



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 limited assurance engagement of its LBMA Responsible Gold Guidance Compliance Report (the “Compliance Report”) for the year ended 31 March 2018. 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 (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 limited 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 Gold Programme - Third Party Audit Guidance for ISAE 3000 Auditors (the “Audit Guidance”).

The extent of evidence-gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

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.

We planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- Inquiring management to gain an understanding of the Company’s processes and risk management protocols in place
- Inquiring relevant staff responsible for the preparation of the Compliance Report
- Site visit to Ohkuchi Electronics Co., Ltd.
- Assessing the suitability of the policies, procedures and internal controls that the Company has in place to conform to the Guidance
- Reviewing a selection of the supporting documentation, including gold supplier counterparty due diligence file and transaction’s documentation
- Testing a selection of the underlying processes and controls that support the information in the Compliance Report
- Reviewing the presentation of the Compliance Report to ensure consistency with our findings

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 gold supply chain policy available on the Company’s website www.smm.co.jp/E/business/refining/product/gold/.



Conclusion

Based on the limited assurance procedures performed, as described above, nothing has come to our attention that would lead us to believe that the Company's Compliance Report for the year ended 31 March 2018 does not, in all material respects, describe fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein is not in accordance with the requirements of the LBMA Responsible Gold 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

6 June 2018

Sumitomo Metal Mining Responsible Gold Guidance Compliance Report

The LBMA Responsible Gold Guidance has 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.

Table 1: Refiner's details

Refiner's name	Sumitomo Metal Mining Co., Ltd.
Location	11-3, Shimbashi 5-Choume, Minato-ku, Tokyo, Japan
Reporting year-end	March 31, 2018
Date of Report	June 6, 2018
Senior management responsible for this report	Akira Nozaki, Director, 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 regarding due diligence for supply chains of gold.

Comments and Demonstration of Compliance:

In fiscal 2017, we implemented our Policy on Conflict Minerals in Gold Smelting which is consistent with the model set out in the Annex II of the OECD Due Diligence Guidance, which we established in 2012. This sets out our responsibility for

establishing 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, 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 2017, we checked, for example, whether we performed supply chain due diligence and, provided training to newly assigned employees, and maintained records of due diligence, in accordance with our rules and regulations. In fiscal 2017, we have provided training to newly assigned employees of Copper & Precious Metals Raw Materials Dept., Copper & Precious Metals Sales Dept., and Toyo Smelter & Refinery, and Osaka and Nagoya branches, since we started implementing our management system for supply chain due diligence. The content included an overview and background of the conflict minerals disclosure regulations, requirements in the LBMA Responsible Gold Guidance, an overview of the LBMA Third-party Audit Guidance, and the procedure for gold supply chain due diligence at our company.

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

Comments and Demonstration of Compliance:

Sumitomo Metal Mining has a gold-bearing materials receipts process. Specific documents must be received and transactional details entered before we refine the gold 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 copper anode slime. Gold obtained from copper concentrate and

blister copper is excluded from the scope.

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

Comments and Demonstration of Compliance:

We sent our Policy on Conflict Minerals in Gold Smelting to our gold supplying counterparties to encourage them to understand our policy. In fiscal 2017, we also assisted Okuchi Electronics Co., Ltd., our group company dealing with recycled gold, in building due diligence capabilities in order to make sure that we, as the Sumitomo Metal Mining Group, do not purchase gold-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, we allow employees to raise 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 supplying counterparty, we verify its identity using reliable, independent source documents, data or information before entering into a business relationship.

In fiscal 2017, we inquired our gold supplying counterparties about the origin of

materials, involvement of a politically exposed person, involvement in terrorist financing, etc. We examined the answers provided by gold supplying counterparties to see whether they were high-risk gold supplying counterparties.

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. We shall perform enhanced due diligence when there is sufficient doubt that a gold bearing material originates from or transits via a conflict-affected or human rights high-risk area, but no such situation arose in fiscal 2017.

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 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 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 during fiscal 2017.

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 limited 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 Minerals in Gold 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 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, as explained above in Table 2, for the reporting year ended 31 March 2018.

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.

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