

Daiwa Investment Conference Tokyo 2017

2015 3-Year Business Plan and Its Progress

Aiming to be a World Leader in the Non-Ferrous Metals Industry
and an Excellent Company of Japan
-Stage 2-

March 2017



SUMITOMO METAL MINING CO., LTD.

Yoshiaki Nakazato
President and Representative Director

Contents

I

Business Overview

II

2015 3-Yr Business Plan and Current Progress

III

Supplemental Materials (1) (Status of achievement of
individual strategies)

IV

Supplemental Materials (2) (ESG initiatives / data)

I. Business Overview

I

Business Overview

II

2015 3-Yr Business Plan and Current Progress

III

Supplemental Materials (1) (Status of achievement of individual strategies)

IV

Supplemental Materials (2) (ESG initiatives / data)

Sumitomo Metal Mining Co., Ltd.

Founded	1590
Incorporated	1950
Paid-In Capital	¥93.2 billion
Net Sales	¥855.4 billion (FY 2015)
Recurring Profit	- ¥12.8 billion (FY 2015)
Number of Employees	8,734 (consolidated) (FY2015)
Operations	Mining, smelting and refining, manufacturing of semiconductor and advanced materials, and other operations

(As of March 31, 2016)

2) Business Overview: Timeline (1)

400 Years of History—Sumitomo's Copper Smelting

Founded in 1590

Our roots date back to Soga Riemon's copper smelting and smithing business.

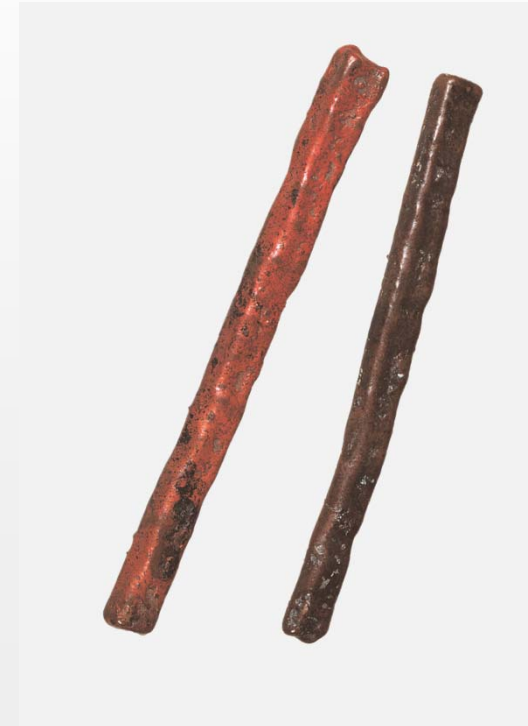
Nanban-buki

The establishment of the advanced smelting technology “nanban-buki” that separated silver from crude copper, using knowhow acquired from abroad, was attributed to Soga Riemon.



Copper Wire Bars

Copper wire bars, known as “Japan Copper,” were refined and cast in Osaka and exported from Nagasaki.



2) Business Overview: Timeline (2)

Sumitomo's Business Spirit

Article 1

Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

Article 2

Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

1590

Soga Riemon opened a copper smelting and smithing business in Kyoto

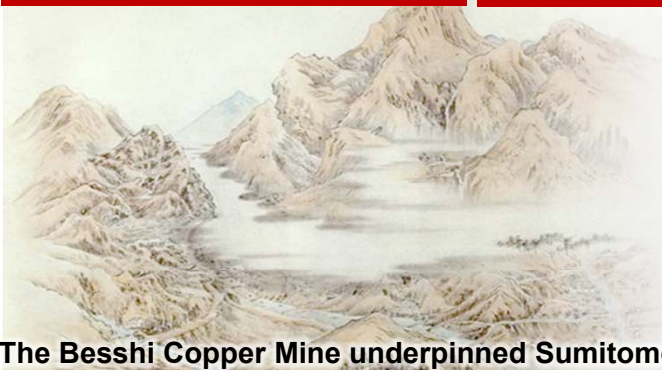


1500s

1600s

1700s

1800s



1691

Operation of Besshi Copper Mine started

Modernization of mines

The Besshi Copper Mine underpinned Sumitomo's operations for 280 years.

2) Business Overview: Timeline (3)

1960 onward

Diversification of management

Worsening of business conditions and closings at domestic mines



Entry into new businesses
(Electronics materials, catalysts, construction materials, nuclear engineering, etc.)

September 30, 1999

JCO criticality accident occurs

2000 onward

2000

Corporate revitalization plan



Selection and concentration;

strengthening of corporate constitution

2005

Production began at Coral Bay Nickel Corporation (Philippines)

2005

Capital investment in Cerro Verde Copper Mine (Peru)

2006

Operations began at Pogo Gold Mine (USA)

2013

Production began at Taganito HPAL Nickel Corporation (Philippines)

2015

Commercial production began at Sierra Gorda Copper Mine (Chile)

2016

Acquisition of additional interest in the Morenci Copper Mine (USA)

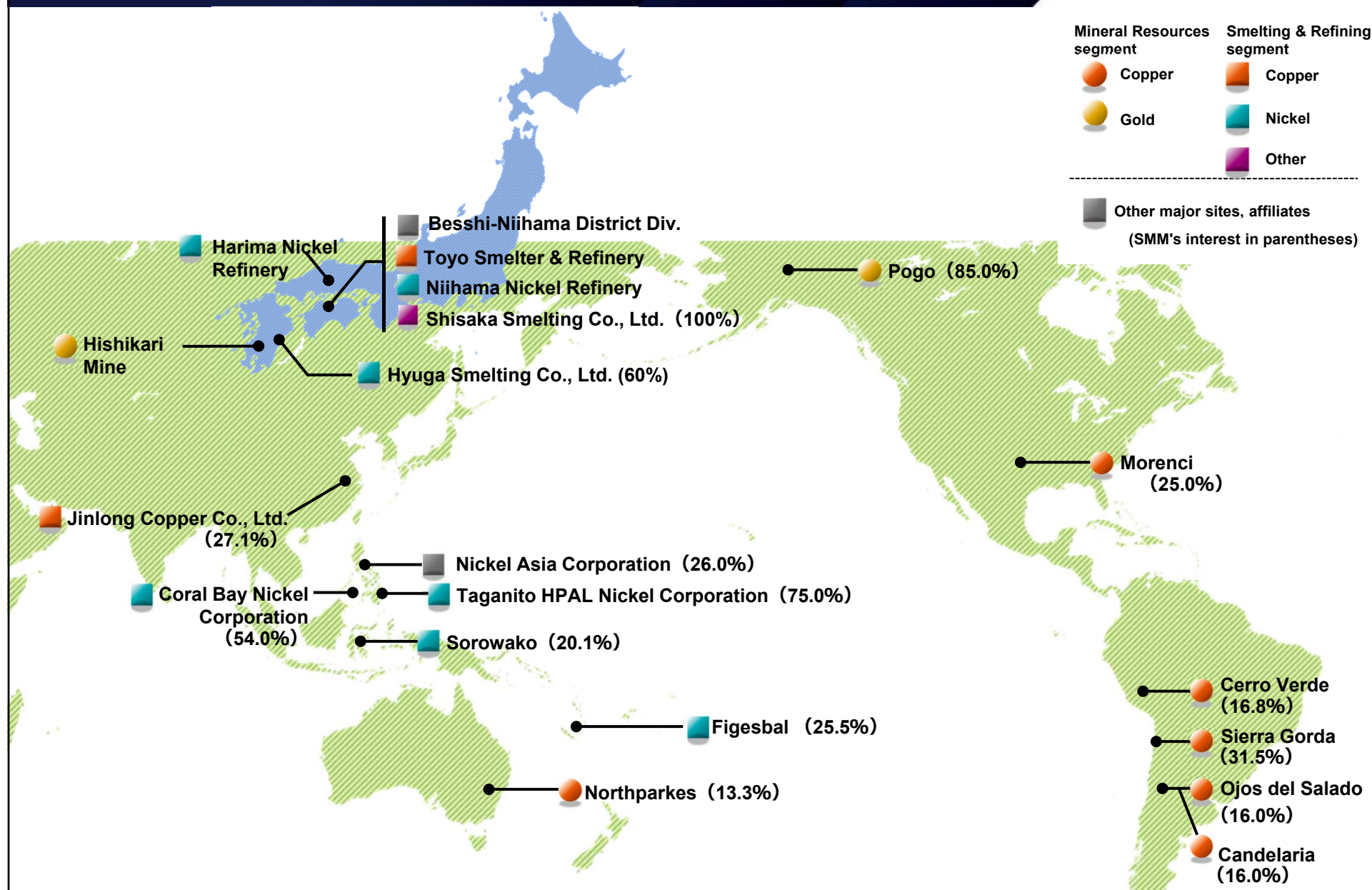
Return to core business



Taganito HPAL Nickel Corporation (THPAL), Philippines

3) SMM's Mines and Smelters / Refineries

I Business Overview



4) Business Strategy: Business Model—3 Core Businesses

Mineral Resources Business

Developing and mining resources



**Cerro Verde
Copper Mine**
(Peru; Copper)



Hishikari Mine
(Kagoshima, Japan;
Gold)



Copper ore



Gold ore

Smelting & Refining Business

Extracting metals from ore



**Taganito HPAL
Nickel Corporation**
(Philippines; Nickel)



**Toyo Smelter &
Refinery (Ehime,
Japan; Copper, gold,
etc.)**



**Electrolytic
nickel**



**Electrolytic
copper**



Gold

Materials Business

Producing cutting-edge electronic and advanced materials



Isoura Plant
(Ehime, Japan;
batteries, etc.)



**Sumiko Kunitomi Denshi
Co., Ltd.**
(Hokkaido, Japan;
crystals)



Lithium nickel oxide
(for battery materials)



LT/LN crystals
(for SAW filters, etc.)

Ⅱ . 2015 3-Yr Business Plan and Current Progress

I

Business Overview

II

2015 3-Yr Business Plan and Current Progress

III

Supplemental Materials (1) (Status of achievement of individual strategies)

IV

Supplemental Materials (2) (ESG initiatives / data)

1) SMM's Long-Term Vision

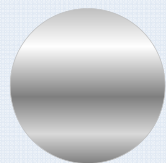
II 2015 3-Yr Business
Plan and Current
Progress

Aiming to be a World Leader in the Non-Ferrous Metals Industry
and an Excellent Company of Japan

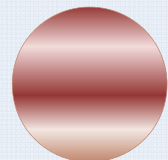
Targets

World Leader in the Non-Ferrous Metals Industry

FY2021



Nickel
150 kt



Copper interests
300 kt



Gold
30 t



New materials
Recurring profit
¥5 billion

Excellent Company of Japan

Net Sales ¥1 trillion

Net Income* ¥100 billion
(Recurring profit ¥150 billion)

- Grow steadily to achieve on our Long-Term Vision
- Reconsideration of strategy based on external business environment changes

* Profit attributable to owners of parent

2) Positioning of the 15 3-Yr Business Plan

Positioning of the 15 3-Yr Business Plan towards long-term vision achievement

Large Scale Mineral Resources/Smelting & Refining
projects mostly completed in 2012 3-Yr Business Plan

Sowing seeds and planting towards further growth in the
15 3-Yr Business Plan

Long-Term Vision

Become a World Leader
in the Non-Ferrous Metals Industry
and an Excellent Company of Japan

3rd HPAL
Sierra Gorda
Oxide ores / Expansion at low Capex
Acquisition of new gold interest
Exploration activities
Expanded production of
battery materials
New materials products

Changes in the external
business environment

03 & 06 3-Yr Plans

Move toward growth strategies
Become major player in non-
ferrous metals industry
Achieve world top share in each of
material business product

09 & 12 3-Yr Plans

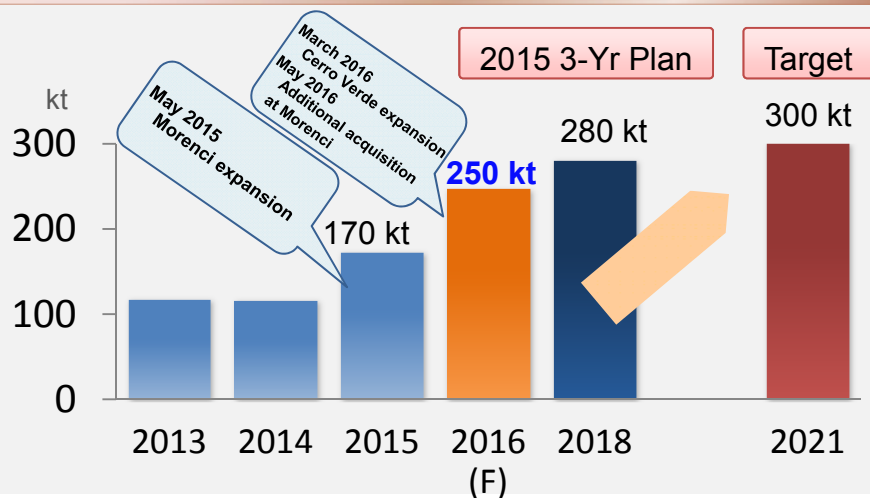
Promote Long-Term Vision-
oriented growth strategies
in the three core businesses

