

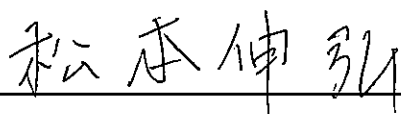
## Sumitomo Metal Mining Responsible Gold and Silver Guidance Compliance Report

The LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance have been established for Good Delivery Refiners to adopt high standards of due diligence in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, to comply with high standards of anti-money laundering and combating terrorist financing practice.

This report summarizes how Sumitomo Metal Mining has complied with the requirements of the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance.

### Table 1: Refiner's details

Refiner's name	Sumitomo Metal Mining Co., Ltd.
Location	11-3, Shimbashi 5-chome, Minato-ku, Tokyo, Japan
Reporting year-end	March 31, 2021
Date of Report	June 7, 2021
Senior management responsible for this report	



---

Nobuhiro Matsumoto,  
Managing Executive Officer,  
General Manager, Non-Ferrous Metals Division.

## **Sumitomo Metal Mining's evaluation**

### **Table 2: Summary of activities undertaken to demonstrate compliance.**

#### **Step 1: Establish strong company management systems**

---

##### **Compliance Statement with Requirement:**

We have fully complied with Step 1: Established strong management systems.

---

**Sumitomo Metal Mining has adopted a policy and regulations regarding due diligence for supply chains of gold and silver.**

---

##### **Comments and Demonstration of Compliance:**

In fiscal 2020, we implemented our policy on conflict minerals. The policy, which is consistent with the model set out in the Annex II of the OECD Due Diligence Guidance, was established in 2012, and amended and renamed in 2018 "Policy on Conflict Materials in Gold/Silver Smelting". The policy sets out our responsibility for establishing strong company management systems to fight serious abuses of human rights, to avoid contributing to conflict over our supply chain and to comply with high standards of anti-money laundering and to fulfill our responsibilities towards the environment and sustainable development, for performing appropriate due diligence on a risk basis over our counterparties and for ensuring appropriate scrutiny and monitoring of transactions on a risk based approach.

---

**Sumitomo Metal Mining has set up an internal management structure to support supply chain due diligence.**

---

##### **Comments and Demonstration of Compliance:**

An internal management system was set up in fiscal 2012 to define the governance, roles and responsibilities, internal audit, communication and senior management review as per the adopted policy. The compliance officer has been assigned to manage the process, and has a direct line of reporting to the senior management. In the internal audit we conducted in fiscal 2020, we checked, for example, whether we performed supply chain due diligence, provided training to all newly hired employees concerned, and maintained records of due diligence, in accordance with our rules and regulations. In fiscal 2020, we provided training to all newly hired employees involved in the gold and silver supply chain of Copper & Precious Metals Raw Materials Dept., Toyo Smelter & Refinery. The content included the procedures for gold and silver supply chain due diligence at our

company.

---

**Sumitomo Metal Mining has established a strong internal system of due diligence, controls and transparency over gold and silver supply chain, including traceability and identification of other supply chain actors.**

---

**Comments and Demonstration of Compliance:**

Sumitomo Metal Mining has a gold/silver bearing materials receipts process. Specific documents must be received and transactional details entered into our transactional system before we refine the gold and silver material. Each lot received is accurately registered in our transactional system. Specific controls as per our internal guidelines regarding the received material are carried out before refining material. We conduct due diligence over the supply chain of mined gold, recycled gold and silver, and copper anode slime. Gold and silver obtained from copper concentrate and blister copper is excluded from the scope of our due diligence procedures, since we believe that those materials have low risks such as human rights abuse, contribution to conflict and money laundering, taking into account the purpose of transaction and properties of those materials.

---

**Sumitomo Metal Mining has strengthened company engagement with gold and silver supplying counterparties, and where possible, assisted gold and silver supplying counterparties in building due diligence capabilities.**

---

**Comments and Demonstration of Compliance:**

We sent our Policy on Conflict Materials in Gold/Silver Smelting to all of our gold and silver supplying counterparties to encourage them to understand our policy. In fiscal 2020, we also assisted Okuchi Electronics Co., Ltd., our group company dealing with recycled gold and silver, in building due diligence capabilities in order to make sure that we, as the Sumitomo Metal Mining Group, do not purchase gold/silver bearing materials that contribute to conflict. In addition, we checked whether they performed supply chain due diligence in accordance with their rules and regulations.

---

**Sumitomo Metal Mining has established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management**

---

**Comments and Demonstration of Compliance:**

By utilizing our existing internal reporting system and an inquiry form, we allow employees and external stakeholders to anonymously voice concerns over any deviations from our policy and procedures so that we can identify risk in a timely manner.

---

**Step 2: Identify and assess risks in the supply chain**

---

**Compliance Statement with Requirement:**

We have fully complied with Step 2: Identify and assess risks in the supply chain.

---

**Sumitomo Metal Mining has a process to identify risks in the supply chain.**

---

**Comments and Demonstration of Compliance:**

We identify and assess risks in the supply chain. For every gold and silver supplying counterparty, we verify its identity using reliable, independent source documents, data or information before entering a business relationship.

