

**Sumitomo Metal Mining Co.,Ltd.**

**April 21, 2023**

**Business & Human Rights Resource Centre**

**Subject: Responses to Questions from the Business & Human Rights Resource Centre Dated  
March 28, 2023**

To Whom It May Concern,

Thank you for your question. Please find below our response.

The Sumitomo Metal Mining Group believes that more than anything else, the greatest social responsibility it must fulfill is to provide customers with a stable supply of the products they require through its securing of resources and provision of high-quality materials that include non-ferrous metals, batteries, and advanced materials. However, in order to be a company that is broadly accepted by society and continues to play a vital role, it is also essential for SMM to acquire a social license. This thinking and philosophy have been handed down as the “Sumitomo Business Spirit” through generations over the course of the more than 430 years since the company was founded in 1590. The SMM Group goes about its business under its Vision for 2030, which is a milestone towards our long-term vision of becoming the world leader in the non-ferrous metals industry, and embodying this philosophy.

We have identified 11 material issues that need to be addressed as a premise for our Vision for 2030, and these include the effective use of non-ferrous metal resources, occupational health and safety, and environmental conservation, as well as climate change, rights of indigenous peoples, human rights in the supply chain, and other such issues. The Vision for 2030 sets out how we will address these issues. With particular regard to business and human rights, given that the SMM Group’s business activities impact the human rights of stakeholders, notably local residents, indigenous peoples, employees at other companies in the supply chain, and the SMM Group’s own employees, we published a revised version of the Sumitomo Metal Mining Group Policy on Human Rights on June 1, 2022, in order to clearly set out the SMM Group’s approach and initiatives for human rights in line with the United Nations Guiding Principles on Business and Human Rights.

**\*See the Sumitomo Metal Mining Co., Ltd. Integrated Report 2022**

**Pages 8 - 17 [Vision for 2030 / Message from the President]**

**Pages 102 - 105 [Special Feature Initiatives for Business and Human Rights]**

**Q1. The mine poses “predictable adverse consequences for the food production capacity of both indigenous and migrant farmers communities” living in the area.**

A1. On Palawan Island in the Philippines, SMM procures nickel mineral ore from its supplier mine, the Rio Tuba mine, and refines it into intermediate material at the Coral Bay Nickel Corporation (CBNC) smelter - an adjoining SMM Group smelter - before manufacturing battery materials at bases in Japan.

In order to construct a smelting and refining plant in the Philippines, it is necessary to obtain an Environmental Compliance Certificate from the country’s Department of Environment and Natural Resources, and the SMM Group has submitted an Environmental Impact Assessment (EIA). From when the plant was being constructed, we held numerous discussions with the government of the Philippines, local authorities, and local residents, and ensured plant construction had a low environmental impact by taking action such as taking care to avoid coral reefs when establishing a pier.

Furthermore, companies involved in mining in the Philippines are obliged by law to spend 1.5% of their operating costs on social development, establish an executive organization (ComRel), and work on a Social Development and Management Program (SDMP).

CBNC has also surveyed local residents and put together a budget for each category, including agriculture, health, education, welfare, and livelihood, and after obtaining approval from the government, has enacted measures that include support for agriculture, free health checkups and treatment, construction of an elementary school, and construction of religious facilities. We are taking this SDMP forward in collaboration with our partner mine Rio Tuba Nickel Mining (RTN).

CBNC has put together a separate budget for activities not included in the SDMP, and is also working on projects that include the construction of a school to provide education on the culture and unique language of indigenous peoples and a community hall.

**\*See the Sumitomo Metal Mining Co., Ltd. Integrated Report 2022**

**Pages 54 - 57 [Smelting and Refining Business]**

**Pages 96 - 101 [3. Significant Environmental Accidents 4. Biodiversity]**

**\*ESG Data Book 2022**

**Page 22 [Stakeholder Engagement]**

**Page 25 [Investment in Infrastructure and Support Services]**

CBNC undertakes greening activities for the surrounding areas and tailings dams.

In terms of tailings dams, the activities are not limited simply to greening, but the land is also used for agriculture and other productive activities through the cultivation of vegetables and fruit. Many local residents are involved in this work, and this has led to the creation of employment.