15 3-Yr Plan

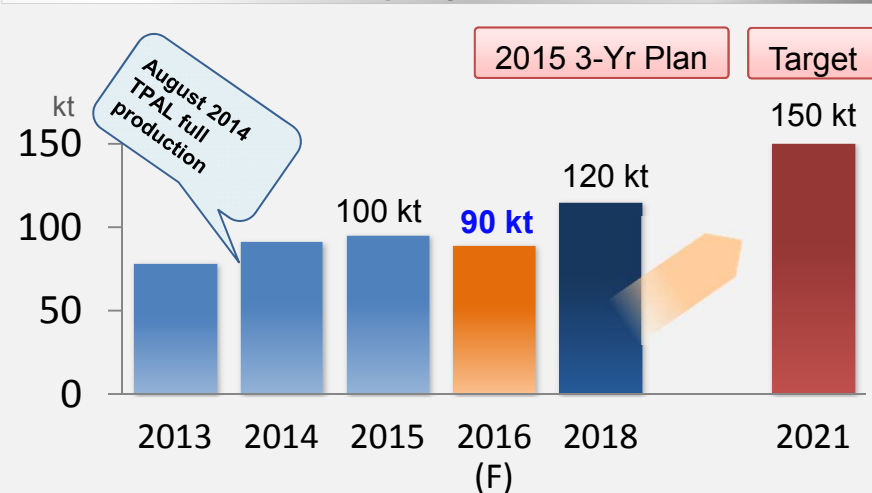
Respond to external environment changes
(Promote strategies focused on cost/investment
benefit)
Prepare for future growth
Grow materials business as core business

3) Initiatives Towards Long-Term Vision

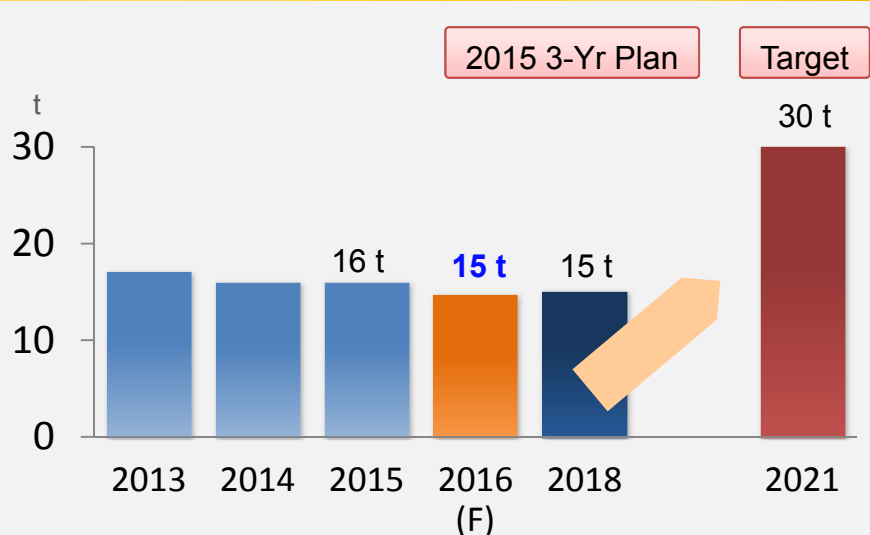
Cu Annual Production Interest



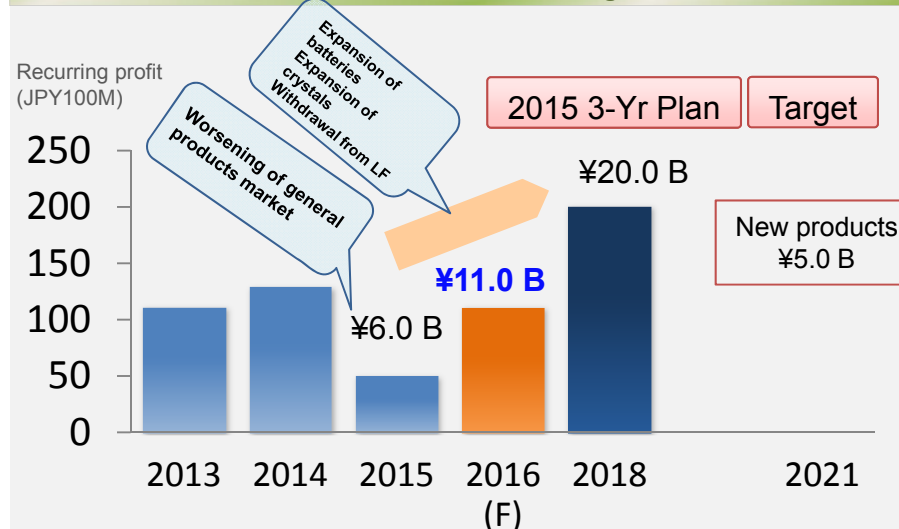
Ni Annual Production Capacity



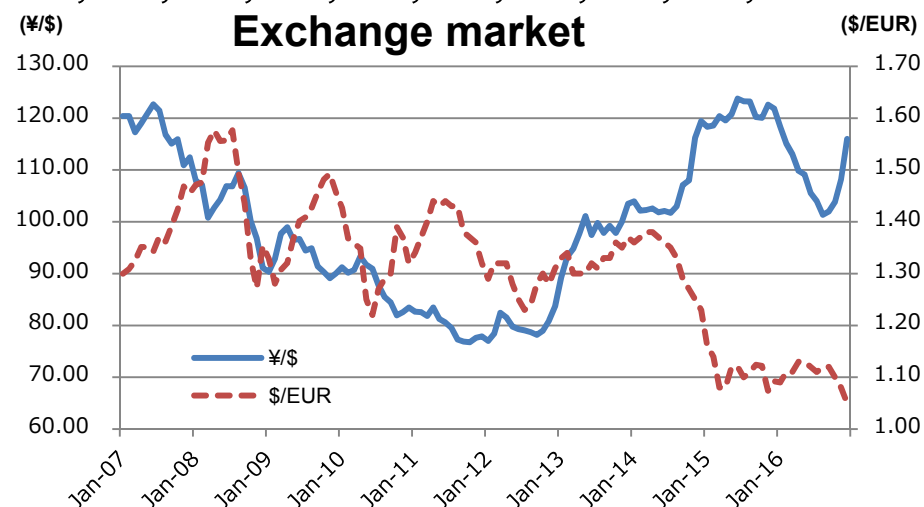
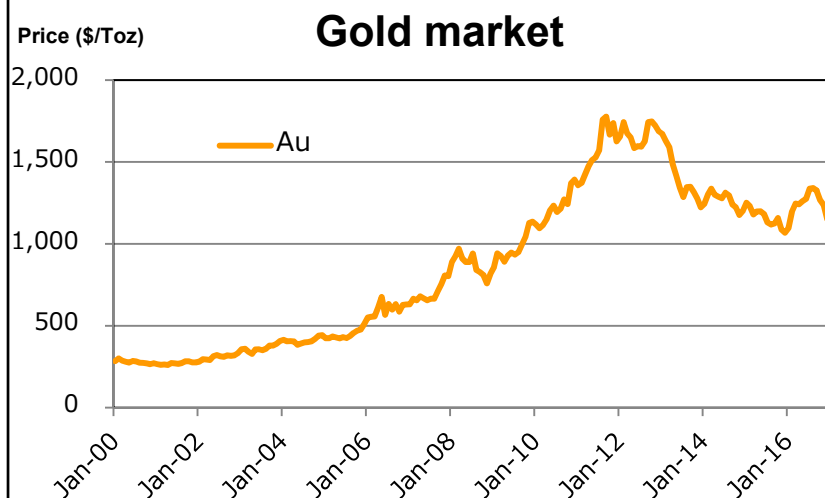
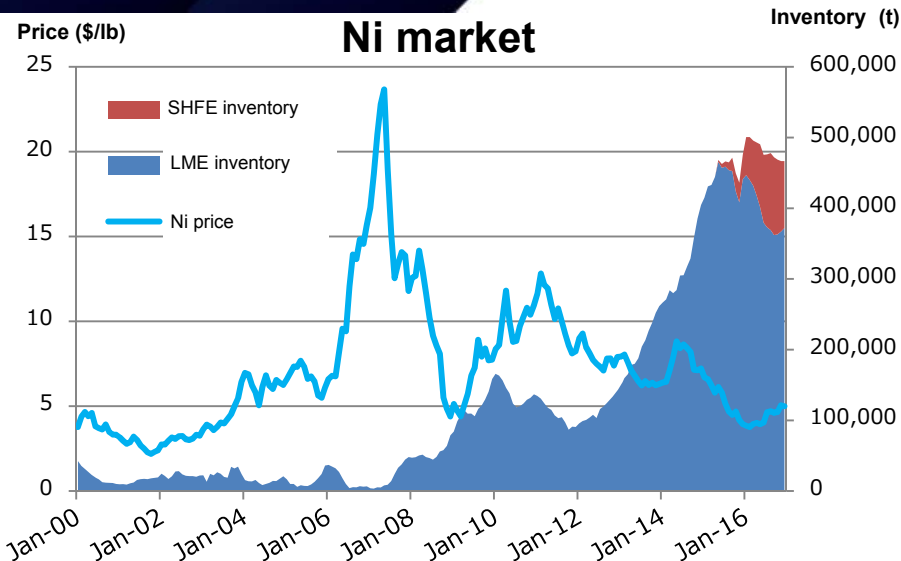
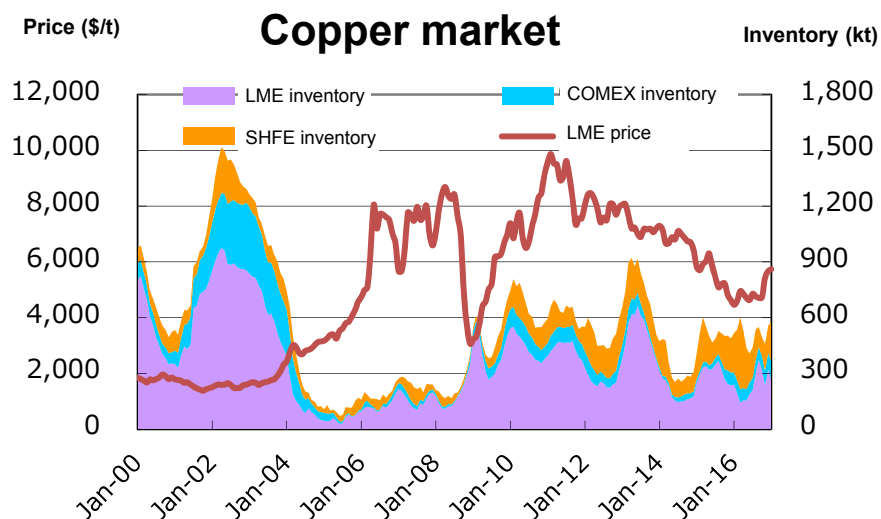
Au Annual Production



Materials Business Recurring Profit



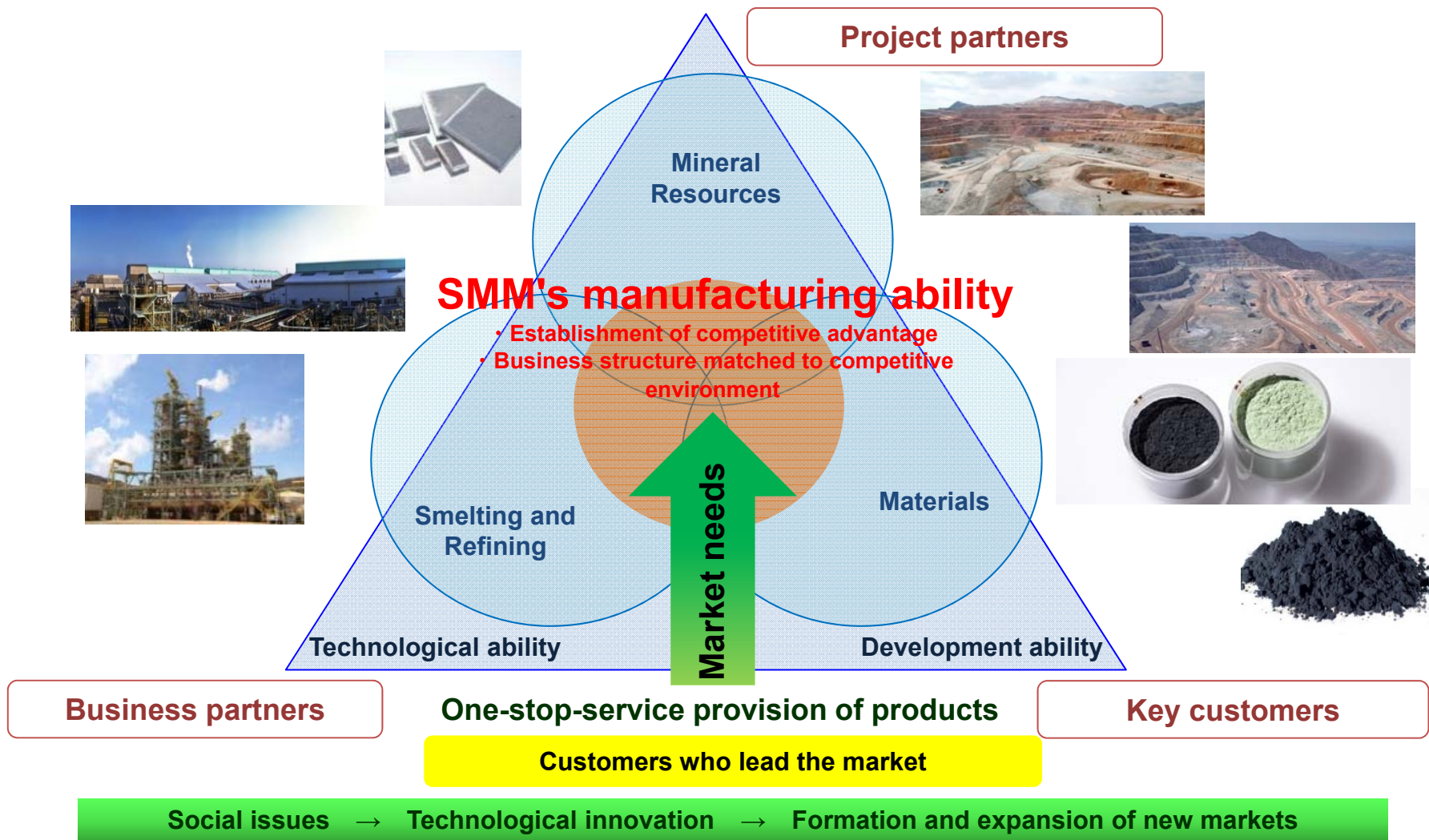
4) Nonferrous Metals Demand and Markets in 2017



