo Smelter & Refinery maintains communication minutes with subcontractors (local enterprises implementing on-premises logistics and maintenance) as evidence of consultation with local communities, to define, identify, communicate and promote procurement opportunities for local enterprises or contractors.
9.3	Conduct stakeholder engagement based upon an analysis of the local context and provide local stakeholders with access to effective mechanisms for seeking resolution of grievances related to the company and its activities.	Partially Meets	While we have mechanisms in place for the redressal of grievances from stakeholders, for the implementation of investigations and for grievance processing based on internal reporting, we were not able to present evidence related to "stakeholder mapping based on, for example, type of stakeholder, level of influence, and capacity to engage," "stakeholder engagement informed by social, economic and environmental assessments/baseline studies" and "grievance mechanism fit for purpose and aligned with the UN Guiding Principles on Business and Human Rights."
9.4	Collaborate with government, where appropriate, to support improvements in environmental and social practices of local Artisanal and Small-scale Mining (ASM).	Not Applicable	We confirmed that this was "Not applicable," as artisanal and small-scale mining does not exist in the local area.
10	Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance.		
10.1	Identify and engage with key corporate-level external stakeholders on sustainable development issues in an open and transparent manner.*	—	—
10.2	Publicly support the implementation of the Extractive Industries Transparency Initiative (EITI) and compile information on all material payments, at the appropriate levels of government, by country and by project.	Not Applicable	We determined that this was "Not applicable," as the asset is not developing resources in a country in which EITI is implemented.
10.3	Report annually on economic, social and environmental performance at the corporate level using the GRI Sustainability Reporting Standards.*	—	—

Items	Performance Expectation	Assessment Summary	Implementation Evidence and Gaps
10.4	Each year, conduct independent assurance of sustainability performance following the ICMM guidance on assuring and verifying membership requirements.*	—	—

Items for which we were not able to disclose evidence will become issues for discussion moving forward

* The asset level report is not applicable, as it is a corporate level item



[ICMM Mining Principles: Performance Expectations](https://www.icmm.com/en-gb/our-principles/mining-principles/mining-principles)

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