In recognition of this environment management and safety management at plants, protection of the local environment, and contributions to local communities, CBNC received three awards from the Philippines Department of Environment and Natural Resources: the 2022 Presidential Mineral Industry Environmental Award (PMIEA), first place in the Safest Mineral Processing - Extraction Category Award and first place in the Best Mining Forest Contest. Of particular note, the PMIEA is the highest honor that can be awarded in the Philippine mining industry, and this is the eighth time that CBNC has received the award. In 2019, CBNC also won the ASEAN Mineral Award.

Moving forward, CBNC will continue to strive to operate in a socially responsible manner by contributing to the surrounding area through building infrastructure for local communities, increasing employment, and sourcing materials locally alongside other such actions as well as operating with the minimum environmental impact, preventing environmental accidents, restoring the ecosystem by greening tailings dams, and preserving biodiversity.

**\*See the Sumitomo Metal Mining Co., Ltd. Integrated Report 2022**

**Pages 96 - 101 [3. Significant Environmental Accidents 4. Biodiversity]**

**\*Refer to the news releases on the SMM website**

**<https://www.smm.co.jp/en/news/release/2022/>**

## **Q2. Risk of landslides is likely to increase.**

A2. After mining, RTNMC rehabilitates the area by afforestation to reduce the risk of landslides.

CBNC has conducted ground surveys and analyses to evaluate ground stability and confirmed that landslides and other disasters will not occur even if the anticipated earthquake occurs.

In the analysis, we further designed the dam on the safe side, taking climate change and other factors into account. In the future, when seismic motions or design standards change, we intend to re-evaluate the dam even if it has already been completed, to ensure safety.

We are required to comply with all requirements for GISTM and currently working diligently to meet them.

**Q3. Unsafe levels of hexavalent chromium, a cancer-causing chemical is present in one river near the mine.**

A3. In addition to environmental surveys implemented by the department responsible for environment management activities (EMO), CBNC has also implemented sample surveys on water quality, air quality, and flora and fauna on a regular basis through a Multiple Monitoring Team composed of government, local authorities, and NGOs since it commenced operations in 2005. Through these environment monitoring activities, CNBC confirms that construction and operation of smelting and refining plants have no serious impacts on the ecosystem, and minimizes the environmental impact of effluent and other such things. The survey results are analyzed and checked by the relevant ministry of the Philippine government, but CBNC has never been ordered by government authorities to take action since the company commenced operations.

CBNC holds regular talks regarding water quality and other such issues in nearby rivers in good faith with the relevant NGO that raised them. The aforementioned survey results are referenced in these talks, and the company takes action that also takes into consideration any opinions that emerge from the talks.

**\*See the Sumitomo Metal Mining Co., Ltd. Integrated Report 2022**

**Pages 96 - 101 [3. Significant Environmental Accidents 4. Biodiversity]**

**Q4. Locals are “experiencing an uptick in coughs and other respiratory issues, as well as skin lesions”.**

A4. As mentioned above, CBNC is working on a Social Development and Management Program (SDMP). As part of this, the company put together a budget and obtained government approval, and then began to offer free health checkups and treatment. As such, the company also has a very close relationship with the local community in terms of health and treatment, and as we understand it, there have been no local cases of residents complaining of the problems such as the ones you raised since CBNC commenced operations. Going forward, CBNC will continue to operate while giving the utmost consideration to the health of residents and indigenous people in our areas of operation.

**\*See the Sumitomo Metal Mining Co., Ltd. ESG Data Book 2022**

**Page 22 [Stakeholder Engagement]**

**Q5. Tribal leaders in Rizal oppose the expansion of the Rio Tuba mine.**

A5. RTNMC's continuous dialogue and engagement with the Indigenous Cultural Communities of Rizal generated positive support towards mining activities and operations.

About the expansion of Rio Tuba mine, Rio Tuba mine has already talked with IP leaders of Rizal and has agreed with them.

Sincerely,

Sumitomo Metal Mining Co., Ltd. and Coral Bay Nickel Corporation