Without expectation of significant increase in demand, we cannot expect a significant rise in the market
Major mineral resource companies are escaping their worst period, and damaged financial constitutions are gradually improving

5) Model of SMM Group's Response to Societal Needs

II 2015 3-Yr Business
Plan and Current
Progress



From response to market needs specific to each business, toward bringing the 3 Core Businesses together as one to meet key needs

6) The Changing Business Environment

1. Expansion of mine development costs

Increase in projects that cannot be addressed through conventional processes and scales of investment

- 1) Higher, deeper, and more remote locations of mines
- 2) Handling of declining ore grade and difficult-to-process ores (impurities)
- 3) Environmental measures
- 4) Human resource shortages in resource-producing countries due to increase in development projects
- 5) Higher hurdles to acquisition of social license to operate

2. Emergence of mineral resource nationalism

Acceleration of introduction in basic industry due to increasing depletion of mineral resources and declining ore grade

Mineral resource nationalism movements are ramping up due to mineral resource price inflation

Indonesia

Impacts of shift of mining interests from COW to IUP, move to strengthen capital restrictions, prohibition of copper concentrates exports at the Grasberg Copper Mine

Philippines

Strengthening of environmental and community impact management, consideration of mining interest royalties

Announcement of environmental audit final results on February 2, 2017; order to close and suspend nickel mines equivalent to about half the Philippines' ore production volume

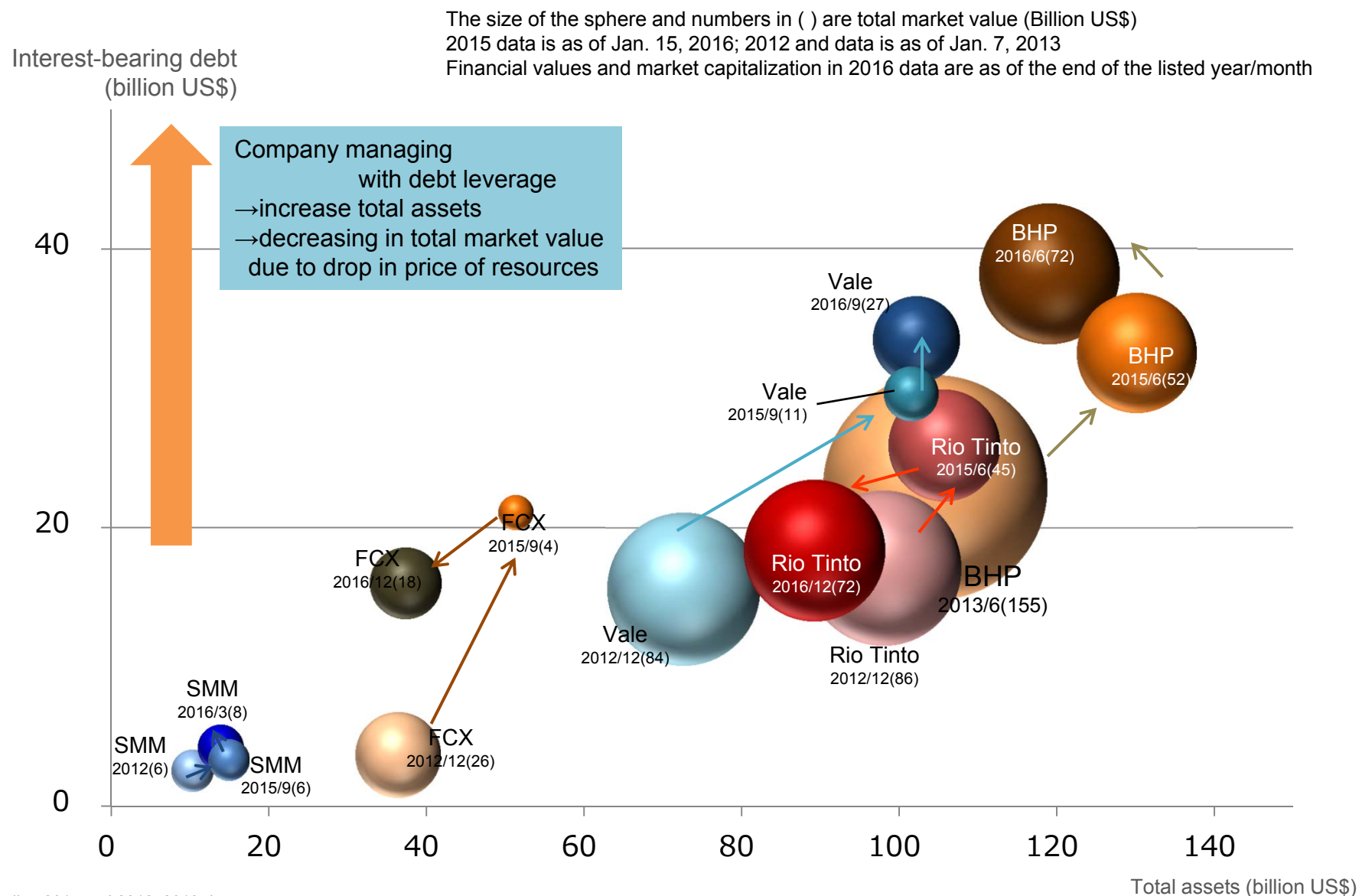
New Caledonia

Move to introduce royalties, nickel fund

Chile, Peru, etc.

Move to strengthen tax collection; occurrence of strike at Escondida Copper Mine (Chile)

7) Financial Situation of Resource Producers



Regarding 2015 and 2012–2013 data,
BHP Billiton/RioTinto, Glencore's financial numbers are as of June end, 2012 and 2015.
Numbers for the others are as of September end, 2012 and 2015.

8) Top priorities in 3 Core Businesses and Initiatives in FY 2017

Mineral Resources Business

- Full-scale production at the Sierra Gorda Copper Mine

- Early achievement of stable full-scale production
- Steady promotion of cost reductions

Smelting & Refining Business

- CBCN Declining ore grade trend
Capacity: 24 kt/yr. → current 22 kt/year
- Expansion of Taganito HPAL
Current 30 kt/yr. → 36 kt/yr. in 2017 latter half

- Securing of profits through stable operation
- Development of scandium recovery and other peripheral technologies aimed at further growth
- Expansion aimed at construction of Ni 150 kt structure

Materials Business

- Profit contribution from battery materials
1,850 t/mo. → 3,550 t/mo.

- Conversion of growth investments into strategic capability and profits

In FY2017, steady execution of growth strategies and creation of a platform for further growth

Overview of impairment loss at Sierra Gorda Copper Mine

- On project basis, impairment loss is about -\$2B
 - Impairment of about -30% of total fixed assets
(about -10% impairment of fixed assets in previous FY)
- Long-term copper price assumption:
Lowered from previous \$7,000/t → \$6,500/t
- Future expansion: From roughly doubled expanded investment, to
review of expansion plans, based on improvements to existing equipment
- SMM recorded an impairment loss of ¥79.9B as a non-operating expense
(FY 2016 3Q)
- About 60% of total fixed assets of project remains, combined with impairment in
the previous FY.

Full-scale operation at an earlier stage → achievement of cash neutral operation

New expansion in the Materials Business

Traces of business restructuring

/ Decisions and announcements from the 2012 3-Yr Business Plan (FY 2013 onward)

- Sep 2013 NCA (lithium nickel oxide) expansion 300 t/mo. → 850 t/mo.
- Dec 2013 Withdrawal from COF (chip-on-film) business
- Oct 2014 NCA expansion 850 t/mo. → 1,850 t/mo.
- Dec 2014 LT/LN (lithium tantalate/lithium niobate) substrate expansion
120 k units/mo. → 210 k units/mo.
- Mar 2015 Withdrawal from sapphire substrate business
- Mar 2015 LT/LN substrate expansion 210 k units/mo. → 300 k units/mo.
- Feb 2016 LT/LN substrate expansion 300 k units/mo. → 400 k units/mo.
- Oct 2016 NCA expansion 1,850 t/mo. → 3,550 t/mo.
- Nov 2016 Withdrawal from LF (lead frame) business

Corporate-led business restructuring is completed.

Next, SMM will execute "selection and concentration" in business units, while maintaining focus on the environment, energy, and communications fields

The Expense for Preparations for the Decommissioning of Facilities Owned by JCO Co., Ltd.

JCO Co., Ltd., a consolidated subsidiary of the Company, is preparing for the decommissioning by dismantlement and decontamination of its facilities.

Rebuilding of manufacturing capability

Issues at present

Mineral Resources Business

- Sierra Gorda Copper Mine operation

Smelting & Refining Business

- Equipment trouble at Taganito HPAL, etc.
- Decline in ore grade
- Measures to combat impurities

Materials Business

- Delay in converting expanded investments into strategic strength (construction of quality structure, etc.)

Efforts aimed at **minimizing and avoiding opportunity losses**

Continuously achieving **stable production, early launch of strategic investments, and improvement of stable performance** is vital

Realization of issues at present

Return to roots and rebuilding of manufacturing capability

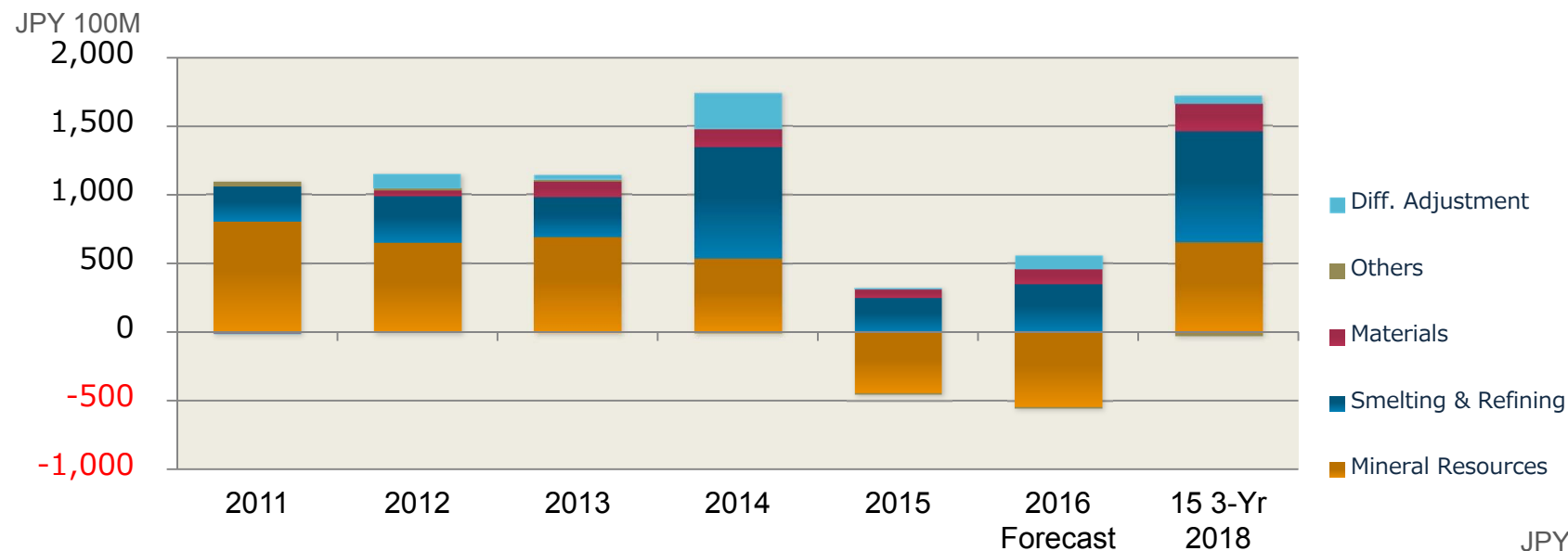
13) Major Projects in 2015 3-Yr Business Plan

II 2015 3-Yr Business
Plan and Current
Progress

		Project name	FY 2015	FY 2016	FY 2017 onward
Mineral Resources	Cu	Sierra Gorda Copper Mine	● Start commercial production	● 110 kt production structure	● Phase 2: project to increase production
	Cu	Morenci Copper Mine	● Start expanded full-scale production	● Acquisition of additional interests (12%→25%)	
	Cu	Cerro Verde Copper Mine		● Start expanded full-scale production	
	Ni	Solomon			2018~ ● Consideration of operation start
Smelting & Refining	Ni	Taganito HPAL			Latter half of 2017 ● 36 kt production structure
	Ni	Pomalaa Project			● Conduct FS ● Decision on investment
	Ni	Harima Refinery Nickel sulfate		● Second line launch	
Materials	Battery materials		● NCA 1,850 t structure		2018 ● NCA 3,550 t structure ● Ternary type Increase production
	Crystal materials (LT/LN)		● Decision on production increase	● 300k pieces production structure	2017 ● 400k pieces production structure

