

Due Diligence Report for Responsible Sourcing of Copper, Nickel and Cobalt Raw Materials

1. Corporate Profile: Refineries, Raw Materials and Products

The Corporate name of the company is Sumitomo Metal Mining Co., Ltd. (SMM). SMM is a diversified non-ferrous metal smelting and refining company. SMM produces copper products at Toyo Smelter & Refinery (145-1, Funaya-Aza-Shinchi-Otu, Saijyo, Ehime, Japan), nickel and cobalt products at Niihama Nickel Refinery (Nishihara-cho, Niihama, Ehime, Japan) and Harima Refinery (346-4 Miyanishi, Harima-cho, Kako-gun, Hyogo, Japan). Toyo Smelter & Refinery produces electric copper and copper sulfate from copper concentrate, recycled materials, crude copper and copper containing slime. Niihama Nickel Refinery produces electric nickel and cobalt metal as well as nickel sulfate from nickel cobalt mixed sulfide, cobalt contained nickel matte and crude nickel sulfate, and Harima Refinery produces nickel sulfate and cobalt chloride from nickel cobalt mixed sulfide.

2. Assessment Summary

1) Copper

Toyo Smelter & Refinery (CID003878) has undergone the third-party assessment under Joint Due Diligence Standard (“JDDS”) for the first time in July 2023 certified as a conformant refinery by Responsible Mineral Initiative (“RMI”).

(<https://www.responsiblemineralsinitiative.org/facilities-lists/indicators/copper-processors-list/conformant-copper-processors/>)

2) Nickel

Niihama Nickel Refinery (CID 004055) and Harima Refinery (CID 003882) have both undergone the third-party assessments under JDDS in February 2023 and both refineries were certified as conformant refineries. (<https://www.responsiblemineralsinitiative.org/facilities-lists/indicators/nickel-processors-list/conformant-nickel-processors/>)

3) Cobalt

Niihama Nickel Refinery (CID 003278) and Harima Refinery (CID 003577) have both undergone the third-party assessments under Cobalt Refiner Supply Chain Due Diligence Standard for the first time in March 2021 and since been listed as Cobalt Conformant Refiners on the Cobalt Refiners List by RMI thereafter.

(<https://www.responsiblemineralsinitiative.org/cobalt-refiners-list/conformant-cobalt->

refiners/)

3. Company Supply Chain Policy

SMM has established SMM Group Responsible Mineral Sourcing Policy on November 1, 2018. In addition, SMM has established Policy on Responsible Sourcing of Cobalt Raw Materials on August 1, 2020 which has subsequently revised to Policy on Responsible Sourcing of Copper, Nickel and Cobalt Raw Materials on November 15, 2022. SMM, based on these policies, respects and adheres to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD guidance), exercises appropriate influence over suppliers, and strives to ensure transparency in the supply chain of raw materials so that SMM will not contribute to human rights abuses such as child labor and forced labor, environmental destruction, illegal mining and corruption, and that our sourcing of raw materials will not lead to the financing of armed groups.

The above mentioned policies are widely disseminated to relevant stakeholders (suppliers, customers, employees, etc.) and available on SMM's website.

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

4. Company Management System

1) Management Structure

SMM's organizations for Supply Chain Due Diligence (DD) for copper, nickel and cobalt raw materials (collectively, "the Raw Materials") are as follows:

- ① "Responsible Mineral Sourcing" Sub-Committee
 - ② Person in charge of Compliance
 - ③ Person in charge of the Purchase of each of the Raw Materials
 - ④ Person in charge of Management of each of the Raw Materials
- ① "Responsible Mineral Sourcing" Sub-Committee (Sub-Committee) chaired by General Manager of Non-Ferrous Metals Division, SMM has been established to realize "SMM Group Responsible Mineral Sourcing Policy" under Sustainability Committee chaired by President of SMM by the resolution of Board of Directors of SMM and its main responsibilities and authorities are formulation and enactment of policies and rules, supervision of the Person in charge of Compliance, decision-making on transactions with a supply chain that is assessed as high risk, management review on reports from the Person in charge of Compliance, and approval of annual reports concerning Supply Chain DD.
- ② General Manager of Administration Department of Non-Ferrous Metals Division serves as the Person in charge of Compliance and its main responsibilities and authorities are identification and review of Conflict-Affected and High-Risk Areas (CAHRAs), establishment of management system for Supply Chain DD, education and training,

internal audit, reporting to Sub-Committee for management review, internal and external communications, and preparation of annual reports.

③ The Person in charge of the Purchase of each of the Raw Materials are:

For copper raw materials: General Managers of Copper & Precious Metals Raw Materials Dept., of Sales Dept. of Osaka Branch and of Nagoya Branch; and

For nickel and cobalt raw materials: General Manager of the Nickel Sales & Raw Materials Dept..

And their main responsibilities and authorities are purchase of each of the Raw Materials in compliance with the related rules and implementation of Supply Chain DD and reporting of its results to the Person in charge of Compliance.

④ Person in charge of Management of each of the Raw Materials are:

For copper raw materials: General Manager of Toyo Smelter & Refinery; and

For nickel and cobalt raw materials: General Managers of Niihama Nickel Refinery and of Harima Refinery.

