

Policy on responsible sourcing of Copper, Nickel and Cobalt raw materials

Sumitomo Metal Mining Co., Ltd. (“SMM”), as has agreed with the intent of and expressed support for EITI^{※1}, based on the SMM Group Responsible Mineral Sourcing Policy, respects the guidance established by the Organisation for Economic Co-operation and Development (OECD) regarding mineral sourcing, 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 sourcing of raw materials will not lead to the financing of armed groups. SMM’s policy regarding responsible sourcing of copper, nickel and cobalt raw materials (collectively, “Raw Materials”) is as shown below.

※1 EITI (The Extractive Industries Transparency Initiative)

A framework of multilateral cooperation facilitating responsible resource development leading growth and poverty reduction by preventing corruptions and conflicts through enhancing transparency of money flows from extracting industries involving development of oil, gas and mineral resources to the governments of resource producing countries.

1. General Provision

SMM will conduct responsible sourcing of Raw Materials to help prevent systematic and widespread abuses of human rights, avoid contributing to conflicts, help prevent money laundering and the financing of terrorism, and safeguard occupational health and safety of miners in its supply chain of Raw Materials. We will have our sourcing of Raw Materials audited by an independent third-party.

2. Organization and responsibility

SMM specifies the department and individual that are responsible for procuring and managing material control of Raw Materials and supplies them to our refineries. The refineries do not procure Raw Materials on their own.

3. Criteria for determining high-risk supply chains

SMM shall consider the following Red Flags to determine high-risk supply chains.

(Red Flag locations of origin and transit)

- Raw Materials originate from or have been transported through a conflict-affected and high-risk area which is determined by SMM.
- Ores for Raw Materials are claimed to originate from a country that has limited known reserves or stocks, likely resources or expected production levels of the mineral.
- Ores for Raw Materials are claimed to originate from a country through which minerals from conflict-affected and high-risk areas are known or reasonably suspected to transit.
- Raw Materials are claimed to be refined or procured in a country where minerals from conflict-affected and high-risk areas is known or reasonably suspected to transit.
- Any of the following risks provided in Annex II of the afore mentioned guidance established by OECE (“Annex II Risks”) is reasonably suspected: 1) Serious abuses of human rights, 2) Direct or indirect support to non-state armed groups or public or private security forces, 3) Bribery and fraudulent misrepresentation of the origin of the mineral, 4) Money laundering, 5) Inappropriate payment of taxes, fees and royalties to governments, 6) Occupational health and safety conditions that are not adequate to safeguard the physical and mental health of miners directly and indirectly employed by a mining company.

(Supplier Red Flags)

- Suppliers of Raw Materials or other known upstream companies operate in one of the abovementioned red flag locations of mineral origin and transit or have shareholder or other interests in suppliers of the mineral from one of the abovementioned red flag locations of mineral origin and transit.
- Suppliers of Raw Materials or other known upstream companies are known to have sourced

the mineral from a red flag location of mineral origin and transit in the last 12 months.

4. Use of management system

1) Due diligence and risk management

- SMM conducts due diligence of its supply chains of Raw Materials and assess risks. SMM conducts enhanced due diligence for high-risk supply chains before deciding whether to start a trade.
- SMM immediately suspends transactions with upstream suppliers where a risk of serious abuses of human rights or direct or indirect support to non-state armed groups is identified.
- SMM immediately suspends transactions where any of Annex II Risks other than the foregoing is found not to be able to be mitigated after implementing such mitigating measures.

2) Monitoring of transaction

- Raw Materials that are delivered to our refineries are inspected and weighed onsite to examine the consistency with the transaction information held by the procurement department.
- Periodic internal audits are conducted in order to monitor and confirm that due diligence is performed appropriately of the supply chains of Raw Materials. We will have our sourcing of Raw Materials audited by an independent third-party.

3) Training

- Training will be continuously provided to the personnel who perform sourcing and onsite inspection of Raw Materials.

4) Maintenance of records

- SMM maintains specific records on the sourcing of Raw Materials over a defined period of time.

5. Public reporting

SMM publishes a report every year on the supply chain due diligence of Raw Materials.