14) Segment Profit

II 2015 3-Yr Business
Plan and Current
Progress

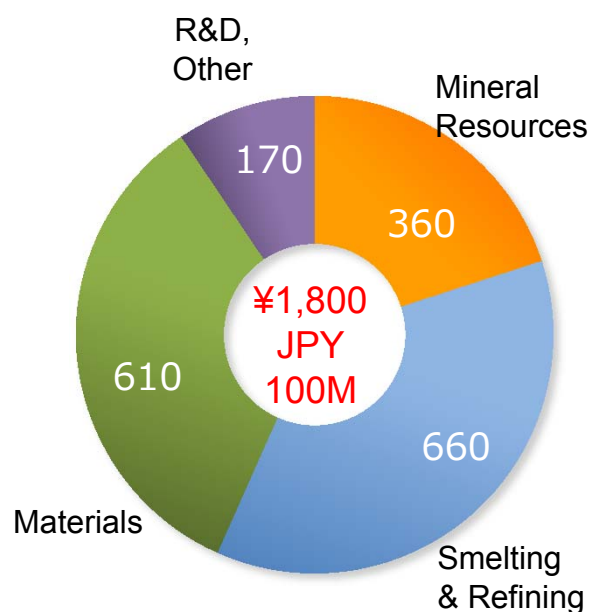


		2011	2012	2013	2014	2015	2016 Forecast	15 3-Yr 2018	Price conditions		
Segment Profit	Mineral Resources	806	652	691	538	-443	-540	660		2016 Forecast	15 3-Yr 2018
	Smelting & Refining	256	339	291	813	253	350	800	Cu (\$/T)	5,046	6,000
	Materials	-3	38	111	129	60	110	200	Ni (\$/lb)	4.6	7.0
	Others	34	16	16	-1	-8	-10	-20	Au (\$/Toz)	1,241	1,150
Diff. Adjustment		-5	105	35	263	10	100	60	Exchange (¥/\$)	108.7	120.0
Total (Recurring profit)		1,088	1,150	1,144	1,742	-128	10	1,700			

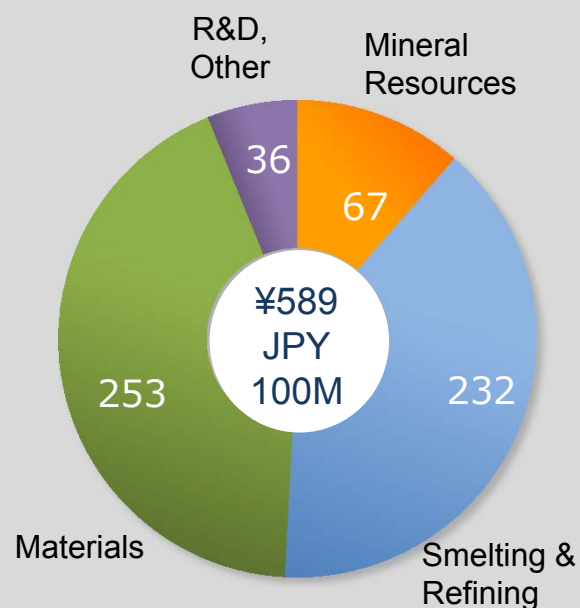
15) Capital Expenditure

(¥100 million)

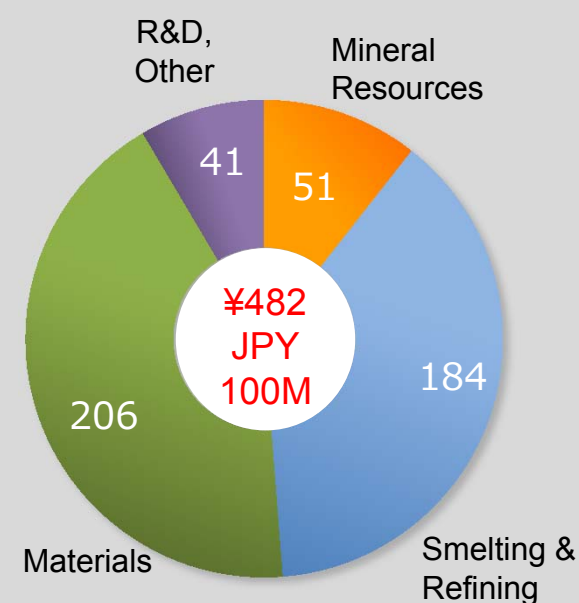
15 3-Yr Plan
(Total of 3 Years)



FY2015 Plan
(May)



FY2016 Plan
(November)



+

Acquisition of overseas interest

(Morenci, 1,200 (JPY100M))

+

Acquisition of overseas interest

(Morenci, 1,100 (JPY100M))

+

Acquisition of overseas interest

(Morenci, 1,120 (JPY100M))

III. Supplemental Materials (1) / Status of achievement of individual strategies

I

Business Overview

II

2015 3-Yr Business Plan and Current Progress

III

Supplemental Materials (1) (Status of achievement of individual strategies)

IV

Supplemental Materials (2) (ESG initiatives / data)

1) Mineral Resources

(1) Stable Production and Cost Reduction at the Sierra Gorda Copper Mine

Sierra Gorda Copper Mine (Chile)

Equity interest ratio	KGHM	55%
	SMM	31.5%
	Sumitomo Corp.	13.5%



Initiatives for FY 2017

Establishing stable operations for Phase I

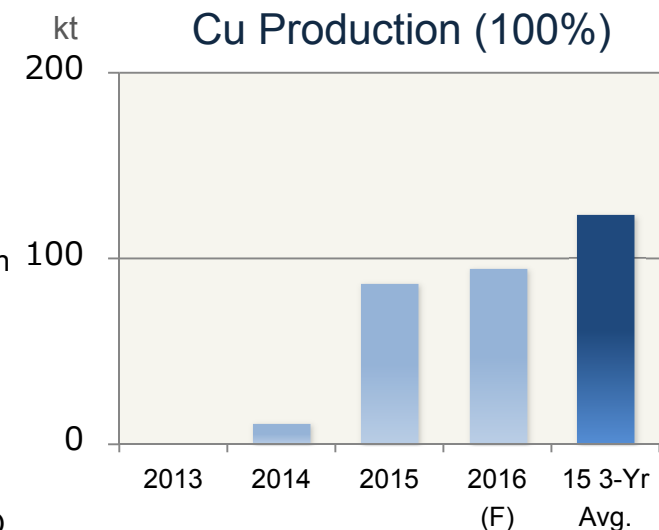
- Promoting mutual understanding among shareholders and take part in local management of project company
- Production volume: FY2015 86 kt → FY2016 94 kt (forecast)

Cost reductions

- Continuing reduction of subcontracting costs and review of contracts, and aim for cash neutral operation

Review of Life of Mine (operation plan) / impairment loss

- Unable to decide on implementation of Phase2 at current stage. Consideration of change to plan that aims for a certain increased production
- Recording of ¥79.9 billion impairment loss as a non-operating expense in FY 2016 3Q



1) Mineral Resources

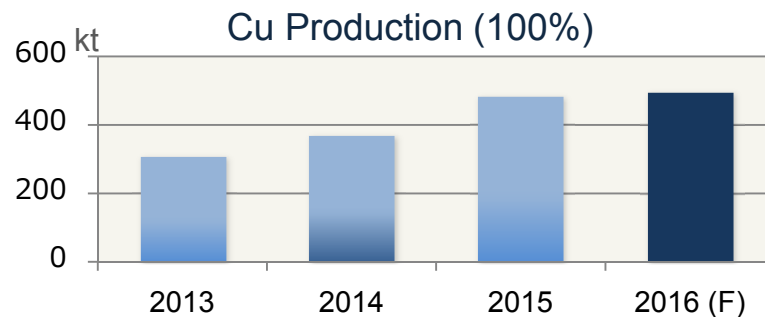
(2) Cu : Stable Operation of Existing Mine : Morenci, Cerro Verde

Morenci Copper Mine (Arizona, US)

Equity interest ratio	FCX	72%
	SMM	25%
	Sumitomo Corp.	3%



- May 31: Acquisition of additional 13% interest completed
- FY2015 483 kt → FY2016 496 kt (forecast)

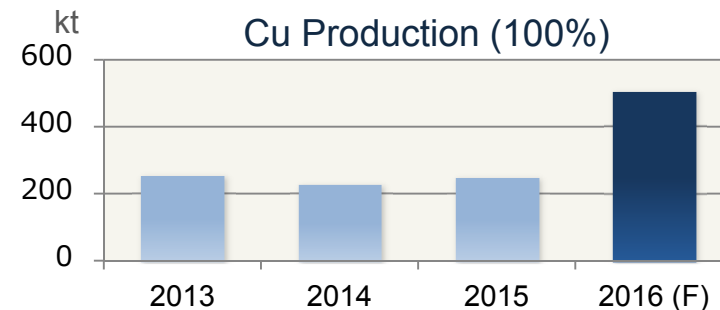


Cerro Verde Copper Mine (Peru)

Equity interest ratio	FCX	53.56%
	SMM	16.80%
	Sumitomo Corp.	4.20%
	Other	25.44%



- Expansion PJ, March 2016: Transition to full-operation structure
- FY2015 247 kt → FY2016 502 kt (forecast)



Concentration on stable production and cost reduction
Toward a structure able to fully benefit from expansion effects

1) Mineral Resources

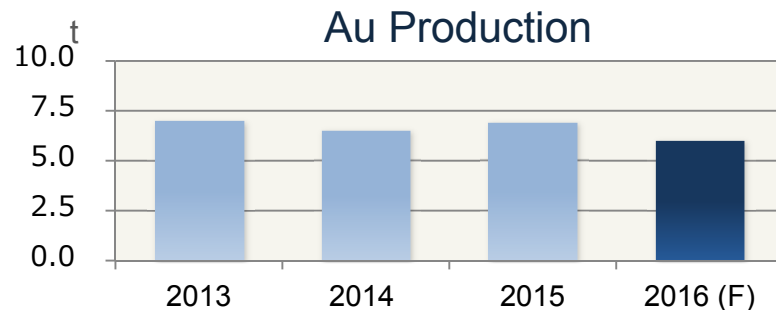
(3) Au : Stable Operation of Existing Mine : Hishikari, Pogo

Hishikari Mine (Kagoshima, Japan)

Equity
interest ratio SMM 100%



- FY 2016: Expected to achieve annual plan (6 t)
- Development of lower ore bodies: Steady progress
- 2015 year-end reserves: 169 t (JIS standard)

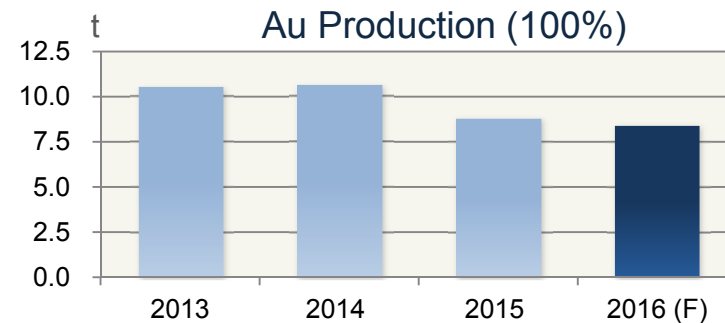


Pogo Gold Mine (Alaska, US)

Equity
interest ratio SMM Sumitomo Corp. 85%
15%



- FY 2016: Decrease in production volume due to decline in ore quality and actual yield
- 2015 year-end reserves Reserve 62 t
Resource 83 t
(Canadian standards)



Initiatives aimed at extension of mine life and
continuation of stable production

1) Mineral Resources (4) Promotion of Exploration Activities / Acquisition of Interests in Favorable Projects

Exploration activities Currently expanding activities with focus on Canada, Australia, and South America

Establishment of new Business Development Team

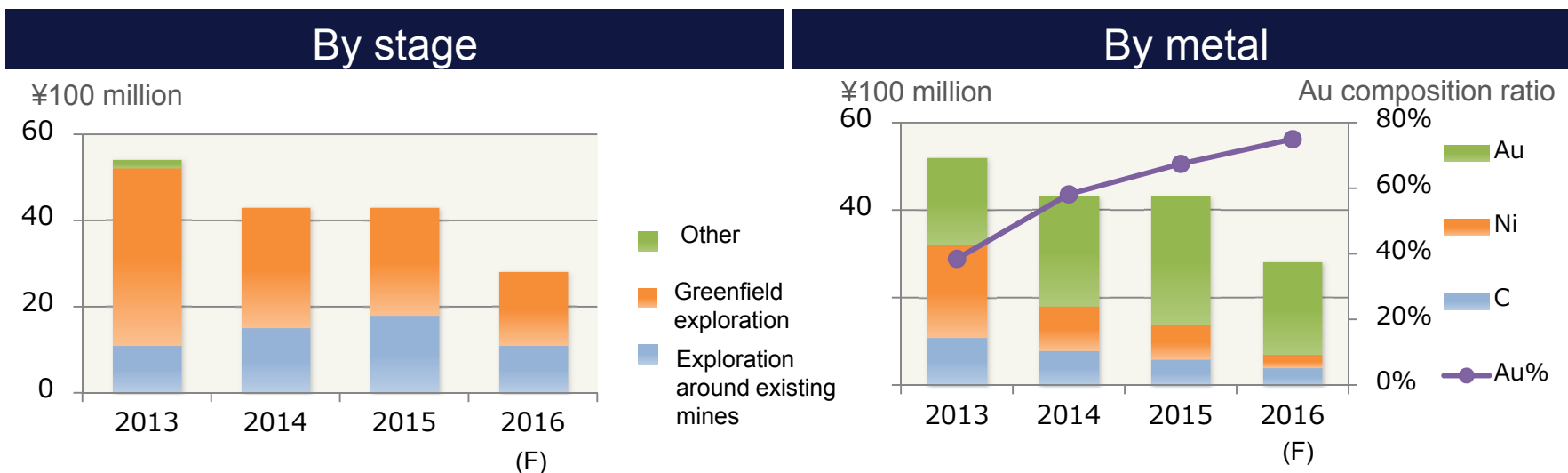
Establishment of dedicated team for uncovering and evaluating gold development projects