And their main responsibilities and authorities are checking of each of the Raw Materials received and related documents and maintenance of records concerning the each of the Raw Materials received.

2) Internal System of Control

SMM has established its due diligence management system to be aligned with the OECD Guidance and follows through on its commitments in responsible mineral sourcing policy and has developed and enacted internal procedure for due diligence with the following aspects as its internal rules:

① Supply Chain DD

SMM has sent its Suppliers Questionnaire to all its suppliers of the Raw Materials. The Person in charge of Purchase of each of the Raw Materials assesses risks in the supply chain based on suppliers' answers to Suppliers Questionnaire and public information, and reports the assessment result to the Person in charge of Compliance who examines and instructs whether to trade with the supply chain. When the supply chain is identified as a High-risk Supply Chain, a report must be submitted to Sub-Committee including the results of additional assessment procedures to seek the decision on whether to trade with such supply chain. To trade with High-risk Supply Chains, Sub-Committee decides whether to trade with such supply chain after preparing for a risk improvement plan and assessment of the risk improvement.

② Education and Training

SMM provides all employees who are involved in the Supply Chain DD with education and training about the Supply Chain DD in a planned and consistent way.

③ Internal Audit, Management Review

SMM conducts internal audit once a year and makes sure to have corrective measures taken for any discrepancies, the Person in charge of Compliance reports to Sub-Committee the result of the operation of Supply Chain DD based on the results of the internal audit and other information, and Sub-Committee assesses the effectiveness and performance of the Supply Chain DD and gives necessary instructions to the Person in charge of Compliance.

④ Communication

SMM has notified all the suppliers of the Raw Materials of its Policy on Responsible Sourcing of Copper, Nickel and Cobalt Raw Materials and Suppliers Questionnaire, expressed its expectations that the suppliers observe the OECD Guidance and been in the process to execute agreements with the suppliers to secure cooperation to SMM's policy. SMM has established a whistleblowers' contact office on its website to hear anonymous reporting from the interested parties inside and outside of SMM. SMM has also established internal whistleblower system for its employees. When any concern related to the Raw Materials in CAHRAs is brought from an external party, the Person in charge of Compliance takes appropriate actions consulting Sub-Committee and keeps relevant records.

⑤ Record Management

The records of Supply Chain DD are stored in electromagnetic and/or paper-based media and kept for at least five (5) years in a manner that will allow easy searching and prevent any damage, deterioration and losses.

5. Risk Identification

SMM has adopted a firm process to identify risks in the supply chain of the Raw Materials.

1) Identification and Revision of CAHRAs

CAHRAs are identified and revised once a year based on the following sources considering the definition in the OECD Guidance:

- Heidelberg Conflict Barometer
- World Bank Worldwide Governance Indicators (WGI)
- US Department of Labor "List of Goods Produced by Child Labor or Forced Labor"
- Cato Institute "The Human Freedom Index"

Specifically, a country corresponding either of ① or ② is considered as CAHRAs:

- ① It is the Democratic Republic of Congo (DRC) and one of its neighboring countries or countries or areas listed in the EU list(*).

(*) List of CAHRAs provided by the European Commission pursuant to Article 14.2 of the European Union Regulation 2017/821.

- ② Countries to which the following items are applicable under SMM's criteria:

- Conflict (presence of armed conflict, widespread violence or other risks of harm to people)
- Governance (political instability or repression, institutional weakness, insecurity,

collapse of civil infrastructure and widespread violence)

- Human rights (widespread human rights abuses and violation of national or international law)

2) Identification of High-risk Supply Chain

SMM, based on the result of identification of CAHRAs above and the Supply Chain DD described in the foregoing paragraph 4- (2), identify any supply chain applicable to “red flags” as a High-risk Supply Chain referring to “red flag location of origin and transit” and “supplier red flags” described in the mineral supplements in the OECD Guidance.

When a High-risk Supply Chain is identified, SMM conducts additional investigations.

The following are results of identification of CAHRAs and High-risk Supply Chain on each of the Raw Materials.

- ① Copper raw materials: In the assessment period from May 1, 2022 to May 31, 2023, no CAHRAs or red flags were identified and that no High-risk Supply Chain was identified in the relevant supply chains.
- ② Nickel raw materials: In the assessment period from January 1, 2022 to December 31, 2022, no CAHRAs or red flags were identified and that no High-risk Supply Chain was identified in the relevant supply chains.
- ③ Cobalt raw materials: In the assessment period from April 1, 2022 to May 31, 2023, no CAHRAs or red flags were identified and that no High-risk Supply Chain was identified in the relevant supply chains.

6. Risk Evaluation

SMM conducts additional investigations on the High-risk Supply Chain and decides whether to trade based on the result of such investigations referring to its Policy on Responsible Sourcing of Copper, Nickel and Cobalt Raw Materials.

7. Risk Mitigation

To carry out the trade with a High-risk Supply Chain, SMM prepares a risk improvement plan which includes clear performance goals and a reasonable deadline. If no risk improvement has been attained for six (6) months after adopting the risk improvement plan, suspension or termination of the business relationship with the supplier is to be considered. Once the deadline is reached, an assessment is to be made to determine whether to continue, terminate or suspend the trade with the supply chain.