

[Translation]

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To whom it may concern:

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**Discontinuance of Countermeasures to Large-Scale Acquisitions of Sumitomo Metal Mining Co., Ltd. Shares (Takeover Defense Measures)**

The Board of Directors of Sumitomo Metal Mining Co., Ltd. (the “Company” or “SMM”) decided at its meeting held on February 15, 2022 not to renew a plan for countermeasures to large-scale acquisitions of the shares in the Company (“the Plan”), the effective period of which will expire at the conclusion of the ordinary general meeting of shareholders for the 97th fiscal year to be held toward the end of June 2022, and to partially revise the basic policy regarding the persons who control decisions on the Company’s financial and business policies (as provided in Article 118, Item 3 of the Enforcement Regulations of the Companies Act), which will become effective at the time of expiration of the Plan, as follows.

The Company is one of the few Japanese non-ferrous metal producers and has been promoting its growth strategy with its three core businesses, namely Mineral Resources and Smelting & Refining, as well as Materials, a business in the downstream sector, based on the SMM Group Corporate Philosophy. Non-ferrous metals such as copper and nickel are materials that enrich the lives of people in Japan and are essential to maintain Japan’s international competitiveness, and therefore their stable supply is highly important for the nation’s development. The Company strives to secure interests in non-ferrous metal resources overseas, owns and operates multiple mines, refineries, and plants both in Japan and overseas, and produces non-ferrous metals to continue to stably supply non-ferrous metals, which the Company believes is its social responsibility. In addition, since the development of resources, construction of refineries, and other business activities conducted by the Company require long periods of time from commencement to completion, one of its business characteristics is that a long period of time is required until such initiatives reach fruition.

On the other hand, although Japan is one of the major producers and consumers of non-ferrous metals in the world, it is difficult to domestically procure metal resources so their supply is dependent on countries outside Japan. Worldwide, there is an oligopoly over non-ferrous metal resources by the supermajor resource companies and the efforts by emerging countries for securing mineral resources and energy have not abated. In addition, factors such as the heightening of resource nationalism in countries that possess resources and the increasing difficulty of developing new and promising mines due to their tendency for being in high-lying, remote locations, or low-grading are making it more difficult to secure mineral resources as the years roll on. Further, in recent times, there is a global scramble for securing non-ferrous metals as battery material in the trend of rapid EV conversion of automobiles.

Taking into consideration the Company's business characteristics and these worldwide trends and activities involving "resources," we cannot disregard the possibility that unilateral large-scale acquisitions of shares in the Company, which owns promising resources both domestically and internationally, will be implemented.

Further, since tender offer regulations under the Financial Instruments and Exchange Act of Japan do not apply to on-market trading as a general rule, if a large-scale acquisition of shares is made on the market, there is no guarantee that necessary information and time will always be secured for the target company and its shareholders to consider whether the acquisition is acceptable or not. In addition, the regulations do not fully eliminate the threat of abusive acquisitions of shares, such as coercive takeovers, for reasons such as that partial tender offers are permitted.

The Company will not reject a large-scale acquisition of shares if it will contribute to the corporate value of the Company and the common interests of its shareholders. The Company also believes that, if a proposal for a large-scale acquisition of the shares in the Company is made by a specific person, a decision regarding whether or not to accept that proposal must ultimately be left to the intent of the shareholders. Nonetheless, there are some forms of large-scale acquisitions of shares that damage the corporate value of the Company and the common interests of its shareholders including those that would obviously harm the corporate value of the Company and the common interests of its shareholders in light of the purpose of the acquisition, those with the potential to substantially coerce shareholders into selling their shares, and those that do not provide necessary time or information for the Company's shareholders to make a decision. The Company believes that a person who would make a large-scale acquisition in a manner

that impairs the corporate value of the Company and the common interests of its shareholders would be inappropriate to become a person who controls decisions on the Company's financial and business policies, and that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking necessary and reasonable countermeasures against large-scale acquisitions by such persons.

From the above perspectives, the Company decided in February 2007 to introduce countermeasures to be taken if the shares in the Company are subject to a large-scale acquisition and subsequently to renew the countermeasures multiple times. The necessity of such countermeasures given the special characteristics of the Company's business has not changed even to the present day.

However, there has recently been an increasing number of cases in Japan where shareholders' intent with respect to the necessity of takeover defense measures against a large-scale acquisition of shares initiated without obtaining the consent of the target company's board of directors is confirmed at the time when a proposal for a large-scale acquisition is actually made by a specific person (i.e., acquirer) based on the specific features of the acquirer and the details of the proposal, as well as the purpose, manner, and terms of the large-scale acquisition and other specific facts. Taking into account the recent trend described above and dialogue with institutional investors, the Company has decided not to renew its takeover defense measures at a stage where a specific acquirer has not emerged. The Company believes that it is desirable to confirm shareholders' intent on appropriate countermeasures as necessary when an acquirer has actually emerged and a proposal for a large-scale acquisition of the shares in the Company is made.

The Company continues to strive to ensure and enhance its corporate value and the common interests of its shareholders by promoting its 3-Year Business Plan under the fundamental strategy of aiming to become "a world leader in the non-ferrous metals industry" as stated in its long-term vision, and if the shares in the Company are subject to a large-scale acquisition, the Company will take appropriate measures as necessary under the circumstances and to the extent permitted under the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations after requesting the acquirer to provide necessary and sufficient time and information to enable the shareholders to make a decision appropriately on whether or not to accept the proposal and respecting the opinions of independent outside board members.

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