Expansion of information-gathering antenna and greater speed of gold development project evaluation

Expansion of gold production volume through collaboration with the world's medium producers

Efforts to uncover gold development projects that leverage SMM's technological capabilities and that will truly contribute to strengthening our management foundations

Exploration costs



Engage in exploration and acquisition of interests, with gold as the main target

2) Smelting & Refining

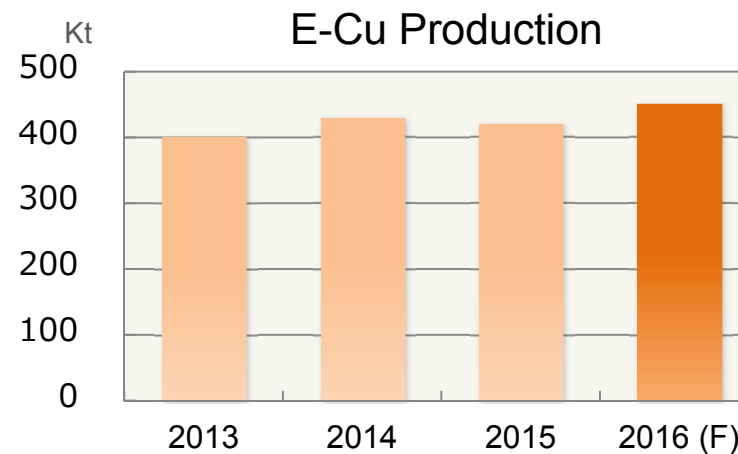
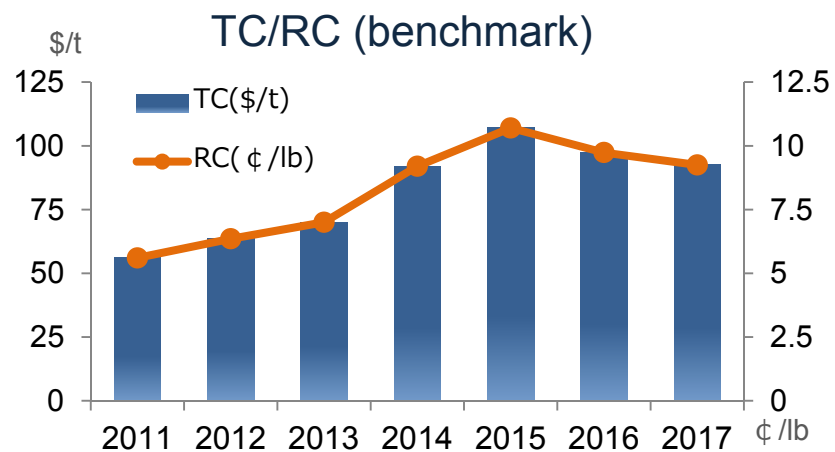
(1) Strengthening Competitiveness in Copper Smelting (1)

Toyo Smelter & Refinery production plan

Production volume

FY 2016 plan: 445 kt

FY 2016 forecast: 451 kt; Expected to achieve record production volume



Benefit from TC/RC increase through full and stable production under 450 kt structure

2) Smelting & Refining

(1) Strengthening Competitiveness in Copper Smelting (2)

Toyo Smelter & Refinery

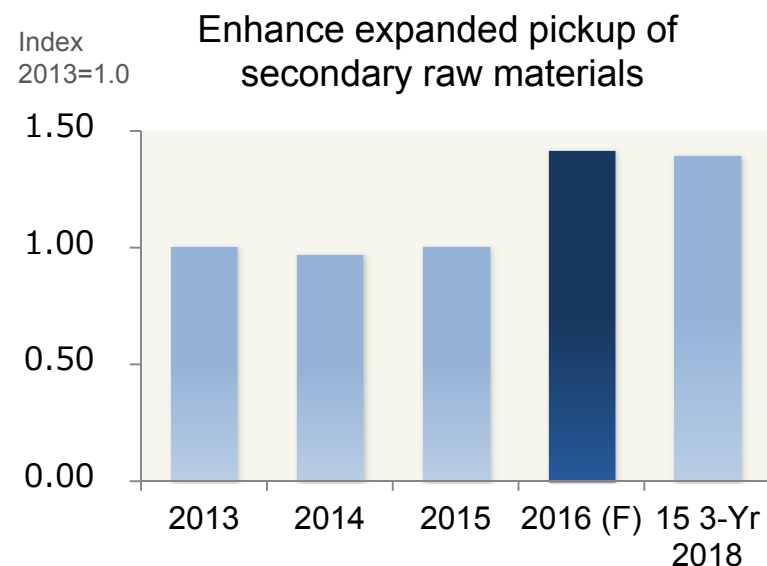
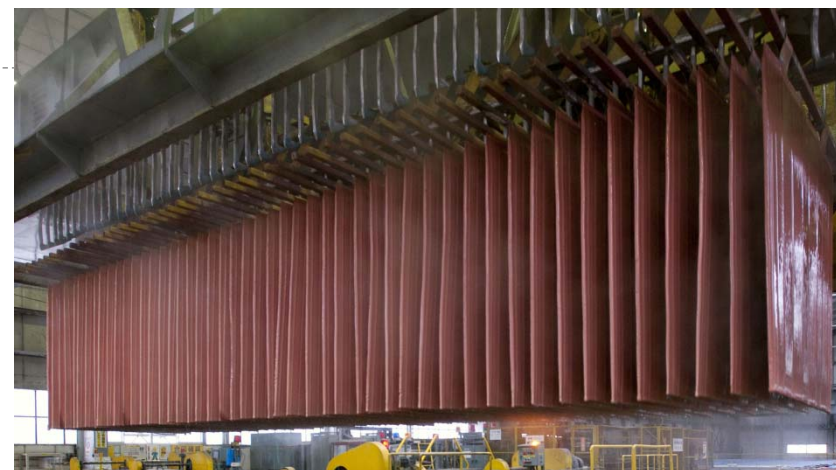
Strengthening cost competitiveness

Further improve operational technology
Strengthen impurity-handling capability
Enhance secondary raw material pickup



Current
collecting
shipments of
secondary raw
materials are
strong

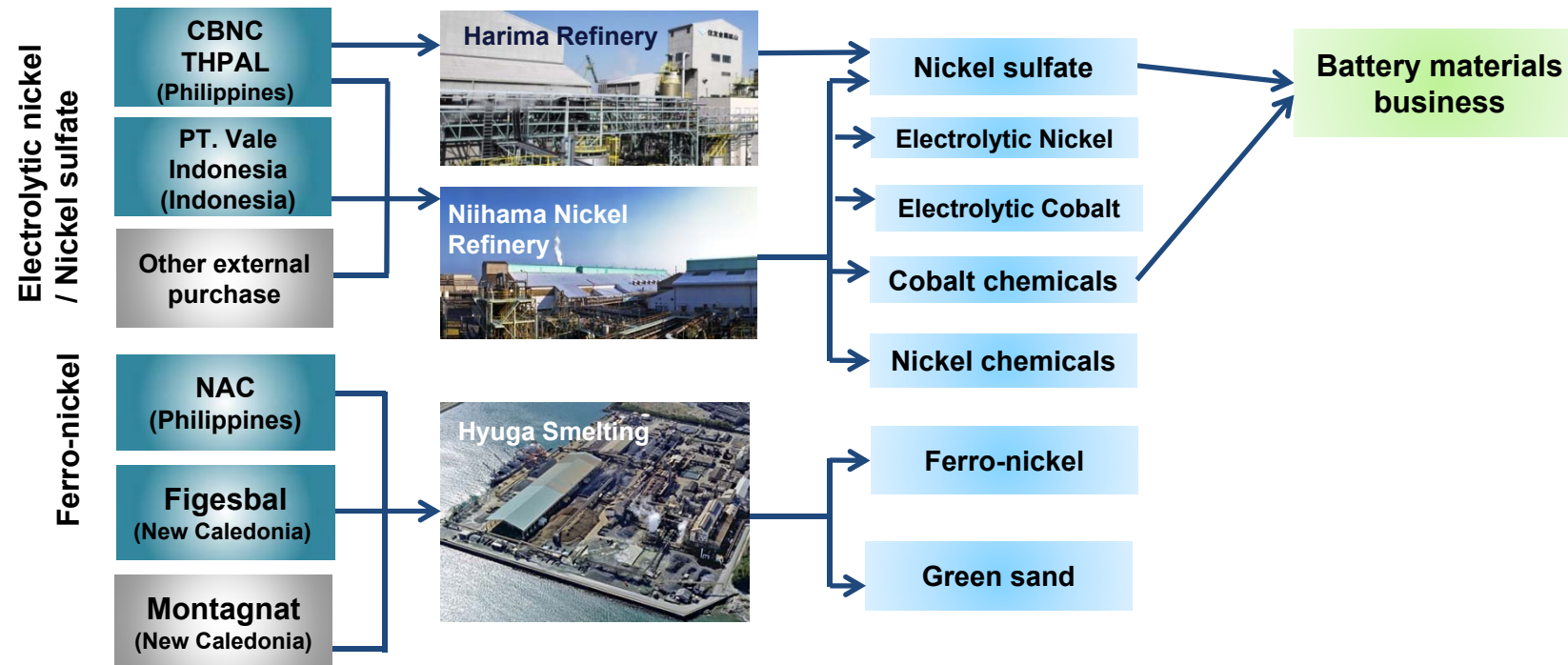
Increase processing
of profitable raw
materials and cut
costs to further
improve profitability
as world-leading
Copper Smelter



2) Smelting & Refining

(2) Toward a 150,000 Ton Structure for Nickel (1)

Nickel Material flow and raw material environment



- Indonesia** Full-scale prohibition of nickel ore exports is ongoing => Move toward conditional lifting of prohibition
- Philippines** Announcement of environmental audit results in February 2017
 • Suspension of operations 2 nickel mines • Mine closings 18 nickel mines
- New Caledonia** Raw materials source for Japanese and South Korean ferro-nickel smelters

Amid headwind conditions for securing nickel sources, we will make maximal use of SMM's supply chain

2) Smelting & Refining

(2) Toward a 150,000 ton structure for nickel (2)

HPAL (High Pressure Acid Leach)

Technology to recover Ni/Co from low-grade Ni oxide ore. CBNC was the first in the world to succeed at large-scale commercial production.

Current production
volume

CBNC 24 kt
THPAL 30 kt

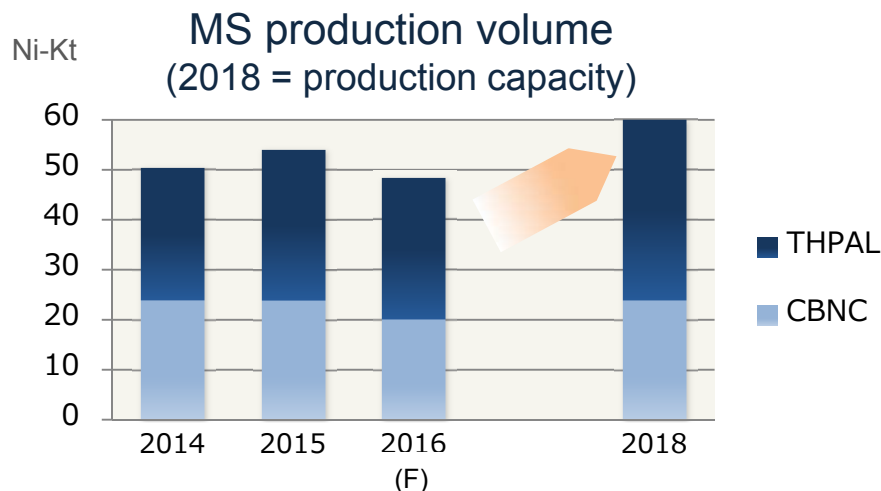
THPAL expansion
investment
¥300 million

From 2017 2H

Toward Taganito 36 kt/year operation

Philippines 2 HPAL
Toward 60 kt structure

Taganito 36 kt
CBNC 24 kt



Stable operation at HPAL 2 sites; 20% expansion at Taganito

2) Smelting & Refining

(2) Toward a 150,000 ton structure for nickel (3)

Niihama Nickel Refinery (electrolytic nickel, nickel sulfate, electrolytic cobalt)

- Full operation with HPAL raw materials, PTVI matte, externally purchased raw materials
- Strengthening of ability to handle impurities ⇒ Plan to expand raw materials options