In fiscal 2020, we assessed risks of all of our gold and silver supplying counterparties with the supplier questionnaire which was revised in fiscal 2019. We examined the answers provided by gold and silver supplying counterparties to see whether they were high-risk gold and silver supplying counterparties. We also revised our regulations in April 2021 in order to update the CAHRAs (Conflict Affected and High-Risk Areas) list. This revision of the CAHRAs list was made based on information available from the US Department of Labor, the Financial Action Task Force on Money Laundering (FATF) and the LBMA. We shall revise the list of CAHRAs at least once a year.

---

**Sumitomo Metal Mining assesses risks in light of the standards of their due diligence system.**

---

**Comments and Demonstration of Compliance:**

We assess risks in the supply chain against the predetermined criteria which are consistent with those set out in the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance. We shall perform enhanced due diligence when there is sufficient doubt that a gold/silver bearing material originates from or transits via a conflict-affected or human rights high-risk area, but no such situation arose in fiscal 2020.

---

**Sumitomo Metal Mining reports risk assessment to senior management.**

---

**Comments and Demonstration of Compliance:**

When enhanced due diligence is performed, the senior management has to be consulted whether to continue or discontinue a business relationship with the gold and silver supplying counterparty in question.

---

**Step 3: Design and implement a management system to respond to identified risks**

---

**Compliance Statement with Requirement:**

We have fully complied with Step 3: Design and implement a management system to respond to identified risks.

---

Sumitomo Metal Mining has devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk.

---

**Comments and Demonstration of Compliance:**

We have devised a strategy for risk management of an identified risk.

---

Where a management strategy of risk mitigation is undertaken, it should include measureable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.

---

**Comments and Demonstration of Compliance:**

We have established the internal management system that prohibits or suspends our supply chain of gold and silver according to the degree of identified risk of us getting involved in systematic or widespread abuses of human rights, contributing to conflict, money laundering, and terrorist financing practice. We did not recognize any such possibility in our supply chain of gold and silver during fiscal 2020.

---

**Step 4: Arrange for an independent third-party audit of the supply chain due diligence**

---

**Compliance Statement with Requirement:**

---

We have fully complied with Step 4: Arrange for an independent third-party audit of the

supply chain due diligence.

---

**Comments and Demonstration of Compliance:**

Sumitomo Metal Mining engaged the services of the assurance provider KPMG AZSA Sustainability Co., Ltd., and their independent reasonable assurance report is attached hereto.

---

**Step 5: Report on supply chain due diligence**

---

**Compliance Statement with Requirement:**

We have fully complied with Step 5: Report on supply chain due diligence.

---

**Comments and Demonstration of Compliance:**

Our Policy on Conflict Materials in Gold/Silver Smelting is available on Sumitomo Metal Mining's website.

---

**Table 3: Management conclusion**

---

**Is the Refiner in compliance with the requirements of the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance, for the reporting period?**

Yes

In conclusion, Sumitomo Metal Mining implemented effective management systems, procedures, processes and practices to conform to the requirements of the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance, as explained above in Table 2, for the reporting year ended 31 March 2021.

---

**Table 4: Other report comments**

---

If users of this report wish to provide any feedback to Sumitomo Metal Mining with respect to this report, they can send an e-mail to the address below.

[Funsokobutsu\\_Kin\\_Kinzoku@smm-g.com](mailto:Funsokobutsu_Kin_Kinzoku@smm-g.com)



## Independent Assurance Report

To the Management of Sumitomo Metal Mining Co., Ltd.

We were engaged by Sumitomo Metal Mining Co., Ltd. (the “Company”) to undertake a reasonable assurance engagement of its Sumitomo Metal Mining Responsible Gold and Silver Guidance Compliance Report (the “Compliance Report”) for the year ended 31 March 2021, including List of countries of origin of mined and recycled gold/silver for fiscal 2020. The assurance scope consists of the Company’s Compliance Report.

### **The Company’s responsibility**

The management of the Company is responsible for the preparation and fair presentation of its Compliance Report in accordance with the requirements of the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance (the “Guidance”). This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the management as relevant for demonstrating compliance with the Guidance are the activities described within the Company’s Compliance Report.

### **Our responsibility**

Our responsibility is to carry out a reasonable assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board and the guidance set out in the LBMA Responsible Sourcing Programme - Third Party Audit Guidance (the “Audit Guidance”).

This report has been prepared for the Company for the purpose of assisting the management in determining whether the Company has complied with the Guidance and for no other purpose. Our assurance report is made solely to the Company in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than the Company for our work, or for the conclusions we have reached in the assurance report.

### **Inherent limitations**

Non-financial information, such as that included in the Company’s Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by Refiners to comply with the Guidance may differ. It is important to read the Company’s Policy on Conflict Minerals in Gold/Silver Smelting available on the Company’s website [www.smm.co.jp/E/csr/management/supplychain/](http://www.smm.co.jp/E/csr/management/supplychain/).

### **Conclusion**

In our opinion, the Company’s Compliance Report for the year ended 31 March 2021, in all material respects, describes fairly the activities undertaken during the year to demonstrate compliance, and management’s overall conclusion contained therein is in accordance with the requirements of the Guidance.

### **Independence, quality control and competency statement**

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the Audit Guidance to carry out the assurance engagement.

*KPMG AZSA Sustainability Co., Ltd.*

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

7 June 2021