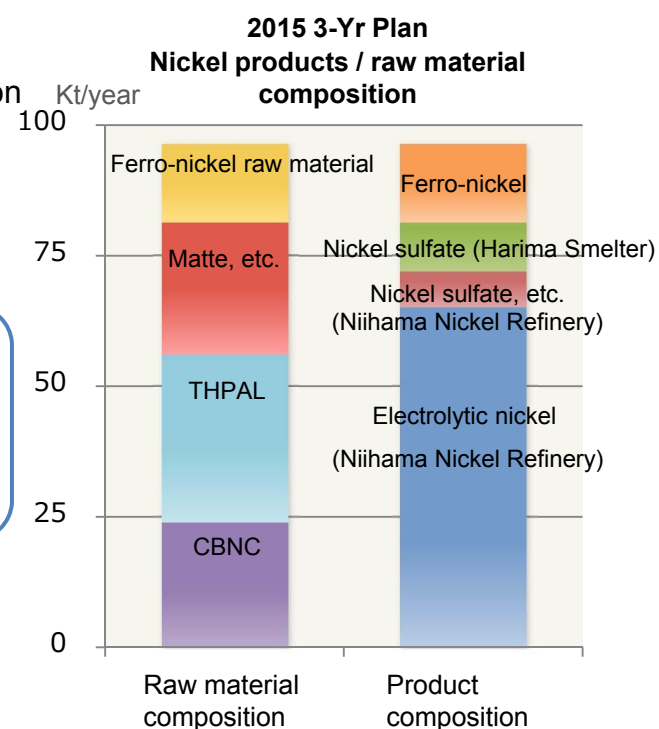
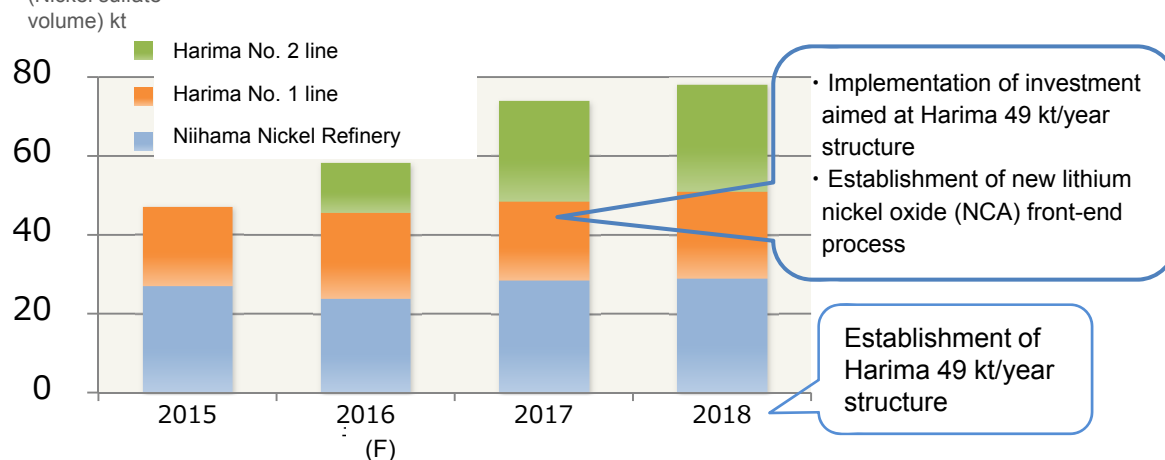
Hyuga Smelting (FeNi)

- 2-kiln, 1-electric furnace operation ⇒ continuation of cost optimization operation

Harima Division (nickel sulfate)

- Phase II expansion investment → Launch underway smoothly following completion in September 2016

Production volume of nickel sulfate



Stable operation at domestic nickel refineries

2) Smelting & Refining

(3) Preparation of Structure for Further Growth

Scandium

¥4 billion
investment

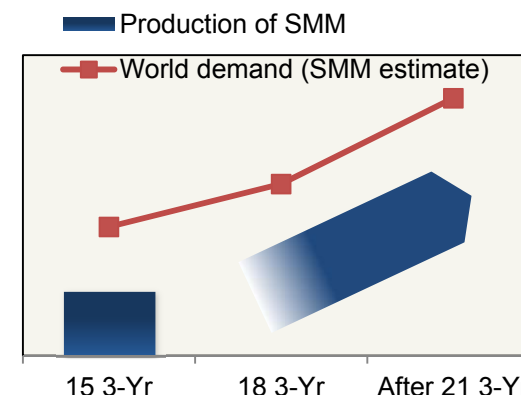
- Production of intermediate products from HPAL process at Taganito
- Production of finished product (scandium oxide) at Harima Refinery

2018: Start of commercial production scheduled 7.5 t / year

Current world demand is 10–15 t/year (scandium oxide equivalent)

Aim for launch according to plan

Production plan



Pomalaa Project (Indonesia)



PT Vale Indonesia holds mining rights
Implement F/S on possibility of refinery
construction

2015 — Investigation of plant location

2016 — Preliminary survey for DFS

2017 — Start of DFS scheduled

Appropriate investment decisions
(Minimization of investment amount /
confirmation of profitability)

Project start date
and investment
amount are
undecided

3) Materials

(1) 2015 3-Yr Business Plan Strategy and FY 2017 Priorities

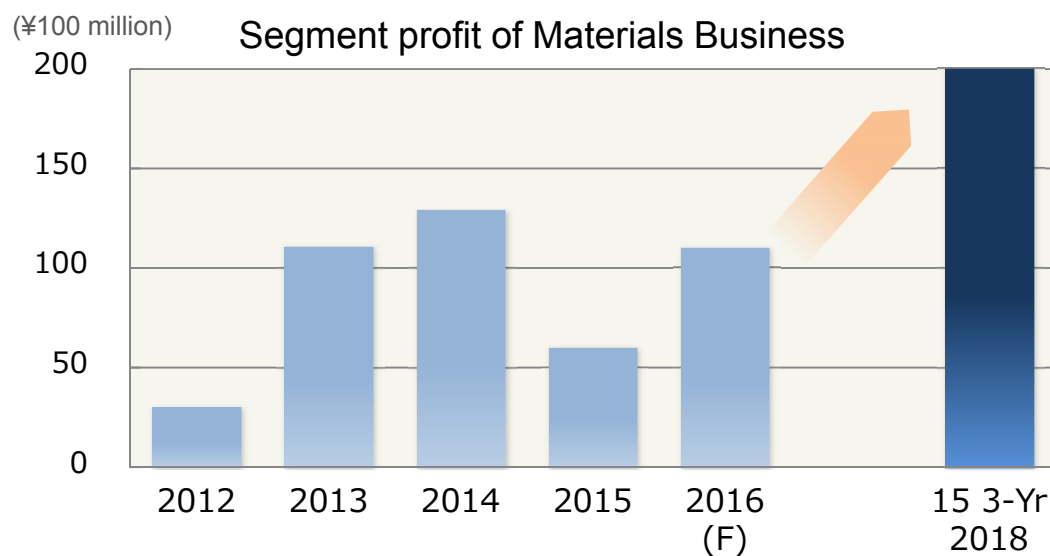
Business strategies in the 2015 3-Yr Business Plan

Aggressive investment in growth strategies
Fields of in-vehicle devices, environment, and
information and communications

Achieve smooth transition to next-generation products
through selection and concentration

Strengthen relationships with customers as partner
Collaborate from the development stage to new
products

Bolster new business development capability
Build systems for creating new products



FY2018
Segment profit target:
¥20 billion

FY 2017 priorities

Large-scale investment in battery materials, crystal
materials
Assured conversion into strategic capability and profits

Concentration of management resources on
growth areas
Achievement of independence through
subsequent effects

3) Materials (2) Battery Materials (1)

FY 2015 3-Yr Business Plan: Expansion of production structure looking ahead toward FY 2018 3-Yr Business Plan

Change in environment surrounding battery materials

Restructuring of automobile battery manufacturers

Changes in automobile/battery manufacturer supply chains

Access to giant market

Supply chain management through rapid growth of market

Securing of raw materials (nickel, cobalt, lithium)



Our strengths

- Product development with partner customers, from the development stage
- Production of nickel and cobalt from own raw materials
- Can offer varied product forms, from state close to raw material to high value-added products

Record of adoption of our battery materials (positive electrode material) and 2015 3-Yr Business Plan (–2018) initiatives

• Nickel hydroxide

Hybrid vehicles Used in rechargeable batteries

• Ternary material

Hybrid vehicles
Used in lithium-ion batteries

- Assured response to demand for automobile rechargeable batteries



(Photo : TOYOTA Motor Corp.)

xEV market

Toward market expansion also expected for 2020-2030

• NCA

Electric vehicles
Used in lithium-ion batteries

- Further expansion of NCA aimed at electric vehicles

1,850 t/mo.
(2015 3-Yr Plan)



Toward 3,550 t/mo. structure
(Completion scheduled for Jan 2018)

- Construction of new precursor plant at Harima Refinery
Toward structure of front-end process (precursor) 2 sites
back-end process (firing) 2 sites

- Establishment of further production structure
- New product development to meet needs

3) Materials (2) Battery Materials (2) EV market growth and promotion of investment for increased production of NCA

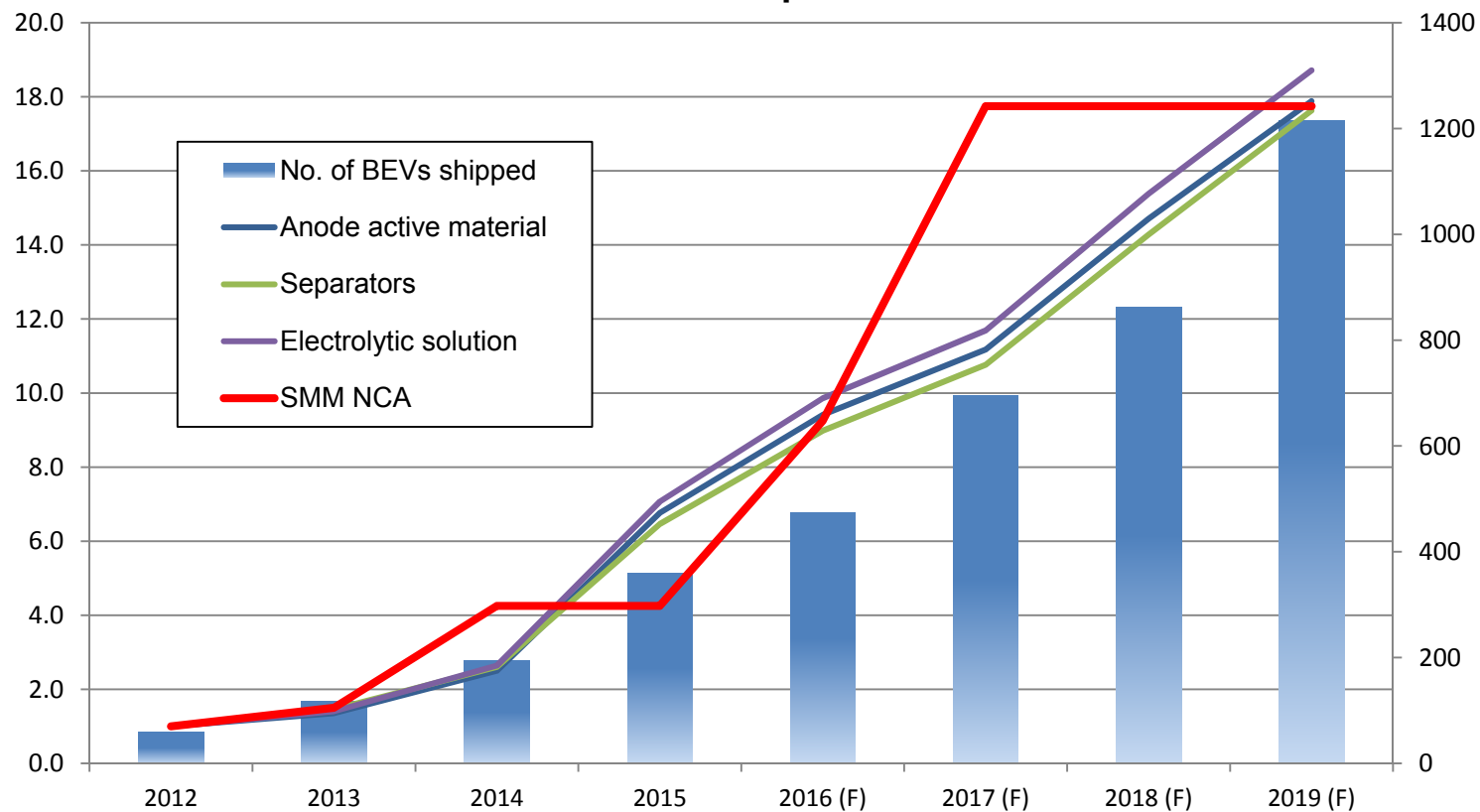
Expansion in the market for electric automobiles overall SMM is promoting investment for increased production of NCA

Index:

Changes in supply volume, with
volume (quantity basis) in 2012
set as 1

Movement in major materials for LIB and electric automobile shipments

Number shipped
1,000/year



Data sources

BEV shipped units: B3 Report 16Q2

Major materials trends: Created based on "2014-2016 General Survey of Battery-Related Market Conditions," Fuji Keizai Co., Ltd.

3) Materials (3) Crystal substrate (LT/LN)

Build an expanded production system for crystal materials

LT/LN crystal substrates for SAW filters

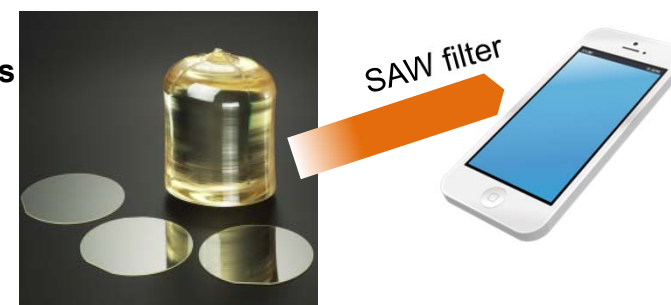
Demand booming due to growth of multiband, high-speed communications

2016

Expansion investment from 210 k units → 300 k units/mo.

Completion of full-production structure, move toward global top share

Completion of new factory building construction at Sumiko Kunitomi
Denshi



FY 2017

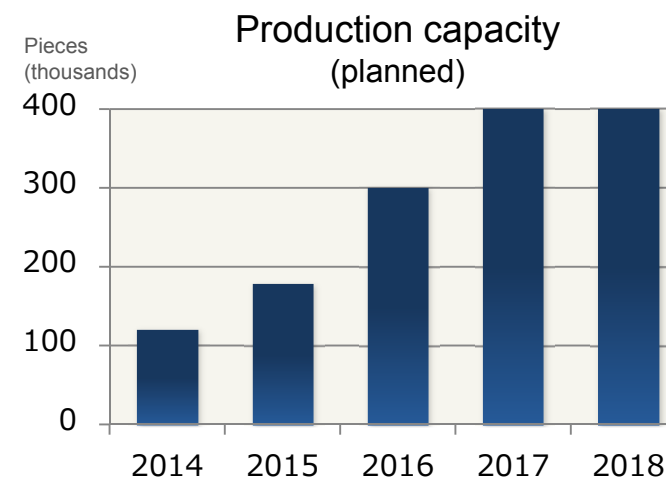
Construction of further expanded structure aimed at 400 k units/mo.

(Completion scheduled for September 2017)

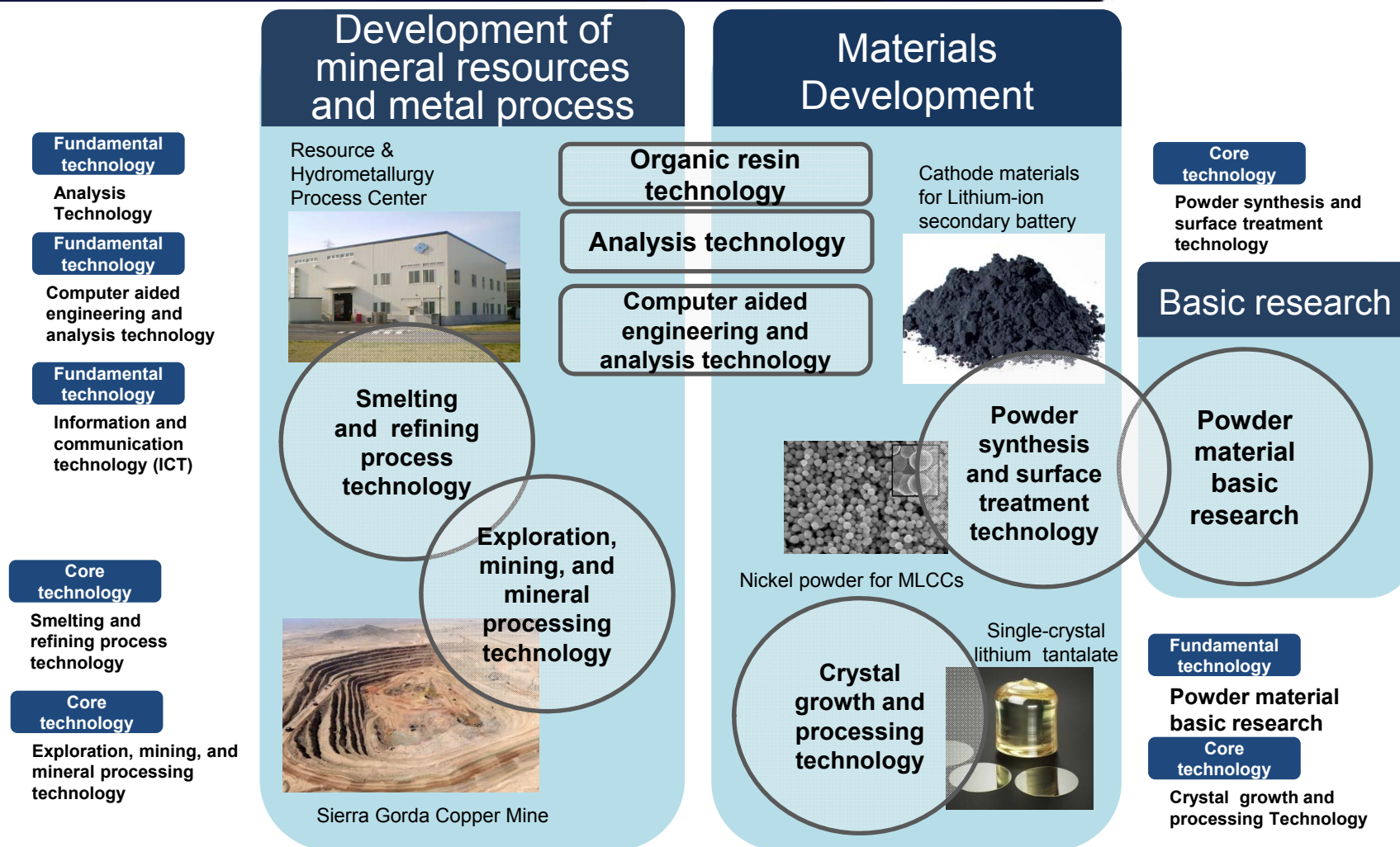
Toward improved productivity and further increased share

Strengthen competitiveness
by improving recovery rate and reducing costs

Grow together with customers as partner



4) R&D



Established new ICT promotion office in October 2016. Will aim to construct mechanisms for data analysis unified across the company.

Concentration on growth strategy fields, search for "seeds" of next-generation business

IV. Supplemental Materials (2) (ESG initiatives / data)

I

Business Overview

II

2015 3-Yr Business Plan and Current Progress

III

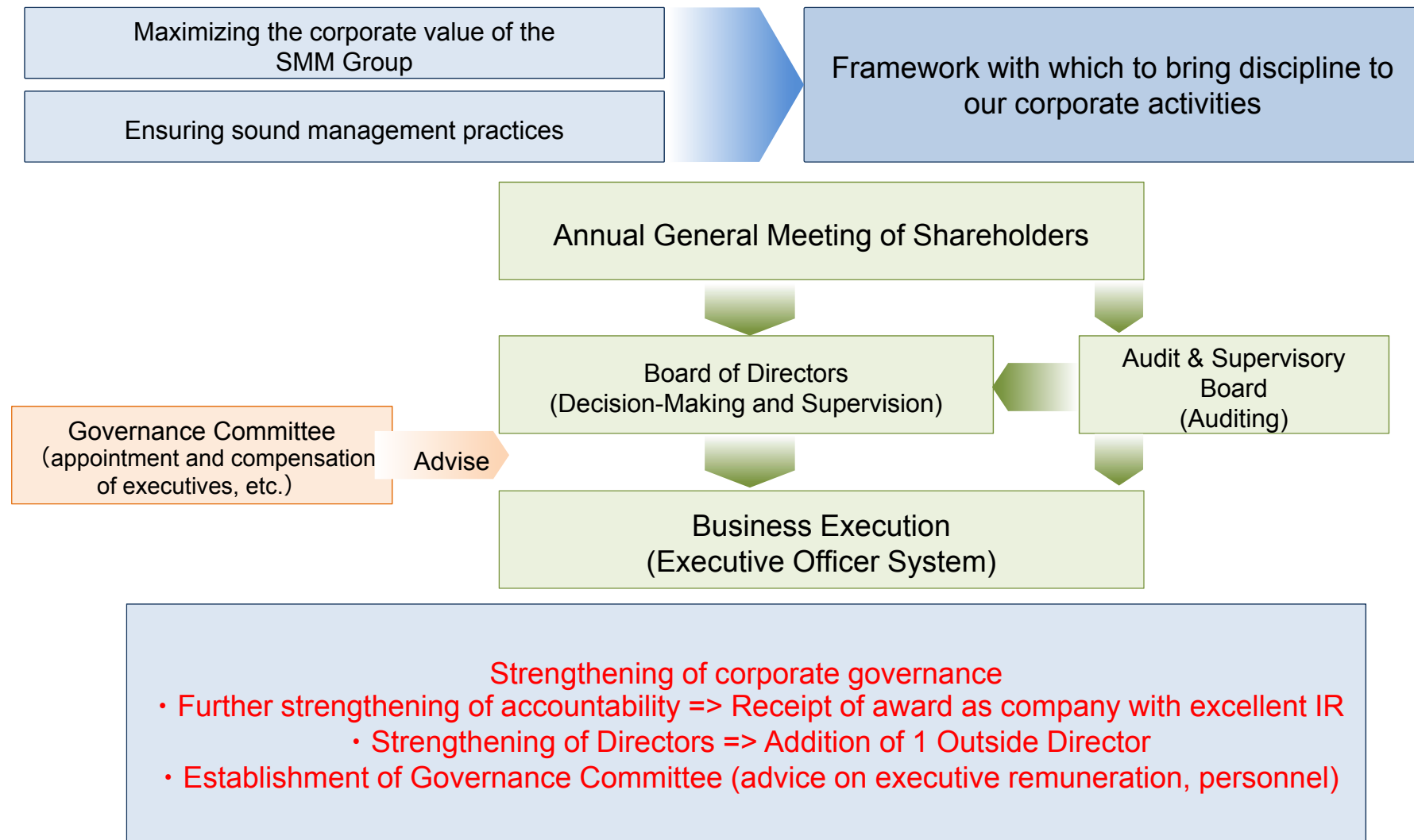
Supplemental Materials (1) (Status of achievement of individual strategies)

IV

Supplemental Materials (2) (ESG initiatives / data)

1) ESG Initiatives (1) Corporate Governance System

SMM's Corporate Governance



1) ESG Initiatives (2) Governance Policy and Framework

Corporate Governance Guideline

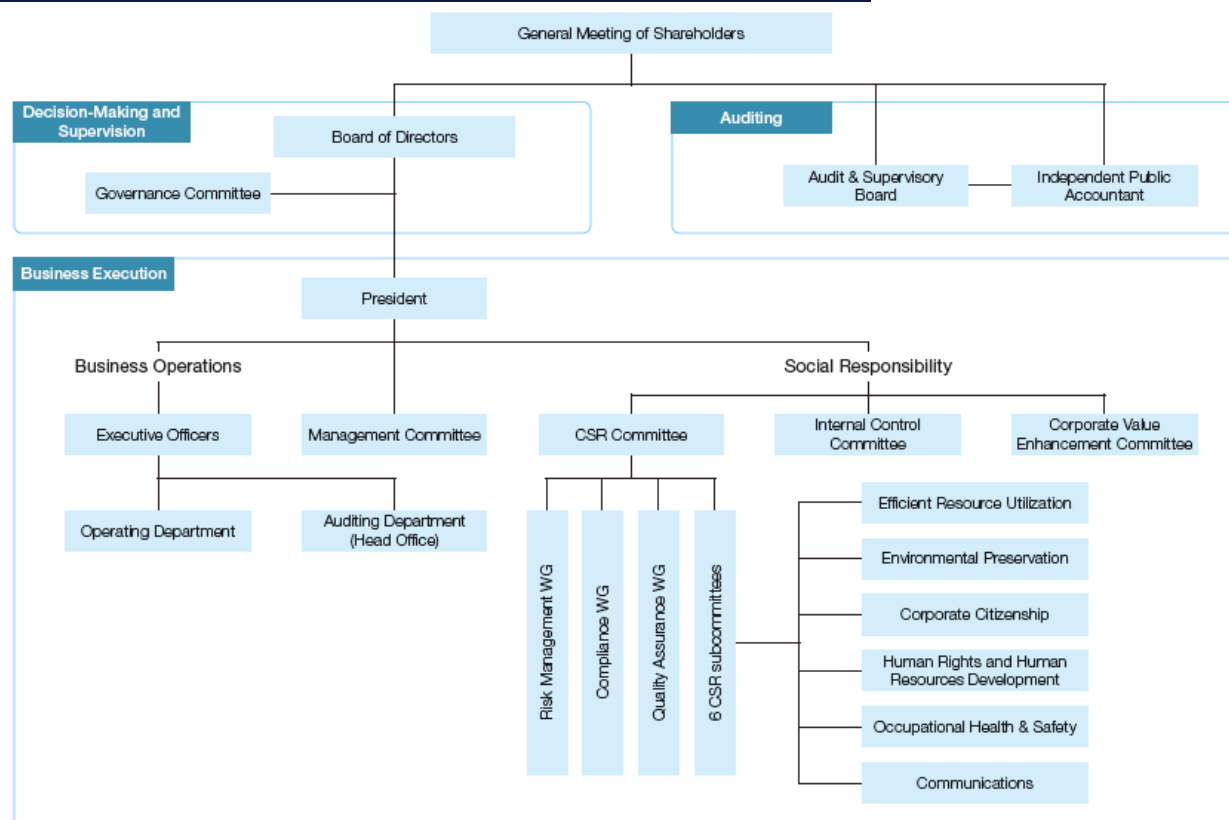
Basic Concept

- Corporate governance structure is to achieve SMM Group Corporate Philosophy
- Fulfill responsibility to stakeholders

Major Items

- Secure shareholder's rights
- Policy of communication and openness with shareholders
- Corporate governance structure
- Clearly state the independence guideline of Outside Directors and auditors
- Expand support structure for Outside Directors and auditors

Corporate Governance Framework



Work to bring corporate governance to a higher level to increase corporate value

SMM CSR

Goal: Sustainable co-existence
with society and the global
environment

Solve social issues through our core business

Communication with Stakeholders

CSR Policy

1

SMM shall work to **combat global warming** by promoting recycling and effective resource utilization while also targeting technological innovation and continuous improvements in energy efficiency.

2

SMM shall promote sustainable **co-existence with society** by respecting the needs of local communities in which we operate around the world.

3

To continue sound business activities, SMM shall **respect human rights** and shall try to be a company in which **diverse human resources take active parts**.

4

According safety the highest priority, SMM shall **provide safe, comfortable working environments** and seek to **eliminate occupational accidents**.

5

SMM shall strengthen **communications with all stakeholders** to build healthy, trust-based relationships.

1) ESG Initiatives (4) Six Key CSR Areas and Vision for 2020

Six Key CSR Areas and Vision for 2020

Effective Use of Resources	A company that generates resources using innovative technology
Environmental Preservation	A company that uses advanced technologies to reduce environmental impacts and contributes to preserving the global environment
Contribution to Society and Local Communities	A company that earns trust and contributes to regional development through our business and social contribution activities rooted in each region
Respect for People and Human Rights	<p>A company where diverse human resources exercise their ability sufficiently and take a vibrant and active part in each field</p> <p>A company that works with its stakeholders to strive for a society that actively respects human rights</p>
Occupational Health and Safety	A company that accords safety the highest priority and provides comfortable working environments
Stakeholder Communication	A company that works to communicate transparently with all worldwide stakeholders to deepen mutual understanding

Safety — To achieve by FY2018

Use top-down approach to conduct effective safety activities at business sites and reduce major risks through appropriate equipment improvements.

Practice good communication to improve safety awareness among all employees and conduct proper line management to ensure safety.

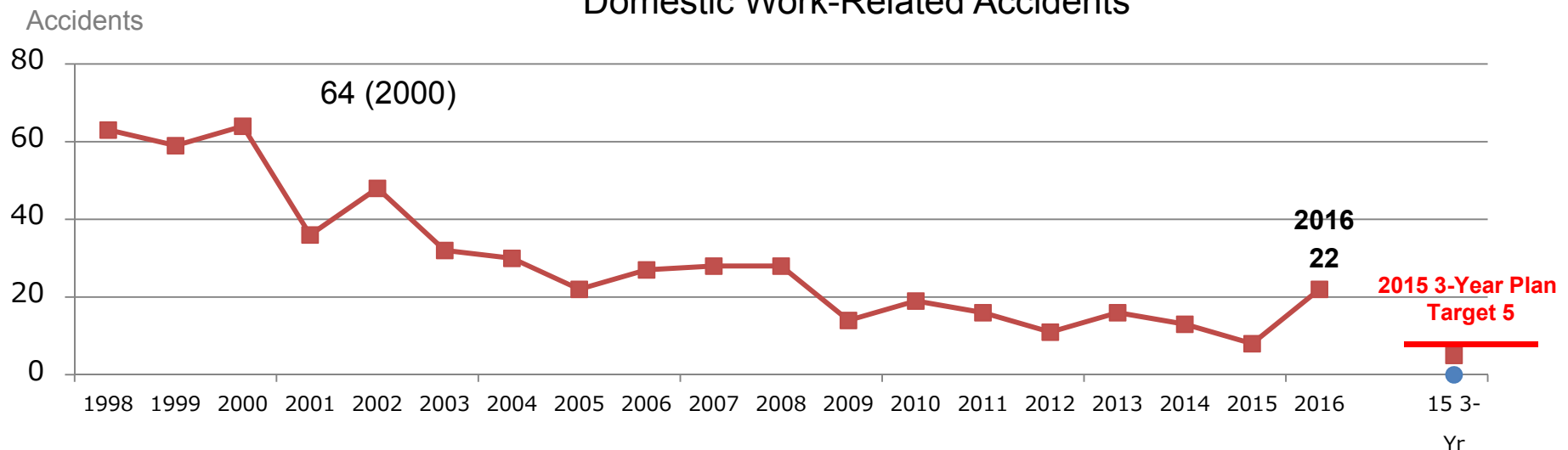
2015 3-Yr Plan period

Targets

Limit domestic work-related accidents to **5** or less

Limit overseas work-related accidents to **9** or less

Domestic Work-Related Accidents



1) ESG Initiatives

(6) Human Rights Policy and Human Resources Development

SMM Group Policy on Human Rights (key elements)

1. Compliance with domestic laws and ordinances, as well as international standards in regards to human rights
2. No discrimination
3. Prevention of child labor and forced labor
4. Establishment of appropriate measures and procedures for responding to human rights problems if they should occur
5. Ongoing implementation of human rights awareness and outreach activities

Human Resources Development Policy

1. Develop and train the human resources necessary to ensure growth strategy success
2. Build systems that allow diverse human resources to exercise their potential
3. Develop organizations and a corporate culture that are proactive, collaborative, and self-driven

2) Performance Trends

	2011	2012	2013	2014	2015	2016 Forecast	15 3-Yr 2018 Estimate
Net Sales	8,479	8,085	8,305	9,213	8,554	7,750	10,600
Operating Income	886	958	754	1,258	597	760	1,400
Recurring Profit	1,088	1,150	1,144	1,742	-128	10	1,700
Equity Method profit	232	171	298	239	-732	-870	270
Net Income (Profit attributable to owners of parent)	653	866	803	911	-3	-150	1,200
ROA (%)	5.9	6.9	5.5	5.5	-	-	6
ROE (%)	10.1	12.1	9.5	9.3	-	-	10
Dividend Per Share(¥)	28.0	34.0	37.0	48.0	31.0	11.0	N/A
Copper (\$/t)	8,485	7,855	7,104	6,554	5,215	5,046	6,000
Nickel (\$/lb)	9.6	7.7	6.5	7.6	4.7	4.6	7.0
Gold (\$/Toz)	1,646	1,654	1,327	1,248	1,150	1,241	1,150
Exchange (¥/\$)	79.1	83.1	100.2	109.9	120.2	108.7	120.0

3) Balance Sheet

Balance Sheet (Projections)

JPY100M

	2019/3 Projection (A)	2016/12 Performance (B)	(B)-(A)
Current Assets	4,970	5,729	759
Fixed Assets	14,340	10,445	-3,895
Total Assets	19,310	16,174	-3,136
Interest-bearing debt	4,130	4,923	+793
Other liabilities	1,520	1,702	+182
Total Liabilities	5,650	6,625	+975
Total Net Assets	13,660	9,548	-4,112
Total Liabilities & Net Assets	19,310	16,174	-3,136
Equity Ratio(%)	65%	54.8%	-10.2%
D/E Ratio	0.33	0.56	-0.23
Shareholder's equity	12,540	8,855	+3,685

(2015 3-Yr Plan, 2018 end
of year)

(2016 end of 3Q)

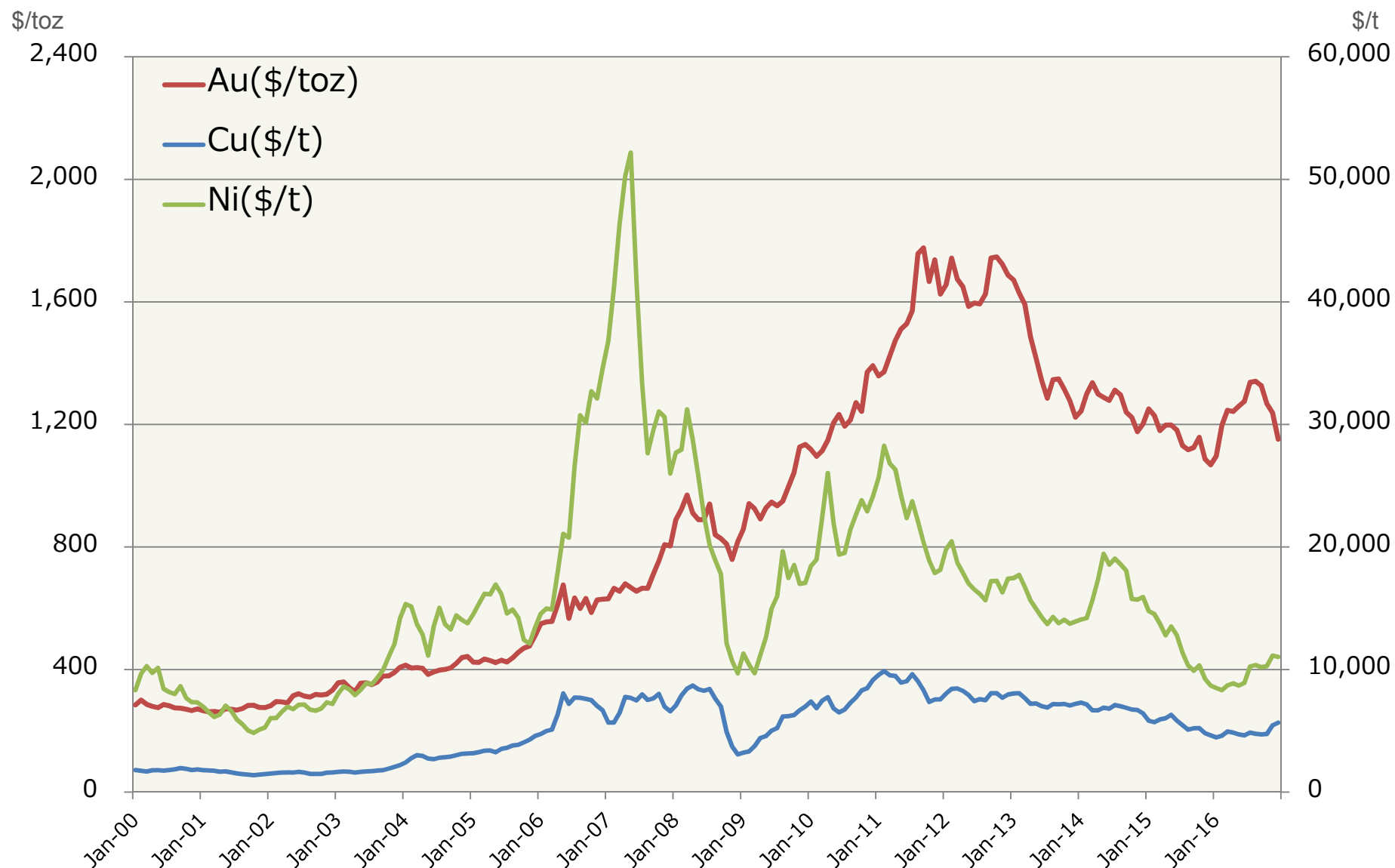
4) Sensitivity

JPY100M

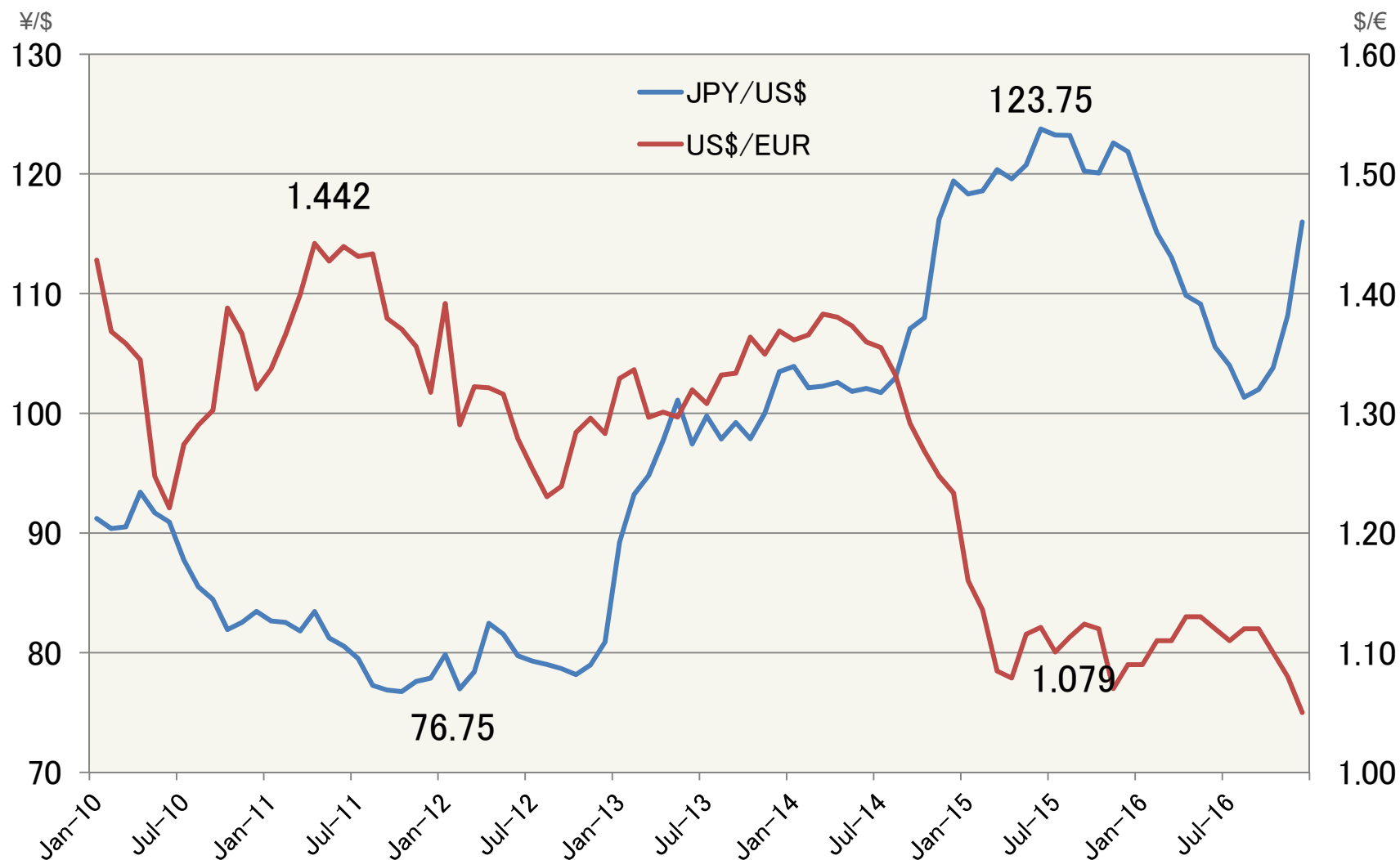
Element	Degree of variation	FY 2016 Operating income/ Recurring profit
Cu	±100\$/t	14/28
Ni	±10 ¢ /lb	16/18
Au	±10\$/toz	5/5
JP¥/ \$	±1¥/\$	7/5

(Remark) USD/JPY translation include RC-related and Conversion rate of overseas consolidated / equity-method affiliate companies' profit.

5) Prices of Metals



6) Forex Trends



Note

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